BOARD MEETING OF NOVEMBER 10, 2011

J. Paul Oxer, Chair

TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS
Building Homes. Strengthening Communities.

Tom Gann, Vice-Chair
C. Kent Conine, Member
Leslie Bingham Escareño, Member
Lowell Keig, Member
Juan Muñoz, Member

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

A G E N D A
November 10, 2011

9:00 a.m.
Capitol Extension, E1.028
1500 North Congress Ave.
Austin, TX

CALL TO ORDER, ROLL CALL — J. Paul Oxer, Chairman
CERTIFICATION OF QUORUM

Pledge of Allegiance - ***I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.***

Texas Allegiance - ***Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.***

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 under Chapter 551 of the Texas Government Code, Texas Open Meetings Act.

Various action items below, (including consent agenda items and other items) relating to awards or other actions under different programs list specific applicants by name. These lists are informational and do not limit the Board's ability to take action with respect to others under the specific program action items.

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

Executive — Brooke Boston, Board Secretary

a) Presentation, Discussion, and Possible Action regarding the Board Minute Summaries for September 15 and October 4, 2011

Legal — Jeff Pender, Deputy General Counsel

b) Presentation, Discussion, and Possible Action on staff's recommendation for Low Income Housing Tax Credit Counsel and for approval to proceed with negotiating a contract and obtaining the approval of the Office of the Attorney General

Financial Administration — David Cervantes, Dir. Financial Admin.

c) Presentation of the Department's 4th Quarter Investment Report

Bond Finance — Tim Nelson, Dir. Bond Finance

d) Presentation, Discussion, and Possible Action on Resolution No. 12-009 authorizing the extension of the Department's Warehousing Agreement

Texas Homeownership — Eric Pike, Dir. Texas Homeownership

e) Presentation, Discussion, and Possible Action Ratifying the Selection of a Replacement Master Servicer

Community Affairs — Michael DeYoung, Dir. Community Affairs

f) Presentation, Discussion, and Possible Approval of the of the PY 2012 Draft Department of Energy (DOE) Plan

g) Presentation, Discussion, and Possible Action on Resolution #12-012, the 2012 Section 8 Payment Standards for Housing Choice Vouchers

h) Presentation, Discussion, and Possible Action to approve the reprogramming of $900,000 from emergency assistance to the Homeless Housing and Services Program

Compliance and Asset Oversight

Patricia Murphy
Chief, Compliance and Asset Oversight

i) Presentation, Discussion, and Possible Action on a material amendment to Land Use Restriction Agreements for Granada

j) Presentation, Discussion, and Possible Waiver of 10 TAC Chapter 60, §60.124(b) for Gholson Hotel

k) Presentation, Discussion, and Possible Action on a final resolution of certain HOME rental Developments

Housing Resource Center

Elizabeth Yevich
Dir. Housing Resource Ctr.

l) Presentation, Discussion, and Possible Approval of the 2012 Affordable Housing Needs Score Methodology

m) Presentation, Discussion, and Possible Approval of the 2012 State of Texas Consolidated Plan: One-Year Action Plan

Multifamily

Cameron Dorsey
Dir. Multifamily Finance

n) Presentation, Discussion, and Possible Action regarding of Housing Tax Credit Amendments

09910	Lexington Square Apartments	Angleton

o) Presentation, Discussion, and Possible Action on Housing Tax Credit Program Extensions

04463	Lakeside Manor	Little Elm
07091	CityWalk at Akard	Dallas
08416	Timbers Edge Apartments	Beaumont
08417	Seville Apartments	Beaumont

p) Presentation, Discussion, and Possible Action on a Determination Notice for Housing Tax Credits with another Issuer

11406	Chatham Green Apartments Arlington, Tarrant County Tarrant County Housing Finance Corporation Recommended Credit Amount $332,418

Neighborhood Stabilization Program

Marni Holloway
Dir. Neighborhood Stabilization Program

q) Presentation, Discussion, and Possible Action to approve a request for waiver of certain programmatic and loan requirements for Land Bank properties under NSP1 contracts

77090000101	Texas State Affordable Housing Corporation	Statewide
77090000108	Affordable Homes South Texas, Inc.	McAllen
77090000150	Community Development Corporation of Brownsville	Brownsville

r) Presentation, Discussion, and Possible Action to approve the Neighborhood Stabilization Program – Program Income (NSP-PI) Reservation System Participants

s) Presentation, Discussion, and Possible Action to waive certain NSP1 – Program Income NOFA requirements for organizations providing assistance to households impacted by Texas wildfires

t) Presentation, Discussion, and Possible Action to approve a request for amendment to NSP Contract 77090000104 with Tarrant County Housing Partnership, Inc.

Program Services

Brenda Hull
Dir. Program Services

u) Presentation, Discussion, and Possible Approval to Contract with Staff Recommended Vendor to Perform the Phase 2 Analysis of Impediments to Fair Housing Choice for the State of Texas, #332-RFP12-1001

Rules

Michael DeYoung
Dir. Community Affairs

v) Presentation, Discussion, and Possible Approval of a final order adopting amendments to 10 TAC Chapter 5, Subchapter H, Section 8 Housing Choice Voucher Program, §5.801, concerning the Project Access Initiative, for publication in the Texas Register

w) Presentation, Discussion, and Possible Approval to publish a draft of proposed rules for the Comprehensive Energy Assistance Program (CEAP), 10 TAC, Chapter 5, Subchapter D §§5.402, 5.405 – 5.408, 5.422 – 5.424, 5.426, and 5.431 for publication and public comment in the Texas Register

x) Presentation, Discussion, and Possible Approval of a final order adopting new 10 TAC Chapter 1, Subchapter A, §1.24, concerning Foreclosure Data Collection, for publication in the Texas Register — Elizabeth Yevich, Dir. Housing Resource Ctr.

ACTION ITEMS

Item 2: Board:

a) Presentation, Discussion, and Possible Action on Resolution 12-010 adopting new requirements with regard to public comment at Board Meetings — Tim Irvine, Executive Director

Item 3: Appeals:

a) Presentation, Discussion, and Possible Action on Multifamily Program Appeals: — Cameron Dorsey, Dir. Multifamily Finance

Appeals Timely Filed

b) Presentation, Discussion, and Possible Action on Neighborhood Stabilization Program Appeals:

Appeals Timely Filed

c) Presentation, Discussion, and Possible Action on HOME Program Appeals:

Appeals Timely Filed

d) Presentation, Discussion, and Possible Action on Underwriting Appeals: — Brent Stewart, Dir. Real Estate Analysis

Appeals Timely Filed

Item 4: Rules:

a) Presentation, Discussion, and Possible Approval of a final order adopting amendments to 10 TAC Chapter 60, Subchapter A §§60.101 - 60.106, 60.109 - 60.111, 60.113, 60.114, 60.116, 60.118 - 60.120, 60.122 - 60.124, 60.128; and new §60.130, concerning Compliance Monitoring, for publication in the *Texas Register* — Patricia Murphy, Chief, Compliance and Asset Oversight

b) Presentation, Discussion, and Possible Approval of final orders adopting the repeal of 10 TAC Chapter 50, concerning 2010 Housing Tax Credit Program Qualified Allocation Plan and Rules, and adoption of new 10 TAC Chapter 50, concerning 2012-2013 Housing Tax Credit Program Qualified Allocation Plan, for publication in the *Texas Register* — Cameron Dorsey, Dir. Multifamily Finance

c) Presentation, Discussion, and Possible Approval of final orders adopting the repeal of 10 TAC Chapter 33, concerning 2010 Multifamily Housing Revenue Bond Rules, and the adoption of new 10 TAC Chapter 33, concerning 2012-2013 Multifamily Housing Revenue Bond Rules, for publication in the *Texas Register*

d) Presentation, Discussion, and Possible Approval of final orders adopting the repeal of 10 TAC Chapter 1 §1.1 concerning Definitions for Housing Program Activities and the adoption of new 10 TAC Chapter 1 §1.1 Definitions and Amenities for Housing Program Activities, for publication in the *Texas Register*

e) Presentation, Discussion, and Possible Approval of final orders adopting the repeal of 10 TAC Chapter 1, Sections 1.31 – 1.37, 2011 Real Estate Analysis Rules and Guidelines and the adoption of new 10 TAC Chapter 1, §§1.31 – 1.37, 2012 Real Estate Analysis Rules and Guidelines, for publication in the *Texas Register* — Brent Stewart, Dir. Real Estate Analysis

Item 5: Housing Resource Center:

a) Presentation, Discussion, and Possible Approval of the 2012 Regional Allocation Formula Methodology — Elizabeth Yevich, Dir. Housing Resource Center

Item 6: HOME:

Jeannie Arellano
Dir. HOME

a) Presentation, Discussion, and Possible Action regarding the Multifamily Development Program Award Recommendations

11031	La Hacienda Casitas	Harlingen
11033	American GI Forum Village I & II	Robstown
11041	Riverwood Commons	Bastrop
11140	Villas of Giddings	Giddings
11223	The Terrace at MidTowne	Midlothian

Item 7: Multifamily Division Items – Tax Credit Program:

Cameron Dorsey
Dir. Multifamily Finance

a) Presentation, Discussion, and Possible Action Regarding Waivers of Ineligibility for Applicants Awarded during the 2011 Competitive Housing Tax Credit Application Cycle

11138	SilverLeaf at Gun Barrel City	Gun Barrel City
11139	Champion Homes at Copperidge	Dallas
11140	Villas of Giddings	Giddings
11261	North Angelo Housing Estates	San Angelo

REPORT ITEMS

1. Status report on the Housing Tax Credit Exchange Program and Portfolio — Cameron Dorsey, Dir. Housing Tax Credits
2. Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act) — Brooke Boston, DED Community Based
3. Report on the Transfers of American Recovery and Reinvestment Act of 2009 (Recovery Act) and Housing & Economic Recovery Act of 2008 (HERA) funds amongst subrecipients — Brooke Boston, DED Community Based
4. TDHCA Outreach Activities, September and October 2011 — Michael Lyttle, Dir. Policy & Public Affairs
5. Status Report on the approval of HOME Program Reservation System Participants — Jeannie Arellano, Dir. HOME Program

EXECUTIVE SESSION

J. Paul Oxer
Chairman

The Board may go into Executive Session (close its meeting to the public):

1. 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;
2. Pursuant to Tex. Gov't. Code, §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer, including:
   a) *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al filed in federal district court, Northern District of Texas*
   b) Heston Emergency Housing, LP and Naji Al-Fouzan vs. Texas Department of Housing and Community Affairs, Michael Gerber, Martin Rivera, Jr., Marisa Callan, and Timothy Irvine; Civil Action No. H-11-1121 in the United States District Court for the Southern District of Texas, Houston Division
   c) Claim of Gladys House filed with the EEOC;
   d) Complaint of James Reedom filed with U.S. HHS/OCR (No. 09-99008)
   e) TDHCA v. William Ross & Susan Ross; Cause No. D-1-GN-11-002226, filed in district court, Travis County
3. Pursuant to Tex. Gov't. Code, §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't. Code, Chapter 551; or
4. Pursuant to Tex. Gov't. Code, §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person.
5. Pursuant to Tex. Gov't. Code, §2306.039(c) the Department's internal auditor, fraud prevention coordinator or ethics advisor may meet in an executive session of the Board to discuss issues related to fraud, waste or abuse.

OPEN SESSION

If there is an Executive Session, the Board will reconvene in Open Session. Except as specifically authorized by applicable law, the Board may not take any actions in Executive Session

J. Paul Oxer
Chairman

ADJOURN

To access this agenda & details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Nidia Hiroms, 512-475-3934; TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information. Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Nidia Hiroms, 512-475-3930 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.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

September 15, 2011; 9:30 a.m.

Capitol Extension Auditorium
1500 North Congress Ave., Austin, TX

SUMMARY OF MINUTES

Swearing In of Mr. Oxer by The Honorable Representative Drew Darby.

CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM

The Board Meeting of the Texas Department of Housing and Community Affairs of September 15, 2011 was called to order by Chair, J. Paul Oxer, at 9:30 a.m. It was held at the Capitol Extension Auditorium, 1500 North Congress Ave, Austin, Texas. Roll call certified a quorum was present.

Members Present:
J. Paul Oxer, Chair
Tom H. Gann, Vice Chair
Kent Conine, Member
Lowell Keig, Member

Members Absent:
Leslie Bingham-Escareño, Member
Juan Muñoz, Member

Moment of silence in memory of Brian Keith Lundy, Jr.

The Board recognized Mr. Conine for his service as Board Chairman, and presented Mr. Conine with a gift of appreciation. Barry Kahn, on behalf of the Texas Affiliation of Affordable Housing Providers recognized Mr. Conine and presented him a gift of appreciation.

PUBLIC COMMENT

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

The Honorable José Rodríguez, provided testimony in support of forward commitments for two projects; Villas as West Mountain and North Desert Palms in El Paso, TX.
Daniel Esparza, committee director for the Senate Committee on International Relations and Trade, for the Honorable Senator Eddie Lucio, read letter from Senator Lucio in support of forward commitments in the Lower Rio Grande Valley and South Texas region.
David Koogler, Mark Dana Corporation, provided testimony in support of a forward commitment for Spring Trace, 11037.
Patsy Clapper, read for the record a letter from the Honorable Representative J.M. Lozano, in support of a forward commitment for Kona Villa in Kingsville.
The Honorable Raul Salinas, Mayor of Laredo, provided testimony in support of Colonia Guadalupe.
The Honorable Representative Drew Darby provided testimony in support of North Angelo Housing Estates, San Angelo.
The Honorable Representative Joe Farias, provided testimony in support of Cypress Run Apartments, San Antonio.
Anna Paulson, read for the record a letter from the Honorable Senator Brian Birdwell, in support of a forward commitment for The Terrace at Midtown.
Aaron Gregg, read for the record a letter from the Honorable State Representative Jim Pitts, in support of a forward commitment for The Terrace at Midtown.
Juan Ayala, chief of staff, read for the record a letter from the Honorable State Representative Eric Johnson, in support of forward commitments for 1400 Bellview and Champion Homes at Copper Ridge, Dallas, TX.
The Honorable State Representative Naomi Gonzalez, provided testimony in support of forward commitments for two projects; Villas as West Mountain and North Desert Palms in El Paso, TX.
Thomas Thigpen, read for the record a letter from the Honorable State Representative Dee Margo, provided testimony in support of forward commitments for two projects; Villas as West Mountain and North Desert Palms in El Paso, TX.
Martha Bell, read for the record a letter from the Honorable State Representative Raul Torres, in support of forward commitments for the

Dolphin's Landing and Lexington Vista, Corpus Christi, TX.
Kay Wesson, representing the community of Bastrop, provided testimony in support of a forward commitment.
Dave Quinn, executive director of the Bastrop Economic Development Corporation, provided testimony in support of a forward commitment.
Marissa Garza, provided testimony on behalf of the Norquest family, in support of a forward commitment for La Privada, Edinburg, TX.
Neil Norquest, provided testimony in support of a forward commitment for La Privada, Edinburg, TX.
Steve Lawrence, vice president at Michaels Development Company, provided testimony in support of a forward commitment for Lexington Landing, Corpus Christi, TX.
Gary Welch, chair of the Old Reliance Neighborhood Association, provided testimony in support of Merit Bryan Station project in Bryan, TX.
Susan McDowell, executive director, LifeWorks, provided testimony in support of a forward commitment for The Works at Pleasant Valley, Austin TX.
The Honorable State Representative Richard Raymond, provided testimony in support of a forward commitment for Colonia in Laredo, Colonia Guadalupe, Laredo, TX.
Walter Moreau, director of Foundation Communities, provided testimony in support a forward commitment for The Works at Pleasant Valley, Austin TX.
Delma Escobar, chair of the neighborhood association in Corpus Christi, TX, provided testimony in support a forward commitment for Dolphin's Landing.
Blas Cantu, director of Harlingen Housing Authority provided testimony in support of a forward commitment for River Valley Apartments. Harlingen, TX.
Allison Scott, chief of staff for the Honorable Representative Lanham Lyne, read for the record a letter of support of a forward commitment for UAH Parkston, II Senior Village, Wichita Falls, TX.
Pamela Vest, regional manager for UAH Property Management, provided testimony in support of a forward commitment for UAH Parkston, II Senior Village, Wichita Falls, TX.
The Honorable Representative Jose Menendez, provided testimony in support for a forward commitment for Sutton Oaks, and regarding the homeless funding formula issue.
Brittney Grigg, read for the record a letter from the Honorable State Representative John Kuempel, in support of a forward commitment for Walnut Sprints Apts., Seguin, TX.
Randy Stevenson, applicant on Parkstone Senior Village in Wichita Falls, provided testimony in support of a forward commitment.
Bruce Woodward, the court appointed receiver for Dolphin's Landing Apartments in Corpus Christi, provided testimony in support of a forward commitment.
Anna Glover, board member of Preservation Texas, provided testimony in support of TDHCA's effort to ensure affordable housing credits work in concert with historic preservation to achieve vibrant downtowns across the State of Texas. She also read for the record a letter from Shannon Peterson, the historic preservation officer for San Antonio.
Michael Lyttle, read for the record a letter from the Honorable State Senator Glenn Hegar, in support of a forward commitment for Riverwood Commons, Bastrop, TX.
Michael Lyttle, read for the record a letter from the Honorable State Senator Juan Hinojosa, in support of a forward commitment for American G.I. Forum Village Apartments, Robstown, TX.
Michael Lyttle, read for the record a letter from the Honorable State Representative Dwayne Bohac, in support of a forward commitment for Justice Park Seniors, Houston, TX.
Mark Scott, city councilman in Corpus Christi, provided testimony in support of a forward commitment for Palms at Leopard, Corpus Christi, TX.
John Longoria, president of the Corpus Christi Independent School Board, provided testimony in support of a forward commitment for Palms at Leopard, Corpus Christi, TX.
Mike Faenza, Metro Dallas Homeless Alliance, provided testimony thanking staff who worked toward a fully funded HHSP program.
Bob Sherman provided testimony regarding page 5 of 97 of the QAP concerning high opportunity areas and the limited English proficiency issue.
Ramiro Cavazos, chairman of the board of the San Antonio Housing Authority Board of Commissioners, provided testimony in support of a forward commitment for Sutton Oaks II, San Antonio, TX.

The Board took a brief recess.

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 under Chapter 551 of the Texas Government Code, Texas Open Meetings Act.

Various action items below, (including consent agenda items and other items) relating to awards or other actions under different programs list specific applicants by name. These lists are informational and do not limit the Board's ability to take action with respect to others under the specific program action items.

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

Executive

a) Presentation, Discussion, and Possible Action regarding the Board Minutes Summaries for July 18 and July 28, 2011

b) Presentation, Discussion, and Possible Action of the Board of Directors rescinding Resolution No. 10-001 and adopting Resolution No. 11-030, designating signature authority due to the transfer of the Disaster Recovery Division

c) Presentation, Discussion, and Possible Action on a proposed Agreed Final Order with respect to Arturo Figueroa Homes (HOME 532307), Francisco Zarate Homes (HOME 532306), Tomas Molina Homes (HOME 532329)

Internal Audit

d) Report on the meeting of the Audit Committee

e) Presentation, Discussion, and Possible Action on the FY2012 Audit Plan

Bond Finance

f) Presentation, Discussion, and Possible Action of staff's recommendation for outside bond counsel and for approval to proceed with negotiating a contract and obtaining the approval of the Office of the Attorney General

g) Presentation, Discussion, and Possible Action on Resolution 12-002 authorizing application to the Texas Bond Review Board for reservation of single family private activity bond authority, the issuance of Residential Mortgage Revenue Bonds, Series 2011C, the conversion of third tranche of 2009C (Program 77) and approval of the Single Family Residential Mortgage Revenue Bonds Underwriting Team

Motion by Mr. Conine to approve Agenda Item 1g; duly seconded by Mr. Gann; passed unanimously.

h) Presentation, Discussion, and Possible Action on Resolution 12-003 authorizing the purchase of warehoused mortgage backed securities with proceeds of Residential Mortgage Revenue Bonds, Series 2011B (Program 77)

i) Presentation, Discussion, and Possible Action on Resolution 12-004 authorizing program changes to the Mortgage Credit Certificate Program (MCC)

j) Presentation, Discussion, and Possible Action on Resolution 12-005 authorizing a new range of mortgage interest rates for the Single Family Mortgage Revenue Bond (MRB) Program 77

k) Presentation, Discussion, and Possible Action on Resolution No. 12-006 authorizing application to the Texas Bond Review Board for reservation of the 2011 single family private activity bond authority carryforward from the Unencumbered State Ceiling

l) Presentation, Discussion, and Possible Action on Resolution No. 12-007 authorizing the Procurement of a Replacement Master Servicer, if necessary

Motion by Mr. Conine to approve Agenda Item 1l with an amendment to add "subject to the ratification of the Board"; duly seconded by Mr. Keig; passed unanimously.

Community Services

m) Presentation, Discussion and Possible Action to Authorize the necessary action to fund the Homeless Housing and Services Program ("HHSP") in the amount of $5,000,000 during fiscal year 2012, direct staff to look for additional opportunities to fund HHSP, and to approve a method of funding distribution

Reverend Doctor Queen, provided testimony thanking staff for the award of HHSP money to Bread of Life, Prairie View, TX.

Motion by Mr. Conine to approve Agenda Item 1m; duly seconded by Mr. Gann; passed unanimously.

Texas Homeownership Division

n) Presentation, Discussion, and Possible Action to authorize issuance of a Request For Proposal (RFP) for Master Servicer for the Single Family Mortgage Revenue Bond Program

Motion by Mr. Conine to approve Agenda Item 1n; duly seconded by Mr. Keig; passed unanimously.

Housing Resource Center

o) Presentation, Discussion, and Possible authorization to publish for public comment the 2012 Regional Allocation Formula Methodology

Bobby Bowling, read into record letters from the Honorable Representative Joseph Pickett and the Honorable Representative Marisa Marquez and a consensus position paper from the Texas Affiliation of Affordable Housing Providers in support of issuing forward commitments.

Diana McIver, provided testimony on the Regional Allocation Formula.

Motion by Mr. Conine to approve Agenda Item 1o, with the forward commitment position paper as an amendment; duly seconded by Mr. Keig; passed unanimously.

p) Presentation, Discussion, and Possible authorization to publish for public comment the 2012 Affordable Housing Needs Score

q) Presentation, Discussion, and Possible authorization to publish for public comment the 2012 State of Texas Consolidated Plan: One-Year Action Plan

r) Presentation, Discussion, and Possible Action to approve a policy to guide TDHCA in serving persons with Limited English Proficiency

Multifamily Division Items - Housing Tax Credit Program

s) Presentation, Discussion, and Possible Action regarding of Housing Tax Credit Amendments

04464	Pepper Tree Apartments	Houston
09312	Villas at El Dorado	Friendswood

t) Presentation, Discussion, and Possible Action on Housing Tax Credit and Exchange Program Extensions

08603	West Oaks Seniors	Houston
09914	Stoneleaf at Dalhart	Dalhart
09914	Heritage Square	Texas City
09945	Park Place	Cleveland

u) Presentation and Discussion on the Housing Tax Credit Exchange Program and Portfolio

v) DISCUSSION AND VOTE AFTER OPEN SESSION

HOME

w) Presentation, Discussion, and Possible Action to Ratify HOME Program Reservation System Participants approved by the Acting Executive Director

x) Presentation, Discussion, and Possible Action regarding the 2010 Single Family Development Program Award Recommendation

10591	Architecture for Charity of Texas, Inc.	Los Fresnos

y) Presentation, Discussion, and Possible Action to authorize the issuance of the 2011 HOME Multifamily Development Program Notice of Funding Availability (NOFA)

z) Presentation, Discussion, and Possible Action to authorize the issuance of the 2011 HOME Single Family Development Program Notice of Funding Availability (NOFA)

aa) Presentation, Discussion, and Possible Action to authorize the issuance of the revised HOME Single Family Programs Reservation System Notice of Funding Availability (NOFA)

bb) Presentation, Discussion, and Possible action to authorize the issuance of the 2011 HOME Single Family Programs Notice of Funding Availability for Contract Award (NOFA)

Compliance and Asset Oversight

cc) Presentation, Discussion and Possible Action on a material amendment to the Land Use Restriction Agreement for Autumn Creek Apartments

dd) DISCUSSION AND VOTE AFTER OPEN SESSION

Neighborhood Stabilization Program

ee) Presentation, Discussion, and Possible Action regarding termination of the NSP Agreement between TDHCA and TDRA, and transition of administration of the TDRA NSP to TDHCA

ff) Presentation, Discussion, and Possible Action to approve the revised Texas NSP1 – Program Income Notice of Funding Availability

gg) Presentation, Discussion, and Possible Action regarding the recommendation to amend the NSP1 contract No. 77090000154 with the City of Port Arthur

RULES:

hh) Presentation, Discussion, and Possible Action regarding the adoption of a final order adopting the proposed repeal of 10 TAC Chapter 51, §§51.1 – 51.16 and the adoption of a final order adopting a new 10 TAC Chapter 51, §§51.1 – 51.11 Housing Trust Fund Rules for publication in the *Texas Register*

ii) Presentation, Discussion, and Possible Action regarding the adoption of a final order adopting amendments to 10 TAC Chapter 3, concerning the Colonia Self Help Center Program for publication in the *Texas Register*

jj) Presentation, Discussion, and Possible Action regarding the adoption of a final order adopting amendments to 10 TAC Chapter 2, concerning the Texas Bootstrap Loan Program for publication in the *Texas Register*

kk) Presentation, Discussion, and Possible Action regarding the adoption of a final order adopting amendments to 10 TAC Chapter 53, Subchapters B, C, and D, concerning the HOME Program Rule for publication in the *Texas Register*

ll) Presentation, Discussion, and Possible Action regarding the proposed repeal of 10 TAC Chapter 33, concerning 2010 Multifamily Housing Revenue Bond Rules, and a proposed new 10 TAC Chapter 33, concerning 2012 Multifamily Housing Revenue Bond Rules for publication and public comment in the *Texas Register*

mm) Presentation, Discussion, and Possible Action regarding the proposed repeal of 10 TAC Chapter 1, §§1.31 – 1.37, concerning 2011 Real Estate Analysis Rules and Guidelines and a proposed new 10 TAC Chapter 1, §§1.31 – 1.37, concerning 2012 Real Estate Analysis Rules and Guidelines for public comment and publication in the *Texas Register* nn) Presentation, Discussion, and Possible Action regarding proposed new 10 TAC §1.24, Foreclosure Data Collection, for public comment and publication in the *Texas Register*

oo) Presentation, Discussion, and Possible Action regarding proposed amendments to 10 TAC Chapter 60, Subchapter A §§60.101 – 60.129, Compliance Rules, and a proposed new §60.130 regarding Material Amendments to Land Use Restriction Agreements for public comment and publication in the *Texas Register*

Motion by Mr. Conine to approve consent agenda, with the exception of Agenda Items 1g, 1l, 1m, 1n, 1o, 1v, and 1dd which were pulled for further discussion; duly seconded by Mr. Gann; passed unanimously.

EXECUTIVE SESSION

At 12:40 p.m. Mr. Oxer convened the Executive Session.

1. 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, including the possible employment and setting of the compensation of Timothy K. Irvine as Executive Director;
2. Pursuant to Tex. Gov't. Code, §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer, including:
   a) *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al filed in federal district court, Northern District of Texas*
   b) *Heston Emergency Housing, LP and Naji Al-Fouzan vs. Texas Department of Housing and Community Affairs, Michael Gerber, Martin Rivera, Jr., Marisa Callan, and Timothy Irvine; Civil Action No. H-11-1121 in the United States District Court for the Southern District of Texas, Houston Division*
   c) *Claim of Gladys House filed with the EEOC;*
   d) *Complaint of James Reedom filed with U.S. HHS/OCR (No. 09-99008)*
   e) *TDHCA v. William Ross & Susan Ross; Cause No. D-1-GN-11-002226, filed in district court, Travis County*
3. Pursuant to Tex. Gov't. Code, §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't. Code, Chapter 551; or
4. Pursuant to Tex. Gov't. Code, §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person.

OPEN SESSION

At 1:55 p.m. Mr. Oxer reconvened the Open Session and announced that no action had been taken during the Executive Session and certified that the posted agenda had been followed.

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

v) Presentation, discussion, and possible approval of ownership transfer prior to the issuance of Form(s) 8609 for Mission Del Rio #04488, San Antonio

Motion by Mr. Conine to approve Agenda Item 1v; duly seconded by Mr. Keig; passed unanimously.

dd) Presentation, Discussion and Possible Action on a material amendment to the Land Use Restriction Agreement for NWTH Meridian

Motion by Mr. Conine to approve Agenda Item 1dd; duly seconded by Mr. Gann; passed unanimously.

ACTION ITEMS

AGENDA ITEM 2: BOARD

a) Presentation, Discussion, and Possible Action to approve the employment and set the compensation of Timothy K. Irvine as Executive Director and to authorize the Chair to seek the necessary approval of the Governor

Motion by Mr. Keig to approve; duly seconded by Mr. Conine; passed unanimously.

AGENDA ITEM 3: APPEALS

a) Presentation, Discussion, and Possible Action on Multifamily Program Appeals:

None filed.

b) Presentation, Discussion and Possible Action on Neighborhood Stabilization Program Appeals:

None filed.

c) Presentation, Discussion, and Possible Action on HOME Program Appeals:

None filed.

d) Presentation, Discussion, and Possible Action on Underwriting Appeals:

None filed.

AGENDA ITEM 4: MULTIFAMILY DIVISION ITEMS – TAX CREDIT PROGRAM:

a) Presentation, Discussion and Possible Action regarding the status of the Waiting List and the Consideration of Forward Commitments for Allocations for the 2011 Competitive Housing Tax Credit Application Round

The Honorable Mayor Charlie Brown, provided testimony on 11140, The Villas of Giddings, in support of a forward commitment.
Mark Johnson, provided testimony on 11140, The Villas of Giddings, in support of a forward commitment.
Kelly Garrett, provided testimony on 11140, The Villas of Giddings, in support of a forward commitment.
The Honorable Mayor Jerry Burns, provided testimony on 11205, Hawk Ridge Apartments, in support of a forward commitment.
Jim Ryan, provided testimony on 11205, Hawk Ridge Apartments, in support of a forward commitment.
Bert McGill, provided testimony on 11205, Hawk Ridge Apartments, in support of a forward commitment.
Pastor Floyd Crider, provided testimony on 11216, North Angelo Housing, in support of a forward commitment.
Craig Myers, provided testimony on 11216, North Angelo Housing, in support of a forward commitment.
Granger MacDonald, provided testimony on 11216, North Angelo Housing, in support of a forward commitment.
Bessie Swindell, provided testimony on 11137, Genoa Ranch, in support of a forward commitment.
Wanda Adams, provided testimony on 11137, Genoa Ranch, in support of a forward commitment.
Cynthia Bast, Locke Lord, provided testimony on 11137, Genoa Ranch, in support of a forward commitment.
Ryan Wilson, provided testimony on 11090, Sutton Oaks, in support of a forward commitment.
Cherie Sheppard, provided testimony on 11090, Sutton Oaks, in support of a forward commitment.
Cynthia Bast, provided testimony on 11041, Riverwood Commons, in support of a forward commitment.

The Board took a brief recess in the Public Comment portion of Agenda Item 4 to consider Agenda Item 6. Testimony on Agenda Item 4 resumed afterwards.

David Marquez, provided testimony on 11036, Hidalgo Seniors, in support of a forward commitment.
Mark Lechner, provided testimony on 11035, Lexington Vista, in support of a forward commitment.
Bill Newsome, provided testimony on 11244, E2 Flats, in support of a forward commitment.
Spencer Matthews, provided testimony in opposition of E2 Flats.
Beth Bentley, provided testimony on 11262, Millennium McKinney, in support of a forward commitment.
Sara Simpson-Thomas, provided testimony on 11262, Millennium McKinney, in support of a forward commitment.
Martin Sanchez, provided testimony on 11262, Millennium McKinney, in support of a forward commitment.
Motion by Mr. Keig to table until October 6th; duly seconded by Mr. Gann; passed unanimously.

AGENDA ITEM 5: RULES:

a) Presentation, Discussion, and Possible Action regarding the proposed repeal of 10 TAC Chapter 50, concerning 2010 Housing Tax Credit Program Qualified Allocation Plan and Rules, and a proposed new 10 TAC Chapter 50, concerning 2012 Housing Tax Credit Program Qualified Allocation Plan for publication and public comment in the Texas Register

Sarah Anderson, Texas Affiliation of Affordable Housing Providers (TAAHP), provided testimony in the form of comments on the QAP.
George Littlejohn, CPA, TAAHP, provided testimony on the QAP.
Justin McDonald, TAAHP, provided testimony on the QAP.
Ron Williams, Executive Director, Southeast Texas Housing Finance Corporation, provided testimony on the QAP.
Pres Kabacoff, CEO, HRI Properties, provided testimony on the QAP.
Paul Holden, provided testimony on the QAP.
Sara Andre, provided testimony on the QAP.
Bobby Bowling, provided testimony on the QAP.
Michael Hartman, provided testimony on the QAP.
Diana McIver, provided testimony on the QAP.
Neil Rackleff, provided testimony on the QAP.
Ms. Rickienbacker, provided testimony on the QAP.

Board took a brief recess.

b) Presentation, Discussion, and Possible Action regarding the proposed repeal of 10 TAC Chapter 1, §1.1 concerning Definitions for Housing Program Activities and a proposed new 10 TAC Chapter 1, §1.1 concerning Definitions and Amenities for Housing Program Activities for public comment in the Texas Register

Mr. Oxer tabled Agenda Items 5a and 5b to permit staff to make amendments discussed at this meeting for further consideration on October 6th.

AGENDA ITEM 6: EMERGENCY DISASTER RESPONSE:

a) Presentation, Discussion and Possible Action to authorize the use of Single Family Bond Fees for wildfire recovery assistance

Motion by Mr. Conine to approve Agenda Item 6a; duly seconded by Mr. Gann; passed unanimously.

REPORT ITEMS

1. TDHCA Outreach Activities, August 2011
2. Announcement of the Texas Department of Housing and Community Affairs' Schedule for Four Public Hearings to Gather Public Comment on Planning Documents and Rules for Fiscal Year 2012
3. Report item on HTF Program Administrators that have been approved to participate in the funding reservation process
4. Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act)

ADJOURN

Since there was no other business to come before the Board, the meeting was adjourned at 5:25 p.m. on September 15, 2011.

____
Michele Atkins, Assistant Board Secretary

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

Capitol Extension Auditorium
1500 North Congress Ave.
Austin, TX

October 4, 2011; 8:30 a.m. – 3:00 p.m.

3:15 p.m. – adjournment
Capitol Extension E1.028

SUMMARY OF MINUTES

CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM

The Board Meeting of the Texas Department of Housing and Community Affairs of October 4, 2011 was called to order by Chair, J. Paul Oxer, at 8:39 a.m. It was held at the Capitol Extension Auditorium, 1500 North Congress Ave, Austin, Texas. Roll call certified a quorum was present.

Members Present:

J. Paul Oxer, Chair
Tom H. Gann, Vice Chair
Kent Conine, Member
Lowell Keig, Member
Juan Muñoz, Member

Members Absent:

Leslie Bingham-Escareño, Member

Approval of the following items presented in the Board materials:
ACTION ITEMS
AGENDA ITEM 1: RULES

a) Presentation, Discussion, and Possible Action regarding the proposed repeal of 10 TAC Chapter 50, concerning 2010 Housing Tax Credit Program Qualified Allocation Plan and Rules, and a proposed new 10 TAC Chapter 50, concerning 2012 Housing Tax Credit Program Qualified Allocation Plan for publication and public comment in the *Texas Register*

Motion by Mr. Conine to approve the circulation of the new QAP with amended changes; duly seconded by Mr. Gann; Ms. Bingham-Escareño not present; motion passed.
Granger McDonald, provided testimony.
Dennis Hoover, provided testimony.
Bill Fisher, provided testimony.
Michael Hartman, provided testimony.
Donna Rickenbacker, provided testimony.
Sara Hutchinson, provided testimony.
Barry Kahn, provided testimony.
Sarah Anderson, provided testimony.
John Henneberger, provided testimony.
Deena Perkins, provided testimony.
Bill Schlesinger, provided testimony.
Mike Duffy, provided testimony.
Diana McIver, provided testimony.
Bobby Bowling, provided testimony.
Walter Moreau, provided testimony on the QAP.
Sarah Andre, provided testimony on the QAP.

Cherno Njie, provided testimony.
Lisa Stephens, provided testimony.

Board took a brief recess before the vote.

b) Presentation, Discussion, and Possible Action regarding the proposed repeal of 10 TAC Chapter 1 §1.1 concerning Definitions for Housing Program Amenities and a proposed new 10 TAC Chapter 1, §1.1 concerning Definitions and Amenities for Housing Program Activities for public comment in the Texas Register

Motion by Mr. Gann to approve staff's recommendation; duly seconded by Mr. Conine; Ms. Bingham-Escareño not present; motion passed.

AGENDA ITEM 2: BOND FINANCE

a) Presentation, Discussion, and Possible Action of Resolution 12-008 Ratifying the Procurement of a Replacement Master Servicer

Withdrawn from consideration.

AGENDA ITEM 3: COMMUNITY SERVICES

a) Presentation, Discussion, and Possible Approval of the Request for Applications (RFA) to provide Community Services Block Grant (CSBG) services to Loving, Reeves, Ward, and Winkler Counties beginning January 1, 2012

Motion by Mr. Conine to move approval; duly seconded by Dr. Muñoz; Ms. Bingham-Escareño not present; motion passed.

AGENDA ITEM 4: HOUSING RESOURCE CENTER

a) Presentation, Discussion, and Possible Authorization of the 2012 Regional Allocation Formula Methodology (Draft)

Motion by Mr. Conine to approve the circulation; duly seconded by Mr. Gann; Ms. Bingham-Escareño not present; motion passed.

AGENDA ITEM 5: APPEALS

a) Presentation, Discussion, and Possible Action on Multifamily Program Appeals:

None filed.

b) Presentation, Discussion and Possible Action on Neighborhood Stabilization Program Appeals:

None filed.

c) Presentation, Discussion, and Possible Action on HOME Program Appeals:

None filed.

d) Presentation, Discussion, and Possible Action on Underwriting Appeals:

None filed.

AGENDA ITEM 6: MULTIFAMILY DIVISION ITEMS – TAX CREDIT PROGRAM:

a) Presentation, Discussion, and Possible Action regarding a commitment of Housing Tax Credits from the 2011 State Housing Credit Ceiling for Application #11223, The Terrace at MidTowne

Motion by Mr. Gann to approve staff's recommendation; duly seconded by Dr. Muñoz, Ms. Bingham-Escareño not present; motion passed.

b) Presentation, Discussion, and Possible Action regarding the status of the Waiting List and the Consideration of Forward Commitments for Allocations for the 2011 Competitive Housing Tax Credit Application Round

11262 The Millennium - McKinney McKinney

Brandon Bolin, provided testimony in support of 11262, the Millennium-McKinney project.

11261 North Angelo Housing Estates San Angelo

Granger McDonald, provided testimony in support of North Angelo Housing Estates.

11255 Justice Park Senior Villas Houston

Michael Lyttle, TDHCA staff, read into record a letter of support from the Honorable Representative Dwayne Bohac.

Matt Fuqua, provided testimony in support of Justice Park Senior Villas.

11250 Cypress Creek at Four Seasons Kyle

11249 Silvercreek I Apartments Houston

11245 Bar T Apartments Longview

11244	E2 Flats	Dallas

Spencer Matthews, provided testimony in opposition of E2 Flats.

11243	HomeTowne at Kingwood	Houston
11241	Park Hudson Senior	Bryan
11239	Sansbury Senior	Greatwood
11237	Summer Crest Senior Development	San Angelo
11235	HomeTowne at Westheimer Lakes	Houston
11234	Villas at West Mountain	El Paso

Frank Ainsa, Investment Builders, provided testimony in support of a forward commitment for the Villas at West Mountain.
Bill Schlesinger, Project Vida, provided testimony in support of a forward commitment for the Villas at West Mountain.
Cynthia Bast, provided testimony in support of a forward commitment for the Villas at West Mountain.

11232	River Valley Apartments	Harlingen

Cynthia Bast, provided testimony in support of a forward commitment for the River Valley Apartments.

11231	Spring Hollow Apartments	Austin
11230	West Park Senior Housing	Corsicana
11227	Dolphin's Landing Apartments	Corpus Christi

Patricia Leal, City Council, District 3, Corpus Christi, provided testimony in support of a forward commitment for Dolphin's Landing.
Roland Garza, provided testimony in support of a forward commitment for Dolphin's Landing.
Michael Nguyen, President/CEO, Atlantic Housing Foundation, provided testimony in support of a forward commitment for Dolphin's Landing.

11226	Clear Springs	Odessa
11222	Westway Place	Corsicana
11221	Stonebridge Place	Palestine
11218	The Works at Pleasant Valley	Austin
11216	The Sierra on Pioneer Road	Mesquite

Janine Sisak, provided testimony in support of a forward commitment for Sierra on Pioneer Road.

11214	Cobblestone Village	Bryan
11206	Enclave on S. Main Apartments	Houston
11205	Hawk Ridge Apartments	White Settlement

Robert Armstrong, provided testimony on behalf of the Honorable Representative Charlie Geren in support of a forward commitment for Hawk Ridge Apartments.
Jim Ryan, provided testimony in support of a forward commitment for Hawk Ridge Apartments.
Bert McGill, provided testimony in support of a forward commitment for Hawk Ridge Apartments.

11198	Casa Orlando Apartments	Lubbock
11196	Central Village Apartments	Plainview
11183	Lakeside Village Homes	Fort Worth
11181	Dunes Apartments	Seminole
11180	Rainy Creek Apartments	Abilene
11178	Esperanza Cove Senior Apartments	Fort Worth
11177	Trinity East Village	Houston
11175	Three Forks Ranch	Kaufman
11171	South Fork Apartments	Stephenville
11169	Merritt Bryan Station Senior Village	Bryan

Colby Denison, provided testimony in support of a forward commitment for Merritt Bryan Station Senior Village.

11168	The Trails at Nodding Pines	Corpus Christi
11167	The Monarch at Bay Prairie	Bay City

Ron Williams, Executive Director, Southeast Texas Housing Finance Corporation, provided testimony on behalf of Commissioner Deshotels and provided a letter from the Honorable Representative Randy Weber, in support of a forward commitment for Monarch at Bay Prairie.

11166	The Palms at Leopard	Corpus Christi

Gilbert Piette, Executive Director, Housing and Community Services, provided testimony in support of a forward commitment for Hawk Ridge Apartments.

11163	The Grove at Elm Park	Lubbock
11157	Andalusia Pointe	Combes
11156	Montabella Senior	San Antonio
11151	Sage Brush Apartments	Midland
11150	New Hope Housing at Rittenhouse	Houston

Joy Horak-Brown, Executive Director, New Hope Housing, provided testimony in support of a forward commitment for New Hope

Housing at Rittenhouse.

11148	Ivy Terrace	McAllen
11142	Veterans Place	Dallas

Yegal Lelah, developer, provided testimony in support of a forward commitment for Veterans Place.
John Wavada, provided testimony in support of a forward commitment for Veterans Place.
Chairman Oxer asked each of the veterans that were standing at the podium to identify themselves and give their rank of service.
Gina Thompson, E-4, US Army
John Wavada, Gunnery Sargeant, US Marine Corps
Augusta Howard, E-5, US Air Force Veteran
Yolanda Rossio, Staff Sergeant, 14 years of service
Roderick Moseley, E-5, US Army
Iver Hall, E-6, US Navy
Weldon Dever Dunley, 26 years, US Army and Army Reserves
Keith Stockton, Sergeant, Marines

11140 Villas of Giddings — Giddings

Kelly Garrett, State Street Housing, provided testimony in support of a forward commitment for Villas of Giddings.

11139 Champion Homes at Copperidge — Dallas

Bill Fisher, provided testimony in support of a forward commitment for Champion Homes at Copperidge.

11137 Genoa Ranch — Houston

Cynthia Bast, provided testimony in support of a forward commitment for Genoa Ranch.
Barry Kahn, provided testimony in support of a forward commitment for Genoa Ranch.

11134 Grand Manor Apartments — Tyler

Ross Stitely, provided testimony in support of a forward commitment for Grand Manor Apartments.

11127 1400 Belleview — Dallas

Sara Reidy, Principal, Casa Linda Development Corporation, provided testimony in support of a forward commitment for 1400 Belleview.

11124	Peoples El Shaddai	Dallas
11123	Allegre Point	Austin

Barry Palmer, Coats Rose, provided testimony in support of a forward commitment for Allegre Point.

11122	Silver Spring Grand Heritage	Lavon
11114	Green Haus on the Santa Fe Trail	Dallas

Chris Luna, provided testimony in support of a forward commitment for Green Haus on the Santa Fe Trail.

11107 Kinwest Manor — Irving

Clifton Phillips, provided testimony in support of a forward commitment for Kinwest Manor.

11105 Aster Villas — Del Rio

Michael Lyttle, TDHCA staff, read into record a letter of support for Aster Villas from the Honorable Representative Pete Gallego.
Michael Hartman, provided testimony in support of a forward commitment for Aster Villas.

11102	Christie's Cove	Harlingen
11098	Hatcher Square	Dallas

Jon Edmonds, President/CEO Frazier Revitalization, Inc., provided testimony in support of a forward commitment for Hatcher Square.
Printice Gary, Managing Partner, Carlton Residential, provided testimony in support of a forward commitment for Hatcher Square.

11094	Mariposa at Highway 6	Bryan
11090	Sutton Oaks II	San Antonio

Ryan Wilson, provided testimony in support of a forward commitment for Sutton Oaks II.
Kathy McCormick, provided testimony in support of a forward commitment for Sutton Oaks II.

11089 Parkstone Senior Village Phase II — Wichita Falls

Randy Stevenson, provided testimony in support of a forward commitment for Parkstone Senior Village Phase II.

11087	Tidwell Lakes Ranch	Houston
11085	Whitetail Ridge	Hemphill
11080	Hidden Valley Estates	Houston
11079	Lexington Landing	Corpus Christi

Deborah Sherrill, Corpus Christi Housing Authority, provided testimony in support of a forward commitment for Lexington Landing.

11074	The Villas at Tuscany	Lubbock
11073	Cypress Run	Universal City

Craig Litner, Pedcor Investments, provided testimony in support of a forward commitment for both Cypress Run and The Landings at Westheimer Lakes.

11072	The Landings at Westheimer Lakes	Houston
11071	Heritage Oak Hill	Austin

11068	North Desert Palms	El Paso
11067	Southwest Plains Villas	Lubbock
11066	Anson Park III	Abilene

Eric Opiela, provided testimony in support of a forward commitment for Anson Park III.

11065	Robinson Senior Villages	Robinson
11062	Pioneer Crossing for Seniors Mineral Wells	Mineral Wells
11059	Colonia Guadalupe	Laredo

Michael Lyttle, TDHCA staff, read into record a letter of support for Colonia Guadalupe from the Honorable Senator Judith Zaffirini.

Laura Llanes, Executive Director, Laredo Housing Authority, provided testimony in support of a forward commitment for Colonia Guadalupe.

11058	Connell Villa	Kingsville

Cory Hinojosa, Executive Director, Kingsville Housing Authority, provided testimony in support of a forward commitment for Connell Villa.

11057	The Mercer	Bryan
11056	St. Paul Apartments	Dallas

Buddy Jordan, provided testimony in opposition of St. Paul Apartments.

MaryAnn Russ, CEO/President, Dallas Housing Authority, provided testimony in support of a forward commitment for St. Paul Apartments.

11054	Beaumont Place of Grace	Beaumont
11050	Palm Gardens	Corpus Christi
11049	The Palisades of Inwood	Houston
11048	La Privada	Edinburg

Scott Brian, provided testimony in support of a forward commitment for La Privada.

11046	Buckhorn Place	Huntsville
11045	Lexington Vista	Corpus Christi
11043	La Serena	Harlingen
11041	Riverwood Commons	Bastrop
11039	Timberbrook Village	Magnolia
11037	Spring Trace	Spring
11036	Hidalgo Sr. Apartments	Weslaco

David Marquez, provided testimony in support of a forward commitment for Hidalgo Sr. Apartments.

11033	American GI Forum Village I & II	Robstown

Walter Martinez, provided testimony in support of a forward commitment for American GI Forum Village I & II.

11031	La Hacienda Apartments	Harlingen

Dan Esparza, Committee Director, Senate Committee on International Relations and Trade, read into record a letter of support from the Honorable Senator Eddie Lucio.

Dan Sanchez, County Commission, Cameron County, provided testimony in support of a forward commitment for La Hacienda Apartments.

Nick Mitchell-Bennett, provided testimony in support of a forward commitment for La Hacienda Apartments.

11026	Walnut Springs	Seguin

Justin McDonald, provided testimony in support of a forward commitment for Walnut Springs.

11025	Seaside Manor	Ingleside
11024	Zion Bayou	Houston

Rick Sims, provided testimony in support of a forward commitment for Zion Bayou

11022	East Houston Gardens	Houston
11021	Candlestick Village	Fulton
11020	The Grand Texan – Waxahachie	Waxahachie

Motion by Mr. Conine to add the following projects for a forward commitment for the 2011 year: 11041, Riverwood Commons; 11040, Villas of Giddings; 11261, North Angelo Blackshear; 11033, American GI Forum; 11090, Sutton Oaks; 11139, Champion Homes at Copperidge; 11114, Greenhaus on Santa Fe Trail; 11080, Parkstone Seniors; 11105, Aster Villas; 11031, La Hacienda Casitas; duly seconded by Mr. Gann; discussion continued; Motion by Dr. Muñoz to amend the list by adding 11150, New Hope Housing; do we need to add that Mr. Conine accepted the amendment? Mr. Gann withdrew his second; Dr. Muñoz seconded amended; motion; Keig and Mr. Gann voted ney; Mr. Conine and Dr. Muñoz voted aye; Mr. Oxer voted aye; motion passed.

EXECUTIVE SESSION

At 12:10 p.m. Mr. Oxer convened the Executive Session.

1. 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;
2. Pursuant to Tex. Gov't. Code, §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer, including:
   a) *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al filed in federal district court, Northern District of Texas*
   b) *Heston Emergency Housing, LP and Naji Al-Fouzan vs. Texas Department of Housing and Community Affairs, Michael Gerber, Martin Rivera, Jr., Marisa Callan, and Timothy Irvine; Civil Action No. H-11-1121 in the United States District Court for the Southern District of Texas, Houston Division*
   c) *Claim of Gladys House filed with the EEOC;*
   d) *Complaint of James Reedom filed with U.S. HHS/OCR (No. 09-99008)*
   e) *TDHCA v. William Ross & Susan Ross; Cause No. D-1-GN-11-002226, filed in district court, Travis County*
3. Pursuant to Tex. Gov't. Code, §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't. Code, Chapter 551; or
4. Pursuant to Tex. Gov't. Code, §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person.

OPEN SESSION

At 1:00 p.m. Mr. Oxer reconvened the Open Session and announced that no action had been taken during the Executive Session and certified that the posted agenda had been followed.

ADJOURN

Since there was no other business to come before the Board, the meeting was adjourned at 2:51 p.m. on October 4, 2011.

____

Michele Atkins, Assistant Board Secretary

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

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

November 10, 2011

Presentation, Discussion, and Possible Action on staff's recommendation for low-income housing tax credit outside counsel, and for approval to proceed with negotiating a contract and obtaining the approval of the Office of the Attorney General

RECOMMENDED ACTION

Approve Holland & Knight as low-income housing tax credit outside counsel:

> **WHEREAS,** On August 17, 2011, the Department issued an RFP for a low-income housing tax credit outside counsel and notified possible responders that requested notification of requests for proposals; and
>
> **WHEREAS,** the Department received one response to its RFP from Holland & Knight; and
>
> **WHEREAS,** after evaluating and scoring Holland & Knight's response, the Department recommends to the Board that it be authorized to pursue an outside counsel contract with Holland & Knight;
>
> **RESOLVED**, that the staff's recommendation to accept Holland & Knight as the Department's low income housing tax credit outside counsel and to proceed with negotiating a contract and obtaining the approval of the Office of the Attorney General is hereby ordered and it is approved.

BACKGROUND

On August 17, 2011, the Department issued a Request for Proposals seeking outside legal counsel to advise the Department in matters concerning its low income housing tax credit program. One response was received by the deadline of September 9, 2011 at 4:00 pm. The response received was from Holland & Knight, the Department's current low income housing tax credit outside counsel. Their response was scored based on three criteria; general experience as a low income tax credit counsel, including representation of other state tax credit allocators (40 points), experience preparing and submitting ruling requests to the IRS in connection with the tax credit program (30 points), and qualifications and experience of assigned individuals (30 points).

The evaluation committee met and deliberated on September 12, 2011, and based on the above scoring criteria decided to recommend Holland & Knight to the Board without republishing the RFP.

Considering the highly specialized requirements for a low income tax credit counsel, it was not surprising to receive such a small response. Holland & Knight has a long history serving as the Department's low income housing tax credit counsel and the Department continues to have a high level of confidence in their work product.

FINANCIAL ADMINISTRATION DIVISION

BOARD REPORT ITEM
November 10, 2011

No Action Required
Presentation of the Department's 4th Quarter Investment Report

Background

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

- Overall, the portfolio carrying value decreased by $46,883,106 (See Page 1) for a total of $1,444,994,200. During the fourth quarter, the RMRB indenture paid $37.6 million in principal and $5.6 million in interest and the Single Family indenture paid $13.8 million in principal and $204,883 thousand in interest. In addition, the RMRB indenture had a sale of mortgage backed securities in the amount of $31.6 million which resulted in a recognized gain of $3.3 million. The remaining difference is accounted for by loan repayments, fee income, and interest earnings from investments.

  The portfolio consists of (See Page 4):

	Beginning Quarter	Ending Quarter
Mortgage Backed Securities (MBS)	77%	78%
Guaranteed Investment Contract/ Investment Agreement (GIC/IA)	2%	1%
Repurchase Agreements	6%	6%
Money Markets and Mutual Funds	15%	15%

  There was no significant change in the investment composition of the Department's portfolio during the 4th Quarter.

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

- $13,804,057 of MBS purchases during the quarter represent portfolio activity for new loans originated of which were directly related to the warehouse agreement.

- The maturities in MBS this quarter were $16,619,645 which represents loan payoffs. The table below shows a steady trend in new loans and loan payoffs.

	4th Qtr FY 10	Ist Qtr FY 11	2nd Qtr FY 11	3rd Qtr* FY 11	4th Qtr FY 11	Total
Purchases	31,713,546	23,483,744	25,156,241	135,819,620	13,804,057	229,977,208
Sales	40,723,437		25,233,498	31,666,549	31,558,960	129,182,444
Maturities	37,554,622	45,835,734	59,801,650	23,952,469	16,619,645	183,764,120

*$90,333,674 of the purchases directly related to the warehouse agreement.

- The fair value of investments (the amount at which a financial instruments could be exchanged in a current transaction between willing parties) increased $17,010,638 (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 4.55% for the end of August, down from 4.92% at the end of May. 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 the overall change in the bond market as a whole.

- The process of valuing investments at fair value (market value) generates unrealized gains and losses. These gains or losses do not impact the overall portfolio because the Department does not typically liquidate these investments (mortgage backed securities) but holds them until maturity. However, during the fourth quarter the Department took advantage of favorable economic conditions and opted to sell mortgage backed securities related to the RMRB issue 1998A in the amount of $3.1 million generating a gain of $279,484, issue 2000B-E in the amount of $4.9 million generating a gain of $609,038 and issue 2001A-E in the amount of $23.7 million generating a gain of $2.4 million. The gain on the sale of these investments will be used to fund down payment assistance loans within the RMRB indenture.

- The indenture investments provide the necessary cash flow to pay debt service and retire the related bond debt which is our primary objective, not its relative value in the bond market.

- 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 98.98% to 116.96% which would indicate the Department has sufficient assets to meet its obligations.

- The interest comparison for the RMRB indenture shows interest expense greater than interest income due to negative arbitrage on RMRB 2003A. 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 August 31, 2011

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Collateralized Home Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
PARITY COMPARISON:					
PARITY ASSETS					
Cash	$ 1,655,084	$ -	$ 1,354	$ 744,951	$ 2,401,389
Investments[1]	$ 51,261,149	$ 221,411,183	$ 362,639	$ 64,751,367	$ 337,786,337
Mortgage Backed Securities[1]	$ 769,387,358	$ 284,595,207	$ 7,356,590	$ -	$ 1,061,339,154
Loans Receivable[2]	$ 6,809,595	$ 667,174	$ -	$ 1,090,534,760	$ 1,098,011,529
Accrued Interest Receivable	$ 3,416,644	$ 1,683,525	$ 49,676	$ 8,555,150	$ 13,704,995
TOTAL PARITY ASSETS	$ 832,529,829	$ 508,357,089	$ 7,770,258	$ 1,164,586,228	$ 2,513,243,404
PARITY LIABILITIES					
Bonds Payable[1]	$ 787,310,000	$ 496,215,000	$ 6,600,000	$ 1,100,718,692	$ 2,390,843,692
Accrued Interest Payable	$ 17,800,235	$ 2,526,582	$ 43,666	$ 8,732,600	$ 29,103,083
Other Non-Current Liabilities[3]				$ 67,104,463	$ 67,104,463
TOTAL PARITY LIABILITIES	$ 805,110,235	$ 498,741,582	$ 6,643,666	$ 1,176,555,755	$ 2,487,051,238
PARITY DIFFERENCE	$ 27,419,594	$ 9,615,507	$ 1,126,592	$ (11,969,527)	$ 26,192,166
PARITY	**103.41%**	**101.93%**	**116.96%**	**98.98%**	**101.05%**

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Collateralized Home Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
INTEREST COMPARISON (For the Twelfth Fiscal Month) :					
INTEREST INCOME					
Interest & Investment Income	$ 3,031,474	$ 1,032,364	$ 44,034	$ 4,236,678	$ 8,344,550
TOTAL INTEREST INCOME	$ 3,031,474	$ 1,032,364	$ 44,034	$ 4,236,678	$ 8,344,550
INTEREST EXPENSE					
Interest on Bonds	$ 2,992,979	$ 1,054,169	$ 37,842	$ 4,236,673	$ 8,321,663
TOTAL INTEREST EXPENSE	$ 2,992,979	$ 1,054,169	$ 37,842	$ 4,236,673	$ 8,321,663
NET INTEREST	$ 38,495	$ (21,805)	$ 6,192	$ 5	$ 22,887
INTEREST RATIO	**101.29%**	**97.93%**	**116.36%**	**100.00%**	**100.28%**

(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) Loans Receivable include whole loans only. Special mortgage loans are excluded.
(3) Other Non-Current Liabilities include "Due to Developers" (for insurance, taxes and other operating expenses) and "Earning Due to Developers" (on investments).

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING AUGUST 31, 2011

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING AUGUST 31, 2011

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 August 31, 2011

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

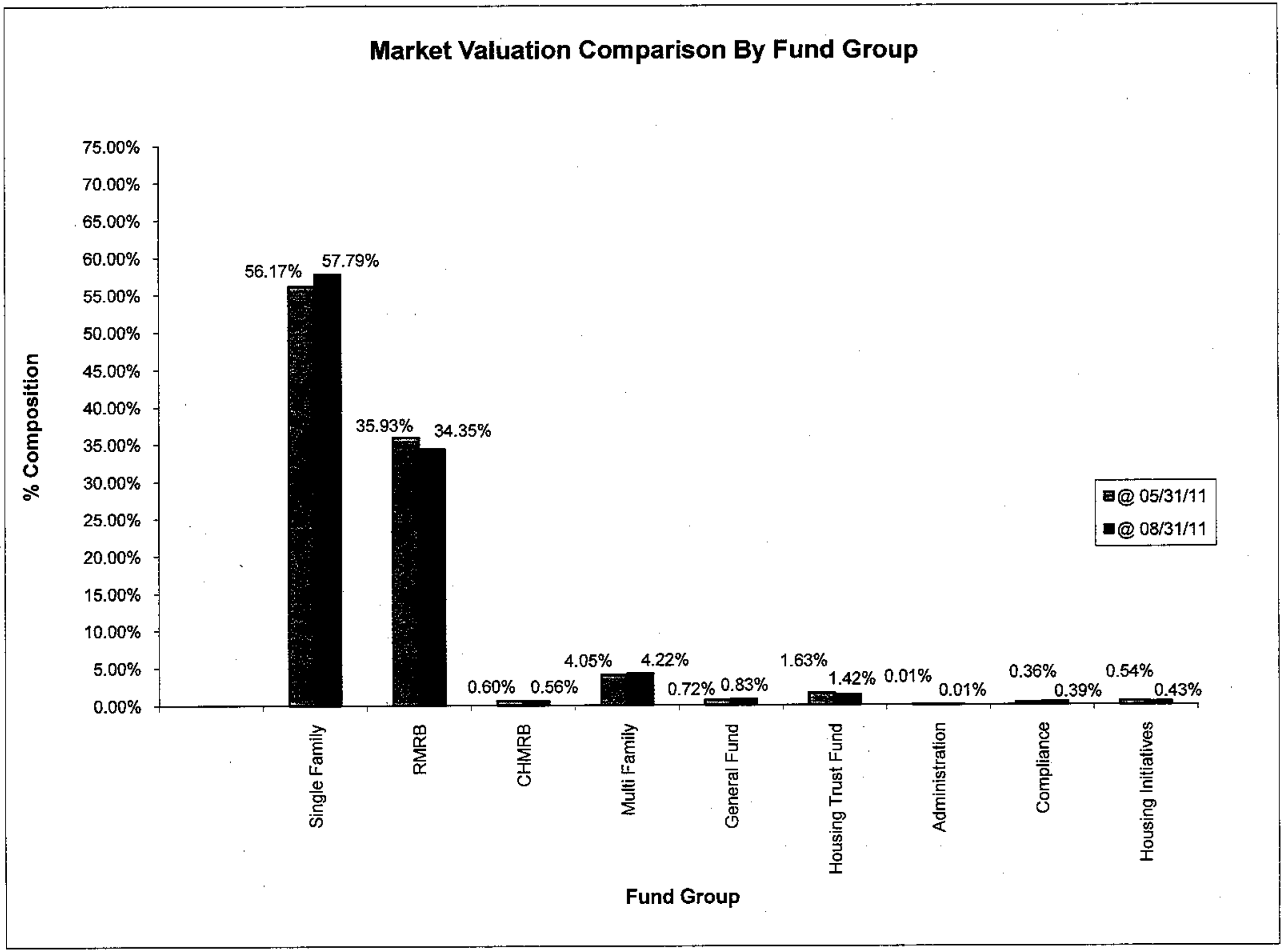
INDENTURE	FAIR VALUE (MARKET) @ 05/31/11	CARRYING VALUE @ 05/31/11	CHANGE IN CARRYING VALUE ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 08/31/11	FAIR VALUE (MARKET) @ 08/31/11	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 08/31/11	RECOGNIZED GAIN
Single Family	897,696,460.85	822,385,819.23	29,512,413.19	(21,068,535.52)	(13,268,957.19)	0.00	817,560,739.71	906,310,077.59	13,438,696.26	3,371,162.59	0.00
RMRB	574,218,598.77	544,327,455.83	16,487,858.50	(52,647,636.55)	(2,905,492.31)	0.00	505,262,185.47	538,762,108.22	3,608,779.81	1,679,813.68	3,306,016.84
CHMRB	9,643,511.63	8,461,882.93	125,949.67	(527,006.81)	(354,075.89)	0.00	7,706,749.90	6,851,540.64	(36,837.96)	49,675.84	0.00
Multi Family	64,651,312.31	64,651,312.31	6,461,002.78	(4,883,530.41)	(91,119.22)	0.00	66,137,665.46	66,137,665.46	-	0.15	0.00
General Fund	11,514,478.32	11,514,478.32	2,099,766.61	(628,922.35)	0.00	0.00	12,985,322.58	12,985,322.58	-	7,005.17	0.00
Housing Trust Fund	25,982,660.59	25,982,660.59	3,661,035.23	(7,341,650.18)	0.00	0.00	22,302,045.64	22,302,045.64	-	6.25	0.00
Administration	158,904.29	158,904.29	0.00	(27.55)	0.00	0.00	158,876.74	158,876.74	-	0.04	0.00
Compliance	5,765,893.40	5,765,893.40	413,907.92	(112,953.79)	0.00	0.00	6,066,847.53	6,066,847.53	-	1.69	0.00
Housing Initiatives	8,628,898.93	8,628,898.93	0.00	(1,815,132.19)	0.00	0.00	6,813,766.74	6,813,766.74	-	2.09	0.00
TOTAL	1,598,260,719.09	1,491,877,305.83	58,761,933.90	(89,025,395.35)	(16,619,644.61)	0.00	1,444,994,199.77	1,568,388,251.14	17,010,638.11	5,107,667.50	3,306,016.84

* No relationship can be drawn between the "ACCRUED INT RECVBL @ 08/31/11" 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 $66,882,617 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.

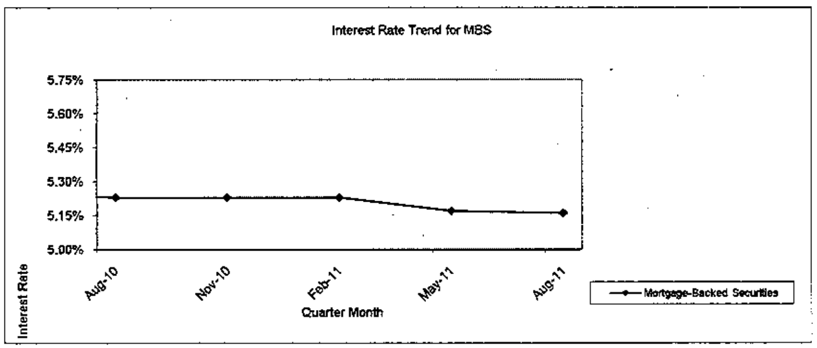
David Cervantes, Director of Financial Administration — Date 10/3/11

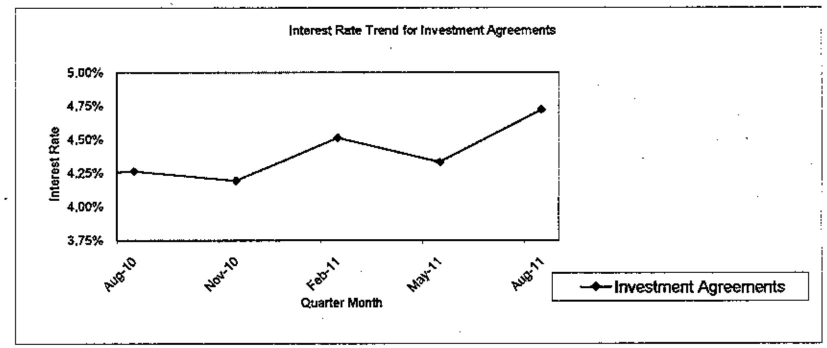
Tim Nelson, Director of Bond Finance — Date 9/30/11

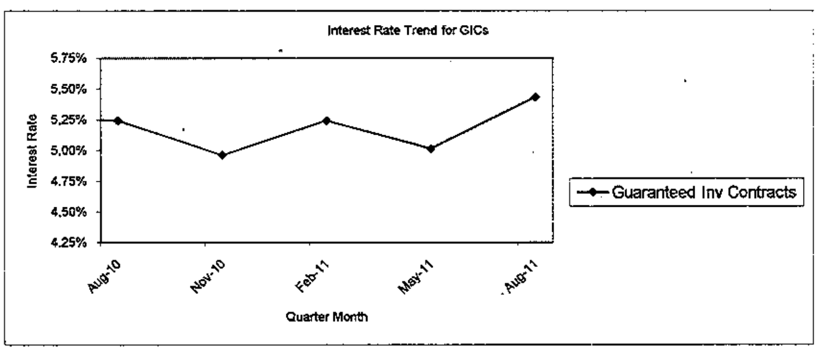

Market Valuation Comparison By Fund Group
% Composition
75.00%
70.00%
65.00%
60.00%
55.00%
50.00%
45.00%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
56.17%
57.79%
35.93%
34.35%
0.60%
0.56%
4.05%
4.22%
0.72%
0.83%
1.63%
1.42%
0.01%
0.01%
0.36%
0.39%
0.54%
0.43%
Single Family
RMRB
CHMRB
Multi Family
General Fund
Housing Trust Fund
Administration
Compliance
Housing Initiatives
Fund Group
@ 05/31/11
@ 08/31/11

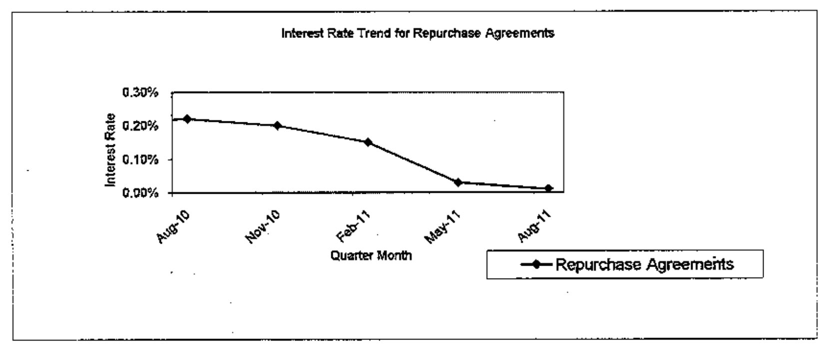
TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Supplemental Schedule of Portfolio Interest Rate Trends and Maturities
Quarter August 31, 2011

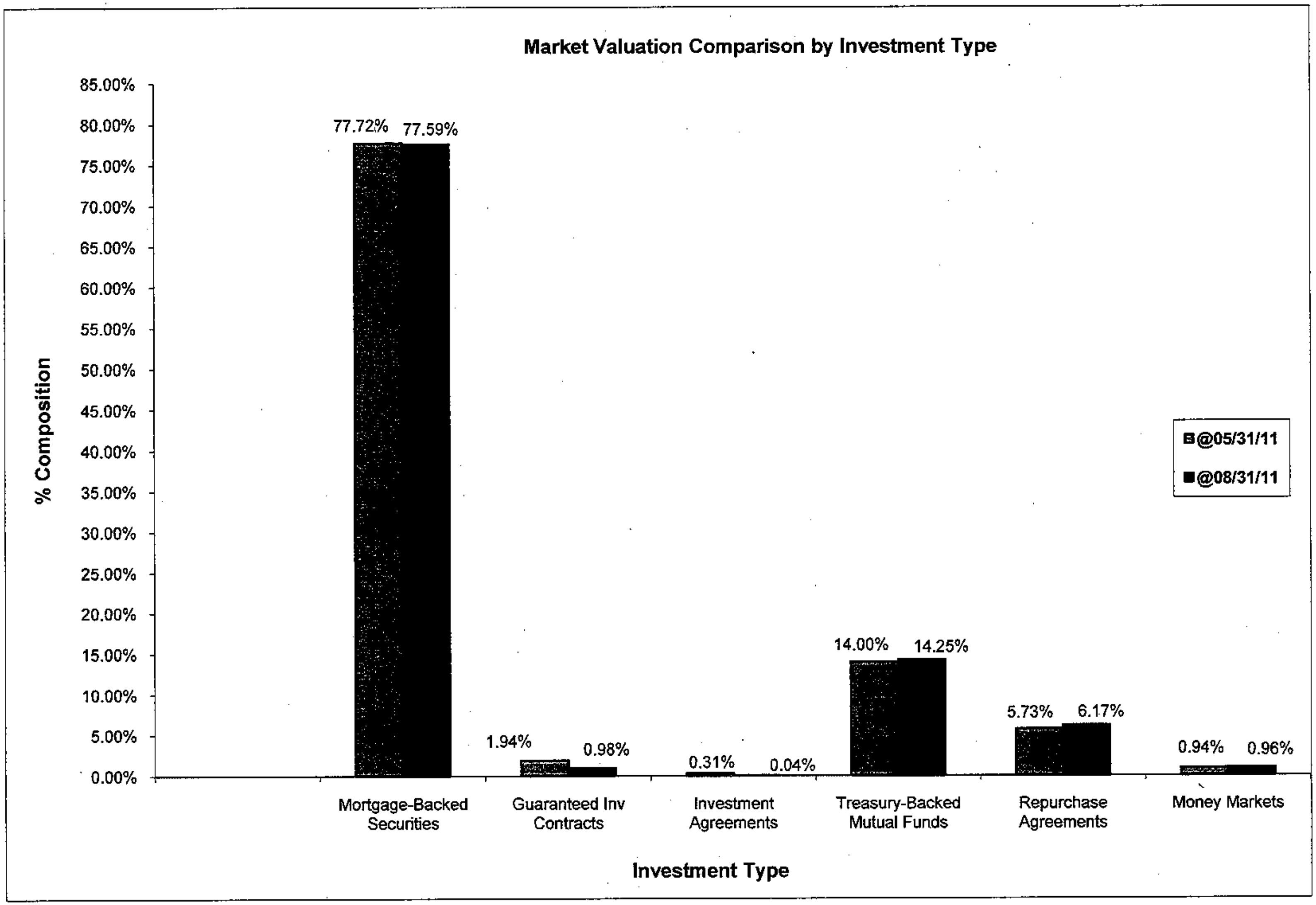
INVESTMENT TYPE	Range of Interest for Current Quarter HI	Range of Interest for Current Quarter LOW	Portfolio % Composition	Weighted Avg Rate Beg Carrying Value @ 05/31/11	Weighted Avg Rate Beg Market Value @ 05/31/11	Weighted Avg Rate End Carrying Value @ 08/31/11	Weighted Avg Rate End Market Value @ 08/31/11	Weighted Avg Maturity Beg Carrying Value @ 05/31/11 Months	Days	Weighted Avg Maturity Beg Market Value @ 05/31/11 Months	Days	Weighted Avg Maturity End Carrying Value @ 08/31/11 Months	Days	Weighted Avg Maturity End Market Value @ 08/31/11 Months	Days
Mortgage-Backed Securities	8.75%	3.70%	77.59%	5.16%	5.17%	5.15%	5.16%	310	24	310	12	310	11	309	29
Guaranteed Inv Contracts	6.09%	3.37%	0.98%	5.01%	5.01%	5.43%	5.43%	268	23	268	23	236	21	236	21
Investment Agreements	6.15%	3.25%	0.04%	4.33%	4.33%	4.72%	4.72%	332	28	332	28	283	27	283	27
Repurchase Agreements	0.01%	0.01%	6.17%	0.03%	0.03%	0.01%	0.01%	0	1	0	1	0	1	0	1
Money Markets	0.01%	0.00%	0.97%	0.01%	0.01%	0.01%	0.01%	0	1	0	1	0	1	0	1
Treasury-Backed Mutual Funds	0.01%	0.00%	14.25%	0.01%	0.01%	0.01%	0.01%	0	1	0	1	0	1	0	1











Market Valuation Comparison by Investment Type
% Composition
85.00%
80.00%
75.00%
70.00%
65.00%
60.00%
55.00%
50.00%
45.00%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
77.72%
77.59%
1.94%
0.98%
0.31%
0.04%
14.00%
14.25%
5.73%
6.17%
0.94%
0.96%
Mortgage-Backed Securities
Guaranteed Inv Contracts
Investment Agreements
Treasury-Backed Mutual Funds
Repurchase Agreements
Money Markets
Investment Type
@05/31/11
@08/31/11

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 August 31, 2011

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

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 05/31/11	CARRYING VALUE @ 05/31/11	CHANGE IN CARRYING VALUE: ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 08/31/11	FAIR VALUE (MARKET) @ 08/31/11	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
Mortgage-Backed Securities	1,234,351,125.27	1,127,967,712.01	13,804,057.43	(31,558,959.64)	(16,619,644.61)	0.00	1,093,593,165.19	1,216,987,216.56	17,010,638.11	3,306,016.84
Guaranteed Inv Contracts	30,779,203.62	30,779,203.62	197,991.33	(15,570,507.08)	0.00	0.00	15,406,687.87	15,406,687.87	-	0.00
Investment Agreements	4,955,703.75	4,955,703.75	373,855.07	(4,664,519.23)	0.00	0.00	665,039.59	665,039.59	-	0.00
Treasury-Backed Mutual Funds	222,286,272.27	222,286,272.27	3,021,722.45	(1,823,973.27)	0.00	0.00	223,484,021.45	223,484,021.45	-	0.00
Repurchase Agreements	90,968,974.50	90,968,974.50	38,288,186.63	(32,503,200.61)	0.00	0.00	96,753,960.52	96,753,960.52	-	0.00
Money Markets	14,919,439.68	14,919,439.68	3,076,120.99	(2,904,235.52)	0.00	0.00	15,091,325.15	15,091,325.15	-	0.00
TOTAL	1,598,260,719.09	1,491,877,305.83	58,761,933.90	(89,025,395.35)	(16,619,644.61)	0.00	1,444,994,199.77	1,568,388,251.14	17,010,638.11	3,306,016.84

(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 10/3/11

Tim Nelson, Director of Bond Finance — Date 9/30/11

Detail of Investments including maturity dates by Fund Group

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2011

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Repo Agmt	1980 Single Family Surplus Rev	0.01	08/31/11	09/01/11	1,692.86	1,692.86	3,268.14				4,961.00	4,961.00	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	0.01	08/31/11	09/01/11	3,330,000.41	3,330,000.41		(942,677.11)			2,387,323.30	2,387,323.30	-	0.00
GIC's	1980 Single Family Surplus Rev	6.08	11/14/96	09/30/29	9,942,859.48	9,942,859.48		(1,783,064.82)			8,159,794.66	8,159,794.66	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	0.01	08/31/11	09/01/11	45,523.23	45,523.23	14,402.08				59,925.31	59,925.31	-	0.00
	1980 Single Family Surplus Rev Total				13,320,075.98	13,320,075.98	17,670.22	(2,725,741.93)	0.00	0.00	10,612,004.27	10,612,004.27	0.00	0.00
Repo Agmt	1982 A Single Family	0.01	08/31/11	09/01/11	0.01	0.01	0.00				0.01	0.01	-	0.00
	1982 A Single Family Total				0.01	0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00
Repo Agmt	1983 A&B Single Family	0.01	08/31/11	09/01/11	0.23	0.23	6,783.69				6,783.92	6,783.92	-	0.00
GIC's	1983 A&B Single Family	6.08	11/14/96	09/30/29	137,114.29	137,114.29		(4,846.13)			132,268.16	132,268.16	-	0.00
	1983 A&B Single Family Total				137,114.52	137,114.52	6,783.69	(4,846.13)	0.00	0.00	139,052.08	139,052.08	0.00	0.00
Repo Agmt	1984 A&B Single Family	0.01	08/31/11	09/01/11	0.16	0.16	21,364.56				21,364.72	21,364.72	-	0.00
GIC's	1984 A&B Single Family				80,605.49	80,605.49		(80,605.49)					-	0.00
	1984 A&B Single Family Total				80,605.65	80,605.65	21,364.56	(80,605.49)	0.00	0.00	21,364.72	21,364.72	0.00	0.00
Repo Agmt	1985 A Single Family	0.01	08/31/11	09/01/11	0.03	0.03	7,191.86				7,191.89	7,191.89	-	0.00
GIC's	1985 A Single Family				7,343.98	7,343.98		(7,343.98)					-	0.00
	1985 A Single Family Total				7,344.01	7,344.01	7,191.86	(7,343.98)	0.00	0.00	7,191.89	7,191.89	0.00	0.00
Repo Agmt	1985 B&C Single Family	0.01	08/31/11	09/01/11	453.57	453.57	735.36				1,188.93	1,188.93	-	0.00
	1985 B&C Single Family Total				453.57	453.57	735.36	0.00	0.00	0.00	1,188.93	1,188.93	0.00	0.00
Repo Agmt	1987 B Single Family	0.01	08/31/11	09/01/11	0.14	0.14	10,886.89				10,887.03	10,887.03	-	0.00
GIC's	1987 B Single Family	6.08	11/14/96	09/30/29	46,834.52	46,834.52	15,980.67				62,815.19	62,815.19	-	0.00
Repo Agmt	1987 B Single Family	0.01	08/31/11	09/01/11	6,765.00	6,765.00	0.00				6,765.00	6,765.00	-	0.00
	1987 B Single Family Total				53,599.66	53,599.66	26,867.56	0.00	0.00	0.00	80,467.22	80,467.22	0.00	0.00
Repo Agmt	1995 A&B Single Family	0.01	08/31/11	09/01/11	0.04	0.04	7,016.36				7,016.40	7,016.40	-	0.00
GIC's	1995 A&B Single Family	6.08	11/14/96	09/30/29	83,335.50	83,335.50	76,469.30				159,804.80	159,804.80	-	0.00
FNMA	1995 A&B Single Family	6.15	07/30/96	06/01/26	39,001.28	44,265.53			(437.97)		38,563.31	44,132.56	305.00	0.00
GNMA	1995 A&B Single Family	6.15	11/26/96	11/20/26	385,300.33	430,542.66			(59,299.38)		326,000.95	370,835.82	(407.46)	0.00
GNMA	1995 A&B Single Family	6.15	05/29/97	05/20/27	133,693.30	148,418.28			(3,923.30)		129,770.00	146,481.78	1,986.80	0.00
	1995 A&B Single Family Total				641,330.45	706,562.01	83,485.66	0.00	(63,660.65)	0.00	661,155.46	728,271.36	1,884.34	0.00
Repo Agmt	1996 A-C Single Family	0.01	08/31/11	09/01/11	14,472.91	14,472.91	0.90				14,473.81	14,473.81	-	0.00
	1996 A-C Single Family Total				14,472.91	14,472.91	0.90	0.00	0.00	0.00	14,473.81	14,473.81	0.00	0.00
Repo Agmt	1996 D&E Single Family	0.01	08/31/11	09/01/11	290,092.00	290,092.00	0.00				290,092.00	290,092.00	-	0.00
Repo Agmt	1996 D&E Single Family	0.01	08/31/11	09/01/11	18,362.46	18,362.46	1.37				18,363.83	18,363.83	-	0.00
	1996 D&E Single Family Total				308,454.46	308,454.46	1.37	0.00	0.00	0.00	308,455.83	308,455.83	0.00	0.00
Repo Agmt	1997 D-F Single Family	0.01	08/31/11	09/01/11	366,531.88	366,531.88	273,198.67				639,730.55	639,730.55	-	0.00
FNMA	1997 D-F Single Family	6.25	06/29/98	06/01/28	277,850.44	312,057.36			(3,930.48)		273,919.96	310,664.34	2,537.46	0.00
FNMA	1997 D-F Single Family	6.25	11/30/98	10/01/28	79,853.89	89,684.68			(1,145.19)		78,708.70	89,266.65	727.16	0.00
GNMA	1997 D-F Single Family	6.25	05/19/98	05/20/28	365,293.14	405,526.55			(5,310.03)		359,983.11	406,341.77	6,125.25	0.00
GNMA	1997 D-F Single Family	5.45	07/24/00	06/20/30	922,917.97	1,012,653.27			(8,624.56)		914,293.41	1,021,430.31	17,401.60	0.00
GNMA	1997 D-F Single Family	6.25	08/14/98	07/20/28	129,751.76	144,042.65			(1,553.49)		128,198.27	144,707.67	2,218.51	0.00
GNMA	1997 D-F Single Family	5.45	08/28/00	08/20/30	214,899.23	235,480.10			(1,554.23)		213,345.00	238,033.26	4,107.39	0.00
GNMA	1997 D-F Single Family	6.25	06/30/98	06/20/28	375,570.77	418,183.05			(3,106.62)		372,464.15	421,662.98	6,586.55	0.00
GNMA	1997 D-F Single Family	6.25	09/18/98	08/20/28	539,956.84	600,815.45			(6,464.34)		533,492.50	603,561.48	9,210.37	0.00
FNMA	1997 D-F Single Family	6.25	03/31/99	11/01/28	94,586.17	106,230.66			(800.56)		93,785.61	106,366.01	935.91	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	11/20/28	553,273.61	615,632.95			(6,468.52)		546,805.09	618,622.37	9,457.94	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	10/20/28	327,268.50	364,400.41			(3,376.71)		323,891.79	366,674.69	5,650.99	0.00
FNMA	1997 D-F Single Family	6.25	05/27/99	04/01/29	110,501.28	124,105.08			(1,465.12)		109,036.16	123,662.26	1,022.30	0.00
GNMA	1997 D-F Single Family	6.25	02/16/99	02/20/29	1,198,626.07	1,334,622.21			(11,415.60)		1,187,210.47	1,344,029.16	20,822.55	0.00
GNMA	1997 D-F Single Family	6.25	03/31/99	03/20/29	573,818.72	638,924.20			(5,686.05)		568,132.67	643,177.32	9,939.17	0.00
GNMA	1997 D-F Single Family	6.25	05/27/99	04/20/29	314,305.16	349,966.20			(2,691.76)		311,613.40	352,774.39	5,499.95	0.00
GNMA	1997 D-F Single Family	5.45	06/22/99	06/20/29	515,206.85	566,047.45			(5,437.21)		509,769.64	570,243.60	9,633.36	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	1997 D-F Single Family	5.45	07/30/99	07/20/29	750,314.28	824,355.22			(68,797.64)		681,516.64	762,364.87	6,807.29	0.00
GNMA	1997 D-F Single Family	5.45	08/26/99	08/20/29	487,547.08	535,658.21			(5,562.15)		481,984.93	539,162.79	9,066.73	0.00
GNMA	1997 D-F Single Family	5.45	09/30/99	09/20/29	402,953.69	442,132.86			(3,268.13)		399,685.56	446,520.70	7,655.97	0.00
FNMA	1997 D-F Single Family	5.45	12/21/99	11/01/29	142,883.75	156,034.77			(9,858.96)		133,024.79	146,522.81	347.00	0.00
GNMA	1997 D-F Single Family	5.45	10/29/99	10/20/29	806,254.50	884,646.60			(7,686.56)		798,567.94	892,144.10	15,184.06	0.00
GNMA	1997 D-F Single Family	5.45	11/18/99	11/20/29	897,123.56	984,350.91			(7,500.02)		889,623.54	993,869.65	17,018.76	0.00
GNMA	1997 D-F Single Family	5.45	12/30/99	12/20/29	910,737.41	999,288.41			(7,626.99)		903,110.42	1,008,936.86	17,275.44	0.00
GNMA	1997 D-F Single Family	5.45	01/28/00	01/20/30	1,055,141.58	1,157,732.97			(8,943.30)		1,046,198.28	1,168,791.76	20,002.09	0.00
GNMA	1997 D-F Single Family	5.45	02/22/00	01/20/30	543,587.43	596,440.44			(6,149.00)		537,438.43	600,415.45	10,124.01	0.00
GNMA	1997 D-F Single Family	5.45	03/27/00	02/20/30	183,330.68	201,155.95			(1,850.76)		181,479.92	202,745.78	3,440.59	0.00
FNMA	1997 D-F Single Family	5.45	02/23/00	01/01/30	106,673.12	116,491.30			(803.97)		105,869.15	116,611.68	924.35	0.00
GNMA	1997 D-F Single Family	5.45	04/27/00	03/20/30	256,664.12	281,244.81			(1,956.30)		254,707.82	284,182.57	4,894.06	0.00
GNMA	1997 D-F Single Family	5.45	05/30/00	05/20/30	363,564.29	399,971.59			(13,362.31)		350,201.98	392,257.72	5,648.44	0.00
GNMA	1997 D-F Single Family	5.45	06/21/00	06/20/30	951,924.65	1,043,090.44			(63,763.92)		888,160.73	990,938.65	11,612.13	0.00
FNMA	1997 D-F Single Family	5.45	05/30/00	05/01/30	166,624.50	181,700.60			(2,047.58)		164,576.92	181,065.80	1,412.78	0.00
GNMA	1997 D-F Single Family	5.45	10/23/00	09/20/30	38,745.46	42,456.11			(274.58)		38,470.88	42,922.73	741.20	0.00
GNMA	1997 D-F Single Family	5.45	10/30/00	10/20/30	201,109.78	220,663.67			(1,726.84)		199,382.94	222,746.62	3,809.79	0.00
FNMA	1997 D-F Single Family	5.45	07/24/00	06/01/30	358,793.40	391,256.96			(7,892.00)		350,901.40	386,058.15	2,693.19	0.00
GNMA	1997 D-F Single Family	5.45	12/21/00	05/20/30	61,017.45	66,861.06			(464.18)		60,553.27	67,560.47	1,163.59	0.00
FNMA	1997 D-F Single Family	5.45	10/06/00	09/01/30	182,695.26	199,225.48			(1,532.85)		181,162.41	199,313.02	1,620.39	0.00
FNMA	1997 D-F Single Family	5.45	10/30/00	08/01/30	294,784.84	321,456.98			(3,838.71)		290,946.13	320,096.03	2,477.76	0.00
FNMA	1997 D-F Single Family	5.45	02/12/01	02/01/30	30,077.00	32,845.29			(408.39)		29,668.61	32,679.09	242.19	0.00
GNMA	1997 D-F Single Family	4.49	05/12/05	05/20/35	35,652.81	38,259.70			(190.66)		35,462.15	39,044.24	975.20	0.00
GNMA	1997 D-F Single Family	4.49	07/14/05	07/20/35	36,325.85	38,886.40			(224.06)		36,101.79	39,692.90	1,030.56	0.00
GNMA	1997 D-F Single Family	4.49	05/26/05	05/20/35	50,677.66	54,220.69			(275.52)		50,402.14	55,329.35	1,384.18	0.00
GNMA	1997 D-F Single Family	4.49	06/02/05	06/20/35	44,119.75	47,208.28			(269.31)		43,850.44	48,141.21	1,202.24	0.00
GNMA	1997 D-F Single Family	4.49	06/09/05	06/20/35	57,908.70	61,955.78			(313.81)		57,594.89	63,223.75	1,581.78	0.00
GNMA	1997 D-F Single Family	4.49	06/15/05	06/20/35	49,499.08	53,007.27			(266.17)		49,232.91	54,093.85	1,352.75	0.00
GNMA	1997 D-F Single Family	4.49	06/23/05	06/20/35	87,969.16	94,298.76			(588.94)		87,380.22	96,103.28	2,393.46	0.00
GNMA	1997 D-F Single Family	4.49	06/29/05	06/20/35	42,962.80	46,182.52			(231.40)		42,731.40	47,126.90	1,175.78	0.00
GNMA	1997 D-F Single Family	4.49	09/08/05	09/20/35	11,617.07	12,428.59			(62.12)		11,554.95	12,683.88	317.41	0.00
GNMA	1997 D-F Single Family	4.49	07/21/05	07/20/35	18,455.60	19,846.37			(96.90)		18,358.70	20,254.90	505.43	0.00
GNMA	1997 D-F Single Family	4.49	07/28/05	07/20/35	15,072.78	16,171.49			(80.05)		14,992.73	16,520.72	429.28	0.00
GNMA	1997 D-F Single Family	4.49	08/04/05	08/20/35	4,768.71	5,171.32			(24.31)		4,744.40	5,278.20	131.19	0.00
FNMA	1997 D-F Single Family	4.49	07/28/05	07/01/35	19,643.74	21,316.20			(115.86)		19,527.88	21,267.26	66.92	0.00
FNMA	1997 D-F Single Family	4.49	10/20/05	09/01/35	5,933.07	6,417.39			(31.79)		5,901.28	6,413.04	27.44	0.00
	1997 D-F Single Family Total				16,633,366.89	18,279,335.54	273,198.67	0.00	(297,116.51)	0.00	16,609,449.05	18,524,029.59	268,611.89	0.00
Repo Agmt	2002A Single Family (JR Lien)	0.01	08/31/11	09/01/11	106,036.03	106,036.03	70,633.45				176,669.48	176,669.48	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	0.01	08/31/11	09/01/11	33,969.79	33,969.79	15,161.53				49,131.32	49,131.32	-	0.00
	2002A Single Family (JR Lien) Total				140,005.82	140,005.82	85,794.98	0.00	0.00	0.00	225,800.80	225,800.80	0.00	0.00
Repo Agmt	2004 A/B Single Family	0.01	08/31/11	09/01/11	657,934.81	657,934.81	3,475,246.67				4,133,181.48	4,133,181.48	-	0.00
GIC's	2004 A/B Single Family	3.96	04/25/05	03/01/36	2,263,140.79	2,263,140.79		(1,681,482.94)			581,657.85	581,657.85	-	0.00
GNMA	2004 A/B Single Family	4.49	07/08/04	06/20/34	870,541.54	931,612.23			(5,667.45)		864,874.09	949,606.93	23,662.15	0.00
GNMA	2004 A/B Single Family	4.49	07/08/04	07/20/34	747,039.49	798,156.43			(4,802.13)		742,237.36	814,960.28	21,605.98	0.00
GNMA	2004 A/B Single Family	4.49	06/29/04	06/20/34	119,755.51	128,155.90			(708.56)		119,046.95	130,709.37	3,262.03	0.00
GNMA	2004 A/B Single Family	4.49	09/02/04	08/20/34	825,360.99	881,877.13			(7,342.52)		818,018.47	898,206.97	23,672.36	0.00
GNMA	2004 A/B Single Family	4.49	09/09/04	09/20/34	1,187,607.99	1,268,942.86			(8,226.27)		1,179,381.72	1,292,964.37	32,247.78	0.00
GNMA	2004 A/B Single Family	4.49	09/16/04	08/20/34	1,954,642.74	2,088,504.78			(12,732.06)		1,941,910.68	2,128,925.87	53,153.15	0.00
GNMA	2004 A/B Single Family	4.49	09/23/04	09/20/34	658,902.17	704,034.34			(3,997.68)		654,904.49	717,982.87	17,946.21	0.00
GNMA	2004 A/B Single Family	4.49	09/29/04	09/20/34	979,112.77	1,046,182.22			(6,309.27)		972,803.50	1,066,506.21	26,633.26	0.00
GNMA	2004 A/B Single Family	4.49	10/07/04	10/20/34	1,242,601.67	1,327,736.30			(8,715.06)		1,233,886.61	1,352,752.53	33,731.29	0.00
GNMA	2004 A/B Single Family	4.49	07/15/04	07/20/34	1,739,712.90	1,858,763.91			(13,954.02)		1,725,758.88	1,894,854.83	50,044.94	0.00
GNMA	2004 A/B Single Family	4.49	07/22/04	07/20/34	1,240,614.78	1,325,517.14			(246,997.37)		993,617.41	1,090,981.03	12,461.26	0.00
GNMA	2004 A/B Single Family	4.49	07/29/04	07/20/34	1,945,086.51	2,078,210.30			(130,374.71)		1,814,711.80	1,992,541.64	44,706.05	0.00
GNMA	2004 A/B Single Family	4.49	08/05/04	08/20/34	1,736,999.50	1,855,902.19			(154,540.96)		1,582,458.54	1,737,550.13	36,188.90	0.00
GNMA	2004 A/B Single Family	4.49	08/12/04	08/20/34	2,180,078.23	2,329,322.69			(16,591.17)		2,163,487.06	2,375,532.94	62,801.42	0.00
GNMA	2004 A/B Single Family	4.49	08/19/04	08/20/34	2,739,040.36	2,926,565.19			(141,822.96)		2,597,217.40	2,847,287.26	62,545.03	0.00
GNMA	2004 A/B Single Family	5.00	08/19/04	08/20/34	249,440.01	274,072.77			(1,325.49)		248,114.52	277,578.49	4,831.21	0.00
GNMA	2004 A/B Single Family	4.49	08/26/04	08/20/34	1,555,076.08	1,661,550.67			(9,267.47)		1,545,808.61	1,694,653.39	42,370.19	0.00
GNMA	2004 A/B Single Family	5.00	08/26/04	08/20/34	78,286.74	86,018.17			(413.50)		77,873.24	87,121.25	1,516.58	0.00
GNMA	2004 A/B Single Family	4.49	12/02/04	12/20/34	865,559.13	924,908.88			(112,168.52)		753,390.61	826,010.58	13,270.22	0.00

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GNMA	2004 A/B Single Family	5.00	12/09/04	10/20/34	198,941.56	217,981.84			(1,331.58)		197,609.98	220,495.18	3,844.92	0.00
GNMA	2004 A/B Single Family	4.49	12/09/04	12/20/34	337,301.01	360,430.93			(2,302.81)		334,998.20	367,290.82	9,162.70	0.00
GNMA	2004 A/B Single Family	5.00	12/09/04	11/20/34	137,921.12	151,685.06			(739.41)		137,181.71	153,617.02	2,671.37	0.00
GNMA	2004 A/B Single Family	5.00	12/16/04	12/20/34	120,324.35	131,878.84			(669.42)		119,654.93	133,550.61	2,341.19	0.00
GNMA	2004 A/B Single Family	4.49	12/16/04	12/20/34	676,118.72	722,485.45			(4,376.42)		671,742.30	736,499.54	18,390.51	0.00
GNMA	2004 A/B Single Family	4.49	10/14/04	10/20/34	913,492.99	976,084.26			(5,175.84)		908,317.15	995,824.51	24,916.09	0.00
GNMA	2004 A/B Single Family	5.00	10/14/04	10/20/34	674,278.60	738,783.44			(4,034.27)		670,244.33	747,835.97	13,086.80	0.00
GNMA	2004 A/B Single Family	5.00	10/21/04	10/20/34	672,679.98	737,035.52			(4,037.55)		668,642.43	746,052.30	13,054.33	0.00
GNMA	2004 A/B Single Family	4.49	10/21/04	10/20/34	1,309,050.16	1,398,751.51			(147,030.81)		1,162,019.35	1,273,974.83	22,254.13	0.00
GNMA	2004 A/B Single Family	5.00	10/28/04	10/20/34	192,396.65	210,804.16			(3,521.87)		188,874.78	210,742.20	3,459.91	0.00
GNMA	2004 A/B Single Family	4.49	10/28/04	10/20/34	443,299.97	473,678.59			(2,524.93)		440,775.04	483,244.24	12,090.58	0.00
GNMA	2004 A/B Single Family	4.49	11/04/04	11/20/34	1,658,759.30	1,772,450.93			(10,285.06)		1,648,474.24	1,807,326.68	45,160.81	0.00
GNMA	2004 A/B Single Family	4.49	11/10/04	11/20/34	911,463.37	973,940.04			(6,153.21)		905,310.16	992,552.76	24,765.93	0.00
GNMA	2004 A/B Single Family	5.00	11/10/04	10/20/34	325,721.43	356,888.34			(1,752.48)		323,968.95	361,480.12	6,344.26	0.00
GNMA	2004 A/B Single Family	4.49	11/18/04	11/20/34	484,919.16	518,160.79			(3,381.67)		481,537.49	527,944.80	13,165.68	0.00
GNMA	2004 A/B Single Family	5.00	11/23/04	11/20/34	194,872.47	214,134.91			(1,156.35)		193,716.12	216,738.76	3,760.20	0.00
GNMA	2004 A/B Single Family	4.48	11/23/04	11/20/34	1,025,764.94	1,096,086.46			(6,464.81)		1,019,300.13	1,117,537.88	27,916.23	0.00
GNMA	2004 A/B Single Family	5.00	12/23/04	12/20/34	368,900.17	404,326.91			(2,334.86)		366,565.31	409,136.68	7,144.63	0.00
GNMA	2004 A/B Single Family	4.49	12/23/04	12/20/34	461,479.37	493,129.10			(3,590.19)		457,889.18	502,032.59	12,493.68	0.00
GNMA	2004 A/B Single Family	5.00	12/29/04	12/20/34	403,019.70	441,724.82			(2,087.55)		400,932.15	447,496.98	7,859.71	0.00
GNMA	2004 A/B Single Family	4.49	12/29/04	12/20/34	100,109.96	106,976.25			(552.74)		99,557.22	109,155.71	2,732.20	0.00
GNMA	2004 A/B Single Family	4.49	01/06/05	01/20/35	467,463.51	499,531.73			(2,643.44)		464,820.07	509,639.93	12,751.64	0.00
GNMA	2004 A/B Single Family	4.49	01/13/05	01/20/35	594,686.20	635,485.14			(3,917.79)		590,768.41	647,735.95	16,168.60	0.00
GNMA	2004 A/B Single Family	4.49	01/19/05	01/20/35	429,952.06	459,451.08			(2,493.59)		427,458.47	468,679.95	11,722.46	0.00
GNMA	2004 A/B Single Family	4.49	01/28/05	01/20/35	329,007.79	351,583.18			(1,836.80)		327,170.99	358,723.56	8,977.18	0.00
GNMA	2004 A/B Single Family	4.49	02/03/05	02/20/35	1,174,881.75	1,255,510.78			(6,993.97)		1,167,887.78	1,280,533.81	32,017.00	0.00
GNMA	2004 A/B Single Family	4.49	02/10/05	02/20/35	1,045,697.11	1,117,466.19			(6,593.12)		1,039,103.99	1,139,334.21	28,461.14	0.00
GNMA	2004 A/B Single Family	5.00	02/10/05	02/20/35	781,003.58	855,101.28			(7,095.00)		773,908.58	862,892.24	14,885.96	0.00
GNMA	2004 A/B Single Family	4.49	02/17/05	02/20/35	505,044.80	539,710.12			(3,230.73)		501,814.07	550,220.42	13,741.03	0.00
GNMA	2004 A/B Single Family	5.00	02/17/05	01/20/35	204,273.64	223,633.27			(1,073.24)		203,200.40	226,543.35	3,983.32	0.00
GNMA	2004 A/B Single Family	4.49	02/24/05	02/20/35	233,272.56	249,285.21			(1,349.10)		231,923.46	254,296.71	6,360.60	0.00
GNMA	2004 A/B Single Family	5.00	03/03/05	02/20/35	284,546.82	311,547.89			(1,484.26)		283,062.56	315,613.40	5,549.77	0.00
GNMA	2004 A/B Single Family	4.49	03/03/05	03/20/35	238,675.48	255,475.29			(1,554.58)		237,120.90	260,409.41	6,488.70	0.00
GNMA	2004 A/B Single Family	5.00	03/10/05	03/20/35	173,417.83	190,578.18			(887.30)		172,530.53	193,054.18	3,363.30	0.00
GNMA	2004 A/B Single Family	4.49	03/17/05	03/20/35	407,465.13	435,443.74			(3,044.08)		404,421.05	443,443.77	11,044.11	0.00
GNMA	2004 A/B Single Family	5.00	03/24/05	03/20/35	153,461.27	168,042.28			(789.82)		152,671.45	170,246.75	2,994.29	0.00
GNMA	2004 A/B Single Family	4.49	03/24/05	03/20/35	84,958.69	91,818.59			(1,301.73)		83,656.96	92,739.46	2,222.60	0.00
GNMA	2004 A/B Single Family	5.00	03/30/05	03/20/35	169,016.90	185,902.80			(916.86)		168,100.04	188,258.55	3,272.61	0.00
GNMA	2004 A/B Single Family	5.00	04/07/05	04/20/35	121,835.35	133,932.99			(613.70)		121,221.65	135,684.42	2,365.13	0.00
GNMA	2004 A/B Single Family	4.49	04/07/05	04/20/35	504,175.95	538,806.62			(3,416.04)		500,759.91	549,090.02	13,699.44	0.00
GNMA	2004 A/B Single Family	5.00	04/21/05	04/20/35	214,339.20	234,753.84			(1,449.62)		212,889.58	237,446.22	4,142.00	0.00
GNMA	2004 A/B Single Family	4.49	04/21/05	04/20/35	229,280.64	245,031.86			(1,265.92)		228,014.72	250,023.75	6,257.81	0.00
GNMA	2004 A/B Single Family	5.00	04/28/05	04/20/35	257,335.61	282,811.64			(1,372.13)		255,963.48	286,423.88	4,984.37	0.00
GNMA	2004 A/B Single Family	5.00	05/05/05	05/20/35	52,927.70	57,635.19			(274.03)		52,653.67	58,395.95	1,034.79	0.00
GNMA	2004 A/B Single Family	4.49	05/05/05	04/20/35	500,093.51	534,454.51			(3,888.57)		496,204.94	544,106.38	13,540.44	0.00
GNMA	2004 A/B Single Family	5.00	05/12/05	04/20/35	97,951.62	107,649.73			(501.32)		97,450.30	109,048.16	1,899.75	0.00
GNMA	2004 A/B Single Family	4.49	05/12/05	04/20/35	446,085.44	476,737.55			(2,418.32)		443,667.12	486,498.79	12,179.56	0.00
GNMA	2004 A/B Single Family	5.00	06/03/05	05/20/35	118,853.01	130,660.58			(612.69)		118,240.32	132,353.52	2,305.63	0.00
GNMA	2004 A/B Single Family	5.00	07/07/05	06/20/35	206,627.42	227,097.11			(1,036.09)		205,591.33	230,071.20	4,010.18	0.00
GNMA	2004 A/B Single Family	4.49	07/07/05	06/20/35	311,610.42	333,039.39			(1,681.49)		309,928.93	339,866.96	8,509.06	0.00
GNMA	2004 A/B Single Family	5.00	05/26/05	05/20/35	117,988.92	129,709.86			(675.40)		117,313.52	131,315.31	2,280.85	0.00
GNMA	2004 A/B Single Family	4.49	05/26/05	05/20/35	258,441.38	276,204.25			(1,499.77)		256,941.61	281,751.31	7,046.83	0.00
GNMA	2004 A/B Single Family	5.00	06/02/05	05/20/35	147,160.53	161,780.17			(857.74)		146,302.79	163,765.37	2,842.94	0.00
GNMA	2004 A/B Single Family	4.49	06/02/05	05/20/35	137,714.74	147,180.72			(740.93)		136,973.81	150,200.45	3,760.66	0.00
GNMA	2004 A/B Single Family	4.49	06/10/05	04/20/35	43,071.93	46,032.53			(3,524.57)		39,547.36	43,366.19	858.23	0.00
GNMA	2004 A/B Single Family	5.00	06/15/05	06/20/35	275,391.80	302,927.23			(2,111.43)		273,280.37	306,074.28	5,258.48	0.00
GNMA	2004 A/B Single Family	4.49	09/08/05	09/20/35	144,377.26	154,155.27			(765.32)		143,611.94	157,334.96	3,945.01	0.00
GNMA	2004 A/B Single Family	5.00	09/15/05	09/20/35	461,832.61	505,574.58			(2,349.05)		459,483.56	512,247.19	9,021.66	0.00
GNMA	2004 A/B Single Family	5.00	09/22/05	09/20/35	182,737.56	200,681.81			(886.30)		181,851.26	203,348.70	3,553.19	0.00
GNMA	2004 A/B Single Family	4.49	07/21/05	07/20/35	245,199.88	262,066.13			(1,351.26)		243,848.62	267,407.84	6,692.97	0.00
GNMA	2004 A/B Single Family	5.00	07/21/05	07/20/35	20,944.48	22,688.51			(108.78)		20,835.70	22,989.83	410.10	0.00
GNMA	2004 A/B Single Family	4.49	07/28/05	07/20/35	2,521,095.83	2,691,729.54			(146,110.06)		2,374,985.77	2,604,456.03	58,836.55	0.00
GNMA	2004 A/B Single Family	5.00	08/04/05	08/20/35	104,986.84	115,391.04			(537.72)		104,449.12	116,889.58	2,036.26	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2004 A/B Single Family	4.49	08/11/05	07/20/35	129,634.31	138,409.65			(686.93)		128,947.38	141,264.70	3,541.98	0.00
GNMA	2004 A/B Single Family	5.00	08/11/05	08/20/35	287,877.02	315,075.40			(1,480.99)		286,396.03	319,666.16	6,071.75	0.00
GNMA	2004 A/B Single Family	4.49	08/30/05	08/20/35	284,307.54	303,559.02			(7,423.05)		276,884.49	303,338.88	7,202.91	0.00
GNMA	2004 A/B Single Family	5.00	08/30/05	08/20/35	54,139.24	58,976.80			(283.49)		53,855.75	59,751.42	1,058.11	0.00
GNMA	2004 A/B Single Family	5.00	08/30/05	08/20/35	190,307.94	209,349.86			(1,103.41)		189,204.53	211,923.14	3,676.69	0.00
GNMA	2004 A/B Single Family	5.00	10/27/05	10/20/35	419,199.71	460,111.93			(2,038.66)		417,161.05	466,224.68	8,151.41	0.00
GNMA	2004 A/B Single Family	4.49	10/27/05	09/20/35	197,671.40	211,066.44			(1,076.20)		196,595.20	215,388.71	5,398.47	0.00
GNMA	2004 A/B Single Family	5.00	09/29/05	09/20/35	66,285.29	72,878.25			(336.81)		65,948.48	73,828.00	1,286.56	0.00
GNMA	2004 A/B Single Family	5.00	09/29/05	09/20/35	158,305.90	173,751.57			(777.12)		157,528.78	176,051.82	3,077.37	0.00
GNMA	2004 A/B Single Family	4.49	09/29/05	09/20/35	113,417.70	121,226.67			(636.43)		112,781.27	123,685.14	3,094.90	0.00
GNMA	2004 A/B Single Family	5.00	12/08/05	12/20/35	353,014.06	386,763.67			(2,191.35)		350,822.71	391,420.98	6,848.66	0.00
GNMA	2004 A/B Single Family	5.00	12/15/05	12/20/35	1,073,495.28	1,176,131.83			(6,358.77)		1,067,136.51	1,190,636.02	20,862.96	0.00
GNMA	2004 A/B Single Family	5.00	11/03/05	11/20/35	169,843.87	186,690.62			(873.33)		168,970.54	189,111.29	3,294.00	0.00
GNMA	2004 A/B Single Family	4.49	11/17/05	10/20/35	226,838.40	242,214.80			(1,189.03)		225,649.37	247,225.30	6,199.53	0.00
GNMA	2004 A/B Single Family	5.00	11/17/05	11/20/35	772,189.56	848,791.43			(3,881.86)		768,307.70	859,896.25	14,986.68	0.00
GNMA	2004 A/B Single Family	5.00	11/22/05	11/20/35	156,120.64	171,361.55			(750.31)		155,370.33	173,648.14	3,036.90	0.00
GNMA	2004 A/B Single Family	4.49	11/29/05	10/20/35	115,998.58	123,862.75			(611.27)		115,387.31	126,421.45	3,169.97	0.00
GNMA	2004 A/B Single Family	5.00	11/29/05	11/20/35	1,293,443.70	1,419,720.28			(6,367.54)		1,287,076.16	1,438,495.41	25,142.67	0.00
GNMA	2004 A/B Single Family	5.00	12/22/05	12/20/35	1,016,640.32	1,113,846.61			(4,979.61)		1,011,660.71	1,128,745.72	19,878.72	0.00
GNMA	2004 A/B Single Family	5.00	12/29/05	12/20/35	848,880.40	930,051.90			(4,955.56)		843,924.84	941,601.60	16,505.26	0.00
GNMA	2004 A/B Single Family	4.49	12/29/05	11/20/35	197,444.36	210,835.91			(1,181.75)		196,262.61	215,036.46	5,382.30	0.00
GNMA	2004 A/B Single Family	5.00	01/05/06	01/20/36	817,953.70	897,842.53			(4,004.11)		813,949.59	909,741.37	15,902.95	0.00
GNMA	2004 A/B Single Family	5.00	01/12/06	01/20/36	108,599.51	117,468.82			(799.26)		107,800.25	118,747.09	2,077.53	0.00
GNMA	2004 A/B Single Family	5.00	01/12/06	01/20/36	556,479.85	610,833.85			(2,642.47)		553,837.38	619,020.30	10,828.92	0.00
GNMA	2004 A/B Single Family	4.49	01/12/06	12/20/35	81,685.34	87,627.93			(724.65)		80,960.69	89,103.89	2,200.61	0.00
GNMA	2004 A/B Single Family	5.00	03/09/06	03/20/36	2,115,998.33	2,314,923.51			(122,911.06)		1,993,087.27	2,220,559.83	28,547.38	0.00
GNMA	2004 A/B Single Family	5.00	03/02/06	03/20/36	507,903.83	555,649.13			(3,243.20)		504,660.63	562,255.11	9,849.18	0.00
GNMA	2004 A/B Single Family	5.00	03/02/06	01/20/36	113,360.65	122,683.88			(705.08)		112,655.57	124,160.04	2,181.24	0.00
GNMA	2004 A/B Single Family	5.00	01/19/06	01/20/36	807,455.13	887,605.40			(4,522.06)		802,933.07	898,699.92	15,616.58	0.00
GNMA	2004 A/B Single Family	5.00	01/26/06	01/20/36	1,033,074.87	1,129,628.03			(5,063.21)		1,028,011.66	1,144,775.11	20,210.29	0.00
GNMA	2004 A/B Single Family	5.00	01/26/06	01/20/36	191,062.04	206,663.80			(1,054.45)		190,007.59	209,300.08	3,690.73	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	01/20/36	2,658,303.59	2,854,630.78			(16,299.17)		2,642,004.42	2,889,861.08	51,529.47	0.00
GNMA	2004 A/B Single Family	4.49	02/09/06	01/20/36	159,529.98	171,140.08			(1,353.14)		158,176.84	174,091.00	4,304.06	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	02/20/36	945,647.40	1,038,039.37			(4,995.65)		940,651.75	1,051,386.61	18,342.89	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	01/20/36	110,004.93	118,986.42			(560.76)		109,444.17	120,555.43	2,129.77	0.00
GNMA	2004 A/B Single Family	5.00	02/16/06	02/20/36	2,517,141.21	2,752,960.97			(14,662.94)		2,502,478.27	2,787,274.91	48,976.88	0.00
GNMA	2004 A/B Single Family	5.00	02/23/06	02/20/36	1,390,478.54	1,526,346.94			(7,597.19)		1,382,881.35	1,545,691.64	26,941.89	0.00
GNMA	2004 A/B Single Family	5.00	02/23/06	02/20/36	864,811.45	949,315.08			(4,139.95)		860,671.50	962,000.62	16,825.49	0.00
GNMA	2004 A/B Single Family	5.00	05/11/06	05/20/36	437,515.86	478,894.33			(2,368.68)		435,147.18	485,057.55	8,531.90	0.00
GNMA	2004 A/B Single Family	5.00	05/11/06	05/20/36	384,598.98	422,209.70			(1,873.97)		382,725.01	427,814.89	7,479.16	0.00
GNMA	2004 A/B Single Family	5.00	05/18/06	05/20/36	657,904.89	720,130.44			(139,380.74)		518,524.15	578,000.54	(2,749.16)	0.00
GNMA	2004 A/B Single Family	5.00	03/16/06	03/20/36	608,961.49	666,213.34			(3,142.96)		605,818.53	674,964.43	11,894.05	0.00
GNMA	2004 A/B Single Family	4.49	03/23/06	02/20/36	115,067.50	122,881.30			(624.87)		114,442.63	125,399.45	3,143.02	0.00
GNMA	2004 A/B Single Family	5.00	03/23/06	03/20/36	1,091,988.50	1,200,448.99			(5,612.53)		1,086,375.97	1,216,018.12	21,181.66	0.00
GNMA	2004 A/B Single Family	5.00	03/30/06	03/20/36	130,531.67	141,262.77			(4,960.62)		125,571.05	138,273.15	1,971.00	0.00
GNMA	2004 A/B Single Family	5.00	03/30/06	03/20/36	905,803.61	994,343.80			(4,494.32)		901,309.29	1,007,454.27	17,604.79	0.00
GNMA	2004 A/B Single Family	5.00	04/06/06	04/20/36	735,775.50	805,114.43			(3,510.72)		732,264.78	816,007.70	14,403.99	0.00
GNMA	2004 A/B Single Family	5.00	04/13/06	04/20/36	494,787.97	543,160.56			(2,392.70)		492,395.27	550,391.79	9,623.93	0.00
GNMA	2004 A/B Single Family	5.00	04/20/06	04/20/36	160,931.99	173,759.58			(782.15)		160,149.84	176,098.15	3,120.72	0.00
GNMA	2004 A/B Single Family	5.00	04/20/06	04/20/36	975,127.58	1,070,465.63			(5,566.45)		969,561.13	1,083,765.82	18,866.64	0.00
GNMA	2004 A/B Single Family	5.00	04/27/06	04/20/36	1,126,808.41	1,233,017.85			(5,721.35)		1,121,087.06	1,249,315.14	22,018.64	0.00
GNMA	2004 A/B Single Family	5.00	05/05/06	05/20/36	963,394.59	1,059,126.38			(90,523.99)		872,870.60	977,074.55	8,472.16	0.00
GNMA	2004 A/B Single Family	5.00	05/05/06	05/20/36	78,910.01	85,508.27			(515.53)		78,394.48	86,507.78	1,515.04	0.00
GNMA	2004 A/B Single Family	4.49	05/25/06	04/20/36	58,000.50	61,942.59			(290.81)		57,709.69	63,238.43	1,586.65	0.00
GNMA	2004 A/B Single Family	5.00	05/25/06	05/20/36	422,139.18	462,068.03			(152,760.17)		269,379.01	300,279.19	(9,028.67)	0.00
GNMA	2004 A/B Single Family	5.00	05/25/06	05/20/36	129,188.55	139,801.74			(897.68)		128,290.87	141,380.26	2,476.20	0.00
GNMA	2004 A/B Single Family	5.00	06/01/06	05/20/36	863,364.14	949,175.18			(5,262.47)		858,101.67	960,560.94	16,648.23	0.00
GNMA	2004 A/B Single Family	5.00	06/08/06	06/20/36	376,679.94	413,526.61			(2,848.74)		373,831.20	417,883.76	7,205.89	0.00
GNMA	2004 A/B Single Family	5.00	06/15/06	05/20/36	212,876.75	229,406.88			(1,030.90)		211,845.85	232,502.80	4,126.82	0.00
GNMA	2004 A/B Single Family	5.00	06/15/06	06/20/36	531,934.53	582,421.24			(2,541.54)		529,392.99	590,291.70	10,412.00	0.00
GNMA	2004 A/B Single Family	5.00	06/27/06	06/20/36	799,193.76	878,648.03			(10,461.98)		788,731.78	882,929.46	14,743.41	0.00
GNMA	2004 A/B Single Family	5.00	06/27/06	06/20/36	252,517.11	272,628.02			(1,236.13)		251,280.98	276,287.48	4,895.59	0.00
GNMA	2004 A/B Single Family	5.00	07/06/06	07/20/36	1,053,675.88	1,156,775.28			(129,095.27)		924,580.61	1,033,561.10	5,881.09	0.00

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GNMA	2004 A/B Single Family	4.49	07/06/06	06/20/36	173,514.74	185,315.41			(882.18)		172,632.56	189,178.83	4,745.60	0.00
GNMA	2004 A/B Single Family	5.00	07/13/06	06/20/36	371,376.41	407,715.01			(78,334.81)		293,041.60	327,582.45	(1,797.75)	0.00
GNMA	2004 A/B Single Family	5.00	07/19/06	07/20/36	701,279.57	769,905.69			(3,927.79)		697,351.78	779,555.84	13,577.94	0.00
GNMA	2004 A/B Single Family	5.00	07/19/06	06/20/36	63,926.36	68,489.06			(311.09)		63,615.27	69,426.32	1,248.35	0.00
GNMA	2004 A/B Single Family	5.00	07/27/06	07/20/36	126,311.61	138,171.32			(592.09)		125,719.52	140,211.95	2,632.72	0.00
GNMA	2004 A/B Single Family	5.00	08/09/06	08/20/36	386,903.74	424,774.09			(1,780.50)		385,123.24	430,530.38	7,536.79	0.00
GNMA	2004 A/B Single Family	5.00	08/23/06	08/20/36	713,197.26	783,014.08			(3,301.58)		709,895.68	793,603.19	13,890.69	0.00
GNMA	2004 A/B Single Family	5.00	09/06/06	08/20/36	608,517.03	665,675.72			(2,971.29)		605,545.74	675,374.39	12,669.96	0.00
GNMA	2004 A/B Single Family	5.00	09/12/06	08/20/36	492,171.04	540,359.15			(2,305.99)		489,865.05	547,635.87	9,582.71	0.00
GNMA	2004 A/B Single Family	4.49	09/20/06	08/20/36	116,668.27	124,611.13			(609.10)		116,059.17	127,191.53	3,189.50	0.00
GNMA	2004 A/B Single Family	5.00	09/20/06	08/20/36	60,041.23	63,621.72			(348.93)		59,692.30	64,437.43	1,164.64	0.00
GNMA	2004 A/B Single Family	5.00	09/20/06	08/20/36	479,834.40	524,911.62			(2,286.17)		477,548.23	532,020.90	9,395.45	0.00
GNMA	2004 A/B Single Family	5.00	09/26/06	09/20/36	214,366.88	235,358.72			(1,052.30)		213,314.58	238,474.83	4,168.41	0.00
GNMA	2004 A/B Single Family	5.00	10/17/06	10/20/36	641,107.98	703,902.58			(13,456.42)		627,651.56	701,696.64	11,250.48	0.00
GNMA	2004 A/B Single Family	5.00	11/14/06	10/20/36	670,417.91	736,099.63			(3,081.61)		667,336.30	746,078.06	13,060.04	0.00
GNMA	2004 A/B Single Family	4.49	11/14/06	10/20/36	178,639.06	190,810.55			(977.08)		177,661.98	194,712.88	4,879.41	0.00
GNMA	2004 A/B Single Family	5.00	11/14/06	10/20/36	62,557.08	66,946.39			(312.63)		62,244.45	67,854.93	1,221.17	0.00
GNMA	2004 A/B Single Family	5.00	11/28/06	11/20/36	527,239.81	578,237.81			(2,404.03)		524,835.78	586,110.72	10,276.94	0.00
GNMA	2004 A/B Single Family	5.00	12/12/06	11/20/36	96,481.33	105,997.69			(467.21)		96,014.12	107,407.03	1,876.55	0.00
GNMA	2004 A/B Single Family	5.00	01/09/07	08/20/36	69,426.37	74,377.60			(325.96)		69,100.41	75,408.37	1,356.73	0.00
GNMA	2004 A/B Single Family	5.00	02/13/07	01/20/37	402,051.70	440,970.49			(1,792.21)		400,259.49	447,524.76	8,346.48	0.00
GNMA	2004 A/B Single Family	5.00	03/20/07	03/20/36	77,989.52	85,685.68			(363.97)		77,625.55	86,840.00	1,518.29	0.00
GNMA	2004 A/B Single Family	5.00	04/10/07	02/20/37	189,769.62	208,388.49			(877.09)		188,892.53	211,208.00	3,696.60	0.00
GNMA	2004 A/B Single Family	4.49	07/03/07	05/20/37	191,702.94	204,504.84			(1,023.75)		190,679.19	208,722.42	5,241.33	0.00
GNMA	2004 A/B Single Family	4.49	08/23/07	08/20/37	375,825.23	400,925.63			(1,839.23)		373,986.00	409,377.73	10,291.33	0.00
FNMA	2004 A/B Single Family	4.49	08/05/04	07/01/34	288,279.38	313,008.44			(2,003.55)		286,275.83	311,742.83	737.94	0.00
FNMA	2004 A/B Single Family	4.49	08/12/04	08/01/34	184,773.86	200,015.11			(2,100.57)		182,673.29	199,002.04	1,087.50	0.00
FNMA	2004 A/B Single Family	4.49	08/26/04	08/01/34	224,265.72	243,305.69			(1,361.27)		222,904.45	242,548.47	604.05	0.00
FNMA	2004 A/B Single Family	4.49	09/02/04	08/01/34	222,968.63	241,550.09			(1,270.71)		221,697.92	241,082.80	803.42	0.00
FNMA	2004 A/B Single Family	4.49	10/28/04	10/01/34	169,931.71	184,097.69			(1,043.88)		168,887.83	183,659.52	605.71	0.00
FNMA	2004 A/B Single Family	5.00	10/28/04	10/01/34	162,325.44	174,917.23			(854.57)		161,470.87	176,971.38	2,908.72	0.00
FNMA	2004 A/B Single Family	4.49	11/10/04	10/01/34	308,524.60	333,836.97			(4,047.21)		304,477.39	331,583.68	1,793.92	0.00
FNMA	2004 A/B Single Family	5.00	11/23/04	11/01/34	246,785.55	266,630.76			(6,447.15)		240,338.40	264,392.41	4,208.80	0.00
FNMA	2004 A/B Single Family	4.49	02/10/05	01/01/35	141,487.72	153,289.45			(806.45)		140,681.27	152,992.79	509.79	0.00
FNMA	2004 A/B Single Family	5.00	02/10/05	02/01/35	47,410.46	51,224.81			(254.40)		47,156.06	51,877.49	907.08	0.00
FNMA	2004 A/B Single Family	5.00	03/29/05	04/01/35	144,808.41	156,052.20			(1,811.66)		142,996.75	156,734.68	2,494.14	0.00
FNMA	2004 A/B Single Family	4.49	04/21/05	04/01/35	314,094.48	340,405.45			(2,126.08)		311,968.40	339,330.87	1,051.50	0.00
FNMA	2004 A/B Single Family	4.49	06/10/05	05/01/35	148,832.51	161,114.87			(819.41)		148,013.10	160,892.94	597.48	0.00
FNMA	2004 A/B Single Family	5.00	06/29/05	06/01/35	268,330.95	288,462.71			(1,629.73)		266,701.22	291,413.57	4,580.59	0.00
FNMA	2004 A/B Single Family	4.49	07/14/05	04/01/35	139,370.45	151,390.96			(927.86)		138,442.59	150,773.09	309.99	0.00
FNMA	2004 A/B Single Family	5.00	07/14/05	07/01/35	69,296.96	74,877.12			(343.22)		68,953.74	75,862.67	1,328.77	0.00
FNMA	2004 A/B Single Family	5.00	09/22/05	09/01/35	254,298.42	273,027.86			(1,253.48)		253,044.94	274,914.88	3,140.50	0.00
FNMA	2004 A/B Single Family	4.49	10/06/05	09/01/35	224,289.88	242,953.86			(1,279.58)		223,010.30	242,511.75	837.47	0.00
FNMA	2004 A/B Single Family	5.00	10/20/05	09/01/35	209,305.28	225,029.93			(2,115.76)		207,189.52	226,398.47	3,484.30	0.00
FNMA	2004 A/B Single Family	5.00	11/17/05	10/01/35	177,208.96	190,599.30			(971.14)		176,237.82	192,883.79	3,255.63	0.00
FNMA	2004 A/B Single Family	5.00	12/15/05	12/01/35	280,528.35	301,597.93			(1,410.40)		279,117.95	305,003.80	4,816.27	0.00
FNMA	2004 A/B Single Family	4.49	12/29/05	12/01/35	376,948.43	407,910.79			(2,437.97)		374,510.46	407,068.41	1,595.59	0.00
FNMA	2004 A/B Single Family	5.00	12/29/05	12/01/35	765,492.46	821,906.70			(4,011.99)		761,480.47	828,520.40	10,625.69	0.00
FNMA	2004 A/B Single Family	5.00	01/12/06	01/01/36	175,722.68	188,937.04			(6,002.38)		169,720.30	185,462.66	2,528.00	0.00
FNMA	2004 A/B Single Family	5.00	01/12/06	12/01/35	117,097.31	123,854.23			(832.31)		116,265.00	125,011.96	1,990.04	0.00
FNMA	2004 A/B Single Family	5.00	01/26/06	01/01/36	321,673.65	346,695.19			(1,587.88)		320,085.77	350,882.37	5,775.06	0.00
FNMA	2004 A/B Single Family	5.00	02/09/06	01/01/36	277,537.68	299,127.60			(1,763.16)		275,774.52	302,309.28	4,944.84	0.00
FNMA	2004 A/B Single Family	5.00	02/16/06	02/01/36	207,744.40	223,451.49			(990.95)		206,753.45	226,291.22	3,830.68	0.00
FNMA	2004 A/B Single Family	5.00	02/23/06	02/01/36	796,762.23	856,630.28			(64,561.56)		732,200.67	800,130.21	8,061.49	0.00
FNMA	2004 A/B Single Family	5.00	03/09/06	02/01/36	356,534.62	382,821.56			(1,751.00)		354,783.62	386,030.03	4,959.47	0.00
FNMA	2004 A/B Single Family	5.00	03/16/06	03/01/36	504,296.50	541,798.90			(2,974.53)		501,321.97	545,476.42	6,652.05	0.00
FNMA	2004 A/B Single Family	5.00	03/23/06	03/01/36	207,071.34	222,633.19			(981.83)		206,089.51	225,212.07	3,560.71	0.00
FNMA	2004 A/B Single Family	5.00	03/30/06	03/01/36	358,208.32	385,298.23			(4,440.05)		353,768.27	387,205.22	6,347.04	0.00
FNMA	2004 A/B Single Family	5.00	04/13/06	03/01/36	87,997.78	94,845.78			(417.24)		87,580.54	96,010.06	1,581.52	0.00
FNMA	2004 A/B Single Family	5.00	04/20/06	04/01/36	288,960.30	310,816.37			(1,394.14)		287,566.16	314,749.08	5,326.85	0.00
FNMA	2004 A/B Single Family	5.00	04/27/06	03/01/36	285,503.50	302,682.52			(1,952.78)		283,550.72	305,803.36	5,073.62	0.00
FNMA	2004 A/B Single Family	5.00	05/05/06	04/01/36	264,557.31	284,569.33			(1,575.95)		262,981.36	287,842.08	4,848.70	0.00
FNMA	2004 A/B Single Family	5.00	05/11/06	05/01/36	226,001.82	243,098.34			(2,078.54)		223,923.28	245,092.66	4,072.86	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
FNMA	2004 A/B Single Family	5.00	06/27/06	06/01/36	310,745.97	334,259.57			(1,495.09)		309,250.88	338,493.47	5,728.99	0.00
FNMA	2004 A/B Single Family	5.00	08/09/06	07/01/36	174,973.52	188,216.86			(839.95)		174,133.57	190,602.98	3,226.07	0.00
FNMA	2004 A/B Single Family	4.49	08/23/06	06/01/36	72,552.16	78,268.05			(365.71)		72,186.45	78,317.56	415.22	0.00
FNMA	2004 A/B Single Family	5.00	09/20/06	07/01/36	180,354.92	193,923.36			(916.89)		179,438.03	196,102.24	3,095.75	0.00
FNMA	2004 A/B Single Family	5.00	10/17/06	09/01/36	385,878.65	415,116.78			(3,147.97)		382,730.68	418,280.74	6,311.93	0.00
FNMA	2004 A/B Single Family	5.00	11/28/06	10/01/36	111,511.05	119,956.72			(508.90)		111,002.15	121,506.38	2,058.56	0.00
FNMA	2004 A/B Single Family	5.00	12/27/06	11/01/36	242,327.80	261,215.16			(1,276.49)		241,051.31	264,281.92	4,343.25	0.00
FNMA	2004 A/B Single Family	5.00	02/13/07	02/01/37	455,544.17	489,204.66			(2,055.36)		453,488.81	492,792.36	5,643.06	0.00
FNMA	2004 A/B Single Family	5.00	03/20/07	01/01/37	136,329.58	144,048.19			(772.69)		135,556.89	145,041.85	1,766.35	0.00
FNMA	2004 A/B Single Family	5.00	05/08/07	02/01/37	66,848.40	72,248.80			(329.96)		66,518.44	73,200.99	1,282.15	0.00
FNMA	2004 A/B Single Family	4.49	05/22/07	04/01/37	117,133.36	126,212.63			(552.23)		116,581.13	126,340.62	680.22	0.00
FNMA	2004 A/B Single Family	5.00	08/23/07	07/01/36	79,797.97	84,770.65			(381.97)		79,416.00	85,915.47	1,526.79	0.00
FNMA	2004 A/B Single Family	5.00	08/23/07	08/01/37	183,218.42	197,511.00			(978.90)		182,239.52	199,814.96	3,282.86	0.00
FNMA	2004 A/B Single Family	4.49	08/23/07	08/01/37	507,794.33	547,865.50			(3,410.13)		504,384.20	547,380.89	2,925.52	0.00
	2004 A/B Single Family Total				109,980,014.34	118,724,835.70	3,475,246.67	(1,681,482.94)	(2,426,363.34)	0.00	109,347,414.73	120,274,171.43	2,181,935.34	0.00
Repo Agmt	2004 CDEF Single Family	0.01	08/31/11	09/01/11	0.02	0.02	0.00				0.02	0.02	-	0.00
Repo Agmt	2004 CDEF Single Family	0.01	08/31/11	09/01/11	2.78	2.78	1,746,057.34				1,746,060.12	1,746,060.12	-	0.00
Repo Agmt	2004 CDEF Single Family	0.01	08/31/11	09/01/11	485.57	485.57	6,125.45				6,611.02	6,611.02	-	0.00
GIC's	2004 CDEF Single Family	3.80	12/16/04	03/01/36	1,585,024.36	1,585,024.36		(1,151,080.73)			433,943.63	433,943.63	-	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	07/20/35	21,979.80	23,501.12			(125.89)		21,853.91	23,999.44	624.21	0.00
GNMA	2004 CDEF Single Family	4.49	08/30/05	08/20/35	9,233.23	9,872.50			(49.93)		9,183.30	10,074.89	252.32	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	28,893.28	30,895.70			(158.92)		28,734.36	31,526.17	789.39	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	17,765.98	18,997.24			(95.00)		17,670.98	19,387.89	485.65	0.00
GNMA	2004 CDEF Single Family	4.49	09/29/05	09/20/35	104,850.73	112,113.98			(3,317.83)		101,532.90	111,394.35	2,598.20	0.00
GNMA	2004 CDEF Single Family	4.49	10/06/05	09/20/35	29,651.57	31,705.77			(159.02)		29,492.55	32,357.20	810.45	0.00
GNMA	2004 CDEF Single Family	4.49	10/20/05	10/20/35	18,155.82	19,414.00			(103.81)		18,052.01	19,805.83	495.64	0.00
GNMA	2004 CDEF Single Family	4.49	12/08/05	12/20/35	19,888.69	21,268.07			(109.28)		19,779.41	21,702.19	543.40	0.00
GNMA	2004 CDEF Single Family	4.49	12/15/05	12/20/35	25,049.05	26,814.29			(136.36)		24,912.69	27,362.30	684.37	0.00
GNMA	2004 CDEF Single Family	4.49	11/03/05	11/20/35	5,186.83	5,552.12			(32.92)		5,153.91	5,660.44	141.24	0.00
GNMA	2004 CDEF Single Family	4.49	11/10/05	11/20/35	31,504.38	33,723.36			(368.12)		31,136.26	34,196.64	841.40	0.00
GNMA	2004 CDEF Single Family	4.49	11/17/05	11/20/35	25,334.60	27,091.03			(2,567.30)		22,767.30	24,979.93	456.20	0.00
GNMA	2004 CDEF Single Family	4.49	11/22/05	11/20/35	14,654.40	15,670.47			(82.35)		14,572.05	15,988.32	400.20	0.00
GNMA	2004 CDEF Single Family	4.49	11/29/05	11/20/35	22,088.29	23,644.47			(127.35)		21,960.94	24,119.88	602.76	0.00
GNMA	2004 CDEF Single Family	4.49	12/22/05	12/20/35	22,823.16	24,431.71			(129.39)		22,693.77	24,925.38	623.06	0.00
GNMA	2004 CDEF Single Family	4.49	12/29/05	12/20/35	37,662.12	40,274.88			(211.42)		37,450.70	41,092.08	1,028.62	0.00
GNMA	2004 CDEF Single Family	4.49	01/05/06	01/20/36	28,297.88	30,261.40			(350.02)		27,947.86	30,665.66	754.28	0.00
GNMA	2004 CDEF Single Family	4.49	01/12/06	01/20/36	30,294.10	32,396.36			(159.02)		30,135.08	33,065.80	828.46	0.00
GNMA	2004 CDEF Single Family	4.49	03/09/06	02/20/36	21,277.78	22,755.54			(119.31)		21,158.47	23,217.41	581.18	0.00
GNMA	2004 CDEF Single Family	4.49	03/02/06	02/20/36	28,479.79	30,457.60			(154.65)		28,325.14	31,081.32	778.37	0.00
GNMA	2004 CDEF Single Family	4.49	01/19/06	01/20/36	15,443.39	16,515.15			(86.21)		15,357.18	16,850.76	421.82	0.00
GNMA	2004 CDEF Single Family	4.49	01/26/06	01/20/36	17,008.64	18,189.13			(89.45)		16,919.19	18,564.81	465.13	0.00
GNMA	2004 CDEF Single Family	4.49	02/02/06	02/20/36	47,375.30	50,664.07			(2,199.30)		45,176.00	49,570.63	1,105.86	0.00
GNMA	2004 CDEF Single Family	4.49	02/09/06	02/20/36	21,481.85	22,973.29			(117.18)		21,364.67	23,443.16	587.05	0.00
GNMA	2004 CDEF Single Family	4.49	02/16/06	02/20/36	33,178.22	35,481.88			(2,421.99)		30,756.23	33,748.56	688.67	0.00
GNMA	2004 CDEF Single Family	4.49	02/23/06	02/20/36	30,534.15	32,654.43			(165.22)		30,368.93	33,323.79	834.58	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	04/20/36	17,872.47	19,115.06			(106.53)		17,765.94	19,496.06	487.53	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	05/20/36	7,973.88	8,537.16			(58.30)		7,915.58	8,695.28	216.42	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	05/20/36	18,167.92	19,431.23			(106.97)		18,060.95	19,820.02	495.76	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	05/20/36	7,157.63	7,663.28			(43.65)		7,113.98	7,814.75	195.12	0.00
GNMA	2004 CDEF Single Family	4.49	03/16/06	03/20/36	12,908.68	13,805.36			(67.32)		12,841.36	14,091.10	353.06	0.00
GNMA	2004 CDEF Single Family	4.49	03/23/06	03/20/36	28,925.00	30,934.42			(1,550.31)		27,374.69	30,039.02	654.91	0.00
GNMA	2004 CDEF Single Family	4.49	03/30/06	03/20/36	23,463.06	25,093.26			(125.82)		23,337.24	25,608.84	641.40	0.00
GNMA	2004 CDEF Single Family	4.49	04/06/06	03/20/36	27,317.77	29,215.89			(183.98)		27,133.79	29,775.04	743.13	0.00
GNMA	2004 CDEF Single Family	4.49	04/13/06	03/20/36	20,367.61	21,782.98			(167.47)		20,200.14	22,166.62	551.11	0.00
GNMA	2004 CDEF Single Family	4.49	04/20/06	04/20/36	22,509.62	24,074.14			(146.35)		22,363.27	24,540.66	612.87	0.00
GNMA	2004 CDEF Single Family	4.49	04/27/06	04/20/36	12,735.84	13,621.13			(97.22)		12,638.62	13,869.26	345.35	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/06	04/20/36	20,481.28	21,905.13			(135.03)		20,346.25	22,327.56	557.46	0.00
GNMA	2004 CDEF Single Family	4.49	05/25/06	05/20/36	20,555.67	21,985.22			(2,149.80)		18,405.87	20,198.71	363.29	0.00
GNMA	2004 CDEF Single Family	4.49	06/01/06	06/20/36	19,586.78	20,949.18			(100.81)		19,485.97	21,384.28	535.91	0.00
GNMA	2004 CDEF Single Family	4.49	06/08/06	06/20/36	30,353.66	32,465.11			(175.21)		30,178.45	33,118.54	828.64	0.00
GNMA	2004 CDEF Single Family	4.49	06/15/06	06/20/36	17,595.49	18,819.52			(89.62)		17,505.87	19,211.43	481.53	0.00
GNMA	2004 CDEF Single Family	4.49	06/27/06	06/20/36	33,264.08	35,615.50			(212.53)		33,051.55	36,308.79	905.82	0.00

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GNMA	2004 CDEF Single Family	4.49	07/06/06	07/20/36	16,359.79	17,498.31			(83.95)		16,275.84	17,861.99	447.63	0.00
GNMA	2004 CDEF Single Family	4.49	07/13/06	06/20/36	21,683.44	23,192.52			(115.31)		21,568.13	23,670.11	592.90	0.00
GNMA	2004 CDEF Single Family	4.49	07/19/06	06/20/36	31,730.65	33,939.06			(176.00)		31,554.65	34,629.98	866.92	0.00
GNMA	2004 CDEF Single Family	4.49	07/27/06	07/20/36	24,709.74	26,429.86			(124.49)		24,585.25	26,981.72	676.35	0.00
GNMA	2004 CDEF Single Family	4.49	08/02/06	08/20/36	12,576.54	13,452.19			(63.25)		12,513.29	13,733.19	344.25	0.00
GNMA	2004 CDEF Single Family	4.49	08/09/06	08/20/36	29,386.24	31,465.10			(170.36)		29,215.88	32,096.74	802.00	0.00
GNMA	2004 CDEF Single Family	4.49	08/16/06	07/20/36	16,727.34	17,865.77			(85.10)		16,642.24	18,264.79	484.12	0.00
GNMA	2004 CDEF Single Family	4.49	08/23/06	07/20/36	10,971.05	11,735.08			(69.37)		10,901.68	11,964.62	298.91	0.00
GNMA	2004 CDEF Single Family	4.49	09/06/06	08/20/36	14,922.52	15,961.97			(2,855.27)		12,067.25	13,244.03	137.33	0.00
GNMA	2004 CDEF Single Family	4.49	09/12/06	08/20/36	6,719.19	7,187.27			(34.30)		6,684.89	7,336.84	183.87	0.00
GNMA	2004 CDEF Single Family	4.49	09/26/06	09/20/36	6,612.14	7,062.47			(32.23)		6,579.91	7,211.39	181.15	0.00
GNMA	2004 CDEF Single Family	4.49	10/17/06	10/20/36	16,698.52	17,881.07			(107.08)		16,591.44	18,228.74	454.75	0.00
GNMA	2004 CDEF Single Family	4.49	11/14/06	10/20/36	15,651.96	16,743.44			(95.58)		15,556.38	17,074.67	426.81	0.00
GNMA	2004 CDEF Single Family	4.49	11/28/06	10/20/36	4,503.28	4,810.26			(22.18)		4,481.10	4,911.43	123.35	0.00
GNMA	2004 CDEF Single Family	4.49	12/12/06	10/20/36	5,173.12	5,525.90			(25.31)		5,147.81	5,642.32	141.73	0.00
GNMA	2004 CDEF Single Family	4.49	01/16/07	12/20/36	2,350.78	2,511.15			(11.31)		2,339.47	2,564.27	64.43	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/07	12/20/36	2,685.28	2,869.87			(12.81)		2,672.47	2,930.68	73.62	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/07	01/20/37	6,497.66	6,941.24			(33.18)		6,464.48	7,085.95	177.89	0.00
GNMA	2004 CDEF Single Family	4.49	02/20/07	02/20/37	4,723.16	5,045.64			(22.91)		4,700.25	5,152.15	129.42	0.00
GNMA	2004 CDEF Single Family	4.49	03/20/07	01/20/37	3,243.84	3,465.39			(15.52)		3,228.32	3,538.79	88.92	0.00
GNMA	2004 CDEF Single Family	4.49	04/24/07	03/20/37	5,842.14	6,241.41			(27.37)		5,814.77	6,374.24	160.20	0.00
GNMA	2004 CDEF Single Family	4.49	04/10/07	02/20/37	5,602.37	5,985.15			(26.69)		5,575.68	6,112.03	153.57	0.00
GNMA	2004 CDEF Single Family	4.49	05/22/07	04/20/37	5,352.19	5,718.14			(24.99)		5,327.20	5,839.91	146.76	0.00
GNMA	2004 CDEF Single Family	4.49	06/05/07	05/20/37	6,742.44	7,203.52			(31.79)		6,710.65	7,356.59	184.86	0.00
GNMA	2004 CDEF Single Family	4.49	07/03/07	06/20/37	2,469.43	2,638.40			(11.37)		2,458.06	2,694.76	67.73	0.00
GNMA	2004 CDEF Single Family	4.49	11/21/07	09/20/37	4,956.54	5,298.79			(22.40)		4,934.14	5,412.43	136.04	0.00
GNMA	2004 CDEF Single Family	4.49	09/25/07	04/20/37	2,357.03	2,525.91			(21.81)		2,335.22	2,567.64	63.54	0.00
GNMA	2004 CDEF Single Family	4.49	12/11/07	08/20/37	2,894.19	3,094.09			(13.15)		2,881.04	3,160.36	79.42	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/08	01/20/38	4,265.92	4,560.88			(18.88)		4,247.04	4,659.11	117.11	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/08	01/20/38	2,531.79	2,706.84			(11.18)		2,520.61	2,765.18	69.52	0.00
GNMA	2004 CDEF Single Family	4.49	03/26/08	03/20/38	7,708.12	8,241.61			(34.03)		7,674.09	8,419.25	211.67	0.00
FNMA	2004 CDEF Single Family	4.49	10/20/05	10/01/35	1,485.80	1,606.14			(13.79)		1,472.01	1,600.40	6.05	0.00
FNMA	2004 CDEF Single Family	4.49	11/10/05	11/01/35	1,097.80	1,192.40			(7.38)		1,090.42	1,187.54	2.52	0.00
FNMA	2004 CDEF Single Family	4.49	12/15/05	12/01/35	3,971.52	4,301.15			(33.75)		3,937.77	4,282.41	15.01	0.00
FNMA	2004 CDEF Single Family	4.49	01/05/06	12/01/35	7,015.94	7,598.34			(41.65)		6,974.29	7,584.78	28.09	0.00
FNMA	2004 CDEF Single Family	4.49	02/09/06	02/01/36	3,423.10	3,713.16			(261.97)		3,161.13	3,450.46	(0.73)	0.00
FNMA	2004 CDEF Single Family	4.49	02/23/06	01/01/36	4,988.81	5,396.65			(26.49)		4,962.32	5,392.63	22.47	0.00
FNMA	2004 CDEF Single Family	4.49	03/16/06	03/01/36	7,638.62	8,284.93			(57.56)		7,581.06	8,250.86	23.49	0.00
FNMA	2004 CDEF Single Family	4.49	04/06/06	03/01/36	5,457.19	5,891.49			(27.79)		5,429.40	5,893.39	29.69	0.00
FNMA	2004 CDEF Single Family	4.49	04/20/06	04/01/36	7,681.65	8,302.69			(40.14)		7,641.51	8,300.31	37.76	0.00
FNMA	2004 CDEF Single Family	4.49	05/11/06	04/01/36	4,141.58	4,488.21			(29.19)		4,112.39	4,473.68	14.66	0.00
FNMA	2004 CDEF Single Family	4.49	06/08/06	04/01/36	2,797.84	3,024.98			(14.70)		2,783.14	3,023.62	13.34	0.00
FNMA	2004 CDEF Single Family	4.49	06/27/06	06/01/36	3,425.54	3,696.12			(17.86)		3,407.68	3,697.80	19.54	0.00
FNMA	2004 CDEF Single Family	4.49	07/13/06	06/01/36	7,176.33	7,749.97			(39.23)		7,137.10	7,748.70	37.96	0.00
FNMA	2004 CDEF Single Family	4.49	07/19/06	07/01/36	6,461.32	6,973.84			(32.90)		6,428.42	6,976.96	36.02	0.00
FNMA	2004 CDEF Single Family	4.49	08/02/06	07/01/36	7,305.27	7,880.15			(37.15)		7,268.12	7,885.71	42.71	0.00
FNMA	2004 CDEF Single Family	4.49	08/09/06	07/01/36	2,562.42	2,763.28			(12.77)		2,549.65	2,765.83	15.32	0.00
FNMA	2004 CDEF Single Family	4.49	09/12/06	08/01/36	5,734.36	6,187.51			(28.87)		5,705.49	6,191.45	32.81	0.00
FNMA	2004 CDEF Single Family	4.49	10/17/06	09/01/36	4,196.43	4,556.87			(25.87)		4,170.56	4,540.82	10.82	0.00
FNMA	2004 CDEF Single Family	4.49	11/14/06	10/01/36	7,337.54	7,968.48			(53.48)		7,284.06	7,931.85	16.85	0.00
FNMA	2004 CDEF Single Family	4.49	11/21/06	10/01/36	5,332.87	5,790.65			(99.59)		5,233.28	5,699.03	7.97	0.00
FNMA	2004 CDEF Single Family	4.49	12/12/06	11/01/36	6,337.48	6,850.51			(33.07)		6,304.41	6,848.62	31.18	0.00
FNMA	2004 CDEF Single Family	4.49	01/30/07	11/01/36	1,069.08	1,160.55			(6.53)		1,062.55	1,156.95	2.93	0.00
FNMA	2004 CDEF Single Family	4.49	02/13/07	01/01/37	1,199.45	1,292.97			(5.77)		1,193.68	1,294.25	7.05	0.00
FNMA	2004 CDEF Single Family	4.49	03/20/07	02/01/37	3,361.44	3,624.41			(16.41)		3,345.03	3,627.93	19.93	0.00
FNMA	2004 CDEF Single Family	4.49	04/10/07	01/01/37	4,451.69	4,802.53			(73.11)		4,378.58	4,759.16	29.74	0.00
FNMA	2004 CDEF Single Family	4.49	04/24/07	04/01/37	7,707.82	8,307.97			(36.54)		7,671.28	8,316.32	44.89	0.00
FNMA	2004 CDEF Single Family	4.49	05/22/07	04/01/37	4,675.22	5,038.94			(22.03)		4,653.19	5,044.05	27.14	0.00
FNMA	2004 CDEF Single Family	4.49	06/05/07	05/01/37	5,495.00	5,922.51			(25.88)		5,469.12	5,928.53	31.90	0.00
FNMA	2004 CDEF Single Family	4.49	07/03/07	06/01/37	11,115.43	11,980.41			(52.47)		11,062.96	11,992.47	64.53	0.00
FNMA	2004 CDEF Single Family	4.49	09/25/07	09/01/37	7,497.64	8,116.04			(34.45)		7,463.19	8,124.30	42.71	0.00
FNMA	2004 CDEF Single Family	4.49	11/08/07	09/01/37	7,303.21	7,907.48			(44.22)		7,258.99	7,905.36	42.10	0.00
FNMA	2004 CDEF Single Family	4.49	11/21/07	09/01/37	3,020.09	3,268.90			(13.69)		3,006.40	3,272.51	17.30	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
FNMA	2004 CDEF Single Family	4.49	12/11/07	11/01/37	6,728.21	7,282.91			(30.87)		6,697.34	7,290.43	38.39	0.00
FNMA	2004 CDEF Single Family	4.49	03/26/08	02/01/38	10,355.54	11,212.22			(69.04)		10,286.50	11,201.90	58.72	0.00
FNMA	2004 CDEF Single Family	6.10	06/30/94	06/01/24	106,245.12	120,399.43			(2,142.91)		104,102.21	116,556.47	(1,700.05)	0.00
FNMA	2004 CDEF Single Family	6.90	08/17/94	08/01/24	135,413.92	155,110.21			(2,120.05)		133,293.87	152,425.26	(564.90)	0.00
FNMA	2004 CDEF Single Family	6.97	08/17/94	07/01/24	269,593.13	309,397.22			(13,917.19)		255,675.94	292,933.12	(2,546.91)	0.00
FNMA	2004 CDEF Single Family	7.06	08/17/94	07/01/24	41,767.24	47,970.46			(491.05)		41,276.19	47,368.88	(110.53)	0.00
FNMA	2004 CDEF Single Family	6.90	05/26/95	01/01/25	59,309.54	68,182.55			(677.84)		58,631.70	67,291.01	(213.70)	0.00
FNMA	2004 CDEF Single Family	7.10	08/15/95	05/01/25	16,545.68	19,145.59			(688.69)		15,856.99	18,344.56	(112.34)	0.00
GNMA	2004 CDEF Single Family	6.10	06/30/94	06/20/24	873,139.19	972,696.57			(13,728.63)		859,410.56	973,412.47	14,444.53	0.00
GNMA	2004 CDEF Single Family	6.90	08/17/94	08/20/24	681,308.83	786,542.67			(11,030.65)		670,278.18	776,427.42	915.40	0.00
GNMA	2004 CDEF Single Family	6.97	08/17/94	08/20/24	414,780.88	479,846.73			(6,410.41)		408,370.47	474,030.45	594.13	0.00
GNMA	2004 CDEF Single Family	7.06	08/17/94	08/20/24	96,807.80	111,634.21			(3,478.10)		93,329.70	107,667.73	(488.38)	0.00
GNMA	2004 CDEF Single Family	6.10	01/27/95	10/20/24	203,676.54	227,029.85			(3,440.11)		200,236.43	226,925.36	3,335.62	0.00
GNMA	2004 CDEF Single Family	6.97	02/16/95	12/20/24	374,833.14	433,883.85			(60,068.04)		314,765.10	365,583.58	(8,232.23)	0.00
GNMA	2004 CDEF Single Family	6.90	03/30/95	02/20/25	110,396.32	127,672.12			(1,282.31)		109,114.01	126,705.51	315.70	0.00
GNMA	2004 CDEF Single Family	7.06	03/30/95	12/20/24	55,612.66	64,138.91			(1,742.36)		53,870.30	62,154.91	(241.64)	0.00
GNMA	2004 CDEF Single Family	7.10	06/29/95	05/20/25	29,233.28	33,739.46			(296.15)		28,937.13	33,432.88	(10.43)	0.00
GNMA	2004 CDEF Single Family	7.06	08/15/95	06/20/25	29,265.89	33,738.17			(295.10)		28,970.79	33,432.96	(10.11)	0.00
GNMA	2004 CDEF Single Family	7.10	08/15/95	08/20/25	41,386.54	47,791.65			(546.77)		40,839.77	47,209.59	(35.29)	0.00
GNMA	2004 CDEF Single Family	4.49	02/24/05	02/20/35	1,627,921.20	1,742,099.00			(9,922.69)		1,617,998.51	1,776,536.57	44,360.26	0.00
GNMA	2004 CDEF Single Family	4.49	03/17/05	03/20/35	4,390,194.41	4,698,219.19			(27,844.60)		4,362,349.81	4,789,906.42	119,531.83	0.00
GNMA	2004 CDEF Single Family	4.49	03/24/05	03/20/35	1,510,702.78	1,616,706.51			(8,870.09)		1,501,832.69	1,649,038.26	41,201.84	0.00
GNMA	2004 CDEF Single Family	4.49	03/29/05	02/20/35	236,796.71	253,411.86			(1,312.04)		235,484.67	258,565.46	6,465.64	0.00
GNMA	2004 CDEF Single Family	4.49	04/07/05	04/20/35	1,576,037.62	1,686,658.14			(9,042.71)		1,566,994.91	1,720,618.75	43,003.32	0.00
GNMA	2004 CDEF Single Family	4.49	04/14/05	04/20/35	749,106.46	801,689.56			(4,211.02)		744,895.44	817,927.92	20,449.36	0.00
GNMA	2004 CDEF Single Family	4.49	04/21/05	04/20/35	145,798.80	156,034.02			(798.83)		144,999.97	159,217.32	3,982.13	0.00
GNMA	2004 CDEF Single Family	4.49	04/28/05	04/20/35	1,208,389.51	1,293,227.33			(7,598.06)		1,200,791.45	1,318,536.32	32,907.05	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/05	05/20/35	466,976.72	499,767.98			(2,731.54)		464,245.18	509,773.92	12,737.48	0.00
GNMA	2004 CDEF Single Family	4.49	05/12/05	05/20/35	208,981.12	223,657.20			(1,123.66)		207,857.46	228,243.52	5,709.98	0.00
GNMA	2004 CDEF Single Family	4.49	05/19/05	05/20/35	171,188.85	183,212.00			(1,003.69)		170,165.16	186,877.37	4,669.06	0.00
GNMA	2004 CDEF Single Family	4.49	07/14/05	07/20/35	821,221.20	878,951.51			(4,632.13)		816,589.07	896,736.62	22.417.24	0.00
GNMA	2004 CDEF Single Family	4.49	05/26/05	05/20/35	765,300.74	819,055.33			(4,407.96)		760,892.78	835,528.26	20,880.89	0.00
GNMA	2004 CDEF Single Family	4.49	06/02/05	06/20/35	767,755.92	821,692.88			(4,209.20)		763,546.72	838,453.49	20,969.81	0.00
GNMA	2004 CDEF Single Family	4.49	09/08/05	09/20/35	392,311.19	419,915.36			(2,227.68)		390,083.51	428,395.82	10,708.14	0.00
GNMA	2004 CDEF Single Family	4.49	09/15/05	09/20/35	199,833.72	213,895.91			(1,166.30)		198,667.42	218,180.99	5,451.38	0.00
GNMA	2004 CDEF Single Family	4.49	09/22/05	09/20/35	380,217.06	406,553.01			(2,774.56)		377,442.50	414,099.23	10,320.78	0.00
GNMA	2004 CDEF Single Family	4.49	07/21/05	07/20/35	302,208.91	323,120.06			(1,718.50)		300,490.41	329,985.29	8,583.73	0.00
GNMA	2004 CDEF Single Family	4.49	07/28/05	07/20/35	674,118.89	721,516.90			(4,639.27)		669,479.62	735,197.38	18,319.75	0.00
GNMA	2004 CDEF Single Family	4.49	08/04/05	07/20/35	352,013.81	376,766.56			(2,261.26)		349,752.55	384,087.44	9,582.14	0.00
GNMA	2004 CDEF Single Family	4.49	08/04/05	08/20/35	2,612,104.06	2,792,897.54			(15,644.41)		2,596,459.65	2,851,369.01	74,115.88	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	08/20/35	650,518.44	695,547.49			(3,578.69)		646,939.75	710,457.87	18,489.07	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	08/20/35	296,810.81	317,356.12			(1,588.25)		295,222.56	323,880.47	8,112.60	0.00
GNMA	2004 CDEF Single Family	4.49	08/30/05	08/20/35	531,384.57	568,176.30			(3,479.27)		527,905.30	579,159.59	14,462.56	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	752,468.73	804,617.31			(3,931.35)		748,537.38	821,264.21	20,578.25	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	315,382.84	337,239.92			(1,675.29)		313,707.55	344,186.93	8,622.30	0.00
GNMA	2004 CDEF Single Family	4.49	09/29/05	09/20/35	355,298.23	380,921.83			(2,608.77)		352,689.46	387,948.41	9,635.35	0.00
GNMA	2004 CDEF Single Family	4.49	10/06/05	10/20/35	263,033.81	281,550.17			(1,410.85)		261,622.96	287,327.13	7,187.81	0.00
GNMA	2004 CDEF Single Family	4.49	10/20/05	10/20/35	866,088.92	927,067.87			(4,815.62)		861,273.30	945,903.96	23,651.71	0.00
GNMA	2004 CDEF Single Family	4.49	12/08/05	11/20/35	864,219.70	924,152.19			(4,690.00)		859,529.70	943,080.38	23,618.19	0.00
GNMA	2004 CDEF Single Family	4.49	12/15/05	12/20/35	451,750.88	483,085.07			(2,389.73)		449,361.15	493,047.35	12,352.01	0.00
GNMA	2004 CDEF Single Family	4.49	11/03/05	11/20/35	598,365.88	639,842.38			(3,326.95)		595,038.93	652,859.97	16,344.54	0.00
GNMA	2004 CDEF Single Family	4.49	11/10/05	10/20/35	970,745.67	1,038,034.15			(5,086.18)		965,659.49	1,059,494.45	26,546.48	0.00
GNMA	2004 CDEF Single Family	4.49	11/17/05	11/20/35	442,604.15	473,289.55			(2,454.21)		440,149.94	482,925.97	12,090.63	0.00
GNMA	2004 CDEF Single Family	4.49	11/22/05	11/20/35	509,472.43	544,796.52			(3,082.83)		506,389.60	555,605.40	13,891.71	0.00
GNMA	2004 CDEF Single Family	4.49	11/29/05	11/20/35	523,276.52	559,561.07			(2,747.63)		520,528.89	571,122.31	14,308.87	0.00
GNMA	2004 CDEF Single Family	4.49	12/22/05	12/20/35	664,992.57	711,121.75			(3,626.63)		661,365.94	725,667.18	18,172.06	0.00
GNMA	2004 CDEF Single Family	4.49	12/29/05	12/20/35	408,172.75	436,489.56			(2,349.22)		405,823.53	445,282.45	11,142.11	0.00
GNMA	2004 CDEF Single Family	4.49	01/05/06	01/20/36	293,843.68	314,232.78			(1,635.77)		292,207.91	320,623.67	8,026.66	0.00
GNMA	2004 CDEF Single Family	4.49	01/12/06	01/20/36	383,466.20	410,076.45			(1,969.94)		381,496.26	418,597.39	10,490.88	0.00
GNMA	2004 CDEF Single Family	4.49	03/09/06	02/20/36	686,955.75	734,666.41			(3,538.94)		683,416.81	749,921.07	18,793.60	0.00
GNMA	2004 CDEF Single Family	4.49	03/02/06	02/20/36	409,677.86	438,128.27			(2,140.56)		407,537.30	447,192.63	11,204.92	0.00
GNMA	2004 CDEF Single Family	4.49	01/19/06	01/20/36	308,429.67	329,834.83			(1,820.40)		306,609.27	336,429.55	8,415.12	0.00
GNMA	2004 CDEF Single Family	4.49	01/26/06	01/20/36	653,796.49	699,174.51			(4,201.36)		649,595.13	712,777.93	17,804.78	0.00

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GNMA	2004 CDEF Single Family	4.49	02/02/06	01/20/36	707,824.17	756,956.68			(4,294.78)		703,529.39	771,962.79	19,300.89	0.00
GNMA	2004 CDEF Single Family	4.49	02/09/06	02/20/36	1,033,441.37	1,105,189.49			(6,620.49)		1,026,820.88	1,126,715.00	28,146.00	0.00
GNMA	2004 CDEF Single Family	4.49	02/16/06	02/20/36	169,000.21	180,734.38			(858.08)		168,142.13	184,500.93	4,624.63	0.00
GNMA	2004 CDEF Single Family	4.49	02/23/06	02/20/36	292,574.62	313,723.78			(1,768.46)		290,806.16	319,928.90	7,973.58	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	05/20/36	789,383.28	844,268.33			(4,366.17)		785,017.11	861,470.03	21,567.87	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	04/20/36	142,426.00	152,328.89			(747.76)		141,678.24	155,476.30	3,895.17	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	04/20/36	231,912.04	248,036.90			(1,219.73)		230,692.31	253,159.46	6,342.29	0.00
GNMA	2004 CDEF Single Family	4.49	03/23/06	03/20/36	304,066.09	325,190.09			(1,539.49)		302,526.60	331,971.60	8,321.00	0.00
GNMA	2004 CDEF Single Family	4.49	04/06/06	03/20/36	78,935.56	84,420.36			(442.92)		78,492.64	86,133.39	2,155.93	0.00
GNMA	2004 CDEF Single Family	4.49	04/20/06	04/20/36	186,183.11	199,123.61			(958.45)		185,224.66	203,258.78	5,093.62	0.00
GNMA	2004 CDEF Single Family	4.49	04/27/06	04/20/36	442,372.65	473,122.24			(2,308.74)		440,063.91	482,912.99	12,099.49	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/06	04/20/36	554,296.25	592,829.90			(2,795.86)		551,500.39	605,204.33	15,170.29	0.00
GNMA	2004 CDEF Single Family	4.49	05/25/06	05/20/36	90,577.81	98,261.48			(947.97)		89,629.84	99,730.08	2,416.57	0.00
GNMA	2004 CDEF Single Family	4.49	06/01/06	05/20/36	601,638.22	643,481.82			(3,010.46)		598,627.76	656,940.07	16,468.71	0.00
GNMA	2004 CDEF Single Family	4.49	06/08/06	05/20/36	182,401.18	195,088.27			(932.01)		181,469.17	199,147.30	4,991.04	0.00
GNMA	2004 CDEF Single Family	4.49	06/15/06	06/20/36	102,712.77	109,858.28			(516.51)		102,196.26	112,153.24	2,811.47	0.00
GNMA	2004 CDEF Single Family	4.49	07/06/06	06/20/36	104,146.05	111,393.41			(517.53)		103,628.52	113,727.11	2,851.23	0.00
GNMA	2004 CDEF Single Family	4.49	07/13/06	06/20/36	266,287.28	284,819.50			(1,712.20)		264,575.08	290,359.66	7,252.36	0.00
GNMA	2004 CDEF Single Family	4.49	07/19/06	06/20/36	217,810.84	232,970.53			(1,167.42)		216,643.42	237,757.94	5,954.83	0.00
GNMA	2004 CDEF Single Family	4.49	07/27/06	07/20/36	199,200.05	213,634.22			(1,183.49)		198,016.56	217,882.31	5,431.58	0.00
GNMA	2004 CDEF Single Family	4.49	08/09/06	07/20/36	529,985.58	566,886.43			(2,781.23)		527,204.35	578,600.80	14,495.60	0.00
GNMA	2004 CDEF Single Family	4.49	08/16/06	06/20/36	190,163.92	203,404.51			(986.12)		189,177.80	207,620.71	5,202.32	0.00
GNMA	2004 CDEF Single Family	4.49	09/06/06	08/20/36	649,842.12	695,109.19			(3,244.82)		646,597.30	709,654.72	17,790.35	0.00
GNMA	2004 CDEF Single Family	4.49	09/12/06	09/20/36	100,553.41	107,558.90			(496.93)		100,056.48	109,815.40	2,753.43	0.00
GNMA	2004 CDEF Single Family	4.49	10/05/06	09/20/36	935,977.67	999,733.40			(4,724.68)		931,252.99	1,020,635.70	25,626.98	0.00
GNMA	2004 CDEF Single Family	4.49	11/02/06	10/20/36	832,327.70	890,360.41			(4,411.47)		827,916.23	908,712.21	22,763.27	0.00
GNMA	2004 CDEF Single Family	4.49	11/14/06	10/20/36	391,592.57	418,283.48			(122,431.49)		269,161.08	295,007.38	(844.61)	0.00
GNMA	2004 CDEF Single Family	4.49	11/21/06	11/20/36	372,797.13	398,211.37			(1,826.42)		370,970.71	406,598.25	10,213.30	0.00
GNMA	2004 CDEF Single Family	4.49	11/28/06	11/20/36	486,948.71	520,148.00			(2,454.22)		484,494.49	531,027.91	13,334.13	0.00
GNMA	2004 CDEF Single Family	4.49	12/12/06	11/20/36	378,046.58	403,826.44			(1,845.81)		376,200.77	412,338.09	10,357.46	0.00
GNMA	2004 CDEF Single Family	4.49	12/27/06	12/20/36	506,801.89	541,371.70			(2,435.56)		504,366.33	552,825.10	13,888.96	0.00
GNMA	2004 CDEF Single Family	4.49	01/09/07	12/20/36	376,776.96	402,482.43			(1,818.01)		374,958.95	410,989.43	10,325.01	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/07	12/20/36	219,139.20	234,439.63			(1,082.05)		218,057.15	239,358.75	6,001.17	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/08	01/20/38	63,285.88	67,632.22			(279.71)		63,006.17	69,089.85	1,737.34	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/08	01/20/38	118,436.51	126,570.48			(530.47)		117,906.04	129,290.68	3,250.67	0.00
GNMA	2004 CDEF Single Family	4.49	02/19/08	02/20/38	161,333.87	172,415.51			(739.87)		160,594.00	176,102.06	4,426.42	0.00
GNMA	2004 CDEF Single Family	4.49	03/26/08	12/20/37	311,277.45	332,667.43			(1,423.98)		309,853.47	339,783.97	8,540.52	0.00
FNMA	2004 CDEF Single Family	4.49	04/07/05	02/01/35	152,531.54	165,683.00			(2,251.32)		150,280.22	163,657.65	225.97	0.00
FNMA	2004 CDEF Single Family	4.49	05/27/05	04/01/35	190,594.68	206,663.65			(1,419.32)		189,175.36	205,849.13	604.80	0.00
FNMA	2004 CDEF Single Family	4.49	07/14/05	11/01/33	33,642.45	36,693.15			(4,618.67)		29,023.78	31,240.80	(833.68)	0.00
FNMA	2004 CDEF Single Family	4.49	12/08/05	11/01/35	282,799.77	306,312.75			(1,585.51)		281,214.26	305,824.93	1,097.69	0.00
FNMA	2004 CDEF Single Family	4.49	01/05/06	12/01/35	143,091.51	155,411.65			(1,679.51)		141,412.00	154,005.61	273.47	0.00
FNMA	2004 CDEF Single Family	4.49	01/12/06	11/01/35	103,897.90	112,324.99			(544.15)		103,353.75	112,276.80	495.96	0.00
FNMA	2004 CDEF Single Family	4.49	02/02/06	01/01/36	143,759.70	156,032.60			(1,040.65)		142,719.05	155,363.73	371.78	0.00
FNMA	2004 CDEF Single Family	4.49	04/20/06	04/01/36	236,811.34	255,808.27			(1,305.44)		235,505.90	255,721.10	1,218.27	0.00
FNMA	2004 CDEF Single Family	4.49	05/25/06	04/01/36	128,242.77	138,957.14			(1,026.41)		127,216.36	138,394.84	464.11	0.00
FNMA	2004 CDEF Single Family	4.49	07/06/06	05/01/36	120,806.97	130,463.30			(619.30)		120,187.67	130,486.61	642.61	0.00
FNMA	2004 CDEF Single Family	4.49	08/02/06	07/01/36	72,534.40	78,242.34			(362.30)		72,172.10	78,304.83	424.79	0.00
FNMA	2004 CDEF Single Family	4.49	09/12/06	08/01/36	268,908.46	291,684.38			(2,699.56)		266,208.90	289,770.52	785.70	0.00
FNMA	2004 CDEF Single Family	4.49	11/14/06	01/01/36	345,939.57	374,701.28			(4,972.76)		340,966.81	370,918.67	1,190.15	0.00
FNMA	2004 CDEF Single Family	4.49	01/09/07	09/01/36	71,716.79	77,455.64			(438.38)		71,278.41	77,392.58	375.32	0.00
FNMA	2004 CDEF Single Family	4.49	01/30/07	01/01/37	64,473.57	69,506.37			(310.95)		64,162.62	69,574.80	379.38	0.00
FNMA	2004 CDEF Single Family	4.49	02/13/08	01/01/38	448,222.87	482,993.37			(2,055.47)		446,167.40	483,527.68	2,589.78	0.00
GNMA	2004 CDEF Single Family	5.38	08/07/07	07/20/37	3,143.70	3,503.27			(12.54)		3,131.16	3,550.48	59.75	0.00
GNMA	2004 CDEF Single Family	5.63	08/07/07	08/20/37	15,585.87	17,491.85			(67.70)		15,518.17	17,706.41	282.26	0.00
GNMA	2004 CDEF Single Family	5.63	11/21/07	10/20/37	1,388.42	1,558.36			(5.77)		1,382.65	1,577.77	25.18	0.00
GNMA	2004 CDEF Single Family	5.38	11/21/07	10/20/37	7,262.03	8,093.63			(28.42)		7,233.61	8,203.31	138.10	0.00
GNMA	2004 CDEF Single Family	5.38	09/25/07	09/20/37	19,537.86	21,774.04			(85.67)		19,452.19	22,058.68	370.31	0.00
GNMA	2004 CDEF Single Family	5.13	09/25/07	09/20/37	20,183.23	22,477.33			(92.23)		20,091.00	22,767.21	382.11	0.00
GNMA	2004 CDEF Single Family	5.63	09/25/07	08/20/37	5,988.05	6,720.63			(24.09)		5,963.96	6,805.25	108.71	0.00
GNMA	2004 CDEF Single Family	5.63	09/25/07	09/20/37	2,661.68	2,988.81			(13.79)		2,647.89	3,022.90	47.88	0.00
GNMA	2004 CDEF Single Family	5.38	10/09/07	09/20/37	20,357.21	22,687.47			(665.01)		19,692.20	22,332.74	310.28	0.00
GNMA	2004 CDEF Single Family	5.63	10/09/07	06/20/37	2,016.63	2,263.35			(7.72)		2,008.91	2,292.30	36.67	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	5.13	10/09/07	09/20/37	5,779.29	6,436.27			(24.53)		5,754.76	6,521.42	109.68	0.00
GNMA	2004 CDEF Single Family	5.38	08/23/07	08/20/37	12,983.21	14,468.66			(53.63)		12,929.58	14,661.55	246.52	0.00
GNMA	2004 CDEF Single Family	5.13	08/23/07	07/20/37	17,118.70	19,063.63			(80.20)		17,038.50	19,307.25	323.82	0.00
GNMA	2004 CDEF Single Family	5.38	09/11/07	09/20/37	6,714.08	7,482.42			(26.95)		6,687.13	7,583.05	127.58	0.00
GNMA	2004 CDEF Single Family	5.63	09/11/07	08/20/37	8,702.41	9,766.97			(34.75)		8,667.66	9,890.24	158.02	0.00
GNMA	2004 CDEF Single Family	5.13	09/11/07	08/20/37	5,560.20	6,192.11			(23.57)		5,536.63	6,274.06	105.52	0.00
GNMA	2004 CDEF Single Family	5.38	11/28/07	11/20/37	5,564.25	6,201.53			(37.46)		5,526.79	6,267.79	103.72	0.00
GNMA	2004 CDEF Single Family	5.13	12/11/07	11/20/37	5,760.01	6,415.27			(23.43)		5,736.58	6,501.29	109.45	0.00
GNMA	2004 CDEF Single Family	5.38	10/25/07	10/20/37	6,684.52	7,449.86			(26.45)		6,658.07	7,550.49	127.08	0.00
GNMA	2004 CDEF Single Family	5.13	10/25/07	10/20/37	21,912.16	24,403.59			(100.53)		21,811.63	24,717.90	414.84	0.00
GNMA	2004 CDEF Single Family	5.63	10/25/07	09/20/36	3,464.70	3,890.47			(15.35)		3,449.35	3,937.78	62.66	0.00
GNMA	2004 CDEF Single Family	5.38	10/25/07	10/20/37	14,478.25	16,135.87			(71.49)		14,406.76	16,337.74	273.36	0.00
GNMA	2004 CDEF Single Family	5.38	11/08/07	10/20/37	12,256.51	13,659.94			(48.39)		12,208.12	13,844.57	233.02	0.00
GNMA	2004 CDEF Single Family	5.13	11/08/07	10/20/37	7,981.07	8,888.65			(32.33)		7,948.74	9,007.98	151.66	0.00
GNMA	2004 CDEF Single Family	5.63	01/16/08	12/20/37	1,331.72	1,494.84			(5.58)		1,326.14	1,513.40	24.14	0.00
GNMA	2004 CDEF Single Family	5.38	12/28/07	11/20/37	5,709.93	6,364.06			(22.09)		5,687.84	6,450.60	108.63	0.00
GNMA	2004 CDEF Single Family	5.63	12/28/07	12/20/37	1,406.29	1,578.48			(5.29)		1,401.00	1,598.77	25.58	0.00
GNMA	2004 CDEF Single Family	5.63	12/28/07	12/20/37	12,589.32	14,131.05			(66.93)		12,522.39	14,290.39	226.27	0.00
GNMA	2004 CDEF Single Family	5.38	12/11/07	11/20/37	18,260.65	20,352.33			(71.43)		18,189.22	20,628.20	347.30	0.00
GNMA	2004 CDEF Single Family	5.38	12/20/07	11/20/37	1,593.25	1,775.83			(6.25)		1,587.00	1,799.87	30.29	0.00
GNMA	2004 CDEF Single Family	5.13	12/20/07	12/20/37	1,608.65	1,791.64			(6.42)		1,602.23	1,815.79	30.57	0.00
GNMA	2004 CDEF Single Family	5.38	01/16/08	12/20/37	974.25	1,085.98			(7.63)		966.62	1,096.36	18.01	0.00
GNMA	2004 CDEF Single Family	5.38	01/30/08	12/20/37	1,886.08	2,102.24			(7.29)		1,878.79	2,130.84	35.89	0.00
GNMA	2004 CDEF Single Family	5.63	01/30/08	12/20/37	3,894.20	4,371.27			(14.75)		3,879.45	4,427.36	70.84	0.00
GNMA	2004 CDEF Single Family	5.38	02/13/08	12/20/37	3,163.32	3,526.10			(13.95)		3,149.37	3,572.11	59.96	0.00
GNMA	2004 CDEF Single Family	5.63	01/30/08	01/20/38	1,397.36	1,568.54			(5.11)		1,392.25	1,588.87	25.44	0.00
GNMA	2004 CDEF Single Family	5.63	02/13/08	01/20/38	4,025.37	4,518.54			(16.92)		4,008.45	4,574.61	72.99	0.00
GNMA	2004 CDEF Single Family	5.38	02/19/08	12/20/37	2,781.41	3,104.86			(23.11)		2,758.30	3,132.96	51.21	0.00
GNMA	2004 CDEF Single Family	5.63	02/19/08	01/20/38	1,599.45	1,795.42			(6.01)		1,593.44	1,818.51	29.10	0.00
GNMA	2004 CDEF Single Family	5.13	02/27/08	02/20/38	3,692.12	4,105.12			(14.90)		3,677.22	4,160.36	70.14	0.00
GNMA	2004 CDEF Single Family	5.38	02/27/08	02/20/38	2,563.82	2,852.80			(11.89)		2,551.93	2,889.42	48.51	0.00
GNMA	2004 CDEF Single Family	5.38	03/20/08	02/20/38	4,994.58	5,567.29			(19.36)		4,975.22	5,642.94	95.01	0.00
GNMA	2004 CDEF Single Family	5.13	03/20/08	10/20/37	2,137.69	2,381.07			(8.66)		2,129.03	2,413.04	40.63	0.00
GNMA	2004 CDEF Single Family	5.38	03/27/08	03/20/38	4,320.45	4,815.92			(16.72)		4,303.73	4,881.40	82.20	0.00
FNMA	2004 CDEF Single Family	5.63	07/03/07	07/01/37	4,665.78	5,183.55			(18.38)		4,647.40	5,197.92	32.75	0.00
FNMA	2004 CDEF Single Family	5.38	08/07/07	07/01/37	33,974.18	37,767.65			(191.10)		33,783.08	37,809.32	232.77	0.00
FNMA	2004 CDEF Single Family	5.63	08/07/07	07/01/37	3,485.80	3,898.93			(17.60)		3,468.20	3,910.45	29.12	0.00
FNMA	2004 CDEF Single Family	5.13	08/07/07	08/01/37	26,453.59	29,113.91			(111.79)		26,341.80	29,213.77	211.65	0.00
FNMA	2004 CDEF Single Family	5.13	08/29/07	08/01/37	8,319.86	9,157.30			(35.50)		8,284.36	9,188.73	66.93	0.00
FNMA	2004 CDEF Single Family	5.38	08/23/07	07/01/37	13,062.32	14,518.02			(88.14)		12,974.18	14,515.94	86.06	0.00
FNMA	2004 CDEF Single Family	5.38	09/11/07	08/01/37	11,362.11	12,621.34			(49.27)		11,312.84	12,645.67	73.60	0.00
FNMA	2004 CDEF Single Family	5.13	09/11/07	09/01/37	3,472.35	3,826.19			(21.33)		3,451.02	3,833.18	28.32	0.00
FNMA	2004 CDEF Single Family	5.63	09/11/07	08/01/37	4,454.28	4,971.13			(17.50)		4,436.78	4,984.97	31.34	0.00
FNMA	2004 CDEF Single Family	5.38	09/25/07	09/01/37	22,518.15	25,009.78			(99.65)		22,418.50	25,053.48	143.35	0.00
FNMA	2004 CDEF Single Family	5.63	09/25/07	07/01/37	1,415.56	1,584.05			(6.85)		1,408.71	1,588.44	11.24	0.00
FNMA	2004 CDEF Single Family	5.13	09/25/07	09/01/37	16,215.83	17,850.66			(78.55)		16,137.28	17,903.66	131.55	0.00
FNMA	2004 CDEF Single Family	5.38	10/09/07	08/01/37	1,527.61	1,696.13			(6.06)		1,521.55	1,699.59	9.52	0.00
FNMA	2004 CDEF Single Family	5.13	10/09/07	09/01/37	9,521.36	10,477.12			(39.16)		9,482.20	10,512.25	74.29	0.00
FNMA	2004 CDEF Single Family	5.63	10/09/07	09/01/37	4,112.65	4,589.00			(15.94)		4,096.71	4,601.58	28.52	0.00
FNMA	2004 CDEF Single Family	5.38	10/25/07	10/01/37	29,825.97	33,127.16			(2,828.43)		26,997.54	30,171.60	(127.13)	0.00
FNMA	2004 CDEF Single Family	5.13	10/25/07	10/01/37	14,451.41	15,940.09			(75.21)		14,376.20	15,976.32	111.44	0.00
FNMA	2004 CDEF Single Family	5.38	11/08/07	09/01/37	13,362.51	14,855.80			(77.05)		13,285.46	14,872.48	93.73	0.00
FNMA	2004 CDEF Single Family	5.13	11/08/07	10/01/37	5,811.21	6,414.40			(32.17)		5,779.04	6,426.15	43.92	0.00
FNMA	2004 CDEF Single Family	5.38	11/21/07	10/01/37	8,674.18	9,632.87			(43.18)		8,631.00	9,644.63	54.94	0.00
FNMA	2004 CDEF Single Family	5.13	11/21/07	09/01/37	7,769.96	8,552.66			(32.92)		7,737.04	8,582.30	62.54	0.00
FNMA	2004 CDEF Single Family	5.38	11/21/07	11/01/37	11,323.46	12,573.98			(50.01)		11,273.45	12,594.15	70.18	0.00
FNMA	2004 CDEF Single Family	5.38	12/11/07	10/01/37	17,659.95	19,613.71			(73.32)		17,586.63	19,652.33	111.94	0.00
FNMA	2004 CDEF Single Family	5.13	12/11/07	11/01/37	5,392.19	5,933.53			(22.49)		5,369.70	5,953.02	41.98	0.00
FNMA	2004 CDEF Single Family	5.38	12/11/07	11/01/37	6,145.57	6,831.16			(47.02)		6,098.55	6,826.18	42.04	0.00
FNMA	2004 CDEF Single Family	5.13	12/11/07	12/01/37	7,799.35	8,592.06			(1,408.54)		6,390.81	7,097.72	(85.80)	0.00
FNMA	2004 CDEF Single Family	5.13	12/20/07	11/01/37	2,648.21	2,914.91			(11.23)		2,636.98	2,924.86	21.18	0.00
FNMA	2004 CDEF Single Family	5.38	12/20/07	10/01/37	1,541.63	1,716.03			(7.37)		1,534.26	1,720.41	11.75	0.00
FNMA	2004 CDEF Single Family	5.63	12/28/07	10/01/37	22,630.90	25,259.20			(3,493.89)		19,137.01	21,506.74	(258.57)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
FNMA	2004 CDEF Single Family	5.13	01/16/08	12/01/37	6,669.08	7,338.18			(27.06)		6,642.02	7,362.94	51.82	0.00
FNMA	2004 CDEF Single Family	5.13	01/30/08	12/01/37	3,635.84	4,005.54			(21.50)		3,614.34	4,013.94	29.90	0.00
FNMA	2004 CDEF Single Family	5.38	01/30/08	11/01/37	1,373.84	1,525.27			(5.33)		1,368.51	1,528.41	8.47	0.00
FNMA	2004 CDEF Single Family				1,778.30	1,964.45			(1,778.30)				(186.15)	0.00
FNMA	2004 CDEF Single Family	5.13	02/13/08	01/01/38	2,235.86	2,460.02			(8.93)		2,226.93	2,468.41	17.32	0.00
FNMA	2004 CDEF Single Family	5.38	02/19/08	12/01/37	2,224.17	2,469.22			(8.59)		2,215.58	2,474.30	13.67	0.00
FNMA	2004 CDEF Single Family	5.13	02/19/08	01/01/38	4,843.40	5,333.31			(33.45)		4,809.95	5,340.82	40.96	0.00
FNMA	2004 CDEF Single Family	5.13	02/27/08	02/01/38	1,492.49	1,642.09			(5.91)		1,486.58	1,647.69	11.51	0.00
FNMA	2004 CDEF Single Family	5.38	03/20/08	11/01/37	5,418.11	6,022.05			(28.82)		5,389.29	6,030.00	38.77	0.00
	2004 CDEF Single Family Total				55,211,025.72	59,266,457.96	1,752,182.79	(1,151,080.73)	(564,785.43)	0.00	55,247,342.35	60,585,020.09	1,282,245.50	0.00
Repo Agmt	2005 BCD Single Family				0.57	0.57		(0.57)					-	0.00
Repo Agmt	2005 BCD Single Family	0.01	08/31/11	09/01/11	89,616.03	89,616.03	55,664.71				145,280.74	145,280.74	-	0.00
Repo Agmt	2005 BCD Single Family	0.01	08/31/11	09/01/11	551,676.22	551,676.22	178,463.78				730,140.00	730,140.00	-	0.00
GNMA	2005 BCD Single Family	5.13	08/10/06	07/20/36	10,576.65	11,788.71			(63.59)		10,513.06	11,923.21	198.09	0.00
GNMA	2005 BCD Single Family	5.38	08/16/06	08/20/36	3,884.03	4,324.77			(16.54)		3,867.49	4,381.88	73.65	0.00
GNMA	2005 BCD Single Family	5.63	08/16/06	08/20/36	1,709.46	1,917.86			(7.50)		1,701.96	1,941.30	30.94	0.00
GNMA	2005 BCD Single Family	5.38	08/23/06	08/20/36	12,005.74	13,369.24			(64.90)		11,940.84	13,530.17	225.83	0.00
GNMA	2005 BCD Single Family	5.13	08/23/06	08/01/36	17,929.34	19,968.73			(85.74)		17,843.60	20,221.84	338.85	0.00
GNMA	2005 BCD Single Family	5.38	09/06/06	08/20/36	35,082.28	39,067.04			(163.56)		34,918.72	39,566.85	663.37	0.00
GNMA	2005 BCD Single Family	5.63	09/06/06	09/20/36	15,888.34	17,817.13			(101.19)		15,787.15	17,999.04	283.10	0.00
GNMA	2005 BCD Single Family	5.13	09/06/06	08/20/36	30,777.38	34,305.58			(146.49)		30,630.89	34,740.74	581.65	0.00
GNMA	2005 BCD Single Family	5.38	09/12/06	09/20/36	19,115.77	21,287.22			(97.79)		19,017.98	21,549.76	360.33	0.00
GNMA	2005 BCD Single Family	5.13	09/12/06	09/20/36	20,245.54	22,545.34			(98.75)		20,146.79	22,828.85	382.26	0.00
GNMA	2005 BCD Single Family	5.63	09/12/06	09/20/36	4,295.48	4,819.32			(18.21)		4,277.27	4,878.93	77.82	0.00
GNMA	2005 BCD Single Family	5.38	09/20/06	09/20/36	33,655.89	37,479.33			(157.86)		33,498.03	37,957.78	636.31	0.00
GNMA	2005 BCD Single Family	5.13	09/20/06	09/20/36	55,140.92	61,357.23			(252.47)		54,888.45	62,148.31	1,043.56	0.00
GNMA	2005 BCD Single Family	5.63	09/20/06	09/20/36	5,401.69	6,060.52			(24.08)		5,377.61	6,134.14	97.70	0.00
GNMA	2005 BCD Single Family	5.13	09/26/06	09/20/36	21,704.94	24,170.83			(100.93)		21,604.01	24,480.34	410.44	0.00
GNMA	2005 BCD Single Family	5.38	09/26/06	09/20/36	25,456.84	28,349.01			(149.09)		25,307.75	28,717.10	517.18	0.00
GNMA	2005 BCD Single Family	5.38	10/05/06	10/20/36	43,755.39	48,727.03			(211.52)		43,543.87	49,341.92	826.41	0.00
GNMA	2005 BCD Single Family	5.63	10/17/06	10/20/36	20,216.46	22,671.55			(115.14)		20,101.32	22,918.58	362.17	0.00
GNMA	2005 BCD Single Family	5.13	10/05/06	10/20/36	44,949.83	50,018.16			(212.28)		44,737.55	50,655.71	849.83	0.00
GNMA	2005 BCD Single Family	5.38	10/17/06	10/20/36	38,188.84	42,528.47			(194.52)		37,994.32	43,053.92	719.97	0.00
GNMA	2005 BCD Single Family	5.13	10/17/06	10/20/36	40,683.14	45,270.84			(181.58)		40,501.56	45,859.83	770.57	0.00
GNMA	2005 BCD Single Family	5.63	10/24/06	10/20/36	25,484.20	28,593.40			(119.32)		25,364.88	28,934.15	460.07	0.00
GNMA	2005 BCD Single Family	5.38	10/24/06	10/20/36	39,285.38	43,749.87			(1,536.26)		37,749.12	42,776.31	562.70	0.00
GNMA	2005 BCD Single Family	5.13	10/24/06	10/20/36	39,061.11	43,500.08			(2,707.55)		36,353.56	41,194.88	402.35	0.00
GNMA	2005 BCD Single Family	5.38	11/02/06	11/20/36	35,145.12	39,136.79			(152.29)		34,992.83	39,650.66	666.16	0.00
GNMA	2005 BCD Single Family	5.13	11/02/06	10/20/36	27,477.98	30,600.88			(137.01)		27,340.97	30,982.31	518.44	0.00
GNMA	2005 BCD Single Family	5.63	11/14/06	11/20/36	17,442.21	19,561.01			(1,689.70)		15,752.51	17,960.82	89.51	0.00
GNMA	2005 BCD Single Family	5.38	11/14/06	10/20/36	23,228.64	25,867.01			(101.85)		23,126.79	26,205.27	440.11	0.00
GNMA	2005 BCD Single Family	5.13	11/14/06	11/20/36	33,858.68	37,707.36			(165.47)		33,693.21	38,181.15	639.26	0.00
GNMA	2005 BCD Single Family	5.38	11/21/06	11/20/36	37,618.99	41,895.42			(166.01)		37,452.98	42,442.05	712.64	0.00
GNMA	2005 BCD Single Family	5.63	11/21/06	11/20/36	4,821.62	5,407.38			(20.49)		4,801.13	5,474.24	87.35	0.00
GNMA	2005 BCD Single Family	5.13	11/21/06	11/20/36	19,718.39	21,959.88			(112.28)		19,606.11	22,217.79	370.19	0.00
GNMA	2005 BCD Single Family	5.38	11/28/06	11/20/36	30,029.13	33,442.96			(144.82)		29,884.31	33,865.37	567.23	0.00
GNMA	2005 BCD Single Family	5.63	11/28/06	11/20/36	5,595.45	6,275.27			(23.58)		5,571.87	6,353.09	101.40	0.00
GNMA	2005 BCD Single Family	5.13	11/28/06	11/20/36	5,955.59	6,627.44			(25.92)		5,929.67	6,714.41	112.89	0.00
GNMA	2005 BCD Single Family	5.38	12/12/06	12/20/36	24,003.66	26,773.07			(128.36)		23,875.30	27,096.21	451.50	0.00
GNMA	2005 BCD Single Family	5.63	12/12/06	12/20/36	17,361.30	19,470.84			(73.66)		17,287.64	19,711.73	314.55	0.00
GNMA	2005 BCD Single Family	5.13	12/12/06	11/20/36	31,767.35	35,379.20			(183.20)		31,584.15	35,792.05	596.05	0.00
GNMA	2005 BCD Single Family	5.38	12/27/06	12/20/36	51,940.63	57,843.00			(229.86)		51,710.77	58,597.01	983.87	0.00
GNMA	2005 BCD Single Family	5.63	12/27/06	12/20/36	9,236.01	10,358.39			(679.20)		8,556.81	9,756.78	77.59	0.00
GNMA	2005 BCD Single Family	5.13	12/27/06	12/20/36	28,957.75	32,225.61			(127.08)		28,830.67	32,647.30	548.77	0.00
GNMA	2005 BCD Single Family	5.38	01/10/07	12/20/36	31,309.06	34,867.34			(137.98)		31,171.08	35,322.51	593.15	0.00
GNMA	2005 BCD Single Family	5.63	01/09/07	12/20/36	10,453.33	11,723.82			(45.63)		10,407.70	11,867.40	189.21	0.00
GNMA	2005 BCD Single Family	5.13	01/09/07	01/20/37	20,185.13	22,463.39			(95.77)		20,089.36	22,749.22	381.60	0.00
GNMA	2005 BCD Single Family	5.38	01/16/07	12/20/36	19,022.86	21,186.47			(3,077.66)		15,945.20	18,070.21	(38.60)	0.00
GNMA	2005 BCD Single Family	5.63	01/16/07	01/20/37	15,636.96	17,537.65			(68.15)		15,568.81	17,752.55	283.05	0.00
GNMA	2005 BCD Single Family	5.13	01/30/07	01/20/37	40,920.79	45,540.28			(185.98)		40,734.81	46,129.01	774.71	0.00
GNMA	2005 BCD Single Family	5.38	01/30/07	01/20/37	22,355.80	24,898.95			(107.69)		22,248.11	25,213.59	422.33	0.00
GNMA	2005 BCD Single Family	5.63	01/30/07	01/20/37	7,329.58	8,220.59			(29.98)		7,299.60	8,323.58	132.97	0.00

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GNMA	2005 BCD Single Family	5.38	02/13/07	01/20/37	24,751.84	27,567.93			(107.90)		24,643.94	27,929.12	469.09	0.00
GNMA	2005 BCD Single Family	5.13	02/13/07	01/20/37	16,377.55	18,240.84			(115.18)		16,262.37	18,430.20	304.54	0.00
GNMA	2005 BCD Single Family	5.63	02/13/07	02/20/37	4,113.07	4,613.10			(16.24)		4,096.83	4,671.57	74.71	0.00
FNMA	2005 BCD Single Family	5.38	08/09/06	08/01/36	11,774.03	13,043.53			(71.94)		11,702.09	13,060.70	89.11	0.00
FNMA	2005 BCD Single Family	5.13	08/10/06	07/01/36	7,201.95	7,920.57			(38.10)		7,163.85	7,936.88	54.41	0.00
FNMA	2005 BCD Single Family	5.38	08/23/06	08/01/36	4,203.22	4,656.02			(37.07)		4,166.15	4,649.74	30.79	0.00
FNMA	2005 BCD Single Family	5.63	08/23/06	08/01/36	8,218.54	9,141.24			(35.47)		8,183.07	9,170.58	64.81	0.00
FNMA	2005 BCD Single Family	5.13	08/23/06	08/01/36	11,545.23	12,694.30			(114.33)		11,430.90	12,661.13	81.16	0.00
FNMA	2005 BCD Single Family	5.38	09/06/06	09/01/36	19,655.17	21,761.65			(98.31)		19,556.86	21,810.78	147.44	0.00
FNMA	2005 BCD Single Family	5.63	09/06/06	08/01/36	7,488.73	8,326.58			(31.21)		7,457.52	8,351.22	55.85	0.00
FNMA	2005 BCD Single Family	5.13	09/12/06	09/01/36	19,635.03	21,530.16			(90.39)		19,544.64	21,604.62	164.85	0.00
FNMA	2005 BCD Single Family	5.38	09/12/06	09/01/36	9,425.63	10,448.52			(63.37)		9,362.26	10,454.18	69.03	0.00
FNMA	2005 BCD Single Family	5.63	09/20/06	09/01/36	5,794.48	6,442.87			(24.30)		5,770.18	6,461.78	43.21	0.00
FNMA	2005 BCD Single Family	5.38	09/20/06	09/01/36	10,785.85	11,947.82			(143.44)		10,642.41	11,878.21	73.83	0.00
FNMA	2005 BCD Single Family	5.13	09/20/06	09/01/36	7,198.82	7,893.71			(34.62)		7,164.20	7,919.37	60.28	0.00
FNMA	2005 BCD Single Family	5.38	09/26/06	09/01/36	10,067.77	11,142.36			(51.69)		10,016.08	11,163.25	72.58	0.00
FNMA	2005 BCD Single Family	5.38	10/05/06	09/01/36	21,326.94	23,601.09			(95.58)		21,231.36	23,655.29	149.78	0.00
FNMA	2005 BCD Single Family	5.63	10/17/06	09/01/36	11,138.79	12,386.34			(46.70)		11,092.09	12,423.88	84.24	0.00
FNMA	2005 BCD Single Family	5.13	10/17/06	10/01/36	22,825.52	25,083.56			(2,245.88)		20,579.64	22,778.65	(59.03)	0.00
FNMA	2005 BCD Single Family	5.38	10/17/06	10/01/36	16,841.57	18,658.92			(105.38)		16,736.19	18,679.85	126.31	0.00
FNMA	2005 BCD Single Family	5.38	10/24/06	11/01/36	35,702.15	39,537.25			(189.65)		35,512.50	39,613.01	265.41	0.00
FNMA	2005 BCD Single Family	5.38	11/02/06	11/01/36	26,929.92	29,822.79			(150.02)		26,779.90	29,877.00	204.23	0.00
FNMA	2005 BCD Single Family	5.63	11/02/06	10/01/36	5,970.40	6,637.85			(24.84)		5,945.56	6,657.24	44.23	0.00
FNMA	2005 BCD Single Family	5.13	11/02/06	10/01/36	9,725.73	10,687.89			(85.61)		9,640.12	10,672.76	70.48	0.00
FNMA	2005 BCD Single Family	5.38	11/14/06	11/01/36	23,985.64	26,546.48			(118.43)		23,867.21	26,596.91	168.86	0.00
FNMA	2005 BCD Single Family	5.63	11/14/06	11/01/36	7,915.91	8,807.24			(36.97)		7,878.94	8,836.79	66.52	0.00
FNMA	2005 BCD Single Family	5.13	11/14/06	11/01/36	7,454.88	8,174.69			(34.31)		7,420.57	8,202.97	62.59	0.00
FNMA	2005 BCD Single Family	5.38	11/21/06	10/01/36	8,787.98	9,722.43			(44.21)		8,743.77	9,737.74	59.52	0.00
FNMA	2005 BCD Single Family	5.63	11/21/06	11/01/36	5,092.21	5,662.15			(896.42)		4,195.79	4,697.36	(68.37)	0.00
FNMA	2005 BCD Single Family	5.13	11/21/06	11/01/36	4,583.39	5,037.80			(34.01)		4,549.38	5,037.26	33.47	0.00
FNMA	2005 BCD Single Family	5.38	11/28/06	11/01/36	6,103.82	6,753.43			(26.47)		6,077.35	6,769.15	42.19	0.00
FNMA	2005 BCD Single Family	5.13	11/28/06	11/01/36	2,231.47	2,445.99			(10.05)		2,221.42	2,454.89	18.95	0.00
FNMA	2005 BCD Single Family	5.63	11/28/06	11/01/36	3,275.65	3,646.66			(1,991.10)		1,284.55	1,437.89	(217.67)	0.00
FNMA	2005 BCD Single Family	5.38	12/12/06	11/01/36	7,283.32	8,057.21			(36.59)		7,246.73	8,070.62	50.00	0.00
FNMA	2005 BCD Single Family	5.63	12/12/06	11/01/36	6,558.93	7,297.54			(32.21)		6,526.72	7,320.25	54.92	0.00
FNMA	2005 BCD Single Family	5.13	12/12/06	11/01/36	6,808.72	7,483.90			(60.23)		6,748.49	7,472.75	49.08	0.00
FNMA	2005 BCD Single Family	5.38	12/27/06	11/01/36	24,564.09	27,189.90			(116.90)		24,447.19	27,248.42	175.42	0.00
FNMA	2005 BCD Single Family	5.63	12/27/06	12/01/36	7,041.81	7,835.60			(39.54)		7,002.27	7,855.19	59.13	0.00
FNMA	2005 BCD Single Family	5.13	12/27/06	10/01/36	4,841.58	5,312.53			(23.39)		4,818.19	5,328.79	39.65	0.00
FNMA	2005 BCD Single Family	5.38	01/09/07	12/01/36	20,414.18	22,612.30			(134.93)		20,279.25	22,632.56	155.19	0.00
FNMA	2005 BCD Single Family	5.63	01/09/07	12/01/36	5,146.92	5,724.56			(26.57)		5,120.35	5,739.71	41.72	0.00
FNMA	2005 BCD Single Family	5.13	01/09/07	12/01/36	4,924.85	5,397.77			(21.88)		4,902.97	5,417.14	41.25	0.00
FNMA	2005 BCD Single Family	5.38	01/30/07	12/01/36	21,398.12	23,672.28			(94.17)		21,303.95	23,723.29	145.18	0.00
FNMA	2005 BCD Single Family	5.63	01/30/07	12/01/36	17,731.62	19,716.73			(97.51)		17,634.11	19,752.33	133.11	0.00
FNMA	2005 BCD Single Family	5.13	01/30/07	01/01/37	3,734.51	4,101.78			(22.40)		3,712.11	4,107.64	28.26	0.00
FNMA	2005 BCD Single Family	5.38	02/13/07	01/01/37	13,463.17	14,917.42			(183.52)		13,279.65	14,824.96	91.06	0.00
FNMA	2005 BCD Single Family	5.63	02/13/07	01/01/37	6,737.16	7,492.75			(39.95)		6,697.21	7,503.14	50.34	0.00
FNMA	2005 BCD Single Family	5.13	02/13/07	01/01/37	7,174.68	7,874.16			(34.24)		7,140.44	7,897.43	57.51	0.00
FNMA	2005 BCD Single Family	5.38	02/20/07	01/01/37	6,150.17	6,820.95			(26.16)		6,124.01	6,836.18	41.39	0.00
FNMA	2005 BCD Single Family	5.63	02/20/07	01/01/37	9,293.09	10,330.28			(38.15)		9,254.94	10,360.03	67.90	0.00
FNMA	2005 BCD Single Family	6.15	05/01/96	04/01/26	132,176.90	149,836.38			(1,667.30)		130,509.60	149,179.87	1,010.79	0.00
FNMA	2005 BCD Single Family	6.15	06/01/96	05/01/26	140,814.11	159,467.01			(2,080.24)		138,733.87	158,424.05	1,037.28	0.00
FNMA	2005 BCD Single Family	6.15	07/01/96	06/01/26	102,422.87	116,197.67			(1,528.02)		100,894.85	115,417.15	747.50	0.00
FNMA	2005 BCD Single Family	6.15	08/01/96	07/01/26	122,150.09	138,602.28			(1,901.85)		120,248.24	137,580.00	879.57	0.00
FNMA	2005 BCD Single Family	6.15	08/01/96	08/01/26	141,743.97	158,703.40			(1,874.31)		139,869.66	158,779.32	1,950.23	0.00
FNMA	2005 BCD Single Family	6.15	09/01/96	08/01/26	66,467.16	74,353.37			(1,560.50)		64,906.66	73,616.93	824.06	0.00
FNMA	2005 BCD Single Family	6.15	10/01/96	10/01/26	177,611.35	198,655.17			(2,935.30)		174,676.05	198,088.25	2,368.38	0.00
FNMA	2005 BCD Single Family	6.15	12/01/96	11/01/26	110,103.11	123,189.04			(1,627.16)		108,475.95	123,055.07	1,493.19	0.00
FNMA	2005 BCD Single Family	6.15	03/01/97	01/01/27	91,175.67	101,958.09			(858.97)		90,316.70	102,401.96	1,302.84	0.00
FNMA	2005 BCD Single Family	6.15	09/01/97	07/01/27	92,117.89	103,948.57			(1,069.47)		91,048.42	104,010.07	1,130.97	0.00
GNMA	2005 BCD Single Family	6.15	07/01/96	07/20/26	749,119.00	835,597.70			(11,853.15)		737,265.85	836,118.10	12,373.55	0.00
GNMA	2005 BCD Single Family	6.15	03/01/96	03/20/26	152,620.28	170,246.20			(3,053.98)		149,566.30	169,627.06	2,434.84	0.00
GNMA	2005 BCD Single Family	6.15	08/01/96	07/20/26	558,919.11	623,422.19			(58,986.18)		499,932.93	566,947.17	2,511.16	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2005 BCD Single Family	6.15	04/01/96	04/20/26	194,645.13	217,095.85			(2,654.54)		191,990.59	217,713.32	3,272.01	0.00
GNMA	2005 BCD Single Family	6.15	05/01/96	05/20/26	598,547.80	667,595.54			(35,774.94)		562,772.86	638,183.03	6,362.43	0.00
GNMA	2005 BCD Single Family	6.15	05/01/96	05/20/26	239,659.68	267,352.18			(3,212.41)		236,447.27	268,175.34	4,035.57	0.00
GNMA	2005 BCD Single Family	6.15	06/01/96	06/20/26	708,504.04	790,309.23			(8,899.06)		699,604.98	793,422.08	12,011.91	0.00
GNMA	2005 BCD Single Family	6.15	06/01/96	06/20/26	206,406.51	230,202.26			(2,237.71)		204,168.80	231,511.99	3,547.44	0.00
GNMA	2005 BCD Single Family	6.15	07/01/96	06/20/26	972,237.61	1,084,229.17			(15,174.93)		957,062.68	1,085,145.31	16,091.07	0.00
GNMA	2005 BCD Single Family	6.15	08/01/96	08/20/26	658,000.40	731,586.70			(31,711.91)		626,288.49	708,002.45	8,127.66	0.00
GNMA	2005 BCD Single Family	6.15	09/01/96	09/20/26	302,465.24	336,108.45			(4,640.76)		297,824.48	336,502.68	5,034.99	0.00
GNMA	2005 BCD Single Family	6.15	09/01/96	09/20/26	171,680.40	190,836.05			(4,426.50)		167,253.90	189,033.31	2,623.76	0.00
GNMA	2005 BCD Single Family	6.15	10/01/96	10/20/26	713,140.06	792,517.43			(11,689.75)		701,450.31	792,601.86	11,774.18	0.00
GNMA	2005 BCD Single Family	6.15	12/01/96	12/20/26	147,171.13	163,513.44			(1,882.80)		145,288.33	164,129.82	2,499.18	0.00
GNMA	2005 BCD Single Family	6.15	01/01/97	12/20/26	521,708.80	579,650.86			(7,144.16)		514,564.64	581,305.17	8,798.47	0.00
GNMA	2005 BCD Single Family	6.15	01/01/97	01/20/27	285,089.38	317,116.72			(5,305.69)		279,783.69	316,430.34	4,619.31	0.00
GNMA	2005 BCD Single Family	6.15	02/01/97	02/20/27	221,706.34	246,607.40			(2,684.09)		219,022.25	247,704.49	3,781.18	0.00
GNMA	2005 BCD Single Family	6.15	02/01/97	02/20/27	126,160.90	140,213.44			(1,465.43)		124,695.47	140,909.19	2,161.18	0.00
GNMA	2005 BCD Single Family	6.15	03/01/97	03/20/27	307,498.34	341,553.05			(3,076.91)		304,421.43	343,809.81	5,333.67	0.00
GNMA	2005 BCD Single Family	6.15	04/01/97	04/20/27	196,880.83	218,565.28			(2,199.95)		194,680.88	219,751.89	3,386.56	0.00
GNMA	2005 BCD Single Family	6.15	06/01/97	06/20/27	88,887.77	98,711.12			(2,300.92)		86,586.85	97,769.95	1,359.75	0.00
GNMA	2005 BCD Single Family	6.15	08/01/97	07/20/27	231,326.14	258,148.59			(3,590.02)		227,736.12	258,388.48	3,829.91	0.00
GNMA	2005 BCD Single Family	6.15	09/01/97	08/20/27	472,097.35	525,536.05			(4,701.90)		467,395.45	529,009.58	8,175.43	0.00
GNMA	2005 BCD Single Family	6.15	02/01/98	02/20/28	125,347.64	139,569.56			(46,779.32)		78,568.32	88,946.39	(3,843.85)	0.00
GNMA	2005 BCD Single Family	6.15	03/01/98	01/20/28	51,073.55	56,698.79			(597.75)		50,475.80	56,976.07	875.03	0.00
GNMA	2005 BCD Single Family	6.15	04/01/98	04/20/28	138,955.63	154,617.32			(1,427.44)		137,528.19	155,239.06	2,049.18	0.00
GNMA	2005 BCD Single Family	6.15	06/01/98	05/20/28	48,791.39	54,327.24			(401.49)		48,389.90	54,781.70	855.95	0.00
GNMA	2005 BCD Single Family	6.15	09/01/98	07/20/28	169,141.06	187,770.27			(1,835.00)		167,306.06	188,851.74	2,916.47	0.00
GNMA	2005 BCD Single Family	6.15	11/01/98	10/20/28	240,698.27	268,007.89			(2,292.70)		238,405.57	269,896.55	4,181.36	0.00
	2005 BCD Single Family Total				13,163,818.17	14,596,988.45	234,128.49	(0.57)	(322,078.52)	0.00	13,075,867.57	14,688,041.59	179,003.74	0.00
Repo Agmt	2006 ABCDE Single Family	0.01	08/31/11	09/01/11	1,098,638.19	1,098,638.19		(782,607.50)			316,030.69	316,030.69	-	0.00
Repo Agmt	2006 ABCDE Single Family	0.01	08/31/11	09/01/11	1,587,556.45	1,587,556.45	6,349,898.30				7,937,454.75	7,937,454.75	-	0.00
GIC's	2006 ABCDE Single Family	4.73	06/28/06	08/31/37	4,330,483.30	4,330,483.30		(3,578,408.19)			752,075.11	752,075.11	-	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	06/18/08	04/01/38	217,199.19	240,533.44			(898.41)		216,300.78	240,892.42	1,257.39	0.00
Freddie Mac	2006 ABCDE Single Family	5.63	06/18/08	03/01/38	82,362.06	92,138.56			(4,613.12)		77,748.94	87,774.56	249.12	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	06/25/08	12/01/37	123,125.98	135,108.00			(496.40)		122,629.58	135,464.21	852.61	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	07/16/08	06/01/38	184,535.17	202,498.74			(1,018.68)		183,516.49	202,744.17	1,264.11	0.00
Freddie Mac	2006 ABCDE Single Family	5.63	07/16/08	05/01/38	34,340.97	38,211.32			(124.16)		34,216.81	38,391.09	303.93	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	07/23/08	03/01/38	78,365.88	86,751.20			(298.56)		78,067.32	86,890.49	437.85	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	08/13/08	07/01/38	120,783.27	133,673.98			(449.30)		120,333.97	133,882.72	658.04	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	08/13/08	07/01/38	55,965.02	62,272.81			(460.34)		55,504.68	62,082.85	270.38	0.00
Freddie Mac	2006 ABCDE Single Family	5.63	09/24/08	07/01/38	115,659.66	128,684.06			(410.19)		115,249.47	129,274.12	1,000.25	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	10/22/08	03/01/38	176,528.91	193,701.47			(700.05)		175,828.86	194,205.91	1,204.49	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	11/19/08	10/01/38	159,994.80	175,537.39			(915.41)		159,079.39	175,686.23	1,064.25	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	11/25/08	10/01/38	126,277.17	138,675.87			(646.57)		125,630.60	138,937.25	907.95	0.00
Freddie Mac	2006 ABCDE Single Family	5.25	12/18/08	09/01/38	189,028.73	208,696.18			(1,645.34)		187,383.39	208,347.22	1,296.38	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	12/30/08	12/01/38	140,001.51	153,616.52			(524.94)		139,476.57	154,016.51	924.93	0.00
FNMA	2006 ABCDE Single Family	6.25	04/15/97	03/01/27	167,786.50	188,442.67			(2,061.22)		165,725.28	188,008.67	1,627.22	0.00
FNMA	2006 ABCDE Single Family	6.25	05/29/97	05/01/27	161,054.77	180,882.23			(2,659.62)		158,395.15	179,692.97	1,470.36	0.00
FNMA	2006 ABCDE Single Family	6.25	06/26/97	05/01/27	173,127.14	194,440.78			(2,209.50)		170,917.64	193,899.19	1,667.91	0.00
FNMA	2006 ABCDE Single Family	6.25	08/18/97	06/01/27	73,931.25	83,673.19			(1,044.19)		72,887.06	83,490.69	861.69	0.00
FNMA	2006 ABCDE Single Family	6.25	09/29/97	08/01/27	76,956.14	87,096.63			(1,129.22)		75,826.92	86,858.19	890.78	0.00
FNMA	2006 ABCDE Single Family	6.25	01/29/98	11/01/27	115,300.31	130,493.45			(3,301.52)		111,998.79	128,292.40	1,100.47	0.00
GNMA	2006 ABCDE Single Family	6.25	03/18/97	02/20/27	1,445,102.78	1,604,266.33			(69,598.21)		1,375,504.57	1,552,642.02	17,973.90	0.00
GNMA	2006 ABCDE Single Family	6.25	04/15/97	04/20/27	585,225.81	649,682.52			(50,605.33)		534,620.48	603,468.86	4,391.67	0.00
GNMA	2006 ABCDE Single Family	6.45	04/29/97	04/20/27	195,649.06	217,700.64			(1,764.85)		193,884.21	219,348.93	3,413.14	0.00
GNMA	2006 ABCDE Single Family	6.25	04/29/97	04/20/27	509,023.93	565,087.71			(8,656.68)		500,367.25	564,804.45	8,373.42	0.00
GNMA	2006 ABCDE Single Family	6.25	05/15/97	05/20/27	459,015.48	510,751.04			(4,451.97)		454,563.51	514,265.80	7,966.73	0.00
GNMA	2006 ABCDE Single Family	6.45	05/29/97	05/20/27	55,589.26	61,711.90			(566.39)		55,022.87	62,108.76	963.25	0.00
GNMA	2006 ABCDE Single Family	6.25	06/17/97	06/20/27	800,363.97	888,516.02			(8,934.07)		791,429.90	893,350.18	13,768.23	0.00
GNMA	2006 ABCDE Single Family	6.25	06/26/97	06/20/27	230,497.81	255,884.89			(2,478.57)		228,019.24	257,383.61	3,977.29	0.00
GNMA	2006 ABCDE Single Family	6.45	07/15/97	05/20/27	280,083.67	310,932.10			(61,035.65)		219,048.02	247,257.04	(2,639.41)	0.00
GNMA	2006 ABCDE Single Family	6.25	07/15/97	06/20/27	287,504.27	319,169.96			(3,373.83)		284,130.44	320,720.70	4,924.57	0.00
GNMA	2006 ABCDE Single Family	6.25	07/30/97	07/20/27	405,023.92	450,674.11			(3,807.18)		401,216.74	453,912.50	7,045.57	0.00
GNMA	2006 ABCDE Single Family	6.25	08/18/97	07/20/27	763,044.91	847,088.66			(66,649.34)		696,395.57	786,077.36	5,640.04	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	6.25	08/28/97	08/20/27	711,007.23	789,317.50			(8,193.18)		702,814.05	793,322.34	12,198.02	0.00
GNMA	2006 ABCDE Single Family	6.45	08/28/97	08/20/27	259,753.16	289,029.94			(69,152.67)		190,600.49	215,633.97	(4,243.30)	0.00
GNMA	2006 ABCDE Single Family	6.25	09/18/97	09/20/27	109,588.35	121,658.39			(2,000.92)		107,587.43	121,442.54	1,785.07	0.00
GNMA	2006 ABCDE Single Family	6.25	09/29/97	09/20/27	260,970.77	289,714.06			(4,672.42)		256,298.35	289,304.40	4,262.76	0.00
GNMA	2006 ABCDE Single Family	6.25	10/15/97	09/20/27	262,577.48	292,172.60			(2,399.03)		260,178.45	294,350.31	4,576.74	0.00
GNMA	2006 ABCDE Single Family	6.45	10/15/97	08/20/27	57,491.78	63,823.91			(571.95)		56,919.83	64,249.96	998.00	0.00
GNMA	2006 ABCDE Single Family	6.25	10/30/97	10/20/27	307,206.98	341,042.76			(7,347.76)		299,859.22	338,475.08	4,780.08	0.00
GNMA	2006 ABCDE Single Family	6.25	11/17/97	10/20/27	221,214.82	246,147.90			(2,023.34)		219,191.48	247,960.04	3,855.48	0.00
GNMA	2006 ABCDE Single Family	6.45	11/25/97	10/20/27	129,343.65	143,921.95			(1,143.50)		128,200.15	145,037.94	2,259.49	0.00
GNMA	2006 ABCDE Single Family	6.25	11/25/97	11/20/27	335,737.82	372,715.92			(4,369.89)		331,367.93	374,041.42	5,695.39	0.00
GNMA	2006 ABCDE Single Family	6.25	12/17/97	11/20/27	446,750.86	495,956.02			(5,191.62)		441,559.24	498,423.25	7,658.85	0.00
GNMA	2006 ABCDE Single Family	6.25	01/29/98	01/20/28	712,827.70	791,338.53			(9,111.56)		703,716.14	794,340.66	12,113.69	0.00
GNMA	2006 ABCDE Single Family	6.45	02/12/98	12/20/27	205,441.67	228,597.01			(2,037.99)		203,403.68	230,118.73	3,559.71	0.00
GNMA	2006 ABCDE Single Family	6.45	04/16/98	02/20/28	271,686.12	302,308.13			(3,236.82)		268,449.30	303,707.70	4,636.39	0.00
GNMA	2006 ABCDE Single Family	6.25	04/29/98	04/20/28	439,361.42	487,752.74			(7,213.26)		432,148.16	487,800.24	7,260.76	0.00
GNMA	2006 ABCDE Single Family	6.25	07/06/98	05/20/28	134,184.64	149,408.98			(56,569.90)		77,614.74	87,866.62	(4,972.46)	0.00
GNMA	2006 ABCDE Single Family	6.45	08/13/98	06/20/28	151,320.98	168,376.36			(1,342.76)		149,978.22	169,676.36	2,642.74	0.00
GNMA	2006 ABCDE Single Family	6.25	08/27/98	07/20/28	172,477.78	191,474.51			(3,794.89)		168,682.89	190,405.90	2,726.28	0.00
GNMA	2006 ABCDE Single Family	6.25	09/24/98	08/20/28	116,265.09	129,456.46			(935.22)		115,329.87	130,563.72	2,042.48	0.00
GNMA	2006 ABCDE Single Family	6.25	10/01/98	08/20/28	69,039.88	76,643.91			(1,215.16)		67,824.72	76,559.17	1,130.42	0.00
GNMA	2006 ABCDE Single Family	6.25	10/29/98	09/20/28	46,508.56	51,212.91			(1,170.44)		45,338.12	50,700.26	657.79	0.00
GNMA	2006 ABCDE Single Family	6.45	12/15/98	09/20/28	93,697.02	104,016.81			(1,230.61)		92,466.41	104,374.23	1,588.03	0.00
GNMA	2006 ABCDE Single Family	6.25	12/29/98	10/20/28	438,520.80	488,275.41			(4,456.55)		434,064.25	491,399.83	7,580.97	0.00
GNMA	2006 ABCDE Single Family	6.45	01/28/99	11/20/28	34,446.61	38,380.75			(270.90)		34,175.71	38,715.61	605.76	0.00
GNMA	2006 ABCDE Single Family	5.45	03/18/99	02/20/29	254,790.70	279,933.42			(2,513.62)		252,277.08	282,204.69	4,784.89	0.00
GNMA	2006 ABCDE Single Family	5.45	06/24/99	05/20/29	424,574.29	466,471.29			(30,949.98)		393,624.31	440,319.97	4,798.66	0.00
GNMA	2006 ABCDE Single Family	5.45	07/29/99	06/20/29	236,782.52	260,493.95			(36,095.55)		200,686.97	224,787.50	389.10	0.00
GNMA	2006 ABCDE Single Family	5.45	10/14/99	08/20/29	136,926.52	149,815.45			(1,969.27)		134,957.25	150,192.62	2,346.44	0.00
GNMA	2006 ABCDE Single Family	5.45	08/26/99	07/20/29	238,813.22	262,379.27			(4,200.32)		234,612.90	262,445.00	4,266.05	0.00
GNMA	2006 ABCDE Single Family	6.25	10/20/99	07/20/29	166,964.64	185,908.44			(1,837.36)		165,127.28	186,938.93	2,867.85	0.00
GNMA	2006 ABCDE Single Family	6.25	11/23/99	10/20/29	42,025.36	46,720.01			(331.37)		41,693.99	47,128.38	739.74	0.00
GNMA	2006 ABCDE Single Family	5.45	12/01/99	10/20/29	152,044.76	166,356.70			(1,947.84)		150,096.92	167,041.32	2,632.46	0.00
GNMA	2006 ABCDE Single Family	5.45	01/27/00	12/20/29	745,259.87	818,802.11			(6,953.43)		738,306.44	825,891.72	14,043.04	0.00
GNMA	2006 ABCDE Single Family	6.25	01/27/00	12/20/29	191,814.59	213,721.78			(1,835.33)		189,979.26	215,216.13	3,329.68	0.00
FNMA	2006 ABCDE Single Family	5.45	01/28/00	07/01/29	154,154.40	169,579.05			(1,391.37)		152,763.03	168,864.22	676.54	0.00
FNMA	2006 ABCDE Single Family	6.25	01/28/00	09/01/29	99,968.59	113,132.44			(1,902.91)		98,065.68	112,345.02	1,115.49	0.00
GNMA	2006 ABCDE Single Family	5.13	08/10/06	07/20/36	510,343.59	568,284.01			(3,073.50)		507,270.09	574,767.69	9,557.18	0.00
GNMA	2006 ABCDE Single Family	5.38	08/16/06	08/20/36	177,611.97	197,767.68			(756.53)		176,855.44	200,379.29	3,368.14	0.00
GNMA	2006 ABCDE Single Family	5.63	08/16/06	08/20/36	78,171.27	87,702.19			(342.73)		77,828.54	88,773.95	1,414.49	0.00
GNMA	2006 ABCDE Single Family	5.38	08/23/06	08/20/36	549,011.07	611,361.88			(2,968.17)		546,042.90	618,720.88	10,327.17	0.00
GNMA	2006 ABCDE Single Family	5.13	08/23/06	08/01/36	865,126.46	962,607.56			(4,146.14)		860,980.32	974,809.02	16,347.60	0.00
GNMA	2006 ABCDE Single Family	5.38	09/06/06	08/20/36	1,604,275.85	1,786,495.83			(7,479.19)		1,596,796.66	1,809,351.31	30,334.67	0.00
GNMA	2006 ABCDE Single Family	5.63	09/06/06	09/20/36	726,558.39	814,759.05			(4,627.44)		721,930.95	823,077.69	12,946.08	0.00
GNMA	2006 ABCDE Single Family	5.13	09/06/06	08/20/36	1,485,074.09	1,653,726.24			(7,081.92)		1,477,992.17	1,674,703.60	28,059.28	0.00
GNMA	2006 ABCDE Single Family	5.38	09/12/06	09/20/36	874,144.64	973,443.27			(4,471.86)		869,672.78	985,448.62	16,477.21	0.00
GNMA	2006 ABCDE Single Family	5.13	09/12/06	09/20/36	977,071.88	1,088,062.51			(4,765.73)		972,306.15	1,101,745.06	18,448.30	0.00
GNMA	2006 ABCDE Single Family	5.63	09/12/06	09/20/36	196,427.11	220,382.61			(832.44)		195,594.67	223,108.60	3,558.43	0.00
GNMA	2006 ABCDE Single Family	5.38	09/20/06	09/20/36	1,539,050.81	1,713,891.75			(7,218.83)		1,531,831.98	1,735,770.56	29,097.64	0.00
GNMA	2006 ABCDE Single Family	5.13	09/20/06	09/20/36	2,661,161.51	2,961,166.57			(12,184.53)		2,648,976.98	2,999,344.96	50,362.92	0.00
GNMA	2006 ABCDE Single Family	5.63	09/20/06	09/20/36	247,014.92	277,141.91			(1,100.96)		245,913.96	280,508.23	4,467.28	0.00
GNMA	2006 ABCDE Single Family	5.13	09/26/06	09/20/36	1,047,503.62	1,166,510.35			(4,871.30)		1,042,632.32	1,181,447.88	19,808.83	0.00
GNMA	2006 ABCDE Single Family	5.38	09/26/06	09/20/36	1,164,116.29	1,296,371.31			(6,817.71)		1,157,298.58	1,313,203.57	23,649.97	0.00
GNMA	2006 ABCDE Single Family	5.38	10/05/06	10/20/36	2,000,889.47	2,228,237.10			(9,672.73)		1,991,216.74	2,256,355.84	37,791.47	0.00
GNMA	2006 ABCDE Single Family	5.63	10/17/06	10/20/36	924,476.80	1,036,746.81			(5,264.72)		919,212.08	1,048,043.59	16,561.50	0.00
GNMA	2006 ABCDE Single Family	5.13	10/05/06	10/20/36	2,169,328.26	2,413,930.56			(10,245.07)		2,159,083.19	2,444,699.60	41,014.11	0.00
GNMA	2006 ABCDE Single Family	5.38	10/17/06	10/20/36	1,746,337.24	1,944,783.45			(8,895.08)		1,737,442.16	1,968,812.00	32,923.63	0.00
GNMA	2006 ABCDE Single Family	5.13	10/17/06	10/20/36	1,963,411.45	2,184,819.88			(8,763.54)		1,954,647.91	2,213,245.02	37,188.68	0.00
GNMA	2006 ABCDE Single Family	5.63	10/24/06	10/20/36	1,165,367.61	1,307,546.84			(5,456.88)		1,159,910.73	1,323,129.26	21,039.30	0.00
GNMA	2006 ABCDE Single Family	5.38	10/24/06	10/20/36	1,796,480.29	2,000,636.62			(70,251.70)		1,726,228.59	1,956,116.97	25,732.05	0.00
GNMA	2006 ABCDE Single Family	5.13	10/24/06	10/20/36	1,885,130.60	2,099,361.35			(130,669.12)		1,754,461.48	1,988,109.73	19,417.50	0.00
GNMA	2006 ABCDE Single Family	5.38	11/02/06	11/20/36	1,607,151.12	1,789,685.33			(6,964.39)		1,600,186.73	1,813,184.21	30,463.27	0.00
GNMA	2006 ABCDE Single Family	5.13	11/02/06	10/20/36	1,326,116.86	1,476,831.94			(6,612.31)		1,319,504.55	1,495,240.09	25,020.46	0.00
GNMA	2006 ABCDE Single Family	5.63	11/14/06	11/20/36	797,614.18	894,504.88			(77,267.93)		720,346.25	821,329.94	4,092.99	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.38	11/14/06	10/20/36	1,062,221.61	1,182,871.91			(4,657.41)		1,057,564.20	1,198,340.38	20,125.88	0.00
GNMA	2006 ABCDE Single Family	5.13	11/14/06	11/20/36	1,634,056.17	1,819,798.36			(7,985.19)		1,626,070.98	1,842,663.80	30,850.63	0.00
GNMA	2006 ABCDE Single Family	5.38	11/21/06	11/20/36	1,720,279.66	1,915,834.45			(7,591.86)		1,712,687.80	1,940,831.71	32,589.12	0.00
GNMA	2006 ABCDE Single Family	5.63	11/21/06	11/20/36	220,488.56	247,274.02			(937.10)		219,551.46	250,331.63	3,994.71	0.00
GNMA	2006 ABCDE Single Family	5.13	11/21/06	11/20/36	951,630.22	1,059,807.91			(5,418.48)		946,211.74	1,072,254.86	17,865.43	0.00
GNMA	2006 ABCDE Single Family	5.38	11/28/06	11/20/36	1,373,202.48	1,529,312.15			(6,622.62)		1,366,579.86	1,548,628.80	25,939.27	0.00
GNMA	2006 ABCDE Single Family	5.63	11/28/06	11/20/36	255,875.78	286,961.89			(1,078.20)		254,797.58	290,520.83	4,637.14	0.00
GNMA	2006 ABCDE Single Family	5.13	11/28/06	11/20/36	287,422.05	319,847.40			(1,251.07)		286,170.98	324,044.73	5,448.40	0.00
GNMA	2006 ABCDE Single Family	5.38	12/12/06	12/20/36	1,097,757.14	1,224,305.02			(5,872.04)		1,091,885.10	1,239,081.80	20,648.82	0.00
GNMA	2006 ABCDE Single Family	5.63	12/12/06	12/20/36	793,913.63	890,381.71			(3,368.14)		790,545.49	901,397.46	14,383.89	0.00
GNMA	2006 ABCDE Single Family	5.13	12/12/06	11/20/36	1,533,126.22	1,707,438.85			(8,841.39)		1,524,284.83	1,727,363.30	28,765.84	0.00
GNMA	2006 ABCDE Single Family	5.38	12/27/06	12/20/36	2,375,191.81	2,645,101.44			(10,511.24)		2,364,680.57	2,679,581.61	44,991.41	0.00
GNMA	2006 ABCDE Single Family	5.63	12/27/06	12/20/36	422,352.83	473,678.99			(31,059.16)		391,293.67	446,167.60	3,547.77	0.00
GNMA	2006 ABCDE Single Family	5.13	12/27/06	12/20/36	1,397,532.69	1,555,243.22			(6,133.15)		1,391,399.54	1,575,594.26	26,484.19	0.00
GNMA	2006 ABCDE Single Family	5.38	01/10/07	12/20/36	1,431,729.76	1,594,448.13			(6,309.47)		1,425,420.29	1,615,262.64	27,123.98	0.00
GNMA	2006 ABCDE Single Family	5.63	01/09/07	12/20/36	478,021.01	536,118.64			(2,087.01)		475,934.00	542,684.16	8,652.53	0.00
GNMA	2006 ABCDE Single Family	5.38	01/09/07	12/01/36	979,620.57	1,084,107.87			(4,701.34)		974,919.23	1,097,902.19	18,495.66	0.00
GNMA	2006 ABCDE Single Family	5.38	01/16/07	12/20/36	869,895.39	968,835.54			(140,737.84)		729,157.55	826,332.31	(1,765.39)	0.00
GNMA	2006 ABCDE Single Family	5.63	01/16/07	01/20/37	715,062.89	801,979.05			(3,116.98)		711,945.91	811,806.04	12,943.97	0.00
GNMA	2006 ABCDE Single Family	5.13	01/30/07	01/20/37	1,974,881.99	2,197,823.61			(8,975.28)		1,965,906.71	2,226,236.09	37,387.76	0.00
GNMA	2006 ABCDE Single Family	5.38	01/30/07	01/20/37	1,022,308.80	1,138,603.75			(4,924.46)		1,017,384.34	1,152,992.04	19,312.75	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/07	01/20/37	335,174.56	375,919.72			(1,371.13)		333,803.43	380,628.93	6,080.34	0.00
GNMA	2006 ABCDE Single Family	5.38	02/13/07	01/20/37	1,131,877.55	1,260,653.29			(4,933.96)		1,126,943.59	1,277,170.00	21,450.67	0.00
GNMA	2006 ABCDE Single Family	5.13	02/13/07	01/20/37	790,398.02	880,323.01			(5,558.88)		784,839.14	889,461.54	14,697.41	0.00
GNMA	2006 ABCDE Single Family	5.63	02/13/07	02/20/37	188,084.92	210,952.92			(742.46)		187,342.46	213,626.30	3,415.84	0.00
GNMA	2006 ABCDE Single Family	5.38	02/20/07	02/20/37	734,095.82	817,564.97			(121,966.56)		612,129.26	693,686.93	(1,911.48)	0.00
GNMA	2006 ABCDE Single Family	5.13	02/20/07	02/20/37	804,743.16	896,310.16			(4,782.49)		799,960.67	906,608.88	15,081.21	0.00
GNMA	2006 ABCDE Single Family	5.63	02/20/07	02/20/37	255,485.66	286,550.46			(1,099.97)		254,385.69	290,077.31	4,626.82	0.00
GNMA	2006 ABCDE Single Family	5.38	03/06/07	02/20/37	518,341.49	577,285.62			(2,193.64)		516,147.85	584,924.99	9,833.01	0.00
GNMA	2006 ABCDE Single Family	5.63	03/06/07	02/20/37	161,920.81	181,611.15			(640.59)		161,280.22	183,911.06	2,940.50	0.00
GNMA	2006 ABCDE Single Family	5.63	03/20/07	02/20/37	72,987.14	81,863.81			(287.96)		72,699.18	82,901.37	1,325.52	0.00
GNMA	2006 ABCDE Single Family	5.13	03/20/07	03/20/37	800,173.44	891,246.62			(4,205.96)		795,967.48	902,110.71	15,070.05	0.00
GNMA	2006 ABCDE Single Family	5.38	03/20/07	03/20/37	659,361.67	734,354.79			(2,920.78)		656,440.89	743,925.01	12,491.00	0.00
GNMA	2006 ABCDE Single Family	5.13	03/06/07	02/20/37	389,122.23	433,065.41			(1,718.41)		387,403.82	438,720.55	7,373.55	0.00
GNMA	2006 ABCDE Single Family	5.13	04/24/07	04/20/37	1,017,553.52	1,132,525.52			(4,335.85)		1,013,217.67	1,147,493.19	19,303.52	0.00
GNMA	2006 ABCDE Single Family	5.63	04/24/07	04/20/37	491,483.80	551,280.08			(2,118.82)		489,364.98	558,062.59	8,901.33	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/07	04/20/37	555,120.14	618,279.76			(2,656.29)		552;463.85	626,113.69	10,490.22	0.00
GNMA	2006 ABCDE Single Family	5.13	03/27/07	03/20/37	590,007.98	658,094.39			(3,190.47)		586,817.51	665,998.86	11,094.94	0.00
GNMA	2006 ABCDE Single Family	5.63	03/27/07	02/20/37	200,746.90	225,163.00			(805.13)		199,941.77	228,002.00	3,644.13	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/07	03/20/37	260,149.61	289,747.36			(1,452.71)		258,696.90	293,182.74	4,888.09	0.00
GNMA	2006 ABCDE Single Family	5.38	04/10/07	03/20/37	598,292.95	666,353.14			(2,463.01)		595,829.94	675,248.69	11,358.56	0.00
GNMA	2006 ABCDE Single Family	5.13	04/10/07	03/20/37	768,215.70	855,000.71			(3,428.66)		764,787.04	866,123.86	14,551.81	0.00
GNMA	2006 ABCDE Single Family	5.63	04/10/07	03/20/37	87,181.56	97,786.82			(340.33)		86,841.23	99,030.31	1,583.82	0.00
GNMA	2006 ABCDE Single Family	5.13	05/08/07	04/20/37	382,474.44	426,027.50			(2,153.86)		380,320.58	431,057.64	7,184.00	0.00
GNMA	2006 ABCDE Single Family	5.63	05/08/07	04/20/37	133,454.53	149,693.24			(521.93)		132,932.60	151,595.69	2,424.38	0.00
GNMA	2006 ABCDE Single Family	5.38	05/08/07	05/20/37	277,724.20	309,328.01			(1,181.85)		276,542.35	313,414.06	5,267.90	0.00
GNMA	2006 ABCDE Single Family	5.38	05/22/07	05/20/37	745,651.52	830,514.28			(3,128.29)		742,523.23	841,534.83	14,148.84	0.00
GNMA	2006 ABCDE Single Family	5.13	05/22/07	05/20/37	705,307.57	785,023.11			(119,946.39)		585,361.18	662,954.92	(2,121.80)	0.00
GNMA	2006 ABCDE Single Family	5.38	06/05/07	05/20/37	587,082.43	653,906.96			(2,399.68)		584,682.75	662,655.81	11,148.53	0.00
GNMA	2006 ABCDE Single Family	5.63	06/05/07	05/20/37	138,513.05	155,371.91			(551.75)		137,961.30	157,335.09	2,514.93	0.00
GNMA	2006 ABCDE Single Family	5.13	06/05/07	05/20/37	1,426,060.19	1,587,257.70			(142,849.41)		1,283,210.78	1,453,328.42	8,920.13	0.00
GNMA	2006 ABCDE Single Family	5.38	06/19/07	05/20/37	227,993.48	253,948.14			(915.27)		227,078.21	257,364.65	4,331.78	0.00
GNMA	2006 ABCDE Single Family	5.13	06/19/07	06/20/37	708,466.20	788,562.58			(3,175.82)		705,290.38	798,805.72	13,418.96	0.00
GNMA	2006 ABCDE Single Family	5.63	06/19/07	06/20/37	273,284.30	306,551.94			(64,052.53)		209,231.77	238,618.17	(3,881.24)	0.00
GNMA	2006 ABCDE Single Family	5.38	08/07/07	07/20/37	143,756.78	160,201.10			(573.06)		143,183.72	162,360.31	2,732.27	0.00
GNMA	2006 ABCDE Single Family	5.63	08/07/07	08/20/37	712,727.33	799,884.68			(3,095.74)		709,631.59	809,696.11	12,907.17	0.00
GNMA	2006 ABCDE Single Family	5.13	08/07/07	07/20/37	1,294,157.17	1,442,300.30			(27,998.23)		1,266,158.94	1,435,837.95	21,535.88	0.00
GNMA	2006 ABCDE Single Family	5.38	07/03/07	05/20/37	718,690.71	800,515.79			(2,967.46)		715,723.25	811,192.35	13,644.02	0.00
GNMA	2006 ABCDE Single Family	5.13	07/03/07	06/20/37	389,892.33	433,977.72			(1,624.70)		388,267.63	439,754.32	7,401.30	0.00
GNMA	2006 ABCDE Single Family	5.38	07/17/07	06/20/37	466,059.24	519,130.39			(1,870.18)		464,189.06	526,116.02	8,855.81	0.00
GNMA	2006 ABCDE Single Family	5.13	07/17/07	06/20/37	286,013.98	318,357.66			(1,404.68)		284,609.30	322,354.51	5,401.53	0.00
GNMA	2006 ABCDE Single Family	5.63	11/21/07	10/20/37	63,490.46	71,262.47			(263.79)		63,226.67	72,150.18	1,151.50	0.00
GNMA	2006 ABCDE Single Family	5.38	11/21/07	10/20/37	332,084.04	370,113.72			(1,299.79)		330,784.25	375,129.37	6,315.44	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.38	09/25/07	09/20/37	893,446.97	995,704.64			(3,917.41)		889,529.56	1,008,721.34	16,934.11	0.00
GNMA	2006 ABCDE Single Family	5.13	09/25/07	09/20/37	974,063.90	1,084,780.52			(4,451.38)		969,612.52	1,098,770.64	18,441.50	0.00
GNMA	2006 ABCDE Single Family	5.63	09/25/07	08/20/37	273,827.69	307,327.85			(1,101.51)		272,726.18	311,197.49	4,971.15	0.00
GNMA	2006 ABCDE Single Family	5.63	09/25/07	09/20/37	121,716.06	136,675.19			(630.50)		121,085.56	138,234.14	2,189.45	0.00
GNMA	2006 ABCDE Single Family	5.38	10/09/07	09/20/37	930,914.90	1,037,474.49			(30,410.31)		900,504.59	1,021,253.15	14,188.97	0.00
GNMA	2006 ABCDE Single Family	5.63	10/09/07	06/20/37	92,218.52	103,501.20			(352.80)		91,865.72	104,825.02	1,676.62	0.00
GNMA	2006 ABCDE Single Family	5.13	10/09/07	09/20/37	278,914.81	310,621.66			(1,183.66)		277,731.15	314,730.73	5,292.73	0.00
GNMA	2006 ABCDE Single Family	5.38	08/23/07	08/20/37	593,709.22	661,636.93			(2,451.99)		591,257.23	670,457.86	11,272.92	0.00
GNMA	2006 ABCDE Single Family	5.13	08/23/07	07/20/37	826,164.43	920,031.98			(3,870.95)		822,293.48	931,789.23	15,628.20	0.00
GNMA	2006 ABCDE Single Family	5.38	09/11/07	09/20/37	307,028.08	342,163.50			(1,232.86)		305,795.22	346,765.08	5,834.44	0.00
GNMA	2006 ABCDE Single Family	5.63	09/11/07	08/20/37	397,954.02	446,633.97			(1,589.32)		396,364.70	452,270.77	7,226.12	0.00
GNMA	2006 ABCDE Single Family	5.13	09/11/07	08/20/37	268,342.44	298,838.07			(1,137.32)		267,205.12	302,792.93	5,092.18	0.00
GNMA	2006 ABCDE Single Family	5.38	11/28/07	11/20/37	254,447.66	283,589.72			(1,712.93)		252,734.73	286,619.69	4,742.90	0.00
GNMA	2006 ABCDE Single Family	5.13	12/11/07	11/20/37	277,985.04	309,607.77			(1,130.22)		276,854.82	313,759.50	5,281.95	0.00
GNMA	2006 ABCDE Single Family	5.38	10/25/07	10/20/37	305,677.71	340,674.45			(1,209.96)		304,467.75	345,276.16	5,811.67	0.00
GNMA	2006 ABCDE Single Family	5.13	10/25/07	10/20/37	1,057,505.17	1,177,744.25			(4,851.82)		1,052,653.35	1,192,912.83	20,020.40	0.00
GNMA	2006 ABCDE Single Family	5.63	10/25/07	09/20/36	158,438.72	177,907.38			(702.28)		157,736.44	180,071.12	2,866.02	0.00
GNMA	2006 ABCDE Single Family	5.38	10/25/07	10/20/37	662,076.64	737,877.15			(3,269.60)		658,807.04	747,108.26	12,500.71	0.00
GNMA	2006 ABCDE Single Family	5.38	11/08/07	10/20/37	560,477.75	624,655.11			(2,213.09)		558,264.66	633,098.27	10,656.25	0.00
GNMA	2006 ABCDE Single Family	5.13	11/08/07	10/20/37	385,175.40	428,976.15			(1,560.41)		383,614.99	434,734.97	7,319.23	0.00
GNMA	2006 ABCDE Single Family	5.63	01/16/08	12/20/37	60,898.77	68,357.85			(255.42)		60,643.35	69,206.64	1,104.21	0.00
GNMA	2006 ABCDE Single Family	5.38	12/28/07	11/20/37	261,108.33	291,021.81			(1,010.08)		260,098.25	294,979.15	4,967.42	0.00
GNMA	2006 ABCDE Single Family	5.63	12/28/07	12/20/37	64,307.41	72,182.62			(242.15)		64,065.26	73,110.37	1,169.90	0.00
GNMA	2006 ABCDE Single Family	5.63	12/28/07	12/20/37	575,697.61	646,198.61			(3,060.52)		572,637.09	653,485.22	10,347.13	0.00
GNMA	2006 ABCDE Single Family	5.38	12/11/07	11/20/37	835,041.14	930,691.19			(3,265.70)		831,775.44	943,306.64	15,881.15	0.00
GNMA	2006 ABCDE Single Family	5.38	12/20/07	11/20/37	72,860.74	81,207.30			(286.54)		72,574.20	82,306.25	1,385.49	0.00
GNMA	2006 ABCDE Single Family	5.13	12/20/07	12/20/37	77,634.51	86,467.06			(310.55)		77,323.96	87,632.43	1,475.92	0.00
GNMA	2006 ABCDE Single Family	5.38	01/16/08	12/20/37	44,552.05	49,660.82			(348.89)		44,203.16	50,135.81	823.88	0.00
GNMA	2006 ABCDE Single Family	5.38	01/30/08	12/20/37	86,249.12	96,133.59			(333.11)		85,916.01	97,441.44	1,640.96	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/08	12/20/37	178,079.55	199,893.90			(674.34)		177,405.21	202,458.75	3,239.19	0.00
GNMA	2006 ABCDE Single Family	5.38	02/13/08	12/20/37	144,653.39	161,245.23			(637.55)		144,015.84	163,349.21	2,741.53	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/08	01/20/38	63,900.16	71,728.10			(233.97)		63,666.19	72,657.59	1,163.46	0.00
GNMA	2006 ABCDE Single Family	5.63	02/13/08	01/20/38	184,075.77	206,628.47			(773.66)		183,302.11	209,192.29	3,337.48	0.00
GNMA	2006 ABCDE Single Family	5.38	02/19/08	12/20/37	127,192.04	141,982.44			(1,057.49)		126,134.55	143,267.16	2,342.21	0.00
GNMA	2006 ABCDE Single Family	5.63	02/19/08	01/20/38	73,141.37	82,103.03			(274.76)		72,866.61	83,159.02	1,330.75	0.00
GNMA	2006 ABCDE Single Family	5.13	02/27/08	02/20/38	177,866.51	198,117.48			(714.85)		177,151.66	200,783.60	3,380.97	0.00
GNMA	2006 ABCDE Single Family	5.38	02/27/08	02/20/38	117,029.83	130,455.99			(540.16)		116,489.67	132,130.60	2,214.77	0.00
GNMA	2006 ABCDE Single Family	5.38	03/20/08	02/20/38	228,396.50	254,586.34			(885.42)		227,511.08	258,046.09	4,345.17	0.00
GNMA	2006 ABCDE Single Family	5.13	03/20/08	10/20/37	103,166.42	114,913.24			(417.62)		102,748.80	116,456.14	1,960.52	0.00
GNMA	2006 ABCDE Single Family	5.38	03/27/08	03/20/38	197,570.01	220,227.22			(764.74)		196,805.27	223,221.37	3,758.89	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/08	04/20/38	116,815.95	130,216.43			(470.12)		116,345.83	131,966.46	2,220.15	0.00
GNMA	2006 ABCDE Single Family	5.13	04/24/08	04/20/38	331,145.66	368,871.72			(1,508.65)		329,637.01	373,634.22	6,271.15	0.00
GNMA	2006 ABCDE Single Family	5.13	04/22/08	03/20/38	122,308.79	136,338.52			(472.70)		121,836.09	138,192.97	2,327.15	0.00
GNMA	2006 ABCDE Single Family	5.63	04/22/08	03/20/38	248,622.39	279,104.09			(960.30)		247,662.09	282,663.80	4,520.01	0.00
GNMA	2006 ABCDE Single Family	5.13	05/07/08	04/20/38	273,051.26	304,162.86			(1,091.55)		271,959.71	308,262.69	5,191.38	0.00
GNMA	2006 ABCDE Single Family	5.63	05/07/08	04/20/38	218,384.20	245,699.81			(26,930.22)		191,453.98	218,802.51	32.92	0.00
GNMA	2006 ABCDE Single Family	5.38	05/14/08	04/20/38	198,957.16	221,784.68			(867.12)		198,090.04	224,689.96	3,772.40	0.00
GNMA	2006 ABCDE Single Family	5.13	05/21/08	05/20/38	392,159.19	436,849.52			(1,561.32)		390,597.87	442,745.06	7,456.86	0.00
GNMA	2006 ABCDE Single Family	5.13	06/11/08	05/20/38	246,939.64	275,086.30			(1,024.85)		245,914.79	278,751.48	4,690.03	0.00
GNMA	2006 ABCDE Single Family	5.63	07/09/08	06/20/38	282,261.89	316,895.76			(1,028.27)		281,233.62	321,008.51	5,141.02	0.00
GNMA	2006 ABCDE Single Family	5.38	07/09/08	03/20/38	95,776.64	106,771.37			(361.07)		95,415.57	108,233.85	1,823.55	0.00
GNMA	2006 ABCDE Single Family	5.13	07/16/08	06/20/38	115,230.22	128,369.36			(444.90)		114,785.32	130,117.50	2,193.04	0.00
GNMA	2006 ABCDE Single Family	5.63	06/18/08	03/20/38	27,823.17	30,913.27			(100.98)		27,722.19	31,342.93	530.64	0.00
GNMA	2006 ABCDE Single Family	5.63	06/25/08	05/20/38	176,583.34	198,246.92			(636.03)		175,947.31	200,827.90	3,217.01	0.00
GNMA	2006 ABCDE Single Family	5.38	06/25/08	05/20/38	116,586.06	127,316.68			(437.75)		116,148.31	129,120.99	2,242.06	0.00
GNMA	2006 ABCDE Single Family	5.38	07/23/08	06/20/38	320,712.53	357,537.17			(1,194.78)		319,517.75	362,451.02	6,108.63	0.00
GNMA	2006 ABCDE Single Family	5.13	08/27/08	08/20/38	240,712.89	268,173.15			(925.74)		239,787.15	271,829.57	4,582.16	0.00
GNMA	2006 ABCDE Single Family	5.63	08/13/08	07/20/38	72,323.16	81,200.42			(255.73)		72,067.43	82,263.01	1,318.32	0.00
GNMA	2006 ABCDE Single Family	5.38	08/13/08	07/20/38	157,760.85	175,879.48			(581.64)		157,179.21	178,303.60	3,005.76	0.00
GNMA	2006 ABCDE Single Family	5.13	08/13/08	07/20/38	247,171.10	275,363.38			(1,005.88)		246,165.22	279,054.85	4,697.35	0.00
GNMA	2006 ABCDE Single Family	5.13	09/10/08	09/20/38	404,392.52	450,532.95			(3,166.16)		401,226.36	454,849.51	7,482.72	0.00
GNMA	2006 ABCDE Single Family	5.13	09/24/08	08/20/38	119,750.62	133,415.43			(470.01)		119,280.61	135,223.59	2,278.17	0.00
GNMA	2006 ABCDE Single Family	5.38	09/24/08	09/20/38	104,688.40	116,717.36			(384.32)		104,304.08	118,328.06	1,995.02	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.13	10/15/08	08/20/38	123,547.01	137,647.95			(474.24)		123,072.77	139,525.60	2,351.89	0.00
GNMA	2006 ABCDE Single Family	5.13	10/15/08	09/20/38	65,359.97	72,820.00			(269.40)		65,090.57	73,792.35	1,241.75	0.00
GNMA	2006 ABCDE Single Family	5.13	11/12/08	10/20/38	274,072.25	305,363.78			(1,048.04)		273,024.21	309,533.73	5,217.99	0.00
GNMA	2006 ABCDE Single Family	5.13	11/25/08	09/20/38	132,525.87	147,658.30			(518.13)		132,007.74	149,661.65	2,521.48	0.00
GNMA	2006 ABCDE Single Family	5.38	11/25/08	11/20/38	468,281.40	522,123.99			(1,743.30)		466,538.10	529,301.24	8,920.55	0.00
GNMA	2006 ABCDE Single Family	5.63	12/10/08	10/20/38	128,783.84	144,610.21			(451.44)		128,332.40	146,506.92	2,348.15	0.00
GNMA	2006 ABCDE Single Family	5.38	12/10/08	11/20/38	157,955.16	176,119.42			(565.49)		157,389.67	178,565.97	3,012.04	0.00
GNMA	2006 ABCDE Single Family	5.13	12/10/08	11/20/38	333,976.02	372,118.59			(2,516.15)		331,459.87	375,795.35	6,192.91	0.00
GNMA	2006 ABCDE Single Family	5.38	12/17/08	11/20/38	197,868.69	220,624.39			(791.61)		197,077.08	223,594.75	3,761.97	0.00
GNMA	2006 ABCDE Single Family	5.25	12/17/08	12/20/38	404,564.84	450,933.25			(1,822.39)		402,742.45	456,775.97	7,665.11	0.00
GNMA	2006 ABCDE Single Family	5.25	12/17/08	11/20/38	119,666.26	133,381.17			(438.52)		119,227.74	135,223.41	2,280.76	0.00
GNMA	2006 ABCDE Single Family	5.25	12/17/08	12/20/38	275,001.61	306,520.36			(1,052.89)		273,948.72	310,702.73	5,235.26	0.00
GNMA	2006 ABCDE Single Family	5.13	12/17/08	12/20/38	212,909.77	237,228.01			(796.74)		212,113.03	240,487.29	4,056.02	0.00
GNMA	2006 ABCDE Single Family	5.25	12/17/08	11/20/38	279,128.83	311,119.66			(1,024.23)		278,104.60	315,415.22	5,319.79	0.00
GNMA	2006 ABCDE Single Family	5.25	12/23/08	12/20/38	579,221.91	645,612.21			(2,125.59)		577,096.32	654,525.81	11,039.19	0.00
GNMA	2006 ABCDE Single Family	5.25	12/23/08	10/20/38	122,997.96	137,095.25			(452.48)		122,545.48	138,986.65	2,343.88	0.00
GNMA	2006 ABCDE Single Family	5.13	12/30/08	12/20/38	80,315.66	89,490.34			(299.25)		80,016.41	90,721.31	1,530.22	0.00
GNMA	2006 ABCDE Single Family	5.38	12/30/08	11/20/38	129,115.55	143,966.40			(567.42)		128,548.13	145,846.81	2,447.83	0.00
GNMA	2006 ABCDE Single Family	5.25	12/30/08	12/20/38	92,596.60	103,210.73			(346.44)		92,250.16	104,628.17	1,763.88	0.00
GNMA	2006 ABCDE Single Family	5.15	12/30/08	12/20/38	256,236.14	285,527.59			(950.94)		255,285.20	289,459.07	4,882.42	0.00
FNMA	2006 ABCDE Single Family	5.38	08/09/06	08/01/36	538,415.32	596,467.57			(3,289.93)		535,125.39	597,252.62	4,074.98	0.00
FNMA	2006 ABCDE Single Family	5.13	08/10/06	07/01/36	347,510.68	381,817.50			(1,841.95)		345,668.73	382,603.51	2,627.96	0.00
FNMA	2006 ABCDE Single Family	5.38	08/23/06	08/01/36	192,210.84	212,915.16			(1,694.89)		190,515.95	212,627.95	1,407.68	0.00
FNMA	2006 ABCDE Single Family	5.63	08/23/06	08/01/36	375,826.91	418,019.48			(1,621.91)		374,205.00	419,361.48	2,963.91	0.00
FNMA	2006 ABCDE Single Family	5.13	08/23/06	08/01/36	557,083.11	611,938.66			(5,521.80)		551,561.31	610,339.35	3,922.49	0.00
FNMA	2006 ABCDE Single Family	5.38	09/06/06	09/01/36	898,810.85	995,138.47			(4,495.40)		894,315.45	997,384.82	6,741.75	0.00
FNMA	2006 ABCDE Single Family	5.63	09/06/06	08/01/36	342,452.70	380,766.24			(1,427.22)		341,025.48	381,892.69	2,553.67	0.00
FNMA	2006 ABCDE Single Family	5.13	09/12/06	09/01/36	947,606.40	1,039,068.98			(4,362.36)		943,244.04	1,042,662.51	7,955.89	0.00
FNMA	2006 ABCDE Single Family	5.38	09/12/06	09/01/36	431,021.66	477,800.55			(2,897.86)		428,123.80	478,059.10	3,156.41	0.00
FNMA	2006 ABCDE Single Family	5.63	09/20/06	09/01/36	264,978.03	294,626.13			(1,110.82)		263,867.21	295,490.49	1,975.18	0.00
FNMA	2006 ABCDE Single Family	5.38	09/20/06	09/01/36	493,226.00	546,361.69			(6,559.08)		486,666.92	543,178.60	3,375.79	0.00
FNMA	2006 ABCDE Single Family	5.13	09/20/06	09/01/36	347,424.48	380,959.33			(1,670.96)		345,753.52	382,197.72	2,909.35	0.00
FNMA	2006 ABCDE Single Family	5.38	09/26/06	09/01/36	460,387.62	509,529.09			(2,363.19)		458,024.43	510,484.46	3,318.56	0.00
FNMA	2006 ABCDE Single Family	5.38	10/05/06	09/01/36	975,259.72	1,079,253.81			(4,370.97)		970,888.75	1,081,732.41	6,849.57	0.00
FNMA	2006 ABCDE Single Family	5.63	10/17/06	09/01/36	509,365.36	566,414.46			(2,135.93)		507,229.43	568,131.16	3,852.63	0.00
FNMA	2006 ABCDE Single Family	5.13	10/17/06	10/01/36	1,101,583.52	1,210,560.28			(108,388.17)		993,195.35	1,099,322.63	(2,849.48)	0.00
FNMA	2006 ABCDE Single Family	5.38	10/17/06	10/01/36	770,149.87	853,253.14			(4,819.51)		765,330.36	854,210.64	5,777.01	0.00
FNMA	2006 ABCDE Single Family	5.38	10/24/06	11/01/36	1,632,623.62	1,807,998.05			(8,672.30)		1,623,951.32	1,811,462.50	12,136.75	0.00
FNMA	2006 ABCDE Single Family	5.38	11/02/06	11/01/36	1,231,477.59	1,363,765.56			(6,860.35)		1,224,617.24	1,366,244.40	9,339.19	0.00
FNMA	2006 ABCDE Single Family	5.63	11/02/06	10/01/36	273,021.58	303,542.25			(1,135.89)		271,885.69	304,429.03	2,022.67	0.00
FNMA	2006 ABCDE Single Family	5.13	11/02/06	10/01/36	469,372.71	515,809.62			(4,131.12)		465,241.59	515,079.28	3,400.78	0.00
FNMA	2006 ABCDE Single Family	5.38	11/14/06	11/01/36	1,096,839.64	1,213,943.56			(5,416.12)		1,091,423.52	1,216,249.98	7,722.54	0.00
FNMA	2006 ABCDE Single Family	5.63	11/14/06	11/01/36	361,986.70	402,746.21			(1,690.65)		360,296.05	404,097.40	3,041.84	0.00
FNMA	2006 ABCDE Single Family	5.13	11/14/06	11/01/36	359,781.95	394,519.42			(1,655.91)		358,126.04	395,884.24	3,020.73	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/06	10/01/36	401,865.12	444,597.10			(2,021.49)		399,843.63	445,297.26	2,721.65	0.00
FNMA	2006 ABCDE Single Family	5.63	11/21/06	11/01/36	232,862.74	258,924.73			(40,992.14)		191,870.60	214,805.90	(3,126.69)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/21/06	11/01/36	221,198.66	243,129.60			(1,640.93)		219,557.73	243,103.92	1,615.25	0.00
FNMA	2006 ABCDE Single Family	5.38	11/28/06	11/01/36	279,120.82	308,827.68			(1,210.12)		277,910.70	309,546.29	1,928.73	0.00
FNMA	2006 ABCDE Single Family	5.13	11/28/06	11/01/36	107,693.13	118,046.34			(484.66)		107,208.47	118,475.72	914.04	0.00
FNMA	2006 ABCDE Single Family	5.63	11/28/06	11/01/36	149,792.81	166,758.18			(91,051.05)		58,741.76	65,753.55	(9,953.58)	0.00
FNMA	2006 ABCDE Single Family	5.38	12/12/06	11/01/36	333,058.96	368,448.10			(1,672.82)		331,386.14	369,061.34	2,286.06	0.00
FNMA	2006 ABCDE Single Family	5.63	12/12/06	11/01/36	299,933.21	333,709.33			(1,473.00)		298,460.21	334,747.95	2,511.62	0.00
FNMA	2006 ABCDE Single Family	5.13	12/12/06	11/01/36	329,581.61	361,181.33			(2,925.09)		326,656.52	360,643.27	2,387.03	0.00
FNMA	2006 ABCDE Single Family	5.38	12/27/06	11/01/36	1,123,292.87	1,243,366.44			(5,345.26)		1,117,947.61	1,246,042.25	8,021.07	0.00
FNMA	2006 ABCDE Single Family	5.63	12/27/06	12/01/36	322,016.20	358,314.27			(1,808.20)		320,208.00	359,210.24	2,704.17	0.00
FNMA	2006 ABCDE Single Family	5.13	12/27/06	10/01/36	233,660.33	256,388.70			(1,128.71)		232,531.62	257,173.11	1,913.12	0.00
FNMA	2006 ABCDE Single Family	5.38	01/09/07	12/01/36	933,520.20	1,034,037.27			(6,170.02)		927,350.18	1,034,963.73	7,096.48	0.00
FNMA	2006 ABCDE Single Family	5.63	01/09/07	12/01/36	235,362.83	261,778.74			(1,215.22)		234,147.61	262,471.28	1,907.76	0.00
FNMA	2006 ABCDE Single Family	5.13	01/09/07	12/01/36	237,679.03	260,502.29			(1,055.63)		236,623.40	261,437.35	1,990.69	0.00
FNMA	2006 ABCDE Single Family	5.38	01/30/07	12/01/36	973,053.59	1,082,509.32			(4,228.21)		968,825.38	1,084,841.86	6,560.75	0.00
FNMA	2006 ABCDE Single Family	5.63	01/30/07	12/01/36	810,849.56	901,626.18			(4,459.37)		806,390.19	903,254.05	6,087.24	0.00
FNMA	2006 ABCDE Single Family	5.13	01/30/07	01/01/37	180,229.62	197,956.39			(1,081.04)		179,148.58	198,239.59	1,364.24	0.00
FNMA	2006 ABCDE Single Family	5.38	02/13/07	01/01/37	615,658.44	682,158.49			(8,391.99)		607,266.45	677,930.04	4,163.54	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
FNMA	2006 ABCDE Single Family	5.63	02/13/07	01/01/37	308,083.74	342,636.02			(1,827.53)		306,256.21	343,111.17	2,302.68	0.00
FNMA	2006 ABCDE Single Family	5.13	02/13/07	01/01/37	346,262.40	380,015.82			(1,652.24)		344,610.16	381,138.60	2,775.02	0.00
FNMA	2006 ABCDE Single Family	5.38	02/20/07	01/01/37	281,969.80	311,915.15			(1,206.61)		280,763.19	312,611.52	1,902.98	0.00
FNMA	2006 ABCDE Single Family	5.63	02/20/07	01/01/37	424,962.55	472,393.53			(1,744.39)		423,218.16	473,754.00	3,104.86	0.00
FNMA	2006 ABCDE Single Family	5.13	02/20/07	01/01/37	433,547.87	475,244.73			(1,955.30)		431,592.57	476,969.30	3,679.87	0.00
FNMA	2006 ABCDE Single Family	5.38	03/06/07	02/01/37	530,588.88	587,186.19			(5,844.52)		524,744.36	585,017.00	3,675.33	0.00
FNMA	2006 ABCDE Single Family	5.63	03/06/07	02/01/37	155,100.29	172,356.69			(669.81)		154,430.48	172,793.12	1,106.24	0.00
FNMA	2006 ABCDE Single Family	5.13	03/20/07	09/01/36	70,280.41	77,620.93			(789.47)		69,490.94	77,287.94	456.48	0.00
FNMA	2006 ABCDE Single Family	5.63	03/20/07	02/01/37	113,221.33	126,635.09			(476.72)		112,744.61	127,001.86	843.49	0.00
FNMA	2006 ABCDE Single Family	5.38	03/20/07	09/01/36	112,605.54	124,922.01			(618.39)		111,987.15	125,131.47	827.85	0.00
FNMA	2006 ABCDE Single Family	5.13	03/27/07	03/01/37	296,531.28	325,443.50			(78,976.33)		217,554.95	240,642.32	(5,824.85)	0.00
FNMA	2006 ABCDE Single Family	5.38	04/10/07	03/01/37	932,128.61	1,030,891.79			(4,106.24)		928,022.37	1,032,904.69	6,119.14	0.00
FNMA	2006 ABCDE Single Family	5.63	04/10/07	03/01/37	107,914.99	120,063.31			(517.26)		107,397.73	120,560.17	1,014.12	0.00
FNMA	2006 ABCDE Single Family	5.13	04/10/07	03/01/37	709,716.69	777,950.41			(121,140.40)		588,576.29	650,402.12	(6,407.89)	0.00
FNMA	2006 ABCDE Single Family	5.38	04/24/07	04/01/37	1,118,947.94	1,237,817.58			(5,010.97)		1,113,936.97	1,240,332.98	7,526.37	0.00
FNMA	2006 ABCDE Single Family	5.13	04/24/07	04/01/37	315,428.52	346,482.38			(1,572.50)		313,856.02	347,315.73	2,405.85	0.00
FNMA	2006 ABCDE Single Family	5.63	04/24/07	04/01/37	111,416.54	123,881.55			(465.44)		110,951.10	124,241.33	825.22	0.00
FNMA	2006 ABCDE Single Family	5.13	05/08/07	04/01/37	240,480.07	263,492.68			(1,028.35)		239,451.72	264,393.86	1,929.53	0.00
FNMA	2006 ABCDE Single Family	5.38	05/22/07	04/01/37	219,405.10	242,696.13			(929.53)		218,475.57	243,202.41	1,435.81	0.00
FNMA	2006 ABCDE Single Family	5.13	05/22/07	04/01/37	99,155.28	108,683.25			(473.99)		98,681.29	109,036.24	826.98	0.00
FNMA	2006 ABCDE Single Family	5.38	06/05/07	05/01/37	318,335.38	352,281.47			(1,811.70)		316,523.68	352,699.64	2,229.87	0.00
FNMA	2006 ABCDE Single Family	5.63	06/05/07	05/01/37	119,650.33	132,940.55			(626.13)		119,024.20	133,141.67	827.25	0.00
FNMA	2006 ABCDE Single Family	5.13	06/05/07	04/01/37	403,836.23	442,867.28			(130,076.56)		273,759.67	302,735.21	(10,055.51)	0.00
FNMA	2006 ABCDE Single Family	5.38	06/19/07	05/01/37	351,862.79	390,414.44			(2,519.02)		349,343.77	390,388.84	2,493.42	0.00
FNMA	2006 ABCDE Single Family	5.63	07/03/07	07/01/37	213,361.65	237,038.51			(840.29)		212,521.36	237,695.82	1,497.60	0.00
FNMA	2006 ABCDE Single Family	5.13	07/03/07	06/01/37	359,033.85	394,580.87			(2,903.52)		356,130.33	394,302.30	2,624.95	0.00
FNMA	2006 ABCDE Single Family	5.38	08/07/07	07/01/37	1,553,603.61	1,727,076.05			(8,738.51)		1,544,865.10	1,728,981.66	10,644.12	0.00
FNMA	2006 ABCDE Single Family	5.63	08/07/07	07/01/37	159,402.41	178,294.45			(804.53)		158,597.88	178,820.95	1,331.03	0.00
FNMA	2006 ABCDE Single Family	5.13	08/07/07	08/01/37	1,276,679.28	1,405,069.42			(5,394.43)		1,271,284.85	1,409,888.44	10,213.45	0.00
FNMA	2006 ABCDE Single Family	5.13	08/29/07	08/01/37	401,525.22	441,941.29			(1,712.90)		399,812.32	443,456.43	3,230.04	0.00
FNMA	2006 ABCDE Single Family	5.38	08/23/07	07/01/37	597,327.59	663,894.19			(4,030.53)		593,297.06	663,799.29	3,935.63	0.00
FNMA	2006 ABCDE Single Family	5.38	09/11/07	08/01/37	519,578.37	577,161.38			(2,252.62)		517,325.75	578,273.81	3,365.05	0.00
FNMA	2006 ABCDE Single Family	5.13	09/11/07	09/01/37	167,579.47	184,656.26			(1,029.26)		166,550.21	184,993.44	1,366.44	0.00
FNMA	2006 ABCDE Single Family	5.63	09/11/07	08/01/37	203,690.18	227,324.74			(800.07)		202,890.11	227,957.88	1,433.21	0.00
FNMA	2006 ABCDE Single Family	5.38	09/25/07	09/01/37	1,029,730.63	1,143,671.90			(4,557.10)		1,025,173.53	1,145,670.44	6,555.64	0.00
FNMA	2006 ABCDE Single Family	5.63	09/25/07	07/01/37	64,731.66	72,437.13			(313.34)		64,418.32	72,637.87	514.08	0.00
FNMA	2006 ABCDE Single Family	5.13	09/25/07	09/01/37	782,594.59	861,492.03			(3,790.49)		778,804.10	864,050.30	6,348.76	0.00
FNMA	2006 ABCDE Single Family	5.38	10/09/07	08/01/37	69,855.95	77,562.31			(276.82)		69,579.13	77,720.71	435.22	0.00
FNMA	2006 ABCDE Single Family	5.13	10/09/07	09/01/37	459,510.43	505,637.74			(1,890.17)		457,620.26	507,332.88	3,585.31	0.00
FNMA	2006 ABCDE Single Family	5.63	10/09/07	09/01/37	188,067.02	209,850.66			(728.80)		187,338.22	210,425.76	1,303.90	0.00
FNMA	2006 ABCDE Single Family	5.38	10/25/07	10/01/37	1,363,910.94	1,514,871.04			(129,341.11)		1,234,569.83	1,379,716.37	(5,813.56)	0.00
FNMA	2006 ABCDE Single Family	5.13	10/25/07	10/01/37	697,439.93	769,286.24			(3,629.39)		693,810.54	771,034.37	5,377.52	0.00
FNMA	2006 ABCDE Single Family	5.38	11/08/07	09/01/37	611,055.15	679,340.58			(3,523.88)		607,531.27	680,103.22	4,286.52	0.00
FNMA	2006 ABCDE Single Family	5.13	11/08/07	10/01/37	280,456.14	309,565.91			(1,552.49)		278,903.65	310,133.01	2,119.59	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/07	10/01/37	396,660.56	440,501.39			(1,974.45)		394,686.11	441,038.82	2,511.88	0.00
FNMA	2006 ABCDE Single Family	5.13	11/21/07	09/01/37	374,987.43	412,761.84			(1,588.67)		373,398.76	414,191.04	3,017.87	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/07	11/01/37	517,809.86	574,995.43			(2,286.95)		515,522.91	575,917.87	3,209.39	0.00
FNMA	2006 ABCDE Single Family	5.38	12/11/07	10/01/37	807,570.32	896,914.70			(3,352.61)		804,217.71	898,681.13	5,119.04	0.00
FNMA	2006 ABCDE Single Family	5.13	12/11/07	11/01/37	260,232.39	286,359.09			(1,085.63)		259,146.76	287,299.46	2,026.00	0.00
FNMA	2006 ABCDE Single Family	5.38	12/11/07	11/01/37	281,031.15	312,381.92			(2,149.92)		278,881.23	312,154.43	1,922.43	0.00
FNMA	2006 ABCDE Single Family	5.13	12/11/07	12/01/37	376,403.95	414,662.35			(67,977.68)		308,426.27	342,543.76	(4,140.91)	0.00
FNMA	2006 ABCDE Single Family	5.13	12/20/07	11/01/37	127,807.14	140,677.04			(542.11)		127,265.03	141,157.08	1,022.15	0.00
FNMA	2006 ABCDE Single Family	5.38	12/20/07	10/01/37	70,498.20	78,472.52			(337.24)		70,160.96	78,672.98	537.70	0.00
FNMA	2006 ABCDE Single Family	5.63	12/28/07	10/01/37	1,034,888.04	1,155,077.65			(159,772.41)		875,115.63	983,481.49	(11,823.75)	0.00
FNMA	2006 ABCDE Single Family	5.13	01/16/08	12/01/37	321,856.30	354,148.84			(1,306.04)		320,550.26	355,343.40	2,500.60	0.00
FNMA	2006 ABCDE Single Family	5.13	01/30/08	12/01/37	175,469.26	193,312.09			(1,037.36)		174,431.90	193,717.42	1,442.69	0.00
FNMA	2006 ABCDE Single Family	5.38	01/30/08	11/01/37	62,824.50	69,749.56			(243.59)		62,580.91	69,893.09	387.12	0.00
FNMA	2006 ABCDE Single Family				85,822.49	94,806.64			(85,822.49)				(8,984.15)	0.00
FNMA	2006 ABCDE Single Family	5.13	02/13/08	01/01/38	107,904.97	118,723.51			(430.77)		107,474.20	119,128.67	835.93	0.00
FNMA	2006 ABCDE Single Family	5.38	02/19/08	12/01/37	101,708.92	112,915.31			(392.81)		101,316.11	113,147.28	624.78	0.00
FNMA	2006 ABCDE Single Family	5.13	02/19/08	01/01/38	233,747.10	257,391.46			(1,614.09)		232,133.01	257,753.82	1,976.45	0.00
FNMA	2006 ABCDE Single Family	5.13	02/27/08	02/01/38	72,029.36	79,249.25			(285.86)		71,743.50	79,519.42	556.03	0.00
FNMA	2006 ABCDE Single Family	5.38	03/20/08	11/01/37	247,764.87	275,382.05			(1,318.02)		246,446.85	275,746.02	1,681.99	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
FNMA	2006 ABCDE Single Family	5.13	04/08/08	03/01/38	152,611.25	168,712.23			(1,068.26)		151,542.99	168,674.33	1,030.36	0.00
FNMA	2006 ABCDE Single Family	5.63	04/15/08	12/01/37	136,585.07	152,775.35			(1,911.91)		134,673.16	151,879.39	1,015.95	0.00
FNMA	2006 ABCDE Single Family	5.38	04/15/08	01/01/38	122,276.80	135,747.40			(467.96)		121,808.84	136,028.64	749.20	0.00
FNMA	2006 ABCDE Single Family	5.13	04/15/08	04/01/38	113,143.04	124,478.19			(445.47)		112,697.57	124,903.14	870.42	0.00
FNMA	2006 ABCDE Single Family	5.38	04/29/08	04/01/38	151,818.98	168,896.77			(754.53)		151,064.45	169,248.75	1,106.51	0.00
GNMA	2006 ABCDE Single Family	6.15	11/12/02	11/20/32	2,302.96	2,578.16			(12.34)		2,290.62	2,607.09	41.27	0.00
GNMA	2006 ABCDE Single Family	5.40	11/12/02	10/20/32	8,546.72	9,393.23			(50.37)		8,496.35	9,507.78	164.92	0.00
GNMA	2006 ABCDE Single Family	6.15	01/10/03	09/20/32	8,187.62	9,166.01			(55.02)		8,132.60	9,256.21	145.22	0.00
GNMA	2006 ABCDE Single Family	5.40	09/26/02	09/20/32	10,283.37	11,331.69			(70.77)		10,212.60	11,457.92	197.00	0.00
GNMA	2006 ABCDE Single Family	6.15	10/10/02	09/20/32	5,245.15	5,871.83			(32.00)		5,213.15	5,933.31	93.48	0.00
GNMA	2006 ABCDE Single Family	5.40	10/10/02	09/20/32	3,222.62	3,541.67			(18.83)		3,203.79	3,585.05	62.21	0.00
GNMA	2006 ABCDE Single Family	6.15	10/21/02	10/20/32	7,682.95	8,609.16			(291.99)		7,390.96	8,419.96	102.79	0.00
GNMA	2006 ABCDE Single Family	6.15	10/29/02	10/20/32	5,861.19	6,561.58			(34.52)		5,826.67	6,631.69	104.63	0.00
GNMA	2006 ABCDE Single Family	5.40	10/29/02	09/20/32	2,447.66	2,700.83			(23.50)		2,424.16	2,723.36	46.03	0.00
GNMA	2006 ABCDE Single Family	5.40	11/05/02	09/20/32	6,297.89	6,940.08			(52.18)		6,245.71	7,007.47	119.57	0.00
GNMA	2006 ABCDE Single Family	6.15	11/19/02	11/20/32	3,783.64	4,235.89			(19.70)		3,763.94	4,284.10	67.91	0.00
GNMA	2006 ABCDE Single Family	5.40	11/19/02	11/20/32	4,579.83	5,033.49			(32.67)		4,547.16	5,088.52	87.70	0.00
GNMA	2006 ABCDE Single Family	6.15	11/26/02	11/20/32	13,992.80	15,665.37			(90.71)		13,902.09	15,823.33	248.67	0.00
GNMA	2006 ABCDE Single Family	5.40	11/26/02	11/20/32	3,933.93	4,335.21			(33.03)		3,900.90	4,376.81	74.63	0.00
GNMA	2006 ABCDE Single Family	6.15	11/26/02	11/20/32	4,719.17	5,283.23			(26.34)		4,692.83	5,341.35	84.46	0.00
GNMA	2006 ABCDE Single Family	5.40	11/26/02	11/20/32	2,409.25	2,651.43			(29.75)		2,379.50	2,669.77	48.09	0.00
GNMA	2006 ABCDE Single Family	5.40	12/12/02	12/20/32	4,783.96	5,272.05			(32.27)		4,751.69	5,331.51	91.73	0.00
GNMA	2006 ABCDE Single Family	6.15	12/30/02	12/20/32	2,899.71	3,246.43			(19.61)		2,880.10	3,278.25	51.43	0.00
GNMA	2006 ABCDE Single Family	5.40	12/30/02	12/20/32	9,464.16	10,402.03			(54.81)		9,409.35	10,529.95	182.73	0.00
GNMA	2006 ABCDE Single Family	6.15	12/30/02	12/20/32	5,518.09	6,177.86			(34.41)		5,483.68	6,241.70	98.25	0.00
GNMA	2006 ABCDE Single Family	5.40	12/30/02	12/20/32	4,677.17	5,140.71			(26.68)		4,650.49	5,204.39	90.36	0.00
GNMA	2006 ABCDE Single Family	6.15	01/07/03	12/20/32	2,788.86	3,122.30			(15.61)		2,773.25	3,156.59	49.90	0.00
GNMA	2006 ABCDE Single Family	6.15	01/23/03	01/20/33	18,181.24	20,355.52			(119.34)		18,061.90	20,559.12	322.94	0.00
GNMA	2006 ABCDE Single Family	5.40	01/23/03	01/20/33	4,561.25	5,013.34			(26.03)		4,535.22	5,075.43	88.12	0.00
GNMA	2006 ABCDE Single Family	6.15	01/23/03	01/20/33	4,899.67	5,485.58			(38.77)		4,860.90	5,532.91	86.10	0.00
GNMA	2006 ABCDE Single Family	6.15	01/30/03	01/20/33	4,782.20	5,354.10			(34.60)		4,747.60	5,403.98	84.48	0.00
GNMA	2006 ABCDE Single Family	5.40	01/30/03	01/20/33	10,511.73	11,569.19			(63.83)		10,447.90	11,707.88	202.52	0.00
GNMA	2006 ABCDE Single Family	6.15	02/12/03	02/20/33	8,687.96	9,727.10			(71.79)		8,616.17	9,807.59	152.28	0.00
GNMA	2006 ABCDE Single Family	6.15	02/20/03	02/20/33	7,916.85	8,863.79			(46.60)		7,870.25	8,958.55	141.36	0.00
GNMA	2006 ABCDE Single Family	5.40	03/03/03	03/20/33	5,423.84	5,961.66			(30.33)		5,393.51	6,036.20	104.87	0.00
GNMA	2006 ABCDE Single Family	6.15	02/27/03	02/20/33	15,551.77	17,412.09			(79.88)		15,471.89	17,611.48	279.27	0.00
GNMA	2006 ABCDE Single Family	6.15	03/12/03	02/20/33	11,957.32	13,387.78			(65.50)		11,891.82	13,536.45	214.17	0.00
GNMA	2006 ABCDE Single Family	6.15	03/24/03	03/20/33	7,237.59	8,103.57			(39.21)		7,198.38	8,194.05	129.69	0.00
GNMA	2006 ABCDE Single Family	6.15	04/02/03	04/20/33	2,089.43	2,339.45			(10.49)		2,078.94	2,366.52	37.56	0.00
GNMA	2006 ABCDE Single Family				4,619.30	5,172.00			(4,619.30)				(552.70)	0.00
GNMA	2006 ABCDE Single Family	6.15	04/10/03	03/20/33	10,841.19	12,138.42			(4,126.04)		6,715.15	7,644.04	(368.34)	0.00
GNMA	2006 ABCDE Single Family	6.15	04/24/03	04/20/33	5,242.45	5,869.85			(26.49)		5,215.96	5,937.55	94.19	0.00
GNMA	2006 ABCDE Single Family	6.15	04/29/03	03/20/33	4,075.91	4,563.69			(26.81)		4,049.10	4,609.26	72.38	0.00
GNMA	2006 ABCDE Single Family	6.15	05/08/03	04/20/33	3,903.56	4,370.77			(20.41)		3,883.15	4,420.41	70.05	0.00
GNMA	2006 ABCDE Single Family	6.15	06/19/03	05/20/33	1,423.67	1,591.90			(17.58)		1,406.09	1,598.52	24.20	0.00
GNMA	2006 ABCDE Single Family	6.15	07/17/03	07/20/33	2,410.21	2,698.87			(12.73)		2,397.48	2,729.38	43.24	0.00
GNMA	2006 ABCDE Single Family	6.15	07/24/03	07/20/33	4,056.21	4,541.98			(21.19)		4,035.02	4,593.59	72.80	0.00
GNMA	2006 ABCDE Single Family	6.15	07/30/03	07/30/33	2,258.48	2,529.03			(11.21)		2,247.27	2,558.43	40.61	0.00
GNMA	2006 ABCDE Single Family	6.15	09/29/03	09/20/33	2,771.53	3,103.68			(13.65)		2,757.88	3,139.89	49.86	0.00
GNMA	2006 ABCDE Single Family	6.15	10/09/03	08/20/33	2,705.96	3,030.22			(13.35)		2,692.61	3,065.55	48.68	0.00
GNMA	2006 ABCDE Single Family	6.15	03/11/04	03/20/34	2,955.76	3,373.87			(13.70)		2,942.06	3,362.07	1.90	0.00
GNMA	2006 ABCDE Single Family	5.40	07/08/04	06/20/34	16,525.82	18,404.17			(88.53)		16,437.29	18,626.16	310.52	0.00
GNMA	2006 ABCDE Single Family	5.40	06/17/04	06/20/34	12,415.70	13,826.67			(64.19)		12,351.51	13,996.08	233.60	0.00
GNMA	2006 ABCDE Single Family	5.40	09/09/04	09/20/34	30,136.74	33,535.61			(155.82)		29,980.92	33,946.99	567.20	0.00
GNMA	2006 ABCDE Single Family	5.40	09/16/04	09/20/34	24,366.84	27,115.09			(121.77)		24,245.07	27,452.51	459.19	0.00
GNMA	2006 ABCDE Single Family	5.40	07/15/04	07/20/34	5,096.54	5,675.84			(26.95)		5,069.59	5,744.70	95.81	0.00
GNMA	2006 ABCDE Single Family	5.40	07/29/04	07/20/34	8,796.47	9,796.42			(45.30)		8,751.17	9,916.65	165.53	0.00
GNMA	2006 ABCDE Single Family	5.40	08/05/04	08/20/34	9,120.10	10,157.01			(4,714.04)		4,406.06	4,988.76	(454.21)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/12/04	08/20/34	27,721.19	30,873.05			(140.43)		27,580.76	31,254.60	521.98	0.00
GNMA	2006 ABCDE Single Family	5.40	08/20/04	08/20/34	4,971.29	5,543.90			(35.92)		4,935.37	5,600.11	92.13	0.00
GNMA	2006 ABCDE Single Family	5.40	12/02/04	12/20/34	4,809.00	5,356.33			(24.34)		4,784.66	5,422.54	90.55	0.00
GNMA	2006 ABCDE Single Family	5.40	10/14/04	10/20/34	21,321.89	23,727.29			(7,880.74)		13,441.15	15,219.66	(626.89)	0.00
GNMA	2006 ABCDE Single Family	5.40	10/21/04	10/20/34	52,697.87	58,693.19			(322.11)		52,375.76	59,356.05	984.97	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	4.49	10/21/04	10/20/34	14,830.20	15,872.12			(86.35)		14,743.85	16,189.90	404.13	0.00
GNMA	2006 ABCDE Single Family	5.40	10/28/04	10/20/34	11,915.01	13,259.33			(61.93)		11,853.08	13,421.63	224.23	0.00
GNMA	2006 ABCDE Single Family	4.49	10/29/04	10/20/34	26,178.79	27,972.82			(160.45)		26,018.34	28,525.24	712.87	0.00
GNMA	2006 ABCDE Single Family	4.49	11/04/04	10/20/34	80,117.76	85,608.53			(601.96)		79,515.80	87,177.59	2,171.02	0.00
GNMA	2006 ABCDE Single Family	5.40	11/04/04	11/20/34	11,446.84	12,738.46			(57.10)		11,389.74	12,897.08	215.72	0.00
GNMA	2006 ABCDE Single Family	4.49	11/10/04	11/20/34	24,563.21	26,246.90			(163.23)		24,399.98	26,751.33	667.66	0.00
GNMA	2006 ABCDE Single Family	5.40	11/10/04	11/20/34	3,166.29	3,523.53			(15.51)		3,150.78	3,567.74	59.72	0.00
GNMA	2006 ABCDE Single Family	4.49	11/18/04	11/20/34	21,810.44	23,305.55			(127.42)		21,683.02	23,772.67	594.54	0.00
FNMA	2006 ABCDE Single Family	5.40	08/14/03	09/01/32	2,616.42	2,853.48			(16.38)		2,600.04	2,865.14	28.04	0.00
FNMA	2006 ABCDE Single Family	6.15	08/14/03	12/01/31	2,332.61	2,617.46			(62.10)		2,270.51	2,568.34	12.98	0.00
FNMA	2006 ABCDE Single Family	6.15	04/15/04	02/01/34	4,822.29	5,542.99			(22.70)		4,799.59	5,448.71	(71.58)	0.00
FNMA	2006 ABCDE Single Family	5.40	10/28/04	10/01/34	9,161.93	10,160.45			(48.18)		9,113.75	10,180.88	68.61	0.00
FNMA	2006 ABCDE Single Family	4.49	11/04/04	10/01/34	7,223.30	7,824.37			(41.03)		7,182.27	7,809.82	26.48	0.00
GNMA	2006 ABCDE Single Family	5.40	08/29/02	08/20/32	3,077.58	3,390.98			(32.13)		3,045.45	3,416.47	57.62	0.00
GNMA	2006 ABCDE Single Family	6.15	09/12/02	08/20/32	2,890.80	3,236.16			(15.99)		2,874.81	3,271.90	51.73	0.00
GNMA	2006 ABCDE Single Family	5.40	09/19/02	09/20/32	11,008.73	12,114.75			(72.88)		10,935.85	12,253.23	211.36	0.00
GNMA	2006 ABCDE Single Family	4.49	12/09/04	12/20/34	62,307.21	66,579.89			(380.50)		61,926.71	67,896.27	1,696.88	0.00
GNMA	2006 ABCDE Single Family	4.49	12/16/04	12/20/34	53,756.62	57,443.13			(300.46)		53,456.16	58,609.42	1,466.75	0.00
GNMA	2006 ABCDE Single Family	4.49	11/23/04	11/20/34	56,504.36	60,378.04			(6,652.19)		49,852.17	54,656.82	930.97	0.00
GNMA	2006 ABCDE Single Family	4.49	12/02/04	12/20/34	115,490.99	123,410.03			(662.64)		114,828.35	125,896.79	3,149.40	0.00
GNMA	2006 ABCDE Single Family	4.49	12/23/04	12/20/34	65,297.30	69,775.63			(369.25)		64,928.05	71,187.57	1,781.19	0.00
GNMA	2006 ABCDE Single Family	4.49	12/29/04	12/20/34	50,773.00	54,255.36			(296.16)		50,476.84	55,343.37	1,384.17	0.00
GNMA	2006 ABCDE Single Family	4.49	01/06/05	01/20/35	133,150.48	142,284.66			(856.41)		132,294.07	145,050.42	3,622.17	0.00
GNMA	2006 ABCDE Single Family	5.40	01/06/05	01/20/35	9,689.78	10,783.73			(47.34)		9,642.44	10,919.15	182.76	0.00
GNMA	2006 ABCDE Single Family	4.49	01/13/05	01/20/35	62,371.24	66,650.27			(401.02)		61,970.22	67,945.98	1,696.73	0.00
GNMA	2006 ABCDE Single Family	5.40	01/13/05	01/20/35	2,396.35	2,666.86			(14.65)		2,381.70	2,697.02	44.81	0.00
GNMA	2006 ABCDE Single Family	4.49	01/19/05	01/20/35	88,516.96	94,590.13			(6,139.38)		82,377.58	90,321.57	1,870.82	0.00
GNMA	2006 ABCDE Single Family	5.40	01/19/05	01/20/35	12,198.33	13,575.65			(58.74)		12,139.59	13,747.08	230.17	0.00
GNMA	2006 ABCDE Single Family	4.49	01/27/05	01/20/35	118,473.05	126,602.24			(887.09)		117,585.96	128,926.00	3,210.85	0.00
GNMA	2006 ABCDE Single Family	4.49	02/03/05	02/20/35	128,858.66	137,701.86			(7,391.82)		121,466.84	133,182.62	2,872.58	0.00
GNMA	2006 ABCDE Single Family	4.49	02/10/05	02/20/35	52,605.28	56,215.72			(323.83)		52,281.45	57,324.43	1,432.54	0.00
GNMA	2006 ABCDE Single Family	4.49	02/10/05	02/20/35	93,836.33	100,276.56			(550.88)		93,285.45	102,283.58	2,557.90	0.00
GNMA	2006 ABCDE Single Family	5.40	02/17/05	11/20/34	4,812.31	5,355.72			(23.56)		4,788.75	5,422.91	90.75	0.00
GNMA	2006 ABCDE Single Family	4.49	02/17/05	02/20/35	51,577.93	55,118.18			(294.00)		51,283.93	56,230.95	1,406.77	0.00
GNMA	2006 ABCDE Single Family	4.49	02/24/05	02/20/35	54,918.02	58,687.78			(342.19)		54,575.83	59,840.65	1,495.06	0.00
GNMA	2006 ABCDE Single Family	4.49	03/03/05	03/20/35	80,728.74	86,271.12			(482.55)		80,246.19	87,988.38	2,199.81	0.00
GNMA	2006 ABCDE Single Family	4.49	03/11/05	03/20/35	12,191.87	13,029.02			(67.44)		12,124.43	13,294.32	332.74	0.00
GNMA	2006 ABCDE Single Family	5.40	03/17/05	02/20/35	5,822.53	6,485.81			(29.58)		5,792.95	6,565.88	109.65	0.00
GNMA	2006 ABCDE Single Family	4.49	03/17/05	03/20/35	48,895.13	52,252.51			(293.39)		48,601.74	53,291.32	1,332.20	0.00
GNMA	2006 ABCDE Single Family	4.49	03/24/05	03/20/35	27,714.71	29,617.90			(154.05)		27,560.66	30,220.17	756.32	0.00
GNMA	2006 ABCDE Single Family	4.49	04/07/05	04/20/35	54,282.24	58,010.76			(368.12)		53,914.12	59,117.57	1,474.93	0.00
GNMA	2006 ABCDE Single Family	4.49	04/14/05	04/20/35	31,207.68	33,351.39			(179.33)		31,028.35	34,023.14	851.08	0.00
GNMA	2006 ABCDE Single Family	5.40	04/21/05	04/20/35	4,940.60	5,498.92			(23.82)		4,916.78	5,568.33	93.23	0.00
GNMA	2006 ABCDE Single Family	4.49	04/21/05	04/20/35	69,522.50	74,298.62			(397.44)		69,125.06	75,797.35	1,896.17	0.00
GNMA	2006 ABCDE Single Family	4.49	04/28/05	04/20/35	51,636.30	55,183.88			(8,997.88)		42,638.42	46,754.29	568.29	0.00
GNMA	2006 ABCDE Single Family	5.40	04/28/05	04/20/35	6,145.66	6,840.17			(29.65)		6,116.01	6,926.49	115.97	0.00
GNMA	2006 ABCDE Single Family	4.49	05/05/05	05/20/35	65,878.58	70,405.41			(363.34)		65,515.24	71,840.15	1,798.08	0.00
GNMA	2006 ABCDE Single Family	5.40	05/05/05	04/20/35	5,063.02	5,635.21			(25.67)		5,037.35	5,704.92	95.38	0.00
GNMA	2006 ABCDE Single Family	5.40	07/07/05	07/20/35	2,022.90	2,253.52			(11.92)		2,010.98	2,279.48	37.88	0.00
GNMA	2006 ABCDE Single Family	5.40	05/26/05	05/20/35	3,578.33	3,982.83			(17.00)		3,561.33	4,033.37	67.54	0.00
GNMA	2006 ABCDE Single Family	4.49	05/26/05	05/20/35	7,012.43	7,494.40			(37.60)		6,974.83	7,648.29	191.49	0.00
GNMA	2006 ABCDE Single Family	5.40	06/09/05	05/20/35	3,471.14	3,863.53			(17.16)		3,453.98	3,911.83	65.46	0.00
FNMA	2006 ABCDE Single Family	4.49	12/23/04	12/01/34	14,589.58	15,835.95			(93.89)		14,495.69	15,777.64	35.58	0.00
FNMA	2006 ABCDE Single Family	4.49	01/19/05	01/01/35	14,593.84	15,813.36			(83.60)		14,510.24	15,781.28	51.52	0.00
FNMA	2006 ABCDE Single Family	4.49	01/27/05	01/01/35	13,337.95	14,460.82			(88.26)		13,249.69	14,413.89	41.33	0.00
FNMA	2006 ABCDE Single Family	4.49	03/14/05	12/01/34	15,929.40	17,255.83			(99.02)		15,830.38	17,214.46	57.65	0.00
FNMA	2006 ABCDE Single Family	5.40	03/24/05	02/01/35	3,936.70	4,363.62			(19.11)		3,917.59	4,374.63	30.12	0.00
FNMA	2006 ABCDE Single Family	4.49	04/07/05	02/01/35	13,493.81	14,636.58			(119.42)		13,374.39	14,554.38	37.22	0.00
FNMA	2006 ABCDE Single Family	5.40	07/14/05	04/01/35	5,202.42	5,767.42			(25.59)		5,176.83	5,780.82	38.99	0.00
	2006 ABCDE Single Family Total				173,858,831.25	192,412,469.31	6,349,898.30	(4,361,015.69)	(3,301,116.55)	0.00	172,546,597.31	193,348,940.10	2,248,704.73	0.00
Repo Agmt	2006 FGH Single Family	0.01	08/31/11	09/01/11	646,546.89	646,546.89	45,606.62				692,153.51	692,153.51	-	0.00
Repo Agmt	2006 FGH Single Family	0.01	08/31/11	09/01/11	492,367.71	492,367.71	2,281,438.17				2,773,805.88	2,773,805.88	-	0.00

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GIC's	2006 FGH Single Family	4.33	05/25/07	02/26/36	2,220,642.69	2,220,642.69		(1,482,473.32)			738,169.37	738,169.37	-	0.00
FNMA	2006 FGH Single Family	5.15	08/27/09	07/01/39	73,183.24	80,612.54			(734.28)		72,448.96	80,401.75	523.49	0.00
Freddie Mac	2006 FGH Single Family	5.49	05/28/08	05/01/38	247,878.92	275,504.52			(1,028.89)		246,850.03	275,704.90	1,229.27	0.00
Freddie Mac	2006 FGH Single Family	5.15	05/28/08	04/01/38	151,641.13	166,565.96			(620.33)		151,020.80	166,994.40	1,048.77	0.00
Freddie Mac	2006 FGH Single Family	5.70	06/18/08	02/01/38	41,910.54	46,741.75			(151.54)		41,759.00	46,961.13	370.92	0.00
Freddie Mac	2006 FGH Single Family	5.49	06/18/08	05/01/38	143,410.44	159,356.48			(527.36)		142,883.08	159,531.14	702.02	0.00
Freddie Mac	2006 FGH Single Family	5.15	06/18/08	05/01/38	76,853.33	84,411.76			(309.86)		76,543.47	84,627.80	525.88	0.00
Freddie Mac	2006 FGH Single Family	5.70	06/25/08	04/01/38	91,123.93	101,641.05			(527.77)		90,596.16	101,913.21	799.93	0.00
Freddie Mac	2006 FGH Single Family	5.15	07/09/08	04/01/37	108,366.56	119,066.17			(458.22)		107,908.34	119,368.39	760.44	0.00
Freddie Mac	2006 FGH Single Family	5.15	07/16/08	06/01/38	80,873.98	88,825.66			(324.81)		80,549.17	89,051.06	550.21	0.00
Freddie Mac	2006 FGH Single Family	5.70	07/16/08	06/01/38	250,374.62	279,309.57			(934.31)		249,440.31	280,629.99	2,254.73	0.00
Freddie Mac	2006 FGH Single Family	5.49	07/23/08	06/01/38	75,110.65	83,457.71			(274.38)		74,836.27	83,548.89	365.56	0.00
Freddie Mac	2006 FGH Single Family	5.15	08/13/08	07/01/38	76,127.81	83,649.13			(514.25)		75,613.56	83,661.76	526.88	0.00
Freddie Mac	2006 FGH Single Family	5.15	09/17/08	07/01/38	43,915.71	48,629.44			(709.51)		43,206.20	48,159.06	239.13	0.00
Freddie Mac	2006 FGH Single Family	5.70	10/08/08	08/01/38	103,175.86	115,043.11			(359.15)		102,816.71	115,575.16	891.20	0.00
Freddie Mac	2006 FGH Single Family	5.49	10/22/08	08/01/38	102,019.22	113,351.60			(368.94)		101,650.28	113,480.83	498.17	0.00
Freddie Mac	2006 FGH Single Family	5.10	11/12/08	10/01/38	170,840.23	187,352.84			(909.70)		169,930.53	187,674.36	1,231.22	0.00
Freddie Mac	2006 FGH Single Family	5.70	11/19/08	08/01/38	92,884.52	103,570.94			(323.05)		92,561.47	104,050.25	802.36	0.00
Freddie Mac	2006 FGH Single Family	5.15	01/14/09	11/01/38	137,530.53	151,034.09			(516.43)		137,014.10	151,414.52	896.86	0.00
Freddie Mac	2006 FGH Single Family	5.15	03/31/09	12/01/38	93,585.41	102,781.55			(349.27)		93,236.14	103,039.98	607.70	0.00
Freddie Mac	2006 FGH Single Family	5.15	05/20/09	03/01/39	76,263.36	83,762.96			(279.93)		75,983.43	83,976.43	493.40	0.00
Freddie Mac	2006 FGH Single Family	5.15	06/24/09	05/01/39	63,197.84	69,410.67			(249.37)		62,948.47	69,572.80	411.50	0.00
GNMA	2006 FGH Single Family	5.49	01/30/07	01/20/37	3,955,918.71	4,407,051.34			(17,481.56)		3,938,437.15	4,464,507.04	74,937.26	0.00
GNMA	2006 FGH Single Family	5.15	02/13/07	01/20/37	34,775.88	39,024.96			(286.68)		34,489.20	39,377.23	638.95	0.00
GNMA	2006 FGH Single Family	5.49	02/13/07	02/20/37	1,565,393.25	1,743,940.51			(6,643.93)		1,558,749.32	1,766,986.91	29,690.33	0.00
GNMA	2006 FGH Single Family	5.49	02/13/07	01/20/37	176,876.28	197,049.83			(715.15)		176,161.13	199,693.97	3,359.29	0.00
GNMA	2006 FGH Single Family	5.70	02/20/07	02/20/37	347,886.62	390,137.36			(1,743.26)		346,143.36	394,660.10	6,266.00	0.00
GNMA	2006 FGH Single Family	5.15	02/20/07	01/20/37	116,684.63	129,868.92			(498.57)		116,186.06	131,583.44	2,213.09	0.00
GNMA	2006 FGH Single Family	5.15	02/20/07	01/20/37	1,001,501.72	1,115,734.29			(7,437.35)		994,064.37	1,126,865.28	18,568.34	0.00
GNMA	2006 FGH Single Family	5.15	03/07/07	02/20/37	616,057.29	685,678.55			(2,595.86)		613,461.43	694,772.79	11,690.10	0.00
GNMA	2006 FGH Single Family	5.49	03/20/07	03/20/37	1,097,121.57	1,222,302.66			(4,824.41)		1,092,297.16	1,238,265.15	20,786.90	0.00
GNMA	2006 FGH Single Family	5.15	03/20/07	02/20/37	115,949.89	129,055.06			(496.59)		115,453.30	130,757.53	2,199.06	0.00
GNMA	2006 FGH Single Family	5.49	03/06/07	02/20/37	1,481,427.90	1,641,179.10			(8,466.20)		1,472,961.70	1,660,502.52	27,789.62	0.00
GNMA	2006 FGH Single Family	5.49	03/20/07	02/20/37	174,310.32	194,198.27			(1,002.69)		173,307.63	196,466.42	3,270.84	0.00
GNMA	2006 FGH Single Family	5.70	04/24/07	04/20/37	364,460.39	409,004.84			(1,711.53)		362,748.86	413,873.44	6,580.13	0.00
GNMA	2006 FGH Single Family	5.15	04/24/07	04/20/37	1,127,636.70	1,255,137.94			(98,552.05)		1,029,084.65	1,165,546.02	8,960.13	0.00
GNMA	2006 FGH Single Family	5.49	04/24/07	04/20/37	1,052,835.03	1,173,005.70			(7,569.14)		1,045,265.89	1,184,991.98	19,555.42	0.00
GNMA	2006 FGH Single Family	5.15	03/27/07	03/20/37	988,860.21	1,100,636.74			(4,991.54)		983,868.67	1,114,300.48	18,655.28	0.00
GNMA	2006 FGH Single Family	5.49	03/27/07	02/20/37	387,226.93	431,410.22			(1,732.88)		385,494.05	437,010.02	7,332.68	0.00
GNMA	2006 FGH Single Family	5.15	04/10/07	04/20/37	1,199,748.81	1,335,387.52			(5,582.15)		1,194,166.66	1,352,500.91	22,695.54	0.00
GNMA	2006 FGH Single Family	5.49	04/10/07	03/20/37	1,005,946.00	1,120,745.46			(5,110.43)		1,000,835.57	1,134,601.78	18,966.73	0.00
GNMA	2006 FGH Single Family	5.49	04/10/07	02/20/37	175,428.89	195,675.01			(1,175.35)		174,253.54	197,767.77	3,268.11	0.00
GNMA	2006 FGH Single Family	5.15	05/08/07	04/20/37	366,401.61	407,835.79			(2,386.95)		364,014.66	412,289.69	6,840.85	0.00
GNMA	2006 FGH Single Family	5.15	05/08/07	03/20/37	70,073.96	77,997.90			(311.09)		69,762.87	79,014.39	1,327.58	0.00
GNMA	2006 FGH Single Family	5.49	05/08/07	04/20/37	406,111.50	452,471.02			(1,636.16)		404,475.34	458,549.18	7,714.32	0.00
GNMA	2006 FGH Single Family	5.49	05/08/07	04/20/37	108,533.95	120,923.61			(458.02)		108,075.93	122,524.48	2,058.89	0.00
GNMA	2006 FGH Single Family	5.70	05/08/07	04/20/37	97,403.34	108,692.67			(967.49)		96,435.85	109,413.79	1,688.61	0.00
GNMA	2006 FGH Single Family	5.15	05/22/07	05/20/37	397,110.03	442,337.27			(2,774.87)		394,335.16	446,949.54	7,387.14	0.00
GNMA	2006 FGH Single Family	5.49	05/22/07	04/20/37	376,688.36	419,694.61			(2,331.87)		374,356.49	424,409.37	7,046.63	0.00
GNMA	2006 FGH Single Family	5.70	05/22/07	04/20/37	130,202.13	146,028.56			(507.11)		129,695.02	147,887.14	2,365.69	0.00
GNMA	2006 FGH Single Family	5.15	06/05/07	05/20/37	646,992.38	720,178.69			(2,907.53)		644,084.85	729,524.38	12,253.22	0.00
GNMA	2006 FGH Single Family	5.70	06/05/07	05/20/37	146,776.13	164,620.01			(559.30)		146,216.83	166,729.31	2,668.60	0.00
GNMA	2006 FGH Single Family	5.49	06/05/07	05/20/37	412,380.48	459,469.56			(2,844.89)		409,535.59	464,300.00	7,675.33	0.00
GNMA	2006 FGH Single Family	5.15	06/19/07	06/20/37	527,423.51	587,094.54			(2,260.87)		525,162.64	594,837.06	10,003.39	0.00
GNMA	2006 FGH Single Family	5.70	06/19/07	06/20/37	252,970.51	283,729.53			(967.96)		252,002.55	287,360.44	4,598.87	0.00
GNMA	2006 FGH Single Family	5.15	07/03/07	06/20/37	560,204.69	623,592.73			(2,606.00)		557,598.69	631,584.83	10,598.10	0.00
GNMA	2006 FGH Single Family	5.70	07/03/07	06/20/37	306,251.52	343,493.56			(1,253.26)		304,998.26	347,796.41	5,556.11	0.00
GNMA	2006 FGH Single Family	5.49	07/03/07	07/20/37	310,580.85	346,057.48			(1,407.66)		309,173.19	350,528.86	5,879.04	0.00
GNMA	2006 FGH Single Family	5.49	07/03/07	06/20/37	278,035.18	309,792.97			(1,093.20)		276,941.98	313,985.07	5,285.30	0.00
GNMA	2006 FGH Single Family	5.15	07/17/07	06/20/37	800,790.94	891,412.44			(100,831.95)		699,958.99	792,844.82	2,264.33	0.00
GNMA	2006 FGH Single Family	5.70	07/17/07	06/20/37	309,393.55	347,021.88			(1,187.94)		308,205.61	351,458.44	5,624.50	0.00
GNMA	2006 FGH Single Family	5.15	08/07/07	07/20/37	684,647.23	762,479.62			(2,834.05)		681,813.18	772,646.13	13,000.56	0.00
GNMA	2006 FGH Single Family	5.70	08/07/07	07/20/37	190,905.63	214,223.03			(738.68)		190,166.95	216,954.19	3,469.84	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2006 FGH Single Family	5.49	08/07/07	06/20/37	441,689.47	492,944.33			(2,581.17)		439,108.30	498,643.75	8,280.59	0.00
GNMA	2006 FGH Single Family	5.15	11/21/07	10/20/37	642,367.25	715,475.55			(2,619.90)		639,747.35	725,059.67	12,204.02	0.00
GNMA	2006 FGH Single Family	5.70	11/21/07	11/20/37	373,214.25	418,848.98			(1,384.00)		371,830.25	424,257.97	6,792.99	0.00
GNMA	2006 FGH Single Family	5.49	11/21/07	10/20/37	95,727.65	106,725.05			(366.46)		95,361.19	108,180.06	1,821.47	0.00
GNMA	2006 FGH Single Family	5.49	09/25/07	09/20/37	250,449.11	279,204.87			(1,021.32)		249,427.79	282,940.39	4,756.84	0.00
GNMA	2006 FGH Single Family	5.15	09/25/07	09/20/37	1,791,601.74	1,995,388.40			(7,375.68)		1,784,226.06	2,022,039.81	34,027.09	0.00
GNMA	2006 FGH Single Family	5.49	09/25/07	08/20/37	605,393.18	674,899.11			(3,269.49)		602,123.69	683,020.38	11,390.76	0.00
GNMA	2006 FGH Single Family	5.70	09/25/07	09/20/37	141,453.13	158,739.35			(612.39)		140,840.74	160,688.93	2,561.97	0.00
GNMA	2006 FGH Single Family	5.15	10/09/07	09/20/37	975,262.47	1,086,208.47			(4,246.71)		971,015.76	1,100,453.77	18,492.01	0.00
GNMA	2006 FGH Single Family	5.49	10/09/07	08/20/37	77,502.10	86,401.43			(299.72)		77,202.38	87,575.93	1,474.22	0.00
GNMA	2006 FGH Single Family	5.15	08/23/07	08/20/37	950,149.23	1,058,185.94			(4,372.55)		945,776.68	1,071,797.22	17,983.83	0.00
GNMA	2006 FGH Single Family	5.49	08/23/07	07/20/37	522,016.11	581,928.21			(2,091.74)		519,924.37	589,755.89	9,919.42	0.00
GNMA	2006 FGH Single Family	5.70	08/23/07	08/20/37	447,153.41	501,779.28			(1,917.77)		445,235.64	507,962.58	8,101.07	0.00
GNMA	2006 FGH Single Family	5.15	09/11/07	08/20/37	515,146.49	573,731.66			(2,106.91)		513,039.58	581,410.41	9,785.66	0.00
GNMA	2006 FGH Single Family	5.70	09/11/07	08/20/37	155,333.15	174,312.40			(703.97)		154,629.18	176,417.31	2,808.88	0.00
GNMA	2006 FGH Single Family	5.49	09/11/07	08/20/37	523,885.46	584,025.69			(2,800.44)		521,085.02	591,086.19	9,860.94	0.00
GNMA	2006 FGH Single Family	5.70	11/21/07	11/20/37	192,544.07	216,087.37			(713.48)		191,830.59	218,878.52	3,504.63	0.00
GNMA	2006 FGH Single Family	5.15	11/28/07	11/20/37	485,788.92	541,082.94			(2,125.93)		483,662.99	548,167.07	9,210.06	0.00
GNMA	2006 FGH Single Family	5.15	11/28/07	11/20/37	92,950.48	103,530.40			(375.50)		92,574.98	104,921.32	1,766.42	0.00
GNMA	2006 FGH Single Family	5.49	11/28/07	11/20/37	137,596.89	153,406.02			(520.92)		137,075.97	155,504.06	2,618.96	0.00
GNMA	2006 FGH Single Family	5.15	12/11/07	11/20/37	175,313.80	195,271.14			(704.64)		174,609.16	197,898.65	3,332.15	0.00
GNMA	2006 FGH Single Family	5.70	12/11/07	11/20/37	270,960.49	304,098.30			(994.61)		269,965.88	308,036.73	4,933.04	0.00
GNMA	2006 FGH Single Family	5.15	12/11/07	11/20/37	75,157.39	83,713.15			(386.74)		74,770.65	84,743.62	1,417.21	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37	171,513.29	191,221.75			(658.21)		170,855.08	193,826.88	3,263.34	0.00
GNMA	2006 FGH Single Family	5.70	10/25/07	10/20/37	538,078.74	603,853.95			(2,134.99)		535,943.75	611,492.80	9,773.84	0.00
GNMA	2006 FGH Single Family	5.15	10/25/07	10/20/37	1,280,613.04	1,427,332.67			(7,865.24)		1,272,747.80	1,443,439.56	23,972.13	0.00
GNMA	2006 FGH Single Family	5.15	11/08/07	10/20/37	344,325.22	383,508.50			(1,409.01)		342,916.21	388,640.49	6,541.00	0.00
GNMA	2006 FGH Single Family	5.70	11/08/07	10/20/37	373,486.58	419,147.84			(1,392.15)		372,094.43	424,552.10	6,796.41	0.00
GNMA	2006 FGH Single Family	5.49	11/08/07	09/20/37	245,803.78	274,037.82			(945.43)		244,858.35	277,768.81	4,676.42	0.00
GNMA	2006 FGH Single Family	5.49	01/16/08	12/20/37	155,302.19	173,154.67			(585.91)		154,716.28	175,525.10	2,956.34	0.00
GNMA	2006 FGH Single Family	5.70	12/28/07	12/20/37	158,519.25	177,909.37			(766.84)		157,752.41	180,002.44	2,859.91	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37	146,544.86	163,384.21			(579.15)		145,965.71	165,591.08	2,786.02	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37	198,615.95	221,438.75			(763.21)		197,852.74	224,454.43	3,778.89	0.00
GNMA	2006 FGH Single Family	5.70	12/11/07	12/20/37	251,970.48	282,787.00			(919.18)		251,051.30	286,455.96	4,588.14	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37	420,803.11	469,157.24			(1,692.88)		419,110.23	475,460.42	7,996.06	0.00
GNMA	2006 FGH Single Family	5.15	12/11/07	11/20/37	85,785.72	95,551.38			(345.43)		85,440.29	96,836.37	1,630.42	0.00
GNMA	2006 FGH Single Family	5.70	12/20/07	12/20/37	202,673.28	227,462.49			(783.31)		201,889.97	230,363.72	3,684.54	0.00
GNMA	2006 FGH Single Family	5.15	01/30/08	01/20/38	65,677.94	73,158.72			(261.50)		65,416.44	74,145.93	1,248.71	0.00
GNMA	2006 FGH Single Family	5.15	01/16/08	12/20/37	388,788.55	433,064.47			(1,564.46)		387,224.09	438,889.64	7,389.63	0.00
GNMA	2006 FGH Single Family	5.49	01/30/08	12/20/37	96,592.71	107,697.76			(365.68)		96,227.03	109,170.68	1,838.60	0.00
GNMA	2006 FGH Single Family	5.49	01/30/08	12/20/37	170,300.57	189,879.65			(640.57)		169,660.00	192,481.24	3,242.16	0.00
GNMA	2006 FGH Single Family	5.15	01/30/08	12/20/37	124,203.64	138,349.99			(701.86)		123,501.78	139,981.89	2,333.76	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38	101,694.55	113,388.21			(381.43)		101,313.12	114,943.00	1,936.22	0.00
GNMA	2006 FGH Single Family	5.70	01/30/08	12/20/37	74,154.31	83,227.58			(333.41)		73,820.90	84,235.62	1,341.45	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38	71,504.60	79,650.17			(284.17)		71,220.43	80,725.57	1,359.57	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38	117,056.18	130,516.24			(455.37)		116,600.81	132,287.37	2,226.50	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38	978,783.51	1,091,331.93			(4,032.93)		974,750.58	1,105,885.95	18,586.95	0.00
GNMA	2006 FGH Single Family	5.49	04/17/08	03/20/38	140,457.36	156,619.21			(518.27)		139,939.09	158,776.47	2,675.53	0.00
GNMA	2006 FGH Single Family	5.15	03/12/08	02/20/38	317,444.26	353,617.52			(1,254.06)		316,190.20	358,400.45	6,036.99	0.00
GNMA	2006 FGH Single Family	5.49	03/12/08	02/20/38	102,077.60	113,818.88			(466.93)		101,610.67	115,284.20	1,932.25	0.00
GNMA	2006 FGH Single Family	5.49	03/12/08	03/20/38	84,536.74	94,260.69			(314.25)		84,222.49	95,556.41	1,609.97	0.00
GNMA	2006 FGH Single Family	5.15	02/19/08	02/20/38	127,411.77	141,927.38			(501.38)		126,910.39	143,849.41	2,423.41	0.00
GNMA	2006 FGH Single Family	5.49	02/19/08	02/20/38	174,718.57	194,810.89			(657.00)		174,061.57	197,480.46	3,326.57	0.00
GNMA	2006 FGH Single Family	5.49	02/27/08	02/20/38	124,596.80	138,926.34			(476.08)		124,120.72	140,821.37	2,371.11	0.00
GNMA	2006 FGH Single Family	5.49	03/20/08	02/20/38	149,676.70	166,894.31			(558.73)		149,117.97	169,185.81	2,850.23	0.00
GNMA	2006 FGH Single Family	5.49	03/20/08	03/20/38	106,580.00	118,840.47			(439.29)		106,140.71	120,425.17	2,023.99	0.00
GNMA	2006 FGH Single Family	5.70	03/27/08	03/20/38	197,257.48	221,545.80			(908.21)		196,349.27	224,202.52	3,564.93	0.00
GNMA	2006 FGH Single Family	5.70	04/22/08	12/20/37	117,142.28	131,486.30			(603.95)		116,538.33	132,990.56	2,108.21	0.00
GNMA	2006 FGH Single Family	5.15	04/22/08	04/20/38	82,070.32	91,426.70			(318.85)		81,751.47	92,669.40	1,561.55	0.00
GNMA	2006 FGH Single Family	5.49	05/07/08	04/20/38	333,154.18	371,497.85			(1,246.12)		331,908.06	376,595.79	6,344.06	0.00
GNMA	2006 FGH Single Family	5.15	05/14/08	04/20/38	159,447.12	177,628.56			(660.62)		158,786.50	179,996.29	3,028.35	0.00
GNMA	2006 FGH Single Family	5.49	05/14/08	04/20/38	146,924.32	163,835.26			(544.01)		146,380.31	166,089.79	2,798.54	0.00
GNMA	2006 FGH Single Family	5.49	05/21/08	04/20/38	125,345.54	139,773.75			(459.54)		124,886.00	141,702.37	2,388.16	0.00

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GNMA	2006 FGH Single Family	5.15	05/21/08	05/20/38	208,947.32	232,775.77			(821.74)		208,125.58	235,928.44	3,974.41	0.00
GNMA	2006 FGH Single Family	5.49	05/28/08	05/20/38	242,065.93	269,932.55			(881.81)		241,184.12	273,663.51	4,612.77	0.00
GNMA	2006 FGH Single Family	5.49	05/28/08	04/20/38	75,033.83	83,671.38			(280.57)		74,753.26	84,819.68	1,428.87	0.00
GNMA	2006 FGH Single Family	5.15	06/11/08	05/20/38	275,534.09	306,962.34			(1,084.79)		274,449.30	311,118.43	5,240.88	0.00
GNMA	2006 FGH Single Family	5.70	07/09/08	06/20/38	152,185.89	170,837.74			(590.04)		151,595.85	173,014.62	2,766.92	0.00
GNMA	2006 FGH Single Family	5.49	07/09/08	06/20/38	325,113.82	362,557.03			(1,484.04)		323,629.78	367,228.53	6,155.54	0.00
GNMA	2006 FGH Single Family	5.15	07/16/08	06/20/38	72,753.00	81,054.54			(295.61)		72,457.39	82,141.56	1,382.63	0.00
GNMA	2006 FGH Single Family	5.70	07/16/08	11/20/37	66,172.76	74,281.74			(241.64)		65,931.12	75,245.07	1,204.97	0.00
GNMA	2006 FGH Single Family	5.15	06/18/08	06/20/38	402,094.92	447,964.06			(1,556.39)		400,538.53	454,059.47	7,651.80	0.00
GNMA	2006 FGH Single Family	5.15	06/25/08	06/20/38	99,054.86	110,355.36			(563.30)		98,491.56	111,653.03	1,860.97	0.00
GNMA	2006 FGH Single Family	5.15	06/25/08	06/20/38	96,908.15	107,963.75			(371.93)		96,536.22	109,436.40	1,844.58	0.00
GNMA	2006 FGH Single Family	5.70	06/25/08	05/20/38	580,632.37	651,783.24			(2,096.71)		578,535.66	660,264.10	10,577.57	0.00
GNMA	2006 FGH Single Family	5.49	07/16/08	07/20/38	254,334.74	283,629.52			(916.25)		253,418.49	287,561.43	4,848.16	0.00
GNMA	2006 FGH Single Family	5.70	07/23/08	07/20/38	118,970.60	133,553.89			(436.36)		118,534.24	135,284.09	2,166.56	0.00
GNMA	2006 FGH Single Family	5.49	07/23/08	07/20/38	325,131.94	362,583.47			(1,212.23)		323,919.71	367,563.84	6,192.60	0.00
GNMA	2006 FGH Single Family	5.49	07/23/08	07/20/38	200,832.87	223,968.55			(799.72)		200,033.15	226,985.11	3,818.28	0.00
GNMA	2006 FGH Single Family	5.15	07/23/08	07/20/38	74,790.31	83,325.16			(325.88)		74,464.43	84,417.80	1,418.52	0.00
GNMA	2006 FGH Single Family	5.15	07/29/08	07/20/38	227,640.11	253,619.27			(950.87)		226,689.24	256,991.44	4,323.04	0.00
GNMA	2006 FGH Single Family	5.70	08/27/08	06/20/38	82,357.26	92,455.52			(289.57)		82,067.69	93,667.46	1,501.51	0.00
GNMA	2006 FGH Single Family	5.49	08/27/08	08/20/38	100,672.17	112,272.78			(375.88)		100,296.29	113,814.33	1,917.43	0.00
GNMA	2006 FGH Single Family	5.49	08/13/08	07/20/38	217,048.55	242,055.24			(790.33)		216,258.22	245,401.27	4,136.36	0.00
GNMA	2006 FGH Single Family	5.15	08/13/08	07/20/38	344,168.87	383,452.56			(1,366.30)		342,802.57	388,631.47	6,545.21	0.00
GNMA	2006 FGH Single Family	5.15	08/13/08	08/20/38	213,671.05	238,060.58			(827.01)		212,844.04	241,299.90	4,066.33	0.00
GNMA	2006 FGH Single Family	5.70	09/10/08	08/20/38	116,186.21	130,435.05			(457.63)		115,728.58	132,088.78	2,111.36	0.00
GNMA	2006 FGH Single Family	5.15	09/10/08	08/20/38	69,606.27	77,553.62			(265.99)		69,340.28	78,612.76	1,325.13	0.00
GNMA	2006 FGH Single Family	5.15	09/24/08	08/20/38	84,876.52	94,568.69			(321.77)		84,554.75	95,863.14	1,616.22	0.00
GNMA	2006 FGH Single Family	5.15	10/08/08	09/20/38	345,253.28	384,684.86			(1,309.11)		343,944.17	389,950.13	6,574.38	0.00
GNMA	2006 FGH Single Family	5.70	10/15/08	09/20/38	63,845.15	71,677.75			(222.51)		63,622.64	72,619.58	1,164.34	0.00
GNMA	2006 FGH Single Family	5.15	10/22/08	09/20/38	268,689.77	299,381.21			(1,116.00)		267,573.77	303,368.72	5,103.51	0.00
GNMA	2006 FGH Single Family	5.15	11/12/08	09/20/38	111,759.92	124,528.62			(420.95)		111,338.97	126,236.13	2,128.46	0.00
GNMA	2006 FGH Single Family	5.49	11/12/08	10/20/38	115,021.72	128,286.62			(765.21)		114,256.51	129,866.88	2,145.47	0.00
GNMA	2006 FGH Single Family	5.49	11/25/08	10/20/38	144,766.98	161,464.38			(510.79)		144,256.19	163,714.92	2,761.33	0.00
GNMA	2006 FGH Single Family	5.15	11/25/08	10/20/38	107,592.90	119,887.33			(402.88)		107,190.02	121,534.02	2,049.57	0.00
GNMA	2006 FGH Single Family	5.70	11/25/08	09/20/38	74,464.88	83,603.87			(461.01)		74,003.87	84,472.33	1,329.47	0.00
GNMA	2006 FGH Single Family	5.15	12/17/08	09/20/38	157,430.34	175,423.14			(593.97)		156,836.37	177,827.38	2,998.21	0.00
GNMA	2006 FGH Single Family	5.15	03/11/09	02/20/39	254,080.20	283,147.23			(38,714.92)		215,365.28	244,214.25	(218.06)	0.00
GNMA	2006 FGH Single Family	5.49	03/18/09	01/20/39	137,926.77	153,854.35			(477.49)		137,449.28	156,009.22	2,632.36	0.00
GNMA	2006 FGH Single Family	5.49	03/18/09	02/20/39	99,533.34	111,027.53			(342.39)		99,190.95	112,585.05	1,899.91	0.00
GNMA	2006 FGH Single Family	5.15	04/08/09	03/20/39	140,860.20	156,979.67			(517.02)		140,343.18	159,147.66	2,685.01	0.00
GNMA	2006 FGH Single Family	5.15	04/08/09	02/20/39	71,175.50	79,320.37			(264.94)		70,910.56	80,411.65	1,356.22	0.00
GNMA	2006 FGH Single Family	5.70	01/14/09	12/20/38	65,380.86	73,409.28			(226.37)		65,154.49	74,375.57	1,192.66	0.00
GNMA	2006 FGH Single Family	5.15	01/14/09	12/20/38	139,878.54	155,871.02			(521.66)		139,356.88	158,014.34	2,664.96	0.00
GNMA	2006 FGH Single Family	5.15	05/20/09	05/20/39	282,865.10	315,250.02			(1,039.87)		281,825.23	319,602.29	5,392.14	0.00
GNMA	2006 FGH Single Family	5.15	07/29/09	07/20/39	229,793.11	256,121.82			(816.07)		228,977.04	259,690.07	4,384.32	0.00
GNMA	2006 FGH Single Family	6.00	07/29/09	07/20/39	384,656.00	431,766.61			(1,186.57)		383,469.43	437,619.33	7,039.29	0.00
GNMA	2006 FGH Single Family	6.00	08/12/09	06/20/39	304,587.62	341,896.05			(930.63)		303,656.99	346,540.74	5,575.32	0.00
GNMA	2006 FGH Single Family	5.49	08/12/09	07/20/39	128,805.77	143,703.91			(761.04)		128,044.73	145,358.87	2,416.00	0.00
GNMA	2006 FGH Single Family	6.00	08/19/09	07/20/39	423,682.34	475,582.80			(1,333.67)		422,348.67	481,998.96	7,749.83	0.00
GNMA	2006 FGH Single Family	5.49	08/19/09	07/20/39	115,078.11	128,389.36			(390.40)		114,687.71	130,196.65	2,197.69	0.00
GNMA	2006 FGH Single Family	6.00	08/27/09	07/20/39	71,274.53	80,546.86			(216.32)		71,058.21	81,633.72	1,303.18	0.00
GNMA	2006 FGH Single Family	5.25	08/27/09	08/20/39	133,204.31	148,512.70			(463.30)		132,741.01	150,592.24	2,542.84	0.00
GNMA	2006 FGH Single Family	5.15	08/27/09	08/20/39	77,748.09	86,658.85			(274.01)		77,474.08	87,868.64	1,483.80	0.00
FNMA	2006 FGH Single Family	5.49	01/30/07	01/01/37	948,548.83	1,055,219.67			(6,172.73)		942,376.10	1,056,144.60	7,097.66	0.00
FNMA	2006 FGH Single Family	5.70	02/13/07	01/01/37	63,850.49	71,105.73			(253.05)		63,597.44	71,285.26	432.58	0.00
FNMA	2006 FGH Single Family	5.15	02/13/07	01/01/37	150,985.57	166,296.45			(1,581.51)		149,404.06	165,671.43	956.49	0.00
FNMA	2006 FGH Single Family	5.49	02/13/07	02/01/37	1,054,229.07	1,171,438.58			(4,845.90)		1,049,383.17	1,173,033.92	6,441.24	0.00
FNMA	2006 FGH Single Family	5.49	02/13/07	02/01/37	86,376.61	96,068.47			(401.78)		85,974.83	96,334.20	667.51	0.00
FNMA	2006 FGH Single Family	5.49	02/20/07	02/01/37	727,016.03	807,847.55			(3,392.49)		723,623.54	809,043.71	4,588.65	0.00
FNMA	2006 FGH Single Family	5.15	02/21/07	02/01/37	201,266.94	220,776.26			(884.88)		200,382.06	221,518.91	1,627.53	0.00
FNMA	2006 FGH Single Family	5.49	03/07/07	02/01/37	1,467,126.29	1,629,798.14			(6,574.77)		1,460,551.52	1,632,209.38	8,986.01	0.00
FNMA	2006 FGH Single Family	5.49	03/06/07	01/01/37	116,210.11	129,119.49			(568.44)		115,641.67	129,250.14	699.09	0.00
FNMA	2006 FGH Single Family	5.15	03/20/07	02/01/37	324,547.05	356,052.17			(1,531.66)		323,015.39	357,175.88	2,655.37	0.00
FNMA	2006 FGH Single Family	5.49	03/20/07	02/01/37	1,047,294.77	1,163,916.77			(4,678.48)		1,042,616.29	1,166,165.48	6,927.19	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
FNMA	2006 FGH Single Family	5.49	03/20/07	02/01/37	79,744.41	88,553.92			(326.34)		79,418.07	88,690.27	462.69	0.00
FNMA	2006 FGH Single Family	5.15	03/27/07	12/01/36	105,511.82	115,794.44			(718.76)		104,793.06	115,951.11	875.43	0.00
FNMA	2006 FGH Single Family	5.70	04/10/07	03/01/37	442,816.33	493,626.10			(101,275.29)		341,541.04	383,553.88	(8,796.93)	0.00
FNMA	2006 FGH Single Family	5.15	04/10/07	03/01/37	404,327.89	443,472.93			(1,920.21)		402,407.68	444,758.62	3,205.90	0.00
FNMA	2006 FGH Single Family	5.49	04/10/07	03/01/37	2,000,742.69	2,222,616.55			(10,765.08)		1,989,977.61	2,223,572.44	11,720.97	0.00
FNMA	2006 FGH Single Family	5.49	04/10/07	04/20/37	351,529.75	392,759.94			(1,700.89)		349,828.86	393,142.43	2,083.38	0.00
FNMA	2006 FGH Single Family	5.70	04/24/07	04/01/37	31,990.49	35,696.10			(143.86)		31,846.63	35,810.10	257.86	0.00
FNMA	2006 FGH Single Family	5.15	04/24/07	03/01/37	217,642.12	238,856.44			(1,077.76)		216,564.36	239,579.73	1,801.05	0.00
FNMA	2006 FGH Single Family	5.49	04/24/07	04/01/37	460,159.12	511,409.67			(2,513.07)		457,646.05	511,886.06	2,989.46	0.00
FNMA	2006 FGH Single Family	5.49	04/24/07	04/01/37	201,870.98	224,354.47			(1,005.33)		200,865.65	224,627.75	1,278.61	0.00
FNMA	2006 FGH Single Family	5.15	05/08/07	04/01/37	289,421.74	318,295.05			(2,659.20)		286,762.54	317,747.31	2,111.46	0.00
FNMA	2006 FGH Single Family	5.49	05/08/07	05/01/37	120,513.79	133,792.99			(481.44)		120,032.35	133,993.05	681.50	0.00
FNMA	2006 FGH Single Family	5.49	05/22/07	04/01/37	178,197.96	197,869.87			(751.72)		177,446.24	198,140.66	1,022.51	0.00
FNMA	2006 FGH Single Family	5.70	05/22/07	04/01/37	221,846.49	247,176.91			(919.02)		220,927.47	247,839.94	1,582.05	0.00
FNMA	2006 FGH Single Family	5.15	06/05/07	05/01/37	316,968.06	347,871.32			(1,708.92)		315,259.14	348,770.25	2,607.85	0.00
FNMA	2006 FGH Single Family	5.70	06/19/07	06/01/37	533,574.42	594,372.89			(2,724.10)		530,850.32	595,338.67	3,689.88	0.00
FNMA	2006 FGH Single Family	5.49	06/19/07	06/01/37	486,372.80	540,224.77			(2,016.30)		484,356.50	541,080.65	2,872.18	0.00
FNMA	2006 FGH Single Family	5.70	07/03/07	06/01/37	525,840.52	585,629.23			(66,131.41)		459,709.11	515,391.52	(4,106.30)	0.00
FNMA	2006 FGH Single Family	5.49	07/03/07	05/01/37	612,305.70	679,851.78			(2,498.82)		609,806.88	680,845.22	3,492.26	0.00
FNMA	2006 FGH Single Family	5.49	07/03/07	06/01/37	212,101.09	235,731.54			(931.36)		211,169.73	236,204.80	1,404.62	0.00
FNMA	2006 FGH Single Family	5.15	07/17/07	06/01/37	156,849.37	172,010.85			(661.90)		156,187.47	172,573.44	1,224.49	0.00
FNMA	2006 FGH Single Family	5.70	08/07/07	07/01/37	903,561.52	1,010,740.95			(3,617.11)		899,944.41	1,013,363.40	6,239.56	0.00
FNMA	2006 FGH Single Family	5.15	08/07/07	06/01/37	88,914.33	97,932.51			(369.02)		88,545.31	98,250.10	686.61	0.00
FNMA	2006 FGH Single Family	5.49	08/07/07	07/01/37	572,383.36	638,332.91			(2,530.40)		569,852.96	639,020.99	3,218.48	0.00
FNMA	2006 FGH Single Family	5.49	08/07/07	07/01/37	86,883.08	96,866.50			(339.00)		86,544.08	97,007.66	480.16	0.00
FNMA	2006 FGH Single Family	5.49	08/23/07	07/01/37	452,861.88	505,330.12			(2,591.07)		450,270.81	505,353.13	2,614.08	0.00
FNMA	2006 FGH Single Family	5.70	08/23/07	06/01/37	175,469.52	196,374.00			(707.23)		174,762.29	196,882.61	1,215.84	0.00
FNMA	2006 FGH Single Family	5.15	09/11/07	08/01/37	420,361.26	462,962.09			(1,728.40)		418,632.86	464,448.50	3,214.81	0.00
FNMA	2006 FGH Single Family	5.49	09/11/07	08/01/37	411,970.33	460,727.96			(2,357.69)		409,612.64	461,424.10	3,053.83	0.00
FNMA	2006 FGH Single Family	5.49	09/11/07	08/01/37	147,518.47	164,489.49			(577.56)		146,940.91	164,735.77	823.84	0.00
FNMA	2006 FGH Single Family	5.70	09/25/07	09/01/37	270,838.89	303,151.98			(1,310.30)		269,528.59	303,704.41	1,862.73	0.00
FNMA	2006 FGH Single Family	5.49	09/25/07	08/01/37	340,012.53	379,276.96			(1,412.25)		338,600.28	380,033.26	2,168.55	0.00
FNMA	2006 FGH Single Family	5.49	09/25/07	08/01/37	231,347.74	258,306.37			(1,867.95)		229,479.79	257,972.25	1,533.83	0.00
FNMA	2006 FGH Single Family	5.15	09/25/07	08/01/37	228,693.97	251,963.36			(1,474.67)		227,219.30	252,251.96	1,763.27	0.00
FNMA	2006 FGH Single Family	5.49	10/09/07	09/01/37	244,554.06	272,823.82			(1,195.63)		243,358.43	273,065.14	1,436.95	0.00
FNMA	2006 FGH Single Family	5.15	10/25/07	10/01/37	942,433.04	1,038,613.88			(5,320.66)		937,112.38	1,041,000.69	7,707.47	0.00
FNMA	2006 FGH Single Family	5.49	10/25/07	10/01/37	748,316.72	835,142.99			(3,156.64)		745,160.08	836,488.37	4,502.02	0.00
FNMA	2006 FGH Single Family	5.70	10/25/07	10/01/37	358,015.91	400,242.34			(1,360.37)		356,655.54	401,188.28	2,306.31	0.00
FNMA	2006 FGH Single Family	5.49	11/08/07	10/01/37	249,347.66	278,076.26			(985.13)		248,362.53	278,492.25	1,401.12	0.00
FNMA	2006 FGH Single Family	5.49	11/08/07	10/01/37	219,779.04	245,473.40			(1,565.90)		218,213.14	245,460.20	1,552.70	0.00
FNMA	2006 FGH Single Family	5.49	11/08/07	09/01/37	79,706.37	88,860.44			(306.65)		79,399.72	88,990.05	436.26	0.00
FNMA	2006 FGH Single Family	5.70	11/21/07	10/01/37	475,107.89	531,516.11			(2,074.11)		473,033.78	532,620.16	3,178.16	0.00
FNMA	2006 FGH Single Family	5.49	11/21/07	05/01/37	131,149.82	146,259.22			(521.58)		130,628.24	146,474.17	736.53	0.00
FNMA	2006 FGH Single Family	5.49	11/21/07	10/01/37	378,819.19	422,824.55			(1,591.64)		377,227.55	423,527.80	2,294.89	0.00
FNMA	2006 FGH Single Family	5.70	11/28/07	10/01/37	98,158.19	109,898.06			(405.19)		97,753.00	110,191.41	698.54	0.00
FNMA	2006 FGH Single Family	5.15	12/11/07	11/01/37	788,718.38	868,763.15			(3,334.14)		785,384.24	871,465.96	6,036.95	0.00
FNMA	2006 FGH Single Family	5.49	12/11/07	11/01/37	545,646.99	608,702.80			(2,350.29)		543,296.70	609,564.16	3,211.65	0.00
FNMA	2006 FGH Single Family	5.15	12/11/07	12/01/37	214,253.78	236,175.76			(1,251.14)		213,002.64	236,682.73	1,758.11	0.00
FNMA	2006 FGH Single Family	5.70	12/11/07	11/01/37	317,384.02	354,759.48			(1,175.83)		316,208.19	355,600.04	2,016.39	0.00
FNMA	2006 FGH Single Family	5.49	12/20/07	10/01/37	146,095.74	162,868.89			(559.32)		145,536.42	163,106.51	796.94	0.00
FNMA	2006 FGH Single Family	5.15	12/28/07	12/01/37	210,994.76	232,379.84			(855.04)		210,139.72	233,133.59	1,608.79	0.00
FNMA	2006 FGH Single Family	5.15	12/28/07	11/01/37	208,961.77	230,129.56			(904.75)		208,057.02	230,807.61	1,582.80	0.00
FNMA	2006 FGH Single Family	5.70	12/28/07	12/01/37	118,007.59	131,900.46			(430.49)		117,577.10	132,217.12	747.15	0.00
FNMA	2006 FGH Single Family	5.49	12/28/07	01/01/36	82,380.64	92,001.31			(363.60)		82,017.04	92,218.20	580.49	0.00
FNMA	2006 FGH Single Family				71,458.08	79,085.45			(71,458.08)				(7,627.37)	0.00
FNMA	2006 FGH Single Family	5.15	01/16/08	01/01/38	258,900.38	285,120.21			(1,036.99)		257,863.39	286,048.34	1,965.12	0.00
FNMA	2006 FGH Single Family	5.49	01/30/08	12/01/37	88,720.05	98,909.84			(339.59)		88,380.46	99,054.32	484.07	0.00
FNMA	2006 FGH Single Family	5.70	01/30/08	12/01/37	102,255.61	114,297.13			(372.94)		101,882.67	114,571.64	647.45	0.00
FNMA	2006 FGH Single Family	5.15	01/30/08	11/01/37	111,002.46	122,255.92			(449.99)		110,552.47	122,652.29	846.36	0.00
FNMA	2006 FGH Single Family	5.15	01/30/08	01/01/38	290,720.53	320,166.46			(1,208.66)		289,511.87	321,159.63	2,201.83	0.00
FNMA	2006 FGH Single Family	5.49	02/13/08	01/01/38	258,082.42	288,629.36			(70,935.62)		187,146.80	210,894.32	(6,799.42)	0.00
FNMA	2006 FGH Single Family	5.49	02/13/08	01/01/38	58,926.83	65,686.84			(233.85)		58,692.98	65,769.99	317.00	0.00
FNMA	2006 FGH Single Family	5.49	02/13/08	01/01/38	216,788.51	241,640.72			(831.51)		215,957.00	241,974.61	1,165.40	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
FNMA	2006 FGH Single Family	5.70	02/13/08	02/01/38	167,502.77	187,231.14			(621.56)		166,881.21	187,668.82	1,059.24	0.00
FNMA	2006 FGH Single Family	5.15	02/19/08	12/01/37	129,464.24	142,784.25			(1,164.32)		128,299.92	142,614.15	994.22	0.00
FNMA	2006 FGH Single Family	5.49	02/27/08	12/01/37	191,660.09	213,962.10			(816.39)		190,843.70	214,316.91	1,171.20	0.00
FNMA	2006 FGH Single Family	5.15	03/12/08	02/01/38	142,105.57	156,490.54			(561.45)		141,544.12	157,004.35	1,075.26	0.00
FNMA	2006 FGH Single Family	5.49	03/20/08	12/01/37	233,370.67	260,587.47			(1,127.74)		232,242.93	260,964.91	1,505.18	0.00
FNMA	2006 FGH Single Family	5.49	03/20/08	02/01/38	400,444.51	446,676.23			(1,602.10)		398,842.41	447,346.34	2,272.21	0.00
FNMA	2006 FGH Single Family	5.49	03/20/08	02/01/38	207,361.37	231,140.34			(779.82)		206,581.55	231,477.12	1,116.60	0.00
FNMA	2006 FGH Single Family	5.15	03/27/08	03/01/38	225,819.85	248,794.41			(951.19)		224,868.66	249,599.46	1,756.24	0.00
FNMA	2006 FGH Single Family	5.49	04/08/08	01/01/38	123,118.27	137,238.54			(462.97)		122,655.30	137,438.41	662.84	0.00
FNMA	2006 FGH Single Family	5.49	04/08/08	03/01/38	192,887.09	215,055.12			(812.98)		192,074.11	215,304.72	1,062.58	0.00
FNMA	2006 FGH Single Family	5.15	04/17/08	03/01/38	117,767.99	129,687.58			(501.57)		117,266.42	130,079.11	893.10	0.00
FNMA	2006 FGH Single Family	5.49	04/22/08	02/01/38	180,281.34	200,960.40			(680.37)		179,600.97	201,250.53	970.50	0.00
	2006 FGH Single Family Total				87,487,245.06	97,032,641.11	2,327,044.79	(1,482,473.32)	(920,577.54)	0.00	87,411,238.99	98,093,976.98	1,137,341.94	0.00
Repo Agmt	2007A Single Family	0.01	08/31/11	09/01/11	5.46	5.46	7,287,064.20				7,287,069.66	7,287,069.66	-	0.00
Inv Agmt	2007A Single Family				4,512,772.75	4,512,772.75		(4,512,772.75)					-	0.00
Freddie Mac	2007A Single Family	4.75	05/07/08	04/01/38	258,772.27	281,114.65			(1,084.38)		257,687.89	282,256.15	2,225.88	0.00
Freddie Mac	2007A Single Family	5.49	05/07/08	01/01/38	161,281.65	179,588.28			(703.90)		160,577.75	179,861.43	977.05	0.00
Freddie Mac	2007A Single Family	5.49	05/07/08	03/01/38	199,076.83	221,367.81			(1,112.76)		197,964.07	221,295.71	1,040.66	0.00
Freddie Mac	2007A Single Family	5.49	05/28/08	03/01/38	257,494.04	286,522.06			(3,664.35)		253,829.69	284,248.06	1,390.35	0.00
Freddie Mac	2007A Single Family	4.75	06/18/08	05/01/38	307,009.98	334,383.86			(2,350.70)		304,659.28	334,452.37	2,419.21	0.00
Freddie Mac	2007A Single Family	5.49	06/18/08	05/01/38	354,445.15	393,985.03			(1,488.47)		352,956.68	394,266.37	1,769.81	0.00
Freddie Mac	2007A Single Family	5.49	06/25/08	06/01/38	312,913.69	347,737.91			(1,159.78)		311,753.91	348,121.27	1,543.14	0.00
Freddie Mac	2007A Single Family	4.75	06/25/08	05/01/38	73,943.41	80,343.91			(326.03)		73,617.38	80,662.64	644.76	0.00
Freddie Mac	2007A Single Family	5.49	07/16/08	06/01/38	133,138.13	147,957.18			(491.89)		132,646.24	148,121.91	656.62	0.00
Freddie Mac	2007A Single Family	5.49	07/16/08	05/01/38	212,589.96	236,271.26			(790.83)		211,799.13	236,536.72	1,056.29	0.00
Freddie Mac	2007A Single Family	5.49	07/23/08	06/01/38	150,689.25	167,435.37			(551.57)		150,137.68	167,617.08	733.28	0.00
Freddie Mac	2007A Single Family	4.75	07/23/08	07/01/38	161,308.88	175,241.64			(670.93)		160,637.95	175,956.99	1,386.28	0.00
Freddie Mac	2007A Single Family	5.49	08/13/08	07/01/38	135,415.73	150,479.20			(497.97)		134,917.76	150,643.96	662.73	0.00
Freddie Mac	2007A Single Family	5.49	08/20/08	04/01/38	186,014.03	206,722.44			(689.16)		185,324.87	206,950.44	917.16	0.00
Freddie Mac	2007A Single Family	5.49	09/17/08	07/01/38	25,050.45	27,345.10			(90.95)		24,959.50	27,478.77	224.62	0.00
Freddie Mac	2007A Single Family	5.49	10/08/08	08/01/38	110,909.71	123,228.54			(400.58)		110,509.13	123,369.47	541.51	0.00
Freddie Mac	2007A Single Family	5.49	10/22/08	08/01/38	127,528.53	141,694.51			(460.13)		127,068.40	141,857.23	622.85	0.00
FNMA	2007A Single Family	6.25	02/20/98	01/01/28	69,070.89	77,574.30			(1,600.77)		67,470.12	76,542.25	568.72	0.00
FNMA	2007A Single Family	6.25	03/27/98	03/01/28	168,649.72	189,412.22			(1,410.60)		167,239.12	189,672.62	1,671.00	0.00
FNMA	2007A Single Family	6.25	06/29/98	05/01/28	29,933.53	33,618.68			(294.97)		29,638.56	33,614.32	290.61	0.00
GNMA	2007A Single Family	6.25	02/20/98	01/20/28	926,390.03	1,028,422.53			(10,995.31)		915,394.72	1,033,279.15	15,851.93	0.00
FNMA	2007A Single Family	6.25	11/30/98	09/01/28	192,742.60	216,471.18			(1,605.48)		191,137.12	216,776.28	1,910.58	0.00
GNMA	2007A Single Family	6.25	03/27/98	03/20/28	1,948,232.29	2,167,817.53			(24,500.43)		1,923,731.86	2,176,394.78	33,077.68	0.00
GNMA	2007A Single Family	6.25	05/19/98	05/20/28	1,181,820.31	1,315,023.29			(104,271.19)		1,077,549.12	1,219,074.43	8,322.33	0.00
GNMA	2007A Single Family	5.45	07/28/00	06/20/30	933,654.87	1,024,434.10			(8,470.13)		925,184.74	1,033,597.83	17,633.86	0.00
GNMA	2007A Single Family	6.25	08/14/98	07/20/28	678,441.75	754,908.96			(6,878.23)		671,563.52	759,766.69	11,735.96	0.00
GNMA	2007A Single Family	6.25	06/29/98	06/20/28	408,195.57	454,509.47			(3,566.76)		404,628.81	458,076.24	7,133.53	0.00
GNMA	2007A Single Family	6.25	09/18/98	09/20/28	489,746.50	545,313.16			(4,781.73)		484,964.77	549,023.78	8,492.35	0.00
FNMA	2007A Single Family	6.25	03/31/99	11/01/28	95,071.81	106,776.02			(2,394.38)		92,677.43	105,109.10	727.46	0.00
GNMA	2007A Single Family	6.25	11/30/98	11/20/28	448,439.78	499,319.77			(3,809.94)		444,629.84	503,361.02	7,851.19	0.00
GNMA	2007A Single Family	6.25	11/30/98	10/20/28	331,148.82	368,720.88			(3,249.32)		327,899.50	371,211.65	5,740.09	0.00
GNMA	2007A Single Family	6.25	11/30/98	10/20/28	145,246.72	161,726.46			(1,185.70)		144,061.02	163,090.10	2,549.34	0.00
FNMA	2007A Single Family	6.25	05/27/99	11/01/28	20,426.78	22,941.50			(452.26)		19,974.52	22,660.27	171.03	0.00
GNMA	2007A Single Family	6.25	02/16/99	02/20/29	772,930.59	860,047.58			(8,798.99)		764,131.60	864,492.61	13,244.02	0.00
GNMA	2007A Single Family	6.25	03/31/99	02/20/29	49,533.89	54,544.24			(1,093.43)		48,440.46	54,169.50	718.69	0.00
GNMA	2007A Single Family	6.25	05/27/99	05/20/29	250,144.60	278,338.39			(2,670.14)		247,474.46	279,977.74	4,309.49	0.00
GNMA	2007A Single Family	5.45	07/30/99	07/20/29	467,132.31	513,228.89			(5,060.24)		462,072.07	516,887.63	8,718.98	0.00
GNMA	2007A Single Family	5.45	08/26/99	08/20/29	608,937.91	669,027.87			(71,952.99)		536,984.92	600,687.40	3,612.52	0.00
FNMA	2007A Single Family	5.45	09/20/99	08/01/29	95,027.39	103,774.41			(734.97)		94,292.42	103,860.99	821.55	0.00
GNMA	2007A Single Family	5.45	09/20/99	09/20/29	279,702.16	307,303.17			(5,472.20)		274,229.96	306,364.23	4,533.26	0.00
FNMA	2007A Single Family	5.45	12/20/99	12/01/29	246,936.39	269,664.42			(3,117.49)		243,818.90	268,559.21	2,012.28	0.00
FNMA	2007A Single Family	5.45	01/19/00	12/01/29	227,898.67	248,874.47			(10,375.60)		217,523.07	239,595.15	1,096.28	0.00
GNMA	2007A Single Family	5.45	10/28/99	10/20/29	779,965.52	855,801.51			(46,988.71)		732,976.81	818,866.96	10,054.16	0.00
GNMA	2007A Single Family	5.45	11/18/99	11/20/29	109,951.54	120,301.26			(1,377.10)		108,574.44	120,831.39	1,907.23	0.00
GNMA	2007A Single Family	5.45	12/30/99	12/20/29	1,872,720.71	2,054,805.35			(17,403.75)		1,855,316.96	2,072,722.97	35,321.37	0.00
GNMA	2007A Single Family	5.45	01/28/00	01/20/30	527,216.43	578,477.73			(4,654.40)		522,562.03	583,795.90	9,972.57	0.00
GNMA	2007A Single Family	5.45	02/22/00	01/20/30	285,616.86	312,970.32			(2,210.81)		283,406.05	316,201.74	5,442.23	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	5.45	03/27/00	02/20/30	388,273.82	426,588.73			(3,827.29)		384,446.53	430,053.49	7,292.05	0.00
FNMA	2007A Single Family	5.45	04/27/00	03/01/30	223,544.80	243,771.12			(1,776.82)		221,767.98	243,986.89	1,992.59	0.00
GNMA	2007A Single Family	5.45	04/27/00	04/20/30	433,677.95	475,211.28			(3,343.50)		430,334.45	480,132.74	8,264.96	0.00
GNMA	2007A Single Family	5.45	05/30/00	04/20/30	87,374.99	95,742.93			(654.00)		86,720.99	96,756.37	1,667.44	0.00
GNMA	2007A Single Family	5.45	06/21/00	05/20/30	459,912.34	504,629.61			(3,722.60)		456,189.74	509,646.04	8,739.03	0.00
GNMA	2007A Single Family	5.45	09/18/00	09/20/30	609,054.11	667,383.21			(4,859.05)		604,195.06	674,112.50	11,588.34	0.00
FNMA	2007A Single Family	5.45	07/24/00	06/01/30	120,107.61	130,974.90			(2,613.78)		117,493.83	129,265.49	904.37	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	396,806.27	442,392.24			(1,535.69)		395,270.58	448,404.61	7,548.06	0.00
GNMA	2007A Single Family	4.75	11/21/07	10/20/37	165,606.43	181,943.55			(717.12)		164,889.31	184,461.60	3,235.17	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	298,401.86	332,682.91			(1,148.89)		297,252.97	337,211.04	5,677.02	0.00
GNMA	2007A Single Family	4.75	09/25/07	08/20/37	215,770.40	236,999.20			(1,167.77)		214,602.63	240,018.62	4,187.19	0.00
GNMA	2007A Single Family	5.49	09/25/07	09/20/37	1,482,387.81	1,652,296.93			(6,310.94)		1,476,076.87	1,674,105.19	28,119.20	0.00
GNMA	2007A Single Family	4.75	09/25/07	09/20/37	4,464,495.44	4,903,759.51			(142,937.88)		4,321,557.56	4,833,391.35	72,569.72	0.00
GNMA	2007A Single Family	5.49	09/25/07	08/20/37	129,424.66	144,258.55			(501.81)		128,922.85	146,218.36	2,461.62	0.00
GNMA	2007A Single Family	5.49	10/09/07	09/20/37	732,198.97	816,278.45			(3,086.49)		729,112.48	827,085.42	13,893.46	0.00
GNMA	2007A Single Family	4.75	10/09/07	09/20/37	1,515,330.11	1,664,742.17			(7,812.42)		1,507,517.69	1,686,382.68	29,452.93	0.00
GNMA	2007A Single Family	5.49	08/23/07	08/20/37	353,152.70	393,686.23			(1,441.43)		351,711.27	398,951.96	6,707.16	0.00
GNMA	2007A Single Family	5.49	08/23/07	08/20/37	1,131,785.95	1,261,688.03			(11,533.26)		1,120,252.69	1,270,721.29	20,566.52	0.00
GNMA	2007A Single Family	4.75	08/23/07	08/20/37	2,287,426.90	2,512,843.56			(136,538.31)		2,150,888.59	2,405,969.59	29,664.34	0.00
GNMA	2007A Single Family	5.49	09/11/07	09/20/37	281,614.72	315,565.12			(1,625.64)		279,989.08	319,227.24	5,287.76	0.00
GNMA	2007A Single Family	5.49	09/11/07	08/20/37	361,067.50	404,593.96			(1,377.07)		359,690.43	410,095.16	6,878.27	0.00
GNMA	2007A Single Family	4.75	09/11/07	08/20/37	4,275,675.39	4,721,350.52			(19,713.31)		4,255,962.08	4,785,104.31	83,467.10	0.00
GNMA	2007A Single Family	4.75	11/21/07	10/20/37	455,304.75	500,220.70			(2,561.92)		452,742.83	506,483.20	8,824.42	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	313,620.57	349,649.97			(1,221.36)		312,399.21	354,393.30	5,964.69	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	885,289.21	986,993.12			(3,453.00)		881,836.21	1,000,376.53	16,836.41	0.00
GNMA	2007A Single Family	4.75	11/21/07	10/20/37	128,890.52	141,605.61			(688.90)		128,201.62	143,419.09	2,502.38	0.00
GNMA	2007A Single Family	5.49	12/11/07	11/20/37	483,232.51	538,760.36			(3,846.31)		479,386.20	543,840.64	8,926.57	0.00
GNMA	2007A Single Family	4.75	12/11/07	11/20/37	1,083,870.21	1,190,823.20			(4,753.76)		1,079,116.45	1,207,236.37	21,166.93	0.00
GNMA	2007A Single Family	5.49	10/25/07	10/20/37	389,664.87	434,418.96			(1,494.24)		388,170.63	440,339.11	7,414.37	0.00
GNMA	2007A Single Family	5.49	10/25/07	10/20/37	1,356,827.13	1,512,662.57			(5,339.80)		1,351,487.33	1,533,121.49	25,798.72	0.00
GNMA	2007A Single Family	4.75	10/25/07	09/20/37	911,588.78	1,001,486.95			(3,988.86)		907,599.92	1,015,300.88	17,802.79	0.00
GNMA	2007A Single Family	5.49	10/25/07	10/20/37	823,237.86	917,789.06			(3,240.02)		819,997.84	930,202.08	15,653.04	0.00
GNMA	2007A Single Family	4.75	10/25/07	10/20/37	1,024,412.39	1,125,441.43			(4,703.14)		1,019,709.25	1,140,719.48	19,981.19	0.00
GNMA	2007A Single Family	4.75	11/08/07	10/20/37	361,647.64	397,319.48			(1,572.12)		360,075.52	402,811.45	7,064.09	0.00
GNMA	2007A Single Family	4.75	12/28/07	12/20/37	260,001.27	285,663.17			(1,113.16)		258,888.11	289,630.89	5,080.88	0.00
GNMA	2007A Single Family	5.49	12/28/07	12/20/37	129,459.77	144,338.81			(743.48)		128,716.29	146,025.40	2,430.07	0.00
GNMA	2007A Single Family	5.49	12/28/07	12/20/37	130,920.10	145,966.97			(497.18)		130,422.92	147,961.53	2,491.74	0.00
GNMA	2007A Single Family	5.49	12/11/07	11/20/37	425,748.02	474,670.37			(1,751.48)		423,996.54	481,003.70	8,084.81	0.00
GNMA	2007A Single Family	5.49	12/11/07	11/20/37	320,144.71	356,932.28			(1,979.28)		318,165.43	360,943.39	5,990.39	0.00
GNMA	2007A Single Family	4.75	12/11/07	12/20/37	1,354,418.55	1,488,074.48			(5,879.45)		1,348,539.10	1,508,652.81	26,457.78	0.00
GNMA	2007A Single Family	4.75	12/11/07	12/20/37	116,760.86	128,282.99			(543.45)		116,217.41	130,016.04	2,276.50	0.00
GNMA	2007A Single Family	4.75	12/20/07	12/20/37	298,973.97	328,479.80			(1,277.77)		297,696.20	333,045.06	5,843.03	0.00
GNMA	2007A Single Family	5.49	12/20/07	12/20/37	216,347.97	241,211.27			(828.04)		215,519.93	244,500.22	4,116.99	0.00
GNMA	2007A Single Family	4.75	12/20/07	12/20/37	235,384.79	258,614.99			(1,002.02)		234,382.77	262,213.71	4,600.74	0.00
GNMA	2007A Single Family	4.75	01/30/08	01/20/38	129,867.34	142,690.32			(692.12)		129,175.22	144,519.94	2,521.74	0.00
GNMA	2007A Single Family	5.49	01/30/08	11/20/37	182,020.73	202,946.64			(688.91)		181,331.82	205,722.22	3,464.49	0.00
GNMA	2007A Single Family	5.49	01/30/08	11/20/37	47,852.19	53,353.49			(181.55)		47,670.64	54,082.67	910.73	0.00
GNMA	2007A Single Family	4.75	01/30/08	01/20/38	283,113.34	311,067.71			(1,197.78)		281,915.56	315,404.32	5,534.39	0.00
GNMA	2007A Single Family	4.75	01/16/08	01/20/38	498,323.69	547,519.99			(2,177.38)		496,146.31	555,076.22	9,733.61	0.00
GNMA	2007A Single Family	5.49	01/16/08	12/20/37	191,365.81	213,363.90			(802.09)		190,563.72	216,193.90	3,632.09	0.00
GNMA	2007A Single Family	4.75	01/16/08	12/20/37	96,619.38	106,157.67			(411.38)		96,208.00	107,634.71	1,888.42	0.00
GNMA	2007A Single Family	4.75	01/30/08	01/20/38	284,956.72	313,093.10			(1,232.01)		283,724.71	317,428.36	5,567.27	0.00
GNMA	2007A Single Family	5.49	01/30/08	01/20/38	294,846.04	328,745.17			(1,129.38)		293,716.66	333,226.30	5,610.51	0.00
GNMA	2007A Single Family	5.49	01/30/08	12/20/37	280,585.41	312,843.70			(1,100.84)		279,484.57	317,078.48	5,335.62	0.00
GNMA	2007A Single Family	5.49	02/19/08	02/20/38	218,858.88	244,027.26			(836.74)		218,022.14	247,355.64	4,165.12	0.00
GNMA	2007A Single Family	5.49	01/30/08	12/20/37	51,370.38	57,276.32			(209.87)		51,160.51	58,042.19	975.74	0.00
GNMA	2007A Single Family	5.49	02/13/08	01/20/38	88,146.85	98,282.69			(330.66)		87,816.19	99,630.30	1,678.27	0.00
GNMA	2007A Single Family	4.75	02/13/08	01/20/38	149,897.98	165,173.84			(1,284.15)		148,613.83	166,738.65	2,848.96	0.00
GNMA	2007A Single Family	4.75	02/13/08	12/20/37	91,221.13	101,093.20			(933.53)		90,287.60	101,868.92	1,709.25	0.00
GNMA	2007A Single Family	5.49	04/08/08	04/20/38	85,048.59	94,834.30			(311.82)		84,736.77	96,142.81	1,620.33	0.00
GNMA	2007A Single Family	5.49	04/08/08	11/20/37	127,291.85	141,935.64			(481.75)		126,810.10	143,876.83	2,422.94	0.00
GNMA	2007A Single Family	4.75	04/08/08	03/20/38	342,547.75	376,399.16			(1,433.42)		341,114.33	381,664.23	6,698.49	0.00
GNMA	2007A Single Family	4.75	04/08/08	04/20/38	97,572.35	107,215.02			(407.93)		97,164.42	108,715.15	1,908.06	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	5.49	03/12/08	03/20/38	233,105.21	259,918.46			(868.95)		232,236.26	263,488.57	4,439.06	0.00
GNMA	2007A Single Family	5.49	03/20/08	01/20/38	169,390.46	188,875.02			(645.07)		168,745.39	191,453.85	3,223.90	0.00
GNMA	2007A Single Family	4.75	02/19/08	02/20/38	121,110.58	133,072.03			(509.50)		120,601.08	134,930.56	2,368.03	0.00
GNMA	2007A Single Family	4.75	02/19/08	12/20/37	109,670.65	120,501.39			(475.81)		109,194.84	122,168.07	2,142.49	0.00
GNMA	2007A Single Family	5.49	02/19/08	01/20/38	332,986.24	371,277.94			(1,267.90)		331,718.34	376,347.43	6,337.39	0.00
GNMA	2007A Single Family	4.75	02/19/08	02/20/38	152,500.82	167,562.52			(690.89)		151,809.93	169,847.55	2,975.92	0.00
GNMA	2007A Single Family	5.49	02/19/08	10/20/37	142,865.25	159,292.08			(544.34)		142,320.91	161,466.68	2,718.94	0.00
GNMA	2007A Single Family	4.75	02/27/08	02/20/38	95,595.85	105,038.19			(402.03)		95,193.82	106,505.23	1,869.07	0.00
GNMA	2007A Single Family	5.49	02/27/08	02/20/38	99,673.76	111,136.96			(650.31)		99,023.45	112,347.22	1,860.57	0.00
GNMA	2007A Single Family	5.49	02/27/08	02/20/38	168,371.40	187,735.33			(629.34)		167,742.06	190,312.03	3,206.04	0.00
GNMA	2007A Single Family	4.75	03/20/08	12/20/37	112,493.27	123,606.39			(478.74)		112,014.53	125,326.43	2,198.78	0.00
GNMA	2007A Single Family	5.49	03/27/08	03/20/38	403,836.47	450,295.15			(1,500.89)		402,335.58	456,485.28	7,691.02	0.00
GNMA	2007A Single Family	5.49	03/27/08	02/20/38	174,892.78	195,012.43			(659.13)		174,233.65	197,682.68	3,329.38	0.00
GNMA	2007A Single Family	4.75	04/15/08	03/20/38	190,669.53	209,513.23			(826.60)		189,842.93	212,411.76	3,725.13	0.00
GNMA	2007A Single Family	4.75	04/15/08	02/20/38	110,643.75	121,578.20			(468.18)		110,175.57	123,273.05	2,163.03	0.00
GNMA	2007A Single Family	5.49	04/15/08	03/20/38	47,093.29	52,512.01			(174.89)		46,918.40	53,234.04	896.92	0.00
GNMA	2007A Single Family	5.49	04/24/08	04/20/38	373,843.66	416,864.92			(2,399.31)		371,444.35	421,449.65	6,984.04	0.00
GNMA	2007A Single Family	4.75	04/24/08	04/20/38	192,459.81	211,483.22			(810.70)		191,649.11	214,435.48	3,762.96	0.00
GNMA	2007A Single Family	5.49	04/22/08	04/20/38	94,354.96	105,212.95			(348.88)		94,006.08	106,661.34	1,797.27	0.00
GNMA	2007A Single Family	5.49	05/07/08	04/20/38	249,559.07	278,281.54			(922.31)		248,636.76	282,112.93	4,753.70	0.00
GNMA	2007A Single Family	5.49	05/07/08	04/20/38	156,377.30	174,375.21			(612.61)		155,764.69	176,736.67	2,974.07	0.00
GNMA	2007A Single Family	4.75	05/07/08	05/20/38	333,954.08	366,969.24			(1,485.26)		332,468.82	372,004.18	6,520.20	0.00
GNMA	2007A Single Family	5.49	05/14/08	04/20/38	127,737.89	142,605.76			(740.93)		126,996.96	144,260.87	2,396.04	0.00
GNMA	2007A Single Family	4.75	05/14/08	05/20/38	271,978.34	298,868.60			(1,139.99)		270,838.35	303,047.08	5,318.47	0.00
GNMA	2007A Single Family	4.75	05/21/08	05/20/38	133,706.07	146,926.51			(911.65)		132,794.42	148,587.69	2,572.83	0.00
GNMA	2007A Single Family	5.49	05/28/08	05/20/38	340,379.86	379,564.37			(1,251.27)		339,128.59	384,797.81	6,484.71	0.00
GNMA	2007A Single Family	4.75	05/28/08	04/20/38	30,202.77	33,189.23			(130.34)		30,072.43	33,649.05	590.16	0.00
GNMA	2007A Single Family	5.49	06/11/08	05/20/38	303,172.00	338,077.59			(1,294.20)		301,877.80	342,535.09	5,751.70	0.00
GNMA	2007A Single Family	5.49	07/09/08	07/20/38	166,861.43	186,079.54			(626.13)		166,235.30	188,630.75	3,177.34	0.00
GNMA	2007A Single Family	5.49	07/09/08	06/20/38	182,673.84	203,712.31			(666.27)		182,007.57	206,527.26	3,481.22	0.00
GNMA	2007A Single Family	4.75	07/09/08	06/20/38	227,669.25	250,193.38			(936.23)		226,733.02	253,711.77	4,454.62	0.00
GNMA	2007A Single Family	4.75	07/16/08	06/20/38	163,969.35	180,192.69			(692.31)		163,277.04	182,706.33	3,205.95	0.00
GNMA	2007A Single Family	5.49	07/16/08	05/20/38	111,303.44	124,122.71			(510.01)		110,793.43	125,719.68	2,106.98	0.00
GNMA	2007A Single Family	5.49	06/18/08	05/20/38	236,698.63	263,952.70			(879.35)		235,819.28	267,581.62	4,508.27	0.00
GNMA	2007A Single Family	4.75	06/18/08	04/20/38	110,939.12	121,911.40			(461.10)		110,478.02	123,620.19	2,169.89	0.00
GNMA	2007A Single Family	5.49	06/18/08	06/20/38	79,702.13	88,879.60			(290.33)		79,411.80	90,108.08	1,518.81	0.00
GNMA	2007A Single Family	5.49	06/25/08	06/20/38	101,961.67	113,703.05			(389.59)		101,572.08	115,254.03	1,940.57	0.00
GNMA	2007A Single Family	5.49	07/23/08	06/20/38	104,668.59	116,724.87			(388.15)		104,280.44	118,330.45	1,993.73	0.00
GNMA	2007A Single Family	4.75	07/23/08	07/20/38	117,495.15	129,121.58			(482.41)		117,012.74	130,938.23	2,299.06	0.00
GNMA	2007A Single Family	4.75	08/27/08	08/20/38	76,760.29	84,359.15			(311.70)		76,448.59	85,549.89	1,502.44	0.00
GNMA	2007A Single Family	5.49	08/13/08	08/20/38	280,713.86	313,056.84			(3,717.89)		276,995.97	314,325.34	4,986.39	0.00
GNMA	2007A Single Family	4.75	08/13/08	07/20/38	70,477.15	77,452.68			(298.92)		70,178.23	78,531.61	1,377.85	0.00
GNMA	2007A Single Family	4.75	08/13/08	06/20/38	108,654.61	119,408.42			(449.90)		108,204.71	121,084.05	2,125.53	0.00
GNMA	2007A Single Family	4.75	08/20/08	08/20/38	286,476.17	314,833.55			(1,176.76)		285,299.41	319,262.41	5,605.62	0.00
GNMA	2007A Single Family	4.75	08/27/08	07/20/38	902,938.56	992,321.62			(3,814.32)		899,124.24	1,006,162.05	17,654.75	0.00
GNMA	2007A Single Family	5.49	08/27/08	08/20/38	87,373.71	97,441.92			(315.33)		87,058.38	98,792.20	1,665.61	0.00
GNMA	2007A Single Family	5.49	09/10/08	07/20/38	143,929.27	160,516.24			(527.59)		143,401.68	162,731.16	2,742.51	0.00
GNMA	2007A Single Family	5.49	09/24/08	08/20/38	75,593.89	84,307.07			(270.43)		75,323.46	85,477.97	1,441.33	0.00
GNMA	2007A Single Family	5.49	09/24/08	09/20/38	83,455.68	93,075.33			(305.20)		83,150.48	94,360.55	1,590.42	0.00
GNMA	2007A Single Family	5.49	10/15/08	09/20/38	324,592.40	362,014.72			(2,070.84)		322,521.56	366,010.24	6,066.36	0.00
GNMA	2007A Single Family	5.49	10/15/08	09/20/38	100,596.38	112,194.15			(388.23)		100,208.15	113,720.17	1,914.25	0.00
GNMA	2007A Single Family	4.75	10/22/08	09/20/38	253,000.46	278,062.73			(1,028.63)		251,971.83	281,985.94	4,951.84	0.00
GNMA	2007A Single Family	5.49	10/22/08	09/20/38	337,512.23	376,426.75			(1,236.73)		336,275.50	381,621.46	6,431.44	0.00
GNMA	2007A Single Family	5.49	10/29/08	09/20/38	124,367.52	138,707.84			(441.61)		123,925.91	140,638.02	2,371.79	0.00
GNMA	2007A Single Family	4.75	10/29/08	10/20/38	229,202.83	251,910.26			(2,528.14)		226,674.69	253,678.04	4,295.92	0.00
GNMA	2007A Single Family	4.75	11/25/08	11/20/38	96,415.51	105,970.74			(384.51)		96,031.00	107,474.26	1,888.03	0.00
GNMA	2007A Single Family	5.49	12/10/08	09/20/38	154,139.24	171,919.89			(548.26)		153,590.98	174,311.00	2,939.37	0.00
GNMA	2007A Single Family	4.75	12/10/08	11/20/38	75,394.42	82,867.62			(306.74)		75,087.68	84,036.56	1,475.68	0.00
GNMA	2007A Single Family	4.75	12/30/08	12/20/38	326,419.67	358,783.16			(1,472.94)		324,946.73	363,682.06	6,371.84	0.00
GNMA	2007A Single Family	4.75	12/30/08	11/20/38	184,071.44	202,321.15			(736.77)		183,334.67	205,188.48	3,604.10	0.00
GNMA	2007A Single Family	5.49	01/14/09	12/20/38	168,746.66	188,220.53			(599.28)		168,147.38	190,839.60	3,218.35	0.00
GNMA	2007A Single Family	4.75	01/14/09	12/20/38	79,025.13	86,861.55			(318.43)		78,706.70	88,090.28	1,547.16	0.00
GNMA	2007A Single Family	5.25	01/21/09	01/20/39	511,502.49	570,149.25			(2,244.36)		509,258.13	577,604.39	9,699.50	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	5.25	01/21/09	01/20/39	123,725.30	137,911.13			(449.68)		123,275.62	139,820.13	2,358.68	0.00
GNMA	2007A Single Family	5.15	01/21/09	01/20/39	165,502.92	184,426.92			(612.16)		164,890.76	186,968.66	3,153.90	0.00
GNMA	2007A Single Family	5.25	01/21/09	01/20/39	602,586.52	671,676.59			(2,196.88)		600,389.64	680,966.43	11,486.72	0.00
GNMA	2007A Single Family	4.75	01/21/09	01/20/39	115,373.68	126,815.82			(496.57)		114,877.11	128,574.30	2,255.05	0.00
GNMA	2007A Single Family	6.00	01/21/09	01/20/39	187,761.36	211,662.57			(627.34)		187,134.02	214,460.65	3,425.42	0.00
FNMA	2007A Single Family	5.49	08/23/07	08/01/37	230,822.57	257,349.98			(904.48)		229,918.09	257,720.67	1,275.17	0.00
FNMA	2007A Single Family	5.49	08/23/07	08/01/37	197,623.54	220,319.58			(766.17)		196,857.37	220,642.26	1,088.85	0.00
FNMA	2007A Single Family	4.75	08/23/07	08/01/37	1,235,896.51	1,346,301.41			(88,782.21)		1,147,114.30	1,261,493.28	3,974.08	0.00
FNMA	2007A Single Family	5.49	09/11/07	08/01/37	725,998.31	817,462.91			(2,827.89)		723,170.42	818,625.11	3,990.09	0.00
FNMA	2007A Single Family	5.49	09/11/07	08/01/37	243,336.90	274,375.36			(1,569.14)		241,767.76	274,475.23	1,669.01	0.00
FNMA	2007A Single Family	4.75	09/11/07	08/01/37	1,278,242.68	1,409,669.82			(11,953.40)		1,266,289.28	1,408,810.94	11,094.52	0.00
FNMA	2007A Single Family	5.49	09/25/07	09/01/37	1,102,382.98	1,230,257.70			(55,375.69)		1,047,007.29	1,175,457.05	575.04	0.00
FNMA	2007A Single Family	5.49	09/25/07	08/01/37	127,629.09	143,944.50			(555.45)		127,073.64	144,296.61	907.56	0.00
FNMA	2007A Single Family	4.75	09/25/07	09/01/37	1,409,841.79	1,551,114.49			(6,885.64)		1,402,956.15	1,558,222.49	13,993.64	0.00
FNMA	2007A Single Family	5.49	10/09/07	09/01/37	673,027.19	751,519.80			(3,582.15)		669,445.04	752,575.43	4,637.78	0.00
FNMA	2007A Single Family	5.49	10/09/07	09/01/37	40,862.97	45,648.86			(349.93)		40,513.04	45,598.64	299.71	0.00
FNMA	2007A Single Family	4.75	10/09/07	09/01/37	500,263.96	544,910.42			(2,296.33)		497,967.63	547,532.25	4,918.16	0.00
FNMA	2007A Single Family	4.75	10/09/07	08/01/37	253,645.01	276,429.33			(1,486.95)		252,158.06	277,534.98	2,592.60	0.00
FNMA	2007A Single Family	5.49	10/25/07	09/01/37	767,123.37	855,409.45			(3,276.30)		763,847.07	856,384.33	4,251.18	0.00
FNMA	2007A Single Family	5.49	10/25/07	10/01/37	382,454.70	427,285.77			(2,311.71)		380,142.99	427,869.19	2,895.13	0.00
FNMA	2007A Single Family	4.75	10/25/07	10/01/37	903,049.83	983,595.33			(4,217.48)		898,832.35	988,249.01	8,871.16	0.00
FNMA	2007A Single Family	5.49	10/25/07	10/01/37	382,955.41	426,991.30			(1,506.55)		381,448.86	427,599.68	2,114.93	0.00
FNMA	2007A Single Family	5.49	11/08/07	10/01/37	400,420.23	446,510.22			(1,571.52)		398,848.71	447,174.07	2,235.37	0.00
FNMA	2007A Single Family	4.75	11/08/07	09/01/37	102,041.46	111,143.72			(443.86)		101,597.60	111,705.52	1,005.66	0.00
FNMA	2007A Single Family	4.75	11/21/07	10/01/37	105,409.20	116,033.28			(2,894.26)		102,514.94	113,901.93	762.91	0.00
FNMA	2007A Single Family	5.49	11/21/07	10/01/37	484,523.92	540,212.06			(1,982.32)		482,541.60	540,886.82	2,657.08	0.00
FNMA	2007A Single Family	5.49	11/21/07	09/01/37	388,988.11	434,173.43			(1,924.14)		387,063.97	434,632.24	2,382.95	0.00
FNMA	2007A Single Family	4.75	11/28/07	09/01/37	113,634.47	123,772.83			(562.90)		113,071.57	124,323.04	1,113.11	0.00
FNMA	2007A Single Family	5.49	12/11/07	11/01/37	644,380.92	718,645.04			(82,223.84)		562,157.08	630,373.36	(6,047.84)	0.00
FNMA	2007A Single Family	5.49	12/12/07	09/01/37	90,416.21	100,803.12			(349.28)		90,066.93	100,948.46	494.62	0.00
FNMA	2007A Single Family	4.75	12/11/07	12/01/37	602,171.67	655,989.76			(3,444.55)		598,727.12	658,494.07	5,948.86	0.00
FNMA	2007A Single Family	5.49	12/11/07	11/01/37	363,007.32	404,766.57			(1,419.75)		361,587.57	405,352.19	2,005.37	0.00
FNMA	2007A Single Family	4.75	12/20/07	12/01/37	95,956.40	104,533.08			(797.49)		95,158.91	104,679.84	944.25	0.00
FNMA	2007A Single Family	5.49	12/20/07	12/01/37	312,129.31	348,070.70			(1,225.20)		310,904.11	348,588.33	1,742.83	0.00
FNMA	2007A Single Family	5.49	12/28/07	10/01/37	142,979.42	159,459.23			(566.13)		142,413.29	159,696.39	803.29	0.00
FNMA	2007A Single Family	4.75	12/28/07	12/01/37	303,972.10	331,103.58			(1,575.07)		302,397.03	332,511.41	2,982.90	0.00
FNMA	2007A Single Family	5.49	12/28/07	12/01/37	87,058.52	97,041.65			(328.99)		86,729.53	97,182.98	470.32	0.00
FNMA	2007A Single Family	5.49	01/16/08	08/01/37	107,755.50	120,376.53			(704.40)		107,051.10	120,471.45	799.32	0.00
FNMA	2007A Single Family	5.49	01/30/08	09/01/37	321,807.12	358,813.15			(1,285.57)		320,521.55	359,295.76	1,768.18	0.00
FNMA	2007A Single Family	4.75	01/30/08	12/01/37	101,015.80	110,025.94			(432.60)		100,583.20	110,589.65	996.31	0.00
FNMA	2007A Single Family	4.75	01/30/08	12/01/37	91,197.26	99,331.63			(389.70)		90,807.56	99,841.49	899.56	0.00
FNMA	2007A Single Family	5.49	01/30/08	01/01/38	130,750.75	145,737.99			(490.90)		130,259.85	145,951.25	704.16	0.00
FNMA	2007A Single Family	5.49	02/13/08	11/01/37	384,750.91	429,433.83			(2,017.43)		382,733.48	429,682.37	2,265.97	0.00
FNMA	2007A Single Family	4.75	02/13/08	01/01/38	395,225.83	432,147.53			(10,749.02)		384,476.81	423,939.00	2,540.49	0.00
FNMA	2007A Single Family	5.49	02/19/08	01/01/38	198,639.41	221,784.95			(928.83)		197,710.58	222,113.28	1,257.16	0.00
FNMA	2007A Single Family	5.49	02/27/08	02/01/38	104,191.46	116,137.41			(426.27)		103,765.19	116,268.03	556.89	0.00
FNMA	2007A Single Family	4.75	03/12/08	02/01/38	224,251.77	244,264.08			(963.25)		223,288.52	245,512.39	2,211.56	0.00
FNMA	2007A Single Family	5.49	03/20/08	02/01/38	291,589.30	325,050.56			(1,406.58)		290,182.72	325,214.72	1,570.74	0.00
FNMA	2007A Single Family	5.49	03/20/08	11/01/37	342,354.36	381,768.95			(1,707.22)		340,647.14	381,963.45	1,901.72	0.00
FNMA	2007A Single Family	4.75	03/27/08	03/01/38	196,813.82	214,360.94			(826.21)		195,987.61	215,477.71	1,942.98	0.00
FNMA	2007A Single Family	5.49	04/08/08	03/01/38	178,750.96	199,238.44			(710.52)		178,040.44	199,482.12	954.20	0.00
FNMA	2007A Single Family	4.75	04/08/08	02/01/38	139,066.21	151,470.07			(587.13)		138,479.08	152,255.33	1,372.39	0.00
FNMA	2007A Single Family	5.49	04/22/08	04/01/38	54,926.49	61,214.42			(202.33)		54,724.16	61,304.00	291.91	0.00
Repo Agmt	2007A Single Family				147,419.74	147,419.74		(147,419.74)					-	0.00
FNMA	2007A Single Family	5.25	10/29/09	10/01/39	3,494.41	3,863.26			(12.27)		3,482.14	3,876.34	25.35	0.00
Freddie Mac	2007A Single Family	5.25	12/11/07	11/01/37	8,155.28	8,988.69			(32.62)		8,122.66	9,007.99	51.92	0.00
Freddie Mac	2007A Single Family	5.25	12/11/07	11/01/37	5,804.82	6,397.71			(23.99)		5,780.83	6,410.36	36.64	0.00
Freddie Mac	2007A Single Family	5.25	12/20/07	12/01/37	17,320.08	19,101.98			(166.88)		17,153.20	19,042.75	107.65	0.00
Freddie Mac	2007A Single Family	6.00	12/20/07	12/01/37	4,506.94	5,007.12			(35.79)		4,471.15	5,003.32	31.99	0.00
Freddie Mac	2007A Single Family	5.25	12/20/07	12/01/37	10,481.92	11,552.60			(41.61)		10,440.31	11,577.35	66.36	0.00
Freddie Mac	2007A Single Family	5.25	01/16/08	12/01/37	17,393.57	19,172.49			(76.86)		17,316.71	19,208.00	112.37	0.00
Freddie Mac	2007A Single Family	6.00	01/16/08	12/01/37	3,999.56	4,443.51			(13.92)		3,985.64	4,460.08	30.49	0.00
Freddie Mac	2007A Single Family	5.25	01/16/08	12/01/37	7,403.47	8,159.85			(2,808.30)		4,595.17	5,095.26	(256.29)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Freddie Mac	2007A Single Family	5.25	01/30/08	01/01/38	14,528.40	16,015.31			(70.59)		14,457.81	16,038.47	93.75	0.00
Freddie Mac	2007A Single Family	5.25	01/30/08	12/01/37	9,172.33	10,111.64			(37.52)		9,134.81	10,133.54	59.42	0.00
Freddie Mac	2007A Single Family	6.00	02/13/08	01/01/38	5,736.52	6,373.39			(30.14)		5,706.38	6,385.80	42.55	0.00
Freddie Mac	2007A Single Family	5.25	02/13/08	01/01/38	7,474.64	8,237.97			(29.46)		7,445.18	8,255.55	47.04	0.00
Freddie Mac	2007A Single Family	5.25	03/20/08	02/01/38	2,606.22	2,872.15			(10.18)		2,596.04	2,878.20	16.23	0.00
Freddie Mac	2007A Single Family	6.00	03/20/08	03/01/38	5,217.63	5,797.03			(18.05)		5,199.58	5,818.80	39.82	0.00
Freddie Mac	2007A Single Family	5.25	03/20/08	11/01/37	4,256.93	4,701.79			(41.40)		4,215.53	4,690.60	30.21	0.00
Freddie Mac	2007A Single Family	6.00	04/22/08	02/01/38	2,218.11	2,464.50			(8.05)		2,210.06	2,473.34	16.89	0.00
Freddie Mac	2007A Single Family	5.25	04/22/08	01/01/38	5,271.39	5,809.65			(20.69)		5,250.70	5,821.93	32.97	0.00
Freddie Mac	2007A Single Family	5.25	05/14/08	04/01/38	5,807.84	6,399.98			(22.38)		5,785.46	6,413.33	35.73	0.00
Freddie Mac	2007A Single Family	6.00	05/15/08	04/01/38	5,446.58	6,051.65			(18.74)		5,427.84	6,074.47	41.56	0.00
Freddie Mac	2007A Single Family	5.25	05/21/08	04/01/38	11,595.72	12,779.47			(45.12)		11,550.60	12,806.58	72.23	0.00
Freddie Mac	2007A Single Family	5.25	05/21/08	05/01/38	8,144.80	8,975.01			(31.59)		8,113.21	8,993.20	49.78	0.00
Freddie Mac	2007A Single Family	5.25	05/28/08	04/01/38	3,359.26	3,703.37	0.23				3,359.49	3,725.77	22.17	0.00
Freddie Mac	2007A Single Family	5.25	05/28/08	05/01/38	4,771.21	5,257.44			(18.26)		4,752.95	5,268.35	29.17	0.00
Freddie Mac	2007A Single Family	6.00	06/18/08	05/01/38	10,157.79	11,286.54			(44.24)		10,113.55	11,318.74	76.44	0.00
Freddie Mac	2007A Single Family	5.25	06/18/08	02/01/38	2,787.05	3,078.04			(23.70)		2,763.35	3,073.25	18.91	0.00
Freddie Mac	2007A Single Family	5.25	06/18/08	05/01/38	5,033.81	5,546.86			(19.29)		5,014.52	5,558.37	30.80	0.00
Freddie Mac	2007A Single Family	6.00	06/25/08	05/01/38	3,627.04	4,030.09			(12.22)		3,614.82	4,045.59	27.72	0.00
Freddie Mac	2007A Single Family	6.00	07/16/08	06/01/38	5,607.36	6,230.60			(26.99)		5,580.37	6,245.48	41.87	0.00
Freddie Mac	2007A Single Family	5.25	07/16/08	06/01/38	7,680.55	8,464.51			(33.77)		7,646.78	8,478.62	47.88	0.00
Freddie Mac	2007A Single Family	6.00	07/23/08	06/01/38	5,079.18	5,643.74			(23.01)		5,056.17	5,661.38	40.65	0.00
Freddie Mac	2007A Single Family	6.00	08/13/08	06/01/38	5,311.47	5,901.92			(34.61)		5,276.86	5,905.90	38.59	0.00
Freddie Mac	2007A Single Family	6.00	08/13/08	08/01/38	2,554.77	2,838.77			(8.44)		2,546.33	2,849.88	19.55	0.00
Freddie Mac	2007A Single Family	6.00	08/20/08	06/01/38	5,330.25	5,922.84			(20.15)		5,310.10	5,943.16	40.47	0.00
Freddie Mac	2007A Single Family	6.00	08/27/08	08/01/38	7,441.20	8,268.53			(24.82)		7,416.38	8,300.60	56.89	0.00
Freddie Mac	2007A Single Family	6.00	09/17/08	08/01/38	6,631.14	7,368.47			(29.91)		6,601.23	7,388.34	49.78	0.00
Freddie Mac	2007A Single Family	5.25	09/17/08	08/01/38	2,918.74	3,216.30			(11.77)		2,906.97	3,222.21	17.68	0.00
Freddie Mac	2007A Single Family	5.25	09/24/08	08/01/38	6,260.87	6,898.79			(26.28)		6,234.59	6,910.06	37.55	0.00
Freddie Mac	2007A Single Family	5.25	09/24/08	06/01/38	5,017.77	5,529.60			(19.20)		4,998.57	5,541.10	30.70	0.00
Freddie Mac	2007A Single Family	5.25	10/08/08	09/01/38	3,782.29	4,188.81			(60.91)		3,721.38	4,144.06	16.16	0.00
Freddie Mac	2007A Single Family	6.00	10/15/08	09/01/38	7,802.35	8,670.11			(25.68)		7,776.67	8,704.11	59.68	0.00
Freddie Mac	2007A Single Family	5.25	10/22/08	07/01/38	4,315.91	4,755.74			(16.33)		4,299.58	4,765.49	26.08	0.00
Freddie Mac	2007A Single Family	6.00	10/22/08	07/01/38	2,663.91	2,960.19			(10.23)		2,653.68	2,970.16	20.20	0.00
Freddie Mac	2007A Single Family	6.00	10/22/08	09/01/38	2,705.84	3,006.79			(8.94)		2,696.90	3,018.55	20.70	0.00
Freddie Mac	2007A Single Family				5,323.79	5,868.22			(5,323.79)				(544.43)	0.00
Freddie Mac	2007A Single Family	5.25	11/19/08	09/01/38	3,990.29	4,397.03			(15.44)		3,974.85	4,405.68	24.09	0.00
Freddie Mac	2007A Single Family	5.25	12/10/08	11/01/38	11,128.14	12,262.73			(41.98)		11,086.16	12,288.01	67.26	0.00
Freddie Mac	2007A Single Family	6.00	12/17/08	11/01/38	5,872.91	6,526.36			(19.24)		5,853.67	6,552.09	44.95	0.00
Freddie Mac	2007A Single Family	5.25	01/14/09	11/01/38	2,921.80	3,219.77			(10.80)		2,911.00	3,226.71	17.74	0.00
Freddie Mac	2007A Single Family	6.00	01/14/09	11/01/38	7,190.61	7,990.86			(24.13)		7,166.48	8,021.68	54.95	0.00
Freddie Mac	2007A Single Family	6.00	02/18/09	01/01/39	4,694.10	5,216.66			(15.26)		4,678.84	5,237.34	35.94	0.00
Freddie Mac	2007A Single Family	5.25	02/18/09	12/01/38	3,985.23	4,391.78			(14.61)		3,970.62	4,401.41	24.24	0.00
Freddie Mac	2007A Single Family	4.75	02/18/09	10/01/38	1,676.34	1,821.18			(6.79)		1,669.55	1,828.58	14.19	0.00
Freddie Mac	2007A Single Family	4.75	02/18/09	12/01/38	2,430.76	2,641.22			(10.23)		2,420.53	2,651.96	20.97	0.00
Freddie Mac	2007A Single Family	4.75	03/11/09	12/01/38	2,882.26	3,131.20			(11.53)		2,870.73	3,143.89	24.22	0.00
Freddie Mac	2007A Single Family	5.25	03/25/09	02/01/39	2,529.83	2,787.97			(9.17)		2,520.66	2,794.24	15.44	0.00
Freddie Mac	2007A Single Family	5.25	03/25/09	01/01/39	2,743.33	3,034.96			(27.18)		2,716.15	3,023.32	15.54	0.00
Freddie Mac	2007A Single Family	6.00	03/25/09	11/01/38	1,803.87	2,004.75			(56.86)		1,747.01	1,962.50	14.61	0.00
Freddie Mac	2007A Single Family	5.25	03/25/09	12/01/38	2,176.11	2,407.82			(26.61)		2,149.50	2,392.62	11.41	0.00
GNMA	2007A Single Family	5.25	12/28/07	12/20/37	9,970.39	11,108.75			(43.13)		9,927.26	11,254.71	189.09	0.00
GNMA	2007A Single Family	6.00	12/11/07	11/20/37	12,500.12	13,921.13			(46.27)		12,453.85	14,101.79	226.93	0.00
GNMA	2007A Single Family	5.25	12/11/07	11/20/37	57,014.97	63,523.28			(233.67)		56,781.30	64,372.61	1,083.00	0.00
GNMA	2007A Single Family	5.25	12/11/07	11/20/37	4,014.49	4,472.72			(15.81)		3,998.68	4,533.23	76.32	0.00
GNMA	2007A Single Family	6.00	12/11/07	11/20/37	6,670.22	7,515.92			(26.61)		6,643.61	7,610.32	121.01	0.00
GNMA	2007A Single Family	5.25	12/11/07	12/20/37	63,540.88	70,794.41			(285.50)		63,255.38	71,712.51	1,203.60	0.00
GNMA	2007A Single Family	5.25	12/11/07	11/20/37	8,810.65	9,816.38			(37.14)		8,773.51	9,946.46	167.22	0.00
GNMA	2007A Single Family	5.25	12/20/07	12/20/37	24,899.52	27,742.16			(129.51)		24,770.01	28,081.98	469.33	0.00
GNMA	2007A Single Family				3,262.58	3,676.26			(3,262.58)				(413.68)	0.00
GNMA	2007A Single Family	5.25	12/20/07	12/20/37	12,283.99	13,686.39			(48.95)		12,235.04	13,870.98	233.54	0.00
GNMA	2007A Single Family	5.25	12/20/07	11/20/37	4,340.39	4,835.90			(17.25)		4,323.14	4,901.16	82.51	0.00
GNMA	2007A Single Family	5.25	12/20/07	12/20/37	6,406.91	7,138.33			(32.66)		6,374.25	7,226.53	120.86	0.00
GNMA	2007A Single Family	6.00	01/30/08	01/20/38	7,057.27	7,952.49			(24.37)		7,032.90	8,056.71	128.59	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	13,976.58	15,572.88			(4,752.10)		9,224.48	10,458.30	(362.48)	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	8,599.51	9,581.69			(34.71)		8,564.80	9,710.41	163.43	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	8,517.80	9,490.66			(33.18)		8,484.62	9,619.51	162.03	0.00
GNMA	2007A Single Family	6.00	01/30/08	01/20/38	5,188.93	5,847.20			(17.86)		5,171.07	5,923.89	94.55	0.00
GNMA	2007A Single Family	6.00	01/16/08	12/20/37	9,222.31	10,405.40			(32.22)		9,190.09	10,550.97	177.79	0.00
GNMA	2007A Single Family	5.25	01/16/08	12/20/37	13,303.94	14,823.23			(55.52)		13,248.42	15,020.31	252.60	0.00
GNMA	2007A Single Family	5.25	01/16/08	01/20/38	64,257.02	71,595.06			(279.64)		63,977.38	72,533.91	1,218.49	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	14,516.49	16,174.48			(63.12)		14,453.37	16,386.62	275.26	0.00
GNMA	2007A Single Family	5.25	02/13/08	01/20/38	6,593.74	7,346.93			(28.72)		6,565.02	7,443.24	125.03	0.00
GNMA	2007A Single Family	5.25	02/13/08	02/20/38	8,189.30	9,124.79			(43.62)		8,145.68	9,235.39	154.22	0.00
GNMA	2007A Single Family	6.00	01/30/08	01/20/38	4,429.38	4,977.29			(15.22)		4,414.16	5,042.80	80.73	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	4,771.01	5,315.94			(18.57)		4,752.44	5,388.13	90.76	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	4,719.09	5,258.07			(18.38)		4,700.71	5,329.46	89.77	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	9,442.74	10,521.22			(38.25)		9,404.49	10,662.39	179.42	0.00
GNMA	2007A Single Family	6.00	02/13/08	01/20/38	9,665.16	10,891.32			(33.26)		9,631.90	11,034.20	176.14	0.00
GNMA	2007A Single Family	5.25	02/13/08	01/20/38	17,667.01	19,685.12			(69.15)		17,597.86	19,952.00	336.03	0.00
GNMA	2007A Single Family	5.25	02/13/08	01/20/38	14,581.74	16,247.41			(56.96)		14,524.78	16,467.83	277.38	0.00
GNMA	2007A Single Family	5.25	04/08/08	03/20/38	13,106.73	14,604.79			(51.21)		13,055.52	14,802.91	249.33	0.00
GNMA	2007A Single Family	6.00	04/08/08	04/20/38	5,763.96	6,495.64			(20.09)		5,743.87	6,580.56	105.01	0.00
GNMA	2007A Single Family	5.25	04/08/08	04/20/38	7,206.09	8,029.79			(46.64)		7,159.45	8,117.76	134.61	0.00
GNMA	2007A Single Family	6.00	03/12/08	03/20/38	3,886.01	4,388.98			(28.53)		3,857.48	4,428.99	68.54	0.00
GNMA	2007A Single Family	5.25	03/12/08	03/20/38	8,682.49	9,674.60			(33.62)		8,648.87	9,806.18	165.20	0.00
GNMA	2007A Single Family	5.25	03/20/08	03/20/38	12,871.59	14,316.63			(57.18)		12,814.41	14,503.29	243.84	0.00
GNMA	2007A Single Family	6.00	02/19/08	01/20/38	10,038.70	11,312.28			(35.90)		10,002.80	11,459.12	182.74	0.00
GNMA	2007A Single Family	5.25	02/19/08	02/20/38	12,108.45	13,491.75			(49.83)		12,058.62	13,671.92	230.00	0.00
GNMA	2007A Single Family	6.00	02/19/08	02/20/38	7,132.86	8,037.83			(40.31)		7,092.55	8,125.21	127.69	0.00
GNMA	2007A Single Family	5.25	02/19/08	02/20/38	22,323.52	24,873.79			(115.29)		22,208.23	25,179.40	420.90	0.00
GNMA	2007A Single Family	6.00	02/27/08	02/20/38	8,615.87	9,681.94			(30.32)		8,585.55	9,808.54	156.92	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	8,059.49	8,980.26			(32.12)		8,027.37	9,101.36	153.22	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	11,847.37	13,200.90			(47.94)		11,799.43	13,378.11	225.15	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	2,155.63	2,401.90			(8.64)		2,146.99	2,434.24	40.98	0.00
GNMA	2007A Single Family	6.00	02/27/08	02/20/38	6,635.48	7,460.59			(22.74)		6,612.74	7,558.85	121.00	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	12,821.75	14,286.64			(240.29)		12,581.46	14,264.81	218.46	0.00
GNMA	2007A Single Family	5.25	03/20/08	03/20/38	4,854.18	5,408.89			(18.67)		4,835.51	5,482.60	92.38	0.00
GNMA	2007A Single Family	5.25	03/27/08	03/20/38	10,442.25	11,635.65			(42.44)		10,399.81	11,791.61	198.40	0.00
GNMA	2007A Single Family	6.00	03/27/08	03/20/38	13,371.06	15,034.35			(46.48)		13,324.58	15,231.60	243.73	0.00
GNMA	2007A Single Family	5.25	04/15/08	03/20/38	3,149.78	3,509.84			(12.53)		3,137.25	3,557.19	59.88	0.00
GNMA	2007A Single Family	6.00	04/15/08	04/20/38	3,257.76	3,671.33			(63.23)		3,194.53	3,659.90	51.80	0.00
GNMA	2007A Single Family	5.25	04/24/08	04/20/38	4,189.08	4,668.01			(16.16)		4,172.92	4,731.56	79.71	0.00
GNMA	2007A Single Family	6.00	04/22/08	04/20/38	11,372.43	12,780.33			(42.67)		11,329.76	12,944.43	206.77	0.00
GNMA	2007A Single Family	6.00	05/07/08	04/20/38	7,526.85	8,451.65			(26.64)		7,500.21	8,592.99	167.98	0.00
GNMA	2007A Single Family	5.25	05/07/08	05/20/38	48,815.97	54,397.53			(203.30)		48,612.67	55,121.16	926.93	0.00
GNMA	2007A Single Family	5.25	05/07/08	04/20/38	9,239.35	10,295.73			(35.66)		9,203.69	10,435.88	175.81	0.00
GNMA	2007A Single Family	5.25	05/14/08	04/20/38	13,924.12	15,516.21			(53.66)		13,870.46	15,727.52	264.97	0.00
GNMA	2007A Single Family	6.00	05/21/08	05/20/38	4,941.00	5,580.92			(16.47)		4,924.53	5,654.52	90.07	0.00
GNMA	2007A Single Family	5.25	05/21/08	05/20/38	5,461.99	6,086.61			(22.97)		5,439.02	6,167.33	103.69	0.00
GNMA	2007A Single Family	5.25	05/28/08	05/20/38	8,888.70	9,905.17			(34.36)		8,854.34	10,039.96	169.15	0.00
GNMA	2007A Single Family	6.00	05/28/08	05/20/38	9,386.19	10,578.23			(39.54)		9,346.65	10,708.71	170.02	0.00
GNMA	2007A Single Family	5.25	05/28/08	01/20/38	3,090.58	3,443.97			(12.18)		3,078.40	3,490.58	58.79	0.00
GNMA	2007A Single Family	6.00	06/11/08	06/20/38	9,686.67	10,877.28			(33.34)		9,653.33	11,060.24	216.30	0.00
GNMA	2007A Single Family	5.25	06/11/08	05/20/38	7,895.71	8,798.76			(34.15)		7,861.56	8,914.39	149.78	0.00
GNMA	2007A Single Family	5.25	06/11/08	05/20/38	11,119.41	12,391.20			(47.25)		11,072.16	12,554.97	211.02	0.00
GNMA	2007A Single Family	6.00	07/09/08	07/20/38	34,233.67	38,475.18			(694.01)		33,539.66	38,322.96	541.79	0.00
GNMA	2007A Single Family	5.25	07/09/08	06/20/38	18,090.34	20,160.06			(89.53)		18,000.81	20,412.18	341.65	0.00
GNMA	2007A Single Family	5.25	07/09/08	06/20/38	12,581.45	14,020.90			(48.58)		12,532.87	14,211.75	239.43	0.00
GNMA	2007A Single Family	6.00	07/16/08	07/20/38	5,012.68	5,649.59			(38.37)		4,974.31	5,699.51	88.29	0.00
GNMA	2007A Single Family	5.25	07/16/08	07/20/38	5,486.28	6,114.02			(20.97)		5,465.31	6,197.47	104.42	0.00
GNMA	2007A Single Family	6.00	06/18/08	06/20/38	11,298.74	12,705.43			(38.43)		11,260.31	12,873.09	206.09	0.00
GNMA	2007A Single Family	5.25	06/18/08	06/20/38	3,419.23	3,810.37			(13.31)		3,405.92	3,862.11	65.05	0.00
GNMA	2007A Single Family	5.25	06/18/08	06/20/38	8,865.08	9,879.16			(57.35)		8,807.73	9,987.41	165.60	0.00
GNMA	2007A Single Family	6.00	06/18/08	06/20/38	2,142.77	2,379.65			(7.41)		2,135.36	2,411.63	39.39	0.00
GNMA	2007A Single Family	6.00	06/25/08	06/20/38	14,679.07	16,543.80			(61.52)		14,617.55	16,748.21	265.93	0.00
GNMA	2007A Single Family	5.25	06/25/08	06/20/38	18,346.05	20,444.81			(71.84)		18,274.21	20,721.97	349.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	5.25	07/16/08	07/20/38	31,714.38	35,343.26			(4,118.57)		27,595.81	31,292.85	68.16	0.00
GNMA	2007A Single Family	6.00	07/23/08	07/20/38	11,272.41	12,704.75			(39.30)		11,233.11	12,870.85	205.40	0.00
GNMA	2007A Single Family	5.25	07/23/08	07/20/38	36,464.10	40,636.71			(138.73)		36,325.37	41,192.21	694.23	0.00
GNMA	2007A Single Family	5.25	07/23/08	07/20/38	8,225.52	9,166.82			(35.03)		8,190.49	9,287.90	156.11	0.00
GNMA	2007A Single Family	6.00	07/29/08	07/20/38	1,370.86	1,521.35			(4.51)		1,366.35	1,542.08	25.24	0.00
GNMA	2007A Single Family	5.25	07/29/08	07/20/38	18,999.77	21,174.04			(72.03)		18,927.74	21,463.79	361.78	0.00
GNMA	2007A Single Family	5.25	07/29/08	07/20/38	11,999.25	13,372.40			(45.24)		11,954.01	13,555.67	228.51	0.00
GNMA	2007A Single Family	6.00	08/27/08	08/20/38	2,322.02	2,583.10			(7.64)		2,314.38	2,618.19	42.73	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38	14,125.25	15,742.21			(80.11)		14,045.14	15,927.51	265.41	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38	13,273.74	14,793.24			(49.63)		13,224.11	14,996.46	252.85	0.00
GNMA	2007A Single Family	6.00	08/13/08	08/20/38	28,103.81	31,604.67			(100.77)		28,003.04	32,015.81	511.91	0.00
GNMA	2007A Single Family	5.25	08/13/08	08/20/38	65,308.75	72,783.92			(304.00)		65,004.75	73,715.87	1,235.95	0.00
GNMA	2007A Single Family	5.25	08/13/08	07/20/38	34,304.54	38,230.83			(191.21)		34,113.33	38,684.59	644.97	0.00
GNMA	2007A Single Family	6.00	08/13/08	08/20/38	7,578.52	8,517.82			(25.43)		7,553.09	8,630.62	138.23	0.00
GNMA	2007A Single Family	5.25	08/13/08	08/20/38	13,553.21	15,104.50			(52.76)		13,500.45	15,309.60	257.86	0.00
GNMA	2007A Single Family	5.25	08/13/08	08/20/38	23,264.99	25,927.85			(4,815.11)		18,449.88	20,922.28	(190.46)	0.00
GNMA	2007A Single Family	6.00	08/20/08	08/20/38	9,711.43	10,921.27			(32.82)		9,678.61	11,065.64	177.19	0.00
GNMA	2007A Single Family	5.25	08/20/08	08/20/38	26,276.55	29,284.32			(141.44)		26,135.11	29,637.61	494.73	0.00
GNMA	2007A Single Family	5.25	08/20/08	08/20/38	8,256.48	9,201.55			(31.59)		8,224.89	9,327.13	157.17	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38	5,077.53	5,658.74			(19.07)		5,058.46	5,736.37	96.70	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38	9,029.73	10,063.42			(33.65)		8,996.08	10,201.79	172.02	0.00
GNMA	2007A Single Family	6.00	08/27/08	08/20/38	9,228.07	10,401.06			(30.53)		9,197.54	10,538.92	168.39	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38	34,103.73	38,007.70			(130.54)		33,973.19	38,526.37	649.21	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38	10,445.84	11,641.61			(60.74)		10,385.10	11,776.94	196.07	0.00
GNMA	2007A Single Family	6.00	09/10/08	09/20/38	10,742.99	12,108.76			(35.56)		10,707.43	12,269.22	196.02	0.00
GNMA	2007A Single Family	5.25	09/10/08	09/20/38	47,110.11	52,503.87			(180.32)		46,929.79	53,220.37	896.82	0.00
GNMA	2007A Single Family	5.25	09/10/08	08/20/38	25,750.35	28,698.50			(96.25)		25,654.10	29,092.74	490.49	0.00
GNMA	2007A Single Family	5.25	09/17/08	09/20/38	10,331.63	11,514.61			(39.65)		10,291.98	11,671.63	196.67	0.00
GNMA	2007A Single Family	5.25	09/17/08	08/20/38	8,475.45	9,445.86			(31.57)		8,443.88	9,575.73	161.44	0.00
GNMA	2007A Single Family	5.25	09/24/08	07/20/38	4,169.53	4,646.93			(15.64)		4,153.89	4,710.71	79.42	0.00
GNMA	2007A Single Family	6.00	09/24/08	09/20/38	6,944.02	7,809.37			(24.74)		6,919.28	7,911.14	126.51	0.00
GNMA	2007A Single Family	5.25	09/24/08	09/20/38	23,416.92	26,098.31			(95.21)		23,321.71	26,448.14	445.04	0.00
GNMA	2007A Single Family	5.25	09/24/08	08/20/38	3,331.56	3,713.05			(20.87)		3,310.69	3,754.52	62.34	0.00
GNMA	2007A Single Family	5.25	09/24/08	09/20/38	4,986.93	5,557.96			(19.30)		4,967.63	5,633.57	94.91	0.00
GNMA	2007A Single Family	6.00	09/24/08	09/20/38	11,148.30	12,509.42			(41.92)		11,106.38	12,670.41	202.91	0.00
GNMA	2007A Single Family	5.25	09/24/08	09/20/38	21,090.66	23,505.72			(80.36)		21,010.30	23,826.91	401.55	0.00
GNMA	2007A Single Family	6.00	10/08/08	10/20/38	24,744.76	27,891.46			(83.65)		24,661.11	28,259.07	451.26	0.00
GNMA	2007A Single Family	5.25	10/08/08	09/20/38	17,239.33	19,213.66			(65.00)		17,174.33	19,476.97	328.31	0.00
GNMA	2007A Single Family	6.00	10/15/08	09/20/38	4,349.10	4,913.18			(14.37)		4,334.73	4,978.13	79.32	0.00
GNMA	2007A Single Family	6.00	10/15/08	06/20/38	3,169.37	3,572.40			(10.51)		3,158.86	3,619.73	57.84	0.00
GNMA	2007A Single Family	6.00	10/15/08	07/20/38	4,573.45	5,140.62			(18.99)		4,554.46	5,204.53	82.90	0.00
GNMA	2007A Single Family	6.00	10/22/08	10/20/38	18,649.20	20,973.87			(65.74)		18,583.46	21,248.01	339.88	0.00
GNMA	2007A Single Family	5.25	10/22/08	10/20/38	25,811.26	28,767.76			(98.55)		25,712.71	29,160.63	491.42	0.00
GNMA	2007A Single Family	5.25	10/22/08	07/20/38	4,482.92	4,996.38			(16.81)		4,466.11	5,064.96	85.39	0.00
GNMA	2007A Single Family	5.25	10/22/08	09/20/38	5,725.50	6,381.28			(40.84)		5,684.66	6,446.89	106.45	0.00
GNMA	2007A Single Family	6.00	10/22/08	10/20/38	15,941.58	17,928.79			(81.81)		15,859.77	18,133.84	286.86	0.00
GNMA	2007A Single Family	5.25	10/22/08	10/20/38	19,378.66	21,598.32			(72.54)		19,306.12	21,894.91	369.13	0.00
GNMA	2007A Single Family	5.25	10/22/08	08/20/38	4,610.78	5,138.87			(20.01)		4,590.77	5,206.34	87.48	0.00
GNMA	2007A Single Family	5.25	10/29/08	10/20/38	9,512.36	10,602.00			(35.21)		9,477.15	10,748.05	181.26	0.00
GNMA	2007A Single Family	6.00	10/29/08	10/20/38	13,869.79	15,633.89			(45.70)		13,824.09	15,841.31	253.12	0.00
GNMA	2007A Single Family	6.00	10/29/08	10/20/38	10,657.03	11,985.55			(49.13)		10,607.90	12,129.00	192.58	0.00
GNMA	2007A Single Family	5.25	10/29/08	10/20/38	13,971.50	15,571.92			(51.68)		13,919.82	15,786.46	266.22	0.00
GNMA	2007A Single Family	5.25	10/29/08	10/20/38	8,250.16	9,195.24			(32.51)		8,217.65	9,319.66	156.93	0.00
GNMA	2007A Single Family	6.00	10/29/08	10/20/38	8,684.87	9,767.53			(40.43)		8,644.44	9,883.95	156.85	0.00
GNMA	2007A Single Family	5.25	10/29/08	09/20/38	6,877.54	7,665.34			(28.23)		6,849.31	7,767.78	130.67	0.00
GNMA	2007A Single Family	6.00	11/12/08	11/20/38	26,700.78	30,014.75			(112.84)		26,587.94	30,401.00	499.09	0.00
GNMA	2007A Single Family	5.25	11/12/08	10/20/38	9,298.92	10,364.25			(35.43)		9,263.49	10,505.87	177.05	0.00
GNMA	2007A Single Family	6.00	11/12/08	11/20/38	9,682.29	10,865.02			(31.09)		9,651.20	11,010.90	176.97	0.00
GNMA	2007A Single Family	5.25	11/19/08	08/20/38	3,682.41	4,104.29			(14.11)		3,668.30	4,160.27	70.09	0.00
GNMA	2007A Single Family	6.00	11/19/08	10/20/38	9,021.83	10,123.90			(30.79)		8,991.04	10,257.75	164.64	0.00
GNMA	2007A Single Family	5.25	11/19/08	11/20/38	7,152.18	7,971.61			(26.36)		7,125.82	8,081.55	136.30	0.00
GNMA	2007A Single Family	6.00	11/19/08	10/20/38	8,119.11	9,126.39			(27.99)		8,091.12	9,246.41	148.01	0.00
GNMA	2007A Single Family	5.25	11/25/08	10/20/38	2,121.80	2,364.93			(7.94)		2,113.86	2,397.41	40.42	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	5.25	11/25/08	11/20/38	5,354.73	5,968.31			(20.06)		5,334.67	6,050.24	101.99	0.00
GNMA	2007A Single Family	6.00	11/25/08	11/20/38	8,532.35	9,617.87			(29.82)		8,502.53	9,743.50	155.45	0.00
GNMA	2007A Single Family	6.00	11/25/08	11/20/38	13,044.01	14,662.38			(41.81)		13,002.20	14,858.80	238.23	0.00
GNMA	2007A Single Family	6.00	12/10/08	11/20/38	31,220.52	35,114.09			(112.15)		31,108.37	35,570.64	568.70	0.00
GNMA	2007A Single Family	5.25	12/10/08	11/20/38	34,456.95	38,405.78			(190.38)		34,266.57	38,863.51	648.11	0.00
GNMA	2007A Single Family	5.25	12/10/08	11/20/38	5,138.31	5,727.22			(18.79)		5,119.52	5,806.37	97.94	0.00
GNMA	2007A Single Family	6.00	12/10/08	11/20/38	14,210.12	15,973.42			(3,916.31)		10,293.81	11,744.40	(312.71)	0.00
GNMA	2007A Single Family	6.00	12/17/08	11/20/38	7,171.67	8,047.98			(23.20)		7,148.47	8,155.85	131.07	0.00
GNMA	2007A Single Family	6.00	12/17/08	12/20/38	6,387.82	7,200.67			(22.97)		6,364.85	7,294.01	116.31	0.00
GNMA	2007A Single Family	6.00	12/17/08	12/20/38	8,634.62	9,711.56			(60.07)		8,574.55	9,804.60	153.11	0.00
GNMA	2007A Single Family	6.00	12/17/08	11/20/38	2,559.77	2,891.96			(8.20)		2,551.57	2,930.49	46.73	0.00
GNMA	2007A Single Family	6.00	02/18/09	01/20/39	2,703.16	3,054.21			(8.57)		2,694.59	3,095.00	49.36	0.00
GNMA	2007A Single Family	6.00	02/18/09	02/20/39	5,304.73	5,958.41			(16.85)		5,287.88	6,060.25	118.69	0.00
GNMA	2007A Single Family	5.25	02/25/09	02/20/39	6,075.04	6,771.85			(23.33)		6,051.71	6,864.16	115.64	0.00
GNMA	2007A Single Family	5.49	02/25/09	01/20/39	2,843.88	3,172.24			(9.84)		2,834.04	3,216.67	54.27	0.00
GNMA	2007A Single Family	6.00	02/25/09	02/20/39	36,317.63	40,758.66			(131.44)		36,186.19	41,289.01	661.79	0.00
GNMA	2007A Single Family	5.25	02/25/09	12/20/38	4,650.90	5,184.32			(16.91)		4,633.99	5,256.08	88.67	0.00
GNMA	2007A Single Family	5.25	02/25/09	12/20/38	4,639.36	5,171.47			(23.53)		4,615.83	5,235.50	87.56	0.00
GNMA	2007A Single Family	6.00	02/25/09	02/20/39	17,153.23	19,283.36			(54.09)		17,099.14	19,542.69	313.42	0.00
GNMA	2007A Single Family	6.00	02/25/09	02/20/39	2,411.98	2,683.98			(7.66)		2,404.32	2,720.73	44.41	0.00
GNMA	2007A Single Family	5.25	03/11/09	02/20/39	5,212.51	5,810.45			(20.73)		5,191.78	5,888.85	99.13	0.00
GNMA	2007A Single Family	5.25	03/11/09	01/20/39	4,319.05	4,814.48			(15.60)		4,303.45	4,881.24	82.36	0.00
GNMA	2007A Single Family	6.00	03/11/09	02/20/39	17,301.56	19,450.41			(58.36)		17,243.20	19,707.65	315.60	0.00
GNMA	2007A Single Family	6.00	03/18/09	03/20/39	18,496.01	20,758.25			(59.28)		18,436.73	21,037.09	338.12	0.00
GNMA	2007A Single Family	5.25	03/25/09	12/20/38	2,085.30	2,324.53			(7.59)		2,077.71	2,356.70	39.76	0.00
GNMA	2007A Single Family	6.00	03/25/09	03/20/39	2,400.76	2,671.59			(7.49)		2,393.27	2,708.33	44.23	0.00
GNMA	2007A Single Family	6.00	03/25/09	01/20/39	4,395.82	4,941.84			(15.12)		4,380.70	5,006.85	80.13	0.00
GNMA	2007A Single Family	6.00	03/25/09	02/20/39	3,871.40	4,354.69			(12.15)		3,859.25	4,413.32	70.78	0.00
GNMA	2007A Single Family	6.00	04/08/09	10/20/38	2,746.33	3,103.09			(12.00)		2,734.33	3,140.75	49.66	0.00
GNMA	2007A Single Family	5.25	04/08/09	01/20/39	2,259.73	2,519.02			(8.18)		2,251.55	2,553.93	43.09	0.00
GNMA	2007A Single Family	5.25	12/30/08	12/20/38	27,211.99	30,331.22			(101.77)		27,110.22	30,747.82	518.37	0.00
GNMA	2007A Single Family	6.00	12/30/08	12/20/38	5,936.98	6,692.56			(19.89)		5,917.09	6,780.97	108.30	0.00
GNMA	2007A Single Family	6.00	12/30/08	12/20/38	10,505.66	11,799.58			(3,654.97)		6,850.69	7,822.71	(321.90)	0.00
GNMA	2007A Single Family	6.00	12/30/08	12/20/38	10,724.25	12,062.00			(35.99)		10,688.26	12,221.72	195.71	0.00
GNMA	2007A Single Family	5.25	12/30/08	12/20/38	26,026.91	29,010.31			(116.81)		25,910.10	29,386.70	493.20	0.00
GNMA	2007A Single Family	6.00	01/14/09	12/20/38	6,584.97	7,439.80			(21.71)		6,563.26	7,538.20	120.11	0.00
GNMA	2007A Single Family	5.25	01/14/09	01/20/39	11,703.84	13,045.66			(59.38)		11,644.46	13,207.14	220.86	0.00
GNMA	2007A Single Family	5.25	01/14/09	12/20/38	9,588.10	10,687.32			(34.95)		9,553.15	10,835.15	182.78	0.00
GNMA	2007A Single Family	6.00	01/14/09	01/20/39	22,813.04	25,644.91			(72.85)		22,740.19	25,988.75	416.69	0.00
GNMA	2007A Single Family	6.00	01/21/09	01/20/39	11,080.50	12,456.02			(36.26)		11,044.24	12,622.04	202.28	0.00
GNMA	2007A Single Family	6.00	02/11/09	01/20/39	8,558.55	9,626.60			(39.02)		8,519.53	9,742.30	154.72	0.00
GNMA	2007A Single Family	5.25	02/11/09	01/20/39	6,757.50	7,532.45			(24.43)		6,733.07	7,636.87	128.85	0.00
GNMA	2007A Single Family	5.25	02/11/09	01/20/39	13,156.87	14,665.70			(51.04)		13,105.83	14,865.06	250.40	0.00
GNMA	2007A Single Family	6.00	02/11/09	01/20/39	10,192.51	11,464.44			(67.48)		10,125.03	11,578.21	181.25	0.00
GNMA	2007A Single Family	5.25	02/11/09	01/20/39	4,634.49	5,165.97			(16.76)		4,617.73	5,237.56	88.35	0.00
GNMA	2007A Single Family	5.25	02/11/09	01/20/39	6,175.22	6,883.40			(23.31)		6,151.91	6,977.70	117.61	0.00
GNMA	2007A Single Family	6.00	02/11/09	01/20/39	8,208.12	9,227.30			(26.00)		8,182.12	9,351.27	149.97	0.00
GNMA	2007A Single Family	5.25	02/11/09	01/20/39	3,703.29	4,127.98			(21.94)		3,681.35	4,175.51	69.47	0.00
GNMA	2007A Single Family	6.00	06/24/09	06/20/39	3,841.47	4,331.24			(11.83)		3,829.64	4,389.64	70.23	0.00
GNMA	2007A Single Family	5.25	09/16/09	08/20/39	6,288.89	7,011.77			(25.12)		6,263.77	7,106.26	119.61	0.00
GNMA	2007A Single Family	5.25	09/16/09	08/20/39	5,032.99	5,611.55			(17.95)		5,015.04	5,689.62	96.02	0.00
GNMA	2007A Single Family	6.00	09/16/09	08/20/39	8,591.17	9,643.86			(25.91)		8,565.26	9,775.27	157.32	0.00
GNMA	2007A Single Family	6.00	09/29/09	09/20/39	8,512.76	9,556.01			(25.60)		8,487.16	9,686.32	155.91	0.00
GNMA	2007A Single Family	5.25	09/29/09	09/20/39	9,085.65	10,130.18			(33.56)		9,052.09	10,269.81	173.19	0.00
GNMA	2007A Single Family	5.25	10/15/09	09/20/39	14,576.08	16,252.09			(50.17)		14,525.91	16,480.23	278.31	0.00
GNMA	2007A Single Family	5.25	10/29/09	10/20/39	13,591.53	15,154.59			(47.21)		13,544.32	15,366.87	259.49	0.00
GNMA	2007A Single Family	5.25	11/24/09	10/20/39	7,296.22	8,135.53			(26.54)		7,269.68	8,248.11	139.12	0.00
GNMA	2007A Single Family	6.00	11/24/09	09/20/39	5,357.24	6,014.12			(16.03)		5,341.21	6,096.19	98.10	0.00
GNMA	2007A Single Family	5.25	11/24/09	10/20/39	9,470.19	10,559.59			(33.67)		9,436.52	10,706.61	180.69	0.00
GNMA	2007A Single Family	5.25	05/18/10	04/20/40	67,878.44	75,701.44			(227.53)		67,650.91	76,771.07	1,297.16	0.00
GNMA	2007A Single Family	5.25	05/25/10	05/20/40	59,959.39	66,870.32			(228.71)		59,730.68	67,783.70	1,142.09	0.00
GNMA	2007A Single Family	6.00	12/17/09	11/20/39	6,343.65	7,153.77			(18.99)		6,324.66	7,250.87	116.09	0.00
GNMA	2007A Single Family	5.25	12/17/09	12/20/39	18,973.09	21,156.20			(71.30)		18,901.79	21,446.39	361.49	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	5.25	12/17/09	11/20/39	3,304.95	3,685.23			(11.32)		3,293.63	3,737.03	63.12	0.00
GNMA	2007A Single Family	5.25	12/29/09	12/20/39	2,615.76	2,916.77			(10.03)		2,605.73	2,956.56	49.82	0.00
GNMA	2007A Single Family	6.00	12/29/09	12/20/39	10,070.50	11,331.27			(29.99)		10,040.51	11,485.68	184.40	0.00
GNMA	2007A Single Family	5.25	01/20/10	12/20/39	18,959.19	21,141.48			(64.09)		18,895.10	21,439.58	362.19	0.00
GNMA	2007A Single Family	5.25	01/27/10	12/20/39	20,822.96	23,219.98			(4,058.39)		16,764.57	19,022.31	(139.28)	0.00
GNMA	2007A Single Family	6.00	01/27/10	12/20/39	7,312.56	8,223.74			(24.90)		7,287.66	8,332.21	133.37	0.00
GNMA	2007A Single Family	5.25	02/17/10	01/20/40	11,807.01	13,166.45			(39.91)		11,767.10	13,352.12	225.58	0.00
GNMA	2007A Single Family	5.25	02/23/10	12/20/39	4,453.87	4,966.69			(15.15)		4,438.72	5,036.62	85.08	0.00
GNMA	2007A Single Family	6.00	02/23/10	01/20/40	3,108.82	3,506.10			(9.06)		3,099.76	3,553.96	56.92	0.00
GNMA	2007A Single Family	5.25	02/23/10	02/20/40	24,571.18	27,400.49			(91.79)		24,479.39	27,776.95	468.25	0.00
GNMA	2007A Single Family	6.00	03/16/10	03/20/40	8,863.15	9,996.03			(3,334.25)		5,528.90	6,316.46	(345.32)	0.00
GNMA	2007A Single Family	5.25	03/17/10	03/20/40	3,510,804.06	3,733,871.66			(13,519.81)		3,497,284.25	3,786,286.53	65,934.68	0.00
GNMA	2007A Single Family	5.25	03/30/10	03/20/40	83,178.94	92,760.36			(279.69)		82,899.25	94,070.03	1,589.36	0.00
GNMA	2007A Single Family	5.25	03/30/10	02/20/40	2,823.03	3,148.21			(10.67)		2,812.36	3,191.31	53.77	0.00
GNMA	2007A Single Family	5.25	04/13/10	03/20/40	8,077.84	9,008.46			(46.83)		8,031.01	9,113.32	151.69	0.00
GNMA	2007A Single Family	5.25	04/13/10	04/20/40	79,830.46	89,027.61			(324.33)		79,506.13	90,221.15	1,517.87	0.00
GNMA	2007A Single Family	5.25	04/13/10	04/20/40	19,543.54	21,795.12			(69.51)		19,474.03	22,098.55	372.94	0.00
GNMA	2007A Single Family	5.25	04/22/10	04/20/40	68,588.66	76,491.42			(230.47)		68,358.19	77,571.59	1,310.64	0.00
GNMA	2007A Single Family	5.25	04/22/10	04/20/40	2,558.93	2,853.77			(8.69)		2,550.24	2,893.96	48.88	0.00
GNMA	2007A Single Family	5.25	04/28/10	04/20/40	59,996.38	66,909.57			(234.22)		59,762.16	67,817.40	1,142.05	0.00
GNMA	2007A Single Family	5.25	06/15/10	06/20/40	74,591.35	83,190.71			(261.49)		74,329.86	84,353.15	1,423.93	0.00
GNMA	2007A Single Family	5.25	07/20/10	07/20/40	43,649.85	48,683.95			(145.02)		43,504.83	49,373.32	834.39	0.00
GNMA	2007A Single Family	5.25	07/28/10	06/20/40	2,533.22	2,825.40			(8.57)		2,524.65	2,865.24	48.41	0.00
GNMA	2007A Single Family	5.25	07/28/10	07/20/40	58,985.47	65,788.82			(192.80)		58,792.67	66,723.98	1,127.96	0.00
GNMA	2007A Single Family	5.25	08/17/10	07/20/40	41,116.79	45,860.16			(139.12)		40,977.67	46,506.67	785.63	0.00
GNMA	2007A Single Family	5.25	08/24/10	08/20/40	36,923.84	41,183.81			(119.91)		36,803.93	41,770.10	706.20	0.00
GNMA	2007A Single Family	5.25	09/14/10	08/20/40	26,259.86	29,290.19			(123.07)		26,136.79	29,664.28	497.16	0.00
GNMA	2007A Single Family	5.25	06/29/10	04/20/40	8,251.88	9,203.32			(27.21)		8,224.67	9,333.86	157.75	0.00
GNMA	2007A Single Family	5.25	06/29/10	06/20/40	50,243.89	56,037.18			(189.98)		50,053.91	56,804.51	957.31	0.00
GNMA	2007A Single Family	5.25	09/21/10	08/20/40	35,287.57	39,359.97			(117.37)		35,170.20	39,917.14	674.54	0.00
GNMA	2007A Single Family	5.25	10/19/10	10/20/40	59,683.01	66,572.93			(195.06)		59,487.95	67,519.26	1,141.39	0.00
GNMA	2007A Single Family	5.25	11/09/10	10/20/40	20,733.63	23,127.66			(68.41)		20,665.22	23,455.69	396.44	0.00
GNMA	2007A Single Family	5.25	12/21/10	11/15/40	6,664.31	7,498.98			(21.78)		6,642.53	7,548.18	70.98	0.00
FNMA	2007A Single Family	6.00	12/11/07	12/01/37	2,389.12	2,656.67			(8.37)		2,380.75	2,663.36	15.06	0.00
FNMA	2007A Single Family	5.25	12/11/07	11/01/37	7,342.51	8,101.25			(29.29)		7,313.22	8,123.33	51.37	0.00
FNMA	2007A Single Family	5.25	12/12/07	12/01/37	52,546.90	57,994.35			(248.89)		52,298.01	58,118.16	372.70	0.00
FNMA	2007A Single Family	5.25	12/20/07	11/01/37	4,905.74	5,412.68			(24.19)		4,881.55	5,422.71	34.22	0.00
FNMA	2007A Single Family	6.00	12/20/07	12/01/37	3,213.25	3,573.05			(11.26)		3,201.99	3,582.05	20.26	0.00
FNMA	2007A Single Family	5.25	12/20/07	12/01/37	13,454.21	14,843.71			(57.03)		13,397.18	14,880.17	93.49	0.00
FNMA	2007A Single Family	5.25	12/28/07	12/01/37	12,138.45	13,404.55			(66.03)		12,072.42	13,431.03	92.51	0.00
FNMA	2007A Single Family	5.25	12/28/07	12/01/37	2,571.03	2,861.07			(35.23)		2,535.80	2,838.89	13.05	0.00
FNMA	2007A Single Family	5.25	12/28/07	12/01/37	12,512.55	13,804.96			(49.68)		12,462.87	13,842.61	87.33	0.00
FNMA	2007A Single Family	6.00	01/16/08	12/01/37	11,276.82	12,562.27			(47.24)		11,229.58	12,585.05	70.02	0.00
FNMA	2007A Single Family	5.25	01/16/08	12/01/37	58,984.17	65,207.48			(303.55)		58,680.62	65,311.59	407.66	0.00
FNMA	2007A Single Family	5.25	01/30/08	12/01/37	9,114.95	10,077.45			(44.31)		9,070.64	10,098.26	65.12	0.00
FNMA	2007A Single Family	6.00	01/30/08	01/01/38	13,427.07	14,957.88			(49.09)		13,377.98	14,993.04	84.25	0.00
FNMA	2007A Single Family	5.25	01/30/08	01/01/38	8,886.49	9,821.10			(34.78)		8,851.71	9,847.91	61.59	0.00
FNMA	2007A Single Family	5.25	01/30/08	12/01/37	5,549.24	6,133.15			(21.83)		5,527.41	6,149.88	38.56	0.00
FNMA	2007A Single Family	6.00	01/30/08	01/01/38	4,808.68	5,356.94			(17.44)		4,791.24	5,369.69	30.19	0.00
FNMA	2007A Single Family	5.25	01/30/08	01/01/38	8,790.93	9,716.55			(34.89)		8,756.04	9,742.90	61.24	0.00
FNMA	2007A Single Family	6.00	02/13/08	02/01/38	12,148.90	13,534.17			(55.99)		12,092.91	13,553.03	74.85	0.00
FNMA	2007A Single Family	5.25	02/13/08	02/01/38	10,344.64	11,434.63			(41.23)		10,303.41	11,463.13	69.73	0.00
FNMA	2007A Single Family	5.25	02/13/08	01/01/38	12,414.27	13,720.78			(48.94)		12,365.33	13,758.10	86.26	0.00
FNMA	2007A Single Family	5.25	02/19/08	01/01/38	7,301.45	8,069.54			(28.70)		7,272.75	8,091.44	50.60	0.00
FNMA	2007A Single Family	5.25	02/19/08	01/01/38	7,301.18	8,069.23			(28.54)		7,272.64	8,091.30	50.61	0.00
FNMA	2007A Single Family	6.00	02/19/08	02/01/38	6,902.29	7,689.40			(23.72)		6,878.57	7,709.17	43.49	0.00
FNMA	2007A Single Family	6.00	02/27/08	02/01/38	10,302.26	11,477.08			(41.10)		10,261.16	11,500.21	64.23	0.00
FNMA	2007A Single Family	5.25	02/27/08	02/01/38	17,833.81	19,712.06			(95.32)		17,738.49	19,739.63	122.89	0.00
FNMA	2007A Single Family	5.25	02/27/08	01/01/38	2,628.06	2,906.06			(16.13)		2,611.93	2,908.61	18.68	0.00
FNMA	2007A Single Family	5.25	02/27/08	02/01/38	20,410.77	22,560.46			(83.51)		20,327.26	22,620.47	143.52	0.00
FNMA	2007A Single Family	6.00	03/20/08	03/01/38	15,548.20	17,321.71			(63.55)		15,484.65	17,354.92	96.76	0.00
FNMA	2007A Single Family	5.25	03/20/08	01/01/38	3,906.43	4,317.45			(16.28)		3,890.15	4,328.14	26.97	0.00
FNMA	2007A Single Family	5.25	03/20/08	02/01/38	19,074.28	21,083.58			(8,659.16)		10,415.12	11,589.46	(834.96)	0.00

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FNMA	2007A Single Family	5.25	03/27/08	03/01/38	8,371.63	9,256.88			(37.10)		8,334.53	9,279.32	59.54	0.00
FNMA	2007A Single Family	6.00	03/27/08	03/01/38	11,171.09	12,445.37			(39.35)		11,131.74	12,476.30	70.28	0.00
FNMA	2007A Single Family	5.25	04/15/08	04/01/38	3,758.77	4,156.65			(17.67)		3,741.10	4,166.31	27.33	0.00
FNMA	2007A Single Family	6.00	02/04/09	10/01/38	1,498.81	1,670.24			(4.87)		1,493.94	1,674.86	9.49	0.00
	2007A Single Family Total				96,949,018.73	106,621,015.22	7,287,064.43	(4,660,192.49)	(1,256,652.82)	0.00	98,319,237.85	109,381,751.26	1,390,516.92	0.00
Repo Agmt	2007B Single Family	0.01	08/31/11	09/01/11	921,664.99	921,664.99	3,893,643.65				4,815,308.64	4,815,308.64	-	0.00
GIC's	2007B Single Family	4.52	09/20/07	08/31/39	3,390,522.43	3,390,522.43		(2,646,689.60)			743,832.83	743,832.83	-	0.00
FNMA	2007B Single Family	5.25	10/29/09	10/01/39	96,976.01	107,211.79			(340.24)		96,635.77	107,574.80	703.25	0.00
Freddie Mac	2007B Single Family	5.25	12/11/07	11/01/37	226,321.60	249,450.46			(905.09)		225,416.51	249,986.31	1,440.94	0.00
Freddie Mac	2007B Single Family	5.25	12/11/07	11/01/37	161,093.56	177,546.75			(665.72)		160,427.84	177,897.92	1,016.89	0.00
Freddie Mac	2007B Single Family	5.25	12/20/07	12/01/37	480,660.70	530,110.30			(4,631.40)		476,029.30	528,466.56	2,987.66	0.00
Freddie Mac	2007B Single Family	6.00	12/20/07	12/01/37	124,134.08	132,026.14			(1,035.65)		123,098.43	131,926.15	935.66	0.00
Freddie Mac	2007B Single Family	5.25	12/20/07	12/01/37	290,890.80	320,603.30			(1,154.96)		289,735.84	321,290.01	1,841.67	0.00
Freddie Mac	2007B Single Family	5.25	01/16/08	12/01/37	482,699.46	532,067.07			(2,133.12)		480,566.34	533,052.76	3,118.81	0.00
Freddie Mac	2007B Single Family	6.00	01/16/08	12/01/37	110,171.04	117,164.98			(428.55)		109,742.49	117,602.12	865.69	0.00
Freddie Mac	2007B Single Family	5.25	01/16/08	12/01/37	205,458.59	226,448.90			(77,934.69)		127,523.90	141,401.70	(7,112.51)	0.00
Freddie Mac	2007B Single Family	5.25	01/30/08	01/01/38	403,185.86	444,450.56			(1,959.39)		401,226.47	445,093.33	2,602.16	0.00
Freddie Mac	2007B Single Family	5.25	01/30/08	12/01/37	254,547.35	280,614.21			(1,041.01)		253,506.34	281,221.81	1,648.61	0.00
Freddie Mac	2007B Single Family	6.00	02/13/08	01/01/38	158,036.62	168,051.52			(894.44)		157,142.18	168,378.79	1,221.71	0.00
Freddie Mac	2007B Single Family	5.25	02/13/08	01/01/38	207,432.69	228,616.76			(817.67)		206,615.02	229,104.77	1,305.68	0.00
Freddie Mac	2007B Single Family	5.25	03/20/08	02/01/38	72,326.95	79,706.69			(282.48)		72,044.47	79,874.72	450.51	0.00
Freddie Mac	2007B Single Family	6.00	03/20/08	03/01/38	143,765.66	152,854.43			(555.70)		143,209.96	153,428.33	1,129.60	0.00
Freddie Mac	2007B Single Family	5.25	03/20/08	11/01/37	118,136.52	130,482.15			(1,149.04)		116,987.48	130,171.49	838.38	0.00
Freddie Mac	2007B Single Family	6.00	04/22/08	02/01/38	61,125.27	64,983.16			(246.58)		60,878.69	65,216.22	479.64	0.00
Freddie Mac	2007B Single Family	5.25	04/22/08	01/01/38	146,288.86	161,227.25			(574.27)		145,714.59	161,568.07	915.09	0.00
Freddie Mac	2007B Single Family	5.25	05/14/08	04/01/38	161,176.54	177,609.69			(621.11)		160,555.43	177,980.41	991.83	0.00
Freddie Mac	2007B Single Family	6.00	05/15/08	04/01/38	150,109.69	159,567.98			(577.86)		149,531.83	160,169.77	1,179.65	0.00
Freddie Mac	2007B Single Family	5.25	05/21/08	04/01/38	321,799.96	354,650.60			(1,252.20)		320,547.76	355,403.00	2,004.60	0.00
Freddie Mac	2007B Single Family	5.25	05/21/08	05/01/38	226,036.58	249,070.80			(876.45)		225,160.13	249,575.69	1,381.34	0.00
Freddie Mac	2007B Single Family	5.25	05/28/08	04/01/38	93,224.53	102,774.57	6.29				93,230.82	103,396.18	615.32	0.00
Freddie Mac	2007B Single Family	5.25	05/28/08	05/01/38	132,408.66	145,902.33			(507.21)		131,901.45	146,205.12	810.00	0.00
Freddie Mac	2007B Single Family	6.00	06/18/08	05/01/38	279,995.14	297,600.10			(1,333.35)		278,661.79	298,449.08	2,182.33	0.00
Freddie Mac	2007B Single Family	5.25	06/18/08	02/01/38	77,345.31	85,420.64			(657.34)		76,687.97	85,287.46	524.16	0.00
Freddie Mac	2007B Single Family	5.25	06/18/08	05/01/38	139,695.87	153,934.38			(535.09)		139,160.78	154,253.85	854.56	0.00
Freddie Mac	2007B Single Family	6.00	06/25/08	05/01/38	99,980.35	106,264.23			(377.51)		99,602.84	106,672.97	786.25	0.00
Freddie Mac	2007B Single Family	6.00	07/16/08	06/01/38	154,583.99	164,286.48			(807.11)		153,776.88	164,679.00	1,199.63	0.00
Freddie Mac	2007B Single Family	5.25	07/16/08	06/01/38	213,147.73	234,903.54			(937.35)		212,210.38	235,295.12	1,328.93	0.00
Freddie Mac	2007B Single Family	6.00	07/23/08	06/01/38	140,027.24	148,812.51			(691.63)		139,335.61	149,277.60	1,156.72	0.00
Freddie Mac	2007B Single Family	6.00	08/13/08	06/01/38	146,443.21	155,620.06			(1,014.00)		145,429.21	155,724.97	1,118.91	0.00
Freddie Mac	2007B Single Family	6.00	08/13/08	08/01/38	70,439.49	74,852.00			(261.18)		70,178.31	75,144.90	554.08	0.00
Freddie Mac	2007B Single Family	6.00	08/20/08	06/01/38	146,965.67	156,171.49			(615.47)		146,350.20	156,707.51	1,151.49	0.00
Freddie Mac	2007B Single Family	6.00	08/27/08	08/01/38	205,179.40	218,022.04			(767.97)		204,411.43	218,867.67	1,613.60	0.00
Freddie Mac	2007B Single Family	6.00	09/17/08	08/01/38	182,857.68	194,289.51			(898.93)		181,958.75	194,813.42	1,422.84	0.00
Freddie Mac	2007B Single Family	5.25	09/17/08	08/01/38	80,999.69	89,257.51			(326.62)		80,673.07	89,421.40	490.51	0.00
Freddie Mac	2007B Single Family	5.25	09/24/08	08/01/38	173,748.68	191,452.63			(729.34)		173,019.34	191,765.24	1,041.95	0.00
Freddie Mac	2007B Single Family	5.25	09/24/08	06/01/38	139,251.46	153,455.14			(532.46)		138,719.00	153,774.49	851.81	0.00
Freddie Mac	2007B Single Family	5.25	10/08/08	09/01/38	104,964.00	116,246.28			(1,690.26)		103,273.74	115,004.29	448.27	0.00
Freddie Mac	2007B Single Family	6.00	10/15/08	09/01/38	215,182.24	228,610.93			(796.44)		214,385.80	229,507.23	1,692.74	0.00
Freddie Mac	2007B Single Family	5.25	10/22/08	07/01/38	119,773.05	131,979.34			(453.15)		119,319.90	132,249.96	723.77	0.00
Freddie Mac	2007B Single Family	6.00	10/22/08	07/01/38	73,468.79	78,053.39			(312.35)		73,156.44	78,316.36	575.32	0.00
Freddie Mac	2007B Single Family	6.00	10/22/08	09/01/38	74,627.01	79,282.28			(276.94)		74,350.07	79,592.41	587.07	0.00
Freddie Mac	2007B Single Family				147,743.36	162,852.57			(147,743.36)				(15,109.21)	0.00
Freddie Mac	2007B Single Family	5.25	11/19/08	09/01/38	110,736.55	122,024.73			(428.25)		110,308.30	122,264.63	668.15	0.00
Freddie Mac	2007B Single Family	5.25	12/10/08	11/01/38	308,823.43	340,310.21			(1,164.95)		307,658.48	341,011.83	1,866.57	0.00
Freddie Mac	2007B Single Family	6.00	12/17/08	11/01/38	162,014.93	172,085.54			(596.61)		161,418.32	172,763.47	1,274.54	0.00
Freddie Mac	2007B Single Family	5.25	01/14/09	11/01/38	81,084.54	89,353.87			(299.71)		80,784.83	89,546.45	492.29	0.00
Freddie Mac	2007B Single Family	6.00	01/14/09	11/01/38	198,388.95	210,700.42			(746.86)		197,642.09	211,513.22	1,559.66	0.00
Freddie Mac	2007B Single Family	6.00	02/18/09	01/01/39	129,531.88	137,551.33			(474.03)		129,057.85	138,096.37	1,019.07	0.00
Freddie Mac	2007B Single Family	5.25	02/18/09	12/01/38	110,596.74	121,878.90			(405.64)		110,191.10	122,146.19	672.93	0.00
Freddie Mac	2007B Single Family	4.75	02/18/09	10/01/38	46,521.25	50,540.83			(188.45)		46,332.80	50,746.18	393.80	0.00
Freddie Mac	2007B Single Family	4.75	02/18/09	12/01/38	67,457.20	73,298.18			(284.18)		67,173.02	73,596.12	582.12	0.00
Freddie Mac	2007B Single Family	4.75	03/11/09	12/01/38	79,987.36	86,895.98			(319.87)		79,667.49	87,248.09	671.98	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Freddie Mac	2007B Single Family	5.25	03/25/09	02/01/39	70,206.91	77,370.94			(254.47)		69,952.44	77,544.76	428.29	0.00
Freddie Mac	2007B Single Family	5.25	03/25/09	01/01/39	76,132.01	84,224.98			(754.21)		75,377.80	83,902.01	431.24	0.00
Freddie Mac	2007B Single Family	6.00	03/25/09	11/01/38	49,784.07	52,860.77			(1,588.89)		48,195.18	51,746.76	474.88	0.00
Freddie Mac	2007B Single Family	5.25	03/25/09	12/01/38	60,390.37	66,820.81			(738.17)		59,652.20	66,399.14	316.50	0.00
GNMA	2007B Single Family	5.25	12/28/07	12/20/37	279,171.67	308,285.56			(1,231.27)		277,940.40	312,336.09	5,281.80	0.00
GNMA	2007B Single Family	6.00	12/11/07	11/20/37	341,276.75	367,067.99			(1,374.39)		339,902.36	371,831.41	6,137.81	0.00
GNMA	2007B Single Family	5.25	12/11/07	11/20/37	1,582,255.60	1,762,871.86			(6,484.52)		1,575,771.08	1,786,442.20	30,054.86	0.00
GNMA	2007B Single Family	5.25	12/11/07	11/20/37	111,407.77	124,125.08			(439.11)		110,968.66	125,804.49	2,118.52	0.00
GNMA	2007B Single Family	6.00	12/11/07	11/20/37	183,737.24	198,177.39			(808.31)		182,928.93	200,666.64	3,297.56	0.00
GNMA	2007B Single Family	5.25	12/11/07	12/20/37	1,763,359.95	1,964,657.42			(7,923.24)		1,755,436.71	1,990,136.08	33,401.90	0.00
GNMA	2007B Single Family	5.25	12/11/07	11/20/37	244,509.20	272,420.23			(1,030.62)		243,478.58	276,030.23	4,640.62	0.00
GNMA	2007B Single Family	5.25	12/20/07	12/20/37	691,001.35	769,889.27			(3,594.01)		687,407.34	779,319.80	13,024.54	0.00
GNMA	2007B Single Family				89,874.83	96,934.48			(89,874.83)				(7,059.65)	0.00
GNMA	2007B Single Family	5.25	12/20/07	12/20/37	340,900.43	379,819.20			(1,358.43)		339,542.00	384,941.76	6,480.99	0.00
GNMA	2007B Single Family	5.25	12/20/07	11/20/37	120,452.99	134,204.04			(478.87)		119,974.12	136,015.17	2,290.00	0.00
GNMA	2007B Single Family	5.25	12/20/07	12/20/37	177,801.56	198,100.25			(906.34)		176,895.22	200,547.72	3,353.81	0.00
GNMA	2007B Single Family	6.00	01/30/08	01/20/38	194,443.23	209,688.68			(751.11)		193,692.12	212,436.70	3,499.13	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	387,871.91	432,172.39			(131,878.49)		255,993.42	290,234.62	(10,059.26)	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	238,650.19	265,907.38			(963.19)		237,687.00	269,479.53	4,535.34	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	236,382.80	263,381.06			(920.83)		235,461.97	266,956.89	4,496.66	0.00
GNMA	2007B Single Family	6.00	01/30/08	01/20/38	142,967.65	154,177.10			(550.77)		142,416.88	156,199.26	2,572.93	0.00
GNMA	2007B Single Family	6.00	01/16/08	12/20/37	254,076.77	274,366.37			(991.77)		253,085.00	278,204.66	4,830.06	0.00
GNMA	2007B Single Family	5.25	01/16/08	12/20/37	369,206.74	411,368.29			(1,540.32)		367,666.42	416,837.60	7,009.63	0.00
GNMA	2007B Single Family	5.25	01/16/08	01/20/38	1,783,234.10	1,986,876.63			(7,760.37)		1,775,473.73	2,012,931.36	33,815.10	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	402,855.72	448,867.57			(1,751.87)		401,103.85	454,754.77	7,639.07	0.00
GNMA	2007B Single Family	5.25	02/13/08	01/20/38	182,986.69	203,889.27			(797.14)		182,189.55	206,561.84	3,469.71	0.00
GNMA	2007B Single Family	5.25	02/13/08	02/20/38	227,266.12	253,227.50			(1,210.77)		226,055.35	258,296.77	4,280.04	0.00
GNMA	2007B Single Family	6.00	01/30/08	01/20/38	122,039.51	131,239.77			(469.23)		121,570.28	132,967.05	2,196.51	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	132,403.53	147,525.90			(515.34)		131,888.19	149,529.31	2,518.75	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	130,961.99	145,919.72			(510.07)		130,451.92	147,900.94	2,491.29	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	262,050.59	291,980.50			(1,061.72)		260,988.87	295,898.26	4,979.48	0.00
GNMA	2007B Single Family	6.00	02/13/08	01/20/38	266,310.65	287,178.99			(1,025.50)		265,285.15	290,946.33	4,792.84	0.00
GNMA	2007B Single Family	5.25	02/13/08	01/20/38	490,287.90	546,293.48			(1,919.21)		488,368.69	553,699.82	9,325.55	0.00
GNMA	2007B Single Family	5.25	02/13/08	01/20/38	404,666.43	450,891.47			(1,580.58)		403,085.85	457,008.34	7,697.45	0.00
GNMA	2007B Single Family	5.25	04/08/08	03/20/38	363,732.26	405,306.36			(1,421.11)		362,311.15	410,804.34	6,919.09	0.00
GNMA	2007B Single Family	6.00	04/08/08	04/20/38	158,860.42	171,275.09			(618.79)		158,241.63	173,514.03	2,857.73	0.00
GNMA	2007B Single Family	5.25	04/08/08	04/20/38	199,981.36	222,839.64			(1,294.37)		198,686.99	225,280.76	3,735.49	0.00
GNMA	2007B Single Family	6.00	03/12/08	03/20/38	107,089.00	115,727.36			(829.98)		106,259.02	116,782.13	1,884.75	0.00
GNMA	2007B Single Family	5.25	03/12/08	03/20/38	240,952.40	268,485.64			(932.98)		240,019.42	272,137.20	4,584.54	0.00
GNMA	2007B Single Family	5.25	03/20/08	03/20/38	356,562.39	397,309.35			(1,577.87)		354,984.52	402,489.35	6,757.87	0.00
GNMA	2007B Single Family	6.00	02/19/08	01/20/38	276,608.85	298,278.71			(1,102.68)		275,506.17	302,150.51	4,974.48	0.00
GNMA	2007B Single Family	5.25	02/19/08	02/20/38	336,029.52	374,417.57			(1,382.87)		334,646.65	379,417.57	6,382.87	0.00
GNMA	2007B Single Family	6.00	02/19/08	02/20/38	196,543.73	211,938.94			(1,191.03)		195,352.70	214,242.90	3,494.99	0.00
GNMA	2007B Single Family	5.25	02/19/08	02/20/38	619,513.86	690,287.16			(3,199.39)		616,314.47	698,768.46	11,680.69	0.00
GNMA	2007B Single Family	6.00	02/27/08	02/20/38	237,416.24	255,290.30			(932.71)		236,483.53	258,628.51	4,270.92	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	223,663.41	249,216.78			(891.57)		222,771.84	252,577.34	4,252.13	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	328,782.93	366,346.11			(1,330.19)		327,452.74	371,263.85	6,247.93	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	59,822.09	66,656.71			(239.68)		59,582.41	67,554.16	1,137.13	0.00
GNMA	2007B Single Family	6.00	02/27/08	02/20/38	182,843.29	196,718.47			(701.26)		182,142.03	199,309.37	3,292.16	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	355,824.24	396,476.87			(6,668.07)		349,156.17	395,871.09	6,062.29	0.00
GNMA	2007B Single Family	5.25	03/20/08	03/20/38	134,710.98	150,105.39			(518.02)		134,192.96	152,150.98	2,563.61	0.00
GNMA	2007B Single Family	5.25	03/27/08	03/20/38	289,789.26	322,907.87			(1,178.12)		288,611.14	327,236.07	5,506.32	0.00
GNMA	2007B Single Family	6.00	03/27/08	03/20/38	368,495.79	396,420.93			(1,431.57)		367,064.22	401,622.05	6,632.69	0.00
GNMA	2007B Single Family	5.25	04/15/08	03/20/38	87,412.05	97,403.70			(347.82)		87,064.23	98,717.84	1,661.96	0.00
GNMA	2007B Single Family	6.00	04/15/08	04/20/38	89,789.71	96,804.56			(1,778.85)		88,010.86	96,503.01	1,477.30	0.00
GNMA	2007B Single Family	5.25	04/24/08	04/20/38	116,254.55	129,544.79			(448.68)		115,805.87	131,308.33	2,212.22	0.00
GNMA	2007B Single Family	6.00	04/22/08	04/20/38	313,451.65	336,987.52			(1,304.14)		312,147.51	341,314.47	5,631.09	0.00
GNMA	2007B Single Family	6.00	05/07/08	04/20/38	207,471.04	222,850.53			(818.74)		206,652.30	226,577.27	4,545.48	0.00
GNMA	2007B Single Family	5.25	05/07/08	05/20/38	1,354,721.54	1,509,617.85			(5,642.11)		1,349,079.43	1,529,699.89	25,724.15	0.00
GNMA	2007B Single Family	5.25	05/07/08	04/20/38	256,406.70	285,722.88			(989.74)		255,416.96	289,612.38	4,879.24	0.00
GNMA	2007B Single Family	5.25	05/14/08	04/20/38	386,416.32	430,599.76			(1,489.33)		384,926.99	436,463.99	7,353.56	0.00
GNMA	2007B Single Family	6.00	05/21/08	05/20/38	136,203.17	147,156.03			(510.14)		135,693.03	149,096.61	2,450.72	0.00
GNMA	2007B Single Family	5.25	05/21/08	05/20/38	151,579.48	168,913.16			(637.37)		150,942.11	171,153.28	2.877.49	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2007B Single Family	5.25	05/28/08	05/20/38	246,674.06	274,884.15			(953.40)		245,720.66	278,624.71	4,693.96	0.00
GNMA	2007B Single Family	6.00	05/28/08	05/20/38	258,747.51	278,923.38			(1,195.40)		257,552.11	282,363.93	4,635.95	0.00
GNMA	2007B Single Family	5.25	05/28/08	01/20/38	85,768.61	95,575.92			(337.82)		85,430.79	96,869.21	1,631.11	0.00
GNMA	2007B Single Family	6.00	06/11/08	06/20/38	267,049.30	286,808.86			(1,028.45)		266,020.85	291,632.99	5,852.58	0.00
GNMA	2007B Single Family	5.25	06/11/08	05/20/38	219,118.13	244,180.09			(947.55)		218,170.58	247,388.69	4,156.15	0.00
GNMA	2007B Single Family	5.25	06/11/08	05/20/38	308,581.16	343,875.51			(1,311.37)		307,269.79	348,420.29	5,856.15	0.00
GNMA	2007B Single Family	6.00	07/09/08	07/20/38	943,897.19	1,014,501.00			(19,514.08)		924,383.11	1,010,487.42	15,500.50	0.00
GNMA	2007B Single Family	5.25	07/09/08	06/20/38	502,035.37	559,473.90			(2,484.70)		499,550.67	566,470.39	9,481.19	0.00
GNMA	2007B Single Family	5.25	07/09/08	06/20/38	349,155.17	389,102.49			(1,348.66)		347,806.51	394,398.63	6,644.80	0.00
GNMA	2007B Single Family	6.00	07/16/08	07/20/38	138,214.39	148,966.64			(1,114.16)		137,100.23	150,282.80	2,430.32	0.00
GNMA	2007B Single Family	5.25	07/16/08	07/20/38	152,252.57	169,673.91			(582.34)		151,670.23	171,989.71	2,898.14	0.00
GNMA	2007B Single Family	6.00	06/18/08	06/20/38	311,501.54	335,012.95			(1,187.16)		310,314.38	339,433.50	5,607.71	0.00
GNMA	2007B Single Family	5.25	06/18/08	06/20/38	94,889.72	105,744.02			(369.49)		94,520.23	107,179.86	1,805.33	0.00
GNMA	2007B Single Family	5.25	06/18/08	06/20/38	246,020.43	274,162.41			(1,591.46)		244,428.97	277,166.77	4,595.82	0.00
GNMA	2007B Single Family	6.00	06/18/08	06/20/38	59,075.40	62,746.06			(228.53)		58,846.87	63,589.21	1,071.68	0.00
GNMA	2007B Single Family	6.00	06/25/08	06/20/38	404,706.03	436,221.68			(1,861.52)		402,844.51	441,611.49	7,251.33	0.00
GNMA	2007B Single Family	5.25	06/25/08	06/20/38	509,132.74	567,375.82			(1,993.45)		507,139.29	575,067.44	9,685.07	0.00
GNMA	2007B Single Family	5.25	07/16/08	07/20/38	880,124.49	980,831.64			(114,297.26)		765,827.23	868,426.14	1,891.76	0.00
GNMA	2007B Single Family	6.00	07/23/08	07/20/38	310,821.93	334,994.82			(1,210.20)		309,611.73	339,374.48	5,589.86	0.00
GNMA	2007B Single Family	5.25	07/23/08	07/20/38	1,011,936.76	1,127,733.15			(3,850.19)		1,008,086.57	1,143,149.32	19,266.36	0.00
GNMA	2007B Single Family	5.25	07/23/08	07/20/38	228,272.63	254,393.93			(972.06)		227,300.57	257,754.11	4,332.24	0.00
GNMA	2007B Single Family	6.00	07/29/08	07/20/38	37,800.49	40,114.62			(139.79)		37,660.70	40,661.09	686.26	0.00
GNMA	2007B Single Family	5.25	07/29/08	07/20/38	527,273.76	587,613.51			(1,998.85)		525,274.91	595,654.51	10,039.85	0.00
GNMA	2007B Single Family	5.25	07/29/08	07/20/38	332,998.16	371,105.57			(1,255.60)		331,742.56	376,191.52	6,341.55	0.00
GNMA	2007B Single Family	6.00	08/27/08	08/20/38	64,035.84	68,110.42			(236.58)		63,799.26	69,035.78	1,161.94	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38	391,998.08	436,871.39			(2,223.15)		389,774.93	442,013.69	7,365.45	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38	368,367.83	410,536.11			(1,377.26)		366,990.57	416,175.71	7,016.86	0.00
GNMA	2007B Single Family	6.00	08/13/08	08/20/38	775,003.51	833,341.86			(3,095.65)		771,907.86	844,182.53	13,936.32	0.00
GNMA	2007B Single Family	5.25	08/13/08	08/20/38	1,812,422.14	2,019,869.49			(8,436.15)		1,803,985.99	2,045,732.45	34,299.11	0.00
GNMA	2007B Single Family	5.25	08/13/08	07/20/38	952,005.53	1,060,966.52			(5,306.34)		946,699.19	1,073,559.04	17,898.86	0.00
GNMA	2007B Single Family	6.00	08/13/08	08/20/38	208,988.94	224,595.31			(786.83)		208,202.11	227,569.48	3,761.00	0.00
GNMA	2007B Single Family	5.25	08/13/08	08/20/38	376,123.28	419,173.85			(1,464.48)		374,658.80	424,865.67	7,156.30	0.00
GNMA	2007B Single Family	5.25	08/13/08	08/20/38	645,640.06	719,539.16			(133,626.83)		512,013.23	580,626.53	(5,285.80)	0.00
GNMA	2007B Single Family	6.00	08/20/08	08/20/38	267,815.07	287,968.68			(1,014.36)		266,800.71	291,775.34	4,821.02	0.00
GNMA	2007B Single Family	5.25	08/20/08	08/20/38	729,216.42	812,686.47			(3,925.31)		725,291.11	822,490.90	13,729.74	0.00
GNMA	2007B Single Family	5.25	08/20/08	08/20/38	229,130.05	255,357.52			(876.58)		228,253.47	258,842.83	4,361.89	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38	140,908.68	157,039.00			(529.25)		140,379.43	159,193.52	2,683.77	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38	250,590.15	279,275.99			(933.90)		249,656.25	283,115.87	4,773.78	0.00
GNMA	2007B Single Family	6.00	08/27/08	08/20/38	254,491.54	274,251.77			(945.70)		253,545.84	277,886.79	4,580.72	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38	946,432.59	1,054,773.86			(3,622.82)		942,809.77	1,069,167.89	18,016.85	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38	289,888.90	323,073.42			(1,685.62)		288,203.28	326,829.10	5,441.30	0.00
GNMA	2007B Single Family	6.00	09/10/08	09/20/38	296,290.82	319,279.89			(1,101.56)		295,189.26	323,510.81	5,332.48	0.00
GNMA	2007B Single Family	5.25	09/10/08	09/20/38	1,307,380.54	1,457,065.72			(5,004.36)		1,302,376.18	1,476,949.78	24,888.42	0.00
GNMA	2007B Single Family	5.25	09/10/08	08/20/38	714,613.46	796,428.92			(2,671.05)		711,942.41	807,369.63	13,611.76	0.00
GNMA	2007B Single Family	5.25	09/17/08	09/20/38	286,719.27	319,548.73			(1,100.25)		285,619.02	323,906.37	5,457.89	0.00
GNMA	2007B Single Family	5.25	09/17/08	08/20/38	235,207.23	262,137.72			(876.36)		234,330.87	265,741.92	4,480.56	0.00
GNMA	2007B Single Family	5.25	09/24/08	07/20/38	115,710.66	128,959.71			(433.79)		115,276.87	130,729.79	2,203.87	0.00
GNMA	2007B Single Family	6.00	09/24/08	09/20/38	191,526.30	205,915.18			(760.62)		190,765.68	208,598.67	3,444.11	0.00
GNMA	2007B Single Family	5.25	09/24/08	09/20/38	649,855.85	724,269.69			(2,642.45)		647,213.40	733,977.81	12,350.57	0.00
GNMA	2007B Single Family	5.25	09/24/08	08/20/38	92,456.51	103,043.21			(579.14)		91,877.37	104,193.86	1,729.79	0.00
GNMA	2007B Single Family	5.25	09/24/08	09/20/38	138,394.96	154,242.35			(535.57)		137,859.39	156,340.65	2,633.87	0.00
GNMA	2007B Single Family	6.00	09/24/08	09/20/38	307,486.68	329,844.34			(1,281.61)		306,205.07	334,089.32	5,526.59	0.00
GNMA	2007B Single Family	5.25	09/24/08	09/20/38	585,299.53	652,321.17			(2,230.23)		583,069.30	661,234.68	11,143.74	0.00
GNMA	2007B Single Family	6.00	10/08/08	10/20/38	682,544.41	735,433.09			(2,586.27)		679,958.14	745,126.03	12,279.21	0.00
GNMA	2007B Single Family	5.25	10/08/08	09/20/38	478,419.20	533,209.69			(1,803.79)		476,615.41	540,516.84	9,110.94	0.00
GNMA	2007B Single Family	6.00	10/15/08	09/20/38	119,965.19	129,549.22			(445.64)		119,519.55	131,261.76	2,158.18	0.00
GNMA	2007B Single Family	6.00	10/15/08	06/20/38	87,420.73	94,196.10			(325.55)		87,095.18	95,444.20	1,573.65	0.00
GNMA	2007B Single Family	6.00	10/15/08	07/20/38	126,150.72	135,546.19			(575.64)		125,575.08	137,231.49	2,260.94	0.00
GNMA	2007B Single Family	6.00	10/22/08	10/20/38	514,436.38	553,032.27			(2,023.38)		512,413.00	560,260.86	9,251.97	0.00
GNMA	2007B Single Family	5.25	10/22/08	10/20/38	716,303.64	798,351.33			(2,734.98)		713,568.66	809,253.93	13,637.58	0.00
GNMA	2007B Single Family	5.25	10/22/08	07/20/38	124,408.68	138,657.56			(466.47)		123,942.21	140,560.66	2,369.57	0.00
GNMA	2007B Single Family	5.25	10/22/08	09/20/38	158,891.47	177,090.88			(1,133.46)		157,758.01	178,911.69	2,954.27	0.00
GNMA	2007B Single Family	6.00	10/22/08	10/20/38	439,748.18	472,740.51			(2,435.98)		437,312.20	478,147.30	7,842.77	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change in Market Value	Recognized Gain
GNMA	2007B Single Family	5.25	10/22/08	10/20/38	537,787.79	599,387.71			(2,013.28)		535,774.51	607,618.65	10,244.22	0.00
GNMA	2007B Single Family	5.25	10/22/08	08/20/38	127,956.33	142,612.00			(554.88)		127,401.45	144,484.21	2,427.09	0.00
GNMA	2007B Single Family	5.25	10/29/08	10/20/38	263,982.89	294,222.43			(976.69)		263,006.20	298,275.59	5,029.85	0.00
GNMA	2007B Single Family	6.00	10/29/08	10/20/38	382,608.33	412,229.39			(1,416.91)		381,191.42	417,898.52	6,886.04	0.00
GNMA	2007B Single Family	6.00	10/29/08	10/20/38	293,981.63	316,031.04			(1,474.96)		292,506.67	319,813.39	5,257.31	0.00
GNMA	2007B Single Family	5.25	10/29/08	10/20/38	387,730.68	432,145.65			(1,434.10)		386,296.58	438,099.31	7,387.76	0.00
GNMA	2007B Single Family	5.25	10/29/08	10/20/38	228,955.63	255,182.72			(902.09)		228,053.54	258,635.69	4,355.06	0.00
GNMA	2007B Single Family	6.00	10/29/08	10/20/38	239,578.09	257,547.12			(1,213.41)		238,364.68	260,617.06	4,283.35	0.00
GNMA	2007B Single Family	5.25	10/29/08	09/20/38	190,862.60	212,725.45			(783.31)		190,079.29	215,568.41	3,626.27	0.00
GNMA	2007B Single Family	6.00	11/12/08	11/20/38	736,611.51	791,419.38			(3,413.12)		733,198.39	801,603.72	13,597.46	0.00
GNMA	2007B Single Family	5.25	11/12/08	10/20/38	258,059.54	287,624.60			(983.07)		257,076.47	291,554.78	4,913.25	0.00
GNMA	2007B Single Family	6.00	11/12/08	11/20/38	267,111.89	286,485.65			(967.08)		266,144.81	290,332.15	4,813.58	0.00
GNMA	2007B Single Family	5.25	11/19/08	08/20/38	102,192.66	113,900.81			(391.65)		101,801.01	115,454.40	1,945.24	0.00
GNMA	2007B Single Family	6.00	11/19/08	10/20/38	248,894.62	266,943.73			(951.41)		247,943.21	270,473.25	4,480.93	0.00
GNMA	2007B Single Family	5.25	11/19/08	11/20/38	198,483.23	221,225.08			(731.31)		197,751.92	224,276.09	3,782.32	0.00
GNMA	2007B Single Family	6.00	11/19/08	10/20/38	223,991.70	240,641.84			(863.69)		223,128.01	243,806.46	4,028.31	0.00
GNMA	2007B Single Family	5.25	11/25/08	10/20/38	58,883.80	65,630.80			(220.33)		58,663.47	66,532.10	1,121.63	0.00
GNMA	2007B Single Family	5.25	11/25/08	11/20/38	148,602.52	165,630.08			(556.66)		148,045.86	167,904.00	2,830.58	0.00
GNMA	2007B Single Family	6.00	11/25/08	11/20/38	235,399.75	253,600.84			(919.10)		234,480.65	256,913.53	4,231.79	0.00
GNMA	2007B Single Family	6.00	11/25/08	11/20/38	359,872.88	386,613.17			(1,300.49)		358,572.39	391,792.25	6,479.57	0.00
GNMA	2007B Single Family	6.00	12/10/08	11/20/38	861,397.80	925,877.00			(3,447.22)		857,950.58	937,915.16	15,485.38	0.00
GNMA	2007B Single Family	5.25	12/10/08	11/20/38	956,235.24	1,065,821.49			(5,283.50)		950,951.74	1,078,524.28	17,986.29	0.00
GNMA	2007B Single Family	5.25	12/10/08	11/20/38	142,597.58	158,939.47			(521.49)		142,076.09	161,135.91	2,717.93	0.00
GNMA	2007B Single Family	6.00	12/10/08	11/20/38	392,068.89	421,181.97			(108,170.74)		283,898.15	309,672.60	(3,338.63)	0.00
GNMA	2007B Single Family	6.00	12/17/08	11/20/38	197,877.34	212,206.77			(721.04)		197,156.30	215,050.90	3,565.17	0.00
GNMA	2007B Single Family	6.00	12/17/08	12/20/38	176,251.90	189,865.19			(705.68)		175,546.22	192,326.13	3,166.62	0.00
GNMA	2007B Single Family	6.00	12/17/08	12/20/38	238,245.33	256,071.29			(1,754.47)		236,490.86	258,524.77	4,207.95	0.00
GNMA	2007B Single Family	6.00	12/17/08	11/20/38	70,627.95	76,254.35			(255.00)		70,372.95	77,270.38	1,271.03	0.00
GNMA	2007B Single Family	6.00	02/18/09	01/20/39	74,606.27	80,532.55			(267.11)		74,339.16	81,608.12	1,342.68	0.00
GNMA	2007B Single Family	6.00	02/18/09	02/20/39	146,408.92	157,109.73			(525.02)		145,883.90	159,794.81	3,210.10	0.00
GNMA	2007B Single Family	5.25	02/25/09	02/20/39	168,592.25	187,929.56			(647.50)		167,944.75	190,491.52	3,209.46	0.00
GNMA	2007B Single Family	5.49	02/25/09	01/20/39	78,492.03	83,644.60			(303.91)		78,188.12	84,816.12	1,475.43	0.00
GNMA	2007B Single Family	6.00	02/25/09	02/20/39	1,002,382.56	1,074,711.03			(4,038.53)		998,344.03	1,088,695.09	18,022.59	0.00
GNMA	2007B Single Family	5.25	02/25/09	12/20/38	129,069.67	143,873.09			(469.09)		128,600.58	145,864.63	2,460.63	0.00
GNMA	2007B Single Family	5.25	02/25/09	12/20/38	128,749.90	143,516.62			(652.84)		128,097.06	145,293.49	2,429.71	0.00
GNMA	2007B Single Family	6.00	02/25/09	02/20/39	473,436.06	508,457.40			(1,686.93)		471,749.13	515,295.33	8,524.86	0.00
GNMA	2007B Single Family	6.00	02/25/09	02/20/39	66,571.30	70,770.34			(239.00)		66,332.30	71,739.31	1,207.97	0.00
GNMA	2007B Single Family	5.25	03/11/09	02/20/39	144,655.31	161,249.37			(575.43)		144,079.88	163,425.08	2,751.14	0.00
GNMA	2007B Single Family	5.25	03/11/09	01/20/39	119,860.19	133,609.65			(432.94)		119,427.25	135,462.16	2,285.45	0.00
GNMA	2007B Single Family	6.00	03/11/09	02/20/39	477,557.75	512,862.20			(1,805.75)		475,752.00	519,645.12	8,588.67	0.00
GNMA	2007B Single Family	6.00	03/18/09	03/20/39	510,546.59	547,346.77			(1,845.10)		508,701.49	554,699.27	9,197.60	0.00
GNMA	2007B Single Family	5.25	03/25/09	12/20/38	57,870.39	64,509.54			(210.62)		57,659.77	65,402.17	1,103.25	0.00
GNMA	2007B Single Family	6.00	03/25/09	03/20/39	66,270.17	70,443.60			(234.00)		66,036.17	71,412.35	1,202.75	0.00
GNMA	2007B Single Family	6.00	03/25/09	01/20/39	121,339.29	130,304.78			(467.46)		120,871.83	132,018.95	2,181.63	0.00
GNMA	2007B Single Family	6.00	03/25/09	02/20/39	106,864.06	114,823.11			(379.15)		106,484.91	116,369.04	1,925.08	0.00
GNMA	2007B Single Family	6.00	04/08/09	10/20/38	75,810.22	81,821.48			(362.70)		75,447.52	82,814.41	1,355.63	0.00
GNMA	2007B Single Family	5.25	04/08/09	01/20/39	62,711.14	69,906.85			(227.00)		62,484.14	70,875.57	1,195.72	0.00
GNMA	2007B Single Family	5.25	12/30/08	12/20/38	755,175.63	841,739.65			(2,824.25)		752,351.38	853,301.01	14,385.61	0.00
GNMA	2007B Single Family	6.00	12/30/08	12/20/38	163,821.15	176,467.30			(615.73)		163,205.42	178,798.60	2,947.03	0.00
GNMA	2007B Single Family	6.00	12/30/08	12/20/38	289,886.97	311,127.59			(100,930.51)		188,956.46	206,266.70	(3,930.38)	0.00
GNMA	2007B Single Family	6.00	12/30/08	12/20/38	295,918.47	318,047.02			(1,114.22)		294,804.25	322,258.45	5,325.65	0.00
GNMA	2007B Single Family	5.25	12/30/08	12/20/38	722,288.11	805,082.30			(3,241.24)		719,046.87	815,527.72	13,686.66	0.00
GNMA	2007B Single Family	6.00	01/14/09	12/20/38	181,712.93	196,170.10			(673.53)		181,039.40	198,764.93	3,268.36	0.00
GNMA	2007B Single Family	5.25	01/14/09	01/20/39	324,800.16	362,037.85			(1,647.94)		323,152.22	366,519.09	6,129.18	0.00
GNMA	2007B Single Family	5.25	01/14/09	12/20/38	266,084.99	296,590.20			(969.78)		265,115.21	300,692.63	5,072.21	0.00
GNMA	2007B Single Family	6.00	01/14/09	01/20/39	629,535.12	676,196.97			(2,267.78)		627,267.34	685,263.17	11,333.98	0.00
GNMA	2007B Single Family	6.00	01/21/09	01/20/39	305,778.80	328,436.51			(1,125.27)		304,653.53	332,814.09	5,502.85	0.00
GNMA	2007B Single Family	6.00	02/11/09	01/20/39	236,203.78	253,831.13			(1,173.34)		235,030.44	256,881.86	4,224.07	0.00
GNMA	2007B Single Family	5.25	02/11/09	01/20/39	187,531.56	209,037.59			(677.89)		186,853.67	211,935.34	3,575.64	0.00
GNMA	2007B Single Family	5.25	02/11/09	01/20/39	365,124.15	406,996.41			(1,416.26)		363,707.89	412,528.97	6,948.82	0.00
GNMA	2007B Single Family	6.00	02/11/09	01/20/39	281,298.25	302,290.91			(1,976.84)		279,321.41	305,290.70	4,976.63	0.00
GNMA	2007B Single Family	5.25	02/11/09	01/20/39	128,614.64	143,364.09			(465.42)		128,149.22	145,350.88	2,452.21	0.00
GNMA	2007B Single Family	5.25	02/11/09	01/20/39	171,372.57	191,025.49			(646.83)		170,725.74	193,642.52	3,263.86	0.00

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GNMA	2007B Single Family	6.00	02/11/09	01/20/39	226,532.59	243,302.52			(809.98)		225,722.61	246,571.24	4,078.70	0.00
GNMA	2007B Single Family	5.25	02/11/09	01/20/39	102,772.34	114,558.25			(608.75)		102,163.59	115,877.19	1,927.69	0.00
GNMA	2007B Single Family	6.00	06/24/09	06/20/39	106,083.44	114,204.88			(370.37)		105,713.07	115,744.77	1,910.26	0.00
GNMA	2007B Single Family	5.25	09/16/09	08/20/39	174,526.57	194,588.04			(697.13)		173,829.44	197,210.31	3,319.40	0.00
GNMA	2007B Single Family	5.25	09/16/09	08/20/39	139,674.14	155,729.38			(498.10)		139,176.04	157,895.85	2,664.57	0.00
GNMA	2007B Single Family	6.00	09/16/09	08/20/39	237,333.30	254,286.51			(812.81)		236,520.49	257,751.46	4,277.76	0.00
GNMA	2007B Single Family	6.00	09/29/09	09/20/39	235,182.12	251,969.97			(802.92)		234,379.20	255,405.85	4,238.80	0.00
GNMA	2007B Single Family	5.25	09/29/09	09/20/39	252,141.45	281,128.84			(931.38)		251,210.07	285,003.60	4,806.14	0.00
GNMA	2007B Single Family	5.25	10/15/09	09/20/39	404,509.25	451,021.35			(1,392.46)		403,116.79	457,352.68	7,723.79	0.00
GNMA	2007B Single Family	5.25	10/29/09	10/20/39	377,186.85	420,564.10			(1,310.00)		375,876.85	426,455.15	7,201.05	0.00
GNMA	2007B Single Family	5.25	11/24/09	10/20/39	202,481.77	225,773.74			(736.58)		201,745.19	228,898.20	3,861.04	0.00
GNMA	2007B Single Family	6.00	11/24/09	09/20/39	148,039.26	158,578.32			(504.19)		147,535.07	160,742.36	2,668.23	0.00
GNMA	2007B Single Family	5.25	11/24/09	10/20/39	262,813.44	293,045.50			(934.47)		261,878.97	297,125.43	5,014.40	0.00
GNMA	2007B Single Family	5.25	05/18/10	04/20/40	1,883,734.53	2,100,835.26			(6,314.38)		1,877,420.15	2,130,519.25	35,998.37	0.00
GNMA	2007B Single Family	5.25	05/25/10	05/20/40	1,663,968.08	1,855,757.56			(6,347.19)		1,657,620.89	1,881,105.49	31,695.12	0.00
GNMA	2007B Single Family	6.00	12/17/09	11/20/39	175,317.19	188,628.60			(596.43)		174,720.76	191,188.89	3,156.72	0.00
GNMA	2007B Single Family	5.25	12/17/09	12/20/39	526,533.16	587,118.21			(1,978.66)		524,554.50	595,171.49	10,031.94	0.00
GNMA	2007B Single Family	5.25	12/17/09	11/20/39	91,717.96	102,271.19			(314.01)		91,403.95	103,708.79	1,751.61	0.00
GNMA	2007B Single Family	5.25	12/29/09	12/20/39	72,591.43	80,945.06			(278.23)		72,313.20	82,049.18	1,382.35	0.00
GNMA	2007B Single Family	6.00	12/29/09	12/20/39	278,330.88	298,779.37			(942.57)		277,388.31	302,850.66	5,013.86	0.00
GNMA	2007B Single Family	5.25	01/20/10	12/20/39	526,148.27	586,709.75			(1,778.66)		524,369.61	594,982.74	10,051.65	0.00
GNMA	2007B Single Family	5.25	01/27/10	12/20/39	577,871.07	644,391.25			(112,626.65)		465,244.42	527,899.33	(3,865.27)	0.00
GNMA	2007B Single Family	6.00	01/27/10	12/20/39	202,131.77	216,840.99			(771.41)		201,360.36	219,701.23	3,631.65	0.00
GNMA	2007B Single Family	5.25	02/17/10	01/20/40	327,663.59	365,390.27			(1,107.43)		326,556.16	370,542.78	6,259.94	0.00
GNMA	2007B Single Family	5.25	02/23/10	12/20/39	123,601.65	137,833.65			(420.35)		123,181.30	139,774.34	2,361.04	0.00
GNMA	2007B Single Family	6.00	02/23/10	01/20/40	85,943.21	92,447.62			(285.89)		85,657.32	93,709.63	1,547.90	0.00
GNMA	2007B Single Family	5.25	02/23/10	02/20/40	681,889.38	760,407.22			(2,547.49)		679,341.89	770,854.47	12,994.74	0.00
GNMA	2007B Single Family	6.00	03/16/10	03/20/40	245,046.25	263,572.16			(92,246.76)		152,799.49	166,550.58	(4,774.82)	0.00
GNMA	2007B Single Family	5.25	03/30/10	03/20/40	2,308,347.97	2,574,247.44			(7,762.14)		2,300,585.83	2,610,592.87	44,107.57	0.00
GNMA	2007B Single Family	5.25	03/30/10	02/20/40	78,343.44	87,367.77			(296.25)		78,047.19	88,564.08	1,492.56	0.00
GNMA	2007B Single Family	5.25	04/13/10	03/20/40	224,172.81	249,999.15			(1,299.84)		222,872.97	252,909.23	4,209.92	0.00
GNMA	2007B Single Family	5.25	04/13/10	04/20/40	2,215,422.08	2,470,657.37			(9,000.74)		2,206,421.34	2,503,780.09	42,123.46	0.00
GNMA	2007B Single Family	5.25	04/13/10	04/20/40	542,364.32	604,849.26			(1,928.91)		540,435.41	613,269.74	10,349.39	0.00
GNMA	2007B Single Family	5.25	04/22/10	04/20/40	1,903,444.04	2,122,758.29			(6,395.75)		1,897,048.29	2,152,734.71	36,372.17	0.00
GNMA	2007B Single Family	5.25	04/22/10	04/20/40	71,014.54	79,196.82			(241.30)		70,773.24	80,312.15	1,356.63	0.00
GNMA	2007B Single Family	5.25	04/28/10	04/20/40	1,664,995.27	1,856,846.80			(6,500.09)		1,658,495.18	1,882,040.53	31,693.82	0.00
GNMA	2007B Single Family	5.25	06/15/10	06/20/40	2,070,028.38	2,308,674.25			(7,256.91)		2,062,771.47	2,340,933.97	39,516.63	0.00
GNMA	2007B Single Family	5.25	07/20/10	07/20/40	1,211,352.69	1,351,056.98			(4,024.11)		1,207,328.58	1,370,188.21	23,155.34	0.00
GNMA	2007B Single Family	5.25	07/28/10	06/20/40	70,301.18	78,409.58			(237.85)		70,063.33	79,514.99	1,343.26	0.00
GNMA	2007B Single Family	5.25	07/28/10	07/20/40	1,636,940.65	1,825,744.25			(5,350.28)		1,631,590.37	1,851,696.61	31,302.64	0.00
GNMA	2007B Single Family	5.25	08/17/10	07/20/40	1,141,056.36	1,272,692.06			(3,860.99)		1,137,195.37	1,290,633.71	21,802.64	0.00
GNMA	2007B Single Family	5.25	08/24/10	08/20/40	1,024,694.93	1,142,916.07			(3,327.66)		1,021,367.27	1,159,186.68	19,598.27	0.00
GNMA	2007B Single Family	5.25	09/14/10	08/20/40	728,752.51	812,849.10			(3,415.22)		725,337.29	823,230.69	13,796.81	0.00
GNMA	2007B Single Family	5.25	06/29/10	04/20/40	229,002.69	255,406.91			(755.17)		228,247.52	259,029.59	4,377.85	0.00
GNMA	2007B Single Family	5.25	06/29/10	06/20/40	1,394,348.12	1,555,120.93			(5,272.13)		1,389,075.99	1,576,415.31	26,566.51	0.00
GNMA	2007B Single Family	5.25	09/21/10	08/20/40	979,286.11	1,092,301.51			(3,257.24)		976,028.87	1,107,764.10	18,719.83	0.00
GNMA	2007B Single Family	5.25	10/19/10	10/20/40	1,656,298.29	1,847,504.69			(5,413.33)		1,650,884.96	1,873,766.59	31,675.23	0.00
GNMA	2007B Single Family	5.25	11/09/10	10/20/40	575,390.87	641,829.45			(1,898.13)		573,492.74	650,932.97	11,001.65	0.00
GNMA	2007B Single Family	5.25	12/21/10	11/15/40	184,945.53	208,108.80			(604.41)		184,341.12	209,474.22	1,969.83	0.00
FNMA	2007B Single Family	6.00	12/11/07	12/01/37	65,689.12	70,050.22			(255.95)		65,433.17	70,226.65	432.38	0.00
FNMA	2007B Single Family	5.25	12/11/07	11/01/37	203,403.98	224,822.60			(807.69)		202,596.29	225,435.37	1,420.46	0.00
FNMA	2007B Single Family	5.25	12/12/07	12/01/37	1,455,661.71	1,609,435.26			(6,867.82)		1,448,793.89	1,612,871.14	10,303.70	0.00
FNMA	2007B Single Family	5.25	12/20/07	11/01/37	135,899.25	150,210.63			(667.23)		135,232.02	150,488.98	945.58	0.00
FNMA	2007B Single Family	6.00	12/20/07	12/01/37	88,350.19	94,213.20			(344.29)		88,005.90	94,450.44	581.53	0.00
FNMA	2007B Single Family	5.25	12/20/07	12/01/37	372,708.37	411,936.47			(1,573.38)		371,134.99	412,948.39	2,585.30	0.00
FNMA	2007B Single Family	5.25	12/28/07	12/01/37	336,260.69	371,997.51			(1,823.51)		334,437.18	372,732.38	2,558.38	0.00
FNMA	2007B Single Family	5.25	12/28/07	12/01/37	71,223.46	79,399.37			(974.61)		70,248.85	78,783.91	359.15	0.00
FNMA	2007B Single Family	5.25	12/28/07	12/01/37	346,624.64	383,109.66			(1,370.05)		345,254.59	384,154.50	2,414.89	0.00
FNMA	2007B Single Family	6.00	01/16/08	12/01/37	310,651.12	331,238.04			(1,428.59)		309,222.53	331,838.81	2,029.36	0.00
FNMA	2007B Single Family	5.25	01/16/08	12/01/37	1,636,904.47	1,809,611.09			(8,424.08)		1,628,480.39	1,812,500.38	11,313.37	0.00
FNMA	2007B Single Family	5.25	01/30/08	12/01/37	252,953.24	279,665.42			(1,229.67)		251,723.57	280,242.86	1,807.11	0.00
FNMA	2007B Single Family	6.00	01/30/08	01/01/38	369,912.58	394,404.69			(1,503.57)		368,409.01	395,331.64	2,430.52	0.00
FNMA	2007B Single Family	5.25	01/30/08	01/01/38	246,614.53	272,551.13			(965.17)		245,649.36	273,295.38	1,709.42	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
FNMA	2007B Single Family	5.25	01/30/08	12/01/37	153,999.64	170,204.69			(605.82)		153,393.82	170,669.04	1,070.17	0.00
FNMA	2007B Single Family	6.00	01/30/08	01/01/38	132,478.58	141,250.00			(534.57)		131,944.01	141,586.16	870.73	0.00
FNMA	2007B Single Family	5.25	01/30/08	01/01/38	243,962.50	269,649.69			(968.10)		242,994.40	270,380.84	1,699.25	0.00
FNMA	2007B Single Family	6.00	02/13/08	11/01/37	334,710.57	356,864.69			(1,679.43)		333,031.14	357,361.83	2,176.57	0.00
FNMA	2007B Single Family	5.25	02/13/08	02/01/38	287,079.82	317,329.11			(1,144.37)		285,935.45	318,120.19	1,935.45	0.00
FNMA	2007B Single Family	5.25	02/13/08	01/01/38	344,515.31	380,773.66			(1,358.17)		343,157.14	381,809.28	2,393.79	0.00
FNMA	2007B Single Family	5.25	02/19/08	01/01/38	202,628.46	223,942.81			(796.31)		201,832.15	224,550.45	1,403.95	0.00
FNMA	2007B Single Family	5.25	02/19/08	01/01/38	202,620.58	223,934.11			(791.91)		201,828.67	224,546.58	1,404.38	0.00
FNMA	2007B Single Family	6.00	02/19/08	02/01/38	190,175.19	202,751.70			(731.10)		189,444.09	203,272.96	1,252.36	0.00
FNMA	2007B Single Family	6.00	02/27/08	02/01/38	283,859.64	302,624.05			(1,248.09)		282,611.55	303,233.80	1,857.84	0.00
FNMA	2007B Single Family	5.25	02/27/08	02/01/38	494,916.33	547,041.20			(2,645.20)		492,271.13	547,806.15	3,410.15	0.00
FNMA	2007B Single Family	5.25	02/27/08	01/01/38	72,932.27	80,647.91			(447.68)		72,484.59	80,718.69	518.46	0.00
FNMA	2007B Single Family	5.25	02/27/08	02/01/38	566,431.90	626,088.85			(2,317.69)		564,114.21	627,754.14	3,982.98	0.00
FNMA	2007B Single Family	6.00	03/20/08	03/01/38	428,447.69	456,733.35			(1,925.55)		426,522.14	457,608.83	2,801.03	0.00
FNMA	2007B Single Family	5.25	03/20/08	01/01/38	108,409.94	119,816.45			(451.92)		107,958.02	120,112.89	748.36	0.00
FNMA	2007B Single Family	5.25	03/20/08	02/01/38	529,341.60	585,102.82			(240,305.45)		289,036.15	321,625.98	(23,171.39)	0.00
FNMA	2007B Single Family	5.25	03/27/08	03/01/38	232,326.11	256,893.26			(1,029.55)		231,296.56	257,516.05	1,652.34	0.00
FNMA	2007B Single Family	6.00	03/27/08	03/01/38	307,839.67	328,155.63			(1,209.55)		306,630.12	328,971.27	2,025.19	0.00
FNMA	2007B Single Family	5.25	04/15/08	04/01/38	104,312.90	115,353.88			(490.50)		103,822.40	115,621.94	758.56	0.00
FNMA	2007B Single Family	6.00	02/04/09	10/01/38	41,358.74	44,040.57			(151.01)		41,207.73	44,162.50	272.94	0.00
	2007B Single Family Total				120,709,211.16	132,693,026.70	3,893,649.94	(2,646,689.60)	(1,835,501.69)	0.00	120,120,669.81	133,890,007.68	1,785,522.33	0.00
GNMA	2002 A-D SF MRB	4.49	12/09/04	12/20/34	47,966.70	51,255.95			(292.93)		47,673.77	52,269.36	1,306.34	0.00
GNMA	2002 A-D SF MRB	4.49	12/16/04	12/20/34	41,384.04	44,222.09			(231.32)		41,152.72	45,119.95	1,129.18	0.00
GNMA	2002 A-D SF MRB	4.49	10/01/04	10/20/34	11,417.11	12,219.02			(66.48)		11,350.63	12,463.66	311.12	0.00
GNMA	2002 A-D SF MRB	4.49	10/01/04	10/20/34	20,153.89	21,534.63			(123.53)		20,030.36	21,959.91	548.81	0.00
GNMA	2002 A-D SF MRB	4.49	11/04/04	10/20/34	61,677.96	65,904.98			(463.42)		61,214.54	67,112.91	1,671.35	0.00
GNMA	2002 A-D SF MRB	4.49	11/10/04	11/20/34	18,909.77	20,205.94			(125.67)		18,784.10	20,594.28	514.01	0.00
GNMA	2002 A-D SF MRB	4.49	11/18/04	11/20/34	16,790.55	17,941.57			(98.08)		16,692.47	18,301.18	457.69	0.00
GNMA	2002 A-D SF MRB	4.49	11/23/04	11/20/34	43,499.42	46,481.51			(5,121.13)		38,378.29	42,077.07	716.69	0.00
GNMA	2002 A-D SF MRB	4.49	12/02/04	12/20/34	88,909.81	95,006.13			(510.13)		88,399.68	96,920.54	2,424.54	0.00
GNMA	2002 A-D SF MRB	4.49	12/23/04	12/20/34	50,268.57	53,716.16			(284.26)		49,984.31	54,803.13	1,371.23	0.00
GNMA	2002 A-D SF MRB	4.49	12/29/04	12/20/34	39,087.07	41,768.01			(228.01)		38,859.06	42,605.61	1,065.61	0.00
GNMA	2002 A-D SF MRB	4.49	01/06/05	01/20/35	102,504.71	109,536.61			(659.29)		101,845.42	111,665.80	2,788.48	0.00
GNMA	2002 A-D SF MRB	4.49	01/13/05	01/20/35	48,015.93	51,310.13			(308.73)		47,707.20	52,307.62	1,306.22	0.00
GNMA	2002 A-D SF MRB	5.40	01/13/05	01/20/35	1,844.78	2,053.06			(11.28)		1,833.50	2,076.27	34.49	0.00
GNMA	2002 A-D SF MRB	4.49	01/19/05	01/20/35	68,144.02	72,819.38			(4,726.35)		63,417.67	69,533.27	1,440.24	0.00
GNMA	2002 A-D SF MRB	5.40	01/19/05	01/20/35	9,390.78	10,451.08			(45.22)		9,345.56	10,583.06	177.20	0.00
GNMA	2002 A-D SF MRB	4.49	01/27/05	01/20/35	91,205.44	97,463.63			(682.92)		90,522.52	99,252.55	2,471.84	0.00
GNMA	2002 A-D SF MRB	4.49	02/03/05	02/20/35	99,200.71	106,008.58			(5,690.53)		93,510.18	102,529.47	2,211.42	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	40,497.71	43,277.18			(249.30)		40,248.41	44,130.71	1,102.83	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	72,239.06	77,197.04			(424.09)		71,814.97	78,742.12	1,969.17	0.00
GNMA	2002 A-D SF MRB	4.49	02/17/05	02/20/35	39,706.87	42,432.25			(226.35)		39,480.52	43,288.90	1,083.00	0.00
GNMA	2002 A-D SF MRB	4.49	02/24/05	02/20/35	42,278.13	45,180.27			(263.44)		42,014.69	46,067.80	1,150.97	0.00
GNMA	2002 A-D SF MRB	4.49	03/03/05	03/20/35	62,148.28	66,415.06			(371.48)		61,776.80	67,737.08	1,693.50	0.00
GNMA	2002 A-D SF MRB	4.49	03/11/05	03/20/35	9,385.86	10,030.27			(51.91)		9,333.95	10,234.52	256.16	0.00
GNMA	2002 A-D SF MRB	4.49	03/17/05	03/20/35	37,641.46	40,226.14			(225.88)		37,415.58	41,025.86	1,025.60	0.00
GNMA	2002 A-D SF MRB	4.49	03/24/05	03/20/35	21,335.96	22,801.08			(118.59)		21,217.37	23,264.73	582.24	0.00
GNMA	2002 A-D SF MRB	4.49	04/07/05	04/20/35	41,788.70	44,659.07			(283.39)		41,505.31	45,511.14	1,135.46	0.00
GNMA	2002 A-D SF MRB	4.49	04/14/05	04/20/35	24,024.90	25,675.28			(138.06)		23,886.84	26,192.41	655.19	0.00
GNMA	2002 A-D SF MRB	4.49	04/21/05	04/20/35	53,521.33	57,198.15			(305.96)		53,215.37	58,351.93	1,459.74	0.00
GNMA	2002 A-D SF MRB	4.49	04/28/05	04/20/35	39,751.75	42,482.83			(6,926.94)		32,824.81	35,993.38	437.49	0.00
GNMA	2002 A-D SF MRB	4.49	05/05/05	05/20/35	50,716.12	54,200.98			(279.73)		50,436.39	55,305.51	1,384.26	0.00
GNMA	2002 A-D SF MRB	4.49	05/12/05	05/20/35	27,559.97	29,453.89			(148.59)		27,411.38	30,057.87	752.57	0.00
GNMA	2002 A-D SF MRB	4.49	07/07/05	07/20/35	100,903.35	107,731.10			(640.28)		100,263.07	109,948.78	2,857.96	0.00
GNMA	2002 A-D SF MRB	4.49	07/14/05	07/20/35	28,038.91	29,936.36			(173.70)		27,865.21	30,557.23	794.57	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	39,056.87	41,741.32			(212.79)		38,844.08	42,594.82	1,066.29	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	5,398.52	5,769.49			(28.94)		5,369.58	5,887.97	147.42	0.00
GNMA	2002 A-D SF MRB	4.49	06/02/05	06/20/35	34,005.31	36,342.88			(208.02)		33,797.29	37,061.09	926.23	0.00
GNMA	2002 A-D SF MRB	4.49	06/09/05	06/20/35	44,628.07	47,696.12			(242.39)		44,385.68	48,672.25	1,218.52	0.00
GNMA	2002 A-D SF MRB	4.49	06/15/05	06/20/35	38,182.08	40,807.18			(206.11)		37,975.97	41,643.68	1,042.61	0.00
GNMA	2002 A-D SF MRB	4.49	06/23/05	06/20/35	67,924.72	72,595.07			(456.87)		67,467.85	73,984.27	1,846.07	0.00
GNMA	2002 A-D SF MRB	4.49	06/29/05	06/20/35	33,265.75	35,553.21			(181.20)		33,084.55	36,280.23	908.22	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	4.49	09/08/05	09/20/35	8,951.81	9,568.05			(47.96)		8,903.85	9,764.57	244.48	0.00
GNMA	2002 A-D SF MRB	4.49	09/15/05	09/20/35	10,647.16	11,368.31			(70.71)		10,576.45	11,587.18	289.58	0.00
GNMA	2002 A-D SF MRB	4.49	09/22/05	09/20/35	14,401.69	15,377.23			(84.07)		14,317.62	15,685.93	392.77	0.00
GNMA	2002 A-D SF MRB	4.49	07/21/05	07/20/35	14,295.20	15,278.55			(75.98)		14,219.22	15,593.05	390.48	0.00
GNMA	2002 A-D SF MRB	4.49	07/28/05	07/20/35	11,660.28	12,449.48			(62.53)		11,597.75	12,718.33	331.38	0.00
GNMA	2002 A-D SF MRB	4.49	08/04/05	08/20/35	3,728.67	3,981.09			(19.60)		3,709.07	4,063.38	101.89	0.00
GNMA	2002 A-D SF MRB	4.49	08/11/05	07/20/35	27,003.71	28,861.61			(143.87)		26,859.84	29,455.33	737.59	0.00
GNMA	2002 A-D SF MRB	4.49	08/18/05	08/20/35	63,766.38	68,083.59			(413.50)		63,352.88	69,405.15	1,735.06	0.00
GNMA	2002 A-D SF MRB	4.49	08/30/05	08/20/35	92,515.35	98,779.90			(559.19)		91,956.16	100,741.94	2,521.23	0.00
GNMA	2002 A-D SF MRB	4.49	09/29/05	07/20/35	4,900.30	5,237.64			(26.46)		4,873.84	5,345.00	133.82	0.00
GNMA	2002 A-D SF MRB	4.49	10/13/05	09/20/35	8,815.14	9,412.40			(50.73)		8,764.41	9,602.15	240.48	0.00
GNMA	2002 A-D SF MRB	4.49	10/27/05	10/20/35	60,508.52	64,609.14			(328.93)		60,179.59	65,932.77	1,652.56	0.00
GNMA	2002 A-D SF MRB	4.49	11/01/05	11/20/35	14,905.99	15,932.85			(86.47)		14,819.52	16,252.87	406.49	0.00
FNMA	2002 A-D SF MRB	4.49	11/04/04	10/01/34	5,560.78	6,023.53			(31.59)		5,529.19	6,012.32	20.38	0.00
FNMA	2002 A-D SF MRB	4.49	12/23/04	12/01/34	11,231.67	12,191.16			(72.28)		11,159.39	12,146.27	27.39	0.00
FNMA	2002 A-D SF MRB	4.49	01/19/05	01/01/35	11,234.95	12,173.78			(64.35)		11,170.60	12,149.08	39.65	0.00
FNMA	2002 A-D SF MRB	4.49	01/27/05	01/01/35	10,268.12	11,132.54			(67.96)		10,200.16	11,096.41	31.83	0.00
FNMA	2002 A-D SF MRB	4.49	03/14/05	12/01/34	12,263.08	13,284.25			(76.22)		12,186.86	13,252.40	44.37	0.00
FNMA	2002 A-D SF MRB	4.49	04/07/05	02/01/35	10,388.07	11,267.85			(91.94)		10,296.13	11,204.58	28.67	0.00
FNMA	2002 A-D SF MRB	4.49	07/28/05	07/01/35	15,141.06	16,410.09			(89.51)		15,051.55	16,372.41	51.83	0.00
FNMA	2002 A-D SF MRB	4.49	09/08/05	08/01/35	10,533.93	11,402.01			(70.59)		10,463.34	11,374.32	42.90	0.00
FNMA	2002 A-D SF MRB	4.49	10/20/05	09/01/35	4,569.50	4,940.37			(24.52)		4,544.98	4,937.02	21.17	0.00
FNMA	2002 A-D SF MRB	4.49	11/01/05	10/01/35	8,920.70	9,685.26			(58.28)		8,862.42	9,647.93	20.95	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	06/20/34	7,203.14	8,021.76			(38.60)		7,164.54	8,118.52	135.36	0.00
GNMA	2002 A-D SF MRB	5.40	06/01/04	06/20/34	5,411.67	6,026.58			(27.99)		5,383.68	6,100.42	101.83	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	13,135.67	14,617.06			(67.92)		13,067.75	14,796.37	247.23	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	10,620.85	11,818.57			(53.07)		10,567.78	11,965.64	200.14	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	2,221.38	2,473.91			(11.75)		2,209.63	2,503.92	41.76	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	3,834.12	4,269.93			(19.74)		3,814.38	4,322.34	72.15	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	3,975.14	4,427.10			(2,054.70)		1,920.44	2,174.43	(197.97)	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	12,082.77	13,456.54			(61.20)		12,021.57	13,622.84	227.50	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	2,166.83	2,416.40			(15.65)		2,151.18	2,440.90	40.15	0.00
GNMA	2002 A-D SF MRB	5.40	10/14/04	10/20/34	9,293.47	10,341.94			(3,434.96)		5,858.51	6,633.74	(273.24)	0.00
Repo Agmt	2002 A-D SF MRB	0.01	08/31/11	09/01/11	0.07	0.07	0.00				0.07	0.07	-	0.00
Repo Agmt	2002 A-D SF MRB	0.01	08/31/11	09/01/11	0.14	0.14	0.00				0.14	0.14	-	0.00
Repo Agmt	2002 A-D SF MRB	0.01	08/31/11	09/01/11	3,429.21	3,429.21	3,465.88				6,895.09	6,895.09	-	0.00
Repo Agmt	2002 A-D SF MRB	0.01	08/31/11	09/01/11	410,419.35	410,419.35	290,631.02				701,050.37	701,050.37	-	0.00
GIC's	2002 A-D SF MRB	5.01	06/26/02	03/01/34	1,343,865.84	1,343,865.84		(973,431.70)			370,434.14	370,434.14	-	0.00
GIC's	2002 A-D SF MRB				8,893.06	8,893.06		(8,893.06)					-	0.00
GNMA	2002 A-D SF MRB	5.40	08/29/02	08/20/32	61,374.09	67,629.17			(640.83)		60,733.26	68,137.45	1,149.11	0.00
GNMA	2002 A-D SF MRB	6.15	11/12/02	11/20/32	45,875.39	51,358.32			(245.95)		45,629.44	51,934.73	822.36	0.00
GNMA	2002 A-D SF MRB	5.40	11/12/02	10/20/32	170,254.94	187,118.00			(1,003.47)		169,251.47	189,399.74	3,285.21	0.00
GNMA	2002 A-D SF MRB	6.15	09/12/02	08/20/32	58,182.83	65,132.61			(322.14)		57,860.69	65,852.01	1,041.54	0.00
GNMA	2002 A-D SF MRB	5.40	09/19/02	09/20/32	221,566.64	243,827.36			(1,466.91)		220,099.73	246,614.57	4,254.12	0.00
GNMA	2002 A-D SF MRB	6.15	09/26/02	09/20/32	164,795.29	184,482.86			(1,107.58)		163,687.71	186,298.35	2,923.07	0.00
GNMA	2002 A-D SF MRB	5.40	09/26/02	09/20/32	206,967.81	228,067.19			(1,424.44)		205,543.37	230,607.69	3,964.94	0.00
GNMA	2002 A-D SF MRB	6.15	10/10/02	09/20/32	104,486.13	116,969.81			(637.55)		103,848.58	118,194.56	1,862.30	0.00
GNMA	2002 A-D SF MRB	5.40	10/10/02	09/20/32	64,195.59	70,551.94			(374.99)		63,820.60	71,416.02	1,239.07	0.00
GNMA	2002 A-D SF MRB	6.15	10/21/02	10/20/32	153,052.05	171,494.76			(5,816.29)		147,235.76	167,725.96	2,047.49	0.00
GNMA	2002 A-D SF MRB	6.15	10/29/02	10/20/32	116,757.61	130,709.99			(687.73)		116,069.88	132,106.71	2,084.45	0.00
GNMA	2002 A-D SF MRB	5.40	10/29/02	09/20/32	48,758.38	53,801.86			(468.29)		48,290.09	54,250.78	917.21	0.00
GNMA	2002 A-D SF MRB	5.40	11/05/02	09/20/32	125,456.70	138,249.95			(1,039.59)		124,417.11	139,592.33	2,381.97	0.00
GNMA	2002 A-D SF MRB	6.15	11/19/02	11/20/32	75,372.47	84,381.22			(392.39)		74,980.08	85,341.56	1,352.73	0.00
GNMA	2002 A-D SF MRB	5.40	11/19/02	11/20/32	91,232.25	100,269.72			(650.75)		90,581.50	101,365.93	1,746.96	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	278,744.44	312,062.11			(1,806.88)		276,937.56	315,208.85	4,953.62	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	78,365.98	86,359.74			(658.18)		77,707.80	87,188.39	1,486.83	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	94,008.08	105,244.65			(524.62)		93,483.46	106,402.38	1,682.35	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	47,992.90	52,817.92			(592.63)		47,400.27	53,183.29	958.00	0.00
GNMA	2002 A-D SF MRB	5.40	12/12/02	12/20/32	95,299.05	105,021.96			(642.87)		94,656.18	106,206.43	1,827.34	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	57,764.38	64,670.71			(390.61)		57,373.77	65,304.43	1,024.33	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	188,530.89	207,213.73			(1,091.98)		187,438.91	209,762.03	3,640.28	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	109,923.72	123,066.19			(685.54)		109,238.18	124,337.91	1,957.26	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	93,172.51	102,405.56			(531.45)		92,641.06	103,674.13	1,800.02	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	6.15	01/07/03	12/20/32	55,555.33	62,197.92			(311.01)		55,244.32	62,881.00	994.09	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	362,180.50	405,492.29			(2,377.22)		359,803.28	409,548.01	6,432.94	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	90,861.84	99,868.31			(518.49)		90,343.35	101,105.29	1,755.47	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	97,603.49	109,275.56			(772.42)		96,831.07	110,218.51	1,715.37	0.00
GNMA	2002 A-D SF MRB	6.15	01/30/03	01/20/33	95,263.67	106,656.43			(689.36)		94,574.31	107,650.15	1,683.08	0.00
GNMA	2002 A-D SF MRB	5.40	01/30/03	01/20/33	209,398.92	230,464.08			(1,271.61)		208,127.31	233,226.86	4,034.39	0.00
GNMA	2002 A-D SF MRB	6.15	02/12/03	02/20/33	173,068.21	193,768.87			(1,429.88)		171,638.33	195,372.17	3,033.18	0.00
GNMA	2002 A-D SF MRB	6.15	02/20/03	02/20/33	157,706.93	176,571.13			(928.13)		156,778.80	178,458.80	2,815.80	0.00
GNMA	2002 A-D SF MRB	5.40	03/03/03	03/20/33	108,045.01	118,759.50			(604.12)		107,440.89	120,244.27	2,088.89	0.00
GNMA	2002 A-D SF MRB	6.15	02/27/03	02/20/33	309,799.08	346,857.64			(1,591.37)		308,207.71	350,829.72	5,563.45	0.00
GNMA	2002 A-D SF MRB	6.15	03/12/03	02/20/33	238,195.92	266,691.33			(1,304.76)		236,891.16	269,652.95	4,266.38	0.00
GNMA	2002 A-D SF MRB	6.15	03/24/03	03/20/33	144,176.94	161,427.30			(781.16)		143,395.78	163,229.74	2,583.60	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	04/20/33	41,622.52	46,603.10			(208.90)		41,413.62	47,142.38	748.18	0.00
GNMA	2002 A-D SF MRB				92,018.60	103,028.89			(92,018.60)				(11,010.29)	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	215,961.56	241,803.44			(82,192.48)		133,769.08	152,273.19	(7,337.77)	0.00
GNMA	2002 A-D SF MRB	6.15	04/24/03	04/20/33	104,432.19	116,930.41			(527.90)		103,904.29	118,279.18	1,876.67	0.00
GNMA	2002 A-D SF MRB	6.15	04/29/03	03/20/33	81,194.25	90,911.03			(534.12)		80,660.13	91,818.88	1,441.97	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	77,761.06	87,068.08			(406.74)		77,354.32	88,056.84	1,395.50	0.00
GNMA	2002 A-D SF MRB	6.15	06/19/03	05/20/33	28,360.83	31,711.52			(350.05)		28,010.78	31,843.37	481.90	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	48,012.67	53,762.88			(253.46)		47,759.21	54,370.77	861.35	0.00
GNMA	2002 A-D SF MRB	6.15	07/24/03	07/20/33	80,801.04	90,478.55			(422.12)		80,378.92	91,506.62	1,450.19	0.00
GNMA	2002 A-D SF MRB	6.15	07/30/03	07/20/33	44,990.98	50,379.66			(223.42)		44,767.56	50,965.35	809.11	0.00
GNMA	2002 A-D SF MRB	6.15	09/30/03	09/20/33	55,210.67	61,826.88			(271.92)		54,938.75	62,548.18	993.22	0.00
GNMA	2002 A-D SF MRB	6.15	10/09/03	08/20/33	53,904.11	60,363.67			(265.97)		53,638.14	61,067.37	969.67	0.00
GNMA	2002 A-D SF MRB	6.15	03/11/04	03/20/34	58,880.02	67,209.32			(273.04)		58,606.98	66,974.27	37.99	0.00
GNMA	2002 A-D SF MRB	5.40	07/08/04	06/20/34	172,540.12	192,150.91			(924.32)		171,615.80	194,468.63	3,242.04	0.00
GNMA	2002 A-D SF MRB	5.40	06/17/04	06/20/34	129,627.76	144,358.98			(670.14)		128,957.62	146,127.75	2,438.91	0.00
GNMA	2002 A-D SF MRB	5.40	09/09/04	09/20/34	314,646.23	350,132.52			(1,626.85)		313,019.38	354,427.56	5,921.89	0.00
GNMA	2002 A-D SF MRB	5.40	09/16/04	09/20/34	254,404.97	283,098.35			(1,271.33)		253,133.64	286,621.25	4,794.23	0.00
GNMA	2002 A-D SF MRB	5.40	07/15/04	07/20/34	53,210.70	59,259.27			(281.36)		52,929.34	59,978.25	1,000.34	0.00
GNMA	2002 A-D SF MRB	5.40	07/29/04	07/20/34	91,840.18	102,280.69			(472.91)		91,367.27	103,536.03	1,728.25	0.00
GNMA	2002 A-D SF MRB	5.40	08/05/04	08/20/34	95,219.56	106,045.50			(49,217.63)		46,001.93	52,085.82	(4,742.05)	0.00
GNMA	2002 A-D SF MRB	5.40	08/12/04	08/20/34	289,426.14	322,333.78			(1,466.18)		287,959.96	326,317.31	5,449.71	0.00
GNMA	2002 A-D SF MRB	5.40	08/20/04	08/20/34	51,903.66	57,881.77			(374.94)		51,528.72	58,468.67	961.84	0.00
GNMA	2002 A-D SF MRB	5.40	12/02/04	12/20/34	95,797.73	106,700.86			(485.05)		95,312.68	108,019.80	1,803.99	0.00
GNMA	2002 A-D SF MRB	4.49	12/09/04	12/20/34	878,730.23	938,987.86			(5,366.34)		873,363.89	957,553.06	23,931.54	0.00
GNMA	2002 A-D SF MRB	4.49	12/16/04	12/20/34	758,139.05	810,130.60			(4,237.60)		753,901.45	826,579.03	20,686.03	0.00
GNMA	2002 A-D SF MRB	5.40	10/14/04	10/20/34	222,613.45	247,727.62			(82,279.81)		140,333.64	158,902.65	(6,545.16)	0.00
GNMA	2002 A-D SF MRB	5.40	10/21/04	10/20/34	1,049,768.00	1,169,197.96			(6,416.55)		1,043,351.45	1,182,402.39	19,620.98	0.00
GNMA	2002 A-D SF MRB	4.49	10/21/04	10/20/34	209,152.99	223,847.50			(1,217.87)		207,935.12	228,329.13	5,699.50	0.00
GNMA	2002 A-D SF MRB	5.40	10/28/04	10/20/34	237,353.27	264,132.69			(1,233.62)		236,119.65	267,365.80	4,466.73	0.00
GNMA	2002 A-D SF MRB	4.49	10/29/04	10/20/34	369,204.29	394,505.66			(2,262.97)		366,941.32	402,296.58	10,053.89	0.00
GNMA	2002 A-D SF MRB	4.49	11/04/04	10/20/34	1,129,914.91	1,207,352.13			(8,489.58)		1,121,425.33	1,229,480.89	30,618.34	0.00
GNMA	2002 A-D SF MRB	5.40	11/04/04	11/20/34	228,026.59	253,756.54			(1,137.64)		226,888.95	256,916.41	4,297.51	0.00
GNMA	2002 A-D SF MRB	4.49	11/10/04	11/20/34	346,419.25	370,164.69			(2,302.21)		344,117.04	377,278.76	9,416.28	0.00
GNMA	2002 A-D SF MRB	5.40	11/10/04	11/20/34	63,073.17	70,190.61			(308.86)		62,764.31	71,071.16	1,189.41	0.00
GNMA	2002 A-D SF MRB	4.49	11/18/04	11/20/34	307,596.29	328,682.32			(1,796.99)		305,799.30	335,270.21	8,384.88	0.00
GNMA	2002 A-D SF MRB	4.49	11/23/04	11/20/34	796,891.12	851,522.16			(93,817.05)		703,074.07	770,834.72	13,129.61	0.00
GNMA	2002 A-D SF MRB	4.49	12/02/04	12/20/34	1,628,790.16	1,740,473.26			(9,345.44)		1,619,444.72	1,775,544.47	44,416.65	0.00
GNMA	2002 A-D SF MRB	4.49	12/23/04	12/20/34	920,899.73	984,057.99			(5,207.48)		915,692.25	1,003,970.80	25,120.29	0.00
GNMA	2002 A-D SF MRB	4.49	12/29/04	12/20/34	716,060.07	765,172.86			(4,176.81)		711,883.26	760,517.29	19,521.24	0.00
GNMA	2002 A-D SF MRB	4.49	01/06/05	01/20/35	1,877,844.57	2,006,665.55			(12,077.93)		1,865,766.64	2,045,671.43	51,083.81	0.00
GNMA	2002 A-D SF MRB	5.40	01/06/05	01/20/35	193,024.84	214,817.46			(942.82)		192,082.02	217,515.10	3,640.46	0.00
GNMA	2002 A-D SF MRB	4.49	01/13/05	01/20/35	879,632.59	939,980.47			(5,655.65)		873,976.94	958,254.12	23,929.30	0.00
GNMA	2002 A-D SF MRB	5.40	01/13/05	01/20/35	33,795.56	37,611.30			(206.62)		33,588.94	38,036.56	631.88	0.00
GNMA	2002 A-D SF MRB	4.49	01/19/05	01/20/35	1,248,370.30	1,334,021.16			(86,584.93)		1,161,785.37	1,273,820.99	26,384.76	0.00
GNMA	2002 A-D SF MRB	5.40	01/19/05	01/20/35	172,035.12	191,459.69			(828.44)		171,206.68	193,877.45	3,246.20	0.00
GNMA	2002 A-D SF MRB	4.49	01/27/05	01/20/35	1,670,845.77	1,785,493.56			(12,510.75)		1,658,335.02	1,818,265.93	45,283.12	0.00
GNMA	2002 A-D SF MRB	4.49	02/03/05	02/20/35	1,817,315.87	1,942,033.44			(104,248.24)		1,713,067.63	1,878,297.73	40,512.53	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	741,901.41	792,820.13			(4,566.95)		737,334.46	808,456.49	20,203.31	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	1,323,390.06	1,414,217.92			(7,769.27)		1,315,620.79	1,442,523.29	36,074.64	0.00
GNMA	2002 A-D SF MRB	5.40	02/17/05	11/20/34	95,863.66	106,688.63			(469.19)		95,394.47	108,027.22	1,807.78	0.00
GNMA	2002 A-D SF MRB	4.49	02/17/05	02/20/35	727,413.09	777,341.36			(4,146.46)		723,266.63	793,034.90	19,840.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	4.49	02/24/05	02/20/35	774,518.36	827,684.03			(4,826.04)		769,692.32	843,943.19	21,085.20	0.00
GNMA	2002 A-D SF MRB	4.49	03/03/05	03/20/35	1,138,531.55	1,216,696.64			(6,805.44)		1,131,726.11	1,240,915.52	31,024.32	0.00
GNMA	2002 A-D SF MRB	4.49	03/11/05	03/20/35	171,944.72	183,750.56			(950.97)		170,993.75	187,492.23	4,692.64	0.00
GNMA	2002 A-D SF MRB	5.40	03/17/05	02/20/35	115,988.50	129,200.65			(589.11)		115,399.39	130,795.63	2,184.09	0.00
GNMA	2002 A-D SF MRB	4.49	03/17/05	03/20/35	689,576.54	736,926.34			(4,137.82)		685,438.72	751,576.92	18,788.40	0.00
GNMA	2002 A-D SF MRB	4.49	03/24/05	03/20/35	390,865.56	417,706.48			(2,172.50)		388,693.06	426,200.33	10,666.35	0.00
GNMA	2002 A-D SF MRB	4.49	04/07/05	04/20/35	765,551.89	818,135.86			(5,191.54)		760,360.35	833,745.41	20,801.09	0.00
GNMA	2002 A-D SF MRB	4.49	04/14/05	04/20/35	440,126.86	470,360.51			(2,529.11)		437,597.75	479,834.28	12,002.88	0.00
GNMA	2002 A-D SF MRB	5.40	04/21/05	04/20/35	98,419.64	109,541.27			(474.38)		97,945.26	110,924.05	1,857.16	0.00
GNMA	2002 A-D SF MRB	4.49	04/21/05	04/20/35	980,488.54	1,047,846.52			(5,605.29)		974,883.25	1,068,983.39	26,742.16	0.00
GNMA	2002 A-D SF MRB	4.49	04/28/05	04/20/35	728,235.49	778,268.03			(126,898.56)		601,336.93	659,384.04	8,014.57	0.00
GNMA	2002 A-D SF MRB	5.40	04/28/05	04/20/35	122,424.67	136,259.61			(590.46)		121,834.21	137,979.25	2,310.10	0.00
GNMA	2002 A-D SF MRB	4.49	05/05/05	05/20/35	929,097.26	992,939.82			(5,124.44)		923,972.82	1,013,174.26	25,358.88	0.00
GNMA	2002 A-D SF MRB	5.40	05/05/05	04/20/35	100,858.10	112,256.42			(511.28)		100,346.82	113,645.01	1,899.87	0.00
GNMA	2002 A-D SF MRB	4.49	05/12/05	05/20/35	504,887.44	539,583.28			(2,722.02)		502,165.42	550,647.61	13,786.55	0.00
GNMA	2002 A-D SF MRB	4.49	07/07/05	07/20/35	1,848,507.82	1,973,589.34			(11,729.73)		1,836,778.09	2,014,216.44	52,356.83	0.00
GNMA	2002 A-D SF MRB	5.40	07/07/05	07/20/35	40,296.36	44,891.37			(237.44)		40,058.92	45,408.41	754.48	0.00
GNMA	2002 A-D SF MRB	4.49	07/14/05	07/20/35	513,661.45	548,421.79			(3,182.24)		510,479.21	559,795.93	14,556.38	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	715,506.62	764,683.90			(3,898.25)		711,608.37	780,319.64	19,533.99	0.00
GNMA	2002 A-D SF MRB	5.40	05/26/05	05/20/35	71,282.53	79,340.01			(338.85)		70,943.68	80,346.91	1,345.75	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/34	98,904.33	105,694.85			(530.21)		98,374.12	107,865.28	2,700.64	0.00
GNMA	2002 A-D SF MRB	4.49	06/02/05	06/20/35	622,963.16	665,786.60			(3,810.74)		619,152.42	678,943.90	16,968.04	0.00
GNMA	2002 A-D SF MRB	5.40	06/09/05	05/20/35	69,146.62	76,963.49			(341.60)		68,805.02	77,925.60	1,303.71	0.00
GNMA	2002 A-D SF MRB	4.49	06/09/05	06/20/35	817,568.03	873,773.27			(4,440.46)		813,127.57	891,655.69	22,322.88	0.00
GNMA	2002 A-D SF MRB	4.49	06/15/05	06/20/35	699,479.97	747,570.85			(3,775.83)		695,704.14	762,895.15	19,100.13	0.00
GNMA	2002 A-D SF MRB	4.49	06/23/05	06/20/35	1,244,353.02	1,329,911.84			(8,369.58)		1,235,983.44	1,355,361.36	33,819.10	0.00
GNMA	2002 A-D SF MRB	4.49	06/29/05	06/20/35	609,414.96	651,320.21			(3,319.31)		606,095.65	664,938.99	16,638.09	0.00
GNMA	2002 A-D SF MRB	4.49	09/08/05	09/20/35	163,994.31	175,282.66			(878.81)		163,115.50	178,882.98	4,479.13	0.00
GNMA	2002 A-D SF MRB	4.49	09/15/05	09/20/35	195,051.91	208,262.93			(1,295.20)		193,756.71	212,272.46	5,304.73	0.00
GNMA	2002 A-D SF MRB	4.49	09/22/05	09/20/35	263,833.49	281,704.55			(1,540.23)		262,293.26	287,359.91	7,195.59	0.00
GNMA	2002 A-D SF MRB	4.49	07/21/05	07/20/35	261,883.06	279,896.88			(1,391.82)		260,491.24	285,656.37	7,153.31	0.00
GNMA	2002 A-D SF MRB	4.49	07/28/05	07/20/35	213,611.75	228,069.46			(1,145.49)		212,466.26	232,994.64	6,070.67	0.00
GNMA	2002 A-D SF MRB	4.49	08/04/05	08/20/35	68,308.10	72,932.09			(359.23)		67,948.87	74,439.48	1,866.62	0.00
GNMA	2002 A-D SF MRB	4.49	08/11/05	07/20/35	494,696.84	528,732.85			(2,635.45)		492,061.39	539,609.58	13,512.18	0.00
GNMA	2002 A-D SF MRB	4.49	08/18/05	08/20/35	1,168,173.59	1,247,263.50			(7,575.27)		1,160,598.32	1,271,473.89	31,785.66	0.00
GNMA	2002 A-D SF MRB	4.49	08/30/05	08/20/35	1,694,843.27	1,809,607.19			(10,244.09)		1,684,599.18	1,845,550.92	46,187.82	0.00
GNMA	2002 A-D SF MRB	4.49	09/29/05	07/20/35	89,771.77	95,951.57			(484.78)		89,286.99	97,918.26	2,451.47	0.00
GNMA	2002 A-D SF MRB	4.49	10/13/05	09/20/35	161,489.91	172,431.36			(929.32)		160,560.59	175,907.55	4,405.51	0.00
GNMA	2002 A-D SF MRB	4.49	10/27/05	10/20/35	1,108,490.76	1,183,612.74			(6,025.89)		1,102,464.87	1,207,861.11	30,274.26	0.00
GNMA	2002 A-D SF MRB	4.49	11/01/05	11/20/35	273,072.06	291,883.44			(1,584.15)		271,487.91	297,745.97	7,446.68	0.00
FNMA	2002 A-D SF MRB	6.40	07/24/03	11/01/32	70,998.78	80,256.30			(349.71)		70,649.07	80,265.11	358.52	0.00
FNMA	2002 A-D SF MRB	5.40	08/14/03	09/01/32	52,120.23	56,842.90			(326.35)		51,793.88	57,075.00	558.45	0.00
FNMA	2002 A-D SF MRB	6.15	08/14/03	12/01/31	46,466.48	52,141.11			(1,236.83)		45,229.65	51,162.67	258.39	0.00
FNMA	2002 A-D SF MRB	6.15	04/01/04	02/01/34	96,063.63	110,419.31			(452.26)		95,611.37	108,541.14	(1,425.91)	0.00
FNMA	2002 A-D SF MRB	5.40	10/28/04	10/01/34	182,510.08	202,401.40			(959.99)		181,550.09	202,808.31	1,366.90	0.00
FNMA	2002 A-D SF MRB	4.49	11/04/04	10/01/34	101,871.34	110,348.63			(578.67)		101,292.67	110,143.36	373.40	0.00
FNMA	2002 A-D SF MRB	4.49	12/23/04	12/01/34	205,759.63	223,337.16			(1,324.06)		204,435.57	222,514.86	501.76	0.00
FNMA	2002 A-D SF MRB	4.49	01/19/05	01/01/35	205,819.69	223,018.68			(1,179.02)		204,640.67	222,566.16	726.50	0.00
FNMA	2002 A-D SF MRB	4.49	01/27/05	01/01/35	188,107.00	203,943.57			(1,244.78)		186,862.22	203,281.71	582.92	0.00
FNMA	2002 A-D SF MRB	4.49	03/14/05	12/01/34	224,655.09	243,362.04			(1,396.44)		223,258.65	242,778.55	812.95	0.00
FNMA	2002 A-D SF MRB	5.40	03/24/05	02/01/35	78,421.83	86,925.49			(380.60)		78,041.23	87,144.83	599.94	0.00
FNMA	2002 A-D SF MRB	4.49	04/07/05	02/01/35	190,305.44	206,422.45			(1,684.29)		188,621.15	205,263.21	525.05	0.00
FNMA	2002 A-D SF MRB	4.49	07/28/05	07/01/35	277,378.26	300,626.26			(1,639.68)		275,738.58	299,935.99	949.41	0.00
FNMA	2002 A-D SF MRB	5.40	07/14/05	04/01/35	103,635.90	114,890.06			(509.66)		103,126.24	115,156.87	776.47	0.00
FNMA	2002 A-D SF MRB	4.49	09/08/05	08/01/35	192,977.62	208,880.24			(1,292.94)		191,684.68	208,372.92	785.62	0.00
FNMA	2002 A-D SF MRB	4.49	10/20/05	09/01/35	83,711.51	90,505.62			(449.20)		83,262.31	90,444.30	387.88	0.00
FNMA	2002 A-D SF MRB	4.49	11/01/05	10/01/35	163,423.86	177,430.12			(1,067.75)		162,356.11	176,746.20	383.83	0.00
Freddie Mac	2002 A-D SF MRB	5.38	06/18/08	04/01/38	4,749.72	5,259.98			(19.65)		4,730.07	5,267.83	27.50	0.00
Freddie Mac	2002 A-D SF MRB	5.63	06/18/08	03/01/38	1,801.10	2,014.88			(100.88)		1,700.22	1,919.45	5.45	0.00
Freddie Mac	2002 A-D SF MRB	5.13	06/25/08	12/01/37	2,551.25	2,799.52			(10.29)		2,540.96	2,806.90	17.67	0.00
Freddie Mac	2002 A-D SF MRB	5.13	07/16/08	06/01/38	3,823.69	4,195.90			(21.10)		3,802.59	4,200.98	26.18	0.00
Freddie Mac	2002 A-D SF MRB	5.63	07/16/08	05/01/38	750.97	835.60			(2.71)		748.26	839.53	6.64	0.00
Freddie Mac	2002 A-D SF MRB	5.38	07/23/08	03/01/38	1,713.67	1,897.06			(6.53)		1,707.14	1,900.11	9.58	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Freddie Mac	2002 A-D SF MRB	5.38	08/13/08	07/01/38	2,641.28	2,923.17			(9.83)		2,631.45	2,927.73	14.39	0.00
Freddie Mac	2002 A-D SF MRB	5.38	08/13/08	07/01/38	1,223.84	1,361.78			(10.07)		1,213.77	1,357.62	5.91	0.00
Freddie Mac	2002 A-D SF MRB	5.63	09/24/08	07/01/38	2,529.24	2,814.05			(8.97)		2,520.27	2,826.96	21.88	0.00
Freddie Mac	2002 A-D SF MRB	5.13	10/22/08	03/01/38	3,657.77	4,013.61			(14.50)		3,643.27	4,024.07	24.96	0.00
Freddie Mac	2002 A-D SF MRB	5.13	11/19/08	10/01/38	3,315.18	3,637.24			(18.97)		3,296.21	3,640.32	22.05	0.00
Freddie Mac	2002 A-D SF MRB	5.13	11/25/08	10/01/38	2,616.54	2,873.44			(13.40)		2,603.14	2,878.86	18.82	0.00
Freddie Mac	2002 A-D SF MRB	5.25	12/18/08	09/01/38	3,916.77	4,324.31			(34.09)		3,882.68	4,317.08	26.86	0.00
Freddie Mac	2002 A-D SF MRB	5.13	12/30/08	12/01/38	2,900.90	3,183.03			(10.88)		2,890.02	3,191.32	19.17	0.00
GNMA	2002 A-D SF MRB	5.38	02/20/07	02/20/37	16,053.18	17,878.48			(2,667.17)		13,386.01	15,169.52	(41.79)	0.00
GNMA	2002 A-D SF MRB	5.13	02/20/07	02/20/37	16,674.75	18,572.10			(99.10)		16,575.65	18,785.50	312.50	0.00
GNMA	2002 A-D SF MRB	5.63	02/20/07	02/20/37	5,586.91	6,266.27			(24.05)		5,562.86	6,343.40	101.18	0.00
GNMA	2002 A-D SF MRB	5.38	03/06/07	02/20/37	11,335.07	12,624.06			(47.98)		11,287.09	12,791.12	215.04	0.00
GNMA	2002 A-D SF MRB	5.63	03/06/07	02/20/37	3,540.86	3,971.47			(14.01)		3,526.85	4,021.76	64.30	0.00
GNMA	2002 A-D SF MRB	5.63	03/20/07	02/20/37	1,596.11	1,790.19			(6.29)		1,589.82	1,812.88	28.98	0.00
GNMA	2002 A-D SF MRB	5.13	03/20/07	03/20/37	16,580.09	18,467.19			(87.15)		16,492.94	18,692.30	312.26	0.00
GNMA	2002 A-D SF MRB	5.38	03/20/07	03/20/37	14,418.95	16,058.85			(63.87)		14,355.08	16,268.13	273.15	0.00
GNMA	2002 A-D SF MRB	5.13	03/06/07	02/20/37	8,062.84	8,973.38			(35.61)		8,027.23	9,090.56	152.79	0.00
GNMA	2002 A-D SF MRB	5.13	04/24/07	04/20/37	21,084.33	23,466.64			(89.84)		20,994.49	23,776.78	399.98	0.00
GNMA	2002 A-D SF MRB	5.63	04/24/07	04/20/37	10,747.72	12,055.37			(46.33)		10,701.39	12,203.69	194.65	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/07	04/20/37	12,139.32	13,520.63			(58.09)		12,081.23	13,691.84	229.40	0.00
GNMA	2002 A-D SF MRB	5.13	03/27/07	03/20/37	12,225.34	13,636.13			(66.11)		12,159.23	13,799.91	229.89	0.00
GNMA	2002 A-D SF MRB	5.62	03/27/07	02/20/37	4,389.94	4,923.85			(17.60)		4,372.34	4,985.93	79.68	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/07	03/20/37	5,688.94	6,336.18			(31.76)		5,657.18	6,411.31	106.89	0.00
GNMA	2002 A-D SF MRB	5.38	04/10/07	03/20/37	13,083.46	14,571.79			(53.85)		13,029.61	14,766.32	248.38	0.00
GNMA	2002 A-D SF MRB	5.13	04/10/07	03/20/37	15,917.89	17,716.15			(71.05)		15,846.84	17,946.63	301.53	0.00
GNMA	2002 A-D SF MRB	5.63	04/10/07	03/20/37	1,906.47	2,138.40			(7.44)		1,899.03	2,165.59	34.63	0.00
GNMA	2002 A-D SF MRB	5.13	05/08/07	04/20/37	7,925.14	8,827.55			(44.63)		7,880.51	8,931.78	148.86	0.00
GNMA	2002 A-D SF MRB	5.63	05/08/07	04/20/37	2,918.38	3,273.48			(11.42)		2,906.96	3,315.09	53.03	0.00
GNMA	2002 A-D SF MRB	5.38	05/08/07	05/20/37	6,073.29	6,764.37			(25.84)		6,047.45	6,853.72	115.19	0.00
GNMA	2002 A-D SF MRB	5.38	05/22/07	05/20/37	16,305.88	18,161.66			(68.41)		16,237.47	18,402.66	309.41	0.00
GNMA	2002 A-D SF MRB	5.13	05/22/07	05/20/37	14,614.46	16,266.17			(2,485.37)		12,129.09	13,736.84	(43.96)	0.00
GNMA	2002 A-D SF MRB	5.63	06/05/07	05/20/37	12,838.32	14,299.62			(52.48)		12,785.84	14,490.94	243.80	0.00
GNMA	2002 A-D SF MRB	5.63	06/05/07	05/20/37	3,028.94	3,397.66			(12.06)		3,016.88	3,440.59	54.99	0.00
GNMA	2002 A-D SF MRB	5.13	06/05/07	05/20/37	29,548.84	32,888.97			(2,959.93)		26,588.91	30,113.87	184.83	0.00
GNMA	2002 A-D SF MRB	5.38	06/19/07	05/20/37	4,985.76	5,553.33			(20.02)		4,965.74	5,628.04	94.73	0.00
GNMA	2002 A-D SF MRB	5.13	06/19/07	06/20/37	14,679.87	16,339.51			(65.81)		14,614.06	16,551.75	278.05	0.00
GNMA	2002 A-D SF MRB	5.63	06/19/07	06/20/37	5,976.15	6,703.66			(1,400.70)		4,575.45	5,218.09	(84.87)	0.00
GNMA	2002 A-D SF MRB	5.13	08/07/07	07/20/37	26,815.78	29,885.36			(580.14)		26,235.64	29,751.46	446.24	0.00
GNMA	2002 A-D SF MRB	5.38	07/03/07	05/20/37	15,716.31	17,505.66			(64.89)		15,651.42	17,739.13	298.36	0.00
GNMA	2002 A-D SF MRB	5.13	07/03/07	06/20/37	8,078.81	8,992.29			(33.66)		8,045.15	9,111.98	153.35	0.00
GNMA	2002 A-D SF MRB	5.38	07/17/07	06/20/37	10,191.75	11,352.33			(40.89)		10,150.86	11,505.09	193.65	0.00
GNMA	2002 A-D SF MRB	5.13	07/17/07	06/20/37	5,926.38	6,596.57			(29.11)		5,897.27	6,679.38	111.92	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/08	04/20/38	2,554.54	2,847.56			(10.28)		2,544.26	2,885.83	48.55	0.00
GNMA	2002 A-D SF MRB	5.13	04/24/08	04/20/38	6,861.53	7,643.25			(31.25)		6,830.28	7,741.93	129.93	0.00
GNMA	2002 A-D SF MRB	5.38	04/22/08	03/20/38	2,674.64	2,981.44			(10.33)		2,664.31	3,022.00	50.89	0.00
GNMA	2002 A-D SF MRB	5.63	04/22/08	03/20/38	5,436.82	6,103.44			(21.00)		5,415.82	6,181.28	98.84	0.00
GNMA	2002 A-D SF MRB	5.13	05/07/08	04/20/38	5,657.81	6,302.44			(22.62)		5,635.19	6,387.39	107.57	0.00
GNMA	2002 A-D SF MRB	5.63	05/07/08	04/20/38	4,775.62	5,372.95			(588.91)		4,186.71	4,784.76	0.72	0.00
GNMA	2002 A-D SF MRB	5.38	05/14/08	04/20/38	4,350.80	4,849.98			(18.97)		4,331.83	4,913.51	82.50	0.00
GNMA	2002 A-D SF MRB	5.13	05/21/08	05/20/38	8,125.76	9,051.79			(32.35)		8,093.41	9,173.95	154.51	0.00
GNMA	2002 A-D SF MRB	5.13	06/11/08	05/20/38	5,116.73	5,699.95			(21.24)		5,095.49	5,775.90	97.19	0.00
GNMA	2002 A-D SF MRB	5.63	07/09/08	06/20/38	6,172.49	6,929.86			(22.49)		6,150.00	7,019.80	112.43	0.00
GNMA	2002 A-D SF MRB	5.38	07/09/08	03/20/38	2,094.43	2,334.87			(7.90)		2,086.53	2,366.85	39.88	0.00
GNMA	2002 A-D SF MRB	5.13	07/16/08	06/20/38	2,387.65	2,659.88			(9.21)		2,378.44	2,696.11	45.44	0.00
GNMA	2002 A-D SF MRB	5.63	06/18/08	03/20/38	608.46	676.01			(2.22)		606.24	685.41	11.62	0.00
GNMA	2002 A-D SF MRB	5.63	06/25/08	05/20/38	3,861.50	4,335.25			(13.91)		3,847.59	4,391.69	70.35	0.00
GNMA	2002 A-D SF MRB	5.38	06/25/08	05/20/38	2,549.48	2,784.15			(9.58)		2,539.90	2,823.61	49.04	0.00
GNMA	2002 A-D SF MRB	5.38	07/23/08	06/20/38	7,013.32	7,818.60			(26.12)		6,987.20	7,926.06	133.58	0.00
GNMA	2002 A-D SF MRB	5.13	08/27/08	08/20/38	4,987.70	5,556.71			(19.17)		4,968.53	5,632.47	94.93	0.00
GNMA	2002 A-D SF MRB	5.63	08/13/08	07/20/38	1,581.56	1,775.68			(5.60)		1,575.96	1,798.92	28.84	0.00
GNMA	2002 A-D SF MRB	5.38	08/13/08	07/20/38	3,449.93	3,846.12			(12.71)		3,437.22	3,899.13	65.72	0.00
GNMA	2002 A-D SF MRB	5.13	08/13/08	07/20/38	5,121.54	5,705.70			(20.84)		5,100.70	5,782.19	97.33	0.00
GNMA	2002 A-D SF MRB	5.13	09/10/08	09/20/38	8,379.25	9,335.32			(65.61)		8,313.64	9,424.76	155.05	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	5.13	09/24/08	08/20/38	2,481.30	2,764.44			(9.75)		2,471.55	2,801.91	47.22	0.00
GNMA	2002 A-D SF MRB	5.38	09/24/08	09/20/38	2,289.32	2,552.37			(8.40)		2,280.92	2,587.59	43.62	0.00
GNMA	2002 A-D SF MRB	5.13	10/15/08	08/20/38	2,559.98	2,852.15			(9.83)		2,550.15	2,891.06	48.74	0.00
GNMA	2002 A-D SF MRB	5.13	10/15/08	09/20/38	1,354.29	1,508.87			(5.57)		1,348.72	1,529.02	25.72	0.00
GNMA	2002 A-D SF MRB	5.13	11/12/08	10/20/38	5,678.95	6,327.32			(21.71)		5,657.24	6,413.73	108.12	0.00
GNMA	2002 A-D SF MRB	5.13	11/25/08	09/20/38	2,746.01	3,059.57			(10.73)		2,735.28	3,101.08	52.24	0.00
GNMA	2002 A-D SF MRB	5.38	11/25/08	11/20/38	10,240.39	11,417.79			(38.12)		10,202.27	11,574.74	195.07	0.00
GNMA	2002 A-D SF MRB	5.63	12/10/08	10/20/38	2,816.25	3,162.32			(9.87)		2,806.38	3,203.80	51.35	0.00
GNMA	2002 A-D SF MRB	5.38	12/10/08	11/20/38	3,454.21	3,851.37			(12.38)		3,441.83	3,904.87	65.88	0.00
GNMA	2002 A-D SF MRB	5.13	12/10/08	11/20/38	6,920.20	7,710.52			(52.15)		6,868.05	7,786.71	128.34	0.00
GNMA	2002 A-D SF MRB	5.38	12/17/08	11/20/38	4,326.99	4,824.60			(17.30)		4,309.69	4,889.56	82.26	0.00
GNMA	2002 A-D SF MRB	5.25	12/17/08	12/20/38	8,382.81	9,343.62			(37.76)		8,345.05	9,464.68	158.82	0.00
GNMA	2002 A-D SF MRB	5.25	12/17/08	11/20/38	2,479.55	2,763.73			(9.08)		2,470.47	2,801.91	47.26	0.00
GNMA	2002 A-D SF MRB	5.25	12/17/08	12/20/38	5,698.19	6,351.29			(21.82)		5,676.37	6,437.95	108.48	0.00
GNMA	2002 A-D SF MRB	5.13	12/17/08	12/20/38	4,411.62	4,915.51			(16.51)		4,395.11	4,983.04	84.04	0.00
GNMA	2002 A-D SF MRB	5.25	12/17/08	11/20/38	5,783.71	6,446.59			(21.23)		5,762.48	6,535.60	110.24	0.00
GNMA	2002 A-D SF MRB	5.25	12/23/08	12/20/38	12,001.86	13,377.49			(44.05)		11,957.81	13,562.18	228.74	0.00
GNMA	2002 A-D SF MRB	5.25	12/23/08	10/20/38	2,548.56	2,840.70			(9.37)		2,539.19	2,879.89	48.56	0.00
GNMA	2002 A-D SF MRB	5.13	12/30/08	12/20/38	1,664.16	1,854.29			(6.21)		1,657.95	1,879.80	31.72	0.00
GNMA	2002 A-D SF MRB	5.38	12/30/08	11/20/38	2,823.50	3,148.25			(12.41)		2,811.09	3,189.37	53.53	0.00
GNMA	2002 A-D SF MRB	5.25	12/30/08	12/20/38	1,918.65	2,138.59			(7.18)		1,911.47	2,167.96	36.55	0.00
GNMA	2002 A-D SF MRB	5.15	12/30/08	12/20/38	5,309.39	5,916.31			(19.70)		5,289.69	5,997.77	101.16	0.00
FNMA	2002 A-D SF MRB	5.13	02/20/07	01/01/37	8,983.40	9,847.37			(40.51)		8,942.89	9,883.10	76.24	0.00
FNMA	2002 A-D SF MRB	5.38	03/06/07	02/01/37	11,588.18	12,840.56			(127.81)		11,460.37	12,793.13	80.38	0.00
FNMA	2002 A-D SF MRB	5.63	03/06/07	02/01/37	3,391.72	3,769.08			(14.64)		3,377.08	3,778.63	24.19	0.00
FNMA	2002 A-D SF MRB	5.13	03/20/07	09/01/36	1,456.25	1,608.35			(16.34)		1,439.91	1,601.45	9.44	0.00
FNMA	2002 A-D SF MRB	5.63	03/20/07	02/01/37	2,490.69	2,769.25			(10.42)		2,480.27	2,777.27	18.44	0.00
FNMA	2002 A-D SF MRB	5.38	03/20/07	09/01/36	2,462.52	2,731.79			(13.52)		2,449.00	2,736.37	18.10	0.00
FNMA	2002 A-D SF MRB	5.13	03/27/07	03/01/37	6,144.31	6,743.39			(1,636.43)		4,507.88	4,986.26	(120.70)	0.00
FNMA	2002 A-D SF MRB	5.38	04/10/07	03/01/37	20,383.76	22,543.51			(89.80)		20,293.96	22,587.53	133.82	0.00
FNMA	2002 A-D SF MRB	5.63	04/10/07	03/01/37	2,359.89	2,625.54			(11.30)		2,348.59	2,636.40	22.16	0.00
FNMA	2002 A-D SF MRB	5.13	04/10/07	03/01/37	14,705.74	16,119.62			(2,510.10)		12,195.64	13,476.74	(132.78)	0.00
FNMA	2002 A-D SF MRB	5.38	04/24/07	04/01/37	24,469.15	27,068.56			(109.58)		24,359.57	27,123.57	164.59	0.00
FNMA	2002 A-D SF MRB	5.13	04/24/07	04/01/37	6,535.87	7,179.33			(32.58)		6,503.29	7,196.59	49.84	0.00
FNMA	2002 A-D SF MRB	5.63	04/24/07	04/01/37	2,436.41	2,709.03			(10.19)		2,426.22	2,716.90	18.06	0.00
FNMA	2002 A-D SF MRB	5.13	05/08/07	04/01/37	4,982.88	5,459.73			(21.31)		4,961.57	5,478.40	39.98	0.00
FNMA	2002 A-D SF MRB	5.38	05/22/07	04/01/37	4,797.98	5,307.27			(20.33)		4,777.65	5,318.34	31.40	0.00
FNMA	2002 A-D SF MRB	5.13	05/22/07	04/01/37	2,054.56	2,251.98			(9.82)		2,044.74	2,259.30	17.14	0.00
FNMA	2002 A-D SF MRB	5.38	06/05/07	05/01/37	6,961.37	7,703.67			(39.61)		6,921.76	7,712.82	48.76	0.00
FNMA	2002 A-D SF MRB	5.63	06/05/07	05/01/37	2,616.50	2,907.13			(13.69)		2,602.81	2,911.53	18.09	0.00
FNMA	2002 A-D SF MRB	5.13	06/05/07	04/01/37	8,367.72	9,176.48			(2,695.27)		5,672.45	6,272.86	(208.35)	0.00
FNMA	2002 A-D SF MRB	5.38	06/19/07	05/01/37	7,694.53	8,537.57			(55.08)		7,639.45	8,537.01	54.52	0.00
FNMA	2002 A-D SF MRB	5.13	07/03/07	06/01/37	7,439.38	8,175.95			(60.15)		7,379.23	8,170.18	54.37	0.00
FNMA	2002 A-D SF MRB	5.13	04/08/08	03/01/38	3,162.22	3,495.82			(22.14)		3,140.08	3,495.03	21.35	0.00
FNMA	2002 A-D SF MRB	5.63	04/15/08	12/01/37	2,986.82	3,340.89			(41.80)		2,945.02	3,321.29	22.20	0.00
FNMA	2002 A-D SF MRB	5.38	04/15/08	01/01/38	2,673.95	2,968.52			(10.24)		2,663.71	2,974.67	16.39	0.00
FNMA	2002 A-D SF MRB	5.13	04/15/08	04/01/38	2,344.39	2,579.26			(9.24)		2,335.15	2,588.07	18.05	0.00
FNMA	2002 A-D SF MRB	5.38	04/29/08	04/01/38	3,319.98	3,693.43			(16.51)		3,303.47	3,701.13	24.21	0.00
	2002 A-D SF MRB Total				56,754,311.58	61,077,826.31	294,096.90	(982,324.76)	(1,066,504.34)	0.00	54,999,579.38	60,579,340.58	1,256,246.47	0.00
Repo Agmt	2004A SF Jr. Lien	0.01	08/31/11	09/01/11	46.30	46.30	7.63				53.93	53.93	-	0.00
Repo Agmt	2004A SF Jr. Lien	0.01	08/31/11	09/01/11	115,650.00	115,650.00	0.00				115,650.00	115,650.00	-	0.00
	2004A SF Jr. Lien Total				115,696.30	115,696.30	7.63	0.00	0.00	0.00	115,703.93	115,703.93	0.00	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	0.01	08/31/11	09/01/11	32,963.16	32,963.16	8,373.28				41,336.44	41,336.44	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	954,823.40	954,823.40	81,443.86				1,036,267.26	1,036,267.26	-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	0.01	08/31/11	09/01/11	0.24	0.24	0.00				0.24	0.24	-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	0.01	08/31/11	09/01/11	392.10	392.10	15,721.97				16,114.07	16,114.07	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	4.51	06/26/02	08/31/12	688,088.86	688,088.86	0.00				688,088.86	688,088.86	-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	0.01	08/31/11	09/01/11	0.01	0.01	0.00				0.01	0.01	-	0.00
	1991 A S/F (1980 A Refunding) Total				1,676,267.77	1,676,267.77	105,539.11	0.00	0.00	0.00	1,781,806.88	1,781,806.88	0.00	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)	0.01	08/31/11	09/01/11			5,086.17				5,086.17	5,086.17	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Repo Agmt	1994 A&B SF (1983 Refunding)	0.01	08/31/11	09/01/11			1.66				1.66	1.66	-	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	05/30/96	04/01/26	6,518.62	7,389.62			(82.23)		6,436.39	7,357.24	49.85	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	06/27/96	05/01/26	6,944.66	7,864.58			(102.59)		6,842.07	7,813.15	51.16	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/96	06/01/26	5,051.28	5,730.63			(75.37)		4,975.91	5,692.13	36.87	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/01/96	06/01/26	1,923.31	2,183.08			(21.61)		1,901.70	2,176.52	15.05	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	08/15/96	07/01/26	6,024.14	6,835.58			(93.81)		5,930.33	6,785.16	43.39	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	08/29/96	08/01/26	6,990.53	7,826.92			(92.42)		6,898.11	7,830.67	96.17	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	09/16/96	08/01/26	3,278.02	3,666.95			(76.97)		3,201.05	3,630.63	40.65	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	10/30/96	10/01/26	8,759.53	9,797.24			(144.76)		8,614.77	9,769.28	116.80	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	12/23/96	11/01/26	5,429.64	6,075.43			(80.25)		5,349.39	6,068.82	73.64	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	03/27/97	01/01/27	4,496.57	5,028.36			(42.36)		4,454.21	5,050.25	64.25	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	09/29/97	07/01/27	4,542.93	5,126.55			(52.74)		4,490.19	5,129.59	55.78	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/30/96	07/20/26	36,938.89	41,209.96			(584.37)		36,354.52	41,235.63	610.04	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/28/96	03/20/26	7,526.47	8,396.24			(150.62)		7,375.85	8,365.70	120.08	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/15/96	07/20/26	27,564.57	30,745.90			(2,909.06)		24,655.51	27,960.66	123.82	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/96	04/20/26	9,598.39	10,706.72			(130.91)		9,467.48	10,737.17	161.36	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/15/96	05/20/26	29,518.95	32,924.45			(1,764.33)		27,754.62	31,473.88	313.76	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/30/96	05/20/26	11,819.42	13,185.26			(158.43)		11,660.99	13,225.85	199.02	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/17/96	06/20/26	34,941.68	38,976.42			(438.87)		34,502.81	39,129.94	592.39	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/29/96	06/20/26	10,179.35	11,353.10			(110.36)		10,068.99	11,417.69	174.95	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/96	06/20/26	47,948.46	53,471.95			(748.35)		47,200.11	53,517.13	793.53	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/29/96	08/20/26	32,451.13	36,080.35			(1,563.97)		30,887.16	34,917.22	400.84	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/16/96	09/20/26	14,916.95	16,576.17			(228.88)		14,688.07	16,595.62	248.33	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/26/96	09/20/26	8,466.88	9,411.64			(218.30)		8,248.58	9,322.73	129.39	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	10/30/96	10/20/26	34,456.66	38,291.95			(564.82)		33,891.84	38,296.03	568.90	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	11/26/96	11/20/26	19,094.64	21,233.47			(2,919.15)		16,175.49	18,288.86	(25.46)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	12/23/96	12/20/26	7,258.21	8,064.14			(92.86)		7,165.35	8,094.54	123.26	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	01/16/97	12/20/26	25,729.63	28,587.18			(352.32)		25,377.31	28,668.77	433.91	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	01/30/97	01/20/27	14,059.92	15,639.54			(261.66)		13,798.26	15,605.69	227.81	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/13/97	02/20/27	10,934.08	12,162.16			(132.36)		10,801.72	12,216.27	186.47	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/27/97	02/20/27	6,222.03	6,915.03			(72.27)		6,149.76	6,949.35	106.59	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/27/97	03/20/27	15,165.18	16,844.69			(151.74)		15,013.44	16,955.99	263.04	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/97	04/20/27	9,709.77	10,779.19			(108.50)		9,601.27	10,837.71	167.02	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/29/97	05/20/27	6,593.53	7,319.68			(193.49)		6,400.04	7,224.18	97.99	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/26/97	06/20/27	4,383.72	4,868.22			(113.47)		4,270.25	4,821.81	67.06	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/18/97	07/20/27	11,408.41	12,731.35			(177.04)		11,231.37	12,743.18	188.87	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/29/97	08/20/27	23,283.07	25,917.21			(231.92)		23,051.15	26,088.51	403.22	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/26/98	02/20/28	6,181.88	6,883.28			(2,307.05)		3,874.83	4,386.65	(189.58)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/26/98	01/20/28	2,518.82	2,796.26			(29.48)		2,489.34	2,809.94	43.16	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/98	04/20/28	6,853.09	7,625.40			(70.40)		6,782.69	7,656.07	101.07	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/25/98	05/20/28	2,406.27	2,679.30			(19.80)		2,386.47	2,701.72	42.22	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/10/98	07/20/28	8,341.67	9,260.44			(90.51)		8,251.16	9,313.77	143.84	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	11/19/98	10/20/28	11,870.74	13,217.59			(113.07)		11,757.67	13,310.74	206.22	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)	0.01	08/31/11	09/01/11	109,860.49	109,860.49	83,020.14				192,880.63	192,880.63	-	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.75	02/20/98	01/01/28	1,137.36	1,277.39			(26.37)		1,110.99	1,260.40	9.38	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	03/27/98	03/01/28	2,777.10	3,119.00			(23.23)		2,753.87	3,123.29	27.52	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	06/29/98	05/01/28	492.91	553.59			(4.86)		488.05	553.51	4.78	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.75	02/20/98	01/20/28	15,254.62	16,934.78			(181.05)		15,073.57	17,014.76	261.03	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	09/01/28	3,173.79	3,564.57			(26.43)		3,147.36	3,569.60	31.46	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	03/27/98	03/20/28	32,081.05	35,696.93			(403.44)		31,677.61	35,838.17	544.68	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	05/19/98	05/20/28	19,460.76	21,654.17			(1,717.01)		17,743.75	20,074.20	137.04	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/28/00	06/20/30	15,374.34	16,869.13			(139.48)		15,234.86	17,020.03	290.38	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	08/14/98	07/20/28	11,171.74	12,430.90			(113.27)		11,058.47	12,510.89	193.26	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	08/29/98	06/20/28	6,721.63	7,484.29			(58.74)		6,662.89	7,543.03	117.48	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	09/18/98	09/20/28	8,064.58	8,979.54			(78.74)		7,985.84	9,040.64	139.84	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	03/31/99	11/01/28	1,565.51	1,758.25			(39.43)		1,526.08	1,730.80	11.98	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	11/20/28	7,384.37	8,222.18			(62.74)		7,321.63	8,288.72	129.28	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	11/20/28	5,452.94	6,071.63			(53.51)		5,399.43	6,112.65	94.53	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	10/20/28	2,391.76	2,663.11			(19.52)		2,372.24	2,685.56	41.97	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	05/27/99	11/01/28	336.36	377.77			(7.45)		328.91	373.14	2.82	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	02/16/99	02/20/29	12,727.68	14,162.19			(144.89)		12,582.79	14,235.39	218.09	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	03/31/99	02/20/29	815.64	898.16			(18.00)		797.64	891.99	11.83	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	05/27/99	05/20/29	4,119.05	4,583.33			(43.96)		4,075.09	4,610.32	70.95	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	7,692.13	8,451.23			(83.33)		7,608.80	8,511.48	143.58	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	10,027.26	11,016.74			(1,184.83)		8,842.43	9,891.39	59.48	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	08/01/29	1,565.02	1,708.67			(12.09)		1,552.93	1,710.10	13.52	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	4,605.80	5,060.29			(90.11)		4,515.69	5,044.83	74.65	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/20/99	12/01/29	4,066.26	4,440.50			(51.34)		4,014.92	4,422.30	33.14	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	01/19/00	12/01/29	3,752.73	4,098.16			(170.85)		3,581.88	3,945.36	18.05	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/28/99	10/20/29	12,843.49	14,092.30			(773.74)		12,069.75	13,484.10	165.54	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	1,810.54	1,980.97			(22.68)		1,787.86	1,989.70	31.41	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/20/29	30,837.72	33,836.04			(286.58)		30,551.14	34,131.09	581.63	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	8,681.45	9,525.67			(76.65)		8,604.80	9,613.24	164.22	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	4,703.20	5,153.61			(36.41)		4,666.79	5,206.82	89.62	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	6,393.62	7,024.54			(63.02)		6,330.60	7,081.60	120.08	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/01/30	3,681.05	4,014.12			(29.25)		3,651.80	4,017.68	32.81	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	04/20/30	7,141.32	7,825.20			(55.05)		7,086.27	7,906.24	136.09	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	04/20/30	1,438.84	1,576.57			(10.77)		1,428.07	1,593.26	27.46	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	05/20/30	7,573.31	8,309.63			(61.30)		7,512.01	8,392.23	143.90	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/18/00	09/20/30	10,029.18	10,989.65			(80.00)		9,949.18	11,100.46	190.81	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	1,977.84	2,156.73			(43.04)		1,934.80	2,128.58	14.89	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	63,842.88	70,142.85			(691.57)		63,151.31	70,642.89	1,191.61	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	83,223.31	91,435.86			(9,833.80)		73,389.51	82,095.79	493.73	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	08/01/29	12,987.57	14,182.68			(100.45)		12,887.12	14,194.52	112.29	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	38,226.86	41,999.04			(747.88)		37,478.98	41,870.72	619.56	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/20/99	12/01/29	33,748.73	36,854.96			(426.06)		33,322.67	36,703.92	275.02	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	01/19/00	12/01/29	31,146.86	34,013.61			(1,418.03)		29,728.83	32,745.41	149.83	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/28/99	10/20/29	106,597.69	116,962.17			(6,421.94)		100,175.75	111,914.33	1,374.10	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	15,027.02	16,441.54			(188.22)		14,838.80	16,513.99	260.67	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/30/29	255,944.32	280,829.71			(2,378.57)		253,565.75	283,278.51	4,827.37	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	72,054.52	79,060.40			(636.11)		71,418.41	79,787.23	1,362.94	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	39,035.18	42,773.57			(302.16)		38,733.02	43,215.21	743.80	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	14,380.72	15,799.77			(141.76)		14,238.96	15,928.10	270.09	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/22/99	06/20/29	69,272.45	76,108.29			(731.07)		68,541.38	76,672.49	1,295.27	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	100,884.04	110,839.24			(9,250.24)		91,633.80	102,504.29	915.29	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	65,553.49	72,022.29			(747.86)		64,805.63	72,493.50	1,219.07	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	54,179.44	59,447.28			(439.42)		53,740.02	60,037.24	1,029.38	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/21/99	11/01/29	19,211.57	20,979.76			(1,325.59)		17,885.98	19,700.82	46.65	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/29/99	10/20/29	108,405.50	118,945.76			(1,033.50)		107,372.00	119,953.85	2,041.59	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	120,623.34	132,351.57			(1,008.43)		119,614.91	133,631.42	2,288.28	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/20/29	122,453.77	134,360.01			(1,025.49)		121,428.28	135,657.30	2,322.78	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	141,869.81	155,663.78			(1,202.48)		140,667.33	157,150.70	2,689.40	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	73,088.42	80,194.81			(826.77)		72,261.65	80,729.27	1,361.23	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	21,424.22	23,506.99			(216.28)		21,207.94	23,692.78	402.07	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	02/23/00	01/01/30	14,342.81	15,662.91			(108.09)		14,234.72	15,679.10	124.28	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/28/00	06/20/30	127,602.34	140,009.14			(1,157.61)		126,444.73	141,261.55	2,410.02	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	38,684.59	42,501.99			(381.33)		38,303.26	42,847.19	726.53	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/01/30	30,551.80	33,316.13			(242.83)		30,308.97	33,345.62	272.32	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	04/20/30	59,270.65	64,947.00			(456.96)		58,813.69	65,619.61	1,129.57	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	04/20/30	11,941.52	13,085.16			(89.38)		11,852.14	13,223.66	227.88	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	05/20/30	62,856.14	68,967.60			(508.76)		62,347.38	69,653.19	1,194.35	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/18/00	09/20/30	83,239.27	91,211.09			(664.08)		82,575.19	92,130.78	1,583.77	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	16,415.07	17,900.30			(357.23)		16,057.84	17,666.68	123.61	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/20/30	124,091.54	136,156.99			(1,159.63)		122,931.91	137,337.11	2,339.75	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/28/00	08/20/30	28,894.35	31,661.63			(208.97)		28,685.38	32,004.92	552.26	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	3,225.70	3,539.56			(32.57)		3,193.13	3,567.54	60.55	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/20/30	34,509.98	37,814.96			(263.04)		34,246.94	38,209.96	658.04	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	05/20/30	48,883.24	53,778.45			(1,796.64)		47,086.60	52,741.28	759.47	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	06/20/30	127,991.66	140,249.44			(8,573.42)		119,418.24	133,237.33	1,561.31	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	05/31/00	05/01/30	22,403.54	24,430.68			(275.31)		22,128.23	24,345.32	189.95	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/23/00	09/20/30	5,209.56	5,708.46			(36.93)		5,172.63	5,771.20	99.67	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/30/00	10/20/30	27,040.42	29,669.48			(232.18)		26,808.24	29,949.55	512.25	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	48,241.85	52,606.72			(1,061.12)		47,180.73	51,907.71	362.11	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/21/00	05/20/30	8,204.12	8,989.85			(62.41)		8,141.71	9,083.88	156.44	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	10/06/00	09/01/30	24,564.39	26,786.99			(206.10)		24,358.29	26,798.76	217.87	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	10/30/00	08/01/30	39,635.53	43,221.72			(516.14)		39,119.39	43,038.73	333.15	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
FNMA	1994 A&B SF (1983 Refunding)	5.45	02/12/01	02/01/30	4,044.03	4,416.23			(54.90)		3,989.13	4,393.88	32.55	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	07/07/05	07/20/35	131,070.30	139,939.36			(831.71)		130,238.59	142,820.07	3,712.42	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/15/05	09/20/35	13,830.35	14,767.09			(91.84)		13,738.51	15,051.39	376.14	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/22/05	09/20/35	18,707.38	19,974.55			(109.21)		18,598.17	20,375.55	510.21	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/11/05	07/20/35	35,077.02	37,490.34			(186.87)		34,890.15	38,261.57	958.10	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/18/05	08/20/35	82,465.92	88,438.49			(541.53)		81,924.39	90,155.15	2,258.19	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/30/05	08/20/35	120,174.59	128,312.04			(726.37)		119,448.22	130,860.67	3,275.00	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/29/05	07/20/35	6,365.32	6,803.54			(34.37)		6,330.95	6,942.99	173.82	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	10/13/05	09/20/35	11,450.61	12,226.41			(65.89)		11,384.72	12,472.90	312.38	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	10/27/05	10/20/35	78,598.69	83,925.26			(427.27)		78,171.42	85,644.62	2,146.63	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	11/01/05	11/20/35	19,362.46	20,696.29			(112.34)		19,250.12	21,111.98	528.03	0.00
FNMA	1994 A&B SF (1983 Refunding)	4.49	09/08/05	08/01/35	13,683.29	14,810.86			(91.68)		13,591.61	14,774.88	55.70	0.00
FNMA	1994 A&B SF (1983 Refunding)	4.49	11/01/05	10/01/35	11,587.71	12,580.86			(75.71)		11,512.00	12,532.36	27.21	0.00
	1994 A&B SF (1983 Refunding) Total				4,144,885.58	4,532,314.71	88,107.97	0.00	(87,000.73)	0.00	4,145,992.82	4,602,721.41	69,299.46	0.00
Repo Agmt	1995 C SF (1985 A&B Refunding)	0.01	08/31/11	09/01/11			0.84				0.84	0.84	-	0.00
GIC's	1995 C SF (1985 A&B Refunding)	6.08	11/14/96	09/30/29	27.55	27.55	0.00				27.55	27.55	-	0.00
Repo Agmt	1995 C SF (1985 A&B Refunding)	0.01	08/31/11	09/01/11	0.01	0.01	0.00				0.01	0.01	-	0.00
	1995 C SF (1985 A&B Refunding) Total				27.56	27.56	0.84	0.00	0.00	0.00	28.40	28.40	0.00	0.00
Repo Agmt	2005 Single Family	0.01	08/31/11	09/01/11	3.22	3.22	3,182,350.50				3,182,353.72	3,182,353.72	-	0.00
GIC's	2005 Single Family	3.37	09/22/05	09/01/36	1,892,308.96	1,892,308.96		(1,284,737.89)			607,571.07	607,571.07	-	0.00
GNMA	2005 Single Family	4.49	08/11/05	07/20/35	996,641.77	1,065,623.10			(5,708.54)		990,933.23	1,088,218.86	28,304.30	0.00
GNMA	2005 Single Family	4.49	08/30/05	08/20/35	418,666.73	447,654.13			(2,264.11)		416,402.62	456,831.09	11,441.07	0.00
GNMA	2005 Single Family	4.49	10/27/05	10/20/35	1,310,123.36	1,400,919.26			(7,205.92)		1,302,917.44	1,429,507.05	35,793.71	0.00
GNMA	2005 Single Family	4.49	10/27/05	10/20/35	805,572.57	861,401.45			(4,307.62)		801,264.95	879,114.74	22,020.91	0.00
GNMA	2005 Single Family	4.49	09/29/05	09/20/35	4,754,300.35	5,083,640.36			(150,441.93)		4,603,858.42	5,051,009.85	117,811.42	0.00
GNMA	2005 Single Family	4.49	10/06/05	09/20/35	1,344,505.35	1,437,650.66			(7,210.55)		1,337,294.80	1,467,188.93	36,748.82	0.00
GNMA	2005 Single Family	4.49	10/20/05	10/20/35	823,250.37	880,299.07			(4,707.42)		818,542.95	898,066.01	22,474.36	0.00
GNMA	2005 Single Family	4.49	12/08/05	12/20/35	901,822.64	964,368.69			(4,955.29)		896,867.35	984,053.39	24,639.99	0.00
GNMA	2005 Single Family	4.49	12/15/05	12/20/35	740,570.66	792,760.19			(4,031.56)		736,539.10	808,962.06	20,233.43	0.00
GNMA	2005 Single Family	4.49	11/03/05	11/20/35	235,189.20	251,752.80			(1,492.93)		233,696.27	256,664.46	6,404.59	0.00
GNMA	2005 Single Family	4.49	11/10/05	11/20/35	1,428,520.28	1,529,135.42			(16,691.86)		1,411,828.42	1,550,595.30	38,151.74	0.00
GNMA	2005 Single Family	4.49	11/17/05	11/20/35	1,148,759.56	1,228,402.17			(116,410.76)		1,032,348.80	1,132,677.79	20,686.38	0.00
GNMA	2005 Single Family	4.49	11/22/05	11/20/35	664,482.48	710,554.13			(3,733.85)		660,748.63	724,966.53	18,146.25	0.00
GNMA	2005 Single Family	4.49	11/29/05	11/20/35	1,001,561.50	1,072,123.05			(5,774.26)		995,787.24	1,093,679.67	27,330.88	0.00
GNMA	2005 Single Family	4.49	12/22/05	12/20/35	1,034,882.58	1,107,819.60			(5,867.00)		1,029,015.58	1,130,204.21	28,251.61	0.00
GNMA	2005 Single Family	4.49	12/29/05	12/20/35	1,707,731.20	1,826,204.35			(9,585.89)		1,698,145.31	1,863,258.88	46,640.42	0.00
GNMA	2005 Single Family	4.49	01/05/06	01/20/36	1,283,125.04	1,372,157.94			(15,870.93)		1,267,254.11	1,390,488.23	34,201.22	0.00
GNMA	2005 Single Family	4.49	01/12/06	01/20/36	1,373,642.10	1,468,964.58			(7,210.68)		1,366,431.42	1,499,319.04	37,565.14	0.00
GNMA	2005 Single Family	4.49	03/09/06	02/20/36	964,807.95	1,031,816.10			(5,409.67)		959,398.28	1,052,758.70	26,352.27	0.00
GNMA	2005 Single Family	4.49	03/02/06	02/20/36	1,291,373.66	1,381,054.14			(7,012.25)		1,284,361.41	1,409,335.89	35,294.00	0.00
GNMA	2005 Single Family	4.49	01/19/06	01/20/36	700,256.74	748,854.92			(3,909.56)		696,347.18	764,072.72	19,127.36	0.00
GNMA	2005 Single Family	4.49	01/26/06	01/20/36	771,230.25	824,759.03			(4,055.99)		767,174.26	841,793.41	21,090.37	0.00
GNMA	2005 Single Family	4.49	02/02/06	02/20/36	2,148,161.55	2,297,286.74			(99,723.92)		2,048,437.63	2,247,705.95	50,143.13	0.00
GNMA	2005 Single Family	4.49	02/09/06	02/20/36	974,063.66	1,041,689.40			(5,313.31)		968,750.35	1,062,995.09	26,619.00	0.00
GNMA	2005 Single Family	4.49	02/16/06	02/20/36	1,504,417.03	1,608,873.05			(109,821.39)		1,394,595.64	1,530,277.95	31,226.29	0.00
GNMA	2005 Single Family	4.49	02/23/06	02/20/36	1,384,525.75	1,480,666.34			(7,491.54)		1,377,034.21	1,511,017.10	37,842.30	0.00
GNMA	2005 Single Family	4.49	05/11/06	04/20/36	810,401.59	866,743.57			(4,830.99)		805,570.60	884,019.81	22,107.23	0.00
GNMA	2005 Single Family	4.49	05/11/06	05/20/36	361,564.08	387,104.79			(2,643.43)		358,920.65	394,274.51	9,813.15	0.00
GNMA	2005 Single Family	4.49	05/18/06	05/20/36	823,797.04	881,080.11			(4,850.17)		818,946.87	898,709.60	22,479.66	0.00
GNMA	2005 Single Family	4.49	05/18/06	05/20/36	324,551.89	347,480.21			(1,979.30)		322,572.59	354,348.32	8,847.41	0.00
GNMA	2005 Single Family	4.49	03/16/06	03/20/36	585,323.68	625,983.40			(3,052.50)		582,271.18	638,939.95	16,009.05	0.00
GNMA	2005 Single Family	4.49	03/23/06	03/20/36	1,311,558.47	1,402,674.74			(70,296.56)		1,241,261.91	1,362,074.27	29,696.09	0.00
GNMA	2005 Single Family	4.49	03/30/06	03/20/36	1,063,898.61	1,137,816.40			(5,705.25)		1,058,193.36	1,161,194.64	29,083.49	0.00
GNMA	2005 Single Family	4.49	04/06/06	03/20/36	1,238,681.59	1,324,750.94			(8,342.53)		1,230,339.06	1,350,104.60	33,696.19	0.00
GNMA	2005 Single Family	4.49	04/13/06	03/20/36	923,538.86	987,716.67			(7,593.96)		915,944.90	1,005,112.34	24,989.63	0.00
GNMA	2005 Single Family	4.49	04/20/06	04/20/36	1,020,665.53	1,091,606.00			(6,635.60)		1,014,029.93	1,112,759.43	27,789.03	0.00
GNMA	2005 Single Family	4.49	04/27/06	04/20/36	577,488.56	617,630.16			(4,408.42)		573,080.14	628,881.06	15,659.32	0.00
GNMA	2005 Single Family	4.49	05/05/06	04/20/36	928,694.09	993,255.19			(6,122.29)		922,571.80	1,012,409.87	25,276.97	0.00
GNMA	2005 Single Family	4.49	05/25/06	05/20/36	932,068.05	996,886.80			(97,479.49)		834,588.56	915,880.24	16,472.93	0.00
GNMA	2005 Single Family	4.49	06/01/06	06/20/36	888,135.39	949,909.52			(4,570.66)		883,564.73	969,638.64	24,299.78	0.00
GNMA	2005 Single Family	4.49	06/08/06	06/20/36	1,376,341.58	1,472,081.80			(7,944.97)		1,368,396.61	1,501,710.36	37,573.53	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2005 Single Family	4.49	06/15/06	06/20/36	797,839.20	853,343.14			(4,063.26)		793,775.94	871,113.49	21,833.61	0.00
GNMA	2005 Single Family	4.49	06/27/06	06/20/36	1,508,308.70	1,614,931.62			(9,637.17)		1,498,671.53	1,646,368.01	41,073.56	0.00
GNMA	2005 Single Family	4.49	07/06/06	07/20/36	741,809.19	793,434.49			(3,806.38)		738,002.81	809,925.21	20,297.10	0.00
GNMA	2005 Single Family	4.49	07/13/06	06/20/36	983,204.15	1,051,630.09			(5,228.58)		977,975.57	1,073,285.71	26,884.20	0.00
GNMA	2005 Single Family	4.49	07/19/06	06/20/36	1,438,776.77	1,538,916.02			(7,980.43)		1,430,796.34	1,570,244.79	39,309.20	0.00
GNMA	2005 Single Family	4.49	07/27/06	07/20/36	1,120,426.27	1,198,422.72			(5,645.15)		1,114,781.12	1,223,446.06	30,668.49	0.00
GNMA	2005 Single Family	4.49	08/02/06	08/20/36	570,264.84	609,969.58			(2,867.82)		567,397.02	622,711.17	15,609.41	0.00
GNMA	2005 Single Family	4.49	08/09/06	08/20/36	1,332,475.57	1,426,737.95			(7,725.16)		1,324,750.41	1,455,378.69	36,365.90	0.00
GNMA	2005 Single Family	4.49	08/16/06	07/20/36	758,476.55	810,096.49			(3,858.65)		754,617.90	828,189.58	21,951.74	0.00
GNMA	2005 Single Family	4.49	08/23/06	07/20/36	497,466.63	532,109.79			(3,145.79)		494,320.84	542,518.12	13,554.12	0.00
GNMA	2005 Single Family	4.49	09/06/06	08/20/36	676,637.98	723,771.59			(129,468.26)		547,169.72	600,530.75	6,227.42	0.00
GNMA	2005 Single Family	4.49	09/12/06	08/20/36	304,671.57	325,896.22			(1,555.55)		303,116.02	332,678.18	8,337.51	0.00
GNMA	2005 Single Family	4.49	09/26/06	09/20/36	299,817.29	320,237.28			(1,461.40)		298,355.89	326,989.79	8,213.91	0.00
GNMA	2005 Single Family	4.49	10/17/06	10/20/36	757,168.61	810,790.61			(4,855.49)		752,313.12	826,554.95	20,619.83	0.00
GNMA	2005 Single Family	4.49	11/14/06	10/20/36	709,714.27	759,206.38			(4,334.09)		705,380.18	774,225.73	19,353.44	0.00
GNMA	2005 Single Family	4.49	11/28/06	10/20/36	204,193.61	218,114.10			(1,005.88)		203,187.73	222,701.87	5,593.65	0.00
GNMA	2005 Single Family	4.49	12/12/06	10/20/36	234,569.50	250,564.07			(1,147.56)		233,421.94	255,842.85	6,426.34	0.00
GNMA	2005 Single Family	4.49	01/16/07	12/20/36	106,591.83	113,864.73			(512.79)		106,079.04	116,273.10	2,921.16	0.00
GNMA	2005 Single Family	4.49	01/30/07	12/20/36	122,868.94	130,130.35			(597.12)		122,271.82	132,887.48	3,354.25	0.00
GNMA	2005 Single Family	4.49	02/13/07	01/20/37	293,889.88	314,740.30			(1,548.39)		292,341.49	321,302.00	8,110.09	0.00
GNMA	2005 Single Family	4.49	02/20/07	02/20/37	213,622.17	228,787.26			(1,070.16)		212,552.01	233,617.13	5,900.03	0.00
GNMA	2005 Single Family	4.49	03/20/07	01/20/37	147,087.53	157,133.13			(703.21)		146,384.32	160,461.49	4,031.57	0.00
GNMA	2005 Single Family	4.49	04/24/07	03/20/37	264,903.85	283,007.68			(1,240.91)		263,662.94	289,030.32	7,263.55	0.00
GNMA	2005 Single Family	4.49	04/10/07	02/20/37	254,031.55	271,387.70			(1,210.14)		252,821.41	277,140.94	6,963.38	0.00
GNMA	2005 Single Family	4.49	05/22/07	04/20/37	242,687.40	259,280.79			(1,133.25)		241,554.15	264,802.42	6,654.88	0.00
GNMA	2005 Single Family	4.49	06/05/07	05/20/37	305,723.64	326,632.65			(1,441.40)		304,282.24	333,573.49	8,382.24	0.00
GNMA	2005 Single Family	4.49	07/03/07	06/20/37	111,972.91	119,634.56			(515.79)		111,457.12	122,190.05	3,071.28	0.00
GNMA	2005 Single Family	4.49	11/21/07	09/20/37	224,746.52	240,266.13			(1,015.46)		223,731.06	245,418.88	6,168.21	0.00
GNMA	2005 Single Family	4.49	09/25/07	04/20/37	106,875.24	114,533.91			(988.97)		105,886.27	116,426.15	2,881.21	0.00
GNMA	2005 Single Family	4.49	12/11/07	08/20/37	131,232.90	140,297.13			(596.38)		130,636.52	143,302.18	3,601.43	0.00
GNMA	2005 Single Family	4.49	01/30/08	01/20/38	193,431.71	206,806.24			(856.59)		192,575.12	211,260.70	5,311.05	0.00
GNMA	2005 Single Family	4.49	01/30/08	01/20/38	114,800.13	122,737.81			(507.05)		114,293.08	125,382.96	3,152.20	0.00
GNMA	2005 Single Family	4.49	03/26/08	03/20/38	349,513.63	373,703.65			(1,542.76)		347,970.87	381,758.45	9,597.56	0.00
FNMA	2005 Single Family	4.49	10/20/05	10/01/35	67,372.40	72,919.01			(625.70)		66,746.70	72,567.81	274.50	0.00
FNMA	2005 Single Family	4.49	11/10/05	11/01/35	49,779.95	54,067.72			(334.63)		49,445.32	53,847.46	114.37	0.00
FNMA	2005 Single Family	4.49	12/15/05	12/01/35	146,344.26	158,490.60			(1,243.56)		145,100.70	157,800.10	553.06	0.00
FNMA	2005 Single Family	4.49	01/05/06	12/01/35	318,128.87	344,535.80			(1,888.51)		316,240.36	343,920.84	1,273.55	0.00
FNMA	2005 Single Family	4.49	02/09/06	02/01/36	155,216.15	168,368.17			(11,878.86)		143,337.29	156,456.32	(32.99)	0.00
FNMA	2005 Single Family	4.49	02/23/06	01/01/36	226,209.20	244,702.89			(1,201.11)		225,008.09	244,520.71	1,018.93	0.00
FNMA	2005 Single Family	4.49	03/16/06	03/01/36	346,362.13	375,667.98			(2,609.82)		343,752.31	374,122.90	1,064.74	0.00
FNMA	2005 Single Family	4.49	04/06/06	03/01/36	247,449.44	267,141.05			(1,260.65)		246,188.79	267,227.36	1,346.96	0.00
FNMA	2005 Single Family	4.49	04/20/06	04/01/36	348,314.42	376,472.93			(1,819.91)		346,494.51	376,365.40	1,712.38	0.00
FNMA	2005 Single Family	4.49	05/11/06	04/01/36	187,792.58	203,511.36			(1,323.83)		186,468.75	202,852.52	664.99	0.00
FNMA	2005 Single Family	4.49	06/08/06	04/01/36	126,864.08	137,163.29			(667.03)		126,197.05	137,101.65	605.39	0.00
FNMA	2005 Single Family	4.49	06/27/06	06/01/36	155,326.42	167,595.18			(810.01)		154,516.41	167,671.50	886.33	0.00
FNMA	2005 Single Family	4.49	07/13/06	06/01/36	325,399.57	351,411.15			(1,778.88)		323,620.69	351,353.64	1,721.37	0.00
FNMA	2005 Single Family	4.49	07/19/06	07/01/36	292,979.42	316,218.59			(1,491.78)		291,487.64	316,360.20	1,633.39	0.00
FNMA	2005 Single Family	4.49	08/02/06	07/01/36	331,246.69	357,313.48			(1,684.79)		329,561.90	357,566.01	1,937.32	0.00
FNMA	2005 Single Family	4.49	08/09/06	07/01/36	116,189.58	125,297.12			(579.22)		115,610.36	125,412.56	694.66	0.00
FNMA	2005 Single Family	4.49	09/12/06	08/01/36	260,016.40	280,563.87			(1,309.10)		258,707.30	280,742.46	1,487.69	0.00
FNMA	2005 Single Family	4.49	10/17/06	09/01/36	190,279.95	206,579.16			(1,173.36)		189,106.59	205,896.72	490.92	0.00
FNMA	2005 Single Family	4.49	11/14/06	10/01/36	332,710.92	361,318.88			(2,425.56)		330,285.36	359,658.04	764.72	0.00
FNMA	2005 Single Family	4.49	11/21/06	10/01/36	241,812.11	262,568.58			(4,516.01)		237,296.10	258,414.23	361.66	0.00
FNMA	2005 Single Family	4.49	12/12/06	11/01/36	287,362.26	310,626.34			(1,498.92)		285,863.34	310,540.37	1,412.95	0.00
FNMA	2005 Single Family	4.49	01/30/07	11/01/36	48,476.45	52,623.48			(296.16)		48,180.29	52,460.42	133.10	0.00
FNMA	2005 Single Family	4.49	02/13/07	01/01/37	54,328.12	58,628.09			(264.68)		54,063.44	58,685.88	322.47	0.00
FNMA	2005 Single Family	4.49	03/20/07	02/01/37	152,417.72	164,343.38			(743.84)		151,673.88	164,503.21	903.67	0.00
FNMA	2005 Single Family	4.49	04/10/07	01/01/37	201,854.91	217,763.74			(3,315.09)		198,539.82	215,797.18	1,348.53	0.00
FNMA	2005 Single Family	4.49	04/24/07	04/01/37	349,500.31	376,712.70			(1,656.61)		347,843.70	377,091.15	2,035.06	0.00
FNMA	2005 Single Family	4.49	05/22/07	04/01/37	211,991.95	228,483.36			(999.02)		210,992.93	228,715.06	1,230.72	0.00
FNMA	2005 Single Family	4.49	06/05/07	05/01/37	249,162.59	268,547.73			(1,173.48)		247,989.11	268,820.54	1,446.29	0.00
FNMA	2005 Single Family	4.49	07/03/07	06/01/37	504,013.98	543,233.98			(2,378.52)		501,635.46	543,780.68	2,925.22	0.00
FNMA	2005 Single Family	4.49	09/25/07	09/01/37	339,999.20	368,009.57			(1,561.91)		338,437.29	368,384.13	1,936.47	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
FNMA	2005 Single Family	4.49	11/08/07	09/01/37	331,152.07	358,553.14			(2,005.11)		329,146.96	358,457.07	1,909.04	0.00
FNMA	2005 Single Family	4.49	11/21/07	09/01/37	136,942.09	148,223.83			(621.09)		136,321.00	148,387.45	784.71	0.00
FNMA	2005 Single Family	4.49	12/11/07	11/01/37	305,082.06	330,232.63			(1,399.42)		303,682.64	330,573.80	1,740.59	0.00
FNMA	2005 Single Family	4.49	03/26/08	02/01/38	469,557.78	508,401.52			(3,131.06)		466,426.72	507,933.36	2,662.90	0.00
	2005 Single Family Total				70,998,642.08	75,898,869.61	3,182,350.50	(1,284,737.89)	(1,127,599.07)	0.00	71,768,655.62	78,306,266.75	1,637,383.60	0.00
	Total Single Family Investment Summary				822,385,819.23	897,696,460.85	29,512,413.19	(21,068,535.52)	(13,268,957.19)	0.00	817,560,739.71	906,310,077.59	13,438,696.26	0.00

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2011

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Repo Agmt	1989 A&B RMRB				2,729.66	2,729.66		(2,729.66)					-	0.00
	1989 A&B RMRB Total				2,729.66	2,729.66	0.00	(2,729.66)	0.00	0.00	0.00	0.00	0.00	0.00
Repo Agmt	1998 A/B RMRB	0.01	08/31/11	09/01/11	1,235,229.56	1,235,229.56		(1,186,042.28)			49,187.28	49,187.28	-	0.00
GNMA	1998 A/B RMRB	7.50	08/31/89	07/20/18	192,970.96	217,333.55			(6,411.29)		186,559.67	209,342.34	(1,579.92)	0.00
GNMA	1998 A/B RMRB	7.50	10/31/89	09/20/18	342,711.02	385,978.32			(11,136.98)		331,574.04	372,065.95	(2,775.39)	0.00
GNMA	1998 A/B RMRB	8.75	10/31/89	09/20/18	22,407.27	22,656.75			(560.57)		21,846.70	22,086.01	(10.17)	0.00
GNMA	1998 A/B RMRB	7.50	11/30/89	10/20/18	362,956.20	408,779.51			(30,183.87)		332,772.33	373,410.57	(5,185.07)	0.00
GNMA	1998 A/B RMRB	8.75	11/30/89	09/20/18	24,354.62	24,774.27			(1,483.84)		22,870.78	23,266.01	(24.42)	0.00
GNMA	1998 A/B RMRB	7.50	01/01/90	11/20/18	172,987.16	194,826.75			(6,265.28)		166,721.88	187,081.92	(1,479.55)	0.00
GNMA	1998 A/B RMRB	8.75	01/01/90	11/20/18	68,476.61	79,266.48			(1,817.32)		66,659.29	76,875.49	(573.67)	0.00
GNMA	1998 A/B RMRB	7.50	01/01/90	12/20/18	124,018.43	139,675.78			(3,436.71)		120,581.72	135,307.17	(931.90)	0.00
GNMA	1998 A/B RMRB	7.50	02/27/90	12/20/18	24,670.00	24,781.80			(630.75)		24,039.25	24,148.93	(2.12)	0.00
GNMA	1998 A/B RMRB	8.75	05/29/90	02/20/19	36,405.18	42,341.90			(2,623.07)		33,782.11	39,181.97	(536.86)	0.00
GNMA	1998 A/B RMRB	7.50	03/30/90	01/20/19	135,302.86	153,241.31			(3,793.18)		131,509.68	148,525.71	(922.42)	0.00
GNMA	1998 A/B RMRB	7.50	04/26/90	03/20/19	134,786.66	152,656.78			(4,817.44)		129,969.22	146,786.05	(1,053.29)	0.00
GNMA	1998 A/B RMRB	8.75	04/26/90	03/20/09	90,494.09	105,250.99			(3,470.70)		87,023.39	100,933.22	(847.07)	0.00
GNMA	1998 A/B RMRB	7.50	05/29/90	04/20/19	233,459.79	264,411.92			(38,112.18)		195,347.61	220,623.66	(5,676.08)	0.00
GNMA	1998 A/B RMRB	8.75	06/28/90	04/20/19	11,180.50	11,240.74			(549.31)		10,631.19	10,688.69	(2.74)	0.00
GNMA	1998 A/B RMRB	7.50	10/31/90	07/20/19	26,673.67	26,794.80			(585.97)		26,087.70	26,206.95	(1.88)	0.00
GNMA	1998 A/B RMRB	7.50	12/21/90	08/20/19	19,114.42	19,201.00			(424.11)		18,690.31	18,775.53	(1.36)	0.00
GNMA	1998 A/B RMRB	7.50	03/28/91	11/20/19	13,822.45	13,885.06			(312.79)		13,509.66	13,571.26	(1.01)	0.00
GNMA	1998 A/B RMRB	8.75	04/26/91	01/20/20	83,510.10	97,622.53			(3,710.74)		79,799.36	93,102.76	(809.03)	0.00
FNMA	1998 A/B RMRB				66,498.89	72,364.10		(66,322.82)	(176.07)				(5,865.21)	6,031.23
FNMA	1998 A/B RMRB				35,122.47	38,220.21		(35,013.98)	(108.49)				(3,097.74)	3,184.08
FNMA	1998 A/B RMRB				27,502.47	29,928.16		(27,429.16)	(73.31)				(2,425.69)	2,494.34
FNMA	1998 A/B RMRB				122,052.40	132,817.41		(121,674.84)	(377.56)				(10,765.01)	11,064.81
FNMA	1998 A/B RMRB				160,923.06	175,116.47		(160,496.09)	(426.97)				(14,193.41)	14,595.11
FNMA	1998 A/B RMRB				89,846.06	97,770.53		(88,887.56)	(958.50)				(7,924.47)	8,083.21
FNMA	1998 A/B RMRB				178,848.95	194,623.42		(178,327.11)	(521.84)				(15,774.47)	16,216.62
FNMA	1998 A/B RMRB				233,683.46	254,294.30		(232,475.29)	(1,208.17)				(20,610.84)	21,140.72
FNMA	1998 A/B RMRB				331,835.55	361,103.37		(330,414.17)	(1,421.38)				(29,267.82)	30,047.04
FNMA	1998 A/B RMRB				199,179.25	216,314.63		(197,717.55)	(1,461.70)				(17,135.38)	17,979.94
FNMA	1998 A/B RMRB				196,264.61	213,149.25		(195,592.44)	(672.17)				(16,884.64)	17,786.69
FNMA	1998 A/B RMRB				260,476.65	282,885.44		(259,746.90)	(729.75)				(22,408.79)	23,620.73
FNMA	1998 A/B RMRB				76,460.69	83,038.60		(75,800.36)	(660.33)				(6,577.91)	6,893.10
FNMA	1998 A/B RMRB				337,508.37	366,544.20		(336,109.11)	(1,399.26)				(29,035.83)	30,564.92
FNMA	1998 A/B RMRB				117,005.03	127,070.97		(116,247.79)	(757.24)				(10,065.94)	10,571.28
GNMA	1998 A/B RMRB				74,994.22	82,176.37		(74,815.85)	(178.37)				(7,182.15)	6,803.57
GNMA	1998 A/B RMRB	5.35	01/31/01	01/20/31	46,366.38	51,009.50			(1,398.71)		44,967.67	50,367.83	757.04	0.00
FNMA	1998 A/B RMRB				235,405.82	255,657.72		(234,336.08)	(1,069.74)				(20,251.90)	21,309.94
FNMA	1998 A/B RMRB				343,119.69	372,638.21		(341,955.61)	(1,164.08)				(29,518.52)	31,096.59
FNMA	1998 A/B RMRB	5.35	03/15/01	10/01/30	132,161.65	143,531.51			(1,496.10)		130,665.55	143,264.32	1,228.91	0.00
FNMA	1998 A/B RMRB	5.35	06/18/01	03/01/31	51,600.78	56,017.29			(664.42)		50,936.36	55,842.04	489.17	0.00
GNMA	1998 A/B RMRB	5.35	03/18/02	02/20/32	35,872.43	39,203.18			(230.38)		35,642.05	39,662.47	689.67	0.00
Repo Agmt	1998 A/B RMRB	0.01	08/31/11	09/01/11	2,424,888.03	2,424,888.03	1,683,416.48				4,108,304.51	4,108,304.51	-	0.00
Repo Agmt	1998 A/B RMRB	0.01	08/31/11	09/01/11	158,988.76	158,988.76		(156,840.64)			2,148.12	2,148.12	-	0.00
Repo Agmt	1998 A/B RMRB	0.01	08/31/11	09/01/11	19,881.62	19,881.62	0.00				19,881.62	19,881.62	-	0.00
GNMA	1998 A/B RMRB	5.49	01/12/06	01/20/36	25,427.82	28,275.23			(113.98)		25,313.84	28,642.44	481.19	0.00
GNMA	1998 A/B RMRB	5.49	03/09/06	03/20/36	5,942.82	6,608.61			(25.93)		5,916.89	6,695.25	112.57	0.00
GNMA	1998 A/B RMRB	5.49	03/02/06	03/20/36	17,837.98	19,836.32			(79.97)		17,758.01	20,093.92	337.57	0.00
GNMA	1998 A/B RMRB	5.49	02/23/06	02/20/36	27,558.15	30,706.86			(1,560.61)		25,997.54	29,450.62	304.37	0.00
GNMA	1998 A/B RMRB	5.49	03/16/06	03/20/36	17,778.94	19,793.81			(90.93)		17,688.01	20,037.74	334.86	0.00
GNMA	1998 A/B RMRB				12,933.59	14,382.84			(37.49)	(12,896.10)			(1,449.25)	0.00
GNMA	1998 A/B RMRB	5.49	04/06/06	04/20/36	15,977.16	17,767.62			(93.60)		15,883.56	17,973.52	299.50	0.00
FNMA	1998 A/B RMRB	5.49	04/27/06	03/01/36	15,971.21	17,745.89			(69.96)		15,901.25	17,782.69	106.76	0.00
FNMA	1998 A/B RMRB	5.75	08/17/10	05/01/40	1,097.97	1,222.39			(3.34)		1,094.63	1,225.26	6.21	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	1998 A/B RMRB	5.75	10/29/09	09/20/39	3,587.09	4,023.49			(11.36)		3,575.73	4,077.68	65.55	0.00
GNMA	1998 A/B RMRB	5.75	11/24/09	11/20/39	22,765.85	25,536.40			(82.49)		22,683.36	25,868.44	414.53	0.00
GNMA	1998 A/B RMRB	5.75	11/24/09	09/20/39	2,244.29	2,517.38			(7.07)		2,237.22	2,551.33	41.02	0.00
GNMA	1998 A/B RMRB	5.75	05/25/10	04/20/40	10,640.76	11,937.83			(32.30)		10,608.46	12,100.18	194.65	0.00
GNMA	1998 A/B RMRB	5.75	05/25/10	04/20/40	6,537.41	7,334.29			(20.01)		6,517.40	7,433.85	119.57	0.00
GNMA	1998 A/B RMRB	5.75	12/17/09	11/20/39	28,397.88	31,854.48			(1,868.97)		26,528.91	30,254.59	269.08	0.00
GNMA	1998 A/B RMRB	5.75	12/17/09	10/20/39	2,242.20	2,515.14			(7.01)		2,235.19	2,549.11	40.98	0.00
GNMA	1998 A/B RMRB	5.75	12/29/09	12/20/39	41,160.53	46,171.21			(130.21)		41,030.32	46,793.16	752.16	0.00
GNMA	1998 A/B RMRB	5.75	12/29/09	12/20/39	9,727.38	10,911.54			(60.26)		9,667.12	11,024.90	173.62	0.00
GNMA	1998 A/B RMRB	5.75	12/29/09	11/20/39	4,459.20	5,002.03			(18.33)		4,440.87	5,064.59	80.89	0.00
GNMA	1998 A/B RMRB	5.75	01/20/10	12/20/39	20,962.32	23,514.65			(67.77)		20,894.55	23,829.74	382.86	0.00
GNMA	1998 A/B RMRB	5.75	01/27/10	12/20/39	1,711.59	1,919.99			(5.31)		1,706.28	1,945.97	31.29	0.00
GNMA	1998 A/B RMRB	5.75	01/20/10	12/20/39	3,996.37	4,482.96			(12.39)		3,983.98	4,543.63	73.06	0.00
GNMA	1998 A/B RMRB	5.75	01/27/10	01/20/40	41,168.83	46,181.83			(141.69)		41,027.14	46,790.87	750.73	0.00
GNMA	1998 A/B RMRB	5.75	01/27/10	12/20/39	3,475.38	3,898.55			(9.52)		3,465.86	3,952.75	63.72	0.00
GNMA	1998 A/B RMRB	5.75	02/17/10	01/20/40	30,126.86	33,796.00			(96.99)		30,029.87	34,249.34	550.33	0.00
GNMA	1998 A/B RMRB	5.75	02/17/10	12/20/39	19,802.16	22,213.83			(85.08)		19,717.08	22,487.45	358.70	0.00
GNMA	1998 A/B RMRB	5.75	02/17/10	12/20/39	3,017.58	3,385.08			(9.62)		3,007.96	3,430.58	55.12	0.00
GNMA	1998 A/B RMRB	5.75	02/23/10	02/20/40	34,287.26	38,463.35			(106.30)		34,180.96	38,983.94	626.89	0.00
GNMA	1998 A/B RMRB	5.75	02/23/10	01/20/40	5,856.42	6,569.71			(18.67)		5,837.75	6,658.06	107.02	0.00
GNMA	1998 A/B RMRB	5.75	03/16/10	02/20/40	28,022.96	31,436.67			(91.95)		27,931.01	31,856.38	511.66	0.00
GNMA	1998 A/B RMRB	5.75	03/16/10	02/20/40	1,928.57	2,163.51			(5.89)		1,922.68	2,192.89	35.27	0.00
GNMA	1998 A/B RMRB	5.75	03/16/10	12/20/39	2,073.25	2,325.81			(6.40)		2,066.85	2,357.31	37.90	0.00
GNMA	1998 A/B RMRB	5.75	03/30/10	01/20/40	11,494.94	12,895.41			(35.47)		11,459.47	13,070.13	210.19	0.00
GNMA	1998 A/B RMRB	5.75	03/30/10	02/20/40	6,930.83	7,775.24			(21.24)		6,909.59	7,880.76	126.76	0.00
GNMA	1998 A/B RMRB	5.75	03/30/10	12/20/39	1,777.95	1,994.58			(5.51)		1,772.44	2,021.58	32.51	0.00
GNMA	1998 A/B RMRB	5.75	04/22/10	03/20/40	12,730.66	14,282.03			(40.96)		12,689.70	14,473.65	232.58	0.00
GNMA	1998 A/B RMRB	5.75	04/22/10	04/20/40	5,589.48	6,270.58			(16.95)		5,572.53	6,355.89	102.26	0.00
GNMA	1998 A/B RMRB	5.75	06/15/10	04/20/40	6,540.93	7,338.41			(19.70)		6,521.23	7,438.41	119.70	0.00
GNMA	1998 A/B RMRB	5.75	06/15/10	03/20/40	4,320.94	4,847.75			(13.44)		4,307.50	4,913.30	78.99	0.00
GNMA	1998 A/B RMRB	5.75	07/20/10	07/20/40	17,282.07	19,389.78			(55.81)		17,226.26	19,649.69	315.72	0.00
GNMA	1998 A/B RMRB	5.75	07/28/10	07/20/40	11,877.53	13,326.20			(36.59)		11,840.94	13,506.84	217.23	0.00
GNMA	1998 A/B RMRB	5.75	07/28/10	06/20/40	5,044.26	5,659.48			(15.37)		5,028.89	5,736.40	92.29	0.00
GNMA	1998 A/B RMRB	5.75	07/28/10	07/20/40	41,156.11	46,175.88			(137.52)		41,018.59	46,789.53	751.17	0.00
GNMA	1998 A/B RMRB	5.75	08/17/10	08/20/40	61,513.87	69,018.01			(196.12)		61,317.75	69,945.98	1,124.09	0.00
GNMA	1998 A/B RMRB	5.75	08/17/10	06/20/40	6,138.83	6,887.70			(18.36)		6,120.47	6,981.70	112.36	0.00
GNMA	1998 A/B RMRB	5.75	08/17/10	05/20/40	963.20	1,080.69			(3.05)		960.15	1,095.24	17.60	0.00
GNMA	1998 A/B RMRB	5.75	08/17/10	05/20/40	1,219.30	1,368.03			(3.65)		1,215.65	1,386.70	22.32	0.00
GNMA	1998 A/B RMRB	5.75	08/24/10	08/20/40	58,051.82	65,134.00			(179.55)		57,872.27	66,016.13	1,061.68	0.00
GNMA	1998 A/B RMRB	5.75	09/14/10	08/20/40	72,779.46	81,660.14			(230.29)		72,549.17	82,760.00	1,330.15	0.00
GNMA	1998 A/B RMRB	5.75	09/14/10	05/20/40	1,672.67	1,876.78			(5.01)		1,667.66	1,902.37	30.60	0.00
GNMA	1998 A/B RMRB	5.75	06/22/10	06/20/40	27,321.64	30,652.92			(86.85)		27,234.79	31,065.35	499.28	0.00
GNMA	1998 A/B RMRB	5.75	06/22/10	05/20/40	11,817.83	13,258.75			(41.38)		11,776.45	13,432.80	215.43	0.00
GNMA	1998 A/B RMRB	5.75	06/22/10	05/20/40	3,846.37	4,315.37			(11.67)		3,834.70	4,374.06	70.36	0.00
GNMA	1998 A/B RMRB	5.75	06/29/10	04/20/40	1,362.24	1,528.33			(4.10)		1,358.14	1,549.15	24.92	0.00
GNMA	1998 A/B RMRB	5.75	06/29/10	06/20/40	27,093.21	30,396.88			(90.55)		27,002.66	30,800.81	494.48	0.00
GNMA	1998 A/B RMRB	5.75	06/29/10	06/20/40	11,458.40	12,855.62			(34.41)		11,423.99	13,030.88	209.67	0.00
GNMA	1998 A/B RMRB	5.75	06/29/10	06/20/40	3,081.30	3,457.01			(9.17)		3,072.13	3,504.24	56.40	0.00
GNMA	1998 A/B RMRB	5.75	06/29/10	05/20/40	2,819.80	3,163.64			(9.26)		2,810.54	3,205.87	51.49	0.00
GNMA	1998 A/B RMRB	5.75	06/29/10	06/20/40	10,407.94	11,677.06			(32.56)		10,375.38	11,834.76	190.26	0.00
GNMA	1998 A/B RMRB	5.75	07/20/10	06/20/40	24,558.00	27,553.09			(84.19)		24,473.81	27,916.79	447.89	0.00
GNMA	1998 A/B RMRB	5.75	09/21/10	09/20/40	40,112.59	45,007.51			(129.10)		39,983.49	45,611.28	732.87	0.00
GNMA	1998 A/B RMRB	5.75	09/21/10	09/20/40	24,509.97	27,500.90			(74.77)		24,435.20	27,874.50	448.37	0.00
GNMA	1998 A/B RMRB	5.75	09/29/10	07/20/40	1,296.00	1,454.15			(4.09)		1,291.91	1,473.75	23.69	0.00
GNMA	1998 A/B RMRB	5.75	09/29/10	09/20/40	20,914.23	23,466.58			(63.76)		20,850.47	23,785.42	382.60	0.00
GNMA	1998 A/B RMRB	5.75	10/28/10	09/20/40						282,223.16	282,223.16	318,609.68	36,386.52	0.00
GNMA	1998 A/B RMRB	5.75	12/21/10	09/15/40						150,047.88	150,047.88	169,895.93	19,848.05	0.00
	1998 A/B RMRB Total				10,318,420.99	10,996,946.85	1,683,416.48	(4,416,245.63)	(144,162.49)	419,374.94	7,860,804.29	8,323,426.13	(215,904.02)	279,483.92
Repo Agmt	2000 BCDE RMRB				3.11	3.11		(3.11)					-	0.00
Repo Agmt	2000 BCDE RMRB				272,821.92	272,821.92		(272,821.92)					-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Repo Agmt	2000 BCDE RMRB	0.01	08/31/11	09/01/11	1,371.82	1,371.82		(1,368.71)			3.11	3.11	-	0.00
GNMA	2000 BCDE RMRB				86,613.45	96,591.17		(86,414.56)	(198.89)				(9,977.72)	10,890.86
GNMA	2000 BCDE RMRB				24,676.12	27,519.04		(24,623.64)	(52.48)				(2,842.92)	3,103.59
GNMA	2000 BCDE RMRB				99,074.62	110,489.53		(98,860.50)	(214.12)				(11,414.91)	12,461.06
GNMA	2000 BCDE RMRB				88,157.92	98,315.94		(87,976.41)	(181.51)				(10,158.02)	11,090.02
GNMA	2000 BCDE RMRB				100,132.40	111,670.84		(99,893.82)	(238.58)				(11,538.44)	12,593.07
GNMA	2000 BCDE RMRB				42,917.47	47,863.28		(42,823.52)	(93.95)				(4,945.81)	5,398.84
GNMA	2000 BCDE RMRB				43,701.69	48,737.86		(43,586.50)	(115.19)				(5,036.17)	5,495.10
GNMA	2000 BCDE RMRB				39,375.74	43,913.61		(39,288.98)	(86.76)				(4,537.87)	4,953.46
GNMA	2000 BCDE RMRB				68,993.38	77,067.51		(68,808.14)	(185.24)				(8,074.13)	8,677.16
GNMA	2000 BCDE RMRB				101,601.14	113,492.54		(101,276.05)	(325.09)				(11,891.40)	12,773.01
FNMA	2000 BCDE RMRB				212,948.40	238,359.80		(212,298.15)	(650.25)				(25,411.40)	26,388.38
GNMA	2000 BCDE RMRB				34,868.89	38,976.45		(34,761.35)	(107.54)				(4,107.56)	4,384.39
GNMA	2000 BCDE RMRB				52,640.17	58,709.81		(52,535.19)	(104.98)				(6,069.64)	6,626.62
GNMA	2000 BCDE RMRB				86,867.44	96,884.14		(86,695.71)	(171.73)				(10,016.70)	10,936.01
FNMA	2000 BCDE RMRB				92,352.80	103,374.20		(92,158.84)	(193.96)				(11,021.40)	11,455.75
FNMA	2000 BCDE RMRB				150,761.63	168,757.78		(148,015.86)	(2,745.77)				(17,996.15)	18,411.83
FNMA	2000 BCDE RMRB				225,503.45	252,427.23		(224,130.66)	(1,372.79)				(26,923.78)	27,875.79
GNMA	2000 BCDE RMRB				102,266.88	114,070.05		(102,067.01)	(199.87)				(11,803.17)	12,885.84
GNMA	2000 BCDE RMRB				87,574.75	97,679.10		(87,388.81)	(185.94)				(10,104.35)	11,029.62
GNMA	2000 BCDE RMRB				70,224.13	78,328.80		(70,050.00)	(174.13)				(8,104.67)	8,843.63
GNMA	2000 BCDE RMRB				80,611.10	89,917.39		(80,440.45)	(170.65)				(9,306.29)	10,158.11
FNMA	2000 BCDE RMRB				336,701.21	376,908.60		(335,345.78)	(1,355.43)				(40,207.39)	41,712.66
GNMA	2000 BCDE RMRB				26,151.69	29,237.88		(26,067.52)	(84.17)				(3,086.19)	3,293.42
GNMA	2000 BCDE RMRB				12,966.75	13,742.43		(12,599.11)	(367.64)				(775.68)	1,593.15
GNMA	2000 BCDE RMRB				59,003.46	65,817.86		(58,888.27)	(115.19)				(6,814.40)	7,439.11
GNMA	2000 BCDE RMRB				66,413.27	74,084.55		(66,041.17)	(372.10)				(7,671.28)	8,344.75
GNMA	2000 BCDE RMRB				6,724.03	6,883.85		(6,424.41)	(299.62)				(159.82)	812.95
FNMA	2000 BCDE RMRB				254,284.43	284,657.62		(252,669.98)	(1,614.45)				(30,373.19)	31,438.74
GNMA	2000 BCDE RMRB				48,230.30	53,803.30		(48,146.24)	(84.06)				(5,573.00)	6,084.91
GNMA	2000 BCDE RMRB				25,058.30	27,954.48		(25,013.34)	(44.96)				(2,896.18)	3,161.99
GNMA	2000 BCDE RMRB				75,594.74	84,332.15		(75,444.52)	(150.22)				(8,737.41)	9,537.52
GNMA	2000 BCDE RMRB				66,798.46	74,519.39		(66,684.29)	(114.17)				(7,720.93)	8,430.22
GNMA	2000 BCDE RMRB				38,044.23	42,537.25		(37,560.04)	(484.19)				(4,493.02)	4,750.20
GNMA	2000 BCDE RMRB				56,856.42	63,428.45		(56,757.94)	(98.48)				(6,572.03)	7,175.60
GNMA	2000 BCDE RMRB				92,242.72	102,905.79		(92,048.83)	(193.89)				(10,663.07)	11,638.10
GNMA	2000 BCDE RMRB				55,882.32	62,342.63		(55,774.55)	(107.77)				(6,460.31)	7,052.20
GNMA	2000 BCDE RMRB				91,791.42	102,403.24		(91,636.85)	(154.57)				(10,611.82)	11,586.79
GNMA	2000 BCDE RMRB				67,137.33	74,899.39		(67,023.47)	(113.86)				(7,762.06)	8,475.07
GNMA	2000 BCDE RMRB				45,501.11	50,762.01		(45,424.89)	(76.22)				(5,260.90)	5,744.25
FNMA	2000 BCDE RMRB				196,538.67	220,019.89		(196,014.51)	(524.16)				(23,481.22)	24,392.23
GNMA	2000 BCDE RMRB				82,319.34	91,840.35		(82,182.83)	(136.51)				(9,521.01)	10,395.67
FNMA	2000 BCDE RMRB				55,172.42	61,768.91		(55,070.37)	(102.05)				(6,596.49)	6,857.70
FNMA	2000 BCDE RMRB				172,274.13	192,875.92		(171,698.68)	(575.45)				(20,601.79)	21,386.40
FNMA	2000 BCDE RMRB				245,502.17	274,864.96		(244,505.05)	(997.12)				(29,362.79)	30,459.54
FNMA	2000 BCDE RMRB				119,207.23	133,468.25		(118,944.71)	(262.52)				(14,261.02)	14,820.35
FNMA	2000 BCDE RMRB				103,685.06	115,993.24		(103,370.73)	(314.33)				(12,308.18)	12,888.38
FNMA	2000 BCDE RMRB				163,933.43	183,399.61		(163,544.66)	(388.77)				(19,466.18)	20,396.61
FNMA	2000 BCDE RMRB				187,212.82	209,448.34		(186,840.77)	(372.05)				(22,235.52)	23,306.79
FNMA	2000 BCDE RMRB				151,434.71	169,422.01		(150,013.43)	(1,421.28)				(17,987.30)	18,718.53
FNMA	2000 BCDE RMRB				85,999.28	96,217.69		(85,838.51)	(160.77)				(10,218.41)	10,711.76
Repo Agmt	2000 BCDE RMRB	0.01	08/31/11	09/01/11	0.04	0.04	0.00				0.04	0.04	-	0.00
	2000 BCDE RMRB Total				5,154,721.91	5,727,883.00	0.00	(5,135,863.34)	(18,855.42)	0.00	3.15	3.15	(573,161.09)	609,037.76
Repo Agmt	2001 A-E RMRB	0.01	08/31/11	09/01/11	5,043.11	5,043.11	0.29				5,043.40	5,043.40	-	0.00
Repo Agmt	2001 A-E RMRB	0.01	08/31/11	09/01/11	1,615,792.20	1,615,792.20		(1,475,010.70)			140,781.50	140,781.50	-	0.00
Repo Agmt	2001 A-E RMRB				844,373.21	844,373.21		(844,373.21)					-	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15					(1,579.85)	55,089.93	53,510.08	58,806.68	5,296.60	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15					(275.04)	4,768.58	4,493.54	4,886.69	393.15	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15					(489.14)	26,144.21	25,655.07	26,103.62	448.55	0.00
GNMA	2001 A-E RMRB	7.19	01/22/90	11/20/14					(1,266.82)	56,052.52	54,785.70	59,067.80	4,282.10	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	8.19	01/22/90	11/20/14					(377.69)	10,597.76	10,220.07	10,319.70	99.63	0.00
GNMA	2001 A-E RMRB	7.19	01/01/90	11/20/14					(447.98)	20,371.66	19,923.68	21,480.84	1,557.16	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	11/20/14					(575.03)	17,490.11	16,915.08	17,191.50	276.42	0.00
GNMA	2001 A-E RMRB	7.19	01/01/90	12/20/14					(1,179.07)	35,951.84	34,772.77	37,491.28	2,718.51	0.00
GNMA	2001 A-E RMRB	8.19	02/28/90	12/20/14					(1,359.61)	62,032.77	60,673.16	66,223.42	5,550.26	0.00
GNMA	2001 A-E RMRB	7.19	01/20/90	01/20/15					(2,237.85)	90,115.75	87,877.90	95,554.18	7,676.28	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	01/20/15					(2,583.87)	93,465.66	90,881.79	99,865.43	8,983.64	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15					(837.83)	36,312.98	35,475.15	38,574.14	3,098.99	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	12/20/14					(787.29)	31,523.01	30,735.72	33,547.29	2,811.57	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15					(1,226.54)	52,684.12	51,457.58	55,952.72	4,495.14	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	01/20/15					(1,070.80)	48,299.04	47,228.24	51,897.13	4,668.89	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	01/20/15					(445.40)	20,586.75	20,141.35	21,900.87	1,759.52	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	01/20/15					(754.50)	35,064.59	34,310.09	37,702.09	3,392.00	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	02/20/15					(447.01)	20,610.53	20,163.52	21,925.47	1,761.95	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	02/20/15					(1,483.79)	68,135.67	66,651.88	73,242.67	6,590.79	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15					(1,933.93)	81,094.74	79,160.81	86,079.89	6,919.08	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15					(1,241.92)	37,732.15	36,490.23	40,099.32	3,609.09	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15					(5,111.96)	47,807.17	42,695.21	46,427.03	3,731.82	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15					(3,952.71)	153,830.42	149,877.71	164,701.50	14,823.79	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15					(435.52)	19,981.73	19,546.21	21,255.11	1,708.90	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	03/20/15					(375.60)	17,873.74	17,498.14	17,697.70	199.56	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15					(1,000.83)	41,612.73	40,611.90	44,162.65	3,550.75	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	04/20/15					(4,098.02)	186,554.61	182,456.59	200,507.71	18,051.12	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15					(400.25)	20,689.10	20,288.85	22,063.24	1,774.39	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15					(592.75)	28,086.08	27,493.33	27,970.23	476.90	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15					(532.88)	23,668.08	23,135.20	25,158.53	2,023.33	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15					(2,214.09)	94,139.82	91,925.73	101,022.68	9,096.95	0.00
GNMA	2001 A-E RMRB	6.19	06/28/90	05/20/15					(720.68)	31,825.31	31,104.63	32,528.09	1,423.46	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15					(390.56)	15,013.01	14,622.45	15,901.72	1,279.27	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	06/20/15					(301.66)	14,831.77	14,530.11	15,801.38	1,271.27	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	07/20/15					(843.10)	37,782.75	36,939.65	40,597.17	3,657.52	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	07/20/15					(643.62)	29,963.48	29,319.86	31,885.62	2,565.76	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	08/20/15					(894.72)	45,612.61	44,717.89	49,146.43	4,428.54	0.00
GNMA	2001 A-E RMRB	6.19	09/13/90	07/20/15					(403.86)	21,152.97	20,749.11	21,699.73	950.62	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15					(748.50)	38,515.45	37,766.95	41,507.24	3,740.29	0.00
GNMA	2001 A-E RMRB	6.19	09/28/90	08/20/15					(1,537.74)	68,756.46	67,218.72	70,299.90	3,081.18	0.00
GNMA	2001 A-E RMRB	7.19	09/28/90	08/20/15					(1,246.15)	63,219.49	61,973.34	67,398.15	5,424.81	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15					(2,914.40)	121,690.45	118,776.05	130,539.15	11,763.10	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	08/20/15					(85.74)	4,803.95	4,718.21	5,131.22	413.01	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15					(688.77)	37,376.02	36,687.25	40,321.64	3,634.39	0.00
GNMA	2001 A-E RMRB	6.19	10/31/90	09/20/15					(1,080.55)	40,945.63	39,865.08	41,693.42	1,828.34	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	09/20/15					(327.78)	6,044.47	5,716.69	6,217.22	500.53	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15					(2,097.62)	107,060.44	104,962.82	115,360.74	10,397.92	0.00
GNMA	2001 A-E RMRB	6.19	11/28/90	10/20/15					(939.26)	51,085.55	50,146.29	52,975.47	2,829.18	0.00
GNMA	2001 A-E RMRB	8.19	11/28/90	10/20/15					(3,602.20)	179,124.58	175,522.38	192,914.66	17,392.28	0.00
GNMA	2001 A-E RMRB	7.19	12/21/90	10/20/15					(482.53)	28,476.78	27,994.25	30,446.19	2,451.94	0.00
GNMA	2001 A-E RMRB	8.19	12/21/90	11/20/15					(1,073.26)	54,756.66	53,683.40	59,004.10	5,320.70	0.00
GNMA	2001 A-E RMRB	8.19	02/25/91	10/20/15	11,614.06	11.738.93			(584.54)		11,029.52	11,146.44	(7.95)	0.00
GNMA	2001 A-E RMRB	6.19	01/25/91	11/20/15					(1,322.95)	61,279.68	59,956.73	62,709.68	2,752.95	0.00
GNMA	2001 A-E RMRB	8.19	01/28/91	11/20/15					(490.27)	18,498.24	18,007.97	18,215.19	207.22	0.00
GNMA	2001 A-E RMRB	8.19	02/25/90	01/20/16					(407.02)	24,258.23	23,851.21	24,273.71	422.50	0.00
GNMA	2001 A-E RMRB	8.19	03/28/91	02/20/16					(482.43)	29,661.15	29,178.72	29,709.43	530.71	0.00
GNMA	2001 A-E RMRB	8.75	04/29/91	02/20/20					(510.51)	75,256.93	74,746.42	87,387.34	12,640.92	0.00
GNMA	2001 A-E RMRB	8.19	04/29/91	04/20/16					(944.15)	51,148.25	50,204.10	56,202.32	5,998.22	0.00
GNMA	2001 A-E RMRB	7.19	04/29/91	02/20/16					(1,664.33)	98,882.46	97,218.13	106,424.87	9,206.74	0.00
GNMA	2001 A-E RMRB	6.19	04/29/91	04/20/16					(2,568.80)	129,163.96	126,595.16	133,755.84	7,160.68	0.00
GNMA	2001 A-E RMRB	7.19	04/26/91	04/20/16					(518.00)	22,318.38	21,800.38	23,865.87	2,065.49	0.00
GNMA	2001 A-E RMRB	6.19	10/23/92	09/20/17					(1,676.86)	107,875.95	106,199.09	113,369.31	7,170.22	0.00
GNMA	2001 A-E RMRB	8.19	11/23/92	01/20/17					(162.86)	9,565.48	9,402.62	9,502.36	99.74	0.00
GNMA	2001 A-E RMRB	7.19	10/30/92	08/20/17					(2,201.08)	142,165.46	139,964.38	155,054.82	15,090.44	0.00
GNMA	2001 A-E RMRB	6.00	10/30/92	09/20/17					(1,765.28)	142,836.46	141,071.18	150,596.07	9,524.89	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change in Market Value	Recognized Gain
GNMA	2001 A-E RMRB	5.49	03/12/03	03/20/33					(8.37)	4,487.68	4,479.31	5,013.10	533.79	0.00
GNMA	2001 A-E RMRB	5.49	04/02/03	03/20/33					(25.83)	12,568.07	12,542.24	14,055.59	1,513.35	0.00
GNMA	2001 A-E RMRB	4.80	04/02/03	03/20/33					(21.77)	10,189.14	10,167.37	11,171.65	1,004.28	0.00
GNMA	2001 A-E RMRB	4.80	04/10/03	04/20/33					(93.24)	45,782.70	45,689.46	50,203.10	4,513.64	0.00
GNMA	2001 A-E RMRB	5.49	04/17/03	04/20/33					(59.49)	23,129.01	23,069.52	25,887.41	2,817.89	0.00
GNMA	2001 A-E RMRB	4.80	04/17/03	03/20/33					(21.33)	8,634.93	8,613.60	9,464.49	850.89	0.00
GNMA	2001 A-E RMRB	4.80	04/24/03	04/20/33					(20.81)	10,297.97	10,277.16	11,292.55	1,015.39	0.00
GNMA	2001 A-E RMRB	5.49	04/29/03	04/20/33					(12.14)	6,473.23	6,461.09	7,231.37	770.28	0.00
GNMA	2001 A-E RMRB	4.80	04/29/03	03/20/33					(18.77)	8,768.68	8,749.91	9,614.35	864.44	0.00
GNMA	2001 A-E RMRB	5.49	05/08/03	05/20/33					(48.43)	25,771.12	25,722.69	28,789.63	3,066.94	0.00
GNMA	2001 A-E RMRB	5.49	05/15/03	05/20/33					(25.78)	13,941.53	13,915.75	15,575.02	1,659.27	0.00
GNMA	2001 A-E RMRB	4.80	05/15/03	04/20/33					(28.26)	12,874.85	12,846.59	14,144.21	1,297.62	0.00
GNMA	2001 A-E RMRB	5.49	05/22/03	05/20/33					(77.00)	34,242.65	34,165.65	38,239.62	4,073.97	0.00
GNMA	2001 A-E RMRB	4.80	05/22/03	04/20/33					(25.03)	12,324.74	12,299.71	13,515.14	1,215.43	0.00
GNMA	2001 A-E RMRB	5.49	05/29/03	05/20/33					(11.55)	5,466.56	5,455.01	6,113.58	658.57	0.00
GNMA	2001 A-E RMRB	4.80	05/29/03	05/20/33					(12.89)	6,408.30	6,395.41	7,027.51	632.10	0.00
GNMA	2001 A-E RMRB	5.49	06/10/03	05/20/33					(19.08)	10,412.36	10,393.28	11,632.71	1,239.43	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33					(9.72)	5,333.48	5,323.76	5,958.71	634.95	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33					(19.15)	9,614.64	9,595.49	10,544.11	948.62	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33					(13.44)	6,805.79	6,792.35	7,602.42	810.07	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33					(12.44)	6,121.65	6,109.21	6,713.10	603.89	0.00
GNMA	2001 A-E RMRB	5.49	06/26/03	06/20/33					(8.70)	4,672.42	4,663.72	5,220.03	556.31	0.00
GNMA	2001 A-E RMRB	5.49	07/03/03	06/20/33					(28.21)	13,448.26	13,420.05	15,040.51	1,620.46	0.00
GNMA	2001 A-E RMRB	5.49	07/10/03	06/20/33					(27.20)	14,136.33	14,109.13	15,792.16	1,683.03	0.00
GNMA	2001 A-E RMRB	4.80	07/10/03	06/20/33					(26.28)	13,080.63	13,054.35	14,345.10	1,290.75	0.00
GNMA	2001 A-E RMRB	4.80	07/17/03	06/20/33					(155.82)	46,592.22	46,436.40	51,129.74	4,693.34	0.00
GNMA	2001 A-E RMRB	5.49	07/24/03	07/20/33					(62.54)	25,803.66	25,741.12	28,849.97	3,108.85	0.00
GNMA	2001 A-E RMRB	4.80	07/24/03	07/20/33					(73.58)	35,903.55	35,829.97	39,373.12	3,543.15	0.00
GNMA	2001 A-E RMRB	5.49	07/30/03	07/20/33					(11.45)	6,348.61	6,337.16	7,093.24	756.08	0.00
GNMA	2001 A-E RMRB	5.49	08/07/03	07/20/33					(56.49)	24,901.55	24,845.06	27,845.96	3,000.90	0.00
GNMA	2001 A-E RMRB	4.80	08/07/03	06/20/33					(19.88)	9,966.90	9,947.02	10,930.71	983.69	0.00
GNMA	2001 A-E RMRB	5.49	08/14/03	08/20/33					(16.88)	9,321.08	9,304.20	10,414.43	1,110.23	0.00
GNMA	2001 A-E RMRB	4.80	08/14/03	07/20/33					(34.05)	16,978.76	16,944.71	18,620.63	1,675.92	0.00
GNMA	2001 A-E RMRB	5.49	08/21/03	08/20/33					(10.82)	5,792.44	5,781.62	6,471.57	689.95	0.00
GNMA	2001 A-E RMRB	4.80	08/28/03	08/20/33					(24.28)	11,736.80	11,712.52	12,871.15	1,158.63	0.00
GNMA	2001 A-E RMRB	5.49	09/04/03	08/20/33					(10.29)	4,874.52	4,864.23	5,451.89	587.66	0.00
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33					(45.38)	23,938.45	23,893.07	26,745.01	2,851.94	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33					(61.84)	31,157.59	31,095.75	34,152.84	3,057.09	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33					(13.44)	6,846.65	6,833.21	7,504.99	671.78	0.00
GNMA	2001 A-E RMRB	5.49	09/29/03	09/20/33					(55.19)	29,418.73	29,363.54	32,868.69	3,505.15	0.00
GNMA	2001 A-E RMRB	4.80	09/29/03	09/20/33					(39.93)	20,050.66	20,010.73	21,990.89	1,980.16	0.00
GNMA	2001 A-E RMRB	5.49	10/16/03	09/20/33					(7.91)	4,343.70	4,335.79	4,853.39	517.60	0.00
GNMA	2001 A-E RMRB	5.49	10/30/03	10/20/33					(27.72)	15,297.49	15,269.77	17,152.95	1,883.18	0.00
GNMA	2001 A-E RMRB	4.80	10/30/03	10/20/33					(251.52)	121,417.11	121,165.59	134,348.98	13,183.39	0.00
GNMA	2001 A-E RMRB	5.49	11/13/03	10/20/33					(17.82)	9,926.67	9,908.85	11,130.97	1,222.12	0.00
GNMA	2001 A-E RMRB	4.80	11/13/03	10/20/33					(172.92)	85,865.93	85,693.01	94,176.05	8,483.04	0.00
GNMA	2001 A-E RMRB	4.80	11/20/03	11/20/33					(10,672.69)	123,129.56	112,456.87	124,695.29	12,238.42	0.00
GNMA	2001 A-E RMRB	5.49	11/26/03	10/20/33					(14.19)	5,493.31	5,479.12	6,157.63	678.51	0.00
GNMA	2001 A-E RMRB	4.80	11/26/03	11/20/33					(68.65)	33,091.55	33,022.90	36,292.55	3,269.65	0.00
GNMA	2001 A-E RMRB	4.80	12/04/03	12/20/33					(177.44)	50,928.25	50,750.81	56,274.87	5,524.06	0.00
GNMA	2001 A-E RMRB	5.49	12/04/03	11/20/33					(8.32)	4,638.01	4,629.69	5,182.58	552.89	0.00
GNMA	2001 A-E RMRB	4.80	12/11/03	12/20/33					(79.14)	30,154.90	30,075.76	33,349.52	3,273.76	0.00
GNMA	2001 A-E RMRB	5.49	12/11/03	09/20/33					(20.20)	9,591.61	9,571.41	10,728.51	1,157.10	0.00
GNMA	2001 A-E RMRB	5.49	12/18/03	12/20/33					(17.33)	5,153.77	5,136.44	5,750.05	613.61	0.00
GNMA	2001 A-E RMRB	4.80	12/18/03	12/20/33					(23.80)	12,245.60	12,221.80	13,424.48	1,202.68	0.00
GNMA	2001 A-E RMRB	5.49	12/23/03	12/20/33					(10.03)	5,680.18	5,670.15	6,347.54	677.39	0.00
GNMA	2001 A-E RMRB	4.80	12/23/03	12/20/33					(9.88)	5,154.00	5,144.12	5,704.08	559.96	0.00
GNMA	2001 A-E RMRB	5.49	01/15/04	01/20/34					(68.19)	17,452.02	17,383.83	19,772.38	2,388.55	0.00
GNMA	2001 A-E RMRB	5.49	01/22/04	01/20/34					(86.10)	35,473.94	35,387.84	40,094.26	4,706.42	0.00
GNMA	2001 A-E RMRB	4.80	01/22/04	01/20/34					(70.25)	35,300.58	35,230.33	39,439.92	4,209.59	0.00
GNMA	2001 A-E RMRB	5.49	01/29/04	01/20/34					(11.40)	5,421.00	5,409.60	6,137.03	727.43	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.80	02/12/04	01/20/34					(41.45)	18,706.50	18,665.05	20,895.55	2,230.50	0.00
GNMA	2001 A-E RMRB	5.49	02/12/04	02/20/34					(50.02)	27,932.29	27,882.27	31,591.13	3,708.86	0.00
GNMA	2001 A-E RMRB	4.80	02/26/04	02/20/34					(50.09)	24,732.88	24,682.79	27,632.90	2,950.11	0.00
GNMA	2001 A-E RMRB	5.49	02/26/04	02/20/34					(17.44)	9,707.93	9,690.49	10,979.60	1,289.11	0.00
GNMA	2001 A-E RMRB	4.80	03/11/04	03/20/34					(19.68)	10,451.18	10,431.50	11,678.54	1,247.04	0.00
GNMA	2001 A-E RMRB	5.49	03/11/04	03/20/34					(88.97)	46,925.89	46,836.92	53,068.48	6,231.56	0.00
GNMA	2001 A-E RMRB	5.49	03/25/04	03/20/34					(37.30)	21,446.04	21,408.74	24,257.37	2,848.63	0.00
GNMA	2001 A-E RMRB	5.49	07/09/04	07/20/34					(20.38)	7,111.34	7,090.96	8,045.65	954.69	0.00
GNMA	2001 A-E RMRB	4.80	07/08/04	06/20/34					(17.22)	8,987.02	8,969.80	10,043.06	1,073.26	0.00
GNMA	2001 A-E RMRB	5.49	04/01/04	04/20/34					(19.57)	21,430.90	21,411.33	30,153.89	8,742.56	0.00
GNMA	2001 A-E RMRB	5.49	04/16/04	04/20/34					(194.08)	46,636.55	46,442.47	52,691.52	6,249.05	0.00
GNMA	2001 A-E RMRB	4.80	04/22/04	04/20/34					(46.06)	23,933.99	23,887.93	26,744.48	2,856.55	0.00
GNMA	2001 A-E RMRB	5.49	04/22/04	04/20/34					(30.72)	17,600.68	17,569.96	19,908.33	2,338.37	0.00
GNMA	2001 A-E RMRB	4.80	04/29/04	04/20/34					(46.02)	20,546.84	20,500.82	22,952.43	2,451.61	0.00
GNMA	2001 A-E RMRB	5.49	04/29/04	04/20/34					(13.84)	4,465.79	4,451.95	5,044.45	592.50	0.00
GNMA	2001 A-E RMRB	4.80	05/06/04	04/20/34					(31.22)	16,157.76	16,126.54	18,055.14	1,928.60	0.00
GNMA	2001 A-E RMRB	5.49	05/06/04	04/20/34					(11.08)	6,498.94	6,487.86	7,351.36	863.50	0.00
GNMA	2001 A-E RMRB	5.49	05/27/04	05/20/34					(46.18)	17,304.08	17,257.90	19,555.31	2,297.41	0.00
GNMA	2001 A-E RMRB	5.49	06/24/04	06/20/34					(5.67)	3,355.70	3,350.03	3,796.08	446.05	0.00
GNMA	2001 A-E RMRB	5.49	09/02/04	08/20/34					(26.09)	14,990.26	14,964.17	16,943.55	1,979.38	0.00
GNMA	2001 A-E RMRB	5.49	09/09/04	09/20/34					(23.52)	13,732.62	13,709.10	15,522.60	1,813.50	0.00
GNMA	2001 A-E RMRB	5.49	09/16/04	09/20/34					(26.17)	15,875.03	15,848.86	17,945.46	2,096.60	0.00
GNMA	2001 A-E RMRB	4.80	09/29/04	09/20/34					(23.36)	12,829.65	12,806.29	14,323.53	1,517.24	0.00
GNMA	2001 A-E RMRB	5.49	09/29/04	09/20/34					(14.62)	8,904.75	8,890.13	10,066.26	1,176.13	0.00
GNMA	2001 A-E RMRB	5.49	10/07/04	09/20/34					(19.31)	11,451.35	11,432.04	12,955.40	1,523.36	0.00
GNMA	2001 A-E RMRB	4.80	10/07/04	09/20/34					(23.47)	12,612.95	12,589.48	14,096.96	1,507.48	0.00
GNMA	2001 A-E RMRB	5.49	07/15/04	04/20/34					(18.93)	11,021.25	11,002.32	12,467.32	1,465.00	0.00
GNMA	2001 A-E RMRB	5.49	07/22/04	07/20/34					(17.95)	10,724.85	10,706.90	12,132.90	1,426.00	0.00
GNMA	2001 A-E RMRB	5.49	08/05/04	08/20/34					(11.37)	6,633.03	6,621.66	7,503.68	882.02	0.00
GNMA	2001 A-E RMRB	5.49	08/19/04	08/20/34					(46.55)	20,024.67	19,978.12	22,668.74	2,690.62	0.00
GNMA	2001 A-E RMRB	5.49	12/02/04	11/20/34					(34.98)	20,522.35	20,487.37	23,218.62	2,731.25	0.00
GNMA	2001 A-E RMRB	4.80	12/02/04	11/20/34					(43.54)	23,756.00	23,712.46	26,523.40	2,810.94	0.00
GNMA	2001 A-E RMRB	4.80	10/28/04	09/20/34					(18.75)	1,566.51	1,547.76	1,715.68	167.92	0.00
GNMA	2001 A-E RMRB	5.49	10/28/04	10/20/34					(22.87)	13,731.91	13,709.04	15,523.15	1,814.11	0.00
GNMA	2001 A-E RMRB	5.49	12/29/04	12/20/34					(18.60)	11,406.91	11,388.31	12,896.03	1,507.72	0.00
GNMA	2001 A-E RMRB	4.80	12/29/04	12/20/34					(24.59)	13,844.78	13,820.19	15,458.88	1,638.69	0.00
GNMA	2001 A-E RMRB	5.49	01/06/05	01/20/35					(16.58)	10,388.92	10,372.34	11,745.76	1,373.42	0.00
GNMA	2001 A-E RMRB	5.49	01/27/05	01/20/35					(49.80)	31,042.11	30,992.31	35,096.40	4,104.09	0.00
GNMA	2001 A-E RMRB	5.49	03/10/05	12/20/34					(17.77)	11,020.13	11,002.36	12,459.66	1,457.30	0.00
GNMA	2001 A-E RMRB	5.49	05/05/05	03/20/35					(10.13)	6,110.07	6,099.94	6,908.22	808.28	0.00
GNMA	2001 A-E RMRB	5.49	07/07/05	06/20/35					(12.18)	7,587.04	7,574.86	8,579.13	1,004.27	0.00
GNMA	2001 A-E RMRB	4.80	07/07/05	06/20/35					(14.13)	8,000.50	7,986.37	8,794.02	807.65	0.00
GNMA	2001 A-E RMRB	4.80	06/02/05	04/20/35					(27.42)	12,430.53	12,403.11	13,657.82	1,254.71	0.00
GNMA	2001 A-E RMRB	5.49	09/08/05	08/20/35					(21.76)	13,133.24	13,111.48	14,850.74	1,739.26	0.00
GNMA	2001 A-E RMRB	5.49	09/15/05	09/20/35					(38.58)	24,582.81	24,544.23	27,768.66	3,224.43	0.00
GNMA	2001 A-E RMRB	5.49	08/04/05	08/20/35					(39.41)	25,486.35	25,446.94	28,821.75	3,374.81	0.00
GNMA	2001 A-E RMRB	4.80	10/13/05	09/20/35					(21.83)	12,294.58	12,272.75	13,512.56	1,239.81	0.00
GNMA	2001 A-E RMRB	5.49	10/13/05	10/20/35					(37.93)	14,057.53	14,019.60	15,879.85	1,860.25	0.00
GNMA	2001 A-E RMRB	5.49	12/19/05	12/20/35					(28.90)	18,334.11	18,305.21	20,735.34	2,430.13	0.00
GNMA	2001 A-E RMRB	5.49	11/17/05	11/20/35					(38.00)	24,979.78	24,941.78	28,219.96	3,278.18	0.00
GNMA	2001 A-E RMRB	4.80	11/22/05	10/20/35					(16,940.36)	22,953.71	6,013.35	6,543.35	530.00	0.00
GNMA	2001 A-E RMRB	4.80	12/22/05	12/20/35					(24.81)	14,417.42	14,392.61	15,827.60	1,434.99	0.00
GNMA	2001 A-E RMRB	5.49	12/29/05	11/20/35					(27.52)	18,227.62	18,200.10	20,592.84	2,392.74	0.00
GNMA	2001 A-E RMRB	5.49	01/12/06	01/20/36					(11.98)	7,880.98	7,869.00	8,903.71	1,034.71	0.00
GNMA	2001 A-E RMRB	5.49	03/30/06	03/20/36					(18.89)	12,896.10	12,877.21	14,571.43	1,694.22	0.00
FNMA	2001 A-E RMRB	5.49	05/29/03	04/01/33					(43.25)	22,790.81	22,747.56	25,147.40	2,399.84	0.00
FNMA	2001 A-E RMRB	4.80	09/18/03	07/01/33					(20.88)	7,836.79	7,815.91	8,435.60	619.69	0.00
FNMA	2001 A-E RMRB	5.49	12/04/03	11/01/33					(21.53)	5,781.52	5,759.99	6,368.23	608.24	0.00
FNMA	2001 A-E RMRB	4.80	01/15/04	11/01/33					(54.40)	27,390.30	27,335.90	30,069.93	2,734.03	0.00
FNMA	2001 A-E RMRB	4.80	02/26/04	01/01/34					(32.88)	9,492.33	9,459.45	10,448.31	988.86	0.00
FNMA	2001 A-E RMRB	5.49	04/08/04	06/01/33					(16.96)	6,926.59	6,909.63	7,745.15	835.52	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
FNMA	2001 A-E RMRB	5.49	09/01/04	08/01/34					(47.45)	25,386.27	25,338.82	28,503.49	3,164.67	0.00
FNMA	2001 A-E RMRB	4.80	11/10/04	10/01/34					(17.56)	6,270.92	6,253.36	6,876.11	622.75	0.00
FNMA	2001 A-E RMRB	5.49	07/14/05	05/01/35					(6.56)	3,996.13	3,989.57	4,469.28	479.71	0.00
FNMA	2001 A-E RMRB	5.49	11/03/05	10/01/35					(26.89)	14,085.94	14,059.05	15,764.95	1,705.90	0.00
FNMA	2001 A-E RMRB	4.80	12/15/05	10/01/35					(19.75)	7,244.51	7,224.76	7,817.40	592.64	0.00
GNMA	2001 A-E RMRB				58,215.29	64,313.23			(3,125.36)	(55,089.93)			(6,097.94)	0.00
GNMA	2001 A-E RMRB				5,213.80	5,699.92			(445.22)	(4,768.58)			(486.12)	0.00
GNMA	2001 A-E RMRB				27,111.89	27,589.23			(967.68)	(26,144.21)			(477.34)	0.00
GNMA	2001 A-E RMRB				58,561.87	63,468.94			(2,509.35)	(56,052.52)			(4,907.07)	0.00
GNMA	2001 A-E RMRB				11,344.99	11,459.48			(747.23)	(10,597.76)			(114.49)	0.00
GNMA	2001 A-E RMRB				21,259.03	23,040.29			(887.37)	(20,371.66)			(1,781.26)	0.00
GNMA	2001 A-E RMRB				18,627.67	18,934.90			(1,137.56)	(17,490.11)			(307.23)	0.00
GNMA	2001 A-E RMRB				38,372.16	41,588.13			(2,420.32)	(35,951.84)			(3,215.97)	0.00
GNMA	2001 A-E RMRB				64,722.54	71,011.77			(2,689.77)	(62,032.77)			(6,289.23)	0.00
GNMA	2001 A-E RMRB				94,580.68	103,385.64			(4,464.93)	(90,115.75)			(8,804.96)	0.00
GNMA	2001 A-E RMRB				98,577.51	108,889.98			(5,111.85)	(93,465.66)			(10,312.47)	0.00
GNMA	2001 A-E RMRB				37,973.30	41,508.60			(1,660.32)	(36,312.98)			(3,535.30)	0.00
GNMA	2001 A-E RMRB				33,080.54	36,294.95			(1,557.53)	(31,523.01)			(3,214.41)	0.00
GNMA	2001 A-E RMRB				55,113.69	60,244.74			(2,429.57)	(52,684.12)			(5,131.05)	0.00
GNMA	2001 A-E RMRB				50,417.45	55,692.22			(2,118.41)	(48,299.04)			(5,274.77)	0.00
GNMA	2001 A-E RMRB				21,469.02	23,467.83			(882.27)	(20,586.75)			(1,998.81)	0.00
GNMA	2001 A-E RMRB				36,557.26	40,382.13			(1,492.67)	(35,064.59)			(3,824.87)	0.00
GNMA	2001 A-E RMRB				21,495.98	23,497.84			(885.45)	(20,610.53)			(2,001.86)	0.00
GNMA	2001 A-E RMRB				77,547.94	85,663.18			(9,412.27)	(68,135.67)			(8,115.24)	0.00
GNMA	2001 A-E RMRB				84,858.97	92,763.47			(3,764.23)	(81,094.74)			(7,904.50)	0.00
GNMA	2001 A-E RMRB				42,663.29	47,128.85			(4,931.14)	(37,732.15)			(4,465.56)	0.00
GNMA	2001 A-E RMRB				50,608.61	55,322.75			(2,801.44)	(47,807.17)			(4,714.14)	0.00
GNMA	2001 A-E RMRB				161,650.36	178,570.31			(7,819.94)	(153,830.42)			(16,919.95)	0.00
GNMA	2001 A-E RMRB				20,844.43	22,786.55			(862.70)	(19,981.73)			(1,942.12)	0.00
GNMA	2001 A-E RMRB				18,616.80	18,832.13			(743.06)	(17,873.74)			(215.33)	0.00
GNMA	2001 A-E RMRB				43,595.19	47,657.16			(1,982.46)	(41,612.73)			(4,061.97)	0.00
GNMA	2001 A-E RMRB				194,646.67	215,025.81			(8,092.06)	(186,554.61)			(20,379.14)	0.00
GNMA	2001 A-E RMRB				21,481.88	23,483.98			(792.78)	(20,689.10)			(2,002.10)	0.00
GNMA	2001 A-E RMRB				29,258.67	29,771.21			(1,172.59)	(28,086.08)			(512.54)	0.00
GNMA	2001 A-E RMRB				24,723.59	27,027.82			(1,055.51)	(23,668.08)			(2,304.23)	0.00
GNMA	2001 A-E RMRB				98,544.52	108,864.42			(4,404.70)	(94,139.82)			(10,319.90)	0.00
GNMA	2001 A-E RMRB				33,254.57	34,564.80			(1,429.26)	(31,825.31)			(1,310.23)	0.00
GNMA	2001 A-E RMRB				15,786.63	17,258.42			(773.62)	(15,013.01)			(1,471.79)	0.00
GNMA	2001 A-E RMRB				15,429.29	16,867.85			(597.52)	(14,831.77)			(1,438.56)	0.00
GNMA	2001 A-E RMRB				39,355.06	43,478.62			(1,572.31)	(37,782.75)			(4,123.56)	0.00
GNMA	2001 A-E RMRB				31,201.42	34,111.05			(1,237.94)	(29,963.48)			(2,909.63)	0.00
GNMA	2001 A-E RMRB				47,382.61	52,348.15			(1,770.00)	(45,612.61)			(4,965.54)	0.00
GNMA	2001 A-E RMRB				21,953.94	22,820.06			(800.97)	(21,152.97)			(866.12)	0.00
GNMA	2001 A-E RMRB				39,996.21	44,187.85			(1,480.76)	(38,515.45)			(4,191.64)	0.00
GNMA	2001 A-E RMRB				71,995.01	74,836.99			(3,238.55)	(68,756.46)			(2,841.98)	0.00
GNMA	2001 A-E RMRB				68,144.12	74,500.51			(4,924.63)	(63,219.49)			(6,356.39)	0.00
GNMA	2001 A-E RMRB				141,724.94	156,577.83			(20,034.49)	(121,690.45)			(14,852.89)	0.00
GNMA	2001 A-E RMRB				4,973.78	5,437.72			(169.83)	(4,803.95)			(463.94)	0.00
GNMA	2001 A-E RMRB				38,738.66	42,799.59			(1,362.64)	(37,376.02)			(4,060.93)	0.00
GNMA	2001 A-E RMRB				43,088.67	44,790.67			(2,143.04)	(40,945.63)			(1,702.00)	0.00
GNMA	2001 A-E RMRB				6,798.86	7,433.20			(754.39)	(6,044.47)			(634.34)	0.00
GNMA	2001 A-E RMRB				111,216.56	122,875.18			(4,156.12)	(107,060.44)			(11,658.62)	0.00
GNMA	2001 A-E RMRB				52,933.34	55,501.34			(1,847.79)	(51,085.55)			(2,568.00)	0.00
GNMA	2001 A-E RMRB				186,200.97	205,724.84			(7,076.39)	(179,124.58)			(19,523.87)	0.00
GNMA	2001 A-E RMRB				29,432.59	32,179.60			(955.81)	(28,476.78)			(2,747.01)	0.00
GNMA	2001 A-E RMRB				57,199.02	63,197.93			(2,442.36)	(54,756.66)			(5,998.91)	0.00
GNMA	2001 A-E RMRB				64,709.54	67,268.92			(3,429.86)	(61,279.68)			(2,559.38)	0.00
GNMA	2001 A-E RMRB				19,468.18	19,696.52			(969.94)	(18,498.24)			(228.34)	0.00
GNMA	2001 A-E RMRB				25,164.38	25,612.39			(906.15)	(24,258.23)			(448.01)	0.00
GNMA	2001 A-E RMRB				30,615.49	34,442.17			(954.34)	(29,661.15)			(3,826.68)	0.00
GNMA	2001 A-E RMRB				76,266.13	89,343.76			(1,009.20)	(75,256.93)			(13,077.63)	0.00

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GNMA	2001 A-E RMRB				53,016.16	59,645.39			(1,867.91)	(51,148.25)			(6,629.23)	0.00
GNMA	2001 A-E RMRB				102,167.31	112,393.94			(3,284.85)	(98,882.46)			(10,226.63)	0.00
GNMA	2001 A-E RMRB				134,986.82	141,554.85			(5,822.86)	(129,163.96)			(6,568.03)	0.00
GNMA	2001 A-E RMRB				23,344.44	25,682.15			(1,026.06)	(22,318.38)			(2,337.71)	0.00
GNMA	2001 A-E RMRB				111,151.58	117,607.92			(3,275.63)	(107,875.95)			(6,456.34)	0.00
GNMA	2001 A-E RMRB				9,887.70	9,994.12			(322.22)	(9,565.48)			(106.42)	0.00
GNMA	2001 A-E RMRB				146,524.41	163,048.49			(4,358.95)	(142,165.46)			(16,524.08)	0.00
GNMA	2001 A-E RMRB				173,698.51	183,788.18			(30,862.05)	(142,836.46)			(10,089.67)	0.00
GNMA	2001 A-E RMRB				331,319.66	365,023.34		(241,979.31)	(89,340.35)				(33,703.68)	27,926.97
GNMA	2001 A-E RMRB				713,667.47	768,754.87		(711,474.52)	(2,192.95)				(55,087.40)	65,952.80
GNMA	2001 A-E RMRB				206,331.29	227,035.68		(205,897.80)	(433.49)				(20,704.39)	23,215.42
GNMA	2001 A-E RMRB				864,208.99	927,173.70		(862,088.11)	(2,120.88)				(62,964.71)	79,979.94
GNMA	2001 A-E RMRB				675,332.30	724,540.25		(673,779.00)	(1,553.30)				(49,207.95)	62,513.31
GNMA	2001 A-E RMRB				136,694.22	150,612.72		(136,251.60)	(442.62)				(13,918.50)	15,364.76
GNMA	2001 A-E RMRB				620,094.38	682,278.26		(618,641.89)	(1,452.49)				(62,183.88)	69,714.06
GNMA	2001 A-E RMRB				88,254.25	97,363.96		(88,032.17)	(222.08)				(9,109.71)	9,920.37
GNMA	2001 A-E RMRB				425,426.31	458,271.50		(424,067.18)	(1,359.13)				(32,845.19)	39,317.90
GNMA	2001 A-E RMRB				905,107.53	997,236.39		(892,101.90)	(13,005.63)				(92,128.86)	100,645.43
GNMA	2001 A-E RMRB				87,206.40	95,953.98		(87,026.52)	(179.88)				(8,747.58)	9,809.18
GNMA	2001 A-E RMRB				770,477.38	829,989.99		(767,629.97)	(2,847.41)				(59,512.61)	71,202.57
GNMA	2001 A-E RMRB				56,729.27	62,420.67		(56,612.25)	(117.02)				(5,691.40)	6,382.00
GNMA	2001 A-E RMRB				1,314,051.97	1,412,663.48		(1,310,137.18)	(3,914.79)				(98,611.51)	121,526.67
GNMA	2001 A-E RMRB				458,110.18	504,743.79		(457,075.58)	(1,034.60)				(46,633.61)	51,527.58
GNMA	2001 A-E RMRB				72,033.49	77,439.16		(71,859.82)	(173.67)				(5,405.67)	6,665.33
GNMA	2001 A-E RMRB				172,034.79	189,297.71		(171,673.67)	(361.12)				(17,262.92)	19,356.58
GNMA	2001 A-E RMRB				243,728.18	261,483.70		(243,105.32)	(622.86)				(17,755.52)	22,552.06
GNMA	2001 A-E RMRB				47,851.00	52,722.55		(47,746.99)	(104.01)				(4,871.55)	5,383.18
GNMA	2001 A-E RMRB				205,859.98	220,878.81		(205,407.20)	(452.78)				(15,018.83)	19,076.81
GNMA	2001 A-E RMRB				89,213.36	98,166.71		(39,728.07)	(49,485.29)				(8,953.35)	4,855.09
GNMA	2001 A-E RMRB				579,497.98	623,004.47		(578,048.83)	(1,449.15)				(43,506.49)	53,636.15
GNMA	2001 A-E RMRB				263,370.34	283,144.64		(262,715.86)	(654.48)				(19,774.30)	24,378.37
GNMA	2001 A-E RMRB				88,892.01	97,945.65		(88,685.37)	(206.64)				(9,053.64)	10,002.71
GNMA	2001 A-E RMRB				166,165.56	178,277.66		(165,797.28)	(368.28)				(12,112.10)	15,387.17
GNMA	2001 A-E RMRB				173,471.00	186,116.17		(173,084.09)	(386.91)				(12,645.17)	16,064.02
GNMA	2001 A-E RMRB				90,117.89	99,164.90		(89,930.82)	(187.07)				(9,047.01)	10,144.02
GNMA	2001 A-E RMRB				468,416.39	503,598.03		(467,234.14)	(1,182.25)				(35,181.64)	43,368.87
GNMA	2001 A-E RMRB				106,204.96	116,867.69		(105,899.63)	(305.33)				(10,662.73)	11,946.64
GNMA	2001 A-E RMRB				173,289.35	186,305.84		(172,790.24)	(499.11)				(13,016.49)	16,040.08
GNMA	2001 A-E RMRB				213,702.86	230,700.22		(213,017.84)	(685.02)				(16,997.36)	19,777.74
GNMA	2001 A-E RMRB				155,971.69	171,861.72		(155,616.66)	(355.03)				(15,890.03)	17,556.12
GNMA	2001 A-E RMRB				250,561.58	268,834.16		(250,019.22)	(542.36)				(18,272.58)	23,212.28
GNMA	2001 A-E RMRB				58,143.64	63,982.29		(58,026.27)	(117.37)				(5,838.65)	6,546.79
GNMA	2001 A-E RMRB				50,484.15	54,165.45		(50,367.47)	(116.68)				(3,681.30)	4,675.94
GNMA	2001 A-E RMRB				149,423.66	164,429.57		(149,115.41)	(308.25)				(15,005.91)	16,825.11
GNMA	2001 A-E RMRB				215,825.02	232,042.38		(215,322.18)	(502.84)				(16,217.36)	19,993.34
GNMA	2001 A-E RMRB				691,135.96	760,555.02		(689,619.84)	(1,516.12)				(69,419.06)	77,824.00
GNMA	2001 A-E RMRB				604,951.33	649,083.91		(603,637.53)	(1,313.80)				(44,132.58)	56,058.92
GNMA	2001 A-E RMRB				194,104.22	214,470.96		(193,246.63)	(857.59)				(20,366.74)	21,825.89
GNMA	2001 A-E RMRB				213,227.78	234,961.30		(212,758.28)	(469.50)				(21,733.52)	24,013.01
GNMA	2001 A-E RMRB				393,749.35	422,479.81		(392,892.64)	(856.71)				(28,730.46)	36,493.00
GNMA	2001 A-E RMRB				321,482.38	345,652.90		(320,672.57)	(809.81)				(24,170.52)	29,790.07
GNMA	2001 A-E RMRB				462,169.59	508,606.10		(461,171.07)	(998.52)				(46,436.51)	52,058.84
GNMA	2001 A-E RMRB				250,710.68	269,008.71		(250,170.12)	(540.56)				(18,298.03)	23,241.18
GNMA	2001 A-E RMRB				437,512.31	481,475.79		(436,565.25)	(947.06)				(43,963.48)	49,285.66
GNMA	2001 A-E RMRB				200,280.94	214,900.33		(199,828.62)	(452.32)				(14,619.39)	18,566.51
GNMA	2001 A-E RMRB				96,421.48	106,111.90		(96,228.41)	(193.07)				(9,690.42)	10,865.02
GNMA	2001 A-E RMRB				274,420.77	295,061.29		(273,545.20)	(875.57)				(20,640.52)	25,421.85
GNMA	2001 A-E RMRB				46,711.11	51,337.60		(46,609.13)	(101.98)				(4,626.49)	5,263.32
GNMA	2001 A-E RMRB				285,007.54	305,819.82		(284,339.23)	(668.31)				(20,812.28)	26,427.24
GNMA	2001 A-E RMRB				386,925.50	425,816.06		(386,106.65)	(818.85)				(38,890.56)	43,599.45
GNMA	2001 A-E RMRB				235,367.07	252,036.96		(234,870.99)	(496.08)				(16,669.89)	21,828.33

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB				109,695.57	120,562.58		(109,480.68)	(214.89)				(10,867.01)	12,365.10
GNMA	2001 A-E RMRB				72,227.22	77,344.35		(72,073.96)	(153.26)				(5,117.13)	6,700.05
GNMA	2001 A-E RMRB				81,990.50	90,714.78		(81,675.34)	(315.16)				(8,724.28)	9,225.87
GNMA	2001 A-E RMRB				69,543.23	74,623.64		(69,394.32)	(148.91)				(5,080.41)	6,451.73
GNMA	2001 A-E RMRB				279,952.19	308,100.32		(279,325.61)	(626.58)				(28,148.13)	31,551.65
GNMA	2001 A-E RMRB				290,219.31	319,403.59		(289,561.39)	(657.92)				(29,184.28)	32,711.81
GNMA	2001 A-E RMRB				56,811.71	61,087.63		(56,673.83)	(137.88)				(4,275.92)	5,269.52
GNMA	2001 A-E RMRB				206,867.77	227,976.03		(206,312.25)	(555.52)				(21,108.26)	23,309.43
GNMA	2001 A-E RMRB				39,957.35	43,916.99		(39,878.44)	(78.91)				(3,959.64)	4,505.30
GNMA	2001 A-E RMRB				49,191.83	54,283.95		(49,070.77)	(121.06)				(5,092.12)	5,544.38
GNMA	2001 A-E RMRB				348,738.88	383,819.45		(348,012.17)	(726.71)				(35,080.57)	39,326.23
GNMA	2001 A-E RMRB				185,282.68	199,235.34		(184,839.69)	(442.99)				(13,952.66)	17,193.83
GNMA	2001 A-E RMRB				85,509.91	93,985.85		(85,344.59)	(165.32)				(8,475.94)	9,644.05
GNMA	2001 A-E RMRB				36,621.87	39,025.25		(36,347.27)	(274.60)				(2,403.38)	3,382.48
GNMA	2001 A-E RMRB				180,356.72	198,763.87		(179,865.71)	(491.01)				(18,407.15)	20,325.58
GNMA	2001 A-E RMRB				65,752.52	70,704.35		(65,563.94)	(188.58)				(4,951.83)	6,099.37
GNMA	2001 A-E RMRB				215,466.16	237,460.39		(214,972.36)	(493.80)				(21,994.23)	24,295.90
GNMA	2001 A-E RMRB				147,761.52	158,241.72		(147,455.15)	(306.37)				(10,480.20)	13,719.37
GNMA	2001 A-E RMRB				118,494.42	130,417.50		(118,254.52)	(239.90)				(11,923.08)	13,366.45
GNMA	2001 A-E RMRB				127,394.09	136,710.77		(127,118.68)	(275.41)				(9,316.68)	11,828.73
GNMA	2001 A-E RMRB				146,025.09	156,705.57		(145,711.38)	(313.71)				(10,680.48)	13,560.11
GNMA	2001 A-E RMRB				239,699.37	264,175.51		(239,117.31)	(582.06)				(24,476.14)	27,033.31
GNMA	2001 A-E RMRB				92,507.11	99,477.74		(92,071.81)	(435.30)				(6,970.63)	8,570.67
GNMA	2001 A-E RMRB				104,434.64	114,793.27		(104,228.02)	(206.62)				(10,358.63)	11,784.85
GNMA	2001 A-E RMRB				112,588.22	123,921.88		(112,269.53)	(318.69)				(11,333.66)	12,695.60
GNMA	2001 A-E RMRB				41,877.70	46,147.48		(41,597.51)	(280.19)				(4,269.78)	4,705.38
GNMA	2001 A-E RMRB				204,598.02	224,897.27		(204,199.21)	(398.81)				(20,299.25)	23,094.07
GNMA	2001 A-E RMRB				143,379.37	157,605.75		(143,071.57)	(307.80)				(14,226.38)	16,181.98
GNMA	2001 A-E RMRB				44,301.52	48,762.79		(44,206.40)	(95.12)				(4,461.27)	5,000.37
GNMA	2001 A-E RMRB				263,912.51	290,104.56		(263,354.70)	(557.81)				(26,192.05)	29,792.64
GNMA	2001 A-E RMRB				93,051.08	102,286.78		(92,876.78)	(174.30)				(9,235.70)	10,507.57
GNMA	2001 A-E RMRB				103,905.46	114,372.79		(103,661.05)	(244.41)				(10,467.33)	11,729.55
GNMA	2001 A-E RMRB				134,910.95	149,293.95		(134,396.71)	(514.24)				(14,383.00)	15,208.95
GNMA	2001 A-E RMRB				92,869.23	102,361.86		(92,645.42)	(223.81)				(9,492.63)	10,483.66
GNMA	2001 A-E RMRB				49,450.62	54,360.93		(49,360.06)	(90.56)				(4,910.31)	5,586.47
GNMA	2001 A-E RMRB				46,039.23	50,611.00		(45,953.40)	(85.83)				(4,571.77)	5,201.13
GNMA	2001 A-E RMRB				83,274.75	92,034.76		(82,952.87)	(321.88)				(8,760.01)	9,391.01
GNMA	2001 A-E RMRB				49,928.47	55,034.96		(49,788.15)	(140.32)				(5,106.49)	5,637.22
GNMA	2001 A-E RMRB				46,191.23	50,782.24		(46,104.82)	(86.41)				(4,591.01)	5,222.47
GNMA	2001 A-E RMRB				49,467.51	54,385.19		(49,353.78)	(113.73)				(4,917.68)	5,591.72
GNMA	2001 A-E RMRB				58,697.94	64,618.01		(58,479.91)	(218.03)				(5,920.07)	6,624.79
GNMA	2001 A-E RMRB				229,203.05	251,992.73		(228,788.78)	(414.27)				(22,789.68)	25,924.64
GNMA	2001 A-E RMRB				55,892.03	61,450.13		(55,790.00)	(102.03)				(5,558.10)	6,322.48
GNMA	2001 A-E RMRB				139,460.63	153,334.48		(139,196.96)	(263.67)				(13,873.85)	12,997.51
GNMA	2001 A-E RMRB				48,586.42	54,100.37		(48,500.32)	(86.10)				(5,513.95)	5,497.87
GNMA	2001 A-E RMRB				47,866.12	53,298.21		(47,779.79)	(86.33)				(5,432.09)	5,416.09
GNMA	2001 A-E RMRB				47,670.93	53,081.35		(47,572.37)	(98.56)				(5,410.42)	5,393.16
GNMA	2001 A-E RMRB				48,975.73	54,536.39		(48,889.64)	(86.09)				(5,560.66)	5,544.52
GNMA	2001 A-E RMRB				118,984.00	130,825.93		(118,759.72)	(224.28)				(11,841.93)	11,094.28
GNMA	2001 A-E RMRB				93,790.30	103,126.79		(93,614.13)	(176.17)				(9,336.49)	8,747.19
GNMA	2001 A-E RMRB				46,735.85	52,112.88			(99.30)	(46,636.55)			(5,377.03)	0.00
FNMA	2001 A-E RMRB				259,185.21	283,101.40		(258,476.66)	(708.55)				(23,916.19)	28,128.83
FNMA	2001 A-E RMRB				67,186.70	72,123.94		(67,041.13)	(145.57)				(4,937.24)	5,961.76
FNMA	2001 A-E RMRB				69,910.44	75,049.03		(69,270.64)	(639.80)				(5,138.59)	6,163.01
FNMA	2001 A-E RMRB				129,664.40	139,196.89		(129,221.66)	(442.74)				(9,532.49)	11,495.98
FNMA	2001 A-E RMRB				219,518.09	239,790.13		(219,072.92)	(445.17)				(20,272.04)	23,856.49
FNMA	2001 A-E RMRB				79,697.05	85,558.85		(79,529.45)	(167.60)				(5,861.80)	7,077.60
FNMA	2001 A-E RMRB				206,294.26	225,356.65		(205,746.59)	(547.67)				(19,062.39)	22,417.48
FNMA	2001 A-E RMRB				198,025.91	212,611.41		(197,515.73)	(510.18)				(14,585.50)	17,598.72
FNMA	2001 A-E RMRB				22,380.23	24,450.92		(22,290.26)	(89.97)				(2,070.69)	2,431.51
Repo Agmt	2001 A-E RMRB	0.01	08/31/11	09/01/11	36,913.64	36,913.64		(36,913.58)			0.06	0.06	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Repo Agmt	2001 A-E RMRB	0.01	08/31/11	09/01/11	183.84	183.84	0.00			-	183.84	183.84	-	0.00
GNMA	2001 A-E RMRB				4,504.27	4,950.96			(16.59)	(4,487.68)			(446.69)	0.00
GNMA	2001 A-E RMRB				12,624.41	13,895.16			(56.34)	(12,568.07)			(1,270.75)	0.00
GNMA	2001 A-E RMRB				10,232.40	10,958.55			(43.26)	(10,189.14)			(726.15)	0.00
GNMA	2001 A-E RMRB				45,968.07	49,230.97			(185.37)	(45,782.70)			(3,262.90)	0.00
GNMA	2001 A-E RMRB				23,245.29	25,619.75			(116.28)	(23,129.01)			(2,374.46)	0.00
GNMA	2001 A-E RMRB				8,670.82	9,286.24			(35.89)	(8,634.93)			(615.42)	0.00
GNMA	2001 A-E RMRB				10,339.34	11,073.36			(41.37)	(10,297.97)			(734.02)	0.00
GNMA	2001 A-E RMRB				6,497.32	7,141.97			(24.09)	(6,473.23)			(644.65)	0.00
GNMA	2001 A-E RMRB				8,805.98	9,431.09			(37.30)	(8,768.68)			(625.11)	0.00
GNMA	2001 A-E RMRB				25,870.33	28,437.46			(99.21)	(25,771.12)			(2,567.13)	0.00
GNMA	2001 A-E RMRB				13,992.73	15,381.30			(51.20)	(13,941.53)			(1,388.57)	0.00
GNMA	2001 A-E RMRB				12,933.15	13,879.87			(58.30)	(12,874.85)			(946.72)	0.00
GNMA	2001 A-E RMRB				34,386.96	37,799.54			(144.31)	(34,242.65)			(3,412.58)	0.00
GNMA	2001 A-E RMRB				12,374.49	13,253.19			(49.75)	(12,324.74)			(878.70)	0.00
GNMA	2001 A-E RMRB				5,489.89	6,042.86			(23.33)	(5,466.56)			(552.97)	0.00
GNMA	2001 A-E RMRB				6,433.93	6,890.92			(25.63)	(6,408.30)			(456.99)	0.00
GNMA	2001 A-E RMRB				10,450.26	11,487.46			(37.90)	(10,412.36)			(1,037.20)	0.00
GNMA	2001 A-E RMRB				5,352.77	5,884.12			(19.29)	(5,333.48)			(531.35)	0.00
GNMA	2001 A-E RMRB				9,652.69	10,338.53			(38.05)	(9,614.64)			(685.84)	0.00
GNMA	2001 A-E RMRB				6,836.57	7,515.19			(30.78)	(6,805.79)			(678.62)	0.00
GNMA	2001 A-E RMRB				6,146.37	6,583.00			(24.72)	(6,121.65)			(436.63)	0.00
GNMA	2001 A-E RMRB				4,689.69	5,155.28			(17.27)	(4,672.42)			(465.59)	0.00
GNMA	2001 A-E RMRB				13,504.28	14,864.79			(56.02)	(13,448.26)			(1,360.51)	0.00
GNMA	2001 A-E RMRB				14,190.26	15,599.14			(53.93)	(14,136.33)			(1,408.88)	0.00
GNMA	2001 A-E RMRB				13,132.77	14,066.05			(52.14)	(13,080.63)			(933.28)	0.00
GNMA	2001 A-E RMRB				46,847.13	50,279.20			(254.91)	(46,592.22)			(3,432.07)	0.00
GNMA	2001 A-E RMRB				35,383.73	38,949.42			(9,580.07)	(25,803.66)			(3,565.69)	0.00
GNMA	2001 A-E RMRB				36,049.79	38,612.13			(146.24)	(35,903.55)			(2,562.34)	0.00
GNMA	2001 A-E RMRB				6,371.37	7,004.10			(22.76)	(6,348.61)			(632.73)	0.00
GNMA	2001 A-E RMRB				25,013.68	27,534.63			(112.13)	(24,901.55)			(2,520.95)	0.00
GNMA	2001 A-E RMRB				10,006.40	10,717.66			(39.50)	(9,966.90)			(711.26)	0.00
GNMA	2001 A-E RMRB				9,354.58	10,283.70			(33.50)	(9,321.08)			(929.12)	0.00
GNMA	2001 A-E RMRB				17,046.43	18,258.34			(67.67)	(16,978.76)			(1,211.91)	0.00
GNMA	2001 A-E RMRB				5,813.91	6,391.42			(21.47)	(5,792.44)			(577.51)	0.00
GNMA	2001 A-E RMRB				11,785.01	12,623.04			(48.21)	(11,736.80)			(838.03)	0.00
GNMA	2001 A-E RMRB				4,894.97	5,388.43			(20.45)	(4,874.52)			(493.46)	0.00
GNMA	2001 A-E RMRB				24,027.86	26,415.24			(89.41)	(23,938.45)			(2,387.38)	0.00
GNMA	2001 A-E RMRB				31,280.43	33,485.68			(122.84)	(31,157.59)			(2,205.25)	0.00
GNMA	2001 A-E RMRB				6,873.34	7,357.90			(26.69)	(6,846.65)			(484.56)	0.00
GNMA	2001 A-E RMRB				29,529.20	32,463.45			(110.47)	(29,418.73)			(2,934.25)	0.00
GNMA	2001 A-E RMRB				31,637.32	33,888.08			(11,586.66)	(20,050.66)			(2,250.76)	0.00
GNMA	2001 A-E RMRB				4,360.46	4,793.78			(16.76)	(4,343.70)			(433.32)	0.00
GNMA	2001 A-E RMRB				15,352.55	17,046.94			(55.06)	(15,297.49)			(1,694.39)	0.00
GNMA	2001 A-E RMRB				133,551.62	145,499.77			(12,134.51)	(121,417.11)			(11,948.15)	0.00
GNMA	2001 A-E RMRB				9,962.06	11,061.62			(35.39)	(9,926.67)			(1,099.56)	0.00
GNMA	2001 A-E RMRB				86,210.68	92,347.21			(344.75)	(85,865.93)			(6,136.53)	0.00
GNMA	2001 A-E RMRB				123,663.60	134,729.93			(534.04)	(123,129.56)			(11,066.33)	0.00
GNMA	2001 A-E RMRB				5,532.92	6,107.41			(39.61)	(5,493.31)			(574.49)	0.00
GNMA	2001 A-E RMRB				33,227.99	35,593.77			(136.44)	(33,091.55)			(2,365.78)	0.00
GNMA	2001 A-E RMRB				51,283.91	55,874.12			(355.66)	(50,928.25)			(4,590.21)	0.00
GNMA	2001 A-E RMRB				4,654.52	5,117.27			(16.51)	(4,638.01)			(462.75)	0.00
GNMA	2001 A-E RMRB				30,323.78	33,038.06			(168.88)	(30,154.90)			(2,714.28)	0.00
GNMA	2001 A-E RMRB				9,631.73	10,603.44			(40.12)	(9,591.61)			(971.71)	0.00
GNMA	2001 A-E RMRB				5,172.66	5,687.10			(18.89)	(5,153.77)			(514.44)	0.00
GNMA	2001 A-E RMRB				12,292.86	13,160.60			(47.26)	(12,245.60)			(867.74)	0.00
GNMA	2001 A-E RMRB				5,700.09	6,267.02			(19.91)	(5,680.18)			(566.93)	0.00
GNMA	2001 A-E RMRB				5,173.62	5,636.73			(19.62)	(5,154.00)			(463.11)	0.00
GNMA	2001 A-E RMRB				17,590.85	19,664.63			(138.83)	(17,452.02)			(2,073.78)	0.00
GNMA	2001 A-E RMRB				35,644.79	39,690.29			(170.85)	(35,473.94)			(4,045.50)	0.00
GNMA	2001 A-E RMRB				35,440.09	38,965.76			(139.51)	(35,300.58)			(3,525.67)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB				5,463.57	6,091.71			(42.57)	(5,421.00)			(628.14)	0.00
GNMA	2001 A-E RMRB				18,788.74	20,658.13			(82.24)	(18,706.50)			(1,869.39)	0.00
GNMA	2001 A-E RMRB				28,031.55	31,213.62			(99.26)	(27,932.29)			(3,182.07)	0.00
GNMA	2001 A-E RMRB				24,839.28	27,311.17			(106.40)	(24,732.88)			(2,471.89)	0.00
GNMA	2001 A-E RMRB				9,742.57	10,848.62			(34.64)	(9,707.93)			(1,106.05)	0.00
GNMA	2001 A-E RMRB				10,490.27	11,534.45			(39.09)	(10,451.18)			(1,044.18)	0.00
GNMA	2001 A-E RMRB				47,111.93	52,461.27			(186.04)	(46,925.89)			(5,349.34)	0.00
GNMA	2001 A-E RMRB				21,520.12	23,963.88			(74.08)	(21,446.04)			(2,443.76)	0.00
GNMA	2001 A-E RMRB				7,148.13	7,960.60			(36.79)	(7,111.34)			(812.47)	0.00
GNMA	2001 A-E RMRB				9,026.64	9,926.09			(39.62)	(8,987.02)			(899.45)	0.00
GNMA	2001 A-E RMRB				21,469.85	29,797.05			(38.95)	(21,430.90)			(8,327.20)	0.00
GNMA	2001 A-E RMRB				24,028.58	26,421.19			(94.59)	(23,933.99)			(2,392.61)	0.00
GNMA	2001 A-E RMRB				17,661.65	19,667.76			(60.97)	(17,600.68)			(2,006.11)	0.00
GNMA	2001 A-E RMRB				20,638.30	22,693.44			(91.46)	(20,546.84)			(2,055.14)	0.00
GNMA	2001 A-E RMRB				4,491.35	5,001.49			(25.56)	(4,465.79)			(510.14)	0.00
GNMA	2001 A-E RMRB				16,219.81	17,835.06			(62.05)	(16,157.76)			(1,615.25)	0.00
GNMA	2001 A-E RMRB				6,520.95	7,261.68			(22.01)	(6,498.94)			(740.73)	0.00
GNMA	2001 A-E RMRB				17,404.39	19,381.86			(100.31)	(17,304.08)			(1,977.47)	0.00
GNMA	2001 A-E RMRB				3,367.09	3,749.75			(11.39)	(3,355.70)			(382.66)	0.00
GNMA	2001 A-E RMRB				15,042.03	16,738.32			(51.77)	(14,990.26)			(1,696.29)	0.00
GNMA	2001 A-E RMRB				13,778.53	15,332.47			(45.91)	(13,732.62)			(1,553.94)	0.00
GNMA	2001 A-E RMRB				15,927.00	17,723.27			(51.97)	(15,875.03)			(1,796.27)	0.00
GNMA	2001 A-E RMRB				12,876.07	14,143.92			(46.42)	(12,829.65)			(1,267.85)	0.00
GNMA	2001 A-E RMRB				8,933.78	9,941.43			(29.03)	(8,904.75)			(1,007.65)	0.00
GNMA	2001 A-E RMRB				11,489.69	12,796.62			(38.34)	(11,451.35)			(1,306.93)	0.00
GNMA	2001 A-E RMRB				12,659.60	13,922.17			(46.65)	(12,612.95)			(1,262.57)	0.00
GNMA	2001 A-E RMRB				11,058.83	12,315.68			(37.58)	(11,021.25)			(1,256.85)	0.00
GNMA	2001 A-E RMRB				10,760.48	11,983.74			(35.63)	(10,724.85)			(1,223.26)	0.00
GNMA	2001 A-E RMRB				6,655.58	7,412.30			(22.55)	(6,633.03)			(756.72)	0.00
GNMA	2001 A-E RMRB				20,108.83	22,424.85			(84.16)	(20,024.67)			(2,316.02)	0.00
GNMA	2001 A-E RMRB				20,591.81	22,935.31			(69.46)	(20,522.35)			(2,343.50)	0.00
GNMA	2001 A-E RMRB				23,842.53	26,191.77			(86.53)	(23,756.00)			(2,349.24)	0.00
GNMA	2001 A-E RMRB				1,603.76	1,746.30			(37.25)	(1,566.51)			(142.54)	0.00
GNMA	2001 A-E RMRB				13,777.30	15,331.70			(45.39)	(13,731.91)			(1,554.40)	0.00
GNMA	2001 A-E RMRB				11,443.82	12,735.65			(36.91)	(11,406.91)			(1,291.83)	0.00
GNMA	2001 A-E RMRB				13,893.61	15,262.95			(48.83)	(13,844.78)			(1,369.34)	0.00
GNMA	2001 A-E RMRB				10,421.87	11,598.56			(32.95)	(10,388.92)			(1,176.69)	0.00
GNMA	2001 A-E RMRB				31,140.90	34,657.19			(98.79)	(31,042.11)			(3,516.29)	0.00
GNMA	2001 A-E RMRB				11,055.41	12,304.08			(35.28)	(11,020.13)			(1,248.67)	0.00
GNMA	2001 A-E RMRB				6,130.15	6,822.84			(20.08)	(6,110.07)			(692.69)	0.00
GNMA	2001 A-E RMRB				7,611.22	8,471.82			(24.18)	(7,587.04)			(860.60)	0.00
GNMA	2001 A-E RMRB				8,028.58	8,680.86			(28.08)	(8,000.50)			(652.28)	0.00
GNMA	2001 A-E RMRB				12,485.00	13,499.77			(54.47)	(12,430.53)			(1,014.77)	0.00
GNMA	2001 A-E RMRB				13,176.30	14,650.09			(43.06)	(13,133.24)			(1,473.79)	0.00
GNMA	2001 A-E RMRB				24,659.39	27,417.79			(76.58)	(24,582.81)			(2,758.40)	0.00
GNMA	2001 A-E RMRB				25,564.61	28,456.24			(78.26)	(25,486.35)			(2,891.63)	0.00
GNMA	2001 A-E RMRB				12,338.90	13,340.10			(44.32)	(12,294.58)			(1,001.20)	0.00
GNMA	2001 A-E RMRB				14,100.43	15,678.08			(42.90)	(14,057.53)			(1,577.65)	0.00
GNMA	2001 A-E RMRB				18,400.85	20,484.63			(66.74)	(18,334.11)			(2,083.78)	0.00
GNMA	2001 A-E RMRB				25,055.27	27,859.49			(75.49)	(24,979.78)			(2,804.22)	0.00
GNMA	2001 A-E RMRB				23,040.59	24,615.66			(86.88)	(22,953.71)			(1,575.07)	0.00
GNMA	2001 A-E RMRB				14,466.60	15,621.41			(49.18)	(14,417.42)			(1,154.81)	0.00
GNMA	2001 A-E RMRB				18,282.22	20,329.02			(54.60)	(18,227.62)			(2,046.80)	0.00
GNMA	2001 A-E RMRB				7,904.43	8,789.56			(23.45)	(7,880.98)			(885.13)	0.00
FNMA	2001 A-E RMRB				22,876.63	25,011.48			(85.82)	(22,790.81)			(2,134.85)	0.00
FNMA	2001 A-E RMRB				7,874.17	8,399.02			(37.38)	(7,836.79)			(524.85)	0.00
FNMA	2001 A-E RMRB				5,824.23	6,368.32			(42.71)	(5,781.52)			(544.09)	0.00
FNMA	2001 A-E RMRB				27,895.56	30,479.10			(505.26)	(27,390.30)			(2,583.54)	0.00
FNMA	2001 A-E RMRB				9,579.25	10,486.07			(86.92)	(9,492.33)			(906.82)	0.00
FNMA	2001 A-E RMRB				6,958.61	7,749.95			(32.02)	(6,926.59)			(791.34)	0.00
FNMA	2001 A-E RMRB				25,472.78	28,447.12			(86.51)	(25,386.27)			(2,974.34)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
FNMA	2001 A-E RMRB				6,305.82	6,880.03			(34.90)	(6,270.92)			(574.21)	0.00
FNMA	2001 A-E RMRB				4,011.70	4,461.16			(15.57)	(3,996.13)			(449.46)	0.00
FNMA	2001 A-E RMRB				14,139.25	15,744.39			(53.31)	(14,085.94)			(1,605.14)	0.00
FNMA	2001 A-E RMRB				7,277.69	7,811.64			(33.18)	(7,244.51)			(533.95)	0.00
	2001 A-E RMRB Total				32,286,381.26	34,922,202.39	0.29	(25,980,224.82)	(560,876.15)	12,896.10	5,758,176.68	6,313,507.51	(2,080,490.30)	2,417,495.16
Repo Agmt	2002 RMRB	0.01	08/31/11	09/01/11	1.12	1.12	324,488.13				324,489.25	324,489.25	-	0.00
GIC's	2002 RMRB	4.20	12/18/02	04/01/34	870,111.94	870,111.94		(356,867.28)			513,244.66	513,244.66	-	0.00
Repo Agmt	2002 RMRB	0.01	08/31/11	09/01/11	158,292.89	158,292.89	2,766.46				161,059.35	161,059.35	-	0.00
GIC's	2002 RMRB	4.20	12/18/02	04/01/34	131,969.42	131,969.42	0.00				131,969.42	131,969.42	-	0.00
GNMA	2002 RMRB	5.49	03/12/03	03/20/33	36,819.21	40,470.71			(204.06)		36,615.15	40,978.71	712.06	0.00
GNMA	2002 RMRB	5.49	04/02/03	03/20/33	103,195.89	113,583.40			(671.59)		102,524.30	114,894.82	1,983.01	0.00
GNMA	2002 RMRB	4.80	04/02/03	03/20/33	83,642.79	89,578.68			(531.51)		83,111.28	91,320.62	2,273.45	0.00
GNMA	2002 RMRB	4.80	04/10/03	04/20/33	375,757.56	402,429.40			(2,277.46)		373,480.10	410,375.84	10,223.90	0.00
GNMA	2002 RMRB	5.49	04/17/03	04/20/33	190,014.28	209,423.87			(1,436.86)		188,577.42	211,611.83	3,624.82	0.00
GNMA	2002 RMRB	4.80	04/17/03	03/20/33	70,877.93	75,908.69			(467.67)		70,410.26	77,365.76	1,924.74	0.00
GNMA	2002 RMRB	4.80	04/24/03	04/20/33	84,517.14	90,517.11			(508.26)		84,008.88	92,308.87	2,300.02	0.00
GNMA	2002 RMRB	5.49	04/29/03	04/20/33	53,111.31	58,380.74			(296.21)		52,815.10	59,111.54	1,027.01	0.00
GNMA	2002 RMRB	4.80	04/29/03	03/20/33	71,982.98	77,092.71			(458.39)		71,524.59	78,590.72	1,956.40	0.00
GNMA	2002 RMRB	5.49	05/08/03	05/20/33	211,472.13	232,456.68			(1,206.95)		210,265.18	235,335.47	4,085.74	0.00
GNMA	2002 RMRB	5.49	05/15/03	05/20/33	114,381.02	125,731.63			(629.25)		113,751.77	127,315.09	2,212.71	0.00
GNMA	2002 RMRB	4.80	05/15/03	04/20/33	105,719.58	113,458.45			(707.59)		105,011.99	115,619.24	2,868.38	0.00
GNMA	2002 RMRB	5.49	05/22/03	05/20/33	281,089.71	308,985.26			(1,809.00)		279,280.71	312,582.64	5,406.38	0.00
GNMA	2002 RMRB	4.80	05/22/03	04/20/33	101,152.86	108,335.77			(611.29)		100,541.57	110,476.96	2,752.48	0.00
GNMA	2002 RMRB	5.49	05/29/03	05/20/33	44,876.57	49,396.28			(285.11)		44,591.46	49,974.32	863.15	0.00
GNMA	2002 RMRB	4.80	05/29/03	05/20/33	52,593.24	56,328.56			(314.90)		52,278.34	57,445.09	1,431.43	0.00
GNMA	2002 RMRB	5.49	06/10/03	05/20/33	85,423.44	93,902.06			(465.72)		84,957.72	95,089.39	1,653.05	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	43,755.21	48,098.70			(237.22)		43,517.99	48,708.36	846.88	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	78,904.59	84,510.39			(467.58)		78,437.01	86,190.86	2,148.05	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	55,884.01	61,431.55			(361.56)		55,522.45	62,144.64	1,074.65	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	50,241.97	53,811.51			(303.65)		49,938.32	54,875.04	1,367.18	0.00
GNMA	2002 RMRB	5.49	06/26/03	06/20/33	38,335.24	42,140.89			(212.20)		38,123.04	42,670.15	741.46	0.00
GNMA	2002 RMRB	5.49	07/03/03	06/20/33	110,388.02	121,509.50			(688.44)		109,699.58	122,945.87	2,124.81	0.00
GNMA	2002 RMRB	5.49	07/10/03	06/20/33	115,995.72	127,512.24			(663.16)		115,332.56	129,090.09	2,241.01	0.00
GNMA	2002 RMRB	4.80	07/10/03	06/20/33	107,351.75	114,980.26			(641.00)		106,710.75	117,261.29	2,922.03	0.00
GNMA	2002 RMRB	4.80	07/17/03	06/20/33	382,942.56	410,997.89			(3,357.49)		379,585.07	417,950.51	10,310.11	0.00
GNMA	2002 RMRB	5.49	07/24/03	07/20/33	289,237.58	318,384.70			(78,821.69)		210,415.89	235,828.72	(3,734.29)	0.00
GNMA	2002 RMRB	4.80	07/24/03	07/20/33	294,682.07	315,627.62			(1,796.87)		292,885.20	321,848.18	8,017.43	0.00
GNMA	2002 RMRB	5.49	07/30/03	07/20/33	52,081.73	57,253.75			(279.70)		51,802.03	57,982.43	1,008.38	0.00
GNMA	2002 RMRB	5.49	08/07/03	07/20/33	204,469.74	225,076.67			(1,378.44)		203,091.30	227,621.58	3,923.35	0.00
GNMA	2002 RMRB	4.80	08/07/03	06/20/33	81,795.49	87,609.58			(485.23)		81,310.26	89,351.09	2,226.74	0.00
GNMA	2002 RMRB	5.49	08/14/03	08/20/33	76,467.12	84,062.24			(411.76)		76,055.36	85,130.88	1,480.40	0.00
GNMA	2002 RMRB	4.80	08/14/03	07/20/33	139,343.04	149,249.42			(831.48)		138,511.56	152,210.88	3,792.94	0.00
GNMA	2002 RMRB	5.49	08/21/03	08/20/33	47,524.79	52,245.46			(263.89)		47,260.90	52,900.70	919.13	0.00
GNMA	2002 RMRB	4.80	08/28/03	08/20/33	96,334.34	103,184.74			(592.51)		95,741.83	105,212.86	2,620.63	0.00
GNMA	2002 RMRB	5.49	09/04/03	08/20/33	40,013.03	44,046.78			(251.28)		39,761.75	44,565.51	770.01	0.00
GNMA	2002 RMRB	5.49	09/18/03	09/20/33	196,411.34	215,926.43			(1,101.84)		195,309.50	218,622.13	3,797.54	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	255,696.17	273,722.44			(1,509.59)		254,186.58	279,176.02	6,963.17	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	56,184.78	60,145.76			(328.00)		55,856.78	61,348.15	1,530.39	0.00
GNMA	2002 RMRB	5.49	09/29/03	09/20/33	241,381.09	265,366.39			(1,354.20)		240,026.89	268,678.96	4,666.77	0.00
GNMA	2002 RMRB	4.80	09/29/03	09/20/33	258,613.45	277,011.81			(95,039.34)		163,574.11	179,760.45	(2,212.02)	0.00
GNMA	2002 RMRB	5.49	10/16/03	09/20/33	35,643.59	39,185.85			(201.65)		35,441.94	39,673.13	688.93	0.00
GNMA	2002 RMRB	5.49	10/30/03	10/20/33	125,496.42	139,347.02			(676.67)		124,819.75	140,213.62	1,543.27	0.00
GNMA	2002 RMRB	4.80	10/30/03	10/20/33	1,091,692.78	1,189,360.58			(101,247.22)		990,445.56	1,098,210.48	10,097.12	0.00
GNMA	2002 RMRB	5.49	11/13/03	10/20/33	81,432.89	90,421.20			(435.02)		80,997.87	90,988.09	1,001.91	0.00
GNMA	2002 RMRB	4.80	11/13/03	10/20/33	704,712.71	754,874.92			(4,231.55)		700,481.16	769,824.43	19,181.06	0.00
GNMA	2002 RMRB	4.80	11/20/03	11/20/33	1,010,864.61	1,101,324.48			(91,607.28)		919,257.33	1,019,298.24	9,581.04	0.00
GNMA	2002 RMRB	5.49	11/26/03	10/20/33	45,227.99	49,923.97			(439.79)		44,788.20	50,334.45	850.27	0.00
GNMA	2002 RMRB	4.80	11/26/03	11/20/33	271,616.00	290,954.63			(1,676.47)		269,939.53	296,666.66	7,388.50	0.00
GNMA	2002 RMRB	4.80	12/04/03	12/20/33	419,210.93	456,732.52			(4,357.68)		414,853.25	460,008.33	7,633.49	0.00
GNMA	2002 RMRB	5.49	12/04/03	11/20/33	38,047.14	41,830.21			(202.95)		37,844.19	42,364.13	736.87	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2002 RMRB	4.80	12/11/03	12/20/33	247,875.92	270,063.42			(2,027.47)		245,848.45	272,609.38	4,573.43	0.00
GNMA	2002 RMRB	5.49	12/11/03	09/20/33	78,732.52	86,675.92			(493.03)		78,239.49	87,698.26	1,515.37	0.00
GNMA	2002 RMRB	5.49	12/18/03	12/20/33	42,283.22	46,488.15			(296.04)		41,987.18	47,002.65	810.54	0.00
GNMA	2002 RMRB	4.80	12/18/03	12/20/33	100,485.93	107,578.88			(580.80)		99,905.13	109,735.93	2,737.85	0.00
GNMA	2002 RMRB	5.49	12/23/03	12/20/33	46,594.68	51,228.59			(244.67)		46,350.01	51,886.80	902.88	0.00
GNMA	2002 RMRB	4.80	12/23/03	12/20/33	42,290.54	46,076.39			(241.10)		42,049.44	46,626.98	791.69	0.00
GNMA	2002 RMRB	5.49	01/15/04	01/20/34	143,792.80	160,744.84			(1,692.14)		142,100.66	161,625.61	2,572.91	0.00
GNMA	2002 RMRB	5.49	01/22/04	01/20/34	291,371.44	324,440.81			(2,100.37)		289,271.07	327,743.01	5,402.57	0.00
GNMA	2002 RMRB	4.80	01/22/04	01/20/34	289,698.47	318,518.31			(1,714.67)		287,983.80	322,394.31	5,590.67	0.00
GNMA	2002 RMRB	5.49	01/29/04	01/20/34	44,660.83	49,795.56			(441.12)		44,219.71	50,166.04	811.60	0.00
GNMA	2002 RMRB	4.80	02/12/04	01/20/34	153,584.59	168,865.99			(1,011.03)		152,573.56	170,806.71	2,951.75	0.00
GNMA	2002 RMRB	5.49	02/12/04	02/20/34	229,138.45	255,149.96			(1,220.24)		227,918.21	258,235.84	4,306.12	0.00
GNMA	2002 RMRB	4.80	02/26/04	02/20/34	203,043.97	223,250.01			(1,279.25)		201,764.72	225,879.97	3,909.21	0.00
GNMA	2002 RMRB	5.49	02/26/04	02/20/34	79,638.75	88,680.05			(425.78)		79,212.97	89,750.68	1,496.41	0.00
GNMA	2002 RMRB	4.80	03/11/04	03/20/34	85,751.20	94,286.19			(480.42)		85,270.78	95,464.02	1,658.25	0.00
GNMA	2002 RMRB	5.49	03/11/04	03/20/34	385,107.51	428,834.83			(2,248.00)		382,859.51	433,798.35	7,211.52	0.00
GNMA	2002 RMRB	5.49	03/25/04	03/20/34	175,912.22	195,888.28			(910.39)		175,001.83	198,287.33	3,309.44	0.00
GNMA	2002 RMRB	5.49	07/09/04	07/20/34	58,430.80	65,072.47			(467.39)		57,963.41	65,767.72	1,162.64	0.00
GNMA	2002 RMRB	4.80	07/08/04	06/20/34	73,786.64	81,139.02			(464.66)		73,321.98	82,095.11	1,420.75	0.00
GNMA	2002 RMRB	5.49	04/01/04	04/20/34	175,501.33	243,570.40			(478.39)		175,022.94	246,487.30	3,395.29	0.00
GNMA	2002 RMRB	4.80	04/22/04	04/20/34	196,417.61	215,975.05			(1,149.74)		195,267.87	218,617.76	3,792.45	0.00
GNMA	2002 RMRB	5.49	04/22/04	04/20/34	144,371.94	160,770.44			(749.46)		143,622.48	162,736.96	2,715.98	0.00
GNMA	2002 RMRB	4.80	04/29/04	04/20/34	168,704.31	185,503.25			(1,123.78)		167,580.53	187,620.38	3,240.91	0.00
GNMA	2002 RMRB	5.49	04/29/04	04/20/34	36,713.48	40,883.80			(322.02)		36,391.46	41,234.91	673.13	0.00
GNMA	2002 RMRB	4.80	05/06/04	04/20/34	132,586.20	145,789.37			(762.44)		131,823.76	147,588.44	2,561.51	0.00
GNMA	2002 RMRB	5.49	05/06/04	04/20/34	53,304.09	59,359.26			(270.50)		53,033.59	60,092.32	1,003.56	0.00
GNMA	2002 RMRB	5.49	05/27/04	05/20/34	142,268.82	158,433.42			(1,197.38)		141,071.44	159,851.27	2,615.23	0.00
GNMA	2002 RMRB	5.49	06/24/04	06/20/34	27,523.64	30,651.65			(139.50)		27,384.14	31,030.39	518.24	0.00
GNMA	2002 RMRB	5.49	09/02/04	08/20/34	122,958.38	136,824.32			(636.46)		122,321.92	138,501.92	2,314.06	0.00
GNMA	2002 RMRB	5.49	09/01/04	09/20/34	112,630.53	125,332.40			(567.50)		112,063.03	126,886.63	2,121.73	0.00
GNMA	2002 RMRB	5.49	09/16/04	09/20/34	130,191.70	144,875.52			(638.76)		129,552.94	146,691.78	2,455.02	0.00
GNMA	2002 RMRB	4.80	09/29/04	09/20/34	105,252.82	115,616.82			(570.40)		104,682.42	117,085.08	2,038.66	0.00
GNMA	2002 RMRB	5.49	09/29/04	09/20/34	73,027.17	81,264.39			(356.83)		72,670.34	82,284.83	1,377.27	0.00
GNMA	2002 RMRB	5.49	10/07/04	09/20/34	93,920.19	104,603.61			(471.21)		93,448.98	105,901.52	1,769.12	0.00
GNMA	2002 RMRB	4.80	10/07/04	09/20/34	103,483.39	113,804.19			(573.27)		102,910.12	115,232.98	2,002.06	0.00
GNMA	2002 RMRB	5.49	07/15/04	04/20/34	90,398.45	100,672.23			(461.88)		89,936.57	101,911.82	1,701.47	0.00
GNMA	2002 RMRB	5.49	07/22/04	07/20/34	87,959.92	97,958.84			(438.00)		87,521.92	99,178.16	1,657.32	0.00
GNMA	2002 RMRB	5.49	08/05/04	08/20/34	54,405.01	60,590.50			(277.26)		54,127.75	61,337.48	1,024.24	0.00
GNMA	2002 RMRB	5.49	08/19/04	08/20/34	164,375.54	183,307.72			(1,068.45)		163,307.09	185,301.37	3,062.10	0.00
GNMA	2002 RMRB	5.49	12/02/04	11/20/34	168,323.89	187,480.36			(853.67)		167,470.22	189,796.21	3,169.52	0.00
GNMA	2002 RMRB	4.80	12/02/04	11/20/34	194,896.51	214,099.74			(1,063.27)		193,833.24	216,810.54	3,774.07	0.00
GNMA	2002 RMRB	4.80	10/28/04	09/20/34	13,109.54	14,274.85			(457.77)		12,651.77	14,024.57	207.49	0.00
GNMA	2002 RMRB	5.49	10/28/04	10/20/34	112,619.72	125,326.10			(558.01)		112,061.71	126,891.09	2,123.00	0.00
GNMA	2002 RMRB	5.49	12/29/04	12/20/34	93,545.18	104,105.18			(453.73)		93,091.45	105,416.24	1,764.79	0.00
GNMA	2002 RMRB	4.80	12/29/04	12/20/34	113,570.92	124,764.13			(600.13)		112,970.79	126,365.71	2,201.71	0.00
GNMA	2002 RMRB	5.49	01/06/05	01/20/35	85,192.12	94,810.32			(404.95)		84,787.17	96,013.58	1,608.21	0.00
GNMA	2002 RMRB	5.49	01/27/05	01/20/35	254,555.06	283,298.73			(1,214.63)		253,340.43	286,888.91	4,804.81	0.00
GNMA	2002 RMRB	5.49	03/10/05	12/20/34	90,370.59	100,577.41			(433.59)		89,937.00	101,849.19	1,705.37	0.00
GNMA	2002 RMRB	5.49	05/05/05	03/20/35	50,109.29	55,772.04			(246.90)		49,862.39	56,469.99	944.85	0.00
GNMA	2002 RMRB	5.49	07/07/05	06/20/35	62,216.15	69,251.33			(297.25)		61,918.90	70,128.51	1,174.43	0.00
GNMA	2002 RMRB	4.80	07/07/05	06/20/35	65,628.57	70,960.13			(344.92)		65,283.65	71,885.08	1,269.87	0.00
GNMA	2002 RMRB	4.80	06/02/05	04/20/35	102,056.22	110,351.35			(669.34)		101,386.88	111,643.36	1,961.35	0.00
GNMA	2002 RMRB	5.49	09/08/05	08/20/35	107,707.58	119,754.44			(529.95)		107,177.63	121,394.65	2,170.16	0.00
GNMA	2002 RMRB	5.49	09/15/05	09/20/35	201,573.70	224,121.54			(941.37)		200,632.33	226,989.69	3,809.52	0.00
GNMA	2002 RMRB	5.49	08/04/05	08/20/35	208,973.27	232,610.26			(961.80)		208,011.47	235,598.07	3,949.61	0.00
GNMA	2002 RMRB	5.49	09/01/05	09/20/35	122,014.85	135,661.97			(840.89)		121,173.96	137,091.41	2,270.33	0.00
GNMA	2002 RMRB	4.80	10/13/05	09/20/35	101,158.09	109,046.17			(527.73)		100,630.36	110,455.93	1,937.49	0.00
GNMA	2002 RMRB	5.49	10/13/05	10/20/35	115,261.19	128,157.58			(660.71)		114,600.48	129,806.85	2,309.98	0.00
GNMA	2002 RMRB	5.49	12/19/05	12/20/35	150,414.30	167,447.78			(781.80)		149,632.50	169,497.19	2,831.21	0.00
GNMA	2002 RMRB	5.49	11/17/05	11/20/35	204,809.45	227,732.16			(927.76)		203,881.69	230,678.79	3,874.39	0.00
GNMA	2002 RMRB	4.80	11/22/05	10/20/35	186,120.91	201,216.08			(137,539.38)		48,581.53	53,487.43	(10,189.27)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2002 RMRB	4.80	12/22/05	12/20/35	118,254.28	127,694.32			(604.85)		117,649.43	129,379.80	2,290.33	0.00
GNMA	2002 RMRB	5.49	12/29/05	11/20/35	149,444.46	166,175.79			(671.38)		148,773.08	168,332.26	2,827.85	0.00
GNMA	2002 RMRB	5.49	01/12/06	01/20/36	272,468.45	302,979.20			(1,221.36)		271,247.09	306,914.02	5,156.18	0.00
GNMA	2002 RMRB	5.49	03/09/06	03/20/36	48,578.34	54,020.88			(211.92)		48,366.42	54,729.06	920.10	0.00
GNMA	2002 RMRB	5.49	03/02/06	03/20/36	145,812.92	162,148.30			(653.72)		145,159.20	164,254.02	2,759.44	0.00
GNMA	2002 RMRB	5.49	02/23/06	02/20/36	225,269.06	251,007.51			(12,756.93)		212,512.13	240,738.59	2,488.01	0.00
GNMA	2002 RMRB	5.49	03/16/06	03/20/36	145,330.30	161,800.77			(743.29)		144,587.01	163,794.76	2,737.28	0.00
GNMA	2002 RMRB	5.49	03/30/06	03/20/36	105,723.24	117,569.85			(460.95)		105,262.29	119,111.41	2,002.51	0.00
GNMA	2002 RMRB	5.49	04/06/06	04/20/36	130,602.41	145,238.13			(765.10)		129,837.31	146,921.19	2,448.16	0.00
FNMA	2002 RMRB	5.49	05/29/03	04/01/33	187,000.65	204,451.67			(1,054.99)		185,945.66	205,562.69	2,166.01	0.00
FNMA	2002 RMRB	4.80	09/18/03	07/01/33	64,365.81	68,656.23			(476.26)		63,889.55	68,955.24	775.27	0.00
FNMA	2002 RMRB	5.49	12/04/03	11/01/33	47,609.37	52,056.71			(525.14)		47,084.23	52,055.95	524.38	0.00
FNMA	2002 RMRB	4.80	01/15/04	11/01/33	228,026.75	249,145.72			(4,574.82)		223,451.93	245,801.03	1,230.13	0.00
FNMA	2002 RMRB	4.80	02/26/04	01/01/34	78,303.75	85,716.39			(979.25)		77,324.50	85,407.73	670.59	0.00
FNMA	2002 RMRB	5.49	04/08/04	06/01/33	56,881.19	63,350.58			(400.34)		56,480.85	63,311.35	361.11	0.00
FNMA	2002 RMRB	5.49	09/02/04	08/01/34	208,222.62	232,535.67			(1,095.08)		207,127.54	232,996.49	1,555.90	0.00
FNMA	2002 RMRB	4.80	11/10/04	10/01/34	51,545.40	56,239.52			(428.88)		51,116.52	56,207.48	396.84	0.00
FNMA	2002 RMRB	5.49	07/14/05	05/01/35	32,792.82	36,466.94			(180.95)		32,611.87	36,533.35	247.36	0.00
FNMA	2002 RMRB	5.49	11/03/05	10/01/35	115,578.64	128,699.58			(655.62)		114,923.02	128,867.70	823.74	0.00
FNMA	2002 RMRB	4.80	12/15/05	10/01/35	59,490.06	63,854.80			(432.67)		59,057.39	63,901.92	479.79	0.00
FNMA	2002 RMRB	5.49	04/27/06	03/01/36	130,553.63	145,060.48			(571.89)		129,981.74	145,361.24	872.65	0.00
Repo Agmt	2002 RMRB	0.01	08/31/11	09/01/11	31,901.61	31,901.61	24,567.72				56,469.33	56,469.33	-	0.00
	2002 RMRB Total				20,791,140.76	22,730,372.62	351,822.31	(356,867.28)	(620,702.96)	0.00	20,165,392.83	22,438,754.10	334,129.41	0.00
Repo Agmt	2009 AB RMRB	0.01	08/31/11	09/01/11	2,923,648.47	2,923,648.47		(1,751,415.44)			1,172,233.03	1,172,233.03	-	0.00
FNMA	2009 AB RMRB	5.75	08/17/10	05/01/40	65,048.77	72,420.38			(198.16)		64,850.61	72,590.48	368.26	0.00
GNMA	2009 AB RMRB	8.18	08/01/90	06/20/20	103,191.65	120,301.35			(3,458.82)		99,732.83	116,035.43	(807.10)	0.00
GNMA	2009 AB RMRB	7.18	08/01/90	06/20/20	49,072.95	55,835.89			(1,886.62)		47,186.33	53,576.44	(372.83)	0.00
GNMA	2009 AB RMRB	8.18	09/04/90	07/20/20	101,253.73	118,043.94			(26,295.00)		74,958.73	87,212.94	(4,536.00)	0.00
GNMA	2009 AB RMRB	8.18	11/01/90	09/20/20	91,546.34	106,729.69			(1,646.98)		89,899.36	104,598.96	(483.75)	0.00
GNMA	2009 AB RMRB	8.18	09/04/90	08/20/20	91,248.40	106,380.52			(2,270.12)		88,978.28	103,525.48	(584.92)	0.00
GNMA	2009 AB RMRB	8.18	09/04/90	07/20/20	78,976.46	92,072.59			(2,163.26)		76,813.20	89,370.59	(538.74)	0.00
GNMA	2009 AB RMRB	8.18	11/01/90	08/20/20	62,561.41	72,936.80			(1,130.71)		61,430.70	71,474.60	(331.49)	0.00
GNMA	2009 AB RMRB	8.18	11/01/90	09/20/20	44,219.79	51,553.83			(875.65)		43,344.14	50,431.41	(246.77)	0.00
GNMA	2009 AB RMRB	7.18	11/01/90	09/20/20	66,810.63	76,021.17			(1,455.40)		65,355.23	74,208.84	(356.93)	0.00
GNMA	2009 AB RMRB	8.75	12/28/89	09/20/18	637,323.28	738,685.75			(19,633.66)		617,689.62	713,232.47	(5,819.62)	0.00
GNMA	2009 AB RMRB	8.75	11/30/89	10/20/18	70,233.29	81,404.09			(1,888.86)		68,344.43	78,916.39	(598.84)	0.00
GNMA	2009 AB RMRB	8.75	11/30/89	09/20/18	44,179.19	51,205.47			(1,401.09)		42,778.10	49,394.82	(409.56)	0.00
GNMA	2009 AB RMRB	8.75	01/01/90	11/20/18	151,819.15	175,969.03			(4,085.80)		147,733.35	170,588.22	(1,295.01)	0.00
GNMA	2009 AB RMRB	8.75	01/01/90	12/20/18	12,907.85	12,994.08			(870.97)		12,036.88	12,116.86	(6.25)	0.00
GNMA	2009 AB RMRB	8.75	02/27/90	01/20/19	72,726.68	84,698.21			(3,126.46)		69,600.22	80,828.51	(743.24)	0.00
GNMA	2009 AB RMRB	8.75	05/29/90	04/20/19	98,838.16	115,112.85			(8,784.30)		90,053.86	104,586.25	(1,742.30)	0.00
GNMA	2009 AB RMRB	8.75	06/28/90	05/20/19	37,210.97	43,338.77			(870.36)		36,340.61	42,205.74	(262.67)	0.00
GNMA	2009 AB RMRB	7.18	02/01/91	11/20/20	74,074.17	84,288.96			(2,909.42)		71,164.75	80,808.15	(571.39)	0.00
GNMA	2009 AB RMRB	8.18	02/25/91	11/20/20	53,191.27	62,015.52			(1,101.30)		52,089.97	60,609.49	(304.73)	0.00
GNMA	2009 AB RMRB	7.18	05/02/91	02/20/21	53,568.86	61,222.54			(1,026.60)		52,542.26	59,962.54	(233.40)	0.00
GNMA	2009 AB RMRB	8.75	09/28/90	08/20/19	34,671.62	40,382.99			(1,024.46)		33,647.16	39,079.23	(279.30)	0.00
GNMA	2009 AB RMRB	8.75	10/23/90	09/20/19	31,117.83	36,244.31			(672.12)		30,445.71	35,361.41	(210.78)	0.00
GNMA	2009 AB RMRB	8.75	11/28/90	09/20/19	76,021.63	88,546.14			(1,544.08)		74,477.55	86,502.94	(499.12)	0.00
GNMA	2009 AB RMRB	8.75	12/21/90	09/20/19	39,906.32	46,481.06			(882.13)		39,024.19	45,325.37	(273.56)	0.00
GNMA	2009 AB RMRB	8.75	01/25/91	12/20/19	65,797.94	76,641.15			(1,515.39)		64,282.55	74,664.86	(460.90)	0.00
GNMA	2009 AB RMRB	8.75	03/28/91	02/20/20	19,755.50	20,286.17			(393.63)		19,361.87	19,578.98	(313.56)	0.00
GNMA	2009 AB RMRB	8.75	03/28/91	12/20/19	44,185.45	51,467.41			(889.71)		43,295.74	50,288.80	(288.90)	0.00
GNMA	2009 AB RMRB	8.18	05/02/91	03/20/21	118,510.93	138,942.57			(2,751.95)		115,758.98	135,531.86	(658.76)	0.00
GNMA	2009 AB RMRB	6.10	07/28/00	07/20/30	901,988.71	1,002,749.85			(6,982.49)		895,006.22	1,011,661.32	15,893.96	0.00
FNMA	2009 AB RMRB	6.10	04/28/00	04/01/30	110,905.13	123,752.38			(58,555.61)		52,349.52	58,954.45	(6,242.32)	0.00
GNMA	2009 AB RMRB	6.10	04/20/00	04/20/30	467,436.23	520,822.11			(6,504.10)		460,932.13	522,162.35	7,844.34	0.00
GNMA	2009 AB RMRB	6.10	04/27/00	04/20/30	575,156.82	640,414.04			(5,796.04)		569,360.78	644,567.59	9,949.59	0.00
GNMA	2009 AB RMRB	6.10	06/26/00	06/20/30	915,032.04	1,018,851.55			(10,203.09)		904,828.95	1,024,347.79	15,699.33	0.00
GNMA	2009 AB RMRB	6.10	05/30/00	03/20/30	1,380,214.78	1,537,849.09			(12,601.31)		1,367,613.47	1,549,287.24	24,039.46	0.00
FNMA	2009 AB RMRB	6.10	05/30/00	05/01/30	174,467.40	194,677.69			(70,197.92)		104,269.48	117,425.15	(7,054.62)	0.00

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FNMA	2009 AB RMRB	6.10	06/26/00	06/01/30	80,666.83	90,011.27			(1,361.74)		79,305.09	89,311.01	661.48	0.00
GNMA	2009 AB RMRB	6.10	09/14/00	08/20/30	1,552,486.45	1,729,795.93			(13,806.68)		1,538,679.77	1,743,077.98	27,088.73	0.00
GNMA	2009 AB RMRB	6.10	10/19/00	09/20/30	580,280.89	645,104.05			(4,741.90)		575,538.99	650,554.72	10,192.57	0.00
GNMA	2009 AB RMRB	6.10	10/23/00	10/20/30	233,256.09	259,313.12			(1,651.36)		231,604.73	261,792.08	4,130.32	0.00
GNMA	2009 AB RMRB	6.10	10/27/00	10/20/30	114,024.19	127,046.88			(846.84)		113,177.35	128,211.82	2,011.78	0.00
GNMA	2009 AB RMRB	6.10	10/30/00	10/20/30	130,541.58	145,124.33			(849.07)		129,692.51	146,596.59	2,321.33	0.00
GNMA	2009 AB RMRB	6.10	01/16/01	12/20/30	90,343.34	100,525.93			(1,220.97)		89,122.37	100,827.70	1,522.74	0.00
GNMA	2009 AB RMRB	6.10	01/29/01	12/20/30	49,598.62	55,061.41			(496.12)		49,102.50	55,425.91	860.62	0.00
GNMA	2009 AB RMRB	6.10	12/21/00	11/20/30	346,398.53	385,960.67			(3,215.59)		343,182.94	388,771.32	6,026.24	0.00
GNMA	2009 AB RMRB	6.10	12/27/00	12/20/30	132,989.29	147,636.72			(1,876.16)		131,113.13	147,997.87	2,237.31	0.00
GNMA	2009 AB RMRB	6.10	02/20/01	01/20/31	56,600.38	62,923.17			(378.45)		56,221.93	63,549.85	1,005.13	0.00
GNMA	2009 AB RMRB	6.10	03/15/01	03/20/31	125,896.48	139,960.35			(798.83)		125,097.65	141,402.85	2,241.33	0.00
GNMA	2009 AB RMRB	6.10	03/29/01	03/20/31	96,717.92	107,522.27			(612.45)		96,105.47	108,631.85	1,722.03	0.00
GNMA	2009 AB RMRB	6.10	05/10/01	04/20/31	363,549.04	404,161.11			(2,704.44)		360,844.60	407,877.08	6,420.41	0.00
FNMA	2009 AB RMRB	6.10	09/11/00	08/01/30	481,851.32	537,668.99			(3,515.47)		478,335.85	538,687.49	4,533.97	0.00
FNMA	2009 AB RMRB	6.10	10/06/00	10/01/30	89,744.53	100,140.52			(818.62)		88,925.91	100,145.68	823.78	0.00
GNMA	2009 AB RMRB	6.10	05/30/01	05/20/31	209,217.37	232,589.03			(1,503.70)		207,713.67	234,787.06	3,701.73	0.00
GNMA	2009 AB RMRB	6.10	06/18/01	04/20/31	99,195.84	110,376.20			(1,006.43)		98,189.41	111,085.60	1,715.83	0.00
GNMA	2009 AB RMRB	6.10	07/25/01	06/20/31	227,870.38	253,325.80			(2,658.57)		225,211.81	254,565.94	3,898.71	0.00
GNMA	2009 AB RMRB	6.10	08/31/01	08/20/31	352,874.34	392,293.92			(2,179.86)		350,694.48	396,403.99	6,289.93	0.00
FNMA	2009 AB RMRB	6.10	12/27/00	11/01/30	123,692.49	138,021.01			(1,592.18)		122,100.31	137,505.69	1,076.86	0.00
FNMA	2009 AB RMRB	6.10	01/12/01	12/01/30	31,375.44	35,009.97			(847.36)		30,528.08	34,379.80	217.19	0.00
FNMA	2009 AB RMRB	6.10	02/05/01	01/01/31	220,914.15	246,504.84			(2,172.08)		218,742.07	246,340.75	2,007.99	0.00
GNMA	2009 AB RMRB	6.10	12/27/01	10/20/31	46,505.94	51,628.10			(584.32)		45,921.62	51,835.40	791.62	0.00
GNMA	2009 AB RMRB	6.10	09/20/01	08/20/31	157,971.53	175,618.50			(983.26)		156,988.27	177,450.08	2,814.84	0.00
GNMA	2009 AB RMRB	6.10	10/17/01	09/20/31	99,231.39	110,316.52			(617.29)		98,614.10	111,467.46	1,768.23	0.00
GNMA	2009 AB RMRB	6.10	10/30/01	05/20/31	37,566.36	41,856.81			(326.31)		37,240.05	42,187.01	656.51	0.00
FNMA	2009 AB RMRB	6.10	03/15/01	02/01/31	208,167.18	232,281.26			(1,623.72)		206,543.46	232,603.04	1,945.50	0.00
GNMA	2009 AB RMRB	6.10	02/25/02	02/20/32	691,735.89	769,009.71			(4,878.47)		686,857.42	776,382.41	12,251.17	0.00
GNMA	2009 AB RMRB	6.10	05/24/02	05/20/32	62,879.72	70,014.05			(549.98)		62,329.74	70,562.87	1,098.80	0.00
GNMA	2009 AB RMRB	6.10	03/21/02	03/20/32	161,582.47	179,632.87			(1,052.21)		160,530.26	181,453.80	2,873.14	0.00
GNMA	2009 AB RMRB	6.10	04/17/02	03/20/32	441,470.70	490,787.29			(2,670.44)		438,800.26	495,993.39	7,876.54	0.00
GNMA	2009 AB RMRB	6.10	04/29/02	04/20/32	372,028.68	413,587.99			(2,331.57)		369,697.11	417,883.42	6,627.00	0.00
GNMA	2009 AB RMRB	6.10	06/03/02	05/20/32	154,901.99	172,206.08			(96,150.81)		58,751.18	66,408.80	(9,646.47)	0.00
GNMA	2009 AB RMRB	6.10	06/19/02	04/20/32	194,894.14	216,665.76			(1,087.91)		193,806.23	219,066.93	3,489.08	0.00
GNMA	2009 AB RMRB	6.10	06/28/02	06/20/32	56,029.67	62,288.74			(312.12)		55,717.55	62,979.77	1,003.15	0.00
GNMA	2009 AB RMRB	6.10	01/30/03	01/20/33	99,544.83	110,664.98			(522.23)		99,022.60	111,929.20	1,786.45	0.00
FNMA	2009 AB RMRB	6.10	10/17/01	09/01/31	71,441.02	79,716.74			(547.93)		70,893.09	79,766.77	597.96	0.00
FNMA	2009 AB RMRB	6.10	01/28/02	11/01/31	127,347.53	142,099.46			(810.59)		126,536.94	142,375.56	1,086.69	0.00
FNMA	2009 AB RMRB	6.10	04/17/02	02/01/32	32,422.14	36,177.92			(184.54)		32,237.60	36,256.66	263.28	0.00
GNMA	2009 AB RMRB	5.75	10/29/09	09/20/39	212,515.34	238,371.20			(672.97)		211,842.37	241,581.17	3,882.94	0.00
GNMA	2009 AB RMRB	5.75	11/24/09	11/20/39	1,348,757.85	1,512,896.89			(4,887.41)		1,343,870.44	1,532,568.65	24,559.17	0.00
GNMA	2009 AB RMRB	5.75	11/24/09	09/20/39	132,961.34	149,141.81			(418.60)		132,542.74	151,152.99	2,429.78	0.00
GNMA	2009 AB RMRB	5.75	05/25/10	04/20/40	630,409.00	707,253.99			(1,914.01)		628,494.99	716,871.91	11,531.93	0.00
GNMA	2009 AB RMRB	5.75	05/25/10	04/20/40	387,306.78	434,518.33			(1,185.41)		386,121.37	440,416.51	7,083.59	0.00
GNMA	2009 AB RMRB	5.75	12/17/09	11/20/39	1,682,424.23	1,887,209.30			(110,726.28)		1,571,697.95	1,792,424.32	15,941.30	0.00
GNMA	2009 AB RMRB	5.75	12/17/09	10/20/39	132,839.77	149,008.90			(415.43)		132,424.34	151,021.46	2,427.99	0.00
GNMA	2009 AB RMRB	5.75	12/29/09	12/20/39	2,438,543.50	2,735,399.50			(7,714.21)		2,430,829.29	2,772,246.90	44,561.61	0.00
GNMA	2009 AB RMRB	5.75	12/29/09	12/20/39	576,295.87	646,451.22			(3,570.06)		572,725.81	653,166.94	10,285.78	0.00
GNMA	2009 AB RMRB	5.75	12/29/09	11/20/39	264,183.92	296,343.75			(1,086.02)		263,097.90	300,050.23	4,792.50	0.00
GNMA	2009 AB RMRB	5.75	01/20/10	12/20/39	1,241,906.98	1,393,118.60			(4,015.25)		1,237,891.73	1,411,786.00	22,682.65	0.00
GNMA	2009 AB RMRB	5.75	01/27/10	12/20/39	101,402.39	113,749.72			(314.64)		101,087.75	115,289.00	1,853.92	0.00
GNMA	2009 AB RMRB	5.75	01/20/10	12/20/39	236,764.10	265,591.93			(734.39)		236,029.71	269,186.25	4,328.71	0.00
GNMA	2009 AB RMRB	5.75	01/27/10	01/20/40	2,439,035.57	2,736,028.87			(8,394.10)		2,430,641.47	2,772,111.10	44,476.33	0.00
GNMA	2009 AB RMRB	5.75	01/27/10	12/20/39	205,897.31	230,968.52			(563.95)		205,333.36	234,179.47	3,774.90	0.00
GNMA	2009 AB RMRB	5.75	02/17/10	01/20/40	1,784,857.94	2,002,234.65			(5,745.94)		1,779,112.00	2,029,092.23	32,603.52	0.00
GNMA	2009 AB RMRB	5.75	02/17/10	12/20/39	1,173,173.23	1,316,051.94			(5,040.33)		1,168,132.90	1,332,262.75	21,251.14	0.00
GNMA	2009 AB RMRB	5.75	02/17/10	12/20/39	178,775.58	200,548.34			(570.51)		178,205.07	203,243.98	3,266.15	0.00
GNMA	2009 AB RMRB	5.75	02/23/10	02/20/40	2,031,338.48	2,278,750.00			(6,297.48)		2,025,041.00	2,309,592.67	37,140.15	0.00
GNMA	2009 AB RMRB	5.75	02/23/10	01/20/40	346,962.58	389,220.89			(1,105.46)		345,857.12	394,454.95	6,339.52	0.00
GNMA	2009 AB RMRB	5.75	03/16/10	02/20/40	1,660,211.50	1,862,456.53			(5,447.43)		1,654,764.07	1,887,321.96	30,312.86	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2009 AB RMRB	5.75	03/16/10	02/20/40	114,257.73	128,176.48			(349.27)		113,908.46	129,916.99	2,089.78	0.00
GNMA	2009 AB RMRB	5.75	03/16/10	12/20/39	122,829.15	137,791.77			(379.23)		122,449.92	139,658.40	2,245.86	0.00
GNMA	2009 AB RMRB	5.75	03/30/10	01/20/40	681,015.12	763,984.87			(2,101.57)		678,913.55	774,336.38	12,453.08	0.00
GNMA	2009 AB RMRB	5.75	03/30/10	02/20/40	410,615.18	460,642.35			(1,257.98)		409,357.20	466,893.73	7,509.36	0.00
GNMA	2009 AB RMRB	5.75	03/30/10	12/20/39	105,335.32	118,168.44			(326.09)		105,009.23	119,768.37	1,926.02	0.00
GNMA	2009 AB RMRB	5.75	04/22/10	03/20/40	754,225.24	846,134.86			(2,426.20)		751,799.04	857,486.87	13,778.21	0.00
GNMA	2009 AB RMRB	5.75	04/22/10	04/20/40	331,144.97	371,498.57			(1,003.97)		330,141.00	376,552.97	6,058.37	0.00
GNMA	2009 AB RMRB	5.75	06/15/10	04/20/40	387,516.52	434,762.00			(1,166.44)		386,350.08	440,686.28	7,090.72	0.00
GNMA	2009 AB RMRB	5.75	06/15/10	03/20/40	255,993.49	287,203.84			(796.34)		255,197.15	291,087.72	4,680.22	0.00
GNMA	2009 AB RMRB	5.75	07/20/10	07/20/40	1,023,871.32	1,148,742.03			(3,306.62)		1,020,564.70	1,164,140.24	18,704.83	0.00
GNMA	2009 AB RMRB	5.75	07/28/10	07/20/40	703,680.60	789,507.44			(2,167.45)		701,513.15	800,209.40	12,869.41	0.00
GNMA	2009 AB RMRB	5.75	07/28/10	06/20/40	298,845.50	335,294.89			(909.80)		297,935.70	339,852.08	5,466.99	0.00
GNMA	2009 AB RMRB	5.75	07/28/10	07/20/40	2,438,282.79	2,735,676.42			(8,147.72)		2,430,135.07	2,772,032.02	44,503.32	0.00
GNMA	2009 AB RMRB	5.75	08/17/10	08/20/40	3,644,370.82	4,088,951.80			(11,619.16)		3,632,751.66	4,143,929.10	66,596.46	0.00
GNMA	2009 AB RMRB	5.75	08/17/10	06/20/40	363,693.49	408,060.04			(1,087.13)		362,606.36	413,629.15	6,656.24	0.00
GNMA	2009 AB RMRB	5.75	08/17/10	05/20/40	57,064.06	64,025.19			(180.81)		56,883.25	64,887.31	1,042.93	0.00
GNMA	2009 AB RMRB	5.75	08/17/10	05/20/40	72,236.77	81,048.79			(216.09)		72,020.68	82,154.72	1,322.02	0.00
GNMA	2009 AB RMRB	5.75	08/24/10	08/20/40	3,439,261.75	3,858,844.58			(10,637.22)		3,428,624.53	3,911,106.15	62,898.79	0.00
GNMA	2009 AB RMRB	5.75	09/14/10	08/20/40	4,311,798.15	4,837,931.33			(13,643.50)		4,298,154.65	4,903,092.14	78,804.31	0.00
GNMA	2009 AB RMRB	5.75	09/14/10	05/20/40	99,097.94	111,189.72			(297.40)		98,800.54	112,705.87	1,813.55	0.00
GNMA	2009 AB RMRB	5.75	06/22/10	06/20/40	1,618,661.89	1,816,023.38			(5,145.58)		1,613,516.31	1,840,457.67	29,579.87	0.00
GNMA	2009 AB RMRB	5.75	06/22/10	05/20/40	700,144.05	785,510.97			(2,451.41)		697,692.64	795,822.42	12,762.86	0.00
GNMA	2009 AB RMRB	5.75	06/22/10	05/20/40	227,878.34	255,662.99			(692.20)		227,186.14	259,139.63	4,168.84	0.00
GNMA	2009 AB RMRB	5.75	06/29/10	04/20/40	80,705.29	90,546.06			(243.00)		80,462.29	91,779.72	1,476.66	0.00
GNMA	2009 AB RMRB	5.75	06/29/10	06/20/40	1,605,130.20	1,800,854.53			(5,365.20)		1,599,765.00	1,824,785.15	29,295.82	0.00
GNMA	2009 AB RMRB	5.75	06/29/10	06/20/40	678,850.96	761,627.81			(2,038.93)		676,812.03	772,011.21	12,422.33	0.00
GNMA	2009 AB RMRB	5.75	06/29/10	06/20/40	182,550.52	204,810.13			(543.36)		182,007.16	207,607.96	3,341.19	0.00
GNMA	2009 AB RMRB	5.75	06/29/10	05/20/40	167,058.78	187,429.20			(548.92)		166,509.86	189,930.67	3,050.39	0.00
GNMA	2009 AB RMRB	5.75	06/29/10	06/20/40	616,615.85	691,803.97			(1,929.42)		614,686.43	701,147.15	11,272.60	0.00
GNMA	2009 AB RMRB	5.75	07/20/10	06/20/40	1,454,932.37	1,632,375.03			(4,988.22)		1,449,944.15	1,653,922.49	26,535.68	0.00
GNMA	2009 AB RMRB	5.75	09/21/10	09/20/40	2,376,458.39	2,666,456.89			(7,648.19)		2,368,810.20	2,702,226.76	43,418.06	0.00
GNMA	2009 AB RMRB	5.75	09/21/10	09/20/40	1,452,085.46	1,629,283.01			(4,430.06)		1,447,655.40	1,651,416.89	26,563.94	0.00
GNMA	2009 AB RMRB	5.75	09/29/10	07/20/40	76,780.58	86,150.62			(242.25)		76,538.33	87,311.84	1,403.47	0.00
GNMA	2009 AB RMRB	5.75	09/29/10	09/20/40	1,239,057.74	1,390,270.82			(3,777.74)		1,235,280.00	1,409,160.45	22,667.37	0.00
Repo Agmt	2009 AB RMRB	0.01	08/31/11	09/01/11	49,041.36	49,041.36	33,637.54				82,678.90	82,678.90	-	0.00
	2009 AB RMRB Total				70,092,277.42	78,246,415.74	33,637.54	(1,751,415.44)	(706,566.49)	0.00	67,667,933.03	76,911,326.42	1,089,255.07	0.00
Mutual Fund	2009C RMRB	0.01	08/01/11	09/01/11	401,185.98	401,185.98	34,828.10				436,014.08	436,014.08	-	0.00
Mutual Fund	2009C RMRB	0.01	08/01/11	09/01/11	210,970,000.00	210,970,000.00	0.00				210,970,000.00	210,970,000.00	-	0.00
	2009C RMRB Total				211,371,185.98	211,371,185.98	34,828.10	0.00	0.00	0.00	211,406,014.08	211,406,014.08	0.00	0.00
Repo Agmt	2009C-1 RMRB	0.01	08/31/11	09/01/11	1,263,949.71	1,263,949.71	454,155.98				1,718,105.69	1,718,105.69	-	0.00
Repo Agmt	2009C-1 RMRB	0.01	08/31/11	09/01/11	600,000.00	600,000.00		(301,156.27)			298,843.73	298,843.73	-	0.00
FNMA	2009C-1 RMRB	4.85	01/11/11	10/01/40	87,792.40	95,199.44			(309.75)		87,482.65	95,737.51	847.82	0.00
FNMA	2009C-1 RMRB	4.35	06/14/11	02/01/41			109,199.13				109,199.13	117,101.86	7,902.73	0.00
GNMA	2009C-1 RMRB	5.24	08/24/10	08/20/40	2,680,823.82	2,955,072.08			(9,007.64)		2,671,816.18	2,997,109.77	51,045.33	0.00
GNMA	2009C-1 RMRB	5.24	09/14/10	08/20/40	2,180,031.70	2,403,048.92			(7,818.41)		2,172,213.29	2,436,680.23	41,449.72	0.00
GNMA	2009C-1 RMRB	5.24	09/21/10	09/20/40	1,978,434.23	2,180,828.03			(7,393.64)		1,971,040.59	2,211,014.76	37,580.37	0.00
GNMA	2009C-1 RMRB	5.00	09/21/10	09/15/40	2,390,813.60	2,598,862.16			(8,732.25)		2,382,081.35	2,635,391.85	45,261.94	0.00
GNMA	2009C-1 RMRB	5.00	09/28/10	09/15/40	820,984.67	892,426.75			(2,844.25)		818,140.42	905,141.47	15,558.97	0.00
GNMA	2009C-1 RMRB	5.00	10/19/10	09/15/40	2,389,966.88	2,597,941.77			(8,682.49)		2,381,284.39	2,634,510.15	45,250.87	0.00
GNMA	2009C-1 RMRB	5.24	10/19/10	10/20/40	2,503,991.62	2,760,149.95			(10,257.71)		2,493,733.91	2,797,346.00	47,453.76	0.00
GNMA	2009C-1 RMRB	5.00	10/28/10	10/15/40	1,595,961.86	1,734,842.44			(5,754.56)		1,590,207.30	1,759,309.93	30,222.05	0.00
GNMA	2009C-1 RMRB	5.75	10/28/10	09/20/40	899,676.11	998,910.86			(3,211.16)		896,464.95	1,012,046.66	16,346.96	0.00
GNMA	2009C-1 RMRB	4.25	10/28/10	10/20/40	73,343.50	77,567.35			(288.27)		73,055.23	79,286.10	2,007.02	0.00
GNMA	2009C-1 RMRB	4.90	10/28/10	10/20/40	5,145,830.79	5,595,524.91			(19,997.78)		5,125,833.01	5,676,039.91	100,512.78	0.00
GNMA	2009C-1 RMRB	5.24	10/28/10	10/20/40	992,264.86	1,093,773.55			(3,805.98)		988,458.88	1,108,803.74	18,836.17	0.00
GNMA	2009C-1 RMRB	4.90	11/18/10	11/20/40	2,759,641.75	3,000,806.81			(9,964.08)		2,749,677.67	3,044,828.04	53,985.31	0.00
GNMA	2009C-1 RMRB	4.85	11/18/10	11/20/40	2,429,544.16	2,641,570.45			(8,747.35)		2,420,796.81	2,680,354.62	47,531.52	0.00
GNMA	2009C-1 RMRB	4.90	11/18/10	11/20/40	2,429,665.42	2,641,993.88			(9,013.71)		2,420,651.71	2,680,484.45	47,504.28	0.00
GNMA	2009C-1 RMRB	4.85	11/18/10	11/20/40	2,522,718.89	2,742,876.55			(9,450.82)		2,513,268.07	2,782,740.63	49,314.90	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2009C-1 RMRB	5.00	12/07/10	11/15/40	1,183,881.95	1,286,903.34			(4,392.43)		1,179,489.52	1,306,390.80	23,879.89	0.00
GNMA	2009C-1 RMRB	4.49	12/21/10	07/15/40	141,662.91	154,602.39			(623.57)		141,039.34	156,288.51	2,309.69	0.00
GNMA	2009C-1 RMRB	4.25	12/21/10	09/15/40	70,064.52	75,383.11			(685.71)		69,378.81	76,108.55	1,411.15	0.00
GNMA	2009C-1 RMRB	4.90	12/21/10	12/15/40	1,734,904.77	1,916,306.41			(6,100.38)		1,728,804.39	1,935,967.01	25,760.98	0.00
GNMA	2009C-1 RMRB	4.85	12/21/10	11/15/40	3,733,270.55	4,114,288.13			(13,650.83)		3,719,619.72	4,158,572.02	57,934.72	0.00
GNMA	2009C-1 RMRB	4.90	12/21/10	12/15/40	1,874,818.81	2,070,849.84			(6,700.40)		1,868,118.41	2,092,161.83	28,012.39	0.00
GNMA	2009C-1 RMRB	4.85	12/21/10	11/15/40	2,250,699.51	2,480,405.88			(8,161.43)		2,242,538.08	2,506,978.14	34,733.69	0.00
GNMA	2009C-1 RMRB	4.49	12/21/10	10/15/40	87,035.64	94,985.47			(361.98)		86,673.66	96,044.81	1,421.32	0.00
GNMA	2009C-1 RMRB	4.15	12/21/10	09/15/40	29,663.04	30,751.37			(119.70)		29,543.34	31,521.85	890.18	0.00
GNMA	2009C-1 RMRB	5.75	12/21/10	09/15/40	478,295.54	536,494.80			(1,677.46)		476,618.08	539,665.39	4,848.05	0.00
GNMA	2009C-1 RMRB	5.00	12/29/10	10/15/40	673,644.34	732,264.86			(3,478.37)		670,165.97	741,431.41	12,644.92	0.00
GNMA	2009C-1 RMRB	4.80	02/15/11	01/15/41	1,324,096.93	1,455,910.78			(5,593.56)		1,318,503.37	1,471,436.57	21,119.35	0.00
GNMA	2009C-1 RMRB	4.80	02/15/11	02/15/41	2,024,079.23	2,225,576.29			(7,814.73)		2,016,264.50	2,250,292.31	32,530.75	0.00
GNMA	2009C-1 RMRB	4.45	02/15/11	01/15/41	3,596,100.11	3,915,218.03			(13,477.78)		3,582,622.33	3,962,953.50	61,213.25	0.00
GNMA	2009C-1 RMRB	4.45	02/15/11	01/15/41	3,065,030.99	3,337,021.81			(11,928.88)		3,053,102.11	3,377,219.40	52,126.47	0.00
GNMA	2009C-1 RMRB	4.90	02/24/11	10/15/40	88,101.26	97,313.12			(307.99)		87,793.27	98,322.31	1,317.18	0.00
GNMA	2009C-1 RMRB	4.85	02/24/11	12/15/40	590,382.44	650,636.86			(2,106.09)		588,276.35	657,698.83	9,168.06	0.00
GNMA	2009C-1 RMRB	4.90	02/24/11	01/15/41	160,722.00	177,527.09			(653.55)		160,068.45	179,299.07	2,425.53	0.00
GNMA	2009C-1 RMRB	4.85	02/24/11	01/15/41	981,580.14	1,081,760.20			(3,439.87)		978,140.27	1,093,668.40	15,348.07	0.00
GNMA	2009C-1 RMRB	4.05	02/24/11	12/15/40	302,455.78	321,422.78			(1,251.24)		301,204.54	327,279.81	7,108.27	0.00
GNMA	2009C-1 RMRB	3.70	02/24/11	01/15/41	67,699.22	67,749.99			(339.03)		67,360.19	69,974.43	2,563.47	0.00
GNMA	2009C-1 RMRB	4.45	02/24/11	02/15/41	5,579,992.64	6,075,161.12			(21,816.73)		5,558,175.91	6,148,231.82	94,887.43	0.00
GNMA	2009C-1 RMRB	4.80	02/24/11	01/15/41	1,041,838.57	1,145,553.58			(3,722.74)		1,038,115.83	1,158,692.96	16,862.12	0.00
GNMA	2009C-1 RMRB	4.45	02/24/11	02/15/41	3,056,323.89	3,327,542.05			(12,132.68)		3,044,191.21	3,367,362.55	51,953.18	0.00
GNMA	2009C-1 RMRB	4.85	01/20/11	12/15/40	1,972,646.73	2,173,975.04			(7,857.69)		1,964,789.04	2,196,653.78	30,536.43	0.00
GNMA	2009C-1 RMRB	4.85	01/20/11	12/15/40	3,649,654.59	4,022,138.30			(13,415.57)		3,636,239.02	4,065,351.57	56,628.84	0.00
GNMA	2009C-1 RMRB	4.15	01/20/11	10/15/40	360,468.95	385,420.61			(1,500.34)		358,968.61	391,803.46	7,883.19	0.00
GNMA	2009C-1 RMRB	5.24	01/20/11	08/15/40	117,147.71	130,217.87			(411.18)		116,736.53	131,067.10	1,260.41	0.00
GNMA	2009C-1 RMRB	4.80	01/20/11	12/15/40	3,238,207.25	3,560,570.75			(12,432.91)		3,225,774.34	3,599,931.87	51,794.03	0.00
GNMA	2009C-1 RMRB	4.90	01/26/11	01/15/41	605,311.44	668,602.80			(2,678.69)		602,632.75	674,846.23	8,922.12	0.00
GNMA	2009C-1 RMRB	4.90	01/26/11	12/15/40	610,447.83	674,276.25			(2,130.99)		608,316.84	681,272.27	9,127.01	0.00
GNMA	2009C-1 RMRB	5.00	01/26/11	10/15/40	80,281.46	87,518.03			(275.58)		80,005.88	88,764.12	1,521.67	0.00
GNMA	2009C-1 RMRB	4.05	01/26/11	12/15/40	180,250.98	191,554.51			(731.64)		179,519.34	195,060.32	4,237.45	0.00
GNMA	2009C-1 RMRB	4.80	01/26/11	01/15/41	4,932,907.38	5,423,978.29			(18,216.95)		4,914,690.43	5,484,745.33	78,983.99	0.00
GNMA	2009C-1 RMRB	4.45	01/26/11	01/15/41	2,360,438.71	2,569,904.04			(8,893.46)		2,351,545.25	2,601,185.29	40,174.71	0.00
GNMA	2009C-1 RMRB	4.10	01/26/11	11/15/40	164,528.47	175,382.41			(662.94)		163,865.53	178,452.83	3,733.36	0.00
GNMA	2009C-1 RMRB	4.45	01/26/11	01/15/41	2,352,651.81	2,561,426.11			(8,849.52)		2,343,802.29	2,592,620.33	40,043.74	0.00
GNMA	2009C-1 RMRB	4.45	02/24/11	02/20/41	274,055.45	289,871.18			(1,033.45)		273,022.00	296,340.80	7,503.07	0.00
GNMA	2009C-1 RMRB	4.80	03/16/11	02/15/41	553,303.25	608,384.58			(1,938.85)		551,364.40	615,405.37	8,959.64	0.00
GNMA	2009C-1 RMRB	4.45	03/16/11	02/15/41	2,458,937.94	2,677,144.08			(9,318.23)		2,449,619.71	2,709,671.34	41,845.49	0.00
GNMA	2009C-1 RMRB	4.45	03/16/11	02/15/41	3,462,109.65	3,769,337.24			(13,503.03)		3,448,606.62	3,814,710.65	58,876.44	0.00
GNMA	2009C-1 RMRB	4.85	03/29/11	12/15/40	410,560.53	452,462.33			(1,540.92)		409,019.61	457,288.00	6,366.59	0.00
GNMA	2009C-1 RMRB	4.45	03/29/11	03/15/41	2,604,718.59	2,835,861.29			(9,870.30)		2,594,848.29	2,870,317.35	44,326.36	0.00
GNMA	2009C-1 RMRB	5.00	03/29/11	03/15/41	6,588,465.44	7,161,793.68			(22,897.24)		6,565,568.20	7,263,750.68	124,854.24	0.00
GNMA	2009C-1 RMRB	3.70	03/29/11	02/15/41	670,216.62	670,719.27			(3,825.24)		666,391.38	692,254.02	25,359.99	0.00
GNMA	2009C-1 RMRB	4.45	03/29/11	03/15/41	1,117,476.43	1,216,641.28			(4,226.35)		1,113,250.08	1,231,432.69	19,017.76	0.00
GNMA	2009C-1 RMRB	4.45	03/29/11	01/20/41	301,342.85	318,733.34			(1,124.74)		300,218.11	325,859.73	8,251.13	0.00
GNMA	2009C-1 RMRB	3.70	03/29/11	02/15/41	152,523.81	152,638.20			(693.10)		151,830.71	157,723.25	5,778.15	0.00
GNMA	2009C-1 RMRB	4.45	04/14/11	03/15/41	1,455,232.88	1,584,370.24			(5,500.79)		1,449,732.09	1,603,635.64	24,766.19	0.00
GNMA	2009C-1 RMRB	5.00	04/14/11	04/15/41	3,251,944.42	3,534,928.61			(11,296.61)		3,240,647.81	3,585,258.26	61,626.26	0.00
GNMA	2009C-1 RMRB	5.10	04/14/11	04/15/41	2,959,523.61	3,274,594.49			(10,238.76)		2,949,284.85	3,303,257.99	38,902.26	0.00
GNMA	2009C-1 RMRB	4.80	04/14/11	03/15/41	304,387.49	334,689.26			(1,071.93)		303,315.56	338,566.89	4,949.56	0.00
GNMA	2009C-1 RMRB	5.00	04/28/11	04/15/41	1,931,441.26	2,099,515.27			(7,083.56)		1,924,357.70	2,131,399.34	38,967.63	0.00
GNMA	2009C-1 RMRB	5.00	04/28/11	03/20/41	189,482.33	206,088.56			(632.20)		188,850.13	209,168.51	3,712.15	0.00
GNMA	2009C-1 RMRB	4.85	04/28/11	01/15/41	101,152.01	111,491.76			(372.94)		100,779.07	112,651.85	1,533.03	0.00
GNMA	2009C-1 RMRB	4.45	04/28/11	03/15/41	614,646.52	669,190.24			(2,283.70)		612,362.82	677,371.25	10,464.71	0.00
GNMA	2009C-1 RMRB	5.10	04/28/11	04/15/41	4,880,439.85	5,400,011.46			(17,158.14)		4,863,281.71	5,446,972.73	64,119.41	0.00
GNMA	2009C-1 RMRB	4.80	04/28/11	01/15/41	138,554.69	152,347.80			(485.51)		138,069.18	154,105.91	2,243.62	0.00
GNMA	2009C-1 RMRB	4.45	04/28/11	04/15/41	1,069,665.08	1,164,587.15			(4,046.47)		1,065,618.61	1,178,744.66	18,203.98	0.00
GNMA	2009C-1 RMRB	5.00	05/17/11	09/15/40	125,201.00	136,095.99			(437.96)		124,763.04	138,186.29	2,528.26	0.00
GNMA	2009C-1 RMRB	4.80	05/17/11	01/15/41	208,529.00	224,062.32			(771.86)		207,757.14	231,871.51	8,581.05	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2009C-1 RMRB	3.70	05/17/11	02/15/41	430,222.00	430,544.66			(2,291.71)		427,930.29	444,538.26	16,285.31	0.00
GNMA	2009C-1 RMRB	4.45	05/17/11	02/15/41	731,459.00	772,574.31			(2,989.16)		728,469.84	805,804.19	36,219.04	0.00
GNMA	2009C-1 RMRB	5.00	05/17/11	05/15/41	3,228,217.00	3,507,102.66			(12,455.71)		3,215,761.29	3,557,725.30	63,078.35	0.00
GNMA	2009C-1 RMRB	4.25	05/17/11	02/15/41	186,745.00	194,810.51			(781.00)		185,964.00	203,885.35	9,855.84	0.00
GNMA	2009C-1 RMRB	4.85	05/17/11	05/15/41	3,388,397.00	3,649,303.56			(12,907.46)		3,375,489.54	3,775,383.78	138,987.68	0.00
GNMA	2009C-1 RMRB	4.35	05/17/11	04/15/41	721,263.00	757,109.77			(3,205.87)		718,057.13	790,767.58	36,863.68	0.00
GNMA	2009C-1 RMRB	5.10	05/17/11	05/15/41	2,232,822.00	2,429,689.91			(8,531.54)		2,224,290.46	2,491,249.77	70,091.40	0.00
GNMA	2009C-1 RMRB	4.45	06/14/11	02/15/41			202,464.79				202,464.79	223,958.45	21,493.66	0.00
GNMA	2009C-1 RMRB	5.00	06/14/11	05/15/41			1,589,185.78				1,589,185.78	1,758,179.79	168,994.01	0.00
GNMA	2009C-1 RMRB	4.85	06/14/11	05/15/41			5,182,387.98				5,182,387.98	5,796,345.46	613,957.48	0.00
GNMA	2009C-1 RMRB	4.35	06/14/11	05/15/41			82,536.74				82,536.74	90,894.41	8,357.67	0.00
GNMA	2009C-1 RMRB	4.45	06/14/11	05/15/41			139,836.29				139,836.29	154,681.30	14,845.01	0.00
GNMA	2009C-1 RMRB	5.10	06/14/11	04/20/41			182,871.33				182,871.33	205,055.44	22,184.11	0.00
GNMA	2009C-1 RMRB	5.10	06/14/11	05/15/41			3,407,953.51				3,407,953.51	3,817,316.86	409,363.35	0.00
GNMA	2009C-1 RMRB	4.85	06/21/11	05/15/41			2,241,711.52				2,241,711.52	2,507,085.32	265,373.80	0.00
GNMA	2009C-1 RMRB	4.70	06/21/11	05/15/41			665,903.84				665,903.84	740,818.01	74,914.17	0.00
Repo Agmt	2009C-1 RMRB	0.01	08/31/11	09/01/11			74,541.44				74,541.44	74,541.44	-	0.00
Repo Agmt	2009C-1 RMRB				13,764,017.62	13,764,017.62		(13,764,017.62)					-	0.00
Repo Agmt	2009C-1 RMRB				2,827.64	2,827.64		(2,827.64)					-	0.00
GNMA	2009C-1 RMRB				283,234.09	314,474.31			(1,010.93)	(282,223.16)			(31,240.22)	0.00
GNMA	2009C-1 RMRB				150,575.97	168,897.78			(528.09)	(150,047.88)			(18,321.81)	0.00
	2009C-1 RMRB Total				151,450,415.08	163,908,852.27	14,332,748.33	(14,068,001.53)	(509,927.79)	(432,271.04)	150,772,963.05	167,340,369.30	4,108,969.06	0.00
Repo Agmt	1999 B-D RMRB				270.01	270.01		(270.01)					-	0.00
Repo Agmt	1999 B-D RMRB				51,197.76	51,197.76		(51,197.76)					-	0.00
	1999 B-D RMRB Total				51,467.77	51,467.77	0.00	(51,467.77)	0.00	0.00	0.00	0.00	0.00	0.00
Repo Agmt	2000 A RMRB				0.13	0.13		(0.13)					-	0.00
Repo Agmt	2000 A RMRB	0.01	08/31/11	09/01/11	0.02	0.02	0.00				0.02	0.02	-	0.00
Repo Agmt	2000 A RMRB	0.01	08/31/11	09/01/11	446.17	446.17		(446.04)			0.13	0.13	-	0.00
Repo Agmt	2000 A RMRB	0.01	08/31/11	09/01/11	401.93	401.93	0.00				401.93	401.93	-	0.00
	2000 A RMRB Total				848.25	848.25	0.00	(446.17)	0.00	0.00	402.08	402.08	0.00	0.00
Repo Agmt	2003A RMRB	0.01	08/31/11	09/01/11	1,375,193.67	1,375,193.67		(884,374.91)			490,818.76	490,818.76	-	0.00
Repo Agmt	2003A RMRB	0.01	08/31/11	09/01/11	387,141.86	387,141.86	25.80				387,167.66	387,167.66	-	0.00
GNMA	2003A RMRB	4.49	03/25/04	03/20/34	6,669,917.06	7,137,174.48			(44,104.84)		6,625,812.22	7,274,284.93	181,215.29	0.00
GNMA	2003A RMRB	4.49	03/30/04	03/20/34	1,543,645.25	1,651,789.44			(9,931.85)		1,533,713.40	1,683,824.05	41,966.46	0.00
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	745,913.05	796,952.89			(6,002.81)		739,910.24	812,405.13	21,455.05	0.00
GNMA	2003A RMRB	5.49	07/08/04	06/20/34	108,587.42	120,929.37			(1,626.82)		106,960.60	121,203.75	1,901.20	0.00
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	109,698.14	117,204.34			(625.64)		109,072.50	119,570.19	2,991.49	0.00
GNMA	2003A RMRB	4.49	04/08/04	04/20/34	1,099,562.99	1,176,611.22			(7,184.08)		1,092,378.91	1,199,310.08	29,882.94	0.00
GNMA	2003A RMRB	4.49	04/15/04	04/20/34	896,934.64	959,789.19			(5,682.82)		891,251.82	978,499.91	24,393.54	0.00
GNMA	2003A RMRB	4.49	04/22/04	04/20/34	873,376.46	934,583.89			(5,519.85)		867,856.61	952,819.28	23,755.24	0.00
GNMA	2003A RMRB	4.49	04/29/04	04/20/34	860,731.95	921,057.87			(5,204.08)		855,527.87	939,287.33	23,433.54	0.00
GNMA	2003A RMRB	5.49	04/29/04	04/20/34	55,466.24	61,766.69			(284.62)		55,181.62	62,525.90	1,043.83	0.00
GNMA	2003A RMRB	4.49	05/06/04	05/20/34	494,498.98	529,162.70			(3,029.61)		491,469.37	539,592.11	13,459.02	0.00
GNMA	2003A RMRB	4.49	05/13/04	05/20/34	389,942.37	417,278.90			(3,049.79)		386,892.58	424,777.70	10,548.59	0.00
GNMA	2003A RMRB	5.49	05/01/04	04/20/34	29,807.64	33,126.91			(660.70)		29,146.94	32,466.30	0.09	0.00
GNMA	2003A RMRB	4.49	05/20/04	05/20/34	684,652.69	732,653.31			(4,260.05)		680,392.64	747,021.54	18,628.28	0.00
GNMA	2003A RMRB	4.49	05/27/04	05/20/34	483,768.59	517,687.99			(2,885.50)		480,883.09	527,977.28	13,174.79	0.00
GNMA	2003A RMRB	4.49	06/03/04	06/20/34	821,006.50	878,580.92			(4,824.49)		816,182.01	896,122.74	22,366.31	0.00
GNMA	2003A RMRB	4.49	06/10/04	06/20/34	398,657.29	426,615.96			(2,430.45)		396,226.84	435,037.39	10,851.88	0.00
GNMA	2003A RMRB	4.49	06/17/04	06/20/34	967,535.86	1,035,395.32			(5,692.21)		961,843.65	1,056,060.78	26,357.67	0.00
GNMA	2003A RMRB	4.49	06/24/04	06/20/34	1,043,164.99	1,116,334.42			(6,781.28)		1,036,383.71	1,137,908.12	28,354.98	0.00
GNMA	2003A RMRB	5.49	06/24/04	06/20/34	589,251.58	656,218.75			(3,005.09)		586,246.49	664,305.87	11,092.21	0.00
GNMA	2003A RMRB	4.49	09/02/04	08/20/34	122,479.82	130,866.55			(712.52)		121,767.30	133,703.87	3,549.84	0.00
GNMA	2003A RMRB	5.49	09/09/04	09/20/34	71,767.12	80,245.12			(564.35)		71,202.77	81,003.58	1,322.81	0.00
GNMA	2003A RMRB	4.49	09/09/04	09/20/34	142,112.98	151,845.78			(856.62)		141,256.36	154,860.34	3,871.18	0.00
GNMA	2003A RMRB	5.49	09/16/04	09/20/34	156,756.48	174,436.42			(960.35)		155,796.13	176,406.71	2,930.64	0.00
GNMA	2003A RMRB	4.49	09/16/04	09/20/34	704,314.28	752,553.19			(4,436.72)		699,877.56	767,284.50	19,168.03	0.00
GNMA	2003A RMRB	5.49	09/23/04	09/20/34	70,198.53	78,116.34			(352.75)		69,845.78	79,086.13	1,322.54	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2003A RMRB	4.49	09/23/04	09/20/34	179,445.42	192,047.71			(1,121.94)		178,323.48	195,808.08	4,882.31	0.00
GNMA	2003A RMRB	4.49	09/29/04	09/20/34	408,758.15	436,758.22			(2,465.38)		406,292.77	445,427.90	11,135.06	0.00
GNMA	2003A RMRB	5.49	09/29/04	09/20/34	136,253.78	151,622.68			(836.95)		135,416.83	153,332.79	2,547.06	0.00
GNMA	2003A RMRB	5.49	10/07/04	09/20/34	126,829.10	141,135.78			(81,792.91)		45,036.19	50,994.84	(8,348.03)	0.00
GNMA	2003A RMRB	4.49	10/07/04	10/20/34	298,910.84	319,390.19			(2,023.10)		296,887.74	325,488.28	8,121.19	0.00
GNMA	2003A RMRB	4.49	07/15/04	07/20/34	201,562.84	215,356.07			(1,164.50)		200,398.34	220,034.07	5,842.50	0.00
GNMA	2003A RMRB	5.49	07/22/04	07/20/34	57,889.38	64,415.18			(288.17)		57,601.21	65,218.04	1,091.03	0.00
GNMA	2003A RMRB	4.49	07/22/04	07/20/34	321,165.86	343,145.07			(1,894.77)		319,271.09	350,556.15	9,305.85	0.00
GNMA	2003A RMRB	4.49	07/29/04	07/20/34	408,822.13	437,510.85			(2,441.25)		406,380.88	446,203.53	11,133.93	0.00
GNMA	2003A RMRB	5.49	07/29/04	07/20/34	194,472.23	216,580.13			(1,008.48)		193,463.75	219,230.30	3,658.65	0.00
GNMA	2003A RMRB	4.49	08/05/04	08/20/34	211,149.60	226,405.49			(1,443.74)		209,705.86	230,691.58	5,729.83	0.00
GNMA	2003A RMRB	5.49	08/05/04	07/20/34	100,762.81	112,218.25			(508.20)		100,254.61	113,607.64	1,897.59	0.00
GNMA	2003A RMRB	4.49	08/12/04	08/20/34	343,578.23	368,404.14			(2,836.60)		340,741.63	374,841.88	9,274.34	0.00
GNMA	2003A RMRB	5.49	08/12/04	07/20/34	79,158.32	88,158.05			(393.54)		78,764.78	89,256.00	1,491.49	0.00
GNMA	2003A RMRB	4.49	08/19/04	08/20/34	349,412.81	373,940.45			(3,445.81)		345,967.00	379,877.53	9,382.89	0.00
GNMA	2003A RMRB	5.49	08/19/04	08/20/34	191,926.19	213,749.19			(1,426.11)		190,500.08	215,876.48	3,553.40	0.00
GNMA	2003A RMRB	4.49	12/02/04	10/20/34	128,609.06	137,425.88			(732.28)		127,876.78	140,201.24	3,507.64	0.00
GNMA	2003A RMRB	4.49	12/09/04	11/20/34	128,695.63	137,519.91			(1,049.34)		127,646.29	139,950.09	3,479.52	0.00
GNMA	2003A RMRB	5.49	12/16/04	12/20/34	48,445.39	54,172.98			(346.67)		48,098.72	54,724.08	897.77	0.00
GNMA	2003A RMRB	4.49	12/16/04	12/20/34	265,217.23	283,405.25			(2,054.99)		263,162.24	288,531.59	7,181.33	0.00
GNMA	2003A RMRB	4.49	10/14/04	09/20/34	260,689.39	278,549.78			(1,571.46)		259,117.93	284,079.66	7,101.34	0.00
GNMA	2003A RMRB	5.49	10/14/04	09/20/34	37,627.93	41,908.32			(212.69)		37,415.24	42,401.23	705.60	0.00
GNMA	2003A RMRB	5.49	10/21/04	10/20/34	170,650.07	190,064.59			(1,271.97)		169,378.10	191,951.68	3,159.06	0.00
GNMA	2003A RMRB	4.49	10/21/04	10/20/34	131,096.40	140,079.65			(732.74)		130,363.66	142,923.63	3,576.72	0.00
GNMA	2003A RMRB	4.49	10/28/04	10/20/34	231,258.96	247,106.75			(1,299.53)		229,959.43	252,116.28	6,309.06	0.00
GNMA	2003A RMRB	5.49	10/28/04	10/20/34	49,640.68	55,288.43			(261.63)		49,379.05	55,960.24	933.44	0.00
GNMA	2003A RMRB	5.49	11/04/04	11/20/34	352,505.67	392,281.59			(3,250.72)		349,254.95	395,476.93	6,446.06	0.00
GNMA	2003A RMRB	4.49	11/04/04	10/20/34	173,049.94	184,909.68			(967.39)		172,082.55	188,663.66	4,721.37	0.00
GNMA	2003A RMRB	4.49	11/10/04	10/20/34	105,952.73	113,398.27			(626.57)		105,326.16	115,657.93	2,886.23	0.00
GNMA	2003A RMRB	5.49	11/18/04	11/20/34	98,912.82	110,075.01			(496.35)		98,416.47	111,442.35	1,863.69	0.00
GNMA	2003A RMRB	4.49	11/18/04	10/20/34	221,008.75	236,157.67			(1,241.34)		219,767.41	240,945.65	6,029.32	0.00
GNMA	2003A RMRB	5.49	11/23/04	11/20/34	246,811.37	274,898.64			(1,227.54)		245,583.83	278,321.74	4,650.64	0.00
GNMA	2003A RMRB	4.49	11/01/04	11/20/34	43,806.17	46,808.55			(261.06)		43,545.11	47,741.16	1,193.67	0.00
GNMA	2003A RMRB	5.49	12/29/04	12/20/34	250,099.00	278,568.82			(3,325.57)		246,773.43	279,678.66	4,435.41	0.00
GNMA	2003A RMRB	4.49	12/29/04	12/20/34	143,215.37	153,038.15			(920.28)		142,295.09	156,014.03	3,896.16	0.00
GNMA	2003A RMRB	4.49	03/30/05	01/20/35	157,349.64	168,153.89			(1,022.34)		156,327.30	171,411.20	4,279.65	0.00
GNMA	2003A RMRB	5.49	01/13/05	01/20/35	156,349.73	174,150.66			(803.90)		155,545.83	176,289.44	2,942.68	0.00
GNMA	2003A RMRB	4.49	01/19/05	01/20/35	97,575.90	104,439.72			(770.29)		96,805.61	106,308.74	2,639.31	0.00
GNMA	2003A RMRB	4.49	01/27/05	01/20/35	609,996.22	651,852.06			(3,445.25)		606,550.97	665,047.11	16,640.30	0.00
GNMA	2003A RMRB	5.49	02/03/05	01/20/35	50,155.66	55,819.37			(262.07)		49,893.59	56,501.00	943.70	0.00
GNMA	2003A RMRB	4.49	02/03/05	02/20/35	482,160.70	516,085.84			(2,879.44)		479,281.26	526,339.94	13,133.54	0.00
GNMA	2003A RMRB	5.49	03/10/05	02/20/35	97,186.94	108,164.83			(461.40)		96,725.54	109,538.22	1,834.79	0.00
GNMA	2003A RMRB	4.49	03/17/05	02/20/35	25,358.23	26,239.72			(140.75)		25,217.48	27,041.81	942.84	0.00
GNMA	2003A RMRB	5.49	03/17/05	03/20/35	58,970.46	65,688.08			(322.14)		58,648.32	66,473.35	1,107.41	0.00
GNMA	2003A RMRB	5.49	04/07/05	04/20/35	142,396.89	158,621.38			(820.72)		141,576.17	160,469.08	2,668.42	0.00
GNMA	2003A RMRB	5.49	04/21/05	04/20/35	208,167.49	231,690.93			(1,151.37)		207,016.12	234,448.05	3,908.49	0.00
GNMA	2003A RMRB	4.49	04/28/05	03/20/35	57,188.18	61,116.86			(918.91)		56,269.27	61,700.57	1,502.62	0.00
GNMA	2003A RMRB	5.49	04/28/05	04/20/35	102,252.48	113,807.84			(476.40)		101,776.08	115,263.12	1,931.68	0.00
GNMA	2003A RMRB	5.49	05/12/05	05/20/35	20,847.01	21,725.99			(7,679.61)		13,167.40	13,620.20	(426.18)	0.00
GNMA	2003A RMRB	4.49	05/19/05	05/20/35	1,007,901.20	1,077,169.59			(6,406.33)		1,001,494.87	1,098,191.43	27,428.17	0.00
GNMA	2003A RMRB	5.49	07/07/05	07/20/35	354,028.62	394,062.93			(1,756.02)		352,272.60	398,981.19	6,674.28	0.00
GNMA	2003A RMRB	5.49	07/14/05	07/20/35	333,412.22	370,686.91			(1,541.49)		331,870.73	375,876.07	6,730.65	0.00
GNMA	2003A RMRB	4.49	05/26/05	04/20/35	116,685.91	124,705.07			(632.93)		116,052.98	127,258.02	3,185.88	0.00
GNMA	2003A RMRB	5.49	05/26/05	05/20/35	300,769.58	334,767.40			(1,508.36)		299,261.22	338,926.89	5,667.85	0.00
GNMA	2003A RMRB	5.49	06/09/05	05/20/35	158,552.10	176,475.99			(746.92)		157,805.18	178,723.32	2,994.25	0.00
GNMA	2003A RMRB	5.49	06/15/05	06/20/35	259,753.46	289,120.81			(1,219.02)		258,534.44	292,807.87	4,906.08	0.00
GNMA	2003A RMRB	5.49	06/23/05	06/20/35	167,009.25	185,892.01			(789.40)		166,219.85	188,256.25	3,153.64	0.00
GNMA	2003A RMRB	5.49	09/08/05	09/20/35	257,202.75	286,303.64			(1,233.16)		255,969.59	289,925.50	4,855.02	0.00
GNMA	2003A RMRB	5.49	09/15/05	09/20/35	226,618.20	251,967.50			(1,033.54)		225,584.66	255,220.07	4,286.11	0.00
GNMA	2003A RMRB	5.49	09/22/05	09/20/35	125,713.87	139,939.03			(584.37)		125,129.50	141,730.11	2,375.45	0.00
GNMA	2003A RMRB	4.49	07/28/05	07/20/35	79,164.32	84,747.36			(461.93)		78,702.39	86,443.01	2,157.58	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2003A RMRB	5.49	07/21/05	07/20/35	249,116.95	277,526.43			(2,293.01)		246,823.94	279,787.49	4,554.07	0.00
GNMA	2003A RMRB	5.49	07/28/05	07/20/35	144,649.34	161,009.02			(675.70)		143,973.64	163,065.87	2,732.55	0.00
GNMA	2003A RMRB	5.49	08/04/05	07/20/35	189,460.09	211,068.39			(1,052.42)		188,407.67	213,571.83	3,555.86	0.00
GNMA	2003A RMRB	5.49	08/11/05	08/20/35	57,000.36	63,374.46			(260.30)		56,740.06	64,192.08	1,077.92	0.00
GNMA	2003A RMRB	5.49	08/18/05	07/20/35	288,789.97	321,456.67			(1,489.17)		287,300.80	325,404.46	5,436.96	0.00
GNMA	2003A RMRB	5.49	08/30/05	08/20/35	427,226.02	475,558.66			(2,871.98)		424,354.04	480,641.29	7,954.61	0.00
GNMA	2003A RMRB	5.49	08/30/05	08/20/35	75,207.70	83,787.32			(399.15)		74,808.55	84,802.21	1,414.04	0.00
GNMA	2003A RMRB	5.49	10/27/05	10/20/35	246,231.47	274,102.36			(2,387.55)		243,843.92	276,202.43	4,487.62	0.00
GNMA	2003A RMRB	5.49	09/29/05	09/20/35	449,106.29	499,927.94			(2,068.14)		447,038.15	506,348.11	8,488.31	0.00
GNMA	2003A RMRB	5.49	10/06/05	09/20/35	148,083.43	164,650.59			(677.49)		147,405.94	166,773.42	2,800.32	0.00
GNMA	2003A RMRB	5.49	10/13/05	10/20/35	302,407.72	336,633.80			(1,425.63)		300,982.09	340,919.49	5,711.32	0.00
GNMA	2003A RMRB	5.49	10/20/05	10/20/35	214,040.37	238,266.36			(990.22)		213,050.15	241,321.05	4,044.91	0.00
GNMA	2003A RMRB	5.49	10/20/05	10/20/35	195,589.19	217,912.12			(1,136.70)		194,452.49	220,439.79	3,664.37	0.00
GNMA	2003A RMRB	5.49	12/15/05	12/20/35	142,666.23	158,821.79			(687.32)		141,978.91	160,827.21	2,692.74	0.00
GNMA	2003A RMRB	5.49	11/03/05	09/20/35	191,608.21	213,049.09			(871.37)		190,736.84	215,801.87	3,624.15	0.00
GNMA	2003A RMRB	5.49	11/03/05	10/20/35	196,544.48	218,538.83			(883.29)		195,661.19	221,374.45	3,718.91	0.00
GNMA	2003A RMRB	5.49	11/10/05	11/20/35	150,556.29	167,406.01			(674.33)		149,881.96	169,580.75	2,849.07	0.00
GNMA	2003A RMRB	5.49	11/17/05	07/20/35	113,699.79	126,422.75			(519.09)		113,180.70	128,053.83	2,150.17	0.00
GNMA	2003A RMRB	5.49	11/17/05	10/20/35	149,457.94	166,377.57			(747.15)		148,710.79	168,447.51	2,817.09	0.00
GNMA	2003A RMRB	5.49	11/22/05	11/20/35	108,727.13	121,036.87			(504.71)		108,222.42	122,586.68	2,054.52	0.00
GNMA	2003A RMRB	5.49	12/29/05	12/20/35	229,184.81	254,844.87			(1,540.18)		227,644.63	257,574.31	4,269.62	0.00
GNMA	2003A RMRB	5.49	01/12/06	01/20/36	121,995.02	135,655.92			(535.40)		121,459.62	137,430.66	2,310.14	0.00
GNMA	2003A RMRB	5.49	01/12/06	12/20/35	73,971.29	82,254.12			(326.81)		73,644.48	83,327.76	1,400.45	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	296,676.28	329,913.14			(1,356.78)		295,319.50	334,167.31	5,610.95	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	102,618.65	114,115.09			(528.13)		102,090.52	115,520.02	1,933.06	0.00
GNMA	2003A RMRB	5.49	02/09/06	01/20/36	66,416.13	73,854.84			(292.31)		66,123.82	74,820.12	1,257.59	0.00
GNMA	2003A RMRB	5.49	02/23/06	01/20/36	87,582.18	97,392.60			(384.31)		87,197.87	98,666.72	1,658.43	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	342,076.91	380,400.03			(1,515.20)		340,561.71	385,360.91	6,476.08	0.00
GNMA	2003A RMRB	5.49	03/30/06	03/20/36	208,067.18	231,381.77			(901.21)		207,165.97	234,422.34	3,941.78	0.00
GNMA	2003A RMRB	5.49	04/27/06	03/20/36	131,334.34	146,053.71			(635.00)		130,699.34	147,898.15	2,479.44	0.00
GNMA	2003A RMRB	4.49	04/27/06	03/20/36	112,533.75	120,179.13			(567.60)		111,966.15	122,689.58	3,078.05	0.00
FNMA	2003A RMRB	4.49	03/25/04	02/01/34	183,958.89	199,477.90			(1,094.31)		182,864.58	198,929.30	545.71	0.00
FNMA	2003A RMRB	4.49	07/29/04	07/01/34	189,274.50	205,223.49			(1,123.62)		188,150.88	204,678.69	578.82	0.00
FNMA	2003A RMRB	4.49	08/26/04	08/01/34	95,677.06	103,864.30			(789.19)		94,887.87	103,289.15	214.04	0.00
FNMA	2003A RMRB	5.49	09/23/04	08/01/34	187,364.74	208,415.40			(958.99)		186,405.75	208,866.99	1,410.58	0.00
FNMA	2003A RMRB	4.49	09/29/04	09/01/34	302,018.83	327,240.52			(1,795.45)		300,223.38	326,505.44	1,060.37	0.00
FNMA	2003A RMRB	4.49	11/10/04	10/01/34	150,098.37	162,682.61			(874.09)		149,224.28	162,311.37	502.85	0.00
FNMA	2003A RMRB	4.49	03/29/05	01/20/35	208,233.50	225,606.69			(1,496.65)		206,736.85	224,851.88	741.84	0.00
FNMA	2003A RMRB	5.49	06/23/05	06/01/35	242,144.35	269,224.29			(1,167.57)		240,976.78	269,913.38	1,856.66	0.00
FNMA	2003A RMRB	5.49	08/18/05	06/01/35	282,936.89	315,104.90			(1,903.67)		281,033.22	315,104.92	1,903.69	0.00
FNMA	2003A RMRB	5.49	09/08/05	08/01/35	102,931.07	114,424.22			(476.68)		102,454.39	114,744.39	796.85	0.00
FNMA	2003A RMRB	5.49	10/06/05	10/01/35	143,476.04	159,807.03			(1,565.43)		141,910.61	159,116.93	875.33	0.00
FNMA	2003A RMRB	5.49	10/20/05	10/01/35	170,296.48	189,609.43			(1,221.07)		169,075.41	189,591.62	1,203.26	0.00
FNMA	2003A RMRB	5.49	12/29/05	12/01/35	241,014.77	267,881.56			(1,094.14)		239,920.63	268,557.44	1,770.02	0.00
FNMA	2003A RMRB	4.49	01/12/06	12/01/35	68,892.04	74,421.15			(432.88)		68,459.16	74,329.23	340.96	0.00
FNMA	2003A RMRB	5.49	02/02/06	01/01/36	106,383.68	118,235.89			(530.10)		105,853.58	118,466.62	760.83	0.00
Repo Agmt	2003A RMRB	0.01	08/31/11	09/01/11	58,099.11	58,099.11	51,379.65				109,478.76	109,478.76	-	0.00
	2003A RMRB Total				42,791,667.52	46,243,495.01	51,405.45	(884,374.91)	(344,401.01)	0.00	41,614,297.05	46,012,106.22	945,981.68	0.00
Repo Agmt	1999 A RMRB	0.01	08/31/11	09/01/11	16,199.23	16,199.23	0.00				16,199.23	16,199.23	-	0.00
	1999 A RMRB Total				16,199.23	16,199.23	0.00	0.00	0.00	0.00	16,199.23	16,199.23	0.00	0.00
Total Residential Mortgage Revenue Bonds Investment Summary					544,327,455.83	574,218,598.77	16,487,858.50	(52,647,636.55)	(2,905,492.31)	(0.00)	505,262,185.47	538,762,108.22	3,608,779.81	3,306,016.84

Texas Department of Housing and Community Affairs
Collateralized Home Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2011

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Repo Agmt	1992 A-C CHMRB	0.01	08/31/11	09/01/11	0.65	0.65	125,948.86				125,949.51	125,949.51	-	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	497,243.01	497,243.01		(431,137.56)			66,105.45	66,105.45	-	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	12/01/23	25,297.62	29,046.98			(349.97)		24,947.65	28,570.18	(126.83)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/23	44,798.83	51,435.03			(762.69)		44,036.14	50,426.99	(245.35)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	06/01/23	122,353.58	140,754.17			(3,797.36)		118,556.22	136,088.94	(867.87)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	02/01/25	759,699.64	873,042.34			(20,906.84)		738,792.80	847,620.02	(4,515.48)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	379,712.74	436,367.10			(67,574.13)		312,138.61	358,120.72	(10,672.25)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	109,062.98	125,335.56			(24,481.43)		84,581.55	97,041.58	(3,812.55)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	402,429.09	462,480.19			(7,604.66)		394,824.43	452,995.02	(1,880.51)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	470,478.51	542,509.61			(6,337.81)		464,140.70	534,534.09	(1,637.71)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/96	12/20/22	86,442.06	98,825.55			(1,274.80)		85,167.26	97,557.47	6.72	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	01/20/23	133,467.03	153,771.12			(3,606.85)		129,860.18	150,011.47	(152.80)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/23	82,445.42	94,991.98			(3,770.76)		78,674.66	90,887.36	(333.86)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	07/20/23	274,093.77	315,819.40			(12,087.94)		262,005.83	302,690.77	(1,040.69)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	08/20/23	67,229.39	77,465.01			(1,115.96)		66,113.43	76,380.90	31.85	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	8,209.37	9,459.40			(654.18)		7,555.19	8,728.67	(76.55)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	12/20/23	181,880.25	209,583.39			(3,794.06)		178,086.19	205,755.10	(34.23)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/23	33,651.15	38,772.78			(450.79)		33,200.36	38,354.64	32.65	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/25	332,626.92	384,774.80			(6,048.62)		326,578.30	379,326.95	600.77	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/25	268,310.18	310,378.93			(35,647.20)		232,662.98	270,246.15	(4,485.58)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	06/20/25	270,406.79	312,808.29			(43,773.23)		226,633.56	263,246.39	(5,788.67)	0.00
GIC's	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
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	166,453.21	166,453.21		(95,869.25)			70,583.96	70,583.96	-	0.00
FNMA	1992 A-C CHMRB	6.91	04/28/95	06/01/23	87,783.39	100,786.56			(2,535.65)		85,247.74	97,619.09	(631.82)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/23	420,435.39	484,398.86			(7,560.12)		412,875.27	476,947.85	109.11	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	01/20/25	1,111,355.42	1,285,509.43			(44,043.41)		1,067,312.01	1,239,626.57	(1,839.45)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	02/20/25	965,556.77	1,116,878.10			(31,489.15)		934,067.62	1,084,884.36	(504.59)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/25	1,047,388.06	1,211,548.47			(24,408.28)		1,022,979.78	1,188,167.92	1,027.73	0.00
Repo Agmt	1992 A-C CHMRB	0.01	08/31/11	09/01/11	13,071.71	13,071.71	0.81				13,072.52	13,072.52	-	0.00
	1992 A-C CHMRB Total				8,461,882.93	9,643,511.63	125,949.67	(527,006.81)	(354,075.89)	0.00	7,706,749.90	8,851,540.64	(36,837.96)	0.00
	Total CHMRB Investment Summary				8,461,882.93	9,643,511.63	125,949.67	(527,006.81)	(354,075.89)	0.00	7,706,749.90	8,851,540.64	(36,837.96)	0.00

Texas Department of Housing and Community Affairs
Multi Family Investment Summary
For Period Ending August 31, 2011

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.00	08/01/11	09/01/11	44,824.97	44,824.97		(0.01)			44,824.96	44,824.96	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.00	08/01/11	09/01/11	38,936.55	38,936.55		(5,751.54)			33,185.01	33,185.01	-	0.00
	1996 A&B MF (Brighton/LasColi) Total				83,761.52	83,761.52	0.00	(5,751.55)	0.00	0.00	78,009.97	78,009.97	0.00	0.00
Mutual Fund	1996 A&B MF (Braxton's)				76,121.48	76,121.48		(76,121.48)					-	0.00
Mutual Fund	1996 A&B MF (Braxton's)				57,559.51	57,559.51		(57,559.51)					-	0.00
	1996 A&B MF (Braxton's) Total				133,680.99	133,680.99	0.00	(133,680.99)	0.00	0.00	0.00	0.00	0.00	0.00
Repo Agmt	1987 South Tx. Rental Housing	0.01	08/31/11	09/01/11	523,635.30	523,635.30	34.87				523,670.17	523,670.17	-	0.00
	1987 South Tx. Rental Housing Total				523,635.30	523,635.30	34.87	0.00	0.00	0.00	523,670.17	523,670.17	0.00	0.00
Mutual Fund	1998 M/F (Pebble Brook)	0.00	08/01/11	09/01/11	96,254.80	96,254.80		(73,130.80)			23,124.00	23,124.00	-	0.00
Inv Agmt	1998 M/F (Pebble Brook)	5.20	04/30/98	12/01/30			233,370.32				233,370.32	233,370.32	-	0.00
GIC's	1998 M/F (Pebble Brook)	5.20	01/03/11	12/01/30	3,006.71	3,006.71	24,097.50				27,104.21	27,104.21	-	0.00
	1998 M/F (Pebble Brook) Total				99,261.51	99,261.51	257,467.82	(73,130.80)	0.00	0.00	283,598.53	283,598.53	0.00	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	08/01/11	09/01/11	68,720.45	68,720.45	11,381.49				80,101.94	80,101.94	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	08/01/11	09/01/11	62,923.58	62,923.58	13,250.01				76,173.59	76,173.59	-	0.00
Money Market	1998 M/F (Residence Oaks Proj)	0.00	08/01/11	09/01/11	639.38	639.38	1,918.05				2,557.43	2,557.43	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	08/01/11	09/01/11	15,333.33	15,333.33	45,999.99				61,333.32	61,333.32	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	08/01/11	09/01/11	33,238.87	33,238.87	99,716.52				132,955.39	132,955.39	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	08/01/11	09/01/11	41,511.52	41,511.52		(20,205.02)			21,306.50	21,306.50	-	0.00
	1998 M/F (Residence Oaks Proj) Total				222,367.13	222,367.13	172,266.06	(20,205.02)	0.00	0.00	374,428.17	374,428.17	0.00	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	0.00	08/01/11	09/01/11	53,326.85	53,326.85	0.00				53,326.85	53,326.85	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	0.00	08/01/11	09/01/11	124,536.95	124,536.95	24,963.19				149,500.14	149,500.14	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	0.01	08/01/11	09/01/11	77,500.03	77,500.03	77,499.99				155,000.02	155,000.02	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	0.01	08/01/11	09/01/11	149,289.08	149,289.08	148,610.64				297,899.72	297,899.72	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	0.01	08/01/11	09/01/11	62,795.25	62,795.25		(13,157.16)			49,638.09	49,638.09	-	0.00
	1998 M/F (Greens-Hickory Trail Total				467,448.16	467,448.16	251,073.82	(13,157.16)	0.00	0.00	705,364.82	705,364.82	0.00	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.00	08/01/11	09/01/11	83,653.00	83,653.00	54,198.00				137,851.00	137,851.00	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.00	08/01/11	09/01/11	7,214.06	7,214.06	1,369.33				8,583.39	8,583.39	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.00	08/01/11	09/01/11	34,472.59	34,472.59	18,000.00				52,472.59	52,472.59	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.00	08/01/11	09/01/11	21,666.67	21,666.67	65,000.01				86,666.68	86,666.68	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.00	08/01/11	09/01/11	46,747.78	46,747.78	135,275.49				182,023.27	182,023.27	-	0.00
	1999 M/F (Mayfield Apts) Total				193,754.10	193,754.10	273,842.83	0.00	0.00	0.00	467,596.93	467,596.93	0.00	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.00	08/01/11	09/01/11	6,375.39	6,375.39	7,389.25				13,764.64	13,764.64	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.00	08/01/11	09/01/11	30,397.25	30,397.25	210.00				30,607.25	30,607.25	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.00	08/01/11	09/01/11	23,067.40	23,067.40	37,201.00				60,268.40	60,268.40	-	0.00
	2000 M/F (Timber Point Apts) Total				59,840.04	59,840.04	44,800.25	0.00	0.00	0.00	104,640.29	104,640.29	0.00	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.01	08/01/11	09/01/11	59,317.38	59,317.38	64,595.29				123,912.67	123,912.67	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.01	08/01/11	09/01/11	250,977.87	250,977.87	14,785.95				265,763.82	265,763.82	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.01	08/01/11	09/01/11	89,943.29	89,943.29	4,396.64				94,339.93	94,339.93	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.01	08/01/11	09/01/11	12,125.72	12,125.72	4,792.34				16,918.06	16,918.06	-	0.00
	2000 A&B M/F (Oaks at Hampton) Total				412,364.26	412,364.26	88,570.22	0.00	0.00	0.00	500,934.48	500,934.48	0.00	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	0.01	08/01/11	09/01/11	28,060.18	28,060.18	500.00				28,560.18	28,560.18	-	0.00
Mutual Fund	2000 M/F (Deerwood Apts)				79,707.92	79,707.92		(79,707.92)					-	0.00
Inv Agmt	2000 M/F (Deerwood Apts)	6.15	05/23/00	06/01/32	178,270.65	178,270.65		(37,570.27)			140,700.38	140,700.38	-	0.00
	2000 M/F (Deerwood Apts) Total				286,038.75	286,038.75	500.00	(117,278.19)	0.00	0.00	169,260.56	169,260.56	0.00	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.00	08/01/11	09/01/11	10,678.28	10,678.28	1,464.57				12,142.85	12,142.85	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.00	08/01/11	09/01/11	28,437.47	28,437.47	187.00				28,624.47	28,624.47	-	0.00
Money Market	2000 M/F (Creek Point Apts)	0.00	08/01/11	09/01/11	93,076.73	93,076.73		(67,666.00)			25,410.73	25,410.73	-	0.00
	2000 M/F (Creek Point Apts) Total				132,192.48	132,192.48	1,651.57	(67,666.00)	0.00	0.00	66,178.05	66,178.05	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.01	08/01/11	09/01/11	30,687.32	30,687.32		(14,392.99)			16,294.33	16,294.33	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.01	08/01/11	09/01/11	309,785.93	309,785.93	6,100.25				315,886.18	315,886.18	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.01	08/01/11	09/01/11	91,388.08	91,388.08		(375.90)			91,012.18	91,012.18	-	0.00
Money Market	2000 M/F (Parks @ Westmoreld)	0.01	08/01/11	09/01/11	433.01	433.01	0.00				433.01	433.01	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.01	08/01/11	09/01/11	103,352.46	103,352.46	43,095.17				146,447.63	146,447.63	-	0.00
	2000 M/F (Parks @ Westmoreld) Total				535,646.80	535,646.80	49,195.42	(14,768.89)	0.00	0.00	570,073.33	570,073.33	0.00	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	08/01/11	09/01/11	108,551.00	108,551.00	47,215.08				155,766.08	155,766.08	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	08/01/11	09/01/11	13,798.48	13,798.48	6,905.92				20,704.40	20,704.40	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	08/01/11	09/01/11	117,152.37	117,152.37		(3,899.95)			113,252.42	113,252.42	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	08/01/11	09/01/11	13,166.67	13,166.67	39,500.01				52,666.68	52,666.68	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	08/01/11	09/01/11	60,629.10	60,629.10	135,438.75				196,067.85	196,067.85	-	0.00
	2000 A-C MF Highland Meadows Total				313,297.62	313,297.62	229,059.76	(3,899.95)	0.00	0.00	538,457.43	538,457.43	0.00	0.00
Money Market	2000 A/B MF Greenbridge	0.01	08/01/11	09/01/11	32,289.30	32,289.30	0.81				32,290.11	32,290.11	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.01	08/01/11	09/01/11	15,041.57	15,041.57	0.68				15,042.25	15,042.25	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.01	08/01/11	09/01/11	11,770.00	11,770.00	0.00				11,770.00	11,770.00	-	0.00
Inv Agmt	2000 A/B MF Greenbridge	6.15	11/09/00	11/01/40	5.45	5.45	0.00				5.45	5.45	-	0.00
Money Market	2000 A/B MF Greenbridge	0.01	08/01/11	09/01/11	45,652.35	45,652.35	1,126.16				46,778.51	46,778.51	-	0.00
	2000 A/B MF Greenbridge Total				104,758.67	104,758.67	1,127.65	0.00	0.00	0.00	105,886.32	105,886.32	0.00	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.00	08/01/11	09/01/11	97,048.70	97,048.70	46,529.00				143,577.70	143,577.70	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.00	08/01/11	09/01/11	59,265.53	59,265.53	76.16				59,341.69	59,341.69	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.00	08/01/11	09/01/11	13,180.27	13,180.27	7,908.81				21,089.08	21,089.08	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.00	08/01/11	09/01/11	21,333.33	21,333.33	63,999.99				85,333.32	85,333.32	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.00	08/01/11	09/01/11	79,171.40	79,171.40	202,927.20				282,098.60	282,098.60	-	0.00
	2000 A-C MF Collingham Park Total				269,999.23	269,999.23	321,441.16	0.00	0.00	0.00	591,440.39	591,440.39	0.00	0.00
Mutual Fund	2000 A/B MF Willams Run	0.01	08/01/11	09/01/11	13.09	13.09	0.00				13.09	13.09	-	0.00
Mutual Fund	2000 A/B MF Willams Run	0.01	08/01/11	09/01/11	14.72	14.72	0.00				14.72	14.72	-	0.00
Mutual Fund	2000 A/B MF Willams Run	0.01	08/01/11	09/01/11	0.11	0.11	0.00				0.11	0.11	-	0.00
	2000 A/B MF Willams Run Total				27.92	27.92	0.00	0.00	0.00	0.00	27.92	27.92	0.00	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.01	08/01/11	09/01/11	14,289.12	14,289.12	5,246.66				19,535.78	19,535.78	-	0.00
Money Market	2001A MF Bluffview Sr. Apts.	0.01	08/01/11	09/01/11	981.17	981.17	0.03				981.20	981.20	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.01	08/01/11	09/01/11	100,959.03	100,959.03	52,908.30				153,867.33	153,867.33	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.01	08/01/11	09/01/11	178,960.45	178,960.45	2,473.86				181,434.31	181,434.31	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.01	08/01/11	09/01/11	98,602.80	98,602.80	204.52				98,807.32	98,807.32	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.01	08/01/11	09/01/11	42,080.02	42,080.02	1.07				42,081.09	42,081.09	-	0.00
	2001A MF Bluffview Sr. Apts. Total				435,872.59	435,872.59	60,834.44	0.00	0.00	0.00	496,707.03	496,707.03	0.00	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.01	08/01/11	09/01/11	3,210.40	3,210.40	6,063.22				9,273.62	9,273.62	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.01	08/01/11	09/01/11	79,627.06	79,627.06	70,969.85				150,596.91	150,596.91	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.01	08/01/11	09/01/11	76,352.34	76,352.34		(10,831.33)			65,521.01	65,521.01	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.01	08/01/11	09/01/11	120,494.32	120,494.32	5,096.56				125,590.88	125,590.88	-	0.00
Money Market	2001A MF Knollwood Villas Apts	0.01	08/01/11	09/01/11	1,693.85	1,693.85	0.03				1,693.88	1,693.88	-	0.00
	2001A MF Knollwood Villas Apts Total				281,377.97	281,377.97	82,129.66	(10,831.33)	0.00	0.00	352,676.30	352,676.30	0.00	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	08/01/11	09/01/11	49,303.16	49,303.16		(14,642.42)			34,660.74	34,660.74	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	08/01/11	09/01/11	123,064.48	123,064.48	14,499.99				137,564.47	137,564.47	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	08/01/11	09/01/11	19.27	19.27	12.83				32.10	32.10	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	08/01/11	09/01/11	74,787.96	74,787.96	52,060.18				126,848.14	126,848.14	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	08/01/11	09/01/11	37,050.46	37,050.46	28,732.51				65,782.97	65,782.97	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	08/01/11	09/01/11	58,333.36	58,333.36		(27,499.99)			30,833.37	30,833.37	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	08/01/11	09/01/11	219,984.32	219,984.32		(78,871.46)			141,112.86	141,112.86	-	0.00
	2001A MF Skyway Villas Total				562,543.01	562,543.01	95,305.51	(121,013.87)	0.00	0.00	536,834.65	536,834.65	0.00	0.00
Mutual Fund	2001A MF Greens Road Apts	0.00	08/01/11	09/01/11	1.50	1.50	3,035.00				3,036.50	3,036.50	-	0.00
Inv Agmt	2001A MF Greens Road Apts	4.01	09/14/01	06/01/34	11,899.76	11,899.76	140,484.75				152,384.51	152,384.51	-	0.00
	2001A MF Greens Road Apts Total				11,901.26	11,901.26	143,519.75	0.00	0.00	0.00	155,421.01	155,421.01	0.00	0.00
Mutual Fund	2001AB MF Meridian Apts	0.00	08/01/11	09/01/11	24,243.00	24,243.00		(10,985.76)			13,257.24	13,257.24	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.00	08/01/11	09/01/11	182,992.01	182,992.01	17,499.99				200,492.00	200,492.00	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Money Market	2001AB MF Meridian Apts	0.00	08/01/11	09/01/11	345,843.00	345,843.00	57,868.51				403,711.51	403,711.51	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.00	08/01/11	09/01/11	40,267.66	40,267.66	0.00				40,267.66	40,267.66	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.00	08/01/11	09/01/11	1,955.00	1,955.00	0.00				1,955.00	1,955.00	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.00	08/01/11	09/01/11	7,000.00	7,000.00	0.00				7,000.00	7,000.00	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.00	08/01/11	09/01/11	39,840.00	39,840.00		(105.00)			39,735.00	39,735.00	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.00	08/01/11	09/01/11	52,267.08	52,267.08	0.00				52,267.08	52,267.08	-	0.00
	2001AB MF Meridian Apts Total				694,407.75	694,407.75	75,368.50	(11,090.76)	0.00	0.00	758,685.49	758,685.49	0.00	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	08/01/11	09/01/11	20,324.57	20,324.57		(9,569.49)			10,755.08	10,755.08	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	08/01/11	09/01/11	175,508.53	175,508.53	60,779.20				236,287.73	236,287.73	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	08/01/11	09/01/11	393,343.13	393,343.13		(75.00)			393,268.13	393,268.13	-	0.00
Money Market	2001AB MF Wildwood Branch	0.00	08/01/11	09/01/11	119,599.06	119,599.06	17,499.99				137,099.05	137,099.05	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	08/01/11	09/01/11	5,000.00	5,000.00	0.00				5,000.00	5,000.00	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	08/01/11	09/01/11	32,335.00	32,335.00		(75.00)			32,260.00	32,260.00	-	0.00
	2001AB MF Wildwood Branch Total				746,110.29	746,110.29	78,279.19	(9,719.49)	0.00	0.00	814,669.99	814,669.99	0.00	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.00	08/01/11	09/01/11	53,048.48	53,048.48		(1,362.08)			51,686.40	51,686.40	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.01	08/01/11	09/01/11	13,098.88	13,098.88	2,204.99				15,303.87	15,303.87	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.01	08/01/11	09/01/11	182,245.50	182,245.50	254,563.97				436,809.47	436,809.47	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.01	08/01/11	09/01/11	0.12	0.12	0.00				0.12	0.12	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.01	08/01/11	09/01/11	121,833.53	121,833.53	4,669.70				126,503.23	126,503.23	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.01	08/01/11	09/01/11	109,843.23	109,843.23		(105,832.88)			4,010.35	4,010.35	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.01	08/01/11	09/01/11	339,777.98	339,777.98		(339,762.83)			15.15	15.15	-	0.00
	2001ABC MF Fallbrook Apts Total				819,847.72	819,847.72	261,438.66	(446,957.79)	0.00	0.00	634,328.59	634,328.59	0.00	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.01	08/01/11	09/01/11	32,301.35	32,301.35	4,143.10				36,444.45	36,444.45	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.01	08/01/11	09/01/11	93,266.87	93,266.87		(26,986.75)			66,280.12	66,280.12	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.01	08/01/11	09/01/11	56,921.82	56,921.82	316.65				57,238.47	57,238.47	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.01	08/01/11	09/01/11	53,208.46	53,208.46	32,659.54				85,868.00	85,868.00	-	0.00
	2001 MF Oak Hollow Apts Total				235,698.50	235,698.50	37,119.29	(26,986.75)	0.00	0.00	245,831.04	245,831.04	0.00	0.00
Mutual Fund	2001AB MF Hillside Apts	0.01	08/01/11	09/01/11	14,445.16	14,445.16	5,701.91				20,147.07	20,147.07	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.01	08/01/11	09/01/11	71,024.11	71,024.11	557.67				71,581.78	71,581.78	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.01	08/01/11	09/01/11	104,221.94	104,221.94		(104,221.76)			0.18	0.18	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.01	08/01/11	09/01/11	96,409.38	96,409.38	36,982.82				133,392.20	133,392.20	-	0.00
	2001AB MF Hillside Apts Total				286,100.59	286,100.59	43,242.40	(104,221.76)	0.00	0.00	225,121.23	225,121.23	0.00	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	08/01/11	09/01/11	17,726.11	17,726.11		(7,434.44)			10,291.67	10,291.67	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	08/01/11	09/01/11	283,138.07	283,138.07	15,507.26				298,645.33	298,645.33	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	08/01/11	09/01/11	2,154.63	2,154.63	1.37				2,156.00	2,156.00	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	08/01/11	09/01/11	72,704.73	72,704.73	38,569.40				111,274.13	111,274.13	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	08/01/11	09/01/11	85,001.80	85,001.80		(37,499.26)			47,502.54	47,502.54	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	08/01/11	09/01/11	255,487.92	255,487.92		(102,706.05)			152,781.87	152,781.87	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	08/01/11	09/01/11	154,277.52	154,277.52	52,704.83				206,982.35	206,982.35	-	0.00
	2002A MF Millstone Apts Total				870,490.78	870,490.78	106,782.86	(147,639.75)	0.00	0.00	829,633.89	829,633.89	0.00	0.00
Mutual Fund	2002 MF Park Meadows	0.00	08/01/11	09/01/11	199,687.94	199,687.94		(85,853.00)			113,834.94	113,834.94	-	0.00
	2002 MF Park Meadows Total				199,687.94	199,687.94	0.00	(85,853.00)	0.00	0.00	113,834.94	113,834.94	0.00	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	0.01	08/01/11	09/01/11	27,207.05	27,207.05	6,375.74				33,582.79	33,582.79	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	0.01	08/01/11	09/01/11	174,165.37	174,165.37	10,910.09				185,075.46	185,075.46	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	0.01	08/01/11	09/01/11	117,627.89	117,627.89	5,138.86				122,766.75	122,766.75	-	0.00
Money Market	2002 MF Clarkridge Villas Apts	0.01	08/01/11	09/01/11	2,402.53	2,402.53	0.06				2,402.59	2,402.59	-	0.00
Money Market	2002 MF Clarkridge Villas Apts	0.01	08/01/11	09/01/11	79,481.95	79,481.95	81,306.89				160,788.84	160,788.84	-	0.00
	2002 MF Clarkridge Villas Apts Total				400,884.79	400,884.79	103,731.64	0.00	0.00	0.00	504,616.43	504,616.43	0.00	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.01	08/01/11	09/01/11	12,636.02	12,636.02	5,105.14				17,741.16	17,741.16	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.01	08/01/11	09/01/11	61,098.81	61,098.81	10,181.89				71,280.70	71,280.70	-	0.00
Money Market	2002 MF Hickory Trace Apts	0.01	08/01/11	09/01/11	92,761.28	92,761.28	2,071.43				94,832.71	94,832.71	-	0.00
Money Market	2002 MF Hickory Trace Apts	0.01	08/01/11	09/01/11	997.95	997.95	0.03				997.98	997.98	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.01	08/01/11	09/01/11	58,258.02	58,258.02	51,515.95				109,773.97	109,773.97	-	0.00
	2002 MF Hickory Trace Apts Total				225,752.08	225,752.08	68,874.44	0.00	0.00	0.00	294,626.52	294,626.52	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Mutual Fund	2002 MF Green Crest Apts	0.01	08/01/11	09/01/11	150,561.57	150,561.57	74,236.03				224,797.60	224,797.60	-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.01	08/01/11	09/01/11	140,453.86	140,453.86		(6,822.13)			133,631.73	133,631.73	-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.01	08/01/11	09/01/11	0.38	0.38	0.00				0.38	0.38	-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.01	08/01/11	09/01/11	1,581.41	1,581.41	1,583.03				3,164.44	3,164.44	-	0.00
	2002 MF Green Crest Apts Total				292,597.22	292,597.22	75,819.06	(6,822.13)	0.00	0.00	361,594.15	361,594.15	0.00	0.00
Mutual Fund	2002AB MF Ironwood Crossing	0.01	08/01/11	09/01/11	156,461.55	156,461.55	87,117.63				243,579.18	243,579.18	-	0.00
Mutual Fund	2002AB MF Ironwood Crossing	0.01	08/01/11	09/01/11	3,633.32	3,633.32	5,448.13				9,081.45	9,081.45	-	0.00
Mutual Fund	2002AB MF Ironwood Crossing	0.01	08/01/11	09/01/11	39,677.15	39,677.15	14,374.43				54,051.58	54,051.58	-	0.00
	2002AB MF Ironwood Crossing Total				199,772.02	199,772.02	106,940.19	0.00	0.00	0.00	306,712.21	306,712.21	0.00	0.00
Mutual Fund	2002 MF Woodway Village	0.00	08/01/11	09/01/11	5,544.63	5,544.63	3,701.00				9,245.63	9,245.63	-	0.00
Mutual Fund	2002 MF Woodway Village	0.00	08/01/11	09/01/11	228,368.77	228,368.77		(132,602.46)			95,766.31	95,766.31	-	0.00
Mutual Fund	2002 MF Woodway Village	0.01	08/01/11	09/01/11	3,035.29	3,035.29	0.00				3,035.29	3,035.29	-	0.00
	2002 MF Woodway Village Total				236,948.69	236,948.69	3,701.00	(132,602.46)	0.00	0.00	108,047.23	108,047.23	0.00	0.00
Money Market	2003 AB MF Reading Road	0.00	08/01/11	09/01/11	17,750.42	17,750.42	428.63				18,179.05	18,179.05	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	08/01/11	09/01/11	64,832.18	64,832.18		(38,803.12)			26,029.06	26,029.06	-	0.00
Mutual Fund	2003 AB MF Reading Road				3,285.29	3,285.29		(3,285.29)					-	0.00
Money Market	2003 AB MF Reading Road	0.00	08/01/11	09/01/11	7.96	7.96	0.00				7.96	7.96	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	08/01/11	09/01/11	7.96	7.96	0.00				7.96	7.96	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	08/01/11	09/01/11	25,734.25	25,734.25	43,684.12				69,418.37	69,418.37	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	08/01/11	09/01/11	0.16	0.16	0.00				0.16	0.16	-	0.00
	2003 AB MF Reading Road Total				111,618.22	111,618.22	44,112.75	(42,088.41)	0.00	0.00	113,642.56	113,642.56	0.00	0.00
Money Market	2003 AB MF North Vista Apts	0.01	08/01/11	09/01/11	101,633.00	101,633.00	59,254.33				160,887.33	160,887.33	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.01	08/01/11	09/01/11	398.66	398.66	0.00				398.66	398.66	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.00	08/01/11	09/01/11	3,446.30	3,446.30	452.86				3,899.16	3,899.16	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.00	08/01/11	09/01/11	207,664.33	207,664.33	15,750.00				223,414.33	223,414.33	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.00	08/01/11	09/01/11	12,301.86	12,301.86	45,095.32				57,397.18	57,397.18	-	0.00
Money Market	2003 AB MF North Vista Apts	0.01	08/01/11	09/01/11	100,000.25	100,000.25		(42,500.34)			57,499.91	57,499.91	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.01	08/01/11	09/01/11	288,032.52	288,032.52		(121,356.34)			166,676.18	166,676.18	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.00	08/01/11	09/01/11	14,955.00	14,955.00		(8,499.33)			6,455.67	6,455.67	-	0.00
	2003 AB MF North Vista Apts Total				728,431.92	728,431.92	120,552.51	(172,356.01)	0.00	0.00	676,628.42	676,628.42	0.00	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.01	08/01/11	09/01/11	41,637.54	41,637.54		(18,289.91)			23,347.63	23,347.63	-	0.00
Money Market	2003 AB MF West Virginia Apts	0.01	08/01/11	09/01/11	92,992.65	92,992.65	12,750.00				105,742.65	105,742.65	-	0.00
Money Market	2003 AB MF West Virginia Apts	0.01	08/01/11	09/01/11	88,560.12	88,560.12	55,638.00				144,198.12	144,198.12	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.01	08/01/11	09/01/11	32.92	32.92	4,550.16				4,583.08	4,583.08	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.01	08/01/11	09/01/11	10,509.34	10,509.34	31,033.50				41,542.84	41,542.84	-	0.00
Money Market	2003 AB MF West Virginia Apts	0.01	08/01/11	09/01/11	79,208.41	79,208.41		(29,999.98)			49,208.43	49,208.43	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.01	08/01/11	09/01/11	203,382.83	203,382.83		(87,594.35)			115,788.48	115,788.48	-	0.00
	2003 AB MF West Virginia Apts Total				516,323.81	516,323.81	103,971.66	(135,884.24)	0.00	0.00	484,411.23	484,411.23	0.00	0.00
Mutual Fund	2003AB MF Sphinx @ Murdeaux				6,625.74	6,625.74		(6,625.74)					-	0.00
	2003AB MF Sphinx @ Murdeaux Total				6,625.74	6,625.74	0.00	(6,625.74)	0.00	0.00	0.00	0.00	0.00	0.00
Mutual Fund	2003 AB MF Primrose Houston	0.01	08/01/11	09/01/11	101,701.75	101,701.75		(1,873.75)			99,828.00	99,828.00	-	0.00
Money Market	2003 AB MF Primrose Houston	0.01	08/01/11	09/01/11	6,150.24	6,150.24	7,089.66				13,239.90	13,239.90	-	0.00
	2003 AB MF Primrose Houston Total				107,851.99	107,851.99	7,089.66	(1,873.75)	0.00	0.00	113,067.90	113,067.90	0.00	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.01	08/01/11	09/01/11	55,743.71	55,743.71		(55,743.50)			0.21	0.21	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.01	08/01/11	09/01/11	44,690.92	44,690.92	1.13				44,692.05	44,692.05	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.01	08/01/11	09/01/11	10,177.03	10,177.03	6,592.43				16,769.46	16,769.46	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.01	08/01/11	09/01/11	17,744.97	17,744.97		(16,000.18)			1,744.79	1,744.79	-	0.00
	2003 AB MF Timber Oaks Apts Total				128,356.63	128,356.63	6,593.56	(71,743.68)	0.00	0.00	63,206.51	63,206.51	0.00	0.00
Mutual Fund	2003 AB MF Ash Creek	0.01	08/01/11	09/01/11	99,271.78	99,271.78	0.04				99,271.82	99,271.82	-	0.00
Money Market	2003 AB MF Ash Creek	0.01	08/01/11	09/01/11	4,555.75	4,555.75		(88.92)			4,466.83	4,466.83	-	0.00
	2003 AB MF Ash Creek Total				103,827.53	103,827.53	0.04	(88.92)	0.00	0.00	103,738.65	103,738.65	0.00	0.00
Mutual Fund	2003 AB MF Peninsula	0.01	08/01/11	09/01/11	11,873.13	11,873.13	0.00				11,873.13	11,873.13	-	0.00
Mutual Fund	2003 AB MF Peninsula	0.01	08/01/11	09/01/11	142,020.38	142,020.38	205,621.00				347,641.38	347,641.38	-	0.00

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Mutual Fund	2003 AB MF Peninsula	0.01	08/01/11	09/01/11	4,408.98	4,408.98	0.12				4,409.10	4,409.10	-	0.00
	2003 AB MF Peninsula Total				158,302.49	158,302.49	205,621.12	0.00	0.00	0.00	363,923.61	363,923.61	0.00	0.00
Mutual Fund	2003 AB Arlington Villas	0.01	08/01/11	09/01/11	108,595.94	108,595.94	35.33				108,631.27	108,631.27	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.01	08/01/11	09/01/11	18,874.28	18,874.28	5,808.90				24,683.18	24,683.18	-	0.00
	2003 AB Arlington Villas Total				127,470.22	127,470.22	5,844.23	0.00	0.00	0.00	133,314.45	133,314.45	0.00	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.01	08/01/11	09/01/11	3,329.01	3,329.01	4,375.09				7,704.10	7,704.10	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.01	08/01/11	09/01/11	121,255.50	121,255.50	13,793.31				135,048.81	135,048.81	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.01	08/01/11	09/01/11	2.23	2.23	0.00				2.23	2.23	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.01	08/01/11	09/01/11	116,118.65	116,118.65	65,599.43				181,718.08	181,718.08	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.01	08/01/11	09/01/11	221,211.50	221,211.50	5.58				221,217.08	221,217.08	-	0.00
	2003 AB Parkview Twnhms Total				461,916.89	461,916.89	83,773.41	0.00	0.00	0.00	545,690.30	545,690.30	0.00	0.00
Money Market	2003 MF NHP-Asmara-Refunding	0.01	08/01/11	09/01/11	366,153.10	366,153.10		(320,955.59)			45,197.51	45,197.51	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	0.01	08/01/11	09/01/11	83,145.02	83,145.02	6,837.80				89,982.82	89,982.82	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	0.01	08/01/11	09/01/11	682.74	682.74		(589.88)			92.86	92.86	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding				0.76	0.76		(0.76)					-	0.00
	2003 MF NHP-Asmara-Refunding Total				449,981.62	449,981.62	6,837.80	(321,546.23)	0.00	0.00	135,273.19	135,273.19	0.00	0.00
Money Market	2004 A&B Timber Ridge	0.01	08/01/11	09/01/11	6,187.57	6,187.57	4,007.30				10,194.87	10,194.87	-	0.00
Money Market	2004 A&B Timber Ridge	0.01	08/01/11	09/01/11	59,322.51	59,322.51		(418.94)			58,903.57	58,903.57	-	0.00
	2004 A&B Timber Ridge Total				65,510.08	65,510.08	4,007.30	(418.94)	0.00	0.00	69,098.44	69,098.44	0.00	0.00
Money Market	2004 A&B Century Park	0.01	08/01/11	09/01/11	54,322.70	54,322.70		(29,490.56)			24,832.14	24,832.14	-	0.00
Money Market	2004 A&B Century Park	0.01	08/01/11	09/01/11	6,325.22	6,325.22	30,050.02				36,375.24	36,375.24	-	0.00
Money Market	2004 A&B Century Park	0.01	08/01/11	09/01/11	1,628.19	1,628.19	0.03				1,628.22	1,628.22	-	0.00
Money Market	2004 A&B Century Park	0.01	08/01/11	09/01/11	84,107.87	84,107.87	82,631.36				166,739.23	166,739.23	-	0.00
Money Market	2004 A&B Century Park	0.01	08/01/11	09/01/11	73,376.51	73,376.51		(46,665.74)			26,710.77	26,710.77	-	0.00
Money Market	2004 A&B Century Park	0.01	08/01/11	09/01/11	162,378.09	162,378.09		(6,561.63)			155,816.46	155,816.46	-	0.00
Money Market	2004 A&B Century Park	0.01	08/01/11	09/01/11	240,929.30	240,929.30		(168,230.82)			72,698.48	72,698.48	-	0.00
	2004 A&B Century Park Total				623,067.88	623,067.88	112,681.41	(250,948.75)	0.00	0.00	484,800.54	484,800.54	0.00	0.00
Money Market	2004 A&B MF Veterans Memorial	0.01	08/01/11	09/01/11	0.17	0.17	0.00				0.17	0.17	-	0.00
Money Market	2004 A&B MF Veterans Memorial	0.01	08/01/11	09/01/11	53,845.81	53,845.81	153,925.67				207,771.48	207,771.48	-	0.00
Money Market	2004 A&B MF Veterans Memorial	0.01	08/01/11	09/01/11	273,893.70	273,893.70		(59,659.95)			214,233.75	214,233.75	-	0.00
Money Market	2004 A&B MF Veterans Memorial	0.01	08/01/11	09/01/11	5,843.62	5,843.62	2.07				5,845.69	5,845.69	-	0.00
Money Market	2004 A&B MF Veterans Memorial	0.01	08/01/11	09/01/11	5,833.29	5,833.29	4,374.17				10,207.46	10,207.46	-	0.00
	2004 A&B MF Veterans Memorial Total				339,416.59	339,416.59	158,301.91	(59,659.95)	0.00	0.00	438,058.55	438,058.55	0.00	0.00
Money Market	2004 MF Rush Creek Apts	0.01	08/01/11	09/01/11	138,487.65	138,487.65	8,269.30				146,756.95	146,756.95	-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	08/01/11	09/01/11	73,751.58	73,751.58		(3,710.86)			70,040.72	70,040.72	-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	08/01/11	09/01/11	20,284.19	20,284.19	0.51				20,284.70	20,284.70	-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	08/01/11	09/01/11	16,306.11	16,306.11	4,310.19				20,616.30	20,616.30	-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	08/01/11	09/01/11	81,576.24	81,576.24	39,190.97				120,767.21	120,767.21	-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	08/01/11	09/01/11	0.03	0.03	0.03				0.06	0.06	-	0.00
	2004 MF Rush Creek Apts Total				330,405.80	330,405.80	51,771.00	(3,710.86)	0.00	0.00	378,465.94	378,465.94	0.00	0.00
Money Market	2004 MF Humble Parkway	0.01	08/01/11	09/01/11	114,750.74	114,750.74	10,734.46				125,485.20	125,485.20	-	0.00
Money Market	2004 MF Humble Parkway	0.01	08/01/11	09/01/11	78,700.26	78,700.26	83,461.53				162,161.79	162,161.79	-	0.00
Money Market	2004 MF Humble Parkway	0.01	08/01/11	09/01/11	378,482.62	378,482.62		(226,627.90)			151,854.72	151,854.72	-	0.00
Money Market	2004 MF Humble Parkway	0.01	08/01/11	09/01/11	15,748.19	15,748.19	3,176.68				18,924.87	18,924.87	-	0.00
	2004 MF Humble Parkway Total				587,681.81	587,681.81	97,372.67	(226,627.90)	0.00	0.00	458,426.58	458,426.58	0.00	0.00
Money Market	2004 MF Chisholm Trail Apts	0.01	08/01/11	09/01/11	70,433.99	70,433.99	44,286.10				114,720.09	114,720.09	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.00	08/01/11	09/01/11	2,283.42	2,283.42	0.00				2,283.42	2,283.42	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.00	08/01/11	09/01/11	19,397.97	19,397.97		(10,644.26)			8,753.71	8,753.71	-	0.00
	2004 MF Chisholm Trail Apts Total				92,115.38	92,115.38	44,286.10	(10,644.26)	0.00	0.00	125,757.22	125,757.22	0.00	0.00
Money Market	2004 MF Everygreen at Plano	0.00	08/01/11	09/01/11	82,768.60	82,768.60	29,123.40				111,892.00	111,892.00	-	0.00
Money Market	2004 MF Everygreen at Plano	0.00	08/01/11	09/01/11	7,934.20	7,934.20	6,159.99				14,094.19	14,094.19	-	0.00
Money Market	2004 MF Everygreen at Plano	0.00	08/01/11	09/01/11	8,227.69	8,227.69	135.47				8,363.16	8,363.16	-	0.00
Money Market	2004 MF Everygreen at Plano	0.00	08/01/11	09/01/11	78,653.12	78,653.12		(135.47)			78,517.65	78,517.65	-	0.00

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Money Market	2004 MF Everygreen at Plano	0.00	08/01/11	09/01/11	1,527.33	1,527.33		(0.01)			1,527.32	1,527.32	-	0.00
Money Market	2004 MF Everygreen at Plano	0.00	08/01/11	09/01/11	292,681.41	292,681.41	14,068.92				306,750.33	306,750.33	-	0.00
	2004 MF Everygreen at Plano Total				471,792.35	471,792.35	49,487.78	(135.48)	0.00	0.00	521,144.65	521,144.65	0.00	0.00
Money Market	2004 MF Montgomery Pines Apts	0.00	08/01/11	09/01/11	4,413.11	4,413.11		(1,159.30)			3,253.81	3,253.81	-	0.00
Money Market	2004 MF Montgomery Pines Apts	0.00	08/01/11	09/01/11	30,700.30	30,700.30	47,782.24				78,482.54	78,482.54	-	0.00
Money Market	2004 MF Montgomery Pines Apts	0.00	08/01/11	09/01/11	1,087.29	1,087.29	0.00				1,087.29	1,087.29	-	0.00
	2004 MF Montgomery Pines Apts Total				36,200.70	36,200.70	47,782.24	(1,159.30)	0.00	0.00	82,823.64	82,823.64	0.00	0.00
Money Market	2004 MF Bristol Apts	0.00	08/01/11	09/01/11	392.77	392.77	0.00				392.77	392.77	-	0.00
Money Market	2004 MF Bristol Apts	0.00	08/01/11	09/01/11	0.09	0.09	0.02				0.11	0.11	-	0.00
Money Market	2004 MF Bristol Apts	0.00	08/01/11	09/01/11	6,417.95	6,417.95	2,635.25				9,053.20	9,053.20	-	0.00
Money Market	2004 MF Bristol Apts	0.00	08/01/11	09/01/11	57,270.36	57,270.36	27,688.81				84,959.17	84,959.17	-	0.00
	2004 MF Bristol Apts Total				64,081.17	64,081.17	30,324.08	0.00	0.00	0.00	94,405.25	94,405.25	0.00	0.00
Money Market	2004 MF Pinnacle Apts	0.00	08/01/11	09/01/11	2,664.41	2,664.41	1,414.51				4,078.92	4,078.92	-	0.00
Money Market	2004 MF Pinnacle Apts	0.00	08/01/11	09/01/11	113,659.28	113,659.28		(67,868.52)			45,790.76	45,790.76	-	0.00
Money Market	2004 MF Pinnacle Apts	0.00	08/01/11	09/01/11	1,028.28	1,028.28	0.00				1,028.28	1,028.28	-	0.00
Money Market	2004 MF Pinnacle Apts	0.00	08/01/11	09/01/11	51.54	51.54	0.00				51.54	51.54	-	0.00
Money Market	2004 MF Pinnacle Apts	0.00	08/01/11	09/01/11	0.21	0.21	0.00				0.21	0.21	-	0.00
Money Market	2004 MF Pinnacle Apts	0.00	08/01/11	09/01/11	44.36	44.36	0.00				44.36	44.36	-	0.00
	2004 MF Pinnacle Apts Total				117,448.08	117,448.08	1,414.51	(67,868.52)	0.00	0.00	50,994.07	50,994.07	0.00	0.00
Money Market	2004 MF Tranquility Bay Apts	0.00	08/01/11	09/01/11	99,884.53	99,884.53	12,300.00				112,184.53	112,184.53	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.00	08/01/11	09/01/11	75,323.59	75,323.59		(141.97)			75,181.62	75,181.62	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.00	08/01/11	09/01/11	1,450.97	1,450.97	0.00				1,450.97	1,450.97	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.00	08/01/11	09/01/11	94,713.52	94,713.52	71,200.65				165,914.17	165,914.17	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.00	08/01/11	09/01/11	36,429.43	36,429.43		(4,400.75)			32,028.68	32,028.68	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.00	08/01/11	09/01/11	8,689.46	8,689.46	141.97				8,831.43	8,831.43	-	0.00
	2004 MF Tranquility Bay Apts Total				316,491.50	316,491.50	83,642.62	(4,542.72)	0.00	0.00	395,591.40	395,591.40	0.00	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.00	08/01/11	09/01/11	100,634.09	100,634.09	48,264.06				148,898.15	148,898.15	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.00	08/01/11	09/01/11	181,756.45	181,756.45	10,927.26				192,683.71	192,683.71	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.00	08/01/11	09/01/11	6,935.12	6,935.12	114.18				7,049.30	7,049.30	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.00	08/01/11	09/01/11	53,592.96	53,592.96		(114.18)			53,478.78	53,478.78	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.00	08/01/11	09/01/11	13,825.28	13,825.28		(9,009.50)			4,815.78	4,815.78	-	0.00
	2004 MF Churchill @ Pinnacle Total				356,743.90	356,743.90	59,305.50	(9,123.68)	0.00	0.00	406,925.72	406,925.72	0.00	0.00
Money Market	2004 MF Village Fair	0.01	08/01/11	09/01/11	112,104.55	112,104.55	14,611.48				126,716.03	126,716.03	-	0.00
Money Market	2004 MF Village Fair	0.01	08/01/11	09/01/11	66,779.64	66,779.64	5,013.25				71,792.89	71,792.89	-	0.00
Money Market	2004 MF Village Fair	0.01	08/01/11	09/01/11	106,752.45	106,752.45	0.03				106,752.48	106,752.48	-	0.00
Money Market	2004 MF Village Fair	0.01	08/01/11	09/01/11	16,095.69	16,095.69	6,054.82				22,150.51	22,150.51	-	0.00
	2004 MF Village Fair Total				301,732.33	301,732.33	25,679.58	0.00	0.00	0.00	327,411.91	327,411.91	0.00	0.00
Money Market	2005 MF Pecan Grove	0.01	08/01/11	09/01/11	5,832.38	5,832.38	4,374.51				10,206.89	10,206.89	-	0.00
Money Market	2005 MF Pecan Grove	0.01	08/01/11	09/01/11	1,129,006.39	1,129,006.39	28.13				1,129,034.52	1,129,034.52	-	0.00
	2005 MF Pecan Grove Total				1,134,838.77	1,134,838.77	4,402.64	0.00	0.00	0.00	1,139,241.41	1,139,241.41	0.00	0.00
Money Market	2005 MF Prairie Oaks	0.01	08/01/11	09/01/11	25,413.81	25,413.81	5,411.91				30,825.72	30,825.72	-	0.00
Money Market	2005 MF Prairie Oaks	0.01	08/01/11	09/01/11	35,500.37	35,500.37	1,633.65				37,134.02	37,134.02	-	0.00
Money Market	2005 MF Prairie Oaks	0.01	08/01/11	09/01/11	25,585.82	25,585.82	0.65				25,586.47	25,586.47	-	0.00
Money Market	2005 MF Prairie Oaks	0.01	08/01/11	09/01/11	86,820.49	86,820.49	0.30				86,820.79	86,820.79	-	0.00
Money Market	2005 MF Prairie Oaks	0.01	08/01/11	09/01/11	105,870.83	105,870.83	17,548.37				123,419.20	123,419.20	-	0.00
	2005 MF Prairie Oaks Total				279,191.32	279,191.32	24,594.88	0.00	0.00	0.00	303,786.20	303,786.20	0.00	0.00
Money Market	2005 MF Port Royal	0.01	08/01/11	09/01/11	849,376.07	849,376.07	21.50				849,397.57	849,397.57	-	0.00
Money Market	2005 MF Port Royal	0.01	08/01/11	09/01/11	1,358.39	1,358.39	3,475.05				4,833.44	4,833.44	-	0.00
	2005 MF Port Royal Total				850,734.46	850,734.46	3,496.55	0.00	0.00	0.00	854,231.01	854,231.01	0.00	0.00
Mutual Fund	2005 MF Mission Del Rio	0.01	08/01/11	09/01/11	51,079.93	51,079.93	28,091.50				79,171.43	79,171.43	-	0.00
Money Market	2005 MF Mission Del Rio	0.01	08/01/11	09/01/11	286,248.74	286,248.74	1,090.23				287,338.97	287,338.97	-	0.00
Money Market	2005 MF Mission Del Rio	0.01	08/01/11	09/01/11	3,666.01	3,666.01	3,291.11				6,957.12	6,957.12	-	0.00
	2005 MF Mission Del Rio Total				340,994.68	340,994.68	32,472.84	0.00	0.00	0.00	373,467.52	373,467.52	0.00	0.00

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Money Market	2005 MF Atascocita Apts	0.01	08/01/11	09/01/11	13,985.63	13,985.63	11,375.13				25,360.76	25,360.76	-	0.00
Money Market	2005 MF Atascocita Apts	0.01	08/01/11	09/01/11	27,348.55	27,348.55		(27,343.56)			4.99	4.99	-	0.00
Money Market	2005 MF Atascocita Apts	0.01	08/01/11	09/01/11	27.55	27.55	0.00				27.55	27.55	-	0.00
Money Market	2005 MF Atascocita Apts	0.01	08/01/11	09/01/11	15,313.68	15,313.68	53,960.34				69,274.02	69,274.02	-	0.00
	2005 MF Atascocita Apts Total				56,675.41	56,675.41	65,335.47	(27,343.56)	0.00	0.00	94,667.32	94,667.32	0.00	0.00
Money Market	2005 MF Tower Ridge	0.00	08/01/11	09/01/11	21,446.05	21,446.05		(10,094.17)			11,351.88	11,351.88	-	0.00
Money Market	2005 MF Tower Ridge	0.00	08/01/11	09/01/11	916.53	916.53	0.00				916.53	916.53	-	0.00
Money Market	2005 MF Tower Ridge	0.00	08/01/11	09/01/11	86.21	86.21	0.00				86.21	86.21	-	0.00
Money Market	2005 MF Tower Ridge	0.00	08/01/11	09/01/11	1,826.66	1,826.66	0.00				1,826.66	1,826.66	-	0.00
	2005 MF Tower Ridge Total				24,275.45	24,275.45	0.00	(10,094.17)	0.00	0.00	14,181.28	14,181.28	0.00	0.00
GNMA	2005 MF Prairie Ranch	4.99	03/28/06	01/15/45	11,706,982.91	11,706,982.91			(31,995.71)		11,674,987.20	11,674,987.20	-	0.00
Money Market	2005 MF Prairie Ranch				59,298.12	59,298.12		(59,298.12)					-	0.00
Inv Agmt	2005 MF Prairie Ranch	3.25	12/06/05	01/20/45	252,755.14	252,755.14		(114,176.21)			138,578.93	138,578.93	-	0.00
Money Market	2005 MF Prairie Ranch	0.01	08/01/11	09/01/11	3,586.60	3,586.60	0.09				3,586.69	3,586.69	-	0.00
Money Market	2005 MF Prairie Ranch	0.01	08/01/11	09/01/11	7,685.57	7,685.57		(5,936.34)			1,749.23	1,749.23	-	0.00
	2005 MF Prairie Ranch Total				12,030,308.34	12,030,308.34	0.09	(179,410.67)	(31,995.71)	0.00	11,818,902.05	11,818,902.05	0.00	0.00
Money Market	2005 MF St. Augustine	0.00	08/01/11	09/01/11	0.05	0.05	0.00				0.05	0.05	-	0.00
Money Market	2005 MF St. Augustine	0.00	08/01/11	09/01/11	69,536.57	69,536.57	21,576.91				91,113.48	91,113.48	-	0.00
Money Market	2005 MF St. Augustine	0.00	08/01/11	09/01/11	7,838.71	7,838.71		(2,236.16)			5,602.55	5,602.55	-	0.00
Money Market	2005 MF St. Augustine	0.00	08/01/11	09/01/11	12.66	12.66	0.00				12.66	12.66	-	0.00
	2005 MF St. Augustine Total				77,387.99	77,387.99	21,576.91	(2,236.16)	0.00	0.00	96,728.74	96,728.74	0.00	0.00
Mutual Fund	2005 MF Park Manor	0.00	08/01/11	09/01/11	47,570.80	47,570.80	27,891.00				75,461.80	75,461.80	-	0.00
Money Market	2005 MF Park Manor	0.00	08/01/11	09/01/11	22,302.54	22,302.54		(13,962.02)			8,340.52	8,340.52	-	0.00
Money Market	2005 MF Park Manor	0.01	08/01/11	09/01/11			69,553.00				69,553.00	69,553.00	-	0.00
Money Market	2005 MF Park Manor	0.00	08/01/11	09/01/11	14,444.16	14,444.16	1,668.49				16,112.65	16,112.65	-	0.00
	2005 MF Park Manor Total				84,317.50	84,317.50	99,112.49	(13,962.02)	0.00	0.00	169,467.97	169,467.97	0.00	0.00
Money Market	2005 MF Pr Mockingbird	0.01	08/01/11	09/01/11	28,319.35	28,319.35	9,948.06				38,267.41	38,267.41	-	0.00
Money Market	2005 MF Pr Mockingbird	0.01	08/01/11	09/01/11	100,244.68	100,244.68	3,314.16				103,558.84	103,558.84	-	0.00
Money Market	2005 MF Pr Mockingbird	0.01	08/01/11	09/01/11	102,795.53	102,795.53	305.60				103,101.13	103,101.13	-	0.00
Money Market	2005 MF Pr Mockingbird	0.01	08/01/11	09/01/11	30,835.38	30,835.38		(18,798.44)			12,036.94	12,036.94	-	0.00
	2005 MF Pr Mockingbird Total				262,194.94	262,194.94	13,567.82	(18,798.44)	0.00	0.00	256,964.32	256,964.32	0.00	0.00
Money Market	2005 MF Pl @ Chase Oaks	0.00	08/01/11	09/01/11	411.19	411.19	0.00				411.19	411.19	-	0.00
Money Market	2005 MF Pl @ Chase Oaks	0.00	08/01/11	09/01/11	120.07	120.07	0.00				120.07	120.07	-	0.00
	2005 MF Pl @ Chase Oaks Total				531.26	531.26	0.00	0.00	0.00	0.00	531.26	531.26	0.00	0.00
Money Market	2005 MF Canal Place	0.01	08/01/11	09/01/11	25,026.62	25,026.62	650.63				25,677.25	25,677.25	-	0.00
Money Market	2005 MF Canal Place	0.01	08/01/11	09/01/11	170,773.63	170,773.63	5,937.34				176,710.97	176,710.97	-	0.00
Money Market	2005 MF Canal Place	0.01	08/01/11	09/01/11	3,995.28	3,995.28	0.11				3,995.39	3,995.39	-	0.00
	2005 MF Canal Place Total				199,795.53	199,795.53	6,588.08	0.00	0.00	0.00	206,383.61	206,383.61	0.00	0.00
Money Market	2006 MF Coral Hills	0.00	08/01/11	09/01/11	146,407.37	146,407.37		(76,553.82)			69,853.55	69,853.55	-	0.00
Money Market	2006 MF Coral Hills	0.00	08/01/11	09/01/11	504.95	504.95	0.00				504.95	504.95	-	0.00
	2006 MF Coral Hills Total				146,912.32	146,912.32	0.00	(76,553.82)	0.00	0.00	70,358.50	70,358.50	0.00	0.00
Money Market	2006 MF Harris Branch	0.01	08/01/11	09/01/11	19,537.11	19,537.11	54,010.21				73,547.32	73,547.32	-	0.00
Money Market	2006 MF Harris Branch	0.01	08/01/11	09/01/11	4,735.58	4,735.58	0.12				4,735.70	4,735.70	-	0.00
Money Market	2006 MF Harris Branch	0.01	08/01/11	09/01/11	9,949.05	9,949.05	11,209.49				21,158.54	21,158.54	-	0.00
Money Market	2006 MF Harris Branch	0.01	08/01/11	09/01/11	3,557.53	3,557.53	0.09				3,557.62	3,557.62	-	0.00
Money Market	2006 MF Harris Branch	0.01	08/01/11	09/01/11	17,344.94	17,344.94	0.76				17,345.70	17,345.70	-	0.00
	2006 MF Harris Branch Total				55,124.21	55,124.21	65,220.67	0.00	0.00	0.00	120,344.88	120,344.88	0.00	0.00
Money Market	2006 MF Bella Vista	0.01	08/01/11	09/01/11	68,297.08	68,297.08	5,116.66				73,413.74	73,413.74	-	0.00
Money Market	2006 MF Bella Vista	0.01	08/01/11	09/01/11	0.29	0.29	0.43				0.72	0.72	-	0.00
Money Market	2006 MF Bella Vista	0.01	08/01/11	09/01/11	240,499.53	240,499.53	6.06				240,505.59	240,505.59	-	0.00
Money Market	2006 MF Bella Vista	0.01	08/01/11	09/01/11	7,502.44	7,502.44	11,250.21				18,752.65	18,752.65	-	0.00
Money Market	2006 MF Bella Vista	0.01	08/01/11	09/01/11	68,169.12	68,169.12	102,245.68				170,414.80	170,414.80	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Money Market	2006 MF Bella Vista	0.01	08/01/11	09/01/11	5,201.29	5,201.29	2,550.10				7,751.39	7,751.39	-	0.00
	2006 MF Bella Vista Total				389,669.75	389,669.75	121,169.14	0.00	0.00	0.00	510,838.89	510,838.89	0.00	0.00
Money Market	2006 MF Village Park	0.00	08/01/11	09/01/11	14,550.37	14,550.37		(10,403.00)			4,147.37	4,147.37	-	0.00
Money Market	2006 MF Village Park	0.00	08/01/11	09/01/11	359,423.56	359,423.56		(165,298.81)			194,124.75	194,124.75	-	0.00
	2006 MF Village Park Total				373,973.93	373,973.93	0.00	(175,701.81)	0.00	0.00	198,272.12	198,272.12	0.00	0.00
Money Market	2006 MF Oakmoor	0.00	08/01/11	09/01/11	4,156.60	4,156.60	8,120.00				12,276.60	12,276.60	-	0.00
Money Market	2006 MF Oakmoor	0.00	08/01/11	09/01/11	128,146.84	128,146.84	16,533.32				144,680.16	144,680.16	-	0.00
Money Market	2006 MF Oakmoor	0.00	08/01/11	09/01/11	883.46	883.46	79,753.45				80,636.91	80,636.91	-	0.00
Money Market	2006 MF Oakmoor	0.00	08/01/11	09/01/11	140,377.82	140,377.82	100,925.44				241,303.26	241,303.26	-	0.00
	2006 MF Oakmoor Total				273,564.72	273,564.72	205,332.21	0.00	0.00	0.00	478,896.93	478,896.93	0.00	0.00
Money Market	2006 MF Hillcrest	0.00	08/01/11	09/01/11	160,484.27	160,484.27	169,084.20				329,568.47	329,568.47	-	0.00
	2006 MF Hillcrest Total				160,484.27	160,484.27	169,084.20	0.00	0.00	0.00	329,568.47	329,568.47	0.00	0.00
Money Market	2006 MF Pleasant Village	0.00	08/01/11	09/01/11	134,285.94	134,285.94		(109,811.49)			24,474.45	24,474.45	-	0.00
Mutual Fund	2006 MF Pleasant Village	0.00	08/01/11	09/01/11	36,900.77	36,900.77		(17,860.39)			19,040.38	19,040.38	-	0.00
Money Market	2006 MF Pleasant Village	0.00	08/01/11	09/01/11	25,141.90	25,141.90	0.00				25,141.90	25,141.90	-	0.00
Money Market	2006 MF Pleasant Village	0.00	08/01/11	09/01/11	36,295.12	36,295.12	0.00				36,295.12	36,295.12	-	0.00
	2006 MF Pleasant Village Total				232,623.73	232,623.73	0.00	(127,671.88)	0.00	0.00	104,951.85	104,951.85	0.00	0.00
Money Market	2006 MF Grove Village	0.00	08/01/11	09/01/11	167,787.48	167,787.48		(17,942.03)			149,845.45	149,845.45	-	0.00
Money Market	2006 MF Grove Village	0.00	08/01/11	09/01/11	26,614.84	26,614.84	0.00				26,614.84	26,614.84	-	0.00
Money Market	2006 MF Grove Village	0.00	08/01/11	09/01/11			37,383.97				37,383.97	37,383.97	-	0.00
Money Market	2006 MF Grove Village	0.00	08/01/11	09/01/11	28,388.59	28,388.59		(6,909.89)			21,478.70	21,478.70	-	0.00
Money Market	2006 MF Grove Village	0.00	08/01/11	09/01/11	2.61	2.61	0.00				2.61	2.61	-	0.00
Money Market	2006 MF Grove Village				37,383.97	37,383.97		(37,383.97)					-	0.00
	2006 MF Grove Village Total				260,177.49	260,177.49	37,383.97	(62,235.89)	0.00	0.00	235,325.57	235,325.57	0.00	0.00
Money Market	2006 MF Red Hills	0.01	08/01/11	09/01/11	16,905.59	16,905.59	9,680.67				26,586.26	26,586.26	-	0.00
Money Market	2006 MF Red Hills	0.01	08/01/11	09/01/11	6,118.92	6,118.92		(6,070.44)			48.48	48.48	-	0.00
Money Market	2006 MF Red Hills	0.01	08/01/11	09/01/11	71,056.36	71,056.36	29,077.01				100,133.37	100,133.37	-	0.00
Money Market	2006 MF Red Hills	0.01	08/01/11	09/01/11	9.67	9.67	0.57				10.24	10.24	-	0.00
	2006 MF Red Hills Total				94,090.54	94,090.54	38,758.25	(6,070.44)	0.00	0.00	126,778.35	126,778.35	0.00	0.00
Money Market	2006 MF Champion Crossing	0.01	08/01/11	09/01/11	97.87	97.87	0.00				97.87	97.87	-	0.00
Money Market	2006 MF Champion Crossing	0.01	08/01/11	09/01/11	15,015.63	15,015.63	7,149.58				22,165.21	22,165.21	-	0.00
Money Market	2006 MF Champion Crossing	0.01	08/01/11	09/01/11	46,688.21	46,688.21		(46,591.36)			96.85	96.85	-	0.00
Money Market	2006 MF Champion Crossing	0.01	08/01/11	09/01/11	91,665.05	91,665.05	51,600.39				143,265.44	143,265.44	-	0.00
Money Market	2006 MF Champion Crossing	0.01	08/01/11	09/01/11	9.38	9.38	1.05				10.43	10.43	-	0.00
	2006 MF Champion Crossing Total				153,476.14	153,476.14	58,751.02	(46,591.36)	0.00	0.00	165,635.80	165,635.80	0.00	0.00
Money Market	2006 MF Stonehaven	0.01	08/01/11	09/01/11	17,267.40	17,267.40	5,265.64				22,533.04	22,533.04	-	0.00
	2006 MF Stonehaven Total				17,267.40	17,267.40	5,265.64	0.00	0.00	0.00	22,533.04	22,533.04	0.00	0.00
Money Market	2006 MF Center Ridge	0.00	08/01/11	09/01/11	79.60	79.60	0.00				79.60	79.60	-	0.00
Money Market	2006 MF Center Ridge	0.00	08/01/11	09/01/11	17,158.33	17,158.33	16,845.00				34,003.33	34,003.33	-	0.00
	2006 MF Center Ridge Total				17,237.93	17,237.93	16,845.00	0.00	0.00	0.00	34,082.93	34,082.93	0.00	0.00
Money Market	2006 MF Meadowlands	0.01	08/01/11	09/01/11	462,946.34	462,946.34	0.00				462,946.34	462,946.34	-	0.00
Money Market	2006 MF Meadowlands	0.01	08/01/11	09/01/11	40,146.82	40,146.82	6,208.27				46,355.09	46,355.09	-	0.00
Money Market	2006 MF Meadowlands	0.01	08/01/11	09/01/11	102,709.33	102,709.33		(972.28)			101,737.05	101,737.05	-	0.00
Money Market	2006 MF Meadowlands	0.01	08/01/11	09/01/11	96,495.68	96,495.68	81,862.99				178,358.67	178,358.67	-	0.00
Money Market	2006 MF Meadowlands	0.01	08/01/11	09/01/11	104,161.67	104,161.67	12,518.61				116,680.28	116,680.28	-	0.00
	2006 MF Meadowlands Total				806,459.84	806,459.84	100,589.87	(972.28)	0.00	0.00	906,077.43	906,077.43	0.00	0.00
Money Market	2006 MF East Texas Pines	0.01	08/01/11	09/01/11	4,667.11	4,667.11	6,167.66				10,834.77	10,834.77	-	0.00
Money Market	2006 MF East Texas Pines	0.01	08/01/11	09/01/11	95,679.37	95,679.37	73,206.77				168,886.14	168,886.14	-	0.00
Money Market	2006 MF East Texas Pines	0.01	08/01/11	09/01/11	120,291.43	120,291.43	322,790.00				443,081.43	443,081.43	-	0.00
Money Market	2006 MF East Texas Pines	0.01	08/01/11	09/01/11	182,402.02	182,402.02	15,629.71				198,031.73	198,031.73	-	0.00
	2006 MF East Texas Pines Total				403,039.93	403,039.93	417,794.14	0.00	0.00	0.00	820,834.07	820,834.07	0.00	0.00

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Money Market	2006 MF Villas at Henderson	0.01	08/01/11	09/01/11	41.66	41.66	0.01				41.67	41.67	-	0.00
Money Market	2006 MF Villas at Henderson	0.01	08/01/11	09/01/11			69,876.37				69,876.37	69,876.37	-	0.00
Money Market	2006 MF Villas at Henderson	0.01	08/01/11	09/01/11	34,300.49	34,300.49	22,665.95				56,966.44	56,966.44	-	0.00
Money Market	2006 MF Villas at Henderson	0.01	08/01/11	09/01/11			4,666.66				4,666.66	4,666.66	-	0.00
Money Market	2006 MF Villas at Henderson	0.01	08/01/11	09/01/11	19.00	19.00	0.00				19.00	19.00	-	0.00
Money Market	2006 MF Villas at Henderson	0.01	08/01/11	09/01/11	402.36	402.36	0.00				402.36	402.36	-	0.00
Money Market	2006 MF Villas at Henderson	0.01	08/01/11	09/01/11	0.74	0.74	0.00				0.74	0.74	-	0.00
Money Market	2006 MF Villas at Henderson	0.01	08/01/11	09/01/11	16,047.38	16,047.38	3,030.89				19,078.27	19,078.27	-	0.00
	2006 MF Villas at Henderson Total				50,811.63	50,811.63	100,239.88	0.00	0.00	0.00	151,051.51	151,051.51	0.00	0.00
Money Market	2006 MF Aspen Parks Apts	0.00	08/01/11	09/01/11	297,837.81	297,837.81		(143,945.85)			153,891.96	153,891.96	-	0.00
Money Market	2006 MF Aspen Parks Apts	0.00	08/01/11	09/01/11	18,260.09	18,260.09	0.10				18,260.19	18,260.19	-	0.00
Money Market	2006 MF Aspen Parks Apts	0.00	08/01/11	09/01/11	5,650.09	5,650.09	0.03				5,650.12	5,650.12	-	0.00
	2006 MF Aspen Parks Apts Total				321,747.99	321,747.99	0.13	(143,945.85)	0.00	0.00	177,802.27	177,802.27	0.00	0.00
Money Market	2006 MF Idlewilde Apts	0.01	08/01/11	09/01/11	18,247.82	18,247.82	6,490.69				24,738.51	24,738.51	-	0.00
Money Market	2006 MF Idlewilde Apts	0.01	08/01/11	09/01/11	109,137.41	109,137.41		(71,316.00)			37,821.41	37,821.41	-	0.00
Money Market	2006 MF Idlewilde Apts	0.01	08/01/11	09/01/11	2.35	2.35	0.49				2.84	2.84	-	0.00
Money Market	2006 MF Idlewilde Apts	0.01	08/01/11	09/01/11	0.97	0.97	0.00				0.97	0.97	-	0.00
	2006 MF Idlewilde Apts Total				127,388.55	127,388.55	6,491.18	(71,316.00)	0.00	0.00	62,563.73	62,563.73	0.00	0.00
Money Market	2007 MF Landcaster Apts	0.01	08/01/11	09/01/11	13,557.47	13,557.47	4,928.20				18,485.67	18,485.67	-	0.00
Money Market	2007 MF Landcaster Apts	0.01	08/01/11	09/01/11	888.02	888.02	0.00				888.02	888.02	-	0.00
Money Market	2007 MF Landcaster Apts	0.01	08/01/11	09/01/11	109,137.41	109,137.41		(71,316.00)			37,821.41	37,821.41	-	0.00
Money Market	2007 MF Landcaster Apts	0.01	08/01/11	09/01/11	1,704.57	1,704.57	0.52				1,705.09	1,705.09	-	0.00
Money Market	2007 MF Landcaster Apts	0.01	08/01/11	09/01/11	0.97	0.97	0.00				0.97	0.97	-	0.00
	2007 MF Landcaster Apts Total				125,288.44	125,288.44	4,928.72	(71,316.00)	0.00	0.00	58,901.16	58,901.16	0.00	0.00
Money Market	2007 MF Park Place	0.01	08/01/11	09/01/11	41,699.53	41,699.53		(2,624.49)			39,075.04	39,075.04	-	0.00
Money Market	2007 MF Park Place				1.62	1.62		(1.62)					-	0.00
Money Market	2007 MF Park Place	0.01	08/01/11	09/01/11	108,064.89	108,064.89	66,546.29				174,611.18	174,611.18	-	0.00
Money Market	2007 MF Park Place	0.01	08/01/11	09/01/11	7,817.08	7,817.08	4,362.88				12,179.96	12,179.96	-	0.00
	2007 MF Park Place Total				157,583.12	157,583.12	70,909.17	(2,626.11)	0.00	0.00	225,866.18	225,866.18	0.00	0.00
Money Market	2007 MF Terrace @ Cibolo	0.01	08/01/11	09/01/11	63,145.65	63,145.65	30,169.79				93,315.44	93,315.44	-	0.00
Money Market	2007 MF Terrace @ Cibolo	0.01	08/01/11	09/01/11	1,725.55	1,725.55	1,298.16				3,023.71	3,023.71	-	0.00
Money Market	2007 MF Terrace @ Cibolo	0.01	08/01/11	09/01/11	26,917.98	26,917.98	0.68				26,918.66	26,918.66	-	0.00
Money Market	2007 MF Terrace @ Cibolo	0.01	08/01/11	09/01/11	9,490.85	9,490.85	1,611.41				11,102.26	11,102.26	-	0.00
	2007 MF Terrace @ Cibolo Total				101,280.03	101,280.03	33,080.04	0.00	0.00	0.00	134,360.07	134,360.07	0.00	0.00
Money Market	2007 MF Santora Villas	0.01	08/01/11	09/01/11	74,530.75	74,530.75	51,796.88				126,327.63	126,327.63	-	0.00
Money Market	2007 MF Santora Villas	0.01	08/01/11	09/01/11	49,971.03	49,971.03		(5,868.16)			44,102.87	44,102.87	-	0.00
Money Market	2007 MF Santora Villas				158,523.96	158,523.96		(158,523.96)					-	0.00
Money Market	2007 MF Santora Villas	0.01	08/01/11	09/01/11	80,802.45	80,802.45	158,528.11				239,330.56	239,330.56	-	0.00
Money Market	2007 MF Santora Villas	0.01	08/01/11	09/01/11	5,252.72	5,252.72	5,218.13				10,470.85	10,470.85	-	0.00
	2007 MF Santora Villas Total				369,080.91	369,080.91	215,543.12	(164,392.12)	0.00	0.00	420,231.91	420,231.91	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
GNMA	2007 A/B MF Villas @ Mesquite	5.17	04/29/10	07/20/47	16,707,124.18	16,707,124.18			(38,667.10)		16,668,457.08	16,668,457.08	-	0.00
Money Market	2007 A/B MF Villas @ Mesquite	0.01	08/01/11	09/01/11	335,560.17	335,560.17		(251,658.92)			83,901.25	83,901.25	-	0.00
GIC's	2007 A/B MF Villas @ Mesquite	4.78	08/23/07	07/20/47	34,504.83	34,504.83		(3,575.14)			30,929.69	30,929.69	-	0.00
Money Market	2007 A/B MF Villas @ Mesquite	0.01	08/01/11	09/01/11	11,282.10	11,282.10	6,712.81				17,994.91	17,994.91	-	0.00
	2007 A/B MF Villas @ Mesquite Total				17,088,471.28	17,088,471.28	6,712.81	(255,234.06)	(38,667.10)	0.00	16,801,282.93	16,801,282.93	0.00	0.00
GNMA	2007 MF Summit Point	5.32	10/01/10	06/15/47	9,398,601.41	9,398,601.41			(20,456.41)		9,378,145.00	9,378,145.00	-	0.00
Money Market	2007 MF Summit Point	0.00	08/01/11	09/01/11	399,715.57	399,715.57		(154,799.48)			244,916.09	244,916.09	-	0.00
Money Market	2007 MF Summit Point	0.00	08/01/11	09/01/11			4,116.81				4,116.81	4,116.81	-	0.00
Money Market	2007 MF Summit Point				7.03	7.03		(7.03)					-	0.00
	2007 MF Summit Point Total				9,798,324.01	9,798,324.01	4,116.81	(154,806.51)	(20,456.41)	0.00	9,627,177.90	9,627,177.90	0.00	0.00
Money Market	2007 MF Costa Rialto	0.01	08/01/11	09/01/11	0.01	0.01	0.00				0.01	0.01	-	0.00
Money Market	2007 MF Costa Rialto	0.01	08/01/11	09/01/11			22,201.89				22,201.89	22,201.89	-	0.00
	2007 MF Costa Rialto Total				0.01	0.01	22,201.89	0.00	0.00	0.00	22,201.90	22,201.90	0.00	0.00
Money Market	2007 MF Windshire Apts	0.01	08/01/11	09/01/11	26,398.64	26,398.64		(19,311.27)			7,087.37	7,087.37	-	0.00
Money Market	2007 MF Windshire Apts	0.01	08/01/11	09/01/11	4.59	4.59	0.00				4.59	4.59	-	0.00
Money Market	2007 MF Windshire Apts	0.01	08/01/11	09/01/11	84,795.52	84,795.52		(71,788.10)			13,007.42	13,007.42	-	0.00
Money Market	2007 MF Windshire Apts	0.01	08/01/11	09/01/11	567.85	567.85	0.51				568.36	568.36	-	0.00
	2007 MF Windshire Apts Total				111,766.60	111,766.60	0.51	(91,099.37)	0.00	0.00	20,667.74	20,667.74	0.00	0.00
Money Market	2007 MF Residences @ Onion Crk	0.00	08/01/11	09/01/11	17,346.33	17,346.33	856.64				18,202.97	18,202.97	-	0.00
	2007 MF Residences @ Onion Crk Total				17,346.33	17,346.33	856.64	0.00	0.00	0.00	18,202.97	18,202.97	0.00	0.00
Money Market	2008 MF West Oaks Apts	0.01	08/01/11	09/01/11	70.95	70.95	0.00				70.95	70.95	-	0.00
Money Market	2008 MF West Oaks Apts	0.01	08/01/11	09/01/11	0.14	0.14	11,600.07				11,600.21	11,600.21	-	0.00
Money Market	2008 MF West Oaks Apts	0.01	08/01/11	09/01/11	90.07	90.07	0.04				90.11	90.11	-	0.00
Money Market	2008 MF West Oaks Apts	0.01	08/01/11	09/01/11	884.56	884.56	0.00				884.56	884.56	-	0.00
Money Market	2008 MF West Oaks Apts	0.01	08/01/11	09/01/11	6,117.84	6,117.84	0.15				6,117.99	6,117.99	-	0.00
	2008 MF West Oaks Apts Total				7,163.56	7,163.56	11,600.26	0.00	0.00	0.00	18,763.82	18,763.82	0.00	0.00
Money Market	2008 MF Costa Ibiza Apts	0.01	08/01/11	09/01/11	1.96	1.96	0.04				2.00	2.00	-	0.00
Money Market	2008 MF Costa Ibiza Apts	0.01	08/01/11	09/01/11	0.30	0.30	2,502.34				2,502.64	2,502.64	-	0.00
Money Market	2008 MF Costa Ibiza Apts				45,450.36	45,450.36		(45,450.36)					-	0.00
Money Market	2008 MF Costa Ibiza Apts				90,906.73	90,906.73		(90,906.73)					-	0.00
	2008 MF Costa Ibiza Apts Total				136,359.35	136,359.35	2,502.38	(136,357.09)	0.00	0.00	2,504.64	2,504.64	0.00	0.00
Money Market	2008 MF Addison Park Apts	0.01	08/01/11	09/01/11	1,421.99	1,421.99	35,414.11				36,836.10	36,836.10	-	0.00
Mutual Fund	2008 MF Addison Park Apts	0.01	08/01/11	09/01/11	14,269.90	14,269.90	14,174.94				28,444.84	28,444.84	-	0.00
Money Market	2008 MF Addison Park Apts	0.01	08/01/11	09/01/11	30,401.41	30,401.41		(20,806.89)			9,594.52	9,594.52	-	0.00
	2008 MF Addison Park Apts Total				46,093.30	46,093.30	49,589.05	(20,806.89)	0.00	0.00	74,875.46	74,875.46	0.00	0.00
Money Market	2008 MF Alta Cullen Ref	0.00	08/01/11	09/01/11	2.80	2.80	0.00				2.80	2.80	-	0.00
Money Market	2008 MF Alta Cullen Ref	0.00	08/01/11	09/01/11	53,064.44	53,064.44	6,424.99				59,489.43	59,489.43	-	0.00
Money Market	2008 MF Alta Cullen Ref	0.00	08/01/11	09/01/11	58,949.81	58,949.81	33,891.67				92,841.48	92,841.48	-	0.00
	2008 MF Alta Cullen Ref Total				112,017.05	112,017.05	40,316.66	0.00	0.00	0.00	152,333.71	152,333.71	0.00	0.00
Money Market	2009 MF Costa Mariposa	0.01	08/01/11	09/01/11	2,419.83	2,419.83	0.06				2,419.89	2,419.89	-	0.00
Money Market	2009 MF Costa Mariposa	0.01	08/01/11	09/01/11	0.04	0.04	0.00				0.04	0.04	-	0.00
Money Market	2009 MF Costa Mariposa	0.01	08/01/11	09/01/11	169,740.39	169,740.39		(80,498.17)			89,242.22	89,242.22	-	0.00
	2009 MF Costa Mariposa Total				172,160.26	172,160.26	0.06	(80,498.17)	0.00	0.00	91,662.15	91,662.15	0.00	0.00
Money Market	2009 MF Woodmont Apts	0.01	08/01/11	09/01/11	0.17	0.17	0.00				0.17	0.17	-	0.00
Money Market	2009 MF Woodmont Apts	0.01	08/01/11	09/01/11			0.02				0.02	0.02	-	0.00
Money Market	2009 MF Woodmont Apts	0.01	08/01/11	09/01/11	237,240.36	237,240.36		(3,164.76)			234,075.60	234,075.60	-	0.00
Money Market	2009 MF Woodmont Apts	0.01	08/01/11	09/01/11	3,789.17	3,789.17	0.09				3,789.26	3,789.26	-	0.00
Money Market	2009 MF Woodmont Apts	0.01	08/01/11	09/01/11	590.03	590.03	0.02				590.05	590.05	-	0.00
	2009 MF Woodmont Apts Total				241,619.73	241,619.73	0.13	(3,164.76)	0.00	0.00	238,455.10	238,455.10	0.00	0.00
	Total Multi-Family Investment Summary				64,651,312.31	64,651,312.31	6,461,002.78	(4,883,530.41)	(91,119.22)	0.00	66,137,665.46	66,137,665.46	0.00	0.00

Texas Department of Housing and Community Affairs
General Fund Investment Summary
For Period Ending August 31, 2011

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	1,887,880.39	1,887,880.39	103,433.55				1,991,313.94	1,991,313.94	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	226,169.02	226,169.02	14.97				226,183.99	226,183.99	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	189,246.86	189,246.86	884,415.34				1,073,662.20	1,073,662.20	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	9,278.01	9,278.01	4,989.18				14,267.19	14,267.19	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	499,565.49	499,565.49		(611.96)			498,953.53	498,953.53	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11			1,200.01				1,200.01	1,200.01	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	6,469.37	6,469.37		(3,772.86)			2,696.51	2,696.51	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	185,756.88	185,756.88	43,558.21				229,315.09	229,315.09	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	345,726.99	345,726.99	23.02				345,750.01	345,750.01	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	428,538.45	428,538.45	28.55				428,567.00	428,567.00	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	1,607,129.66	1,607,129.66		(620,009.72)			987,119.94	987,119.94	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	239,351.16	239,351.16		(4,527.81)			234,823.35	234,823.35	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	5,007,098.81	5,007,098.81	0.00				5,007,098.81	5,007,098.81	-	0.00
Repo Agmt	General Fund	0.01	08/31/11	09/01/11	882,267.23	882,267.23	1,062,103.78				1,944,371.01	1,944,371.01	-	0.00
	General Fund Total				11,514,478.32	11,514,478.32	2,099,766.61	(628,922.35)	0.00	0.00	12,985,322.58	12,985,322.58	0.00	0.00
	Total General Fund Investment Summary				11,514,478.32	11,514,478.32	2,099,766.61	(628,922.35)	0.00	0.00	12,985,322.58	12,985,322.58	0.00	0.00

Texas Department of Housing and Community Affairs
Housing Trust Fund Investment Summary
For Period Ending August 31, 2011

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Repo Agmt	Housing Assistance Fund	0.01	08/31/11	09/01/11	271,891.70	271,891.70	6,345.29				278,236.99	278,236.99	-	0.00
Repo Agmt	Housing Trust Fund				33,384.59	33,384.59		(33,384.59)					-	0.00
Repo Agmt	Housing Trust Fund	0.01	08/31/11	09/01/11	273,435.22	273,435.22	22,581.46				296,016.68	296,016.68	-	0.00
Repo Agmt	Housing Trust Fund	0.01	08/31/11	09/01/11	524,505.66	524,505.66		(27.19)			524,478.47	524,478.47	-	0.00
Repo Agmt	Housing Trust Fund	0.01	08/31/11	09/01/11	164,983.48	164,983.48	8,948.40				173,931.88	173,931.88	-	0.00
Repo Agmt	Housing Trust Fund	0.01	08/31/11	09/01/11	97,248.59	97,248.59		(5.12)			97,243.47	97,243.47	-	0.00
Repo Agmt	Housing Trust Fund	0.01	08/31/11	09/01/11	340,384.14	340,384.14	38,070.46				378,454.60	378,454.60	-	0.00
Repo Agmt	Housing Trust Fund				91,222.54	91,222.54		(91,222.54)					-	0.00
Repo Agmt	Housing Trust Fund	0.01	08/31/11	09/01/11	216,610.85	216,610.85		(115,734.15)			100,876.70	100,876.70	-	0.00
Repo Agmt	Housing Trust Fund	0.01	08/31/11	09/01/11	118,409.69	118,409.69		(73,147.00)			45,262.69	45,262.69	-	0.00
Repo Agmt	Housing Trust Fund				228,532.59	228,532.59		(228,532.59)					-	0.00
Repo Agmt	Housing Trust Fund	0.01	08/31/11	09/01/11			33,384.59				33,384.59	33,384.59	-	0.00
Repo Agmt	Housing Trust Fund	0.01	08/31/11	09/01/11	307,226.73	307,226.73	2,227,787.48				2,535,014.21	2,535,014.21	-	0.00
Repo Agmt	Housing Trust Fund	0.01	08/31/11	09/01/11	2,170,579.30	2,170,579.30		(1,747,416.38)			423,162.92	423,162.92	-	0.00
Repo Agmt	Housing Trust Fund				217,331.48	217,331.48		(217,331.48)					-	0.00
Repo Agmt	General Revenue Appn	0.01	08/31/11	09/01/11	2,540.81	2,540.81		(89.70)			2,451.11	2,451.11	-	0.00
Repo Agmt	General Revenue Appn	0.01	08/31/11	09/01/11	243,271.33	243,271.33		(218,334.59)			24,936.74	24,936.74	-	0.00
Repo Agmt	General Revenue Appn	0.01	08/31/11	09/01/11	151,577.61	151,577.61	228,407.40				379,985.01	379,985.01	-	0.00
Repo Agmt	General Revenue Appn	0.01	08/31/11	09/01/11	161.59	161.59	49,736.39				49,897.98	49,897.98	-	0.00
Repo Agmt	General Revenue Appn	0.01	08/31/11	09/01/11	428,248.71	428,248.71		(345,600.00)			82,648.71	82,648.71	-	0.00
Repo Agmt	General Revenue Appn	0.01	08/31/11	09/01/11	614,258.56	614,258.56		(139,128.95)			475,129.61	475,129.61	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	08/31/11	09/01/11	278,403.38	278,403.38	1,025,804.92				1,304,208.30	1,304,208.30	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	08/31/11	09/01/11	408,197.02	408,197.02		(99,352.62)			308,844.40	308,844.40	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	08/31/11	09/01/11	400,000.00	400,000.00		(316,250.00)			83,750.00	83,750.00	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	08/31/11	09/01/11	574,131.55	574,131.55		(59,287.00)			514,844.55	514,844.55	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	08/31/11	09/01/11	624,315.59	624,315.59		(84,123.00)			540,192.59	540,192.59	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	08/31/11	09/01/11	2,105,677.98	2,105,677.98		(570,947.67)			1,534,730.31	1,534,730.31	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	08/31/11	09/01/11	489,500.00	489,500.00		(18,000.00)			471,500.00	471,500.00	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	08/31/11	09/01/11	692,338.49	692,338.49		(192,338.49)			500,000.00	500,000.00	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	08/31/11	09/01/11	1,242,010.60	1,242,010.60	0.00				1,242,010.60	1,242,010.60	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	08/31/11	09/01/11	1,682,150.00	1,682,150.00		(46,044.80)			1,636,105.20	1,636,105.20	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	08/31/11	09/01/11	2,000,000.00	2,000,000.00		(1,999,058.00)			942.00	942.00	-	0.00
Repo Agmt	Boostrap -GR	0.01	08/31/11	09/01/11			19,968.84				19,968.84	19,968.84	-	0.00
Repo Agmt	Boostrap -GR				19,968.84	19,968.84		(19,968.84)					-	0.00
Repo Agmt	Boostrap -GR	0.01	08/31/11	09/01/11	8,531,917.30	8,531,917.30		(723,735.08)			7,808,182.22	7,808,182.22	-	0.00
Repo Agmt	Boostrap -GR	0.01	08/31/11	09/01/11	438,244.67	438,244.67		(2,590.40)			435,654.27	435,654.27	-	0.00
	Housing Trust Fund Total				25,982,660.59	25,982,660.59	3,661,035.23	(7,341,650.18)	0.00	0.00	22,302,045.64	22,302,045.64	0.00	0.00
	Total Housing Trust Fund Investment Summary				25,982,660.59	25,982,660.59	3,661,035.23	(7,341,650.18)	0.00	0.00	22,302,045.64	22,302,045.64	0.00	0.00

Texas Department of Housing and Community Affairs
Administration Investment Summary
For Period Ending August 31, 2011

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Repo Agmt	Administration	0.01	08/31/11	09/01/11	158,904.29	158,904.29		(27.55)			158,876.74	158,876.74	-	0.00
	Administration Total				158,904.29	158,904.29	0.00	(27.55)	0.00	0.00	158,876.74	158,876.74	0.00	0.00
	Total Administration Investment Summary				158,904.29	158,904.29	0.00	(27.55)	0.00	0.00	158,876.74	158,876.74	0.00	0.00

Texas Department of Housing and Community Affairs
Compliance Investment Summary
For Period Ending August 31, 2011

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Repo Agmt	RTC				112,953.79	112,953.79		(112,953.79)					-	0.00
Repo Agmt	Multi Family	0.01	08/31/11	09/01/11	504,729.71	504,729.71	289,871.81				794,601.52	794,601.52	-	0.00
Repo Agmt	Multi Family	0.01	08/31/11	09/01/11	795,565.16	795,565.16	21,568.54				817,133.70	817,133.70	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.01	08/31/11	09/01/11	4,352,644.74	4,352,644.74	102,467.57				4,455,112.31	4,455,112.31	-	0.00
	Compliance Total				5,765,893.40	5,765,893.40	413,907.92	(112,953.79)	0.00	0.00	6,066,847.53	6,066,847.53	0.00	0.00
	Total Compliance Investment Summary				5,765,893.40	5,765,893.40	413,907.92	(112,953.79)	0.00	0.00	6,066,847.53	6,066,847.53	0.00	0.00

Texas Department of Housing and Community Affairs
Housing Initiatives Investment Summary
For Period Ending August 31, 2011

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/11	Beginning Market Value 05/31/11	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/11	Ending Market Value 08/31/11	Change In Market Value	Recognized Gain
Repo Agmt	S/F Interim Construction				643,358.10	643,358.10		(643,358.10)					-	0.00
Repo Agmt	S/F Interim Construction				197.67	197.67		(197.67)					-	0.00
Repo Agmt	S/F Interim Construction				7.26	7.26		(7.26)					-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.01	08/31/11	09/01/11	494,357.77	494,357.77		(162,275.62)			332,082.15	332,082.15	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.01	08/31/11	09/01/11	7,126,613.73	7,126,613.73		(996,769.21)			6,129,844.52	6,129,844.52	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.01	08/31/11	09/01/11	364,364.40	364,364.40		(12,524.33)			351,840.07	351,840.07	-	0.00
	Low Income Tax Credit Prog. Total				8,628,898.93	8,628,898.93	0.00	(1,815,132.19)	0.00	0.00	6,813,766.74	6,813,766.74	0.00	0.00
	Total Housing Initiatives Investment Summary				8,628,898.93	8,628,898.93	0.00	(1,815,132.19)	0.00	0.00	6,813,766.74	6,813,766.74	0.00	0.00
	Total Investment Summary				1,491,877,305.83	1,598,260,719.09	58,761,933.90	(89,025,395.35)	(16,619,644.61)	(0.00)	1,444,994,199.77	1,568,388,251.14	17,010,638.11	3,306,016.84

BOND FINANCE DIVISION

BOARD ACTION REQUEST
November 10, 2011

Presentation, Discussion and Possible Action on Resolution No. 12-009 authorizing the extension of the Department's Warehousing Agreement.

RECOMMENDED ACTION

Approve Resolution 12-009 authorizing the extension of the Department's Warehousing Agreement.

WHEREAS, on March 11, 2010, the Board passed Resolution 10-019 approving the Warehousing Agreement, Servicing Agreement, Compliance Agreement and Program Guidelines for Program 77 and authorized the Department to enter into a Warehousing Agreement with First Southwest Company and PlainsCapital Bank.

WHEREAS, on December 17, 2010, the Board passed Resolution 11-012 authorizing the extension of the Department's Warehousing Agreement to December 31, 2011.

RESOLVED, to authorize the Executive Director of the Department to extend the Department's Warehousing Agreement to December 31, 2012; and in connection therewith, for and on behalf of the Department to execute, deliver, and cause to be performed all necessary documents.

BACKGROUND

Staff requests an amendment to extend the Warehousing Agreement to December 31, 2012 in order to allow additional time to structure and close the final bond transaction under Program 77, to continue originating and purchasing mortgage loans in the interim and to allow for a successor servicer. All other terms will remain the same under the extended Warehousing Agreement. The Department will receive one-twelfth of 0.75% of the outstanding balance of certificates in the warehouse facility each month.

In the event the Warehousing Agreement is not extended, the Department will be unable to purchase additional certificates into the agreement after December 31. Additionally, if the bonds have not been sold to establish a mortgage loan acquisition account to purchase the certificates, Program 77 would be terminated.

Resolution No. 12-009

RESOLUTION APPROVING EXTENSION OF THE TERM OF THE WAREHOUSING AGREEMENT; 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 (the "Act"), as amended from time to time, for the purpose of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe and sanitary housing for individuals and families of low and very low income and families of moderate income (as described in the Act as determined by the Governing Board of the Department (the "Governing Board") from time to time) at prices they can afford; and

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

WHEREAS, the Department has previously entered into a Warehousing Agreement dated as of April 8, 2010, as amended and restated by an Amended and Restated Warehousing Agreement dated as of January 1, 2011 (collectively, the "Warehousing Agreement") with The Bank of New York Mellon Trust Company, N.A., as indenture trustee (the "Trustee"), First Southwest Company and PlainsCapital Bank (collectively, the "Warehouse Provider") and The Bank of New York Mellon Trust Company, N.A., as custodian (the "Custodian"), providing for the acquisition and temporary warehousing by the Warehouse Provider of qualifying mortgage-backed securities acquired under the Department's single family mortgage purchase program; and

WHEREAS, the Department, the Trustee, the Warehouse Provider and the Custodian now desire to extend the term of the Warehousing Agreement from December 31, 2011 to December 31, 2012 and to amend the definition of Servicer to include successors and assigns;

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

Section 1 - Approval of Extension of Term of Warehousing Agreement. The extension of the term of the Warehousing Agreement from December 31, 2011 to December 31, 2012 and the amendment of the definition of Servicer is hereby approved, and the Executive Director of the Department, the Chief of Agency Administration of the Department or staff of the Department, as designated by the Executive Director, are authorize to take such actions and to execute on behalf of the Department such documents as may be necessary to carry out the purposes of this Resolution.

Section 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.

Section 3 - Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 10th day of November, 2011.

____
Chair, Governing Board

ATTEST:

____
Secretary to the Governing Board

(SEAL)

TEXAS HOMEOWNERSHIP DIVISION
BOARD ACTION REQUEST
NOVEMBER 10, 2011

Presentation, Discussion and Possible Action Ratifying the Selection of U.S. Bank National Association ("U.S. Bank") as a Replacement Master Servicer

RECOMMENDED ACTION

Ratify selection of U.S. Bank National Association as Master Servicer for the Single Family MRB Program

WHEREAS, Bank of America, N.A. ("BANA") currently serves as Master Servicer of mortgage loans originated under Mortgage Revenue Bond ("MRB") Program 77 pursuant to a Program Administration and Servicing Agreement dated as of May 1, 2010, among the Department, BANA and the Bank of New York Mellon Trust Company, N.A. as trustee; and

WHEREAS, on August 31, 2011, BANA announced its intent to sell its correspondent lending business; and

WHEREAS, on September 16, 2011, BANA announced its intent to withdraw from the correspondent lending business including its responsibilities relating to the Department's Master Servicing contract effective January 31, 2012; and

WHEREAS, the Governing Board determined that BANA's withdrawal from the correspondent lending business necessitated their replacement and that a new Master Servicer be secured to ensure a seamless transition regarding administration of MRB Program 77; and

RESOLVED, that the execution of a Program Administration and Servicing Agreement with U.S. Bank to act as Master Servicer for the completion of Program 77 is hereby ratified and approved as presented; and

FURTHER RESOLVED, that the Executive Director and his designees are hereby authorized, empowered, and directed for and on behalf of the Department to take such actions and to execute, deliver and cause to be performed such documents, instruments, and writings as they may reasonably deem necessary or advisable to effectuate the foregoing.

BACKGROUND

Bank of America, N.A. (“BANA”) has served as the Department’s Master Servicer for a number of years on the Department’s Single Family Mortgage Revenue Bond (“MRB”) Program 77. On August 31, 2011, BANA announced its intent to sell its correspondent lending business. Subsequently, on September 16, 2011, BANA announced its intent to withdraw from the correspondent lending business including its responsibilities relating to the Department’s Master Servicing contract effective January 31, 2012. As a result of the announcement, it was determined that BANA’s withdrawal could create a financial risk to the Department.

Therefore, staff developed and published an emergency Request for Proposal (“RFP”) to identify qualified servicers. Conference calls were held with several interested parties to answer questions and offer clarification and details about existing MRB Program 77. The publication yielded one response from U.S. Bank National Association, a well known Master Servicer headquartered in Bedford, Ohio. U.S. Bank has 23 years experience and is currently Master Servicer for 18 state Housing Finance Agencies (HFAs) and 23 local HFAs.

TDHCA’s Single Family MRB Program channels low interest rate mortgage funds through participating lenders across the State to eligible borrowers who are purchasing a home for the first time or who have not owned a home in the past three years. In order to provide funds for the program, TDHCA generally issues Mortgage Revenue Bonds or other alternative funding sources to accomplish this task. As the loans are originated and closed by the program’s participating lenders, they are typically delivered to the trustee via the Master Servicer and purchased on the Department’s behalf. The Master Servicer must service the mortgage loans in accordance with sound loan servicing practices and as required by the terms and conditions of a Program Administration and Servicing Agreement.

Additionally, the Master Servicer is responsible for securing commitments from Fannie Mae/Freddie Mac/GNMA, pooling and warehousing loans, servicing the loans, issuing Fannie Mae, Freddie Mac/GNMA certificates and selling the certificates to the Program’s Bond Trustee or other identified investors. The Master Servicer is also required to assist TDHCA in establishing the necessary procedures and guidelines to facilitate efficient operation of the Programs.

The Master Servicer also reviews all documents relating to the Program and examines all loans to assure compliance with program guidelines and applicable Federal and State law. They also approve all mortgage lenders for participation in the program and manage reservation allocations on a first come, first served basis. Additionally, they track and report portfolio delinquencies and foreclosures and conduct lender trainings as well as provide detailed quarterly status reports regarding program performance.

COMMUNITY AFFAIRS DIVISION

BOARD ACTION REQUEST

NOVEMBER 10, 2011

RECOMMENDED ACTION

Presentation, Discussion, and Possible Approval of the PY 2012 Draft Department of Energy (DOE) Plan.

> **RESOLVED,** that the 2012 Draft U.S. Department of Energy Weatherization State Plan, in the form presented to this meeting, is hereby approved for public comment and public hearing.

BACKGROUND

The Texas Department of Housing and Community Affairs (the "Department") develops and submits a State Plan to the Department of Energy ("DOE") each year. In anticipation of DOE provided grant guidance in December 2011, the Energy Assistance section has prepared the 2012 Draft U.S. Department of Energy Weatherization State Plan for public comment.

The Draft plan will be posted on the Department's website and a Texas Register announcement of the public hearing and the availability of the draft plan will be published on November 25, 2011. The Department will conduct a public hearing for the draft plan on Tuesday December 6, 2011, at 11:00 a.m.

Per DOE regulations, a Weatherization Policy Advisory Council as designated in the Plan (in order to provide guidance and comment on the plan) is required to be established. The Policy Advisory Council is comprised of 6 individuals appointed by the TDHCA Executive Director. That Council meeting is scheduled to occur after the conclusion of the Public Hearing in December 2011. Should the public comment necessitate a change in the draft plan, staff will provide a Board update at the January meeting.

The 2011 DOE weatherization budget is estimated at $4,155,146. The funding provides for weatherization activities, state administration and state training and technical assistance. Additionally, the funds allow for subrecipients financial audits, household audits, and program administration.

(Funding allocation based on DOE's Weatherization Program Notice #12-1)

DRAFT – 2012 DOE WAP STATE PLAN

**TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS**

PY 2012 STATE PLAN & APPLICATION

FOR

WEATHERIZATION ASSISTANCE PROGRAM

FOR LOW-INCOME PERSONS

February 2012

ANNUAL FILE
TABLE OF CONTENTS

ANNUAL FILE

Grant Application for Federal Assistance Standard Form 424

OMB Number: 4040-0004
Expiration Date: 03/31/2012

Application for Federal Assistance SF-424

*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: TBD

4. Applicant Identifier: R830010

5a. Federal Entity Identifier:

*5b. Federal Award Identifier: DE-EE0000190

State Use Only:

6. Date Received by State: 04/01/2012

7. State Application Identifier: TX-W-200

8. APPLICANT INFORMATION:

*a. Legal Name: State of Texas

*b. Employer/Taxpayer Identification Number (EIN/TIN): 742610542

*c. Organizational DUNS: 806781902

d. Address:

*Street 1: P.O. Box 13941
Street 2: _____
*City: Austin
County: Travis
*State: Texas
Province: _____
*Country: U.S.A.
*Zip / Postal Code 78711-3941

e. Organizational Unit:

Department Name: Texas Department of Housing and Community Affairs

Division Name: Energy Assistance, Community Affairs Division

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: ________________ *First Name: Michael
Middle Name: _____
*Last Name: De Young
Suffix: _____

Title: Community Affairs Division Director

Organizational Affiliation:

*Telephone Number: (512) 475-2125 Fax Number: (512) 475-3935

*Email: michael.deyoung@tdhca.state.tx.us

Application for Federal Assistance SF-424

***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 Energy

11. Catalog of Federal Domestic Assistance Number:

81.042

CFDA Title: Weatherization Assistance For Low Income Persons

***12 Funding Opportunity Number**:

DE-FOA-0000446

*Title: PY 2012 Weatherizaion Formula Grants

13. Competition Identification Number:

_____

Title: _______

14. Areas Affected by Project (Cities, Counties, States, etc.):

Statewide

***15. Descriptive Title of Applicant's Project**:

Statewide Weatherization Assistance Program

OMB Number: 4040-0004
Expiration Date: 03/31/2012

Application for Federal Assistance SF-424

16. Congressional Districts Of:
*a. Applicant: 10 *b. Program/Project: Statewide

17. Proposed Project:
*a. Start Date: 04/01/2012 *b. End Date: 03/31/2013

18. Estimated Funding ($):

*a. Federal	$4,155,146
*b. Applicant	
*c. State	
*d. Local	
*e. Other	
*f. Program Income	
*g. TOTAL	$4,155,146

***19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

☐ a. This application was made available to the State under the Executive Order 12372 Process for review on _____

☒ b. Program is subject to E.O. 12372 but has not been selected by the State for review.

☐ c. Program is not covered by E. O. 12372

***20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

☐ Yes ☒ 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)

☒ ** 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.

Authorized Representative:

Prefix: Mr. *First Name: Timothy

Middle Name: _____

*Last Name: Irvine

Suffix: _____

*Title: Executive Director

*Telephone Number: (512) 475-3930 Fax Number: (512) 475-9606

* Email: tim.irvine@tdhca.state.tx.us

*Signature of Authorized Representative: *Date Signed:

Authorized for Local Reproduction

Standard Form 424
Prescribed by OMB Circular A-102

OMB Number: 4040-0004
Expiration Date: 03/31/2012

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.

Section 2: Budget

Budget Information – Non Construction Programs

OMB Approval No.4040-0006
Expiration Date: 06/30/2014

Section A – Budget Summary						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-federal (f)	Total (g)
1. DOE	81.042			$4,155,146		$4,155,146
2. Carryover						
3.						
4.						
5. Totals				$4,155,146		$4,155,146

Section B – Budget Categories					
	Grant Program, Function or Activity				Total All Budget (5)
6. Object Class Categories	(1) Grantee Administration	(2) Subgrantee Administration	(3) Grantee T&TA	(4) Subgrantee T&TA	
a. Personnel	$112,850		$193,350		$306,200
b. Fringe Benefits	$31,440		$53,867		$85,307
c. Travel	$10,582		$22,790		$33,372
d. Equipment	0		0		0
e. Supplies	0		0		0
f. Contractual	0	$332,984	0	$27,300	$3,548,972
g. Construction	0		0		0
h. Other	$4,089		$17,505		$21,594
i. Total Direct Charges (sum of 6a-6h)	$158,961	$332,984	$287,512	$27,300	$4,022,745
j. Indirect Charges	$48,796		$83,605		$132,401
k. **Totals** (sum of 6i and 6j)	$207,757	$332,984	$371,117	$27,300	$4,155,146
7. Program Income					

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Budget Information – Non Construction Programs

OMB Approval No.4040-0006
Expiration Date: 06/30/2014

Section A – Budget Summary						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-federal (f)	Total (g)
1.						
2.						
3.						
4.						
5. Totals						

Section B – Budget Categories					
	Grant Program, Function or Activity				Total All Budget (5)
6. Object Class Categories	(1) Program Operations	(2) Health and Safety	(3) Financial Audits	(4) Liability Insurance/POI	
a. Personnel					$306,200
b. Fringe Benefits					$85,307
c. Travel					$33,372
d. Equipment					0
e. Supplies					0
f. Contractual	$2,418,604	$604,651	$20,800	$171,933	$3,548,972
g. Construction					0
h. Other					$21,594
i. Total Direct Charges (sum of 6a-6h)	$2,418,604	$604,651	$20,800	$171,933	$4,022,745
j. Indirect Charges					$132,401
k. **Totals** (sum of 6i and 6j)	$2,418,604	$604,651	$20,800	$171,933	$4,155,146
7. Program Income					

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GO-PF20a
(10/01)

U.S. DEPARTMENT OF ENERGY
GOLDEN FIELD OFFICE

BUDGET EXPLANATION FOR FORMULA GRANTS

Provide detailed information to support each Cost Category using this form. Cost breakdown estimates may be entered on this form or attach a breakdown of costs using your own format as Attachment A.

1. **PERSONNEL –** Prime Applicant only (all other participant costs must be listed on 6. below and form DOE F 4600.4, Section B. Line 6.f. Contracts and Sub Grants.

2. Identify, by title, each position to be supported under the proposed award.

a. Briefly specify the duties of professionals to be compensated under this project.

Administration Funds $112,850
Training and Technical Assistance Funds $193,350
Total Personnel Budget $306,200

Manager of Energy Assistance (EA)	*Overall program management and staff supervision.*
Project Manager of EA	*Program management and staff supervision of program officers*
Project Manage of EA	*Program management of trainers.*
Project Manager of EA	*Program management and staff supervision of fiscal, contract specialists, and planners.*
Senior Planner	*Develop State Plan/Applications and reporting.*
Program Officers (7)	*Programmatic monitoring of WAP subrecipients and technical assistance.*
Contract Specialist	*Process payment requests and develop contracts.*

3. **FRINGE BENEFITS** –

a. Are the fringe cost rates approved by a Federal Agency? If so, identify the agency and date of latest rate agreement or audit below, and include a copy of the rate agreement.

No

b. If an above does not apply, indicate the basis for computation of rates, including the types of benefits to be provided, the rate(s) used, and the cost base for each rate. You may provide the information below or provide the calculations as an attachment.
Fringe benefits rate = 27.86%

3. **TRAVEL** - Identify total Foreign and Domestic Travel as separate items.

a. Indicate the purpose(s) of proposed travel.

Foreign Travel $-0-
Domestic Travel $33,372

Monitoring
Number of trips: 26
Point of origin: Austin
Destination: All areas of the State
Purpose: Monitoring of WAP subrecipients and training and technical assistance as needed during visit

T&TA
Number of trips: 25
Point of origin: Austin
Destination: All areas of the State
Purpose: Training and technical assistance for WAP subrecipients

National Association of State Community Service Programs Conference
Number of trips: 2 staff
Point of origin: Austin
Destination: Out-of-State, Location T.B.D.
Purpose: Conference Training and Technical Assistance

b. Specify the basis for computation of travel expenses (e.g., current airline ticket quotes, past trips of a similar nature, federal government or organization travel policy, etc.).

Cost of transportation is based on historical data and the State of Texas contracted travel providers. Subsistence (hotel and per diem) is based on the State of Texas travel policy which allows for up to $121 maximum for in-state travel (hotel: $85, meals: $36) and $85 to $259 maximum for out-of-State travel. Average transportation cost based on historical average $330.

Monitoring
Transportation @ 330 X 26 X 50% = $4,290
Subsistence @ 121 X 26 X 4 days X 50% = $6,292

T&TA
Transportation @ 330 X 25 = $8,250
Subsistence @ 121 X 25 X 4 days = $12,100

Grant Guidance
Transportation @ $533 X 2= $1,066
Subsistence @ 168 X 3 days = $1,008

National Association for State Community Service Programs Conference
Transportation @ $500 X 2 = $1,000
Subsistence @ Meals $60 x 4 days/Hotel $160 x 3 nights = $1,440

4. EQUIPMENT – as defined in 10 CFR 600.202. Definitions can be found at http://www.access.gpo.gov/nara/cfr/waisidx_00/10cfr600_00.html.

a. Provide the basis for the equipment cost estimates (e.g., vendor quotes, prior purchases of similar or like items, etc.).
b. Briefly justify the need for items of equipment to be purchased.

5. MATERIALS AND SUPPLIES – as defined in 10 CFR 600.202. Definitions at http://www.access.gpo.gov/nara/cfr/waisidx_00/10cfr600_00.html.

a. Provide the basis for the materials and supplies cost estimates (e.g., vendor quotes, prior purchases of similar or like items, etc.).

b. Briefly justify the need for items of material to be purchased.

6. CONTRACTS AND SUBGRANTS – All other participant costs including subcontractor, sub-grants, and consultants.

Provide the information below for new proposed subrecipients and subcontractors. For ongoing subcontractors and subrecipients, if this information is provided elsewhere in the application, it does not have to be restated here, but please indicate the document and page numbers where it can be found. * For example—Competitive, Historical, Quote, Catalog.

Name of Proposed Subrecipient	Basis of Cost	Total Cost	Weatherization Subrecipients

Weatherization Subrecipients are listed in Section 3 of this Plan. The Department anticipates the program subrecipients will purchase 10 vehicles during PY 2011. Figures for these are not included in the Plan and will be submitted to DOE as the Department receives the requests from the Subrecipients.

Subrecipient Travel Allowance Pool (Subrecipients are listed in Section 3 of this Plan.)

26 Subrecipients –Cluster Workshops: Cost for each is based on the number of staff attending, their location, and estimated travel expenditures according to the allowable Texas travel rates. $27,300

7. OTHER DIRECT COSTS - Include all direct costs not included in above categories.

a. Provide the basis for the cost estimates (e.g., vendor quotes, prior purchases of similar or like items, etc.).

Miscellaneous/Other Direct Costs (estimated based prior purchases and historical data): $21,594
These costs include off-site training facility rental, membership dues, subscriptions/publications, maintenance/repair, and delivery services.

b. Briefly justify the need for items to be purchased.

OTHER DIRECT COSTS - Includes all direct costs and miscellaneous items not included in the other budget categories.

Off-site training facility rental
Facility space to conduct cluster workshops and other trainings or conferences in subrecipient service areas or State sponsored workshops or conferences. $3,000

Membership Dues
Costs for membership dues for TDHCA staff for technical and professional organizations $4,165

Registration Fees
Costs for staff registration fees to participate in staff development and program related conferences, trainings, and workshops. $12,224

Maintenance/Repair
Maintenance and repair costs include minor maintenance/repair of office space, such as broken door locks, overhead light fixture, minor plumbing repair, heating/air conditioning repair, cost of utilities, janitorial services, elevator service, necessary maintenance, and normal repairs and alterations necessary. $1,150

Printing
Costs for printing training materials, field guides, and other necessary program documents $1,055

8. INDIRECT COSTS -

a. Are the indirect cost rates approved by a Federal Agency? If so, identify the agency and date of latest rate agreement or audit below, and include a copy of the rate agreement.

This is based on the new approved indirect cost rate. A copy of the letter will be sent to DOE to be added to our file. We calculated the indirect rate at 43.24% of Personnel for this plan.

$132,401 – Indirect costs are calculated at 43.24% of Personnel.

b. If an above does not apply, indicate the basis for computation of rates, including the types of benefits to be provided, the rate(s) used, and the cost base for each rate. You may provide the information below or provide the calculations as an attachment.

Section 3: Subrecipients

	Organization/ Counties	Address	Type	Funding	Units	District
1.	ALAMO AREA COUNCIL OF GOVERNMENTS Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	8700 Tesoro Dr., Ste 700 San Antonio, TX 78217 (210) 362-5245 (210) 225-5937 – FAX	COG	283,841	30	11, 20, 21, 23, 25, 28
2.	BIG BEND CAC Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	PO Box 265 Marfa, TX 79843 (432) 729-4908 (432) 729-3435 – FAX	CAA	44,424	5	11, 23
3.	BRAZOS VALLEY CAA Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	1500 University Dr E, Suite 100 College Station, TX 77840 (979) 846-1100 (979) 260-9390 – FAX	CAA	116,096	12	06, 08, 10, 17, 31
4.	CAMERON-WILLACY COUNTIES COMMUNITY PROJECTS Cameron, Willacy	3302 Boca Chica, Suite #209 Brownsville, TX 78521-5705 (956) 544-6411 (956) 544-6414 – FAX	CAA	101,139	11	15, 27
5.	COMBINED CAA, Inc. Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	165 W. Austin St. Giddings, TX 78942 (979) 540-2980 (979) 542-9565 – FAX	CAA	65,816	7	09, 10, 14, 15, 21, 22, 25, 28
6.	CAC OF VICTORIA Aransas, Brazoria, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton, Bee, Live Oak, McMullen, Refugio	PO Box 3607 Victoria, TX 77903-3607 (361) 578-2989 (361) 578-0062 – FAX	CAA	111,524	12	14, 15, 22, 25
7.	CA CORPORATION OF SOUTH TEXAS Brooks, Duval, Hidalgo, Jim Wells, Kenedy, Kleberg, San Patricio, Jim I Starr, Webb, Zapata	204 E. 1st Street Alice, TX 78333-1820 (361) 664-0145 (361) 664-0120 – FAX	CAA	298,191	32	15, 25, 27
8.	COMMUNITY SERVICES AGENCY OF SOUTH TEXAS Dimmit, Edwards, Kinney, LaSalle, Maverick, Real, Uvalde, Val Verde, Zavala	PO Box 488 Carrizo Springs, TX 78834-6488 (830) 876-5219 (830) 876-5280 – FAX	CAA	70,223	7	23, 28
9.	COMMUNITY SERVICES, INC. Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	PO Box 612 Corsicana, TX 75151-0612 (903) 872-2401 (903) 872-0254 – FAX	CAA	190,361	20	01, 03, 04, 05, 06, 12, 13, 17, 24, 26

	Organization/ Counties	Address	Type	Funding	Units	District
10.	CONCHO VALLEY CAA Coke, Coleman, Concho, Crockett, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	PO Box 671 San Angelo, TX 76902 (325) 653-2411 (325) 658-3147 – FAX	CAA	68,938	7	11, 23
11.	DALLAS COUNTY HHS Dallas	2377 N. Stemmons Fwy, Suite 600 Dallas, TX 75207-2710 (214) 819-1858 (214) 819-6022 – FAX	PPNP	263,263	28	03, 05, 24, 26, 30, 32
12.	EOAC OF PLANNING REGION XI Bosque, Falls, Freestone, Hill, Limestone, McLennan	500 Franklin Ave. Waco, TX 76701-2111 (254) 753-0331 (254) 754-0046 – FAX	CAA	72,498	8	06, 17, 31
13.	EL PASO CAP – PROJECT BRAVO, INC. El Paso	P.O. Box 3445 El Paso, TX 79923 (915) 562-4100 (915) 562-8952 – FAX	CAA	140,940	15	16, 23
14.	CITY OF FORT WORTH, Dept of Housing Tarrant	809 Monroe St, Suite 500 Fort Worth, TX 76102 (817) 392-7540 (817) 392-7328 – FAX	PPNP	147,897	16	06, 12, 24, 26
15.	GREATER EAST TEXAS COMMUNITY ACTION PROGRAM Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	PO Drawer 631938 Nacogdoches, TX 75963 (936) 564-2491 (936) 564-0302 – FAX	CAA	112,873	12	01, 05, 06, 08
16.	HILL COUNTRY CAA Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	PO Box 846 San Saba, TX 76877 (325) 372-5167 (325) 372-3526 – FAX	CAA	84,973	9	11, 17, 31
17.	NUECES COUNTY CAA Nueces	101 South Padre Island Dr. Corpus Christi, TX 78405 (361) 883-7201 (361) 883-9173 – FAX	CAA	60,044	6	27
18.	PANHANDLE COMMUNITY SERVICES, INC. Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	PO Box 32150 Amarillo, TX 79120-2150 (806) 372-2531 (806) 373-8143 – FAX	CAA	119,530	13	13, 19

	Organization/ Counties	Address	Type	Funding	Units	District
19.	<u>PROGRAMS FOR HUMAN SERVICES, Inc.</u> Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	PO Box 1607 Orange, TX 77631-1607 (409) 886-0125 toll-free: 1(866) 550-0282 (409) 886-2849 – FAX	CAA	123,701	13	02, 08, 14, 22
20.	<u>ROLLING PLAINS MGMT. CORP.</u> Archer, Baylor, Brown, Callahan, Clay, Comanche, Cottle, Eastland, Foard, Hardeman, Haskell, Jack, Jones, Kent, Knox, Montague, Shackelford, Stephens, Stonewall, Taylor, Throckmorton, Wichita, Wilbarger, Wise, Young	PO Box 490 Crowell, TX 79227 (940) 684-1571 (940) 684-1693 – FAX	CAA	141,685	15	11, 12, 13, 19
21.	<u>SHELTERING ARMS, INC.</u> Harris	3838 Aberdeen Way Houston, TX 77025 (713) 956-1888 (713) 956-2079 – FAX	PPNP	438,264	49	02, 07, 09, 10, 18, 22, 29
22.	<u>SOUTH PLAINS CAA</u> Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lubbock, Lynn, Motley Terry, Yoakum	PO Box 610 Levelland, TX 79336 (806) 894-6104 (806) 894-5349 – FAX	CAA	113,092	12	13,19
23.	<u>TEXOMA COUNCIL of GOVERNMENT</u> Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	1117 Gallagher DR, Ste. 300 Sherman, TX 75090 (903) 893-2161 (903) 813-3511 – FAX	COG	115,137	12	01, 04, 13, 26
24.	<u>TRAVIS COUNTY HEALTH & HUMAN SERVICES DEPT.</u> Travis	PO Box 1748 Austin, TX 78767 (512) 854-4100 (512) 854-4123 – FAX	PPNP	88,702	9	10, 21, 25
25.	<u>TRI-COUNTY CAA</u> Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	PO Drawer 1748 Center, TX 75935 (936) 598-6315 (936) 598-7272 – FAX	CAA	66,358	7	01, 08
26.	<u>WEST TEXAS OPPORTUNITIES, INC.</u> Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton, Loving, Reeves, Ward, Winkler	PO Box 1308 Lamesa, TX 79331 (806) 872-8354 (806)872-5816 – FAX	CAA	109,462	12	11, 19
	TOTAL: 254 Counties			3,548,972	379	

Additional information regarding Section 3--Subrecipients:

Note: The Department allocates funds to subrecipients by formula based upon the DOE allocation for program year 2011. The allocation formulas reflect the 2000 Census data. If any carryover funds are available, they will be distributed by allocation formula and used to increase the number of units to be weatherized.

The adjusted average expenditure limit per unit for program year 2012 is $6,572.

Texas limits reweatherization to 5% of all units weatherized if agencies need to exceed the 5% cap, the agency should send a written request for approval to the Department.

If the Department determines it is necessary to permanently reassign a service area to a new subrecipient, the subrecipient will be chosen in accordance with 10 CFR §440.15 and the Department's Texas Administrative Code.

The fund allocations for individual service areas are determined by a distribution formula with five (5) factors:

(1) Number of non-elderly poverty households per county;
(2) Number of elderly poverty households (65+) per county;
(3) Median income variance per county;
(4) Inverse poverty household density ratio per county; and
(5) Heating/Cooling Degree days per county.

The Department may deobligate all or part of the funds provided under this contract, if subrecipient has not expended funds as specified in the contract of each subrecipient according to the expenditure rate and households served during the sixth month of the program year. 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 program year.

Note: CFR: Code of Federal Regulation

Section 4: WAP Production Schedule

Unit Type	**Annual Total**
Weatherization Units (Total)	**379**
Reweatherization Units	

Vehicles and Equipment $5,000 or more Average Cost per Dwelling Unit (DOE Rules)

A. Total of Vehicles and Equipment Budget $0

B. Total Units to be Weatherized, from Production Schedule above 379

C. Units to be Reweatherized, from Production Schedule above 0

D. Total Units to be Weatherized, plus Planned Reweatherized
Units from Production Schedule above (B plus C) 379

E. Average Vehicles and Equipment Cost per Dwelling Unit (A divided by D) $0

Average Cost per Dwelling Unit (DOE Rules)

F. Total of Funds for Program Operations $2,418,604

G. Total Units to be Weatherized, plus Planned Reweatherized
Units from Production Schedule above (total from D above) 379

H. Average Cost per Dwelling Unit, less Vehicles and Equipment (F divided by G) $6,382

I. Average Cost per Dwelling Unit for Vehicles and Equipment (total from E) $0

J. Total Average Cost per Dwelling Unit (H plus I) $6,382

Section 5: Energy Savings

DOE Program	Amount	Line
Total DOE State Weatherization Allocation	$4,155,146	(a)
Total Cost associated with Administration, T&TA, Financial and Energy Audits or 15% of allocation.	$1,664,358	(b)
Subtract the amount entered in line (b) from line (a), for a total Federal (DOE) funds available to weatherize homes	$2,490,788	(c)
State Average Cost per Home or National WAP Program Year Average Cost per Home (i.e., PY 2008 $2,966)	$6,572	(d)
Divide the amount entered on line (c) by the amount entered on line (d), for Total Estimated Homes to be Weatherized	379 Homes	(e)
Multiply (e) by 30.5 MBTU for Total Annual Estimated Energy Savings resulting from DOE appropriated funds	11,560 MBTU	(f)

All Funding Sources		
Total funds (e.g., DOE WAP, State, Leveraged, LIHEAP, and other non-Federal sources of funds) used by State to weatherize homes	$4,155,146	(g)
Total Cost associated with administration of Weatherization funds or 15% of total funds available to weatherize homes.	$1,664,358	(h)
Subtract the amount entered in line (h) from line (g), for total funds available to weatherize homes	$2,490,788	(i)
State Average Cost per Home or National WAP Program Year Average Cost per Home (i.e., PY 2008 $2,966)	$6,572	(j)
Divide the amount entered on line (i) by the amount entered on line (j), for Total Estimated Homes to be Weatherized	379 Homes	(k)
Multiply (k) by 30.5 MBTU for Total Annual Estimated Energy Savings resulting from all funding sources	11,560 MBTU	(l)

Method used to calculate energy savings: WAP Algorithm ☒ Other (describe below) ☐

The PY 2011 energy saving calculations methodology was developed by the Department using the most recent Metaevaluation of the National Weatherization Assistance Program (ORNL/CON-493). This methodology estimates annual savings of 30.5 MBtu according to DOE's PY 2005 Application Instructions and Forms for PY 2006. The same methodology will be used for PY 2012. The 2012 Plan is estimated according to funding allocation and adjusted average expenditure limit per unit allowed to weatherize a home. The total number of units projected to be weatherized in PY 2012 is 379 for a total of annual estimated energy savings of 11,560 MBtu.

Estimated energy savings: 11,560 (MBtu)

Estimated prior year savings: 25,803 (MBtu) Actual: Pending final report

If variance is large, explain: Estimated energy savings is significantly lower as a result of a decrease in funding that will directly impact the total number of units that can be weatherized.

Section 6: Training, Technical Assistance, and Monitoring Activities

The Texas Department of Housing and Community Affairs (the Department) plans to monitor the Weatherization Assistance Program (WAP) with the staff included in the budget. All 26 WAP subrecipients administer this DOE WAP Formula grant in conjunction with the ARRA WAP and will receive multiple visits throughout the program year (April 1 through March 31). Training and technical assistance shall be provided to the subrecipient, whenever necessary, by the Training Officer and/or the Training Academy.

Monitorings will be scheduled using a risk management-based assessment. Primary consideration will consist of amount of contract, previous findings, status of finding resolution, and submission and condition of annual independent audit. Periodic desk reviews of expenditures and production levels will be conducted during the program year. The scheduling of on-site monitoring will depend on availability of staff, minimum number of completed units, geographic and climatic considerations. The schedule may vary and dates will be confirmed with each subrecipient in advance. The purpose of the monitoring is to ensure that weatherization programs are managed within federal and state guidelines and that eligible low-income families are receiving quality and appropriate weatherization of their homes.

The Department has established a goal to monitor a minimum of 10% of the client files and 10% of the weatherized units at the time of the monitoring. Monitoring will include health and safety procedures, client eligibility, energy audit procedures, and client education procedures. In addition, Program Officers will monitor financial management control and ensure the quality of work via established monitoring procedures.

In 2012, the Department will utilize the Training and Technical Assistance Academy including classroom and on-site venues for classes in basic weatherization, advanced weatherization as well as financial management. Training will include manufactured housing, lead safe work practices and health and safety.

The Department will conduct training and technical assistance throughout the program year. A Program Officer may determine that additional training is needed for a particular subrecipient or the subrecipient may request it. The Trainer is actively conducting training and technical assistance and continually works with feedback from program officers and department staff to determine Subrecipients additional training needs on an on-going basis. Scheduled trainings are published on the Training Academy website at http://wxtraining.tdhca.state.tx.us/Schedule.aspx.

The Department does not require licensing or certifications of subrecipient staff. Should a subrecipient hire a new weatherization coordinator, the subrecipient will be required to notify the Department in writing within 30 days of the date of hiring the coordinator and request training. The Department will contact subrecipients within 30 days of the date of notification to arrange for training. The Department will use in-house staff as well as other subrecipient staff to provide training. The Department will provide travel assistance to subrecipients that receive training.

The Department WAP program year is April 1 through March 31. Upon the Department's completion of the PY 2011 Monitoring process, the Department will review all monitoring findings in order to evaluate any improvements in the agencies' performances in May. The Department will submit to DOE a written summary of its monitoring findings.

The Department has scheduled the following training dates for WAP Network:

Texas Association of Community Action Agencies Annual Conference	May 2012

Energy Audit Procedures
In December 2009, the Department implemented the U.S. Department of Energy approved Priority List that identifies cost effective recurring measures that can be performed. Additionally, the NEAT and MHEA audits have been approved by DOE for use on single family dwellings, manufactured homes and multifamily buildings containing 24 or fewer units. The energy audits have not been approved for multifamily buildings containing 25 or more units. For buildings with 25 or more units, the Department will acquire a DOE approved energy audit, such as EA-QUIP or TREAT, or require an engineering study.

Energy Savings
The State will cooperate with the Department of Energy as they implement a national evaluation project.

Evaluation of Training Activities
In order to evaluate the efficiency of its training activities, the training staff will review its training activities quarterly and compare those to the subrecipient monitoring reports, and the annual analysis of an in-house evaluation study. Additionally, subrecipients will be given the opportunity to provide feedback through evaluation forms distributed at all training sessions. Training staff will conduct periodic surveys to solicit input from Subrecipients as to their training needs. The Department will also utilize input from Program Officers and Subrecipient monitoring reports to determine areas of additional training needed. A database of all monitoring findings provides the training group with analysis of training needs and opportunities that correlate to monitoring reports.

Lead-Based Paint Safe Work Practices
The State of Texas provided Lead, Renovation, Repair, and Painting Program (LRRPP) training to all program monitors and subrecipients through the Training Academy during Program Year 2011. The State will provide LRRPP training to new subrecipient hires on an on-going basis.

Mold
The State of Texas provided the Mold Work Practices training methodology (developed by Montana State University) to all weatherization subrecipients during program year 2006. The subrecipients will be responsible for providing the training to their weatherization contractors. The State will provide Mold Work Practices to new subrecipient hires on an on-going basis.

The Texas Department of Health, beginning at Title 25, Texas Administrative Code, Section 295.301, has adopted procedures for addressing mold problems existing in residential dwellings that cover areas of 25 contiguous square feet or more by requiring the remediation to be addressed by a licensed mold remediation specialist.

If the energy auditor discovers a mold condition which the weatherization contractor cannot adequately address, then the unit should be referred to the appropriate public agency for remedial action. The applicant is to be provided written notification that their home cannot, at this time, be weatherized and why. They should also be informed which agency they should contact to report the mold condition. The applicant should be advised that when the mold issue is resolved they may reapply for weatherization.

If the energy auditor determines that the mold is treatable and covers less than the 25 contiguous square feet limit allowed to be addressed by the Texas Department of Health's guidelines, the applicant is to be provided written notification of the existence of the mold and potential health hazards, the proposed action to eliminate the mold, and that no guarantee is offered that the mold will be eliminated and that the mold may return. The auditor must obtain written approval from the applicant to proceed with the weatherization work.

Upon appropriate guidance from DOE, the Department will arrange to train all subrecipients to recognize mold problems and acceptable actions to resolve mold occurrences. The Department will also provide applicant notification and release forms to its subrecipients.

The limited cost incurred to remove the mold is to be charged to the health and safety portion of the subrecipient's budget.

Client Education

The Department will continue to require WAP subrecipients to provide client education to each WAP client. Subrecipients will be required to provide (at a minimum) state produced educational materials in verbal and written format. Client education will include temperature strips that indicate the temperature in the room and energy savings calendars.

Section 7: DOE-Funded Leveraging Activities

N/A

Section 8: Policy Advisory Council Members

Introduction: The Policy Advisory Council (PAC) is broadly representative of organizations and agencies and provides balance, background, and sensitivity with respect to solving the problems of low-income persons, including the weatherization and energy conservation problems.

Historically, the PAC has met annually after the public hearing for the DOE plan. One member of the PAC is from the Texas Department of Aging and Disability Services that is the state agency charged with providing a comprehensive array of aging and disability services, supports, and opportunities that are easily accessed in local communities.

Prior to the expenditure of any grant funds, the Department shall establish a policy advisory council which:

(1) Has special qualifications and sensitivity with respect to solving the problems of low-income persons, including the weatherization and energy conservation problems of these persons;
(2) Is broadly representative of organizations and agencies, including consumer groups that represent low-income persons, particularly elderly and disabled low-income persons and low-income Native Americans, in the State or geographical area in question; and
(3) Has responsibility for advising the appropriate official or agency administering the allocation of financial assistance in the State or area with respect to the development and implementation of a weatherization assistance program.

Current Policy Advisory Council Members

Weatherization Providers	Energy Group	Consumer & Related Group
Johnette Hicks, Executive Director, Chairwoman Economic Opportunities Advancement Corporation – Planning Region XI	**Heather Ball**, Director Marketing & Public Education Railroad Commission of Texas Alternative Fuels Research and Education Division	**Al Joseph**, Director of Housing Ysleta del Sur Pueblo Housing Department
Karen Swenson, Executive Director Greater East Texas Community Action Program		**Michael P. Wilson, PhD.** Texas Department of Aging and Disability Services
Mark Bulllard, WAP Coordinator Texoma Council of Governments		

Any additions to the Policy Advisory Council will be reviewed by the Department's Governing Board. At the present time, the PAC consists of six members. The PAC meets annually. The Department seeks the PAC's guidance and approval on WAP Plans each year, and hosts other meetings, as needed.

Section 9: State Plan Hearings

Notice of Public Hearings was posted in the November 25, 2011 publication in the Texas Register.

The PY 2012 WAP Public Hearing was held on December 7, 2011. The transcript will be available upon request.

The WAP Policy Advisory Council meeting was held on December 13, 2011. The transcript will be available upon request.

Section 10: Adjustments to On-File Information

No changes will be made to the On-File Information.

Section 11: Miscellaneous

Intergovernmental Review Data

To comply with the provisions of Executive Order 12372, the State of Texas established the Texas Review and Comment System (TRACS). TRACS is a statewide system that provides state and local officials opportunities to review and to comment upon State plans, applications for federal or state financial assistance, and environmental impact statements related to projects or programs that affect their jurisdictions before the proposals are approved or funded. Comments made during the process are for the applicant's use in improving the project, and if necessary, for the funding agency's use in deciding whether to approve the application.

Related state provisions designate the regional review agencies and the state Single Point of Contact; the programs for which reviews will be required; delineate the respective responsibilities of applicants, state agencies, and review agencies; establish uniform review procedures and criteria; and describe procedures for seeking accommodation of review comments. State provisions specifically incorporate by reference Executive Order 12372, as amended by Executive Order 12416, the Demonstration Cities and Metropolitan Development Act of 1966, §204 (42 United States Code §3334); the Intergovernmental Cooperation Act of 1968, §401(a) (United States Code §4231(a)); and the National Environmental Policy Act of 1969, §102(2C)(42 United States Code §4332(2C)).

The TRACS State Single Point of Contact is Denise S. Francis, Governor's Office of Budget, Planning, & Policy, P.O. Box 12428, Austin, Texas 78711. This plan application was provided in draft to the State Single Point of Contact, made accessible to all regional councils, available to all the Department's weatherization program subrecipients and other interested parties prior to the public hearing and as a part of the public comment process.

Liability Insurance

The liability insurance separate line item was increased to enable subrecipients to purchase pollution occurrence insurance in addition to the general liability insurance. Most regular liability insurance policies do not provide coverage for pollution occurrence. Subrecipients should review existing policies to ensure that lead paint measures are also covered and if not, secure adequate coverage for all units to be weatherized. If subrecipients require additional funding for liability insurance, they must first provide the Department with three price quotes. When approved, additional liability insurance costs may be paid from administrative or program support categories. The Department strongly recommends the subrecipients require their contractors to carry pollution occurrence insurance to avoid being liable for any mistakes the contractors may make. Each subrecipient should get a legal opinion regarding the best course to take for implementing the pollution occurrence insurance coverage.

Training & Technical Assistance Carryover Funds

Training and technical assistance funds will not be used to purchase vehicles or equipment for local agencies to perform weatherization services. The cost of these vehicles and equipment to support the program must be charged to program support and program operations categories. The Department acknowledges that, should unexpended training and technical assistance funds remain at the end of the Program Year, DOE requires these funds to be used to weatherize homes during the following year.

Formula Distribution

The Department updates the budget allocation proportion by county and subrecipient based on poverty income, elderly poverty, median household income (from the 2000 U.S. Census data), and climate data (from the Southern Regional Climate Center, Louisiana State University, June 2002).

Electric Base Load Measures (EBL)

DOE has approved the inclusion of selected Electric Base Load (EBL) measures as part of the weatherization of eligible residential units. Currently, the approved EBL measures include replacement of refrigerators, electric water heaters, and compact fluorescent lights. All EBL measures must be determined cost effective with an SIR of 1 or greater by either audit analysis or separate DOE approved analytical tools.

DOE has approved analytical tools to measure EBL. Instructions for incorporating EBL measures in to the WAP are detailed in the Texas Administrative Code. All dwelling units will be evaluated to determine the most cost effective measures to be installed in each unit weatherized and to determine the order in which measures will be installed. The evaluation of each unit must include building envelope measures, mechanical measures, and Electric Base Load measures.

Section 12: Assurances and Certifications

Forms have been filed separately in a Master Document File

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
November 10, 2011

Action Item

Approve the 2012 Section 8 Payment Standards for Housing Choice Vouchers.

> **RESOLVED**, the approval of the 2012 Section 8 Payment Standards for Housing Choice Vouchers in accordance with 24 CFR Section 982.503, are hereby approved in the form presented to this meeting.

Background

The U.S. Department of Housing and Urban Development (HUD) requires Public Housing Authorities (PHAs), such as the Texas Department of Housing and Community Affairs (the Department), to annually adopt a payment standard schedule that establishes voucher payment standard amounts for each Fair Market Rent (FMR) area in the PHA jurisdiction. The PHA must establish payment standard amounts for each "unit size," defined as the number of bedrooms (one-bedroom, two-bedrooms, etc.) in each housing unit.

The Department, operating as a PHA, may establish the payment standard amount at any level between 90 percent and 110 percent of the published FMR for that unit size. The Department operates its Housing Choice Voucher Program in 22 counties. Staff recommends establishing the payment standard at 100 percent of FMR for 15 of those counties and 110 percent of FMR for the remaining 7 counties. The reasons for the increase to 110 percent are HUD decreased the FMRs, the cost of housing, and the income levels of Housing Choice Voucher Program participants in the remaining 7 counties. This action will allow the Department to continue to cover its portion of the housing assistance payments for tenants in these 7 counties.

Staff recommends these payment standards as proposed because it will allow current tenants to continue to afford the units they have selected, and will help new tenants find decent, safe, affordable units. The attached Exhibit A details the Department's recommended payment standards.

RESOLUTION NO. 12-012

RESOLUTION OF THE BOARD OF DIRECTORS ADOPTING PAYMENT STANDARD FOR SECTION 8 HOUSING CHOICE VOUCHERS

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to 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 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);

WHEREAS, 24 CFR Section 982.503, Voucher tenancy, states that a Public Housing Authority (PHA) must adopt a payment standard schedule that establishes voucher payment amounts for each Fair Market Rent (FMR) area in the PHA jurisdiction. The PHA must establish payment standard amounts for each "unit size."

WHEREAS, the PHA's voucher payment standard schedule shall establish a single payment standard for each unit size in an FMR area;

WHEREAS, the Department in operating as a PHA may establish the payment standard amount for a unit size at any level between 90 percent and 110 percent of the published FMR for that size unit;

WHEREAS, the payment standard amounts on the PHA schedule are used to calculate the monthly housing assistance payment for a family;

WHEREAS, the Department has reviewed the Payment Standards by geographic area, and wishes to establish a Payment Standard at 100 percent of FMR in the areas so referenced in the attached Payment Standards;

WHEREAS, the Department wishes to establish payment standards at 110 percent of FMR in the areas so referenced in the attached Payment Standards; and

WHEREAS, such Payment Standards meet the guidelines of the Federal Registers, HUD Handbooks, Notices, Transmittals, and the needs of these communities.

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

The Governing Board hereby approves and adopts the attached Section 8 Payment Standards for Housing Choice Vouchers for each jurisdiction in which the Department participates as a PHA. The Payment Standards are attached as Exhibit A.

This Resolution shall be in full force and effect from and upon their adoption. The Department shall initiate the Payment Standards effective **January 1, 2012**.

Written notice of the date, hour, and place of the meeting of the Board at which this Resolution was considered, and the subject of this Resolution, was furnished to the Secretary of State and posted for at least seven (7) days preceding the convening of such meeting, on a bulletin board in the main office of the Secretary of State located at a place convenient to the public; that such place was readily accessible to the general public at all times from the time of such posting until the convening of such meeting; 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; 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 Texas Government Code § 2306 and Texas Register and Texas Government Code, respectively.

PASSED AND APPROVED this 10th day of November 2011.

____
Chair of the Governing Board

ATTEST:

____
Secretary to the Board

2012 VOUCHER PAYMENT STANDARDS

	Bedroom Size					
	REGION	**0 BR**	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Austin County:						
HUD FMR	H	556	558	671	890	919
Payment Standard		612	614	738	979	1011
% of Payment Standard		110%	110%	110%	110%	110%
Brazoria County:						
HUD FMR	H	614	684	786	1084	1164
Payment Standard		614	684	786	1084	1164
% of Payment Standard		100%	100%	100%	100%	100%
Caldwell County:						
HUD FMR	S	713	812	989	1331	1516
Payment Standard		713	812	989	1331	1516
% of Payment Standard		100%	100%	100%	100%	100%
Chambers County:						
HUD FMR	H	694	772	937	1249	1570
Payment Standard		694	772	937	1249	1570
% of Payment Standard		100%	100%	100%	100%	100%
Colorado County:						
HUD FMR	H	535	590	669	884	909
Payment Standard		535	590	669	884	909
% of Payment Standard		100%	100%	100%	100%	100%
Comanche County:						
HUD FMR	F	460	493	584	743	811
Payment Standard		506	542	642	817	892
% of Payment Standard		110%	110%	110%	110%	110%
Denton County:						
HUD FMR	F	666	738	894	1161	1377
Payment Standard		666	738	894	1161	1377
% of Payment Standard		100%	100%	100%	100%	100%
Ellis County:						
HUD FMR	F	610	670	810	1050	1250
Payment Standard		610	670	810	1050	1250
% of Payment Standard		100%	100%	100%	100%	100%
Erath County:						
HUD FMR	D	490	531	663	809	833
Payment Standard		490	531	663	809	833
% of Payment Standard		100%	100%	100%	100%	100%
Falls County:						
HUD FMR	F	380	519	584	745	773
Payment Standard		418	571	642	820	850
% of Payment Standard		110%	110%	110%	110%	110%
Fort Bend County:						
HUD FMR	H	694	772	937	1249	1570
Payment Standard		694	772	937	1249	1570
% of Payment Standard		100%	100%	100%	100%	100%

2012 VOUCHER PAYMENT STANDARDS

	Bedroom Size					
	REGION	**0 BR**	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Freestone County:						
HUD FMR	F	458	625	704	920	948
Payment Standard		458	625	704	920	948
% of Payment Standard		100%	100%	100%	100%	100%
Galveston County:						
HUD FMR	H	694	772	937	1249	1570
Payment Standard		694	772	937	1249	1570
% of Payment Standard		100%	100%	100%	100%	100%
Guadalupe County:						
HUD FMR	S	553	616	760	980	1191
Payment Standard		608	678	836	1078	1310
% of Payment Standard		110%	110%	110%	110%	110%
Johnson County:						
HUD FMR	F	667	709	863	1153	1277
Payment Standard		734	780	949	1268	1405
% of Payment Standard		110%	110%	110%	110%	110%
Kerr County:						
HUD FMR	S	644	697	784	1011	1043
Payment Standard		644	697	784	1011	1043
% of Payment Standard		100%	100%	100%	100%	100%
Lee County:						
HUD FMR	S	477	542	602	824	849
Payment Standard		477	542	602	824	849
% of Payment Standard		100%	100%	100%	100%	100%
Llano County:						
HUD FMR	S	534	537	707	846	871
Payment Standard		587	591	778	931	958
% of Payment Standard		110%	110%	110%	110%	110%
McLennan County:						
HUD FMR	F	605	606	754	944	975
Payment Standard		605	606	754	944	975
% of Payment Standard		100%	100%	100%	100%	100%
Medina County:						
HUD FMR	S	464	516	607	726	883
Payment Standard		510	568	668	799	971
% of Payment Standard		110%	110%	110%	110%	110%
Waller County:						
HUD FMR	H	694	772	937	1249	1570
Payment Standard		694	772	937	1249	1570
% of Payment Standard		100%	100%	100%	100%	100%
Wharton County:						
HUD FMR	H	530	596	661	875	901
Payment Standard		530	596	661	875	901
% of Payment Standard		100%	100%	100%	100%	100%

COMMUNITY AFFAIRS DIVISION

BOARD ACTION REQUEST

November 10, 2011

Presentation, Discussion, and Possible Action to approve the reprogramming of $900,000 from emergency assistance to the Homeless Housing and Services Program

RECOMMENDED ACTION

Staff recommends reprogramming The Supplemental Bond Contingency Reserve Fund ("Reserve Fund") for use in the Department's Homeless Housing and Services Program ("HHSP"):

> **WHEREAS,** At its September meeting the Board approved the reprogramming of $900,000 from the Reserve Fund account to be used to assist persons affected by the Texas wildfires; and
>
> **WHEREAS,** the Department was able to use other funds to assist those affected by the Texas Wildfires; and
>
> **WHEREAS,** the Department needs additional funds in the coming fiscal year to fund the HHSP program; and
>
> **WHEREAS,** Staff recommends that the best use of the Reserve Fund account funds is to reprogram the funds for use in the PY 2013 HHSP program,
>
> **RESOLVED**, that the staff's recommendation to reprogram $900,000 from the Reserve Fund account to the HHSP program is hereby ordered and it is approved.

BACKGROUND

This past summer Texas experienced some of the most devastating wildfires in the state's history. Within days of the outbreak of the fires, the Department, in conjunction with local community action agencies provided emergency assistance to victims of the wildfires in Bastrop and Montgomery Counties. The assistance was made available from existing Department programs and the reprogramming of other funds such as the Reserve Fund account.

All of the assistance provided by TDHCA came from the use of funds from its existing programs. The Reserve Funds were not needed. The Department has a current need to fund its HHSP program for PY 2013 and has identified these reserve funds as an appropriate source.

Accordingly, Staff recommends reprogramming the Reserve Funds for use in the Department's HHSP program for PY 2013.

THIS ITEM HAS BEEN PULLED FROM THE AGENDA

COMPLIANCE AND ASSET OVERSIGHT

BOARD ACTION REQUEST

November 10, 2011

Action Items

Presentation, discussion and possible waiver of 10 TAC Chapter 60, §60.124(b) for Gholson Hotel.

WHEREAS Gholson Hotel has been rehabilitated through the Tax Credit Assistance and Tax Credit Exchange programs and will be submitting cost certifications and requesting 8609s in the near future and

WHEREAS the Department and owner are aware of an issue of noncompliance relating to unit 413 at Gholson Hotel and

WHEREAS 10 TAC Chapter 60, §60.124(b) states that the Department will not release 8609s if there are uncorrected issues of noncompliance and

WHEREAS these properties meet the criteria for reinstatement listed in 10 TAC Chapter 60, §60.128

Now therefore it is hereby

RESOLVED that 10 TAC Chapter 60, §60.124(b) is waived for Gholson Hotel.

Background

In general, the Department does not release IRS forms 8609s if there are uncorrected issues of noncompliance. This has been a very successful strategy in quickly restoring compliance, a primary goal for the Compliance and Asset Oversight division. However, this property has unique circumstances that warrant a waiver of this section of the Compliance Rules.

Gholson Hotel has funding through HUD's project based Section 8 program. There is one unit leased to a household that does not qualify under the tax credit program, but is qualified under HUD's rules. The resident in unit 413 is a 94 year old veteran who has lived at the property for 16 years. His income from the Veteran's Administration benefits Social Security, amount to less than $2,000 over the maximum Housing Tax Credit income limit. Though he is not considered income eligible for the tax credit program, he qualifies for the HUD program because of his medical expenses. Under the HUD program rules, he has a right to continued occupancy.

The criteria for waiver of this section of the rule:

(1) it is in the best interests of the Department and the State to proceed with the award;
(2) the award will not present undue increased program or financial risk to the Department or State;
(3) the applicant is not acting in bad faith; and

(4) the applicant has taken reasonable measures within its power to remedy the cause for the termination.

Staff finds that the request meets the criteria and recommends waiver of 10 TAC Chapter 60, §60.124(b) for the issues described herein for Gholson Hotel.

THIS ITEM HAS BEEN PULLED FROM THE AGENDA

HOUSING RESOURCE CENTER
BOARD ACTION REQUEST
NOVEMBER 10, 2011

Recommended Action

Presentation, Discussion and Possible Approval of the 2012 Affordable Housing Needs Score Methodology

> **RESOLVED,** that the 2012 Affordable Housing Needs Score Methodology for the potential use in the HOME, Housing Tax Credit (HTC) and Housing Trust Fund (HTF) programs, in the form presented to this meeting, is hereby approved.

Background

The Affordable Housing Needs Score (AHNS) scoring criterion for potential use in evaluating HOME, HTC, and HTF applications. The formula is submitted annually for public comment. The final methodology and resulting scores are published on the TDHCA website.

While not specifically legislated by the state, the AHNS historically has helped address other need-based funding allocation requirements by responding to:

- an IRS Section 42 requirement that the selection criteria used to award the HTC funding must include "housing needs characteristics."
- State Auditor's Office (SAO) and Sunset findings that called for the use of objective, need based criteria to award TDHCA's funding.

Through the AHNS, applicants are encouraged to request funding to serve communities that have a high level of need. The HOME, HTC, and HTF programs have used slightly modified versions of the AHNS because the programs have different eligible activities, households, and geographical areas. Under §2306.111(c) of the Texas Government Code, 95 percent of HOME funding is set aside for non-participating jurisdictions (PJ). Therefore, the HOME AHNS only uses need data for non-PJs.

The Draft 2012 AHNS Methodology was made available for public comment from September 17th through October 18th, 2010. No public comments were received. However, four minor changes have been made to the AHNS as a result of changes made to the Qualified Allocation Plan (QAP) and public comment received on the Regional Allocation Formula (RAF). Where the QAP referenced the AHNS and where the AHNS and RAF were similar, changes were made in the AHNS to correspond to the changes made in the QAP and RAF.

At the October 4, 2011 Board meeting, the draft QAP excluded the use of the AHNS for 2012. Therefore, in the Background section of the AHNS, the following language was amended from:

"The AHNS scoring criterion ~~is~~ has been used to evaluate HOME, Housing Tax Credit (HTC), and Housing Trust Fund (HTF) applications." And, "While not specifically leglislated by the state, the AHNS ~~helps~~ has historically helped to address other need based funding allocation requirements…"

In the RAF, changes were made to the methodology to ensure staff was using the most recent data set from the U.S. Census Bureau. In the AHNS, the reference to the census was clarified as “2000 Census” since that is the most complete data set available to quantify housing need.

The RAF and AHNS have the same footnote (footnote 7 in the RAF and footnote 4 in the AHNS). The RAF footnote was changed and so the AHNS footnote must be changed. In footnote 4 of the AHNS methodology, language was amended as follows:

“Applicants may petition TDHCA to update the “Rural” designation of ~~an area~~ a development’s location by providing a letter from a USDA Rural Development official clearly stating that the area is eligible for funding by USDA Rural Development.”

Petitions to change a place from urban to rural will still be accepted by a letter from a local USDA official stating that the proposed development site is eligible for USDA funding. However, receipt of a letter will not change the entire place to rural – it will only change that one development site.

Staff recommends updating the scores with recent award data until November 19th to allow for any changes in 2011 awards during the November 10th Board meeting. The 2011 HISTA data, or Households by Income, Size, Tenure and Age, from Ribbon Demographics is used in the AHNS. HISTA data is based upon special tabulations from the US Census Bureau with demographic projections provided by Claritas.

Attachment A
2012 Affordable Housing Needs Score Methodology

Background

The AHNS scoring criterion has been ~~is~~ used to evaluate HOME, Housing Tax Credit (HTC), and Housing Trust Fund (HTF) applications. The formula is submitted annually for public comment. The final version is published in the SLIHP.

While not specifically legislated by the state, the AHNS ~~helps~~ has historically helped to address other need based funding allocation requirements by responding to:

- an IRS Section 42 requirement that the selection criteria used to award the HTC funding must include “housing needs characteristics.”
- State Auditor’s Office (SAO) and Sunset findings that called for the use of objective, need based criteria to award TDHCA’s funding.

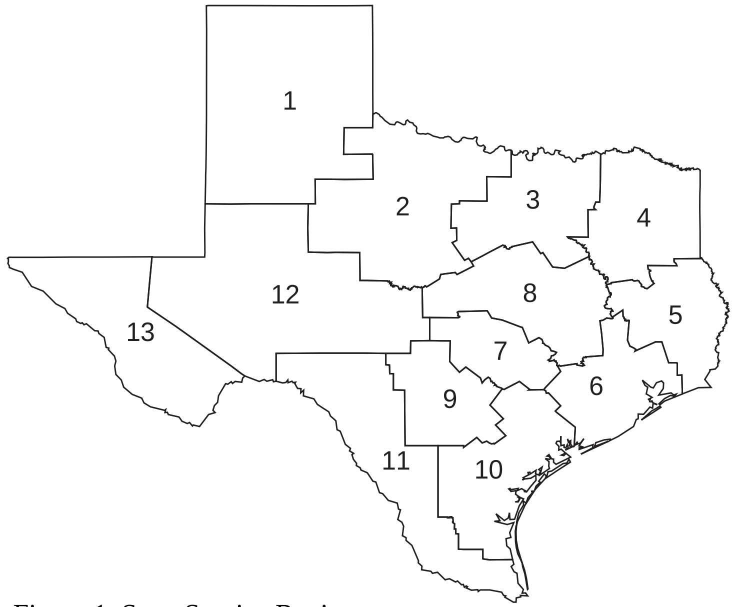

Figure 1. State Service Regions

The AHNS is an extension of the TDHCA Regional Allocation Formula (RAF) in that it provides a comparative assessment of each area’s level of need relative to the other areas within its State Service Region. Through the AHNS, applicants are encouraged to request funding to serve communities that have a high level of need.

The HOME, HTF, and HTC programs use slightly modified versions of the AHNS because the programs have different eligible activities, households, and geographical areas. Under §2306.111(c) of the Texas Government Code, at least 95 percent of HOME funding is set aside for non-participating jurisdictions. Therefore, the HOME AHNS only uses need data for non-participating jurisdictions.

Methodology

The following steps measure each area’s level of affordable housing need.

1) The Census number of households at or below 80% AMFI with cost burden establishes baseline for each area’s number of households in need of housing assistance. The type of household considered for this baseline varies by activity.
   a) Renter data is used for the rental development (RD), tenant based rental assistance (TBRA), and down payment assistance (DPA) scores.
   b) Owner data is used for the owner occupied rehabilitation (OCC) score.

2) For each activity, an adjusted number of households with cost burden is calculated based on the difference between the area’s population in the 2000 Census and the most accurate and recent population estimate data available.

3) The number of households assisted using TDHCA funding since the 2000 Census was taken (April 1, 2000) is subtracted from the adjusted number of households with cost burden. The resulting number shows the area’s estimated remaining need.
   a) For HTC scores, RD activity is used;

b) For HOME and HTF TBRA and RD scores, TBRA[1] and RD activity is used;
c) For HOME and HTF DPA scores, First Time Homebuyer and HOME DPA activity is used; and
d) For HOME and HTF OCC scores, HOME OCC activity is used.

4) The estimated remaining need measure is used to quantify the area's level of need for each scoring activity as measured by the ratio of the area's households in need to the area's total households. This ratio shows the concentration of need within an area.

5) A sliding scale that compares each area's level of need to the region's other areas is used to assign points to each area based on its relative concentration of need (maximum of 6 points).

Rural and Urban Need

Section 2306.111(d) of the Government Code requires the RAF to consider rural and urban areas in its distribution of funds. To assist with this distribution, each area is classified using the RAF's geographic area definitions.

The RAF and AHNS use the following definitions to categorize rural and urban areas.

1. Area - The geographic area contained within the boundaries of:
    a. an incorporated place, or
    b. a Census Designated Place (CDP) as established by the U.S. Census Bureau for the most recent Decennial Census.
2. Rural – An Area that is:
    a. outside the boundaries of a metropolitan statistical area (MSA); or
    b. within the boundaries of a MSA, if the Area has a population of 25,000 or less[2] and does not share a boundary with an Urban Area.[3]
    c. in an Area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an Area that is located in a municipality with a population of more than 50,000.[4]
3. Urban – An Area that:
    a. is located within the boundaries of a metropolitan statistical area (MSA); or
    b. does not meet the Rural Area definition.

For the HOME program, a county score is used for activities that will serve more than one Area within a county. If multiple counties or Areas in multiple counties will be served by an application, then the county scores will be averaged. Participating Jurisdictions (PJ) receive a score of zero.

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[1] Because of the limited duration of TBRA, a conversion factor was used to equate the value of a voucher to an affordable housing unit. This factor equaled the voucher duration divided by the number of years since the Census. For 2011, this is 2 years/10 years or an approximate reduction in the number of households in need by 25 percent for each TBRA voucher.

[2] The definition of "population" in state law (Sec. 311.005(3), Government Code) is "the population shown by the most recent federal decennial census." Because of this requirement, the decennial census place population must be used to make the area type determination.

[3] Applicants may petition TDHCA to update the "Rural" designation of an incorporated area within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the area's incorporated boundary touches the boundary of another incorporated area with a population of over 25,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the pre-application submission period for HTC applications, or application submission period for HOME applications.

[4] TDHCA utilizes the most recent list of designated places produced by the Texas USDA Rural Development State Office. Applicants may petition TDHCA to update the "Rural" designation of a development's location~~n area~~ by providing a letter from a USDA Rural Development official clearly stating that the area is eligible for funding by USDA Rural Development. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the pre-application submission period for HTC applications, or application submission period for HOME applications.

HOUSING RESOURCE CENTER
BOARD ACTION REQUEST
NOVEMBER 10, 2011

Recommended Action

Presentation, Discussion and Possible Approval of the *2012 State of Texas Consolidated Plan: One-Year Action Plan*

> **WHEREAS,** the U.S. Department of Housing and Urban Development (HUD) requires the submission of a One-Year Action Plan in accordance with 24 CFR §91.320,
>
> RESOLVED, that the 2012 State of Texas Consolidated Plan: One-Year Action Plan, in the form presented to this meeting, is hereby approved and
>
> FURTHER RESOLVED, that the Executive Director and his designees are each hereby authorized, empowered and directed, for and on behalf of the Department, to submit the 2012 State of Texas Consolidated Plan: One-Year Action Plan to the U.S. Department of Housing and Urban Development (HUD).

Background

The Texas Department of Housing and Community Affairs (TDHCA), Texas Department of Rural Community Affairs (TDRA), and Department of State Health Services (DSHS) prepared the 2012 State of Texas Consolidated Plan: One-Year Action Plan (Plan) in accordance with 24 CFR §91.320. Per Senate Bill 1 of the 82nd Texas Legislative Session, first special session, the TDRA's duties were transferred to the Texas Department of Agriculture (TDA) effective October 1, 2011. TDRA had previously administered the Community Development Block Grant (CDBG) Program; it is now administered by TDA's Office of Rural Affairs.

The Plan covers the State's administration of the Community Development Block Grant Program (CDBG) by TDA, the Housing Opportunities for Persons with AIDS Program (HOPWA) by DSHS, and the Emergency Shelter Grants/Emergency Solutions Grant (ESG) Program and the HOME Investment Partnerships (HOME) Program by TDHCA. TDHCA coordinates the preparation of the State of Texas Consolidated Plan documents.

The Plan reports on the intended use of funds received by the State of Texas from the U.S. Department of Housing and Urban Development (HUD) for Program Year 2012. The Program Year begins on February 1, 2012, and ends on January 31, 2013. The Plan also illustrates the State's strategies in addressing the priority needs and specific goals and objectives identified in the 2010-2014 State of Texas Consolidated Plan.

The Plan was available for public comment from September 30 through October 29, 2011. No public comments were received for the Plan. No changes are recommended to the draft Plan by TDHCA staff. The final version of the Plan is due to HUD by December 15, 2011.

2012 State of Texas Consolidated Plan
One-Year Action Plan

November 10, 2011

Prepared by:

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EXECUTIVE SUMMARY

24 CFR §91.320(b)

The 2012 One-Year Action Plan (Plan) illustrates the combined actions of the Texas Department of Housing and Community Affairs (TDHCA), Texas Department of Agriculture (TDA), and Department of State Health Services (DSHS), referred to collectively as the State. The One-Year Action Plan reports on the intended use of funds received by the State of Texas from the US Department of Housing and Urban Development (HUD) for Program Year (PY) 2012. This Plan is for the HOME Investment Partnerships (HOME) Program, the Emergency Shelter Grant/Emergency Solutions Grant Program (ESGP), the Community Development Block Grant (CDBG) Program, and the Housing Opportunities for Persons with AIDs (HOPWA) Program. The 2012 PY begins on February 1, 2012 and ends on January 31, 2013. The performance report on PY 2011 funds will be available in May 2012.

One-Year Action Plan consists of the following sections:

- Summary. Provides a detailed synopsis of the One-Year Action Plan.
- General Information. A description of the State's plan to undertake other activities that fulfill requirements of 24 CFR §91.320(b), §91.320(c), §91.320(f), §91.320(h), and §91.320(i).
- Action Plans. Program-specific plans for HOME, ESGP, CDBG, and HOPWA illustrating funding guidelines and fund allocations as required under 24 CFR §91.320(d), §91.320(e), §91.320(g), and §91.320(k).
- Other Actions. A description of the State's plan to undertake other activities that fulfill requirements of §91.320(j).

OBJECTIVES AND OUTCOMES

The 2012 One-Year Action Plan:

1. Reports on the intended use of funds received by the State of Texas from the US Department of Housing and Urban Development (HUD) for Program Year (PY) 2012
2. Explains the State's method for distributing CDBG, ESG, HOME, and HOPWA program funds
3. Provides opportunity for public input on the development of the annual plan

The State's progress in achieving the goals put forth in the One-Year Action Plan will be measured according to HUD guidelines (24 CFR 91.520) and outlined in the Annual Performance Report released yearly in May.

In accordance with the guidelines from HUD, the State complies with the CPD Outcome Performance Measurement System. Program activities are categorized into the objectives and outcomes listed in the chart on the next page.

OBJECTIVES	OUTCOME 1 Accessibility	OUTCOME 2 Affordability	OUTCOME 3 Sustainability
OBJECTIVE #1 Suitable Living Environment	Enhance Suitable Living Environment Through Improved/New Accessibility **(SL-1)**	Enhance Suitable Living Environment Through Improved/New Affordability **(SL-2)**	Enhance Suitable Living Environment Through Improved/New Sustainability **(SL-3)**
OBJECTIVE #2 Decent Housing	Create Decent Housing with Improved/New Availability **(DH-1)**	Create Decent Housing with Improved/New Affordability **(DH-2)**	Create Decent Housing with Improved/New Sustainability **(DH-3)**
OBJECTIVE #3 Economic Opportunity	Provide Economic Opportunity Through Improved/New Accessibility **(EO-1)**	Provide Economic Opportunity Through Improved/New Affordability **(EO-2)**	Provide Economic Opportunity Through Improved/New Sustainability **(EO-3)**

The objectives and outcomes as they apply to each of the four programs are listed below. The estimated performance figures are based on planned performance during the Program Year (February 1st through January 31st) of contracts committed and projected households to be served. In contrast, the performance measures reported to the Texas Legislative Budget Board for the State Fiscal Year (September 1st through August 31st) are based on anticipated units and households at time of award.

HOME Program Performance Measures, PY 2012

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	No. of rental units assisted through new construction and rehabilitation	524
DH-2	No. of tenant-based rental assistance units	223
DH-2	No. of existing homeowners assisted through owner-occupied assistance	42
DH-2	No. of first-time homeowners assisted through homebuyer assistance	168

ESGP Performance Measures, PY 2012

Outcomes and Objectives	Performance Indicators	Expected Number
SL-1	Provide funding to support the provision of emergency and/or transitional shelter to homeless persons.	19,482
DH-2	The provision of non-residential services including homelessness prevention assistance.	39,556

CDBG Performance Measures, PY 2012

Objectives and Outcomes	Performance Indicators	Expected Number
SL-1	Neighborhood Facilities	3
SL-1	Water/Sewer Improvements	124
SL-2	Water/Sewer Improvements	8

Objectives and Outcomes	Performance Indicators	Expected Number
SL-3	Water/Sewer Improvements	65
SL-1	Street Improvements	84
SL-2	Street Improvements	2
SL-3	Street Improvements	2
SL-1	Rehabilitation; Single Unit Residential	45
DH-2	Rehabilitation; Single Unit Residential	7
DH-3	Rehabilitation; Single Unit Residential	2
DH-2	Homeownership Assistance	1
SL-1	Parks, Playgrounds, and Other Recreational Facilities	2
SL-1	Public Service	2
SL-1	Other Public Utilities	2
EO-3	Other Public Utilities	1
SL-1	Clearance Demolition Activities	8
SL-3	Clearance Demolition Activities	1
SL-1	Fire Stations/Equipment	3
EO-1	ED Direct Financial Assistance for For-Profits	2
EO-2	ED Direct Financial Assistance for For-Profits	28

HOPWA Performance Measures, PY 2012

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	TBRA housing assistance	475
DH-2	STRMU housing assistance	555
DH-2	Supportive Services (restricted to case mgt., smoke detectors, and phone service)	1,030
DH-1	Permanent Housing Placement (security deposits, application fees, credit checks)	10

EVALUATION OF PAST PERFORMANCE

The HOME Program committed $46,596,253 with 983 total beneficiaries reported in PY 2010 (February 1, 2010, through January 31, 2011). Distribution of the funds by activity is described in the table below.

HOME Funds Committed, PY 2010

Activity	Amount
Homebuyer Assistance (all activities)	$3,451,000
Homeowner Rehabilitation	$10,120,386
Tenant Based Rental Assistance	$1,637,234
CHDO Rental Development	$7,461,428
CHDO Single Family Development	$1,475,811
CHDO Operating Expenses	$250,000
Rental Housing Development	$22,450,394
Total	$46,596,253

ESGP funds received for PY 2010 were awarded in May 2010. The State ESGP contracts using PY 2010 funds began on September 1, 2010, and will end August 31, 2011, corresponding with the Texas State Fiscal Year (FY). For PY 2010, ESGP committed $5,037,477 through 77 grants, including shared administrative funds.

ESGP Fund Expenditures by Activity, PY 2010

(FY'09 2/1/10-8/31/10 and FY'10 9/1/10-1/31/11)

Activity	Funding Amount	Percentage
Rehabilitation	$10,250	.15%
Maintenance, Operations	$3,349,294	50.12%
Essential Services	$1,133,108	16.96%
Homeless Prevention	$1,858,626	27.82%
Operations Administration	$322,613	4.83%
Administration shared w/local govt's	$8,182	.12%
Total Funds Committed	**$6,682,073**	

**Includes ESG expenditures from two contract periods, FY 2009 and FY 2010*

During Program Year 2010, the Texas CDBG Program committed a total of $79,332,251 through 288 awarded contracts. For contracts that were awarded in PY 2010, 213,068 persons received service. Distribution of the funds by activity is described in the table below.

CDBG Funds Committed, PY 2010

Fund	Program Description	2010 Total Obligation
Community Development	Provides grants on a competitive basis to address public facility and housing needs such as sewer, water system, road, and drainage improvements.	$49,345,460
Texas Capital Fund	Provides financing for projects that create and retain jobs primarily for low- and moderate-income persons.	$9,243,050
Colonia Construction Fund	Colonia Construction Fund provides grants for colonia projects; primarily water, sewer and housing.	$7,205,500
Colonia EDAP Fund	Provides grants for colonias for the cost of service lines, service connections, and plumbing improvements associated with being connected to a Texas Water Development Board's (TWDB) Economically Distressed Areas Program (EDAP)-funded water and sewer system improvement project.	$500,000
Colonia Planning Fund	Colonia Area Planning Fund – provides grants for preliminary surveys and site engineering, provides assistance towards the cost of architectural services, mortgage commitments, legal services, and obtaining construction loans.	$0

Fund	Program Description	2010 Total Obligation
	Colonia Comprehensive Planning Fund - provides assistance that is used to conduct a complete inventory of the colonias that includes demographic, housing, public facilities, public services, and land use statistics.	
Colonia Self-Help Centers	Provides grant funds for the operation of seven Self-Help Centers in colonias.	$2,393,828
Planning / Capacity Building	Provides grants on a competitive basis to communities for planning activities that address public facility and housing needs.	$1,030,013
Disaster Relief/ Urgent Need	Provides grants to communities on an as-needed basis for recovery from disasters such as floods or tornadoes and Urgent water and sewer needs of recent origin that are unanticipated and pose a serious public safety or health hazard.	$6,699,590
STEP Fund	Provides grants to cities and counties for solving water and sewer problems with a self-help approach that requires local participation through donated labor and materials.	$2,505,310
Renewable Energy	Provides grants to cities and counties for demonstration projects that employ renewable energy for at least 20% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy). The priority will be for projects that are connected with providing public facilities to meet basic human needs such as water or waste water.	$410,500
Total		**$79,332,251**

The HOPWA Program expended $2,920,099 in Plan year 2010 and served a reported 1,096 HOPWA-eligible individuals with housing assistance. Funds were used toward tenant-based rental assistance and emergency assistance to prevent homelessness of low-income persons with HIV/AIDS, support services and administration. Distribution of the funds by activity is described in the table below.

HOPWA Program Expenditures, PY 2010

Activity	Amount
Expenditures for Housing Information Services	$0
Expenditures for Resource Identification	$0
Expenditures for Housing Assistance (equals the sum of all sites and scattered-site Housing Assistance)	$2,303,018
Expenditures for Supportive Services	$425,505
Grantee Administrative Costs expended	$27,650
Project Sponsor(s) Administrative Costs expended	$163,926
Total of HOPWA funds expended during period	**$2,920,099**

GENERAL INFORMATION

The following General Information section meets the requirements of 24 CFR §91.320(b), §91.320(c), §91.320(f), §91.320(h), and §91.320(i). General Information includes Citizen Participation; Managing the Process; Available Resources; Geographic Areas of Jurisdiction and Allocation; Homeless Needs and Other Special Needs Categories; Barriers to Affordable Housing; and Monitoring.

CITIZEN PARTICIPATION

§91.320(b)

CITIZEN PARTICIPATION PROCESS

The Action Plan was made available for a 30-day public comment period from September 30, 2011 to October 29, 2011. In addition, public hearings were held at 4 locations across the State, including Austin, Brownsville, Houston, and Abilene. Written comment was accepted at the public hearings and by mail, fax, or email.

EFFORTS MADE TO BROADEN PUBLIC PARTICIPATION

The notification process for the public hearings will include the following: a notice in the Texas Register; a TDHCA website posting; and email to TDHCA email lists including approximately 3,000 cities, counties, developers, non-profit organizations, legislative contacts, advocacy groups, subcontractors, and other interested parties. Spanish-speaking staff was in attendance at the hearing in and Brownsville to assist individuals who require a language interpreter.

PUBLIC COMMENT

No public comment was received during the public comment period.

MANAGING THE PROCESS

LEAD AGENCY

The Texas Department Housing and Community Affairs is the lead agency for the Plan.

AGENCY PARTICIPATION

Before preparing the Plan, the Texas Department of Housing and Community Affairs, the Texas Department of Agriculture (formerly the Texas Department of Rural Affairs), and the Texas Department of State Health Services meet with various organizations concerning the prioritization and allocation of the Departments' resources. Because this is a working document, all forms of public input are taken into account in its preparation.

Collaborative efforts between TDHCA and numerous organizations resulted in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. TDHCA acknowledges the assistance provided by several public and private organizations to assist the Department in working towards reaching its mission, goals, and objectives, which relate directly to the formation of the Consolidated Plan. Contributions were made in various forms, from direct contact at conferences and remotely to availability of research materials on the Internet, from public and private organizations.

Per Senate Bill 1 of the 82nd Texas Legislative Session, the Texas Department of Rural Affairs' duties were transferred to the Texas Department of Agriculture effective October 1, 2011. The Texas Community Development Block Grant Program has had a good working relationship with HUD, State program committees, State agencies, federal funding partners, local communities, Councils of Governments (COGs), public and private sector, and others involved in the CDBG program. Through public hearings, application workshops, technical assistance visits, monitoring visits, interagency work groups, and general communications, it has worked to keep the public aware of program modifications and changes.

TDA works with a variety of other programs through several interagency workgroups. As of October 1, 2011, TDA will have an Office of Rural Affairs which will coordinate the Texas Rural Health and Economic Development Advisory Council. This Council will establish the Rural Health Task Force. Workgroups focusing on State and federal funding coordination Statewide and in the colonias include the Texas Water Development Board (TWDB), the Secretary of State's Office, the U.S. Department of Agriculture's Rural Development division, the North American Development Bank & Border Environment Cooperation Commission, the Comptroller's Office, the Attorney General's Office, the Texas Commission on Environmental Quality (TCEQ), the U.S. Army Corps of Engineers, and TDHCA. Further, the division and TCEQ is currently working on a process in which TCEQ field representatives help verify new service to Texas CDBG Program project beneficiaries when first-time water, wastewater and waste disposal is funded.

The Texas Department of State Health Services contracts with eight Administrative Agencies across the State to provide administrative support in implementing the State's HOPWA formula program. One of the Administrative Agencies' responsibilities is to work with HIV Planning Councils in the major metropolitan areas of the State and with other organizations and stakeholders outside the major metropolitan areas to develop comprehensive HIV Services Plans and needs assessments. In both the major metropolitan and other areas of the State, HIV Services Plans and needs assessments are developed through consultation with clients and other stakeholders through interviews, focus groups, and public hearings. Administrative Agencies must communicate with stakeholders through dissemination of written copies of services plans, posting of the plans on the Internet, town hall meetings, and advisory groups. Administrative Agencies are also required to evaluate the effectiveness of the services plans in meeting the plans' stated goals and identified needs and to periodically assess the need for reallocation of resources to assure the efficient and appropriate expenditure of funds.

ENHANCE COORDINATION

Understanding that no single entity will be able to address the enormous needs of the State of Texas, TDHCA, TDA and DSHS support the formation of partnerships in the provision of housing, housing-related and community development endeavors. The Departments work with many housing and community development partners including consumer groups, community-based organizations, neighborhood associations, community development corporations, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials and other state and federal agencies.

TDHCA has staff committed to several external State advisory workgroups and statutory commissions. Many of these commissions have members from the public and private sectors. These external groups include, but are not limited to:

Workgroup/Commission	*Lead agency*
Aging Texas Well Advisory Committee (ATWAC)	Department of Aging and Disability Services
Community Resource Coordination Groups (CRCG)	Health and Human Services Commission
Faith and Community Based Initiative	One Star Foundation
Governor's Commission for Women	Governor's Office
Mental Health Planning Advisory Commission (MHPAC)	Department of State Health Services
Money Follows the Person Demonstration Advisory Committee (MFTPDAC)	Department of Aging and Disability Services
Promoting Independence Advisory Committee (PIAC)	Department of Aging and Disability Services
Reentry Task Force	Department of Criminal Justice
Interagency Coordinating Commission for Building Healthy Families (ICC)	Department of Family Protective Services
Transformation Workgroup (TWG)	Department of State Health Services

In addition to the external workgroups and commissions, TDHCA is the lead agency for four groups: the Disability Advisory Workgroup, Rural Housing Workgroup, Texas Interagency Council for the Homeless, and the Housing and Health Services Coordination Council.

TDHCA has actively maintained a Disability Advisory Workgroup which provides ongoing guidance to the Executive Director on how TDHCA's programs can most effectively serve persons with disabilities. TDHCA has found that directly involving program beneficiary representatives, community advocates and potential applicants for funding in the process of crafting its policies and rules is extremely helpful. This process is often done through a working group format. The working groups provide an opportunity for staff to interact with various program stakeholders in a more informal environment than that provided by the formal public comment process.

Similarly, the Rural Housing Workgroup provides a forum for feedback to TDHCA management and staff as they develop policies and rules for the federal and state programs administered by TDHCA. TDHCA programs serve urban and rural areas of the State. However, providing services and housing in rural areas presents unique challenges and opportunities. In order to address those challenges and make sure that rural input and concerns are adequately considered across all aspects of TDHCA's program development, design and implementation, TDHCA established the Rural Housing Workgroup in 2010. The Rural Housing Workgroup includes representatives from a spectrum of rural housing interests. The group includes for- and non-profit rural housing providers, rural policy advocates, and affordable housing membership organizations.

The Texas Interagency Council for the Homeless was created in 1989 to coordinate the State's homeless resources and services. The Texas Interagency Council for the Homeless consists of representatives from all State agencies that serve the homeless. It receives no funding and has no full-time staff, but receives clerical and advisory support from TDHCA. This Council holds public hearings in various parts of the State to gather information useful to its members in administering programs.

The 81st Legislature created the Housing and Health Services Coordination Council through SB 1878. Its purpose is to increase the amount of service-enriched housing for seniors and people with disabilities; improve interagency understanding of housing and services and increase the number of staff in State housing and State health services agencies that are conversant in both housing and health care policies; and offer a continuum of home and community-based services that is affordable the target population. The Housing and Health Services Coordination Council includes 16 members including the Executive Director of TDHCA, eight members appointed by the Governor, and seven members appointed by State Agencies. TDHCA provides clerical and advisory support. This Council's first report was submitted to the Governor and the Legislative Budget Board on September 1, 2010 and is available to the public on the TDHCA website at www.tdhca.state.tx.us.

AVAILABLE RESOURCES

§91.320(c)

The Plan must describe the Federal resources expected to be available to address the priority needs and specific objectives identified in the strategic plan, in accordance with §91.315. Descriptions of the funding amounts for the specific HUD programs covered by this Plan are provided in each program's Action Plan section. The Plan must also describe resources from private and non-federal public sources that are reasonably expected to be made available to address the needs identified in the plan. The Plan must explain how federal funds will leverage those additional resources, including a description of how matching requirements of the HUD programs will be satisfied. A description of the match requirements of the HUD programs covered by this Plan are provided in each program's Action Plan section.

HOME ADDRESSES AVAILABLE RESOURCES

For the HOME Program, Section 2306.111(d) of the Texas Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME funding. This RAF objectively measures the affordable housing need and available resources in the 13 State Service Regions TDHCA uses for planning purposes. To mitigate any inherent inequities in the way these resources are regionally allocated, the RAF compares each region's level of need to its level of resources. Regional funding adjustments are made based on the results of this comparison. The following available resources were determined to have been available or distributed in FY 2011 in the areas eligible for TDHCA HOME funds.

FY 2011 Available Resources

Source	Funding Level
HUD HOME Investment Partnerships Program	$98,426,195
Housing Opportunities for Persons with HIV/AIDS	$9,328,566
USDA Multifamily Development	$629,415
Housing Tax Credits	$54,331,589
Texas Housing Trust Fund	$2,917,046
Housing Tax Credits	$62,625,000
TXBRB Multifamily Tax Exempt Bond	$2,578,139
HUD PHA Capital Funds	$79,846,448
USDA Rental Assistance	$4,019,427
HUD Housing Choice Vouchers (Sec. 8)	$892,422,794
TXBRB Single Family Bond	$384,805,598
USDA Owner Occupied	$62,886,512
Total	**$1,654,816,729**

TDHCA expects similar funding levels for FY 2012 to serve priority needs in the State of Texas. The private funds available for priority needs may include loans or grant programs through private banks, for-profit or nonprofit organizations; this source of funding varies from year to year.

ESGP ADDRESSES AVAILABLE RESOURCES

ESGP available resources are in the *Homeless and Other Special Needs Categories* section below, starting on page 22.

CDBG ADDRESSES AVAILABLE RESOURCES

Due to the economic downturn and the need to reduce spending, the special appropriations of State general revenue to supplement the State CDBG the last two years was eliminated. The following resources are expected to be available from the non-federal public sources. The grant recipients provide the greatest share of non-federal public sources of funds for cost sharing on the funded projects. For Program Year 2010, the grant recipients provided additional financial resources in the amount of $28,789,148. For economic development projects, the owners contribute equity funds into the CDBG-funded projects.

HOPWA ADDRESSES AVAILABLE RESOURCES

Leveraged funds are absolutely essential for the provision of HOPWA program administration and supportive services for HOPWA clients in the State of Texas. DSHS, Administrative Agencies, and Project Sponsors expect to continue to receive leveraged funds from federal, state, local, and private resources to administer the HOPWA program and to achieve established program objectives for 2012. For project year 2010, Project Sponsors reported $579,583 in leveraged funds for housing assistance compared to $363,947 reported for 2009. For supportive services, permanent housing placement services, and other non-direct housing costs, Project Sponsors reported $746,061 in leveraged funds for project year 2010 as compared to $1,478,355 in 2009. DSHS also collects leveraged dollars Administrative Agencies expend on administrative costs because Administrative Agencies do not receive any HOPWA funding to administer the HOPWA program. For 2010, Administrative Agencies reported $150,079 (down from $182,232 in 2009) leveraged for HOPWA administrative costs. In addition, DSHS leveraged approximately $115,355 (down from $205,879 in 2009) of federal and state funds to provide administration at the State level. This is a conservative estimate of $265,434 (down from $388,111 in 2009) leveraged for administrative costs to support the 2010 HOPWA program.

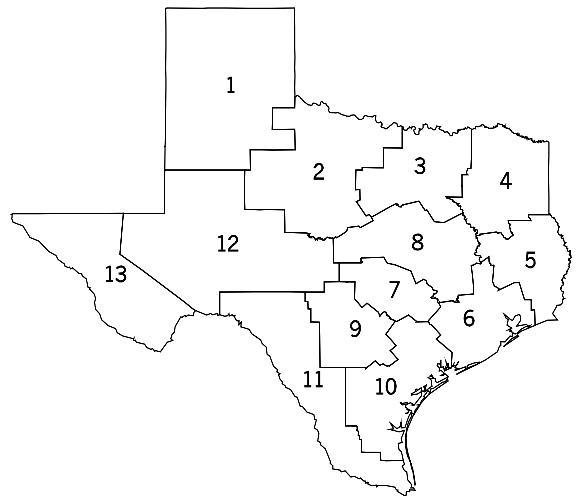
OTHER PROGRAMS

TDHCA is required by State law to publish a Program Guide that outlines state and federal housing and housing-related programs available in Texas. The guide describes all TDHCA programs and includes housing-related programs from other state and federal agencies. This detailed document is organized by activity area and then by administering entity. For each specific program, contact information at the appropriate agency is provided. The 160-plus page document is updated annually and is currently available online at http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm or in hard copy upon request.

GEOGRAPHIC AREAS OF JURISDICTION AND ALLOCATION

§91.320(f)

HOME PROGRAM GEOGRAPHIC PRIORITIES



TDHCA uses a Regional Allocation Formula (RAF) to distribute its HOME Investment Partnerships Program (HOME). The 13 regions used under the RAF are shown in the figure to the right, State Service Regions. The RAF also determines how funding is allocated to rural and urban areas within each region. The RAF's funding distributions are based on objective measures of each region's affordable housing need and available resources to address this need. The RAF is legislatively required by Section 2306.111(d) of the Government Code.

The first step in the RAF is to determine how the program funding would be distributed based solely on measures of regional need provided by US Census data. With the exception of the poverty numbers, the most relevant Census data is for households at or below 80 percent of the Area Median Family Income (AMFI). The following factors are used in the RAF to measure affordable housing need:

- **Poverty**: Number of persons in the region who live in poverty.
- **Extreme Cost Burden**: Units with a monthly gross rent to monthly household income ratio that exceeds 30 percent.
- **Overcrowded Units**: Units with more than one person per room.
- **Units with Incomplete Kitchen or Plumbing**: Units that do not have all of the following: a sink with piped water; a range or cook top and oven; refrigerator, hot and cold piped water, a flush toilet and a bathtub or shower.

1) Census need data is adjusted to current year levels by applying a growth factor based on the growth experienced since 2000.
2) Each factor is assigned a weight based on its perceived value as a measure of affordable housing need (poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent and substandard housing = 2 percent). In general, the weights reflect the relative number of persons or households affected by the housing problem.
3) Each measure's weight is multiplied by total amount of funding available under the RAF to determine the measure's funding amount.
4) For each measure, the region's number of affected persons or households is divided by the State total to determine the percentage of the State's need that is present in the region.
5) Each region's percentage of State need is multiplied by the measure's funding amount.
6) Finally, the funding distributed by the measures is summed for each region to determine the region's total allocation. The resulting regional funding distribution provides an overall measure of each region's affordable housing need.

Consideration of Available Housing Resources

In addition to TDHCA, there are many other funding sources that address affordable housing need. To address any inherent regional funding inequities, the RAF analyzes the regional distribution of State and federal sources that provide housing assistance to households that are similar to those served by the program.

Other Considerations in Developing the Formula

The allocation formula was developed under the premise that it would not serve as a static measure of need. Rather, the formula should be updated to reflect the availability of more accurate demographic information and the need to assess and modify the formula based on its actual performance. Specifically the following issues were considered:

- As information from other data sources becomes available, the formula should be revised to reflect this more recent data. The poverty statistics will be updated on an ongoing basis as they become available.
- As additional components of housing assistance may become relevant to the formula, the formula will continue to be open for public comment through the Department's public hearings.
- The affected programs have specific federal and state legislative requirements that govern how the funding may be distributed. In some instances, these rules may require that specific portions of funding shall be excluded from the allocation formula. It was also determined that dividing relatively small amounts of funding which are dedicated for specific uses on a regional basis would result in allocation amounts so small as to preclude their effective use by an applicant. Such issues will be carefully documented in each program's operating rules.

The 2012 RAF distributes funding for the following activities:

- CHDO Project Funds,
- Rental Housing Development Program,
- Single Family Activity Program.

The table below shows the regional funding distribution for all of the activities distributed under the RAF. Targeted funding amounts for each activity will also be established using the percentages generated by the RAF.

Draft 2012 Targeted Distribution of Funds under the RAF*

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$2,469,065	7.3%	$2,468,868	100.0%	$197	0.0%
2	Abilene	$1,933,823	5.7%	$1,891,243	97.8%	$42,580	2.2%
3	Dallas/Fort Worth	$4,369,395	12.8%	$1,661,149	38.0%	$2,708,247	62.0%
4	Tyler	$4,059,284	11.9%	$3,559,075	87.7%	$500,209	12.3%
5	Beaumont	$1,741,051	5.1%	$1,454,590	83.5%	$286,461	16.5%
6	Houston	$3,856,593	11.3%	$1,030,854	26.7%	$2,825,739	73.3%
7	Austin/Round Rock	$1,264,579	3.7%	$427,451	33.8%	$837,128	66.2%
8	Waco	$1,755,987	5.2%	$967,029	55.1%	$788,958	44.9%
9	San Antonio	$1,703,903	5.0%	$1,123,026	65.9%	$580,877	34.1%
10	Corpus Christi	$2,873,540	8.4%	$1,986,752	69.1%	$886,788	30.9%
11	Brownsville/Harlingen	$4,979,183	14.6%	$2,408,979	48.4%	$2,570,204	51.6%
12	San Angelo	$2,206,208	6.5%	$1,665,349	75.5%	$540,859	24.5%
13	El Paso	$797,204	2.3%	$578,426	72.6%	$218,778	27.4%
	Total	$34,009,814	100.0%	$21,222,789	62.4%	$12,787,025	37.6%

*These numbers will be updated in the version of this document that will be sent to HUD.

2012 Targeted Distribution of Funds under the RAF

TDHCA does not provide priorities for allocating investment geographically to areas of minority concentration as described in Section 91.320(d). However, the geographic distribution of HOME funds to minority populations is analyzed annually. TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement on its activities during the preceding year through a document called the State of Texas Low Income Housing Plan and Annual Report. Part of this document describes the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by TDHCA.

ESGP Geographic Priorities

ESGP funds are reserved according to the percentage of poverty population identified in each of 13 TDHCA service regions (i.e., Region 1, with 3.95 percent of the State's poverty population, was awarded 3.95 percent of the available funds). The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region.

CDBG Geographic Priorities

Funds for projects under the Community Development Fund are allocated among the 24 State planning regions through a formula based on the following factors:

Funds for projects under the Community Development Fund are allocated among the 24 State planning regions based on the following:

The original CD formula is used to allocate 40 percent of the annual State CDBG allocation; and the HUD formula is used to allocate 21.71 percent of the annual State CDBG allocation.

Original CD formula (40%) factors:

a.	Non-Entitlement Population	30%
b.	Number of Persons in Poverty	25%
c.	Percentage of Poverty Persons	25%
d.	Number of Unemployed Persons	10%
e.	Percentage of Unemployed Persons	10%

To the extent possible, the information used to calculate the regional allocations through these factors will be based on the eligible nonentitlement applicants within each region. The population and poverty information used is from the current available decennial census data. The unemployment information used is the current available annual average information.

HUD formula (21.71%) -the formula is the same methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs. The HUD factors, percentages, and methodology are specified in 42 U.S.C. 5306(d). The Tx CDBG will use available data to calculate the allocations to each region.

Using the HUD methodology, the allocation for each region shall be the greater of an amount that bears the same ratio to the allocation for all 24 regions available as either:

(A) the average of the ratios between:

- the population of the nonentitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 25% weight);
- the extent of poverty in the nonentitlement areas in that region and the extent of poverty in the nonentitlement areas of all 24 regions (counted two times - 50% weight); and
- the extent of housing overcrowding in the nonentitlement areas in that region and the extent of housing overcrowding in the nonentitlement areas of all 24 regions (counted one time - 25% weight);

OR

(B) the average of the ratios between:

- the age of housing in the nonentitlement areas in that region and the age of housing in the nonentitlement areas in all 24 regions (counted two and one half times - 50% weight);
- the extent of poverty in the nonentitlement areas in that region and the extent of poverty in the nonentitlement areas of all 24 regions (counted one and one half times - 30% weight); and
- the population of the nonentitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 20% weight).

The Tx CDBG will continue to involve the non-entitlement communities and the public in a review of the regional allocation formula through public hearings, Task Forces, and input from the Regional Councils of Governments, local and state government officials, and other interested parties.

Regional Priority Set-asides: Housing and Non-Border Colonia projects - Each Regional Review Committee (RRC) is encouraged to allocate a percentage or amount of its Community Development Fund allocation to housing projects and, for RRCs in eligible areas, non-border colonia projects proposed in and for that region. Under a set-aside, the highest ranked applications for a housing or non-border colonia activity, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing or non-border colonia set-aside level. If the region allocates a percentage of its funds to housing and/or non-border colonia activities and applications conforming to the maximum and minimum amounts are not received to use the entire set-asides, the remaining funds may be used for other eligible activities. (Under a housing and/or non-border colonia set-aside process, a community would not be able to receive an award for both a housing or non-border colonia activity and an award for another Community Development activity during the biennial process. Housing projects/activities must conform to eligibility requirements in 42 U.S.C Section 5305 and applicable HUD regulations.)

Overall, funds are allocated to the following priority categories:

FUND	2012 PERCENT
Community Development Fund	61.71
Texas Capital Fund (TCF)	14.51
Colonia Fund	
Colonia Planning and Construction Fund	7.00
Colonia EDAP Legislative Set-aside	3.00
Colonia Self-Help Centers Legislative Set-aside	2.50
Planning And Capacity Building Fund	1.0
Disaster Relief/Urgent Need Fund	
Disaster Relief	4.10
Urgent Need	Deob/PI
Tx CDBG STEP Fund	3.03
Administration – Percentage (fungible)	2.69
Administration - $100,000	.15
Technical Assistance (fungible)	.31 admin percent
Pilot Programs (Deobligated Funds/ Program Income)	
Renewable Energy Demonstration Pilot Program	Deob/PI

Overall, this allocation methodology has resulted in approximately 90% to 97% of overall funding benefiting low and moderate income persons. It has resulted in funding the nonhousing priority needs described below while resulting in a very high percentage of awards primarily benefiting extremely low-income, low-income and moderate income households.

Nonhousing Community Development
Priority Needs Summary Table

Priority Community Development Needs	**Priority Need Level** H=High, M=Medium, L=Low, N=No Such Need
PUBLIC FACILITY NEEDS	M
INFRASTRUCTURE IMPROVEMENT	H
Solid Waste Disposal Improvements	M
Drainage and Flood Control Improvements	H
Water System Improvements	H
Street and Bridge Improvements	H
Sewer System Improvements	H
PUBLIC SERVICE NEEDS	M
ECONOMIC DEVELOPMENT NEEDS	H
OTHER COMMUNITY DEVELOPMENT NEEDS	M
PLANNING	H

The Priority Needs Summary Table uses the following definitions:

- High Priority (H): Activities to address this need will be funded by the State during the five-year period.
- Medium Priority (M): If funds are available, activities to address this need may be funded by the State during the five-year period.
- Low Priority (L): The State will not fund activities to address this need during the five-year period. The State will consider certifications of consistency for other entities' applications for federal assistance.
- No Such Need (N): The State finds there is no need or the State shows that this need is already substantially addressed. No certifications of consistency will be considered.[1]

The tables below illustrate the amount of community development application requests for the 2006 to 2010 CDBG program years. Requested amounts are included for water, sewer, engineering, street paving, administration, housing rehabilitation, drainage, removal of architectural barriers, acquisition demolition, community center, senior centers and fire protection. Under the Community Development Fund, each region through its Regional Review Committee, establishes its funding priority through scoring factors that reflect local prioritization of need. To be competitive, the applications submitted generally reflect the local needs as prioritized through the Regional Review Committee process and are therefore reflective of local needs. Each cycle, the Regional Review Committee has an opportunity to revise its local priorities to reflect any change in needs.

REQUESTS FOR COMMUNITY DEVELOPMENT PROGRAM FUNDS FOR 2006-2010 BY ACTIVITY

Activity	Amount Requested
Water Facilities	$155,481,581
Sewer Facilities	$119,236,926
Engineering/Architectural Serv.	$48,133,135
Street Improvements	$38,557,330
General Administration	$31,407,673
Rehabilitation of Private Properties (sewer service)	$16,206,232
Flood and Drainage Facilities	$15,803,358
Rehabilitation of Private Properties	$5,095,724
Rehabilitation of Private Properties (water service)	$2,743,548
Neighborhood Facilities / Community Centers	$2,447,913
Parks, Playgrounds, and Other Recreational Facilities	$2,018,911
Fire Protection Facilities and Equipment	$2,000,814
Clearance Demolition Activities	$1,972,185
Acquisition - Easement	$1,446,492
Economic Development - For Profit	$1,199,500
Planning & Urban Env. Design	$1,185,318
Activity Delivery	$1,066,530
Economic Development Loan	$713,000
Senior Centers	$553,394
Other Public Utilities (Gas)	$251,193
Removal of Architectural Barriers	$191,650
Main Street Program	$150,000
Acquisition	$117,000
Specially Authorized Public Facilities and Improvements	$90,956
Code Enforcement	$19,200

HOPWA GEOGRAPHIC PRIORITIES

The funding allocations are geographically distributed across the State according to the HIV service delivery areas (HSDA) and cover all 254 counties in Texas.

HOMELESSNESS AND OTHER SPECIAL NEEDS CATEGORIES

§91.320(h)

SOURCES OF FUNDS

Based on the 77 organizations funded in PY 2010 through the Emergency Shelter Grant Program, it is estimated that 15 of the 77 organizations serve the chronically homeless. The Department estimates that 5,416 beds were available from the funded organizations for PY 2010. The Department is not aware of how many of the beds are utilized to shelter chronically homeless individuals.

Emergency Shelter	Existing Beds	Unmet Need
Family Beds	4,523	2,795
Individual Beds	8,362	3,566
Total	12,885	6,361

Transitional Housing	Existing Beds	Unmet Need
Family Beds	4,139	3,855
Individual Beds	3,097	4,527
Total	7,236	8,382

Permanent Supportive Housing	Existing Beds	Unmet Need
Family Beds	2,821	4,274
Individual Beds	4,429	6,704
Total	7,070	10,978

CHRONIC HOMELESSNESS

Nine of the organizations that serve the chronically homeless are Salvation Army organizations. These organizations are located across the State.

HOMELESS PREVENTION

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS ADDRESSES HOMELESSNESS

Homelessness Prevention and Rapid Re-Housing Program

The Homelessness Prevention and Rapid Re-Housing (HPRP) Program provides homelessness prevention assistance to households who would otherwise become homeless and provides assistance to rapidly re-house persons who are homeless. Made available through the American Recovery and Reinvestment Act of 2009, the U.S. Department of Housing and Urban Development (HUD) will provide the State of Texas, through TDHCA funding for HPRP, a program which will last approximately three years.

Funds to awarded program administrators can be used for four activities. (1) Financial assistance is limited to short-term (up to 3 months) and medium-term (up to 18 months) rental assistance; security deposits; utility deposits and payments; moving cost assistance; and motel and hotel vouchers. (2) Housing relocation and stabilization services are limited to case management (e.g. arrangement, coordination, monitoring and delivery of services related to meeting housing needs); outreach and engagement; housing search and placement; legal services (e.g. legal advice and representation in administrative or court proceedings related to tenant/landlord matters or housing issues, excluding mortgage legal services); and credit repair. (3) Data collection and evaluation including the use of the Homeless Management Information Systems (HMIS); or the use of a comparable client-level database. (4) Administrative costs are the fourth activity that can be funded through HPRP. On July 30, 2009, the TDHCA Board authorized funding awards to 59 recipients totaling approximately $40 million.

Eligible applicants include units of general local government and private nonprofit organizations whose professional activities include the promotion of social welfare and the prevention or elimination of homelessness. Since the inception of the HPRP Program in September 2009, 58 sub-recipients have assisted 37,825 persons and 14,830 households. A total of $32,694,846 has been expended. Of the persons assisted, 31,576 have received homelessness prevention assistance and 6,351 have received homeless assistance.

Homeless Housing and Services Program

Funded with State appropriated funds, the Homeless Housing and Services Program's (HHSP) purpose is assisting the eight largest urban areas in providing services to homeless individuals and families, including services such as case management, and housing placement and retention. In 2010, funding for this program was awarded by TDHCA through a competitive matching grant process whereby the eight largest cities sought additional funding for this purpose. The agency distributes these funds to the eight largest cities with populations larger than 285,500 persons per the latest U.S. Census figures. HHSP sub-recipients have assisted 33,787 persons and expended $16.3 million as of June 2011. It is anticipated that activity will increase significantly in the next few months.

Emergency Shelter Grant/Emergency Solutions Grant Program

The Emergency Shelter Grant/Emergency Solutions Grant Program (ESGP) funds entities that provide shelter and related services for homeless persons. For purposes of this Plan, Statewide information on homeless service providers has been collected from the ESGP applications that were submitted for funding in 2010. This is not a comprehensive listing of service providers. Because some local governments receive ESGP funding directly from the US Department of Housing and Urban Development, organizations that apply for these local ESGP funds are not included. For SFY2010 program year contracts end 8/31/2011. In SFY 2011, 59,038 persons will be assisted.

Texas Department of Agriculture Addresses Homelessness

The Texas Department of Agriculture does not have a specific program directed at homelessness. It is a member of the Housing and Health Services Coordinating Council created by the Texas legislature. This Council continues to explore the opportunity for service-enriched housing options as cost efficient housing alternatives for the homeless population.

Texas Department of State Health Services Addresses Special Needs

The Texas Department of State Health Services' (DSHS) mission is to improve the health and well-being in Texas. To achieve its mission, DSHS is responsible for certifications, licenses and permits for certain health-related equipment, facilities, businesses and occupations; community mental health and family health resources; substance abuse recovery resources; vital records, such as birth, death, marriage and divorce records; and health-related data and reports.

Projects for Assistance in Transition from Homelessness (PATH)

The Department of State Health Services Community Mental Health and Substance Abuse Division receives funds through the federal government's Center for Mental Health Services. Funds are used for administration of homelessness prevention services and mental health crisis services. Funds are available to subdivisions of State of Texas, units of local government and non-profit entities.

The HOPWA program prevents homelessness by providing short-term rent, mortgage, and utilities assistance (STRMU) to eligible individuals living with HIV in emergency situations.

BARRIERS TO AFFORDABLE HOUSING

§91.320(i)

The State of Texas has given local jurisdictions a great amount of authority over their lands. As a result, many of the regulatory barriers to affordable housing found at the state level in other states do not exist in Texas. For instance, municipalities have zoning authority. Even though zoning may be a barrier to affordable housing depending on minimum lot size required, this is not a regulatory barrier imposed by the State of Texas. In fact, counties do not have zoning authority, eliminating the potential barrier completely in non-incorporated areas. The State also does not impose impact or development fees or deed restrictions on developments. Furthermore, TDHCA is not a regulatory agency for building codes with the exception of manufactured housing and projects that receive funding through TDHCA. Impact fees, deed restrictions and building codes may add to the cost of development, but these are not part of the State's regulations.

In contrast, TDHCA does have two regulatory barriers to affordable housing, as found below.

Environmental Regulations

The Department works to enforce federal environmental regulations, such as the National Environmental Policy Act, Endangered Species Act, the National Pollutant Discharge Elimination System, and the Wetland regulations. In Texas, rules to protect the environment are promulgated by the Texas Commission on Environmental Quality (TCEQ). These include rules for the installation of septic systems and for development of the Edwards Aquifer. The restrictions associated with the regulations can add to the cost of development which, in turn, may raise the cost of the housing thereby decreasing affordability.

Public Opposition

When a developer proposes an affordable housing development, regulations require that the developer notify local community groups and state and local officials. The required public notification process provides notice to persons who may oppose affordable housing.

STRATEGY TO OVERCOME REGULATORY BARRIERS TO AFFORDABLE HOUSING

Local governments and officials more often have a greater awareness of their local economic, demographic and housing conditions. In order to meet the needs of residents in all parts of the second largest state in the nation, the State of Texas gives local governments a great deal of power over their own lands. Please note that, as a governmental entity, the Department cannot lobby or attempt to influence the policies related to the governing of the State of Texas. However, TDHCA can and does encourage localities to implement specific regulatory reforms related to affordable housing.

The State of Texas does not implement zoning, impose impact development fees or deed restrictions, or regulate building codes and so cannot directly affect these barriers. Nonetheless, TDHCA does act as an information resource to assist localities overcome unnecessary regulatory barriers which may increase the cost of housing. TDHCA accomplishes this as follows:

- Formation of the Texas Housing and Health Services Coordination Council within TDHCA in 2009 to pursue opportunities to create and conduct policy research on service-enriched housing for persons with disabilities and seniors.

- Continuing education programs such as the Texas Statewide Homebuyer Education Program, which provides lenders, homebuyer educators and consumers information on serving traditionally underserved populations (e.g. persons with disabilities, lower income populations).
- Continuing research on defining and eliminating or reducing both State and local policy barriers.

TDHCA also mitigates the affects of its environmental and public notice regulatory barriers propagated by TDHCA. For example, TDHCA offers environmental compliance training free of charge for organizations that receive funding through TDHCA. These trainings are conducted throughout the State. In this way, TDHCA helps local communities comply with environmental rules.

To overcome the public opposition roused by public notice of affordable housing developments, TDHCA acts as an information resource for affordable housing studies and information. The Department has funds available for research studies from qualified professionals to determine the effect of affordable housing developments on property values, social conditions and quality of life in surrounding neighborhoods. For example, according to Harvard's Joint Center for Housing Studies, affordability problems once concentrated among the lowest-income families is now affecting more lower middle- and middle-income renters such as teachers, first responders, and health-care workers, who often spend more than 30 percent of their income on housing needs, creating a cost burden.[2] Affordable housing can allow productive members of the community to live in the same neighborhoods they serve.

The public may also fear that affordable housing increases traffic, increases crime and lowers property values. In actuality, allowing people who serve the community to afford to live in the same community reduces traffic by reducing the distance between where people live and where they work. Furthermore, studies have not proven a link between affordable housing and crime; factors that negatively affect crime include community disinvestment, overcrowding, and lack of jobs and community services. In fact, affordable housing helps address several of these factors by allowing for community investment and alleviating overcrowding.

Regarding property values, studies have proven that affordable housing can actually improve property values are often the keystone of neighborhood revitalization.[3] By educating the public on the realities of affordable housing, TDHCA believes it can overcome public opposition.

[2] Joint Center for Housing Studies of Harvard University. (2011). America's Rental Housing: Meeting Challenges, Building on Opportunities. Retrieved from http://www.jchs.harvard.edu/publications/rental/rh11_americas_rental_housing/AmericasRentalHousing-2011-bw.pdf

[3] Joint Center for Housing Studies of Harvard University. (2011). America's Rental Housing: Meeting Challenges, Building on Opportunities. Retrieved from http://www.jchs.harvard.edu/publications/rental/rh11_americas_rental_housing/AmericasRentalHousing-2011-bw.pdf

MONITORING

§92.330

HOME AND ESGP MONITORING

TDHCA has established oversight and monitoring procedures within the TDHCA HOME, Compliance and Asset Oversight (CAO) and Community Affairs divisions to ensure that activities are completed and funds are expended in accordance with contract provisions and applicable state and federal rules, regulations, policies, and related statutes. TDHCA's monitoring efforts are guided by both its responsibilities under the HOME and ESGP and its affordable housing goals for the State of Texas. These monitoring efforts include the following:

- Identifying and tracking program and project results
- Identifying technical assistance needs of subrecipients
- Ensuring timely expenditure of funds
- Documenting compliance with program rules
- Preventing fraud and abuse
- Identifying innovative tools and techniques that support affordable housing goals
- Ensuring quality workmanship in funded projects
- Long-term compliance
- Risk management
- Sanctions

Identifying and Tracking Program and Project Results

HOME contract and project activities are tracked through the TDHCA Contract System, including funds committed, pending projects, funds drawn, activities and contracts completed, and funds disbursed through the internet-based system, HUD's IDIS, and other reports generated as needed. The Contract System provides information necessary to track the success of the program and identify process improvements and administrator training needs. IDIS tracks HOME Program data such as commitment and disbursement activities, the number of units developed, the number of households assisted, the ongoing expenditures of HOME funds, and beneficiary information.

Other resources utilized by TDHCA to track project results include a performance team, to provide oversight and monitor contract progress, and an asset management division and loan servicing division. If either of these areas identifies problems, steps are taken to resolve the issue, including project workouts and oversight of reserve accounts. Real Estate Analysis, the division for underwriting economic feasibility pre-award, is also responsible for identification of high risk housing developments, and is responsible for review of housing sponsored annual financial statements and other asset management functions during the affordability period. Finally, the establishment of a Physical Inspections section in the Compliance Division assists with maintaining quality and integrity during project construction.

ESGP project and contract activities are tracked through TDHCA's website, which maintains an Oracle-based reports system. This system maintains funds drawn, funds expended, performance data, and other reports as needed. ESGP data such as commitment and disbursement activities, number of persons assisted, ongoing expenditures, and program activities are also tracked through HUD's IDIS.

Identifying Technical Assistance Needs Subrecipients

Identification of technical assistance needs for HOME and ESGP subrecipients is performed through analysis of administrator management practices, analysis of sources used by TDHCA to track technical assistance such as information captured in the HOME Division Database and Contract System, review of documentation submitted, desk reviews based on state and federal requirements results of on-site audits, technical assistance visits, phone calls, e-mail and monitoring visits.

Ensuring Timely Expenditure of Funds

TDHCA ensures adequate progress is made toward committing and expending HOME and ESGP funds. Regular review of internal reports and data from IDIS is performed to assess progress of fund commitment and to ensure that all funds are committed by the expiration date of 24 months from the last day of the month in which HUD and TDHCA enter into an Agreement. HUD Performance deadlines for spending and reporting matching funds are reviewed on a monthly basis to track expenditure totals. To enure the timely reprogramming of funds, HOME set-aside requirements are also tracked as a part of the HOME Fund Balance Report, which reports the Division's status of HOME funds including program income and deobligated funds. Additionally, The Department includes performance benchmarks in the Department's State HOME Rule and as part of its written agreements with subrecipients. Through pilot programs, TDHCA is implementing reservation systems for most HOME Program activities in order to be more responsive to local needs and provide more timely access to HOME funds based on readiness-to-proceed.

Documenting Compliance with Program Rules

Compliance with program rules is documented through contract administration and other formal monitoring processes. Staff document compliance issues as part of their ongoing contract management reviews and notify administrators of any noncompliance and required corrective action. On-site reviews, including physical onsite project site inspections of a representative sample of project sites, on-site reviews of client files, shelters, and the delivery of services are conducted with summarized reports identifying necessary corrective actions.

TDHCA has developed a set of standards for HOME administrators to follow to ensure that subcontractors and lower-tiered organizations entering into contractual agreements with administrators perform activities in accordance with contract provisions and applicable state and federal rules, regulations, policies, and related statutes.

TDHCA maintains a database to document an administrator's compliance history with rental housing developments. During the application process the previous participation of the applicant is evaluated. If there are any minor uncorrected issues of noncompliance identified, the request for funding will be denied unless those issues are corrected. If material noncompliance is identified, the application is terminated. The compliance history is considered by TDHCA's Board prior to finalizing awards and evaluated again prior to execution of written agreements.

Preventing Fraud and Abuse

TDHCA monitors for mismanagement of funds in the HOME and ESGP during onsite visits through a review of supporting documentation provided by the administrator and through information gathered from outside sources. This is done throughout the contract period to ensure that funds are spent on eligible activities. If an administrator mismanages funds, sanctions 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.

Identifying Innovative Tools and Techniques that Support Affordable Housing Goals

Staff identifies innovative tools and techniques to support affordable housing goals by attending trainings and conferences, maintaining contact with other State affordable housing agencies, and through the HUD internet listserv and HUD website.

Ensuring Quality in Funded Projects

Ensuring the administrator provides the committed product, amenities and compliance with accessibility requirements is a Departmental priority. Staff ensures the quality of workmanship in HOME-funded projects through the inspection process. TDHCA staff, in conjunction with Manufactured Housing Inspectors, conducts inspections to substantiate the quality of the work performed. Deficiencies and concerns are identified during an initial inspection, with corrective action required by construction completion. The clearance of a final inspection is required of all rental housing developments funded by the Department.

TDHCA staff has attended trainings and become familiar with the construction standards of Section 504, Rehabilitation Act of 1973. Manufactured Housing Inspection Staff assisting with conducting inspections have been given the necessary tools to thoroughly complete these inspections and are provided annual training by Department staff on the procedures, expectations, and accessibility requirements.

Other processes used to ensure quality workmanship have included plan reviews. Beginning with the 2006 commitments, the Department required plans to have architectural sign off on specifications, and confirm compliance with committed amenities and compliance with any accessibility requirements.

Long-Term Compliance

The CAO Division is responsible for long term monitoring of HOME rental developments and conducts onsite monitoring reviews in accordance with 24 CFR 92.504(d) of the HOME Final Rule and the Department policies and procedures, as described in 10 TAC, Compliance Rules, Subchapter A, the Financing/Loan Agreements, Deed Restrictions, and Regulatory and Land Use Restriction Agreements.

The CAO Division schedules and performs on-site monitoring reviews at the commencement of leasing of all HOME rental developments. HOME rental developments are monitored every 1 to 3 years as required by federal regulations and continue to be monitored throughout the development's affordability period. An onsite monitoring review consist of CAO staff reviewing 20% percent, or 5 minimum, resident files to ensure compliance with income and rent restrictions and all other federal regulations. A physical inspection of the development, buildings and units is also completed in accordance with HUD's Uniform Physical Condition Standards (UPCS) protocol. The UPCS inspections, with the exception of new construction rental developments, are conducted by the Department's Contractor or Inspection staff. In addition, CAO staff conducts on-going limited accessibility inspections with the construction requirements of Section 504, Rehabilitation Act of 1973, and Fair Housing Act. The Department is committed to ensuring HOME rental developments are in compliance with federal and state rules and regulations. If a HOME development fails to comply with those, the Department has created enforcement procedures and administrative penalties described in 10 TAC, Compliance Rules, Subchapters A and C.

Risk Management

HOME contracts are monitored based on a risk assessment model that is updated on an annual basis or more frequently if required. Some of the elements of the Risk Assessment Model may include the type of activity, existence of a construction component, Davis/Bacon requirements, results of previous on-site visits, status of the most recent monitoring report, amount funded, previous administrator experience, entity type, and Single Audit status. In addition to the results of the risk assessment survey, referrals from division staff are considered when determining in depth monitoring reviews or required technical assistance. An emphasis is placed on monitoring of contracts within the current draw period and contracts with projects in the affordability period as defined by HUD.

If complaints are received by the Department, they are considered a risk management element and will be reviewed in detail. Supplemental monitoring activities will be performed to ensure program compliance and detection of possible fraud or mismanagement.

The Risk Assessment Model is also implemented for ESGP. TDHCA monitors ESGP 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 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 and single audit issues. Additional risk factors include length of time since last on-site visit, results of last on-site visit, status of most recent monitoring report, timeliness of grant reporting, total amount funded during assessment period, current program expenditure level, prior program year cumulative expenditure levels (if applicable), total amount funded for all TDHCA contracts during assessment period, number of TDHCA contracts funded during assessment period, and Single Audit Status. Subrecipients with the highest rankings are considered high risk and will receive an on-site monitoring review. Subrecipients with low rankings will have a desk review conducted. During the onsite monitoring review, staff determine subrecipients' compliance with the ESGP contract, ESGP State Regulations, State Policy Issuances, 24 CFR Ch V, Part 576, OMB Circulars related to expenditure of funds, and requirements of Chapter 58 of the Environmental Protection Act as it relates to projects funded for rehabilitation, conversion, or renovation.

Sanctions

Based on the results of ongoing HOME monitoring, sanctions are imposed for noncompliance issues based on the severity of noncompliance, which may include delays in project set-ups, draw request processing, questioned/disallowed costs, suspension of the contract, or contract termination. When necessary, the Executive Director executes a referral to the State Auditor's Office for investigation of fraud as required by Section 321.022(a) of the Texas Government Code. Sanctions imposed may affect future application requests and scoring. In addition, if fraud or mismanagement of funds is suspected, TDHCA will make referrals and work closely with HUD, the State Auditor's Office, the Inspector General, the Internal Revenue Service, and local law enforcement agencies as applicable.

The majority of HOME administrators comply with program rules and regulations. However, for the few who do not, after technical assistance and a corrective action period are provided, administrative penalties are considered. The Department's enforcement provisions in 10 TAC, Subchapter C §60.307 establish monetary penalties for owners who do not correct noncompliance violations. Owners are referred to the Department's Administrative Penalty Committee for enforcement. The Department conducts informal hearings with owners to address their compliance violations and work with them to restore compliance. The administrative penalty process is proving to be a successful and effective tool for restoring compliance.

In addition, the Department has the ability to debar individuals and companies from participation in our programs. Debarred entities will be listed as such on the Department's website which will likely affect their ability to be awarded contracts with other state and federal agencies.

The results of ongoing ESGP monitoring will also determine if sanctions are imposed for noncompliance issues. Sanctions range from questions or disallowed costs, corrective action, quality improvement plans, the use of the cost reimbursement method of payment, deobligation of funds, suspension of funds, and/or termination of the contract. TDHCA's legal staff is notified and referrals are made to the Attorney General's Office. Sanctions imposed affect the future consideration of ESGP applications for funding.

CDBG MONITORING

The monitoring function of the Tx CDBG has four components: project implementation, contract management, audit, and monitoring compliance.

Project Implementation

Prior to the award of funds, each community is evaluated for compliance in prior contracts. The application scoring process at the state level includes a scoring factor for past performance on CDBG contracts. In addition, once a funding recommendation has been made the contract is routed through the Program Development Unit, Compliance Unit and Finance Division to verify that no outstanding issues in previously awarded contracts prevent the contract execution for the recommended award.

Contract Management

All open Tx CDBG projects are assigned to a specific Regional Coordinator who is responsible for contract compliance and project management. All projects have formal contracts that include all federal and state requirements. Regional Coordinators monitor progress and compliance through formal reporting procedures. Program Specialists for Labor Standards and Environmental compliance also exist under the Tx CDBG project oversight function. Additionally, all reimbursement requests require complete supporting documentation before payment is made.

Audit

The audit function is authorized by OMB A-133, which requires that governmental units and nonprofit organizations spending more than $500,000 in either federal or state funds during their fiscal years ending after December 31, 2003, submit a copy of a Single Audit to the Agency. A Single Audit is required for desk review by TDA regardless of whether there are findings noted in the audit pertaining to

CDBG funds, since it is an additional monitoring tool used to evaluate the fiscal performance of grantees.

Monitoring Compliance

The on-site programmatic reviews are conducted on every CDBG contract prior to close-out to ensure the contractual obligations of each grant are met. The projects are considered available for review when 75 percent of the contracted funds have been drawn down, and for construction projects, when construction has been substantially completed. Interim monitoring reviews may be conducted as necessary.

The areas reviewed include procurement procedures paid with CDBG funds or with match dollars, accounting records including copies of cancelled checks, bank statements and general ledgers (source documentation is reviewed at the time of draw requests), equipment purchases and/or procurement for small purchases, on-site review of environmental records, review of any applicable construction contracts, file review of any applicable client files for rehabilitation services, review of labor standards and/or a review of local files if internal staff used for construction projects, and a review of documentation on hand pertaining to fair housing and civil rights policies.

In addition to the formal monitoring function described above, the staff of the Compliance Unit communicates with the staff of the Project Management Unit as needed to evaluate issues throughout the contract implementation phase of CDBG contracts in order to identify and possibly resolve contract issues prior to the monitoring phase of the project.

HOPWA MONITORING

A team of DSHS consultant staff monitor the Administrative Agencies' HOPWA administration activities, and the Administrative Agencies monitor the Project Sponsors for HOPWA program compliance. This monitoring involves periodic site visits, technical assistance, and the submission of quarterly progress reports. Desk audits are conducted by the Contract Management Unit at the division level in DSHS. Additionally, fiscal audits are conducted as part of a centralized service of DSHS, the Contract Monitoring and Oversight Section, directly under the Chief Operations Officer.

Administrative Agencies and Project Sponsors are required to comply with HUD regulations, the DSHS Program Manual and their contractual Statement of Work. The DSHS HOPWA program manual is located at http://www.dshs.state.tx.us/hivstd/hopwa/default.shtm. The HOPWA monitoring tool Statement of Work, renewal application, and Grantee Oversight Resource Guide can also be accessed from this same DSHS webpage. Principles for fiscal administration are established by the Texas Uniform Grants Management Standards located at http://www.governor.state.tx.us/divisions/stategrants/files/UGMS062004.doc. The requirements for project monitoring are established by DSHS in the Administrative Agency Core Competencies document located at http://www.dshs.state.tx.us/hivstd/pops/pdf/pdf_administrative_duties_standards.pdf.

HOUSING ACTION PLAN: HOME INVESTMENT PARTNERSHIPS PROGRAM

FEDERAL RESOURCES EXPECTED PY 2012

The purpose of the HOME Investment Partnerships (HOME) Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goals of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between State and local governments and private and nonprofit organizations in order to strengthen their capacity to meet the housing needs of low-income Texans. TDHCA conducts detailed application workshops and provides technical assistance to all recipients of HOME funds to ensure that all participants meet and follow the State implementation guidelines and federal regulations.

The State of Texas HOME Program anticipates receiving $40,000,000 in HOME allocated funds and $3,000,000 in multifamily and single-family program income for a total of $43,000,000 estimated funding available for distribution.

ALLOCATION OF PY 2012 FUNDS

§91.320(d) and (f)

TDHCA will use the following method for allocating funds and may make adjustments throughout the program year to transfer funding from an undersubscribed activity or set-aside to an activity that may be experiencing higher demand with the Board's approval:

Use of Funds	Estimated Available Funding	% of Total HOME Allocation
Administration Funds (10% of Allocation) [1]	$4,000,000	10%
CHDO Project Funds Set Aside (15% of Allocation)	$6,000,000	15%
CHDO Operating Expenses Set Aside (5% of CHDO Set Aside) [1]	$300,000	1%
State Mandated Funds for Contract for Deed Conversions [1]	$2,000,000	5%
Housing Programs for Persons with Disabilities (5% of Allocation) [1 2]	$2,000,000	5%
Rental Housing Development Program	$15,650,000	39%
General Funds for Single Family Activities	$10,050,000	25%
Total PY 2012 HOME Allocation	$40,000,000	100%
Estimated Program Income (to be included with Reservation System) for Multifamily Activities) [1]	$3,000,000	—
Total Estimated Funding Available for Distribution	$43,000,000	—

[1] The funding for these activities is not subject to the Regional Allocation Formula.

[2] Per Section 2306.111(c) of the Texas Government Code, TDHCA shall expend 95 percent of HOME funds for the benefit of non–PJ areas of the State. Five percent of HOME funds shall be expended for the benefit of persons with disabilities who live in any area of the State.

The following targets will be used to distribute General Funds for Single Family Activities:

Activity	Funding Amount	% of Available Funding
Homebuyer Assistance	$3,350,000	33.3%
Homeowner Rehabilitation	$3,350,000	33.3%
Tenant Based Rental Assistance	$3,350,000	33.3%
Total Estimated Funding Available for Distribution	$10,050,000	100.0%

Estimated PY 2012 Beneficiaries

Based on anticipated program activities TDHCA estimates that the number of PY 2012 beneficiaries assisted will be approximately 957 low-, very low-, or extremely low-income households. On the basis of historical performance, TDHCA estimates that approximately 50 percent of those households will be minority households.

DESCRIPTION OF ACTIVITIES

§91.320(d) and (e)

Homeowner Rehabilitation

Rehabilitation, new construction or reconstruction cost assistance is provided to eligible homeowners for their existing home in the form of a grant or loan. The home must be the principal residence of the homeowner and the homeowner must meet all other eligibility requirements.

Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction, newly constructed single family housing must meet the International Residential Code (IRC) as currently required by State statute. In the absence of a local code for rehabilitation, the single family housing must meet the rehabilitation standards established by the Department. If a home is newly constructed or reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514, Texas Government Code, required for any applicants utilizing federal or state funds administered by TDHCA in the construction of single family housing.

The available funding for this activity is approximately $3.3 million, which may only be used in non-PJs. The Department may set-aside a portion of these funds during the 2012 program year using a reservation system as a method of distribution. In addition, the Department may allow the refinance of existing debt for single-family, owner-occupied housing, when rehabilitation to correct substandard conditions is the primary use of the HOME funds. This amount does not include Housing Programs for Persons with Disabilities funding that may be issued under a separate NOFA.

Tenant-Based Rental Assistance

According to the American Community Survey 3-Year Estimates, approximately 44% or 1,267,171 households that rent in Texas have a housing cost burden of equal or greater than 30 percent of their income between 2006 and 2008. Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed 24 months. If available, additional funds may be set-aside to provide assistance beyond 24 months. Rental units must be inspected prior to occupancy and must comply with Housing Quality Standards (HQS) in 24 CFR §982.401. The Department may set-aside a portion of these funds during the 2012 program year using a reservation system as a method of distribution. In addition, the Department may set-aside a portion of the estimated program income toward a pilot program that would allow the extension of assistance beyond 24 months. The available funding for this activity is approximately $3.3 million, which may only be used in non-PJs. This amount does not include Housing Programs for Persons with Disabilities funding that may be issued under a separate NOFA.

Homebuyer Assistance with or without Rehabilitation

§92.254

According to the American Community Survey 3-Year Estimates, approximately 26% or 1,398,322 households that own a home in Texas had a housing cost burden of equal or greater than 30 percent of their income between 2006 and 2008. Down payment, closing cost, rehabilitation, and contract for deed conversion assistance may be provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for the following:

- Construction costs associated with architectural barrier removal in assisting homebuyers with disabilities by modifying a home purchased with HOME assistance to meet their accessibility needs.
- Acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents.
- Construction costs associated with the rehabilitation of a home purchased with HOME assistance.
- Acquisition or new construction costs for the replacement of manufactured housing.

Eligible homebuyers receive assistance in the form of a loan. HBA loans are required to be repaid at the time of resale of the property, refinance of the first lien, repayment of the first lien, or if the unit ceases to be the assisted homebuyer’s principal residence. If any of these occur before the end of the loan term, the amount of recapture will be based on the pro-rata share of the remaining loan term and the shared net proceeds in the event of sale of the housing unit.

Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction, newly constructed single family housing must meet the International Residential Code (IRC) as currently required by State statute. In the absence of a local code for rehabilitation, the single family housing must meet the rehabilitation standards established by the Department. If a home is newly constructed or reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514, Texas Government Code. Housing units that are provided assistance for acquisition only must meet all applicable State and local housing quality standards and code requirements. In the absence of such standards and requirements, the housing units must meet the Housing Quality Standards (HQS) in 24 CFR §982.401.

The available funding for this activity is approximately $3.3 million, which may only be used in non-PJs. This amount does not include Housing Programs for Persons with Disabilities funding, which may be issued under a separate NOFA. The Department may set-aside a portion of these funds during the 2012 program year using a reservation system as a method of distribution.

Rental Housing Development

Awards for eligible applicants are to be used for the acquisition, construction, and rehabilitation of affordable multifamily rental housing. TDHCA will not provide funding for the refinancing and/or acquisition of affordable housing developments that were constructed within the past 10 years. A standard underwriting review will be performed on applications under this activity. TDHCA generally make awards in form of a loan. Owners of rental units assisted with HOME funds must meet affirmative marketing requirements as delineated in the Department's Compliance Rules. Owners of rental units assisted with HOME funds also must comply with initial and long-term income restrictions and keep the units affordable for a minimum period. Housing assisted with HOME funds must, upon completion, meet all applicable local, state, and federal construction standards and building codes. Additionally, the owner and/or all future owners of a HOME-assisted rental project must maintain all units in full compliance with local, state, and federal housing codes, which include, but are not limited to, the Uniform Physical Condition Standards (UPCS) as developed by the Real Estate Assessment Center (REAC), the International Building Code, Texas Government Code, and Section 504 of the 1973 Rehabilitation Act for the full required period of affordability.

Eligible expenses and activities may further be limited by TDHCA in accordance with State rule and legislation. Rental Housing Development funds may also be used for the acquisition and/or rehabilitation (including barrier removal activities) for the preservation of existing affordable or subsidized rental housing. Additionally, TDHCA will ensure that all multifamily rental housing developments are built and managed in accordance with its Integrated Housing Rule.

For applications consisting of five or more HOME-assisted units, the applicant is required to submit an Affirmative Marketing Plan in accordance with the HOME Final Rule (24 CFR §92.351). The Department's Compliance and Asset Oversight Division monitors for compliance with the requirements specified in the HOME Final Rule (24 CFR §92.351) and also delineated in 10 Texas Administrative Code §60.112.

Approximately $15.6 million, is available for Rental Housing Development Funding for these activities may only be used in non-PJs. The Department may also make additional funds available from the $3 million in estimated program income. This amount does not include the Housing Programs for Persons with Disabilities funding which may be issued under a separate NOFA.

Administrative Expenses

Up to 10 percent of the sum of the Program Year HOME basic formula allocation and program income may be set aside for HOME Administrative expenses to cover the costs of administering the Statewide program. A portion of this set-aside may be provided to applicants receiving HOME funds for the cost of administering the program. For-profit organizations are not eligible to receive administrative funds. TDHCA may utilize these funds for construction and Section 504 inspection costs as needed.

CHDO Set-Aside

A minimum of 15 percent of the annual HOME allocation, approximately $6 million (plus $300,000 – for CHDO operating expenses) is reserved for CHDOs. CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. If the CHDO owns the project in partnership, it or its wholly-owned for-profit or nonprofit subsidiary must be the managing general partner. These organizations can apply for multifamily rental housing acquisition, rehabilitation, or new construction, as well as for the acquisition, rehabilitation, or new construction of single family housing. CHDOs can also apply for homebuyer assistance if their organization is the owner or developer of the single family housing project.

For applications consisting of five or more HOME-assisted units, the applicant is required to submit an Affirmative Marketing Plan in accordance with the HOME Final Rule (24 CFR §92.351). The Department's Compliance and Asset Oversight Division monitors for compliance with the requirements specified in the HOME Final Rule (24 CFR §92.351) and also delineated in 10 Texas Administrative Code §60.112.

In accordance with 24 CFR 92.208, up to 5 percent of the State's Fiscal Year HOME allocation may be used for operating expenses of CHDOs. In accordance with 92.300(a)(2)(f), a CHDO may not receive HOME funding for any fiscal year in an amount that provides more than 50 percent or $50,000, whichever is greater, of the CHDOs total operating expenses in that fiscal year. TDHCA may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate application cycle not tied to a specific activity.

Contract for Deed Conversions

The 81st Legislature passed Appropriations Rider 6 to TDHCA's appropriation, which requires TDHCA to spend no less than $4 million for the biennium on contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income (AMFI). Furthermore, TDHCA is targeted to convert no less than 200 contracts for deeds into traditional notes and deeds of trust. The intent of this program is to help colonia residents become property owners by converting their contracts for deeds into traditional mortgages. Households served under this initiative must not earn more than 60 percent of AMFI and the home converted must be their primary residence. HOME funds may be used in the administration of this program at the determination of the Department. If HOME funds are used for this activity, the program must comply with federal requirements as established in 24 CFR 92 and in accordance with §2306.111 (c), Texas Government Code, these funds may only be used in non-PJs. As a statutorily required set-aside, these funds would not be subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

Housing Programs for Persons with Disabilities

According to the American Community Survey 3-Year Estimates, between 2005-2007, there were approximately 3,019,042 million people in Texas over the age of five, or approximately 14.4 percent, had some type of long lasting condition or disability. Of these, 312,812 households, include persons with self-care limitations in Texas. Approximately 23.4 percent of people over the age of five with a disability were under the poverty level. However, leveraging other federal funds, the numbers of persons with disabilities transitioning from institutional living into community-based living is increasing, becoming a priority for the State of Texas. This is based on the most recent data available. The Department's Tenant-Based Rental Assistance Program for Persons with Disabilities is a critical component in the housing continuum toward helping households transition back into the community.

Approximately 5% of the State's annual HOME allocation shall be directed toward assistance for Persons with Disabilities (PWDs) who live in any area of the State. TDHCA will ensure that all housing developments are built and managed in accordance with its Integrated Housing Rule, 10 Texas Administrative Code §1.15.

Special Needs Populations

Subject to the availability of qualified applications, TDHCA has a goal to allocate a minimum of 20 percent of the annual HOME allocation to applicants serving persons with special needs. Eligible applicants include nonprofits, for-profits, units of general local government, and PHAs with documented histories of working with special needs populations. All HOME Program activities will be included in attaining this goal. Additional incentives may be established under each of the eligible activities to assist TDHCA in reaching its goal. Funds will be made available via Notices of Funding Availability based on activity type.

FUNDING DISTRIBUTION

Subject to Texas Government Code §2306.111, HOME funds will be distributed according to the established Regional Allocation Formula (RAF), The 2012 RAF distributes funding for the following activities:

- CHDO Project Funds,
- Rental Housing Development Program,
- General Funds for Single Family Activities.

The table below shows the regional funding distribution for all of the activities distributed under the RAF. Targeted funding amounts for each activity will also be established using the percentages generated by the RAF.

Draft 2012 Targeted Distribution of Funds under the RAF*

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$2,469,065	7.3%	$2,468,868	100.0%	$197	0.0%
2	Abilene	$1,933,823	5.7%	$1,891,243	97.8%	$42,580	2.2%
3	Dallas/Fort Worth	$4,369,395	12.8%	$1,661,149	38.0%	$2,708,247	62.0%
4	Tyler	$4,059,284	11.9%	$3,559,075	87.7%	$500,209	12.3%
5	Beaumont	$1,741,051	5.1%	$1,454,590	83.5%	$286,461	16.5%
6	Houston	$3,856,593	11.3%	$1,030,854	26.7%	$2,825,739	73.3%
7	Austin/Round Rock	$1,264,579	3.7%	$427,451	33.8%	$837,128	66.2%
8	Waco	$1,755,987	5.2%	$967,029	55.1%	$788,958	44.9%
9	San Antonio	$1,703,903	5.0%	$1,123,026	65.9%	$580,877	34.1%
10	Corpus Christi	$2,873,540	8.4%	$1,986,752	69.1%	$886,788	30.9%
11	Brownsville/Harlingen	$4,979,183	14.6%	$2,408,979	48.4%	$2,570,204	51.6%
12	San Angelo	$2,206,208	6.5%	$1,665,349	75.5%	$540,859	24.5%
13	El Paso	$797,204	2.3%	$578,426	72.6%	$218,778	27.4%
	Total	$34,009,814	100.0%	$21,222,789	62.4%	$12,787,025	37.6%

*These numbers will be updated in the final version sent to HUD.

Review of Applications

All programs will be operated through direct administration by TDHCA or announced by the release of a Notice of Funding Availability. For Notices of Funding Availability, applicants must submit a complete application to be considered for funding, along with an application fee determined by TDHCA. Applications received by TDHCA will be reviewed for applicable threshold, eligibility and/or scoring criteria in accordance with the Department's rules and application review procedures published in the NOFA and/or application materials.

Selection Process

Qualifying applications are recommended for funding based on the Department's rules and any additional requirements established in the Notice of Funding Availability. Applications submitted for development activities will also receive a review for financial feasibility and underwriting. Applications will be reviewed and recommended for funding in the manner prescribed in the State of Texas HOME Program Rule.

Match Requirements

TDHCA will provide matching contributions from several sources for HOME funds drawn down from the State's HOME Investment Trust Funds Treasury account within the fiscal year. The State sources may include the following:

- Loans originated from the proceeds of single family mortgage revenue bonds issued by the State. TDHCA will apply no more than 25 percent of bond proceeds to meet its annual match requirement.

- Match contributions from the State's Housing Trust Fund to affordable housing projects that are not HOME-assisted, but that meet the requirements as specified in 24 CFR 92.219(b)(2).
- Eligible match contributions from State recipients and subrecipients, as specified in 24 CFR 92.220.
- Match contributions from local political jurisdictions provided through the abatement of real estate property taxes for affordable housing properties developed and owned by qualified CHDO applicants.

Deobligated HOME Program Funds

When administrators have not successfully expended the HOME funds within their contract period, TDHCA deobligates the funds and pools the dollars to award applicants according to TDHCA's Deobligated Funds Policy.

APPLICABLE FEDERAL AND STATE REGULATIONS

§91.320(k)

HOME funds will be distributed in accordance with the eligible activities and eligible costs listed in 24 CFR 92.205–92.209 and 10 TAC Chapter 53.

Developments receiving funding from TDHCA must comply with accessibility standards required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), as amended, and specified under 24 CFR Part 8, Subpart C. This includes a provision that a minimum of 5 percent of the total dwelling units or at least one unit, whichever is greater, must be made accessible for individuals with mobility impairments. An additional 2 percent of the total number of dwelling units or at least one unit, whichever is greater, must be accessible for individuals with hearing or vision impairments.

Minority Participation

TDHCA encourages minority employment and participation among all applicants under the HOME Program. All applicants to the HOME Program are required to submit an affirmative marketing plan as part of the application process. Additionally, TDHCA encourages outreach to Historically Underutilized Businesses (HUBs) by including advertisement examples aimed at HUBs in the sample procurement plan during implementation training. Additionally, form HUD-702, which lists businesses used for the contract including HUBs, is required from sub-recipients with the final draw request for each HOME activity.

In an effort to comply with the regulations under Title VI of the Civil Rights Act of 1964, the Housing Resource Center is presenting a Limited English Proficiency (LEP) policy to be approved by TDHCA's Board. Tile VI ensures program access to residents of Texas designated as possessing "limited English proficiency" or LEP. The policy will outlines the responsibilities of TDHCA and its subrecipients and contractors in relation to Title VI. TDHCA commits to conduct an assessment to determine the extent of its obligation to provide LEP services. Federal guidance requires a Four-Factor Analysis which analyzes (1) the number or proportion of LEP persons served or encountered in the eligible service population; (2) the frequency with which LEP persons come into contact with the program; (3) the nature and importance of the program, activity or service provided by the program; and (4) the resources available and costs to the recipient. TDHCA also commits to develop, maintain, and periodically update a Language Access Plan (LAP). TDHCA will also train staff, subrecipients, and contractors and inform LEP persons about policies and procedures regarding the LAP.

Economic Opportunities for Low- and Very Low-Income Persons

TDHCA will require sub-recipients that receive Section 3-covered assistance, including housing rehab, construction, or reconstruction, to comply with and report on Section 3. Such report enumerates low-income persons hired and trained as a result of the construction activity. Contracts using Section 3-covered funds will include the Section 3 Clause (24 CFR §135.38) as a certification signifying compliance. The TDHCA web site contains compliance guidance and public notification of economic opportunities. Section 3 encourages the use of Section 3 business concerns (those that commit to creating economic opportunities for low-income persons in the general vicinity of the HUD-funded construction project) and employment of Section 3 residents. Section 3 status does not depend on minority status. Section 3 residents are people who make 80 percent or less than the area median family income and reside in the general vicinity in which certain HUD-funded assistance takes place.

RECAPTURE PROVISIONS UNDER HOMEOWNERSHIP PROGRAMS

§92.254(a)(4)

If the participating jurisdiction intends to use HOME funds for homebuyers, the guidelines for resale or recapture must be described as required in 24 CFR 92.254(a)(5). Recapture provisions are not applicable for HOME-assisted multifamily rental projects; in the case of default, sale, short sale, and/or foreclosure, the entire HOME investment must be repaid.

TDHCA has elected to utilize the recapture provision under 24 CFR 92.254(a)(5)(ii) as its method of recapturing HOME funds under any program the State administers that is subject to this provision. The following methods of recapture would be acceptable to TDHCA and will be identified in the note prior to closing:

1. Recapture the amount of the HOME investment reduced on a prorata share based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The recapture amount is subject to available shared net proceeds in the event of sale or foreclosure of the housing unit.

2. In the event of sale or foreclosure of the housing unit, if the shared net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds) are in excess of the amount of the HOME investment that is subject to recapture, then the net proceeds may be divided proportionately between TDHCA and the homeowner as set forth in the following mathematical formulas. Effective with the 2011 Program Year and forward, if there are no Net Proceeds from the sale, no repayment will be required of the homebuyer and the balance of the loan shall be forgiven:

   (HOME investment / (HOME investment + homeowner investment)) X net proceeds = HOME amount to be recaptured

   (Homeowner investment / (HOME investment + homeowner investment)) X net proceeds = amount to homeowner

RESALE PROVISIONS UNDER HOMEOWNERSHIP PROGRAMS

In certain instances, TDHCA may choose to utilize the resale provision at 24 CFR 92.254(a)(5)(i) under any program the State administers that is subject to this provision. If before that time an instance occurs for which the resale provisions are triggered, the Department will work with the Ft. Worth Field Office to address. The following method of resale would be acceptable to TDHCA and will be identified in the note prior to closing:

1. Resale requirements must ensure that, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low or very low income family and will use the property as its principal residence.
2. The resale requirement must also ensure that the price at resale provides the original HOME-assisted owner a fair return on investment (including the homeowner's investment and any capital improvement) and ensure that the housing will remain affordable to a reasonable range of low or very low income homebuyers.
3. The period of affordability is based on the total amount of HOME funds invested in the housing.

OTHER FORMS OF INVESTMENT

§91.320(k)(2)(i)

If a participating jurisdiction intends to use other forms of investment not described in §92.205(b), a description of the other forms of investment must be provided.

The State is not proposing to use any form of investment in its HOME Program that is not already listed as an eligible form of investment in 24 CFR 92.205(b).

Refinancing Debt

§91.320(k)(2)(iii)

If the State intends to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR § 92.206(b).

TDHCA may use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds as described in 24 CFR § 92.206(b). TDHCA shall use its underwriting and evaluation standards, codified at 10 Texas Administrative Code, Chapter 1 and its HOME Program Rule at 10 Texas Administrative Code, Chapter 53, for refinanced properties in accordance with its administrative rules. At a minimum, these rules require the following:

- That rehabilitation is the primary eligible activity for developments involving refinancing of existing debt;

- No HOME funds will be used to refinance affordable housing developments that were constructed within the past 10 years.
- Sets a minimum funding level for rehabilitation on a per unit basis;
- Requires a review of management practices to demonstrate that disinvestments in the property has not occurred;
- That long term needs of the project can be met;
- That the financial feasibility of the development will be maintained over an extended affordability period;
- State whether new investment is being made to maintain current affordable units, and or create additional affordable units;
- Specifies the required period of affordability;
- Specifies that HOME funds may be used throughout the entire jurisdiction, except as TDHCA may be limited by the Texas Government Code; and
- States that HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG.

CPD Outcome Performance Measurement System Reporting

§91.320(c)(3), §91.3320(e), §91.320(g)

In accordance with the guidelines from HUD, TDHCA will comply with the new CPD Outcome Performance Measurement System. Compliance will be attained through the creation and development of additional tracking screens in TDHCA's central database to enable the Department to capture information needed for input into IDIS. HOME Program eligible activities will be categorized into the objectives and outcomes listed in the chart below. It is anticipated most HOME Program eligible activities will be categorized as Outcome #2 and Objective #2.

The estimated performance figures are based on planned performance during the Program Year (February 1st through January 31st) of contracts committed and projected households served. In contrast, the performance measures reported to the Texas Legislative Budget Board for the State Fiscal Year (September 1st through August 31st) are based on anticipated units and households at time of award. The HOME performance figures reported herein may include funding from several years as funds from previous years are deobligated and refunded.

OBJECTIVES	OUTCOME 1	OUTCOME 2	OUTCOME 3
OBJECTIVE #1 Suitable Living Environment	Enhance Suitable Living Environment Through Improved/New Accessibility	Enhance Suitable Living Environment Through Improved/New Affordability	Enhance Suitable Living Environment Through Improved/New Sustainability
OBJECTIVE #2 Decent Housing	Create Decent Housing with Improved/New Availability	Create Decent Housing with Improved/New Affordability (DH-2)	Create Decent Housing with Improved/New Sustainability

OBJECTIVES	OUTCOME 1	OUTCOME 2	OUTCOME 3
OBJECTIVE #3 **Economic Opportunity**	Provide Economic Opportunity Through Improved/New Accessibility	Provide Economic Opportunity Through Improved/New Affordability	Provide Economic Opportunity Through Improved/New Sustainability

HOME Program Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	No. of rental units assisted through new construction and rehabilitation	524
DH-2	No. of tenant-based rental assistance units	223
DH-2	No. of existing homeowners assisted through owner-occupied assistance	42
DH-2	No. of first-time homeowners assisted through homebuyer assistance	168

HOME Homeless and Special Needs Goals

ANNUAL AFFORDABLE HOUSING GOALS	Expected Annual Number of Units To Be Completed
Homeless households	50
Non-homeless households	500
Special needs households	350

HOMELESS ACTION PLAN: EMERGENCY SHELTER GRANT/EMERGENCY SOLUTIONS GRANT PROGRAM

FEDERAL RESOURCES EXPECTED PY 2012

TDHCA anticipates receiving $7,185,228 for FY 2012 in combined Emergency Shelter Grant/Emergency Solutions Grant Program funds. HUD delayed the implementation of the Emergency Solutions Grants Program. The majority of the funds available for FY 2011 will be under the Emergency Shelter Grants Program. HUD plans to release the rules for the Emergency Solutions Grants Program in the fall of 2011.

RECIPIENTS

Recipients of ESGP funds are units of general local government and private nonprofit organizations.

ESTIMATED PY 2012 BENEFICIARIES

TDHCA expects to fund 63 projects in PY 2012 (See the ESGP Obligation Process later in this section). It is anticipated that four of the subrecipient organizations will be collaborative projects which combined will have approximately 12 partners. It is estimated that approximately 59,038 homeless persons or persons at risk of homelessness will be assisted in PY 2012.

Targeted Beneficiaries

The targeted beneficiaries are homeless individuals and individuals at risk of homelessness.

FUNDING DISTRIBUTION

§91.320(d) and (f)

TDHCA has administered ESGP since 1987. TDHCA will administer the S-094-DC-48-0001 ESGP funds in a manner consistent with the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. Sec 11371 et seq.). TDHCA will obligate PY 2011 ESGP funds through a statewide competitive application process. ESGP funds are reserved for each of the State's 13 Uniform State Service Regions based on the poverty population of each region taken from the 2000 US Census.

OBJECTIVES

§91.320(d)

The objectives of ESGP consist of the following:

- Help improve the quality of emergency shelters for the homeless.
- Make additional emergency shelters available.
- Help meet the costs of operating and maintaining emergency shelters.
- Provide essential services so that homeless individuals have access to the assistance they need to improve their situations.

- Provide emergency intervention assistance to prevent homelessness.

The State's strategy to help homeless persons includes: community outreach efforts to ensure that homeless persons and persons at risk of homelessness are aware of available services, providing funding to support emergency shelter and transitional housing programs, helping homeless persons make the transition to permanent housing and independent living through comprehensive case management, and supporting other efforts to address homelessness. This strategy is outlined below.

Helping low income families avoid becoming homeless

TDHCA awards ESGP funds using the competitive process described in the ESGP One-Year Action Plan. In that process, up to 30 percent of the State's ESGP annual allocation is made available to support homelessness prevention activities, and up to 30 percent of the ESGP annual allocation is made available to provide essential services. Homelessness prevention efforts include short-term rent and utility assistance for homeless individuals and families and, if they meet certain criteria, those who are at-risk of losing their housing.

Applicants for ESGP funding are required to demonstrate coordination with other providers in their communities as part of the ESGP scoring criteria. ESGP grant recipients are encouraged to maximize all community resources when providing homelessness prevention assistance to ensure the appropriate use of these limited resources.

Reaching out to homeless persons and assessing their individual needs

Each application for ESGP funding includes information about the case management system used by the applicant organization.

Each application for ESGP funding includes a description of services provided to homeless persons. This description is evaluated during the application review process as a criterion for receiving ESGP funding.

ESGP grant recipients will be required to report on outcomes achieved by homeless persons assisted. Reporting on outcomes will provide TDHCA with information on the long-term impact of the services provided such as the attainment of transitional housing or permanent housing, obtaining a GED or high school diploma or the achievement of other education and training goals, obtaining job skills, job placement, etc.

Addressing the emergency shelter and transitional housing needs of homeless persons

ESGP grants provide support to organizations that provide emergency services, shelter, and transitional housing to homeless persons and families.

To ensure equitable distribution of funding, a portion of the ESGP allocation is reserved for each of the 13 regions in the State on the basis of the poverty population in each region. TDHCA expects to fund 63 projects in PY 2012. (See the ESGP Obligation Process later in this section.)

Helping homeless persons make the transition to permanent housing

ESGP funds can be used to pay rent and utility deposits as well as first month's rent for homeless individuals making the transition to permanent housing.

TDHCA will require ESGP sub-recipients that are performing construction or rehabilitation to submit a Section 3 report. Such report enumerates low-income persons hired and trained as a result of the construction activity. Contracts using Section 3-covered funds will include the Section 3 Clause (24 CFR §135.38) as a certification signifying compliance. The TDHCA web site contains compliance guidance and public notification of economic opportunities.

Supporting other efforts to address homelessness

The State has contracted with an organization to provide technical assistance in FY 2011 to rural homeless coalitions representing approximately 182 Texas counties and will support the State's effort to assist rural communities in their efforts to access federal CoC funds and that are interested in being part of the State's application for Continuum of Care funds for the balance of State areas in the State. Types of technical assistance to be rendered include, but are not be limited to, homeless counts/surveys, compilation of a housing and services inventory, identification of housing gaps, and development of homeless discharge plan strategies for their area. Organizations receiving the technical assistance must be located in a Balance of State area and applying for Continuum of Care funds through the U.S. Department of Housing and Urban Development. The State has provided State General Revenue funds to the Texas Homeless Network (THN), the awardee of the RFP which the Department released in 2008, to provide the referenced technical assistance. The first year of funding began September 1, 2008 and is currently in its fourth year of funding. As a result of the technical assistance rendered by THN, to the annual applications submitted to HUD for Continuum of Care funds have been more competitive and have resulted in awards of over $9 million.

ELIGIBLE ACTIVITIES

§91.320(d)

The provision of assistance to obtain and maintain housing and the provision of funding to support the maintenance and operation of shelters help meet the priority needs of providing emergency shelter and transitional housing to very low-income individuals.

ESGP funds may be used for the following eligible activities:

(1) Renovation, major rehabilitation, or conversion of buildings to be used as emergency shelters for the homeless.

(2) Provision of essential services, including, but not limited to, the following:

- (A) Assistance in obtaining permanent housing
- (B) Medical and psychological counseling and supervision
- (C) Employment counseling
- (D) Nutritional counseling
- (E) Substance abuse treatment and counseling

(F) Assistance in obtaining other federal, state, and local assistance

(G) Other services such as child care, transportation, job placement, and job training

(H) Staff salaries necessary to provide the above services

These services may be provided only pursuant to Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Sec. 11374), which requires that services funded with ESGP must be provided in a nondiscriminatory manner.

(3) Payment of maintenance, operation, and furnishings costs, except that not more than 10 percent of the amount of any ESGP grant may be used to pay operation staff costs.

(4) Developing and implementing homeless prevention activities as per Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act.

Recipient Requirements

Recipients of ESGP funding are required to meet certain minimum specifications that include, but are not limited to, the following:

(1) Being a unit of general local government or private nonprofit organization.

(2) Documenting, in the case of a private nonprofit organization, that the proposed project has the approval of the city, county, or other unit of local government in which the project will operate.

(3) Providing for the participation of homeless or formerly homeless individuals on their board of directors or other policy-making entity.

(4) Assuring that ESGP subrecipients obligate funds within 180 days from the date that TDHCA received the award letter from HUD.

(5) Documentation of fiscal accountability, as specified in the application.

(6) Proposing to undertake only eligible activities.

(7) Demonstrating need.

(8) Assuring ability to provide matching funds.

(9) Demonstrating effectiveness in serving the homeless, including the ability to establish, maintain, and/or improve the self-sufficiency of homeless individuals.

(10) Assuring that homeless individuals will be involved in the provision of services funded through ESGP, to the maximum extent feasible, through employment, volunteerism, renovating, maintaining or operating facilities, and/or providing direct services to occupants of facilities assisted with ESGP funds.

(11) Assuring the operation of an adequate, sanitary, and safe homeless facility.

(12) Assuring that it will administer, in good faith, a policy designed to ensure that the homeless facility is free from the illegal use, possession, or distribution of drugs or alcohol by its beneficiaries.

(13) Assuring that it will develop and implement procedures to ensure the confidentiality of records of any individual receiving assistance as a result of family violence.

(14) Proposing a sound plan consistent with the State of Texas Consolidated Plan, the McKinney-Vento Homeless Assistance Act, and all other assurances and certifications.

(15) Assuring the participation in the development and implementation, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of person from publicly funded institutions and systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) to prevent such discharge from immediately resulting in homelessness for such persons. ESGP funds are not to be used to assist such persons in place of State and local resources.

(16) Assuring that it will meet HUD's standards for participation in a local Homeless Management Information System and the collection and reporting of client-level information.

(17) Any renovation carried out with ESGP assistance shall be sufficient to ensure that the building involved is safe and sanitary, and the renovation will assist homeless individuals in obtaining:

(A) appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living; and

(B) other federal, state, local, and private assistance available for such individuals.

FUND OBLIGATION PROCESS

§91.320(k)

TDHCA will obligate PY 2012 ESGP funds to units of general local government or to private nonprofit organizations which have local government approval to operate a project which assists homeless individuals. TDHCA will evaluate all applications received and award funds in accordance with the application specifications. This Statewide competitive application process will allow ESGP funds to be distributed equitably.

The State's anticipated ESGP allocation for PY 2012 is $7,185,228 less 7.5 percent ($538,892) for State administration costs of which approximately $4,000 will be shared with subrecipient organizations which are units of general local government. TDHCA reserves ESGP funds for each of the 13 Uniform State Service Regions. Funds are reserved for each region in direct proportion to the percentage of poverty population that exists in each region according to the most recent county Census data. Applicants compete only against other applicants in their Uniform State Service Region.

TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement on its activities during the preceding year through a document called the State of Texas Low Income Housing Plan and Annual Report. Part of this document describes the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by TDHCA.

TDHCA issues a notice of funding availability (NOFA) and posts an application to its website. Applications are also provided directly to any organization or individual upon request. The applications are reviewed using a standardized review instrument. A variety of factors, as per the application instructions, are evaluated and scored to determine each application's merit in identifying and addressing the needs of the homeless population, as well as the organization's capacity to carry out the proposed project.

The top scoring applications in each region will be recommended for funding based on the amount of funds reserved for each region. All available ESGP funds are obligated each year through 12-month contracts.

APPLICABLE FEDERAL AND STATE REGULATIONS

- 24 CFR 576 as amended;
- Title IV, Subtitle B of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. sec, 11371 et seq.)
- 10 Texas Administrative Code, Chapter 5, Subchapter C.
- 24 CFR 135, also known as Section 3*

*Section 3 requires certain recipients of HUD financial assistance to provide job training, employment, and contract opportunities for low- or very-low income residents in connection with projects and activities in their communities. Grant recipients rehabilitating or constructing homeless shelters with ESGP funds will be required to submit a Section 3 report. TDHCA will require subrecipients that receive Section 3-covered assistance to take actions to meet Section 3 requirements.

LEVERAGING RESOURCES

Section 576.51 of the ESGP regulations state that each grantee must match the funding provided by HUD. Match resources must be provided after the date of the ESGP grant award and must be provided in an amount equal to or greater than the ESGP grant award. Resources used to match a previous grant may not be used to match a subsequent award. Sources of match may include, but are not limited to, unrestricted funds from the grant recipient, volunteer hours, the value of donated materials or buildings, or the fair market rent or lease value of a building used to provide services to the homeless population. Each applicant must identify the source and amount of match they intend to provide if they are selected for funding and may report monthly on the amount of match provided. ESGP monitors review the match documentation during each on-site monitoring visit. A desk review is completed at the closeout of each contract to ensure, among other things, that each ESGP recipient has provided an adequate amount of match during the contract period.

SPECIAL INITIATIVES AND PARTNERSHIPS

TDHCA is the lead agency in the Texas Interagency Council for the Homeless. This Council is charged with surveying and evaluating services for the homeless in Texas, assisting in the coordination and provision of services to homeless person throughout the State, increasing the flow of information among service providers and appropriate authorities, developing guidelines to monitor services to the homeless, providing technical assistance to the housing finance division of TDHCA in assessing housing needs for persons with special needs, establishing a central resource and information center for the

State's homeless population, and developing a strategic plan to address the needs of the homeless in cooperation with TDHCA and the Health and Human Services Commission.

TDHCA also supports activities that address homelessness, including providing technical assistance to develop and strengthen homeless coalitions throughout Texas, distributing a Statewide bimonthly newsletter on homelessness, maintaining an information resource center, workshops, sponsoring an annual Statewide conference on homeless issues, and the provision of training and technical assistance to organizations interested in being part of the State's application for Continuum of Care funds for the balance of State areas in the State.

CPD Outcome Performance Measurement System Reporting

§91.320(c)(3), §91.320(e), §91.320(g)

ESGP began reporting using the HUD CPD Outcome Performance Measurement System on September 1, 2006, with the implementation of the 2006 ESGP contracts. TDHCA will continue to utilize this reporting system in 2012. In 2007, the HUD CPD Outcome Performance Measurement System became automated whereby subrecipients began to report performance data via a Web based application. TDHCA's monthly performance reports have been amended to include changes in reporting requirements required by HUD and to gather data on persons assisted with services which are outcome oriented and have a long-term impact. ESGP activities related to renovation/rehabilitation, essential services, maintenance, operations, and furnishings will fall under HUD's Outcome 1, Availability/Accessibility, and Objective 1, Create a Suitable Living Environment (SL-1). ESGP activities related to homelessness prevention will be reported under HUD's Outcome 1, Affordability and Objective 2, Provide Decent Housing (DH-2).

ESGP Annual Action Plan Planned Project Results

Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
SL-1 Availability/ Accessibility and Create a Suitable Living Environment	Accessibility for the purpose of creating a suitable living environment.	19,482	Provide funding to support the provision of emergency and/or transitional shelter to homeless persons.
DH-2 Affordability and Provide Decent Housing	Affordability for the purpose of providing decent housing.	39,556	The provision of non-residential services including homelessness prevention assistance.

ESGP Homeless and Special Needs Goals

ANNUAL AFFORDABLE HOUSING GOALS	Expected Annual Number of Units To Be Completed
Homeless households	755*
Non-homeless households	22,860*
Special needs households	40*

*These numbers are estimates; ESGP collects data on persons not households.

ESGP only provides rental assistance and assists households who are facing foreclosure, but cannot be utilized to purchase a home. Consequently, ESGP does not impact the number of properties that are affordable. ESGP funds are utilized to assist all homeless persons and persons at-risk of homelessness.

TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM 2012 ACTION PLAN

I. PROGRAM YEAR 2012 GENERAL PROGRAM INFORMATION

A. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ADMINISTRATION

The Texas Department of Agriculture (TDA) administers the State of Texas Community Development Block Grant Program (CDBG), called the Texas Community Development Block Grant Program (Texas CDBG). The Tx CDBG will continue to fund the Colonia Self-Help Centers Fund but administration of that program will remain with the Texas Department of Housing and Community Affairs (TDHCA) Office of Colonia Initiatives through a Memorandum of Understanding between TDA and TDHCA.

The mission statement of the Texas Department of Agriculture is to partner with all Texans to make Texas the nation's leader in agriculture, fortify our economy, empower rural communities, promote healthy lifestyles, and cultivate winning strategies for rural, suburban and urban Texas through exceptional service and the common threads of agriculture in our daily lives.

B. ELIGIBLE APPLICANTS

§91.320(k)

Eligible applicants are nonentitlement general purpose units of local government including cities and counties that are not participating or designated as eligible to participate in the entitlement portion of the federal Community Development Block Grant Program (CDBG). Nonentitlement cities that are not participating in urban county programs through existing participation agreements are eligible applicants (unless the city's population is counted towards the urban county CDBG allocation).

Nonentitlement cities are located predominately in rural areas and are cities with populations less than 50,000 persons; cities that are not designated as a central city of a metropolitan statistical area; and cities that are not participating in urban county programs. Nonentitlement counties are also predominately rural in nature and are counties that generally have fewer than 200,000 persons in the nonentitlement cities and unincorporated areas located in the county.

Hidalgo County, a designated CDBG urban county, is eligible to receive assistance under the Texas Community Development Block Grant (Tx CDBG) Program Colonia Fund (and each fund category included under the Colonia Fund).

Counties eligible under both the Tx CDBG Colonia Fund and the Texas Water Development Board's Economically Distressed Areas Program (EDAP) are eligible under the Tx CDBG Colonia Economically Distressed Areas Program Fund. Non-entitlement cities located within eligible counties that meet other eligibility criteria, including the geographic requirements of the Colonia Fund, are also eligible applicants for the Tx CDBG Colonia Economically Distressed Areas Program Fund.

With the enactment of §43.907 of the Texas Local Government Code, a colonia meeting specified requirements that is annexed by a municipality remains eligible for five years after the effective date of the annexation to receive any form of assistance for which the colonia would be eligible if the annexation had not occurred. This only applies to a colonia annexed by a municipality on or after September 1, 1999.

C. ELIGIBLE ACTIVITIES

§91.320(d) and (e)

Eligible activities under the Texas Community Development Block Grant Program are listed in 42 U.S.C Section 5305. The Tx CDBG staff reviews all proposed project activities included in applications for all fund categories, except the Texas Capital Fund, to determine their eligibility. The Texas Department of Agriculture determines the eligibility of activities included in Texas Capital Fund applications.

All proposed activities must meet one of the following three National Program Objectives:
1. principally benefit low- and moderate-income persons; or
2. aid in the elimination of slums or blight; or
3. meet other community development needs of particular urgency which represent an immediate threat to the health and safety of residents of the community

Area benefit can be used to qualify street paving projects. However, for street paving projects that include multiple and non-contiguous target areas, each target area must separately meet the principally benefit low and moderate income national program objective. At least fifty-one percent (51%) of the residents located in each non-contiguous target area must be low and moderate income persons. A target area that does not meet this requirement cannot be included in an application for Tx CDBG funds. The only exception to this requirement is street paving eligible under the Disaster Relief/Urgent Need Fund.

D. INELIGIBLE ACTIVITIES

In general, any type of activity not described or referred to in 42 U.S.C Section 5305 is ineligible. Specific activities ineligible under the Texas Community Development Block Grant Program are:
1. construction of buildings and facilities used for the general conduct of government (e.g. city halls, courthouses, etc.);
2. new housing construction, except as last resort housing under 49 CFR Part 24 or affordable housing through eligible subrecipients in accordance with 24 CFR 570.204;
3. the financing of political activities;
4. purchases of construction equipment (except in limited circumstances under the STEP Program);
5. income payments, such as housing allowances; and
6. most operation and maintenance expenses (including smoke testing, televising/videotaping line work, or any other investigative method to determine the overall scope and location of the project work activities)

The Texas Capital Fund (TCF) will not accept applications in support of public or private prisons, racetracks and projects that address job creation/retention through a government supported facility. The Texas Capital Fund Program may be used to financially assist/facilitate the relocation of a business when certain requirements, as defined in the application guidelines, are met.

E. PRIMARY BENEFICIARIES

The primary beneficiaries of the Texas Community Development Block Grant Program are low to moderate income persons as defined under the U.S. Department of Housing and Urban Development (HUD) Section 8 Assisted Housing Program (Section I02(c)). Low income families are defined as those earning less than 50 percent of the area median family income. Moderate income families are defined as those earning less than 80 percent of the area median family income. The area median family can be based on a metropolitan statistical area, a non-metropolitan county, or the statewide non-metropolitan median family income figure.

F. DISPLACEMENT OF PERSONS ASSISTED

Applicant localities must certify that they will minimize the displacement of persons as a result of activities assisted with Texas Community Development Block Grant Program grant funds.

II. ALLOCATION OF CDBG FUNDS

91.320(d) and (f)

A. AVAILABLE FUND CATEGORIES

Assistance is available in six funding categories and two pilot programs under the Texas Community Development Block Grant Program as indicated below:

Funds:

1. Community Development Fund
2. Texas Capital Fund
3. Colonia Fund
   - 3a. Colonia Planning and Construction Fund
   - 3b. Colonia Economically Distressed Areas Program Legislative Set-Aside
   - 3c. Colonia Self-Help Centers Legislative Set-Aside
   - 3d. Colonias to Cities Initiative Program
4. Planning and Capacity Building Fund
5. Disaster Relief/Urgent Need Fund
6. Tx CDBG STEP Fund

PILOT PROGRAMS:

RENEWABLE ENERGY DEMONSTRATION PILOT PROGRAM

COMMUNITY FACILITIES FUND

B. DESCRIPTION OF FUNDS

1. Community Development Fund

This fund is available on a biennial basis for funding from program years 2011 and 2012 through a 2011 annual competition in each of the 24 State planning regions. Applications received by the 2011 program year application deadline are selected to receive grant awards from the 2011 and 2012 program year allocations. The scoring of the applications is shared between TDA and the 24 Regional Review Committees (RRC), with the RRC having the predominate percentage of the total possible score.

Regional Priority Set-asides: Housing and Non-Border Colonia projects - Each Regional Review Committee (RRC) is encouraged to allocate a percentage or amount of its Community Development Fund allocation to housing projects and, for RRCs in eligible areas, non-border colonia projects proposed in and for that region. Under a set-aside, the highest ranked applications for a housing or non-border colonia activity, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing or non-border colonia set-aside level. If the region allocates a percentage of its funds to housing and/or non-border colonia activities and applications conforming to the maximum and minimum amounts are not received to use the entire set-asides, the remaining funds may be used for other eligible activities. (Under a housing and/or non-border colonia set-aside process, a community would not be able to receive an award for both a housing or non-border colonia activity and an award for another Community Development activity during the biennial process. Housing projects/activities must conform to eligibility requirements in 42 U.S.C Section 5305 and applicable HUD regulations.)

The Tx CDBG encourages the use of funds not only to improve existing locations but to provide facilities in other areas to accommodate residential opportunities that will benefit low and moderate income persons. Applicants are encouraged to provide for infrastructure and housing activities that will improve opportunities for low and moderate income persons. When considering projects and designing projects, applicants must continue to consider affirmatively furthering fair housing, which includes providing basic infrastructure, such as water, sewer, and roads that benefit residential housing and other housing activities.

Funds for projects under the Community Development Fund are allocated among the 24 State planning regions based on the following:

REGIONAL ALLOCATION METHOD

The original CD formula is used to allocate 40 percent of the annual State CDBG allocation; and the HUD formula is used to allocate 21.71 percent of the annual State CDBG allocation.

Original CD formula (40%) factors:

a.	Non-Entitlement Population	30%
b.	Number of Persons in Poverty	25%
c.	Percentage of Poverty Persons	25%
d.	Number of Unemployed Persons	10%
e.	Percentage of Unemployed Persons	10%

To the extent possible, the information used to calculate the regional allocations through these factors will be based on the eligible nonentitlement applicants within each region. The population and poverty information used is from the current available decennial census data. The unemployment information used is the current available annual average information.

HUD formula (21.71%) - the formula is the same methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs. The HUD factors, percentages, and methodology are specified in 42 U.S.C. 5306(d). The Tx CDBG will use available data to calculate the allocations to each region.

Using the HUD methodology, the allocation for each region shall be the greater of an amount that bears the same ratio to the allocation for all 24 regions available as either:

(A) the average of the ratios between:

- the population of the nonentitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 25% weight);
- the extent of poverty in the nonentitlement areas in that region and the extent of poverty in the nonentitlement areas of all 24 regions (counted two times - 50% weight); and

- the extent of housing overcrowding in the nonentitlement areas in that region and the extent of housing overcrowding in the nonentitlement areas of all 24 regions (counted one time - 25% weight);

OR

(B) the average of the ratios between:

- the age of housing in the nonentitlement areas in that region and the age of housing in the nonentitlement areas in all 24 regions (counted two and one half times - 50% weight);
- the extent of poverty in the nonentitlement areas in that region and the extent of poverty in the nonentitlement areas of all 24 regions (counted one and one half times - 30% weight); and
- the population of the nonentitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 20% weight).

The Tx CDBG will continue to involve the non-entitlement communities and the public in a review of the regional allocation formula through public hearings, Task Forces, and input from the Texas Rural Health and Economic Development Advisory Council, Regional Councils of Governments, local and state government officials, and other interested parties.

Some regions in the State have a small number of eligible applicants and these regions may receive regional allocations large enough to allow each eligible applicant in that region to apply for an equal share of the regional allocations. The share available to each eligible applicant in the region may amount to an equal share based on the number of eligible applicants and the 2011 and 2012 regional allocations for that region. Or the share available to each eligible applicant in the region may be based on an allocation formula used by the region to allocate the funds available through the 2011 and 2012 regional allocations for the region. Each applicant in one of these regions must meet all state and federal eligibility requirements including but not limited to Tx CDBG applicant threshold requirements, federal requirements for eligible activities, and federal requirements that each activity in an application meet one of the three national program objectives. Applicants in these regions are scored by the Regional Review Committees and the Tx CDBG staff in accordance with the established Community Development Fund selection criteria. The total score received by each applicant in these regions determines if the applicant receives funding from the 2011 regional allocation or 2012 regional allocation. Depending on the State of Texas' CDBG allocations for the 2011 and 2012 program years, there could be a large variance between the 2011 and 2012 regional allocations. If the 2012 regional allocation for one of these regions decreases significantly from the 2011 regional allocation, then the total scores received by applicants in these regions could in fact prevent some of the applicants from receiving funds from the 2012 regional allocation.

A significant increase or decrease to the State's 2012 Program Year CDBG allocation would result in corresponding increases or decreases to the current Program Year Community Development Fund allocation and correspondingly higher or lower regional allocations.

Non-border colonia projects – available to eligible county applicants for projects in severely distressed unincorporated areas located farther than 150 miles from the Texas-Mexico border and non-entitlement counties, or portions of counties, within 150 miles of the Texas-Mexico border that are not eligible for the Colonia Fund because they are located in a standard metropolitan statistical area that has a population exceeding 1,000,000, as specified the Cranston-Gonzalez National Affordable Housing Act. Non-border colonia areas would be an identifiable unincorporated community that is determined to be colonia-like on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990).

Applicants must demonstrate they are adequately addressing water supply and water conservation issues (in particular contingency plans to address drought-related water supply issues), as described in the application guidance.

Applications requesting funds for projects other than water and sewer must include a description of how the applicant's water and sewer needs would be met and the source of funding that would be used to meet these needs.

2. Texas Capital Fund

This economic development funding is used for projects that will create or retain permanent employment opportunities, primarily for low to moderate income persons, and for county economic and management development activities. The funds may be used to provide financial assistance for eligible activities as cited in 42 U.S.C Section 5305, including the following activities.

a. Infrastructure improvements to assist a for-profit entity or a non-profit entity.

b. Acquisition of real property or to acquire, construct, reconstruct, or rehabilitate public facilities to assist a for-profit entity.

c. Infrastructure improvements to assist Texas Main Street Program designated municipalities.

d. Downtown Revitalization Program that is designed to foster and stimulate economic development in downtown areas by providing financial assistance for public improvements to non-entitlement cities. This program encourages the elimination of slum and blighted areas by targeting the renovation and/or construction of sidewalks, lighting, drainage and other infrastructure improvements in downtown areas. Communities eligible for the Texas Main Street Program are not eligible for the Downtown Revitalization Program.

e. County economic and management development activities as approved by TDA.

f. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that:

(1) creates or retains jobs for low- and moderate-income persons;

(2) prevents or eliminates slums or blight;

(3) meets urgent needs;

(4) creates or retains businesses owned by community residents;

(5) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or

(6) provides technical assistance to promote any of the activities under subparagraphs (1) through (5).

The Texas Capital Fund program will require repayment for Real Estate and Infrastructure projects, as follows:

a. Real Estate Development (including improvements to the business site) projects require full repayment with no interest accruing; and

b. Infrastructure Program (awards for infrastructure or railroad improvements on private property require full repayment with no interest accruing).

3. Colonia Fund

This fund is available to eligible county applicants for projects in severely distressed unincorporated areas which meet the definition as a "colonia" under this fund. Scoring of all the selection criteria for Colonia Fund applications is completed by Tx CDBG staff. The term "colonia" means any identifiable unincorporated community that is within 150 miles of the border between the United States and Mexico, except that the term does not include any standard metropolitan statistical area that has a population exceeding 1,000,000; and that is determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990). Except for fund categories where additional restrictions apply, a county can only submit applications on behalf of eligible colonia areas located within 150 miles of the Texas-Mexico border region, except that any county that is part of a standard metropolitan statistical area with a population exceeding 1,000,000 is not eligible under this fund.

3a. Colonia Planning and Construction Fund

The allocation is available on a biennial basis for funding from program years 2011 and 2012 through a 2011 annual competition. Applications received by the 2011 program year application deadline are eligible to receive grant awards from the 2011 and 2012 program year allocations. Funding priority shall be given to Tx CDBG applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (TWDB EDAP) where the Tx CDBG project will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the TWDB EDAP-funded water or sewer system.

An eligible county applicant may submit one (1) application for the following eligible construction activities:

(1) <u>Assessments for Public Improvements</u> – The payment of assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low- and moderate-income to recover the capital cost for a public improvement.

(2) <u>Other Improvements</u> – Other activities eligible under 42 U.S.C Section 5305 designed to meet the needs of colonia residents.

A colonia construction application must include an assessment of the effect of the Model Subdivision Rules established pursuant to §16.343 of the Water Code and enforcement actions throughout the county and provide the colonia identification number for the colonias that would receive the project benefit.

Colonia Planning Component

A portion of the funds will be allocated to two separate biennial competitions for applications that include planning activities targeted to selected colonia areas – (Colonia Area Planning activities), and for applications that include countywide comprehensive planning activities (Colonia Comprehensive Planning activities). Applications received by the 2011 program year application deadline are eligible to receive a grant award from the 2011 and 2012 program year allocations.

In order to qualify for the Colonia Area Planning activities, the county applicant must have a Colonia Comprehensive Plan in place that prioritizes problems and colonias for future action. The targeted colonia must be included in the Colonia Comprehensive Plan.

A Colonia Planning activities application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

(1) Colonia Area Planning Activities

An eligible county may submit an application for eligible planning activities that are targeted to one or more colonia areas. Eligible activities include:

- Payment of the cost of planning community development (including water and sewage facilities) and housing activities;
- Costs for the provision of information and technical assistance to residents of the area in which the activities are located and to appropriate nonprofit organizations and public agencies acting on behalf of the residents;
- Costs for preliminary surveys and analyses of market needs, preliminary site engineering and architectural services, site options, applications, mortgage commitments, legal services, and obtaining construction loans, and
- For any colonia in close proximity to a city, a plan that if implemented could lead to annexation of the colonia by the city.

(2) Colonia Comprehensive Planning Activities

To be eligible for these funds, a county must be located within 150 miles of the Texas-Mexico border. The applicant's countywide comprehensive plan will provide a general assessment of the colonias in the county, but will include enough detail for accurate profiles of the county's colonia areas. The prepared comprehensive plan must include the following information and general planning elements:

- Verification of the number of dwellings, number of lots, number of occupied lots, and the number of persons residing in each county colonia
- Mapping of the locations of each county colonia
- Demographic and economic information on colonia residents

- The physical environment in each colonia including land use and conditions, soil types, and flood prone areas
- An inventory of the existing infrastructure (water, sewer, streets, drainage) in each colonia and the infrastructure needs in each colonia including projected infrastructure costs
- The condition of the existing housing stock in each colonia and projected housing costs
- A ranking system for colonias that will enable counties to prioritize colonia improvements rationally and systematically plan and implement short-range and long-range strategies to address colonia needs
- Goals and Objectives
- Five-year capital improvement program
- An assessment of the effect of the Model Subdivision Rules established pursuant to §16.343 of the Water Code and enforcement actions throughout the county
- For any colonia in close proximity to a city, a plan that if implemented could lead to annexation of the colonia by the city

Colonia Planning Component funds may be used for planning purposes under the Colonias to Cities Initiative.

3b. Colonia Economically Distressed Areas Program (CEDAP) Legislative Set-aside

The allocation is distributed on an as-needed basis. Eligible applicants are counties, and nonentitlement cities located in those counties, that are eligible under the Tx CDBG Colonia Fund, including meeting the geographic requirements, and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the Tx CDBG), taps and meters (when approved by the Tx CDBG), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

An applicant may not have an existing CEDAP contract open in excess of 48 months and still be eligible for a new CEDAP award. (In accordance with program rule, an applicant may submit one application within a program year.)

If there are an insufficient number of TWDB EDAP projects ready for Colonia Economically Distressed Areas Program (CEDAP) funding, the CEDAP funds may be transferred as appropriate.

3c. Colonia Self-Help Centers Legislative Set-aside

In accordance with Subchapter Z, Chapter 2306, Government Code, and Title 10, Texas Administrative Code, Part 1, Chapter 3, TDHCA has established self-help centers in Cameron County, El Paso County, Hidalgo County, Starr County, and Webb County. If deemed necessary and appropriate, TDHCA may establish self-help centers in other counties (self-help centers have been established in Maverick County and Val Verde County) as long as the site is located in a county that is designated as an economically distressed area under the Texas Water Development Board Economically Distressed Areas Program (EDAP), the county is eligible to receive EDAP funds, and the colonias served by the center are located within 150 miles of the Texas-Mexico border.

The geographic area served by each self-help center is determined by TDHCA. Five (5) colonias located in each self-help center service area are designated to receive concentrated attention from the center. Each self-help center sets a goal to improve the living conditions of the residents located in the colonias designated for concentrated attention within a two-year period set under the contract terms. TDHCA has the authority to make changes to the colonias designated for this concentrated attention.

The TDHCA grant contract for each self-help center must be executed with the county where the self-help center is located. TDHCA will enter into a Texas Community Development Block Grant Program contract with each affected county. Each county enters into a subcontract with a non-profit community action agency, a public housing authority, or a non-profit organization.

A Colonia Residents Advisory Committee was established and not fewer than five persons who are residents of colonias were selected from the candidates submitted by local nonprofit organizations and the commissioners' court of a county where a self-help center is located. One committee member shall be appointed to represent each of the counties in which a self-help center is located. Each committee member must be a resident of a colonia located in the county the member represents but may not be a board member, contractor, or employee of or have any ownership interest in an entity that is awarded a contract through the Texas Community Development Block Grant Program. The Advisory Committee shall advise TDHCA regarding:

(1) the needs of colonia residents;

(2) appropriate and effective programs that are proposed or are operated through the centers; and

(3) activities that may be undertaken through the centers to better serve the needs of colonia residents.

The purpose of each center is to assist low income and very low income individuals and families living in colonias located in the center's designated service area to finance, refinance, construct, improve or maintain a safe, suitable home in the designated service area or in another suitable area. Each self-help center may serve low income and very low income individuals and families by:

(1) providing assistance in obtaining loans or grants to build a home;

(2) teaching construction skills necessary to repair or build a home;

(3) providing model home plans;

(4) operating a program to rent or provide tools for home construction and improvement for the benefit of property owners in colonias who are building or repairing a residence or installing necessary residential infrastructure;

(5) helping to obtain, construct, access, or improve the service and utility infrastructure designed to service residences in a colonia, including potable water, wastewater disposal, drainage, streets and utilities;
(6) surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;
(7) providing credit and debt counseling related to home purchase and finance;
(8) applying for grants and loans to provide housing and other needed community improvements;
(9) providing other eligible services that the self-help center, with TDHCA approval, determines are necessary to assist colonia residents in improving their physical living conditions, including help in obtaining suitable alternative housing outside of a colonia's area;
(10) providing assistance in obtaining loans or grants to enable an individual or family to acquire fee simple title to property that originally was purchased under a contract for a deed, contract for sale, or other executory contract;
(11) monthly programs to educate individuals and families on their rights and responsibilities as property owners; and
(12) providing access to computers, the internet, and computer training.

A self-help center may not provide grants, financing, or mortgage loan services to purchase, build, rehabilitate, or finance construction or improvements to a home in a colonia if water service and suitable wastewater disposal are not available.

For any award made on or after September 1, 2005, any political subdivision that receives community development block grant program money targeted toward street improvement projects in eligible colonia areas must allocate not less than five percent but not more than 15 percent of the total amount of street improvement money to providing financial assistance to colonias within the political subdivision to enable the installation of adequate street lighting in those colonias if street lighting is absent or needed.

3d. Colonias to Cities Initiative

If there are an insufficient number of TWDB EDAP projects ready for Colonia Economically Distressed Areas Program (CEDAP) funding, the CEDAP funds may be transferred to the Colonias to Cities Initiative. This initiative will provide funding for basic infrastructure considered necessary for a colonia area to be annexed by an adjoining city. Priority would be for colonias that have received prior Tx CDBG funding. Both the county and city must submit a multi-jurisdictional pre-application for the project that includes a resolution from each jurisdiction. The city's resolution must include a firm commitment to annex the colonia upon completion of the project. Multi-jurisdictional applications from the county and city would be accepted by invitation only after a thorough review of the pre-applications. Failure to annex the colonia may result in a requirement to repay the CDBG funding to Tx CDBG. The maximum amount provided would be $500,000. (The Colonia Construction component scoring would be used to prioritize funding if needed. The Tx CDBG may establish other criteria in the application guidelines.)

In addition, the initiative may involve a planning component that would use the Colonia Area Planning activities guidelines.

4. Planning And Capacity Building Fund

This fund is available on a biennial basis to assist eligible cities and counties in conducting planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements (including telecommunications and broadband needs). All planning projects awarded under this fund must include a section in the final planning document that addresses drought-related water supply contingency plans and water conservation plans. Applications received by the 2011 program year application deadline are eligible to receive grant awards through a Statewide competition for funding from the 2011 and 2012 program year allocations.

A significant increase or decrease to the State's 2012 CDBG allocation may result in corresponding increases or decreases to the 2012 Planning and Capacity Building Fund allocations.

5. Disaster Relief/Urgent Need Fund

Disaster Relief assistance is available through this fund as needed for eligible activities in relief of disaster situations where either the Governor has proclaimed a state disaster declaration or the President has issued a federal disaster declaration. Tx CDBG may prioritize throughout the program year the use of Disaster Relief assistance funds based on the type of assistance or activity under consideration and may allocate funding throughout the program year based on assistance categories. Priority for the use of these Tx CDBG funds is for repair and restoration activities to meet basic human needs, such as water and sewer facilities, housing, and roads.

Urgent Need assistance is contingent upon the availability of funds for activities that will restore water or sewer infrastructure whose sudden failure has resulted in death, illness, injury, or pose an imminent threat to life or health within the affected applicant's jurisdiction. The infrastructure failure must not be the result of a lack of maintenance and must be unforeseeable. As an initial step, Tx CDBG undertakes an assessment of whether the situation is reasonably considered unforeseeable. An application for Urgent Need assistance will not be accepted by the Tx CDBG until discussions between the potential applicant and representatives of the Tx CDBG, the Texas Commission on Environmental Quality (TCEQ), and the Texas Water Development Board (TWDB) have taken place. Through these discussions, a determination shall be made whether the situation meets Tx CDBG Urgent Need threshold criteria; whether shared financing is possible; whether financing for the necessary improvements is, or is not, available from the TWDB; or that the potential applicant does, or does not, qualify for TWDB assistance. If Tx CDBG funds are still available, a potential applicant that meets these requirements will be invited to submit an application for Urgent Need funds.

To qualify for Disaster Relief funds:

- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government.
- The problem being addressed must be of recent origin. For Disaster Relief assistance, this means that the application for assistance must be submitted no later than 12 months from the date of the Presidential or Governor's declaration.
- Under Disaster Relief, funds will not be provided under FEMA's Hazard Mitigation Grant Program for buyout projects unless Tx CDBG receives satisfactory evidence that the property to be purchased was not constructed or purchased by the current owner after the property site location was officially mapped and included in a designated flood plain area.

- Each applicant for these funds must demonstrate that adequate local funds are not available, i.e., the entity has less than six months of unencumbered general operations funds available in its balance as evidenced by the last available audit required by state statute, or funds from other state or federal sources are not available to completely address the problem.
- Tx CDBG will consider whether funds under an existing Tx CDBG contract are available to be reallocated to address the situation.
- The distribution of these funds will be coordinated with other state agencies.

To qualify for Urgent Need funds:

- The situation addressed by the applicant must not be related to a proclaimed state disaster declaration or a federal disaster declaration.
- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government (e.g., not for facilities or equipment beyond their normal, useful life span).
- The problem being addressed must be of recent origin. For Urgent Need assistance, this means that the situation first occurred or was first discovered no more than 30 days prior to the date that the potential applicant provides a written request to the Tx CDBG for Urgent Need assistance. The Urgent Need Fund will not fund projects to address a situation that has been known for more than 30 days or should have been known would occur based on the applicant's existing system facilities.
- Each applicant for these funds must demonstrate that local funds or funds from other state or federal sources are not available to completely address the problem.
- The distribution of these funds will be coordinated with other state agencies.
- The infrastructure failure cannot have resulted from a lack of maintenance.
- Urgent Need funds cannot be used to restore infrastructure that has been cited previously for failure to meet minimum state standards.
- The infrastructure failure cannot have been caused by operator error.
- The infrastructure requested by the applicant cannot include back-up or redundant systems.
- Tx CDBG will consider whether funds under an existing Tx CDBG contract are available to be reallocated to address the situation.
- The Urgent Need Fund will not finance temporary solutions to the problem or circumstance.

Construction on an Urgent Need fund project must begin within ninety (90) days from the start date of the Tx CDBG contract. The Tx CDBG reserves the right to deobligate the funds under an Urgent Need Fund contract if the grantee fails to meet this requirement.

Each applicant for Urgent Need funds must provide matching funds. If the applicant's 2000 Census population is equal to or fewer than 1,500 persons, the applicant must provide matching funds equal to 10 percent of the Tx CDBG funds requested. If the applicant's 2000 Census population is over 1,500 persons, the applicant must provide matching funds equal to 20 percent of the Tx CDBG funds requested. For county applications where the beneficiaries of the water or sewer improvements are located in unincorporated areas, the population category for matching funds is based on the number of project beneficiaries.

6. Tx CDBG STEP Fund

Funds will be available for grants on a competitive award basis to cities and counties to provide grant assistance to cities and communities recognizing the need and willingness to solve water and sewer problems through the Texas Small Towns Environment Program (STEP) self-help techniques. The program will accept applications two times a year and utilize a competitive process to evaluate, score and award these projects.

Cities and counties receiving 2011 and 2012 Community Development Fund grant awards for applications that did not include water, sewer, or housing activities are not eligible to receive a 2011 STEP Fund grant award. However, the Tx CDBG will give consideration to a city's or county's request to transfer funds (that are not financing basic human needs activities such as water, sewer, or housing activities) under a 2011 or 2012 Community Development Fund grant award to finance water and sewer activities that will be addressed through self-help.

The Texas STEP approach to solving water and sewer needs recognizes affordability factors related to the construction and operations/maintenance of the necessary water or sewer improvements and then initiates a local focus of control based on the capacity and readiness of the community's residents to solve the problem through self-help. By utilizing the community's own resources (human, material and financial), the necessary water or sewer construction costs, engineering costs, and related administration costs can be reduced significantly from the cost for the installation of the same improvements through conventional construction methods.

Tx CDBG staff will provide guidance, assistance, and support to community leaders and residents willing to use self-help to solve their water and sewer problems.

Eligible Activities

For the Tx CDBG STEP Fund eligible activities are limited to:

- the installation of facilities to provide first-time water or sewer service
- the installation of water or sewer system improvements
- ancillary repairs related to the installation of water and sewer systems or improvements
- the acquisition of real property related to the installation of water and sewer systems or improvements (easements, rights of way, etc.)
- sewer or water taps and water meters
- water or sewer yard service lines (for low and moderate income persons)
- water or sewer house service connections (for low and moderate income persons)
- plumbing improvements associated with providing water or sewer service to a housing unit
- water or sewer connection fees (for low and moderate income persons)
- rental of equipment for installation of water or sewer
- reasonable associated administrative costs
- reasonable associated engineering services costs

Ineligible Activities

- any activity not described in the preceding ELIGIBLE ACTIVITIES section is ineligible under the Tx CDBG STEP Fund unless the activity is approved by the Texas Community Development Block Grant Program
- temporary solutions, such as emergency inter-connects that are not used on an on-going basis for supply or treatment and back-ups not required by the regulations of the Texas Commission on Environmental Quality.

The Tx CDBG will not reimburse for force account work for construction activities on the STEP project.

Funding Cycle

Applications are accepted two times a year for Texas STEP Funding as long as funds are available. Funds will be divided among the two application periods. After all projects are ranked, only those that can be fully funded will be awarded a grant. There will be no marginally funded grant awards.

The Tx CDBG will not accept an application for STEP Fund assistance until Tx CDBG staff and representatives of the potential applicant have evaluated the self-help process and Tx CDBG staff determine that self-help is a feasible method for completion of the water or sewer project, the community is committed to self-help as the means to address the problem, and the community is ready and has the capacity to begin and complete a self-help project. If it is determined that the community meets all of the STEP criteria then an invitation to apply for funds will be extended to the community and the application may be submitted.

Threshold Criteria

The self-help response to water and sewer needs may not be appropriate in every community. In most cases, the decision by a community to utilize self-help to obtain needed water and sewer facilities is based on the community's realization that it cannot afford even a "no frills" water or sewer system based on the initial construction costs and the operations/maintenance costs (including debt service costs) for water or sewer facilities installed through conventional financing and construction methods.

The following are threshold requirements for the Texas STEP framework. Without all these elements the project will not be considered under the Texas STEP fund:
1) one or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort;
2) readiness—local perception of the problem and the willingness to take action to solve it;
3) capacity— manpower including some skills required to solve the problem and operate applicable construction equipment;
4) 40% Savings off of retail price; and
5) must be performed predominately by community volunteer workers.

To be eligible for additional STEP awards, an applicant must have demonstrated to Tx CDBG management that its existing STEP contracts are currently being implemented on schedule in accordance with the applicable contracts and in accordance with any Tx CDBG-approved allowances.

Upon completion of the project, the award recipient will be required to certify that work was performed predominately by community volunteer workers and a minimum of 40 percent savings off of retail prices was maintained (or the savings percentage specified in the application if greater).

Some of the key points staff will review for these thresholds include but are not limited to the following:

1) one or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort; Leaders that have been identified and agreed on by the community:

- at least two of the three sparkplugs must be residents and not local officials (local officials may serve as sparkplugs)
- one should be detailed enough to maintain the paperwork needed for the project
- one should have some knowledge or skills to lead the self-help effort
- And one can have a combination of these skills or just be the motivator and problem solver of the group

  These are not absolutes but the best scenario for any project.

2) readiness—local perception of the problem and the willingness to take action to solve it:

- a strong local perception of the problem
- community perception that local implementation is the best and maybe only solution
- community has confidence that they can do it adequately

- community has no strong competing priority
- local government is supportive and understands the urgency
- public and private willingness to pay additional costs if needed (fees, hook-ups for churches, other)
- effort and attention have already been given to local assessment of the problem
- enthusiastic, capable support by the community from the county or regional field staff of the regulatory agency

3) capacity— manpower including some skills required to solve the problem:

- Skilled workers within the community (heavy equipment operation, pipe laying, electrician, plumber, engineer, water operator, construction skills)
- List of Volunteers by task
- Possible equipment in community (not a requirement)
- Letters stating support from local businesses in form of donation of supplies or manpower
- Letter from service provider supporting project and agreeing to provide service
- CPA Letter documenting that the applying locality has financial and management capacity to compete project

4) 40% Savings off of retail price.

Documentation of the 40% savings off of the retail price:

- Two engineering break-outs of cost, one that shows the retail construction cost and another that shows the self-help cost and demonstrates the 40% savings
- Back-up documents of material quotes, pledges of equipment
- List of Volunteers by task
- Determination of appropriate technology and feasibility of project. (letter from engineer)

Pilot Programs:

Renewable Energy Demonstration Pilot Program (Using Deobligated and/or Program Income)

The Tx CDBG will develop a renewable energy pilot program funded solely through deobligated funds / program income for demonstration projects that employ renewable energy for at least 20% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy).

The priority will be for projects that are connected with providing public facilities to meet basic human needs such as water or waste water. It is anticipated that the projects funded would meet the National Objective of benefiting a "target area" where at least 51 percent of the residents are low and moderate income persons, although the project would be allowed to qualify under other National Objective alternatives. The maximum amount of the project would be $500,000 and the minimum would be $50,000. The program may directly award additional funds to an existing contract as necessary for a complete and successful project.

The projects will be selected on the following basis (which are assigned points under Section IV(C)(6) of this Action Plan):
(A) Type of Project: Primarily used in conjunction with providing public facilities to meet basic human needs such as water or waste water and/or benefit to low/moderate-income persons.
(B) Innovative Technology/Methods – A project that would demonstrate the application of innovative technology and/or methods.

(C) Duplication in Other Rural Areas – A project that could have widespread application (although it would not need to be applicable in every portion of the State.)

(D) Long-term Cost/Benefit and Texas Renewable Energy Goals – Projects that demonstrate long term cost/benefit analysis including benefits to the human environment and consistency with Texas renewable energy goals.

(E) Partnership/Collaboration – Projects that have a demonstrated partnership and collaboration with other entities focusing on promoting renewable energy including universities, funding agencies, associations, or businesses.

(F) Leveraging – projects with committed funds from other entities including funding agencies, local governments, or businesses – percent of portion of total project receiving Tx CDBG funds is leveraged with other funds.

(G) Location in Rural Areas – Projects that benefit cities with populations under 10,000 or counties under 100,000.

Community Facility Fund

Purpose: The purpose of this community enhancement program is to provide one project to benefit a community in each of the 24 Councils of Governments (COG) regions over the PY 2011/2012 period and beyond if necessary based on available funding. This program is designed to sustain the smallest of the rural communities within Texas. The project must be a community facility project that would have the potential to benefit all citizens with the jurisdiction. It must not involve providing basic infrastructure nor be a recreational project, as determined by Tx CDBG staff. The project may include connections to existing infrastructure. (A community center could hold recreational activities or events within the facility.) The community facilities must provide a benefit that will enhance the overall quality of life in the rural community. (While the project to be funded may not be considered a recreational project, the design may provide for an incidental amount of recreational facilities that would be constructed using other sources of funding in another future phase. The initial phase funded under this program may not include construction of any recreational facilities.)

Amount available for each COG region and each award: $250,000. If a city has as part of its application a resolution in support of the project from the county where it is located, the maximum application amount, and amount available to the region, will be $300,000. (A county that meets the LMI percentage requirement that is submitting an application on its own behalf may receive up to $300,000.) The Tx CDBG staff will select at random the initial regions that may apply in PY 2011. The remaining regions would be the eligible applicants in PY 2012 and subsequent program years, if necessary based on available funding.

Source of funding: Funding will be provided from deobligated funds, program income, or other external sources.

Eligibility requirements: The applicant must meet the Low and Moderate Income (LMI) national objective for its entire jurisdiction (at least 51 percent LMI). The Tx CDBG may establish other national objective criteria. Additional requirements may be specified in the application. The applicant must demonstrate that it has the financial resources to sustain the operation and maintenance of the facility.

Pre-application: The applicant must submit a pre-application for initial eligibility determination. Application will be by invitation to those entities that meet the pre-application eligibility requirements. Additional details and requirements may be established in the pre-application and application.

C. ALLOCATION OF AVAILABLE FUNDS BY FUND CATEGORY

The U.S. Department of Housing and Urban Development has not yet announced the State's 2012 program year CDBG allocation. The State's 2012 allocation could be lower than the 2011 allocation of $66,604,562.

The amount available for Tx CDBG assistance will be the 2012 State CDBG allocation amount plus an estimated $2,500,000 in program income. Funds will be allocated according to the following percentages of the State's 2012 allocation upon the execution of the grant agreement with HUD:

FUND	2011 PERCENT	AMOUNT AVAILABLE
Community Development Fund	61.71[1]	
Texas Capital Fund (TCF)	14.51	
Program Income from TCF		$2,000,000[4]
Colonia Fund		
Colonia Planning and Construction Fund	7.00	
Colonia EDAP Legislative Set-aside	3.00[5]	
Colonia Self-Help Centers Legislative Set-aside	2.50	
Planning And Capacity Building Fund	1.0	
Disaster Relief/Urgent Need Fund		
Disaster Relief	4.10	
Urgent Need	0[2]	
Tx CDBG STEP Fund	3.03	
Administration	2.69	
Administration - $100,000	0.15	
Technical Assistance	0.31	
Pilot Programs (Deobligated Funds/ Program Income):		
Renewable Energy Demonstration Pilot Program	0[3]	
Communities Facilities Fund		
Other Program Income:		$500,000

Note: The percentages shown above are based on the State's actual 2011 allocation percentages. Changes to the above percentages may occur if the State's 2012 CDBG allocation is different than the 2011 allocation of $66,604,562.

Deobligated funds/program income notes:

1 Allocation to each region based on Section II (B)

2 Deobligated funds and/or program income sufficient to replenish to $1,000,000 is made available for the Urgent Need Fund on the first day of PY 2012. Based on a Tx CDBG Program determination of respective demand for financial assistance under the Urgent Need and Disaster Relief portions of the Disaster Relief/Urgent Need Fund, Urgent Need funds may be used for Disaster Relief projects.

3 Deobligated funds and/or program income of $500,000 is made available on the first day of PY 2012. The amounts for these fund categories may be adjusted during PY 2012 as needed.

4 Used based on Section II (C)(a).

5 May be transferred for the other projects benefitting Colonias if there are an insufficient number of EDAP-eligible projects ready for CEDAP connection funding.

6 Deobligated funds and/or program income up to $500,000 sufficient to provide for the timely expenditure initiative are made available on the first day of the Program Year.

Summary of Activities That Utilize 1% Technical Assistance Funding

Timely Expenditure Initiative – Pilot Program for the Community Development Fund

As a pilot program, the Tx CDBG will establish a program that provides an opportunity for the reimbursement of additional demonstrated costs incurred to complete the project activities earlier than the regular contract implementation schedule based on all of the following criteria.

At the 12-month point in the contract, the grant recipient must email Tx CDBG a certification statement informing Tx CDBG whether it has started construction on any contract activity. This certification statement must arrive prior to the end of the 12th month from the original contract start date;

All construction funded with Tx CDBG funds must be completed and 90 percent of the Tx CDBG budget must be requested from Tx CDBG for eligible costs with acceptable supporting documentation not later than 60 days earlier than the original contract end date;

The Tx CDBG will consider reimbursement of up to one percent (1%) of the Tx CDBG funds budgeted for construction and acquisition/relocation for additional demonstrated costs incurred to complete the project activities 60 days earlier than the original contract end date;

The opportunity to receive any additional reimbursement under this program will automatically end without any further action being necessary by either party to the Tx CDBG contract and it will no longer be possible to be considered regardless of circumstances for reimbursement of any additional costs under this program after a date 60 days prior to the end of the original contract period;

These funds cannot replace local funds already provided for activity delivery costs or local administration;

The reimbursement is contingent on available Tx CDBG funds at the time; and

Tx CDBG may use either annual allocation funds, deobligated funds, or program income to fund these additional costs incurred.

Examples of eligible costs include: additional contacts made with other entities involved in the Tx CDBG contract activities, additional monitoring of the status of the Tx CDBG-funded activities; attendance at additional meetings directly related to the Tx CDBG-funded activities, and other additional activity delivery costs.

Technical Assistance Performed Through the Community Development Program

The Texas Community Development Block Grant Program will conduct numerous on-site technical assistance visits funded with the one percent technical assistance (TA) set-aside approved by HUD. These visits will be conducted throughout the year when the Tx CDBG staff recognizes that assistance is needed at the local level or when assistance is requested by the grantees.

Tx CDBG Community Development staff, including its field office staff, will visit localities that are preliminarily recommended for funding to verify information provided in the applications, to view the project sites, to distribute Project Implementation Manuals, and to provide technical assistance regarding the initial Tx CDBG project implementation procedures.

Other technical assistance visits will be conducted with TDA funds for special cases dealing with investigations, compliance issues, and to help contractor localities comply with all program requirements.

The TA funds are utilized for a portion of staff salaries which allows Tx CDBG staff to provide greater one-on-one technical assistance to the small communities throughout the contract period.

The Texas Department of Agriculture is using technical assistance funds for on-site technical assistance on the Texas Capital Fund program.

The Texas Department of Housing and Community Affairs is using technical assistance funds for on-site technical assistance on the Colonia Self-Help Centers program.

The Tx CDBG is utilizing the technical assistance funds to introduce, facilitate, and provide community access to the Texas Small Towns Environment Program (Texas STEP) which targets water and wastewater needs. Staff visits localities that are interested in utilizing the Texas STEP method of self-help and provides technical assistance on the development of a financial framework, managing a self-help project and building capacity within a community through self-help.

The Tx CDBG may utilize the technical assistance funds to support Tx CDBG activities related to TDA's disaster relief efforts. State efforts for response to disasters and the mitigation of the consequences of disasters have required that TDA dedicate considerable resources for disaster recovery efforts.

In 2012, the Tx CDBG will use a portion of the technical assistance to provide outreach information regarding the CDBG program to local officials of non-entitlement cities and counties. The technical assistance will include information on the application process, program administration, and to improve their capacity to implement a CDBG program.

The technical assistance funds will also be used by each of the 24 State Planning Regions to provide non-project specific technical assistance to cities and counties that are eligible for Tx CDBG funds in each region.

The technical assistance funds may be used to support the operations of the border colonia technical assistance field offices.

The technical assistance funds may be used to support the operations of TDA field offices that assist in administering the Tx CDBG.

Deobligated Funds, Unobligated Funds, and Program Income

(a) Deobligated funds, unobligated funds and program income generated by Texas Capital Fund projects shall be retained for expenditure in accordance with the Consolidated Plan. Program income derived from Texas Capital Fund projects will be used by the Tx CDBG for eligible Texas Community Development Block Grant Program activities in accordance with the Consolidated Plan.

Any deobligated funds, unobligated funds, program income, and unused funds from this year's allocation or from previous years' allocations derived from any Texas Community Development Block Grant Program Fund, including program income recovered from Texas Capital Fund local revolving loan funds, and any reallocated funds which HUD has recaptured from Small Cities may be redistributed among the established 2012 program year fund categories, for otherwise eligible projects. The selection of eligible projects to receive such funds is approved by TDA on a priority needs basis with eligible disaster relief and urgent need projects as the highest priority, followed by, established priority uses within existing fund categories or programs, any awards necessary to resolve appeals under fund categories covered by Texas Administrative Code at 10 T.A.C., Part 6, Chapter 255.1(g), TCF projects, special needs projects, projects in colonias, housing activities, and other projects as determined by TDA. Other purposes or initiatives may be established as a priority use of such funds within existing fund categories or programs by TDA.

If a portion of the State's 2012 Community Development Block Grant allocation is rescinded by the federal government, or if the State's 2012 allocation differs significantly from the State's 2011 allocation, the Tx CDBG may make corresponding changes within the fund allocation percentages as required.

(b) Re-distribution of Funds Recaptured from Withdrawn Awards. Should the applicant fail to substantiate or maintain the claims and statements made in the application upon which the award is based, including failure to maintain compliance with application thresholds in Section III, F.(1) through F.(4), within a period ending 90 days after the date of the Tx CDBG's award letter to the applicant, the award will be immediately withdrawn by the Tx CDBG (excluding the colonia self-help center awards). Should the applicant fail to execute the Tx CDBG's award contract (excluding Texas Capital Fund and colonia self-help center contracts) within 60 days from the date of the letter transmitting the award contract to the applicant, the award will be withdrawn by the Tx CDBG. For an award that is withdrawn from an application, the Tx CDBG follows different procedures for the use of those recaptured funds depending on the fund category where the award is withdrawn.

(1) Funds recaptured under the Community Development Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive an award from the first year regional allocation. Funds recaptured under the Community Development Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive full funding (the applicant recommended to receive marginal

funding) from the second year regional allocation. Any funds remaining from the second year regional allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the region as long as the amount of funds still available exceeds the minimum Community Development Fund grant amount. Any funds remaining from the second year regional allocation that are not accepted by an applicant from the region or that are not offered to an applicant from the region may be used for other Tx CDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(2) For the Community Development Fund, if there are no remaining unfunded eligible applications in the region from the same biennial application period to receive the withdrawn funding, then the withdrawn funds may be used for other Tx CDBG fund categories and, if unallocated to another fund, are considered as deobligated funds, subject to the procedures described in paragraph (a) of this section.

(3) Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that Statewide competition that was not recommended to receive an award from the first year allocation. Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that Statewide competition that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year allocation. Any funds remaining from the second year allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the Statewide competition. Any funds remaining from the second year allocation that are not accepted by an applicant from the Statewide competition or that are not offered to an applicant from the Statewide competition may be used for other Tx CDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(4) Funds recaptured under the Colonia Planning and Construction Fund from the withdrawal of an award remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other Tx CDBG fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(5) Funds recaptured under the Colonia Economically Distressed Areas Program Legislative Set-Aside from the withdrawal of an award remain available to potential Colonia Economically Distressed Areas program set-aside applicants during that program year. Any funds remaining from the program year allocation that are not used to fund Colonia Economically Distressed Areas Program set-aside applications within twelve months after the Tx CDBG receives the federal letter of credit would remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other Tx CDBG fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(7) Funds recaptured under the program year allocation for the Disaster Relief/Urgent Need Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(8) Funds recaptured under the Small Towns Environment Program (STEP) Fund from the withdrawal of an award will be made available in the next round of STEP competition following the withdraw date in the same program year. If the withdrawn award had been made in the last of the two competitions in a program year, the funds would go to the next highest scoring applicant in the same STEP competition. If there are no unfunded STEP applicants, then the funds would be available for other Tx CDBG fund categories. Any unallocated STEP funds are subject to the procedures described in paragraph (a) of this section.

(9) Funds recaptured under the Texas Capital Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

D. PROGRAM INCOME

Program income is defined as gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. Any remaining program income must be used to establish an approved Revolving Loan Fund (RLF) or returned to the State.

The State may use up to the maximum allowable percentage of the amount recaptured and reportable to HUD each year for administrative expenses under the Texas Community Development Block Grant Program. This amount will be matched by the State on a dollar-for-dollar basis.

Program income includes, but is not limited to, the following:

- Payments of principal and interest on loans using CDBG funds
- Proceeds from the sale of loans made with CDBG funds
- Gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient with CDBG funds
- Gross income from the use, sale, or rental of real property and/or real property improvements owned by the unit of general local government or subrecipient that was constructed or improved with CDBG funds
- Gross income from the use of infrastructure improvements constructed or improved with CDBG funds
- Funds collected through special assessments, impact fees or other additional fees from benefiting businesses, if the special assessments or fees are used to recover all or part of the CDBG portion of public improvements
- Proceeds from the disposition of equipment purchased with CDBG funds
- Interest earned on funds held in an RLF account

1. Texas Capital Fund Program Income

For program income generated through Texas Capital Fund projects, communities that elect to participate in the recapture of program income for use at the local level through a designated Revolving Loan Fund (RLF) will be limited to receiving one Texas Capital Fund contract award per program year. If a community elects not to participate in the recapture of program income, the community may apply for as many Texas Capital Fund awards as it has eligible projects. This determination must be made at the time of the original award and cannot be changed with subsequent awards.

A local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the Tx CDBG, prior to committing and expending any program income. The RLFP shall be approved and must be used for economic development in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended. The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to the Tx CDBG approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original Tx CDBG contract programmatic close date. Every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived. A local Revolving Loan Fund (RLF) may retain a cash balance not greater than 33 percent of its total cash and outstanding loan balance. If the local government does not comply with the local RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

Communities electing to retain program income through an approved RLF are required to monitor and report to the State program income account balances reflecting amounts received and disbursed and the status of outstanding loans or leases. Such report should also include information regarding RLF loans, leases, and commitments made.

If the local government elects not to participate in program income recapture, fails to meet all requirements of this section or requirements identified in Section 6 of its TCF/Tx CDBG contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the State. This section, "Texas Capital Fund Program Income," replaces the Texas Capital Fund Program Income Sections of the Final Statements for program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995 and affects all TCF local revolving loan funds established by contracts awarded in program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995. The following provisions, however, do not apply: 1) "The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to Tx CDBG approval of an RLFP must be returned to the State." 2) "…every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived." 3) "…contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state."

2. Program Income Generated Through Housing Activities

For program income generated through housing activities funded through the Housing Fund or Tx CDBG fund categories other than the Texas Capital Fund, a local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the Tx CDBG, prior to committing and expending any program income. The RLFP shall be approved and must be used for housing activities principally benefiting low to moderate income persons in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended.

The RLFP must be submitted for approval at least sixty (60) days prior to the termination date of the contract award generating the program income. This requirement shall also apply to 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, and 2004 Housing Fund contract awards. Program income generated by the contract award prior to Tx CDBG approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original Tx CDBG contract programmatic close date. A local Revolving Loan Fund (RLF) may retain a cash balance not greater than 33 percent of its total cash and outstanding loan balance. If the local government does not comply with the local RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

Communities electing to retain program income through an approved RLF are required to monitor and report the amount of program income recaptured to the State with updates concerning the status of outstanding loans or leases on a quarterly basis, including but not limited to payments received and amendments to the original loan or lease agreement, as required by the Tx CDBG.

If the local government elects not to participate in program income recapture or an RLFP is not approved prior to the contract close-out, then all program income must be returned to the Tx CDBG.

III. APPLICATION INFORMATION

A. TYPES AND NUMBER OF APPLICATIONS

The following two types of applications are permitted under the Texas Community Development Block Grant Program:

1. Single Jurisdiction Applications

An eligible applicant may submit one application on its own behalf. When certain situations exist, which will be defined in Tx CDBG application guides, an eligible city may submit an application which benefits persons residing inside of the extraterritorial jurisdiction of the city, and a county may submit a single jurisdiction application on behalf of a city. The submitting city or county is accountable to the Tx CDBG for financial compliance and program performance. If a city or county submits a single jurisdiction application, or its residents are the beneficiaries of a single jurisdiction application, then the city or county cannot participate in another single jurisdiction or multi-jurisdiction application for the same funding category. Local accountability cannot be assigned to another party.

An application from an eligible city or county for a project that would primarily benefit another city or county that was not meeting the Tx CDBG application threshold requirements would be considered ineligible.

2. Multi-Jurisdiction Applications

Multi-Jurisdiction applications will be accepted from two or more eligible units of general local government where the application clearly demonstrates that the proposed activities will mutually benefit the residents of the city(ies)/county(ies) applying for such funds. One of the participating units of general local government must be designated to act as the authorized applicant for the multi-jurisdiction application and the authorized applicant is accountable to the Tx CDBG for financial compliance and program performance; however, all entities participating in the multi-jurisdiction application will be accountable for application threshold compliance. A multi-jurisdiction application generally cannot be submitted solely on the basis of administrative convenience. Any city or county participating in a multi-jurisdiction application may not submit a single jurisdiction application for the same funding category.

Under the Community Development Fund regional competitions, a multi-jurisdiction application that includes participating units of general local government from more than one State planning region will compete in the regional competition where the majority of the application activity beneficiaries are located.

B. APPLICATION CYCLES

Based on the support from cities and counties for previous biennial funding cycles, applications for the Community Development, Colonia Planning and Construction Fund, and Planning and Capacity Building Fund will be accepted on a biennial basis. The biennial funding cycles for these fund categories will improve the timeliness of the expenditure of CDBG funds and therefore prove more cost effective.

The following table summarizes the proposed frequency of application submission for various application types. The application deadline dates are subject to change:

TYPE OF APPLICATION	SUBMISSION CYCLE	APPLICATION DEADLINE
1. Community Development Fund	**Biennial[1]**	**October, 2010**
2. Texas Capital Fund		
Real Estate Program	Continuous	
Infrastructure Program	Continuous	
Main Street Program	Annually	
Downtown Revitalization Program	Annually	
3. Colonia Fund:		
Planning and Construction Fund	Biennial	**June 3, 2011**
EDAP Set-aside	As-needed	
4. Planning/Capacity Building Fund	**Biennial[1]**	**October 8, 2010**
5. Disaster Relief/Urgent Need Fund:		
Disaster Relief	As needed	
Urgent Need2	By notification	
6. Tx CDBG STEP Fund	Two times annually	
Renewable Energy Demonstration Pilot Program	As announced, at least once annually.	

1 The applications submitted for the program year 2011 Community Development Fund and Planning and Capacity Building Fund as part of the 2011/2012 biennial application process will be scored and ranked. Applications will be funded to the extent that allocated 2012 funds are available. Applications submitted for the Colonia Planning and Construction Fund will be scored and ranked. The final 2011 program year rankings under the Community Development Fund, Planning and

Capacity Building Fund, Colonia Planning and Construction Fund will be used to determine the 2011 applicants that are selected for funding from the 2012 program year allocations. Only one application may be submitted for the combined 2011 program year and 2012 program year period under the Community Development Fund, Colonia Construction component, Colonia Planning component, and the Planning and Capacity Building Fund.

C. CONTRACT AWARDS

With the qualified exceptions of the Texas Capital Fund, Colonia Fund, and Disaster Relief/Urgent Need Fund, an applicant is eligible to receive only one grant award per fund. Maximum and minimum contract awards for any single project allowable under the Texas Community Development Block Grant Program are:

CONTRACT AWARD

FUND	CONTRACT AWARD MAXIMUM	CONTRACT AWARD MINIMUM
Community Development Fund		
Single Applicant	$800,000[1]	$75,000[1]
Multi-Jurisdiction Application	$800,000[1]	$75,000[1]
Texas Capital Fund		
Real Estate Program	$750,000[2]	$50,000
Infrastructure Program	$750,000[2]	$50,000
Main Street Program	$150,000[3]	$50,000
Downtown Revitalization Program	$150,000[3]	$50,000
Colonia Fund		
Construction Fund Component	$500,000	$75,000
EDAP Set-aside	$500,000	None
Area Planning Component	$100,000[4]	None
Comprehensive Planning Component	$100,000[4]	None
	Or $30,000[4]	
Planning/Capacity Building Fund	$55,000	None
Disaster Relief/Urgent Need Fund		
Disaster Relief Fund	$350,000	$50,000
Urgent Need Fund	$250,000	$25,000
Tx CDBG STEP Fund	$350,000	None
Renewable Energy Demonstration Pilot Program	$500,000	$50,000

[1] Regional Review Committees are authorized to establish a grant maximum for their respective regions between $275,000 or an amount equal to 12.5% of its combined 2009 and 2010 allocation, whichever is less, and $800,000 for a single jurisdiction application and between $350,000 and $800,000 for a multi-jurisdiction application. Tx CDBG may grant an exception to the minimum level if funds are distributed among all eligible applicants. In order to ensure there are sufficient funds in the CDBG award to provide a substantial benefit and to provide for construction efficiencies, RRCs should not prioritize application amounts lower than the maximum above or $200,000, whichever is lower.

The maximum amount for a housing or non-border colonia priority activity application is the same as other Community Development Fund applications in the region.

2 The maximum contract award amount allows for administrative costs as outlined in the Texas Capital Fund Application Guidelines. The maximum award amount may be increased to an amount greater than $750,000, but may not exceed $1,500,000, if a unit of local government is applying for an award to provide infrastructure or real estate development improvements on behalf of a specific business, and that specific business will create or retain a designated number of jobs at a cost per job level that qualifies for the increased award amount. These increased award amounts above $750,000 are referred to as "jumbo" awards. The number of jobs, the cost per job, and the maximum percentage of Texas Capital Fund financing of the total project costs that will qualify an application for the increased award amount will be defined in the Texas Administrative Code and the Texas Capital Fund Application Guidelines.

3 Texas Capital Funds are specifically reserved for Main Street and the Downtown Revitalization infrastructure activities. The maximum award amount for a Main Street or Downtown Revitalization project is $150,000.

4 The maximum grant award for the Colonia Comprehensive Planning component is set at $100,000. However, a sliding scale may be used to establish smaller maximum grant amounts based on an amended performance statement or the eligible county's total unincorporated area population. The maximum amount for a county to update its existing Colonia Comprehensive plan is $30,000.

Amounts shown are maximum funding levels or contract "ceilings," since the Program can fund only the actual, allowable, and reasonable costs of the proposed project, not to exceed these amounts. All grants, except Texas Capital Fund, awarded under the Texas Community Development Block Grant Program or Texas Capital Fund program are subject to negotiation between TDA and the applicant regarding the final grant amount.

D. PROJECT LENGTH

All funded projects, except the Texas Capital Fund and Colonia Self-Help Centers Fund projects, must be completed within two years from the start date of the contract agreement. STEP contracts for awards made in PY 2012 will continue to be for a twenty-four (24) month term with no automatic extension to 36 months, which is the same as PY 2009 through 2011 STEP awards. The Texas Capital Fund Main Street and Downtown Revitalization program awards will be made for a twenty-four (24) month term. The other Texas Capital Fund programs must be completed within three years from the start date of the contract agreement. Contract end dates for Colonia Self-Help Center contracts may be adjusted to account for each program year award. Waivers through a contract amendment of these requirements for any Tx CDBG contract will only be granted when a waiver request is submitted in writing to TDA and TDA finds that compelling circumstances exist outside the control of the local government that justify the approval of such a waiver.

E. REVIEW PROCESS

1. Regional Review Committees (RRC) - Composition

There is a Regional Community Development Review Committee in each of the 24 State planning regions. Each committee will be comprised of 12 members appointed at the pleasure of the Governor.

The Regional Review Committees may review and comment on applications to other Tx CDBG fund categories.

2. Texas Capital Fund Review Process

The Texas Capital Fund applications will be reviewed and evaluated by TDA's staff in accordance with the established selection criteria. Recommendations will be made to the Commissioner of the TDA for final award.

3. Clearinghouse Review

Regional review of projects will be consistent with guidelines adopted by the Governor's Office for review and comment under the Texas Review and Comment System and Chapter 391, Texas Local Government Code.

4. Regional Water Plans

Water activities included in Tx CDBG applications must be consistent with Regional Water Plans promulgated in accordance with Section 16.053, Water Code.

F. APPLICANT THRESHOLD AND PAST PERFORMANCE REQUIREMENTS

A city or county must meet the following requirements in order to submit an application or to receive funding through the Texas Community Development Block Grant Program:

1. Demonstrate the ability to manage and administer the proposed project, including meeting all proposed benefits outlined in its application, by using the following criteria:
   a. Provide the roles and responsibilities of local staff designated to administer or work on the proposed project. Also, include a plan of project implementation;
   b. Indicate intention to use a third-party administrator, if applicable;
   c. If local staff, along with a third-party administrator, will jointly administer the proposed project, the respective roles and responsibilities of the designated local staff; or
   d. Tx CDBG management may determine that an applicant has or does not have the capacity to manage and administer the proposed project based on an applicant's prior performance on a Tx CDBG contract.
2. Demonstrate the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project, by using the following criteria:
   a. Evidence of a financial person on staff, or evidence of intent to contract financial oversight;
   b. Provide evidence or a statement certifying that financial records for the proposed project will be kept at an officially designated city/county site, accessible by the public, and will be adequately managed on a timely basis using generally accepted accounting principles; and/or
   c. Tx CDBG management may determine that an applicant has or does not have the financial management capacity to operate and maintain any improvements made in conjunction with the

proposed project based on a review of audited financial records, current financial status, or current financial management of a Tx CDBG contract.

3. Levy a local property (ad valorem) tax or local sales tax option.

4. Demonstrate satisfactory performance on all previously awarded Texas Community Development Block Grant Program contracts, by using the following criteria:
   a. Exhibited past responses to audit and monitoring issues (over the most recent 48 months before the application due date) within prescribed times as indicated in TDA's resolution letter(s);
   b. Evidence related to past contracts (over the most recent 48 months before the application due date), through close-out monitoring and reporting, that the activity or service was made available to all intended beneficiaries, that low and moderate income persons were provided access to the service, or there has been adequate resolution of issues regarding beneficiaries served.
   c. No outstanding delinquent response to a written request from Tx CDBG regarding a request for repayment of funds to Tx CDBG; or
   d. Not more than one outstanding delinquent response to a written request from Tx CDBG regarding compliance issues such as a request for closeout documents or any other required information.

5. Resolve any and all outstanding compliance and audit findings on previous and existing Texas Community Development Block Grant Program contracts, by using the following criteria:
   a. Applicant is actively participating in the resolution of any outstanding audit and/or monitoring issues by responding with substantial progress on outstanding issues within the time specified in the TDA resolution process.

6. Submit any past due audit to TDA in accordance with Title 10, Chapter 255, Subchapter A, Section 255.1 of the Texas Administrative Code.
   a. A community with one year's delinquent audit may be eligible to submit an application for funding by the established deadline, but the Tx CDBG may withhold the award or issuance of a contract until it receives a satisfactory audit.
      The Colonia Self-Help Center Fund and the Disaster Relief/Urgent Need Fund are exempt from the threshold.
   b. A community with two years of delinquent audits may not apply for additional funding and may not receive a contract award. This applies to all funding categories under the Texas Community Development Block Grant Program.
      The Colonia Self-Help Center Fund may be exempt from this threshold, since funds for the self-help center funding is included in the program's State budget appropriation. Failure to meet the threshold will be reported to the Texas Department of Housing and Community Affairs for review and recommendation.
   c. If an audit becomes due after the award date, the Office may withhold the issuance of a contract until it receives a satisfactory audit. If a satisfactory audit is not received by the Office within four months of the audit due date, the Office may withdraw the award and re-allocate the funds in accordance with Section II(C)(b) (excludes the colonia self-help center awards and Texas Capital Fund awards).

7. 12-Month Applicant Threshold Requirement

Obligate at least fifty percent (50%) of the total Tx CDBG funds awarded under an open Tx CDBG contract within twelve (12) months from the start date of the contract or prior to the application deadlines, have complete plans and specifications, and have received all applicable environmental approvals from Tx CDBG covering this obligation. This threshold is applicable to Tx CDBG contracts with an original 24-month contract period.

To meet this threshold, 50% of the Tx CDBG funds must be obligated through executed contracts for administrative services, engineering services, acquisition, construction, materials purchase, etc. Plans and specifications must be completed. The Tx CDBG contract activities do not have to be 50% completed, nor do 50% of the Tx CDBG contract funds have to be expended to meet this threshold.

Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories	**Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories**
Community Development Fund	Texas Capital Fund
Community Development Supplemental Fund	Colonia Self-Help Centers Fund
	Housing Rehabilitation Fund
Community Development – Recovery (both A & B portions combined)	
Colonia Construction Fund	Housing Infrastructure Fund
Colonia Fund Planning	Texas STEP awarded prior to PY 2010
Disaster Relief/Urgent Need Fund	Colonia Economically Distressed Areas
Planning/Capacity Building Fund	Disaster Recovery Initiative
Non-Border Colonia Fund	*Young vs. Martinez*
Texas STEP (except for STEP contracts awarded prior to PY 2010)	Microenterprise Loan Fund
	Small Business Loan Fund
	Renewable Energy Demonstration Pilot Program

This threshold is not applicable when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund or for the Renewable Energy Demonstration Pilot Program.

For Community Development-Recovery awards with A & B contracts, both A & B contracts will be considered as though it were one combined contract.

8. 24-Month Applicant Threshold Requirement

Submit to TDA the Certificate of Expenditures (COE) report showing the expended Tx CDBG funds and a final drawdown for any remaining Tx CDBG funds as required by the latest edition of the Texas Community Development Block Grant Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by Tx CDBG staff.

For purposes of meeting this threshold "expended" means that the construction and services covered by the Tx CDBG funds are complete and a drawdown for the Tx CDBG funds has been submitted prior to the application deadlines.

This threshold will apply to an open Tx CDBG contract with an original 24-month contract period and to Tx CDBG Contractors that have reached the end of the 24-month period prior to the application deadlines as described below:

Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories	Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories
Community Development Fund	Texas Capital Fund
Community Development Supplemental Fund	Colonia Self-Help Centers Fund
	Housing Rehabilitation Fund
Community Development – Recovery (A & B portions combined)	
Colonia Construction Fund	Housing Infrastructure Fund
Colonia Fund Planning	Texas STEP (original 24-month contract, extended to 36-months) awarded prior to PY 2009
Disaster Relief/Urgent Need Fund	Colonia Economically Distressed Areas
Planning/Capacity Building Fund	Disaster Recovery Initiative
Non-Border Colonia Fund	*Young vs. Martinez*
Texas STEP (except for STEP contracts awarded prior to PY 2009)	Microenterprise Loan Fund
	Small Business Loan Fund
	Renewable Energy Demonstration Pilot Program

This threshold is not applicable when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund.

9. 36-Month Applicant Threshold Requirement

Submit to TDA the Certificate of Expenditures (COE) report showing the expended Tx CDBG funds and a final drawdown for any remaining Tx CDBG funds as required by the latest edition of the Texas

Community Development Block Grant Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by Tx CDBG staff.

For purposes of meeting this threshold "expended" means that the construction and services covered by the Tx CDBG funds are complete and a drawdown for the Tx CDBG funds has been submitted prior to the application deadlines.

This threshold is applicable for a previously awarded Tx CDBG contract with an original 36-month contract period or a STEP 24-month contract, extended to 36 months, and to Tx CDBG Contractors that have reached the end of the 36-month period prior to the application deadlines as described on the next page:

Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories	**Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories**
Texas STEP (original 36-month contract or original 24-month contract extended to 36 months)	Texas Capital Fund (see Texas Capital Fund Section)
	Colonia Self-Help Centers Fund
	Housing Rehabilitation Fund
	Colonia Economically Distressed Areas
	Disaster Recovery Initiative
	Young vs. Martinez
	Microenterprise Loan Fund
	Small Business Loan Fund
	Renewable Energy Demonstration Pilot Program

This threshold is not applicable when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund.

10. Tx CDBG funds cannot be expended in any county that is designated as eligible for the Texas Water Development Board Economically Distressed Areas Program unless the county has adopted and is enforcing the Model Subdivision Rules established pursuant to Section 16.343 of the Water Code.

11. Texas Capital Fund contractors must expend all but the reserved audit funds, or other reserved funds that are pre-approved by TDA staff, awarded under a Texas Capital Fund contract executed at least 36 months prior to the current program year application deadline and submit to the TDA the Certificate of Expenditures required by the most recent edition of the Texas Capital Fund Implementation Manual. Texas Capital Fund contractors intending to submit a new application may not have an existing contract with an award date in excess of 48 months prior to the application deadline date, regardless of extensions granted.

12. Based on a pattern of unsatisfactory (a.) performance on previously awarded Texas Community Development Block Grant Program contracts, (b.) management and administration of Tx CDBG contracts, or (c) financial management capacity based on a review of official financial records and audits, TDA may determine that an applicant is ineligible to apply for Tx CDBG funding even though at the application date it meets the threshold and past performance requirements. TDA will consider the most recent 48 months before the application due date. Tx CDBG may determine that an applicant would still remain eligible for funding under the Disaster Relief Fund even with a pattern of unsatisfactory performance and/or management capacity as discussed in this paragraph; however; the Tx CDBG must approve the contract administrator for the Disaster Relief Fund grant. An entity or person may be determined ineligible to administer the new contract if it administered the applicant's Tx CDBG contracts during the most recent 48 months before the application date and for two or more of such contracts it administered the applicant failed to meet its contract requirements, such as failure to submit complete closeouts documents on time.

G. ADMINISTRATION OF Tx CDBG CONTRACTS

In order to administer a Tx CDBG contract awarded in PY 2012, the administrator (contracted administrators on behalf of the client community or the city or county staff of self-administering award recipients) must attend, and retain the completion certificate, from the most recent cycle of Tx CDBG Project Implementation Manual workshops. (This requirement excludes Texas Capital Fund and Colonia Self-Help Center Set-aside contracts.) The Tx CDBG contract recipient (city or county) is strongly encouraged to attend the Tx CDBG Project Implementation Workshops even if it anticipates using an outside firm to provide it with contract administration services.

The Tx CDBG is under no obligation to approve any changes in a performance statement of a Tx CDBG contract that would result in a program year score lower than originally used to make the award if the lower score would have initially caused that project to be denied funding. This does not apply to colonia self-help centers or the Texas Capital Fund.

IV. APPLICATION SELECTION CRITERIA

A. GENERAL DESCRIPTION

The scoring criteria used in the Tx CDBG are described in Section C below.

The points awarded under these criteria are combined to rank the projects in descending order. The projects in each fund are selected based on this descending order and the availability of dollars in each fund.

Texas Capital Fund Real Estate Program, and Infrastructure Program projects are evaluated based upon selection criteria that include, but are not limited to:

(1) Jobs
(2) Business Emphasis
(3) Feasibility
(4) Community Need

Texas Capital Fund Main Street Program and Downtown Revitalization Program projects are evaluated based upon selection criteria that include, but are not limited to:

(1) Community Profile
(2) Project Feasibility
(3) Leverage Ratio
(4) Aiding in the Elimination of Slum and/or Blight Conditions

Texas Capital Fund applications are reviewed and evaluated by TDA staff. Recommendations for all Texas Capital Fund applications will be made to the Commissioner of the Texas Department of Agriculture for final award.

In accordance with Section 2310.403, Government Code, preference will be given to applications from governing bodies of communities designated as defense economic readjustment zones over other eligible applications for Tx CDBG grants and loans if at least fifty percent (50%) of the grant or loan will be expended for the direct benefit of the readjustment zone and the purpose of the grant or loan is to promote Tx CDBG-eligible economic development in the community or for Tx CDBG-eligible construction, improvement, extension, repair, or maintenance of Tx CDBG-eligible public facilities in the community.

Disaster Relief/Urgent Need applications must meet the threshold factors as discussed under the "Description of Funds" section.

Readiness to Proceed Requirements: In order to determine that the project is ready to proceed, the applicant must provide in its application information that:

a. Identifies the source of matching funds and provides evidence that the applicant has applied for the non-local matching funds, and for local matching funds, evidence that local matching funds would be available.

b. Provides written evidence of a ratified, legally binding agreement, contingent upon award, between the applicant and the utility that will operate the project for the continual operation of the utility system as proposed in the application. For utility projects that require the applicant or service provider to obtain a Certificate of Convenience and Necessity for the target area proposed in the application, provides written evidence that the Texas Commission on Environmental Quality has received the applicant or service provider's application.

c. Where applicable, provide a written commitment from service providers, such as the local water or sewer utility, stating that they will provide the intended services to the project area if the project is constructed.

Any applicant's cash match included in the Tx CDBG contract budget may not be obtained from any person or entity that provides contracted professional or construction-related services (other than utility providers) to the applicant to accomplish the purposes described in the Tx CDBG contract, in accordance with 24 CFR Part 570.

B. RESOURCES FOR DESCRIPTIONS OF SELECTION CRITERIA BY FUND CATEGORY

Starting on the next page, the descriptions for the selection criteria for each fund category provide a basic framework of the selection criteria and selection factors used to distribute the funds under each fund category. Additional information on the selection criteria, selection factors and methods used to determine scores for these fund categories is provided in the application guide for each fund category and in the Texas Administrative Code at 10 T.A.C., Part 6, Chapter 255, Subchapter A.

The information currently available for fund categories in the Texas Administrative Code may not yet reflect changes to selection criteria contained in this 2012 Action Plan for the 2012 program year. Any changes to the selection criteria will be published in the Texas Register prior to final adoption.

The Texas Administrative Code can be found on the Texas Secretary of State website at www.sos.state.tx.us. Listed below are the Tx CDBG fund categories that are currently contained in the Texas Administrative Code. Certain Texas Administrative Code sections are retained for previous Fund Categories to govern existing Tx CDBG contracts.

Texas Administrative Code, Title 10 T.A.C., Part 6, Chapter 255, Subchapter A

Section	Section Title
255.1	General Provisions
255.2	Community Development Fund
255.4	Planning/Capacity Building Fund
255.5	Disaster Relief Fund
255.6	Urgent Need Fund
255.7	Texas Capital Fund
255.8	Regional Review Committees
255.9	Colonia Fund
255.11	Small Towns Environment Program Fund
255.17	Renewable Energy Demonstration Pilot Program

C. DESCRIPTION OF SELECTION CRITERIA BY FUND CATEGORY

1. COMMUNITY DEVELOPMENT FUND

a. Regional Review Committee (RRC) Objective Scoring

(1) Responsibilities of the RRC:

Each Regional Review Committee is responsible for determining local project priorities and objective factors for all its scoring components based on public input in accordance with the requirements in this Action Plan.

(2) Maximum RRC Points Possible:

The RRC shall establish the numerical value of the points assigned to each scoring factor and determine the total combined points for all RRC scoring factors.

(3) RRC Selection of the Scoring Factors:

The RRCs are responsible for convening public hearings to discuss and select the objective scoring factors that will be used to score applications at the regional level in accordance with the requirements in this Action Plan. The public must be given an opportunity to comment on the priorities and the scoring criteria considered. The final selection of the scoring factors is the responsibility of each RRC and must be consistent with the requirements in this Action Plan. Each RRC shall develop a Regional

Review Committee Guidebook, in the format provided by Tx CDBG staff, to notify eligible applicants of the objective scoring factors and other RRC procedures for the region.

RRCs are encouraged to establish a priority scoring factor that considers the nature and type of the project.

(4) Examples of RRC Objective Scoring Factors:

Examples of objective scoring factors are shown in Appendix A to further clarify the term objective.

The RRC must clearly indicate how responses would be scored under each factor and use data sources that are verifiable to the public. After the RRC's adoption of its scoring factors, the score awarded to a particular application under any RRC scoring factor may not be dependent upon an individual RRC member's judgment or discretion. (This does not preclude collective RRC action that the State Tx CDBG has approved under any appeals process.)

(5) RRC Priority Set-asides:

Housing and Non-Border Colonia projects - Each Regional Review Committee is highly encouraged to allocate a percentage or amount of its Community Development Fund allocation to housing projects and for RRCs in eligible areas, non-border colonia projects, for that region. Under a set-aside, the highest ranked applications for a housing or non-border colonia activity, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing or non-border colonia set-aside level. If the region allocates a percentage of its funds to housing and/or non-border colonia activities and applications conforming to the maximum and minimum amounts are not received to use the entire set-asides, the remaining funds may be used for other eligible activities. (Under a housing and/or non-border colonia set-aside process, a community would not be able to receive an award for both a housing or non-border colonia activity and an award for another Community Development Fund activity during the biennial process. Housing projects/activities must conform to eligibility requirements in 42 U.S.C Section 5305 and applicable HUD regulations.) The RRC must include any set-aside in its Regional Review Committee Guidebook.

(6) RRC Designation of Staff Support:

The RRC shall select one of the following entities to develop the RRC Guidebook, calculate the RRC scores, and provide other administrative RRC support:

(i) Regional Council of Governments (COG), or

(ii) Tx CDBG staff or Tx CDBG designee, or

(iii) A combination of COG and Tx CDBG staff or TX CDBG designee.

The RRC Guidebook should be adopted by the RRC and approved by Tx CDBG staff at least 90 days prior to the application deadline.

The selection of the entity responsible for calculating the RRC scores must be identified in the RRC Guidebook and must define the role of each entity selected. TDA shall be responsible for reviewing all scores for accuracy and for determining the final ranking of applicants once the RRC and Tx CDBG scores are summed. The RRC is responsible for providing to the public the RRC scores, while the Tx CDBG is responsible for publishing the final ranking of the applications.

(7) Tie-breaker in a region:

If needed in the ranking of applications within a region based on available funds remaining, a tie between multiple applications shall be broken based on the per capita income ranking, with a lower per capita income level ranking higher, followed by a second tie-breaker, if needed, of the highest poverty rate ranking higher, followed by a third tie-breaker, if needed, of the highest annual unemployment rate ranking higher.

b. State Scoring (Tx CDBG Staff Scoring) - Other Considerations – Maximum Points - 10% of Maximum Possible Score for Each RRC

(1) Past Selection – Maximum Points - 2% of Maximum Possible RRC Score for each region - are awarded to each 2011/2012 Community Development Fund applicant that did not receive a 2009 or 2010 Community Development Fund, Community Development Fund-Recovery, or Rural Sustainability Fund contract award.

(2) Past Performance - Maximum Points - 4% of Maximum Possible RRC Score for each region

An applicant can receive points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's most recent Tx CDBG contract that has reached the end of the original contract period stipulated in the contract within the past 4 years (for CD/CDS contracts only the 2005/2006 and 2007/2008 cycle awards will be considered). The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. (Adjustments may be made for contracts that are engaged in appropriately pursuing due diligence such as bonding remedies or litigation to ensure adequate performance under the Tx CDBG contract.) The evaluation of an applicant's past performance will include the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.
- The expenditure timeframes on the applicable Tx CDBG contracts.

(3) All project activities within the application would provide basic infrastructure or housing activities - 2% of the Maximum Possible RRC Score for each region. (Basic infrastructure - the basic physical shared facilities serving a community's population consisting of water, sewage, roads, and flood drainage. Housing activities – as defined in 24 CFR Part 570.)

(4) Cost per Housing Unit (CPHU) – The total amount of Tx CDBG funds requested by the applicant is divided by the total number of housing units benefiting from the application activities to determine the

Tx CDBG cost per housing unit. (Use pro rata allocation for multiple activities.) – Up to 2% of the Maximum RRC Score for each region.

(i) Cost per housing unit is equal to or less than $8,750 – 2%.

(ii) Cost per housing unit is greater than $8,750 but equal to or less than $17,500 – 1.75%.

(iii) Cost per housing unit is greater than $17,500 but equal to or less than $26,500 – 1.25%.

(iv) Cost per housing unit is greater than $26,500 but equal to or less than $35,000 – 0.5%.

(v) Cost per housing unit is greater than $35,000 – 0%.

(When necessary, a weighted average is used to score applications that include multiple activities with different beneficiaries. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for administration, a percentage of the total Tx CDBG construction and engineering dollars for each activity is calculated. Administration dollars requested is applied pro-rata to these amounts. The percentage of the total Tx CDBG dollars for each activity is then multiplied by the appropriate score and the sum of the calculations determines the score. Related acquisition costs are applied to the associated activity.)

The RRC may not adopt scoring factors that directly negate or offset these State factors.

c. Statutory - Low and Moderate Income (LMI) Persons National Objective – Scoring factor

To assist in fulfilling the CDBG statutory requirement for the percentage of program year awards that must meet the LMI National Objective, applications that meet the LMI National Objective for each activity (51 percent low/moderate-income benefit for each activity within the application) will receive 2% of the Maximum Possible RRC Score for each region.

Further, to ensure the Tx CDBG program meets the statutory LMI National Objective requirement, if the ranking in a region would not result in the award of at least 75 percent of the allocated funds for the LMI national objective, then the Tx CDBG will make awards based on a revised ranking to achieve at least a 75 percentage level for LMI awards for the region. If there are not sufficient applications in the region to achieve the 75 percent LMI national objective level, the amount of funds in a region equal to the shortfall in meeting this requirement will be re-allocated to a pool for other LMI national objective projects. Awards from the pool of remaining LMI applications would be based on the marginal competition selection criteria.

d. Other Tx CDBG State Responsibilities

The State may establish the maximum number of regional scoring factors that may be used in order to improve review and verification efficiency. Similarly, the State may determine that certain regional scoring factors may not be used because the data is not readily available or would require excessive effort to verify the information in a timely manner. To ensure consistency, the State may determine the acceptable data source for a particular regional scoring factor (such as the unemployment rate.)

The State Tx CDBG staff will review each RRC Guidebook to ensure that the scoring procedures are in compliance with 24 CFR 91.320(k)(1)(iv). The regulation states in part that "The statement of method of distribution must provide sufficient information so that units of general local government will be able to understand and comment on it and be able to prepare responsive applications." Tx CDBG staff will also review the scoring factors selected to ensure that all scoring factors are objective. Each RRC must obtain written approval from Tx CDBG staff before implementing the RRC scoring process. As part of the approval process of the RRC Guidebook, the Tx CDBG State staff may edit the scoring factors for consistency with the Action Plan, or provide further details or elaboration on the objective scoring methodology, data sources and other clarifying details without the necessity of a subsequent RRC meeting.

The State Tx CDBG staff may establish:

(i) a deadline for the RRC to adopt objective factors for all of its scoring components and submit its adopted Guidebook incorporating the objective scoring methodology to the State Tx CDBG staff for approval;

(ii) an RRC scoring review appeals process in the Guidebook Instructions and/or the Texas Administrative Code.

In the event that an RRC fails to approve an objective scoring methodology to the satisfaction of the Tx CDBG consistent with the requirements in this Action Plan by the established deadline or if the RRC fails to implement the approved methodology, Tx CDBG will establish for the region scoring factors as described in Appendix B for the 2011/2012 application cycle.

Only the State Tx CDBG staff may disqualify an application submitted in a region. The regional scores for RRC factors and the ranking of applications are not considered final until they have been reviewed and approved by the State Tx CDBG staff.

An oversubscription pool may be conducted that would use the scoring criteria specified in the marginal competition section that directly follows this section.

(e) Forward Commitments – Pilot Program:

Forward Commitments to Avoid Application Threshold Issues

As a pilot program under the Community Development Fund, the Tx CDBG may designate conditional commitments, contingent upon receiving future CDBG funds from HUD, to make awards to certain eligible applications within a region using future regional Community Development Fund allocations.

A Regional Review Committee may elect to opt out of this pilot program. If the RRC elects to opt out, forward commitments will not be available to any applicant within the region. Note: if the RRC elects to opt out, projects as described below would not be eligible for awards in that region.

These forward commitments would be made under the following terms and conditions:

1. The purpose of approving a commitment is to allow an applicant to provide a source of funding in conjunction with a larger project where the use of these Tx CDBG funds will not occur until several years into the project. It may not be used for other purposes, as determined by Tx CDBG staff. (For example, the commitment would provide funding for the water connections associated with a project to build a new water treatment plant. The Tx CDBG applicant could provide this commitment in its application to the other funding agency to demonstrate supplemental funding for this phase of the water project.)

2. The associated project must be ready to proceed within 6 months of receiving the forward commitment, including submission of an application to all other sources of supplemental funding for

the complete project. The supplemental funds from other sources that will be used in conjunction with the Tx CDBG funds must be committed and awarded to the applicant within 12 months from the date of the Tx CDBG commitment.

3. A maximum of four commitments may be made under this pilot program.

4. The Tx CDBG staff will determine eligible applicants within a region that would qualify and be offered this option. In making this decision, Tx CDBG staff will consider, among other things, the anticipated number of months required to before Tx CDBG funds would be expended given the magnitude and nature of the project, the regulatory approvals required, the sources of other funding to be provided to the project, and the ranking within the region. If there are more than four eligible applicants that would qualify, a tiebreaker based on the State score as described in Community Development Fund Marginal Competition would be used to determine the four commitments to be made.

5. For the year the commitment is awarded to the recipient through a contract from Tx CDBG, the amount provided for the commitment would be subtracted from the total regional Community Development Fund allocation amount prior to allocation to other eligible applications in the regional Community Development Fund competition.

6. Not more than two commitments may be outstanding (without fully executed Tx CDBG contracts) in any given region at any time.

7. The Tx CDBG commitment would be considered an award to the applicant in the year it was awarded for purposes of scoring.

8. Termination of commitment: The commitment may be terminated if the applicant does not receive the supplemental funding for the project or fails to comply with other commitment requirements.

9. Subject to funding availability: All commitments are subject to the Tx CDBG program receiving a sufficient regular annual allocation amount from HUD and consequently the Community Development Fund receiving sufficient funds. The Tx CDBG may use deobligated funds/program income if available and considered appropriate. The commitment does not obligate Tx CDBG or TDA to use any other source of funds to provide the amount committed.

10. Contingency Plan: The applicant must provide Tx CDBG with a contingency plan to outlines the source of replacement funds to complete the project should the Tx CDBG regular annual HUD allocation or deobligated funds/program income diminish to the point that the commitment cannot be funded.

Community Development Fund Marginal Competition

A pooled marginal competition may be conducted for program year 2012 using available funds if the State's 2012 allocation is not decreased significantly from the State's 2011 Community Development allocation.

All applicants whose marginal amount available is under $75,000 will automatically be considered under this competition.

When the marginal amount left in a regional allocation is equal to or above the Tx CDBG grant minimum of $75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Alternatively, such marginal applicants may choose to compete under the pooled marginal fund competition for the possibility of full project funding.

This fund consists of all regional marginal amounts of less than $75,000, any funds remaining from regional allocations where the number of fully funded eligible applicants does not utilize a region's entire allocation and the contribution of marginal amounts larger than $75,000 from those applicants opting to compete for full funding rather than accept their marginal amount.

The scoring factors used in this competition are the percentage of the State score received to the maximum possible State score in the region, followed by the per capita income ranking, if needed, with a lower per capita income level ranking higher, followed by a second tie-breaker, if needed, of the highest poverty rate ranking higher; both based on a city's incorporated area and a county's total unincorporated area.

2a. TEXAS CAPITAL FUND Real Estate, And Infrastructure Programs

The selection criteria for the Real Estate, and Infrastructure Programs of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Creation or retention of jobs primarily for low to moderate income persons
b. Creation or retention of jobs primarily in areas of above average unemployment and poverty
c. Generation of a greater ratio of private investment to Texas Capital Fund investment
d. Expansion of markets through manufacturing and/or value-added processing
e. Provision of job opportunities at the lowest possible Texas Capital Fund cost per job
f. Benefit to areas of the State most in need by considering job impact to community
g. Assistance for small businesses and Historically Underutilized Businesses
h. Feasibility of project and ability to create and/or retain jobs

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of business or marketing plan; management experience of the business' principals; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

2b. TEXAS CAPITAL FUND Main Street Program

The selection criteria for the Main Street Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Aid in the elimination of slum or blight
b. The applicant must have been designated by the Texas Historical Commission as a Main Street City
c. Feasibility of project
d. Generation of a greater ratio of private investment to Texas Capital Fund investment
e. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of marketing plan; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

2c. TEXAS CAPITAL FUND Downtown Revitalization Program

The selection criteria for the Downtown Revitalization Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Aid in the elimination of slum or blight
b. Feasibility of project
c. Generation of a greater ratio of private investment to Texas Capital Fund investment
d. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: strength of marketing plan and justification of minimum Texas Capital Fund contribution necessary to serve the project.

3a. COLONIA CONSTRUCTION COMPONENT 430 Total Points Maximum

a. Community Distress – 35 Points (Maximum)

- *Percentage of persons living in poverty* 15 points
- *Per Capita Income* 10 points
- *Percentage of housing units without complete plumbing* 5 points
- *Unemployment Rate* 5 points

b. Benefit To Low/Moderate-Income Persons – 30 Points (Maximum)

A formula is used to determine the percentage of Tx CDBG funds benefiting low to moderate income persons. The percentage of low to moderate income persons benefiting from each construction, acquisition, and engineering activity is multiplied by the Tx CDBG funds requested for each corresponding construction, acquisition, and engineering activity. Those calculations determine the amount of Tx CDBG benefiting low to moderate income person for each of those activities. Then, the funds benefiting low to moderate income persons for each of those activities are added together and divided by the Tx CDBG funds requested minus the Tx CDBG funds requested for administration to determine the percentage of Tx CDBG funds benefiting low to moderate income persons. Points are then awarded in accordance with the following scale;

100% to 90% of Tx CDBG funds benefiting low to moderate income persons	30 points
89.99% to 80% of Tx CDBG funds benefiting low to moderate income persons	25 points
79.99% to 70% of Tx CDBG funds benefiting low to moderate income persons	20 points
69.99% to 60% of Tx CDBG funds benefiting low to moderate income persons	15 points
Below 60% of Tx CDBG funds benefiting low to moderate income persons	5 points

c. Project Priorities – 195 Points (Maximum)

- *Activities (service lines, service connections, and/or plumbing improvements) providing public access to EDAP-funded water or sewer systems* 195 points
- *First time public Water service activities (including yard service lines)* 145 points

- *First time public Sewer service activities (including yard service lines)* 145 points
- *Installation of approved residential on-site wastewater disposal systems for providing first time service* 145 points
- *Installation of approved residential on-site wastewater disposal systems for failing systems that cause health issues* 140 points
- *Housing Activities* 140 points
- *First time Water and/or Sewer service through a privately-owned for-profit utility* 135 points
- *Expansion or improvement of existing Water and/or Sewer service* 120 points
- *Street Paving and Drainage activities* 75 points
- *All Other eligible activities* 20 points

A weighted average is used to assign scores to applications that include activities in the different Project Priority scoring levels. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for engineering and administration, a percentage of the total Tx CDBG construction dollars for each activity will be calculated. The percentage of the total Tx CDBG construction dollars for each activity will then be multiplied by the appropriate Project Priorities point level. The sum of these calculations determines the composite Project Priorities score.

d. Project Design – 140 Points (Maximum)

Each application is scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- For projects other than water and waste water, whether the applicant has already met its basic water and waste water needs.
- Whether the project has provided for future funding necessary to sustain the project.
- The severity of need within the colonia area(s) and how the proposed project resolves the identified need. Additional consideration is given to water system improvements addressing the impacts from the current drought conditions in the State.
- The applicant will use Tx CDBG funds to provide water or sewer connections, yard service lines, and/or plumbing improvements associated with providing access for colonia residents to water or sewer systems funded by the Texas Water Development Board Economically Distressed Areas Program (EDAP).
- The applicant's past efforts (with emphasis on the applicant's most recent efforts) to address water, sewer, and housing needs in colonia areas through applications submitted under the Tx CDBG Community Development Fund or through the use of CDBG entitlement funds.
- The Tx CDBG cost per low/moderate income beneficiary.
- Whether the applicant has provided any local matching funds for administrative, engineering, or construction activities.
- If applicable, the projected water and/or sewer rates after completion of the project based on 3,000 gallons, 5,000 gallons and 10,000 gallons of usage.
- The ability of the applicant to utilize the grant funds in a timely manner.
- Whether the applicant has waived the payment of water or sewer service assessments, capital recovery fees, and any other access fees for the low and moderate income project beneficiaries.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- Proximity of project site to entitlement cities or metropolitan statistical areas.

e. Matching Funds – 20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request 20 points

- Match at least 2%, but less than 5% of grant request 10 points
- Match less than 2% of grant request 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request 20 points
- Match at least 2.5%, but less than 10% of grant request 10 points
- Match less than 2.5% of grant request 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request 20 points
- Match at least 3.5%, but less than 15% of grant request 10 points
- Match less than 3.5% of grant request 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request 20 points
- Match at least 5%, but less than 20% of grant request 10 points
- Match less than 5% of grant request 0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low- and moderate-income persons as a part of a multi-activity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The Tx CDBG does not consider sewer or water service lines and connections as housing activities. The Tx CDBG also does not consider on-site wastewater disposal systems as housing activities.

Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

Past Performance – 10 points (Maximum)

An applicant can receive from ten (10) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.

Colonia Construction Component Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. If the marginal amount available to this applicant is equal to or more than the Colonia Construction Component grant minimum of $75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. In the event that the marginal amount remaining in the Colonia Construction Component allocation is less than $75,000, then the remaining funds will be used to either fund a Colonia Planning Fund application or will be reallocated to other established Tx CDBG fund categories.

3b. COLONIA ECONOMICALLY DISTRESSED AREAS PROGRAM SET-ASIDE

The allocation is distributed on an as-needed basis to eligible counties, and nonentitlement cities located in those counties, that are eligible under the Tx CDBG Colonia Fund and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Unutilized funds under this program may be redistributed among the established current program year fund categories, for otherwise eligible projects.

Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the Tx CDBG), taps and meters (when approved by the Tx CDBG), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

Tx CDBG staff will evaluate the following factors prior to awarding Colonia Economically Distressed Areas Program funds:

- The proposed use of the Tx CDBG funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through EDAP.
- The ability of the applicant to utilize the grant funds in a timely manner.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- Cost per beneficiary.
- Proximity of project site to entitlement cities or metropolitan statistical areas.

3c. COLONIA AREA PLANNING COMPONENT 340 Total Points Maximum

a. Community Distress – 35 Points (Maximum)

• Percentage of persons living in poverty	15 points
• Per Capita Income	10 points
• Percentage of housing units without complete plumbing	5 points
• Unemployment Rate	5 points

b. Benefit To Low/Moderate-Income Persons – 30 Points (Maximum)

Points are then awarded based on the low to moderate income percentage for all of the colonia areas where planning activities are located according to the following scale;

100% to 90% of Tx CDBG funds benefiting low to moderate income persons	30 points
89.99% to 80% of Tx CDBG funds benefiting low to moderate income persons	25 points
79.99% to 70% of Tx CDBG funds benefiting low to moderate income persons	20 points
69.99% to 60% of Tx CDBG funds benefiting low to moderate income persons	15 points
Below 60% of Tx CDBG funds benefiting low to moderate income persons	5 points

c. Matching Funds – 20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

• Match equal to or greater than 5% of grant request	20 points
• Match at least 2%, but less than 5% of grant request	10 points
• Match less than 2% of grant request	0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

• Match equal to or greater than 10% of grant request	20 points
• Match at least 2.5%, but less than 10% of grant request	10 points
• Match less than 2.5% of grant request	0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

• Match equal to or greater than 15% of grant request	20 points
• Match at least 3.5%, but less than 15% of grant request	10 points
• Match less than 3.5% of grant request	0 points

Applicant(s) population over 5,000 according to the 2000 Census:

• Match equal to or greater than 20% of grant request	20 points

- Match at least 5%, but less than 20% of grant request 10 points
- Match less than 5% of grant request 0 points

The population category under which county applications are scored is based on the actual number of beneficiaries to be served by the colonia planning activities.

d. Project Design – 255 Points (Maximum)

Each application is scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need within the colonia area(s), how clearly the proposed planning effort will remove barriers to the provision of public facilities to the colonia area(s) and result in the development of an implementable strategy to resolve the identified needs.
- The planning activities proposed in the application.
- Whether each proposed planning activity will be conducted on a colonia-wide basis.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.
- The Tx CDBG cost per low/moderate-income beneficiary.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.

A Colonia Planning Component application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

Colonia Area Planning Component Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Area Planning allocation will be reallocated to either fund additional Colonia Comprehensive Planning applications, Colonia Construction Component applications, or will be reallocated to other established Tx CDBG fund categories.

3d. COLONIA COMPREHENSIVE PLANNING COMPONENT **200 Total Points Maximum**

a. Community Distress – 25 Points (Maximum)

- Percentage of persons living in poverty 10 points
- Per Capita Income 5 points
- Percentage of housing units without complete plumbing 5 points
- Unemployment Rate 5 points

b. Project Design – 175 Points (Maximum)

Each application will be scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need for the comprehensive colonia planning effort and how effectively the proposed comprehensive planning effort will result in a useful assessment of colonia populations, locations, infrastructure conditions, housing conditions, and the development of short-term and long term strategies to resolve the identified needs.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.

- Whether the applicant has provided any local matching funds for the planning or preliminary engineering activities.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- An applicant that has previously received a Tx CDBG comprehensive planning award would receive lower priority for funding.

A Colonia Planning Component application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

Colonia Comprehensive Planning Component Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Comprehensive Planning allocation will be reallocated to either fund additional Colonia Area Planning Fund applications, Colonia Construction Component applications, or will be reallocated to other established Tx CDBG fund categories.

4. PLANNING AND CAPACITY BUILDING FUND — 430 Total Points Maximum

a. Community Distress – 55 Points (Maximum)

- Percentage of persons living in poverty — 25 points
- Per Capita Income — 20 points
- Unemployment rate — 10 points

b. Benefit to Low/Moderate Income Persons - 0 Points

Applicants are required to meet the 51% low/moderate income benefit as a threshold requirement, but no score is awarded on this factor.

c. Project Design – 375 Points (Maximum)

(1) Program Priority — 50 points

Applicant chooses its own priorities here with 10 points awarded per priority as provided below.

Base studies (base mapping, housing, land use, population components) are recommended as one selected priority for applicants lacking updated studies unless they have been previously funded by TX CDBG or have been completed using other resources.

An applicant requesting Tx CDBG funds for fewer than five priorities may receive point credit under this factor for planning studies completed within the last 10 years that do not need to be updated. An applicant requesting Tx CDBG funds for a planning study priority that was completed within the past 10 years using Tx CDBG funds would not receive scoring credit under this factor.

Applicants should not request funds to complete a water or sewer study if funds have been awarded within the last two years for these activities or funds are being requested under other Tx CDBG fund categories.

(2) Base Match — 0 points

- Five percent match required from applicants with population equal to or less than 1,500.
- Ten percent match required from applicants with population over 1,500 but equal to or less than 3,000.
- Fifteen percent match required from applicants with population over 3,000 but equal to or less than 5,000.
- Twenty percent match required from applicants with population over 5,000.

The population will be based on available information in the latest national decennial census.

(3) Areawide Proposals 50 points

Applicants with jurisdiction-wide proposals because the entire jurisdiction is at least 51 percent low/moderate-income qualify for these points. County applicants with identifiable, unincorporated communities may also qualify for these points provided that incorporation activities are underway. Proof of efforts to incorporate is required. County applicants with identifiable water supply corporations may apply to study water needs only and receive these points.

(4) Planning Strategy and Products 275 points

- New applicants receive up to 50 points while previous recipients of planning funds receive either up to 30 or 20 points depending on the level of implementation of previously funded activities. Recipients of Tx CDBG planning funds prior to PY 2000 will be considered new applicants for this scoring factor
- Up to 225 points are awarded for the applicant's Proposed Planning Effort based on an evaluation of the following:
  - the extent to which any previous planning efforts have been implemented or accomplished;
  - how clearly the proposed planning effort will resolve community development needs addressed in the application;
  - whether the proposed activities will result in the development of a viable and implementable strategy and be an efficient use of grant funds; and
  - demonstration of local commitment.

5. Tx CDBG STEP FUND **120 Total Points Maximum**

The following is the selection criteria to be used by Tx CDBG staff for the scoring of assessments and applications under the Texas STEP Fund. The maximum score of 120 points is divided among five scoring factors:

a. Project Impact – 60 Points (Maximum)

Activity	Score
First time service	60-40
To address drought	60-40
To address a severe impact to a water system (imminent loss of well, transmission line, supply impact)	60-40
TCEQ relevant documentation or Texas Department of Health Imminent Threat to Health	60-40
Problems due to severe sewer issues that can be addressed through the STEP process (documented)	60-40
Problems due to severe pressure problems (documented)	50-40
Line replacement (water or sewer) other than for above	40-30
All other proposed water and sewer projects that are not reflected above	30-20

A weighted average will be used to assign scores to applications that include activities in the different Project Impact scoring levels. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for engineering and administration, a percentage of the total Tx CDBG construction dollars for each activity will be calculated. The percentage of the total Tx CDBG construction dollars for each activity will then be multiplied by the appropriate Project Impact point level. The sum of these calculations will determine the composite Project Impact score.

Factors that are evaluated by the Tx CDBG staff in the assignment of scores within the predetermined scoring ranges for activities include, but are not limited to, the following:

1. how the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction; and

2. projects designed to bring existing services up to at least the State minimum standards as set by the applicable regulatory agency are generally given additional consideration.

b. STEP Characteristics, Merits of the Project, and Local Effort - 30 points (Maximum)

<u>The Tx CDBG staff will assess the proposal for the following STEP characteristics not scored in other factors:</u>

1. degree work will be performed by community volunteer workers, including information provided on the volunteer work to total work;

2. local leaders (sparkplugs) willing to both lead and sustain the effort;

3. readiness to proceed – the local perception of the problem and the willingness to take action to solve it;

4. capacity – the manpower required for the proposal including skills required to solve the problem and operate applicable construction equipment;

5. merits of the projects, including the severity of the need, whether the applicant sought funding from other sources, cost in Tx CDBG dollars requested per beneficiary, etc.; and

6. local efforts being made by applicants in utilizing local resources for community development.

c. Past Participation and Performance – 15 Points (Maximum)

An applicant would receive ten (10) points if they do not have a current Texas STEP grant.

An applicant can receive from five (5) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.

- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.

d. Percentage of Savings off of the retail price – 10 Points (Maximum)

For STEP, the percentage of savings off of the retail price is considered a form of community match for the project. In STEP, a threshold requirement is a minimum of 40 percent savings off the retail price for construction activities.

For Communities that are equal to or below 1,500 in Population

55% or more Savings	10 points
50% - 54.99% Savings	9 points
45% - 49.99% Savings	7 points
41% - 44.99% Savings	5 points

For Communities that are above 1,500 but equal to or below 3,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	8 points
45% - 49.99% Savings	6 points
41% - 44.99% Savings	3 points

For Communities that are above 3,000 but equal to or below 5,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	7 points
45% - 49.99% Savings	5 points
41% - 44.99% Savings	2 points

For Communities that are above 5,000 but equal to or below 10,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	6 points
45% - 49.99% Savings	3 points
41% - 44.99% Savings	1 points

For Communities that are 10,000 or above in Population

55% or more Savings	10 points
50% - 54.99% Savings	5 points
45% - 49.99% Savings	2 points
41% - 44.99% Savings	0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

e. Benefit To Low/Moderate-Income Persons – 5 Points (Maximum)

Applicants are required to meet the 51 percent low/moderate-income benefit for each activity as a threshold requirement. Any project where at least 60 percent of the Tx CDBG funds benefit low/moderate-income persons will receive 5 points.

A project must score at least 75 points overall and 15 points under factor 12(b) to be considered for funding.

6. Renewable Energy Demonstration Pilot Program **70 Total Points Maximum**

(A) Type of Project – Primarily used in conjunction with providing public facilities to meet basic human needs such as water or waste water and/or benefit to low/moderate-income persons.

up to 15 points.

(B) Innovative Technology/Methods – A project that would demonstrate the application of innovative technology and/or methods – up to 10 points.

(C) Duplication in Other Rural Areas – A project that could have widespread application (although it would not need to be applicable in every portion of the State.) up to 10 points

(D) Long-term Cost/Benefit and Texas Renewable Energy Goals – Projects that demonstrate long term cost/benefit analysis including benefits to the human environment and consistency with Texas renewable energy goals. up to 10 points

(E) Partnership/Collaboration – Projects that have a demonstrated partnership and collaboration with other entities focusing on promoting renewable energy including universities, funding agencies, associations, or businesses. up to 10 points.

(F) Leveraging – projects with committed funds from other entities including funding agencies, local governments, or businesses.

Applicant(s) population equal to or less than 2,500 according to the latest decennial Census:

- Match equal to or greater than 15% of grant request 10 points
- Match at least 8% but less than 15% of grant request 5 points
- Match at least 3%, but less than 8% of grant request 3 points
- Match at least 2%, but less than 3% of grant request 1 point
- Match less than 2% of grant request 0 points

Applicant(s) population equal to or less than 5,000 but over 2,500 according to the latest decennial Census:

- Match equal to or greater than 25% of grant request 10 points

- Match at least 13% but less than 25% of grant request — 5 points
- Match at least 5%, but less than 13% of grant request — 3 points
- Match at least 3%, but less than 5% of grant request — 1 point
- Match less than 3% of grant request — 0 points

Applicant(s) population equal to or less than 10,000 but over 5,000 according to the latest decennial Census:

- Match equal to or greater than 35% of grant request — 10 points
- Match at least 18% but less than 35% of grant request — 5 points
- Match at least 7%, but less than 18% of grant request — 3 points
- Match at least 4%, but less than 7% of grant request — 1 point
- Match less than 4% of grant request — 0 points

Applicant(s) population over 10,000 according to the latest decennial Census:

- Match equal to or greater than 50% of grant request — 10 points
- Match at least 25% but less than 50% of grant request — 5 points
- Match at least 10%, but less than 25% of grant request — 3 points
- Match at least 5%, but less than 10% of grant request — 1 point
- Match less than 5% of grant request — 0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county.

(G) Location in Rural Areas – Projects that benefit cities with populations under 10,000 or counties under 100,000. 5 points.

Tiebreaker – If needed in the ranking of applications based on available funds, a tie between multiple applications shall be broken based on the score of (D) Long-term Cost/Benefit and Texas Renewable Energy Goals, followed by the per capita income ranking for the entire population of the city or county that applied.

7. COMMUNITY FACILITY FUND — 80 Total Points Maximum

Selection factors:

(1) LMI percentage of the applicant - Compare each applicant's low and moderate income percentage to all other applicants in the region. up to 20 points maximum

(A higher LMI percentage would score higher. The applicant's LMI percentage is divided by the base amount for the entire region and then multiplied by the maximum possible score of 20, provided the product may not exceed 20 points. The base amount is the average (mean) of the LMI of all the applicants in the region multiplied by a factor 1.25.)

(2) Location in the most rural areas. maximum of 20 points

a. Projects that benefit cities with populations equal to or under 1,500 or counties with populations, after excluding metropolitan cities, that are equal to or under 30,000. 20 points.

b. Projects that benefit cities with populations equal to or under 2,500 (but over 1,500) or counties with populations, after excluding metropolitan cities, that are equal to or under 50,000 (but over 30,000).

18 points.

c. Projects that benefit cities with populations equal to or less than 5,000 (but over 2,500) or counties with populations, after excluding metropolitan cities, that are equal to or under 75,000 (but over 50,000). 15 points.

d. Projects that benefit cities with populations equal to or under 10,000 (but over 5,000) or counties with populations, after excluding metropolitan cities, that are equal to or under 100,000 (but over 75,000). 10 points.

Populations will be determined by Tx CDBG based on the latest Census or HUD data available.

(3) No other comparable facilities available. If there are no other comparable facilities, as determined by Tx CDBG staff, within the applicant's jurisdiction. 20 points

(4) Leveraging – projects with committed funds from other entities including funding agencies, local governments, or businesses. 20 points.

Applicant(s) population equal to or less than 2,500 according to the latest decennial Census:

Match equal to or greater than 2.5% of grant request 20 points

Applicant(s) population equal to or less than 5,000 but over 2,500 according to the latest decennial Census:

Match equal to or greater than 5% of grant request 20 points

Applicant(s) population equal to or less than 10,000 but over 5,000 according to the latest decennial Census:

Match equal to or greater than 10% of grant request 20 points

Applicant(s) population over 10,000 according to the latest decennial Census:

Match equal to or greater than 15% of grant request 20 points

(5) Tie-breaker in a region:

A tie between multiple applications shall be broken based on the per capita income ranking, with a lower per capita income level ranking higher, followed by a second tie-breaker, if needed, of the highest poverty rate ranking higher, followed by a third tie-breaker, if needed, of the highest annual unemployment rate ranking higher.

V. PERFORMANCE MEASURES - GOALS, OBJECTIVES, OUTCOMES, STRATEGIES, AND OUTPUTS

Tx CDBG Strategic Plan Performance Measures

The Tx CDBG currently has a performance measurement system is place that is part of its strategic plan and the Texas legislative budgeting process. The Tx CDBG has already implemented a performance measurement system that supports the HUD goals as stated in CPD Notice – 03-09, issued September 3, 2003, which "strongly encouraged each CPD formula grantee to develop and use a state or local performance measurement system." In this notice, HUD asked the State CDBG programs, along with all other CDBG grantees, that currently have and use a state or local performance measurement system to "(1) describe, in their next Consolidated Plan or Annual Action Plan, the method they use to measure the outputs and outcomes of their CPD formula grant programs."

The Tx CDBG has the following Performance Measures system in place for administering and evaluating the success of the CDBG non-entitlement program.

GOALS AND OUTCOMES – For FY 2012

Goal 1: Support Community and Economic Development Housing and Health Projects

Outcome 1: Percent of the Small Communities' Population Benefiting from Projects

Output 1: Number of New Community/Economic Development Contracts Awarded

Output 2: Number of Projected Beneficiaries from New Community/Economic Development Contracts Awarded

Output 3: Number of Programmatic Monitoring Visits Conducted

HUD CDBG Performance Outcome Measurement System

The Tx CDBG has implemented the HUD CDBG Performance Outcome Measurement System, which is a nationwide reporting system based on standardized Objective categories, Outcome categories, and specific Output Indicators.

The outcome performance measurement system has three objectives: (1) Creating Suitable Living Environments, (2) Providing Decent Affordable Housing, and (3) Creating Economic Opportunities. There are also three outcomes under each objective: (1) Availability/Accessibility, (2) Affordability, and (3) Sustainability. Thus, the three objectives, each having three possible outcomes, produce nine possible outcome/objective combinations within which to categorize CDBG grant activities. Specific Output Indicators, many of which Tx CDBG has used in the HUD Integrated Disbursement and Information System reporting system, will be used to provide the quantifiable information used to actually measure the outcome/objective combinations for the funded CDBG projects (such as the number of persons who have new access to water facilities).

VI. OTHER 2012 CDBG PROGRAM GUIDELINES

A. COMMUNITY NEEDS ASSESSMENT

Each applicant for Tx CDBG funds must prepare an assessment of the applicant's housing and community development needs. The needs assessment submitted by an applicant in an application for the Community Development Fund must also include information concerning the applicant's past and future efforts to provide affordable housing opportunities in the applicant's jurisdiction and the applicant's past efforts to provide infrastructure improvements through the issuance of general obligation or revenue bonds.

B. LEVERAGING RESOURCES

Texas Capital Fund

The following matching funds requirements apply under the Real Estate, Infrastructure, Main Street and Downtown Revitalization Program:

a. The leverage ratio between all funding sources to the Texas Capital Fund (TCF) request may not be less than 1:1 for awards of $750,000 or less (except for the Main Street and Downtown Revitalization programs which both require 0.1:1, or more match), and 4:1 for awards of $750,100 to $1,000,000 and 5.1 for awards of $1,000,000 to $1,500,000.

b. All businesses are required to make financial contributions to the proposed project. A cash injection of a minimum of 2.5% of the total project cost is required. Total equity participation must be no less than 10% of the total project cost. This equity participation may be in the form of cash and/or net equity value in fixed assets utilized within the proposed project. A minimum of a 33% equity injection (of the total projects costs) in the form of cash and/or net equity value in fixed assets is required, if the business has been operating for less than three years and is accessing the Real Estate program.

Over the past five program years the ratio of matching funds to Texas Capital Fund awards is approximately 3.75:1. If this ratio continues for the 2012 program year then the estimated amount of leveraged funds for the 2012 program year is approximately $45 million.

C. MINORITY HIRING/PARTICIPATION

The Tx CDBG encourages minority employment and participation among all applicants under the Community Development Block Grant Program. All applicants to the Community Development Block Grant Program shall be required to submit information documenting the level of minority participation as part of the application for funding.

D. CITIZEN PARTICIPATION

A grant to a locality under the Texas Community Development Block Grant Program may be awarded only if the locality certifies that it is following a detailed citizen participation plan that provides for and encourages citizen participation at all stages of the community development program. Tx CDBG applicants and funded localities are required to carry out citizen participation in accordance with the Citizen Participation Plan requirements described in Tx CDBG application guides.

APPENDIX A – EXAMPLES OF OBJECTIVE SCORING FACTORS

1. Per Capita Income – 20 points maximum

Compare each applicant's per capita income level to all other applicants in the region.

Method: The base amount for the entire region is divided by the applicant's per capita income level and then multiplied by the maximum possible score of 20, provided the product may not exceed 20 points. The base amount is the average (mean) of the per capita income levels of all the applicants in the region multiplied by a factor 0.75.

Details:

Incorporated City Applications:

For an incorporated city, the data used to score is based on the 2000 decennial Census SF 3 information for the city's entire population.

For a new incorporated city that was not included in the 2000 decennial Census as an incorporated city, the data used to score is based on the 2000 decennial Census information for the entire county unincorporated population.

County Applications:

For a county, the data used to score is based on the 2000 decennial Census SF 3 information for:

the county's entire population (for county-wide benefit activities);

the county's entire unincorporated population (for activities that only benefit persons in unincorporated areas); or

the 2000 decennial census geographic area information specific to the unincorporated areas benefiting from the county's application activities (for activities that only benefit persons in unincorporated areas) (only census tracts, or block numbering areas, and block groups are allowable census geographic areas)

Geographic area information may be substituted only for county applications where the application activities benefit no more than two separate unincorporated target areas. County applications that include application activities for unincorporated areas that are located in more than two county precincts are scored for the entire county unincorporated population or the entire county population.

If a county elects to use census geographic area information that is specific to the unincorporated areas benefiting from the application activities, the county must submit the census geographic area identification number and the associated per capita income amount for each target area.

Multi-Jurisdiction applications - For multi-jurisdiction applications, the data used for scoring is based on a simple average of the per capita income amounts for all of the participating jurisdictions.

Data Source – US Bureau of the Census - 2000 Census – SF 3, Per Capita Income

2. Matching Funds – 60 Points Maximum

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request 60 points

- Match at least 4% but less than 5% of grant request 40 points
- Match at least 3%, but less than 4% of grant request 20 points
- Match at least 2%, but less than 3% of grant request 10 points
- Match less than 2% of grant request 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request 60 points
- Match at least 7.5% but less than 10% of grant request 40 points
- Match at least 5%, but less than 7.5% of grant request 20 points
- Match at least 2.5%, but less than 5% of grant request 10 points
- Match less than 2.5% of grant request 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request 60 points
- Match at least 11.5% but less than 15% of grant request 40 points
- Match at least 7.5%, but less than 11.5% of grant request 20 points
- Match at least 3.5%, but less than 7.5% of grant request 10 points
- Match less than 3.5% of grant request 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request 60 points
- Match at least 15% but less than 20% of grant request 40 points
- Match at least 10%, but less than 15% of grant request 20 points
- Match at least 5%, but less than 10% of grant request 10 points
- Match less than 5% of grant request 0 points

The population category for an incorporated city is based on the city's 2000 Census population. The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Multi-Jurisdiction Applications - The population category under which multi-jurisdiction applications will be scored will be based on the combined populations of the participating applicants according to the 2000 census. The guidelines for determining the population category for county applications will also apply to multi-jurisdiction applications when a county or counties are participants in a multi-jurisdiction application.

Data Source - US Bureau of the Census - 2000 Census, SF 3.

3. Project Priorities – 30 Points Maximum

a. Activities providing or improving water or wastewater (including yardlines on residential property) and other affordable housing activities. 30 Points

b. Street improvements. 15 Points

c. All other eligible activities. 5 Points

(When necessary, a weighted-average is used to score to applications that include multiple activities. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for administration, a percentage of the total Tx CDBG construction and engineering dollars for each activity is calculated. Administration dollars requested is applied pro-rata to these amounts. The percentage of the total Tx CDBG dollars for each activity is then multiplied by the appropriate score and the sum of the calculations determines the score. Related acquisition costs are applied to the associated activity.)

APPENDIX B –

Scoring if a RRC for a region fails to approve an objective scoring methodology to the satisfaction of the Tx CDBG consistent with the requirements in this Action Plan by the established deadline or if the RRC fails to implement the approved methodology.

The State Tx CDBG staff will begin with the final RRC scoring factors for the 2009/2010 cycle and adjust them based on the following:

a. The state may establish the maximum number of regional scoring factors that may be used in order to improve review and verification efficiency and may insert factors to provide a minimum number of factors;

b. The state may determine that certain regional scoring factors may not be used because the data is not readily available or would require excessive effort to verify the information in a timely manner; and

c. To ensure consistency, the state may determine the acceptable data source for a particular regional scoring factor.

NON-HOMELESS SPECIAL NEEDS ACTION PLAN: HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

Situated within a comprehensive network of HIV care services, the Texas HOPWA Formula program addresses the unmet housing and supportive services needs of persons living with HIV (PSWH) and their families in Texas by providing housing assistance and supportive services to income-eligible individuals. These services are integrated with the larger Ryan White Program both in administration and service deliver, which in turn is integrated into the larger, multi-sectoral system for delivering treatment and care to these clients. The goals of the HOPWA program are to help low-income HIV-positive clients establish or maintain affordable and stable housing, to reduce the risk of homelessness, and to improve access to health care and supportive services. According to the 2009 Annual Texas HIV Surveillance Report, at the end of 2009, 66,126 persons were known to be living with HIV in Texas. This is an increase of 3,167 from 2008, and housing is consistently cited as a service gap in every service area in Texas.

The HOPWA Formula program is administered by the TB/HIV/STD/Viral Hepatitis Unit - HIV/STD Prevention and Care Services Branch of the Department of State Health Services (DSHS) and provides the following services (91.320(d) and (e)):

TENANT-BASED RENTAL ASSISTANCE (TBRA) PROGRAM

The TBRA program provides tenant-based rental assistance to eligible individuals until they are able to secure other affordable and stable housing.

SHORT-TERM RENT, MORTGAGE, AND UTILITIES (STRMU) ASSISTANCE PROGRAM

The STRMU program provides short-term rent, mortgage, and utility payments to eligible individuals for a maximum of 21 weeks of assistance in a 52-week period.

SUPPORTIVE SERVICES PROGRAM

The Supportive Services program provides case management, basic telephone service and assistance to purchase smoke detectors to eligible individuals.

PERMANENT HOUSING PLACEMENT SERVICES (PHP)

The PHP program provides assistance for housing placement costs which may include application fees, related credit checks, and reasonable security deposits necessary to move persons into permanent housing.

ANNUAL PROGRAM GOALS

Based on prior-year performance and current 2011 funding, DSHS estimates that 555 households can be provided with short-term rent, mortgage, and utility payments, 475 households can be provided tenant-based rental assistance; 1,030 can be provided with supportive services and 10 households can be provided permanent housing placement during the 2012 project year.

PROJECT SPONSOR SELECTION PROCESS

DSHS selects seven Administrative Agencies across the State through a combination of competitive Requests for Proposals (RFP) and intergovernmental agency contracts. The Admnistrative Agencies act as an administrative arm for DSHS by administering the HOPWA program locally for a three-year project period. This period is concurrent with the Ryan White Part B grant period, which delivers case management and other supportive services to HOPWA clients.

These Administrative Agencies in turn select HOPWA Project Sponsors through local competitive processes that are open to all grassroots, faith-based, and community-based organizations, and governmental agencies. Each Administrative Agencies contracts with one or more Project Sponsors who directly provide HOPWA services to eligible clients throughout the State's 26 HIV Service Delivery Areas (HSDA). Some Project Sponsors may change during 2011 due to local competitive processes or contract revisions.

PROGRAM BUDGET

DSHS reserves 3% of the total award for administrative and indirect costs, including, personnel, supplies, travel, training/technical assistance, and contractual support for ARIES. Project Sponsors are allowed up to 7% of their allocation for personnel or other administrative costs. The funding allocation is distributed geographically by HSDA and is based on a formula including HIV/AIDS morbidity, poverty level, and population distribution with annual adjustments for project sponsor funding needs.

The 2012 HOPWA Program budget is based on the current 2011-level allocation of $2,807,104 per plus $214,109 in estimated unexpended for a total of $3,021,213. The following are the proposed 2012 allocated amounts:

Line Item	Amount
DSHS administration (3%)	$84,213 (indirect costs)
Contractual	$2,937,000
TBRA	$1,875,631
STRMU	$446,172
Supportive Services	$425,734
Permanent Housing Placement	$3,441
Project Sponsor Administration (not greater than 7%)	$186,022

GEOGRAPHIC DISTRIBUTION

§91.320(f) and (k)

The funding allocations are geographically distributed across the State to the 26 HSDAs and all 254 Texas counties.

ADMINISTRATIVE AGENCIES AND PROJECT SPONSORS

The following chart summarizes the proposed 2012 HOPWA funding allocation for the seven Administrative Agencies and their 26 Project Sponsors/HSDAs. DSHS distributes funding in excess of the HUD grant award to spend down unobligated balances from previous years. The 2012 funding allocations are estimates based on current 2011 funding levels, program expenditures, and waiting lists. Allocations are subject to revisions based on funding approval and/or contract changes.

Administrative Agency	2012 Proposed Funding Allocation	Project Sponsor/HSDA	2012 Proposed Funding Allocation
Bexar County Dept. of Community Investment 230 N. Pecos, Ste 590 San Antonio, TX 78207	211,000	Alamo Area Resource Center/San Antonio	107,000
		United Medical Centers/Uvalde	28,000
		Victoria City-County Health Department/Victoria	76,000
Brazos Valley Council of Governments P.O. Box 4128 Bryan, TX 77805-4128	262,000	Community Action, Inc./Austin	37,000
		Shannon Supportive Health Services	22,000
		United Way of the Greater Fort Hood Area/Temple-Killeen	28,000
		Project Unity/Bryan-College Station	70,000
		Waco/McLennan County Public Health District/Waco	105,000
Dallas County HHSD 2377 North Stemmons Frwy., Ste. 600 Dallas, TX 75207-2710	59,000	Dallas County Health and Human Services -HOPWA Program/Dallas	2,000
		Your Health Clinic/Sherman-Dennison	57,000
Houston Regional Resource Group 500 Lovett Boulevard, Ste. 100 Houston, TX 77006	812,000	AIDS Coalition of Coastal Texas/Galveston	7,000
		AIDS Foundation of Houston/Houston	20,000
		Health Horizons/Lufkin	140,800
		Special Health Resources for Texas, Inc. Longview/Tyler	444,500
		Special Health Resources for Texas, Inc. Paris/Texarkana	82,000
		Triangle AIDS Network/Beaumont-Port Arthur	117,700
Lubbock Regional MHMR Center P.O. Box 2828 1602 Tenth St. Lubbock, TX 79408-2828	588,000	Panhandle AIDS Service Organization/Amarillo	116,000
		Sun City Behavioral Health Center/El Paso	216,000
		Permian Basin Community Center/Permian-Basin	121,000
		South Plains Community Action, Inc. (Project CHAMPS)/Lubbock	135,000

Administrative Agency	2012 Proposed Funding Allocation	Project Sponsor/HSDA	2012 Proposed Funding Allocation
South Texas Development Council (STDC) P.O. Box 2187 4812 North Bartlett Laredo, TX 78044-2187	824,000	City of Laredo Health Department/Laredo	88,000
		Coastal Bend AIDS Foundation/Corpus Christi	358,000
		Valley AIDS Council/Brownsville	378,000
Tarrant County Health Department 1101 South Main St., Ste. 2500 Fort Worth, TX 76104-4802	181,000	AIDS Resources of Rural Texas – Abilene/Abilene	72,000
		AIDS Resources of Rural Texas – Weatherford/Fort Worth	43,000
		Wichita Falls Wichita County Health Department/Wichita Falls	66,000
Total	$2,937,000		$2,937,000

CLIENT PARTICIPATION

Clients participate in shaping local approaches to meeting housing needs in three ways:

All areas conduct periodic needs assessment of client needs, and assessment of housing needs are included in such assessments. These assessments vary in methodology and depth with which housing needs are explored, which is appropriate given the varying needs for housing assistance in various areas of the State. Additionally, all Ryan White Part A councils in Texas have either completed special assessments of homeless persons or persons at risk for homelessness, or will be completing such assessments within the next year. Assessments in all EMAs are joint Ryan White Part A and Part B assessments.

All planning areas in the State must have ways for community members, including clients, to have input into local priorities, allocations, and plans. All plans include discussions of how best to deliver services to meet the needs identified in assessments, and plans that prioritize expenditures on housing or identify housing needs that would include discussions of how best to meet these needs. Plans are written on three to four year cycles, but reviewed annually.

Finally, clients shape housing services via direct interactions with service providers. Through the intake system, HIV clients are informed about the HOPWA program, assisted with the application, or referred directly to the HOPWA Project Sponsor. Clients' housing needs are also assessed regularly with case managers as circumstances change and as determined by clients' housing plans.

OUTCOME MEASURES

§91.320(c)(3), §91.320(e), §91.320(g)

DSHS HOPWA contractors must address the following outcomes pursuant to the new performance measurement outcome system mandated by HUD:

Annual Action Plan - Planned Project Results

Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
DH-2	# of households served	475	TBRA housing assistance
DH-2	# of households served	555	STRMU housing assistance
DH-2	# of households served	1,030	Supportive Services (restricted to case mgt., smoke detectors, and phone service)
DH-1	# of households served	10	Permanent Housing Placement (security deposits, application fees, credit checks)
Key	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3

HOPWA Homeless and Special Needs Goals

ANNUAL AFFORDABLE HOUSING GOALS	Expected Annual Number of Units To Be Completed
Homeless households	10
Non-homeless households	1,030
Special needs households	10

OTHER ACTIONS

The actions listed below are Other Actions taken by the Departments to meet the requirements of §91.320(j). Other Actions include Meeting Underserved Needs; Fostering and Maintaining Affordable Housing; Lead-Based Paint Hazard Mitigation; Reducing Poverty-Level Households; Developing Institutional Structure; Coordination of Housing and Services; and Addressing Public Housing Authorities Needs.

MEETING UNDERSERVED NEEDS

§91.320(j)

Given the large need for affordable housing and the limited supply of funding, one major obstacle is the lack of sufficient funding to meet underserved housing needs in Texas. When compared to the demographic characteristics of Texas, there is a shortage of affordable housing stock and funding sources to assist in the development and maintenance of affordable housing.

The limited supply of affordable housing is especially troublesome for persons with disabilities, who face numerous obstacles to obtaining community-based residential housing, Many persons with disabilities, particularly those receiving Supplemental Security Income (SSI), live in households below 30% AMFI, which makes finding housing that is affordable to their income level a challenge. Additionally, many persons with disabilities need housing accessibility modifications, such as ramps, no-step entrances, grab bars, lowered countertops, and roll-in showers, to be able to live independently.

Another obstacle to affordable housing can be difficulty obtaining a clear title for low-income homeowners. Clear titles are required for homeowners to meet program eligibility requirements and protect TDHCA's investment in affordable housing. Homeowners in need of housing repair or contract-for-deed conversions often have difficulty obtaining a clear title. Titles may not be in the homeowners' name because of divorce or widowing, in which case the ex-spouse is also on the title. Titles with liens are a common occurrence when converting contract-for-deeds into traditional mortgages.

To address underserved needs, TDHCA closely monitors affordable housing trends and issues as well as conducting its own research. TDHCA makes adjustments to address community input gathered through roundtable discussions and public hearings held throughout the State. To illustrate this point, for the 2012-2013 Biennium Plan, the Housing Trust Fund is financing the Amy Young Barrier Removal Program, which provides accessibility modifications necessary for households with disabilities as a result of public input at a roundtable. TDHCA efforts, combined with public outreach and education, are part of TDHCA's commitment to overcome obstacles to affordable housing.

HOME AND ESGP ADDRESS UNDERSERVED NEEDS

The HOME Program provides grant funds, deferred forgivable loans and repayable loans to Units of General Local Government, nonprofit and for-profit organizations, Community Housing Development Organizations (CHDOs), and Public Housing Authorities (PHAs). These funds are primarily used to foster and maintain affordable housing by providing rental assistance, rehabilitation, or reconstruction of owner-occupied housing units, down payment and closing cost assistance with or without accessibility modifications for the acquisition of affordable single family housing, single family housing development, and funding for rental housing development including the preservation of existing affordable or subsidized rental housing.

HOME funds may also be used in conjunction with the Housing Tax Credit Program to construct or rehabilitate affordable rental housing.

ESGP funds are utilized to provide transitional housing. However, funds are awarded based on the requests for funding and the majority of funds are utilized by awardees to provide emergency shelter. These funds meet the needs of local homeless populations. Awardees have limited federal funds available to support the operations and maintenance of shelter facilities. ESGP funds have the flexibility to be utilized for up to 100% of the award for maintenance and operations costs of a shelter.

CDBG Addresses Underserved Needs

Tx CDBG encourages affordable housing projects using several methods in the allocation of CDBG funds to the eligible communities that can participate in its programs, including favorable State scoring and regional prerogative to prioritize funding for housing infrastructure and rehabilitation. Each region is encouraged to set aside a percentage of the regional allocation for housing improvement projects, and housing applications are scored as high priority projects at the State level. Housing projects continue to be funded through the Colonia Self-Help Centers as well.

In addition, CDBG funding provides a cost savings for housing when CDBG funds are used to provide first-time water and wastewater services by installing water and sewer yardlines and paying impact and connection fees for qualifying residents. For PY 2012, the Tx CDBG will make funds available through five different grant categories to provide water or sewer services on private property, with the vast majority being low and moderate income households.

The most commonly cited obstacle to meeting the underserved community development needs of Texas cities (aside from inadequate funding) is the limited administrative capacity of the small rural towns and counties the CDBG program serves. Tx CDBG staff offers technical assistance to communities to promote successful CDBG projects.

CDBG funding also helps cities and counties study affordable housing conditions. The plans produced through a Tx CDBG planning contracts provide both valuable data concerning a city's or county's affordable housing stock and planning tools for expanding their affordable housing. In PY 2012, Tx CDBG will make funds available for planning through the Planning and Capacity Building Fund and the Colonia Planning and Construction Fund.

The Colonia Self-Help Centers continue to address affordable housing needs in border counties by assisting qualifying colonia residents to finance, refinance, construct, improve or maintain a safe, suitable home in suitable areas.

Another obstacle to meeting underserved needs applies to colonias projects. There have been cases when a county applies to provide water service to an area, but more than one water supply corporation or city may have a Certificate of Convenience and Necessity (CCN) in that territory (CCNs have been issued which have overlapping territories). In these cases, a dispute over which water supply corporation/city has the right to serve the territory (and therefore collect the revenues) may arise. A public hearing process may be necessary to resolve this issue, which can then delay projects for months. Tx CDBG will continue to work with regulatory agencies as appropriate to resolve issues in project areas in a timely manner.

HOPWA Addresses Underserved Needs

The Texas HOPWA program continues to meet the needs of underserved populations in several ways.

As assessed regularly by Ryan White needs assessments in all HSDAs, housing needs are high among people living with HIV. The Texas HOPWA program meets the needs of this underserved population throughout the State by providing essential housing and utilities assistance as part of a comprehensive medical and supportive services system. As a result, people living with HIV and their families are able to maintain safe and affordable housing, reduce their risk of homelessness, and access medical care and supportive services.

In addition, DSHS is continuing to update funding allocations to address the changing needs of local communities and to maximize and target HOPWA funding to HSDAs that are in greatest need. DSHS will consider a variety of factors including but not exclusive to HIV/AIDS morbidity, poverty level, housing costs and needs, homelessness data, program waitlists, and program expenditures.

FOSTERING AND MAINTAINING AFFORDABLE HOUSING

§91.320(j)

The Departments provide funds for non-profit and for-profit organizations and units of local government to develop and maintain affordable housing. Funds include grants, low-interest loans, low income housing tax credits, and mortgage revenue bonds.

The Departments coordinate funding of rehabilitation or development of affordable housing with the Housing Tax Credit (HTC) program in accordance with the Qualified Allocation Plan (QAP). In addition, credits awarded through the HTC program can be layered with awarded funds from the HOME or Housing Trust Fund multifamily programs. When more than one source of funds is used in an affordable housing project, the State is able to ensure affordability to low-income renters beyond the rent and occupancy restrictions imposed by U.S. Department of Treasury's Internal Revenue Service that set the requirements of the HTC program.

HOME ADDRESSES AFFORDABLE HOUSING

The HOME Program provides grant funds, deferred forgivable loans, and repayable loans to units of local government, nonprofit and for-profit organizations, community housing development organizations (CHDOs), and public housing authorities (PHAs). These funds are primarily used to foster and maintain affordable housing by providing rental assistance, rehabilitation, or reconstruction of owner-occupied housing units with or without refinancing, down payment and closing cost assistance with optional rehabilitation for the acquisition of affordable single family housing, single family development and funding for rental housing preservation of existing affordable or subsidized developments.

ESGP ADDRESSES AFFORDABLE HOUSING

While TDHCA encourages the use of ESGP funds to provide affordable transitional housing, the majority of funds are utilized to provide emergency shelter. Fostering affordable housing is not an initiative for which TDHCA provides funding or that TDHCA monitors for the ESGP Program.

CDBG ADDRESSES AFFORDABLE HOUSING

Tx CDBG encourages affordable housing projects using several methods. First, it provides for a scoring preference under the largest fund category. Each of the 24 regions is encouraged to set aside a percentage of the regional allocation for housing improvement projects. The Community Development Fund and Colonia Fund provide for housing rehabilitation to improve affordable housing.

In addition, CDBG funding provides a cost savings that leads to affordable housing when CDBG funds are used to provide first-time water and wastewater services by installing water and sewer yardlines and paying impact and connection fees for qualifying residents. For PY 2012, the Tx CDBG will make funds available through five different grant categories to provide water or sewer services on private property, with the vast majority being low and moderate income households.

CDBG funding also helps cities and counties study affordable housing conditions. The plans produced through a Tx CDBG planning contracts provide both valuable data concerning a city's or county's affordable housing stock and planning tools for expanding their affordable housing. In PY 2012, Tx

CDBG will make funds available for planning through the Planning and Capacity Building Fund and the Colonia Planning and Construction Fund.

The Colonia Self-Help Centers continue to address affordable housing needs in border counties by assisting qualifying colonia residents to finance, refinance, construct, improve or maintain a safe, suitable home in suitable areas.

HOPWA Addresses Affordable Housing

HOPWA addresses affordable housing by providing rental assistance for people living with HIV and their families. Low-income people living with HIV often struggle to make their house payments because of high costs for medical care and medications or loss of employment. HOPWA makes housing costs more affordable for those PLWHA who are income eligible so they can maintain their housing and adhere to their medical treatment.

LEAD-BASED PAINT HAZARD MITIGATION

§91.320(j)

HUD's final regulations for Title X (24. CFR.105) calls for a three-pronged approach to target conditions that pose a hazard to households: (1) notification of occupants about the existence of hazards so they can take proper precautions, (2) identification of lead-based paint hazards before a child can be poisoned and, (3) control of these lead-based paint hazards in order to limit exposure to residents. While TDHCA monitors its properties for compliance with these regulations, at the State level, the Texas Department of State Health Services (DSHS) has been charged with oversight of the Texas Environmental Lead Reduction Rules (TELRR). These rules cover areas of lead-based paint activities in target housing (housing constructed prior to 1978) and child-occupied facilities, including the training and certification of persons conducting lead inspections, risk assessments, abatements, and project design. For all projects receiving over $25,000 in federal assistance, contractors need to follow inspections and abatements standards overseen by DSHS. By following these standards, the State is increasing the access to housing without lead-based paint hazards. The adherence to inspection and abatement standards is related to the extent of lead-based paint in that a majority of the housing in need of rehabilitation is likely housing built before 1978.

HOME ADDRESSES LEAD-BASED PAINT

The HOME Program requires lead screening in housing built before 1978 for all HOME eligible activities and in accordance with 24 CFR Part 92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R. The HOME Program increases the awareness of the hazards of lead-based paint by requiring screening for TBRA, homebuyer assistance and homeowner rehabilitation. Furthermore, single-family and multifamily development activities in HOME increase the access to lead-based-paint-free housing through the construction of new housing. The HOME Program requires an environmental site assessment and the abatement of lead-based paint if the structure being rehabilitated was constructed prior to 1978. There is significant training, technical assistance, and oversight of this requirement on each contract funded under the HOME Program.

ESGP ADDRESSES LEAD-BASED PAINT

For ESGP, TDHCA requires subrecipients to evaluate and reduce lead-based paint hazards for conversion, renovation, or rehabilitation projects funded with ESGP funds, and tracks work in these efforts as required by Chapter 58 of the Environmental Protection Act. During the annual contract implementation training, the Department will provide ESGP subrecipients with information related to lead-based paint regulations and the Department's requirements related to such. The Department will require ESGP funded subrecipients to determine if a housing unit was built prior to 1978, for households seeking ESGP funded rent or rent deposit assistance whose household has a family member(s) 6 year of age or younger. If the housing unit is built prior to 1978, the ESGP subrecipient will notify the household of the hazards of lead-based paint.

ESGP subrecipients utilizing ESGP funds for renovation, rehabilitation or conversion must comply with the Lead Based Paint Poisoning and Prevention Act and the Residential Lead-Based Paint Hazard Reduction Act of 1992. Through renovation, rehabilitation or conversion, ESGP increases access to shelter without lead-based paint hazards. TDHCA evaluates and reduces lead-based hazards for conversion, renovation, or rehabilitation projects funded with ESGP funds and tracks work in these efforts in the ESGP Program as required by Chapter 58 of the Environmental Protection Act.

CDBG Addresses Lead-Based Paint

The Tx CDBG encourages the reduction of lead-based hazards through favorable scoring under its Community Development Funds for the replacement of lead fixtures and other lead hazards that are an imminent public health threat. The Tx CDBG program encourages regional priority set-asides for housing projects such as housing rehabilitation. Under the set-aside, the highest ranked applications for a housing activity, regardless of the position in the overall ranking, would be selected to the extent available regional funding permits. These housing rehabilitation projects lead to access to housing without lead hazards. This regional prioritization is related to the extent of lead hazards and the identified need within the region. In addition, lead-based paint mitigation is a common activity eligible under housing rehabilitation that is funded under the Colonia Planning and Construction Fund and Community Development Funds. Each contract awarded requires the sub-grantee to conform to Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831(b)) and procedures established by the Tx CDBG in response to the Act.

In accordance with CDBG State regulations and the Lead-Based Paint Poisoning Prevention Act, Tx CDBG has adopted a policy to eliminate as far as practicable the hazards of lead poisoning due to the presence of lead-based paint in any existing housing assisted under the CDBG. In addition, this policy prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance. Abatement procedures should be included in the housing rehabilitation contract guidelines for each project and must appear in the approved work write-up documentation for all homes built prior to 1978 that will be rehabilitated, as outlined in the Housing Rehabilitation Manual.

HOPWA Addresses Lead-Based Paint

EPA requires that Project Sponsors give all HOPWA clients utilizing homes built before 1978 the pamphlet entitled, “Protect Your Family from Lead in Your Home” during the intake process. The client's case record must include documentation that a copy of the pamphlet was given to the client.

For each HOPWA household, the case manager must certify the following:

If the structure was built prior to 1978, and there is a child under the age of six who will reside in the property, and the property has a defective paint surface inside or outside the structure, the property cannot be approved until the defective surface is repaired by at least scraping and painting the surface with two coats of non-lead based paint. Defective paint surface means: applicable surface on which paint is cracking, scaling, chipping, peeling or loose. If a child under age six residing in the HOPWA-assisted property has an Elevated Blood Lead Level, paint surfaces must be tested for lead-based paint. If lead is found present, the surface must be abated in accordance with 24 CFR Part 35.

REDUCING POVERTY-LEVEL HOUSEHOLDS

§91.320(j)

TDA, TDHCA, and DSHS have an important role in addressing Texas poverty. These agencies seek to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means trying to provide long-term solutions to the problems facing people in poverty and targeting resources to those with the greatest need.

HOME AND ESG ADDRESS POVERTY-LEVEL HOUSEHOLDS

Through the HOME Tenant-Based Rental Assistance Program, TDHCA assists households with rental subsidy and security and utility deposit assistance for a period not to exceed 24 months. As a condition to receiving rental assistance, households must participate in a self-sufficiency program, which can include job training, GED classes, or drug dependency classes. The HOME Program enables households to receive rental assistance while participating in programs that will enable them to improve employment options and increase their economic independence and self-sufficiency. Additionally, the Department allocates funding toward the rehabilitation and construction of affordable rental housing, incentivizing units to assist very low income households and assists very low income households along the international border of Texas and Mexico by promoting the conversion of contract for deed arrangements to traditional mortgages. The ESG Program funds activities that provide shelter and essential services for homeless persons, as well as intervention services for persons threatened with homelessness. Essential services for homeless persons include medical and psychological counseling, employment counseling, substance abuse treatment, transportation, and other services. While TDHCA supports the use of ESGP funds to help ESGP clients lift themselves above the poverty line, it is not a specific initiative for which TDHCA earmarks ESGP funding or that TDHCA monitors for the ESGP Program.

For individuals threatened with homelessness, homelessness prevention funds can be used for short-term subsidies to defray rent and utility arrearages for households receiving late notices, security deposits, and payments to prevent foreclosure.

CDBG ADDRESSES POVERTY-LEVEL HOUSEHOLDS

A substantial majority, 91%, of Tx CDBG funds are obligated to cities and counties under the funding competitions meeting the national objective to “principally benefit low and moderate income persons.” Tx CDBG encourages the funding of communities with a high percentage of persons in poverty through its application scoring. The CDBG projects under this national objective are required to serve 51 percent low to moderate income persons; however, for PY2012, the scoring portion of the largest fund category, the Community Development Fund, provides for points only if it meets the national objective of benefiting low and moderate income persons. In addition, the CDBG allocation formula used to distribute Community Development funds among regions includes a variable for poverty. The percentage of persons in poverty for each region is factored into the allocation formula in order to target funding toward the greatest need.

The CDBG economic development funds have been instrumental in creating infrastructure and jobs. By creating and retaining jobs through assistance to businesses and then providing lower income people access to these jobs, Tx CDBG can be a very effective anti-poverty tool. This potential will be further maximized by providing jobs that offer workplace training and education, fringe benefits, opportunities for promotion, and services such as child care. In addition, programs that improve infrastructure affords the opportunity to upgrade existing substandard housing (such as in the colonias) and build new affordable housing where none could exist before.

HOPWA Addresses Poverty-Level Households

The DSHS HOPWA Program serves HIV positive persons based on income eligibility criteria of no more than 80 percent of the area median income with adjustments for family and household size, as determined by HUD income limits. With varying poverty levels and housing needs in each HSDA across the State, some Project Sponsors may set stricter local income limits to maximize and target HOPWA resources to those with very low-income or poverty-level income. While many of the HOPWA clients assisted may be at poverty-level, this is not a requirement under 24 CFR 574.3.

Developing Institutional Structure

§91.320(j)

TDA, TDHCA, and DSHS are primarily pass-through funding agencies and distribute federal funds to local entities that in turn provide assistance to households. Because of this, the agencies work with many housing and community development partners, including consumer groups, community based organizations, neighborhood associations, community development corporations, councils of governments, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies.

HOME and ESG Address Institutional Structure

The HOME Program encourages partnerships in order to improve the provision of affordable housing. Organizations receiving Homebuyer Assistance funds are required to provide homebuyer education classes to households directly, or coordinate with a local organization that will provide the education. In addition, organizations receiving Tenant-Based Rental Assistance funds must provide self-sufficiency services directly, or coordinate with a local organization that will provide the services. Finally, partnerships with Community Housing Development Organizations and non profit and private-sector organizations facilitate the development of quality rental housing development and assist in the rehabilitation of owner-occupied housing.

TDHCA encourages ESGP subrecipients to coordinate services with housing and other service agencies. Collaborative applications funded with ESGP funds are required to coordinate services and to provide services as part of a local continuum of care. TDHCA reviews ESGP subrecipients' coordination efforts during on-site and desk monitoring.

CDBG Addresses Institutional Structure

CDBG funds are awarded to non-entitlement units of general local government thereby providing these communities with financial resources to respond to its community development needs. Such may include planning; constructing community facilities, infrastructure, and housing; and implementing economic development initiatives. Each applicant to the CDBG fund is required throughout its citizen participation process to inform local housing organizations of its intention to apply for CDBG funding through the CDBG and invite their input into the project selection process.

Tx CDBG continues to coordinate with the Texas Department of Housing and Community Affairs, the Texas Water Development Board, Annual State Agency Meeting on Rural Issues, and the 24 Regional Councils of Governments to further its mission and target beneficiaries of CDBG funds through programs such as the Colonia Self-Help Centers, the Colonia Economically Distressed Areas Program, the Housing Tax Credit Program, and the Texas Capital Fund.

HOPWA ADDRESSES INSTITUTIONAL STRUCTURE

DSHS contracts with seven Administrative Agencies, which contract directly with the Project Sponsors serving all 26 HSDAs in the State to administer the HOPWA program under DSHS oversight. The Administrative Agencies also administer the delivery of a range of other HIV health and social services, including the Ryan White grant and State HIV Services funds. This structure ensures the coordination of all agencies serving people with HIV, avoids duplication, saves dollars, and provides the best possible coordination of services for people with HIV in each local community. HOPWA program information is made available to all HIV service agencies in the HSDA and a referral network is established for potential clients. DSHS HOPWA clients are linked through their case managers to a comprehensive network of medical care and supportive services for persons living with HIV and their families, consisting of 64 local providers across the State. HOPWA Project Sponsors collaborate locally with these providers to ensure that clients receive the services they need to begin treatment and remain in care. Additionally, Project Sponsors collaborate with local housing authorities in their areas to assure that HOPWA clients are referred to the housing programs and services that best fit their needs and circumstances. Most notable is collaboration of Project Sponsors with local Housing Choice Voucher programs.

COORDINATION OF HOUSING AND SERVICES

§91.320(j)

The State agencies are primarily funding entities whose chief function is to distribute program funds to local conduit providers that include units of local government, nonprofit and for profit organizations, community-based organizations, private sector organizations, real estate developers and local lenders. Because the agencies do not fund individuals directly, coordination with outside entities is key to the success of its programs.

There are many benefits to these partnerships. Risk and commitment are shared. The principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems, therefore local communities play an active role in tailoring the project to their needs. Partners are able to concentrate specifically on their area of expertise. Finally, a greater variety of resources insure a well targeted more affordable product.

FAIR HOUSING COORDINATION

TDHCA works to ensure that the housing programs it administers benefit individuals without regard to race, color, religion, sex, disability, familial status or national origin through education and outreach, as well as compliance monitoring. TDHCA put together a webpage intended to provide fair housing information and resources useful to a variety of audiences. TDHCA has also developed training and informational brochures focused on specific fair housing issues for dissemination at events TDHCA attends. Complaints involving all forms of housing discrimination are forwarded to the Texas Workforce Commission Human Rights Division, which oversees the Texas Fair Housing Act and works directly with HUD in the enforcement of fair housing laws. TDHCA also coordinates its fair housing efforts with HUD and other state entities including TDA, the General Land Office, and the Texas Department of Health and Human Services, as well as with all TDHCA stakeholders.

PERSONS WITH DISABILITIES COORDINATION

The Promoting Independence Advisory Committee (PIAC) assists the Health and Human Services Commission in creating the State's response to the Olmstead decision through the biannual Promoting Independence Plan. This Plan highlights the State's efforts to assist individuals who are desirous of community placement, appropriate for community placement as determined by the State's treatment professionals and do not constitute a fundamental alteration in the State's services. TDHCA participates in PIAC meetings and is a member of the Housing subcommittee.

TDHCA has found that directly involving program beneficiary representatives, community advocates and potential applicants for funding in the process of crafting its policies and rules is extremely helpful. This process is often done through a working group format. The working groups provide an opportunity for staff to interact with various program stakeholders in a more informal environment than that provided by the formal public comment process. TDHCA has actively maintained a Disability Advisory Workgroup which provides ongoing guidance to the Executive Director on how TDHCA's programs can most effectively serve persons with disabilities.

The Texas State Legislature has created a Housing and Health Services Coordination Council, with the purpose of increasing State efforts to expand service-enriched housing through increased coordination of housing and health services. This Council has conducted research and identified funding opportunities to create service-enriched housing for persons with disabilities and seniors. More information about the Housing and Health Services Coordination Council can be found on page 12.

PERSONS WITH HIV/AIDS COORDINATION

DSHS addresses the housing needs of HIV/AIDS patients through HOPWA. In Texas, HOPWA funds provide emergency housing assistance, which funds short-term rent, mortgage and utility payments to prevent homelessness; and tenant-based rental assistance, which enables low-income individuals to pay rent and utilities until there is no longer a need. In addition to the DSHS Statewide program, the cities of Austin, Dallas, Fort Worth, Houston and San Antonio receive HOPWA funds directly from HUD.

The Housing Tax Credit (HTC) Program addresses the needs of people with HIV/AIDS. According to the 2011 Housing Tax Credit Program Qualified Allocation Plan (QAP), HTC offers additional points during the award process for developments that propose to set aside 5% percent of the units for persons with special needs, such as people with HIV/AIDS.

HOMELESS POPULATIONS COORDINATION

The first phase of TDHCA's Housing Support Continuum outlined in the Institutional Structure of Agencies section is (1) Poverty and Homelessness Prevention which includes the Community Services Block Grant Program, the Comprehensive Energy Assistance Program and the Emergency Shelter Grant/Emergency Solutions Grant Program, all programs that address or prevent homelessness.

While the HTC Program is well-known and primarily used for the construction, acquisition and/or rehabilitation of new, existing, at-risk and rural rental housing, the HTC Program can also be used to develop transitional housing and permanent supportive housing for homeless populations. Furthermore, according to the 2011 Housing Tax Credit Program QAP, HTC offers additional points within the scoring criteria for developments that propose to set aside 5 percent of the units for persons with special needs, such as people who are homeless.

In addition, the Housing Trust Fund may develop or rehabilitate transitional housing and permanent supportive housing for homeless populations. While acquisition, rehabilitation and new construction are eligible activities under the program's Rule, this activity may not occur each year.

TDHCA also collaborates with the Texas Homeless Network (THN) to build the capacity of homeless coalitions across the State of Texas, enabling them to become more effective in the communities they serve. The Department provided funds to THN through the Community Services Block Grant to support technical assistance workshops for the HUD Continuum of Care homeless application. The purpose of the workshops was to assist communities in creating a network of services to the homeless population.

Texas Interagency Council for the Homeless

The Texas Interagency Council for the Homeless was created in 1989 to coordinate the State's homeless resources and services. This Council consists of representatives from all State agencies that serve the homeless. It receives no funding and has no full-time staff, but receives clerical and advisory support from TDHCA. This Council holds public hearings in various parts of the State to gather information useful to its members in administering programs. The Texas Interagency Council for the Homeless' major mandates include:

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among service providers and appropriate authorities;
- providing technical assistance to TDHCA in assessing the need for housing for people with special needs;
- developing, in coordination with TDHCA and the Health and Human Services Commission, a strategic plan to address the needs of the homeless; and
- maintaining a central resource and information center for the homeless.

HOUSING AND TRANSPORTATION

Because housing and transportation are usually the two highest percentages of a household's budget, TDHCA and the Texas Department of Transportation (Tx DOT) are taking steps to coordinate affordable housing and public transportation. Staffs of both Departments plan to continue meet to determine how best to link providers of affordable housing and public transportation.

ADDRESSING PUBLIC HOUSING AUTHORITIES NEEDS

§91.320(j)

To address PHA needs, TDHCA has designated PHAs as eligible entities for its programs, such as the Housing Tax Credit (HTC) Program, HOME Program and ESG Program. PHAs have successfully administered HTC funds to rehabilitate or develop affordable rental housing.

TDHCA has worked to promote programs that will repair substandard housing and develop additional affordable housing units. TDHCA has developed a relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials (NAHRO), which represent the public housing authorities of Texas. Furthermore, PHAs staff members are members of the same workgroups as TDHCA, such as the Rural Housing Workgroup, fostering a connection.

TDHCA also has contact with PHAs when PHAs request certifications of consistency with the State's Consolidated Plan. As required by 24 CFR §903.15, in 1999, TDHCA, started a certification process to ensure that the annual plans submitted by PHAs in an area without a local Consolidated Plan are consistent with the State of Texas's Consolidated Plan.

TDHCA believes that the future success of Public Housing Authorities (PHAs) will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of public housing authorities, it is important to maintain a relationship with these service providers.

HOME ADDRESSES PHA NEEDS

Because PHAs are eligible applicants under the HOME Program, TDHCA provides notices of funding availability to all PHAs in the State. At HOME application workshops, application processes are discussed in detail, including those related to homebuyer assistance. Furthermore, staff of PHAs, especially those receiving HOME funds and those with Section 8 Homeownership programs, are targeted by TDHCA's Texas Statewide Homebuyer Education Program for training to provide homebuyer education opportunities and self-sufficiency tools for PHA residents.

In addition to PHAs that have received HOME funds to provide homebuyer assistance in their areas, PHAs have also received HOME tenant-based rental assistance funds, enabling them to provide additional households with rental assistance and services to increase self-sufficiency.

ESG ADDRESSES PHA NEEDS

PHA residents are eligible to receive assistance and services from ESG grantees. Fostering public housing resident initiatives is not an initiative for which TDHCA provides funding or that TDHCA tracks for the ESGP Program.

CDBG ADDRESSES PHA NEEDS

Litigation concerning CDBG funding and public housing authorities, known as *Young v. Martinez*, focused attention and funds on these areas in the past. The State provided three funding set-asides to address Court-ordered activities under the Final Order and Decree for the litigation, obligating a total of $13,664,753.18 for 62 *Young v. Martinez* Fund projects in PHA areas. Although the litigation has been settled, Tx CDBG continues to serve public housing areas through other funding categories as residents of PHAs qualify as low to moderate income beneficiaries for CDBG projects.

HOPWA Addresses PHA Needs

The HOPWA program administered by DSHS does not provide public housing assistance. However, Project Sponsors coordinate closely with local housing authorities for client referrals and to address local housing issues.

PUBLIC HOUSING AUTHORITIES RESIDENT INITIATIVES

The Texas Department of Housing and Community Affairs believes that the future success of PHAs will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of public housing authorities, it is important to maintain a relationship with these service providers.

HOME addresses Public Housing Resident Initiatives

Because PHAs are eligible applicants under the HOME Program, TDHCA provides notification of published notices of funding availability to all PHAs in the State. At HOME application workshops, application processes are discussed in detail, including those related to HBA. In addition to PHAs that have received HOME funds to provide homebuyer assistance in their areas, PHAs have also received HOME Tenant-Based Rental Assistance funds, enabling them to provide additional households with rental assistance and services to increase self-sufficiency.

ESGP Addresses Public Housing Resident Initiatives

Fostering public housing resident initiatives is not an initiative for which TDHCA provides funding or that TDHCA tracks for the ESGP Program.

CDBG Addresses Public Housing Resident Initiatives

While CDBG does not have a specific fund for PHA residents, it does promote through its Section 3 efforts the use of residents for CDBG-funded projects.

A Tx CDBG grant recipient must take steps to follow its adopted Section 3 policy and document those efforts. It must include its Section 3 Policy and Equal Opportunity Guidelines for Construction Contractors in any bid packets for contracts on Tx CDBG projects.

For any new employment, training, or contracting opportunities created during the expenditure of Tx CDBG funding, the Tx CDBG grant recipient and their contractors or subcontractors as applicable must take the following actions “to the greatest extent feasible”:

- Notify Section 3 Residents in writing about training and employment opportunities generated by the Tx CDBG-funded project;

- Notify potential contractors completing work on Section 3 covered projects of their responsibilities in writing;

- Incorporate the Section 3 clause into all solicitations and contracts greater than $100,000, as well as all subcontracts of those contracts;

- Facilitate the training and employment of Section 3 Residents;

- Refrain from entering into contracts with contractors that are in violation with the Section 3 regulations (if the Grant Recipient has been notified of such violations); and

- Document actions taken to comply with Section 3.

HOPWA Addresses Public Housing Resident Initiatives

The HOPWA program administered by DSHS does not provide public housing assistance. However, Project Sponsors coordinate closely with local public housing authorities for client referrals and to address local housing issues.

MULTIFAMILY FINANCE DIVISION

BOARD ACTION REQUEST

November 10, 2011

Presentation, Discussion, and Possible Action regarding Housing Tax Credit Amendments.

RECOMMENDED ACTION

WHEREAS, the Tax Credit Exchange Program Development No. 09910, Lexington Square Apartments originally proposed demolishing the existing 700 square foot office/clubhouse and constructing a new 1,476 square foot office/clubhouse; and

WHEREAS, that development owner is seeking approval to forego this plan in favor of rehabilitating and expanding the original building to 887 square feet; and

WHEREAS, staff recommends the change because the changes would not negatively impact the Application's threshold requirements or scoring; therefore

It is hereby,

RESOLVED, that staff's recommendation regarding the approval of the amendment relating to Application #09910, Lexington Square Apartments be and hereby is approved as presented to this meeting.

BACKGROUND

The owner is requesting approval to rehabilitate and expand the original office/clubhouse to 887 square feet instead of demolishing the original building and replacing it with a new 1,476 square foot facility. The amended proposal results in a loss of 589 square feet of common area, decreasing the common area originally proposed by approximately 40%. Reducing a development's proposed common area by 3% or more constitutes a material alteration of the application requiring the Board's approval.

As the development plans were finalized, the owner found that there was insufficient space to build a larger clubhouse at the location of the original facility. The owner's contact informed staff that other locations on the site were considered for the new clubhouse but the site afforded no suitable alternative locations. Therefore, the proposal to demolish the original building and build a new building was abandoned for the current proposal of rehabilitating and expanding the original building.

The owner mitigated downsizing the clubhouse proposed in the application by installing various items in the development that the application did not propose. These additional items included covered entries, full perimeter fence and barbeque grills and picnic tables. The development's architect estimated a difference in cost between the clubhouse proposal and actual construction of only $15,012 while the features added to the development above and beyond those originally proposed were estimated to cost $152,079.

Owner:	NHDC Lexington Square Apartments, LP
General Partner:	NHDC Lexington Square, LLC
Developer:	National Community Renaissance Development Corporation
Principals/Interested Parties:	National Housing Development Corporation (for-profit enity)
Syndicator:	N/A – Exchange Program
Construction Lender:	The Prudential Insurance Company of America
Permanent Lender:	JPMorgan Chase Bank
Other Funding:	CDBG (Disaster Recovery) - $1,425,868
Other Funding:	Exchange - $2,997,690
City/County:	Angleton, Brazoria County
Set-Aside:	N/A
Type of Area:	Urban
Region:	6
Type of Development:	Acquisition/Rehabilitation
Population Served:	Family
Units:	80
2007 Tax Credit Allocation:	$389,310
Allocation per HTC Unit:	$4,866 credits per unit
Prior Board Actions:	7/2007 – Awarded Tax Credits; 2009 – Awarded Exchange Funds
REA Findings:	The Underwriter's analysis indicates that the requested change does not negatively impact the underwriting of the transaction. No change to the credit recommendation is recommended prior to the finalization of the cost certification review process.

TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS
Building Homes. Strengthening Communities.

Memorandum

To: File

From: Tom Cavanagh, Real Estate Analysis Division

Cc: Teresa Shell, Multifamily HTC Exchange Administrator
Raquel Morales, Multifamily Program Administrator
Valentin Deleon, Multifamily Finance Program Division

Date: September 30, 2011

Re: Amendment Review, Lexington Square, TDHCA #09910 / 09820 / 07246

Conclusion

The requested amendment has no material impact on the underwriting of the application.

Background

The Development was submitted and approved for an allocation of 9% tax credits in 2007. The tax credit allocation was subsequently returned under the Tax Credit Exchange program.

The Development is a rehabilitation project. The scope of work in the original application proposed renovation and expansion of the existing community building. At the time of the Exchange application the scope of work was revised to include demolition of the existing community building, construction of a new community building in a more central location on the site currently occupied by a tot lot playground, and relocation of the tot lot.

Amendment Request

On September 14, 2011 the Applicant submitted an amendment request indicating that the project has experienced unanticipated cost overruns limiting the funds available for the demolition and reconstruction of the community building, and that ADA restrictions prevent the placement of the tot lot in its proposed new location.

The Applicant requests approval to retain and expand the existing building rather than the demolition, reconstruction, and relocation proposed at Exchange.

Analysis

The proposed change simply reverts to the scope of work approved in the underwriting of the original HTC application. The amendment request refers to significant cost overruns, but these were accounted for in the Exchange application. Total development cost is now $20K lower than at Exchange. The Cost Certification package has been submitted, reflecting this change. The Cost Cert documentation also indicates an increase in the permanent debt from $2.1M to $2.3M, offset by a reduction in the interest rate to 6.45% from 8%, and the elimination of $105K in deferred developer fee.

The impact of the changes in development cost and financing will be reconciled in the Cost Certification review.

NATIONAL COMMUNITY CORE RENAISSANCE

September 14th, 2011

Ms. Teresa Shell
Tax Credit Exchange Program, Program Administrator
Texas Department of Housing and Community Affairs
211 East 11th Street
Austin, Texas 78701-2410

Re: Lexington Square, TDHCA ~~#00910~~ 09910

Dear Ms. Shell:

The purpose of this letter is to request a waiver from certain credit underwriting criteria for Lexington Square Apartments, located in Angleton. Lexington Square is an 80-unit Section 8 family property that received both CDBG DR funding and Tax Credit Exchange Program funds.

As is often the case with rehabilitation projects, the construction team ran into significant cost overruns. These items were costly items that could not have been anticipated prior to rehabilitation commencement. For example, the City of Angleton changed their window requirements, resulting in an extra $150K in the windows budget. Though site work was evaluated at the time of application, some additional site work is now required due to pooling in certain areas after heavy rains. In addition, some runoff is pooling near the base of the buildings and will cause long-term damage if not repaired now. Several items have led to a total overrun of nearly $700K.

When the tax credit exchange application was submitted, and through the underwriting process, the applicant committed to demolishing the existing community space and rebuilding in the back corner of the property. Currently the back corner of the property contains the tot lot. It was thought that we could move the tot lot to a more central location between the buildings. Unfortunately, we do not have the funds to demolish and rebuild the community center, nor can we move the tot lot to the center of the property due to ADA restrictions.

If the tot lot was moved to the center of the property, the sidewalks would need to be widened to allow for wheelchair access. Unfortunately, the space between the buildings is fairly narrow. Were we to move the tot lot to the center of the property and widen the sidewalks the sidewalks would then come up to the edge of the tot lot. Meaning, if a child fell off the slide or some other part of the tot lot, they would fall on concrete and risk serious injury. Therefore, the tot lot needs to remain where it is, which leaves us no space on the property available for the relocation of the community center.

In conclusion, due to unanticipated excess costs, and ADA requirements, we request that we be allowed to keep the existing building and expand it to887 square feet from the existing 660 square feet (instead of the 1,372 outlined in the May 6th CUR). This will in no way impact the services promised as there is sufficient room in the expanded community center to provide all of the proposed services.

Thank for your time and consideration of this request.

Sincerely,

Jennifer Chester
National Community Renaissance ®
National CORE
1172 S. Dixie Highway, Ste 510
Coral Gables, FL 33146
(850)443-1316
(305) 357-6984 Fax
jchester@nationalcore.org

NATIONAL COMMUNITY RENAISSANCE

NATIONAL COMMUNITY CORE RENAISSANCE

October 7th, 2011

Ms. Teresa Shell
Tax Credit Exchange Program, Program Administrator
Texas Department of Housing and Community Affairs
211 East 11th Street
Austin, Texas 78701-2410

Re: Lexington Square, TDHCA #~~00910~~ 09910

Dear Ms. Shell:

This letter is intended to provide additional information regarding the amendment request dated September 14th. We would like to propose an amenity swap. Though not selected in the original or subsequent applications, each unit has been provided with a covered entrance as part of the rehabilitation. The cost of providing these is approximately $87,000.

The entrances not only serve a practical purpose, but an aesthetic one as well. Each of the buildings is long and rectangular and very simple in architectural style. These new entrances now serve to break-up the length of the building thereby making it more aesthetically pleasing to the eye.

The difference between what was proposed for the community center in 2007 and what is proposed now represents roughly a $15,000 decrease in cost. However, the $87,000 expense for the new covered entrances more than exceeds this difference and provides yet another amenity to the residents of this property.

Again, thank for your time and consideration of this request.

Sincerely,

Jennifer Chester
National Community Renaissance ®
National CORE
1172 S. Dixie Highway, Ste 510
Coral Gables, FL 33146
(850)443-1316
(305) 357-6984 Fax
jchester@nationalcore.org

NATIONAL COMMUNITY RENAISSANCE

MGA

October 3, 2011

Ms. Teresa Shell, Program Administrator
Tax Credit Exchange Program
Texas Department of Housing and Community Affairs
211 East 11th Street
Austin, Texas 78701-2410

Re: Lexington Square, TDHCA #00910

Dear Ms. Shell:

This letter is provided in reference to the community center waiver request for Lexington Square Apartments, located in Angleton. The property is 80 Section 8 family units.

The original tax credit application, submitted in 2007, depicted a 1,800 square foot community center in the PCA and a 1,476 square foot community center was shown in the drawings. The 1,800 square foot community center was listed in error as site constraints severely restricted our ability to provide a larger community center. However, because I understand the credit underwriting was done utilizing the square foot costs for 1,800 s.f., a cost comparison between what ***was*** proposed and what ***is*** proposed is outlined below.

Cost listed in original PCA to demo old and build a new community center:	$168,412
Cost to rehab and expand the existing community center:	$153,400
Difference:	($15,012)

Several other amenities have been added to the property that were not selected in the original application, but were considered beneficial to the community. These are:

Covered entries	(1.5 points):	$87,167
Barbecue grills and picnic tables	(1.0 points):	$5,500
Full perimeter fencing	(2.0 points):	$59,412
Total Additional Points and Costs of Additional Amenities Provided:	(4.5 points):	$152,079

As is indicated above, both the cost and the point value of the items added exceed those described in the original application.

Please let me know if you have any questions or if there is any additional information I can provide.

Sincerely,

Michael Gaertner, Sr.

Michael Gaertner, Sr., A.I.A.
Architect

MULTIFAMILY FINANCE DIVISION
BOARD ACTION REQUEST
November 10, 2011

Presentation, Discussion, and Possible Action on Housing Tax Credit Program Extensions

RECOMMENDED ACTION

Approve the request for an extension related to 2004, 2007 and 2008 Housing Tax Credit and 4% Bond Program allocations.

WHEREAS, the Board requires compliance with the deadlines it sets through its Qualified Allocation Plan (QAP) and authorizes the Executive Director to approve reasonable extensions of such deadlines when requested with good cause prior to the deadline, and

WHEREAS, the Board may consider and approve with good cause or deny extensions of deadlines requested after the deadline, and

WHEREAS, four applicants who have missed a deadline requested an extension after their deadline had passed, but provided good cause for granting the extension and paid the required $2,500 extension request fee as applicable; therefore,

It is hereby:

RESOLVED, that the extensions presented in this meeting relating to Applications No. 04463 Lakeside Manor, 07091 CityWalk at Akard, 08416 Timbers Edge Apartments and 08417 Seville Apartments are hereby approved as presented to this meeting.

BACKGROUND

Pertinent facts about the request for extension are as follows:

<u>HTC No. 04463, Lakeside Manor</u>
Cost Certification Extension

Pursuant to §50.16(a) of the 2004 Qualified Allocation Plan "…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. The owner elected to begin the Credit Period in 2006. Pursuant to §50.21(k), "[Extension] requests must be submitted to the Department no later than the date for which an extension is being requested." Staff has confirmed that the Department granted one (1) previous extension of the original April 1, 2007 submission deadline to January 16, 2011. No penalty is prescribed by program rules for failing to meet the deadline.

<u>Summary of Request:</u> The current general partner was not admitted to the partnership until December 2010. Upon admittance, they indicated that they immediately began working on gathering the Cost Certification documentation; however, they had difficulties obtaining the required documentation from the previous general partner and developer. Furthermore, there were some additional construction related items that needed to be closed out before the architect would sign off on the architect certification form.

Therefore, based on the information provided, the owner requests the Board's approval to extend the applicable deadline to September 2, 2011 the date that the cost certification was submitted.

Owner:	OHC/LITTLE ELM LTD.
General Partner:	Little Elm Leased Housing Associates I, LLC
Developer:	Outreach Housing Corporation
Principals/Interested Parties:	Paul Sween, Armand Brachman, David Brierton, Jack Safar, Chris Barnes, Mark Moorhouse, and Jeff Huggett
City/County:	Little Elm/Denton
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Elderly
Units:	178 HTC units
2004 Allocation:	$428,143
Allocation per HTC Unit:	$2,405
Extension Request Fee Paid:	$2,500
Original Deadline:	April 1, 2007
New Deadline Requested:	September 2, 2011
New Deadline Recommended:	**September 2, 2011**
Previous Extensions:	(1) January 16, 2011

DOMINIUM[SM]

September 29th, 2011

VIA: US Mail

John R. Gonzalez
Texas Department of Housing & Community Affairs
221 East 11th Street
Austin, TX 78711-3941

Re: Lakeside Manor Senior Apartments
Cost Certification Extension

Mr. Gonzalez,

Please find enclosed the cost certification extension fee for Lakeside Manor apartments. We will follow up with responses to most of the deficiencies soon.

Thank you,

Dominium

Nick Andersen
Senior Development Associate

2905 Northwest Blvd, Suite 150 • Plymouth, MN 55441-2644 • Corporate 763/354-5500 • Fax 763/354-5519 • Web dominiumapartments.com

<u>HTC No. 07091, CityWalk at Akard</u>
Extension to Submit the Cost Certification

Pursuant to §49.15(b)(2) of the 2007 Qualified Allocation Plan, "Required cost certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins. The owner elected to begin the Credit Period in 2009. Pursuant to §49.21(l), "[Extension] requests must be submitted to the Department no later than the date for which an extension is being requested." No penalty is prescribed by program rules for failing to meet the deadline.

<u>Summary of Request:</u> The reason given for the request was that financial complexities associated with this type of development led to a delay in receiving the cost analysis from the third party auditors.

Therefore, based on the information provided, the owner requests the Board's approval to extend the applicable deadline to October 11, 2011, the date that the cost certification was submitted.

Owner:	Akard Walk, LP.
General Partner:	Central Dallas CDC
Developer:	Central Dallas CDC and McCaslin Development Company
Principals/Interested Parties:	John Greenan, J.D. McCaslin, and Carl G. McCaslin
City/County:	Dallas/Dallas
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	Acquisition/Rehabilitation
Population Served:	General Population/Supportive Housing
Units:	200 HTC units
2007 Allocation:	$1,242,595
Allocation per HTC Unit:	$6,213
Extension Request Fee Paid:	$2,500
Current Deadline:	January 15, 2010
New Deadline Requested**:**	October 10, 2011
New Deadline Recommended:	**October 10, 2011**
Previous Extensions:	N/A

citywalk@akard

Akard Walk Commercial, LLC
Akard Walk Condo, LLC
Akard Walk Residential, LLC

Central Dallas Community Development Corporation

October 5, 2011

Cameron Dorsey
Director of Housing Tax Credits
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

10-07-11 P12:25 IN

Re: Request for Cost Certification Extension
CityWalk at Akard – HTC #07091; TCAP #09712 – CMTS: 4445

Dear Mr. Dorsey:

Please accept this letter as a formal request for extension for the filing of the cost certification for the CityWalk at Akard project. Due to the financial complexities of this project, we were delayed in receiving the cost analysis from the auditors.

We have completed all of the required Cost Certifications and are prepared to submit to your agency this month.

Enclosed please find a check in the amount of $2,500 as required, in accordance to with §49.13(b) of the 2011 QAP.

I apologize for the delay and appreciate the agency's continued support of our project that is serving the housing needs of the community.

Very truly yours,

John P. Greenan
Executive Director
Central Dallas Community Development Corporation

511 N. Akard Street, Suite 301
Dallas, TX 75201
(214) 573-2570 · (214) 573-2575 - Fax

HTC No. 08416 Timbers Edge Apartments
Extension to Submit the Cost Certification

Pursuant to §50.15(b)(2) of the 2008 Qualified Allocation Plan, "Required cost certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins. The owner elected to begin the Credit Period in 2010. Pursuant to §50.20(l), "[Extension] requests must be submitted to the Department no later than the date for which an extension is being requested." No penalty is prescribed by program rules for failing to meet the deadline.

Summary of Request: The reason given for the request was that the ownership had difficulties locating a tax credit investor, which led to the non-acceptance and return of tax credits, and the eventual application and approval TCAP funds that closed in January 2011.

Therefore, based on the information provided, the owner requests the Board's approval to extend the applicable deadline to October 31, 2011, the date that the cost certification was submitted.

Owner:	Beaumont Leased Housing Associates I, LP.
General Partner:	Beaumont Leased Housing Associates I, LLC
Developer:	Beaumont Leased Housing Development I, LLC
Principals/Interested Parties:	Lee Anderson, David Brierton, Armand E. Brachman, Jack W. Safar, Paul R. Sween, and Mark S. Moorhouse
City/County:	Beaumont/Jefferson
Set-Aside:	NA - Tax-Exempt Bond Development
Type of Area:	Urban
Type of Development:	Acquisition/Rehabilitation
Population Served:	General Population
Units:	150 HTC units
2008 Allocation:	$458,728
Allocation per HTC Unit:	$3,058
Extension Request Fee Paid:	$2,500
Current Deadline:	January 15, 2011
New Deadline Requested:	October 31, 2011
New Deadline Recommended:	**October 31, 2011**
Previous Extensions:	N/A

DOMINIUM[SM]

September 19, 2011

Kent Bedell
TDHCA
221 East 11th Street
Austin, TX 78711-3941

Re: Timbers Edge Apartments TDHCA #~~08408~~ 08416

Mr. Bedell:

Please accept this letter as our formal written request for an extension on our 8609 / Cost Certification submittal for Timbers Edge Apartments, TDHCA #08408.

Construction was completed year end 2009 for this property; therefore our cost certification should have been submitted by the end of February 2010.

At this time we wish to extend the submittal date to October 31, 2011. There are several reasons this submission was delayed; (1) Our syndicator was unable to find a tax-credit investor for the property post-closing, (2) due to the previous reason we were not taking tax credits at the time the submittal was due, (3) we applied for and received an award of TCAP Funds under the Tax Credit Replacement Initiative, requiring a return of the majority of the tax credits, and (4) we received Round 4 TCAP Funds which didn't close until January 2011.

Thank you for your consideration.

Sincerely,

Beaumont Leased Housing Associates I, Limited Partnership

Mark S. Moorhouse
Vice President of General Partner

09-23-11 A10:17 IN

2905 Northwest Blvd, Suite 150 • Plymouth, MN 55441-2644 • Corporate 763/354-5500 • Fax 763/354-5519 • Web dominiumapartments.com

<u>HTC No. 08417 Seville Apartments</u>
Extension to Submit the Cost Certification

Pursuant to §50.15(b)(2) of the 2008 Qualified Allocation Plan, "Required cost certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins. The owner elected to begin the Credit Period in 2010. Pursuant to §50.20(l), "[Extension] requests must be submitted to the Department no later than the date for which an extension is being requested." No penalty is prescribed by program rules for failing to meet the deadline.

<u>Summary of Request:</u> The reason given for the request was that the ownership had difficulties locating a tax credit investor, which led to the non-acceptance and return of tax credits, and the eventual application and approval TCAP funds that closed in January 2011.

Therefore, based on the information provided, the owner requests the Board's approval to extend the applicable deadline to October 31, 2011, the date that the cost certification was submitted.

Owner:	Beaumont Leased Housing Associates II, LP.
General Partner:	Beaumont Leased Housing Associates II, LLC
Developer:	Beaumont Leased Housing Development II, LLC
Principals/Interested Parties:	Lee Anderson, David Brierton, Armand E. Brachman, Jack W. Safar, Paul R. Sween, and Mark S. Moorhouse
City/County:	Beaumont/Jefferson
Set-Aside:	NA - Tax-Exempt Bond Development
Type of Area:	Urban
Type of Development:	Acquisition/Rehabilitation
Population Served:	Elderly Population
Units:	90 HTC units
2008 Allocation:	$288,807
Allocation per HTC Unit:	$3,209
Extension Request Fee Paid:	$2,500
Current Deadline:	January 15, 2011
New Deadline Requested**:**	October 31, 2011
New Deadline Recommended:	**October 31, 2011**
Previous Extensions:	N/A

DOMINIUM[SM]

September 19, 2011

Kent Bedell
TDHCA
221 East 11th Street
Austin, TX 78711-3941

Re: Seville Apartments TDHCA #0~~8409~~ 08417

Mr. Bedell:

Please accept this letter as our formal written request for an extension on our 8609 / Cost Certification submittal for Seville Apartments, TDHCA #08409.

Construction was completed year end 2009 for this property; therefore our cost certification should have been submitted by the end of February 2010.

At this time we wish to extend the submittal date to October 31, 2011. There are several reasons this submission was delayed; (1) Our syndicator was unable to find a tax-credit investor for the property post-closing, (2) due to the previous reason we were not taking tax credits at the time the submittal was due, (3) we applied for and received an award of TCAP Funds under the Tax Credit Replacement Initiative, requiring a return of the majority of the tax credits, and (4) we received Round 4 TCAP Funds which didn't close until January 2011.

Thank you for your consideration.

Sincerely,

Beaumont Leased Housing Associates II, Limited Partnership

Mark S. Moorhouse
Vice President of General Partner

Housing Tax Credit Program
Board Action Request
November 10, 2011

Action Item

Request, review, and board determination of one (1) four percent (4%) tax credit applications with other issuers for tax exempt bond transactions.

Recommendation

Staff is recommending that the board review and approve the issuance of one (1) four percent (4%) Tax Credit Determination Notices with other issuers for the tax exempt bond transactions known as:

DEVELOPMENT NO.	NAME	LOCATION	ISSUER	TOTAL UNITS	LI UNITS	TOTAL DEVELOPMENT	APPLICANT PROPOSED TAX EXEMPT BOND AMOUNT	REQUESTED CREDIT ALLOCATION	RECOMMENDED CREDIT ALLOCATION
11406	Chatham Green	Arlington	Tarrant County HFC	234	234	$11,314,818	$8,300,000	$332,418	$332,418

MULTIFAMILY FINANCE DIVISION
BOARD ACTION REQUEST
November 10, 2011

Presentation, Discussion, and Possible Action on a Determination Notice for Housing Tax Credits with another Issuer.

RECOMMENDED ACTION

Approve the Issuance of a Determination Notice associated with Mortgage Revenue Bond Transactions with Other Issuers for Chatham Green Apartments, #11406.

> **WHEREAS**, a Housing Tax Credit application for Chatham Green Apartments was submitted to the Department on September 7, 2011; and
>
> **WHEREAS**, the issuer of the bonds for Chatham Green Apartments is the Tarrant County Housing Finance Corporation; and
>
> **WHEREAS**, the reservation of allocation expires on February 27, 2012; and
>
> **WHEREAS**, the Executive Award and Review Advisory Committee recommends the issuance of the Determination Notice; therefore,
>
> It is hereby,
>
> **RESOLVED**, that the issuance of a Determination Notice of $332,418 in Housing Tax Credits for the Chatham Green Apartments is hereby approved in the form presented to this meeting.

BACKGROUND

Background and General Information: The application was received on September 7, 2011. The Issuer for this transaction is the Tarrant County Housing Finance Corporation with a reservation of allocation that expires on February 27, 2012. The general population development is rehabilitation and will consist of 234 total units. This transaction is a Priority 3 and all the units will be restricted at 60% Area Median Family Income (AMFI). The development is located in Arlington, Tarrant County and the site is currently zoned for this type of development.

The transaction originally applied to the Department for bonds and 4% housing tax credits (HTC). However, the Department expressed concern regarding the level of rehabilitation proposed and the related party nature of the seller, property manager, HTC investor, and bond purchaser. Ultimately, the Applicant chose to re-apply for 4% HTC and bonds issued through Tarrant County HFC. The Real Estate Analysis division staff has worked significantly with the Applicant on the scope of work. The remaining concerns are noted in the underwriting report which provides a favorable recommendation. It should be noted that this transaction would not meet the $25,000 per Unit threshold requirement in the 2012 Qualified Allocation Plan (QAP) under a separate agenda item. However, the Applicant has met the 2011 QAP requirements.

Organizational structure and Compliance: The Borrower is Chatham Renovation, LLC and the General Partner is SLCas, LLC. The Compliance Status Summary completed on October 17, 2011 reveals that the principals of the general partner have received 1 multifamily award that has been monitored with no material noncompliance.

Census Demographics: The development is to be located at 3532 Chatham Green Lane in Arlington. Demographics for the census tract (1115.25) include AMFI of $56,954; the total population is 6,079; the percent of population that is minority is 51.69%; the percent of population that is below the poverty line is 13.32%; the number of owner occupied units is 1,181; the number of renter units is 797 and the number of vacant units is 57. (Census information from FFIEC Geocoding for 2011).

Public Comment: The Department received a letter of support from Mayor Robert Cluck of Arlington and has not received any letters of opposition.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
Building Homes. Strengthening Communities.

MULTIFAMILY FINANCE PRODUCTION DIVISION
November 10, 2011
Development Information, Public Input and Board Summary

Chatham Green Village, TDHCA Number 11406

BASIC DEVELOPMENT INFORMATION

Site Address:	3532 Chatham Green Lane			Development #:	11406
City:	Arlington	Region:	3	Population Served:	General
County:	Tarrant	Zip Code:	76014	Allocation:	Urban
				Purpose/Activity:	AC/RH

HOME Set Asides: ☐ CHDO ☐ Preservation ☐ General

Bond Issuer: Tarrant County 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:	Chatham Renovation, LLC
Owner Contact and Phone	DeAnn Totta, (816) 303-4500
Developer:	SLCas, LLC
Housing General Contractor:	Maxus Properties, Inc.
Architect:	Williams Spurgeon Kuhl and Freshnock
Market Analyst:	Apartment MarketData, LLC
Syndicator:	McDowell Investments LP
Supportive Services:	Catholic Charities(Catholic Diocese of Ft. Worth
Consultant:	NA

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	80%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	234	0	0	128	106	0	0	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	234
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	234
Total Development Cost:	$11,314,818
Number of Residential Buildings:	20
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$332,418	$332,418	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			
HTF Rental Production Funds:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2011

Development Information, Public Input and Board Summary

Chatham Green Village, TDHCA Number 11406

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Harris, District 9

US Representative: Barton, District 6,

TX Representative: Nash, District 93

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Dr. Robert Cluck, Mayor, City of Arlington - S

Resolution of Support from Local Government ☐

Individuals/Businesses: In Support: **0** In Opposition: **0**

Neighborhood Input:

General Summary of Comment:

CONDITIONS OF COMMITMENT

1. Receipt and acceptance, within 60 days of closing on the bonds, of:
the executed bond counsel opinion confirming that the bonds will remain tax-exempt and meet all requirements to qualify for tax credits, to be submitted along with the post-bond closure submission documents as further identified in the Determination Notice.

Receipt and acceptance, by Cost Certification:
a: of certification by the Applicant that the Applicant has not received any notification indicating that the Applicant is subject to audit or other action by the IRS, and that nothing has substantively changed that would affect the eligibility for the tax-exempt status of the bonds or for tax credits.

b: Documentation clearing environmental issues contained in the ESA report, specifically:
I: documentation that an O & M Program has been fully implemented to monitor suspect non-friable asbestos-containing materials.
II: documentation that a comprehensive noise assessment has been completed to determine the requirements for the subject development to satisfy HUD guidelines, and that noise mitigation recommendations have been implemented.

c: If at Cost Certification the applicable fraction is 86% or lower, the resulting gap in financing may exceed the available developer fee, and the financing structure must be re-evaluated.

d: Cost Certification documentation must identify a minimum of $15,000 per unit in direct hard costs (including site work, contingency, contractor profit, overhead, and general requirements). This $15K per unit threshold must consist of work paid for directly by the Applicant, exclusive of any work performed under the Weatherization Assistance Program.

e: Cost Certification documentation must verify that the completed scope of work resulted in an equivalent level of rehabilitation for all units.

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 10, 2011

Development Information, Public Input and Board Summary

Chatham Green Village, TDHCA Number 11406

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:	Credit Amount:	$332,418

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed $332,418 annually for ten years, subject to conditions.

TDHCA Bond Issuance:	Bond Amount:	$0

Recommendation:

HOME Activity Funds:	Loan Amount:	$0
HOME CHDO Operating Expense Grant:	Grant Amount:	$0

Recommendation:

HTF Rental Production Funds:	Loan Amount:	$0

Recommendation:

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
Building Homes. Strengthening Communities.

Real Estate Analysis Division
Underwriting Report
October 19, 2011

DEVELOPMENT IDENTIFICATION

TDHCA Application #: 11406 Program(s): 4% HTC

Chatham Green Village

Address/Location: 3532 Chatham Green Lane

City: Arlington County: Tarrant Zip: 76014

Population: Family Program Set-Aside: General Area: Urban
Activity: Acq/Rehab Construction Type: Fourplex Region: 3

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort Term**	**Type**	**Amount**	**Interest Rate**	**Amort Term**	**Type**	**Lien**
LIHTC (Annual)	$332,418				$332,418				

CONDITIONS

1 Receipt and acceptance, within 60 days of closing on the bonds, of:

- the executed bond counsel opinion confirming that the bonds will remain tax-exempt and meet all requirements to qualify for tax credits, to be submitted along with the post-bond closure submission documents as further identified in the Determination Notice.

2 Receipt and acceptance, by Cost Certification:

a: of certification by the Applicant that the Applicant has not received any notification indicating that the Applicant is subject to audit or other action by the IRS, and that nothing has substantively changed that would affect the eligibility for the tax-exempt status of the bonds or for tax credits.

b: Documentation clearing environmental issues contained in the ESA report, specifically:

i: documentation that an O & M Program has been fully implemented to monitor suspect non-friable asbestos-containing materials.

ii: documentation that a comprehensive noise assessment has been completed to determine the requirements for the subject development to satisfy HUD guidelines, and that noise mitigation recommendations have been implemented.

c: If at Cost Certification the applicable fraction is 86% or lower, the resulting gap in financing may exceed the available developer fee, and the financing structure must be re-evaluated.

d: Cost Certification documentation must identify a minimum of $15,000 per unit in direct hard costs (including site work, contingency, contractor profit, overhead, and general requirements). This $15K per unit threshold must consist of work paid for directly by the Applicant, exclusive of any work performed under the Weatherization Assistance Program.

e: Cost Certification documentation must verify that the completed scope of work resulted in an equivalent level of rehabilitation for all units.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
60% of AMI	60% of AMI	234

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name: DeAnn Totta
Relationship: Manager of GP / Owner Contact
Email: dtotta@maxusprop.com
Phone: (816) 303-4500
Fax: (816) 221-1829

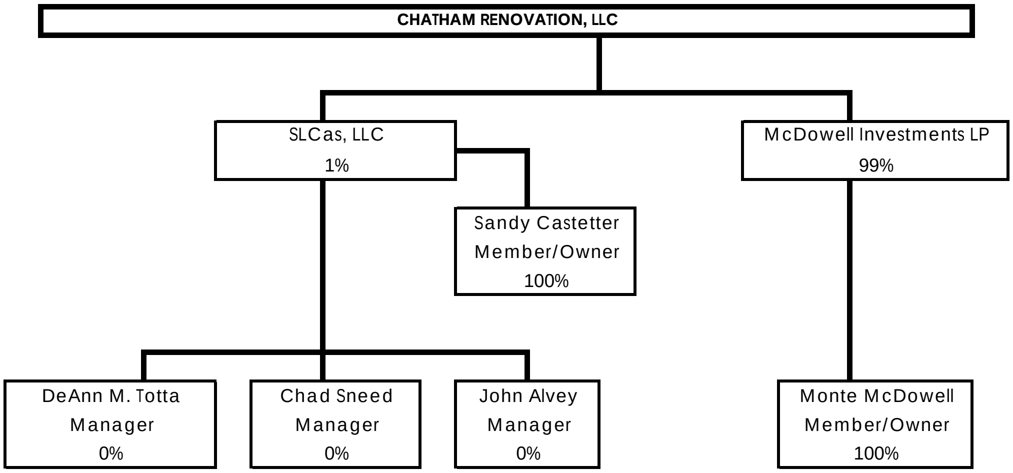
KEY PRINCIPALS

Name	RELATIONSHIPS
Sandra Castetter	100% owner of SLCas, LLC, Bond Purchaser and GP of Chatham Renovation, LLC (Applicant/Buyer)
	Joint owner of 18% share of Chatham Associates, LP (Seller and parent to Oak Tree GP, LLC, the Bond Purchaser)
	Joint owner of 100% of Maxus Properties, Inc. (Property Manager)
David L. Johnson	Joint owner of 18% share of Chatham Associates, LP (Seller and parent to Oak Tree GP, LLC, the Bond Purchaser)
	Chairman, joint owner of 100% of Maxus Properties, Inc. (Prop Manager)
	Chairman, CEO, and President of Maxus Realty Trust, Inc.
John W. Alvey	Manager of SLCas, LLC, Bond Purchaser and GP of Chatham Renovation, LLC (Applicant/Buyer)
	VP of DLJ Enterprises, Inc., the Managing Member of Oak Tree GP, LLC (Bond Purchaser), which is the GP of Chatham Associates, LP (Seller)
	Exec VP and CEO of Maxus Properties, Inc. (Property Manager)
	CFO, Vice President, and Treasurer of Maxus Realty Trust, Inc.
Monte McDowell	100% owner of McDowell Investments, LP (Equity Investor)
	Board Member of Maxus Realty Trust, Inc.
DeAnn Totta	Manager of SLCas, LLC, Bond Purchaser and GP of Chatham Renovation, LLC (Applicant/Buyer)
	VP SEC Reporting and Admin, Maxus Properties, Inc. (Property Manager)
	Principal Accounting Officer and Secretary of Maxus Realty Trust, Inc.
Chad Sneed	Manager of SLCas, LLC, Bond Purchaser and GP of Chatham Renovation, LLC (Applicant/Buyer)
	Director of Acquisitions & Financing, Maxus Properties, Inc (Prop Manager)

Related-Party Seller/Identity of Interest: Yes

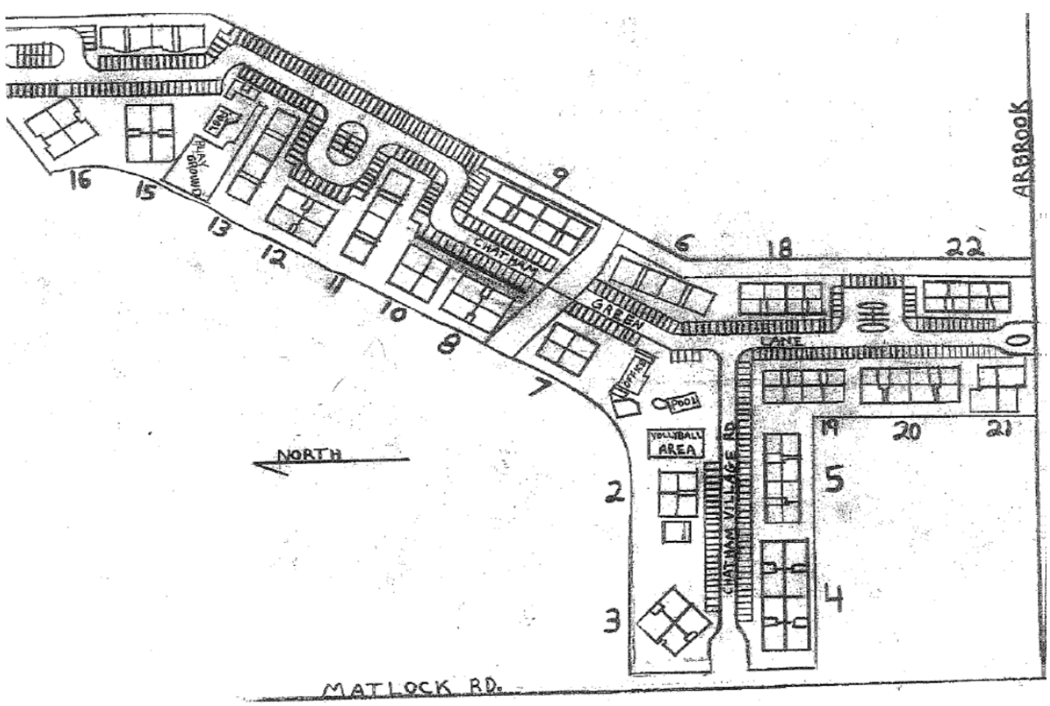
- The Applicant, Developer, General Contractor, and property manager are related entities.
- Sandra Castetter, the 100% Owner of the General Partner of the Applicant, also jointly owns an 18% share of Chatham Associates, LP. Chatham Associates, LP is the Seller, and will be the purchaser of the Bonds.
- Principals of the Applicant, the Seller, the Bond Purchasers, and the Equity Investor are all executives or board members of Maxus Realty Trust Inc. and/or Maxus Properties, Inc. Maxus Properties is the current and proposed Property Manager.

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D	E	F	G	H	I	J		Totals
Floors/Stories	2	2	2	3	2	2	2	2.5	3	3		
Number of Bldgs	2	2	1	2	3	3	3	1	2	1		**20**
Units per Bldg	8	8	16	20	8	8	16	10	8	24		
Total Units	**16**	**16**	**16**	**40**	**24**	**24**	**48**	**10**	**16**	**24**		**234**

Property Condition Assessment:

The Applicant provided a Property Condition Assessment prepared by Underground Environmental Services, Inc. The Underwriter requested clarification of the costs indicated, and the Applicant provided a revised PCA on February 2, 2011 which separately itemized direct costs and contractor fees.

The revised PCA estimates total direct and site work costs of $3,250,000 based on the current condition of the property and developer's rehabilitation plan. This includes costs for drainage and erosion control, new building exterior siding, replacement of doors and windows for energy efficiency, replacement of external stairs, renovation of the office, community center, fitness center, playground, and pool, and upgrades to the unit kitchens and baths.

Also included is an $827,000 line item for to-be-determined work to be completed by the City of Fort Worth under the Weatherization Assistance Program (WAP). The current and proposed Property Manager has executed a Landlord Agreement under which the City of Fort Worth will directly provide weatherization improvements as needed specifically for individual units. The weatherization work is already underway.

The application, as submitted, did not meet the $15,000 per unit minimum rehabilitation unless the WAP rehab was included. Since the WAP rehab was already underway and is separately funded outside the control of the Applicant, the Department determined that it should not be counted toward the $15,000 per unit threshold for the application. The Department also expressed concern that the Applicant's proposed scope of work would not result in all units being rehabilitated to the same level.

The Applicant submitted a revised scope of work meeting the $15,000 per unit threshold, excluding the WAP rehab, and committing to a level of detail ensuring that all units receive the benefit of all proposed rehabilitation.

GENERAL INFORMATION

Total Size:	11.03 acres	Scattered Site?	☐ Yes	☑ No	
Flood Zone:	X	Within 100-yr floodplain?	☐ Yes	☑ No	
Zoning:	MF-18	Re-Zoning Required?	☐ Yes	☑ No	☐ N/A
Density:	21.2149 units/acre	Utilities at Site?	☑ Yes	☐ No	
		Title Issues?	☐ Yes	☑ No	

Other Observations:

The site is zoned MF-18, or "Multifamily at 18 dwelling units per acre". The subject has a density of 21 units per acre. The Applicant provided a letter from the city indicating that "The City has no immediate plans to take action against this site's non conforming status" . The Applicant further provided a copy of the zoning ordinance and clarification that the subject property is "exempt", and "may be renovated, remodeled, or repaired without Board of Adjustment approval."

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Underground Environmental Services, Inc   Date: 12/3/2010

Recognized Environmental Conditions (RECs) and Other Concerns:

- No recognized environmental conditions associated with subject property.
- "Based on the age of the improvements (1984), friable asbestos-containing materials are not expected to be present on the subject property. Based upon the absence of friable asbestos-containing materials, the good condition of the building materials, and the age of the improvements, asbestos sampling and analysis are not required." (p. 6)
- "Suspect non-friable asbestos-containing materials (ACM) are present on the subject property in the form of flooring materials and sheetrock joint compound. Asbestos may also be present in materials not visible during the site inspection, including, but not limited to, roofing, sub-flooring, and insulation. Non-friable ACM may remain in place provided an Operations and Maintenance (O & M) program is implemented, and the materials are in good condition. All suspect materials were in good condition and an asbestos O & M program to manage the suspect asbestos-containing materials will be submitted under separate cover." (p. 7)
- "Based on HUD guidelines, a noise study would be recommended due to West Arbrook Blvd on the south and Matlock Rd on the West." (p.8)

Any funding recommendations will be subject to the following conditions:

Receipt, review, and acceptance, by Cost Certification, of documentation that an O & M Program has been fully implemented to monitor suspect non-friable asbestos-containing materials.

Receipt, review, and acceptance, by Cost Certification, of documentation that a comprehensive noise assessment has been completed to determine the requirements for the proposed development to satisfy HUD guidelines, and that noise mitigation recommendations have been implemented.

MARKET ANALYSIS

Provider: Apartment MarketData — Date: 12/22/2010

Contact: Darrell Jack — Phone: 210-530-0040

Number of Revisions: None — Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 22.07 sq. miles — 2.6 mile equivalent radius

The Primary Market Area encompasses 14 census tracts in Arlington, along Interstate 20 west of Hwy 360.

ELIGIBLE HOUSEHOLDS BY INCOME								
Tarrant County Income Limits								
HH size	30% of AMI		40% of AMI		50% of AMI		60% of AMI	
	min	max	min	max	min	max	min	max
1	---	---	---	---	$20,868	$23,600	$23,709	$28,320
2	---	---	---	---	$20,868	$27,000	$23,709	$32,400
3	---	---	---	---	$25,269	$30,350	$30,350	$36,420
4	---	---	---	---	---	---	---	---
5	---	---	---	---	---	---	---	---
6	---	---	---	---	---	---	---	---

AFFORDABLE HOUSING INVENTORY in PRIMARY MARKET AREA					
File #	Development	Type	Target Population	Comp Units	Total Units
Proposed, Under Construction, and Unstabilized Comparable Developments					
None				0	
Other Affordable Developments in PMA since 2006					
None				n/a	
Stabilized Affordable Developments in PMA (pre-2006)					
	Total Properties (pre-2006)	3	Total Units		691

Proposed, Under Construction, and Unstabilized Comparable Supply:

There are no proposed, under construction, or unstabilized comparable units located in the PMA.

OVERALL DEMAND ANALYSIS		
	Market Analyst	**Underwriter**
Total Households in the Primary Market Area	32,428	33,492
Target Households in the Primary Market Area	2,668	2,259
Potential Demand from the Primary Market Area	2,661	2,259
Potential Demand from Other Sources	0	0
GROSS DEMAND	**2,661**	**2,259**
Subject Affordable Units	234	234
Unstabilized Comparable Units	0	0
RELEVANT SUPPLY	**234**	**234**
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**8.8%**	**10.4%**

Demand Analysis:

The Market Analyst's Gross Demand is overstated. The property contains one and two bedroom units and demand projections should be based on households with 1 to 3 persons. The Market Analysts included all household sizes and calculated Gross Demand for 2,661 units, and a Gross Capture Rate of 8.8%.

The Underwriter calculated Gross Demand for 2,259 units based on 1 to 3 person renter households, resulting in a Gross Capture Rate of 10.4%.

The maximum Gross Capture Rate for developments in urban areas targeting family households is 10%; the Underwriter's calculated Gross Capture Rate exceeds this limit. However, the Real Estate Analysis Rules provide an exception to the Gross Capture Rate Limit for existing Affordable Housing that is at least 50% occupied and will provide a leasing preference to existing tenants. The subject qualifies as existing Affordable Housing due to the AHDP LURA; the property is greater than 90% occupied; and the Applicant anticipates that no existing tenants will be displaced.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE

	Market Analyst				Underwriter			
Unit Type	Demand	Subject	Comp	Unit	Demand	Subject	Comp	Unit
1 BR/50%					255	30	0	12%
1 BR/60%	942	128	0	14%	389	98	0	25%
2 BR/50%					233	16	0	7%
2 BR/60%	734	106	0	14%	348	90	0	26%

Primary Market Occupancy Rates:

The Market Analyst reported an overall occupancy rate of 94.6 % for a total of 890 affordable units within the Primary Market Area.

Absorption Projections:

"The developer plans to complete the rehabilitation without reducing the occupancy to any great extent, so there should not be an 'Absorption Period.' We estimate that a new project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction. " (p.52)

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable family units have been easily absorbed. Today, affordable projects are 94.6% occupied." (p.57)

Comments:

The Market Analyst overstates demand for the subject, and the Underwriter's calculated Gross Capture Rate exceeds the 10% limit. However, the Gross Capture Rate limit does not apply because the subject is existing Affordable Housing, is more than 50% occupied, and current tenants will not be displaced. Given the current occupancy, absorption is not a primary concern.

OPERATING PROFORMA

SUMMARY - AS UNDERWRITTEN

NOI:	$630,702	Avg. Rent:	$621	Expense Ratio:	62.2%
Debt Service:	$531,586	B/E Rent:	$603	Controllable Expenses:	$2,918
Net Cash Flow:	$99,117	Occupancy:	92.50%	Property Taxes/Unit:	$577
Aggregate DCR:	1.19:1	B/E Occupancy:	86.64%	Program Rent Year:	2010

Income: Number of Revisions: 2 Date of Last Applicant Revision: 2/2/2011

The property is subject to an existing AHDP LURA requiring that 70 units (30% of the total) be restricted for Low Income households (at or below 80% of AMI) and 45 units (19% of the total) be restricted for Very Low Income households (at or below 50% of AMI). The application proposes all units be restricted under the HTC LURA for households at or below 60% of AMI. This results in a lower rent limit than currently in place for the AHDP Low Income units. But it has no practical effect because the achievable market rents are well below the 60% HTC rent limits.

The Applicant's rents are based on the rents currently being achieved at the property (plus a marginal increase), which are lower than the maximum program rents and market rents reported in the market study.

The Underwriter considered the program rents, the market information provided in the market study, and rental information available in the Department's database. The Underwriter used rents based on the average per-square-foot rates currently being achieved at other tax credit properties in the immediate area. This results in rents for some of the 60% units below the 50% rent level.

The REA rules state that if an applicant designates units for households at or below 60% of AMI, but the achievable market rents are below the 50% of AMI program rent, then those units must be restricted for households at the 50% income/rent level. The weighed-average of the achievable rent for both the one and two bedroom 60% units is greater than the net 50% rent levels for each unit type. Therefore, the Applicant is not required to redesignate 60% units as 50% units.

The Applicant included non-rental income of $17.74 per unit per month from laundry, cable, parking, and fees. The Applicant also included an additional $7.48 per unit per month from utility reimbursement. The Applicant explained that historically, if a tenant fails to pay their utility bill, the landlord will pay the bill and seek reimbursement from the tenant.

The underwriting analysis limits non-rental income to the $20 per unit per month maximum under the Real Estate Analysis Rules.

The Applicant's gross income estimate is adjusted for 7.5% vacancy and collection losses, and $7,200 per year in rental concessions. The underwriting analysis assumes stabilized occupancy at the underwritten rent, with 7.5% vacancy and collection losses; rental concessions are not considered.

Overall, the Applicant's effective gross income ($1.67 million) is 3% lower than the underwriting estimate ($1.73 million).

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 2/2/2011

The Applicant's proposed operating expenses are equal to $4,444 per unit per year. This is 3.5% less than the underwriting estimate of $4,607. The underwriting estimates are taken from the actual operating statement for the subject property, plus $334 per unit per year in replacement reserves, derived from the long-term capital requirements itemized in the PCA. The Applicant included $300 per unit per year for replacement reserve, the minimum amount required for a rehabilitation project. It should be noted that based on the PCA, a reserve of only $300 per unit per year results in a negative reserve balance beginning in year 10.

The item with the most significant variance is the utility expense. The Applicant's proposed utility expense ($44K) is 53% lower than the underwriting estimate ($93K). The underwriting estimate is equal to the actual expense for 2010. The Applicant explained that the lower proposed amount is based on efficiency improvements anticipated from the Weatherization Assistance Program work to be completed in conjunction with the rehabilitation. Since the WAP improvements are targeted specifically at units for the benefit of the tenants, the Underwriter fails to see how they will significantly impact the property's operating expenses.

Conclusion:

The Applicant's income, expenses, and net operating income are each within 5% of the underwriting estimates. As a result, the Applicant's figures have been used to determine debt capacity. The Applicant's pro forma and the proposed financing structure indicate a first year debt coverage ratio of 1.19. This is within the underwriting guideline of 1.15 to 1.35.

Feasibility:

The Applicant's proposed income and expenses, and the proposed financing structure, are used to generate a 30-year operating pro forma, applying a 2% growth factor to income and 3% to expenses. This analysis indicates continued positive cash flow and a debt coverage ratio above 1.15 at least through 15 years. As a result, the development is considered financially feasible.

ACQUISITION INFORMATION

APPRAISED VALUE

Appraiser:	Mainland Valuation Services		Date:	9/25/2011
Land Only: 10.94 acres	$950,000		Per Unit:	$4,060
Personal Property	$180,000			
Existing Buildings: (as-is)	$5,480,000			
Total Development: (as-is)	$6,610,000		Per Unit:	$28,248

SITE CONTROL

Type:	Agreement for the Sale of Real Estate	Acreage:	11.03
Acquisition Cost:	$6,445,000	Contract Expiration:	7/20/2011
Cost Per Unit:	$27,543		
Seller:	Chatham Associates, LP	Related to Development Team?	☑ Yes ☐ No

Comments:

Sandy Castetter, the 100% Member of the General Partner of the Applicant, also owns 17.84% of the Seller, Chatham Associates, LP. The application initially indicated an acquisition cost of $7,515,000. This was revised to $6,445,000 to conform to the rules relating to identity of interest transactions. This amount is equal to the "as-is" appraised value of the land and buildings, plus $15,000 closing costs.

DEVELOPMENT COST EVALUATION

COST SCHEDULE Number of Revisions: 2 Date of Last Applicant Revision: 2/18/2011

Off-Site Cost:

Off-Sites ☐ Yes ☑ No Engineer/Architect Cert. ☐ Yes ☐ No ☑ N/A

Sitework Cost:

Site Work >$9K/unit ☐ Yes ☑ No Engineer & CPA Cert. ☐ Yes ☐ No ☑ N/A

Comments:

The Applicant's revised development cost schedule indicates $443,000 in site work ($1,893 per unit). This total includes non-site work items such as stairs and doors. The underwriting estimate of $380,081 ($1,624 per unit) is taken from the information provided in the Property Condition Assessment (PCA). A relatively large portion of the PCA's sitework budget, $141K, is budgeted for a complete renovation of the swimming pools. The remaining budgeted amount is primarily for asphalt repair and drainage/erosion control.

Direct Construction Cost:

The original PCA indicated total direct construction cost of 2,042,920 plus a single line item for $827,000 identified as "purchased rehab", an estimate of the value of work to be performed by the City of Fort Worth under the Weatherization Assistance Program. The Applicant's revised development cost schedule excludes the WAP rehab, and identifies an expanded scope of work including $2,368,430 in direct construction, in addition to the $443,000 listed as site work, for a total of $2,811,430.

The underwriting estimate for direct construction includes the Applicant's expanded scope in addition to that originally identified in the PCA. The underwriting estimate for total site work and construction is $2,878,909. Total hard cost (site work, direct construction, contingency, and contractor fees) equal $15,395 per unit. This satisfies the minimum rehabilitation of $15,000 per unit required under the QAP.

Interim Interest Expense:

The Applicant's cost schedule does not indicate any interim interest.

Contingency & Fees:

The Applicant's proposed contractor fees are overstated. Total eligible contractor fees are limited to 14% when total hard costs exceed $3M.

The Applicant's proposed developer fees are overstated. Total eligible developer fees are limited to 15% for developments with 50 units or more.

Reserves:

The Applicant's development cost schedule includes $70,200 for Operating Reserves. The Underwriter's cost includes $281,144, or 2 months of operating expenses and debt service, the minimum required under the Real Estate Analysis Rules.

Conclusion:

The construction scope of work is relatively minimal from the outset but the PCA also documents that the $300 per unit reserve for replacements standard would be insufficient to make future anticipated capital improvements. However, the rehabilitation budget, as presented, meets the minimum QAP requirements, and the pro forma reflects sufficient cushion in the budget to accommodate additional reserve contributions. It remains a concern that the identities of interest may result in less rigorous underwriting by the related party financing sources.

The Underwriter's cost estimates are based on information provided in the third-party PCA, as well as the Applicant's expanded scope of work; any variation from the Applicant's cost schedule are due to program or underwriting guidelines. The Underwriter's total cost has been used to calculate eligible basis and to determine the development's need for permanent financing.

The total eligible basis of $10,107,179 supports an allocation of $347,687 in annual tax credits. This will be compared to the amount requested by the Applicant, and the amount determined by the gap in financing, to determine the recommended allocation.

UNDERWRITTEN CAPITALIZATION

Applicant Revisions: 3 Last Update: 2/18/2011

Interim Sources	Amount	Rate	Term	LTC
Oak Tree G.P., LLC	$6,445,000	4.50%	36	57%
SLCas, LLC	$1,855,000	4.50%	36	16%
McDowell Investments, L.P.	$2,659,350	tax credit equity		24%
Total	**$10,959,350**			

Comments:

None.

Permanent Sources	Amount	Rate	Amort	Term	LTC
Oak Tree G.P., LLC	$6,445,000	4.50%	27	30	57%
SLCas, LLC	$1,855,000	4.50%	27	30	16%
Total	$8,300,000				

Comments:

The original application proposed $8,500,000 in bond debt. The most recent sources and uses of funds, and the most recent financing proposal from the lender, indicate total debt of $8,300,000.

The Bonds will be issued on a non-rated unenhanced basis by Tarrant County Housing Finance Corporation (the "Issuer"). Oak Tree G.P., L.L.C., the general partner of Chatham Associates, L.P. (the Seller), will purchase approximately 77% of the bonds ($6,445,000). SLCas, L.L.C., the general partner of the Applicant, will purchase approximately 23% of the bonds ($1,855,000).

The term of the Bonds will be 30 years with a 27-year amortization, following a rehabilitation period of 36 months. The interest rate is stated at 4.50% all-in including loan servicing, but excluding annual trustee fees, issuer fees or other trust indenture expenses.

Both bond purchasers are related parties to the Applicant. The Department has inquired with the Issuer's bond counsel as to whether these relationships pose a conflict for the tax-exempt status of the bonds. At this time the question remains unresolved. The Department assumes the bonds will not close unless these questions are satisfactorily resolved. Any tax credit allocation will be subject to receipt and acceptance, within 60 days of closing on the bonds, of the executed bond counsel opinion confirming that the bonds will remain tax-exempt and meet all requirements to qualify for tax credits, along with the post-bond closure submission documents.

Equity & Deferred Fees	Amount	Rate	% TC	% Def
McDowell Investments, L.P.	$2,659,350	$0.80	24%	
SLCas, L.L.C.	$355,468		3%	59%
Total	$3,014,818			
Total Sources	**$11,314,818**			

Comments:

The original application proposed a total equity capital contribution of $3,094,394, based on a total of $3,867,993 in anticipated tax credits over ten years. The most recent sources and uses of funds, and the most recent financing proposal from the investor, indicate total equity proceeds of $2,659,350.

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the permanent loan of $8,300,000 indicates the need for $3,014,818 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $376,851 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	$347,687
Allocation determined by gap in financing:	$376,851
Allocation requested by the Applicant:	$332,418

The credit amount requested by the Applicant is recommended. An annual allocation of $332,418 results in $2,659,350 in equity proceeds at $0.80 per credit.

The Underwriter's recommended financing structure indicates the need for $355,468 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cash flow within four years of stabilized operation.

The recommended tax credit award assumes that 100% of the units are HTC eligible. However, it must be noted that the Applicant has estimated that only 70% of the current tenants would be income-qualified under the proposed restrictions. The Applicant requested tax credits based on full eligibility. But they stated they do not intend to displace any tenants who are over-income, and "at the end of the 36-month cost certification period, the developer will only place in service and therefore, receive credits for those units who qualify under the Low-Income Housing Tax Credit Program."

If the applicable fraction is 86% or lower, the resulting gap in financing exceeds the available developer fee. With 70% of the existing households eligible and 6% of the units currently vacant, the Development only needs to experience turnover of 13% or 31 units during construction in order to exceed the 86% applicable fraction necessary. This is a very low turnover rate and does not represent a significant risk to the transaction. The actual applicable fraction and impact on the tax credit award and financing structure will be evaluated at cost certification.

Underwriter:	*Thomas Cavanagh*
Manager of Real Estate Analysis:	*Cameron Dorsey*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Chatham Green Village, Arlington, 4% HTC #11406

LOCATION DATA	
CITY:	Arlington
COUNTY:	Tarrant
PROGRAM REGION:	3
RURAL RENT USED:	
IREM REGION:	Fort Worth

UNIT DISTRIBUTION		
# Beds	# Units	% Total
Eff		
1	128	54.7%
2	106	45.3%
3		
4		
TOTAL	234	100.0%

Applicable Programs
LIHTC
MRB
AHDP

PROFORMA ASSUMPTIONS	
REVENUE GROWTH:	2.00%
EXPENSE GROWTH:	3.00%
HIGH COST ADJUSTMENT:	100%
APPLICABLE FRACTION:	100.00%
APP % - ACQUISITION:	3.44%
APP % - CONSTRUCTION:	3.44%

UNIT MIX / MONTHLY RENT SCHEDULE

0										PROGRAM RENT LIMITS			APPLICANT'S PROFORMA RENTS				TDHCA PROFORMA RENTS				MARKET RENTS		
Type	Gross Rent	MRB Unit Designation	Gross Rent	Other Designation/Subsidy	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Tenant Pd UA's (Verified)	Max Net Program Rent	Delta to Max Program	Rent per NRA	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent per NRA	Delta to Max Program	Market Rent	Rent per NRA	TDHCA Savings to Market
TC60%	$759	MRB60%	$759	AHDP - VLI	$655	30	1	1	599	$655	$75	$580	($55)	$0.88	$525	**$15,750**	**$16,009**	$534	$0.89	($46)	$534	0.89	$0
TC60%	$759	MRB60%	$759			34	1	1	599	$759	$75	$684	($149)	$0.89	$535	**$18,190**	**$18,144**	$534	$0.89	($150)	$534	0.89	$0
TC60%	$759	MRB60%	$759	AHDP	$856	32	1	1	692	$759	$75	$684	($124)	$0.81	$560	**$17,920**	**$19,728**	$617	$0.89	($67)	$617	0.89	$0
TC60%	$759	MRB60%	$759			32	1	1	692	$759	$75	$684	($104)	$0.84	$580	**$18,560**	**$19,728**	$617	$0.89	($67)	$617	0.89	$0
TC60%	$910	MRB60%	$910	AHDP - VLI	$737	16	2	1	846	$737	$97	$640	($13)	$0.74	$627	**$10,032**	**$10,240**	$640	$0.76	$0	$642	0.76	$2
TC60%	$910	MRB60%	$910			16	2	1	846	$910	$97	$813	($148)	$0.79	$665	**$10,640**	**$10,271**	$642	$0.76	($171)	$642	0.76	$0
TC60%	$910	MRB60%	$910	AHDP	$964	40	2	2	997	$910	$97	$813	($88)	$0.73	$725	**$29,000**	**$30,261**	$757	$0.76	($56)	$757	0.76	$0
TC60%	$910	MRB60%	$910			34	2	2	1,041	$910	$97	$813	($73)	$0.71	$740	**$25,160**	**$26,857**	$790	$0.76	($23)	$790	0.76	$0
TOTALS/AVERAGES:						**234**			**184,970**				**($97)**	**$0.79**	**$621**	**$145,252**	**$151,239**	**$646**	**$0.82**	**($71)**	**$646**	**$0.82**	**$0**
ANNUAL POTENTIAL GROSS RENT:																**$1,743,024**	**$1,814,873**						

STABILIZED PROFORMA

Chatham Green Village, Arlington, 4% HTC #11406

STABILIZED FIRST YEAR PROFORMA

	COMPARABLES			APPLICANT				TDHCA				VARIANCE	
	Database		12mth Actual	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT					$0.79	$621	$1,743,024	$1,814,873	$646	$0.82		4.0%	$71,849
laundry, cable, fees, parking						$17.74	$49,800					0.0%	(49,800)
reimbursed elec. non-payment by residents						$7.48	$21,000					0.0%	(21,000)
						$0.00	$0					0.0%	-
Underwriter's Total Secondary Income								$56,160	$20.00			100.0%	56,160
POTENTIAL GROSS INCOME							$1,813,824	$1,871,033				3.1%	$57,209
Vacancy & Collection Loss						7.5% PGI	(136,037)	(140,327)	7.5% PGI			3.1%	(4,291)
Non-Rental Units/Concessions							(7,200)					0.0%	7,200
EFFECTIVE GROSS INCOME							$1,670,587	$1,730,706				3.5%	$60,119
General & Administrative	$77,994	$333/Unit	81,784	4.33%	$0.39	$309	$72,370	$81,784	$350	$0.44	4.73%	-11.5%	(9,414)
Management	$72,595	4.7% EGI	62,170	4.00%	$0.36	$286	$66,823	$69,228	$296	$0.37	4.00%	-3.5%	(2,405)
Payroll & Payroll Tax	$243,860	$1,042/Unit	307,257	17.60%	$1.59	$1,256	$294,000	$294,000	$1,256	$1.59	16.99%	0.0%	-
Repairs & Maintenance	$137,342	$587/Unit	157,645	8.34%	$0.75	$596	$139,400	$137,342	$587	$0.74	7.94%	1.5%	2,058
Utilities	$78,690	$336/Unit	93,233	2.63%	$0.24	$188	$44,000	$93,233	$398	$0.50	5.39%	-52.8%	(49,233)
Water, Sewer, & Trash	$117,656	$503/Unit	134,070	7.96%	$0.72	$568	$133,000	$134,070	$573	$0.72	7.75%	-0.8%	(1,070)
Property Insurance	$46,355	$0.25 SF	64,754	3.86%	$0.35	$276	$64,500	$64,754	$277	$0.35	3.74%	-0.4%	(254)
Property Tax 2.5496	$152,051	$650/Unit	85,611	8.08%	$0.73	$577	$135,000	$104,781	$448	$0.57	6.05%	28.8%	30,219
Reserve for Replacements	$60,673	$259/Unit	-	4.20%	$0.38	$300	$70,200	$78,156	$334	$0.42	4.52%	-10.2%	(7,956)
TDHCA Compliance Fees			-	0.56%	$0.05	$40	$9,360	$9,360	$40	$0.05	0.54%	0.0%	-
Cable TV			-	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Supportive service contract fees			-	0.67%	$0.06	$48	$11,232	$11,232	$48	$0.06	0.65%	0.0%	-
Security			-	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Describe			-	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Describe			-	0.00%	$0.00	$0	-	$0	$0	$0.00	0.00%	0.0%	-
TOTAL EXPENSES			**$ 986,524**	**62.25%**	**$5.62**	**$4,444**	**$ 1,039,885**	**$ 1,077,941**	**$4,607**	**$5.83**	**62.28%**	**-3.5%**	**$ (38,056)**
NET OPERATING INCOME ("NOI")			**N/A**	**37.75%**	**$3.41**	**$2,695**	**$630,702**	**$652,765**	**$2,790**	**$3.53**	**37.72%**	**-3.4%**	**($22,063)**
CONTROLLABLE EXPENSES		$2,801/Unit	$3,308/Unit			$2,918/Unit			$3,164/Unit				

LONG TERM OPERATING PROFORMA USING APPLICANT DEBT SIZING

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30	YEAR 35	YEAR 40
EFFECTIVE GROSS INCOME	$1,670,587	$1,703,999	$1,738,079	$1,772,841	$1,808,297	$1,996,506	$2,204,304	$2,433,730	$2,687,035	$2,966,703	$3,275,480	$3,616,395
LESS: TOTAL EXPENSES	1,039,885	1,070,413	1,101,844	1,134,204	1,167,521	1,349,485	1,560,015	1,803,619	2,085,515	2,411,752	2,789,331	3,226,368
NET OPERATING INCOME	**$630,702**	**$633,586**	**$636,235**	**$638,636**	**$640,776**	**$647,021**	**$644,289**	**$630,111**	**$601,519**	**$554,952**	**$486,149**	**$390,027**
LESS: DEBT SERVICE	531,586	531,586	531,586	531,586	531,586	531,586	531,586	531,586	531,586	531,586	531,586	531,586
NET CASH FLOW	**$99,117**	**$102,000**	**$104,649**	**$107,051**	**$109,190**	**$115,436**	**$112,704**	**$98,526**	**$69,934**	**$23,366**	**($45,437)**	**($141,559)**
CUMULATIVE NET CASH FLOW	$99,117	$201,117	$305,766	$412,816	$522,007	$1,089,849	$1,662,883	$2,188,999	$2,602,283	$2,820,236	$2,740,503	$2,237,013
DEFERRED DEVELOPER FEE BALANCE	$355,468	$253,468	$148,819	$41,768	$0	$0	$0	$0	$0	$0	$0	$0
DCR ON UNDERWRITTEN DEBT (Must-Pay)	1.19	1.19	1.20	1.20	1.21	1.22	1.21	1.19	1.13	1.04	0.91	0.73
EXPENSE/EGI RATIO	62.25%	62.82%	63.39%	63.98%	64.56%	67.59%	70.77%	74.11%	77.61%	81.29%	85.16%	89.22%

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Chatham Green Village, Arlington, 4% HTC #11406

DEBT / GRANT SOURCES

DEBT (Must Pay)	APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE: Cumulative DCR As UW	Cumulative DCR App	Pmt	Rate	Amort	Term	Principal	AS UNDERWRITTEN DEBT/GRANT STRUCTURE: Principal	Term	Amort	Rate	Pmt	Cumulative DCR	Cumulative LTC
Oak Tree G.P., LLC	1.67	1.61	$391,870	4.50%	30	30	$6,445,000	$6,445,000	30	27	4.50%	$412,779	1.53	57.0%
SLCas, LLC	1.67	1.61		4.50%	0	0	$1,855,000	$1,855,000	30	27	4.50%	$118,806	1.19	16.4%
TOTAL DEBT / GRANT SOURCES			$391,870				$8,300,000	$8,300,000				$531,586		73.4%
NET CASH FLOW			$238,832									$121,179		

EQUITY SOURCES

EQUITY / DEFERRED FEES	APPLICANT'S PROPOSED EQUITY STRUCTURE: DESCRIPTION	% Cost	Annual Credit	Credit Rate	Amount	AS UNDERWRITTEN EQUITY STRUCTURE: Amount	Credit Rate	Annual Credit	% Cost	Per Unit Credit Developer Fee Summary	
McDowell Investments, L.P.	LIHTC Equity	23.5%	$332,418	0.80	$2,659,350	$2,659,350	0.8000	$332,418	23.5%	Annual Credit per Unit:	$11,365
Deferred Developer Fee	Deferred Developer Fees	1.7%	(30% Deferred)		$197,133	$355,468	(59% Deferred)		3.1%	Total Developer Fee:	$603,219
Additional (Excess) Funds Req'd		0.0%			$0	$0			0.0%	15-Year Cash Flow:	$1,662,883
TOTAL EQUITY SOURCES		25.2%			$2,856,483	$3,014,818			26.6%	15-Yr Cash Flow after Fee:	$1,307,415
TOTAL CAPITALIZATION					**$11,156,483**	**$11,314,818**					

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS: Eligible Basis Acquisition	Eligible Basis New Const. Rehab	Total Costs			TDHCA COST / BASIS ITEMS: Total Costs			Eligible Basis New Const. Rehab	Eligible Basis Acquisition	COST VARIANCE %	COST VARIANCE $
Land Acquisition				$4,060 / Unit	$950,000	$950,000	$4,060 / Unit				0.0%	$0
Building Acquisition	$5,480,000			$23,483 / Unit	$5,495,000	$5,480,000	$23,419 / Unit			$5,480,000	-0.3%	($15,000)
Off-Sites		$0		$ / Unit	$0	$0	$ / Unit		$0		0.0%	$0
Sitework		$443,000		$1,893 / Unit	$443,000	$380,081	$1,624 / Unit		$380,081		-16.6%	($62,919)
Direct Construction		$2,368,430	$12.80/sqft	$10,121/Unit	$2,368,430	$2,498,828	$10,679/Unit	$13.51/sqft	$2,498,828		5.2%	$130,398
Contingency		$281,144		10.00%	$281,144	$281,144	9.77%		$281,144		0.0%	$0
Contractor's Fees		$449,829		14.55%	$449,829	$442,407	14.00%		$442,407		-1.7%	($7,422)
Indirect Construction		$34,000		$145 / Unit	$34,000	$34,000	$145 / Unit		$34,000		0.0%	$0
Ineligible Costs				$74 / Unit	$17,380	$17,380	$74 / Unit				0.0%	$0
Developer's Fees	$0	$660,000		6.99%	$660,000	$603,219	6.94%		$603,219	$0	-9.4%	($56,781)
Interim Financing	$2,500	$385,000		$1,656 / Unit	$387,500	$387,500	$1,656 / Unit		$385,000	$2,500	0.0%	$0
Reserves				$300 / Unit	$70,200	$240,258	$1,027 / Unit				70.8%	$170,058
UNADJUSTED BASIS / COST	**$5,482,500**	**$4,621,403**		$47,677 / Unit	**$11,156,483**	**$11,314,818**	$48,354 / Unit		**$4,624,679**	**$5,482,500**	**1.4%**	**$158,335**
Acquisition Cost for Identity of Interest Seller					$0							
Developer's Fee	$0	($68,320)										
Contractor's Fee		($16,869)										
Contingency		($1)										
ADJUSTED BASIS / COST	**$5,482,500**	**$4,536,213**		$47,677 / Unit	**$11,156,483**	**$11,314,818**			**$4,624,679**	**$5,482,500**		
TOTAL UNDERWRITTEN USES OF FUNDS BASED ON 3RD PARTY PCA/CNA					**$11,314,818**							

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Chatham Green Village, Arlington, 4% HTC #11406

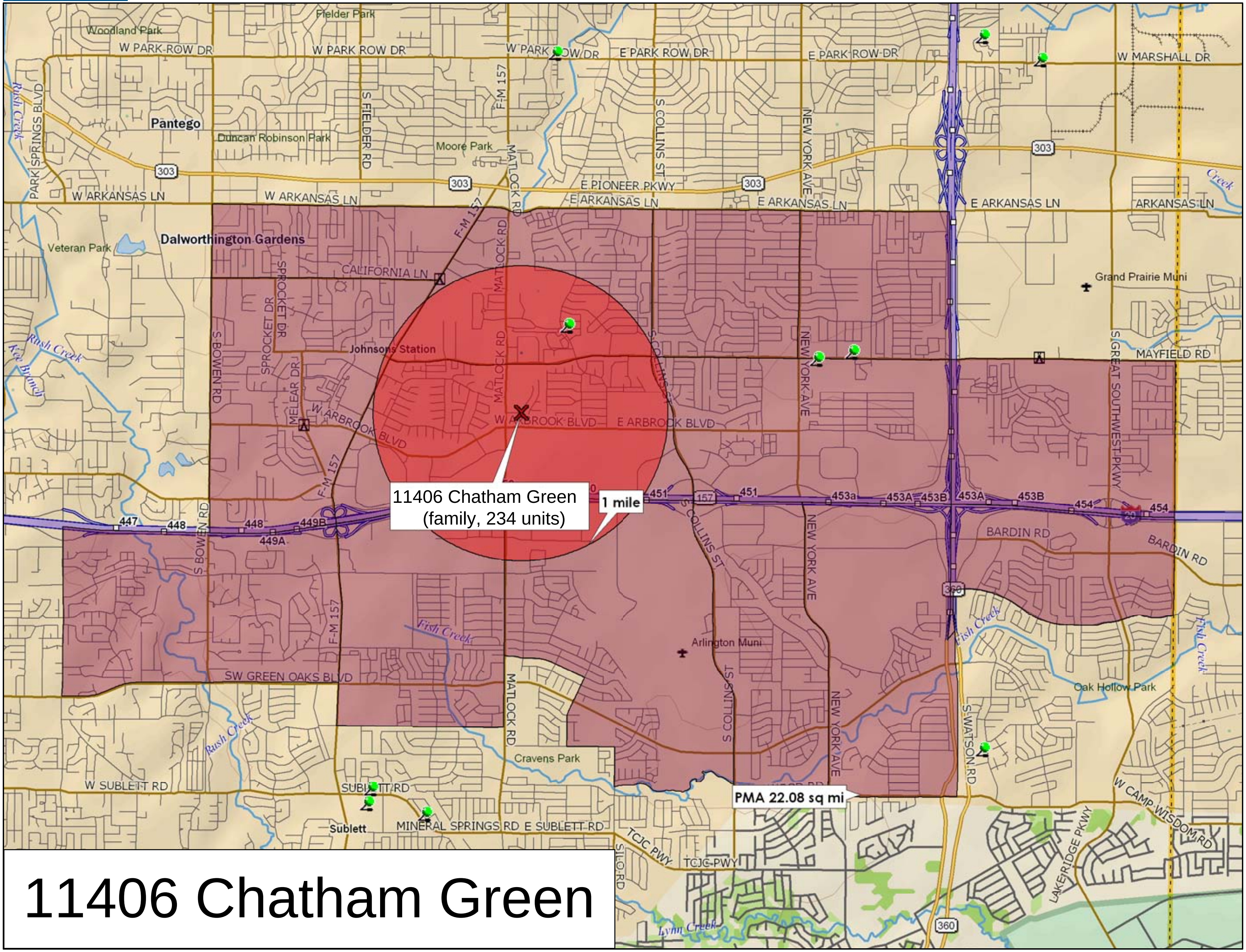
CREDIT CALCULATION ON QUALIFIED BASIS	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$5,482,500	$4,536,213	$5,482,500	$4,624,679
Deduction for Other Federal Funds	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$5,482,500	$4,536,213	$5,482,500	$4,624,679
High Cost Area Adjustment		100%		100%
TOTAL ADJUSTED BASIS	$5,482,500	$4,536,213	$5,482,500	$4,624,679
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$5,482,500	$4,536,213	$5,482,500	$4,624,679
Applicable Percentage	3.44%	3.44%	3.44%	3.44%
ANNUAL CREDIT ON BASIS	$188,598	$156,046	$188,598	$159,089
CREDITS ON QUALIFIED BASIS	$344,644		$347,687	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS	
Method	Annual Credits	Proceeds
Eligible Basis	$347,687	$2,781,502
Gap	$376,851	$3,014,818
Request	$332,418	$2,659,350

FINAL ANNUAL LIHTC ALLOCATION	
Method	Request
Credits	$332,418
Underwritten Proceeds	$2,659,350

TOTAL HARD COST COMPARISON	APPLICANT			TDHCA		
	Per SF	Per Unit	Total	Total	Per Unit	Per SF
Hard Costs (Direct, Site-work, Off-Sites & Contingency)	$16.72	$13,216	$3,092,574	$3,160,053	$13,505	$17.08
Hard Costs plus Contractor Fees	$19.15	$15,138	$3,542,403	$3,602,460	$15,395	$19.48

DIRECT CONSTRUCTION COST ESTIMATE				
CATEGORY	**FACTOR**	**UNITS/SF**	**PER SF**	**AMOUNT**
Base Cost: Multiple Residence Basis			#DIV/0!	#DIV/0!
Adjustments				
Exterior Wall Finish				
Roofing				
Subfloor			(0.48)	(89,680)
Floor Cover				
Breezeways				
Balconies				
Plumbing Fixtures				
Rough-ins				
Built-In Appliances				
Exterior Stairs				
Enclosed Corridors	($9.92)			
Other:				
Other:				
Carports				
Heating/Cooling				
Garages				
Comm &/or Aux Bldgs				
Other: fire sprinkler				
SUBTOTAL				
Current Cost Multiplier				
Local Multiplier				
TOTAL DIRECT CONSTRUCTION COSTS				
Plans, specs, survey, bld permits				
Interim Construction Interest				
NET DIRECT CONSTRUCTION COSTS				



TN
MN (4.2°E)

Scale 1 : 56,250

1" = 4,687.5 ft   Data Zoom 11-7

Applicant Evaluation

Project ID **11406** Name **Chatham Green Apartments** City: **Arlington**

HTC 9% ☐ HTC 4% ☑ HOME ☐ BOND ☑ HTF ☐ NSP ☐ ESGP ☐ Other ☐

☐ No Previous Participation in Texas ☐ Members of the development team have been disbarred by HUD

Compliance and Asset Oversight

Total # of MF awards monitored: 1

Total # of MF awards not yet monitored or pending review: 0

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: 0
- 10-19: 1
- 20-29: 0

Total monitored with a score 0-29: 1

Completed by: J. Taylor Reviewer: Patricia Murphy

Date 10/13/2011 Date 10/17/2011

Single Audit

☑ Single audit review not applicable

☐ Single audit requirements current

☐ Late single audit certification form (see comments

☐ Past due single audit or unresolved single audit issue (see comments)

Reviewer: Betty Gallegos Date 10/14/2011

Comments (if applicable):

Financial Administration
Loan Servicing

☑ No delinquencies found ☐ Delinquencies found (see comments)

Reviewer Candace Christiansen Date 10/14/2011

Comments (if applicable):

Financial Administration
Financial Services

☑ No delinquencies found ☐ Delinquencies found (See Comments)

Reviewer Monica Guerra Date 10/20/2011

Comments (if applicable):

NEIGHBORHOOD STABILIZATION PROGRAM

BOARD ACTION REQUEST

NOVEMBER 10, 2011

Presentation, Discussion, and Possible Action to approve a request for waiver of certain programmatic and loan requirements for Land Bank properties under NSP1 contracts.

RECOMMENDED ACTION

WHEREAS, The NSP Subrecipients, Texas State Affordable Housing Corporation, Affordable Homes South Texas and Community Development corporation of Brownsville have acquired properties to be land banked under the NSP Contracts No 77090000101, 77090000108, and 77090000150 and wish to be able to convert the NSP investment into homebuyer assistance or other long term activities, and

WHEREAS, The original NOFA did not provide for conversion of the NSP investment in land bank activities to other assistance and a waiver of specific NOFA requirements and amendment of the NSP Contract are required to effectively complete redevelopment of the properties and assure long-term affordability, therefore be it

RESOLVED, that NSP Contracts 77090000101, 77090000108, and 77090000150 be amended to allow for use of certain land bank properties as public facilities and to allow for the use of all other land bank properties in these contracts, to provide and secure affordability through homebuyer assistance to eligible households.

BACKGROUND

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by HR3221, the "Housing and Economic Recovery Act of 2008" (HERA), as a supplemental allocation to the Community Development Block Grant (CDBG) Program through an amendment to the State of Texas 2008 CDBG Action Plan (Action Plan) and provided under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. 111-203, approved July 21, 2010) (Dodd-Frank Act) through an amendment to the existing State of Texas 2010 CDGB Action Plan. The purpose of the program is to redevelop into affordable housing, or acquire and hold, abandoned, foreclosed, and vacant properties in areas that are documented to have the greatest need for arresting declining property values.

The original NSP1 NOFA, as approved by the TDHCA Governing Board on March 12, 2009, required repayment of the NSP investment in Land Bank properties at their final eligible use as the only option . The NSP1 – Reallocation (NSP-R) NOFA approved by the TDHCA Governing

Board on March 11, 2010, removed this requirement for subsequent awards. As the NSP evolved, it was apparent that securing the affordability of foreclosed properties, as required by HERA, would be difficult without the use of direct homebuyer financing. In addition, requiring repayment of the NSP investment increases the amount of traditional homebuyer financing low-income buyers take on in order to purchase the home.

The requested waiver will allow low-income purchasers of homes constructed or rehabilitated on Land Bank properties to access Texas NSP Homebuyer Assistance in the same amount as the NSP investment to purchase the property by the subrecipients. Financing will be provided by TDHCA in the form of a zero-interest, deferred-forgivable loan, the loan will be forgiven incrementally as the homeowner completes the affordability period requirements. The Homebuyer Assistance will not exceed $30,000.00, and the final amount provided will be dependent on a needs-based calculation.

As part of their land bank activity, the Texas State Affordable Housing Corporation has purchased foreclosed lots in several failed subdivisions. Completion of the subdivisions will stabilize property values for existing owners, and prevent the vacant lots from becoming a blighting influence on the surrounding communities. Included in these bulk purchase transactions for multiple lots are two (2) lots that are not suitable for residential re-development due to size, topography, restrictions and easements, or other conditions which impact re-use. Development of these lots as neighborhood parks creates an area-wide benefit by creating shared green space in the community. The appropriate entities would continue to maintain these parks as public facilities. The two (2) impacted properties are:

1901 Kirnwood, Dallas, Texas (NSP Activity #101149)
3948 Telluride Way, Bryan, Texas (NSP Activity #101030)

The NSP1 NOFA and NSP program requirements stipulate that land bank properties be redeveloped for affordable housing. This requirement is not imposed by HUD regulations or guidance, which allow for disposition of Land Bank properties to create public facilities and/or area benefit. The Department imposed this restriction initially to encourage the fullest intent of the affordability mission of TDHCA. However, staff concurs that these properties are not suitable for housing development and a Land Use Restriction Agreement or similar appropriate instrument will secure the future use of properties designated for public facilities.

Any additional conversion of land bank activities for public facility purposes not anticipated in the original application will require a similar waiver by the Board however all of the land bank acquisitions by these three entities will be able to be converted to homebuyer assistance without further Board action.

AFFORDABLE HOMES of SOUTH TEXAS, Inc.

CELEBRATING 35 YEARS 1976 - 2011

A NON-PROFIT HOUSING INITIATIVE SINCE 1976

October 14, 2011

Marni Holloway
Texas NSP Director
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701

Dear Ms. Holloway;

Affordable Homes of South Texas, Inc. would like to formally request a waiver of certain guideline from the NSP1 NOFA that applies to their TDHCA Neighborhood Stabilization Program grant agreement (# 77090000108).

AHSTI would like to request for all lots acquired under NSP1 Land Banking activities and NSP1-R (#77090000204) land banking activities to be allowed to be converted to homebuyer assistance. Using homebuyer assistance is allowable by HUD and can be done under the Texas rules for NSP2 and NSP PI. This change will allow AHSTI to better utilize NSP1 funds while providing for long term affordability to the residences of Hidalgo County. This represents a total of 44 lots in the Saddle Creek Subdivision, 108 lots in Lakewood Estates and 32 in North Cross Subdivision. The enclosed attachment provides a listing if the lots in reference.

If you have further questions with regard to this request please contact me at (956) 687-6263. In my absence please contact Karla Garcia, Contract Compliance Administrator.

Sincerely,

Robert Calvillo
Executive Director

McALLEN OFFICE: 1420 Erie Avenue McAllen, Texas 78501 T. 956 687 6263 F. 956 682 9751
MID-VALLEY OFFICE: 134 West 5th Street Weslaco, Texas 78596 T. 956 447 8909 F. 956 447 8904
WWW.AHSTI.ORG

COMMUNITY DEVELOPMENT
CORPORATION OF BROWNSVILLE
901 East Levee Street
Brownsville, Texas 78520
Tel. (956) 541-4955
Fax (956) 541-4990
www.cdcb.org

Marni Holloway
Texas NSP Director
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701

Dear Ms. Holloway;

The Community Development Corporation of Brownsville would like to formally request a waiver of certain guidelines from the NSP1 NOFA that applies to their TDHCA Neighborhood Stabilization Program grant agreement (#77090000150).

CDCB would like to request for all lots acquired under NSP1 Land Banking activities to be allowed to be converted to homebuyer assistance. Using homebuyer assistance is allowable by HUD and can be done under the Texas rules for NSP2 and NSP PI. This change will allow CDCB to better utilize NSP1 funds while providing for long term affordability to the residences of CAMERON County.

If you have further questions with regard to this request please contact me at (956) 541-4955.

Sincerely,

Nick Mitchell-Bennett

tsahc
TEXAS
State Affordable Housing Corporation

October 17, 2011

Marni Holloway, NSP Manager
Texas Department of Housing and Community Affairs
211 East 11th Street
Austin, Texas 78701

RE: Waiver of NSP1 guidelines and rules to facilitate sales or transfers of NSP land banked properties

Dear Ms. Holloway

The Texas State Affordable Housing Corporation ("Corporation") is requesting a waiver of guidelines from the NSP 1 NOFA in order to allow us to convert certain activities under our contract (77090000101) from the Land Banking (eligible use C) to Financial Assistance (eligible use A) for the benefit of very-low income homebuyers.

We have not identified the specific lots that will need to be converted at this time. However we would like to request initial approval for this action on various lots and homes purchased using NSP land banking funds as qualified homebuyers are identified and approved based on income and sales pricing.

Additionally, we would like to request a similar waiver in order to convert certain land banked properties into Eligible Use E, Redevelopment. As you know we have purchased a few vacant lots that are not suitable for construction of new homes. These areas are generally located along creeks or watersheds, and were purchased as part of portfolio transactions involving several home lots. We have identified the following lots that will be transferred to either the local county or city for use as public parks or watershed protection zones.

1901 Kirnwood, Dallas, Texas (activity 101149)
3948 Telluride Way, Bryan, Texas (101030)

I believe that both of these lots were recorded as being purchased for $1 at closing, but if we need to update this information in the Housing Contract System please let me know if there is anything we can do to expedite this change.

As always, please feel free to contact me with any questions you may have at: 512-477-3562.

Sincerely

David Danenfelzer

TEXAS NEIGHBORHOOD STABILIZATION PROGRAM

BOARD ACTION REQUEST

November 10, 2011

Presentation, Discussion, and Possible Action regarding the recommendation to approve the Neighborhood Stabilization Program – Program Income (NSP-PI) Reservation System Participants.

Recommended Action

WHEREAS, the Department anticipates that it will receive funds from loan repayments and deobligated funds under the Neighborhood Stabilization Program and that it will need to redistribute such funds in accordance with NSP rules and regulations, and;

WHEREAS, program income received will be made available to Reservation System Participants, in order that it can be used efficiently; therefore be it

RESOLVED, that the NSP Reservation System Participants, Combined Community Action, Inc. and LifeWorks, be and hereby are approved as presented to this meeting.

Background

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by HR3221, the "Housing and Economic Recovery Act of 2008" (HERA), as a supplemental allocation to the Community Development Block Grant (CDBG) Program through an amendment to the existing State of Texas 2008 CDBG Action Plan. The purpose of the program is to redevelop into affordable housing, or acquire and hold, abandoned and foreclosed properties in areas that are documented to have the greatest need for arresting declining property values as a result of excessive foreclosures.

As NSP subgrantees move forward with completion of their NSP projects, significant program income will be generated through the resale of properties to income-eligible households. A portion of funds will be received as mortgage loan payments from households at or below 50% AMFI that have accessed NSP permanent financing, along with loan payments from subrecipient organizations that are providing rental housing to low-income households. The balance of the program income available for redistribution will be generated by loan repayments as subrecipients sell non-set-aside homes to households over 50% AMFI.

On January 20, 2011, the Board approved the NSP1-Program Income NOFA, a revision to the NOFA was approved by the Board at the September 15, 2011 meeting. The application form was posted to the NSP webpage and applications are continuing to be accepted. Two entities submitted applications to participate in the NSP Reservation System, both of which are recommended for conditional approval, pending clearance of administrative deficiencies.

Application Number	Applicant Name	NSP Activity
2011-506	Combined Community Action, Inc	Use D: Demolition Use E: Redevelopment
2011-507	LifeWorks	Use E: Redevelopment

TEXAS NEIGHBORHOOD STABILIZATION PROGRAM

BOARD ACTION REQUEST

November 10, 2011

Presentation, Discussion, and Possible Action to waive certain NSP1-Program Income NOFA requirements for organizations providing assistance to households impacted by Texas wildfires

Recommended Action

WHEREAS, Neighborhood Stabilization Program funds may be used to assist households impacted by Texas wildfires, through demolition or redevelopment activities, and;

WHEREAS, waiver of certain NOFA requirements will ease the administrative burden on organizations assisting impacted households, in order that NSP funds can be used efficiently; therefore be it

RESOLVED, that waiver of certain NSP1-Progam Income NOFA requirements, be and hereby is approved as presented to this meeting.

Background

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by HR3221, the "Housing and Economic Recovery Act of 2008" (HERA), as a supplemental allocation to the Community Development Block Grant (CDBG) Program through an amendment to the existing State of Texas 2008 CDBG Action Plan. The purpose of the program is to redevelop into affordable housing, or acquire and hold, abandoned and foreclosed properties in areas that are documented to have the greatest need for arresting declining property values as a result of excessive foreclosures.

The Texas Neighborhood Stabilization Program is able to assist households impacted by Texas wildfires through provision of funds for demolition of unsafe structures, and redevelopment of homes. Households must be at or below 120% of AMI in order to receive redevelopment benefits, and the funds may be layered with other sources in instances that private insurance may not provide sufficient funding for reconstruction.

NSP has worked with the TDHCA HOME program to create a combined application for entities seeking to assist impacted households. The fund source to be used for a given project will be determined through an analysis that includes household income levels, sources and uses of funds, and total development costs. NSP funds for demolition are provided as a grant, redevelopment funds are provided as a loan, with the terms dependent on the amount.

Waiver of certain NSP1-PI NOFA requirements is required in order to facilitate use of the funds in impacted communities

- The NSP-PI NOFA requires that properties be located in areas with a minimum Area of Greatest Need score. Waiver of this requirement will allow funds to be used in communities that had not experienced high foreclosure rates prior to the fire.
- The NOFA requires that subrecipients provide and follow an Affirmative Marketing Plan. HUD has determined for HOME funds used to assist disaster victims, a list of the

impacted households serves as a substitute for the Affirmative Marketing Plan. NSP will adopt this same requirement.

- The NOFA limits demolition by nonprofit subrecipients to activities that are part of a larger redevelopment or land bank project. Waiver of this requirement will allow nonprofit subrecipients to assist impacted households with demolition only, without a requirement that the property be redeveloped with NSP funds.

These requirements were originally created by staff recommendation to the Board as part of the NOFA and program plan and can be waived or amended by the Board without further approval by HUD.

TEXAS NEIGHBORHOOD STABILIZATION PROGRAM

BOARD ACTION REQUEST

November 10, 2011

Presentation, Discussion, and Possible Action to approve a request for amendment to NSP Contract 77090000104 with Tarrant County Housing Partnership, Inc.

Recommended Action

WHEREAS, Tarrant County Housing Partnership has requested amendment of their NSP1 contract to add additional funds for rehabilitation, and to add the new activity of Land Banking; therefore be it

RESOLVED, that amendment of NSP Contract 77090000104, be and hereby is approved as presented to this meeting.

Background

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by HR3221, the "Housing and Economic Recovery Act of 2008" (HERA), as a supplemental allocation to the Community Development Block Grant (CDBG) Program through an amendment to the existing State of Texas 2008 CDBG Action Plan. The purpose of the program is to redevelop into affordable housing, or acquire and hold, abandoned and foreclosed properties in areas that are documented to have the greatest need for arresting declining property values as a result of excessive foreclosures.

Tarrant County Housing Partnership (TCHP) received an award of NSP funds on July 16, 2009, in the original amount of $4,083,976.00. A portion of the funds were transferred to a Developer Agreement prior to the NSP Obligation Deadline for the purchase and rehabilitation of a multi-family property. The remaining activities under contract 77090000104 are the purchase and rehabilitation of 13 foreclosed single-family homes, which will be rehabilitated and sold to households at or below 120% AMI. TCHP has completed acquisition of all properties, and is working to complete rehabilitation. As work has progressed, they have identified the need for additional rehabilitation funds in the amount of $103,369.55 in order to complete foundation repairs and replace rehabilitation funding incorrectly de-obligated during the breakout of the Developer Agreement.

TCHP has been working with the City of Fort Worth on a revitalization project in the Hillside neighborhood. The City has conducted tax foreclosures on 32 lots in the neighborhood, which have been targeted for future redevelopment. TCHP has requested $349,707.19 for the purchase of foreclosed lots in the Hillside neighborhood, along with demolition of blighted structures on several lots. 2 additional lots have been identified in another targeted neighborhood. The 34 lots are proposed for land banking, in order to allow sufficient time for redevelopment. Because addition of the land bank activity will extend the current contract to August 31, 2019, Board approval of the request is required.

Activity	Current Budget	Proposed Budget
Purchase and Rehabilitation	$ 1,478,376.40	$1,581,745.95
Demolition	$ 0.00	$20,000.00
Land Bank	$ 0.00	$329,707.19
Administration	$73,918.82	$107,063.86
Totals	$ 1,552,295.22	2,038,517.00

The TCHP contract is governed by the original NSP1 NOFA, as approved by the TDHCA Governing Board on March 12, 2009, which required repayment of the NSP investment in Land Bank properties at their final eligible use as the only option . The NSP1 – Reallocation (NSP-R) NOFA approved by the TDHCA Governing Board on March 11, 2010, removed this requirement for subsequent awards. As the NSP evolved, it was apparent that securing the affordability of foreclosed properties, as required by HERA, would be difficult without the use of direct homebuyer financing. In addition, requiring repayment of the NSP investment increases the amount of traditional homebuyer financing low-income buyers take on in order to purchase the home.

The requested waiver will allow low-income purchasers of homes constructed or rehabilitated on Land Bank properties to access Texas NSP Homebuyer Assistance in the same amount as the NSP investment to purchase the property by the subrecipients. Financing will be provided by TDHCA in the form of a zero-interest, deferred-forgivable loan, the loan will be forgiven incrementally as the homeowner completes the affordability period requirements. The Homebuyer Assistance will not exceed $30,000.00, and the final amount provided will be dependent on a needs-based calculation.

Tarrant County Housing Partnership, Inc.

3204 Collinsworth Street
Fort Worth, Texas 76107
Phone 817.924.5091 Fax 817.924.7619

August 22, 2011

Megan Sylvester
Texas NSP Program Administrator
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, Texas 78711-3941

Dear Ms. Sylvester:

Tarrant County Housing Partnership, Inc. (TCHP) would like to request an increase in funding from TDHCA for its Contract #77090000104. The total increase in funding requested is $374,417.95. The proposed use of additional funding is outlined below and specific site information is contained on Attachment A.

TCHP anticipates only one loan modification will be needed at this time. Activity #104032, 5208 Sherburne Drive, Arlington 76018, will need an additional $8,111.67 to cover change orders and foundation repairs. Foundation repairs have become necessary due to the extended period of time the property has remained vacant.

TCHP would like to increase its current contract by $291,422.66 in order to pursue land banking under NSP Eligible Use (C). TCHP has been working with the City of Fort Worth on a revitalization program for a central Fort Worth neighborhood, Hillside. Additional funding would provide the needed momentum to begin the program. TCHP, with assistance from the City of Fort Worth, has already identified thirty-two (32) lots within the Hillside neighborhood. An additional two (2) lots have been identified in another targeted neighborhood. All of these lots, some with dilapidated structures, have been acquired by the City of Fort Worth through tax foreclosures.

It is anticipated that the use of these extra funds will not require additional time beyond what is being requested as outlined in the attached Exhibit C.

TCHP appreciates your consideration of our request and will continue to move forward with rehabilitation and marketing of units to meet our proposed stated goals.

Sincerely,

Donna VanNess
President

ATTACHMENT A

CT#	ST #	ST Name	Acq Cost	Demolition	Total
1039	923	ALLEN AVE (E)	$7,402.48		$7,402.48
1039	1116	ALLEN AVE (E)	$21,311.36		$21,311.36
1039	1203	ALLEN AVE (E)	$6,666.44		$6,666.44
1039	1312	ALLEN AVE (E)	$7,500.00		$7,500.00
1039	1340	ALLEN AVE (E)	$7,500.00		$7,500.00
1038	1417	ALLEN AVE (E)	$9,928.19		$9,928.19
1038	1417	ALLEN AVE (E)	$7,500.00		$7,500.00
1039	1113	BALTIMORE AVE (E)	$9,122.41		$9,122.41
1039	1208	BALTIMORE AVE (E)	$7,500.00		$7,500.00
1039	1243	BALTIMORE AVE (E)	$7,500.00		$7,500.00
1038	1315	DAVIS AVE (E)	$7,500.00		$7,500.00
1039	1029	ELMWOOD AVE (E)	$7,500.00		$7,500.00
1039	1217	ELMWOOD AVE (E)	$2,000.00		$2,000.00
1038	1304	ELMWOOD AVE (E)	$2,100.00	$5,000.00	$7,100.00
1038	1305	ELMWOOD AVE (E)	$7,500.00		$7,500.00
1038	1328	ELMWOOD AVE (E)	$19,800.00	$5,000.00	$24,800.00
1038	1430	ELMWOOD AVE (E)	$7,500.00		$7,500.00
1038	1447	ELMWOOD AVE (E)	$7,500.00		$7,500.00
1039	1004	HARVEY AVE (E)	$3,177.47		$3,177.47
1039	1005	HARVEY AVE (E)	$24,583.92		$24,583.92
1039	1121	HARVEY AVE (E)	$5,459.56		$5,459.56
1039	1246	JEFFERSON AVE (E)	$2,726.21		$2,726.21
1038	1300	JEFFERSON AVE (E)	$2,200.33		$2,200.33
1038	1333	JEFFERSON AVE (E)	$2,156.59		$2,156.59
1039	945	JESSAMINE ST (E)	$2,177.57		$2,177.57
1039	1205	JESSAMINE ST (E)	$4,453.32	$5,000.00	$9,453.32
1039	1244	JESSAMINE ST (E)	$3,619.05		$3,619.05
1038	1325	JESSAMINE ST (E)	$7,614.67		$7,614.67
1038	1344	JESSAMINE ST (E)	$487.09		$487.09
1045.05	812	LOWDEN	$6,861.08		$6,861.08
1045.05	920	MULKEY ST (E)	$32,900.78	$5,000.00	$37,900.78
1039	1003	RICHMOND AVE (E)	$4,674.14		$4,674.14
1039	1236	RICHMOND AVE (E)	$7,500.00		$7,500.00
1039	1240	RICHMOND AVE (E)	$7,500.00		$7,500.00
Loan Modification: Activity #104032, 5208 Sherburne Drive, Arlington 76018					$8,111.67
		Subtotals	**$271,422.66**	**$20,000.00**	**$299,534.33**
Activity Delivery (20% of requested increase)					$59,906.87
Admin (5% of requested increase)					$14,976.72
TOTAL CONTRACT INCREASE REQUESTED					**$374,417.91**

EXHIBIT C

***PROPOSED* MILESTONES AND THRESHOLDS**
TEXAS NSP CONTRACT NO. 77090000104
TARRANT COUNTY HOUSING PATNERSHIP, INC.

General Environmental Clearance	November 30, 2009
Acquisition 100% Obligated	February 28, 2010
Site-specific Environmental Clearance	February 28, 2010
Environmental Clearance (if not tiering)	February 28, 2010
Addressees (activities) Set-up in HCS System	February 28, 2010
All Contract Funds 100% Obligated	May 31, 2010
All Rehab/Reconstruction Activities Initiated	August 31, 2010
Contract 30% Expended	August 31, 2010
Contract 70% Expended	February 28, 2011
All Rehab/Reconstruction Activities Completed	***March 30, 2012***
50% of Homebuyer Properties in Eligible Use	***April 30, 2012***
All Homebuyer Properties in Eligible Use (all repayment to TDHCA initiated)	***August 31, 2012***
Contract 100% Expended (minus reserved)	***August 31, 2012***
All Properties in Landbank Status	***August 31, 2012***
All Landbank Properties in Eligible Use	***August 31, 2022***

PROGRAM SERVICES DIVISION

BOARD ACTION REQUEST

NOVEMBER 10, 2011

Presentation, Discussion, and Possible Approval to Contract with Staff Recommended Vendor to Perform the Phase 2 Analysis of Impediments to Fair Housing Choice for the State of Texas, #332-RFP12-1001

RECOMMENDED ACTION

WHEREAS, the State of Texas as a recipient of federal appropriations from the U.S. Department of Housing and Urban Development is required to have a current Analysis Of Impediments to Fair Housing Choice (AI);

WHEREAS, the Department, as the state agency statutorily directed to administer most state and federal housing programs, has been tasked with the responsibility of ensuring that the required analysis is performed;

WHEREAS, the Department received U.S. Department of Housing and Urban Development approval of the Phase 1 AI for the state of Texas on May 13, 2011;

WHEREAS, this Board authorized and directed the Executive Director to move forward with the procurement of a provider to perform a Phase 2 AI for the state of Texas through a Request for Proposal (RFP) on June 30, 2011; and

WHEREAS, evaluations of the responses have been completed for the qualified respondents;

It is hereby:

RESOLVED, that the Executive Director and his designees and each of them be and they hereby are directed, authorized, and empowered, for and on behalf of this Department, to contract with the staff's recommendation of a qualified Vendor to perform the Phase 2 Analysis of Impediments to Fair Housing Choice as required by the U.S. Department of Housing and Urban Development; PROVIDED, however, that if the Executive Director at any time deems it not to be in the best interest of the Department to pursue such procurements or execute such contracts, he may decline to proceed; and

FURTHER RESOLVED, that the Executive Director shall provide the Board with updates on any action taken with regard to the foregoing.

BACKGROUND

As part of the Consolidated Planning process, the U.S. Department of Housing and Urban Development (HUD) requires the State to certify that it will affirmatively further fair housing (AFFH). AFFH is defined by HUD as (1) preparing an AI to Fair Housing, (2) taking appropriate actions to overcome the effects of any impediments identified through the analysis, and (3) maintaining records reflecting the analysis and actions.

The AI is a review of impediments to fair housing choice. The analysis covers public and private policies, practices, and procedures affecting housing choice. Impediments to fair housing choice include, but are not limited to:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin that restrict housing choices or the availability of housing choice; and

- Any actions, omissions, or decisions that have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status, or national origin.

The AI serves as the basis for fair housing planning, provides essential information to policy makers, administrative staff, housing providers, lenders, and fair housing advocates, and assists in building public support for fair housing efforts.

As presented to the Board in June 2011, the Department released a Request for Proposals on August 23, 2011, consistent with the Phase 1 HUD approval letter, seeking a qualified firm with experience in the development of AIs to prepare the Phase 2 AI. Responses were received on September 6, 2011.

COMMUNITY AFFAIRS
BOARD ACTION REQUEST
November 10, 2011

Presentation, Discussion, and Possible Approval of a final order adopting amendments to 10 TAC Chapter 5, Subchapter H, Section 8 Housing Choice Voucher Program, §5.801, concerning the Project Access Initiative, for publication in the *Texas Register*.

Recommended Action

WHEREAS, pursuant to Chapter 2306 of the Texas Government Code, the Department is provided the authority to adopt rules governing the administration of the Department and its programs.

RESOLVED, that the adoption of the proposed amendments to 10 TAC, Chapter 5, Subchapter H, Section 8 Housing Choice Voucher Program, §5.801 Project Access Initiative, are hereby ordered and it is approved, together with the preamble presented to this meeting, for publishing in the *Texas Register*.

FURTHER RESOLVED, that the Executive Director be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the Project Access rules, in the form presented to this meeting, to be published in the *Texas Register* for final adoption and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

Background

Project Access was originally a housing voucher pilot program developed by the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Health and Human Services (HHS), and the Institute on Disability at the University of New Hampshire. The goal of the pilot program was to assist low-income non-elderly persons with disabilities to transition from institutions into the community by providing access to affordable housing and necessary supportive services. The Department applied for the pilot program and received 35 Section 8 housing vouchers from HUD in 2001. After the expiration of the HUD pilot program in 2003, the Department elected to continue the program in recognition of housing need and expressed public interest and has continued to operate the program since that time with periodic increases in the number of Project Access vouchers. Currently, the Department works closely with the Texas Department of Aging and Disability Services in outreach and identification of program participants. The number of Project Access vouchers administered by the Department increased from 50 to 60 in 2010 and from 60 to 100 in January 2011. In January 2011, the Department made a change to the Project Access program that reserved 20 percent of the Project

Access vouchers for persons with disabilities over the age of 62. The PHA Plan adopted by the Board of Directors on the July 28, 2011 Board meeting increases the Project Access Vouchers for the 2012 Annual Public Housing Agency (PHA) Plan from 100 to 120 vouchers.

The rule proposed for adoption is based on feedback from the Disability Advisory Workgroup and would expand the Project Access program to reserve up to 10 percent of the vouchers for a pilot program for persons exiting state psychiatric health hospitals. This "State Hospital Pilot" program would be a partnership with the Texas Department of State Health Services (DSHS) who would provide supportive services to ensure a successful transition into the community.

The Texas state psychiatric hospital system is nearing or already over capacity. Over 600 current patients have resided in state psychiatric facilities for a year or more. Lack of sufficient capacity of both inpatient and community-based treatment resources is a public health concern in Texas. In response to this issue, the DSHS developed a Continuity of Care Task Force[1] to recommend a range of reforms. Among the recommendations was the development of community-based living options and supportive services such as cognitive rehabilitative services to address a participant's limitations in organizing, planning and completing activities.

The Texas Money Follows the Person Behavioral Health Pilot (MFP BH) currently provides cognitive rehabilitative and substance abuse treatment services to help people with mental illness and substance use disorders leave nursing facilities and live independently in the community. Behavioral health services are provided in close coordination with the State's STAR+PLUS Medicaid managed care system and the Department of Aging and Disability Services. 87% of the individuals served have successfully maintained independence in the community. Examples of increasing independence include learning to drive a car; obtaining paid employment; volunteering; obtaining a GED; attending exercise or computer classes; and working towards a college degree.

As a result of success with the complex and challenging nursing facility population, DSHS will initiate a State Facility Pilot with the same type of services as the MFP BH Pilot for up to 10 state facility residents beginning in January 2012. The State Hospital Pilot will be based in the Bexar MFP BH service area and will take advantage of the infrastructure established through the MFP BH Pilot, which has been operating in Bexar County since 2008. Project Access vouchers would be a key component of this project. Results of the State Hospital Pilot and the MFP BH Pilot, which will continue through 2016 and be independently evaluated, will be used to inform state-level change in the Texas long term care and mental health systems.

The MFP BH Pilot provides an evidence-based rehabilitative service, known as Cognitive Adaptation Training (CAT), to enable individuals to relearn daily living skills that have been lost or compromised as a result of their behavioral health condition. CAT helps people establish daily routines, organize their environment, and build social skills. The CAT therapist uses motivational techniques and simple everyday tools such as clocks, signs and calendars. People are able to attain greater independence and self-direction through CAT than with traditional long term care services, which focus on caring for the individual rather than teaching the individual to care for himself. In addition, the MFP BH Pilot includes substance abuse treatment services to

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[1]See *Continuity of Care Task Force Report* at: http://www.dshs.state.tx.us/mhsa/continuityofcare/)

address addiction issues and prevent relapse, thus averting readmission to an institution. These services are provided up to six months before discharge and for one year post-discharge. All of the State Hospital Pilot participants will be Medicaid eligible, so they will have a funding source for all of their medical services. In addition, they will be clients of the local mental health authority and eligible to receive additional mental health services through the center.

The Texas Department of Housing and Community Affairs (the "Department") accepted comments to the proposed rule in writing and by email. This document provides the Department's response to all comments received. Comments and responses are presented in the order they appear in the rules.

Public comments were accepted from August 12, 2011 through September 12, 2011, with comments received from (1) Belinda Carlton, Texas Council for Developmental Disabilities, and (2) Gyl Switzer, Mental Health America of Texas, both participants of the Disability Advisory Workgroup. Both individuals made the same comment to suggest that the Department change the rule so that the DSHS pilot participants would not be required to participate in services to receive a Project Access voucher. Both TDHCA and DSHS staff reviewed the comments and agreed with the proposed change, which is shown in the rule as proposed in Attachment A.

Attachment A: Preamble, Reasoned Response, and Amended Rule

The Texas Department of Housing and Community Affairs (the “Department”) adopts amendments to 10 TAC Chapter 5, Subchapter H, §5.801, concerning the *Project Access Initiative* are adopted with changes to the proposed text as published in the August 12, 2011 issue of the <eti>*Texas Register<et>* (35 TexReg 6149).

The adoption of the amended sections ensures that DSHS pilot participants would not be required to participate in services to receive a Project Access voucher.

The Texas Department of Housing and Community Affairs accepted comments to the proposed rule in writing and by email. This document provides the Department's response to all comments received. Comments and responses are presented in the order they appear in the rules.

Public comments were accepted from August 12, 2011 through September 12, 2011, with comments received from (1) Belinda Carlton, Texas Council for Developmental Disabilities, and (2) Gyl Switzer, Mental Health America of Texas, both participants of the Disability Advisory Workgroup. Both individuals made the same comment to suggest that the Department change the rule so that the DSHS pilot participants would not be required to participate in services to receive a Project Access voucher. Both TDHCA and DSHS staff reviewed the comments and agreed with the proposed change.

REASONED RESPONSE TO PUBLIC COMMENT ON THE PROPOSED ADOPTION OF 10 TAC CHAPTER 5, SUBCHAPTER H, SECTION 8 HOUSING CHOICE VOUCHER PROGRAM, §5.801, CONCERNING THE PROJECT ACCESS INITIATIVE

§5.801.Project Access Initiative, (d) Program Design and (e) Project Access Eligibility Criteria.
COMMENT: Commenters (1) and (2) stated during discussion at the Disability Advisory Workgroup that there is some concern that the participants in the Department of State Health Services (DSHS) pilot could be required to participate involuntarily in services to receive a voucher. They requested the language be changed to allow a resident of a state psychiatric hospital that is eligible to transition to the community, but does not want to participate in the pilot services, be eligible to receive a Project Access voucher.

STAFF RESPONSE: TDHCA staff consulted with DSHS staff regarding this suggestion and both agencies agreed with the change and recommend amending subsections (d)(3) and (e)(3) of this section by changing the language from “participants” to “individuals eligible.”

The Board approved the final order adopting the new sections on November 10, 2011.

The new sections are adopted pursuant to the authority Chapter 2306 of the Texas Government Code, which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

§5.801.Project Access Initiative.

(a) Purpose. Project Access is a program that utilizes federal Section 8 Housing Choice Vouchers administered by the Department to assist low-income persons with disabilities in transitioning from institutions into the community by providing access to affordable housing.

(b) Definitions.
(1) Section 8--The United States Department of Housing and Urban Development Section 8 Housing Choice Voucher Program administered by the Texas Department of Housing and Community Affairs (the "Department").
(2) At-Risk Applicant--Applicant that meets the criteria in subparagraphs (A) and (B) of this paragraph:
(A) current recipient of Tenant-Based Rental Assistance from the Department's HOME Investments Partnership Program; and
(B) within one-hundred-twenty (120) days prior to expiration of assistance.

(c) Regulations Governing Program. All Section 8 Program rules and regulations apply to the program.

(d) Program Design.
(1) At least 70 percent of Project Access Vouchers will be reserved for persons under the age of sixty-two (62) at the time of voucher issuance that meet the eligibility criteria of subsection (e)(1) and (2) of this section.
(2) No more than 20 percent of Project Access Vouchers will be reserved for persons at or over the age of sixty-two (62) at the time of voucher issuance, meeting the Project Access eligibility criteria in subsection (e)(1) and (2) of this section.
(3) No more than 10 percent of Project Access Vouchers will be reserved for ~~participants of a~~ individuals eligible for a pilot program in partnership with the Department of State Health Services (DSHS) and the Department for current residents of Texas state psychiatric hospitals that meet the criteria of subsection (e)(1) and (3) of this section at the time of voucher issuance.
(4) The total number of Project Access Vouchers will be determined each year in the Departmental Annual Public Housing Agency (PHA) Plan. The number of vouchers allocated to each sub-population listed in paragraphs (1) - (3) of this subsection will be determined by the Department.

(e) Project Access Eligibility Criteria. A Project Access voucher recipient must meet all Section 8 eligibility criteria as well as meet all of the eligibility criteria in paragraph (1) of this subsection and either paragraph (2) or (3) of this subsection:
(1) have a permanent disability as defined in §223 of the Social Security Code or be determined to have a physical, mental, or emotional disability that is expected to be of long-continued and indefinite duration that impedes one's ability to live independently;
(2) meet one of the criteria in subparagraphs (A) and (B) of this paragraph:
(A) be an At-Risk Applicant and a previous resident of a nursing facility, intermediate care facility, or board and care facility as defined by the U.S. Department of Housing and Urban Development (HUD); or
(B) be a current resident of a nursing facility, intermediate care facility, or board and care facility at the time of voucher issuance as defined by HUD;

(3) be ~~a participant in~~ eligible for the DSHS pilot program for residents of Texas state psychiatric hospitals at the time of voucher issuance.

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
November 10, 2011

Presentation, Discussion, and Possible Approval to publish a draft of proposed rules for the Comprehensive Energy Assistance Program (CEAP), 10 TAC, Chapter 5, Subchapter D §§5.402, 5.405 – 5.408, 5.422 – 5.424, 5.426, and 5.431 for publication and public comment in the *Texas Register*.

RECOMMENDED ACTION

RESOLVED, that the proposed amendments for 10 TAC Chapter 5, Subchapter D §§5.402, 5.405 – 5.408, 5.422 – 5.424, 5.426, and 5.431, the Comprehensive Energy Assistance Program (CEAP), is hereby ordered and it is approved, together with the preambles presented to this meeting, for publication and public comment in the *Texas Register.*

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the draft 10 TAC Chapter 5, Subchapter D §§5.402, 5.405 – 5.408, 5.422 – 5.424, 5.426, and 5.431, the Comprehensive Energy Assistance Program (CEAP), in the form presented to this meeting, to be published in the *Texas Register* for public comment and, in connection therewith, make such nonsubstantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

In an effort to achieve greater overall benefit to CEAP clients and increase overall effectiveness of available CEAP funds, the Energy Assistance Section proposes to remove the Heating and Cooling component from the CEAP.

On Friday September 9, 2011, the Energy Assistance Section hosted a Roundtable discussion with representatives from CEAP subrecipient agencies, Texas Association of Community Action Agencies (TACAA), and Department staff to discuss the removal of the Heating and Cooling component from the CEAP beginning in PY 2012. TDHCA staff informed and provided detail to the CEAP network of this impending change and an open discussion between attendees proceeded.

At the conclusion of this Roundtable discussion, CEAP Subrecipients were encouraged to submit written comments to the Department by September 16, 2011. After reviewing the written comments received, Department staff has developed the draft of proposed rules for the Comprehensive Energy Assistance Program (CEAP), 10 Texas Administrative Code, Chapter 5, Subchapter D §§5.402, 5.405 – 5.408, 5.422 – 5.424, 5.426, and 5.431 for public comment in the *Texas Register*.

Attachment A: Preamble and proposed amendment.

The Texas Department of Housing and Community Affairs (the "Department") proposes amendments to 10 TAC Chapter 5, §§5.401 –5.426 concerning the Comprehensive Energy Assistance Program (CEAP). The amendments are proposed in order to remove the Heating and Cooling component from the CEAP In an effort to achieve greater overall benefit to CEAP clients and increase overall effectiveness of available CEAP funds.

Mr. Timothy K. Irvine, Executive Director, has determined that for the first five-year period the amendments are in effect there will be no fiscal implications for state or local governments as a result of enforcing or administering the amendments as proposed.

Mr. Irvine has also determined that for each year of the first five years the amendments are in effect the public benefit anticipated as a result of enforcing the amendments will be more clarity and certainty in the requirements of the CEAP. There will be no effect on small businesses or persons. There is no anticipated economic cost to persons who are required to comply with the amendments as proposed. The proposed amendments will not impact local employment.

The public comment period will be held November 26, 2011 to December 6, 2011 to receive input on the proposed amendments. Written comments may be submitted to Texas Department of Housing and Community Affairs, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by email to the following address: tdhcarulecomments@tdhca.state.tx.us, or by fax to (512) 469-9606. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. DECEMBER 6, 2011.

The amendments are proposed pursuant to the authority of the Texas Government Code, Chapter 2306 which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

No other statutes, articles, or codes are affected by the proposed amendments.

§5.402. Purpose and Goals.
The purpose of CEAP is to assist low-income households, particularly those with the lowest incomes, that pay a high proportion of household income for home energy, primarily in meeting their immediate home energy needs. The program encourages priority be given to those with the highest home energy needs, meaning low income households with high residential energy use, a high energy burden and/or the presence of a "vulnerable" individual in the household, such as a [~~young~~] child age 5 and younger, disabled person, or an elderly[~~frail older~~] individual. CEAP services include: energy education, needs assessment, budget counseling (as it pertains to energy needs), utility payment assistance and crisis-related heating and cooling system replacement, repair or retrofit.

§5.405. Subrecipient Requirements for Appeals Process for Applicants.
(a) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) days of the adverse determination. This notification shall include written instructions of the appeals process and specific reasons for the denial by component. The applicant wishing to appeal a decision must provide written notice to subrecipient within ten (10) days of receipt of the denial notice.

(b) The subrecipient who receives an appeal shall establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their client files.

(c) The subrecipient shall hold the appeal hearing within ten business days after the subrecipient received the appeal request from the applicant.

(d) The subrecipient shall record the hearing.

(e) The hearing shall allow time for a statement by subrecipient staff with knowledge of the case.

(f) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.

(g) Subrecipient shall notify applicant of the decision in writing. The subrecipient shall mail the notification by close of business on the business day following the decision (1 day turn-around).

(h) If the applicant is not satisfied, they may further appeal the decision in writing to the Department within ten (10) days of notification of an adverse decision.

(i) If client appeals to the Department, the funds should remain encumbered until the Department completes its decision.

(j) The Department may review the recording of the hearing, the committee's decision, and any other relevant information necessary.

(k) The Department appeals committee shall decide the case and forward their recommendation to the Community Affairs Division Director for final concurrence.

(l) The Department will notify all parties in writing of its decision within thirty (30) days of receipt of the appeal.

§5.406. Subrecipient Reporting Requirements.
(a) The subrecipient shall electronically submit to the Department a Monthly Expenditure Report of all expenditure of funds, request for advance or reimbursement,

and a Monthly Performance Report no later than fifteen (15) days after the end of each month.

(b) The subrecipient shall report Direct Services expenditures within sixty (60) days of receipt of contract funds.

(c)[~~(b)~~] The subrecipient shall electronically submit to the Department no later than sixty (60) days after the end of the subrecipient contract term a final expenditure or reimbursement and programmatic report utilizing the Expenditure Report and the Performance Report.

(d)[~~(c)~~] The subrecipient shall submit to the Department no later than sixty (60) days after the end of the contract term an inventory of all vehicles, tools, and equipment with a unit acquisition cost of $5,000 or more and a useful life of more than one year, if purchased in whole or in part with CEAP funds.

(e)[~~(d)~~] The subrecipient shall submit other reports, data, and information on the performance of the CEAP program activities as required by the Department.

§5.407. Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria.

(a) The subrecipients shall set the client income eligibility level at or below 125%[~~200%~~] of the federal poverty level in effect at the time the client makes an application for services.

(b) Subrecipient shall determine client income. Income inclusions and exclusions to be used to determine total household income are those noted in §5.19 of this chapter (relating to Client Income Guidelines)[~~The Department will provide definition of income lists to determine total household income. The lists contain income inclusions and exclusions and are located in §5.19 of this chapter (relating to Client Income Guidelines)~~].

(c) Subrecipients shall base annualized eligibility determinations on household income from the 30 day period prior to the date of application for assistance. Each subrecipient shall document and retain proof of income from all sources for all household members eighteen (18) years and older for the entire thirty (30) day period prior to the date of application and multiply by twelve (12) to annualize income.

(d) In the case of migrant, or seasonal workers, or similarly situated workers, a longer period than thirty (30) days may be used for annualizing income.

(e) If proof of income is unavailable, the applicant must complete and sign a Declaration of Income Statement (DIS). In order to use the DIS form, each subrecipient shall develop and implement a written policy and procedure on the use of the DIS form, including policies requiring a client statement of efforts to obtain documentation of income with a notarized client signature. In developing the policy and procedure, subrecipients shall give consideration to limiting the use of the DIS form to cases where there are serious extenuating circumstances that justify the use of the form. Such circumstances might include crisis situations such as applicants that are affected by natural disaster which prevents the applicant from obtaining income documentation, applicants that flee a home due to physical abuse, applicants who are unable to locate income documentation of a recently deceased spouse, or whose work is migratory, part-time, temporary, self-employed or seasonal in nature. To ensure limited use, the Department will review the written policy and its use, as well as client-provided descriptions of the circumstances requiring use of the form, during on-site monitoring visits.

(f) Social security numbers are not required for applicants for CEAP.

(g) Proof of citizenship is not required for CEAP.

(h) The subrecipients shall establish priority criteria to serve persons in households who are particularly vulnerable such as the elderly, persons with disabilities, families with young children, high residential energy users, and households with high energy burden. High residential energy users and households with high energy burden are defined as follows:

(1) Households with Energy Burden which exceeds the median energy burden of income-eligible households characterized by the Department as experiencing high energy burden. The Department calculates energy burden by dividing home energy costs by the household's gross income.

(2) Households with annual energy expenditures which exceed the median home expenditures for income-eligible households are characterized by the Department as high energy consumers.

(i) Homeowners and renters will be treated equitably under all programs funded in whole or in part from LIHEAP funds. For those renters who pay heating and/or cooling bills as part of their rent, the subrecipient shall make special efforts to determine the portion of the rent that constitutes the fuel heating and/or cooling payment. If "sub metering" is not available, the subrecipient shall exercise care when negotiating with the landlords so the cost of utilities quoted is in line with the consumption for similar residents of the community. If the subrecipient pays the landlord, then the landlord shall furnish evidence that he/she has paid the bill and the amount of assistance must be deducted from the rent, if the utility payment is not stated separately from the rent. An agreement stating the terms of the payment negotiations must be signed by the landlord.

(j) A household unit cannot be served if the meter is utilized by another household.

§5.408. Service Delivery Plan.

Subrecipients are required to submit on an annual basis a Department formatted Service Delivery Plan, which includes information on how they plan to implement CEAP in their service area. Format for the Service Delivery Plan may change between program years and[~~format~~] may [~~can~~] be found on the Department's website.

§5.422. General Assistance and Benefit Levels.

(a) Subrecipients shall not discourage anyone from applying for CEAP assistance. Subrecipients shall provide all potential clients with opportunity to apply for LIHEAP programs.

(b) CEAP provides assistance to targeted beneficiaries[~~, being households with low incomes at or below 200% of the Federal Poverty Level~~], with priority given to the elderly, persons with disabilities, families with young children; households with the highest energy costs or needs in relation to income, and households with high energy consumption.

(c) CEAP includes activities, as defined in Assurances 1-16 in Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), as amended; such as education; and financial assistance to help very low- and extremely low-income consumers reduce their utility bills to an affordable level. CEAP services include utility payment assistance; heating and cooling system replacement, repair, and/or retrofit; energy education; and budget counseling.

(d) Sliding scale benefit for all CEAP components:

(1) Benefit determinations are based on the household's income, the household size, the energy cost and/or the need of the household, and the availability of funds;

(2) Energy assistance benefit determinations will use the following sliding scale[~~(Except Heating and Cooling System Replacement, Repair and/or Retrofit Component)~~]:

(A) Households with Incomes of 0 to 50% of Federal Poverty Guidelines may receive an amount needed to address their energy payment shortfall not to exceed $1,200[~~$1,600~~];

(B) Households with Incomes of 51% to 75% of Federal Poverty Guidelines may receive an amount needed to address their energy payment shortfall not to exceed $1,100[~~$1,400~~];

(C) Households with Incomes of 76% to at or below 125%[~~200%~~] of Federal Poverty Guidelines may receive an amount needed to address their energy payment shortfall not to exceed $1,000[~~$1,200~~]; and

(3) [~~(D)~~] A household may receive crisis-related heating and cooling system replacement, repair, and/or retrofit not to exceed $2,500.00.[~~The Heating and Cooling System Replacement, Repair, and/or Retrofit Component maximum household benefit limit is $6,000.~~]

(e) Subrecipient shall not establish lower local limits of assistance for any component.

(f) Total maximum possible annual household benefit (all components combined) equals $5,800[~~$10,200~~].

(g) Subrecipient shall determine client eligibility for utility payments and/or retrofit based on the agency's household priority rating system and household's income as a percent of poverty.

(h) Subrecipients shall provide only the following types of assistance with funds from CEAP:

(1) Payment to vendors and suppliers of fuel/utilities, goods, and other services, such as[~~ electrical wiring, ~~] butane tanks,[~~ and lines, etc.~~] for past due or current bills related to the procurement of energy for heating and cooling needs of the residence, not to include security lights and other items unrelated to energy assistance;

(2) Payment to vendors--only one energy bill payment per month as required by component;

(3) Needs assessment and energy conservation tips, coordination of resources, and referrals to other programs;

(4) Energy assistance to low-income elderly and disabled individuals most vulnerable to high cost of energy for heating and cooling needs of the residence;

(5) Payment of water bills only when such costs include expenses from operating an evaporative water cooler unit or when the water bill is an inseparable part of a utility bill. As a part of the intake process, outreach, and coordination, the subrecipient shall confirm that a client owns an operational evaporative cooler and has used it to cool the dwelling within sixty (60) days prior to application. Payment of other utility charges such as wastewater and waste removal are allowable only if these charges are an inseparable part of a utility bill. Documentation from vendor is required. Whenever possible, subrecipient shall negotiate with the utility providers to pay only the "home energy"--heating and cooling--portion of the bill;

(6) Energy bills already paid by householders may not be reimbursed by the program;

(7) Payment of reconnection fees in line with the registered tariff filed with the Public Utility Commission and/or Texas Railroad Commission. Payment cannot exceed that stated tariff cost. Subrecipient shall negotiate to reduce the costs to cover the actual labor and material and to ensure that the utility does not assess a penalty for delinquency in payments;

(8) Payment of security deposits only when state law requires such a payment, or if the Public Utility Commission or Texas Railroad Commission has listed such a payment as an approved cost, and where required by law, tariff, regulation, or a deferred payment agreement includes such a payment. Subrecipients shall not pay such security deposits that the energy provider will eventually return to the client;

(9) While rates and repair charges may vary from vendor to vendor, Subrecipient shall negotiate for the lowest possible payment. Prior to making any payments to an energy vendor a Subrecipient shall have a signed vendor agreement on file from the energy vendor receiving direct LIHEAP payments from the Subrecipient;

(10) Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of client is deducted from client's rent; and

(11) In lieu of deposit required by an energy vendor, Subrecipient may make advance payments. The Department does not allow LIHEAP expenditures to pay deposits, except as noted in paragraph (7) of this subsection. Advance payments may not exceed an estimated two months' billings. Funds for the Texas CEAP shall not be used to weatherize dwelling units, for medicine, food, transportation assistance (i.e., vehicle fuel), income assistance, or to pay for penalties or fines assessed to clients.

§5.423. Household[~~Energy~~] Crisis Component.

(a) A bona fide household [~~energy~~]crisis exists when extraordinary events or situations resulting from extreme weather conditions and/or fuel supply shortages or a terrorist attack have depleted or will deplete household financial resources and/or have created problems in meeting basic household expenses, particularly bills for energy so as to constitute a threat to the well-being of the household, particularly the elderly, the disabled, or children age 5 and younger; or when medically vulnerable household members risk an exacerbated condition due to non-existent or inoperable heating and cooling units.

(b) A utility disconnection notice may constitute an [~~a~~] household energy crisis.

(c) [~~Energy~~]Crisis assistance for one household cannot exceed the maximum allowable benefit level in one year. Crisis assistance payments cannot exceed the minimum amount needed to resolve the crisis. If the client's crisis requires more than the household limit to resolve, it exceeds the scope of this program. If the crisis exceeds the household limit, subrecipient may pay up to the household limit but the rest of the bill will have to be paid from other funds to resolve the crisis. Payments may not exceed client's actual utility bill. The assistance must result in resolution of the crisis.

(d) Where necessary to prevent undue hardships from a qualified [~~energy~~]crisis, subrecipients may directly issue vouchers to provide:

(1) Temporary shelter not to exceed the annual household expenditure limit for the duration of the contract period in the limited instances that supply of power to the dwelling is disrupted [~~inoperable heating/cooling appliances or supply of power to the dwelling is disrupted~~]--causing temporary evacuation;

(2) Emergency deliveries of fuel up to 250 gallons per crisis per household, at the prevailing price. This benefit may include coverage for safety precautions, including propane or butane tank repair or replacement--up to the maximum household benefit;

(3) Service and repair of existing heating and cooling units not to exceed $2,500. Documentation of service/repair and related warranty must be included in the client file.

(4)[~~(3)~~] Purchase of portable heating/cooling units (portable electric heaters are allowable only as a last resort) not to exceed $2,500[~~household benefit limit~~] during the contract period. Portable air conditioning and heating units may be purchased for households that include at least one member that is elderly, disabled, or a child aged 5 or younger when Subrecipient has met local weather crisis criteria; and/or [~~only~~]in situations that threaten the life of the client whether the crisis criteria is met or not;

(5)[~~(4)~~] Purchase of more than two portable heating/cooling units per household will require prior written approval from the Department[~~ Subrecipient shall meet local energy crisis criteria prior to purchasing portable units for clients~~];

(6)[~~(5)~~] Subrecipient shall maintain in the client file documentation of any special situation affecting client eligibility. For a client to qualify to receive a portable air conditioner or heater to protect life of household occupants, the subrecipient's client file must contain documentation from a medical professional, stating that a health condition of household occupant(s) [~~occupant~~] requires such climate control. A doctor's statement or prior written approval from the Department is required;

(7)[~~(6)~~] Replacement of combustion heating units is not an approved use of crisis funds; and

(8)[~~(7)~~] Portable heating/cooling units must be[~~meet~~] Energy Star® or International Residential Code (IRC) compliant.

(e) Crisis funds, whether for emergency fuel deliveries, repair of existing heating and cooling units, purchase of portable heating/cooling units, or temporary shelter, shall be considered part of the total maximum household allowable assistance.

(f) When natural disasters result in energy supply shortages or other energy-related emergencies, LIHEAP will allow home energy related expenditures for the following:

(1) Costs to temporarily shelter or house individuals in hotels, apartments or other living situations in which homes have been destroyed or damaged, i.e., placing people in settings to preserve health and safety and to move them away from the crisis situation;

(2) Costs for transportation (such as cars, shuttles, buses) to move individuals away from the crisis area to shelters, when health and safety is endangered by loss of access to heating or cooling;

(3) Utility reconnection costs;

[~~ (4) Repair or replacement costs for furnaces and air conditioners; ~~]

[~~ (5) Insulation repair; ~~]

(4)[~~(6)~~] Blankets [~~Coats and ~~], as tangible benefits to keep individuals warm;

(5)[~~(7)~~] Crisis payments for utilities and utility deposits; and

(6)[~~(8)~~] Purchase of fans, air conditioners and generators.

(g) Time Limits for Assistance--Subrecipients ensure that for clients who have already lost service or are in immediate danger of losing service, some form of assistance to resolve the energy crisis shall be provided within a 48-hour time limit (18 hours in life-threatening situations). The time limit commences upon completion of the application process. The application process is considered to be complete when an agency representative accepts an application and completes the eligibility process. For applications for assistance received from these clients on Fridays after 12:00 p.m. local time, the application process must be completed prior to 12:00 p.m. local time on the following Monday.

(h) Subrecipients <u>must</u> maintain written documentation in client files showing crises resolved within appropriate timeframes. The Department <u>may</u> disallow improperly documented expenditures.

§5.424. Co-Payment Component.
(a) Subrecipients use home energy payments, energy conservation tips, participation by utilities, and coordination with other services to assist low-income households to reduce their home energy needs.

(b) Subrecipients make payments directly to vendors on behalf of participating households. Participating households make co-payments while participating in the program.

(c) Subrecipients shall calculate payments based on a sliding scale benefit structure.

(d) First payment of co-payment plan may include 100% of a utility bill--including arrears--or an appropriate percentage determined by the subrecipient as detailed in the Service Delivery Plan.

(e) A household's participation in the program may last from three (3) to twelve (12) months. Early termination may result if client fails to meet the provisions of the client service agreement.

<u>(f) A household’s failure to complete the co-payment plan may not be used as basis for denying the household any other CEAP benefits for which they may be eligible.</u>

<u>(g)</u>[~~(f)~~] If a co-payment client's assistance period extends beyond the end of a program year, that client must re-apply for eligibility certification to continue receiving assistance.

<u>(h)</u>[~~(g)~~] Subrecipient shall provide energy conservation education and referrals.

[~~§5.426. Heating and Cooling Component.~~]
[~~(a) The priority factors other than income eligibility for heating/cooling assistance include the degree of energy burden and household needs. Equipment replacement or repair under this component must reduce energy consumption and energy burden. "Household energy need" takes into account the unique situation of such household that results from having members of vulnerable populations, including children age 5 and younger, disabled individuals, and older individuals. The Department defines the household's energy need as the requirement for energy used to heat and/or cool the dwelling unit, as well as energy required to heat water and refrigerate food.~~]
[~~(b) Equipment repair and replacement targets households with high energy burden, or equipment unsafe or inadequate to protect occupants from extreme temperatures. This component reduces clients' energy burden by reducing excess demand from inefficient heating and cooling appliances. Questionably high energy bills during the heating or cooling season may indicate the need for an assessment of the condition of all major~~

~~heating and cooling appliances in the client's home. An energy assessment of the home demonstrates whether or not the expected savings from repair or replacement of equipment will exceed the cost and will reduce energy consumption. Appliances consuming the most energy receive highest priority. Estimated repair cost exceeding 60% of estimated replacement cost justifies replacement.~~]

[~~(c) Subrecipients must conduct whole house assessments on all eligible heating and cooling appliances. Subrecipients must incorporate the appliance replacement protocols and tools available on the Department website, for window units, water heaters, and refrigerators on all applicable appliances in the household. Printed results from the use of these tools must be placed in the client files and be available for review. Refrigerators manufactured after 1993 need to be evaluated utilizing the Department's refrigerator assessment tool. Other eligible activities may include installation of Energy Star® rated ceiling fans, replacement of air filters, installation of compact fluorescent lights (CFLs) and water savers.~~]

[~~(d) Household appliances assessed for condition (health and safety) and efficiency may include any home heating or cooling appliances and propane tanks. The Program allows replacement of evaporative coolers with refrigerated air only for substantiated medical reasons. Subrecipients shall replace appliances with Energy Star® rated equipment or IRC compliant appliances.~~]

[~~(e) Acceptable assessments for appliances under consideration for repair, replacement or retrofit with CEAP funds may be considered valid for one (1) year from the date of assessment. While subrecipients must re-certify income eligibility, the previously obtained assessment would remain valid. Should it appear that appliances previously assessed that did not require repair, replacement, or retrofit at the time of the assessment had deteriorated, a new assessment could be performed on only the applicable appliances.~~]

[~~(f) Households that contain both evaporative coolers and refrigerated air must be assessed in order to make the household most energy efficient. When both units need replacement consideration must be based on what is most energy efficient. Special consideration may be given to climate area and medical need. Without medical documentation a waiver may be granted by the Department.~~]

[~~(g) Heating and cooling assessments may be charged to the Heating and Cooling Component on a per household basis. If the assessment cost is charged to the Heating and Cooling Component, the cost must be counted toward the household benefit of $6,000.~~]

[~~(h) All replacement units must meet Energy Star® or IRC compliant and must result in energy savings for the client. Heating and cooling funds may pay for zoning off a room in which the client spends a majority of time at home, incidental to the above improvements, if necessary to conserve conditioned air. In order to use heating and cooling funds for a room zone-off, the household must also be receiving a repair, replacement, or retrofit of a space heating or cooling unit.~~][~~(i) This component may be used to purchase, lease, or repair butane or propane tanks as well as the residential lines associated with the tanks or natural gas lines of the dwelling not to exceed the household's maximum allowable assistance and only if such service ensures the flow of energy necessary for heating and or cooling the household.~~]

[~~(j) This component may be used to purchase or repair of residential electric lines, not to exceed household's maximum allowable assistance and only if such service ensures the flow of energy necessary for heating and cooling the household.~~]
[~~(k) The Department requires Subrecipients to expend a minimum of 10% of their Direct Service funds in the Heating and Cooling Component.~~]

§5.431. Payments to Subcontractors and Vendors.
(a) A Department approved bi-annual vendor agreement is required to be implemented by the subrecipient and shall contain assurances as to fair billing practices, delivery procedures, and pricing procedures for business transactions involving LIHEAP recipients. These agreements are subject to monitoring procedures performed by the Department staff.

(b) Subrecipient shall maintain proof of payment to subcontractors and vendors as required by OMB Circulars.

(c) The subrecipients shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification.

(d) The vendor payment method will be used by subrecipients for CEAP components. Subrecipient shall not make cash payments directly to eligible household for any of the CEAP components.

(e) Payments to vendors for which a valid vendor agreement is not in place may be subject to disallowed costs.

HOUSING RESOURCE CENTER
BOARD ACTION REQUEST
NOVEMBER 10, 2011

Presentation, Discussion, and Possible Approval of a final order adopting new 10 TAC Chapter 1, Subchapter A, §1.24, concerning Foreclosure Data Collection, for publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the 82nd Regular Session of the Texas Legislature passed S.B. 1233 which amended Chapter 52 of the Property Code by adding §51.0022 requiring the collection of certain data regarding foreclosures of residential property across the state,

RESOLVED, that the proposed new 10 TAC Chapter 1, §1.24, Foreclosure Data Collection, and response to public comment received between September 30th and October 19th 20011 is hereby ordered and approved, together with the preambles presented to this meeting, for publication in the *Texas Register*,

FURTHER RESOLVED, that the Executive Director and his designees be and each of them is hereby authorized, empowered and directed, for and on behalf of the Department, to cause the adopted new rule, in the form presented to this meeting, to be published in the *Texas Register* with responses to public comment.

BACKGROUND

The new law requires the Department to promulgate forms to be used by lien holders across the State when filing foreclosure notices against residential properties and by sheriffs and trustees conducting foreclosure sales of residential properties. The only information permitted to be collected by the Department is the ZIP code of the property. The forms are to be submitted to the clerk's office in the county where the notice was filed, or the foreclosure was conducted, and the information on the forms is to be forwarded to the Department by the county clerk no later than 30 days after the forms have been submitted to the clerk. The Department is required to submit the information received from the county clerks to the Legislature on a quarterly basis.

This proposed rule will implement the above process and apply only to notices of sale completed sales filed on or after January 1, 2012. The Department released this rule for a 20-day public comment period from September 30, 2011 to October 19, 2011. Slight changes were made to the proposed rule, based on public comment. Public comment for the rule is addressed in Attachment A.

Although not officially part of the rule, the forms were also posted by the Department from September 30, 2011 to October 19, 2011. Public comment for the forms is included in Attachment B. Forms are included in Attachments C to F.

Attachment A: Preamble, Reasoned Response, and Adopted New 10 TAC Chapter 1, §1.24, Foreclosure Data Collection

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 1, §1.24, concerning Foreclosure Data Collection. Section 1.24 is adopted with changes to the proposed text as published in the September 30, 2011, issue of the *Texas Register* (36 TexReg 6364).

The purpose of this new section is to implement the requirements of new S.B. 1233 which amended Chapter 52 of the Texas Property Code by adding §51.0022 requiring the collection of certain data regarding foreclosures of residential property across the State. The new law requires the Department to promulgate forms to be used by lien holders across the State when filing foreclosure notices against residential properties and by sheriffs and trustees conducting foreclosure sales of residential properties. The only information permitted to be collected by the Department is the ZIP code of the property. The forms are to be filed with the clerk's office in the county where the notice was filed, or the foreclosure was conducted. On the first business day of the month (approximately thirty (30) days) after the forms have been filed with the clerk, the county clerk completes summary forms to be forwarded to the Department. The Department is required to submit the information received to the Legislature on a quarterly basis. When adopted, the new rule will apply only to notices of sale filed on or after January 1, 2012.

The Department accepted comments to the proposed rule in writing by letter, fax and email. This document provides the Department's response to all comments received on the rule. During the public comment period from September 30 to October 19, 2011, TDHCA received public comment from fourteen (14) county clerks or county clerks' offices. The comments have been sorted by topic and summarized. Comments were received from Aransas, Brazoria, Cass, Howard, Hunt, Kerr, Kimble, Montgomery, Navarro, Nolan, Orange, Rusk, Shelby, and Williamson counties. Some of the comments resulted in changes to the rule.

REASONED RESPONSE TO PUBLIC COMMENT ON THE PROPOSED ADOPTION OF 10 TAC CHAPTER 1, SUBCHAPTER A, §1.24, CONCERNING FORECLOSURE DATA COLLECTION.

COMMENT 1. Comments from the county clerk's office of Montgomery County suggested that the rule does not specify in which record set the Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form need to be filed. According to Property Code, all documents filed with the county clerk that deal with real property must be acknowledged or sworn to according to law.
STAFF RESPONSE. The Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form are not filed in property records, so they do not need to be acknowledged. The Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form are submitted to the county clerk for the purposes of completing the Summary Form for Notices of Sale and the Summary Form for Completed Sales. The rule has been revised throughout to reflect that the forms are not filed with the county clerk, but are submitted to the county clerk. This change applied to 10 TAC §1.24(b)(1) – (b)(4), (d)(1), (e)(1) - (e)(2), and (f)(1).

COMMENT 2. Comment from the county clerk's office of Cass County asked if a Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form are recorded in the Official Public Record when they are filed? How long should the filings be kept by the county clerk? Is a copy sent to TDHCA upon filing or should it be kept at the county clerk's office?
STAFF RESPONSE. The Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form are submitted to the county clerk, not filed with the county clerk. The county clerk uses them to prepare the Summary Form for Notices of Sale and the Summary Form for Completed Sales, which are then transmitted to TDHCA. The forms are not recorded in the official public record. The rule has been revised

to reflect that the forms are not filed with the county clerk, but are submitted to the county clerk. This change applied to 10 TAC §1.24(b)(1) – (b)(4), (d)(1), (e)(1) - (e)(2), and (f)(1). Per the proposed rule 10 TAC §1.24(f)(1), county clerks should follow their own retention schedules for the keeping of Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form. The Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form should not be sent to TDHCA, neither as original nor as a copy. However, the Summary Form for Notices of Sale and the Summary Form for Completed Sales are transmitted to TDHCA on the first business day of the month by the county clerk. Staff revised 10 TAC §1.24(f)(1) for clarity, adding the second sentence in the following paragraph: "Persons filling a notice of sale or completed sale shall also file the Notice of Sale Foreclosure Forms and/or Completed Sale Foreclosure Forms, as appropriate, with the county clerk. County clerks should retain these forms and the forms are not to be sent to TDHCA. County clerks should follow their own retention schedules in the keeping of these forms."

COMMENT 3. Comments from the county clerks' offices of Aransas, Brazoria, Cass, Howard, Hunt, Kerr, Kimble, Navarro, Nolan, Rusk, Shelby, and Williamson Counties suggested the proposed rule adds additional burden of manpower and finances on the county clerks. There are numerous foreclosures that are hard to track for short-staffed offices. County clerks do not have time for additional reporting duties.
<u>STAFF RESPONSE.</u> While TDHCA understands concerns regarding lack of resources, Senate Bill 1233 is now State law and it is clear in its mandate for TDHCA to promulgate a rule implementing the Bill. In an effort to reduce the daily additional reporting duties, Staff amended the proposed rule to replace the definitions of summary forms from "received within the last thirty (30) days by the county clerk" to "received during the previous month (approximately thirty (30) days) by the county clerk" throughout the rule. In addition, the reporting to TDHCA (10 TAC §1.24(d)(1)) was changed from "No later than the 30th day after receipt of a Notice of Sale Foreclosure Form or a Completed Sale Foreclosure Form, the county clerk will submit the appropriate summary form to TDHCA" to "On the first business day of the month, the county clerk will submit the appropriate summary form to TDHCA." In this way the county clerk can upload the Summary Form for Notices of Sale and the Summary Form for Completed Sales to TDHCA on the first business day of the month, instead of within 30 business days. These changes applied to 10 TAC §1.24 (b)(3), (b)(4), (d)(1), and (d)(2). In addition, references to the Web form in 10 TAC §1.24 have been changed to Web interface. The Summary Form for Completed Sales and the Summary Form for Notices of Sales can be uploaded directly to TDHCA, eliminating data entry required for county clerks on the first business day of the month and lessening the time requirements needed for reporting. These changes applied to 10 TAC §1.24 (e)(2) and (g)(1).

COMMENT 4. Comments from the county clerks' offices of Brazoria and Montgomery Counties suggested the information collected by 10 TAC §1.24 is too limited to give an accurate picture of foreclosures. With the information provided on the draft forms, it would be impossible to link what filings were for what property. Collection of the property description or recording number deed of trust or deed that gives a property description would be more accurate.
<u>STAFF RESPONE</u>. Per Senate Bill 1233 which adds §51.0022(a) - (e) to the Texas Property Code, the ZIP code, whether the property is residential, and the date are the only pieces of information that TDHCA is allowed to request on the form. It will not be possible to link the filing of TDHCA's form to property from the information collected in 10 TAC §1.24 (c).

COMMENT 5. Comment from the county clerk's office of Brazoria County asked if the Completed Sale Foreclosure Form tied to the Notice of Sale Foreclosure Form that may have been filed for the same property?
<u>STAFF RESPONSE.</u> No. Senate Bill 1233 does not require the notice of sale and completed sale forms to relate to one another. The only information requested on the Completed Sale Foreclosure Form and the Notice of Sale Foreclosure Form is listed in 10 TAC §1.24 (c).

COMMENT 6. Comments from the county clerk's office of Orange County asked if the date and the ZIP code are the only information being collected on the Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form?

STAFF RESPONSE. Yes. Per Senate Bill 1233 which adds §51.0022(a) - (e) to the Texas Property Code, the ZIP code, whether the property is residential, and the date are the only pieces of information that TDHCA is allowed to request on the form. Staff has revised the Notices of Sale Foreclosure Form and Completed Sale Foreclosure Form to include a yes or no question as to whether the property is residential. This change applied to 10 TAC §1.24(c)(1)(A) and (c)(2)(A) in which "a statement that the property is residential" has been changed to "a yes or no question as to whether the property is residential."

COMMENT 7. Comments from the county clerks' offices of Hunt, Kerr, Montgomery, Navarro, Rusk, Shelby, and Williamson Counties suggested Senate Bill 1233 does not require county clerks to keep the Notice of Sale Foreclosure Forms and Completed Sale Foreclosure Forms or mention a summary form. The county clerks should be able to forward the Notice of Sale Foreclosure Forms and Completed Sale Foreclosure Forms within 30 days directly to TDHCA and TDHCA should summarize the forms. The Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form should be sent by email, fax or mail to TDHCA.

STAFF RESPONSE: Per Senate Bill 1233, which adds §51.0022(e) - (f) to the Texas Property Code, TDHCA was given authority to prescribe by rule the forms used to collect this data. The Senate Bill 1233 uses the word "forms" in the plural and not the singular. The rule and forms go into effect only after adoption by TDHCA's Governing Board. Pursuant to the proposed rule at 10 TAC §1.24(f)(1), county clerks should follow their own retention schedules the keeping of these forms. In an effort for a consistent submission schedule, 10 TAC §1.24(d)(1) has been revised from the draft to read "On the first business day of the month, the county clerk will submit the appropriate summary form to TDHCA." In an effort to reduce postage cost to the county if sending by mail, labor costs for county if faxing, and scanning costs to the county if emailing, TDHCA has developed the Summary Form for Notices of Sale and the Summary Form for Completed Sales. The summary forms will be available to download, fill out electronically and upload to TDHCA via a Web interface for convenience and time and cost savings. Summary forms will be available on TDHCA's website by December 30, 2011.

COMMENT 8. Comments from the county clerks' offices of Cass and Howard Counties suggest the lien holders or the persons conducting the foreclosures should be allowed to send the Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form directly to TDHCA.

STAFF RESPONSE. Senate Bill 1233 identifies the county clerks as the responsible party for submitting the information to TDHCA. The rule addresses the reporting to TDHCA 10 TAC §1.24 (d) and (g).

COMMENT 9. Comments from the county clerk's office of Brazoria County suggested the information collected by 10 TAC §1.24 was already being collected by title companies, which are paid to do this service.

STAFF RESPONSE. While title companies are paid to do this service, they are not required by Senate Bill 1233 to submit the information to TDHCA, which in turn is required to submit the information to the Texas State Legislature. The rule addresses the reporting to TDHCA 10 TAC §1.24 (d) and (g).

COMMENT 10. Comments from county clerks' offices of Aransas, Navarro, Rusk and Shelby Counties suggested the proposed rule should allow for county clerks to charge a fee for the submission of the forms prescribed in the rule to pay for staff time, postage, materials and copies. If not, the rule is another unfunded mandate.

STAFF RESPONSE. Senate Bill 1233 does not authorize TDHCA to empower counties to charge a fee; in fact, Senate Bill 1233 does not address fees at all. Further queries should be directed to the Office of Attorney General.

COMMENT 11. Comments from the county clerk's office of Aransas County asked what the consequences were of not complying with 10 TAC §1.24? How is compliance being tracked?
STAFF RESPONSE. Noncompliance is not addressed in the statue, so TDHCA cannot address noncompliance in the rule. TDHCA staff anticipates keeping an internal list of counties that have submitted data.

COMMENT 12. Comments from county clerk's office of Brazoria County asked who is going to notify the persons filing the foreclosure notices and completed sales that the new forms are required per 10 TAC §1.24? Are the county clerks responsible for furnishing the forms to the public?
STAFF RESPONSE. 10 TAC §1.24 will be published in the *Texas Register* and TDHCA will have a webpage dedicated to information about Senate Bill 1233 and 10 TAC §1.24. This is an effort to notify the public about the new requirements. The county clerk's office could also post necessary notifications. Because the Notices of Sale Foreclosure Forms and Completed Sale Foreclosure Forms are submitted to the county clerk's office, the county clerk could supply the physical forms. However, the Notices of Sale Foreclosure Forms and Completed Sale Foreclosure Forms will be available for download from TDHCA's website by December 30, 2011 so that filers can prepare the forms in advance to filing if they choose.

COMMENT 13. Comment from the county clerk's office of Montgomery suggested the proposed rule only applies to residential lots (1 to 4 units). What is required for foreclosures on raw or unimproved land?
STAFF RESPONSE. Senate Bill 1233 refers only to residential property. There are no additional forms or data collection required by this legislation for foreclosures on raw or unimproved land.

COMMENT 14. Comment from the county clerk's office of Orange County asked if county clerks can forward the foreclosure data that is posted on their county's website, or do they have to fill out dates and ZIP codes on the forms prescribed by the proposed rule?
STAFF RESPONSE. Per Senate Bill 1233 which adds §51.0022(e) to the Texas Property Code, TDHCA is required to prescribe forms for the residential foreclosure data collection that the county clerks must use.

COMMENT 15. Comment from the county clerk's office of Williamson County suggested they would not violate the law, but they may not follow TDHCA's rule.
STAFF RESPONSE. Per Senate Bill 1233, TDHCA was given the authority to prescribe the forms and rule to follow this legislation. Under Texas law, properly promulgated rules carry the force and effect of statutes.

The Board approved the final order adopting the new section on November 10, 2011.

The new section is adopted pursuant to the authority of Chapter 2306 of the Texas Government Code, which provide the Department the authority to adopt rules governing the administration of the Department and its programs, and under §51.0022 of the Texas Property Code which requires that the Department promulgate forms for collecting certain data regarding residential foreclosure notices and sales and to report the information to the Legislature.

10 TAC Chapter 1, §1.24, Foreclosure Data Collection

(a) Purpose. This chapter satisfies the requirement of amendments to Chapter Code 51, Property Code, per Senate Bill 1233 of the 82nd Legislative Session. The amendment requires the Texas Department of Housing and Community Affairs (TDHCA) to prescribe forms for the collection of foreclosure data from the county clerks. The information received via these forms will be submitted quarterly to the Texas legislature after January 1, 2012.

(b) Definitions.
(1) Completed Sale Foreclosure Form -- A form ~~filed~~ submitted to the county clerk when residential real property has been sold through a foreclosure and the substitute trustee's deed, sheriff's deed or other valid conveyance out of foreclosure is filed with the county clerk.
(2) Notice of Sale Foreclosure Form -- A form ~~filed~~ submitted to the county clerk when a notice of sale of residential real property is filed with the county clerk.
(3) Summary Form for Completed Sales -- A form ~~filed~~ submitted by the county clerk with TDHCA that lists the Completion of Sale Foreclosure Forms received ~~within the last~~ during the previous month (approximately thirty (30) days) by the county clerk.
(4) Summary Form for Notices of Sale -- A form ~~filed~~ submitted by the county clerk with TDHCA that lists the Notice of Sale Foreclosure Forms received ~~within the last~~ during the previous month (approximately thirty (30) days) by the county clerk.
(5) Residential property -- A residential property is a one-to-four-unit dwelling.

(c) Reporting to County Clerks.
(1) When a person files a notice of sale of residential property under Texas Property Code §51.002(b), that person must also submit to the county clerk a Notice of Sale Foreclosure Form that includes at least the information described in subparagraphs (A), (B), (C) and (D) of this paragraph:
(A) a ~~statement that the~~ yes or no question as to whether the property is residential;
(B) a statement that a notice of sale is being filed on this property;
(C) the ZIP code of the residential real property;
(D) the date of submission of the Notice of Sale Foreclosure Form.
(2) When a person files a substitute trustee's deed, sheriff's deed or other valid conveyance out of foreclosure, that person must also submit to the county clerk a Completed Sale Foreclosure Form that includes at least the information described in subparagraphs (A), (B), (C) and (D) of this paragraph:
(A) a ~~statement that the~~ yes or no question as to whether the property is residential;
(B) a statement that the property has been sold as a result of foreclosure;
(C) the ZIP code of the residential real property; and
(D) the date of submission of the Completed Sale Foreclosure Form.

(d) Reporting to TDHCA.
(1) ~~No later than the 30th day after receipt of a Notice of Sale Foreclosure Form or a Completed Sale Foreclosure Form~~ On the first business day of the month, the county clerk will submit the appropriate summary form to TDHCA. If a Notice of Sale Foreclosure Form is ~~filed with~~ submitted to the county clerk, the county clerk will submit a Summary Form for Notices of Sale to TDHCA. If a Completed Sale Foreclosure Form is ~~filed with~~ submitted to the county clerk, the county clerk will submit a Summary Form for Complete Sales.
(2) The Summary Form for Notices of Sale and Summary Form for Completed Sales shall include at least the information described in subparagraphs (A) and (B) of this paragraph:
(A) A list of dates on which the Notice of Sale Foreclosure Forms and/or Completed Sale Foreclosure Forms were submitted to the county clerk during the previous month;
(B) A list of ~~zip~~ ZIP codes of the properties that are listed on the Notice of Sale Foreclosure Forms and/or the Completed Sale Foreclosure Forms collected during the previous month.

(3) Notice of Sale Foreclosure Forms and Completed Sale Foreclosure Forms shall not be sent to TDHCA. Only Summary Forms for Notices of Sale and Summary Forms for Completed Sales will be submitted to TDHCA by county clerks.

(e) Location of forms.
(1) The Notice of Sale Foreclosure Forms and/or Completed Sale Foreclosure Forms will be located on TDHCA's website by January 1, 2012. This will be a downloadable form that can be printed. If the county clerk is unable to download the form, he or she may call the Housing Resource Center at TDHCA to request a form be mailed via United States Postal Service (USPS). Persons shall use these foreclosure forms to report only those notices of sale and completed sales ~~filed~~ submitted to the county clerk on or after January 1, 2012.
(2) The Summary Form for Notices of Sale and Summary Form for Completed Sales will be located on TDHCA's website by January 1, 2012. This will be a Web ~~form~~ interface submitted online to TDHCA. As an alternative, a downloadable Summary Form for Notices of Sale and Summary Form that can be printed will also be available. If the county clerk is unable to download the forms, he or she may call the Housing Resource Center at TDHCA to request a form be mailed via USPS. County clerks shall use these summary forms to report only those notices of sale and completed sales ~~filed with~~ submitted to the county clerk on or after January 1, 2012.

(f) Submission of forms by persons filing notice of sale or completed sale to county clerk.
(1) Persons filling a notice of sale or completed sale shall also ~~file~~ submit the Notice of Sale Foreclosure Forms and/or Completed Sale Foreclosure Forms, as appropriate, with the county clerk. County clerks should retain these forms and the forms are not to be sent to TDHCA. County clerks should follow their own retention schedules in the keeping of these forms.

(g) Submission of forms by county clerks to TDHCA.
(1) The executed Summary Form for Notices of Sale and Summary Form for Completed Sales will be accepted from the county clerks' offices via an online Web ~~form~~ interface. A username and password will be required to submit via the Web ~~form~~ interface. As an alternative method of submittal, the completed Summary Form for Notices of Sale and Summary Form for Completed Sales may also be downloaded and submitted via email as an attachment or mailed to TDHCA. The email and mail addresses for submission will be provided on the Summary Form for Notices of Sale and Summary Form for Completed Sales.

Attachment B: Summary of public comments made on forms and changes to forms

Public comment received for forms prescribed in the rule (numbering of the comments has been continued from the public comment received from the rule).

COMMENT 16. Comment from the county clerk's office of Brazoria County suggested for the Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form, instead of stating "Date this form is submitted to county clerk", instead require a file stamp with the date and time of submission, the same date as the notice that is being filed.
STAFF RESPONSE. Staff agrees with comment and has revised the form to include an option to file stamp at time of submission to county clerk.

COMMENT 17. Comment from the county clerk's office of Brazoria County suggested for the Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form, include the following sentence: "The following property is/is not residential."
STAFF RESPONSE. Staff agrees with comment and has revised the Notices of Sale Foreclosure Form and Completed Sale Foreclosure Form to include a yes or no question as to whether the property is residential.

COMMENT 18. Comment from the county clerk's office of Brazoria County suggested for the Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form, remove the reference to Texas Property Code §51.0022, since the form does not directly apply to this statute.
STAFF RESPONSE. Senate Bill 1233 adds to §51.0022 of the Texas Property Code. Therefore, Texas Property Code §51.0022 is included on the Notices of Sale Foreclosure Form and Completed Sale Foreclosure Form.

Changes to forms:

1. *Result of Comment 3: "within the last 30 days" changed to "during the previous month" and "on the first business days of the month"*
   On the Summary Form for Notices of Sales and Summary Form for Completed Sales, the reference to Notice of Sale Foreclosure Form and Completed Sale Foreclosure Forms changed from "received within the last 30 days" to "received within the previous month."
   On the Summary Form for Notices of Sales, the following language was added: "Due on the first business day of each month. Reporting Notices of Sale Foreclosure Forms received during the previous month."
   On the Summary Form for Completed Sales, the following language was added: "Due on the first business day of each month. Reporting Completion of Sale Foreclosure Forms received during the previous month."
2. *Result of Comment 16: "File stamp" was added on forms*
   On the Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form, after "Date this form is submitted to county clerk" the following phrase was added "(may be file stamped)".
3. *Result of Comments 6 and 17: Residential property code was added on forms*
   On the Notice of Sale Foreclosure Form and Completed Sale Foreclosure Form, the following question was added: "Is this property residential real property? (Yes/No):___________________".

Attachment C: Notice of Sale Foreclosure Form

NOTICE OF SALE FORECLOSURE FORM

Date this form is submitted to county clerk (may be file stamped) ____________________

Is this property residential real property? (Yes/No):___________________

Zip code of the property for which the Notice of Sale is filed____________________

This form is being used to memorialize the filing of a Notice of Sale related to the foreclosure of residential real property in connection with the notices required by TEX. PROP. CODE, §51.002.

Attachment D: Completed Sale Foreclosure Form

COMPLETED SALE FORECLOSURE FORM

Date this form is submitted to county clerk (may be file stamped) ____________________

Is this property residential real property? (Yes/No):___________________

Zip code of the property for which the substitute trustee's deed, sheriff's deed or other valid conveyance out of foreclosure is filed____________________

This form is being used to memorialize the filing of a substitute trustee's deed, sheriff's deed or other valid conveyance out of foreclosure related to residential real property in connection with the notices required by TEX. PROP. CODE, §51.002.

Attachment E: Summary Form for Notices of Sale

Summary Form for Notices of Sale, 10 TAC §1.24			
To be completed by the County Clerk. Due on the first business day of each month. Reporting Notices of Sale Foreclosure Forms received during the previous month.			
	Submit to the Texas Department of Housing and Community Affairs' Housing Resource Center at countyclerkdatacollection@tdhca.state.tx.us or by mail to PO Box 13941, Austin TX 78711		
		Date of Submission to TDHCA:	
		County Submitting Summary Form:	
	If no Notice of Sale Foreclosure Forms were received ~~within the last 30 days~~ within the previous month, submission of this form is not required.		
	Date form was submitted to County Clerk (mm/dd/yyyy)	**Zip Code of Property**	
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Attachment F: Summary Form for Completed Sales

Summary Form for Completed Sales, 10 TAC §1.24			
To be completed by the County Clerk. Due on the first business day of each month. Reporting Completed Sale Foreclosure Forms received during the previous month.			
	Submit to the Texas Department of Housing and Community Affairs' Housing Resource Center at countyclerkdatacollection@tdhca.state.tx.us or by mail to PO Box 13941, Austin TX 78711		
		Date of Submission to TDHCA:	
		County Submitting Summary Form:	
	If no Completed Sale Foreclosure Forms were received ~~within the last 30 days~~ within the previous month, submission of this form is not required.		
	Date form was submitted to County Clerk (mm/dd/yyyy)	**Zip Code of Property**	
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EXECUTIVE

BOARD ACTION REQUEST

November 10, 2011

Presentation, Discussion, and Possible Action on Resolution 12-010 adopting new requirements with regard to public comment at Board Meetings

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Government Code, §2306.032. BOARD MEETINGS.
(a) The board may hold meetings when called by the presiding officer, the director, or three of the members.
(b) The board shall keep minutes and complete transcripts of board meetings. The department shall post the transcripts on its website and shall otherwise maintain all accounts, minutes, and other records related to the meetings.
(c) All materials provided to the board that are relevant to a matter proposed for discussion at a board meeting must be posted on the department's website not later than the third day before the date of the meeting.
(d) Any materials made available to the board by the department at a board meeting must be made available in hard copy format to the members of the public in attendance at the meeting.
(e) The board shall conduct its meetings in accordance with Chapter 551, except as otherwise required by this chapter.
(f) For each item on the board's agenda at the meeting, the board shall provide for public comment after the presentation made by department staff and the motions made by the board on that topic.
(g) The board shall adopt rules that give the public a reasonable amount of time for testimony at meetings.

WHEREAS, this Board has, as provided for in §2306.032(f) of the Texas Government Code, a legal requirement to provide for public comment on its agenda items, and

WHEREAS, where this Board has, as required by §2306.032(g) of the Texas Government Code, promulgated 10 TAC §1.10, Public Comment Procedures and Topics at Public Hearings and Meetings, setting forth the rules governing public comment at this Board's meetings, and

WHEREAS, this Board has previously adopted Resolution No.08-011, establishing specific reasonable limits in accordance with 10 TAC §1.10, and

WHEREAS, this Board has determined that in order to conform to the express requirements of §2306.032(f) and in order to promote the holding of more efficient meetings while still affording reasonable opportunity for public comment on agenda items it is appropriate to rescind Resolution No.08-011 and rescind the subject matter covered thereby with a new and superseding resolution, Now, therefore, it is hereby

RESOLVED, that Resolution No. 08-011 be and it hereby is in all respects rescinded and replaced with Resolution No. 12-010.

FURTHER RESOLVED, that public comment at each meeting of the Governing Board of the Texas Department of Housing and Community Affairs shall be limited to those items specifically posted on the agenda for that meeting, and

FURTHER RESOLVED, that public comment shall be limited, except for public comment on forward commitments of low income housing tax credits, to no more than fifteen minutes in total for each award or action to be considered under a posted agenda item, no more than three commenter’s for or three commenter’s against each such award or action, and no more than three minutes per commenter unless other speakers of the three allowed, have ceded their time to the speaker, in which case the speaker may take up to five minutes but there may be only one speaker on the position presented where time has been ceded; speakers testifying on an agenda item may testify on the general agenda item but not on specific awards or other actions, and

FURTHER RESOLVED, that with respect to a posted agenda item to consider forward commitments each potential awardee may have a single speaker for no more than three minutes and any opposition to such award may also have a single speaker speak for not more than three minutes; up to three speakers may speak for not more than three minutes each for, on or against the general awarding of forward commitments but not addressing any specific individual award being considered, and

FURTHER RESOLVED, that the Chair of a meeting may, within his or her reasonable discretion, permit variances from the foregoing to avoid penalizing a speaker for stopping to respond to Board members’ questions or to accommodate members of the Legislature and statewide elected officials, and

FURTHER RESOLVED, that all speakers providing public comment may address the Board only after a motion has been duly made and seconded and is on the table for consideration, and

FURTHER REOSLVED, that if the Board, after hearing public testimony, desires to amend, reconsider, or take other, different action on the agenda item in question, this shall not give rise to additional opportunities for public testimony, and

FURTHER RESOLVED, that any public commenter wishing to present written materials for the Board’s consideration in connection with their public comment must have provided them to Department staff not later than the close of business on the fourth (4^{th}) business days before the posted date of the meeting in Acrobat (.pdf) form for publication in accordance with the requirements of Tex. Govt. Code, §2306.032(c), and

FURTHER RESOLVED, that any speaker wishing to use a visual aid such as a poster must provide it in a format that can be viewed both by the Board and by the audience, and

FURTHER RESOLVED, that persons wishing to register their support or opposition but not testifying shall be afforded the opportunity to do so and their positions shall be entered into the record; speakers may ask other persons not testifying but representing the same views to rise and be recognized if present, and

FURTHER RESOLVED, that members of the state legislature and statewide elected officials may, in person or through staff, have letters read into the record, and

FURTHER RESOLVED, that in order to allow the public a way to request that the Board consider adding items to its agenda, such requests may be provided for in agenda posting and persons seeking such items may have up to three minutes to explain their request, and

FURTHER RESOLVED, that these resolutions establishing reasonable limits on public testimony shall take effect beginning with the December 2011 Board meeting (or, if there is no such meeting, on January, 1, 2012) and shall remain in effect until and unless the Board takes action to change or record them.

None at this time

None at this time

None at this time

None at this time

COMPLIANCE AND ASSET OVERSIGHT

BOARD ACTION REQUEST

November 10, 2011

Presentation, Discussion, and Possible Approval of a final order adopting amendments to 10 TAC Chapter 60, Subchapter A §§60.101 – 60.129, and new §60.130, Compliance Rules, regarding Material Amendments to Land Use Restriction Agreements, for publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the Compliance Monitoring Rules were approved for publication in the *Texas Register* for public comment at the September Board meeting and the public comment period has ended

Now therefore it is hereby

RESOLVED, that the final amendments to 10 TAC Chapter 60, Subchapter A §§60.101 - 60.106, 60.109 - 60.111, 60.113, 60.114, 60.116, 60.118 - 60.120, 60.122 - 60.124, and 60.128; and new §60.130, concerning Compliance Monitoring, is hereby ordered and it is approved, together with the preambles presented to this meeting, for publication in the *Texas Register*.

FURTHER RESOLVED, that the Executive Director and his designees be and each of them is hereby authorized, empowered and directed, for and on behalf of the Department, to cause the final amendments and the final new section of the rule, in the form presented to this meeting, to be published in the *Texas Register* for final adoption and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

At the September Board meeting, the Compliance Monitoring rules were approved for public comment. Staff received comments in writing and to solicit comment, hosted a roundtable on October 13th.

The majority of the comments received at both the roundtable and in writing, relate to Material Noncompliance (**§**60.123). Commenters suggested that the score for corrected events of noncompliance drop should to zero one year after correction instead of three years. TAAHP suggested that none of the staff recommended changes regarding Material Noncompliance be incorporated into the final rule to be adopted by the Board. Jean Latsha suggested that subsections (g) and (h) of §60.123 should be retained.

TAAHP stated that they believe their recommendation is in the best interest of the industry and the Department's efforts to provide affordable housing for Texas with limited incomes and special needs. Jean Latsha stated that retaining subsection (g) and (h) of section **§**60.123 is a fair approach to determine an owner's compliance and due diligence and corrective action requirements. Staff does not agree and believes that strong compliance is best for the industry and for Texans with limited incomes and special needs. Staff does not recommend changes to the Material Noncompliance Section of the rule based on comments received.

One change is recommended based on public comment to section §60.118 to read as follows:

(f) The Department will provide to the Owner in writing a ninety (90) day corrective action period to respond to a notice of noncompliance for violations of the UPCS. The Department will not grant extensions unless there is good cause and the Owner clearly requests an extension during the corrective action period. <u>*The Department will respond to an owner's request for an extension within five (5) business days.*</u> *Under no circumstances will the corrective action period exceed six (6) months.*

Attachment A. Preamble, Reasoned Response, and Rule.

The Texas Department of Housing and Community Affairs (the "Department") adopts amendments to 10 TAC Chapter 60, Subchapter A, §§60.101 - 60.106, 60.109 - 60.111, 60.113, 60.114, 60.116, 60.118 - 60.120, 60.122 - 60.124, 60.128; and new §60.130, concerning Compliance Monitoring. Section 60.118 is adopted with change and §§60.101 - 60.106, 60.109 - 60.111, 60.113, 60.114, 60.116, 60.119, 60.120, 60.122 - 60.124, and 60.128; and new §60.130are adopted without change as published in the September 30, 2011 issue of the Texas Register (36 TexReg 3692) and will not be republished.

The purpose of these amendments and new section is to improve the compliance monitoring functions and provide owners with guidance for complying with Department programs.

The Texas Department of Housing and Community Affairs accepted comments to the proposed rule in writing and by email. This document provides the Department's response to all comments received. Comments and responses are presented in the order they appear in the rules. The comments and responses include both administrative changes made as well as substantive comments on the rule changes and suggested rule changes by staff and the public.

Public comments were accepted through ______, with comments received from (1) Kimberly Coldren, Capstone Management; (2) Jennifer Rodriguez, Capstone Management; (3) Demetrio Jimenez, Tropicana Properties; (4) Jim Brown, TAAHP; (5) Jean Latsha, Cesar Chavez Foundation; (6) Pat Schroeder; (7) David Koogler; (8) Tina Tullock; and (9) Kevin Hamby, Hamby & Piatt LLC.

SUMMARY OF COMMENTS, REASONED RESPONSE, AND BOARD ACTION FOR THE COMPLIANCE MONITORING RULES

§60 – General – No specific part of the rule referenced in comment (1) (2)
COMMENT SUMMARY: Commenters suggested that invoices for Compliance Monitoring fees should be sent to the property as well as the owner.

STAFF RESPONSE: Staff does not believe this should be addressed in the rule. *Staff recommends no change based on this comment.*

§60.103 (3)
COMMENT SUMMARY: Commenter suggested that **§**60.103 should be changed from "On October 1 of the year following a competitive award of Housing Tax Credits, a construction status report consisting of the following must be provided…" to "On <u>or before</u> October 1…".

STAFF RESPONSE: Given the timing of award, commitment, carryover, 10% test and placement in service deadlines, October 1st of the year following award is the appropriate time for the owner to report about the status of the Development. *Staff recommends no change based on this comment.*

§60.103 (3)

COMMENT SUMMARY: Commenter suggested that **§**60.103 should be changed from a requirement for the owner to provide all construction inspection reports to the most recent construction inspection report.

STAFF RESPONSE: Staff would like to review all available construction inspection reports to determine if there are any lingering issues and the level of responsiveness in addressing issues identified by the construction inspector. *Staff recommends no change based on this comment.*

§60.118 (3)

COMMENT SUMMARY: Commenter suggested that the Department should respond in a timely manner if an owner requests an extension.

STAFF RESPONSE: Staff recommends the following amendment:

(f) The Department will provide to the Owner in writing a ninety (90) day corrective action period to respond to a notice of noncompliance for violations of the UPCS. The Department will not grant extensions unless there is good cause and the Owner clearly requests an extension during the corrective action period. <u>The Department will respond to an owner's request for an extension within five (5) business days.</u> Under no circumstances will the corrective action period exceed six (6) months.

§60.123 (4) (5) (6) (7) (8)

COMMENT SUMMARY: No changes should be made to this section. Points associated with events of Material Noncompliance should drop to zero one year after correction.

STAFF RESPONSE: Staff does not agree and believes that strong compliance is best for the industry and for Texans with limited incomes and special needs. *Staff recommends no change based on this comment.*

§60.123 (9)

COMMENT SUMMARY: Commenter supports the changes made.

STAFF RESPONSE: Staff appreciates the input. *Staff recommends no change based on this comment.*

§60.123 (5)

COMMENT SUMMARY: Comment was received that §60.123 (g) and (h) should be retained instead of deleted because it represents a fair approach to determine an owner's compliance with due diligence and corrective action requirements.

STAFF RESPONSE: Staff believes that an owner's level of compliance with due diligence can be accurately and fairly assessed without these sections. *Staff recommends no change based on this comment.*

§60.128 (9)
COMMENT SUMMARY: Commenter suggested elimination of **§**60.128(b).

STAFF RESPONSE: Staff believes that **§**2306.057(c) allows the Board the flexibility to approve applications despite noncompliance. Staff also believes that the criteria as written satisfy the objective. Further, the commenter did not provide alternative or additional criteria for the Board to grant a waiver. *Staff recommends no change based on this comment.*

§60.130 (5)
COMMENT SUMMARY: Commenter requested that the current policy regarding LURA amendments remain in effect.

STAFF RESPONSE: The rule very closely mirrors the policy adopted by the Board in March of 2011 and merely incorporates the policy into the rule. *Staff recommends no change base on this comment.*

The Board approved the final order adopting the new sections on November 10, 2011.

The new sections are adopted pursuant to the authority Chapter 2306 of the Texas Government Code, which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

§60.101. Purpose and Overview.
(a) This chapter satisfies the requirement of §42(m)(1)(B)(iii) Internal Revenue Code (Code) to provide a procedure that will be followed for monitoring for noncompliance with the provisions of the Code and to notify the Internal Revenue Service ("IRS") of such noncompliance. This chapter is consistent with requirements established under applicable state and federal laws, rules, and regulations, and the Department will monitor in accordance with this chapter. Nothing in this chapter serves to waive, alter, or amend the requirements of any duly recorded Land Use Restriction Agreement ("LURA"). A party to a LURA wishing to have the LURA amended must submit a formal request to the Department, and the Department will review any such request to determine if it is acceptable and, if acceptable, specify any appropriate requirements for or conditions or limitations on any such amendment. The Department monitors rental Developments receiving assistance under:

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

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

(3) the Tax Exempt Bond program ("BOND");
(4) the Housing Trust Fund program ("HTF");
(5) the Tax Credit Assistance Program ("TCAP");
(6) the Tax Credit Exchange Program ("Exchange"); and
(7) the Neighborhood Stabilization Program ("NSP").

(b) All Developments monitored by the Department are subject to the Department's enforcement rules, found in Subchapter C of this chapter (relating to Administrative Penalties).

(c) Compliance monitoring begins with the commencement of construction and continues to the end of the long term Affordability Period. The Compliance and Asset Oversight ("CAO") Division monitors to ensure Owners comply with the program rules and regulations, Chapter 2306, Texas Government Code, the LURA requirements and conditions, and representations imposed by the Application or award of funds by the Department. This chapter does not address forms and other records that may be required of Development Owners by the IRS or other governmental entities, whether for purposes of filing annual returns or supporting Development Owner tax positions during an IRS or other governmental audit.

§60.102. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise. Other capitalized terms not defined in this section are defined in §1.1 of this title (relating to Definitions and Amenities for Housing Program Activities), the Department's current Qualified Allocation Plan, Chapter 2306 of the Texas Government Code, and 26 U.S.C. §42.

(1) Affordability Period--The Affordability Period commences as specified in the Land Use Restriction Agreement ("LURA") or federal regulation, or commences on the first day of the Compliance Period as defined by §42(i)(1) in the United States Internal Revenue Code of 1986 and continues through the appropriate program's affordability requirements or termination of the LURA, whichever is earlier. The term of the Affordability Period shall be imposed by the LURA or other deed restriction and may be terminated upon foreclosure. The Department reserves the right to extend the Affordability Period for HOME or NSP Developments that fail to meet program requirements. During the Affordability Period the Department shall monitor to ensure compliance with programmatic rules, regulations, and Application representations.

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

(3) Continuously Occupied--The same household has resided in the Unit for at least twelve (12) months.

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

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

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

(5) Housing Quality Standards ("HQS")--The property condition standards described in 24 CFR §982.401.

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

(7) U.S. Department of Housing and Urban Development ("HUD")-regulated Building--The rents and utility allowances of the building are reviewed by HUD.

(8) Material Noncompliance.

(A) A HTC or Exchange Development located within the state of Texas will be classified by the Department as being in Material Noncompliance status if the noncompliance score for such Development is equal to or exceeds a threshold of 30 points in accordance with the Material Noncompliance provisions, methodology, and point system in §60.123(j) and (k)of this chapter (relating to Material Noncompliance Methodology).

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

(C) For all programs, a Development will be in Material Noncompliance if the noncompliance is stated in §60.123 of this chapter to be Material Noncompliance.

(9) Non-HTC Development--Sometimes referred to as Non-HTC Property. Any Development not utilizing Housing Tax Credits or Exchange funds.

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

(11) Unit Type--Units will be considered different Unit Types if there is any variation in the number of bedroom, bathrooms or a square footage difference equal to or more than one-hundred twenty (120) square feet. *Example 102(1):* A two bedroom/one bath Unit is considered a different Unit Type than a two bedroom/two bath Unit. A three bedroom/two bath Unit with 1,000 square feet is considered a different Unit Type than a three bedroom/two bath Unit with 1,200 square feet. A one bedroom/one bath Unit with 700 square feet will be considered equivalent to a one bedroom/one bath Unit with 800 square feet.

(12) UPCS--Uniform Physical Condition Standards as developed by the Real Estate Assessment Center of HUD.

§60.103. Construction Monitoring.

(a) The Department will monitor the entire construction phase for all applicable requirements according to the level of risk. After Final Construction during the Affordability Period, the Department will periodically monitor the Development to assure that the initial compliance review was correct.

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

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

(c) On October 1 of the year following a competitive award of Housing Tax Credits, a Construction Status Report consisting of the following must be provided:
(1) The executed partnership agreement with the investor or other documents setting forth the legal structure and ownership;
(2) The status of construction financing. If the construction loan has closed, a copy of the loan agreement must be submitted. If the loan has not closed, the anticipated closing date must be provided;
(3) The construction contract and the most recent AIA G702 and G703 (or equivalent) certified by the Architect of Record; and
(4) All third party construction inspection reports.

(d) Developments that have not incurred ten percent of the construction contract amount (not including stored materials), adjusted for any change orders and/or Developments with anticipated construction completion dates within three (3) months of the Placed in Service deadline, must report quarterly until construction completion. If construction inspection reports are not available, the Department may use discretion in requiring quarterly reports.

(e) Owners are required to submit evidence of final construction within thirty (30) days of completion in a format prescribed by the Department. In addition, the Architect of Record must submit a certification that the Development was built in compliance with all applicable laws and the Engineer of Record (if applicable) must submit a certification that the Development was built in compliance with the design requirements.

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

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

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

(i) During any construction inspection, if the Owner and the Department are unable to agree that an identified issue is a violation, the Owner must request Alternative Dispute Resolution ("ADR"). The process for engaging ADR is outlined in §60.125 of this chapter.

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

After the Department receives the Construction Status Report, the Department will generate a LURA for the Development Owner that will impose the income and rent restrictions identified in the Development's final underwriting report and other representations made in the Application, including but not limited to, specific commitments to provide tenant services, to lease to special needs populations and/or to provide specific amenities. The executed LURA and all exhibits will be sent to the Owner whereupon the Owner will then execute the LURA and have the fully executed document and all exhibits and attachments recorded in the real property records for the county in which the Development is located. The original, recorded LURA must be returned to the Department no later than the end of the first year of the Credit Period. In general, no Housing Tax Credit is allowable for a building unless there is a properly executed and recorded LURA in effect at the end of the first year of the Credit Period, and nothing in this section negates an Owner's responsibility for full compliance with §42(h)(6) of the Code. The Department will not issue IRS Forms 8609 until it receives the original, properly recorded LURA or has alternative arrangements, acceptable to the Department and approved by the Executive Director in writing in place.

§60.105. Reporting Requirements.

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

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

(1) Part A "Owner's Certification of Program Compliance." All Development Owners must annually certify to compliance with applicable program requirements. The AOCR Part A shall include answers to all questions required by Treasury Regulation 1.42-5(b)(1) or the applicable program rules. In addition, Owners are required to report on the race and ethnicity, family composition, age, income, use of rental assistance, disability status, and monthly rental payments of individuals and families applying for and receiving assistance. HTC Developments during the Compliance Period will also be required to provide the name and mailing address of the syndicator in the Annual Owner's Compliance Report;

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

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

(4) Part D "Owner's Financial Certification." Developments funded by the Department must annually provide the data requested in the Owner's Financial Certification; and

(5) Part E “Form 8703” Tax exempt bond properties must file form 8703 each calendar year of the qualified project period. The form is due to the IRS by March 31 after the close of the calendar year for which the certification is made. The Department requires Tax Exempt Bond Development Owners to submit a draft form 8703 for the preceding calendar year and a copy of the form that was filed for the year before. *Example 105(1):* Form 8703 for calendar year 2011 is due to the IRS March 31, 2012. Form 8703 for calendar year 2010 was due to the IRS March 31, 2011. On March 1, 2012, Tax Exempt Bond Development Owners must submit to the Department a draft of their form 8703 for calendar year 2011 and a copy of the form 8703 that was submitted to the IRS for calendar year 2010.

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

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

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

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

(1) For all HTC Developments, issue Form 8823 notifying the IRS of the violation; and

(2) For all Developments, score the noncompliance in accordance with §60.123 of this chapter (relating to Material Noncompliance Methodology).

(g) The Department may assess and enforce the following sanctions against an Owner who fails to submit the AOCR on or before March 1st of each year and has multiple, consistent, and/or repeated violations of failure to submit the AOCR by March 1st of each year:

(1) a late processing fee in the amount of $1,000; and/or

(2) a HTC Development that fails to submit the required AOCR for three (3) consecutive years may be reported to the IRS as no longer in compliance and never expected to comply.

(h) Periodic Unit Status Reports. All Developments must submit a Quarterly Unit Status report to the Department through the CMTS. Quarterly reports are due in January, April, July, and October on the 10th day of the month. The report must show occupancy as of the last day of the previous month for the reporting period. For example, the report due October 10th should report occupancy as of September 30th. The first quarterly report is due on the first quarterly reporting date after leasing activity commences.

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

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

(k) Exchange developments must submit form 8609 with lines 7, 8(b), 9(b), 10(a), 10(c) and 10(d) thirty (30) days after the Department issues the executed form(s).

§60.106. Record Keeping Requirements.

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

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

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

(d) Retention of records for NSP and HOME rental Developments must comply with the provisions of 24 CFR §92.508(c), which generally requires retention of rental housing records for five (5) years after the Affordability Period terminates.

(e) Housing Trust Fund (HTF) rental Developments must retain tenant files for at least three (3) years beyond the date the tenant moves from the Development. Records pertinent to the funding of the award, including but not limited to the Application and Development costs and documentation, must be retained for at least five (5) years after the Affordability Period terminates.

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

§60.109. Utility Allowances.

(a) The Department will monitor to determine if HTC, HOME, BOND, HTF, NSP, TCAP, and Exchange properties comply with published rent limits which include an allowance for tenant paid utilities. For HTC, TCAP and Exchange buildings, if the residents pay utilities directly to the Owner of the building or to a third party billing company, and the amount of the bill is based on an allocation method or "ratio utility billing system" (RUBS), this monthly amount will be considered a mandatory fee. For HTC, TCAP and Exchange buildings, if the residents pay utilities directly to the Owner of the building or to a third party billing company, and the amount of the bill is based on the tenant's actual consumption, Owner may account for the utility in an allowance. The rent, plus all mandatory fees, plus an allowance for those utilities paid by the resident directly to a utility provider, must be less than the allowable limit. For HOME, BOND, HTF, and NSP buildings, Owners may account for utilities paid directly to the Owner or to a third party billing company in their utility allowance. Where residents are responsible for some, or all, of the utilities--other than telephone, cable, and internet--Development Owners must use a utility allowance that complies with both this section and the applicable program regulations. An Owner may not change utility allowance methods or start charging residents for a utility without written approval from the Department. *Example 109(1)*: A Housing Tax Credit Development has been paying for water and sewer since the beginning of the Compliance Period. In year 8, the owner decides to require residents to pay for water and sewer. Prior written approval from the Department is required. Any such request must include the Utility Allowance Questionnaire found on the Department's website.

(b) Rural Housing Services ("RHS") buildings or buildings with RHS assisted tenants. The applicable utility allowance for the Development will be determined under the method prescribed by the RHS (or successor agency). No other utility method described in this section can be used by RHS buildings or buildings with RHS assisted tenants.

(c) HUD-Regulated buildings layered with any Department program. If neither the building nor any tenant in the building receives RHS rental assistance payments, and the rents and the utility allowances of the building are reviewed by HUD (HUD-regulated building), the applicable utility allowance for all rent restricted Units in the building is the applicable HUD utility allowance. No other utility method described in this section can be used by HUD-regulated buildings.

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

(1) The utility allowance established by the applicable Public Housing Authority ("PHA") for the Section 8 Existing Housing Program. The Department will utilize Texas Local Government Code Chapter 392 to determine which PHA is the most applicable to the Development. If the PHA publishes different schedules based on building type, the Owner is responsible for implementing the correct schedule based on the Development's building type(s). *Example 109(2):* The applicable PHA publishes a separate utility allowance schedule for Apartments (5+ units), one for Duplex/Townhomes and another for Single Family Homes. The Development

consist of twenty buildings, ten of which are Apartments (5+ units) and the other ten buildings are Duplexes. The Owner must use the correct schedule for each building type. In the event the PHA publishes a utility allowance schedule specifically for energy efficient units, the Owner must demonstrate that the building(s) meet the housing authority's specifications for energy efficiency on an ongoing basis. If the applicable PHA allowance lists flat fees for any utility, those flat fees must be included in the calculation of the utility allowance if the resident is responsible for that utility. If an Owner chooses to implement a methodology as described in paragraph (2), (3), (4), or (5) of this subsection, for Units occupied by Section 8 voucher holders, the utility allowance remains the applicable PHA utility allowance established by the PHA from which the household's voucher is received. In general, if the property is located in an area that does not have a municipal, county or regional housing authority that publishes a utility allowance schedule for the Section 8 Existing Housing Program, Owners must select an alternative methodology. In the event the property is located in an area without a clear municipal or county housing authority the Department may permit the use of another housing authority’s utility allowance schedule on a case by case basis. Prior approval from the Department would be required and the owner would be required to obtain approval on an annual basis.

(2) A written estimate from a local utility provider. If there are multiple utility companies that service the Development, the local provider must be a residential utility company that offers service to the residents of the Development requesting the methodology. The Department will use the Texas Electric Choice website: http://www.powertochoose.org/ to verify the availability of service. If the utility company is not listed as a provider in the Development's ZIP code, the request will be denied. Additionally, the estimate must be signed by the utility provider representative and specifically include all "component charges" for providing the utility service. Receipt of the information from the utility provider begins the ninety (90) day period after which the new utility allowance must be used to compute gross rent.

(3) The HUD Utility Schedule Model. A utility estimate can be calculated by using the "HUD Utility Schedule Model" that can be found at http://www.huduser.org/portal/resources/utilmodel.html (or successor Uniform Resource Locator). The rates used must be no older than the rates in effect sixty (60) days prior to the beginning of the ninety (90) day period in which the Owner intends to implement the allowance. For Owners calculating a utility allowance under this methodology, the model, along with all back-up documentation used in the model, must be submitted to the Department, on a CD, within the timeline described in subsection (f) of this section. The date entered as the "Form Date" on the "Location" tab of the spreadsheet will be the date used to begin the ninety (90) day period after which the new utility allowance must be used to compute gross rent.

(4) An energy consumption model. The utility consumption estimate must be calculated by a properly licensed mechanical engineer or an individual holding a valid Residential Energy Service Network ("RESNET") or Certified Energy Manager ("CEM") certification. The individual must not be related to the Owner within the meaning of §267(b) or §707(b) of the Code. The utility consumption estimate must, at minimum, take into consideration specific factors that include, but are not limited to, Unit size, building orientation, design and materials, mechanical systems, appliances, and characteristics of building location. The ninety (90) day period after which the new utility allowance must be used to compute gross rent will begin sixty (60) days after the end on the last month of the twelve (12) month period for which data was used to compute the estimate.

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

(e) For a Development Owner to use the Actual Use Method they must:

(1) provide a minimum sample size of usage data for at least five (5) Continuously Occupied Units of each Unit Type or 20 percent of each Unit Type whichever is greater. *Example 109(3):* A Development has twenty three bedroom/one bath Units, and eighty (80) three bedroom/two bath Units. Each bedroom/bathroom equivalent Unit is within 120 square feet of the same floor area. Data must be supplied for at least five of the three bedroom/one bath Units, and sixteen of the three bedroom/two bath Units. If there are less than five Units of any Unit Type, data for 100 percent of the Unit Type must be provided;

(2) scan the information in subparagraphs (A) - (E) of this paragraph onto a CD and submit it to the Department no later than the beginning of the ninety (90) day period in which the Owner intends to implement the allowance, reflecting data no older than sixty (60) days prior to the ninety (90) day implementation period. *Example 109(4):* The utility provider releases the information regarding electric usage at Westover Townhomes on February 5, 2010. The data provided is from February 1, 2009 through January 31, 2010. The Owner must submit the information to the Department no later than March 31, 2010 for the information to be valid;

(A) An Excel spreadsheet listing each Unit for which data was obtained to meet the minimum sample size requirement of a Unit Type, the number of bedrooms, bathrooms and square footage for each Unit, the household's move-in date, the actual kilowatt usage for each Unit for which data was obtained, and the rates in place at the time of the submission;

(B) A copy of the request to the utility provider (or billing entity for the utility provider) to provide usage data;

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

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

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

(3) Upon receipt of the required information, the Department will determine if the Development Owner has provided the minimum information necessary to calculate an allowance using the Actual Use Method. If so, the Department shall calculate the utility allowance for each bedroom size using the following guidelines:

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

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

(C) The allowance will be calculated by multiplying the average units of measure for the applicable utility (i.e. kilowatts over the last twelve (12) months by the current rate) for all Unit Types within that bedroom size. For example, if sufficient data is supplied for eighteen (18) two bedroom/one bath Units, and twelve (12) two bedroom/two bath Units, the data for all 30 Units will be averaged to calculate the allowance for all two bedroom Units;

(D) The allowance will be rounded up to the next whole dollar amount. If allowances are calculated for different utilities, each utility's allowance will be rounded up to the next whole dollar amount and then added together for the total allowance;

(E) If the data submitted indicates zero usage for any month, the data for that Unit will not be used to calculate the Utility Allowance;

(4) The Department will complete its evaluation and calculation within forty-five (45) days of receipt of all the information requested in paragraph (2) of this subsection;

(5) Receipt of approval from the Department will begin the ninety (90) day period after which the new utility allowance must be used to compute gross rent; and

(6) For newly constructed Developments or Developments that have Units which have not been continuously occupied, the Department, on a case by case basis, may use consumption data for Units of similar size and construction in the geographic area to calculate the utility allowance.

(f) Effective dates. If the Owner uses the methodologies as described in subsection (b), (c), or (d)(1) of this section, any changes to the allowance can be implemented immediately, but must be implemented for rent due ninety (90) days after the change. For methodologies as described in subsection (d)(2) - (5) of this section, the allowance cannot be implemented until the estimate is submitted to the Department and is made available to the residents by posting in a common area of the leasing office at the Development. This action must be taken by the beginning of the ninety (90) day period in which the Owner intends to implement the utility allowance. With the exception of the methodology described in subsection (d)(5) of this section, if a response is not received from the Department within the ninety (90) day period, the Owner may temporarily use the submission as a safe harbor until the Department provides written authorization (the Owner cannot assume that the allowance is approved by the Department but can operate in good faith prior to notification). Failure to submit the proposed utility allowance to the Department and make it available to the residents will result in a finding of noncompliance.

(g) Requirements for Annual Review. Owners utilizing the methods described in subsections (b) and (c) of this section must demonstrate that the utility allowance has been reviewed annually. Any change in the method described in subsection (d)(1) of this section can be implemented immediately, but must be implemented for rent due ninety (90) days after the change. Owners utilizing the methods described in subsection (d)(2) - (5) of this section must submit to the Department, once a calendar year, copies of the utility estimate and simultaneously make the estimate available to the residents by posting the estimate in a common area of the leasing office at the Development. Changes in utility allowances cannot be implemented until the estimate has been submitted to the Department and made available to the residents by posting in the leasing office for a ninety (90) day period. The back-up documentation required by the methodology the Owner has chosen must be submitted to the Department for approval no later than October 1st; however, the Department encourages Owners to submit documentation prior to the October 1st deadline in order to ensure that the Department has adequate time to review and respond to the Owner's estimate.

(h) Combining Methodologies. With the exception of HUD regulated buildings and RHS buildings, Owners may combine any methodology described in this section for each utility service type paid directly by the resident and not by or through the Owner of the building (electric, gas, etc.). For example, if residents are responsible for electricity and gas, an Owner may use the appropriate PHA allowance to determine the gas portion of the allowance and use the Actual Use Method to determine the electric portion of the allowance.

(i) Increases in Utility Allowances for Developments with HOME funds. Unless otherwise instructed by HUD, the Department will permit owners to implement changes in utility allowance in the same manner as Housing Tax Credit ("HTC") Developments.

(j) The Owner shall maintain and make available for inspection by the tenant the data upon which the utility allowance schedule is calculated. Records shall be made available at the resident manager's office during reasonable business hours or, if there is no resident manager, at the dwelling Unit of the tenant at the convenience of both the Owner and tenant.

(k) In general, the Department permits Owners to select the method for establishing a utility allowance. However, in accordance with the HOME final Rule 24 CFR §92.252(c) the Department has the right to calculate the utility allowance for HOME rental Developments. In addition, the Department will select the method for establishing the utility allowance for Housing Tax Credit properties whose LURA terminated early.
(l) If Owners want to utilize the HUD Utility Schedule Model or the Energy Consumption Model to establish the initial utility allowance for the Development, prior to the commencement of leasing activities, the Owner must submit utility allowance documentation for Department approval.

§60.110. Lease Requirements (HTC, NSP and HOME Developments).
(a) For HTC Developments, Revenue Ruling 2004-82 prohibits the eviction or termination of tenancy of low income households for other than good cause throughout the entire Affordability Period, and for three (3) years after termination of an extended low-income housing commitment. Owners executing or renewing leases after November 1, 2007 shall specifically state in the lease or in an addendum attached to the lease that evictions or terminations of tenancy for other than good cause are prohibited.

(b) For HOME and NSP Developments, the HOME Final Rule (and as adopted by Texas NSP) prohibits Owners from evicting low income residents or refusing to renew a lease except for serious or repeated violations of the terms and conditions of the lease, for violations of applicable federal, state or local law, for completion of the tenancy period for transitional housing, or for other good cause. To terminate tenancy, the Owner must serve written notice to the tenant specifying the grounds for the action at least thirty (30) days before the termination of tenancy. Owners executing or renewing leases after November 1, 2007 shall specifically state in the lease or in an addendum attached to the lease that evictions or non-renewal of leases for other than good cause are prohibited (24 CFR §92.253).

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

(d) HTC and BOND Developments must use a lease or lease addendum that requires households to report changes in student status.

(e) Owners of HTC Developments are prohibited from locking out or threatening to lock out any Development resident, or seizing or threatening to seize the personal property of a resident, except by judicial process, for the purposes of performing necessary repairs or construction work, or in cases of emergency. These prohibitions must be included in the lease or lease addendum.

§60.111. Annual Recertification for All Programs and Student Requirements for HTC, Exchange, TCAP and BOND Developments.

(a) Recertification Requirements for 100 percent low income HTC, Exchange and TCAP Developments:

(1) Regardless of the requirements stated in a LURA, the Department will not monitor to determine if 100 percent low income HTC Developments perform annual income recertifications. Households will maintain the designation they had at initial certification;

(2) To comply with HUD reporting requirements, once every calendar year, the Development must collect a self certification from each household that reports the following: the number of household members, age, ethnicity, race, disability status, rental amounts and rental assistance (if any). In addition, the self certification will collect information about student status to establish ongoing compliance with the HTC program. The Development must collect this self certification information on the Department's Annual Eligibility Certification form (AEC) and must maintain the certification in all household files; and

(3) One-Hundred percent low income HTC Developments that continue to complete annual income recertifications are required to obtain the AEC form described above and maintained it in all household files. The Department will not review recertification documentation during a monitoring review unless noncompliance is identified with the initial certification. Failure to complete the AEC form will result in a noncompliance finding under, "Failure to maintain or provide Annual Eligibility Certification" and scored in the Department's Compliance Status System as applicable.

(b) Recertification Requirement for Mixed Income HTC, Exchange and TCAP Developments. HTC projects (as defined on Part II question, 8b of IRS form 8609) with Market Units must complete annual income recertifications. See §60.112 of this chapter (relating to Managing Additional Income and Rent Restrictions for HTC, Exchange and TCAP Developments) for maintaining compliance with the Available Unit Rule.

(c) Student Requirements for HTC, Exchange and TCAP Developments. Changes to student status reported by the household at anytime during their occupancy or on the AEC require the Owner to determine if the household continues to be eligible under the HTC program. During the Compliance Period, if the household is comprised of full-time students, the household must meet a HTC program exception, and supporting documentation must be maintained in the household's file. The Development must have a statement in a lease addendum (or in their lease contract) that requires households to report changes in their student status. During the Compliance Period, Noncompliance with this section will result in the issuance of IRS form 8823 reporting noncompliance under, "Low-income Units occupied by nonqualified full-time students" and scored in the Department's Compliance Status System as applicable. Regardless of the requirements stated in a LURA, after the Compliance Period, the Department will not monitor to determine if households meet the student requirements of the Housing Tax Credit program.

(d) Recertification Requirements for 100 percent low income BOND Developments. If 100 percent of the Units are set aside for households at 60 percent or 50 percent of Area Median Income, regardless of the requirements in the LURA, recertifications are not required.

(e) Recertification Requirement for mixed income BOND Developments. If less than 100 percent of the Units are set aside for households at 60 percent or 50 percent Area Median Income, Low Income households must be recertified to establish compliance with the Available Unit Rule. Regardless of the requirements stated in the LURA, Eligible Tenants (as defined in the Development's LURA) do not need to be annually recertified.

(f) Student Requirements for 100 percent low income BOND Developments. 100 percent low income Bond Developments must continue to annually screen households for student status. Bond Developments that do not also have Housing Tax Credits must use the Department's Certification of Student Eligibility form and it must be maintained in the household's file. Bond developments layered with HTCs may use the Annual Eligibility Certification to annually screen for student status. Changes to student status that the household reports at anytime during their occupancy or during annual screening for student status, require the Owner to determine if the household continues to be eligible under the Bond program. If the household is comprised of full-time students then the household must meet a program exception, which must be documented and maintained in the household's file.

(g) Student requirements for mixed income BOND Developments. Mixed Income Bond Developments must annually screen low income households for student status during the recertification process. If the household is not an eligible student household, it may be possible to re-designate the full-time student household to an Eligible Tenant (ET). The Development must have a statement in a lease addendum (or in their lease contract) that requires households to report changes in their student status. Noncompliance with this section will result in a noncompliance finding under, "Low-income Units occupied by nonqualified full-time students" and scored in the Department's Compliance Status System as applicable.

(h) Recertification Requirements for HOME Developments.

(1) For HOME Investment Partnership Developments, in accordance with 24 CFR §92.203 and §92.252 of the HOME Final Rule, regardless of the requirements stated in a LURA, recertification requirements will be monitored as shown in paragraph (2)(A) - (F) of this subsection.

(2) HOME Developments must complete a recertification with verifications of each HOME assisted Unit every sixth year of the Development's affordability period. For purposes of this section the beginning of a HOME Development affordability period is the effective date on the first page of the HOME LURA. For example, a HOME Development with a LURA effective date of May 2001 will have the sixth year of the affordability period determined in *Example 111(1):*

(A) Year 1: May 15, 2001 – May 14, 2002;

(B) Year 2: May 15, 2002 – May 14, 2003;
(C) Year 3: May 15, 2003 – May 14, 2004;
(D) Year 4: May 15, 2004 – May 14, 2005;
(E) Year 5: May 15, 2005 – May 14, 2006;
(F) Year 6: May 15, 2006 – May 14, 2007.

(3) In the scenario in paragraph (2) of this subsection, all households in HOME Units must be recertified with source documentation between May 15, 2006 to April 14, 2007, even if a household moved in to the Development in 2005. In the intervening years the Development must collect a self certification by the effective date of the original Income Certification from each household that is assisted with HOME funds. For example, a household moved into a HOME unit on June 10, 2010; the households self certification must be completed by June 10, 2011. The Development must use the Department's Income Certification form, including the Supplement to the Income Certification, and it must be maintained in the household's file. Noncompliance with this section will result in a noncompliance finding of, "Owner failed to maintain or provide tenant annual income recertification" and scored in the Department's Compliance Status System as applicable. If the household reports on their self certification that their household income is above the current 80 percent applicable income limit or there is evidence that the household's written statement failed to completely and accurately provide information about the household's characteristics and/or income, then a recertification with verifications is required.

(i) Recertification Requirements for One-Hundred Percent HTF Developments. Regardless of the requirements stated in a LURA, the Department will not monitor to determine if 100 percent low income HTF Developments performed annual income recertifications. The household will maintain its initial low-income designation at move in and throughout the household's occupancy i.e., Extremely Low Income ("ELI"), Very Low Income ("VLI") and Low Income ("LI") provided that the Owner does not charge gross rent in excess of the applicable rent limit.

(j) Recertification Requirements for HTF Developments with Market units. HTF Developments with Market Units in one or more buildings (as evidenced in their LURA) must perform annual income recertifications of all households residing in HTF Program Units. The HTF program requires Developments to comply with the Available Unit Rule. If a household's income exceeds 140 percent of the recertification limit (highest income tier), the household must be redesignated as OI and the Next Available Unit on the Development must be leased to a household with an income and rent less than the EVI, VLI, and LI limit depending on what designation the Development needs to maintain compliance with the LURA. The OI household may be redesignated in accordance with lease terms as Market once the OI Unit is replaced with another low-income Unit.

(k) Recertification Requirements for NSP Developments: NSP Developments are not required to perform annual recertifications unless the LURA specifically requires recertifications.

§60.113. Household Unit Transfer Requirements for All Programs.

(a) Household Transfers for One-Hundred percent HTC, Exchange, and TCAP Developments. For HTC Developments that are 100 percent low-income, a household may transfer to any Unit within the same project, as defined as a multiple building project on Part II, question 8b of the IRS form 8609. If the Owner elected to treat each building as a separate project, as defined on

Part II, question 8b of the 8609 form, households must be certified as low-income (determined by the Development's minimum set-aside election) prior to moving to another building on the Development.

(b) Household Transfers for Mixed Income HTC, Exchange and TCAP Developments. For HTC Developments that are Mixed Income with Market Units, a household may transfer to another building in the same project, as defined as a multiple building project on Part II of the IRS form 8609 if the household was not over income ("OI") at the time of the last annual income recertification. If the Owner elected to treat each building as a separate project, as defined on Part II of the IRS form 8609, households must be certified as low-income (determined by the Development's minimum set-aside election) prior to moving to another building on the Development.

(c) Household transfers for BOND, HTF, HOME, and NSP. For BOND, HTF, HOME, and NSP Developments, households may transfer to any Unit within the Development. A certification is not required at the time of transfer. If the Development is required to perform annual income recertifications, the recertification is due on the anniversary date the household originally moved onto the Development. If the Development is layered with Housing Tax Credits, default to transfer guidelines under the HTC rules.

(d) Household Transfers in the Same Building for all Programs. A Household may transfer to a new Unit within the same building. The unit designations will swap status. *Example 113(1):* Building 1 has 4 low-income Units. Units 1 through 3 are occupied by low-income households and Unit 4 is a vacant low-income unit. The household in Unit 2 moves to Unit 4 and the Unit designations swap status. Unit 2 is now a vacant low-income unit.

§60.114. Requirements Pertaining to Households with Rental Assistance.

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

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

(1) multifamily housing developments that receive the following assistance from the Department on or after January 1, 2002 (§2306.185 of the Texas Government Code);

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

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

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

(3) housing developments that benefit from the incentive program under §2306.805 of the Texas Government Code; and

(4) housing Developments that receive funding from the NSP program or the HOME program (24 CFR §92.252(d)).

(c) Owners of multifamily rental housing developments described in subsection (b) of this section are prohibited from:

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

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

(d) To demonstrate compliance with this section, Owners shall:

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

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

(3) Approve and distribute an Affirmative Marketing Plan that will be used to attract prospective applicants of all minority and non-minority groups in the housing market area regardless of their race, color, religion, sex, national origin, disability, familial status, or religious affiliation. Racial groups to be marketed to may include White, African American, Native American, Alaskan Native, Asian, Native Hawaiians or Other Pacific Islanders. Other groups in the housing market area who may be subject to housing discrimination include, but are not limited to, Hispanic or Latino groups, persons with disabilities, families with children, or persons with different religious affiliations. The Affirmative Marketing Plan must be provided to the property management and onsite staff. Owners are encouraged to use HUD Form 935.2A, and may use any version of this Form as applicable. The Affirmative Marketing Plan must identify the following:

(A) Which group(s) the Owner believes are least likely to apply for housing at the Development without special outreach. All Developments must select persons with disabilities as one of the groups identified as least likely to apply. When identifying racial/ethnic minority groups the Development will market to, factors such as the characteristics of the housing's market area should be considered. *Example 114(1):* An Owner obtains census data showing that 6.5 percent of the city's total population are identified as Asian Americans. However, the Owner's demographic data for the Development shows that zero Asian American households are represented. The Owner chooses to identify Asian American groups as one of the groups least likely to apply at the Development without special outreach;

(B) Procedures that will be used by the Owner to inform and solicit applications from persons who are least likely to apply. Specific media and community contacts that reach those groups designated as least likely to apply must be identified (community outreach contacts may include neighborhood, minority, or women's organizations, grass roots faith-based or community-based organizations, labor unions, employers, public and private agencies, disability advocates, or other groups or individuals well known in the community that connect with the identified group(s). *Example 114(2):* An Owner has identified the disabled as least likely to apply and has decided to send letters on a quarterly basis to the Case Manager at a non-profit organization coordinating housing for developmentally disabled adults. Additionally, the Owner will advertise upcoming vacancies in a monthly newsletter circulated by an organization serving the hearing impaired;

(C) How the Owner will assess the success of Affirmative Marketing efforts. Affirmative Marketing Plans should be reviewed on an annual basis to determine if changes should be made and plans must be updated every five (5) years to fully capture demographic changes in the housing's market area;

(D) Records of marketing efforts must be maintained for review by the Department during onsite monitoring visits. *Example 114(3):* The Owner keeps copies of all quarterly correspondence mailed to the contacts or community groups identified in the Affirmative Marketing Plan. The letters are dated and addressed and show that the Owner is actively marketing vacancies, or a waiting list to the groups identified in the Owner's plan. Failure to maintain a reasonable Affirmative Marketing Plan and documentation of marketing efforts on an annual basis will result in a finding of noncompliance;

(E) If a Development does not have any vacant units, Affirmative Marketing is still required and Owners must maintain a waiting list. If a Development does not have any vacancies and the waiting list is closed, Affirmative Marketing is not required; and

(F) In accordance with 24 CFR §92.253(d) of the HOME Final Rule and as adopted by Texas NSP, Owners of HOME and NSP Developments must maintain a written waiting list and tenant selection criteria. Failure to maintain these documents will result in a finding of noncompliance.

§60.116. Monitoring for Social Services.

(a) If a Development's LURA requires the provision of social services, the Department will confirm this requirement is being met. Owners are required to maintain sufficient documentation to evidence that services are actually being provided. Documentation will be reviewed during onsite visits beginning with the second onsite review, and must be submitted to the Department upon request. *Example 116(1):* The Owner's LURA requires provision of on-site daycare services. The Owner maintains daily sign in sheets to demonstrate attendance and keeps a roster of the households that are regularly participating in the program. The Owner also keeps copies of all newsletters and fliers mailed out to the Development tenants that reference daycare services. *Example 116(2):* The Owner’s LURA requires a monetary amount to be expended on a monthly basis for supportive services. The Owner maintains a copy of an agreement with a Supportive Service provider and documents the amount expended to evidence compliance with this requirement.

(b) A substantive modification of the scope of tenant services requires Board approval. Such requests must comply with procedures in §60.130 of this chapter (relating to Material Amendments to Land Use Restriction Agreements). It is not necessary to obtain prior written approval to change the provider of services unless the scope of services is being changed. Failure to comply with the requirements of this section shall result in a finding of noncompliance.

§60.118. Property Condition Standards.

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

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

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

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

(A) Life threatening health, safety, or fire safety hazards are reported on the Notification of Exigent and Fire Safety Hazards Observed form and are not corrected within twenty-four (24) hours of the inspection with notification of correction submitted to the Department within seventy-two (72) hours of the inspection. Failure to notify the Department of correction within seventy-two (72) hours of the correction of any exigent health and safety or fire safety hazards listed on the Notification will result in a finding of Major Violations of the Uniform Physical Condition Standards for the Development; or

(B) An overall UPCS score of less than 70 percent (69 percent or below) is reported;

(2) A finding of Pattern of Minor Violations will be assessed if an overall score between 70 percent and 89 percent is reported; or

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

(d) The Department is required to report any HTC Development that fails to comply with any requirements of the UPCS or local codes at any time (including smoke detectors and blocked egresses) to the IRS on Form 8823. Accordingly, the Department will submit Form 8823 for any UPCS violation. However, if the violation(s) does not meet the conditions described in subsection (c)(1) or (2) of this section, the issue will be noted in the Department's compliance status system as Administrative Reporting and no points will be assigned in the Department's compliance status evaluation of the Development. Non-HTC Developments that do not meet thresholds for Major and Pattern of Minor Violations as described in subsection (c)(1) or (2) of this section and correct all life threatening health, safety, and fire safety hazards noted at the time of inspection as directed in subsection (c)(1)(A) of this section will not receive findings for UPCS inspections. Items noted that do not exceed thresholds for Major and Pattern of Minor Violations must be corrected by submission of an Owner's Certification of Repair within the ninety (90) day corrective action period.

(e) Acceptable evidence of correction of deficiencies is a certification from an appropriate licensed professional that the item now complies with the inspection standard or other documentation that will allow the Department to reasonably determine when the repair was made and whether the repair sufficiently corrected the violation(s) of UPCS standards (examples of such documentation include work orders, photographs, and/or invoices to third party repair specialists).

(f) The Department will provide to the Owner in writing a ninety (90) day corrective action period to respond to a notice of noncompliance for violations of the UPCS. The Department will not grant extensions unless there is good cause and the Owner clearly requests an extension during the corrective action period. <u>The Department will respond to an owner's request for an</u>

extension within five (5) business days. Under no circumstances will the corrective action period exceed six (6) months.

(g) 24 CFR §92.251 of the HOME Final Rule requires rental property assisted with HOME funds to be maintained in compliance with all local codes and HQS (24 CFR §982.401). To meet this requirement, beginning the second year after completion of construction or rehabilitation, all HOME rental Development Owners must annually complete an HQS inspection of all HOME assisted Units. Any noted deficiencies must be repaired. The Department will review HQS inspection sheets for all Units for compliance with this requirement during onsite monitoring visits.

(h) Selection of Units for inspection:

(1) Vacant Units will not be inspected (alternate Units will be selected) if a Unit has been vacant for fewer than thirty (30) days.

(2) Units vacant for more than thirty (30) days are assumed to be ready for occupancy and will be inspected. No deficiencies will be cited for inspectable items if utilities are turned off and the inspectable item is present and appears to be in working order.

§60.119. Notice to Owners.

The Department will provide written notice to the Development Owner if the Department does not receive the Annual Owner Compliance Report ("AOCR") or discovers through audit, inspection, review or any other manner that the Development is not in compliance with the provisions of the deed restrictions, conditions imposed by the Department, or program rules and regulations, including §42 of the Code. Owners may request that results of monitoring reviews be emailed if all email addresses in the Contract Monitoring Tracking System are up to date. If Owners request such notices be sent by email, a paper copy will not be mailed by the Department. The notice will specify a correction period during which the Development Owner may respond to the Department's findings, bring the Development into compliance, or supply any missing documentation or certifications. The Department may extend the correction period for up to six (6) months from the date of the notice to the Development Owner only if there is good cause for granting an extension and the owner requests an extension during the original ninety (90) day corrective action period. If any communication to the Development Owner under this section is returned to the Department as refused, unclaimed or undeliverable, the Development may be considered not in compliance without further notice to the Development Owner. The Development Owner is responsible for providing the Department with current contact information, including address(es) and phone number(s). The Development Owner must also provide current contact information to the Department as required by §1.22 of this title (relating to Providing Contact Information to the Department).

§60.120. Special Rules Regarding Rents and Rent Limit Violations.

(a) Rent or Utility Allowance Violations of the maximum allowable limit (HTC). Under the HTC program, the amount of rent paid by the household plus an allowance for utilities, plus any mandatory fees, cannot exceed the maximum applicable limit (as determined by the minimum set-aside elected by the Owner) published by the Department. If it is determined that a HTC Development, during the Compliance Period, collected rent in excess of the rent limit established by the minimum set-aside, the owner must correct the violation by reducing the rent charged.

The Department will report the violation as corrected on January 1st of the year following the violation. The refunding of overcharged rent does not avoid the disallowance of the credit by the IRS.

(b) Rent or Utility Allowance Violations of additional rent restrictions (HTC). If the Owner agreed to lease Units at rents less than the maximum allowed under the Code (additional occupancy restrictions), the Department will require the Owner to refund to the affected residents the amount of rent that was overcharged. This applies during the entire Affordability Period. The noncompliance event will be considered corrected on the date which is the later of the date the overcharged rent was refunded/credited to the resident or the date that the rent plus the utility allowance is equal to or less than the applicable limit. *Example 120(1):* For Code §42 purposes, the maximum allowable limit is 60 percent. However, the Owner agreed to lease some Units to households at the 30 percent income and rent limits. It was discovered that the 30 percent households were overcharged rent. The Owner will be required to reduce the current amount of rent charged and refund the excess rents to the households.

(c) Rent Violations of the maximum allowable limit due to application fees (HTC). Under the HTC program, Owners may not charge tenants any overhead costs as part of the application fee. Owners must only charge the actual cost for application fees as supported by invoices from the screening company the Owner uses. The amount of time Development staff spends on checking an applicant's income, credit history, and landlord references may be included in the Development's application fee. Development Owners may add $5.50 per Unit for their other out of pocket costs for processing an application without providing documentation. *Example 120(1):* A Development’s out of pocket cost for processing an application is $17 per adult. The property may charge $22.50 for the first adult and $17 for each additional adult. Should an Owner desire to include a higher amount to cover staff time, prior approval is required and wage information and a time study must be supplied to the Department. Documentation of Development costs for application processing or screening fees must be made available during onsite visits or upon request. The Department will review application fee documentation during onsite monitoring visits. If the Department determines from a review of the documentation that the Owner has overcharged residents an application fee, the noncompliance will be reported to the IRS on Forms 8823 under the category Gross rent(s) exceeds tax credit limits. The noncompliance will be corrected on the later of January 1st of the next year. Owners are not required to refund the overcharged fee amount. If the Development refunds the overcharged fee in full or in part, the units will remain out of compliance until January 1st of the next year.

(d) Rent or Utility Allowance Violations on Non-HTC Developments. If it is determined that the Development collected rent in excess of the allowable limit, the Department will require the Owner to refund to the affected residents the amount of rent that was overcharged.

(e) Trust Account to be established. If the Owner is required to refund rent under subsection (b) or (d) of this section and cannot locate the resident, the excess rent collected must be deposited into a trust account for the tenant. The account must remain open for the shorter of a four (4) year period, or until all funds are claimed. If funds are not claimed after the four year period, the unclaimed funds must be remitted to the Texas Comptroller of Public Accounts Unclaimed

Property Holder Reporting Section to be dispersed as required by Texas unclaimed property statutes.

(f) Rent Adjustments for HOME Developments.
(1) 100 percent HOME assisted Developments. If a household's income exceeds 80 percent at recertification, the owner must charge rent equal to 30 percent of the household's adjusted income.
(2) HOME Developments with any Market Rate units. If a household's income exceeds 80 percent at recertification, the owner must charge rent equal to the lesser of 30 percent of the household's adjusted income or the comparable Market rent.
(3) HOME Developments layered with other Department affordable housing programs. If a household's income exceeds 80 percent at recertification, the owner must charge rent equal to the lesser of 30 percent of the household's adjusted income or the rent allowable under the other program.

(g) Special conditions for NSP Developments. To determine if a Unit is rent restricted, the amount of rent paid by the household, plus an allowance for utilities, plus any rental assistance payment must be less than the applicable limit.

§60.122. Monitoring Procedures for Housing Tax Credit Properties After the Compliance Period.

(a) HTC properties allocated credit in 1990 and after are required under the Code (§42(h)(6)) to record a LURA restricting the Development for at least thirty (30) years. Various sections of the Code specify monitoring rules State Housing Finance Agencies must implement during the Compliance Period.

(b) After the Compliance Period, the Department will continue to monitor HTC Developments using the rules detailed in paragraphs (1) - (12) of this subsection.

(1) The frequency and depth of monitoring household income, rents, social services and other requirements of the LURA will be determined based on risk. Factors will include changes in ownership or management, compliance history, timeliness of reports and timeliness of responses to Department request.

(2) At least once every three (3) years the property will be physically inspected including the exterior of the Development, all building systems and 10 percent of Low Income Units. No less than five but no more than thirty-five of the Development's HTC Low Income Units will be physically inspected to determine compliance with HUD's Uniform Physical Condition Standards.

(3)Each Development shall submit an annual report in the format prescribed by the Department.

(4)Reports to the Department must be submitted electronically as required in §60.105 of this chapter (relating to Reporting Requirements).

(5)Compliance monitoring fees will continue to be submitted to the Department annually in the amount stated in the LURA.

(6)All HTC households must be income qualified upon initial occupancy of any Low Income Unit. Proper verifications of income are required, and the Department's Income Certification form must be completed unless the Development participates in the Rural Rental Housing

Program or a project based HUD program, in which case the other program's certification form will be accepted.

(7)Rents will remain restricted for all HTC Low Income Units. After the Compliance Period, utilities paid to the Owner can be accounted for in the utility allowance. The tenant paid portion of the rent plus the applicable utility allowance must not exceed the applicable limit.

(8)All additional income and rent restrictions defined in the LURA remain in effect.

(9)For Additional Use Restrictions, defined in the LURA (such as supportive services, nonprofit participation, elderly, etc), refer to the Development's LURA to determine if compliance is required after the completion of the Compliance Period.

(10)The Owner shall not terminate the lease or evict low income residents for other than good cause.

(11)The total number of required HTC Low Income Units must be maintained Development wide.

(12) The Annual Eligibility Certification must be collected for all low income households on an annual basis. See §60.111 of this chapter (relating to Annual Recertification for All Programs and Student Requirements for HTC, Exchange, TCAP and BOND Developments).

(c) After the first fifteen (15) years of the Extended Use Period, certain requirements will not be monitored as detailed in paragraphs (1) – (5) of this subsection.

(1) The student restrictions found in §42(i)(3)(D) of the Code. An income qualified household consisting entirely of full time students may occupy a Low Income Unit. If a Development markets to students or leases more than 15 percent of the total number of units to student households, the property will be found in noncompliance unless the LURA is amended through the Material Amendments procedures found in §60.130 of this chapter (relating to Material Amendments to Land Use Restriction Agreements).

(2) The building's applicable fraction found in the Development's Cost Certification and/or the LURA. Low income occupancy requirements will be monitored Development wide, not building by building.

(3) All households, regardless of income level or 8609 elections, will be allowed to transfer between buildings within the Development.

(4) The Department will not monitor the Development's application fee after the Compliance Period is over.

(5) Mixed income Developments are not required to conduct annual income recertifications.

(d) Regardless of the requirements stated in a LURA, the Department will monitor in accordance with this section.

(e) Unless specifically noted in this section, all requirements of this chapter, the LURA and §42 of the Code remain in effect for the Extended Use Period. These Post-Year fifteen (15) Monitoring Rules apply only to the HTC Developments administered by the Department. Participation in other programs administered by the Department may require additional monitoring to ensure compliance with the requirements of those programs.

§60.123. Material Noncompliance Methodology.

(a) The Department maintains a compliance history of each monitored Development in the Department's Compliance Status System. Developments with more than one program administered by the Department are scored by program. The Development will be considered in Material Noncompliance if the score for any single program exceeds the Material Noncompliance threshold for that program.

(b) A Development will not be assigned the scores noted in this section until after the Owner has been provided a written notice of the noncompliance and provided a corrective action deadline to show that either the Development was never in noncompliance or that the noncompliance event has been corrected.

(c) This section identifies all possible noncompliance events for all programs monitored by the Physical Inspection and Compliance Monitoring Sections of the CAO Division. However, not all issues listed in this section pertain to all Developments. In addition, only certain noncompliance events are reportable on Form 8823. Those events that are reportable under the HTC program on Form 8823 are so indicated in subsections (h) and (i) of this section.

(d) For HTC Developments, all Forms 8823 issued by the Department will be entered into the Department's Compliance Status System. However, Forms 8823 issued prior to January 1, 1998 will not be considered in determining Material Noncompliance.

(e) For all programs, a Development will be in Material Noncompliance if the noncompliance event is stated in this section to be Material Noncompliance. The Department may take into consideration the representations of the Owner regarding monitoring notices and Owner responses; however, unless an Owner can prove otherwise, the compliance records of the Department shall be presumed to be correct.

(f) All Developments, regardless of status, that are or have been administered, funded, or monitored by the Department, are scored even if the Development no longer actively participates in the program, with the exception of properties in the CDBG disaster recovery and Federal Deposit Insurance Corporation's ("FDIC") Affordable Housing Disposition Program.

(g) Noncompliance events are categorized as either "Development events" or "Unit/building events". Development events of noncompliance affect some or all the buildings in the Development; however, the Development will receive only one score for the noncompliance event rather than a score for each Unit or building. Other noncompliance events are identified individually by Unit and will receive the appropriate score for each Unit cited with an event. The Unit scores and the Development scores accumulate towards the total score of the Development. Violations under the HTC program are identified by Unit; however, the building is scored rather than the Unit and the building will receive the noncompliance score if one or more of the Units in that building are in noncompliance.

(h) Uncorrected noncompliance events, if applicable to the Development, will carry the maximum number of points until the noncompliance event has been reported corrected by the Department. Once reported corrected by the Department, the score will be reduced to the "corrected value." Corrected noncompliance will no longer be included in the Development score three (3) years after the date the noncompliance was reported corrected by the Department.

(i) Each noncompliance event is assigned a point value. The possible events of noncompliance and associated "corrected" and "uncorrected" points are listed in subsections (j) and (k) of this section.

(j) Figure: 10 TAC §60.123(j) lists events of noncompliance that affect the entire Development rather than an individual Unit. The first column of the chart identifies the noncompliance event. The second column identifies the number of points assigned this event while the issue is uncorrected. The Material Noncompliance threshold for a HTC and Exchange Developments is thirty (30) points. The Material Noncompliance threshold for a non-HTC Development with one (1) to fifty (50) Low Income Units is thirty (30) points. The Material Noncompliance threshold for a non-HTC Development with fifty-one to two hundred Low Income Units is fifty points. The Material Noncompliance threshold for non-HTC Developments with two hundred and one or more Low Income Units is eighty points. The third column lists the number of points assigned to the event from the date the issue is corrected until three (3) years after correction. The fourth column indicates which programs the noncompliance event applies. The last column indicates if the issue is reportable on Form 8823 for HTC Developments.

Attached Graphic

Figure: 10 TAC §60.123(j)

Noncompliance Event	**Uncorrected Points**	**Corrected Points**	**Programs**	**If HTC, on Form 8823?**
Major property condition violations	Material Noncompliance	10	All programs	Yes
Pattern of minor property condition violations	10	5	All programs	Yes
Administrative reporting of property condition violations	0	0	HTC	Yes
Owner refused to lease to a holder of rental assistance certificate/voucher because of the status of the prospective tenant as such a holder	Material Noncompliance	10	See §60.114	Yes
Owner failed to approve and distribute an Affirmative Marketing Plan as required under §60.114 of this chapter	10	3	See §60.114	No

Development failed to comply with requirements limiting minimum income standards for Section 8 residents	10	3	See §60.114	No
Development is not available to general public	10	0	HTC	Yes
HUD or DOJ notification of possible Fair Housing Act violation	0	0	HTC	Yes
Determination of a violation under the Fair Housing Act	Material Noncompliance	10	All programs	Yes
Development is out of compliance and never expected to comply/ Foreclosure	Material Noncompliance	NA correction possible	All programs	Yes
Owner did not allow on-site monitoring review	Material Noncompliance	5	All programs	Yes
LURA not in effect	Material Noncompliance	5	All programs	Yes
Development failed to meet minimum set aside	20	10	HTC Bonds	Yes
No evidence of, or failure to certify to, material participation of a non-profit or HUB, if required by the Land Use Restriction Agreement	10	3	HTC	Yes
Development failed to meet additional State required rent and occupancy restrictions	10	3	All programs	No
The Development failed to provide required supportive services as promised at Application	10	3	HTC Bonds	No
The Development failed to provide housing to the elderly as promised at Application	10	3	All programs	No

Failure to provide special needs housing	10	3	All programs	No
Changes in Eligible Basis or Applicable Percentage	3	NA, No correction possible	HTC	Yes
Failure to submit part or all of the AOCR or failure to submit any other annual, monthly, or quarterly report required by the Department	10	3	All programs	Yes
Utility Allowance not calculated properly	20	10	All programs	Yes
Owner failed to execute required lease provisions, including language required by §60.110of this chapter or exclude prohibited lease language	10	3	HTC, HOME, and NSP	No
Failure to provide annual Housing Quality Standards inspection	10	3	HOME	NA
Development has failed to establish and maintain a reserve account in accordance with §1.37 of this title	Material Noncompliance	10	All programs	No
Development substantially changed the scope of services as presented at initial Application without prior Department approval	10	3	HTC	No
Failure to provide a notary public as promised at Application	10	3	HTC	No
Violations of the Unit Vacancy Rule	3	1	HTC	Yes
Casualty loss	0	0	All programs	Yes
Failure to provide pre-onsite documentation as required	10	3	All programs	No
Failure to provide amenity as required by LURA	10	3	HTC	No
Failure to pay compliance monitoring or asset	10	3	HTC, TCAP, Exchange	No

management fee				
Change in ownership without Department approval	30	10	All programs	No

(k) Figure: 10 TAC §60.123(k) lists ten events of noncompliance associated with individual Units. The first column of the chart identifies the noncompliance event. The second column identifies the number of points assigned this event while the issue is uncorrected. The Material Noncompliance threshold for a HTC or Exchange Development is thirty (30) points. The Material Noncompliance threshold for a non-HTC property with one (1) to fifty (50) Low Income Units is thirty (30) points. The Material Noncompliance threshold for a non-HTC Development with fifty-one (51) to two hundred (200) Low Income Units is fifty (50) points. The Material Noncompliance threshold for non-HTC properties with two hundred one (201) or more Low Income Units is eighty (80) points. The third column lists the number of points assigned to the event from the date the issue is corrected until three (3) years after the event is corrected. The fourth column indicates what programs the noncompliance event applies to. The last column indicates if the issue is reportable on Form 8823 for HTC Developments.

Attached Graphic

Figure: 10 TAC §60.123(k)

Noncompliance Event	**Uncorrected Points**	**Corrected Points**	**Programs**	**If HTC, on Form 8823?**
Unit not leased to Low Income Household	5	1	All programs	Yes
Low Income Units occupied by nonqualified full-time students	3	1	HTC during the compliance period and Bond	Yes
Low Income Units used on transient basis	3	1	HTC Bond	Yes
Household income increased above the re-certification limit and an available Unit was rented to a market tenant	3	1	HTC During the compliance period Bonds HOME HTF	Yes
Gross rent exceeds the highest rent allowed under the LURA or other deed restriction	5	1	All programs	Yes
Failure to maintain or provide tenant income	3	1	All programs	Yes

certification and documentation				
Unit not available for rent	3	1	All programs	Yes
Failure to maintain or provide Annual Eligibility Certification	3	1	All programs	No
Development evicted or terminated the tenancy of a low income tenant for other than good cause	10	3	HTC, HOME, and NSP	Yes
Household income increased above 80% at recertification and Owner failed to properly determine rent	3	1	HOME	NA

§60.124. Previous Participation Reviews.

(a) Prior to providing any Department assistance, executing a Carryover Allocation Agreement, or processing a request for a Qualified Contract, the CAO Division will conduct a previous participation review to determine if the requesting entity controls a Development that is in Material Noncompliance, owes the Department any fees, is sixty (60) days delinquent on a loan payment, has a past due single audit or single audit certification form, or has any unresolved audit or monitoring findings identified by the Contract Monitoring Section of the CAO Division. Previous participation reviews will also be conducted if more than one hundred twenty (120) days elapse between Board approval of an Application and a financing. Assistance includes but is not limited to allocating any Department funds or tax credits, with the exception of CSBG funds, engaging in loan or contract modifications that result in increased funding, approving a modification to a LURA (other than a technical error) and providing incentive awards.

(b) HTC Developments with any uncorrected issues of noncompliance or with pending notices of noncompliance will not be issued Form 8609s, Low Income Housing Credit Allocation Certifications, until all events of noncompliance are corrected.

(c) If during the previous participation review an uncorrected issue of noncompliance required by the HOME Final Rule is identified on a HOME Development monitored by the Department, the entity requesting assistance will be notified of the issue and provided five (5) business days to submit all necessary corrective action to cure the violation(s). The notification will be in writing and may be delivered by email. If the requesting entity does not cure the violation(s), the request for assistance will be terminated. If the request for assistance is terminated, the Board has the ability to reinstate the request for assistance for consideration as provided in §60.128(a) of this chapter (relating to Temporary Suspension of Previous Participation Reviews).

(d) If during the previous participation review, the Department determines that the requesting entity owes the Department any fees, is sixty (60) days delinquent on a loan payment, has a past due single audit or single audit certification form, has unresolved audit or monitoring findings identified by the Contract Monitoring section of the CAO Division, or has control of an existing Development monitored by the Department that is in Material Noncompliance, the entity requesting assistance will be notified of the issue in writing and provided five (5) business days to submit all necessary corrective action, pay the fees, bring the loan current, or otherwise cure the violation(s). If the requesting entity does not cure the issue(s), the request for assistance will be terminated. If the request for assistance is terminated due to Material Noncompliance, the Board has the ability to reinstate the request for assistance for consideration as provided in §60.128(b) of this chapter.

(e) If during the previous participation review, the Department determines that the requesting entity or any person controlling the requesting entity is on the Department's or the U.S. Department of Housing and Urban Development's ("HUD") debarred list, the request for assistance will be terminated. A request for assistance properly terminated for this reason cannot be reinstated for consideration. The request for assistance can be re-submitted, however, if the person or entity that is on the debarred list is no longer part of the requesting entity.

(f) For the purposes of previous participation reviews:

(1) The Department will not take into consideration the score of a Development that the requesting entity has not controlled for at least three (3) years;

(2) The Department will not take into consideration the score of a Development for which the Affordability Period ended over three (3) years ago;

(3) The Department will not take into consideration the score attributed to a Development for noncompliance with the CDBG Disaster Recovery Program or the FDIC's Affordable Housing Disposition Program;

(4) If a requesting entity no longer controls a Development but has controlled the Development at any time in the last three (3) years, the Department will determine the score for the noncompliance events with a date of noncompliance identified during the time the requesting entity controlled the Development. If the points associated with the noncompliance events identified during the requesting entity's control of the Development exceed the threshold for Material Noncompliance, the request for assistance will be terminated but may be subject to reinstatement by the Board as provided in §60.128 of this chapter.

(g) Date for determining Material Noncompliance. Previous participation reviews will be conducted prior to the Board meeting when funds will be awarded, or if the request is not subject to Board action, prior to the Department providing the requested assistance. The score in effect at the completion of the previous participation review process (which includes the five (5) business day cure period referenced in subsections (c) and (d) of this section) will be used to determine if the request for assistance will be terminated. Previous participation reviews are not required to be performed if less than one hundred-twenty (120) days have elapsed since the last review, provided there is no change in the organizational structure.

(h) Treatment of units of government during a previous participation review. If a city, county or local government applies for assistance from the Department, a previous participation review will be conducted. If the city, county or unit of government controls a Development that is in Material Noncompliance, owes the Department any fees, is sixty (60) days delinquent on a loan payment, has a past due single audit or single audit certification form or has unresolved audit or monitoring findings identified by the Contract Monitoring Section of the CAO Division, the process described in subsection (d) of this section will be followed. However, the previous participation of individual elected officials will not be considered provided that they are not the contract executor for the requesting entity.

(i) Treatment of nonprofits during a previous participation review. If a nonprofit applies, or is associated with, an application for assistance from the Department, a previous participation review will be conducted. If the nonprofit controls a Development that is in Material Noncompliance, owes the Department any fees, is sixty (60) days delinquent on a loan payment, has a past due single audit or single audit certification form or has unresolved audit or monitoring findings identified by the Contract Monitoring Section of the CAO Division, the process described in subsection (d) of this section will be followed. If it is determined that the Executive Director, Chair of the Audit Committee, Board Chair or any member of the Executive Committee of the nonprofit controls a Development that is in Material Noncompliance, owes the Department any fees, is sixty (60) days delinquent on a loan payment, has a past due single audit or single audit certification form or has unresolved audit or monitoring findings identified by the Contract Monitoring Section of the CAO Division, the process described in subsection (d) of this section will be followed. If within the five (5) business day period, the party with noncompliance resigns from the applicable position of the nonprofit organization requesting assistance, the noncompliance will not be taken into consideration. If it is determined that any member of the Board of the Nonprofit is on the Department's or HUD's debarred list, the request for assistance will be terminated. A request for assistance properly terminated for this reason cannot be reinstated for consideration. The request for assistance can be re-submitted, however, if the person on the debarred list resigns from the applicable nonprofit organization requesting assistance.

(j) Previous participation review for ownership transfers. Consistent with this section, the Department will perform a previous participation review prior to approving any transfer of ownership of a Development or any change in the Owner of a Development. The previous participation review shall be conducted with respect to the Developments controlled by the person coming into ownership, not with respect to the Development or Owner being transferred. If the property being transferred has any uncorrected issues of noncompliance or is in the corrective action period, the proposed incoming owner must provide a corrective action plan identifying dates of correction for any outstanding issues. The Department may deny the transfer of ownership based on financial capacity or lack of adequate relevant experience. The Department may require incoming owners to attend program training.

§60.128. Temporary Suspension of Previous Participation Reviews.

(a) An entity whose request for assistance is terminated under §60.124 of this chapter (relating to Previous Participation Reviews) may request reinstatement of the Application for consideration for approval. This process is separate and distinct from the appeal process outlined in §1.7 of this title (relating to Staff Appeals Process) or §1.8 of this title (relating to Board Appeals Process). The request must be in writing and must be submitted to the Department within five (5) business days of the date of the Department's letter notifying the requesting entity of the termination/denial. A timely filed request for reinstatement shall be placed on the agenda for the next Board meeting for which it can be properly posted.

(b) If an Application for assistance was terminated under §60.124 of this chapter, the Board may consider reinstatement of the application only in the event that it determines, after consideration of the relevant, material facts and circumstances that:

(1) it is in the best interests of the Department and the State to proceed with the award;

(2) the award will not present undue increased program or financial risk to the Department or State;

(3) the applicant is not acting in bad faith; and

(4) the applicant has taken reasonable measures within its power to remedy the cause for the termination.

(c) Reinstatement of a terminated Application merely makes the Application eligible to be considered and does not, in and of itself, constitute approval.

§60.130. Material Amendments to Land Use Restriction Agreements.

(a) If an Owner requests a change in the number of low income units, a change in the income or rent restrictions, a change in the resident population served, a substantive modification in the scope of tenant services, or a delay in the Right of First Refusal requirements, prior to staff taking a recommendation to the Board for consideration, the procedures in paragraphs (1) – (5) of this subsection must be followed:

(1) The owner must submit a written request specifying the requested change, the reason the change is necessary, the good cause for the change and if the necessity for the amendment was reasonably foreseeable at the time of application;

(2) The Owner must supply financial information for the Department to evaluate the financial impact of the change;

(3) The Department may order a market study to evaluate the request. The study will be paid for by the Owner;

(4) At least seven (7) business days before the Board meeting when the Owner would like the Board to consider their request, the Owner must hold a public hearing; and

(5) Ten (10) business days before the public hearing, the Owner must submit a draft notice of the hearing for approval by the Department. The Department will approve or amend the notice within three (3) business days.

(b) The notice of the hearing and requested change must be provided to each tenant of the Development; the current lender and/or investors, the State Senator and Representative for the district the Development is located in, and the chief elected official for the municipal government if located in a municipality or the county commissioners if for an area outside of a municipality.

(c) The Department will not approve changes that would violate state or federal laws including the requirements of IRC §42, The HOME Final Rule, the QAP, Chapter 2306 of the Texas Government Code, the Fair Housing Act, and for transactions involving Bonds, compliance with their Indenture and Bond issuance documents.

(d) The request must be accompanied by a mandatory amendment fee in the form of a check in the amount of $2,500.

Tropicana PROPERTIES
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October 12, 2011

Patricia Murphy
TDHCA
VIA E-MAIL: tdhcarulecomments@tdhca.state.tx.us

RE: PROPOSED COMPLIANCE MONITORING RULES for PUBLIC COMMENT

Dear Patricia,

Below are our comments to the proposed changes to the compliance monitoring rules for the upcoming year.

Section §60.103. Construction Monitoring

(c) On October 1 of the year following a competitive award of Housing Tax Credits, a Construction Status Report consisting of the following must be provided:

Comment: Why on that specific date? Should read: On or before October 1 of the following year. Considering that this report also triggers the LURA.

(4) All third party construction inspection reports.

Comment: Why "All" rather "Most recent construction inspection report from all third parties that may have provided a report.

§60.118. Property Condition Standards.

(f) The Department will provide to the Owner in writing a ninety (90) day corrective action period to respond to a notice of noncompliance for violations of the UPCS. The Department will not grant extensions unless ~~up to an additional ninety (90) day extension if~~ there is good cause and the Owner clearly requests an extension during the corrective action period. Under no circumstances will the corrective action period exceed six (6) months.

Comment: We agree with the above language in concept however, should the department take the entire 90 days to respond? What remedies does the Owner have to resolve any *additional issues the Department might have on the submitted package if the Department takes the entire 90 days? The state must also be held accountable for a reasonable time period to respond. We recently had a UPCS inspection deficiency letter in which we responded within one week of the inspection with photographs, invoices of subcontractors who did the work, work orders of the corrective action along with the signature of the person who did the work. All in response to UPCS deficiency report. After several weeks we inquired if any response from the Department was forthcoming, we were told that the report was due in November hence we could expect a response then. Under this scenario is the Department going to allow an additional 90 days to respond? A lot of factors could change in those three months, especially if the Department finds our response not acceptable or requires more information from a third party vendor, tenant, and or signatures of the party responsible for the corrective actions. That vendor, tenant, or even the party responsible (maintenance person) could no longer exist, live in the unit, or no longer work for the management company. This would make the response extremely difficult to manage thus requiring more time. We suggest language "Once the corrective action response is received the Department will respond within a reasonable time period within those 90 days."*

Thank you for your consideration of our comments, and we look forward to continue working with TDHCA and your compliance team.

Sincerely,

Demetrio Jimenez
President, Tropicana Properties

Patricia Murphy

From:	Jim Brown [jbrown@taahp.org]
Sent:	Wednesday, October 19, 2011 4:24 PM
To:	'Tim Irvine'; patricia.murphy@tdhca.state.tx.us
Cc:	'Michael Lyttle'; 'Toni Jackson'; sarah@sarahandersonconsulting.com; 'David Koogler'; 'Jesus Azanza'
Subject:	2012 Compliance Rules Proposed
Attachments:	scanner@taahp.org_20111019_162421.pdf

Good afternoon Tim and Patricia,

The attached document is the results of the development of a consensus opinion regarding the proposed changes to the TDHCA Compliance Rules. TAAHP on behalf of its membership respectfully request that you give serious consideration to the single recommendation as set out in the attachment.

I have serious reservations regarding this message reaching Patricia; you assistance in forwarding the document internally will be appreciated by TAAHP and its membership.

If you need additional information in your review and approval process, please contact me at your earliest convenience.

Respectfully,

Jim T.

JIM T. BROWN
executive director
221 E. 9th Street, Ste. 408
Austin, TX 78701
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TAAHP

TAAHP

TEXAS AFFILIATION OF AFFORDABLE HOUSING PROVIDERS

TAAHP Consensus Items for Draft of 2012 Proposed Compliance Rules
October 19, 2011

It is TAAHP's policy to submit only recommendations that represent consensus opinions from the TAAHP membership. These recommendations were developed by the TAAHP Membership throughout the month of October and adopted by the TAAHP Board of Directors at a dully posted meeting of a quorum of its Board of Directors on October 19, 2011, in Austin Texas.

It is the consensus opinion of the Board of Directors of the Texas Affiliation of Affordable Housing Providers (TAAHP) at the above reference meeting regarding the proposed changes to the Texas Department of Housing and Community Affairs (TDHCA) Compliance Rules:
With regards to the current proposed changes in the TDHCA Compliance Rules and more specifically those rules regarding the sections relating to the subject of Material Non Compliance, TAAHP respectfully request the reinstatement of the 2011 rules.

TAAHP believes this recommendation is in the best interest of the industry and the TDHCA and the efforts to provide an affordable housing for Texans with limited incomes and special needs.

Respectfully submitted,

Jim T. Brown
Executive Director

Cc: TAAHP Board of Directors

Patricia Murphy

From: Jennifer Rodriguez [jennifer.rodriguez@capstonemanagement.com]
Sent: Wednesday, October 19, 2011 3:15 PM
To: tdhcarulecomments@tdhca.state.tx.us
Cc: Patricia Murphy
Subject: Comment - compliance monitoring procedures

My concern are the points attached to the compliance fee (i.e. failure to pay). Invoices are sent to the GP, but as you know many GPs (HUBs especially) are no longer involved with the property. From a legal standpoint, it takes much time to change GPs. Hence, invoices are never received to be processed. Perhaps the invoices could be mailed to the property and/or managing agent...similar to the audit and inspections letters.

Last year a large majority of the properties that we manage, never received their invoices.

Thanks and have a great day!

Jennifer G. Rodriguez, CPM®, HCCP™, NCP, COS

Director of Affordable Housing Compliance

Capstone Real Estate Services, Inc.

210 Barton Springs Road, Ste. 300

Austin, Texas 78704

TEL 512-646-6785, ext. 185

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E-mail: Jennifer.Rodriguez@CapstoneManagement.com

Website: www.CapstoneManagement.com

Patricia Murphy

From: Kimberly Coldren [kimberly.coldren@capstonemanagement.com]
Sent: Wednesday, October 19, 2011 11:59 AM
To: Patricia Murphy
Subject: FW: TDHCA Fees

Hi Patricia,

I don't know if you recall but I had made a suggestion that TDHCA make billing information available in a self service format (online, etc.). As you can see from Monica's comments below the billing cycle varies per property and only the owner may be notified.

Maybe until the billing information is more readily available the corrected score could be lowered, because really management may only first find out during the actual review. Then they would have the corrective action period to take care of the matter.

In my limited experience most properties corrected this as soon as they were made aware of the issue.

- Kim

Kimberly Coldren, HCCP, COS, HOME Certified Specialist

Tax Credit Program Manager

Capstone Real Estate Services, Inc.

210 Barton Springs Road, Suite 300

Austin, Texas 78704

TEL: 512/ 646-6744

FAX: 512/ 646-6798

Email: Kimberly.Coldren@CapstoneManagement.com

Website: www.CapstoneManagement.com

From: Monica Guerra [mailto:monica.guerra@tdhca.state.tx.us]
Sent: Tuesday, September 27, 2011 3:07 PM
To: Kimberly Coldren
Subject: RE: TDHCA Fees

Hi Kimberly,

The billing depends on when the property was set up and what year the funds were awarded. If you have a list of properties, send them to me and I will tell you when they will bill again. The invoices are normally sent to the owner, but can be sent to the management company if they notify me.

Monica Campos-Guerra

Financial Services Processor

Office: 512.475.1051

Fax: 512.472.7500

From: Kimberly Coldren [mailto:kimberly.coldren@capstonemanagement.com]
Sent: Monday, September 26, 2011 11:24 AM
To: monica.guerra@tdhca.state.tx.us
Cc: Teresa Coleman
Subject: TDHCA Fees

Dear Ms. Guerra,

I was wondering about TDHCA's billing cycle and processes. I recently came to Capstone Real Estate Services that manages several MultiFamily Affordable Housing programs. As we approach the end of the calendar year and we are in the process of preparing budgets, when does TDHCA send out bills for fees? To whose attention are they submitted to? I appreciate any further assistance you could offer on this matter.

Sincerely,

Kimberly Coldren, HCCP, COS, HOME Certified Specialist

Tax Credit Program Manager

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Hamby & Piatt, LLC

1108 Lavaca · Suite 110-472 · Austin, Texas 78701-2110

Kevin Hamby
Writers direct Dial
972-897-1301
Kevin@hambypiatt.com

October 18, 2011

Ms. Patricia Murphy
TDHCA
221 East 11th Street
Austin, Texas 78701

Dear Ms. Murphy:

Thank you for providing the opportunity to review the proposed rules under 10 TAC Chapter 60, Subchapter A. In general, the changes are warranted and reflect the social compact made with communities to provide continued monitoring of developments funded with federal funds awarded by the Department.

As I talk to elected officials and community based groups across Texas, I know that the Department's to maintaining TDHCA funded properties matters. I firmly believe that the deletion of subsection (g) and (h) of Section 60.123 and a return to the three year ban under what was subsection (j) is an excellent demonstration of the Department's goals to provide safe, decent and affordable housing in Texas with developers that run consistently good communities.

I support the changes made, but if any modifications are considered, I would encourage the Department create a two tier system where any scoring item that would lead to an event of material non-compliance in and of itself—corrected or not--would be subject to the three year ban. On the other hand, if scoring items that collectively would cause a non-compliance score are allowed to be corrected and the continuing score for the penalty reduced to one year, that seems consistent with the statements made in the past that TDHCA developments are more heavily regulated than private sector developments.

There is subsection not edited in the draft rules, but of concern to compliance enforcement that I would encourage the Board to remove entirely. I renew my long standing belief that 10 TAC Section 60.128 (b) renders the enforcement of the Compliance Rules efforts to root out underperforming administrators somewhat meaningless. As has been demonstrated in practice, this subsection grants broad non-compliance waiver powers that are, in my opinion, questionable in legal authority (Texas Government Code Section 2306.057(c) notwithstanding) based on

little hard data or standards and creates a subjective removal of the rules enforcing compliance. I would eliminate Section 60.128 (b) in its entirety. Barring complete removal, I would make the criteria for waiver more clear, concise and less subjective by requiring a full statement of the terms of non-compliance be placed in Board materials when a waiver is requested. Further, the rule should require the Governing Board to issue a statement as to the circumstances that require the waiver of non-compliance beyond the need to expend funds and/or the need for affordable housing as that applies to every dollar spent by TDHCA and is not an exceptional reason waiving compliance rules.

Thank you for allowing me to comment as a member of the public interested in affordable housing in Texas.

Very truly yours,

s/Kevin

Kevin Hamby

HOUSING AND ECONOMIC DEVELOPMENT
PO Box 684162 | Austin, TX 78768-4162| T: 512.519.9444 | F: 512.519.9774 | www.chavezfoundation.org

October 19, 2011

Patricia Murphy
Chief of Compliance and Asset Oversight
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, TX 78711-3941

Re: Draft Compliance Monitoring Rules

Dear Ms. Murphy ,
Please accept this letter as formal comment to the 2012 Compliance Monitoring Rule. Cesar Chavez Foundation owns and operates over 1,000 units of affordable housing in Texas, most of which are financed through the LIHTC program and therefore subject to these rules. We appreciate the opportunity to comment on the proposed changes.

First, regarding Material Noncompliance, existing subsection g and h of §60.123 was removed in the draft. In short, these paragraphs permitted a development score to be reduced by the number of points needed to be one point under Material Noncompliance after all appropriate corrections are made. With this section being removed, the development score will be an accumulated point value of corrected scores as seen on Figure §TAC60.123 l & m. This could potentially result in the final development score, even after the corrected points, to be at or above 30 points, thereby still remaining in Material Noncompliance with TDHCA despite being in compliance with federal regulations to correct within the corrective action period. There are several noncompliance event types that hold high point values even after corrected (i.e. failure to correct exigent health & safety within 24 hours, formal claim of fair housing, etc.). We propose retaining subsection g and h of §60.123 and feel it is a fair approach to determine an owner's compliance with due diligence and corrective action requirements.

Also, current policy states that the corrected noncompliance will no longer be included in the development score one year after the date of noncompliance. The draft proposes to change this to three years. In relation to the paragraph above, if reducing the score to be one point below Material Noncompliance is not an option, then this new proposal to carry the development score for three years seems severe. As another option, we suggest that the development score remain for three years only if subsection g and h of §60.123 is not removed.

Regarding the changes to the rules regarding LURA amendments, we request that the current policy remain in effect. We are particularly concerned with how this will affect amendments related to supportive services. Maintaining compliance with supportive services is challenging especially when owners contract a service provider to do this work. As another option, we would suggest including a broad selection of services as an option for supportive services within future LURA drafts to avoid administrative burdens or noncompliance once the development is in operation. Thank you for your consideration.

Sincerely,

Jean Latsha

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PUBLIC HEARING
ON
COMPLIANCE MONITORING RULES

Room 116
TDHCA Headquarters
221 East 11th Street
Austin, Texas

Thursday,
October 13, 2011
3:07 p.m.

BEFORE:

PATRICIA MURPHY, Chief of Compliance and Asset Oversight

<u>I N D E X</u>

P R O C E E D I N G S

MS. MURPHY: Thank you, everyone, for coming. This is the time for feedback and public comment on the Compliance Monitoring Rules, so I am having a transcription of your comments so that you're making official public comment and there will be response to the comment that I get today. So if you have real formal things like I think this section should read that way or something like that, that would be great, and if you want a more informal kind of discussion, that's fine too, and it will all be recorded.

MR. DORSEY: And identify yourself when you make a comment. I'm Cameron Dorsey.

MS. MURPHY: So please identify yourself. I'm Patricia Murphy.

So does anyone have any comment they'd like to give me on the rules?

MS. COLDREN: This is Kim Coldren, and I just had some things that I was hoping you might elaborate on. The new annual owners compliance reports requirements for 8703s, since this is brand new, I was hoping you could explain a little bit more about the process. We've had a lot of questions on this.

MS. MURPHY: Could you be more specific?

MS. COLDREN: Like past copies, have they been available, who signs those?

MS. MURPHY: So the Form 8703 is a form that tax-exempt bond property owners are supposed to submit to the Internal Revenue Service every year and they certify that they've met the minimum set-aside and a number of different requirements with how many units they have and a whole bunch of different requirements.

We have contacted each tax-exempt bond property and asked them to send in the historical ones, so we've received all of the past years that we should have been receiving, and so now we're going forward.

Who is supposed to sign it, I don't know, I'd have to read the instructions on the Form 8703 itself. I'm sure it's the general partner, I don't really know. So if you have a question about the Form 8703 and the completion of it, you'd actually need to ask the IRS how do I fill this thing out, or read the instructions for the form.

Does that answer your question?

MS. COLDREN: Yes. It's just brand new so we're still soaking it in.

MS. MURPHY: Okay, got it. Anything else?

MS. COLDREN: This is Kim Coldren again. How come the change from one year back to three years on the material non-compliance scores?

MS. MURPHY: When we originally created the concept of material non-compliance and the whole scoring methodology, it was decided that three years is the right period of time for something to stay on a property's score because we come monitor once every three years. And then when the department received so much funding through ARRA, in order to move funds more quickly and easily, we did relax some of the standards, and now we are moving back to the way it was before the ARRA funds.

MR. KOOGLER: This is David Koogler. I think that's probably the biggest comment that I've heard from other people. Just in working through TAAHP, not an official TAAHP comment, but in working through TAAHP, I think that gives most people the most heartburn. Just a comment. We'd like to see it go back to one year, I think.

MS. MURPHY: Okay. Your comment is noted.

Anything else?

MS. COLDREN: This is Kim Coldren. I have one more comment on the failure to pay fees. Is there any way that you can get billing information available like maybe online maybe if you sign in to CMTS or something like that to see if there's outstanding bills?

MS. MURPHY: I have no idea. We wouldn't address that through the rule, and if you email me that question, I'll forward it on to financial services and see if there's something they can do.

MS. COLDREN: It's just that usually we don't find out until the day of the visit type of thing, so it would be nice if you would self-check, where properties could check at some point.

MS. MURPHY: So for each of your properties take a look at the budget and would know how much the annual fee is, and when it comes in then pay it.

MS. COLDREN: I heard that the billing cycles are different depending on each year, though, so it makes it confusing as to when the bills are due.

MS. MURPHY: I didn't know that.

Anything else? Any comments on the rules?

MS. ANDRE: This is Sarah Andre. I also would like to register our request that the material non-compliance be returned to one year.

MS. MURPHY: Okay. Anyone else?

MS. SCHROEDER: If you want to make that as a motion, I'll second it.

MS. MURPHY: Name?

MS. SCHROEDER: Pat Schroeder. And also we have HOME properties and coming out every year those compliance scores can really go up quickly, and it's really hard on some of the older properties.

MS. TULLOCK: And I'm Tina Tullock, and I agree as well.

MS. MURPHY: Any other comments?

(No response.)

MS. MURPHY: This is going to be over real quick.

MR. KOOGLER: I have a question, and I admit I read this very quickly so I may have misread it.

MS. MURPHY: Thank you for reading it.

MR. KOOGLER: This is David Koogler. Looking at 60.118, Property Condition Standards, and then under (f) if says: Under no circumstances will corrective action period exceed six months. And maybe I didn't read it carefully enough because I was mainly looking at the black lines. I'm not sure what this applies to, but I know, for example, if you have a fire that burns like a whole building or two, it could take more than six months to rebuild it. So how would this play into that type of situation, or does it not apply?

MS. MURPHY: The Treasury Regulation 1.42-5 does not allow a state housing finance agency to permit a greater than six-month corrective action period. So we are required within 45 days of the end of a corrective action period to notify the Internal Revenue Service of the issue of non-compliance or the casualty loss event or whatever it is. So if you can't fix it within six months, then we need to report it to the IRS, it's going to be told to the IRS that it's an uncorrected issue of non-compliance. As soon as you get it fixed you let us know, and we send in a notification that it was corrected, but we can't go past six months.

MS. TULLOCK: This is Tina Tullock again. This is big for us because I have several properties that are in hurricane areas, and as we all know, to file insurance claims and to deal with mass devastation like I do, it can take a year before the insurance claim is even settled to even start to rebuild. When I say rebuild, I mean rebuild the property, not just a building.

MS. MURPHY: It has to be reported to the IRS. We can't allow more than a six-month corrective action, so if you're not going to be able to fix it within six months, it does make a difference if we report it after 90 days or after six months. And there's that whole Revenue procedure about relief for a casualty loss. And also, we report to the IRS, we're required to report it as a USCS violation but we note on an attachment that it is a casualty loss.

MS. TULLOCK: Okay.

MS. MURPHY: Anything else?

(No response.)

MS. MURPHY: Maybe it would help if I went through some of the areas that they changed.

So one significant area of change ties to the Qualified Allocation Plan and it is about eliminating the concept of commencement of substantial construction, and that the old rule had a specific definition of what it meant to have commenced substantial construction, and we're proposing to eliminate that and in its place receive a report that October 1 the year after award that you report to us and tell us this is the status of my construction and you give us the construction inspection reports for us to review, and that properties that are not at anticipated benchmarks will report to us quarterly as part of a followup concept instead of you meet substantial construction or you don't.

MS. ANDRE: I think that's amazing. Sarah Andre.

MS. MURPHY: Another concept that we are changing is that previously owners filled out their address of their land use restriction agreement and they sent it in to the staff, and then we reviewed it and said, No, there are these problems with it. And we sent it back to the owner and then we waited for them to fix it and send it back to us, and there was this back and forth exchange. And we are proposing to change that process so that we will complete the draft of the land use restriction agreement and send it to the owner, and so that's a change in 60.104.

Kimberly mentioned the change about owners have to submit the Form 8703 for tax-exempt bond properties as kind of a significant change.

We've tried to add some discretion in the utility allowance section. We have a lot of trouble with areas of the state where there's not a clear what is the applicable housing authority. And so we've added some language to say in the event the property is located in an area without a clear municipal or county housing authority, that we may permit the use of another housing authority's utility allowance schedule on a case-by-case basis. So that owners could say to us: I'm in wherever far-flung Texas and there's not a clear housing authority, here's this one, can I use this one? On a case-by-case basis we could look at that and use that.

MS. ANDRE: This is Sarah Andre. I have a question about that. Would you need to request that before you submit it in an application, or is this just post-award that you're dealing with that?

MR. DORSEY: So that would come up at underwriting during the application review process, and I think we wouldn't want to go through the application review process and underwriting based on utility allowances that the department wasn't ultimately going to approve. And so just like you send those requests in for the HUD utility model or whatever, send those to Stephanie, and she can get those approved prior.

MS. ANDRE: So it' not a waiver request, it's more of you just send it in. Like, for example, now I'm working on deals for next year, I would just send it to you now and get the okay from you?

MS. NAQUIN: This is Stephanie Naquin. In the event you were located in an area that didn't have a clear municipal or county one and you were interested in using a housing authority that wasn't one of those two, yes, you could send it to me and we could review that applicability.

MS. MURPHY: If there's a housing authority that is applicable, we're going to say no.

MS. ANDRE: I've been in a situation where I don't have a clear housing authority, I think that's why it came up, so that's great.

MS. MURPHY: If the one you propose, that housing authority hasn't updated it since 1998, we're still going to say: No, this doesn't look recent. If it makes sense, we'll look at it.

MS. ANDRE: That's great.

MS. HENSLEY: Patricia Hensley. Will it be the same notice to residents that needs to be presented when you're using the HUD model UA?

MS. MURPHY: For that weird housing authority? I don't think we addressed that.

MS. NAQUIN: I think we proposed in the rule that it would be reviewed as the same procedures as an alternative methodology. So you would have to got through this on an annual basis to make sure it was still applicable. So I think the notice would be appropriate.

MS. HENSLEY: So if were currently using the HUD schedule and we switched back to this, we would follow the same procedure?

MS. MURPHY: Yes.

MR. CLARK: So I'm assuming we're supposed to say our name, so I'm Mike Clark.

There's no precedent set by whatever is used in original underwriting for the development?

MS. MURPHY: No. Technical compliance.

MR. CLARK: So regardless of what was used on the front-end to underwrite the deal, we've got to select something to go back in if it's either not that or if there's some question.

MS. MURPHY: When we monitor for compliance, to comply with the Treasury reg which is 1.42-10, the initial utility allowance that's used is established when you start leasing, it's not when you're approved. So you could have been approved and gone through underwriting with one method and what actually counts when it comes time to say yes, I'm in compliance, or no, I'm not, is what you use when you start leasing.

So we did add some language to say that if you want to use the HUD model schedule or the energy consumption model, we want to take a look at it before you start using it at lease-up, because there's the chance for a problem there.

MR. DORSEY: The other thing with regard to precedents being set in the application is we're going to review the deal at cost cert again and size credits based on whatever utility allowances and rents you have at that time, so we're not going to hold you what you said at application in terms of which utility allowance you're going to use.

MS. MURPHY: So the whole section of the Compliance Monitoring Rules which is 60.109 pretty closely follows the Treasury regulation, and it spells out options owners have, that you could pick this, you could pick that, if you want to use this method this is what you've got to do kind of thing.

There's two circumstances where we are

reserving the right to say, No, you're using this. And it is HOME properties. The HOME final rule specifically says that the state agency is to approve and there are some times that we may say, No, for a HOME property you have to use this method.

And the other time is that we are starting to monitor properties whose LURA terminated early either because it went through the qualified contract process or it went through a foreclosure. In either of those circumstances the LURA terminates but the tenants that were living there the day the LURA terminated, they have the protection of the tax credit rent limits for a three-year period, and they can't be evicted for other than good cause. And we are starting to monitor those properties just one more time after it goes through the foreclosure or qualified contract.

And I don't think it's reasonable to expect that that owner has maintained utility allowance documentation, like the bank or whoever foreclosed, so in here I've said that we're going to select the method for establishing the utility allowance when we monitor those properties. So that's what 60.109(k) is about.

In the recertification section there is some cleanup language about taxes and bond properties if less than 100 percent of the units are set aside for households at 50 or 60 percent of area median income, federally you are required to do annual income recertifications, and the whole HIRA change that eliminated recertifications, I kind of thought that if your tax-exempt bond LURA required 100 percent of the units to be leased to eligible tenants and 40 percent leased to 60 percent households, that you didn't have to do recerts, and I was wrong. So this is cleanup language for the rule and it does not affect a lot of properties we've kind of done a look at, who does this affect and there's not a lot of them.

The section on social services, when we did our initial roundtable I understand that there are properties that we come monitor that are just beginning to lease up and I think it's a good idea for us to get out there early in a lease-up to check to see if there's any problems and we can help you correct those kinds of things before the end of the first year credit period, but a lot of properties were having a problem that they had not implemented or fully implemented their social services program.

So we have proposed a change to section 60.116 to say that we will not monitor for social services at the first on-site review, and that we're going to start checking for that and at the second on-site review you had better be in compliance with that requirement. You have to annually certify that you're in compliance with all of the requirements of your land use restriction agreement, you have to implement your social services program in a timely manner, it's just we're not going to check that first time we come out.

MR. KOOGLER: I have a question. This is David Koogler. I think, if I remember correctly, there's a concept in the new 2012 draft QAP where on social services as long as you provide enough social services to qualify for the points that you can change them. Is that right?

MR. DORSEY: That's right. So there is kind of a laundry list of services that you can provide with different point values associated with those, but we're not specifically going to require that you check the box for each of those so that you can swap them up. Your tenant profile is really what should control, not based on what you think your tenant profile is going to be before you even have your architectural plans done.

MR. KOOGLER: Well, my question is then once the LURA is in place, can you still do that, and is that only going to be the case with respect to 2012 applications or would that apply to existing properties as well? Because I'm looking at this and it talks about modifications to your social services requires board approval, so if you were to switch from this service to that service because you think it's more appropriate for your tenant profile, would that require board approval, or should you put some language in here that kind of clarifies that you can do that without board approval?

MS. MURPHY: That would require board approval. So for the 2012 QAP the draft is saying that the board is saying if you come up with this point value in social services, then you're good to go. We don't have that concept for the previous years, so if you said I'm going to have mobile library and a dog-walking service and you're not doing that and instead you have an after school program and a food pantry, that's a change that needs to go through the material amendments process.

MR. KOOGLER: You can't make that work for the older properties?

MR. DORSEY: I've kind of discussed the concept with our executive director and I think part of it is a public notice issue and the LURA is not just our document but it is the public's kind of right to be notified and have that go through a process that's public.

MS. COLDREN: I have a followup question. Kim Coldren. This may be getting into later in the rules, but if you do do a LURA amendment on services, is it going to be held to the current standards?

MS. MURPHY: What do you mean?

MS. COLDREN: So if you go through the LURA amendment process, is it going to hold it to this laundry list that's available in the current QAP?

MR. GOURIS: It would go to the board so whatever the alternative is, it's going to have to be approved by the board.

MS. ANDRE: Sarah Andre. Correct, you're always subject to the QAP in which you were awarded, in the year in which you were awarded, so if you went to the board for an amendment, then you'd be subject to whatever the board gave you at that point, you wouldn't suddenly get the laundry list option.

MR. DORSEY: You could probably request the laundry list and the board could approve that, provided it went through the material amendment process and the public was provided that notice.

MS. MURPHY: Those that we have done so far, it has been the owner has said, I can't do this, may I request an amendment to do that instead. They came to us with a proposal, not that we said, We note you're out of compliance, why don't you do something else instead. It was their idea.

MR. GOURIS: And there's typically been a last option, even in the old LURAs, that said something that's reasonable, the board has ability to approve something that's not on the list even if it was a list originally.

MS. MURPHY: The old LURAs don't even have a list. It's very much property-specific that we're looking at.

MR. DORSEY: I think that folks looking at going through the amendment process to change their social services should look at this as a potential option in that kind of request just because this is clearly kind of public notice of the board's kind of receptiveness to this concept, and provided that the public also gets comfortable with that kind of option through the public notice and then the board approves it, then I think you're okay.

MS. HENSLEY: Just a clarification for me. Patricia Hensley.

You're talking about changing actual services provided, but in order to change the provider we don't need to get TDHCA approval for that.

MS. MURPHY: That is correct.

Let's see, other big changes. We are proposing a change for monitoring procedures after the close of the compliance period. So the compliance period is the first 15 years, it's very regulated how often we go, how many files we look at, what we get, but after year 15 it is up to the state to determine monitoring for that land use restriction agreement. So we are proposing to go to review resident files, rents, affirmative marketing, social services, those kinds of requirements with the land use restriction agreement based on risk.

So if we have an owner that has a large portfolio of properties, we've never had any problems with them, they are generally compliant, they maybe participate in another housing program that the other person goes and monitors it on a regular basis, that we may slide that one to a once every five years schedule rather than going once every three years. However, I'm not proposing changing the physical inspection, I do still want to go at least once every three years and take a look at the property physically to see is it being maintained.

We talked about the material non-compliance changes that we've proposed, that once corrected the score for an event of non-compliance remains on a property's record for a three-year period.

And let's see if there's anything else. We're no longer monitoring for the CDBG Disaster Recovery Program so all the issues about that have been taken out.

We added some language in previous participation reviews about when we are evaluating a property transfer that we're taking a look at the incoming owner to see if they have any issues, and we're looking at them and their capacity and we may require them to attend training, and that if the property they are proposing to purchase has non-compliance problems that they tell us how they're going to get the property back into compliance. So if a property has compliance problems and it's owned by a non-compliant owner, we're all for transferring it to someone who wants to comply with the program. I just want to make sure that new owner understands that these are the rules, I understand, and this is how I'm proposing to fix the problems with the property.

MR. KOOGLER: This is David Koogler. I have a question. I noticed in the QAP you took that out, there was something taken out, I'm trying to remember, about if it's a transfer that the transferee would be reviewed. And I wondered why it was deleted. Is that because it's covered here?

MR. DORSEY: I'm not exactly sure what you're referring to but I will go take a look at it and get back with you.

MR. KOOGLER: Okay. I just didn't bring that with me, but I noted that in transfers there used to be a provision that talked about the transferee and your review of that transferee and that's been deleted, and I thought that that was kind of odd. So just curious.

MS. MURPHY: We added some clarifying language in 60.128 which is so if you applied for a funding, basically if you want the department to do something that we don't have to do, we check to see if you owe us any money or if you're in material non-compliance or if you're a HOME property if you have uncorrected issues of non-compliance before we'll do what you're asking us to do. And if there are issues then we say, No, we're terminating whatever you're requesting. And there's a process where you get a five-day notice and that sort of thing.

And if your request is terminated, 60.128 addresses how to go to the board to request that the department proceed with what you're asking us to do. And there's been confusion about this process and the staff and board appeals process which are different rules. So we added some language to say if your request is terminated because of material non-compliance, then you follow this rule, not the staff appeals and board appeals process, and you have to establish the factors that it's in the best interest of the state to proceed with the award and there's no undue risk, you're not acting in bad faith and you've taken reasonable measures to remedy the cause for the reason your application was terminated in the first place.

And then 60.130 is a new section of the Compliance Monitoring Rules which incorporates a policy that was adopted by the board in maybe March of this year, and it is about if you want your application to be amended in a significant way -- which we have included: a change in the number of low income units; a change in the income or rent restrictions; a change in the resident population served so if you were family and you want to be elderly, or elderly to family or special needs or something; if you want to change the scope of tenant services; or if you want to delay the right of first refusal requirements -- there's a process that you need to go through before staff will take your request to the board for consideration.

One thing where this rule differs from the policy that was adopted by the board is the policy that was adopted by the board said that you had to give a notice to the residents and to elected officials of what you were requesting the department do, and this rule says you need to first turn that notice in to us and let us take a look at it to approve what you're sending out to the tenants and to elected officials so that we think it adequately describes what you're asking the department to do.

Some of them I've seen, I said, No, that's not exactly what you're asking us to do, we're not going to proceed with this request until you really tell people what you're asking the department to do. So to cut that out we've said, Just send it in to us, we'll take a look at it, if it looks okay then go ahead and give the notice to the residents, send the notice to the elected officials, have your meeting, and let people have the opportunity to understand what you're asking the department to do and provide comment on it, and then we'll move forward with your request.

MS. ANDRE: This is Sarah Andre. Could you give an example of what somebody might be asking the department to do in these situations?

MS. MURPHY: Yes. Well, the ones that have been approved have been at the last board meeting one was approved to eliminate the requirement to do transitional housing, eliminate the requirement to provide childcare, and another one where they proposed to build 220 units and they only built 180, a different number of buildings.

MS. ANDRE: So they're asking more for amendments or variances, not asking you to proactively do something.

MS. MURPHY: Yes, they're asking for some kind of an amendment but a big one.

MS. ANDRE: Right. But the way it was phrased I thought people were asking you to come out and provide something or do something, but really they're asking for some sort of change in the rules, it's not TDHCA will give us extra money or TDHCA will pain the building. I was just confused.

MS. MURPHY: Oh, sorry. So those are the kinds of things they're requesting.

Social services is a really big one. There's quite a few properties that have non-compliance regarding the provision of social services, and when we go monitor it they're not providing the services that are listed in the LURA, they say we can't, and they have to go through this process.

MS. ANDRE: Is there a provision in there for timeliness on the department's part as well, for responding, for example?

MS. MURPHY: Three business days.

MS. ANDRE: Great. Thank you.

MS. MURPHY: And the timing of that has to be posted and all that stuff.

So any other comments on the rules, suggestions on things that need to be changed?

MS. HENSLEY: We skipped over this a second ago. Patricia Hensley. The transfer rule, the notice of 8609 designation or income level for residents, it's on page 30, can you clarify that? So regardless of the designation of the 8609, if it's a one-building project or a multiple-building project, residents can transfer from one building to another and it's fine?

MS. MURPHY: On page 30 which is in section 122? Yes, after year 15. That's the monitoring procedures for housing tax credit properties after the compliance period.

MS. HENSLEY: So after the first initial.

MS. MURPHY: Once you're done with the IRS we're going to loosen the rules up some.

Any other comments?

MS. ANDRE: Almost all of them are very positive. Thank you.

MR. DORSEY: I did not hear you make the same comment about the QAP.

MR. GOURIS: Actually they did, at they QAP hearing they were very positive about the QAP.

(General talking and laughter.)

MS. MURPHY: Any other comments?

(No response.)

MS. MURPHY: Well, thank you all for coming, and if you were too shy to speak with the microphones on, you can still submit written comments.

(Whereupon, at 3:45 p.m., the public hearing was concluded.)

C E R T I F I C A T E

IN RE: Compliance Monitoring Rules

LOCATION: Austin, Texas

DATE: October 13, 2011

I do hereby certify that the foregoing pages, numbers 1 through 27, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy King before the Texas Department of Housing & Community Affairs.

Nancy H. King 10/20/2011
(Transcriber) (Date)

On the Record Reporting
3307 Northland, Suite 315
Austin, Texas 78731

MULTIFAMILY FINANCE DIVISION

BOARD ACTION REQUEST

November 10, 2011

Presentation, Discussion and Possible Action regarding approval for publication in the *Texas Register* final orders repealing TAC Chapter 50, concerning 2010 Housing Tax Credit Program Qualified Allocation Plan and Rules and adopting new 10 TAC Chapter 50, concerning 2012 -2013 Housing Tax Credit Program Qualified Allocation Plan.

RECOMMENDED ACTION

RESOLVED, that the final order adopting the repeal and final order adopting the new rule for the Qualified Allocation Plan, 10 TAC, Chapter 50, is hereby ordered and it is approved, together with the preamble presented to this meeting, for publication in the *Texas Register.*

FURTHER RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the draft Qualified Allocation Plan, together with the preamble in the form presented to this meeting, to be delivered to the Governor, prior to November 15th for his review and approval and to cause the Qualified Allocation Plan, as approved by the Governor, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The Board approved the Draft Qualified Allocation Plan at the October meeting to be published in order to receive public comment. In keeping with the requirements of the Administrative Procedures Act, staff has reviewed all comments received and provided a reasoned response to each comment received. Staff has listed the areas below that received the most comment.

1. §50.2 – Definitions – High Opportunity Area
2. §50.4(c) - Limit on Amount of Credits Requested as Available in Sub-region
3. §50.5(c) – Credit Amount
4. 50.5(e) – Developments Proposing to Qualify for a 30% Increase in Eligible Basis
5. §50.8(3) – Rehabilitation Costs per Unit
6. §50.8(7)(C) –Development Costs
7. §50.8(8)(B) – Zoning
8. §50.9(b)(3) and (7) – Income and Rent Levels of the Tenants
9. §50.9(b)(2) – Quantifiable Community Participation
10. §50.9(b)(5) – Funding from a Unit of General Local Government or Governmental Instrumentality
11. §50.9(b)(11)(C) – Additional Evidence of Preparation to Proceed
12. §50.9(b)(12) – Leveraging of Private, State and Federal Resources

Attachment A: Preamble, Reasoned Response, and New Rule

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC, Chapter 50, §§50.1 – 50.17 concerning the 2012 – 2013 Housing Tax Credit Program Qualified

Allocation Plan. Sections 50.2 – 50.9 and 50.13 are adopted with changes to text as published in the October 1, 2011 issue of the *Texas Register* (36 TexReg 7069). Sections 50.1 and 50.10 – 50.12 and 50.14 – 50.17 are adopted without change and will not be republished.

The Texas Department of Housing and Community Affairs (the "Department") accepted comments to the proposed rule in writing and by email. This document provides the Department's response to all comments received and the comments and responses are presented in the order they appear in the QAP.

Public comments were accepted through October 28, 2011 with comments received from (1) John Henneberger, Texas Low Income Housing Information Service, (2) Walter Moreau, Foundation Communities, (3) Elizabeth Glynn, Travois, (4) Brad Forslund, Churchill Residential, (5) Audrey Martin, Realtex Development Corporation, (6), Robin White, Gonzalez Newell Bender, Inc Architects, (7) Ben Medina, Director of Planning and Community Development of Brownsville, (8) Jason Holenbeck, Avenue Community Development Corporation, (9) Sarah Anderson, (10) Sarah Andre, (11) Texas Affiliation of Affordable Housing Providers (TAAHP), (12) George Littlejohn, Novogradac & Company LLP, (13) Bill Schlesinger, Project Vida, (14) Diana McIver, DMA Development Company, LLC, (15) Terry Coyne, Juniper Housing LLC, (16) Jim Lavery, Department of Veterans Affairs, (17) Belinda Carlton, Texas Council for Developmental Disabilities, (18) Scott Marks, Coats Rose, (19) Bob Coe, Affordable Housing Analysts, (20) Bobby Bowling, Tropicana Building Corporation, (21) Jerry Wright, Dougherty Mortgage, LLC, (22) Chris Porter, The Reliant Group, (23) Donna Rickenbacker, Marque Real Estate Consultants, (24) Michael Hartman, Roundstone Development, (25) Steve Ford, Resolution, Inc. (26) Barry Kahn, Hettig-Kahn, (27) David Koogler, Mark-Dana Corporation, (28) Bill Wenson, (29) Ken Brinkley, KG Residential, LLC, (30) Deepak P. Sulakhe, (31) Walter Schellhase, Hill Country Veterans Council, (32) Cherno Njie, Songhai Development Company and (33) Pres Kabacoff, HRI Properties.

The comments and responses include both administrative clarifications and corrections to the QAP recommended by staff and substantive comments on the QAP and the corresponding Departmental responses. After each comment title, numbers are shown in parentheses. These numbers refer to the person or entity that made the comment as reflected in the Addendum. If comment resulted in recommended language changes to the Draft QAP as presented to the Board in October, such changes are indicated. Copies of the comment letters submitted are provided in this presentation.

REASONED RESPONSE TO PUBLIC COMMENT ON THE PROPOSED ADOPTION OF 10 TAC CHAPTER 50, 2012 - 2013 QUALIFIED ALLOCATION PLAN

1. §50 – General – No specific part of the QAP referenced in comment (1)
COMMENT SUMMARY:
Commenter (1) suggested incentives be reduced for Qualified Elderly Developments, especially in High Opportunity Areas. Commenter stated that based on their research previous Allocation Rounds have yielded too many Qualified Elderly Applications being approved compared to General population. Commenter suggested that the Department's policy should be to encourage intergenerational Developments in all areas of the state and to accomplish this commenter (1) suggested reducing incentives for Qualified Elderly segregated housing in the Qualified Allocation Plan and further suggested points be awarded to intergenerational or General population Developments in High Opportunity Areas to offset the higher community opposition in those areas.

STAFF RESPONSE:
Staff understands the concern expressed by the commenter and recommends the following change in §50.9(b)(16) relating to points for Development location:

"(A) The Development is proposed to be located in a High Opportunity Area as defined in §50.2(15) of this chapter (relating to Definitions) (2 points for Qualified Elderly Developments or 4 points for all other Developments)."

2. §50.2 – Definitions – Applicable Percentage (4), (27)
COMMENT SUMMARY:
Commenter (4) stated that if the full 9% credit is not extended by March 1, 2012 the current language would require Applications to be underwritten using the floating applicable percentage since no Development will be able to place in service by December 31, 2013. Few Applications will be able to underwrite using the floating rate applicable percentage and commenter (4) suggested the due date for approval of the full 9% approval by Congress be moved to June 1, 2012 which would give Applicants additional time to re-submit their Applications if Congress doesn't extend the rate and allow the Department additional time to re-underwrite the Application given the change.

Commenter (27) suggested, based on their understanding, there is a proposal before Congress to fix the Applicable Percentage for 30% present value credits at 4% and as a result the Department may want to include such provision in the QAP.

STAFF RESPONSE:
In response to commenter (4), the language does not require that Congress act by March 1, 2012 but enables the Department to use the 9% rate for application review and underwriting if deemed appropriate by the Department or if such fixed rate is extended by Congress. Applicants that provide documentation in the Application that placement in service by December 31, 2013 is achievable will be able to use the 9% rate even if it is not extended by Congress. Other Applications will be underwritten at the floating rate. The Real Estate Analysis Division may include conditions in the Commitment related to the timing of closing to ensure that Developments dependent on the 9% rate are able to place in service by the end of 2013.

In response to commenter (27), staff agrees and has proposed language accordingly.

3. §50.2 – Definitions – Central Business District (2), (5), (9), (24), (30)
COMMENT SUMMARY:
Commenter (2) supported this definition; a Central Business District should be the major, truly urban cities.

Commenter (5) suggested an area can be a legitimate Central Business or Downtown District without having a ten-story building and suggested this requirement be deleted or a reduction in the number of stories. Commenter (9) suggested that if there is a ten-story building then the population number is arbitrary and suggested the Department require one or the other in order to meet the definition. Commenter (24) suggested the Department shouldn't discriminate against a city that doesn't have a ten-story building if they have a designated Central Business District (CBD). Commenter (30) requested clarification on whether the ten-story building needed to be located in the CBD itself or could such building be located outside the CBD but within the boundaries of the city.

STAFF RESPONSE:
Developments in Central Business Districts may receive a 130% boost in eligible basis and also receive points for Development Location (§50.9(b)(16)). The minimum population and ten-story building are requirements to be inclusive of higher cost downtown areas in larger cities where job opportunities and amenities may be in proximity to the Development. While other cities may have central business districts, the definition in the QAP specifically targets Central Business Districts

with these characteristics. Additionally, the ten-story building does have to be located within the boundaries of the CBD in order to meet this definition.

Staff recommends no change based on these comments; however, the definition has been revised to clarify that both the minimum population and ten-story building criteria must be met to qualify as a Central Business District.

4. §50.2 – Definitions – High Opportunity Area (2), (5), (11), (15), (17), (19), (20), (23), (27)
COMMENT SUMMARY:
Commenter (2) supported the definition and believed that while the definition is tough the concept is great.

Commenter (5) supported the allowance for district-wide enrollment; however, suggested the requirement for only one elementary school within those districts be deleted. Commenter (5) indicated this undermines the allowance for open enrollment (open enrollment and one school is the same thing as an attendance zone). If the goal of the Department is to incentivize development in areas where children have access to better schools, this is achieved when children from the Development can go to a good school, regardless of whether the district has adopted attendance zones or has open enrollment.

Commenter (15) suggested this definition is too broad and is biased against Rural Developments competing in the At-Risk set aside; specifically, that meeting this criteria is far more difficult in a Rural Area. Commenter (15) suggested that if a Rural Development targeting the general population is within an exemplary school attendance zone then this relative to other Rural Developments is a highly sought after location; this would be especially true if the Rural region, for example, has higher poverty than its urban counterparts. Commenter (15) suggested the following change to the definition:

> "(15) **High Opportunity Area**--A Development that is proposed to be located in an area that includes, at a minimum, subparagraphs (A) and (B) of this paragraph along with either subparagraph (C), (D) or (E) of this paragraph<u>. A Rural Development competing in the At-Risk set-aside must be located in an area that includes any two (2) of subparagraphs (A) – (E)</u>:
> (A) in a census tract which has a median income that is above median for that county as of the first day of the Application Acceptance Period; and
> (B) in a census tract that has a 15% or less poverty rate according to the most recent census data (as designated in the Housing Tax Credit Site Demographic Characteristics Report for the current Application Round);
> (C) within a half-mile of public transportation if such transportation is available in the municipality or county in which the Development is located;
> (D) in an elementary school attendance zone that has an academic rating, as of the beginning of the Application Acceptance Period, of "Exemplary" or "Recognized," or comparable rating if the rating system changes by the same date as determined by the Texas Education Agency. An elementary attendance zone does not include magnet school or elementary schools with district-wide possibility of enrollment or no defined attendance zones. However, districts with district-wide enrollment and only one elementary school are acceptable; or
> (E) in a census tract that has experienced a growth in population of at least 50% since 2000 according to the most recent census data as designated in the Housing Tax Credit Site Demographic Characteristics Report for the current Application Round."

Commenters (14), (27) supported the inclusion of population growth as one of the elements in the definition; however, if the Department does not believe such data can be obtained in a satisfactory way then the test should be modified to require an Applicant to meet two of the four criteria in order to meet the definition. Commenter (11) suggested a Development be required to meet two of the five criteria (assuming the high growth criterion remains).

Commenter (17) suggested this definition be modified to reflect a Development located near transportation that must be usable by the pedestrian and suggests the following change:

> "(C) within a radius of one-quarter mile from an existing or proposed transit stop, designed to encourage pedestrian activities and maximize access to public transportation ~~half mile of public transportation if such transportation is available in the municipality or county in which the Development is located~~;"

Commenters (11), (19), (23), (27) suggested the Department use the lesser of all people or families American Community Survey (2005-2009) data in determining qualification under subparagraph (B) of this paragraph relating to a census tract with less than 15% poverty. Commenters (19), (23) suggested similar treatment for subparagraph (A) referring to the use of the greater of household income or family income in determining if the median income for the census tract is greater than the county median income, as long as the same data (household or family) is used for both the census tract and county. Additionally, commenters (11), (19), (20) and (23), suggested an increase to the poverty percentage in subparagraph (B) for Developments proposed in Regions 11 and 13 and suggested a percentage between 35% and 40%.

STAFF RESPONSE:
In response to Commenter (5), the purpose of generally limiting open enrollment districts is to encourage Development Sites located near schools with an "Exemplary" or "Recognized" rating. Allowing open enrollment districts may allow Development Sites that require travel across longer distances and there is no assurance that a student would have the ability to attend the school with the higher rating. However, staff has found a school labeled a "magnet" school that has a clearly defined attendance zone which does not restrict attendance. Staff has clarified the definition to not specifically exclude other schools with the "magnet" label but that otherwise meet the definition with a clear attendance zone in which all students living in the zone have the right to attend.

In response to Commenter (15), staff acknowledges the issue presented by the commenter but is recommending as an alternative that applications under the At-Risk Set-Aside not qualify for High Opportunity Area Development Location (§50.9(b)(16)) points.

In response to commenter (14), staff agrees that the growth factor is difficult as a result of limited data and recommends elimination of the growth factor criterion. With the first two criteria still being required, staff maintains that at least one of the remaining two criteria should be additionally required. With incentives in the form of both a 130% boost in eligible basis and scoring, staff believes that such Developments should be located in targeted High Opportunity Areas meeting several of the criteria.

Staff agrees with commenters (19), (23) regarding using the greater of household income or family income in determining if the median income for the census tract is greater than the county median income under subparagraph (A) of this section, as long as the same data (household or family) is used for both the census tract and county. Additionally, staff agrees with suggestions provided by commenters (11), (19), (20), (23), (27) regarding using the lesser of all people or families American Community Survey (2005-2009) data in determining qualification under subparagraph (B) of this paragraph relating to a census tract with less than 15% poverty. With regards to an increase in the poverty percentage in this subparagraph for those Regions 11 and 13 staff suggests a census tract with a less than 35% poverty rate. In response to commenter (17), staff has added a requirement in (C) that a transit stop be accessible. Staff's recommendation for the definition is as follows:

> "(15) High Opportunity Area--A Development that is proposed to be located in an area that includes, at a minimum, subparagraphs (A) and (B) of this paragraph along with either subparagraph (C), (D) or (E) of this paragraph:
>
> (A) in a census tract which has a median income that is above median for that county (as designated in the Housing Tax Credit Site Demographic Characteristics Report for the current Application Round) as of the first day of the Application Acceptance Period; and
>
> (B) in a census tract that has a 15% or less poverty rate ~~according to the most recent census data~~ (as designated in the Housing Tax Credit Site Demographic Characteristics Report for the current Application Round) or, for Regions 11 and 13 with a 35% or less poverty rate;
>
> (C) within a half-mile of an accessible transit stop for public transportation if such transportation is available in the municipality or county in which the Development is located; or
>
> (D) in an elementary school attendance zone that has an academic rating, as of the beginning of the Application Acceptance Period, of "Exemplary" or "Recognized," or comparable rating if the rating system changes by the same date as determined by the Texas Education Agency. An elementary attendance zone does not include ~~magnet school or~~ elementary schools with district-wide possibility of enrollment or no defined attendance zones, sometimes known as magnet schools. However, districts with district-wide enrollment and only one elementary school are acceptable.~~; or~~
>
> ~~(E) in a census tract that has experienced a growth in population of at least 50% since 2000 according to the most recent census data as designated in the Housing Tax Credit Site Demographic Characteristics Report for the current Application Round.~~"

5. §50.2 – Definitions – Single Room Occupancy (17)

COMMENT SUMMARY:

Commenter (17) suggested the Department should not limit Single Room Occupancy (SRO) to buildings comprised solely of SROs because such model does not promote integration, inclusion and economic opportunity, but rather such units should be encouraged and incorporated into integrated multifamily apartment units.

STAFF RESPONSE:

Staff agrees with the commenter and has made this change accordingly, as follows:

> "(20) Single Room Occupancy (SRO)-- An Efficiency Unit that meets all the requirements of a Unit except that it may, but is not required, to be rented on a month to month basis to facilitate Transitional Housing. ~~Single Room Occupancy units are designed for the residents to live in buildings comprised solely of SRO units. Such buildings~~ Buildings with SRO Units have extensive living areas in common and are required to be Supportive Housing and include the provision for substantial supports from the Development Owner or its agent on site."

6. §50.2 – Definitions – Supportive Housing (17)

COMMENT SUMMARY:

Commenter (17) suggested this definition is not consistent with current thinking and specifically suggests the definition be replaced with the Department's Housing and Health Services Coordinating Council (HHSCC) definition citing that individuals in supportive housing need medical and behavioral health services and supports in addition to non-medical services, such as employment readiness and job search.

STAFF RESPONSE:
This definition was drafted in a way that reflects the types of Applications received in prior Application Rounds that would not violate IRS Revenue Ruling 98-47 regarding the continual or frequent nursing, medical or psychiatric services. Due to federal regulations that govern the Housing Tax Credit program, staff is concerned that the definition adopted by the HHSCC could conflict with a Development's compliance with the federal regulations.

Staff recommends no change based on this comment.

7. §50.2 – Definitions – Transit Oriented District (1), (17)
COMMENT SUMMARY:
While commenter (1) did not object to removing transit oriented districts as a qualifier for the 30% boost, they encouraged the Department maintain the definition and offer a point to Applications that meet such definition. Commenter (17) suggested that while an increase in eligible basis may not be necessary, the Department should still retain this definition in order to encourage, differentiate and favor transit oriented development.

STAFF RESPONSE:
Location near public transit already receives incentives in scoring, specifically, in Site Characteristics (§50.9(b)(19)) and as a criterion in the definition of High Opportunity Area, which qualifies for the 130% boost and Development Location points (§50.9(b)(16)). Staff believes that access to public transportation generally is more important than location in designated transit oriented district. Additionally, staff removed the definition when it was removed from consideration under the 130% boost in eligible basis and the Development Location scoring item. As a result, the term is not referred to anywhere in the QAP and staff does not believe that simply having a definition promotes development in one area over another.

Staff recommends no change based on these comments.

8. §50.2 – Definitions – Transitional Housing (17)
COMMENT SUMMARY:
Commenter (17) suggested the Department remove "more limited" in the definition as it relates to kitchen and bathroom facilities stating that units must meet accessibility requirements pursuant to the Fair Housing Act.

STAFF RESPONSE:
Staff has allowed, based on the definition of Unit as defined in the Department's governing statute, to include limited facilities (*i.e.* a microwave oven in lieu of an oven/range). Typically, such accommodations are found in Efficiency Units in Supportive Housing Developments. As with all Developments funded by the Department, they would need to comply with all regulations governing accessibility. Staff has removed the reference to limited bathroom facilities.

9. §50.3 – Program Calendar (5), (27)
COMMENT SUMMARY:
Commenter (5) requested this section include a date by which the Pre-application Submission Log has to be posted and suggested January 13. Commenter (27) requested this section be revised to reflect the Executive Director may extend a deadline not statutorily imposed for a period of not more than five business days instead of five calendar days due to weekends and holidays that may shorten

the extension period. Commenter (27) further suggested the time frame for amendment requests be shortened and requested clarification that Administrative Deficiencies be for five business days rather than five days.

STAFF RESPONSE:
Staff will act expeditiously to post the Pre-application Submission Log and expects to post a log within three days of Application submission; however, offers no guarantee that issues won't arise that may prevent the posting of an accurate log within this time frame or that changes would not be necessary if posted within three days. In response to commenter (27), staff agrees with the suggested change for deadlines extended by the Executive Director. As with the amendment process, staff will act expeditiously to review and take appropriate action whether the request is handled administratively or with Board consideration when such requests are submitted to the Department and staff has clarified that the intent of the submission is forty-five (45) calendar days. Regarding the comment on Administrative Deficiencies, staff is not proposing changes to how it has handled this process in the past and intends to keep with the five business day requirement.

10. §50.4(b) - Ineligible Applicants – (11), (27), (21)
COMMENT SUMMARY:
Commenter (11) suggested the word "voluntarily" be removed. Commenter (27) suggested why the voluntary removal from participation in a housing tax credit development should be grounds for ineligibility.

Commenter (21) suggested item (6) in this section be revised to mirror language in §2306.6703 regarding use of the word "and" between sub-items (A) and (B).

STAFF RESPONSE:
The intent behind the voluntary or involuntary removal section is for the Applicant to provide full disclosure of any prior (or ongoing as of the date of Application submission) situations of such termination of ownership and to disclose the circumstances behind such event. It will only be after such matter is heard and action is taken by the Board will such circumstance deem the Applicant ineligible.

In response to commenter (21) the current language in §50.4(b)(6) reflects the intent of the legislation in §2306.6703. The intent is that an Applicant that proposes to replace in less than fifteen (15) years any private activity bond financing would be ineligible unless it meets criteria (A) and (B) or (C) or (D). When this legislation was implemented in 2009 staff drafted it in a way that merely separated the requirement for the one-third public housing/Section 8 units and 100% at 50% AMGI whereas statute included them as one item. Regardless, they would both have to be met if attempting to qualify under this criteria or an Applicant could qualify under items (C) or (D).

Staff recommends no change based on these comments.

11. §50.4(c) - Ineligible Applications – Unit Cap on Credits Requested (1), (2)
COMMENT SUMMARY:
Commenter (1), (2) supported the $13,000/Unit cap on the amount of housing tax credits requested and stated the limitation is a reasonable use of funds.

STAFF RESPONSE:
Staff removed the $13,000 per unit cap in the draft QAP as published in the *Texas Register* as directed by the Board at the October 4, 2011 Board meeting. Therefore, it was not in the proposed rule as published in the *Texas Register* for public comment.

Staff recommends no change based on these comments.

12. §50.4(c) - Ineligible Applications – Limit on Amount of Credits Requested as Available in Sub-region (1), (2), (11), (20), (27)
COMMENT SUMMARY:
Commenter (1) supported the cap identified on the credit amount available in the sub-region and indicated that it recognizes the intent of the RAF. Commenter (1) suggested that if this language is to be altered to incorporate a fixed regional minimum cap that over-allocates to smaller regions, then the RAF design should recognize and adjust for the multi-year impact of such over-allocation by decreasing the amount available in that region the following year.

Commenter (2) suggested the percentage limitation on the credit amount available in the sub-region be revised from 150% to 120% and further stated that if a region gets any leftover credits from a prior year with a minimum of $500,000 and an Application can apply for 120% of that amount, this should be enough.

Commenter (11) supported the limitation on the credits being requested but to ensure that Rural Area's are not unduly penalized suggested the following revision:

> "(10) for Applications submitted under the State Housing Credit Ceiling, if <u>the Application exceeds a $1M request</u> ~~more than 150% of the credit amount available~~ in ~~the~~ <u>a</u> sub-region <u>where the allocation is less than $1M. For purposes of determining the credit allocation for the sub-region, a date of January 1, 2012 will be used and any forward committed allocations will not be subtracted from the amount for purposes of determining this eligible amount.</u> ~~is requested at the time of the original submission of the Application based on estimates released by the Department on December 1. The Department will consider the amount in Volume 1, Tab 1, Part C, Funding Request to be the amount of housing tax credits requested.~~"

Commenters (20), (27) similarly suggested placing a floor on Applications to the greater of $1 million or the set-aside in the Regional Allocation Formula (RAF); however, commenter (20) was in agreement with using 150% of a region's RAF set-aside as another option to accomplish this.

STAFF RESPONSE:
In response to commenter (1), the QAP does not include specifics with regard to the Regional Allocation Formula. The over or under allocation of sub-regions is addressed in the reasoned response under the Regional Allocation Formula agenda item.

The percentage limitation on the credit amount available in the sub-region, as referenced by commenters (2), (11), (20), (27) was revised from 120% to 150% based on public comment at the October 4, 2011 Board meeting as directed by the Board.

Staff recommends no changes based on these comments.

13. §50.4(d)(7) - Ineligible Developments (2), (11), (18), (27)
COMMENT SUMMARY:
Commenter (2) suggested there be an exception for Supportive Housing Developments located in a Central Business District that exceed the limitation allowed for the percentage of one-bedroom units. Commenter (27) requested clarification that item (7) in this section would permit a Development

with 100% one and two bedroom units in a Central Business District (i.e. Qualified Elderly Development).

Commenters (11), (18) suggested that the amendment to the tax credit statute in 2008 clarified that properties serving special needs do not violate the general public use requirement and thus should not be required to seek a private letter ruling. Commenter (18) further suggested that special needs groups can be served in tax credit Developments and the Department, not the IRS, should decide which special needs Developments qualify. Commenters (11), (18) recommended the following revision to this section:

> "(12) Any Development that violates ~~is reasonably believed by staff not to clearly meet~~ the general public use requirement under Treasury Regulation §1.42-9 unless the Applicant provides evidence that the Development will serve special needs ~~has obtained a private letter ruling that the proposed Development is permitted~~;"

Commenter (11) suggested the negative site characteristics be a scoring item instead of an ineligibility item and further suggested that if such characteristics remain in ineligibility then the Department should outline a waiver process for Developments that may have extenuating circumstances.

STAFF RESPONSE:
Staff agrees with commenter (2) and clarified the implementation of this provision as noted in the following amendment:

> "(7) Any Development (excluding Supportive Housing Developments) proposed in a Central Business District with more than 70% one bedrooms and/or Efficiency Units or 70% two bedrooms or more than 20% three bedrooms. An Application may reflect a total of Units for a given bedroom size greater than these percentages to the extent that the increase is only to reach the next highest number divisible by four;…"

In response to commenter (27) Qualified Elderly Developments, whether in or outside of a Central Business District, would have to meet the requirements of both items (6) and (7) of this paragraph.

In response to commenters (11), (18) staff has and will continue to take into account the changes to the tax credit statute regarding the general public use requirement before considering any Application ineligible based on the tenant population it proposes to serve. Staff believes that if a proposed Development does not appear to meet such requirement it would be prudent to seek a private letter ruling rather than risk awarding credits to a Development it believes is in violation of the regulations. With regards to the movement of the negative site characteristics to a scoring item in response to commenter (11), staff believes it is the intent of the Board for such characteristics to remain an ineligibility item. The QAP currently provides for a waiver process, should an Applicant elect to seek one; however, it is the Applicant's responsibility to submit such a request to the Department in advance of when it is actually needed so as to avoid unnecessary filing costs associated with the Application process.

Additionally, staff notes clarification to the Ineligible Development item relating to a Rehabilitation Development over 40 years old. Specifically, it was not the Department's intent to restrict this item to only those Developments that are occupied at the time of Application submission and recommends the following clarification:

> "(9) A proposed Rehabilitation (excluding Reconstruction) of an ~~e~~Existing Residential Development~~property~~ that ~~has been in active use for~~ is more than forty (40) years old unless the property is either:
> (A) to be rehabilitated with support of historic tax credits;
> (B) to be done as adaptive reuse; or
> (C) a Development that includes an architect's or engineer's statement confirming that the proposed rehabilitation will be structurally viable for its required affordability period, assuming customary ongoing maintenance."

14. §50.4(d)(16) - Ineligible Developments – Mandatory Development Amenities (20), (27)
COMMENT SUMMARY:
Commenter (20) disagreed with the proposed revision regarding the requirement of fire sprinklers where no local code prevails and further stated that they know of no local building code that prohibits the use of fire sprinklers and believed the language would require fire sprinklers everywhere in the state, including single-family homes and other design types where almost no local building code requires them.

Commenter (27) requested clarification on what is meant by RG-6/U in this section as opposed to RG-6 as specified in the 2011 QAP.

STAFF RESPONSE:
Staff recommends a change to the fire sprinkler provision to confirm its requirement for all Units except for single family Units. Staff disagrees with commenter (20) and has clarified and maintained this requirement due to concerns with health and safety. Fire sprinklers allow additional time for the occupants of a building to evacuate in the case of a fire.

> "(M) Fire sprinklers in all Units, except for single family Units ~~where no local code prevails~~; and"

With regards to the RG-6/U requirement, staff believes this to be the most recent technology and believes the "U" to represent "universal." Additionally, staff has clarified its intent in subparagraph (L) of this paragraph to only allow Packaged Terminal Air Conditioners on SRO Units in Supportive Housing Developments.

15. §50.5(c) – Credit Amount (5), (11), (14), (23), (27), (33)
COMMENT SUMMARY:
Commenters (5), (11), (23), (27), (33) suggested the language in this section be updated to reflect the change implemented by the legislature; specifically, increasing the credit amount from \$2 million to \$3 million.

Commenters (14), (23), (27) suggested that in order to facilitate capacity building of inexperienced Applicants, as expressed by the Board and staff, an Applicant that cannot otherwise meet the experience requirements in Threshold, may enter into a joint venture relationship (or in comparable legal structure involving multiple owners) with one or more experienced individuals or a business organization in which they are involved (such individuals or organization being referred to as the Experienced Venturor. Commenters (11), (14) suggested that when working with an Experienced Venturor, an inexperienced Applicant may, by agreement, provide the Experienced Venturor with the ability to approve certain matters related to the Development but the Principal(s) of the inexperienced Applicant must retain Control. Additionally, the full credit request of the Application under this provision may not exceed \$1 million in credits, the full amount of which will be attributed to both the inexperienced Applicant and the Experienced Venturor. Commenters (11), (14) further suggested that the Experienced Venturor will be allowed to participate in such joint venture in excess of its $2 million cap, up to and not exceeding total requests of more than $3 million in annual tax credits.

STAFF RESPONSE:
Statutory changes enable the Board to increase the overall per Applicant cap from $2 million to $3 million. Based on significant public comment requesting an increase in the cap to $3 million as allowed in statute, staff is recommending a change to increase the credit cap to $3 million. Staff proposes the following language, which also incorporates two clarifications based on current practice.

> "(c) Credit Amount. (§2306.6711(b)) An Applicant may not request more than $2 million in annual tax credits for any given Application. The Department shall not allocate more than $~~2~~<u>3</u> million of tax credits in any given Application Round to any Applicant, Developer, Affiliate or Guarantor (unless the Guarantor is also the General Contractor, and is not a Principal of the Applicant, Developer or Affiliate of the Development Owner). Tax-Exempt Bond Development Applications are not subject to this limitation and Tax-Exempt Bond Development Applications will not count towards the total limit on tax credits per Applicant. Competitive Housing Tax Credits approved by the Board during the current calendar year, including commitments from the current Credit Ceiling and forward commitments from the following years' Application Round Credit Ceiling, are applied to the credit cap limitation for the current Application Round. In order to evaluate this $~~2~~<u>3</u> million limitation, nonprofit entities, public housing authorities, publicly traded corporations, individual board members, and executive directors must provide the documentation required in the Application with regard to this requirement. All entities that share a Principal are Affiliates. For purposes of determining the $~~2~~ <u>3</u> million limitation of tax credits, a Person is not deemed to be an ~~Affiliate~~ <u>Applicant, Developer, Affiliate or Guarantor</u> solely because it:
> (1) raises or provides equity;
> (2) provides "qualified commercial financing";
> (3) is a Qualified Nonprofit Organization or other not-for-profit entity that is providing solely loan funds, grant funds or social services;
> (4) receives fees as a Development Consultant or Developer that do not exceed 10% of the Developer Fee (or 20% for Qualified Nonprofit Developments) to be paid or $150,000, whichever is greater; or
> (5) is acting as a General Contractor <u>providing experience or</u>~~and~~ is providing a required construction guarantee because of that role."

16. §50.5(d)(4) – Limitations on the Size of Developments (27)
COMMENT SUMMARY:
Commenter (27) suggested this provision apply only to developments of the same type and recommended the following revision:

> "(4) For Applications that are proposing an additional phase to an existing tax credit Development<u> of the same type</u>; that are otherwise adjacent to an existing tax credit Development<u> of the same type</u>; or that are proposing a Development <u>of the same type</u> on a contiguous site to another Application awarded in the same program year, the combined Unit total for the existing and proposed Developments may not exceed the maximum allowable Development size set forth in this subsection unless:…"

STAFF RESPONSE:
Staff agrees with the change and recommended language by the commenter. Staff does note that the intent is for any additional phase to be approved subsequent to and apart from an existing or under construction phase.

17. §50.5(e) – Developments Proposing to Qualify for a 30% Increase in Eligible Basis (5), (11), (14), (26), (27)
COMMENT SUMMARY:
Commenter (5) suggested the language in this section needed clarification, specifically, regarding how the Department will measure infeasibility without the boost. Commenter (5) recommended the following language:

> "Staff will evaluate Applications for a 30% increase in Eligible Basis provided they meet the criteria identified in paragraph (1) or (2) of this subsection and staff will recommend a 30% increase in Eligible Basis unless a 30% increase in Eligible Basis would cause the development to be oversourced, as evaluated by the Real Estate Analysis division, in which case a credit amount necessary to fill the gap in financing will be recommended ~~to the extent needed and if determined to be infeasible without it, as evaluated by the Real Estate Analysis division~~ (paragraph (2) of this subsection does not apply to Tax-Exempt Bond Applications)."

Commenters (11), (14) suggested that Difficult to Develop Areas (DDA's) be added to the list of qualifiers for the 30% boost, similar to that for Qualified Census Tracts (QCT's).

Commenters (11), (26) suggested the following as an addition criterion to qualify for the 30% boost:

> "(E) A net boost not to exceed 130% less the adjustment for local funding is available where local HOME, CDBG or other funds distributed or administered by the local jurisdiction is provided to a non-elderly Development that is not in a QCT. Such amounts must be equal to at least $2,000 per unit ($1,000 for Rural Developments located in non-participating jurisdictions)."

Commenters (11), (27) suggested re-instating the provision for additional 30% units as a criterion for the 30% boost and believed it is good public policy and should not be deleted. With the increased requirement for deep rent targeting in the scoring criteria, the 30% boost will help with the associated increased costs.

STAFF RESPONSE:
Staff agrees with the proposed change and language provided by commenter (5). With regard to commenters (11), (14), while federal regulation allows for developments located in DDAs to receive the 30% boost, individual states have discretion to include it as a criterion in their Qualified Allocation Plans. The Department's Governing Board has not directed staff to include developments located in such areas to qualify for the 30% boost. Additionally, in response to commenters (11), (27), staff seeks to target areas that result in higher development costs rather than creating the need for a boost by incentivizing slimmer operating margins through deeper rent targeting.

In response to commenters (11), (26), staff generally agrees with the proposed change except that the difference for rural Developments is not necessary since they already are eligible for the boost. Staff recommends the following language:

> "(E) any non-Qualified Elderly Development not located in a QCT that receives local HOME, CDBG or other funds distributed or administered by the local jurisdiction

provided that such funding amounts are equal to at least $2,000 per Unit and is removed from Eligible Basis."

18. §50.6(c) Allocation and Award Process – Allocation Set-Asides (16), (31)
COMMENT SUMMARY:
Commenters (16), (31) suggested a special funding priority similar to the At-Risk and USDA Set-Asides be created for Enhanced Use Lease Developments located on Veterans Affairs Medical Center Campuses which have a specific designation (at least in part) to house at-risk Veterans.

STAFF RESPONSE:
The Department's Governing Board has not directed staff to create an additional set-aside specific to Veterans or any other specific Target Population. Additionally staff is concerned that such a dramatic change may need additional public consideration.

Staff recommends no changes based on this comment.

19. §50.6(f) Allocation and Award Process - Tie Breakers (1), (2), (4), (5)
COMMENT SUMMARY:
Commenter (1) supported using de-concentration as a tie-breaker.

Commenter (2) suggested the current language for the second tie breaker is not fair to Developments with smaller unit sizes and further suggested the language be modified to credits per bedroom which seems to be the most fair among the different Target Populations. Commenter (4) suggested the first tie breaker be changed based on the lowest tax credits per capita per municipality or county (if not in a municipality). Commenter (5) suggested the census tract the Development is located in should be the sole tract used for evaluation and further suggested using contiguous census tracts could skew results and should not be considered.

STAFF RESPONSE:
Staff agrees with commenter (2) in modifying the second tie breaker to be based on credits per bedroom instead of credits per square foot and recommends the following change:

> "…(B) The amount of requested tax credits per ~~square foot of Net Rentable Area~~ Bedroom (Efficiency Units will be considered to have one Bedroom for the purposes of this provision) as of the date of Application submission. The lower credits per ~~square foot~~Bedroom will win this second tie breaker…"

In response to commenter (4), staff believes that the first tie breaker is a better method of preventing concentration because it generally targets a smaller area as opposed to an entire municipality or county. Therefore, staff does not recommend the change as suggested by commenter (4). Staff agrees with commenter (5) and recommends revising this tie breaker to consider only the census tract in which the Development is located.

20. §50.7 – Application Process – Administrative Deficiency Process
Staff notes that for clarification purposes it has removed extraneous language not relative to how it will handle Application information during the review process.

21. §50.7 – Application Process – Pre-application Submission
Staff notes that for clarification purposes it has removed the paper certification accompanying the Pre-application; a signature on the Pre-application itself will suffice. A similar change was made to §50.7(f) pertaining to the Application submission.

22. §50.7 – Application Process – Pre-application Threshold Criteria (20)
COMMENT SUMMARY:
Commenter (20) suggested the elimination of site control at the pre-application stage defeats the purpose of allowing for external assessment of competing applications and the absence of such document will not reflect true submitted Applications. Commenter (20) suggested reverting to 2010 language which would prevent multiple Developers from attempting to buy up competing sites for Applications and the elimination of competition by a single Developer.

Commenter (20) also suggested the notification requirements in this section be modified to exclude specificity relating to the proposed rents and stating that such specificity may create concern when actual rents are set 2-3 years later as program rents and utility allowances change on an annual basis.

STAFF RESPONSE:
The elimination of site control as a requirement does not prohibit site control and staff believes that the market will dictate that a prudent Developer will likely gain site control prior to Pre-application. Additionally, eliminating this requirement may provide additional flexibility to continue structuring the development plan between the date of Pre-application and Application.

Staff agrees with the specificity required in the notification letters and recommends the following items be removed from this section:

> (iii) Each such notice must include, at a minimum, all of the following as identified in subclauses (I) – (IX) of this clause…..:
>
> (v) the type of Development being proposed (single family homes, duplex, apartments, townhomes, high-rise etc.) ~~and the Target Population being served~~;
>
> ~~(VII) the approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the approximate percentage of Units that are market rate;~~
>
> ~~(VIII) the number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the Application, which are subject to change as annual changes in the Area Median Gross Income occur; and~~
>
> ~~(IX) the expected completion date if credits are awarded.~~

23. §50.8 – Threshold Criteria (General Comments) - Signage Requirement (1), (5)
COMMENT SUMMARY:
Commenter (1), (5) supported the removal of this threshold requirement.

STAFF RESPONSE:
Staff appreciates the positive feedback.

Staff recommends no change based on these comments.

24. §50.8(2)(A) – Threshold – Governing Body Resolutions - Twice the State Average (27)
COMMENT SUMMARY:
Commenter (27) suggested the proposed changes make it unclear as to whether a Development located in an Extra Territorial Jurisdiction (ETJ) would require a resolution from both the city and the county in which it is located and requested clarification that a resolution from only one Governing Body is required. Additionally, commenter (27) suggested it does not seem appropriate to

require a city resolution for an ETJ when there is no city council member that represents the ETJ and the residents of the ETJ have no right to vote in city elections.

STAFF RESPONSE:
It is not staff's intent to require a resolution from more than one Governing Body. Staff has also reviewed the statutory requirements and agrees with the comments. Staff suggests the following changes:

> "(A) Twice the State Average. If the Development is located in a municipality~~ or in a valid Extra Territorial Jurisdiction (ETJ) of a municipality~~, or if located completely outside a municipality~~ or ETJ~~, a county, that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins (or for Tax-Exempt Bond Developments at the time the Certificate of Reservation is issued by the Texas Bond Review Board) the Applicant must obtain prior approval of the Development from the Governing Body of the appropriate municipality ~~(including, in the case of a Development located in an ETJ, the municipality to which the ETJ pertains)~~ or county containing the Development. Such approval must reference this rule and authorize an allocation of Housing Tax Credits for the Development; (§2306.6703(a)(4))"

25. §50.8(3) – Rehabilitation Costs per Unit (1), (2), (5), (18), (22), (27), (28)
COMMENT SUMMARY:
Commenter (1) supported the changes made to this section and stated the reason for many failed Developments revolved around the inadequate level of rehabilitation at the time the Application was submitted and believed the requirement should be one that brings a Development up to near new standards.

Commenters (2) and (22) suggested the minimum Rehabilitation costs per Unit should be lower for 4% HTC Applications. Commenter (18) agreed with commenters (2), (22) and further stated that that the types of Developments that would need the lower threshold include 9% HTC Developments initially funded in 1995-1997 that have completed their initial 15 year compliance period and are in need of repairs and replacements. Due to their age, commenter (18) suggested they do not need $25,000 per unit but would be feasible with $15,000 per unit and further suggested the $25,000 per unit requirement apply only to competitive housing tax credit Developments. Commenter (28) agreed with previous commenters regarding the increased requirement in rehabilitation costs and suggested the Department reduce the amount or at least exempt 4% HTC Applications. Commenters (5), (27) recommended the Hard Cost definition as currently defined by the Department (including off-sites and contingency) be the measure used to establish the minimum Rehabilitation costs per unit.

STAFF RESPONSE:
In response to commenters (5), (27), staff believes the best measure for rehabilitation costs should be based on the work performed that directly benefits the tenant and documented in the Property Condition Assessment (PCA). Therefore, off-sites, contingency and contractor fees are excluded and staff suggests the following clarification to this section to maintain consistency in terms used in the QAP but defined in other Department rules:

> "(3) **Rehabilitation Costs.** Developments involving Rehabilitation must establish a scope of work that will substantially improve the interiors of all Units and exterior deferred maintenance, at a minimum, and will involve at least $25,000 per Unit in ~~Hard Costs (excluding off-sites and contingency)~~ direct construction cost, also

referred to as building costs in §1.32(e)(4) of this title, and site work unless financed with TRDO-USDA in which case the minimum is $19,000."

In response to commenters (2), (18), (22), (28), staff does not believe there is a clear rational for treating 4% HTC transactions differently than 9% HTC transactions.

26. §50.8(4) – Experience Certification (1), (3), (6), (23), (27)
COMMENT SUMMARY:
Commenter (1) supported the revisions to this section, specifically, that Texas specific experience is not required. Commenter (3) suggested the Department reduce the number of units necessary to prove experience stating that 150 units does not recognize the capacity and accomplishments of smaller housing authorities, particularly Native American housing authorities or departments. Because these tribes receive an annual allocation of funds through HUD based on housing need and demand, the Department should consider this demonstration of support from HUD as evidence that the developer is qualified to participate in the HTC program.

Commenter (6) stated the American Institute of Architects (AIA) Document (A111) – Standard Form of Agreement between Owner and Contractor is a form the AIA has not used since 1967 for "cost plus" projects but instead uses the A102 – 2007 Standard Form of Agreement Between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed maximum Price or the A103 – 2007 Standard Form of Agreement Between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee without a Guaranteed Maximum Price.

Commenters (23), (27) suggested clarification in this section regarding whether the principal providing the experience needs to have a controlling interest in the Development and how this language would apply in a capacity building scenario.

STAFF RESPONSE:
Staff believes the required number of units would not be a hindrance to an Applicant wanting to submit an Application; however, if such a hindrance would exist the Applicant would be allowed to include a Person who would meet such minimum requirement in their ownership structure or otherwise as part of the Development team.

Staff agrees with the proposed change by commenter (6) and recommends the revision as noted below. Additionally, staff has clarified that experience must be in the name of an individual, not an entity.

"(A) Acceptable documentation to meet this requirement shall include:
(i) an experience certificate issued by the Department in the past three (3) years; or
(ii) any of the items in subclauses (I) – (IX) of this clause:
(I) American Institute of Architects (AIA) Document (A102) or (A103) 2007 ~~A111~~ - Standard Form of Agreement between Owner & Contractor;
(II) AIA Document G704--Certificate of Substantial Completion;
(III) AIA Document G702--Application and Certificate for Payment…;"

"(B) For purposes of this requirement any individual attempting to use the experience of another ~~entity~~individual must demonstrate they have or had the authority to act on their behalf that substantiates the minimum 150 unit requirement."

In response to commenters (23), (27) staff suggests the following clarification:

> "(A) A Principal of the Developer, Development Owner, General Partner or General Contractor ~~with a controlling interest in the Development~~ must establish that they have experience in the development of 150 units or more. Acceptable documentation to meet this requirement shall include:…"

27. §50.8(5)(D) – Threshold – Certifications (5)
COMMENT SUMMARY:
Commenter (5) suggested the following change to one of the certifications in this section citing the Applicant can only accurately certify to what is the case at the time the certification is made, not to future events.

> "A certification that the Applicant is ~~and will remain~~ in compliance with state and federal laws, including but not limited to, fair housing laws, including Chapter 301, Property Code, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 *et seq*.), the Fair Housing Amendments Act of 1988 (42 U.S.C. §§3601 *et seq*.); the Civil Rights Act of 1964 (42 U.S.C. §§2000a *et seq*.); the Americans with Disabilities Act of 1990 (42 U.S.C. §§12101 *et seq*.); the Rehabilitation Act of 1973 (29 U.S.C. §§701 *et seq*.); Fair Housing Accessibility; the Texas Fair Housing Act; and that the Development is designed consistent with the Fair Housing Act Design Manual produced by HUD, the Code Requirements for Housing Accessibility 2000 (or as amended from time to time) produced by the International Code Council and the Texas Accessibility Standards. (§2306.257; §2306.6705(7))"

STAFF RESPONSE:
The laws and requirements cited in this provision must be adhered to beyond the present. Staff believes that it is the responsibility of the Applicant to understand that they must maintain compliance and certify based on this understanding. It is staff's expectation that all Developments remain in compliance with state and federal laws and regulations.

Staff recommends no change based on this comment.

28. §50.8(5)(A) – Threshold – Common Amenities (22), (27)
COMMENT SUMMARY:
Commenter (22) suggested the threshold for common amenities required for Tax Exempt Bond Applications should not be increased and stated that Developers are stuck with the properties' existing physical structure. Commenter (22) further suggested that while it is possible to add amenities such as BBQ grills and gazebos, requiring more is not always better if it prevents new Developments from going forward. Commenter (27) suggested the 2011 QAP language awarding 1.5 times the point value for Rehabilitation Developments should remain, suggested the draft allows only 4% HTC Applications a 3 point preference and questioned why the Department increased the number of points required for larger Developments. Commenter (27) further questioned why previous drafts of the QAP included increased points for the fitness center, business center and secured entry; however, such increased points were not included in the published draft.

STAFF RESPONSE:
While staff acknowledges there may be some confines to the existing physical structure of a Rehabilitation Development, staff believes the list of common amenities is extensive enough that such Developments, whether submitted as a 9% or 4% HTC Application, should not have difficulty

meeting the minimum threshold requirements and further maintains that there should not be a 1.5 times point preference for common amenities for any Developments.

Staff recommends no change based on these comments.

29. §50.8(5)(A) – Threshold – Unit Amenities (22)
COMMENT SUMMARY:
Commenter (22) suggested the number of unit amenities required for threshold on Tax Exempt Bond Applications is too high for acquisition/rehabilitation Developments and stated that Developers are stuck with the present physical condition of the buildings being acquired. As such, it is not economically feasible to add some of the amenities noted on the list and the commenter suggested the point threshold should be lowered by increasing the base score from 3 to 6 points.

STAFF RESPONSE:
In consideration of the fact that Rehabilitation Developments may be limited within the confines of the Development's existing physical structure staff has maintained a 3 point preference for such Developments.

Staff recommends no change based on this comment.

30. §50.8(6)(B) – Threshold – Architectural Drawings (5)
COMMENT SUMMARY:
Commenter (5) suggested photographs of the current building exterior should be sufficient to meet the requirement of this section for the "before renovation" drawings. Commenter (5) recommended deleting the requirement for before renovation drawings where the exterior composition is being altered.

STAFF RESPONSE:
Staff agrees and suggests this section be revised to only require "after renovation" drawings in instances where the exterior composition is being altered and photographs of the "before renovation" would be sufficient.

31. §50.8(7)(C) – Threshold – Development Costs (11), (25), (27), (29)
COMMENT SUMMARY:
Commenters (11), (25), (27), (29) suggested this language revert back to 2011 language regarding the $9,000 per unit instead of the current 12% of the direct construction cost language and further stated the site work cost for a New Construction Development is a lot less than $9,000 in actuality.

STAFF RESPONSE:
Staff agrees and has revised this section accordingly.

32. §50.8(8)(A)(iv) – Threshold – Identity of Interest (5)
COMMENT SUMMARY:
Commenter (5) suggested re-instating the identity of interest requirements in the QAP and such language should mirror the Real Estate Analysis Rules; however, commenter (5) further suggested the language should revert to that of 2011 where there is a 10% return on cost.

STAFF RESPONSE:
The language in this section in previous years was identical to that in the Real Estate Analysis (REA) Rules. In an effort to streamline, the QAP requirements relating to identity of interest transactions

were moved to the REA rules. The suggestion by commenter (5) to revert to the 2011 language will be addressed in the REA rules reasoned response.

Staff recommends no change based on this comment.

33. §50.8(8)(B) – Threshold – Zoning (11), (19), (20), (25), (27), (29)
COMMENT SUMMARY:
Commenters (11), (19), (20), (25), (27), (29) suggested the requirement for a letter from the Unit of General Local Government stating there is no zoning ordinance and that the proposed Development is consistent with local requirements should be removed and stated that at the time of Application it is difficult for municipalities or Units of General Local Government to sign such a statement because the plats, plans, etc are not yet completed or reviewed.

STAFF RESPONSE:
Staff disagrees with the commenters but recommends the following revision as an alternative to the complete removal of the language:

> "(i) For New Construction, Adaptive Reuse or Reconstruction Developments, a letter from the chief executive officer of the Unit of General Local Government or another local official with appropriate jurisdiction stating that the Development is located within the boundaries of a Unit of General Local Government and that the Development will not be prohibited by any ordinance of that municipality regarding zoning or permitted land uses~~which does not have a zoning ordinance and that the proposed Development is consistent with local requirements~~."

34. §50.8(9)(A)(iii) – Threshold – Notifications (20)
COMMENT SUMMARY:
Commenter (20) suggested the notification requirements in this section be modified to exclude specificity relating to the proposed rents and stating that such specificity may create concern when actual rents are set 2-3 years later as program rents and utility allowances change on an annual basis.

STAFF RESPONSE:
Staff agrees and recommends the following items be removed from this section:

> (iii) Each such notice must include, at a minimum, all of the following as identified in subclauses (I) – (IX) of this clause…..:
> (V) the type of Development being proposed (single family homes, duplex, apartments, townhomes, high-rise etc.)~~ and the Target Population being served~~;
> ~~(VII) the approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the approximate percentage of Units that are market rate;~~
> ~~(VIII) the number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the Application, which are subject to change as annual changes in the Area Median Gross Income occur; and~~
> ~~(IX) the expected completion date if credits are awarded.~~

35. §50.8(10)(B) – Threshold – Previous Participation (5)
COMMENT SUMMARY:
Commenter (5) suggested the authorization for national previous participation and non-compliance must be specific that includes only instances where IRS Forms 8823 remain uncorrected for 3 months

or more within the past 5 years should be reported since not all states interpret noncompliance in a similar manner as the Department.

STAFF RESPONSE:
This section in the QAP requires a list of developments in other states and provides the Department with the authorization to request information from other states, but does not dictate how this information will be used. The experience requirement in Threshold includes language similar to that requested by the commenter.

Staff recommends no change based on this comment.

36. §50.8(8)(14) – Threshold – Property Condition Assessment (5)
COMMENT SUMMARY:
Commenter (5) supported the deletion of the requirement for the PCA for Reconstruction Developments.

STAFF RESPONSE:
Staff appreciates the positive feedback.

Staff recommends no change based on this comment.

37. §50.9(b) – Selection Criteria (General Comments) - Green Building Initiatives (1), (2)
COMMENT SUMMARY:
Commenter (1) suggested the removal of this scoring item reduces the Department's ability to differentiate between otherwise comparable applications. Allowing points for Developments constructed with such initiatives benefits tenants and the state overall and commenter (1) suggested this scoring item remain. Commenter (2) supported the inclusion of Green Building Initiatives as a scoring item stating that utility bills are rising faster than inflation and Texas is getting hotter.

STAFF RESPONSE:
Staff removed the Green Building Initiatives as a scoring item based on comments made by the Board at the September 15, 2011 Board meeting and subsequently upheld at October 4, 2011 Board meeting.

Staff recommends no change based on this comment.

38. §50.9(b) – Selection Criteria (General Comments) – Development Size (1), (8), (13)
COMMENT SUMMARY:
Commenter (1) disagreed with the Department regarding the removal of this scoring item. The commenter suggested that the Department should be encouraging smaller tax credit Developments that can be incorporated into the existing neighborhoods. Commenter (1) further suggested if the Department is concerned with overly awarding At-Risk Developments with these points then such Developments should be excluded from obtaining them, rather than removing the scoring item completely. Commenter (8) suggested this scoring item be re-instated for Developments that may not qualify under the At-Risk set-aside in order to help them score points.

Commenter (13) also disagreed with the removal of this scoring item and offered the following as justification for its re-instatement: smaller Developments take very little away from a regional allocation and allows for a better utilization of the allocation, encouraging smaller Developments opens up stronger competition as it encourages newer players to come into the process, smart growth development strategies call for placing housing within existing urban infrastructure and within existing communities and the availability of land is often limited to smaller plots within developed communities, and many of the smaller Developments have been developed by non-profits who return the developer fee to the community through additional programs and services.

STAFF RESPONSE:
Staff recommended the removal of this scoring item consistent with Board direction at the October 4, 2011 Board meeting; therefore, it was not in the proposed rule as published in the *Texas Register*. Staff does not have a specific rational for incentivizing a Development of one size over another and is therefore not including a scoring incentive specific to Development size.

Staff recommends no change based on these comments.

39. §50.9(b)(2) – Selection Criteria - Quantifiable Community Participation (1), (5), (8), (11), (20), (27)
COMMENT SUMMARY:
Commenter (1) supported the formal identification of a process to evaluate the fair housing implications of Quantifiable Community Participation (QCP); however, finds it odd that the Department should outsource this process to the Texas Workforce Commission since the Department has more subject matter expertise useful to evaluating the fair housing implications of such input; however, the commenter withheld the judgment of the Texas Workforce Commissions performance. Commenter (1) also suggested the public and/or Applicants be allowed to request the formal evaluation of letters submitted under this scoring item. Additional thoughts from commenter (1) suggested that this scoring item be revised to reflect that support be assumed unless a legally reasoned negative letter is submitted since higher-opportunity areas are less likely to provide a letter in support of an Application compared to an Application proposed in a lower scoring area. Commenter (1) also supported providing points for areas with no Neighborhood Organizations; however, suggested the logic be extended to areas with Neighborhood Organizations that are not organized enough to submit written comments.

Commenter (5) suggested the language in this section be modified to clarify that an Applicant may provide technical assistance in the formation of a Neighborhood Organization in instances where the Development Site is not located in the boundaries of any Neighborhood Organization. Commenter (5) suggested the following language:

> "(vi) for purposes of this section, if there is no Neighborhood Organization already on record whose boundaries include the proposed Development Site, the Applicant, Development Owner, or Developer is allowed to provide technical assistance in the creation of and/or placing on record of a Neighborhood Organization provided that no Neighborhood Organization whose boundaries include the proposed Development Site exists and that such assistance is limited to…"

Commenter (8) suggested this scoring item be revised to require the Neighborhood Organization to meet to discuss the Development if they were going to write a letter in support or opposition, rather than the current language which merely encourages the group meet. Commenter (5) suggested some of the language in this section should be clarified since it appears to be contradictory. Specifically, commenter (5) suggested the following revisions to paragraph (A)(viii) of this section and stated that since the paragraph provides guidelines and not requirements; it is therefore inappropriate to include requirements for who is involved in an optional meeting.

"(viii) while a formal meeting is not required, the organization is encouraged to hold a meeting, that complies with its bylaws, to which all the members of the organization are invited to consider and/or have a membership vote on whether the organization should support, oppose, or be neutral on the proposed Development. ~~The organization needs to have as participating members representatives of two or more separate households. The representatives actually need to be individuals who reside in the Neighborhood Organization's boundaries.~~ The organization is also encouraged to meet with the Developer or Applicant to discuss the proposed Development; and…"

Commenter (5) suggested the scoring of QCP did not include the score for letters deemed ineligible and suggests the following revision:

"(II) letters that do not meet the requirements of this section and letters that do not provide a reason for support or opposition or that are unclear even after correspondence with the Department will receive a score of (14 points);…"

Commenters (11), (20), (27) suggested this item is punitive for areas of the state that do not have registered Neighborhood Organizations and requested that points for which no Neighborhood Organizations exist be raised 2 points to 18 instead of the proposed 16 points. This change, coupled with the points available under Input other than QCP (§50.9(b)(13)) will give areas of the state without Neighborhood Organizations an opportunity to score as high as those with Neighborhood Organizations.

STAFF RESPONSE:
Staff agrees with the proposed change and language from commenter (5) regarding paragraph (vi) of this section clarifying the technical assistance allowed if there is no Neighborhood Organization already on record whose boundaries include the proposed Development Site.

With regards to the meeting requirements from commenters (5) and (8), the purpose of this provision is to encourage participation and transparency. Staff agrees that requiring a meeting that is optional to meet specific requirements if it is ultimately held is unnecessary and the language has been struck as suggested by commenter (5) since this section already specifies the requirements of a Neighborhood Organization's support or opposition.

Staff also agrees with the clarifying language provided by commenter (5) that letters not meeting the requirements of this section be treated the same as letters not providing a reason for support or opposition and has made this change accordingly as noted below. Staff has also clarified that if no letters are received but a Neighborhood Organization does exist, such applications will receive 14 points. In response to commenters (11), (20), (27), staff does not believe that in areas where no Neighborhood Organization exists such Applications should be allowed to maximize QCP points (including those allowed under the Input other than QCP scoring item). Such a change would put these Applications on a level playing field with those who do have Neighborhood Organizations and such Organizations submit a letter of support. Staff is concerned that this could cause a conflict with the statutory priorities for scoring.

Staff recommends the following additional revisions to this section:

"(I) support letters will receive (24 points). Support letters must make a direct statement of support. Support by inference (i.e. "The city supports the Development and we support the city" will not suffice; or

(II) letters that do not meet the requirements of this section, letters that do not provide a reason for support or opposition, ~~or~~ letters that are unclear even after correspondence with the Department or Applications for which no letters are received will receive a score of (14 points);

(III) applications for which no Neighborhood Organizations exist will receive a neutral score of (16 points);

(IV) opposition letters (must state at least one reason for opposition) will receive (0 points);…"

40. §50.9(b)(3) – Selection Criteria – Income Levels of the Tenants (5), (10), (11), (14), (27)
COMMENT SUMMARY:
Commenters (5), (27) suggested the language of this section would require Developments located in some places that are defined as Rural to meet the same income targeting requirements as Developments located in the MSA's of Houston, Dallas, Fort Worth, San Antonio and Austin. This affects places that are within the boundaries of a MSA but which have populations less than 25,000 and that do not share a boundary with an area defined as urban. Commenter (5) suggested the following revision:

> "(A) For Developments proposed to be located in non-Rural Areas in the MSAs of Houston, Dallas, Fort Worth, San Antonio or Austin, an Application may qualify to receive:…"

Commenter (10) requested clarification on how the Department will determine if the Development is in a Metropolitan Statistical Area (MSA); whether it will be based on the income limits or the census definition.

Commenters (11), (14) suggested, similar to commenter (5), that there are areas that qualify as rural that are also located in MSA's and requested the following clarification to the language in this scoring item:

> "(A) for urban Developments proposed to be located in the MSA of Houston, Dallas, Fort Worth, San Antonio or Austin, an Application may qualify to receive:…"

STAFF RESPONSE:
Staff agrees with commenters (5), (10), (11), (14) and (27) that clarification for this scoring item is needed and proposes the following:

> "(A) For Developments proposed to be located in an area of the MSA of Houston, Dallas, Fort Worth, San Antonio or Austin that is not in a Rural Area ~~that is not a Rural Area~~, an Application may qualify to receive:…"

41. §50.9(b)(4) – Selection Criteria – Quality of the Units (5), (27)
COMMENT SUMMARY:
Commenter (5) disagreed with the movement of the list of unit amenities to the Definitions and Amenities for Housing Program Activities rule and requested that such list remain in the QAP.

Commenter (27) suggested this section be revised to allow Rehabilitation Developments 1.5 times the point value for unit amenities listed in this section as was provided for in prior year QAP's and further stated that giving such Developments a 3 point preference is not quite enough.

STAFF RESPONSE:
In an effort to streamline the QAP and provide consistency across multiple programs staff maintains the list referenced by commenter (5) be placed in a more centralized location in the Department's rules. In response to commenter (27) staff believes the large number of options for unit amenities with which to select and the proposed language to not allow Owners to have to disclose which amenities they are providing until later in the Development process, coupled with the 3 point preference would be sufficient for a Rehabilitation Development.

Staff recommends no change based on these comments.

42. §50.9(b)(5) – Selection Criteria – Commitment of Funding from a Unit of General Local Government or Governmental Instrumentality (2), (5), (11), (20), (23), (24), (27), (32)
COMMENT SUMMARY:
Commenter (2) supported the changes to this scoring item stating it is appropriate and reasonable.

Commenter (5) suggested the language in this scoring item be clarified to reflect the Unit of General Local Government or Governmental Instrumentality must have a service area that is located within the same county or contiguous county and suggested the following revision:

> "Funding must be from a Unit of General Local Government or a Governmental Instrumentality whose service area ~~that~~ is within the same county or contiguous county as the proposed Development."

Commenter (11) requested clarification that multi-jurisdictional entities (such as COG's and HFC's) will be eligible as long as the proposed Development is within or in an adjacent county to their service area.

Commenter (5) also suggested changes to the language in this section that relates to tax exemptions and abatements and recommended the following based on the belief that tax exemptions and abatements provide a tangible benefit to the financial structure of a Development for the entire period over which the exemption or abatement is received because of the reduction of operating expenses and subsequent increase in the amount of loan funds that can be supported.

> "(iv) In-kind contributions such as donation of land, tax exemptions, or waivers of fees such as building permits, water and sewer tap fees, or similar contributions are only eligible for points if the in-kind contribution provides a tangible economic benefit that results in a quantifiable Total Housing Development Cost reduction to benefit the Development. The quantified value of the Total Housing Development Cost reduction may only include the value during the period the contribution or waiver is received and/or assessed. Donations of land must be under the control of the Applicant, pursuant to §50.8(8)(A) of this chapter to qualify. The value of in-kind contributions may only include the time period as of the beginning of the Application Acceptance Period and the Development's Placed in Service date, with the exception of contributions of land and tax exemptions. The full value of land contributions, as established by the appraisal required pursuant to clause (viii) of this subparagraph will be counted. The full value of tax exemptions over the period of the tax exemption will be counted. Contributions in the form of tax exemptions or abatements may only count for points if the contribution is in addition to any tax exemption or abatement required under statute."

Commenter (5) suggested changes to the language in this scoring item as it relates to a rental subsidy as a qualifying source and stated the contribution of a rental subsidy should be allowed regardless of whether it is for 15 years or a shorter term. Commenter (5) suggested the following changes:

> "(vi) ~~The granting of a new rental support or subsidy with a term of not less than fifteen (15) years; the funding for which is~~ Development based rental subsidies may qualify under this section if evidence of the remaining value of the contract remaining as of December 31st of the application year is submitted from the Governmental Instrumentality. The value of the contract does not include past subsidies. The funding must be provided directly (not merely as administrator) by the UGLG or an instrumentality thereof."

Commenters (11), (20), (23), (24), (27) suggested the Department define the term "current market rate" and that it be identified and published by the Department when the QAP is considered final and not subject to change until that Development is placed in service. Commenter (27) suggested the market rate be defined as the greater of the 10-year U.S. Treasury rate plus 500 basis points or 8.5%. Commenter (20) requested clarification on how a Development would be treated if the Unit of General Local Government who makes the commitment ceases to loan funds or can't live up to its obligation – events that are out of the Developer's control. Specifically, would the Development not be eligible to receive IRS Forms 8609 or without having received these points it would have resulted in another Development from the region receiving the award?

Commenters (20), (23) requested the calculation of the contribution be based on Low Income units and exclude market rate units in a Development since the Department should only be looking at encouraging the extra funding on the Low Income units.

Commenter (27) suggested that at a minimum, origination fees should be "equal to" or less than 2% and requested clarification on whether the new provision in this scoring item is meant to exclude loans made by Housing Finance Agencies with an interlocal agreement with the local government entity. Commenter (27) further suggested this scoring item should just revert to the 2011 QAP language with reductions in the required amount of support for the various point levels as proposed in the 2012 Draft QAP and supported staff's suggestion at the Board meeting that loan commitments and interlocal agreements be submitted at the time of the HTC Commitment.

Commenter (32) suggested this scoring item be expanded to include criteria for Developments that do not need a commitment of funds from a Unit of General Local Government in order to encourage Developments that don't need the funds to be financially feasible from competing for limited local resources with those Developments that do need such funds. Commenter (32) suggested the following language:

> "1. Projects not receiving financial assistance or in-kind contribution from a Local government entity and can demonstrate financial viability in deferring no more than 25% of the developer fee – 17 points
> 2. Projects not receiving financial assistance or in-kind contribution from a local government entity and can demonstrate financial viability in deferring no more than 35% of the developer fee – 11 points

STAFF RESPONSE:
Staff agrees with commenter (5) that clarification is necessary but believes that the suggested language may allow for much larger areas than intended. Therefore, staff has made the following clarification which maintains the intention for the funding to be truly local.

> "Funding must be from a Unit of General Local Government or a Governmental Instrumentality ~~that~~ with headquarters ~~is~~ within the same county as or a contiguous county to ~~county as~~ the proposed Development."

In response to the addition of language regarding tax exemptions by commenter (5), state law often provides for tax exemptions and tax exemptions not provided for under state law would be very difficult to calculate and would be very speculative; therefore staff does not recommend the change. With regard to existing rental subsidies by commenter (5), the purpose of this scoring item is to encourage new funding and support from the local government which is not provided by an existing subsidy agreement; therefore staff does not recommend the change.

In response to comments regarding the market rate, staff intends to rely on the expertise of the funding entity to define the market rate and whether the committed rate meets this requirement. Market rates can fluctuate dramatically and believes that defining the market rate ahead of time would be overly restrictive.

In response to whether 8609s could be issued if funding is not ultimately obtained, the Applicant is encouraged to notify the Department prior to closing to avoid any issues at the time of cost certification. The Board would have the ability to hear any extenuating circumstances.

In response to limiting the calculation of funds per Unit to just include low income Units, the levels provided for are significantly reduced from the prior year and staff believes that leveraging additional funds for the entire Development is a priority of the Board.

Staff agrees with commenter (27) regarding clarification of origination fees and has made the change as suggested.

In response to commenter (32) staff believes the intent of this scoring item in statute is to incentivize Developments that need the additional local funding for financial feasibility and can secure such funding and believes the suggested change by the commenter would violate the statutory provision.

43. §50.9(b)(6) – Selection Criteria – Community Support from State Representative or State Senator (1)

COMMENT SUMMARY:
Commenter (1) supported the formal identification of a process to evaluate the fair housing implications of Quantifiable Community Participation (QCP) and Input other than QCP; however, encouraged the Department to extend this process to this scoring item as well. Commenter (1) also suggested the public and/or Applicants be allowed to request the formal evaluation of letters submitted under this scoring item.

STAFF RESPONSE:
Any information submitted to the Department regarding an Application is subject to an open records request and can be viewed by the public at any time upon request. Additionally, as part of the Application and Award process, the Department can receive challenges on information submitted as part of an Application which would be evaluated by the Department.

Staff recommends no changes based on this comment.

44. §49.9(a)(7) – Selection Criteria - The Rent Levels of the Units (1), (5), (10), (11), (14), (27)
COMMENT SUMMARY:
Commenter (1) suggested that the proposed changes to this scoring item lowers the bar for points for 30% units outside the major cities when the Department should be raising the bar across the state. Commenter (1) further suggested that if applications for smaller Developments are over-reaching just to claim the points then they should be determined to be infeasible during the underwriting evaluation and not rewarded with lower standards. Commenter (1) offered that if the Department maintain this language, that it be modified to identify the excluded areas by AMI.

Commenter (5) supported the change to allow a lesser percentage of units at 30% and 50% AMGI for Developments not located in the MSAs of Houston, Dallas, Fort Worth, San Antonio and Austin; however, the current language would require a Development located in a place designated as Rural, but within one of the MSAs listed to do a higher percentage of deep rent targeting in order to achieve the maximum points. Commenters (5), (27) suggested that while the maximum point value for this scoring item has increased so has the number of 30% and 50% AMGI units and suggested that such change will ultimately affect the financial feasibility of the transaction. Commenters (5), (27) suggested the following revision to this scoring item:

> "(A) for Developments proposed to be located in non-Rural Areas in the MSAs of Houston, Dallas, Fort Worth, San Antonio or Austin, an Application may qualify to receive:
> (i) an Application may receive (2 points) for every 5% of Low-Income Units at rents and incomes at 50% of AMGI; or
> (ii) an Application may receive (~~6~~7 points) for every 2.5% of Low-Income Units at rents and incomes at 30% of AMGI.
> (B) for Developments proposed to be located in areas other than those listed in paragraph (A) of this subsection, an Application may qualify to receive:
> (i) An Application may receive (2 points) for every 2.5% of Low-Income Units at rents and incomes at 50% of AMGI; or
> (ii) An Application may receive (6 points) for every 1% of Low-Income Units at rents and incomes at 30% of AMGI."

Commenter (10) suggested the current language does not reflect the intent of the Board, specifically; the language has been revised to reflect an additional 5% of the units at 50% AMGI in order to achieve the maximum points for this item. Commenter (11) suggested reverting back to the maximum of 12 points for this scoring item, as it was in the 2011 QAP.

Commenters (11), (14) suggested, similar to commenter (5), that there are areas that qualify as rural that are also located in MSAs and requested the following clarification to the language in this scoring item:

> "(A) for urban Developments proposed to be located in the MSA of Houston, Dallas, Fort Worth, San Antonio or Austin, an Application may qualify to receive:…"

STAFF RESPONSE:
In regions of the state where deeper income targeting may prevent the Development from being financially feasible, lowering the levels of targeting for Rural Areas of the state may open up new areas of the state for development due to increased feasibility.

Staff agrees with commenters (5), (11), (14) that clarification for this scoring item is needed and proposes the following:

> "(A) For Developments proposed to be located in an area of the MSA of Houston, Dallas, Fort Worth, San Antonio or Austin that is not in a Rural Area, an Application may qualify to receive:…"

With regards to commenters (5), (10), (11), (27) on the point increase and additional 50% AMGI units, this concern is only with regard to urban areas. While the maximum number of points has increased by 2 points, an Applicant can still achieve last year's maximum points by doing the same amount of deep rent targeting; therefore, staff does not recommend the change.

45. §50.9(b)(8) – Selection Criteria – Costs of the Development by Square Foot (2), (8), (11), (18), (20), (27)

COMMENT SUMMARY:

Commenter (2) supported the changes made to this scoring item, specifically, for elevator served buildings with four or more stories; the interior qualifies for net rentable area.

Commenter (8) suggested that historic preservation developments using historic tax credits be able to deduct the amount of historic tax credit proceeds shown in the development sources from the development's hard cost, prior to making the costs per square foot calculation.

Commenter (18) suggested the points for this scoring item be awarded based on eligible basis costs rather than total hard costs and further suggested that while staff has interpreted §2306.6710 to award points based on the cost of the development per square foot, the Texas Administrative Law provides agencies the discretion to interpret statutory language that is general and ambiguous. Commenter (18) stated that while the Department has never awarded points based on the total development cost (including soft costs) per square foot, one possible interpretation of statute is that all costs must be considered; however, the Department has reasonably exercised its discretion in interpreting this statutory provision to focus on hard costs in particular. Commenters (11), (18) argued that the Department similarly has the discretion to focus on hard costs that are included in eligible basis and suggested the following sentence be added to this scoring item:

> "The calculation does not include costs excluded from Eligible Basis in the development cost schedule."

Commenter (18) suggested that the Department release a database of historical cost certification data and cited §2306.6710 as the requirement to do so and further suggested the Department define Direct Hard Costs or use such a phrase as "total construction costs excluding site work" for the lower cost limits. Commenters (11), (20), (27) had a similar comment regarding the defined term and suggested the Department use Direct Construction Costs.

STAFF RESPONSE:

With regard to commenter (8), the equity value of the historic tax credit is speculative because both the amount of cost eligible for the credit and the pricing of any credit purchased are just estimates. Additionally, the Department has limited resources to evaluate the costs specifically attributed to historic rehabilitation basis.

In response to commenter (18) and the database for historical cost certification data, the Real Estate Analysis division has historically examined direct construction cost comparisons to that of staff's underwriting analysis in a given Application Round. Additionally, staff compares costs on previous

Developments that were similarly constructed as the proposed Application as well as previous Developments by the same Developer for cost comparison purposes. Staff believes that relying on a database for historical cost certification data for current Applications would not be reflective of true development costs and could yield skewed results since such database would be based on outdated data and to the amount of differentiation in architectural design. In underwriting Applications in this regard, staff relies on Marshall & Swift for such analysis. However, staff does attempt to identify and compare the costs of similar developments in the cost certification process when Marshall & Swift differs significantly from an Applicant's estimates.

In response to the clarification requested by commenters (11), (18), (20), (27) on the undefined term "Direct Hard Costs" staff has made the following revision where appropriate in this section:

> "…ninety-five dollars ($95) per square foot (and ~~Direct Hard~~direct construction cost, also referred to as building costs ~~Costs~~ in §1.32(e)(4) of this title do not exceed $80 per square foot) for Qualified Elderly and Elevator Served Development, single family design, and Supportive Housing Developments and Developments located in a Central Business District unless located in a "First Tier County" in which case their costs do not exceed $97 per square foot (and ~~Direct Hard~~direct construction cost, also referred to as building costs ~~Costs~~ in §1.32(e)(4) of this title do not exceed $82 per square foot);…"

With regard to only considering costs included in Eligible Basis, staff has concerns that further restricting the cost per square foot to only include Eligible Basis is distinctly different than construction costs and may conflict with the statutory requirement for this scoring item.

46. §50.9(b)(9) – Selection Criteria – Tenant Services (5), (11), (14), (27)
COMMENT SUMMARY:
Commenter (5) disagreed with the movement of the list of tenant services from the QAP to the Definitions and Amenities for Housing Program Activities rule. Commenters (5), (11), (27) suggested that the increase in the number of maximum points resulting in an increase in the number of services required will increase operating costs, particularly for smaller Developments. Commenters (5), (27) recommended the maximum point value be reduced to 8 points and the number of services required to achieve these points be lowered on a sliding scale for smaller Developments based on the following:

> "(9) **Tenant Services.** (§2306.6710(b)(1)(I) and §2306.6725(a)(1)) The purpose of this scoring item is to provide professional tenant services, tailored for the tenant population that will enhance the quality of life for the residents of the proposed Development. Applications may qualify to receive up to 8~~10~~ points for this item. By electing points, the Applicant certifies that the Development will provide a combination of supportive services, which are listed in §1.1 of this title, appropriate for the proposed tenants and that there is adequate space for the intended services. The provision and complete list of supportive services will be included in the LURA. The Owner may change, from time to time, the services offered; however, the overall points as selected at Application must remain the same. No fees may be charged to the tenants for any of the services. Services must be provided on-site or transportation to those off-site services identified on the list must be provided. The same service may not be used for more than one scoring item. The provision of the following number of services shall achieve maximum points under this scoring item:
>
> (A) total Units equal 16, (2 points) is required;

(B) total Units are 17 to 40, (3 points) are required;
(C) total Units are 41 to 76, (4 points) are required;
(D) total Units are 77 to 99, (5 points) are required;
(E) total Units are 100 to 149, (6 points) are required;
(F) total Units are 150 to 199, (7 points) are required; or
(G) total Units are 200 or more, (8 points) are required."

Commenter (14) suggested that smaller Developments do not have the necessary volume of residents to be able to attract the same scope of services as larger Developments and suggested such Developments be treated on a sliding scale, similar to that of common amenities. Commenters (11), (14) suggested the following language be added at the end of the paragraph for this scoring item.

"…To provide for consistency with the Threshold requirements that create a sliding scale for amenities based on Development size, Developments with 60 or fewer Units will receive 2 points for each point item and Developments with 61 to 120 Units will receive 1.5 points for each point item."

Commenter (11) suggested that, in addition to the proposed revision above, that Developments with 121 or more units will receive 1 point for each item.

STAFF RESPONSE:
In response to commenter (5) on the movement of the list of services, the list was moved to a general section of the rules to provide for use by all multifamily Department programs. With regards to the change in point value, the maximum points for this item must be higher than those available for the next scoring item in order to comply with statute. Therefore, staff recommends no change based on these comments.

In response to commenters (5), (11), (14), (27) regarding the sliding scale of services for smaller Developments, the services list has been expanded and clarified and Applicants can choose from a wide array of services to fit the size of the Development, Target Population, and budget. Additionally, while the maximum point value has been increased, it is entirely up to the Applicant which services, taking into account the corresponding point values, could be offered at the Development.

Staff recommends no change based on these comments.

47. §50.9(b)(11)(C) – Selection Criteria – Additional Evidence of Preparation to Proceed (1), (2), (4), (5), (11), (14), (23), (24), (27), (30)
COMMENT SUMMARY:
Commenters (1), (11), (30) disagreed with the proposed language in this section, specifically, that the worst-scoring applications from prior Application Rounds be rewarded merely for aging. The commenter suggested this punishes new entrants into the program and hampers the Department's ability to identify the best Application for an award. Between the time the application was not competitive enough for an award to when they re-submit, the Applicant can utilize the time to work on the Application in order to score additional points in the process. Similarly, commenters (23), (27) requested the removal of this paragraph in this section.

Commenter (2) suggested that instead of 2 points for Applications submitted in prior Application Rounds, such points should be awarded to Applications that were tied in their subregion in the prior Application Round.

Commenter (4) suggested the maximum number of points for this scoring item be reduced from 7 points to 5 points which would allow new Applicants to compete equitably with Applications submitting in prior years. Commenter (4) believed the current language penalizes new Applicants who spend time and money to submit an Application for the first time on viable transactions.

Commenter (5) supported the addition of the scoring item; however, requested requirements be added that addresses what features of an Application must be the same as previously submitted in order to qualify for the points, for example, number of units is the same, site is the same as the previous Application, etc. Commenters (11), (23), (24) requested the same clarification regarding what characteristics of the site may change, including whether the same Applicant must re-submit the Application.

Commenters (11), (14) requested clarification to this scoring item relating to the definition of prior Application Rounds; specifically, whether this is any two rounds since the beginning of the program or does it need to be the most recent two rounds. Commenter (11) also requested clarification on whether this includes Pre-application or only Application submittals.

Commenter (30) requested clarification on what should be included in a Civil Engineering Study.

STAFF RESPONSE:
Staff understands the concern that a new Application cannot achieve the highest score and recommends the following adjustment to the point value to address this concern:

> "(B) Applicants may qualify to receive up to (~~2~~4 points) by providing:.."

In response to commenter (1), staff believes that a Development that made it through a prior round without getting an award would have the ability to improve their score on their own; however, in many instances they are blocked by economic issues affecting their score. Moreover, transactions that are able to resubmit have the greatest chance of being more fully formed and have had to keep their transaction intact particularly with regard to acquisition and support.

In response to commenters (5), (11), (23), (24) regarding characteristics of the site, staff believes that generally as long as there is some overlap of the original Development Site, the same number of Units and at least one Affiliate of the previous Applicant is an Affiliate of the current Applicant then such Application would be eligible for the points under this item. Staff has incorporated such requirements accordingly.

In response to commenter (30), the minimum requirements of the Civil Engineering Study are included in this section.

Additionally, staff is limiting the re-submission of the Application to those submitted in the preceding 3 Application Rounds and furthermore believes it should be limited to only Application re-submittals and recommends the scoring item be clarified accordingly.

48. §50.9(b)(12) – Selection Criteria – Leveraging of Private, State and Federal Resources (1), (2), (4), (5), (9), (10), (11), (18), (20), (24), (26), (27)
COMMENT SUMMARY:
Commenter (1), (2) suggested that while this scoring item requires 30% AMGI units in order to qualify for the points, it doesn't specify a minimum number of such units. Commenter (1) suggested a minimum of 5% of the units at 30% AMGI in order to qualify for the points.

Commenter (2) suggested the following revisions to this scoring item:

> "The purpose of this scoring item is to provide an incentive for the leveraging of financial resources, when economically feasible, for a Development that proposes to serve a specified percentage of households at or below 30% of AMGI. Applications may qualify to receive 7 points for a Development located outside a Qualified Census Tract and 6 points for a Development located inside a Qualified Census Tract. To receive points under this item, the Development must have at least 10% of the total Units restricted for occupancy by households at or below 30% AMGI. Funding sources used for points under paragraph (5) of this subsection may not be used for this point item. Division of the same funds that originate from a local government source into separate loans or grants does not result in eligibility under this paragraph and paragraph (5) of this subsection. Funding sources must be part of the permanent sources of funds for the Development.

(A) If in the form of a long term loan (greater than 10 years), or grant funds that are structured as a long term loan to the Development Owner, must bear an annual interest rate of 1% or less. ~~funding must be the primary source of debt with a first lien position and a minimum loan term of fifteen (15) years. Origination fees cannot exceed 2% of the loan amount.~~ Funding must be provided by ~~a~~one or more Third Parties~~y~~.

(B) ~~Permanent grant funding not secured by a deed of trust may be used, provided the grant funding is the largest source of funding not including equity generated from Housing Tax Credits or other federal tax credits. Funding must be provided by a Third Party.~~ If total subsidy funding from private, state and federal resources for the Development are greater than 10% of Total Housing Development Costs and at least 10% of the units are restricted for occupancy by households at or below 30% AMGI, then 4 points will be awarded.

~~(C) Examples of sources of funds that may qualify include those listed under clauses (i) – (vi) of this subparagraph. A Certification from the lender as of the date of such certification that the loan would meet this provision.~~

~~(i) HOPE VI;~~

~~(ii) Capital Grant Funds;~~

~~(iii) Community Investment Program (Federal Home Loan Bank);~~

~~(iv) Affordable Housing Program (Federal Home Loan Bank);~~

~~(v) HOME Investment Partnerships Program; or~~

~~(vi) other sources of grants or loans that provide for a 150 basis point savings over the market interest rate for comparable terms.~~

(C) If total subsidy funding from private, state and federal resources for the Development are greater than 15% of Total Housing Development Costs and at least 15% of the units are restricted for occupancy by households at or below 30% AMGI, then 6 points will be awarded for a Development located inside a Qualified Census Tract, and 7 points for a Development located outside a Qualified Census Tract.

(D) Examples of sources of funds that may qualify include federal HOME or CDBG funds awarded by the State or a local government, Federal Home Loan Bank Affordable Housing Program grants, TIF or TERZ funding allocated for affordable housing, and private foundation grants.

(E) Funding to support ongoing operations, including rental subsidies, or other sources not directly offsetting the Total Housing Development Cost are not eligible for points under this paragraph. Qualifying funds awarded through local entities may qualify for points if the original source of the funds is from a private, state or federal source.

If qualifying funds awarded through local entities are used for this item, a statement from the local entity must be provided that identifies the original source of funds.

~~(D)~~(F) The Development must have already applied for funding from the funding entity(ies). Evidence to be submitted with the Application must include a copy of ~~the commitment of funds with terms meeting the requirements of subparagraphs (A) – (C) of this paragraph or~~ a letter from the funding entity indicating that the application was received and that the terms for available funding meet the requirements of subparagraph~~s~~ (A)~~ – (C)~~ of this paragraph.

~~(E)~~(G) At the time the executed Commitment is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment approved by the Governing Body of the entity for the sufficient financing to the Development."

Commenters (4), (20), (24) requested that the market interest rate be defined in the final QAP so that Applicants can move forward with underwriting and site acquisition and further requested this be set at a reasonable level (i.e. 8%) where the conventional banks could meet the requirement and not just a few lenders. Commenter (11) similarly requested the market interest rate be defined and suggested the following:

"Market Interest Rate shall be the greater of the 10 year U.S. Treasury rate plus 500 basis points as of the Application date or 8.5%. This rate will be published and fixed by the Department prior to the opening of the Application Round."

Commenter (5) suggested the same funding source be allowed to qualify under Unit of General Local Government funding scoring item and this scoring item as well stating those Developments that are able to secure substantial sources of financing other than housing tax credit equity and conventional debt should be allowed access to both scoring items related to leveraging of funding.

Commenters (9), (11) requested a definition of primary funding source and whether it requires a majority percentage of the total funding. Commenters (9), (10), (11) requested clarification on the number of 30% units required in order to clarify for points under this scoring item. Commenters (9), (10), (11) suggested the first lien language is problematic and that if the definition of primary funding source is met, the lien position should not be dictated by the Department. Commenter (2) also suggested the first lien language is going to be difficult, specifically when there's no hard debt on a Development. In this situation the first lien will most likely be city funds which if you're already using for the Commitment of Funding from a Unit of General Local Government scoring item will not qualify additionally under this scoring item. Commenter (2) further suggested that the grants on Developments with no hard debt will always be made to the sponsor and then sponsor will loan them to the partnership which will make the first lien position difficult to achieve. Commenter (9) also suggested that at the time of the HTC Commitment the requirement to provide a commitment for this funding should be a conditional commitment based on final underwriting. According to commenters (2), (9) timing will make it impossible to get through underwriting with the Federal Home Loan Bank until there is a HTC Commitment in hand and given their cycle(s) for funding. Commenter (9) further suggested that if there is concern over whether the Applicant will ultimately receive the funding then the commitment could be required at 10% test. Commenter (10) suggested that the Federal Home Loan Bank had eliminated their fall round of funding which would make achieving this as a funding source for this item difficult. Commenter (9) requested that CDBG disaster funding also be added to the list as an eligible source and commenters (11), (18) requested that HUD-insured 221(d)(4) new construction and 223(f) acquisition/rehabilitation loan products be added.

Commenters (11), (20) suggested the points associated with this item revert back to 1 point and stated it has been revised into a more confusing item with more variables and subjective language that will take time to determine how Applicants will meet the criteria as proposed.

Commenter (26) suggested this section be revised to reflect the due date for the commitment of such funds to the time of Carryover and further stated that public testimony was provided from an active lender requesting more time for their commitment. Similarly, commenter (27) expressed concerns over the ability to secure a commitment from the funding entity by the time the HTC Commitment is submitted to the Department and further stated there simply is not enough time for lenders to complete their due diligence and go to loan committee in order to be in a position to submit a commitment simultaneously with the HTC Commitment. Commenter (11) requested clarification that sources may be substituted from Application to Commitment.

STAFF RESPONSE:
In response to commenters (1), (2), (9), (10), (11), staff recommends the following revision to have a minimum of 5% of the total units at 30% of AMFI. Staff has also made other clarifying changes; some of which were suggested by various commenters.

"(12) **Leveraging of Private, State, and Federal Resources.** (§2306.6725(a)(3)), (§2306.6710(B)(2)). The purpose of this scoring item is to provide an incentive for the leveraging of financial resources, when economically feasible, for a Development that proposes to serve a specified percentage of households at or below 30% of AMGI. Applications may qualify to receive 7 points for a Development located outside of a Qualified Census Tract and 6 points for a Development located inside a Qualified Census Tract. To receive points under this item, the Development must have at least 5% of the total Units restricted for occupancy by households at or below 30% of AMGI. Funding sources used for points under paragraph (5) of this subsection may not be used for this point item. Division of the same source into separate loans or grants does not result in eligibility under this paragraph and paragraph (5) of this subsection. Multiple sources may be combined to qualify under this item.

(A) If in the form of a loan, funding must be the primary source of debt with a first lien position and a minimum loan term of fifteen (15) years. Loans that are not first lien but are the largest source(s) of funding, not including equity generated from Housing Tax Credits, other federal tax credits, or funds used under paragraph (5) of this subsection also qualify. Origination fees cannot exceed 2% of the loan amount(s). Funding must be provided by a Third Party except when the funds are federally sourced and passed-through a Government Instrumentality. All loan funds qualifying for consideration under this section must provide an economic benefit over a market rate transaction (*i.e.* cannot buy down the rate by increasing upfront interest costs).

(B) Permanent grant funding not secured by a deed of trust may be used, provided the grant funding is the largest source of funding not including equity generated from Housing Tax Credits, ~~or~~ other federal tax credits, or funds used under paragraph (5) of this subsection. Funding must be provided by a Third Party except when the funds are federally sourced and passed-through a Government Instrumentality.

(C) Examples of sources of funds that may qualify include those listed under clauses (i) – (vi) of this subparagraph. A Certification from the lender as of the date of such certification that the loan would meet this provision is required.

(i) HOPE VI;
(ii) Capital Grant Funds;
(iii) Community Investment Program (Federal Home Loan Bank);

(iv) Affordable Housing Program (Federal Home Loan Bank);
(v) HOME Investment Partnerships Program;
(vi) Community Development Block Grant (CDBG);
(vii) HUD-insured mortgage loans; or
(viii) other sources of grants or loans that provide for a 150 basis point savings over the market interest rate for comparable terms.

(D) Funding ~~to support~~for ongoing operations, including rental subsidies, or other sources not directly offsetting the Total Housing Development Cost are not eligible for points under this paragraph. Qualifying funds awarded through local entities may qualify for points if the original source of the funds is from a private, state or federal source. If qualifying funds awarded through local entities are used for this item, a statement from the local entity must be provided that identifies the original source of funds.

(E) The Development must have already applied for funding from the funding entity. Evidence to be submitted with the Application must include a copy of the commitment of funds with terms meeting the requirements of subparagraphs (A) – (C) of this paragraph or a letter from the funding entity indicating that the application was received and that the terms for available funding meet the requirements of subparagraphs (A) – (C) of this paragraph.

(F) At the time of the Carryover Documentation Delivery Date~~executed Commitment is required to be submitted~~, the Applicant or Development Owner must provide evidence of a commitment approved by ~~the Governing Body of~~ the funding entity for the sufficient financing to the Department. An Applicant may substitute the qualifying source under this item between the time of Application and Carryover."

In response to commenters (4), (11), (20), (24) regarding the market rate, staff intends to rely on the expertise of the funding entity to define the market rate and whether the committed rate meets this requirement. Market rates can fluctuate dramatically and believes that defining the market rate ahead of time would be overly restrictive.

In response to commenter (5) regarding use of the same funds counted under paragraph (5), staff believes that counting the same source under both of these scoring items would violate the statutory scoring priorities.

In response to commenters (11), (26), (27) staff recommends language requiring a commitment at the time of Carryover and clarifies that substitutions of the funding source from Application to Carryover is allowed.

Additionally, staff would like to clarify that the purpose of the point differential for Developments located outside a QCT as opposed to inside a QCT is to prevent concentration of HTC units within a QCT.

49. §50.9(b)(13) – Selection Criteria – Community Input other than Quantifiable Community Participation (1)

COMMENT SUMMARY:

Commenter (1) supported the formal identification of a process to evaluate the fair housing implications of Input other than QCP; however, finds it odd that the Department should outsource this process to the Texas Workforce Commission since the Department has more subject matter expertise useful to evaluating the fair housing implications of such input; however, the commenter withholds the judgment of the Texas Workforce Commissions performance. Commenter (1) also suggested the public and/or Applicants be allowed to request the formal evaluation of letters submitted under this scoring item.

STAFF RESPONSE:
The Texas Workforce Commission is the designated state agency to deal with the US Department of Housing and Urban Development on Fair Housing complaints. Any information submitted to the Department regarding an Application is subject to an open records request and can be viewed by the public at any time upon request. Additionally, as part of the Application and Award process, the Department can receive challenges on information submitted as part of an Application which would be evaluated by the Department.

Staff recommends no changes based on this comment.

50. §50.9(b)(14) – Selection Criteria – Pre-application Participation Incentive Points (11), (27)
COMMENT SUMMARY:
Commenter (27) questioned why staff changed the 5% point variance to 7 points which appears to be a reduction in the amount of difference permitted in the score variation from Pre-application to Application. Commenters (11), (27) requested that should the number remain, it should be changed to 9 points which is more comparable to the 5% methodology.

STAFF RESPONSE:
Staff agrees and recommends a change to 9 points.

51. §50.9(b)(15) – Selection Criteria – Developments in Census Tracts with Limited Existing HTC Developments (1)
COMMENT SUMMARY:
Commenter (1) supported the Department's intent to de-concentrating tax credit Developments; however, believed the proposed language is overly broad and suggested that some census tracts don't have tax credit Developments because it's a bad idea to build housing there. Commenter (1) suggested the following alternative language for this scoring item:

> "~~(A) If the proposed Development is located in a census tract in which there are no other existing HTC Developments that serve the same Target Population (4 points); or~~
> ~~(B) If the proposed Development is located in a census tract in which there are no other existing HTC Developments (6 points).~~
> (A) If the proposed Development is located in a census tract in which, if the Development was placed in service, the percentage of HTC Units per occupied housing unit would be below 2% (4 points); or
> (B) If the proposed Development is located in a census tract in which, if the Development was placed in service, the percentage of HTC Units per occupied housing unit would be below 2% and the proposed Development is located in a census tract in which there are no other existing HTC Developments that serve the same Target Population (6 points)."

STAFF RESPONSE:
While staff understands the commenters concerns, staff believes that natural market limitations and the Department's underwriting process will discourage Applications in areas that are not appropriate for development. Additionally, staff believes that this language is overly complicated and the intent of the item is to be a pure gage of concentration.

Staff recommends no changes based on this comment.

52. §50.9(b)(16) – Development Location (11), (26)
COMMENT SUMMARY:
Commenter (11) suggested the following revision to this section:

> "(E) ~~the Application is not receiving points under paragraph (5) of this subsection and~~ the proposed Development will be located in an area supported by the Governing Body of the appropriate municipality or county containing the Development Site, as evidenced by a resolution or ordinance, submitted with the Application, supporting the location of the Development Site (1 point)."

Commenter (26) suggested this scoring item be reduced to 1 point and suggested the point structure of the QAP dictates the location of a Development over jurisdictional or area needs. Because General Population Developments are excluded in certain jurisdictions due to higher income tests yet obtaining neighborhood support, the suggested change would still get High Opportunity Areas the recognition but General Population Developments, particularly for larger families where a severe need exists, are not overly penalized.

STAFF RESPONSE:
An Application that reflects points under Unit of General Local Government Funding, it would appear, would automatically qualify for points under this scoring item which staff believes would violate the statutory scoring priorities. In response to commenter (26), providing additional incentives for High Opportunity Areas is a priority for the Department. Additionally, staff has clarified that Applications submitted under the At-Risk Set-Aside are not eligible for points under this item. The priority for At-Risk is preservation of existing affordability rather than location.

53. §50.9(b)(18) – Length of Affordability Period (2), (30)
COMMENT SUMMARY:
Commenter (2) supported the language that Rehabilitation Developments do not qualify for these points and stated because they qualify under a new scoring item Repositioning of Existing Developments (worth 3 points) they would have a major scoring advantage over New Construction Developments.

Commenter (30) suggested staff should rely on the Property Condition Assessment (PCA) to determine the extent to which a Rehabilitation Development would qualify for points under this scoring item and stated the PCA is responsible for determining the Effective Age of the Product and the Remaining Useful Life of the Product. If the Remaining Useful Life is indicated to outlast the compliance and the extended use period and if lenders/investors are requiring extensive studies to determine if the Development will last through the financing term provided (which typically exceeds the compliance and extended use periods) then such Development should be eligible for these points.

STAFF RESPONSE:
Staff does not agree with commenter (30). The expectation that the Rehabilitation of an existing Development will be sufficient to extend the useful life for more than 30 years is not realistic, particularly given that many of the applications for Rehabilitation are for developments already more than 30 years old.

Staff recommends no changes based on this comment.

54. §50.9(b)(19) – Selection Criteria – Site Characteristics (3), (5), (8), (27)
COMMENT SUMMARY:
Commenter (3) suggested an alternative scoring item be established for rural and American Indian HTC Developments. Encouraging development in proximity to services makes sense in urban areas; however, it punishes Native American tribes in particular that are not located in an already developed area. Commenter (3) further stated that many Native American tribes believe in the sacredness of land and they do not want to live in proximity to one another, but prefer to live in scattered site developments near community gathering places.

Commenter (5) suggested that while increasing the number of services is an acceptable change, the requirement that only one amenity from each section is allowed should be deleted. Commenter (5) recommended that the Development must have one amenity from three different categories after which more than one amenity in each category may be counted and offered the following revised language:

> "(19) **Site Characteristics.** Development Sites, including scattered sites, may qualify to receive up to (4 points) for this item. The purpose of this scoring item is to encourage affordable rental housing development in proximity to services and amenities that would be considered beneficial to the tenants. Developments Sites must be located within a one mile radius (two-mile radius for Developments competing for a Rural Regional Allocation) of at least six (6) services. A site located within one-half mile of public transportation that is accessible to all residents including Persons With Disabilities and/or located within a community that has another form of transportation, including, but not limited to, special transit service or specialized elderly transportation for Qualified Elderly Developments, will receive full points regardless of the proximity to amenities, as long as the Applicant provides appropriate evidence of the transportation services used to satisfy this requirement. If a Development is providing its own specialized van or funding a comparable service, then this will be a requirement of the LURA. ~~Only one service of each type listed in subparagraphs (A) – (O) of this paragraph will count towards the points.~~ Applicants must score one (1) point in three (3) different categories listed in subparagraphs (A) – (O) before they can receive points in a duplicate category. A map must be included identifying the Development Site and the location of the services by name. If the services are not identified by name, points will not be awarded. All services must exist or, if under construction, must be under active construction, post pad by the date the Application is submitted.
>
> (A) Full service grocery store.
> (B) Pharmacy.
> (C) Convenience Store/Mini-market.
> (D) Department or Retail Merchandise Store.
> (E) Bank/Credit Union.
> (F) Restaurant (including fast food).
> (G) Indoor public recreation facilities, such as civic centers, community centers, and libraries.
> (H) Outdoor public recreation facilities such as parks, golf courses, and swimming pools.
> (I) Medical offices (physician, dentistry, optometry) or hospital/medical clinic.
> (J) Public Schools (only eligible for Developments that are not Qualified Elderly Developments).
> (K) Senior Center.
> (L) Religious Institutions.

(M) Day Care Services (must be licensed – only eligible for Developments that are not Qualified Elderly Developments).
(N) Post Office, City Hall, County Courthouse.
(O) Fire/Police Station".

Commenter (5) further suggested that since a hospital is more favorable than a medical facility and is a different amenity than a physician office, language should be changed that makes these two separate options.

Commenter (8) suggested the language for proximity to public transportation be changed back to one-quarter mile rather than the proposed one-half mile and cited the increase wasn't necessary since the one-quarter mile wasn't difficult to meet.

Commenter (27) suggested the minimum number of amenities should be 4 instead of 6 and stated that communities and neighborhoods support tax credit developments not only for the housing and jobs that they provide, but also to promote the development of retail facilities and other economic development. Commenter (27) further suggested that the closer to the amenities a Development is, the more expensive the land and suggested that perhaps being near 6 amenities should qualify the Development as a High Opportunity Area.

STAFF RESPONSE:
In response to commenters (5), (8), and (27), in prior years, the amenities were required to be within one quarter mile of the Development Site. Staff has increased this distance to one-half mile but believes that an increase in the number of amenities should be required as well. Staff recommends the one-half mile remain in this scoring item to be consistent with other distance requirements relating to public transportation in the QAP, specifically, that of High Opportunity Area.

In response to commenter (3), the Board has not established a priority to provide specific incentives for Developments located on tribal land. Additionally, Developments under the Rural Set-Aside compete against other Developments in Rural Areas. Therefore, developments in Rural Areas are not at a scoring disadvantage to Developments in urban areas.

Staff recommends no changes based on these comments.

55. §50.9(b)(20) – Selection Criteria – Repositioning of Existing Developments (9), (27), (30)
COMMENT SUMMARY:
Commenter (9) suggested that the introduction of this new scoring item, along with the exclusion of Rehabilitation Developments from qualifying under the Length of the Affordability Period, will result in Rehabilitation Developments not scoring as well as New Construction Developments. Commenter (9) also suggested it is bad policy to exclude Rehabilitation Developments from selecting points for extending the affordability period.

Commenter (27) questioned why this scoring item is limited to Developments originally built between 1980 and 1990 and suggested it should apply to any market rate development that can feasibly be rehabilitated to increase the stock of good, quality affordable housing and should not be limited to Developments built within a ten year window. Commenter (30) similarly suggested that instead of arbitrarily going by the age of the Development, the Remaining Useful Life of the Product should be considered especially since the market analysis is used to project rents, an appraiser to project expenses and rents and an environmental consultant to confirm environmental conditions. Commenter (27) questioned why the scoring item requires an intentional lease-down or relocation to another property and stated that significant rehabilitations can be accomplished without such requirements.

STAFF RESPONSE:
Staff believes that incentivizing Applications proposing Rehabilitation to extend the affordability period beyond 30 years is overly ambitious and places additional burden for future funding for capital needs throughout the affordability period. In response to commenters (27), (30), this item was contemplated to address existing housing stock that was created during a relative boom in the apartment industry in Texas, though many of those units were affordable by market conditions rather than government regulation. This scoring criterion provides incentive to rehabilitate and reposition these boom era developments.

Staff recommends no changes based on this comment.

56. §50.9(b)(23) – Selection Criteria – Community Revitalization or Historic Preservation (23), (27), (33)
COMMENT SUMMARY:
Commenters (23), (33) suggested clarification regarding when the proof of historic designation is required in order to qualify for this scoring item and requested the following revision:

> "The Applicant will be required to show proof of the Historic designation and Historic Tax Credits at Cost Certification."

Commenter (27) questioned why Consolidated Plans and Economic Development Plans or city-wide plans do not qualify for points under this item. Such plans do indicate how and where a community wants to target funds for improvements or revitalization.

STAFF RESPONSE:
Staff agrees with the proposed revision by commenter (23). In response to commenter (27), staff does not believe Consolidated Plans or other city-wide plans target a specific geographical area with respect to the needs of the community in which the proposed Development is located, but rather speaks to where they would generally encourage federal funding be invested.

57. §50.9(b)(24) – Selection Criteria – Right of First Refusal (12)
COMMENT SUMMARY:
Commenter (12) suggested paragraphs (A) - (F) are duplicative and not necessary for inclusion in the QAP and suggested this section be amended to remove references to specific dates and to whom the Right of First Refusal may be given since the Department already has Right of First Refusal provisions in its Qualified Contract Policy which is designed to account for these requirements. Commenter (12) recommended the last sentence in the opening paragraph of this section be revised to reflect the following:

> "Development Owner may qualify for this point by providing the right of first refusal in accordance with the Housing Tax Credit (HTC) Program Qualified Contract Policy as described in Title 10, Part 1, Chapter 1, Subchapter A, Section 1.9 of the Texas Administrative Code. ~~in the terms listed in subparagraph (A)(i) and (ii) of this paragraph…~~"

STAFF RESPONSE:
Staff agrees with commenter (12) and recommends the following revision:

"**(24) Developments Intended for Eventual Tenant Ownership--Right of First Refusal.** Applications may qualify to receive 1 point for this item. (§2306.6725(b)(1); §42(m)(1)(C)(viii)) The purpose of this scoring item is to allow for consideration for tenant or nonprofit ownership at the end of the Compliance Period. Evidence that Development Owner agrees to provide a right of first refusal to purchase the Development upon or following the end of the Compliance Period in accordance with §2306.6726 and the Department's rules related to Right of First Refusal and Qualified Contract in §1.9 of this title. [THE REST OF THIS SECTION IS RECOMMENDED TO BE DELETED]

58. §50.9(c) – Selection Criteria - Penalties (5)
COMMENT SUMMARY:
Commenter (5) suggested that since a penalty is assessed regardless of whether an extension was requested the language referencing a subsequent request for an extension is unnecessary. Commenter (5) believed the language almost suggests that if you miss the deadline but do not subsequently ask for an extension the penalty points are not assessed.

STAFF RESPONSE:
Staff agrees with the comment and recommends the following revision:

"(1) If the Applicant or Affiliate failed to meet the original Carryover submission or 10% Test deadline(s) ~~and~~ or has requested an extension of the Carryover submission deadline, the 10% Test deadline (relating to either submission or expenditure)…."

59. §50.10(c) – Board Decisions – Forward Commitments (1)
COMMENT SUMMARY:
Commenter (1) expressed concern that the Board has begun a tradition of regularly circumnavigating the formal QAP process as it relates to forward commitments. While Board discretion is needed in this program, commenter (1) encouraged the Board recognize the slippery slope and subjective appearance of heavy use of the forward commitment process and reserve such process for limited, isolated cases not address in the structure of the Qualified Allocation Plan.

STAFF RESPONSE:
While a specific language change was not provided by the commenter, the Department recognizes the limited and extraordinary circumstances justifying the use of forward commitments and that such use is solely at the discretion of the Board.

Staff recommends no change based on this comment.

60. §50.10(e) – Board Decisions – Challenges Regarding Applications (5)
COMMENT SUMMARY:
Commenter (5) suggested the language in this section, specifically, the date by which the Department will post challenges to the website and by which it will notify Applicants has been pushed back and requested the 2011 language be reinstated citing that such change could delay the finalization of Application scores and create additional difficulty for staff to make their determinations so late in the Application Round.

STAFF RESPONSE:
While staff appreciates the consideration for its review process, it believes the change as reflected in the published draft will create an easier tracking mechanism relating to the posting of the various challenges based on when they were received.

Staff recommends no change based on this comment.

61. §50.13(b) – Application Reevaluation – Amendment of Application (27)
COMMENT SUMMARY:
Commenter (27) questioned the purpose of the change which appears to be a very significant change and suggested there should be a point at which Developments should not be subject to being re-underwritten.

STAFF RESPONSE:
Section 42 of the Code requires that an Application be underwritten at the time of Application, carryover, and cost certification. The prior language was not consistent with this federal requirement. Additionally, given the need to address the sizing of credit at cost certification, staff believes it is prudent to allow significant changes to be addressed prior to cost certification.

Staff has clarified that changes to the Developer, Guarantor, or Person used for experience require the Department's approval. This is a clarification in line with existing practice to review these changes for issues including previous participation and compliance with the credit limit in §50.5(c).

> "(1) If a proposed modification would materially alter a Development approved for an allocation of Housing Tax Credits, or if the Applicant has altered any Selection Criteria item for which it received points, the Department shall require the Applicant to file a formal, written request for an amendment to the Application. Such request shall include a proposed form of amendment, if requested by the Department, and the applicable fee as identified in §50.14(l) of this chapter (relating to Program Related Fees). The amendment request will not be considered received or processed unless accompanied with the corresponding fee. <u>Changes to the Developer, Guarantor, or Person used for experience constitute a change requiring an amendment and may be approved by the Executive Director.</u>"

62. §50.13(d) – Application Reevaluation – Ownership Transfers (20), (27)
COMMENT SUMMARY:
Commenter (20) suggested this section be modified to reflect that approval for a transfer be limited to the Developer only and not the Development specifically and stated that this clarity will ensure that any Development ownership can be transferred to a qualified ownership entity regardless of what state the Development may be in relative to the QAP or other Department rules.

Commenter (27) stated the sufficiency of the transferee's experience seems to have been deleted from this section and suggested that if such requirement isn't covered elsewhere then it seems to be conflict with the experience requirements in Threshold for new Applications.

STAFF RESPONSE:
In response to commenters (20), (27), staff has added language describing the sections of the QAP that must be complied with in order to transfer a property which includes the eligibility and experience of the transferee. The Development itself is not required to be in compliance with all sections of the current QAP. However, staff does believe the Department has a responsibility to

ensure that a transferee has the capacity and experience to bring any noncompliant tax credit property into compliance upon transfer and in a timely manner.

> "(2) A Development Owner seeking Executive Director approval of a transfer must submit documentation requested by the Department, including but not limited to, a list of the names of transferees and Related Parties and detailed information describing the experience and financial capacity of transferees and related parties. All transfer requests must disclose the reason for the request. The Development Owner shall certify to the Executive Director that the tenants in the Development have been notified in writing of the transfer before the 30th day preceding the date of submission of the transfer request to the Department. Not later than the fifth working day after the date the Department receives all necessary information under this section, staff shall conduct a qualifications review of a transferee to determine the transferee's past compliance with all aspects of the Housing Tax Credit Program, ~~and~~ LURAs and eligibility under §50.4(a), §50.5(c) and §50.8(4) of this chapter. If the viable operation of the Development is deemed to be in jeopardy by the Department, the Department may authorize changes that were not contemplated in the Application."

63. §50.13(e) – Application Reevaluation – Sale of Certain Tax Credit Properties (12)
COMMENT SUMMARY:
Commenter (12) suggested this section is not necessary given the standards for implementation for a Right of First Refusal are identified in the Qualified Contract Policy and recommended the following revision to the language in the opening paragraph of this section. The suggested language, according to the commenter, would remove undue complexity in the QAP and allow the Department more flexibility in dealing with subsequent sales and transfers at the end of the Compliance Period.

> "~~Consistent with §2306.6726, Texas Government Code, not later than two (2) years before the expiration of the Compliance Period, a Development Owner who agreed to provide a right of first refusal under §2306.6725(b)(1), Texas Government Code, and who intends to sell the property shall notify the Department of its intent to sell.~~ The Development Owner may qualify for this point by providing the Right of First Refusal in accordance with the Housing Tax Credit (HTC) Program Qualified Contract Policy as described in Title 10, Part 1, Chapter 1, Subchapter A, Section 1.9 of the Texas Administrative Code."

STAFF RESPONSE:
Staff agrees with the comment and has simply deleted this section in its entirety since it is addressed in Title 10, Part 1, Chapter 1, Subchapter A, Section 1.9 of the Texas Administrative Code.

64. §50.17(c) – Department Responsibilities (5)
COMMENT SUMMARY:
Commenter (5) supported the language related to the availability of site demographics data 4 months prior to the opening of the Application Acceptance Period and the use of prior year data.

STAFF RESPONSE:
Staff appreciates the positive feedback.

Staff recommends no change based on this comment.

The Board approved the final order adopting the new sections on November 10, 2011.

The new sections are adopted pursuant to the authority Chapter 2306 of the Texas Government Code, which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

Comment #	Commenter
1	John Henneberger, Texas Low Income Housing Information Service
2	Walter Moreau, Foundation Communities
3	Elizabeth Glynn, Travois
4	Brad Forslund, Churchill Residential
5	Audrey Martin, Realtex Development Corporation
6	Robin White, Gonzalez Newell Bender, Inc. Architects
7	Ben Medina, Director of Planning and Community Development of Brownsville
8	Jason Holenbeck, Avenue Community Development Corporation
9	Sarah Anderson
10	Sarah Andre
11	Texas Affiliation of Affordable Housing Providers (TAAHP)
12	George Littlejohn, Novogradac and Company LLP
13	Bill Schlesinger, Project Vida
14	Diana McIver, DMA Development Company, LLC
15	Terry Coyne, Juniper Housing LLC
16	Jim Lavery, Department of Veterans Affairs
17	Belinda Carlton, Texas Council for Developmental Disabilities
18	Scott Marks, Coats Rose
19	Bob Coe, Affordable Housing Analysts
20	Bobby Bowling, Tropicana Building Corporations
21	Jerry Wright, Dougherty Mortgage, LLC
22	Chris Porter, The Reliant Group
23	Donna Rickenbacker, Marque Real Estate Consultants
24	Michael Hartman, Roundstone Development
25	Steve Ford, Resolution, Inc.
26	Barry Kahn, Hettig-Kahn
27	David Koogler, Mark-Dana Corporation
28	Bill Wenson
29	Ken Brinkley, KG Residential, LLC
30	Deepak P. Sulakhe
31	Walter Schellhase, Hill Country Veterans Council
32	Cherno Njie, Songhai Development Company
33	Pres Kabacoff, HRI Properties

Scoring Breakdown in Descending Order of Points for the 2012 - 2013 QAP

QAP Para. #	Topic	Total Points	Notes	Legislative and/or Code Citation
1	Financial Feasibility	28 Max	N/A	2306.6710(b)(1)(A)
2	Quantifiable Community Participation (QCP)	24 Max	Range of +24 to 0	2306.6710(b)(1)(B); 2306.6725(a)(2)
3	Income Levels of the Tenants	22 Max	Range 22 to 20	2306.6710(b)(1)(C) and (e); 2306.111(g)(3)(B) and (E); 42(m)(1)(B)(ii)(I)
4	Size and Quality of the Units	20 Max	Size of Units – up to 4 points; Quality of Units – up to 6 points	2306.6710(b)(1)(D); 42(m)(1)(C)(iii)
5	Commitment of Funding by Unit of General Local Government	18 Max	Range 18 to 12	2306.6710(b)(1)(E)
6	State Representative or Senator Input	16 Max	Range of +16 to -16	2306.6710(b)(1)(F); 2306.6725(a)(2)
7	Rent Levels of the Units	14 Max	Range 14 to 2	2306.6710(b)(1)(G)
8	Cost Per Square Foot	12	N/A	2306.6710(b)(1)(H); 42(m)(1)(C)(iii)
9	Tenant Services	10 Max	Range 8 to 1	2306.6710(b)(1)(I); 2306.6725(a)(1)
10	Declared Disaster Areas	8	N/A	2306.6710(b)(1)(J)
11	Additional Evidence of Preparation to Proceed	7	N/A	N/A
12	Leveraging of Private, State and Federal Resources	7 Max	Range 7 to 6	2306.6725(a)(3); 2306.6710(E)(1)
13	Community Input Other Than QCP	6 Max	Range 6 to 0	N/A
14	Pre-Application Incentive Points	6	N/A	2306.6704
15	Census Tracts with Limited Existing HTC Developments	6 Max	Range 6 to 4	2306.6725(b)(2)
16	Development Location	4 Max	Range 4 to 1	2306.6725(a)(4) and (b)(2); 2306.127; 42(m)(1)(C)(i) and (vii); 2306.6710(e)(1)
17	Special Housing Needs Populations	4	N/A	42(m)(1)(C)(v)
18	Length of Affordability	4 Max	Range 4 to 2	2306.6725(a)(5); 2306.111(g)(3)(C); 2306.185(a)(1) and (c); 2306.6710(e)(2); 42(m)(1)(B)(ii)(II)
19	Site Characteristics	4	Up to 4 points	N/A
20	Repositioning of Existing Developments	3	N/A	N/A
21	Sponsor Characteristics	2	N/A	42(m)(1)(C)(iv)
22	Economic Development Initiatives	1	N/A	2306.127
23	Revitalization or Historic Preservation	1 Max	N/A	42(m)(1)(C)(iii); 42(m)(1)(B)(ii)(III); H.R 3221
24	Right of First Refusal	1	N/A	2306.6725(b)(1); 42(m)(1)(C)(viii)
	Penalties	N/A	Range	2306.6710(b)(2)

Attachment B: Preamble, Reasoned Response, and Repealed Rule

The Texas Department of Housing and Community Affairs (Department) adopts the repeal of 10 TAC Chapter 50, §§50.1 - 50.23, concerning the Qualified Allocation Plan without changes to text as published in the October 1, 2011 issue of the *Texas Register* (36 TexReg 7068) and will not be republished. This repeal is proposed in order to enact new sections.

The Texas Department of Housing and Community Affairs (the "Department") accepted comments through October 28, 2011 to the proposed repeal in writing and by email. This document provides the Department's response to all comments received. Comments and responses are presented in the order they appear in the rules.

No other statutes, articles, or codes are affected by this proposed repeal.

The Board approved the final order adopting the new sections on November 10, 2011.

The new sections are adopted pursuant to the authority Chapter 2306 of the Texas Government Code, which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

§50.1. Purpose and Authority; Program Statement; Allocation Goals.

§50.2. Coordination with Rural Agencies.

§50.3. Definitions.

§50.4. State Housing Credit Ceiling.

§50.5. Ineligibility; Disqualification and Debarment; Certain Applicant and Development Standards; Representation by Former Board Member or Other Person; Due Diligence, Sworn Affidavit; Appeals and Administrative Deficiencies for Ineligibility, Disqualification and Debarment.

§50.6. Site and Development Restrictions: Floodplain; Ineligible Building Types; Scattered Site Limitations; Credit Amount; Limitations on the Size of Developments; Limitations on Rehabilitation Costs; Unacceptable Sites; Appeals and Administrative Deficiencies for Site and Development Restrictions.

§50.7. Regional Allocation Formula; Set-Asides; Redistribution of Credits.

§50.8. Pre-Applications for Competitive Housing Tax Credits: Submission; Communication with Departments Staff; Evaluation Process; Threshold Criteria and Review; Results (§2306.6704)

§50.9. Application: Submission; Ex Parte Communications; Adherence to Obligations; Evaluation Process for Competitive Applications Under the State Housing Credit Ceiling; Evaluation Process for Tax-Exempt Bond Development Applications; Evaluation Process for Rural Rescue Applications Under the 2010 Credit Ceiling; Experience Pre-Certification Procedures; Threshold Criteria; Selection Criteria; Tiebreaker Factors; Staff Recommendations.

§50.10. Board Decisions; Waiting List; Forward Commitments.

§50.11. Required Application Notifications, Receipt of Public Comment, and Meetings with Applicants; Viewing of Pre-Applications and Applications; Confidential Information.

§50.12. Tax-Exempt Bond Developments: Filing of Applications; Applicability of Rules; Supportive Services; Financial Feasibility Evaluation; Satisfaction of Requirements.

§50.13. Commitment and Determination Notices; Agreement and Election Statement; Documentation Submission Requirements.

§50.14. Carryover; 10% Test; Commencement of Substantial Construction.

§50.15. LURA, Cost Certification.

§50.16. Housing Credit Allocations.

50.17. Board Reevaluation, Appeals Process; Provision of Information or Challenges Regarding Applications; Amendments; Housing Tax Credit and Ownership Transfers; Sale of Tax Credit Properties; Withdrawals; Cancellations; Alternative Dispute Resolution.

§50.18. Compliance Monitoring and Material Noncompliance.

§50.19. Department Records; Application Log; IRS Filings.

§50.20. Program Fees; Refunds; Public Information Requests; Adjustments of Fees and Notification of Fees; Extensions; Penalties.

§50.21. Manner and Place of Filing All Required Documentation.

§50.22. Waiver and Amendment of Rules.

§50.23. Deadlines for Allocation of Housing Tax Credits (§2306.6724).

Housing Tax Credit Program
2012 - 2013 Qualified Allocation Plan
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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
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§50.1. General Program Information.

(a) Purpose and Authority. The rules in this chapter apply to the allocation by the Texas Department of Housing and Community Affairs (the "Department") of Housing Tax Credits authorized by applicable federal income tax laws. Pursuant to Chapter 2306, Subchapter DD, of the Texas Government Code, the Department is authorized to make Housing Tax Credit Allocations for the State of Texas. As required by §42(m)(1) of the Code, the Department developed this Qualified Allocation Plan (QAP) which is set forth in this chapter. Sections in this chapter establish procedures for applying for and obtaining an allocation of Housing Tax Credits, along with ensuring that the proper Threshold Criteria, Selection Criteria, priorities and preferences are followed in making such allocations. Notwithstanding the fact that these rules may not contemplate unforeseen situations that may arise, the Department would expect to apply a reasonableness standard to the evaluation of Applications for Housing Tax Credits.

(b) General Rule of Construction. Any requirement to meet code, ordinance, etc. is deemed to be met if an appropriate waiver has been lawfully obtained and is being met.

(c) Unless the context indicates otherwise, a reference to a Development Owner, Developer, General Contractor or Guarantor includes all Persons controlled by or under common Control with any such Person.

§50.2. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Any capitalized terms not specifically mentioned in this section shall have the meaning as defined in Texas Government Code, Chapter 2306, §42 of the Internal Revenue Code, §1.1 of this title (relating to Definitions and Amenities for Housing Program Activities), and repeated in the Tax Credit (Procedures) Manual.

(1) **Applicable Percentage**-- The percentage used to determine the amount of the Housing Tax Credit for any Development (New Construction, Reconstruction, and/or Rehabilitation), as defined more fully in the Code, §42(b).
 (A) For purposes of the Application, the Applicable Percentage will be projected at:
  (i) nine (9%) percent if the Development is proposed to be placed in service prior to December 31, 2013 and such timing is deemed appropriate by the Department or if the ability to claim the full 9% credit is extended by the U.S. Congress;
  (ii) forty (40) basis points over the current applicable percentage for 70 % present value credits, pursuant to §42(b) of the Code for the month in which the Application is submitted to the Department; or
  (iii) fifteen (15) basis points over the current applicable percentage for 30 % present value credits, unless fixed by Congress, pursuant to §42(b) of the Code for the month in which the Application is submitted to the Department.
 (B) For purposes of making a credit recommendation at any other time, the Applicable Percentage will be based in order of priority on:
  (i) the percentage indicated in the Agreement and Election Statement, if executed; or
  (ii) the actual applicable percentage as determined by the Code, §42(b), if all or part of the Development has been placed in service and for any buildings not placed in service the percentage will be the actual percentage as determined by the Code, §42(b) for the most current month; or
  (iii) the percentage as calculated in subparagraph (A) of this paragraph if the Agreement and Election Statement has not been executed and no buildings have been placed in service.

(2) **Application Acceptance Period**--That period of time during which Applications may be submitted to the Department.

(3) **Area Median Gross Income (AMGI)**--Area median gross household income, as determined for all purposes under and in accordance with the requirements of §42 of the Code.

(4) **Carryover Allocation**--An allocation of current year tax credit authority by the Department pursuant to the provisions of §42(h)(1)(C) of the Code and U.S. Treasury Regulations, §1.42-6.

(5) **Carryover Allocation Document**--A document issued by the Department, and executed by the Development Owner, pursuant to §50.12(e) of this chapter (relating to Post Award Activities).

(6) **Certificate of Reservation**--The notice given by the Texas Bond Review Board (TBRB) to an issuer reserving a specific amount of the state ceiling for a specific issue of bonds.

(7) **Central Business District or Downtown District--**The area designated by a city with a population of 50,000 or more as that city's Central Business District or Downtown Area and which includes one or more commercial buildings of ten (10) stories or more.

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

(9) **Competitive Housing Tax Credits**--Tax credits available from the State Housing Credit Ceiling.

(10) **Determination Notice**--A notice issued by the Department to the Development Owner of a Tax-Exempt Bond Development which specifies the Department's determination as to the amount of tax credits that the Development may be eligible to claim pursuant to §42(m)(1)(D) of the Code.

(11) **Development Site**--The area, or if scattered site, areas, on which the Development is proposed to be located.

(12) **Economically Distressed Area**--A county that contains an area that meets the criteria for an economically distressed area under §17.92(1), Texas Water Code, and has adopted and enforces the model rules under §16.343, Texas Water Code.

(13) **Eligible Basis**--With respect to a building within a Development, the building's Eligible Basis pursuant to §42(d) of the Code.

(14) **Existing Residential Development**--Any Development Site which contains existing residential Units at the time the Application is submitted to the Department.

(15) **High Opportunity Area**--A Development that is proposed to be located in an area that includes, at a minimum, subparagraphs (A) and (B) of this paragraph along with either subparagraph (C), (D) or (E) of this paragraph:
(A) in a census tract which has a median income that is above median for that county (as designated in the Housing Tax Credit Site Demographic Characteristics Report for the current Application Round) as of the first day of the Application Acceptance Period; and
(B) in a census tract that has a 15% or less poverty rate ~~according to the most recent census data~~ (as designated in the Housing Tax Credit Site Demographic Characteristics Report for the current Application Round) or, for Regions 11 and 13 with a 35% or less poverty rate;
(C) within a half-mile of an accessible transit stop for public transportation if such transportation is available in the municipality or county in which the Development is located; or

(D) in an elementary school attendance zone that has an academic rating, as of the beginning of the Application Acceptance Period, of "Exemplary" or "Recognized," or comparable rating if the rating system changes by the same date as determined by the Texas Education Agency. An elementary attendance zone does not include ~~magnet school or~~ elementary schools with district-wide possibility of enrollment or no defined attendance zones, sometimes known as magnet schools. However, districts with district-wide enrollment and only one elementary school are acceptable.~~; or~~

~~(E) in a census tract that has experienced a growth in population of at least 50% since 2000 according to the most recent census data as designated in the Housing Tax Credit Site Demographic Characteristics Report for the current Application Round.~~

(16) **Housing Credit Allocation**--An allocation by the Department to a Development Owner for a specific Application of Housing Tax Credits in accordance with the provisions of this chapter.

(17) **Housing Credit Allocation Amount**--With respect to a Development or a building within a Development, the amount the Department determines to be necessary for the financial feasibility of the Development and its viability as a Development throughout the affordability period which the Board allocates to the Development.

(18) **Qualified Nonprofit Organization**--An organization that meets the requirements of §2306.6706 and §2306.6729 of the Texas Government Code.

(19) **Qualified Nonprofit Development**--A Development in which a Qualified Nonprofit Organization is to own an interest in the Development directly or through a partnership and materially participate (within the meaning of §469(h) of the Code) in the development and operation of the Development throughout the Compliance Period.

(20) **Single Room Occupancy (SRO)**-- An Efficiency Unit that meets all the requirements of a Unit except that it may, but is not required, to be rented on a month to month basis to facilitate Transitional Housing. ~~Single Room Occupancy units are designed for the residents to live in buildings comprised solely of SRO units. Such buildings~~ Buildings with SRO Units have extensive living areas in common and are required to be Supportive Housing and include the provision for substantial supports from the Development Owner or its agent on site.

(21) **State Housing Credit Ceiling**--The aggregate amount of Housing Credit Allocations that may be made by the Department during any calendar year, as determined from time to time by the Department in accordance with applicable federal law, including §42(h)(3)(C) of the Code.

(22) **Supportive Housing**--Residential rental developments intended for occupancy by individuals or households in need of specialized and specific non-medical services in order to maintain independent living. Supportive housing developments generally require established funding sources outside of project cash flow and are expected to be debt free or have no foreclosable or noncash flow debt. The services offered generally address special attributes of such populations as Transitional Housing for homeless and at risk of homelessness, persons who have experienced domestic violence or single parents or guardians with minor children.

(23) **Target Population**--For purposes of this Qualified Allocation Plan, the designation of types of housing populations shall include those Developments that are entirely Qualified Elderly and those that are entirely Supportive Housing. All others will be considered to serve general populations without regard to any subpopulations.

(24) **Tax Credit (Procedures) Manual**--The manual produced and amended from time to time by the Department which reiterates the rules and provides guidance for the filing of tax credit related documents.

(25) **Tax-Exempt Bond Development**--A Development requesting or having been awarded Housing Tax Credits and which receives a portion of its financing from the proceeds of tax-exempt bonds which are subject to the state volume cap as described in §42(h)(4) of the Code, such that the Development does not receive an allocation of tax credit authority from the State Housing Credit Ceiling.

(26) **Transitional Housing--**A Supportive Housing development that includes living Units with more limited individual kitchen ~~and bathroom~~ facilities and is:
(A) used exclusively to facilitate the transition of homeless individuals and those at-risk of becoming homeless, to independent living within 24 months; and
(B) is owned by a governmental entity or a qualified non-profit which provides temporary housing and supportive services to assist such individuals in, among other things, locating and retaining permanent housing. The limited kitchen ~~and/or bathroom~~ facilities in individual Units must be appropriately augmented by suitable, accessible shared or common facilities.

§50.3. Program Calendar.

All documentation noted in this section must be submitted to the Department offices located at 221 E. 11th Street, Austin, TX 78701, by 5:00 p.m. (CST) by the date indicated. Any deadline not imposed by statute and including those not specifically listed in the Program Calendar may be extended for good cause by the Executive Director for a period of not more than five (5) ~~calendar~~ business days provided; however, that the Applicant requests an extension of the deadline prior to the date of the original deadline. Any extension of non-statutory deadlines made after the original deadline or for longer than 5 days must be requested pursuant to §50.16(a) of this chapter (relating to Waiver and Amendment of Rules). Extensions for 10% Test, Carryover and Cost Certification shall be made in accordance with §50.13(c) of this chapter (relating to Application Reevaluation).

2012 Program Year Due Date	2013 Program Year Due Date	Documentation Required
12/19/2011	12/17/2012	Application Acceptance Period Begins (Competitive HTC Only).
12/19/2011	12/17/2012	Pre-application Neighborhood Organization Request Date (Competitive HTC Only).
12/30/2011	12/28/2012	Pre-application Response to Neighborhood Organization Request Date (Competitive HTC Only).
01/10/2012	01/08/2013	Pre-Application Final Delivery Date (Competitive HTC Only).
01/20/2012	01/18/2013	Full Application Neighborhood Organization Request Date (Competitive HTC Only). For Tax-Exempt Bond, Rural Rescue, HOME or HTF Applications the request must be sent no later than fourteen (14) days prior to the submission of the Threshold Documentation.
02/23/2012	02/22/2013	Full Application Response to Neighborhood Organization Request Date (Competitive HTC Only). For Tax-Exempt Bond, HOME or HTF Applications the response should be received no later than seven (7) days prior to the Application

2012 Program Year Due Date	2013 Program Year Due Date	Documentation Required
		submission.
03/01/2012	03/01/2013	Full Application Delivery Date (Competitive HTC Only).
03/01/2012	03/01/2013	Quantifiable Community Participation (QCP) Delivery Date (Competitive HTC Only).
03/01/2012	03/01/2013	Unit of General Local Government Resolutions for Applications applying for TDHCA HOME funds and selecting §50.9(a)(5) points (must be submitted with Application).
03/01/2012	03/01/2013	Third Party Report Delivery Date (Environmental Site Assessment (ESA), Property Condition Assessment (PCA), Appraisal (if applicable). For Tax-Exempt Bond Developments the Third Party Reports must be submitted no later than 60 days prior to the Board meeting at which the tax credits will be considered. The 60 day deadlines are available on the Department's website.
03/02/2012	03/04/2013	Rural Rescue Application Submission Period (Ends 11/13/2012 and 11/12/2013 respectively).
04/02/2012	04/01/2013	Market Analysis Delivery Date (Competitive HTC Only).
04/02/2012	04/01/2013	Resolutions Delivery Date. (For Tax-Exempt Bond Developments all resolutions are due no later than 14 days prior to the Board meeting at which the tax credits will be considered).
05/01/2012	05/01/2013	Final Input from State Representative or State Senator Delivery Date (Competitive HTC Only)
Mid-May	Mid-May	Final Scoring Notices Issued (Competitive HTC Only).
06/13/2012	06/12/2013	Application Challenges Deadline (Competitive HTC Only).
Late June	Late June	Release of Eligible Applications for Consideration for Award in July (Competitive HTC Only).
Late July	Late July	Final Awards (Competitive HTC Only).
Mid-August	Mid-August	Commitments are Issued (Competitive HTC Only).
11/01/2012	11/01/2013	Carryover Documentation Delivery Date (Competitive HTC Only).
07/01/2013	07/01/2014	10% Test Documentation Delivery Date (Competitive HTC Only).
12/31/2014	12/31/2015	Placement in Service Deadline (Competitive HTC Only).
Forty-five (45) calendar days prior to	Forty-five (45) calendar days prior to Board	Amendment Requests.

2012 Program Year Due Date	2013 Program Year Due Date	Documentation Required
Board meeting	meeting	
Thirty (30) calendar days prior to the deadline, as applicable	Thirty (30) calendar days prior to the deadline, as applicable	Extension Requests.
Five (5) business days after the Deficiency Notice date (without incurring point loss or penalty fee)	Five (5) business days after the Deficiency Notice date (without incurring point loss or penalty fee)	Administrative Deficiency Deadline

§50.4. Ineligible Applicants, Applications and Developments.

(a) The purpose of this section is to identify those situations, in which an Applicant, Application or Development would be considered to be ineligible under the Housing Tax Credit program based on, but not limited to, requirements in §42 of the Internal Revenue Code, Texas Government Code Chapter 2306 and other criteria considered important by the Department. If an Applicant or Application is determined by staff to be ineligible based on paragraphs (a) and (b) of this section the Applicant will be sent a notice stating such ineligibility and will be given the opportunity to explain how they believe they are not ineligible. If while the Application is under review the General Contractor or Guarantor is determined by staff or the Applicant to be ineligible under paragraph (a) of this section, the Applicant will be allowed to replace the General Contractor or Guarantor provided such replacement is immediately identified and in place prior to the date by which a Commitment or Determined Notice would be issued provided that the request is made in sufficient time to allow Department staff to conduct its previous participation review and any other necessary ~~an~~ analysis. A proposed replacement and each Principal is required to provide the required previous participation forms.

(b) **Ineligible Applicants.** An Applicant is ineligible if any Applicant, Development Owner, Developer, General Contractor, Guarantor involved with the Application:

(1) has been or is barred, suspended, or terminated from procurement in a state or Federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs; or (§2306.6721(c)(2))

(2) has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen (15) years preceding the Application deadline; or

(3) at the time of Application is subject to an enforcement or disciplinary action under state or federal securities law or by the NASD; is subject to a federal tax lien; or is the subject of a proceeding in which a Governmental Entity has issued an order to impose penalties, suspend funding, or take adverse action based on an allegation of:
(A) financial misconduct; or
(B) uncured violation of material laws, rules, or other legal requirements governing activities considered relevant by the Governmental Entity; or

(4) has any past due audits and has not submitted those past due audits to the Department in a satisfactory format. A Person is not eligible to receive a Commitment of Housing Tax Credits from the Department if any audit finding or questioned or disallowed cost is unresolved as of June 1 of each year, or for Tax-Exempt Bond Developments or other Applications applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) no later than thirty (30) days after Volume III of the Application is submitted; or (§2306.6703(a)(1))

(5) at the time of Application or at any time during the two-year period preceding the date the Application Round begins (or for Tax-Exempt Bond Developments any time during the two-year period preceding the date the Application is submitted to the Department), the Applicant or a Related Party is or has been:
  (A) a member of the Board; or
  (B) the Executive Director, Chief of Staff, General Counsel, a Deputy Executive Director, the Director of Housing Tax Credits, the Chief of Compliance and Asset Oversight, ~~,~~ the Director of Real Estate Analysis, or a manager over Housing Tax Credits employed by the Department or any person exercising such responsibilities regardless of job title; (§2306.6703(a)(2))

(6) the Applicant proposes to replace in less than fifteen (15) years any private activity bond financing of the Development described by the Application, unless:
  (A) the Applicant proposes to maintain for a period of thirty (30) years or more 100% of the Development Units supported by Housing Tax Credits as rent-restricted and exclusively for occupancy by individuals and families earning not more than 50% of the Area Median Gross Income, adjusted for family size; and
  (B) at least one-third of all the Units in the Development are public housing units or Section 8 Development-based Units; or
  (C) The applicable private activity bonds will be redeemed only in an amount consistent with their proportionate amortization; or
  (D) if the redemption of the applicable private activity bonds will occur in the first five years of the operation of the Development and complies with §429(h)(4), Internal Revenue Code of 1986:
    (i) on the date the Certificate of Reservation is issued, the Texas Bond Review Board determines that there is not a waiting list for private activity bonds in the same priority level established under §1372.0321 of the Texas Government Code or, if applicable, in the same uniform state service region, as referenced in §1372.0231 of the Texas Government Code, that is served by the proposed Development; and
    (ii) the applicable private activity bonds will be redeemed according to underwriting, if any, established by the Department; (§2306.6703)

(7) 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 (§2306.6721(c)(2); or

(8) has breached a contract with a public agency and failed to cure that breach; or

(9) misrepresented to a subcontractor the extent to which the Developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the Developer's participation in contracts with the agency and the amount of financial assistance awarded to the Developer by the agency; or

(10) there is, involving the Application or Applicant, a violation of §2306.6733 of the Texas Government Code; or

(11) has been found by the Board, after holding a hearing before the Board, to warrant ineligibility because of the circumstances surrounding a voluntary or involuntary termination of involvement in a rent or income restricted multifamily Development by a lender, equity provider, or any other owners or investors as a Principal during the previous ten (10) years, however designated, or any combination thereof or having had any litigation to effectuate such exit instituted, and continuing at the time of Application. The Department shall be promptly notified by the Applicant of any such circumstances. The Applicant will provide the Department staff with such information as it may reasonably request to evaluate the facts and circumstances surrounding such actual or threatened exit and prepare a report to the Executive Director. The information considered and addressed in the report will include, but not be limited to those identified in subparagraphs (A) - (E) of this paragraph. The Executive Director will make a determination, based on the report, whether facts and circumstances are present that would support the institution of formal proceedings to determine eligibility. Any determination of ineligibility under this provision

shall be for a period that will not exceed five (5) years. No person shall be made ineligible under this provision except by formal action taken by the Department's Governing Board. Any such matter to be presented for final determination of ineligibility by the Board must include notice from the Department to the affected party not less than fourteen (14) days prior to the schedule Board meeting. The Executive Director may, but is not required, to issue a formal notice after disclosure if it is determined that the matter does not warrant ineligibility. The Executive Director's report and the Board's decision shall take into account all relevant factors including, but not limited to:

(A) whether the Developer or Principal has invested more of its financial resources in the Development than it has received from or in connection with the Development;

(B) whether such Developer or Principal had the ability to address the facts and circumstances that ultimately led to the actual or threatened exit by other means or whether uncooperative parties or other facts and circumstances beyond its control prevented any other such resolution;

(C) the contributing or causative effect of circumstances beyond such Applicant's, Development Owner's, Developer's or Guarantor's control, such as significant changes in market conditions or a natural disaster;

(D) the compliance history of the Development during the time of the Applicant's, Development Owner's, Developer's or Guarantor's involvement; and

(E) whether such Developer or Principal disclosed to the Department the event of exit as part of the Certification in the current Application.

(c) **Ineligible Applications.** The Department will terminate an Application for those issues identified in paragraphs (1) - (10) of this subsection. In addition to termination, the Department may debar a Person for one (1) year from the date of debarment, or until the violation causing the debarment has been remedied, whichever term is longer, if the Department determines that any of the issues identified in paragraphs (1) – (8) of this subsection exist and the facts warrant debarment:

(1) the provision of fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission in the Application or other information submitted to the Department at any stage of the evaluation or approval process; or

(2) the Applicant, Development Owner, Developer, General Contractor, or Guarantor or anyone that exercises common Control in the Development Owner, Developer, General Contractor or Guarantor, or any Affiliate that Controls one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with or has repeatedly violated the LURA or if such Material Noncompliance or repeated violation is identified during the Application review or the program rules in effect for such property as further described in Chapter 60 of this title (relating to Compliance Administration); or (§2306.6721(c)(3))

(3) the Applicant, Development Owner, Developer, General Contractor, or Guarantor or anyone that exercises common Control in the Development Owner, Developer, General Contractor, or Guarantor, or any Affiliate of such entity that is active in the ownership or Control has been a Principal of any entity that failed to make all loan payments to the Department in accordance with the terms of the loan, as amended, or was otherwise in default with any provisions of any loans from the Department; or

(4) the Applicant or the Development Owner that exercises common Control of one or more tax credit properties in the state of Texas has failed to cure any fees described in §50.14 of this chapter (relating to Program Related Fees) seven (7) days prior to the Board meeting at which the decision for the Application is to be made; or

(5) an Applicant or a Related Party and any Person who is active in the construction, Rehabilitation, ownership, or exercises common Control of the proposed Development, including a General Partner or contractor, and a Principal or Affiliate of a General Partner or contractor, or an individual employed as a consultant, lobbyist or attorney by an Applicant or a Related Party, violates §2306.1113 of the Texas Government Code relating to

Ex Parte Communication as further described in §50.7 of this chapter (relating to Application Process); or

(6) it is determined by the Department's Executive Director that there is evidence that establishes probable cause to believe that an Applicant, Development Owner, Developer, or any of their employees or agents has violated a state revolving door or other standard of conduct or conflict of interest statute, including §2306.6733 of the Texas Government Code, or a section of Chapter 572 of the Texas Government Code, in making, advancing, or supporting the Application; or

(7) the Applicant, Development Owner, Developer, Guarantor, General Contractor, or any Affiliate of such entity whose previous funding contracts or commitments have been partially or fully deobligated during the twelve (12) months prior to the submission of the Application and through the date of final allocation due to a failure to meet contractual obligations; or

(8) the Applicant, Development Owner, Developer, Guarantor, General Contractor, or any Affiliate of such entity whose pre-development award of non-tax credit funds from the Department has not been repaid in accordance with the terms of repayment for the Development at the time of Carryover Allocation or Bond closing; or

(9) the Application is submitted after the Application submission deadline (time or date); has an entire Volume of the Application missing; is not bookmarked in accordance with the instructions in the Tax Credit (Procedures) Manual; or has a Material Deficiency as defined under §1.1 of this title (relating to Definitions and Amenities for Housing Program Activities); or

(10) for Applications submitted under the State Housing Credit Ceiling, if more than 150% of the credit amount available in the sub-region is requested at the time of the original submission of the Application based on estimates released by the Department on December 1. The Department will consider the amount in Volume 1, Tab 1, Part C, Funding Request to be the amount of housing tax credits requested.

(d) **Ineligible Developments.** Those Developments identified in paragraphs (1) - (16) of this subsection are considered ineligible for funding under the Housing Tax Credit Program:

(1) Hospitals, nursing homes, trailer parks, dormitories (or other buildings that will be predominantly occupied by students) or other facilities which are usually classified as transient housing (as provided in the §42(i)(3)(B)(iii) and (iv) of the Code) are not eligible. However, structures formerly used as hospitals, nursing homes or dormitories are eligible for Housing Tax Credits if the Development involves the conversion of the building to a non-transient multifamily residential Development;

(2) A property that provides continual or frequent nursing, medical or psychiatric services. Refer to IRS Revenue Ruling 98-47 for clarification of assisted living;

(3) Any Qualified Elderly Development of two stories or more that does not include elevator service for any Units or living space above the first floor;

(4) Any Qualified Elderly Development with any Units having more than two bedrooms with the exception of up to three employee Units reserved for the use of the manager, maintenance, and/or security officer. These employee Units must be specifically designated as such;

(5) Any Development with any building(s) with four or more stories that does not include an elevator;

(6) Any Qualified Elderly Development proposing more than 70% two-bedroom Units;

(7) Any Development (excluding Supportive Housing Developments) proposed in a Central Business District with more than 70% one bedrooms and/or Efficiency Units or 70% two bedrooms or more than 20% three bedrooms. An Application may reflect a total of Units for a given bedroom size greater than these percentages to the extent that the increase is only to reach the next highest number divisible by four;

(8) Any Development that violates §1.15 of this title (relating to Integrated Housing Rule);

(9) A proposed Rehabilitation (excluding Reconstruction) of an E~~e~~xisting ~~property~~ Residential Development that ~~has been in active use for~~is more than forty (40) years old unless the property is either:
(A) to be rehabilitated with support of historic tax credits;
(B) to be done as adaptive reuse; or
(C) a Development that includes an architect's or engineer's statement confirming that the proposed rehabilitation will be structurally viable for its required affordability period, assuming customary ongoing maintenance.

(10) Any Development located in an Urban Area involving New Construction, Reconstruction or Adaptive Reuse of Units (except for a Qualified Elderly Development, a Development proposed in a Central Business District, a Development composed entirely of single family dwellings, or Supportive Housing Developments) in which any of the designs in subparagraphs (A) - (D) of this paragraph are proposed. For Applications involving a combination of single family detached dwellings and multifamily dwellings, the percentages in this subparagraph do not apply to the single family detached dwellings, but they do apply to the multifamily dwellings. An Application may reflect a total of Units for a given bedroom size greater than the percentages in subparagraphs (A) - (D) of this paragraph to the extent that the increase is only to reach the next highest number divisible by four:
(A) more than 30% of the total Units are one bedroom and/or Efficiency Units; or
(B) more than 55% of the total Units are two bedroom Units; or
(C) more than 40% of the total Units are three bedroom Units; or
(D) more than 5% of the total Units in the Development with four or more bedrooms;

(11) Any Development which is intended to house seniors that is not consistent with the definition of a Qualified Elderly Development;

(12) Any Development that is reasonably believed by staff not to clearly meet the general public use requirement under Treasury Regulation §1.42-9 unless the Applicant has obtained a private letter ruling that the proposed Development is permitted;

(13) Development Sites with negative characteristics in subparagraphs (A) - (G) of this paragraph will be considered ineligible. If staff identifies what it believes would constitute an unacceptable negative site feature not covered by the those identified in subparagraphs (A) – (G) of this paragraph staff may seek Board clarification and, after holding a hearing before the Board, the Board may make a final determination as to whether that feature is unacceptable. Rehabilitation (excluding Reconstruction) Developments with ongoing and existing federal assistance from HUD or TRDO-USDA are exempt. For purposes of this exhibit, the term 'adjacent' is interpreted as sharing a boundary with the Development Site. The distances are to be measured from the nearest boundary of the Development Site to the boundary of the negative characteristic. If none of these negative characteristics exist, the Applicant must sign a certification to that effect. The negative characteristics include:
(A) developments located adjacent to or within 300 feet of junkyards;
(B) developments located adjacent to or within 300 feet of active railroad tracks, unless the Applicant provides evidence that the city/community has adopted a Railroad Quiet Zone or the railroad in question is commuter or light rail; (Developments located in a Central Business District are exempt);
(C) developments located adjacent to or within 300 feet of heavy industrial uses such as manufacturing plants, refinery blast zones, etc.;
(D) developments located adjacent to or within 300 feet of a solid waste or sanitary landfills;
(E) developments where the buildings are located within the easement of any overhead high voltage transmission line or inside the engineered fall distance of any support structure for high voltage transmission lines, radio antennae, satellite towers, etc. This does not apply to local service electric lines and poles;
(F) developments where the buildings are located within the accident zones or clear zones for commercial or military airports; or

(G) development is located adjacent to or within 300 feet of a sexually-oriented business. For purposes of this paragraph, a sexually-oriented business shall be defined as stated in §243.002 of the Texas Government Code;

(14) **Two Mile Same Year Rule.** Staff will not recommend an allocation in the same Application Round if the Developments are, or will be, located less than two linear miles apart as determined by the Department. If the Board forward commits credits from the following year's State Housing Credit Ceiling, the Development is considered to be in the calendar year in which the Board votes, not in the year of the State Housing Credit Ceiling. This limitation applies only to communities contained within counties with populations exceeding one million. For purposes of this chapter, any two sites not more than two linear miles apart are deemed to be "in a single community." (§2306.6711(f)) This restriction does not apply to the allocation of Housing Tax Credits to Developments financed through the Tax-Exempt Bond program, including the Tax-Exempt Bond Development Applications under review and existing Tax-Exempt Bond Developments in the Department's portfolio; (§2306.67021)

(15) **Unacceptable Sites.** Developments will be ineligible if the Development is located on a site that is determined to be unacceptable by the Department, based on the evaluation factors identified in the Site Evaluation form, augmented by any other inspections or other documented findings of the Department. The Department will advise the Applicant if it makes an initial finding that a proposed site is unacceptable and provide the applicant with a reasonable opportunity to address any identified concerns. If in the Department's reasonable judgment the Applicant is not able to address adequately the Department's concerns regarding the site, the Department staff will issue a determination that the site is unacceptable. If not appealed in accordance with §50.10(d) of this chapter (relating to Board Decisions), this determination becomes final.

(16) **Mandatory Development Amenities.** All New Construction, Reconstruction or Adaptive Reuse Units must provide each and all of the amenities in subparagraphs (A) - (N) of this paragraph. Rehabilitation Developments must provide the amenities in subparagraphs (C) - (N) of this paragraph unless expressly identified as not required. (§2306.187) Supportive Housing Developments are not required to provide the amenities in subparagraph (B), (E), (F) or (G) of this paragraph; however, access must be provided to a comparable amenity in a common area. Deviations for good cause, by which one or more of the foregoing will not be provided, must be approved prior to award and the request for such deviation must be included in the Application. The Executive Director may issue such approvals. Requests not approved may be appealed to the Board in accordance with §50.10(d) of this chapter. These amenities must be at no charge to the tenants.

(A) All New Construction Units must be wired with RG-6/U COAX or better and CAT3 phone cable or better, wired to each bedroom, dining room and living room;
(B) Laundry Connections;
(C) Blinds or window coverings for all windows;
(D) Screens on all operable windows;
(E) Disposal and Energy-Star rated dishwasher (not required for TRDO-USDA ~~or Supportive Housing Developments~~; Rehabilitation Developments exempt from dishwasher if one was not originally in the Unit);
(F) Energy-Star rated refrigerator;
(G) Oven/Range;
(H) Exhaust/vent fans (vented to the outside) in bathrooms;
(I) At least one Energy-Star rated ceiling fan per Unit;
(J) Energy-Star rated lighting in all Units which may include compact fluorescent bulbs;
(K) Plumbing fixtures (toilets and faucets) must meet design standards at 30 TAC §290.252 (relating to Design Standards);

(L) All Units must have central heating and air-conditioning (Packaged Terminal Air Conditioners meet this requirement for SRO Units in Supportive Housing Developments only);

(M) Fire sprinklers in all Units, except for single family Units where no local code prevails; and

(N) Adequate parking spaces consistent with local code, unless there is no local code, in which case the requirement would be 1.5 spaces per Unit for non-Qualified Elderly Developments and one (1) space per Unit for Qualified Elderly.

§50.5. Site and Development Restrictions.

(a) The purpose of this section is to identify specific restrictions on a proposed Development submitted under the State Housing Credit Ceiling or Tax Exempt Bond Developments, as applicable.

(b) **Floodplain.** Any Development proposing New Construction or Reconstruction and located within the one-hundred (100) year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements. If no FEMA Flood Insurance Rate Maps are available for the proposed Development, flood zone documentation must be provided from the local government with jurisdiction identifying the one-hundred (100) year floodplain. No buildings or roads that are part of a Development proposing Rehabilitation (excluding Reconstruction) with the exception of Developments with existing and ongoing federal funding assistance from HUD or TRDO-USDA, will be permitted in the one-hundred (100) year floodplain unless they already meet the requirements established in this subsection for New Construction, or if the Unit of General Local Government has undertaken mitigation efforts and can establish that the property is no longer within the one-hundred (100) year floodplain.

(c) **Credit Amount.** (§2306.6711(b)) An Applicant may not request more than $2 million in annual tax credits for any given Application. The Department shall not allocate more than $~~2~~ 3 million of tax credits in any given Application Round to any Applicant, Developer, Affiliate or Guarantor (unless the Guarantor is also the General Contractor, and is not a Principal of the Applicant, Developer or Affiliate of the Development Owner). Tax-Exempt Bond Development Applications are not subject to this limitation and Tax-Exempt Bond Development Applications will not count towards the total limit on tax credits per Applicant. Competitive Housing Tax Credits approved by the Board during the current calendar year, including commitments from the current Credit Ceiling and forward commitments from the following years' Application Round Credit Ceiling, are applied to the credit cap limitation for the current Application Round. In order to evaluate this $~~2~~ 3 million limitation, nonprofit entities, public housing authorities, publicly traded corporations, individual board members, and executive directors must provide the documentation required in the Application with regard to this requirement. All entities that share a Principal are Affiliates. For purposes of determining the $~~2~~ 3 million limitation of tax credits, a Person is not deemed to be an ~~Affiliate~~ Applicant, Developer, Affiliate or Guarantor solely because it:

(1) raises or provides equity;

(2) provides "qualified commercial financing";

(3) is a Qualified Nonprofit Organization or other not-for-profit entity that is providing solely loan funds, grant funds or social services;

(4) receives fees as a Development Consultant or Developer that do not exceed 10% of the Developer Fee (or 20% for Qualified Nonprofit Developments) to be paid or $150,000, whichever is greater; or

(5) is acting as a General Contractor providing experience or~~and~~ is providing a required construction guarantee because of that role.

(d) **Limitations on the Size of Developments.**

(1) The minimum Development size will be 16 Units.

(2) Developments in Rural Areas involving any New Construction or Adaptive Reuse (excluding New Construction of non-residential buildings) will be limited to 80 Units. Rehabilitation Developments (excluding Reconstruction) do not have a limitation as to the number of Units.

(3) Urban Developments involving any New Construction or Adaptive Reuse (excluding New Construction of non-residential buildings), in the Competitive Housing Tax Credit Application Round will be limited to 252 total Units, wherein the maximum Department administered Units will be limited to 200 Units. Tax-Exempt Bond Developments will be limited to 252 restricted and total Units. These maximum Unit limitations also apply to those Developments which involve a combination of Rehabilitation, Reconstruction, and New Construction. Only Developments that consist solely of acquisition/Rehabilitation or Rehabilitation may exceed the maximum Unit restrictions.

(4) For Applications that are proposing an additional phase to an existing tax credit Development of the same type; that are otherwise adjacent to an existing tax credit Development of the same type; or that are proposing a Development of the same type on a contiguous site to another Application awarded in the same program year, the combined Unit total for the existing and proposed Developments may not exceed the maximum allowable Development size set forth in this subsection unless:

(A) the first phase of the Development has been completed and has maintained occupancy of at least 90% for a minimum six (6) month period as reflected in the submitted rent roll; or

(B) a resolution from the Governing Body of the city or county, in which the proposed Development is located, dated no more than one (1) year old from the date the Application is submitted. Such resolution must state that the Governing Body has reviewed a market study which supports the need for additional Units. The resolution must be submitted to the Department by the Resolution Delivery Date as indicated in §50.3 of this chapter (relating to Program Calendar); or

(C) the proposed Development is intended to provide replacement of previously existing affordable Units on the Development Site or that were originally located within a one mile radius from the Development Site; provided, however, the combined number of Units in the proposed Development may not exceed the number of Units being replaced. Documentation of such replacement units must be provided.

(e) **Developments Proposing to Qualify for a 30% increase in Eligible Basis.** Staff will evaluate Applications for a 30% increase in Eligible Basis provided they meet the criteria identified in paragraph (1) or (2) of this subsection and staff will recommend a 30% increase in Eligible Basis unless a 30% increase in Eligible Basis would cause the development to be oversourced, as evaluated by the Real Estate Analysis division, in which case a credit amount necessary to fill the gap in financing will be recommended~~to the extent needed and if determined to be infeasible without it, as evaluated by the Real Estate Analysis division~~ (paragraph (2) of this subsection does not apply to Tax-Exempt Bond Applications).

(1) The Development is located in a Qualified Census Tract (QCT) (as determined by the Secretary of HUD) that has less than 30% Housing Tax Credit Units per households in the tract as established by the U.S. Census Bureau for the most recent Decennial Census. Developments located in a QCT that has in excess of 30% Housing Tax Credit Units per households in the tract are not eligible to qualify for a 30% increase in Eligible Basis, which would otherwise be available for the Development Site pursuant to §42(d)(5)(C) of the Code, unless the Development is proposing only Reconstruction or Rehabilitation (excluding New Construction of non-residential buildings). Applicants must submit a copy of the census map clearly showing that the proposed Development is located within a QCT. The 11 digit census tract number must be clearly marked on the map. These ineligible Qualified Census Tracts are outlined in the Housing Tax Credit Site Demographic Characteristics Report for the current Application Round; or

(2) The Development meets one of the criteria described in subparagraphs (A) - (E~~D~~) of this paragraph (pursuant to the authority granted by H.R. 3221):

(A) any Rural Development**;**

(B) developments proposing entirely~~-~~ Supportive Housing and that such Development is expected to be debt free or have no foreclosable or non-cash flow debt;

(C) developments proposed to be located in a Central Business District as defined in §50.2(7) of this chapter (relating to Definitions);~~ or~~

(D) Developments proposed in a High Opportunity Area as defined in §50.2(16) of this chapter; or~~.~~

(E) any non-Qualified Elderly Development not located in a QCT that receives local HOME, CDBG or other funds distributed or administered by the local jurisdiction provided that such funding amounts are equal to at least $2,000 per Unit and is removed from Eligible Basis.

§50.6. Allocation and Award Process.

(a) The purpose of this section is to identify the statutory set-asides for Applications competing under the State Housing Credit Ceiling, the methodology by which awards under the Ceiling are made as well as the general process for Housing Tax Credit Allocations.

(b) **Regional Allocation Formula.** This formula, developed by the Department, establishes separate targeted tax credit amounts for Rural Areas and Urban Areas within each of the Uniform State Service Regions. Each Uniform State Service Region's targeted tax credit amount will be published on the Department's website. The regional allocation for Rural Areas is referred to as the Rural Regional Allocation and the regional allocation for Urban Areas is referred to as the Urban Regional Allocation. Developments qualifying for the Rural Regional Allocation must meet the Rural Development definition. The Regional Allocation target will reflect that at least 20% of the State Housing Credit Ceiling for each calendar year shall be allocated to Developments in Rural Areas with a minimum of $500,000 for each Uniform State Service Region. (§2306.111(d)(3) and §2306.1115)

(c) **Allocation Set-Asides.** An Applicant may elect to compete in as many of the following Set-Asides for which the proposed Development qualifies: (§2306.111(d))

(1) **Nonprofit Set-Aside.** At least 10% of the State Housing Credit Ceiling for each calendar year shall be allocated to Qualified Nonprofit Developments which meet the requirements of §42(h)(5) of the Code. Qualified Nonprofit Organizations must have the Controlling interest in the Development Owner applying for this Set-Aside. If the Application is filed on behalf of a limited partnership, the Qualified Nonprofit Organization must be the Managing General Partner. If the Application is filed on behalf of a limited liability company, the Qualified Nonprofit Organization must be the controlling Managing Member. Additionally, a Qualified Nonprofit Development submitting an Application in the nonprofit Set-Aside must have the nonprofit entity or its nonprofit Affiliate or subsidiary be the Developer or a co-Developer as evidenced in the development agreement. An Applicant that meets the requirements to be in the Qualified Non-Profit Set-Aside is deemed to be applying under that set-aside unless their Application specifically includes an affirmative election to not be treated under that set-aside and a certification that they do not expect to receive a benefit in the allocation of tax credits as a result of being affiliated with a nonprofit. The Department reserves the right to request a change in this determination and/or not recommend credits for those unwilling to switch if insufficient Applications in the Nonprofit Set-Aside are received. (§2306.6729 and §2306.6706(b))

(2) **USDA Set-Aside.** At least 5% of the State Housing Credit Ceiling for each calendar year shall be allocated to Rural Developments which are financed through TRDO-USDA. (§2306.111(d)(2)) If an Application in this Set-Aside involves Rehabilitation it will be

attributed to and come from the At-Risk Development Set-Aside; if an Application in this Set-Aside involves New Construction it will be attributed to and come from the applicable Uniform State Service Region. Developments financed through TRDO-USDA's §538 Guaranteed Rural Rental Housing Program, in whole or in part, will not be considered under this Set-Aside. Any Rehabilitation or Reconstruction of an existing §515 Development that retains the §515 loan and restrictions will be considered under the At-Risk Development and TRDO-USDA Set-Asides, unless such Development is also financed through TRDO-USDA's §538 Guaranteed Rural Rental Housing Program. Commitments of Competitive Housing Tax Credits issued by the Board in the current program year will be applied to each Set-Aside, Rural Regional Allocation, Urban Regional Allocation and/or TRDO-USDA Set-Aside for the current Application Round as appropriate;

(3) **At-Risk Set-Aside.** At least 15% of the State Housing Credit Ceiling for each calendar year will be allocated under the At-Risk Development Set-Aside and will be deducted from the State Housing Credit Ceiling prior to the application of the regional formula required under subsection (a) of this section. Through this Set-Aside, the Department, to the extent possible, shall allocate credits to Applications involving the preservation of Developments identified as At-Risk Developments. (§2306.6714) Up to 5% of the State Credit Ceiling associated with this Set-Aside may be given priority to Rehabilitation Developments funded with TRDO. An At-Risk Development is a Development that: (§2306.6702)

(A) Has received the benefit of a subsidy in the form of a below-market interest rate loan, interest rate reduction, rental subsidy, Section 8 housing assistance payment, rental supplement payment, rental assistance payment, or equity incentive under at least one of the following federal laws, as applicable:

(i) Section 221(d)(3) and (5), National Housing Act (12 U.S.C. §17151);

(ii) Section 236, National Housing Act (12 U.S.C. §1715z-1);

(iii) Section 202, Housing Act of 1959 (12 U.S.C. §1701q);

(iv) Section 101, Housing and Urban Development Act of 1965 (12 U.S.C. §1701s);

(v) The Section 8 Additional Assistance Program for housing Developments with HUD-Insured and HUD-Held Mortgages administered by the United States Department of Housing and Urban Development;

(vi) The Section 8 Housing Assistance Program for the Disposition of HUD-Owned Projects administered by the United States Department of Housing and Urban Development;

(vii) Sections 514 - 516, Housing Act of 1949 (42 U.S.C. §§1484 - 1486);

(viii) Section 42, of the Internal Revenue Code of 1986 (26 U.S.C. §42); or

(iv) Section 538, Housing Act of 1949 only if the Development involves the Rehabilitation of an existing property that has received and will continue to receive as part of the financing of the Development federal assistance provided under §515 of the Housing Act of 1949; and

(B) Is subject to the following conditions:

(i) The stipulation to maintain affordability in the contract granting the subsidy is nearing expiration (expiration will occur within two (2) calendar years of July 31 of the year the Application is submitted); or

(ii) The federally insured mortgage on the Development is eligible for prepayment or is nearing the end of its mortgage term (the term will end within two calendar years of July 31 of the year the Application is submitted);

(C) An Application for a Development that includes the demolition of the existing Units which have received the financial benefit described in subparagraph (A) of this paragraph will not qualify as an At-Risk Development unless the redevelopment will include the same site;

(D) Developments must be at risk of losing affordability from the financial benefits available to the Development and must retain or renew all possible financial benefit if available, and at least maintain existing affordability to qualify as an At-Risk Development;

(E) Nearing expiration on a requirement to maintain affordability includes Developments eligible to request a qualified contract under §42 of the Code. Evidence must be provided in the form of a copy of the recorded LURA, the first years' IRS Forms 8609 for all buildings showing Part II completed and, if applicable, documentation from the original application regarding the right of first refusal.

(F) An amendment submitted to the Department while the Application is under review that would enable the Development to qualify as an At-Risk Development will not be accepted.

(d) **Redistribution of Credits.** (§2306.111(d)) If any amount of Housing Tax Credits remain after the initial commitment of Housing Tax Credits among the Set-Asides, Rural Regional Allocation and Urban Regional Allocation, the Department may redistribute the credits amongst the different regions and Set-Asides based on the need to most closely achieve regional allocation goals and the level of demand exhibited in the Uniform State Service Regions during the Application Round. However, if there are any tax credits set aside for Developments in a Rural Area in a specific Uniform State Service Region that remain after the allocation under subsection (e) of this section, those tax credits shall be made available in any other Rural Area in the state, first, and then to Developments in Urban areas of any uniform state service region. (§2306.111(d)(3)) As described in subsection (b)(1) and (2) of this section, no more than 90% of the State's Housing Credit Ceiling for the calendar year may go to Developments which are not Qualified Nonprofit Developments. If credits will be transferred from a Uniform State Service Region which does not have enough qualified Applications to meet its regional credit distribution amount, then those credits will be apportioned to the other Uniform State Service Regions.

(e) **Methodology for Award Recommendations under the State Housing Credit Ceiling to the Board.** The Department will assign, as herein described, Developments for review for financial feasibility by the Department's Real Estate Analysis Division. In general these will be those Applications identified as most competitive and that meet the requirements of Eligibility and Threshold. However, an Application may be reviewed by the Real Estate Analysis Division prior to the completion of the Eligibility and Threshold reviews. The procedure identified in paragraphs (1) - (6) of this subsection will also be used in making recommendations to the Board:

(1) Applications with the highest scores in the TRDO-USDA Allocation until the minimum requirements stated in subsection (c)(2) of this section are attained. If an Application in this Set-Aside involves Rehabilitation it will be attributed to, and come from the, At-Risk Set-Aside; if an Application in this Set-Aside involves New Construction it will be attributed to and come from the applicable Uniform State Service Region;

(2) Applications with the highest scores in the At-Risk Set-Aside Statewide until the minimum requirements stated in subsection (c)(3) of this section are attained;

(3) Remaining funds within each Uniform State Service Region will then be selected based on the highest scoring Developments in each of the 26 sub-regions, regardless of Set-Aside, in accordance with the requirements under subsection (b) of this section, without exceeding the credit amounts available for a Rural Regional Allocation and Urban Regional Allocation in each region. To the extent that Applications in the TRDO-USDA Set-Asides are not competitive enough within their respective Set-Aside, they will also be able to compete, with no Set-Aside preference, within their appropriate sub-region;

(4) If there are any tax credits set-aside for Developments in a Rural Area in a specific Uniform State Service Region that remain after allocation under paragraph (3) of this subsection those tax credits shall then be made available in any other Rural Area in the state to the Application in the most underserved Rural sub-region as compared to the Region's Rural Allocation. This rural redistribution will continue until at least 20% of the funds available to the state are allocated to Rural Areas. (§2306.111(d)(3)) This will be referred to as the Rural collapse;

(5) If there are any tax credits remaining in any sub-region after the Rural collapse, in the Rural Regional Allocation or Urban Regional Allocation, they then will be combined and

made available to the Application in the most underserved sub-region as compared to the sub-region's allocation. This will be referred to as the statewide collapse;

(6) Staff will ensure that at least 10% of the State Housing Credit Ceiling is allocated to Qualified Nonprofit Organizations to satisfy the Nonprofit Set-Aside. If 10% is not met through the existing competitive process, then the Department will add the highest scoring Application by a Qualified Nonprofit Organization statewide until the 10% Nonprofit Set-Aside is met and this set-aside will take precedence over selection for the Rural Regional Allocation and Urban Regional Allocation. Funds for the Rural Regional Allocation or Urban Regional Allocation within a region, for which there are no eligible feasible Applications, will be redistributed as provided in subsection (d) of this section. If the Department determines that an allocation recommendation would cause a violation of the $2 million limit described in §50.5(c) of this chapter (relating to Site and Development Restrictions), the Department will make its recommendation by selecting the Development(s) that most effectively satisfy the Department's goals in meeting Set-Aside and regional allocation goals. Based on Application rankings, the Department shall continue to underwrite Applications until the Department has processed enough Applications satisfying the Department's underwriting criteria to enable the allocation of all available Housing Tax Credits according to regional allocation goals and Set-Aside categories. To enable the Board to establish a waiting list, the Department shall underwrite as many additional Applications as necessary to ensure that all available Competitive Housing Tax Credits are allocated within the period required by law. (§2306.6710(a) - (f); §2306.111)

(f) **Tie Breaker Factors.**

(1) In the event that two or more Applications receive the same number of points in any given Set-Aside category, Rural Regional Allocation or Urban Regional Allocation, or Rural or state collapse and each of the tied Applicants are practicable and economically feasible, the Department will utilize the factors in this paragraph, in the order they are presented, to determine which Development will receive a preference in consideration for a tax credit Commitment.

(A) Applications located in a census tract~~, including all contiguous census tracts, ~~that has the lowest average of units per capita, supported by Housing Tax Credits, including those supported by Tax Exempt Bonds, at the time the Application Round begins will win the first tie breaker.

(B) The amount of requested tax credits per ~~square foot of Net Rentable Area~~Bedroom (Efficiency Units will be considered to have one Bedroom for the purposes of this provision) as of the date of Application submission. The lower credits per ~~square foot~~Bedroom will win this second tie breaker.

(C) Each scoring item for the tied Applications will be compared in descending order until an item is identified where one Applicant’s score is greater than the score of the tied Applicants and the Applicant with the highest score on that item will win this third tie breaker.

(2) This paragraph identifies how ties will be handled when dealing with the restrictions on location identified in §50.8(2)(B) of this chapter (relating to Threshold Criteria), and in dealing with any issues relating to capture rate calculation. When two Tax-Exempt Bond Developments would violate one of these restrictions, and only one Development can be selected, the Department will utilize the Certificate of Reservation docket number issued by the Texas Bond Review Board (TBRB) in making its determination. When two Competitive Housing Tax Credits Applications in the Application Round would violate one of these restrictions, and only one Development can be selected, the Department will utilize the tie breaker identified in paragraph (1) of this subsection. When a Tax-Exempt Bond Development and a Competitive Housing Tax Credit Application in the Application Round would both violate a restriction, the following determination will be used:

(A) Tax-Exempt Bond Developments that receive their Certificate of Reservation from the TBRB on or before April 30 of the current program year will take precedence over the Housing Tax Credit Applications in the current Application Round;

(B) Housing Tax Credit Applications approved by the Board for tax credits in July of the current program year will take precedence over the Tax-Exempt Bond Developments that received their Certificate of Reservation from the TBRB on or between May 1 and July 31of the current program year; and

(C) After July 31, a Tax-Exempt Bond Development with a Certificate of Reservation from the TBRB will take precedence over any Housing Tax Credit Application from the current Application Round on the waiting list. However, if no Certificate of Reservation has been issued by the date the Board approves an allocation to a Development from the waiting list of Applications in the current Application Round or a forward commitment, then the waiting list Application or forward commitment will be eligible for its allocation.

(g) **Staff Recommendations.** (§2306.1112 and §2306.6731) In accordance with the QAP and other applicable Department rules, the Department staff shall make its recommendations to the Executive Award and Review Advisory Committee for that committee to recommend to the Board. That committee, in making its recommendations, is not constrained to whether the proposed award meets legal and regulatory requirements and may, as it deems appropriate provide information about other factors and concerns. The committee, if it is not unanimous, shall report opposing minority views.

§50.7. Application Process.

(a) The purpose of this section is to outline the process by which Housing Tax Credit Applications are accepted and reviewed by the Department.

(b) **General.** The application process has two parts, a pre-application which is voluntary but creates an opportunity for a greater score on the required Application and applies only to Applications submitted under the State Housing Credit Ceiling and an Application which is mandatory. An Applicant that does not provide an Application on or before the deadlines provided herein is not eligible to be placed on the list of eligible Applicants to which awards of tax credits may be made. Pre-applications and Applications submitted to the Department are subject to restrictions in paragraphs (1) and (2) of this subsection.

(1) *Ex Parte* **Communications.** (§2306.1113) An ex parte communication occurs, when an Applicant initiates substantive contact (other than permitted social contact) with a board member, or vice versa, in a setting other than a duly posted and convened public meeting, in any manner not specifically permitted by §2306.1113(b). Such action is prohibited. For Applicants seeking funding after initial awards have been made, such as waiting list Applicants, the ex parte communication prohibition remains in effect. The ex parte provision does not prohibit the Board from participating in social events at which a Person with whom communications are prohibited may, or will be present, provided that all matters related to the Applications be considered by the Board will not be discussed.

(2) **Administrative Deficiency Process.** The purpose of the Administrative Deficiency process is to allow the Applicant an opportunity to provide clarification, correction or non-material missing information (i.e. not rising to the level of a Material Deficiency) to resolve inconsistencies in the original Application. ~~Any exhibits or forms that are part of the Uniform Application and supporting documentation will not be accepted by staff even if points were requested in the Applicant's Self Scoring Form unless the Applicant provides an explanation satisfactory to staff of why the item is missing and explaining how it was beyond their control.~~ Staff will request the missing information via an Administrative Deficiency and will make a recommendation to award points provided the information submitted in response to the Administrative Deficiency is submitted in the time frames specified therein and addresses the issues to the reasonable satisfaction of staff.

(A) **Administrative Deficiencies for Applications submitted under the State Housing Credit Ceiling and Rural Rescue Applications.** If an Application contains Administrative Deficiencies which, in the determination of the Department staff, require clarification, correction or the request of non-material missing information to resolve inconsistencies in the original Application the Department staff may request such information in the form of an Administrative Deficiency. Because the review for Eligibility, Selection, Threshold Criteria, Quantifiable Community Participation (QCP) and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made during any of these reviews. The Department staff will request the information in the form of an e-mail, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call (only if there has not been confirmation of the receipt of the e-mail within twenty-four (24) hours) to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. If Administrative Deficiencies are not resolved to the satisfaction of the Department by 5:00 p.m. on the fifth business day following the date of the deficiency notice, then five (5) points shall be deducted from the Selection Criteria score for each additional day the deficiency remains unresolved. If Administrative Deficiencies are not resolved by 5:00 p.m. on the seventh business day following the date of the deficiency notice, then the Application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period and may also be sent in response to reviews on post award submissions. An Applicant may not change or supplement any part of an Application in any manner after the filing deadline, and may not add any Set-Asides, increase the requested credit amount, revise the Unit mix (both income levels and bedroom mixes), or adjust their self-score except in response to a direct request from the Department to do so as a result of an Administrative Deficiency or by approved amendment of an Application after a commitment or allocation of tax credits as further described in §50.13(b) of this chapter (relating to Application Reevaluation) (§2306.6708(b)). (§2306.6708) To the extent that the review of Administrative Deficiency documentation during the review alters the score assigned to the Application, Applicants will be re-notified of their final adjusted score.

(B) **Administrative Deficiencies for Tax Exempt Bond Applications.** If an Application contains deficiencies which, in the determination of the Department staff, require clarification, correction, or non-material missing information to resolve inconsistencies in the original Application the Department staff may request such information in the form of an Administrative Deficiency. Because the review for Eligibility, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made during any of these reviews. The Department staff will request the information in a deficiency notice in the form of an e-mail, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call (only if there has not been confirmation of the receipt of the e-mail within twenty-four (24) hours) to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. All Administrative Deficiencies shall be resolved to the satisfaction of the Department within five (5) business days. Failure to resolve all outstanding deficiencies by 5:00 p.m. on the fifth business day following the date of the deficiency notice will result in a penalty fee of $500 for each business day the deficiency remains unresolved. Applications with unresolved deficiencies after 5:00 p.m. on the tenth day following the date of the deficiency notice will be terminated. The Applicant will be responsible for the payment of fees accrued pursuant to this paragraph regardless of any termination pursuant to §50.4 of this chapter (relating to Ineligible Applicants, Applications, and Developments). The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period and may also be sent in response to reviews on post award submissions. The Application will not be presented to the Board for consideration until all outstanding fees have been paid.

(c) **Pre-application Submission.** The purpose of the pre-application process is to enable Applicants interested in pursuing the Application to assess generally who else is interested in submitting Applications and the nature of their proposed Development. Based on an understanding of the potential competition they can make a better and more informed decision whether they wish to proceed to prepare and submit an Application.

(1) As used herein a "complete pre-application" means a pre-application that meets all of the Department's criteria for an Application with all required information and exhibits provided pursuant to the Tax Credit (Procedures) Manual.

(2) The pre-application must be submitted in accordance with the Application Acceptance Period and Pre-application Final Delivery Date as identified in §50.3 in this chapter (relating to Program Calendar).

(3) To submit the complete pre-application the Applicant must deliver one (1) CD-R containing a PDF copy and Excel copy of the complete pre-application to the Department prior to the Pre-application Final Delivery Date.

(4) ~~The pre-application must be accompanied by a paper certification with an original signature in the form provided in the pre-application. Furthermore, t~~The pre-application must be a single file, individually bookmarked at each of the required volumes and exhibits presented in the order as required in the Tax Credit (Procedures) Manual.

(5) If a pre-application is not submitted to the Department on or before the applicable deadline indicated in §50.3 of this chapter, the Applicant will be deemed to have not made a pre-application.

(6) The required pre-application fee as described in §50.14 of this chapter (relating to Program Related Fees) must be submitted with the pre-application in order for the pre-application to be accepted by the Department.

(7) Only one pre-application may be submitted by an Applicant for each site. Prior to the pre-application deadline Applicants may withdraw their pre-application and subsequently file a new pre-application utilizing the original pre-application fee that was paid as long as no evaluation was performed by the Department.

(8) Department review at this stage is limited, and not all issues of eligibility and threshold are reviewed at pre-application. Acceptance by staff of a pre-application does not ensure that an Applicant satisfies all Application eligibility, threshold or documentation requirements. The Department is not responsible for notifying an Applicant of potential areas of ineligibility or threshold deficiencies at the time of pre-application. The rejection of a pre-application shall not preclude an Applicant from submitting an Application with respect to a particular Development at the appropriate time.

(d) **Pre-application Threshold Criteria.** The Pre-application Threshold Criteria include:

(1) submission of a pre-application;

(2) legal description of the Development Site; and

(3) evidence in the form of a certification that all of the notifications required under this paragraph have been made. (§2306.6704)

(A) The Applicant must request a list of Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site:

(i) No later than the Pre-application Neighborhood Organization Request Date identified in §50.3 of this chapter, the Applicant must e-mail, fax or mail with registered receipt (email or fax to be "receipt confirmed") a completed "Neighborhood Organization Request" letter as provided in the pre-application to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located in an area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request Neighborhood Organizations from that source in the same format;

(ii) If no reply letter is received from the local elected officials by the Pre-application Response to Neighborhood Organization Request Date, then the Applicant must certify to that fact in the pre-application;

(iii) The Applicant must list in the pre-application all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as provided by the local elected officials, or that the Applicant has knowledge of (regardless of whether the organization is on record with the county or state) as of the pre-application submission.

(B) Not later than the date the pre-application is submitted, notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt return or similar tracking mechanism in the format required in the "Pre-application Notification Template" provided in the pre-application. Developments located in an ETJ of a city are not required to notify city officials, however, are required to notify county officials. Evidence of notification is required in the form of a certification provided in the pre-application, although it is encouraged that Applicants retain proof of delivery of the notifications, to the persons or entities prescribed in clauses (i) - (ix) of this subparagraph, in the event that the Department requires proof of notification. Evidence of proof of delivery is demonstrated by signed receipt for mail or courier delivery and confirmation of receipt by the recipient for facsimile and electronic mail. Officials to be notified are those officials in office at the time the pre-application is submitted.

(i) Neighborhood Organizations on record with the state or county whose boundaries include the proposed Development Site;

(ii) Superintendent of the school district containing the Development;

(iii) Presiding officer of the board of trustees of the school district containing the Development;

(iv) Mayor of any municipality containing the Development;

(v) All elected members of the Governing Body of any municipality containing the Development;

(vi) Presiding officer of the Governing Body of the county containing the Development;

(vii) All elected members of the Governing Body of the county containing the Development;

(viii) State senator of the district containing the Development; and

(ix) State representative of the district containing the Development.

(C) Each such notice must include, at a minimum, all of the following:

(i) the Applicant's name, address, individual contact name and phone number;

(ii) the Development name, address, city and county;

(iii) a statement informing the entity or individual being notified that the Applicant is submitting a request for Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(iv) whether the Development proposes New Construction, Reconstruction, Adaptive Reuse, or Rehabilitation;

(v) the type of Development being proposed (single family homes, duplex, apartments, townhomes, high-rise etc.)~~ and the Target Population being served~~;

(vi) the approximate total number of Units and approximate total number of low-income Units;

~~(vii) the approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the approximate percentage of Units that are market rate;~~

~~(viii) the number of Units and proposed rents (less utility allowances) for the low-income Units and any market rate Units, if applicable. Rents to be provided are those that are effective at the time of the pre-application, which are subject to change as annual changes in the area median income occur; and~~

~~(ix) the expected completion date if credits are awarded.~~

(D) Pre-applications not meeting the Pre-application Threshold Criteria identified in this subsection will be terminated and the Applicant will receive a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Pre-application Threshold Criteria and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Pre-application Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled.

(e) **Pre-application Results.** Only pre-applications which have satisfied all of the Pre-application Threshold Criteria requirements set forth in subsection (d) of this section and §50.9(b)(14) of this chapter (relating to Selection Criteria), will be eligible for pre-application points. The order and scores of those Developments released on the Pre-application Submission Log do not represent a Commitment on the part of the Department or the Board to allocate tax credits to any Development and the Department bears no liability for decisions made by Applicants based on the results of the Pre-application Submission Log. Inclusion of a Development on the Pre-application Submission Log does not ensure that an Applicant will receive points for a pre-application.

(f) **Application Submission.** An Applicant requesting a Housing Credit Allocation or a Determination Notice must submit an Application in order to be considered for Housing Tax Credits.

(1) As used herein a "complete application" means an Application that meets all of the Department's criteria for an Application with all required information and exhibits provided pursuant to the Tax Credit (Procedures) Manual.

(2) For Applications submitted under the State Housing Credit Ceiling, the Application must be submitted by the Full Application Delivery Date as identified in §50.3 of this chapter. The Full Application Delivery Date for Tax-Exempt Bond Developments is triggered by the Certificate of Reservation issued by the Texas Bond Review Board and is further defined in §50.11 of this chapter (relating to Tax-Exempt Bond Developments).

(3) To submit the complete application the Applicant must deliver one (1) CD-R containing a PDF copy and Excel copy of the complete application to the Department.

(4) ~~The Application must be accompanied by a paper certification with an original signature in the form provided in the Application. Furthermore, t~~The Application must be a single file, individually bookmarked at each of the required volumes and exhibits presented in the order as required by the Tax Credit (Procedures) Manual.

(5) If an Application is not submitted to the Department on or before the applicable deadline indicated in paragraph (1) of this subsection, the Applicant will be deemed to have not made an Application.

(6) The required Application fee as described in §50.14 of this chapter must be submitted with the Application in order for the Application to be accepted by the Department.

(7) Only one Application may be submitted for a site in an Application Round. While the Application Acceptance Period is open, an Applicant may withdraw an Application and

subsequently file a new Application utilizing the original Pre-application Fee that was paid as long as no evaluation was performed by the Department.

(g) **Evaluation Process.** Applications submitted for consideration (including Tax Exempt Bond Developments) will be reviewed according to the eligibility, threshold and for competitive applications under the State Housing Credit Ceiling, for Selection Criteria. An Application, during any of these stages of review, may be determined to be ineligible as further described in §50.4 of this chapter. Applicants will be notified in these instances.

(h) **Underwriting Evaluation.** The Department shall underwrite an Application to determine the financial feasibility of the Development and an appropriate allocation of Housing Tax Credits. In making this determination, the Department will use §1.32 of this title (relating to Underwriting Rules and Guidelines)~~-~~. The Department may have an external party perform the underwriting evaluation to the extent it determines appropriate. The expense of any external underwriting evaluation shall be paid by the Applicant prior to the commencement of the aforementioned evaluation.

(i) **Compliance Evaluation.** After the Department has determined which Developments will be reviewed for financial feasibility, those same Developments will be reviewed for evaluation of the compliance status in accordance with Chapter 60 of this title (relating to Compliance Administration), and will be evaluated in detail for eligibility under §50.4 of this chapter.

(j) **Site Evaluation.** Site conditions ~~shall~~ may be evaluated through a physical site inspection by the Department or its agents. Such inspection will evaluate the Development Site. ~~based upon the criteria set forth in the Site Evaluation form.~~ The evaluations shall be based on the condition of the surrounding neighborhood, including appropriate environmental and aesthetic conditions and proximity to retail, medical, recreational, educational facilities, and employment centers. The site's appearance to prospective tenants and its accessibility via the existing transportation infrastructure and public transportation systems shall be considered. "Unacceptable" sites include, without limitation, those containing a non-mitigable environmental factor that may adversely affect the health and safety of the residents. For Developments applying under the TRDO-USDA Set-Aside, the Department may rely on the physical site inspection performed by TRDO-USDA.

(k) **Application Process for Rural Rescue Applications under the Credit Ceiling.**

(1) **Submission Requirements.** Rural Rescue Applications may be submitted during the Rural Rescue Application Submission Period as identified in §50.3 of this chapter. A complete Application must be submitted at least sixty (60) days prior to the date of the Board meeting at which the Applicant would like the Board to act on the proposed Development. Applications must include the full Application Fee as further described in §50.14 of this chapter. Applicants must submit documents in accordance with the Tax Credit (Procedures) Manual for all Volumes~~, including Volume IV~~.

(A) Applications will be processed on a first-come, first-served basis. Applications unable to meet all Administrative Deficiency and underwriting requirements within thirty (30) days of the request by the Department, will remain under consideration, but will lose their submission status and the next Application in line will be moved ahead in order to expedite those Applications ready to proceed. Applications for Rural Rescue will be processed and evaluated as described in this paragraph. Applications will be reviewed to ensure that the Application is eligible as a rural "rescue" Development as described in paragraph (2) of this subsection.

(B) Prior to the Development being recommended to the Board, TRDO-USDA shall provide the Department with a copy of the physical site inspection report performed by TRDO-USDA, if applicable.

(2) **Eligibility and Threshold Review.** All Rural Rescue Applications will be reviewed pursuant to §50.8 and §50.9 of this chapter. Additional eligibility requirements include the criteria listed in subparagraphs (A) - (C) of this paragraph. Applications found to be ineligible will be notified.

(A) Applications must be funded through TRDO-USDA;

(B) Applications must be able to provide evidence that the loan:

(i) has been foreclosed and is in the TRDO-USDA inventory; or

(ii) is being foreclosed; or

(iii) is being accelerated; or

(iv) is in imminent danger of foreclosure or acceleration; or

(v) is for an Application in which two adjacent parcels are involved, of which at least one parcel qualifies under clauses (i) - (iv) of this subparagraph and for which the Application is submitted under one ownership structure, one financing plan and for which there are no market rate units; and

(C) Applicants must be identified as in compliance with TRDO-USDA regulations with all other properties.

(3) **Selection Criteria Review.** All Rural Rescue Applications will be evaluated against the Selection Criteria pursuant to §50.9 of this chapter and a score will be assigned to the Application. The minimum score for Selection Criteria as identified in §50.9(a) of this chapter is not required to be achieved to be eligible.

(4) **Credit Ceiling and Applicability of this chapter.** All Rural Rescue Applicants will receive their credit allocation out of the following program year Credit Ceiling and therefore, will be subject to the rules and guidelines identified in the Qualified Allocation Plan (QAP) of that program year. However, because the QAP for the following program year will not be in effect during the time period that the Rural Rescue Applications can be submitted, Applications submitted and eligible under the Rural Rescue Set-Aside will be considered to have satisfied the requirements of the following program years' QAP by having satisfied the requirements of the QAP for the current program year, to the extent permitted by statute.

(5) **Procedures for Recommendation to the Board.** Consistent with subsection (d) of this section, staff will make its recommendation to the Committee. The Committee will make Commitment recommendations to the Board. Staff will provide the Board with a written, documented recommendation which will address at a minimum the financial and programmatic viability of each Application and a breakdown of which Selection Criteria were met by the Applicant. The Board will make its decision based on §50.10(a) of this chapter (relating to Board Decisions).

(6) **Limitation on Allocation.** No more than $350,000 in credits will be forward committed from the current State Housing Credit Ceiling. To the extent Applications are received that exceed the maximum limitation; staff will prepare the award for Board consideration noting for the Board that the award would require a waiver of this limitation.

§50.8. Threshold Criteria.

The purpose of this section is to identify the mandatory requirements that must be submitted at the time of the original Application submission unless specifically indicated otherwise. If any of the Threshold Criteria indicated below are not resolved, clarified or corrected to the satisfaction of the Department, through the Administrative Deficiency process, the Application will be terminated.

(1) **Submission of the Application.** Includes the entire Uniform Application and any other supplemental forms which may be required by the Department and in the format prescribed by the Department. (§2306.1111)

(2) **Governing Body Resolutions.** The following resolutions, if applicable to the proposed Development, must be submitted by the Resolutions Delivery Date as indicated in §50.3 of this chapter (relating to Program Calendar) and may not be more than one year old from the beginning of the Application Acceptance Period or for Tax-Exempt Bond Developments from the date the Volume 1 is submitted to the Department.

(A) **Twice the State Average.** If the Development is located in a municipality~~ or in a valid Extra Territorial Jurisdiction (ETJ) of a municipality~~, or if located completely outside a municipality~~ or ETJ~~, a county, that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins (or for Tax-Exempt Bond Developments at the time the Certificate of Reservation is issued by the Texas Bond Review Board) the Applicant must obtain prior approval of the Development from the Governing Body of the appropriate municipality ~~(including, in the case of a Development located in an ETJ, the municipality to which the ETJ pertains) ~~or county containing the Development. Such approval must reference this rule and authorize an allocation of Housing Tax Credits for the Development; (§2306.6703(a)(4))

(B) **One Mile Three Year Rule.** If the Applicant proposes to construct a Development proposing New Construction or Adaptive Reuse (excluding New Construction of non-residential buildings) that is located one linear mile (measured by a straight line on a map) or less from a Development that: (§2306.6703(a)(3))

(i) serves the same type of household as the new Development, regardless of whether the Development serves families, elderly individuals, or another type of household; and

(ii) has received an allocation of Housing Tax Credits or private activity bonds for any New Construction at any time during the three-year period preceding the date the Application Round begins (or for Tax-Exempt Bond Developments the three-year period preceding the date the Volume I is submitted); and

(iii) has not been withdrawn or terminated from the Housing Tax Credit Program;

(iv) an Application is not ineligible under this paragraph if:

(I) the Development is using federal HOPE VI funds received through the United States Department of Housing and Urban Development; locally approved funds received from a public improvement district or a tax increment financing district; funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. §§12701 et seq.); or funds provided to the state and participating jurisdictions under the Housing and Community Development Act of 1974 (42 U.S.C. §§5301 et seq.); or

(II) the Development is located in a county with a population of less than one million; or

(III) the Development is located outside of a metropolitan statistical area; or

(IV) the Governing Body, of the Unit of General Local Government where the Development is to be located has by vote specifically allowed the construction of a new Development located within one linear mile or less from a Development described under clause (i) of this subparagraph.

(v) In determining when an existing Development received an allocation as it relates to the application of the three-year period, the Development will be considered from the date the Board took action on approving the allocation of tax credits. In dealing with ties between two or more Developments as it relates to this rule, refer to §50.6(f). of this chapter (relating to Allocation and Awards Process).

(C) **Developments in Certain Census Tracts.** Staff will not recommend and the Board will not allocate Housing Tax Credits for a Competitive Housing Tax Credit or Tax-Exempt Bond Development located in a census tract that has more than 30% Housing Tax Credit Units per total households in the census tract as established by the U.S. Census Bureau for the most recent Decennial Census unless:

(i) the Development is in a Place whose population is less than 100,000;

(ii) the Applicant proposes only Reconstruction or Rehabilitation (excluding New Construction of non-residential buildings); or

(iii) submits to the Department an approval of the Development referencing this rule in the form of a resolution from the Governing Body of the appropriate municipality or county containing the Development. These ineligible census tracts are outlined in the Housing Tax Credit Site Demographic Characteristics Report for the current Application Round.

(3) **Rehabilitation Costs.** Developments involving Rehabilitation must establish a scope of work that will substantially improve the interiors of all Units and exterior deferred maintenance, at a minimum, and will involve at least $25,000 per Unit in ~~Hard Costs excluding off-sites and~~ direct construction cost, also referred to as building costs in §1.32(e)(4) of this title, ~~contingency~~and site work unless financed with TRDO-USDA in which case the minimum is $19,000.

(4) **Experience Requirement.** The purpose of the experience requirement is for someone in the Development to demonstrate they have experience in development. Evidence must be provided in the Application that meets the criteria as stated in subparagraph (A) of this paragraph. An Applicant may submit their experience documentation prior to the Application deadline and the Department will attempt to review and respond within thirty (30) days of submission regarding approval of the experience requirement. Experience of multiple parties may not be aggregated.

(A) A Principal of the Developer, Development Owner, General Partner or General Contractor ~~with a controlling interest in the Development~~ must establish that they have experience in the development of 150 units or more. Acceptable documentation to meet this requirement shall include:

(i) an experience certificate issued by the Department in the past three (3) years; or

(ii) any of the items in subclauses (I) – (IX) of this clause:

(I) American Institute of Architects (AIA) Document (A102) or (A103) 2007 ~~A111~~ - Standard Form of Agreement between Owner & Contractor;

(II) AIA Document G704--Certificate of Substantial Completion;

(III) AIA Document G702--Application and Certificate for Payment;

(IV) Certificate of Occupancy;

(V) IRS Form 8609, (only one for per development is required);

(VI) HUD Form 9822;

(VII) Development agreements;

(VIII) Partnership agreements; or

(IX) other documentation satisfactory to the Department verifying that the Development Owner's General Partner, partner (or if Applicant is to be a limited liability company, the managing member), General Contractor, Developer or their Principals have the required experience.

(B) For purposes of this requirement any individual attempting to use the experience of another ~~entity~~individual must demonstrate they have or had the authority to act on their behalf that substantiates the minimum 150 unit requirement.

(C) The names on the forms and agreements in subparagraph (A)(ii) of this paragraph must tie back to the Development Owner's General Partner, partner (or if Applicant is to be a limited liability company, the managing member), Developer or their Principals as listed in the Application.

(D) Experience may not be established for a Person who at any time within the preceding three years has been involved with affordable housing that has been in material non-compliance under the Department’s rules or for affordable housing in another state, has been the subject of issued IRS Form 8823 citing non-compliance that has not been or is not being corrected with reasonable due diligence.

(E) If a Principal is determined by the Department to not have the required experience, an acceptable replacement for that Principal must be identified prior to the date the award is made by the Board.

(F) Notwithstanding the foregoing, no person may be used to establish such required experience if that Person or an Affiliate of that Person would not be eligible to be an Applicant themselves.

(5) **Certifications.** The “Certification Form" provided in the Application confirming:

(A) a certification of the basic common amenities selected for the Development. All Developments must meet at least the minimum threshold of points based on the total number of Units in the Development. These points are not associated with the Selection Criteria points in §50.9(b) of this chapter (relating to Selection Criteria). The amenities selected must be made available for the benefit of all tenants and must be made available throughout normal business hours. If fees in addition to rent are charged for amenities, then the amenity may not be included among those provided to satisfy the threshold requirement. All amenities must meet accessibility standards. Spaces for activities must be sized appropriately to serve the Target Population of the Development. Applications for non-contiguous scattered site housing, excluding non-contiguous single family sites, will have the threshold test applied based on the number of Units per individual site, and will have to identify in the LURA which amenities are at each individual site. The complete list of amenities can be found in §1.1 of this title (relating to Definitions and Amenities for Housing Program Activities).

(i) Applications must meet a minimum threshold of points:

(I) Total Units equal 16, (1 point) is required;

(II) Total Units are 17 to 40, (4 points) are required;

(III) Total Units are 41 to 76, (7 points) are required;

(IV) Total Units are 77 to 99, (10 points) are required;

(V) Total Units are 100 to 149, (14 points) are required;

(VI) Total Units are 150 to 199, (18 points) are required; or

(VII) Total Units are 200 or more, (22 points) are required.

(ii) Unit Amenities (Tax Exempt Bond Developments Only). The Development must include enough amenities to meet the minimum threshold of (14 points). The amenity and quality feature shall be for every Unit at no extra charge to the tenant as certified to in the Application. The amenities and corresponding point structure is provided in §1.1 of this title. The amenities will be required to be identified in the LURA. Applications involving scattered site Developments must have a specific amenity located within each Unit to count for points. Rehabilitation Developments will start with a base score of (3 points) and Supportive Housing Developments will start with a base score of (5 points).

(B) A certification that the Development will meet the minimum threshold for size of Units as provided in clauses (i) - (v) of this subparagraph. These minimum requirements are not associated with the points in §50.9(b)(4) of this chapter. Developments proposing Rehabilitation (excluding Reconstruction) or Supportive Housing Developments will not be subject to the requirements of this subparagraph.

(i) five hundred-fifty (550) square feet for an Efficiency Unit;

(ii) six hundred-fifty (650) square feet for a one Bedroom Unit that is not in a Qualified Elderly Development; 550 square feet for a one Bedroom Unit in a Qualified Elderly Development;

(iii) nine hundred (900) square feet for a two Bedroom Unit that is not in a Qualified Elderly Development; 700 square feet for a two Bedroom Unit in a Qualified Elderly Development;

(iv) one thousand (1,000) square feet for a three Bedroom Unit; and

(v) one thousand, two-hundred (1,200) square feet for a four Bedroom Unit;

(C) A certification that the Development will adhere to the Texas Property Code relating to security devices and other applicable requirements for residential tenancies, and will adhere to local building codes or, if no local building codes are in place, then to the most recent version of the International Building Code.

(D) A certification that the Applicant is and will remain in compliance with state and federal laws, including but not limited to, fair housing laws, including Chapter 301, Property Code, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), the Fair Housing Amendments Act of 1988 (42 U.S.C. §§3601 et seq.); the Civil Rights Act of 1964 (42 U.S.C. §§2000a et seq.); the Americans with Disabilities Act of 1990 (42 U.S.C. §§12101 et seq.); the Rehabilitation Act of 1973 (29 U.S.C. §§701 et seq.); Fair Housing Accessibility; the Texas Fair Housing Act; and that the Development is designed consistent with the Fair Housing Act Design Manual produced by HUD, the Code Requirements for Housing Accessibility 2000 (or as amended from time to time) produced by the International Code Council and the Texas Accessibility Standards. (§2306.257; §2306.6705(7))

(E) A certification that the Applicant has read and understands the Department's fair housing educational materials posted on the Department's website as of the beginning of the Application Acceptance Period.

(F) A certification that the Applicant will attempt to ensure that at least 30% of the construction and management businesses with which the Applicant contracts in connection with the Development are Minority Owned Businesses, and that the Applicant will submit a report at least once in each 90-day period following the date of the Commitment until the Cost Certification is submitted, in a format prescribed by the Department and provided at the time a Commitment is received, on the percentage of businesses with which the Applicant has contracted that qualify as Minority Owned Businesses. (§2306.6734)

(G) Pursuant to §2306.6722 of the Texas Government Code, any Development supported with a Housing Tax Credit allocation shall comply with the accessibility standards that are required under §504, Rehabilitation Act of 1973 (29 U.S.C. §794), and specified under 24 C.F.R. Part 8, Subpart C. The Applicant must provide a certification from the Development engineer, an accredited architect or Department-approved ~~third party~~Third Party accessibility specialist, that the Development will comply with the accessibility standards that are required under §504, Rehabilitation Act of 1973 (29 U.S.C. §794), and specified under 24 C.F.R. Part 8, Subpart C, and this subparagraph. (§2306.6722 and §2306.6730)

(H) For Developments involving New Construction (excluding New Construction of non-residential buildings) where some Units are two-stories or single family design and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e., one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A similar certification will also be required after the Development is completed from an inspector, architect, or accessibility specialist.

(I) A certification that the Development Owner agrees to establish a reserve account consistent with §2306.186 of the Texas Government Code and as further described in §1.37 of this title (relating to Reserve for Replacement Rules and Guidelines).

(J) A certification that the Applicant, Developer, or any employee or agent of the Applicant has not formed a Neighborhood Organization for purposes of §50.9(b)(2) of this chapter, has not given money or a gift to cause the Neighborhood Organization to take its position of support or opposition, nor has provided any assistance to a Neighborhood Organization outside of the assistance allowed under §50.9(b)(2)(A)(vi) to meet the requirements under §50.9(b)(2) of this chapter as it relates to the Applicant's Application or any other Application under consideration in the current Application Round.

(K) A certification that the Development will operate in accordance with the requirements pertaining to rental assistance in Chapter 60 of this title (relating to Compliance Administration).

(L) A certification that the Development Owner will contract with a Management Company throughout the Compliance Period that will perform criminal background checks on all adult tenants, head and co-head of households.

(M) A certification that the Development Owner will affirmatively market to veterans through direct marketing or contracts with veteran's organizations. The Development Owner will be required to identify how they will affirmatively market to veterans and report to the Department in the annual housing report on the results of the marketing efforts to veterans. Exceptions to this requirement must be approved by the Department.

(N) A certification as to whether the Applicant, Development Owner, Developer or Guarantor involved with the Application has not voluntarily or involuntarily had their involvement in a rent or income restricted multifamily Development terminated by a lender, equity provider, or other investors or owners as a Principal during the previous ten (10) years, however designated, or any combination thereof or if any litigation to effectuate such exit has been instituted and is continuing at the time of Application. If such a termination of involvement occurred the facts and circumstances shall be fully disclosed. If an Applicant or Developer signs the certification and fails to disclose a discloseable matter and the Department learns at a later date that an exit did take place as described, then the Application may be terminated and any Allocation made will be rescinded. The disclosure of an exit does not, in and of itself, result in the Applicant or Application being deemed ineligible. Only if the Executive Director determines that the disclosed matter warrants ineligibility, a report of the matter and that recommendation shall be presented to the Board for a final determination. The Board may impose reasonable constraints, including time constraints, as a part of its determination. Any such matter to be presented for final determination of ineligibility by the Board must include notice from the Department to the affected party not less than fourteen (14) days prior to the scheduled Board meeting. The Executive Director may, but is not required, to issue a formal notice after disclosure if it is determined that the matter does not warrant ineligibility.

(6) **Architectural Drawings.** While full size design or construction documents are not required, the drawings must have an accurate and legible scale and show the dimensions. All Developments involving New Construction, or conversion of existing buildings not configured in the Unit pattern proposed in the Application as well as all other Developments unless specifically stated otherwise, must provide all of the items identified in subparagraphs (A) - (C) of this paragraph.

(A) A site plan which:

(i) is consistent with the number of Units and Unit mix specified in the "Rent Schedule" provided in the Application;

(ii) is consistent with the number of buildings and building type/unit mix specified in the "Building/Unit Configuration" provided in the Application;

(iii) identifies all residential and common buildings;

(iv) clearly delineates the flood plain boundary lines and shows all easements;

(v) indicates possible placement of detention/retention pond(s) (if applicable); and

(vi) indicates the location of the required basic amenities and parking spaces;

(B) Building floor plans and elevations for each type of residential building and each common area building clearly depicting the height of each floor, a percentage estimate of the exterior composition and square footage of the common areas. Adaptive Reuse Developments, are only required to provide building plans delineating each Unit by number, type and area consistent with those in the "Rent Schedule" and pictures of each elevation of the existing building depicting the height of each floor and percentage estimate of the exterior composition. For Rehabilitation Developments in which the Unit configurations are not being altered then building floor plans are not required; however, photographs of elevations must be submitted and if elevations are proposed to be altered then ~~before and~~ after renovation drawings must be submitted; and

(C) Unit floor plans for each type of Unit. The Net Rentable Areas these Unit floor plans represent should be consistent with those shown in the "Rent Schedule" and "Building/Unit Configuration" provided in the Application. Adaptive Reuse Developments, are only required to provide Unit floor plans for each distinct typical Unit type (i.e. one-bedroom, two-bedroom) and for all Unit types that vary in Net Rentable Area by 10% from the typical Unit.

(7) **Development Costs.**

(A) The Development Cost Schedule, as provided in the Application, must include the contact information for the person providing the cost estimate for the ~~construction~~ Hard ~~c~~Costs ~~(direct hard costs (including site work))~~.

(B) If offsite costs are included in the budget as a line item, or embedded in the site acquisition contract, or referenced in the utility provider letters, then the supplemental form "Off Site Cost Breakdown" must be provided.

(C) If projected site work costs (excluding ineligible demolition costs) include unusual or extraordinary items or exceed ~~12% of the Direct Construction Cost~~~~direct construction cost, also referred to as building cost in §1.32(e)(4) of this title~~$9,000 per Unit, then the Applicant must provide a detailed cost breakdown prepared by a Third Party engineer or architect, and a letter from a certified public accountant allocating which portions of those site costs should be included in Eligible Basis and which ones may be ineligible.

(8) **Readiness to Proceed.**

(A) **Site Control.** Evidence that the Development Owner has and will have at all times while the Application or any Commitment or Determination Notice is pending the ability to compel legal title to a developable interest in the Development Site, i.e., site control. If by the timeframes required in this chapter or any extension thereof as approved by the Department, Applicant fails to have the ability to compel legal title to such a developable interest, that Applicant shall be ineligible for participation in the next Application Round. This is an appealable matter. If the evidence is not in the name of the Development Owner, then the documentation should reflect an expressed ability to transfer the rights to the Development Owner. All of the sellers of the proposed Property for the thirty-six (36) months prior to the first day of the Application Acceptance Period and their relationship, if any, to members of the Development team must be identified at the time of Application (not required at pre-application). One of the following items described in clauses (i) - (iii) of this subparagraph must be provided:

(i) a recorded warranty deed with corresponding executed settlement statement, unless required to submit items under clause (iv) of this subparagraph; or

(ii) a contract for lease (the minimum term of the lease must be at least forty-five (45) years) which is valid for the entire period the Development is under consideration for tax credits; or

(iii) a contract for sale, an exclusive option to purchase or a lease which is valid for the entire period the Development is under consideration for tax credits. For Tax Exempt Bond Development Applications, site control must be valid through December 1 of the prior program year with option to extend through March 1 of the current program year (Applications submitted for lottery) or ninety (90) days from the date of the Certificate of Reservation with the option to extend through the scheduled TDHCA Board meeting at which the award of Housing Tax Credits will be considered

(Applications not submitted for lottery). The potential expiration of Site Control does not warrant the Application being presented to the TDHCA Board prior to the scheduled meeting. Proof of consideration, as specified in the contract, must be submitted and the expiration date and closing date deadline must be identified.

(iv) If the acquisition can be characterized as an identity of interest transaction, as described in §1.32 of this title (relating to Underwriting Rules and Guidelines) then the Applicant will be required to meet the documentation requirements as further described in §1.32 of this title.

(B) **Zoning.** Evidence from the appropriate local municipal authority that satisfies one of clauses (i) - (iii) of this subparagraph. Documentation may be from more than one department of the municipal authority and must have been prepared and executed not more than six (6) months prior to the close of the Application Acceptance Period. (§2306.6705(5))

(i) For New Construction, Adaptive Reuse or Reconstruction Developments, a letter from the chief executive officer of the Unit of General Local Government or another local official with appropriate jurisdiction stating that the Development is located within the boundaries of a Unit of General Local Government and that the Development will not be prohibited by any ordinance of that municipality regarding zoning or permitted land uses~~which does not have a zoning ordinance and that the proposed Development is consistent with local requirements~~.

(ii) For New Construction, Adaptive Reuse or Reconstruction Developments, a letter from the chief executive officer of the Unit of General Local Government or another local official with appropriate jurisdiction stating that:

(I) The Development is permitted under the provisions of the zoning ordinance that applies to the location of the Development; or

(II) the Applicant is in the process of seeking the appropriate zoning and has signed and provided to the Unit of General Local Government a release agreeing to hold the Unit of General Local Government and all other parties harmless in the event that the appropriate zoning is denied. (§2306.6705(5)(B)) Documentation of final approval of appropriate zoning must be submitted to the Department with the Commitment or Determination Notice. No extensions may be requested to the deadline for submitting evidence of final approval of appropriate zoning.

(iii) For Rehabilitation Developments, documentation of current zoning is required. If the property is currently conforming but with an overlay that would make it a non-conforming use as presently zoned, a letter from the chief executive officer of the Unit of General Local Government or another local official with appropriate jurisdiction which addresses the items in subclauses (I) - (IV) of this clause:

(I) a detailed narrative of the nature of non-conformance;

(II) the applicable destruction threshold;

(III) Owner's rights to reconstruct in the event of damage; and

(IV) Penalties for noncompliance.

(C) **Financing Requirements.**

(i) Evidence of all necessary interim and permanent financing sufficient to fund the proposed Total Housing Development Cost less any other funds requested from the Department and any other sources documented in the Application. Any local, state or federal financing identified in this section which restricts household incomes at any AMGI lower than restrictions required pursuant to this chapter 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) of the Code. The income and corresponding rent restrictions will be imposed by the Housing Tax Credit LURA and monitored throughout the extended use period. Such evidence must be consistent with the sources and uses of funds represented in the Application and shall be provided in one or more of the following forms described in subclauses (I) - (IV) of this clause:

(I) Financing is in place as evidenced by:
 (-a-) a valid and binding loan agreement; and
 (-b-) deed(s) of trust in the name of the Development Owner as grantor; or
 (-c-) for TRDO-USDA §515 Developments involving, an executed TRDO-USDA letter indicating TRDO-USDA has received a notification of the tax credit Application; or

(II) term sheet for the interim and permanent loans issued by a lending institution or mortgage company that is actively and regularly engaged in the business of lending money which is addressed to the Development Owner and includes the following as identified in items (-a-) - (-d-) of this subclause:
 (-a-) has been executed by the lender; and
 (-b-) a minimum loan term of fifteen (15) years with at least a thirty (30) year amortization; and
 (-c-) an expiration date; and
 (-d-) all the terms and conditions applicable to the financing including the mechanism for determining the Interest rate, if applicable, and the anticipated interest rate, any required Guarantors, and anticipated developer fees paid during construction and anticipated deferred developer fees. Such a commitment may be conditional upon the completion of specified due diligence by the lender and upon the award of tax credits; or

(III) any federal, state or local gap financing, whether of soft or hard debt, must be identified at the time of Application as evidenced by:
 (-a-) a term sheet from the lending agency which clearly describes the amount and terms of the funding must be submitted. If applying for points under §50.9(b)(5) of this chapter then documentation must be submitted as required by the deadlines stated therein; and
 (-b-) evidence of a complete and receipted application for funding from another Department program must be obtained no later than March 1 (or for Tax Exempt Bond Developments at the time the Volume 1 is submitted). The Department funding must be on a concurrent funding period with current tax credit Application Round; and

(IV) if the Development will be financed through more than 5% of Development Owner contributions, provide a letter from a Third Party CPA verifying the capacity of the Development Owner to provide the proposed financing with funds that are not otherwise committed together with a letter from the Development Owner's bank or banks confirming that sufficient funds are available to the Development Owner. Documentation must have been prepared and executed not more than six (6) months prior to the close of the Application Acceptance Period;

(ii) a written narrative describing the financing plan for the Development, including any non-traditional financing arrangements; the use of funds with respect to the Development; the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and the commitment status of the funding sources for the Development. This information must be consistent with the information provided throughout the Application; and (§2306.6705(1))

(iii) provide a term sheet from a syndicator that, at a minimum, provides an estimate of the amount of equity dollars expected to be raised for the Development in conjunction with the amount of Housing Tax Credits requested for allocation to the Development Owner, including pay-in schedules, anticipated developer fees paid during construction and anticipated deferred developer fees, syndicator consulting fees and other syndication costs. No syndication costs should be included in the Eligible Basis. (§2306.6705(2) and (3))

(D) **Title Commitment or Policy.** The Application shall include a copy of:

(i) the current title policy (or title status report if on Tribal Land) including a legal description which shows that the ownership (or leasehold) of the Development Site is vested in the name of the Development Owner; or

(ii) a complete, current title commitment with the proposed insured matching the name of the Development Owner and the title of the Development Site vested in the name of the seller or lessor as indicated on the sales contract, option or lease;

(iii) if the title policy, title status report, or commitment is more than six (6) months old as of the day the Application Acceptance Period closes, then a letter from the title company/Bureau of Indian Affairs indicating that nothing further has transpired on the policy, title status report or commitment must be provided.

(9) **Notifications.**

(A) Evidence in the form of a certification that the Applicant met the requirements and deadlines identified in clauses (i) - (iii) of this subparagraph. Notification must not be older than three (3) months from the first day of the Application Acceptance Period. (§2306.6705(9)) If evidence of these notifications was submitted with the pre-application for the same Application and satisfied the Department's review of Pre-application Threshold, then no additional notification is required at Application. However, re-notification is required by tax credit Applicants who have submitted a change in the Application, whether from pre-application to Application or as a result of an Administrative Deficiency that reflects a total Unit increase of greater than 10%, a total increase of greater than 10% for any given level of AMGI, or a change to the population being served (elderly or general). For Applications submitted for Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.), notifications and proof thereof must not be older than three (3) months prior to the date the Volume III of the Application is submitted.

(i) The Applicant must request a list of Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site from local elected officials:

(I) no later than the Full Application Neighborhood Organization Request Date as identified in §50.3 of this chapter, the Applicant must e-mail, fax or mail with registered receipt a completed "Neighborhood Organization Request" letter as provided in the Application to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located an area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the ETJ of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request Neighborhood Organizations from that source in the same format;

(II) if no reply letter is received from the local elected officials by the Full Application Response to Neighborhood Organization Request Date, then the Applicant must certify to that fact in the certification form provided in the Application;

(III) the Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as outlined by the local elected officials, or that the Applicant has knowledge of (regardless of whether the organization is on record with the county or state) as of the submission of the Application, in the certification form provided in the Application.

(ii) No later than the date the Application is submitted, notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt return or similar tracking mechanism e-mail, fax or mail with registered receipt in the format required in the "Application Notification Template" provided in the Application. Developments located in an ETJ of a city are not required to notify city officials, however, are required to notify county officials. Evidence of notification is required in the form of a certification provided in the Application, although it is encouraged that Applicants retain proof of delivery of the notifications, to the persons or entities prescribed in subclauses (I) - (IX) of this clause, in the event that the Department requires proof of notification. Evidence of proof of delivery is demonstrated by signed receipt for mail or courier delivery and confirmation of receipt by recipient for facsimile and electronic mail. Officials to be notified are those officials in office at the time the Application is submitted.

(I) Neighborhood Organizations on record with the state or county whose boundaries include the proposed Development Site as identified in clause (i)(III) of this subparagraph;

(II) Superintendent of the school district containing the Development;

(III) Presiding officer of the board of trustees of the school district containing the Development;

(IV) Mayor of the Governing Body of any municipality containing the Development;

(V) All elected members of the Governing Body of any municipality containing the Development;

(VI) Presiding officer of the Governing Body of the county containing the Development;

(VII) All elected members of the Governing Body of the county containing the Development;

(VIII) State senator of the district containing the Development; and

(IX) State representative of the district containing the Development.

(iii) Each such notice must include, at a minimum, all of the following as identified in subclauses (I) – (IX) of this clause:

(I) the Applicant's name, address, individual contact name and phone number;

(II) the Development name, address, city and county;

(III) a statement informing the entity or individual being notified that the Applicant is submitting a request for Housing Tax Credits with the Texas Department of Housing and Community Affairs (TDHCA);

(IV) statement of whether the Development proposes New Construction, Reconstruction, Adaptive Reuse or Rehabilitation;

(V) the type of Development being proposed (single family homes, duplex, apartments, townhomes, high-rise etc.)~~ and the Target Population being served~~;

(VI) the approximate total number of Units and approximate total number of low-income Units~~;~~ .

~~(VII) the approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the approximate percentage of Units that are market rate;~~

~~(VIII) the number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the~~

~~Application, which are subject to change as annual changes in the Area Median Gross Income occur; and~~

~~(IX) the expected completion date if credits are awarded.~~

(10) **Development's Proposed Ownership Structure.**

(A) A chart which clearly illustrates the complete organizational structure of the final proposed Development Owner and of any Developer or Guarantor, providing the names and ownership percentages of all Persons having an ownership interest in the Development Owner or the Developer or Guarantor, as applicable, whether directly or through one or more subsidiaries. Nonprofit entities, public housing authorities, publicly traded corporations, individual board members, and executive directors must be included in this exhibit and trusts must list all beneficiaries that have the legal ability to control or direct activities of the trust and are not just financial beneficiaries.

(B) Evidence that each entity shown on the organizational chart described in subparagraph (A) of this paragraph that has ownership interest in the Development Owner, Developer or Guarantor, has provided a copy of the completed and executed Previous Participation and Background Certification Form to the Department. Nonprofit entities, public housing authorities and publicly traded corporations are required to submit documentation for the entities involved. Documentation for individual board members and executive directors, any Person receiving more than 10% of the Developer fee and Units of General Local Government are all required to submit this document. The form must include a list of all developments that are, or were, previously under ownership or Control of the Applicant and each Principal, including any Person providing the required experience. All participation in any TDHCA funded or monitored activity, including non-housing activities, as well as housing tax credit developments or other programs administered by other states using state or federal programs must be disclosed and authorize the parties overseeing such assistance to release compliance histories to the Department.

(C) The documentation relating to the experience requirement, as further described under paragraph (4) of this section, is submitted that reflects a Person that appears in the organizational chart provided in subparagraph (A) of this paragraph.

(11) **Development's Projected Income and Operating Expenses.**

(A) All Applications must include a 15-year pro forma estimate of operating expenses and supporting documentation used to generate projections (operating statements from comparable properties);

(B) If rental assistance, an operating subsidy, an annuity, or an interest rate reduction payment is proposed to exist or continue for the Development, any related contract or other agreement securing those funds or proof of application for such funds must be provided, which at a minimum identifies the source and annual amount of the funds, the number of Units receiving the funds, and the term and expiration date of the contract or other agreement; (§2306.6705(4))

(C) Applicant must provide documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application. This exhibit must clearly indicate which utility costs are included in the estimate;

(D) Occupied Developments undergoing Rehabilitation must also submit the items described in clauses (i) - (vi) of this subparagraph;

(i) The items in subclauses (I) and (II) of this clause are required unless the current property owner is unwilling to provide the required documentation. In that case, submit a signed statement as to the Applicant's inability to provide all documentation as described:

(I) submit at least one of the following identified in items (-a-) – (-d-) of this subclause:

(-a-) historical monthly operating statements of the subject Development for twelve (12) consecutive months ending not more than three (3) months from the first day of the Application Acceptance Period;

(-b-) the two (2) most recent consecutive annual operating statement summaries;
(-c-) the most recent consecutive six (6) months of operating statements and the most recent available annual operating summary;
(-d-) all monthly or annual operating summaries available; and
(II) a rent roll not more than six (6) months old as of the first day the Application Acceptance Period, that discloses the terms and rate of the lease, rental rates offered at the date of the rent roll, Unit mix, and tenant names or vacancy;
(ii) a written explanation of the process used to notify and consult with the tenants in preparing the Application; (§2306.6705(6))
(iii) for Qualified Elderly Developments, identification of the number of existing tenants qualified under the target population elected under this title;
(iv) a relocation plan outlining relocation requirements and a budget with an identified funding source; (§2306.6705(6))
(v) compliance with the Uniform Relocation Act, if applicable; and
(vi) if applicable, evidence that the relocation plan has been submitted to the appropriate legal or governmental agency. (§2306.6705(6))

(12) **Applications involving Nonprofit General Partners and Qualified Nonprofit Developments.** All Applications under the State Housing Credit Ceiling involving a §501(c)(3) or (4) nonprofit General Partner, and which meet the Nonprofit Set-Aside in §42(h)(5) of the Code, must submit all of the documents described in this subparagraph and indicate the nonprofit status on the carryover documentation and IRS Forms 8609. (§2306.6706) Applications under the State Housing Credit Ceiling that include an affirmative election to not be treated under the set-aside and a certification that they do not expect to receive a benefit in the allocation of tax credits as a result of being affiliated with a nonprofit only need to submit the information in subparagraphs (A) and (B) of this paragraph. Tax-Exempt Bond Applications only need to submit the information in subparagraphs (A) and (B) of this paragraph. Applications involving a nonprofit that is not a §501(c)(3) or (4) only need to disclose the basis of their nonprofit status. A participating nonprofit, regardless of whether it is applying under the Nonprofit Set-Aside (for Applications under the State Housing Credit Ceiling) may be reported to the Internal Revenue Service as being involved if such request is by the Internal Revenue Service.
(A) An IRS determination letter which states that the nonprofit organization is a §501(c)(3) or (4) entity;
(B) The "Nonprofit Participation Exhibit" as provided in the Application;
(C) A Third Party legal opinion stating:
(i) that the nonprofit organization is not affiliated with or Controlled by a for-profit organization and the basis for that opinion; and
(ii) that the nonprofit organization is eligible, as further described, for a Housing Credit Allocation from the Nonprofit Set-Aside pursuant to §42(h)(5) of the Code and the basis for that opinion; and
(iii) that one of the exempt purposes of the nonprofit organization is to provide low-income housing; and
(iv) that the nonprofit organization prohibits a member of its board of directors, other than a chief staff member serving concurrently as a member of the board, from receiving material compensation for service on the board; and
(v) that the Qualified Nonprofit Development will have the nonprofit entity or its nonprofit Affiliate or subsidiary be the Developer or co-Developer as evidenced in the development agreement; and
(D) a copy of the nonprofit organization's most recent financial statement as prepared by a Certified Public Accountant; and
(E) evidence in the form of a certification that a majority of the members of the nonprofit organization's board of directors principally reside:
(i) in this state, if the Development is located in a Rural Area; or

(ii) not more than ninety (90) miles from the Development, if the Development is not located in a Rural Area.

(13) **Authorization to Release Credit Information.** The Authorization to Release Credit Information form may be requested, at the discretion of the Department, for any General Partner, Developer or Guarantor and~~,~~ other Affiliates of the Applicant.

(14) **Supplemental Threshold Reports.** The reports as required in this section must be prepared by a qualified Third party and must meet the requirements stated in subparagraphs (A) - (F) of this paragraph. The Environmental Site Assessment, Property Condition Assessment and Appraisal (if applicable) must be submitted on or before the Third Party Report Delivery Date as identified in §50.3 of this chapter. The Market Analysis Report must be submitted on or before the Market Analysis Delivery Date as identified in §50.3 of this chapter. If the entire report is not received by that date, the Application will be terminated and will be removed from consideration. A searchable electronic copy of the report in the format of a single file containing all information and exhibits clearly labeled with the report type, Development name, and Development location are required.

(A) **A Phase I Environmental Site Assessment (ESA) Report (required for all Developments)**:

(i) dated not more than twelve (12) months prior to the first day of the Application Acceptance Period. In the event that a Phase I Environmental Site Assessment on the Development is more than twelve (12) months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated letter or updated report dated not more than three (3) months prior to the first day of the Application Acceptance Period from the Person or organization which prepared the initial assessment confirming that the site has been re-inspected and reaffirming the conclusions of the initial report or identifying the changes since the initial report;

(ii) prepared in accordance with §1.35 of this title (relating to Environmental Site Assessment Rules and Guidelines);

(iii) developments whose funds have been obligated by TRDO-USDA will not be required to supply this information; however, the Applicants of such Developments are hereby notified that it is their responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements; and

(iv) if the report includes a recommendation that an additional assessment be performed then a statement from the Applicant must be submitted with the Application indicating those additional assessments and recommendations will be performed prior to closing. If the assessments require further mitigating recommendations then evidence indicating the mitigating recommendations have been carried out must be submitted at cost certification.

(B) **A comprehensive Market Analysis Report (required for all Developments)**:

(i) prepared by a Qualified Market Analyst approved by the Department in accordance with the approval process outlined in §1.33 of this title (relating to Market Analysis Rules and Guidelines);

(ii) dated not more than six (6) months prior to the first day of the Application Acceptance Period. In the event that a Market Analysis is more than six (6) months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated Market Analysis from the Person or organization which prepared the initial report; however, the Department will not accept any Market Analysis which is more than twelve (12) months old as of the first day of the Application Acceptance Period;

(iii) prepared in accordance with the methodology prescribed in §1.33 of this title;

(iv) included in the Application submission is an executed engagement letter by the Qualified Market Analyst stating that the required exhibit has been commissioned to be performed and that the delivery date will be no later than the Market Analysis Delivery Date as identified in §50.3 of this chapter. In addition to the submission of the engagement letter with the Application, a map must be submitted that reflects the Qualified Market Analyst's intended market area; and,

(v) for Applications in the TRDO-USDA Set-Aside proposing acquisition and Rehabilitation with residential structures at or above 80% occupancy at the time of Application Submission, the appraisal, required for Rehabilitation Developments and Identity of Interest transactions prepared in accordance with §1.34 of this title (relating to Appraisal Rules and Guidelines), will satisfy the requirement for a Market Analysis; however, the Department may request additional information as needed. (§2306.67055; §42(m)(1)(A)(iii))

(C) **A Property Condition Assessment (PCA) Report (required for Rehabilitation and Adaptive Reuse Developments)**:

(i) dated not more than six (6) months prior to the first day of the Application Acceptance Period. In the event that a PCA is more than six (6) months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated PCA from the Person or organization which prepared the initial report; however the Department will not accept any PCA which is more than twelve (12) months old as of the first day of the Application Acceptance Period;

(ii) prepared in accordance with §1.36 of this title (relating to Property Condition Assessment Guidelines); and

(iii) for Developments which require a capital needs assessment from TRDO-USDA, the capital needs assessment may be substituted and may be more than six (6) months old, as long as TRDO-USDA has confirmed in writing that the existing capital needs assessment is still acceptable and it meets the requirements of §1.36 of this title.

(D) **An appraisal report (required for Rehabilitation Developments and Identity of Interest transactions pursuant to §1.34 of this title)**:

(i) dated not more than six (6) months prior to the first day of the Application Acceptance Period. In the event that an appraisal is more than six (6) months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated appraisal from the Person or organization which prepared the initial report; however the Department will not accept any appraisal which is more than twelve (12) months old as of the first day of the Application Acceptance Period;

(ii) prepared in accordance with the §1.34 of this title; and

(iii) for Developments that require an appraisal from TRDO-USDA, the appraisal may be more than six (6) months old, as long as TRDO-USDA has confirmed in writing that the existing appraisal is still acceptable.

(E) Inserted at the front of each of these reports must be a transmittal letter from the individual preparing the report that states that the Department is granted full authority to rely on the findings and conclusions of the report. The transmittal letter must also state the report preparer has read and understood the Department rules specific to the report found at §§1.33 - 1.36 of this title.

(F) All Applicants acknowledge by virtue of filing an Application that the Department is not bound by any opinion expressed in the report. The Department may determine from time to time that information not required in the Department's Rules and Guidelines will be relevant to the Department's evaluation of the need for the Development and the allocation of the requested Housing Credit Allocation Amount. The Department may request additional information from the report provider or revisions to the report to meet this need. In instances of non-response by the report provider, the Department may substitute in-house analysis.

§50.9. Selection Criteria.

(a) The purpose of this section is to identify the scoring criteria used in evaluating and ranking Applications submitted under the State Housing Credit Ceiling. The criteria identified below include those items required under Chapter 2306 of the Texas Government Code, §42 of the Internal Revenue Code and other criteria considered important by the Department.

(b) All Applications, with the exception of TRDO-USDA Applications, must receive a final score totaling a minimum of 130, not including any points awarded or deducted pursuant to paragraphs (2) and (6) of this subsection to be eligible for an allocation of Housing Tax Credits. Unless otherwise stated, do not round calculations.

(1) **Financial Feasibility.** (§2306.6710(b)(1)(A)) Applications may qualify to receive a maximum of 28 points for this item. The purpose of this scoring item, as the highest prioritized item under Chapter 2306 of the Texas Government Code, is to provide an incentive for Applications based on the financial feasibility of the Development based on the supporting financial data as required in the Application. Receipt of feasibility points under this paragraph does not ensure that an Application will be considered feasible during the feasibility evaluation by the Real Estate Analysis Division, and, conversely, a Development may be found feasible during the feasibility evaluation by the Real Estate Analysis Division even if it did not receive all possible points under this paragraph. To qualify for the points, the supporting financial data in the Application must include:

(A) A fifteen (15) year pro forma prepared by the permanent or construction lender:

(i) specifically identifying each of the first five (5) years and every fifth year thereafter;

(ii) specifically identifying underlying assumptions including, but not limited to general growth factor applied to income and expense; and

(iii) indicating that the Development maintains a minimum 1.15 debt coverage ratio throughout the initial fifteen (15) years proposed for all third party lenders that require scheduled repayment; and

(B) a statement in the ~~commitment letter~~ term sheet, or other form deemed acceptable by the Department, indicating that the lender's assessment, based on considerations that included the Development's underwriting pro forma, finds that the Development will be feasible for fifteen (15) years.

(C) For Developments maintaining existing financing from TRDO-USDA, a current note balance must be provided or other form of documentation of the existing loan deemed acceptable by the Department to meet the requirements of this section.

(2) **Quantifiable Community Participation.** (§2306.6710(b)(1)(B); §2306.6725(a)(2)) The purpose of this scoring item is to encourage community participation from Neighborhood Organizations whose boundaries contain the proposed Development Site with consideration for those areas that may not have any Neighborhood Organizations. Points will be awarded based on written statements of support or opposition from Neighborhood Organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development Site. It is possible for points to be awarded or deducted based on written statements from organizations that were not identified by the process utilized for notification purposes under §50.8(9) of this chapter (relating to Threshold Criteria) if the organization provides the information and documentation required in subparagraphs (A) and (B) of this paragraph. It is also possible that Neighborhood Organizations that were initially identified as appropriate organizations for purposes of the notification requirements will subsequently be determined by the Department not to meet the requirements for scoring. If an organization is determined not to be qualified under this paragraph, the organization may qualify under paragraph (~~14~~13)(B) of this subsection and will be reviewed by staff accordingly even if points under

paragraph (13)(B) of this subsection were not selected in the Self-Scoring Form. If an Application receives points under subparagraph (B)(i)(II) or (III) of this paragraph then they may also qualify for points under paragraph (13)(B) of this subsection provided that documentation required under that scoring item is submitted.

(A) Submission Requirements. Each Neighborhood Organization may submit the form as included in the QCP Neighborhood Information Packet that represents the organization's input. In order to receive a point score, the form must be received, by the Department, or postmarked, if mailed by the U.S. Postal Service, no later than the Quantifiable Community Participation Delivery Date as identified in §50.3 of this chapter (relating to Program Calendar). Forms received after the deadline will be summarized for the Board's information and consideration, but will not affect the score for the Application. The form must:

(i) state the name and location of the proposed single Development;

(ii) certify that the letter is signed by two officials or board members of the Neighborhood Organization with the authority to sign on behalf of the Neighborhood Organization, and include:

(I) the street and/or mailing addressee(s) for the signers of the letter;

(II) day and evening phone number(s) for the signers of the letter;

(III) email addresses and/or facsimile number(s) for the signers of the letter and one additional contact for the organization; and

(IV)a written description and map of the organization's geographical boundaries;

(iii) certify that the organization has boundaries, and that the boundaries in effect on or before the Full Application Delivery Date identified in §50.3 of this chapter contain the proposed Development Site;

(iv) certify that the organization meets the definition of "Neighborhood Organization"; defined as an organization of persons living near one another within the organization's defined boundaries that contain the proposed Development Site and that has a primary purpose of working to maintain or improve the general welfare of the neighborhood (§2306.004(23-a)). For purposes of this section, "persons living near one another" means two or more separate residential households. "Neighborhood Organizations" include homeowners associations, property owners associations, and resident councils in which the council is commenting on the Rehabilitation or Reconstruction of the property occupied by the residents. "Neighborhood Organizations" do not include broader based "community" organizations;

(v) include documentation showing that the organization is on record as of the Full Application Delivery Date with the state or the county in which the Development is proposed to be located. The receipt of the QCP form that meets the requirements of this subsection and further outlined in the QCP Neighborhood Information Packet will constitute being on record with the State. The Department is permitted to issue an Administrative Deficiency notice for this registration process and, if satisfied, the organization will still be deemed to be timely placed on record with the state;

(vi) for purposes of this section, if there is no Neighborhood Organization already on record whose boundaries include the proposed Development Site, the Applicant, Development Owner, or Developer is allowed to provide technical assistance in the creation of and/or placing on record of a Neighborhood Organization provided that no Neighborhood Organization whose boundaries include the proposed Development Site exists and that such assistance is limited to:

(I) the use of a facsimile, copy machine/copying, email, and accommodations at public meetings;

(II) technical assistance, limited to completing the QCP Neighborhood Organization Information Packet, providing boundary maps and assisting in the Administrative Deficiency process;

(III) no person required to be listed in accordance with §2306.6707 of the Texas Government Code, may participate in any way in the deliberations of a Neighborhood Organization of the Development to which the Application requiring their listing relates. This does not preclude their ability to present information and respond to questions at a duly held meeting where such matter is considered;

(IV) for non-Identity of Interest Applications the seller or their agents could be a member of the Neighborhood Organization if the seller will maintain primary residence within the Neighborhood Organizations boundaries;

(vii) a Neighborhood Organization must provide notice, of at least seventy-two (72) hours, to persons eligible to join or participate in the affairs of the organization.

(viii) while a formal meeting is not required, the organization is encouraged to hold a meeting, that complies with its bylaws, to which all the members of the organization are invited to consider and/or have a membership vote on whether the organization should support, oppose, or be neutral on the proposed Development. ~~The organization needs to have as participating members representatives of two or more separate households. The representatives actually need to be individuals who reside in the Neighborhood Organization's boundaries.~~ The organization is also encouraged to meet with the Developer or Applicant to discuss the proposed Development; and

(ix) the form from the Neighborhood Organization for the purposes of this subsection must be submitted to the Department by the Neighborhood Organization and not the Applicant. This documentation must be submitted independent of the Application. Furthermore, while the Applicant may assist the Neighborhood Organization in the Administrative Deficiency process or any other request from the Department as it relates to this item, the Administrative Deficiency Notice from the Department will be issued to the Neighborhood Organization with a copy to the Applicant; however, the Deficiency response must be submitted to the Department directly by the Neighborhood Organization.

(B) Scoring. The input must clearly and concisely state each reason for the Neighborhood Organization's support for or opposition to the proposed Development.

(i) The score awarded for each letter for this exhibit will be based on the following:

(I) support letters will receive (24 points). Support letters must make a direct statement of support. Support by inference (i.e. "The city supports the Development and we support the city" will not suffice; or

(II) letters that do not meet the requirements of this section, letters that do not provide a reason for support or opposition, ~~or~~ letters that are unclear even after correspondence with the Department or Applications for which no letters are received will receive a score of (14 points);

(III) applications for which no Neighborhood Organizations exist will receive a neutral score of (16 points);

(IV) opposition letters (must state at least one reason for opposition) will receive (0 points);

(V) if an Application receives multiple eligible letters, the average score of all eligible letters will be applied to the Application.

(ii) The Department may investigate a matter and contact the Applicant and Neighborhood Organizations to clarify if it is unclear whether the letter is a letter of support, opposition, or neutrality and to confirm compliance with procedural matters such as organization, existence, and being on record.~~,~~

(iii) The Department highly values quality public input addressed to the merits of a Development. Input that identifies matters that are specific to the neighborhood, the proposed site, the proposed Development, or Developer are valued. If a proposed Development is permitted by the existing or pending zoning or absence of zoning, concerns addressed by the allowable land use that are related to any multifamily development may generally be considered to have been addressed at the local level through the land use planning process. Input concerning positive efforts or the lack of efforts by the Applicant to inform and communicate with the neighborhood about the proposed Development is highly valued. If the Neighborhood Organization refuses to communicate with the Applicant the efforts of the Applicant will not be considered negative. Input that evidences unlawful discrimination against classes of persons protected by Fair Housing law or the scoring of which the Department determines to be contrary to the Department's efforts to affirmatively further fair housing will not be considered. If the Department receives input that could reasonably be suspected to implicate issues of non-compliance under the Fair Housing Act, staff will refer the matter to the Texas Workforce Commission for investigation, but such referral will not, in and of itself, cause staff or the Department to terminate consideration of the Application. Staff will report all such referrals to the Board and summarize the status of any such referrals in any recommendations.

(3) **The Income Levels of Tenants of the Development.** (§§2306.111(g)(3)(B) and (E); 2306.6710(b)(1)(C) and(e); and §42(m)(1)(B)(ii)(I)) The purpose of this scoring item is to encourage deep income targeting with Units set aside for households at 30% and/or 50% of AMGI. Applications may qualify to receive up to (22 points) for qualifying under only one of subparagraph (A) or (B) of this paragraph. To qualify for these points, the household incomes must not be higher than permitted by the AMGI level (must round to the next highest whole Unit, no less than one Unit). The Development Owner, upon making selections for this exhibit, will set aside Units at the levels of AMGI and will maintain the percentage of such Units continuously over the compliance and extended use period as specified in the LURA. These income levels require corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g) of the Internal Revenue Code.

(A) For Developments proposed to be located in an area of~~in~~ the MSA of Houston, Dallas, Fort Worth, San Antonio or Austin that is not a Rural Area, an Application may qualify to receive:

(i) twenty-two (22) points if at least 40% of the Low-Income Units in the Development are set-aside with incomes at or below a combination of 50% and 30% of AMGI in which at least 5% of the Low-Income Units are at or below 30% of AMGI;

(ii) twenty (20) points if at least 60% of the Low-Income Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(iii) eighteen (18) points if at least 10% of the Low-Income Units in the Development are set-aside with incomes at or below 30% of AMGI.

(B) For Developments proposed to be located in areas other than those listed in subparagraph (A) of this paragraph, an Application may qualify to receive:

(i) twenty-two (22) points if at least 20% of the Low-Income Units in the Development are set-aside with incomes at or below a combination of 50% and 30% of AMGI in which at least 5% of the Low-Income Units are at or below 30% of AMGI;

(ii) twenty (20) points if at least 30% of the Low-Income Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(iii) eighteen (18) points if at least 5% of the Low-Income Units in the Development are set-aside with incomes at or below 30% of AMGI.

(4) **The Size and Quality of the Units** (§2306.6710(b)(1)(D); §42(m)(1)(C)(iii)). The purpose of this scoring item is to promote interior features of the Unit that would serve to improve the quality of life of the resident. Applications may qualify to receive up to (20 points) under both subparagraphs (A) and (B) of this paragraph.

(A) Size of the Units (6 points). The Development must meet the minimum requirements identified in this subparagraph to qualify for points. Six (6) points for this item will be automatically granted for Applications involving Rehabilitation (excluding Reconstruction), Developments receiving funding from TRDO-USDA, or Supportive Housing Developments without meeting these square footage minimums only if requested in the Self Scoring Form. The square feet of all of the Units in the Development, for each type of Unit, must be at least the minimum noted in clauses (i) - (v) of this subparagraph. Changes to an Application during any phase of the review process that decreases the square footage below the minimums noted in clauses (i) - (v) of this subparagraph, will be re-evaluated and may result in a reduction of the Application score.

(i) six-hundred (600) square feet for an Efficiency Unit;

(ii) seven-hundred (700) square feet for a one Bedroom Unit that is not in a Qualified Elderly Development; 600 square feet for a one Bedroom Unit in a Qualified Elderly Development;

(iii) nine-hundred-fifty (950) square feet for a two Bedroom Unit that is not in a Qualified Elderly Development; 750 square feet for a two Bedroom Unit in a Qualified Elderly Development;

(iv) one-thousand-fifty (1,050) square feet for a three Bedroom Unit; and

(v) one-thousand, two-hundred-fifty (1,250) square feet for a four Bedroom Unit.

(B) Quality of the Units (14 points). Applications in which Developments provide specific amenity and quality features in every Unit at no extra charge to the tenant will be awarded points based on the point structure provided in §1.1 of this title and as certified to in the Application. The amenities will be required to be identified in the LURA. Applications involving scattered site Developments must have a specific amenity located within each Unit to count for points. Rehabilitation Developments will start with a base score of (3 points) and Supportive Housing Developments will start with a base score of (5 points).

(5) **The Commitment of Development Funding by a Unit of General Local Government or Governmental Instrumentality.** (§2306.6710(b)(1)(E)) The purpose of this scoring item is to provide an incentive for local support for a proposed Development as demonstrated by the dedication of financial assistance, as described in this section, for the proposed Development. Applications may qualify to receive up to (18 points) under this paragraph. Funding must be from a Unit of General Local Government or a Governmental Instrumentality ~~that~~ with headquarters ~~is~~ within the same county as or a contiguous county to~~as~~ the proposed Development.

(A) Submission Requirements. Evidence of the following must be submitted in accordance with the Tax Credit (Procedures) Manual.

(i) The loans, grant(s) or in-kind contribution(s) must be attributed to the total number of Units in the Development.

(ii) An Applicant may submit enough sources to substantiate the point request, and all sources must be included in the Sources and Uses form.

(iii) An Applicant may substitute any source in response to an Administrative Deficiency Notice or after the Application has been submitted to the Department.

(iv) In-kind contributions such as donation of land, tax exemptions, or waivers of fees such as building permits, water and sewer tap fees, or similar contributions are only eligible for points if the in-kind contribution provides a tangible economic benefit that results in a quantifiable Total Housing Development Cost reduction to benefit the Development. The quantified value of the Total Housing Development Cost reduction may only include the value during the period the contribution or waiver is received and/or assessed. Donations of land must be under the control of the Applicant, pursuant to §50.8(8)(A) of this chapter to qualify. The value of in-kind contributions may only include the time period as of the beginning of the Application Acceptance Period and the Development's Placed in Service date, with the exception of contributions of land. The full value of land contributions, as established by the appraisal required pursuant to clause (viii) of this subparagraph will be counted. Contributions in the form of tax exemptions or abatements may only count for points if the contribution is in addition to any tax exemption or abatement required under statute.

(v) To the extent that a Notice of Funding Availability (NOFA) is released and funds are available, funds from TDHCA's HOME Investment Partnerships (HOME) Program will qualify if a resolution, dated on or before the date the Application Acceptance Period ends, is submitted with the Application from the Governing Body of the Unit of General Local Government authorizing the Applicant to act on behalf of the Governing Body of the Unit of General Local Government in applying for HOME Funds from TDHCA for the particular Application. TDHCA's HOME funds may be substituted for a source originally submitted with the Application, provided the HOME funds substituted are from a NOFA released after the Application Acceptance Period ends and a resolution is submitted with the substitution documentation from the Governing Body of the Unit of General Local Government authorizing the Applicant to act on behalf of the Unit of General Local Government in applying for HOME Funds from TDHCA for the particular Application.

(vi) The granting of a new rental support or subsidy with a term of not less than fifteen (15) years; the funding for which is provided directly (not merely as administrator) by the UGLG or an instrumentality thereof.

(vii) If the support is being provided in the form of a below market rate loan, the loan must be at least 150 basis points below the current market rate and have a term of at least three (3) years and origination fees (including other lender fees that are substantially similar) must be equal to or less than 2% of the loan amount. A statement from the Applicant with respect to the loan amount to be applied for and the specific terms requested or to be requested must be submitted.

(viii) Acceptable evidence submitted in the Application would include, by way of example and not by way of limitation, a resolution from the Unit of General Local Government, a letter from its Appropriate Local Official, or an executed agreement with the Unit of General Local Government or Governmental Instrumentality that will be providing the funding. If the funds have been applied for but not awarded, a letter from the funding entity indicating that an application has been received, funding is available and that award results will be announced by August 1 of the current program year is required in the Application. The Application must also include a statement from the Applicant that reflects the requirements of clause (vii) of this subparagraph.

(ix) At the time the executed Commitment is required to be submitted, the Applicant or Development Owner must provide updated evidence of a commitment approved by the Governing Body of the Unit of General Local Government, or its designee or agent, for the Development Funding to the Department. If the funding commitment is not available as of the date the Department's Commitment is to be submitted, the Department will determine if the Application would have been infeasible or noncompetitive without the source of funding. The Commitment will be rescinded and the credits reallocated if the Department determines that the Application would have been infeasible or noncompetitive. (x) Funding commitments from a

Governmental Instrumentality will not be considered final unless the Governmental Instrumentality attests to the fact that any funds committed were not first provided to the Governmental Instrumentality by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Governmental Instrumentality or subsidiary.

(B) Scoring. Points will be determined based on the amount of funds committed to the Development on a per Unit basis, based on the total number of Units in the Development.

(i) A total contribution of at least $1,000 (or $500 for Rural Developments or Developments located in non-participating jurisdictions) per Unit receives (12 points); or

(ii) A total contribution at least $2,000 (or $1,000 for Rural Developments or Developments located in non-participating jurisdictions) per Unit receives (18 points).

(6) **Community Support from State Representative or State Senator.** (§2306.6710(b)(1)(F); §2306.6725(a)(2)) The purpose of this scoring item is to allow the State Representative and State Senator the opportunity to express their support or opposition for proposed Developments whose boundaries are within their district. Applications may qualify to receive up to (16 points) or have deducted up to (16 points) for this item. Letters must be on the State Representative's or State Senator's letterhead, must be signed by the State Representative or State Senator, identify the specific Development and must clearly state support for or opposition to the specific Development. This documentation will be accepted with the Application or through delivery to the Department from the Applicant or the State Representative or Senator and must be submitted no later than the Input from State Senator or Representative Delivery Date as identified in §50.3 of this chapter (relating to Program Calendar). Once a State Representative or State Senator submits a letter it may not be changed or withdrawn; therefore, it is encouraged that letters not be submitted earlier than the specified Delivery Date in order to facilitate consideration of all constituent comment and other relevant input on the proposed Development. State Representatives or Senators to be considered are those State Representatives or Senators in office at the time the letter is submitted. Support letters are (+16 points); neutral letters, or letters that do not specifically refer to the Development, will receive (0 points); Opposition letters (must state reason for opposition) will receive (-16 points). If one letter is received in support and one letter is received in opposition the score would be (0 points). A letter that does not directly express support but expresses it indirectly by inference, (i.e. "the local jurisdiction supports the Development and I support the local jurisdiction") will be treated as a neutral letter.

(7) **The Rent Levels of the Units.** (§2306.6710(b)(1)(G)) The purpose of this scoring item is to encourage deep rent targeting with Units set aside for households at 30% and/or 50% of AMGI that are in addition to those Units already designated under paragraph (3) of this subsection. Additionally, such Units must come from the 60% of AMGI Units that have not previously been designated under paragraph (3) of this subsection. Applications may qualify to receive up to 14 points for this item under subparagraph (A) or (B) of this paragraph provided the Application has qualified for points under paragraph (3) of this subsection, relating to Income Levels of Tenants of the Development. An Application may qualify for points under this subsection by providing the additional Low-Income Units at 30% and 50% of AMGI (must round up to the next whole Unit, not less than one Unit):

(A) for Developments proposed to be located in an area of the MSA of Houston, Dallas, Fort Worth, San Antonio or Austin that is not a Rural Area, an Application may qualify to receive:

(i) an Application may receive (2 points) for every 5% of Low-Income Units at rents and incomes at 50% of AMGI; or

(ii) an Application may receive (6 points) for every 2.5% of Low-Income Units at rents and incomes at 30% of AMGI.

(B) for Developments proposed to be located in areas other than those listed in paragraph (A) of this subsection, an Application may qualify to receive:

(i) An Application may receive (2 points) for every 2.5% of Low-Income Units at rents and incomes at 50% of AMGI; or

(ii) An Application may receive (6 points) for every 1% of Low-Income Units at rents and incomes at 30% of AMGI.

(8) **The Cost of the Development by Square Foot.** (§2306.6710(b)(1)(H); §42(m)(1)(C)(iii)) Applications may qualify to receive (12 points) for this item. For this exhibit, costs shall be defined as ~~construction costs~~Hard Cost plus ~~, including site work, direct hard costs, contingency,~~ contractor profit, overhead and general requirements, as represented in the Development Cost Schedule. This calculation does not include indirect construction costs. The calculation will be costs per square foot of Net Rentable Area (NRA). For the purposes of this paragraph only, if a building is in a Qualified Elderly Development with an elevator or a Development with one or more buildings any of which have elevators serving four or more floors (Elevator Served Development) the NRA may include elevator served interior corridors. If the proposed Development is a Supportive Housing Development, the NRA may include elevator served interior corridors and may include up to 50 square feet of common area per Unit. As it relates to this paragraph, an interior corridor is a corridor that is enclosed, heated and/or cooled and otherwise finished space. The calculations will be based on the cost listed in the Development Cost Schedule and NRA shown in the Rent Schedule of the Application. Developments qualify for (12 points) if their costs do not exceed:

(A) ninety-five dollars ($95) per square foot (and ~~Direct Hard~~direct construction cost, also referred to as building costs ~~Costs~~ in §1.32(e)(4) of this title do not exceed $80 per square foot) for Qualified Elderly and Elevator Served Development, single family design, and Supportive Housing Developments and Developments located in a Central Business District unless located in a "First Tier County" in which case their costs do not exceed $97 per square foot (and ~~Direct Hard~~direct construction cost, also referred to as building costs ~~Costs~~ in §1.32(e)(4) of this title do not exceed $82 per square foot); or

(B) eighty-five ($85) per square foot (and ~~Direct Hard~~direct construction cost, also referred to as building costs ~~Costs~~ in §1.32(e)(4) of this title do not exceed $70 per square foot) for all other Developments, unless designated as "First Tier" by the Texas Department of Insurance, in which case their costs do not exceed $87 per square foot (and ~~Direct Hard~~ ~~Costs~~ direct construction cost, also referred to as building costs in §1.32(e)(4) of this title do not exceed $72 per square foot). ~~.~~ The First Tier counties are identified in the Tax Credit (Procedures) Manual. There are also specifically designated First Tier communities in Harris County that are east of State Highway 146, and evidence in the Application must include a map with the Development Site designated clearly within the community. These communities are Pasadena, Morgan's Point, Shoreacres, Seabrook and La Porte.

(9) **Tenant Services.** (§2306.6710(b)(1)(I) and §2306.6725(a)(1)) The purpose of this scoring item is to provide professional tenant services, tailored for the tenant population that will enhance the quality of life for the residents of the proposed Development. Applications may qualify to receive up to 10 points for this item. By electing points, ~~T~~the Applicant ~~must~~ certif~~y~~ies that the Development will provide a combination of supportive services, which are listed in §1.1 of this title, appropriate for the proposed tenants~~. The Applicant must further certify~~ and that there is adequate space for the intended services. The provision and complete list of supportive services will be included in the LURA. The Owner may change, from time to time, the services offered; however, the overall points as selected at Application must remain the same. No fees may be charged to the tenants for any of the

services. Services must be provided on-site or transportation to those off-site services identified on the list must be provided. The same service may not be used for more than one scoring item.

(10) **Declared Disaster Areas.** (§2306.6710(b)(1)) The purpose of this scoring item is to provide an incentive for the development of affordable housing in declared disaster areas. Applications may receive 8 points, if by the Full Application Delivery Date as identified in §50.3 of this chapter or at any time within the two-year period preceding the date of submission, the proposed Development Site is located in an area declared a disaster under §418.014 of the Texas Government Code.

(11) **Additional Evidence of Preparation to Proceed.** The purpose of this scoring item is to provide an incentive for a level of due diligence by the Applicant and lender that ultimately should result in better Developments, better site selection, the expeditious construction of Units and less feasibility risk on the financial aspects of the Development. Applications may receive up to (7 points) under paragraphs (A) - (C) of this subparagraph.

(A) Submission of a civil engineering feasibility study that includes, at a minimum, discussion of utility availability and fees, offsite requirements and costs, onsite requirements and costs, ingress and egress requirements, drainage and detention/retention requirements, discussion of required approvals, review process and general timing, and discussion of other necessary fees (permit, impact, drainage, tree, etc). All cost estimates to be as of the date of the study (3 points).

(B) Applicants may qualify to receive up to (~~2~~ 4 points) by providing:

(i) for New Construction and Reconstruction, the submission of:

(I) executed architectural and engineering contracts (including structural, Mechanical, Electrical, Plumbing, Civil and landscape) with architect or other Third-Party lead consultant certification showing all total fees (1 point);

(II) a survey or current plat, for the Development Site, as defined by the Texas Society of Professional Surveyors in their *Manual of Practice for Land Surveying in Texas*;

(-a-) Category 1A: Land Title Survey no older than 6 months prior to the beginning of the Application Acceptance Period (1 point); or,

(-b-) Category 1B: Standard Land Boundary Survey no older than twelve (12) months prior to the beginning of the Application Acceptance Period (1 point);

(III) a Geotechnical Report with non-building specific soil borings and general recommendations regarding slab specifications (1 point).

(IV) a civil engineered site plan as by a Third-Party civil engineer, showing all structures, site amenities, parking and driveways, topography, drainage and detention, water and waste water utility distribution, retaining walls and any other typical or required items (1 point);

(ii) for Rehabilitation Developments, the submission of:

(I) Executed architectural and engineering contracts (including structural, Mechanical, Electrical, Plumbing, Civil and landscape as applicable) with an architect or other Third-Party lead consultant certification indicating total fees and all fees paid to date (1 point).

(II) Category 5: As-built survey (an existing survey dated within the last twelve (12) months of the beginning of the Application Acceptance Period qualifies) (1 point).

(III) in addition to the PCA independently identified scope of immediate work, the submission of the Applicant's detailed schedule outlining the unit-by-unit specifications for all interior work and a detailed schedule outlining the building-by-building specifications; each including a line-item preliminary cost estimate, as if constructed as of the date of the Application submission, provided by the General Contractor (1 point).

(IV) Structural and Mechanical, Electrical, Plumbing reports prepared licensed engineers reconciling all existing conditions to the scope of work identified in subclause (III) of this clause (1 point).

(C) Applications (excluding Pre-applications) that were submitted in ~~prior~~the preceding three (3) Application Rounds; however, they were not considered competitive enough to ultimately receive an award may receive up to (2 points). The current Application must include the same number of Units, some overlap of the original Development Site, and at least one Affiliate of the previous Applicant is an Affiliate of the current Applicant. Terminated Applications do not qualify for these points.

(i) The Application, as submitted for the current Application Round, was previously submitted in one prior Application Round (1 point); or

(ii) the Application, as submitted for the current Application Round, was previously submitted in two prior Application Rounds (2 points).

(iii) Documentation must be submitted in the Application that includes the name, location, assigned TDHCA Identification Number and year of submission(s).

(12) **Leveraging of Private, State, and Federal Resources.** (§2306.6725(a)(3)), (§2306.6710(B)(2)). The purpose of this scoring item is to provide an incentive for the leveraging of financial resources, when economically feasible, for a Development that proposes to serve a specified percentage of households at or below 30% of AMGI. Applications may qualify to receive 7 points for a Development located outside of a Qualified Census Tract and 6 points for a Development located inside a Qualified Census Tract. To receive points under this item, the Development must have at least 5% of the total Units restricted for occupancy by households at or below 30% of AMGI. Funding sources used for points under paragraph (5) of this subsection may not be used for this point item. Division of the same source into separate loans or grants does not result in eligibility under this paragraph and paragraph (5) of this subsection. Multiple sources may be combined to qualify under this item.

(A) If in the form of a loan, funding must be the primary source of debt with a first lien position and a minimum loan term of fifteen (15) years. Loans that are not first lien but are the largest source(s) of funding, not including equity generated from Housing Tax Credits, other federal tax credits, or funds used under paragraph (5) of this subsection also qualify. Origination fees cannot exceed 2% of the loan amount(s). Funding must be provided by a Third Party except when~~.~~ the funds are federally sourced and passed-through a Government Instrumentality. All loan funds qualifying for consideration under this section must provide an economic benefit over a market rate transaction (*i.e.* cannot buy down the rate by increasing upfront interest costs).

(B) Permanent grant funding not secured by a deed of trust may be used, provided the grant funding is the largest source of funding not including equity generated from Housing Tax Credits, ~~or~~ other federal tax credits, or funds used under paragraph (5) of this subsection. Funding must be provided by a Third Party except when the funds are federally sourced and passed-through a Government Instrumentality.

(C) Examples of sources of funds that may qualify include those listed under clauses (i) – (vi) of this subparagraph. A Certification from the lender as of the date of such certification that the loan would meet this provision is required.

(i) HOPE VI;
(ii) Capital Grant Funds;
(iii) Community Investment Program (Federal Home Loan Bank);
(iv) Affordable Housing Program (Federal Home Loan Bank);

(v) HOME Investment Partnerships Program;
(vi) Community Development Block Grant (CDBG);
(vii) HUD-insured mortgage loans; or
(viii) other sources of grants or loans that provide for a 150 basis point savings over the market interest rate for comparable terms.

(D) Funding ~~to support~~for ongoing operations, including rental subsidies, or other sources not directly offsetting the Total Housing Development Cost are not eligible for points under this paragraph. Qualifying funds awarded through local entities may qualify for points if the original source of the funds is from a private, state or federal source. If qualifying funds awarded through local entities are used for this item, a statement from the local entity must be provided that identifies the original source of funds.

(E) The Development must have already applied for funding from the funding entity. Evidence to be submitted with the Application must include a copy of the commitment of funds with terms meeting the requirements of subparagraphs (A) – (C) of this paragraph or a letter from the funding entity indicating that the application was received and that the terms for available funding meet the requirements of subparagraphs (A) – (C) of this paragraph.

(F) At the time of the Carryover Documentation Delivery Date, ~~the executed Commitment is required to be submitted,~~ the Applicant or Development Owner must provide evidence of a commitment approved by the ~~Governing Body of the~~funding entity for the sufficient financing to the Department. An Applicant may substitute the qualifying source under this item between the time of Application and Carryover

(13) **Community Input other than Quantifiable Community Participation.** The purpose of this scoring item is to allow community and civic organizations active in the area that includes the proposed Development the opportunity to express their support or opposition. If an Application was awarded 16 or 14 points under paragraph (2) of this subsection, then that Application may receive up to 6 points for letters that qualify for points under subparagraph (A), (B) or (C) of this paragraph. An Application may not receive points under more than one of the subparagraphs (A) - (C) of this paragraph. All letters must be submitted within the Application. At no time will the Application receive a score lower than zero (0) for this item.

(A) An Application may receive (2 points) (maximum of 6 points) for each letter of support submitted from a community or civic organization that serves the community in which the Development Site is located. Letters of support must identify the specific Development and must state support of the specific Development at the proposed location. The community or civic organization must provide some documentation of its existence in the community in which the Development is located including, but not limited to, listing of services and/or members, brochures, annual reports, etc. Letters of support from organizations that cannot provide reasonable evidence that they are active in the area that includes the location of the Development will not be counted. For purposes of this subparagraph, community and civic organizations do not include neighborhood organizations, governmental entities (excluding Special Management Districts), taxing entities or educational activities. Organizations that were created by a governmental entity or derive their source of creation from a governmental entity do not qualify under this item. For purposes of this item, educational activities include school districts, trade and vocational schools, charter schools and depending on how characterized could include day care centers; a PTA or PTO would qualify. Should an Applicant elect this option and the Application receives letters in opposition, then (2 points) will be subtracted from the score for each letter in opposition, provided that the letter is from an organization serving the community.

(B) An Application may receive (6 points) for a letter of support, from a property owners association created for a master planned community whose boundaries include the

Development Site that does not meet the requirements of a Neighborhood Organization for points under paragraph (2) of this subsection.

(C) An Application may receive (6 points) for a letter of support from a Special Management District, whose boundaries, as of the Full Application Delivery Date as identified in §50.3 of this chapter, include the Development Site and for which there is not a Neighborhood Organization on record with the county or state.

(D) Input that evidences unlawful discrimination against classes of persons protected by Fair Housing law or the scoring of which the Department determines to be contrary to the Department's efforts to affirmatively further fair housing will not be considered. If the Department receives input that could reasonably be suspected to implicate issues of non-compliance under the Fair Housing Act, staff will refer the matter to the Texas Workforce Commission for investigation, but such referral will not, in and of itself, cause staff or the Department to terminate consideration of the Application. Staff will report all such referrals to the Board and summarize the status of any such referrals in any recommendations.

(14) **Pre-application Participation Incentive Points.** (§2306.6704) Applicants that submitted a pre-application during the Pre-Application Acceptance Period and meet the requirements of this paragraph will qualify to receive (6 points) for this item. The purpose of this scoring item is to encourage participation in the pre-application process and prevent unnecessary filing costs by promoting transparency in the external assessment of competing Applications. Amendments to the Application subsequent to the award do not affect pre-application points if approved by the Board; however, the Board may take into consideration points received that would be lost as a result of the amendment. To be eligible for these points, the Application must:

(A) be for the identical Development Site, or reduced portion of the Development Site based on the legal description provided at pre-application;

(B) have met the Pre-application Threshold Criteria;

(C) be serving the same Target Population as in the pre-application;

(D) be applying for the same Set-Asides as indicated in the pre-application (Set-Asides can be dropped between pre-application and Application, but no Set-Asides can be added); and

(E) be awarded by the Department an Application score that is not more than (~~7~~ 9 points) greater or less than the number of points awarded by the Department at pre-application, with the exclusion of points for support and opposition under paragraphs (2), (6), and (14) of this subsection. The Application score used to determine whether the Application score is (~~7~~ 9 points) greater or less than the number of points awarded at pre-application will also include all point losses under §50.7(b)(2)(A) of this chapter (relating to Application Process). An Applicant must choose, at the time of Application either clause (i) or (ii) of this subparagraph:

(i) to request the pre-application points and have the Department cap the Application score at no greater than the (~~7~~ 9 points) increase regardless of the total points accumulated in the scoring evaluation. This allows an Applicant to avoid penalty for increasing the point structure outside the (~~7~~ 9 points) range from pre-application to Application; or

(ii) to request that the pre-application points be forfeited and that the Department evaluate the Application as requested in the Self-Score Form.

(15) **Developments in Census Tracts with Limited Existing HTC Developments.** (§2306.6725(b)(2)) The purpose of this scoring item is to encourage a de-concentration of housing tax credit Developments in census tracts, according to the Department's Housing Tax Credit Site Demographic Characteristics Report for the current Application Round. Applications may qualify for up to 6 points under subparagraph (A) or (B) of this paragraph.

(A) If the proposed Development is located in a census tract in which there are no other existing HTC Developments that serve the same Target Population (4 points); or

(B) If the proposed Development is located in a census tract in which there are no other existing HTC Developments (6 points).

(C) Evidence of the census tract identifying the location of the proposed Development must be submitted in the Application.

(16) **Development Location.** (§2306.6725(a)(4); §42(m)(1)(C)(i)) Applications (excluding those requesting funds from the At-Risk Set-Aside) may qualify to receive up to (4 points) under subparagraph (A) or (B) of this paragraph or (1 point) under subparagraph (C), (D) or (E) of this paragraph. The purpose of this scoring item is to promote affordable housing development in traditionally underserved areas that allow access to a variety of services and socioeconomic opportunities that would not otherwise be readily accessible as well as meet legally mandated requirements. Evidence must not be more than six (6) months old from the first day of the Application Acceptance Period. Applicants must submit documentation in the form of a map of the defined area that includes the location of the proposed Development. If qualifying for being in a Colonia, the name of the Colonia must also be identified on the map. An Application may only receive points under one of the subparagraphs (A) - (E) of this paragraph.

(A) The Development is proposed to be located in a High Opportunity Area as defined in §50.2(15) of this chapter (relating to Definitions) (2 points for Qualified Elderly Developments or 4 points for all other Developments).

(B) The Development is proposed to be located in a Central Business District as defined in §50.2(7) of this chapter. The Application must include a letter from the Appropriate Local Official confirming the location of the proposed Development and include the boundaries of the Central Business District (4 points).

(C) A Federal Enterprise Community, a Growth Zone or any other comparable community as designated by HUD, which are typically defined with census tract boundaries (1 point); or

(D) an Economically Distressed Area as specifically designated by the Secretary of HUD as of the beginning of the Application Acceptance Period or a Colonia (1 point); or

(E) the Application is not receiving points under paragraph (5) of this subsection and the proposed Development will be located in an area supported by the Governing Body of the appropriate municipality or county containing the Development Site, as evidenced by a resolution or ordinance, submitted with the Application, supporting the location of the Development Site (1 point).

~~(F) Applicants must submit documentation in the form of a map of the defined area that includes the location of the proposed Development. If qualifying for being in a Colonia, the name of the Colonia must also be identified on the map.~~

(17) **Tenant Populations with Special Housing Needs.** (§42(m)(1)(C)(v)) Applications may qualify to receive (4 points) for this item. The purpose of this scoring item is to integrate special housing needs populations into traditional housing tax credit Developments. The Department will award these points to Applications in which at least 5% of the Units are set aside for Persons with Special Needs. For purposes of this section, Persons with Special Needs is defined as persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farm workers. Throughout the Compliance Period, unless otherwise permitted by the Department, the Development Owner agrees to affirmatively market Units to Persons with Special Needs. In addition, the Department will require a minimum twelve-month period during which Units must either be occupied by Persons with Special Needs or held vacant. The twelve-month period will begin on the date each building receives its Certificate of Occupancy. For buildings that do not receive a Certificate of Occupancy, the twelve-month period will begin on the placed in service date as provided in the Cost Certification manual. After the twelve-month period, the Development Owner will no longer be required to hold Units vacant for households with

special needs, but will be required to continue to affirmatively market Units to household with special needs.

(18) **Length of Affordability Period.** (§§2306.6725(a)(5); 2306.111(g)(3)(C); 2306.185(a)(1) and (c); 2306.6710(e)(2); and 42(m)(1)(B)(ii)(II)) The purpose of this scoring item is to provide an incentive for Applications that will extend the affordability period beyond the extended use period. Rehabilitation (excluding Reconstruction) Developments are not eligible for these points. Applications may qualify to receive up to (4 points). In accordance with the Code, each Development is required to maintain its affordability for a 15-year compliance period and, subject to certain exceptions, an additional 15-year extended use period. Development Owners that are willing to extend the affordability period for a Development beyond the thirty (30) years required in the Code may receive points as follows:

(A) add five (5) years of affordability after the extended use period for a total affordability period of thirty-five (35) years (2 points); or

(B) add ten (10) years of affordability after the extended use period for a total affordability period of forty (40) years (4 points).

(19) **Site Characteristics.** Development Sites, including scattered sites, may qualify to receive up to (4 points) for this item. The purpose of this scoring item is to encourage affordable rental housing development in proximity to services and amenities that would be considered beneficial to the tenants. Developments Sites must be located within a one mile radius (two-mile radius for Developments competing for a Rural Regional Allocation) of at least six (6) services. A site located within one-half mile of public transportation that is accessible to all residents including Persons With Disabilities and/or located within a community that has another form of transportation, including, but not limited to, special transit service or specialized elderly transportation for Qualified Elderly Developments, will receive full points regardless of the proximity to amenities, as long as the Applicant provides appropriate evidence of the transportation services used to satisfy this requirement. If a Development is providing its own specialized van or funding a comparable service, then this will be a requirement of the LURA. Only one service of each type listed in subparagraphs (A) - (O) of this paragraph will count towards the points. A map must be included identifying the Development Site and the location of the services by name. If the services are not identified by name, points will not be awarded. All services must exist or, if under construction, must be under active construction, post pad by the date the Application is submitted.

(A) Full service grocery store.

(B) Pharmacy.

(C) Convenience Store/Mini-market.

(D) Department or Retail Merchandise Store.

(E) Bank/Credit Union.

(F) Restaurant (including fast food).

(G) Indoor public recreation facilities, such as civic centers, community centers, and libraries.

(H) Outdoor public recreation facilities such as parks, golf courses, and swimming pools.

(I) Medical offices (physician, dentistry, optometry) or hospital/medical clinic.

(J) Public Schools (only eligible for Developments that are not Qualified Elderly Developments).

(K) Senior Center.

(L) Religious Institutions.

(M) Day Care Services (must be licensed – only eligible for Developments that are not Qualified Elderly Developments).

(N) Post Office, City Hall, County Courthouse.

(O) Fire/Police Station.

(20) **Repositioning of Existing Developments.** Applications may qualify to receive up to (3) points for this item. The purpose of this scoring item is to provide an incentive for Applications proposing the substantial Rehabilitation of an Existing Residential Development that meet the following criteria:

(A) proposes Rehabilitation (including Reconstruction);

(B) contains residential buildings originally constructed between 1980 – 1990;

(C) the Application includes a scope of work (~~if Rehabilitation (~~excluding Reconstruction) for the interior of the Units that includes an intentional lease-down or relocation of tenants off-site; and

(D) the Development, as of the beginning of the Application Acceptance Period, has no income or rent restrictions recorded in the property records of the county.

(21) **Sponsor Characteristics.** The purpose of this scoring item is to encourage the material participation of Historically Underutilized Businesses relative to the housing industry in the development and operation of affordable housing. Applications may qualify to receive a maximum of (2 points) for this item. Qualifying under subparagraph (A) of this paragraph shall be worth (1 point) and qualifying under subparagraph (B) of this paragraph shall be worth (2 points). (§42(m)(1)(C)(iv))

(A) The Applicant has submitted a plan to use Historically Underutilized Businesses (HUB) in the development process consistent with the Historically Underutilized Business Guidelines for contracting with the State of Texas. The Applicant will be required to submit a report of the success of the plan as part of the cost certification documentation, in order to receive IRS Forms 8609; or

(B) there is a HUB as certified by the Texas Comptroller of Public Accounts, has at least 51% ownership interest in the General Partner and materially participates in the Development and operation of the Development throughout the Compliance Period. To qualify for these points, the Applicant must submit a certification from the Texas Comptroller of Public Accounts that the Person is a HUB at the close of the Application Acceptance Period.

(22) **Economic Development Initiatives.** (§2306.127) The purpose of this item is to provide an incentive for proposed Developments located in areas that have adopted initiatives that promote economic development. An Application may qualify to receive 1 point under subparagraph (A) or (B) of this paragraph.

(A) An economic development initiative adopted by the local government in which the Development Site is located, such as, but not limited to, a Tax Increment Financing (TIF) or Tax Increment Reinvestment Zone (TIRZ). Acceptable evidence will be a letter from the Appropriate Local Official certifying they have authority, stating the economic development initiative that is in place and certifying the date the initiative was adopted by the Unit of General Local Government.

(B) A Designated State Enterprise Zone.

(23) **Community Revitalization (§42(m)(1)(C)(iii)) or Historic Preservation .** Applications may qualify to receive (1 point) under subparagraph (A) or (B) of this paragraph. The purpose of this scoring item is to provide an incentive for community transformation (including Qualified Census Tracts) by utilizing already existing capacities and providing long-term improvements to specific geographic areas as well as preserving federal or state designated historic buildings.

(A) Any Development, regardless of whether located in a Qualified Census Tract, that is part of a community revitalization plan. To qualify for these points a letter from the Appropriate Local Official must be submitted affirming that the Development is located within the specific geographic area covered by the plan, that the plan is not a Consolidated Plan or other Economic Development Plan or city-wide plan, the plan has been approved or adopted by ordinance, resolution, or other vote by the Governing Body with jurisdiction over the area covered by the plan (or, if such body has delegated that responsibility to another body by resolution, ordinance, or other vote, the body to which the responsibility was delegated) in a process that allows for public input and/or comment.

(B) The Development includes the use of an existing building that is designated as historic by a federal or state Entity and proposes Rehabilitation (including Reconstruction) or Adaptive Reuse. The Development itself must have the designation; points in this subparagraph are not available for Developments simply located within historic districts or areas that do not have a designation on the building. The Development must include the historic building. Evidence will include proof of the historic designation from the appropriate Governmental Entity. The Applicant will be required to show proof of the Historic designation and Historic Tax Credits at Cost Certification.

(24) **Developments Intended for Eventual Tenant Ownership--Right of First Refusal.** Applications may qualify to receive 1 point for this item. (§2306.6725(b)(1); §42(m)(1)(C)(viii)) The purpose of this scoring item is to allow for consideration for tenant or nonprofit ownership at the end of the Compliance Period. Evidence that Development Owner agrees to provide a right of first refusal to purchase the Development upon or following the end of the Compliance Period in accordance with §2306.6726 and the Department's rules related to Right of First Refusal and Qualified Contract in §1.9 of this title. ~~for the minimum purchase price provided in, and in accordance with the requirements of, §42(i)(7) of the Code (the "Minimum Purchase Price"), to a Qualified Nonprofit Organization, the Department, or either an individual tenant with respect to a single family building, or a tenant cooperative, a resident management corporation in the Development or other association of tenants in the Development with respect to multifamily developments (together, in all such cases, including the tenants of a single family building, a "Tenant Organization"). Development Owner may qualify for this point by providing the right of first refusal in the terms listed in subparagraph (A)(i) and (ii) of this paragraph:~~

~~(A) Upon the earlier to **occur** of:~~

~~(i) the Development Owner's determination to sell the Development; or~~

~~(ii) the Development Owner's request to the Department, pursuant to §42(h)(6)(E)(II) of the Code, to find a buyer who will purchase the Development pursuant to a "qualified contract" within the meaning of §42(h)(6)(F) of the Code, the Development Owner shall provide a notice of intent to sell the Development ("Notice of Intent") to the Department and to such other parties as the Department may direct at that time. If the Development Owner determines that it will sell the Development at the end of the Compliance Period, the Notice of Intent shall be given no later than two (2) years prior to expiration of the Compliance Period. If the Development Owner determines that it will sell the Development at some point later than the end of the Compliance Period, the Notice of Intent shall be given no later than two (2) years prior to date upon which the Development Owner intends to sell the Development.~~

~~(B) During the two (2) years following the giving of Notice of Intent, the Sponsor may enter into an agreement to sell the Development only in accordance with a right of first refusal for sale at the Minimum Purchase Price with parties in the following order of priority:~~

~~(i) During the first six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization that is also a community housing development organization, (a "CHDO") as defined for purposes of the federal HOME Investment Partnerships Program at 24 CFR §92.1 and is approved by the Department;~~

~~(ii) during the second six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization or a Tenant Organization; and~~

~~(iii) during the second year after the Notice of Intent, only with the Department or with a Qualified Nonprofit Organization approved by the Department or a Tenant Organization approved by the Department;~~

~~(iv) if, during such two-year period, the Development Owner shall receive an offer to purchase the Development at the Minimum Purchase Price from one of the organizations designated~~

~~in clauses (i) - (iii) of this subparagraph (within the period(s) appropriate to such organization), the Development Owner shall sell the Development at the Minimum Purchase Price to such organization. If, during such period, the Development Owner shall receive more than one offer to purchase the Development at the Minimum Purchase Price from one or more of the organizations designated in clauses (i) - (iii) of this subparagraph (within the period(s) appropriate to such organizations), the Development Owner shall sell the Development at the Minimum Purchase Price to whichever of such organizations it shall choose.~~

~~(C) After whichever occurs the later of:~~

~~(i) the end of the Compliance Period; or~~

~~(ii) two (2) years from delivery of a Notice of Intent, the Development Owner may sell the Development without regard to any right of first refusal established by the LURA if no offer to purchase the Development at or above the Minimum Purchase Price has been made by a Qualified Nonprofit Organization, a Tenant Organization or the Department, or a period of one hundred twenty (120) days has expired from the date of acceptance of all such offers as shall have been received without the sale having occurred, provided that the failure(s) to close within any such 120-day period shall not have been caused by the Development Owner or matters related to the title for the Development.~~

~~(D) At any time prior to the giving of the Notice of Intent, the Development Owner may enter into an agreement with one or more specific Qualified Nonprofit Organizations and/or Tenant Organizations to provide a right of first refusal to purchase the Development for the Minimum Purchase Price, but any such agreement shall only permit purchase of the Development by such organization in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph.~~

~~(E) The Department shall, at the request of the Development Owner, identify in the LURA a Qualified Nonprofit Organization or Tenant Organization which shall hold a limited priority in exercising a right of first refusal to purchase the Development at the Minimum Purchase Price, in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph.~~

~~(F) The Department shall have the right to enforce the Development Owner's obligation to sell the Development as herein contemplated by obtaining a power-of-attorney from the Development Owner to execute such a sale or by obtaining an order for specific performance of such obligation or by such other means or remedy as shall be, in the Department's discretion, appropriate.~~

(c) **Scoring Criteria Imposing Penalties.** (§2306.6710(b)(2)) Staff will recommend to the Board a penalty of up to (5 points) for any of the items listed in paragraphs (1) and (2) of this subsection, unless the person approving the extension (the Board or Executive Director, as applicable) makes an affirmative finding setting forth that the facts which gave rise to the need for the extension were beyond the reasonable control of the Applicant and could not have been reasonably anticipated. Any such matter to be presented for final determination of penalties by the Board must include notice from the Department to the affected party not less than fourteen (14) days prior to the scheduled Board meeting. The Executive Director may, but is not required, to issue a formal notice after disclosure if it is determined that the matter does not warrant penalties.

(1) If the Applicant or Affiliate failed to meet the original Carryover submission or 10% Test deadline(s) ~~and~~ or has requested an extension of the Carryover submission deadline, the 10% Test deadline (relating to either submission or expenditure).

(2) If the Developer or Principal of the Applicant violates the Adherence to Obligations pursuant to §50.12(a) of this chapter (relating to Post Award Activities).

(3) No penalty points will be deducted for extensions that were requested on Developments that involved Rehabilitation when the Department is the primary lender, or for Developments that involve TRDO-USDA as a lender if TRDO-USDA or the Department is the cause for the Applicant not meeting the deadline.

(4) Any penalties assessed by the Board for paragraph (1) or (2) of this subsection based on a Housing Tax Credit Commitment from the preceding Application Round will be attributable to the Applicant or Affiliate of an Application submitted in the current Application Round.

§50.10. Board Decisions.

(a) The Board's decisions shall be based upon the Department's and the Board's evaluation of the proposed Developments' consistency with the criteria and requirements set forth in this QAP and other applicable Department rules.

(1) On awarding tax credits, the Board shall document the reasons for each Application's selection, including any discretionary factors used in making its determination, including good cause and the reasons for any decision that conflicts with the recommendations made by Department staff. Good cause includes the Board's decision to apply discretionary factors. (§§2306.6725(c); 2306.6731; and 42(m)(1)(A)(iv))

(2) In making a determination to allocate tax credits, the Board shall be authorized to not rely solely on the number of points scored by an Application. It shall in addition, be entitled to take into account, as it deems appropriate, the discretionary factors listed in this paragraph. The Board may also apply these discretionary factors to its consideration of Tax-Exempt Bond Developments. If the Board disapproves or fails to act upon an Application, the Department shall issue to the Applicant a written notice stating the reason(s) for the Board's disapproval or failure to act. The discretionary factors include: (§2306.111(g)(3))

(A) the Developer market study;

(B) the location;

(C) the compliance history of the Developer;

(D) the financial feasibility;

(E) the appropriateness of the Development's size and configuration in relation to the housing needs of the community in which the Development is located;

(F) the Development's proximity to other low-income housing Developments;

(G) the availability of adequate public facilities and services;

(H) the anticipated impact on local school districts;

(I) zoning and other land use considerations;

(J) any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes; and

(K) other good cause as found by the Board.

(3) Before the Board approves any Application, the Department shall assess the compliance history of the Applicant with respect to all applicable requirements; and the compliance issues associated with the proposed Development. The Board has established a rule for the materiality of noncompliance in Chapter 60 of this title to address noncompliance associated with the Development, Applicant or Affiliate.

(b) **Waiting List.** (§2306.6711(c) and (d)) If the entire State Housing Credit Ceiling for the applicable calendar year has been committed or allocated in accordance with this chapter, the Board shall generate, concurrently with the issuance of the Commitment, a waiting list of additional Applications ranked by score in descending order of priority based on Set-Aside categories and regional allocation goals. The Board may also apply discretionary factors in determining the waiting list provided that it takes into account the need to assure adherence to regional allocation requirements. If at any time prior to the end of the Application Round, one or more Commitments expire or a sufficient amount of the State Housing Credit Ceiling becomes available, the Board shall issue a Commitment to Applications on the waiting list subject to the amount of returned credits, the regional allocation goals and the Set-Aside categories, including the 10% Nonprofit Set-Aside allocation, 15% At-Risk Set-Aside allocation and 5% TRDO-USDA Set-Aside required under §42(h)(5) of the Code. At the end of each calendar year, all Applications which have not received a Commitment shall be deemed terminated. The Applicant may re-apply to the Department during the next Application Round.

(c) **Forward Commitments.** The Board may determine to issue Commitments of tax credit authority with respect to Applications from the State Housing Credit Ceiling for the calendar year following the year of issuance (each a "forward commitment") to Applications submitted in accordance with the rules and timelines required under this chapter and the Tax Credit (Procedures) Manual. The Board will utilize its discretion in determining the amount of credits to be allocated as forward commitments. The transcript of the Board's proceedings and the staff presentation must reflect the specific reasons for awarding any forward commitments.

(1) Unless otherwise provided in the Commitment with respect to a Development selected to receive a forward commitment, actions which are required to be performed under this chapter by a particular date within a calendar year shall be performed by such date in the calendar year of the State Housing Credit Ceiling from which the credits are allocated.

(2) Any forward commitment made pursuant to this section shall be made subject to the availability of State Housing Credit Ceiling in the calendar year with respect to which the forward commitment is made. If a forward commitment shall be made with respect to a Development placed in service in the year of such commitment, the forward commitment shall be a "binding commitment" to allocate the applicable credit dollar amount within the meaning of §42(h)(1)(C) of the Code.

(3) If tax credit authority shall become available to the Department in a calendar year in which forward commitments have been awarded, the Department may allocate such tax credit authority to any eligible Development which received a forward commitment, in which event the forward commitment shall be canceled with respect to such Development.

(d) **Appeals Process.** (§2306.6715) An Applicant may appeal decisions made by the Department described in paragraphs (1) – (6) of this subsection:

(1) The decisions that may be appealed are identified in subparagraphs (A) - (D) of this paragraph.

(A) A determination regarding the Application's satisfaction of:

(i) Eligibility Requirements;

(ii) Disqualification or debarment criteria;

(iii) Pre-application or Application Threshold Criteria;

(iv) Underwriting Criteria;

(B) the scoring of the Application under the Selection Criteria;

(C) a recommendation as to the amount of Housing Tax Credits to be allocated to the Application; and

(D) any Department decision that results in termination of an Application can be appealed in accordance with this section. Termination of an Application based on Material Noncompliance will follow the process as described in Chapter 60 of this title (relating to Compliance Administration).

(2) An Applicant may not appeal a decision made regarding an Application filed by another Applicant;

(3) An Applicant must file its appeal in writing with the Department not later than the seventh calendar day after the date the Department publishes the results of any stage of the Application evaluation process identified in §50.7 of this chapter (relating to Application Process). The appeal must be in writing, signed by the person designated to act on behalf of the Applicant or an attorney that represents the Applicant. The Appeal must be addressed to the Department to the attention of the Director of Housing Tax Credits. In the appeal, the Applicant must specifically identify the Applicant's grounds for appeal, based on the original Application and additional documentation filed with the original Application as supplemented in accordance with the limitations and requirements of this chapter. If the appeal relates to the amount of Housing Tax Credits recommended to be allocated, the Department will provide the Applicant with the underwriting report upon request;

(4) The Executive Director of the Department shall respond in writing to the appeal not later than fourteen (14) calendar days after the date of actual receipt of the appeal by the Department in its offices. If the Applicant is not satisfied with the Executive Director's response to the appeal, the Applicant may appeal directly in writing to the Board, provided that an appeal filed with the Board under this subsection must be received by the Board before:
(A) the seventh calendar day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made; or
(B) the third calendar day preceding the date of the Board meeting described by subparagraph (A) of this paragraph, if the Executive Director does not respond to the appeal before the date described by subparagraph (A) of this paragraph;
(5) Board review of an appeal under paragraph (4) of this subsection is based on the original Application. The Board may not review any information not contained in or filed with the original Application. The decision of the Board regarding the appeal is the final decision of the Department;
(6) the Department will post to its website an appeal filed with the Department or Board and any other document relating to the processing of the appeal. (§2306.6717(a)(5))

(e) **Provision of Information or Challenges Regarding Applications from Unrelated Entities to the Application.** The Department will address information or challenges received from unrelated entities to a specific active Application, utilizing a preponderance of the evidence standard, as stated in paragraphs (1) - (4) of this subsection, provided the information or challenge includes a contact name, telephone number, fax number and e-mail address of the person providing the information or challenge and must be received by the Department no later than the Application Challenges Deadline as identified in §50.3 of this chapter (relating to Program Calendar):
(1) within fourteen (14) business days of the Application Challenges Deadline as identified in §50.3 of this chapter the Department will post all information and challenges received (including any identifying information) to the Department's website;
(2) within seven (7) business days of the Application Challenges Deadline as identified in §50.3 of this chapter the Department will notify the Applicant related to the information or challenge. The Applicant will then have seven (7) business days to respond to all information and challenges provided to the Department; and
(3) within fourteen (14) business days of the receipt of the response from the Applicant, the Department will evaluate all information submitted and other relevant documentation related to the investigation. This information may include information requested by the Department relating to this evaluation. The Department will post its determination summary to its website. Any determinations made by the Department cannot be appealed by any party unrelated to the Applicant.
(4) Nothing herein shall serve to limit the authority of the Board to apply discretion for good cause to the fullest extent lawfully permitted.

§50.11. Tax-Exempt Bond Developments.

(a) **Filing of Applications.** Applications for a Tax-Exempt Bond Development may be submitted to the Department as described in paragraphs (1) and (2) of this subsection:
(1) Applicants which receive advance notice of a Certificate of Reservation as a result of the Texas Bond Review Board's (TBRB) lottery for the private activity volume cap must file a complete Application not later than the deadline as posted in the Application Procedures for Housing Tax Credits with Tax Exempt Bond Financing document on the Department's website. Such filing must be accompanied by the Application fee described in §50.14 of this chapter (relating to Program Related Fees);
(2) Applicants which receive advance notice of a Certificate of Reservation after being placed on the waiting list as a result of the TBRB lottery for private activity volume cap must submit Volume 1 and Volume 2 of the Application and the Application fee described in §50.14 of this chapter prior to the Applicant's Certificate of Reservation date as assigned by

the TBRB. Those Applications designated as Priority 3 by the TBRB must submit Volumes I and II within fourteen (14) days of the Certificate of Reservation date if the Applicant intends to apply for tax credits regardless of the Issuer. Any outstanding documentation required under this section regardless of Priority must be submitted to the Department at least sixty (60) days prior to the Board meeting at which the decision to issue a Determination Notice would be made unless a waiver is requested by the Applicant. The Department staff will have limited discretion to recommend an Application with appropriate justification of the late submission;

(3) multiple site applications will be considered to be one Application as identified in Chapter 1372 of the Texas Government Code.

(b) **Applicability of Rules.** Tax-Exempt Bond Development Applications are subject to all rules in this chapter, with the only exceptions being the following sections: §50.4(d)(14) of this chapter (relating to Ineligible Applicants, Applications, and Developments); §50.5(c) of this chapter (relating to Site and Development Restrictions);§50.6(b) – (e) of this chapter (relating to Allocation and Award Process); §50.7(c), (d) and (e) of this chapter (relating to Application Process);; §50.7(k) of this chapter ; §50.9(b) of this chapter (relating to Selection Criteria); §50.10(b) and (c) of this chapter (relating to Board Decisions); and §50.12(e) - (f) of this chapter (relating to Post Award Activities).

(c) **Tenant Services.** Tax-Exempt Bond Development Applications must include the provision of supportive services. No fees may be charged to the tenants for any of the services. Services must be provided on-site or transportation to off-site services as identified on the list must be provided. The provision of these services will be included in the LURA. Acceptable services include those described in §1.1 of this title (relating to Definitions and Amenities for Housing Program Activities).

(d) **Financial Feasibility Evaluation for Tax-Exempt Bond Developments.** Section 42(m)(2)(D), Internal Revenue Code, requires the bond issuer (if other than the Department) to ensure that a Tax-Exempt Bond Development does not receive more tax credits than the amount needed for the financial feasibility and viability of a Development throughout the Compliance Period. Treasury Regulations prescribe the occasions upon which this determination must be made. In light of the requirement, issuers may either elect to underwrite the Development for this purpose in accordance with the QAP and §1.32 of this title (relating to Underwriting Rules and Guidelines), or request that the Department perform the function. If the issuer underwrites the Development, the Department may request such underwriting report and may upon review make such changes in the amount of credits which the Development may be allowed as are appropriate under the Department's guidelines. The Determination Notice issued by the Department and any subsequent IRS Form(s) 8609 will reflect the amount of tax credits for which the Development is determined to be eligible in accordance with this subsection, and the amount of tax credits reflected in the IRS Form 8609 may be greater or less than the amount set forth in the Determination Notice, based upon the Department's and the bond issuer's determination as of each building's placement in service. Any increase of tax credits, from the amount specified in the Determination Notice, at the time of each building's placement in service will only be permitted if it is determined by the Department, as required by §42(m)(2)(D) of the Code. Increases to the amount of tax credits that exceed 110% of the amount of credits reflected in the Determination Notice are contingent upon approval by the Board. Increases to the amount of tax credits that do not exceed 110% of the amount of credits reflected in the Determination Notice may be approved administratively by the Executive Director and are subject to the Credit Increase Fee as described in §50.14 of this chapter.

(e) **Certification of Tax Exempt Applications with New Docket Numbers.** Applications that are processed through the Department review and evaluation process and receive an affirmative Board Determination, but do not close the bonds prior to the Certificate of Reservation expiration date, and subsequently have that docket number withdrawn from the TBRB, may have their Determination Notice reinstated. The Applicant would need to receive a new docket number from the TBRB and paragraph (1) or (2) of this subsection must apply:

(1) the new docket number must be issued in the same program year as the original docket number and must not be more than four (4) months from the date the original application was withdrawn from the TBRB. The Application must remain unchanged. This means that at a minimum, the following cannot have changed: site control, total number of units, unit mix (bedroom sizes and income restrictions), design/site plan documents, financial structure including bond and Housing Tax Credit amounts, development costs, rent schedule, operating expenses, sources and uses, ad valorem tax exemption status, target population, scoring criteria (TDHCA issues) or TBRB priority status including the effect on the inclusive capture rate. Note that the entities involved in the Applicant entity and Developer cannot change; however, the certification can be submitted even if the lender, syndicator or issuer changes, as long as the financing structure and terms remain unchanged. Notifications under §50.8(9) of this chapter (relating to Threshold Criteria) are not required to be reissued. A revised Determination Notice will be issued once notice of the assignment of a new docket number has been provided to the Department and the Department has confirmed that the capture rate and market demand remain acceptable. This certification must be submitted no later than thirty (30) days after the date the TBRB issues the new docket number. In the event that the Department's Board has not yet approved the Application, the Application will continue to be processed and ultimately provided to the Board for consideration. This certification must be submitted no later than thirty (30) days after the date the TBRB issues the new docket number; or

(2) if there are changes to the Application as referenced in paragraph (1) of this subsection or if there is public opposition, the Applicant will be required to submit a new Application in full, along with the applicable fees, to be reviewed and evaluated in its entirety for a new Determination Notice to be issued.

§50.12. Post Award Activities.

(a) **Adherence to Obligations.** (§2306.6720) Compliance with representations, undertakings and commitments made by an Applicant in the Application process for a Development, whether with respect to Threshold Criteria, Selection Criteria or otherwise, including the timely submittal and completion of cost certification (except for Department approved extensions), shall be deemed to be a condition to any Commitment, Determination Notice, or Carryover Allocation for such Development, the violation of which shall be cause for cancellation of such Commitment, Determination Notice, or Carryover Allocation by the Department, and if concerning the ongoing features or operation of the Development, shall be enforceable even if not reflected in the LURA. All such representations are enforceable by the Department and the tenants of the Development, including enforcement by administrative penalties for failure to perform, as stated in the representations and in accordance with the LURA. 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, 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 (10) 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 submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for up to twenty-four (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.

(3) For amendments approved administratively by the Executive Director, the penalties in paragraph (2) of this subsection will not be imposed.

(b) **Commitments and Determination Notices.**

(1) **Commitments.** If the Application is for a commitment from the State Housing Credit Ceiling, the Department shall issue a Commitment to the Development Owner which shall:

(A) confirm that the Board has approved the Application; and

(B) state the Department's commitment to make a Housing Credit Allocation to the Development Owner in a specified amount, subject to the feasibility determination described in this chapter, and compliance by the Development Owner with the remaining requirements of this chapter and any other terms and conditions set forth therein by the Department. This Commitment shall expire on the date specified therein unless the Development Owner indicates acceptance of the Commitment by executing the Commitment, pays the required fee specified in §50.14(f) of this chapter (relating to Program Related Fees), and satisfies any other conditions set forth therein by the Department. The Commitment expiration date may not be extended;

(2) **Determination Notices.** If the Application regards a Tax-Exempt Bond Development, issue a Determination Notice to the Development Owner which shall:

(A) confirm the Board's determination that the Development satisfies the requirements of this chapter and other applicable Department rules in accordance with the §42(m)(1)(D) of the Code. Applications that receive a Certificate of Reservation from the TBRB on or before November 15 of the prior program year will be required to satisfy the requirements of the prior year QAP; Applications that receive a Certificate a Reservation from the TBRB on or after January 2 of the current program year will be required to satisfy the requirements of the current program year QAP; and

(B) state the Department's commitment to issue IRS Form(s) 8609 to the Development Owner in a specified amount, subject to the requirements set forth in §50.11 of this chapter (relating to Tax-Exempt Bond Developments) and compliance by the Development Owner with all applicable requirements of this chapter and any other terms and conditions set forth therein by the Department. The Determination Notice shall expire on the date specified therein unless the Development Owner indicates acceptance by executing the Determination Notice, pays the required fee specified in §50.14(f) of this chapter and satisfies any conditions set forth therein by the Department. The Determination Notice expiration date may not be extended. Furthermore, no later than sixty (60) days following closing on the bonds, the Development Owner must submit:

(i) a Management Plan and an Affirmative Marketing Plan (as further described in the carryover procedures as identified in the Tax Credit (Procedures) Manual; and

(ii) evidence that the Development Owner or management company has attended Department-approved Fair Housing training relating to leasing and management issues for at least five (5) hours; and

(iii) the Development architect or engineer responsible for Fair Housing compliance for the Development has attended Department-approved Fair Housing training relating to design issues for at least five (5) hours. Certifications required under clauses (ii) and (iii) of this subparagraph must not be older than two (2) years from the date of the submission deadline.

(3) The Department shall notify, in writing, the mayor or other equivalent chief executive officer of the municipality in which the Property is located informing him/her of the Board's issuance of a Commitment or Determination Notice, as applicable;

(4) a Commitment or Determination Notice shall not be issued with respect to any Development for an unnecessary amount or where the cost for the total development, acquisition, construction or Rehabilitation exceeds the limitations established from time to time by the Department and the Board, unless the Department staff make a recommendation to the Board based on the need to fulfill the goals of the Housing Tax Credit Program as expressed in this QAP and other applicable Department rules, and the Board accepts the recommendation. The Department's recommendation to the Board shall be clearly documented;

(5) the executed Commitment or Determination Notice must be returned to the Department no later than thirty (30) days after the effective date of the Notice provided that for Commitments under the State Housing Credit Ceiling that date is not later than December 31;

(6) the Department may cancel a Commitment, Determination Notice or Carryover Allocation prior to the issuance of IRS Form 8609 with respect to a Development if:

(A) the Applicant or the Development Owner, or the Development, as applicable, fails after written notice and a reasonable opportunity to cure to meet any of the conditions of such Commitment, Determination Notice or Carryover Allocation or any of the undertakings and commitments made by the Development Owner in the Applications process for the Development;

(B) any material statement or representation made by the Development Owner or made with respect to the Development Owner or the Development is untrue or misleading;

(C) an event occurs with respect to the Applicant or the Development Owner which would have made the Development's Application ineligible for funding pursuant to §50.4 of this chapter (relating to Ineligible Applicants, Applications, and Developments) if such event had occurred prior to issuance of the Commitment, Determination Notice or Carryover Allocation; or

(D) the Applicant or the Development Owner or the Development, as applicable, fails after written notice and a reasonable opportunity to cure to comply with this chapter or other applicable Department rules or the procedures or requirements of the Department.

(c) **Agreement and Election Statement.** The Development Owner may execute an Agreement and Election Statement, in the form prescribed by the Department, for the purpose of fixing the Applicable Percentage with respect to a building or buildings for the month in which the Carryover Allocation was accepted (or the month the bonds were closed for Tax-Exempt Bond Developments), as provided in the §42(b)(2) of the Code. Current Treasury Regulations, §1.42-8(a)(1)(v), suggest that in order to permit a Development Owner to make an effective election to fix the Applicable Percentage for a Development receiving credits from the State Housing Credit Ceiling, the Carryover Allocation Document must be executed by the Department and the Development Owner within the same month. The Department staff will cooperate with a Development Owner, as possible or reasonable; to assure that the Carryover Allocation Document can be so executed. For Tax-Exempt Bond Developments where the election is not made for the month the bonds closed, the Applicable Percentage will be determined based on the month each building is placed in service.

(d) **Documentation Submission Requirements at Commitment of Funds.** No later than the date the Commitment or Determination Notice is executed by the Applicant and returned to the Department with the appropriate Commitment or Determination Fee as further described in

§50.14(f) of this chapter, the following documents must also be provided to the Department. Failure to provide these documents may cause the Commitment or Determination Notice to be rescinded. For each Applicant documents described in paragraphs (1) – (5) of this subsection must be provided:

(1) for entities formed outside the state of Texas, evidence that the entity has the authority to do business in Texas in the form of a Certificate of Filing from the Texas Office of the Secretary of State;

(2) a Certificate of Account Status from the Texas Comptroller of Public Accounts or, if such a Certificate is not available because the entity is newly formed, a statement to such effect; and a Certificate of Name Reservation from the Texas Office of the Secretary of State;

(3) evidence that the signer(s) of the Application have the authority to sign on behalf of the Applicant in the form of a corporate resolution which indicates the sub-entity in Control and that those Persons signing the Application constitute all Persons required to sign or submit such documents;

(4) evidence of final zoning that was proposed or needed to be changed pursuant to the Development plan; and

(5) any conditions identified in the Real Estate Analysis report or any other conditions of the award required to be met at Commitment or Determination Notice.

(e) **Carryover.** All Developments which received a Commitment, and will not be placed in service and receive IRS Form 8609 in the year the Commitment was issued, must submit the Carryover documentation to the Department no later than the Carryover Documentation Delivery Date as identified in §50.3 of this chapter (relating to Program Calendar) of the year in which the Commitment is issued pursuant to §42(h)(1)(C) of the Code; provided, however, that if a Commitment is a forward commitment, Carryover must be executed in the year of the State Housing Credit Ceiling from which the credits are allocated.

(1) Commitments for credits will be terminated if the Carryover documentation, or an approved extension, has not been received by this deadline. In the event that a Development Owner intends to submit the Carryover documentation in any month preceding November of the year in which the Commitment is issued, in order to fix the Applicable Percentage for the Development in that month, it must be submitted no later than the first Friday in the preceding month.

(2) If the financing structure, syndication rate, amount of debt or syndication proceeds are revised at the time of Carryover from what was proposed in the original Application, applicable documentation of such changes must be provided and the Development may be reevaluated by the Department.

(3) The Carryover Allocation must be properly completed and delivered to the Department as prescribed by the carryover procedures identified in the Tax Credit (Procedures) Manual.

(4) All Carryover Allocations will be contingent upon the Development Owner providing evidence that they have and will maintain Site Control through 10% Test or through the anticipated closing date, whichever is earlier. For purposes of this paragraph, site control must be identical to the same Development Site that was submitted at the time of Application submission.

(5) Evidence that the Development Owner entity has been formed must be submitted with the Carryover Allocation.

(6) The Department will not execute a Carryover Allocation Agreement with any Development Owner having any member in Material Noncompliance on October 1 of the current program year.

(f) **10% Test.** No later than July 1 of the year following the submission of the Carryover Allocation Document more than 10% of the Development Owner's reasonably expected basis must have been incurred pursuant to §42(h)(1)(E)(i) and (ii) of the Internal Revenue Code (as amended by The Housing and Economic Recovery Act of 2008) and Treasury Regulations, §1.42-6. The evidence to support the satisfaction of this requirement must be submitted to the Department no later than the 10% Test Documentation Delivery Date as identified in §50.3 of this chapter. The

Development Owner must submit, in the form prescribed by the Department, documentation evidencing paragraphs (1) - (5) of this subsection. The 10% Test Documentation will be contingent upon the following, in addition to all other conditions placed upon the Application in the Commitment:

(1) evidence that the Development Owner has purchased, transferred, leased or otherwise has ownership of, the Development Site;

(2) a certification from a Third Party civil engineer stating that all necessary utilities will be available at the site and that no easements, licenses, royalties or other conditions on or affecting the Development which would materially and adversely impact the ability to acquire, develop and operate as set forth in the Application. Copies of such supporting documents will be provided upon request;

(3) a Management Plan and an Affirmative Marketing Plan as further described in the carryover procedures identified in Tax Credit (Procedures) Manual;

(4) evidence confirming attendance of the Development Owner or management company at Department-approved Fair Housing training relating to leasing and management issues for at least five (5) hours and the Development architect or engineer responsible for Fair Housing compliance for the Development has attended Department-approved Fair Housing training relating to design issues for at least five (5) hours on or before the time the 10% Test Documentation is submitted. Certifications must not be older than two (2) years from the date of submission of the 10% Test Documentation; and

(5) a Certification from the lender or syndicator identifying all Guarantors.

(g) **Cost Certification.** The Cost Certification Procedures Manual sets forth the documentation required for the Department to perform a feasibility analysis in accordance with §42(m)(2)(C)(i)(II), Internal Revenue Code, and determine the final Credit to be allocated to the Development.

(1) Required cost certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins. Any Developments issued a Commitment or Determination Notice that fails to submit its cost certification documentation by this deadline will be reported to the IRS and the Owner will be required to submit a request for extension consistent with §50.13(c) of this chapter (relating to Application Reevaluation. (§2306.6731(b)));

(2) the Department will perform an initial evaluation of the cost certification documentation and notify the Development Owner in a deficiency letter of all additional required documentation. Any communication issued to the Development Owner pertaining to the cost certification documentation may also be copied to the syndicator;

(3) for the Department to release IRS Forms 8609, Developments must have:

(A) placed in Service by December 31 of the year the Commitment Notice was issued if a Carryover Allocation was not requested and received; December 31 of the second year following the year the Carryover Allocation Agreement was executed; or approved Placed in Service deadline;

(B) submitted all Cost Certification documentation as more fully described in the Cost Certification Procedures Manual including:

(i) Carryover Allocation Agreement/Determination Notice and Election Statement;
(ii) Owner's Statement of Certification;
(iii) Owner Summary;
(iv) Evidence of Nonprofit and CHDO Participation;
(v) Evidence of Historically Underutilized Business (HUB) Participation;
(vi) Development Summary (including list of tenant services, unit and common amenities);
(vii) As-Built Survey;
(viii) Closing Statement;
(ix) Title Policy;
(x) Evidence of Placement in Service;
(xi) Independent Auditor's Reports;

(xii) Total Development Cost Schedule;
(xiii) AIA Form G702 and G703, Application and Certificate for Payment;
(xiv) Rent Schedule;
(xv) Utility Allowance;
(xvi) Annual Estimated Operating Expenses and 15-Year Proforma;
(xvii) Current Annual Operating Statement and Rent Roll;
(xviii) Final Sources of Funds;
(xix) Executed Limited Partnership Agreement;
(xx) Loan Agreement or Firm Commitment;
(xxi) Architect's Certification of Fair Housing Requirements;
(xxii) TDHCA Compliance Workshop Certificate;

(C) complied with the requirements set forth in the Cost Certification Procedures Manual;
(D) received written notice from the Department that all deficiencies noted during the final construction inspection have been resolved in accordance with Chapter 60 of this title;
(E) informed the Department of and received written approval for all Development amendments in accordance with §50.13(b) of this chapter (relating to Application Reevaluation. (§2306.6731(b)));
(F) informed the Department of and received written approval for all ownership transfers in accordance with §50.13(d) of this chapter;
(G) submitted to the Department the recorded LURA in accordance with Chapter 60 of this title;
(H) paid all applicable Department fees; and
(I) corrected all issues of noncompliance, including but not limited to noncompliance status with the LURA (or any other document containing an Extended Low-income Housing Commitment) or the program rules in effect for the subject property, as described in Chapter 60 of this title.

§50.13. Application Reevaluation (§2306.6731(b)).

(a) Regardless of development stage, the Board shall reevaluate a Development that undergoes a substantial change at any time after the initial Board approval of the Development. For the purposes of this subsection, substantial change shall be based on those items identified in subsection (b)(4) of this section. The Board may revoke any Commitment or Determination Notice issued for a Development that has been unfavorably reevaluated by the Board.

(b) **Amendment of Application Subsequent to Allocation by Board.** (§2306.6712 and §2306.6717(a)(4))

(1) If a proposed modification would materially alter a Development approved for an allocation of Housing Tax Credits, or if the Applicant has altered any Selection Criteria item for which it received points, the Department shall require the Applicant to file a formal, written request for an amendment to the Application. Such request shall include a proposed form of amendment, if requested by the Department, and the applicable fee as identified in §50.14(l) of this chapter (relating to Program Related Fees). The amendment request will not be considered received or processed unless accompanied with the corresponding fee. Changes to the Developer, Guarantor, or Person used for experience constitute a change requiring an amendment and may be approved by the Executive Director.

(2) The Executive Director of the Department shall require appropriate Department staff to evaluate the amendment and provide a written analysis and recommendation to the Board. The appropriate party monitoring compliance during construction in accordance with subsection (h) of this section shall also provide to the Board an analysis and written recommendation regarding the amendment. For amendments not requiring Board approval, the amendment will be deemed approved if the Executive Director does not approve or deny within thirty (30) days from the date on which the Department has acknowledged it

has received all additional information that it has, in writing, requested of the Applicant to enable the Department to evaluate the amendment request. Amendment requests which require Board approval must be received by the Department at least forty-five (45) calendar days prior to the Board meeting in which the amendment will be considered.

(3) The Board must vote whether to approve an amendment that is material. The Executive Director may administratively approve all non-material amendments. The Board may vote to reject an amendment request and if appropriate, rescind a Commitment or terminate the allocation of Housing Tax Credits and reallocate the credits to other Applicants on the waiting list. Amendment requests may be denied if the Board determines that the modification proposed in the amendment:
   (A) would materially alter the Development in a negative manner; or
   (B) would have adversely affected the selection of the Application in the Application Round.

(4) Material alteration of a Development includes, but is not limited to:
   (A) a significant modification of the site plan;
   (B) a modification of the number of units or bedroom mix of units;
   (C) a substantive modification of the scope of tenant services;
   (D) a reduction of 3% or more in the square footage of the units or common areas;
   (E) a significant modification of the architectural design of the Development;
   (F) a modification of the residential density of the Development of at least 5%;
   (G) an increase or decrease in the site acreage of greater than 10% from the original site under control and proposed in the Application; and
   (H) exclusion of any threshold requirements as identified in §50.8 of this chapter (relating to Threshold Criteria).
   (I) Any other modification considered significant by the Board.

(5) In evaluating the amendment under this subsection, Department staff shall consider whether the need for the proposed modification was:
   (A) reasonably foreseeable by the Applicant at the time the Application was submitted; or
   (B) preventable by the Applicant. Amendment requests will be denied if the circumstances were reasonably foreseeable and preventable unless good cause is found for the approval of the amendment.

(6) This section shall be administered in a manner that is consistent with §42 of the Code.

(7) Before the 15th day preceding the date of Board action on the amendment, notice of an amendment and the recommendation of the Executive Director and monitor regarding the amendment will be posted to the Department's website and the Applicant will be notified of the posting.

(8) In the event that an Applicant or Developer seeks to be released from the commitment to serve the income level of tenants targeted in the Real Estate Analysis Report at the time of the Commitment or Determination Notice issuance, as approved by the Board, the following procedure described in subparagraphs (A) and (B) of this paragraph will apply:
   (A) for amendments that involve a reduction in the total number of Low-Income Units being served, or a reduction in the number of Low-Income Units at any level of AMGI, as approved by the Board, evidence must be presented to the Department that includes written confirmation from the lender and syndicator that the Development is infeasible without the adjustment in Units. The Board may or may not approve the amendment request; however, any affirmative recommendation to the Board is contingent upon concurrence from the Real Estate Analysis Division that the Unit adjustment (or an alternative Unit adjustment) is necessary for the continued feasibility of the Development; and
   (B) if it is determined by the Department that the allocation of credits would not have been made in the year of allocation because the loss of low-income targeting points would have resulted in the Application not receiving an allocation, and the amendment is approved by the Board, the approved amendment will carry a penalty that prohibits the Applicant and all Persons or entities with any ownership interest in

the Application (excluding any tax credit purchaser/syndicator), from participation in the Housing Tax Credit Program (for both the Competitive Housing Tax Credit Developments and Tax-Exempt Bond Developments) for twenty-four (24) months from the time that the amendment is approved.

(c) **Extension Requests.** Extensions must be requested if the original deadline associated with Carryover, 10% Test (including submission and expenditure deadlines), or Cost Certification requirements will not be met. If the extension is requested at least thirty (30) calendar days in advance of the deadline no fee will be required; however, if the extension is requested at any point after the applicable deadline the applicable fee as further described in §50.14(l) of this chapter must be submitted. Extension requests submitted after the deadline will not be considered received or processed unless accompanied by the applicable fee. Extension requests will be approved by the Executive Director , unless, at staff's discretion it warrants Board approval due to extenuating circumstances stated in the request. The extension request must specify a requested extension date and the reason why such an extension is required. Carryover extension requests will not be granted an extended deadline later than December 1st of the year the Commitment was issued. If an extension is required at Cost Certification, the fee as identified in §50.14 of this chapter (relating to Program Related Fees) must be received by the Department to qualify for issuance of IRS Forms 8609.

(d) **Housing Tax Credit and Ownership Transfers.** (§2306.6713) A Development Owner may not transfer an allocation of Housing Tax Credits or ownership of a Development supported with an allocation of Housing Tax Credits to any Person including an Affiliate of the Development Owner unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer.

(1) Transfers (other than to an Affiliate included in the ownership structure) will not be approved prior to the issuance of IRS Forms 8609 unless the Development Owner can provide evidence that a hardship is creating the need for the transfer (potential bankruptcy, removal by a partner, etc.). A Development Owner seeking Executive Director approval of a transfer and the proposed transferee must provide to the Department a copy of any applicable agreement between the parties to the transfer, including any Third Party agreement~~ with the Department~~.

(2) A Development Owner seeking Executive Director approval of a transfer must submit documentation requested by the Department, including but not limited to, a list of the names of transferees and Related Parties and detailed information describing the experience and financial capacity of transferees and related parties. All transfer requests must disclose the reason for the request. The Development Owner shall certify to the Executive Director that the tenants in the Development have been notified in writing of the transfer before the 30th day preceding the date of submission of the transfer request to the Department. Not later than the fifth working day after the date the Department receives all necessary information under this section, staff shall conduct a qualifications review of a transferee to determine the transferee's past compliance with all aspects of the Housing Tax Credit Program, ~~and ~~LURAs and eligibility under §50.4(a), §50.5(c) and §50.8(4) of this chapter.~~.~~ If the viable operation of the Development is deemed to be in jeopardy by the Department, the Department may authorize changes that were not contemplated in the Application.

(3) As it relates to the credit amount further described in §50.5(c) of this chapter (relating to Site and Development Restrictions), the credit amount will not be applied in circumstances described in subparagraphs (A) and (B) in this paragraph:

(A) In cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the General Partner; or

(B) in cases where the General Partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(4) The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Owner unless such ownership transfer is approved by the Department.

(5) The Development Owner must comply with the additional documentation requirements as stated in Chapter 60 of this title (relating to Compliance Administration).

~~(e) **Sale of Certain Tax Credit Properties.** Consistent with §2306.6726, Texas Government Code, not later than two (2) years before the expiration of the Compliance Period, a Development Owner who agreed to provide a right of first refusal under §2306.6725(b)(1), Texas Government Code, and who intends to sell the property shall notify the Department of its intent to sell.~~

~~(1) The Development Owner shall notify Qualified Nonprofit Organizations and tenant organizations of the opportunity to purchase the Development. The Development Owner may:~~

~~(A) during the first six-month period after notifying the Department, negotiate or enter into a purchase agreement only with a Qualified Nonprofit Organization that is also a community housing development organization as defined by the Federal Home Investment Partnership Program (HOME);~~

~~(B) during the second six-month period after notifying the Department, negotiate or enter into a purchase agreement with any Qualified Nonprofit Organization or tenant organization; and~~

~~(C) during the year before the expiration of the compliance period, negotiate or enter into a purchase agreement with the Department or any Qualified Nonprofit Organization or tenant organization approved by the Department.~~

~~(2) Notwithstanding items for which points were received consistent with §50.9(b) of this chapter (relating to Selection Criteria), a Development Owner may sell the Development to any purchaser after the expiration of the compliance period if a Qualified Nonprofit Organization or tenant organization does not offer to purchase the Development at the minimum price provided by §42(i)(7) of the Code, and the Department declines to purchase the Development.~~

(~~f~~e) **Withdrawals.** An Applicant may withdraw an Application prior to receiving a Commitment, Determination Notice, Carryover Allocation Document or Housing Credit Allocation, or may cancel a Commitment or Determination Notice by submitting to the Department written notice of withdrawal or cancellation, and subject to the Unused Credit Fee or Penalty in §50.14(n) of this chapter.

(~~g~~f) **Alternative Dispute Resolution (ADR) Policy.** In accordance with §2306.082 of the Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2010, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by law and the Department's Ex Parte Communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at any time an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at §1.17 of this title . Any Applicant may request an informal conference with staff to attempt to resolve any appealable matter, and the Executive Director may toll the running of periods for appeal to accommodate such meetings. In the event a successful resolution cannot be reached, the statements made in the meeting process may not be used by the Department as admissions.

~~(h) **Compliance Monitoring and Material Noncompliance.** Detailed compliance rules, procedures for monitoring and notification to the IRS of any noncompliance of which the Department becomes aware are set forth in Chapter 60 of this title.~~

§50.14. Program Related Fees.

(a) **Timely Payment of Fees.** All fees must be paid as stated in this section, unless the Executive Director has granted a waiver for specific extenuating and extraordinary circumstances. To be eligible for a waiver, the Applicant must submit a request for a waiver no later than ten (10) business days prior to the deadlines as stated in this section. Any fees, as further described in this section, that are not paid will cause an Applicant to be ineligible to apply for tax credits and additional tax credits and ineligible to submit extension requests, ownership changes and Application amendments until such time the Department receives payment. Payments made by check, for which insufficient funds are available, may cause the Application, Commitment or Allocation to be terminated.

(b) **Pre-application Fee.** Each Applicant that submits a Pre-application shall submit to the Department, along with such Pre-application, a non refundable Pre-application fee, in the amount of $10 per Unit. Units for the calculation of the Pre-application Fee include all Units within the Development, including tax credit, market rate and owner-occupied Units. Pre-applications without the specified Pre-application Fee in the form of a check will not be accepted. Pre-applications in which a CHDO or Qualified Nonprofit Organization intends to serve as the Managing General Partner of the Development Owner, or Control the Managing General Partner of the Development Owner, will receive a discount of 10% off the calculated Pre-application fee. (§2306.6716(d)) For Tax Exempt Bond Developments with the Department as the issuer, the Applicant shall submit the following fees: $1,000 (payable to TDHCA), $2,000 (payable to Vinson & Elkins, Bond Counsel), and $5,000 (payable to the Texas Bond Review Board).

(c) **Application Fee.** Each Applicant that submits an Application shall submit to the Department, along with such Application, an Application fee. For Applicants having submitted a pre-application which met Pre-application Threshold and for which a pre-application fee was paid, the Application fee will be $20 per Unit. For Applicants not having submitted a pre-application, the Application fee will be $30 per Unit. Units for the calculation of the Application Fee include all Units within the Development, including tax credit, market rate and owner-occupied Units. Applications without the specified Application Fee in the form of a check will not be accepted. Applications in which a CHDO or Qualified Nonprofit Organization intends to serve as the Managing General Partner of the Development Owner, or Control the Managing General Partner of the Development Owner, will receive a discount of 10% off the calculated Application fee. (§2306.6716(d)) For Tax Exempt Bond Developments with the Department as the Issuer the Applicant shall submit a tax credit application fee of $30 per unit and bond application fee of $10,000. Those Applications utilizing a local issuer only need to submit the tax credit application fee. For Tax-Exempt Bond Development refunding Applications, with the Department as the issuer, the Application Fee will be $10,000 unless the refunding is not required to have a TEFRA public hearing, in which case the fee will be $5,000.

(d) **Refunds of Pre-application or Application Fees.** (§2306.6716(c)) Upon written request from the Applicant, the Department shall refund the balance of any fees collected for a pre-application or Application that is withdrawn by the Applicant or that is not fully processed by the Department. The amount of refund on pre-applications not fully processed by the Department will be commensurate with the level of review completed. Intake and data entry will constitute 50% of the review, and Threshold review prior to a deficiency issued will constitute 30% of the review. Deficiencies submitted and reviewed constitute 20% of the review. The amount of refund on Applications not fully processed by the Department will be commensurate with the level of review completed. Intake and data entry will constitute 20% of the review, the site visit will constitute 20% of the review, Eligibility and Selection review will constitute 20%, and Threshold review will constitute 20% of the review, and underwriting review will constitute 20%. The Department must provide the refund to the Applicant not later than the 30th day after the date of request.

(e) **Third Party Underwriting Fee.** Applicants will be notified in writing prior to the evaluation of a Development by an independent external underwriter in accordance with §50.7(h) of this chapter (relating to Application Process) if such a review is required. The fee must be received by the Department prior to the engagement of the underwriter. The fees paid by the Development Owner to the Department for the external underwriting will be credited against the Commitment Fee established in subsection (f) of this section, in the event that a Commitment or Determination Notice is issued by the Department to the Development Owner.

(f) **Commitment or Determination Notice Fee.** Each Development Owner that receives a Commitment or Determination Notice shall submit to the Department, not later than the expiration date on the Commitment or Determination Notice, a Commitment or Determination Fee equal to 4% of the annual Housing Credit Allocation amount. The Commitment or Determination Fee shall be paid by check. If a Development Owner of an Application awarded Competitive Housing Tax Credits has paid a Commitment Fee and returns the credits by November 1 of the current Application Round, the Development Owner may receive a refund of 50% of the Commitment Fee. If a Development Owner of an Application awarded Housing Tax Credits associated with Tax-Exempt Bonds has paid a Determination Fee and is not able close on the bond transaction within ninety (90) days of the issuance date of the Determination Notice, the Development Owner may receive a refund of 50% of the Determination Fee. The Determination Fee will not be refundable after ninety (90) days of the issuance date of the Determination Notice.

(g) **Compliance Monitoring Fee.** Upon receipt of the cost certification, the Department will invoice the Development Owner for compliance monitoring fees. The amount due will equal $40 per tax credit Unit. The fee will be collected, retroactively if applicable, beginning with the first year of the credit period. The invoice must be paid prior to the issuance of IRS Form 8609. Subsequent anniversary dates on which the compliance monitoring fee payments are due shall be determined by the month the first building is placed in service. For Tax-Exempt Bond Developments with the Department as the issuer, the tax credit compliance fee will be paid annually in advance (for the duration of the compliance or affordability period) and is equal to $40/Unit beginning two (2) years from the first payment date of the bonds; the asset management fee, if applicable, is paid in advance and is equal to $25/Unit beginning two (2) years from the first payment date. Compliance fees may be adjusted from time to time by the Department.

(h) **Building Inspection Fee.** The Building Inspection Fee must be paid at the time the Commitment Fee is paid. The Building Inspection Fee for all Developments is $750. Inspection fees in excess of $750 may be charged to the Development Owner not to exceed an additional $250 per Development.

(i) **Tax-Exempt Bond Credit Increase Request Fee.** As further described in §50.11 of this chapter (relating to Tax-Exempt Bond Developments), requests for increases to the credit amounts to be issued on IRS Forms 8609 for Tax-Exempt Bond Developments must be submitted with a request fee equal to 5% of the amount of the credit increase for one (1) year.

(j) **Public Information Requests.** Public information requests are processed by the Department in accordance with the provisions of the Texas Government Code, Chapter 552. The Department uses the guidelines promulgated by the Office of the Attorney General to determine the cost of copying and other costs of production.

(k) **Periodic Adjustment of Fees by the Department and Notification of Fees.** (§2306.6716(b)) All fees charged by the Department in the administration of the tax credit program will be revised by the Department from time to time as necessary to ensure that such fees compensate the Department for its administrative costs and expenses. The Department shall publish each year an updated schedule of Application fees that specifies the amount to be charged at each stage of the Application process. Unless otherwise determined by the Department, all revised fees shall apply to all Applications in process and all Developments in operation at the time of such revisions.

(l) **Extension and Amendment Fees.**

(1) All extension requests for deadlines relating to the Carryover, 10% Test (submission and expenditure), or Cost Certification requirements that are submitted after the applicable deadline must be accompanied by an extension fee in the form of a check in the amount of $2,500. Extension requests submitted at least thirty (30) days in advance of the applicable deadline will not be required to submit an extension fee. An extension fee will not be required for extensions requested on Developments that involved Rehabilitation when the Department is the primary lender, or for Developments that involve TRDO-USDA as a lender if TRDO-USDA or the Department is the cause for the Applicant not meeting the deadline.

(2) Amendment requests must be submitted in accordance with §50.13(b) of this chapter (relating to Application Reevaluation. (§2306.6731(b)) An amendment request to be considered non-material that has not been implemented will not be required to pay an amendment fee. Material or non-material amendment requests that have already been implemented will be required to be accompanied by a mandatory amendment fee in the form of a check in the amount of $2,500.

(3) The Board may waive extension or amendment fees for good cause.

(m) **Refund of Fees.** The Executive Director may approve full or partial refunds of the fees listed in this subsection to ensure equity regarding the work already performed by the Department.

(n) **Unused Credit Fee or Penalty.** Development Owners who have more tax credits allocated to them than they can substantiate through Cost Certification will return those excess tax credits prior to issuance of 8609's. For Competitive Housing Tax Credit Developments, a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of form 8609's if the tax credits are not returned, and 8609's issued, within one hundred eighty (180) days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with §42, Internal Revenue Code. If an Applicant returns a full credit allocation after the Carryover Allocation deadline required for that allocation, the Executive Director will recommend to the Board the imposition of a penalty on the score for any Competitive Housing Tax Credit Applications submitted by that Applicant or any Affiliate for any Application in an Application Round occurring concurrent to the return of credits or if no Application Round is pending the Application Round immediately following the return of credits. If any such point penalty is recommended to be assessed and presented for final determination by the Board, it must include notice from the Department to the affected party not less than fourteen (14) days prior to the scheduled Board meeting. The Executive Director may, but is not required, to issue a formal notice after disclosure if it is determined that the matter does not warrant point penalties. The penalty will be assessed in an amount that reduces the Applicant's final awarded score by an additional 20%.

§50.15. Manner and Place of Filing All Required Documentation.

(a) All Applications, letters, documents, or other papers filed with the Department must be received only between the hours of 8:00 a.m. and 5:00 p.m., Austin local time, on any day which is not a Saturday, Sunday or a holiday established by law for state employees and for which the Department is closed.

(b) All notices, information, correspondence and other communications under this chapter shall be deemed to be duly given if delivered or sent and effective in accordance with this subsection. Such correspondence must reference that the subject matter is pursuant to the Tax Credit Program and must be addressed to the Housing Tax Credit Program, Texas Department of Housing and Community Affairs, P.O. Box 13941, Austin, Texas 78711-3941 or for hand delivery or courier to 221 East 11th Street, Austin, Texas 78701 or more current address of the Department as released on the Department's website. Every such correspondence required or contemplated by this chapter to be given, delivered or sent by any party may be delivered in person or may be sent by courier, express mail, electronic submission or postage prepaid United States first class mail (or its equivalent under the laws of the country where mailed), addressed to the party for whom it is intended, at the address specified in this subsection. Regardless of method of delivery, documents must be received by the Department no later than 5:00 p.m. for the given deadline date. Notice by courier, express mail, certified mail, or registered mail will be considered received on the date it is officially recorded as delivered by return receipt or equivalent. Notice by electronic submission will be deemed given when sent. Notice by U.S. mail other than mail sent registered or certified shall be deemed given on the second business day after postmarking. All other notice shall be deemed given when logged as received by the Department. Notice not given in writing will be effective only if acknowledged in writing by the Department.

(c) If required by the Department, Development Owners must comply with all requirements to use the Department's website to provide necessary data to the Department.

§50.16. Waiver and Amendment of Rules.

(a) The Board, in its discretion, may waive any one or more of the rules provided herein if the Board finds that a waiver is appropriate to fulfill the purposes or policies of Chapter 2306 **of the** Texas Government Code, or for other good cause, as determined by the Board or if the Board finds that such waiver is in response to natural, federally declared disaster that occurs after the adoption of this Qualified Allocation Plan. Any such waiver, unless the Board directs otherwise, will be subject to all reasonable restrictions and requirements customarily applied by staff including as applicable, but not limited to, underwriting, satisfactory previous participation reviews, receipt of required Third Party approvals, including lender or investor approvals.

(b) An Applicant may, at any time, make a specific written request for a waiver. Staff will evaluate the request and place it before the Board at the next meeting on which the consideration of the waiver may be a properly posted item. Staff shall have at least ten (10) days from the date on which it has received all information reasonable to its consideration and evaluation of the request to make a recommendation to the Executive Director. The staff recommendation must be reviewed by the Executive Award and Review Advisory Committee. Any such request for waiver must be specific to the unique facts and circumstances of an actual proposed Development. Any waiver, if granted, shall apply solely to the Applicant and shall not constitute a modification or waiver of the rule involved. Any waiver must be evidenced in writing consistent with Board approval and may specify necessary restrictions, exceptions and other requirements. It is an Applicant's responsibility to initiate any waiver request in sufficient time to allow for it to be assessed and acted upon prior to the time it is actually needed.

§50.17. Department Responsibilities.

(a) The Department shall make all required notifications pursuant to Chapter 2306 of the Texas Government Code.

(b) In accordance with §§2306.6724, 2306.67022, §2306.6711, and §42(m)(1) regarding the deadlines for allocating Housing Tax Credits paragraphs (1) – (7) of this subsection shall apply:

(1) regardless of whether the Board will adopt the Qualified Allocation Plan ("QAP") annually or biennially, the Department, not later than September 30 of the year preceding the year in which the new plan is proposed for use, shall prepare and submit to the Board for adoption any proposed QAP required by federal law for use by the Department in setting

criteria and priorities for the allocation of tax credits under the Housing Tax Credit program;

(2) regardless of whether the Board has adopted the plan annually or biennially, the Board shall submit to the Governor any proposed QAP not later than November 15 of the year preceding the year in which the new plan is proposed for use;

(3) the Governor shall approve, reject, or modify and approve the proposed QAP not later than December 1;

(4) the Board shall annually adopt a manual, corresponding to the QAP, to provide information on how to apply for Housing Tax Credits;

(5) applications for Housing Tax Credits to be issued a Commitment during the Application Round in a calendar year must be submitted to the Department not later than March 1;

(6) the Board shall review the recommendations of Department staff regarding Applications and shall issue a list of approved Applications each year in accordance with the Qualified Allocation Plan not later than June 30 or thirty (30) days preceding the date the board approves final Commitments of Housing Tax Credits for the Application Round; and

(7) the Board shall approve final commitments for allocations of Housing Tax Credits each year in accordance with the QAP not later than July 31, unless unforeseen circumstances prohibit action by that date. In any event, the Board shall approve final Commitments for allocations of Housing Tax Credits each year in accordance with the QAP not later than September 30. Department staff will subsequently issue Commitments based on the Board's approval. Final Commitments may be conditioned on various factors approved by the Board, including resolution of contested matters in litigation.

(c) With respect to site demographics information, the general rule is for the Department to use current State Demographer information. If the State Demographer information is not available as of the date that is four (4) months prior to the Application Acceptance Period, the Executive Director may approve the use of prior year site demographics.

2012 QAP

Public Comment

Comment #1

John Henneberger,

Texas Low Income Housing Information Services

Texas Low Income Housing Information Service
508 Powell Street • Austin, Texas 78703-5122
512-477-8910 • john@texashousing.org

October 12, 2011

Ms. Robbye Meyer
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941

RE: Comments on the proposed 10 TAC, Chapter 50, Qualified Allocation Plan §§50.1-50.17

Dear Ms. Meyer:

We offer these recommendations regarding the 2012 State of Texas Qualified Allocation Plan (QAP) for allocation of Low Income Housing Tax Credits (LIHTC).

This year TDHCA is considering dramatic changes to the QAP. We encourage the Department to evaluate all of these changes by two important guiding principles:

- **Rewarding applications in High Opportunity Areas is necessary to offset the existing structural bias against High Opportunity Areas in the LIHTC program.**
- **Serving Very Low and Extremely Low income Texans is an important function of the LIHTC program**

We have also incorporated these guiding principles and common sense in additional, specific comments regarding the proposed changes.

Rewarding applications in High Opportunity Areas is necessary to offset the existing structural bias against High Opportunity Areas in the LIHTC program.

Research and history has demonstrated that without a concerted effort in the QAP to move development high opportunity areas, LIHTC properties are predominately built in low-income neighborhoods with underperforming schools. The current LIHTC property base reflects that reality.

The mission of the department is to help Texans achieve an improved quality of life. Providing housing for low-income Texans areas of the state with jobs and education opportunities is an important step towards fulfilling that mission.

To meet its mission, TDHCA needs to alter the QAP to reward, not punish, housing in neighborhoods that offer residents the best opportunity this state has to offer its citizens.

Serving Very Low and Extremely Low income Texans is an important function of the LIHTC program

We have observed discussion, at the previous board meeting and the recent QAP roundtable, around the idea that the LIHTC program wasn't designed to serve extremely low income Texans. We disagree. The majority of state LIHTC programs target ELI residents with at least some of their LIHTC units. In fact, Texas currently provides only HALF the national average ELI unit percentage. We should be discussing providing more ELI housing with this program, not less.

When developing the QAP, staff should consider the State Low Income Housing Plan, which lays out the extreme need for housing assistance among Extremely and Very Low Income Texans:

Texas Renter Households with Housing Cost Burden by Income Category (2011 SLIHP)	
0-30%	64.1%
30.1-50%	26.6%
50.1-80%	4.5%
80.1-95%	1.0%
95.1% & above	0.4%

This program can serve a broad spectrum of need, including Extremely Low Income Texans. Included in this income bracket are disabled Texans on SSI. Such households are members of the broad swath of Texas this program can help.

<u>Comments on Specific Language:</u>

§50.9(a)(7) (Rent Levels of the Tenants (Page 59 of 95)

The proposed language at §50.9(a)(7) (Rent Levels of the Tenants (Page 59 of 95)) lowers the bar for points for extremely low-income units outside of the major cities. This is going the wrong direction -- we should be raising the bar across the state.

Department staff has indicated that this change addresses a problem with applications from smaller cities 'over-reaching' to get points they cannot afford operationally because of lower area incomes and resulting lower target rent income. Such applications should be excluded through objective underwriting rather than rewarded with lower standards. Not every application should, or can, get every point. The regional allocation formula should address the need to ensure strong applications from smaller cities are competitive in the process.

If the department should decided to maintain language with this intent, using a "major city" definition for more stringent income targeting requirements addresses the symptom, not the cause, of the concern. Better language would identify the excluded areas by AMI.

§50.9(a) – Green Building (Page 66 of 95)

Removal of Green points reduces the department's ability to differentiate between otherwise comparable applications. Green building benefits tenants, and green building developments are better for Texas.

Giving a point preference to such developments makes sense. Moving this to a threshold option guts the impact of these points. We disagree with this change.

50.2. Definitions(23) Transit Oriented District

While we do not have issue with Removing Transit Oriented Districts as a complete qualifier for a 30% increase in Eligible Basis, we encourage the department to maintain a definition of Transit Oriented District in the rules, and to give a point to applications meeting such a definition. Transit Access benefits tenants and the allocation plan should differentiate between otherwise comparable applications to favor Transit Oriented Districts.

§50.9(a) – Development Size (Page 70 of 95).

Staff proposes to delete the point bonus for small developments, stating "the majority of the applications that would qualify for points under this item were already prioritized under the At-Risk Set-Aside."

Minimal historical use of this point score item is not a reason to eliminate it. The department should be encouraging smaller tax credit developments that can be incorporated into existing neighborhoods and integrated into communities, and these points <u>are</u> that encouragement.

If the department is concerned about overly rewarding at-risk developments with these points, they should exclude at-risk deals from obtaining them, not remove the points entirely.

§50.9(a)(12) – Leveraging of Private, State and Federal Resources (Page 63 of 95).

The language in this section reserves these points for developments with "Units restricted for occupancy by households at or below 30% of AMGI," but does not specify a minimum number of such units. To prevent gaming of this item, we suggest a 5% minimum of such units to qualify for these points. (i.e. a development must have "at least 5% of Low-Income Units restricted for occupancy by households at or below 30% of AMGI" to qualify.)

§50.9(a)(11)(C) – Additional Evidence of Preparation to Proceed- Applications that were submitted in prior Application Rounds; (Page 62 of 95).

We disagree strongly with the idea that the worst-scoring applications from prior applications rounds should be rewarded merely for aging. This idea is anti-competitive in that it punishes new entrants into the LIHTC application process and hampers the state's ability to identify the best application for a credit reward.

During the additional year, rejected applicants have plenty of opportunity to work for additional points in the application process. They can woo local neighborhood and state official support. They can obtain a civil engineering feasibility study or execute contingent architectural and engineering contracts. There is absolutely no reason to reward them for sticking the application in a drawer for a year.

§50.9(a)(2) – Selection (Quantifiable Community Participation)

§50.9(a)(14) Community Input other than Quantifiable Community Participation

§50.9(a)((6) Community Support from State Representative or State Senator.

We support the formal identification of a process to evaluate the fair housing implications of QCP and other Community Input. We encourage the department to extend this process to scored Community Support from State Representatives or State Senators, and to allow the public and/or applicants to request the formal evaluation of QCP, Community Input, or Community Support letters.

As an aside, we find it odd that TDHCA should outsource this process to TWC, as TDHCA likely has more subject matter expertise useful to evaluating the fair housing implications of such input, but withhold pre-judging TWC's performance.

§50.9(a)(2) – Selection (Quantifiable Community Participation)

Our research suggests that higher-opportunity areas are less likely to provide a letter in support of an application than a lower scoring area. Support should be assumed unless a legally reasoned negative letter is submitted – Providing an implicit "veto by apathy" does not benefit the program. We support providing points for areas with no Neighborhood Associations, and this logic should be extended to areas with Neighborhood Associations that are not organized enough to submit written comments.

§50.9(a)(15) – Developments in Census Tracts with Limited Existing HTC Developments (Page 67 of 95).

While we strongly support the idea of de-concentrating the state's development of LIHTC properties, this language seems overly broad. Some census tracts don't have HTC properties because it is a bad idea to build housing there. Blindly rewarding the construction of HTC properties out in the middle of nowhere (i.e. in areas without an existing housing stock) is a bad idea.

In the constructive spirit of ensuring the department has considered alternate wording, we suggest the department consider addressing this concern with language along the lines of:

(A) if the proposed Development is located in a census tract in which, if the development was placed in service, the percentage of HTC Units per Occupied Housing Unit would be below 2% (4 points); or

(B) if the proposed Development is located in a census tract in which, if the development was placed in service, the percentage of HTC Units per Occupied Housing Unit would be below 2% and the proposed Development is located in a census tract in which there are no other existing HTC Developments that serve the same Target Population (6 points);

§50.6(e) – Tie Breakers (Page 20 of 95).

We support using de-concentration as a tiebreaker.

§50.4(b)(11) – Ineligible Applicants, Applications and Developments – 13k Cap

We support the $13,000 cap on credits requested. This is a reasonable limitation on the use of LIHTC funds.

§50.4(b)(11) – Ineligible Applicants, Applications and Developments – 120% RAF cap

The RAF: 120% cap is a idea good that recognizes the intent of the RAF. If this language is to be altered to incorporate a fixed "region minimum" cap that overallocates to smaller regions, than the RAF design should recognize and adjust for the multi-year impact of such overallocation. (i.e. a region allocated 500,000 in credits that wins a 1,000,000 award would be ineligible for credits the following year.)

§50.8(a)(4) – Threshold (Experience Certification)

We concur with the current language regarding precious experience requirements. Previous language, which required experience in LIHTC in Texas was a bad, uncompetitive idea which would have undermined the ability of the state to solicit the most competitive bids for this project.

§50.8(a)(9)(B) – Threshold (Signage)

We support the removal of this section. The signage requirements of previous QAPs implicitly endorsed the viewpoint that developments funded through the LIHTC program are a public hazard, acting effectively as a "warning label" that encouraged NIMBY opposition to project placement. Such opposition has a negative effect upon site selection and the family unit/elderly unit mix, discouraging development in high opportunity areas and discouraging family-oriented developments. LIHTC Housing is not a pack of cigarettes.

§50.8(a)(3) – Threshold (Rehabilitation Costs)

We support the language in this section.

A number of the tax-exempt bond projects that have failed in recent years have involved the rehabilitation of older developments. In most cases those developments have failed to provide an adequate level of rehabilitation at the time of the transaction and that has undermined the long-term economic viability of the development. The lesson is that rehabilitation should be required to bring a development up to near new standards.

Many of the poorest conceived and most problematic developments were rehabilitation applications that involve $15,000 or less per unit in rehabilitation. Allowing these type of transactions encouraged the flipping of older properties primarily for the purpose of gaining developer fees or reducing tax liabilities through transfer to nonprofit ownership. A mere change of ownership is not a compelling purpose to award tax credits except in a few exceptional circumstances that can be addressed in a proper definition of at-risk units.

Increasing the minimum rehab levels addresses this concern.

50.10. (c) Board Decisions – Forward Committments

While we recognize the need for board discretion in this program, we are concerned the board has begun a tradition of regularly circumnavigating the formal QAP process. We encourage the board to recognize the slippery slope and subjective appearance of heavy use of the forward commitment process and to truly reserve forward commitments for limited, isolated cases not addressed in the QAP structure.

Additional Issue not addressed in the current draft:

Reduce incentives for senior only housing, especially in High Opportunity Areas.

Developer testimony at the QAP roundtable indicated that it is much harder for a family deal to get community support in High Opportunity Areas than an elderly deal. Our research in previous years indicated that there are too many senior applications being approved relative to family developments. In 2009, 40% of the regionally allocated developments funded were Qualified Elderly Developments. In region 6, some 60% of the Low-income units funded by the regionally allocated credits were targeted at Elderly residents. According to data provided by the Texas State Data center, in 2007 only 12% of the Texas population was 62 or older.

TDHCA's policy should be to encourage intergenerational developments in all areas of the state. To accomplish this we recommend reducing incentives for elderly segregated housing in the QAP, perhaps by awarding points to intergenerational or family housing in High Opportunity Areas to offset higher community opposition in those areas.

Thank you for your consideration of our comments.

Sincerely,

John Henneberger, co-director

Comment #2

Walter Moreau,
Foundation Communities

FOUNDATION COMMUNITIES   QAP comments
October 11, 2011

Things we like:

1. CBD definition with 10 story building - YES: CBD should only be the major, truly urban cities.
2. High Opportunity Area: definition is tough, but concept is great.
3. Two mile same year rule - YES
4. Rehab projects do NOT get extended affordability points (they get 3 other points…and if they got these points too, then they would have a major scoring advantage over new construction).
5. Commitment of local government funds is appropriate and reasonable.
6. Elevator served building with four or more stories…interior qualifies for net rentable area.
7. The revised list of support services is more clear and the adjustment to ten points makes sense.

Things we would tweak:

1. RAF and 150% rule…make it 120%. If the region gets any leftover credits from prior year with a minimum of $500,000…and then a deal can apply for 120% of that amount…that's enough.
2. Tie breaker credits per square foot: NOT FAIR to projects with smaller unit sizes. Use credits per bedroom – seems the most fair among the different populations served.
3. Rehab cost minimum of $25,000/unit…maybe should be lower for 4%/PAB projects?
4. Instead of an automatic 2 points for deals that submitted in a prior round, perhaps give these points to projects that were tied in their subregion in the prior round.

Things we would change:

1. **Leveraging of third party funding for 30% units (see proposed language). We support this section – but think that the draft wording is problematic.**
2. Keep the $13,000 credit/unit cap to prevent projects that are 'too rich'.
3. Keep green building practices as a selection criteria. Utility bills are rising faster than inflation, and Texas is getting hotter.

Things we want to better understand:

1. RAF: Do we understand it right? Available sub region credits = (the greater of RAF plus or minus any credits from prior year that were over/under used OR $500,000) less any forward commitments.

Leveraging of Private, State and Federal Resources

The purpose of this scoring item is to provide an incentive for the leveraging of financial resources, when economically feasible, for a Development that proposes to serve a specified percentage of households at or below 30% of AMGI. Applications may qualify to receive 7 points for a Development located outside a Qualified Census Tract and 6 points for a Development located inside a Qualified Census Tract. To receive points under this item, the Development must have at least 10% of the total Units restricted for occupancy by households at or below 30% AMGI. Funding sources used for points under paragraph (5) of this subsection may not be used for this point item. Division of the same funds that originate from a local government source into separate loans or grants does not result in eligibility under both paragraph (5) and this paragraph.

(A) If total subsidy funding from private, state and federal resources for the Development are greater than 10% of Total Housing Development Costs and at least 10% of the units are restricted for occupancy by households at or below 30% AMGI, then 4 points will be awarded.

(B) If total subsidy funding from private, state and federal resources for the Development are greater than 15% of Total Housing Development Costs and at least 15% of the units are restricted for occupancy by households at or below 30% AMGI, then 6 points will be awarded for a Development located inside a Qualified Census Tract, and 7 points for a Development located outside a Qualified Census Tract

(C) If in the form of a loan, or grant funds that are structured as a loan to the Development Owner, funding must bear an interest rate of 1% or less. Funding must be provided by one or more third parties.

(D) Examples of sources of funds that may qualify include federal HOME or CDBG funds awarded by the State or a local government, Federal Home Loan Bank Affordable Housing Program grants, TIF or TERZ funding allocated for affordable housing, and private foundation grants.

(E) Funding to support ongoing operations, including rental subsidies, or other sources not directly offsetting the Total Housing Development Cost are not eligible for points under this paragraph. Qualifying funds awarded through local entities may qualify for points if the original source of the funds is from a private, state or federal source. If qualifying funds awarded through local entities are used for this item, a statement from the local entity must be provided that identifies the original source of funds.

(F) The Development must have already applied for funding from the funding entity(ies). Evidence to be submitted with the Application must include a copy of a letter from the funding entity indicating that the application was received and that the terms for available funding meet the requirements of subparagraph (C).

(G) At the time the executed Commitment is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment approved by the Governing Body of the entity for the sufficient financing to the Development.

Comment #3

Elizabeth Glynn,
Travois

TRAVOIS

310 W. 19th Terrace
Kansas City, MO 64108

10-19-11 PC2:54 IN

October 19, 2011

Cameron Dorsey
Director of Housing Tax Credits
Texas Department of Housing & Community Affairs
PO Box 13941
Austin, TX 78711

Dear Mr. Dorsey,

Thank you for the opportunity to comment on the proposed 2012-13 Qualified Allocation Plan. Our firm provides Low Income Housing Tax Credit program consulting services to Native American Tribes across the country. We have assisted in the development of more than 150 LIHTC projects and have helped bring almost $400 million in private equity to Indian Country. Please accept the following comments designed to highlight unique aspects of low-income housing development on tribal land.

Experience (page 32-33)

We encourage TDHCA to reduce the number of units necessary to prove experience. We believe that proving development of at least 150 units does not recognize the capacity and accomplishments of smaller housing authorities, particularly Native American housing authorities or departments. The United States Government recognizes 565 Native American Tribes, but many are quite small. These federally recognized tribes receive an annual allocation of funding through the Department of Housing and Urban Development based on the tribe's housing need and demand. We encourage TDHCA to consider this demonstration of support from HUD as evidence that the developer is qualified to participate in the LIHTC program.

Site Characteristics (page 66)

We encourage TDHCA to provide an alternative scoring category for rural and American Indian LIHTC developments. While encouraging proximity to services makes sense in more urban areas, it punishes communities (Native American tribes, in particular) that are not located in an already developed area. In many cases, there are no developed areas because there is a lack of housing thus making this scoring category a catch-22 for small rural communities and tribes. Also, members of many Native American tribes believe in the sacredness of the land and they do not want to live in close proximity to one another, but rather prefer to live in scattered site developments near community gathering places.

Sincerely,

Elizabeth Glynn

Elizabeth Glynn

Comment #4

Brad Forslund

Churchill Residential

Churchill
RESIDENTIAL

October 18, 2011

Mr. Tim Irvine
Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Requested changes to the October 12th draft of the QAP

Dear Mr. Irvine,

1. Additional Evidence of Preparation to Proceed – We request that the maximum number of points in this section be 5 points not 7 points. This would allow new applicants to compete equitably with applicants that are resubmitting their applications from prior years. The current language penalizes new applicants. This inequality has even a greater impact in regions where there may be only enough money for one deal. I understand and appreciate rewarding applicants to resubmit prior deals with the hope that those transactions are further along in the development process but this should not be at the detriment to developers who spend the necessary time and money to submit an application for the first time on viable transactions. This change would accomplish both objectives.

2. Applicable Percentage – If the full 9% credit is not extended by March 1, 2012, the current language would require TDHCA to underwrite using the floating applicable percentage because no development practically speaking will be placed in service prior to December 31, 2013. Few transactions will underwrite using the floating rate applicable percentage. If possible, can we extend the due date for approval of the full 9% approval by Congress to June 1, 2012? This would give applicants time to resubmit their applications if the extension doesn't occur and allow time for the TDHCA staff to reunderwrite the applications for this change.

3. Ineligible Applications – Paragraph (10) –please clarify if "credit amount available" is before or after forward commitments.

4. Tie-Breaker Factors – We request that a first "tie-breaker" be added based on the lowest tax credits per capita per municipality or county (if not in a municipality).

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972-550-7800 fax 972-550-7900
www.churchillresidential.com

5. Leveraging of Private, State and Federal Resources – When will market interest rate be defined? We request this be done in the final QAP so applicants can move forward with underwriting and site acquisition. We would also request that this be set at a reasonable level (e.g. 8%) where the conventional banks could meet this requirement and not just a few lenders. This approach would have a greater impact by pushing down rates on a larger amount of deals and producing more debt proceeds and using less tax credits per application.

Thank you for your consideration on these matters.

Sincerely,

Brad Forslund
President
Churchill Residential

CC: Mr. Kent Conine

Comment #5

Audrey Martin,

Realtex Development Corporation

Texas Draft 2012 QAP Comments – 10/12/11 Version – Realtex Development Corporation

(Page 3) 50.2(7) – Central Business District or Downtown District – An area can be a legitimate Central Business or Downtown District without having a 10 story building. Suggest deletion of this requirement, or a reduction in the number of stories.

(Page 4) 50.2(15)(D) – High Opportunity Zone –
Support the allowance for district-wide enrollment; however, requirement for only one elementary school within those districts should be deleted, as it undermines the allowance for open enrollment (open enrollment and one school is the same thing as an attendance zone). The goal of this part of the QAP seems to be to build developments in areas where children have access to better educational opportunities. This goal is accomplished in all cases where children from the development can go to a good school (excepting magnet schools), regardless of whether the district has adopted enrollment zones or has open enrollment.

(Page 6) 50.3 – Program Calendar –
Pre-Application Submission Log – Include date by which a submission log has to be posted. Suggest January 13.

(Page 14) 50.5(c) – Credit Amount –
During the last legislative session, the legislature implemented an increase of the credit amount limitation to $3 million. Suggest that the QAP language be updated to reflect this change to statute.

(Page 16) 50.5(e) – Eligible Basis Increase –

- Language “to the extent needed and if determined to be infeasible without it” does not provide sufficient clarity related to how the amount of the eligible basis increase will be recommended. Does not clarify what measure of infeasibility will be utilized, i.e. whether Real Estate Analysis will only recommend an increase sufficient to cause deferred developer fee to be repaid in 15 years. Suggest the following language:

  “(e~~d~~) **Developments Proposing to Qualify for a 30% increase in Eligible Basis.** Staff will evaluate Applications for a ~~only recommend a~~ 30% increase in Eligible Basis ~~if~~provided they meet the criteria identified in paragraph (1) or (2) of this subsection and staff will recommend a 30% increase in Eligible Basis unless a 30% increase in Eligible Basis would cause the development to be oversourced, as evaluated by the Real Estate Analysis division, in which case a credit amount necessary to fill the gap in financing will be recommended ~~to the extent needed and if determined to be infeasible without it, as evaluated by the Real Estate Analysis division~~ (paragraph~~s~~ (2) ~~and (3)~~ of this subsection does not apply to Tax-Exempt Bond Applications).~~:~~“

- Difficult Development Areas should be included.

C) Definition of Central Business District or Downtown District should be modified as previously discussed within this document.

D) Definition of High Opportunity Areas should be modified as previously discussed within this document.

(Page 20) 50.6(f)(1)(A) – Tiebreaker –
The census tract that development is located in should be the sole tract used for evaluation. Contiguous census tracts could skew results and should not be evaluated.

(Page 27) 50.7(e) – Pre-Application Results –
Include date by which a log has to be posted. Suggest January 13.

(Page 32) 50.8(3) – Rehabilitation Costs – Hard Costs by TDHCA definition include off-sites and contingency. Recommend that the Hard Cost definition as currently defined (including off-sites and contingency) be the measure used to establish the $25,000 and $19,000 minimum rehabilitation expenditures.

(Page 34) 50.8(5)(D) – Certification – Take out "and will remain" from current language; applicant can accurately certify to what is the case at the time the certification is made, not to future events.

(Page 37) 50.8(6)(B) – Rehab Elevations – Photographs of the current building exterior should be sufficient for "before renovation." Delete requirement for before renovation drawings for rehabilitation developments where the exterior composition is being altered.

(Page 38) 50.8(8)(A)(iv) – Identity of Interest – Leave identity of interest requirements in QAP, and have that language mirror REA Rules.

- Revert to 2011 language, use of a 10% return on cost.

(Page 43) Signage – Support the deletion of section.

(Page 44) 50.8(10)(B) – Previous Participation –
Authorization for national non-compliance check must be specific that only instances where IRS Forms 8823 remained uncorrected for 3 months or more within the past 5 years (consistent with the experience standard set in paragraph 4 of the 2nd draft 2012 QAP) should be reported. Not all states interpret noncompliance as TDHCA does, and specific guidance for what is reported must be given.

(Page 47) 50.8(14)(C) – Property Condition Assessment –
Support deletion of requirement for PCA for Reconstruction developments.

(Page 50) 50.9(b)(2)(A)(vi) – Formation of Neighborhood Organizations –
Current language should be modified to clarify that Applicant may provide technical assistance in the formation of a Neighborhood Organization in instances where the development site is not located in the boundaries of any Neighborhood Organization. Suggest the following language:

> "(vi) for purposes of this section, if there is no Neighborhood Organization already on record whose boundaries include the proposed development site, the

Applicant, Development Owner, or Developer is allowed to provide technical assistance in the creation of and/or placing on record of a Neighborhood Organization provided that no Neighborhood Organization whose boundaries include the proposed development site exists and that such assistance is limited to:”

(Page 50) 50.9(b)(2)(A)(viii) – QCP –
This paragraph is confusing and contradictory. Begins with “While not required,” and then goes on to state that “The organization needs to have as participating members representatives of two or more separate households. The representatives actually need to be individuals who reside in the Neighborhood Organization’s boundaries.” Because the paragraph provides guidelines, not requirements, it is inappropriate to state requirements for who is involved in an optional meeting. Suggest the following language:

> “(viii) ~~W~~while a formal meeting is not required, the organization is encouraged to hold a meeting, that complies with its bylaws, to which all the members of the organization are invited to consider and/or have a membership vote on whether the organization should support, oppose, or be neutral on the proposed Development.~~, and to have the membership vote on whether the~~ organization should support, oppose, or be neutral on the proposed ~~Development. The organization needs to have as participating members representatives of two or more separate households. The representatives actually need to be individuals who reside in the Neighborhood Organization’s boundaries.~~ The organization is also encouraged to meet with ~~invite~~ the Developer or Applicant to discuss the proposed Development~~this meeting~~; and”

(Page 51) 50.9(b)(2)(B)(i)(II) and (III) – QCP Scoring –
The scoring options do not include the score for letters deemed ineligible. Suggest the following language:

> “(II) letters that do not meet the requirements of 50.9(a)(2)(A) and ~~L~~letters that do not ~~establish~~provide a reason for support or opposition or that are unclear even after correspondence with the Department will receive a score of (14 points);~~be considered ineligible and scored as neutral (+12 points);~~ “

(Page 52) 50.9(b)(3) – Income Levels of Tenants –
Current language would require developments located in some places that are defined as Rural to meet the same income targeting requirements as developments located in the MSAs of Houston, Dallas, Fort Worth, San Antonio, and Austin. Specifically, this affects places that are within the boundaries of an MSA, but which have populations under 25,000, and that do not share a boundary with an area defined as Urban. Suggest the following language:

> “(A) For Developments proposed to be located in non-Rural Areas in the MSAs of Houston, Dallas, Fort Worth, San Antonio or Austin, an Application may qualify to receive:”

(Page 53) 50.9(b)(4)(B) – Quality of Units – Do not agree with moving essential lists of amenities or any other information relevant to selection items out of the QAP. Amenity list should be moved back to the QAP.

(Page 53) 50.9(b)(5) – Commitment of Development Funding by a Unit of Local Government or Governmental Instrumentality –
Language should be modified to clarify that the Unit of Local Government or Governmental Instrumentality must have a service area that is located within the same county or a contiguous county. Suggest the following language:

> "Funding must be from a Unit of General Local Government or a Governmental Instrumentality whose service area ~~that~~ is within the same county or contiguous county as the proposed Development."

(Page 54) 50.9(b)(5)(A)(iv) – Tax Exemptions –
Tax exemptions and abatements provide a tangible benefit to the financial structure of a development for the entire period over which the abatement or exemption is received because operating expenses are reduced, which increases the amount of loan funds that the development's operations can support. Therefore, the value used to calculate contribution should be for the time period during which the exemption is received, rather than being limited to the value of the abatement or exemption prior to placement in service. Suggest the following language:

> "(iv) In-kind contributions such as donation of land, tax exemptions, or waivers of fees such as building permits, water and sewer tap fees, or similar contributions are only eligible for points if the in-kind contribution provides a tangible economic benefit that results in a quantifiable Total Housing Development Cost reduction to benefit the Development. The quantified value of the Total Housing Development Cost reduction may only include the value during the period the contribution or waiver is received and/or assessed. Donations of land must be under the control of the Applicant, pursuant to §50~~49~~.8(8)(A) of this chapter to qualify. The value of in-kind contributions may only include the time period as of the beginning of the Application Acceptance Period ~~between award or August 2, 2011~~ and the Development's Placed in Service date, with the exception of contributions of land and tax exemptions. The full value of land contributions, as established by the appraisal required pursuant to clause (viii) of this subparagraph will be counted. The full value of tax exemptions over the period of the tax exemption will be counted. Contributions in the form of tax exemptions or abatements may only count for points if the contribution is in addition to any tax exemption or abatement required under statute."

(Page 54) 50.9(b)(5)(A)(vi) – Rental Subsidy –
The contribution of a rental subsidy should be allowed regardless of whether it is for 15 years or a shorter term. Suggest the following language:

> "(vi~~i~~) ~~The granting of a new rental support or subsidy with a term of not less than fifteen (15) years; the funding for which is provided directly (not merely as administrator) by the UGLG or an instrumentality thereof.~~ Development based rental subsidies may qualify under this section if evidence of the remaining value of the contract remaining as of December 31st of the application year is submitted

from the Governmental Instrumentality. The value of the contract does not include past subsidies. The funding must be provided directly (not merely as an administrator) by the UGLG or an instrumentality thereof."

(Page 55) 50.9(b)(5)(B) – Scoring –
The change related to per unit contributions of funding is a positive change.

(Pages 56 and 57) 50.9(b)(7) – Rent Levels of Units –

- We are supportive of the change to allow a lesser percentage of units at 30% and 50% of AMGI for developments not located in the MSAs of Houston, Dallas, Fort Worth, San Antonio, and Austin.
- (A) – Current language would cause a development located in a place designated as Rural, but within one of the listed MSAs to do a higher percentage of deep rent targeting in order to achieve maximum points under the scoring item.
- The Rent Levels of Units scoring item has increased to 14 points, but the options for achieving those points have not increased in their point value. This means that developments located in the MSAs of Houston, Dallas, Fort Worth, San Antonio, and Austin must now have a greater percentage of units at 30% and 50% of AMGI in order to achieve maximum points, as compared to the 2011 application round. This fact, which results in a lower supportable permanent loan amount, combined with the use of a lower applicable percentage (7.48% in October 2011 compared to 9% used in the 2011 application round) to determine the amount of housing tax credit units has a detrimental effect to the financial feasibility of developments.
- Suggest the following language to address each of the previous comments:

  "(A) for Developments proposed to be located in non-Rural Areas in the MSAs of Houston, Dallas, Fort Worth, San Antonio or Austin, an Application may qualify to receive:

  (i) ~~A~~an Application may receive (2 points) for every 5% of Low-Income Units at rents and incomes at 50% of AMGI; or

  (ii)an Application may receive (~~6~~ 7 points) for every 2.5% of Low-Income Units at rents and incomes at 30% of AMGI.

  (B) for Developments proposed to be located in areas other than those listed in paragraph (A) of this subsection, an Application may qualify to receive:

  (i) An Application may receive (2 points) for every 2.5% of Low-Income Units at rents and incomes at 50% of AMGI; or

  (ii) An Application may receive (6 points) for every ~~2.5~~1% of Low-Income Units at rents and incomes at 30% of AMGI."

(Page 57 and 58) 50.9(b)(9) – Tenant Services –

- Do not agree with moving essential lists of supportive services or any other information relevant to selection items out of the QAP.
- The number of points for this item have increased, meaning that an increased number of supportive services must be provided to achieve maximum points. Increasing the number of required services causes an increase in operating costs, particularly for smaller developments. Recommend that this scoring item return to

a maximum score of 8 points, and suggest that the number of services to achieve maximum points should be lowered on a sliding scale basis for smaller developments. Suggest the following language:

> "(9) **Tenant Services.** (§2306.6710(b)(1)(I) and §2306.6725(a)(1)) The purpose of this scoring item is to provide professional tenant services, tailored for the tenant population, that will enhance the quality of life for the residents of the proposed Development. Applications may qualify to receive up to ~~10~~8 points for this item. The Applicant must certify that the Development will provide a combination of supportive services, which are listed in §1.1 of this title, appropriate for the proposed tenants. The Applicant must further certify that there is adequate space for the intended services. The provision and complete list of supportive services will be included in the LURA. The Owner may change, from time to time, the services offered; however, the overall points as selected at Application must remain the same. ~~as selected from the list of services identified in this paragraph.~~ No fees may be charged to the tenants for any of the services. Services must be provided on-site or transportation to those off-site services identified on the list must be provided. The same service may not be used for more than one scoring item. The provision of the following number of services shall achieve maximum points under this scoring item:
>
> (A) total Units equal 16, (2 points) is required;
> (B) total Units are 17 to 40, (3 points) are required;
> (C) total Units are 41 to 76, (4 points) are required;
> (D) total Units are 77 to 99, (5 points) are required;
> (E) total Units are 100 to 149, (6 points) are required;
> (F) total Units are 150 to 199, (7 points) are required; or
> (G) total Units are 200 or more, (8 points) are required. "

(Pages 58 and 59) 50.9(b)(11) – Readiness to Proceed –

- We support the addition of this scoring criteria.
- Paragraph C does not include any requirements for what features of an application must be the same as previously submitted applications in order to be eligible for these points. Suggest that some requirements be added, i.e. number of units is same, site is same as previous application, etc.

(Page 60) 50.9(b)(12) – Leveraging of Private, State, and Federal Resources –
Suggest that the same source be allowed under paragraphs (5) and (12) if all requirements under each respective scoring criteria are met. Those developments able to secure substantial sources of financing other than housing tax credit equity and conventional debt should be allowed access to both scoring items related to leveraging of funding.

(Pages 66 and 67) 50.9(b)(19) – Site Characteristics –

- Increasing the number of services is an acceptable change, but the requirement that only one amenity from each section can be counted should be deleted. Suggest that development must have one amenity from three different categories, after which more than one amenity in each category may be counted. Suggest the following language:

> "(~~21~~19) **Site Characteristics.** Development Sites, including scattered sites, may qualify to receive up to (4 points) for this item. The purpose of this scoring item is to encourage affordable rental housing development in proximity to services and amenities that would be considered beneficial to the tenants. Developments Sites must be located within a one mile radius (two-mile radius for Developments competing for a Rural Regional Allocation) of at least six ~~three~~ (~~3~~6) services ~~appropriate to the target population~~. A site located within one-~~quarter~~half mile of public transportation that is accessible to all residents including Persons With Disabilities and/or located within a community that has another form of transportation, including, but not limited to, special transit service or specialized elderly transportation for Qualified Elderly Developments, will receive full points regardless of the proximity to amenities, as long as the Applicant provides appropriate evidence of the transportation services used to satisfy this requirement. If a Development is providing its own specialized van or funding a comparable service, then this will be a requirement of the LURA. ~~Only one service of each type listed in subparagraphs (A) - (LO) of this paragraph will count towards the points.~~ Applicants must score one (1) point in three (3) different categories listed in subparagraphs (A) – (O) before they can receive points in a duplicate category. A map must be included identifying the Development Site and the location of the services by name. If the services are not identified by name, points will not be awarded. All services must exist or, if under construction, must be under active construction, post pad by the date the Application is submitted."

- Medical facilities – A hospital is a more favorable, and is a different amenity than a physician office. Change language to make those two separate options.

(Page 71) 50.9(c)(1) – Penalties –
The penalty is assessed regardless of whether an extension was requested; therefore, the reference to subsequent request of an extension is unnecessary. Almost suggests that if you miss the deadline but do not subsequently ask for an extension the points aren't deducted.

(Page 75) 50.10(e) – Challenges –
The date by which the Department will post challenges to the website, and by which it will notify applicants of challenges has been pushed back. It seems that this could delay the finalization of application scores, and create additional difficulty for staff late in the application round. The process described in the 2011 QAP allowed more time for staff to work through and make determinations related to challenges. Suggest reversion to 2011 language.

(Page 92) 50.17(c) – Site Demographics –
We support the new language related to the availability of data 4 months prior to the opening of the Application Acceptance Period and use of prior year demographics.

Comment #6

Robin White,

Gonzalez Newell Bender, Inc. Architects

Teresa Morales

From: Robin White [robin@gnbarch.com]
Sent: Friday, October 21, 2011 12:02 PM
To: Teresa Morales
Subject: RE: Question on Draft of the 2012 QAP

Hello Teresa,

Thank you for your quick reply. Yesterday I reviewed the draft quickly for applicable content to architects and found only the portion pertaining to the AIA document to be of question.

My email from yesterday can be considered as public comment.

Thank you and enjoy your weekend.

Robin White
Office Manager

GONZALEZ NEWELL BENDER, INC. ARCHITECTS
11550 IH 10 West, Suite 350
San Antonio, Texas 78230-1061
(210) 692-0331

At 08:57 AM 10/21/2011, you wrote:

Ms. White,

If the form we have referenced in the Draft QAP is considered by the industry to be outdated then I would encourage you to submit public comment to that effect along with any suggestion for changes. The laundry list of forms listed is probably one of those things that continues to stay in simply because we have not received feedback to indicate the form is considered outdated. We are currently in the public comment period for the QAP, which ends on Friday, October 28. I can consider your comments below to be public comment if you wish in order to address this issue, just let me know. However, I wasn't sure if you had additional comments you wanted to make, in which case you could just include everything in one letter. Any public comment you may have can be sent to me via email.

Thanks,

Teresa Morales
Multifamily Bond Program Administrator
Office Phone: 512.475.3344

From: Robin White [mailto:robin@gnbarch.com]
Sent: Thursday, October 20, 2011 11:33 AM
To: info@tdhca.state.tx.us
Subject: Question on Draft of the 2012 QAP

To Whom it May Concern,

In the Draft of the 2012 QAP on page 33, Section Thresholds:

(A) A Principal of the Developer or Development Owner must establish that they have significant recent experience in housing tax credit development activities in Texas as evidenced by:

(i) An experience certificate issued by the Department in the past three (3) years; or

(ii) Any of the items in subclauses (I) (IX) of this clause:

(iI) American Institute of Architects (AIA) Document A111 - Standard Form of Agreement between Owner & Contractor;

This section mentions the above American Institute of Architects (AIA) Document A111 - Standard Form of Agreement between Owner & Contractor, which is a Cost of Work Plus a Fee, the AIA has not used this form since 1967 for "Cost Plus" projects but instead uses the A102 - 2007 Standard From of Agreement Between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price or A103 - 2007 Standard From of Agreement Between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price.

Please let us know your thoughts if this a typo or a new form we are not familiar with.

Thank you,

Robin White
Office Manager

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Robin White
Office Manager

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Comment #7

Ben Medina,

Planning & Community Development of Brownsville

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

2011 STATE OF TEXAS CONSOLIDATED

PUBLIC HEARING

12:40 p.m.
Friday,
October 7, 2011

1001 E. Elizabeth
Brownsville, Texas

BEFORE:

ELIZABETH YEVICH, Director
Housing Resource Center

I N D E X

P R O C E E D I N G S

MS. YEVICH: Good afternoon, and welcome to the 2011 State of Texas Consolidated Public Hearing in Brownsville.

These hearings are an opportunity to comment on a significant portion of the Texas Department of Housing and Community Affairs, the Texas Department of Rural Affairs, which is now under the Texas Department of Agriculture, as of October 1, and the Texas Department of State Health Services annual policy, rule, and planning documents.

All documents under review are available on our website which is www.tdhca.state.tx.us.

For anyone interested in speaking, you would need to fill out a witness affirmation form and note the topic you wish to discuss. Also, as you speak, please provide your name and who you represent.

As a reminder, we are here to accept public comment and will not be able to respond to questions about the rules or documents.

The comment period for the One-year Action Plan is September 30 to October 29. The Affordable Housing Needs Score methodology and Regional Allocation Formula methodology public comment period is September 30 through October 19. The comment period for the Real Estate Analysis Rules and Multifamily Bond Rules is also September 30 through October 19. The Qualified Allocation Plan and definitions for Housing Program Activities Rule is October 21 through October 28. However, any comment received at this public hearing will be considered official public comment for all of the afore-named mentioned documents.

Written comment is encouraged and may be provided at any time during the public comment period. Public comment on the rules may also be provided in writing via US Mail to TDHCA, 2011 Rule Comments, PO Box 13941, Austin, Texas 78711; or by fax to area code 512-475-9606; or e-mailed to tdhcarulecomments@tdhca.state.tx.us.

Public comment on the plan, the AHNS methodology, and the RAF methodology may be provided in writing to myself -- I am Elizabeth Yevich, spelled Y-E-V-I-C-H, at TDHCA, PO Box 13941, Austin, Texas 78711; or fax, which is 512-475-1672; or e-mail, first name-last name, elizabeth.yevich@tdhca.state.tx.us.

The first document is the 2012 State of Texas Consolidated Plan One-Year Action Plan Draft. TDHCA coordinates the preparation of the 2012 State of Texas Consolidated Plan One-Year Action Plan with the Texas Department of Agriculture, TDA, which was formerly the Texas Department of Rural Affairs, and the Department of State Health Services, DSHS.

The plan covers the State's administration of the Community Development Block Grant, CDBG, Program by TDA; the Housing Opportunities for Persons with AIDS, HOPWA, by DSHS; and the Emergency Solutions Grants programs, ESGP; and the Home Investment Partnership HOME program by TDHCA.

The plan includes one-year action plans for the four programs -- CDBG, HOPWA, ESGP, and HOME, and additional information on meeting underserved needs, fostering and maintaining affordable housing, lead-based paint hazard mitigation, reducing poverty-level households, developing institutional structure, coordination of housing and services, and addressing public housing authorities' needs.

The Community Development Block Grant program. Under the Texas CDBG program, assistance is available to nonentitlement general-purpose units of local government, including cities and counties that are not participating, or designated as eligible to participate, in the entitlement portion of the Federal Community Development Block Grant program.

Assistance is available in six funding categories and two pilot programs under the Texas CDBG program as indicated: (1), Community Development Fund; (2), Texas Capital Fund; (3), the Colonia Fund, divided into four parts: (3)(a) being Colonia Planning and Construction Fund, (3)(b) Colonia Economically Distressed Areas Program legislative set-aside, (3)(c) Colonia Self-Help Centers legislative set-aside, (3)(d) Colonias-to-Cities Initiative Program; Number (4), Planning and Capacity-Building Fund; (5), Disaster Relief Urgent Need Fund; (6), Texas CDBG STEP Fund.

The two pilot programs are Renewable Energy Demonstration Pilot Program and the Community Facilities Fund.

Is there any comment on this item?

(No response.)

MS. YEVICH: Hearing none, we will proceed to the next item which is the Home Investment Partnerships Program. The Home Investment Partnerships Program, referred to as the HOME program, awards funding to various entities for the purpose of providing safe, decent, affordable housing across the state of Texas.

To provide this kind of support to communities, HUD awards an annual allocation of approximately $40 million to TDHCA.

Under the HOME program, TDHCA awards funds to applicants for the administration of the following activities: the Home Ownership Assistance Program provides down-payment and closing-cost assistance for eligible households. This program is also utilized in a separate contract-for-deed set-aside to assist in the conversion of contract-for-deed arrangements into a warranty deed.

The Homeowner Rehabilitation Program provides funds to eligible homeowners for the rehabilitation or reconstruction of single-family homes. Tenant-Based Rental Assistance Program provides rental subsidies which may include security deposits to eligible tenants for a period of up to 24 months. The Rental Housing Development Programs provides funds to build, acquire, and/or rehabilitate affordable multifamily housing.

In accordance with the HOME final rule, 15 percent of the total HOME allocation is set aside for CHODOs, which are Community Housing Development Organization-eligible activities.

Is there anyone here to comment on the HOME action plan?

(No response.)

MS. YEVICH: Hearing none, we will proceed to the next item, which is the Housing Opportunities for Persons with AIDS Program.

The Texas Department of State Health Services, DSHS, addresses the housing needs of people with HIV and AIDS through the HOPWA program, which provides emergency housing assistance in the form of short-term rent, mortgage, and utility payments to prevent homelessness.

Tenant-based rental assistance, which enables low-income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing; supportive services, which provides case management, basic telephone assistance, and smoke detectors; and permanent housing placement, which allows assistance for reasonable security deposits, related application fees, and credit checks.

If you have any questions regarding HOPWA, please contact DSHS at 512-533-3000.

Is there anyone here to comment on this item?

(No response.)

MS. YEVICH: Hearing none, we will proceed to the next item, which is the Affordable Housing Needs Score. The Affordable Housing Needs Score is a scoring criteria used to evaluate HOME, Housing Tax Credit, and Housing Trust Fund applications.

While not specifically legislated by the State of Texas, this score helps address other need-based funding allocation requirements by responding to an IRS Section 42 requirement that the selection criteria used to award the Housing Tax Credit funding must include housing needs characteristics, and by responding to a State Auditor's audit and Sunset findings from 2001 that called for the use of objective need-based criteria to award TDHCA's funding.

The score provides a comparative assessment of each place's level of need relative to the other places within the state service region. The score encourages applicants to request funding to serve communities that have a high level of need.

Is there anyone here to comment on the Affordable Housing Needs Score?

(No response.)

MS. YEVICH: Hearing none, we will move on to the Regional Allocation Formula. TDHCA is legislatively required to use a formula to regionally allocate its HOME, Housing Tax Credit, and Housing Trust Fund program funding.

The resulting formula objectively measures the affordable housing need and available resources in the 13 state service regions it uses for planning purposes. Additionally, the formula allocates funding to rural and urban areas within each region.

As a dynamic measure of need, the formula is updated annually to reflect the most current demographic and available resource information to respond to public comment on the formula, and it's also updated to include other factors, as required, to better assess regional affordable housing needs.

Per the September 15, 2011, governing board meeting, staff is attaching the public comment addendum to this methodology. The addendum call proposed forward commitment position paper will be presented as part of the public comment for the methodology.

Adjustments for prior year overfunding and underfunding of subregions and forward commitments have also been addressed.

Is there anyone here to comment on this item?

MS. YEVICH: Mr. Medina?

MR. MEDINA: My name is Ben Medina. I'm the director of Planning and Community Development. For the last three years the city of Brownsville has received an allocation of housing tax credits through developers and we have provided over 500 units of tax credits throughout the community over the last couple of years.

It's important that -- the city of Brownsville has very low tax rates so I hope that the methodology used to measure those applications that special attention is paid to this region on the border because the grants are just so low and developers have a hard time finding financing or to cash flow their projects to make them happen.

So I do not know at this point what that white paper calls for but I hope special attention is paid to the communities along the border just because our rents are so low and our wages are so low.

MS. YEVICH: Thank you, Mr. Medina.

The next document is the Housing Program Rules, Housing Tax Credit Qualified Allocation Plan and Rule. This document establishes the 2012 rules for the Housing Tax Credit Program. The Housing Tax Credit Program uses federal tax credits to finance the development of high-quality rental housing for income-eligible households and is available statewide.

Is there anyone here to comment on the -- what is known as the QAP or the Qualified Allocation Plan and Rule?

(No response.)

MS. YEVICH: Hearing none, the next item is the Real Estate Analysis Rule. This document outlines rules and guidelines related to TDHCA's evaluation of a proposed affordable housing development's financial feasibility and economic viability.

Is there anyone here to comment on this item?

(No response.)

MS. YEVICH: Hearing none, we will proceed to the Multifamily Bond Program Rule. This document establishes the 2012 rules for the Multifamily Bond Program. This program issues tax-exempt and taxable bonds to fund loans to nonprofit and for-profit developers.

Is there anyone here to comment on this item?

(No response.)

MS. YEVICH: Hearing none, we will move to the last document, which is the definitions for Housing Program Activities Rule. The definitions apply to the Housing Tax Credit Program, Multifamily Housing Revenue Bond Program, and other department programs as defined in their rules. This rule is proposed to contain those definitions currently in the 2011 Qualified Allocation Plan that could be applicable to other departmental multifamily programs.

Is there anyone here to comment on the definitions for Housing Program Activities Rule?

(No response.)

MS. YEVICH: Hearing none, and seeing no one else that is here to comment at this hearing, let me thank you for attending, and with that, the meeting is concluded.

(Whereupon, at 12:56 p.m., the hearing was concluded.)

C E R T I F I C A T E

IN RE: 2011 State of Texas Consolidated Public Hearing

LOCATION: Brownsville, Texas

DATE: October 7, 2011

I do hereby certify that the foregoing pages, numbers 1 through 12, 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 & Community Affairs.

_____________10/13/2011
(Transcriber) (Date)

On the Record Reporting
3307 Northland, Suite 315
Austin, Texas 78731

Comment #8

Jason Holenbeck,

Avenue Community Development Corporation

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

2011 STATE OF TEXAS CONSOLIDATED

PUBLIC HEARING

12:42 p.m.
Friday,
October 14, 2011

Houston City Hall Annex Chambers
201 Bagby St.
Houston, Texas

BEFORE:

ELIZABETH YEVICH, Director
Housing Resource Center

I N D E X

P R O C E E D I N G S

MS. YEVICH: Good afternoon. Welcome to the 2011 State of Texas Consolidated Public Hearing in Houston.

These hearings are an opportunity to comment on a significant portion of the Texas Department of Housing and Community Affairs, the Texas Department of Agriculture, formerly Texas Department of Rural Affairs, Texas Department of State Health Services annual policy, rule, and planning documents.

If you have not already done so, please turn off any cell phones.

For anyone interested in speaking, we need to fill out a witness affirmation form and note the topic you wish to discuss. Also, as you speak, please provide your name and who you represent.

As a reminder, we are here to accept public comment and will not be able to respond to questions about the rules or documents.

The comment period for the One-Year Action Plan is September 30 to October 29. There's a different public comment for the Affordable Housing Needs Score methodology and the Regional Allocation Formula methodology. That public comment period is September 30 through October 19. The comment period for the Real Estate Analysis Rules and Multifamily Bond Rules is also September 30 through October 19.

However, the Qualified Allocation Plan and the definitions for Housing Program Activities Rule is October 21 through October 28, but any comment received at this public hearing will be considered official public comments for all of the above documents.

Written comment is encouraged and may be provided at any time during the public comment periods. Follows is all of the contact information, which is: Public comment on the rules may also be provided in writing via TDHCA, 2011 Rule Comments, PO Box 13941, Austin, Texas 78711; by fax to 512-475-9606; or e-mail to tdhcarulecomments@tdhca.state.tx.us.

Public comment on the plan, the AHNS methodology, and the RAF methodology may be provided in writing via myself, Elizabeth Yevich, and that's spelled Y-E-V-I-C-H, to TDHCA, PO Box 13941, Austin, Texas 78711; or fax, 512-475-1672; or e-mail to first name-last name, elizabeth.yevich@tdhca.state.tx.us.

The first item up is under our planning documents, the 2012 State of Texas Consolidated One-Year Action Plan, and it's a draft. TDHCA coordinates the preparation of the 2012 State of Texas Consolidated Plan with the Texas Department of Agriculture, formerly the Texas Department of Rural Affairs, and the Department of State Health Services, DSHS.

The plan covers the State's administration of the Community Development Block Grant, CDBG, that program by TDA, the Texas Department of Agriculture; the Housing Opportunities for Persons with AIDS, known as HOPWA, by DSHS; and the Emergency Solutions Grants programs, ESGP; and the Home Investment Partnership HOME program by TDHCA.

The plan includes one-year action plans for the four aforementioned programs and additional information on meeting underserved needs, fostering and maintaining affordable housing, lead-based paint hazard mitigation, reducing poverty-level households, developing institutional structure, coordination of housing and services, and addressing public housing authorities' needs.

The CDBG grant program. Under the Texas CDBG program, assistance is available to nonentitlement general-purpose units of local government, including cities and counties that are not participating, or designated as eligible to participate, in the entitlement portion of the Federal Community Development Block Grant program.

Assistance is available in six funding categories and two pilot programs under the CDBG program as indicated. These six are (1), Community Development Fund; (2), Texas Capital Fund; (3), Colonia Fund, divided into four parts: (3)(a), Colonia Planning and Construction Fund, (3)(b) Colonia Economically Distressed Areas Program legislative set-aside, (3)(c) Colonia Self-Help Centers legislative set-aside, (3)(d) Colonias-to-Cities Initiative Program; Number (4), Planning and Capacity-Building Fund; (5), Disaster Relief Urgent Need Fund; and (6), the Texas CDBG STEP Fund.

The two pilot programs are Renewable Energy Demonstration Pilot Program and the Community Facilities Fund.

Is there anyone here to comment on this item?

(No response.)

MS. YEVICH: Hearing none, we will move on to the HOME Program. The Home Investment Partnerships Program, referred to as the HOME program, awards funding to various entities for the purpose of providing safe, decent, affordable housing across the state of Texas.

To provide this kind of support to communities, HUD awards an annual allocation of approximately $40 million to TDHCA.

Under the HOME program, TDHCA awards funds to applicants for the administration of the following activities: the Home Ownership Assistance Program, which provides down-payment and closing-cost assistance for eligible households. This program is also utilized in a separate contract-for-deed set-aside to assist in the conversion of contract-for-deed arrangements into a warranty deed.

The second one is Homeowner Rehabilitation Program. This provides funds to eligible homeowners for the rehabilitation or reconstruction of single-family homes. The third area is Tenant-Based Rental Assistance Program. This provides rental subsidies which may include security deposits to eligible tenants for a period of up to 24 months. The fourth is Rental Housing Development Programs, provides funds to build, acquire, and/or rehabilitate affordable multifamily housing.

In accordance with the HOME final rule, 15 percent of the total HOME allocation is set aside for what is known as CHODOs, which are Community Housing Development Organization-eligible activities.

Is there anyone here to comment on the HOME program?

(No response.)

MS. YEVICH: Next is the HOPWA Program. The Texas Department of State Health Services addresses the housing needs of people with HIV and AIDS through the HOPWA program, which provides emergency housing assistance in the form of short-term rent, mortgage, and utility payments to prevent homelessness; tenant-based rental assistance, which enables low-income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing; supportive services, which provides case management, basic telephone assistance, and smoke detectors; and permanent housing placement, which allows assistance for reasonable security deposits, related application fees, and credit checks.

If you have any questions regarding HOPWA, please contact Department of State Health Services at area code 512-533-3000.

Is there anyone here to comment on the HOPWA program?

(No response.)

MS. YEVICH: Next is the Affordable Housing Needs Score. The Affordable Housing Needs Score is a scoring criteria used to evaluate HOME, Housing Tax Credit, and Housing Trust Fund applications.

While not specifically legislated by the State, this score helps address other need-based funding allocation requirements by responding to the following two: first, being an IRS Section 42 requirement that the selection criteria used to award the Housing Tax Credit funding must include housing needs characteristics. It's also responding to a State Auditor's Office audit that called for the use of objective need-based criteria to award TDHCA's funding.

The score provides a comparative assessment of each place's level of need relative to other places within the state service region. The score encourages applicants to request funding to serve communities that have a high level of need.

Is there anyone here to comment on the AHNS? (No response.)

MS. YEVICH: Next up, the Regional Allocation Formula, known as the RAF. TDHCA is legislatively required to use a formula to regionally allocate its HOME, Housing Tax Credit, and Housing Trust Fund program funding.

The resulting formula objectively measures the affordable housing need and available resources in the 13 state service regions it uses for planning purposes. Additionally, the formula allocates funding to rural and urban areas within each region.

As a dynamic measure of need, the formula is updated annually to reflect the most current demographic and available resource information. It's updated to respond to public comment on the formula and include other factors, as required, to better assess regional affordable housing needs.

Per the September 15, 2011, governing board meeting, staff is attaching the public comment addendum to this methodology. The addendum called Proposed Forward Commitment Position Paper will be presented as part of the public comment for the methodology.

Adjustments for prior year overfunding and underfunding of subregions and forward commitments have also been addressed.

Is there anyone here to comment on the RAF?

(No response.)

Next up, the Housing Tax Credit Qualified Allocation Plan and

Rule, known as the QAP. This document establishes the 2012 rules for Housing Tax Credit Program. The Housing Tax Credit Program uses federal tax credits to finance the development of high-quality rental housing for income-eligible households and is available statewide.

The 2012 Draft QAP being recommended by staff contains several material changes from the 2011 QAP and a few changes that are a clarification or organizational, namely in the movement of a few sections to the department's definitions and amenities for housing program activities rule.

The draft QAP includes policy recommendations and administrative changes to improve the Housing Tax Credit Program and maintain compliance with all statutory and code requirements.

Is there anyone here to speak on the QAP?

MR. HOLENBEK: Yes.

MS. YEVICH: Okay. Jason, and is that Holenbek?

MR. HOLENBEK: Holenbek.

MS. YEVICH: Holenbek.

MR. HOLENBEK: And I apologize for making you read all that because if I hadn't shown up, you could have saved your breath but --

MS. YEVICH: Not a problem. Welcome.

MR. HOLENBEK: Yes, thank you. I'm -- my name is Jason Holenbek and I do work for Avenue Community Development Corporation. We are a CHODO here in Houston, active in the Near Northside community and the Washington Avenue corridor, do multifamily, single-family projects as well and a lot of home buyer counseling.

I just had a few quick comments on the QAP. I was really coming here more hoping to hear other people's and other groups' comments.

Let me start with the historic preservation. Avenue CDC has done historic preservation projections in the past. As you can imagine, they are substantially -- can be substantially more expensive than new construction and so we are --

I am reiterating the comments that we received from groups such as the National Trust for Historic Preservation requesting that historic preservation projects using historic tax credits be able to deduct the amount of historic tax credit proceeds shown in the development sources from the project's hard cost, prior to making the cost-per-development-per-square-foot calculation, and this is based on the -- I believe it's a possible twelve points, the cost per development square foot.

The fear is that projects involving historic preservation are never going to get this twelve points. And I understand that there's already a $10 bump as if projects had elevators, though often they have elevators anyway. So the fear is, with the projects being as competitive as they are -- I mean these tax credits that sort of eliminating those twelve points from possible contention for historic projects is going to kill a lot of otherwise good historic preservation projects.

Another comment on community groups and letters of support opposition -- obviously, that's a very major scoring factor. And I guess we have some concern that now there's been some changes made where the community groups are encouraged, but not required, to meet.

We're wondering if it would be possible to make at least a meeting requirement if they're going to write a letter one way or the other of such importance into the scoring system that you'd think they would discuss it hopefully with all the members of the group. I'll leave that one at that.

And the third one would be -- we saw a notice that they'd been removed to the points awarded to projects that were 36 units or smaller. I believe that was six points possible. I think the comment said that most of these projects would be covered under the at-risk set-aside.

I don't understand the at-risk set-aside very well but I can certainly imagine situation of, perhaps, doing a rehab project, buying an older, privately owned apartment complex, of which there are many in Houston, that would not qualify under the at-risk set-aside and I don't see any reason why such a project couldn't be awarded some bonus points to help it in the scoring system.

I had a question about the same-year two-mile rule but I understand that you -- staff is not allowed to answer questions --

MS. YEVICH: No.

MR. HOLENBEK: -- at these gatherings, so I will save that for an email later.

And I guess those were all the comments that I had.

MS. YEVICH: Thank you very much.

MR. HOLENBEK: I thank you very much.

MS. YEVICH: And I can remind you -- you can email these in and they will be addressed by the Housing Tax Credit Department, so your comments and/or possibly questions, unless you needed that, you know.

MR. HOLENBEK: Okay. Did you mention the email to send questions?

MS. YEVICH: For that, yes. The email is tdhcarulecomments -- so it's all one word.

MR. HOLENBEK: Rulecomments. Comments, plural?

MS. YEVICH: It's plural. tdhcarulecomments@tdhca.state.tx.us.

MR. HOLENBEK: All right. tdhcarulecomments@tdhca.state.tx.us.

MS. YEVICH: That is correct.

MR. HOLENBEK: Thank you very much.

MS. YEVICH: Certainly. Thank you, Jason.

MR. HOLENBEK: Y'all have an early weekend now.

MS. YEVICH: A few more items to read here and then --

MR. HOLENBEK: Oh, you have to read some more. Okay.

MS. YEVICH: I have to read some more. Somebody else could be coming in.

And the next item is the Real Estate Analysis Rule, and this document outlines rules and guidelines related to TDHCA's evaluation of a proposed affordable housing development's financial feasibility and economic viability.

The draft rules include proposed changes resulting from public input garnered at a roundtable meeting, comments received on the discussion draft published on the website, and staff input.

Is there anyone here to comment on this item?

(No response.)

MS. YEVICH: Hearing none, we are moving over to the Multifamily Bond Program Rule. This document establishes the 2012 rules for the Multifamily Bond Program. This program issues tax-exempt and taxable bonds to fund loans to nonprofit and for-profit developers.

Changes to the draft rules include language that makes the 2012 Multifamily Housing Revenue Bond Rules consistent with the other Multifamily Program Rules. These rules will provide greater flexibility and choices to improve the overall quality of multifamily developments.

The majority of the changes proposed are to ensure consistency with other multifamily rules and provide more clarity.

Is there anyone to comment on this?

(No response.)

MS. YEVICH: Hearing none, we're moving to the last item, which is the definitions for Housing Program Activities Rule.

The definitions apply to the Housing Tax Credit Program, Multifamily Housing Revenue Bond Program, and other department programs as defined in the rules. This rule is primarily composed of those definitions that could be applicable to other departmental multifamily programs, such as HOME and Housing Trust Fund.

Is there anyone here to comment on this item? (No response.)

MR. HOLENBEK: I think I had a quick comment on the --

MS. YEVICH: Certainly.

MR. HOLENBEK: -- definitions. Was --

MS. YEVICH: Welcome, again.

MR. HOLENBEK: My name is -- again, Jason Holenbek. I can't remember if this was in the definitions sections but I believe there was a change for a certain category that would get points for being -- not a transit corridor but one of the thresholds for meeting -- some requirement was there used to be within a quarter-mile of a public transit stop --

MS. YEVICH: Uh-huh.

MR. HOLENBEK: -- and it was moved to a half-mile. You know, I don't that that was a nod to suburban projects anywhere --

Where we work it's so easy almost to meet the quarter-mile rule; I don't know if it's really necessary to go up to a half-mile but, you know, is that close enough that -- where people will use transit if it's within a half-mile or perhaps -- I don't know that you want to walk half a mile in a Houston summer.

But I would think that a quarter-mile would be enough.

MS. YEVICH: Thank you very much.

MR. HOLENBEK: You're welcome.

MS. YEVICH: Appreciate that.

And seeing no one else that is here to comment, let me thank you for coming, and with that, the meeting is concluded.

MR. HOLENBEK: Thank y'all very much.

MS. YEVICH: Thank you very much.

(Whereupon, at 1:02 p.m., the hearing was concluded.)

C E R T I F I C A T E

IN RE: 2011 State of Texas Consolidated Public Hearing

LOCATION: Houston, Texas

DATE: October 14, 2011

I do hereby certify that the foregoing pages, numbers 1 through 16, 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 & Community Affairs.

10/18/2011
(Transcriber) (Date)

On the Record Reporting
3307 Northland, Suite 315
Austin, Texas 78731

Comment #9 & #10

Sarah Anderson

Sarah Andre

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

2011 STATE OF TEXAS CONSOLIDATED

PUBLIC HEARING

9:10 a.m.
Wednesday,
October 12, 2011

Clements Building
300 W. 15th St, Room 103
Austin, Texas

BEFORE:

ELIZABETH YEVICH, Director
Housing Resource Center

P R O C E E D I N G S

MS. YEVICH: Good afternoon, and welcome to the 2011 State of Texas Consolidated Public Hearing in Austin.

These hearings are an opportunity to comment on a significant portion of the Texas Department of Housing and Community Affairs, the Texas Department of Agriculture, formerly Texas Department of Rural Affairs, and Texas Department of State Health Services annual policy, rule, and planning documents.

Now, if you have not already done so, please take this opportunity to silence all cell phones.

For anyone interested in speaking, we need you to fill out a witness affirmation form and note the topic you wish to discuss. Also, as you speak, please provide your name and who you represent. As a reminder, we are here to accept public comment and will not be able to respond to questions about the rules or documents.

We have several comment periods this year. The comment period for the One-year Action Plan is September 30 to October 29. The Affordable Housing Needs Score methodology and Regional Allocation Formula methodology public comment period is September 30 through October 19. The comment period for the Real Estate Analysis Rules and Multifamily Bond Rules is also September 30 through October 19.

The Qualified Allocation Plan and definitions for Housing Program Activities Rule public comment period is October 21 through October 28. However, any comment received at this public hearing will be considered official public comment for all of the aforementioned documents.

Written comment is encouraged and may be provided at any time during the public comment period. The following is the contact information. Public comment on the rules may also be provided in writing to TDHCA, 2011 Rule Comments, PO Box 13941, Austin, Texas 78711-3941; or by fax to area code 512-475-9606; or e-mailed to tdhcarulecomments@tdhca.state.tx.us.

Public comment on the plan, the Affordable Housing Needs Score methodology, and the Regional Allocation Formula methodology may be provided in writing to myself -- My name is Elizabeth Yevich. That's spelled Y-E-V-I-C-H -- address TDHCA, PO Box 13941, Austin, Texas 78711; fax, 512-475-1672; or e-mailed to, first name-last name, elizabeth.yevich@tdhca.state.tx.us.

First up are the planning documents, the 2012 State of Texas Consolidated Plan One-Year Action Plan Draft. TDHCA coordinates the preparation of the 2012 State of Texas Consolidated Plan One-Year Action Plan with the Texas Department of Agriculture, TDA, which was formerly the Texas Department of Rural Affairs, and the Department of State Health Services, known as DSHS.

The plan covers the State's administration of the Community Development Block Grant Program by TDA; Housing Opportunities for Persons with AIDS, the HOPWA program by DSHS; and the Emergency Solutions Grants programs, ESGP; and Home Investment Partnership HOME program by TDHCA.

The plan includes one-year action plans for the four programs -- CDBG, HOPWA, ESGP, and HOME, and additional information on meeting underserved needs, fostering and maintaining affordable housing, lead-based paint hazard mitigation, reducing poverty-level households, developing institutional structure, coordination of housing and services, and addressing public housing authorities' needs.

The Community Development Block Grant program. Under the Texas CDBG program, assistance is available to nonentitlement general-purpose units of local government, including cities and counties that are not participating, or designated as eligible to participate, in the entitlement portion of the Federal Community Development Block Grant program.

Assistance is available in six funding categories and two pilot programs under the CDBG program. And these are: (1), the Community Development Fund; (2), Texas Capital Fund; (3), Colonia Fund, divided into parts (3)a, b, c, and d, which are the Colonia Planning and Construction Fund, Colonia Economically Distressed Areas Program legislative set-aside, the Colonia Self-Help Centers legislative set-aside, and the Colonias-to-Cities Initiative Program; (4), the Planning and Capacity-Building Fund; (5), Disaster Relief Urgent Need Fund; and (6), Texas CDBG STEP Fund.

The pilot programs are Renewable Energy Demonstration Pilot Program and the Communities Facility Fund.

Are there any comments on this item?

(No response.)

MS. YEVICH: Hearing none, we will proceed to the next item which is our Home Investment Partnerships Program. The Home Investment Partnerships Program, referred to as the HOME program, awards funding to various entities for the purpose of providing safe, decent, affordable housing across the state of Texas. To provide this kind of support to communities, HUD awards an annual allocation of approximately $40 million to TDHCA.

Under the HOME program, TDHCA awards funds to applicants for the administration of the following activities: Home Ownership Assistance Program, which provides down-payment and closing-cost assistance for eligible households. This program is also utilized in a separate contract-for-deed set-aside to assist in the conversion of contract-for-deed arrangements into a warranty deed.

The Homeowner Rehabilitation Program. This provides funds to eligible homeowners for the rehabilitation or reconstruction of single-family homes. The Tenant-Based Rental Assistance Program, which provides rental subsidies which may include security deposits to eligible tenants for a period of up to 24 months, the Rental Housing Development Program which provides funds to build, acquire, and/or rehabilitate affordable multifamily housing.

In accordance with the HOME final rule, 15 percent of the total HOME allocation is set aside for what is known as CHODOs, which are Community Housing Development Organization-eligible activities.

Is there anyone here to speak on the HOME action plan?

(No response.)

MS. YEVICH: Hearing none, we will move to the next, which is the Housing Opportunities for Persons with AIDS Program, known as

HOPWA.

The Texas Department of State Health Services, DSHS, addresses the housing needs of people with HIV and AIDS through the HOPWA program, which provides emergency housing assistance in the form of short-term rent, mortgage, and utility payments to prevent homelessness; provides tenant-based rental assistance, which enables low-income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing; which provide supportive services, which also includes case management, basic telephone assistance, and smoke detectors; also permanent housing placement, which allows assistance for reasonable security deposits, related application fees, and credit checks.

If you have questions regarding HOPWA, please contact DSHS at area code 512-533-3000.

Is there anyone here to comment on this program?

(No response.)

MS. YEVICH: Hearing none, we will move to the next item, which is the Affordable Housing Needs Score, known as the AHNS. This is a scoring criteria used to evaluate HOME, Housing Tax Credit, and Housing Trust Fund applications.

While not specifically legislated by the State, this score helps address other need-based funding allocation requirements by responding to an IRS Section 42 requirement that the selection criteria used to award the Housing Tax Credit funding must include housing needs characteristics, and also by responding to a State Auditor's office that called for the use of objective need-based criteria to award TDHCA's funding.

The score provides a comparative assessment of each place's level of need relative to the other places within the state service region. The score encourages applicants to request funding to serve communities that have a high level of need.

Is there anyone here to comment on this item?

(No response.)

MS. YEVICH: Hearing none, we will move to the Regional Allocation Formula, known as the RAF. TDHCA is legislatively required to use a formula to regionally allocate its HOME, Housing Tax Credit, and Housing Trust Fund program funding.

The resulting formula objectively measures the affordable housing need and available resources in the 13 state service regions it uses for planning purposes. Additionally, the formula allocates funding to rural and urban areas within each region.

As a dynamic measure of need, the formula is updated annually to reflect the most current demographic and available resource information and to respond to public comment on the formula and include other factors, as required, to better assess regional affordable housing needs.

Per the September 15, 2011, governing board meeting, staff is attaching the public comment addendum to this methodology. The addendum called Proposed Forward Commitment Position Paper will be presented as part of the public comment for the methodology.

Adjustments for prior year overfunding and underfunding of subregions and forward commitments have also been addressed.

Is there anyone here to comment on this item?

MS. YEVICH: Sarah, would you like to come forward?

MS. ANDERSON: Hello. My name is Sarah Anderson and I am here representing myself. With regard to the Regional Allocation Formula, I'd like to propose the following methodology for future use, or potential future use.

There's always been a discussion or, I guess, up for debate, what it means when we say to allocate based on need. I would submit that there is a need in every subregion in the state and there's a need to have at least one deal funded, one fully funded deal, per subregion of the state.

So I recommend the following: that the formula first take off the top the at-risk funds as it concurrently does; second, that $1 million be allocated for every subregion, which would mean 26 subregions and $26 million allocated, a million per subregion. And, then, whatever funds are left over would be allocated statewide based on the formula of need.

This would ensure that every region gets a deal that can fully fund and that regions that have more need will be able to receive the additional funds that are available under this scenario.

And I think that this would help stop the over/under issue if you then capped those regions at what they have and not allowed to go over to fund. So I think that we would see less of the borrowing from region to region under this scenario.

And that's it.

MS. YEVICH: Is there anyone else here to speak on the Regional Allocation Formula?

(No response.)

MS. YEVICH: Hearing none, we will move to the next item under Housing Program Rules which is the Housing Tax Credit Qualified Allocation Plan and Rules, known as the QAP. This document establishes the 2012 rules for the Housing Tax Credit Program.

The Housing Tax Credit Program uses federal tax credits to finance the development of high-quality rental housing for income-eligible households and is available statewide.

The 2012 draft QAP being recommended by staff contains several material changes from the 2011 QAP and a few changes that are clarification organizational, namely in the movement of a few sections to the department's definitions and amenities for housing program activities rule. The draft QAP includes policy recommendations and administrative changes to improve the Housing Tax Credit Program and maintains compliance with all statutory and code requirements.

Is there anyone here to comment on the Qualified Allocation Plan?

Sarah.

MS. ANDERSON: Again, my name is Sarah Anderson. Right now I am speaking on behalf of TAAHP, the Texas Affiliation of Affordable Housing Providers. There are three comments I'd like to make.

The first has to do with the two million cap that is currently instituted. The legislature did give permission for the state to raise the developer cap up to three million and TDHCA is choosing not to do so. At the same time, there's been language related to joint ventures that has been removed.

And we would like to propose a middle ground on this that would say that a developer is capped at the two million unless they do a genuine joint venture with an organization that needs capacity-building in learning how to develop tax credit housing and, in this case, that would allow -- the joint venture deal would have to be limited to a million dollars.

That would allow the million dollars to go to the developer's cap to lend their experience. We believe that this will help bring new groups into the Tax Credit Program and stay within the law and what the department's intent seems to be on this.

Second, I have a question and a comment related to -- and this isn't really a regional allocation formula; it's more about the tax credit portion of the allocation. Right now it states that the maximum that you can apply for is 150 percent of what is available in the subregion.

We would like to ask staff to go back to TAAHP's recommendation which says, if a subregion has less than a million dollars available in that subregion that you be allowed to apply for a million dollars and that be the cap, as opposed to the 150 percent of what's available.

Also, we'd like clarification language in the QAP that states that this 150 percent cap that's listed is based -- for rural areas based on the 500,000 per rural subregion as opposed to what the initial funding amount is in that subregion before it is adjusted to meet statute.

The third comment has to do with tenant services. The points required for tenant services have increased again which means that we have to provide more tenant services than we have in the past. This is going to be problematic and a burden on smaller deals in rural areas and we would like to see a sliding scale for this.

We can see the increase and can appreciate the -- they have a number that we are required right now for larger deals but for smaller deals who have very little operating, this is going to be a burden. So we'd like to have a sliding scale that would take into account the size of a deal for the number of tenant services that you have to provide.

And those are my comments for TAAHP and I actually have individual comments so --

MS. YEVICH: Okay. Moving along --

MS. ANDERSON: My name is Sarah Anderson and I am here to make comment on behalf of myself. First, I would like to discuss the leveraging points, the new leveraging points that have been put in the scoring. We have a couple of questions and suggestions. The language needs to be tightened up a little bit. There needs to be a definition of what primary funding source is. Is that 51 percent? Or is that -- if I have three funding sources the, 34 percent? So if someone could please clarify what primary funding source means.

Additionally, there's language about doing 30 percent units. If you'd please clarify. Does that mean that you have to do additional 30 percent units over and above something else in scoring or is it just saying your deal has to have 30 percent units?

And also the first lien language is problematic. I would think that if we meet the definition of primary funding source that the lien position should not be dictated by TDHCA.

The second comment has to do again with the same leveraging and we'd like to -- at commitment notice we are required to provide a full commitment for these items. I'd like to make the suggestion that a commitment notice be a conditional commitment potentially based on final underwriting.

The Federal Home Loan Bank is going to be timing-wise impossible to get through underwriting. Nobody will look at our deals until we actually have a TDHCA commitment in hand; nobody will spend the money.

So we'd like to see language that says that we get a conditional commitment based on underwriting and, then, if the department is concerned about whether or not we are able to actually produce that, ask for it at 10 percent test. I would also like to see CDBG disaster funds be eligible as one of the funding sources under this leveraging.

And the last comment has to do with the central business district. The definition right now is requiring that you have a population of 50,000 or more, be in the central business district, and have a ten-story building.

It seems to me that if I have a ten-story building, that the population number is a little arbitrary. I could live with one or the other. There are cities that are 45,000 that have a ten-story building or have several ten-story buildings and a legitimate central business district.

So I'd like to either see the threshold for that population lower or it to be an "either/or" statement rather than an "and" statement.

And I believe that's it.

MS. YEVICH: Certainly. Thank you, Sarah.

Is there anyone here?

(Pause.)

MS. YEVICH: Welcome.

MS. HICKS: Good morning. I'm Jennifer Hicks, here representing Foundation Communities and also wanted to comment on, I believe it's Section 12 under the Scoring for Leveraging, and also just a few questions or tweaks to the definition.

Echoing what Sarah said, just clarifying how many 30 percent units must be set aside, and we would encourage that it would be in addition, so whatever's already been set aside, like 5 percent beyond what is set aside already in the scoring criteria. And then also define what primary means, and then just a glitch in the definition for, say, a supportive housing development.

The first lien -- when there's no hard debt, the first lien's always going to most like be city funds and so if you're already using those city funds to get the points in the LPS scoring criteria, I don't believe you can qualify that funding for this section as well. So you would be in a bind there.

And then grants will always be made to the sponsor and then the sponsor and then they'll be loaned into the Tax Credit Partnership. So it'll be hard to structure the deal with grants in a primary first-lien position because those will always be wrapped up into a sponsor loan into the partnership.

And then the timing of the -- a lot of the grant cycles, but especially the Federal Home Loan Bank AHP, is always in April and then there's one in the fall and so it's not feasible to have a commitment by application and the AHP scoring criteria requires a fair amount of readiness to proceed.

So a tax credit application going in and trying to get that commitment isn't going to score very well anyway in order to get a commitment. They would have a far better chance of getting an AHP grant if they're applying later in the due-diligence period.

And then a second section -- we just wanted to encourage the department to add green building back into the selection criteria. Currently it's a threshold item and is lumped in with a lot of other amenities in order to receive your threshold points and we'd just encourage the department to add some sort of a green building section back into the selection criteria.

And then just a little glitch I just noticed yesterday. In the list of ineligible developments I see that no more than -- in central business districts, no more than 30 percent of the units can be one-bedrooms. And I didn't notice an exception for supportive housing.

And so if you're doing an SRO and a CBD, it would be ineligible, so just wanted to make sure that an exception's added in for supportive housing.

And then, that's it for right now.

MS. YEVICH: Thank you, Jennifer.

Is there anyone else here to speak on the QAP?

MS. ANDRE: Hi. I'm Sarah Andre and I basically am echoing the comments that you've already heard. The things that I see is that, and these are all in the selection criteria, a first lien on a loan coming into the deal that is less than the permanent loan is going to be impossible to achieve. It just doesn't happen.

So it doesn't matter -- unless it's equal to or -- unless it is the perm loan, you're not going to be able to get a first lien. Lenders just don't do that.

And, then, also in the selection criteria, you get points for targeting to 30 percent or below, and I believe it's 50.4 but I'm not sure. I was trying to look it up quickly, and I can provide that if you want, which section it is. But there is some clarification needed.

There are two sections. There's the first section where you do your first level of income targeting and then you get an additional twelve points for deeper- income targeting and there are two tracks you can go, whether you're in an MSA or not in an MSA.

And if you're in an MSA, the way it reads right now, you're actually doing deeper income targeting than what was required last year. And so I don't believe that was the intent of the board and so I would like you all to look at that and see if it's truly reading the way you want it to read because you're having to do an additional 5 percent at 50 percent of MFI than you did last year.

And then I'd also like some clarification on how you're determining whether or not you're in an MSA, whether you're going by the income limits or the census definition of an MSA because there are some areas -- and I'm going to throw out Bastrop although I'm not positive that that's one, but there are some areas like that that are maybe in the greater MSA but their income levels are lower than the MSA.

And so when you're doing these calculations for income skewing I don't know whether I follow it as an MSA or whether I do it as outside the MSA because it's a rural area and it has the lower incomes.

I mean, the idea, I believe, in the QAP is for areas that are outside MSAs that typically have lower incomes, lower median family incomes. You don't have to do quite as deep of targeting because it's very hard to make that work from a financial perspective.

And so there are a few areas like that that I think are going to get lost in the shuffle, and I just want guidance on which numbers I need to use so that we do that correctly the first time.

And, then, one correction, I think, to what Jennifer said, is the Federal Home Loan Bank which has been thrown out as a potential income source -- I think they've actually gotten rid of that fall round of funding. So it's even harder; you really just have one time per year to make that work.

So getting that commitment in time for an application is going to be almost impossible. You'd have to apply to them now, and if you applied to them now, you may not be -- even if you already have a site lined up, you may not be applying for exactly what you end up applying for in tax credits and so there'll be a disconnect, if that makes sense.

MS. YEVICH: It does.

MS. ANDRE: So that's it.

MS. YEVICH: Thank you, Ms. Andre.

MS. ANDERSON: I just have one more point.

MS. YEVICH: Certainly. Sarah Anderson.

MS. ANDERSON: Sarah Anderson. I have one more comment as an individual. There seems to be something in the QAP that I think was an unintended consequence. There's a new scoring time for rehab deals to bring in 1980s product into the affordable arena. And three points were given to incentivize that.

Unfortunately, when it comes to the extended use period, four points are available; yet rehab is not eligible for that. So ultimately what ends up happening is the rehab deals will never score as well as new construction, and I don't think the intention was to add a new scoring item and then completely neutralize it at the same time.

I also don't think it's necessarily good policy to not require rehab deals to go for the extended use period. It doesn't make a lot of sense, regardless of the new scoring item, why you would not want them to do the extended use. So we would request that extended use period be, for rehab deals also be eligible.

MS. YEVICH: Thank you, Ms. Anderson.

Is there anyone else here to speak on the QAP?

(No response.)

MS. YEVICH: Hearing none, we will move to the next rule which is the Real Estate Analysis Rule. This document outlines rules and guidelines related to TDHCA's evaluation of a proposed affordable housing development's financial feasibility and economic viability.

The draft rules include proposed changes resulting from public input garnered at a roundtable meeting, comments received under the discussion draft published on the website, and staff input.

Is there anyone here to comment on the Real Estate Analysis Rule?

(No response.)

MS. YEVICH: Hearing none, we will move to the next item which is the Multifamily Bond Program Rule. This document establishes the 2012 rules for the Multifamily Bond Program. This program issues tax-exempt and taxable bonds to fund loans to nonprofit and for-profit developers.

Changes to the draft rules include language that makes the 2012 Multifamily Housing Revenue Bond Rules consistent with the other Multifamily Program Rules. These rules will provide great flexibility and choices to improve the overall quality of multifamily developments.

The majority of the changes proposed are to ensure consistency with other multifamily rules and provide more clarity.

Is there anyone here to speak on the Multifamily Bond Program Rule?

(No response.)

MS. YEVICH: Hearing none, we will move to the last item, which is the definitions for Housing Program Activities Rule. The definitions apply to the Housing Tax Credit Program, Multifamily Housing Revenue Bond Program, and other department programs as defined in their rules. This rule is primarily composed of those definitions that could be applicable to other departmental multifamily programs such as HOME and Housing Trust Fund.

Is there anyone here to comment on the Housing Program Activities Rule?

(No response.)

MS. YEVICH: Hearing none, I would like to thank everyone for coming, and with that, the meeting is concluded.

(Whereupon, at 9:40 a.m., the hearing was concluded.)

C E R T I F I C A T E

IN RE: 2011 State of Texas Consolidated Public Hearing

LOCATION: Austin, Texas

DATE: October 12, 2011

I do hereby certify that the foregoing pages, numbers 1 through 21, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Penny Bynum before the Texas Department of Housing & Community Affairs.

10/14/2011
(Transcriber) (Date)

On the Record Reporting
3307 Northland, Suite 315
Austin, Texas 78731

Comment #11

Texas Affiliation of Affordable Housing Providers

(TAAHP)

TAAHP 2012 QAP Comments

It is TAAHP's policy to submit only recommendations that represent consensus opinions from the TAAHP membership. These recommendations were developed by the TAAHP Membership through a 6 hour meeting on August 10, 2011 with forty-five TAAHP members participated in this meeting. Additionally a webinar was held on October 24, 2011 with 33 members participating. Any items that did not have the consensus of the participants are not included below.

1. **§50.2 Definitions**

   (15) High Opportunity Areas: TAAHP recommends the following changes to this definition:

   1. With regard to the five location items listed, we propose that a site should only have to be within any **two** of those areas to qualify as an HOA.

   2. With regard to (A), we request that either individual **or** household AMFI calculations for the tract (the higher of the two) be used for meeting this item.

   3. With regard to (B), we request that either individual or household poverty counts (the lower of the two) be used for this meeting this item, and that appropriate adjustments be made for the areas along the Texas/Mexico border (as discussed at the October 4th Board meeting).

2. **§50.4(b)(11) Ineligible Applicants (p.9)**

   Remove the word "voluntarily".

3. **§50.4(c)(10) Ineligible Applications (p.11)**

   TAAHP agrees with the concept of limiting the credits being requested, but to ensure that rural areas are not unduly penalized we propose the following language:

   > *Application exceeds a $1M request in a subregion where the allocation is less than $1M. For purposes of determining the credit allocation for the subregion, a date of January 1, 2012, will be used and any forward committed allocations will not be subtracted from the amount for the purposes of determining this eligible amount.*

4. **§50.4(d)(12) General Public Use Requirement (p.12)**

   The language in this section needs to remain the same as in the 2011 QAP.

   An application should be ineligible if it ***actually*** violates the IRS general public use regulation, not if staff merely ***believes*** it does not meet the requirement. Also, no one will be able to get a private letter ruling during an application round. ***(Please note that Congress clarified in legislation that properties can serve specific groups without violating the general public use requirement.)***

5. **§50.4(d) Ineligible Developments (pp. 12-13)**

   (d) (13) TAAHP Recommends moving Negative Site Characteristics back to a Scoring item.

In the event that these items are not moved back to scoring items, we request that TDHCA outline a waiver process for developments that may have extenuating circumstances.

6. **§50.5(c) Developer Cap and Joint Ventures (pp. 14-15)**
TAAHP disagrees with the $2M limitation for the Developer Cap and believes that the full $3M should be available. If TDHCA will not increase it for all developers, we ask that you consider using the additional $1M to incentivize join venture projects to help build capacity within the industry. We propose the following language.

In order to facilitate the capacity building of inexperienced Applicants, an Applicant that cannot otherwise meet the experience requirements set forth in Section 50.8(4) ("Inexperienced Applicant') may enter into a joint venture relationship (or in comparable legal structure involving multiple owners) with one or more experienced individuals or a business organization in which they are involved (such individuals or organization being referred to as the "Experienced Venturor"). When working with an Experienced Venturor, an Inexperienced Applicant may, by agreement, provide the Experienced Venturor with the ability to approve certain matters related to the Development but the Principal(s) of the Inexperienced Applicant must retain Control. The full credit request of the Application under this provision may not exceed $1 million in credits, the full amount of which will be attributed to both the Inexperienced Applicant and the Experienced Venturor. The Experienced Venturor, however, will be allowed to participate in such joint venture in excess of its $2 million cap, up to and not exceeding total requests of more than $3 million in annual tax credits.

7. **§50.5 (e)2 Developments Proposing to Qualify for a 30% increase in Eligible Basis (p.16)**
TAAHP proposes the inclusion of the following criteria to be eligible for the boost:

(e)2(E) For Developments where local HOME funding is provided to a non-elderly development that is not in a QCT.

(e)2(F) For Developments located within counties that are designated as Difficult to Develop Areas.

(e)2(G)Developments proposing to provide 10% of the Low-Income Units, that will serve individuals and families at or below 30% of AMGI, in excess of those that are in§49.9(a)(3) of this chapter (relating to Selection Criteria);

8. **§50.8 (7) Development Costs (p. 37)**
TAAHP is opposed to changing the $9,000 threshold for an architect/engineer letter for site work costs to 12% of the Direct Construction Cost. Using a percentage is problematic with constant changes to cost and creates too much of a moving target. We recommend setting a hard limit for this item. Also, please define "Direct Construct Cost".

9. **§50.8 (80)(B)(i) Zoning (p. 39)**
The new requirement for letters from local officials for areas with no zoning ordinances is problematic – it is something that no local official will certify to. We encourage the Department to work with communities that this might impact and develop language that will

be satisfactory to local governments. To be consistent with the rest of this section, we support that the letter only be required to provide that there is no zoning.

10. **§50.9(b)(2) Quantifiable Community Participation (pp. 49-51)**
TAAHP believes that the scoring for an area that does not have a neighborhood organization should be on par with those that do. An application should only be penalized for negative comments, not simply for having neutral or no interest from the community. We suggest giving those without a neighborhood organization score of 18 rather than 16, and keeping the option of getting 6 points §50.9(a)(14)

11. **§50.9(b) (3) Income Levels of Tenants (Page 51)**
There are areas that qualify as rural that are also located in MSAs. A simple clarification would be to state "for URBAN Development proposed to be located in ...

12. **§50.9(b)(5) Unit of General Local Government or Governmental Instrumentality (pp. 53-55)**
1. The Department needs to explain what they mean by "current market rate" with respect to loans.

2. Please clarify that multijurisdictional entities (such as COGs and HFCs) will be eligible as long as the proposed development is within or in an adjacent county to their service area.

13. **§50.9(b) (7) Rent Levels of the Units (Page 56)**
Same comments as for Income Levels, above.

We would also note that the change of this scoring item to 14 points resulted in additional deep income targeting, which we do not believe was intended. We suggest reverting back to 12 points for this item.

14. **§50.9(a)(8). Cost of development per square foot (p. 57)**
TAAHP recommends that this calculation be modified to exempt costs that are voluntarily excluded from eligible basis. Currently, the calculation of Cost per Square Foot is based on construction costs with the exception of indirect construction costs. Excluding costs that are voluntarily excluded from eligible basis would facilitate the development of high density housing where the developer has another source of financing to pay for structured parking.

Please define "Direct Hard Costs". Also, should the term actually be "Direct Construction Costs" instead of "Direct Hard Costs"?

15. **§50.9(a)(9) Tenant Services (pp. 57-58)**

Increased requirements will result in increased operating costs for Developments that are already facing challenges with operating expenses continually increasing and rents actually decreasing.

We suggest the creation of a sliding scale for tenant services based on project size, similar to that of project amenities. See suggested language below:

- projects with 60 or fewer units will receive 2 points for each point item
- projects with 61 to 120 units will receive 1.5 points for each point item,
- projects with 121 or more units will receive 1 point for each point item.

16. §50.9(b)(11) Additional Evidence of Preparation to Proceed (pp. 58-59)

TAAHP does not believe that readiness to proceed is a problem that needs to be solved. If a large number of deals were not getting closed then the increased application costs might be justified, but we do not see any evidence of that being the case. It does not make sense to set a policy that penalizes all applicants because one or two developers may not have done their due diligence.

Section C:
We question whether prior year applications should be considered "better deals" simply by virtue of their having been submitted before – do we really want to incentivize the resubmission of a deal that was not deemed worthy in prior years? Again, this seems to be a response to a problem that does not exist. Now that the Affordable Needs Score is no longer being used, all cities have an equal chance to score well – there is no need to prioritize previously submitted applications.

In the event that the Department chooses to keep this scoring item in, we request significant clarification in the language to address the following questions:

- What will be considered prior – just the last two rounds or any application that has ever been submitted in the history of the program?
- Will this include pre-applications or only full application submittals?
- Does the application have to be submitted by the same Applicant, any member of the development team, or someone not related to the previous applications before?
- Can anything change from the previous application (unit mix, income mix etc) or should it be required to remain exactly the same as the original application?

17. §50.9(b)(12) Leveraging of Private, State, and Federal Resources (pp. 60-61)

TAAHP understands the direction the Department is trying to go with this scoring item, but believes that there are many issues that need to be addressed before it is effectively implemented. Because of the difficulties with outlining appropriate language we suggest that this be a lower scoring item in its inaugural year. We are concerned about the volatility of an untested scoring item with such a large scoring impact. We suggest that this be a one/two point item rather than six/seven. Additionally, we suggest the following language addition:

> (C) (vi) FHA-insured loans such as the 221(d)(4)
> (~~vi~~ vii) other sources of grants or loans that provide for a 150 basis point savings over the market interest rate for comparable terms.

Additionally, we would like to see the Department address the following concerns:

- Please define "primary source"
- First lien issues – USDA and some other lenders/sources will not give away first lien positions. This needs to be addressed.
- Clarify that the development will not have to provide additional 30% units over and above what has already been set aside for scoring items 3 and 7.
- Clarify that sources be substituted from Application to Commitment.
- "Market interest rate" needs to be defined. We suggest the following:

  Market Rate interest shall be the greater of (i) 10 yr US Treasury rate plus 500 basis points as of the Application date or (ii) 8.5 %. This rate will be published and fixed by the Department prior to the opening of the application cycle.

18. §50.9(b)(14) Pre-application Participation Incentive Points (pp. 62-63)

TAAHP does not have an issue with the ability to increase or decrease by a set number as opposed to a percentage, but would suggest that amount be nine points rather than the suggested seven, as this is closer to the average allowable for the last two application rounds.

19. §50.9(b)(16)(E) Development Location (pp. 64-65)

TAAHP suggests the following language change.

~~The Application is not receiving points under paragraph (5) of this subsection and~~ the proposed Development will be located in an area supported by the Governing Body of the appropriate municipality or county containing the Development Site, as evidenced by a resolution or ordinance, submitted with the Application, supporting the location of the Development Site (1 point).

Comment #12

George Littlejohn,
Novogradac & Company

Teresa Morales

From:	George Littlejohn [George.Littlejohn@novoco.com]
Sent:	Monday, October 24, 2011 6:27 PM
To:	tdhcarulecomments@tdhca.state.tx.us
Cc:	cameron.dorsey@tdhca.state.tx.us (cameron.dorsey@tdhca.state.tx.us); Teresa Morales (teresa.morales@tdhca.state.tx.us)
Subject:	Public Comment - TDHCA QAP

I would like to comment on the following items concerning the Right of First Refusal in:

1. §50.9(b)(24) Developments Intended for Eventual Tenant Ownership--Right of First Refusal, and
2. §50.13(e) Sale of Certain Tax Credit Properties

With respect to §50.9(b)(24), I believe that paragraphs (A) through (F) are duplicative and not necessary for inclusion in the QAP. Also, the standards for implementation of a Right of First Refusal are also included in §50.13(e).

I woulid suggest that both sections be amended to remove reference to specific dates and to whom the Right of First Refusal may be given. TDHCA has a Qualified Contract Policy which is designed to account for these specific requireements and the QAP should be amended by changing the final sentence in §50.9(b)(24) to:

"Owner may qualify for this point by providing the right of first refusal in accordance with the Housing Tax Credit (HTC) Program Qualified Contract Policy as described in Title 10, Part 1, Chapter 1, Subchapter A, Section 1.9 of the Texas Administrative Code."

I would recommend that §50.13(e) be amended in similar manner.

This would remove undue complexity in the QAP and allow the Agency more flexibility in dealing with subsequent sales and transfers at the end of the Compliance Period.

Thanks, George

George Littlejohn, CPA, HCCP
Novogradac & Company LLP

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E-Mail: george.littlejohn@novoco.com
http://www.novoco.com/low_income_housing

LinkedIn profile http://www.linkedin.com/pub/george-littlejohn/5/107/4b2

Please join me at our Tax Credit Housing Finance Conference, December 1-2 in Las Vegas, NV.
http://www.novoco.com/events/lihtc/las_vegas/index.php

Comment #13

Bill Schlesinger, Project Vida

Teresa Morales

From: Raquel Morales
Sent: Monday, October 24, 2011 9:36 PM
To: Cameron Dorsey; Tom Gouris
Cc: Teresa Morales
Subject: FW: QAP comment

FYI

Raquel Morales
9% Housing Tax Credit Administrator
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701
Office: (512) 475-1676
Fax: (512) 475-0764

-----Original Message-----
From: Sharon Gamble
Sent: Monday, October 24, 2011 8:43 PM
To: Raquel Morales
Subject: Fw: QAP comment

FYI
Sent via Blackberry

----- Original Message -----
From: Bill Schlesinger <pvida@whc.net>
To: Sharon.Gamble@tdhca.state.tx.us <Sharon.Gamble@tdhca.state.tx.us>
Sent: Mon Oct 24 18:24:38 2011
Subject: QAP comment

October 23, 2011

From: Bill Schlesinger, Co-Director

To: TDHCA Board

Re: Comment on 2012 QAP:

Project Vida provides health care, housing, economic development, homeless prevention and recovery, afterschool services and early childhood education in El Paso, Texas. We were awarded and developed a small 9% tax credit project in 2005 called Linda Vista. We got the development done in time, on budget, and it is operating with a healthy cash flow and net income as we projected in our application. Now we'd like to do another one, but there is no way we can compete against the larger developers in our region without the 2011 points for doing projects under 36 units. This item (selection criteria #22 in the current QAP) has been in the QAP for over 10 years

For the first time in ten years, the points awarded for 36 unit projects have been eliminated. I asked TDHCA staff for the rationale behind this change during the last meeting of the TDHCA Board addressing the QAP. They mentioned four points. The points and my responses are:

1. The award of a minimum $500,000 to a region if funds were used up in forward commitments would create opportunities for small developments automatically.

This creates a 'second tier' opening for smaller projects, but only for regions that have already used up their forward commitments. The Board's policy on forward commitments going forward seems to be to restrict them to cases of unusual need. As long as a region has larger funds available and does not receive forward commitments, this mechanism will not take effect.

2. Other steps were taken to level the playing field for small developments, including scaling down the amenities and making the cost comparison strictly on sticks and bricks construction costs; economies of scale wouldn't be that great between 36 units and 200 units. Soft costs and administrative costs aren't included in the points issue for costs.

Economies of scale play enough of a role in actual construction costs to tip the playing field towards larger projects. As far as amenities and services, Project Vida is able to use its coordinated social service system to support residents beyond the level of many larger developers. An integrated approach to community development by non-profit developers is not recognized - nor is the need of the residents of smaller projects recognized - by reducing the level of services and amenities they are required to receive.

3. Since other steps were taken to level the playing field, the additional points for the 36 units were taken away to make the QAP simpler.

The awarding of points for 36 units is extremely simple, and does not create a more complex overall document.

4. If this version of the QAP produces a number of 36 unit projects missing by one or two points, it can be revisited in the future.

We can project now that this will be the case. There is little reason for small non-profits to go through the expense and time of creating proposals that will not score competitively just to prove the point that the scoring of 36 units matters.

There are effective reasons to include the 2 points for 36 unit projects.

1. Smaller deals take very little away from a regional allocation. Placing them at an advantage does not reduce the total number of units that can be constructed, and allows a better utilization of the allocation.

2. Encouraging smaller deals opens up a stronger competition as it encourages newer players to come into the process. The experience requirement protects against failure, while the small project scoring makes partnering more worthwhile for both the newer and the more experienced entities.

3. 'Smart Growth' development strategies call for placing housing within existing urban infrastructure and within existing communities. The availability of land is often limited to smaller plots within developed communities. Enhanced scoring for smaller projects encourages non-profits to take the financial risk of developing the project and going forward with units that are closer to jobs as well as schools, affordable health care and other services.

4. Many of the 36 unit projects have been developed by non-profits. Non-profits return the developer fee to the community through additional programs and services. Points for 36 unit or smaller developments strengthens their ability to provide more support to the families that need LIHTC housing.

In conclusion, Project Vida's request to the Board is to re-instate the current point item for 36 units or less into the QAP and allow for smaller deals like ours, which take very little away from any regional allocation, to continue to be done as they have been done since the inception of the tax credit program in Texas.

Sincerely,

Bill Schlesinger, Co-Director

Project Vida/PV Community Development Corporation

3607 Rivera Avenue

El Paso, TX 79905

(915) 533-7057 x 207

(915) 533-7158 FAX

pvida@whc.net <mailto:pvida@whc.net>

www.projectvidaelpaso.org

Comment #14

Diana McIver,

DMA Development Company

DMA DEVELOPMENT COMPANY, LLC

October 25, 2011

Cameron Dorsey
Texas Department of Housing and Community Affairs
Via email @ tdhcarulecomments@tdhca.state.tx.us

RE: **2012 QAP Draft**

Dear Mr. Dorsey:

Cameron

I am providing comments on the 2012 Draft of the Qualified Allocation Plan as follows:

§50.2 (15) High Opportunity Area (Page 4). I support the inclusion of the population growth as one of the elements of HOA. If TDHCA does not believe this data can be obtained in a satisfactory way, then the test should be modified to say simply an applicant must meet two of the four elements to achieve; e.g., **"includes at a minimum two of the following subparagraphs (A) through (D)."**

§50.5 (b) Developer Cap and Joint Ventures (Page 14)

Both the Board and Staff have expressed an interest in creating an environment where new people can get into the program. This can most effectively be done through capacity building joint ventures between experienced developers and inexperienced developers.

I propose that in order to facilitate the capacity building of inexperienced Applicants, an Applicant that cannot otherwise meet the experience requirements set forth in Section 50.8(4) ("Inexperienced Applicant') may enter into a joint venture relationship (or in comparable legal structure involving multiple owners) with one or more experienced individuals or a business organization in which they are involved (such individuals or organization being referred to as the "Experienced Venturor"). When working with an Experienced Venturor, an Inexperienced Applicant may, by agreement, provide the Experienced Venturor with the ability to approve certain matters related to the Development but the Principal(s) of the Inexperienced Applicant must retain Control. The full credit request of the Application under this provision may not exceed $1 million in credits, the full amount of which will be attributed to both the Inexperienced Applicant and the Experienced Venturor. The Experienced Venturor, however, will be allowed to participate in such joint venture in excess of its $2 million cap, up to and not exceeding total requests of more than $3 million in annual tax credits.

§50.5 (e) Developments proposing to Qualify for a 30% increase in Eligible Basis (Page 16)

This may be an oversight but Difficult to Develop Areas have been omitted from receiving the 130% boost, similar to that offered to QCTs.

§50.9 (3) Income Levels of Tenants (Page 51)

There are areas that qualify as rural that are also located in MSAs. A simple clarification would be to state "**for URBAN Development proposed to be located in . . .**

§50.9 (7) Rent Levels of the Units (Page 56)

Same comments as for Income Levels, above.

§50.9 Scoring (9) Tenant Services (Page 57)

Background: This modification to Tenant Service Scoring item is being offered for two reasons: 1) this year, you are asking Applicants to certify that they have the services for all of the services they offer, and 2) quite frankly, smaller properties do not have the necessary volume of residents to be able to attract the same scope of services that smaller properties do. It seems better to treat these on a sliding scale, similar to common amenities. I suggest adding the following language at the end of the paragraph:

To provide for consistency with the Threshold Requirements that create a sliding scale for amenities based on project size, projects with 60 or fewer units will receive 2 points for each point item and projects with 61 to 120 units will receive 1.5 points for each point item.

§50.9 Scoring (11) (C) Additional evidence of Preparation to Proceed (Page 59)

There needs to be clarification relating to the definition of "prior application rounds" – is this any two rounds since the beginning of the program, or does it need to be the most recent two rounds?

§1.1 (d) Definitions: Tenant Supportive Services – page 12

Although the list is fairly comprehensive as it relates to housing for families, it is not as comprehensive for housing for seniors. An important aspect of housing for older adults is to get them involved within the apartment community. This action of keeping older people mentally and physically active equates to providing tutoring for children or character building classes for teens. Weekly or bi-monthly activities should be promoted and diversity of activities encouraged. Owners and Managers who offer weekly or bi-monthly events should be able to get additional points. (The only concern I have about weekly programs is that sometimes classes are cancelled during holiday periods and this should not result in a compliance violation.) I would suggest adding the following to the list:

- Bi-Monthly Arts, Crafts, and other recreational activities such as Book Clubs, creative writing classes (2 points)
- Bi-Monthly on-site social events (i.e., potluck dinners, game night, sing-a-longs, movie night, birthday parties, etc.) (2 points)
- Bi-Monthly computer classes for seniors or persons with disabilities (2 points)

Additionally, I would separate home chore into two sections:

- Weekly Home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc.) for seniors and persons with disabilities (2 points)
- Quarterly preventative maintenance (including light bulb replacement) for seniors and persons with disabilities (1 point)

Thank you for your consideration of these comments.

Sincerely,

Diana McIver

Cc: Raquel Morales
Teresa Morales

Comment #15

Terry Coyne,

Juniper Housing

Teresa Morales

From: TDHCA Rule Comments
Sent: Wednesday, October 26, 2011 10:21 AM
To: Tim Irvine; Tom Gouris; Jeff Pender; Cameron Dorsey; Teresa Morales; Raquel Morales
Subject: FW: Comment to 50.2(15) High Opportunity Area

FYI

Michele Atkins
Executive Assistant to the Executive Director

From: terry coyne [mailto:terrancecoyne@yahoo.com]
Sent: Wednesday, October 26, 2011 10:07 AM
To: tdhcarulecomments@tdhca.state.tx.us
Cc: terry coyne
Subject: Comment to 50.2(15) High Opportunity Area

RE: ***50.2(15) High Opportunity Area***

I feel that this definition is too broad and is biased against Rural projects competing in the At-Risk category as meeting this criteria is far more difficult in a Rural setting than an Urban one. This won't effect the Regions of course but greatly effects the At-Risk Set-Aside.

By way of example; if a Rural project is within an Exemplary school attendance zone (and the project targets family aka 'general populations') than this relative to other Rural projects is a highly sought after location and is exemplary of the section's intentions to promote access to *'socioeconomic opportunites that would not otherwise be readibly accessible'*. This is true even if (especially if) the Rural region, for instance, has higher poverty than its Urban counterparts as one may expect to be the case.

Proposed additional language to ***50.2(15) High Opportunity Area:***

"A Rural Development competing in the At-Risk set aside must be located in an area that includes any two (2) of subparagraphs (A)-(E)"

Thanks,

—

Terry Coyne
JUNIPER HOUSING LLC
t: 714.767.0446
terrancecoyne@yahoo.com

Comment #16

Jim Lavery,

Department of Veterans Affairs

Teresa Morales

From: Elizabeth Yevich
Sent: Thursday, October 27, 2011 12:35 PM
To: Teresa Morales; Raquel Morales
Cc: Naomi Trejo; Cameron Dorsey
Subject: Fw: Comments Provided to the State of Texas Low Income Housing Tax Credit Program for 2012

Teresa,

Forwarding you this QAP comment just received.

----- Original Message -----
From: Lavery, Jim <jim.lavery@va.gov>
To: 'elizabeth.yevich@tdhca.state.tx.us' <elizabeth.yevich@tdhca.state.tx.us>
Sent: Thu Oct 27 12:30:27 2011
Subject: Comments Provided to the State of Texas Low Income Housing Tax Credit Program for 2012

October 27, 2011

Ms Elizabeth Yevich
TDHCA
P.O. Box 13941
Austin, TX 78711-3941

Dear Ms Yevich:

This email is in response to the State of Texas Housing and Community Affairs Program invitation for comments related to the Texas Qualifying Allocation Plan for 2012 Low Income Housing Tax Credits (LIHTC).

The Department of Veterans Affairs (VA) has selected preferred developer(s) to finance design, build, and operate Enhanced-Use Lease (EUL) Housing developments in Kerrville and Dallas/Fort Worth, Texas. VA's goal is to provide housing for "at risk" Veterans, including Seniors/Non-Seniors and Disabled Veterans. VA also contemplates other similar housing developments in Texas. With so many Veterans retuning from Iraq and Afghanistan, we need your help.

The unique and promising dimension of this effort is the identification and adaptive re-use of vacant buildings and new construction on vacant land at VA Medical Center (VAMC) campuses. By entering into Enhanced Use Leases (EUL's) with private developers, the VA is relying on this process to produce thousands of housing units for "'At Risk" Veterans.

The Department of Housing and Urban Development-Veterans Affairs Supportive Housing (VASH) voucher program is one of the programs we have fostered to solve this issue from a national level. As you may already know, this program combines Housing Choice Voucher rental assistance for homeless Veterans with case management and clinical services by the VA.

The most flexible and responsive option remains a combination of private capital and available state administered federal funding already targeted to meet the housing needs of this population demographic. To be able to couple the VA Enhanced Use Lease sites with the gold standard in affordable housing provision, the Low Income Housing Tax Credit and/or HOME funding, will accelerate the process and ensure rapid, high quality housing for our at-risk Veterans.

Please join us in our efforts to make this goal a reality for the Veterans in Texas by creating a special funding priority (i.e. a "set-aside" or a "goal") such as those provided for similar needs involving USDA, and At Risk Development set-asides in your HOME and/or Low Income Housing Tax Credit programs for the 2012 cycle year. Specifically the set aside could be for Enhanced Use Lease (EUL) projects located on VA campuses which have a specific designation (at least in part) to house at risk Veterans.

Jim Lavery

Department of Veterans Affairs

Office of Asset Enterprise Management

810 Vermont Ave Room 275V

Washington DC 20420

Comment #17

Belinda Carlton,

Texas Council for Developmental Disabilities

TEXAS COUNCIL for DEVELOPMENTAL DISABILITIES

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(800) 262-0334
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6201 E. Oltorf, Suite 600, Austin, TX 78741-7509
E-Mail: TCDD@tcdd.state.tx.us
Internet: http://www.txddc.state.tx.us

Email: Cameron.dorsey@tdhca.state.tx.us; tdhcarulecomments@tdhca.state.tx.us

Date: October 26, 2011

To: Mr. Cameron Dorsey
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711---3941

RE: Comments on the Proposed 10 TAC, Chapter 50, Qualified Allocation Plan §§50.1--50.17

The Texas Council for Developmental Disabilities offers the following recommendations regarding the 2012 State of Texas Qualified Allocation Plan (QAP) for allocation of Low Income Housing Tax Credit (LIHTC). The proposed changes to the QAP are significant and we hope the board will evaluate these changes mindful that the dollar-for-dollar tax credit for affordable housing investments is responsible for the majority of rental housing development for low-income Texans with and without disabilities.

According to TDHCA, approximately $54 million in annual tax credits will be made available in 2011 to developers. And as you know, TDHCA is the only entity in the state of Texas with the authority to allocate tax credits under this program. This highlights the importance of the tax credit program in the development of affordable housing that reaches all low-income populations. Our understanding of discussion at recent TDHCA board meetings regarding the QAP suggested that the LIHTC program was not designed to serve people with disabilities or those at extremely low income levels. LIHTC is a tax payer supported program designed to reach the broad spectrum of recipients. Individuals with significant disabilities are represented across the spectrum of income, geography, and ethnicity. People with significant disabilities are frequently individuals with low incomes and as such are also included as the intended beneficiaries of low income housing. TCDD urges TDHCA to modify the QAP to promote the opportunity of Texans with developmental disabilities at the Supplemental Security Income level ($698 per month beginning 2012) to access integrated, accessible low-income housing in their communities.

TCDD makes the following recommendations to specific sections of the QAP:

§50.2 (15) (C) High Opportunity Area

The mission of TDHCA is to help Texans achieve an improved quality of life. Providing incentives for housing for low-income Texans where there are jobs and education opportunities is an important step. The addition of language to encourage development in high opportunity areas is important to keep folks near jobs and high-quality education. The language to encourage housing near public transportation is appreciated, but locating a development within one-half mile of public transportation is just one piece of the equation. Transportation must be useable by the pedestrian.

We recommend replacing language in §50.2. (15)(C) with the language from §50.2(23) Transit Oriented District by striking "within a half-mile of public transportation" and substituting "within a radius of one-quarter mile from an existing or proposed transit stop, designed to encourage pedestrian activities and maximize access to public transportation."

§50.2 (20) Single Room Occupancy

The definition of Single Room Occupancy (SRO) is confusing and concerning. It states an SRO is an efficiency that facilitates transitional housing and is required to be supportive housing. It further states SRO's must be buildings comprised solely of SRO's. The QAP does not define "efficiency apartment." Supportive housing is defined in the QAP, §50.2(22), as residential rental for individuals who need specialized non-medical services to maintain independent living. Transitional housing is defined in §50.2. (26) as supportive housing exclusively for transition within 24 months to independent living for individuals who are homeless and at-risk of homeless. This multi-pronged definition muddies the distinct differences in these terms.

SRO's, according to the National Housing Act § 221(d) (3) and 221(d) (4)[i], are aimed at those tenants who have a source of income but are priced out of the rental apartment market. One of the populations in that market are people with developmental disabilities who rely on Social Security Income, currently $684 per month, as their only income. TCDD believes the department should not limit SRO's to buildings comprised solely of SRO's. This model does not promote integration, inclusion and economic opportunity. The single residence occupancy unit can and should be encouraged to be incorporated into integrated multi-family apartment buildings.

§50.2 (22) Supportive Housing

The definition of supportive housing is not consistent with current thinking. TCDD recommends that the QAP strike "specialized and specific non-medical services to maintain independent living" and replace it with the language in the definition of service-enriched housing developed by the TDHCA's Housing and Health Services Coordinating Council: "the opportunity to receive on-site or off-site health-related and other services and supports that foster independence in living and decision-making."[ii] Individuals in supportive housing need medical and behavioral health services and supports, in addition to non-medical services, such as employment readiness and job search.

Supportive housing is also proven to help people who are persistently homeless find stability. Homeless individuals have persistent issues that may include substance use, mental illness, and HIV/AIDS that require medical and behavioral health supports. A developer cannot be expected to provide medical services, but they need to locate supportive housing accessible to these services.

For individuals with developmental disabilities and/or mental illness, supportive housing may be the essential element in achieving independence and integration. Supportive housing is intended to be a pragmatic solution that helps people succeed while reducing the overall cost of care delivered by public funding.[iii]

§50.2 (26) Transitional Housing

The definition states transitional housing is supportive housing with "more limited" individual kitchen and bathroom facilities. We do not find a reference to kitchen or bathroom, or a "limited" individual kitchen or bathroom in supportive housing, or a definition of these terms in the §1.1. Definitions and Amenities for

Housing Program Activities proposed along with this QAP. TCDD offers that the QAP remove “more limited” in §50.2 (26).

The Fair Housing Amendments Act of 1988, (American National Standard (ANSI A117.1) cover all multi-family housing built since 1991 and require all units to have kitchens and bathrooms that provide for a parallel approach by a person in a wheelchair provided at the range or cook top and sink, and either a parallel or forward approach provided at oven, dishwasher, refrigerator/freezer, etc. Bathrooms must provide for sufficient maneuvering space within the bathroom for a person using a wheelchair or other mobility aid to enter and close the door, use the fixtures, and reopen the door and exit. Included with these comments is a chart outlining the requirements for bathrooms and kitchens under the Fair Housing Act of 1988 and the Rehabilitation Act of 1973.

Families and children are among Texas homeless population. According the May 2011 annual count of homeless, Harris County had 11,000 homeless children as defined by the McKinney-Vento Homeless Education Assistance Act.[iv] These children and their families need a home with a place to cook and sit down together, even in transitional housing.

§50.2 (23) Transit Oriented District

TCDD believes the department should not delete the definition of transit oriented development. Perhaps a 30% increase in eligible basis is not necessary, but the department should still encourage, differentiate and favor transit oriented development. Transit oriented districts are not only about housing, but conscious planning for employment, access to goods and services, the ability to participate in religious services and connect to community for people of all incomes and abilities.

TDHCA tax credits should be used to promote responsible and responsive development across Texas that is integrated, accessible to community and transportation and located in areas that provide opportunity for individuals with and without disabilities to participate and prosper.

Thank you for considering our comments.

Belinda Carlton, TCDD Public Policy Specialist

Attachment: 504/FHA Modifications Chart

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[i] Homes and Communities. U.S. Department of Housing and Urban Development. Retrieved October 25, 2011 from http://www.hud.gov/offices/hsg/mfh/progdesc/sro221d3n4.cfm.

[ii] Housing and Health Services Coordination Council 2010-2011 Biennial Plan. Submitted to Governor Rick Perry and the Legislative Budget Board Retrieved October 25, 2011 from http://www.tdhca.state.tx.us/hhscc/docs/2010-2011-BiennialPlan.pdf.

[iii] Journal of Housing & Community Development, March/April 2008 p. 18-21.

[iv] *Homeless population increases 25% in Houston: Homeless population keeps increasing; coalition finds Fort Bend, Harris counties up 25% over '10.* Houston Chronicle. May 23, 2011. Retrieved October 26, 2011 from http://www.chron.com/news/houston-texas/article/Homeless-population-increases-25-in-Houston-1683618.php.

Comment #18

Scott Marks,

Coats Rose

COATS | ROSE

A Professional Corporation

SCOTT A. MARKS

smarks@coatsrose.com
Direct Dial
(512) 684-3843
Fax
(713) 890-3911

October 28, 2011

Mr. Tim Irvine
Executive Director
Texas Department of Housing & Community Affairs
221 East 11th Street
Austin, TX 78701

Dear Tim:

Please accept these comments on the draft 2012-13 Qualified Allocation Plan.

1. Award Cost of the Development Points Based On Eligible Basis Hard Costs

The Department's cost-per-square-foot scoring item needs to be revised because the current draft QAP (1) creates a disincentive for applicants to determine actual construction cost at application, generating underwriting reports that may understate actual costs, (2) does not comply with section 2306.6710 of the Texas Government Code, and (3) includes a capitalized term that is not defined.

Texas Government Code 2306.6710 requires, "In determining an appropriate level of housing tax credits, the department shall evaluate the cost of the development based on acceptable cost parameters as adjusted for inflation and as established by historical final cost certifications of all previous housing tax credit allocations for:

(1) the county in which the development is to be located;

(2) if certifications are unavailable under Subdivision (1), the metropolitan statistical area in which the development is to be located; or

(3) if certifications are unavailable under Subdivisions (1) and (2), the uniform state service region in which the development is to be located." [emphasis added] Section 2306.6710 requires the Department to prioritize tax credit applications based on criteria related to "the cost of the development by square foot."

The Department has never released a database of cost certification data by county or region. This data would be very helpful to the Department's real estate analysis staff, as well as applicants, and is required by statute.

At a minimum, points should be awarded based on eligible basis costs rather than total hard costs. This revision to the QAP would encourage applicants to perform more due diligence regarding the actual likely cost to construct a development. TDHCA staff have responded to this proposed revision by arguing 2306.6710 requires points to be awarded based on *the cost of the development* by square foot, not the eligible basis cost. Texas administrative law provides agencies with discretion to interpret statutory language that is general and ambiguous. The Department has never awarded points based on total development cost (including soft costs) per square foot, although one possible interpretation of the statute is that all costs must be considered. The Department has reasonably exercised its discretion in interpreting this statutory provision to focus on one particular category of total development costs – hard costs. The Department similarly has the discretion to focus on hard costs that are included in eligible basis.

We recommend adding the following sentence to this scoring item:

"This calculation does not include costs excluded from Eligible Basis in the development cost schedule."

Our recommendation is also to release a database of historical cost certification data, as required by statute. Also, the term "Direct Hard Costs" needs to be defined, or the Department should use a phrase such as "total construction costs excluding sitework" for the lower cost limits.

2. Clarify that FHA-Insured Loans Qualify for Leveraging of Private, State, and Federal Resources

The new point item for leveraging requires the source of financing to be the primary source with a first lien position and a 150-basis point savings over the market interest rate loan product. The HUD-insured 221(d)(4) new construction and 223(f) acquisition/rehab loan products could satisfy these requirements, and should be added to the examples of sources of funds that qualify.

3. Clarify that Rehabilitation Threshold Hard Cost of $25,000/Unit Does Not Apply To Tax Exempt Bond Developments

Many private activity bond transactions involve properties that do not need significant rehabilitation. For example, some properties with project-based Section 8 Housing Assistance Payment contracts have been required to comply with HUD Housing Quality Standards and are subject to annual inspection.

There are a large number of properties that were financed as new construction developments under the 9% Tax Credit Program in 1995, 1996 and 1997. These properties have completed their initial 15 year compliance period and many of them are in need of repairs and replacements that can not be funded with available reserves. Rather than have these properties compete for scarce 9% credits, it makes a lot of sense to fund the repositioning of these properties through the 4% Tax Credit and the Tax Exempt Bond Program. These properties do not need $25,000 per unit in rehab because they are only 15-16 years old. Furthermore, the properties may be financially feasible as a 4% redevelopment with $15,000 of rehabilitation, but not financially feasible with the $25,000 per unit threshold. We recommend that the $25,000 per unit threshold for hard costs apply only to competitive tax housing tax credits and not tax exempt bond developments.

4. Remove the Requirement to Seek Private Letter Rulings for Compliance with the General Public Use Requirement

The draft QAP states on page 12 that an application will be ineligible if it proposes, "Any Development that is reasonably believed by staff not to clearly meet the general public requirement under Treasury Regulation 1.42-9 unless the Applicant has obtained a private letter ruling that the proposed Development is permitted." Attached is the legislative history of an amendment to the tax credit statute in 2008 that clarifies properties serving special needs do not violate the general public use requirement. The intent of the Congress in amending the tax credit statute in 2008 was to provide state housing finance agencies with the discretion to determine whether properties serve special needs. Congress believed that the appropriate decision-maker on whether a tax credit property can serve a special need lies at the state level, not at the federal level with the IRS. TDHCA's proposed requirement that developers must seek private letter rulings from the IRS, which is prohibitively expensive and time-consuming for most applicants, is precisely the outcome that the 2008 Congressional action intended to avoid. Special needs groups can be served in tax credit developments, and TDHCA (not the IRS) should decide which special needs developments qualify.

Our recommended revision is, "Any Development that violates the general public use requirement under Treasury Regulation 1.42-9 unless the Applicant provides evidence that the Development will serve special needs."

Thanks for providing an opportunity to offer comments on the draft 2012-2013 QAP.

Sincerely,

Scott Marks

Scott A. Marks

Colloquy among Senators BINGAMAN, CANTWELL and BAUCUS
July 29, 2008

H.R. 3221, as amended, The Housing Assistance Tax Act of 2008

Mr. BINGAMAN. Mr. President, I rise to thank the Chairman of the Finance Committee, Senator Baucus, for including language in H.R. 3221, which this body passed on July 26, to clarify the "general public use" requirement relating to the Low-Income Housing Tax Credit program. That clarification responds to recent Internal Revenue Service guidance to State and local housing credit agencies that has cast a cloud on existing properties and future development targeted to special populations.

Since enactment of the Housing Credit program in 1986, and prior to the recent IRS activity, the general public use requirement was understood to prohibit projects from being (1) rented in a manner inconsistent with HUD housing policies regarding nondiscrimination, (2) rented to members of a social organization or to employees of specific employers, or (3) part of a hospital, nursing home, sanitarium, lifecare facility, trailer park, or intermediate care facility for the mentally or physically disabled. This understanding has resulted in numerous Section 42 housing projects being developed nationwide that target certain populations, including, for example, veterans, farm workers, first responders, teachers, artists, low-income parents attending college, pregnant or parenting teens, and domestic abuse victims.

In my home State of New Mexico, the Housing Credit program has been essential to the construction of housing for many low-income individuals, including housing that is specifically targeted toward farm workers. Among our great success stories is the Franklin Vista development in Anthony, New Mexico. Units already in service at Franklin Vista are targeted specifically for farm worker housing. The current Phase 7, now underway, would create an additional 24 units of farm worker housing.

Ms. CANTWELL. I also would like to thank the Chairman. In my home State of Washington, the IRS action has threatened a number of innovative housing developments, involving housing for pregnant women, housing for disabled military veterans, and housing for artists that are being used as part of a larger redevelopment strategy to rebuild neighborhoods. The IRS action has been particularly problematic for State effort to deal with the critical need increase the supply of safe, decent and affordable housing for migrant and seasonal farm workers. About ten years ago, Washington established a Farm Worker Housing Program that has led to the creation and preservation of over 1,065 units of permanent housing for farm workers. The IRS' recent position has not only threatened future development of such housing but could potentially result in the recapture of low income housing tax credits for such units currently in existence, potentially bringing financial ruin to the non profit housing providers which have developed and operate this housing.

The language in the bill that this body passed on July 26 on general public use reflects Congress' comfort with the historical application of the general public use requirement prior to the IRS's recent activities, and Congress's intent to remove the uncertainty and risk that the IRS's recent activities have created for the Section 42 program.

Mr. BINGAMAN. My understanding, Mr. Chairman, is that the general public use provision in that bill, as passed, clarifies that housing does not fail to meet the general public use requirement solely because occupancy restrictions or preferences that favor tenants with (1) special needs; (2) who are members of specified under a Federal program or a State program or policy that supports housing for such a specified group, or (3) who are involved in artistic or literary activities. Is that understanding correct?

Mr. BAUCUS. Yes, you are correct. And for this purpose a special need may relate to the physical facilities of the property, such as day care for students with children, the services that are to be provided, or the social circumstances of the tenants. The basic structure of the Low-Income Housing Tax Credit is based on the premise that the states have the prime responsibility to administer this program, and they have done an excellent job so far. They currently have the responsibility to determine the housing priorities of the State and to give priority to tenant populations with special housing needs. The newly codified general public use rule reinforces the latitude of the states to decide how housing credit dollars are allocated.

Ms. CANTWELL. I thank the Chairman for that response and for your work, along with that of the Ranking Member, on this important issue that would permit Housing Credit properties to continue to serve special populations provided that the properties satisfy the non-discriminatory tenant selection criteria and other requirements of the Low-Income Housing Tax Credit program. I also thank the Senator from New Mexico, Mr. Bingaman, for his tireless leadership on this issue.

Comment #19

Bob Coe,

Affordable Housing Analysts

Teresa Morales

From: Cameron Dorsey
Sent: Friday, October 28, 2011 10:42 AM
To: Michele Atkins; Teresa Morales; Raquel Morales
Subject: FW: Comments Draft 2012 QAP

FYI

From: Bob Coe [mailto:robertocoe2@gmail.com]
Sent: Friday, October 28, 2011 9:53 AM
To: Tim Irvine; Tom Gouris; Cameron Dorsey
Subject: Comments Draft 2012 QAP

Good morning Staff and TDHCA Board of Directors,

I am in support of the proposed changes to Section 50.2 Definitions, 15(B) which were discussed in a recent conference between myself, staff, Darrell Jack and Barry Khan, which would allow for use of the lesser of "all people" or "all families" American Community Survey 2005-2009 data in determining qualification under this subsection (less than 15% poverty) for High Opportunity Area. Due to the high margin of error in some of the ACS data, the option to use one or the other of these data sets should lessen the impact of the potential error. For the same reason, I also recommend similar treatment for 15(A) and allow for the use of the greater of "household" income or "family" income in determining if the median income for the Census Tract is greater than the County median income, as long as the same data ("Household" or "Family") is used for both the Census Tract and the County.

Based on discussions at a recent board meeting, I understand you are working on language which would increase the allowable Poverty percentage in Regions 11 and 13. I strongly support this action. With the average poverty level in the Valley of about 36%, those areas need a higher threshold. Something in the 35% to 40% range seems appropriate to me.

I also suggest a minor change to Section 50.8 Threshold Criteria, 8 Readiness to Proceed, B Zoning (i) striking the proposed end of the first sentence (and that the proposed Development is consistent with local requirements.). The sentence would read as follows:

~~T~~the Development is located within the boundaries of a Unit of General Local Government which does not have a zoning ordinance.

At the time of application, it is very difficult for municipalities or units of local government to sign such a statement of consistency because the plats, plans, etc. are not yet completed or reviewed.

Thank you in advance for your time and consideration of these proposed changes.

Sincerely

Bob Coe

Affordable Housing Analysts

507 Vincent Street

Comment #20

Bobby Bowling,
Tropicana Building Corporation

T R O P I C A N A   B U I L D I N G   C O R P O R A T I O N

4 6 5 5 C O H E N   A V E ● 9 1 5 - 8 2 1 - 3 5 5 0 ● E L   P A S O , T E X A S   7 9 9 2 4

October 25, 2011

Cameron Dorsey
TDHCA
VIA e-mail

RE: COMMENTS ON PROPOSED 2012 QAP AND PROPOSED 2012 UNDERWRITNG RULES

Dear Cameron,

We offer the following comment on the Draft 2012 QAP:

1. **50.4(c)(10) Ineligible Applications (page 11):** We support the idea of limiting amounts that can be applied for based on the amount set-aside per region by the Regional Allocation Formula (RAF). We believe that the TAAHP proposal of placing a floor on applications to the greater of $1 million or the set-aside in the RAF is the best method to accomplish this goal, however, we also support using 150% of a region's RAF set-aside as another option to accomplish this.

   We have also provided more detailed comment to the RAF, but we support using the 2010 RAF methodology while this new definition of "eligible applications" is put in place. Making a change as drastic to the RAF as the change proposed by staff and published for public comment in addition to this new application limit will lead to huge changes in funding from 2010 to 2011 in each of the 26 sub-regions in the state and will lead to even more appeals for forward commitments in 2011 than was seen in 2010. Therefore, we ask that no matter which new cap the Board decides on, that the Board uphold the old RAF for another year to let this major change take affect and be evaluated on its own for its merits of addressing the problem of "over-funding" regions.

2. **50.4(d)(16)(M) Development Amenities—Fire Sprinklers (page 14):** The language change from mandating fire sprinklers "*where required by local code*" to "*where no local code prevails*" is confusing and, while it appears to be intended to be clean-up language, seems to be a substantive change. We oppose requiring sprinklers "where no local code prevails" because we know of no local building code which *prohibits* the use of fire sprinklers—hence, we believe this language change would require fire sprinklers everywhere in the state, including in communities consisting of single-family homes, as well as in duplex and quadraplex townhome communities (where almost no local building codes require them).

We request a return to the 2010 language, which requires adherence to local codes. Texas statute requires that the International Building Code body of code books (subject to local amendments) be applied by builders everywhere in the state, so there are no areas of Texas that are not building to at least one code.

3. **50.7(d)(2) Pre-application Threshold Criteria (page 25):** While we appreciate the Department trying to make the Pre-application process as easy and cost-effective as possible for developers, we believe that the elimination of "Site Control" at the pre-application is going to defeat one of the stated purposes of the Pre-application process—the purpose of "allowing for external assessment of competing applications." We believe that without Site Control (as defined in the rule), "applications" submitted in the Pre-application process will not truly be applications, and that we will lose the opportunity to make a prudent decision on whether or not to go forward with the full-application process which costs between $30,000-$100,000 per application at this point.

   We request a return to the 2010 language, which requires Site Control at Pre-application. This rule allows all developers to have an idea of what competition may be, before going forward with a full application. The 2010 rule also prevents multiple developers from attempting to "buy-up" competing sites for tax credit applications and the elimination of competition by a single developer.

4. **50.7(d)(3)(C) Pre-application Threshold Criteria (page 26):** We believe the items under (C) contain too much specificity at too early a phase in the process. As developers, we are attempting to gain acceptance in our communities of our applications, so of course we would attempt to highlight the low-rents in our developments. However, we are concerned that the amount of specificity required in the rule, such as with quoting proposed rents, may cause some ill-will when actual rents are set 2-3 years later as program rents and utility allowances change on an annual basis.

5. **50.8(8)(B) Zoning (page 39):** While we appreciate the Department's simplification of this language, we do not believe that it will be possible to obtain a letter which states that a proposed Development "is consistent with local requirements" from a local jurisdiction at the application phase. This term implies a blanket endorsement of a development's compliance before a full-set of plans is submitted or even drawn. The requirement is exacerbated along the border where "*colonia statutes*" exist in areas where there is no zoning in the unincorporated areas of the state. While counties in Texas are not allowed to enact zoning requirements (except in a few rare exceptions), counties along the border are required by law to review drainage, utility hook-ups and plats—hence this full subdivision development cost would need to be incurred prior to

application (a cost of over $100,000). This new language would also be time prohibitive in border counties as these approvals general take over 3 months to obtain from local counties.

6. **<u>50.9(b)(2)(B)(III) Quantifiable Community Participation (page 51):</u>** We believe that this item is punitive for areas of the state that do not have registered Neighborhood Organizations. We request that the points under this item for Applications for which no Neighborhood Organizations exist be raised 2 additional points to 18 instead of the proposed 16. This change, coupled with the points available under the Community Input paragraph in selection criteria (item #13—6 points) will give areas of the state without Neighborhood Organizations an opportunity to score as high as those with Neighborhood Organizations. Areas without Neighborhood Organizations will still have to obtain enough Community Input support to score maximum points under these 2 items.

7. **<u>50.9(b)(5)(A)(vii) The Commitment of Development Funding by a Unit of General Local Government or Governmental Instrumentality (page 54):</u>** We request that "current market rate" be a defined term, identified and published by the Department when the QAP is signed and made official by the Governor and that the rate not change for a specific application until that development is placed in service. (We also request that the defined term apply to selection criteria item #12.) We support the TAAHP language on how to define the term "current market rate." The current proposed term is too subjective and will be wide-open to numerous appeals and challenges to the Board throughout the application, award and development process. Also, we are confused as to how a development would be treated if a Unit of General Local Government or Governmental Instrumentality who makes this commitment ceases to loan funds or otherwise cannot or will not live up to its obligation—events entirely out of the developer's control. Would the development not be eligible to receive 8609s? What if without these points, another development from the region would have received the award? Please clarify the Department's intent for this very real possibility in today's political environment.

8. **<u>50.9(b)(5)(B) The Commitment of Development Funding by a Unit of General Local Government or Governmental Instrumentality (page 55):</u>** We request that the words "Low Income" be added before the word "Units" in this paragraph. In the cases where a mixed income development is being considered, it is going to be impossible to receive grant or loan funding for the market-rent units in that development. Therefore, we believe this threshold should only apply to the Low Income Units in a development. TDHCA is should be looking only at encouraging the extra funding of these Low Income Units

only, and not penalizing a mixed income development by requiring that any subsidy be lessening any subsidy grant or loan received by including market rent units in the denominator of the per-unit calculation in this point item.

9. **50.9(b)(8)(B) The Cost of the Development by Square Foot (page 58):** The term "Direct Hard Costs" is not a defined term. We believe the Department intended to use the term "Direct Construction Costs"—a term that can be found in the "Development Cost Schedule" in the Excel spreadsheet forms from the application. Either way, please clarify and define the term that is intended for this paragraph.

10. **50.9(b)(16)(A) Development Location—High Opportunity Area (page 65):** We have provided oral testimony on this item and believe that it is unfair to the poorer areas of the state to set a threshold of only 15% of federal poverty level for this point item, especially along the border (and possibly in some rural areas of the state as pointed out by Dr. Juan Munoz) as using a national poverty level standard instead of a regional standard is punitive for these areas. Using the federal poverty level will shut out most developable areas along the border from receiving these points, due to the high concentration of families making very little income in comparison with the rest of the country, and also due to the fact that a high percentage of the population along the border is below the age of 18 who have no income at all, but still count in the denominator of a population ratio percentage. We agree with the data presented at the October board meeting by Donna Rickenbacker, showing that raising the threshold to 40% will level the playing field for border areas in comparison with Harris, Tarrant, Bexar, Travis and Dallas counties.

11. **50.9(b)(12) Leveraging of Private, State and Federal Resources:** We request that the points for this item revert back to being a 1-point item as it was in the 2010 QAP. This is not a legislatively mandated item, and is being re-introduced in the 2012 QAP as a much more confusing item with many more variables that will probably take a few cycles to have the Board weigh-in on a lot of the subjective language and attempts by applicants to meet the criterion laid-out in this paragraph. Please define the term "market interest rate" per the same comments we presented in item 7 above.

12. **50.13 Housing Tax Credit and Ownership Transfers:** As a general comment in this section, we believe that all rules form the QAP that qualify an approval for transfer be limited to the Developer only, and not the Development specifically. By clarifying this delineation, it will ensure that any Development ownership can be transferred to a qualified ownership entity regardless of what state the Development may be in relative to the QAP or other rules.

T R O P I C A N A   B U I L D I N G   C O R P O R A T I O N

4 6 5 5 C O H E N   A V E ● 9 1 5 - 8 2 1 - 3 5 5 0 ● E L   P A S O , T E X A S   7 9 9 2 4

This concludes our comments for the 2012 draft rules regarding the LIHTC program. Thank you in advance for considering our comments.

Sincerely,

R. L. “Bobby” Bowling IV
President

Comment #21

Jerry Wright,

Dougherty Mortgage

DOUGHERTY MORTGAGE LLC

October 28, 2011

Mr. Tim Irvine
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941

Re: Proposed 2012 Qualified Allocation Plan

Dear Mr. Irvine:

I am writing to request that Section 50.4 (6) of the proposed Qualified Allocation Plan be revised to reflect the revised rules of the Texas Bond Review Board and §2306.6703 (2) of the Texas Government Code. Modifying the QAP to reflect the current Bond Review Board rules and S. B. 2064 enacted in 2009 provides bond issuers and borrowers the ability to decrease borrowing costs to the current low taxable mortgage rates and to decrease transaction costs by as much as 12% of the loan amount. Copied below for your convenience is the language from §2306.6703 (2).

Sec. 2306.6703 (2). INELIGIBILITY FOR CONSIDERATION. The applicant proposes to replace in less than 15 years any private activity bond financing of the development described by the application, unless:

(A) at least one-third of all the units in the development are public housing units or Section 8 project-based units and the applicant proposes to maintain for a period of 30 years or more 100 percent of the units supported by housing tax credits as rent-restricted and exclusively for occupancy by individuals and families earning not more than 50 percent of the area median income, adjusted for family size;

(B) the applicable private activity bonds will be redeemed only in an amount consistent with their proportionate amortization; or

(C) if the redemption of the applicable private activity bonds will occur in the first five years of the operation of the development and complies with Section 42(h)(4), Internal Revenue Code of 1986:

(i) on the date the certificate of reservation is issued, the Bond Review Board determines that there is not a waiting list for private activity bonds in the same priority level established under Section 1372.0321 or, if applicable, in the same uniform state service region, as referenced in Section 1372.0231, that is served by the proposed development; and

(ii) the applicable private activity bonds will be redeemed according to underwriting criteria, if any, established by the department;

(3) the applicant proposes to construct a new development that is located one linear mile or less from a development that:

(A) serves the same type of household as the new development, regardless of whether the developments serve families, elderly individuals, or another type of household;

410 East Fifth Street * Suite 112 * Austin, TX 78701
(512) 708-1555

(B) has received an allocation of housing tax credits for new construction at any time during the three-year period preceding the date the application round begins; and

(C) has not been withdrawn or terminated from the low income housing tax credit program; or

(4) the development is located in a municipality or, if located outside a municipality, a county that has more than twice the state average of units per capita supported by housing tax credits or private activity bonds, unless the applicant:

(A) has obtained prior approval of the development from the governing body of the appropriate municipality or county containing the development; and

(B) has included in the application a written statement of support from that governing body referencing this section and authorizing an allocation of housing tax credits for the development.

(b) Subsection (a)(3) does not apply to a development:

(1) that is using:

(A) federal HOPE VI funds received through the United States Department of Housing and Urban Development;

(B) locally approved funds received from a public improvement district or a tax increment financing district;

(C) funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.); or

(D) funds provided to the state and participating jurisdictions under the Housing and Community Development Act of 1974 (42 U.S.C. Section 5301 et seq.);

Thank you for your consideration of this matter.

Sincerely,

Jerry L. Wright
Sr. Vice President

Encl: S.B. 2064
cc: Cameron Dorsey, Director of Housing Tax Credits

Comment #22

Chris Porter,

The Reliant Group

THE RELIANT GROUP®

October 27, 2011

Mr. Cameron Dorsey
Director of Housing Tax Credits
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

Re: Comments on 2012 QAP

Dear Mr. Dorsey:

I am writing to express my opposition and concern related to some of the changes proposed in the 2012 QAP, in particular, for the 4% tax credit/tax exempt bond transactions.

First, I am heavily opposed to the $25,000 minimum rehab requirement. This level of rehab is too high a bar to set for these types of transactions. Setting the level at this high amount is just too big an economic burden and will significantly reduce the amount of low income transactions that will get done and consequently the number of low income units available for the public.

Tax credit investors are hyper-sensitive to the amount and type of rehab being proposed for their tax credit assets. There is no reason that TDHCA should dictate what the private market should and does agree to require for rehab. There is not a "one size fits all" criterion. Syndicators and developers can make their own decisions on the amount of required rehab; it should not be TDHCA. We already have too much government involvement in private business, more is not better. If a minimum should be set, it should be in the $15,000 per unit range. At this level, it is still possible to complete these types of transactions, ensuring a steady flow of improved low income units for affordable renters. Remember, the tax credit investors will insist that the proper rehab will be completed.

In addition, in rural areas, often the acquisition of the properties is for less than $25,000 per unit and the affordable rents, which are much lower than the urban areas, cannot justify the high $25,000 per unit rehabilitation amount. This high level of required rehabilitation will significantly curtail the amount of low income units available and will result in more sub-standard affordable housing as many properties will get no rehab when the choice is $25,000 per unit or nothing.

The $25,000 per unit requirement is just too high and too big of a step to take. Do not create this type of rule because one developer did not properly rehabilitate their property. We acquired 13 properties in 2007 and our rehabilitation, if I recall, was between $12,000 and $25,000 per unit for these 13 properties. The properties are operating beautifully and the residents are extremely happy. If the level had been at $25,000, most of the properties would not have received any rehabilitation.

Second, the requirements for the Unit Amenities Threshold are just too high for acquisition/rehabilitation tax-exempt bond developments. For tax-exempt bond developments that are acquisition/rehab, the developer is stuck with the present physical condition of the buildings being acquired. It is not economically feasible to raise the ceilings to 9 feet, or add masonry exteriors, or have structural Insulated Panel construction with wall insulation at a minimum of R-20. It is just too high of a threshold to meet with so few choices for points. The point threshold for Acquisition/Rehab projects should be lowered by increasing the base score from 3 to 6.

Third, the threshold for Common Amenities does not need to be changed for tax-exempt bond developments, especially for acquisition/rehabilitation. Again, for these Acq/Rehab projects, the developer is stuck with the properties' existing physical structure. While it is possible to add amenities such as BBQs and gazebos, requiring more is not always better. The previous QAP did a good job requiring the developers provide amenities for the tenants. More is not always better if it stops some new projects going forward.

I appreciate the opportunity to express my concerns with the 2012 draft QAP. Sometimes it is better to let the private market dictate what is the best way to provide and preserve affordable housing. More regulation is not always better. In this case, I think the proposed hurdles for the minimum per unit rehabilitation and thresholds for Unit and Common Amenities for the tax-exempt bond projects, specifically the acquisition/rehabilitation have been increase too much.

Sincerely,

The Reliant Group,

Chris Porter
Director of Acquisitions

Comment #23

Donna Rickenbacker,

Marque Real Estate Consultants

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October 27, 2011

Mr. J. Paul Oxer, Chairman and
Board Members of the
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: 2012 Draft QAP (10.12.11 Release Date)

Dear Chairman Oxer and TDHCA Board Members:

We would like to submit the following comments and recommended changes to the 2012 Draft QAP released on 10/12/11 (Draft) for consideration by the Board, each of which are ordered in accordance with their appearance in the Draft:

1. **Definition of High Opportunity Area** (Pg. 4). We recommend the following changes to this definition:

a. The Department is using the 2005-2009 American Community Survey (ACS) data source for determining whether a site is in an area that meets the two required tests, (i) percentage of poverty, and (ii) medium income in the census tract versus the county, to be considered High Opportunity. Please allow the Applicant to use the lesser of the "all people" or the "all families" category from the ACS data source when determining the percentage of poverty, and either the "household" income or the "family" income when determining whether the census tract has a medium income that is above the medium for the county, as long as the same data (household or family) is being used for both the Census Tract and the County.

The Department has historically used family data in compiling the site demographic information which Applicants have relied on to identify sites for several years. Additionally, due to the high margin of error in the ACS data, the option to use one or the other of these data sets should lessen the impact of the errors, and allow more truly High Opportunity areas to qualify for the associated 30% boost and development location points.

b. We recommend allowing the Applicant to adjust the poverty rate used in the calculation to "less than 35%" if proposing a development in Regions 11 and 13. Adjusting the poverty rate requirement to 35% will result in more affordable housing development in these border regions outside of qualified census tracts and puts the percentage of census tracts in these regions on parity with the percentage of census tracts that qualify in most other regions under the current formula of less than 15%. Please keep in mind that according to the numbers from the Census (only through 2009 is published) 36% of the population in both Cameron and Hidalgo Counties (2-of the largest counties in

Region 11) live below the federal poverty level, so the adjustment to "less than 35%" benchmark is still below the amount of people living below the federal poverty level along the border.

2. **Credit Amount** (Pg. 14). Please allow an allocation of up to $3 million in annual tax credits to any Applicant/Developer as authorized by the Texas legislature, or alternatively allowing the Applicant to use the additional $1 million for capacity building when such Applicant is providing the necessary experience in the Development.

3. **Experience** (Pgs. 32-33). Please clarify subparagraph (A) of this paragraph which requires that the principal providing the experience have a "controlling interest" in the Development and how this paragraph would work in a capacity building scenario, where an inexperienced developer is partnering with an experienced principal. In this example, would the credit amount count against the experienced principal's cap?

4. **Commitment of Development Funding by a UGLG** (Pg. 53). Please provide in this paragraph a definition of a loan that is "below market rate" and fix such rate at Application. This provision is very confusing and a below market interest rate at application may be very different at award. Additionally, please consider a change in the scoring paragraph of this item and allow the total contribution required to receive points be based on the total number of <u>low Income</u> Units in the Development, as opposed to the total Units.

5. **Additional Evidence of Preparation to Proceed** (Pg. 58). Please consider the removal of Paragraph (C) which provides points to Applications being resubmitted from previous rounds. This scoring item is intended to incentivize developments that are more ready to proceed. Applications are not more ready to proceed simply because they were submitted in one or more prior round. Additionally, if this paragraph remains, please clarify whether the Application must be identical to what was submitted in the prior round(s) (i.e. same site, applicant, unit and building size and configuration, etc.) in order to receive the points.

6. **Community Revitalization or Historic Preservation** (Pgs. 68-69). Please consider the following clarification on when the proof of historic designation is required to qualify for this scoring item:

"The Applicant will be required to show proof of the <u>Historic designation and</u> Historic Tax Credits at Cost Certification."

Thank you in advance for consideration of the above described clarification points and recommended changes to the 2012 QAP.

Sincerely,

Donna Rickenbacker

Donna Rickenbacker

Cc: Tim Irvine, Executive Director
Tom Gouris, Deputy Executive Director
Cameron Dorsey, Director of Housing Tax Credits
Teresa Morales, 2012 QAP Administrator

Comment #24

Michael Hartman,
Roundstone Development

Teresa Morales

From: Tom Gouris [tom.gouris@tdhca.state.tx.us]
Sent: Friday, October 28, 2011 2:42 PM
To: Teresa Morales; Cameron Dorsey; raquel.morales@tdhca.state.tx.us; Tim Irvine; Brent Stewart
Subject: FW: Texas Rules 2012

Importance: High

fyi

Tom Gouris
Deputy Executive Director for Housing Programs
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701
Office: 512.475.1470
Mobile: 512.912.6594
Fax: 512.469.9606

From: Michael Hartman [mailto:mah1370@hotmail.com]
Sent: Friday, October 28, 2011 11:46 AM
To: Tom Gouris
Subject: FW: Texas Rules 2012
Importance: High

After reviewing the Draft 2012 QAP and associated rules and participating in the TDHCA Roundtable and the TAAHP webinar, the following are comments/questions from Roundstone Development:

1. Why does a CBD require a 10-story building? Why discriminate against a city that has no 10-story buildings if they have designated an area of their city as a CBD?
2. Local Government Contribution (scoring item 5) - what is the definition of current market interest rate with regards to this subparagraph?
3. Evidence of Preparation to Proceed (scoring item 11) - what can change from the previous application and still qualify for points under item (C)? Can the number of units change, can the unit mix change, can the total site area change, can the owner change? What about adding or changing amenities based upon changes in the QAP?
4. Leveraging of Resources (scoring item 12) - what is the definition of current market interest rate with regards to this subparagraph?
5. Where does TDHCA define the term "Unit"? I cannot find it in the QAP or the Definitions.
6. Is site work limit $9,000/unit or 12% of Direct Construction Costs? The QAP and the Real Estate Analysis rules conflict on this item.
7. In rural areas, why is the maximum capture rate for an Elderly Development 10% when the maximum capture rate for a rural general population development is 30%? Shouldn't they both be at 30%?

Thank you for your consideration of our comments and questions.

Michael A. Hartman

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321-453-6796 fax
321-223-8650 cell

Comment #25

Steve Ford,

Resolution, Inc.

To: Mr. Tim Irvine
Mr. Tom Gouris
Mr. Cameron Dorsey
TDHCA Board of Directors

From: Steve Ford

Date: October 29, 2011

Re: Comment on 2012 Draft QAP

I have following suggestions to change the 2012 QAP:

1. Section 50.8 Threshold Criteria, 7 Development Costs (C):
The projected site work costs (excluding ineligible demolition costs) include unusual or extraordinary items or exceed 12% of the Direct Construction Cost, then the Applicant must provide a detailed cost breakdown prepared by a Third Party engineer or architect, and a letter from certified public accountant allocating which portions of those site cost should be included in Eligible Basis and which ones may be eligible.

   Propose change to this paragraph is to strike through 12% of the Direct Construction Cost and leave $9,000 per unit (from pervious years)

   The site work cost for a new construction at $9,000per unit is also a lot less in actuality.

2. Section 50.8 Threshold Criteria, 8 Readiness to Proceed, B Zoning (i) striking the proposed end of the first sentence (and that the proposed Development is consistent with local requirements.). The sentence would read as follows:

   ~~T~~the Development is located within the boundaries of a Unit of General Local Government which does not have a zoning ordinance.

At the time of application, it is very difficult for municipalities or units of local government to sign such a statement of consistency because the plats, plans, etc. are not yet completed or reviewed.

Thank you in advance for your time and consideration of these proposed changes.

Sincerely,

Steve Ford
Resolution, Inc.
1500N Post Oak Road, Suite 190
Houston, Texas 77055

Phone: (713) 334-5514
Email: steve@resolutioninc.net

Comment #26

Barry Kahn,
Hettig-Kahn

Teresa Morales

From: Cameron Dorsey
Sent: Friday, October 28, 2011 2:32 PM
To: Michele Atkins; Teresa Morales
Subject: FW: QAP comments for submission

From: Barry Kahn [mailto:bkahn@hettig-kahn.com]
Sent: Friday, October 28, 2011 1:43 PM
To: 'Cameron Dorsey'
Cc: 'Tom Gouris'; Tim Irvine
Subject: QAP comments for submission

As we discussed, please add the following to proposed changes to the QAP.

1. S 50.5(e) (2) Developments Proposing to Qualify for a 30% increase in Eligible Basis. Please add the following as a subparagraph (E): A net boost not to exceed 130% less the adjustment for local funding is available where local HOME, CDBG, or other funds distributed or administered by the local jurisdiction is provided to a non-elderly development that is not in a QCT. Such amounts must be equal to at least $2,000 per unit ($1,000 for Rural Developments located in non-participating jurisdictions).

2. S 50.9(12) (F) Leveraging of Private, State, and Federal Resources. Please change due date of commitment to the time of Carryover. Public testimony was provided from an active lender requesting more time for their commitment.

3. S 50.9(16) Development Location. This entire section should be reduced to 1 point. The point structure of the QAP dictates the location of application as compared to jurisdictional or area needs. All major jurisdictions have consolidated plans outlining that communities' needs. Essentially family development are excluded in certain jurisdictions due to meeting higher income tests yet obtaining neighborhood support. This way HOAs get recognition but family deals, particularly for larger families where a severe need exists, are not overly penalized.

Please contact me with any questions.

Thanks.

713-871-0063

Comment #27

David Koogler,

Mark-Dana Corporation

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October 28, 2011

Texas Department of Housing and
Community Affairs
221 East 11th Street
Austin, Texas 78701-2410
Attn.: TDHCA Board Members
TDHCA Staff

Re: Comments to 2012 Qualified Allocation Plan ("QAP") Posted October 12, 2011 on the Texas Department of Housing and Community Affairs ("TDHCA") Website

Ladies and Gentlemen,

We appreciate the opportunity to provide comments to the QAP in connection with your proposed revisions for 2012.

We have reviewed the proposed QAP and attended the September 27, 2011 TDHCA QAP Roundtable and the October 4, 2011 THDCA Board meeting. We have the following questions / comments that we would like to bring to your attention.

1. General Comments

We strongly believe that the HTC program should promote good quality safe affordable housing with an emphasis on affordable. TDHCA has made several changes during the 2012 QAP process that have eliminated some of the proposed revisions that increased the cost of affordable housing unnecessarily. However, there are still several proposed changes to the QAP that will increase the cost of development and construction of properties and will result in making the properties less affordable, such as:

- increasing the minimum rehabilitation amount from $15,000 to $25,000 per unit (§50.8(3)),
- increasing the number of required amenities for larger projects and for rehab projects (§50.8(5)(A)),
- increasing the number of tenant services from 8 to 10 tenant services (§50.9(b)(9)),
- preparation to proceed items which will increase the cost of submitting applications as well as the cost of the overall development (§50.9(b)(11)),
- requiring sites to be close to 6 amenities (rather than 3 amenities) §50.9(b)(19)).

2. Specific Questions/Comments

Our comments follow in the order of the particular section of the QAP:

§50.2(1) Definition of Applicable Percentage (p 2):
We understand that there is a proposal before Congress to fix the Applicable Percentage for 30% present value credits at 4% and you may want to make provision for that.

§50.2(15) Definition of High Opportunity Area (p 4):
The 2011 QAP only required one criterion to be considered a High Opportunity Area. The 2012 QAP has revised the listed criteria and requires three to be considered a High Opportunity Area. We request that this item be revised to provide that an area that meets any two criteria will be considered a High Opportunity area. In addition, we agree with the addition of a fifth criteria regarding a census tract that has had population growth of 50% or greater since 2000. Also, when determining the area median incomes and percentage poverty levels, we request that we be able to use the most favorable of the "family" and "household" data (rather than just the "household" data).

§50.3 Program Calendar (pp 5–8):
The language in the introduction giving the Executive Director the ability to extend certain deadlines by five calendar days should be changed to five business days. There are too many instances when a weekend or holiday will have the effect of shorting the extension period to two or one working days.

Also, please shorten the period for Amendment Requests. Changes that come up during construction need to be made and approved quickly or else they will result in substantial construction delays and increased costs.

In addition, we request that the Administrative Deficiency Deadline be five (5) business days (rather than five (5) days).

§50.4(a)(11) Ineligible Applicants (pp 9–10) and §50.8(5)(N) (p 36):
The voluntary removal from a HTC project will make that developer ineligible. We have been developing, building, and managing HTC developments since the inception of the Housing Tax Credit program and we have not resigned or been removed from any of our developments. Even so, we question why the voluntary removal from participation in an HTC project should be grounds for ineligibility.

§50.4(b)(11) Ineligible Applications (p 11):
We support TAAHPs recommendation of limiting Applications to a maximum of $1 million in sub-regions that have allocations of $1 million or less (rather than Staff's provision limiting such applications to 150% of the credit amount available in that sub-region).

§50.4(c)(7) Ineligible Developments (p 12):
Please confirm that this provision will permit a development with 100% one and two bedroom units in a Central Business District (such as and Elderly development).

§50.4(c)(16)(A) Ineligible Developments – Mandatory Development Amenities (p 14):
What is the difference between RG-6 (specified in the 2011 QAP) and RG-6/U (specified in the proposed 2012 QAP)? I have found conflicting information on this ranging from (a) there is no difference, (b) U means it is specified for underground use, (c) U means UV resistant, to (d) U means universal. What is TDHCA looking for here?

§50.5(c) Credit Amount (pp 14-15):
We request that the per developer credit amount limit be increased to $3 million as approved by the Texas legislature. If TDHCA will not increase the cap, we support TAAHP's request to at least use the additional $1 million to provide an incentive for joint ventures to help capacity building.

§50.5(d)(4) Site and Development Restrictions – Limitations on the Size of Developments (p 15):
We believe that this provision should only apply to developments of the same type and recommend revising as follows: "Applications that are proposing an additional phase to an existing tax credit Development of the same type; that are otherwise adjacent to an existing tax credit Development of the same type; or that are proposing a Development of the same type on a contiguous site…"

§50.5(d) Developments Proposing to Qualify for a 30% Increase in Eligible Basis (p 16):
We think that providing a 30% increase for additional 30% units serves good public policy and should not be deleted as a qualifying category. Sections 50.9(b)(3) Income Levels of Tenants of the Development (pp 51-52) and 50.9(b)(7) The Rent Levels of Units (pp 56-57) of the QAP still encourage deeper rent targeting and the 30% increase in Eligible Basis will help with the increased costs of providing that deeper rent targeting.

§50.8(2)(A) Governing Body Resolutions – Twice the State Average (p 31):
The changes regarding Extra Territorial Jurisdictions (ETJ) are confusing. The changes proposed make it unclear as to whether a property located in an ETJ would require a resolution from both the city and the county in which it is located. Please clarify to provide that only a resolution from one governing body is required. We note that it does not seem appropriate to require a city resolution for an ETJ when there is no city council member that represents the ETJ and the residents of the ETJ have no right to vote in city elections.

§50.8(3) Rehabilitation Costs (p 31):
We do not feel that it is appropriate to increase the minimum requirement from $15,000 to $25,000 (excluding off-sites and contingency). The amount of rehab required should be dictated by the condition of the property being acquired for rehab. This will have the effect of increasing the costs of some rehab projects unnecessarily. Why make it difficult to acquire a good quality development that does not need a great deal of rehab and thus provide more affordable housing with the use of fewer Housing Tax Credits? We request that TDHCA go back to the language of the 2011 QAP and not exclude off-sites and contingencies.

§50.8(4)(A) Experience Requirement (pp 32-33):
This section provides that "A Principal of the Developer, Development Owner, General Partner or General Contractor with a controlling interest in the Development must establish that they have experience in the development of 150 units or more." The way this is written, it appears that if an inexperienced developer wants to work with an experienced General Contractor in order to meet the experience requirements, the General Contractor will have to own a controlling interest of the

Applicant. And, if that is the case, the entire amount of credits associated with that development will be "counted against" the General Contractor. Is that correct? This will make it very difficult for an inexperienced developer to get the experience needed to develop tax credit projects. In the past few years the only readily available way for an inexperienced developer to gain experience was to work with an experienced general contractor. But now most experienced general contractors will not want to lend their experience because it will impact their ability to do their own projects.

§50.8(5)(A) Certifications – Common Area Amenities (pp 33-34 & pp 9-11 Definitions):
We suggest the following:

- The increase in points (1.5 times) for rehab should remain as it is in the 2011 QAP. The current draft appears to provide a 3 point preference, but only for bond deals.

- What is the reason for the increase in required common amenity points for projects that are 100 units or more? This has the effect of driving up costs and reducing the number of projects that can be awarded tax credits each year.

- The prior draft increased the points for the fitness center, business center, and secured entry. Were those changes intentionally omitted from this draft? We request that these point categories qualify for 3, 3, and 2 points respectively, especially since the overall point requirement has been increased.

§50.8(7)(C) Development Costs (p 37):
We request that TDHCA go back to the $9,000 limit for site work costs that has been used in the past several QAPs. Using a percentage of the Direct Construction Cost will make it difficult to quantify and will put less dense projects at a disadvantage.

§50.8(8)(B) Zoning (p 39):
We support TAAHP's position and request that the required letter need only state that there is no zoning.

§50.9(b)(2) Quantifiable Community Participation (pp 49-51):
We agree with Staff's proposed changes and, in addition, believe that the 16 point category should be increased to 18 points so that projects that are not in areas with Qualified Neighborhood Organizations can be competitive (if those projects get civic organization support). It is our understanding that the State legislature wanted to give Qualified Neighborhood Organizations a voice in connection with tax credit developments, but that is no reason to put a development that is located in an area that does not have a Qualified Neighborhood Organization at a disadvantage. Our experience has been that most areas outside of a large city do not have Qualified Neighborhood Organizations.

§50.9(b)(3) The Income Levels of Tenants of the Development (pp 51-52):
We request that rural developments in large MSAs (Houston, Dallas, Fort Worth, San Antonio & Austin) be treated the same as developments not in large MSAs.

§50.9(b)(4)(B) The Size and Quality of the Units (p 56):
I believe it is important to give rehabs the 1.5 times points as provided in prior QAPs. Giving rehab projects a 3 point preference is not quite enough.

§50.9(b)(5) Unit of General Local Government or Governmental Instrumentality (pp 53-55):
We support going back to the 2011 QAP language with reductions in the required amount of support for the various point levels as set forth in the proposed 2012 QAP. We agree with Staff's suggestion at the Board meeting to have the deadline for loan commitments and "interlocal" agreements be the commitment notice deadline.

Is the new provision meant to exclude loans made by Housing Finance Agencies with an "interlocal" agreement with the local government entity?

This provision requires that the loan be at least 150 basis points below the current market rate and have a term of at least 3 years and origination and similar fees of less than 2%.

- How will the market rate be determined? Market rate is a very difficult term to define because it depends on several varying factors, such as general market conditions, the borrower's credit strength, and the borrower's history and relationship with the lender. If this concept remains, we suggest that market rate should be defined as the greater of (i) the 10 year U.S. Treasury rate plus 500 basis points or (ii) 8.5%. We assume that the purpose of this point category is to improve feasibility of developments in a rising rate environment and based on that logic these thresholds seem appropriate.
- At a minimum, origination fees should be equal to or less than 2%.

§50.9(b)(7) The Rent Levels of the Units (pp 56-57):
The total points for this provision have been increased from 12 points to 14 points. The points associated with the underlying provisions need to be increased accordingly. For example in clause (A)(ii) it should provide that an Application may receive 7 points (rather than 6 points) for every 2.5% of Low-Income Units at rents and incomes at 30% of AMI. Similar changes need to be made in the other sub-clauses.

Also, we request that rural developments in large MSAs be treated the same as developments not in large MSAs.

§50.9(b)(8) The Cost of Development by Square Foot (p 57):
What is the purpose of adding the Direct Hard Cost component? Should the term be Direct Construction Cost rather than Direct Hard Cost? How is the term defined? Is a flat $15/sf difference between Direct [Hard] [Construction] Costs and Construction costs appropriate?

§50.9(b)(9) Tenant Services (pp 57-58):
Why are the tenant services being increased from 8 services to 10 services? This will increase project costs, without contributing to the affordability of housing (in fact it makes the housing less affordable). At a minimum, the number of tenant services should be scaled relative to the size of the development for maximum points.

§50.9(b)(11) Additional Evidence of Preparation to Proceed (pp 58-59):
We request that this new point category be deleted. These additional items will increase the cost of submitting an application significantly. Much of this work will have to be duplicated to some extent when complete construction plans are drawn and construction begins. We feel it is inappropriate to ask everyone to incur these costs at the application stage when a small percentage of applications will actually be awarded credits.

§50.9(b)(12) Leveraging of Private, State, and Federal Resources (pp 60-61):
This section has been dramatically changed from past QAPs and it is difficult to tell how it will impact the allocations for 2012. I am not sure that anyone will be able to meet all of the conditions for points under this category. One of the main obstacles is that subsection (F) requires that the Development Owner provide a commitment for this loan at the time the executed Commitment is required to be submitted – which is typically in August. We have experience with FHLB CIP loans, CDBG funds, and HOME funds. Lenders do not work on tax credit project loan commitments until tax credit awards are announced at the end of July. Lenders will need more than just a few weeks to provide a loan commitment. In order to provide a loan commitment, most lenders require their own appraisal (based on the value of the property when built including the value of the Housing Tax Credits), significant due diligence, and presentation to one or more internal loan committees (which in some cases only meet periodically (e.g. once or twice a month)). For the appraisal lenders need to know the actual amount of Housing Tax Credits awarded and the actual investor price for the credits. There is not enough time between the award of Housing Tax Credits (end of July) and the execution and delivery of Commitment (mid to late August) for lenders to complete their due diligence and go to loan committee. Also, requiring a commitment this far in advance of closing on the financing and tax credit investment will reduce our ability to negotiate better pricing and deal terms.

§50.9(b)(14) Pre-Application Participation Incentive Points (pp 62-63):
Why is Staff proposing to change the difference in points from Pre-Application to Application from 5% of those awarded at Pre-Application to merely 7 points – this appears to be a reduction of amount of difference permitted from Pre-Application to Application in past years. To be comparable to the 5% methodology, the point difference should be about 9 points. But why make this change at all?

§50.9(b)(19) Site Characteristics (pp 66-67):
The minimum number of required nearby amenities is being double from 3 to 6 amenities. We support a slight increase in the minimum number of required amenities and suggest that the minimum be 4 amenities. Tax credit developments are an incredible economic stimulator and therefore there should be some room for a "pioneering" spirit. We have seen our tax credit developments assist in the development of nearby retail centers. Communities and neighborhoods support tax credit developments not only for the housing and jobs they provide but also to promote the development of retail facilities and other economic development. While it would be nice to be able to place all developments within walking distance of every amenity imaginable, the reality is that the closer to the heart of maximum amenities that you are, the more expensive the land. In order to keep costs down and developments affordable, a reasonable balance is needed. Perhaps being near 6 amenities should qualify the development as a High Opportunity Area.

§50.9(b)(20) Repositioning of Existing Developments (p 67):
Why is this provision limited to properties originally built between 1980 and 1990? It should apply to any market rate property that can feasibly be rehabilitated to increase the stock of good quality affordable housing and should not be limited to properties that were built within a ten year window. Also why require an intentional lease-down or relocation to another property. Significant Rehabilitations can be accomplished without intentional lease-downs or relocations to other properties.

§50.9(b)(23) Community Revitalization (pp 68-69):
Why won't Consolidated Plans and other plans such as Economic Development Plans or city-wide plans qualify? Consolidated Plans may have been adopted to comply with certain HUD requirements and programs, but they do indicate how and where a community wants to target funds for improvements or revitalization. What is the policy goal of this point category?

§50.13(a) Application Reevaluation (p 84):
What is the purpose for Staff's proposed change? This appears to be a very significant change. Shouldn't there be a point at which these projects are not subject to being re-underwritten?

§50.13(d)(2) Ownership Transfers (p 86):
Sufficiency of the transferee's experience with Developments supported with Housing Credit Allocations is no longer required. Is this covered elsewhere? If not, this seems to conflict with the experience required for tax credit applications.

10 TAC, Chapter 1, Subchapter A, §1.1(a)(11) Definitions - Control (p 3):
This definition of Control should clarify that investor members in LLCs who do not possess other factors or attributes that give them control should not be deemed Controlling (similar to the exception stated for investor limited partners).

We appreciate the opportunity to provide comments to the QAP and hope that you will consider and make the changes that we have discussed. If you have any questions about our comments, please let us know.

Sincerely,

David Mark Koogler
President

Comment #28

Bill Wenson

Teresa Morales

From: Cameron Dorsey
Sent: Friday, October 28, 2011 3:35 PM
To: Teresa Morales
Subject: FW: 2012 QAP Comment

From: Bill Wenson [mailto:bill@wenson.com]
Sent: Friday, October 28, 2011 3:25 PM
To: Cameron.dorsey@tdhca.state.tx.us
Subject: 2012 QAP Comment

I am disappointed in the requirement to spend $25,000 on rehab deals. That virtually makes all Y15 deals financially infeasible. So, owners wanting to opt out of the program have the perfect vehicle to do it as no one will bid on the projects. We have already had to let over 10 projects go because of this rule. The owners are opting out. Instead of improving the affordable stock, this rule will decrease the stock and/or diminish the quality. Many projects do not need that much rehab. Exempt at least 4% deals.

Bill Wenson

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Bee Cave, TX 78738

(512) 288-7200 Ext. 17

I predict future happiness for Americans if they can prevent government from wasting the labors of the people under the pretense of taking care of them. Thomas Jefferson

Comment #29

Ken Brinkley,

KG Residential

To: Mr. Tim Irvine
Mr. Tom Gouris
Mr. Cameron Dorsey
TDHCA Board of Directors

From: Ken Brinkley

Date: October 29, 2011

Re: Comment on 2012 Draft QAP

I have following suggestions to change the 2012 QAP:

1. Section 50.8 Threshold Criteria, 7 Development Costs (C):

The projected site work costs (excluding ineligible demolition costs) include unusual or extraordinary items or exceed $9,000 per unit and strike through 12% of the Direct Construction Cost.

2. Section 50.8 Threshold Criteria, 8 Readiness to Proceed, B Zoning (i) striking the proposed end of the first sentence (and that the proposed Development is consistent with local requirements.). The sentence would read as follows:

   ~~T~~the Development is located within the boundaries of a Unit of General Local Government which does not have a zoning ordinance.

At the time of application, it is very difficult for municipalities or units of local government to sign such a statement of consistency because the plats, plans, etc. are not yet completed or reviewed.

Thank you in advance for your time and consideration of these proposed changes.

Sincerely
Ken Brinkley
KG Residential, LLC
P O Box 690007
Houston, TX 77269
281-467-3847
kabrinkley@gmail.com

Comment #30

Deepak Sulakhe

Teresa Morales

From: Cameron Dorsey
Sent: Friday, October 28, 2011 7:01 PM
To: Teresa Morales
Subject: FW: REHAB Projects

From: Deepak P. Sulakhe [mailto:dsulakhe@omhousing.com]
Sent: Friday, October 28, 2011 4:45 PM
To: 'Cameron Dorsey'; tim.irvine@tdhca.state.tx.us
Cc: 'Leonard Vilicic'
Subject: REHAB Projects

Mr. Dorsey and Mr. Irvine,

Following are my comments on the QAP.

1. REHAB Deals – Points for Extended Use

A PCNA that is required for Rehab projects typically determines two very important items: A) Effective Age of the Product – current and post rehab, and B) The Remaining Useful Life (RUL) of the Product – current and post rehab. The Effective Age indicates the comparable age of the product in its existing condition as well as after it is rehabbed. The RUL indicates how many more years this product is expected to remain in a useful condition. If the projected RUL after the rehab, as determined by a third party PCNA provider, outlasts not only the compliance period but the extended use period as well, then why is a Rehab project not eligible for Extended Use points?

In other words, if the PCNA determines that the RUL exceeds the Extended Use period chosen by the applicant, then the application should get the same points as a new construction deal.

2. REHAB Deals – Additional points given to deals in 80s and 90s.

While simple logic favors that a project built in the 80s would be in a better condition than a project built earlier, there are too many factors involved to use such a logic. Factors such as the maintenance program, tenant profile, soil settlement, quality of original construction, scope of rehab, etc. need to be considered to determine the Remaining Useful Life of a project. Thus, instead of arbitrarily going by age of product, I think we need to have third party professionals (PCNA Consultant, Architect, the MEPS team, etc.) to determine the post rehab Remaining Useful Life of the project. We use a Market Analyst to project rents, an Appraiser to project expenses and rents, an Environmental Consultant to confirm environmental conditions, etc. so why not rely on another professional to determine the quality of a product instead of arbitrarily limiting projects by its age?

As a matter of fact, the older 60s and 70s project most often have inferior amenities as compared to current day projects. These projects sometimes don't even have air conditioning/heating, microwaves, dishwashers, washer/dryers, etc. The HTC Financing provides a great opportunity to upgrade the living standards in such units. Thus, not only are such Rehabs providing Affordable Units, they are also substantially upgrading the existing living standards in those units. Providing such multiple yet complimentary solutions is what I believe is the best bang for the HTC dollar.

So, if the fear is that such older projects might not last through the Compliance and Extended Use periods, lets have the PCNA determine the Effective Age and the Remaining Useful Life of the Rehabbed Project. Lender/Investors have now become very smart on financing Rehab projects and often require extensive studies and reports before they can determine if the project will last through the financing term provided. Note that the term of a loan typically exceeds Compliance and Extended Use periods.

3. Generally, a Rehab Project provides Affordable Housing at a reduced cost along with other aspects such as Revitalization, Sustainability, Environmental Cleanup, opportunity to upgrade current living standards, etc. which is a bigger bang for the HTC dollar. Thus Rehab projects should be given preference. Following is a list of advantages for a Rehab Project:

a. Rehab Projects can provide "Affordable Units" at reduced hard costs. Rehab deals will typically have savings for existing foundations, site work, existing utilities, lower A&E Fees due to reduced design, Impact Fees, Utility Hook Up Fees, compliance to new codes that could cost a lot, reduced public hearing fees, etc. In fact, you can get the same level of LEED Certification on a Rehab project at reduced costs than you could with a new construction project.

b. Less impact on schools, utilities, roads, etc. You are not adding to the existing load; in fact on LEED Certified Rehab projects, you will be reducing the loads.

c. Rehab deals provide the best opportunity to revitalize a neighborhood for the better (mind you, at the reduced costs as discussed above). Lets consider Fairway Crossing (TDHCA#05171) located at Ferguson Road and I-30 in the Dallas Area: that project was infested with criminal activities including prostitution, drug trafficking, etc. What stands post the Rehab is a clean, crime ridden property that has given the neighborhood a sense of safety and pride. Thus, the HTC dollar has gone over and beyond providing affordable units; it has gone towards preventing crime, revitalizing neighborhoods and spurring economic activities in neighborhoods. Rehab Projects merge affordable housing with economic development, which I believe, is the best bang for the HTC dollar!

d. Opportune time for providing "Quality Affordable Housing at Superior Locations": There is no doubt that the location of Rehab Projects are typically in "infill" locations which have superior "Site Characteristics" as compared to the locations of outlying new construction projects. With the current economy, older projects located in these "infill" areas are not able to reposition/rehab with conventional sources. While well located, these projects are aging with no financial help in sight. So the current times would be a perfect window of opportunity to capitalize on converting such older well located conventional projects into Affordable Projects, while substantially improving the existing living standards. Affordable Projects in such superior "infill" locations will be cherished by the lower income citizens!

e. Improvement to Current Living Standards – Older projects built in the 60s and 70s, often don't have air conditioning, dishwashers, washer dryers and even microwaves in their units. The HTC financing would provide a ideal opportunity to upgrade the living standards in such units. Again, at reduced costs as compared to a new construction project.

f. Allow for cleaning up of any existing environmental conditions (asbestos and lead based paint). Presence of Asbestos, Lead Based Paint and Mould could be cleaned up during a Rehab and provide environmentally cleaner living standards to existing residents.

g. Less impact to the environment … existing landscape and trees will remain.

h. With the right scope of work, a Rehab project would have the same Remaining Useful Life as that of a New Construction project.

i. Rehab deals are typically located in "infill" areas, allowing tenants to use mass transit. This supports the sustainability of the community from an ecological perspective. Fewer cars means less roadway congestion, fewer parking problems and less air pollution.

The disadvantage of a rehab project is most likely just one item - that rehab deals might not last the term of the compliance or extended use periods. So let us solve this problem by seeking a PCNA that validates the compliance period as well as the extended use period (if any) with the Remaining Useful Life of the project.

4. ON Previously submitted applications getting 1 and 2 points for Readiness to Proceed – Readiness should be compared at the same starting level for ALL projects. Just because deals were submitted in prior years, it doesn't mean that they are "more ready". If the goal is to provide additional points to deals that would not get funded, these points are, more often than not, rewarding an application for its tardiness. An application might not have been competitive in the last two years because it was incomplete, but by resubmitting it in consecutive years, the QAP is rewarding such tardy applications by 2 points. Additionally, during the 2011 round, several quality developers didn't submit an application in Region 3 due to the unavailability of volume cap caused by all the forwards in 2010. The ones who did submit, just took a chance by not paying attention to the amount of credits available in Region 3. So the 2012 QAP would be rewarding such applicants who simply took a chance in 2011. Thus, I request that these 2 points be completely stricken out.

5. On Readiness to proceed – is there a definition on what should be included in a Civil Engineering Study?

6. In definition for a CBD - Does the 10 story building need to be located within the CBD itself or could the 10 story building be located outside of the CBD but within the boundaries of the city? Due to Historic Preservation some cities have preserved the quaintness in its "downtown/CBD" areas with the older but smaller buildings, but have allowed taller commercial buildings in other locations along highways. The mid cities in the DFW area is a prime example.

Please feel free to contact me if you have any questions or need additional information.

Sincerely,

Deepak P. Sulakhe

Off: (214) 432-7610

Cell: (214) 632-1565

Fax (214) 594-9753

email: dsulakhe@omhousing.com

P
Please consider the environment before printing this e-mail

Comment #31

Walter Schellhase,

Hill Country Veterans Council

31

HILL COUNTRY VETERANS COUNCIL
1700 Sidney Baker, Suite 100
Kerrville, Texas 78028
830-896-1157 Fax 830-896-1175
www.hcvc.org

October 27, 2011

Ms Elizabeth Yevich
TDHCA
P.O. Box 13941
Austin, TX 78711-3941

JEANNIE
CAMERON

FAX: 1-512-475-1672

Dear Ms Yevich:

As you may be aware, the Department of Veterans Affairs has stepped up its efforts to address the housing and personal support needs of our Veterans. However, the task will get more difficult as service men and women return from Iraq, and the harder to reach Veteran populations, including a large wave of Vietnam era Veterans who have moved into the senior age range become the focus of ongoing efforts.

By entering into Enhanced Use Leases (EUL's) with private developers, the VA is relying on this process to produce thousands of housing units for senior, disabled, and at-risk Veterans.

One of those sites is here in Kerrville. The development of a senior housing community for veterans on the Kerrville campus would be a significant addition to the service delivery program of the Kerrville VA Medical Center and something we heartily support.

Far and away the most flexible and responsive financing for such an initiative remains a combination of private capital and available state administered federal funding already targeted to meet the housing needs of this population demographic. To be able to couple the VA Enhanced Use Lease sites with the gold standard in affordable housing provision, the Low Income Housing Tax Credit and/or HOME funding, will accelerate the process and ensure rapid, high quality housing for our aging and at-risk Veterans.

Please join us in our efforts to make this goal a reality for the Veterans in Texas by creating a special funding priority (i.e. a "set-aside" or a "goal") such as those provided for similar needs involving USDA, and At Risk Development set-asides in your HOME and/or Low Income Housing Tax Credit programs for the 2012 cycle year. Specifically the set aside could be for Enhanced Use Lease (EUL) projects located on VA campuses which have a specific designation to house senior (55 and older) Veterans, Disabled Veterans, and At Risk Veterans.

The Hill Country Veterans Council represents roughly 18,600 veterans in the Texas Hill Country. In addition the Council represents the following Hill Country veteran's organization in this matter:

AMAVETS
Bill Cantrell
Kerrville, Texas

Military Officers Association of American
P O Box 291994
Kerrville, Texas

VFW Post 1480
Kerrville, Texas

VFW Post 7105
Franz Anrens
Fredericksburg, Texas

VVA Post 863
P O Box 291704
Kerrville, Texas

DVA Chapter #8
Kerrville, Texas

DVA Chapter 167
Mason Hwy
Fredericksburg, Texas

American Legion Post 244
San Antonio Hwy
Fredericksburg, Texas

American Legion
Hank Narmour Memorial
Hill Country Post 64
Ingram, Texas

Military Order Purple Heart 814
102 River View Drive
Center Point, Texas

We seek your support on this issue to better the lives of hundreds of veterans in the Texas Hill Country.

Sincerely

Walter Schellhase
USA-BG (Ret)
President, Hill Country Veterans Council

Comment #32

Cherno Njie,

Songhai Development Company

QAP Comments

Funding from Local Government Entity:

1. Create a new scoring criteria for projects that do not need a commitment of funds from a Unit of General Local Government or Instrumentality (Section 2306.6710(b)(1)(E) – The purpose of this section is to encourage projects that do not need local funds to be financially feasible from competing for limited local resources with projects that need such funds to be viable:

    1. Projects not receiving financial assistance or in-kind contribution from a local government entity and can demonstrate financial viability in deferring no more than 25% of the developer fee – 17 points
    2. Projects not receiving financial assistance or in-kind contribution from a local government entity and can demonstrate financial viability in deferring no more than 35% of the developer fee – 11 points

Comment #33

Pres Kabacoff,

HRI Properties

HRI PROPERTIES

October 27, 2011

Mr. J. Paul Oxer, PE, Chairman
Board of Directors
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Dear Chairman Oxer and TDHCA Board Members,

Our firm, HRI Properties, has been working with a number of downtown development and historic preservation organizations based in Texas, like Preservation Texas - a statewide historic preservation advocacy group, as well as national organizations such as the National Trust for Historic Preservation and the National Housing and Rehabilitation Association, to promote changes in the 2012 QAP that would make affordable housing developments in downtown locations and though the adaptive reuse of historic buildings easier. Many of these changes have already been incorporated into the QAP and the issues at hand have been acknowledged by the TDHCA staff and Board. On behalf of these organizations we would like to thank the TDHCA for their open process and responsiveness in addressing these important issues.

As the public comment period for the 2012 QAP comes to a close we have just a few final suggested QAP changes to propose.

First, in section 50.9(a) 23(b) we propose to add the underlined wording to the last sentence of the section as follows:

> "The Applicant will be required to show proof of the Historic designation and Historic Tax Credits at cost certification."

This change will prevent any confusion as to when the proof of historic designation, which in some cases may take more than six months to obtain, must be submitted to the Department. We have corresponded with staff regarding this clarification and they have indicated that they believe the clarification is needed and that they would be supportive of the language proposed above.

Second, the above referenced section grants one point for projects with an historic designation that use federal Historic Tax Credits. In contrast, a new section, 50.9(a)(20), grants three points for reuse of residential buildings originally constructed between 1980 – 1990. However, to use federal Historic Tax Credits a building must have federal Historic designation in addition to any

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909 POYDRAS STREET, SUITE 3100 • NEW ORLEANS, LOUISIANA 70112 • 504/566-0204 • FAX 504/525-3932

state designation and generally speaking must be at least 50 years old. It seems only right that reuse of buildings of national historic significance that bring with them additional federal resources to leverage the State's limited allocation of LIHTC should warrant getting at least as many, if not more points than projects that reuse residential buildings constructed between 1980 – 1990. Furthermore certifications regarding common area amenities grant from two to four points for various green building certifications, but what could be more green than recycling an entire historic building? The last draft of the QAP granted 6 points for Historic Tax Credit project. In consideration of the fact that reuse of residential buildings constructed between 1980 – 1990 get three points and various green building certifications get between two and four points, we respectfully request that 6 points be granted to Historic Tax Credit projects. In any event Historic Tax Credit projects should not be granted less than the four points available for green building certifications.

Our last comment is unrelated to the downtown or historic preservation developments. Our understanding is that the Texas legislature has authorized a per developer LIHTC award cap of $3MM/year. Since the allocation process is a competitive, merit based process, with only the highest scoring projects being awarded allocations, HRI Properties believes the higher per developer cap authorized by the legislature should be incorporated into the 2012 QAP, so that more of the very best scoring projects may be awarded allocations, irrespective of who the developer is.

Again, on behalf of HRI Properties and the downtown development and historic preservation advocates we have been working with for nearly two years, I would like to commend the TDHCA Board and staff for its open, transparent process and for its work in seriously considering and addressing the issues we have raised for the betterment of the program.

Sincerely,

Pres Kabacoff
Chief Executive Officer

Cc: Tim Irvine
Tom Gouris

MULTIFAMILY FINANCE DIVISION
BOARD ACTION REQUEST
November 10, 2011

Presentation, Discussion, and Possible Action regarding approval for publication in the *Texas Register* final orders repealing 10 TAC Chapter 33, concerning 2010 Multifamily Housing Revenue Bond rules, and adopting new 10 TAC Chapter 33, concerning 2012 - 2013 Multifamily Housing Revenue Bond Rules.

RECOMMENDED ACTION

WHEREAS, the Draft 2012-2013 Multifamily Housing Revenue Bond Rules, were presented and approved for publishing in the *Texas Register* to obtain public comment at the September 15, 2011 Board Meeting; and

WHEREAS, the public comment period ended on October 19, 2011 and no comment was received relating to this rule; therefore,

It is hereby,

RESOLVED, the proposed repeal and proposed new rule for the Multifamily Housing Revenue Bond Rules, 10 TAC Chapter 33, is hereby ordered and is approved, together with the preambles presented to this meeting, for publishing in the *Texas Register*; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and direct, for and on behalf of the Department, to cause the Final Multifamily Housing Revenue Bond Rules, in the form presented to this meeting be published in *Texas Register* for public comment and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The Board approved the Draft 2012-2013 Multifamily Housing Revenue Bond Rules to be published in the Texas Register. The proposals were published in the *Texas Register* on September 30, 2012, for public comment. In order to receive additional comments on all proposed rules, the Texas Department of Housing and Community Affairs held public hearings across the state. Five (5) people attended these hearings.

The Department did not receive any comments specific to the 2012-2013 Multifamily Housing Revenue Bond Rule; however, there were comments received in response to the Draft 2012 Qualified Allocation Plan (QAP) that impacts this rule and is being presented at this meeting. Such changes were made to be consistent with those made to the QAP and specifically includes §33.5(d)(11)(H).

Attachment A: Preamble, Reasoned Response, and New Rule

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 33, §§33.1 - 33.9, concerning the 2012 - 2013 Multifamily Housing Revenue Bond Rules. Sections 33.1 and 33.5 are adopted with changes to text as published in the *Texas Register* on September 30, 2011 (35 TexReg 8584). Sections 33.2 – 33.4, 33.6 – 33.9 are adopted without change and will not be republished.

The new sections are adopted in order to implement changes that will improve the Private Activity Bond Program.

Public hearings on the proposed new sections were held in Brownsville, Austin, Houston and Abilene. Additionally, written comments on the proposed repeal were accepted by mail, email, and facsimile through October 19, 2011.

No comments were received concerning the proposed new sections.

The Board approved the final order adopting the changes, as amended, as well as administrative changes as needed for consistency within this chapter, on November 10, 2011.

The new sections are adopted pursuant to the authority of the Texas Government code, Chapter 2306 which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

Private Activity Bond Program

2012 – 2013 Multifamily Housing Revenue Bond Rules

Table of Contents

§33.1. Introduction.

The purpose of this chapter is to state the Texas Department of Housing and Community Affairs (the "Department") requirements for issuing Bonds, the procedures for applying for multifamily housing revenue Bond financing, and the regulatory and land use restrictions imposed upon Developments financed with the issuance of Bonds for the 2012-2013 Private Activity Bond Program years. The rules and provisions contained in this chapter are separate from the rules relating to the Department's administration of the Housing Tax Credit Program. Applicants seeking a housing tax credit allocation should consult the Department's Qualified Allocation Plan ("QAP"), in effect for the program year for which the Housing Tax Credit application will be submitted. If the applicable QAP contradicts rules set forth in this chapter, the applicable QAP will take precedence over the rules in this chapter. The Department encourages the participation in the Multifamily Bond programs by working directly with Applicants, lenders, trustees, legal counsels, local and state officials and the general public to conduct business in an open, transparent and straightforward manner. The Department has simplified the process, within the limitation of statute, to affirmatively support and create affordable housing throughout the State of Texas.

§33.2. Authority.

The Department receives its authority to issue Bonds from Chapter 2306 of the Texas Government Code. All Bonds issued by the Department must conform to the requirements of the Act. The Department will issue Bonds to finance the rehabilitation, preservation or construction of decent, safe and affordable housing throughout the State of Texas. Eligible Developments may include those which are constructed, acquired, or rehabilitated and which provide housing for individuals and families of Low Income, Very Low Income, or Extremely Low Income, and Families of Moderate Income. Notwithstanding anything in this chapter to the contrary, tax-exempt Bonds which are issued to finance the Development of multifamily rental housing are specifically subject to the requirements of the laws of the State of Texas, including but not limited to Chapter 2306 and Chapter 1372 of the Texas Government Code relating to Private Activity Bonds, and to the requirements of the Code (as defined in this title).

§33.3. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Any capitalized terms not specifically mentioned in this section shall have the meaning as defined in Texas Government Code, Chapter 2306, §§42, 141 and 145 of the Internal Revenue Code, and §1.1 of this title (relating to Definitions and Amenities for Housing Program Activities) and repeated in the Tax Credit (Procedures) Manual.

(1) **Eligible Tenants**--

(A) individuals and families of Extremely Low, Very Low and Low Income;

(B) individuals and families of Moderate Income; or

(C) Persons with Special Needs, in each case, with an Anticipated Annual Income not in excess of 140% of the area median income for a four-person household in the applicable standard metropolitan statistical area; provided that all Low-Income Tenants shall count as Eligible Tenants.

(2) **Institutional Buyer**--

(A) An accredited investor as defined in Regulation D promulgated under the Securities Act of 1933, as amended (17 CFR §230.501(a)), but excluding any natural person or any director or executive officer of the Department (17 CFR §230.501(a)(4) - (6)); or

(B) A qualified institutional buyer as defined by 17 CFR §230.144(A), promulgated under the Securities Act of 1935, as amended.

(3) **Owner**--An Applicant that is approved by the Department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a Development subject to the regulatory powers of the Department and other terms and conditions required by the Department and the Act.

(4) **Persons with Special Needs**--Persons who:

(A) Are considered to be disabled under a state or federal law;

(B) Are elderly;

(C) Are designated by the Board as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise; or

(D) Are legally responsible for caring for an individual described by subparagraph (A), (B) or (C) of this paragraph and meet the income guidelines established by the Board.

(5) **Private Activity Bond Program Scoring Criteria**--The scoring criteria established by the Department for the Department's Multifamily Housing Revenue Bond Program, §33.5(e) of this chapter (relating to Application Procedures, Evaluation and Approval).

(6) **Private Activity Bond Program Threshold Requirements**--The threshold requirements established by the Department for the Department's Multifamily Housing Revenue Bond Program, §33.5(d) of this chapter.

(7) **Program**--The Department's Multifamily Housing Revenue Bond Program.

(8)**Trustee**--A national banking association organized and existing under the laws of the United States, as trustee (together with its successors and assigns and any successor trustee).

§33.4. Bond Rating and Investment Letter.

(a) Bond Ratings. All publicly offered Bonds issued by the Department to finance Developments shall have and be required to maintain a debt rating the equivalent of at least an "A" rating assigned to long-term obligations by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or Moody's Investors Service, Inc. If such rating is based upon credit enhancement provided by an institution other than the Applicant or Development Owner, the form and substance of such credit enhancement shall be subject to approval by the Board, which approval shall be evidenced by adoption by the Board of a resolution authorizing the issuance of the credit-enhanced Bonds. Remedies relating to failure to maintain appropriate credit ratings shall be provided in the financing documents relating to the Development.

(b) Investment Letters. Bonds rated less than "A," or Bonds which are unrated must be placed with one or more Institutional Buyers and must be accompanied by an investment letter acceptable to the Department. Subsequent purchasers of such Bonds shall also be qualified as Institutional Buyers and shall sign and deliver to the Department an investment letter in a form acceptable to the Department. Bonds rated less than "A" and Bonds which are unrated shall be issued in physical form, in minimum denominations of one hundred thousand dollars ($100,000), and shall carry a legend requiring any purchasers of the Bonds to sign and deliver to the Department an investment letter in a form acceptable to the Department.

§33.5. Application Procedures, Evaluation and Approval.

(a) Application Costs, Costs of Issuance, Responsibility and Disclaimer. The Applicant shall pay all costs associated with the preparation and submission of the Pre-application including costs associated with the publication and posting of required public notices and all costs and expenses associated with the issuance of the Bonds, regardless of whether the Application is ultimately approved or whether Bonds are ultimately issued. At any stage during the Application process, the Applicant is solely responsible for determining whether to proceed with the Application, and the Department disclaims any and all responsibility and liability in this regard.

(b) Pre-application. An Applicant who requests financing from the Department for a Development shall submit a pre-application in the format prescribed by the Department. Within fourteen (14) days of the Department's receipt of the pre-application, the Department will be responsible for federal, state, and local community notifications of the proposed Development. Department review at this stage is limited and not all issues of Eligibility pursuant to §50.4 of this title (relating to Ineligible Applicants, Applications and Developments) and Threshold pursuant to §50.8 of this title (relating to Threshold Criteria) are reviewed. Acceptance by staff of a pre-application does not ensure that the Applicant satisfies all Application Eligibility and Threshold requirements, including supporting documentation. The Department is not responsible for notifying an Applicant of potential areas of ineligibility or threshold deficiencies at the time of pre-application. If the Development is determined to be eligible for Bond financing by the Department, the Department will score and rank the pre-application based on the Private Activity Bond Program Scoring Criteria as described in subsection (e) of this section.

(1) The Department will rank the pre-application with higher scores ranking higher within each priority defined by §1372.0321, Texas Government Code. All Priority 1 Applications will be ranked above all Priority 2 Applications which will be ranked above all Priority 3 Applications, regardless of score, reflecting a priority structure which gives consideration to the income levels of the tenants and the rent levels of the units consistent with §2306.359, Texas Government Code. This priority ranking will be used throughout the calendar year. In the event two or more Applications receive the same score, the Department will use as a tie-breaking mechanism the criteria as stipulated in §50.6(e) of this title (relating to Allocation and Award Process). Pre-Applications must meet the threshold requirements as stated in the Private Activity Bond Program Threshold Requirements as set out in subsection (d) of this section.

(2) After scoring and ranking, the Development and the proposed financing structure will be presented to the Department's Board for consideration of an inducement resolution declaring the Department's initial intent to issue Bonds with respect to the Development.

(c) Approval of the inducement resolution does not guarantee final Board approval of the Bond Application. Department staff, for good cause, may recommend that the Board not approve an inducement resolution for an Application. Because each Development is unique, making the final determination is often dependent on the issues presented at the time the full Application is presented to the Board.

(d) Pre-Application Threshold Requirements.

(1) As the Department reviews the Application, the Department will use the assumptions as reflected in §1.32 of this title (relating to Underwriting Rules and Guidelines), even if not reflected by the Applicant in the Application.

(A) Construction Costs Per Unit Assumption. Costs not to exceed $85 per square foot for general population developments and $95 for elderly developments (Rehabilitation developments are exempt from this requirement).

(B) Anticipated Interest Rate and Term. As stated in the pre-application.

(C) Size of Units as reflected in §50.8(5)(B) of this title.

(2) Zoning. Evidence of appropriate zoning must be provided as referenced in §50.8(8)(B) of this title.

(3) Proper Site Control. Properly executed and escrow receipted Site Control in the name of the Applicant (principal or member of the General Partner) valid through the inducement Board meeting at pre-application and ninety (90) days from the date of the Certificate of Reservation with the option to extend through the scheduled TDHCA Board meeting at full application. The potential expiration of site control does not warrant the application being presented to the TDHCA Board prior to the scheduled meeting.

(4) Current Market Information (must support affordable rents).

(5) Completed current TDHCA Bond Pre-Application.

(6) Completed ~~2012~~ Bond Review Board Residential Rental Attachment for the current program year.

(7)Evidence of paid Application Fees ($1,000 to TDHCA, $2,000 to Vinson and Elkins, as the Department's bond counsel, and $5,000 to Texas Bond Review Board).

(8) Boundary Survey or Plat clearly identifying the location and boundaries of the subject property.

(9) Local Area map showing the location of the Property and Community Services/Amenities within a three (3) mile radius (radius ring or scale must be present on the map).

(10) Organization Chart showing the structure of the Applicant and the ownership structure of any principals of the Applicant with evidence of Entity Registration or Reservation with the Office of the Secretary of State.

(11) Required Notification. Evidence of notification is required in the form provided in the pre-application. The "Public Information Form" must be completed and include a list of all of the recipients (including names and complete addresses). Proof of delivery, though not required to be submitted with the Application, must not be older than three months prior to the Application submission date. Notification must be sent to all the following individuals and entities (if the QAP in effect for the program year for which the Bond and Housing Tax Credit applications are submitted reflect a notification process that is different from the process listed in subparagraphs (A) - (G) of this paragraph, then the QAP will override the notification process listed in subparagraphs (A) - (G) of this paragraph):

(A) State Senator and Representative that represents the district containing the development;

(B) Presiding Officer of the governing body of any municipality containing the development and all elected members of that body (Mayor, City Council members);

(C) Presiding Officer of the governing body of the county containing the development and all elected members of that body (County Judge and/or Commissioners);

(D) School District Superintendent of the school district containing the development;

(E) Presiding Officer of the School Board of Trustees of the school district containing the development; and

(F) The Applicant must request Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as follows:

(i) No later than fourteen (14) days prior to the date the pre-application is submitted, the Applicant must e-mail, fax or mail with registered receipt a completed, "Neighborhood Organization Request" letter as provided in the pre-application materials to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located in an area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (the "ETJ") of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request Neighborhood Organizations from that source in the same format;

(ii) If no reply letter is received from the local elected officials by seven (7) days prior to the pre-application submission, then the Applicant must certify to that fact in the pre-application materials; and

(iii) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as provided by the local elected officials, or that the Applicant has knowledge of (regardless of whether the organization is on record with the county or state) as of the pre-Application submission in the "Certification of Notification Form" provided in the pre-application.

(G) No later than the date the pre-application is submitted, notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt (email or fax to be "receipt confirmed") in the format required in the "Pre-application Notification Template" provided in the pre-Application materials. Developments located in an ETJ of a city are not required to notify city officials; however the county officials are required to be notified. It is strongly encouraged that Applicants retain proof of delivery of the notifications to the persons or entities prescribed in clauses (i) - (ix) of this subparagraph in the event the Department requires proof of notification. Evidence of proof of delivery is demonstrated by signed receipt for mail or courier delivery and confirmation of receipt by recipient for facsimile and electronic mail. Officials to be notified are those officials in office at the time the pre-application is submitted.

(i) Neighborhood Organizations on record with the state or county whose boundaries contain the proposed Development Site as identified in subparagraph (F)(iii) of this paragraph;

(ii) Superintendent of the school district containing the Development;

(iii)Presiding officer of the board of trustees of the school district containing the Development;

(iv) Mayor of any municipality containing the Development;

(v) All elected members of the governing body of any municipality containing the Development;

(vi) Presiding officer of the governing body of the county containing the Development;

(vii) All elected members of the governing body of the county containing the Development;

(viii) State representative of the district containing the Development; and

(ix) State senator of the district containing the Development.

(H) Each such notice must include, at a minimum, all of the following:

(i) The Applicant's name, address, individual contact name and phone number;

(ii) The Development name, address, city and county;

(iii) A statement informing the entity or individual being notified that the Applicant is submitting a request for Private Activity Bonds and Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(iv) Statement of whether the Development proposes New Construction or Rehabilitation;

(v) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.)~~ and population being served (general, or elderly)~~; and

(vi) The approximate total number of Units and approximate total number of low-income Units;

~~(vii) The approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the percentage of Units that are market rate;~~

~~(viii) The number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the pre-Application, which are subject to change as annual changes in the area median income occur; and~~

~~(ix) The expected completion date if credits and/or bonds are awarded.~~

(e) Pre-application Scoring Criteria.

(1) Income and Rent Levels of the Tenants. Applications submitted as a Priority 1 will receive (10 points), Priority 2 will receive (7 points) and Priority 3 will receive (5 points).

(2) Cost of the Development by Square Foot. For this item, costs shall be defined as construction costs, including site work, direct hard costs, contingency, contractor profit, overhead and general requirements, as represented in the Development Cost Schedule. This calculation does not include indirect construction costs. The calculation will be costs per square foot of Net Rentable Area (NRA). Costs do not exceed $85 per square foot for general population Developments and $95 per square foot for elderly Developments (1 point) (Rehabilitations will automatically receive (1 point)).

(3) Size of Units. The average size of all Units combined in the Development must be greater than or equal to 950 square foot for general and must be greater than or equal to 750 square foot for elderly (5 points) (Rehabilitations will automatically receive (5 points)).

(4) Period of Guaranteed Affordability for Low Income Tenants. Add ten (10) years of affordability after the extended use period for a total affordability period of forty (40) years (4 points).

(5) Quality of the Units as referenced in §50.9(b~~a~~)(4)(B) of this title (relating to Selection Criteria) and further defined in §1.1 of this title (relating to Definitions and Amenities for Housing Program Activities). Must select at least (14 points).

(6) Common Amenities as referenced in §50.8(5)(A)(i) – (vii) of this title and further defined in §1.1 of this title.

(7) Tenant Services. Acceptable services include those described in §1.1 of this title. (maximum 8 points).

(8) Development Support/Opposition. Maximum net points of +24 to -24. Each letter will receive a maximum of +3 to -3. All letters received by 5:00 PM, seven (7) business days prior to the date of the Board meeting at which the Application will be considered for Applications submitted for waiting list and carryforward will be used in scoring. Letters must clearly state support or opposition to the specific Development. State Representatives or Senators as well as local elected officials to be considered are those in office at the time the Application is submitted and represent the district containing the proposed Development Site. Letters of support from State or local elected officials that do not represent the district containing the proposed Development Site will not qualify for points under this exhibit. Neutral letters, or letters that do not specifically refer to the Development, will receive (0 points). A letter that does not directly express support by expresses it indirectly by inference (i.e. a letter that says "the local jurisdiction supports the Development and I support the local jurisdiction" will be treated as a neutral letter).

(A) Texas State Senator and Texas State Representative (maximum +3 to -3 points per official);
(B) Presiding officer of the governing body of any municipality containing the Development and the elected district member of the governing body of the municipality containing the Development (maximum +3 to -3 points per official);
(C) Presiding officer of the governing body of the county containing the Development and the elected district member of the governing body of the county containing the Development (if the site is not in a municipality, these points will be doubled) (maximum +3 to -3 points per official);
(D) Local School District Superintendent and Presiding Officer of the Board of Trustees for the School district containing the Development (maximum +3 to -3 points per official).

(9) Proximity to Community Services/Amenities within three (3) miles of the site. A map must be included identifying the Development Site and the location of services by name. If the services are not identified by name, points will not be awarded. All services must exist or, if under construction must be under active construction, post pad by the date pre-application is submitted. The map must include either a three (3) mile radius ring or a scale (Rehabilitation developments will receive (1.5 points) for each item in subparagraphs (A) - (O) of this paragraph).
(A) Full service grocery store (1 point);
(B) Pharmacy (1 point);
(C) Convenience store/mini-market (1 point);
(D) Department or Retail Merchandise Store (1 point);
(E) Bank/Credit Union (1 point);
(F) Restaurant (including fast food) (1 point);
(G) Indoor public recreation facilities, such as civic centers, community centers, and libraries (1 point);
(H) Outdoor public recreation facilities, such as parks, golf courses, and swimming pools (1 point);
(I) Fire/Police Station (1 point);
(J) Medical offices (physician, dentistry, optometry) or hospital/medical clinic (1 point);
(K) Public School (only one school required for point and only eligible with general population developments) (1 point);
(L) Senior Center (1 point);
(M) Religious Institutions (1 point);
(N) Day Care Services (must be licensed – only eligible for Developments that are not Qualified Elderly Developments) (1 point);
(O)Post Office, City Hall, County Courthouse (1 point).

(10) Rehabilitation or Reconstruction Developments will receive (30 points). This will include the demolition of old buildings and New Construction of the same number of units if allowed by local codes or less units to comply with local codes.

(11) Preservation Developments will receive (10 points). This includes Rehabilitation proposals on properties which are nearing expiration of an existing affordability requirement within the next two (2) years or for which there has been a rent restriction requirement in the past ten (10) years. Evidence must be provided.

(12) Declared Disaster Areas. Applications will receive (7 points), if at the time the complete pre-application is submitted or at any time within the two-year period preceding the date of submission, the proposed Development Site is located in a declared Disaster Area. This includes federal, state and Governor declared disaster areas.

(13) Developments in Census Tracts with No Other Existing Developments Supported by Tax Credits. Applications will receive (6 points) if the proposed Development is located in a census tract in which there are no other existing Developments that were awarded housing tax credits in the last five (5) years and (3 points) if there are no other existing developments that were awarded housing tax credits in the last three (3) years. The applicant must provide evidence of the census tract in which the Development is located. These census tracts are outlined in the Housing Tax Credit Site Demographic Characteristics Report for the current program year.

(f) Multiple Site Applications. For the purposes of scoring, applicants must submit the required information as outlined in the Pre-Application Submission Manual. Each individual property will be scored on its own merits and the final score will be determined based on an average of all of the individual scores.

(g) Financing Commitments. After approval by the Board of the inducement resolution, and as part of the submission of a final application, the Applicant will be solely responsible for making appropriate arrangements with financial institutions which are to be involved with the issuance of the Bonds or the financing of the Development, and to begin the process of obtaining firm commitments for financing from each of the financial institutions involved.

(h) Trustee and Investment Banking Firm Selection. The Applicant shall select, from the Approved list on the Department's website, a Trustee. An Applicant may coordinate with an out-of-state Trustee on the Approved list; however the funds must flow through a Texas office. The Applicant shall also select from the Approved list on the Department's website, an investment banking firm to serve as senior managing underwriter, co-managing underwriter or placement agent, as applicable. The Applicant will be responsible for all fees and expenses including those of the respective counsels, associated with the transaction.

(i) Full Application. Once the inducement resolution has been approved by the Board, an Applicant who elects to proceed with submitting a final Application to the Department must submit the Volumes I and II of the Housing Tax Credit Application. Priority 1 and 2 Applications (as elected on the Bond Review Board Residential Rental Attachment) must submit the volumes prior to receipt of a Certificate of Reservation from the Texas Bond Review Board. For Priority 3 Applications the Volumes I and II must be submitted within fourteen (14) days of the Certificate of Reservation date from the Texas Bond Review Board. The Volume III of the Application and all Third Party reports as required by the Department must be submitted at least sixty (60) days prior to the scheduled meeting of the Board at which the Development and the Bond issuance are to be considered, unless the Department directs the Applicant otherwise in writing. The Application consists of the completed Uniform Application and Multifamily Rental Worksheets in the format required by the Department as posted to the Department's website. The Tax Credit (Procedures) Manual provides guidance on completing the Uniform Application. If the Applicant is applying for other Department funding then they are encouraged to refer to the Rules for that program regarding Application submission requirements. The full Application must adhere to the Department's QAP in effect for the program year for which the Bond and Housing Tax Credit applications are submitted. The Department may determine that supporting materials listed in the full Application shall be provided subsequent to the final Application deadline in accordance with a schedule approved by the Department. Failure to provide any supporting materials in accordance with the approved schedule may be grounds for terminating the Application and returning the reservation to the Texas Bond Review Board.

(j) Administrative Deficiencies. If an Application contains deficiencies which, in the determination of the Department staff, require clarification, correction, or non-material missing information to resolve inconsistencies in the original Application the Department staff may request such information in the form of an Administrative Deficiency as described in §50.7(b~~a~~)(2)(B) of this title (relating to Administrative Deficiencies for Tax Exempt Bond Applications).

(k) Eligibility Criteria. The Department, in addition to those items described in §50.4 of this title (relating to Ineligible Applicants, Applications and Developments), will evaluate the Development for eligibility at the time of full Application. If there are changes to the Application at any point prior to closing that have an adverse affect on the score and ranking order and that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the Certificate of Reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). The Development and the Applicant must satisfy the conditions set out in paragraphs (1) and (2) of this subsection in order for a Development to be considered eligible:

(1) The proposed Development must further meet the public purposes of the Department as identified in the Code.

(2) An Application may include either the Rehabilitation or New Construction, or both the Rehabilitation and New Construction, of qualified residential rental facilities located at multiple sites and with respect to which 51% or more of the residential units are located:

(A) in a county with a population of less than 75,000; or

(B) in a county in which the median income is less than the median income for the state, provided that the units are located in that portion of the county that is not included in a metropolitan statistical area containing one or more projects that are proposed to be financed, in whole or in part, by an issuance of bonds. The number of sites may be reduced as needed without affecting their status as a project for purposes of the application, provided that the final application for a reservation contains at least two sites. (§1372.002, Texas Government Code)

(l) Bond Documents. After receipt of the final Application, bond counsel for the Department shall draft Bond documents which conform to the state and federal laws and regulations which apply to the transaction. Bond counsel is not required to begin drafting the Bond documents until the appropriate fees have been received. The Applicant will be responsible for all bond counsel fees and expenses associated with the transaction.

(m) Public Hearings; Board Decisions. For every Bond issuance, the Department will hold a public hearing in accordance with §147(f) of the Code, in order to receive comments from the public pertaining to the Development and the issuance of the Bonds. The Applicant or member of the Development team must be present and will be responsible for conducting a brief presentation on the proposed Development and providing handouts at the hearing that should contain at a minimum, a description of the Development, maximum rents and income restrictions. If the proposed Development is a Rehabilitation then the presentation should include the scope of work that will be done to the property. All handouts must be submitted to the Department for review at least two (2) days prior to the public hearing. Publication of all notices required for the public hearing shall be at the sole expense of the Applicant. The Board's decisions on approvals of proposed Developments will consider all relevant matters. Any topics or matters, alone or in combination, may or may not determine the Board's decision. The Department's Board will consider the following topics in relation to the approval of a proposed Development:

(1) The Developer market study;

(2) The location;

(3) The compliance history of the Developer;

(4) The financial feasibility;

(5) The appropriateness of the Development's size and configuration in relation to the housing needs of the community in which the Development is located;

(6) The Development's proximity to other low-income housing Developments;

(7) The availability of adequate public facilities and services;

(8) The anticipated impact on local school districts;

(9) Zoning and other land use considerations;

(10) Any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes; and

(11) Other good cause as found by the Board.

(n) Approval of the Bonds.

(1) Subject to the timely receipt and approval of commitments for financing, an acceptable evaluation for eligibility, the satisfactory negotiation of Bond documents, and the completion of a public hearing, the Board, upon presentation by the Department's staff, will consider the approval of the Bond issuance, final Bond documents and in the instance of privately placed Bonds, the pricing of the Bonds. The process for appeals and grounds for appeals may be found under §1.7 of this ~~chapter~~title (relating to Staff Appeals Process) and §1.8 of this ~~chapter~~ title (relating to Board Appeals Process). To the extent applicable to each specific bond issuance, the Department's conduit housing transactions will be processed in accordance with 34 TAC Part 9, Chapter 181, Subchapter A (relating to Bond Review Rules) and Chapter 1372, Texas Government Code. The Bond issuance must receive an approving opinion from the Department's bond counsel with respect to the legality and validity of the Bonds and the security therefore, and in the case of tax-exempt Bonds, with respect to the excludability from gross income for federal income tax purposes of interest on the Bonds.

(2) Alternative Dispute Resolution Policy. The Department encourages use of Alternative Dispute Resolution methods as outlined in §1.17 of this title.

(o) Local Permits. Prior to the closing of the Bonds, all necessary approvals, including building permits, from local municipalities, counties, or other jurisdictions with authority over the Development must have been obtained or evidence that the permits are obtainable subject only to payment of certain fees must be provided to the Department.

(p) Closing. Once all approvals have been obtained, including final approval by the Board and Bond documents have been finalized to the respective parties' satisfaction, the Bond transaction will close. Any outstanding Housing Trust Fund Pre-Development loans, if applicable, for the proposed Development Site must be paid in full at the time the bond transaction is closed. All Applicants are subject to §1.20 of this title (relating to Asset Review Committee). Upon satisfaction of all conditions precedent to closing, the Department will issue Bonds in exchange for payment thereof. The Department will then loan the proceeds of the Bonds to the Applicant and disbursements of the proceeds may begin.

§33.6.Regulatory and Land Use Restrictions.

(a) Filing and Term of LURA. A Regulatory and Land Use Restriction Agreement or other similar instrument (the "LURA"), will be filed in the property records of the county in which the Development is located for each Development financed from the proceeds of Bonds issued by the Department. The term of the LURA will be the longer of thirty (30) years, from the date the Development Owner takes legal possession of the Development or until the end of the remaining term of the existing federal government assistance pursuant to §2306.185 of the Texas Government Code.

(b) Development Occupancy. The LURA will specify occupancy restrictions for each Development based on the income of its tenants, and will restrict the rents that may be charged for Units occupied by tenants who satisfy the specified income requirements. Pursuant to §2306.269 of the Texas Government Code, the LURA will prohibit a Development Owner from excluding an individual or family from admission to the Development because the individual or family participates in the housing choice voucher program under §8, United States Housing Act of 1937 (the "Housing Act"), and from using a financial or minimum income standard for an individual or family participating in the voucher program that requires the individual or family to have a monthly income of more than two and one half (2.5) times the individual's or family's share of the total monthly rent payable to the Development Owner. Development occupancy requirements must be met on or prior to the date on which Bonds are issued unless the Development is under construction. Adequate substantiation that the occupancy requirements have been met, in the sole discretion of the Department, must be provided prior to closing. Occupancy requirements exclude Units for managers and maintenance personnel that are reasonably required by the Development.

(c) Set Asides.
- (1) Developments which are financed from the proceeds of Private Activity Bonds or from the proceeds of Qualified §501(c)(3) Bonds must be restricted under one of the following two minimum set-asides:
  - (A) at least 20% of the Units within the Development that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed 50% of the area median income; or
  - (B) at least 40% of the Units within the Development that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed 60% of the area median income.
- (2) The Development Owner must designate at the time of Application which of the two set-asides will apply to the Development and must also designate the selected priority for the Development in accordance with §1372.0321, Texas Government Code. Units intended to satisfy set-aside requirements must be distributed evenly throughout the Development, and must include a reasonably proportionate amount of each type of Unit available in the Development.
- (3) No tenant qualifying under either of the set-asides shall be denied continued occupancy of a Unit in the Development because, after commencement of such occupancy, such tenant's income increases to exceed the qualifying limit; provided, however, that, should a tenant's income, as of the most recent determination thereof, exceed 140% of the then applicable income limit and such tenant constitutes a portion of the set-aside requirement of this section, then such tenant shall only continue to qualify for so long as no Unit of comparable or smaller size is rented to a tenant that does not qualify as a Low-Income Tenant (Required federal set-aside requirements).

(d) Global Income Requirement. All of the Units that are available for occupancy in Developments financed from the proceeds of Private Activity Bonds or from the proceeds of Qualified §501(c)(3) Bonds shall be occupied or held vacant (in the case of New Construction) and available for occupancy at all times by persons or families whose income does not exceed 140% of the area median income for a four-person household.

(e) Qualified §501(c)(3) Bonds. Developments which are financed from the proceeds of Qualified §501(c)(3) Bonds are further subject to the restriction that at least 75% of the Units within the Development that are available for occupancy shall be occupied (or, in the case of New Construction, held vacant and available for occupancy until such time as initial lease-up is complete) at all times by individuals and families of Low Income (less than or equal to 80% of AMGI).

(f) Taxable Bonds. The occupancy requirements for Developments financed from the issuance of taxable Bonds will be negotiated, considered and approved by the Department on a case by case basis.

(g) Fair Housing. All Developments financed by the Department must comply with the Fair Housing Act which prohibits discrimination in the sale, rental, and financing of dwellings based on race, color, religion, sex, national origin, familial status, and disability. The Fair Housing Act also mandates specific design and construction requirements for multifamily housing built for first occupancy after March 13, 1991, in order to provide accessible housing for individuals with disabilities.

§33.7.Fees.

(a) Pre-Application Fees. The Applicant is required to submit, at the time of pre-application, the following fees: $1,000 (payable to TDHCA), $2,000 (payable to Vinson & Elkins, the Department's bond counsel) and $5,000 (payable to the Texas Bond Review Board (BRB)). These fees cover the costs of pre-application review by bond counsel and filing fees to the BRB. The Department shall set fees to be paid by the Applicant in order to cover the costs of pre-application review, Application and Development review, the Department's expenses in connection with providing financing for a Development, and as required by law. (§1372.006(a), Texas Government Code)

(b) Application and Issuance Fees. At the time of full application the Applicant is required to submit a tax credit application fee of $30/unit and $10,000 for the bond application fee (for multiple site Applications $10,000 or $30/unit, whichever is greater, for the bond application fee). At the closing of the bonds the following fees are required: an issuance fee equal to 50 basis points (0.005) of the issued bond amount, administration fee equal to 20 basis points (0.002) and a Private Activity Bond compliance fee equal to $25/unit and a tax credit compliance fee equal to $40/unit. For refunding Applications the Application fee will be $10,000 unless the refunding is not required to have a TEFRA public hearing, in which case the fee will be $5,000.

(c) Annual Administration, Compliance, and Asset Management Fees. The Department shall set ongoing fees to be paid by Development Owners to cover the Department's costs of administering the Bonds, compliance with the program requirements applicable to each Development and asset management requirements as applicable.

(1) Administration. The annual administration fee is paid in arrears and is equal to 10 basis points (0.001) of the outstanding bond amount beginning three (3) years from the closing date. These fees are paid as long as the bonds are outstanding.
(2) Compliance Monitoring Fees. The annual tax credit compliance fee is paid in advance (for the duration of the compliance or affordability period) and is equal to $40/unit beginning two (2) years from the closing date on the bonds. The fee will be collected, retroactively if applicable, beginning with the first year of the credit period. The invoice must be paid prior to the issuance of form 8609. Subsequent anniversary dates on which the compliance monitoring fee payments are due shall be determined by the month the first building is placed in service. The Private Activity Bond compliance fee is paid in advance at closing (for as long as the bonds are outstanding) and is equal to $25/unit beginning two (2) years from the closing date on the bonds for payment to be applied to the third year following closing. Compliance monitoring fees may be adjusted from time to time by the Department.
(3) Asset Management. The asset management fee is paid in advance and is equal to $25/unit beginning two (2) years from the closing date on the bonds. This fee is based on voluntary participation in the asset management program. Those who elect to participate are encouraged to contact the Texas State Affordable Housing Corporation (TSAHC) for information on billing and services offered.

§33.8.Waiver of Rules.

Provided all requirements of the Act, the Code, and any other applicable law are met, the Board may waive any one or more of the Rules set forth in this chapter relating to the Multifamily Housing Revenue Bond Program in order to further the purposes and the policies of Chapter 2306, Texas Government Code; as further referenced in §50.16 of this title (relating to Waiver and Amendment of Rules).

§33.9. No Discrimination.

The Department and its staff or agents, Applicants, Development Owners, and any participants in the Program shall not discriminate under this Program against any person or family on the basis of race, creed, national origin, age, religion, handicap, family status, or sex, or against persons or families on the basis of their having minor children, except that nothing in this chapter shall be deemed to preclude a Development Owner from selecting tenants with Special Needs, or to preclude a Development Owner from selecting tenants based on income in renting Units to comply with the set asides under the provisions of this chapter.

Attachment B: Preamble, Reasoned Response, and Repealed Rule

The Texas Department of Housing and Community Affairs (the "Department") adopts the repeal of 10 TAC Chapter 33, §§33.1 - 33.10, concerning the 2010 Multifamily Housing Revenue Bond Rules without changes to the proposed text as published in the September 30, 2011 issue of the Texas Register (35 TexReg 8584) and will not be republished.

The repeal is adopted in order to enact new sections.

Public hearings on the repeal were held in Brownsville, Austin, Houston and Abilene. Additionally, written comments on the proposed repeal were accepted by mail, email, and facsimile through October 19, 2011.

No comments were received concerning the proposed repeal.

The Board approved the final order adopting this repeal on November 10, 2011.

The repealed sections are adopted pursuant to the authority of the Texas Government Code, Chapter 2306 which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

§33.1. Introduction.
§33.2. Authority.
§33.3. Definitions.
§33.4. Policy Objectives and Eligible Developments.
§33.5. Bond Rating and Investment Letter.
§33.6. Application Procedures, Evaluation and Approval.
§33.7. Regulatory and Land Use Restrictions.
§33.8. Fees.
§33.9. Waiver of Rules.
§33.10. No Discrimination.

MULTIFAMILY FINANCE DIVISION
BOARD ACTION REQUEST
NOVEMBER 10, 2011

Presentation, Discussion and Possible Action regarding approval for publication in the *Texas Register* final orders repealing 10 TAC Chapter 1 §1.1 concerning Definitions for Housing Program Activities and adopting new 10 TAC Chapter 1 §1.1 concerning Definitions and Amenities for Housing Program Activities.

RECOMMENDED ACTION

RESOLVED, that the final order adopting the new rule for the Definitions and Amenities for Housing Program Activities, 10 TAC, Chapter 1 §1.1, together with the preamble presented to this meeting, is hereby ordered and approved for publication in the *Texas Register*.

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the draft Definitions and Amenities for Housing Program Activities together with the preamble in the form presented to this meeting, to be published in the *Texas Register* and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The Board approved the Draft Definitions and Amenities for Housing Program Activities at the October meeting to be published in order to receive public comment. In keeping with the requirements of the Administrative Procedures Act, staff has reviewed all comments received and provided a reasoned response to each comment received.

Attachment A: Preamble, Reasoned Response, and New Rule

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC, Chapter 1, Subchapter A, §1.1 concerning the Definitions and Amenities for Housing Program Activities. Section 1.1 is adopted with changes to text as published in the *Texas Register* on October 21, 2011 (36 TexReg 7061).

The Texas Department of Housing and Community Affairs (the "Department") accepted comments to the proposed rule in writing and by email. This document provides the Department's response to all comments received. Comments and responses are presented in the order they appear in the rules. After each comment title, numbers are shown in parentheses. These numbers refer to the person or entity that made the comment. If comment resulted in recommended language changes to the Draft Definitions and Amenities for Housing Program Activities as presented to the Board in October, such changes are indicated. Copies of the comment letters submitted are provided behind the QAP presentation.

Public comments were accepted through October 28, 2011 with comments received from (14) Diana McIver, DMA Development Company and (27) David Koogler, Mark-Dana Corporation.

REASONED RESPONSE TO PUBLIC COMMENT ON THE PROPOSED ADOPTION OF 10 TAC CHAPTER 1, SUBCHAPTER A, DEFINITIONS AND AMENITIES FOR HOUSING PROGRAM ACTIVITIES.

1. 1.1(a) – Definitions – Control
COMMENT SUMMARY:
Commenter (27) suggested this definition should clarify that investor members in LLC's who do not possess other factors or attributes that give them control should not be deemed Controlling (similar to the exception stated for the investor limited partners).

STAFF RESPONSE:
Staff agrees with the commenter and recommends the proposed revision to the definition:

> "(11) Control (including the terms "Controlling," "Controlled by," and/or "under common Control with")--The power or authority to manage, direct, superintend, restrict, regulate, govern, administer, or oversee. Controlling entities of a partnership include the general partners, special limited partners when applicable, but not investor limited partners who do not possess other factors or attributes that give them Control. Controlling entities of a limited liability company include the managers, managing members, ~~and~~ any members with 10% or more ownership of the limited liability company, and any members with authority similar to that of a general partner in a limited partnership, but not investor members who do not possess other factors or attributes that give them Control. Multiple Persons may be deemed to have Control simultaneously."

2. §1.1(d) – Tenant Supportive Services (14)
COMMENT SUMMARY:
Commenter (14) suggests that although the list of tenant services is fairly comprehensive as it relates to housing for general population Developments, it is not as comprehensive as it relates to Qualified Elderly Developments. The action of keeping older people mentally and physically active equates to providing tutoring for children or character building classes for teens. Commenter (14) suggests that weekly or bi-monthly activities should be promoted and diversity of activities encouraged and such Developments should receive additional points. Commenter (14) suggests the following change:

"…(14) bi-monthly arts, ~~and~~ crafts and other recreational activities such as Book clubs and creative writing classes (2~~1~~ points);
(15) annual income tax preparation (offered by an income tax prep service) (1 point);
(16) monthly transportation to community/social events (i.e. lawful gaming sites, mall trips, community theatre, bowling, organized tours, etc.) (1 point);
(17) bi-monthly on-site social events (i.e. potluck dinners, game night, sing-a-longs, movie night, birthday parties, etc.) (2~~1~~ points);
(18) bi-monthly computer classes for seniors or persons with disabilities (2 points);
(19~~8~~) specific and pre-approved caseworker services for seniors, Persons with Disabilities or Supportive Housing (1 point);
(20~~19~~) weekly home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc.) ~~and quarterly preventative maintenance including light bulb replacement)~~ for seniors and Persons with Disabilities (2~~1~~ points); ~~and~~
(21) quarterly preventative maintenance (including light bulb replacement) for seniors and persons with disabilities (1 point); and
(22~~0~~) any of the following programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601, et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of out-of wedlock pregnancies; and encourages the formation and maintenance of two-parent families (1 point)."

STAFF RESPONSE:
Staff agrees with some of the suggestions made by commenter (14); specifically, adding twice per month arts and crafts, twice per month on-site social events and weekly home chore services. However, staff does not agree with the inclusion of the bi-monthly computer classes for seniors or persons with disabilities or separating the quarterly preventative maintenance for an additional point when this is specifically something that should be done at the property anyway in conformance with laws governing such requests made by tenants. Staff, therefore, recommends the following changes to this section:

"…(14) twice monthly arts, ~~and~~ crafts and other recreational activities such as Book clubs and creative writing classes (2~~1~~ points);
(15) annual income tax preparation (offered by an income tax prep service) (1 point);
(16) monthly transportation to community/social events (i.e. lawful gaming sites, mall trips, community theatre, bowling, organized tours, etc.) (1 point);
(17) twice monthly on-site social events (i.e. potluck dinners, game night, sing-a-longs, movie night, birthday parties, etc.) (2~~1~~ points);
(18) specific and pre-approved caseworker services for seniors, Persons with Disabilities or Supportive Housing (1 point);
(19) weekly home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc.) and quarterly preventative maintenance including light bulb replacement) for seniors and Persons with Disabilities (2~~1~~ points); and
(22~~0~~) any of the following programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601, et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of out-of wedlock pregnancies; and encourages the formation and maintenance of two-parent families (1 point)."

The Board approved the final order adopting the new sections on November 10, 2011.

The new sections are adopted pursuant to the authority Chapter 2306 of the Texas Government Code, which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

Comment #	Commenter
14	Diana McIver, DMA Development Company, LLC
27	David Koogler, Mark-Dana Corporation

Attachment B: Preamble, Reasoned Response, and Repealed Rule

The Texas Department of Housing and Community Affairs (the "Department") adopts the repeal of 10 TAC, Chapter 1, Subchapter A, <*>1.11, concerning Definitions for Housing Program Activities without changes to text as published in the October 1, 2011 issue of the *Texas Register* (36 TexReg 7061) and will not be republished. The repeal is proposed in order to enact new sections.

The Texas Department of Housing and Community Affairs (the "Department") accepted comments through October 28, 2011 to the proposed repeal in writing and by email. This document provides the Department's response to all comments received. Comments and responses are presented in the order they appear in the rules.

No other statutes, articles, or codes are affected by this proposed repeal.

The Board approved the final order adopting the new sections on November 10, 2011.

The new sections are adopted pursuant to the authority Chapter 2306 of the Texas Government Code, which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

§1.1. Definitions for Housing Program Activities.

§1.1.Definitions and Amenities for Housing Program Activities.

(a) **Definitions.** The following definitions apply to the Housing Tax Credit Program, Multifamily Housing Revenue Bond Program, and other Department programs as defined in this title. Any capitalized terms not specifically mentioned in this section shall have the meaning as defined in Texas Government Code, Chapter 2306, §42 of the Internal Revenue Code, this section, and repeated in the Tax Credit (Procedures) Manual.

(1) Adaptive Reuse--The change-in-use of an existing non-residential building (e.g., school, warehouse, office, hospital, hotel, etc.), into a residential building. Adaptive reuse does not include the demolition of the external walls of the existing building. All units must be contained within the original exterior walls of the existing building. Porches and patios may protrude beyond the exterior walls. Ancillary non-residential buildings, such as a clubhouse, leasing office and/or amenity center may be newly constructed outside the walls of the existing building or as detached buildings on the Development Site.

(2) Administrative Deficiencies--Information requested by the Department that is required to clarify or correct inconsistencies in an Application that in the Department's reasonable judgment, may be cured by supplemental information or explanation which will not necessitate a substantial reassessment or re-evaluation of the Application.

(3) Affiliate--An individual, corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with any other Person. All entities that share a Principal are Affiliates.

(4) Applicant--Any Person or Affiliate of a Person who files a pre-application or an Application with the Department requesting a Housing Credit Allocation. (§2306.6702)

(5) Application--A request for funds, housing tax credits or other financial assistance submitted to the Department in a form prescribed by the Department, including any exhibits or other supporting material. (§2306.6702)

(6) Appropriate Local Official--With respect to a municipality or area within an extraterritorial jurisdiction (ETJ), where applicable, means either the mayor, the city manager, or another official of the body operating under valid, written confirmation of authority signed by the mayor or city manager. With respect to an area not within the municipality or its ETJ, Appropriate Local Official means a county commissioner or another official authorized by the county commissioner to act.

(7) Bedroom--A portion of a Unit which is no less than 100 square feet; has no width or length less than 8 feet; is self contained with a door (or the Unit contains a second level sleeping area of 100 square feet or more); has at least one window that provides exterior access; and has at least one closet that is not less than 2 feet deep and 3 feet wide and high enough to accommodate 5 feet of hanging space. A den, study or other similar space that could reasonably function as a bedroom and meets this definition is considered a bedroom.

(8) Board--The Governing Board of the Texas Department of Housing and Community Affairs.

(9) Colonia--A geographic area that is located in a county some part of which is within one-hundred fifty (150) miles of the international border of this state, that consists of eleven (11) or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low-income and very low-income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed Area under §17.921 of the Texas Water Code; or

(B) has the physical and economic characteristics of a colonia, as determined by the Department.

(10) Commitment--A legally binding written contract, setting forth the terms and conditions under which housing tax credits, loans, grants or other sources of funds or financial assistance will be made available.

(11) Control (including the terms "Controlling," "Controlled by," and/or "under common Control with")--The power or authority to manage, direct, superintend, restrict, regulate, govern, administer, or oversee. Controlling entities of a partnership include the general partners, special limited partners when applicable, but not investor limited partners who do not possess other factors or attributes that give them Control. Controlling entities of a limited liability company include the managers, managing members, ~~and~~ any members with 10% or more ownership of the limited liability company, and any members with authority similar to that of a general partner in a limited partnership, but not investor members who do not possess other factors or attributes that give them Control. Multiple Persons may be deemed to have Control simultaneously.

(12) Department--The Texas Department of Housing and Community Affairs or any successor agency.

(13) Developer--Any Person entering into a contract with the Development Owner to provide development services with respect to the Development and receiving a fee for such services and any other Person receiving any portion of such fee, whether by subcontract or otherwise.

(14) Development Consultant or Consultant--Any Person (with or without ownership interest in the Development) who provides professional services relating to the filing of an Application, Carryover Allocation Document, and/or cost certification documents.

(15) Development Owner--Any Person, General Partner, or Affiliate of a Person who owns or proposes a Development or expects to acquire Control of a Development under a purchase contract or ground lease approved by the Department. (§2306.6702)

(16) Development Team--All Persons or Affiliates thereof that play a role in the Development, construction, Rehabilitation, management and/or continuing operation of the subject Property, which will include any Development Consultant and Guarantor.

(17) Efficiency Unit--A Unit without a separately enclosed Bedroom designed principally for use by a single person.

(18) Executive Award and Review Advisory Committee ("The Committee")--The Department committee created under §2306.112 of the Texas Government Code.

(19) General Contractor--One who contracts for the construction or Rehabilitation of an entire Development, rather than a portion of the work. The General Contractor hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors. This party may also be referred to as the "contractor."

(20) General Partner--That partner, or collective of partners, identified as the general partner of the partnership that is the Development Owner and that has general liability for the partnership. In addition, unless the context shall clearly indicate the contrary, if the Development Owner in question

is a limited liability company, the term "General Partner" shall also mean the managing member or other party with management responsibility for the limited liability company.

(21) Governing Body--The elected or appointed body of public or tribal officials, responsible for the enactment, implementation and enforcement of local rules and the implementation and enforcement of applicable laws for its respective jurisdiction.

(22) Governmental Entity--Includes federal, state or local agencies, departments, boards, bureaus, commissions, authorities, and political subdivisions, special districts, tribal governments and other similar entities.

(23) Governmental Instrumentality--A legal entity which is created by a Unit of General Local Government under statutory authority and which instrumentality is authorized to transact business for the Unit of General Local Government.

(24) Grant--Financial assistance that is awarded in the form of money to a housing sponsor for a specific purpose and that is not required to be repaid. A Grant includes a forgivable loan.

(25) Guarantor--Any Person that provides, or is anticipated to provide, a guaranty for all or a portion of the equity or debt financing for the Development.

(26) Historically Underutilized Businesses (HUB)--A business that is a Corporation, Sole Proprietorship, Partnership, or Joint Venture in which at least 51% of the business is owned, operated, and actively controlled and managed by a minority or woman in which the owner(s):

(A) have a proportionate interest and demonstrate active participation in the control, operation, and management of the entities' affairs; and

(B) are economically disadvantaged because of their identification as members of the following groups:

(i) Black Americans--Includes persons having origins in any of the Black racial groups of Africa;

(ii) Hispanic Americans--Includes persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;

(iii) American Women--Includes all women of any ethnicity except those specified in clauses (i), (ii), (iv), and (v) of this subparagraph;

(iv) Asian Pacific Americans--Includes persons whose origins are from Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the U.S. Trust Territories of the Pacific, the Northern Marianas, and Subcontinent Asian Americans which includes persons whose origins are from India, Pakistan, Bangladesh, Sri Lanka, Bhutan or Nepal; and

(v) Native Americans--Includes persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians; and

(C) a corporation formed for the purpose of making a profit in which at least 51% of all classes of the shares of stock or other equitable securities are owned by one or more persons described by subparagraphs (A) and (B) of this paragraph; or

(D) a sole proprietorship created for the purpose of making a profit that is 100% owned, operated, and controlled by a person described by subparagraphs (A) and (B) of this paragraph; or

(E) a partnership formed for the purpose of making a profit in which 51% of the assets and interest in the partnership is owned by one or more persons who are described by subparagraphs (A) and (B) of this paragraph; or

(F) a joint venture in which each entity in the joint venture is a HUB under this paragraph; or

(G) a supplier contract between a HUB under this paragraph and a prime contractor/vendor under which the HUB is directly involved in the manufacture or distribution of the supplies or materials or otherwise warehouses and ships the supplies; or

(H) a business other than described in subparagraphs (D), (F), and (G) of this paragraph, which is formed for the purpose of making a profit and is otherwise a legally recognized business organization under the laws of the State of Texas, provided that at least 51% of the assets and 51% of any classes of stock and equitable securities are owned by one or more persons described by subparagraphs (A) and (B) of this paragraph.

(27) HUD--The United States Department of Housing and Urban Development, or its successor.

(28) IRS--The Internal Revenue Service, or its successor.

(29) Land Use Restriction Agreement (LURA)--An agreement between the Department and the Development Owner which is a binding covenant upon the Development Owner's successors in interest, that, when recorded, encumbers the Development with respect to the requirements of the programs for which it receives funds.

(30) Low Income Unit--A Unit that is intended to be restricted for occupancy by an income eligible household, as defined by the Department.

(31) Managing General Partner--A general partner of a partnership that is vested with the authority to take actions that are binding on behalf of the partnership and the other partners. The term Managing General Partner can also be used for a Managing Member of a limited liability company where so designated to bind the limited liability company and its members under its Agreement or any other person that has such powers in fact, regardless of their organizational title.

(32) Material Deficiency--Any individual Application deficiency or group of Administrative Deficiencies which, if addressed, would require, in the Department's reasonable judgment, a substantial reassessment or re-evaluation of the Application or which, are so numerous and pervasive that they indicate a failure by the Applicant to submit a substantively complete and accurate Application.

(33) Material Noncompliance--Defined as:

(A) a Housing Tax Credit (HTC) Development located within the state of Texas will be classified by the Department as being in Material Noncompliance status if the noncompliance score for such Development is equal to or exceeds a threshold of 30 points in accordance with the Material Noncompliance provisions, methodology, and point system in §60.123 of this title (relating to Material Noncompliance Methodology);

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

(C) for all programs, a Development will be in Material Noncompliance if the noncompliance is stated in §60.123 of this title, to be in Material Noncompliance.

(34) Minority Owned Business--A business entity at least 51% of which is owned by members of a minority group or, in the case of a corporation, at least 51% of the shares of which are owned by members of a minority group, and that is managed and Controlled by members of a minority group in its daily operations. Minority group includes women, African Americans, American Indians, Asian Americans, and Mexican Americans and other Americans of Hispanic origin. (§2306.6734)

(35) Net Rentable Area (NRA)--The unit space that is available exclusively to the tenant and is typically heated and cooled by a mechanical HVAC system. NRA is measured to the outside of the studs of a unit or to the middle of walls in common with other units. NRA does not include common hallways, stairwells, elevator shafts, janitor closets, electrical closets, balconies, porches, patios, or other areas not actually available to the tenants for their furnishings, nor does NRA include the enclosing walls of such areas.

(36) New Construction--Any construction of a Development or a portion of a Development that does not meet the definition of Rehabilitation.

(37) Office of Rural Affairs established within the Department of Agriculture; formerly the Texas Department of Rural Affairs (TDRA).

(38) Person--Without limitation, any natural person, corporation, partnership, limited partnership, joint venture, limited liability company, trust, estate, association, cooperative, government, political subdivision, agency or instrumentality or other organization or entity of any nature whatsoever and shall include any group of Persons acting in concert toward a common goal, including the individual members of the group.

(39) Persons with Disabilities--With respect to an individual:

(A) a physical or mental impairment that substantially limits one or more major life activities of such individual;

(B) a record of such an impairment; or

(C) being regarded as having such an impairment, to include persons with severe mental illness and persons with substance abuse disorders.

(40) Principal--The term Principal is defined as Persons that will exercise Control over a partnership, corporation, limited liability company, trust, or any other private entity. In the case of:

(A) partnerships, Principals include all General Partners, special limited partners, and Principals with ownership interest;

(B) corporations, Principals include any officer authorized by the board of directors to act on behalf of the corporation, including the president, vice president, secretary, treasurer and all other executive officers, and each stock holder having a 10% or more interest in the corporation and any individual Controlling such stock holder; and

(C) limited liability companies, Principals include all managers, managing members, members having a 10% or more interest in the limited liability company, any individual Controlling such members, or any officer authorized to act on behalf of the limited liability company.

(41) Property--The real estate and all improvements thereon which are the subject of the Application (including all items of personal property affixed or related thereto), whether currently existing or proposed to be built thereon in connection with the Application.

(42) Qualified Allocation Plan--A plan adopted by the Board under this subchapter that:

(A) provides the threshold, scoring, and underwriting criteria based on housing priorities of the department that are appropriate to local conditions;

(B) consistent with §2306.6710(e) of the Texas Government Code, gives preference in housing tax credit allocations to developments that, as compared to the other developments:

(i) when practicable and feasible based on documented, committed, and available Third Party funding sources, serve the lowest income tenants per housing tax credit; and

(ii) produce for the longest economically feasible period the greatest number of high quality units committed to remaining affordable to any tenants who are income-eligible under the low income housing tax credit program; and

(C) provides a procedure for the Department, the Department's agent, or another private contractor of the Department to use in monitoring compliance with the Qualified Allocation Plan and this subchapter.

(43) Qualified Elderly Development--A Development which meets the requirements of the federal Fair Housing Act.

(44) Reconstruction--The demolition of one or more residential buildings in an Existing Residential Development and the re-construction of an equal number of Units or less on the Development Site.

(45) Rehabilitation--The improvement or modification of an Existing Residential Development through alteration, incidental addition or enhancement. The term includes the demolition of an Existing Residential Development and the Reconstruction of a Development on the Development Site, but does not include Adaptive Reuse (§2306.004(26-a)). More specifically, Rehabilitation is the repair, refurbishment and/or replacement of existing mechanical and structural components, fixtures and finishes. Rehabilitation will correct deferred maintenance, reduce functional obsolescence to the extent possible and may include the addition of: energy efficient components and appliances, life and safety systems; site and resident amenities; and other quality of life improvements typical of new residential Developments.

(46) Related Party--As defined (§2306.6702)

(A) The following individuals or entities:

(i) the brothers, sisters, spouse, ancestors, and descendants of a person within the third degree of consanguinity, as determined by Chapter 573 of the Texas Government Code;

(ii) a person and a corporation, if the person owns more than 50% of the outstanding stock of the corporation;

(iii) two or more corporations that are connected through stock ownership with a common parent possessing more than 50% of:

(I) the total combined voting power of all classes of stock of each of the corporations that can vote;

(II) the total value of shares of all classes of stock of each of the corporations; or

(III) the total value of shares of all classes of stock of at least one of the corporations, excluding, in computing that voting power or value, stock owned directly by the other corporation;

(iv) a grantor and fiduciary of any trust;

(v) a fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;

(vi) a fiduciary of a trust and a beneficiary of the trust;

(vii) a fiduciary of a trust and a corporation if more than 50% of the outstanding stock of the corporation is owned by or for:

(I) the trust; or

(II) a person who is a grantor of the trust;

(viii) a person or organization and an organization that is tax-exempt under §501(a) of the Code, and that is controlled by that person or the person's family members or by that organization;

(ix) a corporation and a partnership or joint venture if the same persons own more than:

(I) fifty percent (50%) of the outstanding stock of the corporation; and

(II) fifty percent (50%) of the capital interest or the profits' interest in the partnership or joint venture;

(x) an S corporation and another S corporation if the same persons own more than 50% of the outstanding stock of each corporation;

(xi) an S corporation and a C corporation if the same persons own more than 50% of the outstanding stock of each corporation;

(xii) a partnership and a person or organization owning more than 50% of the capital interest or the profits' interest in that partnership; or

(xiii) two (2) partnerships, if the same person or organization owns more than 50% of the capital interests or profits' interests.

(B) Nothing in this definition is intended to constitute the Department's determination as to what relationship might cause entities to be considered "related" for various purposes under the Code.

(47) Rural Area--An area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;

(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an Urban Area; or

(C) in an area that is eligible for funding by Texas Rural Development Office of the United States Department of Agriculture (TRDO-USDA), other than an area that is located in a municipality with a population of more than 50,000. (§2306.004)

(48) Selection Criteria--Criteria used to determine funding priorities of the State under the specific housing program as defined in the rules or funding notices of that program.

(49) Site Control--Ownership or a current contract that is legally enforceable giving the Applicant the ability, not subject to any legal defense by the owner, to require conveyance to the Applicant.

(50) Third Party--A Third Party is a Person who is not:

(A) an Applicant, General Partner, Developer, or General Contractor; or

(B) an Affiliate or a Related Party to the Applicant, General Partner, Developer or General Contractor;

(C) anyone receiving any portion of the Developer fees from the Development; or

(D) any individual that is an executive officer or member of the governing board or has greater than 10% ownership interest in any of the entities are identified in subparagraphs (A) – (C) of this paragraph.

(51) Total Housing Development Cost--The sum total of the Acquisition Cost, Hard Costs, Soft Costs, Developer Fee and Contractor Fee incurred or to be incurred through lease-up by the Development Owner in the acquisition, construction, rehabilitation and financing of the Development.

(52) TRDO-USDA--Texas Rural Development Office (TRDO) of the U.S. Department of Agriculture (USDA) serving the State of Texas.

(53) Unit of General Local Government--A city, town, county, village, tribal reservation or other general purpose political subdivision of the State.

(b) **Common Amenities**. All Developments, as further mandated by the housing program under which they are receiving funding, must meet at least the minimum threshold of points based on the total number of Units in the Development. The amenities selected must be made available for the benefit of all tenants and must be made available during normal business hours. If fees in addition to rent are charged for amenities then the amenity may not be included among those provided to satisfy this requirement. All amenities must meet accessibility standards. Spaces for activities must be sized appropriately to serve the Target Population of the Development. Applications for non-contiguous scattered site housing, excluding non-contiguous single family sites, will have the threshold test applied based on the number of Units per individual site, and must submit a separate certification in the Application for each individual site under control by the Applicant.

(1) The minimum threshold of points for all Developments are:

(A) total Units equal 16, (1 point) is required;
(B) total Units are 17 to 40, (4 points) are required;
(C) total Units are 41 to 76, (7 points) are required;
(D) total Units are 77 to 99, (10 points) are required;
(E) total Units are 100 to 149, (14 points) are required;

(F) total Units are 150 to 199, (18 points) are required; or
(G) total Units are 200 or more, (22 points) are required.

(2) The amenities include those items listed in subparagraphs (A) - (CC) of this paragraph. All Developments can earn points for providing each identified amenity unless the item is specifically restricted to a specific Target Population. 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.

(A) Full perimeter fencing (2 points);
(B) Controlled gate access (2 points);
(C) Gazebo w/sitting area (1 point);
(D) Accessible walking/jogging path separate from a sidewalk and in addition to required accessible routes to Units or other amenities (1 point);
(E) Community laundry room with at least one washer and dryer for each 25 Units (3 points);
(F) Barbecue grill and picnic table-at least one of each for every 50 Units (1 point);
(G) Covered pavilion that includes barbecue grills and tables (2 points);
(H) Swimming pool. (3 points);
(I) Splash pad/water feature play area (1 point);
(J) Furnished fitness center. Equipped with 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 or other similar equipment. Equipment shall be designated for commercial use. All Developments must have at least two equipment options but are not required to have more than five equipment options regardless of number of Units. (2 points);
(K) Equipped and functioning business center or equipped computer learning center. Must be equipped with 1 computer for every 30 Units loaded with basic programs, 1 laser printer for every 3 computers (minimum of one printer) and at least one scanner which may be integrated with printer (2 points);
(L) Furnished Community room (2 points);
(M) Library with an accessible sitting area (separate from the community room) (1 point);
(N) Enclosed community sun porch or covered community porch/patio (2 points);
(O) Service coordinator office in addition to leasing offices (1 point);
(P) Senior Activity Room (Arts and Crafts, etc.) (2 points);
(Q) Health Screening Room (1 point);
(R) Secured Entry (applicable only if all Unit entries are within the building's interior) (1 point);
(S) Horseshoe pit, putting green or shuffleboard court (1 point);
(T) Community Dining Room w/full or warming kitchen furnished with adequate tables and seating (3 points);
(U) One Children's Playscape Equipped for 5 to 12 year olds, or one Tot Lot; (1 point). Can only select this item if subparagraph (V) of this paragraph is not selected; or
(V) Two Children's Playscapes Equipped for 5 to 12 year olds, two Tot Lots, or one of each (2 points). Can only select this item if subparagraph (U) of this paragraph is not selected;
(W) Sport Court (Tennis, Basketball or Volleyball) (2 points);
(X) Furnished and staffed Children's Activity Center that must have age appropriate furnishings and equipment. Appropriate levels of staffing must be provided during after-school hours and during school vacations (3 points);
(Y) Community Theater Room equipped with a 52 inch or larger screen with surround sound equipment; DVD player; and theater seating (3 points);
(Z) Dog Park area that is fully enclosed and intended for tenant owned dogs to run off leash (1 point);
(AA) Common area Wi-Fi (1 point); or
(BB) Twenty-four hour monitored camera/security system in each building (3 points);

(CC) Green Building Certifications. Points under this item are intended to promote energy and water conservation, operational savings and sustainable building practices. Points may be selected from only one of four categories: Limited Green Amenities, Enterprise Green Communities, Leadership in Energy and Environmental Design (LEED) and National Green Building Standard (NAHB) Green. (maximum 4 points)

(i) Limited Green Amenities (2 points). The items listed in subclause (I) – (IX) of this clause constitute the minimum requirements for demonstrating green building of housing tax credit Developments. Six of the nine items listed under subclauses (I) through (IX) of this clause must be met in order to qualify for the maximum points under this item;

(I) at least 20% of the water needed annually for site irrigation is from a rain water harvesting/collection system and/or locally approved greywater collection system. This can include rainwater harvested from gutters and downspouts to a storage tank or cistern where it can be treated or filtered for potable uses; untreated rainwater may be used for non-potable uses;
(II) native trees and plants installed that are appropriate to the Development Site's soil and microclimate to allow for shading in the summer and heat gain in the winter;
(III) install water-conserving fixtures that meet the EPA's WaterSense Label. Such fixtures must include low-flow or high efficiency toilets, bathroom lavatory faucets, showerheads and kitchen faucets. Rehabilitation Developments may install compliant faucet aerators instead of replacing the entire faucets;
(IV) all of the HVAC condenser units are located so they are fully shaded 75% of the time during summer months (i.e. May through August);
(V) install Energy-Star qualified hot water heaters or install those that are part of an overall Energy-Star efficient system;
(VI) install individual or sub-metered utility meters. Rehabilitation Developments may claim sub-meter only if not already sub-metered at the time of Application;
(VII) healthy finish materials including the use of paints, stains, adhesives and sealants consistent with the Green Seal 11 standard or other applicable Green Seal standard;
(VIII) install daylight sensor, motion sensors or timers on all exterior lighting and install fixtures that include automatic switching on timers or photocell controls for all lighting not intended for 24-hour operation or required for security;
(IX) recycling service provided throughout the compliance period.

(ii) Enterprise Green Communities (4 points). The Development must incorporate all mandatory and optional items applicable to the construction type (i.e. New Construction, Rehabilitation, etc.) as provided in the most recent version of the Enterprise Green Communities Criteria found at http://www.greencommunitiesonline.org.

(iii) LEED (4 points). The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a LEED Certification, regardless of the rating level achieved (i.e. Certified, Silver, Gold or Platinum).

(iv) National Green Building Standard (NAHB Green) (4 points). The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a NAHB Green Certification, regardless of the rating level achieved (i.e. Bronze, Silver, Gold, or Emerald).

(c) **Unit Amenities**. Applications that received points under this scoring item and subsequently received an award must provide enough Unit amenities to substantiate the points requested and awarded at Application. For Tax-Exempt Bond Developments, 14 points in Unit amenities must be selected to meet threshold. Applications in which Developments provide specific amenity and quality features in every Unit at no extra charge to the tenant can select points based on the point structure provided in paragraphs (1) – (16) of this subsection and as certified to in the Application. The amenities will be required to be identified in the LURA. Applications involving scattered site Developments must have a specific amenity located within each Unit to count for points. Rehabilitation Developments will start with a base score of (3 points) and Supportive Housing Developments will start with a base score of (5 points).

(1) Covered entries (1 point);
(2) Nine foot ceilings in living room and all bedrooms (at minimum) (1 point);
(3) Microwave ovens (1 point);
(4) Self-cleaning or continuous cleaning ovens (1 point);
(5) Refrigerator with icemaker (1 point);
(6) 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);
(7) Laundry equipment (washers and dryers) for each individual Unit including a front loading washer and dryer in required UFAS compliant Units (3 points);
(8) Thirty (30) year shingle or metal roofing (1 point);
(9) Covered patios or covered balconies (1 point);
(10) Covered parking (including garages) of at least one covered space per Unit (2 points);
(11) 100% masonry on exterior (3 points) (Applicants may not select this item if paragraph (12) of this subsection is selected);
(12) Greater than 75% masonry on exterior (1 point) (Applicants may not select this item if paragraph (11) of this subsection is selected);
(13) Structural Insulated Panel construction with wall insulation at a minimum of R-20 and roof at a minimum R-30 (3 points);
(14) R-15 Walls / R-30 Ceilings (rating of wall/ceiling system) (3 points);
(15) 14 SEER HVAC (or greater) 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);
(16) High Speed Internet service to all Units (2 points).

(d) **Tenant Supportive Services**. Applications that received points under this scoring item and subsequently received an award must provide enough supportive services to substantiate the points awarded at Application. The provision and complete list of supportive services will be included in the LURA and the timeframe by which services are offered must be in accordance with Chapter 60 of this title (relating to Compliance Administration). The Owner may change, from time to time, the services offered; however, the overall points as selected at Application must remain the same. No fees may be charged to the tenants for any of the services and there must be adequate space for the intended services. Services must be provided on-site or transportation to those off-site services identified on the list must be provided. The same service may not be used for more than one scoring item.

(1) joint use library center, as evidenced by a written agreement with the local school district (2 points);
(2) weekday character building program (shall include at least on a monthly basis a curriculum based character building presentation on relevant topics (i.e. teen dating violence, drug prevention, teambuilding, internet dangers, stranger danger, etc.)) (2 points);
(3) daily transportation (i.e. bus passes, cab vouchers, specialized van on-site) (4 points);
(4) Food pantry/common household items accessible to residents at least on a monthly basis (1 point);
(5) GED preparation classes (shall include an ~~certified~~ instructor providing on-site coursework and exam) (1 point);
(6) English as a second language classes (shall include an ~~certified~~ instructor providing on-site coursework and exam) (1 point);

(7) quarterly financial planning courses (i.e. homebuyer education, credit counseling, investing advice, retirement plans, etc.). Courses must be offered through an on-site instructor; a CD-Rom course is not acceptable (1 point);
(8) annual health fair (1 point);
(9) quarterly health and nutritional courses (1 point);
(10) organized team sports programs or youth programs offered by the Development (1 point);
(11) scholastic tutoring (shall include weekday homework help or other focus on academics) (3 points);
(12) Notary Public Services during regular business hours (§2306.6710(b)(3)) (1 point);
(13) weekly exercise classes (2 points);
(14) twice monthly arts, ~~and~~ crafts and other recreational activities such as Book Clubs and creative writing classes (2~~1~~ points);
(15) annual income tax preparation (offered by an income tax prep service) (1 point);
(16) monthly transportation to community/social events (i.e. lawful gaming sites, mall trips, community theatre, bowling, organized tours, etc.) (1 point);
(17) twice monthly on-site social events (i.e. potluck dinners, game night, sing-a-longs, movie nights, birthday parties, etc.) (1 point);
(18) specific and pre-approved caseworker services for seniors, Persons with Disabilities or Supportive Housing (1 point);
(19) weekly home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc and quarterly preventative maintenance including light bulb replacement) for seniors and Persons with Disabilities (2~~1~~ points); and
(20) any of the following programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601, et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of out-of wedlock pregnancies; and encourages the formation and maintenance of two-parent families (1 point).

Item 4(e)

REAL ESTATE ANALYSIS
BOARD ACTION REQUEST
NOVEMBER 10, 2011

Presentation, Discussion, and Possible Action of final orderings adopting the repeal of 10 TAC Chapter 1, §§1.31 – 1.37, 2011 Real Estate Analysis Rules and Guidelines and the adoption of new 10 TAC Chapter 1, §§1.31 – 1.37, 2012 Real Estate Analysis Rules and Guidelines

Recommended Action

RESOLVED, that the final orders adopting the repeal and adopting the new rule for the Real Estate Analysis Division, 10 TAC, Chapter 1, Subchapter B, §§1.31 – 1.37, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, And Reserve For Replacement Rules And Guidelines is hereby ordered and it is approved, together with the preambles presented to this meeting, for publishing in the *Texas Register*.

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the final order adopting the Real Estate Analysis Rules, in the form presented to this meeting, to be published in the *Texas Register* and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

Background

On September 15, 2011, the Department's Board of Directors approved a proposed repeal of the 2011 Real Estate Analysis Rules and the publication for public comment on the Draft 2012 Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines (Draft 2012 REA Rules). The proposed rules contain changes to the prior year rules based on staff input and public input at roundtable meetings.

On September 30, 2011 the Draft 2012 REA Rules were published in the *Texas Register*. Upon publication, an official public comment period commenced on September 30, 2011 and ended on October 19, 2011. In addition to publishing the document in the *Texas Register*, a copy was published on the Department's web site. The Department held public hearings in Houston, Dallas, Brownsville, Austin, and Abilene. No public comment was received at any of the hearings. Two written comments were received and are addressed in the Reasoned Response.

In keeping with the requirements of the Administrative Procedures Act staff has reviewed the comments received and is providing a reasoned response to each comment herein. As part of each response, staff also provides a recommendation as to accepting the comment or not accepting the comment.

Attachment A: Preamble, Reasoned Response and New §§1.31 – 1.37

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 1, Subchapter B, §§1.31 – 1.37, concerning Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, And Reserve For Replacement Rules And Guidelines. Sections 1.31 and 1.32 are adopted with changes to text as published in the *Texas Register* (36 Tex Reg 6366). Sections 1.33 – 1.37 are adopted without changes and will not be republished.

Public hearings to receive input on the proposed rules were held from October 7, 2011 to October 17, 2011 and written comments were accepted by mail, e-mail, and facsimile from September 30, 2011 to October 26, 2011, with written comments received from Diana McIver (1) and Audrey Martin (2). Staff reviewed these comments and provides herein a reasoned response to each comment. Staff recommends clarifying and administrative changes for consistency with other Department rules. Staff also recommends deleting the term "audited" in reference to financial statements throughout the rule, specifically in 1.32(d)(2), 1.32(e)(1)(B)(ii)(I) and 1.32(g)(3)(C).

REASONED RESPONSE TO PUBLIC COMMENT ON THE PROPOSED ADOPTION OF 10 TAC CHAPTER 1, SUBCHAPTER B, §§1.31 – 1.37, GENERAL PROVISIONS, UNDERWRITING RULES AND GUIDELINES, MARKET ANALYSIS RULES AND GUIDELINES, APPRAISAL RULES AND GUIDELINES, ENVIRONMENTAL SITE ASSESSMENT RULES AND GUIDELINES, PROPERTY CONDITION ASSESSMENT GUIDELINES, AND RESERVE FOR REPLACEMENT RULES AND GUIDELINES

§1.31(b). Definitions. (1)
COMMENT: Commenter suggests creating a new definition for "Building Costs" to describe and differentiate the cost of constructing or rehabilitating vertical structures, buildings and amenity structures, from other construction costs of the development. The use of this definition would provide clarity about the treatment of these costs throughout the rules, application forms and underwriting process.

STAFF RESPONSE: Staff agreed that describing and differentiating Building Costs from other costs of a development will provide needed clarity in the rules. The 2011 rules use a non-defined phrase "direct construction cost" to generally describe these costs but staff agrees that the phrase can by misinterpreted and confusing. Staff recommends adding clarifying language to the rules associating the phrase "direct construction cost" with the term "Building Cost" as described in §1.32(e)(b) and using the term throughout the rules. Staff also recommends adding a definition of Building Cost to the definitions section of next year's rules.

§1.32(e)(1)(B)(ii)(II)(b)(1)&(2). Identity of Interest Acquisitions. (2)
COMMENT: Comment was received to revert back to language in the 2011 rule with respect to a 10% annual return allowed on the original acquisition cost of a development or development site.

STAFF RESPONSE: The proposed rule restricts the 10% annual return calculation to the original equity investment as opposed to the original acquisition cost. Using a 10% annual return on the original acquisition cost inflates the allowable acquisition cost used in the underwriting process because it provides a return on any debt the owner may have used to finance the original acquisition. Staff recommends no change based on the comment.

The Board approved the final order adopting the new sections on November 10, 2011.

The new sections are adopted pursuant to the authority of the Texas Government Code, Chapter 2306 which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

§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 (§2306.081(c), 2306.185 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 (relating to the Department's Housing Tax Credit Program 2012 Qualified Allocation Plan, 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 §1.31(b) of this subchapter (relating to Underwriting Rules and Guidelines) and subchapter §1.1 (relating to Definitions and Amenities for Housing Program Activities).

(1) **Affordable Housing**--Housing that 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) **Breakeven Occupancy**--The occupancy level at which rental income plus secondary income is equal to all operating expenses, including replacement reserves and taxes, and mandatory debt service requirements for a Development.
(4) **Cash Flow**--The funds available from operations after all expenses and debt service required to be paid has been considered.
(5) **Comparable Unit**--A Unit, when compared to the subject Unit, similar in net rentable square footage, number of bedrooms, overall condition, location, age, unit amenities, utility structure, and common amenities.
(6) **Contract Rent**--Net rent based upon current and executed rental assistance contract(s), typically with a federal, state or local governmental agency.

(7) **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.

(8) **Debt Coverage Ratio** (DCR)--Sometimes referred to as the "Debt Coverage" or "Debt Service Coverage." Calculated as Net Operating Income for any period divided by debt service required to be paid during the same period.

(9) **Development**—A residential rental housing development that has no less than 16 units under common ownership which has applied for Department funds.

(10) **Effective Gross Income** (EGI)--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.

(11) **Eligible Hard Costs**--Hard Costs includable in Eligible Basis for the purposes of determining a Housing Credit Allocation.

(12) **Environmental Site Assessment** (ESA)--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 §1.35 of this subchapter (relating **to** Environmental Site Assessment Rules and Guidelines) as it relates to a specific Development.

(13) **First Lien Lender**--A lender whose lien has first priority.

(14) **Gross Capture Rate**--Calculated as the Relevant Supply divided by the Gross Demand.

(15) **Gross Demand**--The sum of Potential Demand from the Primary Market (PMA), demand from other sources, and Potential Demand from a Secondary Market Area (SMA) to the extent that SMA demand does not exceed 25% of Gross Demand.

(16) **Gross Program Rent**--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.

(17) **Hard Costs**--The sum total of ~~direct construction costs~~Building Cost, site work costs, off-site costs and contingency.

(18) **Market Analysis**--Sometimes referred to as "Market Study." An evaluation of the economic conditions of supply, demand and rental rates conducted in accordance with §1.33 of this subchapter (relating to Market Analysis Rules and Guidelines) as it relates to a specific Development.

(19) **Market Analyst**--Any person who prepares a market study.

(20) **Market Rent**--The rent for a particular Comparable Unit determined after adjustments are made to rents charged by owners of Comparable Units on properties without rent and income restrictions.

(21) **Net Operating Income** (NOI)--The income remaining after all operating expenses, including replacement reserves and taxes have been paid.

(22) **Net Program Rent**--Calculated as Gross Program Rent less Utility Allowance.

(23) **Potential Demand**--The number of income-eligible, age-, size-, and tenure-appropriate target households in the designated market area at the proposed placement in service date.

(24) **Primary Market** (PMA)--Sometimes referred to as "Primary Market Area". The area defined by the Qualified Market Analyst as described in §1.33(d)(9) of this subchapter from which a proposed or existing Development is most likely to draw the majority of its prospective tenants or homebuyers.

(25) **Pro Forma Rent**---For a restricted unit, the lesser of the Net Program Rent or the Market Rent. For an unrestricted unit, the Market Rent. Contract Rents, if applicable, will be used as the Pro Forma Rent.

(26) **Property Condition Assessment** (PCA)--Sometimes referred to as "Physical Needs Assessment," "Project Capital Needs Assessment," or—"_Property Condition Report." The PCA provides an

evaluation of the physical condition of an existing property to evaluate the immediate cost to rehabilitate and to determine costs of future capital improvements to maintain the property. The PCA must be prepared in accordance with §1.36 of this subchapter (relating to Property Condition Assessment Rules and Guidelines) as it relates to a specific Development.

(27) **Qualified Market Analyst**--A real estate appraiser or other professional familiar with the subject property's market area who demonstrates competency, expertise, and the ability to render a high quality Market Analysis. 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.

(28) **Relevant Supply**--The supply of Comparable Units in proposed and Unstabilized Developments targeting the same population including:

(A) The proposed subject Units;

(B) Comparable Units in another development within the PMA with a priority Application over the subject, based on the Department's evaluation process described in the QAP that may not have been presented to the TDHCA Board for decision; and

(C) Comparable Units in previously approved but Unstabilized Developments in the PMA; and

(D) Comparable Units in previously approved but Unstabilized Developments in the Secondary Market Area (SMA), in the same proportion as the proportion of Potential Demand from the SMA that is included in Gross Demand.

(29) **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.

(30) **Secondary Market (SMA)**--Sometimes referred to as "Secondary Market Area." The area defined by the Qualified Market Analyst as described in §1.33(d)(8) of this subchapter.

(31) **Sub-Market**--An area defined by the Underwriter based on general overall market segmentation promulgated by market data tracking and reporting services from which a proposed or existing Development is most likely to draw the majority of its prospective tenants or homebuyers.

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

(33) **Underwriter**--The author(s) of the Credit Underwriting Analysis Report.

(34) **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 twelve (12) consecutive months following construction completion. A development may be deemed stabilized by the Underwriter based on factors relating to a development’s lease-up velocity, Sub-Market rents, Sub-Market occupancy trends and other information available to the Underwriter. The Market Analyst may not consider a development stabilized in the Market Study.

(35) **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 (relating to Utility Allowances). 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.

(36) **Work Out Development**--A financially distressed Development for which the Owner and/or a primary financing participant is seeking a change in the terms of Department funding or program restrictions.

(c) **Appeals.**

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

§1.32. Underwriting Rules and Guidelines.

(a) **General Provisions.**

Pursuant to §§2306.148 and 2306.185(b), Texas Government Code, the Department's Governing Board is authorized to adopt underwriting standards as set forth in this section. Furthermore, for Housing Credit Allocation, §42(m)(2) of the Internal Revenue Code (IRC), requires the tax credits allocated to a development not to exceed the amount necessary to assure feasibility. The rules of the Texas Government Code and the IRC, resulting in a Credit Underwriting Analysis Report used by the Department's Governing Board in decision making with the goal to assist as many Texans as possible by providing no more financing than necessary based on an independent analysis of development feasibility. The Report considers 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.

(b) **Report Contents.**

The Report provides a synopsis and reconciliation of the Application information submitted by the Applicant. The Report contents will be based solely upon information that is provided in accordance with the time frames provided in the current Qualified Allocation Plan (QAP) or Notice of Funds Availability (NOFA), as applicable.

(c) **Recommendations in the Report.**

The conclusion of the Report includes a recommended award of funds or Housing Credit Allocation Amount 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 Applicants requesting a Housing Credit Allocation, 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 Applicants requesting funding through a Department program other than Housing Tax Credits, this method is based upon calculation of the funding limit based on the current program rules or NOFA at the time of underwriting.

(2) **Gap/DCR Method**. This method evaluates the amount of funds needed to fill the gap created by Total Housing Development Cost less total non-Department-sourced funds or Housing 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 Housing Tax Credits. In making this determination and based upon specific conditions set forth in the Report, the Underwriter may assume adjustments to the financing structure or make adjustments to any Department financing, such that the cumulative DCR conforms to the standards described in this section.

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

(d) **Operating Feasibility.**

The operating financial feasibility of developments funded by the Department is tested by subtracting operating expenses, including replacement reserves and taxes, from Income to determine Net Operating Income. The annual Net Operating Income is divided by the cumulative annual debt service required to be paid 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 make adjustments to the financing structure, which 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 first year stabilized pro forma, 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 independently calculate the Pro Forma Rent for comparison to the Applicant's estimate in the Application.

(i) Market Rents. The Underwriter will use the Market Analyst's conclusion of Market Rent if reasonably justified and supported by the attribute adjustment matrix of Comparable Units as described in §1.33 of this subchapter (relating to Market Analysis Rules and Guidelines). Independently determined Market Rents by the Underwriter may be used based on rent information gained from direct contact with comparable properties, whether or not used by the Market Analyst, and other market data sources.

(ii) 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 for the year that is most current at the time the underwriting begins. When underwriting for a simultaneously funded competitive round, all Applications are underwritten with the Gross Program Rents for the same year. If Gross Program Rents are adjusted by the Department after the close of the Application Acceptance Period but prior to publication of the Report, the Underwriter may adjust the Applicant's EGI to account for any increase or decrease in Gross Program Rents for the purposes of determining the reasonableness of the Applicant's EGI.

(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 Total Housing Development Cost schedule.

(iii) Contract Rents. The Underwriter reviews 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 Underwriter 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 as the Pro Forma Rent 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 $20 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 a Unit and must show that the tenant has a reasonable alternative.

(iii) The Applicant's operating expense schedule should reflect an itemized 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 an additional fee is charged for the use of an amenity, any cost associated with the construction, acquisition, or development of the hard assets needed to produce the additional fee for such amenity must be excluded from Eligible Basis.

(C) **Vacancy and Collection Loss**. The Underwriter generally uses a vacancy rate of 7.5% (5% vacancy plus 2.5% for collection loss). The Underwriter may use other assumptions based on conditions in the immediate market area. Qualified Elderly Developments 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 (EGI)--The Underwriter independently calculates EGI. If the EGI estimate provided by the Applicant is within 5% of the EGI calculated by the Underwriter, the Applicant's EGI is characterized as reasonable in the Report; however, for purposes of calculating DCR the Underwriter’s pro forma will be used unless the Applicant's pro forma meets the requirements of paragraph (3) of this subsection.

(2) **Expenses**. In determining the first year stabilized pro forma, 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 pro forma. 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 TDHCA Database of properties in the same location or region as the proposed Development also provides heavily relied upon data points; expense data from the TDHCA Database 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 an unrelated contractor or component vendor. Well documented information provided in the Market Analysis, Appraisal, the Application, and other sources may be considered.

(A) **General and Administrative Expense** (G&A)--Expense for operational accounting fees, legal fees, advertising and marketing expenses, office operation, supplies, and equipment expenses. G&A does not include partnership related expenses such as asset management, accounting or audit fees. Costs of Tenant Services are not included in G&A.

(B) **Management Fee**. Fee paid to the property management company to oversee the operation of the property and is most often based upon a percentage of Effective Gross Income as documented in a property management agreement. Typically, 5% of the Effective Gross Income is used, though higher percentages for rural transactions that are consistent with the TDHCA Database may be used. Percentages as low as 3% may be used if well documented.

(C) **Payroll Expense.** Expense for direct on-site staff payroll, insurance benefits, and payroll taxes including payroll expenses for repairs and maintenance typical of a comparable development. It does not, however, include direct security payroll or additional Tenant Services payroll.

(D) **Repairs and Maintenance Expense**. Expense for repairs and maintenance, third-party maintenance contracts and supplies. It should not include capitalized expenses that would result from major replacements or renovations. Direct payroll for repairs and maintenance activities are included in payroll expense.

(E) **Utilities Expense**. Utilities expense includes all gas and electric energy expenses paid by the development.

(F) **Water, Sewer and Trash Expense** (WST)--Includes all water, sewer and trash expenses paid by the development.

(G) **Insurance Expense**. Insurance expense includes any insurance for the buildings, contents, and general liability but not health or workman's compensation insurance.

(H) **Property Tax**. Real property and personal property taxes but not payroll taxes.

(i) An assessed value will be calculated based on the capitalization rate published by the county taxing authority. If the county taxing authority does not publish a capitalization rate, a capitalization rate of 10% or a comparable assessed value may be used.

(ii) Property tax exemptions or a "Proposed Payment In Lieu Of Tax" agreement (PILOT) must be documented as being reasonably achievable. 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**. An annual reserve for replacements of future capital expenses and any ongoing operating reserve requirements. The Underwriter includes minimum reserves of $250 per unit for New Construction and Reconstruction developments and $300 per unit for all other developments. The Underwriter may require an amount above $300 for the Development based on information provided in the PCA. The Applicant's assumption for reserves may be adjusted by the Underwriter if the amount provided by the Applicant is insufficient to fund capital needs as documented by the PCA during the first 15 years of the long term pro forma. Higher reserves may be used if documented by a primary lender or syndicator.

(J) **Other Expenses**. The Underwriter will include other reasonable and documented expenses. These include audit fees, tenant services, security expense and compliance fees. This category does not include depreciation, interest expense, lender or syndicator's asset management fees, or other ongoing partnership fees. The most common other expenses are described in more detail in clauses (i) - (iii) of this subparagraph.

(i) **Tenant Services**. Cost to the development of any non-traditional tenant benefit such as payroll for instruction or activities personnel and associated operating expenses. Tenant Services expenses are considered in calculating the Debt Coverage Ratio.

(ii) **Security Expense.** Contract or direct payroll expense for policing the premises of the Development.

(iii) **Compliance Fees.** Compliance fees include only compliance fees charged by the Department and 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 Underwriter 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. 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's independent calculation will be used unless the Applicant's first year stabilized pro forma meets the requirements of paragraph (3) of this subsection.

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

(4) **Debt Coverage Ratio**. DCR is calculated by dividing Net Operating Income by the sum of scheduled loan principal and interest payments for all permanent sources of funds. Loan principal and interest payments are calculated based on the terms indicated in the term sheet(s) for financing submitted in the Application. Unusual or non-traditional financing structures may also be considered.

(A) **Interest Rate**. The rate documented in the term sheet(s) will be used for debt service calculations. Term sheets indicating a variable interest rate must provide a breakdown of the rate index and component rates comprising an all-in interest rate. The term sheet(s) must state the lender's underwriting interest rate, or the Applicant must submit a separate statement from the lender with an estimate of the interest rate as of the date of such statement. The Underwriter may adjust the underwritten interest rate based on data collected on similarly structured transactions or rate index history.

(B) **Amortization Period**. The Department generally 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 is made for the purposes of the analysis and recommendations. 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 thirty (30) years, the Underwriter will carry forward debt service based on a full amortization at the interest rate stated in the term sheet(s).

(D) **Acceptable Debt Coverage Ratio Range**. The acceptable first year stabilized pro forma DCR for all priority or foreclosable lien financing plus the Department's proposed financing must be between a minimum of 1.15 and a maximum of 1.35. HOPE VI and TRDO-USDA transactions may underwrite to a DCR less than 1.15 or greater than 1.35 based upon documentation of acceptance from the lender.

(i) For developments other than HOPE VI and TRDO-USDA transactions, if the DCR is less than the minimum, the recommendations of the Report may be based on an assumed reduction to 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 term sheet(s) as long as they are within the ranges in subparagraphs (A) and (B) of this paragraph.

(ii) If the DCR is greater than the maximum, the recommendations of the Report may be based on an assumed increase to 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 term sheet 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 Housing Credit Allocation Amount 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 Pro forma**. The Underwriter will create a 30-year operating pro forma.

(A) The Underwriter's first year stabilized pro forma is utilized unless the Applicant's first year stabilized EGI, operating expenses, and 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 Pro forma if satisfactory support documentation is provided by the Applicant or as determined by the Underwriter.

(e) **Total Housing Development Costs.**

The Development's need for permanent funds and, when applicable, the Development's Eligible Basis is based upon the projected Total Housing Development Cost. The Department's estimate of the Total Housing 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 Housing Development Cost is within 5% of the Underwriter's estimate. The Department's estimate of the Total Housing Development Cost for acquisition/Rehabilitation will be based in accordance with the PCA's estimated cost for the scope of work as defined by the Applicant and §1.36(a)(5) of this subchapter (relating to Property Condition Assessment Guidelines). If the Applicant's 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 Housing Development Cost.

(1) **Acquisition Costs**. The underwritten acquisition cost is verified with Site Control document(s) for the Property.

(A) **Excess Land Acquisition**. In cases where more land is to be acquired than will be utilized as the Development Site and the remainder acreage is not accessible for use by tenants or dedicated as permanent and maintained green space, the value ascribed to the proposed Development Site will be prorated based on acreage from the total cost reflected in the Site Control document(s). An appraisal containing segregated values for the total acreage, the acreage for the Development Site and the remainder acreage, or tax assessment value may be used by the Underwriter in making a proration determination based on relative value; 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 the seller is an Affiliate of, a Related Party to, any owner at any level of the Development Team or a related party lender; and,

(I) Is the current owner in whole or in part of the Property; or

(II) Was the owner in whole or in part of the Property during any period within the thirty-six (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 evidenced by an executed 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 stated in the application:

(-a-) an appraisal that meets the requirements of §1.34 of this subchapter (relating to Appraisal Rules and Guidelines); 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, capitalized costs of any physical improvements, the cost of zoning, platting, and any off-site costs to provide utilities or improve access to the Property. All allowable holding and improvement costs must directly benefit the proposed Development by a reduction to hard or soft costs. Additionally, an annual return of 10% may be applied to the original capital investment and documented holding and improvement costs; this return will be applied from the date the applicable cost is incurred until the date of the Department's Board meeting at which the Grant, loan and/or Housing Credit Allocation will be considered.

(-2-) For transactions which include existing buildings that will be rehabilitated or otherwise retained 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, and in the case of TRDO-USDA financed Developments 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. Additionally, an annual return of 10% may be applied to the original capital investment and documented holding and improvement costs; this return will be applied from the date the applicable cost was incurred until the date of the Department's Board meeting at which the Grant, loan and/or Housing Credit Allocation will be considered. For any period of time during which the existing buildings are occupied or otherwise producing revenue, holding costs may not include operating expenses, including, but not limited to, property taxes and interest expense.

(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. The resulting acquisition cost will be referred to as the "Adjusted Acquisition Cost."

(C) **Acquisition of Buildings for Tax Credit Properties**. Building acquisition cost will be included in the underwritten Total Housing Development Cost and/or Eligible Basis if the Applicant provided an appraisal that meets the Department's Appraisal Rules and Guidelines as described in §1.34 of this subchapter. The underwritten Total Housing Development Cost and/or Eligible Basis will include the lowest of the values determined based on subparagraphs (i) - (iii).

(i) The Applicant's stated building acquisition cost;

(ii) The building acquisition cost reflected in the Site Control document(s), or the Adjusted Acquisition Cost, prorated using the relative land and building values indicated by the applicable appraised value;

(iii) Total acquisition cost reflected in the Site Control document(s), or the Adjusted Acquisition Cost, less the appraised “as-vacant” land value;

(iv) The Underwriter will use the value that best corresponds to the circumstances presently affecting the Development and that will continue to affect the Development after transfer to the new owner in determining the building value. Any value of existing favorable financing will be attributed prorata to the land and buildings.

(2) **Off-Site Costs**. Off-Site costs are costs of improvements up to the Development Site 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. The certification from a Third Party engineer must describe the necessity of the off-site improvements, including the relevant requirements of the local jurisdiction with authority over building codes. If off-site costs are included in Eligible Basis based on PLR 200916007, a statement of findings from a CPA must be provided which describes the facts relevant to the Development and affirmatively certifies that the fact pattern of the Development matches the fact pattern in PLR 200916007.

(3) **Site Work Costs**. Site work costs exceeding $9,000 per Unit, exclusive of ineligible_demolition costs, must be documented and certified by a Third Party engineer on the required application form. The Underwriter may require such documentation in cases where the site work cost estimates are not consistent with the Underwriter’s site evaluation regardless of the per unit threshold. In addition, for Applicants seeking Housing Tax Credits, documentation in keeping with §50.8(7)(C) of this title (relating to Threshold Criteria) will be utilized in calculating Eligible Basis.

(4) **Direct Construction Costs**. Sometimes referred to as “Building Costs” are those cost of materials and labor required for the vertical construction or rehabilitation of buildings and amenity structures.~~Direct construction costs are those costs of materials and labor required for the New Construction, Rehabilitation, Reconstruction and/or Adaptive Reuse of the Development.~~

(A) **New Construction and Reconstruction**. The Underwriter will use the Marshall and Swift Residential Cost Handbook, other comparable published third-party cost estimating data sources, historical final cost certifications of previous Housing Tax Credit developments and other acceptable cost data available to the Underwriter to estimate ~~direct construction cost~~Building Cost. Generally, the "Average Quality" multiple, townhouse, or single family costs, as appropriate, from the Marshall and Swift Residential Cost Handbook or other comparable published third-party data source, will be used based upon details provided in the Application and particularly building plans and elevations. The Underwriter will consider amenities, specifications and types of development not included in the Average Quality standard.

(B) **Rehabilitation and Adaptive Reuse**. The Underwriter will use cost data provided by the Property Condition Assessment (PCA). In the case where the Applicant has provided a PCA which is inconsistent with the Applicant's estimate as proposed in the Total Housing Development Cost schedule and/or the Applicant's scope of work, 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.

(5) **Contingency**. All contingencies identified in the Applicant's project cost schedule including any soft cost contingency will be limited to a maximum of 7% of ~~direct construction costs~~Building Cost plus site work and off-sites for New Construction and Reconstruction developments and 10% of ~~direct construction costs~~Building Cost plus site work and off-sites for Rehabilitation and Adaptive Reuse developments. For Housing Tax Credit developments, the percentage is applied to the sum of the eligible ~~direct construction costs~~Building Cost, eligible site work costs and eligible off-site costs in calculating the eligible contingency cost. The Applicant's estimate is used by the Underwriter if less than the 7% or 10% limit, as applicable.

(6) **Contractor Fee**. Contractor fees include general requirements, contractor overhead, and contractor profit. General requirements include, but are not limited to: onsite supervision or construction management, offsite supervision and overhead, jobsite security, equipment rental, storage, temporary utilities and other indirect costs (consistent with costs outlined in Division 1 of the Construction Specifications Institute's MasterFormat system). Contractor fees are limited to a total of 14% on developments with Hard Costs of $3 million or greater, the lesser of $420,000 or 16% on developments with Hard Costs less than $3 million and greater than $2 million, and the lesser of $320,000 or 18% on developments with Hard Costs at $2 million or less. For tax credit developments, the percentages are applied to the sum of the Eligible Hard Costs in calculating the eligible contractor fees. For developments also receiving financing from TRDO-USDA, the combination of builder's general requirements, builder's overhead, and builder's profit should not exceed the lower of TDHCA or TRDO-USDA requirements. Additional fees for ineligible costs will be limited to the same percentage of ineligible Hard Costs but will not be included in Eligible Basis.

(7) **Developer Fee**. Developer fee is multiplied by the appropriate Applicable Percentage depending whether it is attributable to acquisition or rehabilitation basis. Additional fees for ineligible costs will be limited to the same percentage of ineligible Hard Costs (15% for developments with 50 or more units, or 20% for developments with 49 or fewer units) but will not be included in Eligible Basis. All fees to Affiliates and/or Related Parties for work determined by the Underwriter to be typically completed by the developer will be considered part of developer fee.

(A) For Housing Tax Credit developments, the development cost associated with developer fees and Development Consultant fees included in Eligible Basis cannot exceed 15% of the project's eligible costs less developer fees for developments proposing 50 units or more and 20% of the project's eligible costs 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 Housing Tax Credits will not exceed 15% of the Rehabilitation/New Construction eligible costs less developer fees for developments proposing 50 units or more and 20% of the Rehabilitation/New Construction eligible costs 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.

(C) For non-Housing Tax Credit developments, the percentage can be up to 15% but is based upon Total Housing Development Cost 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 identity of interest acquisition cost.

(8) **Financing Costs**. Eligible construction period interest is limited to the lesser of actual eligible construction period interest, or the interest on one (1) year's fully drawn construction period loan funds at the construction period interest rate indicated in the term sheet(s). Any excess over this amount will not be included in Eligible Basis. Construction period interest on Related-Party construction loans are not included in Eligible Basis.

(9) **Reserves**. The Underwriter will utilize the amount described in the Applicant's project cost schedule if it is within the range of two (2) to six (6) 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 first lien lender or syndicator if the detail for such greater amount is well documented in the first lien lender or syndicator term sheet(s).

(10) **Other Soft Costs**. For Housing 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 and operating reserves. The Underwriter will evaluate and apply the allocation of these soft costs in accordance with the Department's prevailing interpretation of the Internal Revenue Code. If the Underwriter questions the amount or eligibility of any soft costs, the Applicant will be given an opportunity to clarify and address the concern prior to completion of the Report.

(f) **Development Team Capacity and Development Plan.**

(1) The Underwriter will evaluate and report on the overall capacity of the Development Team by reviewing:

(A) Personal credit reports for development sponsors, developer fee recipients and those individuals anticipated to provide guarantee(s). The Underwriter will evaluate the credit report and identify any bankruptcy, state or federal tax liens or other relevant credit risks for compliance with eligibility and debarment requirements in the QAP;

(B) Quality of construction, Rehabilitation, and ongoing maintenance of previously awarded housing developments by review of construction inspection reports, compliance onsite visits, findings of UPCS violations and other information available to the Underwriter;

(C) For Housing Tax Credit developments, repeated or ongoing failure to timely submit cost certifications, requests for and clearance of final inspections, and timely response to deficiencies in the cost certification process;

(D) Adherence to obligations on existing or prior TDHCA funded developments with respect to program rules and documentation.

(2) While all components of the development plan may technically meet the other individual requirements of this section, a confluence of serious concerns and unmitigated risks identified during the underwriting process will result in an Application being referred to the Committee. The Committee will review any recommendation made under this subsection to deny an Application for a Grant, loan and/or Housing Credit Allocation prior to completion of the Report and posting to the Department's website.

(g**) Other Underwriting Considerations**.

The Underwriter will evaluate additional feasibility elements as described in paragraphs (1) – (3) of 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 and certify that the flood insurance will be obtained; and

(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 or "must-pay" debt. Applicants must provide evidence of sufficient financial resources to offset any projected 15-year cumulative negative Cash Flow. 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 statements 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; and/or

(D) **Total Housing Development Costs**. For Supportive Housing designed with only Efficiency Units, the Underwriter may use "Average Quality" dormitory costs, or costs of other appropriate design styles 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~~ Building 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 a Grant, loan or Housing Credit Allocation unless the Underwriter can determine an alternative structure and/or conditions the recommendations of the Report upon receipt of documentation supporting an alternative 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) through (5) of this subsection applies unless paragraph (6)(B) of this subsection also applies.

(1) **Gross Capture Rate**. The method for determining the Gross Capture Rate for a Development is defined in §1.33(d)(11)(F) of this subchapter. The Underwriter will independently verify all components and conclusions of the Gross Capture Rate and may at their discretion use independently acquired demographic data to calculate demand and may make a determination of the effective Gross Capture Rate based upon an analysis of the Sub-market. The Development:
   (A) is characterized as a Qualified Elderly Development and the Gross Capture Rate exceeds 10% for the total proposed units; or
   (B) is outside a Rural Area and targets the general population, and the Gross Capture Rate exceeds 10% for the total proposed units; or
   (C) is in a Rural Area and targets the general population, and the Gross Capture Rate exceeds 30%; or
   (D) targets Persons with Disabilities and the Gross Capture Rate exceeds 30%.
   (E) Developments meeting the requirements of subparagraph (A), (B), (C), or (D) of this paragraph may avoid being characterized as infeasible if clause (i) or (ii) of this subparagraph apply.
      (i) Replacement Housing. The proposed Development is comprised of Affordable Housing which replaces previously existing 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 Affordable Housing a leasing preference.
      (ii) Existing Housing. The proposed Development is comprised of existing Affordable Housing which is at least 50% occupied and gives displaced existing tenants a leasing preference as stated in a relocation plan.

(2) **Deferred Developer Fee**. Applicants requesting an allocation of tax credits where the estimated deferred developer fee, based on the Underwriter's recommended financing structure, is not repayable from Cash Flow within the first fifteen (15) years of the long term pro forma as described in subsection (d)(5) of this section.

(3) **Pro Forma Rent**. The Pro Forma Rent for units with rents restricted at 60% of AMGI is less than the Net Program Rent for units with rents restricted at or below 50% of AMGI unless the Applicant accepts the Underwriter's recommendation, if any, that all restricted units have rents and incomes restricted at or below the 50% of AMGI level.

(4) **Initial Feasibility**. The first year stabilized pro forma operating expense divided by the first year stabilized pro forma Effective Gross Income is greater than 68% for rural developments 36 units or less and 65% for all other developments.

(5) **Long Term Feasibility**. Any year in the first fifteen (15) years of the Long Term Pro forma, 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 or by the Committee if documentation is submitted by the Applicant to support unique circumstances that would provide mitigation.

(B) Developments meeting the requirements of one of more of paragraphs (3) through (5) of this subsection will be re-characterized as feasible if one or more of clauses (i) - (v) 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 TRDO-USDA 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 the Applicant's proposed rents are at least 10% lower than both the Net Program Rent and Market Rent.

§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 (30) 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 from the Texas Comptroller of Public Accounts.

(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 ninety (90) 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 seventy-two (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) - (13) 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) **Summary Sheet**. Include the Department's Market Analysis Summary exhibit.

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

(6) **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.

(7) **Statement of Ownership**. Disclose the current owners of record and provide a three (3) year history of ownership for the subject Property.

(8) **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 this paragraph, 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 inclusive of the Primary Market Area; and
  - (ii) boundaries based on U.S. census tracts, ZIP codes, or place, as defined by the U.S. Census Bureau.
- (B) The Market Analyst's definition of the Secondary Market Area must include:
  - (i) a detailed description of why the subject Development is expected to draw a significant number of tenants or homebuyers from the defined SMA;
  - (ii) a complete demographic report for the defined SMA; and
  - (iii) a scaled distance map indicating the SMA boundaries as well as the location of the subject Development and all comparable Developments.

(9) **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;
  - (ii) boundaries based on U.S. census tracts, ZIP codes, or place, as defined by the U.S. Census Bureau; and
  - (iii) the population of the PMA may exceed 100,000 if the amount over the limit is contained within a single census tract or ZIP code, and if the PMA is defined by census tract or ZIP code.
- (B) The Market Analyst's definition of the Primary Market Area must include:
  - (i) a detailed description of why the subject Development is expected to draw a majority of its prospective tenants or homebuyers from the defined PMA;
  - (ii) a complete demographic report for the defined PMA; and
  - (iii) a scaled distance map indicating the PMA boundaries as well as the location of the subject Development and all comparable Developments.
- (C) **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

(I) monthly rent and Utility Allowance; or

(II) 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;

(I) occupancy; and

(II) turnover.

(10) **Market Information:**

(A) For each of the defined market areas, identify the number of units for each of the categories in clauses (i) - (vi) of this subparagraph; the data must be clearly labeled as relating to either the PMA or the SMA, 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 relating to Underwriting Rules and Guidelines). 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) **Demographic Reports**.

(i) All demographic reports must include population and household data for a five (5) year period with the year of application as the base year;

(ii) All demographic reports must provide sufficient data to enable calculation of income-eligible, age-, size-, and tenure-appropriate household populations;

(iii) For Developments targeting seniors, all demographic reports must provide a detailed breakdown of households by age and by income; and

(iv) A complete copy of all demographic reports relied upon for the demand analysis, including the reference index that indicates the census tracts or ZIP codes on which the report is based.

(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 (5) 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) **Gross Demand.** Gross Demand is defined as the sum of Potential Demand from the PMA, Demand from Other Sources, and Potential Demand from a Secondary Market Area (SMA) to the extent that SMA demand does not exceed 25% of Gross Demand.

(iii) **Potential Demand.** Potential Demand is defined as the number of income-eligible, age-, size-, and tenure-appropriate target households in the designated market area at the proposed placed in service date.

(I) Maximum eligible income is 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.

(II) For Developments targeting the general population:

(-a-) Minimum eligible income is based on a 35% rent to income ratio;

(-b-) Appropriate household size is defined as 1.5 persons per Bedroom (rounded up); and

(-c-) The tenure-appropriate population for a rental Development is limited to the population of renter households.

(III) For Developments consisting solely of single family residences on separate lots with all units having three (3) or more bedrooms:

(-a-) Minimum eligible income is based on a 35% rent to income ratio;

(-b-) Appropriate household size is defined as 1.5 persons per bedroom (rounded up); and

(-c-) Gross Demand includes both renter and owner households.

(IV) For Developments targeting the senior population:

(-a-) Minimum eligible income is based on a 50% rent to income ratio; and

(-b-) Gross Demand includes all household sizes and both renter and owner households.

(iv) **Demand from Secondary Market Area:**

(I) Potential Demand from an SMA should be calculated in the same way as Potential Demand from the PMA;

(II) Potential Demand from an SMA may be included in Gross Demand to the extent that SMA demand does not exceed 25% of Gross Demand; and

(III) The supply of proposed and unstabilized Comparable Units in the SMA must be included in the calculation of the capture rate at the same proportion that Potential Demand from the SMA is included in Gross Demand.

(v) **Demand from Other Sources:**

(I) The source of additional demand and the methodology used to calculate the additional demand must be clearly stated;

(II) Consideration of Demand from Other Sources is at the discretion of the Underwriter;

(III) Demand from Other Sources must be limited to households that are not included in Potential Demand; and

(IV) If households with Section 8 vouchers are identified as a source of demand, the Market Study must include:

(-a-) Documentation of the number of vouchers administered by the local Housing Authority; and

(-b-) A complete demographic report for the area in which the vouchers are distributed.

(11) **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) - (I) 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 conclusion for each proposed Unit type by number of Bedrooms and rent restriction category. Conclusions of 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. In support of the 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 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:**

(i) State the Gross Demand for each 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); and

(ii) State the Gross Demand for the proposed Development as a whole. If some households are eligible for more than one unit due to overlapping eligible ranges for income or household size, Gross Demand should be adjusted to avoid including households more than once.

(E) **Relevant Supply**. The Relevant Supply of proposed and unstabilized Comparable Units includes:

(i) The proposed subject Units;

(ii) Comparable Units with priority over the subject that have made application to TDHCA and have not been presented to the TDHCA Board for decision;

(iii) Comparable Units in previously approved but Unstabilized Developments in the PMA; and

(iv) Comparable Units in previously approved but Unstabilized Developments in the SMA, in the same proportion as the proportion of Potential Demand from the SMA that is included in Gross Demand.

(F) **Gross Capture Rate**. The Gross Capture Rate is defined as the Relevant Supply divided by the Gross Demand. The Market Analyst must calculate a Gross Capture Rate for the subject Development as a whole, as well as for each Unit type by number of Bedrooms and rent restriction categories, and market rate Units, if applicable. Refer to §1.32(i) of this subchapter for feasibility criteria.

(G) A complete demand and capture rate analysis is required in every Market Study, regardless of the current occupancy level of an existing Development.

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

(I) **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)

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

(13) **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) In the event that the PMA for a subject Development overlaps the PMA's of other proposed or unstabilized comparable Developments, the Underwriter may perform an extended Sub-Market analysis considering the combined PMA's and all proposed and unstabilized units in the extended Sub-Market Area; the Gross Capture Rate from such an extended Sub-Market Area analysis may be used as the basis for a feasibility conclusion.

(g) 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 (3) 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 (3) 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 (3) 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 of final value estimates is required. The Underwriter may request additional valuation information based on unique existing circumstances that are relevant for deriving the market value of the property.

(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) For existing developments with any project-based rental assistance that will remain with the property after the acquisition, the appraisal must include an “as-is as-currently-restricted value” inclusive of the value associated with the rental assistance. If the rental assistance has an impact on the value, such as use of a lower capitalization rate due to the lower risk associated with rental rates and/or occupancy rates on project-based developments, this must be fully explained and supported to the satisfaction of the Underwriter.

(C) For existing developments with rent restrictions, the appraisal must include the “as-is as-restricted” value. In particular, the restricted rents should be contemplated when deriving the value based on the income approach.

(D) For all other existing developments, the appraisal must include the “as-is” value.

(E) For any development with favorable financing (generally below market debt) that will remain in place and transfer to the new owner, the appraisal must include a separate value for the existing favorable financing with supporting information.

(F) 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 TRDO-USDA 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 for Rehabilitation Developments is to provide cost estimates for repairs and replacements, and new construction of additional buildings or amenities, which are: immediately necessary repairs and replacements; improvements proposed by the Applicant as outlined in a scope of work narrative submitted by the Applicant to the PCA provider that is consistent with the scope of work provided in the Application; and expected to be required throughout the term of the regulatory period and not less than thirty (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 the Department's PCA Cost Schedule Supplement which details all Rehabilitation costs and projected repairs and replacements through at least fifteen (15) years. The PCA must also include discussion and analysis of the following:

(1) **Useful Life Estimates**. For each system and component of the property the PCA should assess the condition of the system or component, and estimate its remaining useful life, citing the basis or the source from which such estimate is derived;

(2) **Code Compliance**. The PCA should review and document any known violations of any applicable federal, state, or local codes. In developing the cost estimates specified herein, it is the responsibility of the Housing Sponsor or Applicant to ensure that the PCA adequately considers any

and all applicable federal, state, and local laws and regulations which may govern any work performed to the subject property;

(3) **Program Rules**. The PCA should assess the extent to which any systems or components must be modified, repaired, or replaced in order to comply with any specific requirements of the housing program under which the Development is proposed to be financed, particular consideration being given to accessibility requirements, the Department's Housing Quality Standards, and any scoring criteria for which the Applicant may claim points;

(4) **Statement of Acknowledgement**. The PCA provider must affirm in the report that the Applicant's scope of work for improvements and the immediate needs of the Rehabilitation are considered and reconciled within the PCA report and the PCA Cost Schedule Supplement; and

(5) **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 Total Housing Development Cost schedule and scope of work 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 (1) 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 fifteen (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) TRDO-USDA 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 report provider not more than six (6) months prior to the date of the Application.

§1.37. Reserve for Replacement Rules and Guidelines.

(a**) General Provisions.**

The Department will require Development Owners to provide regular maintenance to keep housing sanitary, safe and decent by maintaining a reserve for replacement in accordance with §2306.186 Texas Government Code. 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 Texas Government Code.

(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 thirty (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 Texas Government Code 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 Texas Government Code 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 thirty (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 Development 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 Owner 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 Development 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 (1) to five (5) years old; and

(B) Not less than $200 per unit per year for units six (6) or more years old.

(2) For Rehabilitation and Reconstruction 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, Rehabilitation or Reconstruction Developments, the Development 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 thirty (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 Cash Flow 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 Cash Flow 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.

Attachment B: Preamble and Proposed Repeal of §§1.31 – 1.37

The Texas Department of Housing and Community Affairs (the "Department") adopts the repeal of 10 TAC Chapter 1, Subchapter B, §§1.31 – 1.37, concerning Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, And Reserve For Replacement Rules And Guidelines, without changes to the proposal as published in the *Texas Register* (36 Tex Reg 6366).

Public hearings to receive input on the proposed rules were held from October 7, 2011 to October 17, 2011 and written comments on the proposed repeal were accepted by mail, e-mail, and facsimile from September 30, 2011 to October 26, 2011. No comments were received concerning the proposed repeal.

The Board approved the final order adopting this repeal on November 10, 2011.

The repeal of these sections is adopted pursuant to the authority of the Texas Government Code, Chapter 2306 which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

§1.31. General Provisions.
§1.32. Underwriting Rules and Guidelines.
§1.33. Market Analysis Rules and Guidelines.
§1.34. Appraisal Rules and Guidelines.
§1.35. Environmental Site Assessment Rules and Guidelines.
§1.36. Property Condition Assessment Guidelines.
§1.37. Reserve for Replacement Rules and Guidelines.

HOUSING RESOURCE CENTER
BOARD ACTION REQUEST
NOVEMBER 10, 2011

Recommended Action

Presentation, Discussion and Possible Approval of the 2012 Regional Allocation Formula Methodology.

> **RESOLVED,** that the 2012 Regional Allocation Formula Methodology for the HOME, Housing Tax Credit (HTC) and Housing Trust Fund (HTF) programs, in the form presented to this meeting, is hereby approved.

Background

§2306.111(d) of the Texas Government Code requires that the Department use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Tax Credit (HTC) and Housing Trust Fund (HTF) funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. The RAF also allocates funding to rural and urban areas within each region. As a dynamic measure of need, the RAF is revised annually to reflect updated data; respond to public comment; and better assess regional housing needs and available resources.

The HOME, HTC and HTF RAFs use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. For example §2306.111(c) of the Texas Government Code requires that 95 percent of HOME funding be set aside for non-participating jurisdictions (non-PJs). Therefore, the HOME RAF only uses need and available resource data for non-PJs.

The 2011 RAF methodology was made available for public comment from September 30th through October 19th, 2011. Staff responded to public comment in Attachment B. Changes have been made to the methodology since the draft was released to the public.

The final methodology will be published on the Department website. It should be noted that the Board is approving the formula methodology, not specific allocation amounts. The 2011 HISTA data, or Households by Income, Size, Tenure and Age, from Ribbon Demographics is used in the RAF to project the 2000 Comprehensive Housing Affordability Strategy figures. HISTA data is based upon special tabulations of 2000 US Census data with demographic projections provided by Claritas. The RAF has used the 2010 US Census data for population figures and the 2005-2009 American Community Survey figures for other socioeconomic data.

Staff recommends updating the formula with recent award data following any Board action impacting 2011 awards during the November 10th Board meeting.

Attachment A
2012 REGIONAL ALLOCATION FORMULA METHODOLOGY

BACKGROUND

Sections 2306.111(d) and 2306.1115 of the Texas Government Code require that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. These regions are shown in "Figure 1. State Service Regions". The RAF also allocates funding to rural and urban areas within each region.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data; respond to public comment; and better assess regional housing needs and available resources. The RAF is submitted annually for public comment.

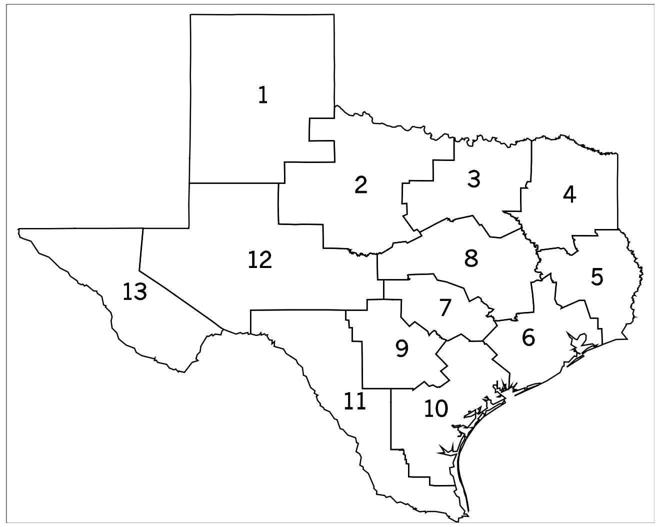

Figure 1. State Service Regions

The HOME, HTF and HTC RAFs use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. §2306.111(c) of the Texas Government Code requires that 95 percent of HOME funding be set aside for non-participating jurisdictions (non-PJs). Therefore, the HOME RAF only uses need and available resource data for non-PJs.

METHODOLOGY

Consideration of Affordable Housing Need

The first part of the RAF determines the funding allocation based solely on objective measures of each region's share of the State's affordable housing need. The RAF uses the most current and complete data from the US Census Bureau, including the decennial census and the American Community Survey, and the US Department of Housing and Urban Development, including the Comprehensive Housing Affordability Strategy, ~~the following 2000 US Census data~~
to calculate this regional need distribution.

- Poverty: Number of persons in the region who live in poverty.
- Cost Burden: Number of households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.
- Overcrowded Units: Number of occupied units with more than one person per room.
- Units with Incomplete Kitchen or Plumbing: Number of occupied units that do not have all of the following: sink with piped water; range or cook top and oven; refrigerator, hot and cold piped water, flush toilet, and bathtub or shower.

Non-poverty data is for households at or below 80% of the Area Median Family Income (AMFI).

- Because the HTC program supports rental development activities, renter household data is used for the HTC RAF.

- Because the HOME and HTF programs support renter and owner activities, both renter and owner data is used in the HOME and HTF RAFs.

The following steps are used to measure regional need.

1. Need data is adjusted to current year levels by applying a growth factor based on the growth experienced since 2000.[1]
2. Each need measure is weighted to reflect its perceived relevance in assessing affordable housing need. Half the measure weight is associated with poverty because of the significant number of persons in poverty and the use of this factor in the HUD Community Planning and Development Program Formula Allocations. The remaining measure weight is proportionately allocated based on the relative size of the other three measure populations. The resulting need measure weights are: poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent, and substandard housing = 2 percent.
3. The following steps calculate the funding distribution based on the need measures.
   a. The total RAF funding amount is multiplied by each need measure weight to determine the amount of funding distributed by that measure.
   b. Each measure's amount of funding is regionally distributed based on the distribution of persons or households in need.
4. The resulting regional measure distributions are then combined to calculate each region's need-based funding amount.
5. Each region's need based funding amount is divided by the total RAF funding amount. This quotient is the region's need percentage.

Consideration of Available Housing Resources
In addition to TDHCA, there are many other sources of funding that address affordable housing needs. To mitigate any inherent inequities in the way these resources are regionally allocated, the RAF compares each region's level of need to its level of resources.

Because the resources used in the RAF reflect the three programs' eligible households and activities, the following data is used.

- The HTC RAF uses rental funding sources.
- The HTF RAF uses sources of rental and owner funding.
- The HOME RAF uses sources of rental and owner funding in non-PJs.

The following resources are used in the allocation of HOME, HTF and HTC.
- Housing Tax Credits (4% and 9%)[2]
- Housing Trust Fund Rental Development Funding
- HUD HOME Funds (TDHCA and Participating Jurisdiction)
- HUD Housing for Persons with AIDS Funding
- HUD Public Housing Authority (PHA) Capital Funding
- HUD §8 Tenant-Based Rental Assistance (TDHCA & PHA)
- Multifamily Texas Housing Trust Fund

[1] The 2011 HISTA data, or Households by Income, Size, Tenure and Age, from Ribbon Demographics is utilized in the RAF. HISTA data is based upon special tabulations of 2000 US Census data with demographic projections provided by Claritas.
[2] Estimated capital raised through the syndication of the HTCs. This figure is $.070 based upon a survey of HTC applications. This does not include forward awarded funds from the 2012 credit ceiling.

- Multifamily Tax-Exempt Bond Financing[3]
- United States Department of Agriculture (USDA) Multifamily Development Funding
- USDA Rental Assistance

The HOME and HTF RAFs also include the following sources of owner funding.

- USDA 502 and 504 Loans and Grants
- Single Family Bond Financing (TDHCA and Housing Finance Corporations)

These steps calculate the regional distribution of available housing resources.

1. The available resources are summed by region and for the state. The resulting sums are the regional and state resource totals.
2. The regional resource total is divided by the state resource total. This quotient is the region's resource percentage.

Comparison of Regional Need and Available Resource Distributions

In theory, if the measurement of regional need is accurate, then the region's need percentage should reflect its resource percentage. A region with a negative resource and need difference is considered to be "under allocated." This region should have received a larger portion of the available resources to address their need. Similarly, a region with a positive difference is considered "over allocated." Conversely, it should have received a smaller portion of the available resources.

To address differences between the regional need and resource distributions, the RAF uses a resource funding adjustment to shift a portion of the need based funding distribution from over allocated to under allocated regions.

~~A resource funding adjustment limit is used to ensure that a particular region or geographical area is not overly penalized or benefited by the resource funding adjustments. A region's need based funding amount cannot be reduced or increased by more than the percentage of the state's available resources that are not already regionally distributed. This percentage is calculated by finding the average difference between each funding source's regional distribution and the regional need percentages. Sources whose average of the regional differences exceeds five percent or that are not distributed to all regions are included in the resource funding adjustment limit.~~

The following steps calculate the resource funding adjustments.

1. The regional resource percentage and regional need percentage differences are calculated.
2. The resulting over allocated (positive) resource differences are summed to calculate the state resource difference.
3. The state resource difference is multiplied by the total RAF funding. This product is the state over allocated resource amount.
4. Each over allocated resource difference is divided by the state resource difference. This quotient is the over allocation percentage.
5. Each over allocation percentage is multiplied by the state over allocated resource amount to determine the base resource funding adjustment.
6. The region's need based funding amount is multiplied by the resource funding adjustment limit. This product is the maximum resource funding adjustment.

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[3] The value of the bonds is 62 percent of the total bond amount. This is an estimate of the capital required to fill an affordability gap that remains after the capital raised through the syndication of the 4% HTCs is deducted from the total development cost. The Final RAF will utilize the most current award data available.

7. The ~~lesser of the base resource funding adjustment and the maximum~~ resource funding adjustment is the ~~over~~ allocated region's resource funding adjustment.
8. The over allocated regions' resource funding adjustments are summed. This total is the state under allocated resource amount.
9. Each under allocated (negative) resource difference is divided by the state resource difference to determine the under allocation percentage.
10. Each under allocation percentage is multiplied by the state under allocated resource amount. This product is the under allocated region's resource funding adjustment.

Consideration of Rural and Urban Need[4]

There are a number of factors that affect the distribution of resources to rural and urban areas. These include rural area feasible development sizes, allowable rent and income levels, and proximity to developers, contractors, and materials. Access to resources is also an issue because some funding, such as multifamily tax-exempt bond financing, does not work very well in rural areas. As required by §2306.111(d) of the Texas Government Code, to ensure an equitable distribution of funding to both rural and urban areas, the RAF analyzes the distribution of rural and urban need and resources at the regional level.

The RAF uses the following definitions to categorize rural and urban areas.

1. Area - The geographic area contained within the boundaries of:
   a. an incorporated place, or
   b. a Census Designated Place (CDP) as established by the U.S. Census Bureau for the most recent Decennial Census.
2. Rural – An Area that is:
   a. outside the boundaries of a metropolitan statistical area (MSA); or
   b. within the boundaries of a MSA, if the Area has a population of 25,000[5] or less and does not share a boundary with an Urban Area.[6]
   c. in an Area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an Area that is located in a municipality with a population of more than 50,000.[7]

3. Urban – An Area that:
   a. is located within the boundaries of a metropolitan statistical area (MSA); or
   b. does not meet the Rural Area definition.

[4] §2306.111(d) requires the RAF to consider "rural and urban areas" in its distribution of program funding.

[5] The definition of "population" in state law (Sec. 311.005(3), Government Code) is "the population shown by the most recent federal decennial census." Because of this requirement, the decennial census place population must be used to make the area type determination.

[6] Applicants may petition TDHCA to update the "Rural" designation of an incorporated area within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the area's incorporated boundary touches the boundary of another incorporated area with a population of over 25,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the pre-application submission period for HTC applications, or application submission period for HOME applications.

[7] TDHCA utilizes the most recent list of designated places produced by the Texas USDA Rural Development State Office. Applicants may petition TDHCA to update the "Rural" designation of a development's location~~n area~~ by providing a letter from a USDA Rural Development official clearly stating that the area is eligible for funding by USDA Rural Development. ~~To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the pre-application submission period for HTC applications, or application submission period for HOME applications.~~

Measuring Rural and Urban Affordable Housing Need
The following steps calculate the level of need in rural and urban areas.

1. Need data are adjusted to current year levels by applying a growth factor based on the growth experienced since 2000.
2. The same need measure weights used to determine the regional need distribution are multiplied by the region's funding amount. This product is the measure funding amount.
3. Area level measure data is identified as being rural or urban based on the RAF area definitions.
4. Using the coded area data, each measure's affected number of rural and urban persons or households in the region is calculated.
5. The corresponding measure rural and urban percentages are calculated.
6. For each measure, the regional funding amount is multiplied by the measure rural and urban percentages to calculate the rural and urban measure funding amounts.
7. The rural and urban measure funding amounts are summed for the measures. These totals are the region's rural and urban need based funding amounts.
8. The region's rural and urban need based funding amounts are divided by the region's total funding amount. These quotients provide the region's rural and urban need percentages.

Measuring Rural and Urban Available Resources
The following steps calculate the Rural and Urban distribution of available housing resources.

1. The geographically coded area data is summed to calculate regional rural and urban resource totals. Funding allocated at the county level is proportionately distributed based on the percentage split between rural and urban areas within the county. The resulting totals are the rural and urban resource totals.
2. The corresponding regional rural and urban resource percentages are calculated.

Rural and Urban Available Resources Funding Adjustment
The following steps calculate the rural and urban area resource funding adjustments.

1. The differences between the rural and urban resource percentages and rural and urban need percentages are calculated. The resulting differences shows which of the two areas (rural or urban) were over or under allocated.
2. Each over allocated (positive) area resource difference is multiplied by the region's funding amount. For example, if the urban area is over allocated, then the difference is multiplied by the Regional Funding Amount. The resulting product is the area's base resource funding adjustment.
3. The over allocated area's need based funding amount is multiplied by the resource funding adjustment limit. This product is the area's maximum resource funding adjustment.
4. The lesser of the area's base resource funding adjustment or the maximum resource funding adjustment is the area's resource funding adjustment.

~~*Adjustments for Prior Year Overfunding or Underfunding of Subregions and Forward Commitments*~~
~~Once all adjustments for the regional allocation of all other housing resources and need are accounted for, the subregional funding amounts are adjusted dollar-for-dollar by the amount of overfunding or underfunding each subregion experienced during the prior year's cycle and forward commitment awards made during the prior year's cycle.~~

Rural and Urban Regional Funding Amounts
The area's over allocated resource funding adjustment is subtracted from the over allocated area's need based funding amount and is added to the under allocated area's need based funding amount.

Adjustments for Prior Year ~~Overfunding or Underfunding of Subregions and~~ Forward Commitments of Housing Tax Credits

Once all adjustments for the regional allocation of all other housing resources and need are accounted for, the subregional funding amounts are adjusted dollar-for-dollar by the amount of ~~overfunding or underfunding each subregion experienced during the prior year's cycle and~~ forward commitments ~~awards~~ made during the prior year's cycle. ~~Incorporating these adjustments at this stage, rather than including housing tax credits as a housing resource, will result in less dilution of the prior year's tax credit funding decisions and provide for a more true accounting of a subregion's funding level across years.~~

Adjustments for Minimum Subregional Funding Amounts

For the HTC RAF, the regional amount of rural and urban funding is adjusted to a minimum $500,000, if needed, and the overall state rural percentage of the total tax credit ceiling amount ~~is~~ will be adjusted to a minimum of 20 percent only at the time of actual allocation if needed.

QUESTIONS AND COMMENTS

Email: elizabeth.yevich@tdhca.state.tx.us

Phone: (512) 463-7961

Mail: TDHCA, P.O. Box 13941, Austin, TX 78711-3941

Attachment B
Public Comment Summary and Responses

PUBLIC COMMENT 1: *(*Note: Per the September 15, 2011 TDHCA Governing Board meeting, staff attached a Public Comment Addendum from the Texas Association of Affordable Housing Providers (TAAHP) to the draft methodology. The addendum, "Proposed Forward Commitment Position Paper", was presented as part of the public comment for the methodology.) *PUBLIC COMMENT ADDENDUM FROM TEXAS ASSOCIATION OF AFFORDABLE HOUSING PROVIDERS (TAAHP), WITH SUPPORT FROM PUBLIC COMMENTER 2*

TAAHP understood that the HTC RAF included as a resource available to a region the full amount awarded for forward commitments in the previous year and then subtracted that amount again from the final RAF amount that would have been available for funding in the following year, essentially penalizing the sub-region twice for the same HTC cycle. TAAHP recommended taking the forward commitments "off the top" of the total allocation, similar to the "at-risk" funds, before the allocations are determined so that individual regions are not dramatically affected by the forward commitments. TAAHP also wanted to ensure that all 26 sub-regions have some level of funding each year.

> Staff response: The commenter's assumptions were not entirely accurate. HTCs forward commitments were taken into account as a resource regionally in the resource section of the RAF in the year after they are made in a sub region and generally for forwards this resource step is consistent with the year from which the funds are used. So a commitment of 2011 funds made in 2010 is a resource in 2012 just like every other award in 2011 will be. The resource section was a step that occurs before the allocation takes place for each sub-region. However in some years where forwards were made before August 31, the end of the fiscal year for the state, they may have been counted as a resource as if they were from the year the decision was made instead of the credit ceiling year from which the funds were provided. In such limited cases, forwards were counted as a resource in the RAF and then a reduction in allocation in the same year.
>
> Staff disagrees with taking the funds for forward commitments "off the top" before the RAF is run. Not accounting for forwards in the region from which the award was made is in conflict with Sections 2306.111 and 2306.115 of Texas Government Code which requires that tax credits be allocated regionally. Staff attempted to address forward commitments during the October 4th Board meeting by making two changes in the methodology: (1) removing HTCs from the *Consideration of Available Housing Resources* section, and (2) adding the following paragraph:
>
> *"Adjustments for Prior Year Overfunding or Underfunding of Subregions and Forward Commitments*
> Once all adjustments for the regional allocation of all other housing resources and need are accounted for, the subregional funding amounts are adjusted dollar-for-dollar by the amount of overfunding or underfunding each subregion experienced during the prior year's cycle and forward commitment awards made during the prior year's cycle. Incorporating these adjustments at this stage, rather than including housing tax credits as a housing resource, will result in less dilution of the prior year's tax credit funding decisions and provide for a more true accounting of a subregion's funding level across years."

Due to additional public comment encapsulated in Comment 3 below, staff made additional changes. Staff has placed the HTCs back into the *Consideration of Available Housing Resources* section. In the *Consideration of Available Housing Resources* section, staff has clarified that the HTCs resources will not include forward commitment awarded funds outside of the actual credit ceiling year in which they were funded. While the forward committed funds in 2011 of 2012 credit ceiling will not be included in the RAF resource section in 2012, the forward commitment awarded in 2011 out of 2012 credit ceiling will be included in the resource section in 2013, pending any further adjustments to the RAF in future years.

Since the forward commitment awarded in 2011 out of the 2012 are known they will be included after the *Rural and Urban Regional Funding Amounts* section but before the $500,000 minimum adjustment is made as follows:

"Adjustments for Prior Year Forward Commitments of Housing Tax Credits
Once all adjustments for the regional allocation of all other housing resources and need are accounted for, the subregional funding amounts are adjusted dollar-for-dollar by the amount of forward commitments made during the prior year's cycle."

By adjusting for forwards before the $500,000 minimum adjustment, the effects of the forward commitments are mitigated, while still being subject to the RAF. Staff agrees that each region should have a minimum amount of funding. Staff added a header to a portion of the RAF methodology in the October 4th version to make it clearer how the minimum funding amounts were calculated:

"Adjustments for Minimum Subregional Funding Amounts
For the HTC RAF, the regional amount of rural and urban funding is adjusted to a minimum $500,000, if needed, and the overall state rural percentage of the total tax credit ceiling amount will be adjusted to a minimum of 20 percent only at the time of actual allocation if needed."

PUBLIC COMMENT 2: *COMMENTER 3 SUGGESTS THAT RAF METHODOLOGY SHOULD NOT INCLUDE A MINIMUM AMOUNT PER REGION*

A guarantee of $500,000 in HTCs per region would over allocate to smaller regions. The RAF methodology should address this multi-year over allocation. Commenter 3 suggests that if a region is allocated $500,000 in credits, but is awarded $1,000,000 in credits during that year, then the region should be ineligible for credits the following year.

Staff response: In order to allow for equal competition and to mitigate the sometimes limited amounts available in some sub regions, a minimum amount of $500,000 will at the end of the RAF process be made available for each sub-region.

PUBLIC COMMENT 3: COMMENT ABOUT PUBLIC PROCESS FOR THE 2013 RAF BY COMMENTER 4

Commenter 4 asked that staff work with TAAHP and other industry representatives through a series of round-table discussions and comment periods over the next year in order to re-look at the RAF and its statutory intent before making such sweeping changes in this long-standing formula. Commenter 4 is concerned that the proposed changes dilutes to the point of insignificance other funding sources in the “Resource” portion of the RAF except the 9% credits awarded (including forwards) from the prior year. Commenter 4 is concerned that the proposed changes to the draft RAF presented at the September 15th Board meeting and the draft RAF presented at the October 4th Board meeting do not meet the original intent of SB 112 authorized by Senator Shapleigh from El Paso during the 76th legislative session in 1999 (the original bill that established the Regional Allocation Formula) or the present statutory language in Sections 2306.111 and 2306.115 of Texas Government Code (TGC).

> Staff response: Staff agrees that a series of roundtables and a public comment period over the next year is needed to reconsider to the methodology of the RAF. Starting in spring of 2012, staff will coordinate a series of roundtables over a period of 6 to 12 months to address the RAF methodology and possible changes. The goal will be to update the RAF and respond to changes in the programs’ administration since the RAF was established, while still meeting the legislative intent.

PUBLIC COMMENT 4: COMMENT ABOUT PROPOSED CHANGES AND CALCULATIONS OF THE 2012 RAF BY COMMENTER 4

Commenter 4 has done analysis of the staff-proposed changes to the RAF methodology presented at the October 4th Governing Board meeting and submitted a spreadsheet that demonstrated the changes in funding it will cause from region to region. In Commenter 4’s spreadsheet, 22 of the 26 sub-regions will experience double-digit increases or decreases in funding, and over half of the regions will see at least a 20% increase or decrease in funding from 2011 levels.

> Staff response: Staff cautions against trying to reproduce the 2012 RAF and draft numbers, since many different factors affect the RAF some of which have not been made available to the Department or the public yet. The draft RAF numbers presented at the September 15, 2011 TDHCA Governing Board Meeting had not taken into account the 2010 Census or the 2005-2009 American Community Survey updates. Staff has not finalized the 2012 RAF numbers and cannot comment on the 20% increase or decrease in funding levels from 2011 levels on the adjusted draft presented by Commenter 4 because TDHCA has not recreated that result.

PUBLIC COMMENT 5: COMMENT ABOUT LARGER CITIES AND THE BORDER AREAS BY COMMENTER 4 AND COMMENTER 5

Commenter 4 commented that one of the major problems the statue and the original guiding legislation sought to address was the fact that only a small percentage of Texas developments could access funding programs such as 4% tax credits and bonds as the source of financing, and that these developments were located primarily in Dallas, Houston and to a lesser extent, Austin as well. These cities enjoy the benefit of having relatively high Area Median Family Incomes (AFMI) and more importantly, high Community Reinvestment Act (CRA) needs for the major banks in the tax credit investment market. This fortunate combination leads to developments in these areas being able to capture a high enough “price per tax credit” and high enough rents to make a 4% credit and bond deal work, whereas developments in the poorer areas of the State with extremely low AMFIs and virtually no CRA needs (like El Paso and the border areas) aren’t able to access this type of funding.

Commenter 5 commented that the City of Brownsville has very low tax rates so HTCs are very important to development because of the lack of other funding sources. The border areas have low wages and low rents, making cash flow an issue for rental development. Commenter 5 asks that special attention is paid to the communities along the borders.

> Staff response: HTC syndication rates vary by project and area. These rates are not known by TDHCA until cost certification of the project, which occur at least one year after award of HTCs. The RAF includes HTC funds only from the previous year, before the cost certifications are complete. Therefore, TDHCA cannot include syndication rates in the RAF.
>
> However, the RAF accounts for urban and rural designation and each region, creating 26 sub-regions. At least $500,000 in HTCs is available for each sub-region, thereby attempting to make up for the cash flow problems in some rural areas, especially those along the border.

PUBLIC COMMENT 5: COMMENT ABOUT POSSIBLE CHANGES TO THE 2013 RAF AFTER A DISCUSSION PROCESS BY COMMENTER 4

Commenter 4 has made the following suggestions for the 2013 RAF:

Commenter 4 recommends the elimination of the "resource funding adjustment limit" (item #6) in the "Resource" portion of the RAF for the 2013 methodology. Commenter 4 believes that this adjustment needs to be eliminated because the regional allocation of other types of housing assistance is irrelevant to determining how TDHCA should allocate its funds. The resource adjustment was implemented to address the fact that that certain regions of the State (e.g. Dallas, Houston, etc) have more funds for affordable housing in comparison with the poorer areas of the State. However, the way the RAF addresses this issue does not correct the disparity.

Commenter 4 suggests a 50% adjustment be made to any region for a perceived "over-funding" or forward commitment of 9% credits in a region, as opposed to the 100% or "dollar-for-dollar" proposal in the draft circulated for public comment.

Commenter 4 suggests that if 9% credit awards are to be taken out of the existing "resource funding" portion of the RAF and treated with any more weight than the other 9% listed sources of federal funding, then 4% credits should also be treated with the same weight (whatever that is determined to be) as 9% credits.

> Staff response: Staff agrees with the elimination of the resources funding adjustment limit and has removed that from the proposed methodology. No other changes are recommended to be made to the 2012 RAF methodology in regards to the suggestions above. The above suggestions will be taken into account during the roundtable process which will begin in spring of 2012 for the 2013 RAF.

PUBLIC COMMENT 6: COMMENT ON CHANGES TO THE NEED CATEGORIES BY COMMENTER 6

Commenter 6 suggests that every sub-region has a need for affordable housing and that the current measurements do not take housing need into account adequately. The needs categories should only be applied in the RAF after each region had one fully-funded HTC deal in each sub-region. Commenter

6 suggests no change to the “at-risk” funds that are taken off the top of the allocation, before the funds are regionally allocated. However, Commenter 6 suggests that $1 million be allocated to each 26 sub-regions and what credits are available over the $26M threshold should be allocated based on the formula of need. If regions were capped and not allowed to go over their regional allocation amount, this would help eliminate the over-funded/under-funded issue. Commenter 6 believes that this change in allocation will ensure that every region gets a deal and that regions with greater need will get greater funds.

> Staff response: Commenter 6’s suggestions will be taken into account during the roundtable process which will begin in spring of 2012. Allowing a minimum of $500,000 per sub region after all RAF calculations are complete and changes to the QAP to limit the application amount for sub regions with limited allocations as proposed will substantially address the commenter’s concerns.

Attachment C
Public Comment Verbatim

From Brownsville Hearing, October 7, 2011:

MR. MEDINA: My name is Ben Medina. I'm the director of Planning and Community Development. For the last three years the city of Brownsville has received an allocation of housing tax credits through developers and we have provided over 500 units of tax credits throughout the community over the last couple of years.

It's important that -- the city of Brownsville has very low tax rates so I hope that the methodology used to measure those applications that special attention is paid to this region on the border because the grants are just so low and developers have a hard time finding financing or to cash flow their projects to make them happen.

So I do not know at this point what that white paper calls for but I hope special attention is paid to the communities along the border just because our rents are so low and our wages are so low.

MS. YEVICH: Thank you, Mr. Medina

.

By email, October 10, 2011:

****

From: Colby Denison [mailto:colby@denisondevelopment.com]
Sent: Monday, October 10, 2011 10:36 AM (email)
To: elizabeth.yevich@tdhca.state.tx.us
Cc: Tom Gouris; Chuck Rice
Subject: RAF Methodology

Elizabeth,

1. I support the idea of not penalizing a region for forward commitments if possible. I understand there's some concept where the forward would be dispersed over the entire State the subsequent year versus deducted directly from that region.
2. I support the idea that every region would have a minimum amount of tax credits regardless of forward commitments.

Colby W. Denison
Denison Development & Construction, Inc.
2520 Longview, Suite 310
Austin, Texas 78705

(512) 732-1226
(512) 732-1276 FAX
colby@denisondevelopment.com

From Austin Hearing, October 12, 2011:

MS. ANDERSON: Hello. My name is Sarah Anderson and I am here representing myself. With regard to the Regional Allocation Formula, I'd like to propose the following methodology for future use, or potential future use.

There's always been a discussion or, I guess, up for debate, what it means when we say to allocate based on need. I would submit that there is a need in every subregion in the state and there's a need to have at least one deal funded, one fully funded deal, per subregion of the state. So I recommend the following: that the formula first take off the top the at-risk funds as it concurrently does; second, that $1 million be allocated for every subregion, which would mean 26 subregions and $26 million allocated, a million per subregion. And, then, whatever funds are left over would be allocated statewide based on the formula of need.

This would ensure that every region gets a deal that can fully fund and that regions that have more need will be able to receive the additional funds that are available under this scenario.

And I think that this would help stop the over/under issue if you then capped those regions at what they have and not allowed to go over to fund. So I think that we would see less of the borrowing from region to region under this scenario.

And that's it.

By email, October 12, 2011:
****
October 12, 2011(email)
Texas Low Income Housing Information Service
508 Powell Street • Austin, Texas 78703-5122; 512-477-8910 • john@texashousing.org

§50.4(b)(11) – Ineligible Applicants, Applications and Developments – 120% RAF cap

The RAF: 120% cap is a idea good that recognizes the intent of the RAF. If this language is to be altered to incorporate a fixed “region minimum” cap that overallocates to smaller regions, than the RAF design should recognize and adjust for the multi-year impact of such overallocation. (i.e. a region allocated 500,000 in credits that wins a 1,000,000 award would be ineligible for credits the following year.)

TROPICANA BUILDING CORPORATION
4655 COHEN AVE., EL PASO, TX 79924
(915) 821-3550

October 12, 2011

Tim Irvine, Executive Director
TDHCA
VIA E-MAIL: tdhcarulecomments@tdhca.state.tx.us

RE: PROPOSED 2012 REGIONAL ALLOCATION FORMULA

Dear Tim,

We are opposed to the staff proposal regarding changing the Regional Allocation Formula (RAF) at this time. We ask that staff work with TAAHP and other industry representatives through a series of round-table discussions and comment periods over the next year in order to re-look at the RAF and its statutory intent before making such sweeping changes in this long-standing formula.

We have done an analysis of the staff proposed change and attach a spreadsheet to this letter that demonstrates the massive changes in funding it will cause from region to region. 22 of the 26 sub-regions will experience double-digit increases or decreases in funding, and over half of the regions will see at least a 20% increase or decrease in funding from 2011 levels.

The 150% cap proposed in the draft QAP will address the problem of "overfunding" a region in a much more reasonable fashion and we support this language in a separate letter responding to QAP comments.

What started out in the September Board meeting as a proposal from us and TAAHP on how to address forward commitments has morphed into a much larger discussion that basically guts the RAF and dilutes to the point of insignificance every other funding source in the "Resource" portion of the RAF except for 9% credits awarded (including forwards) from the prior year. As a result, we are concerned that this proposed change to the Regional Allocation Formula in "Attachment A" may not meet the original intent of SB 1112 authored by Senator Shapleigh from El Paso during the 76th legislative session in 1999 (the original bill that established the Regional Allocation Formula) or the present statutory language in Sections 2306.111 and 2306.1115 of Texas Government Code (TGC).

One of the major problems the statute and the original guiding legislation sought to address was the fact that only a small percentage of Texas developments could access funding programs such as 4% tax credits and bonds as the source of financing, and that these developments were located primarily in Dallas, Houston, and to a lesser extent, Austin as well. These cities enjoy the benefit of having relatively high Area Median Family Incomes (AMFIs) and more importantly, high CRA needs for the major banks in the tax credit investment market. This fortunate combination leads to developments in these areas being able to capture a high enough "price per tax credit" and high enough rents to make a 4% credit and bond deal work, whereas developments in the poorer areas of the state with extremely low AMFIs and virtually no CRA needs (like El Paso and the border areas) get left out from accessing this type of funding.

Following is a list of items we would like to discuss with staff and have the Board consider over the next year before any sweeping changes are made to the RAF:

1. **Elimination of the "resource funding adjustment limit" (item #6) in the "Resource" portion of the RAF.** This formula has long been in play and intended to "to ensure that a particular region or geographical area is not overly penalized or benefited by the resource funding adjustments." We disagree with this logic and feel it is time to correct the formula in this regard. The idea that because the Department does not control the allocation of funds (or that they are not "regionally allocated" as we have come to know that term) is irrelevant in determining a corrective factor for the fact that certain regions of the state (i.e., Dallas, Houston, etc.) have access to or are better at receiving funds for affordable housing in comparison with the poorer areas of the state.

2. **Rejection of the proposed "*Adjustments for Prior Year Overfunding or Underfunding of Subregions and Forward Commitments*".** TAAHP presented a position paper addressing a solution to funding forward commitments in a state-wide fashion instead of a region-wide manner out of the subsequent year's funding round ("Attachment B" in the draft for public comment). If this position is rejected, we would suggest a limit of 50% adjustment be made to any region for a perceived "over-funding" or forward commitment of 9% credits in a region, as opposed to the 100% or "dollar-for-dollar" proposal in the draft circulated for public comment.

3. **If 9% credit awards are to be taken out of the existing "resource funding" portion of the RAF and treated with any more weight than the other 9 listed sources of federal funding, then 4% credits should also be treated with the same weight (whatever that is determined to be) as 9% credits.** Again, in discussion with the original author of SB 1112 in 1999 and other Members in the House that represent our region that pushed the bill through the House, one of the intents of the original enabling legislation was to address the inequity of certain areas having access to funding to certain types of affordable housing financing that private developers in other parts of the state do not have access to. 4% credit/bond deals are one of the most glaring examples of that fact.

Thank you for your consideration of our comments, and we look forward to continuing to work with TDHCA on a fair and justifiable RAF that equitably provides for the affordable housing needs of Texas.

Sincerely,

R. L. "Bobby" Bowling IV
President

2012 PROPOSED RAF WITH $500,000 FLOOR ADJUSTMENT

Sub-Region	2011 RAF FUNDS	2012 Staff 100% Proposal (With Floor Adjustment)		100% Proposal 2012-2011 % Difference	100% Proposa 2012-2011 Difference
1U	1,189,699	449,115	*	-62%	(740,584)
1R	864,456	898,916		4%	34,460
2U	703,775	500,000		-29%	(203,775)
2R	564,998	500,000		-12%	(64,998)
3U	9,187,049	6,588,424		-28%	(2,598,625)
3R	1,170,054	1,427,597		22%	257,543
4U	795,395	500,000		-37%	(295,395)
4R	1,287,725	1,517,580		18%	229,855
5U	786,646	500,000		-36%	(286,646)
5R	1,692,128	2,281,415		35%	589,287
6U	10,145,991	9,342,300		-8%	(803,691)
6R	1,197,609	1,251,558		5%	53,949
7U	1,979,019	2,781,749		41%	802,730
7R	595,439	500,000		-16%	(95,439)
8U	1,991,475	2,734,039		37%	742,564
8R	595,744	500,000		-16%	(95,744)
9U	2,966,715	2,131,126		-28%	(835,589)
9R	656,029	577,172		-12%	(78,857)
10U	1,202,967	1,625,371		35%	422,404
10R	766,616	789,789		3%	23,173
11U	2,655,037	2,950,993		11%	295,956
11R	1,459,716	812,028		-44%	(647,688)
12U	1,054,563	736,510		-30%	(318,053)
12R	565,061	500,000		-12%	(65,061)
13U	1,384,139	713,395		-48%	(670,744)
13R	580,872	500,000		-14%	(80,872)
Totals	**48,038,917**	**43,609,078**	**		**(4,429,839)**

*Would require another round of adustment

Total is less 2011-2012 forward commitments, assumes normal level of funding for at-risk set-aside in 2012, and slight increase in tax credit allocation of about 2.7% for Texas in 2012 due to population increase

HOME PROGRAM DIVISION

BOARD ACTION REQUEST

November 10, 2011

Presentation, Discussion, and Possible Action regarding the Multifamily Development Program Award Recommendations.

Recommended Action

WHEREAS Five applications for 2010 HOME awards were made and approved for related Housing Tax credit funds at the October 4, 2011, and

WHEREAS All set asides of 2010 HOME funds were either expended or rolled into the 2011 funding cycle, and

WHEREAS the five 2010 applications qualify for HOME Program Award Recommendations from the 2011 Multifamily Development (MFD) Program Notice of Funding Availability (NOFA), involving the award of three (3) applications totaling $4,240,000 in MFD General Set-Aside project funds, one (1) application totaling $450,000 in Community Housing Development Organization (CHDO) Set-Aside project funds, and one (1) application totaling $161,000 in the Persons With Disabilities (PWD) Set-Aside project funds.

Now, therefore, it is hereby

RESOLVED, that the award of contracts for development of Riverwood Commons, Villas of Giddings, The Terrace at MidTowne, American GI Forum Village I & II, and La Hacienda Casitas, totaling $4,851,000 in project funds, subject to completing underwriting, clearing HOME Division deficiency reports, and other conditions as necessary to ensure program compliance, is hereby approved in the form presented to this meeting.

Background

On July 28, 2011, the Board approved thirteen (13) HOME Multifamily Development (MFD) Awards totaling $14,238,508 under the 2010 HOME Multifamily Development Program Notice of Funding Availability (NOFA). However, because only $6,414,104 remained in General Set Aside Funds at that time, nine (9) awards were funded from the General Aside Funds and $7,824,404 in Department's available balance of HOME deobligated funds was utilized to fund the remaining four (4) awards.

On September 15, 2011, the Board approved the 2011 HOME Multifamily Development Program NOFA, which made $22,038,066 in funding available. Applications received under the 2010 HOME Multifamily Development Program NOFA are being considered for funding under the 2011 Multifamily Development Program NOFA contingent on the applicants' request for consideration and receipt of a commitment or forward commitment of 9% housing tax credits.

Prior to the subject awards being made, $10,500,000 was available under the General Set-Aside, $10,000,000 was available under the CHDO Set-Aside, and $1,538,066 was available under the PWD Set-Aside. The period during which applications were subject to the Regional Allocation Formula (RAF) has ended and funding is available statewide. There are currently five (5) applications under the General Set-Aside, requesting a total of $6,909,855; however, only three of these are being considered today and the two that are not being recommended today are still under review. Additionally, there is one (1) application under the CHDO Set-Aside, requesting a total of $450,000 and one (1) application requesting $161,000 under the PWD Set-Aside.

Staff recommends three (3) applications for an award under the General Set-Aside. Two of the applications recommended today were awarded a forward commitment of 9% housing tax credits at the October 4, 2011, Board meeting. The remaining application, The Terrace at MidTowne, should have received a 9% housing tax credit award at the July 28, 2011, but was inadvertently omitted. Therefore, it was removed from the wait list and received a 9% housing tax credit award at the October 4, 2011, Board meeting.

The first three (3) recommended applications and award amounts are outlined as follows:

General Set-Aside					
App #	**Reg #**	**Applicant**	**Location**	**HOME Request**	**Recommendation**
11041	7	Riverwood Commons	Bastrop	$1,490,000	$1,490,000
11140	7	Villas of Giddings	Giddings	$1,800,000	$1,800,000
11223	3	The Terrace at MidTowne	Midlothian	$950,000	$950,000
			TOTAL	$4,240,000	$4,240,000

Staff also recommends funding for one (1) application under the CHDO Set-Aside: American GI Forum I & II, totaling $450,000 and outlined as follows:

CHDO Set-Aside					
App #	**Reg #**	**Applicant**	**Location**	**HOME Request**	**Recommendation**
11033	10	American GI Forum Village I & II	Robstown	$450,000	$450,000
			TOTAL	$450,000	$450,000

Staff also recommends funding for one (1) application under the PWD Set-Aside: La Hacienda Casitas, totaling $161,000 and outlined as follows:

PWD Set-Aside					
App #	**Reg #**	**Applicant**	**Location**	**HOME Request**	**Recommendation**
11031	11	La Hacienda Casitas	Harlingen	$161,000	$161,000
			TOTAL	$161,000	$161,000

If all of the awards recommended today are approved, the total balance of remaining funding under the 2011 Multifamily Development Program Notice of Funding Availability is $17,187,066, with remaining funding under the individual set-asides as follows: $6,260,000 in the General Set-Aside, $9,550,000 remaining in the CHDO Set-Aside, and $1,377,066 remaining in the PWD Set-Aside. Complete and updated Application and Award Recommendation Logs are posted on the Department website.

7.

THIS ITEM HAS BEEN PULLED FROM THE AGENDA TEMPORARILY AND WILL BE REPOSTED

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THIS ITEM HAS BEEN PULLED FROM THE AGENDA TEMPORARILY AND WILL BE REPOSTED

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REPORT ITEMS

MULTIFAMILY FINANCE DIVISION

BOARD REPORT ITEM

November 10, 2011

Status report on the Housing Tax Credit Exchange Program and Portfolio

REPORT ITEM

BACKGROUND

Staff is pleased to report that as of October 21, 2011, $553,403,474.61 (93.15%) of the total $594,091,928.00 HTC Exchange program funds have been disbursed. As of this same date, 860 draws have been reviewed and approved for the Exchange program. This is an average of approximately nine draws per Exchange transaction and $6.5m distributed weekly (see Exhibit A). Of the eighty-nine (89) Exchange transactions, forty (40) are fully funded, eighty (80) are 75% or more funded and one (1) is 42% funded. The Exchange program had an October 10, 2011 final draw request deadline. Thirty-seven development owners requested an extension of the final draw request deadline (see Exhibit B).

Of the transactions that requested an extension, staff is working to ensure the final draws for those transactions are submitted and reviewed on or before November 30, 2011. Due to the extensive review and electronic funding processes (internal and external to TDHCA), it is imperative that draw requests are submitted timely. If funds are not fully disbursed by the US Treasury Department's December 31, 2011 deadline, the funds will not be available.

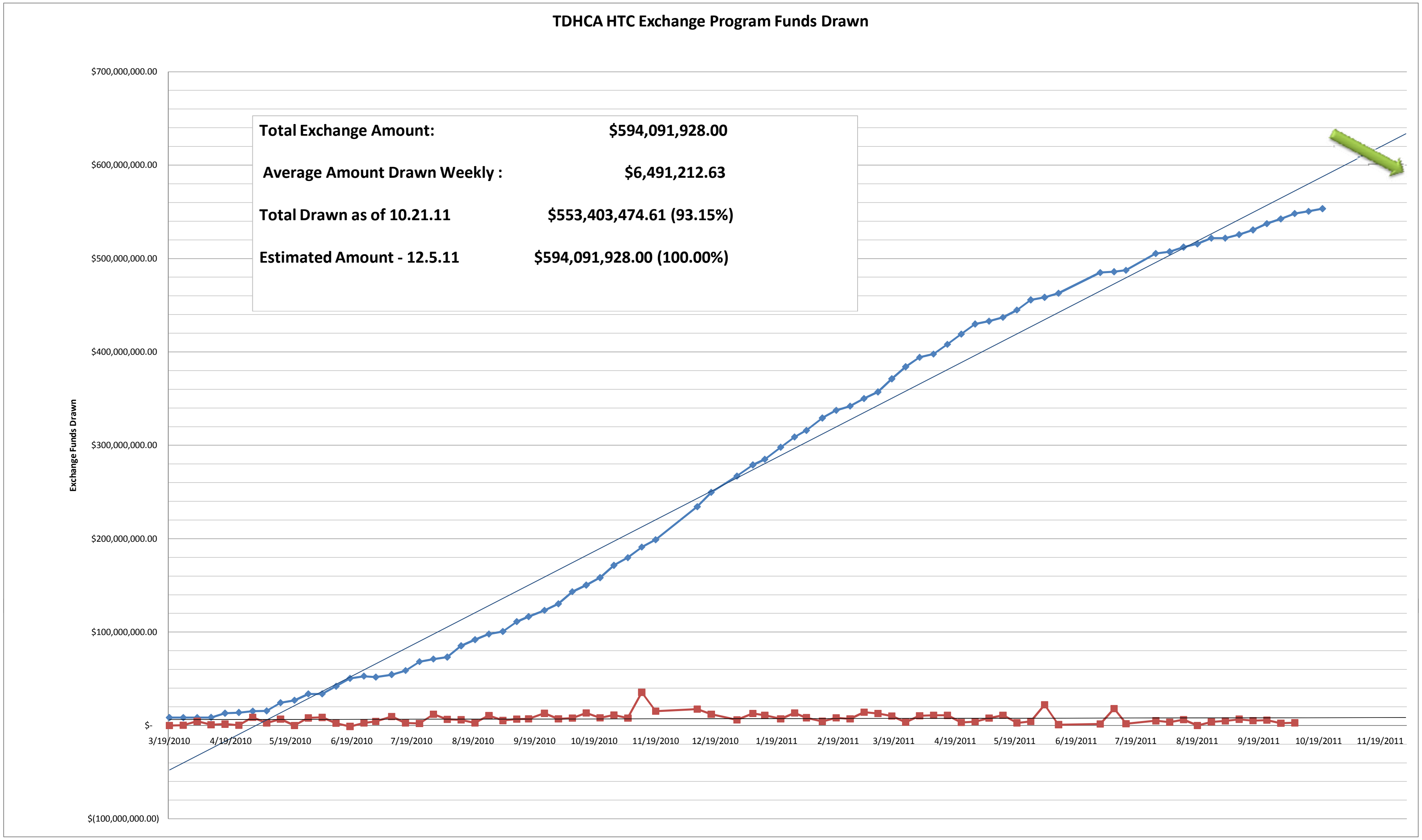
As a requirement of the Exchange Program, if a development draws developer fees from Exchange, twenty-five percent of the total non-deferred fees are to be held back until the submission and acceptance of the cost certification. As part of the final draw submission requirements, the cost certification must be submitted and accepted by the Department prior to the October 10, 2011 deadline. Once a cost certification has been submitted to the Department, a "Cost Certification Conditional Acceptance Notice" is issued by the Department. The Development Owners are to submit this notification with the final draw request as substantiation that the cost certification has been provided. As of October 21, 2011 there have been forty-three (43) cost certifications submitted. There were a total of twenty-one (21) cost certification extension requests, of which seven (7) remain outstanding and are anticipated to be submitted prior the end of the year. The remaining twenty-five (25) cost certifications are anticipated to be submitted timely, but no later than the Federal deadline of January 12, 2012.

In an effort to ensure each transaction has the ability to draw all funds by the deadline, staff is dedicated to working with each development owner to modify their budgets as necessary. Staff has spent significant time working with the developers and their lenders to modify the budgets in a manner that is acceptable to the lenders and meets the development's needs. This flexibility allows for the development owners to fully fund the transaction and lessens the risk of having to return funds to the US Treasury Department.

There are currently sixty-nine (69) deals that are 100% complete, ten (10) deals that are between 90-100%, eight (8) deals that are between 70-89% complete and two deals are 55% and 60% complete, respectively. Of the seventy-nine (79) deals that are between 90-100%, twenty-nine (29) have closed out the final inspection, thirty-two (32) are currently in the inspection process and eighteen (18) have not requested a final inspection. See Exhibit C for additional details.

The Asset Management group and the Exchange Administrator work in conjunction to actively manage the portfolio of assets. Attached is the Exchange Program Watchlist (Exhibit D). There are currently thirteen (13) transactions on the Watchlist. Staff is working with each of the development owners to ensure that the transactions are completed and funded by the US Treasury deadlines. As a point of clarification, developments have been allowed to draw funds from Exchange, ahead of their other capital sources, thus their percentage drawn may be greater than the percentage complete. All developments must be Placed in Service and fully funded by the Federal deadline of December 31, 2011.

Staff will continue to report the status of the Exchange program application to the Board on a monthly basis and advising the Board of any issues that need Board resolution.



Projected Trend Analysis - Estimated Amount and Subject to Change

EXHIBIT B

Exchange Program Final Draw Extension Requests as of October 21, 2011

Dev. No.	Dev. Name	Old Deadline	New Deadline	Approved
09913	Villas on Raiford	10/10/11	11/10/11	8/12/11
09965	Peachtree Seniors	10/10/11	11/30/11	9/9/11
09936	Lake View	10/10/11	12/1/11	9/20/11
09350	Tremont Apts	10/10/11	12/1/11	9/28/11
09352	The Heights at Corral	10/10/11	10/31/11	10/4/11
09366	Guadalupe Crossing	10/10/11	11/15/11	10/7/11
09994	Holland House	10/10/11	11/1/11	10/7/11
09956	Abiliene Senior Village	10/10/11	11/4/11	10/10/11
09901	Las Palmas Gardens	10/10/11	11/10/11	10/10/11
09903	West End Baptist	10/10/11	11/10/11	10/10/11
09951	Canyons Retirement Comr	10/10/11	10/1711	10/10/11
09978	Floral Gardens	10/10/11	11/30/11	10/10/11
09999	Cherrywood Apts	10/10/11	11/1/11	10/10/11
09974	Courtwood Apartments	10/10/11	11/1/11	10/10/11
09940	St. Charles Place Apts	10/10/11	11/15/11	10/10/11
09955	Oakwood Apts	10/10/11	11/15/11	10/10/11
09995	Village Place Apts	10/10/11	11/15/11	10/10/11
09996	Whispering Oaks Apts	10/10/11	11/15/11	10/10/11
09997	Autumn Villas Apts	10/10/11	11/15/11	10/10/11
09998	Prairie Village Apts	10/10/11	11/15/11	10/10/11
09986	Greenhouse Place	10/10/11	10/28/11	10/10/11
09970	Lufkin Pioneer Crossing	10/10/11	10/24/11	10/10/11
09947	Mineral Wells Pioneer Cros	10/10/11	10/24/11	10/10/11
09921	OakManor/Oak Village	10/10/11	11/15/11	10/10/11
09993	Malibu Apartments	10/10/11	11/30/11	10/10/11
00983	Brazos Bend Villa	10/10/11	11/15/11	10/12/11
09961	Lincoln Terrace	10/10/11	10/24/11	10/10/11
09968	Arbor Pines Apts	10/10/11	10/24/11	10/10/11
09910	Lexington Square	10/10/11	11/4/11	10/10/11
09982	Sierra Meadows	10/10/11	10/24/11	10/10/11
09916	Mid-Towne Apts	10/10/11	11/1/11	10/12/11
09917	Alta Vista Apts	10/10/11	11/1/11	10/12/11
09992	Northgate and Rhomberg	10/10/11	11/1/11	10/12/11
09353	Hyatt Manor Apts	10/10/11	11/1/11	10/12/11
09370	Riverplace Apts	10/10/11	11/20/11	10/12/11
09369	Heritage Square Apts	10/10/11	11/20/11	10/12/11
09974	Courtwood Apartments	11/1/11	11/30/11	Pending

Exchange Program Progress Report as of 10/21/2011

Contract Number	Development Name	Percent Construction Complete - 3rd Party Reports	Final Inspections	City of Development	Status on Draw	FINAL DRAW EXTENSION?	FINAL DRAW EXTENSION DATE	Total XCHG Funds	XCHG Funds Drawn	Remaining Funds	Percentage of XCHG Funds Drawn	Percentage of XCHG Funds Remaining
15090009369	Heritage Square Apts	55%	unscheduled	Wallis	EXTENSION	YES	11/1/2011	1,347,972.00	858,538.77	489,433.23	64%	36%
15090009370	Riverplace Apts	60%	unscheduled	Hooks	EXTENSION	YES	11/1/2011	1,771,277.00	1,396,796.52	374,480.48	79%	21%
15090009353	Hyatt Manor I and II Apts	70%	unscheduled	Gonzales	EXTENSION	YES	11/1/2011	2,551,331.00	2,089,962.70	461,368.30	82%	18%
15090009993	Malibu Apts	80%	unscheduled	Austin	EXTENSION	YES	11/30/2011	15,400,000.00	13,620,400.00	1,779,600.00	88%	12%
15090009362	Prince Hall Plaza	80%	unscheduled	Navasota	FINAL DRAW IN HOUSE		11/7/2011	5,291,035.00	4,459,440.04	831,594.96	84%	16%
15090009936	Lake View Apartment Homes	83%	unscheduled	Tyler	EXTENSION	YES	12/1/2011	12,169,238.00	10,159,500.01	2,009,737.99	83%	17%
15090009350	Tremont Apartment Homes	85%	assigned	Killeen	EXTENSION	YES	12/1/2011	10,224,660.00	6,812,348.49	3,412,311.51	67%	33%
15090009974	Courtwood Apts	85%	requested	Eagle Lake	EXTENSION	YES	11/1/2011	2,052,965.00	1,457,093.47	595,871.53	71%	29%
15090009901	Las Palmas Gardens Apartments	86%	unscheduled	San Antonio	EXTENSION	YES	11/10/2011	6,223,846.00	4,716,297.82	1,507,548.18	76%	24%
15090009903	West End Baptist Manor Apartments	86%	unscheduled	San Antonio	EXTENSION	YES	11/10/2011	3,198,456.00	2,528,972.76	669,483.24	79%	21%
15090009913	Villas on Raiford	90%	unscheduled	Carrolton	EXTENSION	YES	11/10/2011	10,542,031.00	9,304,151.74	1,237,879.26	88%	12%
15090009956	Abilene Senior Village	90%	unscheduled	Abilene	EXTENSION	YES	11/4/2011	8,668,329.00	8,314,617.68	353,711.32	96%	4%
15090009951	Canyons Retirement Community	92%	unscheduled	Amarillo	EXTENSION	YES	10/17/2011	7,899,892.00	7,088,508.44	811,383.56	90%	10%
15090009366	Guadalupe Crossing	95%	unscheduled	Comfort	EXTENSION	YES	11/15/2011	6,236,521.00	5,453,937.46	782,583.54	87%	13%
15090009970	Lufkin Pioneer Crossing for Seniors	95%	unscheduled	Lufkin	EXTENSION	YES	10/24/2011	6,094,394.00	5,031,629.55	1,062,764.45	83%	17%
15090009978	Floral Gardens	96%	unscheduled	Houston	EXTENSION	YES	11/30/2011	11,786,975.00	9,413,063.27	2,373,911.73	80%	20%
15090009919	Premier on Woodfair	97%	unscheduled	Houston	FINAL DRAW IN HOUSE			10,781,101.00	9,473,245.94	1,307,855.06	88%	12%
15090009999	Cherrywood Apts	98%	requested	West	EXTENSION	YES	11/1/2011	2,458,658.00	1,900,799.89	557,858.11	77%	23%
15090009992	Northgate Apts and Rhomberg Apts	98%	unscheduled	Burnet	EXTENSION	YES	11/1/2011	2,712,282.00	1,998,667.84	713,614.16	74%	26%
15090009352	Heights at Corral	98%	unscheduled	Kingsville	EXTENSION	YES	10/31/2011	5,755,096.00	5,075,691.58	679,404.42	88%	12%
15090009367	Longbridge Apts	100%	assigned	Groesbeck	FINAL DRAW IN HOUSE			1,694,696.00	1,281,356.07	413,339.93	76%	24%
15090009994	Holland House Apts	100%	assigned	Holland	EXTENSION	YES	11/1/2011	3,622,969.00	3,465,507.72	157,461.28	96%	4%
15090009932	Constitution Court	100%	assigned	Copperas Cove	DONE			8,838,615.00	8,838,615.00	0.00	100%	0%
15090009995	Village Place Apts	100%	assigned	Lorena	EXTENSION	YES	11/15/2011	1,747,030.00	908,628.24	838,401.76	52%	48%
15090009997	Autumn Villas	100%	assigned	Lorena	EXTENSION	YES	11/15/2011	903,082.00	600,395.85	302,686.15	66%	34%
15090009977	Chelsea Senior Community	100%	assigned	Houston	FINAL DRAW IN HOUSE			15,066,382.00	15,066,382.00	0.00	100%	0%
15090009955	Oakwood Apts	100%	assigned	Brownwood	EXTENSION	YES	11/15/2011	2,123,128.00	1,971,144.92	151,983.08	93%	7%
15090009996	Whispering Oaks Apts	100%	assigned	Goldthwaite	EXTENSION	YES	11/15/2011	1,386,205.00	861,158.12	525,046.88	62%	38%
15090009351	Tierra Pointe	100%	complete	Karnes City	FINAL DRAW IN HOUSE			8,597,850.00	8,286,350.00	311,500.00	96%	4%
15090009902	Oak Tree Village	100%	complete	Dickinson	DONE			3,197,117.00	3,197,117.00	0.00	100%	0%
15090009906	377 Villas	100%	complete	Brownwood	DONE			5,955,888.00	5,955,888.00	0.00	100%	0%
15090009910	Lexington Square	100%	complete	Angleton	EXTENSION	YES	11/4/2011	2,997,690.00	2,787,900.40	209,789.60	93%	7%
15090009914	StoneLeaf at Dalhart	100%	complete	Dalhart	DONE			6,150,599.00	6,150,599.00	0.00	100%	0%
15090009915	Jackson Village Retirement Center	100%	complete	Lake Jackson	DONE			8,009,337.00	8,009,337.00	0.00	100%	0%
15090009918	Gardens at Clearwater	100%	complete	Kerrville	DONE			6,989,490.00	6,989,490.00	0.00	100%	0%
15090009920	Anson Park Seniors	100%	complete	Abilene	DONE			7,518,709.00	7,518,709.00	0.00	100%	0%
15090009922	Parkview Terrace	100%	complete	Pharr	FINAL DRAW IN HOUSE			9,498,011.00	9,498,011.00	0.00	100%	0%
15090009923	Villas at Beaumont	100%	complete	McAllen	DONE			3,367,917.00	3,367,917.00	0.00	100%	0%
15090009924	Maeghan Pointe	100%	complete	Elsa	DONE			10,164,292.00	10,164,292.00	0.00	100%	0%
15090009927	Carpenter's Point	100%	complete	Dallas	DONE			11,321,332.00	11,321,332.00	0.00	100%	0%
15090009930	Creekside Villas Senior Village	100%	complete	Buda	DONE			12,055,533.00	12,055,533.00	0.00	100%	0%
15090009931	Montgomery Meadows Phase II	100%	complete	Huntsville	DONE			4,519,862.00	4,519,862.00	0.00	100%	0%

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15090009937	Cambridge Crossing	100%	complete	Corsicana	DONE			5,010,115.00	5,010,115.00	0.00	100%	0%
15090009940	St. Charles Place	100%	complete	Crowley	EXTENSION	YES	11/15/2011	2,096,644.00	2,051,267.37	45,376.63	98%	2%
15090009942	Southern View Apartments	100%	complete	Fort Stockton	DONE			3,807,300.00	3,807,300.00	0.00	100%	0%
15090009943	Leona Apartments	100%	complete	Uvalde	DONE			1,148,900.00	1,148,900.00	0.00	100%	0%
15090009946	Cedar Street Apartments	100%	complete	Brownfield	DONE			3,883,800.00	3,883,800.00	0.00	100%	0%
15090009947	Pioneer Crossing at Mineral Wells	100%	complete	Mineral Wells	EXTENSION	YES	10/24/2011	5,300,934.00	4,903,896.32	397,037.68	93%	7%
15090009948	Park Ridge Apartments	100%	complete	Llano	FINAL DRAW IN HOUSE			5,645,838.00	5,052,634.32	593,203.68	89%	11%
15090009949	Hampton Villages	100%	complete	Pampa	FINAL DRAW IN HOUSE			10,001,457.00	10,001,457.00	0.00	100%	0%
15090009958	Crestmoor Park South Apts	100%	complete	Burleson	EXTENSION	YES	11/7/2011	3,041,202.00	2,727,025.24	314,176.76	90%	10%
15090009966	Turner Street Apts	100%	complete	Palestine	DONE			4,840,000.00	4,840,000.00	0.00	100%	0%
15090009967	Millie Street Apts	100%	complete	Longview	DONE			4,800,000.00	4,800,000.00	0.00	100%	0%
15090009971	Stone Hearst Seniors	100%	complete	Beaumont	FINAL DRAW IN HOUSE			4,176,653.00	4,176,653.00	0.00	100%	0%
15090009973	Senior Villages of Huntsville	100%	complete	Huntsville	FINAL DRAW IN HOUSE			4,023,653.00	4,023,653.00	0.00	100%	0%
15090009987	Heritage Crossing	100%	complete	Santa Fe	DONE			6,051,451.00	6,051,451.00	0.00	100%	0%
15090009990	San Gabriel Crossing	100%	complete	Liberty Hill	FINAL DRAW IN HOUSE			6,028,000.00	6,002,744.10	25,255.90	100%	0%
15090009912	Wentworth Apartments	100%	in process	Atascocita	FINAL DRAW IN HOUSE			9,757,269.00	9,757,269.00	0.00	100%	0%
15090009968	Arbor Pines Apartment Homes	100%	in process	Orange	EXTENSION	YES	10/24/2011	6,725,114.00	6,665,069.58	60,044.42	99%	1%
15090009929	Buena Vida Senior Village	100%	in process	Corpus Christi	FINAL DRAW IN HOUSE			7,532,749.00	6,644,705.75	888,043.25	88%	12%
15090009926	Highland Manor	100%	in process	La Marque	DONE			11,138,884.00	11,138,884.00	0.00	100%	0%
15090009357	Weslaco Hills Apts	100%	in process	Weslaco	FINAL DRAW IN HOUSE			10,021,149.00	10,021,149.00	0.00	100%	0%
15090009976	Trebah Village	100%	in process	Katy	FINAL DRAW IN HOUSE			9,392,459.00	8,993,934.98	398,524.02	96%	4%
15090009961	Villas on the Hille (fka Lincoln Terrace)	100%	in process	Fort Worth	EXTENSION	YES	10/24/2011	7,894,851.00	6,318,069.72	1,576,781.28	80%	20%
15090009928	Heritage Park Vista	100%	in process	Fort Worth	FINAL DRAW IN HOUSE			10,707,151.00	10,707,151.00	0.00	100%	0%
15090009911	Trinity Garden Apartment Homes	100%	in process	Liberty	DONE			6,943,395.00	6,943,395.00	0.00	100%	0%
15090009963	Hacienda Del Sol	100%	in process	Dallas	FINAL DRAW IN HOUSE			8,643,534.00	7,803,523.06	840,010.94	90%	10%
15090009934	Harris Manor Apartments (Copper Ridge	100%	in process	Pasadena	DONE			6,414,471.00	6,414,471.00	0.00	100%	0%
15090009941	Buttercup Place Apts (fka Residences at S	100%	in process	Fort Worth	DONE			7,279,740.00	7,279,740.00	0.00	100%	0%
15090009945	Park Place Apartments	100%	in process	Cleveland	DONE			4,301,518.00	4,301,518.00	0.00	100%	0%
15090009952	Villages at Snyder	100%	in process	Snyder	DONE			9,277,302.00	9,277,302.00	0.00	100%	0%
15090009981	Casa Brazoria	100%	in process	Clute	FINAL DRAW IN HOUSE			7,448,709.00	6,331,856.19	1,116,852.81	85%	15%
15090009907	Melbourne Senior Apartments	100%	in process	Alvin	FINAL DRAW IN HOUSE			12,250,999.00	11,832,475.00	418,524.00	97%	3%
15090009982	Sierra Meadows	100%	in process	Houston	EXTENSION	YES	10/24/2011	9,104,580.00	7,464,206.04	1,640,373.96	82%	18%
15090009356	Legacy Villas	100%	in process	Eagle Pass	FINAL DRAW IN HOUSE			8,100,000.00	8,100,000.00	0.00	100%	0%
15090009905	Aurrora Meadows (fka Tammye's Pointe)	100%	in process	Eagle Pass	FINAL DRAW IN HOUSE			9,642,000.00	9,642,000.00	0.00	100%	0%
15090009944	Heritage Square	100%	in process	Texas City	DONE			3,058,062.00	3,058,062.00	0.00	100%	0%
15090009953	Gholson Hotel	100%	in process	Ranger	DONE			3,028,922.00	3,028,922.00	0.00	100%	0%
15090009917	Alta Vista Apartments	100%	unscheduled	Marble Falls	EXTENSION	YES	11/1/2011	2,936,283.00	2,506,730.72	429,552.28	85%	15%
15090009921	Oak Manor/Oak Village Apartments	100%	unscheduled	San Antonio	EXTENSION	YES	11/15/2011	12,171,481.00	12,166,481.00	5,000.00	100%	0%
15090009989	Champion Homes at Bay Walk	100%	unscheduled	Galveston	FINAL DRAW IN HOUSE			10,987,246.00	10,504,416.15	482,829.85	96%	4%
15090009354	Arrowsmith Apts	100%	unscheduled	Corpus Christi	FINAL DRAW IN HOUSE			3,755,601.00	3,467,446.80	288,154.20	92%	8%

EXHIBIT C

15090009916	Mid-Towne Apartments	100%	unscheduled	Tomball	EXTENSION	YES	11/1/2011	2,549,514.00	1,762,073.45	787,440.55	69%	31%
15090009925	Suncrest Apartments	100%	unscheduled	El Paso	DONE			3,362,746.00	3,362,746.00	0.00	100%	0%
15090009939	Vista Bonita Apartments	100%	unscheduled	Houston	FINAL DRAW IN HOUSE			10,822,758.00	9,716,549.45	1,106,208.55	90%	10%
15090009965	Peachtree Seniors	100%	unscheduled	Balch Springs	EXTENSION	YES	11/30/2011	14,834,619.00	14,231,281.54	603,337.46	96%	4%
15090009983	Brazos Bend Villa	100%	unscheduled	Richmond	EXTENSION	YES	11/15/2011	11,555,478.00	10,951,647.94	603,830.06	95%	5%
15090009986	Greenhouse Place	100%	unscheduled	Houston	EXTENSION	YES	10/28/2011	12,426,601.00	11,597,500.62	829,100.38	93%	7%
15090009998	Prairie Village Apts	100%	unscheduled	Rogers	EXTENSION	YES	11/15/2011	1,279,003.00	567,900.02	711,102.98	44%	56%

# of Deals	90 to 100% Complete	79	# of Final Inspections Complete	29	# of Fully Funded deals	28
	70 to 89.9% Complete	8	# of Final Inspections Unscheduled	28	# of Final Draw Extension Requ	37
	50 to 70% Complete	2	# of Final Inspections Assigned	9	# of Deals with Final Draw in Ho	24
	Less than 50% Complete	0	# of Final Inspections In Process	21		0
	Total	89	# of Final Inspections Requested	2		89
				89		

Exchange Funds Expended	$ 594,091,928	$ 555,008,563	$ 39,083,365	93%

# of Cost Certs in House 43

Exchange Program Watchlist as of October 21, 2011

Contract Number	Development Name		Status on Draw	FINAL DRAW EXTENSION DATE	Total XCHG Funds	XCHG Funds	Remaining Funds	Percentage of XCHG Funds Drawn	Percent Construction Complete - 3rd Party Reports
15090009350	Tremont Apartment Homes	Gannon	EXTENSION	12/1/2011	$ 10,224,660.00	$ 6,812,348.49	$ 3,412,311.51	67%	85%
15090009353	Hyatt Manor I and II Apts	HVM	EXTENSION	11/1/2011	$ 2,551,331.00	$ 2,089,962.70	$ 461,368.30	82%	70%
15090009362	Prince Hall Plaza	Akbari	FINAL DRAW IN HOUSE	11/7/2011	$ 5,291,035.00	$ 4,459,440.04	$ 831,594.96	84%	80%
15090009369	Heritage Square Apts	HVM	EXTENSION	11/1/2011	$ 1,347,972.00	$ 858,538.77	$ 489,433.23	64%	55%
15090009370	Riverplace Apts	HVM	EXTENSION	11/1/2011	$ 1,771,277.00	$ 1,396,796.52	$ 374,480.48	79%	60%
15090009901	Las Palmas Gardens Apartments	Marquez	EXTENSION	11/10/2011	$ 6,223,846.00	$ 4,716,297.82	$ 1,507,548.18	76%	86%
15090009903	West End Baptist Manor Apartments	Marquez	EXTENSION	11/10/2011	$ 3,198,456.00	$ 2,528,972.76	$ 669,483.24	79%	86%
15090009913	Villas on Raiford	Terri Anderson	EXTENSION	11/10/2011	$ 10,542,031.00	$ 9,304,151.74	$ 1,237,879.26	88%	90%
15090009936	Lake View Apartment Homes	Gannon	EXTENSION	12/1/2011	$ 12,169,238.00	$ 10,159,500.01	$ 2,009,737.99	83%	83%
15090009951	Canyons Retirement Community	DMA	EXTENSION	10/17/2011	$ 7,899,892.00	$ 7,088,508.44	$ 811,383.56	90%	92%
15090009956	Abilene Senior Village	Bonita Williams	EXTENSION	11/4/2011	$ 8,668,329.00	$ 8,314,617.68	$ 353,711.32	96%	90%
15090009974	Courtwood Apts	Potterpin	EXTENSION	11/1/2011	$ 2,052,965.00	$ 1,457,093.47	$ 595,871.53	71%	85%
15090009993	Malibu Apts	Mullholland	EXTENSION	11/30/2011	$ 15,400,000.00	$ 13,620,400.00	$ 1,779,600.00	88%	80%
					14.70%				
				Total	$ 594,091,928.00				

OFFICE OF RECOVERY ACT ACCOUNTABILITY AND OVERSIGHT

BOARD REPORT ITEM
November 10, 2011

Report Item

Presentation and Discussion on a Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act). This item provides an update on the status of the activity relating to each of the Recovery Act programs as well as a summary of the quarterly Section 1512 jobs reporting submitted for July 1, 2011 through September 30, 2011.

Recovery Act Program Summary

Program	Activities	Program Status	Total Funding Expended to Date* Percent Expended	Served to Date**	1512 Reported Data Reported Program Expenditures^^ Jobs Created or Retained^	Timeline / Contract Period
Weatherization Assistance Program	Minor home repair to increase energy efficiency, maximum $6,500 per household. Households at or below 200% of poverty.	• Contracts executed for 100% of funds, subrecipients drawing funds. • Fund movements among contracts are being executed and have been submitted to DOE consistent with production forecasting.	$326,975,732 $266,360,008 81.46%	47,525 households	$251,779,065 998.78 jobs	• Obligation required by September 30, 2010. (Achieved) • Recipients will be required to expend all funds within a two year contract period (August 31, 2011); subrecipients taking on additional funds have been granted extensions: 1 extended thru November 2011, 28 to thru December 2011, and 7 thru Feb 2012. • Federal funding expiration date is March 31, 2012, with a 90 day close out period.
Homelessness Prevention and Rapid Re-Housing Program	Rental asst, housing search, credit repair, deposits, moving cost assistance, & case management. Persons at or below 50% AMI.	• All contracts executed and subrecipients currently drawing funds. • October 2010 letter from HUD indicating State on target for expending all funds. • Fund movements among contracts are being executed.	$41,472,772 $39,062,457 94.19%	37,825 persons	$38,320,145 131.38 jobs	• HUD requires 60% of funds expended in 2 years (Achieved Early); 100% in 3 years. • Recipients will be required to expend all funds by December 31, 2011. • Federal funding expiration date is July 16, 2012.

Program	Activities	Program Status	Total Funding Expended to Date* Percent Expended	Served to Date**	1512 Reported Data Reported Program Expenditures^^ Jobs Created or Retained^	Timeline / Contract Period
Community Services Block Grant Program	Assists existing network of Community Action Agencies with services including child care, job training, and poverty-related programs. Persons at or below 200% of poverty.	• **COMPLETE** • CSBG ARRA funds expired Sept 30, 2010	$48,109,133 $48,117,069 99.92%	99,325 persons	$48,119,270	• Program complete.
Tax Credit Assistance Program	Provides assistance for 2007, 2008 or 2009 Housing Tax Credit awarded developments. Households at or below 60% AMI.	• Written Agreements executed for sixty-four (64) awards as of January 7, 2011. • Sixty-four(64) loans have closed; • Amount Awarded: $148,354,769 (100%) • Amount Closed: $148,354,769 (100%)	$148,354,769 $134,376,703 90.58%	8,346 households	$134,376,703 103.91 jobs	• Commitment of 75% of funds required by February 17, 2010. (Achieved) • State must expend 75% of funds by Feb 17, 2011. (Achieved) • Owners must expend 100% of funds by February 17, 2012.
Housing Tax Credit Exchange Program^^^	Provides assistance to 2007, 2008 or 2009 Housing Tax Credit awarded developments. Households at or below 60% AMI.	• Written agreements have been executed for 89 out of 89 awards as of December 6, 2010. • Amount Awarded: $594,091,929 (100%) • Amount Closed: $594,091,929 (100%)	$594,091,929 $553,403,475 93.15%	8,015 households	9,351 jobs	• State must award all funds by December 31, 2010. (Achieved) • Owners must incur 30% of costs by December 31, 2010. (Achieved) • Unused funds to be returned by December 2011.
Total			$1,159,043,273 $1,047,855,208 90.41%	137,150 persons 63,886 households	$1,025,998,658 1512: 1,234.07 jobs this quarter Exchange: 9,351 jobs cumulatively	

*This table includes updated expenditure data as of 10/28/2011.
**Total served data through 3/31/2011 for HPRP and 12/31/2010 for CSBG; 10/31/11 for WAP, 2/2/2011 for TCAP; and 12/10/2010 for HTC Ex. For TCAP and HTC Ex, households represent closed transactions.
^Jobs created or retained between 7/1/2011 and 9/30/2011. Note that Section 1512 reporting is not required for HTC Exchange and the figure includes total estimated jobs to be created or retained as reported to the U.S. Department of Treasury for 12/31/2010.
^^ Program expenditures reported for each program includes subrecipient and TDHCA administrative expenses. Information is updated quarterly. Data was submitted to Recovery.gov for quarter ending 6/30/2011.
^^^ The Housing Tax Credit Exchange Program is not subject to 1512 reporting requirements.

OFFICE OF RECOVERY ACT ACCOUNTABILITY AND OVERSIGHT

BOARD REPORT ITEM

November 10, 2011

Presentation and Discussion on a Status Report regarding the transfer of funds between subrecipients of the American Recovery and Reinvestment Act of 2009 (Recovery Act) and the Housing & Economic Recovery Act of 2008 (HERA).

On May 5, 2011 the TDHCA Board granted the TDHCA Executive Director the authority to transfer funds between subrecipients within ARRA and HERA programs. The Board directed that TDHCA staff provide periodic updates to the Board regarding the details of these transfers. These transfers are necessary to facilitate the timely expenditure of all ARRA and HERA funds by their respective deadlines.

The following tables show each subrecipient for whom a transfer has taken place, either reduction or increases in awards, in addition to the original and current allocation that subrecipient received. The tables below show all fund transfers that have occurred to date (10/21/2011). It should also be noted that the tables show only executed contract changes. Therefore it is possible that either the deobligation or reobligation may not yet be reflected in the table.

Homelessness Prevention and Rapid Re-Housing (HPRP)				
Subrecipient	**Original Award**	**Award Reduction**	**Award Increase/New**	**Current Award**
City of Brownsville	$1,000,000	($617,800)	$0	$382,200
Loaves and Fishes of the Rio Grande Valley, Inc.	$937,120	($582,334)	$0	$354,786
New Life Housing Foundation-Erath County	$468,999	($298,488)	$0	$170,511
NewLife Housing Foundation-Medina County	$453,765	($260,922)	$0	$192,843
New Life Housing Foundation-Walker County	$750,878	($228,591)	$0	$522,287
SEARCH	$1,000,000	($223,212)	$0	$776,788
Montgomery County Women's Center	$1,000,000	($219,204)	$0	$780,796
Randy Sams Outreach Shelter, Inc.	$511,892	($160,650)	$0	$351,242
Love Inc. of Nacogdoches	$998,401	($150,000)	$0	$848,401
Salvation Army-McAllen	$250,330	($147,625)	$0	$102,705
El Paso Coalition for the Homeless-Pilot (Region 13)	$414,489	($126,414)	$0	$288,075
Any Baby Can-Pilot (Region 7)	$341,507	($73,850)	$0	$267,657
SEARCH-Pilot (Region 6)	$396,738	($35,798)	$0	$360,940
Houston Area Women's Center	$599,749	($35,637)	$0	$564,112
Families In Crisis, Inc.	$400,437	$0	$34,371	$434,808
Family Violence Prevention Services, Inc.	$167,827	$0	$44,691	$212,518
East Texas Crisis Center, Inc.	$201,679	$0	$61,515	$263,194
Rockwell Fund, Inc.	$998,000	$0	$72,480	$1,070,480
Youth and Family Alliance dba LifeWorks	$1,000,000	$0	$73,850	$1,073,850
Christian Community Action	$1,000,000	$0	$74,622	$1,074,622
The Family Place	$998,843	$0	$74,622	$1,073,465
New Hope Counseling Center, Inc.	$522,522	$0	$98,975	$621,497
Mid-Coast Family Services, Inc.	$495,513	$0	$100,000	$595,513
Corpus Christi Metro Ministries, Inc.	$624,500	$0	$127,458	$751,958
Catholic Charities of Dallas, Inc.	$1,000,000	$0	$131,052	$1,131,052
Caritas of Austin	$1,000,000	$0	$155,000	$1,155,000
Northwest Assistance Ministries	$1,000,000	$0	$161,722	$1,161,722
Salvation Army-Kerville	$999,849	$0	$167,932	$1,167,781
El Paso County	$955,351	$0	$204,000	$1,159,351
San Antonio Metropolitan Ministry, Inc.	$1,000,000	$0	$233,230	$1,233,230
Memorial Assistance Ministries	$1,000,000	$0	$237,337	$1,237,337
Salvation Army-Tyler	$810,255	$0	$245,880	$1,056,135
Salvation Army-Galveston	$387,500	$0	$324,173	$711,673
City of Irving, Texas	$1,000,000	$0	$343,367	$1,343,367
Total	**$24,686,144**	**($3,160,525)**	**$2,966,277**	**$24,491,896**

The variance between the deobligation and reobligation for HPRP of approximately $194,000 is due to the timing of contract executions.

ARRA - Weatherization Assistance Program (ARRA-WAP)				
Subrecipient	**Original Award**	**Award Reduction**	**Award Increase/New**	**Current Award**
City of Dallas	$13,306,985	($6,000,000)	$0	$7,306,985
CAP inc	$5,645,747	($5,192,938)	$0	$452,809
Panhandle Community Svcs	$7,768,091	($3,948,632)	$0	$3,819,459
CSI Inc	$13,793,621	($3,200,001)	$0	$10,593,620
Tri-County	$3,489,424	($2,900,000)	$0	$589,424
Laredo	$3,395,441	($1,915,740)	$0	$1,479,701
Webb County CAA	$2,426,010	($1,826,880)	$0	$599,130
Hill Country CAA	$6,141,277	($1,000,000)	$0	$5,141,277
Concho Valley CAA	$5,463,684	($950,000)	$0	$4,513,684
City of El Paso	$8,020,066	($850,000)	$0	$7,170,066
Big Bend CAA	$2,376,922	($600,000)	$0	$1,776,922
So Texas Dev Council	$1,827,920	($500,000)	$0	$1,327,920
Bee CAA	$1,137,192	($380,000)	$0	$757,192
Institute for Rural Dev	$451,415	($311,963)	$0	$139,452
City of Arlington	$2,188,456	($90,000)	$0	$2,098,456
City of Lubbock	$4,779,535	$0	$8,219	$4,787,754
Brazos Valley CAA	$6,512,088	$0	$750,000	$7,262,088
City of Beaumont	$1,506,338	$0	$750,000	$2,256,338
Combined Comm Action Inc	$4,461,915	$0	$1,000,000	$5,461,915
Texoma CoG	$5,963,409	$0	$1,076,195	$7,039,604
Econ Opport Advan Corp	$5,569,933	$0	$1,108,728	$6,678,661
Rolling Plains Mgmt	$4,142,685	$0	$1,451,230	$5,593,915
South Plains CAA	$3,438,889	$0	$1,700,000	$5,138,889
City of Austin	$5,969,774	$0	$2,121,100	$8,090,874
Nueces County CAA	$3,169,161	$0	$2,250,000	$5,419,161
City of Fort Worth	$12,895,458	$0	$2,250,550	$15,146,008
Greater East Texas CAP	$5,848,602	$0	$2,750,000	$8,598,602
Sheltering Arms Sr Svcs	$23,783,708	$0	$2,999,999	$26,783,707
Programs for Human Svcs	$6,397,787	$0	$3,500,000	$9,897,787
City of San Antonio	$12,432,609	$0	$4,100,000	$16,532,609
CA Corp of South Texas	$12,632,067	$0	$4,103,115	$16,735,182
Travis Cty HHS	$4,622,699	$0	$4,300,000	$8,922,699
Dallas Cty HHS	$19,139,598	$0	$8,778,808	$27,918,406
Total	**$220,698,506**	**($29,666,154)**	**$44,997,944**	**$236,030,296**

TDHCA has increased the total amount of ARRA-WAP subrecipient awards by adding a portion of its own administrative funds. This admin transfer, in addition to the delays between de-obligations and re-obligations, accounts for the positive balance between award reductions and award increases.

TDHCA Outreach Activities, September-October 2011

A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public

Event	Location	Date	Division	Purpose
First Thursday Income Eligibility Training	Austin	September 1	Compliance	Training
City of San Marcos/NSP Technical Assistance Visit	San Marcos	September 8	Neighborhood Stabilization	Technical Assistance
UPCS Inspection Protocol Training	Austin	September 8	Compliance	Training
Weatherization Quality Conference	Austin	September 8	Community Affairs	Training
Disability Advisory Workgroup	Austin	September 8	Housing Resource Center	Participant
Comprehensive Energy Assistance Program Roundtable	Austin	September 9	Community Affairs	Roundtable Hearing
New Braunfels Housing Authority/TBRA Assistance	New Braunfels	September 9	HOME	Technical Assistance
Mental Health Transformational Workgroup	Austin	September 9	Housing Resource Center	Participant
Bryan-College Station Habitat/NSP Technical Assistance Visit	College Station	September 12	Neighborhood Stabilization	Technical Assistance
Texas Association of Realtors Expo	Austin	September 12	Home Ownership	Exhibitor
City of Bronte/Homeowner Rehab Assistance	Bronte	September 13	HOME	Technical Assistance
City of Eden/Homeowner Rehab Assistance	Eden	September 13	HOME	Technical Assistance
City of Bryan/NSP Technical Assistance Visit	Bryan	September 13	Neighborhood Stabilization	Technical Assistance
City of Huntsville/NSP Technical Assistance Visit	Huntsville	September 13	Neighborhood Stabilization	Technical Assistance
UPCS Inspection Protocol Training	Fort Worth	September 14	Compliance	Training
Affiliated Bank Lunch & Learn	Austin	September 14	Home Ownership	Presentation
Housing & Health Services Coordination Council	Austin	September 14	Housing Resource Center	Participant
Finding Housing Opportunities for Persons with Disabilities Conference	Austin	September 14-15	Housing Resource Center	Participant
Texas Association of Regional Planning Commissions	Fort Worth	September 15	Housing Resource Center	Presentation
Center of Healthcare Services/TBRA Assistance	Austin	September 16	HOME	Technical Assistance
City of Roma/Homeowner Rehab Assistance	Austin	September 16	HOME	Technical Assistance
Midland County Housing Authority/NSP Technical Assistance Visit	Midland	September 19	Neighborhood Stabilization	Technical Assistance
Homeownership Counseling Certification: Part I	Austin	September 19-23	Home Ownership	Training
City of San Angelo/NSP Technical Assistance Visit	San Angelo	September 20	Neighborhood Stabilization	Technical Assistance
Mental Health Transformational Workgroup/Permanent Supportive Housing Policy Academy	Austin	September 20	Housing Resource Center	Presentation, Participant
Texas Association of Community Development Corporations Policy Summit	Austin	September 22	Housing Trust Fund, Public Affairs	Presentation
Davis-Bacon for Housing Developers	Austin	September 22	Program Services	Training

Event	Location	Date	Division	Purpose
Calculating Utility Allowances with HUD Schedule Model	Austin	September 23	Compliance	Training
First Thursday Income Eligibility Training	McAllen	September 27	Compliance	Training
Groundbreaking/Oak Creek Townhomes	Marble Falls	September 27	Public Affairs	Remarks, Participant
2012 Draft QAP Roundtable	Austin	September 27	Multifamily Finance	Roundtable Hearing
Callahan County/Homeowner Rehab Assistance Visit	Baird	September 27-29	HOME	Technical Assistance
Housing Tax Credit Training	McAllen	September 28	Compliance	Training
2011 NCSHA Conference	San Diego, CA	October 1-4	Home Ownership	Facilitator
Interagency Coordinating Committee/Building Healthy Families	Austin	October 4	Housing Resource Center	Participant
Mental Health Planning Advisory Committee	Austin	October 6	Housing Resource Center	Participant
2011 Consolidated Hearings	Brownsville	October 7	Housing Resource Center	Public Hearing
Interagency Council for the Homeless	Austin	October 7	Housing Resource Center	Participant
City of Seguin/NSP Technical Assistance Visit	Seguin	October 10	Neighborhood Stabilization	Technical Assistance
City of Waelder/NSP Technical Assistance Visit	Waelder	October 10	Neighborhood Stabilization	Technical Assistance
HOME Multifamily Training	Austin	October 11	HOME	Training
2011 Consolidated Hearings	Austin	October 12	Housing Resource Center	Public Hearing
2011 Texas Municipal League Conference	Houston	October 12-14	Public Affairs	Presentation, Exhibitor
2011 Consolidated Hearings	Houston	October 14	Housing Resource Center	Public Hearing
2011 Consolidated Hearings	Abilene	October 17	Housing Resource Center	Public Hearing
Bearing Omega Community Services/Technical Assistance Visit	Houston	October 18	HOME	Technical Assistance
SEARCH for Homeless/Technical Assistance Visit	Houston	October 18	HOME	Technical Assistance
Promoting Independence Advisory Committee	Austin	October 20	Housing Resource Center	Participant
WREM Literacy Group/Technical Assistance	Austin	October 20	HOME	Technical Assistance
2011 Sunset Builders Show	Austin	October 20-22	Home Ownership	Exhibitor
Disability Advisory Workgroup	Austin	October 21	Housing Resource Center	Participant
Housing + Transit Conference: Affordable Housing, Transit-Oriented Development	Austin	October 21	Housing Resource Center	Participant
Austin Board of Realtors Realtor Round-Up	Austin	October 26	Home Ownership	Exhibitor
2011 Texas Association of Local Housing Finance Agencies Conference	Corpus Christi	October 26-28	Home Ownership	Presentation, Participant
Trebah Village/Grand Opening	Katy	October 27	Public Affairs	Remarks, Participant
Blackshear Alumni Organization/SF Training	Hearne	October 27	HOME	Training

Internet Postings of Note, September-October 2011

A list of new or noteworthy documents posted to the Department's Web site

2011HOME Single Family Programs Reservation System NOFA – *announcing the availability of funds, eligible activities, and application guidelines for interested applicants:*
www.tdhca.state.tx.us/home-division/docs/SF-NOFA-ResSys.pdf

HOME Single Family Development Program for Community Housing Development Organizations NOFA - *announcing the availability of funds, eligible activities, and application guidelines for interested applicants:*
www.tdhca.state.tx.us/home-division/docs/11-SFD-CHDO-NOFA.pdf

2011 HOME Multifamily (Rental Housing) Development NOFA - *announcing the availability of funds, eligible activities, and application guidelines for interested applicants:*
www.tdhca.state.tx.us/home-division/docs/11-RHD-NOFA.pdf

2011 HOME Single Family Programs for Contract Award - *announcing the availability of funds, eligible activities, and application guidelines for interested applicants:*
www.tdhca.state.tx.us/home-division/docs/11-SF-NOFA.pdf

FFY 2012 and FFY 2013 Community Services Block Grant Program/State Application and Plan – *describing the proposed use and distribution of pass-through funds, state administration funds, and state discretionary funds:*
www.tdhca.state.tx.us/community-services/csbg/index.htm

Emergency RFP: Master Servicer for the Single Family Residential Mortgage Revenue Bond Program 77 – *to identify a qualified vendor to assume the responsibilities of its existing Single Family Bond Program (links to Comptroller's Web site):*
http://esbd.cpa.state.tx.us/bid_show.cfm?bidid=96937

Disaster Relief Resources for Communities and Nonprofits – *including a combined HOME-NSP application process to expedite assistance to communities affected by the 2011 wildfires:*
www.tdhca.state.tx.us/disaster-resources/communities-nonprofits.htm

FY 2012 Low Income Home Energy Assistance Program/State Plan - *describing the proposed use and distribution of pass-through funds and state administration funds:*
www.tdhca.state.tx.us/ea/docs.htm

Proposed 10 TAC Chapter 1, §1.24, Foreclosure Data Collection for Public Comment – *relating to the collection of foreclosure data from the county clerks:*
www.tdhca.state.tx.us/housing-center/pubs.htm#comment

Fair Housing Resources and Information – *providing an overview and essentials of the federal Fair Housing Act:*
www.tdhca.state.tx.us/program-services/index.htm

Draft 2012 State of Texas Consolidated Plan One-Year Action Plan – *addressing administration of the CDBG, HOPWA, ESGP, and HOME programs:*
www.tdhca.state.tx.us/hearings.htm

Draft 2012 Real Estate Rules – *providing rules for the underwriting review of affordable housing developments:*
www.tdhca.state.tx.us/rea/index.htm

Draft 2012 Qualified Allocation Plan & Rules – *providing rules for the administration of the Housing Tax Credit Program and credit allocation:*
www.tdhca.state.tx.us/multifamily/htc/index.htm

Draft 2012 Multifamily Housing Revenue Bond Rules – *providing rules and procedures for applying for multifamily housing revenue bond financing:*
www.tdhca.state.tx.us/hearings.htm

2012 Draft Affordable Housing Needs Score Methodology – *detailing scoring criteria used to evaluate HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) applications:*
www.tdhca.state.tx.us/tich/index.htm

2012 Draft Regional Allocation Formula Methodology – *detailing formula to regionally allocate funding for HOME Program, Housing Tax Credit Program, and Housing Trust Fund:*
www.tdhca.state.tx.us/tich/index.htm

Draft Texas Strategic Plan to Prevent and End Homelessness – *linking state with federal initiatives proposing policy recommendations, goals, objectives, and strategies that will help end homelessness:*
www.tdhca.state.tx.us/tich/index.htm

TDHCA Speaker's Bureau Page – *offering organizations an opportunity to learn more about TDHCA programs with an emphasis on housing as an economic development tool:*
www.tdhca.state.tx.us/housing-center/speaker-bureau.htm

2012 Annual Public Housing Authority Plan – *as required by HUD to address the needs of families in the state and on the waiting list for the coming year:*
www.tdhca.state.tx.us/section-8/

Housing and Health Services Coordination Council 2012-2013 Biennial Plan Online Discussion Forum – *facilitating the solicitation of feedback regarding the Plan's content:*
www.tdhca.state.tx.us/hhscc/index.htm

CSBG Request for Applications for Reeves County et al. – *to secure a CSBG eligible service provider for Loving, Reeves, Ward, and Winkler counties:*
www.tdhca.state.tx.us/community-services/index.htm

HOME PROGRAM DIVISION

BOARD REPORT ITEM

November 10, 2011

Status Report on the approval of HOME Program Reservation System Participants

Background

At its September 15, 2011, Board Meeting, the TDHCA Board approved the adoption of amendments to 10 TAC Chapter 53. One of the changes included a provision that the Executive Director may approve applications for participation in the Reservation System and that the approved Reservation System Participants and Agreements would subsequently be reported to the Board.

On September 9, 2011 a Presidential disaster declaration was issued due to Texas Wildfires. The declaration, DR-4029, includes 23 Texas Counties. Bastrop County sustained substantial damage from the wildfires and was included in the declaration. The Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA) are currently on-site in Bastrop. In response to the housing needs for the wildfire disaster victims, the HOME and Neighborhood Stabilization Programs (NSP) consolidated the funding request application to allow an eligible entity to apply for both HOME and NSP funds under one application. A standard outreach effort in response to disasters was conducted by the HOME Program. Letters containing information on the availability of HOME and NSP funds were sent to the County Judges for the declared Counties. Outreach was also made to local nonprofits. One application has been received to-date and has been approved as a HOME Reservation System Participant. Applicant information is provided below.

Combined Community Action, Inc.
Located in Giddings, Texas
Combined Community Action, Inc. (CCA) applied to administer a HOME Tenant-Based Rental Assistance and a Homeowner Rehabilitation Assistance Program through the Reservation System under the HOME Disaster Relief Set Aside to assist households directly affected by the Bastrop Wildfire Disaster.

Combined Community Action administers several programs, including Community Services Block Grant, Weatherization Assistance, Energy Assistance and HOME. Their service area includes the Counties of Austin, Bastrop, Colorado, Fayette, Lee, Caldwell, Fort Bend, Hayes, and Blanco.

Combined Community Action has administered five HOME TBRA Contracts totaling $651,625., assisting 41 Households, three Homeowner Rehabilitation Assistance Contracts totaling $339,668., assisting 32 households, and two rental contracts totaling $777,895 for the development of 18 rental units.