

BOARD MEETING OF NOVEMBER 13, 2012

J. Paul Oxeer, Chair



Tom Gann, Vice-Chair
Leslie Bingham Escareño, Member
Lowell Keig, Member
Juan Muñoz, Member
J. Mark McWatters, Member

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

A G E N D A

**10:00 a.m.
November 13, 2012**

Capitol Extension, Room E2.028
1500 North Congress Ave.
Austin, TX

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

J. Paul Oxer, Chairman

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 action 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.

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

EXECUTIVE:

- a) Presentation, Discussion, and Possible Action on the Board Minutes Summary for October 9, 2012
- b) Presentation, Discussion, and Possible Action superseding Resolution No. 12-019 in the adoption of Resolution No. 13-012, Designating Signature Authority

Brooke Boston
Board Secretary

FINANCIAL:

- c) Presentation of the Department's 4th Quarter Investment Report in accordance with the Public Funds Investment Act (PFIA)

David Cervantes
Chief Financial Officer

ASSET MANAGEMENT:

- d) Presentation, Discussion, and Possible Action to approve Housing Tax Credit Amendments

Cari Garcia
Dir. Asset Management

1001501	Artisan at Dilley	Dilley
09928	Heritage Park Vista Apartments	Fort Worth
12393	Highland Villas	Bryan
12053	The Manor at Hancock Park	Lampasas

- e) Presentation, Discussion, and Possible Action to approve Material Amendments to Land Use Restriction Agreements

MF011	Heritage Square Apartments	Dallas
MF012	The Highlands Apartments	Dallas

- f) Presentation, Discussion, and Possible Action to approve the use of program income from the Tax Credit Assistance Program as a source of funds for workout transactions in Asset Management

BOND FINANCE:

- g) Presentation, Discussion, and Possible Acceptance of the Department's 4th Quarter Investment Report relating to funds held under Bond Trust Indentures
- h) Presentation, Discussion, and Possible Action adopting Resolution No. 13-013 authorizing application to the Texas Bond Review Board for reservation of the 2012 single family private activity bond authority carry forward from the Unencumbered State Ceiling

Tim Nelson
Dir. Bond Finance

- i) Presentation, Discussion, and Possible Action on Resolution No. 13-014 authorizing the sale of mortgage certificates and redemption of bonds from Residential Mortgage Revenue Bonds Series 2009C-4
- j) Presentation, Discussion, and Possible Action on Resolution No. 13-015 authorizing the sale of mortgage certificates and redemption of bonds from Residential Mortgage Revenue Bonds Series 2003A

COMMUNITY AFFAIRS:

- k) Presentation, Discussion, and Possible Action on the 2013 Section 8 Payment Standards for Housing Choice Voucher Program (HCVP)
- l) Presentation, Discussion, and Possible Action to authorize the Department to release an Emergency Solutions Grants Program Contract to Family Endeavors using Community Services Block Grant Discretionary funds and to fully expend the balance of 2012 CSBG Discretionary Fund for other ESG entities

Michael DeYoung
Assist. DED, Network & Customer Service

COMPLIANCE:

- m) Presentation, Discussion, and Possible Action on a Request for Proposals for Uniform Physical Condition Standards (UPCS) Inspections

Patricia Murphy
Chief of Compliance

HOUSING RESOURCE CENTER:

- n) Presentation, Discussion, and Possible Action on the 2013 State of Texas Consolidated Plan: One-Year Action Plan

Elizabeth Yevich
Dir. Housing Resource Center

MULTIFAMILY FINANCE DIVISION:

- o) Presentation, Discussion, and Possible Action to adopt the 2013 Multifamily Programs Procedures Manual
- p) Presentation, Discussion, and Possible Action to waive the Neighborhood Stabilization Program (NSP) requirements for loan repayment for The Works at Pleasant Valley (#2011-507)
- q) Presentation, Discussion, and Possible Action to award Neighborhood Stabilization Program funds for Multifamily Development
2012-602 Pepper Tree Apartments Houston
- r) Presentation, Discussion, and Possible Action to adopt Inducement Resolution No. 13-017 for Multifamily Housing Revenue Bonds and an Authorization for Filing Applications for Private Activity Bond Authority – 2012 Waiting List
12609 The Overlook at Trinity River Fort Worth

Cameron Dorsey
Dir. Multifamily Finance

RULES:

- s) Presentation, Discussion, and Possible Action on orders adopting the repeals of 10 TAC Chapter 35, 2011 Multifamily Housing Revenue Bond Rules and Chapter 33, 2012 Multifamily Housing Revenue Bond Rules; and an order adopting new 10 TAC, Chapter 12, Multifamily Housing Revenue Bond Rules and directing their publication in the *Texas Register*
- t) Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 60, Compliance Administration, Subchapter A, Compliance Monitoring, and an order adopting new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter F, Compliance Monitoring, and directing their publication in the *Texas Register*
- u) Presentation, Discussion, and Possible Action on an order adopting new 10 TAC, Chapter 1, Administration, Subchapter A General Policies and Procedures, §1.5 and directing its publication in the *Texas Register*
- v) Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 1, Administration, Subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines, and an order adopting new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter D, Underwriting and Loan Policies and directing their publication in the *Texas Register*
- w) Presentation, Discussion, and Possible Action on an order withdrawing the proposed repeal of 10 TAC, Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19, Deobligated Funds, and withdrawing proposed new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19, Reobligation of Deobligated Funds and Other Related Sources of Funds and directing

Cameron Dorsey
Dir. Multifamily Finance

Patricia Murphy
Chief of Compliance

Patricia Murphy
Chief of Compliance

Brent Stewart
Dir. Real Estate Analysis

Brooke Boston
DED SF, CA & Metrics

their publication in the *Texas Register*

- x) Presentation, Discussion, and Possible Adoption on an order amending 10 TAC Chapter 5, Community Affairs Programs, Subchapter H, Section 8 Housing Choice Voucher Program, §5.801, concerning Project Access Initiative and directing its publication in the *Texas Register*

Michael DeYoung
Assist. DED, Network & Customer
Service

The Board accepts the following reports:

1. Presentation and Discussion of the Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act)
2. Status Report on the HOME Program Contracts and Reservation System Participants
3. TDHCA Outreach Activities, October 2012

Brooke Boston
DED SF, CA & Metrics

Sara Newsom
Dir. HOME

Michael Lyttle
Dir. External Affairs

ACTION ITEMS

ITEM 2: BOND FINANCE:

Presentation, Discussion, and Possible Action on Resolution No. 13-016 authorizing Taxable Down Payment Assistance Revenue Bonds Series 2012

Tim Nelson
Dir. Bond Finance

ITEM 3: COMPLIANCE:

Presentation, Discussion, and Possible Action on request for reinstatement for Edcouch Seniors HTC Application #12411 and Riverside Gardens HTC Application #12414

Patricia Murphy
Chief of Compliance

ITEM 4: PROGRAM SERVICES:

Update on the Status of the Preparation of the State of Texas Plan for Fair Housing Choice: Analysis of Impediments

Jennifer Molinari
Fair Housing Coordinator

ITEM 5: HOUSING RESOURCE CENTER:

Presentation, Discussion, and Possible Action on the 2013 Regional Allocation Formula Methodology

Elizabeth Yevich
Dir. Housing Resource Center

ITEM 6: MULTIFAMILY FINANCE:

- a) Presentation, Discussion, and Possible Action on an Unacceptable Site Determination for the competitive housing tax credit application for Amberwood Place (#12067)
- b) Presentation, Discussion, and Possible Action related to scoring for the competitive housing tax credit application for Stonebridge at Kelsey Park (#12269)

Cameron Dorsey
Dir. Multifamily Finance

ITEM 7: RULES:

- a) Presentation, Discussion, and Possible Action on orders adopting the repeals of 10 TAC, Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.1, Definitions and Amenities for Housing Program Activities; Chapter 53, HOME Program Rules, Subchapter A, General, Subchapter B, Availability of Federal Funds, Application Requirements, and Review and Award Procedures; Subchapter H, Multifamily (Rental Housing) Development (MFD) Program Activity; and Subchapter I, Community Housing Development Organization (CHDO); and orders adopting new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter A, General Information and Definitions; Subchapter B, Site and Development Restrictions and Requirements; Subchapter C, Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules; and Subchapter G, Fee Schedule, Appeals, and Other Provisions and directing their publication in the *Texas Register*
- b) Presentation, Discussion, and Possible Action on orders adopting the repeals of 10 TAC Chapter 49, 2011 Housing Tax Credit Qualified Allocation Plan and Chapter 50, 2012 Housing Tax Credit Qualified Allocation Plan; and an order adopting new 10 TAC Chapter 11, Housing Tax Credit Program Qualified Allocation Plan and directing its publication in the *Texas Register*
- c) Presentation, Discussion, and Possible Action on an order adopting the repeals of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §§1.9, 1.25, and an order adopting new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter E, Post Award and Asset Management Requirements and directing their publication in the *Texas Register*

Cameron Dorsey
Dir. Multifamily Finance

Cameron Dorsey
Dir. Multifamily Finance

Cari Garcia
Dir. Asset Management

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS.

EXECUTIVE SESSION

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

J. Paul Ozer
Chairman

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) *Pineywoods Home Team Affordable Housing, Inc.; US Bankruptcy Court, Eastern District of Texas; Cause # 12-90255.*
3. Pursuant to Tex. Gov't. Code, §551.071(2) for the purpose of seeking the advice of its attorney about any posted 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,
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; and/or-
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.
 - a) *Report*

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

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, 512-475-3930; 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.

1a

BOARD ACTION REQUEST
BOARD SECRETARY
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on the Board Minutes Summary for October 9, 2012.

RECOMMENDED ACTION

Approve Board Meeting Minutes Summary for October 9, 2012.

RESOLVED, that the Board Meeting Minutes Summary for October 9, 2012, is hereby approved as presented.

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

**October 9, 2012
10:00 A.M.**

CAPITOL EXTENSION, E1.028
1500 NORTH CONGRESS AVE., AUSTIN, TX

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 9, 2012, was called to order by J. Paul Oxer, Chair, at 10:03 a.m. It was held at the Capitol Extension, E1.028, 1500 North Congress Ave, Austin, Texas. Roll call certified a quorum was present.

MEMBERS PRESENT:

J. Paul Oxer, Chair
Leslie Bingham-Escareño
Lowell Keig
J. Mark McWatters
Juan Muñoz

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.

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

EXECUTIVE

- a) Presentation, Discussion, and Possible Action regarding the Board Minutes Summary for September 6, 2012
- b) Discussion and Possible Action to authorize the initiation of procurement to select one or more independent fact finders to resolve contested quantifiable community participation

ASSET MANAGEMENT

- c) Presentation, Discussion, and Possible Action to approve a material amendment to the Land Use Restriction Agreement (LURA) for Denton Affordable Housing Corporation (Special Needs Rental Housing)
- d) Presentation, Discussion, and Possible Action to approve a material amendment to the Land Use Restriction Agreement (LURA) for Denton Affordable Housing Corporation (Strata Drive and Cassie Court)

BOND FINANCE

- e) Presentation, Discussion, and Possible Action adopting Resolution 13-009 authorizing the Investment of Escrowed Funds in Mortgage Backed Securities

COMMUNITY AFFAIRS

- f) Presentation, Discussion, and Possible Authorization to Apply for Continuum of Care funds administered by the U.S. Department of Housing and Urban Development (HUD) under the Homeless Emergency Assistance and Rapid Transition (HEARTH) Act

MULTIFAMILY FINANCE

- g) Presentation, Discussion, and Possible Action to adopt Inducement Resolution No. 13-010 for Multifamily Housing Revenue Bonds and an Authorization for Filing Applications for Private Activity Bond Authority – 2012 Waiting List
 - 12607 Terrace View Apartments Grand Prairie
 - 12608 Evergreen at McKinney McKinney

Programs, Subchapter I, concerning Weatherization Assistance Program Department of Energy American Recovery and Reinvestment Act (WAP ARRA), and directing their publication in the *Texas Register*
Motion by Leslie Bingham-Escareño to approve the Consent Agenda as presented; duly seconded by Juan Muñoz; motion passed unanimously.

REPORT ITEMS

The Board accepts the following reports:

1. Presentation and Discussion of the Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act)
2. Status Report on the HOME Program Contracts and Reservation System Participants for August and Year-to-Date
3. Update on the Status of the Preparation of the State of Texas Plan for Fair Housing Choice: Analysis of Impediments
4. Report on Homeless Housing and Services Program and Emergency Solutions Grants Program Awards through the Community Affairs Division
5. TDHCA Outreach Activities, September 2012

ACTION ITEMS

AGENDA ITEM 2: RULES:

Presentation, Discussion, and Possible adoption of an order and Resolution No. 13-011 adopting new 10 TAC Chapter 28, §§28.1 - 28.9 concerning the Taxable Mortgage Program (TMP) Rule and directing that it be published in the *Texas Register*, and also authorizing payment of a servicing release premium

Motion by Leslie Bingham-Escareño to approve Resolution No. 13-011 as presented; duly seconded by Mark McWatters; motion passed unanimously.

AGENDA ITEM 3: HOME:

- a) Presentation, Discussion, and Possible Action to authorize the issuance of the 2012 HOME Single Family Programs Reservation System Notice of Funding Availability (NOFA) for Homebuyer Assistance, Homeowner Rehabilitation Assistance, and Tenant Based Rental Assistance

Motion by Lowell Keig to authorize the issuance of the 2012 HOME Single Family Programs Reservation Systems NOFA as presented; duly seconded by Juan Muñoz; motion passed unanimously.

- b) Presentation, Discussion, and Possible Action to authorize the issuance of the 2012 HOME Single Family Development (SFD) Activity Program Notice of Funding Availability (NOFA)

Motion by Lowell Keig to authorize the issuance of the 2012 HOME Single Family Development NOFA as presented; duly seconded by Leslie Bingham-Escareño; motion passed unanimously.

AGENDA ITEM 4: MULTIFAMILY FINANCE:

- a) Presentation and Discussion regarding the status of the 2012 Competitive (9%) Housing Tax Credit Round
Report item only. No action required.

- b) Presentation and Discussion regarding policy issues and receipt of public comment related to 2013 Qualified Allocation Plan. No action is contemplated or recommended at this time but it may be taken based on public comment and Board deliberations at the meeting

Report item and public comment only. No action required.

Michael Ash, Commonwealth Development, provided testimony in opposition to the sponsorship characteristics language. Ginger McGuire, on behalf of Rural Rental Housing Association (RRHA), provided testimony in opposition to the sponsorship characteristics language for out-of-state requirements, senior projects in rural Texas, tie breakers, 538 program, and asked for an expanded definition for special needs.

Dennis Hoover, on behalf of RRHA and the Housing Authority of the City of Edinburg, provided testimony in opposition of the opportunity index, cost per sq.ft., and asked for clarification on definition of rural needs.

Scott McGuire, McGuire Development, read for the record a letter from Prestwick Development, Atlanta, Georgia, in opposition to the sponsor characteristics language. Mr. McGuire also provided testimony in opposition of the sponsorship characteristics language, and opposes the language concerning disparity in points between elderly and families in rural Texas.

Brett Johnson, Overland Property Group, provided testimony in opposition of the sponsorship characteristics language.
Stan Watterhouse, Housing Authority, City of El Paso, provided testimony concerning the unit of local government funding and how it affects housing authorities.

Kathy McCormick, San Antonio Housing Authority, provided testimony concerning the unit of local government funding and how it affects housing authorities and asked for reconsideration of the definition for opportunity areas.

Bobken Simonians, Houston Housing Authority, provided testimony agreeing with previous speakers, the exclusion of very old properties that required reconstruction in Houston, and concerning the 13 points related to CDBG disaster recovery funds.

Kit Sarai, SLA Development Consulting, read into record a letter from Craig Whitner, Pedcor, and provided testimony regarding the impact of the proposed sponsorship characteristics language to out-of-state developers.

The Board took a brief recess at 11:30 a.m. and resumed at 11:42 a.m.

Diana McIver, DMA Development Company, provided testimony concerning the sponsorship characteristics language and HUB participation in tax credit developments, in support for Option B, and suggested that it is tightened up a little bit so that no one of those three categories can be less than either 5 percent or less than 10 percent.

Mark Mayfield, Marble Falls Housing Authority and Texas Housing Foundation, provided testimony in support of sponsorship characteristics.

Lisa Stephens, Sagebrook Development, provided testimony in opposition of the sponsorship characteristic language.

Janine Sisak, JSA Development, provided testimony in support of the sponsorship characteristics, option B.

Matt Hull, TACDC, provided testimony in opposition to the sponsorship characteristics language related to how they'll be able to compete as nonprofits, not only the nonprofit set-aside, but also as 100 percent general partners, experience threshold requirements, and the initial inspection score criteria..

Sarah Anderson, S2A Development Consulting, provided testimony in opposition to the sponsorship characteristics language, and concerning local political subdivision scoring item.

Walter Moreau, Foundation Communities, provided a response to the question concerning initial inspection, and suggested that it be a final compliance score less than ten so at the upper end of final compliance scores.

Sara Andre, S2A Development Consulting, provided testimony concerning the point item for selection criteria on the experience of a developer. She requested that the advantage for a local or Texas-based developer or someone with three Texas 8609s be removed.

EXECUTIVE SESSION

At 12:10 p.m. Chairman 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, specifically, the performance evaluation of the 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) *Pineywoods Home Team Affordable Housing, Inc.; US Bankruptcy Court, Eastern District of Texas; Cause # 12-90255.*
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, including but not limited to:
 - a) *Attorney General Opinion Request RQ-1068-GA, Rep. Rene Oliveira;*
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; and/or-
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.
 - a) *Report*

OPEN SESSION

At 1:38 p.m. Chairman 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.

Motion by Leslie Bingham-Escareño for the Board to delegate the annual evaluation and annual review of the TDHCA Executive Director to the Board Chair; duly seconded by Lowell Keig
Motion passed unanimously.

AGENDA ITEM 4b CONTINUED:

Cameron Dorsey, Director, MF Finance responded to earlier testimony with regard to the QAP.

The Record reflects that Juan Muñoz departed at 2:45 p.m.

The Board took a brief recess at 3:05 p.m. and resumed at 3:20 p.m.

In order to accommodate invited speakers for Agenda Item 5A, and at the Board Chair's discretion, Mr. Dorsey's response to earlier public testimony on Agenda Item 4b was continued after the conclusion of Agenda Item 5.

AGENDA ITEM 5: HOUSING RESOURCE CENTER:

a) Presentation, Discussion, and Possible Action to approve *The Contract for Deed Prevalence Project: A final report to the Texas Department of Housing and Community Affairs*

Dr. Peter Ward and Lucille Wood, LBJ School of Public Affairs, gave a presentation on the Prevalence Project

Motion by Lowell Keig to approve *The Contract for Deed Prevalence Project: A final report to the Texas Department of Housing and Community Affairs* as presented; duly seconded by Leslie Bingham-Escareño; Motion passed unanimously.

Cameron Dorsey, Director, MF Finance continued his response to earlier testimony with regard to Agenda Item 4b concerning the QAP.

b) Presentation, Discussion, and Possible Action to approve and publish the proposed 2013 Regional Allocation Formula Methodology for Public Comment

Naomi Trejo, TDHCA, Housing Resource Center Administrator, gave a presentation on the Regional Allocation Formula

Motion by Leslie Bingham-Escareño to approve and publish the proposed 2013 Regional Allocation Formula (RAF) Methodology in the *Texas Register* for Public Comment; duly seconded by Mark McWatters;

Michael Lyttle, TDHCA Chief of External Affairs, read for the record a letter from The Honorable Jose Rodriguez, State Senator, in support of TDHCA's staff recommended changes to the RAF.

Motion passed unanimously.

PUBLIC HEARING on the 2013 State of Texas Consolidated Plan: One-Year Action Plan to receive public comment.

With no public comment, the Public Hearing was concluded at 4:25 p.m.

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS.

No additional public comment.

ADJOURN

Motion by Leslie Bingham-Escareño to adjourn; duly seconded by Lowell Keig and Mark McWatters; motion passed unanimously.

Since there was no other business to come before the Board, the meeting was adjourned at 4:27 p.m. on October 9, 2012.

Michele Atkins, Assistant Board Secretary

FOR A FULL TRANSCRIPT OF THIS MEETING, PLEASE VISIT THE TDHCA WEBSITE AT WWW.TDHCA.STATE.TX.US

1b

BOARD ACTION REQUEST
EXECUTIVE DIVISION
OCTOBER 9, 2012

Discussion and Possible Action to authorize the initiation of procurement to select one or more independent fact finders to resolve contested quantifiable community participation.

RECOMMENDED ACTION

WHEREAS, the Department's rules require that a neighborhood organization expressing opposition to a proposed development under the scoring item for quantifiable community participation must set forth their reasons for opposition; and

WHEREAS, the possibility exists that the reasons for opposition may also be the subject of a prior determination by a local governmental or quasi-governmental body such as a zoning board, a school board, or the like; and

WHEREAS, it is appropriate to defer to official findings; and

WHEREAS, it is highly desirable to have in place one or more neutral, competent finders of fact to address promptly situations where reasons for opposition may be in conflict with prior findings by local governmental or quasi-governmental bodies,

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department to take such actions as they may reasonably deem necessary or advisable to procure one or more competent and neutral finders of fact to review, make determinations with regard to, and report on instances where neighborhood organization opposition to as proposed development is alleged to be contrary to a prior determination by a local governmental or quasi-governmental body.

BACKGROUND

From time to time neighborhood organizations opposed to developments may provide reasons which are more consistent with local findings. For example, a group opposing a deal in an area that has already been zoned for multifamily has no colorable basis for objecting to it solely because it will be multifamily housing which will add burdens to things like local roads and emergency response services. If they object because the development will burden the schools, then the situation of the local schools, as reviewed by the local school board, may be the best information. There needs to be an independent party to review situations where opposition may conflict with local determinations such as zoning and school board projections for capacity and the need for growth.

1c

BOARD REPORT ITEM
FINANCIAL ADMINISTRATION DIVISION
NOVEMBER 13, 2012

REPORT ITEM

Presentation of the Department's 4th Quarter Investment Report in accordance with the Public Funds Investment Act (PFIA)

BACKGROUND

The Department's investment portfolio exists in two distinct parts. One part is related to bond funds under trust indentures which are not subject to the Public Funds Investment Act (PFIA) and the remaining portion is the part related to accounts excluded from the indentures but covered by the PFIA. The Department's total investment portfolio is \$1,431,895,462 of which \$1,391,364,402 is not subject to the PFIA. This report addresses the remaining \$40,531,060 (See Page 1) in investments covered by the PFIA. These investments are deposited in the General Fund, Housing Trust Fund, Compliance and Housing Initiative accounts which are all held at the Texas Treasury Safekeeping Trust Company (TTSTC), primarily in the form of overnight repurchase agreements. A repurchase agreement is the purchase of a security with an agreement to repurchase that security at a specific price and date which in this case was August 31, 2012, at an interest rate of 0.15%. The overall objective of these investments is to safeguard principal while maintaining liquidity.

Below is a summary of the accounts under each fund group.

- The **General Fund** accounts maintain funds for administrative purposes to fund expenses related to the Department's ongoing operations. These accounts contain balances related to bond residuals, fee income generated from the Mortgage Credit Certificate Program (MCC), escrow funds, single family and multifamily bond administration fees, and balances associated with the Below Market Interest Rate Program (BMIR).
- The **Housing Trust Fund** accounts maintain funds related to programs set forth by the Housing Trust Fund funding plan. The Housing Trust Fund provides loans and grants to finance, acquire, rehabilitate and develop decent and safe affordable housing.
- The **Compliance** accounts maintain funds from compliance fees and asset management fees collected from multifamily developers who are assessed an annual fee based on the number of low income units. The number of low income units and authority to collect these fees is outlined in the individual Land Use Restriction Agreements (LURAs) entered into with each Developer. These fees are generated for the purpose of offsetting

expenses incurred by the Department related to the monitoring and administration of these properties.

- The **Housing Initiative** accounts maintain funds from fees collected from Developers in connection with the Department's Tax Credit Program. The fees collected are application fees and commitment fees. The authority for the collection of these fees is outlined in the Department's Qualified Allocation Plan (QAP). These fees are generated for the purpose of offsetting expenses incurred by the Department related to the operation and administration of the Tax Credit Program.

This report is in the prescribed format and detail required by the Public Funds Investment Act. It shows in detail the types of investments, their maturities, their carrying (face amount) values, and fair values at the beginning and the end of the quarter. The detail for investment activity is on Page 2.

During the 4th Quarter, as it relates to the investments covered by the PFIA, the carrying value decreased by \$2.1 million (See Page 1) for a total of \$40,531,060. The decrease is accounted for by the Housing Trust Fund which funded \$3.7 million in loans and grants, and a transfer of \$3.4 million in fees into the operating budget. These cash outflows are offset by income in the amount of \$1.5 million in service release premiums from U.S. Bank related to the purchase of mortgage backed securities and \$2.5 million in fee income related to MCC, compliance, tax credit and multifamily activities. The cash outflows are also offset by approximately \$783,000 in Housing Trust Fund loan repayments.

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

INTERNAL MANAGEMENT REPORT

**PUBLIC FUNDS INVESTMENT ACT
(TEX. GOV'T CODE, §2256.023)
QUARTER ENDING AUGUST 31, 2012**



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Quarter Ending August 31, 2012

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

NON-INDENTURE RELATED:	Investment Type	FAIR VALUE (MARKET) @ 8/31/12	CARRYING VALUE @ 5/31/12	CARRYING VALUE @ 8/31/12	FAIR VALUE (MARKET) @ 8/31/12	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 08/31/12	RECOGNIZED GAIN
General Fund	Mortgage Backed Securities			566,834.84	630,546.26	83,711.44	3,259.33	0.00
General Fund	Repurchase Agreement	10,904,919.20	10,904,919.20	12,105,593.49	12,105,593.49		50.45	0.00
Housing Trust Fund	Repurchase Agreement	17,624,489.38	17,624,489.38	14,487,154.27	14,487,154.27		60.41	0.00
Compliance	Repurchase Agreement	7,206,627.30	7,206,627.30	7,061,728.09	7,061,728.09		29.42	0.00
Housing Initiatives	Repurchase Agreement	6,929,224.66	6,929,224.66	6,309,749.09	6,309,749.09		26.49	0.00
TOTAL		42,665,260.54	42,665,260.54	40,631,059.76	40,594,771.22	83,711.44	3,428.10	0.00

(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.

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
Tim Nelson completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 10, 2012
David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on August 1, 2012

	Date <u>10/29/12</u>
David Cervantes, Director of Financial Administration	
	Date <u>10-16-12</u>
Tim Nelson, Director of Bond Finance	

Texas Department of Housing and Community Affairs
Non-Indenture Related Investment Summary
For Period Ending August 31, 2012

Account Number	Investment Type	Issue	Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
1100	FNMA	General Fund	5.35	3/15/2001	10/1/2030					(1,305.28)	124,780.73	123,475.45	136,213.18	12,737.73	0.00
1100	GNMA	General Fund	7.50	8/31/1989	7/20/2018					(4,659.04)	162,251.55	157,592.51	175,507.63	17,915.12	0.00
1100	GNMA	General Fund	7.50	10/31/1989	9/20/2018					(7,784.46)	258,865.18	251,080.72	279,990.15	28,909.43	0.00
1100	GNMA	General Fund	5.35	3/18/2002	2/20/2032					(163.22)	34,849.38	34,686.16	38,835.32	4,149.16	0.00
1106	Repo Agmt	General Fund	0.15	8/31/2012	9/4/2012	1,244,588.29	1,244,588.29	5,303.35				1,249,891.64	1,249,891.64	-	0.00
1136	Repo Agmt	General Fund	0.15	8/31/2012	9/4/2012	495,984.49	495,984.49		(1,549.73)			494,434.76	494,434.76	-	0.00
1136	Repo Agmt	General Fund	0.15	8/31/2012	9/4/2012	1,553,081.00	1,553,081.00		(1,061,543.95)			491,537.05	491,537.05	-	0.00
1136	Repo Agmt	General Fund	0.15	8/31/2012	9/4/2012	796,371.60	796,371.60		(242,538.38)			553,833.22	553,833.22	-	0.00
1136	Repo Agmt	General Fund	0.15	8/31/2012	9/4/2012			1,770,091.16				1,770,091.16	1,770,091.16	-	0.00
1137	Repo Agmt	General Fund				345,911.22	345,911.22		(345,911.22)			-	-	-	0.00
1162	Repo Agmt	General Fund	0.15	8/31/2012	9/4/2012	1,645,422.15	1,645,422.15		(324,357.80)			1,321,064.35	1,321,064.35	-	0.00
1170	Repo Agmt	General Fund	0.15	8/31/2012	9/4/2012	282,991.94	282,991.94	84.54				283,076.48	283,076.48	-	0.00
1175	Repo Agmt	General Fund	0.15	8/31/2012	9/4/2012	1,007,098.81	1,007,098.81		(607,634.57)			399,464.24	399,464.24	-	0.00
1198	Repo Agmt	General Fund	0.15	8/31/2012	9/4/2012	3,533,469.70	3,533,469.70	2,008,730.89				5,542,200.59	5,542,200.59	-	0.00
	General Fund Total					10,904,919.20	10,904,919.20	3,784,209.94	(2,583,535.65)	(13,912.00)	580,746.84	12,672,428.33	12,736,139.77	63,711.44	0.00
1112	Repo Agmt	Housing Assistance Fund				297,353.79	297,353.79		(297,353.79)			-	-	-	0.00
1143	Repo Agmt	Housing Trust Fund	0.15	8/31/2012	9/4/2012	360,427.60	360,427.60	39,194.68				399,622.28	399,622.28	-	0.00
1113	Repo Agmt	Housing Trust Fund	0.15	8/31/2012	9/4/2012	526,490.79	526,490.79		(526,090.01)			400.78	400.78	-	0.00
1124	Repo Agmt	Housing Trust Fund				184,620.71	184,620.71		(184,620.71)			-	-	-	0.00
1139	Repo Agmt	Housing Trust Fund	0.15	8/31/2012	9/4/2012	97,253.88	97,253.88	5.76				97,259.64	97,259.64	-	0.00
1143	Repo Agmt	Housing Trust Fund	0.15	8/31/2012	9/4/2012	493,990.86	493,990.86		(481,570.26)			12,420.60	12,420.60	-	0.00
1136	Repo Agmt	Housing Trust Fund	0.15	8/31/2012	9/4/2012	3,267,314.82	3,267,314.82		(775,809.26)			2,491,505.56	2,491,505.56	-	0.00
1136	Repo Agmt	Housing Trust Fund	0.15	8/31/2012	9/4/2012			3,238,499.99				3,238,499.99	3,238,499.99	-	0.00
1113	Repo Agmt	Housing Trust Fund	0.15	8/31/2012	9/4/2012	50,000.00	50,000.00					50,000.00	50,000.00	-	0.00
1194	Repo Agmt	Housing Trust Fund	0.15	8/31/2012	9/4/2012	33,384.59	33,384.59					33,384.59	33,384.59	-	0.00
1194	Repo Agmt	Housing Trust Fund	0.15	8/31/2012	9/4/2012	708,629.26	708,629.26		(338,082.71)			370,546.55	370,546.55	-	0.00
1136	Repo Agmt	Housing Trust Fund				529,406.18	529,406.18		(529,406.18)			-	-	-	0.00
1181	Repo Agmt	General Revenue Appn	0.15	8/31/2012	9/4/2012	502,591.14	502,591.14	113.33				502,704.47	502,704.47	-	0.00
1181	Repo Agmt	General Revenue Appn	0.15	8/31/2012	9/4/2012			319,687.03				319,687.03	319,687.03	-	0.00
1181	Repo Agmt	General Revenue Appn	0.15	8/31/2012	9/4/2012	1,058,705.43	1,058,705.43	356,291.19				1,414,996.62	1,414,996.62	-	0.00
1181	Repo Agmt	General Revenue Appn	0.15	8/31/2012	9/4/2012	6,202.46	6,202.46	880.37				7,082.83	7,082.83	-	0.00
1181	Repo Agmt	General Revenue Appn	0.15	8/31/2012	9/4/2012	44,248.71	44,248.71					44,248.71	44,248.71	-	0.00
1181	Repo Agmt	General Revenue Appn				30,000.00	30,000.00		(30,000.00)			-	-	-	0.00
1194	Repo Agmt	Housing Trust Fund-GR	0.15	8/31/2012	9/4/2012	3,396.42	3,396.42		(3,396.41)			0.01	0.01	-	0.00
1181	Repo Agmt	Housing Trust Fund-GR	0.15	8/31/2012	9/4/2012	50,000.00	50,000.00					50,000.00	50,000.00	-	0.00
1181	Repo Agmt	Housing Trust Fund-GR	0.15	8/31/2012	9/4/2012	339,169.92	339,169.92		(228,569.55)			110,600.37	110,600.37	-	0.00
1181	Repo Agmt	Housing Trust Fund-GR	0.15	8/31/2012	9/4/2012	45,523.18	45,523.18		(10,512.50)			35,010.68	35,010.68	-	0.00
1181	Repo Agmt	Housing Trust Fund-GR	0.15	8/31/2012	9/4/2012	682,615.78	682,615.78		(331,188.42)			351,427.36	351,427.36	-	0.00
1181	Repo Agmt	Housing Trust Fund-GR	0.15	8/31/2012	9/4/2012	440,000.00	440,000.00		(335,500.00)			104,500.00	104,500.00	-	0.00
1181	Repo Agmt	Housing Trust Fund-GR	0.15	8/31/2012	9/4/2012	1,004,599.10	1,004,599.10		(529,410.49)			475,188.61	475,188.61	-	0.00
1181	Repo Agmt	Housing Trust Fund-GR	0.15	8/31/2012	9/4/2012	111,410.79	111,410.79	402,592.65				514,003.44	514,003.44	-	0.00
1181	Repo Agmt	Housing Trust Fund-GR				125,000.00	125,000.00		(125,000.00)			-	-	-	0.00
1181	Repo Agmt	Housing Trust Fund-GR	0.15	8/31/2012	9/4/2012	204,446.23	204,446.23	225,373.11				429,819.34	429,819.34	-	0.00
1194	Repo Agmt	Bootstrap -GR	0.15	8/31/2012	9/4/2012	193,100.06	193,100.06	6,200.00				199,300.06	199,300.06	-	0.00
1181	Repo Agmt	Bootstrap -GR	0.15	8/31/2012	9/4/2012	2,749,077.34	2,749,077.34		(1,606,030.00)			1,143,047.34	1,143,047.34	-	0.00
1181	Repo Agmt	Bootstrap -GR	0.15	8/31/2012	9/4/2012	187,635.74	187,635.74		(17,505.62)			170,130.12	170,130.12	-	0.00
1181	Repo Agmt	Bootstrap -GR	0.15	8/31/2012	9/4/2012	3,297,894.60	3,297,894.60		(1,376,127.31)			1,921,767.29	1,921,767.29	-	0.00
	Housing Trust Fund Total					17,624,489.38	17,624,489.38	4,588,838.11	(7,726,173.22)	0.00	0.00	14,487,154.27	14,487,154.27	0.00	0.00
1136	Repo Agmt	Multi Family	0.15	8/31/2012	9/4/2012	961,624.25	961,624.25		(1,971.14)			959,653.11	959,653.11	-	0.00
1136	Repo Agmt	Multi Family	0.15	8/31/2012	9/4/2012	829,338.86	829,338.86	97,276.82				926,615.68	926,615.68	-	0.00
1126	Repo Agmt	Low Income Tax Credit Prog.	0.15	8/31/2012	9/4/2012	5,415,664.19	5,415,664.19		(240,204.89)			5,175,459.30	5,175,459.30	-	0.00
	Compliance Investment Summary					7,206,627.30	7,206,627.30	97,276.82	(242,176.03)	0.00	0.00	7,061,728.09	7,061,728.09	0.00	0.00
1136	Repo Agmt	Low Income Tax Credit Prog.	0.15	8/31/2012	9/4/2012	353,035.57	353,035.57		(10,194.37)			342,841.20	342,841.20	-	0.00
1136	Repo Agmt	Low Income Tax Credit Prog.	0.15	8/31/2012	9/4/2012	297,360.20	297,360.20	266,089.61				563,449.81	563,449.81	-	0.00
1136	Repo Agmt	Low Income Tax Credit Prog.	0.15	8/31/2012	9/4/2012	6,278,828.89	6,278,828.89		(875,370.81)			5,403,458.08	5,403,458.08	-	0.00
	Low Income Tax Credit Program Total					6,929,224.66	6,929,224.66	266,089.61	(885,565.18)	0.00	0.00	6,309,749.09	6,309,749.09	0.00	0.00
	Total Non-Indenture Investment Summary					42,665,260.54	42,665,260.54	8,736,414.48	(11,437,450.08)	(13,912.00)	580,746.84	40,531,059.78	40,594,771.22	63,711.44	-

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BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
November 13, 2012

Presentation, Discussion, and Possible Action Regarding Housing Tax Credit Amendment

RECOMMENDED ACTION

WHEREAS, Artisan at Dilley (HTC #11112/HOME #1001501) received an award of 9% Housing Tax Credits and \$1,490,000 in HOME funds in 2011 to construct 46 family units in a total of ten (10) residential buildings;

WHEREAS, the development owner is requesting approval to reduce the total number of residential buildings to nine (9), which would constitute a significant modification to the site plan while retaining 46 family units;

WHEREAS, Board approval is required for a significant modification of the site plan; and

WHEREAS, the reduction in the number of residential buildings does not materially alter the development in a negative manner and would not have affected the final credit amount allocated to the development owner; therefore

It is hereby,

RESOLVED, that staff's recommendation to approve the amendment to Artisan at Dilley, be and it hereby is approved as presented to this meeting.

BACKGROUND

Artisan at Dilley was underwritten and approved for a 9% Housing Tax Credit allocation and HOME award during the 2011 competitive cycle. The application proposed to construct 46 family units in a total of ten (10) residential buildings. On September 26, 2012, the Department received a letter requesting approval to change the site plan and reduce the total number of residential building to nine (9). According to the owner, the changes will enhance the "overall experience for the residents" and provide additional amenities and parking.

While these changes result in an increase to the overall development costs, matched by a corresponding increase in sources of funds, Department staff has confirmed that these changes would not negatively impact the tax credit allocation or the development's HOME loan.

Staff recommends approval of the requested amendment.

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
November 13, 2012

Presentation, Discussion, and Possible Action Regarding Housing Tax Credit Amendment

RECOMMENDED ACTION

WHEREAS, Heritage Park Vista (HTC #08233/09928) received an award of 9% Housing Tax Credits in 2008 to construct 140 elderly units consisting of a mix of one-bedroom, one-bath units and two-bedroom, one-bath units;

WHEREAS, the Housing Tax Credits were later exchanged under the Tax Credit Exchange Program and the Owner received an award of Exchange funds in the amount of \$10,707,151;

WHEREAS, the development was constructed with two-bedroom, two-bath units rather than the two-bedroom, one-bath units as proposed, and;

WHEREAS, Board approval is required for a significant modification of the architectural design; and

WHEREAS, the addition of a second bathroom in the two-bedroom units does not materially alter the development in a negative manner and would not have affected the final credit amount allocated to the development owner; therefore

It is hereby,

RESOLVED, that staff's recommendation to approve the amendment to Heritage Park Vista, be and it hereby is approved as presented to this meeting.

BACKGROUND

Heritage Park Vista was underwritten and approved for a 9% Housing Tax Credit allocation during the 2008 competitive cycle. The Housing Tax Credits were later exchanged under the Tax Credit Exchange Program and the Owner received an award of Exchange funds in the amount of \$10,707,151.

The application proposed to construct 140 elderly units consisting of seventy (70) one-bedroom, one-bath units and seventy (70) two-bedroom, one-bath units. During the course of the Department's review of the final construction inspection and development cost certification, it was revealed that all seventy (70) of the two-bedroom units were constructed with two bathrooms.

As a matter of process, the HTC application is due on March 1st of the allocation year and the Market Study is due one month later on April 1st. The owner submitted the application and Market Study in accordance with the appropriate deadlines. Once the Market Study, conducted by Ipser & Associates, was submitted to the Department, the owner reviewed the competing project data therein and discovered that all of the two-bedroom units at these properties had two bathrooms. In order to keep pace with the market, the Owner added a second bathroom to all seventy (70) two-bedroom units. Although required per §50.13(b)(4)(E), the Owner did not notify the Department or request approval for this change.

The change represents an upgrade to the units which increases the property's marketability and rate of absorption. Staff has confirmed that the addition of a second bathroom in the two-bedroom units does not materially impact the financial viability of the transaction and will not result in a change in the amount of Department funding for the Development.

Staff recommends approval of the requested amendment.

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action Regarding a Housing Tax Credit Amendment.

RECOMMENDED ACTION

WHEREAS, Highland Villas (#12393) received an award of 9% Housing Tax Credits (HTC) in 2012 to construct 180 multifamily units on a 7.938 acre site; and

WHEREAS, the development owner is requesting approval to increase the area of the site by adding 0.460 acre to the site's western side; and

WHEREAS, the additional land and changes in the locations of buildings and other improvements on the site are required to add a detention pond to the site plan; and

WHEREAS, the Board's approval is required for a significant modification of the site plan, significant modification of the architectural design, or modification of the residential density of at least 5% pursuant to §50.13(b)(4) of the Qualified Allocation Plan; and

WHEREAS, the changes do not materially alter the development in a negative manner, were not foreseeable or preventable, and would not have affected the amount of credits awarded for the development;

NOW, therefore, it is hereby,

RESOLVED, that staff's recommendation to approve the amendment to Highland Villas, be and it hereby is approved as presented to this meeting.

BACKGROUND

The application described the site variously as 7.938+/- acres and 8.0+/- acres. The purchase contract provided for conveying land ranging in size from six acres to nine acres at the buyer's discretion. The owner's apparent intention in referring to the size of the site as a range was to avoid an amendment. However, underwriting the development proposal required a definite size and 7.938 acres was specified at the request of underwriting staff.

The 7.938 acres underwritten was based on the anticipation of providing for storm water control by means of underground drainage mains. Later, contrary to speculation by the development engineer that underground facilities might be used, the municipal authorities required a surface detention pond. This detention pond required additional land and rearrangement of the

development's buildings and site improvements. The additional 0.46 acres needed to accommodate the detention pond increased the size of the site from 7.938 acres to 8.398 acres, an increase of 5.8%.

The owner indicated that there are no changes in the buildings, unit mix, rentable area, common area or other relevant features. Staff found that all 8.398 acres to be conveyed are owned by the original seller and were owned by this seller throughout the application review period. Staff found the changes were not negative material alterations of the development because the same buildings and similar site improvements are present on the amended plan and the density of the developments in units per acre has decreased. Furthermore, staff concluded that the owner foresaw the possibility that changes might be needed and attempted, though unsuccessfully, to prevent the need for an amendment by stating the size of the site as a range. Faced with the requirement of stating a specific size for the site and the possibility that an amendment might be required, the owner chose to propose a smaller site to which land could be added rather than the less desirable alternative of proposing a larger site that would have to be reduced. In underwriting the amended proposal, staff found that the amount of the credit award should remain unchanged.

Staff recommends approval of the amendment as requested, without penalty, subject to findings by the Real Estate Analysis Division that are consistent with such approval.

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action Regarding a Housing Tax Credit Amendment.

RECOMMENDED ACTION

WHEREAS, The Manor at Hancock Park (#12053) received an award of 9% Housing Tax Credits (HTC) in 2012 to construct 58 multifamily units on 5.38 acres; and,

WHEREAS, the development owner is requesting approval to change the site plan, building plans, net rentable area (NRA) and common area; and,

WHEREAS, the changes reduce the common area from 4,160 square feet to 4,061 square feet which is a reduction of 2.4%; and,

WHEREAS, the City of Lampasas Fire Department requires the changes; and,

WHEREAS, Board approval is required for a significant modification of the site plan or significant modification of the architectural design pursuant to §50.13(b)(4) of the Qualified Allocation Plan; and

WHEREAS, the reduction of the common area and other changes do not materially alter the development in a negative manner and would not have affected the amount of credits awarded for the development;

NOW, therefore, it is hereby,

RESOLVED, that staff's recommendation to approve the amendment to The Manor at Hancock Park, be and it hereby is approved as presented to this meeting.

BACKGROUND

The owner stated that the Lampasas Fire Department required changes in the proposed fire lanes to allow sufficient space for emergency vehicles to turn around. Implementing the requirement dictated corresponding changes in the building plans and, therefore, in the unit plans and common areas. The changes did not include changes in the unit mix or significant changes in the NRA, and the common area, excluding the corridor space of the residential sections of the buildings, decreased by only 2.4%, from 4,160 square feet to 4,060 square feet.

Staff found that fire lanes were proposed in the original site plan but the owner stated that the original proposal was not accepted by city planners. Given these circumstances, staff concluded that the changes were not preventable. The 2.4% decrease in common area is less than the 3%

decrease that statute references as a threshold requiring the Board's approval. Staff's underwriting analysis found that the amount of the credit award should remain unchanged.

Staff recommends approval of the amendment as requested, without penalty, subject to findings by the Real Estate Analysis Division that are consistent with such approval.

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BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
November 13, 2012

Presentation, Discussion, and Possible Action on a material amendment to the Land Use Restriction Agreement (LURA) for Heritage Square Apartments.

RECOMMENDED ACTION

WHEREAS, Heritage Square Apartments was financed with tax-exempt bonds in 2003 for the rehabilitation of 112 units in Dallas, Texas and the Land Use Restriction Agreement (LURA) requires that 100% of the units in the Project be occupied by eligible tenants, and

WHEREAS, although the property has a community center with kitchen facilities and business center, there is inadequate space for the various services that are made available without charge to the tenants, and

WHEREAS, the owner has requested a material amendment to the LURA to reduce the number of low income units to preserve space for providing resident services, and the owner has complied with the notification requirements under the Department's Material Amendment rule, 10 TAC §60.130, and

WHEREAS, the owner has requested to amend Section 2(a)(v) of the LURA to permit that up to one (1) unit may be "...occupied by or reserved for a resident manager, security personnel or maintenance personnel, or used for resident services, that are reasonably required for the Project"... , it is hereby

RESOLVED, that the Executive Director and his designees are hereby, authorized, directed, and empowered, for and on behalf of the Department, to amend the LURA for Heritage Square Apartments to permit units set-aside for eligible tenants to be used for resident services.

BACKGROUND

The Amended and Restated Regulatory and Land Use Restriction Agreement for Heritage Square Apartments was executed in December 2003. Section 2(a)(v) of the LURA requires "that each dwelling unit in the project will be rented or available for rental on a continuous basis to Eligible Tenants at all times during the Qualified Project Period (unless occupied by or reserved for a resident manager, security personnel or maintenance personnel that are reasonably required for the Project)..." During the Department's November 14, 2011 monitoring review of the property, it was identified that unit #401 was designated by the owner as exempt to accommodate the child care

facilities for the property. As a result, this unit was not available for rent which is a violation of section 2(a)(v) of the LURA. The owner provided a response to this finding on October 5, 2012 and provided sufficient documentation to the Department to show that the unit has been converted to a residential unit and occupied by an eligible household as of August 15, 2012. However, the owner would prefer to use this space (or another equivalent unit) for the child care services offered to the residents of the development at no charge. While the project does have a community center with kitchen facilities and business center, this community center provides inadequate space for various other services that are made available to the tenants, including child care. It should be noted that the unit being requested to serve as resident services space will not adversely impact the development's ability to meet its low income occupancy restrictions. The LURA currently requires that at least 20% of the units be occupied Low Income Tenants (incomes not exceeding 50% of median gross income). Additionally, the LURA also requires that at least 75% of the units be occupied by Qualifying Tenants (incomes not exceeding 80% of median gross income).

The owner has complied with the material amendments policy adopted by the Board; given the appropriate notices to the tenants and elected officials and provided the opportunity for public input. The public hearing will be held on October 30, 2012 at 8:00 p.m.

Staff recommends approval, subject to no negative public comment received, to amend section 2(a)(v) of the LURA for Heritage Square Apartments to permit an additional use of these units for the provision of resident services at the development.

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
November 13, 2012

Presentation, Discussion, and Possible Action on a material amendment to the Land Use Restriction Agreement (LURA) for The Highlands Apartments.

RECOMMENDED ACTION

WHEREAS, The Highlands Apartments was financed with tax-exempt bonds in 2003 for the rehabilitation of 136 units in Dallas, Texas and the Land Use Restriction Agreement (LURA) requires that 100% of the units in the Project be occupied by eligible tenants, and

WHEREAS, although the property has a community center with kitchen facilities and business center, there is inadequate space for the various services that are made available without charge to the tenants, and

WHEREAS, the owner has requested a material amendment to the LURA to reduce the number of low income units to preserve space for providing resident services, and the owner has complied with the notification requirements under the Department's Material Amendment rule, 10 TAC §60.130, and

WHEREAS, the owner has requested to amend Section 2(a)(v) of the LURA to permit that up to one (1) unit may be "...occupied by or reserved for a resident manager, security personnel or maintenance personnel, or used for resident services, that are reasonably required for the Project)"..., it is hereby

RESOLVED, that the Executive Director and his designees are hereby, authorized, directed, and empowered, for and on behalf of the Department, to amend the LURA for The Highlands Apartments to permit units set-aside for eligible tenants to be used for resident services.

BACKGROUND

The Amended and Restated Regulatory and Land Use Restriction Agreement for The Highlands Apartments was executed in December 2003. Section 2(a)(v) of the LURA requires "that each dwelling unit in the project will be rented or available for rental on a continuous basis to Eligible Tenants at all times during the Qualified Project Period (unless occupied by or reserved for a resident manager, security personnel or maintenance personnel that are reasonably required for the Project)..."

The owner of The Highlands Apartments has been using one of the two-bedroom/two-bath units for resident services for some time without any issued being raised by the Department. However, the owner was recently advised of a finding of noncompliance for another development (Heritage Square Apartments) with a substantially identical Amended and Restated LURAs for exempting one of its units for the same purpose. As a result, the owner has vacated the unit being used for resident services at The Highlands Apartments and has made the unit available for rental. However, the owner's preference would be to continue using this space (or another equivalent unit) for the child care services offered to the residents of the development at no charge. While the project does have a community center with kitchen facilities and business center, this community center provides inadequate space for various other services that are made available to the tenants, including child care. It should be noted that the unit being requested to serve as resident services space will not adversely impact the development's ability to meet its low income occupancy restrictions. The LURA currently requires that at least 20% of the units be occupied Low Income Tenants (incomes not exceeding 50% of median gross income). Additionally, the LURA also requires that at least 75% of the units be occupied by Qualifying Tenants (incomes not exceeding 80% of median gross income).

The owner has complied with the material amendments policy adopted by the Board; given the appropriate notices to the tenants and elected officials and provided the opportunity for public input. The public hearing will be held on October 30, 2012 at 6:30 p.m.

Staff recommends approval, subject to no negative public comment received, to amend section 2(a)(v) of the LURA for The Highlands Apartments to permit an additional use of these units for the provision of resident services at the development.

1f

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action to approve the use of program income from the Tax Credit Assistance Program as a source of funds for workout transactions in Asset Management.

RECOMMENDED ACTION

WHEREAS, TDHCA currently holds properties acquired in foreclosure and anticipates the potential need to acquire and or provide additional support or incentives to procure their redevelopment and/or stabilization and subsequent sale or transfer of ownership to a qualified owner which shall maintain the HOME or other required affordability requirements for the remainder of their Land Use Restriction Agreement (LURA); and

WHEREAS, TDHCA currently has limited funds to adequately assist in the resolution of these and other similarly challenging properties and conventional funding sources are not available to provide all funds necessary for redevelopment activities; and

WHEREAS, TDHCA has received and is anticipating to receive principal and interest payments from the Tax Credit Assistance Program (TCAP) as program income which must be used for the development or operation of housing that remains affordable, for a period of not less than 15 years, to households whose annual income does not exceed 80% of the median family income for the area and could be used to provide assistance to support these challenging properties;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director or his designee be and each of them hereby are authorized, empowered, and directed, for and on behalf of this Board to take such actions as they or any of them may deem necessary or advisable to effectuate the use of program income from TCAP to acquire, redevelop and or finance previously funded rental developments that have lost or are at risk of losing their affordability requirements, and;

FURTHER RESOLVED, that all such actions, projects, and their results shall be reported to this Board.

BACKGROUND

The Department currently holds two multifamily properties acquired in foreclosure that were originally funded under the HOME program. For various reasons the property owners were removed from each of these projects and the Department continues to actively monitor and market the properties. One property, located in Alpine, Texas, includes 24 HOME restricted units and is managed by a third party property management company. The second property is vacant land consisting of two acres located in

Dickinson, Texas. This site was originally funded to rehabilitate and improve the property allowing for 34 HOME restricted units. The Asset Management Division is responsible for the marketing, disposition, and negotiation of these challenging properties. There has been some interest in these two aforementioned properties; however, marketing efforts have not resulted in the transfer of ownership to a qualified developer/owner for the purpose of maintaining or redevelopment of the HOME restricted affordable housing units.

The Asset Management Division requests approval from the Board to use TCAP program income for the purpose of financing the redevelopment construction costs of these and other properties that require workout solutions. Financing of the purchase price will be considered on an as-needed basis. Offers will be received and reviewed by Asset Management, previous participation reviews shall be conducted by Compliance, financing structures shall be underwritten by the Real Estate Analysis Division to ensure that appropriate funding levels are achieved, and all proposals shall be ultimately approved by the Asset Review Committee.

Two other properties on the asset resolution list have been foreclosed by third party lenders, which has eliminated the Department's LURA resulting in loss of federal affordability requirements. This has subjected the Department to the liability of potentially having to repay HUD the entire originally funded amounts. HUD has indicated that the Department could utilize program income from TCAP to acquire these properties or provide financial assistance to the new owners in exchange for a reinstated or new HOME LURA. Since identifying the target properties will alert the existing or new owners and complicate any negotiation pursued by the Department, the specific properties being considered are not being identified in this document but are limited to properties that the Department has or recently had a HOME LURA at risk of being eliminated.

The Asset Management Division additionally requests approval by the Board to use TCAP program income for the purpose of pursuing workout solutions which shall include acquiring property or providing financial assistance to the new owners in exchange for a reinstated or new HOME LURA.

The Financial Administration Division of the agency has confirmed the TCAP program income account balance as of August 31, 2012 at \$2,695,025 and as of October 19, 2012 the balance was \$3,457,189. Projected principal and interest income for fiscal year 2013 is \$6,303,018 for a total projected account balance of \$8,998,043. Staff does not anticipate using all of these funds for this purpose but is requesting that the program income through the end of 2013 be dedicated for this purpose. A plan to utilize any unused funds and additional future program income will be developed in the coming months.

1g

BOARD REPORT ITEM
BOND FINANCE DIVISION
NOVEMBER 13, 2012

REPORT ITEM

Presentation of the Department’s 4th Quarter Investment Report relating to funds held under Bond Trust Indentures.

BACKGROUND

- The Department’s Investment Policy, was revised and approved at the April 12, 2012, Board Meeting, to exclude funds invested under a bond trust indenture for the benefit of bond holders because each trust indenture sets forth the authorized investments for that particular trust indenture. This internal management report is for informational purposes only and is not required under the Public Funds Investment Act. However, it is consistent with 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.
- The detail for investment activity can be found after Page 3 of the attached Bond Trust Indenture Internal Management Report.
- Overall, the portfolio carrying value decreased by \$35 million (See Page 1) for a total of \$1,391,364,402. The decrease is accounted for by loan repayments and bond redemptions.

The portfolio consists of (See Page 3):

	<u>Beginning Quarter</u>	<u>Ending Quarter</u>
Mortgage Backed Securities (MBS)	88%	86%
Guaranteed Investment Contract/ Investment Agreement (GIC/IA)	3%	2%
Repurchase Agreements	2%	5%
Money Markets and Mutual Funds	7%	7%

The 2% MBS decrease represents a net paydown of MBSs resulting from borrower repayments or payoffs. The 3% increase in Repurchase Agreements is a result the withdrawal of funds from investment agreements on August 31, 2012 and invested in overnight repurchase agreements for pending Single Family debt service payment due on September 1, 2012.

The portfolio activity for the quarter:

- \$54,966,537 of MBS purchases during the quarter represent portfolio activity for new loans originated of which all were directly related to the warehouse agreement.

- The maturities in MBS this quarter were \$28,630,405 which represents loan repayments or payoffs. The table below shows a steady trend in new loans and loan payoffs.

	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
	FY 11	FY 12	FY 12	FY 12	FY 12	Total
Purchases	13,804,057	110,428,507	46,434,849	65,728,606	54,966,537	291,362,556
Sales	31,558,960				86,757,407	118,316,367
Maturities	16,619,645	18,013,978	18,249,096	24,742,301	28,630,405	106,255,425

- The fair value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties) increased \$2,063,729 (See Pages 2 and 3) 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 the Freddie Mac Primary Mortgage Market Survey as of August 31, 2012, was 3.59%, down from 3.75% at the end of May. The spread between the market rate and our below-market rates is decreasing. There are various factors that affect the fair value of these investments, but there is a correlation between the prevailing mortgage interest rates and the change in market value.
- Given the current financial environment, this change in market value is to be expected. If interest rates continue to decrease, the Department can expect another decrease 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.
- The fact that our investments provide the appropriate cash flow to pay debt service and eventually retire the related bond debt is more important than their relative value in the bond market as a whole.
- The more relevant measures of indenture parity, projected future cash flows, and the comparison of current interest income to interest expense are reported on page 3 in the Bond Trust Indenture Parity Comparison. This report shows parity (ratio of assets to liabilities) by indentures with assets greater than liabilities in a range from 99.39% to 121.17% which would indicate the Department has sufficient assets to meet its obligations. The interest comparison reflects interest income greater than interest expense and indicates a positive cash flow.

**BOND TRUST INDENTURE
INTERNAL MANAGEMENT REPORT
QUARTER ENDING AUGUST 31, 2012**

- 1) Bond Trust Indenture - Internal Management Report
- 2) Supplemental Internal Management Report by Investment Type
- 3) Bond Trust Indenture Parity Comparison
- 4) Detail of Investments including maturity dates by Fund Group

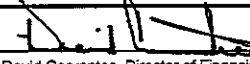
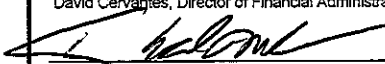
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 BOND FINANCE DIVISION
 BOND TRUST INDENTURES
 Internal Management Report (Sec. 2256.023)
 Quarter Ending August 31, 2012

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

INDENTURE	FAIR VALUE	CARRYING	ACCRETION/ PURCHASES	CHANGE IN CARRYING VALUE			CARRYING	FAIR VALUE	CHANGE	ACCRUED	RECOGNIZED
	(MARKET) @ 5/31/12	VALUE @ 5/31/12		AMORTIZATION/ SALES	MATURITIES	TRANSFERS	VALUE @ 8/31/12	(MARKET) @ 8/31/12	IN FAIR VALUE (MARKET)	INT REC'VBL @ 08/31/12	
Single Family	841,246,895.75	760,635,338.90	36,662,438.54	(19,346,804.20)	(23,909,468.96)	0.00	754,041,504.28	835,199,886.43	546,825.30	2,960,888.09	0.00
RMRB	640,421,872.06	593,060,069.07	67,248,849.25	(90,849,009.26)	(4,367,349.08)	(580,746.84)	584,511,813.14	609,483,001.24	(2,390,614.89)	2,065,923.81	2,678,533.07
CHMRB	8,436,494.54	7,355,877.28	910.52	(338,558.83)	(257,433.12)	0.00	6,760,795.85	7,838,733.85	(2,679.26)	37,674.11	0.00
Multi Family	65,384,748.95	65,384,748.95	5,841,506.98	(5,079,812.78)	(96,154.32)	0.00	66,050,288.83	69,960,486.22	3,910,197.39	0.00	0.00
TOTAL	1,555,490,011.30	1,426,436,034.20	109,753,705.29	(115,614,185.07)	(28,630,405.48)	(580,746.84)	1,391,364,402.10	1,522,482,107.74	2,063,728.54	5,064,486.01	2,678,533.07

With regards to the Multi Family Indenture, the Department is carrying \$67,012,343 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.

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
 Tim Nelson completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 10, 2012
 David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on August 1, 2012

 David Cervantes, Director of Financial Administration	Date <u>8/2/12</u>
 Tim Nelson, Director of Bond Finance	Date <u>11/2/12</u>


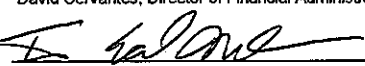
TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
 BOND FINANCE DIVISION
 BOND TRUST INDENTURES
 Supplemental Internal Management Report by Investment Type
 Quarter Ending August 31, 2012

Summary statement of each pooled investment group:

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 5/31/12	CARRYING VALUE @ 5/31/12	ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 8/31/12	FAIR VALUE (MARKET) @ 8/31/12	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
INDENTURE RELATED:										
Mortgage-Backed Securities	1,384,233,727.95	1,255,179,750.85	54,966,537.15	(86,757,406.87)	(28,630,405.48)	(580,746.84)	1,194,177,728.81	1,325,295,434.45	2,063,728.54	2,678,533.07
Guaranteed Inv Contracts	33,328,693.58	33,328,693.58	2,642,118.65	(12,541,585.07)	0.00	0.00	23,429,227.16	23,429,227.16	-	0.00
Investment Agreements	5,518,680.61	5,518,680.61	456,733.95	(3,714,757.36)	0.00	0.00	2,260,657.20	2,260,657.20	-	0.00
Treasury-Backed Mutual Funds	90,102,037.50	90,102,037.50	2,893,803.18	(2,051,098.32)	0.00	0.00	90,944,742.36	90,944,742.36	-	0.00
Repurchase Agreements	27,511,285.76	27,511,285.76	46,260,412.22	(8,461,062.97)	0.00	0.00	65,310,635.01	65,310,635.01	-	0.00
Money Markets	14,795,585.90	14,795,585.90	2,534,100.14	(2,088,274.48)	0.00	0.00	15,241,411.56	15,241,411.56	-	0.00
INDENTURE RELATED SUBTOTAL:	1,555,490,011.30	1,426,436,034.20	109,753,705.29	(115,614,185.07)	(28,630,405.48)	(580,746.84)	1,391,364,402.10	1,522,482,107.74	2,063,728.54	2,678,533.07

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.

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
 Tim Nelson completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 10, 2012
 David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on August 1, 2012

 _____ David Cervantes, Director of Financial Administration	Date <u>11/2/12</u>
 _____ Tim Nelson, Director of Bond Finance	Date <u>11/2/12</u>

Texas Department of Housing and Community Affairs
Bond Finance Division
Executive Summary
As of August 31, 2012

	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	\$ 2,771,321			\$ 962,054	\$ 3,733,375
Investments ⁽¹⁾	\$ 65,017,032	\$ 104,496,888	\$ 398,810	\$ 64,390,630	\$ 234,303,361
Mortgage Backed Securities ⁽¹⁾	\$ 691,589,925	\$ 460,407,874	\$ 6,369,369	\$ -	\$ 1,158,367,169
Loans Receivable ⁽²⁾	\$ 5,134,785	\$ -		\$ 1,075,157,536	\$ 1,080,292,321
Accrued Interest Receivable	\$ 2,992,210	\$ 2,065,924	\$ 37,674	\$ 8,174,245	\$ 13,270,053
TOTAL PARITY ASSETS	\$ 767,505,274	\$ 566,970,686	\$ 6,805,853	\$ 1,148,684,465	\$ 2,489,966,279
PARITY LIABILITIES					
Bonds Payable ⁽¹⁾	\$ 720,900,000	\$ 551,605,000	\$ 5,600,000	\$ 1,075,805,305	\$ 2,353,910,305
Accrued Interest Payable	\$ 16,196,987	\$ 3,165,508	\$ 16,937	\$ 8,347,889	\$ 27,727,321
Other Non-Current Liabilities ⁽³⁾				\$ 71,591,681	\$ 71,591,681
TOTAL PARITY LIABILITIES	\$ 737,096,987	\$ 554,770,508	\$ 5,616,937	\$ 1,155,744,875	\$ 2,453,229,307
PARITY DIFFERENCE	\$ 30,408,287	\$ 12,200,178	\$ 1,188,916	\$ (7,060,410)	\$ 36,736,971
PARITY	104.13%	102.20%	121.17%	99.39%	101.50%

INTEREST COMPARISON For the *twelfth* Fiscal Month Only (not Fiscal Year to Date) :

INTEREST INCOME					
Interest & Investment Income	\$ 3,990,520	\$ 1,503,378	\$ 38,780	\$ 4,032,465	\$ 9,565,143
TOTAL INTEREST INCOME	\$ 3,990,520	\$ 1,503,378	\$ 38,780	\$ 4,032,465	\$ 9,565,143
INTEREST EXPENSE					
Interest on Bonds	\$ 2,682,298	\$ 1,454,353	\$ 32,083	\$ 4,032,420	\$ 8,201,154
TOTAL INTEREST EXPENSE	\$ 2,682,298	\$ 1,454,353	\$ 32,083	\$ 4,032,420	\$ 8,201,154
NET INTEREST	\$ 1,308,222	\$ 49,025	\$ 6,697	\$ 45	\$ 1,363,989
INTEREST RATIO	148.77%	103.37%	120.87%	100.00%	116.63%

(1) Investments, Mortgage Backed Securities and Bonds Payable reported at par value not fair value.

(2) This adjustment is consistent with indenture cashflows prepared for rating agencies. 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
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
Repo Agmt	1980 Single Family Surplus Rev	0.15	8/31/2012	9/4/2012	1,855.06	1,855.06	2,767.02				4,622.08	4,622.08	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	0.15	8/31/2012	9/4/2012	485,000.07	485,000.07	821,728.79				1,306,728.86	1,306,728.86	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	6.08	11/14/1996	9/30/2029	11,138,385.04	11,138,385.04		(600,440.22)			10,537,944.82	10,537,944.82	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	0.15	8/31/2012	9/4/2012	36,464.30	36,464.30	30,554.12				67,018.42	67,018.42	-	0.00
	1980 Single Family Surplus Rev Total				11,661,704.47	11,661,704.47	855,049.93	(600,440.22)	0.00	0.00	11,916,314.18	11,916,314.18	0.00	0.00
Repo Agmt	1983 A&B Single Family	0.15	8/31/2012	9/4/2012			13,414.79				13,414.79	13,414.79	-	0.00
Repo Agmt	1983 A&B Single Family	6.08	11/14/1996	9/30/2029	143,690.82	143,690.82		(12,874.17)			130,816.65	130,816.65	-	0.00
	1983 A&B Single Family Total				143,690.82	143,690.82	13,414.79	(12,874.17)	0.00	0.00	144,231.44	144,231.44	0.00	0.00
Repo Agmt	1984 A&B Single Family	0.15	8/31/2012	9/4/2012			1,352.97				1,352.97	1,352.97	-	0.00
Repo Agmt	1984 A&B Single Family	6.08	11/14/1996	9/30/2029	66,949.35	66,949.35		(66,949.35)					-	0.00
	1984 A&B Single Family Total				66,949.35	66,949.35	1,352.97	(66,949.35)	0.00	0.00	1,352.97	1,352.97	0.00	0.00
Repo Agmt	1985 A Single Family	0.15	8/31/2012	9/4/2012	11,288.68	11,288.68	2,282.42				13,571.10	13,571.10	-	0.00
	1985 A Single Family Total				11,288.68	11,288.68	2,282.42	0.00	0.00	0.00	13,571.10	13,571.10	0.00	0.00
Repo Agmt	1985 B&C Single Family	0.15	8/31/2012	9/4/2012	0.02	0.02	1,554.47				1,554.49	1,554.49	-	0.00
	1985 B&C Single Family Total				0.02	0.02	1,554.47	0.00	0.00	0.00	1,554.49	1,554.49	0.00	0.00
Repo Agmt	1987 B Single Family	0.15	8/31/2012	9/4/2012			1,078.10				1,078.10	1,078.10	-	0.00
Repo Agmt	1987 B Single Family	6.08	11/14/1996	9/30/2029	3,899.26	3,899.26	32,873.42				36,772.68	36,772.68	-	0.00
Repo Agmt	1987 B Single Family	0.15	8/31/2012	9/4/2012	22,940.77	22,940.77		(22,940.77)					-	0.00
Repo Agmt	1987 B Single Family	0.15	8/31/2012	9/4/2012	6,765.00	6,765.00	0.00				6,765.00	6,765.00	-	0.00
	1987 B Single Family Total				33,605.03	33,605.03	33,951.52	(22,940.77)	0.00	0.00	44,615.78	44,615.78	0.00	0.00
Repo Agmt	1995 A&B Single Family	0.15	8/31/2012	9/4/2012			2,289.98				2,289.98	2,289.98	-	0.00
Repo Agmt	1995 A&B Single Family	6.08	11/14/1996	9/30/2029	35,891.19	35,891.19	52,208.36				88,099.55	88,099.55	-	0.00
Repo Agmt	1995 A&B Single Family	6.15	7/30/1996	6/1/2026	37,286.24	42,894.06			(442.73)		36,843.51	42,028.40	(422.93)	0.00
Repo Agmt	1995 A&B Single Family	6.15	11/26/1996	11/20/2026	284,027.70	322,927.16			(37,468.31)		246,559.39	281,794.00	(3,664.85)	0.00
Repo Agmt	1995 A&B Single Family	6.15	5/29/1997	5/20/2027	121,632.77	137,375.70			(1,289.88)		120,342.89	136,445.97	360.15	0.00
	1995 A&B Single Family Total				478,837.90	539,088.11	54,498.34	0.00	(39,200.92)	0.00	494,135.32	550,657.90	(3,727.63)	0.00
Repo Agmt	1996 A-C Single Family	0.15	8/31/2012	9/4/2012	14,480.44	14,480.44	4.34				14,484.78	14,484.78	-	0.00
	1996 A-C Single Family Total				14,480.44	14,480.44	4.34	0.00	0.00	0.00	14,484.78	14,484.78	0.00	0.00
Repo Agmt	1996 D&E Single Family	0.15	8/31/2012	9/4/2012	290,092.00	290,092.00	0.00				290,092.00	290,092.00	-	0.00
Repo Agmt	1996 D&E Single Family	0.15	8/31/2012	9/4/2012	18,372.27	18,372.27	5.44				18,377.71	18,377.71	-	0.00
	1996 D&E Single Family Total				308,464.27	308,464.27	5.44	0.00	0.00	0.00	308,469.71	308,469.71	0.00	0.00
Repo Agmt	1997 D-F Single Family	0.15	8/31/2012	9/4/2012	343,185.44	343,185.44	400,540.62				743,726.06	743,726.06	-	0.00
Repo Agmt	1997 D-F Single Family	6.25	6/29/1998	6/1/2028	189,429.78	215,325.57			(1,769.89)		187,659.89	213,614.00	58.32	0.00
Repo Agmt	1997 D-F Single Family	6.25	11/30/1998	10/1/2028	75,153.88	85,427.40			(1,110.15)		74,043.73	84,283.96	(33.29)	0.00
Repo Agmt	1997 D-F Single Family	6.25	5/19/1998	5/20/2028	346,451.24	390,426.33			(5,094.76)		341,356.48	386,180.06	848.49	0.00
Repo Agmt	1997 D-F Single Family	5.45	7/24/2000	6/20/2030	759,739.58	850,353.71			(59,116.75)		700,622.83	787,282.85	(3,954.11)	0.00
Repo Agmt	1997 D-F Single Family	6.25	8/14/1998	7/20/2028	121,875.04	137,344.67			(1,837.99)		120,037.05	135,799.14	292.46	0.00
Repo Agmt	1997 D-F Single Family	5.45	8/28/2000	8/20/2030	208,541.43	233,153.47			(1,647.54)		206,893.89	232,225.95	720.02	0.00
Repo Agmt	1997 D-F Single Family	6.25	6/30/1998	6/20/2028	276,914.02	312,926.72			(2,588.62)		274,325.40	311,205.74	867.64	0.00
Repo Agmt	1997 D-F Single Family	6.25	9/18/1998	8/20/2028	513,759.82	580,255.81			(6,925.57)		506,834.25	574,653.82	1,323.58	0.00
Repo Agmt	1997 D-F Single Family	6.25	3/31/1999	11/1/2028	91,378.29	103,869.70			(3,052.20)		88,326.09	100,541.58	(275.92)	0.00
Repo Agmt	1997 D-F Single Family	6.25	11/30/1998	11/20/2028	377,647.93	426,526.80			(4,846.24)		372,801.69	422,686.16	1,005.60	0.00
Repo Agmt	1997 D-F Single Family	6.25	11/30/1998	10/20/2028	313,455.62	354,220.52			(3,178.84)		310,276.78	351,990.39	948.71	0.00
Repo Agmt	1997 D-F Single Family	6.25	5/27/1999	4/1/2029	104,362.15	118,840.31			(25,133.44)		79,228.71	90,188.03	(3,520.84)	0.00
Repo Agmt	1997 D-F Single Family	6.25	2/16/1999	2/20/2029	1,106,450.97	1,250,344.94			(55,576.60)		1,050,874.37	1,192,153.97	(2,614.37)	0.00
Repo Agmt	1997 D-F Single Family	6.25	3/31/1999	3/20/2029	548,821.53	620,195.80			(6,116.82)		542,704.71	615,665.95	1,586.97	0.00
Repo Agmt	1997 D-F Single Family	6.25	5/27/1999	4/20/2029	303,208.39	342,640.63			(2,856.12)		300,352.27	340,731.63	947.12	0.00
Repo Agmt	1997 D-F Single Family	5.45	6/22/1999	6/20/2029	491,780.42	551,202.24			(7,074.01)		484,706.41	545,415.88	1,287.65	0.00
Repo Agmt	1997 D-F Single Family	5.45	7/30/1999	7/20/2029	616,116.53	690,561.82			(7,101.58)		609,014.95	685,294.00	1,833.76	0.00
Repo Agmt	1997 D-F Single Family	5.45	8/26/1999	8/20/2029	450,803.91	504,571.26			(40,245.78)		410,558.13	461,340.03	(2,985.45)	0.00
Repo Agmt	1997 D-F Single Family	5.45	9/30/1999	9/20/2029	389,565.84	436,029.34			(3,509.51)		386,056.33	433,807.62	1,287.79	0.00
Repo Agmt	1997 D-F Single Family	5.45	12/21/1999	11/1/2029	119,460.79	131,274.25			(53,421.01)		66,039.78	72,999.03	(4,854.21)	0.00
Repo Agmt	1997 D-F Single Family	5.45	10/29/1999	10/20/2029	774,593.58	866,979.32			(8,559.07)		766,034.51	860,785.25	2,365.00	0.00
Repo Agmt	1997 D-F Single Family	5.45	11/18/1999	11/20/2029	826,223.46	924,767.13			(66,897.56)		759,325.90	853,246.92	(4,622.65)	0.00
Repo Agmt	1997 D-F Single Family	5.45	12/30/1999	12/20/2029	805,428.23	901,491.61			(78,705.65)		726,722.58	816,610.85	(6,175.11)	0.00
Repo Agmt	1997 D-F Single Family	5.45	1/28/2000	1/20/2030	1,018,268.44	1,139,717.29			(9,621.48)		1,008,646.96	1,133,406.50	3,310.69	0.00
Repo Agmt	1997 D-F Single Family	5.45	2/22/2000	1/20/2030	518,335.69	580,157.59			(6,307.19)		511,728.50	575,024.18	1,473.78	0.00
Repo Agmt	1997 D-F Single Family	5.45	3/27/2000	2/20/2030	175,249.22	196,151.23			(2,265.46)		172,983.76	194,380.15	494.38	0.00
Repo Agmt	1997 D-F Single Family	5.45	2/23/2000	1/1/2030	103,384.38	113,608.05			(853.14)		102,531.24	113,335.97	581.06	0.00
Repo Agmt	1997 D-F Single Family	5.45	4/27/2000	3/20/2030	248,661.70	278,008.71			(2,075.95)		246,585.75	276,777.66	844.90	0.00
Repo Agmt	1997 D-F Single Family	5.45	5/30/2000	5/20/2030	331,539.56	371,599.50			(4,668.93)		326,870.63	367,811.18	880.61	0.00
Repo Agmt	1997 D-F Single Family	5.45	6/21/2000	6/20/2030	867,209.09	969,557.08			(73,758.45)		793,450.64	890,600.70	(5,197.93)	0.00
Repo Agmt	1997 D-F Single Family	5.45	5/30/2000	5/1/2030	158,566.67	175,568.11			(2,211.05)		156,355.62	173,776.69	419.63	0.00

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	1997 D-F Single Family	5.45	10/23/2000	9/20/2030	37,622.29	42,062.48			(291.36)		37,330.93	41,901.74	130.62	0.00
GNMA	1997 D-F Single Family	5.45	10/30/2000	10/20/2030	194,351.12	217,531.37			(2,135.19)		192,215.93	215,991.11	594.93	0.00
FNMA	1997 D-F Single Family	5.45	7/24/2000	6/1/2030	277,885.10	307,563.18			(2,878.00)		275,007.10	305,870.65	985.47	0.00
GNMA	1997 D-F Single Family	5.45	12/21/2000	5/20/2030	58,902.56	65,854.21			(495.75)		58,406.81	65,558.12	199.66	0.00
FNMA	1997 D-F Single Family	5.45	10/6/2000	9/1/2030	176,410.72	195,270.74			(1,626.79)		174,783.93	194,223.35	579.40	0.00
FNMA	1997 D-F Single Family	5.45	10/30/2000	8/1/2030	279,635.09	309,435.82			(4,152.41)		275,482.68	306,028.22	744.81	0.00
GNMA	1997 D-F Single Family	4.49	5/12/2005	5/20/2035	34,875.01	38,707.58			(200.80)		34,674.21	38,666.79	160.01	0.00
GNMA	1997 D-F Single Family	4.49	7/14/2005	7/20/2035	35,347.44	39,178.90			(279.33)		35,068.11	39,053.78	154.21	0.00
GNMA	1997 D-F Single Family	4.49	5/26/2005	5/20/2035	42,627.51	47,176.68			(247.15)		42,380.36	47,126.52	196.99	0.00
GNMA	1997 D-F Single Family	4.49	6/2/2005	6/20/2035	43,060.96	47,660.26			(260.33)		42,800.63	47,597.72	197.79	0.00
GNMA	1997 D-F Single Family	4.49	6/9/2005	6/20/2035	56,628.72	62,670.71			(330.35)		56,298.37	62,601.87	261.51	0.00
GNMA	1997 D-F Single Family	4.49	6/15/2005	6/20/2035	48,377.45	53,586.34			(315.46)		48,061.99	53,489.98	219.10	0.00
GNMA	1997 D-F Single Family	4.49	6/23/2005	6/20/2035	85,079.81	94,331.47			(723.25)		84,356.56	93,973.16	364.94	0.00
GNMA	1997 D-F Single Family	4.49	6/29/2005	6/20/2035	35,340.29	39,287.89			(201.65)		35,138.64	39,247.84	161.60	0.00
GNMA	1997 D-F Single Family	4.49	9/8/2005	9/20/2035	11,363.71	12,575.81			(65.41)		11,298.30	12,563.00	52.60	0.00
GNMA	1997 D-F Single Family	4.49	7/21/2005	7/20/2035	18,060.22	20,085.06			(101.98)		17,958.24	20,065.71	82.63	0.00
GNMA	1997 D-F Single Family	4.49	7/28/2005	7/20/2035	9,572.00	10,623.73			(55.15)		9,516.85	10,558.02	(10.56)	0.00
GNMA	1997 D-F Single Family	4.49	8/4/2005	8/20/2035	4,669.45	5,234.96			(25.66)		4,643.79	5,230.22	20.92	0.00
FNMA	1997 D-F Single Family	4.49	7/28/2005	7/1/2035	19,111.89	20,865.65			(152.60)		18,959.29	20,988.09	275.04	0.00
FNMA	1997 D-F Single Family	4.49	10/20/2005	9/1/2035	5,803.44	6,271.86			(334.55)		5,769.99	6,285.88	47.47	0.00
1997 D-F Single Family Total					15,050,267.40	16,832,257.05	400,540.62	0.00	(562,799.42)	0.00	14,888,028.60	16,664,561.67	(5,436.58)	0.00
Repo Agmt	2002A Single Family (JR Lien)	0.15	8/31/2012	9/4/2012	181,540.21	181,540.21	47,634.20				229,174.41	229,174.41	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	0.15	8/31/2012	9/4/2012	64,285.06	64,285.06	24,348.55				88,633.61	88,633.61	-	0.00
2002A Single Family (JR Lien) Total					245,825.27	245,825.27	71,982.75	0.00	0.00	0.00	317,808.02	317,808.02	0.00	0.00
GIC's	2004 A/B Single Family	3.96	4/25/2005	3/1/2036	2,188,846.33	2,188,846.33		(1,269,494.10)			919,352.23	919,352.23	-	0.00
Repo Agmt	2004 A/B Single Family	0.15	8/31/2012	9/4/2012	834,392.78	834,392.78	3,531,618.43				4,366,011.21	4,366,011.21	-	0.00
GNMA	2004 A/B Single Family	4.49	7/8/2004	6/20/2034	846,404.57	938,536.02		(5,979.56)			840,425.01	936,340.12	3,783.66	0.00
GNMA	2004 A/B Single Family	4.49	7/8/2004	7/20/2034	727,346.90	805,148.11		(5,042.90)			722,304.00	803,377.19	3,271.98	0.00
GNMA	2004 A/B Single Family	4.49	6/29/2004	6/20/2034	116,865.87	129,050.55		(745.72)			116,120.15	128,182.57	(122.26)	0.00
GNMA	2004 A/B Single Family	4.49	9/2/2004	8/20/2034	762,983.23	846,078.59		(66,883.23)			696,100.00	774,266.31	(4,929.05)	0.00
GNMA	2004 A/B Single Family	4.49	9/9/2004	9/20/2034	1,055,728.97	1,168,720.58		(7,631.73)			1,048,097.24	1,165,802.86	4,714.01	0.00
GNMA	2004 A/B Single Family	4.49	9/16/2004	8/20/2034	1,669,523.69	1,848,204.22		(147,874.88)			1,521,648.81	1,692,532.77	(7,796.57)	0.00
GNMA	2004 A/B Single Family	4.49	9/23/2004	9/20/2034	642,799.35	711,603.48		(4,068.72)			638,730.63	710,469.87	2,935.11	0.00
GNMA	2004 A/B Single Family	4.49	9/29/2004	9/20/2034	953,106.50	1,055,129.52		(6,320.00)			946,786.50	1,053,129.28	4,319.76	0.00
GNMA	2004 A/B Single Family	4.49	10/7/2004	10/20/2034	1,207,477.70	1,336,745.48		(9,627.63)			1,197,850.07	1,332,408.41	5,290.56	0.00
GNMA	2004 A/B Single Family	4.49	7/15/2004	7/20/2034	1,682,817.11	1,866,015.07		(13,164.45)			1,669,652.66	1,860,227.55	7,376.93	0.00
GNMA	2004 A/B Single Family	4.49	7/22/2004	7/20/2034	974,997.86	1,079,299.04		(6,389.34)			968,608.52	1,077,337.32	4,427.62	0.00
GNMA	2004 A/B Single Family	4.49	7/29/2004	7/20/2034	1,774,833.26	1,968,066.22		(12,703.54)			1,762,129.72	1,963,277.70	7,915.02	0.00
GNMA	2004 A/B Single Family	4.49	8/5/2004	8/20/2034	1,419,382.66	1,573,935.42		(10,634.37)			1,408,748.29	1,569,576.61	6,275.56	0.00
GNMA	2004 A/B Single Family	4.49	8/12/2004	8/20/2034	2,017,109.19	2,232,938.28		(17,136.75)			1,999,972.44	2,224,521.51	8,719.98	0.00
GNMA	2004 A/B Single Family	4.49	8/19/2004	8/20/2034	2,431,310.12	2,691,469.24		(142,935.36)			2,288,374.76	2,545,314.79	(3,219.09)	0.00
GNMA	2004 A/B Single Family	5.00	8/19/2004	8/20/2034	243,123.79	272,569.87		(1,414.85)			241,708.94	272,188.25	1,033.23	0.00
GNMA	2004 A/B Single Family	4.49	8/26/2004	8/20/2034	1,515,023.69	1,677,145.21		(9,617.55)			1,505,406.14	1,674,442.42	6,914.76	0.00
GNMA	2004 A/B Single Family	5.00	8/26/2004	8/20/2034	76,597.08	85,874.61		(437.46)			76,159.62	85,763.72	326.57	0.00
GNMA	2004 A/B Single Family	4.49	12/2/2004	12/20/2034	737,605.31	816,611.54		(4,857.06)			732,748.25	815,102.06	3,347.58	0.00
GNMA	2004 A/B Single Family	5.00	12/9/2004	10/20/2034	193,745.90	215,305.72		(1,314.61)			192,430.48	213,838.56	(152.55)	0.00
GNMA	2004 A/B Single Family	4.49	12/9/2004	12/20/2034	327,910.06	362,152.95		(2,381.34)			325,528.72	359,398.15	(373.46)	0.00
GNMA	2004 A/B Single Family	5.00	12/9/2004	11/20/2034	134,899.64	151,508.19		(782.28)			134,117.36	151,254.81	528.90	0.00
GNMA	2004 A/B Single Family	5.00	12/16/2004	12/20/2034	117,649.86	130,871.53		(672.19)			116,977.67	130,124.83	(74.51)	0.00
GNMA	2004 A/B Single Family	4.49	12/16/2004	12/20/2034	658,237.19	728,749.51		(4,622.45)			653,614.74	727,081.31	2,954.25	0.00
GNMA	2004 A/B Single Family	4.49	10/14/2004	10/20/2034	778,706.63	860,726.21		(4,737.43)			773,969.20	859,574.26	3,585.48	0.00
GNMA	2004 A/B Single Family	5.00	10/14/2004	10/20/2034	578,170.73	648,777.04		(4,621.70)			573,549.03	646,807.58	2,652.24	0.00
GNMA	2004 A/B Single Family	5.00	10/21/2004	10/20/2034	569,880.27	639,477.27		(3,965.82)			565,914.45	638,200.96	2,689.51	0.00
GNMA	2004 A/B Single Family	4.49	10/21/2004	10/20/2034	1,139,465.05	1,261,463.14		(119,211.21)			1,020,253.84	1,134,872.53	(7,379.40)	0.00
GNMA	2004 A/B Single Family	5.00	10/28/2004	10/20/2034	185,428.19	206,188.22		(1,160.87)			184,267.32	204,893.45	(133.90)	0.00
GNMA	2004 A/B Single Family	4.49	10/28/2004	10/20/2034	433,003.99	478,616.27		(2,656.99)			430,347.00	477,950.48	1,991.20	0.00
GNMA	2004 A/B Single Family	4.49	11/4/2004	11/20/2034	1,616,727.31	1,789,852.91		(190,754.79)			1,425,972.52	1,586,196.58	(12,901.54)	0.00
GNMA	2004 A/B Single Family	4.49	11/10/2004	11/20/2034	885,448.17	980,269.34		(235,040.97)			650,407.20	723,490.60	(2,137.77)	0.00
GNMA	2004 A/B Single Family	5.00	11/10/2004	10/20/2034	318,559.23	354,323.37		(1,854.41)			316,704.82	352,257.19	(2,111.77)	0.00
GNMA	2004 A/B Single Family	4.49	11/18/2004	11/20/2034	471,173.40	521,633.23		(3,629.74)			467,543.66	520,082.66	2,079.17	0.00
GNMA	2004 A/B Single Family	5.00	11/23/2004	11/20/2034	190,146.17	213,554.19		(1,210.89)			188,935.28	213,074.98	731.68	0.00
GNMA	2004 A/B Single Family	4.49	11/23/2004	11/20/2034	944,678.70	1,045,852.34		(6,421.58)			938,257.12	1,043,694.50	4,263.74	0.00
GNMA	2004 A/B Single Family	5.00	12/23/2004	12/20/2034	359,472.74	403,736.76		(2,431.06)			357,041.68	402,670.76	1,365.06	0.00
GNMA	2004 A/B Single Family	4.49	12/23/2004	12/20/2034	447,741.22	495,707.09		(3,846.06)			444,095.16	494,014.13	1,953.10	0.00
GNMA	2004 A/B Single Family	5.00	12/29/2004	12/20/2034	394,481.48	442,311.00		(101,516.19)			292,965.29	329,946.52	(10,848.29)	0.00
GNMA	2004 A/B Single Family	4.49	12/29/2004	12/20/2034	97,856.03	108,170.08		(97,856.03)			97,274.38	108,040.51	452.08	0.00
GNMA	2004 A/B Single Family	4.49	1/6/2005	1/20/2035	456,682.90	504,823.55		(2,801.62)			453,881.28	504,122.07	2,100.14	0.00
GNMA	2004 A/B Single Family	4.49	1/13/2005	1/20/2035	507,800.31	562,211.54		(3,792.90)			504,007.41	560,672.74	2,254.10	0.00
GNMA	2004 A/B Single Family	4.49	1/19/2005	1/20/2035	418,950.39	463,843.13		(2,729.89)			416,220.50	463,017.82	1,904.58	0.00
GNMA	2004 A/B Single Family	4.49	1/28/2005	1/20/2035	321,516.72	355,119.24		(1,933.55)			319,583.17	352,855.01	(330.68)	0.00
GNMA	2004 A/B Single Family	4.49	2/3/2005	2/20/2035	1,146,492.39	1,267,380.30		(7,919.68)			1,139,472.71	1,265,635.69	5,275.07	0.00

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GNMA	2004 A/B Single Family	4.49	2/10/2005	2/20/2035	1,020,142.85	1,127,713.97			(6,879.17)		1,013,263.68	1,125,447.28	4,622.48	0.00
GNMA	2004 A/B Single Family	5.00	2/10/2005	2/20/2035	586,201.02	657,858.88			(16,934.16)		569,266.86	642,047.00	1,122.92	0.00
GNMA	2004 A/B Single Family	4.49	2/17/2005	2/20/2035	491,969.52	544,701.49			(3,398.75)		488,570.77	543,517.60	2,214.26	0.00
GNMA	2004 A/B Single Family	5.00	2/17/2005	1/20/2035	199,888.01	222,368.75			(1,135.47)		198,752.54	221,105.33	(127.95)	0.00
GNMA	2004 A/B Single Family	4.49	2/24/2005	2/20/2035	227,669.11	251,462.83			(108,268.10)		119,401.01	131,847.08	(11,347.65)	0.00
GNMA	2004 A/B Single Family	5.00	3/3/2005	2/20/2035	278,388.95	309,703.41			(1,662.68)		276,726.27	307,853.37	(187.36)	0.00
GNMA	2004 A/B Single Family	4.49	3/3/2005	3/20/2035	232,038.52	256,913.56			(1,639.31)		230,399.21	256,314.52	1,040.27	0.00
GNMA	2004 A/B Single Family	5.00	3/10/2005	3/20/2035	169,814.24	190,416.49			(929.25)		168,884.99	190,216.31	729.07	0.00
GNMA	2004 A/B Single Family	4.49	3/17/2005	3/20/2035	394,589.80	436,895.09			(3,269.42)		391,320.38	435,340.48	1,714.81	0.00
GNMA	2004 A/B Single Family	5.00	3/24/2005	3/20/2035	150,233.67	167,095.14			(835.63)		149,398.04	166,173.07	(86.44)	0.00
GNMA	2004 A/B Single Family	4.49	3/24/2005	3/20/2035	79,648.13	89,165.99			(1,373.24)		78,274.89	88,041.70	248.95	0.00
GNMA	2004 A/B Single Family	5.00	3/30/2005	3/20/2035	165,135.95	185,485.82			(971.88)		164,164.07	185,159.53	645.59	0.00
GNMA	2004 A/B Single Family	5.00	4/7/2005	4/20/2035	119,327.52	133,807.97			(649.45)		118,678.07	133,671.42	512.90	0.00
GNMA	2004 A/B Single Family	4.49	4/7/2005	4/20/2035	490,642.68	542,406.83			(4,528.10)		486,114.58	540,809.64	2,930.91	0.00
GNMA	2004 A/B Single Family	5.00	4/21/2005	4/20/2035	177,676.91	197,634.39			(1,356.28)		176,320.63	196,118.45	(159.66)	0.00
GNMA	2004 A/B Single Family	4.49	4/21/2005	4/20/2035	224,117.37	247,561.65			(1,332.52)		222,784.85	245,997.59	(231.54)	0.00
GNMA	2004 A/B Single Family	5.00	4/28/2005	4/20/2035	251,580.61	282,192.89			(1,564.51)		250,016.10	285,069.40	4,441.02	0.00
GNMA	2004 A/B Single Family	5.00	5/5/2005	5/20/2035	51,807.87	58,096.30			(289.92)		51,517.95	58,028.00	221.62	0.00
GNMA	2004 A/B Single Family	4.49	5/5/2005	4/20/2035	484,013.77	535,927.52			(4,142.70)		479,871.07	533,873.29	2,088.47	0.00
GNMA	2004 A/B Single Family	5.00	5/12/2005	4/20/2035	95,867.02	107,503.13			(530.89)		95,336.13	107,383.04	410.80	0.00
GNMA	2004 A/B Single Family	4.49	5/12/2005	4/20/2035	436,222.72	462,257.10			(2,545.36)		433,677.36	481,732.19	2,020.45	0.00
GNMA	2004 A/B Single Family	5.00	6/3/2005	5/20/2035	116,349.42	130,474.40			(648.24)		115,701.18	130,324.22	498.06	0.00
GNMA	2004 A/B Single Family	5.00	7/7/2005	6/20/2035	110,243.25	123,630.67			(588.89)		109,654.36	123,516.90	475.12	0.00
GNMA	2004 A/B Single Family	4.49	7/7/2005	6/20/2035	304,751.84	336,929.46			(1,769.89)		302,981.95	336,571.99	1,412.42	0.00
GNMA	2004 A/B Single Family	5.00	5/26/2005	5/20/2035	115,391.02	129,399.00			(717.17)		114,673.85	129,166.39	484.56	0.00
GNMA	2004 A/B Single Family	4.49	5/26/2005	5/20/2035	252,349.24	278,984.03			(1,505.13)		250,844.11	278,644.08	1,165.18	0.00
GNMA	2004 A/B Single Family	5.00	6/2/2005	5/20/2035	143,696.84	161,141.83			(968.01)		142,728.83	160,767.78	593.96	0.00
GNMA	2004 A/B Single Family	4.49	6/2/2005	5/20/2035	133,428.96	147,512.77			(795.80)		132,633.16	147,333.06	616.09	0.00
GNMA	2004 A/B Single Family	4.49	6/10/2005	4/20/2035	18,969.95	20,073.00			(3,539.01)		15,430.94	16,204.36	(329.63)	0.00
GNMA	2004 A/B Single Family	5.00	6/15/2005	6/20/2035	267,178.25	300,124.66			(2,226.16)		264,952.09	298,859.31	960.81	0.00
GNMA	2004 A/B Single Family	4.49	9/8/2005	9/20/2035	141,255.41	156,024.66			(805.74)		140,449.67	155,876.11	657.19	0.00
GNMA	2004 A/B Single Family	5.00	9/15/2005	9/20/2035	347,721.77	389,973.80			(1,907.47)		345,814.30	389,558.58	1,492.25	0.00
GNMA	2004 A/B Single Family	5.00	9/22/2005	9/20/2035	179,116.22	200,544.31			(937.58)		178,178.64	200,494.19	887.46	0.00
GNMA	2004 A/B Single Family	4.49	7/21/2005	7/20/2035	238,716.41	263,925.85			(1,424.66)		237,291.75	263,603.31	1,102.12	0.00
GNMA	2004 A/B Single Family	5.00	7/21/2005	7/20/2035	20,499.88	22,989.66			(115.03)		20,384.85	22,962.27	87.64	0.00
GNMA	2004 A/B Single Family	4.49	7/28/2005	7/20/2035	2,222,358.83	2,457,061.47			(274,312.68)		1,948,046.15	2,164,061.76	(18,687.03)	0.00
GNMA	2004 A/B Single Family	5.00	8/4/2005	8/20/2035	102,837.27	115,329.06			(554.26)		102,283.01	115,217.37	442.57	0.00
GNMA	2004 A/B Single Family	4.49	8/11/2005	7/20/2035	126,832.90	140,089.66			(723.01)		126,109.89	139,956.78	590.13	0.00
GNMA	2004 A/B Single Family	5.00	8/11/2005	8/20/2035	281,824.80	313,495.82			(1,566.90)		280,257.90	311,766.61	(162.31)	0.00
GNMA	2004 A/B Single Family	4.49	8/30/2005	8/20/2035	265,290.01	294,278.09			(3,093.92)		262,196.09	292,230.10	1,045.93	0.00
GNMA	2004 A/B Single Family	5.00	8/30/2005	8/20/2035	52,980.68	59,417.40			(299.93)		52,680.75	59,343.66	226.19	0.00
GNMA	2004 A/B Single Family	5.00	8/30/2005	8/20/2035	185,799.47	208,724.54			(1,167.79)		184,631.68	208,273.54	716.79	0.00
GNMA	2004 A/B Single Family	5.00	10/27/2005	10/20/2035	410,864.46	460,933.54			(2,158.47)		408,705.99	466,084.29	7,309.22	0.00
GNMA	2004 A/B Single Family	4.49	10/27/2005	9/20/2035	101,397.96	112,003.67			(573.96)		100,824.00	111,901.94	472.23	0.00
GNMA	2004 A/B Single Family	5.00	9/29/2005	9/20/2035	64,908.93	72,674.50			(356.35)		64,552.58	72,637.67	319.52	0.00
GNMA	2004 A/B Single Family	5.00	9/29/2005	9/20/2035	155,130.41	173,689.90			(820.93)		154,309.48	173,636.47	767.50	0.00
GNMA	2004 A/B Single Family	4.49	9/29/2005	9/20/2035	110,821.98	122,532.77			(750.44)		110,071.54	122,284.09	501.76	0.00
GNMA	2004 A/B Single Family	5.00	12/8/2005	12/20/2035	343,301.44	385,696.19			(3,193.71)		340,107.73	383,694.05	1,191.57	0.00
GNMA	2004 A/B Single Family	5.00	12/15/2005	12/20/2035	1,047,250.00	1,174,598.22			(240,914.95)		806,335.05	907,392.01	(26,291.26)	0.00
GNMA	2004 A/B Single Family	5.00	11/3/2005	11/20/2035	166,335.30	186,555.50			(893.17)		165,442.13	186,378.58	716.25	0.00
GNMA	2004 A/B Single Family	4.49	11/17/2005	10/20/2035	221,987.84	245,211.83			(1,270.55)		220,717.29	244,973.33	1,032.05	0.00
GNMA	2004 A/B Single Family	5.00	11/17/2005	11/20/2035	756,393.12	848,351.03			(4,359.32)		752,033.80	847,211.11	3,219.40	0.00
GNMA	2004 A/B Single Family	5.00	11/22/2005	11/20/2035	153,054.49	171,374.08			(53,318.53)		99,735.96	112,233.26	(5,822.29)	0.00
GNMA	2004 A/B Single Family	5.00	11/29/2005	11/20/2035	1,267,422.85	1,421,916.20			(6,737.19)		1,260,685.66	1,437,715.68	22,536.67	0.00
GNMA	2004 A/B Single Family	5.00	12/22/2005	12/20/2035	996,284.49	1,115,563.41			(5,446.59)		990,837.90	1,115,024.01	4,907.19	0.00
GNMA	2004 A/B Single Family	5.00	12/29/2005	12/20/2035	828,630.99	930,973.82			(5,242.50)		823,388.49	928,923.47	3,192.15	0.00
GNMA	2004 A/B Single Family	4.49	12/29/2005	11/20/2035	192,967.77	213,202.13			(1,281.86)		191,685.91	211,706.55	(213.72)	0.00
GNMA	2004 A/B Single Family	5.00	1/5/2006	1/20/2036	801,628.64	899,377.22			(65,095.90)		736,532.74	839,991.47	5,710.15	0.00
GNMA	2004 A/B Single Family	5.00	1/12/2006	1/20/2036	105,869.19	116,694.71			(80.76)		104,998.43	116,334.36	510.41	0.00
GNMA	2004 A/B Single Family	5.00	1/12/2006	1/20/2036	545,660.17	611,000.96			(2,796.17)		542,864.00	611,260.48	3,055.69	0.00
GNMA	2004 A/B Single Family	4.49	1/12/2006	12/20/2035	78,733.03	87,346.43			(662.40)		78,070.63	87,023.71	339.68	0.00
GNMA	2004 A/B Single Family	5.00	3/9/2006	3/20/2036	1,700,289.44	1,903,990.68			(9,547.48)		1,690,741.96	1,902,786.24	8,343.04	0.00
GNMA	2004 A/B Single Family	5.00	3/2/2006	3/20/2036	492,132.88	552,017.03			(4,173.98)		487,958.90	549,768.16	1,925.11	0.00
GNMA	2004 A/B Single Family	5.00	3/2/2006	1/20/2036	107,000.60	118,368.53			(7,968.41)		99,032.19	110,118.95	(281.17)	0.00
GNMA	2004 A/B Single Family	5.00	1/19/2006	1/20/2036	679,746.19	762,640.37			(3,706.59)		676,039.60	771,007.98	12,074.20	0.00
GNMA	2004 A/B Single Family	5.00	1/26/2006	1/20/2036	1,012,384.21	1,133,624.91			(5,365.04)		1,007,019.17	1,133,267.59	5,007.72	0.00
GNMA	2004 A/B Single Family	5.00	1/26/2006	1/20/2036	186,737.87	206,176.87			(1,141.09)		185,596.78	205,862.47	826.69	0.00
GNMA	2004 A/B Single Family	5.00	2/9/2006	1/20/2036	2,470,465.76	2,722,809.06			(16,818.89)		2,453,646.87	2,717,021.70	18,311.53	0.00
GNMA	2004 A/B Single Family	4.49	2/9/2006	1/20/2036	61,042.04	67,433.32			(334.95)		60,707.09	67,383.81	285.44	0.00
GNMA	2004 A/B Single Family	5.00	2/9/2006	2/20/2036	925,348.36	1,038,215.46			(5,362.03)		919,986.33	1,049,246.03	16,392.60	0.00
GNMA	2004 A/B Single Family	5.00	2/9/2006	1/20/2036	107,724.55	118,737.32			(585.75)		107,138.80	118,703.46	551.89	0.00
GNMA	2004 A/B Single Family	5.00	2/16/2006	2/20/2036	2,063,569.88	2,310,746.88			(11,838.85)		2,051,731.03	2,311,586.51	12,678.48	0.00

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2004 A/B Single Family	5.00	2/23/2006	2/20/2036	847,862.53	949,425.32			(4,376.52)		843,486.01	949,257.35	4,208.55	0.00
GNMA	2004 A/B Single Family	5.00	5/11/2006	5/20/2036	427,792.05	479,069.74			(2,289.88)		425,502.17	478,893.51	2,113.65	0.00
GNMA	2004 A/B Single Family	5.00	5/11/2006	5/20/2036	427,056.70	423,081.40			(1,967.06)		375,089.64	427,825.34	6,711.00	0.00
GNMA	2004 A/B Single Family	5.00	5/18/2006	5/20/2036	511,023.30	572,280.43			(138,089.64)		372,933.66	414,442.95	(19,747.84)	0.00
GNMA	2004 A/B Single Family	5.00	3/16/2006	3/20/2036	595,187.61	666,496.75			(113,777.91)		481,409.70	541,788.40	(10,930.44)	0.00
GNMA	2004 A/B Single Family	4.49	3/23/2006	2/20/2036	112,530.03	124,316.64			(634.19)		111,895.84	124,206.81	524.36	0.00
GNMA	2004 A/B Single Family	5.00	3/23/2006	3/20/2036	964,704.86	1,082,109.15			(5,867.10)		958,837.76	1,080,308.97	4,066.92	0.00
GNMA	2004 A/B Single Family	5.00	3/30/2006	3/20/2036	114,186.63	125,854.02			(611.37)		113,575.26	125,828.56	585.91	0.00
GNMA	2004 A/B Single Family	5.00	3/30/2006	3/20/2036	887,150.54	993,449.54			(4,787.02)		882,363.52	993,600.21	4,937.69	0.00
GNMA	2004 A/B Single Family	5.00	4/6/2006	4/20/2036	621,587.09	696,073.15			(3,215.87)		618,371.22	695,942.45	3,085.17	0.00
GNMA	2004 A/B Single Family	5.00	4/13/2006	4/20/2036	483,706.53	541,672.78			(2,549.75)		481,156.78	541,822.83	2,699.80	0.00
GNMA	2004 A/B Single Family	5.00	4/20/2006	4/20/2036	157,740.05	173,854.03			(824.95)		156,915.10	173,840.60	811.52	0.00
GNMA	2004 A/B Single Family	5.00	4/20/2006	4/20/2036	951,351.57	1,067,157.62			(5,441.47)		945,910.10	1,065,770.37	4,054.22	0.00
GNMA	2004 A/B Single Family	5.00	4/27/2006	4/20/2036	1,103,872.08	1,236,169.98			(5,977.78)		1,097,894.30	1,235,636.38	5,444.18	0.00
GNMA	2004 A/B Single Family	5.00	5/5/2006	5/20/2036	842,717.52	945,578.31			(93,199.95)		749,517.57	853,880.87	1,002.51	0.00
GNMA	2004 A/B Single Family	5.00	5/5/2006	5/20/2036	76,653.87	84,791.73			(545.96)		76,107.91	84,527.93	282.16	0.00
GNMA	2004 A/B Single Family	4.49	5/25/2006	4/20/2036	56,813.51	62,767.80			(306.12)		56,507.39	62,727.96	266.28	0.00
GNMA	2004 A/B Single Family	5.00	5/25/2006	5/20/2036	265,210.69	294,726.07			(1,388.28)		263,822.41	293,204.55	(133.24)	0.00
GNMA	2004 A/B Single Family	5.00	5/25/2006	5/20/2036	124,097.74	137,116.52			(1,229.49)		122,868.25	136,459.47	572.44	0.00
GNMA	2004 A/B Single Family	5.00	6/1/2006	5/20/2036	842,653.09	945,260.90			(5,331.59)		837,321.50	943,455.40	3,526.09	0.00
GNMA	2004 A/B Single Family	5.00	6/8/2006	6/20/2036	365,324.00	409,927.26			(9,612.05)		355,711.95	405,733.42	5,418.21	0.00
GNMA	2004 A/B Single Family	5.00	6/15/2006	5/20/2036	208,670.43	229,565.96			(1,086.93)		207,583.50	229,557.33	1,078.30	0.00
GNMA	2004 A/B Single Family	5.00	6/15/2006	6/20/2036	521,765.48	584,325.65			(2,614.78)		519,150.70	584,310.61	2,599.74	0.00
GNMA	2004 A/B Single Family	5.00	6/27/2006	6/20/2036	752,495.89	844,380.99			(3,933.02)		748,562.87	853,840.51	13,392.54	0.00
GNMA	2004 A/B Single Family	5.00	6/27/2006	6/20/2036	247,463.17	272,725.81			(1,296.04)		246,167.13	272,702.93	1,273.16	0.00
GNMA	2004 A/B Single Family	5.00	7/6/2006	7/20/2036	911,163.05	1,020,432.93			(4,666.40)		906,496.65	1,020,869.42	5,102.89	0.00
GNMA	2004 A/B Single Family	4.49	7/6/2006	6/20/2036	169,916.81	187,732.56			(934.68)		168,982.13	187,592.16	794.28	0.00
GNMA	2004 A/B Single Family	5.00	7/13/2006	6/20/2036	288,233.85	322,799.85			(1,484.67)		286,749.18	322,746.28	1,431.10	0.00
GNMA	2004 A/B Single Family	5.00	7/19/2006	7/20/2036	686,600.01	770,455.10			(144,325.41)		542,274.60	613,087.88	(13,041.81)	0.00
GNMA	2004 A/B Single Family	5.00	7/19/2006	6/20/2036	62,656.85	69,052.17			(328.12)		62,328.73	69,046.35	322.30	0.00
GNMA	2004 A/B Single Family	5.00	7/27/2006	7/20/2036	123,893.63	137,682.06			(623.58)		123,270.05	136,998.88	(59.60)	0.00
GNMA	2004 A/B Single Family	5.00	8/9/2006	8/20/2036	379,627.17	426,000.39			(1,883.99)		377,743.18	430,886.68	6,770.28	0.00
GNMA	2004 A/B Single Family	5.00	8/23/2006	8/20/2036	556,905.34	623,716.50			(2,912.83)		553,992.51	631,938.30	11,134.63	0.00
GNMA	2004 A/B Single Family	5.00	9/6/2006	8/20/2036	596,423.11	667,981.88			(115,952.65)		480,470.46	540,813.61	(11,215.62)	0.00
GNMA	2004 A/B Single Family	5.00	9/12/2006	8/20/2036	482,496.28	541,448.51			(2,627.95)		479,868.33	547,392.70	8,572.14	0.00
GNMA	2004 A/B Single Family	4.49	9/20/2006	8/20/2036	114,253.21	126,240.92			(629.66)		113,623.55	126,145.19	533.93	0.00
GNMA	2004 A/B Single Family	5.00	9/20/2006	8/20/2036	58,552.44	63,877.10			(393.89)		58,158.55	63,747.82	264.61	0.00
GNMA	2004 A/B Single Family	5.00	9/20/2006	8/20/2036	383,462.38	429,474.49			(2,170.17)		381,292.21	429,183.73	1,879.41	0.00
GNMA	2004 A/B Single Family	5.00	9/26/2006	9/20/2036	210,067.30	235,275.91			(1,113.16)		208,954.14	235,201.82	1,039.07	0.00
GNMA	2004 A/B Single Family	5.00	10/17/2006	10/20/2036	613,745.25	686,636.78			(163,544.59)		450,200.66	505,914.11	(17,178.08)	0.00
GNMA	2004 A/B Single Family	5.00	11/14/2006	10/20/2036	657,822.47	736,792.51			(3,261.44)		654,561.03	737,228.75	3,697.68	0.00
GNMA	2004 A/B Single Family	4.49	11/14/2006	10/20/2036	174,766.04	193,112.62			(1,150.93)		173,615.11	192,757.71	796.02	0.00
GNMA	2004 A/B Single Family	5.00	11/14/2006	10/20/2036	61,329.49	67,467.47			(321.61)		61,007.88	67,443.19	297.33	0.00
GNMA	2004 A/B Single Family	5.00	11/28/2006	11/20/2036	517,415.42	578,886.73			(2,543.78)		514,871.64	578,442.61	2,099.66	0.00
GNMA	2004 A/B Single Family	5.00	12/12/2006	11/20/2036	94,689.23	105,879.78			(454.19)		94,235.04	105,871.37	445.78	0.00
GNMA	2004 A/B Single Family	5.00	1/9/2007	8/20/2036	68,096.19	74,909.02			(343.79)		67,752.40	74,896.76	331.53	0.00
GNMA	2004 A/B Single Family	5.00	2/13/2007	1/20/2037	394,727.84	443,017.56			(1,896.45)		392,831.39	448,170.31	7,049.20	0.00
GNMA	2004 A/B Single Family	5.00	3/20/2007	3/20/2036	76,502.01	85,690.90			(385.15)		76,116.86	85,686.45	380.70	0.00
GNMA	2004 A/B Single Family	5.00	4/10/2007	2/20/2037	186,184.70	208,562.65			(928.08)		185,256.62	208,562.66	928.09	0.00
GNMA	2004 A/B Single Family	4.49	7/3/2007	5/20/2037	187,518.88	206,832.60			(1,067.37)		186,451.51	206,640.15	874.92	0.00
GNMA	2004 A/B Single Family	4.49	8/23/2007	8/20/2037	366,897.33	404,919.76			(2,579.11)		364,318.22	403,997.75	1,657.10	0.00
FNMA	2004 A/B Single Family	4.49	8/5/2004	7/1/2034	278,781.72	301,856.02			(2,730.53)		276,051.19	301,192.23	2,066.74	0.00
FNMA	2004 A/B Single Family	4.49	8/12/2004	8/1/2034	176,210.65	190,055.53			(2,260.65)		173,950.35	189,069.41	1,274.18	0.00
FNMA	2004 A/B Single Family	4.49	8/26/2004	8/1/2034	218,715.90	237,005.39			(1,431.71)		217,284.19	237,315.32	1,741.64	0.00
FNMA	2004 A/B Single Family	4.49	9/2/2004	8/1/2034	217,788.19	235,773.29			(121,306.29)		96,481.90	105,271.11	(9,195.89)	0.00
FNMA	2004 A/B Single Family	4.49	10/28/2004	10/1/2034	165,787.50	179,482.84			(1,042.93)		164,744.57	179,756.82	1,316.91	0.00
FNMA	2004 A/B Single Family	5.00	10/28/2004	10/1/2034	158,834.60	173,147.90			(903.41)		157,931.19	173,474.77	1,230.28	0.00
FNMA	2004 A/B Single Family	4.49	11/10/2004	10/1/2034	292,339.83	315,478.81			(4,141.59)		288,198.24	313,449.45	2,112.23	0.00
FNMA	2004 A/B Single Family	5.00	11/23/2004	11/1/2034	222,578.14	249,391.12			(31,179.38)		191,398.76	210,269.48	(7,942.26)	0.00
FNMA	2004 A/B Single Family	4.49	2/10/2005	1/1/2035	138,079.76	149,492.98			(863.75)		137,216.01	149,726.50	1,097.27	0.00
FNMA	2004 A/B Single Family	5.00	2/10/2005	2/1/2035	46,370.57	50,559.11			(268.96)		46,101.61	50,648.77	358.62	0.00
FNMA	2004 A/B Single Family	5.00	3/29/2005	4/1/2035	138,576.55	151,180.62			(1,332.62)		137,243.93	150,857.10	1,009.10	0.00
FNMA	2004 A/B Single Family	4.49	4/21/2005	4/1/2035	305,426.80	333,049.46			(2,235.87)		303,190.93	335,232.31	4,418.72	0.00
FNMA	2004 A/B Single Family	4.49	6/10/2005	5/1/2035	145,491.73	157,357.89			(861.84)		144,629.89	157,673.61	1,177.56	0.00
FNMA	2004 A/B Single Family	5.00	6/29/2005	6/1/2035	261,482.42	289,891.88			(1,824.46)		259,657.96	291,857.83	3,790.41	0.00
FNMA	2004 A/B Single Family	4.49	7/14/2005	4/1/2035	135,587.81	146,930.45			(975.83)		134,611.98	146,984.40	1,029.78	0.00
FNMA	2004 A/B Single Family	5.00	7/14/2005	7/1/2035	67,894.91	73,989.66			(362.85)		67,532.06	74,157.23	530.42	0.00
FNMA	2004 A/B Single Family	5.00	9/22/2005	9/1/2035	157,399.63	171,512.04			(837.16)		156,562.47	171,906.62	1,231.74	0.00
FNMA	2004 A/B Single Family	4.49	10/6/2005	9/1/2035	219,073.04	237,119.90			(1,369.14)		217,703.90	237,501.07	1,750.31	0.00
FNMA	2004 A/B Single Family	5.00	10/20/2005	9/1/2035	199,574.47	217,794.74			(2,249.85)		197,324.62	217,022.18	1,477.29	0.00
FNMA	2004 A/B Single Family	5.00	11/17/2005	10/1/2035	173,040.88	188,723.11			(1,127.63)		171,913.25	188,923.07	1,327.59	0.00
FNMA	2004 A/B Single Family	5.00	12/15/2005	12/1/2035	274,841.26	304,725.05			(1,611.32)		273,229.94	307,135.98	4,022.25	0.00
FNMA	2													

Texas Department of Housing and Community Affairs
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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
FNMA	2004 A/B Single Family	5.00	12/29/2005	12/1/2035	571,762.98	629,630.30			(3,222.86)		568,540.12	635,528.85	9,121.41	0.00
FNMA	2004 A/B Single Family	5.00	1/12/2006	1/1/2036	148,479.57	162,023.72			(9,464.51)		139,015.06	152,839.67	280.46	0.00
FNMA	2004 A/B Single Family	5.00	1/12/2006	12/1/2035	114,438.33	122,750.66			(645.09)		113,793.24	123,014.31	908.74	0.00
FNMA	2004 A/B Single Family	5.00	1/26/2006	1/1/2036	240,151.67	261,731.54			(1,322.01)		238,829.66	262,281.92	1,872.39	0.00
FNMA	2004 A/B Single Family	5.00	2/9/2006	1/1/2036	184,340.30	201,037.37			(1,463.12)		182,877.18	200,970.11	1,395.86	0.00
FNMA	2004 A/B Single Family	5.00	2/16/2006	2/1/2036	203,696.32	221,830.82			(1,047.66)		202,648.66	222,389.61	1,606.45	0.00
FNMA	2004 A/B Single Family	5.00	2/23/2006	2/1/2036	721,044.20	799,468.21			(4,032.87)		717,011.33	806,011.97	10,576.63	0.00
FNMA	2004 A/B Single Family	5.00	3/9/2006	2/1/2036	349,381.76	380,685.66			(1,853.08)		347,528.68	381,567.16	2,734.58	0.00
FNMA	2004 A/B Single Family	5.00	3/16/2006	3/1/2036	492,175.03	542,623.93			(3,122.26)		489,052.77	546,695.02	7,193.35	0.00
FNMA	2004 A/B Single Family	5.00	3/23/2006	3/1/2036	202,885.77	220,924.96			(1,040.42)		201,845.35	221,485.05	1,600.51	0.00
FNMA	2004 A/B Single Family	5.00	3/30/2006	3/1/2036	331,281.74	367,840.67			(2,433.30)		328,848.44	371,217.45	5,810.08	0.00
FNMA	2004 A/B Single Family	5.00	4/13/2006	3/1/2036	86,293.33	93,966.59			(441.12)		85,852.21	94,206.36	680.89	0.00
FNMA	2004 A/B Single Family	5.00	4/20/2006	4/1/2036	283,265.18	308,531.63			(1,477.16)		281,788.02	309,283.47	2,229.00	0.00
FNMA	2004 A/B Single Family	5.00	4/27/2006	3/1/2036	278,075.34	304,940.62			(2,841.09)		275,234.25	306,799.76	4,700.23	0.00
FNMA	2004 A/B Single Family	5.00	5/5/2006	4/1/2036	258,192.35	281,332.93			(1,602.87)		256,589.48	281,764.37	2,034.31	0.00
FNMA	2004 A/B Single Family	5.00	5/11/2006	5/1/2036	217,477.79	237,284.61			(2,191.91)		215,285.88	236,688.06	1,595.36	0.00
FNMA	2004 A/B Single Family	5.00	6/27/2006	6/1/2036	304,575.69	338,200.70			(1,579.46)		302,996.23	342,047.83	5,428.59	0.00
FNMA	2004 A/B Single Family	5.00	8/9/2006	7/1/2036	162,116.52	176,585.19			(61,252.22)		100,864.30	110,634.40	(4,698.57)	0.00
FNMA	2004 A/B Single Family	4.49	8/23/2006	6/1/2036	71,061.26	76,655.94			(384.64)		70,676.62	76,853.06	581.76	0.00
FNMA	2004 A/B Single Family	5.00	9/20/2006	7/1/2036	176,609.43	192,535.80			(969.12)		175,640.31	192,940.07	1,373.39	0.00
FNMA	2004 A/B Single Family	5.00	10/17/2006	9/1/2036	372,847.85	413,441.74			(3,027.70)		369,819.95	415,766.41	5,352.37	0.00
FNMA	2004 A/B Single Family	5.00	12/27/2006	11/1/2036	235,486.91	256,781.38			(3,666.28)		231,820.63	254,746.84	1,631.74	0.00
FNMA	2004 A/B Single Family	5.00	2/13/2007	2/1/2037	257,616.45	280,355.28			(1,253.27)		256,363.18	281,144.57	2,042.56	0.00
FNMA	2004 A/B Single Family	5.00	3/20/2007	1/1/2037	133,177.23	142,908.78			(814.49)		132,362.74	143,141.88	1,047.59	0.00
FNMA	2004 A/B Single Family	5.00	5/8/2007	2/1/2037	65,500.40	71,388.27			(348.83)		65,151.57	71,552.00	512.56	0.00
FNMA	2004 A/B Single Family	5.00	8/23/2007	7/1/2036	78,239.70	83,756.74			(402.54)		77,837.16	83,986.29	632.09	0.00
FNMA	2004 A/B Single Family	5.00	8/23/2007	8/1/2037	179,270.22	195,124.95			(913.17)		178,357.05	195,625.52	1,413.74	0.00
FNMA	2004 A/B Single Family	4.49	8/23/2007	8/1/2037	390,313.45	420,828.14			(2,115.61)		388,197.84	421,917.01	3,204.48	0.00
2004 A/B Single Family Total					101,228,145.71	112,114,967.70	3,531,618.43	(1,269,494.10)	(3,286,978.28)	0.00	100,203,291.76	111,378,816.09	288,702.34	0.00
Repo Agmt	2004 CDEF Single Family	0.15	8/31/2012	9/4/2012	0.02	0.02	0.00				0.02	0.02	-	0.00
Repo Agmt	2004 CDEF Single Family	0.15	8/31/2012	9/4/2012	341,412.05	341,412.05	1,395,654.03				1,737,066.08	1,737,066.08	-	0.00
Repo Agmt	2004 CDEF Single Family	0.15	8/31/2012	9/4/2012	6,614.13	6,614.13	2.04				6,616.17	6,616.17	-	0.00
GIC's	2004 CDEF Single Family	3.80	12/16/2004	3/1/2036	1,393,127.85	1,393,127.85		(801,873.33)			591,254.52	591,254.52	-	0.00
GNMA	2004 CDEF Single Family	4.49	8/11/2005	7/20/2035	21,414.51	23,708.63			(144.14)		21,270.37	23,661.13	96.64	0.00
GNMA	2004 CDEF Single Family	4.49	8/30/2005	8/20/2035	9,027.48	9,994.78			(58.90)		8,968.58	9,976.85	40.97	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/2005	10/20/2035	28,244.46	31,272.94			(163.65)		28,080.81	31,239.71	130.42	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/2005	10/20/2035	17,193.37	19,036.89			(105.24)		17,088.13	19,010.41	78.76	0.00
GNMA	2004 CDEF Single Family	4.49	9/29/2005	9/20/2035	94,459.54	104,584.64			(8,372.27)		86,087.27	95,768.65	(443.72)	0.00
GNMA	2004 CDEF Single Family	4.49	10/6/2005	9/20/2035	29,002.73	32,111.69			(169.03)		28,833.70	32,076.47	133.81	0.00
GNMA	2004 CDEF Single Family	4.49	10/20/2005	10/20/2035	17,741.77	19,644.03			(106.36)		17,635.41	19,619.20	81.53	0.00
GNMA	2004 CDEF Single Family	4.49	12/8/2005	12/20/2035	14,962.76	16,551.44			(87.01)		14,875.75	16,533.61	69.18	0.00
GNMA	2004 CDEF Single Family	4.49	12/15/2005	12/20/2035	24,492.69	27,120.32			(144.24)		24,348.45	27,088.94	112.86	0.00
GNMA	2004 CDEF Single Family	4.49	11/3/2005	11/20/2035	5,050.81	5,592.46			(40.65)		5,010.16	5,573.85	22.04	0.00
GNMA	2004 CDEF Single Family	4.49	11/10/2005	11/20/2035	30,518.45	33,791.40			(214.78)		30,303.67	33,713.26	136.64	0.00
GNMA	2004 CDEF Single Family	4.49	11/17/2005	11/20/2035	22,314.88	24,708.13			(2,181.32)		20,133.56	22,398.97	(127.84)	0.00
GNMA	2004 CDEF Single Family	4.49	11/22/2005	11/20/2035	14,318.64	15,854.39			(86.57)		14,232.07	15,833.54	65.72	0.00
GNMA	2004 CDEF Single Family	4.49	11/29/2005	11/20/2035	21,579.83	23,894.54			(133.68)		21,446.15	23,859.56	98.70	0.00
GNMA	2004 CDEF Single Family	4.49	12/22/2005	12/20/2035	19,674.03	21,784.87			(2,450.24)		17,223.79	19,162.51	(172.12)	0.00
GNMA	2004 CDEF Single Family	4.49	12/29/2005	12/20/2035	36,784.36	40,731.20			(242.01)		36,542.35	40,655.78	166.59	0.00
GNMA	2004 CDEF Single Family	4.49	1/5/2006	1/20/2036	25,022.12	27,707.26			(165.88)		24,856.24	27,654.58	113.20	0.00
GNMA	2004 CDEF Single Family	4.49	1/12/2006	1/20/2036	23,549.52	26,050.91			(2,518.89)		21,030.63	23,375.34	(156.68)	0.00
GNMA	2004 CDEF Single Family	4.49	3/9/2006	2/20/2036	20,790.32	23,022.70			(132.57)		20,657.75	22,984.77	94.64	0.00
GNMA	2004 CDEF Single Family	4.49	3/2/2006	2/20/2036	27,833.50	30,791.38			(226.39)		27,607.11	30,686.42	121.43	0.00
GNMA	2004 CDEF Single Family	4.49	1/19/2006	1/20/2036	15,082.37	16,701.03			(95.89)		14,986.48	16,673.83	68.69	0.00
GNMA	2004 CDEF Single Family	4.49	1/26/2006	1/20/2036	16,615.98	18,381.08			(101.60)		16,514.38	18,355.70	76.22	0.00
GNMA	2004 CDEF Single Family	4.49	2/2/2006	2/20/2036	44,398.98	49,116.07			(256.59)		44,142.39	49,064.90	205.42	0.00
GNMA	2004 CDEF Single Family	4.49	2/9/2006	2/20/2036	20,968.16	23,219.13			(124.83)		20,843.33	23,190.77	96.47	0.00
GNMA	2004 CDEF Single Family	4.49	2/16/2006	2/20/2036	30,145.78	33,434.47			(214.41)		29,931.37	33,354.44	134.38	0.00
GNMA	2004 CDEF Single Family	4.49	2/23/2006	2/20/2036	29,831.22	33,001.21			(167.54)		29,663.68	32,972.20	138.53	0.00
GNMA	2004 CDEF Single Family	4.49	5/11/2006	4/20/2036	19,314.85	19,314.85			(12.33)		17,345.83	19,282.01	79.49	0.00
GNMA	2004 CDEF Single Family	4.49	5/11/2006	5/20/2036	7,737.67	8,569.14			(67.74)		7,669.93	8,534.57	33.17	0.00
GNMA	2004 CDEF Single Family	4.49	5/18/2006	5/20/2036	15,273.98	16,898.56			(87.38)		15,186.60	16,881.95	70.77	0.00
GNMA	2004 CDEF Single Family	4.49	5/18/2006	5/20/2036	6,962.79	7,711.01			(56.69)		6,906.10	7,684.65	30.33	0.00
GNMA	2004 CDEF Single Family	4.49	3/16/2006	3/20/2036	12,634.62	13,977.55			(69.50)		12,565.12	13,966.88	58.83	0.00
GNMA	2004 CDEF Single Family	4.49	3/23/2006	3/20/2036	28,927.07	29,789.28			(152.42)		28,774.65	29,761.77	124.91	0.00
GNMA	2004 CDEF Single Family	4.49	3/30/2006	3/20/2036	22,957.16	25,397.61			(129.34)		22,827.82	25,374.86	106.59	0.00
GNMA	2004 CDEF Single Family	4.49	4/6/2006	3/20/2036	24,211.07	26,811.53			(178.19)		24,032.88	26,740.85	107.51	0.00
GNMA	2004 CDEF Single Family	4.49	4/13/2006	3/20/2036	19,619.48	21,760.97			(180.24)		19,439.24	21,663.51	82.78	0.00
GNMA	2004 CDEF Single Family	4.49	4/20/2006	4/20/2036	19,566.33	21,668.37			(117.94)		19,448.39	21,640.27	89.84	0.00
GNMA	2004 CDEF Single Family	4.49	4/27/2006	4/20/2036	9,443.70	10,458.31			(74.67)		9,369.03	10,425.00	41.36	0.00
GNMA	2004 CDEF Single Family	4.49	5/5/2006	4/20/2036	20,013.84	22,142.22			(103.67)		19,900.17	22,121.34	92.79	0.00
GNMA	2004 CDEF Single Family	4.49	5/25/2006	5/20/2036	18,097.57	20,022.67			(100.92)		17,996.65	20,005.90	84.15	0.00

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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	4.49	6/1/2006	6/20/2036	16,421.16	18,168.17			(89.28)		16,331.88	18,155.46	76.57	0.00
GNMA	2004 CDEF Single Family	4.49	6/8/2006	6/20/2036	29,642.06	32,795.67			(180.38)		29,461.68	32,751.42	136.13	0.00
GNMA	2004 CDEF Single Family	4.49	6/15/2006	6/20/2036	17,230.23	19,063.44			(93.96)		17,136.27	19,049.82	80.34	0.00
GNMA	2004 CDEF Single Family	4.49	6/27/2006	6/20/2036	32,370.74	35,850.82			(227.97)		32,142.77	35,767.78	144.93	0.00
GNMA	2004 CDEF Single Family	4.49	7/6/2006	7/20/2036	16,004.34	17,707.55			(88.56)		15,915.78	17,693.47	74.48	0.00
GNMA	2004 CDEF Single Family	4.49	7/13/2006	6/20/2036	21,211.13	23,468.51			(119.80)		21,091.33	23,447.13	98.42	0.00
GNMA	2004 CDEF Single Family	4.49	7/19/2006	6/20/2036	31,005.41	34,305.22			(181.16)		30,824.25	34,267.25	143.19	0.00
GNMA	2004 CDEF Single Family	4.49	7/27/2006	7/20/2036	24,202.00	26,778.12			(131.06)		24,070.94	26,760.00	112.94	0.00
GNMA	2004 CDEF Single Family	4.49	8/2/2006	8/20/2036	12,317.48	13,628.75			(3,727.09)		8,590.39	9,550.17	(351.49)	0.00
GNMA	2004 CDEF Single Family	4.49	8/9/2006	8/20/2036	28,676.99	31,761.56			(189.87)		28,487.12	31,701.44	129.75	0.00
GNMA	2004 CDEF Single Family	4.49	8/16/2006	7/20/2036	16,381.47	18,125.50			(89.76)		16,291.71	18,112.07	76.33	0.00
GNMA	2004 CDEF Single Family	4.49	8/23/2006	7/20/2036	7,635.33	8,456.65			(49.58)		7,585.75	8,441.72	34.65	0.00
GNMA	2004 CDEF Single Family	4.49	9/6/2006	8/20/2036	9,869.07	10,919.98			(2,704.21)		7,164.86	7,965.57	(250.20)	0.00
GNMA	2004 CDEF Single Family	4.49	9/12/2006	8/20/2036	6,578.76	7,279.34			(35.38)		6,543.38	7,274.70	30.74	0.00
GNMA	2004 CDEF Single Family	4.49	9/26/2006	9/20/2036	6,480.67	7,156.62			(33.94)		6,446.73	7,153.13	30.45	0.00
GNMA	2004 CDEF Single Family	4.49	10/17/2006	10/20/2036	16,261.84	18,012.27			(114.86)		16,146.98	17,970.18	72.77	0.00
GNMA	2004 CDEF Single Family	4.49	11/14/2006	10/20/2036	15,302.13	16,932.85			(85.75)		15,216.38	16,918.18	71.08	0.00
GNMA	2004 CDEF Single Family	4.49	11/28/2006	10/20/2036	4,412.80	4,883.11			(50.78)		4,362.02	4,849.91	17.58	0.00
GNMA	2004 CDEF Single Family	4.49	12/12/2006	10/20/2036	5,069.89	5,599.15			(26.64)		5,043.25	5,596.31	23.80	0.00
GNMA	2004 CDEF Single Family	4.49	1/16/2007	12/20/2036	2,304.68	2,545.34			(11.92)		2,292.76	2,544.26	10.84	0.00
GNMA	2004 CDEF Single Family	4.49	1/30/2007	12/20/2036	2,633.07	2,909.33			(13.47)		2,619.60	2,908.22	12.36	0.00
GNMA	2004 CDEF Single Family	4.49	2/13/2007	1/20/2037	6,360.14	7,024.57			(36.05)		6,324.09	7,018.11	29.59	0.00
GNMA	2004 CDEF Single Family	4.49	2/20/2007	2/20/2037	4,629.65	5,113.35			(24.12)		4,605.53	5,110.99	21.76	0.00
GNMA	2004 CDEF Single Family	4.49	3/20/2007	1/20/2037	1,397.09	1,264.90			(6.53)		1,258.37	1,396.52	5.96	0.00
GNMA	2004 CDEF Single Family	4.49	4/24/2007	3/20/2037	5,730.53	6,329.62			(28.82)		5,701.71	6,327.85	27.05	0.00
GNMA	2004 CDEF Single Family	4.49	4/10/2007	2/20/2037	5,493.50	6,067.72			(28.11)		5,465.39	6,065.50	25.89	0.00
GNMA	2004 CDEF Single Family	4.49	5/22/2007	4/20/2037	2,883.07	3,192.17			(14.40)		2,868.67	3,174.89	(2.88)	0.00
GNMA	2004 CDEF Single Family	4.49	6/5/2007	5/20/2037	6,613.55	7,305.26			(33.21)		6,580.34	7,303.28	31.23	0.00
GNMA	2004 CDEF Single Family	4.49	7/3/2007	6/20/2037	2,423.06	2,676.59			(11.96)		2,411.10	2,676.08	11.45	0.00
GNMA	2004 CDEF Single Family	4.49	11/21/2007	9/20/2037	4,865.17	5,374.96			(23.59)		4,841.58	5,374.42	23.05	0.00
GNMA	2004 CDEF Single Family	4.49	9/25/2007	4/20/2037	2,266.99	2,512.90			(18.18)		2,248.81	2,508.51	13.79	0.00
GNMA	2004 CDEF Single Family	4.49	12/11/2007	8/20/2037	2,840.54	3,138.22			(18.84)		2,826.70	3,137.82	13.44	0.00
GNMA	2004 CDEF Single Family	4.49	1/30/2008	1/20/2038	4,188.86	4,628.18			(19.89)		4,168.97	4,628.18	19.89	0.00
GNMA	2004 CDEF Single Family	4.49	1/30/2008	1/20/2038	2,486.17	2,754.83			(11.77)		2,474.40	2,740.58	(2.48)	0.00
GNMA	2004 CDEF Single Family	4.49	3/26/2008	3/20/2038	7,569.05	8,363.44			(35.84)		7,533.21	8,363.56	35.96	0.00
FNMA	2004 CDEF Single Family	4.49	10/20/2005	10/1/2035	1,427.21	1,545.67			(10.72)		1,416.49	1,546.36	11.41	0.00
FNMA	2004 CDEF Single Family	4.49	12/15/2005	12/1/2035	3,833.30	4,152.23			(37.34)		3,795.96	4,144.41	29.52	0.00
FNMA	2004 CDEF Single Family	4.49	1/5/2006	12/1/2035	6,838.37	7,400.88			(49.94)		6,788.43	7,406.28	55.34	0.00
FNMA	2004 CDEF Single Family	4.49	2/9/2006	2/1/2036	3,021.60	3,261.94			(42.08)		2,979.52	3,241.24	21.38	0.00
FNMA	2004 CDEF Single Family	4.49	2/23/2006	1/1/2036	4,880.81	5,275.01			(27.85)		4,852.96	5,287.11	39.95	0.00
FNMA	2004 CDEF Single Family	4.49	3/16/2006	3/1/2036	7,407.19	8,079.88			(63.88)		7,343.31	8,122.16	106.16	0.00
FNMA	2004 CDEF Single Family	4.49	4/6/2006	3/1/2036	5,343.67	5,767.41			(29.86)		5,313.81	5,781.26	43.71	0.00
FNMA	2004 CDEF Single Family	4.49	4/20/2006	4/1/2036	5,615.29	6,060.65			(30.78)		5,584.51	6,075.83	45.96	0.00
FNMA	2004 CDEF Single Family	4.49	5/11/2006	4/1/2036	4,002.91	4,336.58			(2,864.85)		1,138.06	1,242.73	(229.00)	0.00
FNMA	2004 CDEF Single Family	4.49	6/8/2006	4/1/2036	2,737.88	2,957.93			(15.47)		2,722.41	2,964.90	22.44	0.00
FNMA	2004 CDEF Single Family	4.49	6/27/2006	6/1/2036	3,354.39	3,619.16			(18.22)		3,336.17	3,628.40	27.46	0.00
FNMA	2004 CDEF Single Family	4.49	7/13/2006	6/1/2036	7,015.83	7,653.34			(50.18)		6,965.65	7,704.80	101.64	0.00
FNMA	2004 CDEF Single Family	4.49	7/19/2006	7/1/2036	6,327.45	6,828.27			(35.36)		6,292.09	6,844.59	51.68	0.00
FNMA	2004 CDEF Single Family	4.49	8/2/2006	7/1/2036	7,154.02	7,717.34			(38.60)		7,115.42	7,737.25	58.51	0.00
FNMA	2004 CDEF Single Family	4.49	8/9/2006	7/1/2036	2,510.34	2,707.52			(13.43)		2,496.91	2,714.60	20.51	0.00
FNMA	2004 CDEF Single Family	4.49	9/12/2006	8/1/2036	5,616.64	6,060.16			(27.21)		5,586.28	6,075.77	45.97	0.00
FNMA	2004 CDEF Single Family	4.49	10/17/2006	9/1/2036	4,090.94	4,435.82			(54.91)		4,063.73	4,441.13	32.52	0.00
FNMA	2004 CDEF Single Family	4.49	11/14/2006	10/1/2036	7,039.18	7,633.76			(229.75)		6,984.27	7,633.99	55.14	0.00
FNMA	2004 CDEF Single Family	4.49	11/21/2006	10/1/2036	4,752.72	5,152.13			(34.78)		4,522.97	4,936.34	13.96	0.00
FNMA	2004 CDEF Single Family	4.49	12/12/2006	11/1/2036	6,202.68	6,700.51			(7.18)		6,167.90	6,716.52	50.79	0.00
FNMA	2004 CDEF Single Family	4.49	1/30/2007	11/1/2036	1,042.44	1,130.40			(6.07)		1,035.26	1,131.48	8.26	0.00
FNMA	2004 CDEF Single Family	4.49	2/13/2007	1/1/2037	1,175.96	1,267.94			(17.26)		1,169.89	1,271.58	9.71	0.00
FNMA	2004 CDEF Single Family	4.49	3/20/2007	2/1/2037	3,294.54	3,552.92			(23.93)		3,277.28	3,562.72	27.06	0.00
FNMA	2004 CDEF Single Family	4.49	4/10/2007	1/1/2037	4,305.64	4,654.26			(38.46)		4,280.71	4,664.56	35.23	0.00
FNMA	2004 CDEF Single Family	4.49	4/24/2007	4/1/2037	7,558.20	8,148.99			(27.24)		7,519.74	8,172.87	62.34	0.00
FNMA	2004 CDEF Single Family	4.49	5/22/2007	4/1/2037	4,585.41	4,943.59			(32.17)		4,562.24	4,958.30	37.88	0.00
FNMA	2004 CDEF Single Family	4.49	6/5/2007	5/1/2037	5,388.59	5,809.56			(36.25)		5,361.35	5,826.84	44.52	0.00
FNMA	2004 CDEF Single Family	4.49	7/3/2007	6/1/2037	10,991.30	11,893.90			(43.38)		10,846.07	11,999.02	160.35	0.00
FNMA	2004 CDEF Single Family	4.49	9/25/2007	9/1/2037	7,357.20	7,965.44			(14.41)		7,320.95	7,990.04	60.85	0.00
FNMA	2004 CDEF Single Family	4.49	11/8/2007	9/1/2037	7,122.88	7,805.02			(35.91)		7,079.50	7,865.57	103.93	0.00
FNMA	2004 CDEF Single Family	4.49	11/21/2007	9/1/2037	2,964.24	3,209.08			(58.72)		2,943.83	3,219.10	24.43	0.00
FNMA	2004 CDEF Single Family	4.49	12/11/2007	11/1/2037	6,588.09	7,133.08			(2,328.03)		6,552.18	7,151.29	54.12	0.00
FNMA	2004 CDEF Single Family	4.49	3/26/2008	2/1/2038	10,088.53	11,056.18			(2,282.28)		10,029.81	11,144.95	147.49	0.00
FNMA	2004 CDEF Single Family	6.10	6/30/1994	6/1/2024	97,466.50	108,114.17			(4,544.18)		95,138.47	107,064.75	1,278.61	0.00
FNMA	2004 CDEF Single Family	6.80	8/17/1994	8/1/2024	126,700.86	146,147.80			(3,920.30)		124,418.58	146,702.08	2,836.56	0.00
FNMA	2004 CDEF Single Family	6.97	8/17/1994	7/1/2024	225,493.17	260,296.70			(5,537.05)		220,948.99	261,091.57	5,337.05	0.00
FNMA	2004 CDEF Single Family	7.06	8/17/1994	7/1/2024	39,455.76	46,509.67			(92.75)		38,920.30	46,066.96	92.75	0.00
FNMA	2004 CDEF Single Family	6.90	5/26/1995	1/1/2025	56,489.84	64,879.11			(741.08)		55,748.76	63,505.25	(632.78)	0.00

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
FNMA	2004 CDEF Single Family	7.10	8/15/1995	5/1/2025	13,607.94	15,639.54			(846.90)		12,761.04	14,668.40	(124.24)	0.00
GNMA	2004 CDEF Single Family	6.10	6/30/1994	6/20/2024	654,867.55	740,371.55			(12,710.79)		642,156.76	728,773.95	1,113.19	0.00
GNMA	2004 CDEF Single Family	6.90	8/17/1994	8/20/2024	589,828.29	689,955.71			(53,769.35)		536,058.94	632,240.71	(3,945.65)	0.00
GNMA	2004 CDEF Single Family	6.97	8/17/1994	8/20/2024	289,962.71	339,185.89			(18,556.65)		271,406.06	320,811.04	181.80	0.00
GNMA	2004 CDEF Single Family	7.06	8/17/1994	8/20/2024	82,009.85	94,593.24			(4,092.00)		77,917.85	92,362.69	1,861.45	0.00
GNMA	2004 CDEF Single Family	6.10	1/27/1995	10/20/2024	189,028.87	213,824.16			(4,819.56)		184,209.31	209,166.34	161.74	0.00
GNMA	2004 CDEF Single Family	6.97	2/16/1995	12/20/2024	272,583.28	319,029.79			(4,457.98)		268,125.30	317,102.71	2,530.90	0.00
GNMA	2004 CDEF Single Family	6.90	3/30/1995	2/20/2025	105,111.46	123,436.50			(1,382.04)		103,729.42	123,055.75	1,001.29	0.00
GNMA	2004 CDEF Single Family	7.06	3/30/1995	12/20/2024	17,776.49	20,506.91			(1,504.35)		16,272.14	19,291.42	288.86	0.00
GNMA	2004 CDEF Single Family	7.10	6/29/1995	5/20/2025	28,013.66	32,525.94			(319.80)		27,693.86	33,071.52	865.38	0.00
GNMA	2004 CDEF Single Family	7.06	8/15/1995	6/20/2025	28,050.79	32,546.12			(318.56)		27,732.23	33,075.23	847.67	0.00
GNMA	2004 CDEF Single Family	7.10	8/15/1995	8/20/2025	39,227.21	45,568.58			(507.93)		38,719.28	46,260.77	1,200.12	0.00
GNMA	2004 CDEF Single Family	4.49	2/24/2005	2/20/2035	1,486,720.77	1,648,285.83			(10,529.12)		1,476,191.65	1,644,388.83	6,632.12	0.00
GNMA	2004 CDEF Single Family	4.49	3/17/2005	3/20/2035	3,827,548.20	4,243,594.22			(138,355.79)		3,689,192.41	4,109,638.18	4,399.75	0.00
GNMA	2004 CDEF Single Family	4.49	3/24/2005	3/20/2035	1,352,156.47	1,499,141.96			(125,390.86)		1,226,765.61	1,366,583.15	(7,167.95)	0.00
GNMA	2004 CDEF Single Family	4.49	3/29/2005	2/20/2035	231,445.09	256,201.84			(1,403.42)		230,041.67	255,860.20	1,061.78	0.00
GNMA	2004 CDEF Single Family	4.49	4/7/2005	4/20/2035	1,395,057.02	1,544,314.96			(8,828.77)		1,386,228.25	1,541,844.62	6,358.43	0.00
GNMA	2004 CDEF Single Family	4.49	4/14/2005	4/20/2035	732,091.47	810,422.46			(4,393.54)		727,697.93	809,393.39	3,364.47	0.00
GNMA	2004 CDEF Single Family	4.49	4/21/2005	4/20/2035	142,583.39	157,840.24			(828.24)		141,755.15	157,670.19	658.19	0.00
GNMA	2004 CDEF Single Family	4.49	4/28/2005	4/20/2035	1,172,762.86	1,300,294.67			(17,622.14)		1,155,140.72	1,286,841.72	4,169.19	0.00
GNMA	2004 CDEF Single Family	4.49	5/5/2005	5/20/2035	456,222.43	505,049.21			(2,675.75)		453,546.68	504,476.57	2,103.11	0.00
GNMA	2004 CDEF Single Family	4.49	5/12/2005	5/20/2035	204,399.44	226,276.24			(1,207.52)		203,191.92	226,010.21	941.49	0.00
GNMA	2004 CDEF Single Family	4.49	5/19/2005	5/20/2035	166,984.69	184,858.12			(1,249.41)		165,735.28	184,635.73	1,027.02	0.00
GNMA	2004 CDEF Single Family	4.49	7/14/2005	7/20/2035	802,314.23	888,244.80			(201,267.09)		601,047.14	668,588.12	(18,389.59)	0.00
GNMA	2004 CDEF Single Family	4.49	5/26/2005	5/20/2035	747,631.90	827,660.71			(4,504.22)		743,127.68	826,589.53	3,433.04	0.00
GNMA	2004 CDEF Single Family	4.49	6/2/2005	6/20/2035	750,417.66	830,755.55			(4,439.48)		745,978.18	829,771.04	3,454.97	0.00
GNMA	2004 CDEF Single Family	4.49	9/8/2005	9/20/2035	262,292.44	290,402.42			(1,571.30)		260,721.14	290,036.78	1,205.66	0.00
GNMA	2004 CDEF Single Family	4.49	9/15/2005	9/20/2035	195,166.05	216,083.38			(1,182.32)		193,983.73	215,796.47	895.41	0.00
GNMA	2004 CDEF Single Family	4.49	9/22/2005	9/20/2035	370,742.38	410,479.54			(2,241.52)		368,500.86	409,939.87	1,701.85	0.00
GNMA	2004 CDEF Single Family	4.49	7/21/2005	7/20/2035	289,181.94	319,884.90			(1,785.41)		287,396.53	317,788.93	(310.56)	0.00
GNMA	2004 CDEF Single Family	4.49	7/28/2005	7/20/2035	655,110.49	725,283.07			(4,944.36)		650,166.13	723,235.45	2,896.74	0.00
GNMA	2004 CDEF Single Family	4.49	8/4/2005	7/20/2035	343,143.29	379,901.61			(2,189.15)		340,954.14	379,274.40	1,561.94	0.00
GNMA	2004 CDEF Single Family	4.49	8/4/2005	8/20/2035	2,315,183.43	2,563,209.35			(15,436.72)		2,299,746.71	2,558,238.71	10,466.08	0.00
GNMA	2004 CDEF Single Family	4.49	8/11/2005	8/20/2035	503,527.77	557,474.18			(3,095.28)		500,432.49	556,684.60	2,305.70	0.00
GNMA	2004 CDEF Single Family	4.49	8/11/2005	8/20/2035	290,186.11	321,015.16			(141,529.50)		148,656.61	164,384.30	(15,101.36)	0.00
GNMA	2004 CDEF Single Family	4.49	8/30/2005	8/20/2035	446,321.94	494,921.53			(16,750.82)		429,571.12	477,865.15	(305.56)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/2005	10/20/2035	736,435.04	814,587.76			(4,138.29)		732,296.75	813,869.13	3,419.66	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/2005	10/20/2035	308,550.41	341,356.98			(1,763.45)		306,786.96	339,273.77	(319.76)	0.00
GNMA	2004 CDEF Single Family	4.49	9/29/2005	9/20/2035	248,021.52	274,334.01			(1,403.08)		246,618.44	274,081.86	1,150.93	0.00
GNMA	2004 CDEF Single Family	4.49	10/6/2005	10/20/2035	257,278.80	284,860.09			(1,485.33)		255,793.47	284,563.37	1,188.61	0.00
GNMA	2004 CDEF Single Family	4.49	10/20/2005	10/20/2035	745,978.61	825,959.60			(4,514.14)		741,464.47	824,869.34	3,423.88	0.00
GNMA	2004 CDEF Single Family	4.49	12/8/2005	11/20/2035	807,425.78	894,038.19			(9,537.68)		797,888.10	889,066.65	4,566.14	0.00
GNMA	2004 CDEF Single Family	4.49	12/15/2005	12/20/2035	441,403.37	488,758.57			(107,214.02)		334,189.35	369,598.43	(11,946.12)	0.00
GNMA	2004 CDEF Single Family	4.49	11/3/2005	11/20/2035	583,091.19	645,620.37			(3,627.44)		579,463.75	644,658.02	2,665.09	0.00
GNMA	2004 CDEF Single Family	4.49	11/10/2005	10/20/2035	948,438.46	1,049,102.33			(112,252.64)		836,185.82	929,341.90	(7,507.79)	0.00
GNMA	2004 CDEF Single Family	4.49	11/17/2005	11/20/2035	298,846.47	330,629.25			(1,708.54)		297,137.93	328,611.24	(309.47)	0.00
GNMA	2004 CDEF Single Family	4.49	11/22/2005	11/20/2035	496,299.75	549,529.99			(3,852.46)		492,447.29	547,859.85	2,182.32	0.00
GNMA	2004 CDEF Single Family	4.49	11/29/2005	11/20/2035	512,097.16	566,461.85			(2,900.84)		509,196.32	565,936.92	2,375.91	0.00
GNMA	2004 CDEF Single Family	4.49	12/22/2005	12/20/2035	650,486.46	719,561.51			(3,720.13)		646,766.33	718,854.65	3,013.27	0.00
GNMA	2004 CDEF Single Family	4.49	12/29/2005	12/20/2035	397,553.71	440,899.92			(2,527.16)		395,026.55	440,178.83	1,806.07	0.00
GNMA	2004 CDEF Single Family	4.49	1/5/2006	1/20/2036	174,791.86	193,391.81			(1,015.66)		173,776.20	192,193.34	(182.81)	0.00
GNMA	2004 CDEF Single Family	4.49	1/12/2006	1/20/2036	375,431.90	415,309.07			(2,080.24)		373,351.66	414,975.82	1,746.99	0.00
GNMA	2004 CDEF Single Family	4.49	3/9/2006	2/20/2036	672,640.82	744,127.13			(3,684.75)		668,956.07	743,576.29	3,133.91	0.00
GNMA	2004 CDEF Single Family	4.49	3/2/2006	2/20/2036	400,780.55	443,371.65			(2,239.04)		398,541.51	442,995.04	1,862.43	0.00
GNMA	2004 CDEF Single Family	4.49	1/19/2006	1/20/2036	301,536.69	333,627.82			(1,709.93)		299,826.76	331,606.95	(310.94)	0.00
GNMA	2004 CDEF Single Family	4.49	1/26/2006	1/20/2036	569,044.51	629,494.20			(3,214.86)		565,829.65	628,919.74	2,640.40	0.00
GNMA	2004 CDEF Single Family	4.49	2/2/2006	1/20/2036	690,315.40	763,652.38			(4,517.28)		685,798.12	763,023.63	3,888.53	0.00
GNMA	2004 CDEF Single Family	4.49	2/9/2006	2/20/2036	727,182.90	805,246.19			(5,376.81)		721,806.09	803,096.86	3,227.48	0.00
GNMA	2004 CDEF Single Family	4.49	2/16/2006	2/20/2036	165,500.55	183,121.21			(903.44)		164,597.11	182,050.79	(166.98)	0.00
GNMA	2004 CDEF Single Family	4.49	2/23/2006	2/20/2036	285,362.47	316,495.36			(1,948.30)		283,414.17	315,828.06	1,281.00	0.00
GNMA	2004 CDEF Single Family	4.49	5/11/2006	5/20/2036	771,978.86	854,083.75			(110,115.73)		661,863.13	735,745.63	(8,222.39)	0.00
GNMA	2004 CDEF Single Family	4.49	5/18/2006	4/20/2036	139,404.23	154,230.75			(823.43)		138,580.80	154,050.14	642.82	0.00
GNMA	2004 CDEF Single Family	4.49	5/18/2006	4/20/2036	228,936.81	251,072.98			(1,284.14)		225,652.67	250,841.58	1,052.74	0.00
GNMA	2004 CDEF Single Family	4.49	3/23/2006	3/20/2036	297,786.12	329,439.94			(1,620.89)		296,165.23	329,207.63	1,388.58	0.00
GNMA	2004 CDEF Single Family	4.49	4/6/2006	3/20/2036	77,227.70	85,437.73			(422.38)		76,805.32	85,375.24	359.89	0.00
GNMA	2004 CDEF Single Family	4.49	4/20/2006	4/20/2036	182,268.82	201,649.59			(1,009.15)		181,259.67	201,488.45	848.01	0.00
GNMA	2004 CDEF Single Family	4.49	4/27/2006	4/20/2036	433,107.44	479,162.46			(2,350.47)		430,756.97	478,832.82	2,050.83	0.00
GNMA	2004 CDEF Single Family	4.49	5/5/2006	4/20/2036	542,891.79	600,625.09			(2,989.37)		539,902.42	600,163.38	2,527.66	0.00
GNMA	2004 CDEF Single Family	4.49	6/1/2006	5/20/2036	589,358.31	652,052.11			(3,169.66)		586,188.65	651,634.87	2,752.42	0.00
GNMA	2004 CDEF Single Family	4.49	6/8/2006	5/20/2036	178,599.48	197,599.45			(981.27)		177,618.21	197,449.96	831.78	0.00
GNMA	2004 CDEF Single Family	4.49	6/15/2006	6/20/2036	100,606.21	111,310.37			(543.80)		100,062.41	111,236.22	469.65	0.00
GNMA	2004 CDEF Single Family	4.49	7/6/2006	6/20/2036	102,020.40	112,877.07								

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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	4.49	7/19/2006	6/20/2036	213,256.15	235,952.78			(1,221.57)		212,034.58	235,718.81	987.60	0.00
GNMA	2004 CDEF Single Family	4.49	7/27/2006	7/20/2036	193,412.39	214,548.44			(1,360.26)		192,052.13	214,051.77	863.59	0.00
GNMA	2004 CDEF Single Family	4.49	8/9/2006	7/20/2036	518,729.58	573,951.30			(2,800.74)		515,928.84	573,571.89	2,421.33	0.00
GNMA	2004 CDEF Single Family	4.49	8/16/2006	6/20/2036	186,129.40	205,943.94			(998.34)		185,131.06	205,815.16	869.56	0.00
GNMA	2004 CDEF Single Family	4.49	9/6/2006	8/20/2036	636,198.97	703,947.32			(4,369.26)		631,829.71	702,443.27	2,865.21	0.00
GNMA	2004 CDEF Single Family	4.49	9/12/2006	9/20/2036	98,511.17	109,002.76			(523.41)		97,987.76	108,940.23	460.88	0.00
GNMA	2004 CDEF Single Family	4.49	10/5/2006	9/20/2036	916,428.28	1,014,049.76			(77,348.37)		839,079.91	932,885.02	(3,816.37)	0.00
GNMA	2004 CDEF Single Family	4.49	11/2/2006	10/20/2036	814,448.26	901,233.75			(4,829.29)		809,618.97	900,157.76	3,753.30	0.00
GNMA	2004 CDEF Single Family	4.49	11/14/2006	10/20/2036	265,069.44	292,731.51			(1,399.12)		263,670.32	292,576.39	1,244.00	0.00
GNMA	2004 CDEF Single Family	4.49	11/21/2006	11/20/2036	365,327.42	403,685.73			(1,923.42)		363,404.00	403,476.13	1,713.82	0.00
GNMA	2004 CDEF Single Family	4.49	11/28/2006	11/20/2036	477,186.74	527,293.14			(2,493.58)		474,693.16	527,040.20	2,240.64	0.00
GNMA	2004 CDEF Single Family	4.49	12/12/2006	11/20/2036	370,490.02	409,165.95			(2,002.78)		368,487.24	408,896.72	1,733.55	0.00
GNMA	2004 CDEF Single Family	4.49	12/27/2006	12/20/2036	496,866.28	549,056.30			(2,564.47)		494,301.81	548,828.40	2,336.57	0.00
GNMA	2004 CDEF Single Family	4.49	1/9/2007	12/20/2036	369,360.99	408,162.60			(1,914.21)		367,446.78	407,984.47	1,736.08	0.00
GNMA	2004 CDEF Single Family	4.49	1/30/2007	12/20/2036	214,725.62	237,627.32			(1,139.28)		213,586.34	237,492.55	1,004.51	0.00
GNMA	2004 CDEF Single Family	4.49	2/13/2008	1/20/2038	62,144.80	68,633.87			(294.55)		61,850.25	68,634.78	295.46	0.00
GNMA	2004 CDEF Single Family	4.49	2/13/2008	1/20/2038	116,272.52	128,413.52			(558.59)		115,713.93	128,406.92	551.99	0.00
GNMA	2004 CDEF Single Family	4.49	2/19/2008	2/20/2038	158,315.61	174,848.45			(779.05)		157,536.56	174,818.96	749.56	0.00
GNMA	2004 CDEF Single Family	4.49	3/26/2008	12/20/2037	305,417.74	337,320.25			(1,562.79)		303,854.95	337,196.90	1,439.44	0.00
FNMA	2004 CDEF Single Family	4.49	4/7/2005	2/1/2035	144,659.77	156,811.22			(2,096.14)		142,563.63	155,747.43	1,032.35	0.00
FNMA	2004 CDEF Single Family	4.49	5/27/2005	4/1/2035	184,687.90	200,137.96			(1,439.40)		183,248.50	200,164.58	1,466.02	0.00
FNMA	2004 CDEF Single Family	4.49	12/6/2005	11/1/2035	276,335.56	299,061.15			(1,706.08)		274,629.48	299,573.23	2,218.16	0.00
FNMA	2004 CDEF Single Family	4.49	1/5/2006	12/1/2035	135,968.02	147,393.45			(1,925.90)		134,042.12	146,403.01	935.46	0.00
FNMA	2004 CDEF Single Family	4.49	1/12/2006	11/1/2035	101,679.41	109,844.73			(572.36)		101,107.05	110,105.87	833.50	0.00
FNMA	2004 CDEF Single Family	4.49	2/2/2006	1/1/2036	139,390.76	151,125.36			(1,096.08)		138,294.68	151,121.91	1,092.63	0.00
FNMA	2004 CDEF Single Family	4.49	4/20/2006	4/1/2036	231,489.26	249,993.83			(79,182.25)		152,307.01	165,803.83	(5,007.75)	0.00
FNMA	2004 CDEF Single Family	4.49	5/25/2006	4/1/2036	124,058.42	134,411.73			(1,079.45)		122,978.97	134,303.33	971.05	0.00
FNMA	2004 CDEF Single Family	4.49	7/6/2006	5/1/2036	118,282.15	127,691.38			(651.38)		117,630.77	128,007.92	967.92	0.00
FNMA	2004 CDEF Single Family	4.49	8/2/2006	7/1/2036	71,057.23	76,652.49			(381.09)		70,676.14	76,852.69	581.29	0.00
FNMA	2004 CDEF Single Family	4.49	9/12/2006	8/1/2036	257,923.96	281,369.66			(2,859.83)		255,064.13	282,138.09	3,628.26	0.00
FNMA	2004 CDEF Single Family	4.49	11/14/2006	1/1/2036	325,564.57	355,160.34			(104,716.56)		220,848.01	241,257.71	(9,186.07)	0.00
FNMA	2004 CDEF Single Family	4.49	1/9/2007	9/1/2036	70,121.57	75,720.61			(387.84)		69,733.73	75,907.00	574.23	0.00
FNMA	2004 CDEF Single Family	4.49	1/30/2007	1/1/2037	63,205.74	68,154.16			(327.08)		62,878.66	68,347.90	520.82	0.00
FNMA	2004 CDEF Single Family	4.49	2/13/2008	1/1/2038	439,842.76	474,152.67			(2,162.09)		437,680.67	475,612.86	3,622.28	0.00
FNMA	2004 CDEF Single Family				17,217.19	18,166.07			(17,217.19)				(948.88)	0.00
GNMA	2004 CDEF Single Family	5.38	8/7/2007	7/20/2037	3,092.39	3,465.16			(13.31)		3,079.08	3,466.52	14.67	0.00
GNMA	2004 CDEF Single Family	5.63	8/7/2007	8/20/2037	15,318.60	17,241.60			(2,416.84)		12,901.76	14,644.21	(180.55)	0.00
GNMA	2004 CDEF Single Family	5.63	11/21/2007	10/20/2037	1,362.37	1,529.98			(6.10)		1,356.27	1,536.90	13.02	0.00
GNMA	2004 CDEF Single Family	5.38	11/21/2007	10/20/2037	7,145.65	7,994.50			(2,063.26)		5,082.39	5,708.19	(223.05)	0.00
GNMA	2004 CDEF Single Family	5.38	9/25/2007	9/20/2037	19,155.69	21,501.07			(3,185.54)		15,969.15	17,993.68	(320.85)	0.00
GNMA	2004 CDEF Single Family	5.13	9/25/2007	9/20/2037	16,457.91	18,459.98			(80.76)		16,377.15	18,440.48	61.26	0.00
GNMA	2004 CDEF Single Family	5.63	9/25/2007	8/20/2037	5,889.00	6,628.55			(27.71)		5,861.29	6,653.17	52.33	0.00
GNMA	2004 CDEF Single Family	5.63	9/25/2007	9/20/2037	2,612.26	2,933.57			(12.24)		2,600.02	2,946.21	24.88	0.00
GNMA	2004 CDEF Single Family	5.38	10/9/2007	9/20/2037	17,843.76	20,028.77			(620.83)		17,222.93	19,406.67	(1,127)	0.00
GNMA	2004 CDEF Single Family	5.63	10/9/2007	6/20/2037	1,985.00	2,226.64			(8.22)		1,976.78	2,236.86	18.44	0.00
GNMA	2004 CDEF Single Family	5.13	10/9/2007	9/20/2037	5,678.99	6,364.06			(26.00)		5,652.99	6,364.83	26.77	0.00
GNMA	2004 CDEF Single Family	5.38	8/23/2007	8/20/2037	12,740.67	14,300.10			(57.26)		12,683.41	14,290.88	48.04	0.00
GNMA	2004 CDEF Single Family	5.13	8/23/2007	7/20/2037	16,767.59	18,806.47			(3,385.32)		13,382.27	15,067.56	(353.59)	0.00
GNMA	2004 CDEF Single Family	5.38	9/11/2007	9/20/2037	6,604.89	7,388.97			(28.25)		6,576.64	7,385.92	25.20	0.00
GNMA	2004 CDEF Single Family	5.63	9/11/2007	8/20/2037	8,560.11	9,635.00			(2,412.13)		6,147.98	6,978.54	(244.33)	0.00
GNMA	2004 CDEF Single Family	5.13	9/11/2007	8/20/2037	5,461.75	6,073.79			(2,677.24)		2,784.51	3,108.05	(288.50)	0.00
GNMA	2004 CDEF Single Family	5.38	11/28/2007	11/20/2037	5,430.67	6,086.14			(39.02)		5,391.65	6,070.94	23.82	0.00
GNMA	2004 CDEF Single Family	5.13	12/11/2007	11/20/2037	5,644.57	6,277.72			(44.43)		5,600.14	6,251.54	18.25	0.00
GNMA	2004 CDEF Single Family	5.38	10/25/2007	10/20/2037	6,576.83	7,357.95			(27.93)		6,548.90	7,355.14	25.12	0.00
GNMA	2004 CDEF Single Family	5.13	10/25/2007	10/20/2037	18,883.63	21,181.48			(92.27)		18,791.36	21,159.56	70.35	0.00
GNMA	2004 CDEF Single Family	5.63	10/25/2007	9/20/2036	2,216.93	2,486.73			(9.74)		2,207.19	2,497.51	20.52	0.00
GNMA	2004 CDEF Single Family	5.38	10/25/2007	10/20/2037	14,188.92	15,926.70			(74.74)		14,114.18	15,904.08	52.12	0.00
GNMA	2004 CDEF Single Family	5.38	11/8/2007	10/20/2037	12,059.05	13,536.13			(51.28)		12,007.77	13,530.69	45.84	0.00
GNMA	2004 CDEF Single Family	5.13	11/8/2007	10/20/2037	7,848.85	8,781.14			(34.29)		7,814.56	8,776.71	29.86	0.00
GNMA	2004 CDEF Single Family	5.38	12/28/2007	11/20/2037	5,619.52	6,287.31			(23.48)		5,596.04	6,285.33	21.50	0.00
GNMA	2004 CDEF Single Family	5.63	12/28/2007	12/20/2037	1,384.59	1,553.27			(6.22)		1,378.37	1,559.41	12.36	0.00
GNMA	2004 CDEF Single Family	5.63	12/28/2007	12/20/2037	12,373.30	13,928.71			(51.27)		12,322.03	13,988.32	110.88	0.00
GNMA	2004 CDEF Single Family	5.38	12/11/2007	11/20/2037	17,968.30	20,169.96			(75.90)		17,892.40	20,162.42	68.36	0.00
GNMA	2004 CDEF Single Family	5.38	12/20/2007	11/20/2037	1,567.05	1,753.31			(6.65)		1,560.40	1,752.63	5.97	0.00
GNMA	2004 CDEF Single Family	5.13	12/20/2007	12/20/2037	1,582.35	1,770.35			(6.81)		1,575.54	1,769.56	6.02	0.00
GNMA	2004 CDEF Single Family	5.38	1/16/2008	12/20/2037	936.32	1,052.94			(9.72)		926.60	1,046.61	3.39	0.00
GNMA	2004 CDEF Single Family	5.63	1/30/2008	12/20/2037	3,833.67	4,300.96			(15.71)		3,817.96	4,319.65	34.40	0.00
GNMA	2004 CDEF Single Family	5.38	2/13/2008	12/20/2037	3,106.25	3,487.29			(14.81)		3,091.44	3,487.98	15.50	0.00
GNMA	2004 CDEF Single Family	5.63	1/30/2008	1/20/2038	1,376.39	1,544.16			(5.44)		1,370.95	1,551.09	12.37	0.00
GNMA	2004 CDEF Single Family	5.63	2/13/2008	1/20/2038	3,956.04	4,438.29			(17.04)		3,939.00	4,456.64	35.39	0.00
GNMA	2004 CDEF Single Family	5.38	2/19/2008	12/20/2037	2,678.68	3,017.49			(27.42)		2,651.26	2,998.93	8.86	0.00
GNMA	2004 CDEF Single Family	5.63	2/19/2008	1/20/2038	1,573.67	1,765.50			(6.43)		1,567.24	1,773.20	14.13	0.00
GNMA	2004 CDEF Single Family	5.13	2/27/2008	2/20/2038	3,631.18	4,056.01			(15.79)		3,615.39	4,054.10	13.88	0.00

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GNMA	2004 CDEF Single Family	5.38	2/27/2008	2/20/2038	2,486.63	2,791.64			(13.03)		2,473.60	2,789.35	10.74	0.00
GNMA	2004 CDEF Single Family	5.38	3/20/2008	2/20/2038	4,911.63	5,495.83			(22.57)		4,889.06	5,491.81	18.55	0.00
GNMA	2004 CDEF Single Family	5.13	3/20/2008	10/20/2037	2,102.30	2,352.29			(9.17)		2,093.13	2,351.11	7.99	0.00
GNMA	2004 CDEF Single Family	5.38	3/27/2008	3/20/2038	4,251.98	4,757.79			(17.77)		4,234.21	4,756.28	16.26	0.00
FNMA	2004 CDEF Single Family	5.63	7/3/2007	7/1/2037	4,590.52	5,037.32			(19.55)		4,570.97	5,019.51	1.74	0.00
FNMA	2004 CDEF Single Family	5.38	8/7/2007	7/1/2037	29,921.34	33,149.07			(371.38)		29,549.96	32,915.72	138.03	0.00
FNMA	2004 CDEF Single Family	5.63	8/7/2007	7/1/2037	3,414.42	3,810.61			(20.39)		3,394.03	3,790.03	(0.19)	0.00
FNMA	2004 CDEF Single Family	5.13	8/7/2007	8/1/2037	25,970.62	28,864.53			(118.83)		25,851.79	28,893.72	148.02	0.00
FNMA	2004 CDEF Single Family	5.13	8/29/2007	8/1/2037	6,881.81	6,289.40			(28.94)		6,260.46	6,889.71	36.84	0.00
FNMA	2004 CDEF Single Family	5.38	8/23/2007	7/1/2037	12,678.62	14,035.63			(122.54)		12,556.08	13,978.29	65.20	0.00
FNMA	2004 CDEF Single Family	5.38	9/11/2007	8/1/2037	11,163.66	12,358.78			(50.55)		11,113.11	12,372.15	63.92	0.00
FNMA	2004 CDEF Single Family	5.13	9/11/2007	9/1/2037	3,399.36	3,727.87			(17.57)		3,381.79	3,728.81	18.51	0.00
FNMA	2004 CDEF Single Family	5.63	9/11/2007	8/1/2037	4,381.26	4,828.28			(18.66)		4,362.60	4,811.14	1.52	0.00
FNMA	2004 CDEF Single Family	5.38	9/25/2007	9/1/2037	22,116.85	24,484.86			(106.89)		22,009.96	24,503.84	125.87	0.00
FNMA	2004 CDEF Single Family	5.63	9/25/2007	7/1/2037	1,371.88	1,543.47			(15.16)		1,356.72	1,526.89	(1.42)	0.00
FNMA	2004 CDEF Single Family	5.13	9/25/2007	9/1/2037	15,902.94	17,675.78			(186.23)		15,716.71	17,566.86	77.31	0.00
FNMA	2004 CDEF Single Family	5.38	10/9/2007	8/1/2037	1,502.84	1,651.83			(6.44)		1,496.40	1,654.10	8.71	0.00
FNMA	2004 CDEF Single Family	5.13	10/9/2007	9/1/2037	7,625.13	8,475.22			(33.70)		7,591.43	8,485.13	43.61	0.00
FNMA	2004 CDEF Single Family	5.63	10/9/2007	9/1/2037	4,047.36	4,460.34			(208.79)		3,838.57	4,202.48	(224.07)	0.00
FNMA	2004 CDEF Single Family	5.38	10/25/2007	10/1/2037	26,607.90	29,457.61			(143.81)		26,464.09	29,463.48	149.68	0.00
FNMA	2004 CDEF Single Family	5.13	10/25/2007	10/1/2037	14,147.90	15,725.48			(77.22)		14,070.68	15,727.41	79.15	0.00
FNMA	2004 CDEF Single Family	5.38	11/8/2007	9/1/2037	13,066.61	14,469.98			(413.73)		12,652.88	14,129.95	73.70	0.00
FNMA	2004 CDEF Single Family	5.13	11/8/2007	10/1/2037	5,678.45	6,232.41			(32.92)		5,645.53	6,230.42	30.93	0.00
FNMA	2004 CDEF Single Family	5.38	11/21/2007	10/1/2037	6,485.53	5,897.84			(27.69)		5,870.15	6,492.95	35.11	0.00
FNMA	2004 CDEF Single Family	5.13	11/21/2007	9/1/2037	7,635.36	8,355.15			(34.89)		7,600.47	8,365.01	44.75	0.00
FNMA	2004 CDEF Single Family	5.38	11/21/2007	11/1/2037	11,119.32	12,310.52			(53.17)		11,066.15	12,320.69	63.34	0.00
FNMA	2004 CDEF Single Family	5.38	12/11/2007	10/1/2037	15,167.85	16,792.92			(65.70)		15,102.15	16,814.40	87.18	0.00
FNMA	2004 CDEF Single Family	5.13	12/11/2007	11/1/2037	5,300.21	5,795.05			(23.85)		5,276.36	5,801.96	30.76	0.00
FNMA	2004 CDEF Single Family	5.38	12/11/2007	11/1/2037	5,975.19	6,584.74			(29.04)		5,946.15	6,591.35	35.65	0.00
FNMA	2004 CDEF Single Family	5.13	12/11/2007	12/1/2037	6,260.36	6,867.35			(39.54)		6,220.82	6,861.34	33.53	0.00
FNMA	2004 CDEF Single Family	5.13	12/20/2007	11/1/2037	2,601.46	2,846.82			(11.91)		2,589.55	2,850.15	15.24	0.00
FNMA	2004 CDEF Single Family	5.38	12/20/2007	10/1/2037	1,511.46	1,667.85			(7.84)		1,503.62	1,668.32	8.31	0.00
FNMA	2004 CDEF Single Family	5.63	12/28/2007	10/1/2037	18,891.23	21,065.86			(86.17)		18,805.06	20,978.24	(1.45)	0.00
FNMA	2004 CDEF Single Family	5.13	1/16/2008	12/1/2037	5,158.52	5,638.77			(22.54)		5,135.98	5,646.13	29.90	0.00
FNMA	2004 CDEF Single Family	5.13	1/30/2008	12/1/2037	3,547.96	3,890.16			(22.77)		3,525.19	3,886.91	19.52	0.00
FNMA	2004 CDEF Single Family	5.38	1/30/2008	11/1/2037	1,352.03	1,485.81			(5.65)		1,346.38	1,487.99	7.83	0.00
FNMA	2004 CDEF Single Family	5.13	2/13/2008	1/1/2038	2,199.37	2,403.54			(9.46)		2,189.91	2,406.78	12.70	0.00
FNMA	2004 CDEF Single Family	5.38	2/19/2008	12/1/2037	2,188.91	2,405.38			(9.14)		2,179.77	2,408.95	12.71	0.00
FNMA	2004 CDEF Single Family	5.13	2/19/2008	1/1/2038	4,708.29	5,161.60			(28.31)		4,679.98	5,159.58	26.29	0.00
FNMA	2004 CDEF Single Family	5.13	2/27/2008	2/1/2038	1,468.01	1,604.08			(6.68)		1,461.33	1,605.83	8.43	0.00
FNMA	2004 CDEF Single Family	5.38	3/20/2008	11/1/2037	3,285.34	3,628.16			(79.73)		3,205.61	3,558.88	10.45	0.00
GNMA	2004 CDEF Single Family				1,310.15	1,469.82			(1,310.15)				(159.67)	0.00
	2004 CDEF Single Family Total				50,961,195.37	56,295,815.77	1,395,656.07	(801,873.33)	(1,626,481.67)	0.00	49,928,496.44	55,356,589.21	93,472.37	0.00
Repo Agmt	2005 BCD Single Family	0.15	8/31/2012	9/4/2012	58,490.11	58,490.11	48,277.20				106,767.31	106,767.31	-	0.00
Repo Agmt	2005 BCD Single Family	0.15	8/31/2012	9/4/2012	502,573.88	502,573.88	241,000.66				743,574.54	743,574.54	-	0.00
GNMA	2005 BCD Single Family	5.13	8/10/2006	7/20/2036	10,344.66	11,612.48			(66.25)		10,278.41	11,595.63	49.40	0.00
GNMA	2005 BCD Single Family	5.38	8/16/2006	8/20/2036	3,815.38	4,271.91			(17.58)		3,797.80	4,272.30	17.97	0.00
GNMA	2005 BCD Single Family	5.63	8/16/2006	8/20/2036	1,669.60	1,873.32			(12.51)		1,657.09	1,880.27	19.46	0.00
GNMA	2005 BCD Single Family	5.38	8/23/2006	8/20/2036	11,609.21	13,042.42			(1,593.03)		10,016.18	11,302.58	(146.81)	0.00
GNMA	2005 BCD Single Family	5.13	8/23/2006	8/1/2036	14,407.04	16,173.00			(74.84)		14,332.20	16,169.21	71.05	0.00
GNMA	2005 BCD Single Family	5.38	9/6/2006	8/20/2036	34,409.24	38,592.70			(2,454.43)		31,954.81	36,018.89	(119.38)	0.00
GNMA	2005 BCD Single Family	5.63	9/6/2006	9/20/2036	15,472.51	17,401.28			(108.94)		15,363.57	17,425.00	132.66	0.00
GNMA	2005 BCD Single Family	5.13	9/6/2006	8/20/2036	30,176.93	33,876.56			(161.22)		30,015.71	33,863.58	148.24	0.00
GNMA	2005 BCD Single Family	5.38	9/12/2006	9/20/2036	18,724.27	21,000.99			(101.03)		18,623.24	20,992.04	92.08	0.00
GNMA	2005 BCD Single Family	5.13	9/12/2006	9/20/2036	19,849.37	22,262.90			(100.15)		19,749.22	22,261.24	98.49	0.00
GNMA	2005 BCD Single Family	5.63	9/12/2006	9/20/2036	2,510.91	2,817.40			(11.44)		2,499.47	2,829.94	23.98	0.00
GNMA	2005 BCD Single Family	5.38	9/20/2006	9/20/2036	33,014.83	37,029.46			(164.80)		32,850.03	37,028.71	164.05	0.00
GNMA	2005 BCD Single Family	5.13	9/20/2006	9/20/2036	51,249.34	57,481.29			(3,804.44)		47,444.90	53,480.10	(196.75)	0.00
GNMA	2005 BCD Single Family	5.63	9/20/2006	9/20/2036	5,289.91	5,949.42			(24.31)		5,265.60	5,972.22	47.11	0.00
GNMA	2005 BCD Single Family	5.13	9/26/2006	9/20/2036	21,296.68	23,886.46			(105.75)		21,190.93	23,886.60	105.89	0.00
GNMA	2005 BCD Single Family	5.38	9/26/2006	9/20/2036	24,911.01	27,987.36			(140.66)		24,770.35	27,952.65	105.95	0.00
GNMA	2005 BCD Single Family	5.38	10/5/2006	10/20/2036	41,123.95	46,125.50			(228.52)		40,895.43	46,098.32	201.34	0.00
GNMA	2005 BCD Single Family	5.63	10/17/2006	10/20/2036	18,192.38	20,460.97			(106.25)		18,086.13	20,523.68	168.96	0.00
GNMA	2005 BCD Single Family	5.13	10/5/2006	10/20/2036	40,374.64	45,285.06			(202.91)		40,171.73	45,282.55	200.40	0.00
GNMA	2005 BCD Single Family	5.38	10/17/2006	10/20/2036	33,124.96	37,154.05			(180.86)		32,944.10	37,135.82	162.63	0.00
GNMA	2005 BCD Single Family	5.13	10/17/2006	10/20/2036	37,436.96	41,958.00			(3,231.45)		34,205.51	38,484.85	(241.70)	0.00
GNMA	2005 BCD Single Family	5.63	10/24/2006	10/20/2036	20,250.13	22,775.51			(4,198.56)		16,051.57	18,206.16	(370.79)	0.00
GNMA	2005 BCD Single Family	5.38	10/24/2006	10/20/2036	37,229.48	41,758.06			(182.61)		37,046.87	41,760.82	185.37	0.00
GNMA	2005 BCD Single Family	5.13	10/24/2006	10/20/2036	34,368.28	38,571.23			(173.07)		34,215.21	38,568.80	170.64	0.00
GNMA	2005 BCD Single Family	5.38	11/2/2006	11/20/2036	29,875.02	33,507.08			(2,486.11)		27,388.91	30,837.64	(183.33)	0.00
GNMA	2005 BCD Single Family	5.13	11/2/2006	10/20/2036	25,339.43	28,421.92			(128.69)		25,210.74	28,418.85	125.62	0.00
GNMA	2005 BCD Single Family	5.63	11/14/2006	11/20/2036	15,552.05	17,491.95			(2,338.54)		13,213.51	14,987.51	(165.90)	0.00

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2005 BCD Single Family	5.38	11/14/2006	10/20/2036	22,815.14	25,589.00			(106.46)		22,708.68	25,568.18	85.64	0.00
GNMA	2005 BCD Single Family	5.13	11/14/2006	11/20/2036	31,154.67	34,945.17			(158.20)		30,996.47	34,941.44	154.47	0.00
GNMA	2005 BCD Single Family	5.38	11/21/2006	11/20/2036	36,938.13	41,432.56			(2,489.57)		34,448.56	38,833.10	(109.89)	0.00
GNMA	2005 BCD Single Family	5.63	11/21/2006	11/20/2036	4,739.26	5,330.45			(22.18)		4,717.08	5,350.41	42.14	0.00
GNMA	2005 BCD Single Family	5.13	11/21/2006	11/20/2036	19,262.77	21,606.52			(105.04)		19,157.73	21,596.04	94.56	0.00
GNMA	2005 BCD Single Family	5.38	11/28/2006	11/20/2036	29,407.97	32,986.36			(185.27)		29,222.70	32,942.31	141.22	0.00
GNMA	2005 BCD Single Family	5.63	11/28/2006	11/20/2036	3,386.11	3,795.50			(14.95)		3,371.16	3,811.89	31.34	0.00
GNMA	2005 BCD Single Family	5.13	11/28/2006	11/20/2036	5,849.60	6,550.25			(3,645.24)		2,204.36	2,480.03	(424.98)	0.00
GNMA	2005 BCD Single Family	5.38	12/12/2006	12/20/2036	23,441.18	26,340.40			(131.52)		23,309.66	26,308.61	99.73	0.00
GNMA	2005 BCD Single Family	5.63	12/12/2006	12/20/2036	17,067.15	19,196.59			(75.06)		16,992.09	19,273.93	152.40	0.00
GNMA	2005 BCD Single Family	5.13	12/12/2006	11/20/2036	28,697.81	32,190.12			(4,701.88)		23,995.93	27,080.79	(407.45)	0.00
GNMA	2005 BCD Single Family	5.38	12/27/2006	12/20/2036	50,968.14	57,167.63			(2,911.42)		48,056.72	54,110.74	(145.47)	0.00
GNMA	2005 BCD Single Family	5.63	12/27/2006	12/20/2036	8,438.27	9,491.20			(37.50)		8,400.77	9,528.99	75.29	0.00
GNMA	2005 BCD Single Family	5.13	12/27/2006	12/20/2036	28,392.79	31,823.99			(2,697.09)		25,695.70	28,912.51	(214.39)	0.00
GNMA	2005 BCD Single Family	5.38	1/10/2007	12/20/2036	30,714.22	34,450.53			(5,361.77)		25,352.45	28,546.58	(542.18)	0.00
GNMA	2005 BCD Single Family	5.63	1/9/2007	12/20/2036	10,253.37	11,532.96			(48.80)		10,204.57	11,575.23	91.07	0.00
GNMA	2005 BCD Single Family	5.13	1/9/2007	1/20/2037	11,192.94	12,545.82			(52.76)		11,140.18	12,535.04	41.98	0.00
GNMA	2005 BCD Single Family	5.38	1/16/2007	12/20/2036	15,655.50	17,561.32			(91.27)		15,564.23	17,546.15	76.10	0.00
GNMA	2005 BCD Single Family	5.63	1/16/2007	1/20/2037	12,973.31	14,592.50			(59.55)		12,913.76	14,648.44	115.49	0.00
GNMA	2005 BCD Single Family	5.13	1/30/2007	1/20/2037	34,897.95	39,116.66			(179.09)		34,718.86	39,066.67	129.10	0.00
GNMA	2005 BCD Single Family	5.38	1/30/2007	1/20/2037	21,611.56	24,242.88			(116.56)		21,495.00	24,232.57	106.25	0.00
GNMA	2005 BCD Single Family	5.63	1/30/2007	1/20/2037	7,206.75	8,106.32			(31.93)		7,174.82	8,138.71	64.32	0.00
GNMA	2005 BCD Single Family	5.38	2/13/2007	1/20/2037	24,307.89	27,267.86			(114.76)		24,193.13	27,274.71	121.61	0.00
GNMA	2005 BCD Single Family	5.13	2/13/2007	1/20/2037	15,944.18	17,885.68			(100.86)		15,843.32	17,861.30	76.48	0.00
GNMA	2005 BCD Single Family	5.63	2/13/2007	2/20/2037	4,046.56	4,536.09			(1,806.19)		2,240.37	2,533.41	(196.49)	0.00
FNMA	2005 BCD Single Family	5.38	8/9/2006	8/1/2036	8,777.29	9,691.48			(2,918.10)		5,859.19	6,470.48	(302.90)	0.00
FNMA	2005 BCD Single Family	5.13	8/10/2006	7/1/2036	4,222.84	4,619.10			(24.65)		4,198.19	4,617.42	22.97	0.00
FNMA	2005 BCD Single Family	5.38	8/23/2006	8/1/2036	4,095.17	4,498.89			(23.62)		4,071.55	4,497.68	22.41	0.00
FNMA	2005 BCD Single Family	5.63	8/23/2006	8/1/2036	8,073.28	8,973.04			(37.94)		8,035.34	8,926.31	(87.79)	0.00
FNMA	2005 BCD Single Family	5.13	8/23/2006	8/1/2036	8,668.74	9,601.28			(1,944.84)		6,723.90	7,395.63	(260.81)	0.00
FNMA	2005 BCD Single Family	5.38	9/6/2006	9/1/2036	17,331.54	19,132.00			(87.97)		17,243.57	19,131.04	87.01	0.00
FNMA	2005 BCD Single Family	5.63	9/6/2006	8/1/2036	8,171.43	8,171.43			(1,578.15)		5,782.78	6,360.71	(232.57)	0.00
FNMA	2005 BCD Single Family	5.13	9/12/2006	9/1/2036	15,032.92	16,635.06			(75.91)		14,957.01	16,644.65	85.50	0.00
FNMA	2005 BCD Single Family	5.38	9/12/2006	9/1/2036	7,235.47	8,010.46			(131.81)		7,103.66	7,911.27	32.62	0.00
FNMA	2005 BCD Single Family	5.63	9/20/2006	9/1/2036	5,694.12	6,321.20			(26.76)		5,667.36	6,294.31	(0.13)	0.00
FNMA	2005 BCD Single Family	5.38	9/20/2006	9/1/2036	10,293.35	11,384.65			(118.72)		10,174.63	11,322.02	56.09	0.00
FNMA	2005 BCD Single Family	5.13	9/20/2006	9/1/2036	7,054.94	7,806.91			(36.51)		7,018.43	7,810.42	40.02	0.00
FNMA	2005 BCD Single Family	5.38	9/26/2006	9/1/2036	9,871.58	10,886.03			(47.64)		9,823.94	10,889.35	50.96	0.00
FNMA	2005 BCD Single Family	5.38	10/5/2006	9/1/2036	18,464.85	20,352.14			(2,249.17)		16,215.68	17,974.42	(128.55)	0.00
FNMA	2005 BCD Single Family	5.63	10/17/2006	9/1/2036	10,947.53	12,155.88			(49.75)		10,897.78	12,103.30	(2.83)	0.00
FNMA	2005 BCD Single Family	5.13	10/17/2006	10/1/2036	20,087.96	22,229.24			(181.05)		19,906.91	22,153.48	105.29	0.00
FNMA	2005 BCD Single Family	5.38	10/17/2006	10/1/2036	11,306.52	12,508.55			(96.82)		11,209.70	12,474.01	64.28	0.00
FNMA	2005 BCD Single Family	5.38	10/24/2006	11/1/2036	31,034.83	34,277.12			(7,913.22)		23,121.61	25,635.94	(727.96)	0.00
FNMA	2005 BCD Single Family	5.38	11/2/2006	11/1/2036	26,295.44	29,057.44			(1,727.28)		24,568.16	27,285.74	(44.42)	0.00
FNMA	2005 BCD Single Family	5.63	11/2/2006	10/1/2036	4,977.95	5,526.23			(27.05)		4,950.90	5,498.65	(0.53)	0.00
FNMA	2005 BCD Single Family	5.13	11/2/2006	10/1/2036	7,979.52	8,830.11			(94.82)		7,884.70	8,774.53	39.24	0.00
FNMA	2005 BCD Single Family	5.38	11/14/2006	11/1/2036	23,465.13	25,999.25			(124.39)		23,340.74	25,894.92	120.06	0.00
FNMA	2005 BCD Single Family	5.63	11/14/2006	11/1/2036	7,769.43	8,647.00			(37.89)		7,731.54	8,603.39	(5.72)	0.00
FNMA	2005 BCD Single Family	5.13	11/14/2006	11/1/2036	7,312.61	7,979.23			(36.10)		7,276.51	7,984.20	41.07	0.00
FNMA	2005 BCD Single Family	5.38	11/21/2006	10/1/2036	8,609.80	9,489.89			(43.35)		8,566.45	9,495.73	49.19	0.00
FNMA	2005 BCD Single Family	5.63	11/21/2006	11/1/2036	4,141.89	4,551.05			(18.81)		4,123.08	4,533.83	1.59	0.00
FNMA	2005 BCD Single Family	5.13	11/21/2006	11/1/2036	4,450.83	4,864.96			(33.49)		4,417.34	4,854.97	23.50	0.00
FNMA	2005 BCD Single Family	5.38	11/28/2006	11/1/2036	2,896.47	3,176.18			(13.76)		2,882.71	3,179.24	16.82	0.00
FNMA	2005 BCD Single Family	5.13	11/28/2006	11/1/2036	2,190.41	2,388.93			(10.63)		2,179.78	2,390.80	12.50	0.00
FNMA	2005 BCD Single Family	5.63	11/28/2006	11/1/2036	1,268.12	1,392.94			(5.62)		1,262.50	1,387.84	0.52	0.00
FNMA	2005 BCD Single Family	5.38	12/12/2006	11/1/2036	7,141.11	7,871.18			(34.99)		7,106.12	7,877.08	40.89	0.00
FNMA	2005 BCD Single Family	5.63	12/12/2006	11/1/2036	5,409.53	6,016.64			(29.70)		5,379.83	5,981.56	(5.38)	0.00
FNMA	2005 BCD Single Family	5.13	12/12/2006	11/1/2036	3,854.57	4,213.88			(28.11)		3,826.46	4,204.51	18.74	0.00
FNMA	2005 BCD Single Family	5.38	12/27/2006	11/1/2036	21,837.81	24,070.77			(3,450.55)		18,387.26	20,382.31	(237.91)	0.00
FNMA	2005 BCD Single Family	5.63	12/27/2006	12/1/2036	6,881.97	7,664.55			(41.08)		6,840.89	7,621.92	(1.55)	0.00
FNMA	2005 BCD Single Family	5.13	12/27/2006	10/1/2036	4,746.50	5,182.82			(1,779.40)		2,967.10	3,257.05	(146.37)	0.00
FNMA	2005 BCD Single Family	5.38	1/9/2007	12/1/2036	17,069.71	18,868.02			(119.83)		16,949.88	18,843.69	95.50	0.00
FNMA	2005 BCD Single Family	5.63	1/9/2007	12/1/2036	5,022.08	5,587.64			(30.68)		4,991.40	5,556.62	(0.34)	0.00
FNMA	2005 BCD Single Family	5.13	1/9/2007	12/1/2036	4,835.44	5,272.09			(23.16)		4,812.28	5,276.87	27.94	0.00
FNMA	2005 BCD Single Family	5.38	1/30/2007	12/1/2036	21,016.57	23,165.64			(99.55)		20,917.02	23,186.83	120.74	0.00
FNMA	2005 BCD Single Family	5.63	1/30/2007	12/1/2036	17,345.58	19,273.75			(108.31)		17,237.27	19,149.82	(15.62)	0.00
FNMA	2005 BCD Single Family	5.13	1/30/2007	1/1/2037	3,640.92	3,977.40			(25.77)		3,615.15	3,971.42	19.79	0.00
FNMA	2005 BCD Single Family	5.38	2/13/2007	1/1/2037	12,884.61	14,250.42			(115.85)		12,768.76	14,206.71	72.14	0.00
FNMA	2005 BCD Single Family	5.63	2/13/2007	1/1/2037	6,012.20	6,615.07			(3,508.95)		2,503.25	2,753.60	(352.52)	0.00
FNMA	2005 BCD Single Family	5.13	2/13/2007	1/1/2037	7,034.74	7,681.72			(38.07)		6,996.67	7,682.60	38.95	0.00
FNMA	2005 BCD Single Family	5.38	2/20/2007	1/1/2037	3,161.95	3,475.49			(15.05)		3,146.90	3,478.85	18.41	0.00
FNMA	2005 BCD Single Family	5.63	2/20/2007	1/1/2037	9,132.47	10,138.76			(40.67)		9,091.80	10,098.13	0.04	0.00
FNMA	2005 BCD Single Family	6.15	5/1/1996	4/1/2026	125,336.12	143,790.73			(1,896.59)		123,639.53	142,987.73	893.59	0.00

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
FNMA	2005 BCD Single Family	6.15	6/1/1996	5/1/2026	132,279.51	151,622.34			(2,256.49)		130,023.02	150,239.75	873.90	0.00
FNMA	2005 BCD Single Family	6.15	7/1/1996	6/1/2026	94,201.94	108,326.36			(2,779.01)		91,422.93	104,247.59	(1,299.76)	0.00
FNMA	2005 BCD Single Family	6.15	8/1/1996	7/1/2026	114,368.79	131,538.69			(2,091.44)		112,277.35	128,048.19	(1,399.06)	0.00
FNMA	2005 BCD Single Family	6.15	8/1/1996	8/1/2026	133,303.92	152,138.77			(2,016.66)		131,287.26	151,282.47	(1,160.36)	0.00
FNMA	2005 BCD Single Family	6.15	9/1/1996	8/1/2026	30,368.35	34,175.16			(1,087.12)		29,281.23	33,091.86	3.82	0.00
FNMA	2005 BCD Single Family	6.15	10/1/1996	10/1/2026	165,614.73	187,764.15			(3,445.44)		162,169.29	186,364.95	(2,046.24)	0.00
FNMA	2005 BCD Single Family	6.15	12/1/1996	11/1/2026	103,360.08	116,336.63			(1,740.08)		101,620.00	114,864.06	267.51	0.00
FNMA	2005 BCD Single Family	6.15	3/1/1997	1/1/2027	87,421.19	98,347.95			(45,824.57)		41,596.62	46,995.03	(5,528.35)	0.00
FNMA	2005 BCD Single Family	6.15	9/1/1997	7/1/2027	87,666.13	100,753.78			(1,056.66)		86,609.47	98,515.65	(1,181.47)	0.00
GNMA	2005 BCD Single Family	6.15	7/1/1996	7/20/2026	648,688.05	734,284.74			(8,944.30)		639,743.75	726,917.12	1,576.68	0.00
GNMA	2005 BCD Single Family	6.15	3/1/1996	3/20/2026	98,062.15	111,005.50			(3,300.71)		94,761.44	107,677.19	(27.60)	0.00
GNMA	2005 BCD Single Family	6.15	8/1/1996	7/20/2026	432,463.43	489,514.71			(6,601.87)		425,861.56	483,877.06	964.22	0.00
GNMA	2005 BCD Single Family	6.15	4/1/1996	4/20/2026	183,596.14	207,803.91			(2,891.81)		180,704.33	205,309.45	397.35	0.00
GNMA	2005 BCD Single Family	6.15	5/1/1996	5/20/2026	464,217.39	525,434.56			(49,706.68)		414,510.71	470,959.12	(4,768.76)	0.00
GNMA	2005 BCD Single Family	6.15	5/1/1996	5/20/2026	193,294.24	218,818.99			(3,231.54)		190,062.70	215,979.43	391.98	0.00
GNMA	2005 BCD Single Family	6.15	6/1/1996	6/20/2026	639,370.35	723,748.46			(9,848.43)		629,521.92	715,313.21	1,413.18	0.00
GNMA	2005 BCD Single Family	6.15	6/1/1996	6/20/2026	197,224.71	223,219.83			(2,393.70)		194,831.01	221,350.56	524.43	0.00
GNMA	2005 BCD Single Family	6.15	7/1/1996	6/20/2026	762,938.37	863,427.78			(11,836.79)		751,101.58	853,270.62	1,879.63	0.00
GNMA	2005 BCD Single Family	6.15	8/1/1996	8/20/2026	551,047.85	621,877.24			(10,538.26)		540,509.59	612,339.89	1,000.91	0.00
GNMA	2005 BCD Single Family	6.15	9/1/1996	9/20/2026	284,229.57	320,600.50			(36,185.41)		248,044.16	280,867.61	(3,547.48)	0.00
GNMA	2005 BCD Single Family	6.15	9/1/1996	9/20/2026	120,453.07	135,906.37			(38,510.04)		81,943.03	92,813.17	(4,683.16)	0.00
GNMA	2005 BCD Single Family	6.15	10/1/1996	10/20/2026	668,171.49	753,721.90			(11,979.72)		656,191.77	743,072.61	1,330.43	0.00
GNMA	2005 BCD Single Family	6.15	12/1/1996	12/20/2026	138,259.39	155,927.12			(2,993.26)		135,266.13	153,142.29	208.43	0.00
GNMA	2005 BCD Single Family	6.15	1/1/1997	12/20/2026	493,795.58	556,905.77			(7,196.29)		486,599.29	550,915.00	1,205.52	0.00
GNMA	2005 BCD Single Family	6.15	1/1/1997	1/20/2027	262,977.62	296,907.25			(5,147.07)		257,830.55	292,218.13	457.95	0.00
GNMA	2005 BCD Single Family	6.15	2/1/1997	2/20/2027	168,367.93	190,086.88			(2,277.94)		166,089.99	188,238.06	429.12	0.00
GNMA	2005 BCD Single Family	6.15	2/1/1997	2/20/2027	119,647.01	134,975.54			(29,930.49)		89,716.52	101,826.57	(3,218.48)	0.00
GNMA	2005 BCD Single Family	6.15	3/1/1997	3/20/2027	250,801.05	282,780.01			(2,872.32)		247,928.73	280,625.67	717.98	0.00
GNMA	2005 BCD Single Family	6.15	4/1/1997	4/20/2027	132,034.70	148,793.87			(1,533.89)		130,500.81	147,636.88	376.90	0.00
GNMA	2005 BCD Single Family	6.15	6/1/1997	6/20/2027	70,122.25	79,223.23			(765.51)		69,356.74	78,661.84	204.12	0.00
GNMA	2005 BCD Single Family	6.15	8/1/1997	7/20/2027	216,603.40	245,294.90			(3,843.90)		212,759.50	241,858.36	407.36	0.00
GNMA	2005 BCD Single Family	6.15	9/1/1997	8/20/2027	256,490.01	289,164.27			(4,161.49)		252,328.52	285,576.56	573.78	0.00
GNMA	2005 BCD Single Family	6.15	2/1/1998	2/20/2028	76,529.66	86,482.34			(702.38)		75,827.28	86,021.48	241.52	0.00
GNMA	2005 BCD Single Family	6.15	3/1/1998	1/20/2028	48,498.36	54,654.25			(648.23)		47,850.13	54,133.32	127.30	0.00
GNMA	2005 BCD Single Family	6.15	4/1/1998	4/20/2028	132,642.08	149,478.32			(40,226.85)		92,415.23	104,781.30	(4,470.17)	0.00
GNMA	2005 BCD Single Family	6.15	6/1/1998	5/20/2028	47,144.16	53,275.24			(429.05)		46,715.11	52,995.46	149.27	0.00
GNMA	2005 BCD Single Family	6.15	9/1/1998	7/20/2028	160,834.24	181,248.93			(1,985.43)		158,848.81	179,707.24	443.74	0.00
GNMA	2005 BCD Single Family	6.15	11/1/1998	10/20/2028	192,944.51	219,739.80			(1,998.64)		188,741.16	219,426.71	480.84	0.00
2005 BCD Single Family Total					11,219,189.41	12,594,799.62	289,277.86	0.00	(443,525.47)	0.00	11,064,941.80	12,430,450.63	(10,101.38)	0.00
Repo Agmt	2006 ABCDE Single Family	0.15	8/31/2012	9/4/2012	844,627.90	844,627.90	252.34				844,880.24	844,880.24	-	0.00
Repo Agmt	2006 ABCDE Single Family	4.73	6/28/2006	8/31/2037	3,921,883.05	3,921,883.05		(1,769,084.24)			2,152,798.81	2,152,798.81	-	0.00
Repo Agmt	2006 ABCDE Single Family	0.15	8/31/2012	9/4/2012	1,906,170.89	1,906,170.89	6,672,375.84				8,578,546.73	8,578,546.73	-	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	6/18/2008	4/1/2038	213,628.80	233,964.06			(917.23)		212,711.57	233,943.81	896.98	0.00
Freddie Mac	2006 ABCDE Single Family	5.63	6/18/2008	3/1/2038	65,557.78	73,049.64			(3,579.79)		61,977.99	68,487.51	(982.34)	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	6/25/2008	12/1/2037	121,096.37	131,855.40			(525.97)		120,570.40	131,839.45	510.02	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	7/16/2008	6/1/2038	180,127.49	196,211.95			(1,161.29)		178,966.20	195,811.23	760.57	0.00
Freddie Mac	2006 ABCDE Single Family	5.63	7/16/2008	5/1/2038	33,832.32	37,201.12			(138.93)		33,693.39	36,964.55	(107.64)	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	7/23/2008	3/1/2038	77,144.14	84,462.65			(317.06)		76,827.08	84,470.24	324.65	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	8/13/2008	7/1/2038	118,944.19	130,207.52			(478.05)		118,466.14	130,234.93	505.46	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	8/13/2008	7/1/2038	53,482.37	58,714.89			(499.08)		52,983.29	58,386.06	170.25	0.00
Freddie Mac	2006 ABCDE Single Family	5.63	9/24/2008	7/1/2038	113,979.33	125,299.32			(436.87)		113,542.46	124,497.36	(365.09)	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	10/22/2008	3/1/2038	173,667.73	189,073.68			(742.69)		172,925.04	189,058.46	727.47	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	11/19/2008	10/1/2038	156,850.69	170,763.45			(665.40)		156,185.29	170,755.62	657.57	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	11/25/2008	10/1/2038	123,536.04	134,758.06			(486.64)		123,049.40	134,778.11	506.69	0.00
Freddie Mac	2006 ABCDE Single Family	5.25	12/18/2008	9/1/2038	182,301.89	199,810.18			(1,725.87)		180,576.02	198,752.43	668.12	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	12/30/2008	12/1/2038	137,855.55	150,033.96			(556.11)		137,299.44	150,064.37	586.52	0.00
FNMA	2006 ABCDE Single Family	6.25	4/15/1997	3/1/2027	158,138.92	181,714.23			(2,814.76)		155,324.16	179,495.67	596.20	0.00
FNMA	2006 ABCDE Single Family	6.25	5/29/1997	5/1/2027	111,962.20	128,250.46			(2,318.09)		109,644.11	126,232.16	299.79	0.00
FNMA	2006 ABCDE Single Family	6.25	6/26/1997	5/1/2027	164,061.58	188,943.13			(2,363.85)		161,697.73	187,205.51	626.23	0.00
FNMA	2006 ABCDE Single Family	6.25	8/18/1997	6/1/2027	69,646.97	80,242.38			(1,116.88)		68,530.09	78,436.12	(689.38)	0.00
FNMA	2006 ABCDE Single Family	6.25	9/29/1997	8/1/2027	71,106.52	81,923.93			(32,175.22)		38,931.30	44,558.80	(5,189.91)	0.00
FNMA	2006 ABCDE Single Family	6.25	1/29/1998	11/1/2027	101,847.21	114,997.74			(3,978.08)		97,869.13	110,314.19	(705.47)	0.00
GNMA	2006 ABCDE Single Family	6.25	3/18/1997	2/20/2027	1,274,644.66	1,436,435.30			(20,673.92)		1,253,970.74	1,418,629.58	2,868.20	0.00
GNMA	2006 ABCDE Single Family	6.25	4/15/1997	4/20/2027	480,783.04	541,808.75			(5,598.88)		475,184.16	537,580.51	1,370.64	0.00
GNMA	2006 ABCDE Single Family	6.45	4/29/1997	4/20/2027	188,403.22	212,788.21			(1,911.55)		186,491.67	211,446.07	569.41	0.00
GNMA	2006 ABCDE Single Family	6.25	4/29/1997	4/20/2027	477,928.48	538,591.82			(69,050.54)		408,877.94	462,567.59	(6,973.69)	0.00
GNMA	2006 ABCDE Single Family	6.25	5/15/1997	5/20/2027	379,758.08	428,910.06			(4,188.86)		375,569.22	425,824.06	1,102.86	0.00
GNMA	2006 ABCDE Single Family	6.45	5/29/1997	5/20/2027	53,263.84	60,024.43			(607.02)		52,656.82	59,571.00	153.59	0.00
GNMA	2006 ABCDE Single Family	6.25	6/17/1997	6/20/2027	710,660.01	800,864.07			(8,252.53)		702,407.48	794,640.58	2,029.04	0.00
GNMA	2006 ABCDE Single Family	6.25	6/26/1997	6/20/2027	187,727.90	212,025.58			(1,916.04)		185,811.86	210,675.41	565.87	0.00
GNMA	2006 ABCDE Single Family	6.45	7/15/1997	5/20/2027	205,672.72	231,778.76			(3,715.70)		201,957.02	228,476.00	412.94	0.00
GNMA	2006 ABCDE Single Family	6.25	7/15/1997	6/20/2027	273,709.55	308,451.46			(3,567.29)		270,142.26	305,614.59	730.42	0.00

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	6.25	7/30/1997	7/20/2027	388,920.20	439,258.09			(4,353.63)		384,566.57	436,025.37	1,120.91	0.00
GNMA	2006 ABCDE Single Family	6.25	8/18/1997	7/20/2027	667,989.92	752,777.91			(39,294.06)		628,695.86	711,249.94	(2,233.91)	0.00
GNMA	2006 ABCDE Single Family	6.25	8/28/1997	8/20/2027	634,723.77	715,289.19			(8,723.74)		626,000.03	708,200.02	1,634.57	0.00
GNMA	2006 ABCDE Single Family	6.45	8/28/1997	8/20/2027	185,344.51	209,333.67			(1,813.56)		183,530.95	208,089.25	569.14	0.00
GNMA	2006 ABCDE Single Family	6.25	9/18/1997	9/20/2027	73,694.57	83,048.60			(858.03)		72,836.54	82,400.69	210.12	0.00
GNMA	2006 ABCDE Single Family	6.25	9/29/1997	9/20/2027	244,718.94	275,781.08			(3,675.52)		241,043.42	272,694.80	589.24	0.00
GNMA	2006 ABCDE Single Family	6.25	10/15/1997	9/20/2027	252,635.73	285,334.39			(2,573.05)		250,062.68	283,523.58	762.24	0.00
GNMA	2006 ABCDE Single Family	6.45	10/15/1997	8/20/2027	55,143.33	62,142.66			(612.98)		54,530.35	61,690.71	161.03	0.00
GNMA	2006 ABCDE Single Family	6.25	10/30/1997	10/20/2027	234,638.22	264,420.82			(6,474.86)		228,163.36	258,123.46	177.50	0.00
GNMA	2006 ABCDE Single Family	6.25	11/17/1997	10/20/2027	212,913.37	240,470.71			(2,164.11)		210,749.26	238,949.59	642.99	0.00
GNMA	2006 ABCDE Single Family	6.45	11/25/1997	10/20/2027	124,679.01	140,816.20			(1,215.43)		123,463.58	139,984.22	383.45	0.00
GNMA	2006 ABCDE Single Family	6.25	11/25/1997	11/20/2027	300,293.38	338,409.56			(3,774.97)		296,518.41	335,454.18	819.59	0.00
GNMA	2006 ABCDE Single Family	6.25	12/17/1997	11/20/2027	425,617.05	479,640.65			(5,634.71)		419,982.34	475,130.25	1,124.31	0.00
GNMA	2006 ABCDE Single Family	6.25	1/29/1998	1/20/2028	676,102.28	761,919.90			(9,774.95)		666,327.33	753,822.71	1,677.76	0.00
GNMA	2006 ABCDE Single Family	6.45	2/12/1998	12/20/2027	196,706.61	222,166.35			(2,496.54)		194,210.07	220,197.33	527.52	0.00
GNMA	2006 ABCDE Single Family	6.45	4/16/1998	2/20/2028	191,803.25	216,149.13			(2,593.68)		189,209.57	214,054.98	499.53	0.00
GNMA	2006 ABCDE Single Family	6.25	4/29/1998	4/20/2028	319,167.69	359,679.70			(4,932.70)		314,234.99	355,497.23	750.23	0.00
GNMA	2006 ABCDE Single Family	6.25	7/6/1998	5/20/2028	75,659.76	85,499.06			(673.81)		74,985.95	85,066.81	241.56	0.00
GNMA	2006 ABCDE Single Family	6.45	8/13/1998	6/20/2028	145,741.82	164,605.19			(1,582.96)		144,158.86	163,448.75	426.52	0.00
GNMA	2006 ABCDE Single Family	6.25	8/27/1998	7/20/2028	156,692.22	176,581.18			(3,542.14)		153,150.08	173,260.23	221.19	0.00
GNMA	2006 ABCDE Single Family	6.25	9/24/1998	8/20/2028	112,427.84	127,049.03			(1,000.33)		111,427.51	126,407.78	359.08	0.00
GNMA	2006 ABCDE Single Family	6.25	10/1/1998	8/20/2028	64,054.11	72,184.49			(1,299.76)		62,754.35	70,994.61	109.88	0.00
GNMA	2006 ABCDE Single Family	6.25	10/29/1998	9/20/2028	40,791.03	45,050.83			(2,397.72)		38,393.31	42,570.88	(82.23)	0.00
GNMA	2006 ABCDE Single Family	6.45	12/15/1998	9/20/2028	87,827.95	98,975.96			(1,744.58)		86,083.37	97,387.00	155.62	0.00
GNMA	2006 ABCDE Single Family	6.25	12/29/1998	10/20/2028	419,857.56	474,460.06			(4,637.51)		415,220.05	471,042.26	1,219.71	0.00
GNMA	2006 ABCDE Single Family	5.45	1/28/1999	11/20/2028	33,334.30	37,846.75			(290.34)		33,043.96	37,713.40	156.99	0.00
GNMA	2006 ABCDE Single Family	5.45	3/18/1999	2/20/2029	244,884.59	274,473.97			(2,587.95)		242,296.64	272,644.26	758.24	0.00
GNMA	2006 ABCDE Single Family	5.45	6/24/1999	5/20/2029	322,192.61	361,123.15			(3,452.98)		318,739.63	358,661.78	991.61	0.00
GNMA	2006 ABCDE Single Family	5.45	7/29/1999	6/20/2029	193,763.31	217,479.97			(52,465.47)		141,297.84	159,215.85	(5,798.65)	0.00
GNMA	2006 ABCDE Single Family	5.45	10/14/1999	8/20/2029	129,353.93	144,175.37			(2,014.71)		127,339.22	142,492.65	331.99	0.00
GNMA	2006 ABCDE Single Family	5.45	8/26/1999	7/20/2029	219,992.64	246,919.71			(2,430.16)		217,562.48	245,151.54	661.99	0.00
GNMA	2006 ABCDE Single Family	6.25	10/20/1999	7/20/2029	159,909.36	180,705.57			(1,755.58)		158,153.78	179,316.33	366.34	0.00
GNMA	2006 ABCDE Single Family	6.25	11/23/1999	10/20/2029	40,752.79	46,243.82			(320.65)		40,432.14	46,107.59	184.42	0.00
GNMA	2006 ABCDE Single Family	5.45	12/1/1999	10/20/2029	144,227.57	160,753.13			(1,909.05)		142,318.52	159,254.38	410.30	0.00
GNMA	2006 ABCDE Single Family	5.45	1/27/2000	12/20/2029	667,279.42	747,906.79			(7,908.46)		659,370.96	741,957.18	1,958.85	0.00
GNMA	2006 ABCDE Single Family	6.25	1/27/2000	12/20/2029	183,055.66	206,862.07			(1,926.97)		181,128.69	205,479.66	544.56	0.00
FNMA	2006 ABCDE Single Family	5.45	1/28/2000	7/1/2029	148,464.90	163,629.07			(1,505.09)		146,959.81	162,143.66	19.68	0.00
FNMA	2006 ABCDE Single Family	6.25	1/28/2000	9/1/2029	89,937.67	103,663.95			(2,118.67)		87,819.00	100,869.77	(675.51)	0.00
GNMA	2006 ABCDE Single Family	5.13	8/10/2006	7/20/2036	499,130.04	559,788.61			(3,201.46)		495,928.58	558,976.53	2,389.38	0.00
GNMA	2006 ABCDE Single Family	5.38	8/16/2006	8/20/2036	174,472.51	195,350.14			(804.50)		173,668.01	195,368.28	822.64	0.00
GNMA	2006 ABCDE Single Family	5.63	8/16/2006	8/20/2036	76,348.12	85,665.18			(572.32)		75,775.80	85,983.00	890.14	0.00
GNMA	2006 ABCDE Single Family	5.38	8/23/2006	8/20/2036	530,877.83	596,416.55			(72,847.75)		458,030.08	516,855.51	(6,713.29)	0.00
GNMA	2006 ABCDE Single Family	5.13	8/23/2006	8/1/2036	695,141.79	779,631.64			(3,618.05)		691,523.74	779,448.94	3,435.35	0.00
GNMA	2006 ABCDE Single Family	5.38	9/6/2006	8/20/2036	1,573,499.20	1,764,804.55			(112,238.56)		1,461,260.64	1,647,107.18	(5,458.81)	0.00
GNMA	2006 ABCDE Single Family	5.63	9/6/2006	9/20/2036	707,543.91	795,742.70			(4,982.24)		702,561.67	796,827.57	6,067.11	0.00
GNMA	2006 ABCDE Single Family	5.13	9/6/2006	8/20/2036	1,456,046.00	1,633,045.03			(7,792.52)		1,448,253.48	1,632,419.34	7,166.83	0.00
GNMA	2006 ABCDE Single Family	5.38	9/12/2006	9/20/2036	856,241.75	960,353.92			(4,619.86)		851,621.89	959,944.76	4,210.70	0.00
GNMA	2006 ABCDE Single Family	5.13	9/12/2006	9/20/2036	957,952.58	1,074,431.94			(4,833.79)		953,118.79	1,074,351.64	4,753.49	0.00
GNMA	2006 ABCDE Single Family	5.63	9/12/2006	9/20/2036	114,821.17	128,836.97			(522.53)		114,298.64	129,410.31	1,095.87	0.00
GNMA	2006 ABCDE Single Family	5.38	9/20/2006	9/20/2036	1,509,735.60	1,693,319.41			(7,536.20)		1,502,199.40	1,693,285.12	7,501.91	0.00
GNMA	2006 ABCDE Single Family	5.13	9/20/2006	9/20/2036	2,473,350.10	2,774,109.28			(183,806.81)		2,289,743.29	2,581,007.62	(9,494.85)	0.00
GNMA	2006 ABCDE Single Family	5.63	9/20/2006	9/20/2036	241,903.53	272,061.32			(1,111.25)		240,792.28	273,103.81	2,153.74	0.00
GNMA	2006 ABCDE Single Family	5.13	9/26/2006	9/20/2036	1,027,800.20	1,152,786.52			(5,103.63)		1,022,696.57	1,152,793.50	5,110.61	0.00
GNMA	2006 ABCDE Single Family	5.38	9/26/2006	9/20/2036	1,139,155.76	1,279,833.72			(6,432.13)		1,132,723.63	1,278,246.05	4,844.46	0.00
GNMA	2006 ABCDE Single Family	5.38	10/5/2006	10/20/2036	1,880,556.26	2,109,272.21			(10,450.13)		1,870,106.13	2,108,029.27	9,207.19	0.00
GNMA	2006 ABCDE Single Family	5.63	10/17/2006	10/20/2036	831,918.08	935,659.49			(4,859.38)		827,058.70	938,526.95	7,726.84	0.00
GNMA	2006 ABCDE Single Family	5.13	10/5/2006	10/20/2036	1,948,523.79	2,185,506.06			(9,792.75)		1,938,731.04	2,185,384.98	9,671.67	0.00
GNMA	2006 ABCDE Single Family	5.38	10/17/2006	10/20/2036	1,514,771.02	1,699,016.81			(8,270.36)		1,506,500.66	1,698,183.20	7,436.75	0.00
GNMA	2006 ABCDE Single Family	5.13	10/17/2006	10/20/2036	1,806,747.51	2,024,938.74			(155,953.25)		1,650,794.26	1,857,320.57	(11,664.92)	0.00
GNMA	2006 ABCDE Single Family	5.63	10/24/2006	10/20/2036	926,018.91	1,041,501.07			(191,995.62)		734,023.29	832,549.17	(16,956.28)	0.00
GNMA	2006 ABCDE Single Family	5.38	10/24/2006	10/20/2036	1,702,466.19	1,909,553.41			(8,350.64)		1,694,115.55	1,909,679.22	8,476.45	0.00
GNMA	2006 ABCDE Single Family	5.13	10/24/2006	10/20/2036	1,659,614.60	1,861,489.38			(8,353.00)		1,651,261.60	1,861,372.43	8,236.05	0.00
GNMA	2006 ABCDE Single Family	5.38	11/2/2006	11/20/2036	1,366,154.90	1,532,244.75			(113,887.16)		1,252,467.74	1,410,173.63	(8,383.96)	0.00
GNMA	2006 ABCDE Single Family	5.13	11/2/2006	10/20/2036	1,222,907.99	1,371,673.11			(6,209.97)		1,216,698.02	1,371,524.98	6,061.84	0.00
GNMA	2006 ABCDE Single Family	5.63	11/14/2006	11/20/2036	711,179.68	799,889.11			(106,939.16)		604,240.52	685,363.43	(7,586.52)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/14/2006	10/20/2036	1,043,313.47	1,170,158.67			(4,868.61)		1,038,444.86	1,169,206.50	3,916.44	0.00
GNMA	2006 ABCDE Single Family	5.13	11/14/2006	11/20/2036	1,503,558.94	1,686,492.05			(7,634.73)		1,495,924.21	1,688,312.06	7,454.74	0.00
GNMA	2006 ABCDE Single Family	5.38	11/21/2006	11/20/2036	1,689,144.17	1,894,668.34			(113,845.25)		1,575,298.92	1,775,797.88	(5,025.21)	0.00
GNMA	2006 ABCDE Single Family	5.63	11/21/2006	11/20/2036	216,721.82	243,756.21			(1,014.26)		215,707.56	244,668.80	1,926.85	0.00
GNMA	2006 ABCDE Single Family	5.13	11/21/2006	11/20/2036	929,641.64	1,042,754.46			(5,069.37)		924,572.27	1,042,248.85	4,563.76	0.00
GNMA	2006 ABCDE Single Family	5.38	11/28/2006	11/20/2036	1,344,797.19	1,508,432.60			(8,471.61)		1,336,325.58	1,506,417.93	6,456.94	

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.38	12/12/2006	12/20/2036	1,072,029.17	1,204,519.60			(6,016.31)		1,066,012.86	1,203,065.67	4,562.38	0.00
GNMA	2006 ABCDE Single Family	5.63	12/12/2006	12/20/2036	780,462.70	877,840.67			(3,432.10)		777,030.60	881,377.30	6,968.73	0.00
GNMA	2006 ABCDE Single Family	5.13	12/12/2006	11/20/2036	1,384,985.88	1,553,530.20			(226,917.47)		1,158,068.41	1,306,948.48	(19,664.25)	0.00
GNMA	2006 ABCDE Single Family	5.38	12/27/2006	12/20/2036	2,330,720.97	2,614,217.44			(133,135.99)		2,197,584.98	2,474,428.71	(6,652.74)	0.00
GNMA	2006 ABCDE Single Family	5.63	12/27/2006	12/20/2036	385,872.26	434,023.08			(1,714.85)		384,157.41	435,751.29	3,443.06	0.00
GNMA	2006 ABCDE Single Family	5.13	12/27/2006	12/20/2036	1,370,267.36	1,535,860.41			(130,165.12)		1,240,102.24	1,395,349.40	(10,345.89)	0.00
GNMA	2006 ABCDE Single Family	5.38	1/10/2007	12/20/2036	1,404,529.31	1,575,387.85			(245,188.68)		1,159,340.63	1,305,405.96	(24,793.21)	0.00
GNMA	2006 ABCDE Single Family	5.63	1/9/2007	12/20/2036	468,876.37	527,390.62			(2,231.07)		466,645.30	529,323.48	4,163.93	0.00
GNMA	2006 ABCDE Single Family	5.38	1/9/2007	12/1/2036	543,095.65	605,474.88			(2,590.33)		540,505.32	604,954.94	2,070.39	0.00
GNMA	2006 ABCDE Single Family	5.38	1/16/2007	12/20/2036	715,910.33	803,061.44			(4,173.77)		711,736.56	802,367.79	3,480.12	0.00
GNMA	2006 ABCDE Single Family	5.63	1/16/2007	1/20/2037	593,255.90	667,300.45			(2,723.75)		590,532.15	669,858.53	5,281.83	0.00
GNMA	2006 ABCDE Single Family	5.13	1/30/2007	1/20/2037	1,684,213.49	1,887,812.76			(8,642.89)		1,675,570.60	1,885,400.22	6,230.35	0.00
GNMA	2006 ABCDE Single Family	5.38	1/30/2007	1/20/2037	988,274.86	1,108,602.37			(5,330.59)		982,944.27	1,108,130.81	4,859.03	0.00
GNMA	2006 ABCDE Single Family	5.63	1/30/2007	1/20/2037	329,557.46	370,694.19			(1,460.35)		328,097.11	372,175.03	2,941.19	0.00
GNMA	2006 ABCDE Single Family	5.38	2/13/2007	1/20/2037	1,111,576.37	1,246,931.56			(5,247.63)		1,106,328.74	1,247,244.48	5,560.55	0.00
GNMA	2006 ABCDE Single Family	5.13	2/13/2007	1/20/2037	769,483.51	863,182.48			(4,868.19)		764,615.32	862,006.18	3,691.89	0.00
GNMA	2006 ABCDE Single Family	5.63	2/13/2007	2/20/2037	185,043.09	207,431.11			(82,594.91)		102,448.18	115,850.63	(8,985.57)	0.00
GNMA	2006 ABCDE Single Family	5.38	2/20/2007	2/20/2037	602,058.90	675,330.36			(3,492.59)		598,566.31	674,011.65	2,173.88	0.00
GNMA	2006 ABCDE Single Family	5.13	2/20/2007	2/20/2037	756,028.95	848,099.86			(21,452.17)		734,576.78	829,078.51	2,430.82	0.00
GNMA	2006 ABCDE Single Family	5.63	2/20/2007	2/20/2037	251,006.55	282,345.07			(1,241.82)		249,764.73	283,326.02	2,222.77	0.00
GNMA	2006 ABCDE Single Family	5.38	3/6/2007	2/20/2037	509,363.46	571,360.67			(2,330.40)		507,033.06	570,948.15	1,917.88	0.00
GNMA	2006 ABCDE Single Family	5.63	3/6/2007	2/20/2037	159,296.47	178,572.65			(682.31)		158,614.16	179,367.53	1,477.19	0.00
GNMA	2006 ABCDE Single Family	5.63	3/20/2007	2/20/2037	71,807.24	80,497.52			(306.78)		71,500.46	80,856.74	666.00	0.00
GNMA	2006 ABCDE Single Family	5.13	3/20/2007	3/20/2037	780,777.02	875,887.48			(3,938.36)		776,838.66	875,823.59	3,874.47	0.00
GNMA	2006 ABCDE Single Family	5.38	3/20/2007	3/20/2037	647,287.27	726,084.35			(3,428.07)		643,859.20	725,035.37	2,379.09	0.00
GNMA	2006 ABCDE Single Family	5.13	3/6/2007	2/20/2037	382,096.25	428,302.20			(1,820.81)		380,275.44	427,912.37	1,430.98	0.00
GNMA	2006 ABCDE Single Family	5.13	4/24/2007	4/20/2037	999,679.16	1,120,627.94			(4,641.63)		995,037.53	1,119,746.60	3,760.29	0.00
GNMA	2006 ABCDE Single Family	5.63	4/24/2007	4/20/2037	482,376.81	542,637.83			(2,367.59)		480,009.22	544,545.10	4,274.86	0.00
GNMA	2006 ABCDE Single Family	5.38	4/24/2007	4/20/2037	544,387.72	610,680.60			(2,681.43)		541,706.29	610,025.45	2,026.28	0.00
GNMA	2006 ABCDE Single Family	5.13	3/27/2007	3/20/2037	480,600.61	538,731.03			(2,308.18)		478,292.43	538,221.03	1,798.18	0.00
GNMA	2006 ABCDE Single Family	5.63	3/27/2007	2/20/2037	197,474.42	221,374.52			(848.69)		196,625.73	222,356.68	1,830.85	0.00
GNMA	2006 ABCDE Single Family	5.38	4/24/2007	3/20/2037	255,609.36	285,665.48			(1,326.11)		253,743.25	285,522.94	1,183.57	0.00
GNMA	2006 ABCDE Single Family	5.38	4/10/2007	3/20/2037	586,155.30	657,522.45			(2,667.61)		583,487.69	657,064.27	2,209.43	0.00
GNMA	2006 ABCDE Single Family	5.13	4/10/2007	3/20/2037	753,042.29	844,135.74			(3,519.28)		749,523.01	843,446.18	2,829.72	0.00
GNMA	2006 ABCDE Single Family	5.63	4/10/2007	3/20/2037	85,787.03	96,171.39			(362.68)		85,424.35	96,604.98	796.27	0.00
GNMA	2006 ABCDE Single Family	5.13	5/8/2007	4/20/2037	419,961.57	478,440.87			(2,046.01)		417,915.56	477,553.04	1,837.48	0.00
GNMA	2006 ABCDE Single Family	5.63	5/8/2007	4/20/2037	131,315.75	147,215.75			(556.23)		130,759.52	147,878.24	1,218.72	0.00
GNMA	2006 ABCDE Single Family	5.38	5/8/2007	5/20/2037	272,964.47	305,714.28			(1,327.74)		271,636.73	305,664.59	1,278.05	0.00
GNMA	2006 ABCDE Single Family	5.38	5/22/2007	5/20/2037	733,072.04	822,366.86			(3,293.47)		729,778.57	821,841.15	2,767.76	0.00
GNMA	2006 ABCDE Single Family	5.13	5/22/2007	5/20/2037	577,639.39	647,546.21			(2,636.65)		575,002.74	647,087.37	2,177.81	0.00
GNMA	2006 ABCDE Single Family	5.38	6/5/2007	5/20/2037	446,852.08	501,288.76			(1,987.23)		444,864.85	500,991.21	1,689.68	0.00
GNMA	2006 ABCDE Single Family	5.63	6/5/2007	5/20/2037	136,252.23	152,754.49			(588.35)		135,663.88	153,429.07	1,262.93	0.00
GNMA	2006 ABCDE Single Family	5.13	6/5/2007	5/20/2037	1,264,863.07	1,417,955.90			(6,138.97)		1,258,724.10	1,416,539.88	4,722.95	0.00
GNMA	2006 ABCDE Single Family	5.38	6/19/2007	5/20/2037	224,246.92	251,160.77			(972.85)		223,274.07	251,252.87	1,064.95	0.00
GNMA	2006 ABCDE Single Family	5.13	6/19/2007	6/20/2037	557,671.95	625,181.15			(3,041.80)		554,630.15	624,179.63	2,040.28	0.00
GNMA	2006 ABCDE Single Family	5.63	6/19/2007	6/20/2037	206,707.89	232,544.99			(127,630.38)		79,077.51	89,434.37	(15,480.24)	0.00
GNMA	2006 ABCDE Single Family	5.38	8/7/2007	7/20/2037	141,410.81	158,458.59			(609.05)		140,801.76	158,520.90	671.36	0.00
GNMA	2006 ABCDE Single Family	5.63	8/7/2007	8/20/2037	700,505.78	788,440.87			(110,519.45)		589,986.33	669,665.25	(8,256.17)	0.00
GNMA	2006 ABCDE Single Family	5.13	8/7/2007	7/20/2037	1,202,721.93	1,348,955.45			(6,021.23)		1,196,700.70	1,347,395.80	4,461.58	0.00
GNMA	2006 ABCDE Single Family	5.38	7/3/2007	5/20/2037	706,543.38	792,636.40			(3,153.29)		703,390.09	792,153.33	2,670.22	0.00
GNMA	2006 ABCDE Single Family	5.13	7/3/2007	6/20/2037	383,247.13	425,989.63			(1,722.06)		381,525.07	425,640.24	1,372.67	0.00
GNMA	2006 ABCDE Single Family	5.38	7/17/2007	6/20/2037	514,250.03	574,250.03			(246,261.32)		212,125.02	238,714.00	(29,274.71)	0.00
GNMA	2006 ABCDE Single Family	5.13	7/17/2007	6/20/2037	280,066.17	311,344.59			(1,302.71)		278,763.46	311,034.36	992.48	0.00
GNMA	2006 ABCDE Single Family	5.63	11/21/2007	10/20/2037	62,298.46	69,964.84			(278.56)		62,019.90	70,281.36	595.08	0.00
GNMA	2006 ABCDE Single Family	5.38	11/21/2007	10/20/2037	326,762.92	365,580.65			(94,350.89)		232,412.03	261,029.95	(10,199.81)	0.00
GNMA	2006 ABCDE Single Family	5.38	9/25/2007	9/20/2037	875,970.89	983,222.09			(145,717.55)		730,253.34	822,832.73	(14,671.81)	0.00
GNMA	2006 ABCDE Single Family	5.13	9/25/2007	9/20/2037	794,276.24	890,899.07			(3,897.67)		790,378.57	889,957.68	2,956.28	0.00
GNMA	2006 ABCDE Single Family	5.63	9/25/2007	8/20/2037	269,298.35	303,117.35			(1,267.23)		268,031.12	304,243.10	2,392.98	0.00
GNMA	2006 ABCDE Single Family	5.38	9/25/2007	9/20/2037	119,456.77	134,149.03			(559.51)		118,897.26	134,727.31	1,137.79	0.00
GNMA	2006 ABCDE Single Family	5.38	10/9/2007	9/20/2037	815,977.34	915,895.11			(28,389.93)		787,587.41	887,447.07	(58.11)	0.00
GNMA	2006 ABCDE Single Family	5.63	10/9/2007	6/20/2037	90,772.74	101,822.17			(375.95)		90,396.79	102,289.43	843.21	0.00
GNMA	2006 ABCDE Single Family	5.13	10/9/2007	9/20/2037	274,074.08	307,136.54			(1,254.63)		272,819.45	307,173.74	1,291.83	0.00
GNMA	2006 ABCDE Single Family	5.38	8/23/2007	8/20/2037	582,618.72	653,928.98			(2,618.24)		580,000.48	653,507.48	2,196.74	0.00
GNMA	2006 ABCDE Single Family	5.13	8/23/2007	7/20/2037	809,218.69	907,620.75			(163,379.57)		645,839.12	727,176.97	(17,064.21)	0.00
GNMA	2006 ABCDE Single Family	5.38	9/11/2007	9/20/2037	302,034.51	337,890.43			(1,291.80)		300,742.71	337,750.64	1,152.01	0.00
GNMA	2006 ABCDE Single Family	5.63	9/11/2007	8/20/2037	391,446.02	440,598.77			(110,303.60)		281,142.42	319,121.57	(11,173.60)	0.00
GNMA	2006 ABCDE Single Family	5.13	9/11/2007	8/20/2037	263,592.24	293,127.92			(129,207.08)		134,385.16	149,997.99	(13,922.85)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/28/2007	11/20/2037	248,339.48	278,313.22			(1,784.26)		246,555.22	277,617.93	1,088.97	0.00
GNMA	2006 ABCDE Single Family	5.13	12/11/2007	11/20/2037	272,414.73	302,969.55			(2,144.53)		270,270.22	301,706.01	980.99	0.00
GNMA	2006 ABCDE Single Family	5.38	10/25/2007	10/20/2037	300,752.62	336,471.67			(1,276.92)		299,475.70	336,343.35	1,148.60	0.00
GNMA	2006 ABCDE Single Family	5.13	10/25/2007	10/20/2037	911,344.32	1,022,241.46			(4,453.10)		906,891.22	1,021,183.77	3,395.41	0.00
GNMA														

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.38	11/8/2007	10/20/2037	551,447.83	618,993.54			(2,344.65)		549,103.18	618,744.99	2,096.10	0.00
GNMA	2006 ABCDE Single Family	5.13	11/8/2007	10/20/2037	378,794.08	423,787.30			(1,654.12)		377,139.96	423,573.77	1,440.59	0.00
GNMA	2006 ABCDE Single Family	5.38	12/28/2007	11/20/2037	256,973.54	287,512.06			(1,073.50)		255,900.04	287,421.83	983.27	0.00
GNMA	2006 ABCDE Single Family	5.63	12/28/2007	12/20/2037	63,315.13	71,029.79			(284.15)		63,030.98	71,310.63	564.99	0.00
GNMA	2006 ABCDE Single Family	5.63	12/28/2007	12/20/2037	565,819.39	636,945.69			(2,345.04)		563,474.35	639,671.69	5,071.04	0.00
GNMA	2006 ABCDE Single Family	5.38	12/11/2007	11/20/2037	821,672.85	922,351.41			(3,470.78)		818,202.07	922,006.75	3,126.12	0.00
GNMA	2006 ABCDE Single Family	5.38	12/20/2007	11/20/2037	71,661.56	80,177.15			(304.33)		71,357.23	80,146.41	273.59	0.00
GNMA	2006 ABCDE Single Family	5.13	12/20/2007	12/20/2037	76,364.69	85,439.67			(329.11)		76,035.58	85,401.51	290.95	0.00
GNMA	2006 ABCDE Single Family	5.38	1/16/2008	12/20/2037	42,817.38	48,149.96			(444.70)		42,372.68	47,860.75	155.49	0.00
GNMA	2006 ABCDE Single Family	5.63	1/30/2008	12/20/2037	175,311.63	196,678.65			(718.62)		174,593.01	197,533.40	1,573.37	0.00
GNMA	2006 ABCDE Single Family	5.38	2/13/2008	12/20/2037	142,043.87	159,470.31			(677.47)		141,366.40	159,501.88	709.04	0.00
GNMA	2006 ABCDE Single Family	5.63	1/30/2008	1/20/2038	62,941.39	70,613.08			(249.32)		62,692.07	70,929.79	566.03	0.00
GNMA	2006 ABCDE Single Family	5.63	2/13/2008	1/20/2038	180,906.08	202,958.69			(779.34)		180,126.74	203,797.98	1,618.63	0.00
GNMA	2006 ABCDE Single Family	5.38	2/19/2008	12/20/2037	122,494.09	137,987.01			(1,254.39)		121,239.70	137,138.03	405.41	0.00
GNMA	2006 ABCDE Single Family	5.63	2/19/2008	1/20/2038	71,961.92	80,734.64			(293.61)		71,668.31	81,087.04	646.01	0.00
GNMA	2006 ABCDE Single Family	5.13	2/27/2008	2/20/2038	174,942.93	195,747.20			(757.78)		174,185.15	195,655.48	666.06	0.00
GNMA	2006 ABCDE Single Family	5.38	2/27/2008	2/20/2038	113,515.11	127,658.96			(592.87)		112,922.24	127,554.24	488.15	0.00
GNMA	2006 ABCDE Single Family	5.38	3/20/2008	2/20/2038	224,603.26	251,318.55			(1,031.55)		223,571.71	251,134.91	847.91	0.00
GNMA	2006 ABCDE Single Family	5.13	3/20/2008	10/20/2037	101,458.53	113,524.25			(442.60)		101,015.93	113,467.32	385.67	0.00
GNMA	2006 ABCDE Single Family	5.38	3/27/2008	3/20/2038	194,439.16	217,568.98			(812.78)		193,626.38	217,500.13	743.93	0.00
GNMA	2006 ABCDE Single Family	5.38	4/24/2008	4/20/2038	114,891.56	128,562.70			(484.49)		114,407.07	128,517.26	438.05	0.00
GNMA	2006 ABCDE Single Family	5.13	4/24/2008	4/20/2038	192,724.56	215,657.18			(815.18)		191,909.38	215,578.17	736.17	0.00
GNMA	2006 ABCDE Single Family	5.13	4/22/2008	3/20/2038	120,373.76	134,696.27			(502.39)		119,871.37	134,654.52	460.64	0.00
GNMA	2006 ABCDE Single Family	5.63	4/22/2008	3/20/2038	244,705.35	274,555.65			(972.34)		243,733.01	275,783.63	2,200.32	0.00
GNMA	2006 ABCDE Single Family	5.13	5/7/2008	4/20/2038	267,745.23	299,608.31			(1,168.97)		266,576.26	299,457.57	1,018.23	0.00
GNMA	2006 ABCDE Single Family	5.63	5/7/2008	4/20/2038	162,326.61	182,131.49			(67,433.63)		94,892.98	107,373.39	(7,324.47)	0.00
GNMA	2006 ABCDE Single Family	5.38	5/14/2008	4/20/2038	195,419.31	218,676.79			(903.50)		194,515.81	218,510.27	736.98	0.00
GNMA	2006 ABCDE Single Family	5.13	5/21/2008	5/20/2038	385,773.76	429,078.87			(142,224.71)		243,549.05	271,892.12	(14,962.04)	0.00
GNMA	2006 ABCDE Single Family	5.13	6/11/2008	5/20/2038	241,831.22	270,620.73			(1,079.17)		240,752.05	270,458.37	916.81	0.00
GNMA	2006 ABCDE Single Family	5.63	7/9/2008	6/20/2038	278,065.61	312,013.15			(1,080.38)		276,985.23	313,436.38	2,503.61	0.00
GNMA	2006 ABCDE Single Family	5.38	7/9/2008	3/20/2038	94,298.42	105,526.40			(383.77)		93,914.65	105,504.57	361.94	0.00
GNMA	2006 ABCDE Single Family	5.13	7/16/2008	6/20/2038	113,410.64	126,916.86			(471.65)		112,938.99	126,879.41	434.20	0.00
GNMA	2006 ABCDE Single Family	5.63	6/18/2008	3/20/2038	27,365.23	30,705.08			(154.82)		27,210.41	30,790.23	239.97	0.00
GNMA	2006 ABCDE Single Family	5.63	6/25/2008	5/20/2038	173,975.76	195,211.95			(806.59)		173,295.17	196,097.17	1,665.81	0.00
GNMA	2006 ABCDE Single Family	5.38	6/25/2008	5/20/2038	114,794.04	128,461.74			(465.28)		114,328.76	128,437.46	441.00	0.00
GNMA	2006 ABCDE Single Family	5.38	7/23/2008	6/20/2038	315,821.51	353,435.19			(1,269.38)		314,552.13	353,380.39	1,214.58	0.00
GNMA	2006 ABCDE Single Family	5.13	8/27/2008	8/20/2038	236,908.69	265,135.25			(981.66)		235,927.03	265,061.32	907.73	0.00
GNMA	2006 ABCDE Single Family	5.63	8/13/2008	7/20/2038	71,275.15	79,979.81			(272.54)		71,002.61	80,349.60	642.33	0.00
GNMA	2006 ABCDE Single Family	5.38	8/13/2008	7/20/2038	155,379.54	173,889.35			(618.21)		154,761.33	173,869.48	598.34	0.00
GNMA	2006 ABCDE Single Family	5.13	8/13/2008	7/20/2038	242,724.88	271,639.76			(1,071.00)		241,653.88	271,490.43	921.67	0.00
GNMA	2006 ABCDE Single Family	5.13	9/10/2008	9/20/2038	395,784.41	442,948.35			(1,765.43)		394,018.98	442,683.45	1,500.53	0.00
GNMA	2006 ABCDE Single Family	5.13	9/24/2008	8/20/2038	117,848.47	131,893.17			(509.56)		117,338.91	131,832.40	448.79	0.00
GNMA	2006 ABCDE Single Family	5.38	9/24/2008	9/20/2038	102,968.53	115,240.37			(410.57)		102,557.96	115,226.32	396.52	0.00
GNMA	2006 ABCDE Single Family	5.13	10/15/2008	8/20/2038	121,608.26	136,103.92			(501.93)		121,106.33	136,067.92	465.93	0.00
GNMA	2006 ABCDE Single Family	5.13	10/15/2008	9/20/2038	64,325.24	71,993.11			(803.92)		63,521.32	71,369.18	179.99	0.00
GNMA	2006 ABCDE Single Family	5.13	11/12/2008	10/20/2038	269,785.80	301,954.89			(1,111.07)		268,674.73	301,878.03	1,034.21	0.00
GNMA	2006 ABCDE Single Family	5.13	11/25/2008	9/20/2038	130,418.12	145,970.23			(538.35)		129,879.77	145,931.69	499.81	0.00
GNMA	2006 ABCDE Single Family	5.38	11/25/2008	11/20/2038	382,097.56	427,665.51			(1,524.48)		380,573.08	427,611.87	1,470.84	0.00
GNMA	2006 ABCDE Single Family	5.63	12/10/2008	10/20/2038	126,932.72	142,453.01			(481.51)		126,451.21	143,116.02	1,144.52	0.00
GNMA	2006 ABCDE Single Family	5.38	12/10/2008	11/20/2038	155,639.99	174,203.88			(601.07)		155,038.92	174,204.38	601.57	0.00
GNMA	2006 ABCDE Single Family	5.13	12/10/2008	11/20/2038	305,860.34	343,500.92			(6,316.78)		299,543.56	338,464.25	1,280.11	0.00
GNMA	2006 ABCDE Single Family	5.38	12/17/2008	11/20/2038	194,529.19	218,100.77			(843.09)		193,686.10	218,180.59	922.91	0.00
GNMA	2006 ABCDE Single Family	5.25	12/17/2008	12/20/2038	397,199.87	444,580.15			(1,934.24)		395,265.63	444,132.12	1,486.21	0.00
GNMA	2006 ABCDE Single Family	5.25	12/17/2008	11/20/2038	117,871.85	131,931.89			(465.50)		117,406.35	131,920.72	454.33	0.00
GNMA	2006 ABCDE Single Family	5.25	12/17/2008	12/20/2038	121,742.57	136,264.68			(581.19)		121,161.38	136,140.47	456.98	0.00
GNMA	2006 ABCDE Single Family	5.13	12/17/2008	12/20/2038	209,651.17	234,659.54			(844.89)		208,806.28	234,620.88	806.23	0.00
GNMA	2006 ABCDE Single Family	5.25	12/17/2008	11/20/2038	274,937.63	307,732.79			(1,087.30)		273,850.33	307,705.03	1,059.54	0.00
GNMA	2006 ABCDE Single Family	5.25	12/23/2008	12/20/2038	569,579.89	639,414.78			(2,563.62)		567,016.27	638,998.99	2,147.83	0.00
GNMA	2006 ABCDE Single Family	5.25	12/23/2008	10/20/2038	121,146.27	135,597.00			(480.45)		120,665.82	135,583.24	466.69	0.00
GNMA	2006 ABCDE Single Family	5.13	12/30/2008	12/20/2038	79,091.71	88,527.31			(317.28)		78,774.43	88,514.28	304.25	0.00
GNMA	2006 ABCDE Single Family	5.38	12/30/2008	11/20/2038	126,923.27	142,064.69			(548.94)		126,374.33	141,999.06	483.31	0.00
GNMA	2006 ABCDE Single Family	5.25	12/30/2008	12/20/2038	91,178.47	102,056.09			(367.94)		90,810.53	102,038.62	350.47	0.00
GNMA	2006 ABCDE Single Family	5.15	12/30/2008	12/20/2038	252,340.17	282,444.48			(1,008.51)		251,331.66	282,407.10	971.13	0.00
FNMA	2006 ABCDE Single Family	5.38	8/9/2006	8/1/2036	401,377.88	443,181.68			(133,441.50)		267,936.38	295,888.83	(13,851.35)	0.00
FNMA	2006 ABCDE Single Family	5.13	8/10/2006	7/1/2036	203,753.97	222,667.55			(1,191.40)		202,562.57	222,586.63	1,110.48	0.00
FNMA	2006 ABCDE Single Family	5.38	8/23/2006	8/1/2036	187,269.81	205,729.68			(1,080.43)		186,189.38	205,674.43	1,025.18	0.00
FNMA	2006 ABCDE Single Family	5.63	8/23/2006	8/1/2036	369,184.02	410,328.04			(1,734.53)		367,449.49	408,191.14	(402.37)	0.00
FNMA	2006 ABCDE Single Family	5.13	8/23/2006	8/1/2036	418,271.13	462,837.18			(93,841.95)		324,429.18	356,512.39	(12,482.84)	0.00
FNMA	2006 ABCDE Single Family	5.38	9/6/2006	9/1/2036	792,553.50	874,887.23			(4,022.79)		788,530.71	874,843.32	3,978.88	0.00
FNMA	2006 ABCDE Single Family	5.63	9/6/2006	8/1/2036	336,608.53	373,671.10			(72,167.33)		264,441.20	290,869.07	(10,634.70)	0.00
FNMA	2006 ABCDE Single Family	5.13	9/12/2006	9/1/2036	725,503.94	802,826.06			(3,664.16)		721,839.78	803,289.09	4,127.17	0.00
FNMA	2006 ABCDE Single Family	5.38	9/12/2006	9/1/2036	330,868.08	366,310.49			(6,027.70)		324,840.38	361,774.50	1,491.71	0.00
FNMA	2006 ABCDE Single Family	5.63	9/20/2006	9/1/2036	260,389.23	289,0								

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FNMA	2006 ABCDE Single Family	5.38	9/20/2006	9/1/2036	470,705.06	520,608.41			(5,428.94)		465,276.12	517,744.79	2,565.32	0.00
FNMA	2006 ABCDE Single Family	5.13	9/20/2006	9/1/2036	340,481.30	376,770.01			(1,762.49)		338,718.81	376,939.59	1,932.07	0.00
FNMA	2006 ABCDE Single Family	5.38	9/26/2006	9/1/2036	451,416.32	497,807.16			(2,178.63)		449,237.69	497,959.23	2,330.70	0.00
FNMA	2006 ABCDE Single Family	5.38	10/5/2006	9/1/2036	844,379.32	930,682.86			(102,852.13)		741,527.19	821,951.92	(5,878.81)	0.00
FNMA	2006 ABCDE Single Family	5.63	10/17/2006	9/1/2036	500,619.11	555,875.93			(2,274.87)		498,344.24	553,471.74	(129.32)	0.00
FNMA	2006 ABCDE Single Family	5.13	10/17/2006	10/1/2036	969,467.19	1,072,807.53			(8,737.74)		960,729.45	1,069,151.29	5,081.50	0.00
FNMA	2006 ABCDE Single Family	5.38	10/17/2006	10/1/2036	517,037.20	571,911.97			(4,427.10)		512,610.10	570,424.00	2,939.13	0.00
FNMA	2006 ABCDE Single Family	5.38	10/24/2006	11/1/2036	1,419,192.33	1,567,457.98			(361,863.50)		1,057,328.83	1,172,305.56	(33,288.92)	0.00
FNMA	2006 ABCDE Single Family	5.38	11/2/2006	11/1/2036	1,202,463.38	1,328,767.12			(78,986.34)		1,123,477.04	1,247,748.80	(2,031.98)	0.00
FNMA	2006 ABCDE Single Family	5.63	11/2/2006	10/1/2036	227,637.89	252,709.06			(1,236.87)		226,401.02	251,448.12	(24.07)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/2/2006	10/1/2036	385,098.67	426,150.83			(4,575.96)		380,522.71	423,468.64	1,893.77	0.00
FNMA	2006 ABCDE Single Family	5.38	11/14/2006	11/1/2036	1,073,950.77	1,184,346.28			(5,688.02)		1,068,262.75	1,184,148.37	5,490.11	0.00
FNMA	2006 ABCDE Single Family	5.63	11/14/2006	11/1/2036	355,287.26	395,418.77			(1,732.44)		353,554.82	393,424.36	(261.97)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/14/2006	11/1/2036	352,915.73	385,086.25			(1,742.59)		351,173.14	385,326.53	1,982.87	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/2006	10/1/2036	393,716.97	433,963.33			(5,982.04)		391,734.93	434,230.53	2,249.24	0.00
FNMA	2006 ABCDE Single Family	5.63	11/21/2006	11/1/2036	189,405.67	208,115.29			(860.24)		188,545.43	207,327.73	72.68	0.00
FNMA	2006 ABCDE Single Family	5.13	11/21/2006	11/1/2036	214,801.81	234,788.56			(1,616.66)		213,185.15	234,306.41	1,134.51	0.00
FNMA	2006 ABCDE Single Family	5.38	11/28/2006	11/1/2036	132,452.07	145,243.49			(629.36)		131,822.71	145,383.75	769.62	0.00
FNMA	2006 ABCDE Single Family	5.13	11/28/2006	11/1/2036	105,711.91	115,292.51			(513.20)		105,198.71	115,382.83	603.52	0.00
FNMA	2006 ABCDE Single Family	5.63	11/28/2006	11/1/2036	57,990.50	63,697.99			(257.01)		57,733.49	63,464.59	23.61	0.00
FNMA	2006 ABCDE Single Family	5.38	12/12/2006	11/1/2036	326,556.54	359,941.26			(1,600.62)		324,955.92	360,210.91	1,870.27	0.00
FNMA	2006 ABCDE Single Family	5.63	12/12/2006	11/1/2036	247,371.38	275,134.79			(1,358.54)		246,012.84	273,530.73	(245.52)	0.00
FNMA	2006 ABCDE Single Family	5.13	12/12/2006	11/1/2036	186,563.32	203,366.39			(1,366.34)		185,196.98	202,914.58	914.53	0.00
FNMA	2006 ABCDE Single Family	5.38	12/27/2006	11/1/2036	998,623.26	1,100,731.78			(157,789.77)		840,833.49	932,062.50	(10,879.51)	0.00
FNMA	2006 ABCDE Single Family	5.63	12/27/2006	12/1/2036	314,707.42	350,492.28			(1,878.33)		312,829.09	348,542.72	(71.23)	0.00
FNMA	2006 ABCDE Single Family	5.13	12/27/2006	10/1/2036	229,071.62	250,128.74			(85,875.91)		143,195.71	157,188.99	(7,063.84)	0.00
FNMA	2006 ABCDE Single Family	5.38	1/9/2007	12/1/2036	780,581.33	862,815.33			(5,479.96)		775,101.37	861,702.77	4,367.40	0.00
FNMA	2006 ABCDE Single Family	5.63	1/9/2007	12/1/2036	229,653.93	255,517.46			(1,403.34)		228,250.59	254,098.93	(15.19)	0.00
FNMA	2006 ABCDE Single Family	5.13	1/9/2007	12/1/2036	233,364.72	254,437.07			(1,117.56)		232,247.16	254,667.72	1,348.21	0.00
FNMA	2006 ABCDE Single Family	5.38	1/30/2007	12/1/2036	955,915.04	1,059,341.04			(4,474.76)		951,440.28	1,060,310.31	5,444.03	0.00
FNMA	2006 ABCDE Single Family	5.63	1/30/2007	12/1/2036	793,195.58	881,369.11			(4,952.98)		788,242.60	875,701.97	(714.16)	0.00
FNMA	2006 ABCDE Single Family	5.13	1/30/2007	1/1/2037	175,714.45	191,953.75			(1,243.17)		174,471.28	191,665.04	954.46	0.00
FNMA	2006 ABCDE Single Family	5.38	2/13/2007	1/1/2037	589,201.79	651,657.25			(5,297.38)		583,904.41	649,658.24	3,298.37	0.00
FNMA	2006 ABCDE Single Family	5.63	2/13/2007	1/1/2037	274,931.25	302,500.40			(160,460.82)		114,470.43	125,919.68	(16,119.90)	0.00
FNMA	2006 ABCDE Single Family	5.13	2/13/2007	1/1/2037	339,509.38	370,728.01			(1,837.60)		337,671.78	370,770.71	1,880.30	0.00
FNMA	2006 ABCDE Single Family	5.38	2/20/2007	1/1/2037	144,952.02	158,930.79			(894.05)		144,257.97	159,084.38	847.64	0.00
FNMA	2006 ABCDE Single Family	5.63	2/20/2007	1/1/2037	417,618.03	463,635.62			(1,859.13)		415,758.90	461,777.60	1.11	0.00
FNMA	2006 ABCDE Single Family	5.13	2/20/2007	1/1/2037	425,515.53	470,899.29			(2,074.24)		423,441.29	471,254.18	2,429.13	0.00
FNMA	2006 ABCDE Single Family	5.38	3/6/2007	2/1/2037	430,019.60	474,783.61			(5,872.82)		424,146.78	470,922.80	2,012.01	0.00
FNMA	2006 ABCDE Single Family	5.63	3/6/2007	2/1/2037	152,455.93	167,309.10			(68,923.62)		83,532.31	91,741.33	(6,844.15)	0.00
FNMA	2006 ABCDE Single Family	5.63	3/20/2007	2/1/2037	111,266.23	123,044.48			(511.44)		110,754.79	122,575.64	42.60	0.00
FNMA	2006 ABCDE Single Family	5.38	3/20/2007	9/1/2036	110,075.84	121,033.56			(656.32)		109,419.52	120,967.13	589.89	0.00
FNMA	2006 ABCDE Single Family	5.13	3/27/2007	3/1/2037	212,771.49	232,467.29			(2,098.29)		210,673.20	231,468.13	1,099.13	0.00
FNMA	2006 ABCDE Single Family	5.38	4/10/2007	3/1/2037	822,590.67	906,736.35			(4,946.81)		817,643.86	906,401.43	4,611.89	0.00
FNMA	2006 ABCDE Single Family	5.63	4/10/2007	3/1/2037	105,796.59	117,568.66			(550.43)		105,246.16	116,947.83	(70.40)	0.00
FNMA	2006 ABCDE Single Family	5.13	4/10/2007	3/1/2037	454,725.90	503,236.82			(2,661.97)		452,063.93	503,120.40	2,545.55	0.00
FNMA	2006 ABCDE Single Family	5.38	4/24/2007	4/1/2037	1,044,557.13	1,151,417.77			(5,076.99)		1,039,480.14	1,152,327.93	5,987.15	0.00
FNMA	2006 ABCDE Single Family	5.13	4/24/2007	4/1/2037	298,274.15	325,990.79			(2,801.64)		295,472.51	324,733.91	1,544.76	0.00
FNMA	2006 ABCDE Single Family	5.63	4/24/2007	4/1/2037	109,496.86	120,361.06			(626.27)		108,870.59	119,802.06	67.27	0.00
FNMA	2006 ABCDE Single Family	5.13	5/8/2007	4/1/2037	236,209.53	257,315.79			(1,089.88)		235,119.65	257,616.90	1,390.99	0.00
FNMA	2006 ABCDE Single Family	5.38	5/22/2007	4/1/2037	215,131.37	235,776.92			(1,298.48)		213,832.89	235,756.78	1,278.34	0.00
FNMA	2006 ABCDE Single Family	5.13	5/22/2007	4/1/2037	97,218.13	106,019.71			(501.76)		96,716.37	106,074.06	556.11	0.00
FNMA	2006 ABCDE Single Family	5.38	6/5/2007	5/1/2037	311,793.94	343,700.55			(1,571.60)		310,222.34	343,906.86	1,777.91	0.00
FNMA	2006 ABCDE Single Family	5.63	6/5/2007	5/1/2037	117,198.30	128,661.90			(660.99)		116,537.31	128,075.97	75.06	0.00
FNMA	2006 ABCDE Single Family	5.13	6/5/2007	4/1/2037	268,016.36	292,705.38			(1,923.03)		266,093.33	292,225.21	1,442.86	0.00
FNMA	2006 ABCDE Single Family	5.38	6/19/2007	5/1/2037	341,458.87	378,168.95			(2,477.33)		338,981.54	377,676.42	1,984.80	0.00
FNMA	2006 ABCDE Single Family	5.63	7/3/2007	7/1/2037	209,920.65	230,351.81			(894.07)		209,026.58	229,537.35	79.61	0.00
FNMA	2006 ABCDE Single Family	5.13	7/3/2007	6/1/2037	343,392.91	375,400.07			(3,777.40)		339,615.51	373,314.73	1,692.06	0.00
FNMA	2006 ABCDE Single Family	5.38	8/7/2007	7/1/2037	1,368,272.17	1,515,873.09			(16,983.06)		1,351,289.11	1,505,202.21	6,312.18	0.00
FNMA	2006 ABCDE Single Family	5.63	8/7/2007	7/1/2037	156,138.32	174,255.42			(932.32)		155,206.00	173,314.50	(8.60)	0.00
FNMA	2006 ABCDE Single Family	5.13	8/7/2007	8/1/2037	1,253,371.46	1,393,033.77			(5,735.57)		1,247,635.89	1,394,442.45	7,144.25	0.00
FNMA	2006 ABCDE Single Family	5.38	8/29/2007	8/1/2037	303,533.20	332,123.99			(1,396.89)		302,136.31	332,505.23	1,778.13	0.00
FNMA	2006 ABCDE Single Family	5.38	8/23/2007	7/1/2037	579,780.50	641,835.17			(5,603.99)		574,176.51	639,212.98	2,981.80	0.00
FNMA	2006 ABCDE Single Family	5.38	9/11/2007	8/1/2037	510,503.97	565,154.68			(2,311.70)		508,192.27	565,766.13	2,923.15	0.00
FNMA	2006 ABCDE Single Family	5.13	9/11/2007	9/1/2037	164,056.90	179,911.22			(848.18)		163,208.72	179,956.68	893.64	0.00
FNMA	2006 ABCDE Single Family	5.63	9/11/2007	8/1/2037	200,350.70	220,792.53			(853.09)		199,497.61	220,008.79	69.35	0.00
FNMA	2006 ABCDE Single Family	5.38	9/25/2007	9/1/2037	1,011,379.97	1,119,667.66			(4,888.09)		1,006,491.88	1,120,535.83	5,756.26	0.00
FNMA	2006 ABCDE Single Family	5.63	9/25/2007	7/1/2037	62,733.37	70,581.39			(692.99)		62,040.38	69,823.32	(65.08)	0.00
FNMA	2006 ABCDE Single Family	5.13	9/25/2007	9/1/2037	767,494.79	853,052.33			(8,986.93)		758,507.86	847,795.69	3,790.29	0.00
FNMA	2006 ABCDE Single Family	5.38	10/9/2007	8/1/2037	68,722.85	75,536.70			(294.16)		68,428.69	75,640.35	397.81	0.00
FNMA	2006 ABCDE Single Family	5.13	10/9/2007	9/1/2037	367,996.08	409,023.51			(1,626.04)		366,370.04	409,501.90	2,104.43	0.00
FNMA	2006 ABCDE Single Family	5.63	10/9/2007	9/1/2037	185,081.34	203,966.83			(101,005.69)		84,075.65	92,714.61	(10,246.53)	0.00

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
FNMA	2006 ABCDE Single Family	5.13	10/25/2007	10/1/2037	682,792.29	758,928.96			(3,727.18)		679,065.11	759,022.04	3,820.26	0.00
FNMA	2006 ABCDE Single Family	5.38	11/8/2007	9/1/2037	597,523.82	661,697.65			(18,919.14)		578,604.68	646,148.04	3,369.53	0.00
FNMA	2006 ABCDE Single Family	5.13	11/8/2007	10/1/2037	274,049.44	300,783.12			(1,589.18)		272,460.26	300,686.91	1,492.97	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/2007	10/1/2037	269,701.24	296,576.80			(1,266.50)		268,434.74	296,916.00	1,605.70	0.00
FNMA	2006 ABCDE Single Family	5.13	11/21/2007	9/1/2037	368,491.21	403,228.65			(1,683.76)		366,807.45	403,704.81	2,159.92	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/2007	11/1/2037	508,475.56	562,947.75			(2,431.76)		506,043.80	563,412.92	2,896.93	0.00
FNMA	2006 ABCDE Single Family	5.38	12/11/2007	10/1/2037	693,609.22	767,923.01			(3,004.66)		690,604.56	768,905.47	3,987.12	0.00
FNMA	2006 ABCDE Single Family	5.13	12/11/2007	11/1/2037	255,792.82	279,675.69			(1,150.65)		254,642.17	280,009.34	1,484.30	0.00
FNMA	2006 ABCDE Single Family	5.38	12/11/2007	11/1/2037	273,239.90	301,113.52			(1,327.75)		271,912.15	301,415.61	1,629.84	0.00
FNMA	2006 ABCDE Single Family	5.13	12/11/2007	12/1/2037	302,130.41	331,425.90			(1,908.76)		300,221.65	331,135.94	1,618.80	0.00
FNMA	2006 ABCDE Single Family	5.13	12/20/2007	11/1/2037	125,550.79	137,390.68			(575.09)		124,975.70	137,551.37	735.78	0.00
FNMA	2006 ABCDE Single Family	5.38	12/20/2007	10/1/2037	69,118.01	76,269.44			(358.26)		68,759.75	76,290.68	379.50	0.00
FNMA	2006 ABCDE Single Family	5.63	12/28/2007	10/1/2037	863,876.99	963,320.39			(3,940.17)		859,936.82	959,313.74	(66.48)	0.00
FNMA	2006 ABCDE Single Family	5.13	1/16/2008	12/1/2037	248,955.49	272,133.43			(1,088.00)		247,867.49	272,488.55	1,443.12	0.00
FNMA	2006 ABCDE Single Family	5.13	1/30/2008	12/1/2037	171,228.67	187,743.91			(1,098.84)		170,129.83	187,587.08	942.01	0.00
FNMA	2006 ABCDE Single Family	5.38	1/30/2008	11/1/2037	61,827.64	67,944.74			(258.80)		61,568.84	68,044.56	358.62	0.00
FNMA	2006 ABCDE Single Family	5.13	2/13/2008	1/1/2038	106,143.70	115,997.85			(456.36)		105,687.34	116,154.35	612.86	0.00
FNMA	2006 ABCDE Single Family	5.38	2/19/2008	12/1/2037	100,097.09	109,995.72			(417.39)		99,679.70	110,159.11	580.78	0.00
FNMA	2006 ABCDE Single Family	5.13	2/19/2008	1/1/2038	227,226.78	249,104.59			(1,366.57)		225,860.21	249,006.90	1,268.88	0.00
FNMA	2006 ABCDE Single Family	5.13	2/27/2008	2/1/2038	70,846.99	77,414.76			(322.03)		70,524.96	77,499.40	406.67	0.00
FNMA	2006 ABCDE Single Family	5.38	3/20/2008	11/1/2037	150,236.57	165,911.99			(3,646.04)		146,590.53	162,743.95	478.00	0.00
FNMA	2006 ABCDE Single Family	5.13	4/8/2008	3/1/2038	148,543.07	163,138.80			(1,029.03)		147,514.04	162,884.66	774.89	0.00
FNMA	2006 ABCDE Single Family	5.63	4/15/2008	12/1/2037	130,081.42	146,051.97			(10,485.89)		119,595.53	134,883.57	(682.51)	0.00
FNMA	2006 ABCDE Single Family	5.38	4/15/2008	1/1/2038	120,361.40	132,261.81			(520.85)		119,840.55	132,438.58	697.62	0.00
FNMA	2006 ABCDE Single Family	5.13	4/15/2008	4/1/2038	111,321.49	121,627.76			(472.08)		110,849.41	121,800.49	644.81	0.00
FNMA	2006 ABCDE Single Family	5.38	4/29/2008	4/1/2038	148,112.55	163,407.46			(762.02)		147,350.53	163,452.13	806.69	0.00
GNMA	2006 ABCDE Single Family				59,912.42	67,213.68			(59,912.42)				(7,301.26)	0.00
GNMA	2006 ABCDE Single Family	6.15	11/12/2002	11/20/2032	2,252.29	2,568.58			(13.22)		2,239.07	2,564.56	9.20	0.00
GNMA	2006 ABCDE Single Family	5.40	11/12/2002	10/20/2032	8,316.81	9,336.99			(63.89)		8,252.92	9,301.12	28.02	0.00
GNMA	2006 ABCDE Single Family	6.15	1/10/2003	9/20/2032	7,961.83	9,089.87			(58.88)		7,902.95	9,066.68	35.69	0.00
GNMA	2006 ABCDE Single Family	5.40	9/26/2002	9/20/2032	9,965.26	11,199.75			(75.59)		9,889.67	11,157.78	33.62	0.00
GNMA	2006 ABCDE Single Family	6.15	10/10/2002	9/20/2032	5,112.09	5,833.07			(38.97)		5,073.12	5,816.88	22.78	0.00
GNMA	2006 ABCDE Single Family	5.40	10/10/2002	9/20/2032	3,145.58	3,527.34			(20.00)		3,125.58	3,522.43	15.09	0.00
GNMA	2006 ABCDE Single Family	6.15	10/21/2002	10/20/2032	7,070.63	8,039.49			(110.42)		6,960.21	7,943.98	14.91	0.00
GNMA	2006 ABCDE Single Family	6.15	10/29/2002	10/20/2032	2,327.85	2,656.17			(13.72)		2,314.13	2,653.41	10.96	0.00
GNMA	2006 ABCDE Single Family	5.40	10/29/2002	9/20/2032	2,335.84	2,631.84			(27.96)		2,307.88	2,610.38	6.50	0.00
GNMA	2006 ABCDE Single Family	5.40	11/5/2002	9/20/2032	6,111.28	6,868.48			(51.97)		6,059.31	6,836.40	19.89	0.00
GNMA	2006 ABCDE Single Family	6.15	11/19/2002	11/20/2032	3,702.80	4,222.89			(21.10)		3,681.70	4,217.03	15.24	0.00
GNMA	2006 ABCDE Single Family	5.40	11/19/2002	11/20/2032	4,459.69	5,001.17			(29.97)		4,429.72	4,992.41	21.21	0.00
GNMA	2006 ABCDE Single Family	6.15	11/26/2002	11/20/2032	13,646.18	15,571.53			(87.90)		13,558.28	15,546.79	63.16	0.00
GNMA	2006 ABCDE Single Family	5.40	11/26/2002	11/20/2032	3,798.75	4,269.56			(35.09)		3,763.66	4,246.48	12.01	0.00
GNMA	2006 ABCDE Single Family	6.15	11/26/2002	11/20/2032	2,264.84	2,585.80			(14.78)		2,250.06	2,581.47	10.45	0.00
GNMA	2006 ABCDE Single Family	5.40	11/26/2002	11/20/2032	2,287.60	2,571.09			(31.61)		2,255.99	2,545.36	5.88	0.00
GNMA	2006 ABCDE Single Family	5.40	12/12/2002	12/20/2032	4,624.02	5,197.21			(34.70)		4,589.32	5,178.17	15.66	0.00
GNMA	2006 ABCDE Single Family	6.15	12/30/2002	12/20/2032	2,827.58	3,226.65			(18.10)		2,809.48	3,221.65	13.10	0.00
GNMA	2006 ABCDE Single Family	5.40	12/30/2002	12/20/2032	9,241.30	10,363.72			(57.98)		9,183.32	10,350.16	44.42	0.00
GNMA	2006 ABCDE Single Family	6.15	12/30/2002	12/20/2032	5,376.87	6,132.31			(34.83)		5,342.04	6,118.98	21.50	0.00
GNMA	2006 ABCDE Single Family	5.40	12/30/2002	12/20/2032	4,568.00	5,122.86			(28.34)		4,539.66	5,116.52	22.00	0.00
GNMA	2006 ABCDE Single Family	6.15	1/23/2003	1/20/2033	17,688.86	20,185.63			(128.64)		17,560.22	20,136.72	79.73	0.00
GNMA	2006 ABCDE Single Family	5.40	1/23/2003	1/20/2033	4,454.73	4,995.89			(27.64)		4,427.09	4,989.71	21.46	0.00
GNMA	2006 ABCDE Single Family	6.15	1/23/2003	1/20/2033	4,745.76	5,418.59			(31.78)		4,713.98	5,408.58	21.77	0.00
GNMA	2006 ABCDE Single Family	5.40	1/30/2003	1/20/2033	4,647.98	5,306.99			(35.33)		4,612.65	5,292.35	20.69	0.00
GNMA	2006 ABCDE Single Family	5.40	1/30/2003	1/20/2033	10,245.63	11,503.24			(82.22)		10,163.41	11,455.10	34.08	0.00
GNMA	2006 ABCDE Single Family	6.15	2/12/2003	2/20/2033	8,396.77	9,587.46			(76.86)		8,319.91	9,546.06	35.46	0.00
GNMA	2006 ABCDE Single Family	6.15	2/20/2003	2/20/2033	7,733.19	8,824.88			(46.52)		7,686.67	8,814.63	36.27	0.00
GNMA	2006 ABCDE Single Family	5.40	3/3/2003	3/20/2033	5,299.72	5,943.76			(32.21)		5,267.51	5,937.16	25.61	0.00
GNMA	2006 ABCDE Single Family	6.15	2/27/2003	2/20/2033	15,222.70	17,362.35			(85.57)		15,137.13	17,339.52	62.74	0.00
GNMA	2006 ABCDE Single Family	6.15	3/12/2003	2/20/2033	11,691.76	13,335.25			(2,600.54)		9,091.22	10,414.06	(320.65)	0.00
GNMA	2006 ABCDE Single Family	6.15	3/24/2003	3/20/2033	7,076.65	8,075.95			(41.97)		7,034.68	8,067.26	33.28	0.00
GNMA	2006 ABCDE Single Family	6.15	4/2/2003	4/20/2033	2,046.37	2,334.10			(11.21)		2,035.16	2,331.35	8.46	0.00
GNMA	2006 ABCDE Single Family	6.15	4/10/2003	3/20/2033	6,605.51	7,534.19			(4,339.70)		2,265.81	2,595.54	(698.95)	0.00
GNMA	2006 ABCDE Single Family	6.15	4/24/2003	4/20/2033	5,133.70	5,855.54			(28.37)		5,105.33	5,848.41	21.24	0.00
GNMA	2006 ABCDE Single Family	6.15	4/29/2003	3/20/2033	3,982.23	4,542.18			(23.05)		3,959.18	4,535.45	16.32	0.00
GNMA	2006 ABCDE Single Family	6.15	5/8/2003	4/20/2033	3,819.75	4,356.91			(21.86)		3,797.89	4,350.75	15.70	0.00
GNMA	2006 ABCDE Single Family	6.15	6/19/2003	5/20/2033	1,351.56	1,533.63			(18.80)		1,332.76	1,518.05	3.22	0.00
GNMA	2006 ABCDE Single Family	6.15	7/17/2003	7/20/2033	2,358.76	2,690.63			(13.24)		2,345.52	2,687.12	9.73	0.00
GNMA	2006 ABCDE Single Family	6.15	7/24/2003	7/20/2033	3,968.74	4,527.13			(22.65)		3,946.09	4,520.79	16.31	0.00
GNMA	2006 ABCDE Single Family	6.15	7/30/2003	7/30/2033	2,212.55	2,523.92			(23.30)		2,189.25	2,508.17	7.55	0.00
GNMA	2006 ABCDE Single Family	6.15	9/29/2003	9/20/2033	2,715.51	3,094.38			(14.65)		2,700.86	3,091.03	11.30	0.00
GNMA	2006 ABCDE Single Family	6.15	10/9/2003	8/20/2033	2,649.82	3,022.83			(14.31)		2,635.51	3,091.52	11.00	0.00
GNMA	2006 ABCDE Single Family	6.15	3/11/2004	3/20/2034	2,866.45	3,266.83			(32.00)		2,834.45	3,247.94	13.11	0.00
GNMA	2006 ABCDE Single Family	5.40	7/8/2004	6/20/2034	16,169.72	18,158.02			(91.37)		16,078.35	18,130.35	63.70	0.00
GNMA	2006 ABCDE Single Family	5.40	6/17/2004	6/20/2034	12,146.44	13,639.83			(71.86)		12,074.58	13,615.42	47.45	0.00

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.40	9/9/2004	9/20/2034	29,499.02	33,128.38			(165.52)		29,333.50	33,079.22	116.36	0.00
GNMA	2006 ABCDE Single Family	5.40	9/16/2004	9/20/2034	23,868.56	26,760.12			(129.33)		23,739.23	26,733.44	102.65	0.00
GNMA	2006 ABCDE Single Family	5.40	7/15/2004	7/20/2034	4,986.25	5,599.40			(28.63)		4,957.62	5,590.36	19.59	0.00
GNMA	2006 ABCDE Single Family	5.40	7/29/2004	7/20/2034	8,611.10	9,670.08			(48.11)		8,562.99	9,655.96	33.99	0.00
GNMA	2006 ABCDE Single Family	5.40	8/5/2004	8/20/2034	4,337.42	4,862.70			(25.73)		4,311.69	4,855.35	18.38	0.00
GNMA	2006 ABCDE Single Family	5.40	8/12/2004	8/20/2034	27,142.43	30,481.05			(149.25)		26,993.18	30,439.28	107.48	0.00
GNMA	2006 ABCDE Single Family	5.40	8/20/2004	8/20/2034	4,824.33	5,419.31			(35.88)		4,788.45	5,399.84	16.41	0.00
GNMA	2006 ABCDE Single Family	5.40	12/2/2004	12/20/2034	4,709.36	5,289.16			(25.88)		4,683.48	5,281.94	18.66	0.00
GNMA	2006 ABCDE Single Family	5.40	10/14/2004	10/20/2034	13,229.10	14,797.55			(72.83)		13,156.27	14,767.34	42.62	0.00
GNMA	2006 ABCDE Single Family	5.40	10/21/2004	10/20/2034	51,440.93	57,771.90			(322.77)		51,118.16	57,647.70	198.57	0.00
GNMA	2006 ABCDE Single Family	4.49	10/21/2004	10/20/2034	14,478.03	16,028.13			(90.89)		14,387.14	16,003.44	66.20	0.00
GNMA	2006 ABCDE Single Family	5.40	10/28/2004	10/20/2034	11,661.60	13,043.80			(65.78)		11,595.82	13,015.77	37.75	0.00
GNMA	2006 ABCDE Single Family	4.49	10/29/2004	10/20/2034	19,779.98	21,850.66			(131.16)		19,648.82	21,697.03	(22.47)	0.00
GNMA	2006 ABCDE Single Family	4.49	11/4/2004	10/20/2034	64,624.16	71,543.88			(445.12)		64,179.04	71,389.80	291.04	0.00
GNMA	2006 ABCDE Single Family	5.40	11/4/2004	11/20/2034	11,213.11	12,572.09			(64.34)		11,148.77	12,555.51	47.76	0.00
GNMA	2006 ABCDE Single Family	4.49	11/10/2004	11/20/2034	23,912.44	26,518.44			(4,534.72)		19,377.72	21,398.74	(584.98)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/10/2004	11/20/2034	3,102.84	3,478.85			(16.47)		3,086.37	3,475.76	13.38	0.00
GNMA	2006 ABCDE Single Family	4.49	11/18/2004	11/20/2034	13,469.36	14,876.28			(89.94)		13,380.42	14,772.80	(14.54)	0.00
FNMA	2006 ABCDE Single Family	5.40	8/14/2003	9/1/2032	2,548.44	2,804.23			(17.41)		2,531.03	2,807.11	20.29	0.00
FNMA	2006 ABCDE Single Family	6.15	8/14/2003	12/1/2031	2,077.88	2,361.76			(66.39)		2,011.49	2,284.83	(10.54)	0.00
FNMA	2006 ABCDE Single Family	6.15	4/15/2004	2/1/2034	4,729.15	5,389.68			(24.28)		4,704.87	5,362.27	(3.13)	0.00
FNMA	2006 ABCDE Single Family	5.40	10/28/2004	10/1/2034	8,958.12	9,846.97			(50.90)		8,907.22	9,845.06	48.99	0.00
GNMA	2006 ABCDE Single Family				2,724.76	3,109.31			(2,724.76)				(384.55)	0.00
GNMA	2006 ABCDE Single Family	5.40	8/29/2002	8/20/2032	2,906.21	3,270.45			(31.15)		2,875.06	3,247.90	8.60	0.00
GNMA	2006 ABCDE Single Family	6.15	9/12/2002	8/20/2032	2,825.13	3,223.52			(17.14)		2,807.99	3,219.62	13.24	0.00
GNMA	2006 ABCDE Single Family	5.40	9/19/2002	9/20/2032	4,866.19	5,462.85			(31.97)		4,834.22	5,447.97	17.09	0.00
GNMA	2006 ABCDE Single Family	4.49	12/9/2004	12/20/2034	60,603.93	67,095.70			(402.89)		60,201.04	66,967.36	274.55	0.00
GNMA	2006 ABCDE Single Family	4.49	12/16/2004	12/20/2034	52,531.38	58,067.67			(316.19)		52,215.19	57,993.73	242.25	0.00
GNMA	2006 ABCDE Single Family	4.49	11/23/2004	11/20/2034	48,743.24	53,963.59			(310.06)		48,433.18	53,875.93	222.40	0.00
GNMA	2006 ABCDE Single Family	4.49	12/2/2004	12/20/2034	112,789.73	124,675.45			(696.85)		112,092.88	124,496.86	518.26	0.00
GNMA	2006 ABCDE Single Family	4.49	12/23/2004	12/20/2034	63,797.61	70,521.64			(391.28)		63,406.33	70,423.75	293.39	0.00
GNMA	2006 ABCDE Single Family	4.49	12/29/2004	12/20/2034	49,493.09	54,795.40			(312.55)		49,180.54	54,708.91	226.06	0.00
GNMA	2006 ABCDE Single Family	4.49	1/6/2005	1/20/2035	124,812.06	138,185.23			(15,326.04)		109,486.02	121,794.88	(1,064.31)	0.00
GNMA	2006 ABCDE Single Family	4.49	1/13/2005	1/20/2035	60,655.22	67,154.49			(461.73)		60,193.49	66,961.04	268.28	0.00
GNMA	2006 ABCDE Single Family	5.40	1/13/2005	1/20/2035	2,335.44	2,623.02			(16.05)		2,319.39	2,615.82	8.85	0.00
GNMA	2006 ABCDE Single Family	4.49	1/19/2005	1/20/2035	80,358.84	88,969.72			(13,917.17)		66,441.67	73,911.97	(1,140.58)	0.00
GNMA	2006 ABCDE Single Family	5.40	1/19/2005	1/20/2035	11,957.90	13,408.04			(5,435.39)		6,522.51	7,346.02	(626.63)	0.00
GNMA	2006 ABCDE Single Family	4.49	1/27/2005	1/20/2035	108,360.45	119,972.55			(940.54)		107,419.91	119,498.16	466.15	0.00
GNMA	2006 ABCDE Single Family	4.49	2/3/2005	2/20/2035	110,572.15	122,422.61			(5,958.10)		104,614.05	116,378.19	(86.32)	0.00
GNMA	2006 ABCDE Single Family	4.49	2/10/2005	2/20/2035	44,870.61	49,602.09			(269.87)		44,600.74	49,539.16	206.94	0.00
GNMA	2006 ABCDE Single Family	4.49	2/10/2005	2/20/2035	83,933.06	92,783.52			(8,601.14)		75,331.92	83,673.00	(509.38)	0.00
GNMA	2006 ABCDE Single Family	5.40	2/17/2005	11/20/2034	4,715.87	5,287.83			(25.02)		4,690.85	5,283.15	20.34	0.00
GNMA	2006 ABCDE Single Family	4.49	2/17/2005	2/20/2035	50,378.85	55,691.45			(309.44)		50,069.41	55,613.64	231.63	0.00
GNMA	2006 ABCDE Single Family	4.49	2/24/2005	2/20/2035	53,475.18	59,207.16			(360.44)		53,114.74	59,088.41	241.69	0.00
GNMA	2006 ABCDE Single Family	4.49	3/3/2005	3/20/2035	78,787.79	87,097.49			(5,513.57)		73,274.22	81,389.14	(194.78)	0.00
GNMA	2006 ABCDE Single Family	4.49	3/11/2005	3/20/2035	11,913.44	13,159.28			(78.23)		11,835.21	13,067.96	(13.09)	0.00
GNMA	2006 ABCDE Single Family	5.40	3/17/2005	2/20/2035	5,701.49	6,404.05			(31.41)		5,670.08	6,395.20	22.56	0.00
GNMA	2006 ABCDE Single Family	4.49	3/17/2005	3/20/2035	40,823.96	45,130.09			(253.01)		40,570.95	45,064.51	187.43	0.00
GNMA	2006 ABCDE Single Family	4.49	3/24/2005	3/20/2035	27,068.18	29,923.47			(172.10)		26,896.08	29,875.19	123.82	0.00
GNMA	2006 ABCDE Single Family	4.49	4/7/2005	4/20/2035	45,126.25	49,965.41			(302.29)		44,823.96	49,867.33	204.21	0.00
GNMA	2006 ABCDE Single Family	4.49	4/14/2005	4/20/2035	30,461.81	33,675.74			(180.68)		30,281.13	33,635.83	140.77	0.00
GNMA	2006 ABCDE Single Family	5.40	4/21/2005	4/20/2035	4,843.18	5,415.76			(25.27)		4,817.91	5,406.38	15.89	0.00
GNMA	2006 ABCDE Single Family	4.49	4/21/2005	4/20/2035	67,905.52	75,070.52			(456.54)		67,448.98	74,921.82	307.84	0.00
GNMA	2006 ABCDE Single Family	4.49	4/28/2005	4/20/2035	41,867.01	46,284.77			(255.57)		41,611.44	46,221.86	192.66	0.00
GNMA	2006 ABCDE Single Family	5.40	4/28/2005	4/20/2035	6,024.33	6,755.50			(31.48)		5,992.85	6,750.06	26.04	0.00
GNMA	2006 ABCDE Single Family	4.49	5/5/2005	5/20/2035	64,404.51	71,201.23			(383.84)		64,020.67	71,114.80	297.41	0.00
GNMA	2006 ABCDE Single Family	5.40	5/5/2005	4/20/2035	4,957.98	5,546.81			(27.26)		4,930.72	5,535.52	15.97	0.00
GNMA	2006 ABCDE Single Family	5.40	7/7/2005	7/20/2035	1,974.05	2,215.59			(12.67)		1,961.38	2,212.38	9.46	0.00
GNMA	2006 ABCDE Single Family	5.40	5/26/2005	5/20/2035	3,508.67	3,934.63			(18.17)		3,490.50	3,931.67	15.21	0.00
GNMA	2006 ABCDE Single Family	4.49	5/26/2005	5/20/2035	6,859.06	7,576.86			(39.59)		6,819.47	7,530.32	(6.95)	0.00
GNMA	2006 ABCDE Single Family	5.40	6/9/2005	5/20/2035	3,400.97	3,813.84			(18.21)		3,382.76	3,810.27	14.64	0.00
FNMA	2006 ABCDE Single Family	4.49	12/23/2004	12/1/2034	14,201.89	15,393.73			(99.61)		14,102.28	15,406.43	112.31	0.00
FNMA	2006 ABCDE Single Family	4.49	1/19/2005	1/1/2035	5,930.78	6,422.05			(36.50)		5,894.28	6,431.66	46.11	0.00
FNMA	2006 ABCDE Single Family	4.49	1/27/2005	1/1/2035	12,978.11	14,059.20			(92.66)		12,885.45	14,068.82	102.28	0.00
FNMA	2006 ABCDE Single Family	4.49	3/14/2005	12/1/2034	15,525.71	16,809.13			(7,906.60)		7,619.11	8,313.82	(588.71)	0.00
FNMA	2006 ABCDE Single Family	5.40	3/24/2005	2/1/2035	3,858.45	4,239.37			(20.30)		3,838.15	4,240.40	21.33	0.00
FNMA	2006 ABCDE Single Family	4.49	4/7/2005	2/1/2035	7,534.27	8,161.16			(90.29)		7,443.98	8,120.49	49.62	0.00
FNMA	2006 ABCDE Single Family	5.40	7/14/2005	4/1/2035	5,097.75	5,600.95			(27.16)		5,070.59	5,601.93	28.14	0.00
2006 ABCDE Single Family Total					159,283,026.45	177,100,838.69	6,672,628.18	(1,769,084.24)	(5,975,978.20)	0.00	158,210,592.19	176,104,647.95	76,243.52	0.00
Repo Agmt	2006 FGH Single Family	0.15	8/31/2012	9/4/2012	117,861.18	117,861.18	35.17				117,896.35	117,896.35	-	0.00
GIC's	2006 FGH Single Family	4.33	5/25/2007	2/26/2036	2,212,472.81	2,212,472.81		(89,824.56)			2,122,648.25	2,122,648.25	-	0.00
Repo Agmt	2006 FGH Single Family	0.15	8/31/2012	9/4/2012	1,064,861.07	1,064,861.07	3,179,262.27				4,244,123.34	4,244,123.34	-	0.00

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Freddie Mac	2006 FGH Single Family	5.15	8/27/2009	7/1/2039	68,234.96	74,881.66		(1,055.16)			67,179.80	74,208.26	381.76	0.00
Freddie Mac	2006 FGH Single Family	5.49	5/28/2008	5/1/2038	243,970.71	267,800.48		(127,139.50)			116,831.21	128,806.90	(11,854.08)	0.00
Freddie Mac	2006 FGH Single Family	5.15	5/28/2008	4/1/2038	149,080.94	162,451.59		(657.01)			148,423.93	162,428.49	633.91	0.00
Freddie Mac	2006 FGH Single Family	5.70	6/18/2008	2/1/2038	41,289.64	45,489.96		(161.47)			41,128.17	45,197.56	(130.93)	0.00
Freddie Mac	2006 FGH Single Family	5.49	6/18/2008	5/1/2038	141,251.58	155,030.56		(560.58)			140,691.00	155,070.55	600.57	0.00
Freddie Mac	2006 FGH Single Family	5.15	6/18/2008	5/1/2038	75,586.58	82,354.12		(328.21)			75,258.37	82,345.55	319.64	0.00
Freddie Mac	2006 FGH Single Family	5.70	6/25/2008	4/1/2038	89,267.20	98,420.20		(673.88)			88,593.32	97,465.46	(280.86)	0.00
Freddie Mac	2006 FGH Single Family	5.15	7/9/2008	4/1/2037	106,493.13	116,088.07		(485.50)			106,007.63	116,065.16	462.59	0.00
Freddie Mac	2006 FGH Single Family	5.15	7/16/2008	6/1/2038	79,538.31	86,655.08		(434.45)			79,103.86	86,555.00	334.37	0.00
Freddie Mac	2006 FGH Single Family	5.70	7/16/2008	6/1/2038	104,216.70	115,087.47		(475.73)			103,740.97	114,291.04	(320.70)	0.00
Freddie Mac	2006 FGH Single Family	5.49	7/23/2008	6/1/2038	73,987.19	81,202.90		(291.82)			73,695.37	81,226.68	315.60	0.00
Freddie Mac	2006 FGH Single Family	5.70	10/8/2008	8/1/2038	101,704.03	111,996.74		(382.82)			101,321.21	111,284.01	(329.91)	0.00
Freddie Mac	2006 FGH Single Family	5.49	10/22/2008	8/1/2038	100,509.79	110,315.21		(391.67)			100,118.12	110,350.66	427.12	0.00
Freddie Mac	2006 FGH Single Family	5.10	11/12/2008	10/1/2038	167,315.95	182,201.59		(915.52)			166,400.43	181,998.40	712.33	0.00
Freddie Mac	2006 FGH Single Family	5.70	11/19/2008	8/1/2038	91,560.73	100,829.62		(344.25)			91,216.48	100,188.27	(297.10)	0.00
Freddie Mac	2006 FGH Single Family	5.15	11/4/2009	11/1/2038	135,418.79	147,473.16		(547.22)			134,871.57	147,501.48	575.54	0.00
Freddie Mac	2006 FGH Single Family	5.15	3/31/2009	12/1/2038	92,157.23	100,361.26		(370.12)			91,787.11	100,383.06	391.92	0.00
Freddie Mac	2006 FGH Single Family	5.15	5/20/2009	3/1/2039	75,118.81	81,801.78		(296.63)			74,822.18	81,825.10	319.95	0.00
Freddie Mac	2006 FGH Single Family	5.15	6/24/2009	5/1/2039	62,189.01	67,739.17		(253.93)			61,935.08	67,748.10	262.86	0.00
GNMA	2006 FGH Single Family	5.49	1/30/2007	1/20/2037	3,531,334.91	3,962,291.05		(144,262.29)			3,387,072.62	3,818,445.74	416.98	0.00
GNMA	2006 FGH Single Family	5.15	2/13/2007	1/20/2037	33,575.68	37,939.39		(305.40)			33,270.28	37,739.06	105.07	0.00
GNMA	2006 FGH Single Family	5.49	2/13/2007	2/20/2037	1,538,541.01	1,726,332.47		(6,920.54)			1,531,620.47	1,725,217.31	5,605.38	0.00
GNMA	2006 FGH Single Family	5.49	2/13/2007	1/20/2037	173,947.45	194,798.65		(760.86)			173,186.59	194,862.91	825.12	0.00
GNMA	2006 FGH Single Family	5.70	2/20/2007	2/20/2037	341,271.21	382,563.26		(1,490.08)			339,781.13	384,234.13	3,160.95	0.00
GNMA	2006 FGH Single Family	5.15	2/20/2007	1/20/2037	114,637.41	128,379.85		(528.68)			114,108.73	128,391.54	540.37	0.00
GNMA	2006 FGH Single Family	5.15	2/20/2007	1/20/2037	857,547.56	962,218.22		(121,592.18)			735,955.38	830,629.44	(9,996.60)	0.00
GNMA	2006 FGH Single Family	5.15	3/7/2007	2/20/2037	447,730.36	501,909.99		(145,047.81)			302,682.55	340,575.39	(16,286.79)	0.00
GNMA	2006 FGH Single Family	5.49	3/20/2007	3/20/2037	1,076,665.28	1,208,123.74		(122,357.03)			954,308.25	1,075,906.36	(9,860.35)	0.00
GNMA	2006 FGH Single Family	5.15	3/20/2007	2/20/2037	113,918.92	127,579.10		(526.46)			113,392.46	127,589.48	536.84	0.00
GNMA	2006 FGH Single Family	5.49	3/6/2007	2/20/2037	1,448,936.72	1,617,063.80		(8,771.88)			1,440,164.84	1,614,966.13	6,694.21	0.00
GNMA	2006 FGH Single Family	5.49	3/20/2007	2/20/2037	170,290.37	191,033.35		(52,693.84)			117,596.53	132,579.89	(5,759.62)	0.00
GNMA	2006 FGH Single Family	5.70	4/24/2007	4/20/2037	357,613.72	402,238.12		(1,979.52)			355,634.20	403,397.92	3,139.32	0.00
GNMA	2006 FGH Single Family	5.15	4/24/2007	4/20/2037	1,015,266.77	1,138,183.44		(4,725.42)			1,010,541.35	1,137,275.10	3,817.08	0.00
GNMA	2006 FGH Single Family	5.49	4/24/2007	4/20/2037	1,027,090.32	1,152,537.69		(5,670.27)			1,021,420.05	1,151,611.41	4,743.99	0.00
GNMA	2006 FGH Single Family	5.15	3/27/2007	3/20/2037	968,842.77	1,086,869.05		(5,300.01)			963,542.76	1,086,324.13	4,755.09	0.00
GNMA	2006 FGH Single Family	5.49	3/27/2007	2/20/2037	380,555.18	426,190.67		(1,995.52)			378,859.66	426,296.43	1,801.28	0.00
GNMA	2006 FGH Single Family	5.15	4/10/2007	4/20/2037	1,026,243.83	1,150,475.51		(160,274.90)			865,968.93	974,558.80	(15,641.81)	0.00
GNMA	2006 FGH Single Family	5.49	4/10/2007	3/20/2037	834,572.29	936,488.72		(4,363.73)			830,208.56	936,010.85	3,885.86	0.00
GNMA	2006 FGH Single Family	5.49	4/10/2007	2/20/2037	170,735.94	191,859.01		(899.47)			169,836.47	191,693.70	734.16	0.00
GNMA	2006 FGH Single Family	5.15	5/8/2007	4/20/2037	400,842.44	440,842.44		(98,182.23)			259,116.41	292,147.22	(10,512.99)	0.00
GNMA	2006 FGH Single Family	5.15	5/8/2007	3/20/2037	68,800.70	77,054.43		(337.76)			68,462.94	77,038.40	321.73	0.00
GNMA	2006 FGH Single Family	5.49	5/8/2007	4/20/2037	398,265.77	446,046.22		(1,758.17)			396,507.60	446,175.64	1,887.59	0.00
GNMA	2006 FGH Single Family	5.49	5/8/2007	4/20/2037	106,654.95	119,450.48		(485.32)			106,169.63	119,468.84	503.68	0.00
GNMA	2006 FGH Single Family	5.70	5/8/2007	4/20/2037	93,225.78	104,297.96		(482.82)			92,742.96	104,699.58	884.44	0.00
GNMA	2006 FGH Single Family	5.15	5/22/2007	5/20/2037	384,734.04	432,355.58		(100,099.53)			284,634.51	321,282.90	(10,973.15)	0.00
GNMA	2006 FGH Single Family	5.49	5/22/2007	4/20/2037	368,468.30	413,401.20		(2,442.80)			366,045.70	412,712.29	1,753.69	0.00
GNMA	2006 FGH Single Family	5.15	6/5/2007	5/20/2037	634,032.66	711,323.38		(3,588.66)			630,444.00	710,830.49	3,095.77	0.00
GNMA	2006 FGH Single Family	5.70	6/5/2007	5/20/2037	144,479.54	161,978.30		(602.41)			143,877.13	162,717.91	1,342.02	0.00
GNMA	2006 FGH Single Family	5.49	6/5/2007	5/20/2037	403,080.71	452,331.59		(1,999.78)			401,080.93	451,829.10	1,497.29	0.00
GNMA	2006 FGH Single Family	5.15	6/19/2007	6/20/2037	518,302.25	581,087.42		(2,351.13)			515,951.12	580,692.03	1,955.74	0.00
GNMA	2006 FGH Single Family	5.70	6/19/2007	6/20/2037	249,002.06	279,165.24		(1,066.51)			247,935.55	280,407.92	2,309.19	0.00
GNMA	2006 FGH Single Family	5.15	7/3/2007	6/20/2037	536,926.27	602,397.70		(4,561.44)			532,364.83	600,263.69	2,427.43	0.00
GNMA	2006 FGH Single Family	5.70	7/3/2007	6/20/2037	300,903.26	338,475.72		(1,262.99)			299,640.27	339,908.06	2,695.33	0.00
GNMA	2006 FGH Single Family	5.49	7/3/2007	7/20/2037	305,389.55	342,049.98		(1,304.17)			304,085.38	342,198.74	1,452.93	0.00
GNMA	2006 FGH Single Family	5.49	7/3/2007	6/20/2037	273,558.00	306,395.68		(1,163.09)			272,394.91	306,534.40	1,301.81	0.00
GNMA	2006 FGH Single Family	5.15	7/17/2007	6/20/2037	690,779.81	774,477.05		(3,163.14)			687,616.67	773,917.48	2,603.57	0.00
GNMA	2006 FGH Single Family	5.70	7/17/2007	6/20/2037	304,366.41	342,375.44		(90,149.72)			214,216.69	242,278.97	(9,946.75)	0.00
GNMA	2006 FGH Single Family	5.15	8/7/2007	7/20/2037	673,055.66	754,943.84		(3,004.93)			670,050.73	754,481.32	2,542.41	0.00
GNMA	2006 FGH Single Family	5.70	8/7/2007	7/20/2037	187,828.40	210,680.76		(788.46)			187,039.94	211,635.87	1,743.57	0.00
GNMA	2006 FGH Single Family	5.49	8/7/2007	6/20/2037	431,121.50	484,725.64		(2,780.24)			428,341.26	483,731.14	1,785.74	0.00
GNMA	2006 FGH Single Family	5.15	11/21/2007	10/20/2037	631,650.76	708,582.95		(3,892.56)			627,758.20	706,940.33	2,249.94	0.00
GNMA	2006 FGH Single Family	5.70	11/21/2007	11/20/2037	366,679.19	412,704.40		(1,489.07)			365,190.12	414,505.91	3,290.58	0.00
GNMA	2006 FGH Single Family	5.49	11/21/2007	10/20/2037	94,226.75	105,420.41		(389.84)			93,836.91	105,391.48	360.91	0.00
GNMA	2006 FGH Single Family	5.49	9/25/2007	9/20/2037	246,264.59	275,968.65		(1,120.01)			245,144.58	276,010.33	1,161.69	0.00
GNMA	2006 FGH Single Family	5.15	9/25/2007	9/20/2037	1,761,542.26	1,975,974.36		(121,434.67)			1,640,107.59	1,846,875.91	(7,663.78)	0.00
GNMA	2006 FGH Single Family	5.49	9/25/2007	8/20/2037	593,072.79	665,898.47		(3,585.92)			589,486.87	665,008.24	2,695.69	0.00
GNMA	2006 FGH Single Family	5.70	9/25/2007	9/20/2037	138,463.95	155,493.99		(691.01)			137,772.94	156,116.16	1,313.18	0.00
GNMA	2006 FGH Single Family	5.15	10/9/2007	9/20/2037	957,933.82	1,074,556.97		(4,563.34)			953,370.48	1,073,575.96	3,582.33	0.00
GNMA	2006 FGH Single Family	5.49	10/9/2007	8/20/2037	76,274.74	85,331.40		(318.90)			75,955.84	85,304.32	291.82	0.00
GNMA	2006 FGH Single Family	5.15	8/23/2007	8/20/2037	932,257.51	1,045,702.96		(4,488.04)			927,769.47	1,044,695.37	3,480.45	0.00
GNMA	2006 FGH Single Family	5.49	8/23/2007	7/20/2037	513,487.72	576,519.84		(2,212.59)			511,275.13	576,254.54	1,947.29	0.00
GNMA	2006 FGH Single Family	5.70	8/23/2007	8/20/2037	439,533.81	494,654.12		(106,816.72)			332,717.09	377,609.84	(10,227.56)	0.00

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Investment	Current Interest	Current Purchase	Current Maturity	Beginning Carrying Value	Beginning Market Value	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value	Ending Market Value	Change In Market Value	Recognized Gain
Type	Rate	Date	Date	05/31/12	05/31/12					8/31/12	8/31/12		
GNMA	2006	FGH	Single Family	5.70	9/11/2007	8/20/2037	152,520.37	171,827.54	(765.90)	151,754.47	171,240.03	178.39	0.00
GNMA	2006	FGH	Single Family	5.49	9/11/2007	8/20/2037	512,418.78	575,333.08	(2,978.60)	509,440.18	574,698.90	2,344.42	0.00
GNMA	2006	FGH	Single Family	5.70	11/21/2007	11/20/2037	189,620.03	212,715.97	(760.66)	188,859.37	213,659.22	1,703.91	0.00
GNMA	2006	FGH	Single Family	5.15	11/28/2007	11/20/2037	477,094.01	535,207.82	(2,253.92)	474,840.09	534,740.41	1,786.51	0.00
GNMA	2006	FGH	Single Family	5.15	11/28/2007	11/20/2037	91,413.89	102,274.53	(398.16)	91,015.73	102,224.15	347.78	0.00
GNMA	2006	FGH	Single Family	5.49	11/28/2007	11/20/2037	135,463.36	151,557.41	(554.31)	134,909.05	151,522.85	519.75	0.00
GNMA	2006	FGH	Single Family	5.70	12/11/2007	11/20/2037	266,878.58	299,390.14	(1,061.22)	265,817.36	300,728.32	2,399.40	0.00
GNMA	2006	FGH	Single Family	5.15	12/11/2007	11/20/2037	73,630.56	82,518.52	(332.45)	73,298.11	82,533.70	347.63	0.00
GNMA	2006	FGH	Single Family	5.49	12/11/2007	11/20/2037	168,844.67	188,906.95	(691.11)	168,153.56	188,863.66	647.82	0.00
GNMA	2006	FGH	Single Family	5.70	10/25/2007	10/20/2037	529,362.08	595,788.46	(2,265.11)	527,096.97	598,258.80	4,735.45	0.00
GNMA	2006	FGH	Single Family	5.15	10/25/2007	10/20/2037	1,251,193.53	1,404,532.30	(122,346.37)	1,128,847.16	1,271,203.21	(10,982.72)	0.00
GNMA	2006	FGH	Single Family	5.15	11/8/2007	10/20/2037	338,575.81	378,791.93	(1,489.41)	337,086.40	378,588.81	1,286.29	0.00
GNMA	2006	FGH	Single Family	5.70	11/8/2007	10/20/2037	367,782.01	413,938.13	(61,922.05)	305,864.96	347,157.42	(4,858.66)	0.00
GNMA	2006	FGH	Single Family	5.49	11/8/2007	9/20/2037	241,866.51	270,594.10	(1,075.33)	240,791.18	270,436.26	917.49	0.00
GNMA	2006	FGH	Single Family	5.49	1/16/2008	12/20/2037	152,902.57	171,077.34	(623.48)	152,279.09	171,040.80	586.94	0.00
GNMA	2006	FGH	Single Family	5.70	12/28/2007	12/20/2037	155,795.31	174,778.25	(677.23)	155,118.08	175,544.29	1,443.27	0.00
GNMA	2006	FGH	Single Family	5.49	12/11/2007	11/20/2037	144,173.05	161,578.21	(641.16)	143,531.89	161,616.97	681.92	0.00
GNMA	2006	FGH	Single Family	5.49	12/11/2007	11/20/2037	182,805.97	204,872.51	(1,004.33)	181,801.64	204,708.74	840.56	0.00
GNMA	2006	FGH	Single Family	5.70	12/11/2007	12/20/2037	248,199.49	278,438.94	(900.55)	247,218.94	279,688.98	2,232.59	0.00
GNMA	2006	FGH	Single Family	5.49	12/11/2007	11/20/2037	413,870.29	463,828.65	(1,801.23)	412,069.06	463,989.96	1,962.54	0.00
GNMA	2006	FGH	Single Family	5.15	12/11/2007	11/20/2037	84,372.63	94,397.66	(366.38)	84,006.25	94,352.62	321.14	0.00
GNMA	2006	FGH	Single Family	5.70	12/20/2007	12/20/2037	199,455.11	223,756.20	(800.98)	198,654.13	224,747.43	1,792.21	0.00
GNMA	2006	FGH	Single Family	5.15	1/30/2008	1/20/2038	64,594.86	72,274.24	(276.28)	64,318.58	72,244.33	246.37	0.00
GNMA	2006	FGH	Single Family	5.15	1/16/2008	12/20/2037	382,290.96	427,732.01	(1,659.45)	380,631.51	427,527.64	1,455.08	0.00
GNMA	2006	FGH	Single Family	5.49	1/30/2008	12/20/2037	95,095.00	106,399.86	(389.12)	94,705.88	106,375.62	364.88	0.00
GNMA	2006	FGH	Single Family	5.49	1/30/2008	12/20/2037	167,677.15	187,610.56	(681.62)	166,995.53	187,572.85	643.91	0.00
GNMA	2006	FGH	Single Family	5.15	1/30/2008	12/20/2037	121,389.64	136,049.75	(784.30)	120,605.34	135,808.81	543.36	0.00
GNMA	2006	FGH	Single Family	5.49	2/13/2008	1/20/2038	100,125.66	112,030.60	(407.65)	99,718.01	112,007.38	384.43	0.00
GNMA	2006	FGH	Single Family	5.70	1/30/2008	12/20/2037	72,951.34	81,842.68	(288.75)	72,662.59	82,210.01	656.08	0.00
GNMA	2006	FGH	Single Family	5.49	2/13/2008	1/20/2038	70,342.14	78,705.83	(301.39)	70,040.75	78,672.66	268.22	0.00
GNMA	2006	FGH	Single Family	5.49	2/13/2008	1/20/2038	115,074.51	128,756.87	(488.91)	114,585.60	128,707.27	439.31	0.00
GNMA	2006	FGH	Single Family	5.49	2/13/2008	1/20/2038	962,296.87	1,080,632.35	(109,941.87)	852,355.00	960,870.60	(9,819.88)	0.00
GNMA	2006	FGH	Single Family	5.15	3/12/2008	2/20/2038	312,309.23	349,453.76	(1,335.79)	310,973.44	349,309.13	1,191.16	0.00
GNMA	2006	FGH	Single Family	5.49	3/12/2008	2/20/2038	100,165.56	112,268.02	(579.40)	99,586.16	112,145.50	456.88	0.00
GNMA	2006	FGH	Single Family	5.49	3/12/2008	3/20/2038	83,249.55	93,151.31	(334.42)	82,915.13	93,137.08	320.19	0.00
GNMA	2006	FGH	Single Family	5.15	2/19/2008	2/20/2038	125,361.40	140,268.44	(515.50)	124,829.90	140,215.65	478.71	0.00
GNMA	2006	FGH	Single Family	5.49	2/19/2008	2/20/2038	172,028.37	192,484.70	(698.79)	171,329.58	192,446.59	660.68	0.00
GNMA	2006	FGH	Single Family	5.49	2/27/2008	2/20/2038	122,550.36	137,124.10	(685.44)	121,864.92	136,886.19	447.53	0.00
GNMA	2006	FGH	Single Family	5.49	3/20/2008	2/20/2038	147,366.86	164,895.29	(594.88)	146,771.98	164,866.83	566.42	0.00
GNMA	2006	FGH	Single Family	5.49	3/20/2008	3/20/2038	104,780.91	117,442.45	(467.38)	104,313.53	117,470.50	495.43	0.00
GNMA	2006	FGH	Single Family	5.70	3/27/2008	3/20/2038	83,108.89	93,244.65	(333.17)	82,775.72	93,658.37	746.89	0.00
GNMA	2006	FGH	Single Family	5.70	4/22/2008	12/20/2037	114,971.97	128,995.11	(608.18)	114,363.79	129,400.69	1,013.76	0.00
GNMA	2006	FGH	Single Family	5.15	4/22/2008	4/20/2038	80,766.16	90,376.47	(338.10)	80,428.06	90,347.32	308.95	0.00
GNMA	2006	FGH	Single Family	5.49	5/7/2008	4/20/2038	328,044.04	367,082.98	(1,396.45)	326,647.59	366,938.52	1,251.99	0.00
GNMA	2006	FGH	Single Family	5.15	5/14/2008	4/20/2038	156,812.84	174,512.19	(677.86)	156,134.98	174,401.10	566.77	0.00
GNMA	2006	FGH	Single Family	5.49	5/14/2008	4/20/2038	144,696.15	161,916.89	(578.91)	144,117.24	161,894.78	556.80	0.00
GNMA	2006	FGH	Single Family	5.49	5/21/2008	4/20/2038	123,463.45	138,158.06	(489.02)	122,974.43	138,144.74	475.70	0.00
GNMA	2006	FGH	Single Family	5.15	5/21/2008	5/20/2038	205,586.24	230,056.25	(871.33)	204,714.91	229,970.01	785.09	0.00
GNMA	2006	FGH	Single Family	5.49	5/28/2008	5/20/2038	238,445.77	266,828.53	(938.79)	237,506.98	266,809.43	919.69	0.00
GNMA	2006	FGH	Single Family	5.49	5/28/2008	4/20/2038	73,878.37	82,671.96	(316.50)	73,561.87	82,637.16	281.70	0.00
GNMA	2006	FGH	Single Family	5.15	6/11/2008	5/20/2038	271,097.10	303,370.72	(1,150.26)	269,946.84	303,255.55	1,035.09	0.00
GNMA	2006	FGH	Single Family	5.70	7/9/2008	6/20/2038	149,658.39	167,929.37	(633.06)	149,025.33	168,637.00	1,340.69	0.00
GNMA	2006	FGH	Single Family	5.49	7/9/2008	6/20/2038	319,512.70	357,561.30	(1,430.99)	318,081.71	357,340.97	1,210.66	0.00
GNMA	2006	FGH	Single Family	5.15	7/16/2008	6/20/2038	71,543.92	80,064.17	(313.43)	71,230.49	80,022.69	271.95	0.00
GNMA	2006	FGH	Single Family	5.70	7/16/2008	11/20/2037	65,182.33	73,138.31	(257.70)	64,924.63	73,466.76	586.15	0.00
GNMA	2006	FGH	Single Family	5.15	6/18/2008	6/20/2038	394,952.91	441,976.25	(159,961.13)	234,991.78	263,990.33	(18,024.79)	0.00
GNMA	2006	FGH	Single Family	5.15	6/25/2008	6/20/2038	96,751.37	108,454.24	(597.02)	96,154.35	108,293.80	436.58	0.00
GNMA	2006	FGH	Single Family	5.15	6/25/2008	6/20/2038	95,386.86	106,744.43	(394.38)	94,992.48	106,715.53	365.48	0.00
GNMA	2006	FGH	Single Family	5.70	6/25/2008	5/20/2038	483,653.27	544,488.56	(1,910.61)	481,742.66	546,926.03	4,348.08	0.00
GNMA	2006	FGH	Single Family	5.49	7/16/2008	7/20/2038	250,581.76	280,424.96	(975.06)	249,606.70	280,417.54	967.64	0.00
GNMA	2006	FGH	Single Family	5.70	7/23/2008	7/20/2038	117,182.24	131,490.77	(465.23)	116,717.01	132,079.32	1,053.78	0.00
GNMA	2006	FGH	Single Family	5.49	7/23/2008	7/20/2038	320,262.57	358,406.99	(136,048.15)	184,214.42	226,954.86	(15,403.98)	0.00
GNMA	2006	FGH	Single Family	5.49	7/23/2008	7/20/2038	197,594.19	221,128.36	(952.09)	196,642.10	220,916.69	740.42	0.00
GNMA	2006	FGH	Single Family	5.15	7/23/2008	7/20/2038	73,515.58	82,271.55	(315.69)	73,199.89	82,236.09	280.23	0.00
GNMA	2006	FGH	Single Family	5.15	7/29/2008	7/20/2038	223,953.99	250,628.98	(929.85)	223,024.14	250,556.74	857.61	0.00
GNMA	2006	FGH	Single Family	5.70	8/27/2008	6/20/2038	79,991.33	89,761.30	(326.05)	79,665.28	90,179.24	743.99	0.00
GNMA	2006	FGH	Single Family	5.49	8/27/2008	8/20/2038	99,026.65	110,825.22	(401.45)	98,625.20	110,804.29	380.52	0.00
GNMA	2006	FGH	Single Family	5.49	8/13/2008	7/20/2038	213,811.45	239,281.99	(841.05)	212,970.40	239,265.48	824.54	0.00
GNMA	2006	FGH	Single Family	5.15	8/13/2008	7/20/2038	338,653.74	378,996.27	(3,103.59)	335,550.15	378,979.93	1,087.25	0.00
GNMA	2006	FGH	Single Family	5.15	8/13/2008	8/20/2038	210,290.89	235,342.99	(862.03)	209,428.86	235,287.62	806.66	0.00
GNMA	2006	FGH	Single Family	5.70	9/10/2008	8/20/2038	114,301.12	128,264.46	(487.94)	113,813.18	128,836.73	1,060.21	0.00
GNMA	2006	FGH	Single Family	5.15	9/10/2008	8/20/2038	68,518.29	76,683.01	(282.06)	68,236.23	76,663.64	262.69	0.00
GNMA	2006	FGH	Single Family	5.15	9/24/2008	8/20/2038	83,526.01	93,480.30	(341.71)	83,184.30	93,459.08	320.49	0.00

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Single Family Investment Summary
For Period Ending August 31, 2012

Investment	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2006 FGH Single Family	5.15	10/8/2008	9/20/2038	339,898.53	380,413.19		(1,388.22)			338,510.31	380,329.41	1,304.44	0.00
GNMA	2006 FGH Single Family	5.70	10/15/2008	9/20/2038	62,913.94	70,602.39		(237.57)			62,676.37	70,932.22	567.40	0.00
GNMA	2006 FGH Single Family	5.15	10/22/2008	9/20/2038	264,152.23	295,642.08		(1,175.97)			262,976.26	295,467.87	1,001.76	0.00
GNMA	2006 FGH Single Family	5.15	11/12/2008	9/20/2038	110,037.87	123,158.21		(446.39)			109,591.48	123,134.36	422.54	0.00
GNMA	2006 FGH Single Family	5.49	11/25/2008	10/20/2038	142,674.94	159,689.33		(543.60)			142,131.34	159,698.11	552.38	0.00
GNMA	2006 FGH Single Family	5.15	11/25/2008	10/20/2038	105,945.11	118,579.37		(427.22)			105,517.89	118,559.41	407.26	0.00
GNMA	2006 FGH Single Family	5.70	11/25/2008	9/20/2038	72,576.16	81,448.61		(580.96)			71,995.20	81,505.04	637.39	0.00
GNMA	2006 FGH Single Family	5.15	12/17/2008	9/20/2038	154,996.31	173,483.22		(690.28)			154,306.03	173,380.52	587.58	0.00
GNMA	2006 FGH Single Family	5.15	3/11/2009	2/20/2039	210,720.36	236,510.36		(1,558.93)			209,161.43	235,668.96	717.53	0.00
GNMA	2006 FGH Single Family	5.49	3/18/2009	1/20/2039	135,971.25	152,204.98		(508.17)			135,463.08	152,224.46	527.65	0.00
GNMA	2006 FGH Single Family	5.49	3/18/2009	2/20/2039	98,130.87	109,847.25		(364.39)			97,766.48	109,863.96	381.10	0.00
GNMA	2006 FGH Single Family	5.15	4/8/2009	3/20/2039	138,439.88	154,972.57		(552.88)			137,887.00	154,952.69	533.00	0.00
GNMA	2006 FGH Single Family	5.15	4/8/2009	2/20/2039	70,091.94	78,462.19		(280.95)			69,810.99	78,450.89	269.65	0.00
GNMA	2006 FGH Single Family	5.70	1/14/2009	12/20/2038	64,452.92	72,336.76		(241.43)			64,211.49	72,676.90	581.57	0.00
GNMA	2006 FGH Single Family	5.15	1/14/2009	12/20/2038	137,723.01	154,155.76		(1,241.12)			136,481.89	153,359.25	444.61	0.00
GNMA	2006 FGH Single Family	5.15	5/20/2009	5/20/2039	278,650.41	311,942.70		(1,095.68)			277,554.73	311,921.64	1,074.62	0.00
GNMA	2006 FGH Single Family	5.15	7/29/2009	7/20/2039	226,455.14	254,173.85		(865.70)			225,589.44	253,970.18	662.03	0.00
GNMA	2006 FGH Single Family	6.00	7/29/2009	7/20/2039	379,724.07	431,301.42		(138,365.50)			241,358.57	275,182.88	(17,753.04)	0.00
FNMA	2006 FGH Single Family	5.49	1/30/2007	1/1/2037	815,896.11	904,834.42		(5,447.05)			810,449.06	902,710.57	3,323.20	0.00
FNMA	2006 FGH Single Family	5.70	2/13/2007	1/1/2037	62,792.89	69,033.42		(269.75)			62,523.14	68,789.84	26.17	0.00
FNMA	2006 FGH Single Family	5.15	2/13/2007	1/1/2037	144,369.75	157,972.64		(1,609.71)			142,760.04	157,067.96	705.03	0.00
FNMA	2006 FGH Single Family	5.49	2/13/2007	2/1/2037	831,257.29	918,330.02		(4,414.17)			826,843.12	917,001.54	3,085.69	0.00
FNMA	2006 FGH Single Family	5.49	2/13/2007	2/1/2037	84,732.21	93,311.67		(426.88)			84,305.33	93,352.32	467.53	0.00
FNMA	2006 FGH Single Family	5.49	2/20/2007	2/1/2037	644,976.06	712,071.36		(3,335.86)			641,640.20	711,070.96	2,335.46	0.00
FNMA	2006 FGH Single Family	5.15	2/21/2007	2/1/2037	197,503.16	215,417.42		(935.85)			196,567.31	215,633.07	1,151.50	0.00
FNMA	2006 FGH Single Family	5.49	3/7/2007	2/1/2037	1,440,560.75	1,589,618.16		(149,163.63)			1,291,397.12	1,430,341.49	(10,113.04)	0.00
FNMA	2006 FGH Single Family	5.49	3/6/2007	1/1/2037	113,425.64	124,718.57		(824.03)			112,601.61	124,541.05	646.51	0.00
FNMA	2006 FGH Single Family	5.15	3/20/2007	2/1/2037	318,593.08	347,548.52		(1,643.13)			316,949.95	347,743.27	1,837.88	0.00
FNMA	2006 FGH Single Family	5.49	3/20/2007	2/1/2037	923,307.85	1,020,360.53		(4,812.32)			918,495.53	1,019,039.08	3,490.87	0.00
FNMA	2006 FGH Single Family	5.49	3/20/2007	2/1/2037	78,410.90	86,088.46		(345.14)			78,065.76	86,204.45	461.13	0.00
FNMA	2006 FGH Single Family	5.15	3/27/2007	12/1/2036	102,614.89	112,114.88		(639.42)			101,975.47	112,035.14	559.68	0.00
FNMA	2006 FGH Single Family	5.70	4/10/2007	3/1/2037	335,950.96	374,270.26		(96,712.16)			239,238.80	265,259.30	(12,298.80)	0.00
FNMA	2006 FGH Single Family	5.15	4/10/2007	3/1/2037	395,535.56	431,353.24		(137,093.70)			258,441.86	283,400.56	(10,858.98)	0.00
FNMA	2006 FGH Single Family	5.49	4/10/2007	3/1/2037	1,837,540.04	2,027,519.70		(263,555.29)			1,573,984.75	1,743,201.60	(20,762.81)	0.00
FNMA	2006 FGH Single Family	5.49	4/10/2007	4/20/2037	344,515.00	382,307.09		(1,607.29)			342,907.71	381,926.32	1,226.52	0.00
FNMA	2006 FGH Single Family	5.70	4/24/2007	4/1/2037	31,400.49	34,803.92		(153.18)			31,247.31	34,646.17	(4.57)	0.00
FNMA	2006 FGH Single Family	5.15	4/24/2007	3/1/2037	101,290.96	110,681.57		(570.35)			100,720.61	110,665.58	554.36	0.00
FNMA	2006 FGH Single Family	5.49	4/24/2007	4/1/2037	449,850.49	497,145.18		(105,250.07)			344,600.42	381,305.02	(10,590.09)	0.00
FNMA	2006 FGH Single Family	5.49	4/24/2007	4/1/2037	190,632.86	210,161.84		(99,370.60)			91,262.26	100,747.39	(10,043.85)	0.00
FNMA	2006 FGH Single Family	5.15	5/8/2007	4/1/2037	276,804.31	302,797.06		(349.70)			273,154.61	300,440.48	1,293.12	0.00
FNMA	2006 FGH Single Family	5.49	5/8/2007	5/1/2037	118,543.26	130,098.86		(511.56)			118,031.70	130,281.01	693.71	0.00
FNMA	2006 FGH Single Family	5.49	5/22/2007	4/1/2037	174,691.12	191,829.35		(779.79)			173,911.33	192,075.65	1,026.09	0.00
FNMA	2006 FGH Single Family	5.70	5/22/2007	4/1/2037	218,082.24	240,081.82		(978.56)			217,103.68	239,188.49	85.23	0.00
FNMA	2006 FGH Single Family	5.15	6/5/2007	5/1/2037	310,322.07	338,815.37		(1,548.75)			308,773.32	339,010.80	1,744.18	0.00
FNMA	2006 FGH Single Family	5.70	6/19/2007	6/1/2037	522,633.24	581,053.48		(2,615.74)			520,017.50	577,483.91	(953.83)	0.00
FNMA	2006 FGH Single Family	5.49	6/19/2007	6/1/2037	384,742.93	422,553.21		(1,171.17)			383,025.76	423,103.39	2,267.35	0.00
FNMA	2006 FGH Single Family	5.70	7/3/2007	6/1/2037	453,351.58	503,970.81		(79,977.67)			373,373.91	414,637.01	(9,356.13)	0.00
FNMA	2006 FGH Single Family	5.49	7/3/2007	5/1/2037	397,027.68	437,844.68		(1,774.31)			395,253.37	437,512.28	1,441.91	0.00
FNMA	2006 FGH Single Family	5.49	7/3/2007	6/1/2037	160,213.76	176,261.99		(772.02)			159,441.74	176,405.89	915.92	0.00
FNMA	2006 FGH Single Family	5.15	7/17/2007	6/1/2037	154,143.96	167,986.04		(700.90)			153,443.06	168,190.48	905.34	0.00
FNMA	2006 FGH Single Family	5.70	8/7/2007	7/1/2037	827,571.13	923,879.96		(60,201.77)			767,369.36	855,756.19	(7,922.00)	0.00
FNMA	2006 FGH Single Family	5.15	8/7/2007	6/1/2037	87,405.12	95,644.39		(391.15)			87,013.97	95,762.75	509.51	0.00
FNMA	2006 FGH Single Family	5.49	8/7/2007	7/1/2037	398,780.24	441,645.42		(1,749.22)			397,031.02	441,328.42	1,432.22	0.00
FNMA	2006 FGH Single Family	5.49	8/23/2007	7/1/2037	443,518.11	491,565.41		(2,624.33)			440,893.78	490,508.84	1,567.76	0.00
FNMA	2006 FGH Single Family	5.70	8/23/2007	6/1/2037	172,571.06	190,730.82		(759.53)			171,811.53	190,209.48	58.19	0.00
FNMA	2006 FGH Single Family	5.15	9/11/2007	8/1/2037	413,255.26	452,098.15		(1,832.48)			411,422.78	452,669.07	2,403.40	0.00
FNMA	2006 FGH Single Family	5.49	9/11/2007	8/1/2037	257,622.00	285,286.79		(2,403.77)			255,218.23	284,152.86	1,269.84	0.00
FNMA	2006 FGH Single Family	5.49	9/11/2007	8/1/2037	145,153.64	159,966.62		(614.31)			144,539.33	160,195.84	843.53	0.00
FNMA	2006 FGH Single Family	5.70	9/25/2007	9/1/2037	265,163.53	293,463.47		(1,650.49)			263,513.04	291,845.96	32.98	0.00
FNMA	2006 FGH Single Family	5.49	9/25/2007	8/1/2037	332,070.60	366,377.83		(1,534.26)			330,536.34	366,787.05	1,943.48	0.00
FNMA	2006 FGH Single Family	5.49	9/25/2007	8/1/2037	224,774.46	248,474.92		(1,108.21)			223,666.25	248,651.88	1,285.17	0.00
FNMA	2006 FGH Single Family	5.15	9/25/2007	8/1/2037	223,857.20	245,185.28		(1,477.96)			222,379.24	245,032.41	1,325.09	0.00
FNMA	2006 FGH Single Family	5.49	10/9/2007	9/1/2037	238,897.23	263,620.99		(1,373.17)			237,524.06	263,661.99	1,414.17	0.00
FNMA	2006 FGH Single Family	5.15	10/25/2007	10/1/2037	920,015.25	1,022,205.14		(5,446.04)			914,569.21	1,021,859.10	5,100.00	0.00
FNMA	2006 FGH Single Family	5.49	10/25/2007	10/1/2037	734,183.08	813,843.66		(3,359.93)			730,823.15	813,034.58	2,550.85	0.00
FNMA	2006 FGH Single Family	5.70	10/25/2007	10/1/2037	265,017.37	292,620.41		(1,161.58)			263,855.79	291,507.11	48.28	0.00
FNMA	2006 FGH Single Family	5.49	11/8/2007	10/1/2037	245,174.37	270,246.04		(1,050.17)			244,124.20	270,621.60	1,425.73	0.00
FNMA	2006 FGH Single Family	5.49	11/8/2007	10/1/2037	196,560.85	217,666.35		(17,477.74)			179,083.11	199,391.40	(797.21)	0.00
FNMA	2006 FGH Single Family	5.49	11/8/2007	9/1/2037	78,450.78	86,436.46		(326.21)			78,124.57	86,565.31	455.06	0.00
FNMA	2006 FGH Single Family	5.70	11/21/2007	10/1/2037	465,027.07	519,222.60		(2,491.79)			462,535.28	515,860.23	(870.58)	0.00
FNMA	2006 FGH Single Family	5.49	11/21/2007	5/1/2037	129,014.35	142,205.85		(554.64)			128,459.71	142,400.94	749.73	0.00
FNMA	2006 FGH Single Family	5.49	11/21/2007	10/1/2037	254,834.81	281,485.75		(4,185.11)			250,649.70	278,434.50	1,133.86	0.00
FNMA	2006 FGH Single Family	5.15	12/11/2007	11/1/2037	774,935.73	861,045.77		(3,						

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
FNMA	2006 FGH Single Family	5.49	12/11/2007	11/1/2037	535,901.35	593,742.17		(2,448.02)			533,453.33	593,207.12	1,912.97	0.00
FNMA	2006 FGH Single Family	5.15	12/11/2007	12/1/2037	209,244.59	229,457.59		(1,285.87)			207,958.72	229,345.26	1,173.54	0.00
FNMA	2006 FGH Single Family	5.70	12/11/2007	11/1/2037	312,592.95	345,149.41		(1,254.48)			311,338.47	343,910.99	16.06	0.00
FNMA	2006 FGH Single Family	5.49	12/20/2007	10/1/2037	143,805.29	158,440.75		(595.08)			143,210.21	158,681.63	835.96	0.00
FNMA	2006 FGH Single Family	5.15	12/28/2007	12/1/2037	207,393.11	226,846.87		(907.58)			206,485.53	227,142.56	1,203.27	0.00
FNMA	2006 FGH Single Family	5.15	12/28/2007	11/1/2037	203,459.19	222,668.22		(920.66)			202,538.53	222,965.25	1,217.69	0.00
FNMA	2006 FGH Single Family	5.49	12/28/2007	1/1/2036	80,891.79	89,389.84		(386.83)			80,504.96	89,459.34	456.33	0.00
FNMA	2006 FGH Single Family	5.15	1/16/2008	1/1/2038	254,548.62	278,395.02		(1,100.72)			253,447.90	278,767.83	1,473.53	0.00
FNMA	2006 FGH Single Family	5.49	1/30/2008	12/1/2037	87,329.66	96,221.33		(671.21)			86,968.45	96,367.79	507.67	0.00
FNMA	2006 FGH Single Family	5.70	1/30/2008	12/1/2037	100,727.42	111,221.95		(397.55)			100,329.87	110,827.23	2.83	0.00
FNMA	2006 FGH Single Family	5.15	1/30/2008	11/1/2037	109,162.58	119,404.71		(476.96)			108,685.62	119,561.30	633.55	0.00
FNMA	2006 FGH Single Family	5.15	1/30/2008	1/1/2038	285,913.34	312,658.24		(143,674.31)			142,239.03	156,427.60	(12,556.33)	0.00
FNMA	2006 FGH Single Family	5.49	2/13/2008	1/1/2038	144,150.38	159,665.96		(10,503.04)			133,647.34	148,809.61	(353.31)	0.00
FNMA	2006 FGH Single Family	5.49	2/13/2008	1/1/2038	57,969.37	63,865.07		(248.67)			57,720.70	63,964.06	347.66	0.00
FNMA	2006 FGH Single Family	5.49	2/13/2008	1/1/2038	213,383.86	235,070.76		(884.23)			212,499.63	235,428.93	1,242.40	0.00
FNMA	2006 FGH Single Family	5.70	2/13/2008	2/1/2038	92,248.07	101,861.22		(364.11)			91,883.96	101,499.69	2.58	0.00
FNMA	2006 FGH Single Family	5.49	2/27/2008	12/1/2037	187,916.32	207,484.29		(1,078.87)			186,837.45	207,509.86	1,104.44	0.00
FNMA	2006 FGH Single Family	5.15	3/12/2008	2/1/2038	139,809.73	152,852.61		(594.97)			139,214.76	153,065.24	807.60	0.00
FNMA	2006 FGH Single Family	5.49	3/20/2008	12/1/2037	229,114.65	253,060.44		(1,073.98)			228,040.67	253,310.80	1,324.34	0.00
FNMA	2006 FGH Single Family	5.49	3/20/2008	2/1/2038	393,873.83	436,302.26		(64,689.47)			329,184.36	365,011.89	(6,600.90)	0.00
FNMA	2006 FGH Single Family	5.49	3/20/2008	2/1/2038	204,168.33	224,925.89		(829.47)			203,338.86	225,287.19	1,190.77	0.00
FNMA	2006 FGH Single Family	5.15	3/27/2008	3/1/2038	221,930.41	242,938.00		(1,008.15)			220,922.26	243,224.39	1,294.54	0.00
FNMA	2006 FGH Single Family	5.49	4/8/2008	1/1/2038	121,131.63	133,448.42		(493.85)			120,637.78	133,660.73	706.16	0.00
FNMA	2006 FGH Single Family	5.49	4/8/2008	3/1/2038	189,743.02	209,089.44		(791.52)			188,951.50	209,400.22	1,102.30	0.00
FNMA	2006 FGH Single Family	5.15	4/17/2008	3/1/2038	115,703.59	126,501.69		(496.13)			115,207.46	126,673.54	667.98	0.00
FNMA	2006 FGH Single Family	5.49	4/22/2008	2/1/2038	177,495.71	195,546.62		(723.50)			176,772.21	195,857.88	1,034.76	0.00
GNMA	2006 FGH Single Family	6.00	8/12/2009	6/20/2039	300,768.31	341,625.02		(183,136.18)			117,632.13	134,118.61	(24,370.23)	0.00
GNMA	2006 FGH Single Family	6.00	8/19/2009	7/20/2039	418,043.56	474,835.88		(1,429.04)			416,614.52	475,009.04	1,602.20	0.00
GNMA	2006 FGH Single Family	5.49	8/19/2009	7/20/2039	113,446.32	127,012.86		(413.51)			113,032.81	127,040.89	441.54	0.00
GNMA	2006 FGH Single Family	6.00	8/27/2009	7/20/2039	70,372.94	79,933.94		(231.71)			70,141.23	79,973.18	270.95	0.00
GNMA	2006 FGH Single Family	5.25	8/27/2009	8/20/2039	131,308.93	147,386.26		(491.86)			130,817.07	147,279.55	385.15	0.00
GNMA	2006 FGH Single Family	5.15	8/27/2009	8/20/2039	76,619.69	86,000.92		(290.71)			76,328.98	85,934.49	224.28	0.00
GNMA	2006 FGH Single Family				56,939.30	63,834.46		(56,939.30)					(6,895.16)	0.00
GNMA	2006 FGH Single Family				138,334.60	154,793.54		(138,334.60)					(16,458.94)	0.00
FNMA	2006 FGH Single Family				116,243.34	128,351.21		(116,243.34)					(12,107.87)	0.00
FNMA	2006 FGH Single Family				124,666.11	136,830.85		(124,666.11)					(12,164.74)	0.00
GNMA	2006 FGH Single Family				125,689.81	140,719.51		(125,689.81)					(15,029.70)	0.00
2006 FGH Single Family Total					81,693,410.20	90,703,406.01	3,179,297.44	(4,594,518.45)	0.00	0.00	80,278,189.19	89,130,183.33	(158,001.67)	0.00
Inv Agmt	2007A Single Family	4.32	10/1/2007	9/1/2038	5,099,699.29	5,099,699.29		(3,534,893.24)			1,564,806.05	1,564,806.05	-	0.00
Repo Agmt	2007A Single Family	0.15	8/31/2012	9/4/2012	358,108.32	358,108.32	7,610,623.59				7,968,731.91	7,968,731.91	-	0.00
Freddie Mac	2007A Single Family	4.75	5/7/2008	4/1/2038	254,341.81	274,523.95					253,189.27	275,145.48	1,774.07	0.00
Freddie Mac	2007A Single Family	5.49	5/7/2008	1/1/2038	158,400.59	174,257.12		(748.16)			157,652.43	174,173.03	664.07	0.00
Freddie Mac	2007A Single Family	5.49	5/7/2008	3/1/2038	177,587.66	195,687.95		(1,901.76)			175,685.90	194,377.11	590.92	0.00
Freddie Mac	2007A Single Family	5.49	5/28/2008	3/1/2038	249,300.55	274,317.01		(116,327.52)			132,973.03	146,590.40	(11,399.09)	0.00
Freddie Mac	2007A Single Family	4.75	6/18/2008	5/1/2038	291,413.44	315,033.86		(3,665.93)			287,747.51	313,318.14	1,950.21	0.00
Freddie Mac	2007A Single Family	5.49	6/18/2008	5/1/2038	348,525.33	385,619.17		(1,428.81)			347,096.52	384,745.94	555.58	0.00
Freddie Mac	2007A Single Family	5.49	6/25/2008	6/1/2038	308,165.91	338,242.03		(1,233.16)			306,932.75	338,318.37	1,309.50	0.00
Freddie Mac	2007A Single Family	4.75	6/25/2008	5/1/2038	72,621.86	78,406.13		(341.25)			72,280.61	78,568.11	503.23	0.00
Freddie Mac	2007A Single Family	5.49	7/16/2008	6/1/2038	130,343.18	143,092.58		(623.33)			129,719.85	143,009.82	889.07	0.00
Freddie Mac	2007A Single Family	5.49	7/16/2008	5/1/2038	209,351.86	229,797.11		(840.88)			208,510.98	229,845.24	540.51	0.00
Freddie Mac	2007A Single Family	5.49	7/23/2008	6/1/2038	148,275.58	162,743.84		(588.96)			147,686.62	162,785.42	630.54	0.00
Freddie Mac	2007A Single Family	4.75	7/23/2008	7/1/2038	158,569.75	171,157.53		(707.51)			157,862.24	171,560.26	1,110.24	0.00
Freddie Mac	2007A Single Family	5.49	8/13/2008	7/1/2038	133,375.50	146,392.22		(529.94)			132,845.56	146,429.44	567.16	0.00
Freddie Mac	2007A Single Family	5.49	8/20/2008	4/1/2038	183,192.58	201,077.74		(732.78)			182,459.80	201,123.23	778.27	0.00
Freddie Mac	2007A Single Family	5.49	9/17/2008	7/1/2038	24,678.02	27,030.42		(96.72)			24,581.30	27,039.97	106.27	0.00
Freddie Mac	2007A Single Family	5.49	10/8/2008	8/1/2038	109,269.46	119,928.36		(426.06)			108,843.40	119,966.73	464.43	0.00
Freddie Mac	2007A Single Family	5.49	10/22/2008	8/1/2038	125,645.01	137,902.55		(489.13)			125,155.88	137,947.40	533.98	0.00
FNMA	2007A Single Family	6.25	2/20/1998	1/1/2028	62,922.51	71,229.64		(1,628.47)			61,294.04	69,598.26	(2.91)	0.00
FNMA	2007A Single Family	6.25	3/27/1998	3/1/2028	162,878.95	188,692.06		(1,514.87)			161,364.08	187,308.24	131.05	0.00
FNMA	2007A Single Family	6.25	6/29/1998	5/1/2028	28,657.89	32,575.47		(316.90)			28,340.99	32,260.59	2.02	0.00
GNMA	2007A Single Family	6.25	2/20/1998	1/20/2028	776,722.59	875,311.94		(11,224.05)			765,498.54	866,016.11	1,928.22	0.00
FNMA	2007A Single Family	6.25	11/30/1998	9/1/2028	149,593.86	173,418.22		(1,374.25)			148,219.61	172,120.07	76.10	0.00
GNMA	2007A Single Family	6.25	3/27/1998	3/20/2028	1,629,407.57	1,840,301.77		(71,617.64)			1,557,789.93	1,766,237.80	(2,446.33)	0.00
GNMA	2007A Single Family	6.25	5/19/1998	5/20/2028	965,555.96	1,090,527.85		(42,531.76)			923,024.20	1,046,534.04	(1,462.05)	0.00
GNMA	2007A Single Family	5.45	7/28/2000	6/20/2030	801,273.56	896,841.40		(7,616.45)			793,657.11	891,824.52	2,599.57	0.00
GNMA	2007A Single Family	6.25	8/14/1998	7/20/2028	517,106.81	584,035.97		(5,921.49)			511,185.32	579,587.07	1,472.59	0.00
GNMA	2007A Single Family	6.25	6/29/1998	6/20/2028	391,865.19	442,584.31		(3,840.17)			388,025.02	439,946.65	1,202.51	0.00
GNMA	2007A Single Family	6.25	9/18/1998	9/20/2028	471,778.67	533,133.52		(4,699.20)			467,079.47	529,873.67	1,439.35	0.00
FNMA	2007A Single Family	6.25	3/31/1999	1/1/2028	84,049.72	95,539.24		(36,796.42)			47,251.30	53,786.08	(4,954.74)	0.00
GNMA	2007A Single Family	6.25	11/30/1998	11/20/2028	411,803.58	465,358.65		(3,703.05)			408,100.53	462,965.59	1,309.99	0.00
GNMA	2007A Single Family	6.25	11/30/1998	10/20/2028	317,816.90	359,148.90		(3,475.62)			314,341.28	356,601.24	927.96	0.00
GNMA	2007A Single Family	6.25	11/30/1998	10/20/2028	139,733.27	157,905.65		(1,279.28)			138,453.99	157,067.82	441.45	0.00

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Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
FNMA	2007A Single Family	6.25	5/27/1999	11/1/2028	18,571.10	21,022.82			(483.75)		18,087.35	20,537.78	(1,299.00)	0.00
GNMA	2007A Single Family	6.25	2/16/1999	2/20/2029	737,049.81	832,446.16			(9,485.55)		727,564.26	824,919.62	1,959.01	0.00
GNMA	2007A Single Family	6.25	3/31/1999	2/20/2029	45,070.71	50,298.46			(1,131.71)		43,939.00	49,227.94	61.19	0.00
GNMA	2007A Single Family	6.25	5/27/1999	5/20/2029	239,115.62	270,064.34			(3,098.55)		236,017.07	267,598.49	632.70	0.00
GNMA	2007A Single Family	5.45	7/30/1999	7/20/2029	434,742.04	487,271.85			(4,795.04)		429,947.00	483,797.79	1,320.98	0.00
GNMA	2007A Single Family	5.45	8/26/1999	8/20/2029	515,935.92	578,276.41			(6,805.70)		509,130.22	572,898.75	1,428.04	0.00
FNMA	2007A Single Family	5.45	9/20/1999	8/1/2029	92,020.96	101,121.61			(779.92)		91,241.04	100,856.74	515.05	0.00
GNMA	2007A Single Family	5.45	9/20/1999	9/20/2029	194,263.92	217,433.78			(1,723.73)		192,540.19	216,355.49	645.44	0.00
FNMA	2007A Single Family	5.45	12/20/1999	12/1/2029	200,460.53	221,787.54			(2,784.88)		197,675.65	219,558.35	555.69	0.00
FNMA	2007A Single Family	5.45	1/19/2000	12/1/2029	152,387.86	168,656.80			(7,754.21)		144,633.65	159,594.58	(1,308.01)	0.00
GNMA	2007A Single Family	5.45	10/28/1999	10/20/2029	582,058.05	651,480.07			(73,908.07)		508,149.98	571,003.01	(6,568.99)	0.00
GNMA	2007A Single Family	5.45	11/18/1999	11/20/2029	104,317.69	116,270.39			(1,461.35)		102,856.34	115,096.22	287.18	0.00
GNMA	2007A Single Family	5.45	12/30/1999	12/20/2029	1,800,721.84	2,015,493.90			(18,370.03)		1,782,351.81	2,002,810.90	5,687.03	0.00
GNMA	2007A Single Family	5.45	1/28/2000	1/20/2030	509,637.96	570,422.54			(4,357.49)		505,280.47	567,778.68	1,713.63	0.00
GNMA	2007A Single Family	5.45	2/22/2000	1/20/2030	276,573.38	309,214.50			(2,345.90)		274,227.48	307,803.82	935.22	0.00
GNMA	2007A Single Family	5.45	3/27/2000	2/20/2030	355,351.30	398,288.46			(3,974.80)		351,376.50	395,386.48	1,072.82	0.00
FNMA	2007A Single Family	5.45	4/27/2000	3/1/2030	102,052.27	239,014.29			(2,133.88)		213,918.39	237,599.13	718.72	0.00
GNMA	2007A Single Family	5.45	4/27/2000	4/20/2030	419,672.21	469,201.92			(3,552.88)		416,119.33	467,068.98	1,419.94	0.00
GNMA	2007A Single Family	5.45	5/30/2000	4/20/2030	84,315.32	94,266.24			(898.76)		83,616.56	93,854.59	287.11	0.00
GNMA	2007A Single Family	5.45	6/21/2000	5/20/2030	444,025.31	496,984.20			(3,857.19)		440,168.12	494,612.51	1,485.50	0.00
GNMA	2007A Single Family	5.45	9/18/2000	9/20/2030	589,269.46	658,815.01			(5,117.87)		584,151.59	655,675.08	1,977.94	0.00
FNMA	2007A Single Family	5.45	7/24/2000	6/1/2030	103,037.61	113,184.70			(1,956.21)		101,081.40	111,692.87	464.38	0.00
GNMA	2007A Single Family	5.49	11/21/2007	10/20/2037	390,048.39	437,972.23			(1,840.77)		388,407.62	437,815.25	1,483.79	0.00
GNMA	2007A Single Family	4.75	11/21/2007	10/20/2037	162,677.97	181,574.33			(757.06)		161,920.91	181,785.36	968.09	0.00
GNMA	2007A Single Family	5.49	11/21/2007	10/20/2037	293,609.31	328,488.62			(1,310.93)		292,298.38	328,290.43	1,112.74	0.00
GNMA	2007A Single Family	4.75	9/25/2007	8/20/2037	210,741.24	235,231.41			(1,271.47)		209,469.77	235,178.47	1,218.53	0.00
GNMA	2007A Single Family	5.49	9/25/2007	9/20/2037	1,456,512.53	1,635,093.99			(74,286.74)		1,382,225.79	1,557,700.20	(3,107.05)	0.00
GNMA	2007A Single Family	4.75	9/25/2007	9/20/2037	3,750,380.73	4,186,232.26			(168,009.87)		3,582,370.86	4,022,067.73	3,845.34	0.00
GNMA	2007A Single Family	5.49	9/25/2007	8/20/2037	127,369.70	142,467.18			(533.81)		126,835.89	142,420.69	487.32	0.00
GNMA	2007A Single Family	5.49	10/9/2007	9/20/2037	719,626.07	808,007.19			(52,384.46)		667,241.61	752,085.07	(3,537.66)	0.00
GNMA	2007A Single Family	4.75	10/9/2007	9/20/2037	1,334,361.73	1,489,708.78			(139,622.54)		1,194,739.19	1,341,624.26	(8,461.98)	0.00
GNMA	2007A Single Family	5.49	8/23/2007	8/20/2037	346,695.59	389,255.85			(104,018.91)		242,676.68	273,221.76	(12,015.18)	0.00
GNMA	2007A Single Family	5.49	8/23/2007	8/20/2037	1,102,139.74	1,237,438.12			(6,127.71)		1,096,012.03	1,236,388.68	5,078.27	0.00
GNMA	2007A Single Family	4.75	8/23/2007	8/20/2037	2,119,741.86	2,366,406.15			(10,106.25)		2,109,635.61	2,368,883.75	12,583.85	0.00
GNMA	2007A Single Family	5.49	9/11/2007	9/20/2037	276,054.84	310,883.22			(1,707.50)		274,347.34	310,403.45	1,227.73	0.00
GNMA	2007A Single Family	5.49	9/11/2007	8/20/2037	235,987.20	265,758.30			(992.67)		234,994.53	265,205.99	440.36	0.00
GNMA	2007A Single Family	4.75	9/11/2007	8/20/2037	4,046,780.28	4,540,172.24			(115,856.27)		3,930,924.01	4,435,734.34	11,418.37	0.00
GNMA	2007A Single Family	4.75	11/21/2007	10/20/2037	445,058.76	496,895.31			(2,654.80)		442,403.96	496,816.61	2,576.10	0.00
GNMA	2007A Single Family	5.49	11/21/2007	10/20/2037	308,375.52	345,787.84			(1,302.95)		307,072.57	345,594.17	1,109.28	0.00
GNMA	2007A Single Family	5.49	11/21/2007	10/20/2037	870,785.82	977,776.11			(4,018.01)		866,767.81	977,025.51	3,267.41	0.00
GNMA	2007A Single Family	4.75	11/21/2007	10/20/2037	125,492.04	140,108.25			(1,053.19)		124,438.85	139,743.97	688.91	0.00
GNMA	2007A Single Family	5.49	12/11/2007	11/20/2037	458,774.66	515,154.66			(3,256.03)		455,518.63	513,922.00	2,023.37	0.00
GNMA	2007A Single Family	4.75	12/11/2007	11/20/2037	1,064,012.27	1,187,633.46			(101,392.61)		962,619.66	1,080,740.02	(5,500.83)	0.00
GNMA	2007A Single Family	5.49	10/25/2007	10/20/2037	298,955.17	335,593.30			(17,855.36)		281,099.81	316,503.15	(1,234.79)	0.00
GNMA	2007A Single Family	5.49	10/25/2007	10/20/2037	1,231,492.13	1,382,764.78			(124,243.07)		1,107,249.06	1,248,067.08	(10,454.63)	0.00
GNMA	2007A Single Family	4.75	10/25/2007	9/20/2037	894,989.89	996,930.09			(4,623.18)		890,376.71	999,577.83	5,270.92	0.00
GNMA	2007A Single Family	5.49	10/25/2007	10/20/2037	809,869.47	909,351.32			(3,435.19)		806,434.28	908,995.21	3,079.08	0.00
GNMA	2007A Single Family	4.75	10/25/2007	10/20/2037	855,369.30	954,970.16			(4,096.58)		851,272.72	955,950.26	5,076.68	0.00
GNMA	2007A Single Family	4.75	11/8/2007	10/20/2037	224,286.60	250,336.00			(1,046.43)		223,240.17	250,624.23	1,334.66	0.00
GNMA	2007A Single Family	4.75	12/28/2007	12/20/2037	255,455.98	285,141.93			(1,175.24)		254,280.74	285,488.87	1,522.18	0.00
GNMA	2007A Single Family	5.49	12/28/2007	12/20/2037	126,414.07	141,916.66			(809.09)		125,604.98	141,712.16	604.59	0.00
GNMA	2007A Single Family	5.49	12/28/2007	12/20/2037	128,836.75	144,148.31			(529.52)		128,307.23	144,112.84	494.05	0.00
GNMA	2007A Single Family	5.49	12/11/2007	11/20/2037	417,515.64	468,825.17			(2,423.85)		415,091.79	467,905.14	1,503.82	0.00
GNMA	2007A Single Family	5.49	12/11/2007	11/20/2037	313,956.44	352,539.33			(1,463.18)		312,493.26	352,252.69	1,176.54	0.00
GNMA	2007A Single Family	4.75	12/11/2007	12/20/2037	1,330,428.00	1,485,009.96			(6,218.00)		1,324,210.00	1,486,709.10	7,917.14	0.00
GNMA	2007A Single Family	4.75	12/11/2007	12/20/2037	114,671.36	127,994.99			(529.76)		114,141.60	128,148.37	683.14	0.00
GNMA	2007A Single Family	4.75	12/20/2007	12/20/2037	293,756.87	327,891.36			(1,370.05)		292,386.82	328,269.43	1,748.12	0.00
GNMA	2007A Single Family	5.49	12/20/2007	12/20/2037	212,975.51	238,284.82			(964.30)		212,011.21	238,126.26	805.74	0.00
GNMA	2007A Single Family	4.75	12/20/2007	12/20/2037	231,293.61	258,169.89			(1,057.81)		230,235.80	258,491.05	1,378.97	0.00
GNMA	2007A Single Family	4.75	1/30/2008	1/20/2038	125,943.12	140,623.24			(699.75)		125,243.37	140,658.95	735.46	0.00
GNMA	2007A Single Family	5.49	1/30/2008	11/20/2037	179,198.91	200,501.01			(733.27)		178,465.64	200,455.30	687.56	0.00
GNMA	2007A Single Family	5.49	1/30/2008	11/20/2037	47,108.53	52,708.51			(193.24)		46,915.29	52,695.96	180.69	0.00
GNMA	2007A Single Family	4.75	1/30/2008	1/20/2038	278,221.97	310,564.79			(1,264.77)		276,957.20	310,959.74	1,659.72	0.00
GNMA	2007A Single Family	4.75	1/16/2008	1/20/2038	489,433.62	546,322.23			(2,298.57)		487,135.05	546,934.31	2,910.65	0.00
GNMA	2007A Single Family	5.49	1/16/2008	12/20/2037	188,080.97	210,792.56			(927.50)		187,153.47	210,743.20	878.14	0.00
GNMA	2007A Single Family	4.75	1/16/2008	12/20/2037	94,939.57	105,974.20			(434.38)		94,505.19	106,105.83	566.01	0.00
GNMA	2007A Single Family	4.75	1/30/2008	1/20/2038	279,925.59	312,466.45			(1,300.91)		278,624.68	312,831.95	1,666.41	0.00
GNMA	2007A Single Family	5.49	1/30/2008	1/20/2038	289,125.14	323,497.89			(1,202.35)		287,922.79	323,402.50	1,106.96	0.00
GNMA	2007A Single Family	5.49	1/30/2008	12/20/2037	276,077.09	308,897.05			(1,171.34)		274,905.75	308,779.86	1,054.15	0.00
GNMA	2007A Single Family	5.49	2/19/2008	2/20/2038	215,434.32	241,052.15			(889.53)		214,544.79	240,988.24	825.62	0.00
GNMA	2007A Single Family	5.49	1/30/2008	12/20/2037	50,510.80	56,610.95			(223.31)		50,287.49	56,626.71	239.07	0.00
GNMA	2007A Single Family	5.49	2/13/2008	1/20/2038	86,792.65	97,112.30			(331.86)					

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Investment	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	4.75	2/13/2008	12/20/2037	87,389.34	98,211.21			(1,048.95)		86,340.39	97,595.55	433.29	0.00
GNMA	2007A Single Family	5.49	4/8/2008	4/20/2038	83,373.37	93,292.69			(934.93)		82,438.44	92,604.43	246.67	0.00
GNMA	2007A Single Family	5.49	4/8/2008	11/20/2037	125,318.82	140,225.33			(152.66)		124,806.16	140,193.38	480.71	0.00
GNMA	2007A Single Family	4.75	4/8/2008	3/20/2038	336,691.02	372,732.36			(1,513.70)		335,177.32	371,059.41	(159.25)	0.00
GNMA	2007A Single Family	4.75	4/8/2008	4/20/2038	95,906.35	107,063.85			(430.76)		95,475.59	107,205.86	572.77	0.00
GNMA	2007A Single Family	5.49	3/12/2008	3/20/2038	229,545.39	256,847.69			(924.66)		228,620.73	256,805.56	882.53	0.00
GNMA	2007A Single Family	5.49	3/20/2008	1/20/2038	166,047.58	185,797.03			(691.38)		165,356.20	185,741.28	635.63	0.00
GNMA	2007A Single Family	4.75	2/19/2008	2/20/2038	119,030.31	132,870.60			(537.88)		118,492.43	133,043.19	710.47	0.00
GNMA	2007A Single Family	4.75	2/19/2008	12/20/2037	107,727.77	120,252.64			(622.22)		107,105.55	120,256.68	626.26	0.00
GNMA	2007A Single Family	5.49	2/19/2008	1/20/2038	327,793.55	368,105.18			(1,349.17)		326,444.38	368,007.11	1,251.10	0.00
GNMA	2007A Single Family	4.75	2/19/2008	2/20/2038	149,727.69	167,137.33			(850.31)		148,877.38	167,159.38	872.36	0.00
GNMA	2007A Single Family	5.49	2/19/2008	10/20/2037	140,636.06	157,356.26			(579.33)		140,056.73	157,315.91	538.98	0.00
GNMA	2007A Single Family	4.75	2/27/2008	2/20/2038	93,708.66	104,605.41			(617.57)		93,091.09	104,523.32	535.48	0.00
GNMA	2007A Single Family	5.49	2/27/2008	2/20/2038	96,469.92	108,307.69			(881.62)		95,588.30	107,974.26	548.19	0.00
GNMA	2007A Single Family	5.49	2/27/2008	2/20/2038	165,793.71	185,509.97			(669.72)		165,123.99	185,477.44	637.19	0.00
GNMA	2007A Single Family	4.75	3/20/2008	12/20/2037	110,538.55	123,393.70			(704.37)		109,834.18	123,323.96	634.63	0.00
GNMA	2007A Single Family	5.49	3/27/2008	3/20/2038	397,689.09	444,996.82			(1,597.16)		396,091.93	444,929.26	1,529.60	0.00
GNMA	2007A Single Family	5.49	3/27/2008	2/20/2038	172,135.02	192,610.64			(733.29)		171,401.73	192,534.24	656.89	0.00
GNMA	2007A Single Family	4.75	4/15/2008	3/20/2038	186,573.04	208,278.88			(1,239.84)		185,333.20	208,103.93	1,064.89	0.00
GNMA	2007A Single Family	4.75	4/15/2008	2/20/2038	108,732.10	121,381.34			(494.37)		108,237.73	121,535.61	648.64	0.00
GNMA	2007A Single Family	5.49	4/15/2008	3/20/2038	46,376.98	51,894.77			(219.13)		46,157.85	51,849.97	174.33	0.00
GNMA	2007A Single Family	5.49	4/24/2008	4/20/2038	367,078.07	412,252.09			(1,500.84)		365,577.23	412,153.55	1,402.30	0.00
GNMA	2007A Single Family	4.75	4/24/2008	4/20/2038	189,148.14	211,156.34			(856.09)		188,292.05	211,429.09	1,128.84	0.00
GNMA	2007A Single Family	5.49	4/22/2008	4/20/2038	92,926.02	103,983.23			(371.26)		92,554.76	103,969.62	357.65	0.00
GNMA	2007A Single Family	5.49	5/7/2008	4/20/2038	245,761.09	275,007.94			(981.77)		244,779.32	274,972.05	945.88	0.00
GNMA	2007A Single Family	5.49	5/7/2008	4/20/2038	153,973.94	172,297.64			(624.83)		153,349.11	172,264.22	591.41	0.00
GNMA	2007A Single Family	4.75	5/7/2008	5/20/2038	327,842.00	365,994.14			(1,484.36)		326,357.64	366,466.29	1,956.51	0.00
GNMA	2007A Single Family	5.49	5/14/2008	4/20/2038	99,391.66	111,597.20			(1,159.83)		98,231.83	110,845.45	408.08	0.00
GNMA	2007A Single Family	4.75	5/14/2008	5/20/2038	267,234.28	298,335.08			(1,204.98)		266,029.30	298,725.52	1,595.42	0.00
GNMA	2007A Single Family	4.75	5/21/2008	5/20/2038	129,984.11	145,276.91			(962.19)		129,021.92	145,043.28	728.56	0.00
GNMA	2007A Single Family	5.49	5/28/2008	5/20/2038	335,253.50	376,524.77			(1,330.82)		333,922.68	376,480.15	1,286.20	0.00
GNMA	2007A Single Family	4.75	5/28/2008	4/20/2038	29,671.50	33,124.98			(137.29)		29,534.21	33,164.40	176.71	0.00
GNMA	2007A Single Family	5.49	6/11/2008	5/20/2038	297,346.21	333,955.64			(71,330.38)		226,015.83	253,903.89	(8,721.37)	0.00
GNMA	2007A Single Family	5.49	7/9/2008	7/20/2038	164,296.91	183,862.65			(97,809.14)		66,487.77	74,883.19	(11,170.32)	0.00
GNMA	2007A Single Family	5.49	7/9/2008	6/20/2038	179,902.76	201,326.17			(709.48)		179,193.28	201,310.23	693.54	0.00
GNMA	2007A Single Family	4.75	7/9/2008	6/20/2038	223,846.84	249,912.84			(988.40)		222,858.44	250,263.43	1,338.99	0.00
GNMA	2007A Single Family	4.75	7/16/2008	6/20/2038	161,141.08	179,906.54			(732.36)		160,408.72	180,135.51	961.33	0.00
GNMA	2007A Single Family	5.49	7/16/2008	5/20/2038	109,424.81	122,662.50			(477.49)		108,947.32	122,703.74	518.73	0.00
GNMA	2007A Single Family	5.49	6/18/2008	5/20/2038	233,097.24	260,848.62			(936.28)		232,160.96	260,808.86	896.52	0.00
GNMA	2007A Single Family	4.75	6/18/2008	4/20/2038	109,056.33	121,751.91			(486.90)		108,569.43	121,916.69	651.68	0.00
GNMA	2007A Single Family	5.49	6/18/2008	6/20/2038	78,512.93	87,860.72			(308.98)		78,203.95	87,854.51	302.77	0.00
GNMA	2007A Single Family	5.49	6/25/2008	6/20/2038	100,385.67	112,338.45			(394.26)		99,991.41	112,331.38	387.19	0.00
GNMA	2007A Single Family	5.49	7/23/2008	6/20/2038	103,078.46	115,354.90			(415.94)		102,662.52	115,335.16	396.20	0.00
GNMA	2007A Single Family	4.75	7/23/2008	7/20/2038	115,525.37	128,980.15			(509.28)		115,016.09	129,162.01	691.14	0.00
GNMA	2007A Single Family	4.75	8/27/2008	8/20/2038	75,483.99	83,992.39			(329.22)		75,154.77	84,116.57	453.40	0.00
GNMA	2007A Single Family	5.49	8/13/2008	8/20/2038	272,438.10	306,003.40			(1,699.34)		270,738.76	305,535.52	1,231.46	0.00
GNMA	2007A Single Family	4.75	8/13/2008	7/20/2038	69,256.45	77,324.04			(315.64)		68,940.81	77,421.47	413.07	0.00
GNMA	2007A Single Family	4.75	8/13/2008	6/20/2038	106,817.55	119,259.97			(475.08)		106,342.47	119,423.43	638.54	0.00
GNMA	2007A Single Family	4.75	8/20/2008	8/20/2038	281,671.45	314,486.44			(1,242.34)		280,429.11	314,929.18	1,685.08	0.00
GNMA	2007A Single Family	4.75	8/27/2008	7/20/2038	885,681.04	988,865.75			(4,842.04)		880,839.00	989,207.09	5,183.38	0.00
GNMA	2007A Single Family	5.49	8/27/2008	8/20/2038	86,082.47	96,338.80			(335.58)		85,746.89	96,335.66	332.44	0.00
GNMA	2007A Single Family	5.49	9/10/2008	7/20/2038	141,762.96	158,654.98			(561.39)		141,201.57	158,639.65	546.06	0.00
GNMA	2007A Single Family	5.49	9/24/2008	9/20/2038	82,205.97	92,003.32			(324.78)		81,881.19	91,995.47	316.93	0.00
GNMA	2007A Single Family	5.49	10/15/2008	9/20/2038	316,078.43	355,043.69			(2,013.04)		314,065.39	354,453.99	1,423.34	0.00
GNMA	2007A Single Family	5.49	10/15/2008	9/20/2038	98,415.34	110,146.87			(422.05)		97,993.29	110,100.03	375.21	0.00
GNMA	2007A Single Family	4.75	10/22/2008	9/20/2038	248,800.01	276,860.47			(1,086.23)		247,713.78	277,268.27	1,494.03	0.00
GNMA	2007A Single Family	5.49	10/22/2008	9/20/2038	330,384.48	371,115.61			(1,949.96)		328,434.52	370,351.28	1,185.63	0.00
GNMA	2007A Single Family	5.49	10/29/2008	9/20/2038	122,558.82	137,170.16			(469.98)		122,088.84	137,174.30	474.12	0.00
GNMA	2007A Single Family	4.75	10/29/2008	10/20/2038	223,305.43	249,339.63			(1,782.69)		221,522.74	248,794.65	1,237.71	0.00
GNMA	2007A Single Family	4.75	11/25/2008	11/20/2038	94,845.21	105,546.53			(406.06)		94,439.15	105,710.97	570.50	0.00
GNMA	2007A Single Family	5.49	12/10/2008	9/20/2038	151,893.45	170,009.07			(583.46)		151,309.99	170,012.92	587.31	0.00
GNMA	2007A Single Family	4.75	12/10/2008	11/20/2038	74,141.72	82,508.33			(323.92)		73,817.80	82,629.61	445.20	0.00
GNMA	2007A Single Family	4.75	12/30/2008	12/20/2038	320,227.87	357,586.41			(1,712.83)		318,515.04	357,752.37	1,878.79	0.00
GNMA	2007A Single Family	4.75	12/30/2008	11/20/2038	181,044.11	201,478.11			(778.49)		180,265.62	201,788.23	1,088.61	0.00
GNMA	2007A Single Family	5.49	1/14/2009	12/20/2038	166,291.33	186,132.77			(637.78)		165,653.55	186,138.29	643.30	0.00
GNMA	2007A Single Family	4.75	1/14/2009	12/20/2038	77,724.67	86,498.93			(336.28)		77,388.39	86,629.75	467.10	0.00
GNMA	2007A Single Family	5.25	1/21/2009	1/20/2039	502,631.16	564,275.86			(3,552.12)		499,079.04	562,455.33	1,731.59	0.00
GNMA	2007A Single Family	5.25	1/21/2009	1/20/2039	121,885.16	136,429.56			(477.37)		121,407.79	136,422.47	470.28	0.00
GNMA	2007A Single Family	5.15	1/21/2009	1/20/2039	162,998.93	182,449.38			(649.16)		162,349.77	182,427.80	627.58	0.00
GNMA	2007A Single Family	5.25	1/21/2009	1/20/2039	593,596.77	666,397.86			(2,456.13)		591,140.64	666,207.50	2,265.77	0.00
GNMA	2007A Single Family	4.75	1/21/2009	1/20/2039	113,472.95	126,284.06			(480.84)		112,992.11	126,486.38	683.16	0.00
FNMA	2007A Single Family	5.49	8/23/2007	8/1/2037	77,655.67	85,567.41			(328.78)		77,326.89	85,689.17	450.54	0.00
FNMA	2007A Single Family	4.75	8/23/2007	8/1/2037	996,523.42	1,102,553.93			(4,811.56)		991,711.86	1,108,737.86	10,995.49	0.00

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
FNMA	2007A Single Family	5.49	9/11/2007	8/1/2037	629,880.39	704,059.24			(2,606.55)		627,273.84	703,592.38	2,139.69	0.00
FNMA	2007A Single Family	5.49	9/11/2007	8/1/2037	72,737.91	80,916.73			(343.42)		72,394.49	80,985.14	411.83	0.00
FNMA	2007A Single Family	4.75	9/11/2007	8/1/2037	1,103,587.85	1,232,542.48			(11,832.08)		1,091,755.77	1,231,998.19	11,287.79	0.00
FNMA	2007A Single Family	5.49	9/25/2007	9/1/2037	1,031,299.36	1,143,165.51			(76,145.78)		955,153.58	1,062,677.36	(4,342.37)	0.00
FNMA	2007A Single Family	5.49	9/25/2007	8/1/2037	125,249.89	139,740.61			(648.94)		124,600.95	139,775.32	683.65	0.00
FNMA	2007A Single Family	4.75	9/25/2007	9/1/2037	1,121,955.76	1,253,097.54			(5,349.43)		1,116,606.33	1,260,082.00	12,333.89	0.00
FNMA	2007A Single Family	5.49	10/9/2007	9/1/2037	659,034.93	732,197.52			(3,384.26)		655,650.67	731,377.59	2,564.33	0.00
FNMA	2007A Single Family	5.49	10/9/2007	9/1/2037	39,020.26	43,187.59			(479.16)		38,541.10	42,897.33	188.90	0.00
FNMA	2007A Single Family	4.75	10/9/2007	9/1/2037	382,745.08	423,486.84			(1,870.99)		380,874.09	425,836.40	4,220.55	0.00
FNMA	2007A Single Family	4.75	10/9/2007	8/1/2037	247,578.78	269,451.83			(1,569.90)		246,008.88	269,824.29	1,942.36	0.00
FNMA	2007A Single Family	5.49	10/25/2007	9/1/2037	679,595.63	752,699.01			(3,312.39)		676,283.24	751,865.33	2,478.71	0.00
FNMA	2007A Single Family	5.49	10/25/2007	10/1/2037	369,905.01	411,835.01			(6,058.17)		363,846.84	407,029.44	1,252.60	0.00
FNMA	2007A Single Family	4.75	10/25/2007	10/1/2037	756,272.31	836,788.96			(3,673.02)		752,599.29	841,457.44	8,341.50	0.00
FNMA	2007A Single Family	5.49	10/25/2007	10/1/2037	376,811.79	417,233.10			(2,215.88)		374,595.91	416,304.12	1,286.90	0.00
FNMA	2007A Single Family	5.49	11/8/2007	10/1/2037	276,120.05	304,230.91			(1,154.44)		274,965.61	304,680.24	1,603.77	0.00
FNMA	2007A Single Family	4.75	11/8/2007	9/1/2037	100,229.46	108,983.48			(468.52)		99,760.94	109,300.88	785.92	0.00
FNMA	2007A Single Family	4.75	11/21/2007	10/1/2037	87,232.93	94,251.39			(3,483.69)		83,749.24	90,901.20	133.50	0.00
FNMA	2007A Single Family	5.49	11/21/2007	10/1/2037	476,650.09	527,791.93			(2,020.62)		474,629.47	527,486.83	1,715.52	0.00
FNMA	2007A Single Family	5.49	11/21/2007	9/1/2037	381,036.38	420,676.43			(2,188.21)		378,848.17	420,670.31	2,182.09	0.00
FNMA	2007A Single Family	4.75	11/28/2007	9/1/2037	111,437.10	121,176.44			(559.23)		110,877.87	121,488.32	871.11	0.00
FNMA	2007A Single Family	5.49	12/11/2007	11/1/2037	553,433.89	612,993.99			(3,233.63)		550,200.26	611,774.44	2,014.08	0.00
FNMA	2007A Single Family	5.49	12/12/2007	9/1/2037	88,987.39	96,049.18			(371.01)		88,616.38	96,195.04	516.87	0.00
FNMA	2007A Single Family	4.75	12/11/2007	12/1/2037	589,668.37	652,476.42			(4,377.10)		585,291.27	654,425.30	6,325.98	0.00
FNMA	2007A Single Family	5.49	12/11/2007	11/1/2037	357,165.16	395,494.92			(1,516.14)		355,649.02	395,264.01	1,285.23	0.00
FNMA	2007A Single Family	4.75	12/20/2007	12/1/2037	92,465.57	100,654.23			(939.84)		91,525.73	100,428.54	714.15	0.00
FNMA	2007A Single Family	5.49	12/20/2007	12/1/2037	307,112.74	340,105.79			(1,303.14)		305,809.60	339,910.78	1,108.13	0.00
FNMA	2007A Single Family	5.49	12/28/2007	10/1/2037	140,661.15	155,051.33			(602.29)		140,058.86	155,267.05	818.01	0.00
FNMA	2007A Single Family	4.75	12/28/2007	12/1/2037	297,642.59	323,682.62			(1,511.44)		296,131.15	324,496.11	2,324.93	0.00
FNMA	2007A Single Family	5.49	1/16/2008	8/1/2037	104,878.99	116,017.65			(727.73)		104,151.26	115,848.73	558.81	0.00
FNMA	2007A Single Family	5.49	1/30/2008	9/1/2037	239,770.54	264,213.97			(1,005.23)		238,765.31	264,598.35	1,389.61	0.00
FNMA	2007A Single Family	4.75	1/30/2008	12/1/2037	99,249.71	107,914.53			(456.64)		98,793.07	108,233.91	776.02	0.00
FNMA	2007A Single Family	4.75	1/30/2008	12/1/2037	89,606.31	97,429.22			(411.36)		89,194.95	97,718.57	700.71	0.00
FNMA	2007A Single Family	5.49	2/13/2008	11/1/2037	218,022.88	241,186.24			(3,051.98)		214,970.90	239,179.59	1,045.33	0.00
FNMA	2007A Single Family	4.75	2/13/2008	1/1/2038	312,105.45	339,349.28			(1,464.29)		310,641.16	340,325.45	2,440.46	0.00
FNMA	2007A Single Family	5.49	2/19/2008	1/1/2038	194,894.47	215,259.41			(918.86)		193,975.61	215,466.72	1,126.17	0.00
FNMA	2007A Single Family	4.75	3/12/2008	2/1/2038	220,325.11	239,570.34			(1,014.30)		219,310.81	240,278.47	1,722.43	0.00
FNMA	2007A Single Family	5.49	3/20/2008	2/1/2038	285,981.78	316,701.44			(1,493.21)		284,488.57	316,206.16	997.93	0.00
FNMA	2007A Single Family	5.49	3/20/2008	11/1/2037	336,059.80	370,466.19			(1,911.05)		334,148.75	370,457.83	1,902.69	0.00
FNMA	2007A Single Family	4.75	3/27/2008	3/1/2038	193,440.68	210,325.14			(12,804.68)		180,636.00	197,903.80	383.34	0.00
FNMA	2007A Single Family	5.49	4/8/2008	3/1/2038	175,898.04	193,772.49			(713.33)		175,184.71	194,087.01	1,072.85	0.00
FNMA	2007A Single Family	5.49	4/22/2008	4/1/2038	54,098.02	59,589.18			(215.22)		53,882.80	59,691.10	317.14	0.00
FNMA	2007A Single Family				128,740.58	141,823.33			(128,740.58)				(13,082.75)	0.00
Freddie Mac	2007A Single Family	5.25	12/11/2007	11/1/2037	8,021.86	8,758.80			(34.60)		7,987.26	8,757.99	33.79	0.00
Freddie Mac	2007A Single Family	5.25	12/11/2007	11/1/2037	5,709.54	6,233.61			(28.33)		5,681.21	6,229.43	24.15	0.00
Freddie Mac	2007A Single Family	5.25	12/20/2007	12/1/2037	12,590.59	13,798.12			(191.35)		12,399.24	13,647.92	41.15	0.00
Freddie Mac	2007A Single Family	6.00	12/20/2007	12/1/2037	4,410.11	4,897.60			(1,339.77)		3,070.34	3,398.49	(159.34)	0.00
Freddie Mac	2007A Single Family	5.25	12/20/2007	12/1/2037	3,262.01	3,583.05			(13.99)		3,268.02	3,582.81	13.75	0.00
Freddie Mac	2007A Single Family	5.25	1/16/2008	12/1/2037	17,083.67	18,871.02			(74.72)		17,008.95	18,880.88	84.58	0.00
Freddie Mac	2007A Single Family	6.00	1/16/2008	12/1/2037	3,899.61	4,331.29			(15.59)		3,884.02	4,303.36	(12.34)	0.00
Freddie Mac	2007A Single Family	5.25	1/16/2008	12/1/2037	4,538.86	4,955.24			(19.33)		4,519.53	4,954.91	19.00	0.00
Freddie Mac	2007A Single Family	5.25	1/30/2008	1/1/2038	14,255.49	15,570.41			(69.84)		14,185.65	15,560.93	60.36	0.00
Freddie Mac	2007A Single Family	5.25	1/30/2008	12/1/2037	9,018.94	9,850.14			(39.77)		8,979.17	9,848.81	38.44	0.00
Freddie Mac	2007A Single Family	6.00	2/13/2008	1/1/2038	5,639.70	6,264.97			(22.60)		5,617.10	6,224.58	(17.79)	0.00
Freddie Mac	2007A Single Family	5.25	2/13/2008	1/1/2038	2,776.99	3,031.63			(11.76)		2,765.23	3,031.52	11.65	0.00
Freddie Mac	2007A Single Family	5.25	3/20/2008	2/1/2038	2,564.60	2,799.75			(10.79)		2,553.81	2,799.75	10.79	0.00
Freddie Mac	2007A Single Family	6.00	3/20/2008	3/1/2038	4,113.73	4,564.92			(15.42)		4,098.31	4,536.07	(13.43)	0.00
Freddie Mac	2007A Single Family	5.25	3/20/2008	11/1/2037	4,109.86	4,504.83			(21.78)		4,088.08	4,499.30	16.25	0.00
Freddie Mac	2007A Single Family	6.00	4/22/2008	2/1/2038	2,185.10	2,426.57			(8.59)		2,176.51	2,411.01	(6.97)	0.00
Freddie Mac	2007A Single Family	5.25	4/22/2008	1/1/2038	5,186.76	5,662.64			(21.95)		5,164.81	5,662.42	21.73	0.00
Freddie Mac	2007A Single Family	5.25	5/14/2008	4/1/2038	5,716.29	6,240.05			(23.74)		5,692.55	6,240.42	24.11	0.00
Freddie Mac	2007A Single Family	6.00	5/15/2008	4/1/2038	5,367.89	5,956.32			(19.97)		5,347.92	5,918.75	(17.60)	0.00
Freddie Mac	2007A Single Family	5.25	5/21/2008	4/1/2038	11,411.15	12,457.96			(47.87)		11,363.28	12,458.07	47.98	0.00
Freddie Mac	2007A Single Family	5.25	5/21/2008	5/1/2038	8,014.11	8,748.32			(33.23)		7,980.88	8,748.91	33.82	0.00
Freddie Mac	2007A Single Family	5.25	5/28/2008	4/1/2038	3,329.68	3,635.31			(14.05)		3,315.63	3,635.20	13.94	0.00
Freddie Mac	2007A Single Family	5.25	5/28/2008	5/1/2038	4,696.47	5,126.62			(21.91)		4,674.56	5,124.29	19.58	0.00
Freddie Mac	2007A Single Family	6.00	6/18/2008	5/1/2038	9,987.02	11,122.77			(41.99)		9,945.03	11,047.01	(33.77)	0.00
Freddie Mac	2007A Single Family	5.25	6/18/2008	2/1/2038	2,697.46	2,956.36			(23.76)		2,673.70	2,942.67	10.07	0.00
Freddie Mac	2007A Single Family	6.00	6/25/2008	5/1/2038	3,576.94	3,968.05			(13.06)		3,563.88	3,943.15	(11.84)	0.00
Freddie Mac	2007A Single Family	6.00	7/16/2008	6/1/2038	5,496.67	6,105.17			(31.83)		5,464.84	6,055.64	(17.70)	0.00
Freddie Mac	2007A Single Family	5.25	7/16/2008	6/1/2038	7,550.82	8,243.86			(32.99)		7,517.83	8,242.47	31.60	0.00
Freddie Mac	2007A Single Family	6.00	7/23/2008	6/1/2038	4,990.62	5,549.81			(21.49)		4,969.13	5,512.88	(15.44)	0.00
Freddie Mac	2007A Single Family	6.00	8/13/2008	6/1/2038	5,176.19	5,753.88			(42.48)		5,133.71	5,694.69	(16.71)	0.00
Freddie Mac	2007A Single Family	6.00	8/20/2008	6/1/2038	5,250.34	5,825.75			(19.58)		5,230.76	5,788.87	(17.30)	0.00

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
Freddie Mac	2007A Single Family	6.00	8/27/2008	8/1/2038	7,339.38	8,141.58			(26.52)		7,312.86	8,090.69	(24.37)	0.00
Freddie Mac	2007A Single Family	6.00	9/17/2008	8/1/2038	6,519.96	7,235.36			(31.74)		6,488.22	7,182.18	(21.44)	0.00
Freddie Mac	2007A Single Family	5.25	9/17/2008	8/1/2038	2,872.66	3,135.88			(11.79)		2,860.87	3,136.25	12.16	0.00
Freddie Mac	2007A Single Family	5.25	9/24/2008	8/1/2038	6,161.68	6,725.75			(25.03)		6,136.65	6,726.84	26.12	0.00
Freddie Mac	2007A Single Family	5.25	9/24/2008	6/1/2038	4,937.74	5,390.46			(20.37)		4,917.37	5,390.94	20.85	0.00
Freddie Mac	2007A Single Family	6.00	10/15/2008	9/1/2038	4,847.05	5,376.33			(17.22)		4,829.83	5,342.90	(16.21)	0.00
Freddie Mac	2007A Single Family	6.00	10/22/2008	7/1/2038	2,626.24	2,913.11			(9.46)		2,616.78	2,894.89	(8.76)	0.00
Freddie Mac	2007A Single Family	6.00	10/22/2008	9/1/2038	2,669.18	2,960.71			(11.20)		2,657.98	2,940.49	(9.02)	0.00
Freddie Mac	2007A Single Family	5.25	11/19/2008	9/1/2038	3,927.17	4,286.85			(16.93)		3,910.24	4,286.47	16.55	0.00
Freddie Mac	2007A Single Family	5.25	12/10/2008	11/1/2038	10,955.80	11,959.44			(44.55)		10,911.25	11,961.31	46.42	0.00
Freddie Mac	2007A Single Family	6.00	12/17/2008	11/1/2038	5,793.99	6,426.97			(20.58)		5,773.41	6,387.01	(19.38)	0.00
Freddie Mac	2007A Single Family	5.25	1/14/2009	11/1/2038	2,877.62	3,140.90			(11.47)		2,866.15	3,141.68	12.25	0.00
Freddie Mac	2007A Single Family	6.00	1/14/2009	11/1/2038	7,091.61	7,867.49			(25.79)		7,065.82	7,818.13	(23.57)	0.00
Freddie Mac	2007A Single Family	6.00	2/18/2009	1/1/2039	4,631.48	5,137.60			(16.31)		4,615.17	5,105.77	(15.52)	0.00
Freddie Mac	2007A Single Family	5.25	2/18/2009	12/1/2038	3,925.43	4,284.50			(15.51)		3,909.92	4,285.75	16.76	0.00
Freddie Mac	2007A Single Family	4.75	2/18/2009	10/1/2038	1,648.62	1,779.50			(7.15)		1,641.47	1,784.03	11.68	0.00
Freddie Mac	2007A Single Family	4.75	2/18/2009	12/1/2038	2,388.96	2,579.12			(10.81)		2,378.15	2,584.95	16.64	0.00
Freddie Mac	2007A Single Family	4.75	3/11/2009	12/1/2038	2,835.21	3,060.18			(12.17)		2,823.04	3,068.22	20.21	0.00
Freddie Mac	2007A Single Family	5.25	3/25/2009	2/1/2039	2,363.12	2,587.95			(14.00)		2,249.12	2,477.97	4.02	0.00
Freddie Mac	2007A Single Family	5.25	3/25/2009	1/1/2039	2,666.89	2,925.16			(24.75)		2,642.14	2,910.19	9.78	0.00
GNMA	2007A Single Family	5.25	12/28/2007	12/20/2037	9,801.84	10,931.48			(42.30)		9,759.54	10,924.52	35.34	0.00
GNMA	2007A Single Family	6.00	12/11/2007	11/20/2037	12,308.41	13,913.60			(4,594.96)		7,713.45	8,714.46	(604.18)	0.00
GNMA	2007A Single Family	5.25	12/11/2007	11/20/2037	51,754.86	58,075.92			(4,192.91)		47,561.95	53,577.36	(305.65)	0.00
GNMA	2007A Single Family	5.25	12/11/2007	11/20/2037	3,949.76	4,419.03			(16.79)		3,932.97	4,417.31	15.07	0.00
GNMA	2007A Single Family	6.00	12/11/2007	11/20/2037	6,566.31	7,453.29			(33.20)		6,533.11	7,443.76	23.67	0.00
GNMA	2007A Single Family	5.25	12/11/2007	12/20/2037	62,404.95	70,027.10			(278.58)		62,126.37	69,984.23	235.71	0.00
GNMA	2007A Single Family	5.25	12/11/2007	11/20/2037	8,665.54	9,695.18			(37.06)		8,628.48	9,691.16	33.04	0.00
GNMA	2007A Single Family	5.25	12/20/2007	12/20/2037	24,404.78	27,385.85			(4,815.79)		19,588.99	22,066.83	(503.23)	0.00
GNMA	2007A Single Family	5.25	12/20/2007	12/20/2037	8,927.61	9,988.55			(41.53)		8,886.08	9,980.64	33.62	0.00
GNMA	2007A Single Family	5.25	12/20/2007	11/20/2037	4,269.80	4,777.18			(18.30)		4,251.50	4,775.14	16.26	0.00
GNMA	2007A Single Family	5.25	12/20/2007	12/20/2037	6,273.83	7,031.23			(33.10)		6,240.73	7,027.14	29.01	0.00
GNMA	2007A Single Family	6.00	1/30/2008	1/20/2038	6,957.14	7,897.40			(26.14)		6,931.04	7,897.61	26.35	0.00
GNMA	2007A Single Family	5.25	1/30/2008	1/20/2038	9,108.86	10,159.08			(40.49)		9,068.37	10,151.27	32.68	0.00
GNMA	2007A Single Family	5.25	1/30/2008	1/20/2038	8,461.13	9,467.02			(35.60)		8,425.53	9,463.77	32.35	0.00
GNMA	2007A Single Family	5.25	1/30/2008	1/20/2038	8,347.40	9,309.85			(34.98)		8,312.42	9,305.08	30.21	0.00
GNMA	2007A Single Family	6.00	1/30/2008	1/20/2038	5,115.63	5,807.02			(2,214.34)		2,901.29	3,305.93	(286.75)	0.00
GNMA	2007A Single Family	6.00	1/16/2008	12/20/2037	9,090.10	10,474.79			(2,898.26)		6,191.84	7,055.17	(521.36)	0.00
GNMA	2007A Single Family	5.25	1/16/2008	12/20/2037	13,076.13	14,655.19			(58.92)		13,017.21	14,658.03	61.76	0.00
GNMA	2007A Single Family	5.25	1/16/2008	1/20/2038	63,118.53	70,830.65			(280.33)		62,838.20	70,788.83	238.51	0.00
GNMA	2007A Single Family	5.25	1/30/2008	1/20/2038	14,245.78	15,888.41			(4,395.62)		9,850.16	11,026.41	(466.38)	0.00
GNMA	2007A Single Family	5.25	2/13/2008	1/20/2038	6,485.02	7,256.08			(28.58)		6,456.44	7,252.15	24.65	0.00
GNMA	2007A Single Family	5.25	2/13/2008	2/20/2038	7,991.79	8,957.17			(4,701.20)		3,290.59	3,696.16	(559.81)	0.00
GNMA	2007A Single Family	6.00	1/30/2008	1/20/2038	4,366.93	4,957.10			(16.27)		4,350.66	4,957.36	16.53	0.00
GNMA	2007A Single Family	5.25	1/30/2008	1/20/2038	4,694.80	5,252.95			(19.71)		4,675.09	5,251.19	17.95	0.00
GNMA	2007A Single Family	5.25	1/30/2008	1/20/2038	4,643.93	5,196.01			(46.00)		4,597.93	5,164.49	14.48	0.00
GNMA	2007A Single Family	5.25	1/30/2008	1/20/2038	9,284.06	10,405.32			(42.47)		9,241.59	10,406.61	43.76	0.00
GNMA	2007A Single Family	6.00	2/13/2008	1/20/2038	9,528.65	10,816.51			(35.58)		9,493.07	10,817.03	36.10	0.00
GNMA	2007A Single Family	5.25	2/13/2008	1/20/2038	17,339.17	19,458.28			(74.06)		17,265.11	19,450.11	65.89	0.00
GNMA	2007A Single Family	5.25	2/13/2008	1/20/2038	14,346.98	16,100.38			(63.08)		14,283.90	16,091.60	54.30	0.00
GNMA	2007A Single Family	5.25	4/8/2008	3/20/2038	12,897.21	14,431.55			(54.27)		12,842.94	14,426.57	49.29	0.00
GNMA	2007A Single Family	6.00	4/8/2008	4/20/2038	5,681.02	6,449.29			(21.52)		5,659.50	6,449.27	21.50	0.00
GNMA	2007A Single Family	5.25	4/8/2008	4/20/2038	7,049.58	7,901.66			(49.69)		6,999.89	7,883.01	31.04	0.00
GNMA	2007A Single Family	6.00	3/12/2008	3/20/2038	3,768.89	4,299.87			(29.61)		3,739.28	4,282.22	11.96	0.00
GNMA	2007A Single Family	5.25	3/12/2008	3/20/2038	8,544.89	9,561.21			(35.68)		8,509.21	9,558.22	32.69	0.00
GNMA	2007A Single Family	5.25	3/20/2008	3/20/2038	12,637.68	14,116.35			(64.85)		12,572.83	14,098.66	47.16	0.00
GNMA	2007A Single Family	6.00	2/19/2008	1/20/2038	9,891.38	11,309.53			(38.41)		9,852.97	11,308.07	36.95	0.00
GNMA	2007A Single Family	5.25	2/19/2008	2/20/2038	11,900.59	13,315.75			(57.08)		11,843.51	13,303.31	44.64	0.00
GNMA	2007A Single Family	6.00	2/19/2008	2/20/2038	3,670.14	4,166.21			(16.00)		3,654.14	4,163.79	13.58	0.00
GNMA	2007A Single Family	5.25	2/19/2008	2/20/2038	21,868.39	24,541.34			(102.97)		21,765.42	24,520.25	81.88	0.00
GNMA	2007A Single Family	6.00	2/27/2008	2/20/2038	8,491.41	9,639.29			(32.45)		8,458.96	9,638.92	32.08	0.00
GNMA	2007A Single Family	5.25	2/27/2008	2/20/2038	7,928.05	8,870.82			(34.10)		7,893.95	8,866.94	30.22	0.00
GNMA	2007A Single Family	5.25	2/27/2008	2/20/2038	11,651.15	13,036.69			(49.96)		11,601.19	13,031.16	44.43	0.00
GNMA	2007A Single Family	5.25	2/27/2008	2/20/2038	2,120.29	2,372.43			(9.17)		2,111.12	2,371.34	8.08	0.00
GNMA	2007A Single Family	6.00	2/27/2008	2/20/2038	6,542.16	7,426.47			(24.33)		6,517.83	7,426.95	24.81	0.00
GNMA	2007A Single Family	5.25	2/27/2008	2/20/2038	12,333.99	13,841.64			(73.51)		12,260.48	13,812.36	44.23	0.00
GNMA	2007A Single Family	5.25	3/20/2008	3/20/2038	4,777.82	5,346.13			(19.80)		4,758.02	5,344.63	18.30	0.00
GNMA	2007A Single Family	5.25	3/27/2008	3/20/2038	10,268.56	11,509.47			(45.05)		10,223.51	11,513.06	48.64	0.00
GNMA	2007A Single Family	6.00	3/27/2008	3/20/2038	13,178.08	15,034.94			(49.03)		13,129.05	15,035.57	49.66	0.00
GNMA	2007A Single Family	5.25	4/15/2008	3/20/2038	3,098.50	3,467.17			(13.30)		3,085.20	3,465.67	11.80	0.00
GNMA	2007A Single Family	6.00	4/15/2008	4/20/2038	3,085.01	3,531.49			(34.93)		3,050.08	3,505.56	10.00	0.00
GNMA	2007A Single Family	5.25	4/24/2008	4/20/2038	4,122.92	4,613.55			(17.16)		4,105.76	4,612.17	15.78	0.00
GNMA	2007A Single Family	6.00	4/22/2008	4/20/2038	11,208.30	12,724.19			(42.29)		11,166.01	12,724.30	42.40	0.00
GNMA	2007A Single Family	6.00	5/7/2008	4/20/2038	7,417.02	8,420.31			(27.33)		7,389.69	8,421.13	28.15	0.00

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GNMA	2007A Single Family	5.25	5/7/2008	5/20/2038	44,100.78	49,495.46			(192.30)		43,908.48	49,470.26	167.10	0.00
GNMA	2007A Single Family	5.25	5/7/2008	4/20/2038	9,093.45	10,175.59			(37.85)		9,055.60	10,172.55	34.81	0.00
GNMA	2007A Single Family	5.25	5/14/2008	4/20/2038	13,701.71	15,332.39			(84.67)		13,617.04	15,296.77	49.05	0.00
GNMA	2007A Single Family	6.00	5/21/2008	5/20/2038	4,855.27	5,512.08			(29.16)		4,826.11	5,499.76	16.84	0.00
GNMA	2007A Single Family	5.25	5/21/2008	5/20/2038	5,374.19	6,013.88			(22.26)		5,351.93	6,012.20	20.58	0.00
GNMA	2007A Single Family	5.25	5/28/2008	5/20/2038	8,748.13	9,789.38			(36.46)		8,711.67	9,786.40	33.48	0.00
GNMA	2007A Single Family	6.00	5/28/2008	5/20/2038	9,230.74	10,479.60			(41.10)		9,189.64	10,472.55	34.05	0.00
GNMA	2007A Single Family	5.25	5/28/2008	1/20/2038	3,040.77	3,402.66			(12.93)		3,027.84	3,401.34	11.61	0.00
GNMA	2007A Single Family	6.00	6/11/2008	6/20/2038	9,550.10	10,920.81			(1,948.92)		7,601.18	8,662.49	(309.40)	0.00
GNMA	2007A Single Family	5.25	6/11/2008	5/20/2038	7,747.26	8,684.18			(36.53)		7,710.73	8,684.04	36.39	0.00
GNMA	2007A Single Family	5.25	6/11/2008	5/20/2038	10,926.07	12,247.43			(50.15)		10,875.92	12,248.76	51.48	0.00
GNMA	2007A Single Family	6.00	7/9/2008	7/20/2038	28,884.48	32,939.87			(2,296.49)		26,587.99	30,435.55	(207.83)	0.00
GNMA	2007A Single Family	5.25	7/9/2008	6/20/2038	17,613.06	19,768.85			(75.85)		17,537.21	19,759.85	66.85	0.00
GNMA	2007A Single Family	5.25	7/9/2008	6/20/2038	12,382.65	13,857.21			(51.65)		12,331.00	13,852.96	47.40	0.00
GNMA	2007A Single Family	6.00	7/16/2008	7/20/2038	4,868.71	5,540.81			(2,968.49)		1,900.22	2,188.44	(383.88)	0.00
GNMA	2007A Single Family	5.25	7/16/2008	7/20/2038	5,400.43	6,043.56			(22.27)		5,378.16	6,041.98	20.69	0.00
GNMA	2007A Single Family	6.00	6/18/2008	6/20/2038	11,075.42	12,574.17			(53.16)		11,022.26	12,561.31	40.30	0.00
GNMA	2007A Single Family	5.25	6/18/2008	6/20/2038	3,364.75	3,765.38			(14.14)		3,350.61	3,764.11	12.87	0.00
GNMA	2007A Single Family	5.25	6/18/2008	6/20/2038	8,644.38	9,689.94			(60.63)		8,583.75	9,667.39	38.08	0.00
GNMA	2007A Single Family	6.00	6/25/2008	6/20/2038	14,416.16	16,485.52			(65.16)		14,351.00	16,472.84	52.48	0.00
GNMA	2007A Single Family	5.25	6/25/2008	6/20/2038	18,017.64	20,222.73			(74.86)		17,942.78	20,216.62	68.75	0.00
GNMA	2007A Single Family	5.25	7/16/2008	7/20/2038	27,231.89	30,565.35			(114.69)		27,117.20	30,554.35	103.69	0.00
GNMA	2007A Single Family	6.00	7/23/2008	7/20/2038	11,113.30	12,708.95			(2,513.49)		8,599.81	9,800.97	(394.49)	0.00
GNMA	2007A Single Family	5.25	7/23/2008	7/20/2038	35,544.40	39,895.68			(151.70)		35,392.70	39,879.06	135.08	0.00
GNMA	2007A Single Family	5.25	7/23/2008	7/20/2038	8,093.35	9,057.35			(33.01)		8,060.34	9,055.40	31.06	0.00
GNMA	2007A Single Family	6.00	7/29/2008	7/20/2038	1,352.36	1,535.41			(4.82)		1,347.54	1,535.74	5.15	0.00
GNMA	2007A Single Family	5.25	7/29/2008	7/20/2038	18,705.10	20,995.07			(76.43)		18,628.67	20,990.15	71.51	0.00
GNMA	2007A Single Family	5.25	7/29/2008	7/20/2038	11,814.19	13,221.36			(48.01)		11,766.18	13,218.71	45.36	0.00
GNMA	2007A Single Family	6.00	8/27/2008	8/20/2038	2,290.70	2,600.85			(8.16)		2,282.54	2,601.42	8.73	0.00
GNMA	2007A Single Family	5.25	8/27/2008	8/20/2038	13,837.73	15,486.42			(78.89)		13,758.84	15,457.88	50.35	0.00
GNMA	2007A Single Family	5.25	8/27/2008	8/20/2038	13,070.72	14,628.05			(52.70)		13,018.02	14,625.60	50.25	0.00
GNMA	2007A Single Family	6.00	8/13/2008	8/20/2038	21,638.07	31,537.29			(2,531.14)		25,106.93	28,757.25	(248.90)	0.00
GNMA	2007A Single Family	5.25	8/13/2008	8/20/2038	64,074.06	71,919.67			(319.42)		63,754.64	71,837.94	237.69	0.00
GNMA	2007A Single Family	5.25	8/13/2008	7/20/2038	33,225.71	37,293.89			(402.38)		32,823.33	36,984.74	93.23	0.00
GNMA	2007A Single Family	6.00	8/13/2008	8/20/2038	7,475.04	8,487.10			(4,856.21)		2,618.83	2,984.70	(646.19)	0.00
GNMA	2007A Single Family	5.25	8/13/2008	8/20/2038	13,337.31	14,926.20			(55.16)		13,282.15	14,922.13	51.09	0.00
GNMA	2007A Single Family	5.25	8/13/2008	8/20/2038	18,165.06	20,389.28			(82.80)		18,082.26	20,374.86	68.38	0.00
GNMA	2007A Single Family	6.00	8/20/2008	8/20/2038	9,570.50	10,866.36			(3,959.82)		5,610.68	6,394.58	(511.96)	0.00
GNMA	2007A Single Family	5.25	8/20/2008	8/20/2038	25,701.56	28,848.81			(159.36)		25,542.20	28,780.82	91.37	0.00
GNMA	2007A Single Family	5.25	8/20/2008	8/20/2038	7,935.46	8,895.88			(4,401.34)		3,534.12	3,970.51	(524.03)	0.00
GNMA	2007A Single Family	5.25	8/27/2008	8/20/2038	4,999.52	5,595.15			(20.25)		4,979.27	5,594.12	19.22	0.00
GNMA	2007A Single Family	5.25	8/27/2008	8/20/2038	8,892.06	9,951.54			(35.71)		8,856.35	9,950.03	34.20	0.00
GNMA	2007A Single Family	6.00	8/27/2008	8/20/2038	9,102.77	10,335.34			(3,090.64)		6,012.13	6,852.14	(392.56)	0.00
GNMA	2007A Single Family	5.25	8/27/2008	8/20/2038	33,562.46	37,672.52			(145.80)		33,416.66	37,653.98	127.26	0.00
GNMA	2007A Single Family	5.25	8/27/2008	8/20/2038	10,234.03	11,472.69			(63.72)		10,170.31	11,455.10	46.13	0.00
GNMA	2007A Single Family	6.00	9/10/2008	9/20/2038	10,596.38	12,118.49			(37.86)		10,558.52	12,120.69	40.06	0.00
GNMA	2007A Single Family	5.25	9/10/2008	9/20/2038	44,229.26	49,646.51			(181.83)		44,047.43	49,633.65	168.97	0.00
GNMA	2007A Single Family	5.25	9/10/2008	8/20/2038	25,356.64	28,462.23			(105.75)		25,250.89	28,453.17	96.69	0.00
GNMA	2007A Single Family	5.25	9/17/2008	9/20/2038	10,169.44	11,381.36			(42.07)		10,127.37	11,378.25	38.96	0.00
GNMA	2007A Single Family	5.25	9/17/2008	8/20/2038	8,346.24	9,340.84			(33.50)		8,312.74	9,339.42	32.08	0.00
GNMA	2007A Single Family	5.25	9/24/2008	7/20/2038	4,105.55	4,594.82			(16.59)		4,088.96	4,594.01	15.78	0.00
GNMA	2007A Single Family	6.00	9/24/2008	9/20/2038	6,844.08	7,771.06			(24.42)		6,819.66	7,772.74	26.10	0.00
GNMA	2007A Single Family	5.25	9/24/2008	9/20/2038	23,028.55	25,849.39			(103.82)		22,924.73	25,832.41	86.84	0.00
GNMA	2007A Single Family	5.25	9/24/2008	8/20/2038	3,256.67	3,644.81			(20.85)		3,235.82	3,635.51	11.55	0.00
GNMA	2007A Single Family	5.25	9/24/2008	9/20/2038	4,907.50	5,492.35			(21.49)		4,886.01	5,489.52	18.66	0.00
GNMA	2007A Single Family	6.00	9/24/2008	9/20/2038	10,986.69	12,474.75			(39.33)		10,947.36	12,477.30	41.88	0.00
GNMA	2007A Single Family	5.25	9/24/2008	9/20/2038	16,033.03	17,997.01			(66.60)		15,966.43	17,991.59	61.18	0.00
GNMA	2007A Single Family	6.00	10/8/2008	10/20/2038	24,366.27	27,867.20			(1,881.05)		22,485.22	25,812.79	(173.36)	0.00
GNMA	2007A Single Family	5.25	10/8/2008	9/20/2038	16,972.12	19,051.40			(4,588.77)		12,383.35	13,913.18	(549.45)	0.00
GNMA	2007A Single Family	6.00	10/15/2008	9/20/2038	4,290.11	4,871.28			(15.38)		4,274.73	4,872.25	16.35	0.00
GNMA	2007A Single Family	6.00	10/15/2008	6/20/2038	3,126.27	3,549.78			(11.22)		3,115.05	3,550.46	11.90	0.00
GNMA	2007A Single Family	6.00	10/15/2008	7/20/2038	4,483.74	5,091.11			(35.97)		4,447.77	5,069.44	14.30	0.00
GNMA	2007A Single Family	6.00	10/22/2008	10/20/2038	18,357.30	20,948.70			(4,348.50)		14,008.80	16,011.33	(588.87)	0.00
GNMA	2007A Single Family	5.25	10/22/2008	10/20/2038	25,411.67	28,525.38			(108.87)		25,302.80	28,513.04	96.53	0.00
GNMA	2007A Single Family	5.25	10/22/2008	9/20/2038	5,588.49	6,254.69			(39.42)		5,549.07	6,234.67	19.40	0.00
GNMA	2007A Single Family	6.00	10/22/2008	10/20/2038	15,596.72	17,798.50			(4,082.19)		11,514.53	13,171.51	(544.80)	0.00
GNMA	2007A Single Family	5.25	10/22/2008	10/20/2038	19,080.53	21,418.45			(79.62)		19,000.91	21,411.58	72.75	0.00
GNMA	2007A Single Family	5.25	10/22/2008	8/20/2038	4,531.84	5,072.07			(22.40)		4,509.44	5,066.59	16.92	0.00
GNMA	2007A Single Family	5.25	10/29/2008	10/20/2038	9,368.36	10,485.26			(37.37)		9,330.99	10,483.97	36.08	0.00
GNMA	2007A Single Family	6.00	10/29/2008	10/20/2038	11,204.35	12,814.44			(40.33)		11,164.02	12,816.43	42.32	0.00
GNMA	2007A Single Family	6.00	10/29/2008	10/20/2038	10,448.63	11,864.27			(59.18)		10,389.45	11,841.87	36.78	0.00
GNMA	2007A Single Family	5.25	10/29/2008	10/20/2038	13,760.06	15,400.57			(54.64)		13,705.42	15,398.91	52.98	0.00
GNMA	2007A Single Family	5.25	10/29/2008	10/20/2038	8,122.46	9,090.86			(32.67)		8,089.79	9,089.41	31.22	0.00

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	6.00	10/29/2008	10/20/2038	8,538.94	9,695.80			(38.97)		8,499.97	9,688.20	31.37	0.00
GNMA	2007A Single Family	5.25	10/29/2008	9/20/2038	6,762.05	7,568.21			(29.95)		6,732.10	7,563.92	25.66	0.00
GNMA	2007A Single Family	6.00	11/12/2008	11/20/2038	26,293.49	30,006.03			(3,417.33)		22,876.16	26,191.83	(396.87)	0.00
GNMA	2007A Single Family	5.25	11/12/2008	10/20/2038	9,153.97	10,245.46			(37.60)		9,116.37	10,242.97	35.11	0.00
GNMA	2007A Single Family	6.00	11/12/2008	11/20/2038	9,554.66	10,849.38			(5,304.00)		4,250.66	4,844.98	(700.40)	0.00
GNMA	2007A Single Family	5.25	11/19/2008	8/20/2038	3,624.67	4,056.85			(14.99)		3,609.68	4,055.75	13.89	0.00
GNMA	2007A Single Family	6.00	11/19/2008	10/20/2038	8,897.19	10,102.79			(32.34)		8,864.85	10,104.27	33.82	0.00
GNMA	2007A Single Family	5.25	11/19/2008	11/20/2038	7,044.35	7,884.34			(27.98)		7,016.37	7,883.50	27.14	0.00
GNMA	2007A Single Family	6.00	11/19/2008	10/20/2038	8,004.28	9,088.97			(5,084.80)		2,919.48	3,327.71	(676.46)	0.00
GNMA	2007A Single Family	5.25	11/25/2008	10/20/2038	2,089.30	2,338.48			(8.43)		2,080.87	2,338.09	8.04	0.00
GNMA	2007A Single Family	5.25	11/25/2008	11/20/2038	5,272.66	5,901.46			(23.28)		5,249.38	5,898.21	20.03	0.00
GNMA	2007A Single Family	6.00	11/25/2008	11/20/2038	8,409.96	9,549.66			(3,131.67)		5,278.29	6,016.34	(401.65)	0.00
GNMA	2007A Single Family	6.00	11/25/2008	11/20/2038	12,872.43	14,616.91			(44.72)		12,827.71	14,621.42	49.23	0.00
GNMA	2007A Single Family	6.00	12/10/2008	11/20/2038	30,773.04	35,119.01			(6,515.59)		24,257.45	27,726.51	(876.91)	0.00
GNMA	2007A Single Family	5.25	12/10/2008	11/20/2038	33,636.62	37,760.11			(173.15)		33,463.47	37,711.04	124.08	0.00
GNMA	2007A Single Family	5.25	12/10/2008	11/20/2038	5,061.41	5,665.16			(19.94)		5,041.47	5,664.73	19.51	0.00
GNMA	2007A Single Family	6.00	12/10/2008	11/20/2038	10,179.73	11,559.48			(39.04)		10,140.69	11,558.86	38.42	0.00
GNMA	2007A Single Family	6.00	12/17/2008	11/20/2038	7,076.45	8,035.60			(24.87)		7,051.58	8,037.77	27.04	0.00
GNMA	2007A Single Family	6.00	12/17/2008	12/20/2038	6,299.10	7,152.94			(3,779.04)		2,520.06	2,872.54	(501.36)	0.00
GNMA	2007A Single Family	6.00	12/17/2008	12/20/2038	8,437.01	9,580.64			(59.63)		8,377.38	9,549.06	28.05	0.00
GNMA	2007A Single Family	6.00	12/17/2008	11/20/2038	2,526.13	2,868.53			(8.77)		2,517.36	2,869.42	9.66	0.00
GNMA	2007A Single Family	6.00	2/18/2009	1/20/2039	2,667.98	3,029.85			(9.38)		2,658.60	3,030.65	10.18	0.00
GNMA	2007A Single Family	5.25	2/25/2009	2/20/2039	5,980.76	6,694.71			(24.57)		5,956.19	6,693.08	22.94	0.00
GNMA	2007A Single Family	5.49	2/25/2009	1/20/2039	2,803.57	3,138.23			(10.48)		2,793.09	3,138.63	10.88	0.00
GNMA	2007A Single Family	6.00	2/25/2009	2/20/2039	26,819.88	30,542.45			(13,953.80)		12,866.08	14,666.64	(1,922.01)	0.00
GNMA	2007A Single Family	5.25	2/25/2009	12/20/2038	4,581.74	5,128.62			(17.93)		4,563.81	5,128.36	17.67	0.00
GNMA	2007A Single Family	5.25	2/25/2009	12/20/2038	4,557.83	5,101.90			(21.02)		4,536.81	5,098.06	17.18	0.00
GNMA	2007A Single Family	6.00	2/25/2009	2/20/2039	16,928.96	19,310.68			(5,088.44)		11,840.52	13,497.54	(724.70)	0.00
GNMA	2007A Single Family	6.00	2/25/2009	2/20/2039	2,380.49	2,703.36			(8.21)		2,372.28	2,704.26	9.11	0.00
GNMA	2007A Single Family	5.25	3/11/2009	2/20/2039	5,127.67	5,739.84			(22.01)		5,105.66	5,737.38	19.55	0.00
GNMA	2007A Single Family	5.25	3/11/2009	1/20/2039	4,255.23	4,763.21			(16.56)		4,238.67	4,763.08	16.43	0.00
GNMA	2007A Single Family	6.00	3/11/2009	2/20/2039	17,069.50	19,471.28			(3,540.11)		13,529.39	15,423.00	(608.17)	0.00
GNMA	2007A Single Family	6.00	3/18/2009	3/20/2039	18,252.63	20,786.57			(5,557.18)		12,695.45	14,472.47	(756.92)	0.00
GNMA	2007A Single Family	5.25	3/25/2009	12/20/2038	2,049.45	2,294.16			(8.95)		2,040.50	2,293.02	7.81	0.00
GNMA	2007A Single Family	6.00	3/25/2009	3/20/2039	2,370.01	2,691.54			(8.02)		2,361.99	2,692.62	9.10	0.00
GNMA	2007A Single Family	6.00	3/25/2009	1/20/2039	4,336.55	4,924.85			(15.03)		4,321.52	4,926.41	16.59	0.00
GNMA	2007A Single Family	6.00	3/25/2009	2/20/2039	3,821.55	4,339.97			(13.01)		3,808.54	4,341.62	14.66	0.00
GNMA	2007A Single Family	6.00	4/8/2009	10/20/2038	2,705.05	3,072.04			(10.08)		2,694.97	3,072.19	10.23	0.00
GNMA	2007A Single Family	5.25	12/30/2008	12/20/2038	21,816.87	24,491.93			(4,708.81)		17,108.06	19,280.04	(603.08)	0.00
GNMA	2007A Single Family	6.00	12/30/2008	12/20/2038	5,855.36	6,649.12			(21.28)		5,834.08	6,650.11	22.27	0.00
GNMA	2007A Single Family	6.00	12/30/2008	12/20/2038	6,782.37	7,701.84			(23.55)		6,758.82	7,704.24	25.95	0.00
GNMA	2007A Single Family	6.00	12/30/2008	12/20/2038	7,301.40	8,291.21			(26.57)		7,274.83	8,292.39	27.75	0.00
GNMA	2007A Single Family	5.25	12/30/2008	12/20/2038	25,583.75	28,720.71			(102.72)		25,481.03	28,716.05	98.06	0.00
GNMA	2007A Single Family	6.00	1/14/2009	12/20/2038	8,497.23	7,378.15			(22.74)		6,474.49	7,380.23	24.82	0.00
GNMA	2007A Single Family	5.25	1/14/2009	1/20/2039	11,473.96	12,843.05			(47.24)		11,426.72	12,839.81	44.00	0.00
GNMA	2007A Single Family	5.25	1/14/2009	12/20/2038	9,445.07	10,572.03			(37.09)		9,407.98	10,571.37	36.43	0.00
GNMA	2007A Single Family	6.00	1/14/2009	1/20/2039	22,510.26	25,676.08			(4,779.80)		17,730.46	20,267.00	(629.28)	0.00
GNMA	2007A Single Family	6.00	1/21/2009	1/20/2039	10,931.61	12,413.83			(38.95)		10,892.66	12,416.56	41.68	0.00
GNMA	2007A Single Family	6.00	2/11/2009	1/20/2039	6,529.29	7,414.81			(22.55)		6,506.74	7,417.24	24.98	0.00
GNMA	2007A Single Family	5.25	2/11/2009	1/20/2039	6,654.07	7,448.26			(25.98)		6,628.09	7,447.96	25.68	0.00
GNMA	2007A Single Family	5.25	2/11/2009	1/20/2039	12,948.04	14,493.43			(54.18)		12,893.86	14,488.79	49.54	0.00
GNMA	2007A Single Family	6.00	2/11/2009	1/20/2039	5,826.28	6,616.43			(25.56)		5,800.72	6,612.41	21.54	0.00
GNMA	2007A Single Family	5.25	2/11/2009	1/20/2039	4,565.86	5,110.81			(17.79)		4,548.07	5,110.63	17.61	0.00
GNMA	2007A Single Family	5.25	2/11/2009	1/20/2039	6,079.80	6,805.43			(24.73)		6,055.07	6,804.04	23.34	0.00
GNMA	2007A Single Family	6.00	2/11/2009	1/20/2039	8,101.49	9,200.20			(3,093.63)		5,007.86	5,708.61	(397.96)	0.00
GNMA	2007A Single Family	5.25	2/11/2009	1/20/2039	3,619.97	4,052.02			(20.37)		3,599.60	4,044.84	13.19	0.00
GNMA	2007A Single Family	6.00	6/24/2009	6/20/2039	3,792.88	4,307.93			(12.70)		3,780.18	4,309.80	14.57	0.00
GNMA	2007A Single Family	5.25	10/15/2009	9/20/2039	8,456.36	9,492.24			(31.36)		8,425.00	9,485.70	24.82	0.00
GNMA	2007A Single Family	5.25	10/29/2009	10/20/2039	13,398.42	15,039.96			(50.10)		13,348.32	15,029.15	39.29	0.00
GNMA	2007A Single Family	5.25	11/24/2009	10/20/2039	7,191.93	8,073.29			(26.70)		7,165.23	8,067.71	21.12	0.00
GNMA	2007A Single Family	6.00	11/24/2009	9/20/2039	5,291.40	6,010.86			(17.17)		5,274.23	6,014.09	20.40	0.00
GNMA	2007A Single Family	5.25	11/24/2009	10/20/2039	9,332.21	10,475.87			(36.33)		9,295.88	10,466.72	27.18	0.00
GNMA	2007A Single Family	5.25	5/18/2010	4/20/2040	66,912.30	75,158.66			(238.51)		66,673.79	75,180.42	260.27	0.00
GNMA	2007A Single Family	5.25	5/25/2010	5/20/2040	59,051.47	66,329.68			(213.22)		58,838.25	66,345.83	229.37	0.00
GNMA	2007A Single Family	6.00	12/17/2009	11/20/2039	6,264.55	7,116.56			(20.13)		6,244.42	7,120.62	24.19	0.00
GNMA	2007A Single Family	5.25	12/17/2009	12/20/2039	18,698.98	20,999.96			(72.10)		18,626.88	20,999.91	72.05	0.00
GNMA	2007A Single Family	5.25	12/17/2009	11/20/2039	3,258.63	3,658.05			(12.01)		3,246.62	3,655.62	9.58	0.00
GNMA	2007A Single Family	6.00	12/29/2009	12/20/2039	9,947.59	11,300.70			(32.10)		9,915.49	11,306.98	38.38	0.00
GNMA	2007A Single Family	5.25	1/20/2010	12/20/2039	18,696.56	20,998.00			(68.09)		18,628.47	21,002.45	72.54	0.00
GNMA	2007A Single Family	5.25	1/27/2010	12/20/2039	16,587.92	18,629.95			(61.38)		16,526.54	18,632.81	64.24	0.00
GNMA	2007A Single Family	6.00	1/27/2010	12/20/2039	7,220.11	8,202.46			(4,618.48)		2,601.63	2,966.84	(617.14)	0.00
GNMA	2007A Single Family	5.25	2/17/2010	1/20/2040	8,767.55	9,865.38			(32.01)		8,735.54	9,859.25	25.88	0.00
GNMA	2007A Single Family	5.25	2/23/2010	12/20/2039	4,391.88	4,930.58			(16.09)		4,375.79	4,927.40	12.91	0.00

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Single Family Investment Summary
For Period Ending August 31, 2012

Investment	Current Interest	Current Purchase	Current Maturity	Beginning Carrying Value	Beginning Market Value	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value	Ending Market Value	Change In Market Value	Recognized Gain	
Type	Rate	Date	Date	05/31/12	05/31/12					8/31/12	8/31/12			
GNMA	2007A Single Family	5.25	2/23/2010	2/20/2040	24,223.67	27,206.55		(105.59)		24,118.08	27,192.74	91.78	0.00	
GNMA	2007A Single Family	6.00	3/16/2010	3/20/2040	3,078.09	3,497.09		(9.63)		3,068.46	3,499.39	11.93	0.00	
GNMA	2007A Single Family	5.25	3/17/2010	3/20/2040	3,455,950.00	3,707,913.75		(435,285.99)		3,020,664.01	3,254,763.31	(17,864.45)	0.00	
GNMA	2007A Single Family	5.25	3/30/2010	3/20/2040	81,881.65	91,968.00		(299.11)		81,582.54	91,986.48	317.59	0.00	
GNMA	2007A Single Family	5.25	3/30/2010	2/20/2040	2,780.70	3,121.90		(10.28)		2,770.42	3,119.80	8.18	0.00	
GNMA	2007A Single Family	5.25	4/13/2010	3/20/2040	7,782.58	8,730.29		(50.68)		7,731.90	8,714.37	34.76	0.00	
GNMA	2007A Single Family	5.25	4/13/2010	4/20/2040	73,796.85	82,888.66		(375.20)		73,421.65	82,786.30	272.84	0.00	
GNMA	2007A Single Family	5.25	4/13/2010	4/20/2040	19,267.22	21,640.95		(73.55)		19,193.67	21,641.75	74.35	0.00	
GNMA	2007A Single Family	5.25	4/22/2010	4/20/2040	63,754.91	71,610.25		(229.99)		63,524.92	71,627.92	247.66	0.00	
GNMA	2007A Single Family	5.25	4/22/2010	4/20/2040	2,523.35	2,833.05		(9.39)		2,513.96	2,831.05	7.39	0.00	
GNMA	2007A Single Family	5.25	4/28/2010	4/20/2040	59,129.65	66,415.53		(272.67)		58,856.98	66,364.96	222.10	0.00	
GNMA	2007A Single Family	5.25	6/15/2010	6/20/2040	73,532.94	82,597.98		(273.61)		73,259.33	82,609.03	284.66	0.00	
GNMA	2007A Single Family	5.25	7/20/2010	7/20/2040	43,061.12	48,371.50		(153.96)		42,907.16	48,384.99	167.45	0.00	
GNMA	2007A Single Family	5.25	7/28/2010	6/20/2040	2,495.78	2,802.40		(9.14)		2,486.64	2,800.61	7.35	0.00	
GNMA	2007A Single Family	5.25	7/28/2010	7/20/2040	54,068.04	60,736.30		(197.57)		53,870.47	60,748.48	209.75	0.00	
GNMA	2007A Single Family	5.25	8/17/2010	7/20/2040	40,483.10	45,476.91		(4,516.94)		35,966.16	40,559.06	(400.91)	0.00	
GNMA	2007A Single Family	5.25	8/24/2010	8/20/2040	31,511.41	35,403.58		(110.12)		31,401.29	35,426.51	133.05	0.00	
GNMA	2007A Single Family	5.25	9/14/2010	8/20/2040	21,355.26	23,990.27		(75.12)		21,280.14	23,998.36	83.21	0.00	
GNMA	2007A Single Family	5.25	6/29/2010	4/20/2040	8,138.85	9,138.42		(28.92)		8,109.93	9,133.55	24.05	0.00	
GNMA	2007A Single Family	5.25	6/29/2010	6/20/2040	46,061.53	51,740.74		(164.53)		45,897.00	51,755.35	179.14	0.00	
GNMA	2007A Single Family	5.25	9/21/2010	8/20/2040	31,163.75	35,036.50		(2,615.21)		28,568.54	32,231.57	(189.72)	0.00	
GNMA	2007A Single Family	5.25	10/19/2010	10/20/2040	58,865.95	66,141.03		(805.69)		58,060.26	66,183.81	248.47	0.00	
GNMA	2007A Single Family	5.25	11/9/2010	10/20/2040	20,455.48	22,984.01		(99.36)		20,356.12	22,967.42	82.77	0.00	
GNMA	2007A Single Family	5.25	12/21/2010	11/15/2040	6,575.21	7,356.94		(23.05)		6,552.16	7,360.47	26.58	0.00	
FNMA	2007A Single Family	6.00	12/11/2007	12/1/2037	2,354.77	2,613.89		(8.95)		2,345.82	2,605.01	0.07	0.00	
FNMA	2007A Single Family	5.25	12/11/2007	11/1/2037	7,221.50	7,901.66		(31.08)		7,190.42	7,912.51	41.93	0.00	
FNMA	2007A Single Family	5.25	12/12/2007	12/1/2037	44,118.49	48,859.40		(223.87)		43,894.62	48,885.73	250.20	0.00	
FNMA	2007A Single Family	5.25	12/20/2007	11/1/2037	4,817.08	5,271.55		(21.08)		4,796.00	5,278.45	27.98	0.00	
FNMA	2007A Single Family	6.00	12/20/2007	12/1/2037	3,166.33	3,514.72		(12.06)		3,154.27	3,502.75	0.09	0.00	
FNMA	2007A Single Family	5.25	12/20/2007	12/1/2037	13,185.07	14,426.96		(60.01)		13,125.06	14,447.40	80.45	0.00	
FNMA	2007A Single Family	5.25	12/28/2007	12/1/2037	11,894.36	13,043.55		(60.02)		11,834.34	13,051.44	67.91	0.00	
FNMA	2007A Single Family	5.25	12/28/2007	12/1/2037	1,111.59	1,209.35		(63.53)		1,048.06	1,139.33	(6.49)	0.00	
FNMA	2007A Single Family	5.25	12/28/2007	12/1/2037	8,863.24	9,696.94		(38.00)		8,825.24	9,710.24	51.30	0.00	
FNMA	2007A Single Family	6.00	1/16/2008	12/1/2037	11,100.71	12,365.70		(42.84)		11,057.87	12,322.83	(0.03)	0.00	
FNMA	2007A Single Family	5.25	1/16/2008	12/1/2037	57,392.77	63,670.95		(4,321.73)		53,071.04	59,207.60	(141.62)	0.00	
FNMA	2007A Single Family	5.25	1/30/2008	12/1/2037	8,933.92	9,800.71		(51.46)		8,882.46	9,801.75	52.50	0.00	
FNMA	2007A Single Family	6.00	1/30/2008	1/1/2038	13,199.63	14,704.09		(64.63)		13,135.00	14,637.87	(1.59)	0.00	
FNMA	2007A Single Family	5.25	1/30/2008	1/1/2038	8,741.88	9,579.03		(36.94)		8,704.94	9,592.71	50.62	0.00	
FNMA	2007A Single Family	6.00	1/30/2008	1/1/2038	4,737.29	5,271.18		(18.97)		4,718.32	5,252.09	(0.12)	0.00	
FNMA	2007A Single Family	5.25	1/30/2008	1/1/2038	6,143.66	6,734.17		(26.38)		6,117.28	6,743.37	35.58	0.00	
FNMA	2007A Single Family	6.00	2/13/2008	2/1/2038	9,464.85	10,531.86		(48.47)		9,416.38	10,483.31	(0.08)	0.00	
FNMA	2007A Single Family	5.25	2/13/2008	2/1/2038	10,175.96	11,150.56		(43.75)		10,132.21	11,165.65	58.84	0.00	
FNMA	2007A Single Family	5.25	2/13/2008	1/1/2038	12,211.51	13,381.89		(56.86)		12,154.65	13,395.06	70.03	0.00	
FNMA	2007A Single Family	5.25	2/19/2008	1/1/2038	7,184.06	7,872.18		(30.45)		7,153.61	7,883.31	41.58	0.00	
FNMA	2007A Single Family	5.25	2/19/2008	1/1/2038	7,182.76	7,870.75		(30.30)		7,152.46	7,882.03	41.58	0.00	
FNMA	2007A Single Family	6.00	2/19/2008	2/1/2038	6,804.98	7,564.89		(25.37)		6,779.61	7,539.54	0.02	0.00	
FNMA	2007A Single Family	6.00	2/27/2008	2/1/2038	10,106.95	11,246.63		(43.38)		10,063.57	11,204.31	1.06	0.00	
FNMA	2007A Single Family	5.25	2/27/2008	2/1/2038	13,157.71	14,597.62		(78.74)		13,078.97	14,591.86	72.98	0.00	
FNMA	2007A Single Family	5.25	2/27/2008	2/1/2038	16,345.66	18,134.47		(85.95)		16,259.71	18,140.55	92.03	0.00	
FNMA	2007A Single Family	6.00	3/20/2008	3/1/2038	12,592.63	14,028.63		(59.62)		12,533.01	13,967.73	(1.28)	0.00	
FNMA	2007A Single Family	5.25	3/20/2008	2/1/2038	3,205.21	3,512.07		(13.48)		3,191.73	3,517.15	18.56	0.00	
FNMA	2007A Single Family	5.25	3/27/2008	3/1/2038	8,225.47	9,022.82		(38.76)		8,186.71	9,031.74	47.68	0.00	
FNMA	2007A Single Family	6.00	3/27/2008	3/1/2038	11,010.10	12,243.78		(44.45)		10,965.65	12,199.07	(0.26)	0.00	
FNMA	2007A Single Family	5.25	4/15/2008	4/1/2038	3,685.67	4,044.76		(17.19)		3,668.48	4,049.07	21.50	0.00	
FNMA	2007A Single Family	6.00	2/4/2009	10/1/2038	1,478.89	1,643.09		(10.96)		1,467.93	1,631.48	(0.65)	0.00	
GNMA	2007A Single Family	5.25	9/16/2009	8/20/2039	6,186.12	6,926.09		(26.66)		6,159.46	6,922.99	23.56	0.00	
GNMA	2007A Single Family	5.25	9/16/2009	8/20/2039	4,959.50	5,552.79		(19.07)		4,940.43	5,552.90	19.18	0.00	
GNMA	2007A Single Family	6.00	9/16/2009	8/20/2039	8,484.77	9,637.78		(28.16)		8,456.61	9,642.26	32.64	0.00	
GNMA	2007A Single Family	6.00	9/29/2009	9/20/2039	8,407.74	9,550.41		(5,769.84)		2,637.90	3,007.78	(772.79)	0.00	
GNMA	2007A Single Family	5.25	9/29/2009	9/20/2039	8,944.81	10,014.96		(36.02)		8,908.79	10,013.32	34.38	0.00	
FNMA	2007A Single Family				3,444.23	3,774.82		(3,444.23)				(330.59)	0.00	
Freddie Mac	2007A Single Family				4,954.95	5,408.84		(4,954.95)				(453.89)	0.00	
Freddie Mac	2007A Single Family				2,520.18	2,795.28		(2,520.18)				(275.10)	0.00	
Freddie Mac	2007A Single Family				1,709.40	1,912.67		(1,709.40)				(203.27)	0.00	
GNMA	2007A Single Family				2,112.35	2,398.20		(2,112.35)				(285.85)	0.00	
GNMA	2007A Single Family				4,410.10	4,935.82		(4,410.10)				(525.72)	0.00	
GNMA	2007A Single Family				2,192.63	2,490.01		(2,192.63)				(297.38)	0.00	
GNMA	2007A Single Family				2,578.09	2,894.15		(2,578.09)				(316.06)	0.00	
FNMA	2007A Single Family				5,459.95	5,983.12		(5,459.95)				(523.17)	0.00	
FNMA	2007A Single Family				3,839.82	4,207.97		(3,839.82)				(368.15)	0.00	
	2007A Single Family Total				89,814,849.29	99,515,640.03	7,610,623.59	(3,534,893.24)	(2,648,533.97)	0.00	91,242,045.67	101,103,403.26	160,566.85	0.00
GIC's	2007B Single Family	4.52	9/20/2007	8/31/2039	3,132,633.46	3,132,633.46		(1,780,084.34)		1,352,549.12	1,352,549.12	-	0.00	

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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
Repo Agmt	2007B Single Family	0.15	8/31/2012	9/4/2012	659,105.31	659,105.31	6,878,294.74				7,537,400.05	7,537,400.05	-	0.00
Freddie Mac	2007B Single Family	5.25	12/11/2007	11/1/2037	222,619.19	243,070.76			(960.22)		221,658.97	243,048.16	937.62	0.00
Freddie Mac	2007B Single Family	5.25	12/11/2007	11/1/2037	158,449.26	172,992.93			(786.20)		157,663.06	172,876.93	670.20	0.00
Freddie Mac	2007B Single Family	5.25	12/20/2007	12/1/2037	349,409.41	382,919.64			(5,310.16)		344,099.25	378,751.53	1,142.05	0.00
Freddie Mac	2007B Single Family	6.00	12/20/2007	12/1/2037	121,269.92	129,138.46			(36,875.11)		84,394.81	89,610.47	(2,652.88)	0.00
Freddie Mac	2007B Single Family	5.25	12/20/2007	12/1/2037	91,081.80	99,435.51			(388.21)		90,693.59	99,428.69	381.39	0.00
Freddie Mac	2007B Single Family	5.25	1/16/2008	12/1/2037	474,098.93	523,700.84			(2,073.69)		472,025.24	523,974.57	2,347.42	0.00
Freddie Mac	2007B Single Family	6.00	1/16/2008	12/1/2037	107,243.02	114,206.24			(472.44)		106,770.58	113,469.78	(264.02)	0.00
Freddie Mac	2007B Single Family	5.25	1/16/2008	12/1/2037	125,960.86	137,515.95			(536.53)		125,424.33	137,506.90	527.48	0.00
Freddie Mac	2007B Single Family	5.25	1/30/2008	1/1/2038	395,611.85	432,103.90			(1,938.18)		393,673.67	431,840.63	1,674.91	0.00
Freddie Mac	2007B Single Family	5.25	1/30/2008	12/1/2037	250,290.84	273,357.17			(1,103.48)		249,187.36	273,320.05	1,066.36	0.00
Freddie Mac	2007B Single Family	6.00	2/13/2008	1/1/2038	155,116.33	165,192.81			(684.73)		154,431.60	164,127.63	(380.45)	0.00
Freddie Mac	2007B Single Family	5.25	2/13/2008	1/1/2038	77,065.25	84,132.79			(326.17)		76,739.08	84,129.55	322.93	0.00
Freddie Mac	2007B Single Family	5.25	3/20/2008	2/1/2038	71,172.12	77,697.63			(299.27)		70,872.85	77,697.43	299.07	0.00
Freddie Mac	2007B Single Family	6.00	3/20/2008	3/1/2038	113,165.01	120,366.60			(470.55)		112,694.46	119,605.70	(290.35)	0.00
Freddie Mac	2007B Single Family	5.25	3/20/2008	11/1/2037	114,054.84	125,016.20			(604.35)		113,450.49	124,862.70	450.85	0.00
Freddie Mac	2007B Single Family	6.00	4/22/2008	2/1/2038	60,117.95	63,983.16			(261.04)		59,856.91	63,572.88	(149.24)	0.00
Freddie Mac	2007B Single Family	5.25	4/22/2008	1/1/2038	143,939.86	157,147.32			(609.10)		143,330.76	157,141.25	603.03	0.00
Freddie Mac	2007B Single Family	5.25	5/14/2008	4/1/2038	158,635.58	173,171.49			(658.81)		157,976.77	173,181.75	669.07	0.00
Freddie Mac	2007B Single Family	6.00	5/15/2008	4/1/2038	147,699.96	157,054.41			(609.54)		147,090.42	156,063.58	(381.29)	0.00
Freddie Mac	2007B Single Family	5.25	5/21/2008	4/1/2038	316,677.60	345,728.35			(1,328.46)		315,349.14	345,731.27	1,331.38	0.00
Freddie Mac	2007B Single Family	5.25	5/21/2008	5/1/2038	222,409.70	242,779.78			(922.10)		221,487.60	242,796.17	938.49	0.00
Freddie Mac	2007B Single Family	5.25	5/28/2008	4/1/2038	92,403.88	100,885.60			(390.04)		92,013.84	100,882.77	387.21	0.00
Freddie Mac	2007B Single Family	5.25	5/28/2008	5/1/2038	130,334.28	142,271.93			(608.01)		129,726.27	142,207.38	543.46	0.00
Freddie Mac	2007B Single Family	6.00	6/18/2008	5/1/2038	274,839.91	293,281.85			(1,267.72)		273,572.19	291,284.20	(729.93)	0.00
Freddie Mac	2007B Single Family	5.25	6/18/2008	2/1/2038	74,859.50	82,043.63			(659.25)		74,200.25	81,663.70	279.32	0.00
Freddie Mac	2007B Single Family	6.00	6/25/2008	5/1/2038	98,438.66	104,628.37			(399.54)		98,039.12	103,971.63	(257.20)	0.00
Freddie Mac	2007B Single Family	6.00	7/16/2008	6/1/2038	151,285.90	160,979.36			(937.98)		150,347.92	159,673.21	(368.17)	0.00
Freddie Mac	2007B Single Family	5.25	7/16/2008	6/1/2038	209,547.47	228,780.20			(915.68)		208,631.79	228,741.77	877.25	0.00
Freddie Mac	2007B Single Family	6.00	7/23/2008	6/1/2038	137,361.44	146,335.72			(647.57)		136,713.87	145,361.80	(326.35)	0.00
Freddie Mac	2007B Single Family	6.00	8/13/2008	6/1/2038	142,480.23	151,716.69			(1,227.41)		141,252.82	150,155.91	(333.37)	0.00
Freddie Mac	2007B Single Family	6.00	8/20/2008	6/1/2038	144,526.16	153,611.59			(598.41)		143,927.75	152,639.10	(374.08)	0.00
Freddie Mac	2007B Single Family	6.00	8/27/2008	8/1/2038	202,043.21	214,674.72			(812.75)		201,230.46	213,332.76	(629.21)	0.00
Freddie Mac	2007B Single Family	6.00	9/17/2008	8/1/2038	179,499.45	190,779.68			(947.39)		178,552.06	189,377.60	(454.69)	0.00
Freddie Mac	2007B Single Family	5.25	9/17/2008	8/1/2038	79,720.79	87,025.68			(327.14)		79,393.65	87,036.00	337.46	0.00
Freddie Mac	2007B Single Family	5.25	9/24/2008	8/1/2038	170,996.48	186,650.34			(694.39)		170,302.09	186,680.71	724.76	0.00
Freddie Mac	2007B Single Family	5.25	9/24/2008	6/1/2038	137,030.87	149,593.88			(564.99)		136,465.88	149,607.27	578.38	0.00
Freddie Mac	2007B Single Family	6.00	10/15/2008	9/1/2038	133,460.13	141,761.45			(528.63)		132,931.50	140,880.11	(352.71)	0.00
Freddie Mac	2007B Single Family	6.00	10/22/2008	7/1/2038	72,311.13	76,812.09			(290.02)		72,021.11	76,331.57	(190.50)	0.00
Freddie Mac	2007B Single Family	6.00	10/22/2008	9/1/2038	73,496.12	78,067.24			(338.18)		73,157.94	77,534.11	(194.95)	0.00
Freddie Mac	2007B Single Family	5.25	11/19/2008	9/1/2038	108,985.17	118,966.88			(469.59)		108,515.58	118,956.49	459.20	0.00
Freddie Mac	2007B Single Family	5.25	12/10/2008	11/1/2038	304,040.78	331,893.56			(1,236.44)		302,804.34	331,945.28	1,288.16	0.00
Freddie Mac	2007B Single Family	6.00	12/17/2008	11/1/2038	159,577.90	169,464.19			(632.00)		158,945.90	168,410.68	(421.51)	0.00
Freddie Mac	2007B Single Family	5.25	1/14/2009	11/1/2038	79,858.48	87,164.97			(318.09)		79,540.39	87,186.71	339.83	0.00
Freddie Mac	2007B Single Family	6.00	1/14/2009	11/1/2038	195,338.67	207,447.60			(790.36)		194,548.31	206,146.13	(511.11)	0.00
Freddie Mac	2007B Single Family	6.00	2/18/2009	1/1/2039	127,595.82	135,466.67			(501.72)		127,094.10	134,627.24	(337.71)	0.00
Freddie Mac	2007B Single Family	5.25	2/18/2009	12/1/2038	108,937.29	118,901.79			(430.29)		108,507.00	118,936.54	465.04	0.00
Freddie Mac	2007B Single Family	4.75	2/18/2009	10/1/2038	45,751.95	49,384.15			(198.87)		45,553.08	49,509.74	324.46	0.00
Freddie Mac	2007B Single Family	4.75	2/18/2009	12/1/2038	66,299.67	71,574.62			(299.88)		65,997.09	71,736.50	461.76	0.00
Freddie Mac	2007B Single Family	4.75	3/11/2009	12/1/2038	78,681.67	84,924.98			(337.48)		78,344.19	85,148.27	560.77	0.00
Freddie Mac	2007B Single Family	5.25	3/25/2009	2/1/2039	65,580.83	71,819.98			(3,163.80)		62,417.03	68,767.91	111.73	0.00
Freddie Mac	2007B Single Family	5.25	3/25/2009	1/1/2039	74,010.20	81,177.77			(686.82)		73,323.38	80,762.39	271.44	0.00
GNMA	2007B Single Family	5.25	12/28/2007	12/20/2037	274,359.45	303,366.15			(1,206.99)		273,152.46	303,172.85	1,013.69	0.00
GNMA	2007B Single Family	6.00	12/11/2007	11/20/2037	335,606.78	366,869.45			(125,356.64)		210,250.14	229,780.22	(11,732.59)	0.00
GNMA	2007B Single Family	5.25	12/11/2007	11/20/2037	1,436,279.51	1,611,699.14			(116,359.99)		1,319,919.52	1,486,856.74	(6,482.41)	0.00
GNMA	2007B Single Family	5.25	12/11/2007	11/20/2037	109,611.12	122,635.21			(466.09)		109,145.03	122,587.52	418.40	0.00
GNMA	2007B Single Family	6.00	12/11/2007	11/20/2037	180,579.23	196,526.04			(986.80)		179,592.43	196,274.73	735.49	0.00
GNMA	2007B Single Family	5.25	12/11/2007	12/20/2037	1,731,836.08	1,943,363.23			(7,730.98)		1,724,105.10	1,942,173.54	6,541.29	0.00
GNMA	2007B Single Family	5.25	12/11/2007	11/20/2037	240,482.41	269,056.77			(1,028.71)		239,453.70	268,945.26	917.20	0.00
GNMA	2007B Single Family	5.25	12/20/2007	12/20/2037	677,271.75	760,000.92			(133,645.94)		543,625.81	612,389.71	(13,965.27)	0.00
GNMA	2007B Single Family	5.25	12/20/2007	12/20/2037	247,755.82	277,198.28			(1,152.95)		246,602.87	276,978.81	933.48	0.00
GNMA	2007B Single Family	5.25	12/20/2007	11/20/2037	118,493.71	132,574.43			(508.29)		117,985.42	132,517.92	451.78	0.00
GNMA	2007B Single Family	5.25	12/20/2007	12/20/2037	174,108.40	195,127.85			(918.76)		173,189.64	195,014.41	805.32	0.00
GNMA	2007B Single Family	6.00	1/30/2008	1/20/2038	191,372.38	208,236.23			(797.07)		190,575.31	208,241.71	802.55	0.00
GNMA	2007B Single Family	5.25	1/30/2008	1/20/2038	252,784.99	281,930.73			(1,123.91)		251,661.08	281,713.88	907.06	0.00
GNMA	2007B Single Family	5.25	1/30/2008	1/20/2038	234,809.70	262,725.11			(987.78)		233,821.92	262,634.93	897.60	0.00
GNMA	2007B Single Family	5.25	1/30/2008	1/20/2038										

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Investment	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2007B Single Family	5.25	2/13/2008	2/20/2038	221,785.24	248,575.83			(130,465.75)		91,319.49	102,574.34	(15,535.74)	0.00
GNMA	2007B Single Family	6.00	1/30/2008	1/20/2038	120,122.02	130,707.23			(497.02)		119,625.00	130,714.27	504.06	0.00
GNMA	2007B Single Family	5.25	1/30/2008	1/20/2038	130,288.46	145,777.87			(547.12)		129,741.34	145,728.93	498.18	0.00
GNMA	2007B Single Family	5.25	1/30/2008	1/20/2038	128,875.93	144,197.41			(1,276.70)		127,599.23	143,322.86	402.15	0.00
GNMA	2007B Single Family	5.25	1/30/2008	1/20/2038	257,647.01	288,764.26			(1,178.67)		256,468.34	288,800.12	1,214.53	0.00
GNMA	2007B Single Family	6.00	2/13/2008	1/20/2038	262,119.75	285,206.29			(1,086.27)		261,033.48	285,220.03	1,100.01	0.00
GNMA	2007B Single Family	5.25	2/13/2008	1/20/2038	481,189.94	539,998.13			(2,055.27)		479,134.67	539,771.52	1,828.66	0.00
GNMA	2007B Single Family	5.25	2/13/2008	1/20/2038	398,151.49	446,811.22			(1,750.56)		396,400.93	446,567.43	1,506.77	0.00
GNMA	2007B Single Family	5.25	4/8/2008	3/20/2038	357,917.40	400,498.45			(1,506.24)		356,411.16	400,360.36	1,368.15	0.00
GNMA	2007B Single Family	6.00	4/8/2008	4/20/2038	156,319.10	170,052.88			(655.70)		155,663.40	170,052.27	655.09	0.00
GNMA	2007B Single Family	5.25	4/8/2008	4/20/2038	195,638.06	219,283.72			(1,378.75)		194,259.31	218,766.14	861.17	0.00
GNMA	2007B Single Family	6.00	3/12/2008	3/20/2038	103,691.99	113,377.77			(856.66)		102,835.33	112,912.14	391.03	0.00
GNMA	2007B Single Family	5.25	3/12/2008	3/20/2038	237,134.10	265,339.01			(990.48)		236,143.62	265,255.90	907.37	0.00
GNMA	2007B Single Family	5.25	3/20/2008	3/20/2038	350,106.50	391,751.19			(1,790.10)		348,316.40	391,260.31	1,299.22	0.00
GNMA	2007B Single Family	6.00	2/19/2008	1/20/2038	272,103.03	298,206.18			(1,168.19)		270,934.84	298,167.60	1,129.61	0.00
GNMA	2007B Single Family	5.25	2/19/2008	2/20/2038	330,261.17	369,533.35			(1,583.79)		328,677.38	369,188.08	1,238.52	0.00
GNMA	2007B Single Family	6.00	2/19/2008	2/20/2038	100,964.29	109,853.39			(481.46)		100,482.83	109,789.68	417.75	0.00
GNMA	2007B Single Family	5.25	2/19/2008	2/20/2038	606,883.94	681,061.24			(2,857.92)		604,026.02	680,476.01	2,272.69	0.00
GNMA	2007B Single Family	6.00	2/27/2008	2/20/2038	233,604.84	254,165.88			(988.06)		232,616.78	254,156.05	978.23	0.00
GNMA	2007B Single Family	5.25	2/27/2008	2/20/2038	220,015.37	246,179.72			(946.32)		219,069.05	246,071.90	838.50	0.00
GNMA	2007B Single Family	5.25	2/27/2008	2/20/2038	323,337.42	361,788.83			(1,386.20)		321,951.22	361,635.46	1,232.83	0.00
GNMA	2007B Single Family	5.25	2/27/2008	2/20/2038	58,841.35	65,838.79			(254.39)		58,586.96	65,808.48	224.08	0.00
GNMA	2007B Single Family	6.00	2/27/2008	2/20/2038	179,977.85	195,818.88			(742.78)		179,235.07	195,831.48	755.38	0.00
GNMA	2007B Single Family	5.25	2/27/2008	2/20/2038	342,288.10	384,127.54			(2,040.17)		340,247.93	383,314.97	1,227.60	0.00
GNMA	2007B Single Family	5.25	3/20/2008	3/20/2038	132,592.21	148,363.88			(549.62)		132,042.59	148,322.12	507.86	0.00
GNMA	2007B Single Family	5.25	3/27/2008	3/20/2038	284,968.77	319,406.15			(1,250.44)		283,718.33	319,505.72	1,350.01	0.00
GNMA	2007B Single Family	6.00	3/27/2008	3/20/2038	362,584.57	396,436.45			(1,497.46)		361,087.11	396,453.13	1,514.14	0.00
GNMA	2007B Single Family	5.25	4/15/2008	3/20/2038	85,988.83	96,219.50			(369.19)		85,619.64	96,178.09	327.78	0.00
GNMA	2007B Single Family	6.00	4/15/2008	4/20/2038	84,889.96	93,117.27			(995.55)		83,894.41	92,459.95	338.23	0.00
GNMA	2007B Single Family	5.25	4/24/2008	4/20/2038	114,418.60	128,033.44			(476.27)		113,942.33	127,995.19	438.02	0.00
GNMA	2007B Single Family	6.00	4/22/2008	4/20/2038	308,423.61	335,507.20			(1,289.96)		307,133.65	335,510.13	1,292.89	0.00
GNMA	2007B Single Family	6.00	5/7/2008	4/20/2038	204,110.17	222,024.05			(835.90)		203,274.27	222,045.62	857.47	0.00
GNMA	2007B Single Family	5.25	5/7/2008	5/20/2038	1,223,867.66	1,373,577.59			(5,336.52)		1,218,531.14	1,372,878.24	4,637.17	0.00
GNMA	2007B Single Family	5.25	5/7/2008	4/20/2038	252,357.06	282,388.88			(1,050.57)		251,306.49	282,304.35	966.04	0.00
GNMA	2007B Single Family	5.25	5/14/2008	4/20/2038	380,244.21	425,498.29			(2,349.57)		377,894.64	424,509.76	1,361.04	0.00
GNMA	2007B Single Family	6.00	5/21/2008	5/20/2038	133,621.36	145,340.85			(857.34)		132,764.02	145,016.08	532.57	0.00
GNMA	2007B Single Family	5.25	5/21/2008	5/20/2038	149,142.88	166,894.67			(617.70)		148,525.18	166,848.29	571.32	0.00
GNMA	2007B Single Family	5.25	5/28/2008	5/20/2038	242,773.10	271,670.98			(1,012.25)		241,760.85	271,588.16	929.43	0.00
GNMA	2007B Single Family	6.00	5/28/2008	5/20/2038	254,046.94	276,322.94			(1,234.98)		252,811.96	276,136.98	1,049.02	0.00
GNMA	2007B Single Family	5.25	5/28/2008	1/20/2038	84,386.27	94,429.36			(358.59)		84,027.68	94,392.81	322.04	0.00
GNMA	2007B Single Family	6.00	6/11/2008	6/20/2038	262,855.07	287,956.65			(53,727.15)		209,127.92	228,409.88	(5,819.62)	0.00
GNMA	2007B Single Family	5.25	6/11/2008	5/20/2038	214,998.37	240,999.81			(1,013.45)		213,984.92	240,996.07	1,009.71	0.00
GNMA	2007B Single Family	5.25	6/11/2008	5/20/2038	303,215.51	339,885.69			(1,391.81)		301,823.70	339,922.61	1,428.73	0.00
GNMA	2007B Single Family	6.00	7/9/2008	7/20/2038	795,109.52	868,547.72			(63,515.48)		731,594.04	802,514.63	(2,517.61)	0.00
GNMA	2007B Single Family	5.25	7/9/2008	6/20/2038	488,790.11	548,616.95			(2,105.05)		486,685.06	548,367.21	1,855.31	0.00
GNMA	2007B Single Family	5.25	7/9/2008	6/20/2038	343,638.08	384,559.63			(1,433.05)		342,205.03	384,441.73	1,315.15	0.00
GNMA	2007B Single Family	6.00	7/16/2008	7/20/2038	134,025.97	146,098.38			(81,737.94)		52,288.03	57,704.06	(6,656.38)	0.00
GNMA	2007B Single Family	5.25	7/16/2008	7/20/2038	149,869.66	167,718.52			(618.13)		149,251.53	167,674.80	574.41	0.00
GNMA	2007B Single Family	6.00	6/18/2008	6/20/2038	304,846.19	331,551.75			(1,588.01)		303,258.18	331,212.75	1,249.01	0.00
GNMA	2007B Single Family	5.25	6/18/2008	6/20/2038	93,377.82	104,495.43			(392.19)		92,985.63	104,460.26	357.02	0.00
GNMA	2007B Single Family	5.25	6/18/2008	6/20/2038	239,895.83	268,911.31			(1,682.67)		238,213.16	268,285.61	1,056.97	0.00
GNMA	2007B Single Family	6.00	6/25/2008	6/20/2038	396,809.30	434,684.91			(1,956.18)		394,853.12	434,350.73	1,622.00	0.00
GNMA	2007B Single Family	5.25	6/25/2008	6/20/2038	500,018.91	561,212.74			(2,077.13)		497,941.78	561,043.20	1,907.59	0.00
GNMA	2007B Single Family	5.25	7/16/2008	7/20/2038	755,728.00	848,236.93			(3,182.89)		752,545.11	847,931.66	2,877.62	0.00
GNMA	2007B Single Family	6.00	7/23/2008	7/20/2038	305,935.59	335,105.47			(69,290.90)		236,644.69	258,428.99	(7,385.58)	0.00
GNMA	2007B Single Family	5.25	7/23/2008	7/20/2038	986,413.43	1,107,168.40			(4,210.07)		982,203.36	1,106,707.29	3,748.96	0.00
GNMA	2007B Single Family	5.25	7/23/2008	7/20/2038	224,604.83	251,356.01			(916.20)		223,688.63	251,301.92	862.11	0.00
GNMA	2007B Single Family	6.00	7/29/2008	7/20/2038	37,229.31	40,485.31			(148.09)		37,081.22	40,494.02	156.80	0.00
GNMA	2007B Single Family	5.25	7/29/2008	7/20/2038	519,096.77	582,646.62			(2,121.23)		516,975.54	582,510.23	1,984.84	0.00
GNMA	2007B Single Family	5.25	7/29/2008	7/20/2038	327,862.31	366,913.76			(1,332.43)		326,529.88	366,840.40	1,259.07	0.00
GNMA	2007B Single Family	6.00	8/27/2008	8/20/2038	63,069.17	68,578.38			(260.56)		62,818.61	68,593.41	265.59	0.00
GNMA	2007B Single Family	5.25	8/27/2008	8/20/2038	384,018.56	429,772.63			(2,189.39)		381,829.17	428,980.75	1,397.51	0.00
GNMA	2007B Single Family	5.25	8/27/2008	8/20/2038	362,733.64	405,951.69			(1,462.68)		361,270.96	405,883.81	1,394.80	0.00
GNMA	2007B Single Family	6.00	8/13/2008	8/20/2038	760,917.61	831,565.14			(69,970.18)		690,947.43	758,261.80	(3,333.16)	0.00
GNMA	2007B Single Family	5.25	8/13/2008	8/20/2038	1,778,157.62	1,995,884.92			(8,864.49)		1,769,293.13	1,993,616.79	6,596.36	0.00
GNMA	2007B Single Family	5.25	8/13/2008	7/20/2038	922,066.29	1,034,964.95			(11,167.05)		910,899.24	1,026,385.44	2,587.54	0.00
GNMA	2007B Single Family	6.00	8/13/2008	8/20/2038	225,799.32	223,785.35			(133,728.11)		72,071.21	78,699.75	(11,357.49)	0.00
GNMA	2007B Single Family	5.25	8/13/2008	8/20/2038	370,131.61	414,225.68			(1,531.00)		368,600.61	414,112.78	1,418.10	0.00
GNMA	2007B Single Family	5.25	8/13/2008	8/20/2038	504,109.18	565,835.09			(2,297.71)		501,811.47	565,434.75	1,897.37	0.00
GNMA	2007B Single Family	6.00	8/20/2008	8/20/2038	263,498.02	286,520.84			(109,085.91)		154,412.11	168,610.29	(8,824.64)	0.00
GNMA	2007B Single Family	5.25	8/20/2008	8/20/2038	713,259.28	800,600.31			(4,422.63)		708,836.65	798,713.68	2,536.00	0.00
GNMA	2007B Single Family	5.25	8/20/2008	8/20/2038	220,221.62	246,874.70			(122,144.15)		98,077.47	110,188.14	(14,542.41)	0.00
GNMA	2007B Single Family	5.25	8/27/2008	8/20/2038	138,743.80	155,274.29								

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GNMA	2007B Single Family	5.25	8/27/2008	8/20/2038	246,769.77	276,171.22			(991.31)		245,778.46	276,129.28	949.37	0.00
GNMA	2007B Single Family	6.00	8/27/2008	8/20/2038	250,626.35	272,519.06			(85,162.00)		165,464.35	180,675.18	(6,681.88)	0.00
GNMA	2007B Single Family	5.25	8/27/2008	8/20/2038	931,411.37	1,045,472.22			(4,046.35)		927,365.02	1,044,957.79	3,531.92	0.00
GNMA	2007B Single Family	5.25	8/27/2008	8/20/2038	284,010.36	318,385.61			(1,768.06)		282,242.30	317,897.42	1,279.87	0.00
GNMA	2007B Single Family	6.00	9/10/2008	9/20/2038	291,771.26	319,536.48			(1,161.91)		290,609.35	319,594.52	1,219.95	0.00
GNMA	2007B Single Family	5.25	9/10/2008	9/20/2038	1,227,432.65	1,377,769.35			(5,046.11)		1,222,386.54	1,377,412.58	4,689.34	0.00
GNMA	2007B Single Family	5.25	9/10/2008	8/20/2038	703,687.25	789,872.14			(2,934.59)		700,752.66	789,620.68	2,683.13	0.00
GNMA	2007B Single Family	5.25	9/17/2008	9/20/2038	282,218.10	315,851.06			(1,167.58)		281,050.52	315,764.72	1,081.24	0.00
GNMA	2007B Single Family	5.25	9/17/2008	8/20/2038	231,621.21	259,223.28			(930.05)		230,691.16	259,183.84	890.61	0.00
GNMA	2007B Single Family	5.25	9/24/2008	7/20/2038	113,935.79	127,513.69			(460.49)		113,475.30	127,491.06	437.86	0.00
GNMA	2007B Single Family	6.00	9/24/2008	9/20/2038	188,462.12	204,905.01			(749.29)		187,712.83	204,949.28	793.56	0.00
GNMA	2007B Single Family	5.25	9/24/2008	9/20/2038	639,077.49	717,361.54			(2,881.09)		636,196.40	716,890.53	2,410.08	0.00
GNMA	2007B Single Family	5.25	9/24/2008	8/20/2038	90,378.36	101,149.26			(578.93)		89,799.43	100,891.27	320.94	0.00
GNMA	2007B Single Family	5.25	9/24/2008	9/20/2038	136,190.30	152,421.57			(596.30)		135,594.00	152,343.14	517.87	0.00
GNMA	2007B Single Family	6.00	9/24/2008	9/20/2038	302,534.87	328,930.33			(1,206.49)		301,328.38	328,997.39	1,273.55	0.00
GNMA	2007B Single Family	5.25	9/24/2008	9/20/2038	444,942.31	499,445.71			(1,848.42)		443,093.89	499,295.23	1,697.94	0.00
GNMA	2007B Single Family	6.00	10/8/2008	10/20/2038	671,009.13	734,793.36			(52,055.30)		618,953.83	680,623.37	(2,114.69)	0.00
GNMA	2007B Single Family	5.25	10/8/2008	9/20/2038	471,003.56	528,706.82			(127,345.67)		343,657.89	386,112.93	(15,248.22)	0.00
GNMA	2007B Single Family	6.00	10/15/2008	9/20/2038	118,144.59	128,444.46			(471.95)		117,672.64	128,469.89	497.38	0.00
GNMA	2007B Single Family	6.00	10/15/2008	6/20/2038	86,090.88	93,599.79			(344.74)		85,746.14	93,617.68	362.63	0.00
GNMA	2007B Single Family	6.00	10/15/2008	7/20/2038	123,472.88	134,240.78			(1,040.95)		122,431.93	133,669.50	469.67	0.00
GNMA	2007B Single Family	6.00	10/22/2008	10/20/2038	505,557.75	552,368.61			(119,915.46)		385,642.29	422,181.76	(10,271.39)	0.00
GNMA	2007B Single Family	5.25	10/22/2008	10/20/2038	705,214.36	791,624.67			(3,021.72)		702,192.64	791,282.43	2,679.48	0.00
GNMA	2007B Single Family	5.25	10/22/2008	9/20/2038	155,089.31	173,577.67			(1,093.84)		153,995.47	173,022.14	538.31	0.00
GNMA	2007B Single Family	6.00	10/22/2008	10/20/2038	429,533.66	469,305.20			(112,553.70)		316,979.96	347,302.05	(9,449.45)	0.00
GNMA	2007B Single Family	5.25	10/22/2008	10/20/2038	529,514.25	594,395.95			(2,209.88)		527,304.37	594,205.46	2,019.39	0.00
GNMA	2007B Single Family	5.25	10/22/2008	8/20/2038	125,765.89	140,758.02			(621.43)		125,144.46	140,605.94	469.35	0.00
GNMA	2007B Single Family	5.25	10/29/2008	10/20/2038	259,986.30	290,982.80			(1,036.77)		258,949.53	290,946.88	1,000.85	0.00
GNMA	2007B Single Family	6.00	10/29/2008	10/20/2038	308,575.76	337,887.14			(1,237.03)		307,338.73	337,939.50	1,289.39	0.00
GNMA	2007B Single Family	6.00	10/29/2008	10/20/2038	287,762.51	312,833.08			(1,747.00)		286,015.51	312,242.44	1,156.36	0.00
GNMA	2007B Single Family	5.25	10/29/2008	10/20/2038	381,863.23	427,390.30			(1,516.69)		380,346.54	427,344.41	1,470.80	0.00
GNMA	2007B Single Family	5.25	10/29/2008	10/20/2038	225,411.67	252,286.03			(907.00)		224,504.67	252,245.78	866.75	0.00
GNMA	2007B Single Family	6.00	10/29/2008	10/20/2038	235,167.54	255,655.95			(1,169.23)		233,998.31	255,455.44	968.72	0.00
GNMA	2007B Single Family	5.25	10/29/2008	9/20/2038	187,657.68	210,030.00			(831.40)		186,826.28	209,910.76	712.16	0.00
GNMA	2007B Single Family	6.00	11/12/2008	11/20/2038	724,193.42	791,189.30			(94,381.26)		629,812.16	690,617.77	(6,190.27)	0.00
GNMA	2007B Single Family	5.25	11/12/2008	10/20/2038	254,036.93	284,328.12			(1,043.50)		252,993.43	284,258.80	974.18	0.00
GNMA	2007B Single Family	6.00	11/12/2008	11/20/2038	263,161.31	286,073.04			(146,134.46)		117,026.85	127,750.99	(12,187.59)	0.00
GNMA	2007B Single Family	5.25	11/19/2008	8/20/2038	100,590.06	112,584.17			(415.83)		100,174.23	112,553.75	385.41	0.00
GNMA	2007B Single Family	6.00	11/19/2008	10/20/2038	245,053.97	266,387.16			(991.53)		244,062.44	266,426.13	1,030.50	0.00
GNMA	2007B Single Family	5.25	11/19/2008	11/20/2038	195,490.69	218,803.11			(776.52)		194,714.17	218,779.76	753.17	0.00
GNMA	2007B Single Family	6.00	11/19/2008	10/20/2038	220,462.74	239,655.14			(140,083.72)		80,379.02	87,744.21	(11,827.21)	0.00
GNMA	2007B Single Family	5.25	11/25/2008	10/20/2038	57,982.25	64,896.79			(233.91)		57,748.34	64,885.76	222.88	0.00
GNMA	2007B Single Family	5.25	11/25/2008	11/20/2038	146,324.73	163,775.01			(645.87)		145,678.86	163,684.72	555.58	0.00
GNMA	2007B Single Family	6.00	11/25/2008	11/20/2038	231,644.07	251,802.36			(86,318.45)		145,325.62	158,637.08	(6,848.83)	0.00
GNMA	2007B Single Family	6.00	11/25/2008	11/20/2038	354,559.60	385,414.25			(1,377.09)		353,182.51	385,533.04	1,495.88	0.00
GNMA	2007B Single Family	6.00	12/10/2008	11/20/2038	847,664.50	926,006.67			(179,750.85)		667,913.65	731,083.53	(15,172.29)	0.00
GNMA	2007B Single Family	5.25	12/10/2008	11/20/2038	933,469.54	1,047,903.18			(4,805.20)		928,664.34	1,046,541.41	3,443.43	0.00
GNMA	2007B Single Family	5.25	12/10/2008	11/20/2038	140,463.85	157,217.32			(553.59)		139,910.06	157,205.27	541.54	0.00
GNMA	2007B Single Family	6.00	12/10/2008	11/20/2038	280,408.34	304,796.63			(1,190.07)		279,218.27	304,780.34	1,173.78	0.00
GNMA	2007B Single Family	6.00	12/17/2008	11/20/2038	194,930.91	211,880.37			(764.91)		194,166.00	211,937.35	821.89	0.00
GNMA	2007B Single Family	6.00	12/17/2008	12/20/2038	173,520.91	188,606.55			(104,128.87)		69,392.04	75,742.30	(8,735.38)	0.00
GNMA	2007B Single Family	6.00	12/17/2008	12/20/2038	232,413.72	252,619.38			(1,737.04)		230,676.68	251,786.53	904.19	0.00
GNMA	2007B Single Family	6.00	12/17/2008	11/20/2038	69,585.96	75,636.49			(270.09)		69,315.87	75,660.07	293.67	0.00
GNMA	2007B Single Family	6.00	2/18/2009	1/20/2039	73,514.98	79,890.31			(288.89)		73,226.09	79,911.35	309.93	0.00
GNMA	2007B Single Family	5.25	2/25/2009	2/20/2039	165,976.13	185,788.96			(681.78)		165,294.35	185,743.66	636.48	0.00
GNMA	2007B Single Family	5.49	2/25/2009	1/20/2039	77,252.50	82,747.87			(320.40)		76,932.10	82,758.46	330.99	0.00
GNMA	2007B Single Family	6.00	2/25/2009	2/20/2039	739,032.22	805,333.44			(384,648.17)		354,384.05	386,725.28	(33,959.99)	0.00
GNMA	2007B Single Family	5.25	2/25/2009	12/20/2038	127,150.35	142,327.51			(497.85)		126,652.50	142,320.14	490.48	0.00
GNMA	2007B Single Family	5.25	2/25/2009	12/20/2038	126,487.75	141,585.78			(583.42)		125,904.33	141,479.38	477.02	0.00
GNMA	2007B Single Family	6.00	2/25/2009	2/20/2039	466,483.92	509,177.59			(140,348.32)		326,135.60	355,898.84	(12,930.43)	0.00
GNMA	2007B Single Family	6.00	2/25/2009	2/20/2039	65,595.11	71,281.29			(253.07)		65,342.04	71,305.17	276.95	0.00
GNMA	2007B Single Family	5.25	3/11/2009	2/20/2039	142,300.81	159,289.75			(610.77)		141,690.04	159,221.43	542.45	0.00
GNMA	2007B Single Family	5.25	3/11/2009	1/20/2039	118,088.80	132,186.60			(459.60)		117,629.20	132,183.00	456.00	0.00
GNMA	2007B Single Family	6.00	3/11/2009	2/20/2039	470,383.39	513,412.59			(97,708.14)		372,675.25	406,668.79	(9,035.66)	0.00
GNMA	2007B Single Family	6.00	3/18/2009	3/20/2039	503,006.81	548,093.61			(153,288.78)		349,718.03	381,605.41	(13,199.42)	0.00
GNMA	2007B Single Family	5.25	3/25/2009	12/20/2038	56,875.91	63,666.54			(247.93)		56,627.98	63,634.94	216.33	0.00
GNMA	2007B Single Family	6.00	3/25/2009	3/20/2039	65,314.47	70,969.67			(247.69)		65,066.78	70,998.07	276.09	0.00
GNMA	2007B Single Family	6.00	3/25/2009	1/20/2039	119,506.85	129,857.02			(463.37)		119,043.48	129,898.14	504.49	0.00
GNMA	2007B Single Family	6.00	3/25/2009	2/20/2039	105,315.07	114,434.91			(401.44)		104,913.63	114,478.57	445.10	0.00
GNMA	2007B Single Family	6.00	4/8/2009	10/20/2038	74,547.11	81,002.72			(309.04)		74,238.07	81,006.81	313.13	0.00
GNMA	2007B Single Family	5.25	12/30/2008	12/20/2038	605,452.05	679,689.94			(130,676.85)		474,775.20	535,051.71	(13,961.38)	0.00
GNMA	2007B Single Family	6.00	12/30/2008	12/20/2038	161,305.28	175,322.11			(652.27)		160,653.01	175,348.18	678.34	0.00
GNMA	2007B Single Family	6.00	12/30/2008	12										

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2007B Single Family	6.00	12/30/2008	12/20/2038	201,141.70	218,620.14			(814.68)		200,327.02	218,651.21	845.75	0.00
GNMA	2007B Single Family	5.25	12/30/2008	12/20/2038	709,989.65	797,045.46			(2,850.35)		707,139.30	796,916.26	2,721.15	0.00
GNMA	2007B Single Family	6.00	1/14/2009	12/20/2038	178,998.99	194,544.70			(699.99)		178,299.00	194,599.63	754.92	0.00
GNMA	2007B Single Family	5.25	1/14/2009	1/20/2039	318,420.85	356,415.05			(1,311.02)		317,109.83	356,325.11	1,221.08	0.00
GNMA	2007B Single Family	5.25	1/14/2009	12/20/2038	262,115.84	293,390.83			(1,029.48)		261,086.36	293,372.34	1,010.99	0.00
GNMA	2007B Single Family	6.00	1/14/2009	1/20/2039	620,166.70	677,018.77			(131,885.15)		488,281.55	534,393.92	(10,739.70)	0.00
GNMA	2007B Single Family	6.00	1/21/2009	1/20/2039	301,178.04	327,324.01			(1,196.30)		299,981.74	327,395.90	1,268.19	0.00
GNMA	2007B Single Family	6.00	2/11/2009	1/20/2039	179,905.57	195,511.26			(695.39)		179,210.18	195,575.36	759.49	0.00
GNMA	2007B Single Family	5.25	2/11/2009	1/20/2039	184,661.32	206,701.12			(721.04)		183,940.28	206,692.85	712.77	0.00
GNMA	2007B Single Family	5.25	2/11/2009	1/20/2039	359,328.99	402,215.77			(1,503.34)		357,825.65	402,087.01	1,374.58	0.00
GNMA	2007B Single Family	6.00	2/11/2009	1/20/2039	160,534.65	174,460.05			(769.99)		159,764.66	174,354.12	664.06	0.00
GNMA	2007B Single Family	5.25	2/11/2009	1/20/2039	126,710.14	141,833.29			(494.07)		126,216.07	141,828.39	489.17	0.00
GNMA	2007B Single Family	5.25	2/11/2009	1/20/2039	168,724.16	188,861.80			(686.63)		168,037.53	188,822.99	647.82	0.00
GNMA	2007B Single Family	6.00	2/11/2009	1/20/2039	223,224.62	242,588.02			(85,297.12)		137,927.50	150,522.85	(6,768.05)	0.00
GNMA	2007B Single Family	5.25	2/11/2009	1/20/2039	100,460.06	112,450.25			(565.64)		99,894.42	112,250.92	366.31	0.00
GNMA	2007B Single Family	6.00	6/24/2009	6/20/2039	104,570.80	113,590.24			(392.92)		104,177.88	113,639.65	442.33	0.00
GNMA	2007B Single Family	5.25	10/15/2009	9/20/2039	234,677.36	263,424.89			(870.58)		233,806.78	263,243.43	689.12	0.00
GNMA	2007B Single Family	5.25	10/29/2009	10/20/2039	371,827.58	417,382.87			(1,390.35)		370,437.23	417,083.00	1,090.48	0.00
GNMA	2007B Single Family	5.25	11/24/2009	10/20/2039	199,587.73	224,046.56			(740.81)		198,846.92	223,891.79	586.04	0.00
GNMA	2007B Single Family	6.00	11/24/2009	9/20/2039	145,979.85	158,492.33			(533.68)		145,446.17	158,577.72	619.07	0.00
GNMA	2007B Single Family	5.25	11/24/2009	10/20/2039	258,964.37	290,722.05			(1,008.30)		257,976.07	290,468.25	754.50	0.00
GNMA	2007B Single Family	5.25	5/18/2010	4/20/2040	1,856,922.68	2,085,772.06			(6,819.19)		1,850,303.49	2,086,376.15	7,223.28	0.00
GNMA	2007B Single Family	5.25	5/25/2010	5/20/2040	1,638,771.43	1,840,754.20			(5,917.02)		1,632,854.41	1,841,202.23	6,365.05	0.00
GNMA	2007B Single Family	6.00	12/17/2009	11/20/2039	172,848.26	187,647.20			(626.09)		172,222.17	187,754.46	733.35	0.00
GNMA	2007B Single Family	5.25	12/17/2009	12/20/2039	518,925.81	582,782.22			(2,000.62)		516,925.19	582,780.94	1,999.34	0.00
GNMA	2007B Single Family	5.25	12/17/2009	11/20/2039	90,432.21	101,517.06			(333.41)		90,098.80	101,449.47	265.82	0.00
GNMA	2007B Single Family	6.00	12/29/2009	12/20/2039	274,485.86	297,973.30			(998.60)		273,487.26	298,138.89	1,164.19	0.00
GNMA	2007B Single Family	5.25	1/20/2010	12/20/2039	518,859.90	582,728.18			(1,889.78)		516,970.12	582,851.58	2,013.18	0.00
GNMA	2007B Single Family	5.25	1/27/2010	12/20/2039	460,341.92	517,010.69			(1,703.18)		458,638.74	517,090.24	1,782.73	0.00
GNMA	2007B Single Family	6.00	1/27/2010	12/20/2039	199,249.71	216,280.05			(127,482.81)		71,766.90	78,228.87	(10,568.37)	0.00
GNMA	2007B Single Family	5.25	2/17/2010	1/20/2040	243,868.75	273,780.09			(888.28)		242,980.47	273,609.96	718.15	0.00
GNMA	2007B Single Family	5.25	2/23/2010	12/20/2039	121,881.69	136,831.45			(446.72)		121,434.97	136,743.17	358.44	0.00
GNMA	2007B Single Family	5.25	2/23/2010	2/20/2040	672,245.55	755,025.16			(2,930.12)		669,315.43	754,641.94	2,546.90	0.00
GNMA	2007B Single Family	6.00	3/16/2010	3/20/2040	84,964.21	92,210.33			(300.54)		84,663.67	92,270.82	361.03	0.00
GNMA	2007B Single Family	5.25	3/30/2010	3/20/2040	2,272,345.67	2,552,258.08			(8,300.64)		2,264,045.03	2,552,771.05	8,813.61	0.00
GNMA	2007B Single Family	5.25	3/30/2010	2/20/2040	77,168.96	86,637.86			(285.16)		76,883.80	86,579.45	226.75	0.00
GNMA	2007B Single Family	5.25	4/13/2010	3/20/2040	215,979.09	242,279.31			(1,406.50)		214,572.59	241,837.75	964.94	0.00
GNMA	2007B Single Family	5.25	4/13/2010	4/20/2040	2,047,980.05	2,300,291.81			(10,412.60)		2,037,567.45	2,297,451.02	7,571.81	0.00
GNMA	2007B Single Family	5.25	4/13/2010	4/20/2040	534,696.11	600,570.84			(2,041.25)		532,654.86	600,592.85	2,063.26	0.00
GNMA	2007B Single Family	5.25	4/22/2010	4/20/2040	1,769,299.71	1,987,298.09			(6,382.36)		1,762,917.35	1,987,788.48	6,872.75	0.00
GNMA	2007B Single Family	5.25	4/22/2010	4/20/2040	70,027.05	78,621.92			(261.01)		69,766.04	78,566.39	205.48	0.00
GNMA	2007B Single Family	5.25	4/28/2010	4/20/2040	1,640,942.09	1,843,136.46			(7,567.20)		1,633,374.89	1,841,733.23	6,163.97	0.00
GNMA	2007B Single Family	5.25	6/15/2010	6/20/2040	2,040,655.87	2,292,225.25			(7,593.03)		2,033,062.84	2,292,531.82	7,899.60	0.00
GNMA	2007B Single Family	5.25	7/20/2010	7/20/2040	1,195,014.54	1,342,385.94			(4,272.54)		1,190,742.00	1,342,760.29	4,648.89	0.00
GNMA	2007B Single Family	5.25	7/28/2010	6/20/2040	69,262.13	77,771.21			(253.47)		69,008.66	77,721.54	203.80	0.00
GNMA	2007B Single Family	5.25	7/28/2010	7/20/2040	1,500,474.00	1,685,528.88			(5,483.18)		1,494,990.82	1,685,866.95	5,821.25	0.00
GNMA	2007B Single Family	5.25	8/17/2010	7/20/2040	1,123,470.74	1,262,056.24			(125,352.11)		998,118.63	1,125,578.30	(11,125.83)	0.00
GNMA	2007B Single Family	5.25	8/24/2010	8/20/2040	874,491.33	982,505.67			(3,055.72)		871,435.61	983,142.05	3,692.10	0.00
GNMA	2007B Single Family	5.25	9/14/2010	8/20/2040	592,642.05	665,768.16			(2,984.38)		590,557.67	665,992.71	2,308.93	0.00
GNMA	2007B Single Family	5.25	6/29/2010	4/20/2040	225,865.99	253,605.66			(802.70)		225,063.29	253,470.60	667.64	0.00
GNMA	2007B Single Family	5.25	6/29/2010	6/20/2040	1,278,281.15	1,435,887.76			(4,565.74)		1,273,715.41	1,436,293.25	4,971.23	0.00
GNMA	2007B Single Family	5.25	9/21/2010	8/20/2040	865,398.67	972,318.44			(72,576.12)		792,822.55	894,477.17	(5,265.15)	0.00
GNMA	2007B Single Family	5.25	10/19/2010	10/20/2040	1,633,623.65	1,835,518.63			(5,708.12)		1,627,915.53	1,836,705.90	6,895.39	0.00
GNMA	2007B Single Family	5.25	11/9/2010	10/20/2040	567,671.84	637,843.02			(2,757.22)		564,914.62	637,382.65	2,296.85	0.00
GNMA	2007B Single Family	5.25	12/21/2010	11/15/2040	182,472.87	204,166.84			(640.09)		181,832.78	204,264.86	738.11	0.00
FNMA	2007B Single Family	6.00	12/11/2007	12/1/2037	64,643.45	68,922.35			(271.09)		64,372.36	68,688.08	36.82	0.00
FNMA	2007B Single Family	5.25	12/11/2007	11/1/2037	200,065.24	219,283.69			(857.69)		199,207.55	219,584.76	1,158.76	0.00
FNMA	2007B Single Family	5.25	12/12/2007	12/1/2037	1,222,260.26	1,355,926.04			(6,181.01)		1,216,079.25	1,356,656.65	6,911.22	0.00
FNMA	2007B Single Family	5.25	12/20/2007	11/1/2037	133,453.22	146,294.08			(581.71)		132,871.51	146,485.59	773.22	0.00
FNMA	2007B Single Family	6.00	12/20/2007	12/1/2037	86,923.81	92,675.07			(364.98)		86,558.83	92,359.58	49.49	0.00
FNMA	2007B Single Family	5.25	12/20/2007	12/1/2037	365,277.82	400,371.17			(1,656.48)		363,621.34	400,938.42	2,223.73	0.00
FNMA	2007B Single Family	5.25	12/28/2007	12/1/2037	329,520.98	361,979.23			(1,656.90)		327,864.08	362,198.14	1,875.81	0.00
FNMA	2007B Single Family	5.25	12/28/2007	12/1/2037	30,796.07	33,561.44			(1,759.26)		29,036.81	31,618.36	(183.82)	0.00
FNMA	2007B Single Family	5.25	12/28/2007	12/1/2037	245,547.92	269,105.65			(1,048.40)		244,499.52	269,474.82	1,417.57	0.00
FNMA	2007B Single Family	6.00	1/16/2008	12/1/2037	305,299.99	326,055.08			(1,303.57)		303,996.42	324,924.58	173.07	0.00
FNMA	2007B Single Family	5.25	1/16/2008	12/1/2037	1,592,740.49	1,766,969.99			(119,935.13)		1,472,805.36	1,643,104.81	(3,930.05)	0.00
FNMA	2007B Single Family	5.25	1/30/2008	12/1/2037	247,929.48	271,985.21			(1,427.96)		246,501.52	272,014.20	1,456.95	0.00
FNMA	2007B Single Family	6.00	1/30/2008	1/1/2038	363,053.97	387,712.87			(1,925.74)		361,128.23	385,966.79	179.66	0.00
FNMA	2007B Single Family	5.25	1/30/2008	1/1/2038	242,601.62	265,833.37			(1,024.77)		241,576.85	266,212.96	1,404.36	0.00
FNMA	2007B Single Family	6.00	1/30/2008	1/1/2038	130,298.82	138,988.77			(575.09)		129,723.73	138,485.55	71.87	0.00
FNMA	2007B Single Family	5.25	1/30/2008	1/1/2038	170,496.91	186,884.03			(732.07)		169,764.84	187,139.17	987.21	0.00
FNMA	2007B Single Family	6.00	2/13/2008	11/1/2037	260,336.33	277,700.67			(1,440.01)		258,896.32	276,420.43	159.77	

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Investment	Current Interest	Current Purchase	Current Maturity	Beginning Carrying Value	Beginning Market Value	Accretions/Purchases	Amortizations/Sales	Ending Carrying Value	Ending Market Value	Change In Market Value	Recognized Gain
Type	Rate	Date	Date	05/31/12	05/31/12			8/31/12	8/31/12		
GNMA	2002 A-D SF MRB	4.49	9/22/2005	9/20/2035	13,816.18	15,263.02	(311.06)	13,505.12	14,916.25	(35.71)	0.00
GNMA	2002 A-D SF MRB	4.49	7/21/2005	7/20/2035	13,985.35	15,462.30	(79.87)	13,905.48	15,447.41	64.98	0.00
GNMA	2002 A-D SF MRB	4.49	7/28/2005	7/20/2035	7,403.32	8,178.58	(47.26)	7,356.06	8,128.00	(7.54)	0.00
GNMA	2002 A-D SF MRB	4.49	8/4/2005	8/20/2035	3,648.70	4,030.08	(20.63)	3,628.07	4,026.44	16.99	0.00
GNMA	2002 A-D SF MRB	4.49	8/11/2005	7/20/2035	26,412.75	29,202.46	(151.48)	26,261.27	29,173.61	122.63	0.00
GNMA	2002 A-D SF MRB	4.49	8/18/2005	8/20/2035	57,653.14	63,843.04	(406.10)	57,247.04	63,695.59	258.65	0.00
GNMA	2002 A-D SF MRB	4.49	8/30/2005	8/20/2035	90,184.06	99,711.30	(13,132.73)	77,051.33	85,597.95	(980.62)	0.00
GNMA	2002 A-D SF MRB	4.49	9/29/2005	7/20/2035	4,792.39	5,298.75	(27.86)	4,764.53	5,293.10	22.21	0.00
GNMA	2002 A-D SF MRB	4.49	10/13/2005	9/20/2035	8,611.87	9,514.26	(3,847.21)	4,764.66	5,261.90	(405.15)	0.00
GNMA	2002 A-D SF MRB	4.49	10/27/2005	10/20/2035	59,184.61	65,440.39	(342.43)	58,842.18	65,372.41	274.45	0.00
GNMA	2002 A-D SF MRB	4.49	11/1/2005	11/20/2035	9,518.20	10,524.39	(54.90)	9,463.30	10,513.66	44.17	0.00
FNMA	2002 A-D SF MRB	4.49	12/23/2004	12/1/2034	10,933.20	11,850.72	(76.68)	10,856.52	11,860.50	86.46	0.00
FNMA	2002 A-D SF MRB	4.49	1/19/2005	1/1/2035	4,565.79	4,943.96	(28.09)	4,537.70	4,951.35	35.48	0.00
FNMA	2002 A-D SF MRB	4.49	1/27/2005	1/1/2035	9,991.10	10,823.36	(71.35)	9,919.75	10,830.76	78.75	0.00
FNMA	2002 A-D SF MRB	4.49	3/14/2005	12/1/2034	11,952.33	12,940.35	(6,086.83)	5,865.50	6,400.32	(453.20)	0.00
FNMA	2002 A-D SF MRB	4.49	4/7/2005	2/1/2035	5,800.15	6,282.80	(69.49)	5,730.66	6,251.49	38.18	0.00
FNMA	2002 A-D SF MRB	4.49	7/28/2005	7/1/2035	14,730.33	16,063.24	(117.80)	14,612.53	16,157.50	212.06	0.00
FNMA	2002 A-D SF MRB	4.49	9/8/2005	8/1/2035	10,246.18	11,084.27	(74.23)	10,171.95	11,093.27	83.23	0.00
FNMA	2002 A-D SF MRB	4.49	10/20/2005	9/1/2035	4,469.55	4,828.33	(25.79)	4,443.76	4,839.13	38.59	0.00
FNMA	2002 A-D SF MRB	4.49	11/1/2005	10/1/2035	8,532.84	9,248.12	(64.72)	8,468.12	9,248.66	65.26	0.00
GNMA	2002 A-D SF MRB	5.40	7/1/2004	6/20/2034	7,047.91	7,914.48	(39.83)	7,008.08	7,902.42	27.77	0.00
GNMA	2002 A-D SF MRB	5.40	6/1/2004	6/20/2034	5,294.30	5,945.15	(31.33)	5,262.97	5,934.51	20.69	0.00
GNMA	2002 A-D SF MRB	5.40	9/1/2004	9/20/2034	12,857.70	14,439.56	(72.15)	12,785.55	14,418.14	50.73	0.00
GNMA	2002 A-D SF MRB	5.40	9/1/2004	9/20/2034	10,403.66	11,663.85	(56.36)	10,347.30	11,652.22	44.73	0.00
GNMA	2002 A-D SF MRB	5.40	7/1/2004	7/20/2034	2,173.26	2,440.59	(12.48)	2,160.78	2,436.65	8.54	0.00
GNMA	2002 A-D SF MRB	5.40	7/1/2004	7/20/2034	3,753.32	4,214.87	(20.96)	3,732.36	4,208.71	14.80	0.00
GNMA	2002 A-D SF MRB	5.40	8/1/2004	8/20/2034	1,890.54	2,119.49	(11.22)	1,879.32	2,116.28	8.01	0.00
GNMA	2002 A-D SF MRB	5.40	8/1/2004	8/20/2034	11,830.53	13,285.68	(65.07)	11,765.46	13,267.47	46.86	0.00
GNMA	2002 A-D SF MRB	5.40	8/1/2004	8/20/2034	2,102.78	2,362.10	(15.64)	2,087.14	2,353.61	7.15	0.00
GNMA	2002 A-D SF MRB	5.40	10/14/2004	10/20/2034	5,766.09	6,449.76	(31.75)	5,734.34	6,436.59	18.58	0.00
Repo Agmt	2002 A-D SF MRB	0.15	8/31/2012	9/4/2012	0.07	0.07	0.54	0.61	0.61	-	0.00
Repo Agmt	2002 A-D SF MRB	0.15	8/31/2012	9/4/2012	0.14	0.14	0.00	0.14	0.14	-	0.00
Repo Agmt	2002 A-D SF MRB	0.15	8/31/2012	9/4/2012	2,137.92	2,137.92	0.78	2,138.70	2,138.70	-	0.00
Repo Agmt	2002 A-D SF MRB	0.15	8/31/2012	9/4/2012	257,475.68	257,475.68	(78,215.78)	179,259.90	179,259.90	-	0.00
GIC's	2002 A-D SF MRB	5.01	6/26/2002	3/1/2034	1,848,769.92	1,848,769.92	(1,619,824.28)	228,945.64	228,945.64	-	0.00
GNMA	2002 A-D SF MRB	5.40	8/29/2002	8/20/2032	57,956.32	65,225.36	(621.49)	57,334.83	64,775.67	171.80	0.00
GNMA	2002 A-D SF MRB	6.15	11/12/2002	11/20/2032	44,865.87	51,167.42	(263.26)	44,602.61	51,087.48	183.32	0.00
GNMA	2002 A-D SF MRB	5.40	11/12/2002	10/20/2032	165,675.16	185,997.60	(1,272.93)	164,402.23	185,283.10	558.43	0.00
GNMA	2002 A-D SF MRB	6.15	9/12/2002	8/20/2032	56,860.70	64,878.30	(344.78)	56,515.92	64,799.85	266.33	0.00
GNMA	2002 A-D SF MRB	5.40	9/19/2002	9/20/2032	97,938.95	109,948.05	(643.37)	97,295.58	109,648.66	343.98	0.00
GNMA	2002 A-D SF MRB	6.15	9/26/2002	9/20/2032	160,249.73	182,950.46	(1,185.24)	159,064.49	182,483.74	718.52	0.00
GNMA	2002 A-D SF MRB	5.40	9/26/2002	9/20/2032	200,565.38	225,411.60	(1,521.34)	199,044.04	224,566.88	676.62	0.00
GNMA	2002 A-D SF MRB	6.15	10/10/2002	9/20/2032	101,835.58	116,197.79	(776.28)	101,059.30	115,875.22	453.71	0.00
GNMA	2002 A-D SF MRB	5.40	10/10/2002	9/20/2032	62,861.00	70,266.39	(398.31)	62,462.69	70,168.70	300.62	0.00
GNMA	2002 A-D SF MRB	6.15	10/21/2002	10/20/2032	140,854.81	160,146.92	(2,199.44)	138,655.37	158,244.52	297.04	0.00
GNMA	2002 A-D SF MRB	6.15	10/29/2002	10/20/2032	46,371.38	52,912.41	(273.40)	46,097.98	52,857.41	218.40	0.00
GNMA	2002 A-D SF MRB	5.40	10/29/2002	9/20/2032	46,530.70	52,427.62	(557.15)	45,973.55	52,000.12	129.65	0.00
GNMA	2002 A-D SF MRB	5.40	11/5/2002	9/20/2032	121,739.12	136,823.63	(1,035.34)	120,703.78	136,184.62	396.33	0.00
GNMA	2002 A-D SF MRB	6.15	11/19/2002	11/20/2032	73,761.86	84,122.25	(420.00)	73,341.86	84,005.48	303.23	0.00
GNMA	2002 A-D SF MRB	5.40	11/19/2002	11/20/2032	88,839.10	99,625.96	(596.74)	88,242.36	99,451.35	422.13	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/2002	11/20/2032	271,840.00	310,192.88	(1,751.17)	270,088.83	309,699.88	1,258.17	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/2002	11/20/2032	75,672.74	85,051.80	(698.91)	74,973.83	84,592.14	239.25	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/2002	11/20/2032	45,116.50	51,510.43	(294.32)	44,822.18	51,424.20	208.09	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/2002	11/20/2032	45,569.41	51,217.43	(629.75)	44,939.66	50,704.97	117.29	0.00
GNMA	2002 A-D SF MRB	5.40	12/12/2002	12/20/2032	92,112.70	103,531.22	(691.23)	91,421.47	103,151.77	311.78	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/2002	12/20/2032	56,327.71	64,276.66	(360.63)	55,967.08	64,177.06	261.03	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/2002	12/20/2032	184,091.20	206,450.58	(1,155.07)	182,936.13	206,180.59	885.08	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/2002	12/20/2032	107,110.36	122,158.83	(693.79)	106,416.57	121,893.17	428.13	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/2002	12/20/2032	90,997.59	102,049.93	(564.49)	90,433.10	101,923.76	438.32	0.00
GNMA	2002 A-D SF MRB	6.15	1/23/2003	1/20/2033	352,371.80	402,108.03	(2,562.38)	349,809.42	401,133.60	1,587.95	0.00
GNMA	2002 A-D SF MRB	5.40	1/23/2003	1/20/2033	88,740.20	99,520.84	(550.67)	88,189.53	99,397.60	427.43	0.00
GNMA	2002 A-D SF MRB	6.15	1/23/2003	1/20/2033	94,537.49	107,941.18	(633.02)	93,904.47	107,741.77	433.61	0.00
GNMA	2002 A-D SF MRB	6.15	1/30/2003	1/20/2033	92,589.99	105,717.95	(703.86)	91,886.13	105,426.40	412.31	0.00
GNMA	2002 A-D SF MRB	5.40	1/30/2003	1/20/2033	204,097.72	229,150.34	(1,637.80)	202,459.92	228,191.54	679.00	0.00
GNMA	2002 A-D SF MRB	6.15	2/12/2003	2/20/2033	167,267.60	190,987.04	(1,531.27)	165,736.33	190,162.35	706.58	0.00
GNMA	2002 A-D SF MRB	6.15	2/20/2003	2/20/2033	154,048.15	175,796.02	(926.86)	153,121.29	175,591.91	722.75	0.00
GNMA	2002 A-D SF MRB	5.40	3/3/2003	3/20/2033	105,572.53	118,402.84	(641.69)	104,930.84	118,271.35	510.20	0.00
GNMA	2002 A-D SF MRB	6.15	2/27/2003	2/20/2033	303,243.70	345,866.85	(1,704.62)	301,539.08	345,412.04	1,249.81	0.00
GNMA	2002 A-D SF MRB	6.15	3/12/2003	2/20/2033	232,906.14	265,644.95	(51,804.14)	181,102.00	207,453.41	(6,387.40)	0.00
GNMA	2002 A-D SF MRB	6.15	3/24/2003	3/20/2033	140,970.80	160,877.00	(836.08)	140,134.72	160,703.93	663.01	0.00
GNMA	2002 A-D SF MRB	6.15	4/2/2003	4/20/2033	40,765.08	46,496.60	(223.60)	40,541.48	46,441.82	168.82	0.00
GNMA	2002 A-D SF MRB	6.15	4/10/2003	3/20/2033	131,584.72	150,084.92	(86,449.06)	45,135.86	51,704.47	(11,931.39)	0.00
GNMA	2002 A-D SF MRB	6.15	4/24/2003	4/20/2033	102,265.44	116,645.50	(565.15)	101,700.29	116,503.36	423.01	0.00

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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2005 SF	4.49	12/12/2006	10/20/2036	229,888.68	253,885.54			(1,208.28)		228,680.40	253,756.71	1,079.45	0.00
GNMA	2005 SF	4.49	1/16/2007	12/20/2036	104,501.61	115,414.89			(540.55)		103,961.06	115,365.98	491.64	0.00
GNMA	2005 SF	4.49	1/30/2007	12/20/2036	120,434.75	131,919.33			(627.93)		119,806.82	131,869.31	577.91	0.00
GNMA	2005 SF	4.49	2/13/2007	1/20/2037	287,478.59	318,518.74			(1,678.11)		285,800.48	318,225.74	1,385.11	0.00
GNMA	2005 SF	4.49	2/20/2007	2/20/2037	209,257.50	231,857.41			(1,124.84)		208,132.66	231,750.44	1,017.87	0.00
GNMA	2005 SF	4.49	3/20/2007	1/20/2037	57,355.55	63,349.07			(295.72)		57,059.83	63,323.29	269.94	0.00
GNMA	2005 SF	4.49	4/24/2007	3/20/2037	259,841.90	287,007.12			(1,306.61)		258,535.29	286,927.07	1,226.56	0.00
GNMA	2005 SF	4.49	4/10/2007	2/20/2037	249,095.37	275,132.08			(1,274.20)		247,821.17	275,031.33	1,173.45	0.00
GNMA	2005 SF	4.49	5/22/2007	4/20/2037	130,728.54	144,744.44			(653.46)		130,075.08	143,960.88	(130.10)	0.00
GNMA	2005 SF	4.49	6/5/2007	5/20/2037	299,879.25	331,245.89			(1,505.61)		298,373.64	331,156.08	1,415.80	0.00
GNMA	2005 SF	4.49	7/3/2007	6/20/2037	109,870.10	121,365.91			(542.68)		109,327.42	121,342.94	519.71	0.00
GNMA	2005 SF	4.49	11/21/2007	9/20/2037	220,603.53	243,719.86			(1,069.37)		219,534.16	243,695.46	1,044.97	0.00
GNMA	2005 SF	4.49	9/25/2007	4/20/2037	102,792.70	113,944.23			(824.17)		101,968.53	113,745.14	625.08	0.00
GNMA	2005 SF	4.49	12/11/2007	8/20/2037	128,800.00	142,298.38			(628.05)		128,171.95	142,280.05	609.72	0.00
GNMA	2005 SF	4.49	1/30/2008	1/20/2038	189,937.31	209,858.23			(902.06)		189,035.25	209,858.16	901.99	0.00
GNMA	2005 SF	4.49	1/30/2008	1/20/2038	112,731.63	124,913.89			(533.98)		112,197.65	124,267.58	(112.33)	0.00
GNMA	2005 SF	4.49	3/26/2008	3/20/2038	343,207.84	379,227.79			(1,624.84)		341,583.00	379,233.34	1,630.39	0.00
FNMA	2005 SF	4.49	10/20/2005	10/1/2035	64,715.62	70,086.33			(486.38)		64,229.24	70,117.61	517.66	0.00
FNMA	2005 SF	4.49	12/15/2005	12/1/2035	141,251.14	153,003.00			(1,376.27)		139,874.87	152,714.86	1,088.13	0.00
FNMA	2005 SF	4.49	1/5/2006	12/1/2035	310,077.26	335,582.11			(2,264.82)		307,812.44	335,827.01	2,509.72	0.00
FNMA	2005 SF	4.49	2/9/2006	2/1/2036	137,010.22	147,908.28			(1,908.15)		135,102.07	146,969.30	969.17	0.00
FNMA	2005 SF	4.49	2/23/2006	1/1/2036	221,312.41	239,187.64			(1,263.33)		220,049.08	239,736.39	1,812.08	0.00
FNMA	2005 SF	4.49	3/16/2006	3/1/2036	335,868.70	366,370.26			(2,895.94)		332,972.76	368,287.15	4,812.83	0.00
FNMA	2005 SF	4.49	4/6/2006	3/1/2036	242,301.47	261,514.96			(1,353.65)		240,947.82	262,142.66	1,981.35	0.00
FNMA	2005 SF	4.49	4/20/2006	4/1/2036	254,618.59	274,810.98			(1,395.89)		253,222.70	275,499.51	2,084.42	0.00
FNMA	2005 SF	4.49	5/11/2006	4/1/2036	181,505.85	196,636.08			(129,902.44)		51,603.41	56,349.80	(10,383.84)	0.00
FNMA	2005 SF	4.49	6/8/2006	4/1/2036	124,144.72	134,123.25			(701.56)		123,443.16	134,439.13	1,017.44	0.00
FNMA	2005 SF	4.49	6/27/2006	6/1/2036	152,100.86	164,105.68			(825.68)		151,275.18	164,524.72	1,244.72	0.00
FNMA	2005 SF	4.49	7/13/2006	6/1/2036	318,121.66	347,029.65			(2,275.02)		315,846.64	349,362.92	4,608.29	0.00
FNMA	2005 SF	4.49	7/19/2006	7/1/2036	286,909.11	309,617.74			(1,603.27)		285,305.84	310,358.06	2,343.59	0.00
FNMA	2005 SF	4.49	8/2/2006	7/1/2036	324,388.11	349,931.42			(1,750.16)		322,637.95	350,833.99	2,652.73	0.00
FNMA	2005 SF	4.49	8/9/2006	7/1/2036	113,828.17	122,768.76			(609.24)		113,218.93	123,089.78	930.26	0.00
FNMA	2005 SF	4.49	9/12/2006	8/1/2036	254,679.02	274,789.32			(1,376.71)		253,302.31	275,497.06	2,084.45	0.00
FNMA	2005 SF	4.49	10/17/2006	9/1/2036	185,496.37	201,135.80			(1,234.08)		184,262.29	201,376.60	1,474.88	0.00
FNMA	2005 SF	4.49	11/14/2006	10/1/2036	319,181.58	346,141.51			(2,489.92)		316,691.66	346,151.84	2,500.25	0.00
FNMA	2005 SF	4.49	11/21/2006	10/1/2036	215,505.50	233,616.02			(10,417.57)		205,087.93	223,831.23	632.78	0.00
FNMA	2005 SF	4.49	12/12/2006	11/1/2036	281,250.47	303,824.47			(1,577.56)		279,672.91	304,550.56	2,303.65	0.00
FNMA	2005 SF	4.49	1/30/2007	11/1/2036	47,269.10	51,256.72			(325.86)		46,943.24	51,305.60	374.74	0.00
FNMA	2005 SF	4.49	2/13/2007	1/1/2037	53,249.32	57,493.16			(278.20)		52,971.12	57,657.82	442.86	0.00
FNMA	2005 SF	4.49	3/20/2007	2/1/2037	149,384.95	161,101.79			(782.41)		148,602.54	161,546.43	1,227.05	0.00
FNMA	2005 SF	4.49	4/10/2007	1/1/2037	195,232.65	211,040.60			(1,130.29)		194,102.36	211,507.52	1,597.21	0.00
FNMA	2005 SF	4.49	4/24/2007	4/1/2037	342,716.22	369,503.63			(1,743.88)		340,972.34	370,586.63	2,826.88	0.00
FNMA	2005 SF	4.49	5/22/2007	4/1/2037	207,919.01	224,160.16			(1,050.82)		206,868.19	224,827.12	1,717.78	0.00
FNMA	2005 SF	4.49	6/5/2007	5/1/2037	244,337.75	263,425.76			(1,235.12)		243,102.63	264,209.29	2,018.65	0.00
FNMA	2005 SF	4.49	7/3/2007	6/1/2037	494,304.88	539,311.10			(2,504.00)		491,800.88	544,077.73	7,270.63	0.00
FNMA	2005 SF	4.49	9/25/2007	9/1/2037	333,628.96	361,180.94			(1,644.27)		331,984.69	362,296.42	2,759.75	0.00
FNMA	2005 SF	4.49	11/8/2007	9/1/2037	322,975.42	353,907.18			(1,966.80)		321,008.62	356,652.52	4,712.14	0.00
FNMA	2005 SF	4.49	11/21/2007	9/1/2037	134,408.74	145,510.98			(653.97)		133,754.77	145,965.60	1,108.59	0.00
FNMA	2005 SF	4.49	12/11/2007	11/1/2037	298,728.92	323,438.98			(1,628.33)		297,100.59	324,264.42	2,453.77	0.00
FNMA	2005 SF	4.49	3/26/2008	2/1/2038	457,449.58	501,325.76			(2,662.37)		454,787.21	505,351.20	6,687.81	0.00
2005 SF Total					67,761,286.81	74,491,089.50	4,719,309.23	(2,476,513.37)	(1,484,370.95)	0.00	68,519,711.72	75,465,027.28	215,512.87	0.00
Total Single Family Investment Summary					760,635,338.90	841,246,895.75	36,662,438.54	(19,346,804.20)	(23,909,468.96)	0.00	754,041,504.28	835,199,886.43	546,825.30	0.00

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	1998 A/B RMRB	5.75	9/14/2010	5/20/2040	1,651.32	1,853.02		(5.38)			1,645.94	1,865.30	17.66	0.00
GNMA	1998 A/B RMRB	5.75	6/22/2010	6/20/2040	23,972.58	26,974.44		(2,312.28)			21,660.30	24,579.11	(83.05)	0.00
GNMA	1998 A/B RMRB	5.75	6/22/2010	5/20/2040	11,655.32	13,114.82		(3,766.31)			7,889.01	8,939.67	(408.84)	0.00
GNMA	1998 A/B RMRB	5.75	6/22/2010	5/20/2040	3,798.47	4,262.12		(1,790.84)			2,007.63	2,275.02	(196.26)	0.00
GNMA	1998 A/B RMRB	5.75	6/29/2010	6/20/2040	26,724.08	30,070.69		(2,519.53)			24,204.55	27,466.40	(84.76)	0.00
GNMA	1998 A/B RMRB	5.75	6/29/2010	6/20/2040	11,304.47	12,720.11		(4,149.58)			7,154.89	8,107.83	(462.70)	0.00
GNMA	1998 A/B RMRB	5.75	6/29/2010	6/20/2040	3,043.67	3,415.18		(9.80)			3,033.87	3,437.94	32.56	0.00
GNMA	1998 A/B RMRB	5.75	6/29/2010	5/20/2040	2,782.63	3,122.29		(9.45)			2,773.18	3,142.53	29.69	0.00
GNMA	1998 A/B RMRB	5.75	6/29/2010	6/20/2040	10,279.08	11,566.32		(33.14)			10,245.94	11,626.70	93.52	0.00
GNMA	1998 A/B RMRB	5.75	7/20/2010	6/20/2040	24,229.06	27,263.75		(80.79)			24,148.27	27,403.05	220.09	0.00
GNMA	1998 A/B RMRB	5.75	9/21/2010	9/20/2040	39,591.26	44,552.89		(1,559.85)			38,031.41	43,160.19	167.15	0.00
GNMA	1998 A/B RMRB	5.75	9/21/2010	9/20/2040	24,206.39	27,239.95		(4,650.83)			19,555.56	22,192.74	(396.38)	0.00
GNMA	1998 A/B RMRB	5.75	9/29/2010	7/20/2040	1,279.77	1,435.51		(4.09)			1,275.68	1,443.07	11.65	0.00
GNMA	1998 A/B RMRB	5.75	9/29/2010	9/20/2040	18,279.80	20,570.81		(5,622.62)			12,657.18	14,364.19	(584.00)	0.00
GNMA	1998 A/B RMRB				1,689.81	1,895.79		(1,689.81)					(205.98)	0.00
GNMA	1998 A/B RMRB				950.69	1,066.77		(950.69)					(116.08)	0.00
GNMA	1998 A/B RMRB				1,345.42	1,509.63		(1,345.42)					(164.21)	0.00
GNMA	1998 A/B RMRB	5.75	10/28/2010	9/20/2040	279,004.71	310,799.59		(31,562.88)			247,441.83	278,000.40	(1,236.31)	0.00
GNMA	1998 A/B RMRB	5.75	12/21/2010	9/15/2040	148,476.42	165,782.56		(497.99)			147,978.43	165,853.95	569.38	0.00
	1998 A/B RMRB Total				3,959,521.76	4,343,582.36	2,860,330.64	(320,112.56)	(24,758.31)	(1,883,468.52)	4,591,513.01	4,735,114.65	(240,458.96)	15,690.75
Repo Agmt	2000 BCDE RMRB	0.15	8/31/2012	9/4/2012	3.11	3.11	0.00				3.11	3.11	-	0.00
Repo Agmt	2000 BCDE RMRB	0.15	8/31/2012	9/4/2012	0.04	0.04	0.00				0.04	0.04	-	0.00
	2000 BCDE RMRB Total				3.15	3.15	0.00	0.00	0.00	0.00	3.15	3.15	0.00	0.00
Repo Agmt	2001 A-E RMRB	0.15	8/31/2012	9/4/2012	5,045.65	5,045.65	1.47				5,047.12	5,047.12	-	0.00
Repo Agmt	2001 A-E RMRB	0.15	8/31/2012	9/4/2012	144,065.89	144,065.89	11,374.48				155,440.37	155,440.37	-	0.00
GNMA	2001 A-E RMRB				38,710.73	41,259.15			(1,668.36)	(37,042.37)			(2,548.42)	0.00
GNMA	2001 A-E RMRB				21,088.94	21,460.28			(508.95)	(20,579.99)			(371.34)	0.00
GNMA	2001 A-E RMRB				42,664.99	45,027.20			(1,325.45)	(41,339.54)			(2,362.21)	0.00
GNMA	2001 A-E RMRB				6,694.29	6,717.66			(401.91)	(6,292.38)			(23.37)	0.00
GNMA	2001 A-E RMRB				15,758.84	16,631.30			(467.53)	(15,291.31)			(872.46)	0.00
GNMA	2001 A-E RMRB				12,022.71	12,067.41			(369.97)	(11,652.74)			(44.70)	0.00
GNMA	2001 A-E RMRB				23,458.66	24,757.90			(1,892.04)	(21,566.62)			(1,299.24)	0.00
GNMA	2001 A-E RMRB				23,795.29	24,207.76			(697.98)	(23,097.31)			(412.47)	0.00
GNMA	2001 A-E RMRB				66,328.00	71,162.82			(10,484.98)	(55,843.02)			(4,834.82)	0.00
GNMA	2001 A-E RMRB				48,874.99	51,765.37			(2,224.25)	(46,650.74)			(2,890.38)	0.00
GNMA	2001 A-E RMRB				27,707.12	29,728.87			(864.47)	(26,842.65)			(2,019.75)	0.00
GNMA	2001 A-E RMRB				23,386.41	23,760.85			(9,563.58)	(13,822.83)			(374.44)	0.00
GNMA	2001 A-E RMRB				40,055.55	42,975.45			(1,280.29)	(38,775.26)			(2,919.90)	0.00
GNMA	2001 A-E RMRB				37,232.41	39,759.13			(1,125.55)	(36,106.86)			(2,526.72)	0.00
GNMA	2001 A-E RMRB				16,000.85	17,167.29			(463.84)	(15,537.01)			(1,166.44)	0.00
GNMA	2001 A-E RMRB				27,266.82	27,755.19			(792.22)	(26,474.60)			(488.37)	0.00
GNMA	2001 A-E RMRB				16,008.01	17,175.37			(7,940.16)	(6,167.85)			(1,167.36)	0.00
GNMA	2001 A-E RMRB				40,996.83	43,954.17			(1,174.59)	(39,822.04)			(2,957.54)	0.00
GNMA	2001 A-E RMRB				55,317.87	59,352.99			(1,925.83)	(53,392.04)			(4,035.12)	0.00
GNMA	2001 A-E RMRB				26,315.75	26,755.72			(949.22)	(25,366.53)			(439.97)	0.00
GNMA	2001 A-E RMRB				31,326.16	33,611.26			(1,461.63)	(29,864.53)			(2,285.10)	0.00
GNMA	2001 A-E RMRB				112,758.55	120,895.55			(3,549.07)	(109,209.48)			(8,137.00)	0.00
GNMA	2001 A-E RMRB				15,497.59	16,628.38			(452.72)	(15,044.87)			(1,130.79)	0.00
GNMA	2001 A-E RMRB				13,991.96	14,045.60			(393.49)	(13,598.47)			(53.64)	0.00
GNMA	2001 A-E RMRB				31,351.86	33,639.60			(1,046.95)	(30,304.91)			(2,287.74)	0.00
GNMA	2001 A-E RMRB				143,854.31	153,933.95			(4,370.10)	(139,484.21)			(10,079.64)	0.00
GNMA	2001 A-E RMRB				16,568.26	17,777.66			(465.79)	(16,102.47)			(1,209.40)	0.00
GNMA	2001 A-E RMRB				21,960.29	22,340.91			(620.03)	(21,340.26)			(380.62)	0.00
GNMA	2001 A-E RMRB				18,181.62	19,508.78			(554.04)	(17,627.58)			(1,327.16)	0.00
GNMA	2001 A-E RMRB				71,743.64	77,224.06			(2,225.58)	(69,518.06)			(5,480.42)	0.00
GNMA	2001 A-E RMRB				20,505.97	21,281.02			(625.86)	(19,880.11)			(775.05)	0.00
GNMA	2001 A-E RMRB				10,262.52	11,011.95			(412.95)	(9,849.57)			(749.43)	0.00
GNMA	2001 A-E RMRB				11,632.43	12,481.94			(384.54)	(11,247.89)			(849.51)	0.00
GNMA	2001 A-E RMRB				29,211.60	29,749.40			(832.86)	(28,378.74)			(537.80)	0.00
GNMA	2001 A-E RMRB				23,444.85	25,157.43			(652.42)	(22,792.43)			(1,712.58)	0.00
GNMA	2001 A-E RMRB				36,311.82	37,798.36			(931.47)	(35,380.35)			(1,486.54)	0.00
GNMA	2001 A-E RMRB				16,996.67	17,639.95			(412.98)	(16,583.69)			(643.28)	0.00
GNMA	2001 A-E RMRB				30,714.07	31,363.47			(779.05)	(29,935.02)			(649.40)	0.00
GNMA	2001 A-E RMRB				43,724.42	45,380.30			(1,407.40)	(42,317.02)			(1,655.88)	0.00
GNMA	2001 A-E RMRB				34,714.90	37,251.62			(840.90)	(33,874.00)			(2,536.72)	0.00
GNMA	2001 A-E RMRB				71,102.38	76,242.34			(3,192.72)	(67,909.66)			(5,139.96)	0.00
GNMA	2001 A-E RMRB				3,921.19	4,207.70			(88.08)	(3,833.11)			(286.51)	0.00
GNMA	2001 A-E RMRB				30,257.54	30,846.90			(713.94)	(29,543.80)			(589.36)	0.00
GNMA	2001 A-E RMRB				31,195.08	32,377.23			(827.99)	(30,367.09)			(1,182.15)	0.00
GNMA	2001 A-E RMRB				2,793.42	2,997.57			(310.36)	(2,483.06)			(204.15)	0.00
GNMA	2001 A-E RMRB				70,478.59	76,159.45			(1,883.05)	(68,595.54)			(5,680.86)	0.00

Texas Department of Housing and Community Affairs
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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB				41,531.21	43,573.66			(940.27)	(40,590.94)			(2,042.45)	0.00
GNMA	2001 A-E RMRB				118,055.72	127,813.17			(3,192.03)	(114,863.69)			(9,757.45)	0.00
GNMA	2001 A-E RMRB				23,508.49	25,227.53			(493.23)	(23,015.26)			(1,719.04)	0.00
GNMA	2001 A-E RMRB				33,246.87	34,296.27			(801.21)	(32,445.66)			(1,049.40)	0.00
GNMA	2001 A-E RMRB				9,197.46	9,234.80			(202.58)	(8,994.88)			(37.34)	0.00
GNMA	2001 A-E RMRB				37,116.94	38,943.35			(1,267.70)	(35,849.24)			(1,826.41)	0.00
GNMA	2001 A-E RMRB				13,431.34	13,484.20			(514.83)	(12,916.51)			(52.86)	0.00
GNMA	2001 A-E RMRB				19,647.08	19,998.12			(459.79)	(19,187.29)			(351.04)	0.00
GNMA	2001 A-E RMRB				24,675.53	25,141.27			(494.10)	(24,181.43)			(465.74)	0.00
GNMA	2001 A-E RMRB				67,846.92	77,621.38			(442.87)	(67,404.05)			(9,774.46)	0.00
GNMA	2001 A-E RMRB				41,390.52	44,900.99			(972.20)	(40,418.32)			(3,510.47)	0.00
GNMA	2001 A-E RMRB				81,841.46	88,880.72			(1,689.29)	(80,152.17)			(7,039.26)	0.00
GNMA	2001 A-E RMRB				91,645.94	96,166.27			(7,238.69)	(84,407.25)			(4,520.33)	0.00
GNMA	2001 A-E RMRB				17,217.04	18,698.68			(528.95)	(16,688.09)			(1,481.64)	0.00
GNMA	2001 A-E RMRB				90,553.66	96,134.73			(1,674.44)	(88,879.22)			(5,581.07)	0.00
GNMA	2001 A-E RMRB				7,759.06	7,793.51			(181.26)	(7,577.80)			(34.45)	0.00
GNMA	2001 A-E RMRB				119,493.43	131,455.91			(2,197.75)	(117,295.68)			(11,962.48)	0.00
GNMA	2001 A-E RMRB				72,844.67	73,170.23			(937.19)	(71,907.48)			(325.56)	0.00
GNMA	2001 A-E RMRB				4,398.28	4,932.80		(4,380.59)	(17.69)				(534.52)	714.51
GNMA	2001 A-E RMRB				12,278.95	13,786.94		(12,218.12)	(60.83)				(1,507.99)	1,993.06
GNMA	2001 A-E RMRB				9,923.06	11,090.65		(9,832.40)	(90.66)				(1,167.59)	1,257.43
GNMA	2001 A-E RMRB				44,850.57	50,021.88		(44,634.92)	(195.65)				(5,191.31)	5,708.85
GNMA	2001 A-E RMRB				22,501.99	25,294.22		(22,380.77)	(121.22)				(2,792.23)	3,651.26
GNMA	2001 A-E RMRB				8,433.72	9,410.28		(8,395.69)	(38.03)				(976.56)	1,073.77
GNMA	2001 A-E RMRB				10,085.46	11,253.44		(10,041.78)	(43.68)				(1,167.98)	1,284.46
GNMA	2001 A-E RMRB				6,348.99	7,120.92		(6,323.38)	(25.61)				(771.93)	1,031.67
GNMA	2001 A-E RMRB				8,577.03	9,570.27		(8,537.65)	(39.38)				(993.24)	1,092.01
GNMA	2001 A-E RMRB				25,265.86	28,338.05		(25,160.65)	(105.21)				(3,072.19)	4,105.34
GNMA	2001 A-E RMRB				13,677.56	15,340.77		(13,623.15)	(54.41)				(1,663.21)	2,222.92
GNMA	2001 A-E RMRB				12,586.32	14,067.77		(12,525.92)	(60.40)				(1,481.45)	1,602.39
GNMA	2001 A-E RMRB				22,205.87	24,934.17		(22,086.31)	(119.56)				(2,728.30)	3,604.00
GNMA	2001 A-E RMRB				5,350.88	6,008.38		(5,327.51)	(23.37)				(657.50)	869.37
GNMA	2001 A-E RMRB				6,269.99	6,996.34		(6,242.88)	(27.11)				(726.35)	798.74
GNMA	2001 A-E RMRB				10,216.98	11,459.55		(10,176.71)	(40.27)				(1,242.57)	1,660.75
GNMA	2001 A-E RMRB				5,233.97	5,870.58		(5,213.45)	(20.52)				(636.61)	850.88
GNMA	2001 A-E RMRB				9,419.13	10,510.52		(9,378.96)	(40.17)				(1,091.39)	1,200.21
GNMA	2001 A-E RMRB				6,668.85	7,479.96		(6,640.69)	(28.16)				(811.11)	1,083.81
GNMA	2001 A-E RMRB				5,994.68	6,689.21		(5,968.59)	(26.09)				(694.53)	763.79
GNMA	2001 A-E RMRB				4,583.41	5,140.96		(4,565.06)	(18.35)				(557.55)	745.08
GNMA	2001 A-E RMRB				13,159.50	14,776.80		(13,099.96)	(59.54)				(1,617.30)	2,138.15
GNMA	2001 A-E RMRB				13,859.04	15,545.00		(13,801.63)	(57.41)				(1,685.96)	2,252.74
GNMA	2001 A-E RMRB				12,809.87	14,294.32		(12,754.81)	(55.06)				(1,484.45)	1,632.40
GNMA	2001 A-E RMRB				45,010.27	50,310.90		(44,723.64)	(286.63)				(5,300.63)	5,724.11
GNMA	2001 A-E RMRB				14,433.01	16,189.01		(14,376.51)	(56.50)				(1,756.00)	2,346.86
GNMA	2001 A-E RMRB				35,152.27	39,226.31		(34,997.89)	(154.38)				(4,074.04)	4,479.81
GNMA	2001 A-E RMRB				6,231.28	6,995.37		(6,207.09)	(24.19)				(764.09)	1,013.29
GNMA	2001 A-E RMRB				24,323.00	27,313.17		(24,200.71)	(122.29)				(2,990.17)	3,950.84
GNMA	2001 A-E RMRB				9,764.02	10,895.68		(9,722.33)	(41.69)				(1,131.66)	1,244.50
GNMA	2001 A-E RMRB				9,148.34	10,270.26		(9,112.71)	(35.63)				(1,121.92)	1,487.83
GNMA	2001 A-E RMRB				16,618.88	18,545.01		(16,545.70)	(22.83)				(1,926.33)	2,118.13
GNMA	2001 A-E RMRB				5,681.78	6,373.23		(5,658.95)	(72.88)				(691.45)	923.96
GNMA	2001 A-E RMRB				11,489.08	12,821.04		(11,438.19)	(50.89)				(1,331.96)	1,464.51
GNMA	2001 A-E RMRB				4,769.13	5,355.56		(4,747.39)	(21.74)				(586.43)	775.18
GNMA	2001 A-E RMRB				23,471.94	26,329.08		(23,376.44)	(95.50)				(2,857.14)	3,817.46
GNMA	2001 A-E RMRB				18,796.31	20,975.86		(18,716.16)	(80.15)				(2,179.55)	2,396.82
GNMA	2001 A-E RMRB				6,709.45	7,493.80		(6,681.25)	(28.20)				(784.35)	855.62
GNMA	2001 A-E RMRB				28,846.25	32,357.82		(28,722.46)	(123.79)				(3,511.57)	4,690.68
GNMA	2001 A-E RMRB				19,637.73	21,915.02		(19,552.79)	(84.94)				(2,277.29)	2,504.09
GNMA	2001 A-E RMRB				4,262.32	4,781.22		(4,245.19)	(17.13)				(518.90)	693.34
GNMA	2001 A-E RMRB				15,013.12	16,737.28		(14,954.58)	(58.54)				(1,724.16)	2,442.73
GNMA	2001 A-E RMRB				107,307.50	119,754.53		(106,752.36)	(555.14)				(12,447.03)	13,674.96
GNMA	2001 A-E RMRB				9,744.19	10,863.34		(9,706.56)	(37.63)				(1,119.15)	1,585.60
GNMA	2001 A-E RMRB				84,092.40	93,847.43		(83,730.62)	(361.78)				(9,755.03)	10,726.74
GNMA	2001 A-E RMRB				96,709.91	107,929.93		(96,211.70)	(498.21)				(11,220.02)	12,327.00
GNMA	2001 A-E RMRB				5,342.08	6,014.52		(5,313.09)	(28.99)				(672.44)	867.97
GNMA	2001 A-E RMRB				20,982.04	23,416.42		(20,889.52)	(92.52)				(2,434.38)	2,676.54
GNMA	2001 A-E RMRB				46,893.28	52,334.64		(46,646.59)	(246.69)				(5,441.36)	5,977.43
GNMA	2001 A-E RMRB				4,552.87	5,111.66		(4,535.28)	(17.59)				(558.79)	740.98
GNMA	2001 A-E RMRB				29,387.98	32,853.50		(29,225.28)	(162.70)				(3,465.52)	3,745.15
GNMA	2001 A-E RMRB				9,384.82	10,539.54		(9,342.18)	(42.64)				(1,154.72)	1,526.19
GNMA	2001 A-E RMRB				4,991.61	5,599.69		(4,970.89)	(20.72)				(608.08)	812.23
GNMA	2001 A-E RMRB				12,002.79	13,407.06		(11,952.89)	(49.90)				(1,404.27)	1,531.81
GNMA	2001 A-E RMRB				5,576.56	6,261.23		(5,555.38)	(21.18)				(684.67)	907.76

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB				5,053.18	5,590.27		(5,032.46)	(20.72)				(537.09)	644.95
GNMA	2001 A-E RMRB				16,780.28	18,893.46		(16,640.65)	(139.63)				(2,113.18)	2,719.55
GNMA	2001 A-E RMRB				34,592.69	38,851.36		(34,413.28)	(179.41)				(4,258.67)	5,624.28
GNMA	2001 A-E RMRB				34,583.61	38,630.85		(34,436.29)	(147.32)				(4,047.24)	4,414.30
GNMA	2001 A-E RMRB				5,256.22	5,909.93		(5,190.08)	(66.14)				(653.71)	848.26
GNMA	2001 A-E RMRB				18,280.18	20,205.38		(18,192.72)	(87.46)				(1,925.20)	2,332.35
GNMA	2001 A-E RMRB				27,419.39	30,787.05		(27,313.31)	(106.08)				(3,367.66)	4,464.58
GNMA	2001 A-E RMRB				24,228.21	26,797.68		(24,124.56)	(103.65)				(2,569.47)	3,093.29
GNMA	2001 A-E RMRB				9,529.31	10,676.86		(9,492.47)	(36.84)				(1,147.55)	1,551.73
GNMA	2001 A-E RMRB				10,250.34	11,341.37		(10,209.06)	(41.28)				(1,091.03)	1,309.21
GNMA	2001 A-E RMRB				45,841.48	51,429.68		(45,650.43)	(191.05)				(5,588.20)	7,463.26
GNMA	2001 A-E RMRB				21,064.14	23,652.09		(20,985.38)	(78.76)				(2,587.95)	3,431.06
GNMA	2001 A-E RMRB				6,872.12	7,719.29		(6,839.50)	(32.62)				(847.17)	1,119.03
GNMA	2001 A-E RMRB				8,800.09	9,736.43		(8,763.86)	(36.23)				(936.34)	1,124.87
GNMA	2001 A-E RMRB				18,586.76	25,710.06		(18,543.30)	(43.46)				(7,123.30)	8,009.87
GNMA	2001 A-E RMRB				45,534.98	51,144.75			220.70	(45,755.68)			(5,609.77)	0.00
GNMA	2001 A-E RMRB				23,463.84	26,211.94		(23,367.25)	(96.59)				(2,748.10)	2,997.51
GNMA	2001 A-E RMRB				17,286.35	19,410.66		(17,219.65)	(66.70)				(2,124.31)	2,815.88
GNMA	2001 A-E RMRB				20,059.60	22,185.45		(19,962.51)	(97.09)				(2,125.85)	2,560.87
GNMA	2001 A-E RMRB				4,354.21	4,885.17		(4,332.86)	(21.35)				(630.96)	708.57
GNMA	2001 A-E RMRB				15,838.98	17,694.21		(15,773.48)	(65.50)				(1,855.23)	2,023.56
GNMA	2001 A-E RMRB				6,385.46	7,170.20		(6,362.06)	(23.40)				(784.74)	1,040.44
GNMA	2001 A-E RMRB				7,840.73	8,797.12		(7,785.98)	(54.75)				(956.39)	1,273.50
GNMA	2001 A-E RMRB				3,297.60	3,703.02		(3,285.62)	(11.98)				(405.42)	537.51
GNMA	2001 A-E RMRB				7,231.34	8,105.09		(7,205.33)	(26.01)				(873.75)	1,179.25
GNMA	2001 A-E RMRB				13,497.70	15,132.79		(13,442.59)	(55.11)				(1,635.09)	2,200.25
GNMA	2001 A-E RMRB				15,606.90	17,497.52		(15,551.65)	(55.25)				(1,890.62)	2,545.55
GNMA	2001 A-E RMRB				12,591.20	14,028.12		(12,542.20)	(49.00)				(1,436.92)	1,610.91
GNMA	2001 A-E RMRB				8,755.07	9,815.76		(8,724.22)	(30.85)				(1,060.69)	1,428.09
GNMA	2001 A-E RMRB				11,253.66	12,638.48		(11,212.91)	(40.75)				(1,384.82)	1,835.54
GNMA	2001 A-E RMRB				12,373.27	13,824.39		(12,324.02)	(49.25)				(1,451.12)	1,582.96
GNMA	2001 A-E RMRB				10,827.47	12,158.74			(10,827.47)				(1,331.27)	0.00
GNMA	2001 A-E RMRB				10,541.15	11,837.55		(10,503.27)	(37.88)				(1,296.40)	1,718.57
GNMA	2001 A-E RMRB				6,514.94	7,316.29		(6,490.94)	(24.00)				(801.35)	1,062.19
GNMA	2001 A-E RMRB				19,496.15	21,900.40		(19,404.90)	(91.25)				(2,404.25)	3,175.66
GNMA	2001 A-E RMRB				20,161.27	22,643.37		(20,086.04)	(75.23)				(2,482.10)	3,289.25
GNMA	2001 A-E RMRB				16,367.39	18,287.97		(16,302.54)	(64.85)				(1,920.58)	2,094.92
GNMA	2001 A-E RMRB				1,375.18	1,522.44		(1,335.87)	(39.31)				(147.26)	171.61
GNMA	2001 A-E RMRB				13,495.89	15,131.34		(13,447.68)	(48.21)				(1,635.45)	2,201.70
GNMA	2001 A-E RMRB				11,216.59	12,576.54		(11,177.36)	(39.23)				(1,359.95)	1,830.72
GNMA	2001 A-E RMRB				13,593.88	15,146.52		(13,542.34)	(51.54)				(1,552.64)	1,740.60
GNMA	2001 A-E RMRB				10,219.05	11,458.26		(10,184.02)	(35.03)				(1,239.21)	1,668.17
GNMA	2001 A-E RMRB				30,531.14	34,205.19		(30,424.99)	(106.15)				(3,674.05)	4,984.16
GNMA	2001 A-E RMRB				10,838.23	12,152.93		(10,800.64)	(37.59)				(1,314.70)	1,769.62
GNMA	2001 A-E RMRB				6,006.49	6,735.41		(5,985.13)	(21.36)				(728.92)	981.03
GNMA	2001 A-E RMRB				7,462.34	8,368.49		(7,436.63)	(25.71)				(906.15)	1,219.49
GNMA	2001 A-E RMRB				7,856.48	8,621.64		(7,826.93)	(29.55)				(765.16)	873.54
GNMA	2001 A-E RMRB				12,080.95	13,167.07		(12,029.71)	(51.24)				(1,086.12)	1,343.11
GNMA	2001 A-E RMRB				12,845.57	14,402.45		(12,741.13)	(104.44)				(1,556.88)	2,090.17
GNMA	2001 A-E RMRB				17,994.47	20,146.02		(17,935.14)	(59.33)				(2,151.55)	2,942.49
GNMA	2001 A-E RMRB				16,381.85	18,371.80		(16,327.48)	(54.37)				(1,989.95)	2,678.07
GNMA	2001 A-E RMRB				12,069.56	13,243.72		(12,023.85)	(45.71)				(1,174.16)	1,340.75
GNMA	2001 A-E RMRB				13,702.93	15,368.37		(13,623.27)	(79.66)				(1,665.44)	2,235.47
GNMA	2001 A-E RMRB				17,970.58	20,155.89		(17,879.27)	(91.31)				(2,185.31)	2,935.07
GNMA	2001 A-E RMRB				24,590.54	27,533.78		(24,510.30)	(80.24)				(2,943.24)	4,022.81
GNMA	2001 A-E RMRB				5,911.81	6,413.34		(5,887.55)	(24.26)				(601.53)	582.77
GNMA	2001 A-E RMRB				14,094.77	15,464.88		(14,042.49)	(52.28)				(1,370.11)	1,564.76
GNMA	2001 A-E RMRB				17,945.98	20,094.48		(17,887.91)	(58.07)				(2,148.50)	2,936.51
GNMA	2001 A-E RMRB				4,577.82	5,126.00		(4,563.35)	(14.47)				(548.18)	749.25
GNMA	2001 A-E RMRB				12,702.72	14,215.92		(12,662.85)	(39.87)				(1,513.20)	2,080.05
FNMA	2001 A-E RMRB				22,348.47	24,635.95			(22,348.47)				(2,287.48)	0.00
FNMA	2001 A-E RMRB				7,657.49	8,309.79			(7,657.49)				(652.30)	0.00
FNMA	2001 A-E RMRB				5,560.72	6,130.44			(5,560.72)				(569.72)	0.00
FNMA	2001 A-E RMRB				26,829.40	29,146.34			(26,829.40)				(2,316.94)	0.00
FNMA	2001 A-E RMRB				9,112.18	9,936.35			(9,112.18)				(824.17)	0.00
FNMA	2001 A-E RMRB				6,756.53	7,444.47			(6,756.53)				(687.94)	0.00
FNMA	2001 A-E RMRB				24,936.17	27,567.65			(24,936.17)				(2,631.48)	0.00
FNMA	2001 A-E RMRB				6,095.85	6,621.37			(6,095.85)				(525.52)	0.00
FNMA	2001 A-E RMRB				3,928.96	4,326.37			(3,928.96)				(397.41)	0.00
FNMA	2001 A-E RMRB				13,811.21	15,220.29			(13,811.21)				(1,409.08)	0.00
FNMA	2001 A-E RMRB				7,066.11	7,555.91			(7,066.11)				(489.80)	0.00
Repo Agmt	2001 A-E RMRB	0.15	8/31/2012	9/4/2012	0.06	0.06					0.06	0.06	-	0.00
Repo Agmt	2001 A-E RMRB	0.15	8/31/2012	9/4/2012	183.84	183.84	0.00				183.84	183.84	-	0.00

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change In Market Value	Recognized Gain
					Carrying Value 05/31/12	Market Value 05/31/12					Carrying Value 8/31/12	Market Value 8/31/12		
2001 A-E RMRB Total					4,671,476.47	5,068,413.54	11,375.95	(1,858,107.16)	(252,813.82)	(2,411,260.05)	160,671.39	160,671.39	(396,937.07)	274,141.18
GIC's	2002 RMRB				719,769.85	719,769.85		(719,769.85)					-	0.00
Repo Agmt	2002 RMRB	0.15	8/31/2012	9/4/2012	0.04	0.04	6.34				6.38	6.38	-	0.00
	FNMA	5.49	5/29/2003	4/1/2033			203,773.88				203,773.88	225,947.06	22,173.18	0.00
	FNMA	4.80	9/18/2003	7/1/2033			69,777.97				69,777.97	76,697.23	6,919.26	0.00
	FNMA	5.49	12/4/2003	11/1/2033			50,287.07				50,287.07	55,763.74	5,476.67	0.00
	FNMA	4.80	1/15/2004	11/1/2033			244,546.74				244,546.74	267,689.25	23,142.51	0.00
	FNMA	4.80	2/26/2004	1/1/2034			82,638.54				82,638.54	90,760.96	8,122.42	0.00
Repo Agmt	2002 RMRB	0.15	8/31/2012	9/4/2012	240,221.93	240,221.93		(232,138.19)			8,083.74	8,083.74	-	0.00
	FNMA	5.49	9/2/2004	8/1/2034			227,432.17				227,432.17	252,811.58	25,379.41	0.00
	FNMA	4.80	11/10/2004	10/1/2034			55,533.79				55,533.79	60,782.39	5,248.60	0.00
	FNMA	5.49	7/14/2005	5/1/2035			35,854.49				35,854.49	39,699.89	3,845.40	0.00
	FNMA	5.49	11/3/2005	10/1/2035			125,828.14				125,828.14	139,420.36	13,592.22	0.00
	FNMA	4.80	12/15/2005	10/1/2035			64,235.50				64,235.50	69,229.59	4,994.09	0.00
	FNMA	5.49	4/27/2006	3/1/2036			63,708.80				63,708.80	70,439.96	6,731.16	0.00
GIC's	2002 RMRB	4.20	12/18/2002	4/1/2034	354,231.27	354,231.27	2,520,408.95				2,874,640.22	2,874,640.22	-	0.00
GNMA	2002 RMRB				35,952.69	40,322.27		(35,808.10)	(144.59)				(4,369.58)	5,840.53
GNMA	2002 RMRB				100,372.12	112,698.75		(99,875.68)	(496.44)				(12,326.63)	16,291.89
GNMA	2002 RMRB				81,114.26	90,658.48		(80,373.17)	(741.09)				(9,544.22)	10,278.54
GNMA	2002 RMRB				366,459.43	408,894.47		(364,860.12)	(1,599.31)				(42,435.04)	46,665.98
GNMA	2002 RMRB				183,938.38	206,762.85		(182,947.41)	(990.97)				(22,824.47)	29,846.55
GNMA	2002 RMRB				68,939.85	76,922.58		(68,628.97)	(310.88)				(7,982.73)	8,777.33
GNMA	2002 RMRB				82,441.91	91,989.20		(82,084.94)	(356.97)				(9,547.29)	10,499.50
GNMA	2002 RMRB				51,898.80	58,208.64		(51,689.45)	(209.35)				(6,309.84)	8,433.19
GNMA	2002 RMRB				70,111.54	78,230.38		(69,789.61)	(321.93)				(8,118.84)	8,926.40
GNMA	2002 RMRB				206,531.04	231,644.12		(205,667.71)	(863.33)				(25,113.08)	33,558.26
GNMA	2002 RMRB				111,804.79	125,400.27		(111,359.96)	(444.83)				(13,595.48)	18,170.84
GNMA	2002 RMRB				102,884.40	114,994.40		(102,390.70)	(493.70)				(12,110.00)	13,098.33
GNMA	2002 RMRB				181,517.84	203,819.71		(180,540.52)	(977.32)				(22,301.87)	29,460.23
GNMA	2002 RMRB				43,740.23	49,114.44		(43,549.15)	(191.08)				(5,374.21)	7,106.47
GNMA	2002 RMRB				51,253.16	57,190.30		(51,031.51)	(221.65)				(5,937.14)	6,529.19
GNMA	2002 RMRB				83,516.81	93,673.97		(83,187.58)	(329.23)				(10,157.16)	13,575.46
GNMA	2002 RMRB				42,783.98	47,987.96		(42,616.28)	(167.70)				(5,203.98)	6,955.29
GNMA	2002 RMRB				76,995.33	85,916.31		(76,666.99)	(328.34)				(8,920.98)	9,810.93
GNMA	2002 RMRB				54,512.88	61,143.54		(54,282.18)	(230.70)				(6,630.66)	8,859.31
GNMA	2002 RMRB				49,002.08	54,679.74		(48,788.87)	(213.21)				(5,677.66)	6,243.42
GNMA	2002 RMRB				37,466.50	42,023.84		(37,316.46)	(150.04)				(4,557.34)	6,090.54
GNMA	2002 RMRB				107,569.70	120,790.23		(107,082.96)	(486.74)				(13,220.53)	17,477.84
GNMA	2002 RMRB				113,288.32	127,069.72		(112,819.07)	(469.25)				(13,781.40)	18,414.61
GNMA	2002 RMRB				104,712.31	116,846.26		(104,262.27)	(450.04)				(12,133.95)	13,343.78
GNMA	2002 RMRB				367,927.37	411,258.99		(365,584.40)	(2,342.97)				(43,329.62)	46,790.59
GNMA	2002 RMRB				117,979.84	132,334.08		(117,517.99)	(461.85)				(14,354.24)	19,183.91
GNMA	2002 RMRB				287,345.52	320,648.07		(286,083.52)	(1,262.00)				(33,302.55)	36,619.29
GNMA	2002 RMRB				50,936.67	57,182.39		(50,738.89)	(197.78)				(6,245.72)	8,282.98
GNMA	2002 RMRB				198,823.82	223,266.39		(197,824.17)	(999.65)				(24,442.57)	32,295.36
GNMA	2002 RMRB				79,814.37	89,064.71		(79,473.56)	(340.81)				(9,250.34)	10,172.88
GNMA	2002 RMRB				74,781.26	83,952.33		(74,490.10)	(291.16)				(9,171.07)	12,161.86
GNMA	2002 RMRB				135,846.36	151,592.70		(135,249.75)	(596.61)				(15,746.34)	17,314.25
GNMA	2002 RMRB				46,444.69	52,096.84		(46,258.14)	(186.55)				(5,652.15)	7,552.70
GNMA	2002 RMRB				93,915.46	104,803.22		(93,499.47)	(415.99)				(10,887.76)	11,971.32
GNMA	2002 RMRB				38,984.34	43,778.05		(38,806.68)	(177.66)				(4,793.71)	6,336.49
GNMA	2002 RMRB				191,867.05	215,222.18		(191,086.48)	(780.57)				(23,355.13)	31,205.05
GNMA	2002 RMRB				153,647.03	171,463.25		(152,991.88)	(655.15)				(17,816.22)	19,592.32
GNMA	2002 RMRB				54,845.15	61,256.66		(54,614.68)	(230.47)				(6,411.51)	6,994.03
GNMA	2002 RMRB				235,798.39	264,502.95		(234,786.53)	(1,011.86)				(28,704.56)	38,343.06
GNMA	2002 RMRB				160,525.14	179,140.25		(159,830.85)	(694.29)				(18,615.11)	20,469.22
GNMA	2002 RMRB				34,841.38	39,083.22		(34,701.34)	(140.04)				(4,241.84)	5,667.54
GNMA	2002 RMRB				122,721.74	136,815.78		(122,243.21)	(478.53)				(14,094.04)	19,967.59
GNMA	2002 RMRB				877,165.08	978,910.91		(872,627.23)	(4,537.85)				(101,745.83)	111,783.35
GNMA	2002 RMRB				79,651.90	88,800.40		(79,344.28)	(307.62)				(9,148.50)	12,961.18
GNMA	2002 RMRB				687,397.23	767,138.15		(684,439.93)	(2,957.30)				(79,740.92)	87,683.60
GNMA	2002 RMRB				790,536.78	882,252.94		(786,464.28)	(4,072.50)				(91,716.16)	100,764.66
GNMA	2002 RMRB				43,668.03	49,164.59		(43,431.09)	(236.94)				(5,496.56)	7,095.03
GNMA	2002 RMRB				171,513.77	191,413.17		(170,757.50)	(756.27)				(19,899.40)	21,878.86
GNMA	2002 RMRB				383,320.45	427,799.72		(381,303.97)	(2,016.48)				(44,479.27)	48,861.41
GNMA	2002 RMRB				37,216.26	41,784.38		(37,072.71)	(143.55)				(4,568.12)	6,056.87
GNMA	2002 RMRB				240,226.27	268,554.78		(238,896.27)	(1,330.00)				(28,328.51)	30,613.96
GNMA	2002 RMRB				76,714.30	86,153.55		(76,365.70)	(348.60)				(9,439.25)	12,475.51
GNMA	2002 RMRB				40,803.12	45,773.61		(40,633.69)	(169.43)				(4,970.49)	6,639.48
GNMA	2002 RMRB				98,114.75	109,593.55		(97,706.88)	(407.87)				(11,478.80)	12,521.45
GNMA	2002 RMRB				45,585.00	51,181.29		(45,411.82)	(173.18)				(5,596.29)	7,420.37
GNMA	2002 RMRB				41,306.11	45,696.63		(41,136.77)	(169.34)				(4,390.52)	5,271.95

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2002 RMRB				137,167.04	154,441.06		(136,025.66)	(1,141.38)				(17,274.02)	22,230.33
GNMA	2002 RMRB				282,771.12	317,583.14		(281,304.60)	(1,466.52)				(34,812.02)	45,974.53
GNMA	2002 RMRB				282,697.42	315,780.69		(281,493.10)	(1,204.32)				(33,083.27)	36,083.83
GNMA	2002 RMRB				42,965.79	48,309.64		(42,425.12)	(540.67)				(5,343.85)	6,933.89
GNMA	2002 RMRB				149,427.42	165,165.08		(148,712.48)	(714.94)				(15,737.66)	19,065.24
GNMA	2002 RMRB				224,134.50	251,663.02		(223,267.32)	(867.18)				(27,528.52)	36,494.81
GNMA	2002 RMRB				198,048.86	219,052.61		(197,201.60)	(847.26)				(21,003.75)	25,285.46
GNMA	2002 RMRB				77,895.48	87,276.01		(77,594.36)	(301.12)				(9,380.53)	12,684.23
GNMA	2002 RMRB				83,789.88	92,707.94		(83,452.51)	(337.37)				(8,918.06)	10,701.91
GNMA	2002 RMRB				374,722.50	420,402.29		(373,160.74)	(1,561.76)				(45,679.79)	61,006.99
GNMA	2002 RMRB				172,184.95	193,339.58		(171,541.15)	(643.80)				(21,154.63)	28,046.59
GNMA	2002 RMRB				56,174.50	63,099.88		(55,907.84)	(266.66)				(6,925.38)	9,147.23
GNMA	2002 RMRB				71,934.60	79,588.65		(71,638.46)	(296.14)				(7,654.05)	9,194.94
GNMA	2002 RMRB				151,933.92	210,162.08		(151,578.62)	(355.30)				(58,228.16)	65,475.10
GNMA	2002 RMRB				191,801.16	214,264.56		(191,011.58)	(789.58)				(22,463.40)	24,502.62
GNMA	2002 RMRB				141,304.08	158,668.84		(140,758.79)	(545.29)				(17,364.76)	23,017.87
GNMA	2002 RMRB				163,973.91	181,350.78		(163,180.23)	(793.68)				(17,376.87)	20,933.39
GNMA	2002 RMRB				35,592.55	39,932.96		(35,418.03)	(174.52)				(4,340.41)	5,792.01
GNMA	2002 RMRB				129,473.10	144,638.06		(128,937.72)	(535.38)				(15,164.96)	16,541.21
GNMA	2002 RMRB				52,196.50	58,611.45		(52,005.20)	(191.30)				(6,414.95)	8,504.81
GNMA	2002 RMRB				64,092.61	71,910.42		(63,644.99)	(447.62)				(7,817.81)	10,409.92
GNMA	2002 RMRB				26,955.41	30,269.65		(26,857.42)	(97.99)				(3,314.24)	4,393.68
GNMA	2002 RMRB				59,111.41	66,253.55		(58,898.76)	(212.65)				(7,142.14)	9,639.55
GNMA	2002 RMRB				110,334.97	123,700.20		(109,884.54)	(450.43)				(13,365.23)	17,984.94
GNMA	2002 RMRB				127,575.09	143,030.18		(127,123.43)	(451.66)				(15,455.09)	20,807.94
GNMA	2002 RMRB				102,924.13	114,670.28		(102,523.66)	(400.47)				(11,746.15)	13,167.98
GNMA	2002 RMRB				71,566.46	80,237.13		(71,314.24)	(252.22)				(8,670.67)	11,673.59
GNMA	2002 RMRB				91,990.98	103,310.87		(91,657.84)	(333.14)				(11,319.89)	15,004.23
GNMA	2002 RMRB				101,142.66	113,004.96		(100,740.09)	(402.57)				(11,862.30)	12,939.48
GNMA	2002 RMRB				88,507.30	99,389.40		(88,507.30)	(88,507.30)				(10,882.10)	0.00
GNMA	2002 RMRB				86,166.98	96,763.89		(85,857.40)	(309.58)				(10,596.91)	14,048.16
GNMA	2002 RMRB				53,255.35	59,805.67		(53,059.17)	(196.18)				(6,550.32)	8,682.71
GNMA	2002 RMRB				159,367.31	179,020.75		(158,621.39)	(745.92)				(19,653.44)	25,958.78
GNMA	2002 RMRB				164,804.57	185,094.01		(164,189.57)	(615.00)				(20,289.44)	26,887.34
GNMA	2002 RMRB				133,792.40	149,491.57		(133,262.37)	(530.03)				(15,699.17)	17,124.49
GNMA	2002 RMRB				11,240.93	12,444.92		(10,919.64)	(321.29)				(1,203.99)	1,402.74
GNMA	2002 RMRB				110,319.32	123,688.33		(109,925.27)	(394.05)				(13,369.01)	17,997.27
GNMA	2002 RMRB				91,687.82	102,804.63		(91,367.10)	(320.72)				(11,116.81)	14,964.77
GNMA	2002 RMRB				111,120.80	123,812.45		(110,699.43)	(421.37)				(12,691.65)	14,228.25
GNMA	2002 RMRB				83,534.08	93,663.40		(83,247.69)	(286.39)				(10,129.32)	13,636.18
GNMA	2002 RMRB				249,570.75	279,603.89		(248,703.12)	(867.63)				(30,033.14)	40,741.98
GNMA	2002 RMRB				88,595.27	99,341.84		(88,287.95)	(307.32)				(10,746.57)	14,465.41
GNMA	2002 RMRB				49,098.49	55,057.39		(48,923.94)	(174.55)				(5,958.90)	8,019.15
GNMA	2002 RMRB				60,999.15	68,406.67		(60,788.93)	(210.22)				(7,407.52)	9,968.43
GNMA	2002 RMRB				64,221.94	70,475.98		(63,980.40)	(241.54)				(6,254.04)	7,140.62
GNMA	2002 RMRB				98,753.38	107,631.75		(98,334.48)	(418.90)				(8,878.37)	10,978.99
GNMA	2002 RMRB				105,004.06	117,730.15		(104,150.31)	(853.75)				(12,726.09)	17,085.72
GNMA	2002 RMRB				147,092.63	164,679.89		(146,607.61)	(485.02)				(17,587.26)	24,052.85
GNMA	2002 RMRB				133,910.59	150,176.88		(133,466.06)	(444.53)				(16,266.29)	21,891.34
GNMA	2002 RMRB				118,572.98	132,936.55		(117,920.87)	(652.11)				(14,363.57)	19,345.04
GNMA	2002 RMRB				99,007.79	108,258.33		(98,642.81)	(364.98)				(9,250.54)	10,603.61
GNMA	2002 RMRB				112,012.01	125,625.85		(111,360.80)	(651.21)				(13,613.84)	18,273.43
GNMA	2002 RMRB				146,896.99	164,760.56		(146,150.65)	(746.34)				(17,863.57)	23,992.12
GNMA	2002 RMRB				201,010.72	225,069.69		(200,354.77)	(655.95)				(24,058.97)	32,883.69
GNMA	2002 RMRB				47,778.45	52,424.70		(47,586.30)	(192.15)				(4,646.25)	5,304.33
GNMA	2002 RMRB				115,214.91	126,414.81		(114,787.55)	(427.36)				(11,199.90)	12,790.78
GNMA	2002 RMRB				146,695.74	164,258.56		(146,221.04)	(474.70)				(17,562.82)	24,003.84
GNMA	2002 RMRB				157,799.08	176,694.89		(157,300.29)	(498.79)				(18,895.81)	25,826.69
GNMA	2002 RMRB				47,710.59	53,426.56		(47,560.68)	(149.91)				(5,715.97)	7,811.70
GNMA	2002 RMRB				143,179.67	160,332.36		(142,727.25)	(452.42)				(17,152.69)	23,441.68
GNMA	2002 RMRB				203,498.17	227,874.61		(201,528.99)	(1,969.18)				(24,376.44)	33,096.74
GNMA	2002 RMRB				142,503.39	159,845.23		(142,027.19)	(476.20)				(17,341.84)	23,328.37
GNMA	2002 RMRB				103,835.93	116,205.43		(103,510.01)	(325.92)				(12,369.50)	17,002.91
GNMA	2002 RMRB				127,532.21	143,055.00		(127,104.35)	(427.86)				(15,522.79)	20,880.23
FNMA	2002 RMRB				182,683.27	201,381.94		(182,683.27)					(18,698.67)	0.00
FNMA	2002 RMRB				62,594.53	67,926.87		(62,594.53)					(5,332.34)	0.00
FNMA	2002 RMRB				45,455.24	50,112.14		(45,455.24)					(4,656.90)	0.00
FNMA	2002 RMRB				219,311.56	238,251.31		(219,311.56)			61,406.78	68,027.43	(18,939.75)	0.00
FNMA	2002 RMRB				74,485.89	81,222.80		(74,485.89)					(6,736.91)	0.00
FNMA	2002 RMRB				55,229.33	60,853.48	6,177.45						996.50	0.00
FNMA	2002 RMRB				203,836.14	225,346.62		(203,836.14)					(21,510.48)	0.00
FNMA	2002 RMRB				49,829.08	54,125.18		(49,829.08)					(4,296.10)	0.00
FNMA	2002 RMRB				32,116.52	35,365.19		(32,116.52)					(3,248.67)	0.00

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2009 AB RMRB	8.75	5/29/1990	2/20/2019					(1,541.84)	15,081.77	13,539.93	13,775.93	236.00	0.00
GNMA	2009 AB RMRB	7.50	3/30/1990	1/20/2019					(2,751.63)	118,020.79	115,269.16	129,675.50	14,406.34	0.00
GNMA	2009 AB RMRB	7.50	4/26/1990	3/20/2019					(2,843.20)	114,601.71	111,758.51	125,726.09	13,967.58	0.00
GNMA	2009 AB RMRB	8.75	4/26/1990	3/20/2019					(1,676.80)	78,934.71	77,257.91	89,231.34	11,973.43	0.00
GNMA	2009 AB RMRB	7.50	5/29/1990	4/20/2019					(16,107.49)	150,412.59	134,305.10	149,572.90	15,267.80	0.00
GNMA	2009 AB RMRB	8.75	6/28/1990	4/20/2019					(403.02)	8,717.00	8,313.98	8,342.41	28.43	0.00
GNMA	2009 AB RMRB								(20,579.99)	20,579.99			-	0.00
GNMA	2009 AB RMRB	7.19	1/22/1990	11/20/2014					(2,736.62)	41,339.54	38,602.92	40,359.35	1,756.43	0.00
GNMA	2009 AB RMRB	8.19	1/22/1990	11/20/2014					(822.07)	6,292.38	5,470.31	5,484.59	14.28	0.00
GNMA	2009 AB RMRB	7.19	1/1/1990	11/20/2014					(966.20)	15,291.31	14,325.11	14,976.90	651.79	0.00
GNMA	2009 AB RMRB	8.19	1/1/1990	11/20/2014					(764.96)	11,652.74	10,887.78	10,919.68	31.90	0.00
GNMA	2009 AB RMRB	7.19	1/1/1990	12/20/2014					(1,822.30)	21,566.62	19,744.32	20,642.69	898.37	0.00
GNMA	2009 AB RMRB	8.19	2/28/1990	12/20/2014					(1,445.91)	23,097.31	21,651.40	21,995.01	343.61	0.00
GNMA	2009 AB RMRB	7.19	1/20/1990	1/20/2015					(4,456.34)	55,843.02	51,386.68	54,842.43	3,455.75	0.00
GNMA	2009 AB RMRB	8.19	1/1/1990	1/20/2015					(5,271.50)	46,650.74	41,379.24	43,615.37	2,236.13	0.00
GNMA	2009 AB RMRB	7.19	2/27/1990	1/20/2015					(1,791.22)	26,842.65	25,051.43	26,736.14	1,684.71	0.00
GNMA	2009 AB RMRB	8.19	2/27/1990	12/20/2014					(1,011.75)	13,822.83	12,811.08	13,002.35	191.27	0.00
GNMA	2009 AB RMRB	7.19	2/27/1990	1/20/2015					(2,645.34)	38,775.26	36,129.92	38,559.66	2,429.74	0.00
GNMA	2009 AB RMRB	8.19	2/27/1990	1/20/2015					(2,331.63)	36,106.86	33,775.23	35,902.39	2,127.16	0.00
GNMA	2009 AB RMRB	7.19	3/30/1990	1/20/2015					(960.69)	15,537.01	14,576.32	15,566.58	990.26	0.00
GNMA	2009 AB RMRB	8.19	3/30/1990	1/20/2015					(1,642.97)	26,474.60	24,831.63	25,238.87	407.24	0.00
GNMA	2009 AB RMRB	7.19	3/30/1990	2/20/2015					(512.35)	8,167.85	7,655.50	8,170.33	514.83	0.00
GNMA	2009 AB RMRB	8.19	3/30/1990	2/20/2015					(2,438.30)	39,822.04	37,383.74	39,819.66	2,435.92	0.00
GNMA	2009 AB RMRB	7.19	4/26/1990	3/20/2015					(11,342.58)	53,392.04	42,049.46	44,877.29	2,827.83	0.00
GNMA	2009 AB RMRB	8.19	4/26/1990	3/20/2015					(1,882.06)	25,366.53	23,484.47	23,838.62	354.15	0.00
GNMA	2009 AB RMRB	7.19	4/26/1990	3/20/2015					(2,585.57)	29,864.53	27,278.96	29,113.47	1,834.51	0.00
GNMA	2009 AB RMRB	8.19	4/26/1990	3/20/2015					(7,131.15)	109,209.48	102,078.33	108,729.75	6,651.42	0.00
GNMA	2009 AB RMRB	7.19	5/29/1990	4/20/2015					(939.44)	15,044.87	14,105.43	15,054.02	948.59	0.00
GNMA	2009 AB RMRB	8.19	5/29/1990	3/20/2015					(817.94)	13,598.47	12,780.53	12,818.23	37.70	0.00
GNMA	2009 AB RMRB	7.19	5/29/1990	4/20/2015					(2,165.49)	30,304.91	28,139.42	30,031.80	1,892.38	0.00
GNMA	2009 AB RMRB	8.19	5/29/1990	4/20/2015					(20,048.33)	139,484.21	119,435.88	126,957.95	7,522.07	0.00
GNMA	2009 AB RMRB	7.19	6/28/1990	5/20/2015					(916.14)	16,102.47	15,186.33	16,207.61	1,021.28	0.00
GNMA	2009 AB RMRB	8.19	6/28/1990	5/20/2015					(1,290.82)	21,340.26	20,049.44	20,366.42	316.98	0.00
GNMA	2009 AB RMRB	7.19	6/28/1990	5/20/2015					(1,159.59)	17,627.58	16,467.99	17,575.46	1,107.47	0.00
GNMA	2009 AB RMRB	8.19	6/28/1990	5/20/2015					(4,731.50)	69,518.06	64,786.56	69,287.93	4,501.37	0.00
GNMA	2009 AB RMRB	6.19	6/28/1990	5/20/2015					(1,296.78)	19,880.11	18,583.33	19,351.01	767.68	0.00
GNMA	2009 AB RMRB	7.19	7/25/1990	6/20/2015					(851.78)	9,849.57	8,997.79	9,602.89	605.10	0.00
GNMA	2009 AB RMRB	7.19	9/13/1990	6/20/2015					(714.98)	11,247.89	10,532.91	11,241.25	708.34	0.00
GNMA	2009 AB RMRB	8.19	9/13/1990	7/20/2015					(1,783.13)	28,378.74	26,595.61	27,041.09	445.48	0.00
GNMA	2009 AB RMRB	7.19	9/13/1990	7/20/2015					(1,389.04)	22,792.43	21,403.39	22,842.77	1,439.38	0.00
GNMA	2009 AB RMRB	8.19	9/13/1990	8/20/2015					(1,949.53)	35,380.35	33,430.82	34,399.65	968.83	0.00
GNMA	2009 AB RMRB	6.19	9/13/1990	7/20/2015					(863.24)	16,583.69	15,720.45	16,369.86	649.41	0.00
GNMA	2009 AB RMRB	8.19	9/28/1990	8/20/2015					(2,464.38)	29,935.02	27,470.64	27,916.76	446.12	0.00
GNMA	2009 AB RMRB	6.19	9/28/1990	8/20/2015					(2,990.20)	42,317.02	39,326.82	40,951.41	1,624.59	0.00
GNMA	2009 AB RMRB	7.19	9/28/1990	8/20/2015					(1,761.16)	33,874.00	32,112.84	34,272.43	2,159.59	0.00
GNMA	2009 AB RMRB	8.19	9/28/1990	8/20/2015					(4,665.62)	67,909.66	63,244.04	67,502.26	4,258.22	0.00
GNMA	2009 AB RMRB	7.50	10/31/1990	7/20/2019					(424.47)	24,047.97	23,623.50	23,665.63	62.13	0.00
GNMA	2009 AB RMRB	7.19	10/31/1990	8/20/2015					(185.01)	3,833.11	3,648.10	3,893.43	245.33	0.00
GNMA	2009 AB RMRB	8.19	10/31/1990	9/20/2015					(1,500.39)	29,543.80	28,043.21	28,509.57	466.36	0.00
GNMA	2009 AB RMRB	6.19	10/31/1990	9/20/2015					(1,728.43)	30,367.09	28,638.66	29,821.72	1,183.06	0.00
GNMA	2009 AB RMRB	7.19	10/31/1990	9/20/2015					(631.90)	2,483.06	1,851.16	1,975.65	124.49	0.00
GNMA	2009 AB RMRB	8.19	10/31/1990	9/20/2015					(3,939.66)	68,595.54	64,655.88	69,422.31	4,766.43	0.00
GNMA	2009 AB RMRB	6.19	11/28/1990	10/20/2015					(1,976.13)	40,590.94	38,614.81	40,644.40	2,029.59	0.00
GNMA	2009 AB RMRB	8.19	11/28/1990	10/20/2015					(11,186.55)	114,863.69	103,677.14	111,537.94	7,860.80	0.00
GNMA	2009 AB RMRB	7.50	12/21/1990	8/20/2019					(307.22)	17,213.98	16,906.76	16,951.22	44.46	0.00
GNMA	2009 AB RMRB	7.19	12/21/1990	10/20/2015					(1,041.33)	23,015.26	21,973.93	23,451.68	1,477.75	0.00
GNMA	2009 AB RMRB	8.19	12/21/1990	11/20/2015					(2,205.63)	32,445.66	30,240.03	30,786.16	546.13	0.00
GNMA	2009 AB RMRB	8.19	2/25/1991	10/20/2015					(427.56)	8,994.88	8,567.32	8,593.11	25.79	0.00
GNMA	2009 AB RMRB	6.19	1/25/1991	11/20/2015					(2,356.81)	35,849.24	33,492.43	35,252.79	1,760.36	0.00
GNMA	2009 AB RMRB	8.19	1/28/1991	11/20/2015					(1,067.61)	12,916.51	11,848.90	11,882.43	33.53	0.00
GNMA	2009 AB RMRB	8.19	2/25/1990	1/20/2016					(907.92)	19,187.29	18,279.37	18,581.53	302.16	0.00
GNMA	2009 AB RMRB	7.50	3/28/1991	11/20/2019					(226.58)	12,420.84	12,194.26	12,226.33	32.07	0.00
GNMA	2009 AB RMRB	8.19	3/28/1991	2/20/2016					(1,051.13)	24,181.43	23,130.30	23,531.15	400.85	0.00
GNMA	2009 AB RMRB	8.75	4/29/1991	2/20/2020					(1,154.09)	67,404.05	66,249.96	75,526.94	9,276.98	0.00
GNMA	2009 AB RMRB	8.19	4/29/1991	4/20/2016					(2,056.99)	40,418.32	38,361.33	41,349.68	2,988.35	0.00
GNMA	2009 AB RMRB	7.19	4/29/1991	2/20/2016					(3,590.23)	80,152.17	76,561.94	83,211.34	6,649.40	0.00
GNMA	2009 AB RMRB	6.19	4/29/1991	4/20/2016					(12,306.47)	84,407.25	72,100.78	75,890.40	3,789.62	0.00
GNMA	2009 AB RMRB	7.19	4/26/1991	4/20/2016					(1,059.95)	16,688.09	15,628.14	16,985.44	1,357.30	0.00
GNMA	2009 AB RMRB	8.75	4/26/1991	1/20/2020					(870.92)	53,568.45	52,697.53	60,291.24	7,593.71	0.00
GNMA	2009 AB RMRB	6.19	10/23/1992	9/20/2017					(3,638.66)	88,879.22	85,240.56	90,733.46	5,492.90	0.00
GNMA	2009 AB RMRB	8.19	11/23/1992	1/20/2017					(362.33)	7,577.80	7,215.47	7,237.19	21.72	0.00
GNMA	2009 AB RMRB	7.19	10/30/1992	8/20/2017					(4,793.65)	117,295.68	112,502.03	124,261.87	11,759.84	0.00
GNMA	2009 AB RMRB	6.00	10/30/1992	9/20/2017					(2,107.84)	71,907.48	69,799.64	70,313.37	513.73	0.00

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
GNMA	2009 C-2 2011B RMRB				1,724,161.82	1,897,646.97		(1,717,428.19)	(6,733.63)				(173,485.15)	0.00
GNMA	2009 C-2 2011B RMRB				3,568,510.76	3,926,682.16		(3,422,654.21)	(145,856.55)				(358,171.40)	0.00
GNMA	2009 C-2 2011B RMRB				2,163,984.46	2,381,183.56		(2,155,155.03)	(8,829.43)				(217,199.10)	0.00
GNMA	2009 C-2 2011B RMRB				45,572.85	50,132.41		(45,393.06)	(179.79)				(4,559.56)	0.00
GNMA	2009 C-2 2011B RMRB				125,341.97	133,998.08		(124,810.46)	(531.51)				(8,656.11)	0.00
GNMA	2009 C-2 2011B RMRB				3,451,206.20	3,781,452.12		(3,435,869.62)	(15,336.58)				(330,245.92)	0.00
GNMA	2009 C-2 2011B RMRB				6,606,830.34	7,239,037.91		(6,578,552.34)	(28,278.00)				(632,207.57)	0.00
GNMA	2009 C-2 2011B RMRB				116,046.63	124,060.80		(115,507.81)	(538.82)				(8,014.17)	0.00
Repo Agmt	2009 C-2 2011B RMRB				2,179.99	2,179.99		(2,179.99)					-	0.00
Repo Agmt	2009 C-2 2011B RMRB	0.15	8/31/2012	9/4/2012	63,088.23	63,088.23	18.97				63,107.20	63,107.20	-	0.00
	2009 C-2 2011B RMRB Total				152,791,743.45	166,898,253.03	53,736,761.58	(55,873,228.80)	(356,538.21)	0.00	150,298,738.02	163,495,939.39	(909,308.21)	0.00
Repo Agmt	2009 C-3 RMRB	0.15	8/31/2012	9/4/2012	446,572.68	446,572.68	526,463.91				973,036.59	973,036.59	-	0.00
Repo Agmt	2009 C-3 RMRB				474,061.23	474,061.23		(474,061.23)					-	0.00
GNMA	2009 C-3 RMRB	3.45	2/10/2012	2/15/2042	7,109,168.77	7,387,990.31			(32,864.26)		7,076,304.51	7,440,804.91	85,678.86	0.00
GNMA	2009 C-3 RMRB	2.85	3/16/2012	3/15/2042	1,187,362.45	1,223,173.30			(5,905.66)		1,181,456.79	1,231,609.64	14,342.00	0.00
GNMA	2009 C-3 RMRB	3.45	3/16/2012	3/15/2042	14,567,069.05	15,138,389.41			(68,100.74)		14,498,968.31	15,245,810.14	175,521.47	0.00
GNMA	2009 C-3 RMRB	2.50	3/28/2012	1/15/2042	96,163.31	97,500.94			(511.22)		95,652.09	97,231.30	241.58	0.00
GNMA	2009 C-3 RMRB	2.85	3/28/2012	2/15/2042	50,958.12	52,495.01			(250.96)		50,707.16	52,859.67	615.62	0.00
GNMA	2009 C-3 RMRB	2.85	3/28/2012	3/15/2042	133,094.98	137,109.12			(652.56)		132,442.42	138,064.59	1,608.03	0.00
GNMA	2009 C-3 RMRB	2.85	3/28/2012	3/15/2042	176,421.34	181,742.20			(865.00)		175,556.34	183,008.70	2,131.50	0.00
GNMA	2009 C-3 RMRB	3.45	3/28/2012	3/15/2042	3,754,604.63	3,901,860.21			(17,192.09)		3,737,412.54	3,929,926.62	45,258.50	0.00
GNMA	2009 C-3 RMRB	3.45	3/28/2012	3/15/2042	7,184,279.06	7,466,046.47			(32,679.62)		7,151,599.44	7,519,978.33	86,611.48	0.00
GNMA	2009 C-3 RMRB	3.45	3/28/2012	3/15/2042	1,716,890.70	1,784,227.14			(8,018.58)		1,708,872.12	1,796,896.11	20,687.55	0.00
GNMA	2009 C-3 RMRB	2.85	4/12/2012	3/15/2042	101,035.04	104,082.25			(495.36)		100,539.68	104,807.58	1,220.69	0.00
GNMA	2009 C-3 RMRB	3.45	4/12/2012	3/15/2042	1,118,904.35	1,162,787.76			(5,136.89)		1,113,767.46	1,171,137.61	13,486.74	0.00
GNMA	2009 C-3 RMRB	3.45	4/12/2012	4/15/2042	4,044,499.93	4,203,125.20			(21,339.38)		4,023,160.55	4,230,393.52	48,607.70	0.00
GNMA	2009 C-3 RMRB	3.45	4/12/2012	4/15/2042	4,487,684.94	4,663,691.94			(22,411.47)		4,465,273.47	4,695,279.68	53,999.21	0.00
GNMA	2009 C-3 RMRB	2.85	4/27/2012	4/15/2042	150,937.77	155,490.05			(800.71)		150,137.06	156,510.37	1,821.03	0.00
GNMA	2009 C-3 RMRB	3.45	4/27/2012	4/15/2042	604,645.84	628,360.05			(3,063.52)		601,582.32	632,569.82	7,273.29	0.00
GNMA	2009 C-3 RMRB	3.45	4/27/2012	4/15/2042	3,504,629.99	3,642,081.57			(15,911.21)		3,488,718.78	3,668,422.68	42,252.32	0.00
GNMA	2009 C-3 RMRB	3.45	4/27/2012	4/15/2042	8,084,257.47	8,401,322.02			(37,326.87)		8,046,930.60	8,461,427.94	97,432.79	0.00
GNMA	2009 C-3 RMRB	3.70	4/27/2012	4/15/2042	1,151,359.62	1,231,310.02			(4,845.63)		1,146,513.99	1,242,924.33	16,459.94	0.00
GNMA	2009 C-3 RMRB	2.85	5/15/2012	4/15/2042	253,763.00	261,416.49			(1,286.37)		252,476.63	263,194.26	3,064.14	0.00
GNMA	2009 C-3 RMRB	3.45	5/15/2012	4/15/2042	368,927.00	383,396.31			(1,711.07)		367,215.93	386,131.22	4,445.98	0.00
GNMA	2009 C-3 RMRB	3.45	5/15/2012	5/15/2042	2,555,659.00	2,655,891.94			(11,461.16)		2,544,197.84	2,675,249.45	30,818.67	0.00
GNMA	2009 C-3 RMRB	3.45	5/15/2012	5/15/2042	6,419,922.00	6,671,711.34			(31,262.52)		6,388,659.48	6,717,739.29	77,290.47	0.00
GNMA	2009 C-3 RMRB	3.70	5/15/2012	5/15/2042	3,833,278.00	4,098,004.17			(16,322.17)		3,816,955.83	4,137,923.62	56,241.62	0.00
GNMA	2009 C-3 RMRB	3.70	5/15/2012	5/15/2042	182,258.00	194,844.73			(771.07)		181,486.93	196,681.01	2,607.35	0.00
	2009 C-3 RMRB Total				73,758,408.27	76,748,683.86	526,463.91	(474,061.23)	(341,186.09)	0.00	73,469,624.86	77,349,618.98	889,718.53	0.00
Total Residential Mortgage Revenue Bonds Investment Summary					593,060,069.07	640,421,872.06	67,248,849.25	(90,849,009.26)	(4,367,349.08)	(580,746.84)	564,511,813.14	609,483,001.24	(2,390,614.89)	2,678,533.07

Texas Department of Housing and Community Affairs
Collateralized Home Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
Repo Agmt	1992 A-C CHMRB	0.15	8/31/2012	9/4/2012	26,164.52	26,164.52	906.63				27,071.15	27,071.15	-	0.00
GIC's	1992 A-C CHMRB	6.09	6/29/1992	7/2/2024	534,855.81	534,855.81		(316,010.06)			218,845.75	218,845.75	-	0.00
FNMA	1992 A-C CHMRB	6.91	6/30/1995	12/1/2023	23,857.66	27,139.27			(377.07)		23,480.59	26,721.73	(40.47)	0.00
FNMA	1992 A-C CHMRB	6.91	6/30/1995	5/1/2023	41,551.78	47,263.81			(774.09)		40,777.69	46,403.00	(86.72)	0.00
FNMA	1992 A-C CHMRB	6.91	6/30/1995	6/1/2023	106,361.93	121,565.40			(4,161.45)		102,200.48	116,388.45	(1,015.50)	0.00
FNMA	1992 A-C CHMRB	6.91	6/30/1995	2/1/2025	627,558.89	720,571.51			(43,876.19)		583,682.70	664,567.58	(12,127.74)	0.00
FNMA	1992 A-C CHMRB	6.91	6/30/1995	3/1/2025	259,477.51	297,937.87			(25,252.30)		234,225.21	266,685.48	(6,000.09)	0.00
FNMA	1992 A-C CHMRB	6.91	6/30/1995	3/1/2025	79,707.05	91,521.44			(1,696.25)		78,010.80	88,822.02	(1,003.17)	0.00
FNMA	1992 A-C CHMRB	6.91	6/30/1995	5/1/2025	372,068.71	427,225.40			(6,752.37)		365,316.34	415,951.51	(4,521.52)	0.00
FNMA	1992 A-C CHMRB	6.91	6/30/1995	5/1/2025	442,839.01	510,435.68			(7,686.97)		435,152.04	498,341.40	(4,407.31)	0.00
GNMA	1992 A-C CHMRB	6.91	6/30/1996	12/20/2022	81,135.30	93,238.26			(1,383.09)		79,752.21	92,811.87	956.70	0.00
GNMA	1992 A-C CHMRB	6.91	6/30/1995	1/20/2023	118,134.72	137,000.52			(14,539.83)		103,594.89	121,410.61	(1,050.08)	0.00
GNMA	1992 A-C CHMRB	6.91	6/30/1995	4/20/2023	68,903.25	79,910.78			(4,221.08)		64,682.17	75,809.54	119.84	0.00
GNMA	1992 A-C CHMRB	6.91	6/30/1995	7/20/2023	249,005.95	288,799.13			(4,466.71)		244,539.24	286,621.55	2,289.13	0.00
GNMA	1992 A-C CHMRB	6.91	6/30/1995	8/20/2023	62,637.38	72,648.53			(1,051.58)		61,585.80	72,185.18	588.23	0.00
GNMA	1992 A-C CHMRB	6.91	6/30/1995	9/20/2023	5,428.46	6,296.20			(785.54)		4,642.92	5,442.11	(68.55)	0.00
GNMA	1992 A-C CHMRB	6.91	6/30/1995	12/20/2023	166,011.04	192,555.77			(4,350.26)		161,660.78	189,495.64	1,290.13	0.00
GNMA	1992 A-C CHMRB	6.91	6/30/1995	5/20/2023	31,796.16	36,876.25			(485.87)		31,310.29	36,697.24	306.86	0.00
GNMA	1992 A-C CHMRB	6.91	6/30/1995	4/20/2025	309,725.37	363,704.89			(9,900.09)		299,825.28	355,787.94	1,983.14	0.00
GNMA	1992 A-C CHMRB	6.91	6/30/1995	5/20/2025	215,552.60	253,123.23			(10,662.85)		204,889.75	243,136.15	675.77	0.00
GNMA	1992 A-C CHMRB	6.91	6/30/1995	6/20/2025	213,977.05	251,276.47			(4,466.18)		209,510.87	248,623.30	1,813.01	0.00
GIC's	1992 A-C CHMRB	6.09	6/29/1992	7/2/2024	100,000.00	100,000.00					100,000.00	100,000.00	-	0.00
GIC's	1992 A-C CHMRB	6.09	6/29/1992	7/2/2024	75,442.07	75,442.07				(22,548.77)	52,893.30	52,893.30	-	0.00
FNMA	1992 A-C CHMRB	6.91	4/28/1995	6/1/2023	78,187.21	88,935.21			(2,684.30)		75,502.91	85,918.47	(332.44)	0.00
GNMA	1992 A-C CHMRB	6.91	4/28/1995	3/20/2023	364,708.56	422,955.80			(24,398.99)		340,309.57	398,838.74	281.93	0.00
GNMA	1992 A-C CHMRB	6.91	4/28/1995	2/20/2025	838,652.06	984,765.77			(52,227.80)		786,424.26	933,165.33	627.36	0.00
GNMA	1992 A-C CHMRB	6.91	4/28/1995	3/20/2025	845,722.82	993,081.50			(14,007.95)		831,714.87	986,919.87	7,846.32	0.00
GNMA	1992 A-C CHMRB	6.91	4/28/1995	1/20/2025	1,003,335.75	1,178,124.79			(17,224.31)		986,111.44	1,170,096.39	9,195.91	0.00
Repo Agmt	1992 A-C CHMRB	0.15	8/31/2012	9/4/2012	13,078.66	13,078.66	3.89				13,082.55	13,082.55	-	0.00
1992 A-C CHMRB Total					7,355,877.28	8,436,494.54	910.52	(338,558.83)	(257,433.12)	0.00	6,760,795.85	7,838,733.85	(2,679.26)	0.00
Total CHMRB Investment Summary					7,355,877.28	8,436,494.54	910.52	(338,558.83)	(257,433.12)	0.00	6,760,795.85	7,838,733.85	(2,679.26)	0.00

Texas Department of Housing and Community Affairs
Multi Family Investment Summary
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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.00	8/1/2012	9/1/2012	44,824.96	44,824.96					44,824.96	44,824.96	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.00	8/1/2012	9/1/2012	51,960.36	51,960.36		(5,751.55)			46,208.81	46,208.81	-	0.00
	1996 A&B MF (Brighton/LasColi) Total				96,785.32	96,785.32	0.00	(5,751.55)	0.00	0.00	91,033.77	91,033.77	0.00	0.00
Repo Agmt	1987 South Tx. Rental Housing				523,914.57	523,914.57		(523,914.57)					-	0.00
	1987 South Tx. Rental Housing Total				523,914.57	523,914.57	0.00	(523,914.57)	0.00	0.00	-	-	0.00	0.00
Mutual Fund	1998 M/F (Pebble Brook)	0.00	8/1/2012	9/1/2012	76,871.00	76,871.00		(41,839.00)			35,032.00	35,032.00	-	0.00
Inv Agmt	1998 M/F (Pebble Brook)	5.20	4/30/1998	12/1/2030	54,172.50	54,172.50	192,652.90				246,825.40	246,825.40	-	0.00
GIC's	1998 M/F (Pebble Brook)	5.20	1/3/2011	12/1/2030	27,104.21	27,104.21	0.00				27,104.21	27,104.21	-	0.00
	1998 M/F (Pebble Brook) Total				158,147.71	158,147.71	192,652.90	(41,839.00)	0.00	0.00	308,961.61	308,961.61	0.00	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	8/1/2012	9/1/2012	69,335.27	69,335.27	11,605.02				80,940.29	80,940.29	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	8/1/2012	9/1/2012	131,823.60	131,823.60	15,900.00				147,723.60	147,723.60	-	0.00
Money Market	1998 M/F (Residence Oaks Proj)	0.00	8/1/2012	9/1/2012	627.46	627.46	1,882.17				2,509.63	2,509.63	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	8/1/2012	9/1/2012	16,333.33	16,333.33	48,999.99				65,333.32	65,333.32	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	8/1/2012	9/1/2012	32,306.97	32,306.97	96,920.82				129,227.79	129,227.79	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	8/1/2012	9/1/2012	37,789.85	37,789.85		(23,812.87)			13,976.98	13,976.98	-	0.00
	1998 M/F (Residence Oaks Proj) Total				288,216.48	288,216.48	175,308.00	(23,812.87)	0.00	0.00	439,711.61	439,711.61	0.00	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.00	8/1/2012	9/1/2012	66,752.63	66,752.63		(31,765.99)			34,986.64	34,986.64	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.00	8/1/2012	9/1/2012	114,529.70	114,529.70	3,461.78				117,991.48	117,991.48	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.00	8/1/2012	9/1/2012	0.03	0.03	0.00				0.03	0.03	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.00	8/1/2012	9/1/2012	82,500.01	82,500.01	82,500.00				165,000.01	165,000.01	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.00	8/1/2012	9/1/2012	144,615.86	144,615.86	143,937.36				288,553.22	288,553.22	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.00	8/1/2012	9/1/2012	36,890.74	36,890.74		(737.23)			36,153.51	36,153.51	-	0.00
	1998 M/F (Greens-Hickory Trail) Total				445,288.97	445,288.97	229,899.14	(32,503.22)	0.00	0.00	642,684.89	642,684.89	0.00	0.00
Mutual Fund	1999 M/F (Mayfield Apartments)	0.00	8/1/2012	9/1/2012	101,888.50	101,888.50	35,024.00				136,912.50	136,912.50	-	0.00
Mutual Fund	1999 M/F (Mayfield Apartments)	0.00	8/1/2012	9/1/2012	4,262.29	4,262.29	4,868.76				9,131.05	9,131.05	-	0.00
Mutual Fund	1999 M/F (Mayfield Apartments)	0.00	8/1/2012	9/1/2012	106,472.59	106,472.59	7,416.12				113,888.71	113,888.71	-	0.00
Mutual Fund	1999 M/F (Mayfield Apartments)	0.00	8/1/2012	9/1/2012	22,833.33	22,833.33	68,499.99				91,333.32	91,333.32	-	0.00
Mutual Fund	1999 M/F (Mayfield Apartments)	0.00	8/1/2012	9/1/2012	45,499.49	45,499.49	131,527.74				177,027.23	177,027.23	-	0.00
	1999 M/F (Mayfield Apartments) Total				280,956.20	280,956.20	247,336.61	0.00	0.00	0.00	528,292.81	528,292.81	0.00	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.00	8/1/2012	9/1/2012	16,767.93	16,767.93	7,314.28				24,082.21	24,082.21	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.00	8/1/2012	9/1/2012	31,258.25	31,258.25	224.00				31,482.25	31,482.25	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.00	8/1/2012	9/1/2012	75,714.40	75,714.40		(60,201.00)			15,513.40	15,513.40	-	0.00
	2000 M/F (Timber Point Apts) Total				123,740.58	123,740.58	7,538.28	(60,201.00)	0.00	0.00	71,077.86	71,077.86	0.00	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.00	8/1/2012	9/1/2012	91,863.93	91,863.93	54,143.05				146,006.98	146,006.98	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.00	8/1/2012	9/1/2012	296,836.13	296,836.13		(7,984.27)			288,851.86	288,851.86	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.00	8/1/2012	9/1/2012	123,517.30	123,517.30		(562.85)			122,954.45	122,954.45	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.00	8/1/2012	9/1/2012	12,132.12	12,132.12	4,123.00				16,255.12	16,255.12	-	0.00
	2000 A&B M/F (Oaks at Hampton) Total				524,349.48	524,349.48	58,266.05	(8,547.12)	0.00	0.00	574,068.41	574,068.41	0.00	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	0.00	8/1/2012	9/1/2012	31,915.18	31,915.18	5,600.00				37,515.18	37,515.18	-	0.00
Inv Agmt	2000 M/F (Deerwood Apts)	6.15	5/23/2000	6/1/2032	28,898.36	28,898.36	119,784.57				148,682.93	148,682.93	-	0.00
Mutual Fund	2000 M/F (Deerwood Apts)				238,542.50	238,542.50		(238,542.50)					-	0.00
	2000 M/F (Deerwood Apts) Total				299,356.04	299,356.04	125,384.57	(238,542.50)	0.00	0.00	186,198.11	186,198.11	0.00	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.00	8/1/2012	9/1/2012	14,030.77	14,030.77	5,664.12				19,694.89	19,694.89	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.00	8/1/2012	9/1/2012	29,203.47	29,203.47	200.00				29,403.47	29,403.47	-	0.00
Money Market	2000 M/F (Creek Point Apts)	0.00	8/1/2012	9/1/2012	25,832.73	25,832.73	34,645.00				60,477.73	60,477.73	-	0.00
	2000 M/F (Creek Point Apts) Total				69,066.97	69,066.97	40,509.12	0.00	0.00	0.00	109,576.09	109,576.09	0.00	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.00	8/1/2012	9/1/2012	30,612.36	30,612.36		(14,323.68)			16,288.68	16,288.68	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.00	8/1/2012	9/1/2012	357,027.77	357,027.77	15,179.37				372,207.14	372,207.14	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.00	8/1/2012	9/1/2012	91,139.14	91,139.14	836.15				91,975.29	91,975.29	-	0.00
Money Market	2000 M/F (Parks @ Westmoreld)	0.00	8/1/2012	9/1/2012	433.04	433.04	3,351.90				3,784.94	3,784.94	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.00	8/1/2012	9/1/2012	87,669.18	87,669.18	62,158.78				149,827.96	149,827.96	-	0.00
	2000 M/F (Parks @ Westmoreld) Total				566,881.49	566,881.49	81,526.20	(14,323.68)	0.00	0.00	634,084.01	634,084.01	0.00	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	8/1/2012	9/1/2012	118,720.89	118,720.89	70,821.00				189,541.89	189,541.89	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	8/1/2012	9/1/2012	31,291.26	31,291.26	10,784.36				42,075.62	42,075.62	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	8/1/2012	9/1/2012	158,252.42	158,252.42	15,000.00				173,252.42	173,252.42	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	8/1/2012	9/1/2012	14,000.00	14,000.00	42,000.00				56,000.00	56,000.00	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	8/1/2012	9/1/2012	59,734.76	59,734.76	132,755.64				192,490.40	192,490.40	-	0.00
	2000 A-C MF Highland Meadows Total				381,999.33	381,999.33	271,361.00	0.00	0.00	0.00	653,360.33	653,360.33	0.00	0.00
Money Market	2000 A/B MF Greenbridge	0.00	8/1/2012	9/1/2012	32,293.44	32,293.44	0.00				32,293.44	32,293.44	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.00	8/1/2012	9/1/2012	15,420.45	15,420.45	0.00				15,420.45	15,420.45	-	0.00

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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
Mutual Fund	2000 A/B MF Greenbridge	0.00	8/1/2012	9/1/2012	11,775.45	11,775.45	0.00				11,775.45	11,775.45	-	0.00
Money Market	2000 A/B MF Greenbridge	0.00	8/1/2012	9/1/2012	45,283.40	45,283.40	1,125.00				46,408.40	46,408.40	-	0.00
2000 A/B MF Greenbridge Total					104,772.74	104,772.74	1,125.00	0.00	0.00	0.00	105,897.74	105,897.74	0.00	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.00	8/1/2012	9/1/2012	106,285.00	106,285.00	59,702.00				165,987.00	165,987.00	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.00	8/1/2012	9/1/2012	90,368.64	90,368.64		(17,104.61)			73,264.03	73,264.03	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.00	8/1/2012	9/1/2012	26,542.94	26,542.94	7,962.00				34,504.94	34,504.94	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.00	8/1/2012	9/1/2012	22,500.00	22,500.00	67,500.00				90,000.00	90,000.00	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.00	8/1/2012	9/1/2012	77,721.00	77,721.00	198,576.00				276,297.00	276,297.00	-	0.00
2000 A-C MF Collingham Park Total					323,417.58	323,417.58	333,740.00	(17,104.61)	0.00	0.00	640,052.97	640,052.97	0.00	0.00
Mutual Fund	2000 A/B MF Willams Run	0.00	8/1/2012	9/1/2012	13.09	13.09	0.00				13.09	13.09	-	0.00
Mutual Fund	2000 A/B MF Willams Run	0.00	8/1/2012	9/1/2012	14.72	14.72	0.00				14.72	14.72	-	0.00
Mutual Fund	2000 A/B MF Willams Run	0.00	8/1/2012	9/1/2012	0.20	0.20	0.00				0.20	0.20	-	0.00
2000 A/B MF Willams Run Total					28.01	28.01	0.00	0.00	0.00	0.00	28.01	28.01	0.00	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.00	8/1/2012	9/1/2012	14,291.68	14,291.68	5,226.39				19,518.07	19,518.07	-	0.00
Money Market	2001A MF Bluffview Sr. Apts.	0.00	8/1/2012	9/1/2012	981.31	981.31	0.00				981.31	981.31	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.00	8/1/2012	9/1/2012	96,122.75	96,122.75	60,098.65				156,221.40	156,221.40	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.00	8/1/2012	9/1/2012	200,227.35	200,227.35	14,573.76				214,801.11	214,801.11	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.00	8/1/2012	9/1/2012	106,124.67	106,124.67	374.21				106,498.88	106,498.88	-	0.00
2001A MF Bluffview Sr. Apts. Total					417,747.76	417,747.76	80,273.01	0.00	0.00	0.00	498,020.77	498,020.77	0.00	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.00	8/1/2012	9/1/2012	2,009.59	2,009.59	6,037.59				8,047.18	8,047.18	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.00	8/1/2012	9/1/2012	108,125.84	108,125.84	65,385.58				173,511.42	173,511.42	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.00	8/1/2012	9/1/2012	86,616.88	86,616.88	15,438.60				102,055.48	102,055.48	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.00	8/1/2012	9/1/2012	125,590.54	125,590.54		(2,165.17)			123,425.37	123,425.37	-	0.00
Money Market	2001A MF Knollwood Villas Apts	0.00	8/1/2012	9/1/2012	1,727.54	1,727.54	110,792.86				112,520.40	112,520.40	-	0.00
2001A MF Knollwood Villas Apts Total					324,070.39	324,070.39	197,654.63	(2,165.17)	0.00	0.00	519,559.85	519,559.85	0.00	0.00
Mutual Fund	2001A MF Skyway Villas	0.00	8/1/2012	9/1/2012	57,852.40	57,852.40		(18,213.89)			39,638.51	39,638.51	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.00	8/1/2012	9/1/2012	151,277.53	151,277.53		(5,299.89)			145,977.64	145,977.64	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.00	8/1/2012	9/1/2012	306.22	306.22	0.04				306.26	306.26	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.00	8/1/2012	9/1/2012	74,781.75	74,781.75	53,910.00				128,691.75	128,691.75	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.00	8/1/2012	9/1/2012	36,678.00	36,678.00	28,211.01				64,889.01	64,889.01	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.00	8/1/2012	9/1/2012	63,333.38	63,333.38		(30,000.00)			33,333.38	33,333.38	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.00	8/1/2012	9/1/2012	217,339.73	217,339.73		(77,793.75)			139,545.98	139,545.98	-	0.00
2001A MF Skyway Villas Total					601,569.01	601,569.01	82,121.05	(131,307.53)	0.00	0.00	552,382.53	552,382.53	0.00	0.00
Mutual Fund	2001A MF Greens Road Apartment	0.00	8/1/2012	9/1/2012	36.50	36.50	0.00				36.50	36.50	-	0.00
Inv Agmt	2001A MF Greens Road Apartment	4.01	9/14/2001	6/1/2034	19,336.70	19,336.70	144,296.48				163,633.18	163,633.18	-	0.00
2001A MF Greens Road Apartment Total					19,373.20	19,373.20	144,296.48	0.00	0.00	0.00	163,669.68	163,669.68	0.00	0.00
Mutual Fund	2001AB MF Meridian Apartments	0.00	8/1/2012	9/1/2012	36,972.96	36,972.96		(10,908.76)			26,064.20	26,064.20	-	0.00
Mutual Fund	2001AB MF Meridian Apartments	0.00	8/1/2012	9/1/2012	252,991.97	252,991.97	17,499.99				270,491.96	270,491.96	-	0.00
Money Market	2001AB MF Meridian Apartments	0.00	8/1/2012	9/1/2012	431,486.98	431,486.98	37,441.44				468,928.42	468,928.42	-	0.00
Mutual Fund	2001AB MF Meridian Apartments	0.00	8/1/2012	9/1/2012	40,267.66	40,267.66	0.00				40,267.66	40,267.66	-	0.00
Mutual Fund	2001AB MF Meridian Apartments	0.00	8/1/2012	9/1/2012	1,955.00	1,955.00	0.00				1,955.00	1,955.00	-	0.00
Mutual Fund	2001AB MF Meridian Apartments	0.00	8/1/2012	9/1/2012	7,000.00	7,000.00	0.00				7,000.00	7,000.00	-	0.00
Mutual Fund	2001AB MF Meridian Apartments	0.00	8/1/2012	9/1/2012	39,420.00	39,420.00		(105.00)			39,315.00	39,315.00	-	0.00
Mutual Fund	2001AB MF Meridian Apartments	0.00	8/1/2012	9/1/2012	52,267.08	52,267.08	0.00				52,267.08	52,267.08	-	0.00
2001AB MF Meridian Apartments Total					862,361.65	862,361.65	54,941.43	(11,013.76)	0.00	0.00	906,289.32	906,289.32	0.00	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	8/1/2012	9/1/2012	27,775.76	27,775.76		(13,201.00)			14,574.76	14,574.76	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	8/1/2012	9/1/2012	415,608.61	415,608.61		(50,051.07)			365,557.54	365,557.54	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	8/1/2012	9/1/2012	6,221.03	6,221.03		(30.00)			6,191.03	6,191.03	-	0.00
Money Market	2001AB MF Wildwood Branch	0.00	8/1/2012	9/1/2012	157,162.55	157,162.55	17,499.99				174,662.54	174,662.54	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	8/1/2012	9/1/2012	6,000.00	6,000.00	0.00				6,000.00	6,000.00	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	8/1/2012	9/1/2012	32,015.00	32,015.00		(90.00)			31,925.00	31,925.00	-	0.00
2001AB MF Wildwood Branch Total					644,782.95	644,782.95	17,499.99	(63,372.07)	0.00	0.00	598,910.87	598,910.87	0.00	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.00	8/1/2012	9/1/2012	89,385.85	89,385.85	62,626.66				152,012.51	152,012.51	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.00	8/1/2012	9/1/2012	26,407.66	26,407.66	4,883.93				31,291.59	31,291.59	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.00	8/1/2012	9/1/2012	38,909.15	38,909.15		(0.18)			38,908.97	38,908.97	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.00	8/1/2012	9/1/2012	0.12	0.12	0.00				0.12	0.12	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.00	8/1/2012	9/1/2012	188,754.10	188,754.10	17,503.78				206,257.88	206,257.88	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.00	8/1/2012	9/1/2012	139,346.03	139,346.03		(66,498.63)			72,847.40	72,847.40	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.00	8/1/2012	9/1/2012	400,556.87	400,556.87		(201,991.22)			198,565.65	198,565.65	-	0.00
2001ABC MF Fallbrook Apts Total					883,359.78	883,359.78	85,014.37	(268,490.03)	0.00	0.00	699,884.12	699,884.12	0.00	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.00	8/1/2012	9/1/2012	44,375.28	44,375.28		(5,669.86)			38,705.42	38,705.42	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.00	8/1/2012	9/1/2012	48,182.54	48,182.54	8,918.43				57,100.97	57,100.97	-	0.00

Texas Department of Housing and Community Affairs
Multi Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales (694.80)	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
Mutual Fund	2001 MF Oak Hollow Apts	0.00	8/1/2012	9/1/2012	60,693.08	60,693.08					59,998.28	59,998.28	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.00	8/1/2012	9/1/2012	60,219.78	60,219.78	36,380.37				96,600.15	96,600.15	-	0.00
	2001 MF Oak Hollow Apts Total				<u>213,470.88</u>	<u>213,470.88</u>	<u>45,298.80</u>	(6,364.66)	0.00	0.00	<u>252,404.82</u>	<u>252,404.82</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2001AB MF Hillside Apts	0.00	8/1/2012	9/1/2012	32,732.31	32,732.31		(12,226.19)			20,506.12	20,506.12	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.00	8/1/2012	9/1/2012	91,580.64	91,580.64		(33,340.21)			58,240.43	58,240.43	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.00	8/1/2012	9/1/2012	102,981.16	102,981.16	286.30				103,267.46	103,267.46	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.00	8/1/2012	9/1/2012	85,649.74	85,649.74	46,150.38				131,800.12	131,800.12	-	0.00
	2001AB MF Hillside Apts Total				<u>312,943.85</u>	<u>312,943.85</u>	<u>46,436.68</u>	(45,566.40)	0.00	0.00	<u>313,814.13</u>	<u>313,814.13</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2002A MF Millstone Apts	0.01	8/1/2012	9/1/2012	33,685.39	33,685.39		(16,895.04)			16,790.35	16,790.35	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	8/1/2012	9/1/2012	345,168.98	345,168.98	15,508.75				360,677.73	360,677.73	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	8/1/2012	9/1/2012	897.92	897.92	3,423.74				4,321.66	4,321.66	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	8/1/2012	9/1/2012	67,567.89	67,567.89	38,423.00				105,990.89	105,990.89	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	8/1/2012	9/1/2012	90,006.30	90,006.30		(42,498.92)			47,507.38	47,507.38	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	8/1/2012	9/1/2012	277,437.69	277,437.69		(101,055.04)			176,382.65	176,382.65	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	8/1/2012	9/1/2012	143,945.74	143,945.74	52,704.79				196,650.53	196,650.53	-	0.00
	2002A MF Millstone Apts Total				<u>958,709.91</u>	<u>958,709.91</u>	<u>110,060.28</u>	(160,449.00)	0.00	0.00	<u>908,321.19</u>	<u>908,321.19</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2002 MF Park Meadows	0.00	8/1/2012	9/1/2012	196,721.94	196,721.94		(83,841.00)			112,880.94	112,880.94	-	0.00
	2002 MF Park Meadows Total				<u>196,721.94</u>	<u>196,721.94</u>	<u>0.00</u>	(83,841.00)	0.00	0.00	<u>112,880.94</u>	<u>112,880.94</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2002 MF Clarkridge Villas Apts	0.00	8/1/2012	9/1/2012	48,211.42	48,211.42		(13,606.52)			34,604.90	34,604.90	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	0.00	8/1/2012	9/1/2012	187,028.90	187,028.90	14,771.85				201,800.75	201,800.75	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	0.00	8/1/2012	9/1/2012	119,696.93	119,696.93	58.29				119,755.22	119,755.22	-	0.00
Money Market	2002 MF Clarkridge Villas Apts	0.00	8/1/2012	9/1/2012	21,194.92	21,194.92	0.00				21,194.92	21,194.92	-	0.00
Money Market	2002 MF Clarkridge Villas Apts	0.00	8/1/2012	9/1/2012	116,128.57	116,128.57	66,602.07				182,730.64	182,730.64	-	0.00
	2002 MF Clarkridge Villas Apts Total				<u>492,260.74</u>	<u>492,260.74</u>	<u>81,432.21</u>	(13,606.52)	0.00	0.00	<u>560,086.43</u>	<u>560,086.43</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2002 MF Hickory Trace Apts	0.00	8/1/2012	9/1/2012	12,846.97	12,846.97	5,104.77				17,951.74	17,951.74	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.00	8/1/2012	9/1/2012	66,702.51	66,702.51	10,348.35				77,050.86	77,050.86	-	0.00
Money Market	2002 MF Hickory Trace Apts	0.00	8/1/2012	9/1/2012	95,406.10	95,406.10	134.34				95,540.44	95,540.44	-	0.00
Money Market	2002 MF Hickory Trace Apts	0.00	8/1/2012	9/1/2012	998.09	998.09	0.00				998.09	998.09	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.00	8/1/2012	9/1/2012	70,810.42	70,810.42	48,658.36				119,468.78	119,468.78	-	0.00
	2002 MF Hickory Trace Apts Total				<u>246,764.09</u>	<u>246,764.09</u>	<u>64,245.82</u>	0.00	0.00	0.00	<u>311,009.91</u>	<u>311,009.91</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2002 MF Green Crest Apts	0.00	8/1/2012	9/1/2012	92,681.14	92,681.14	74,649.96				167,331.10	167,331.10	-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.00	8/1/2012	9/1/2012	103,094.73	103,094.73		(3,059.11)			100,035.62	100,035.62	-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.00	8/1/2012	9/1/2012	0.38	0.38	0.00				0.38	0.38	-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.00	8/1/2012	9/1/2012	7,426.52	7,426.52	6,195.00				13,621.52	13,621.52	-	0.00
	2002 MF Green Crest Apts Total				<u>203,202.77</u>	<u>203,202.77</u>	<u>80,844.96</u>	(3,059.11)	0.00	0.00	<u>280,988.62</u>	<u>280,988.62</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2002 MF Ironwood Crossing	0.00	8/1/2012	9/1/2012	154,890.40	154,890.40	85,953.50				240,843.90	240,843.90	-	0.00
Mutual Fund	2002 MF Ironwood Crossing	0.00	8/1/2012	9/1/2012	4,948.00	4,948.00	8,844.00				13,792.00	13,792.00	-	0.00
Mutual Fund	2002 MF Ironwood Crossing	0.00	8/1/2012	9/1/2012	47,894.49	47,894.49		(2,779.14)			45,115.35	45,115.35	-	0.00
	2002 MF Ironwood Crossing Total				<u>207,732.89</u>	<u>207,732.89</u>	<u>94,797.50</u>	(2,779.14)	0.00	0.00	<u>299,751.25</u>	<u>299,751.25</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2002 MF Woodway Village	0.00	8/1/2012	9/1/2012	7,464.38	7,464.38		(7,464.38)					-	0.00
Mutual Fund	2002 MF Woodway Village	0.00	8/1/2012	9/1/2012	228,962.71	228,962.71		(131,314.05)			97,648.66	97,648.66	-	0.00
Mutual Fund	2002 MF Woodway Village	0.00	8/1/2012	9/1/2012	4,678.51	4,678.51		(1,369.62)			3,308.89	3,308.89	-	0.00
	2002 MF Woodway Village Total				<u>241,105.60</u>	<u>241,105.60</u>	<u>0.00</u>	(140,148.05)	0.00	0.00	<u>100,957.55</u>	<u>100,957.55</u>	<u>0.00</u>	<u>0.00</u>
Money Market	2003 AB MF Reading Road	0.00	8/1/2012	9/1/2012	697.00	697.00	18,262.78				18,959.78	18,959.78	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	8/1/2012	9/1/2012	63,988.46	63,988.46		(38,296.87)			25,691.59	25,691.59	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	8/1/2012	9/1/2012	7,260.25	7,260.25		(5,623.03)			1,637.22	1,637.22	-	0.00
Money Market	2003 AB MF Reading Road	0.00	8/1/2012	9/1/2012	7.96	7.96	0.00				7.96	7.96	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	8/1/2012	9/1/2012	7.96	7.96	0.00				7.96	7.96	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	8/1/2012	9/1/2012	104,168.46	104,168.46		(53,821.88)			50,346.58	50,346.58	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	8/1/2012	9/1/2012	0.16	0.16	0.00				0.16	0.16	-	0.00
	2003 AB MF Reading Road Total				<u>176,130.25</u>	<u>176,130.25</u>	<u>18,262.78</u>	(97,741.78)	0.00	0.00	<u>96,651.25</u>	<u>96,651.25</u>	<u>0.00</u>	<u>0.00</u>
Money Market	2003 AB MF North Vista Apts	0.00	8/1/2012	9/1/2012	107,126.65	107,126.65	63,921.00				171,047.65	171,047.65	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.00	8/1/2012	9/1/2012	398.66	398.66	0.00				398.66	398.66	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.00	8/1/2012	9/1/2012	19,080.06	19,080.06		(0.03)			19,080.03	19,080.03	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.00	8/1/2012	9/1/2012	270,664.33	270,664.33	15,750.00				286,414.33	286,414.33	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.00	8/1/2012	9/1/2012	14,807.44	14,807.44	43,733.25				58,540.69	58,540.69	-	0.00
Money Market	2003 AB MF North Vista Apts	0.00	8/1/2012	9/1/2012	104,999.88	104,999.88		(44,999.99)			59,999.89	59,999.89	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.00	8/1/2012	9/1/2012	286,187.40	286,187.40		(119,511.24)			166,676.16	166,676.16	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.00	8/1/2012	9/1/2012	34,357.77	34,357.77		(28,030.74)			6,327.03	6,327.03	-	0.00
	2003 AB MF North Vista Apts Total				<u>837,622.19</u>	<u>837,622.19</u>	<u>123,404.25</u>	(192,542.00)	0.00	0.00	<u>768,484.44</u>	<u>768,484.44</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2003 AB MF West Virginia Apts	0.01	8/1/2012	9/1/2012	50,232.24	50,232.24		(13,380.02)			36,852.22	36,852.22	-	0.00

Texas Department of Housing and Community Affairs
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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
Money Market	2003 AB MF West Virginia Apts	0.01	8/1/2012	9/1/2012	143,992.65	143,992.65		12,750.00			156,742.65	156,742.65	-	0.00
Money Market	2003 AB MF West Virginia Apts	0.01	8/1/2012	9/1/2012	102,409.23	102,409.23		34,053.00			136,462.23	136,462.23	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.01	8/1/2012	9/1/2012	32.98	32.98		0.03			33.01	33.01	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.01	8/1/2012	9/1/2012	10,374.12	10,374.12		30,627.75			41,001.87	41,001.87	-	0.00
Money Market	2003 AB MF West Virginia Apts	0.01	8/1/2012	9/1/2012	80,041.83	80,041.83		(27,500.00)			52,541.83	52,541.83	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.01	8/1/2012	9/1/2012	200,114.76	200,114.76		(86,193.74)			113,921.02	113,921.02	-	0.00
2003 AB MF West Virginia Apts Total														
					587,197.81	587,197.81	77,430.78	(127,073.76)	0.00	0.00	537,554.83	537,554.83	0.00	0.00
Mutual Fund	2003 AB MF Primrose Houston	0.00	8/1/2012	9/1/2012	99,827.48	99,827.48	0.00				99,827.48	99,827.48	-	0.00
Money Market	2003 AB MF Primrose Houston	0.00	8/1/2012	9/1/2012	33,648.59	33,648.59		(22,479.00)			11,169.59	11,169.59	-	0.00
2003 AB MF Primrose Houston Total														
					133,476.07	133,476.07	0.00	(22,479.00)	0.00	0.00	110,997.07	110,997.07	0.00	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.00	8/1/2012	9/1/2012	65,607.79	65,607.79		(48,025.63)			17,582.16	17,582.16	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.00	8/1/2012	9/1/2012	87,466.46	87,466.46	15,462.78				102,929.24	102,929.24	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.00	8/1/2012	9/1/2012	3,165.67	3,165.67	0.00				3,165.67	3,165.67	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.00	8/1/2012	9/1/2012	19,705.52	19,705.52		(17,854.95)			1,850.57	1,850.57	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.00	8/1/2012	9/1/2012			26,863.00				26,863.00	26,863.00	-	0.00
2003 AB MF Timber Oaks Apts Total														
					175,945.44	175,945.44	42,325.78	(65,880.58)	0.00	0.00	152,390.64	152,390.64	0.00	0.00
Mutual Fund	2003 AB MF Ash Creek	0.00	8/1/2012	9/1/2012	99,271.25	99,271.25	0.00				99,271.25	99,271.25	-	0.00
Money Market	2003 AB MF Ash Creek	0.00	8/1/2012	9/1/2012	20,883.18	20,883.18		(20,483.18)			400.00	400.00	-	0.00
2003 AB MF Ash Creek Total														
					120,154.43	120,154.43	0.00	(20,483.18)	0.00	0.00	99,671.25	99,671.25	0.00	0.00
Mutual Fund	2003 AB MF Peninsula	0.00	8/1/2012	9/1/2012	16,839.07	16,839.07	0.00				16,839.07	16,839.07	-	0.00
Mutual Fund	2003 AB MF Peninsula	0.00	8/1/2012	9/1/2012	153,606.90	153,606.90	206,075.97				359,682.87	359,682.87	-	0.00
Mutual Fund	2003 AB MF Peninsula	0.00	8/1/2012	9/1/2012	4,409.48	4,409.48	0.12				4,409.60	4,409.60	-	0.00
2003 AB MF Peninsula Total														
					174,855.45	174,855.45	206,076.09	0.00	0.00	0.00	380,931.54	380,931.54	0.00	0.00
Mutual Fund	2003 AB Arlington Villas	0.00	8/1/2012	9/1/2012	108,753.07	108,753.07	30.30				108,783.37	108,783.37	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.00	8/1/2012	9/1/2012	19,319.09	19,319.09	5,799.07				25,118.16	25,118.16	-	0.00
2003 AB Arlington Villas Total														
					128,072.16	128,072.16	5,829.37	0.00	0.00	0.00	133,901.53	133,901.53	0.00	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.00	8/1/2012	9/1/2012	3,861.68	3,861.68	6,166.06				10,027.74	10,027.74	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.00	8/1/2012	9/1/2012	114,369.27	114,369.27		(14,369.13)			100,000.14	100,000.14	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.00	8/1/2012	9/1/2012	71,051.28	71,051.28		(12,359.65)			58,691.63	58,691.63	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.00	8/1/2012	9/1/2012	2.23	2.23	226.47				228.70	228.70	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.00	8/1/2012	9/1/2012	98,390.52	98,390.52	89,039.31				187,429.83	187,429.83	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.00	8/1/2012	9/1/2012	221,239.91	221,239.91		(221,239.91)					-	0.00
2003 AB Parkview Twnhms Total														
					508,914.89	508,914.89	120,039.84	(247,968.69)	0.00	0.00	380,986.04	380,986.04	0.00	0.00
Money Market	2003 MF NHP-Asmara-Refunding	0.00	8/1/2012	9/1/2012	382,072.81	382,072.81		(334,385.91)			47,686.90	47,686.90	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	0.00	8/1/2012	9/1/2012	35,905.43	35,905.43	11,678.03				47,583.46	47,583.46	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	0.00	8/1/2012	9/1/2012	683.70	683.70	0.00				683.70	683.70	-	0.00
2003 MF NHP-Asmara-Refunding Total														
					418,661.94	418,661.94	11,678.03	(334,385.91)	0.00	0.00	95,954.06	95,954.06	0.00	0.00
Money Market	2004 A&B Timber Ridge	0.00	8/1/2012	9/1/2012	6,670.98	6,670.98	2,994.63				9,665.61	9,665.61	-	0.00
Money Market	2004 A&B Timber Ridge	0.00	8/1/2012	9/1/2012	61,632.31	61,632.31	568.60				62,200.91	62,200.91	-	0.00
2004 A&B Timber Ridge Total														
					68,303.29	68,303.29	3,563.23	0.00	0.00	0.00	71,866.52	71,866.52	0.00	0.00
Money Market	2004 A&B Century Park	0.00	8/1/2012	9/1/2012	55,394.12	55,394.12		(17,937.94)			37,456.18	37,456.18	-	0.00
Money Market	2004 A&B Century Park	0.00	8/1/2012	9/1/2012	24,321.20	24,321.20	44,500.02				68,821.22	68,821.22	-	0.00
Money Market	2004 A&B Century Park	0.00	8/1/2012	9/1/2012	1,628.37	1,628.37	0.00				1,628.37	1,628.37	-	0.00
Money Market	2004 A&B Century Park	0.00	8/1/2012	9/1/2012	1,697.48	1,697.48	0.01				1,697.49	1,697.49	-	0.00
Money Market	2004 A&B Century Park	0.00	8/1/2012	9/1/2012	98,380.40	98,380.40		(35,000.00)			63,380.40	63,380.40	-	0.00
Money Market	2004 A&B Century Park	0.00	8/1/2012	9/1/2012	164,081.03	164,081.03		(5,339.54)			158,741.49	158,741.49	-	0.00
Money Market	2004 A&B Century Park	0.00	8/1/2012	9/1/2012	291,235.20	291,235.20		(123,224.98)			168,010.22	168,010.22	-	0.00
2004 A&B Century Park Total														
					636,737.80	636,737.80	44,500.03	(181,502.46)	0.00	0.00	499,735.37	499,735.37	0.00	0.00
Money Market	2004 A&B MF Veterans Memorial	0.00	8/1/2012	9/1/2012	0.17	0.17	0.00				0.17	0.17	-	0.00
Money Market	2004 A&B MF Veterans Memorial	0.00	8/1/2012	9/1/2012	189,890.14	189,890.14	108,740.19				298,630.33	298,630.33	-	0.00
Money Market	2004 A&B MF Veterans Memorial	0.00	8/1/2012	9/1/2012	144,289.21	144,289.21		(24,087.82)			120,201.39	120,201.39	-	0.00
Money Market	2004 A&B MF Veterans Memorial	0.00	8/1/2012	9/1/2012	5,846.30	5,846.30		(4,886.01)			960.29	960.29	-	0.00
Money Market	2004 A&B MF Veterans Memorial	0.00	8/1/2012	9/1/2012	9,098.19	9,098.19	5,086.05				14,184.24	14,184.24	-	0.00
Mutual Fund	2004 A&B MF Veterans Memorial	0.00	8/1/2012	9/1/2012			29,876.00				29,876.00	29,876.00	-	0.00
2004 A&B MF Veterans Memorial Total														
					349,124.01	349,124.01	143,702.24	(28,973.83)	0.00	0.00	463,852.42	463,852.42	0.00	0.00
Money Market	2004 MF Rush Creek Apts	0.00	8/1/2012	9/1/2012	144,799.97	144,799.97		(12,435.18)			132,364.79	132,364.79	-	0.00
Money Market	2004 MF Rush Creek Apts	0.00	8/1/2012	9/1/2012	70,269.79	70,269.79	1,487.68				71,757.47	71,757.47	-	0.00
Money Market	2004 MF Rush Creek Apts	0.00	8/1/2012	9/1/2012	20,286.34	20,286.34	0.51				20,286.85	20,286.85	-	0.00
Money Market	2004 MF Rush Creek Apts	0.00	8/1/2012	9/1/2012	12,705.82	12,705.82	2,906.13				15,611.95	15,611.95	-	0.00
Money Market	2004 MF Rush Creek Apts	0.00	8/1/2012	9/1/2012	64,438.24	64,438.24	35,992.32				100,430.56	100,430.56	-	0.00

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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
Money Market	2004 MF Rush Creek Apts	0.00	8/1/2012	9/1/2012	0.10	0.10	0.00				0.10	0.10	-	0.00
	2004 MF Rush Creek Apts Total				312,500.26	312,500.26	40,386.64	(12,435.18)	0.00	0.00	340,451.72	340,451.72	0.00	0.00
Money Market	2004 MF Humble Parkway	0.00	8/1/2012	9/1/2012	129,178.62	129,178.62	21,545.99				150,724.61	150,724.61	-	0.00
Money Market	2004 MF Humble Parkway	0.00	8/1/2012	9/1/2012	85,778.61	85,778.61	63,448.50				149,227.11	149,227.11	-	0.00
Money Market	2004 MF Humble Parkway	0.00	8/1/2012	9/1/2012	429,008.93	429,008.93		(284,277.19)			144,731.74	144,731.74	-	0.00
Money Market	2004 MF Humble Parkway	0.00	8/1/2012	9/1/2012	32,055.36	32,055.36		(29,852.36)			2,203.00	2,203.00	-	0.00
	2004 MF Humble Parkway Total				676,021.52	676,021.52	84,994.49	(314,129.55)	0.00	0.00	446,886.46	446,886.46	0.00	0.00
Money Market	2004 MF Chisholm Trail Apts	0.00	8/1/2012	9/1/2012	51,867.75	51,867.75	47,183.93				99,051.68	99,051.68	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.00	8/1/2012	9/1/2012	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	8/1/2012	9/1/2012	7,703.81	7,703.81	6,481.95				14,185.76	14,185.76	-	0.00
	2004 MF Chisholm Trail Apts Total				61,854.98	61,854.98	53,665.88	0.00	0.00	0.00	115,520.86	115,520.86	0.00	0.00
Money Market	2004 MF Evergreen @ Plano Pkwy	0.00	8/1/2012	9/1/2012	26,340.98	26,340.98	36,618.90				62,959.88	62,959.88	-	0.00
Money Market	2004 MF Evergreen @ Plano Pkwy	0.00	8/1/2012	9/1/2012	991.65	991.65	6,159.99				7,151.64	7,151.64	-	0.00
Money Market	2004 MF Evergreen @ Plano Pkwy	0.00	8/1/2012	9/1/2012	8,783.08	8,783.08	144.61				8,927.69	8,927.69	-	0.00
Money Market	2004 MF Evergreen @ Plano Pkwy	0.00	8/1/2012	9/1/2012	78,097.73	78,097.73		(144.61)			77,953.12	77,953.12	-	0.00
Money Market	2004 MF Evergreen @ Plano Pkwy	0.00	8/1/2012	9/1/2012	1,527.32	1,527.32	0.00				1,527.32	1,527.32	-	0.00
Money Market	2004 MF Evergreen @ Plano Pkwy	0.00	8/1/2012	9/1/2012	348,957.09	348,957.09	14,068.92				363,026.01	363,026.01	-	0.00
	2004 MF Evergreen @ Plano Pkwy Total				464,697.85	464,697.85	56,992.42	(144.61)	0.00	0.00	521,545.66	521,545.66	0.00	0.00
Money Market	2004 MF Montgomery Pines Apts	0.00	8/1/2012	9/1/2012	4,558.33	4,558.33	4,369.93				8,928.26	8,928.26	-	0.00
Money Market	2004 MF Montgomery Pines Apts	0.00	8/1/2012	9/1/2012	25,686.08	25,686.08	50,382.14				76,068.22	76,068.22	-	0.00
Money Market	2004 MF Montgomery Pines Apts	0.00	8/1/2012	9/1/2012	1,087.29	1,087.29	0.00				1,087.29	1,087.29	-	0.00
	2004 MF Montgomery Pines Apts Total				31,331.70	31,331.70	54,752.07	0.00	0.00	0.00	86,083.77	86,083.77	0.00	0.00
Money Market	2004 MF Bristol Apts	0.00	8/1/2012	9/1/2012	392.77	392.77	0.00				392.77	392.77	-	0.00
Money Market	2004 MF Bristol Apts	0.00	8/1/2012	9/1/2012	0.11	0.11	0.01				0.12	0.12	-	0.00
Money Market	2004 MF Bristol Apts	0.00	8/1/2012	9/1/2012	11,859.14	11,859.14	2,620.30				14,479.44	14,479.44	-	0.00
Money Market	2004 MF Bristol Apts	0.00	8/1/2012	9/1/2012	70,899.69	70,899.69	29,632.34				100,532.03	100,532.03	-	0.00
	2004 MF Bristol Apts Total				83,151.71	83,151.71	32,252.65	0.00	0.00	0.00	115,404.36	115,404.36	0.00	0.00
Money Market	2004 MF Pinnacle Apts	0.00	8/1/2012	9/1/2012	2,240.55	2,240.55	4,064.77				6,305.32	6,305.32	-	0.00
Money Market	2004 MF Pinnacle Apts	0.00	8/1/2012	9/1/2012	46,643.14	46,643.14	34,385.82				81,028.96	81,028.96	-	0.00
Money Market	2004 MF Pinnacle Apts	0.00	8/1/2012	9/1/2012	0.21	0.21	0.00				0.21	0.21	-	0.00
	2004 MF Pinnacle Apts Total				48,883.90	48,883.90	38,450.59	0.00	0.00	0.00	87,334.49	87,334.49	0.00	0.00
Money Market	2004 MF Tranquility Bay Apts	0.00	8/1/2012	9/1/2012	149,084.53	149,084.53	12,300.00				161,384.53	161,384.53	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.00	8/1/2012	9/1/2012	74,741.64	74,741.64		(151.48)			74,590.16	74,590.16	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.00	8/1/2012	9/1/2012	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	8/1/2012	9/1/2012	143,324.52	143,324.52		(8,597.90)			134,726.62	134,726.62	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.00	8/1/2012	9/1/2012	29,975.43	29,975.43	2,249.25				32,224.68	32,224.68	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.00	8/1/2012	9/1/2012	9,271.41	9,271.41	151.48				9,422.89	9,422.89	-	0.00
	2004 MF Tranquility Bay Apts Total				407,848.50	407,848.50	14,700.73	(8,749.38)	0.00	0.00	413,799.85	413,799.85	0.00	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.00	8/1/2012	9/1/2012	95,170.94	95,170.94	54,578.91				149,749.85	149,749.85	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.00	8/1/2012	9/1/2012	225,465.49	225,465.49	10,927.26				236,392.75	236,392.75	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.00	8/1/2012	9/1/2012	7,403.26	7,403.26	121.89				7,525.15	7,525.15	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.00	8/1/2012	9/1/2012	53,124.83	53,124.83		(121.89)			53,002.94	53,002.94	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.00	8/1/2012	9/1/2012	13,885.28	13,885.28		(8,967.50)			4,917.78	4,917.78	-	0.00
	2004 MF Churchill @ Pinnacle Total				395,049.80	395,049.80	65,628.06	(9,089.39)	0.00	0.00	451,588.47	451,588.47	0.00	0.00
Money Market	2004 MF Village Fair	0.00	8/1/2012	9/1/2012	129,996.08	129,996.08	9,096.27				139,092.35	139,092.35	-	0.00
Money Market	2004 MF Village Fair	0.00	8/1/2012	9/1/2012	65,702.96	65,702.96		(13,434.71)			52,268.25	52,268.25	-	0.00
Money Market	2004 MF Village Fair	0.00	8/1/2012	9/1/2012	107,386.66	107,386.66	0.00				107,386.66	107,386.66	-	0.00
Money Market	2004 MF Village Fair	0.00	8/1/2012	9/1/2012	16,197.64	16,197.64	154.36				16,352.00	16,352.00	-	0.00
	2004 MF Village Fair Total				319,283.34	319,283.34	9,250.63	(13,434.71)	0.00	0.00	315,099.26	315,099.26	0.00	0.00
Money Market	2005 MF Pecan Grove	0.00	8/1/2012	9/1/2012	18,488.32	18,488.32		(11,095.00)			7,393.32	7,393.32	-	0.00
Money Market	2005 MF Pecan Grove	0.00	8/1/2012	9/1/2012	1,129,150.93	1,129,150.93	0.11				1,129,151.04	1,129,151.04	-	0.00
	2005 MF Pecan Grove Total				1,147,639.25	1,147,639.25	0.11	(11,095.00)	0.00	0.00	1,136,544.36	1,136,544.36	0.00	0.00
Money Market	2005 MF Prairie Oaks	0.00	8/1/2012	9/1/2012	37,412.50	37,412.50		(5,339.16)			32,073.34	32,073.34	-	0.00
Money Market	2005 MF Prairie Oaks	0.00	8/1/2012	9/1/2012	31,306.90	31,306.90		(17,434.46)			13,872.44	13,872.44	-	0.00
Money Market	2005 MF Prairie Oaks	0.00	8/1/2012	9/1/2012	25,589.11	25,589.11	0.00				25,589.11	25,589.11	-	0.00
Money Market	2005 MF Prairie Oaks	0.00	8/1/2012	9/1/2012	86,880.46	86,880.46	0.00				86,880.46	86,880.46	-	0.00
Money Market	2005 MF Prairie Oaks	0.00	8/1/2012	9/1/2012	68,091.63	68,091.63	13,565.44				81,657.07	81,657.07	-	0.00
	2005 MF Prairie Oaks Total				249,280.60	249,280.60	13,565.44	(22,773.62)	0.00	0.00	240,072.42	240,072.42	0.00	0.00
Money Market	2005 MF Port Royal	0.00	8/1/2012	9/1/2012	849,485.14	849,485.14	0.09				849,485.23	849,485.23	-	0.00
Money Market	2005 MF Port Royal	0.00	8/1/2012	9/1/2012	2,351.00	2,351.00	7,251.00				9,602.00	9,602.00	-	0.00

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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
	2005 MF Port Royal Total				851,836.14	851,836.14	7,251.09	0.00	0.00	0.00	859,087.23	859,087.23	0.00	0.00
Mutual Fund	2005 MF Mission Del Rio	0.00	8/1/2012	9/1/2012	20,002.26	20,002.26	5,434.43				25,436.69	25,436.69	-	0.00
Money Market	2005 MF Mission Del Rio	0.00	8/1/2012	9/1/2012	284,768.76	284,768.76	0.03				284,768.79	284,768.79	-	0.00
Money Market	2005 MF Mission Del Rio	0.00	8/1/2012	9/1/2012	1,411.70	1,411.70	6,564.00				7,975.70	7,975.70	-	0.00
	2005 MF Mission Del Rio Total				306,182.72	306,182.72	11,998.46	0.00	0.00	0.00	318,181.18	318,181.18	0.00	0.00
Money Market	2005 MF Atascocita Apts	0.00	8/1/2012	9/1/2012	11,863.06	11,863.06	1,812.02				13,675.08	13,675.08	-	0.00
Money Market	2005 MF Atascocita Apts	0.00	8/1/2012	9/1/2012	7.17	7.17	0.32				7.49	7.49	-	0.00
Money Market	2005 MF Atascocita Apts	0.00	8/1/2012	9/1/2012	27.55	27.55	0.00				27.55	27.55	-	0.00
Money Market	2005 MF Atascocita Apts	0.00	8/1/2012	9/1/2012	70,042.06	70,042.06	34,578.13				104,620.19	104,620.19	-	0.00
	2005 MF Atascocita Apts Total				81,939.84	81,939.84	36,390.47	0.00	0.00	0.00	118,330.31	118,330.31	0.00	0.00
Money Market	2005 MF Tower Ridge	0.00	8/1/2012	9/1/2012	21,204.39	21,204.39		(9,564.51)			11,639.88	11,639.88	-	0.00
Money Market	2005 MF Tower Ridge	0.00	8/1/2012	9/1/2012	916.53	916.53	0.00				916.53	916.53	-	0.00
Money Market	2005 MF Tower Ridge	0.00	8/1/2012	9/1/2012	86.21	86.21	0.00				86.21	86.21	-	0.00
Money Market	2005 MF Tower Ridge	0.00	8/1/2012	9/1/2012	1,826.66	1,826.66	0.00				1,826.66	1,826.66	-	0.00
	2005 MF Tower Ridge Total				24,033.79	24,033.79	0.00	(9,564.51)	0.00	0.00	14,469.28	14,469.28	0.00	0.00
GNMA	2005 MF Prairie Ranch	4.99	3/28/2006	1/15/2045	11,576,451.81	11,576,451.81			(33,713.25)		11,542,738.56	12,474,006.71	931,268.15	0.00
Inv Agmt	2005 MF Prairie Ranch	3.25	12/6/2005	1/20/2045	316,573.76	316,573.76		(179,864.12)			136,709.64	136,709.64	-	0.00
Money Market	2005 MF Prairie Ranch	0.00	8/1/2012	9/1/2012	3,587.06	3,587.06	0.00				3,587.06	3,587.06	-	0.00
Money Market	2005 MF Prairie Ranch	0.00	8/1/2012	9/1/2012	4,426.39	4,426.39		(100.00)			4,326.39	4,326.39	-	0.00
	2005 MF Prairie Ranch Total				11,901,039.02	11,901,039.02	0.00	(179,964.12)	(33,713.25)	0.00	11,687,361.65	12,618,629.80	931,268.15	0.00
Money Market	2005 MF St. Augustine	0.00	8/1/2012	9/1/2012	0.05	0.05	0.00				0.05	0.05	-	0.00
Money Market	2005 MF St. Augustine	0.00	8/1/2012	9/1/2012	57,903.96	57,903.96	22,968.20				80,872.16	80,872.16	-	0.00
Money Market	2005 MF St. Augustine	0.00	8/1/2012	9/1/2012	13,000.21	13,000.21		(219.60)			12,780.61	12,780.61	-	0.00
Money Market	2005 MF St. Augustine	0.00	8/1/2012	9/1/2012	12.66	12.66	0.00				12.66	12.66	-	0.00
	2005 MF St. Augustine Total				70,916.88	70,916.88	22,968.20	(219.60)	0.00	0.00	93,665.48	93,665.48	0.00	0.00
Mutual Fund	2005 MF Park Manor	0.00	8/1/2012	9/1/2012	39,200.88	39,200.88	27,883.43				67,084.31	67,084.31	-	0.00
Money Market	2005 MF Park Manor	0.00	8/1/2012	9/1/2012	28,702.28	28,702.28		(13,372.24)			15,330.04	15,330.04	-	0.00
Money Market	2005 MF Park Manor	0.01	8/1/2012	9/1/2012	69,565.47	69,565.47	7.00				69,572.47	69,572.47	-	0.00
Money Market	2005 MF Park Manor	0.00	8/1/2012	9/1/2012	5,002.28	5,002.28	5,001.59				10,003.87	10,003.87	-	0.00
	2005 MF Park Manor Total				142,470.91	142,470.91	32,892.02	(13,372.24)	0.00	0.00	161,990.69	161,990.69	0.00	0.00
Money Market	2005 MF Pr Mockingbird	0.00	8/1/2012	9/1/2012	21,487.48	21,487.48		(7,365.31)			14,122.17	14,122.17	-	0.00
Money Market	2005 MF Pr Mockingbird	0.00	8/1/2012	9/1/2012	83,885.38	83,885.38		(877.92)			83,007.46	83,007.46	-	0.00
Money Market	2005 MF Pr Mockingbird	0.00	8/1/2012	9/1/2012	102,948.72	102,948.72	81.12				103,029.84	103,029.84	-	0.00
Money Market	2005 MF Pr Mockingbird	0.00	8/1/2012	9/1/2012	30,146.05	30,146.05		(15,038.84)			15,107.21	15,107.21	-	0.00
	2005 MF Pr Mockingbird Total				238,467.63	238,467.63	81.12	(23,282.07)	0.00	0.00	215,266.68	215,266.68	0.00	0.00
Money Market	2005 MF Pl @ Chase Oaks	0.00	8/1/2012	9/1/2012	411.19	411.19	0.00				411.19	411.19	-	0.00
Money Market	2005 MF Pl @ Chase Oaks	0.00	8/1/2012	9/1/2012	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	0.00	8/1/2012	9/1/2012	21,144.74	21,144.74	6,650.63				27,795.37	27,795.37	-	0.00
Money Market	2005 MF Canal Place	0.00	8/1/2012	9/1/2012	194,464.63	194,464.63	5,897.77				200,362.40	200,362.40	-	0.00
Money Market	2005 MF Canal Place	0.00	8/1/2012	9/1/2012	3,995.90	3,995.90	0.02				3,995.92	3,995.92	-	0.00
	2005 MF Canal Place Total				219,605.27	219,605.27	12,548.42	0.00	0.00	0.00	232,153.69	232,153.69	0.00	0.00
Money Market	2006 MF Coral Hills	0.00	8/1/2012	9/1/2012	149,084.58	149,084.58		(79,496.14)			69,588.44	69,588.44	-	0.00
Money Market	2006 MF Coral Hills	0.00	8/1/2012	9/1/2012	504.95	504.95	0.00				504.95	504.95	-	0.00
	2006 MF Coral Hills Total				149,589.53	149,589.53	0.00	(79,496.14)	0.00	0.00	70,093.39	70,093.39	0.00	0.00
Money Market	2006 MF Harris Branch	0.00	8/1/2012	9/1/2012	40,399.29	40,399.29	57,262.10				97,661.39	97,661.39	-	0.00
Money Market	2006 MF Harris Branch	0.00	8/1/2012	9/1/2012	4,736.19	4,736.19	0.00				4,736.19	4,736.19	-	0.00
Money Market	2006 MF Harris Branch	0.00	8/1/2012	9/1/2012	15,788.37	15,788.37	11,639.47				27,427.84	27,427.84	-	0.00
Money Market	2006 MF Harris Branch	0.00	8/1/2012	9/1/2012	3,557.99	3,557.99	0.00				3,557.99	3,557.99	-	0.00
Money Market	2006 MF Harris Branch	0.00	8/1/2012	9/1/2012	17,350.64	17,350.64	0.00				17,350.64	17,350.64	-	0.00
	2006 MF Harris Branch Total				81,832.48	81,832.48	68,901.57	0.00	0.00	0.00	150,734.05	150,734.05	0.00	0.00
Money Market	2006 MF Bella Vista	0.00	8/1/2012	9/1/2012	48,514.86	48,514.86	15,891.39				64,406.25	64,406.25	-	0.00
Money Market	2006 MF Bella Vista	0.00	8/1/2012	9/1/2012	240,552.91	240,552.91	0.03				240,552.94	240,552.94	-	0.00
Money Market	2006 MF Bella Vista	0.00	8/1/2012	9/1/2012	8,333.34	8,333.34	12,500.01				20,833.35	20,833.35	-	0.00
Money Market	2006 MF Bella Vista	0.00	8/1/2012	9/1/2012	68,162.50	68,162.50	101,731.25				169,893.75	169,893.75	-	0.00
Money Market	2006 MF Bella Vista	0.00	8/1/2012	9/1/2012	33,510.07	33,510.07		(9,801.95)			23,708.12	23,708.12	-	0.00
	2006 MF Bella Vista Total				399,073.68	399,073.68	130,122.68	(9,801.95)	0.00	0.00	519,394.41	519,394.41	0.00	0.00
Money Market	2006 MF Village Park	0.00	8/1/2012	9/1/2012	4,234.37	4,234.37					4,234.37	4,234.37	-	0.00
Money Market	2006 MF Village Park	0.00	8/1/2012	9/1/2012	359,469.69	359,469.69		(166,378.06)			193,091.63	193,091.63	-	0.00

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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
	2006 MF Village Park Total				363,704.06	363,704.06	0.00	(166,378.06)	0.00	0.00	197,326.00	197,326.00	0.00	0.00
Money Market	2006 MF Oakmoor	0.00	8/1/2012	9/1/2012	6,383.60	6,383.60	4,060.00				10,443.60	10,443.60	-	0.00
Money Market	2006 MF Oakmoor	0.00	8/1/2012	9/1/2012	181,880.13	181,880.13	8,266.66				190,146.79	190,146.79	-	0.00
Money Market	2006 MF Oakmoor	0.00	8/1/2012	9/1/2012	80,636.91	80,636.91		(79,753.47)			883.44	883.44	-	0.00
Money Market	2006 MF Oakmoor	0.00	8/1/2012	9/1/2012	171,721.57	171,721.57	44,463.84				216,185.41	216,185.41	-	0.00
	2006 MF Oakmoor Total				440,622.21	440,622.21	56,790.50	(79,753.47)	0.00	0.00	417,659.24	417,659.24	0.00	0.00
Money Market	2006 MF Hillcrest	0.00	8/1/2012	9/1/2012	161,049.47	161,049.47	172,299.11				333,348.58	333,348.58	-	0.00
	2006 MF Hillcrest Total				161,049.47	161,049.47	172,299.11	0.00	0.00	0.00	333,348.58	333,348.58	0.00	0.00
Money Market	2006 MF Pleasant Village	0.00	8/1/2012	9/1/2012	137,392.98	137,392.98	4,308.51				141,701.49	141,701.49	-	0.00
Mutual Fund	2006 MF Pleasant Village	0.00	8/1/2012	9/1/2012	59,656.15	59,656.15	17,499.00				77,155.15	77,155.15	-	0.00
Money Market	2006 MF Pleasant Village	0.00	8/1/2012	9/1/2012	25,141.90	25,141.90	0.00				25,141.90	25,141.90	-	0.00
Money Market	2006 MF Pleasant Village	0.00	8/1/2012	9/1/2012	36,295.12	36,295.12	0.00				36,295.12	36,295.12	-	0.00
	2006 MF Pleasant Village Total				258,486.15	258,486.15	21,807.51	0.00	0.00	0.00	280,293.66	280,293.66	0.00	0.00
Money Market	2006 MF Grove Village	0.00	8/1/2012	9/1/2012	184,063.62	184,063.62	20,301.00				204,364.62	204,364.62	-	0.00
Money Market	2006 MF Grove Village	0.00	8/1/2012	9/1/2012	26,614.84	26,614.84	0.00				26,614.84	26,614.84	-	0.00
Money Market	2006 MF Grove Village	0.00	8/1/2012	9/1/2012	37,383.97	37,383.97	0.00				37,383.97	37,383.97	-	0.00
Money Market	2006 MF Grove Village	0.00	8/1/2012	9/1/2012	31,986.03	31,986.03	4,671.51				36,657.54	36,657.54	-	0.00
Money Market	2006 MF Grove Village	0.00	8/1/2012	9/1/2012	2.61	2.61	0.00				2.61	2.61	-	0.00
	2006 MF Grove Village Total				280,051.07	280,051.07	24,972.51	0.00	0.00	0.00	305,023.58	305,023.58	0.00	0.00
Money Market	2006 MF Red Hills	0.00	8/1/2012	9/1/2012	21,727.02	21,727.02	5,058.90				26,785.92	26,785.92	-	0.00
Money Market	2006 MF Red Hills	0.00	8/1/2012	9/1/2012	1,525.67	1,525.67		(1,477.19)			48.48	48.48	-	0.00
Money Market	2006 MF Red Hills	0.00	8/1/2012	9/1/2012	39,715.52	39,715.52	13,741.00				53,456.52	53,456.52	-	0.00
Money Market	2006 MF Red Hills	0.00	8/1/2012	9/1/2012	12.88	12.88	0.00				12.88	12.88	-	0.00
	2006 MF Red Hills Total				62,981.09	62,981.09	18,799.90	(1,477.19)	0.00	0.00	80,303.80	80,303.80	0.00	0.00
Money Market	2006 MF Champion Crossing	0.00	8/1/2012	9/1/2012	10,098.93	10,098.93	0.00				10,098.93	10,098.93	-	0.00
Money Market	2006 MF Champion Crossing	0.00	8/1/2012	9/1/2012	24,449.08	24,449.08	2,471.42				26,920.50	26,920.50	-	0.00
Money Market	2006 MF Champion Crossing	0.00	8/1/2012	9/1/2012	96.85	96.85	0.00				96.85	96.85	-	0.00
Money Market	2006 MF Champion Crossing	0.00	8/1/2012	9/1/2012	48,899.08	48,899.08	20,850.00				69,749.08	69,749.08	-	0.00
Money Market	2006 MF Champion Crossing	0.00	8/1/2012	9/1/2012	12.57	12.57	0.00				12.57	12.57	-	0.00
	2006 MF Champion Crossing Total				83,556.51	83,556.51	23,321.42	0.00	0.00	0.00	106,877.93	106,877.93	0.00	0.00
Money Market	2006 MF Stonehaven	0.00	8/1/2012	9/1/2012	38,782.14	38,782.14		(10,045.00)			28,737.14	28,737.14	-	0.00
	2006 MF Stonehaven Total				38,782.14	38,782.14	0.00	(10,045.00)	0.00	0.00	28,737.14	28,737.14	0.00	0.00
Money Market	2006 MF Center Ridge	0.00	8/1/2012	9/1/2012	79.60	79.60	0.00				79.60	79.60	-	0.00
Money Market	2006 MF Center Ridge	0.00	8/1/2012	9/1/2012	34,003.33	34,003.33	0.00				34,003.33	34,003.33	-	0.00
	2006 MF Center Ridge Total				34,082.93	34,082.93	0.00	0.00	0.00	0.00	34,082.93	34,082.93	0.00	0.00
Money Market	2006 MF Meadowlands	0.01	8/1/2012	9/1/2012	462,946.35	462,946.35	0.00				462,946.35	462,946.35	-	0.00
Money Market	2006 MF Meadowlands	0.01	8/1/2012	9/1/2012	43,046.78	43,046.78	6,208.35				49,255.13	49,255.13	-	0.00
Money Market	2006 MF Meadowlands	0.01	8/1/2012	9/1/2012	101,595.99	101,595.99	0.00				101,595.99	101,595.99	-	0.00
Money Market	2006 MF Meadowlands	0.01	8/1/2012	9/1/2012	136,205.94	136,205.94	80,091.99				216,297.93	216,297.93	-	0.00
Money Market	2006 MF Meadowlands	0.01	8/1/2012	9/1/2012	154,486.47	154,486.47	12,894.15				167,380.62	167,380.62	-	0.00
Money Market	2006 MF Meadowlands	0.01	8/1/2012	9/1/2012	0.01	0.01	0.00				0.01	0.01	-	0.00
	2006 MF Meadowlands Total				898,281.54	898,281.54	99,194.49	0.00	0.00	0.00	997,476.03	997,476.03	0.00	0.00
Money Market	2006 MF East Texas Pines	0.00	8/1/2012	9/1/2012	22,251.02	22,251.02		(11,484.99)			10,766.03	10,766.03	-	0.00
Money Market	2006 MF East Texas Pines	0.00	8/1/2012	9/1/2012	43,440.59	43,440.59	97,604.24				141,044.83	141,044.83	-	0.00
Money Market	2006 MF East Texas Pines	0.00	8/1/2012	9/1/2012	253,767.45	253,767.45	187,805.22				441,572.67	441,572.67	-	0.00
Money Market	2006 MF East Texas Pines	0.00	8/1/2012	9/1/2012	239,718.80	239,718.80	20,833.35				260,552.15	260,552.15	-	0.00
	2006 MF East Texas Pines Total				559,177.86	559,177.86	306,242.81	(11,484.99)	0.00	0.00	853,935.68	853,935.68	0.00	0.00
Money Market	2006 MF Villas at Henderson	0.00	8/1/2012	9/1/2012	41.67	41.67	0.00				41.67	41.67	-	0.00
Money Market	2006 MF Villas at Henderson	0.00	8/1/2012	9/1/2012	42,966.53	42,966.53	25,098.00				68,064.53	68,064.53	-	0.00
Money Market	2006 MF Villas at Henderson	0.00	8/1/2012	9/1/2012	36,020.47	36,020.47	22,665.00				58,685.47	58,685.47	-	0.00
Money Market	2006 MF Villas at Henderson	0.00	8/1/2012	9/1/2012	18,667.11	18,667.11	6,999.99				25,667.10	25,667.10	-	0.00
Money Market	2006 MF Villas at Henderson	0.00	8/1/2012	9/1/2012	19.00	19.00	0.00				19.00	19.00	-	0.00
Money Market	2006 MF Villas at Henderson	0.00	8/1/2012	9/1/2012	402.41	402.41	0.00				402.41	402.41	-	0.00
Money Market	2006 MF Villas at Henderson	0.00	8/1/2012	9/1/2012	0.74	0.74	0.00				0.74	0.74	-	0.00
Money Market	2006 MF Villas at Henderson	0.00	8/1/2012	9/1/2012	16,647.95	16,647.95	1,722.36				18,370.31	18,370.31	-	0.00
	2006 MF Villas at Henderson Total				114,765.88	114,765.88	56,485.35	0.00	0.00	0.00	171,251.23	171,251.23	0.00	0.00
Money Market	2006 MF Aspen Parks Apts	0.00	8/1/2012	9/1/2012	260,323.54	260,323.54		(146,671.92)			113,651.62	113,651.62	-	0.00
Money Market	2006 MF Aspen Parks Apts	0.00	8/1/2012	9/1/2012	6,550.33	6,550.33	6,550.02				13,100.35	13,100.35	-	0.00
Money Market	2006 MF Aspen Parks Apts	0.00	8/1/2012	9/1/2012	5,650.19	5,650.19	0.02				5,650.21	5,650.21	-	0.00
	2006 MF Aspen Parks Apts Total				272,524.06	272,524.06	6,550.04	(146,671.92)	0.00	0.00	132,402.18	132,402.18	0.00	0.00

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Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
Money Market	2006 MF Idlewide Apts	0.00	8/1/2012	9/1/2012	18,048.36	18,048.36	6,456.08				24,504.44	24,504.44	-	0.00
Money Market	2006 MF Idlewide Apts	0.00	8/1/2012	9/1/2012	25,483.96	25,483.96	35,836.49				61,320.45	61,320.45	-	0.00
Money Market	2006 MF Idlewide Apts	0.00	8/1/2012	9/1/2012	11,585.23	11,585.23	0.00				11,585.23	11,585.23	-	0.00
Money Market	2006 MF Idlewide Apts	0.00	8/1/2012	9/1/2012	0.97	0.97	0.00				0.97	0.97	-	0.00
	2006 MF Idlewide Apts Total				55,118.52	55,118.52	42,292.57	0.00	0.00	0.00	97,411.09	97,411.09	0.00	0.00
Money Market	2007 MF Landcaster Apts	0.00	8/1/2012	9/1/2012	7,178.61	7,178.61	4,898.61				12,077.22	12,077.22	-	0.00
Money Market	2007 MF Landcaster Apts	0.00	8/1/2012	9/1/2012	888.02	888.02	0.00				888.02	888.02	-	0.00
Money Market	2007 MF Landcaster Apts	0.00	8/1/2012	9/1/2012	37,004.51	37,004.51	35,836.49				72,841.00	72,841.00	-	0.00
Money Market	2007 MF Landcaster Apts	0.00	8/1/2012	9/1/2012	1,707.64	1,707.64	0.00				1,707.64	1,707.64	-	0.00
Money Market	2007 MF Landcaster Apts	0.00	8/1/2012	9/1/2012	0.97	0.97	0.00				0.97	0.97	-	0.00
	2007 MF Landcaster Apts Total				46,779.75	46,779.75	40,735.10	0.00	0.00	0.00	87,514.85	87,514.85	0.00	0.00
Money Market	2007 MF Park Place	0.01	8/1/2012	9/1/2012	41,447.21	41,447.21	12,601.02				54,048.23	54,048.23	-	0.00
Money Market	2007 MF Park Place	0.01	8/1/2012	9/1/2012	109,422.91	109,422.91	62,353.37				171,776.28	171,776.28	-	0.00
Money Market	2007 MF Park Place	0.01	8/1/2012	9/1/2012	7,828.10	7,828.10	4,362.89				12,190.99	12,190.99	-	0.00
	2007 MF Park Place Total				158,698.22	158,698.22	79,317.28	0.00	0.00	0.00	238,015.50	238,015.50	0.00	0.00
Money Market	2007 MF Terrace @ Cibolo	0.00	8/1/2012	9/1/2012	80,692.10	80,692.10	23,871.00				104,563.10	104,563.10	-	0.00
Money Market	2007 MF Terrace @ Cibolo	0.00	8/1/2012	9/1/2012	5,014.06	5,014.06		(799.39)			4,214.67	4,214.67	-	0.00
Money Market	2007 MF Terrace @ Cibolo	0.00	8/1/2012	9/1/2012	9,426.90	9,426.90	1,501.71				10,928.61	10,928.61	-	0.00
	2007 MF Terrace @ Cibolo Total				95,133.06	95,133.06	25,372.71	(799.39)	0.00	0.00	119,706.38	119,706.38	0.00	0.00
Money Market	2007 MF Santora Villas	0.01	8/1/2012	9/1/2012	75,567.05	75,567.05	55,059.66				130,626.71	130,626.71	-	0.00
Money Market	2007 MF Santora Villas	0.01	8/1/2012	9/1/2012	72,907.47	72,907.47	9,601.84				82,509.31	82,509.31	-	0.00
Money Market	2007 MF Santora Villas	0.01	8/1/2012	9/1/2012	0.05	0.05	0.00				0.05	0.05	-	0.00
Money Market	2007 MF Santora Villas	0.01	8/1/2012	9/1/2012	88,297.07	88,297.07	0.37				88,297.44	88,297.44	-	0.00
Money Market	2007 MF Santora Villas	0.01	8/1/2012	9/1/2012	7,757.01	7,757.01	3,718.17				11,475.18	11,475.18	-	0.00
	2007 MF Santora Villas Total				244,528.65	244,528.65	68,380.04	0.00	0.00	0.00	312,908.69	312,908.69	0.00	0.00
GIC's	2007 A/B MF Villas @ Mesquite	4.78	8/23/2007	7/20/2047	376,304.91	376,304.91		(254,264.80)			122,040.11	122,040.11	-	0.00
GNMA	2007 A/B MF Villas @ Mesquite	5.17	4/29/2010	7/20/2047	16,549,269.11	16,549,269.11			(40,815.68)		16,508,453.43	18,236,581.64	1,728,128.21	0.00
Money Market	2007 A/B MF Villas @ Mesquite	0.00	8/1/2012	9/1/2012	15,522.51	15,522.51		(8,260.50)			7,262.01	7,262.01	-	0.00
	2007 A/B MF Villas @ Mesquite Total				16,941,096.53	16,941,096.53	0.00	(262,525.30)	(40,815.68)	0.00	16,637,755.55	18,365,883.76	1,728,128.21	0.00
Money Market	2007 MF Summit Point	0.00	8/1/2012	9/1/2012	399,791.49	399,791.49		(167,032.61)			232,758.88	232,758.88	-	0.00
GNMA	2007 MF Summit Point	5.32	10/1/2010	6/15/2047	9,315,042.63	9,315,042.63			(21,625.39)		9,293,417.24	10,544,218.27	1,250,801.03	0.00
Money Market	2007 MF Summit Point	0.00	8/1/2012	9/1/2012	4,116.87	4,116.87	10,770.01				14,886.88	14,886.88	-	0.00
	2007 MF Summit Point Total				9,718,950.99	9,718,950.99	10,770.01	(167,032.61)	(21,625.39)	0.00	9,541,063.00	10,791,864.03	1,250,801.03	0.00
Money Market	2007 MF Costa Rialto	0.00	8/1/2012	9/1/2012	17,972.27	17,972.27		(12,813.62)			5,158.65	5,158.65	-	0.00
Mutual Fund	2007 MF Costa Rialto	0.00	8/1/2012	9/1/2012			41,373.89				41,373.89	41,373.89	-	0.00
Money Market	2007 MF Costa Rialto	0.00	8/1/2012	9/1/2012	49.04	49.04	100,246.53				100,295.57	100,295.57	-	0.00
	2007 MF Costa Rialto Total				18,021.31	18,021.31	141,620.42	(12,813.62)	0.00	0.00	146,828.11	146,828.11	0.00	0.00
Money Market	2007 MF Windshire Apts	0.00	8/1/2012	9/1/2012	26,193.10	26,193.10		(19,237.48)			6,955.62	6,955.62	-	0.00
Money Market	2007 MF Windshire Apts	0.00	8/1/2012	9/1/2012	4.59	4.59	0.00				4.59	4.59	-	0.00
Money Market	2007 MF Windshire Apts	0.00	8/1/2012	9/1/2012	100,530.04	100,530.04		(69,836.67)			30,693.37	30,693.37	-	0.00
Money Market	2007 MF Windshire Apts	0.00	8/1/2012	9/1/2012	569.64	569.64	0.00				569.64	569.64	-	0.00
	2007 MF Windshire Apts Total				127,297.37	127,297.37	0.00	(89,074.15)	0.00	0.00	38,223.22	38,223.22	0.00	0.00
Money Market	2007 MF Residences @ Onion Crk	0.00	8/1/2012	9/1/2012	4,274.16	4,274.16		(2,934.51)			1,339.65	1,339.65	-	0.00
	2007 MF Residences @ Onion Crk Total				4,274.16	4,274.16	0.00	(2,934.51)	0.00	0.00	1,339.65	1,339.65	0.00	0.00
Money Market	2008 MF West Oaks Apts	0.00	8/1/2012	9/1/2012	14,268.90	14,268.90	141.69				14,410.59	14,410.59	-	0.00
Money Market	2008 MF West Oaks Apts	0.00	8/1/2012	9/1/2012	23,294.12	23,294.12		(19,516.47)			3,777.65	3,777.65	-	0.00
	2008 MF West Oaks Apts Total				37,563.02	37,563.02	141.69	(19,516.47)	0.00	0.00	18,188.24	18,188.24	0.00	0.00
Money Market	2008 MF Costa Ibiza Apts	0.00	8/1/2012	9/1/2012	4.24	4.24	2.18				6.42	6.42	-	0.00
Money Market	2008 MF Costa Ibiza Apts	0.00	8/1/2012	9/1/2012	0.05	0.05	0.10				0.15	0.15	-	0.00
Money Market	2008 MF Costa Ibiza Apts	0.00	8/1/2012	9/1/2012	18,713.80	18,713.80		(16,681.44)			2,032.36	2,032.36	-	0.00
Money Market	2008 MF Costa Ibiza Apts	0.00	8/1/2012	9/1/2012	91,249.53	91,249.53		(68,686.01)			22,563.52	22,563.52	-	0.00
	2008 MF Costa Ibiza Apts Total				109,967.62	109,967.62	2.28	(85,367.45)	0.00	0.00	24,602.45	24,602.45	0.00	0.00
Money Market	2008 MF Addison Park Apts	0.00	8/1/2012	9/1/2012	30,071.09	30,071.09	1.51				30,072.60	30,072.60	-	0.00
Mutual Fund	2008 MF Addison Park Apts	0.00	8/1/2012	9/1/2012	4,557.27	4,557.27	44,868.67				49,425.94	49,425.94	-	0.00
Money Market	2008 MF Addison Park Apts	0.00	8/1/2012	9/1/2012	26,142.86	26,142.86		(22,352.06)			3,790.80	3,790.80	-	0.00
	2008 MF Addison Park Apts Total				60,771.22	60,771.22	44,870.18	(22,352.06)	0.00	0.00	83,289.34	83,289.34	0.00	0.00
Money Market	2008 MF Alta Cullen Ref	0.00	8/1/2012	9/1/2012	1.67	1.67	0.00				1.67	1.67	-	0.00
Money Market	2008 MF Alta Cullen Ref	0.00	8/1/2012	9/1/2012	57,699.40	57,699.40	6,385.00				64,084.40	64,084.40	-	0.00

Texas Department of Housing and Community Affairs
Multi Family Investment Summary
For Period Ending August 31, 2012

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/12	Beginning Market Value 05/31/12	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 8/31/12	Ending Market Value 8/31/12	Change In Market Value	Recognized Gain
Money Market	2008 MF Alta Cullen Ref	0.00	8/1/2012	9/1/2012	97,126.90	97,126.90		(64,351.29)			32,775.61	32,775.61	-	0.00
Money Market	2008 MF Alta Cullen Ref	0.00	8/1/2012	9/1/2012	2.80	2.80	0.00				2.80	2.80	-	0.00
2008 MF Alta Cullen Ref Total					154,830.77	154,830.77	6,385.00	(64,351.29)	0.00	0.00	96,864.48	96,864.48	0.00	0.00
Money Market	2009 MF Costa Mariposa	0.00			1,000.00	1,000.00		(1,000.00)					-	0.00
Money Market	2009 MF Costa Mariposa	0.00			0.04	0.04		(0.04)					-	0.00
Money Market	2009 MF Costa Mariposa	0.00			0.02	0.02		(0.02)					-	0.00
Money Market	2009 MF Costa Mariposa	0.00	8/1/2012	9/1/2012			11,015.45				11,015.45	11,015.45	-	0.00
2009 MF Costa Mariposa Total					1,000.06	1,000.06	11,015.45	(1,000.06)	0.00	0.00	11,015.45	11,015.45	0.00	0.00
Money Market	2009 MF Woodmont Apts	0.00	8/1/2012	9/1/2012	833.34	833.34	333.35				1,166.69	1,166.69	-	0.00
Money Market	2009 MF Woodmont Apts	0.00	8/1/2012	9/1/2012	24,489.00	24,489.00	49,636.85				74,125.85	74,125.85	-	0.00
Money Market	2009 MF Woodmont Apts	0.00	8/1/2012	9/1/2012	0.02	0.02	0.00				0.02	0.02	-	0.00
Money Market	2009 MF Woodmont Apts	0.00	8/1/2012	9/1/2012			0.17				0.17	0.17	-	0.00
Money Market	2009 MF Woodmont Apts	0.00	8/1/2012	9/1/2012	23,973.40	23,973.40		(10,949.42)			13,023.98	13,023.98	-	0.00
2009 MF Woodmont Apts Total					49,295.76	49,295.76	49,970.37	(10,949.42)	0.00	0.00	88,316.71	88,316.71	0.00	0.00
Total Multi-Family Investment Summary					65,384,748.95	65,384,748.95	5,841,506.98	(5,079,812.78)	(96,154.32)	0.00	66,050,288.83	69,960,486.22	3,910,197.39	-

1h

BOARD ACTION REQUEST
BOND FINANCE DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action adopting Resolution No. 13-013 authorizing application to the Texas Bond Review Board for reservation of the 2012 single family private activity bond authority carry forward from the Unencumbered State Ceiling

RECOMMENDED ACTION

WHEREAS, the private activity bond “State ceiling” (as defined in Section 146(d) of the Internal Revenue Code of 1986) applicable to the State is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the “Allocation Act”); and

WHEREAS, the Allocation Act provides that on the last business day of the year the Texas Bond Review Board (the “Bond Review Board”) may assign as carryforward to state agencies at their request any State ceiling that is not reserved or designated as carryforward and for which no application for carryforward is pending (referred to herein as “Unencumbered State Ceiling”);

NOW, therefore, it is hereby

RESOLVED, that Resolution No. 13-013 is adopted in the form presented to this meeting.

BACKGROUND

Each year, the Texas Bond Review Board may request any State Agency to apply for private activity bond carry-forward from the Unencumbered State Ceiling. The Department has requested and received \$300 million in private activity bond carry-forward allocation from the Unencumbered State Ceiling in both calendar years 2010 and 2011. Bond Finance is again requesting authorization to draw down an amount not to exceed \$300 million of additional unreserved 2012 volume cap from the Unencumbered State Ceiling if it is made available to the Department by the Texas Bond Review Board. All volume cap will be used for future single family mortgage revenue bond – new origination and refunding – issues and for future MCC programs. Any requested volume cap must be used within three years.

At the beginning of each new TDHCA single family bond issuance, the Governing Board of the Department petitions the Texas Bond Review Board to start the process in the form of a

resolution followed by an application to draw down the Department’s private activity bond authority, also known as “volume cap.” Staff at this time is not seeking, nor is the Board giving, final approval of a bond program, or MCC program, for 2013 with respect to the finance structure, target mortgage rates, timing and size of the issue. Staff will come back to the Board at a later date with a final structure for the Board’s review and approval.

The chart below outlines the Department’s available single family volume cap for the calendar year 2012 all current volume cap must be used by December 31, 2014 – and 2013 requested volume cap must be used by December 31, 2015.

<i>Sources as of September 1, 2012</i>	
2010 Carryforward ¹	422,656,213
2011 Unencumbered Cap ²	300,000,000
2012 Unencumbered Cap - Proposed³	300,000,000
Available Cap as of September 1, 2012	1,022,656,213
<i>Projected Uses</i>	
2009C-4 RMRB (4th Rollout of NIBP - closed 9/13/12)	78,070,000
2013A MCC (expected to Close January 2, 2013)	260,000,000
Carryforward for Future Transactions ⁴	684,586,213
Total Uses	1,022,656,213
<p>1. Derived from 2010 set aside and unencumbered state ceiling. Must be used by 12/31/13.</p> <p>2. Derived from 2011 unencumbered state ceiling. Must be used by 12/31/14.</p> <p>3. Derived from 2012 unencumbered state ceiling. Must be used by 12/31/15.</p> <p>4. Includes Proposed Additional Unencumbered Cap of \$300 million.</p>	

Resolution No. 13-013

**RESOLUTION AUTHORIZING REQUEST FOR UNENCUMBERED STATE CEILING;
AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT**

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended from time to time (the "Act"), for the purpose, 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 "Governing Board") from time to time) at prices they can afford; and

WHEREAS, Section 146(a) of the Internal Revenue Code of 1986, as amended (the "Code") requires that certain "private activity bonds" (as defined in Section 141(a) of the Code) must come within the issuing authority's private activity bond limit for the applicable calendar year in order to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes; and

WHEREAS, the private activity bond "State ceiling" (as defined in Section 146(d) of the Code) applicable to the State is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the "Allocation Act"); and

WHEREAS, the Allocation Act provides that on the last business day of the year the Texas Bond Review Board (the "Bond Review Board") may assign as carryforward to state agencies at their request any State ceiling that is not reserved or designated as carryforward and for which no application for carryforward is pending (referred to herein as "Unencumbered State Ceiling"); and

WHEREAS, the Governing Body desires to request that Unencumbered State Ceiling for the year 2012 be assigned to the Department as carryforward;

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Assignment of Unencumbered State Ceiling. The Department is authorized to submit a request to the Bond Review Board for assignment as carryforward to the Department of Unencumbered State Ceiling for the year 2012 in an aggregate amount not to exceed \$300,000,000.

Section 1.2 Authorization of Certain Actions. The Authorized Representatives of the Department named in this Resolution are hereby authorized to take such actions on behalf of the Department as may be necessary to carry out the purposes of this Resolution.

Section 1.3 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Governing Board, the Executive Director of the Department, the Director of Bond Finance of the Department, and the Secretary or any Assistant Secretary to the Governing Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution; provided, however, that no such

authority shall serve to alter or supersede the requirements that staff observe and adhere to the Department's established Standard Operating Procedures, as in effect from time to time, as they may apply to any such actions.

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

Section 2.1 Purposes of Resolution. The Governing Board has expressly determined and hereby confirms that the Department's receipt of Unencumbered State Ceiling will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

Section 3.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 13th day of November, 2012.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

1i

BOARD ACTION REQUEST

BOND FINANCE DIVISION

NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on Resolution No. 13-014 authorizing the sale of mortgage certificates and redemption of bonds from Residential Mortgage Revenue Bonds Series 2009C-4

RECOMMENDED ACTION

WHEREAS, the Department has previously issued, under New Issue Bond Program (NIBP), its Residential Mortgage Revenue Bonds (RMRB), Series 2009C and the Thirtieth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of December 1, 2009; and

WHEREAS, in accordance with the Thirtieth Series Supplement and the provisions of the NIBP, the Department converted a portion of the Series 2009C Bonds from taxable bonds to tax-exempt bonds and authorized the release of the proceeds of the Series 2009C-4 Bonds held in escrow pursuant to the Fourth Amendment to Thirtieth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of September 13, 2012, to be used to acquire 2009C-4 Mortgage Certificates; and

WHEREAS, the Department desires to sell the Residential Mortgage Revenue Bonds Series 2009C-4 Mortgage Certificates in order to effect the redemption of the outstanding Bonds pursuant to the Indenture;

NOW, therefore, it is hereby

RESOLVED, the Governing Board of the Department approves the sale of the Mortgage Certificates, the redemption of the Bonds, the payment of any costs associated with the transaction; and

FURTHER RESOLVED, that Resolution No. 13-014 is hereby adopted in the form presented to this meeting.

BACKGROUND

The Department has previously issued four series of bonds under the NIBP since 2009. Unlike the Department's traditional bond transactions, the NIBP bonds do not contain the 10 year lockout provision and are callable at any time. At the September 6, 2012, the Board approved the sale mortgage certificates and redemption of RMRB Series 2009C-3. The Department was able to capitalize on current market conditions and sell these mortgage certificates at an average price of 107.8% which generated \$1.5 million to be used for future down payment assistance.

Bond Finance has affirmed the feasibility of executing a mortgage certificate sale and redemption of RMRB Series 2009C-4. Amounts are outlined in the following table:

Series	Bonds Outstanding as of October 1, 2012	Mortgage Certificates Outstanding as of October 1, 2012
RMRB 2009C-4	78,070,000	78,080,000

Given the current market conditions, this transaction will generate a present value benefit to the RMRB indenture.

The Department would accomplish this transaction by selling all or a portion of the MBS certificates so long as the gross price received is equal to or greater than 106%.

The mortgage backed securities sold under the RMRB indenture are expected to generate \$4.7 million to be used to fund additional down payment assistance advances. This will allow the Department to assist approximately 780 new first-time homebuyers.

RESOLUTION NO. 13-014

RESOLUTION APPROVING THE SALE OF MORTGAGE CERTIFICATES AND REDEMPTION OF RESIDENTIAL MORTGAGE REVENUE BONDS, SERIES 2009C-4; 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 issued, under the Act and the federal government's New Issue Bond Program ("NIBP"), its Residential Mortgage Revenue Bonds, Series 2009C (the "Series 2009C Bonds") pursuant to the Residential Mortgage Revenue Bond Trust Indenture dated as of November 1, 1987 (as heretofore amended and supplemented, collectively the "RMRB Master Indenture") between the Department, as successor to the Texas Housing Agency, and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "RMRB Trustee"), and the Thirtieth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of December 1, 2009 (together with the amendments thereto including the Second Amendment described below, the "Thirtieth Series Supplement" and together with the RMRB Master Indenture, collectively the "RMRB Indenture") between the Department and the RMRB Trustee; and

WHEREAS, in accordance with the Thirtieth Series Supplement and the provisions of the NIBP, the Department converted a portion of the Series 2009C Bonds from taxable bonds to tax-exempt bonds (such converted portion being the "Series 2009C-4 Bonds") and authorized the release of the proceeds of the Series 2009C-4 Bonds held in escrow pursuant to the Fourth Amendment to Thirtieth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of September 13, 2012 (the "Fourth Amendment") between the Department and the Trustee to be used to acquire 2009C-4 Mortgage Certificates (as defined in the Fourth Amendment); and

WHEREAS, the Department desires to sell all or a portion of the 2009C-4 Mortgage Certificates in order to effect the redemption of the outstanding Series 2009C-4 Bonds pursuant to the RMRB Indenture; and

WHEREAS, the Governing Board now desires to authorize and approve (i) the sale of the 2009C-4 Mortgage Certificates, the redemption of the Series 2009C-4 Bonds and the payment of redemption premium, if any, (ii) the payment of any costs associated with the foregoing transactions, (iii) the deposit of amounts necessary, if any, to pay accrued interest on the Series 2009C-4 Bonds, and (iv) the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out the provisions of this Resolution;

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

ARTICLE 1

SALE OF MORTGAGE CERTIFICATES

Section 1.1 Sale of 2009C-4 Mortgage Certificates. The sale of 2009C-4 Mortgage Certificates in an amount sufficient (i) to redeem the outstanding Series 2009C-4 Bonds, (ii) to pay any costs of the transaction, including the deposit of accrued interest, if any, and (iii) to achieve tax compliance or maintain the ratings for bonds issued under the RMRB Indenture at a purchase price of no less than 106% (representing the weighted average sales price of all mortgage certificates sold) of the outstanding principal balance thereof is hereby authorized, all under and in accordance with the RMRB Indenture and subject to compliance with the terms of the RMRB Indenture.

Section 1.2 Redemption of Series 2009C-4 Bonds. The Authorized Representatives of the Department named in this Resolution are hereby authorized and directed: (i) to instruct the RMRB Trustee to redeem the outstanding Series 2009C-4 Bonds in accordance with the RMRB Indenture and (ii) to take all other actions necessary to cause such redemption to occur including payment of any redemption premium for the Series 2009C-4 Bonds.

Section 1.3 Execution and Delivery of Documents. The Authorized Representatives are each hereby authorized to execute, attest, affix the Department's seal to and deliver such agreements, advance commitment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.4 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Governing Board, the Executive Director of the Department, the Director of Bond Finance of the Department, and the Secretary or any Assistant Secretary to the Governing Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution; provided, however, that no such authority shall serve to alter or supersede the requirements that staff observe and adhere to the Department's established Standard Operating Procedures, as in effect from time to time, as they may apply to any such actions.

Section 1.5 Authorization to Pay Costs and Amounts Due, if any, for Accrued Interest. The use of an amount not to exceed \$1,000,000 of the sales proceeds is authorized to be used to pay costs of the transactions authorized by this Resolution or accrued interest on the Series 2009C-4 Bonds.

Section 1.6 Authorization to Invest Funds. The Authorized Representatives are hereby authorized to invest any remaining proceeds from the sale of the 2009C-4 Mortgage Certificates in accordance with the RMRB Indenture.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Engagement of Other Professionals. The Executive Director or the Director of Bond Finance is authorized to engage an accounting firm to perform such functions, audits, yield calculations and

subsequent investigations as necessary or appropriate to comply with the RMRB Indenture and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable State law.

Section 2.2 Ratifying Other Actions. All other actions taken or to be taken by the Executive Director and the Department's staff in connection with the sale of the 2009C-4 Mortgage Certificates are hereby ratified and confirmed.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

Section 3.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Execution page follows]

PASSED AND APPROVED this 13th day of November, 2012.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

1j

BOARD ACTION REQUEST

BOND FINANCE DIVISION

NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on Resolution No. 13-015 authorizing the sale of mortgage certificates and redemption of bonds from Residential Mortgage Revenue Bonds Series 2003A

RECOMMENDED ACTION

WHEREAS, the Department has previously issued its Residential Mortgage Revenue Refunding Bonds, Series 2003A pursuant to the Residential Mortgage Revenue Bond Trust Indenture dated as of November 1, 1987, and the Twenty-Seventh Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of August 1, 2003; and

WHEREAS, the Department desires to sell the Residential Mortgage Revenue Bonds (RMRB) Series 2003A Mortgage Certificates in order to effect the redemption of the outstanding Bonds pursuant to the Indenture;

NOW, therefore, it is hereby

RESOLVED, the Governing Board of the Department desires to approve the sale of the Mortgage Certificates, the redemption of the Bonds, the payment of the redemption premiums, if any, the payment of any costs associated with the transaction; and

FURTHER RESOLVED, that Resolution No. 13-015 is hereby adopted in the form presented to this meeting.

BACKGROUND

Most of the Department's single family bonds contain optional call provisions that allow the bonds to be retired after 10 years. This means the mortgage certificates that back the outstanding bonds can be sold and the proceeds can be used to redeem the bonds in full. At the May 10, 2012 Board meeting, the Board approved the sale of mortgage certificates and redemption of RMRB Series 2002A. The Department was able to capitalize on current market conditions and sell these mortgage certificates at an average price of 107.7% which generated \$2.9 million to be used for future down payment assistance.

Bond Finance has affirmed the feasibility of executing a mortgage certificate sale and redemption of RMRB Series 2003A. Amounts are outlined in the following table:

Series	Bonds Outstanding as of November 1, 2012	Mortgage Certificates Outstanding as of September 30, 2012
RMRB 2003A	\$38.7 million	\$36 million

Given the current market conditions, this transaction will generate a present value benefit to the RMRB indenture.

The Department would accomplish this transaction by selling all or a portion of the MBS certificates so long as the gross price received is equal to or greater than 106%.

The mortgage backed securities sold under the RMRB indenture are expected to generate \$2.16 million to be used to fund additional down payment assistance advances. This will allow the Department to assist approximately 360 new first-time homebuyers.

RESOLUTION NO. 13-015

RESOLUTION APPROVING THE SALE OF MORTGAGE CERTIFICATES AND REDEMPTION OF RESIDENTIAL MORTGAGE REVENUE REFUNDING BONDS, SERIES 2003A; 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 issued its Residential Mortgage Revenue Refunding Bonds, Series 2003A (the "Series 2003A Bonds") pursuant to the Residential Mortgage Revenue Bond Trust Indenture dated as of November 1, 1987 (as heretofore amended and supplemented, collectively the "RMRB Master Indenture") between the Department, as successor to the Texas Housing Agency, and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "RMRB Trustee"), and the Twenty-Seventh Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of August 1, 2003 (the "Twenty-Seventh Series Supplement" and together with the RMRB Master Indenture, collectively, the "RMRB Indenture") between the Department and the RMRB Trustee; and

WHEREAS, the Department desires to sell all or a portion of the 2003 A Mortgage Certificates in order to effect the redemption of the outstanding Series 2003A Bonds pursuant to the RMRB Indenture; and

WHEREAS, the Governing Board now desires to authorize and approve (i) the sale of the 2003 A Mortgage Certificates, the redemption of the Series 2003A Bonds and the payment of redemption premium, if any, (ii) the payment of any costs associated with the foregoing transactions, (iii) the deposit of amounts necessary, if any, to pay accrued interest on the Series 2003A Bonds, and (iv) the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out the provisions of this Resolution;

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

ARTICLE 1

SALE OF MORTGAGE CERTIFICATES

Section 1.1 Sale of 2003 A Mortgage Certificates. The sale of 2003 A Mortgage Certificates in an amount sufficient (i) to redeem the outstanding Series 2003A Bonds, (ii) to pay any costs of the transaction, including the deposit of accrued interest, if any, and (iii) to achieve tax compliance or maintain the ratings for bonds issued under the RMRB Indenture at a purchase price of no less than 106% (representing the weighted average sales price of all mortgage certificates sold) of the outstanding principal balance thereof is hereby authorized, all under and in accordance with the RMRB Indenture and subject to compliance with the terms of the RMRB Indenture.

Section 1.2 Redemption of Series 2003A Bonds. The Authorized Representatives of the Department named in this Resolution are hereby authorized and directed: (i) to instruct the RMRB Trustee to redeem the outstanding Series 2003A Bonds in accordance with the RMRB Indenture and (ii) to take all other actions necessary to cause such redemption to occur including payment of any redemption premium for the Series 2003A Bonds.

Section 1.3 Execution and Delivery of Documents. The Authorized Representatives are each hereby authorized to execute, attest, affix the Department's seal to and deliver such agreements, advance commitment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.4 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Governing Board, the Executive Director of the Department, the Director of Bond Finance of the Department, and the Secretary or any Assistant Secretary to the Governing Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution; provided, however, that no such authority shall serve to alter or supersede the requirements that staff observe and adhere to the Department's established Standard Operating Procedures, as in effect from time to time, as they may apply to any such actions.

Section 1.5 Authorization to Pay Costs and Amounts Due, if any, for Accrued Interest. The use of an amount not to exceed \$400,000 of the sales proceeds is authorized to be used to pay costs of the transactions authorized by this Resolution or accrued interest on the Series 2003A Bonds.

Section 1.6 Authorization to Invest Funds. The Authorized Representatives are hereby authorized to invest any remaining proceeds from the sale of the 2003 A Mortgage Certificates in accordance with the RMRB Indenture.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Engagement of Other Professionals. The Executive Director or the Director of Bond Finance is authorized to engage an accounting firm to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the RMRB Indenture and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable State law.

Section 2.2 Ratifying Other Actions. All other actions taken or to be taken by the Executive Director and the Department's staff in connection with the sale of the 2003 A Mortgage Certificates are hereby ratified and confirmed.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

Section 3.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Execution page follows]

PASSED AND APPROVED this 13th day of November, 2012.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

1k

**BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
NOVEMBER 13, 2012**

Presentation, Discussion, and Possible Action on the 2013 Section 8 Payment Standards for Housing Choice Voucher Program (HCVP)

RECOMMENDED ACTION

WHEREAS, TDHCA is designated as a public housing authority (PHA) and, therefore, required in accordance with 24 CFR §982.503 to establish and adopt annually a payment standard schedule for each Fair Market Rent (FMR) area in its jurisdiction; and,

WHEREAS, 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;

NOW, therefore, it is hereby

RESOLVED, that the 2013 Section 8 Payment Standards for Housing Choice Vouchers are hereby approved by the adoption of Resolution No. 13-018 in the form presented to this meeting.

BACKGROUND

The Department, operating as a PHA, may establish the payment standard amount at any level between 90% and 110% of the published FMR for that unit size. The Department operates its HCVP in 20 counties. Staff recommends establishing the payment standard for 16 counties at 100% of FMR and 110% of FMR for the remaining four counties. The increase to 110% is recommended because HUD decreased the FMR in four counties in TDHCA’s jurisdiction and an analysis of the cost of housing, and the income levels of HCVP participants in Austin, Comanche, Johnson and Llano counties. This increase will allow the Department to continue to cover its portion of the housing assistance payments for tenants in these four counties without increasing the tenant’s portion.

The Fort Worth HUD Office requests that PHAs managing programs in the Dallas, TX HMFA continue to utilize the Small Area Fair Market Rents (SAFMRs). The SAFMRS are utilized in Denton and Ellis County by ZIP code at 100%.

Staff recommends adopting these 2013 Payment Standards as proposed because it allows current tenants continued affordability in the units they have selected and helps new tenants find decent, safe, sanitary, affordable units. The attached Exhibit A details the Department’s recommended payment standards.

RESOLUTION NO. 13-018

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 its adoption. The Department shall initiate the Payment Standards effective **January 1, 2013**.

PASSED AND APPROVED this 13th day of November 2012.

Chair of the Governing Board

ATTEST:

Secretary to the Board

2013 Voucher Payment Standards

	Bedroom Size					
	REGION	0 BR	1 BR	2 BR	3 BR	4 BR
<u>Austin County:</u>						
HUD FMR	H	467	528	694	1023	1171
Payment Standard		514	581	763	1125	1288
% of Payment Standard		110%	110%	110%	110%	110%
<u>Brazoria County:</u>						
HUD FMR	H	652	656	843	1162	1434
Payment Standard		652	656	843	1162	1434
% of Payment Standard		100%	100%	100%	100%	100%
<u>Caldwell County:</u>						
HUD FMR	S	681	834	1050	1421	1723
Payment Standard		681	834	1050	1421	1723
% of Payment Standard		100%	100%	100%	100%	100%
<u>Chambers County:</u>						
HUD FMR	H	636	765	945	1290	1595
Payment Standard		636	765	945	1290	1595
% of Payment Standard		100%	100%	100%	100%	100%
<u>Colorado County:</u>						
HUD FMR	H	438	494	669	960	1184
Payment Standard		438	494	669	960	1184
% of Payment Standard		100%	100%	100%	100%	100%
<u>Comanche County:</u>						
HUD FMR	F	443	463	626	780	908
Payment Standard		487	509	689	858	999
% of Payment Standard		110%	110%	110%	110%	110%
<u>*Denton County: Pilot Point</u>						
HUD FMR	F	560	670	850	1130	1370
Payment Standard		560	670	850	1130	1370
% of Payment Standard		100%	100%	100%	100%	100%
<u>*Denton County: Sanger</u>						
HUD FMR	F	620	740	940	1250	1510
Payment Standard		620	740	940	1260	1510
% of Payment Standard		100%	100%	100%	100%	100%
<u>*Ellis County: Ennis</u>						
HUD FMR	F	540	650	820	1090	1320
Payment Standard		540	650	820	1090	1320
% of Payment Standard		100%	100%	100%	100%	100%

2013 Voucher Payment Standards

	Bedroom Size					
	REGION	0 BR	1 BR	2 BR	3 BR	4 BR
<u>*Ellis County: Italy</u>						
HUD FMR	F	660	790	1000	1320	1610
Payment Standard		660	790	1000	1320	1610
% of Payment Standard		100%	100%	100%	100%	100%
<u>*Ellis County: Waxahachie</u>						
HUD FMR	F	590	710	900	1200	1450
Payment Standard		590	710	900	1200	1450
% of Payment Standard		100%	100%	100%	100%	100%
<u>Erath County:</u>						
HUD FMR	D	533	537	705	947	950
Payment Standard		533	537	705	947	950
% of Payment Standard		100%	100%	100%	100%	100%
<u>Falls County:</u>						
HUD FMR	F	421	463	626	864	867
Payment Standard		421	463	626	864	867
% of Payment Standard		100%	100%	100%	100%	100%
<u>Fort Bend County:</u>						
HUD FMR	H	636	765	945	1290	1595
Payment Standard		636	765	945	1290	1595
% of Payment Standard		100%	100%	100%	100%	100%
<u>Galveston County:</u>						
HUD FMR	S	636	765	945	1290	1595
Payment Standard		636	765	945	1290	1595
% of Payment Standard		100%	100%	100%	100%	100%
<u>Guadalupe County:</u>						
HUD FMR	S	550	693	870	1134	1244
Payment Standard		550	693	870	1134	1244
% of Payment Standard		100%	100%	100%	100%	100%
<u>Johnson County:</u>						
HUD FMR	F	610	714	924	1239	1475
Payment Standard		671	785	1016	1363	1623
% of Payment Standard		110%	110%	110%	110%	110%
<u>Lee County:</u>						
HUD FMR	S	450	536	635	936	939
Payment Standard		450	536	635	936	939
% of Payment Standard		100%	100%	100%	100%	100%

2013 Voucher Payment Standards

	Bedroom Size					
	REGION	0 BR	1 BR	2 BR	3 BR	4 BR
<u>Llano County:</u>						
HUD FMR	S	450	469	635	936	939
Payment Standard		495	516	699	1030	1033
% of Payment Standard		110%	110%	110%	110%	110%
<u>McLennan County:</u>						
HUD FMR	F	477	560	758	993	1110
Payment Standard		477	560	758	993	1110
% of Payment Standard		100%	100%	100%	100%	100%
<u>Medina County:</u>						
HUD FMR	S	459	511	692	914	990
Payment Standard		459	511	692	914	990
% of Payment Standard		100%	100%	100%	100%	100%
<u>Waller County:</u>						
HUD FMR	H	636	765	945	1290	1595
Payment Standard		636	765	945	1290	1595
% of Payment Standard		100%	100%	100%	100%	100%
<u>Wharton County:</u>						
HUD FMR	H	430	534	723	955	966
Payment Standard		430	534	723	955	966
% of Payment Standard		100%	100%	100%	100%	100%

***Note 1: FMR areas designated for Denton & Ellis County (Dallas, TX HMFA) are part of the Small Area Fair Market Rents (SAFMRS) by zip code.**

Note 2: The FMRs for unit sizes larger than 4 BRs are calculated by adding 15% to the 4 BR FMR for each extra bedroom.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action to authorize the Department to release an Emergency Solutions Grants Program (ESG) contract to Family Endeavors using 2012 Community Services Block Grant (CSBG) discretionary funds and to fully expend the balance of 2012 CSBG discretionary funds for other ESG entities.

RECOMMENDED ACTION

WHEREAS, the Department received applications in response to the 2012 ESG Notice of Funding Availability; and

WHEREAS, Department staff committed a scoring error, and as a result did not fully fund the application submitted by Family Endeavors, Incorporated; and

WHEREAS, the Notice of Funding Availability included instructions for remedy of such an event; and

WHEREAS, approximately \$450,000 is currently available in 2012 CSBG discretionary funds which are eligible to be used for activities that provide services designed to eliminate poverty and foster self-sufficiency, and self-sufficiency is fostered in assisting persons who are homeless or at risk of homelessness gain and maintain housing stability; and

WHEREAS, time is of the essence, in that the funds must be utilized on or before September 30, 2013;

NOW, therefore, it is hereby

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 repurpose the remaining 2012 CSBG discretionary funds; and

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 enter into an Emergency Solutions Grants Program contract with Family Endeavors and to expend the balance of 2012 CSBG discretionary funds to supplement existing ESG contracts.

BACKGROUND

In response to the 2012 Emergency Solutions Grants Program (ESG) Notice of Funding Availability (NOFA), the Department received an application from Family Endeavors,

Incorporated. In scoring the application, staff transposed a number which resulted in a lower score for one point item, and a lower overall score for the application (680 points instead of 710 points). With a score of 710, Family Endeavors would have ranked above the Region 9 awardee that scored 706 points and would have been awarded their full request. Instead, they ranked second in Region 9 and were awarded \$97,653 out of the \$450,000 they requested.

The 2012 ESG NOFA states that "In the event the Department commits an error that, if corrected, would result in the selection of an applicant during the funding round of a program NOFA, the Department may select that applicant for funding, subject to the availability of funds."

Approximately \$450,000 is currently available in Community Services Block Grant discretionary funds. These funds must be utilized by September 2013. The funds are eligible to be used for activities that provide services designed to eliminate poverty and foster self-sufficiency. These goals will be met through the provision of emergency shelter, essential services and comprehensive case management to identify community resources available to assist in increasing the self-sufficiency of participants and to assist individuals and families in achieving housing stability.

1m

BOARD ACTION REQUEST
COMPLIANCE DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on approval of a Request for Proposals for Uniform Physical Condition Standards (UPCS) Inspections

RECOMMENDED ACTION

WHEREAS, The Texas Department of Housing and Community Affairs (“TDHCA” or “the Department”) is required by federal and state rules to physically inspect developments administered by the Department, and existing contracts to do so will expire on August 31, 2013;

NOW therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them are hereby authorized, empowered, and directed, for and on behalf of the Department, to develop a Request for Proposals for UPCS Inspections and to cause the Request for Proposal to be published in the *Texas Register* and the *Texas Marketplace*; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them are authorized, empowered and directed, for and on behalf of the Department, to select a contractor and enter into a contract with the best qualified contractor.

BACKGROUND

The Uniform Physical Condition Standards Inspection documents the physical condition of a development and includes an inspection of the property’s site, building exteriors, common areas, building systems, and dwelling units. The Department uses this standard to assess compliance under all rental programs (HTC, HOME, NSP, etc.).

In Fiscal Year 2014, approximately 850 developments will need to be physically inspected to determine compliance with the UPCS. TDHCA staff can perform some of the required inspections, but not all. UPCS inspections have been outsourced in part since 2005. The existing contracts have been in place since 2008. These contracts provided the ability to renew five times. TDHCA has been satisfied with the contractors and the contracts have been renewed each year. However, at this point, the Department must go through the procurement process in order to continue outsourcing these inspections.

New contract(s) need to be executed by early summer to ensure a seamless continuation of inspections. The new contract will be for the Fiscal 2014 year with the possibility of renewals. The Request for Proposals will be published in the *Texas Register* and the *Texas Marketplace*. The current contractors providing UPCS inspections and other firms that have indicated interest in providing this service, will be notified of the request for proposals.

1n

**BOARD ACTION REQUEST
HOUSING RESOURCE CENTER
NOVEMBER 13, 2012**

RECOMMENDED ACTION

Presentation, Discussion, and Possible Approval on the 2013 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,

NOW, therefore, it is hereby

RESOLVED, that the 2013 State of Texas Consolidated Plan: One-Year Action Plan, in the form presented to this meeting, is hereby approved and the Executive Director and his designees are each hereby authorized, empowered and directed, for and on behalf of the Department, to submit the 2013 State of Texas Consolidated Plan: One-Year Action Plan to the U.S. Department of Housing and Urban Development (HUD), and, in connection therewith, to make such non-substantive grammatical and technical changes as they deem necessary or advisable.

BACKGROUND

The Texas Department of Housing and Community Affairs (TDHCA), Texas Department of Agriculture (TDA), and Texas Department of State Health Services (DSHS) prepared the 2013 State of Texas Consolidated Plan: One-Year Action Plan (Plan) in accordance with 24 CFR §91.320. TDHCA coordinates the preparation of the State of Texas Consolidated Plan documents. 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 Solutions Grant (ESG) Program and the HOME Investment Partnerships (HOME) Program by TDHCA.

The Plan states 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 2013. The Program Year begins on February 1, 2013, and ends on January 31, 2014. The Plan also describes the State's strategies in addressing the priority needs and specific goals and objectives identified in the 2010-2014 State of Texas Consolidated Plan.

A draft of the Plan to be approved by the Board for submission to HUD can be found online at <http://www.tdhca.state.tx.us/housing-center/pubs.htm>. Upon approval by the Board, the Plan will be submitted to HUD. The Plan was available for public comment from September 21 through October 22, 2012. There were two public hearings, one held on October 9, 2012, and one held on October 10, 2012. Three public comments were received for the Plan, for which no changes were made. A list of the comments and staff responses is found in Attachment A. The final version of the Plan is due to HUD by December 15, 2012.

Attachment A: Public Comment and Staff's Reasoned Responses

Three comments were received during the public comment period. The comments were from Marty Mascari with the North Central Texas Aging and Disability Resource Center.

1) **Comment 1:** The low administrative costs for the HOME Tenant Based Rental Assistance program have discouraged program administrators from participating in the program. Commenter recommends that TDHCA raise the administrative costs allowed and, if the administrative costs allowed are set by HUD, TDHCA should fund the administrative costs with other sources of funds.

Staff response: HUD limits the amount of administrative funding available to the state. TDHCA passes on as much administrative funding as possible, while still ensuring our ability to operate the program in a fully compliant manner. There are no other available federal or state funds to administer the HOME program.

Given the limited administrative fees allowable by HUD and the cost to operate a rental assistance program, TDHCA provides a higher percentage allowable under the TBRA program than other HOME activities. Administrative fees for HOME TBRA are 8% of the rental assistance amount exclusive of match. TDHCA is continuing to work with its TBRA partners statewide and others to explore efficiency measures and other options to extend and expand HOME funding for rental assistance activities.

2) **Comment 2:** The cost involved in preparing and submitting an application for the Housing Tax Credit program is prohibitive for small rural developments. Another barrier to rural development is the developer/contractor experience requirement (*i.e.*, the required number of units of experience) which reflects the experience of urban developers/contractors. Local contractors in smaller rural areas may not have as much experience as the developers/contractors in larger urban areas, making it difficult to meet this requirement.

Staff response: Staff agrees that it is costly to submit an application for a rural development as well as an urban one, but the magnification of those costs for rural developments is largely a result of fixed costs associated with both. For example, both urban and rural developers need to obtain third-party reports (market studies, environmental assessments) in order to assess the development for themselves and to obtain financing, not just from the TDHCA but from any source. These reports may cost the same for both rural and urban developments but seem disproportionate to a smaller transaction. Developers also need to obtain site control, and costs associated with that process can vary widely and depend solely on the seller and buyer; TDHCA does not govern that process. In short, the development process is expensive, whether the development is rural or urban and whether or not TDHCA funds are utilized. However,

TDHCA bases its fees on number of units and allocation amount, so smaller transactions pay less in fees.

The experience requirement is met through the ownership structure, and although the contractor has been allowed to provide an experience certificate in past Qualified Allocation Plans (QAPs), the proposed 2013 QAP excludes the contractor from being eligible. It is the owner that needs the experience, and those owners can use small or large contractors to complete the project. In addition, the proposed 2013 QAP encourages owners to contract with Historically Underutilized Businesses (HUBs) and minority-owned businesses, which often correspond to smaller contractors. This is a statutory requirement.

- 3) **Comment 3:** The Housing Tax Credit Program should allow for the purchase of new or near-new market-rate apartment developments to be converted to affordable or mixed-use housing without a public support requirement. The elimination of the public support requirement would allow this housing to be built without having to overcome public opposition such as Not-in-My-Backyard-ism (NIMBYism) in the suburbs.

Staff response: The Housing Tax Credit Program does allow for the activity suggested by the Commenter, but state statute requires that support or opposition from Neighborhood Organizations be the second highest selection criteria. The QAP does allow for support from other local groups should there be no neighborhood organization in the area.

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**To Be Posted
three days
prior to the meeting**

1p

**BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
NOVEMBER 13, 2012**

Presentation, Discussion, and Possible Action to waive the Neighborhood Stabilization Program (NSP) requirements for loan repayment for The Works at Pleasant Valley (#2011-507)

RECOMMENDED ACTION

WHEREAS, an application for NSP funds was submitted for Lifeworks Affordable Housing Corporation on October 21, 2011; and,

WHEREAS, the Board approved the award of an NSP3 contract for Lifeworks Affordable Housing Corporation at its February 16, 2012, meeting conditioned upon completion of program and underwriting reviews; and,

WHEREAS, Section 8(b)(vi)(1) of the Notice of Funding Availability states that “Units leased to households at or below 30% of the AMFI in multi-family properties will be eligible for loans at zero (0%) interest, fully amortized over 30 years deferred-payment forgivable loan, through the Department, with the principal reducing every year that the unit is occupied by an eligible household. No more than fifty percent (50%) of the NSP3 permanently financed units in a project may receive deferred-forgivable financing;” and,

WHEREAS, Lifeworks Affordable Housing Corporation is requesting to have the entirety of the NSP loan structured as a deferred-forgivable loan at zero percent (0%) interest, fully amortized over 30 years with the principal reducing every year that the units are occupied by eligible households; and,

WHEREAS, Lifeworks Affordable Housing Corporation has offered to restrict seventy-four percent (74%) of the units at 30% of Area Median Income (AMI) and twenty-six percent (26%) at 50% of AMI in the proposed supportive housing development known as The Works at Pleasant Valley; and,

WHEREAS, the Real Estate Analysis division has determined that the entirety of the NSP loan structured as deferred forgivable is necessary for the financial feasible of the development; and

WHEREAS, the Board is authorized to make this waiver;

NOW, therefore, it is hereby

RESOLVED, that the request for waiver of the NOFA requirement regarding repayment for Lifeworks Affordable Housing Corporation is hereby approved as underwritten and presented at this meeting.

BACKGROUND

The Works at Pleasant Valley is a proposed 45-unit new construction, low-income supportive housing development targeting the general population in Austin, Texas. At its February 16, 2012 meeting, the TDHCA Board approved an NSP3 contract award to this application. During the underwriting review, staff determined that given the project's deep affordability restrictions (74% of the units will be restricted for households at or below 30% AMI) resulted in a debt coverage ratio that was insufficient for the \$3,444,379 in NSP project funds to be structured as repayable debt. Therefore, staff recommends the developer's request for all NSP project funds to be structured as a deferred-forgivable loan.

While the applicant has no prior experience with NSP funds, they have extensive experience in providing social services to low and very low income families and individuals. Foundation Communities, the co-developer, currently operates four supportive housing developments in the Austin area under several TDHCA programs, including one NSP project known as Arbor Terrace.

The project has secured over \$600,000 in financing from the City of Austin, as well as a \$1,000,000 construction loan from Capital One and \$500,000 from the Federal Home Loan Bank of Atlanta.

J. Paul Oxer, Chairman
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

10/5/12

Re: Neighborhood Stabilization Program Board Waiver of Pay Back Requirements

Dear Mr. Oxer,

Please accept this letter as our formal request for a TDHCA Board of Directors waiver of the NSP NOFA requirement that a maximum 50% of the NSP loan may be structured as a deferred forgivable loan with the remaining principal structured as fully repayable.

LifeWorks applied for NSP funding for an affordable housing development - The Works at Pleasant Valley. The TDHCA Board approved the funding (2/16/12) subject to the Underwriting Report. We received our Underwriting Report on 9/26/12 with a recommendation of the full award amount, \$3,625,662. The recommendation also states that the subject Proforma indicates near breakeven operation and no capacity to support debt. A condition of the award is that we receive this requested waiver which would allow the full award be structured as a deferred forgivable loan.

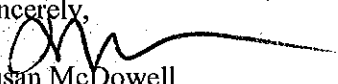
The Works at Pleasant Valley is a development sponsored by the Youth and Family Alliance dba LifeWorks and owned by a subsidiary LifeWorks Affordable Housing Corporation. Both these entities are non-profit organizations. The Works development is designed to address the critical need for deeply affordable housing in Austin, Texas. Additionally it will be operated as a Supportive Housing Program with units targeted to individuals and families who have on-going social and medical needs. The target population includes youth exiting foster care, teen parents, formerly homeless youth - all of whom evidence this need. Services will include intensive case management, financial assistance, a tenant council, tenant education, employment readiness training, education assistance (English as Second Language and Adult Basic Education), and workforce assistance (higher education support and counseling). Mental Health services will be available adjacent to the site through the LifeWorks Resource Center.

The development is structured so that 73% of the units will be affordable for households under 30% AMI level and the rest will be affordable to households under the 50% AMI level. With this income level and the targeted population, rental income is very restricted, while operating expenses are designed to provide a high level of supportive services. Therefore the project has no ability to carry debt.

In addition to the TDHCA funds we are raising \$1,600,000 from the City of Austin, local foundations and a pending application to the Federal Home Loan Bank. We have also agreed to defer \$231,662 of the developer fee.

Thank you for your consideration, please contact me or Mitch Weynand (512-735-2462) mitch.weynand@lifeworksaustin.org if you have any questions.

Sincerely,


Susan McDowell
President - LifeWorks Affordable Housing Corporation
Executive Director - Youth and Family Alliance dba LifeWorks

Cc: Brent Stewart, Tom Cavanagh, Andrew Sinnott, Marni Holloway



DEVELOPMENT IDENTIFICATION

TDHCA Application #: 77090000110 Program(s): NSP

The Works at Pleasant Valley

Address/Location: 835 N Pleasant Valley Road

City: Austin County: Travis Zip: 78702

Population: Family Program Set-Aside: At-Risk Area: Urban

Activity: New Construction Building Type: Garden (Up to 3 story) Region: 7

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
TDHCA NSP Program Funds	\$3,625,662	0.00%	360	360	\$3,444,379	0.00%	N / A	30 years deferred	1
TDHCA NSP Developer Fee Grant					\$181,283		Grant		

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS

- 1 Board waiver of the NSP NOFA requirement that a maximum 50% of the NSP loan may be structured as a deferred forgivable loan with the remaining principal structured as fully repayable.
- 2 Closing on the NSP funds is contingent on receipt and acceptance of:
 - a: Resolution from LifeWorks governing board confirming their irrevocable commitment to provide sufficient funds to guarantee operational feasibility throughout the affordability period.
 - b: Documents verifying receipt of a \$1,000,000 Construction Loan from Capital One.
 - c: Documents verifying receipt of \$400,000 in General Obligation Bond funds and \$200,000 in Housing Trust Funds from Austin Housing Finance Corp., clearly stating that there is no debt service or repayment obligation.
 - d: Documents verifying receipt from Entrepreneurs Foundation of Central Texas of \$500,000 clearly stating that there is no debt service or repayment obligation.
 - e: Documents verifying receipt of a \$500,000 grant or forgivable loan from Federal Home Loan Bank of Atlanta, clearly stating that there is no debt service or repayment obligation.
- 3 Should any terms of the proposed capital structure change, the analysis must be re-evaluated and adjustment to the allocation and/or terms of TDHCA funds may be warranted.

DEAL SUMMARY

The Works at Pleasant Valley is a proposed multifamily supportive housing development sponsored by LifeWorks Affordable Housing Corporation, an Austin-based non-profit organization. Supportive housing developments generally cannot be considered feasible as stand-alone projects. In order to be found to be feasible, the real estate development must be viewed as a fixed asset that is dependent on the financial strength of the operating company. The REA rules allow special consideration, specifically with respect to debt coverage and long-term feasibility.

The Applicant has no prior experience in operating under the Neighborhood Stabilization Program and limited experience in directly providing housing, but they have extensive experience in providing social services to low and very low income families and individuals. Foundation Communities, the Co-Developer, currently operates 4 supportive housing developments in the Austin area under several TDHCA programs, including one NSP project. LifeWorks operates 7 facilities (5 owned, 2 leased, with 18 supportive housing apartments) but no current NSP or Tax Credit Developments.

As stated on Lifeworks' website, its goal is "to build strong and resilient families." LifeWorks proposes to build a 45 unit multifamily development on a 2.421 acre lot next to its newly built Sooch Resource Center. The development will have efficiencies, one bedroom, two bedroom, and three bedroom units. The development proposes to be funded without any repayable debt.

The NSP NOFA under which the award for funds was made allows up to 50% of the NSP funds to be structured as a deferred forgivable loan and the remaining portion as a fully repayable loan at 0% interest over 30 years. The Applicant is requesting a waiver to allow 100% of the NSP funds as a deferred forgivable loan. As consideration of the waiver, the Applicant has offered to restrict 74% of the units at 30% of AMI and 26% at 50% of AMI. This is more aggressive than the 50% at 30% of AMI (with the remainder at 50% of AMI) that would otherwise be necessary for the subject to receive the maximum forgivable loan (50% of the NSP funds).

The underwritten pro forma shows a yearly net income of \$22K, which is roughly \$42 per unit per month. Current underwritten expense ratio is 89% and the long-term underwriting pro forma indicates negative cash flow in year 14, both of which would make the development infeasible under Real Estate Analysis guidelines. This development is proposing to be funded with all forgivable debt which would mitigate some of the market risk of running the development.

The Underwriter's affirmative recommendation, subject to the Board's approval of a waiver of NOFA requirements, is based on LifeWorks' successful completion of the two resource centers, ability to keep a large amount of cash reserves, and the number of awards received from the Federal Government and the State to administer its programs.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	\$10.7M in grants and contracts per year
▫	Co-Developer with extensive experience in supportive housing
▫	84% break-even occupancy if full rents are achieved.

WEAKNESSES/RISKS	
▫	Applicant's lack of experience in the Affordable Housing Programs
▫	Target population is very low income, with no project-based rental assistance available
▫	Multiple changes in expenses and costs

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name: Susan McDowell Relationship: Applicant
Email: susan.mcdowell@lifeworksaustin.org Phone: 512-735-2453 Fax: 512-735-2452

Name: Mitch Weynand Relationship: COO
Email: mitch.weynand@lifeworksaustin.org Phone: 512-735-2462 Fax: 512-735-2452

KEY PRINCIPALS

Name	COMPANY	RELATIONSHIP	# Developments
Walter Moreau	Foundation Communities	Co-Developer	12

Related-Party Seller/Identity of Interest: Yes

- The Applicant, Developer, property manager, and supportive services provider are related entities.
- Youth and Family Alliance, dba LifeWorks will be selling to LifeWorks Affordable Housing Corporation, both of which are owned by the umbrella corporation of LifeWorks.

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OWNERSHIP STRUCTURE

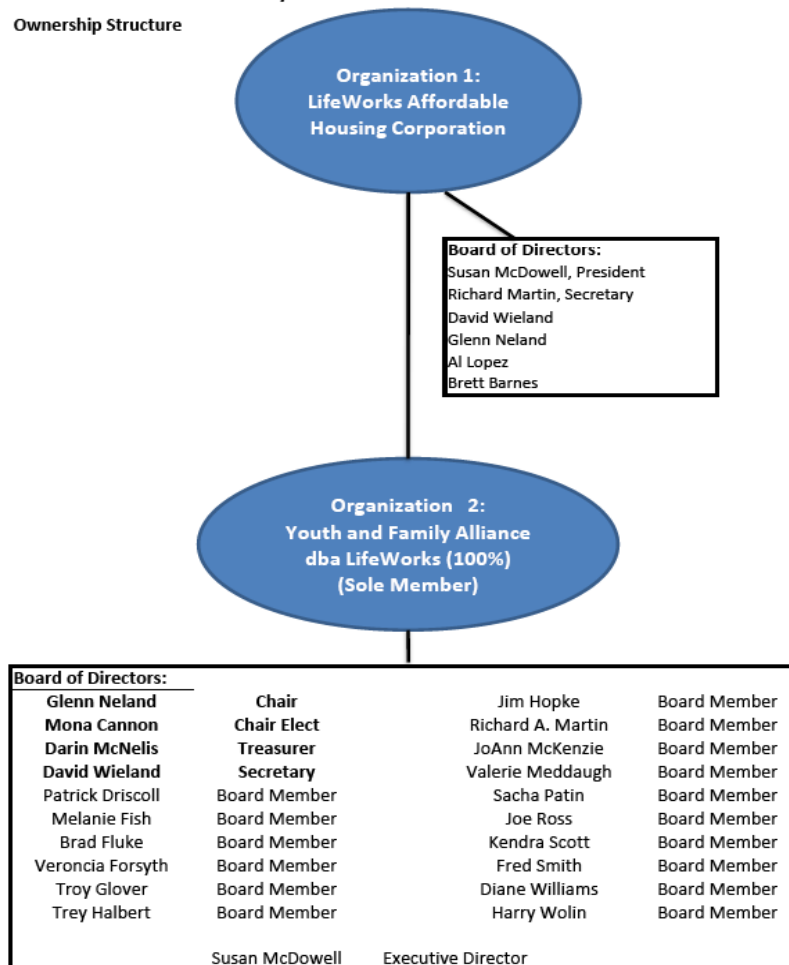
Youth and Family Alliance dba LifeWorks, was founded in 1998 by merging Child and Family Service, Pathways Community Counseling, Teenage Parent Council, and Youth Options into one as they all served similar demographics. Their real estate portfolio includes two Resource Centers to help the homeless and low income individuals.

In 2011, LifeWorks had an annual budget of \$10.7M and 170 employees with 300 volunteers that served over 6,000 people. LifeWorks has \$3.7M in current assets and \$11.3M in fixed assets, \$1.1M in current liabilities, and \$2.4M long term debt, for a total of \$11.4M in net assets. Most of the \$10.7M are grants earmarked for specific programs by different organizations. LifeWorks had \$1.7M in Capital contributions in 2011 (which is triple the \$546K received in 2010).

LifeWorks completed the \$6M South Austin Family Resource Center in 2006 along with the \$11M Sooch East Austin Family Resource Center in April 2012. Within these centers, LifeWorks provides many supportive services programs under three program areas: Counseling, Housing & Homeless, and Education. Audited financials show \$4.3M in Federal awards with \$710K in State of Texas awards for these programs.

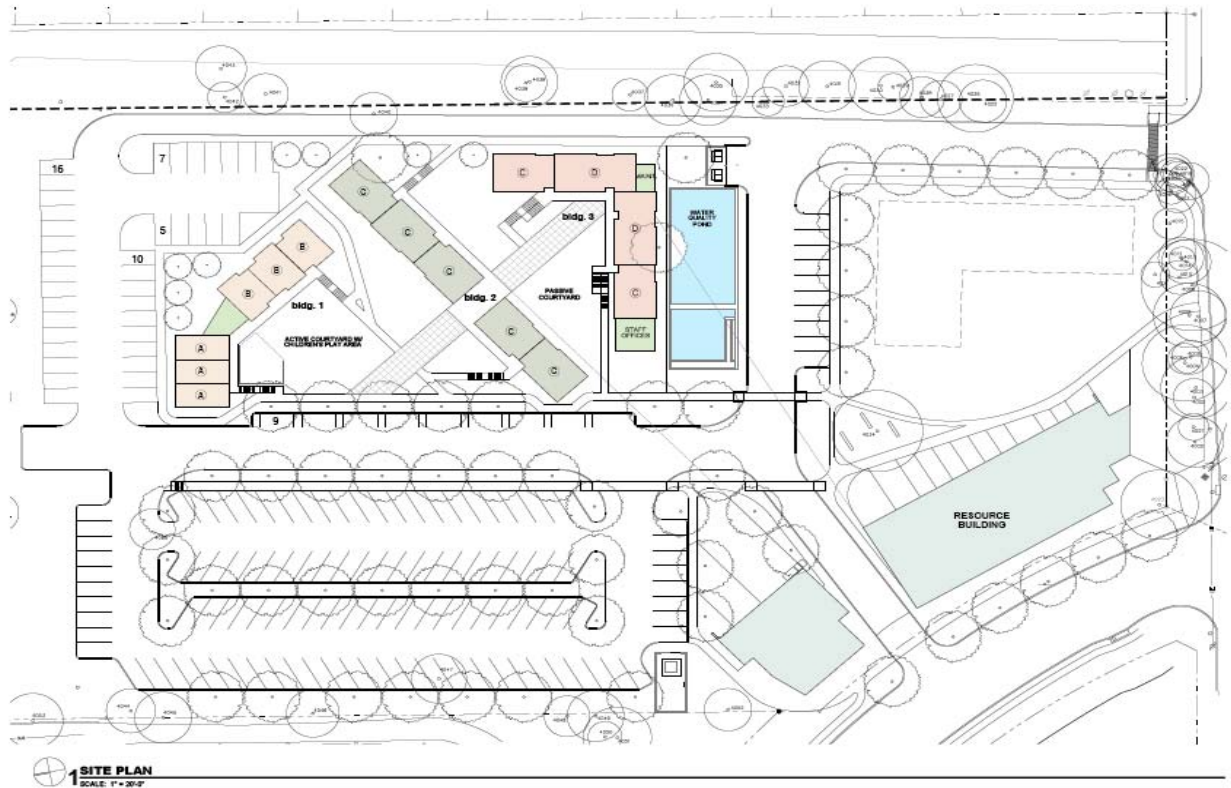
LifeWorks was selected by the City of Austin to be the fiscal agent for Homelessness Prevention and Rapid Rehousing. They were responsible for management of and distribution of \$1.6M given to aid the homeless. Sources of revenue from administering these funds come from grant agreement and contracts with the Federal government, state and local entities, along with community organizations such as United Way.

**The Works at Pleasant Valley
Ownership Structure**



DEVELOPMENT SUMMARY

SITE PLAN



BUILDING CONFIGURATION

Building Type	I	II	III							Total Buildings
Floors/Stories	3	3	3							3
Number of Bldgs	1	1	1							3
Units per Bldg	18	15	12							
Total Units	18	15	12							45

GENERAL INFORMATION

Total Size: 2.421 acres
 Flood Zone: X
 Zoning: SF-3-NP
 Density: 18.6 units/acre

Scattered Site? Yes No
 Within 100-yr floodplain? Yes No
 Re-Zoning Required? Yes No N/A
 Utilities at Site? Yes No
 Title Issues? Yes No

Surrounding Uses:
 North : Austin Community College Campus
 East : Residential
 South : Precision Auto Body
 West : Vacant Land

Other Observations:
 The Sooch Resource Center is located in the adjacent lot.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Terracon Consultants, Inc Date: 2/23/2011

Recognized Environmental Conditions (RECs) and Other Concerns:

- A Phase I investigation is not required for NSP applications. This site was part of an application for the 2011 Tax Credit cycle and therefore a Phase I was submitted at that time. The Underwriter reviewed the report and found no evidence of RECs.

MARKET ANALYSIS

Provider: Affordable Housing Analysts Date: 3/12/2011

Contact: Bob Coe Phone: 281-387-7522

Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 19 sq. miles 2 mile equivalent radius

NSP applicants are not required to provide a market study, but a market study was submitted in 2011 for this site and similar unit mix. Therefore, the Underwriter used the same PMA as defined by the Market Analyst. The PMA is defined by 21 census tracts in Travis County that is bounded by HW183, I-35, and Town Lake.

ELIGIBLE HOUSEHOLDS BY INCOME								
Travis 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	\$13,646	\$15,960	---	---	\$20,263	\$26,600	---	---
2	\$14,606	\$18,240	---	---	\$22,800	\$30,400	---	---
3	\$17,554	\$20,520	---	---	\$24,411	\$34,200	---	---
4	---	---	---	---	\$29,314	\$37,950	---	---
5	---	---	---	---	\$29,314	\$41,000	---	---
6	---	---	---	---	---	---	---	---

AFFORDABLE HOUSING INVENTORY in PRIMARY MARKET AREA					
File #	Development	Type	Target Population	Comp Units	Total Units
Proposed, Under Construction, and Unstabilized Comparable Developments					
09130	M Station	New	Family	84	150
Other Affordable Developments in PMA since 2007					
10002	Wildflower Terrace	New	Seniors	n/a	201
11400	Marshall Apts	Rehab	Family	n/a	100

Proposed, Under Construction, and Unstabilized Comparable Supply:

09130 M Station is an unstabilized development that is located 1 mile to the north of the subject.

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OVERALL DEMAND ANALYSIS				
	Market Analyst		Underwriter	
Total Households in the Primary Market Area	29,513		28,454	
Potential Demand from the Primary Market Area	5,557		6,029	
Potential Demand from Other Sources	0		0	
GROSS DEMAND	5,557		6,029	
Subject Affordable Units	36		43	
Unstabilized Comparable Units	87		84	
RELEVANT SUPPLY	123		127	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	2.2%		2.1%	

Demand Analysis:

The Market Analyst provided a market analysis based on the Applicant's Tax Credit Application which only included 36 units and concluded a Gross Capture Rate of 2.2% with 87 units at M Station as comparable units. The Underwriter used the Market Analyst's base data and did a full market analysis based on the new unit mix. The Underwriter calculated a Gross Capture Rate of 2.1% for the Relevant Supply of 127 units that includes 84 comparable units from M Station.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE								
Unit Type	Market Analyst				Underwriter			
	Demand	Subject Units	Comp Units	Unit Capture Rate	Demand	Subject Units	Comp Units	Unit Capture Rate
0 BR/30%	299	6	0	2%	201	8	0	4%
0 BR/50%	0	0	0	0%	342	4	0	1%
1 BR/30%	0	0	0	0%	200	6	3	5%
1 BR/50%	634	6	16	3%	386	1	16	4%
2 BR/30%	254	4	6	4%	241	15	6	9%
2 BR/50%	228	3	30	14%	612	3	30	5%
3 BR/30%	155	3	6	6%	30	0	6	20%
3 BR/50%	202	3	29	16%	427	6	29	8%

Primary Market Occupancy Rates:

Primary Market Occupancy Rate in the PMA is 92.2% and this includes 23 HUD or HTC projects in the area.

Absorption Projections:

The Market Analyst projects an absorption rate of 10 to 20 units a month and stabilization within 2 to 4 months based on the absorption rates of Villas on Sixth (LIHTC, 160 units) which stabilized in 1 month and two other market rate developments that absorbed at 16 and 40 units a month respectively. The Underwriter also confirms the strong absorption rate based on M Station, which started leasing in July 2011 and absorbed 130 units by February 2012 (18 units/month).

Market Impact:

The Market Analyst believes that there will be minimal sustained negative impact on the existing affordable market and that any negative impact "should be of "reasonable scope and limited duration".

Comments:

The maximum Gross Capture Rate for urban developments targeting family households is 10%; the analysis suggests sufficient demand to support the proposed development.

However, this conclusion is based on analysis of income-eligible households that would qualify under typical leasing guidelines. The actual target population will generally be below minimum income levels. This means the demand pool is actually larger than indicated, but presents the Applicant with the challenge of identifying tenants who will have the resources to pay the rent.

OPERATING PRO FORMA

SUMMARY - AS UNDERWRITTEN					
NOI:	\$22,746	Avg. Rent:	\$421	Expense Ratio:	89.34%
Debt Service:	\$0	B/E Rent:	\$378	Controllable Expenses:	\$2,375
Net Cash Flow:	\$22,746	Occupancy:	92.50%	Property Taxes/Unit:	\$70
Aggregate DCR:	N/ A	B/E Occupancy:	84.10%	Program Rent Year:	2012

Income: Number of Revisions: 4 Date of Last Applicant Revision: 3/2/2012

The Applicant originally submitted a rent schedule that included 8 units at 60% of AMI. On the revised rent schedule all units are at or below the 50% AMI level.

Gross rents are reduced by the maximum utility allowances, since tenants will pay for electric, water, and sewer. This results in minimal collected rent. (The net rent for the 30% efficiency units is higher than the net rent for the 30% one-bedroom because the difference in utility allowances is greater than the difference in rents; this unusual situation could change, depending on the actual program rents and utility allowances when the units place in service.)

Feasibility requires achievement of maximum rents, but the target population will generally be below typical minimum income guidelines. The Applicant states that some clients will have support from an array of vouchers, financial support from social programs and SSDI. The Applicant participates in the Passages Supportive Housing Program through HUD and Salvation Army that has Tenant Based Rental Assistance funds that will support some tenants; and they are in discussions with the Housing Authority of Austin regarding the availability of project based rental assistance vouchers but no decision or commitment has been made yet.

Expense: Number of Revisions: 4 Date of Last Applicant Revision: 3/2/2012

The Applicant's projected annual operating expenses are \$4,145 per unit while the Underwriter's estimate is \$4,237 per unit. The underwritten expenses were compared to Foundation Communities' supportive housing developments in the Austin area; but those developments are all SRO units. The projected operating expenses for Pleasant Valley are more in line with a typical multifamily project due to the larger unit sizes. The Applicant has cut down on Payroll expenses by having only one full time manager and one maintenance person, and supplementing any additional requirements with volunteers.

The Applicant's projected repairs and maintenance expense (\$409 per unit) is extremely low. The underwriting estimate (\$654 per unit) is consistent with the average at Foundation Communities' properties as well as the regional database average.

Utilities and water, sewer, and trash expenses are low because tenants will be paying for all utilities except for trash.

The Applicant provided a legal opinion that Lifeworks meets the requirements under Texas tax code to qualify for a 50% property tax exemption. If the Applicant is unable to obtain the exemption, the estimated tax expense would increase to \$6K/year and the expense ratio to 91%.

The Applicant will be providing many supportive services such as GED and ESL classes, case management, health screening, youth and family counseling, supportive housing, workforce development along with many other programs to help low income individuals. The Applicant has budgeted \$34K per year for a case manager and operating expenses as part of a bigger supportive services budget.

Conclusion:

The Real Estate Analysis Rules generally require an expense to income ratio less than 65% and a debt coverage ratio between 1.15 and 1.35. The first year expense ratio is 89% so the subject has little capacity to support any debt. However, the Rules provide exceptions to these limits for Supportive Housing.

Feasibility:

The Applicant requests a waiver of any debt service requirement on the NSP award, allowing the Development to operate just above break-even operation, with a first year expense ratio of 89%.

Without the waiver of the NOFA requirements, first year cash flow would be negative \$38K; total loss over 15 years would be \$748K (i.e. \$50K/year). This structure could not be recommended without a firm commitment for an ongoing operating subsidy.

With the waiver, the long-term pro forma indicates positive cash flow through year 13. But cumulative cash flow is only \$158K through year 15 (i.e. \$10K/year, or less than \$1,000 per month). There is no margin for any greater increase in expenses relative to income. The long-term feasibility of the Development must rely on the fundraising capability of the Applicant. Based on a limited financial analysis and review of historical fundraising, the Underwriter concludes that financial capacity currently exists to cover future operating deficits.

The NSP award will be contingent on receipt of a resolution from LifeWorks' governing board confirming their irrevocable commitment to provide sufficient funds to guarantee operational feasibility throughout the affordability period.

ACQUISITION INFORMATION

APPRAISED VALUE

Appraiser:	<u>Lone Star Appraisals & Realty, Inc.</u>	Date:	<u>4/4/2012</u>
Land Only:	2.421 acres	<u>\$1,045,000</u>	Per Unit: <u>23,222</u>
Existing Buildings: (as-is)		<u>\$0</u>	
Total Development: (as-is)		<u>\$1,045,000</u>	Per Unit: <u>23,222</u>

SITE CONTROL

Type:	<u>Option Agreement</u>	Acreage:	<u>2.421</u>
Acquisition Cost:	<u>\$1,034,550</u>	Contract Expiration:	<u>9/30/2012</u>
Cost Per Unit:	<u>\$22,990</u>		
Seller:	<u>Youth and Family Alliance (LifeWorks)</u>	Related to Development Team?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Comments:

On November 18, 2009, Youth and Family Alliance dba LifeWorks purchased 5.889 acres of vacant land for \$2,157,241, and developed the Sooch Youth and Family Resource Center. The land and improvements were transferred to LifeWorks Enterprises LLC, an affiliate organization. The subject 2.421 acres will be transferred back through Youth and Family Alliance to LifeWorks Affordable Housing Corp (the Applicant).

The pro rata share of the original acquisition cost for the subject site is \$887K. The Applicant documented \$284K of holding costs and improvements, which would support a transfer cost of \$1.17M. The purchase option states the price will be \$1 million or a commercially reasonable price based on an appraisal. The appraised value is \$1,045,000.

NSP Rules require that the transfer price be at least a 1% discount to the appraised value. The underwritten acquisition price (\$1,034,550) is 99% of the appraised value.

DEVELOPMENT COST EVALUATION

COST SCHEDULE Number of Revisions: 4 Date of Last Applicant Revision: 6/8/2012

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:

Applicant's Sitework Costs were originally stated at \$8.9K/unit which is just below the \$9K/unit threshold. After review of the costs, the Applicant submitted a Geotechnical Report that revealed the soil at the site was expansive clay and would require significant excavation in order to get stable pad sites for the buildings, roadways, and parking areas. The Geotechnical Report also recommends a drilled pier foundation system to support the proposed development. The revised amount of \$10.7K/unit was reviewed and verified by the Applicant's Architectural Engineer.

Upon the third revision by the Chief Financial Officer of Lifeworks, Sitework cost was revised back to \$8.9K/unit based upon the CFO's interpretation of the conceptual bids from the contractors. The estimate by Spaw Glass Contractors was used because it was the lower of two bids and they have already built the Resource Center that is currently on site.

On June 8th, a fourth revision was submitted for review with a new contract bid from CF Jordan. The Underwriter has decided to use this cost estimate based on review of the three bids submitted by the Applicant. Sitework costs were determined to be \$362K or \$8,058 per unit, which is below the \$9K per unit threshold.

Direct Construction Cost:

The Applicant's projected direct building cost is \$2.5M. The underwriting estimate based on the standard Marshall & Swift multifamily model would be about \$1.9M. That amount would be understated due to the small average unit size (647 sf), and the fact that the foundation work needed for the site is more extensive than other developments because of the soils.

The underwritten cost (\$2.2M) is taken from the most recent contractor bid submitted by the Applicant.

Contingency & Fees:

The Applicant has included \$29K in contingency (only 1% of site work and building cost). The underwritten cost schedule includes \$256K in contingency (10% of site work and building cost).

Conclusion:

The Underwriter's estimate for total cost is based on the latest contract bid submitted by CF Jordan and by raising contingency up to 10%. The Underwriter's estimate of total development cost is equal to \$5,321,776.

UNDERWRITTEN CAPITALIZATION

Applicant Revisions: 4 Last Update: 6/8/2012

Interim Sources	Amount	Rate	Term	LTC
TDHCA - NSP Program Funds	\$2,625,662	0.00%	Forgivable Loan	50%
Capital One Construction Loan	\$1,000,000	5.00%	24 Months	19%
Entrepreneurs Foundation of Central Texas	\$500,000	0.00%	Grant	10%
Austin Housing Finance Corp - GO Bonds	\$400,000	0.00%	Grant	8%
Austin Housing Finance Corp - Housing Trust	\$200,000	0.00%	Grant	4%
Federal Loan Bank Atlanta - Capital One Sp	\$500,000	0.00%	Grant	10%
Total	\$5,225,662			

Comments:

The Capital One Construction loan is the only projected hard debt for this development. All other financing sources are to be either a forgivable loan or a grant.

Permanent Sources	Amount	Rate	Amort	Term	LTC
TDHCA - NSP Program Funds	\$3,444,379	0.00%	N / A	30	65%
TDHCA - NSP Developer Fee Grant	\$181,283	0.00%	N / A		3%
Entrepreneurs Foundation of Central Texas	\$500,000	0.00%	N / A		9%
Austin Housing Finance Corp - Housing Trust Funds	\$200,000	0.00%	N / A		4%
Austin Housing Finance Corp - GO Bonds	\$400,000	0.00%	N / A		8%
Federal Loan Bank Atlanta - Capital One Sponsor	\$500,000	0.00%	N / A		9%
Total	\$5,225,662				

Comments:

Closing on the NSP funds is contingent on verification that all other sources have been received and carry no debt service or payment obligation.

Deferred Fees	Amount	Rate	% TC	% Def
Deferred Developer Fee	\$96,114		2%	15%
Total Sources	\$5,321,776			

Comments:

Deferred developer fee will be paid within 7 years of operation.

CONCLUSIONS

Recommended Financing Structure:

The NSP Program allows for a maximum of 50% of funding to be forgivable, and requires that the balance must be fully amortized and repaid. But the subject pro forma indicates near break-even operation, and no capacity to support any debt.

The Underwriter recommends the award of \$3,625,662 in total NSP funds. Per NSP Rules, 5% of the total (\$181,283) should be structured as a developer fee grant. The remaining 95% (\$3,444,379) is recommended, subject to approval of the necessary Board waivers and other conditions, in the form of a deferred, forgivable loan, at zero percent interest, with a term of thirty years.

Underwriter:	<u>Duc Nguyen</u>
Manager of Real Estate Analysis:	<u>Thomas Cavanagh</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>

UNIT MIX/RENT SCHEDULE

The Works at Pleasant Valley, Austin, NSP #77090000110

LOCATION DATA	
CITY:	Austin
COUNTY:	Travis
PROGRAM REGION:	7
RURAL RENT USED:	No
IREM REGION:	Austin

UNIT DISTRIBUTION		
# Beds	# Units	% Total
Eff	9	20.0%
1	9	20.0%
2	21	46.7%
3	6	13.3%
4		
TOTAL	45	100.0%

Applicable Programs

PROFORMA ASSUMPTIONS	
REVENUE GROWTH:	2.00%
EXPENSE GROWTH:	3.00%
HIGH COST ADJUSTMENT:	130%
APPLICABLE FRACTION:	100.00%
APP % - ACQUISITION:	0.00%
APP % - CONSTRUCTION:	100.00%
AVERAGE SF	647

UNIT MIX / MONTHLY RENT SCHEDULE																						
UNIT DESCRIPTION									PROGRAM RENT LIMITS			APPLICANT'S PROFORMA RENTS				TDHCA PROFORMA RENTS				MARKET RENTS		
Type	Gross Rent	HOME Unit Designation (Rent/Inc)	Gross Rent	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
TC 00%		30%/30%	\$398	\$398	8	0	1	397	\$398	\$85	\$313	\$4	\$0.80	\$317	\$2,536	\$2,504	\$313	\$0.79	\$0	\$580	1.46	\$267
TC 00%		30%/30%	\$426	\$426	6	1	1	499	\$426	\$131	\$295	\$3	\$0.60	\$298	\$1,788	\$1,770	\$295	\$0.59	\$0	\$695	1.39	\$400
TC 00%		30%/30%	\$512	\$512	15	2	1	693	\$512	\$164	\$348	\$1	\$0.50	\$349	\$5,235	\$5,220	\$348	\$0.50	\$0	\$875	1.26	\$527
TC 00%		30%/30%	\$591	\$665	4	3	1	949	\$591	\$226	\$365	\$2	\$0.39	\$367	\$1,468	\$1,460	\$365	\$0.38	\$0	\$1,075	1.13	\$710
TC 00%		LH/50%	\$665	\$712	1	0	1	397	\$665	\$85	\$580	\$4	\$1.47	\$584	\$584	\$580	\$580	\$1.46	\$0	\$580	1.46	\$0
TC 00%		LH/50%	\$712	\$855	3	1	1	499	\$712	\$131	\$581	\$3	\$1.17	\$584	\$1,752	\$1,743	\$581	\$1.16	\$0	\$695	1.39	\$114
TC 00%		LH/50%	\$855	\$986	6	2	2	825	\$855	\$164	\$691	\$1	\$0.84	\$692	\$4,152	\$4,146	\$691	\$0.84	\$0	\$875	1.06	\$184
TC 00%		LH/50%	\$986	\$986	2	3	2	949	\$986	\$226	\$760	\$2	\$0.80	\$762	\$1,524	\$1,520	\$760	\$0.80	\$0	\$1,075	1.13	\$315
TOTALS/AVERAGES:					45			29,103				\$2	\$0.65	\$423	\$19,039	\$18,943	\$421	\$0.65	\$0	\$807	\$1.25	\$386
ANNUAL POTENTIAL GROSS RENT:																\$228,468	\$227,316					

STABILIZED PRO FORMA

The Works at Pleasant Valley, Austin, #77090000110

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES		APPLICANT				TDHCA				VARIANCE	
	Database	Foundation Communities	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$0.65	\$423	\$228,468	\$227,316	\$421	\$0.65		-0.5%	(\$1,152)
\$75/unit annual for laundry and vending					\$6.25	\$3,375					0.0%	(3,375)
0					\$0.00	\$0					0.0%	-
					\$0.00	\$0					0.0%	-
Underwriter's Total Secondary Income							\$3,375	\$6.25			100.0%	3,375
POTENTIAL GROSS INCOME						\$231,843	\$230,691				-0.5%	(\$1,152)
Vacancy & Collection Loss					7.5% PGI	(17,388)	(17,302)	7.5% PGI			-0.5%	86
Non-Rental Units/Concessions						-					0.0%	-
EFFECTIVE GROSS INCOME						\$214,455	\$213,389				-0.5%	(\$1,066)

General & Administrative	\$17,301	\$384/Unit	\$16,920	8.29%	\$0.61	\$395	\$17,775	\$17,301	\$384	\$0.59	8.11%	2.7%	474
Management	\$15,917	5.4% EGI	\$18,237	5.00%	\$0.37	\$238	\$10,723	\$10,669	\$237	\$0.37	5.00%	0.5%	53
Payroll & Payroll Tax	\$39,292	\$873/Unit	\$103,606	20.33%	\$1.50	\$969	\$43,602	\$39,292	\$873	\$1.35	18.41%	11.0%	4,310
Repairs & Maintenance	\$29,408	\$654/Unit	\$29,612	8.58%	\$0.63	\$409	\$18,394	\$29,408	\$654	\$1.01	13.78%	-37.5%	(11,014)
Utilities	\$9,104	\$202/Unit	\$28,612	3.73%	\$0.27	\$178	\$7,990	\$9,104	\$202	\$0.31	4.27%	-12.2%	(1,114)
Water, Sewer, & Trash	\$25,107	\$558/Unit	\$21,469	5.93%	\$0.44	\$282	\$12,709	\$11,781	\$262	\$0.40	5.52%	7.9%	928
Property Insurance	\$11,775	\$0.40/sf	\$4,420	10.26%	\$0.76	\$489	\$22,000	\$22,000	\$489	\$0.76	10.31%	0.0%	-
Property Tax 2.3823	\$20,843	\$463/Unit	\$10,433	2.52%	\$0.19	\$120	\$5,402	\$3,163	\$70	\$0.11	1.48%	70.8%	2,239
Reserve for Replacements	\$17,515	\$389/Unit	\$47,393	5.25%	\$0.39	\$250	\$11,250	\$11,250	\$250	\$0.39	5.27%	0.0%	-
TDHCA Compliance Fees			-	0.84%	\$0.06	\$40	\$1,800	\$1,800	\$40	\$0.06	0.84%	0.0%	-
Cable TV			-	0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Supportive service contract fees			-	16.26%	\$1.20	\$775	\$34,875	\$34,875	\$775	\$1.20	16.34%	0.0%	-
TOTAL EXPENSES			\$ 280,702	86.97%	\$6.41	\$4,145	\$ 186,520	\$ 190,643	\$4,237	\$6.55	89.34%	-2.2%	\$ (4,124)
NET OPERATING INCOME ("NOI")				13.03%	\$0.96	\$621	\$27,935	\$22,746	\$505	\$0.78	10.66%	22.8%	\$5,189

CONTROLLABLE EXPENSES	\$2,671/Unit	\$4,449/Unit		\$2,233/Unit		\$2,375/Unit
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LONG TERM OPERATING PRO FORMA

	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	\$213,389	\$217,657	\$222,010	\$226,450	\$230,979	\$255,020	\$281,562	\$310,868	\$343,223	\$378,946	\$418,387	\$461,933
LESS: TOTAL EXPENSES	190,643	196,256	202,035	207,985	214,111	247,576	286,305	331,129	383,011	443,067	512,591	593,079
NET OPERATING INCOME	\$22,746	\$21,401	\$19,975	\$18,466	\$16,868	\$7,444	(\$4,742)	(\$20,261)	(\$39,788)	(\$64,121)	(\$94,204)	(\$131,145)
LESS: DEBT SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$22,746	\$21,401	\$19,975	\$18,466	\$16,868	\$7,444	(\$4,742)	(\$20,261)	(\$39,788)	(\$64,121)	(\$94,204)	(\$131,145)
CUMULATIVE NET CASH FLOW	\$22,746	\$44,147	\$64,122	\$82,588	\$99,456	\$156,526	\$158,399	\$89,592	(\$68,539)	(\$338,379)	(\$746,725)	(\$1,325,579)
DEFERRED DEVELOPER FEE BALANCE	\$96,114	\$74,713	\$54,738	\$36,272	\$19,404	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DCR ON UNDERWRITTEN DEBT (Must-Pay)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EXPENSE/EGI RATIO	89.34%	90.17%	91.00%	91.85%	92.70%	97.08%	101.68%	106.52%	111.59%	116.92%	122.52%	128.39%

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Works at Pleasant Valley, Austin, NSP #77090000110

DEBT / GRANT SOURCES													
APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
Cumulative DCR	Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative		
CASH FLOW DEBT / GRANTS													
TDHCA - NSP Program Funds	#DIV/0!	#DIV/0!	0.00%	0	30	\$3,625,662	\$3,444,379	30	0	0%		#DIV/0!	64.7%
TDHCA - NSP Developer Fee Grant							\$181,283						
Entrepreneurs Foundation of Central Texas	#DIV/0!	#DIV/0!	0.00%	0	0	\$500,000	\$500,000	0	0	0		#DIV/0!	9.4%
Austin Housing Finance Corp - Housing Trust Funds	#DIV/0!	#DIV/0!	0.00%	0	0	\$200,000	\$200,000	0	0	0		#DIV/0!	3.8%
Austin Housing Finance Corp - GO Bonds	#DIV/0!	#DIV/0!	0.00%	0	0	\$400,000	\$400,000	0	0	0		#DIV/0!	7.5%
Federal Loan Bank Atlanta - Capital One Sponsor	#DIV/0!	#DIV/0!	0.00%	0	0	\$500,000	\$500,000	0	0	0		#DIV/0!	9.4%
TOTAL DEBT / GRANT SOURCES						\$5,225,662	\$5,225,662					\$0	98.2%
NET CASH FLOW			\$27,935									\$22,746	

EQUITY SOURCES													
APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE						
DESCRIPTION	% Cost	Annual Credit	Credit Rate	Amount	Amount	Credit Rate	Annual Credit	% Cost	Per Unit Credit Developer Fee Summary				
Deferred Developer Fee	4.4%	(36% Deferred)		\$231,622	\$96,114	(15% Deferred)		1.8%	Total Developer Fee: \$651,074				
Additional (Excess) Funds Red's	0.0%			\$0	\$0			0.0%	15-Year Cash Flow: \$158,399				
TOTAL EQUITY SOURCES	4.4%			\$231,622	\$96,114			1.8%	15-Yr Cash Flow after Fee: \$62,285				
TOTAL CAPITALIZATION				\$5,457,284	\$5,321,776								

DEVELOPMENT COST / ITEMIZED BASIS													
APPLICANT COST / BASIS ITEMS						TDHCA COST / BASIS ITEMS						COST VARIANCE	
Eligible Basis		Total Costs				Total Costs				Eligible Basis		%	\$
Acquisition	New Const. Rehab								New Const. Rehab	Acquisition			
Land Acquisition		\$22,667 / Unit	\$1,020,000		\$1,034,550	\$22,990 / Unit					1.4%	\$14,550	
Closing Costs	\$0	\$680 / Unit	\$30,600		\$30,600	\$680 / Unit					0.0%	\$0	
Off-Sites		\$ / Unit	\$0		\$0	\$ / Unit					0.0%	\$0	
Sitework	\$404,100	\$8,980 / Unit	\$404,100		\$362,594	\$8,058 / Unit	\$362,594				-11.4%	(\$41,506)	
Direct Construction	\$2,500,351	\$85.91 /sf	\$55,563/Unit	\$2,500,351	\$2,193,833	\$48,752/Unit	\$75.38 /sf	\$2,193,833			-14.0%	(\$306,518)	
Contingency	\$29,716	1.02%	\$29,716		\$255,643	10.00%	\$255,643				88.4%	\$225,927	
Contractor's Fees	\$288,972	9.85%	\$288,972		\$288,972	10.28%	\$288,972				0.0%	\$0	
Indirect Construction	\$388,486	\$8,633 / Unit	\$388,486		\$388,486	\$8,633 / Unit	\$388,486				0.0%	\$0	
Ineligible Costs		\$1,111 / Unit	\$50,000		\$50,000	\$1,111 / Unit					0.0%	\$0	
Developer's Fees	\$0	\$651,074	18.03%	\$651,074	\$651,074	18.66%	\$651,074		\$651,074	\$0	0.0%	\$0	
Interim Financing	\$0	\$ / Unit	\$0		\$0	\$ / Unit			\$0		0.0%	\$0	
Reserves		\$2,089 / Unit	\$93,985		\$66,024	\$1,467 / Unit					-42.3%	(\$27,961)	
UNADJUSTED BASIS / COST	\$0	\$4,262,699		\$121,273 / Unit	\$5,457,284	\$5,321,776		\$118,262 / Unit	\$4,140,602	\$0	-2.5%	(\$135,508)	
Acquisition Cost for Identity of Interest Seller				\$14,550									
Developer's Fee	\$0	\$0											
Contractor's Fee		\$0											
Contingency		\$0											
ADJUSTED BASIS / COST	\$0	\$4,262,699		\$121,273 / Unit	\$5,471,834	\$5,321,776		\$118,262 / Unit	\$4,140,602	\$0			
TOTAL UNDERWRITTEN COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					\$5,321,776								

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

The Works at Pleasant Valley, Austin, NSP #7709000110

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	\$0	\$4,262,699	\$0	\$4,140,602
Deduction for Other Federal Funds	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$4,262,699	\$0	\$4,140,602
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$5,541,509	\$0	\$5,382,782
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	\$0	\$5,541,509	\$0	\$5,382,782
Applicable Percentage	0.00%	100.00%	0.00%	100.00%
ANNUAL CREDIT ON BASIS	\$0	\$5,541,509	\$0	\$5,382,782
CREDITS ON QUALIFIED BASIS	\$5,541,509		\$5,382,782	

ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS

Method	Annual Credits	Proceeds
Eligible Basis	\$5,541,509	\$0
Gap	#DIV/0!	\$96,114
Request	\$0	\$0

FINAL ANNUAL LIHTC ALLOCATION

Method	#DIV/0!
Credits	#DIV/0!
Underwritten Proceeds	\$0

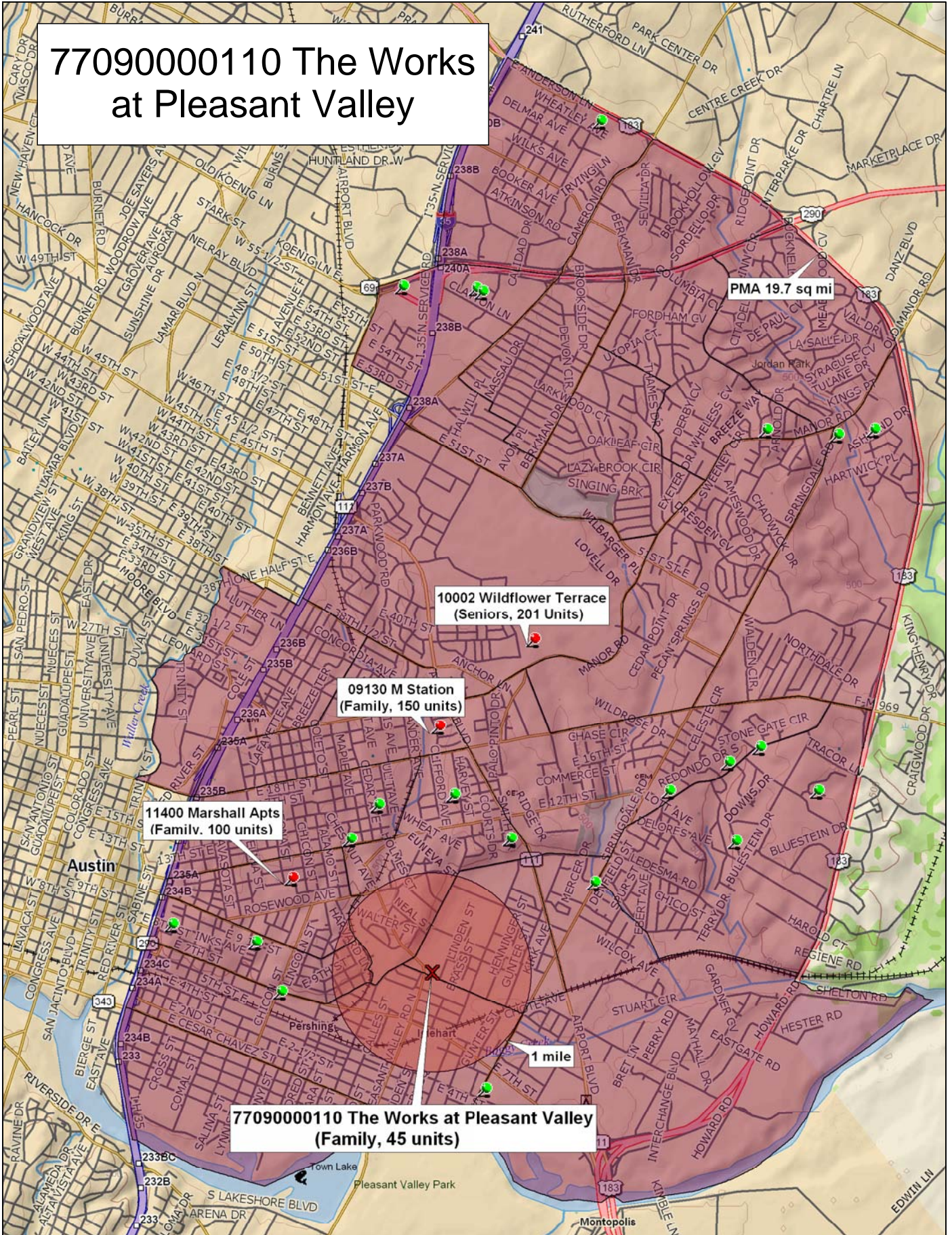
TOTAL HARD COST COMPARISON

	APPLICANT			TDHCA		
	Per SF	Per Unit	Total	Total	Per Unit	Per SF
Hard Costs (Direct, Site-work, Off-Sites & Contingency)	\$100.82	\$65,204	\$2,934,167	\$2,812,070	\$62,490	\$96.62
Applicant's Cost/SF Point Election						
Hard Costs plus Contractor Fees	\$110.75	\$71,625	\$3,223,139	\$3,101,042	\$68,912	\$106.55

DIRECT CONSTRUCTION COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost: Multiple Residence Basis		29,103	\$66.54	1,936,647
Adjustments				
Exterior Wall Finish	0.00%		0.00	\$0
	0.00%		0.00	0
	0.00%		0.00	0
Roofing			0.00	0
Subfloor			(0.11)	(3,201)
Floor Cover			2.54	73,922
Breezeways	\$23.15	7,235	5.75	167,471
Balconies	\$0.00	0	0.00	0
Plumbing Fixtures	\$890	39	1.19	34,710
Rough-ins	\$440	45	0.68	19,800
Built-In Appliances	\$1,625	45	2.51	73,125
Exterior Stairs	\$2,375	12	0.98	28,500
Heating/Cooling			1.95	56,751
Enclosed Corridors	\$53.67		0.00	0
Carports	\$9.70	0	0.00	0
Garages	\$30.00	0	0.00	0
Comm &/or Aux Bldgs	\$85.39	990	2.90	84,534
Other: Elevator			0.00	0
Other:			0.00	0
Other: fire sprinkler	\$2.25	37,328	2.89	83,988
SUBTOTAL			87.83	2,556,246
Current Cost Multiplier	0.99		-0.88	(25,562)
Local Multiplier	0.87		-11.42	(332,312)
TOTAL DIRECT CONSTRUCTION COSTS			75.54	\$2,198,371
Plans, specs, survey, bldg permits	3.90%		-2.95	(85,736)
Interim Construction Interest				
Contractor's OH & Profit	11.50%		-8.69	(252,813)
NET DIRECT CONSTRUCTION COSTS			63.90	\$1,859,822

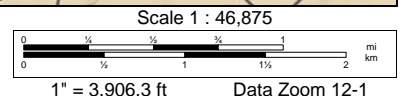
77090000110 The Works at Pleasant Valley



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**BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
NOVEMBER 13, 2012**

Presentation, Discussion, and Possible Action to award Neighborhood Stabilization Program funds for Multifamily Development

RECOMMENDED ACTION

WHEREAS, the Department received an application from NHP Foundation (the “Applicant”) under the Texas Neighborhood Stabilization Program 1 Program Income (“NSP1-PI”) REVISED Notice of Funding Availability; and

WHEREAS, the Applicant was approved as an NSP Reservation Participant under Application Number 2011-514 at the March 6, 2012, TDHCA Board Meeting; and

WHEREAS, the Applicant has formed a Limited Liability Company (LLC) which is organized for a nonprofit purpose under the Texas Secretary of State and the LLC will be the Borrower and Developer as defined in 10 TAC §9.2, and will, therefore, be the recipient of this award of NSP1-PI funds should the Board approve; and

WHEREAS, the application is for the acquisition and rehabilitation – NSP Eligible Use B – of a two hundred fifty (250) unit elderly-only property; and

WHEREAS, the proposed development is located in a census tract with an NSP Target Score of 19, which is above the minimum Target Score of 12 that is required in the NSP1-PI NOFA; and

WHEREAS, sufficient NSP1-PI funding is available to award the subject application;

NOW, therefore, it is hereby,

RESOLVED, that the application for commitment of funding from the Texas Neighborhood Stabilization Program 1 Program Income (“NSP1-PI”) REVISED Notice of Funding Availability for The NHP Foundation, which will be the sole member of Pepper Tree Manor 250 GP, LLC – the Borrower and Developer – is hereby approved in the form presented at this meeting;

FURTHER RESOLVED, that the Board’s approval is conditioned upon completion of underwriting in an amount not to exceed \$3,852,000, all

conditions thereof and completion of any other reviews required to ensure compliance with the applicable rules and requirements for NSP1-PI funds.

BACKGROUND

General Information: The NHP Foundation is proposing to acquire and rehabilitate Pepper Tree Manor, a 250 unit elderly-only property located in Houston, Harris County that was awarded 4% Low Income Housing Tax Credits in December 2004. Construction commenced in May 2005 and phased completion through December 2006. Leasing of the units began in July 2006 and achieved 100% tax credit occupancy in November 2009. Hurricane Rita in 2005 and Hurricane Ike in 2008 caused significant delays in both lease-up and construction causing the need for construction loan bonds to be extended repeatedly. Additionally, the owner of the bonds, Washington Mutual, was acquired by J.P. Morgan. These issues ultimately caused the construction loan to default and a foreclosure sale notice to be issued in March 2012. The lender has agreed to delay any foreclosure sale to provide time for a refinancing of the permanent loan and TDHCA staff anticipates closing on the NSP loan prior to foreclosure sale.

Pepper Tree Manor consists of 125 one-bedroom units and 125 two-bedroom units in one low-rise elevator-serviced four-story building and four separate single-story buildings on 11.382 acres. The property currently has an occupancy rate above 90%. 125 units are restricted for households at 50% of Area Median Income (AMI) and 125 units are restricted for households at 60% AMI. The current income restrictions will remain in place after award and expenditure of NSP funds.

There is approximately \$5.6M in funding available from the Texas Neighborhood Stabilization Program 1 Program Income (“NSP1-PI”) REVISED Notice of Funding Availability.

Organizational structure and Compliance: The Borrower, on behalf of The NHP Foundation, is Pepper Tree Manor 250 GP, LLC. Pepper Tree Manor 250 GP, LLC will serve as the Developer for NSP purposes, as well. The Development Owner will be 250 LP Pepper Tree Manor, LP. The Compliance Status Summary is currently being completed and any award is conditioned upon satisfactory completion of this review.

Census Demographics: Pepper Tree Manor is located at 5950 Antoine, Houston, Texas, 77091. Demographics for the census tract (5320.01) include a population of 4,867; median household income of \$16,690; the percent of population that is minority is 90.5%; the percent of population that is below the poverty line is 54.7%; the percent of owner-occupied units is 13.9%; the percent of renter-occupied units is 86.1% and the percent of vacant units is 47.4% (Census information from datasets DP-1 and DP03 for 2010).

Public Comment: The Department has not received any letters of support or opposition for this Development.

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action to adopt Inducement Resolution No. 13-017 for Multifamily Housing Revenue Bonds and an Authorization for Filing Applications for Private Activity Bond Authority – 2012 Waiting List.

RECOMMENDED ACTION

WHEREAS, the Board approval of the inducement resolution is the first step in the application process for a multifamily bond issuance; and

WHEREAS, the inducement allows staff to submit an application to the Bond Review Board (BRB) to await a Certificate of Reservation; and

WHEREAS, the Executive Award and Review Advisory Committee recommends the issuance of the Inducement Resolution;

NOW, therefore, it is hereby,

RESOLVED, that Inducement Resolution 13-017 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority from the 2012 Private Activity Bond Program for The Outlook at Trinity River (#12609) is hereby approved as presented to this meeting.

BACKGROUND

The Texas Bond Review Board (BRB) administers the state's annual bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds and each issuer's Board is required to induce an application for bonds prior to the submission to the BRB. Approval of the inducement resolution does not constitute approval of the Development but merely allows the Applicant the opportunity to move into the full application phase of the process. Once the application receives a reservation of allocation, the Applicant has 150 days to close on the private activity bond transaction.

During the 150-day process, the Department will review the Applicant's complete application for threshold and compliance with the Department's Rules and underwrite the transaction in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing in the community of the proposed location of the development. The complete application, including a transcript from the hearing, will then be presented before the Board for a decision on the actual issuance of the bonds as well as the determination of housing tax credits.

Each year, the State of Texas is notified of the cap on the amount of private activity tax-exempt revenue bonds that may be issued within the state. Approximately \$536 million is set aside for multifamily until August 15th for the 2012 program year which includes the TDHCA set aside of approximately \$108 million. After August 15th, reservations are issued on a first-come first-served basis. Inducement Resolution #13-017 represents the sixth application submitted to the Department for the 2012 program year and will reserve approximately \$21 million in state volume cap.

The Outlook at Trinity River proposed development is located at I 35 W and 4th Street along the Trinity River in Ft. Worth, Tarrant County. The development is new construction and will consist of 216 total units serving the general population. This transaction is Priority 3 consisting entirely of low income units.

Demographics for the census tract (1232.00) include AMFI of \$32,745; the total population is 1,896; the percent of population that is minority is 68.25%; the percent of population that is below the poverty line is 24.31%; the number of owner occupied units is 300 and the number of renter units is 294. (Census information from FFIEC Geocoding for 2012).

Public Comment: The Department has received letters of opposition from the East Fort Worth Business Association, the United Riverside Rebuilding Corporation, the Riverside Alliance of Neighborhood Associations, and one letter in opposition from a resident and business owner in the area. No letters of support have been received.

RESOLUTION NO. 13-017

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

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

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

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

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

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

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

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

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

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

BE IT RESOLVED BY THE BOARD THAT:

Section 1. Certain Findings. The Board finds that:

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

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

(c) the Owner is financially responsible;

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

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

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

Section 3. Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but

in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

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

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

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

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

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

Section 9. Costs of Development. The Costs of the Development may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of the Development shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code

and the Act. The Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

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

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

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

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

Section 14. Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Development's necessary review and legal documentation for the filing of an Application for the 2012 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner so long as the Application is re-submitted within the current or following program year.

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

Section 16. Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of the Development which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal

Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of the Development may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

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

Section 18. Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 19. Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 20. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Execution page follows]

PASSED AND APPROVED this 13th day of November, 2012.

[SEAL]

By: _____
Chairman, Governing Board

Attest: _____
Assistant Secretary to the Governing Board

EXHIBIT "A"

Description of the Owner and the Development

Project Name	Owner	Principals	Amount Not to Exceed
The Overlook at Trinity River	The Overlook at Trinity River, LP	The Principals are The Overlook at Trinity River GP, LLC, Managing General Partner and to be determined limited partnerships. The members of The Overlook at Trinity River GP, LLC are Mark Lechner and Chris Dischinger	\$21,000,000
<p>Costs: Construction of a 216 unit affordable multifamily community located on +/- 12 acres of land located at I-35 and 4th Street along the Trinity River, Tarrant County, Fort Worth, Texas.</p>			

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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on orders adopting the repeals of 10 TAC Chapter 35, 2011 Multifamily Housing Revenue Bond Rules and Chapter 33, 2012 Multifamily Housing Revenue Bond Rules; and an order adopting new 10 TAC, Chapter 12, Multifamily Housing Revenue Bond Rules and directing their publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the “Department”) is authorized to issue multifamily housing revenue bonds for the State of Texas; and

WHEREAS, the Multifamily Housing Revenue Bond Rules establish the procedures and requirements relating to an issuance of bonds by the Department; and

WHEREAS, the proposed Multifamily Housing Revenue Bond Rules, were presented and approved at the September 6, 2012, Board Meeting for publication in the *Texas Register* to obtain public comment; and

WHEREAS, the public comment period ended on October 22, 2012, and no comment was received specifically directed to this rule, but comment was received with regard to related multifamily rules that were concurrently proposed and which bear on the provisions of this rule, and staff has proposed recommendations to respond to such comment and to maintain consistency with other multifamily rules;

NOW, therefore, it is hereby,

RESOLVED, that the final order adopting the repeal of 10 TAC Chapter 35, 2011 Multifamily Housing Revenue Bond Rules and Chapter 33, 2012 Multifamily Housing Revenue Bond Rules and final order adopting the new rule for the Multifamily Housing Revenue Bond Rules, 10 TAC Chapter 12, are 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 hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the repeal and the new Multifamily Housing Revenue Bond Rules, together with the preambles 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. Changes to the rule are further authorized to the extent necessary to

maintain consistency with Chapter 10, the Uniform Multifamily Rules and Chapter 11, the Qualified Allocation Plan as finally approved by the Governor.

BACKGROUND

The Board approved the proposed Multifamily Housing Revenue Bond Rules (the “Bond Rules”) at the September 6, 2012, Board meeting to be published in order to receive public comment. The proposed draft was published in the *Texas Register* on September 21, 2012, for public comment. In order to receive additional comments on the proposed rules, the Department held a public hearing with 14 people in attendance.

The Department did not receive any comments specific to the Draft Bond Rules; however, there were comments received in response to the Housing Tax Credit Qualified Allocation Plan (the “QAP”) and Uniform Multifamily Rules that impact this rule and are being presented at this meeting. The list below includes those items that received public comment relating to their placement in the Uniform Multifamily Rules; however, these items are identified in the Bond Rules by reference only; therefore, no recommended revisions are blacklined. The adoption of the Uniform Multifamily Rule as recommended by staff will result in the adoption of those changes in the Bond Rule as well. Such changes were made to be consistent with those made to the Uniform Multifamily Rules.

Bond Rules Reference	Multifamily Uniform Rule Reference	Section Title
§12.5(7)	§10.101(a)(2)	Mandatory Site Characteristics
§12.6(5)	§10.101(b)(6)(B)	Unit Amenities
§12.6(6)	§10.101(b)(5)	Common Amenities
§12.6(7)	§10.101(b)(7)	Tenant Supportive Services
§12.5(4)	§10.204(10)	Zoning

The following list includes those items that include specific text (not merely references as is the case noted above) that received public comment or include staff clarifications based on their placement in the QAP. Staff has included the comment summary of these items in this reasoned response and to maintain consistency between the private activity bond and housing tax credit programs, the staff response mirrors that which is presented in the reasoned response for the QAP.

Bond Rules Reference	QAP Reference	Section Title
§12.4(c)	§11.7(2)	Tie Breaker Factors
§12.6(8)	§11.9(c)(6)	Underserved Area
§12.6(11)	§11.9(d)(5)	Declared Disaster Area

Attachment A: Preamble, Reasoned Response, and New Rule

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 12, §§12.1 – 12.10, concerning Multifamily Housing Revenue Bond Rules. Sections 12.1, 12.4 – 12.8 and 12.10 are adopted with changes to text as published in the September 21, 2012 issue of the *Texas Register* (37 TexReg 7430). Sections 12.2, 12.3 and 12.9 are adopted without change and will not be republished.

REASONED JUSTIFICATION. The Department finds that the adoption of the rule will result in implementing changes that will improve the Private Activity Bond Program and achieve consistency with other multifamily programs.

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS

The comments and responses include both administrative clarifications and revisions to the Multifamily Housing Revenue Bond Rule based on comments received. After each comment title, numbers are shown in parentheses. These numbers refer to the person or entity that made the comment as reflected at the end of the reasoned response. If comment resulted in recommended language changes to the proposed Multifamily Housing Revenue Bond Rules as presented to the Board in September, such changes are indicated.

Public comments were accepted through October 22, 2012 with comments received from (2) Ginger McGuire, (6) Diana McIver, DMA Development Company, (30) Nancy Sheppard, San Antonio Housing Authority, et al., (33) Tim Lang, Tejas Housing Group, (46) Bill Fisher, Sonoma Advisors, LLC, (47) Stuart Shaw, Bonner Carrington, and (66) Texas Association of Affordable Housing Providers.

1. §12.4(c) – Pre-Application Process and Evaluation – Scoring and Ranking (2), (6), (30), (47), (66)

COMMENT SUMMARY: Commenter (2) requested clarification on whether the second tie breaker factor listed under this section, applications proposed to be located the greatest distance from the nearest housing tax credit assisted developments, includes only 9% HTC developments or 4% HTC developments as well. Commenter (6) expressed support for the first tie breaker contained in the published draft that is based on the opportunity index under §11.9(c)(4).

Commenter (30), (66) recommended the first tie breaker based on the opportunity index should be removed; however, if it remains then it should be applied to Region 3 only and use the distance from the nearest HTC development for all others. Moreover, commenter (30) suggested that since many tax credit developments are undertaken in phases, the tie breaker should apply to the completion of a development phase.

Commenter (47) stated the first tie breaker relating to opportunity index favors general population developments and suggested the applications should be ranked by median household income and award based on the highest income. Such tie breaker, according to commenter (47), will eliminate the need for the second tie breaker and gives all applications an equal opportunity to compete.

STAFF RESPONSE: The comments were received as it relates to §11.7(2) of the QAP; however it will also have an effect on §12.4(c) of the Bond Rules. In response to commenter (2),

the language currently includes both 4% and 9% housing tax credit developments. Staff appreciates the comment supporting the first tie breaker provided by commenter (6).

In response to commenter (47), the first tie breaker is required to comply with the court ordered Remedial Plan for the remedial area within Urban Region 3. Staff also believes the application of this tie breaker to the entire state is appropriate and maintains consistency for applicants in all regions of the state. Staff sees no clear policy reason for creating different tie breakers for different regions of the state.

The scoring opportunity differences between developments with age restrictions and those without age restrictions was included in the Remedial Plan to address disproportionate obstacles in developing multifamily housing without age restrictions. Staff also believes the application of these scoring differences to the entire state is appropriate and maintains consistency for applicants in all regions of the state.

Staff recommends no change based on these comments.

2. §12.6(8) – Pre-Application Scoring Criteria – Underserved Area (33), (46), (47), (66)

COMMENT SUMMARY: Commenter (33) suggested clarification for the economically distressed areas under this scoring item. Specifically, they contend that the Texas Water Development Board has two distinct and different definitions for what constitutes an economically distressed area. Commenter (33) stated that one definition was based on the median income for an area and another had to do with the availability and the financial ability for an area to provide water and sewer service. Moreover, commenter (33) indicated there were two different areas regarding qualification outside the definition; that there are some areas that are available to receive assistance through this program and then there are areas that have actually received assistance through this program. Commenter (33) requested clarification on whether both would be acceptable in order to claim the points or if it was one over the other. Commenter (33) stated the time period associated with economically distressed areas needs to be clarified, *e.g.* if the Department will allow points if it was within five years or a variation thereof, or if it needs to currently be an economically distressed area.

Commenter (46) suggested there needs to be a proximity associated with applications trying to achieve points under the colonia option in this scoring item. Specifically, commenter (46) recommended a distance of a 1 mile radius from a colonia designated area.

Commenter (47), (66) suggested this scoring item be revised to reflect the following:

“...An Application may qualify to receive up to two (2) points for proposed Developments located in one of the areas in subparagraphs (A) – (D) of this paragraph. ~~Points will be awarded based on the Development’s Target Population as identified in subparagraph (E) or (F) of this paragraph.~~

(C) A municipality, or if outside of the boundaries of any municipality, a county that has ~~not~~never received a competitive tax credit allocation or a 4 percent non-competitive tax credit allocation in the past 5 years; or

(D) For Rural Areas only, a census tract that has ~~not~~never received a competitive tax credit allocation or a 4 percent non-competitive tax credit allocation in the past 5 years serving the same Target Population.”

~~(E) General or Supportive Housing Developments (2 points); or
(F) Qualified Elderly Developments (1 point).”~~

STAFF RESPONSE: The comments were received as it relates to §11.9(c)(6)(B) of the QAP; however it will also have an effect on §12.6(8) of the Bond Rules. Economically Distressed Areas are designated by the Texas Water Development Board (TWDB) and state statute provides the TWDB sole authority in this regard. The Department will rely on a letter or other correspondence from the TWDB to determine if a site is located in an Economically Distressed Area.

In general, the structure and content of this scoring item is necessary to meet several statutory and Remedial Plan requirements. For example, expanding the point for location in a colonia is not consistent with the Remedial Plan requirement to limit the non-high opportunity area scoring criteria. Likewise, the scoring differential for target population is consistent with the Remedial Plan as is the requirement to maintain the “never received a competitive tax credit allocation” language. However, due to the limitations of Department data, staff is recommending the following minor changes to this scoring item as follows:

~~“8) Underserved Area. An Application may qualify to receive up to (2 points) for Developments located in a ~~e~~Colonia, ~~e~~Economically ~~d~~Distressed ~~a~~Area, or ~~municipality~~Place, or if outside of the boundaries of any ~~municipality~~Place, a county that has never received a competitive tax credit allocation or a 4 percent non-competitive tax credit allocation for a Development that remains an active tax credit development.~~

~~(A) General Developments (2 points); or
(B) Qualified Elderly Developments (1 point).”~~

3. §12.6(11) – Pre-Application Scoring Criteria – Declared Disaster Areas

Staff is further recommending the following language to maintain consistency with the changes made to the QAP which clarifies that pre-emptive disaster declarations will not qualify for points.

~~“(11) Declared Disaster Areas. (7 points) If at the time the complete pre-application is submitted or at any time within the two-year period preceding the date of submission, the proposed Development Site is located in an area declared to be a disaster area under Texas Government Code, §418.014. This includes federal, state, and Governor declared disaster areas; however, it excludes disaster declarations that are pre-emptive in nature.”~~

STATUTORY AUTHORITY: The new sections are adopted pursuant to the authority of Texas Government Code §2306.053, which authorizes the Department to adopt rules.

Chapter 12. MULTIFAMILY HOUSING REVENUE BOND RULES

§12.1.General.

(a) Authority. The rules in this chapter apply to the issuance of multifamily housing revenue bonds (Bonds) by the Texas Department of Housing and Community Affairs (the "Department"). The Department is authorized to issue such Bonds pursuant to Texas Government Code, Chapter 2306. Notwithstanding anything in this chapter to the contrary, Bonds which are issued to finance the Development of multifamily rental housing are subject to the requirements of the laws of the State of Texas, including but not limited to Texas Government Code, Chapters 1372 and 2306, and federal law pursuant to the requirements of Internal Revenue Code (the "Code"), §142.

(b) General. The purpose of this chapter is to state the Department's requirements for issuing Bonds, the procedures for applying for Bonds and the regulatory and land use restrictions imposed upon Bond financed Developments. The provisions contained in this chapter are separate from the rules relating to the Department's administration of the Housing Tax Credit program. Applicant's seeking a Housing Tax Credit Allocation should consult the Department's Qualified Allocation Plan (QAP) and the Uniform Multifamily Rules for the current program year. In general, the Applicant will be required to satisfy the requirements of the QAP and Multifamily Uniform Rules in effect at the time the Certificate of Reservation is issued by the Texas Bond Review Board. If the applicable QAP or Uniform Multifamily Rules contradicts rules set forth in this chapter, the applicable QAP or Uniform Multifamily Rules will take precedence over the rules in this chapter. The Department encourages participation in the Bond program by working directly with Applicants, lenders, Bond Trustees, legal counsels, local and state officials and the general public to conduct business in an open, transparent and straightforward manner.

(c) Costs of Issuance. The Applicant shall be responsible for payment of all costs associated with the preparation and submission of the pre-application and Application, including but not limited to, 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 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.

(d) Taxable Bonds. The Department may issue taxable Bonds and the requirements associated with such Bonds, including occupancy requirements, shall be determined by the Department on a case by case basis.

(e) Waivers. Requests for waivers of program rules must be made in accordance with §10.207 of this title (relating to Waiver of Rules for Applications) and must be requested at the time the pre-application is submitted.

§12.2.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, §§141, 142, and 145 of the Internal Revenue Code, and Chapter 10 of this title (relating to Uniform Multifamily Rules).

(1) Institutional Buyer--Shall have the meaning prescribed under 17 CFR §230.501(a)), but excluding any natural person or any director or executive officer of the Department (17 CFR Texas Government Code, §230.501(a)(4) - (6)), or as defined by 17 CFR §230.144(A), promulgated under the Securities Act of 1935, as amended.

(2) Persons with Special Needs--Shall have the meaning prescribed under Texas Government Code, §2306.511.

(3) Bond Trustee--A financial institution, usually a trust company or the trust department in a commercial bank, that holds collateral for the benefit of the holders of municipal securities. The Bond Trustee's obligations and responsibilities are set forth in the Indenture.

§12.3. 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, evidenced by 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 investor 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 investor 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 investor letter in a form acceptable to the Department.

§12.4. Pre-Application Process and Evaluation.

(a) Pre-Inducement Questionnaire. Prior to the filing of a pre-application, the Applicant shall submit the Pre-Inducement Questionnaire, in the form prescribed by the Department, so the Department can get a preliminary understanding of the proposed Development plan before a pre-application and corresponding fees are submitted. Information requested by the Department in the questionnaire includes, but is not limited to, the financing structure, borrower and key principals, previous housing tax credit or private activity bond experience, related party or identity of interest relationships and contemplated scope of work (if proposing Rehabilitation). After reviewing the pre-inducement questionnaire, Department staff will follow-up with the

Applicant to discuss the next steps in the process and may schedule a pre-inducement conference call. Prior to the submission of a pre-application, it is important that the Department and Applicant communicate regarding the Department's objectives and policies in the development of affordable housing throughout the State using Bond financing. The acceptance of the questionnaire by the Department does not constitute a pre-application or Application and does not bind the Department ~~for~~to any formal action regarding an inducement resolution.

(b) Pre-Application Process. An Applicant who intends to pursue Bond financing from the Department shall submit a pre-application by the corresponding pre-application submission deadline, as prescribed by the Department. The required pre-application fee as described in §12.10 of this chapter (relating to Fees) must be submitted with the pre-application in order for the pre-application to be accepted by the Department. Department review at the time of the pre-application is limited and not all issues of eligibility and documentation submission requirements pursuant to Chapter 10 of this title (relating to Uniform Multifamily Rules) are reviewed. The Department is not responsible for notifying an Applicant of potential areas of ineligibility or other deficiencies at the time of pre-application. If the Development meets the criteria as described in §12.5 of this chapter (relating to Pre-Application Threshold Requirements), the pre-application will be scored and ranked according to the selection criteria as described in §12.6 of this chapter (relating to Pre-Application Scoring Criteria).

(c) Scoring and Ranking. The Department will rank the pre-application according to score within each priority defined by Texas Government Code, §1372.0321. All Priority 1 pre-applications will be ranked above all Priority 2 pre-applications which will be ranked above all Priority 3 pre-applications. This priority ranking will be used throughout the calendar year. The selection criteria, as further described in §12.6 of this chapter, reflect a structure which gives priority consideration to specific criteria as outlined in Texas Government Code, §2306.359. In the event two or more pre-applications receive the same score, the Department will use the following tie breaker factors in the order they are presented to determine which pre-application will receive preference in consideration of ~~an inducement resolution~~ a Certificate of Reservation.

- (1) Applications that meet any of the criteria under §11.9(c)(4) of this title (relating to Competitive HTC Selection Criteria).
- (2) Applications proposed to be located the greatest distance from the nearest Housing Tax Credit assisted Development.

(d) Inducement Resolution. After the pre-applications have been scored and ranked, the pre-application and 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. Approval of the inducement resolution does not guarantee final Board approval of the Bond Application. Department staff may recommend that the Board not approve an inducement resolution for a pre-application. Because each Development is unique, making the final determination to issue Bonds is often dependent on the issues presented at the time the full Application is presented to the Board.

§12.5.Pre-Application Threshold Requirements.

The threshold requirements of a pre-application include the criteria listed in paragraphs (1) - (10) of this section. As the Department reviews the pre-application the assumptions as reflected in Chapter 10, Subchapter D of this title (relating to Underwriting and Loan Policy) will be utilized even if not reflected by the Applicant in the pre-application.

- (1) Submission of the multifamily bond pre-application in the form prescribed by the Department;
- (2) Completed Bond Review Board Residential Rental Attachment for the current program year;
- (3) Site Control, evidenced by the documentation required under §10.204(9) of this title (relating to Required Documentation for Application Submission). The Site Control must be valid through the date of the Board meeting at which the inducement resolution is considered and must meet the requirements of §10.204(9) of this title at the time of Application;
- (4) Zoning evidenced by the documentation required under §10.204(10) of this title;
- (5) Boundary ~~S~~urvey or ~~P~~lat clearly identifying the location and boundaries of the subject Property;
- (6) Current market information (must support affordable rents);
- (7) Local area map that shows the location of the Development Site and the location of at least six (6) services within a one mile radius (two miles if in a Rural Area). The mandatory site characteristics are identified in §10.101(a)(2) of this title (relating to Site and Development Requirements and Restrictions);
- (8) Organization Chart showing the structure of the 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;
- (9) Evidence of Entity Registration or Reservation with the Texas Office of the Secretary of State;
- (10) A certification, as provided in the pre-application, that the Applicant met the requirements and deadlines for public notifications as identified in §10.203 of this title (relating to Public Notifications (§2306.5705(9))). Notifications must not be older than three (3) months prior to the date of Application submission. Re-notification will be required by 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 percent.

§12.6.Pre-Application Scoring Criteria.

The section identifies the scoring criteria used in evaluating and ranking pre-applications. The criteria identified below include those items required under Texas Government Code, §2306.359 and other criteria considered important by the Department. Any scoring items that require supplemental information to substantiate points must be submitted in the pre-application, as further outlined in the Multifamily Bond Pre-Application ~~Submission~~ Procedures Manual. Applicant's proposing multiple sites will be required to submit a separate pre-application for each Development Site. Each Development Site will be scored on its own merits and the final score will be determined based on an average of all of the individual scores.

- (1) Income and Rent Levels of the Tenants. Pre-applications may qualify for up to (10 points) for this item.
 - (A) Priority 1 designation includes one of clauses (i) - (iii) of this subparagraph. (10 points)
 - (i) Set aside 50 percent of Units rent capped at 50 percent AMGI and the remaining 50 percent of units rents capped at 60 percent AMGI; or

(ii) Set aside 15 percent of units rent capped at 30 percent AMGI and the remaining 85percent of units rent capped at 60 percent AMGI; or

(iii) Set aside 100 percent of units rent capped at 60 percent AMGI for Developments located in a census tract with a median income that is higher than the median income of the county, MSA or PMSA in which the census tract is located.

(B) Priority 2 designation requires the set aside of at least 80 percent of the Units capped at 60 percent AMGI. (7 points)

(C) Priority 3 designation. Includes any qualified residential rental development. Market rate units can be included under this priority. (5 points)

(2) Cost of the Development by Square Foot. (1 point) 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 provided in the pre-application. This calculation does not include indirect construction costs. Pre-applications that do not exceed \$95 per square foot of Net Rentable Area will receive one (1) point. Rehabilitation will automatically receive (1 point).

(3) Unit Sizes. (5 points) The Development must meet the minimum requirements identified in this subparagraph to qualify for points. Points for this item will be automatically granted for Applications involving Rehabilitation (excluding Reconstruction).

(A) five-hundred-fifty (550) square feet for an Efficiency Unit;

(B) six-hundred-fifty (650) square feet for a one Bedroom Unit;

(C) eight-hundred-fifty (850) square feet for a two Bedroom Unit;

(D) one-thousand-fifty (1,050) square feet for a three Bedroom Unit; and

(E) one-thousand, two-hundred-fifty (1,250) square feet for a four Bedroom Unit.

(4) Extended Affordability. (2 points) A pre-application may qualify for points under this item for Development Owners that are willing to extend the Affordability Period for a Development to a total of thirty-five (35) years.

(5) Unit Amenities. A minimum of (7 points) must be selected, as certified in the pre-application, for providing specific amenity and quality features in every Unit at no extra charge to the tenant. The amenities and corresponding point structure is provided in §10.101(b)(6)(B) of this title (relating to Site and Development Requirements and Restrictions). The amenities selected at pre-application may change at Application so long as the overall point structure remains the same. The points selected at pre-application and/or Application and corresponding list of amenities will be required to be identified in the LURA and the points selected must be maintained throughout the Compliance Period. Applications involving scattered site Developments must have a specific amenity located within each Unit to receive points. Rehabilitation Developments will start with a base score of (3 points).

(6) Common Amenities. Pre-applications must select at least the minimum threshold of points for common amenities based on the total number of Units in the Development as provided in subparagraphs (A) - (G) of this paragraph. The amenities must be for the benefit of all tenants and 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 and spaces for activities must be sized appropriately to serve the proposed Target Population. Some amenities may be restricted to a specific Target Population. An amenity can only receive points once; therefore combined functions (a library which is part of a community room) can only receive points under one category. The common amenities include those listed in §10.101(b)(5) of this title. 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.

- (A) total Units equal 16 shall have (1 point);
- (B) total Units are 17 to 40 shall have (4 points);
- (C) total Units are 41 to 76 shall have (7 points);
- (D) total Units are 77 to 99 shall have (10 points);
- (E) total Units are 100 to 149 shall have (14 points);
- (F) total Units are 150 to 199 shall have (18 points); or
- (G) total Units are 200 or more shall have (22 points).

(7) Tenant Services. (8 points) By electing points, the Applicant certifies that the Development will provide supportive services, which are listed in §10.101(b)(7) of this title, appropriate for the proposed tenants and that there will be 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.

(8) Underserved Area. An Application may qualify to receive up to (2 points) for Developments located in a [eColonia](#), [eEconomically eDistressed aArea](#), or [municipalityPlace](#), or if outside of the boundaries of any [municipalityPlace](#), a county that has never received a competitive tax credit allocation or a 4 percent non-competitive tax credit allocation for a Development that remains an active tax credit development.

- (A) General Developments (2 points); or
- (B) Qualified Elderly Developments (1 point).

(9) Development Support/Opposition. (Maximum +24 to -24 points) Each letter will receive a maximum of +3 to -3 and must be received ten (10) business days prior to the date of the Board meeting at which the pre-application will be considered. 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 pre-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, letters that do not specifically refer to the Development or do not explicitly state support will receive (zero (0) points). A letter that does not directly express support but 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) State Senator and State Representative;
- (B) Mayor of the municipality;
- (C) All elected members of the Governing Body of the municipality;
- (D) Presiding officer of the Governing Body of the county;
- (E) All elected members of the Governing Body of the county;
- (F) Superintendent of the school district; and
- (G) Presiding officer of the board of trustees of the school district.

(10) Preservation Initiative. (10 points) Preservation Developments, including 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 may qualify for points under this item. Evidence must be submitted in the pre-application.

(11) Declared Disaster Areas. (7 points) If at the time the complete pre-application is submitted or at any time within the two-year period preceding the date of submission, the proposed Development Site is located in an area declared to be a disaster area under Texas Government Code, §418.014. This includes federal, state, and Governor declared disaster areas; however, it excludes disaster declarations that are pre-emptive in nature.

§12.7.Full Application Process.

(a) Application Submission. Once the inducement resolution has been approved by the Board, an Applicant who elects to proceed with submitting a full Application to the Department must submit the complete tax credit Application pursuant to §10.201 of this title (relating to Procedural Requirements for Application Submission).

(b) Bond Trustee and Investment Banking Firm Selection. The Applicant must select a Bond Trustee from the approved list on the Department's website and must 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.

(c) Eligibility Criteria. The Department will evaluate the Application for eligibility and threshold at the time of full Application pursuant to Chapter 10 of this title (relating to Uniform Multifamily Rules). 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 pre-application being placed below another pre-application in the ranking, the Department will terminate the Application and return the Certificate of Reservation to the 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 requirements set forth in Chapter 10 of this title (relating to Uniform Multifamily Rules) and Chapter 11 of this title (relating to Housing Tax Credit Program Qualified Allocation Plan) in addition to Texas Government Code, Chapter 1372 and the proposed Development must meet the applicable requirements of Texas Government Code, Chapter 2306, and the Code.

(d) Bond Documents. Once the Application has been submitted and the Applicant has deposited funds to pay costs, the Department's bond counsel shall draft Bond documents.

(e) Public Hearings. For every Bond issuance, the Department will hold a public hearing 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 at the public hearing 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, and maximum rents and income restrictions. If the proposed Development is Rehabilitation then the presentation should include the proposed scope of work that is planned for the Development. 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.

(f) Approval of the Bonds. 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 Department staff, will consider the approval of the final Bond resolution relating to the issuance, final Bond documents and in the instance of privately placed Bonds, the pricing, terms and interest rate of the Bonds. The process for appeals and grounds for appeals may be found under §1.7 of this title (relating to Staff Appeals Process) and §1.8 of this title (relating to Board Appeals Process). To the extent applicable to each specific ~~b~~Bond issuance, the Department's conduit multifamily Bond transactions will be processed in accordance with 34 TAC Part 9, Chapter 181, Subchapter A (relating to Bond Review Board Rules) and Texas Government Code, Chapter 1372.

(g) Local Permits. Prior to closing on the Bond financing, all necessary approvals, including building permits from local municipalities, counties, or other jurisdictions with authority over the Development Site must have been obtained or evidence that the permits are obtainable subject only to payment of certain fees must be submitted to the Department.

§12.8. Refunding Application Process.

(a) Application Submission. Owners who wish to refund or modify tax-exempt bonds that were previously issued by the Department must submit to the Department a summary of the proposed refunding plan or modifications. To the extent such modifications constitute a re-issuance under state law the Applicant shall then be required to submit a refunding ~~a~~Application in the form prescribed by the Department pursuant to the Bond Refunding Application Procedures Manual.

(b) Bond Documents. Once the Department has received the refunding Application and the Applicant has deposited funds to pay costs, the Department's bond counsel will drafting the required Bond documents.

(c) Public Hearings. Depending on the proposed modifications to existing Bond covenants a public hearing may be required. Such hearing must take place prior to obtaining Board approval and must meet the requirements pursuant to §12.7(e) of this chapter (relating to Full Application Process) regarding the presence of a member of the Development Team and providing a summary of proposed Development changes.

(d) Rule Applicability. Refunding Applications must meet the requirements pursuant to Chapter 10 of this title (relating to Uniform Multifamily Rules) and Chapter 11 of this title (relating to Housing Tax Credit Program Qualified Allocation Plan) with the exception of criteria stated therein specific to the Competitive Housing Tax Credit Program. At the time of the original award the Application would have been subject to eligibility and threshold requirements under the QAP in effect the year the Application was awarded. Therefore, it is anticipated the Refunding Application would not be subject to the site and development requirements and restrictions pursuant to §10.101 of this title (relating to Site and Development Requirements and Restrictions). The circumstances surrounding a refunding Application are unique to each

Development; therefore, upon evaluation of the refunding Application, the Department is authorized to utilize its discretion in the applicability of the Department's rules as it deems appropriate.

§12.9.Regulatory and Land Use Restrictions.

(a) Filing and Term of Regulatory Agreement. A Bond Regulatory and Land Use Restriction Agreement 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 Regulatory Agreement will be based on the criteria as described in paragraphs (1) - (3) of this subsection, as applicable:

- (1) the longer of thirty (30) years, from the date the Development Owner takes legal possession of the Development;
- (2) the end of the remaining term of the existing federal government assistance pursuant to Texas Government Code, §2306.185; or
- (3) the period required by the Code.

(b) Federal Set Aside Requirements.

(1) Developments which are financed from the proceeds of Private Activity Bonds must be restricted under one of the two minimum set-asides as described in subparagraphs (A) and (B) of this paragraph:

(A) at least 20 percent of the Units within the Development shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed 50 percent of the area median income; or

(B) at least 40 percent of the Units within the Development shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed 60 percent 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 Texas Government Code, §1372.0321. 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 percent of the 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.

§12.10.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), \$2,500 (payable to Bracewell & Guiliani, the Department's bond counsel) and \$5,000 (payable to the Texas Bond Review Board (BRB))

pursuant to Texas Government Code, §1372.006(a)). These fees cover the costs of pre-application review by the Department, its bond counsel and filing fees to the BRB.

(b) Application Fees. At the time of 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 the application fee shall be \$10,000 or \$30/unit, whichever is greater). Such fees cover the costs associated with Application review and the Department's expenses in connection with providing financing for a Development. For Developments proposed to be structured as part of a portfolio such application fees may be reduced on a case by case basis at the discretion of the Executive Director.

(c) Closing Fees. The closing fee for Bonds, other than refunding Bonds is equal to 50 basis points (0.005) of the issued principal amount of the Bonds. The Applicant will also be required to pay at closing of the Bonds the first two years of the administration fee equal to 20 basis points (0.002) of the issued principal amount of the Bonds and a Bond compliance fee equal to \$25/unit.

(d) Application and Issuance Fees for Refunding Applications. For refunding Applications the application fee will be \$10,000 unless the refunding is not required to have a public hearing, in which case the fee will be \$5,000. The closing fee for ~~R~~refunding Bonds is equal to 25 basis points (0.0025) of the issued principal amount of the ~~R~~refunding Bonds. If applicable, administration and compliance fees due at closing may be prorated based on the current billing period of such fees. If additional volume cap is being requested other fees may be required as further described in the Bond Refunding Applications Procedures Manual.

(e) Administration Fee. The annual administration fee is equal to 10 basis points (0.001) of the outstanding bond amount on its date of calculation and is paid as long as the Bonds are outstanding.

(f) Bond Compliance Fee. The Bond compliance monitoring fee is equal to \$25/Unit.

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 title §33.1 – 33.9, concerning the 2012 Multifamily Housing Revenue Bond Rules, without changes to the proposed text as published in the September 21, 2012, issue of the *Texas Register* (37 TexReg 7429) and will not be republished.

REASONED JUSTIFICATION. The Department has reorganized and streamlined the rules that govern the Multifamily Programs which will improve the Private Activity Bond Program. Therefore, it is necessary to repeal these sections and replace with a new Multifamily Housing Revenue Bond Rules applicable to the 2013 program year.

The Department accepted public comments between September 21, 2012, and October 22, 2012. Comments regarding the repealed section(s) were accepted in writing and by fax. No comments were received concerning the repeal.

The Board approved the final order adopting the repeal on November 13, 2012.

STATUTORY AUTHORITY. The repeal is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§33.1. Introduction

§33.2. Authority

§33.3. Definitions

§33.4. Bond Rating and Investment Letter

§33.5. Application Procedures, Evaluation and Approval

§33.6. Regulatory and Land Use Restrictions

§33.7. Fees

§33.8. Waiver of Rules

§33.9. No Discrimination

Attachment C: Preamble, Reasoned Response, and Repealed Rule

The Texas Department of Housing and Community Affairs (the "Department") adopts the repeal of 10 TAC Chapter 35 title §35.1 – 35.9, concerning the 2011 Multifamily Housing Revenue Bond Rules, without changes to the proposed text as published in the September 21, 2012 issue of the *Texas Register* (37 TexReg 7430) and will not be republished.

REASONED JUSTIFICATION. The Department has reorganized and streamlined the rules that govern the Multifamily Programs which will improve the Private Activity Bond Program. Therefore, it is necessary to repeal these sections and replace with a new Multifamily Housing Revenue Bond Rules applicable to the 2013 program year.

The Department accepted public comments between September 21, 2012 and October 22, 2012. Comments regarding the repeal were accepted in writing and by fax. No comments were received concerning the repeal.

The Board approved the final order adopting the repeal on November 13, 2012.

STATUTORY AUTHORITY. The repealed section is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§35.1. Introduction

§35.2. Authority

§35.3. Definitions

§35.4. Bond Rating and Investment Letter

§35.5. Application Procedures, Evaluation and Approval

§35.6. Regulatory and Land Use Restrictions

§35.7. Fees

§35.8. Waiver of Rules

§35.9. No Discrimination

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BOARD ACTION REQUEST
COMPLIANCE DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 60, Compliance Administration, Subchapter A, Compliance Monitoring, and an order adopting new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter F, Compliance Monitoring, and directing their publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the Department's Multifamily rules have been reorganized and the Compliance Monitoring rules have moved from 10 TAC Chapter 60, Subchapter A to 10 TAC Chapter 10, Subchapter F; and

WHEREAS, at the September 6, 2012 Board meeting, the proposed repeal of 10 TAC Chapter 60, Compliance Administration, Subchapter A, Compliance Monitoring and proposed new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter F, Compliance Monitoring, were approved for publication in the *Texas Register* to solicit public comment; and the public comment period has ended; and

NOW, therefore, it is hereby

RESOLVED, that the referenced rules are hereby adopted and the Executive Director and his designees, be and each of them are authorized, empowered and directed, for and on behalf of the Department, to cause the adoption of the repeal of 10 TAC Chapter 60, Compliance Administration, Subchapter A, Compliance Monitoring and the adoption of new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter F, Compliance Monitoring, in the forms 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

Through the reorganization of the Department's Multifamily rules, the Compliance Monitoring rules have moved from 10 TAC, Chapter 60, Subchapter A to 10 TAC, Chapter 10, Subchapter F. No comments were received concerning the proposed repeal of 10 TAC Chapter 60, Subchapter A. One commenter, Coats Rose, provided comment concerning the proposed 10 TAC Chapter 10, Subchapter F. The comment summaries and staff responses are below.

Comment: Figure 10 TAC §10.621(j)

Coats Rose suggested that the noncompliance score for the violation "Pattern of Minor property condition violations" be changed from 10 points uncorrected and 5 points corrected to 5 points uncorrected and 3 points corrected.

Response: After a careful review of the Uniform Physical Condition Standards inspection reports for properties identified with this finding, staff agrees that, in most cases, 5 points uncorrected and 3 points corrected is the appropriate score for this violation. The change is included in the staff final version of the rule to be published in the *Texas Register*.

Comment: Figure 10 TAC §10.621(j)

The following comment was received: *“The material noncompliance item for ‘out of compliance and never expected to comply’ should not be a double penalty, but rather a catch-all when there is no specific noncompliance event otherwise listed on the chart.”*

Response: Form 8823 is used by State Housing Finance Agencies to report noncompliance with §42 to the Internal Revenue Service. Chapter 2 of the IRS Guide for Completing Form 8823 is titled “Instructions for completing form 8823.” Correct completion of the form includes selecting all applicable categories of noncompliance. See page 2-2 of the 8823 Audit guide for further details and examples. While the commenter may view this as a “double penalty,” it is simply proper completion of the form. The requested change would lead to Form 8823 being completed incorrectly.

The comment appears to stem from a specific situation where a property did not meet the minimum set aside in one building, which the owner elected to treat as a “project” for the purposes of claiming the credit. Since the building/project did not meet the minimum set aside by the end of the first year of the credit period, two findings of noncompliance were identified “Project failed to meet minimum set aside” and “Out of compliance and never expected to comply.” This caused the property to be found in Material Noncompliance. The impact the noncompliance had on the owner’s ability to participate in TDHCA programs was addressed through other provisions of the rules.

Staff does not recommend any changes based on this comment.

Comment: Figure 10 TAC §10.621(j)

Comment was received suggesting that the Department should treat individual buildings that the owner elected to treat as a project for the purposes of claiming housing tax credits and subsequently fail to meet the minimum set aside differently than developments that fail to meet the minimum set aside.

Response: Under the Housing Tax Credit program, each building is its own project, unless the owner makes a proper election on Part II of the 8609 to group buildings together into one or more multiple building projects. There has been heightened industry attention to this election since the enactment of the Housing and Economic Recovery Act of 2008, which eliminated the requirement to perform annual income recertifications for 100% low-income “projects.” To ensure that staff is monitoring correctly, owners are required to submit their 8609s with Part II completed. Through this process, a handful of properties have been identified with technical noncompliance because their development includes individual buildings that the owner treated as a project that do not meet the minimum set aside.

Staff agrees with the comment that this is less serious noncompliance than if an entire development did not meet the minimum set aside. However, staff does not see the need to change the rule. If an owner finds themselves in material noncompliance because of this issue and wants to participate in TDHCA programs, there is a procedure to follow. The Board would review the facts and circumstances as whole in making any recommendations regarding reinstatement.

Further, in recent years, at the time of release of the 8609, if staff identifies this as a potential problem, great effort and outreach is made to ensure that the owner understands the requirements. In those instances, if the owner marks the wrong box, staff believes this would be a “material” failure.

Comment: Figure 10 TAC §10.621(k)

Comment was received suggesting that there should be no noncompliance points for the finding “Failure to complete Annual Eligibility Certification” if the owner completed Tenant Income Certifications because they are doing more work than required by law and their syndicator may require them to complete income recertifications.

Response: Staff disagrees. Over four years ago Congress enacted a change in the Housing Tax Credit program eliminating the requirement to perform annual income certifications at 100% low-income projects. The process of recertifying households on an annual basis is time consuming, costly, burdensome, and an ineffective use of resources. Many owners that are continuing to recertify households on an annual basis are doing so, not because their syndicator is requiring it, but because they do not realize the law has changed or they are following the compliance requirements of another state housing finance agency. The Internal Revenue Service has stated that recertifications are no longer required for 100% low income projects and suspected noncompliance resulting from the review of a recertification should not be reported. More is not better in this situation. If owners insist on doing this unnecessary paperwork, staff will not review it and instead the simpler, one page Annual Eligibility Certification must be completed to ensure compliance with actual program requirements.

Comment: §10.625 Temporary Suspensions of other sections of this subchapter.

The commenter suggested that the executive director may want to grant permanent suspensions to the compliance rules “...so an owner does not have to continue requesting temporary suspensions every time he or she applies to the department for assistance”.

Response: This issue is addressed in the Previous Participation Review Rule in the new 10 TAC, Chapter 1, §1.5(n). No change to the compliance monitoring rules is recommended based on this comment.

Attachment 1. Preamble, reasoned justification, repeal of 10 TAC Chapter 60, Subchapter A, Compliance Monitoring

The Texas Department of Housing and Community Affairs (the "Department") adopts the repeal of 10 TAC Chapter 60, Compliance Administration, Subchapter A, §§60.101 – 60.130 concerning Compliance Monitoring, without changes to the proposed text as published in the September 21, 2012 issue of the *Texas Register* (37 TexReg 7434) and will not be republished.

REASONED JUSTIFICATION. The Department has reorganized its rules and the majority of the content of this subchapter has been moved to 10 TAC, Chapter 10, Uniform Multifamily Rules, Subchapter F, Compliance Monitoring. Therefore, it is necessary that the Department repeal these sections.

The Department accepted public comments between September 21, 2012 and October 22, 2012. Comments regarding the repeal were accepted in writing and by fax. No comments were received concerning the repeal.

The Board approved the final order adopting the repeal on November 13, 2012.

STATUTORY AUTHORITY. The repeal is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§60.101. Purpose and Overview.

§60.102. Definitions.

§60.103. Construction Monitoring.

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

§60.105. Reporting Requirements.

§60.106. Record Keeping Requirements.

§60.107. Notices to the Department.

§60.108. Determination, Documentation and Certification of Annual Income.

§60.109. Utility Allowances.

§60.110. Lease Requirements (HTC, NSP and HOME Developments).

§60.111. Annual Recertification for All Programs and Student Requirements for HTC, Exchange, TCAP and BOND Developments.

§60.112. Managing Additional Income and Rent Restrictions for HTC, Exchange and TCAP Developments.

§60.113. Household Unit Transfer Requirements for All Programs.

§60.114. Requirements Pertaining to Households with Rental Assistance.

§60.115. Onsite Monitoring.

§60.116. Monitoring for Social Services.

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

§60.118. Property Condition Standards.

§60.119. Notice to Owners.

§60.120. Special Rules Regarding Rents and Rent Limit Violations.

§60.121. Notices to the Internal Revenue Service (HTC Properties).

§60.122. Monitoring Procedures for Housing Tax Credit Properties After the Compliance Period.

§60.123. Material Noncompliance Methodology.

§60.124. Previous Participation Reviews.

§60.125. Alternative Dispute Resolution.

§60.126. Liability.

§60.127. Applicability.

§60.128. Temporary Suspension of Previous Participation Reviews.

§60.129. Temporary Suspension of Other Sections of this Subchapter.

§60.130. Material Amendments to Land Use Restriction Agreements.

Attachment 2. Preamble, Reasoned Justification, and new 10 TAC Chapter 10, Subchapter F, concerning Compliance Monitoring.

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter F, §§10.601 - 10.625, concerning Compliance Monitoring. Section 10.621 is adopted with changes to the proposed text as published in the September 21, 2012 issue of the *Texas Register* (37 TexReg 7434). Sections 10.601 - 10.620 and §§10.622 - 10.625 are adopted without change and will not be republished.

REASONED JUSTIFICATION. The Department finds that as part of the overhaul and reorganization of the Department's Multifamily rules, staff recommended the creation of a new 10 TAC Chapter 10, Uniform Multifamily Rules that bring together standardized definitions, and the pre and post award programmatic activities into one chapter. Subchapter F, Compliance Monitoring will provide guidance on complying with multifamily Department programs.

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS. Comments were accepted from September 21, 2012 - October 22, 2012, with comments received from (1) Scott Marks of Coats Rose.

Figure: 10 TAC §10.621(j).

COMMENT SUMMARY: Commenter suggested that the score for the violation "Pattern of Minor property condition violations" be changed from 10 points uncorrected and 5 points corrected to 5 points uncorrected and 3 points corrected.

STAFF RESPONSE: Staff agrees that the score for the violation "Pattern of Minor property condition violations" should be changed from 10 points uncorrected and 5 points corrected to 5 points uncorrected and 3 points corrected as this score is more appropriate to address this violation.

Figure: 10 TAC §10.621(j).

COMMENT SUMMARY: Commenter suggested that the finding "out of compliance and never expected to comply" should not be a double penalty.

STAFF RESPONSE: Staff disagrees that the finding "out of compliance and never expected to comply" should be treated differently because proper completion of form 8823 requires identification of all noncompliance.

Figure: 10 TAC §10.621(j).

COMMENT SUMMARY: Commenter suggested that there should be a new violation "building failed to meet minimum set aside."

STAFF RESPONSE: Staff disagrees that there should be any changes to the minimum set aside findings because there are other provisions of the rule to address the situations where the identification of this finding may have a disproportionate impact on an owner's ability to participate in TDHCA programs.

Figure: 10 TAC §10.621(k).

COMMENT SUMMARY: Commenter suggested that there should be no score for the violation "Failure to complete Annual Eligibility Certification" if the owner completed an Income Certification form.

STAFF RESPONSE: Staff disagrees that there should be no score for the violation “Failure to complete Annual Eligibility Certification” if the owner completed an Income Certification because owners should be completing the correct, required forms, and not be completing Income Certifications if they are not required.

§10.625. Temporary Suspension of Other Sections of this Subchapter.

COMMENT SUMMARY: Commenter suggested that the executive director may want to grant permanent suspensions to the compliance rules “...so an owner does not have to continue requesting temporary suspensions every time he or she applies to the department for assistance.”

STAFF RESPONSE: Staff disagrees with Commenter because this issue is addressed in the Previous Participation Review Rule in the new 10 TAC, Chapter 1, §1.5(n).

The Board approved the final order adopting new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter F, §§10.601 - 10.625, concerning Compliance Monitoring and directed staff to modify Figure 10 TAC §10.621(j) with regard to the score for the violation “Patter of minor property condition violations.”

STATUTORY AUTHORITY: The new sections are adopted pursuant to the authority of Texas Government Code, §2306.053, which authorizes the Department to adopt rules and §§2306.041-2306.042 which authorize the Department to adopt a standardized penalty schedule.

§10.601.Purpose and Overview.

(a) This subchapter satisfies the requirement of Internal Revenue Code (the "Code") §42(m)(1)(B)(iii) 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 subchapter is consistent with requirements established under applicable state and federal laws, rules, and regulations. The Department will monitor in accordance with this subchapter. Nothing in this subchapter 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 Chapter 60, Subchapter C of this title (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 Division monitors to ensure Owners comply with the program rules and regulations, Texas Government Code, Chapter 2306, the LURA requirements and conditions, and representations imposed by the Application or award of funds by the Department. This subchapter 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.

§10.602. 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) 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.

(c) 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 accessibility laws. In addition, a Uniform Physical Condition Standards inspection may be completed.

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

(e) 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.

(f) 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 §10.622 of this chapter (relating to Alternative Dispute Resolution).

§10.603. 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 in accordance with the deadlines set out in subsection (c) of this section. 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 is required to 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 copy of the filed Form 8703 for the preceding calendar year.

(c) Parts A, B, C and E of the Annual Owner's Compliance Report must be provided to the Department no later than the last day in April 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 and/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 §10.621 of this chapter (relating to Material Noncompliance Methodology).

(g) The Department may assess and enforce the sanctions described in paragraphs (1) and (2) of this subsection against an Owner who fails to submit all or any part of the AOCR on or before the due date of each year and has multiple, consistent, and/or repeated violations of failure to submit all or any part of the AOCR by the due date 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 Compliance Monitoring and Tracking System. Quarterly reports are due in January, April, July, and October on the 10th day of the month. The report must report 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 alter the reporting schedule and 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).

§10.604.Recordkeeping Requirements.

(a) Development Owners must comply with program recordkeeping requirements. Records must include sufficient information to comply with the reporting requirements of §10.603 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 (6) 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 (6) 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.

§10.605.Notices to the Department.

(a) If any of the events described in paragraphs (1) - (4) of this subsection occur, written notice must be provided to the Department within the respective timeframes:

(1) Written notice must be provided at least thirty (30) days prior to any sale, transfer, or exchange of the Development or any portion of the Development;

(2) Notification must be provided within thirty (30) days following the event of any casualty loss, in whole or in part, to the Development, using the Department's Notice of Casualty Loss (for general casualty losses) or Notice of Disaster Casualty Loss (specific to loss as a result of a Presidentially Declared Disaster);

(3) Owners of Bond Developments shall notify the Department of the date on which 10 percent of the Units are occupied and the date on which 50 percent of the Units are occupied, within ninety (90) days of such dates; and

(4) Within thirty (30) days after a foreclosure, the Department must be provided with documentation evidencing the foreclosure and a rent roll establishing occupancy on the day of the foreclosure.

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

§10.606.Determination, Documentation and Certification of Annual Income.

(a) For all rental programs administered by the Department, annual income shall be determined consistent with the Section 8 Program, using the definitions of annual income described in HUD Handbook 4350.3 as amended from time to time. For the Housing Tax Credit program, where there is a conflict between the HUD Handbook 4350.3 and the IRS Guide for Completing Form 8823, the Department will evaluate annual income consistent with the IRS Guide. At the time of program designation as a low income household, Owners must certify and document household income. In general, all low income households must be certified prior to move in.

(b) The Department permits Owners to use check stubs or other firsthand documentation of income and assets provided by the applicant or household in lieu of third party verification forms. It is not necessary to first attempt to obtain a third party verification form.

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

§10.607. 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 607(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 methods described in paragraphs (1) - (5) of this subsection:

(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 607(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/utlmodel.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; and

(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 5 Continuously Occupied Units of each Unit Type or 20 percent of each Unit Type whichever is greater. *Example 607(3)*: A Development has 20 three bedroom/one bath Units, and 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 607(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 month of the twelve (12) month period 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; and

(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 guidelines described in subparagraphs (A) - (E) of this paragraph;

(A) If data is obtained for more than 20 percent or 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 18 two bedroom/one bath Units, and 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; and

(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 and NSP 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) and as adopted by Texas NSP, 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 who's 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.

(m) The Department will review utility allowances for reasonableness by comparing the allowance to other available data. If the allowance does not appear reasonable or appears understated, the Department may require additional support and/or deny the request.

§10.608. Lease Requirements.

(a) Eviction, termination, refusal to renew a lease. 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, except by judicial process, unless the exclusion is necessary for the purpose of performing repairs or construction work, or in cases of emergency. Owners are further prohibited from seizing or threatening to seize the personal property of a resident except by judicial process unless the resident has abandoned the premises. These prohibitions must be included in the lease or lease addendum.

(f) All owners must provide prospective households with a Department approved fair housing disclosure notice. This notice must be executed by the household no more than thirty days and no less than three days prior to the effective date of the lease. This requirement pertains to all households taking initial occupancy of a unit on a Development administered by the Department, including households transferring units within the same Development.

(g) For HOME and NSP Developments, properties that were initially built for occupancy prior to 1978 must include in their lease or lease addendum a Lead Warning Statement. To demonstrate compliance, the Department will monitor that, all households at HOME and NSP Developments have signed the Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards. (24 CFR §92.355 and §570.487(c))

§10.609. 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 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 (AEC) form and must maintain the certification in all household files; and

(3) One-Hundred percent low income HTC Developments that are not required to complete annual income recertifications but voluntarily continue to do so must obtain the AEC form described in paragraph (2) of this subsection and maintains 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. Section 10.610 of this chapter (relating to Managing Additional Income and Rent Restrictions for HTC, Exchange and TCAP Developments) sets out the requirements 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 qualify for 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. One-hundred 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 HTC's 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. The recertification is due on the anniversary of the household's move-in date. 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 609(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;
- (G) Year 7: May 15 2007 - May 14, 2008;
- (H) Year 8: May 15, 2008 - May 14, 2009;
- (I) Year 9: May 15 2009 - May 14, 2010;
- (J) Year 10: May 15 2010 - May 14, 2011;
- (K) Year 11: May 15 2011 - May 14, 2012; and
- (L) Year 12: May 15 2012 - May 14, 2013.

(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 May 14, 2007 and between May 15, 2012 and May 14, 2013. 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, *Example 609(1)*, a household moved into a HOME unit on June 10, 2010, the household's self certification must be completed by June 10, 2011, and the household must be recertified with source documentation effective June 10, 2012. The Development must use the Department's Income Certification form, unless the property also participates in the Rural Development or a project Based HUD program, in which case, the other program's income certification form will be accepted. 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 over income (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 HTF Developments with Market units and other Department administered multifamily rental programs. HTF Developments with other Department administered programs will comply with the requirements of the other program. *Example 609(2)*: If a Development is a mixed income HTF and 100 percent low income HTC, all households must be certified at move in. Then, once a calendar year, in accordance with the HTC requirements, the AEC must be obtained. It is not necessary to complete a full income recertification of the households designated under the HTC program.

(l) Recertification Requirements for NSP Developments. NSP Developments are not required to perform annual recertifications unless the LURA specifically requires recertifications.

(m) If a Development is required to perform an annual income recertification of a low-income household for a TDHCA program, the AEC is not also required. *Example 609(3)*: If a Development has TDHCA HOME funds and Housing Tax Credits, the owner must obtain an Income Certification form from each household designated under the HOME program. Since the property is required to obtain the Income Certification form, the AEC is not required. *Example 609(4)*: A mixed income Development was awarded Housing Tax Credits in 1990 and in 2011. Since the 2011 allocation requires all low-income households to be recertified, §10.620(b)(12) of this chapter (relating to Monitoring Procedures for Housing Tax Credit Properties After the Compliance Period) does not apply.

§10.610.Managing Additional Income and Rent Restrictions for HTC, Exchange and TCAP Developments.

(a) Under the Code, HTC Development Owners elect a minimum set-aside requirement of 20/50 or 40/60 (20 percent of the Units restricted to the 50 percent income and rent limit, or 40 percent of the Units restricted at the 60 percent income and rent limits). The minimum set-aside elected sets the maximum income and rent limits for the low-income units on the Development. Many Developments have additional income and rent requirements (i.e., 30 percent, 40 percent and 50 percent) that are lower than the minimum set-aside requirement. This requirement is referred to as "additional occupancy restrictions" and is reflected in the Development's LURA. The Department will examine the actual gross rent and income levels of all households to determine if the additional income and rent requirements of the LURA are met.

(b) For 100 percent HTC Developments that are not required to perform annual recertification, regardless of the requirements stated in the Development's LURA, the additional rent and occupancy restrictions will be monitored as follows:

(1) Households initially certified at the 30 percent income and rent limits. Households will maintain their designation they had at initial move-in. The Unit will continue to meet the 30 percent set-aside requirement provided that the Owner does not charge gross rent in excess of the 30 percent rent limit. When the household vacates the Unit, the next available Unit on the Development is leased to a household with an income and rent less than the 30 percent limit;

(2) Households initially certified at the 40 percent income and rent limits. Households will maintain their designation they had at initial move in. The Unit will continue to meet the 40 percent set-aside requirement provided that the Owner does not charge gross rent in excess of the 40 percent rent limit. When the household vacates the Unit, the next available Unit on the Development is leased to a household with an income and rent less than the 40 percent limit; and

(3) Households initially certified at the 50 percent income and rent limits. Households will maintain their designation they had at initial move in. The Unit will continue to meet the 50 percent set-aside requirement provided that the Owner does not charge gross rent in excess of the 50 percent rent limit. When the household vacates the Unit, the next available Unit on the Development is leased to a household with an income and rent less than the 50 percent limit.

(c) Mixed Income HTC Developments with Market Units will be monitored as follows:

(1) The HTC program requires Mixed Income Developments with Market Units to comply with the Available Unit Rule. When a household's income at recertification exceeds 140 percent of the applicable current income limit elected by the minimum set-aside, the owner must comply with the Available Unit Rule and lease the next available unit (same size or smaller) in the building to a low-income household to maintain compliance. For HTC Developments that are required to perform annual recertifications, the additional rent and occupancy restrictions will be monitored as follows;

(A) Households initially certified at the 30, 40 or 50 percent income and rent limits,

(B) Households will maintain the designation they had at initial move in unless the household's income exceeds 140 percent of the highest income tier established by the minimum set-aside. The Unit will continue to meet the designation from the initial certification provided that the Owner does not charge gross rent in excess of the additional rent and occupancy rent limit,

(C) The household will not be required to vacate the Unit for other than good cause. When the household vacates the Unit, the next available Unit on the Development must be leased so as to meet the Development's additional rent and occupancy restrictions, and

(D) If the household's income exceeds 140 percent of the highest income tier established by the minimum set-aside, the household must be redesignated as over income (OI) and the Next Available Unit Rule must be followed. *Example 610(1)*: A household was initially certified at the 40 percent income limit at move in. The household's income increases at recertification above the 40 percent income limit to the 50 percent income limit. The Unit will continue to meet the 40 percent set-aside requirement provided that the Owner does not charge rent in excess of the 40 percent rent limit. When the household vacates the Unit, the Next Available Unit on the Development is leased to a household with an income and rent less than the 40 percent limits.

(2) This subsection does not require HTC Developments to lease more Units under the additional occupancy restrictions than established in their LURA. *Example 610(2)*: If a Development is required to lease 10 units at the 40 percent income and rent levels and has satisfied the requirement, the owner is not required to offer the 40 percent rent to other households, even if their income is less than the 40 percent income limit.

(d) Units at 80 percent area median income and rent on HTC developments. In certain years, the Department's Qualified Allocation Plan provided incentives to lease 10 percent of the development's Market Rate units to households at 80 percent income and rents. This section provides guidance for implementation. If the LURA requires 10 percent of the Market Rate units be leased to households at 80 percent income and rent limits, the owner must certify the 80 percent households at the time of move in only. Recertifications will not be required. Student rules do not apply to units occupied by 80 percent households. Noncompliance with the requirement to lease to 80 percent households is not reportable to the IRS on Form 8823 but will be cited and scored as noncompliance under the event "Development failed to meet additional State required rent and occupancy restrictions".

§10.611. 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 (for the HTC program within the meaning of IRS Notice 88-91). The unit designations will swap status. *Example 611(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.

§10.612.Requirements Pertaining to Households with Rental Assistance.

(a) The Department will monitor to ensure Development Owners comply with Texas Government Code, §2306.269 and §2306.6728, regarding residents receiving rental assistance under Section 8, U.S. 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 assistance described in subparagraphs (A) and (B) of this paragraph, from the Department on or after January 1, 2002; (§2306.185)

(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 Texas Government Code, §2306.805; 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, the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. §1437f), or other federal rental assistance program; 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; and

(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:

(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 612(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 612(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 612(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.

§10.613. Onsite Monitoring.

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

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

- (1) the first review of HTC, Exchange and TCAP Developments by the end of the second calendar year following the year the last building in the Development is placed in service;
- (2) the first review of all other Developments as leasing commences;
- (3) subsequent reviews at least once every three years during the Affordability Period;
- (4) a physical inspection of the Development including the exterior of the Development, Development amenities, and an interior inspection of a sample of Units; and
- (5) limited reviews of physical conditions, including follow-up inspections to verify completion of reported corrective action, may be conducted without prior notice (unless access to tenant units is required, in which case at least forty-eight (48) hours notice will be provided).

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

- (1) a sampling of the low income resident files in each Development, and review the income certifications;
- (2) the documentation the Development Owner has received to support the certifications; and
- (3) the rent records and any additional information that the Department deems necessary.

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

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

§10.614. 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 614(1):* The Owner's LURA requires provision of onsite 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 614(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 §10.405 of this chapter (relating to Amendments). 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.

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

(a) If a Development's LURA requires the material participation of a non-profit or Historically Underutilized Business (HUB), the Department will confirm this requirement is being met throughout the development phase and ongoing operations of the Development. Owners are required to maintain sufficient documentation to evidence that a non-profit or HUB is in good standing with the Texas Secretary of State and/or IRS as applicable and materially participating. Documentation may be reviewed during onsite visits or must be submitted to the Department upon request.

(b) If an Owner wishes to change the non-profit, or HUB, prior approval from the Department is necessary. The Annual Owner's Compliance Report also requires Owners to certify to compliance with this requirement. Failure to comply with the requirements of this section shall result in a finding of noncompliance. In addition, the IRS will be notified if the non-profit is not materially participating on a HTC Development during the Compliance Period.

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

§10.616.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 manner described in paragraph (1) of this subsection:

(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 UPCS 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. The Department will respond to an owner's request for an 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; and

(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.

§10.617. 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. Correspondence from the Department may be sent electronically to the email addresses in the Compliance Monitoring Tracking System. If sent electronically, a paper copy will not be mailed unless specifically requested. 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) (physical and electronic) 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).

§10.618.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 618(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 618(2)*: A Development's out of pocket cost for processing an application is \$17.00 per adult. The property may charge \$22.50 for the first adult and \$17.00 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 and foreclosed HTC properties for three years after foreclosure. 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; and

(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.

(h) Employee Occupied Units (HTC Developments). Revenue Rulings 92-61 and 2004-82 provide guidance on employee occupied units. Provided that all the criteria in the Rulings are met, if the owner of the Development does not charge the employee for rent, the unit will be removed from the numerator and denominator of the applicable fraction to determine compliance. If the owner charges the employee any amount of rent, the Department will evaluate the eligibility of the household. If the household's income exceeds the maximum allowable limit or there is any other noncompliance, the event will be cited, scored and reported to the IRS on Form 8823 as appropriate.

§10.619. Notices to the Internal Revenue Service (HTC Properties).

(a) Even when an event of noncompliance is corrected, the Department is required to file IRS Form 8823 with the IRS. IRS Form 8823 will be filed not later than forty-five (45) days after the end of the correction period specified in the Notice to Owner (including any extensions permitted by the Department) but will not be filed before the end of the correction period. The Department will indicate on IRS Form 8823 the nature of the noncompliance and will indicate whether the Development Owner has corrected the noncompliance.

(b) The Department will retain records of noncompliance or failure to certify for six (6) years beyond the Department's filing of the respective IRS Form 8823. The Department will retain the AOCRs and records for three years from the end of the calendar year the Department receives the certifications and records.

(c) The Department will send the Owner of record copies of any IRS Forms 8823 submitted to the IRS. Copies of Forms 8823 will be submitted to the syndicator for Developments awarded tax credits after January 1, 2004. The Development Owner is responsible for providing the name and mailing address of the syndicator in the Annual Owner's Compliance Report.

§10.620. 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 §10.603 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; and
- (12) The Annual Eligibility Certification must be collected for all low income households on an annual basis. See §10.609 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 §10.405 of this chapter (relating to Amendments);
- (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; and
- (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.

§10.621. 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 Compliance 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 §10.621(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 30 points. The Material Noncompliance threshold for a non-HTC Development with 1-50 Low Income Units is 30 points. The Material Noncompliance threshold for a non-HTC Development with 51-200 Low Income Units is 50 points. The Material Noncompliance threshold for non-HTC Developments with 201 or more Low Income Units is 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 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.

Figure: 10 TAC §10.621(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	5 10	3 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 §10.612	Yes
Owner failed to approve and distribute an Affirmative Marketing Plan as required under §10.612 of this chapter	10	3	See §10.612	No
Development failed to comply with requirements limiting minimum income standards for Section 8 residents	10	3	See §10.612	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 not 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 §10.608 of this subchapter or exclude prohibited lease language	10	3	All programs	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 §10.405 of this chapter	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 management fee	10	3	HTC, TCAP, Exchange, Bond	No
Change in ownership without Department approval	30	10	All programs	No
Failure to provide Fair Housing Disclosure	10	3	All programs	No

(k) Figure 10 TAC §10.621(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 30 points. The Material Noncompliance threshold for a non-HTC property with 1-50 Low Income Units is 30 points. The Material Noncompliance threshold for a non-HTC Development with 51-200 Low Income Units is 50 points. The Material Noncompliance threshold for non-HTC properties with 201 or more Low Income Units is 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.

Figure: 10 TAC §10.621(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 certification and documentation	3	1	All programs	Yes
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 percent at recertification and Owner failed to properly determine rent	3	1	HOME	NA

§10.622.Alternative Dispute Resolution.

(a) It is the Department's policy to encourage the use of appropriate Alternative Dispute Resolution (ADR) procedures to assist in resolving disputes under the Department's jurisdiction. If at any time an applicant or other person would like to engage the Department in an ADR process, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at §1.17 of this title.

(b) In all phases of monitoring (construction and throughout the entire Affordability Period), if a potential issue of noncompliance has been identified, Owners will be provided a written notice of noncompliance. In general, the Department will provide up to a ninety (90) day corrective action period which can and will be extended for an additional ninety (90) days if there is good cause and the Owner requests an extension during the corrective action period.

(c) Owners must respond to the Department's notice of noncompliance. If an Owner does not respond, this ADR process which is explained in this section cannot be initiated.

(d) If an Owner does not agree with the Department's assessment of compliance, they should clearly explain their position and provide as much supporting documentation as possible. If the position is reasonable and well supported, the issue of noncompliance will be cleared with no further action taken, i.e., for HTC properties, Form 8823 will not be filed with the IRS and the issue will not be scored in the Department's compliance status system.

(e) If an Owner's response indicates disagreement with the Department's assessment of noncompliance, but does not appear to be a valid concern to the Department, staff will notify the Owner in writing of their right to engage in ADR. The Owner must respond in five (5) days and request ADR. In addition, the Owner must request an extension of the corrective action deadline, if one is still available. If the Owner does not respond to the staff's invitation to engage in ADR, the Department's assessment of the violation is final.

(f) The Department must meet the Treasury Regulation requirement found in §1.42-5 and file Form 8823 within forty-five (45) days after the end of the corrective action period. Therefore, it is possible that the Owner and Department may still be engaged in ADR. In this circumstance, the Form 8823 will be filed. However, it will be sent to the IRS with an explanation that the Owner disagrees with the Department's assessment and is pursuing ADR. All Owner supplied documentation supporting their position will be supplied to the IRS. Although the violation will be reported to the IRS within the required timeframes, it will not be scored in the Department's compliance status system pending outcome of ADR.

(g) ADR is not an appropriate format for matters regarding interpretations of laws, regulations and rules. ADR can only be used when parties could reach consensus.

§10.623.Liability.

Compliance with the program requirements, including compliance with §42 of the Code, is the sole responsibility of the Development Owner. By monitoring for compliance, the Department in no way assumes any liability whatsoever for any action or failure to act by the Development Owner, including the Development Owner's noncompliance with §42 of the Code, the Fair Housing Act, §504 of the Rehabilitation Act of 1973, HOME program regulations, BOND program requirements, and all other programs monitored by the Department.

§10.624.Applicability.

Unless otherwise noted, this subchapter applies to all Developments administered by the Department.

§10.625.Temporary Suspension of Other Sections of this Subchapter.

(a) Temporary suspensions of other sections of this subchapter may be granted by the Executive Director if there are extenuating circumstances which make it not possible or an undue administrative burden to comply with a requirement of this subchapter as long as substantial compliance is still in effect. For example, the Executive Director could suspend the requirement to report online or use Department approved forms, or alter the sample size for calculating a utility allowance using the actual use method.

(b) Under no circumstances can the Executive Director or the Board suspend for any period of time compliance with the HOME Final Rule or regulations issued by HUD when required by federal law.

(c) Under no circumstances can the Executive Director or the Board suspend for any period of time Treasury Regulations, IRS publications controlling the submission of Form 8823, or any sections of 26 U.S.C. §42.

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BOARD ACTION REQUEST
COMPLIANCE DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on an order adopting new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.5 and directing its publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the rules regarding previous participation reviews have been located in 10 TAC, Chapter 60, Subchapter A, the majority of which are being incorporated into a new Chapter 10 to address multifamily programs; and

WHEREAS, previous participation reviews pertain to all Department programs, not only multifamily programs; and

WHEREAS, at the September 6, 2012, Board meeting the proposed previous participation rule was approved for publication in the *Texas Register* to solicit public comment, and no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the new 10 TAC Chapter 1, §1.5 is adopted and 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 adoption of the new rule in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, to make such nonsubstantive corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The previous participation rule was approved for public comment at the September 6, 2012, Board meeting. No comment was received and no changes are being made to the proposal as published.

Attachment A: Preamble, Reasoned Response, and new Rule

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.5 concerning Previous Participation Reviews, without changes to the proposed text as published in the September 21, 2012 issue of the *Texas Register* (37 TexReg 7434) and will not be republished.

REASONED JUSTIFICATION. The new section contains a process for previous participation reviews and is moved to this chapter from 10 TAC, Chapter 60, Compliance Administration, as part of a Departmental Rule reorganization.

The Department accepted public comments between September 21, 2012, and October 22, 2012. Comments regarding the new section were accepted in writing and by fax. No comments were received concerning the new section.

The Board approved the final order adopting the new section on November 13, 2012.

STATUTORY AUTHORITY. The new section is adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§1.5. Previous Participation Reviews.

(a) Purpose and Overview. The Texas Department of Housing and Community Affairs (the "Department") intends to administer programs with compliant partners. Development owners, sub-recipients, non-profit, and for-profit organizations who have previously received Department funding and failed to comply with state, federal, and/or program rules may be excluded from participation.

(b) Definitions. Capitalized terms are defined in Chapter 10, Subchapter A, §10.3 of this title (relating to Definitions). Any capitalized terms not specifically defined in §10.3 of this title, shall have the meaning as defined in Texas Government Code, Chapter 2306, §42 of the Internal Revenue Code (the "Code"), 24 CFR Part 92 (HOME Final Rule), and other Department rules as applicable.

(c) Applicability. A review of applicants' previous participation in all Department programs will be conducted prior to:

- (1) awarding any Department funding, with the exception of individuals awarded funds through Household Commitment Contracts and Participating Lenders in the Department's Texas Homeownership Division Programs;
- (2) approving an ownership transfer request of a Development monitored by the Department;

- (3) executing a Carryover Allocation;
- (4) modifying a Loan;
- (5) modifying a contract that results in additional funding;
- (6) closing a loan or executing a contract if more than one-hundred-twenty (120) days have elapsed from the date of Board approval;
- (7) processing a request for a Qualified Contract; or
- (8) approving an Entity as a Reservation System Participant.

(d) Scope. During the previous participation review, it will be determined if the requesting entity or any person controlling the requesting entity:

- (1) owes the Department any fees;
- (2) is sixty (60) days or more delinquent on a loan payment;
- (3) has failed to provide proof of taxes paid or insurance as required by a Deed of Trust;
- (4) has a past due single audit or single audit certification form;
- (5) has any unresolved monitoring findings and/or disallowed expenditures identified by the Contract Monitoring or Community Affairs Monitoring sections of the Compliance Division;
- (6) is on cost reimbursement with a Community Affairs program;
- (7) is on the Department's or any federal agency's debarred, suspended or excluded list;
- (8) controls a Development monitored by the Department that is in Material Noncompliance;
- (9) controls a HOME Development with any uncorrected issue of noncompliance required by the HOME Final Rule (even if the property is not in Material Noncompliance);
- (10) controls an NSP Development with any uncorrected issue of noncompliance required by FR-5447-N-01, October 19, 2010, as amended (even if the property is not in Material Noncompliance); or
- (11) has a Department contract that is suspended at the time of the Previous Participation review.

(e) Issues identified during review. If any of the criteria listed in subsection (d) of this section are met, the entity requesting assistance will be notified of the issue and provided five (5) business days to submit all necessary corrective action to resolve the issue(s). The notification will be in writing and may be delivered by email. For rental Developments in Material Noncompliance, the effective score will be at the end of the five (5) business days. If the requesting entity does not resolve the issue(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 subsections (j) and (k) of this section.

(f) Timing. Previous participation reviews may be conducted prior to the Board meeting when funds will be awarded. If the previous participation review cannot be completed prior to the Board meeting when funds will be awarded, the award will be contingent upon the requesting entity successfully clearing the previous participation review. If the action is not subject to Board

approval, the previous participation review will be conducted prior to the Department executing an agreement for assistance.

(g) Exceptions:

(1) the previous participation of an individual elected official affiliated with an application or request from a city, county, or local government will not be considered provided that they are not the contract executor;

(2) in general, the previous participation of a member of a nonprofit Board will not be considered unless they are the Executive Director, Chair of the Audit Committee, Board Chair, or any member of the Executive Committee. However, if it is determined that any member of the Board of the Nonprofit is on the Department's or federal agency's debarred list, the request for assistance will be terminated. If within the five (5) business day period referenced in subsection (e) of this section, the party with noncompliance resigns from the Board of the nonprofit, the noncompliance will not be taken into consideration;

(3) 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;

(4) the Department will not take into consideration the score of a Development for which the Affordability Period ended over three (3) years ago;

(5) the Department will not take into consideration the points associated with events of noncompliance during the period of time that the requesting entity did not control the Development;

(6) 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;

(7) 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 subsections (j) and (k) of this section; or

(8) Work Out Developments. The fees, loan payments or events of noncompliance affiliated with a work out development may or may not be taken into consideration. Example: a Work-Out Development is more than sixty (60) days delinquent on loan payments. If the entity and Department staff are actively working to modify and restructure the loan and have entered into a written agreement to modify the loan this would enable the Development to come into compliance.

(h) Partial Previous Participation reviews:

(1) a full previous participation review will not be conducted at the time an owner requests IRS Form 8609. However, 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;

(2) a full previous participation review will not be conducted prior to a Land Use Restriction Agreement (LURA) amendment. However, LURAs will not be amended if the subject Development has any uncorrected issues of noncompliance (other than a provision being amended) or owes fees. No previous participation review will be conducted to amend a technical error to a LURA or other use agreement; and

(3) a full previous participation review will not be conducted prior to a contract extension. However, contract extension requests may be denied if there are uncorrected issues of noncompliance with the subject contract or if a response to a department notification is pending.

(i) 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.

(j) Temporary Suspension of Previous Participation reviews. An entity whose request for assistance is terminated may request reinstatement. This process is separate and distinct from the waiver and appeals processes outlined in Chapter 10 of this title (relating to Uniform Multifamily Rules). 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.

(k) If an Application for assistance was terminated, 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.

(l) Reinstatement of a terminated Application or request for assistance merely makes the Application eligible to be considered and does not, in and of itself, constitute approval.

(m) A request for assistance properly terminated because the requesting entity or any person controlling the requesting entity is on the Department's or a federal agency's debarred list cannot be reinstated for consideration. The request for assistance can be re-submitted, if the person or entity that is on the debarred list is no longer part of the requesting entity.

(n) The Board may provide a suspension of previous participation reviews for a single award or action or at their discretion for set period of time. In the event that the Board chooses to suspend previous participation reviews for a set period of time, the conditions existing at the time the reviews were suspended will not be taken into consideration. However, if there are any new events of noncompliance or any new issues described in this subsection (d) of this section, the matter will be brought back to the Board for consideration.

(o) An entity may not request a suspension of previous participation reviews prior to applying for funding or requesting assistance.

1v

BOARD ACTION REQUEST DIVISION

REAL ESTATE ANALYSIS

NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 1, Administration, Subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines, and an order adopting new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter D, Underwriting and Loan Policies and directing their publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, at the September 6, 2012, Board meeting the proposed repeal of 10 TAC Chapter 1, Administration, Subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines and proposed new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter D, Underwriting and Loan Policies were approved for publication in the *Texas Register* for public comment, and the public comment period has ended.

NOW, therefore, it is hereby

RESOLVED, that the referenced rules are hereby adopted and 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 adoption of the repeal of 10 TAC Chapter 1, Administration, Subchapter B, regarding the Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guideline and the adoption of new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter D regarding the Underwriting and Loan Policies, in the forms 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, including the preparation subchapter specific preambles.

BACKGROUND

The Real Estate Analysis Rules had been separate from the Qualified Allocation Plan (QAP) and other multifamily program rules to facilitate the application of these rules to all of the Department's multifamily programs.

As part of the overhaul and reorganization of the Department's multifamily rules staff recommended the creation of a new chapter of rules that brings together the pre and post award programmatic activities into one chapter. Therefore, the Board proposed the repeal of 10 TAC Chapter 1, Administration, Subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment and Reserve for Replacement Rules and Guidelines and concurrently proposed new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter D, Underwriting and Loan Policies.

The rules pertaining to Reserve for Replacement Requirements were moved to 10 TAC Chapter 10, Subchapter E pertaining to Post Award Activities and Asset Management.

No comments were received on the repeal of the prior rules.

One comment from R. L. “Bobby” Bowling was received on the new rules. Mr. Bowling states that feasibility exemptions should be removed for developments receiving Project-based Section 8 Rental Assistance for at least 50% of the units or developments characterized as public housing as defined by HUD for at least 50% of the units should be removed because the exemptions provide an unfair advantage for developers of these types of developments over private developers that do not have access to the same HUD subsidies.

As discussed further in Attachment B, staff recommends no change to the new rule as these exceptions are analytically required for these types of developments due to the unique characteristics of the associated HUD subsidy and program requirements. Any policy decisions to be made to encourage or discourage such developments would be more appropriately addressed by the scoring or eligibility criteria in the QAP or general multifamily rules.

Attachment A: Preamble, Reasoned Response and Repeal of 10 TAC, Chapter 1, Administration, Subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines.

The Texas Department of Housing and Community Affairs (the "Department") adopts the repeal of 10 TAC Chapter 1, Administration, 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 proposed text as published in the September 21, 2012 issue of the *Texas Register* (37 TexReg 7366) and will not be republished.

REASONED JUSTIFICATION. As part of the overhaul and reorganization of the Department's multifamily rules staff recommended the creation of a new chapter of rules that brought together the pre and post award programmatic activities into one chapter. Therefore, the Board proposed the repeal of 10 TAC Chapter 1, Subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment and Reserve for Replacement Rules and Guidelines and concurrently proposed new 10 TAC Chapter 10, Subchapter D, Underwriting and Loan Policies. The rules pertaining to Reserve for Replacement Requirements were moved to 10 TAC Chapter 10, Subchapter E pertaining to Post Award Activities and Asset Management.

The Department accepted public comments between September 21, 2012 and October 22, 2012. Comments regarding the repeal were accepted in writing and by fax. No comments were received concerning the proposed repeal.

The Board approved the final order adopting the repeal on November 13, 2012.

STATUTORY AUTHORITY. The repeal is adopted pursuant to Texas Government Code, §2306.053, which authorizes the Department to adopt rules.

- 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.

Attachment B: Preamble, Reasoned Response and New 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter D, §§10.301 – 10.307, Underwriting and Loan Policy

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 10, Subchapter D, §§10.302 – 10.307, concerning Underwriting and Loan Policy, without changes to the proposed text as published in the September 21, 2012 issue of the *Texas Register* (37 TexReg 7366) and will not be republished.

REASONED JUSTIFICATION. As part of the overhaul and reorganization of the Department's multifamily rules staff recommended the creation of a new chapter of rules that bring together definitions and award programmatic activities into one chapter. Therefore, the Board proposed new 10 TAC Chapter 10, Subchapter D, Underwriting and Loan Policies and concurrently proposed the repeal of 10 TAC Chapter 1, Subchapter B. The rules pertaining to Reserve for Replacement Requirements were moved to 10 TAC Chapter 10, Subchapter E pertaining to Post Award Activities and Asset Management.

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS:

Comments were accepted between September 21, 2012 and October 22, 2012. Comments regarding the new sections were accepted at public hearings and in writing and by facsimile. Written comments were received from (1) R. L. "Bobby" Bowling IV, Tropicana Building Corporation.

§10.302(i)(6)(B)(i) & (iii) Exceptions to Feasibility Conclusions. (1)

COMMENT: Commenter states that feasibility exemptions for developments receiving Project-based Section 8 Rental Assistance for at least 50% of the units or developments characterized as public housing as defined by HUD for at least 50% of the units should be removed. Commenter believes the exemptions hold private developers to stricter standards than public housing authorities and all developers should have to follow the same underwriting rules. The commenter further states that in this economic and fiscal climate, the Federal Government is likely to lessen support of or eliminate entirely both the Section 8 program and the public housing program, leaving TDHCA to deal with infeasible projects over the long-term if this rule is not changed. Commenter further states that TDHCA's assumption that the Federal Government will continue to support one of these types of deals, if it becomes infeasible, is in error or at the very least bad public policy.

STAFF RESPONSE: The feasibility exemptions for developments receiving Project-based Section 8 Rental Assistance for at least 50% of the units or developments characterized as public housing as defined by HUD for at least 50% of the units are necessary due to the unique characteristics of these types of developments. The rental assistance and/or operating subsidies from HUD under these programs is determined by HUD in an amount to cover operating expenses and debt service that is not otherwise paid for with non-subsidized rental income. As such, the expense to income ratio threshold cannot be achieved. Additionally, the long-term debt coverage ratio (based on projecting expense increases greater than rent increases per REA rule) typically falls below the long-term debt coverage ratio floor of 1.15:1 times. Without these exemptions, these types of developments would generally not be deemed financially feasible under REA rules and therefore not recommended for approval under any of TDHCA's programs.

These exemptions stem from the mathematical realities for underwriting these types of developments based on HUD's program design and assistance methodology. The underwriting exceptions are not targeted to provide any developer an unfair advantage in the programs. Any policy decisions to be made to encourage or discourage such developments would be more appropriately addressed by the scoring or eligibility criteria in the QAP or general multifamily rules.

The Board approved the final order adopting the new sections on November 13, 2012.

STATUTORY AUTHORITY. The new sections were adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§10.301. General Provisions.

(a) Purpose. The rules in this subchapter apply to the underwriting, Market Analysis, appraisal, Environmental Site Assessment, Property Condition Assessment, and Direct Loan standards employed by the Department. This subchapter 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 staff in making recommendations to the Executive Award and Review Advisory Committee (the "Committee"), Executive Director, and the Board to help ensure procedural consistency in the determination of Development feasibility (Texas Government Code, §§2306.081(c), 2306.185, and 2306.6710(d)). Due to the unique characteristics of each Development the interpretation of the rules and guidelines described in this subchapter are subject to the discretion of the Department and final determination by the Board.

(b) Appeals. Certain programs contain express appeal options. Where not indicated, §10.902 of this chapter (relating to Appeals Process. (§2306.0321; §2306.6715)). In addition, the Department encourages the use of Alternative Dispute Resolution (ADR) methods, as outlined in §10.904 of this chapter (relating to Alternative Dispute Resolution (ADR) Policy).

§10.302. Underwriting Rules and Guidelines.

(a) General Provisions. Pursuant to Texas Government Code, §2306.148 and §2306.185(b), the 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 (the "Code"), 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 Code, resulting in a Credit Underwriting Analysis Report used by the 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 timeframes 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 §10.3 of this chapter (relating to Definitions). 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 Housing 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 §10.303 of this chapter (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 percent (5 percent vacancy plus 2.5 percent for collection loss). The Underwriter may use other assumptions based on conditions in the immediate market area. Qualified Elderly Developments and 100 percent project-based rental subsidy developments and other well documented cases may be underwritten at a combined 5 percent at the discretion of the Underwriter if the historical performance reflected in the Market Analysis is consistently higher than a 95 percent occupancy rate.

(D) Effective Gross Income (EGI). The Underwriter independently calculates EGI. If the EGI estimate provided by the Applicant is within 5 percent 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 Development type, the size of the Units, and the Applicant's expectations as reflected in their pro forma. Historical stabilized certified 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 percent 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 percent 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. Includes 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 percent or a comparable assessed value may be used.

(ii) Property tax exemptions or a Proposed Payment In Lieu Of Tax (PILOT) agreement 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 fifteen (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) - (iv) 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. Include only compliance fees charged by the Department and are considered in calculating the Debt Coverage Ratio.

(iv) Cable Television Expense. Includes fees charged directly to the Development Owner 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 percent 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 percent 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 percent 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-Housing 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 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 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 Direct Loans;

(II) a reclassification of Direct Loans to reflect grants, if permitted by program rules;

(III) a reduction in the permanent loan amount for non-Department 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) reclassification of Department 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 Direct Loans;

(III) an increase in the permanent loan amount for non-Department 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 percent of the Underwriter's estimates.

(B) A 2 percent annual growth factor is utilized for income and a 3 percent 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 development 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 percent 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 §10.306(a)(5) of this chapter (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 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 §10.304 of this chapter (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 to unrelated Third Party lender(s), 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 percent 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, Direct 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

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 percent 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, Direct 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 §10.304 of this chapter. The underwritten Total Housing Development Cost and/or Eligible Basis will include the lowest of the values determined based on clauses (i) - (iii) of this subparagraph:

(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 (as defined in subparagraph (B)(iii) of this paragraph), 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 (as defined in subparagraph (B)(iii) of this paragraph), less the appraised "as-vacant" land value; or

(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. The Underwriter will only consider costs of Off-Site Construction that are well documented and certified to by a Third Party engineer on the required Application forms and supporting documentation.

(3) Site Work Costs. The Underwriter will only consider costs of Site Work that are well documented and certified to by a Third Party engineer on the required Application forms and supporting documentation.

(4) Building Costs.

(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 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 development types not included in the Average Quality standard.

(B) Rehabilitation and Adaptive Reuse.

(i) The Applicant must provide a detailed narrative description of the scope of work for the proposed rehabilitation.

(ii) The Underwriter will use cost data provided by the Property Condition Assessment (PCA). In the case where the PCA 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 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 percent of Building Cost plus Site Work and off-sites for New Construction and Reconstruction Developments and 10 percent of 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 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 percent or 10 percent limit, as applicable.

(6) Contractor Fee. Contractor fees include general requirements, contractor overhead, and contractor profit. General requirements include, but are not limited to, on-site supervision or construction management, off-site supervision and overhead, jobsite security, equipment rental, storage, temporary utilities and other indirect costs. Contractor fees are limited to a total of 14 percent on Developments with Hard Costs of \$3 million or greater, the lesser of \$420,000 or 16 percent on Developments with Hard Costs less than \$3 million and greater than \$2 million, and the lesser of \$320,000 or 18 percent 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 USDA, the combination of builder's general requirements, builder's overhead, and builder's profit should not exceed the lower of TDHCA or 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.

(A) For Housing Tax Credit Developments, the Developer fees and Development Consultant fees included in Eligible Basis cannot exceed 15 percent of the project's eligible costs, less Developer fees, for Developments proposing fifty (50) Units or more and 20 percent of the project's eligible costs, less Developer fees, for Developments proposing forty-nine (49) Units or less.

(B) Any additional Developer fee claimed for ineligible costs will be limited to the same percentage but applied only to ineligible Hard Costs (15 percent for Developments with fifty (50) or more Units, or 20 percent for Developments with forty-nine (49) or fewer Units). Any Developer fee above this limit will be excluded from Total Housing Development Costs. All fees to Affiliates and/or Related Parties for work or guarantees determined by the Underwriter to be typically completed or provided by the Developer or Principal(s) of the Developer will be considered part of Developer fee.

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

(i) the allocation of eligible Developer fee in calculating Rehabilitation/New Construction Housing Tax Credits will not exceed 15 percent of the Rehabilitation/New Construction eligible costs less Developer fees for Developments proposing fifty (50) Units or more and 20 percent of the Rehabilitation/New Construction eligible costs less Developer fees for Developments proposing forty-nine (49) Units or less; and

(ii) no Developer fee attributable to an identity of interest acquisition of the Development will be included.

(D) Eligible Developer fee is multiplied by the appropriate Applicable Percentage depending whether it is attributable to acquisition or rehabilitation basis.

(E) For non-Housing Tax Credit developments, the percentage can be up to 15 percent 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 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 reasonable and well documented. Reserves do not include capitalized asset management fees or other similar costs.

(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 aspects, including but not limited to those identified in subparagraphs (A) - (D) of this paragraph:

(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 this chapter;

(B) quality of construction, Rehabilitation, and ongoing maintenance of previously awarded housing developments by review of construction inspection reports, compliance on-site 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 Department 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, Direct 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) Proximity to Other Developments. 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 these 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 percent AMGI 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: executed subsidy commitment(s); set-aside of Applicant's financial resources to be substantiated by current 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 Developments 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 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, Direct 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) - (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 §10.303(d)(11)(F) of this chapter. 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 percent for the total proposed Units; or

(B) is outside a Rural Area and targets the general population, and the Gross Capture Rate exceeds 10 percent for the total proposed Units; or

(C) is in a Rural Area and targets the general population, and the Gross Capture Rate exceeds 30 percent; or

(D) targets Persons with Disabilities and the Gross Capture Rate exceeds 30 percent.

(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 §10.303 of this chapter 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 percent 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 percent of AMGI is less than the Net Program Rent for Units with rents restricted at or below 50 percent 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 percent 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 percent for Rural Developments 36 Units or less and 65 percent 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 criteria 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 or more of paragraphs (3) - (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 percent 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 percent of the Units in association with USDA financing.

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

(iv) The Development will be characterized as Supportive Housing for at least 50 percent 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 percent of the Units that allow rents to increase based upon expenses and the Applicant's proposed rents are at least 10 percent lower than both the Net Program Rent and Market Rent.

§10.303. 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 timeframes 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) days prior to the first day of the applicable Application Acceptance Period.

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

(3) The list of approved Qualified Market Analysts is posted on the Department's web site and updated within 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. A Secondary Market Area is not required, but may be defined at the discretion of the Market Analyst to support identified demand. 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) Target Population;

(vi) unit mix specifying number of Bedrooms, number of baths, Net Rentable Area; 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, the occupancy and 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 described in §10.302(d)(1)(C) of this chapter (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) Target 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 submission 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 a Qualified 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 criteria described in subclauses (I) - (V) of this clause, 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 submission as the base year.

(II) Target. If applicable, adjust the household projections for the Qualified Elderly or Persons with Special Needs 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 percent for the general population and 50 percent 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 percent 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 percent 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 percent 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 Qualified Elderly Developments:

(-a-) minimum eligible income is based on a 50 percent 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 percent 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.

(F) Employment. Provide a comprehensive analysis of employment trends and forecasts in the Primary Market Area.

(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 §10.302(i) of this chapter. 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 percent must be supported with additional narrative.

(v) Total adjustments in excess of 25 percent 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 percent of AMGI; two-Bedroom Units restricted at 60 percent of AMGI); and

(ii) state the Gross Demand for the proposed Development as a whole. If some households are eligible for more than one Unit Type 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 the Department and have not been presented to the 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 §10.302(i) of this chapter 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.

§10.304.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 Development 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 Property 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.

§10.305.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 ESA 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 the Department 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 the Department. 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 ESA, 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 ESA 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 Development 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 Development 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 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.

§10.306. Property Condition Assessment Guidelines.

(a) General Provisions. The objective of the Property Condition Assessment (PCA) 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 Affordability 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 twenty (20) years. The PCA must also include discussion and analysis of:

(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 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 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 percent 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) 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 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 the Department 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.

§10.307. Direct Loan Requirements.

Direct Loans through the Departments must be structured according to the criteria as identified in paragraphs (1) - (5) of this section:

- (1) the interest rate may be as low as zero percent provided all applicable program requirements are met as well as requirements in this subchapter. In the case of HOME funds, to the extent Match in an amount less than 5 percent of the HOME funds is provided, an interest rate no lower than 2 percent may be requested;
- (2) unless structured only as an interim construction or bridge loan, the loan term shall be no less than fifteen (15) years and no greater than forty (40) years and the amortization schedule shall be no less than thirty (30) years and no greater than forty (40) years;

(3) the loan shall be structured with a regular monthly payment beginning at the end of the construction period and continuing for the loan term. If the first lien mortgage is a federally insured HUD or FHA mortgage, the Department may approve a loan structure with annual payments payable from surplus cash flow provided that the debt coverage ratio, inclusive of the loan, continues to meet the requirements in this subchapter. The Board may also approve, on a case-by-case basis, a cash flow loan structure provided it determines that the financial risk is outweighed by the need for the proposed housing; and

(4) the loan shall have a deed of trust with a permanent lien position consistent with the principal amount of the loan in relation to the principal amounts of the other sources of financing. Notwithstanding the foregoing, the loan shall have a lien position that is superior to any other sources for financing that have soft repayment structures, non-amortizing balloon notes, are deferred forgivable loans or in which the lender has an identity of interest with any member of the Development Team. The Board may also approve, on a case-by-case basis, an alternative lien priority provided it determines that the financial risk is outweighed by the need for the proposed housing.

(5) If the Direct Loan amounts to more than 50 percent of the Total Housing Development Cost, except for Developments also financed through the USDA §515 program, the Application must include the documents as identified in subparagraphs (A) - (C) of this paragraph:

(A) a letter from a Third Party CPA verifying the capacity of the Applicant, Developer or Development Owner to provide at least 10 percent of the Total Housing Development Cost as a short term loan for the Development; and

(B) a letter from the Applicant, Developer or Development Owner's bank(s) confirming funds equal to 10 percent of the Total Housing Development Cost are available; or

(C) evidence of a line of credit or equivalent tool equal to at least 10 percent of the Total Housing Development Cost from a financial institution that is available for use during the proposed Development activities.

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BOARD ACTION REQUEST
PROGRAM POLICY, PLANNING & METRIC

November 13, 2012

Presentation, Discussion, and Possible Action on an order withdrawing the proposed repeal of 10 TAC, Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19, Deobligated Funds, and withdrawing proposed new 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19, Reobligation of Deobligated Funds and Other Related Sources of Funds and directing their publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the Governing Board of the Texas Department of Housing and Community Affairs (the "Department") approved the proposed repeal and a proposed new rule for 10 TAC Chapter 1, §1.19 at its September 2012 Board Meeting; and;

WHEREAS, the proposed rule for 10 TAC Chapter 1, §1.19 requires further changes to address staff concerns, It is hereby

NOW, THEREFORE, BE IT HEREBY 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 withdraw the proposed repeal of 10 TAC Chapter 1, §1.19 and the proposed new 10 TAC Chapter 1, §1.19 and that withdrawal is to be published in the *Texas Register*.

BACKGROUND

At the September 6, 2012, Board Meeting, staff proposed the repeal of the above mentioned rule and proposed a new rule in its place. Upon further evaluation staff requests the proposals be withdrawn so that changes can be made to the proposed new rule addressing the impact of the reservation system on program fund balance, and be resubmitted for Board approval. These changes are substantive and unrelated to Public Comment received. Staff intends that the new rule be proposed at the December 2012 Board Meeting. After public comment, the rule would then go before the Board for final approval in February 2013.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter H, Section 8 Housing Choice Voucher Program, §5.801, concerning Project Access Initiative, and directing its publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, at the July 26, 2012, Board meeting the proposed amendments to the Project Access rule were approved for publication in the *Texas Register* for public comment, and the public comment period has ended; and

WHEREAS, one public comment was received in support of the Project Access proposed amendments;

NOW, therefore, it is hereby

RESOLVED, that the referenced amendments are hereby adopted and 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 amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter H, Section 8 Housing Choice Voucher Program, §5.801, concerning Project Access Initiative, 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. Based on increased demand, the number of Project Access vouchers administered by the Department increased from 50 to 60 in 2010, from 60 to 100 in January

2011, and from 100 to 120 in 2012. In January 2011, the Department made a change to the Project Access program that reserved 20% of the Project Access vouchers for persons with disabilities at or over age 62. Project Access vouchers in the 2013 Annual Public Housing Agency (PHA) Plan increased from 120 to 140 vouchers, as approved by the Board on July 26, 2012. This voucher increase is subject to HUD approval and funds availability.

In January 2012, the Board expanded the Project Access program to reserve up to 10% of the vouchers for a pilot program for persons exiting state psychiatric health hospitals. This “State Hospital Pilot” program is a partnership with the Texas Department of State Health Services (DSHS) who provides supportive services to ensure a successful transition into the community.

The rule proposed for adoption is based on feedback from the Disability Advisory Workgroup and makes the following changes to the Project Access program:

- Maintains a pilot program with the DSHS to assist persons with disabilities transitioning out of State Psychiatric Hospitals,
- Removes set asides for those at or over and under age 62 that will allow both age groups to access the same group of vouchers,
- Adds persons with disabilities transitioning out of State Psychiatric Hospitals to the list that can access the larger pool of vouchers, if those set aside for the pilot program fill up, and
- Increases the time allowed for an At-Risk Applicant from 120 days to six months to allow at-risk applicants more time to apply for a Project Access voucher.

Public comments were accepted from August 31, 2012, through October 1, 2012, with comments received from (1) Marilyn Hartman, National Alliance of Mental Illness (NAMI) Austin, a participant of the Disability Advisory Workgroup. She wrote in support of the draft rule change and also encouraged the creation of additional affordable housing (with support services where possible) for persons with serious mental illness who are at risk of homelessness or have housing instability.

No changes are being made to the rule as proposed.

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, Community Affairs Programs, Subchapter H, Section 8 Housing Choice Voucher Program, §5.801, concerning Project Access Initiative, without changes to the proposed text as published in the August 10, 2012, issue of the *Texas Register* (37 TexReg 6869) and will not be republished.

REASONED JUSTIFICATION The Department determined that in order to serve people with disabilities exiting out of institutions more effectively to make changes to the Project Access program based on feedback from the Department's Disability Advisory Workgroup and the Promoting Independence Advisory Committee. This rule more effectively serves people with disabilities exiting institutions by doing the following: it maintains a pilot program with the Texas Department of State Health Services (DSHS) to assist persons with disabilities transitioning out of State Psychiatric Hospitals; it removes set asides for those at or over and under age 62 that will allow both age groups to access the same group of vouchers; it adds persons with disabilities transitioning out of State Psychiatric Hospitals to the list that can access the larger pool of vouchers if those set aside for the pilot program fill up, and it increases the time allowed for an At-Risk Applicant from 120 days to six months to allow at-risk applicants more time to apply for a Project Access voucher.

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS. Comments were accepted from August 31, 2012, through October 1, 2012 with comments received from: (1) Marilyn Hartman, National Alliance of Mental Illness (NAMI) Austin, a participant of the Disability Advisory Workgroup.

COMMENT: Commenter (1) supports the proposed rule amendments and also encouraged the creation of additional affordable housing (with support services where possible) for persons with serious mental illness who are at risk of homelessness or have housing instability.

STAFF RESPONSE: TDHCA staff appreciates the support of the rule change comment. The creation of additional housing for those outside of institutions, such as those experiencing homelessness or housing instability, is outside the scope of Project Access, which assists low-income persons with disabilities that are transitioning from institutions into the community. No additional changes to the section were recommended.

The Board approved the final order adopting the amendments on November 13, 2012.

STATUTORY AUTHORITY. The amendments are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§5.801. Project Access Initiative.

(a) Purpose. Project Access is a program that utilizes federal Section 8 Housing Choice Vouchers administered by the Texas Department of Housing and Community Affairs (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 U.S. Department of Housing and Urban Development Section 8 Housing Choice Voucher Program administered by 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 six (6) months 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 90 percent of Project Access Vouchers will be reserved for persons that meet the eligibility criteria of subsection (e)(1) and (2) of this section.

(2) No more than 10 percent of Project Access Vouchers will be reserved for individuals eligible for a pilot program in partnership with the Department of State Health Services (DSHS) and the Department for Texas state psychiatric hospitals that meet the criteria of subsection (e)(1) and (3) of this section at the time of voucher issuance.

(3) 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) and (2) 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, Texas state psychiatric hospital, 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, Texas state psychiatric hospital, intermediate care facility, or board and care facility at the time of voucher issuance as defined by HUD;

(3) be eligible for the DSHS pilot program for Texas state psychiatric hospitals at the time of voucher issuance as described in subsection (d)(2) of this section .

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BOARD REPORT ITEM

OFFICE OF RECOVERY ACT ACCOUNTABILITY AND OVERSIGHT

NOVEMBER 13, 2012

Presentation and Discussion of the Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act)

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 §1512 jobs reporting submitted for July 1, 2012, thru September 30, 2012. The Office of Recovery Act Accountability and Oversight expects final federal §1512 reporting through January 2013, by which time the Office will no longer exist as a division of the Department. It is anticipated that a final report will be presented to the Board at the December Board Meeting.

The Office of Recovery Act Accountability and Oversight is now in the process of ensuring final closeout of these programs including archiving, creating historical summaries, ensuring processes exist for program income, identifying activities that may have ongoing oversight, and preparing/scrubbing final data sets.

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.	<ul style="list-style-type: none"> All subrecipient contracts are closed. TDHCA is now in the close-out phase of the grant with DOE. 	\$326,975,732 \$324,900,574 99.37%	55,690 households	\$324,927,087 5.89 jobs	<ul style="list-style-type: none"> All program required benchmarks were achieved timely. Federal funding expiration date was June 30, 2012. TDHCA has now completed a 90 day close out period that ended September 30, 2012.
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.	<ul style="list-style-type: none"> All subrecipient contracts are now closed. Subrecipients and TDHCA are now in the close-out phase of the grant. 	\$41,472,772 \$41,472,751 100%	46,818 persons	\$41,472,772 0.6 jobs	<ul style="list-style-type: none"> All program required benchmarks were achieved timely. All recipients' contracts are now closed. Federal funding expiration date was July 16, 2012, with a 90 day closeout period that has now been completed.

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.	<ul style="list-style-type: none"> COMPLETE CSBG ARRA funds expired Sept 30, 2010 	\$48,109,133 \$48,108,280 99.92%	99,325 persons	\$48,108,280	<ul style="list-style-type: none"> Recipients were required to expend 100% of funds by Sept 30, 2010. 99.92% of funds were expended. Due to disallowed costs and one subrecipient's inability to fully expend, 0.08% of funds were unspent.
Tax Credit Assistance Program	Provides assistance for 2007, 2008 or 2009 Housing Tax Credit awarded developments. Households at or below 60% AMI.	<ul style="list-style-type: none"> COMPLETE Amount Awarded: \$148,354,769 (100%) Amount Drawn: \$148,354,769 (100%) 	\$148,354,769 \$148,354,769 100%	8,346 households	\$148,354,769	<ul style="list-style-type: none"> Owners were required to expend 100% of funds by February 17, 2012, which was achieved. All earlier program deadlines were also met.
Housing Tax Credit Exchange Program^^^	Provides assistance to 2007, 2008 or 2009 Housing Tax Credit awarded developments. Households at or below 60% AMI.	<ul style="list-style-type: none"> COMPLETE Amount Awarded: \$594,091,929 (100%) Amount Closed: \$594,091,929 (100%) 	\$594,091,929 \$592,616,638 99.75%	8,015 households	\$592,616,638 9,351 jobs	<ul style="list-style-type: none"> Owners were required to expend 100% of funds by December 31, 2011. 99.75% of funds were expended. Due to overcommitment and time expiring for two contracts, 0.25% of funds were unspent. All earlier program deadlines were met.
Total			\$1,159,043,273 \$1,155,453,012 99.69%	146,143 persons 72,051 households	\$1,151,809,185 1512: 68.3 jobs this quarter Exchange: 9,351 jobs cumulatively	

*This table includes updated expenditure data as of 10/19/2012.

**Total served data through 12/31/2011 for HPRP and 12/31/2010 for CSBG; 9/28/2012 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 7/1/2012 and 9/30/2012. 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 9/30/2012.

^^^ The Housing Tax Credit Exchange Program is not subject to 1512 reporting requirements.

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**BOARD REPORT ITEM
HOME DIVISION
NOVEMBER 13, 2012**

Status Report on the HOME Program Contracts and Reservation System Participants September 2012 and Year-to-Date

Activity Type	<u>Funded/Awarded for September</u>		<u>Funded/Awarded for Year</u>		<u>Setups for September</u>		<u>Setups for Year</u>		<u>Draws for September</u>		<u>Draws for Year</u>	
	RSP	Contracts	RSP	Contracts	Amount	Number	Amount	Number	Amount	Number	Amount	Number
CFD	\$0	\$0	\$105,950	\$0	\$0	0	\$105,950	1	\$0	0	\$52,845	2
CHDO Operating	\$0	\$0	\$0	\$50,000	\$0	0	\$0	0	\$0	0	\$31,274	5
Dev SF	\$0	\$0	\$0	\$300,000	\$0	0	\$484,310	5	\$0	0	\$726,114	27
HBA/Rehab	\$197,777	\$0	\$2,005,477	\$334,500	\$193,126	11	\$2,594,354	146	\$281,778	26	\$2,805,152	225
HRA	\$2,008,883	\$0	\$10,493,566	\$16,423,000	\$3,106,313	38	\$20,329,150	250	\$737,022	68	\$9,825,183	548
MFD	\$0	\$3,500,000	\$0	\$27,251,586	\$5,050,000	5	\$16,734,687	17	\$680,072	2	\$16,674,753	42
TBRA	\$461,055	\$0	\$2,875,595	\$324,000	\$464,830	52	\$3,452,170	371	\$320,127	480	\$2,757,268	3,815
Sub Totals:	\$2,667,715	\$3,500,000	\$15,480,589	\$44,683,086	\$8,814,269	106	\$43,700,622	790	\$2,018,998	576	\$32,872,590	4,664
Totals:	\$6,167,715		\$60,163,675									

CFD - Contract For Deed

CHDO - Community Housing Development Organization

HRA - Homeowner Rehabilitation

HBA/Rehab - Homebuyer Assistance with Rehab

MFD - Rental Housing Development

RSP - Reservation System Participant

TBRA - Tenant Based Rental Assistance

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TDHCA Outreach Activities, October 2012

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
Money Follows the Person Advisory Committee	Austin	Oct 1	Housing Resource Center	Participant
Home Ownership Division Lender Informational Meeting	Houston	Oct 1	Home Ownership	Presentation
Texas Association of Counties/ Judges & Commissioners Conference	San Marcos	Oct 1-3	Housing Resource Center	Exhibitor
Home Ownership Division Lender Informational Meeting	Dallas	Oct 2	Home Ownership	Presentation
Fair Housing Focus Group	El Paso	Oct 3	Program Services	Roundtable Hearing
Taxable Mortgage Program Lender Webinar	Austin	Oct 3	Home Ownership	Training
First Thursday Income Eligibility Training	Austin	Oct 4	Compliance	Training
Home Ownership Division Lender Informational Meeting	Austin	Oct 4	Home Ownership	Presentation
Disability Advisory Workgroup	Austin	Oct 4	Housing Resource Center	Participant
Taxable Mortgage Program Lender Webinar	Austin	Oct 5	Home Ownership	Training
El Paso Board of Realtors Annual Expo	El Paso	Oct 5	Home Ownership	Exhibitor
One Voice Texas Pre-Legislative Conference	Houston	Oct 8	OCI/Housing Trust Fund, Housing Resource Center	Presentation
Money Follows the Person Administrative Funding Meeting	Austin	Oct 8	Housing Resource Center	Participant
Austin Board of Realtors "Realty Round Up"	Austin	Oct 9	Home Ownership	Exhibitor
Consolidated Public Hearing	Austin	Oct 10	Housing Resource Center	Public Hearing
NSP Homebuyer Training	Houston	Oct 10-11	Neighborhood Stabilization Program	Training
Waco Regional Community Development Conference	Waco	Oct 12	Executive	Presentation
UT School of Social Work	Austin	Oct 17	Housing Resource Center	Presentation
HOME Homeowner Rehabilitation Assistance Training	Austin	Oct 17	HOME	Training
South Texas Realtor Convention	Corpus Christi	Oct 18	Home Ownership	Exhibitor
Promoting Independence Advisory Committee	Austin	Oct 18	Housing Resource Center	Participant
2012 NCSHA Conference	Orlando, FL	Oct 20-23	Home Ownership	Panelist
811 Team Meeting	Austin	Oct 22	Housing Resource Center	Participant
Housing Tax Credit Program Training	San Antonio	Oct 23	Compliance	Training
HOME Homeowner Rehabilitation Assistance Training	Austin	Oct 24	HOME	Training
Regional Allocation Formula Public Hearing	Austin	Oct 24	Housing Resource Center	Public Hearing
Housing Tax Credit Program Training	College Station	Oct 25	Compliance	Training
Texas Association of Local Housing Finance Agencies Conference	San Antonio	Oct 25	Multifamily Allocation	Presentation
HUD All Grantee Meeting	Austin	Oct 30	Housing Resource Center	Presentation

Internet Postings of Note, October 2012

A list of new or noteworthy documents posted to the Department's Web site

HTC Applicable Percentages and Calculation of Underwriting Rates — *used to determine the allocation amount of the credits, as defined in Section 42(b) of the Internal Revenue Code:*

www.tdhca.state.tx.us/rea/index.htm#tools

2012 4% Housing Tax Credit with TDHCA as Issuer Status Log — *detailing applicant information for developers seeking tax credits with bond financing from the Department:*

www.tdhca.state.tx.us/multifamily/bond/index.htm

2012 4% Housing Tax Credit with Local Issuer Status Log — *detailing applicant information for developers seeking tax credits with bond financing from conduit issuer other than the Department:*

www.tdhca.state.tx.us/multifamily/bond/index.htm

First Addendum to 2013 RAF Position Paper — *providing additional models of the Regional Allocation Formula for the Housing Tax Credit Program with supporting data:*

www.tdhca.state.tx.us/housing-center/pubs.htm#raf

Amy Young Barrier Removal Program Administrator Log — *updating the list of and contact information for entities currently administrating Housing Trust Fund dollars under this program:*

www.tdhca.state.tx.us/hf/single-family/amy-young.htm

75-Day Deadlines for Outstanding Documentation for 4% Tax Credit and Bond Applications — *listing the calendar days by which time applicants seeking bond financing must submit documentation to be placed on specific Board meeting agendas:*

www.tdhca.state.tx.us/multifamily/htc/index.htm

Request for Application to Administer CSBG and CEAP — *seeking a contract service provider for two Community Affairs programs for Edwards, Kinney, Real, Uvalde, Val Verde, and Zavala counties:*

www.tdhca.state.tx.us/nofa.htm

Taxable Mortgage Program: Current Funds Available — *reflecting new information regarding funding and specific details related to new non-bond, taxable mortgage program:*

www.tdhca.state.tx.us/homeownership/fthb/available_funds.htm

Taxable Mortgage Program: Down Payment Assistance — *reflecting new information regarding funding and specific details related to new non-bond, taxable mortgage program and its down payment assistance component:*

www.tdhca.state.tx.us/homeownership/fthb/down-payment-assistance.htm

Lender Training: Taxable Mortgage Program — *reflecting new information regarding funding and specific details related to new non-bond, taxable mortgage program and its impact on the program's lender network:*

www.tdhca.state.tx.us/homeownership/fthb/lender_training.htm

Request for Qualifications for Market Study Analysis — *seeking a qualified vendor to provide market analysis services relating to real estate transactions subject to underwriting by the Department:*

www.tdhca.state.tx.us/rea/index.htm#mktanalysis

Draft 2013 Regional Allocation Formula for Public Comment — *and related material regarding statistical data used by the Department in allocating HOME, Housing Tax Credit, and Housing Trust Fund funding:*

www.tdhca.state.tx.us/housing-center/pubs.htm#raf

The Contract for Deed Prevalence Project — *analyzing the prevalence of recorded and unrecorded contracts for deed in Texas colonias, as required by the 2010 Sunset Advisory Commission:*

www.tdhca.state.tx.us/housing-center/pubs.htm

Statewide Rural Housing Analysis — *providing an analysis and evaluation of affordable housing needs of rural Texas and the common barriers to residential development in rural communities:*

www.tdhca.state.tx.us/housing-center/pubs.htm

Texas Rural Farmworker Housing Analysis — *providing an analysis and evaluation of migrant and seasonal farmworker demographics and housing characteristics in specific rural Texas counties:*

www.tdhca.state.tx.us/housing-center/pubs.htm

2013 Waiting List Submission Timeline for the Multifamily Bond Program — *detailing deadlines relating to submission dates, public comment dates, and inducement board meeting dates:*

www.tdhca.state.tx.us/multifamily/bond/applications.htm

TDHCA Affirmative Marketing Plan — *outlining requirements and procedures relating to affirmative marketing in furtherance of the Department's fair housing objectives:*

www.tdhca.state.tx.us/program-services/fair-housing/basics.htm

2012-1 HOME Multifamily Development Program: Application Log — *detailing applicant information for developers seeking HOME Multifamily Rental Housing Development funds from the Department:*

www.tdhca.state.tx.us/home-division/mf-rental.htm

HUD List of Participating Jurisdictions in Texas — *updated listing of metropolitan cities, counties, and consortia generally ineligible to apply for funding through the Department's HOME Program:*

www.tdhca.state.tx.us/home-division/index.htm

HOME Technical Assistance: CHDO Training — *explaining CHDO capacity requirements, how to document capacity, and strategies to increase capacity among CHDOs:*

www.tdhca.state.tx.us/home-division/home-training.htm

HOME Technical Assistance: Procurement with Federal Funds — *explaining the procurement process, debarment requirements, bid solicitation, conflicts of interest, record keeping and other requirements:*

www.tdhca.state.tx.us/home-division/home-training.htm

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BOARD ACTION REQUEST

BOND FINANCE DIVISION

NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on Resolution No. 13-016 authorizing Taxable Down Payment Assistance Revenue Bonds Series 2012

RECOMMENDED ACTION

WHEREAS, the Governing Board has determined to authorize the issuance of its Taxable Down Payment Assistance Revenue Bonds Series 2012 pursuant to a Trust Indenture relating to the Bonds for the purpose of making funds available to acquire certain second lien mortgage loans, thereby making additional amounts available to fund mortgage loans for down payment assistance under single family programs of the Department; and

WHEREAS, the Governing Board desires to approve the forms of the Indenture, the Bond Purchase Agreement, the Assignment Agreement and the Depository Agreement;

NOW, therefore, it is hereby

RESOLVED, the Governing Board of the Department approves the issuance of the Taxable Down Payment Assistance Revenue Bonds Series 2012, the related documents, and the payment of any costs associated with the transaction; and

FURTHER RESOLVED, that Resolution No. 13-016 is hereby adopted in the form presented to this meeting.

BACKGROUND

TDHCA has originated over \$500 million dollars in first lien mortgage loans and over \$21 million in second lien Down Payment Assistance (“DPA”) loans since launching Program 77 under the First Time Homebuyer Program in May 2010. The DPA was funded by bond indenture residuals and funding requirements for future DPA are expected to exceed \$30 million in the next two years.

In order to meet those future funding requirements, staff has created the Taxable Down Payment Assistance Revenue Bond Program. Taxable bonds in the amount of \$6,960,000 bearing interest at a rate of 10% will be issued and securitized by a like amount of second lien DPA loans originated under Program 77 and their related DPA Recovery Fee. An additional overcollateralization will be provided by \$1.7 million in second lien Special Loans currently held

in the Single Family Mortgage Revenue Bond Trust Indenture. These bonds and second lien loans will be held separately in a new trust indenture and will not be pledged to any other mortgage revenue bonds. The bond proceeds will be able to fund approximately \$6.9 million in new DPA loans which will assist approximately 1,150 new Texas first-time homebuyers.

This transaction is a departure for the Single Family Bond Finance area, though the Department has closed many multifamily transactions using this type of structure. The transaction has been structured to protect the Department in the following manner:

- Using a Private Placement rather than a Public Offering
- Physical, rather than Depository Trust Company book-entry only, delivery of certificates
- Using a minimum bond denomination of \$100,000
- Using a travelling investor letter which requires the initial investor, and any subsequent investors, to be accredited investors
- Creating a new indenture to isolate the assets and liabilities of the 2nd lien securitization
- Transaction structured to withstand a 30% default experience. Department's historical default experience has been in the 10% to 15% range
- Transaction is on the November Board agenda for Bond Review Board

Staff recommends approval of this resolution. Closing is scheduled for the end of November.

Resolution No. 13-016

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS TAXABLE DOWN PAYMENT ASSISTANCE REVENUE BONDS, SERIES 2012; AUTHORIZING THE APPROVAL OF THE FORM AND SUBSTANCE OF THE TRUST INDENTURE, THE BOND PURCHASE AGREEMENT, THE ASSIGNMENT AGREEMENT AND THE DEPOSITORY AGREEMENT FOR THE BONDS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS RELATING TO THE FOREGOING; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Governing Board has determined to authorize the issuance of its Taxable Down Payment Assistance Revenue Bonds, Series 2012 (the "Bonds") pursuant to a Trust Indenture relating to the Bonds (the "Indenture") in substantially the form attached hereto between the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), for the purpose of making funds available to acquire certain second lien mortgage loans, thereby making additional amounts available to fund mortgage loans for down payment assistance under single family programs of the Department (such purpose is hereinafter referred to as the "Program"); and

WHEREAS, the Governing Board has further determined that the Department should enter into a Bond Purchase Agreement with respect to the Bonds (the "Bond Purchase Agreement") with SMP Capital Holdings, Inc. (the "Purchaser") and/or any other parties to the Bond Purchase Agreement as authorized by the execution thereof by an authorized representative of the Department named in this Resolution, in substantially the form attached hereto setting forth certain terms and conditions upon which the Purchaser and/or any other parties will purchase the Bonds from the Department and the Department will sell the Bonds to the Purchaser and/or any other parties to the Bond Purchase Agreement; and

WHEREAS, the Governing Board has determined to authorize the execution and delivery of an Assignment Agreement (the "Assignment Agreement") in substantially the form attached hereto between the Department and the Trustee, to effectuate the pledge by the Department of its right, title and interest in and to the mortgage loans described therein to the Trustee for the benefit of the holders of the Bonds; and

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

WHEREAS, the Governing Board desires to approve the use of an amount not to exceed \$1,500,000 of Department funds for any purpose authorized under the Act and the Indenture, including to pay a portion of the costs of issuance of the Bonds; and

WHEREAS, in accordance with Section 2306.142(m) of the Act, the Governing Board has determined that the issuance of bonds to finance mortgage loans to meet the credit needs of borrowers in underserved economic and geographic submarkets in the State is unfeasible at this time because, including without limitation, such loans do not meet the current credit criteria of the mortgage industry, or would damage the financial condition of the Department and desires to authorize the authorized representatives of the Department named in this Resolution to seek from the Texas Bond Review Board a waiver of the requirements of Section 2306.142(l) of the Act; and

WHEREAS, the Governing Board desires to approve the forms of the Indenture, the Bond Purchase Agreement, the Assignment Agreement and the Depository Agreement, in order to find the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined to further the Program in accordance with such documents by authorizing the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out the Program; NOW, THEREFORE,

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

ARTICLE 1

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized, all under and in accordance with the Indenture, and that, upon execution and delivery of the Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department’s seal to the Bonds and to deliver the Bonds to the Attorney General of Texas (the “Attorney General”) for approval, the Comptroller of Public Accounts of the State of Texas (the “Comptroller”) for registration and the Trustee for authentication, and thereafter to deliver the Bonds to or upon the order of the Purchaser and/or any other parties pursuant to the Bond Purchase Agreement.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That (i) the Bonds shall bear interest at a rate of 10.00% per annum, (ii) the aggregate principal amount of the Bonds shall be \$6,960,000; (iii) the final maturity of the Bonds shall occur on August 1, 2038; and (iv) the price at which the Bonds are sold to the Purchaser and/or any other parties to the Bond Purchase Agreement shall be 99.25% of the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department’s seal to the Indenture, and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Purchaser and/or any other parties pursuant to the Bond Purchase Agreement is hereby approved and that the Authorized Representatives are each hereby authorized to execute, attest and affix the Department’s seal to the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Purchaser and/or any other parties to the Bond Purchase Agreement.

Section 1.5 Approval of Assignment Agreement. That the form and substance of the Assignment Agreement are hereby authorized and approved and that the Authorized Representatives are hereby authorized to execute, attest and affix the Department's seal to the Assignment Agreement and to deliver the Assignment Agreement to the Trustee.

Section 1.6 Approval of Depository Agreement. That the form and substance of the Depository Agreement are hereby authorized and approved and that the Authorized Representatives are hereby authorized to execute, attest and affix the Department's seal to the Depository Agreement and to deliver the Depository Agreement to the Trustee and to the Texas Treasury Safekeeping Trust Company.

Section 1.7 Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to execute, attest, affix the Department's seal to and deliver such other agreements, advance commitment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the Indenture, the Bond Purchase Agreement, the Assignment Agreement and the Depository Agreement.

Section 1.8 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell & Giuliani LLP and Bates & Coleman, P.C., Co-Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.9 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit A - Indenture
- Exhibit B - Bond Purchase Agreement
- Exhibit C - Assignment Agreement
- Exhibit D - Depository Agreement

Section 1.10 Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Governing Board, the Executive Director of the Department, the Director of Bond Finance of the Department, and the Secretary or any Assistant Secretary to the Governing Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution; provided, however, that no such authority shall serve to alter or supersede the requirements that staff observe and adhere to the Department's established Standard Operating Procedures, as in effect from time to time, as they may apply to any such actions.

Section 1.11 Department Contribution. That the contribution of Department funds in an amount not to exceed \$1,500,000 to be used for any purpose authorized under the Act and the Indenture, including to pay a portion of the costs of issuance of the Bonds is hereby authorized.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

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

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

Section 2.4 Ratifying Other Actions. That all other actions taken or to be taken by the Executive Director and the Department's staff in connection with the Program and the issuance of the Bonds are hereby ratified and confirmed.

Section 2.5 Authority to Invest Funds. That the Executive Director or the Director of Bond Finance is hereby authorized to undertake all appropriate actions required under the Indenture and the Depository Agreement and to provide for investment and reinvestment of all funds held under the Indenture.

Section 2.6 Waiver from Texas Bond Review Board. That the Governing Board ratifies actions taken by the authorized representatives of the Department named in this Resolution seeking from the Texas Bond Review Board a waiver of the requirements of Section 2306.142(l) of the Act in accordance with Section 2306.142(m) of the Act.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Bonds to Finance Mortgage Loans in Underserved Economic and Geographic Markets. That, in accordance with Section 2306.142(m) of the Act, the Governing Board hereby finds that the issuance of bonds to finance mortgage loans to meet the credit needs of borrowers in underserved economic and geographic submarkets in the State is unfeasible or would damage the financial condition of the Department.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate pledged under the Indenture to secure payment of the Bonds issued under the Indenture and payment of the Department's costs and expenses for the Program thereunder and under the Indenture, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

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

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

Section 4.4 Notice of Meeting. That this Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

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

[Signature Page Follows]

PASSED AND APPROVED this 13th day of November, 2012.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

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

3

BOARD ACTION REQUEST
COMPLIANCE DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on requests for reinstatement for Edcouch Seniors HTC Application #12411

RECOMMENDED ACTION

WHEREAS, The Cesar Chavez Foundation has submitted an application proposing to construct Edcouch Seniors using tax exempt bonds and 4% housing tax credits, and accordingly a previous participation review was conducted; and

WHEREAS the Cesar Chavez Foundation controls an existing property that is currently in Material Noncompliance which has caused the new application to be terminated by staff; and

WHEREAS, the Cesar Chavez Foundation has requested reinstatement of the application, but staff has been unable to conclude that the criteria for reinstatement have been met;

NOW, therefore, it is hereby

RESOLVED, that the request for reinstatement of the application of Edcouch Seniors #12411 is not approved because staff cannot conclude that the required four factors set forth in 10 TAC §60.128(b) have been clearly and affirmatively addressed and there does not seem to be a compelling reason to use Board discretion to approve reinstatement.

BACKGROUND

The Cesar Chavez Foundation controls five Housing Tax Credit properties in Texas. One of these properties, Jardines de La Fuente, is currently in Material Noncompliance with a score of 50. Housing Tax Credit properties with a score of 30 or higher are considered to be in Material Noncompliance. Although all issues of noncompliance have been corrected, the property's score still exceeds the threshold for Material Noncompliance. The majority of the points are attributed to the finding "Failure to Maintain or Provide Annual Eligibility Certification."

Over four years ago Congress enacted The Housing and Economic Recovery Act of 2008 (HERA) which eliminated the requirement to perform annual income recertifications at Housing Tax Credit projects that are 100% low-income. Recertification involves the household completing an application, the property staff obtaining first hand or third party verification of all sources of income and assets, annualizing their income and completing an Income Certification form. For some households it can be accomplished fairly quickly but for many households, it can take the property staff hours to complete. Recertifications are time consuming, costly, burdensome, and an inefficient use of resources. The

Internal Revenue Service has stated that recertifications are no longer required for projects in which 100% of the units are low-income and suspected noncompliance resulting from the review of a recertification should not be reported.

HERA also enacted a requirement for State Housing Finance Agencies to report certain demographic information to the U.S. Department of Housing and Urban Development (HUD). To comply with this requirement TDHCA created a one page form, to be completed by the household that captures the required program changes and data that must be reported to HUD. Instead of completing the required one page form, Jardines De La Fuente was completing the unnecessary income recertifications. The Compliance Monitoring rules in §60.111(a)(2) and (3) state:

“(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.”

The owner's response to the termination suggests that they have gone above and beyond the compliance requirements. However, in this case, more is not better. It appears to staff that this organization simply failed to comply with Texas requirements. In addition, the owner's representative has suggested that the property was complying with a syndicator requirement to complete annual income recertifications. Staff has reviewed the files for other properties with the same syndicator and has not found the same issues of noncompliance as with this property.

Staff cannot reach an affirmative conclusion that this owner has acted in good faith and made reasonable attempts to cure the reasons for the termination. TDHCA continues to find the properties controlled by the Cesar Chavez Foundation to be out of compliance with requirements that are very clearly and plainly stated in the Texas Compliance Monitoring rules.

It should also be noted that this property has had a recurring history of Material Noncompliance. Jardines de la Fuente had a score of 59 in 2009 which caused the termination of a 9% application for Casa Alton Apartments. The Cesar Chavez Foundation did not appeal at that time.

An additional point of consideration for reinstatement is whether “It is in the best interests of the Department and the State to proceed with the award.” While the applicant may believe that proceeding

with the bond issuance and associated four percent tax credits is in the state's best interest, it is noted that the proposed development is in a qualified census tract. Staff does not believe there is a compelling reason that makes it in the State's best interest to approve the request.

Staff recommends denial of the requests for reinstatement.

4

BOARD REPORT ITEM
PROGRAM SERVICES DIVISION
NOVEMBER 13, 2012

REPORT ITEM

Update on the Status of the Preparation of the State of Texas Plan for Fair Housing Choice: Analysis of Impediments

BACKGROUND

BBC Research & Consulting, Inc. (BBC) is the vendor selected to complete the State of Texas Plan for Fair Housing Choice: Analysis of Impediments (AI). Staff submits monthly Board updates on the progress of the AI based on BBC status reports and staff activities.

Highlights of activities in October include:

- BBC and Department staff attended the Statewide HUD All Grantee Meeting in Austin. BBC and Department staff made a presentation on the current status of the development of the AI and preliminary findings based on the data and outreach, which have been extensive.
- Continuation of the in-person focus groups and stakeholder interviews.
- Continued drafting of preliminary impediments and action steps, based on quantitative and qualitative findings to date.

Future activities include:

- Release of the Draft AI for a 30-day public comment period.
- Five public hearings on the Draft AI will be held in the following locations: Austin, Fort Worth, Harlingen, Nacogdoches, and Midland. Public comment will also be accepted via email, fax and letter.

5

BOARD ACTION REQUEST

HOUSING RESOURCE CENTER

NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on the 2013 Regional Allocation Formula Methodology.

RECOMMENDED ACTION

WHEREAS, §§2306.1115 and 2306.111(d) of the Texas Government Code require that the Department use a Regional Allocation Formula to allocate its HOME funds, Housing Tax Credits, and Housing Trust Fund; and

WHEREAS, the proposed Regional Allocation Formula utilizes appropriate statistical data to measure affordable housing needs and available resources in 13 State Service Regions used for planning purposes;

NOW, therefore, it is hereby

RESOLVED, that the 2013 Regional Allocation Formula Methodology for the HOME, Housing Tax Credit and Housing Trust Fund programs, in the form presented at this meeting, is hereby approved.

BACKGROUND

The Regional Allocation Formula (RAF) utilizes appropriate statistical data to measure 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. The Department has flexibility in determining variables to be used in the RAF, per §2306.1115(a)(3) of the Texas Governing Code: “the department shall develop a formula that...includes other factors determined by the department to be relevant to the equitable distribution of housing funds.” The RAF is revised annually to reflect current data, respond to public comment, and better assess regional housing needs and available resources.

Staff presented several RAF models to the public via online postings between August 10, 2012, and September 28, 2012. The postings included a 2013 RAF Position Paper, materials for the Housing Tax Credit [HTC] RAF Roundtable, and the First Addendum to the 2013 RAF Position Paper. The three main RAF models were: the (1) Equal Weights Model, which gave each housing need and availability factor an equal weight; (2) the Compounded Need Model, which combined the three need factors into one need variable (*i.e.* “compounded” the need); and (3) the Subtraction Model, which subtracted the raw number of the housing availability variable from the raw number of the need variables. After public input during the 30-day online discussion forum and the HTC RAF on September 26, 2012, staff recommended the Compounded Need Model.

The HOME, HTC and Housing Trust Fund (HTF) RAFs use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. Section 2306.111(c) of the Texas Government Code requires that 95% 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 Draft 2013 RAF methodology was made available for official public comment from October 15, 2012, through October 29, 2012. A public hearing was held on Wednesday, October 24, 2012, at 1:00 p.m. in the Stephen F. Austin Building, Room 172, 1700 North Congress Avenue, Austin, TX 78701. There were five public comments received during the public comment period.

The public comments and staff's reasoned responses are found in Attachment A. The Final RAF Methodology is found in Attachment B. Once approved, the final methodology will be published on the Department's website. It should be noted with this action that the Board is approving the methodology, not specific allocation amounts. However, the amounts this methodology would yield are also described in Attachment C. Minor changes were made between the draft allocation amounts and the allocation amounts listed in Attachment C based on updates made internally.

Attachment A: Public Comment and Staff’s Reasoned Responses

Comments were received from the Honorable José R. Rodríguez, State Senator; Hettig/Kahn Development Corporation; and Tropicana Building Corporation.

Comment 1: Support of the Compounded Need Model (State Senator José R. Rodríguez)

The Commenter supports the Compounded Need Model, as posted online as Exhibit R of the First Addendum to the 2013 Position Paper. The Commenter asserts that the Compounded Need Model relies upon better datasets now available through the American Community Survey. He goes on to state that there is pressure from some of the more affluent areas in the State to use population as the sole guiding factor for distribution. The Commenter affirms that the intent behind the RAF’s enabling statute was to establish a method of distributing affordable housing resources to people with housing needs and in areas with sparse availability of housing, as opposed to distributing funds just based on a head count and disregarding factors such as income.

Staff response: Staff agrees with the Commenter.

Comment 2: Include Population as a Measurement of the RAF (Hettig/Kahn Development Corporation)

The Commenter states that tax credits are allocated by the federal government to each state based on population. Statute requires that the allocations are consistent with applicable federal and state requirements. Thus, the Commenter feels that leaving population out of the proposed formula is questionable. Region 6, which includes Houston, the fourth largest city in the country, represents approximately 24%+ of the state population, and in turn the same percentage of tax credits should be allocated by Texas to Region 6.

Staff Response: While the federal government distributes tax credits to states based on population, allocation within the state is not directed by federal law to be tied solely to population. TDHCA’s governing statute regarding the RAF (§2306.1115) specifically includes measurements of housing availability and housing need.

While urban Region 6 includes Houston and 23.4% of the State’s population, urban Region 6 is not the largest region in the State. Urban Region 3, which includes Dallas/Arlington/Fort Worth, is the largest urban region, with 25.8% of the State’s population. As can be seen in Table 1 below, on a relative basis, these two urban areas of the State have only 1.7 percentage points difference for the funding levels in the proposed 2013 RAF. When compared to the distribution based on the Test RAF based only on population, these urban areas would have a larger difference (2.2 percentage points difference). The measurement based on need and availability, not just on population, worked in urban Region 6’s favor in this regard.

Table 1: Test RAF based on Population

Region	Geography	Test RAF Distribution Based on Population	RAF 2013 Percentage	Change Between 2013 RAF and Population
3-Urban	Dallas/Fort Worth	24.0%	20.5%	-3.5%
6-Urban	Houston	21.8%	18.8%	-3.0%

Comment 3: The American Community Survey data is flawed (Hettig/Kahn Development Corporation)

The Commenter states that for the 2013 RAF, Staff is using the 2006-10 American Community Survey (ACS) for its data source. As with any data source, such is based on weighted results of the responses obtained, thus leaving potential questionable results. The Commenter also contends that some of the data is as much as six years old and may be ignoring the large population and job growth in Region 6, and thus the resulting need for additional housing. Based on recently reported data, Region 6 is responsible for more than its proportionate share of growth and as much as approximately one-third of the state jobs added in the past year. The overcrowding variable used by TDHCA in the formula is less than one-half of that reported by Harris County in its consolidated plan.

Staff Response: Staff is aware of the limitations of the ACS data. Staff agrees that having older data in the ACS is not ideal. However, with U.S. Census Bureau's decision to transition the use of the "long form" (e.g. the more detailed survey that gathers information on socio-economic conditions) from the decennial census to the yearly-ACS, the comprehensive information released with the decennial census no longer exists. Therefore, there is no longer a dataset with the required information all from one year. The most nationally-recognized and uniform dataset is the ACS.

Regarding the overcrowding variable, Houston's 2010-2014 Consolidated Plan (Plan) uses ACS one-year estimates. Page 37 of Houston's Plan states that "7% of housing units in Houston have occupancies greater than one person per room," meaning the units have overcrowded households in them. Above that statement in Houston's Plan is a chart that shows that renter-occupied units number approximately 403,098. This creates an estimated 28,216 renter households with overcrowding. The RAF includes a calculation at the county-level for Harris County, which has 57,122 renter households with overcrowding. The number of renter households with overcrowding in the RAF appears to be in line with Houston's estimates.

Comment 4: Recommendation of the Equal Weights Model instead of the Compounded Need Model (Hettig/Kahn Development Corporation)

The Commenter states that for the past seven years urban Region 6 has been allocated approximately 21%+ of the state credits. The Equal Weights alternative for urban region 6 has a result in the same range as prior history and is more in line with the population of the region. The Commenter asserts that a reduction of urban region 6's credits by over 2% to 18.7% of the credit using a new, untested method is premature. The Commenter further contends that, since the Equal Weights method of 21%+ is close to that of the past seven years, and with many unknowns with the methodology change, using an alternative for the RAF that more represents historical data and the underlying allocation basis of credits from the federal government would be more appropriate and should be chosen for the 2013 RAF.

Staff Response: Commenter is correct that, for the past seven years, urban region 6's funding levels have ranged from 19.7-25.4% of the State's funding. However, looking at the past nine years of RAF funding levels shows that urban region 6 ranged from 18.0-25.4%. The 18.7% for the 2013 RAF is within the range of funding levels set by the previous RAFs.

While the Compounded Needs model is new, it is not unanalyzed. Staff has compared the model against several different types of RAF models, including the Equal Weights Model and the Test RAF based on population distribution only, as was discussed in staff response to Comment 1.

The Compounded Need Model was recommended by staff based on input of the development community and the public during the Roundtable held on September 26, 2012, and at the TDHCA Board meeting on October 9, 2012. Staff found that the Compounded Need Model was preferred over the Equal Weights Model because the Compounded Need Model minimized the ability of proportionately small factors to disproportionately affect allocations. Each model of the RAF began with three need variables: people at 200% of poverty (38% of households); households with rent burden (45% of renter households); and overcrowded renters (7.5% of renter households). The Equal Weights Model gives equal weights to each need factor, distributing equally even though the percentages of the populations with each housing need is very different, especially for the overcrowding variable. The Compounded Need Model combines all the need factors together in order to “compound” the need before weighting the need variables. In this way, overcrowded renters are taken in relation to people at 200% of poverty and households with rent burden. Staff continues to recommend the Compounded Need Model.

Comment 5: Support of the Compounded Need Model (Tropicana Building Corporation)

The Commenter states that the Compounded Need Model (Exhibit R in the Addendum to the Position Paper posted online) is the fairest and most technically accurate representation what is required in Texas Government Code §2306.1115. The Commenter further contends that the Compounded Need Model uses the most relevant measurements for housing need and availability from the most reliable source of data used by the federal government, the American Community Survey. The Commenter asks that the TDHCA Governing Board adopt the Compounded Need Model as the 2013 RAF methodology.

Staff Response: Staff agrees with the commenter.

Attachment B: 2013 Regional Allocation Formula Methodology

2013 REGIONAL ALLOCATION FORMULA METHODOLOGY

Legislative Requirement

Sections 2306.111 and 2306.1115 of the Texas Government Code require that TDHCA use a Regional Allocation Formula (RAF) for the HOME Investment Partnership Program (HOME), Housing Trust Fund (HTF) Program and Housing Tax Credit (HTC) Program funding. The RAF presented below analyzes of housing need and availability in the State's urban and rural areas and distributes funding accordingly.

TDHCA's governing statute §2306.1115 states:

(a) To allocate housing funds under Section 2306.111(d), the department shall develop a formula that:

(1) includes as a factor the need for housing assistance and the availability of housing resources in an urban area or rural area;

(2) provides for allocations that are consistent with applicable federal and state requirements and limitations; and

(3) includes other factors determined by the department to be relevant to the equitable distribution of housing funds under Section 2306.111(d).

(b) The department shall use information contained in its annual state low income housing plan and other appropriate data to develop the formula under this section.

The methodology below outlines the need for housing assistance and the availability of housing assistance in urban and rural areas, in keeping with the statute's requirements.

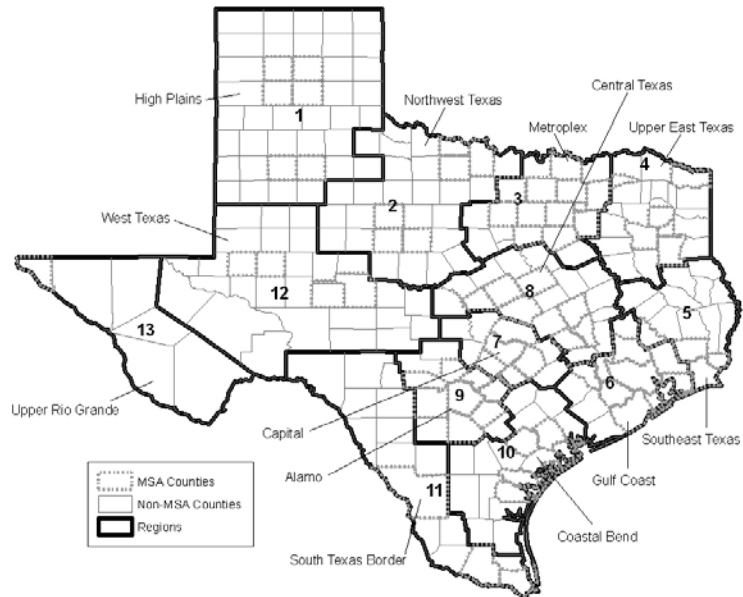
Methodology

Affordable Housing Need

Affordable housing need will be measured by variables that relate to the types of assistance available through TDHCA programs.

November 6, 2012

Figure 1: TDHCA Regions



HTC and HOME both offer reduced-rent apartments. HOME offers Tenant-Based Rental Assistance. Therefore people in need of rental assistance should be included. The renters with cost burden measures the number of people in Texas that pay over 30% of their income on rent. Renters experiencing overcrowding measures the number of units with more than one person per room, including the kitchen and bathroom. Both rent burden and overcrowding will be used as a variable in the RAF.

HOME also offers homebuyer assistance and single-family development. For single-family development, typically the homes are built by nonprofits or units of local government and the homes are often purchased by low-income homeowners. HTF offers the Bootstrap Loan Program for potential homeowners who use sweat equity along with low-interest loans to build their homes. Households who are ready to own and qualify for home buying are efficiently measured by an income measurement. In addition, areas with high numbers of homeowners experiencing cost burden or overcrowding may signify a need for homebuyer assistance to reduce the number of future homeowners with cost burden or overcrowding. Therefore, an income measurement, homeowner cost burden and homeowner overcrowded units will be included in the RAF.

HOME offers homeowner rehabilitation assistance. However, there is a lack of available data to measure the need for homeowner rehabilitation at the regional level. Units lacking kitchen and plumbing did not have sufficient accuracy; the margins of error were larger than the estimates in some regions. Age of housing stock was considered, but there is no data to substantiate the correlation between a specific household age and need for rehabilitation. Therefore, numbers of units with substandard conditions and numbers of units over 30 or 50 years of age could not be included in the RAF.

Income is the primary measurement of eligibility for housing assistance through TDHCA. HTC serves households who earn 0-60% Area Median Family Income (AMFI). HOME and HTF serve households who earn 0-80% AMFI. Therefore, as already determined to measure the need for homebuyer assistance, an income measurement will be used in the RAF. While eligibility for housing assistance is measured by AMFI, the AMFI datasets showing how many households are in each AMFI category are available only every other year, while the measurement of people in poverty is measured yearly. In order to use the most up-to-date data, poverty measurements will be used. The percentage of people at 200% poverty is strongly linked with the percentage of people earning 0-80% AMFI. People at or below 200% of the poverty level will qualify for a majority of housing assistance offered through TDHCA's HOME, HTC and HTF programs.

Need for affordable housing will be determined by three variables:

1. Cost burden (renters for HTC and HOME; owners for HOME and HTF)
2. Overcrowding (renters for HTC and HOME; owners for HOME and HTF); and
3. People at or below 200% of the poverty rate.

Housing Availability

Affordable housing availability will be measured by variables that relate directly to housing resources. In order to take into account both market-rate and subsidized units, rental vacancies will be used. High numbers of vacancies indicate the market has a supply of housing. Vacancies show a direct measure of housing availability.

Need for affordable housing is determined by:

1. Vacant units (rental units for HOME and HTC; homes for sale for HOME and HTF)

Urban and Rural Areas

In TDHCA's governing statute, §2306.004 states:

28-a) "Rural area" means an area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;

(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area; or

(C) in an area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an area that is located in a municipality with a population of more than 50,000.

County-level data is easily obtained and allocating to urban and rural areas is derived from the designations of primary metropolitan statistical areas (MSA) and metropolitan statistical areas as discussed in the 2306.004 (28-a) definition of "rural area." County-level data is a more complete and informative dataset than place-level data because the place-level count excludes people and units not located in any census-designated place. Limiting the data to only places in each region substantially hinders the decision-making capabilities of the RAF as an allocation tool. Using the county-based data in MSA vs Non-MSA to allocate for urban and rural areas allows for a more complete picture of the state's demographic data.

According to 2306.1115(b), TDHCA must use appropriate data to develop the formula, and county-level data is most appropriate data. However, the RAF is not stating that MSA vs Non-MSA analysis will always coincide with urban and rural designations for specific sites. The rural and urban designation for site-specific applications applying for funding will be at the place-level.

Weights

To allocate funds, the RAF will use each sub-region's ratios of the State's total. In order to account for the amount of population that the variables affect, all the need variables will be added together¹ (i.e. compounded) before taking the percentage of each sub-region's need over the amount of the total need in the State.

A successful allocation formula will provide more funding for high housing need and remove funding for an abundance of housing resources. In order to get the right relationship between housing and need, the housing availability variable will have negative weight. If the weights were equal, each variable would receive 50% of the weight. Because the availability variable should be negative, the need variables are weighted at 50% each and the availability variable is weighted at -50%, giving the appropriate relationship between funding and current availability of resources. The compounded need variable will receive 150% weight (50% per variable).

Exceptions to the RAF

According to §2306.111(d), there are certain instances when the RAF would not apply to HOME, HTC, and HTF funds. For instance, specific set aides will not be run through the RAF. This includes set asides for contract-for-deed conversions and set asides mandated by state or federal law, if these set asides are less than 10 percent of the total allocation of funds or credits. Set asides for funds allocated to serve persons with disabilities will not run through the RAF. The total amount available through the RAF will not include funds for at-risk development, with stipulations mentioned in this paragraph.

Also in 2306.111(d), specifically for HTC, 5% of HTC funds must be allocated to developments that receive federal assistance through USDA. Any developments that receive federal assistance through USDA and HTC for rehabilitation compete for funding separately under the "USDA Set-Aside." This funding is taken from the total tax credit ceiling prior to applying the RAF to allocate funds between each sub-region.

Finally, pursuant to §2306.111(d) specifically for HTF, funds that do not exceed \$3 million for each programmed activity will not run through the RAF.

HOME, HTC and HTF Data Differences

Even though the RAF applies to HOME, HTC and HTF, there are some differences between the programs that need to be addressed within the formulas. For example, HOME and HTF can serve homeowners and

¹ Note that in order for people in poverty to be combined with households with cost burden and households with overcrowding, the number of people in poverty is divided by the average size of a household in Texas: 2.78.

those wanting to buy or build a home, while HOME and HTC serves renters. Therefore, renters' needs would be counted for HOME and HTC; homebuyer needs would be counted for HOME and HTF.

Because HOME and HTC fund rehabilitation, substandard housing units would ideally be included in the RAF. However, at the time of this writing, staff has not identified a data source that would provide an estimate of these units that is accurate at the regional level.

In addition, according to §2306.111(c)(1), 95 percent of the funds for HOME must be spent outside Participating Jurisdictions (PJs). PJs are areas that receive funding directly from HUD. The other 5 percent of State HOME funds must be spent on activities that help people with disabilities in any area of the State; this portion of HOME is not subject to the RAF because it is set aside for persons with disabilities (see *Exceptions to the RAF* above). Because 95 percent of funds cannot be spent within a PJ, the housing need and availability in those jurisdictions should not be counted in HOME's RAF.

The PJ designations are subject to change yearly depending on HUD's funding. As of this writing, thirty-three of the PJs are cities. The other PJs are grouped by county. Though the cities in the counties do not encompass the entire county, the cities encompass such a large area of the counties that, with the data available and the current margins of error, the entire county will be counted as the PJ. These PJs will be subtracted from the HOME version of the RAF.

HTC \$500,000 Adjustment

§2306.111(d-3) is a special stipulation on funding and the RAF that applies only to HTC. This statute requires that TDHCA allocate at least 20 percent of credits to rural areas and that \$500,000 be available for each urban and rural sub-region, which number 26 in total. 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 award, if needed. Usually, the 20 percent allocation to rural areas occurs naturally, but, if not, one more deal for rural areas will be awarded from the statewide collapse of the RAF to ensure the requirement is met.

For the HTC RAF, the regional amount of rural and urban funding is adjusted to a minimum \$500,000, if needed. This is done as a final adjustment to the sub-regional allocation amounts available for award. The process proportionately takes funds from sub-regions with initial funding amounts in excess of \$500,000 and reallocates those funds to those sub-regions with initial funding amounts that are less than \$500,000. The process is complete when each sub-region has at least \$500,000.

Attachment C: Funding Levels per the 2013 Regional Allocation Formula

Texas Department of Housing and Community Affairs
2013 HTC RAF Compounded Need, Table 1 - Raw Data

Region (MSA Counties)	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Renters	Overcrowded Renters	Unoccupied Units, Rental
1	197,083	70,893	34,134	3,732	7,317
2	107,155	38,545	17,649	1,680	4,467
3	1,995,573	717,832	378,790	57,107	103,640
4	184,785	66,469	24,738	3,084	3,692
5	145,209	52,233	17,665	2,081	3,740
6	1,959,263	704,771	327,333	67,231	104,089
7	486,104	174,858	119,548	14,330	18,889
8	322,451	115,990	58,108	5,301	17,052
9	739,878	266,143	110,578	14,610	27,784
10	209,455	75,344	33,394	4,885	7,699
11	834,165	300,059	56,907	22,226	11,795
12	134,615	48,423	17,406	1,837	4,141
13	401,674	144,487	41,999	7,986	7,903

Region (Non-MSA Counties)	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Renters	Overcrowded Renters	Unoccupied Units, Rental
1	122,826	44,182	8,950	2,030	2,766
2	94,601	34,029	8,281	1,104	2,401
3	86,260	31,029	10,771	1,527	1,813
4	225,694	81,185	19,385	2,911	4,355
5	152,551	54,874	15,256	2,123	3,449
6	59,244	21,311	8,512	1,099	2,040
7	37,999	13,669	3,757	605	1,292
8	93,928	33,787	7,502	1,039	1,606
9	34,823	12,526	3,999	935	782
10	87,618	31,517	6,819	1,990	2,506
11	161,792	58,199	8,791	2,902	2,115
12	70,228	25,262	4,816	1,066	1,028
13	12,311	4,428	866	215	213
Total	8,957,285	3,222,045	1,345,954	225,636	348,574

Texas Department of Housing and Community Affairs
2013 HTC RAF Compounded Need, Table 2 - Weights

Estimated RAF 49,102,827

MSA regions	Total of 200% poverty, rent burden, and overcrowding	Percentage of total need variables	150% Weight	Regional Unoccupied Units	Percentage of Total Unoccupied Units	-50.00%	Initial Sub-region amount
1	108,759	2.3%	\$ 1,671,085	7,317	2.1%	\$ (515,365)	\$ 1,155,721
2	57,874	1.2%	\$ 889,234	4,467	1.3%	\$ (314,628)	\$ 574,606
3	1,153,729	24.1%	\$ 17,727,056	103,640	29.7%	\$ (7,299,766)	\$ 10,427,290
4	94,291	2.0%	\$ 1,448,789	3,692	1.1%	\$ (260,042)	\$ 1,188,747
5	71,979	1.5%	\$ 1,105,965	3,740	1.1%	\$ (263,423)	\$ 842,542
6	1,099,335	22.9%	\$ 16,891,289	104,089	29.9%	\$ (7,331,390)	\$ 9,559,899
7	308,736	6.4%	\$ 4,743,724	18,889	5.4%	\$ (1,330,425)	\$ 3,413,299
8	179,399	3.7%	\$ 2,756,460	17,052	4.9%	\$ (1,201,038)	\$ 1,555,422
9	391,331	8.2%	\$ 6,012,807	27,784	8.0%	\$ (1,956,934)	\$ 4,055,872
10	113,623	2.4%	\$ 1,745,811	7,699	2.2%	\$ (542,270)	\$ 1,203,541
11	379,192	7.9%	\$ 5,826,294	11,795	3.4%	\$ (830,767)	\$ 4,995,526
12	67,666	1.4%	\$ 1,039,683	4,141	1.2%	\$ (291,667)	\$ 748,017
13	194,472	4.1%	\$ 2,988,065	7,903	2.3%	\$ (556,639)	\$ 2,431,426

Non-MSA regions	Total of 200% poverty, rent burden, and overcrowding	Percentage of total need variables	150% Weight	Regional Unoccupied Units	Percentage of Total Unoccupied Units	-50.00%	Sub-region amount
1	55,162	1.2%	\$ 847,565	2,766	0.8%	\$ (194,820)	\$ 652,745
2	43,414	0.9%	\$ 667,059	2,401	0.7%	\$ (169,112)	\$ 497,947
3	43,327	0.9%	\$ 665,716	1,813	0.5%	\$ (127,697)	\$ 538,020
4	103,481	2.2%	\$ 1,589,985	4,355	1.2%	\$ (306,739)	\$ 1,283,245
5	72,253	1.5%	\$ 1,110,175	3,449	1.0%	\$ (242,926)	\$ 867,249
6	30,922	0.6%	\$ 475,114	2,040	0.6%	\$ (143,685)	\$ 331,428
7	18,031	0.4%	\$ 277,042	1,292	0.4%	\$ (91,001)	\$ 186,041
8	42,328	0.9%	\$ 650,371	1,606	0.5%	\$ (113,117)	\$ 537,254
9	17,460	0.4%	\$ 268,277	782	0.2%	\$ (55,079)	\$ 213,198
10	40,326	0.8%	\$ 619,613	2,506	0.7%	\$ (176,507)	\$ 443,106
11	69,892	1.5%	\$ 1,073,884	2,115	0.6%	\$ (148,968)	\$ 924,917
12	31,144	0.6%	\$ 478,526	1,028	0.3%	\$ (72,406)	\$ 406,120
13	5,509	0.1%	\$ 84,652	213	0.1%	\$ (15,002)	\$ 69,650
Total	4,793,635	100%		348,574	100%		\$ 49,102,827

Texas Department of Housing and Community Affairs
2013 HTC RAF Compounded need, Table 3 - \$500,000 Adjustment

MSA regions	Initial Sub-region amount	Amount needed to reach \$500,000	Amount over \$500,000 that can be reallocated	Proportion of amount available to be reallocated	Amount to be reallocated	Final Sub-Amount for Compounded Need	Part of total award
1	\$ 1,155,721	\$ -	\$ 655,721	2%	\$ (23,678.04)	\$ 1,132,043	2.31%
2	\$ 574,606	\$ -	\$ 74,606	0%	\$ (2,694.01)	\$ 571,912	1.16%
3	\$ 10,427,290	\$ -	\$ 9,927,290	27%	\$ (358,473.79)	\$ 10,068,816	20.51%
4	\$ 1,188,747	\$ -	\$ 688,747	2%	\$ (24,870.60)	\$ 1,163,876	2.37%
5	\$ 842,542	\$ -	\$ 342,542	1%	\$ (12,369.18)	\$ 830,173	1.69%
6	\$ 9,559,899	\$ -	\$ 9,059,899	24%	\$ (327,152.35)	\$ 9,232,746	18.80%
7	\$ 3,413,299	\$ -	\$ 2,913,299	8%	\$ (105,199.04)	\$ 3,308,100	6.74%
8	\$ 1,555,422	\$ -	\$ 1,055,422	3%	\$ (38,111.23)	\$ 1,517,311	3.09%
9	\$ 4,055,872	\$ -	\$ 3,555,872	9%	\$ (128,402.31)	\$ 3,927,470	8.00%
10	\$ 1,203,541	\$ -	\$ 703,541	2%	\$ (25,404.81)	\$ 1,178,136	2.40%
11	\$ 4,995,526	\$ -	\$ 4,495,526	12%	\$ (162,333.15)	\$ 4,833,193	9.84%
12	\$ 748,017	\$ -	\$ 248,017	1%	\$ (8,955.87)	\$ 739,061	1.51%
13	\$ 2,431,426	\$ -	\$ 1,931,426	5%	\$ (69,743.66)	\$ 2,361,682	4.81%
MSA total	\$ 42,151,908					\$ 40,864,520	83.22%

Non-MSA regions	Sub-region amount	Amount needed to reach \$500,000	Amount over \$500,000 that can be reallocated	Proportion of amount available to be reallocated	Amount to be reallocated	Final Sub-Amount for Compounded Need	Part of total award
1	\$ 652,745	\$ -	\$ 152,745	0%	\$ (5,515.60)	\$ 647,229	1.32%
2	\$ 497,947	\$ 2,053	\$ -	0%	\$ 2,053.14	\$ 500,000	1.02%
3	\$ 538,020	\$ -	\$ 38,020	0%	\$ (1,372.89)	\$ 536,647	1.09%
4	\$ 1,283,245	\$ -	\$ 783,245	2%	\$ (28,282.94)	\$ 1,254,962	2.56%
5	\$ 867,249	\$ -	\$ 367,249	1%	\$ (13,261.32)	\$ 853,987	1.74%
6	\$ 331,428	\$ 168,572	\$ -	0%	\$ 168,571.50	\$ 500,000	1.02%
7	\$ 186,041	\$ 313,959	\$ -	0%	\$ 313,958.62	\$ 500,000	1.02%
8	\$ 537,254	\$ -	\$ 37,254	0%	\$ (1,345.24)	\$ 535,909	1.09%
9	\$ 213,198	\$ 286,802	\$ -	0%	\$ 286,802.26	\$ 500,000	1.02%
10	\$ 443,106	\$ 56,894	\$ -	0%	\$ 56,893.85	\$ 500,000	1.02%
11	\$ 924,917	\$ -	\$ 424,917	1%	\$ (15,343.72)	\$ 909,573	1.85%
12	\$ 406,120	\$ 93,880	\$ -	0%	\$ 93,880.19	\$ 500,000	1.02%
13	\$ 69,650	\$ 430,350	\$ -	0%	\$ 430,350.17	\$ 500,000	1.02%
Non-MSA total	\$ 6,950,919				\$ -	\$ 8,238,307	16.78%
Total		\$ 1,352,510	\$ 37,455,337			\$ 49,102,827	

Texas Department of Housing and Community Affairs
2013 HTC RAF Compounded need, Table 3 - \$500,000 Adjustment

Minimum needed for each region	\$ 500,000
Amount available to be reallocated	\$ 37,455,337
Amount needed to bring underallocated regions to \$500,0000	\$ 1,352,510

Texas Department of Housing and Community Affairs
2013 HOME RAF Compounded Need, Table 1 - Raw Data

Region (MSA Counties)	People at 200% Poverty without PJs	HH at 200% Poverty without PJs	Cost Burden, Owners without PJs	Cost Burden, Renters without PJs	Overcrowded Owners without PJs	Overcrowded Renters without PJs	Unoccupied Units, For Sale without PJs	Unoccupied Units, For Rent without PJs
1	34,943	12,569	3,942	3,660	725	538	562	733
2	27,459	9,877	3,083	1,938	453	341	587	605
3	395,755	142,358	102,904	60,536	8,483	7,196	11,146	12,080
4	116,472	41,896	12,630	11,026	2,121	1,554	2,081	1,932
5	67,576	24,308	6,971	6,215	1,540	794	1,368	1,348
6	118,415	42,595	20,070	13,948	2,958	2,349	2,635	3,048
7	210,460	75,705	53,872	37,835	4,827	3,731	4,532	5,824
8	134,512	48,386	15,685	17,227	1,927	2,101	2,408	7,027
9	117,594	42,300	19,218	12,806	3,066	2,228	2,331	2,760
10	90,122	32,418	7,958	11,250	1,983	1,932	1,628	3,781
11	111,497	40,107	7,073	4,922	3,680	2,206	848	1,047
12	61,790	22,227	6,296	7,439	1,905	688	427	1,425
13	89,544	32,210	6,290	3,804	2,878	846	334	416

Region (MSA Counties)	People at 200% Poverty without PJs	HH at 200% Poverty without PJs	Cost Burden, Owners without PJs	Cost Burden, Renters without PJs	Overcrowded Owners without PJs	Overcrowded Renters without PJs	Unoccupied Units, For Sale without PJs	Unoccupied Units, Rental without PJs
1	122,826	44,182	7,466	8,950	2,844	2,030	1,323	2,766
2	94,601	34,029	6,649	8,281	1,372	1,104	1,656	2,401
3	86,260	31,029	9,748	10,771	1,651	1,527	1,861	1,813
4	224,990	80,932	21,195	19,277	4,536	2,890	3,652	4,355
5	152,551	54,874	11,273	15,256	2,879	2,123	1,859	3,449
6	59,244	21,311	4,147	8,512	1,150	1,099	590	2,040
7	37,999	13,669	5,985	3,757	828	605	822	1,292
8	93,928	33,787	9,497	7,502	1,656	1,039	2,064	1,606
9	34,823	12,526	4,306	3,999	678	935	835	782
10	87,618	31,517	5,340	6,819	1,850	1,990	1,309	2,506
11	161,792	58,199	7,061	8,791	4,277	2,902	1,022	2,115
12	70,228	25,262	3,802	4,816	1,349	1,066	1,033	1,028
13	12,311	4,428	742	866	170	215	254	213
Total	2,815,310	1,012,701	363,203	300,203	61,786	46,029	49,167	68,392

Texas Department of Housing and Community Affairs
2013 HOME RAF Compounded Need, Table 2 - Weights

Estimated RAF \$ 24,284,636.00

MSA regions	Total of all Need Variables	Proportion of Total Need Variables	150% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-50.00%	Sub-region amount
1	21,434	1.2%	\$ 437,682	1,295	1.1%	\$ (133,757)	\$ 303,925
2	15,692	0.9%	\$ 320,431	1,192	1.0%	\$ (123,118)	\$ 197,313
3	321,477	18.0%	\$ 6,564,425	23,226	19.8%	\$ (2,398,944)	\$ 4,165,481
4	69,227	3.9%	\$ 1,413,595	4,013	3.4%	\$ (414,491)	\$ 999,104
5	39,828	2.2%	\$ 813,269	2,716	2.3%	\$ (280,528)	\$ 532,742
6	81,920	4.6%	\$ 1,672,779	5,683	4.8%	\$ (586,980)	\$ 1,085,799
7	175,970	9.9%	\$ 3,593,235	10,356	8.8%	\$ (1,069,640)	\$ 2,523,595
8	85,326	4.8%	\$ 1,742,313	9,435	8.0%	\$ (974,513)	\$ 767,801
9	79,618	4.5%	\$ 1,625,766	5,091	4.3%	\$ (525,834)	\$ 1,099,932
10	55,541	3.1%	\$ 1,134,124	5,409	4.6%	\$ (558,679)	\$ 575,444
11	57,988	3.3%	\$ 1,184,087	1,895	1.6%	\$ (195,729)	\$ 988,359
12	38,555	2.2%	\$ 787,269	1,852	1.6%	\$ (191,288)	\$ 595,982
13	46,028	2.6%	\$ 939,874	750	0.6%	\$ (77,465)	\$ 862,409

Non-MSA regions	Total of all Need Variables	Percentage of total need variables	150% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-50.00%	Sub-region amount
1	65,472	3.7%	\$ 1,336,911	4,089	3.5%	\$ (422,341)	\$ 914,571
2	51,435	2.9%	\$ 1,050,284	4,057	3.5%	\$ (419,035)	\$ 631,249
3	54,726	3.1%	\$ 1,117,478	3,674	3.1%	\$ (379,476)	\$ 738,001
4	128,830	7.2%	\$ 2,630,648	8,007	6.8%	\$ (827,019)	\$ 1,803,629
5	86,405	4.8%	\$ 1,764,364	5,308	4.5%	\$ (548,247)	\$ 1,216,116
6	36,219	2.0%	\$ 739,573	2,630	2.2%	\$ (271,645)	\$ 467,928
7	24,844	1.4%	\$ 507,298	2,114	1.8%	\$ (218,349)	\$ 288,949
8	53,481	3.0%	\$ 1,092,061	3,670	3.1%	\$ (379,063)	\$ 712,997
9	22,444	1.3%	\$ 458,302	1,617	1.4%	\$ (167,015)	\$ 291,287
10	47,516	2.7%	\$ 970,262	3,815	3.2%	\$ (394,040)	\$ 576,222
11	81,230	4.6%	\$ 1,658,674	3,137	2.7%	\$ (324,011)	\$ 1,334,662
12	36,295	2.0%	\$ 741,126	2,061	1.8%	\$ (212,875)	\$ 528,252
13	6,421	0.4%	\$ 131,123	467	0.4%	\$ (48,235)	\$ 82,888
Total	1,783,922	100%		117,559	100%		\$ 24,284,636

Texas Department of Housing and Community Affairs
2013 HTF RAF Compounded need, Table 1 - Raw Data

Regions (MSA Counties)	People at 200% Poverty	Households at 200% Poverty	Cost Burden, Owners	Overcrowded Owners	Unoccupied Units, For Sale
1	197,083	70,893	20,168	3,246	2,678
2	107,155	38,545	10,136	1,288	1,640
3	1,995,573	717,832	338,012	35,569	35,380
4	184,785	66,469	18,796	3,280	2,539
5	145,209	52,233	11,966	2,590	2,000
6	1,959,263	704,771	287,286	39,214	32,328
7	486,104	174,858	89,593	7,796	7,703
8	322,451	115,990	29,759	4,029	4,501
9	739,878	266,143	95,845	13,654	9,622
10	209,455	75,344	21,383	3,695	2,854
11	834,165	300,059	56,321	27,780	6,080
12	134,615	48,423	12,464	3,340	894
13	401,674	144,487	34,838	7,610	3,604

Regions (Non-MSA Counties)	People at 200% Poverty	Households at 200% Poverty	Cost Burden, Owners	Overcrowded Owners	Unoccupied Units, For Sale
1	122,826	44,182	7,466	2,844	1,323
2	94,601	34,029	6,649	1,372	1,656
3	86,260	31,029	9,748	1,651	1,861
4	225,694	81,185	21,275	4,536	3,652
5	152,551	54,874	11,273	2,879	1,859
6	59,244	21,311	4,147	1,150	590
7	37,999	13,669	5,985	828	822
8	93,928	33,787	9,497	1,656	2,064
9	34,823	12,526	4,306	678	835
10	87,618	31,517	5,340	1,850	1,309
11	161,792	58,199	7,061	4,277	1,022
12	70,228	25,262	3,802	1,349	1,033
13	12,311	4,428	742	170	254

Texas Department of Housing and Community Affairs
2013 HTF RAF Compounded Need, Table 2 - Weights

HTF RAF based on \$4,000,000

MSA regions	200% of Poverty, Cost Burden, Overcrowding	Proportion of Needs Variables	150% Weight	Unoccupied Units, For Sale	Proportion of Unoccupied Units	-50.00%	Sub-region amount
1	94,307	2.1%	\$ 125,069	2,678	2.1%	\$ (41,167)	\$ 83,902
2	49,969	1.1%	\$ 66,268	1,640	1.3%	\$ (25,211)	\$ 41,058
3	1,091,413	24.1%	\$ 1,447,423	35,380	27.2%	\$ (543,877)	\$ 903,546
4	88,545	2.0%	\$ 117,428	2,539	2.0%	\$ (39,031)	\$ 78,398
5	66,789	1.5%	\$ 88,576	2,000	1.5%	\$ (30,745)	\$ 57,831
6	1,031,271	22.8%	\$ 1,367,663	32,328	24.8%	\$ (496,960)	\$ 870,702
7	272,247	6.0%	\$ 361,051	7,703	5.9%	\$ (118,414)	\$ 242,637
8	149,778	3.3%	\$ 198,634	4,501	3.5%	\$ (69,191)	\$ 129,442
9	375,642	8.3%	\$ 498,173	9,622	7.4%	\$ (147,914)	\$ 350,260
10	100,422	2.2%	\$ 133,178	2,854	2.2%	\$ (43,873)	\$ 89,305
11	384,160	8.5%	\$ 509,470	6,080	4.7%	\$ (93,464)	\$ 416,006
12	64,227	1.4%	\$ 85,177	894	0.7%	\$ (13,743)	\$ 71,434
13	186,935	4.1%	\$ 247,912	3,604	2.8%	\$ (55,402)	\$ 192,509
Sub-total	3,955,705			111,823			3,527,030

Non-MSA regions	200% of Poverty, Cost Burden, Overcrowding	Proportion of Needs Variables	150% Weight	Unoccupied Units, For Sale	Proportion of Unoccupied Units	-50.00%	Sub-region amount
1	54,492	1.2%	\$ 72,267	1,323	1.0%	\$ (20,338)	\$ 51,929
2	42,050	0.9%	\$ 55,767	1,656	1.3%	\$ (25,457)	\$ 30,310
3	42,428	0.9%	\$ 56,267	1,861	1.4%	\$ (28,608)	\$ 27,659
4	106,996	2.4%	\$ 141,897	3,652	2.8%	\$ (56,140)	\$ 85,757
5	69,026	1.5%	\$ 91,542	1,859	1.4%	\$ (28,577)	\$ 62,965
6	26,608	0.6%	\$ 35,287	590	0.5%	\$ (9,070)	\$ 26,217
7	20,482	0.5%	\$ 27,163	822	0.6%	\$ (12,636)	\$ 14,527
8	44,940	1.0%	\$ 59,599	2,064	1.6%	\$ (31,729)	\$ 27,870
9	17,510	0.4%	\$ 23,222	835	0.6%	\$ (12,836)	\$ 10,386
10	38,707	0.9%	\$ 51,333	1,309	1.0%	\$ (20,123)	\$ 31,211
11	69,537	1.5%	\$ 92,219	1,022	0.8%	\$ (15,711)	\$ 76,508
12	30,413	0.7%	\$ 40,333	1,033	0.8%	\$ (15,880)	\$ 24,454
13	5,340	0.1%	\$ 7,082	254	0.2%	\$ (3,905)	\$ 3,178
Sub-total	568,529			18,280			472,970
Total	4,524,233.96			130,103			\$ 4,000,000

6a

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on an Unacceptable Site Determination for the competitive housing tax credit application for Amberwood Place (#12067)

RECOMMENDED ACTION

WHEREAS, a 2012 competitive housing tax credit application, Amberwood Place #12067, was challenged by a third party on the basis that the site was unacceptable in accordance with Title 10 Texas Administrative Code (TAC) §50.4(d)(15) of the 2012 Qualified Allocation Plan (QAP); and

WHEREAS, staff determined that the proposed site for Amberwood Place would be found acceptable only if certain conditions were met and contingent upon the Board's acceptance of various findings and representations in satisfaction of these conditions; and

WHEREAS, the Applicant provided the requested information in a timely fashion;

NOW, therefore, it is hereby,

RESOLVED, the Board [does/does not] accept the materials submitted to establish a reasonable basis to conclude that the site for Amberwood Place #12067 is acceptable.

BACKGROUND

On June 11, 2012, staff received a challenge to Amberwood Place (#12067) from Shackelford, Melton and McKinley, in accordance with 10 TAC §50.10(d) of the 2012 QAP. The challenge was based primarily on a March 28, 2012 report, the "Explosion Hazard Summary" prepared by Aaron & Wright Assessment, LLC. The report details the proximity of the site to the Enbridge & Centerpoint Pipeline Pressurization Facility (the "facility") and cites concerns about the facility's above ground storage tanks ("ASTs") and above ground pipelines. The report states that four ASTs are located within 170 feet of the northwest corner of the site and that another AST is located within 315 feet of the site and that HUD considers any AST that contains 100 gallons of product as an explosion hazard. The report also claims that the site does not meet HUD's acceptable safe distance requirements for thermal radiation applicable to both buildings and people and blast overpressure applicable to buildings and building occupants. While no acceptable safe distance was determined for the below ground pipelines, the report also raises concerns of these pipelines cracking and leaking flammable gas. The report further mentions three gas gathering pipelines within 225 feet of the western boundary, another within 30 feet of the eastern boundary, and four within 30 feet of the northern boundary, three of which are actually on the proposed site, as well as a gas well within 1/8th of a mile of the site.

According to the Explosion Hazard Summary, the ASTs contain condensate, which it describes as light weight oil, or drip gas. It is the nature of this product that seems to be a large part of the basis for the report's statement that "there are several potential explosion hazards within 1/8th of a mile from the proposed Amberwood Place project that include ASTs and a gas gathering well." The challenge went on to mention issues of noise and truck traffic at the proposed site, but the initial challenge determination made by staff was based primarily on the information provided in the Explosion Hazard Summary as well as the Applicant's initial response and some independent research into the facility on the part of staff.

Pursuant to §50.4(d)(15) Unacceptable Site Determination, staff, upon an initial finding that a site is unacceptable, provides the Applicant with a reasonable opportunity to address any identified concerns about the site. On July 11, 2012, staff met with the consultant for the Amberwood Place application as well as City of Longview officials, the Applicant's attorney, and Representative David Simpson, among others. The City of Longview staff indicated they had reviewed the facility and found it to be acceptable in proximity to housing. Representative Simpson stressed that such facilities were commonplace in their area of the state and that the city was the appropriate body to determine acceptability of the site through zoning. The Applicant claimed that the challenge contained false and misleading information and also provided prior clean inspection reports from the Railroad Commission, a letter from the Longview fire marshal stating that the facility is not hazardous, a letter from Wells Fargo, acting as an equity investor, confirming that the proximity of the proposed development to the facility did not affect their decision to proceed, and a letter from the City of Longview regarding the acceptability of the proposed site for residential use. The Applicant, along with an engineer, also pointed to portions of the challenge which they claim were false or misleading, particularly with regard to the product in the ASTs and whether or not it is pressurized.

On July 18, 2012, after careful review of all of the evidence submitted by both the challenger and the Applicant, staff issued a final determination, concluding that the site would be found acceptable only if two conditions were met by November 1, 2012. Those conditions were: 1) HUD Site and Neighborhood Clearance and 2) a report from either the Texas Railroad Commission or an independent licensed engineer that speaks to the acceptability of the site. The determination also required that the Board determine whether or not those conditions had been met. Staff also contacted the Texas Railroad Commission regarding the site, and although they could not provide a determination as to the acceptability of the site, they provided information about the facility, including inspection reports and an explanation of its workings. Staff concluded that the facility likely did not contain pressurized tanks and that it is not uncommon for these types of facilities to be located near housing.

The Applicant has provided evidence that the first requirement has been met through a letter from the City of Longview stating that they have found the site acceptable and correspondence from HUD stating that it is the responsibility of the city to grant such site and neighborhood clearance. The Applicant has also provided an engineer's report stating that the site is acceptable. This report addressed a number of the concerns raised in the original challenge, particularly the acceptable safe distance calculations performed in accordance with HUD guidelines. The conclusion was the opposite of the challenger's, stating that because the tanks are unpressurized that the only standard to apply is that of heat radiation distance and that the Amberwood Place site meets and exceeds those distances.

Staff suggests that the evidence submitted by the Applicant for Amberwood Place satisfies the conditions which were set forth in the original unacceptable site determination. However, staff remains neutral on the ultimate determination with regard to the acceptability of the site. The information is presented to the Board for a final determination.



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June 11, 2012

VIA E-MAIL

Mr. Cameron Dorsey
Director of Multifamily Programs
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Application Challenge - Amberwood Place; TDHCA #12067 (the "Development");
Our File No.: 51044.1

Dear Mr. Dorsey:

This law firm and I have been retained to provide this Application Challenge to the Development in accordance with Section 50.10(d) of the 2012 Qualified Action Plan (the "QAP"). Based upon the express language of the QAP and the intent of TDHCA, it is my opinion the Development is ineligible for an allocation because it is located adjacent to a heavy industrial use site prohibited by Section 50.4(d)(13)(C) of the QAP. Accordingly, I request the Department to issue a determination that the site upon which the Development would be located (the "Development Site") is unacceptable in accordance with Section 50.4(d)(15) of the QAP.

The bases for this request are as follows:

I. Explosion Hazard

The Development would be adjacent to the Enbridge & Centerpointe Pipeline Pressurization Facility (the "Pipeline Facility"). Based upon the site plan submitted to the Department with the Application by the Applicant, several of the proposed units comprising the Development would be located within 25 feet of the Pipeline Facility and the proposed units in Building 3 would encroach upon the access easement utilized for ingress and egress to and from the Pipeline Facility.

Pictures of the Pipeline Facility are attached hereto as Exhibit "A". An aerial of the Development Site adjacent to the Pipeline Facility is attached hereto as Exhibit "B". An aerial of the characteristics of the Pipeline Facility is attached hereto as Exhibit "C". A copy of the preliminary site plan for the Development is attached hereto as Exhibit "D". To further support the position that the Development Site is unacceptable in accordance with Section 50.4(d)(15) of

Mr. Cameron Dorsey
 June 11, 2012
 Page 2

the QAP is an Explosion Hazard Summary dated March 28, 2012, prepared by Aaron & Wright Assessment, LLC (the "Explosion Summary"), and is attached hereto as Exhibit "E".

The Explosion Summary states that the Pipeline Facility has five above ground storage tanks ("ASTs") located on the Pipeline Facility property. On page 2 of the Explosion Summary it states that four of the ASTs appear to be approximately only 170 feet from the northwest corner of the Development. Please note that the Department of Housing and Urban Development ("HUD") considers all ASTs as explosion hazards unless such ASTs contain 100 gallons or less of product. The four ASTs that are closest to the Development Site respectively contain approximately 18,000 gallons, 18,000 gallons, 13,500 gallons, and 9,450 gallons according to Scott Fields, the Facility Manager at the Pipeline Facility.

If a proposed HUD-assisted development is located near a possible hazardous operation, HUD has created a set of standards to account for such risks (21 CFR Part 51- Environmental Criteria and Standards). HUD utilizes a standardized calculation for determining the appropriate distance between "Hazards" (which are defined as "any stationary container which stores, handles, or processes hazardous substances of an explosive or fire prone nature") and development sites. As the Explosion Summary explains, this calculation, called an Acceptable Separation Distance ("ASD"), was compared to the separation distance calculated for the Development Site based on the distance from the tanks, size of the tanks, and topographical features such as the firewall containment around the four closest ASTs. HUD's Electronic ASD Assessment Tool was utilized in the calculations.

Applicable HUD ASD Requirements:

1. Thermal Radiation applicable to buildings - 10,000BTU/ft²
2. Thermal Radiation applicable to people - 10,000BTU/ft²
3. Blast Overpressure applicable to buildings and building occupants - 0.5 psi

Actual Development Site Distance Characteristics:

1. Thermal Radiation applicable to buildings - 191BTU/ft²
2. Thermal Radiation applicable to people - 922BTU/ft²
3. Blast Overpressure applicable to buildings and building occupants - 569.5 psi

Actual Development Site Distance Characteristics vs Applicable HUD ASD Requirements:

1. Thermal Radiation applicable to buildings - **1.91% of HUD's ASD**
2. Thermal Radiation applicable to people - **9.22% of HUD's ASD**
3. Blast Overpressure applicable to buildings and building occupants - **1,139 times the amount of HUD acceptable Pressure Per Square Inch ("psi")**

According to Mr. Scott Fields, all five of the ASTs on the Pipeline Facility are condensate tanks and contain natural gas and drip gas, both of which fall under HUD's definition of a Hazardous Substance.

The Explosion Summary confirms that above ground pipelines are located on the Pipeline Facility within 50 feet of the Development. It also states that a gas well is located within an 1/8th (approximately 450') of a mile northwest of the northwest corner of Development and that gas gathering pipelines are located within 225 feet of the western boundary of the Development, within 30 feet of the eastern boundary of the Development, and four gas gathering pipelines are located within 70 feet of the northern boundary of the Development. Moreover, three of the pipelines along the northern boundary are actually within the proposed boundaries of the Development Site.

The Explosion Summary then discusses whether a proposed housing development such as the Development would be acceptable under HUD's guidelines. The Explosion Summary concludes that based upon the short distance between the Pipeline Facility and the improvements/units contained within the Development, the Development would violate HUD's requirements. Specifically, the Explosion Summary states on page 4 that "if this project were presented to HUD, it would most likely be rejected by HUD based on the proximity of the gas pressurization facility to the proposed Amberwood Place project." Without question gas pressurization facilities pose a significant risk to life and property. In Texas alone there have been several instances in which explosions have occurred at gas pressurization facilities. By their very nature, gas pressurization facilities are inherently dangerous. I encourage you to go to the Internet and Google natural gas explosions and you will see several articles and videos which vividly portray the risks and dangers of gas pressurization facilities, including an incident earlier this year outside of Scranton, Pennsylvania.

Regardless of whether residents of the Development might be injured or killed by a catastrophic event at the Pipeline Facility, the use of the Pipeline Facility property constitutes a heavy industrial use which makes the Development ineligible under Section 50.4(d)(13)(C) of the QAP because the Development Site is clearly within 300 feet of the Pipeline Facility.

II. Noise

Although noise is not in and of itself a characteristic compelling this Development to be unacceptable, noise is a significant nuisance to the neighbors located approximately 1,200 feet away from the Pipeline Facility. After numerous complaints were lodged about the noise emanating from the Pipeline Facility, the City of Longview required the owners of the Pipeline Facility to erect a 30' tall sound barrier on the west side of the large compressor generating the

excessive noise at a cost of \$200,000. Despite the sound barrier, neighbors still complain about the noise who are approximately 1/4th of a mile away from the Pipeline Facility.

The noise is a more acute issue relative to the Development because the Development Site is east of the compressor that generates all the noise and currently there is not a sound barrier erected on the eastside of the compressor to reduce the noise levels that would affect the residents of the Development. As you may or may not know, compressors at gas pressurization facilities operate 24 hours a day, 7 days a week, 52 weeks per year. The noise never stops!

On April 3, 2012, C.W. Fields of Kolt Development visited the site in order to take photographs, videos, and noise samples. Using a RadioShack Sound Level Meter, Mr. C.W. Fields recorded noise levels on the Development Site ranging from 72 dB-A to 80 dB-A. The recorded noise levels and corresponding locations are illustrated in Exhibit "F".

Brady Overton is a neighbor who lives 1,200 feet west of the Pipeline Facility as illustrated in "Exhibit G". As an engineer, Mr. Overton conducted a noise study from his property and has provided a summary of his findings in an e-mail, which is attached as Exhibit "H". As you can see from his e-mail, despite being located on the west side of the compressor unit, with a 30' sound wall between his house and the compressor, the noise levels at his house still reached a high of 56 dB-A and averaged as high as 53 dB-A. He points out that the current City of Longview noise ordinance is 65 dB-A. The noise on the east side of the compressor unit, without a sound wall present, at a distance of approximately 180 feet from the Development, drastically exceeds the levels recorded by Mr. Overton at his residence located 1,200 feet west of the Pipeline Facility. This level of noise further supports the proposition that the Development Site is located adjacent to a heavy industrial use site.

Even if the City of Longview forced the Pipeline Facility to build a sound wall on the east side of the compressor, the sound level on the Development Site would nonetheless significantly exceed the sound level Mr. Overton and other neighbors have expressed is a significant noise nuisance.

III. 18 Wheel Trucks

In further support of my position, please be advised of the ingress and egress of 18 wheel haulers across the western boundary of the Development Site for access in and out of the Pipeline Facility. Please see Exhibit "D" attached hereto. The 18 wheel haulers and other commercial vehicles use this one and only access point to the Pipeline Facility pursuant to the easement recorded under Clerk's File No. 200824765 in the Real Property Records of Gregg County, granted by prior legal title holders of the Development Site for the benefit of the Pipeline Facility. I make note of the recorded easement benefiting the Pipeline Facility and burdening the Development Site because the Pipeline Facility is land locked and does not abut any roadway or have ingress and egress easement rights across any other property. This is significant because in

my opinion there is no alternative for those seeking access to and from the Pipeline Facility other than across the Development Site. Typically, it is customary for the parties to agree in the Contract of Sale for an easement issue of this type to be resolved prior to expiration of the buyer's review period or due diligence period and for the parties to execute a document at the closing of the sale and purchase of the property which relocates or terminates the unacceptable easement and resolves the development issue. However, the Contract of Sale for the sale and purchase of the Development Site is silent with respect to the ingress and egress easement burdening the Development Site and benefiting the Pipeline Facility. It is therefore reasonable to ask how the Applicant intends to construct some of the units in such close proximity to the ingress and egress easement.

Please see email from Mr. Scott Fields attached hereto as Exhibit "I", stating that he is not aware that the Applicant has contacted the owner of the Pipeline Facility in regards to abandoning his company's legal right to the easement, nor does he think the owner would have any interest in abandoning its only access point to the Pipeline Facility.

Regardless of whether the Applicant is able to terminate the ingress and egress easement and therefore stop the western portion of the Development Site from being used by 18 wheel haulers and other commercial vehicles going to and from the Pipeline Facility, it further evidences that the Pipeline Facility constitutes a heavy industrial use site.

Based upon the (i) significant risk of explosion within 50 feet of where residents will be residing, (ii) excessive noise levels that will literally never stop (the noise will be present 24 hours per day, every day of the year), and (iii) 18 wheel haulers using a portion of Development Site for ingress and egress to and from the Pipeline Facility, the Pipeline Facility is clearly a heavy industrial use site.

I strongly urge representatives of the Department to visit the Development Site and to speak to Mr. Scott Fields, the manager of the Pipeline Facility. To my knowledge, there has not been an explosion at the Pipeline Facility and I am hopeful that an explosion never occurs, but explosions do occur and lawsuits arise rendering multimillion dollar verdicts against oil and gas companies and pipeline companies when such accidents occur. In many instances, those explosions result in fatalities due to the severity of the explosions. Based upon my experience of representing clients in the affordable housing industry in the State of Texas and working with the Department for nearly two decades, it is my opinion that the Development poses immeasurable risks to life and property and is inconsistent with the policies of the Department. If an accident should occur at the Pipeline Facility, it would have catastrophic consequences to the residents, the Applicant, the Department, the lender and the tax credit investor. Prudence militates against approving the Development Site and the Development for an allocation of low income housing tax credits.

For the foregoing reasons, I respectfully request the Department to determine that the Development is ineligible based upon Section 50.4(d)(13)(C) of the QAP and to determine that the Development Site is unacceptable in accordance with Section 50.4(d)(15) of the QAP.

Very truly yours,



John C. Shackelford, Esq.

JCS/sd

Attachments

cc: Jean Latsha (*via e-mail*)

L:\51044\1\Cameron Dorsey Ltr.7.11.12.docx

- | | |
|-----------|--|
| Exhibit A | Natural Gas Pressurization Facility Photos |
| Exhibit B | Aerial of Development Site & Pressurization Facility |
| Exhibit C | Aerial of Pressurization Facility Characteristics |
| Exhibit D | Amberwood Place Site Plan |
| Exhibit E | Explosion Summary |
| Exhibit F | Noise Study Aerial |
| Exhibit G | Sound Nuisance Aerial |
| Exhibit H | Brady Overton Email |
| Exhibit I | Scott Fields Email |

Exhibit "A"

Natural Gas Pressurization Facility Photos











































Exhibit "B"

Aerial of Development Site & Pressurization Facility



**Enbridge & Centerpoint Pipelines
Pressurization Facility**

ASTs

Enbridge Pipeline Road Easement
Source: **Amberwood Place Siteplan**

Amberwood Place

W Hawkins Pkwy

W Hawkins Pkwy

W Hawkins Pkwy
468

McCann Rd

McCann Rd

McCann Rd

63

63

63

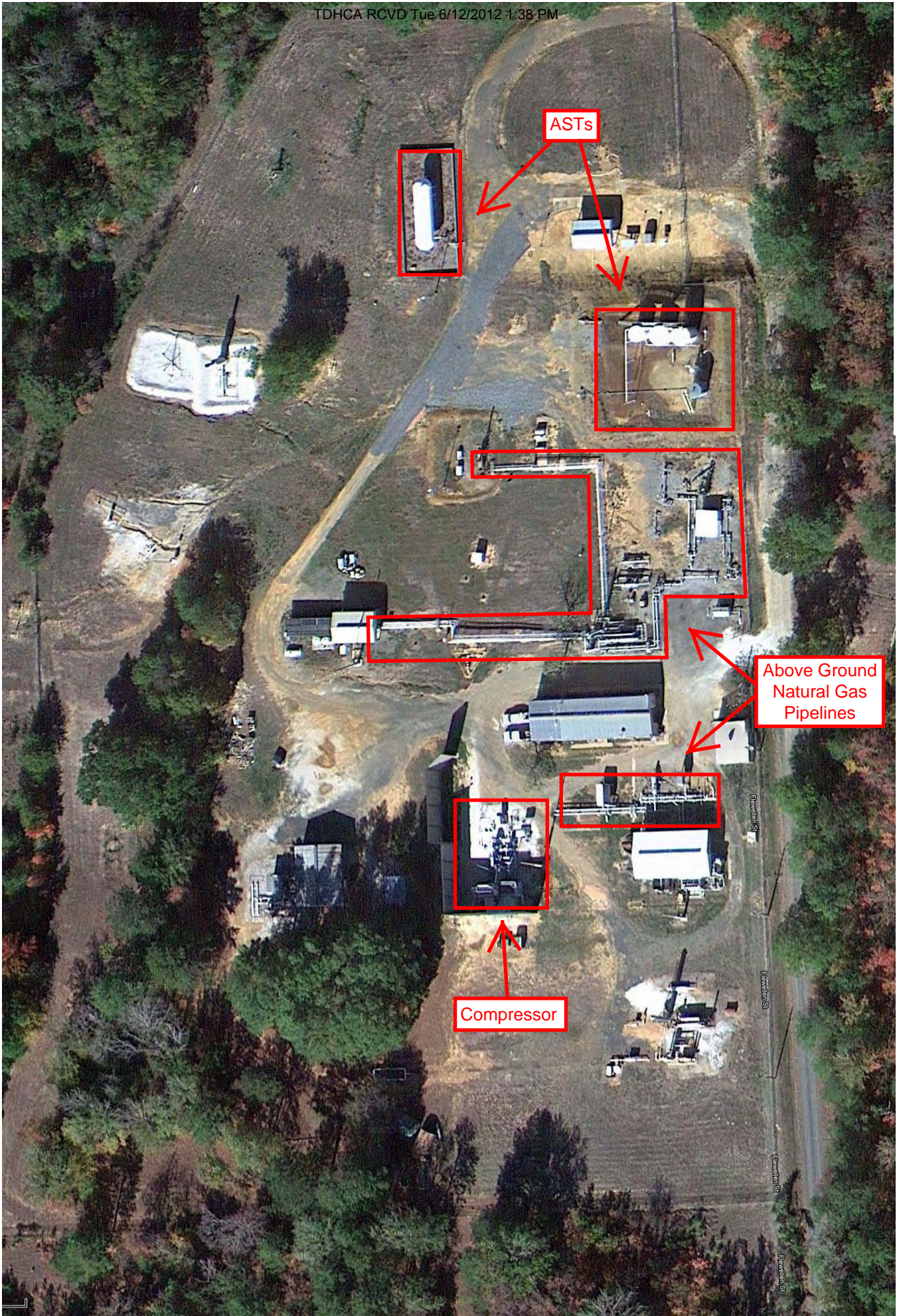
63

McCann Rd

Scotties

Exhibit "C"

Aerial of Pressurization Facility Characteristics



ASTs

Above Ground
Natural Gas
Pipelines

Compressor

Fawcett St

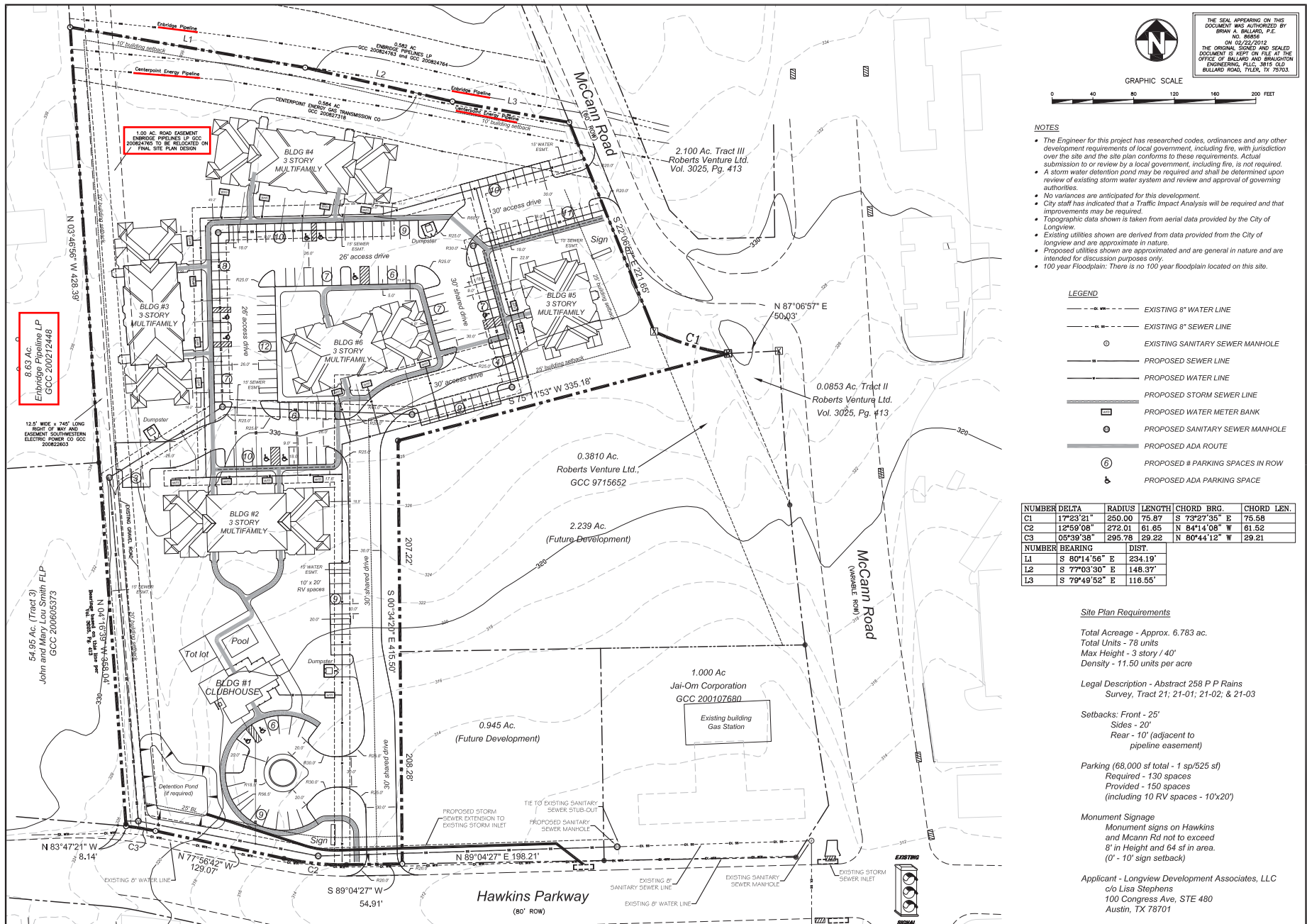
Fawcett St

Fawcett St

Fawcett St

Exhibit "D"

Amberwood Place Site Plan



THE SEAL APPEARING ON THIS DOCUMENT WAS AUTHORIZED BY BRIAN A. BALLARD, P.E. NO. 88586 ON 02/22/2012. THE ORIGINAL SIGNED AND SEALED DOCUMENT IS KEPT ON FILE AT THE OFFICE OF BALLARD AND BRAUGHTON ENGINEERING, PLLC, 3815 OLD BILLARD ROAD, TRULY, TX 77250.



- NOTES**
- The Engineer for this project has researched codes, ordinances and any other development requirements of local government, including fire, with jurisdiction over the site and the site plan conforms to these requirements. Actual submission to or review by a local government, including fire, is not required.
 - A storm water detention pond may be required and shall be determined upon review of existing storm water system and review and approval of governing authorities.
 - No variances are anticipated for this development.
 - City staff has indicated that a Traffic Impact Analysis will be required and that improvements may be required.
 - Topographic data shown is taken from aerial data provided by the City of Longview.
 - Existing utilities shown are derived from data provided from the City of Longview and are approximate in nature.
 - Proposed utilities shown are approximated and are general in nature and are intended for discussion purposes only.
 - 100 year Floodplain: There is no 100 year floodplain located on this site.

LEGEND

- EXISTING 8" WATER LINE
- EXISTING 8" SEWER LINE
- EXISTING SANITARY SEWER MANHOLE
- PROPOSED SEWER LINE
- PROPOSED WATER LINE
- PROPOSED STORM SEWER LINE
- PROPOSED WATER METER BANK
- PROPOSED SANITARY SEWER MANHOLE
- PROPOSED ADA ROUTE
- ⑥ PROPOSED # PARKING SPACES IN ROW
- ⓑ PROPOSED ADA PARKING SPACE

NUMBER	DELTA	RADIUS	LENGTH	CHORD BRG.	CHORD LEN.
C1	17°23'21"	250.00	75.87	S 73°27'35" E	75.58
C2	12°59'08"	272.01	81.65	N 84°11'03" W	81.52
C3	05°39'38"	295.78	29.22	N 80°44'12" W	29.21

NUMBER	BEARING	DIST
L1	S 80°14'56" E	234.19'
L2	S 77°03'30" E	148.37'
L3	S 79°49'52" E	116.55'

Site Plan Requirements

Total Acreage - Approx. 6.783 ac.
 Total Units - 78 units
 Max Height - 3 story / 40'
 Density - 11.50 units per acre

Legal Description - Abstract 258 P P Rains Survey, Tract 21: 21-01; 21-02; & 21-03

Setbacks: Front - 25'
 Sides - 20'
 Rear - 10' (adjacent to pipeline easement)

Parking (68,000 sf total - 1 sp/525 sf)
 Required - 130 spaces
 Provided - 150 spaces (including 10 RV spaces - 10'x20')

Monument Signage
 Monument signs on Hawkins and Mcann Rd not to exceed 8' in Height and 64 sf in area. (0' - 10' sign setback)

Applicant - Longview Development Associates, LLC
 c/o Lisa Stephens
 100 Congress Ave, STE 480
 Austin, TX 78701

REVISIONS

NO.	DESCRIPTION	DATE



PRELIMINARY SITE PLAN
 AMBERWOOD PLACE
 LONGVIEW DEVELOPMENT ASSOCIATES, LLC

DESIGNED BY:	LSA
CHECKED BY:	LSA
DATE:	02/22/2012
SCALE:	AS SHOWN
DRAWING NUMBER:	

Exhibit "E"

Explosion Summary

Explosion Hazard Summary

Enbridge & Centerpoint Pipeline Pressurization Facility Flewellen Street Longview, Gregg County, Texas

**Date Issued: March 28, 2012
Project Number Project # 01120072**

PREPARED FOR

**KOLT DEVELOPMENT
C.W. FIELDS
5646 MILTON STREET, SUITE 810
DALLAS, TEXAS 75206**

PREPARED BY

AARON & WRIGHT ASSESSMENT, LLC
4615 SOUTHWEST FREEWAY, SUITE 810
HOUSTON, TEXAS 77027

March 28, 2012

KOLT DEVELOPMENT

C.W. Fields
5646 Milton Street, Suite 810
Dallas, Texas 75206
214.543.7146 / cwfields@koltdevelopment.com

Re: Explosion Hazard Summary
Enbridge & Centerpoint Pipeline Pressurization Facility
Flewellen Street
Longview, Gregg County, Texas
AWA Project No: 01120072

Dear Mr. Fields:

All information in this report has been obtained from third party sources. Further, neither the above-referenced facility, nor the adjoining properties, was physically inspected by AWA. Therefore, all opinions detailed in this report are based upon information obtained from various cited sources. The following items are detailed in this report:

1. Determination of the existence of above ground storage tanks (ASTs) and above ground pipelines;
2. Consult the Department of Housing and Urban Affairs (HUD) "Sitting of HUD-Assisted Projects Near Hazardous Facilities (HUD-1060-CPD, September 2011); and
3. Research the Texas Railroad Commission (RRC) website regarding the facility;
4. Research the Texas Commission on Environmental Quality (TCEQ) for registered petroleum storage tanks; and
5. Provide incidents of similar projects sited near hazardous facilities, if available.

Sincerely,

Aaron & Wright Assessment, LLC



Paige Ginn
Project Manager

Aaron & Wright Assessment, LLC.
www.awassessment.com

EXPLOSION HAZARD SUMMARY

ENBRIDGE & CENTERPOINT PIPELINE PRESSURIZATION FACILITY
FLEWELLEN STREET
LONGVIEW, GREGG COUNTY, TEXAS

This report details potential hazard summaries of the Enbridge & Centerpoint Pipeline Pressurization Facility (herein referred to as “the facility”) on the surrounding areas, as well as other issues potentially affecting any HUD assisted facility in the immediate vicinity of the facility. The potential hazards detailed below are specific to the Department of Housing and Urban Affairs guidelines for the *Siting of HUD-Assisted Projects near Hazardous Facility (HUD-1060-CPD, September 2011)*. Other issues determined to be relevant to the surrounding areas are also detailed in this report. Specifically, Acceptable Separation Distances (ASDs), should be determined for both thermal radiation and blast overpressure. Thermal radiation is applicable to people and buildings, and blast overpressure is applicable to buildings, building occupants, and outdoor, unprotected facilities.

All opinions stated in this report are based on observations of the facility and surrounding properties as viewed from aerial photographs and Google Earth satellite images, as well as information provided by Mr. Scott Fields, whom is the Site Manager for the Enbridge operations at the Enbridge & Centerpoint Pipeline Pressurization Facility. All distances are based on measurements taken from Google Earth and are approximations. Other sources of information such as HUD and traffic counts are based on available data at the time and date of this report. This report details the *potential* risks associated with the facility, and the following items are addressed:

1. Determination of the existence of above ground storage tanks (ASTs) and above ground pipelines;
2. Research the Texas Railroad Commission (RRC) website regarding the facility;
3. Consult the Department of Housing and Urban Affairs (HUD) “Siting of HUD-Assisted Projects Near Hazardous Facilities (HUD-1060-CPD, September 2011);
4. Consult the Texas Commission on Environmental Quality regarding underground and/or above ground storage tanks or other pertinent information pertaining to the facility; and
5. Provide incidents of similar projects sited near hazardous facilities, if available.

Item 1: Above ground storage tanks and above ground pipelines.

The facility was observed from aerial photos and images provided by Google Earth. Further, Mr. Scott Fields with Enbridge provided information on the size of the aboveground storage tanks (ASTs), as well as the contents of the ASTs. One, large tank is staged at the northwest area of the facility and is owned by Centerpoint, and four more ASTs are staged at the northeast area of the facility, which are owned by Enbridge. All information regarding the ASTs and the contents of the ASTs were provided by third parties.

The four closest ASTs appears to be approximately 170 feet from the northwest corner of the proposed Amberwood Place project, another AST is located approximately 315 feet northwest of the project. HUD considers all ASTs as explosion hazards with the exception of ASTs with 100 gallons or less of product.

Above ground pipelines were observed at the facility within 50 feet west of the proposed Amberwood Place project. ASDs were not determined for the below ground pipelines. Pipelines that crack, whether accidental or intentional, take a finite time for the gas supply to the pipeline to be shut off. During this time, a large amount of flammable content may leak out of the pipe. Ignition of leaked flammable gas may cause property damage and collateral loss. The damage/loss is based on the following:

- How much natural gas will be released;
- Is the natural gas flammable;
- Can the natural gas plume ignite;
- What type of fire can result when the gas is unconfined;
- What are the potential catastrophic effects of a long duration fire (for instance, one hour); and
- Can the natural gas explode?

All the questions mentioned above are based on several variables, none of which can be answered without data specifically related to the pipelines located at the Enbridge facility. However, it can be assumed that breakage of the pipelines near a residential community will most likely be catastrophic to people and buildings (American Gas Association, March 3, 2012; BlazeTech, March 3, 2012).

Item 2: Texas Railroad Commission

The Texas Railroad Commission (RRC) interactive GIS viewer was consulted for gas pipelines and gas wells to determine the proximity of pipelines/wells to the proposed Amberwood Place. According to the RRC GIS viewer, there is a gas well located within 1/8th of a mile northwest of the northwest corner of the proposed Amberwood Place development. There are also gas gathering pipelines located within 225 feet of the sites western boundary, within 30 feet of the eastern boundary, and four lines that are within 70 feet of the northern boundary. **Three of the pipelines along the northern boundary are within the proposed development site.**

Item 3: HUD Acceptable Separation Distances

For a HUD-assisted project to be in compliance with regulation 24 CFR 51 Subpart C, the project location must be within the ASD established by HUD from facilities that store, handle, or process explosive or fire prone substances. The following steps must be taken in order to comply with this regulation:

- Step 1:** Identify hazardous operations/facilities with stationary, ASTs in proximity of the proposed HUD-assisted project;
- Step 2:** Calculate the ASD between the proposed HUD-assisted project site, and the hazardous facility using thermal radiation and blast overpressure standards;
- Step 3:** Determine whether the project site meets the standard;
- Step 4:** If the project meets the standard, no further action is required. However, if the project does not meet the standard, mitigation may be required.

The ASD is prescribed from the standards set out in the regulation 24 CFR Part 51 Subpart C, as follows:

1. Thermal Radiation – 10,000BTU/ft² per hour – Applicable to buildings
2. Thermal Radiation - 10,000BTU/ft² per hour – Applicable to people
3. Blast Overpressure - 0.5 pounds per square inch (psi) – Applicable to buildings, building occupants and outdoor, unprotected facilities.

The HUD ASD Electronic Assessment Tool was utilized in the calculation of blast overpressure; thermal radiation for people; and thermal radiation for buildings. Mr. Fields stated that the four tanks within the firewall containment area contain condensate. Condensate tanks consist of natural gas, and when the gas cools, it contracts. The liquid, water, and natural gasoline combine, and the water sink to the bottom of the tank, which is the condensate. The condensate is light weight oil, also known as drip gas.

Four, vertical tanks staged on the site in a west to east direction, were observed at the northeast area of the Site, as depicted by Google Earth. Two of the four tanks are approximately 18,000 gallons, one is approximately 13,500 gallons, and one is 9,450 gallons, according to Mr. Fields. The estimated distances of the four ASTs adjacent to each other are between 170 and 215 feet northwest of the proposed Amberwood Place, which were estimated utilizing the Google Earth measurement tool. The 18,000 gallon tank was utilized for the ASD measurement, and the firewall containment area was calculated utilizing the Google Earth measurement tool, and is estimated at approximately 12,050 square feet. The following calculations were determined for blast overpressure, thermal radiation for people, and thermal radiation for buildings:

1. ASD of 191.30BTU/ft² for thermal radiation for buildings (HUD ASD is 10,000BTU/ft² per hour);
2. ASD of 922.03BTU/ft² feet for thermal radiation for people (HUD ASD is 10,000BTU/ft² per hour); and
3. ASD of 569.50 psi for blast overpressure (HUD ASD is 0.5 pounds psi).

The calculated measurements are less than the recommended ASDs, as set forth in the regulation *24 CFR Part 51, Subpart C, Sitting of HUD-Assisted Projects Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature*. Therefore, if this project were presented to HUD, it would most likely be rejected by HUD based on the proximity of the gas pressurization facility to the proposed Amberwood Place project.

Item 4: Texas Commission on Environmental Quality

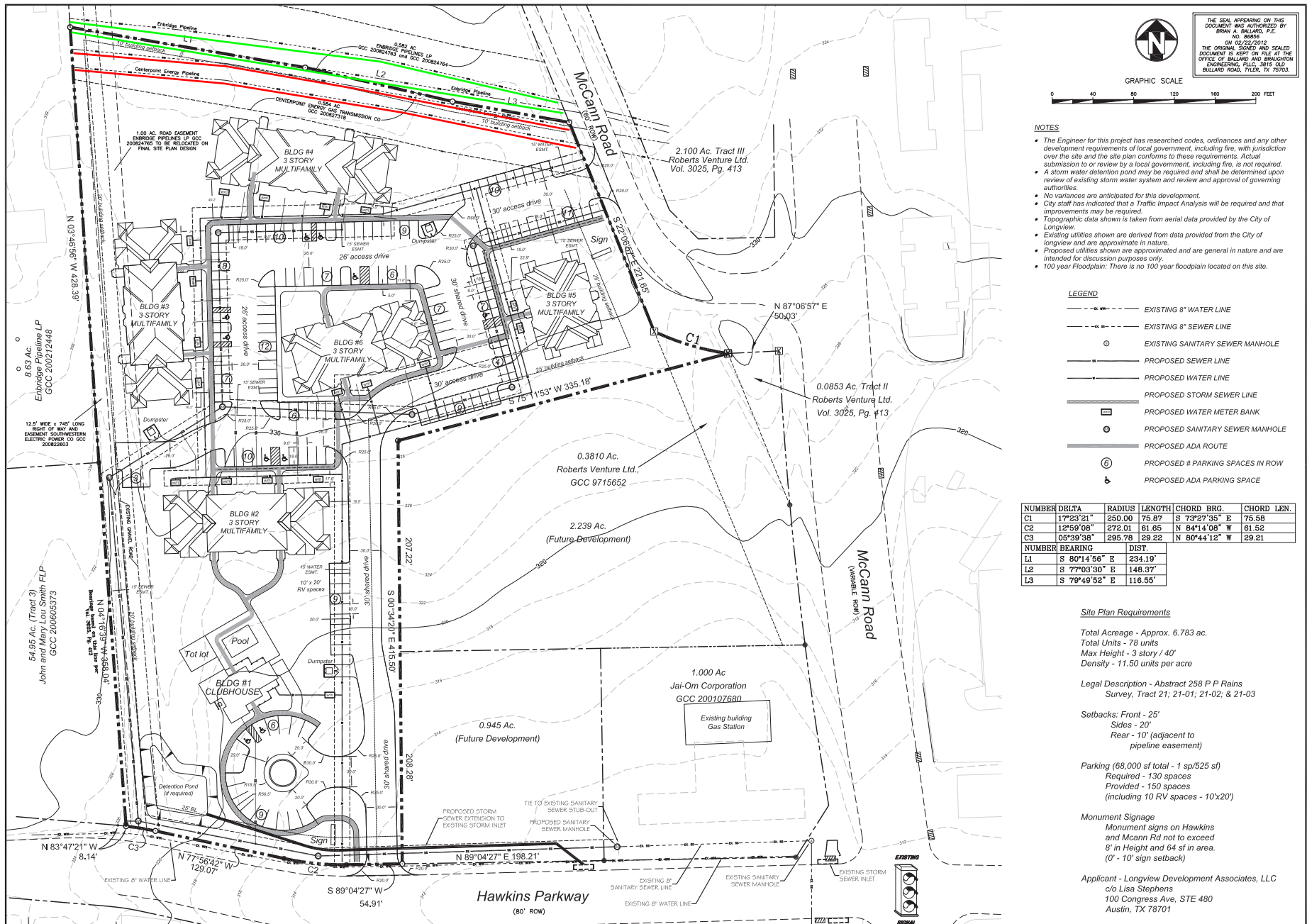
The Texas Commission on Environmental Quality (TCEQ) petroleum storage tank (PST) registry was reviewed for registered ASTs/PSTs. No ASTs/PSTs were identified on the TCEQ PST Database for either Enbridge or Centerfield in Gregg County, Texas.

Item 5: Incidents of similar projects sited near hazardous facilities

Based upon anecdotal information obtained from Ms. Mary Ann Barnet of Butler Burgher Real Estate Group, a proposed HUD-assisted development referred to as Castlegate Apartments in College Station, Brazos County, Texas was proposed in approximately 2002. The proposed property was located in the Region VI HUD office. The project was rejected by HUD, and specifically, Ms. Crystal Renth, because the eastern boundary of the project was within 250 feet of an active oil well.

Summary

All information or opinions in this report are based on data obtained from HUD, the TCEQ, the RRC, Mr. Fields, and various internet resources. Based on the information gathered, there are several, potential, explosion hazards within 1/8th of a mile from the proposed Amberwood Place project that include ASTs and a gas gathering well. All opinions are based upon measurements taken from Google Earth and opinions regarding the facility. This report should not be considered inclusive of all potential hazards and should be used strictly as ***guideline for potential hazards***.



THE SEAL APPEARING ON THIS DOCUMENT WAS AUTHORIZED BY BRIAN A. BALLARD, P.E. NO. 88586 ON 02/22/2012. THE ORIGINAL SIGNED AND SEALED DOCUMENT IS KEPT ON FILE AT THE OFFICE OF BALLARD AND BRAUGHTON ENGINEERING, PLLC, 3815 OLD BILLIARD ROAD, TRULEY, TX 75250.



- NOTES**
- The Engineer for this project has researched codes, ordinances and any other development requirements of local government, including fire, with jurisdiction over the site and the site plan conforms to these requirements. Actual submission to or review by a local government, including fire, is not required.
 - A storm water detention pond may be required and shall be determined upon review of existing storm water system and review and approval of governing authorities.
 - No variances are anticipated for this development.
 - City staff has indicated that a Traffic Impact Analysis will be required and that improvements may be required.
 - Topographic data shown is taken from aerial data provided by the City of Longview.
 - Existing utilities shown are derived from data provided from the City of Longview and are approximate in nature.
 - Proposed utilities shown are approximated and are general in nature and are intended for discussion purposes only.
 - 100 year Floodplain: There is no 100 year floodplain located on this site.

LEGEND

---	EXISTING 8" WATER LINE
---	EXISTING 8" SEWER LINE
○	EXISTING SANITARY SEWER MANHOLE
---	PROPOSED SEWER LINE
---	PROPOSED WATER LINE
---	PROPOSED STORM SEWER LINE
▭	PROPOSED WATER METER BANK
○	PROPOSED SANITARY SEWER MANHOLE
---	PROPOSED ADA ROUTE
⑥	PROPOSED # PARKING SPACES IN ROW
ⓑ	PROPOSED ADA PARKING SPACE

NUMBER	DELTA	RADIUS	LENGTH	CHORD BRG.	CHORD LEN.
C1	17°23'21"	250.00	75.87	S 73°27'35" E	75.58
C2	12°59'08"	272.01	81.65	N 84°11'03" W	81.52
C3	05°39'38"	295.78	29.22	N 80°44'12" W	29.21

NUMBER	BEARING	DIST.
L1	S 80°14'56" E	234.19'
L2	S 77°03'30" E	148.37'
L3	S 79°49'52" E	116.55'

Site Plan Requirements

Total Acreage - Approx. 6.783 ac.
 Total Units - 78 units
 Max Height - 3 story / 40'
 Density - 11.50 units per acre

Legal Description - Abstract 258 P P Rains Survey, Tract 21: 21-01; 21-02; & 21-03

Setbacks: Front - 25'
 Sides - 20'
 Rear - 10' (adjacent to pipeline easement)

Parking (68,000 sf total - 1 sp/525 sf)
 Required - 130 spaces
 Provided - 150 spaces (including 10 RV spaces - 10'x20')

Monument Signage
 Monument signs on Hawkins and Mcann Rd not to exceed 8' in Height and 64 sf in area. (0' - 10' sign setback)

Applicant - Longview Development Associates, LLC
 c/o Lisa Stephens
 100 Congress Ave, STE 480
 Austin, TX 78701

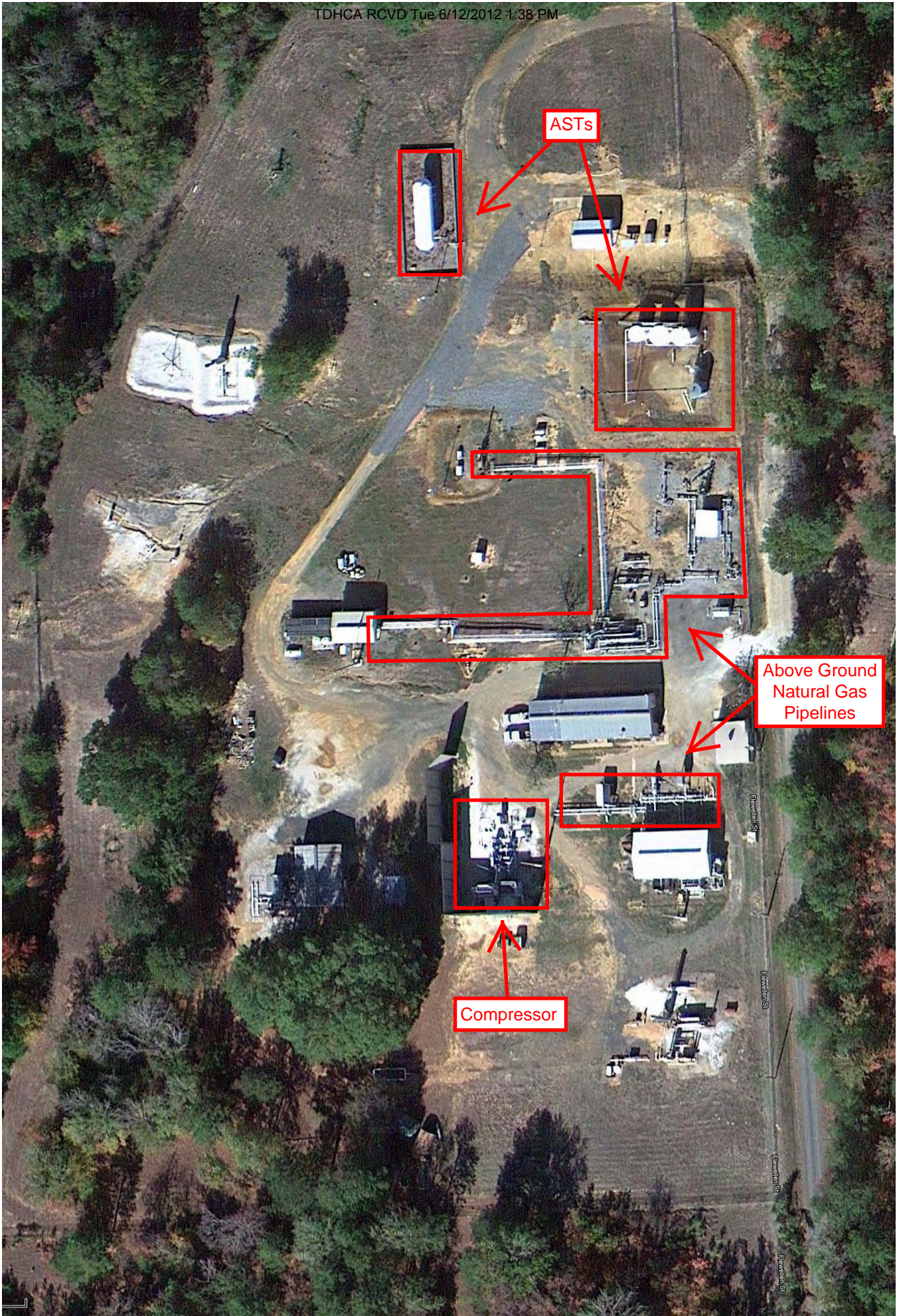
REVISIONS

NO.	DESCRIPTION	DATE



PRELIMINARY SITE PLAN
 AMBERWOOD PLACE
 LONGVIEW DEVELOPMENT ASSOCIATES, LLC

DESIGNED BY:	LSA
CHECKED BY:	LSA
DATE:	02/22/2012
SCALE:	AS SHOWN
DRAWING NUMBER:	



ASTs

Above Ground
Natural Gas
Pipelines

Compressor

Fawcett St

Fawcett St

Fawcett St

Fawcett St

PAIGE GINN

Education and Technical Training

Texas A&M University
College Station, Texas
Bachelor's of Science, College of Agriculture, 1993
University of Melbourne, Australia
Master's of Environmental Studies, 2000

Professional Training

Phase I and II Environmental Site Assessment Course
Texas Engineering Extension Service, Texas A&M University, 1999 and 2000
Multifamily Accelerated Processing 3rd Party Technical Training
Housing and Urban Development, 2000 and 2002
United State Army Corps of Engineers
Wetlands Delineation Training, 2009

Experience

Ms. Ginn's responsibilities include management of all environmental services including National Environmental Policy Act (NEPA) documentation; Environmental Assessments (EA) for the Department of Housing and Urban Development's (HUD) Multifamily Accelerated Processing (MAP) program; environmental due diligence (Phase I and Phase II Environmental Site Assessments [ESA]); soil and groundwater characterization for both remediation and disposal activities; development of project work plans; review of analytical data and development of reports; ; Phase I ESA's for the Texas Department of Housing and Community Affairs (TDHCA); wetland delineations; environmental permitting assistance; and Paige has 12 years of environmental site assessment experience.

Exhibit "F"

Noise Study Aerial

Noise Studies Conducted on April 3, 2012

- First Study: 9:45 a.m.
- Second Study: 11:35 a.m.



Amberwood Place

W Hawkins Pkwy

W Hawkins Pkwy

W Hawkins Pkwy
468

63

63

63

63

63

Scotties

400

Exhibit "G"

Sound Nuisance Aerial



Exhibit "H"

Brady Overton Email

C.W. Fields

From: Brady Overton [appletonbrady@gmail.com]
Sent: Tuesday, March 27, 2012 10:25 PM
To: cwfields@koltdevelopment.com
Cc: Jerry & Jean Bell
Subject: Noise Levels - Grace Creek Subdivision
Attachments: 11-02-08 06.38 Porch 58.69 dB-A.xls; 12-02-20 06.58 - very loud.xls; Lawn Mower Experiment.xlsx

Follow Up Flag: Follow up
Flag Status: Completed

C.W.,

Regarding the Compressor Unit - here are some facts...

- The Unit lies ~1200' due East of our residence
- The current "large" compressor unit replaced a smaller unit after the neighborhood I live in was established
- Noise levels (prior to sound abatement wall) at our residence could reach as high as 60 dB-A and average as high as 55 dB-A (sound data attached)
- Noise levels after the construction of the sound wall at our residence can reach as high as 56 dB-A and average as high as 53 dB-A (sound data attached)
- Ambient Longview Noise Levels ~47 dB-A
- dB-A is a logarithmic scale, whereby
 - 3 dB-A increase = $10^{(3/10)} = 2$ x as loud
 - 5 dB-A increase = $10^{(5/10)} = 3.2$ x as loud
 - 10 dB-A increase = $10^{(10/10)} = 10$ times as loud
- Current Longview City Noise Ordinance is 65 dB-A as measured at the receiver (residence)
 - Per <http://www.sengpielaudio.com/TableOfSoundPressureLevels.htm> 65 dB-A is defined as "Bad Risk of Heart Attack"
- Compressor Unit runs 24hr/day 7 days/week 52 weeks/year
- At 53 dB-A and above the noise levels are prominent inside of our home
- At 50 dB0A and above the noise levels are prominent in our yard
- The Grace Creek Neighborhood have signed 2 rounds of noise complaints petitions that have been submitted to the City

Attachments:

- File Name "11-02-08 06.38 Porch 58.59 dB-A" taken Feb. 8th 20011 shows Average Level of 58.7 dB-A; Median Level of 58.4 dB-A & Standard Deviation of 1.9 dB-A
 - this is one of many examples of sound levels pre-wall
 - Taken From my back Porch
 - Level versus city ambient $58.7 - 47 = \sim 11-12$ dB. $10^{(11/10)} = 12.6$ x Ambient Levels
- File Name "12-02-20 06.58 - very loud" taken Feb. 20th 2012 shows Average Level of 53.5 dB-A; Median Level of 52.9 dB-A & Standard Deviation of 1.6 dB-A
 - this is one of many examples of sound levels post-wall
 - Taken from my back Porch

- Level versus city ambient $52.9 - 47 = \sim 6$ dB. $10^{(6/10)} = 3.9$ x Ambient Levels
- File Name "Lawn Mower Experiment" details noise levels dB-A as measured at various distances from idling lawn mower

Our efforts have been focused on having the city of Longview adopt the Fort Worth noise ordinance which specifically addresses the noise from compressor units and places a 50 db-a Night / 50 dB-a Day limit (as measured at the receiver).

This is a small snippet of the data we have amassed. The data is consistent and demonstrates that noise levels in the Grace Creek neighborhood far exceed Longview City Ambient Levels.

At the same time, I want to recognize the significant impact the sound abatement wall has made on sound levels as demonstrated by the data.

--

Thanks,
Brady Overton
3816 Hobson
Longview, TX 75605

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2012.0.1913 / Virus Database: 2114/4898 - Release Date: 03/27/12

Exhibit "I"

Scott Fields Email

From: [Scott Fields](#)
To: cwfields@koltdevelopment.com
Cc: [Leonard Norrid](#)
Subject: FW: Flewellen
Date: Saturday, March 31, 2012 3:42:25 PM
Attachments: [image001.png](#)

CW, Currently, we are not relocating our road, per your inquiry.
I checked with our land department, and they haven't heard anything we discussed.
Let me know if you hear of anything else.
See last email below.
Thanks

Scott Fields

Enbridge Pipelines East Texas L.P.
System Supervisor
East Texas Area North
903-248-0471 Office
903-738-9278 Cell
903-248-0479 Fax

scott.fields@enbridge.com

Safety First, Call Before You Dig, Texas 811



From: Stephen Carter
Sent: Friday, March 30, 2012 2:45 PM
To: Scott Fields
Subject: RE: Flewellen

Scott, your covered by these agreements. They would have to get a relocation agreement from Enbridge.

From: Scott Fields
Sent: Thursday, March 29, 2012 5:37 PM
To: Stephen Carter; David Martin; Neil Nelson
Cc: Leonard Norrid
Subject: FW: Flewellen

Steve, Neil, and David, See the email below.

Our easement to our Hawkins Compressor site, is it worded, or are we in negotiations to get another entrance?

An apartment complex is coming in to the east of our station, and talk is, we are going to reroute our entrance road.

This road was negotiated with Earl Roberts, Enbridge, and Centerpoint, several years ago. I think Rikki did the land work on this. I attached the two agreements from Mr. Roberts, that I have.

The only thing I can think of is, the north entrance road was released. I have not been contacted by a developer about relocating our road. See the email below.

Scott Fields

Enbridge Pipelines East Texas L.P.
System Supervisor
East Texas Area North
903-248-0471 Office
903-738-9278 Cell
903-248-0479 Fax

scott.fields@enbridge.com

Safety First, Call Before You Dig, Texas 811



From: C.W. Fields [<mailto:cwfields@koltdevelopment.com>]
Sent: Thursday, March 29, 2012 4:33 PM
To: Scott Fields
Subject: Flewellen

Scott,

Please see attached plat that your proposed neighbors have turned in for the property across Flewellen.

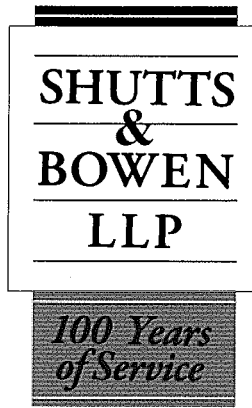
As you can see, their site actually incorporates Flewellen and they are claiming that it is to be "relocated" upon final siteplan design.

Please confirm that Enbridge has NOT been contacted by the developer and has NOT agreed to relocate your access easement.

Thank you

C.W. Fields
Principal
KOLT DEVELOPMENT
5646 Milton Street
Suite 810
Dallas, Texas 75206
214.543.7146

No virus found in this message.
Checked by AVG - www.avg.com
Version: 2012.0.1913 / Virus Database: 2114/4906 - Release Date: 03/31/12



GARY J. COHEN
Member Florida Bar
(305) 347-7308 Direct Telephone
(305) 347-7808 Direct Facsimile

E-MAIL ADDRESS:
gcohen@shutts-law.com

June 26, 2012

Mr. Cameron Dorsey
Director of Multifamily Programs
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Application Challenge – Amberwood Place; TDHCA #12067;
Response to Application Challenge

Dear Mr. Dorsey:

Pursuant to Section 50.10(d)(2) of the 2012 Qualified Action Plan (the “QAP”), the undersigned (as counsel for the above-referenced Development) hereby provides this response to the Application Challenge to Development filed by John C. Shackelford, Esq. (the “Challenge”). The Challenge seeks a determination by TDHCA that the Development be found ineligible for an allocation of federal low income housing tax credits because it is located adjacent to a “heavy industrial use” under Section 50.4(d)(13)(C) of the QAP. The Challenge also seeks a determination by TDHCA that the Development site be found “unacceptable” under Section 50.4(d)(15) of the QAP.

As more fully explained below, the Challenge blatantly misstates facts relative to the Development and to the neighboring natural gas pressurization facility (the “Facility”) and its operation. Further, the Challenge mischaracterizes and fails to correctly apply guidelines set forth by the United States Department of Housing and Urban Development (“HUD”). For the reasons set forth below, we request TDHCA to determine the Challenge to be without merit, to rule in favor of the Applicant, and to apply appropriate sanctions to the author of the Challenge and the Developer represented therein.

Overview

The Challenge argues that the proximity of the Development Site to the Facility causes the Development Site to be ineligible, because the Facility constitutes a “heavy industrial use”. The Facility is jointly owned by Enbridge Pipelines East Texas, L.P. (“Enbridge”) and

MIADOCS 6507262 3

1500 Miami Center • 201 South Biscayne Boulevard, Miami, Florida 33131 • ph 305.358.6300 • fx 305.381.9982 • www.shutts.com

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June 26, 2012
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CenterPoint Energy Field Services LLC (“CenterPoint”). However, CenterPoint has terminated operations and has taken out of service its two natural gas tanks, so that the only natural gas-containing tanks and associated equipment are those operated by Enbridge. See attached Exhibit “A” and “E” evidencing the termination of operations by CenterPoint.

The Challenge would have TDHCA believe that the Facility constitutes a “heavy industrial use” due to an alleged “explosion hazard” which would exist due to the proximity of this Development Site to the Facility. The Challenge also contends that whether or not the Facility satisfies certain HUD guidelines is determinative as to the issue of whether the Facility constitutes a “heavy industrial” use. Both of these positions are incorrect.

Proximity of the Development Site to the Facility has nothing to do with the issue of whether the Facility constitutes a “heavy industrial use”. The applicant acknowledges that the Facility is adjacent to a portion of the Development Site. As more fully explained below, whether or not the Development Site meets certain HUD standards has no bearing on whether or not the Facility is a “heavy industrial use”. However, as is explained below, all applicable HUD standards referenced in the Challenge are met by the Development Site.

The HUD guidelines (which, as more fully explained below, have been misapplied and misstated by the Challenge) are only relevant to the issue of whether a HUD assisted development would be permitted on a subject site, and are irrelevant to determination by TDHCA as to the classification of the Facility as a “heavy industrial” use.

Under the zoning code for the City of Longview, the Facility does not constitute a “heavy industrial” use. Attached as Exhibit “B” is a letter from the City of Longview dated June 20, 2012 (the “Longview Letter”) clearly indicating that the Facility is not an industrial use, nor does it fall within the City’s definition of either “light industrial” or “heavy industrial” land uses. The Facility is a utility use under the City’s zoning regulations and is allowed in any zoning classification in the City, including areas such as single family neighborhoods, churches and schools (Section 8-103, attached as part of Exhibit “B”). As noted by the City, no manufacturing or other “industrial” activity occurs on the Development Site.

Section 50.4(d)(13)(C) of the QAP indicates that “heavy industrial uses” include “manufacturing plants, refinery blasts zones, etc.”. The Facility does not operate in a manner similar to either of those specified uses; the Facility merely pressurizes natural gas in order to facilitate its transmission “down the line” towards its end use. Natural gas will not flow a great distance without being intermittently “pressurized” in order to reach its destination. As stated above, the purpose of the Facility is to merely pressurize the natural gas. Nothing is “manufactured” or “assembled” on site, and no activities of an “industrial” nature take place. In fact, there are no employees located at the Facility as it operates in a fully automated fashion. Facilities such as the Facility are necessary for the operation of any natural gas transportation system, and therefore are commonplace in Texas, and do not constitute a “heavy industrial use” which would cause TDHCA to determine the Development Site to be ineligible.

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At a recent Board meeting (February 16, 2012), TDHCA considered the issue of whether a development site (Application No. 12375, Cypress Creek at Westheimer located in Houston) was located adjacent to a "heavy industrial use". The use in question was a commercial concrete mixing facility that was located within 300 feet of the proposed development site. Evidence was presented that the activity at the facility in question constituted the delivery of materials to the facility, such materials being transported to a mixer and then loaded onto a truck, and then departing such facility. The facility in question was not located in a heavy industrial area and no processing of material occurred at the facility. The activity in question (concrete mixing) was alleged to be "more of a light industrial type use, more akin to a warehouse or distribution center". TDHCA determined that the facility in question was not considered to be "heavy industrial".

We understand that the determination in the Cypress Creek at Westheimer matter does not set precedent, and is limited to the facts of that case. However, the activity undertaken at the Facility (in the current situation) is less intensive and less active than that undertaken at the concrete mixing facility in the Cypress Creek case. Similar to the Cypress Creek case, the Facility is not located in a heavy industrial area but instead is located in a residential area. The Facility in question utilizes a compressor and certain storage tanks in order to pressurize and transport natural gas. No trucks or heavy machinery are involved in the operation of the Facility, and materials necessary for Facility operations are not regularly transported onto or off of the Facility's grounds.

For these reasons and for the reasons set forth below, we believe the operation of the Facility does not constitute a "heavy industrial use".

Explosion Hazard "Issue"

For reasons that are unclear, the Challenge attempts to apply certain HUD standards (the "acceptable separation distance" ("ASD") guidelines applicable when analyzing a HUD-assisted project) in determining whether or not the Facility constitutes a "heavy industrial use". As noted above, the proximity of the Development Site (and the buildings to be constructed thereon) to the Facility has no bearing on the issue of whether the Facility constitutes a "heavy industrial use". Notwithstanding this fact, the Challenge has (relative to this issue) misstated the facts and misconstrued the applicable law and HUD guidelines.

The Challenge references five above-ground storage tanks ("AST's"). However, the engineer who prepared the explosion hazard summary (upon which the Challenge relies) did not actually visit the Facility, nor did he ask the appropriate questions of the Facility manager to ascertain the nature of its operations or the types of AST's on the site. Had the appropriate questions been asked of the Facility manager, it would have been apparent to the engineer (and to the author of the Challenge) that the two AST's owned by CenterPoint had been taken out of service, and the three remaining AST's owned by Enbridge are (at a minimum) exempted from the "blast exposure" test described below by virtue of being non-pressurized. Instead, the

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engineer made broad assumptions based on generalizations or common practices. The engineer stated (in Item 1 of his report) that "All the questions...are based on several variables, none of which can be answered without data specifically related to the pipelines located at the Enbridge facility." The author of the Challenges goes on to state (in Part 1 "Explosion Hazard") that "HUD considers all AST's as explosion hazards with the exception of AST's with 100 gallons or less of product". This is a blatant inaccuracy, as a quick review of the HUD Acceptable Separation Distance Guidebook (HUD Guidebook 1060-CPD, September 2011) reveals that there are a variety of exclusions listed in the Guidebook as well as multiple variables to be considered to determine what, if any, applicable separation distance ("ASD") testing is required. Minimal due diligence prior to the filing of the Challenge would have made this obvious.

The Challenge applies the HUD ASD guidelines (applying HUD "thermal radiation" tests and "blast exposure" tests) to determine whether the AST's are located a sufficient distance from the Development Site. The explosion hazard summary report referenced in Exhibit E of the Challenge (dated March 28, 2012) indicates via various calculations that the HUD ASD requirements applicable to thermal radiation are met, but that the proximity of the Development Site to the AST's fails the "blast exposure" test. The Challenge also notes the presence of above-ground pipelines located close to Development Site, indicating that the location of the above-ground pipelines also constitutes an "explosion hazard".

The Challenge is erroneous for the following reasons. First, two of the AST's referenced in the explosion hazard summary have been decommissioned and are no longer operative. CenterPoint (one of the two owners of the Facility) no longer operates its portion of the Facility, and the two tanks previously operated by CenterPoint have been properly taken out of service. See materials attached as Exhibit "A".

The Challenge contends that the AST's fail applicable HUD ASD requirements pertaining to "blast exposure" (the report's calculations shows that the "thermal radiation" guidelines are met). However, the HUD "blast exposure" test is only applicable to pressurized above-ground storage tanks. See the attached excerpt from the HUD Guidebook (Exhibit "C") explaining that non-pressurized tanks need not be tested for "blast exposure". The AST's in question at the Facility are non-pressurized (see e-mail from Enbridge attached as Exhibit "D" and letter from the Longview Fire Marshal attached as Exhibit "E"); as such, the "blast exposure" standards referenced by the Challenge are not applicable. Also note that above-ground gas pipelines utilized in a natural gas pressurization facility are not subject to HUD regulation, as they are specifically excluded (see excerpts from the HUD Guidebook attached as part of Exhibit "C"). Note also the letter from the Longview Fire Marshal indicating that the Facility is not regarded as a hazardous storage site (see attached Exhibit "E"). Attached is a letter from Miller Slayton Architects, the architect for the Development, confirming that the HUD guidelines have either been met or are not applicable (see attached Exhibit "F").

As noted at the beginning of the explosion hazard summary report, no physical inspection or site visit was undertaken. All information in the report was obtained from third party sources,

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and (as indicated above) much of it is erroneous. The report misapplies the HUD standards set forth in the Guidebook because it fails to take into account the nature of the AST's in question (that is, whether or not the AST's were pressurized or even in operation). The report also fails to mention that the above-ground pipelines referenced in the Challenge as an "explosion hazard" are in fact exempt from the HUD guidelines (see excerpt from HUD Guidebook attached as part of Exhibit "C"). The Challenge has effectively attempted to slander the proposed Development by misstating facts and misapplying law.

Finally, to the extent that the above-referenced HUD ASD guidelines did in fact apply to the Development Site, application of such standards and a finding that such standards were not met would not result in prohibition of the Development. Rather, appropriate mitigation measures would be required to be undertaken in order for a HUD assisted project to proceed. Even if the above-referenced HUD standards were found not to have been met (which is not the case here), the Amberwood Place project could proceed with appropriate mitigation actions undertaken (such as placing a berm next to the facility, relocating certain buildings on the Development Site, etc.).

The Developer's local counsel has contacted Raynold Richardson, Director of Multifamily Housing, HUD Houston Office, to seek guidance regarding the applicable HUD guidelines and regulations. Mr. Richardson directed counsel to review 24 CFR Part 51 and indicated that, as long as the property complies with those regulations and has an acceptable Finding of No Significant Impact, the Development Site would be approved. He further indicated that one of the few times that HUD did not approve was in a peculiar case of a development being proposed next to a goat slaughtering house. HUD believed that, in that instance, the sound and smell created as a result of the goats being slaughtered would be a concern for potential residents and would negatively impact the property. As such, we have reviewed 24 CFR Part 51, specifically Subpart C which regulates the technical requirements of determining acceptable separation distances for HUD-assisted projects from hazardous operations and, as outlined above, confirmed that the Development meets those standards and that a Finding of Not Significant Impact would be issued for this Development. Mr. Richardson is available should TDHCA staff need to contact him further to discuss this matter.

Although not directly addressing the issue of whether the Facility constitutes a "heavy industrial use", please see the attached email (Exhibit "G") from Wells Fargo (the equity investor in the Development) indicating that location of the Facility adjacent to the Development Site will not preclude their equity investment. Attached as Exhibit "H" is information regarding the general safety of natural gas pressurization facilities (such as the Facility). Finally, attached is a letter from the City of Longview Fire Marshal indicating that there have not been any safety-related incidents at the Facility (Exhibit "E"). As noted above, the foregoing exhibits do not directly address the issue of whether the Facility constitutes a "heavy industrial" use, but do demonstrate the general acceptability of the Development Site and refute arguments set forth in the Challenge as to the purported "hazardous" nature of the Facility.

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Noise

The Challenge asserts that noise generated by the Facility should result in a finding by TDHCA that the Development Site is either “unacceptable” or that the Facility constitutes a “heavy industrial” use. Nothing in the QAP indicates that noise is a relevant characteristic in making this determination.

However, in order to address the Challenge on this point, please see the letter from the City of Longview (attached as Exhibit “I”) indicating that the Facility is currently in compliance with the City’s noise ordinance.

The ordinance (attached as Exhibit “J”) specifically requires that the decibel level of the compressor at the Facility site be no greater than 65 decibels when measured at a distance of 300 feet from the compressor or measured immediately adjacent to any inhabited building located within 300 feet. As such, once residential buildings are constructed on the Development Site, the decibel level outside each residential building cannot be greater than 65 decibels. So long as the exterior decibel level is not greater than that allowed by the ordinance (65 decibels), use of standard noise reduction materials in the construction process will cause interior noise to be at or below the level necessary for a comfortable living environment (see letter from architect attached as Exhibit “F”).

If the decibel level outside any residential apartment building is greater than 72 decibels, then it will be the responsibility of the Facility to undertake mitigating action in order to reduce such decibel level. For the foregoing reasons, the noise generated by the Facility is not (and will not be) a negative characteristic pertaining to the construction and operation of the proposed Development.

Attached (see Exhibit “I”) is a letter from the City of Longview (and accompanying records) pertaining to the operation of the Facility, and the construction of the sound barrier on the west side of the Facility. As evidenced by these records, the Challenge mischaracterizes the seriousness of the noise generated by the Facility. In particular, the Challenge misstated the facts concerning the sound barrier on the west side of the Facility.

The City of Longview did not require the Facility to build the sound barrier as stated in the Challenge; rather, the Facility built the barrier as a courtesy to the neighbors. This information could have been easily obtained from either the City or Enbridge had either been asked specifically about the construction of the wall. Please note that the complaints by the neighbors referenced in the Challenge were investigated by the City, and no violation was found (see Exhibit “I”).

Note that the Challenge did not utilize the services as a professional sound engineer in gathering information concerning the decibel level of the Facility. In fact, the noise readings in question were taken by the developer on whose behalf the Challenge was filed.

Mr. Cameron Dorsey
 June 26, 2012
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For the reasons set forth above, the arguments pertaining to noise contained in the Challenge are of no merit and should be disregarded.

18 Wheel Trucks and Access Easement

Attached as Exhibit "K" is a letter from Mr. Mark Priestner, a professional land planner, who observed traffic on the road referenced in the Challenge. There is no regular use of such road by "18 wheel haulers". The nature of the operation of the Facility does not require "18 wheel haulers" to deliver materials to or otherwise travel to the Facility. It is unclear what the Challenge is referencing in its allegation that "18 wheel haulers" using a portion of the Development Site for ingress and egress to and from the Facility should cause a finding that the Facility is a heavy industrial use.

The Challenge alleges that the location of proposed Building 3 on the Development Site would encroach upon the access easement utilized for the ingress and egress to the Facility.

The Developer intends to relocate this access easement upon award of the Federal low income housing tax credits and a determination to proceed with the Development. See attached letter from the seller of the property (see attached Exhibit "L") indicating his willingness to work with the developer in relocating the easement. However, if the Developer is unsuccessful in negotiating relocation of the access easement, it is a simple matter to make a minor adjustment to the current site plan in order to shift Building 3 to avoid encroachment upon the above-described access easement (see architect's letter confirming same, attached as Exhibit "F").

As stated above, location of the access easement has nothing to do with the issue of whether the Development Site is adjacent to a "heavy industrial use" or whether the Development Site is "unacceptable".

Summary

The Facility does not constitute a "heavy industrial use" for the reasons stated herein. The Challenge (utilizing a scatter shot approach) alleges a variety of unrelated and irrelevant alleged facts in an attempt to convince TDHCA that the Facility is a "heavy industrial use" or alternatively that it should be deemed an "unacceptable" site. For the reasons stated above, TDHCA should find against the Challenge and determine that the Facility is neither a "heavy industrial use" nor an unacceptable site. Natural gas pressurization facilities such as the Facility are common throughout the State of Texas, are comprehensively regulated and are regularly inspected, to ensure safe and compliant operation. It should be noted that applicable laws and regulations impose substantial penalties for non-compliant operations. All applicable HUD guidelines pertaining to ASD have been (or will be) met should they be found to apply. The City of Longview has clearly indicated that the Facility does not constitute a "heavy industrial" use, that the Facility is not a hazardous site, and that proximity of the Facility does not prohibit the proposed Development. The equity provider to the Development has indicated its willingness to proceed. The City of Longview has confirmed that there have been no safety-related incidents at

Mr. Cameron Dorsey
June 26, 2012
Page -8-

the Facility, and has re-affirmed its support for the Development. TDHCA has, in a situation involving an arguably more noxious use (concrete mixing facility), found that a "heavy industrial use" did not exist.

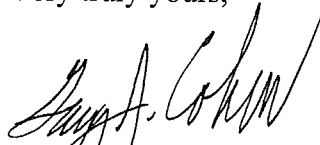
It should also be noted that this application has been reviewed by both Program and Underwriting staff. The presence of the Facility is noted in the underwriting report and no comment was made indicating site unacceptability, nor was follow-up investigation recommended. The underwriting report has in fact made a positive recommendation for funding.

For all the reasons set forth above, we urge TDHCA to find the Challenge to be without merit, that the Facility does not constitute a "heavy industrial use" and that the Development Site is not "unacceptable".

In light of the mis-statements and material misrepresentations made by the Challenge, we would ask that you consider sanctions or such other action that you deem appropriate against the author of the Challenge and the Developer represented therein.

Thank you for your consideration of this letter.

Very truly yours,



Gary J. Cohen
Counsel for Amberwood Place

EXHIBIT "A"

Willow Springs Processing Station

Search Criteria Used (More)		
Level of Detail	Medium	GO
Type of Report Output	Text (HTML)	GO

Facility #1 : Willow Springs Processing Stat

Basic Facility Info

Facility ID	100000173536
Facility Name	Willow Springs Processing Station
Street Address Line 1	413 W Hawkins Parkway
City	Longview
State	TX
Zip Code	75605
County	Gregg County
Owner or Operator Name	CenterPoint Energy
Parent Company	CenterPoint Energy
Number of RMP Submissions	3

Most Recent Submission Info

RMP ID	45292
Submission Type	revised submission for facility
Submission Date	03/29/2006
Reason For Submission	5-year update (40 CFR 68.190(b)(1))
Deregistration Date	07/10/2008
Deregistration Effective Date	06/30/2008
Deregistration Reason	Source terminated operations
Process Toxic Amount Total (lbs)	0
Process Flammable Amount Total (lbs)	153,000
Process Amount Total (lbs)	153,000
Number of Potential Offsite Consequence Processes	1
Potential Offsite Consequence Toxic Amount Total (lbs)	0
Potential Offsite Consequence Flammable Amount Total (lbs)	153,000
Potential Offsite Consequence Amount Total (lbs)	153,000
All Process NAICS	211112
Exec Summary Submission Date	03/29/2006

EXHIBIT "B"



June 20, 2012

Cameron Dorsey
Director, Housing Tax Credits
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, TX 78711

RE: Proposed Amberwood Place Site

Dear Mr. Dorsey:

This letter concerns the location of the proposed Amberwood Place Housing Tax Credit development. This site is located at the North West intersection of Hawkins Parkway and McCann Road in Longview. We understand that there is some question about whether this site is appropriate for the development of residential housing.

The City of Longview is familiar with the location of this proposed residential development and the land uses adjacent to this location. The City of Longview does not consider the adjacent natural gas pressurization facility to be an industrial land use. The City of Longview defines Light Industrial and Heavy Industrial land uses and a list of such land uses is attached. The natural gas pressurization station that borders the Amberwood Place development site is **not** industrial. The natural gas pressurization facility adjacent to the site is zoned Multifamily and is not zoned Light Industrial or Heavy Industrial because it is not an industrial use.

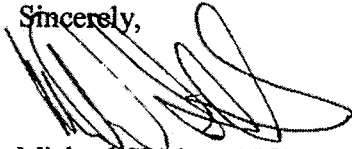
The natural gas facility located adjacent to the Amberwood Place site is a utility use that the City of Longview terms a "Gas Transmission Line and Metering Station." Per the City's zoning regulations, this type of facility/use is permitted across all zoning designations including single family residential, multifamily residential, and commercial. This type of facility is strictly considered a utility use and no manufacturing occurs on this site or others of its type.

Based on our research regarding land uses and the needs of our city, the City of Longview considers the facility located adjacent to the Amberwood Place site to be an acceptable use near residential.

We have seen the site plan for the proposed Amberwood Place development and the proposed location of residential buildings in relation to the adjacent natural gas pressurization facility. The City of Longview does not believe the site plan or the site is unacceptable due to the proximity of the natural gas pressurization facility. The City of Longview is in support of the proposed Amberwood Place Housing Tax Credit development.

Thank you and please contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Shirley', written over a white background.

Michael Shirley, AICP
City Planner
City of Longview

8-103 UTILITY, ACCESSORY AND INCIDENTAL USES

TYPE USE	A	SF1	SF2	SF3	SF4	SF5	TF1	TF2	TF3	MF1	MF2	MF3	P	O	NS	GR	C1	C2	CB	I1	I2	PD
ACCESSORY BUILDING (23)	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X
COMMUNITY CENTER (PRIVATE)	S									X	X	X		X	X	X	X	X	X	X	X	X
ELECTRICAL GENERATING PLANT	S															S	S	S	S	X	X	
ELECTRICAL SUBSTATION	X	S	S	S	S	S	S	S	S	S	S	S	X	X	X	X	X	X	X	X	X	X
ELECTRICAL TRANSMISSION LINE	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
FIELD OR CONSTRUCTION OFFICE (TEMPORARY) (Section 14-104) (24)																						
FIRE STATION OR SIMILAR PUBLIC SAFETY BUILDING	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X
GAS TRANSMISSION LINE AND METERING STATION	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
HOME OCCUPATION (25)	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X
LOCAL UTILITY DISTRIBUTION LINES (26)	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
MOBILE HOME/SALES OFFICE (Ordinance No. 3303) (90)	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X			X
OFF-STREET PARKING INCIDENTAL TO MAIN USE (27)	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
PRIVATE UTILITY SHOP OR STORAGE	S															S	S	S	S	X	X	
PUBLIC BUILDING, SHOP OR YARD OF LOCAL, STATE OR FEDERAL GOVT (28)	S	S	S	S	S	S	S	S	S	S	S	S		S	S	S	S	X	X	X	X	X
RADIO AND TELEVISION OR MICROWAVE TOWER (29)	S	S	S	S	S	S	S	S	S	S	S	S		S	S	X	X	X	X	X	X	S
SEWAGE PUMPING STATION	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
SEWAGE TREATMENT PLANT	S															S	S	S		S	X	S
SWIMMING POOL (PRIVATE)	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X

thereon of usual farm poultry, farm animals such as horses, cattle, sheep and including the necessary accessory uses for raising, treating and storing products raised on the premises but not including, the commercial feeding of offal and garbage to swine and other animals, not including any type of agriculture or husbandry specifically prohibited by ordinance or law.

66. **Clothing Manufacturer or Light Compounding or Fabrication** - Including the manufacture of jewelry, trimming decorations and any similar item not involving the generation of noise, odor, vibration, dust or hazard.
67. **Light Manufacture or Industrial as defined by Article** - Light manufacturing processes which do not emit detectable dust, odor, smoke, gas or fumes beyond the bounding property lines of the lot or tract upon which the use is located and which do not generate noise or vibration at the boundary of the I-1 District which is generally perceptible in frequency or pressure above the ambient level of noise in the adjacent areas and including, but not limited to such uses as:
- a. Woodworking and planing mill with dust and noise control
 - b. Textile manufacture with dust and odor control
 - c. Ceramic and pottery manufacture with dust, odor and fume control
 - d. Plastic products manufacture with dust and fume control
 - e. Paint, oil, shellac and lacquer manufacture when hoods and fume destructors are used in the cooking process
 - f. Grain processing with hoods, dust and odor controls
 - g. Electroplating or battery making with acid, fume and odor controls
 - h. Manufacturing or industrial operations of any type which meet the general conditions set forth above and which are not offensive by the reason of the emission of noise, odor, smoke, gas, fumes, dust, glare or the creation of a hazard, but specifically excluding the uses listed in paragraph (68) following.
68. **Heavy Manufacturing or Industrial Uses not Prohibited by Law Specifically listed as Requiring Specific Use Permits** - Any manufacturing, industrial servicing or storage process not prohibited by law except the following uses may be located in a I-2 District upon

approval by the City Council in accordance with the procedure established in Section 8-400.

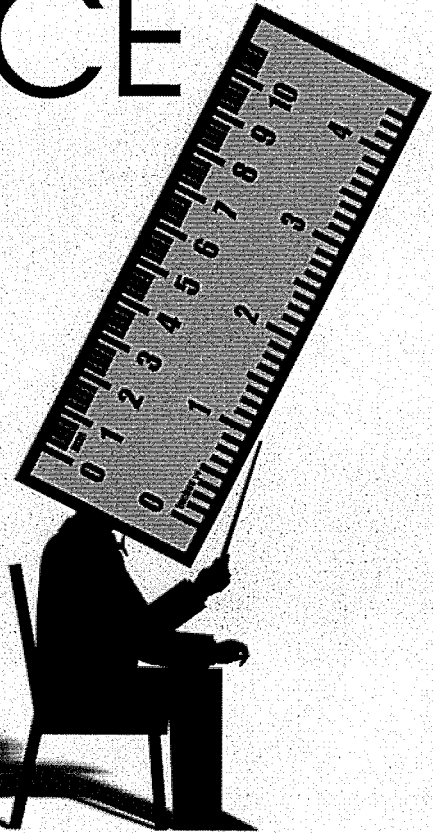
- a. Acid manufacture
 - b. Ammonia manufacture
 - c. Carbon black manufacture
 - d. Cement, lime, gypsum or plaster of paris manufacture
 - e. Chlorine manufacture
 - f. Cotton Gin or compress
 - g. Explosives storage or manufacture
 - h. Glue and fertilizer manufacture
 - i. Petroleum and petroleum products refining and manufacture
 - j. Petroleum tank farm
 - k. Petrochemical plant
 - l. Rendering plant
 - m. Tanning, curing, treating or storage of skins or hides
 - n. Wrecking yard or salvage yard
 - o. Any use which due to the possible emission of excessive smoke, noise, gas, fumes, dust, odor; vibration or danger of explosion or fire is presently or in the future determined a hazard and subject to special control.
69. **Package Store** - An establishment offering for sale within a building, liquor as that term is defined in the Texas Alcohol Beverage Code, Section 1.04, to consumers for off-premises consumption only and not for the purpose of resale. (Ordinance No. 1167)
70. **Restaurant with Private Club Allowing On - Premises Consumption of Alcoholic Beverages in Addition to Beer and Wine** - An establishment offering food for sale which is prepared on the premises to be consumed on the premises which has fifty-one (51) percent of its annual gross business in sales of such food and non-alcoholic

EXHIBIT "C"

ACCEPTABLE SEPARATION DISTANCE

Guidebook

Office of Community Planning and Development
Environmental Planning Division



U.S. Department of Housing and Urban Development

- d. **Mobile conveyances (tank trucks, barges, railroad tank cars):** These are containers that are mobile and have the capacity to store common liquid industrial fuels or hazardous gases as listed in Appendix I of the regulation 24 CFR Part 51 Subpart C and in Appendix C of this *Guidebook*.
- e. **Pipelines, such as high pressure natural gas transmission pipelines or liquid petroleum pipelines:** Pipelines that transmit hazardous substances are not considered a hazard under 24 CFR Part 51 Subpart C if they are located underground or if they comply with applicable Federal, State or local safety standards.

Applications

Regulation 24 CFR Part 51, Subpart C, the ASD assessment tool, and the information in this *Guidebook* apply only to above-ground stationary containers of more than 100 gallon capacity that hold common liquid industrial fuels (for more information, please see Appendix I of the Regulation and Appendix C of this *Guidebook*); and above-ground stationary containers of any capacity that hold hazardous liquids or gases (see glossary) that are not common liquid industrial fuels (see also the list of hazardous substances in Appendix C of this *Guidebook*).

Frequently Asked Questions

To help you understand and apply the information in this *Guidebook*, what follow are questions HUD-field environmental officers ask most frequently.

1. **1a. Is there a list of steps to assess whether a proposed HUD-assisted project is too close to a hazardous facility?**
1b. Is there a procedure for calculating the ASD?

1a. Yes. That information is located in Chapter 4. There you will find the steps necessary for assessing the proposed HUD-assisted project and examples using the Nomographs (Worksheets #1 through #4).

1b. Yes. Chapter 4 has manual calculation procedures. Chapter 4 and Appendix A provide detailed flowcharts on how to calculate the ASD for blast-overpressure, thermal radiation or both. You can also calculate the ASD by using the ASD assessment tool available on HUD's environmental webpage at <http://www.hud.gov/offices/cpd/environment/asdcalculator.cfm> .

2. **2a. Which guidelines apply when the proposed HUD-assisted project site does not meet the standard and mitigation is required?**
2b. Is there detailed information available on mitigation analysis?

2a. Chapter 5 (Mitigation Options) provides the basic information and steps required for a mitigation analysis. The results of this analysis provide key information that will help you determine if mitigation is required. Chapter 5 also provides flowcharts on the mitigation analysis for a site that has natural and man-made barriers if the ASD cannot be achieved between the site and the hazard being assessed.

How do you evaluate your containers for each facility?

to the proposed HUD-assisted project site, as well as the largest capacity container.

Calculate the ASD for the stationary container of largest capacity (whether pressurized or unpressurized) closest to the proposed HUD-assisted project. Always calculate the ASD for the pressurized container, regardless of its location. Consider only aboveground storage tanks.

Information on containers:

Within the regulation 24 CFR Part 51 Subpart C, there are 5 types of above-ground stationary containers, as follow:

This Guidebook, Regulation 24 CFR Part 51 Subpart C, and the ASD assessment tool all apply to these types of containers.

1. Pressurized containers (gases) designed to store a liquid-gas mixture substance under pressure. If the substance contained is a hazardous substance, the ASD for this container must be calculated for blast-overpressure (explosion) and thermal radiation (fire). If the substance contained is not of a flammable or combustible nature, the container does not need to be considered for the ASD analysis.
2. Pressurized containers (gases) holding cryogenic hazardous substances kept in a liquid state by temperature control, consider ASD calculations for fire. For hazardous cryogenic gases kept in gas phase, consider ASD calculations for fire and explosion. Hazardous cryogenic gases are kept in their liquid state at very low temperatures by refrigeration, insulation, etc. Hazardous cryogenic gases (e.g., Liquefied Natural Gas and Hydrogen) are listed under the "Hazardous Gases" list located in Appendix I of Subpart C and at Appendix C of this Guidebook.
3. Unpressurized containers designed to store a substance in a liquid phase of state (for liquids), calculate the ASD for thermal radiation (fire) only if the substance is of a hazardous nature. Since the substance contained is not under pressure, there is no need to calculate the ASD for blast-overpressure (explosion). If the liquid substance contained is not of a hazardous nature, the container does not need to be considered for the ASD analysis.

Acceptable Separation Distance Principles

Most of these principles have been cited through the previous chapters of this *Guidebook*. However, because of their significance in the Regulation, they are all reiterated here:

1. There are two standards from which ASD calculations are produced:
 - Thermal Radiation (fire)
 - Buildings – 10,000 BTU/ft² – hr
 - People – 450 BTU/ft² – hr
 - Blast-Overpressure (explosion)
 - Buildings, building occupants and outdoor unprotected facilities– 0.5 psi
2. When measuring the ASD between a proposed HUD-assisted project and a facility that stores, handles or processes hazardous substances, always measure from the center of the stationary container containing the hazardous substance to the perimeter of the proposed project site. The perimeter is defined as the path or boundary that surrounds an area. In the case of proposed HUD-assisted projects, this area is the site where the project will be developed.
3. ASD calculations must be made between a proposed HUD-assisted project and a facility that stores, handles or processes hazardous substances. When calculating the ASD for thermal radiation for people, outdoor areas where people congregate must be assessed, such as:
 - Playgrounds
 - Outdoor recreation areas (parks, yards, planned open space)
 - Balconies
 - Residential parking lots (only parking lots associated to residential projects are considered applicable to the Regulation, since they are open spaces for congregation)
4. For stationary, above-ground **pressurized** containers that hold hazardous substances, the ASD calculations are generally required for blast-over pressure and thermal radiation.
5. For stationary, above-ground **unpressurized** containers that hold hazardous substances, the ASD calculations are generally required only for thermal radiation.
6. The diked area (in square feet) has an effect only on ASD calculations involving stationary, above-ground **unpressurized** containers that store hazardous substances. The diked area does not have an effect on ASD calculations involving stationary, above-ground **pressurized** containers that hold hazardous substances.
7. The information contained in this *Guidebook* and the ASD assessment tool do not apply in the following situations, which are excluded from Part 51 Subpart C (see page 4 for details):
 - Underground storage containers

- Stationary containers of 100 gallons or less capacity containing common liquid industrial fuels
 - Natural gas holders with floating tops
 - Mobile conveyances (tank trucks, barges, railroad tank cars). Mobile conveyances, while performing fuel operations (loading or unloading fuel, etc.) into a gas station, fuel transfer or storing facility, are not to be considered as part of the ASD analysis for the proposed HUD-assisted project if the proposed project is the fuel transfer or storing facility, since in the fuel operation process (mobile conveyance being stationary), there is the release of fumes from the fueling operation procedure, therefore, moving conveyances do not apply to the Regulation.
 - Pipelines, such as high pressure natural gas transmission pipelines or liquid petroleum pipelines.
 - Release of toxic gases or liquids, distribution piping associated with a container or process vessel
8. If a proposed HUD-assisted project has more than one ASD, the ASD which assures the greatest separation distance will be applied to the proposed project.
 9. If the actual separation distance between the hazardous facility-tank and the proposed HUD-assisted project is greater than the ASD, then the actual separation distance is acceptable for the proposal.
 10. If the actual separation distance between the hazardous facility-tank and the proposed HUD-assisted project is less than the ASD, then the site is unacceptable unless natural or man-made mitigation measures already exist or are implemented between the above-ground stationary hazard and the proposed project site.
 11. Consider the ASD for thermal radiation (fire) only for gases kept in a liquid phase of state by a low temperature setting (known as hazardous cryogenic gases). Hazardous cryogenic gases (e.g., Liquefied Natural Gas and Hydrogen) are listed under the "Hazardous Gases" list located in the Appendix I of Subpart C and in Appendix C. For hazardous cryogenic gases kept in gas phase, consider ASD calculations for fire and explosion.
 12. Regulation 24 CFR Part 51 Subpart C, this *Guidebook*, and the ASD assessment tool apply to HUD-assisted projects located near hazardous operations which store, handle or process hazardous substances. No provision was made for waiver of the Regulation or for waivers of the ASD standard.
 13. Barriers for blast-overpressure should be constructed as close to the hazard source as possible. The barrier design, location and construction must be site specific.
 14. Gasoline service stations usually do not fall within the purview of 24 CFR Part 51, Subpart C. In most gasoline service stations, the containers where the fuel is stored are underground, and underground storage containers do not apply to the Regulation. However, if a gasoline service station does have above-ground stationary containers of capacities of greater than 100 gallons that store common liquid industrial fuels (such as gasoline, fuel oil, kerosene and crude oil), then those containers would be considered under the Regulation.

EXHIBIT "D"

Gary J. Cohen

From: Lisa Stephens
Sent: Monday, June 25, 2012 5:17 PM
To: Gary J. Cohen
Subject: FW: Challenge document

From: Scott Fields [<mailto:Scott.Fields@enbridge.com>]
Sent: Saturday, June 23, 2012 2:05 PM
To: Lisa Stephens
Subject: RE: Challenge document

Lisa, Your map is wrong.

Our tanks are not pressurized.

I'm not going to comment on CenterPoint's part of the station.
If possible, you need to delay the hearing, due to incomplete and inaccurate information.
Not to mention Mr. Fields was trespassing on private property, when he was on our road.
The pictures were taken from our entrance road.

Scott Fields

Enbridge Pipelines East Texas L.P.
System Supervisor
East Texas Area North
903-248-0471 Office
903-738-9278 Cell
903-248-0479 Fax

scott.fields@enbridge.com

Safety First, Call Before You Dig, Texas 811



From: Lisa Stephens
Sent: Friday, June 22, 2012 12:20 PM
To: Scott Fields
Subject: RE: Challenge document

Scott, could you confirm for me on the aerial above if I have it correct that the tank in yellow is Centerpoint's and that the areas in red are Enbridge's? Also, if possible, could you answer two questions for me below on the tanks you have:

1. Are the tanks pressurized?
2. If they are pressurized, is the natural gas kept in a liquid state by temperature control?

I appreciate any assistance you can provide.

Thanks
Lisa

From: Scott Fields [<mailto:Scott.Fields@enbridge.com>]
Sent: Thursday, June 21, 2012 4:06 PM
To: Jeff Hood
Cc: Leonard Norrid; Lisa Stephens
Subject: FW: Challenge document

Jeff, Look at the attached letter.

Several months ago, I was contacted by a Mr. C. W. Fields about a proposed development, north of our Hawkins Compressor Station. I acknowledged it was a compressor, dehy, and separation station.

This is information we share with builders/developers on a daily basis. This has always been a routine practice.

Well, he misrepresented himself completely. He took this info, made some incorrect statements, and has turned it against

another company wanting to develop property close to the Hawkins Station.

We operate a safe compressor station, and his letter seems to insinuate that we don't.

I'm not sure why the entrance road came into the discussion, other than to get my name on an email, to proof we actually had correspondence.

We only have 3 condensate tanks, not 5, and we built the sound

wall to be a good neighbor, because the noise levels were under the city ordinance.

I want you and Leonard to be aware of this 56 page letter and pictures.

Scott Fields

Enbridge Pipelines East Texas L.P.

System Supervisor

East Texas Area North

903-248-0471 Office

903-738-9278 Cell

903-248-0479 Fax

scott.fields@enbridge.com

Safety First, Call Before You Dig, Texas 811



EXHIBIT "E"



Real East Texas
CITY OF **LONGVIEW**



Johnny Zackary, Fire Marshal
Longview Fire Department

June 25, 2012

Mr. Cameron Dorsey

Director of Multifamily Programs

Texas Department of Housing and Community Affairs

221 East 11th Street

Austin, Texas 78701

Re: Centerpoint/Enbridge Natural Gas Pressurization Facility ("Facility")

Dear Mr. Dorsey:

I am the Fire Marshal for the City of Longview, Texas. I am aware of a challenge that has been filed by John C. Shackelford, Esq. regarding the above-referenced development, and I have had an opportunity review Mr. Shackelford's letter ("Challenge").

Please be advised as follows:

1. There are three operable above ground storage tanks located at the Facility owned by Enbridge. All are non-pressurized and contain condensate. As such, the City of Longview and the Fire Department regard the Facility as a non-hazardous storage site.
2. The Facility operates on an automated basis and is unmanned for operations.
3. We do not have any records of any safety incidents occurring at the Facility.
4. The Centerpoint facilities at this location are not in operation.

Please do not hesitate to contact me if you have any questions regarding this matter.

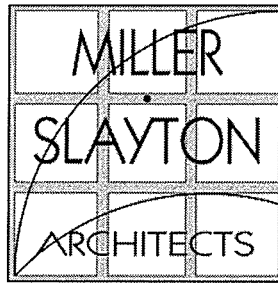
Sincerely,

A handwritten signature in black ink, appearing to read "Johnny Zackary".

Johnny Zackary
Fire Marshal

P.O. Box 1952 200 S Center St. Longview, TX 75606 903-237-1218 phone 903-291-5322 fax
Email: jzackary@LongviewTexas.gov Website: <http://www.Fire.LongviewTexas.gov>

EXHIBIT "F"



Inc.
AA26000913

June 26, 2012

Mr. Cameron Dorsey
Director of Multifamily Programs
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Amberwood Place
Longview, Texas
Longview Development Associates LLC.
Architect's Project No: 11010
TDHCA #12067
Application Challenge

Dear Mr. Dorsey:

As Architect of Record for this project, my client has requested our firm review the information contained in the Application Challenge filed by Shackelford, Melton, McKinley. As it relates to the Explosion Summary report, we have performed a thorough review of Regulation 24 CFR Part 51 and HUD Guidebook 1060-CPD, September 2011, Siting of HUD Assisted Projects near Hazardous Facility (the "Guidebook") referenced in the Application Challenge and we can report the following findings:

1. The above ground natural gas pipelines are excluded from the Applicable Separation Distances (ASD) per the Exclusions section of the Guidebook;
2. Per the Guidebook, there are 5 types of above ground stationary containers considered for ASD. As confirmed by Enbridge, owner and operator of the facility, the three AST's in operation located adjacent to the Amberwood property are non-pressurized and they store natural gas in its liquefied state (condensate), therefore they fall under the container type listed in Chapter 4, step 2, item 3 as extracted below;

"Unpressurized containers designed to store a substance in a liquid phase of state (for liquids), calculate the ASD for thermal radiation (fire) only if the substance is of a hazardous nature. Since the substance contained is not under pressure, there is no need to calculate the ASD for blast-overpressure (explosion). If the liquid substance contained is not of a hazardous nature, the container does not need to be considered for the ASD analysis."

3. Per Chapter 4, step 2, item 3 the only testing required for above ground stationary, non-pressurized tank is thermal radiation. Blast-overpressure testing does not apply per the Guidebook;

Amberwood Challenge Response
Mr. Cameron Dorsey, TDHCA
6.26.2012
Page 2 of 2

4. We have independently performed the calculations using the HUD web based Electronic Assessment Tool and verified those calculations for thermal testing as outlined in the Application Challenge. We are hereby confirming the site passes the required thermal radiation test for ASD;
5. The Fire Marshal has independently confirmed that material in the AST's is condensate and is considered non-hazardous by the City of Longview.
6. The two additional AST's cited in the Challenge are owned by Centerpoint Energy. Per the Right to Know website and confirmed by the Applicant, Centerpoint has ceased operations at this facility and these AST's have been taken out of service.

Regarding the location of an on-site easement along the western property boundary and the possible encroachment of a building into this easement area, we understand that the Applicant intends to relocate this easement once funding for the development is awarded. However, should the developer be unable to relocate the easement, we are hereby confirming that the building in question may be shifted to accommodate the easement without significant impact to the site plan as prepared for the TDHCA application.

Regarding the noise data submitted in the Application Challenge, we are well aware of both applicable regulations as they relate to noise and sound attenuation. The Developer will insist that the city ordinances be enforced to reduce any sound levels to the required 65dB from the source, and we will also implement all applicable standards to further reduce noise to provide the best possible audio environment.

Miller Slayton Architects, Inc. is licensed to practice architecture in the State of Texas and its principals have designed and worked on numerous HUD assisted as well as housing tax credit facilities. As such, we are qualified to have reviewed these materials and issued an opinion on its applicability to the development plan. Please feel free to contact us if we can be of any further assistance.

Sincerely:
Miller Slayton Architects Inc.



Paul Slayton, R.A. 2.16.2012
Texas Architectural Registration Number: 2186



EXHIBIT "G"

Gary J. Cohen

From: Saigebrook [lisa@saigebrook.com]
Sent: Thursday, June 21, 2012 4:27 PM
To: Gary J. Cohen; Sarah Anderson; Megan De Luna; Alyssa Carpenter
Subject: Fwd: Amberwood

Sent from my iPad

Begin forwarded message:

From: <rick.davis@wellsfargo.com>
Date: June 21, 2012 3:24:32 PM CDT
To: <lisa@saigebrook.com>
Subject: Amberwood

We are aware that the development site is located adjacent to a natural gas compression/pressurization facility known as the Enbridge & Centerpointe Pipeline Pressurization Facility (the "Facility"). We will perform our standard due diligence in determining (once you have received a preliminary allocation of tax credits) the feasibility of this site; however, please be advised that the proximity of the Facility to the development site does not preclude our investment in this transaction.

J. Frede(rick) Davis, III
Senior Vice President
Wells Fargo Bank, N.A.
Community Lending and Investment
301 South College Street, 17th Floor
MAC D1053-170
Charlotte, NC 28288

704-383-9705 Office
704-607-9795 Cell
704-715-0046 Fax
rick.davis@wachovia.com

EXHIBIT "H"



2012

- [News Releases 2012](#)
- [Homes With Natural Gas Appliances Save An Average of \\$518 Annually](#)
- [President Touts Benefits of Natural Gas](#)
- [Natural Gas is Key to Our Nation's Economic Future](#)
- [Natural Gas Council Statement on State of the Union Speech](#)
- [AGA Report Shows U.S. Has Largest Natural Gas Storage in the World](#)
- [Energy Groups Urge EPA and DOT To Provide Level Playing Field For Natural Gas Vehicles Under New Fuel Economy and Tailpipe Emission Standards](#)
- [AGA Disappointed With LIHEAP Funding in President's Budget](#)
- [AGA Releases 2012 Playbook](#)
- [Natural Gas Utilities Call For Full Funding of LIHEAP](#)
- [AGA Praises FERC for Elevating Discussion On Gas-Electric Integration Issues](#)
- [AGA Welcomes George Lowe as New Vice President of Federal Affairs](#)
- [AGA Report Details Responsible Natural Gas Development](#)
- [Executive Order to Speed-up Energy Infrastructure Permitting Process Will Help Natural Gas Customers](#)
- [Natural Gas Council Asks FERC to Lead Effort Examining Gas-Electric Coordination and Market Rules Affecting Reliability](#)
- [Calling 811 Before You Dig Can Save Lives](#)
- [AGA Encourages FERC Dialogue on Gas-Electric Issues](#)
- [U.S. Natural Gas Reserves At Record Levels](#)
- [Limited Data on Methane a Fundamental Challenge](#)
- [AGA Encouraged by Obama's Executive Order](#)
- [AGA to Host LNG 17](#)
- [Natural Gas is the Best Heating Value](#)
- [Natural Gas Utilities Reward Safety](#)
- [Utilities Take Action to Further Improve the Safety of Natural Gas Distribution Systems](#)
- [Customers See Benefits of Natural Gas Abundance](#)
- [United States Leads Worldwide Conversation About Responsible Resource Development](#)



AGA Contacts:
Jennifer O'Shea, 202-824-7023
joshea@aga.org
Jake Rubin, 202-824-7027
jrubin@aga.org

5/2/2012

NATURAL GAS UTILITIES REWARD SAFETY

San Francisco, CA – Safety is the top priority for America's natural gas utilities. The American Gas Association (AGA) represents more than 200 local energy utility companies that deliver natural gas to 177 million Americans nationwide and works everyday to promote a culture of safety amongst its members and their employees. AGA is recognizing 18 natural gas utility companies for achieving outstanding records for employee safety in 2011.

"America's natural gas delivery system is the safest, most reliable energy delivery system in the nation. This is due to the hard work and dedication of the employees of our local natural gas utilities. I want to commend all of our award recipients and thank these companies for being safety leaders in our industry," said Dave McCurdy, president and CEO of AGA.

AGA's annual Operations Conference is taking place today in San Francisco, CA with more than 800 attendees and 100 presentations on issues ranging from employee safety programs to advances in pipeline construction to regulatory compliance for pipeline safety. With attendance growing exponentially each year, the conference is the premiere meeting place to exchange industry practices and information on natural gas operations. Former Mayor of San Francisco Willie Brown will speak at the opening session in addition to President and COO, Utilities, Integrys Energy Group and AGA Chairman Larry Borgard and Executive Vice President of Gas Operations for PG&E Nick Stavropoulos.

The Safety Achievement Awards were given to member companies that experienced the lowest "DART" incident rate — a mathematical calculation that describes the number of recordable injuries and illnesses per 100 full-time employees that resulted in days away from work or restricted work activity.

The Safety Achievement Award recipients are:

- Fort Pierce Utilities Authority (Fort Pierce, FL)
- Dominion Hope (Clarksburg, WV)
- Entergy Gas Distribution (New Orleans, LA)
- Duke Energy (Cincinnati, OH)
- SourceGas (Lakewood, CO)
- Dominion East Ohio (Cleveland, OH) and
- COMGAS (Sao Paulo, Brazil)
- Enbridge Gas Distribution (North York, Ontario)**
- Cheyenne Light, Fuel & Power (Cheyenne, WY)
- Vectren Corporation (Evansville, IN)
- Consumers Energy (Jackson, MI)
- Midwestern Gas Transmission and Guardian Pipeline (Tulsa, OK)
- National Fuel Gas Supply Corporation (Williamsville, NY)
- Panhandle Energy (Houston, TX)

The following AGA member companies earned Safety Achievement Awards by experiencing the lowest motor vehicle accident rate for

2011

2010

2009

**AGA Touts Market
Potential for Natural Gas
Vehicles**

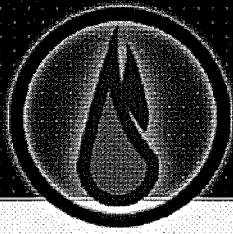
companies of their type:

- Chesapeake Utilities Corporation (Dover, DE)
- City of Holyoke Gas & Electric (Holyoke, MA)
- ONEOK Gas Transportation (Tulsa, OK)
- Berkshire Gas (Pittsfield, MA)

###

The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 71 million residential, commercial and industrial natural gas customers in the U.S., of which 92 percent — more than 65 million customers — receive their gas from AGA members. Today, natural gas meets almost one-fourth of the United States' energy needs.

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400 North Capitol Street, NW | Washington, DC 20001



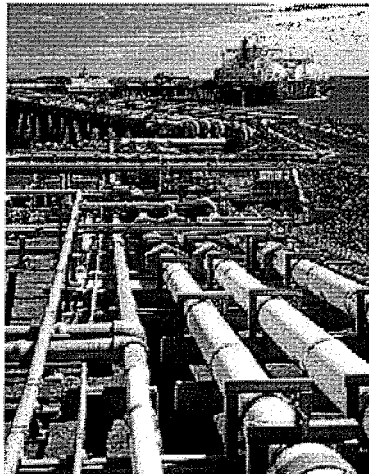
NaturalGas.org

Liquefied Natural Gas (LNG)

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- > Overview of Natural Gas
- > Natural Gas - From Wellhead to Bumer Tip
- > Business Overview
- > Natural Gas Regulations
- > Environment & Technology
- > Focus on LNG
- > Focus on Jobs
- > Natural Gas Quiz

[For even more information on LNG, check out the Center for LNG.](#)

Cooling natural gas to about -260°F at normal pressure results in the condensation of the gas into liquid form, known as Liquefied Natural Gas (LNG). LNG can be very useful, particularly for the transportation of natural gas, since LNG takes up about one six hundredth the volume of gaseous natural gas. While LNG is reasonably costly to produce, advances in technology are reducing the costs associated with the liquification and regasification of LNG. Because it is easy to transport, LNG can serve to make economical those stranded natural gas deposits for which the construction of pipelines is uneconomical.



LNG Delivery Facility with Tanker

Source: NCSA

LNG, when vaporized to gaseous form, will only burn in concentrations of between 5 and 15 percent mixed with air. In addition, LNG, or any vapor associated with LNG, will not explode in an unconfined environment. Thus, in the unlikely event of an LNG spill, the natural gas has little chance of igniting an explosion. Liquification also has the advantage of removing oxygen, carbon dioxide, sulfur, and water from the natural gas, resulting in LNG that is almost pure methane.

LNG is typically transported by specialized tanker with insulated walls, and is kept in liquid form by autorefrigeration, a process in which the LNG is kept at its boiling point, so that any heat additions are countered by the energy lost from LNG vapor that is vented out of storage and used to power the vessel.

The use of LNG allows for the production and marketing of natural gas deposits that were previously economically unrecoverable. Imported LNG accounts for slightly more than 1 percent of natural gas used in the United States. According to the EIA, the U.S. imported 0.41 Tcf of natural gas in the form of LNG in 2010. However, due to increased domestic production, LNG imports are expected to decrease by an average annual rate of 4.1 percent, to levels of 0.14 Tcf of natural gas by 2035.

Liquefied natural gas (LNG) imports represent an important part of the natural gas supply picture in the United States. LNG takes up much less space than gaseous natural gas, allowing it to be shipped much more efficiently.

LNG that is imported to the United States comes via ocean tanker. The U.S. gets a majority of its LNG from Trinidad and Tobago, Qatar, and Algeria, and also receives shipments from Nigeria, Oman, Australia, Indonesia, and the United Arab Emirates.

For more information:

- [The Center for LNG](#)
- [Federal Energy Regulatory Commission: LNG](#)
- [Interstate Natural Gas Association of America - LNG](#)
- [University of Houston: Commercial Frameworks for LNG in North America. Introduction to LNG](#)
- [Center for Energy Economics/UT-Austin: LNG Safety and Security](#)
- [Platts Guide to LNG](#)
- [LNG Safety Video](#)

CENTER FOR LIQUEFIED NATURAL GAS ESSENTIAL ENERGY

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- Overview
- LNG Safety and Security
 - LNG Safety and Security Facts
 - LNG Ship Safety
 - LNG Terminal Safety
- LNG Environmental Issues
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SAFETY AND SECURITY

LNG HAS A PROVEN SAFETY RECORD

LNG is transported many miles as it crosses the ocean, transferred to storage tanks, converted back to natural gas and then sent to market. The LNG industry has spent a considerable amount of time analyzing and assessing the hazards along the way and has either eliminated or developed mitigation techniques to reduce risks. As a result, in more than 50 years of commercial LNG use, no major accidents or safety or security problems have occurred, either in port or at sea.

The LNG industry carefully follows requirements set forth by the International Maritime Organization, Federal Energy Regulatory Commission, Department of Transportation, and the U.S. Coast Guard and works closely with the Department of Homeland Security to ensure its operations are safe and secure.

The LNG Industry provides the appropriate security, planning, prevention and mitigation in close coordination with local, state, and federal authorities, including the United States Coast Guard. These measures significantly reduce risks from intentional

events such as terrorist attacks.

The U.S. Coast Guard determines the suitability of every LNG ship that delivers cargoes to the United States through a rigorous annual inspection. If the ship fails the inspection, all deficiencies must be fixed before it can unload its LNG or leave the country. LNG ships are issued with a Certificate of Compliance by the U.S. Coast Guard to state that they are in complete compliance with U.S. regulations.

Risks resulting from intentional events such as terrorist attacks, can be greatly reduced with the appropriate security, planning, mitigation, and prevention. The LNG industry has these precautions in place.

LNG IS NOT EXPLOSIVE

Contrary to some misconceptions, LNG is not stored under pressure and when vaporized it is not explosive in an uncontained environment. According to the Federal Energy Regulatory Commission (FERC), although a large amount of energy is stored in LNG, it cannot be released rapidly enough to cause the overpressures associated with an explosion. LNG vapors (methane) mixed with air are not explosive in an unconfined environment.

Should a tank ever fail and a leak result, fire is possible, but only if there is the right concentration of LNG vapor in the air and a source of ignition. This concentration is a mixture containing 5% – 15% of natural gas in the air. FERC regulations also require safety zones around LNG facilities. Setback distances for onshore LNG terminals must be great enough so that flammable vapors will not reach the facilities' property lines and a potential fire will not impact those beyond the property lines.

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- AGA Playbook 2012
- Climate and Energy Policy
- Emergency Planning Resource Center
- Energy Efficiency
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- Fiscal Responsibility
- GASPAC
- LIHEAP
- Natural Gas Vehicles
- Rates and Regulatory Issues
- Renewable Gas
- Responsible Natural Gas Resource Development
- Safety
 - Consumer Safety
 - Pipeline Safety
 - Safety Information Resource Center
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- Supply
- Take Action
- Taxes

Safety

BACKGROUND

Local energy utilities are part of the community. In fact, the natural gas utility industry is built on community; we are part of the thousands of towns, cities and neighborhoods that rely on us to keep the gas on. The extensive pipeline infrastructure that makes this all possible is vital to the services we provide and keeping our customers safe, secure and informed is paramount.

Safety is the highest priority for the natural gas industry and work is continually being done in that area. AGA and its member companies are committed to promoting positive safety cultures among their employees throughout the natural gas distribution industry. All employees, as well as contractors and suppliers providing services to AGA members, are expected to place the highest priority on employee, customer, public and pipeline safety. Along these lines, AGA and its member companies have developed a Safety Culture Statement that clearly outlines principles involved in making a successful safety culture. These principles include:

- Commitment by Management
- Speak Up
- Identify Hazards
- Manage Risks
- Plan the Work, Work the Plan
- Promote a Learning Environment
- Personal Accountability

You can read the entire AGA Safety Culture Statement here.

PIPELINE SAFETY, AN OVERVIEW

When it comes to safety, the natural gas industry has an excellent record, which is the result of extensive industry safety programs, overseen by state officials and the U.S. Department of Transportation (DOT) under the Congressional Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011. More than \$7 billion is spent each year to ensure that natural gas is delivered safely and efficiently.

Natural gas utilities and pipelines undertake a wide range of pipeline integrity, pipeline safety and public education programs. The design, construction, operation, inspection and maintenance of all operating pipelines are subject to state and federal regulations and requirements.

The inspection and maintenance performed by operators takes in account all of the following: incident and leak history, corrosion control records, continuing surveillance records, patrolling records, maintenance history, local conditions, and excavation damage experience.

In order to educate the general public and audiences working with the natural gas industry, operators participate in excavation damage prevention initiatives, install above-ground markers to indicate the location of buried gas lines; maintain rigid requirements for qualification and inspection of construction techniques used in their systems; and support research and development focused on inspection technologies, pipeline integrity, corrosion prevention and construction techniques.

Resources

- AGA's Safety Actions
- AGA's Safety Talking Points
- AGA's Commitment to Enhancing Safety
- NTSB Released Final Report of San Bruno Accident Investigation
- AGA Commitment Letter to PHMSA
- AGA Comments on NTSB's Pipeline Safety Recommendations
- AGA Commends PHMSA on Pipeline Safety Efforts
- AGA Submits Supplemental Information to April 18 Pipeline Safety Summit Docket
- CPUC's Independent Review Panel Issued Final Report on San Bruno Pipeline Explosion
- AGA Safety Culture Statement
- Proposed decision by California ALJ disallows 5-year historical pressure data to establish MAOP
- Statement of The Pipeline Safety Trust on Senate Commerce Committee Approval of S. 275
- AGA Commends U.S. Senate Committee on Commerce, Science, and Transportation on Passage of Pipeline Safety Bill
- AGA submittal to NTSB following San Bruno hearing
- Printable FAQ document addressing numerous pipeline safety issues.
- AGA Statement on the San Bruno, CA Tragedy

Serious incidents, related to natural gas transmission and distribution, are extremely rare in the United States. Over the past twenty years, "third-party" damage has been the primary cause of serious incidents on natural gas pipelines, accounting for roughly 25 percent of all serious incidents on transmission pipelines and roughly 33 percent of all serious incidents on distribution pipelines.

The natural gas utility industry has worked with regulators, excavators and interested members of the public to augment the effectiveness of joint excavation damage prevention initiatives.

- *In 2011, at the urging of AGA, Congress the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 by unanimous consent, which the president signed into law in early 2012.*
- *A national 811 "Call Before You Dig" number was launched in 2007, which further strengthened excavation damage prevention programs.*
- *AGA and the natural gas utility industry supports the Common Ground Alliance (CGA), a collaborative group of industry and government stakeholders seeking to improve safety and reduce damages to underground infrastructure. Since the inception of CGA in 2004, there has been, roughly, a 40% reduction in excavation damages.*
- *Since 2008, DOT's Pipeline & Hazardous Materials Safety Administration (PHMSA) has provided more than \$4 million to help states improve their excavation damage prevention programs. Operators strongly support the continued involvement of the regulatory community, excavators and the interested public.*

Find Chesapeake in your area

Natural Gas Plays

Barnett Shale

Haynesville Shale

Marcellus Shale

Liquids Plays

Eagle Ford Shale

Niobrara Shale

Utica Shale

Natural Gas Plays

Barnett Shale

Haynesville Shale

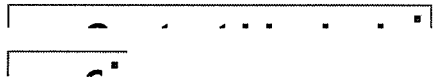
Marcellus Shale

Liquids Plays

Eagle Ford Shale

Niobrara Shale

Utica Shale



Pipelines and Compressors

You Are Here > Barnett Shale > Pipelines and Compressors > Compressor Stations

Compressor Stations

Compressor stations have coexisted peacefully with neighbors in urban environments for many years. In many of the 22 compressor stations that Texas Midstream Gas Services — a wholly owned subsidiary of Chesapeake Midstream Partners — operates in the Barnett Shale near residential or commercial



Baird Parrot Compressor Station – Fort Worth, Texas

developments go unnoticed. They blend in with their surroundings due to earth tone-painted sound enclosures, fencing and landscaping.

Compressor stations are crucial for the transport of natural gas. Similar to a water pump that moves water through pipes, compressor stations move natural gas through pipelines from the wellsite to homes and power plants. Without compressor stations, natural gas could not move from wells to consumers, including manufacturers and electrical generation plants, in large quantities. That means you wouldn't be able to turn on your lights, heat your home, use your computer or mobile phone, watch TV or cook your ever

meal.

Quick facts:

- The natural gas industry is one of the most heavily regulated industries in the United States, with multiple federal, state and local agencies overseeing all aspects of the production process, including compressor stations.
- Chesapeake has committed to a "Best on the Block" initiative, ensuring our urban sites are as attractive as other businesses in the neighborhoods where we operate.
- We're committed to safety in everything we do. Whether it involves the trucks we drive, the wells we drill or the facilities we manage, Chesapeake employees, affiliates and contractors work to ensure safety is priority number one.

What is a compressor station?

Compressor stations are essentially garages that shelter a series of engines that move gas from point A to point B. They maintain a level of pressure within the pipeline that helps the gas move long distances.

Are compressor stations safe?

Yes. Compressor stations are heavily regulated at the federal and state levels to ensure the safety of our neighbors, employees and the environment. Through the U.S. Department of Transportation, standards and laws have been developed to ensure trust in design, diligence in construction and safety in operations. Authority to enforce these laws is granted to the Railroad Commission of Texas.

Should I be worried about compressor station emissions?

No. Compressors use engines similar to the engine of a diesel 18-wheeler, though larger. The compressor motors are powered either by electricity or by natural gas produced in the Barnett, the same gas used in your home. Natural gas is a clean burning fuel, and the resulting emissions are within acceptable health limits defined by the Texas Commission on Environmental Quality (TCEQ).

The TCEQ establishes and enforces regulations that protect air quality. For more information about air quality and for links to the studies that have been conducted on air quality in the Barnett, please visit our [air quality page](#).

Will the sound from a compressor station be bothersome?

Mufflers and other sound-mitigating technologies have been designed and built into compressor stations allowing them to coexist peacefully with their North Texas neighbors. The compressors are housed within sound-dampening buildings that make the facility as quiet as the surrounding neighborhood. Compressor stations require compressor stations to operate at less than 55 decibels during the day and 50 decibels at night, measured from the fence line of the compressor facility property. According to the [National Institutes of Health](#), a n-

conversation produces a sound level between 50 and 60 decibels. The ordinances require compressor stations to have at least a 300-foot setback from any property — imagine the difficulty in hearing a conversation on the other side of a football field.



The Mercado Compressor Station does not disturb a hotel in Fort Worth.

Do compressor stations affect home values?

Independent studies do not suggest that home values are negatively affected by a home's proximity to a compressor station.

In October 2011, Integra Realty Resources conducted an independent study for Texas Midstream Gas Services to determine the potential effect on residential property values surrounding a proposed compressor station. The study found that the proposed compressor station would not have resulted in a decrease in value to the neighborhoods surrounding the site or a decrease for other non-residential properties surrounding the site. In short, the study found no evidence that property values would be diminished because of the site, for a neighborhood existing within 600 feet of the proposed compressor station.

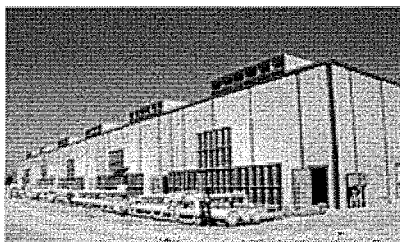
A separate independent study was conducted in February 2010 by Integra Realty Resources on behalf of the City of Arlington to determine whether living near a natural gas wellsite impacted home prices. The study found no definitive or measurable impact on typical residential properties around natural gas wellsites. The study was conducted in Flower Mound, Texas. It produced similar results.

Do compressor stations increase the amount of truck traffic on the roads?

Once constructed, compressor facilities have very little traffic. Unlike an office with workers coming and going and unlike a shopping center with retail traffic, compressor facilities have few visitors per day. Once constructed, traffic will be significantly lower than related area businesses.

What does a compressor station look like?

Compressor stations look much like any other commercial building. Chances are you've driven by a compressor station and didn't even know it. Below are pictures of various compressor facilities in the Barnett Shale.



*Arc Park Compressor Station
– Fort Worth*

*Edgecliff Compressor Station
– Fort Worth*

Chesapeake and Texas Midstream Gas Services strive to be good neighbors, and we make sure that our operations are as unobtrusive as possible. We feel we've been successful in coexisting peacefully with our neighbors, as almost 12,000 residences in Tarrant County and more than 1,700 properties in Johnson County are within a one-mile radius of our compressor stations.

Get The Facts: Pipeline Safety

Q: What is the overall safety record of the natural gas industry?

The natural gas industry has an excellent safety record. And transportation by pipeline is the safest form of transportation. In 2007, there were more than 43,000 transportation fatalities in the United States. Of these, less than 0.03 percent was attributed to natural gas transmission and distribution pipelines. Please see the Department of Transportation's Bureau of Transportation Statistics web site for more information:

http://www.bts.gov/publications/national_transportation_statistics/html/table_02_01.html

The safety of the public is, and will always remain, the natural gas industry's paramount priority. The natural gas industry operates an extensive system of 2.4 million miles of distribution and transmission pipelines that stretches across the country to provide service to 70 million residential, commercial and industrial customers. The design, construction, operation, inspection and maintenance of ALL operating pipelines are subject to state and federal regulations and requirements. For more information on the natural gas industry's safety requirements and work, please click on the following link:

<http://primis.phmsa.dot.gov/comm/SafetyStandards.htm?nocache=6621>

Q: Who provides oversight to ensure that pipeline operators are complying with these safety regulations?

The Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) is the federal regulatory agency responsible for the oversight of pipeline safety in the United States. Click on the link below to learn more about PHMSA.

<http://primis.phmsa.dot.gov/comm/>

The pipeline safety regulations apply to all pipelines in the United States. Through annual certifications and agreements, individual states have enforcement responsibility for pipelines within their own state. The state agreement with PHMSA requires a state to adopt and enforce the federal regulations. These states may enforce both the federal regulations and their own regulations, which are consistent with, and at least as strict as, the federal regulations.

Q: Tell me where I can find more information about the regulations that govern the natural gas pipelines in the United States.

The regulations are posted at:

<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=0a9201ef9fa229d3d3e7f54da724fcf0&rqn=div5&view=text&node=49:3.1.1.1.4&idno=49>

Q: Has there been a recent increase in the number of natural gas pipeline accidents occurring in the United States?

Annual pipeline accident information starting in 1990 through 2009 is available at PHMSA's web site at: <http://primis.phmsa.dot.gov/comm/reports/safety/SerPSI.html?nocache=6572>.

Accident data from 2010 will likely be added sometime in 2011.

Q: What causes natural gas pipelines to fail?

Historically, excavation damage is the leading cause of most serious pipeline failures. Accident information is grouped into eight cause categories: excavation damage, corrosion, natural forces, other outside force damage, material or welds, equipment, incorrect operation, and other. Accident cause information is available at PHMSA's web site:

http://primis.phmsa.dot.gov/comm/reports/safety/SerPSIDet_1990_2009_US.html?nocache=7692

Q: How do I get access to maps showing the location of all the pipelines in my local area?

PHMSA has created a National Pipeline Mapping System (NPMS) that shows the general location of all natural gas transmission pipelines and other pipeline facilities in the United States. This map is available to the public and can be accessed by clicking on the following link: <http://www.npms.phmsa.dot.gov/>. There is no map available to the public showing the location of natural gas distribution pipelines.

Q: Explain the difference between transmission pipelines and distribution pipelines.

In general, a transmission line is a larger diameter line operating at a higher operating pressure and transports the natural gas between states, counties, cities and towns. Distribution pipelines are generally the smaller diameter lines at lower operating pressures that deliver natural gas directly to local homes and businesses.

Q: What exactly is a "High Consequence Area" (HCA) and how can I tell if I live and work in an HCA?

"HCA" is not a term associated with the safety or condition of a particular pipeline. Instead, this term was created by the public, regulators and industry personnel to improve pipeline safety by focusing comprehensive inspections on certain transmission pipeline segments. Transmission pipelines that are located in areas where people live and work or are known to congregate on a regular basis are then deemed as being in an "HCA." By regulation, this subset of transmission pipelines then receives the greatest level of inspection and have an added layer of protection to avoid accidents that otherwise would have the greatest (negative) consequence on the public.

Q: Are natural gas utilities doing anything to educate their customers and the public on pipeline safety issues?

Yes. All natural gas pipeline operators are required to develop and implement a pipeline safety public awareness program to educate the public in the vicinity of the pipeline, as well as state and local emergency response personnel, public officials and excavators. Pipeline safety education methods are determined based upon the intended audience, but methods used include print materials, personal contact, telephone calls, public service announcements, community events and open houses. Pipeline operators continually review the public awareness materials and distribution methods to ensure the intended stakeholders are adequately informed and, when possible, collaborative efforts are identified.

The public awareness information includes: 1) pipeline purpose and reliability; 2) potential hazards and preventative measures taken by the operator; 3) leak recognition and response; and 4) emergency preparedness specific to each jurisdiction. Individuals living in the vicinity of a pipeline receive public awareness information at a minimum of once every two years.

Q: What kind of testing is performed on natural gas pipelines to ensure these lines will not fail?

There are several different types of inspections and testing that can be used to evaluate the condition of natural gas pipelines. Different types of inspections and testing methods are used, based upon a variety of factors for both transmission pipelines and distribution pipelines. The inherent differences that exist between distribution pipelines and transmission pipelines often dictate what type of inspection can even be considered by the pipeline operator.

Q: Tell me more about the inspections being conducted for the transmission pipelines. Are all transmission pipelines being inspected or just those that are in an HCA?

All existing transmission pipelines have some form of periodic inspection. The purpose is to obtain information on the pipeline to determine if it has a leak or if it is not receiving adequate protection from the threat of corrosion. In addition, pipeline right-of-ways are surveyed to ensure that population encroachment has not become an issue and that there are no excavation activities in the vicinity of the pipeline that may result in any damage.

In addition to these baseline inspections, the federal regulations do specify that the level of inspection must be more rigorous on transmission pipelines in HCAs. This type of integrity inspection can be done primarily by techniques known as In-Line-Inspection (ILI), Pressure Testing, or Direct Assessment. While these three techniques have some fundamental differences in their application and in what circumstances they can be utilized, they are all designed to provide the pipeline operator detailed and comprehensive information on the condition of the pipeline and whether or not repairs are necessary.

Due to the way pipeline systems are configured, there are actually tens of thousands of miles of transmission pipelines outside an HCA that have had this formal integrity inspection.

Q: Is it true that only seven percent of all the natural gas transmission pipelines are being inspected, as has been cited recently by the media?

No. All natural gas transmission pipelines are required to be designed, constructed, operated, maintained and frequently inspected in accordance with federal standards. In addition, state pipeline safety agencies require intrastate transmission pipelines to follow state specific regulatory requirements. For transmission pipelines that are in HCAs, federal regulations stipulate even more comprehensive inspections. Operators have voluntarily performed more than the required inspections of pipelines in HCAs. Transmission pipelines outside HCAs are required to be inspected by leak surveys, corrosion monitoring and patrolling.

Q: When a large pipeline does experience a failure, how long does it take for the utility or pipeline operator to respond and make the area safe?

This depends on a number of factors unique to the situation and it is impossible to pinpoint a specific time period. Pipeline operators work diligently throughout the year with the emergency responder community as they are often the first ones to respond to an incident.

Q: How old are the natural gas pipelines in the United States? Why don't natural gas utilities replace all of the oldest pipelines?

There is a wide range with respect to the age of pipelines. Age is not the sole factor used to determine when a pipeline is replaced, as an older pipeline can still provide safe and reliable service. Operators work with state and federal regulators to continually monitor the natural gas pipelines to determine if leaks are occurring, when repairs are required and when a pipeline needs to be replaced. The replacement of pipelines is an ongoing process. Gas utilities often submit multi-year replacement projects to their state commissions for approval. Immediate pipeline replacement will be performed if a hazardous situation is identified.

For more information on the natural gas pipelines in the United States, please click on the following link: <http://primis.phmsa.dot.gov/comm/PipelineBasics.htm?nocache=6223>.

Q: How does the public know the industry is committed to safety?

Safety is and always will be unequivocally the number one priority for the natural gas transmission and distribution industry. The industry spends billions of dollars each year to ensure the safety and reliability of the natural gas infrastructure. Natural gas utilities are subject not only to their own stringent internal controls, but also must meet rigorous federal and state oversight.

Q: What actions can I take to help ensure the pipelines in my neighborhood are safe?

There are three actions that individuals can take:

1. Be alert for signs of a natural gas leak. There are several ways to detect a natural gas leak:

Smell: Because an odorant is added to natural gas by the utility to help you detect its presence, the best sign of a natural gas leak is if you smell something similar to rotten eggs.

Sight: Look for dirt blowing into the air, persistent bubbling in standing water, or discolored or dead vegetation around the pipeline area.

Sound: Listen for any unusual hissing or roaring sound.

2. Be sure to call 811 at least two full days before you perform any digging work, even if it is something as simple as planting a tree in your yard. This will allow the local utilities to come and mark the location of any underground lines so that you can avoid damaging them when you dig. <http://www.call811.com/>
3. Help make sure that all those who are performing any excavation work in your neighborhood have notified 811. This would include any work done in the public right-of-way, as well as work done by individuals in their yard. If a call to 811 has been made, underground utilities in the vicinity of the excavation site will come to the site prior to the start of excavation and will mark the location of their buried facility through painted lines, flags or other markers. If a call to 811 has not been made prior to excavation, this could possibly result in damage to underground facilities, including natural gas pipelines.

Information on how to respond to a potential leaks or these signs varies throughout the country based on a variety of factors, including climate and soil condition. To learn how transmission pipelines near you or your distribution utility addresses leak, contact them directly.

EXHIBIT "I"



June 20, 2012

Cameron Dorsey
Director, Housing Tax Credits
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, TX 78711

RE: *Proposed Amberwood Place Site*

Dear Mr. Dorsey:

This letter concerns the location of the proposed Amberwood Place Housing Tax Credit development. This site is located at the North West intersection of Hawkins Parkway and McCann Road in Longview.

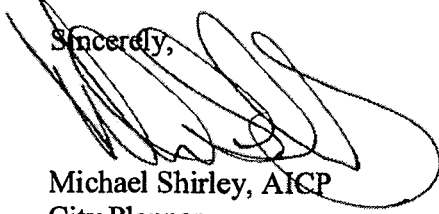
The natural gas facility located adjacent to the Amberwood Place site is a utility use that the City of Longview terms as a "Gas Transmission Line and Metering Station." Per the City's zoning regulations, this type of facility/use is permitted across all zoning designations including single family residential, multifamily residential, and commercial. Per the City of Longview Sec. 17-8 Noise Regulations, compressor or motor-driven machinery may not create a sound level greater than 65dB when measured at a distance of three hundred feet (300') from the engine. This site is in full compliance with this requirement. Please see the attached inspection report. An adjacent property owner Mr. Brady has complained about the noise levels, and as a **courtesy and not a mandate**, Enbridge agreed as a good neighbor to install a noise barrier wall.

Based on our research regarding land uses and the needs of our city, the City of Longview considers the facility located adjacent to the Amberwood Place site to be an acceptable use near residential.

We have seen the site plan for the proposed Amberwood Place development and the proposed location of residential buildings in relation to the adjacent natural gas pressurization facility. The City of Longview does not believe the site plan or the site is unacceptable due to the proximity of the natural gas pressurization facility. The City of Longview is in support of the proposed Amberwood Place Housing Tax Credit development.

Thank you and please contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Shirley', written over the word 'Sincerely,'.

Michael Shirley, AICP
City Planner
City of Longview



INVESTIGATION REQUEST

City of Longview Code Enforcement
Environmental Health Division

Page 1 of 2
251270
CONTROL NUMBER
Reported: 11/16/10

DATE	TIME	BY	PGM	INVENTORY TYPE	LOCATION	SD/Emp
11/16/10	1:12 pm	KJ	480			101 District 1 11 James, Kenny

REQUESTED BY	WORK PHONE	HOME PHONE	CELL PHONE
BRADY OVERTON 3816 HOBSON LONGVIEW TX 75605	903-734-1371		432-272-9196

REGARDING	CONTACT PHONE	OTHER PHONE	CELL PHONE
ENBRIDGE PIPELINE (NE TEXAS), LLC FLEWELLEN @ HAWKINS LONGVIEW TX 75605			

OCCUPANT	CONTACT PHONE	OTHER PHONE	CELL PHONE
BRADY OVERTON 3816 HOBSON LONGVIEW TX 75605	903-734-1371		432-272-9196

OWNER	CONTACT PHONE	OTHER PHONE	CELL PHONE
ENBRIDGE PIPELINES (EAST TEXAS) LP 1100 LOUISIANA S-2900 HOUSTON TX 77002			

COMMENTS: 11 / 17-18 / 2010 - @ 3816 Hobson Street -
dB Readings : HIGH - 54.1 dB-A. -- Low - 32.9 dB - A ----- average - 37.80 dB - A
WEATHER: TEMP : HIGH - 73* / LOW - 44*
NO RAIN - HUMIDITY : - HIGH - 89% - LOW - 44 %
WIND - HIGH - 24 MPH - AVERAGE - 10.6 MPH - @ SOUTH

11 / 22-23 / 2010 - @ 3816 Hobson Street
dB- Readings : HIGH - 59.8 dB-A --- Low - 28.1 dB - A ----- average - 37.06 dB - A
WEATHER : TEMP : HIGH - 78 * / LOW - 64 *
NO RAIN - HUMIDITY : HIGH - 93 % - LOW - 67 %
WIND - HIGH - 23 MPH - AVERAGE - 12.0 MPH - @ SOUTH

11 / 23-24 / 2010 - @ 3816 Hobson Street
dB Readings : HIGH - 52.2 - dB-A --- Low - 25.5 dB - A ---- Average - 37.27 dB - A
WEATHER : TEMP : HIGH - 83 * / LOW 67 *
NO RAIN - HUMIDITY : HIGH - 100 % - LOW - 55 %
WIND - HIGH - 17 MPH - AVERAGE - 8.5 MPH - SOUTH

12 / 01-02 / 2010 - @ 100 feet East entrance fence to Enbride Compressor Station
HIGH - READING - 80.1 dB-C AND LOW - 75.8 dB-C ---- AVERAGE : 76.62 dB-C
WEATHER : TEMP : HIGH - 62 * / LOW - 29 *
NO RAIN ---- HUMIDITY : HIGH - 78 % - LOW - 19 %
WIND - HIGH - 16 MPH - AVERAGE - 6.3 MPH - SOUTHWEST

12 / 02-03 / 2010 - @ 3816 Hobson Street
HIGH - READING - 72.2 dB-C AND LOW - 61.0 dB-C ---- AVERAGE - 66.40 dB-C
WEATHER : TEMP : HIGH - 67 * / LOW - 35 *
NO RAIN ---- HUMIDTY : HIGH - 82 % --- LOW - 37 %
WIND - HIGH - 18 MPH ---- AVERAGE - 6.9 MPH ----- SOUTHWEST

12 / 07-08 / 2010 - @ 100 feet East of Enbridge Compressor Station - 100 Ft. East
dB Reading - High - 86.8 dB-C and Low - 77.2 dB-C ----- AVERAGE - 79.93 dB-C
WEATHER : TEMP : HIGH - 55 * / LOW - 28 *
RAIN : 0.04 ----- HUMIDITY : HIGH - 92 % ---- LOW - 28 %

WIND - HIGH - 10 MPH ----- AVERAGE - 3.0 MPH ----- NORTHEAST

12 / 08-09 / 2010 - @ 3816 Hobson Street
dB Reading - High : 88.9 dB - C and Low : 70.1 dB - C ----- AVERAGE : 73.06 dB - C
WEATHER : TEMP : HIGH - 50 * / LOW - 34*
RAIN : TRACE ----- HUMIDITY : HIGH - 92 % ---- LOW - 61 %
WIND -- HIGH - 10 MPH ----- AVERAGE - 3.8 MPH ----- NORTH

12 / 14-15 / 2010 - @ 3816 Hobson Street
dB Reading - High : 51.9 dB - A and Low : 39.1 dB - A ----- Average : 45.72 dB - A
WEATHER : TEMP : HIGH - 60 * / LOW - 30 *
RAIN : NONE ----- HUMIDITY : HIGH : 86 % ---- LOW : 38 %
WIND --- HIGH - 17 MPH ----- AVEAGE - 8.5 MPH ----- SOUTH

12 / 15-16 / 2010 - @ 100 feet East of Enbridge Compressor Station
dB Reading - High : 56.5 dB - A and Low : 37.6 dB - A ----- Average : 51.54 dB - A
WEATHER : TEMP : HIGH - 76 * / LOW - 48 *
RAIN : NONE ----- HUMIDITY : HIGH : 96 % ---- LOW : 46 %
WIND ---- HIGH - 30 MPH ----- AVERAGE - 16.4 MPH -----SOUTH

12 / 16-17 / 2010 - @ 3816 Hobson Street
dB Reading - High : 50.5 dB -A and Low : 40.3 dB - A ----- Average : 43.63 dB - A
WEATHER : TEMP : HIGH - 65 * / LOW - 44 *
RAIN : NONE ----- HUMIDITY : HIGH : 78 % ---- LOW : 42 %
WIND ---- HIGH - 23 MPH - NW - & HIGH - 31 MPH - SW ----- AVERAGE - 11.1 MPH -----

PREVIOUS FINDINGS / ACTION TAKEN:

11/16/10	CONT	Citizen Contact - Field; 11/15/2010 @ 12:50 met with Mr. Overton a residence and also at site of compressor station. Decibel readings are as follows; back yard of residence : 50.6 Db to 58.1 Db 300 feet from compressor : 52.3 Db to 58.6 Db
11/24/10	NONE	No violation found; no violation at this time
05/23/11	COMPLY	File closed / complied

NATURE OF REQUEST:

ENL Excessive Noise Level (17-8)
Findings: complaint on compressor station noise

CONFIRMED NOT CONFIRMED NOTICE ISSUED COS

COMPLETE COMPLAINANT INTERVIEWED

BY _____ DATE _____

SPECIALIST



INVESTIGATION REQUEST

City of Longview Code Enforcement
Environmental Health Division

Page 1 of 2
252026
CONTROL NUMBER
Reported: 09/21/11

DATE	TIME	BY	PGM	INVENTORY TYPE	LOCATION	SD/Emp
09/21/11	7:52 am	KJ	480			101 District 1 11 James, Kenny

REQUESTED BY	WORK PHONE	HOME PHONE	CELL PHONE
BRADY OVERTON 3816 HOBSON LONGVIEW TX 75605	903-734-1371		432-272-9196

REGARDING	CONTACT PHONE	OTHER PHONE	CELL PHONE
ENBRIDGE PIPELINE (NE TEXAS), LLC FLEWELLEN @ HAWKINS LONGVIEW TX 75605			

OCCUPANT	CONTACT PHONE	OTHER PHONE	CELL PHONE
BRADY OVERTON 3816 HOBSON LONGVIEW TX 75605	903-734-1371		432-272-9196

OWNER	CONTACT PHONE	OTHER PHONE	CELL PHONE
ENBRIDGE PIPELINES (EAST TEXAS) LP 1100 LOUISIANA S-2900 HOUSTON TX 77002			

COMMENTS: 09/ 20-21 /2011 - @ 3816 HOBSON
 db readings (PEAK) : HIGH - 51.5 dB-A @ 23:41:55 PM, LOW - 33.1 dB-A @ 00.41:55 AM
 AVERAGE - 39.47 dB-A
 WEATHER TEMP: HIGH - 89 * , LOW - 65*
 NO RAIN ----- HUMIDITY : 93% - LOW - 34 %
 WIND : HIGH - 8 MPH , AVERAGE : 2.6 - SOUTH ----- HIGH GUST 12 MPH SE

09/ 21-22 /2011
 dB readings (PEAK) (transporting device to vehicle)- 59.1 dB-A @ 7:05:03 AM, LOW - 45.3 @ 04:17:03 am (09/22/2011)
 AVERAGE - 47.11 dB
 WEATHER TEMP : HIGH - 92* , LOW - 64 *
 NO RAIN ---- HUMIDITY : HIGH - 93% , LOW - 26 %
 WIND : HIGH : 14 MPH - NW , AVERAGE : 2.3 MPH - NW ----- HIGH GUST - 20 MPH NE

09 / 22-23 / 2011
 dB readings - (PEAK) : HIGH : 53.6 dB- A @ 05:39:51AM , LOW - 44.8 dB-A @ 01:15:51 AM (09/23/2011)
 AVERAGE READINGS - 48.94 dB-A
 WEATHER TEMP : HIGH - 92* , LOW - 65*
 RAIN : 0.46 INCHES HUMIDITY: HIGH - 87 % , LOW : 37 %
 WIND : HIGH - 26 MPH - NW , AVERAGE : 3.5 MPH - NW ----- HIGH GUST - 33 MPH - NW

PREVIOUS FINDINGS / ACTION TAKEN:

09/21/11 NONE No violation found; 09/21/2011 - NO VIOLATION AT THIS TIME

NATURE OF REQUEST:

ENL Excessive Noise Level (17-8)

Findings: COMPLAINT ON ENBRIDGE PIPELINE COMPRESSOR STATION

CONFIRMED NOT CONFIRMED NOTICE ISSUED COS

EXHIBIT "J"

Sec. 17-6. Premises to be Kept Clean and Sanitary.

The premises of every well should be kept in a clean and sanitary condition, free from rubbish of every character, to the satisfaction of the oil and gas inspector and the city health officer, at all times drilling operations or reworking operations are being conducted and as long thereafter as oil and/or gas is or may be produced therefrom. This requirement shall also apply to temporarily abandoned or shut-in wells. Compliance with sanitation requirements shall include locating on the immediate drill site temporary bathroom facilities for the use of all personnel working at the drilling site.

Sec. 17-7. Watchman.

If required by the oil and gas inspector the permittee shall maintain a watchman or shall have other personnel on duty on the premises at all times, such that the premises shall never be without the direct visual observation and supervision of an individual designated with such authority, or at such times as the oil and gas inspector shall require. It shall not be necessary to keep an extra watchman on duty on the premises when other workmen of permittee are on the premises.

Sec. 17-8. Noise Regulations.

A. It shall be unlawful for any person to operate or permit to be operated in connection with the drilling, completing, equipping, or abandoning of a well any engine, compressor or motor-driven machinery of any type which creates a sound level greater than 72 dB(a) when measured at a distance of three hundred feet (300') from the engine or measured immediately adjacent to any inhabited building not used in the drilling operation and located within the three hundred foot (300') distance; provided, however, a maximum sound level of 80 dB(a) shall apply to fracing operations in connection with a well, and such fracing operations shall be conducted only during the hours of 7:00 a.m. to 7:00 p.m.

B. It shall be unlawful for any person to operate or permit to be operated in connection with the operation of a producing well any engine, compressor or motor-driven machinery of any type which creates a sound level greater than 65 dB(a) when measured at a distance of three hundred feet (300') from the engine or measured immediately adjacent to any inhabited building located within the three hundred foot (300') distance.

EXHIBIT "K"



June 25, 2012

Mr. Cameron Dorsey
Director of Multifamily Programs
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Centerpoint/Enbridge Natural Gas Pressurization Facility ("Facility")

Dear Mr. Dorsey:

I am a professional land planner and the owner of Planning Concepts, located in Tyler, Texas. Planning Concepts specializes in helping cities throughout Texas with their urban planning issues such as comprehensive planning, urban design, ordinance development, and parks, recreation and open space planning. We are familiar with the development site for Amberwood Place, and understand that the low income tax credit application for that development has been challenged. I have been provided with a copy of the challenge filed by John C. Shackelford, Esq. with TDHCA and have reviewed the same. With respect to certain of the assertions contained in the challenge, please be advised as follows:

1. I have spoken with an employee of Centerpoint at the Facility. Centerpoint maintains an office at the Facility but does not currently maintain pressurization or transmission operations there.
2. The Centerpoint official advises that the Facility is unmanned and typically receives approximately 3 – 4 visits per day from automobiles and pickup trucks.
3. In addition, the Facility is visited twice a day on average by larger trucks which service the Facility.

Please do not hesitate to contact me if you have any questions regarding this matter.

Sincerely,

Mark Priestner,
Planning Concepts

EXHIBIT "L"

June 25, 2012

Amberwood Place, LLC
23327 NW CR 236, Ste 60
High Springs, FL 32643

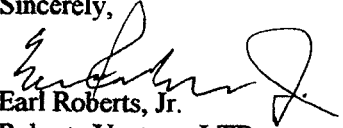
Re: Access easement for purchase of land NWQ Hawkins and McCann

Dear Ms. Lisa Stephens:

This letter concerns the location of the easement that is used to access the Embridge pressurization station. It is my understanding that this easement is contained within the tract of land in our purchase agreement which is located at the NWQ of Hawkins and McCann. I understand you are still in the process of obtaining funding from TDHCA for the proposed project to be built on this land. Once funding is received, we will assist in negotiating the relocation of this access easement if required to accommodate the development.

Thank you and please contact me with any questions.

Sincerely,


Earl Roberts, Jr.
Roberts Venture, LTD



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

BOARD MEMBERS
J. Paul Oser, *Chair*
Tom H. Gann, *Vice Chair*
Leslie Bingham-Escareño
Lowell A. Keig
Juan S. Muñoz, PhD
J. Mark McWatters

July 18, 2012

512.475.2213
cameron.dorsey@tdhca.state.tx.us

Michael Wohl
Amberwood Place, LLC
23327 NW CR 236, Suite 60
High Springs, FL 32643

Gary J. Cohen
Shutts & Bowen LLP
201 South Biscayne Boulevard
Miami, FL 33131

RE: UNACCEPTABLE SITE DETERMINATION FOR APPLICATION NO. 12067 AMBERWOOD PLACE

Dear Mr. Wohl and Mr. Cohen:

On July 3, 2012 staff issued an initial finding that the site for application #12067 Amberwood Place was unacceptable. You responded with a request to meet with staff to discuss the issues surrounding the site, and staff granted such meeting on July 11, 2012. In addition, staff reviewed documentation submitted by you in response to a challenge to the application, which was the impetus behind the initial determination, as well as additional information disseminated at the July 11 meeting. This information did not adequately address the Department's concerns. However, as we have discussed with Mr. Cohen, we believe that the conditions imposed herein form a basis under which it is possible for the Department to conclude the proposed site is acceptable. Therefore, this letter constitutes a determination under 10 TAC §50.4(d)(15). Rights of appeal are as set forth in 10 TAC §50.10(d). Staff has made a determination that the proposed site for tax credit application 12067, Amberwood Place ("Amberwood") is acceptable **only if** the conditions specified in this letter are timely and fully met and the Governing Board of the Texas Department of Housing and Community Affairs accepts the items provided as evidence that such conditions have been met.

The issues that have been raised in a challenge to Amberwood go to concerns about human health and safety, and for staff to make a definitive pronouncement in that regard is beyond the staff's capability and technical scope within the time constraints presented. The applicant has gone to great lengths to bring forward what it believes is strong support for its own conclusions as to the acceptability of the site. The applicant has met with Department staff in person, and State Representative David Simpson, whose district includes the site, provided input that such sites, proximate to similar facilities,



are not out of the ordinary in that part of the state. He further urged that precluding such sites in any other parts of the state where similar hydrocarbon extraction activity is commonplace would pose new challenges for the placement of housing in rapidly expanding local economies.

The applicant has brought forth the following points in support of its position:

1. Assertions that critical assumptions in the challenge are based on factually erroneous information;
2. The fact that the City of Longview has found the site to be acceptable, based on its current zoning of the site for residential purposes and further based on their having reviewed the site plan and not found it to be unacceptable;
3. The fact that the City of Longview Fire Marshal considers the site non-hazardous;
4. The fact that the equity investor, Well Fargo, has indicated the proximity of the site to the natural gas pressurization facility does not affect their decision to proceed; and
5. Treatment of the issues under U. S. Department of Housing and Urban Development ("HUD") regulations (21 CFR Part 51) and guidance (HUD Guidebook 1060-CPD).

Further, in response to a question posed by staff, the applicant has identified four instances in which it believes residential property was sited proximate to comparable facilities, two of such examples involving tax credit properties. Although staff appreciates the information, staff believes these other instances are clearly distinguishable.

Staff believes that there are two fundamental issues implicated in making a decision as to the acceptability of the proposed site: (1) Whether there is a documented basis for concluding that the site is acceptable (on the basis of an analysis of the identified possible hazard) and (2) whether the site presents features that give rise to any conclusions on the issue of general acceptability under matters such as affirmative furtherance of fair housing as required by local HUD HOME funds or issues of environmental justice.

Regarding the first issue, staff believes that there are several essential ingredients:

1. Having someone who is appropriately disinterested and possesses adequate expertise
2. Apply the actual facts specific to this situation and
3. Express a conclusion to the Department on which
4. The Board determines it is appropriate to rely.

Staff has great respect for the applicant's diligence in attempting to address the challenge but believes that both the applicant and the challenger are susceptible to being viewed as less than neutral as each has a significant financial interest at stake. Regarding expertise, staff has not conducted a thorough analysis of the *curricula vitae* of individuals expressing the views on either side, nor has staff determined whether any of the analyses or conclusions reached by zoning officials, fire marshals, or equity investors entailed specific focus by experts on the issues involved. Regarding HUD regulations and guidance, those are regulatory constructs and the questions staff would pose would include "How would an expert apply them to the specific facts at hand?" and "Would that expressed outcome present a reasonable basis for the board concluding that no unacceptable hazards were presented?"

Staff does not have the expertise and necessary documentation to support a solid conclusion; absent conditions, in a case in which potential risks to person have been alleged. It would not be appropriate for

staff to make this final determination without providing an opportunity for guidance from a disinterested expert and meeting these conditions as referenced in this letter. It is on this basis that staff imposes the conditions set forth herein to ensure these issues are properly addressed.

On or before November 1, 2012, the applicant will:

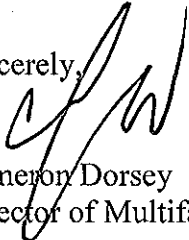
1. Secure final HUD site and neighborhood clearance and provide evidence thereof to Department staff and
2. Obtain and provide to staff a report related to the acceptable or unacceptable nature of the site in question either from the Railroad Commission, as the state agency charged with overseeing issues of pipeline safety, or, if the Railroad Commission is not willing or is unable to provide its views, from an independent licensed engineer procured by the applicant at its sole cost and, prior to engagement, found to be acceptable to staff. If applicant pursues addressing this through engagement of an engineer that engineer must have established expertise in gas pressurization and transmission. The report must specifically address the issue of health and safety at the proposed site in connection with proximity to the Enbridge natural gas pressurization facility. The report will be presented to the Board to be considered for acceptance not later than the November board meeting, currently scheduled for November 13, 2012. If the Board should move to reject the report for any reason, the applicant will be afforded the opportunity of public comment after any motion to reject is formed. Any Board action to accept or reject will be final and there will be no further right of appeal before the Board. If the Board accepts what is provided, the conditions of this final determination will have been met. If the Board rejects what is provided, the application of Amberwood will be terminated, such termination will be final, and the credits awarded to Amberwood will be re-awarded to the next applicant on the wait list.

It is the sole responsibility of the applicant to prosecute fulfillment of these conditions to timely completion; however, it is acknowledged that the Department has already initiated a request to the Railroad Commission, copy attached. None of these deadlines may be extended without prior board approval.

If a report is brought to the Board to accept or reject, the Board's decision as to this matter will be final and the applicant will have no further rights of appeal on this matter to the Board.

If you have any questions or concerns, please contact me at 512.475.2213 or by email at cameron.dorsey@tdhca.state.tx.us.

Sincerely,


Cameron Dorsey
Director of Multifamily Finance

JML

cc: Alyssa Carpenter
Sarah Anderson



Cameron Dorsey
Texas Department of Housing
And Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

RE: Site and Neighborhood Clearance – City of Longview, Texas
Amberwood Place
TDHCA #12067

Dear Mr. Dorsey:

The Community Development Department of the City of Longview (“City”) has conducted the Site and Neighborhood Assessment for the site of the proposed development to be known as Amberwood Place (“Project”) as required by its commitment to invest HOME funds for the Project. In accordance to 24 CFR 92.201(2), a participating jurisdiction may only invest its funds in projects that meet the statutory eligibility requirements. As a part of its investment of HOME funds, the site and neighborhood review and clearance process must be conducted by the City.

This assessment was conducted pursuant to the HOME Investment Partnership Program Final Rule 24 CFR Section 92.202 and 24 CFR Ch. IX, Section 983.6 regarding site and neighborhood standards. The City finds that the site for the Amberwood Place development meets all the HUD requirements for this clearance. Therefore, we find the site acceptable and the project eligible for HOME funding from the City.

In accordance to HUD requirements, the participating jurisdiction is responsible for site and neighborhood review and clearance. Pursuant to HUD guidance, all required documentation and records regarding this clearance are maintained with the City for HUD monitoring and audit purposes. Additionally, HUD has confirmed no further review or approval is required.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Harrison", is written over a horizontal line.

Parker Harrison
Community Development Administrator

City of Longview P.O. Box 1952 Longview, TX 75606 903-237-1000
Accountability Teamwork Integrity Professionalism
www.CityofLongview.com

R.A.ESKUCHEN, P.E.
ENGINEERING CONSULTANT
11281 RICHMOND AVE. SUITE J108
HOUSTON, TX 77082

OCTOBER 08, 2012

MR. CAMERON DORSEY
DIRECTORY OF MULTIFAMILY PROGRAMS
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
221 EAST 11TH STREET
AUSTIN, TEXAS 78701

Re: Engineer Report for Application No. 12067 Amberwood Place

Dear Mr. Dorsey:

This report is in reference to your approval of my services to provide a report as to the health and safety at the proposed Amberwood Place Apartment site in connection with the proximity to the combined CenterPoint Energy and Enbridge natural gas gathering facility. My assessment included a site visit and meeting with the Facility Supervisor and also an assessment of previous correspondence in reference to noise level, aboveground storage tanks, explosion hazard, and thermal radiation of the existing gas facility.

This report reflects my expertise concerning pipelines and pipeline facilities and the safe operation of these in relationship to the public and the environment.

Pipeline facilities have proven to be the safest and most practical method of transportation and distribution of hazardous materials.

This is accomplished by prevention and mitigation measures used to control risk by reducing the likelihood of a risk event occurring and the magnitude of the event. Codes, standards, regulations, and pipeline operator's own good practices comprise prevention and mitigation activities. These activities focus on the specific cause(s) of pipeline failures.

The Pipeline Hazardous Materials Safety Administration (PHMSA)/ Department of Transportation (DOT) (Title 49 Part 192) has jurisdiction for pipelines and the State Of Texas, the Texas Railroad Commission (TRRC) (TAC Title 16 Part 1 Chapt 18) has jurisdiction for intrastate pipelines (pipelines operating within state boundaries). Some of the industry standards that are followed are the American Petroleum Institute (API), American National Standards Institute (ANSI) and American Society of Mechanical Engineers (ASME). These agencies and groups broadly define prevention and mitigation measures for pipeline facilities. A pipeline operator's practices must conform to the requirements of applicable local, state and federal regulations, but in practice most pipeline operators exceed these requirements.

Review and Investigation:

The regulations and comments on my investigation are as follows:

- Extensive design and construction specifications in determining the Maximum Allowable Operating Pressure (MAOP) for the pipeline and facility to protect human occupancy (Class Locations) within the vicinity of the pipeline. If the occupancy status changes then the MAOP must be revised/confirmed to satisfy the change in class location (§192.5; §192.609; §192.619).

On my site visit the facility Supervisor for Enbridge stated that the facility has an MAOP of 1100 psi with a suction of 200 psi and a discharge of 850-900 psi. The facility was originally designed and built under a pipeline Class 3 code which satisfies the rule for the proposed Amberwood Place site for buildings occupied by 20 or more people.

Noise Level:

As to the noise level, the Supervisor stated that the compressor was installed in compliance with the city ordinance of 65db and that a sound wall was installed on the west side of the compressor as a good neighbor to satisfy a request by a homeowner. Furthermore, the City's ordinance requires that the facility maintain compliance on an ongoing basis.

- Operating and maintenance procedures that require equipment inspection on a regular schedule. These inspections include pressure limiting & pressure regulator stations, mainline block valves, and corrosion monitoring (§192.739; §192.745; §192.465; §192.481; §192.477).
- Public Awareness and Emergency response procedures includes contact with the public in the vicinity of the facilities and coordination with response agencies, preplanned emergency drills, responder training, and responding to emergencies with qualified individuals (§ 192.615; §192.616).

Both Enbridge and CenterPoint annually provides specific pipeline information to homeowners and businesses close to the facility and company personnel meet with local emergency response groups (Fire Dept., Law Enforcement and EMS) in the city at least annual to make sure there is a clear understanding of the duties in the event of an emergency.

In Exhibit A there are a couple of examples of similar facilities in the vicinity of housing and apartment complexes. These type of facilities are common in the state of Texas and both the developers and facility operators work together to provide a safe and environmentally friendly coexistence for the planned communities. This is a fact for Amberwood Place as both entities are communicating in making sure that the new complex will be provides a safe living environment.

- Damage Prevention Program (DP) which includes a written program to prevent damage to the pipelines from excavation activities and being a member of a State wide OneCall system that notifies underground utility owners of pending excavation. PHMSA statistics

show that excavation damages have reduced significantly since this rule was implemented. (§192.614).

Both Enbridge and CenterPoint are members of a State wide OneCall system (811) that protects the gas facility in the event of excavation activities in the area.

- Right-Of-Way (ROW) Patrol program to observe surface conditions on and adjacent to the pipeline ROW for indications of leaks, construction activity, and other factors affecting the safety and operations (§192.705).

Facility Access Road:

The facility supervisor indicated that Enbridge's land department is in discussion with the Amberwood Place developer to possibly relocate the entrance road to the gas facility. His opinion was that moving the access route would not impact the operation of the gas facility, but that any changes would be decided by Enbridge management. The Amberwood Place developer has further confirmed that the relocation of the entrance road is not a requirement for the development to proceed but is simply preferred.

- Leakage Surveys conducted along the full length of the pipeline ROW using leak detection equipment (§192.706).
- Drug and Alcohol programs that cover the testing for the presence of prohibited drug of all employees and contractors that work for the pipeline operator. (§199.).
- Operator Qualification program (OQ) to ensure through evaluation that both employees and contractors performing work on the pipeline or facility are qualified to do the task assigned (Subpart N §192.801).
- Integrity Management Program (IMP) that includes pipeline testing methods to assess the integrity of the pipeline systems, continually monitor areas along the pipeline ROW for the appearance of new sites and buildings intended for human occupancy and evaluate & implement preventative and mitigative measures for each facility located within these new areas. Included is risk analysis for ranking individual locations and lengths of pipe along a pipeline (segments), in relative terms, this is a tool in establishing priorities for inspection, testing, repair actions and decisions regarding specific risk control measures, both for preventing and mitigating accidental releases from the pipeline (Subpart O §192.901).

In my discussion with the Supervisor an integrity assessment of the facility was completed within the last 5 years. In addition all of the aboveground piping is inspected annually for atmospheric corrosion.

Aboveground Storage Tanks (AST):

There are three atmospheric tanks in service on the facility that store water and condensate from the dehydration process of the facility. The sizes of the tanks are 400 Bbls, 300 Bbls, and 210 Bbls. These tanks are inspected annual for atmospheric corrosion. The tanks are located inside a diked area that has a specific height and

length to contain the total volume in the event of a failure of the largest tank inside the dike area.

In the unlikely event of a dike breach the liquid would travel away from the Amberwood Place site due to its higher elevation than at the area of the tanks, in fact the whole area of the gas plant is at a lower elevation than the Amberwood Place site. Exhibit B indicates the elevations at both areas.

In my review of the HUD guidelines for Acceptable Separation Distance (ASD) for unpressured aboveground storage tank spacing only the heat radiation distance from the complex and people applies. Using the HUD web based electronic assessment tool the Amberwood Place site meets and exceeds the required calculated distances.

Out of Service horizontal Tank:

This tank was used to store natural gas under pressure by CenterPoint Energy. This tank was taken out of service and has not been used for several years. In the event that CenterPoint Energy wants to put this tank back in service they will have to apply current Regulations and Standards as if it were a new installation and take into consideration the future Amberwood Place complex in the re-activation of the tank. Any reactivation of this tank after construction of Amberwood Place would have to be done in a manner that ensures the safety of the adjacent development and its residents.

- Control Room Management (CRM) procedures and programs that pipeline operators must follow for pipelines with a controller working in a control room who remotely monitors and controls a pipeline facility through a Supervisory Control And Data Acquisition (SCADA) system. SCADA is a computer-assisted control systems that can detect and assess changes in pressures and flows along the pipeline and facilities and are operated 24 hours a day & 7 days a week (§192.631).

This facility is unmanned but both Enbridge and CenterPoint have SCADA systems to monitor and control activities at the facilities. Personnel from both companies are at the facility periodically during the week.

- And along with all the above programs the agencies perform compliance audits at least once a year to confirm that the pipeline operator is in compliance and if not there are civil and criminal penalty considerations of the nature, circumstances and gravity of the violation(s).

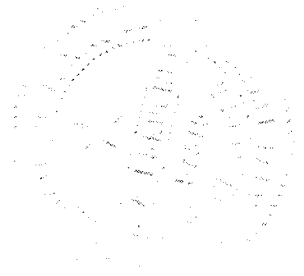
In my discussion with the facility supervisor there have not been any gas releases/incidents at the facility since the original startup of the facility. This was also confirmed from the PHMSA incident reporting web site and correspondence from the Fire Marshal for the City of Longview.

Conclusion:

- I am a Professional Engineer in the State Of Texas and have more than 38 years of experience in the petroleum and chemical industry across the country, mainly in the pipeline arena. During my career I have designed, constructed and operated facilities similar to the Enbridge/CenterPoint gas facility and to the close proximity to housing and

business areas. I have worked with many developers and city officials to reduce the risk to the public as to the location of the site structures and the pipeline facility.

- The facility was originally designed and built under a pipeline Class 3 code which satisfies the rule for the proposed Amberwood Place site for buildings occupied by 20 or more people.
- The AST's located at the Enbridge/CenterPoint facility are not pressurized and therefore do not present risk of blast explosion. The location of the facility in relation to the AST's meets and/or exceeds HUD's regulations for heat radiation.
- As a result of my evaluation of the information previously submitted to the THDCA from both parties, my site investigation of the gas facility, and my discussion with the facility supervisor I find that the location of the Amberwood Place Apartment complex in relationship to the gas facility and pipelines is acceptable.



A handwritten signature in black ink is located below the stamp. The signature is cursive and appears to read "R. G. Smith".

Exhibit A: Another Enbridge gas facility within Longview

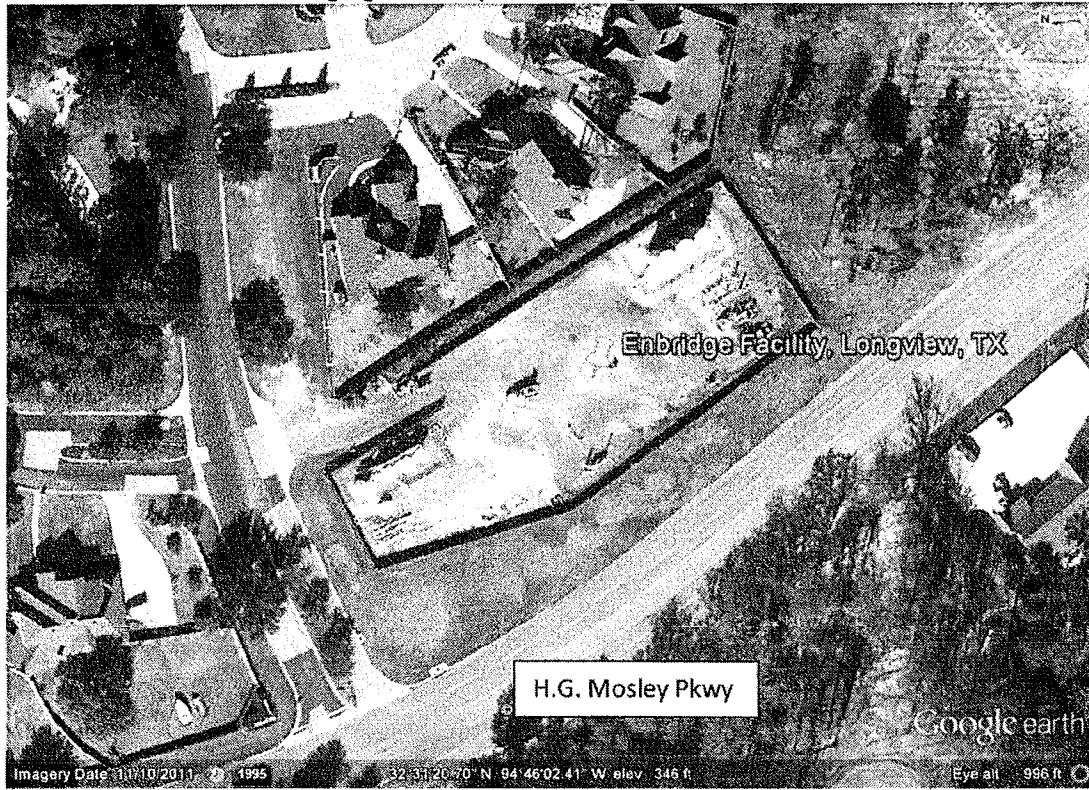
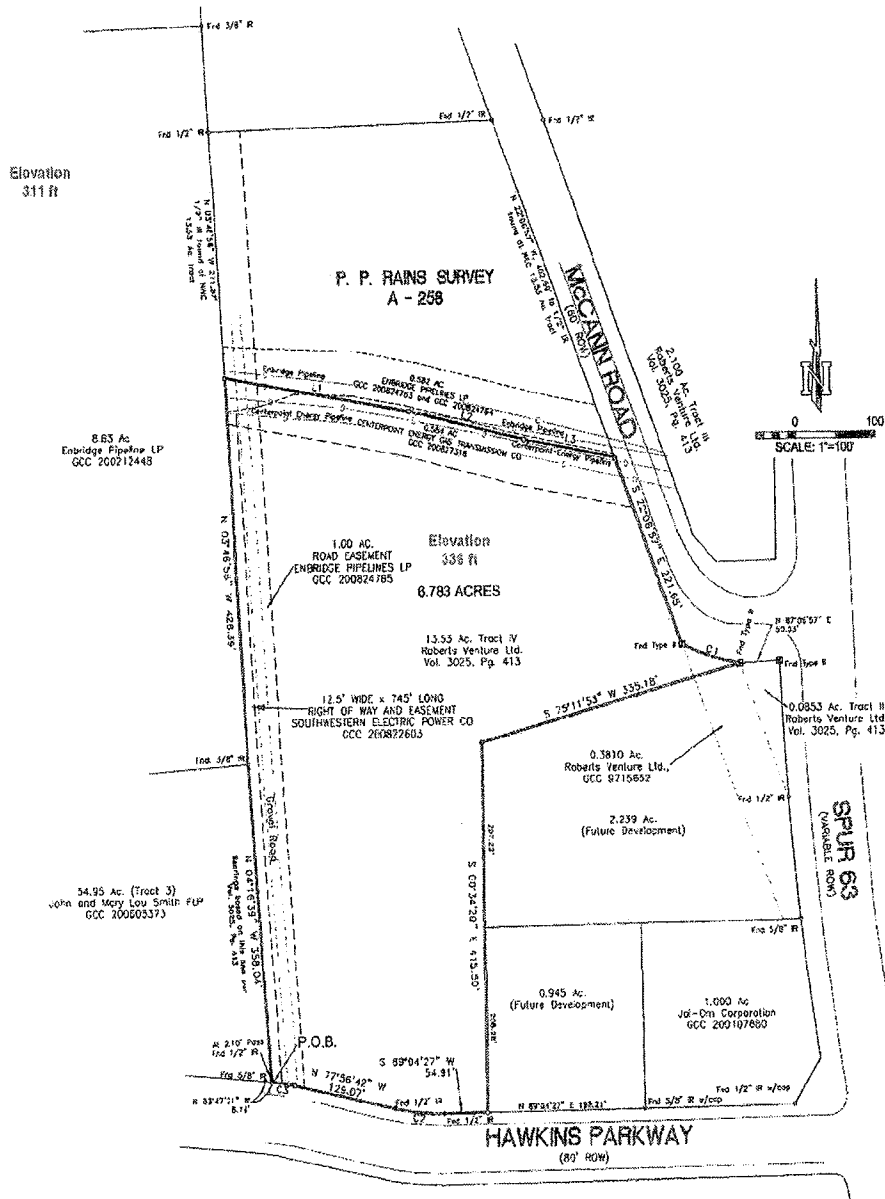


Exhibit B: Amberwood Place Site adjacent to Enbridge/CenterPoint Gas Facility



6b

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action related to scoring for the competitive housing tax credit application for Stonebridge at Kelsey Park (#12269)

RECOMMENDED ACTION

WHEREAS, a 2012 competitive housing tax credit application, Stonebridge at Kelsey Park #12269, was challenged by a third party on the basis that the application did not qualify for points under 10 TAC §50.9(b)(16) Development Location; and

WHEREAS, staff has reviewed the issues present and seeks the Board's guidance regarding how to apply the rules to this particular situation;

NOW, therefore, it is hereby,

RESOLVED, the Application for Stonebridge at Kelsey Park (#12269) is/is not awarded points under 10 TAC §50.9(b)(16) Development Location.

BACKGROUND

On June 13, 2012, staff received a challenge to the application for Stonebridge at Kelsey Park #12269, regarding points requested under §50.9(b)(16) Development Location. At the time that staff was reviewing the dozens of challenges that were submitted in the 2012 cycle, determinations were not made on challenges to applications that had not been reviewed since they did not appear to be competitive. Stonebridge at Kelsey Park was one such application. However, an applicant that received an award in July subsequently withdrew the application due to an inability to meet the requirements of commitment. This led to review of the next application in line, Stonebridge at Kelsey Park, and a review of the challenge as well.

Up to four (4) points were awarded to applicants under the Development Location scoring item for development sites located in a number of different possible locations, one of which is a High Opportunity Area. To qualify as a High Opportunity Area development sites must be located in a census tract which has a median income that is above median for that county and that has a 15% or less poverty rate. The application clearly met these requirements. However, the development must also be either within a half-mile of an accessible transit stop for public transportation or in the attendance zone of an elementary school that is rated "Recognized" or "Exemplary." The Qualified Allocation Plan ("QAP") language regarding the schools reads as follows:

“...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 (“TEA”). An elementary attendance zone does not include 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 enrollment and only one elementary school are acceptable” (10 TAC §50.2(15)).

The QAP does not specifically address new schools that do not have a rating as a result of recent construction. In the case of this application, the site is located in the attendance zone of a new school in the Lubbock-Cooper ISD. Until recently, the school district had three elementary schools, but in anticipation of growth in the area, the district built another school in 2011. The district boundaries were not expanded, and the new school’s attendance zone is made up of parts of the attendance zones of the three original schools. In addition, the new school hired close to 100% of the teachers from within the district. However, the school was not built in time to obtain a 2011 TEA rating. The other three elementary schools are rated “Exemplary” or “Recognized.” In addition, the entire district is rated “Recognized.” The applicant presented this information as evidence of eligibility for High Opportunity Area points.

In staff’s initial assessment, the actual circumstances were compelling. While this particular situation was not contemplated in the QAP, staff believes that this is the most appropriate way to apply the rule in this situation. The school is comprised of the same pool of students and teachers that have made up other highly rated schools, and the fact that the district is also highly rated is a compelling factor. However, because the application does not meet the technical requirement of the rule, staff seeks the Board’s guidance.

If the Board chooses to not award the points, another application from the same development team is the next in line. Staff is currently reviewing this application.



NRP

200 Concord Plaza Drive, Suite 900
San Antonio, TX 78216
Phone: 210.487.7878
Fax: 210.487.7880

June 13, 2012

Texas Department of Housing and Community Affairs
Attention: Cameron Dorsey
P O Box 13941
Austin, Texas 78711-3941

RE: Challenge for Application #12269 Stonebridge of Kelsey Park

Dear Mr. Dorsey:

In accordance with Section 50.10(d) of the 2012 Qualified Allocation Plan ("QAP"), we present the following concerns with the submission of the above referenced application competing in the 2012 Housing Tax Credit Application Cycle.

This Applicant has requested points under three separate Selection items; however, the material provided does not appear to meet the requirements to qualify to receive the points. The Selection items are explained in detail as follows:

1. Development Location in a High Opportunity Area. (§50.9(b)(16)(A)); An Application may receive points if the Development is located in a census tract which has a median income that is above median for that county and the census tract has a 15% or less poverty rate. Additionally, the Development must be within a half-mile of an accessible transit stop for "public" transportation or in an elementary school attendance zone that has an academic rating, as of the beginning of the Application Acceptance Period, of Exemplary or Recognized by the Texas Education Agency.

The evidence submitted for the elementary school is for a new school that does not have a rating. The Applicant requested the points based on the previous school's ratings. This does not meet the requirements of the QAP; therefore, does not qualify.

The evidence submitted for a transit stop is information showing that the development will provide on-demand transportation for the tenants. On-site, on-demand transportation does not meet the requirements of the QAP; therefore, does not qualify.

2. Site Characteristics. (§50.9(b)(19)); An Application may receive points for location of proximity to services and amenities that would be considered beneficial to the tenants. The QAP requires all services be in existence or, if under construction, must be under active construction, post pad by the date the Application is submitted.

Texas Department of Housing and Community Affairs
Attn: Cameron Dorsey
June 13, 2012
Page 2

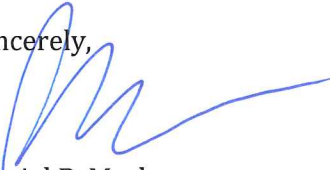
Under the Applicant's own admission submitted with the documentation, "There are future plans for the development of many Site Characteristics in the area but have not currently started construction." An aerial map of the area included in the application clearly shows these Site Characteristics to be unavailable.

3. Community Revitalization. (§50.9(b)(23)(A)); An Application may receive points if it is part of a community revitalization plan. The QAP specifically states "...the plan is not a Consolidated Plan or other Economic Development Plan..."

The letter submitted in the application clearly states "the Community Revitalization Plan, namely the 5-Year Strategic Plan, is incorporated into the Consolidated Plan..." If the Community Revitalization Plan is incorporated into the Consolidated Plan, then it becomes a part of the Consolidated Plan which would make it ineligible for these points.

We appreciate the opportunity to present this information and trust that the Department will consider this information as appropriate in its review in the allocation process.

Sincerely,



Daniel B. Markson
dmarkson@nrpgroup.com

Stonebridge of Kelsey Park
GS Lubbock 1, LP
9% Tax Credit Application – 2012 Program Year
Challenge Response

June 26, 2012

TDHCA
Valentin DeLeon
TDHCA – Multifamily Housing Specialist
(512) 475-3061
valentin.deleon@tdhca.state.tx.us

RE: TDHCA #12269, Stonebridge of Kelsey Park; HTC Application Challenge via e-mail dated June 18, 2012

Mr. DeLeon,

This letter is in response to the HTC Application Challenge e-mailed on June 18, 2012. Below is the response to each of the Challenge items.

Challenge letter from NRP dated June 13, 2012.

Challenge: 1. Development Location in a High Opportunity Area.

Response: **The Applicant requested High Opportunity Area points based on the information obtained from TDHCA's Site Demographics for the specific census tract for the Application site location. As evidenced in the Application, Stonebridge of Kelsey Park is located in a census tract that has a poverty rate that is less than 15% and has a median income that is greater than the county median income. In addition to the Site Demographics information the Applicant elected to qualify for the High Opportunity Area points based on category in Section §50.2(15)(D) which required the site to be within an elementary school attendance zone that has an academic rating of "Exemplary" or "Recognized" as determined by the Texas Education Agency.**

Stonebridge of Kelsey Park site location is in an area of Lubbock that is growing rapidly and the Lubbock-Cooper ISD was in need of adding a new school to accommodate this population growth. They have just recently built the brand new Central Elementary School which is the fourth elementary campus. Due to the fact that this is a brand new school it does not have a TEA rating or a rating history. The Applicant feels that the TEA rating should be used for the already existing three other elementary schools that Central Elementary will draw from. Submitted in the Application are reports from the TEA website showing that ALL THREE elementary schools that Central Elementary will draw from have a rating of either "Exemplary" or "Recognized". Not only do they have the acceptable rating for 2011, they ALL THREE have a rating of either "Exemplary" or "Recognized" for the last three years. Do to the fact that the Stonebridge of

Kelsey Park site location is within a school district that is so highly rated and could be used as an example of how a school district should perform, the Applicant feels that it qualifies as a High Opportunity Area and points should be awarded.

The Applicant did not and is not requesting High Opportunity Area points based on category §50.2(15)(C) so this Challenge does not even apply to the Stonebridge of Kelsey Park application.

Challenge:

2. Site Characteristics.

Response:

Per the 2012 QAP the Site Characteristics requirements in §50.9(b)(19) states “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.”

The Applicant has stated (on page 307 of the application – a copy is also attached as an exhibit to this letter) that a specialized van will be purchased and a transit service will be provided to all residents including Persons With Disabilities. The QAP is clear that this qualifies for the Site Characteristics requirements and points should be awarded.

Challenge:

3. Community Revitalization.

Response:

The 2012 QAP states that the requirements for this section are “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. The letter submitted by the City of Lubbock meets these criteria as follows:

- It is from the appropriately elected official
- It affirms that the development is located within the geographic area covered by the plan
- It states that “it is a plan that is neither the Consolidated Plan nor any other Economic Development Plan.”
- It states that the plan has been “approved and adopted by the City of Lubbock in a process that allows public input and/or comment.”

The letter submitted for these points is from the City of Lubbock and clearly states the exact wording that the QAP requires and there is no misinterpretation or uncertainty that this letter qualifies for the Community Revitalization requirements and points for this category are warranted. The fact that the City of Lubbock at a later date later used this 5-year Strategic Plan as part of its Consolidated Plan is irrelevant

Additionally, this exact same letter issued by the City of Lubbock was used in the Challenger NRP Group's own application The Grove at Elm Park, TDHCA #12246.

Please contact me at 512-257-0054 or dru@statestreethousing.com if you need any additional information.

Sincerely,

A handwritten signature in black ink that reads "Dru Childre". The signature is written in a cursive, flowing style.

Dru Childre
Authorized Representative
GS Lubbock 1, LP

Site Characteristics:

Stonebridge of Kelsey Park is located in an up and coming area of southern Lubbock. There are future plans for the development of many Site Characteristics in the area but have not currently started construction. An aerial map indicating all of the new, up and coming developments that are occurring within the area is enclosed.

GS Lubbock 1, LP will be purchasing its own specialized van and providing transportation services to the Stonebridge of Kelsey Park tenants. The specialized van will be accessible to all residents including Persons with Disabilities and will offer transportation to necessary destinations required by the tenants.

GS Lubbock 1, LP acknowledges that this transportation services provided to the tenants will be a requirement of the LURA.

7a

**To Be Posted
three days
prior to the meeting**

7b

**To Be Posted
three days
prior to the meeting**

7c

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
NOVEMBER 13, 2012

Presentation, Discussion, and Possible Action on an order adopting the repeals of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §§1.9, 1.25, and an order adopting new 10 TAC Chapter 10, Uniform Multifamily Rules, Subchapter E, Post Award and Asset Management Requirements and directing their publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, at its September 6, 2012 meeting the Board approved for publication and public comment in the *Texas Register*, the repeal of 10 TAC §1.9, Qualified Contract Policy and §1.25, Right of First Refusal at Fair Market Value, and the proposed repeal was published in the *Texas Register* on September 21, 2012, and public comments were accepted through October 22, 2012. Staff received no public comment and

WHEREAS, at its September 6, 2012 meeting the Board approved for publication and public comment in the *Texas Register*, the new 10 TAC Chapter 10, Subchapter E, concerning Post Award and Asset Management Requirements. The umbrella multifamily rule consolidates all multifamily requirements under 10 TAC, Chapter 10, Uniform Multifamily Rules. Subchapter E, Post Award and Asset Management Requirements was published in the *Texas Register* on September 21, 2012. Public comment was accepted through October 22, 2012. Staff received written comments from seven people and incorporated those non-substantive changes into the proposed final rule for adoption;

NOW, therefore it is hereby,

RESOLVED, that the adoption of the proposed new 10 TAC Chapter 10, Subchapter E, concerning Post Award and Asset Management Requirements, §§10.400 – 10.408 and the repeal of Subchapter A, General Policies and Procedures, §§1.9, 1.25 are hereby ordered and approved, together with the preambles presented to this meeting, for publication in the *Texas Register*; and

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 new 10 TAC Chapter 10, Subchapter E, concerning Post Award and Asset Management Requirements, §§10.400 – 10.408 and the repeal of 10 TAC §1.9, and §1.25, 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

As part of the overhaul and reorganization of the Department's multifamily rules, staff recommended the creation of a new chapter of rules that brings together the post award programmatic activities. While the reorganization of the rule is substantive, much of the actual language is unchanged. The most significant changes to the rules, that received comment, are outlined below.

Section §10.404 addresses reserve for replacement requirements and was moved from the Real Estate Analysis rule, 10 TAC §1.37. This section has also been re-written for clarity and based on experience with some of these accounts being set up and used, though the content and intent continues to track the statutory requirements in §2306.186.

Section §10.406 describes ownership transfers which were previously addressed in the Qualified Allocation Plan (QAP) but have been relocated to this section.

Section §10.407 describes all types of right of first refusal language used in various years' LURA (minimum purchase price-2 year, minimum purchase price-90 day, fair market value-90 day) and provides for a consistent process for Development Owners to reference in adhering to this requirement. This new section includes part of the prior Qualified Contract Policy rule, formerly 10 TAC §1.9 that referenced the right of first refusal requirement under a minimum purchase price calculation. The intent of this revision is to describe the type of valuation methods available per the requirement of the specific LURA and provide direction of the process for each type.

The rule was open for public comment from September 21, 2012, through October 22, 2012. A roundtable discussion was held on October 17, 2012, to discuss issues regarding §10.407, Right of First Refusal. This section of the rule received the most public comment. Fifteen people attended this discussion. The two primary points of discussion involved the ownership structure of a non-profit organization purchasing property under a right of first refusal and whether this had to be a wholly owned entity or could be set up as a limited partnership. Additionally, the minimum purchase price concept was discussed to determine whether this is a "floor" or an absolute value that must be used if the property is offered under this language. Details regarding all comments are discussed in the response to public comment herein contained.

Attachment A: Preamble, Reasoned Response, and Repeal of §1.9. Qualified Contract Policy and §1.25. Right of First Refusal at Fair Market Value.

The Texas Department of Housing and Community Affairs (the "Department") adopts the repeal of §1.9. Qualified Contract Policy and §1.25. Right of First Refusal at Fair Market Value, without changes to the proposed text as published in the September 21, 2012 issue of the *Texas Register* (37 TexReg 7339) and will not be republished.

REASONED JUSTIFICATION. Both of these rules are moved to 10 TAC Chapter 10, Subchapter E, concerning Post Award and Asset Management Requirements, as §10.407 Right of First Refusal and §10.408 Qualified Contract Requirements. The Department's multifamily rules were consolidated into the new 10 TAC Chapter 10. All post award activities and asset management requirements are contained under Subchapter E of this rule. The purpose of Subchapter E is to establish the requirements governing the post award and asset management activities associated with awards of multifamily development assistance pursuant to Texas Government Code Chapter 2306 and its regulation of multifamily funding provided through the Department as authorized by the legislature. These rules are designed to ensure that Developers and Development Owners of low-income Developments that are financed or otherwise funded through the Department maintain safe, decent and affordable housing for the term of the affordability period.

The Department accepted public comments between September 21 and October 22, 2012. No comments were received regarding the proposed repeal.

The Board approved the final order adopting the repeals on November 13, 2012.

STATUTORY AUTHORITY. The repealed sections are adopted pursuant to the authority of Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

§1.9. Qualified Contract Policy.

§1.25. Right of First Refusal at Fair market Value.

Attachment B: Preamble, Reasoned Response, and New 10 TAC Chapter 10, Subchapter E, concerning Post Award and Asset Management Requirements, §§10.400 – 10.408.

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 10, Subchapter E, concerning Post Award and Asset Management Requirements, §§10.402 – 10.408, with changes to the proposed text as published in the September 21, 2012 issue of the *Texas Register* (37 TexReg 7381). Sections 10.400 and 10.401 are adopted without change and will not be republished.

REASONED JUSTIFICATION. All of the rules in this subchapter were previously contained in other chapters of the Department rules. However, rules regarding post award activities and asset management requirements were located in different sections and sometimes buried within another rule altogether making it difficult for agency staff and stakeholders to find information relevant to their activity. In order to consolidate all multifamily activities, a multifamily umbrella rule, 10 TAC Chapter 10, Uniform Multifamily Rules was created. Within this rule, there are seven subchapters to address various multifamily activities. Subchapter E, concerning Post Award and Asset Management Requirements, provides processes and procedures for agency staff and development owners related to post award activities and asset management requirements.

REASONED RESPONSE TO PUBLIC COMMENT AND STAFF RECOMMENDATIONS. The Department's response to all comments received is set out below. The comments and responses include both administrative clarifications and corrections to the amendments recommended by staff and substantive comments on the amendments and the corresponding Departmental responses. In addition, staff made nonsubstantive technical corrections which were not specifically the result of comment and are not further identified herein. Comments and responses are presented in the order they appear in the rules.

Public comments were accepted through October 22, 2012, with seven comments received in writing from: (1) Walter Moreau, Foundation Communities, (2) Cynthia Bast, representing Locke Lord LLP, (3) Cynthia Bast, representing client SunAmerica Affordable Housing Partners, (4) Claire Palmer, Attorney at Law, (5) Scott Marks, Coats/Rose, (6) David Mark Koogler, Mark –Dana Corporation, and (7) Theodore C. Miller Jr., Owner of a multifamily development. A roundtable discussion was held on October 17, 2012, to discuss §10.407, regarding Right of First Refusal.

Section 10.402(d) and (f). Commitment Notices and Carryover. (2)

COMMENT SUMMARY: Commenter (2) had questions regarding the type of evidence that the Development Owner is required to submit to show that it has been formed at the time of commitment notice or at the time of carryover. The language of these two sections is a bit contradictory and does not quite capture what TDHCA should be receiving as evidence of formation. Commenter recommended the following language:

- (1) If it is a Texas entity, a copy of the Certificate of Filing for the Certificate of Formation of the entity, a Certificate of Account Status from the Comptroller, and a Certificate of Fact

from the Secretary of State. If the entity is newly formed and the latter two are not available, a statement can be provided to that effect.

(2) If it is an out-of-state entity, a copy of whatever certificate of filing is provided from the Secretary of State of the state in which the entity is organized, evidence that the entity has filed a Certificate of Application for foreign qualification in Texas, a Certificate of Account Status from the Comptroller, and a Certificate of Fact from the Secretary of State. If the entity is newly registered in Texas and the latter two are not available, a statement can be provided to that effect.

Furthermore, Commenter recommended that §10.402(d)(1) and (2) should be revised accordingly. When carryover is filed, the Department could make sure the entity remains in good standing through the receipt of a Certificate of Account Status from the Comptroller and a Certificate of Fact from the Secretary of State. Therefore, §10.402(f)(4) should be revised accordingly.

STAFF RESPONSE: Staff agrees with Commenter (2) that the Development Owner should be formed at the time of Commitment and recommends the following revisions:

§10.402(d). **Documentation Submission Requirements at Commitment of Funds.**

- (1) for entities formed outside the state of Texas, evidence that the entity has filed a Certificate of Application for foreign qualification in Texas, a Certificate of Account Status from the Texas Comptroller of Public Accounts and a Certificate of Fact from the Texas Secretary of State. If the entity is newly registered in Texas and the Certificate of Account Status or Certificate of Fact are not available, a statement can be provided to that effect; 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) for Texas entities, a copy of the Certificate of Filing for the Certificate of Formation from the Secretary of State; a Certificate of Fact from the Secretary of State and a Certificate of Account Status from the Texas Comptroller of Public Accounts. If the entity is newly registered and the Certificate of Fact and the Certificate of Account Status are not available, a statement can be provided to that effect; 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;

§10.402(f)(4)– Evidence that the Development Owner entity is in good standing as documented by a Certificate of Account Status from the Comptroller and a Certificate of Fact from the Secretary of State ~~has been formed~~ must be submitted with the Carryover Allocation.

Section 10.402(d)(3). Commitment Notice. (2)

COMMENT SUMMARY: Commenter (2) suggests that, at this point, TDHCA likely wants evidence that the Person signing the Commitment Notice has authority to do so, and recommended that the language be changed from "Application" to "Commitment or Determination Notice" in this section.

STAFF RESPONSE: Staff agrees with this comment and recommends the amended language.

- (3) evidence that the signer(s) of the Application-Commitment or Determination Notice 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 Person(s) signing the Application constitute all Persons required to sign or submit such documents;

Section 10.402(d)(5) and (6)-. Commitment Notice. (2)

COMMENT SUMMARY: Commenter (2) suggested grammatical clarifications to this section.

STAFF RESPONSE: Staff agrees with comments and recommends the amended language.

- (5) evidence of satisfaction of 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.; and
- (6) documentation of any changes to representations made in the Application subject to §10.405 of this chapter (relating to Amendments).

Section 10.402(g)(5). 10 Percent Test. (2)

COMMENT SUMMARY: Commenter (2) recommended changing the wording from “or” to “and” in this section citing that the lender and syndicator often require different Guarantors. If the department wants to know all of the parties that will serve as Guarantors, it should receive a certification from both the lender and the syndicator.

STAFF RESPONSE: Staff agrees with commenter in that the requirement should be clarified. The term “or” was used since at the time of 10% Test review, the partnership agreement may not have been formalized. Staff recommends the revision of §10.402(g)(5) to change “or” to “and” and add the condition at the end of the sentence to allow for those known at the time of 10% test. In addition, §10.402(h)(1) was revised to clarify that the list of Guarantors required by the investor should be provided with the executed partnership agreement.

(g)(5) a Certification from the lender and or syndicator identifying all Guarantors known at that time.

(h)(1) The executed partnership agreement with the investor (identifying all Guarantors) or other documents setting forth the legal structure and ownership;

Section 10.402(h). Construction Status Report. (6)

COMMENT SUMMARY: Commenter (6) questioned the purpose of submitting these reports indicating that investors and lenders will want the partnership and construction loan documents to be kept confidential. A copy of the construction contract required to be delivered quarterly under clause (3) should probably be moved to clause (2) and only be required to be delivered at the time the construction loan documentation is delivered. Construction lenders accept AIA G702 and G703 (or equivalent) forms that are not certified by the architect of record from time to time and therefore, this commenter suggested that (3) be revised to remove the requirement of certification by the architect.

STAFF RESPONSE: A Construction Status Report is currently required under the QAP and in the compliance rules, §10.602 (relating to Construction Monitoring). The purpose of this

ongoing requirement through final construction inspection is to monitor the progress of construction and anticipate any delays in meeting deadlines such as placed in service or cost certification submission deadlines. This proactive stance reduces the likelihood of unexpected extension requests and will assist the department in organizing and managing the workload. These reports are typically required the investor limited partner or lender and copying the Department should not be cumbersome. Staff agrees with the comment that construction contract should be moved to the previous numbered section and recommends revised language to show that documentation submitted to the lender (regardless of architect certification) is acceptable as well. In addition, Texas Government Code, 2306.081 requires the Department to monitor through the construction phase and submission of these reports satisfies this requirement.

- (h) *Construction Status Report.* Within three (3) months of the close of the construction loan or partnership agreement, whichever comes first, and every quarter thereafter all multifamily developments must submit a construction status report. The initial report shall consist consisting of the items identified in paragraphs (1) – (4) of this subsection. All subsequent reports shall contain for the first report and items identified in paragraphs (3) – (4) of this subsection for all subsequent reports unless changes to the original submissions of paragraphs (1) and (2) of this subsection have occurred, in which case such amendments shall also be submitted with the subsequent report. Construction status reports shall be due within by the tenth (10) days of the first day of each quarter (January, April, July, and October) and continue on a quarterly basis until the entire development is complete and all units are placed in service, whereupon a final report will be due. The construction report submission consists of:
- (1) The-the executed partnership agreement with the investor (identifying all Guarantors) or other documents setting forth the legal structure and ownership;
 - (2) The-the executed construction contract and construction loan agreement. If the loan has not closed, the anticipated closing date must be provided and, upon closing, the agreement must be provided to the Department;
 - (3) The-the construction contract and the most recent AIA G702 and G703 (or equivalent) certified by the Architect of Record (or equivalent form approved for submission by the construction lender and/or investor); and
 - (4) All-all Third Party construction inspection reports not previously submitted.

Section 10.402(i). LURA Origination. (2)

COMMENT SUMMARY: Commenter (2) recommended grammatical clarifications inserting the word "final" before "Construction Status Report" in the first sentence and inserting an "s" at the end of "Housing Tax Credit."

STAFF RESPONSE: Staff agrees that clarification is necessary and has recommends amending the language to delete the first portion of the first sentence, "After the Department receives the Construction Status Report" and begins this section with "The Department will generate a LURA...".

Section 10.404(b)(1). Reserve for Replacement Requirements. (2)

COMMENT SUMMARY: Commenter (2) suggested that the text is confusing as to when TDHCA is required to be a signatory to an escrow agreement for a replacement reserve. Traditionally, if a first lien lender or equity investor has required such a reserve, then TDHCA is not a party to the escrow. The text of subsection (1) seems to indicate if there is a first lien lender other than TDHCA or a tax credit syndication, then pursuant to subsection (A), TDHCA is required to be a signatory on the escrow agreement. Most of the time, in a tax credit syndication context, there is no escrow agreement for the replacement reserve. It is not clear what TDHCA is requiring here. If TDHCA is requiring to be a participating party in a replacement reserve when TDHCA is not the first lien lender or when there is a tax credit syndicator, I object to that being overly burdensome and request that it be removed.

STAFF RESPONSE: Staff disagrees with commenter. Section 2306.186(d) of the Texas Government Code requires the establishment of a reserve fund for repairs even where one has not been required by the first lien lender. Furthermore, §2306.186(j) provides for the oversight of reserve accounts and the provision of financial data and other information to the Department. No changes are recommended based on this comment.

Section 10.404(h)(2). Reserve for Replacement Requirements. (2)

COMMENT SUMMARY: Commenter (2) recommended adding language to this section to clarify that escrow accounts are not always required. TDHCA may not always be a party to the escrow agreement for the Reserve Account, or there may not even be an escrow agreement. Commenter (2) recommended inserting the phrase, "if required" at the end of the statement.

STAFF RESPONSE: Staff agrees with the comment that in the rare instance that such a reserve account is not required, they would not be penalized. Staff recommends the insertion of the phrase "if required" to the end of the statement.

Section 10.404(h)(6). Reserve for Replacement Requirements. (2)

COMMENT SUMMARY: Commenter (2) indicated that this provision is far too broad and may imply a higher or different standard for maintenance than is already required by the compliance rules. Commenter recommended to either remove this statement and allow the compliance rules to cover this situation, or insert a reference to the repairs "in accordance with the compliance rules."

STAFF RESPONSE: Staff agrees with the commenter and recommends the amended language.

(6) Development Owner fails to make necessary repairs in accordance with the third party property condition assessment or §10.616 of this chapter (regarding Compliance Rules).

Section 10.405(a). Amendments and Extensions. (2)

COMMENT SUMMARY: Commenter (2) indicated that there are numerous references to allocations of tax credits. However, it seems the amendments provision should apply to funding under any program and recommended reviewing this section carefully and, where references are made to the tax credit program, consider changing that reference to the multifamily programs.

STAFF RESPONSE: Staff appreciates the comment and the need for clarification. Section 10.405(a) refers to amendments to housing tax credit developments only. Amendments for other programs are contained in §10.405(c) of this subsection regarding Amendments to Direct Loan Terms. Material LURA Amendments are referenced in §10.405(b) of this subsection. Staff recommends adding the descriptor “HTC” to the heading of §10.405(a). Staff also recommends clarification under paragraph (1) of this subsection to reflect the following.

- (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 that received points, or if the change would significantly affect the most recent underwriting analysis, the Department shall require the Applicant to file a formal, written request for an amendment to the Application. Such request must include a proposed form of amendment, if requested, detailed explanation of the amendment request and other information as determined to be necessary by the Department, and the applicable fee as identified in §10.901 of this chapter (relating to Fee Schedule) in order to be received and processed by the Department.

COMMENT SUMMARY: Commenter (2) also questioned whether this section should provide, somewhere, that changes to items that are part of selection criteria can be accommodated with the adoption of other items that have equivalent or higher points. This is part of the current TDHCA amendment policy.

STAFF RESPONSE: Staff agrees with comment and recommends the amended language.

- (5) -In evaluating the amendment under this subsection, Department Staff shall consider whether changes to the selection or threshold criteria would have resulted in an equivalent or higher score and if the need for the proposed modification was reasonably foreseeable by the Applicant at the time the Application was submitted or preventable by the Applicant. Amendment requests will be denied if the score would have changed the allocation decision or if the circumstances were reasonably foreseeable and preventable unless good cause is found for the approval of the amendment.

Section 10.405(b). Amendments to the LURA. (2)

COMMENT SUMMARY: Commenter (2) suggested a grammatical correction to this section by adding a sentence at the end of the opening paragraph, before the colon, to properly introduce the subsections: "The process of seeking approval of a LURA amendment consists of the following:". Commenter (2) also questioned whether the Material Amendment Policy (currently §60.130) would remain in effect after the adoption of these rules. Commenter (2) suggested that the language: "An amendment to the LURA is not considered material if the change is the result of a work out arrangement or loan modification or other condition recommended by the Asset Review Committee" seemed to imply that the agency was heading in a new direction. Commenter suggested that the language might imply that if a syndicator or lender is in a workout situation with regard to a Development and wants to change set-asides, Board approval is not necessary which is not consistent with prior TDHCA practice.

STAFF RESPONSE: Staff agrees with comment regarding grammatical correction and recommends the revised language to address both comments:

- (b) An amendment to the LURA is not considered material if the change is the result of a Department work out arrangement or loan modification or other condition recommended by

the Department's Asset Review Committee. Prior to staff taking a recommendation to the Board for consideration, the procedures in paragraphs (1) - (5) of this subsection must be followed.

The former material amendment rule (§60.130) has been proposed for repeal and was moved to this section since it is a post award activity.

Section 10.405(d). HTC Extensions. (2)

COMMENT SUMMARY: Commenter (2) indicated that this section was confusing, as drafted because it does not address fees to be paid in the period consisting of the 30 days before the deadline.

STAFF RESPONSE: Staff agrees with the commenter and recommends the amended language.

(d) HTC Extensions. Extensions must be requested if the original deadline associated with carryover, the 10 Percent 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~~ Extension requests submitted at least thirty (30) calendar days in advance of the applicable deadline will not be required to submit an extension fee as described in §10.901 of this chapter relating to Program Fees ~~must be submitted.~~ Any extension request submitted fewer than thirty (30) days in advance of the applicable deadline or after the applicable deadline ~~Extension requests submitted after the deadline~~ will not be processed unless accompanied by the applicable fee.

Section 10.406(a). Ownership Transfer Notification. (2)

COMMENT SUMMARY: Commenter (2) indicates that the underlined phrase in the following sentence is unclear. The paragraph states that the Department must receive advance notice of any ownership change "except for changes to the limited partner or other partners required by the investment limited partner." Commenter indicated that this section implied that a removal of a general partner by the investment limited partner does not require prior TDHCA consent.

STAFF RESPONSE: Staff agrees that the statement needs clarification and recommends the amended language.

(a) Ownership Transfer Notification. A Development Owner must provide written notice to the Department as least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of the Development. If the transfer is the result of an involuntary removal of the general partner by the investment limited partner, notice shall be provided as soon as possible, considering the sensitive timing and nature of this decision.

Section 10.406(a). Ownership Transfer Notification. (2)

COMMENT SUMMARY: Commenter (2) indicated that statements in this section are unclear. The section says that an Owner may not transfer a property to anyone other than an Affiliate or a

non-controlling Related Party without Executive Director consent. This implies that an Owner may transfer to an Affiliate without consent.

STAFF RESPONSE: The intent of this paragraph, and consistent with the statement in the third sentence of this section, is to only require Executive Director approval of a transfer if there are any new members joining the ownership structure (excluding limited partners). It also allows for transfers that do not rise to the level of a transfer such as through affiliates wholly owned by individuals originally in the ownership structure or a non-controlling related party entering the structure solely for estate planning purposes. Staff recommends the amended language to clarify this intent.

- (a) Department approval must be requested for any new member to join in the ownership of a Development, except for changes to the limited partner or other special limited partners ~~required by affiliated with~~ the investment limited partner. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior written approval of the transfer, except where the transfer is other than an Affiliate of the Development Owner, if such entity contains no new members, or a non-controlling Related Party for estate planning purposes ~~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.

Section 10.406(b). Transfers Prior to 8609 Issuance. (2)

COMMENT SUMMARY: Commenter (2) recommended clarifying the header of this section since the section overall applies to all multifamily developments; not just those that are issued IRS 8609 forms.

STAFF RESPONSE: Staff agrees with the commenter and recommends renaming the section "Transfers Prior to 8609 Issuance or Construction Completion."

Section 10.406(c). Documentation Required. (2)

COMMENT SUMMARY: Commenter (2) is concerned with the implied power over and above what is already in the rules regarding the process for debarment. In the last sentence, TDHCA reserves the right to debar a Person for removal from a partnership. The rules contain criteria for ineligible applicants and debarment. Commenter recommended deletion of this last sentence or inclusion of appropriate cross-references to the applicable rules.

STAFF RESPONSE: Staff agrees with the commenter and recommends the amended language to reference the appropriate statute for debarment.

- (c) If the Department determines that the transfer, involuntary removal or replacement, was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make recommendations to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to 10 TAC, §60.309.

Section 10.407. General Comments. (1) (3) (4) (5) (7)

COMMENT SUMMARY: Commenter (1) recommended adding language to the rules to make it clear that the LURA will take precedence over anything that might be stated in the rules.

STAFF RESPONSE: Staff agrees with comments made by Commenter (1) and recommends language to incorporate emphasis on the LURA in processing a right of first refusal requirement.

COMMENT SUMMARY: Commenter (1) would like to incorporate feedback on the ROFR rules...and publish one more round for public comment. Enough items may change that additional review time is warranted. More research is needed to understand rules for situations where the sales price (market value) is lower than the minimum formula sales price. Or perhaps just allow flexibility in the rules in the event this occurs and a workout is required.

STAFF RESPONSE: Staff believes the proposed revisions herein are appropriate and sufficient to continue to operate the program, however, staff will continue to monitor these issues, especially ownership structure and price, and will consider future recommendations for revision, if needed. Staff does not recommend any change based on this comment at this time.

COMMENT SUMMARY: Commenter (1) would like to continue to require that the ‘nonprofit’ be a ‘nonprofit’ and not some form of limited partnership. If for profit equity partners can buy into financial control of a nonprofit, then the intent of the ROFR, LURA, §42 and QAP could easily be thwarted. Commenter (3) suggests that to facilitate the acquisition and preservation of tax credit properties by nonprofit organizations, the nonprofits need the flexibility to obtain equity capital. To do this, a nonprofit needs to be able to own a property through the organizational structure of a limited partnership or limited liability company with multiple partners or members. The right of first refusal rule should not be structured in such a way as to effectively prohibit nonprofits from participating or encouraging them to overreach their capabilities. Commenter (5) suggests that some of the discussion at the roundtable involved re-syndicating year 15 properties, and allowing a tax credit partnership to exercise the right of first refusal as a qualified nonprofit. Re-syndication does not seem to be contemplated in the Texas LURA, using language of §42(h)(5)(C). The critical trigger language in the LURA is “[If] the Project Owner shall determine to sell the Project...”. If nonprofit A purchases the property pursuant to a ROFR and then forms the AB tax credit partnership and re-syndicates, the property can be contributed to the partnership as a capital contribution, which avoids going through the right of first refusal process again. Making a capital contribution does not constitute selling a project.

STAFF RESPONSE: Staff agrees with Commenter (1) and disagrees with Commenter’s (3) and (5). These comments boil down to the type of ownership structure of a qualified nonprofit organization that can purchase under right of first refusal. A qualified nonprofit entity as defined in 42(h)(5)(C) of the Code as a nonprofit organization, not a nonprofit partnership that is allowed to participate in the nonprofit set-aside. Staff does not recommend any change based on this comment at this time.

COMMENT SUMMARY: Commenter (3) suggests that throughout this rule, TDHCA periodically refers to a right of first refusal for "nonprofit or tenant organizations." Both IRC

§42 and Tex. Gov't Code Chapter 2306 refer to a right of first refusal for nonprofit organization, tenant organizations, or governmental agencies (as it relates to TDHCA's right to purchase). Therefore, it may be appropriate to make the language in the rule broad enough to accommodate any potential purchase permitted by federal or state law. Commenter (5) suggests that TDHCA should expand on the type of entities that can purchase under the right of first refusal to include government agencies and individual tenants, such as in a cooperative structure. The commenter also suggested adding a definition of a Qualified ROFR Organization to include qualified nonprofit organizations under §42(h)(5)(c) of the Code, government agencies, tenants, and tenant organizations and would like all references to Qualified Nonprofit Organization be replaced with Qualified ROFR Organization. Commenter (5) has commented that the proposed rule should conform to the federal tax credit statute, §42 of the Code. The proposed rule precludes government agencies from acquiring tax credit properties pursuant to rights of first refusal even though government agencies are expressly authorized by §42 to exercise a ROFR. Commenter (5) suggests that Texas LURAs are ambiguous on whether individual tenants or government agencies can exercise a right of first refusal. Commenter (5) suggests that the current rule needs to be further revised to remove the nonprofit set-aside requirements in §2306.6706 and §2306.6729, which are requirements for tax credit applications, not for rights of first refusal at the end of a 15-year compliance period. Chapter 2306 of the Government Code was passed in 2001, and requiring a 1995 LURA to comply with a 2001 statute creates significant legal problems for the Department. These sections of Chapter 2306 (§2306.6706 and §2306.6729) should apply only to an application, not a disposition.

STAFF RESPONSE: Staff agrees with these comments, in part. A government entity is allowed to purchase under right of first refusal under §42 of the IRC. However, state statute limits the governmental entity to the Department under Texas Government Code, §2306.6727, which states that the “board by rule may develop and implement a program to purchase low income housing tax credit property that is not purchased by a qualified nonprofit organization or tenant organization”. Moreover, the transfer of a property to a government agency is not contemplated in the language of the LURA. Staff agrees that defining a first right of refusal organization would clarify references to qualified organizations in the rule. Staff recommends a definition to define Qualified ROFR Organization as a qualified nonprofit organization under §42(h)(5)(c) of the Code or a tenant organization.

COMMENT SUMMARY: Commenter (4) suggested that there should be an option to designate one qualified nonprofit organization in the LURA that has the right of first refusal.

STAFF RESPONSE: Staff agrees with this comment, however, this language is already in the LURA in Appendix D(v) and has been since at least 2009. Staff does not recommend any changes based on this comment.

COMMENT SUMMARY: Commenter (5) questions the requirement that prospective purchasers under the ROFR should be required to offer identical terms and conditions as the for-profit offer (under fair market value language), and states that the use of the term “bona fide offer” in the LURA suggests otherwise. This commenter suggests that the Department define “bona fide offer” in terms of price, earnest money deposits, the closing date, and closing costs. Commenter (5) had other suggestions about the minimum purchase price, ability to re-syndicate after satisfying right of first refusal through a capital contribution, adding the term “bona fide”

offer to the language but also defining what this is in definitions, and allowing government agencies to purchase under a right of first refusal. These comments and responses are contained within the comments of the specific section of this subchapter.

STAFF RESPONSE: Staff agrees that the term “bona fide” should be added to the rule under §10.407(d)(1)(A)(B) and (D) and recommends the amended language.

(A) If a bona fide offer from a Qualified ROFR Organization ~~qualified nonprofit~~ is received at or above the posted ROFR offer price, and the Development Owner does not accept the offer, the ROFR requirement will not be satisfied;

(B) If a bona fide offer from a Qualified ROFR Organization ~~qualified nonprofit~~ is received at or above the posted ROFR offer price and the Development Owner accepts the offer, and the nonprofit fails to consummate the purchase, the Development Owner must consider all back up offers from Qualified Nonprofit Organizations prior to receiving notice that the ROFR requirement was met;

(C) If an offer from a Qualified ROFR Organization ~~nonprofit~~ is received at a price below the posted ROFR offer price, the Development Owner is not required to accept the offer, and the ROFR requirement will be deemed met if no other offers at or above the price are received during the ninety (90) day period;

(D) If no bona fide offers are received during the ninety (90) day period, the Department will notify the Development Owner in writing that the ROFR requirement has been met. Upon receipt of written notice, the Development Owner may pursue the Qualified Contract process or proceed with the sale to a for-profit buyer at or above the posted price;

COMMENT SUMMARY: Commenter (7) owns two developments that consist of three single family residences per project and is concerned with the requirement to submit 3rd party reports to “remove the properties from the program”.

STAFF RESPONSE: After reviewing this comment, staff determined that the comment relates more specifically to the qualified contract policy (§10.408) which pertains to terminating the LURA. Staff generally disagrees with these comments as applied to the qualified contract policy. The concerns the commenter mentions are not requirements of right of first refusal. Staff does not recommend any changes based on this comment.

Section 10.407(b)(1). Right of First Refusal Offer Price. (5)

COMMENT SUMMARY: Commenter (5) suggested the following change in language: “(1) Fair Market Value is established using either a current appraisal of the Property. ~~or an executed purchase offer from any buyer other than a qualified nonprofit or tenant organization that the Development Owner would like to accept.~~ The Any purchase offer must contain specific language that the offer is conditioned upon satisfaction of the ROFR requirement;”.

STAFF RESPONSE: Staff agrees with commenter that clarification is needed and recommends the amended language.

(1) Fair Market Value is established using either a current appraisal of the Property or an executed purchase offer ~~from any buyer other than a qualified nonprofit or tenant~~

~~organization~~ that the Development Owner would like to accept. The purchase offer must contain specific language that the offer is conditioned upon satisfaction of the ROFR requirement;

Section 10.407(c). Required Documentation (3) (1)

COMMENT SUMMARY: Commenter (3) is in support of the procedure that a Development Owner may sell the property to a nonprofit organization without going through the right of first refusal process stating that this honors the intent of the law to preserve these properties through non-profit ownership. Commenter (1), however, made comment in opposition of this procedure and recommended striking this sentence or revising the statement to add “so long as the sales price complies with the requirements of the LURA”. This commenter was concerned that a seller might allow an owner to sell to a “friend” nonprofit at a higher price than the minimum purchase price and not be subject to the ROFR requirement.

STAFF RESPONSE: Staff agrees with Commenter (3) in that the intent of a right of first refusal requirement is to ensure that the property is sold to a qualified nonprofit organization who will further the goal of providing affordable housing. Staff appreciates the concerns expressed by Commenter (1) and will continue to diligently review ownership transfer requests for approval that are received on properties with a right of first refusal requirement in the LURA to ensure that the property is sold to an eligible entity in compliance with the LURA. In addition, any subsequent re-sell of the property would be subject to a right of first refusal. Staff does not recommend any changes based on these comments.

Section 10.407(c)(1). Required Documentation. (3) (1)

COMMENT SUMMARY: Commenter (3) commented that this section states that, if the LURA identifies a nonprofit organization or tenant organization that has the right of first refusal, then the Development Owner should offer the property to that organization first. Many times, the LURA itself does not specify the name of the organization, but the Development Owner has an independent contract with a nonprofit organization or tenant organization to offer the right of first refusal. This independent contract was often a material business term in the closing of the equity financing. TDHCA needs to accommodate a Development Owner's contractual obligation to offer the right of first refusal to a designated organization, even if that organization is not listed in the LURA. Commenter (1) recommended changing the word “will notify” to “may notify” to make sure that the rules don't require the department to do something that contradicts the LURA.

STAFF RESPONSE: Since approximately 2002, the TDHCA LURA has included language in Appendix D that gives the owner the option to request that a specific Qualified Nonprofit Organization or Tenant Organization be identified in the LURA. If the owner does not request this option, the Development Owner should be required to go through the ROFR process regardless of any independent contract situation. If there is an independent contract designating a specific organization with the right of first refusal, this should be written into the LURA, as allowed under this section. Staff disagrees with Commenter (3) and no changes are recommended based on this comment. Staff agrees with Commenter (1) and recommends the amended language for clarity purposes.

Upon review and approval of the notice of intent and denial of offer letter, the Department will notify the Development Owner in writing ~~that~~ if the ROFR requirement has been satisfied.

Section 10.407(c)(2)(D). Required Documentation. (2)

COMMENT SUMMARY: Commenter (2) questioned whether a Development Owner is required to submit both the calculation of the minimum purchase price and either an appraisal or a third party offer to establish the fair market value? Commenter (2) suggests that 10.407(c)(2)(D) needs to be clarified with regard to the need to submit both the minimum purchase price calculation and either an appraisal or a third party offer to establish fair market value.

STAFF RESPONSE: Staff understands commenter's confusion. After further review of statute, there is no requirement to value the property proportionately when there are market rate units in the development. Therefore, staff recommends that this section be deleted in its entirety.

Section 10.407(c)(2)(E). Required Documentation. (1)

COMMENT SUMMARY: Commenter (1) recommended clarification to the language in 10.407(c)(2)(E) "any attempt to close on an offer below the minimum purchase price...will not be approved".

STAFF RESPONSE: While the department would not be allowed to provide incentives at application to sell at an amount below minimum purchase price, there appears to be no restriction with regard to selling the property after year fifteen (15) at the property's value; even if it is below the minimum purchase price. Therefore staff recommends that subparagraph (E) is deleted in its entirety.

Section 10.407(c)(13). Required Documentation. (5)

COMMENT SUMMARY: Commenter (5) would like to add a requirement as (1)3 to submit the real estate contract with the for-profit purchaser.

STAFF RESPONSE: Staff disagrees with this comment. The requirement to submit a copy of the for-profit offer to establish the fair market value is required under §10.407(c)(2)(A), therefore, staff recommends no changes as a result of this comment.

Section 10.407(d). Right of First Refusal. (3) (1)

COMMENT SUMMARY: Commenter (3) indicates that the fourth sentence of the opening paragraph states: "Prospective nonprofit purchasers may submit offers at, above, or below the determined value posted on the website." While this may be permitted for properties offered at fair market value, it is not applicable as to properties offered at the minimum purchase price. Specifically, Section 42(i)(7) indicates that the right of first refusal price should be "not less than" the minimum purchase price. Therefore, the fourth sentence in this paragraph requires revision.

STAFF RESPONSE: Staff agrees that this sentence is confusing and unnecessary and recommends that it is deleted in its entirety.

COMMENT SUMMARY: Commenter (1) suggests that in the event that a nonprofit fails to close, the Department should require that the owner sell to any back up nonprofit offers received during the ROFR period. Commenter disagrees with the final decision of a sale being made but the Seller. In the case of multiple nonprofit owners, TDHCA should preserve the right as stated in the LURA to make the final selection. However, TDHCA can allow an Owner to recommend the selection of the nonprofit and rationale for the choice. This should be a public decision by the board. If the sale is to the existing nonprofit general partner, that should be allowed.

STAFF RESPONSE: Staff agrees with commenter and recommends language to include that the Seller “may” accept back up offers from other nonprofits and reference the requirement already implicit in the rule that the determination made by the owner must be approved by the Department.

Property has been listed and of any inquiries or offers generated by such listing. If the Department or Development Owner receives offers to purchase the Property from more than one tenant or Qualified Nonprofit Organization, the Development Owner may accept back up offers. To satisfy the ROFR requirement, the Development Owner may~~shall~~ sell the Property to the organization selected by the Development Owner on such basis as it shall determine appropriate and approved by the Department. The period of time required for offering the property at the ROFR offer price is based upon the period identified in the LURA and clarified in paragraphs (1) and (2) of this subsection:

Section 10.407(d) and (d)(2)(D). Process. (3)

COMMENT SUMMARY: Commenter (3) states that in these two sections, there are statements that the Owner "shall" sell. This is troublesome for Owners in that it implies a mandatory sale. There should be no implications that an Owner is required to accept offers or sell the property. If the Owner does enter into a contract to sell the property and subsequently breaches the contract, then the purchaser has rights and remedies that it can pursue for the breach. Commenter (3) also indicates that there may be a one year ROFR posting period in some LURAs and if there is a third timeframe for right of first refusal exercise, then this section needs to be reworked.

STAFF RESPONSE: Staff agrees with the first comment and recommends the amended language in this section to replace the word “shall” with “may”. Additionally, a clarifying sentence is added to the primary section to state that “in order to satisfy the ROFR requirement of the LURA” which implies that the Seller doesn’t have to sell the property but must do so in order to satisfy ROFR. This should clear up confusion in both areas. Regarding the second comment about a one year ROFR period; staff is not aware of this language. If this is in the LURA, the intent will be followed by requiring the posting period to be one year in lieu of 90 days or two years and the LURA does not specify otherwise, therefore no changes were recommended based on this comment.

COMMENT SUMMARY: Commenter (3) indicated that it needs to be clear that a Minimum Purchase Price is a floor. Nonprofits should be able to offer more for a property if desired. As discussed in the recent working group, both the Internal Revenue Code and the Texas Government Code contain language to support this concept. Commenter (5) had a similar comment regarding minimum purchase price and recommended that accepting a price lower than

this price may not comply with Section 42 of the Internal Revenue code. This commenter referenced Private Letter Ruling 130019-06 in October 2006 wherein the IRS provides guidance that a property cannot sell for less than the minimum purchase price. Commenter questions the analysis that the minimum purchase price is neither a floor nor a ceiling in Texas but rather the right of first refusal price. Furthermore, it is Commenter (5)'s intention that an owner may only accept a price higher than the minimum purchase price if no nonprofit offers the minimum price during the 90 day period (in the case of a 1995 LURA). Commenter (1) recommended adding "so long as the price of the sale meets the requirement of the LURA" to this section to clearly state that the LURA requirement must be followed. Specifically, the Commenter thinks that a LURA with minimum purchase price language must only offer and sell the property at that price (not higher or lower).

STAFF RESPONSE: Staff believes that the minimum purchase price as calculated in §42 of the Code is representative of the ROFR offer price in accordance with this rule. Staff does not believe that the ultimate sales price is further limited if the parties willingly negotiate a higher or lesser price and they believe they meet the intent of the Code, therefore, no change is recommended.

Section 10.407(d)(1)(B). Process. (3) (1)

COMMENT SUMMARY: Commenter (3) indicates that this subsection implies that a nonprofit simply must match the price and does not refer to matching any other terms. As we have discussed in working groups, there are terms beyond price (particularly timing) that are critical to owners. A true right of first refusal in a classic real estate context gives the recipient the right to match a third party offer. In the definition of "right of first refusal" in Black's Law Dictionary, it refers to the right to "meet any other offer." Commenter (1) is also concerned with the language that "if the nonprofit organization that is chosen to purchase the property under right of first refusal fails to consummate the purchase, the ROFR requirement will be deemed met" and feels this opens the door for possible gaming of the system. This commenter feels this statement should be removed in its entirety and that the agency must require the owner to accept back up offers made during the ROFR period that are in compliance with the LURA.

STAFF RESPONSE: Staff understands the commenter's concern and included the term "bona fide" offer in this section to ensure that all offers are made in good faith, in a non-fraudulent manner, and comparable to the posted ROFR offer price. However, there is a multitude of terms that could be weighted differently depending upon the facts and circumstances of the overall offer and thus, specifying an exact match may be too restrictive. Comments from brokers during the roundtable suggested that their interest would be to sell the property to bona fide buyers therefore no additional changes are recommended at this time. However, staff will closely monitor the operation of the rule as adopted and consider future recommendations for revisions, if needed.

Section 10.407(e). Closing the Transaction. (3)

COMMENT SUMMARY: Commenter (3) states that TDHCA should not have a power of attorney or right to compel an Owner to sell a property suggesting that this goes beyond the role the governmental agency should be playing in this process. As noted above, the Owner has property rights that must be honored. The Owner may choose to accept an offer or not. It may

choose to enter into a contract or not. The Owner's choices have consequences. But TDHCA should not be allowed to compel an Owner to sell. If an Owner enters into a contract and breaches the contract, the purchaser will have contractual rights to remedy that breach, including the right of specific performance. It is the purchaser's responsibility to pursue this, not TDHCA's.

STAFF RESPONSE: If staff determines that a property sale has occurred without providing an offer of right of first refusal, per the LURA, the Department may exercise this right to enforce the LURA, therefore, no changes are recommended based on this comment.

Section 10.407(e). (move current language in (e) section to (f)). (5)

COMMENT SUMMARY: Commenter (5) wanted to create a new section by adding “(e) After the 90-day or two year ROFR posting period, the Development Owner may sell at any price”.

STAFF RESPONSE: Staff disagrees with comment. Selling the property for less than the ROFR Offer price may trigger a new ROFR period, therefore, no changes are commended based on this comment.

Section 10.407(f). Appeals. (1)

COMMENT SUMMARY: Commenter (1) commented that appeal decisions may be based on a list (eg best interest of tenants, impact on other developments, etc.). The list should include “the LURA requirements and QAP in place at the time”. In other words you may want to review an appeal and consider the specific language in the LURA, or go back to the QAP in place.

STAFF RESPONSE: Staff agrees with the comment; however, paragraph (6) of this section “other factors as deemed relevant by the Executive Director” would incorporate these other appeal items. Staff does not recommend any changes based on this comment.

Sections 10.407 and 10.408. Right of First Refusal and Qualified Contract. (3)

COMMENT SUMMARY: Commenter (3) makes comments in general for both §10.407 and §10.408 and recommended that the Department review these two sections and determine whether it makes sense for these two sections to be more consistent and compatible. Since both of these sections relate to the marketing and potential sale of a tax credit property, it seems TDHCA and the community at large would benefit from more consistencies between these two sections. Commenter questions why the required documentation in §10.407(c) is substantially different from the required documentation in §10.408(d). For instance, under the right of first refusal rules, a Development Owner must submit a property conditions assessment, if it has one in its possession that is less than one year old. Under the qualified contract rules, a Development Owner must go out and get a property conditions assessment, if it does not already have one. In the qualified contract context, the Development Owner is being required to expend funds for additional reports; in the right of first refusal context, the Development Owner is not required to incur these expenses.

STAFF RESPONSE: Staff disagrees with comment. In general, a Qualified Contract request should be more burdensome since the owner is requesting to have the LURA terminated which will reduce affordable units in the community. There is also a more complex and detailed process to determine the qualified contract price which is imbedded in regulatory requirements

of the Treasury Department. In order for department staff to review and assess the accuracy of the qualified contract price, 3rd party reports such as a current property conditions assessment, appraisal, and CPA calculation are necessary. In contrast with right of first refusal, the property will continue under the LURA requirements and stays in the tax credit program and thus, this is just a property transfer with certain organizations being given priority to purchase. Staff does not recommend any changes based on this comment.

The Board approved the final order adopting the new sections as well as non-substantive corrections on November 13, 2012.

STATUTORY AUTHORITY: The new section(s) are adopted pursuant to the authority of Texas Government Code, §2306.053, which authorizes the Department to adopt rules.

§10.400.Purpose.

The purpose of this chapter is to establish the requirements governing the post award and asset management activities associated with awards of multifamily development assistance pursuant to Texas Government Code, Chapter 2306 and its regulation of multifamily funding provided through the Texas Department of Housing and Community Affairs (the "Department") as authorized by the legislature. This chapter is designed to ensure that Developers and Development Owners of low-income Developments that are financed or otherwise funded through the Department maintain safe, decent and affordable housing for the term of the affordability period.

§10.401.General Commitment or Determination Notice Requirements and Documentation.

(a) 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 staff makes a recommendation that is clearly documented to the Board based on the need to fulfill the goals of the applicable multifamily program as expressed herein and other applicable Department rules, and the Board accepts the recommendation.

(b) All Commitments or Determination Notices, whether reflected in the Commitment or Determination Notice or not, are made subject to full compliance with all provision of law and rule, including compliance with the Qualified Allocation Plan, the Uniform Multifamily Rules, the Multifamily Housing Revenue Bond Rules, completion of underwriting and satisfactory compliance with the results thereof, full and satisfactory addressing of any Administrative Deficiencies and conditions of award, Commitment, Contract or any other matters.

(c) The Department shall notify, in writing, the mayor, chief county judge, or other appropriate official of the municipality or county, as applicable, in which the Development is located

informing him/her of the Board's issuance of a Commitment or Determination Notice, as applicable.

(d) The Department may cancel a Commitment, Determination Notice or Carryover Allocation prior to the issuance of IRS Form 8609 (for Housing Tax Credits) or completion of construction with respect to a Development and/or apply administrative penalties if:

(1) 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 Application process for the Development;

(2) 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;

(3) an event occurs with respect to the Applicant or the Development Owner which would have made the Application ineligible for funding pursuant to Subchapter C of this chapter (relating to Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules) if such event had occurred prior to issuance of the Commitment, Determination Notice or Carryover Allocation; or

(4) 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.

(e) Direct Loan Commitment. The Department shall execute, with the Development Owner, a Commitment which shall confirm that the Board has approved the loan or award and provide the loan terms. The Commitment may be abbreviated and will generally not express all terms and conditions that will be included in the loan documents. The Commitment shall have a deadline for the loan closing to occur no more than six (6) months from execution of the Commitment, which may be extended in accordance with the provisions in this chapter.

§10.402.Housing Tax Credit and Tax Exempt Bond Developments.

(a) Commitment. For Competitive HTC Developments the Department shall issue a Commitment to the Development Owner which shall confirm that the Board has approved the Application and 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 Subchapter D of this chapter (relating to Underwriting and Loan Policy) and that the Development satisfies the requirements of this chapter and other applicable Department rules. The Commitment shall expire on the date specified therein, which shall be thirty (30) calendar days from the effective date, unless the Development Owner indicates acceptance by executing the Commitment, pays the required fee specified in §10.901 of this chapter (relating to Fee Schedule), and satisfies any conditions set forth therein by the Department. The Commitment expiration date may not be extended without prior Board approval for good cause.

(b) Determination Notices. For Tax Exempt Bond Developments the Department shall issue a Determination Notice which shall confirm the Board's determination that the Development satisfies the requirements of this chapter as applicable and other applicable Department rules in accordance with the §42(m)(1)(D) of the Internal Revenue Code (the "Code"). The Determination Notice shall also 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 the Department's rules, as applicable. The Determination Notice shall expire on the date specified therein, which shall be thirty (30) calendar days from the effective date, unless the Development Owner indicates acceptance by executing the Determination Notice, pays the required fee specified in §10.901 of this chapter and satisfies any conditions set forth therein by the Department. The Determination Notice expiration date may not be extended without prior Board approval for good cause. The Determination Notice will terminate if the Tax Exempt Bonds are not closed within the timeframe provided for under the Bond Reservation or if the financing or development change significantly as determined by the Department.

(c) 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 necessary by the Department, as required by §42(m)(2)(D) of the Code. Increases to the amount of tax credits that exceed 110 percent 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 percent of the amount of credits reflected in the Determination Notice may be approved administratively by the Executive Director. Increases to the tax credit amount are subject to the Credit Increase Fee as described in §10.901 of this chapter.

(d) Documentation Submission requirements at Commitment of Funds—Commitment and Determination Notice Documentation. No later than the expiration date of the Commitment (or no later than December 31 for Competitive HTC Applications, whichever is earlier) or Determination Notice, the documentation described in paragraphs (1) - (6) of this subsection must be provided. Failure to provide these documents may cause the Commitment or Determination Notice to be rescinded:

(1) for entities formed outside the state of Texas, evidence that the entity filed a Certificate of Application for foreign qualification in Texas, a Certificate of Account Status form the Texas Comptroller of Public Accounts and a Certificate of Fact from the Texas Secretary of State. If the entity is newly registered in Texas and the Certificate of Account Status or Certificate of Fact are not available, a statement can be provided to that effect~~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) for Texas entities, a copy of the Certificate of Filing for the Certificate of Formation from the Secretary of State; a Certificate of Fact from the Secretary of State and a Certificate of Account Status from the Texas Comptroller of Public Accounts. If the entity is newly registered and the Certificate of Fact and the Certificate of Account Status are not available, a statement can be provided to that effector, 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~~ Commitment or Determination Notice 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 the~~ Person(s) 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;

(5) evidence of satisfaction of 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; and

(6) documentation of any changes to representations made in the ~~application~~ Application subject to §10.405 of this chapter (relating to Amendments).

(e) Post Bond Closing Documentation Requirements.

(1) Regardless of the issuer of the bonds, no later than sixty (60) calendar days following closing on the bonds, the Development Owner must submit:

(A) a Management Plan and an Affirmative Marketing Plan (as further described in the Tax Exempt Bond Process Manual);

(B) ~~evidence~~ certifications 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;

(C) ~~evidence~~ certifications that 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; and

(D) evidence that the financing has closed, such as an executed settlement statement.

(2) Certifications required under paragraph (1)(B) and (C) of this subsection must not be older than two (2) years from the date of the submission deadline.

(f) Carryover (Competitive HTC Only). 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, in the form prescribed by the Department in the Multifamily Programs Procedures Manual, no later than the Carryover Documentation Delivery Date as identified in §11.2 of this title (relating to Program Calendar for Competitive Housing Tax Credits) of the year in which the Commitment is issued pursuant to §42(h)(1)(C) of the Code.

(1) Commitments for credits will be terminated if the Carryover documentation has documentation, or an approved extension, has not been received by this deadline, unless an extension has been approved. - This termination is final and not appealable, and immediately upon issuance of notice of termination staff is directed to award the credits to other qualified Applicants based on the approved waiting list.

(2) If the interim or permanent financing structure, syndication rate, amount of debt or syndication proceeds are finalized but different 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) All Carryover Allocations will be contingent upon the Development Owner providing evidence that they have and will maintain Site Control through the 10 Percent Test or through the anticipated closing date, whichever is earlier. For purposes of this paragraph, Site Control must be identical to the Development Site that was submitted at the time of Application submission as determined by the Department.

(4) Evidence that the Development Owner is in good standing as documented by a Certificate of Account Status from the Comptroller and a Certificate of Fact from the Secretary of State must be submitted with the Carryover Allocation.~~entity has been formed must be submitted with the Carryover Allocation.~~

(5) 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.

(g) 10 Percent Test (Competitive HTC Only). No later than July 1 of the year following the submission of the Carryover Allocation Agreement, the Development Owner must incur more than 10 percent of the Development Owner's reasonably expected basis, pursuant to §42(h)(1)(E)(i) and (ii) of the 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 Percent Test Documentation Delivery Date as identified in §11.2 of this title. The Development Owner must submit, in the form prescribed by the Department, documentation evidencing paragraphs (1) - (5) of this subsection, along with all information outlined in the Post Carryover Activities Manual. The Satisfaction of the 10 Percent Test ~~documentation~~ will be contingent upon the submission of these the items described in paragraphs (1) – (5) of this subsection as well as all other conditions placed upon the Application in the Commitment. Documentation to be submitted includes:

(1) evidence that the Development Owner has purchased, transferred, leased, or otherwise has ownership of the Development Site;

(2) for New Construction, Reconstruction, and Adaptive Reuse Developments, a certification from a Third Party civil engineer stating that all necessary utilities will be available at the Development Site and that there are no easements, licenses, royalties or other conditions on or affecting the Development that 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 Post Carryover Activities Manual;

(4) evidence-certification 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 of the Development architect or engineer responsible for Fair Housing compliance at Department-approved Fair Housing training, relating to design issues, for at least five (5) hours on or before the time the 10 Percent Test Documentation is

submitted. Certifications must not be older than two (2) years from the date of submission of the 10 Percent Test Documentation; and

(5) a Certification from the lender ~~or~~ and syndicator identifying all Guarantors known at that time.

(h) Construction Status Report. Within three (3) months of the close of the construction loan or partnership agreement, whichever comes first, and every quarter thereafter all multifamily developments must submit a construction status report. The initial report shall consist consisting of the items identified in paragraphs (1) - (4) of this subsection. All subsequent reports shall contain for the first report and items identified in paragraphs (3) and (4) of this subsection ~~for all subsequent reports~~ unless changes to the original submissions of paragraphs (1) and (2) of this subsection have occurred, in which case such amendments shall also be submitted with the subsequent report. Construction status reports shall be due ~~within by the tenth (10) days~~ of the first day of each quarter (January, April, July, and October) and continue on a quarterly basis until the entire development is complete and all units are placed in service, whereupon a final report will be due. The construction report submission consists of:

(1) the executed partnership agreement with the investor (identifying all Guarantors) or other documents setting forth the legal structure and ownership;

(2) the executed construction contract and construction loan agreement. If the loan has not closed, the anticipated closing date must be provided and, upon closing, the agreement must be provided to the Department;

(3) the ~~construction contract and the~~ most recent AIA G702 and G703 ~~(or equivalent)~~ certified by the Architect of Record (or equivalent form approved for submission by the construction lender and/or investor); and

(4) all Third Party construction inspection reports not previously submitted.

(i) LURA Origination (Competitive HTC Only). ~~After the Department receives the Construction Status Report, the~~ 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 Persons with Disabilities and/or to provide specific amenities. The executed LURA and all exhibits will be sent to the Development Owner whereupon the Development 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 Credits are allowed to be issued 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. Nothing in this section negates a Development Owner's responsibility for full compliance with §42(h)(6) of the Code. The Department will not issue IRS Form(s) 8609 until it receives the original, properly-recorded LURA or has alternative arrangements which are acceptable to the Department and approved by the Executive Director.

(j) Cost Certification. The Department conducts a feasibility analysis in accordance with §42(m)(2)(C)(i)(II) of the Code to make a final determination on the allocation of Housing Tax Credits. The requirements for cost certification include those identified in paragraphs (1) - (3) of this subsection.

(1) Development Owners must file cost certification documentation no later than January 15 following the first year of the Credit Period, as defined in §42(f)(1) of the Code.

(2) The Department will evaluate the cost certification documentation and notify the Development Owner of any additional required documentation. The Department reserves the right to request additional documents or certifications as it deems necessary or useful in the determination of the Development's eligibility for a final Housing Tax Credit ~~Allocation~~ allocation Amount. Any communication issued to the Development Owner pertaining to the cost certification documentation may also be sent to the syndicator.

(3) IRS Form(s) 8609 will not be issued until the conditions as stated in subparagraphs (A) - (G) of this paragraph have been met. The Development Owner has:

(A) provided evidence that all buildings in the Development have been placed in service by:

(i) December 31 of the year the Commitment was issued;

(ii) December 31 of the second year following the year the Carryover Allocation Agreement was executed; or

(iii) the approved Placed in Service deadline;

(B) provided a complete final cost certification package in the format prescribed by the Department. As used herein a complete final cost certification package means a package that meets all of the Department's criteria with all required information and exhibits listed in clauses

(i) - (xxiii) of this subparagraph, and pursuant to the Post Carryover Activities Manual:

(i) Carryover Allocation Agreement/Determination Notice and Election Statement;

(ii) Development Owner's Statement of Certification;

(iii) Development Owner Summary;

(iv) Evidence of Nonprofit and CHDO Participation;

(v) Evidence of Historically Underutilized Business (HUB) Participation;

(vi) Development Summary with Architect Certification (including a 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 Pro forma;
- (xvii) Current Annual Operating Statement and Rent Roll;
- (xviii) Final Sources of Funds;
- (xix) Executed Limited Partnership Agreement;
- (xx) Loan Agreement or Firm Commitment;
- (xxi) Architect's Certification of Fair Housing Requirements; and
- (xxii) TDHCA Compliance Workshop Certificate; ~~and~~
- ~~(xxiii) Previous Participation Exhibits;~~

(C) received written notice from the Department that all deficiencies noted during the final construction inspection have been resolved in accordance with Subchapter F of this chapter (relating to Compliance Monitoring);

(D) informed the Department of and received written approval for all amendments and ownership transfers relating to the Development in accordance with §10.405 of this chapter (relating to Amendments) and §10.406 of this chapter (relating to Ownership Transfers (§2306.6713)); (§2306.6731(b))

(E) submitted to the Department the recorded LURA in accordance with subsection (i) of this section;

(F) paid all applicable Department fees, including any past due fees; and

(G) 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 Development, as described in this chapter.

§10.403.Direct Loans.

(a) Loan Closing. In preparation for closing any Direct Loan the Development Owner must submit the items described in paragraphs (1) - (10) of this subsection:

(1) documentation of the prior or reasonable assurance of a concurrent closing with any superior lien holders or any other sources of funds determined to be necessary for the long-term financial feasibility of the Development and all due diligence determined by the Department to be prudent and necessary to meet the Department's rules and to secure the interests of the Department. Where the Department will have a first lien position and the Applicant provides documentation that closing on other sources is reasonably expected to occur within three (3) months, the Executive Director may approve a closing to move forward without the closing on other sources. The Executive Director may require a personal guarantee from a Principal of the Development Owner for the interim period;

(2) when Department funds have a first lien position, assurance of completion of the Development in the form of payment and performance bonds in the full amount of the construction contract will be required or equivalent guarantee in the sole determination of the

Department. Such assurance of completion will run to the Department as obligee. Development Owners also utilizing the USDA §515 program are exempt from this requirement but must meet the alternative requirements set forth by USDA;

- (3) Owner/General Contractor agreement and Owner/architect agreement;
- (4) survey of the Property that includes a certification to the Department, Development Owner, Title Company, and other lenders;
- (5) if layered with Competitive Housing Tax Credits, a fully executed limited partnership agreement between the General Partner and the tax credit investor entity (may be provided concurrent with closing);
- (6) a budget that includes the amount of Development funds specifying the acquisition cost, construction costs, developer fees, other soft costs and Match to be provided. The sources of funds used to finance the Development must be submitted. If the budget or sources of funds reflect material changes from what was approved by the Board that may affect the financial feasibility of the Development, the Department may request additional documentation to ensure that the Development continues to meet the requirements of Subchapter D of this chapter (relating to Underwriting and Loan Policy);
- (7) if required for the Direct Loan, prior to closing, the Development Owner must have received verification of environmental clearance;
- (8) verification of HUD Site and Neighborhood clearance;
- (9) documentation necessary to show compliance with the Uniform Relocation Act and any other relocation requirements that may apply; and
- (10) any other documentation that is necessary or prudent to meet program requirements or state or federal law in the sole determination of the Department.

(b) Loan Documents. The Development Owner is required to execute all loan closing documents required by and in form and substance acceptable to the Legal Division including but not limited to a promissory note, deed of trust, construction loan agreement, LURA, and assignment and security instruments whereby the Developer, the Development Owner, and/or any Affiliate grants the Department any rights, liens, charges, security interests, ownership interests, mortgages, pledges, hypothecations, or other rights, legally or beneficially, collaterally or directly, to provide for the protection of the Department against any failure to adhere to the program's requirements. The construction loan agreement shall provide for a construction or development period of eighteen (18) months from the actual date of loan closing at which point the permanent loan repayment period will begin. An extension of the construction or development period of not more than six (6) months may be approved for good cause by the Executive Director or designee at any time during the construction or development period. Extensions longer than six (6) months or requests other than during the construction or development period may only be approved by the Board for good cause.

(c) Disbursement of Funds (including developer fees). The Development Owner must comply with the requirements in paragraphs (1) - (9) of this subsection for a request for disbursement of funds to reimburse eligible costs incurred. Submission of documentation related to the

Development Owner's compliance with these requirements may be required with a request for disbursement:

(1) except for disbursements for acquisition and closing costs, a down-date endorsement to the title policy not older than the date of the last disbursement of funds or forty-five (45) calendar days, whichever is later. For release of retainage the down-date endorsement must be dated at least thirty (30) calendar days after the date of the construction completion;

(2) for hard construction costs, documentation of the total construction costs incurred and costs incurred since the last disbursement of funds must be submitted. Such documentation must be signed by the General Contractor and certified by the Development architect and is generally in the form of an AIA Form G702 or G703;

(3) the Department may require that sufficient funds be held back from initial disbursement to allow for periodic disbursements as may be necessary to meet federal requirements;

(4) if applicable, up to 90 percent of Development funds may be drawn before providing evidence of Match. Thereafter, each Development Owner must provide evidence of Match, including the date of provision, prior to release of the final 10 percent of funds. If funds are utilized for acquisition costs, a contract between the Development Owner and the Person providing the Match which specifies the terms of the Match provision may be accepted;

(5) Developer fee disbursement shall be conditioned upon:

(A) for Developments in which the loan is secured by a first lien deed of trust against the Property, 75 percent shall be disbursed in accordance with percent of construction completed (i.e. 75 percent of the total allowable fee will be multiplied by the percent completion) as documented by the construction contract and as may be verified by an inspection by the Department. The remaining 25 percent shall be disbursed at the time of release of retainage; or

(B) for Developments in which the loan is not secured by a first lien deed of trust or the Development is also utilizing Housing Tax Credits, developer fees will not be reimbursed by the Department unless the other lenders and syndicator confirm in writing that they do not have an existing or planned agreement to govern the disbursement of developer fees and expect that Department funds shall be used to fund developer fees. Provided this requirement is met, developer fees shall be reimbursed in the same manner as described in subparagraph (A) of this paragraph; and

(C) the Department may reasonably withhold any disbursement of developer fees if it is determined that the Development is not progressing as necessary to meet Contract benchmarks or that cost overruns may put the Department's funds or completion within budget at risk. Once a reasonable alternative that is deemed acceptable by the Department has been provided, disbursement of the remaining fee may occur;

(6) expenditures must be allowable and reasonable in accordance with federal, state, and local rules and regulations. The Department shall determine the reasonableness of each expenditure requested. The Department may request that the Development Owner make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of Department funds to Development Owner as may be necessary or advisable for compliance with all program requirements;

(7) table funding requests must be submitted to the Department with complete documentation no later than ten (10) business days prior to the anticipated loan closing date. Such a request must

generally include a draft settlement statement, title company payee identification information, the Development Owner's authorization for disbursement of funds to the title company, request letter from title company to the Texas Comptroller with bank account wiring instructions, and invoices for soft costs being paid at closing;

(8) include the withholding of 10 percent of the construction contract for retainage. Retainage will be held until at least thirty (30) calendar days after all of the items described in subparagraphs (A) - (D) of this paragraph are received:

(A) completion of construction;

(B) a final inspection, after which receipt, a clearance is issued by the Department;

(C) labor standards final wage compliance report;

(D) receipt of certificates of occupancy for New Construction or a certification of completion from the Development architect for Rehabilitation; and

(9) for final disbursement requests, the Development Owner must submit documentation required for Development completion reports which may include documentation of full compliance with the Uniform Relocation Act and any other applicable relocation requirements.

§10.404. Reserve for Replacement Requirements.

(a) Maintenance. 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 Texas Government Code, §2306.186. The reserve must be established for each Unit in a Development of 25 or more rental units regardless of the amount of rent charged for the Unit. The Department shall, through cooperation of its divisions responsible for asset management and compliance, ensure compliance with this section.

(b) Escrow Agent to Reserve Funds. 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 Texas Government Code, §2306.186.

(1) Where there is a First Lien Lender other than the Department or a Bank Trustee as a result of a bond trust 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 periodically, 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 Texas Government Code, §2306.186 and as described in this section.

(3) Where the Department is the First Lien Lender and there is no Bank Trustee as a result of a bond trust indenture or tax credit syndication, or where there is no First Lien Lender but the allocation of funds by the Department and Texas Government Code, §2306.186 requires that the Department oversee a Reserve Account, the Development 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 Development 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) Final Certification Submission. 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 Development 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 (if applicable);

(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 indicating:

(A) the Development Owner has met all established reserve for replacement requirements; or

(B) the plan of action to bring the Development in compliance with all established reserve for replacement requirements.

(d) Repair Reserve. If the establishment of a Reserve Account for repairs has not been required by the First Lien Lender or Bank Trustee, each Development 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. The Development Owner shall submit on an annual basis within the Department's required Development Owner's Financial Certification packet a signed certification by the First Lien Lender including:

(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) - (e) of this section; and

(C) failure to make a required deposit.

(e) Reserve Account. 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, not less than \$250 per Unit; or

(2) For Adaptive Reuse, Rehabilitation and Reconstruction Developments, the greater of the amount per Unit per year either established by the information presented in a Property Condition Assessment in conformance with Subchapter D of this chapter (relating to Underwriting and Loan Policy) or \$300 per Unit per year.

(3) For all Developments, the Development Owner of a multifamily rental housing Development shall contract for a Third-Party Property Condition Assessment and the Department will re-evaluate the annual reserve requirement based on the findings and other support documentation. Submission by the Development Owner to the Department will occur within thirty (30) days of completion of the Property Condition Assessment and must include the complete Property Condition Assessment, the First Lien Lender and/or Development Owner response to the findings of the Property Condition Assessment, documentation of repairs made as a result of the Property Condition Assessment, and documentation of adjustments to the amounts held in the replacement Reserve Account based upon the Property Condition Assessment. A Property Condition Assessment will be conducted:

(A) at appropriate intervals that are consistent with requirements of the First Lien Lender, other than the Department; or

(B) at least once during each five (5) year period beginning with the eleventh (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.

(f) ~~Land Use Restriction Agreement (LURA)~~. A ~~Land Use Restriction Agreement~~LURA or restrictive covenant between the Development Owner and the Department must require:

(1) the Development 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 percent 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 Development Owner to continue making deposits until the earliest of:

- (A) the date on which the Development 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 the end of the Affordability Period specified by the ~~Land-Use Restriction Agreement~~LURA or restrictive covenant; or the end of the repayment period of the first lien loan.

(g) Change of Ownership Responsibilities. The duties of the Development Owner under this section cease on the date of a change in ownership of the Development; however, the subsequent Development Owner of the Development is subject to the requirements of this section.

(h) Penalties and Material Non-Compliance. If a request for extension or waiver is not approved by the Department then a penalty of up to \$200 per dwelling Unit in the Development and/or characterization of the Development as being in Material Non-Compliance, as defined in §10.3 of this chapter (relating to Definitions) 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, if required;
- (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) Development Owner fails to make a required deposit;
- (5) Development Owner fails to contract for the Third-Party Property Condition Assessment as required under this section; or
- (6) Development Owner fails to make necessary repairs in accordance with the 3rd party property condition assessment or §10.616 of this chapter (regarding Property Condition Standards).

(i) Department-Initiated Repairs. The Department or its agent may make repairs to the Development if the Development 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 Development Owner's failure to comply with federal, state, and/or local health, safety, or building code. Payment for necessary repairs must be made directly by the Development Owner or through a replacement Reserve Account established for the Development under this section. The Department or its agent will produce a Request for Bids to hire a contractor to complete and oversee necessary repairs. On a case-by-case basis, the Department may determine that the money in the Reserve Account may be used for expenses other than necessary repairs, including property taxes or insurance, if:

(1) Development income before payment of return to Development Owner or deferred developer fee is insufficient to meet operating expense and debt service requirements; and the funds withdrawn from the Reserve Account are replaced as Cash Flow after payment of expenses, but before payment of return to Development Owner or Developer; or

(2) Development income after payment of operating expenses, but before payment of return to Development Owner or deferred developer fee is insufficient to fund the mandatory deposit levels; and subsequent deposits to the Reserve Account exceed mandatory deposit levels as Cash Flow after payment of operating expenses, but before payment of return to Development Owner or deferred developer fee is available until the Reserve Account has been replenished to the mandatory deposit level less capital expenses to date.

(j) Exceptions to Reserve Account. This section does not apply to a Development for which the Development Owner is required to maintain a Reserve Account under any other provision of federal or state law.

§10.405. Amendments and Extensions.

(a) Amendments to Housing Tax Credit (HTC) Application or Award Prior to Land Use Restriction Agreement (LURA) Recording or amendments that do not result in a change to the LURA. (§2306.6712) Regardless of development stage, the Board shall reevaluate a Development that undergoes a substantial change, as identified in paragraph (4) of this subsection at any time after the initial Board approval of the Development. (§2306.6731(b)) The Board may deny an amendment request and subsequently may revoke any Commitment or Determination Notice issued for a Development and for Competitive HTC Applications, and ~~reallocate~~ reallocates the credits to other Applicants on the waiting list.

(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 that received points, or if the change would significantly affect the most recent underwriting analysis, the Department shall require the Applicant to file a formal, written request for an amendment to the Application. Such request must include a detailed explanation of the amendment request and other information as determined to be necessary ~~proposed form of amendment, if requested~~ by the Department, and the applicable fee as identified in §10.901 of this chapter (relating to Fee Schedule) in order to be received and processed by the Department.

(2) Department staff will evaluate the amendment request. The Executive Director may administratively approve all non-material amendments, including those involving changes to the Developer, Guarantor or Person used to meet the experience requirement in §10.204(5) of this chapter (relating to Required Documentation for Application Submission). Amendments considered material pursuant to paragraph (4) of this subsection must be approved by the Board. 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. Before the fifteenth (15th) day preceding the date of Board action on the amendment, notice of an amendment and the recommendation of the Executive Director and Department staff regarding the amendment will be posted to the Department's website and the Applicant will be notified of the posting. (§2306.6717(a)(4))

(3) 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 percent or more in the square footage of the units or common areas;

(E) a significant modification of the architectural design of the Development;

(F) a modification of the residential density of the Development of at least 5 percent;

(G) an increase or decrease in the site acreage, other than changes required by local government, of greater than 10 percent from the original site under control and proposed in the Application;

(H) exclusion of any requirements as identified in Subchapter B of this chapter (relating to Site and Development Restrictions and Requirements) and Subchapter C of this chapter (relating to Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules); or

(I) any other modification considered significant by the Board.

(5) In evaluating the amendment under this subsection, Department Staff shall consider whether changes to the selection or threshold criteria would have resulted in an equivalent or higher score and if the need for the proposed modification was reasonably foreseeable by the Applicant at the time the Application was submitted or preventable by the Applicant. Amendment requests will be denied if the score would have changed the allocation decision or 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) In the event that an Applicant or Developer seeks to be released from the commitment to serve the income level of tenants identified in the Credit Underwriting Analysis Report at the time of award and as approved by the Board, the procedure described in subparagraphs (A) and (B) of this paragraph will apply to the extent such request is not prohibited based on statutory and/or regulatory provisions:

(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 rent or income level, 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~~ Department staff that the Unit adjustment is necessary for the continued feasibility of the Development; and

(B) if it is determined by the Department that an 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.

(b) Amendments to the LURA. Department staff will evaluate the amendment request and provide the Development Owner an amended LURA for execution and recordation in the county where the Development is located. The Executive Director or designee may administratively approve all non-material LURA amendments. Board approval is required if a Development Owner requests a reduction in the number of Low-Income Units, a change in the income or rent restrictions, a change in the Target Population, a substantive modification in the scope of tenant services, or a delay in the Right of First Refusal (ROFR) requirements. The Department will not approve changes that would violate state or federal laws including the requirements of §42 of the Code, 24 CFR Part 92 (HOME Final Rule), Chapter 11 of this title (relating to Housing Tax Credit Program Qualified Allocation Plan), Texas Government Code, Chapter 2306, the Fair Housing Act, and, for Tax Exempt Bond Developments, compliance with their trust indenture and corresponding bond issuance documents. ~~Prior to staff taking a recommendation to the Board for consideration, the procedures in paragraphs (1) – (5) of this subsection must be followed.~~ An amendment to the LURA is not considered material if the change is the result of a Department work out arrangement or loan modification or other condition recommended by the Department's Asset Review Committee. Prior to staff taking a recommendation to the Board for consideration, the procedures described in paragraphs (1) - (5) of this subsection must be followed.:

(1) the Development Owner must submit a written request accompanied by an amendment fee as identified in §10.901 of this chapter, 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 Development Owner must supply financial information for the Department to evaluate the financial impact of the change;

(3) the Department may order a Market Study or appraisal to evaluate the request which shall be at the sole expense of the Development Owner and the Development Owner will remit funds necessary for such report prior to the Department commissioning such report;

(4) at least seven (7) business days before the Board meeting when the Development Owner would like the Board to consider their request, the Development Owner must hold a public hearing. 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 containing the Development, and the chief elected official for the municipality, if located in a municipality, or the county commissioners, if located outside of a municipality; and

(5) ten (10) business days before the public hearing, the Development Owner must submit a draft notice of the hearing for approval by the Department. The Department will create and provide

upon request a sample notice and approve or amend the notice within three (3) business days of receipt.

(c) Amendments to Direct Loan Terms. An Applicant may request a change to the terms of a loan or loan commitment. Any such request will be fully vetted and Applicants are encouraged to make such requests in a timely manner providing sufficient time for the Department staff to review and, if necessary, underwrite the changes. The Executive Director or authorized designee may approve amendments to loan terms as described in paragraphs (1) - (5) of this subsection. Board approval is necessary for other any changes:

(1) extensions of up to twelve (12) months to the loan closing date in the loan Commitment. An Applicant must document good cause, which may include constraints in arranging a multiple-source closing;

(2) changes to the loan maturity date to accommodate the requirements of other lenders or to maintain parity of term;

(3) extensions of up to six (6) months for the construction completion or loan conversion date based on documentation that the extension is necessary to complete construction and that there is good cause for the extension. Such a request will generally not be approved prior to initial loan closing;

(4) changes to the loan amortization or interest rate that cause the annual repayment amount to change less than 20 percent; ~~and~~

(5) changes to other loan terms or requirements as necessary to facilitate the loan closing without exposing the Department to undue financial risk.

(d) HTC Extensions. Extensions must be requested if the original deadline associated with carryover, the 10 Percent Test (including submission and expenditure deadlines), or cost certification requirements will not be met. Extension requests submitted at least thirty (30) calendar days in advance of the applicable deadline will not be required to submit an extension fee as ~~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 §10.901 of this chapter ~~must be submitted.~~ Any extension request submitted fewer than thirty (30) days in advance of the applicable deadline or after the applicable deadline ~~Extension requests submitted after the deadline~~ will not be processed unless accompanied by the applicable fee. Extension requests will be approved by the Executive Director or Designee, 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.

§10.406. Ownership Transfers (§2306.6713).

(a) Ownership Transfer Notification. A Development Owner must provide written notice to the Department ~~as-at~~ least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of the Development. If the transfer is the result of an involuntary removal of the general partner by the investment limited partner, notice shall be provided as soon as possible, considering the sensitive timing and nature of this decision. Department approval must be requested for any new member to join in the ownership of a Development, except for changes to the limited partner or other partners ~~required by~~ affiliated with the investment limited partner. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer, except where the transfer is other than an Affiliate of the Development Owner, if such entity contains no new members, or a non-Controlling Related Party for estate planning purposes ~~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.

(b) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than to an Affiliate or non-Controlling Related Party for estate planning purposes included in the ownership structure) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that a hardship is creating the need for the transfer (e.g. potential bankruptcy, removal by a partner, etc.). The Development Owner and the proposed transferee must provide ~~to~~ the Department with a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(c) Documentation Required. A Development Owner 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, to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. All transfer requests must disclose the reason for the request. The Development Owner shall certify that the tenants in the Development have been notified in writing of the transfer no later than thirty (30) calendar days prior to the approval of the transfer request to the Department. ~~Not later than~~ Within five (5) business days 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 Department's programs, LURAs and eligibility under this chapter. If the Department determines that the transfer, involuntary removal or replacement, was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendations to the Board for the debarment of the entity and/or its ~~principals~~ Principals and ~~affiliates~~ Affiliates pursuant to §60.309 of this title (relating to Debarment).

(d) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

- (1) in cases of transfers in which the syndicator, investor or limited partner is ~~taking over~~ **assuming** ownership of the Development and not merely replacing the General Partner; or
- (2) 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.

(e) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). 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 Development Owner unless such ownership transfer is approved by the Department.

(f) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

§10.407. Right of First Refusal.

(a) General. This section applies to LURAs that provided an incentive for Development Owners to offer a Right of First Refusal to a Qualified ROFR Organization~~nonprofit which is defined as a qualified nonprofit organization under §42(h)(5)(c) or tenant organization. nonprofit or tenant organizations.~~ The purpose of this section is to provide administrative procedures and guidance on the process and valuation of properties under this ~~restriction using different terminology in~~ the LURA. All requests for Right of First Refusal (ROFR) submitted to the Department, regardless of existing regulations, must adhere to this process. A ROFR request must be made in accordance with the LURA for the Development. If there is a conflict between the Development's LURA and this subchapter, requirements in the LURA supersede the subchapter. If a LURA includes a provision creating a ROFR, a Development Owner may not request a Qualified Contract until the requirements outlined in this section have been satisfied. The Department reviews and approves all ownership transfers, including transfers to a nonprofit or tenant organization through a ROFR. Properties subject to a LURA may not be transferred to an entity that is considered an ineligible entity under the Department's most recent Qualified Allocation Plan. In addition, Department staff will not approve an ownership transfer to an entity that controls a Property in Material Noncompliance as defined in §10.3 of this chapter (relating to Definitions). However, an entity that controls a Property in Material Noncompliance that wishes to pursue the acquisition of a Department-administered Property may follow the procedures outlined in Subchapter F of this chapter (relating to Compliance Monitoring). Satisfying the ROFR requirement does not terminate the LURA.

(b) Right of First Refusal Offer Price. There are two general expectations of the ROFR offer or sale price identified in the outstanding LURAs. The descriptions in paragraphs (1) and (2) of this subsection do not alter the requirements or definitions included in the LURA but provide further clarification as applicable:

(1) Fair Market Value is established using either a current appraisal of the Property or an executed ~~purchase offer from any buyer other than a qualified nonprofit or tenant organization~~ that the Development Owner would like to accept. The purchase offer must contain specific language that the offer is conditioned upon satisfaction of the ROFR requirement;

(2) the Minimum Purchase Price, pursuant to §42(i)(7)(B) of the Code, is the sum of:

(A) the principal amount of outstanding indebtedness secured by the project (other than indebtedness incurred within the five (5)-year period immediately preceding the date of said notice); and

(B) all federal, state, and local taxes incurred or payable by the Development Owner as a consequence of such sale. If the Property has a minimum Applicable Fraction of less than 1, the offer must take this into account by multiplying the purchase price by the applicable fraction and the fair market value of the non-Low-Income Units.

(c) Required Documentation. Upon establishing the value of the Property, the ROFR process is the same for all types of LURAs. The Development Owner may market the Property for sale and sell the Property to a ~~Qualified Nonprofit Organization or tenant organization~~ Qualified ROFR Organization without going through the ROFR process outlined herein. To proceed with the ROFR request, submit the notice of intent and all documents listed in paragraphs (1) - (12) of this subsection:

(1) upon the Development Owner's determination to sell the Development to a for-profit entity, the Development Owner shall provide a notice of intent to the Department of said determination to sell the Development and to such other parties as the Department may direct at that time. If the LURA identifies a Qualified Nonprofit Organization or tenant organization that has a limited priority in exercising a ROFR to purchase the Development, the Development Owner must first offer the Property to this entity. If the nonprofit entity does not purchase the Property, this denial of offer must be in writing and submitted to the Department along with the notice of intent to sell the Property. The Department will determine from this documentation whether the ROFR requirement has been met. In the event that this organization is not operating when the ROFR is to be made, the ROFR must be provided to another Qualified Nonprofit Organization. Upon review and approval of the notice of intent and denial of offer letter, the Department will notify the Development Owner in writing ~~that if~~ the ROFR requirement has been satisfied. Upon receipt of written notice, the Development Owner may pursue the Qualified Contract process or proceed with the sale to a for-profit buyer at or above the posted price;

(2) documentation verifying the ROFR offer price of the property, as required by the LURA:

(A) if the Development Owner receives an offer to purchase the Property from any buyer other than a Qualified Nonprofit Organization that the Development Owner would like to accept, the Development Owner may execute a sales contract, conditioned upon satisfaction of the ROFR requirement, and submit the executed sales contract to establish fair market value; or

(B) if the Development Owner of the Property chooses to establish fair market value using an appraisal, the Development Owner must submit an appraisal of the Property completed during the last three (3) months from the date of submission of the ROFR request, establishing a value for the Property in compliance with Subchapter D of this chapter (regarding Underwriting and Loan Policy) in effect at the time of the request. The appraisal should take into account the existing and continuing requirements to operate the Property under the LURA and any other

restrictions that may exist. Department staff will review all materials within thirty (30) calendar days of receipt. If, after the review, the Department does not agree with the fair market value proposed in the Development Owner's appraisal, the Department may order another appraisal at the Development Owner's expense; or

(C) if the LURA requires valuation through the Minimum Purchase Price calculation, submit documentation verifying the calculation of the Minimum Purchase Price as described in subsection (b)(2) of this section regardless of any existing offer or appraised value; ~~or~~

~~(D) if the property has both a minimum purchase price requirement for the restricted portion of the property and a fair market value price for the unrestricted portion then a proportional value of each shall be calculated based on the proportion of Net Rentable Area of each unless otherwise addressed in the LURA; and~~

~~(E) any attempt to close on an offer below the minimum purchase price may violate §42(i)(7)(B) of the Code, and will not be approved as an ownership transfer without the opinion of legal counsel of and approved by the limited partner;~~

- (3) description of the Property, including all amenities and current zoning requirements;
- (4) copies of all documents imposing income, rental and other restrictions (non-TDHCA), if any, applicable to the operation of the Property;
- (5) copy of the most current title report, commitment or policy in the Development Owner's possession;
- (6) any recent Physical Needs Assessment conducted by a Third-Party that is less than one (1) year old from the date of the submission of the request and in the Development Owner's possession;
- (7) copy of the monthly operating statements, including income statements and balance sheets for the Property for the most recent twelve (12) consecutive months (financial statements should identify amounts held in reserves);
- (8) the three (3) most recent consecutive audited annual operating statements, if available;
- (9) detailed set of photographs of the Property, including interior and exterior of representative units and buildings, and the Property's grounds (including digital photographs that may be easily displayed on the Department's website);
- (10) current and complete rent roll for the entire Property;
- (11) if any portion of the land or improvements is leased for other than residential purposes, copies of the commercial leases; and
- (12) ROFR fee as identified in §10.901 of this chapter (relating to Fee Schedule).

(d) Process. Within five (5) business days of receipt of all required documentation, the Department will review the submitted documents and notify the Development Owner of any deficiencies. Once the deficiencies are resolved and the Development Owner and Department come to an agreement on the ROFR offer price of the Property, the Department will list the Property for sale on the Department's website and contact entities on the nonprofit buyer list maintained by the Department to inform them of the availability of the Property for the agreed upon ROFR offer price as determined under this section. The Department will notify the

Development Owner when the Property has been listed and of any inquiries or offers generated by such listing. ~~Prospective nonprofit purchasers may submit offers at, above, or below the determined value posted on the website.~~ If the Department or Development Owner receives offers to purchase the Property from more than one ~~tenant or Qualified Nonprofit Organization~~ Qualified ROFR Organization, the Development Owner may accept back up offers. To satisfy the ROFR requirement, the Development Owner may shall sell the Property to the organization selected by the Development Owner on such basis as it shall determine appropriate and approved by the Department. The period of time required for offering the property at the ROFR offer price is based upon the period identified in the LURA and clarified in paragraphs (1) and (2) of this subsection:

(1) if the LURA requires a ninety (90) day ROFR posting period, within ninety (90) days from the date listed on the website, the process as identified in subparagraphs (A) - (D) of this paragraph shall be followed:

(A) if an bona fide offer from a qualified ROFR organization~~nonprofit~~ is received at or above the posted ROFR offer price, and the Development Owner does not accept the offer, the ROFR requirement will not be satisfied;

(B) if an bona fide offer from a qualified ROFR organization~~nonprofit~~ is received at or above the posted ROFR offer price and the Development Owner accepts the offer, and the nonprofit fails to consummate the purchase, the ROFR requirement will be deemed met;

(C) if an offer from a nonprofit is received at a price below the posted ROFR offer price, the Development Owner is not required to accept the offer, and the ROFR requirement will be deemed met if no other offers at or above the price are received during the ninety (90) day period;

(D) if no bona fide offers are received during the ninety (90) day period, the Department will notify the Development Owner in writing that the ROFR requirement has been met. Upon receipt of written notice, the Development Owner may pursue the Qualified Contract process or proceed with the sale to a for-profit buyer at or above the posted price;

(2) if the LURA requires a two year ROFR posting period, and the Development Owner intends to sell the Property upon expiration of the Compliance Period, the notice of intent described in this section shall be given within two (2) years before the expiration as required by Texas Government Code, §2306.6726. 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 within two (2) years before the date upon which the Development Owner intends to sell the Development. The two (2) year period referenced in this paragraph begins when the Department has received and approved all documentation required under subsection (c)(1) - (12) of this section. During the two (2) years following the notice of intent and in order to satisfy the ROFR requirement of the LURA, the Development Owner may enter into an agreement to sell the Development only with the parties listed, and in order of priority:

(A) during the first six (6) month period after notice of intent, only with a Qualified Nonprofit Organization that is also a Community Housing Development Organization, as defined in the HOME Final Rule and is approved by the Department;

(B) during the second six (6) month period after notice of intent, only with a Qualified Nonprofit Organization or a tenant organization;

(C) during the second year after 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; and

(D) if, during the two (2) 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 subparagraphs (A) - (C) of this paragraph (within the period(s) appropriate to such organization), the Development Owner ~~shall~~may 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 subparagraphs (A) - (C) of this paragraph (within the period(s) appropriate to such organizations), the Development Owner ~~shall~~may sell the Development at the Minimum Purchase Price to whichever of such organizations it shall choose;

(E) upon expiration of the two (2) year period, if no Minimum Purchase Price offers were received from a Qualified Nonprofit Organization, tenant organization or the Department, the Department will notify the Development Owner in writing that the ROFR requirement has been met. Upon receipt of written notice, the Development Owner may pursue the Qualified Contract process or proceed with the sale to a for-profit buyer at or above the minimum purchase price.

(e) Closing the Transaction. 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.

(1) Prior to closing a sale of the Property, the final settlement statement and final sales contract with all amendments must be submitted to the Department. If there is no material change in the sales price or terms and conditions of the sale, as approved at the conclusion of the ROFR process, the Department will notify the Development Owner in writing that they may sell the Property or request a Qualified Contract pursuant to §10.408 of this chapter (relating to Qualified Contract Requirements). If the Development Owner proceeds with a sale of the Property, prior to such sale, the Development Owner must obtain Department approval of the transfer through the ownership transfer process in accordance with §10.406 of this chapter (relating to Ownership Transfers (§2306.6713)).

(2) If the closing price is materially less than the amount identified in the sales contract or appraisal that submitted in accordance with subsection (c)(2)(A) - (E) of this section or the terms and conditions of the sale change materially, in the Department's sole determination, the Development Owner must go through the ROFR process again.

(3) Following notice that the ROFR requirement has been met, if the Development Owner fails to proceed with a request for a Qualified Contract or sell the Property to a for-profit entity within twenty-four (24) months of the Department's written approval, the Development Owner must again offer the Property to nonprofits in accordance with the applicable section prior to any transfer.

(f) Appeals. A Development Owner may appeal a staff decision in accordance with §10.902 of this chapter (relating to the Appeals Process (§2306.0321; §2306.6715)). The appeal may include:

- (1) the best interests of the residents of the Development;
- (2) the impact the decision would have on other Developments in the Department's portfolio;
- (3) the source of the data used as the basis for the Development Owner's appeal;
- (4) the rights of nonprofits under the ROFR;
- (5) any offers from an eligible nonprofit to purchase the Development; and
- (6) other factors as deemed relevant by the Executive Director.

§10.408. Qualified Contract Requirements.

(a) General. Pursuant to §42(h)(6) of the Code, after the end of the 14th year of the Compliance Period, the Development Owner of a Development utilizing Housing Tax Credits can request that the allocating agency find a buyer at the Qualified Contract Price. If a buyer cannot be located within one (1) year, the Extended Use Period will expire. This section provides the procedures for the submittal and review of Qualified Contract Request.

(b) Eligibility. A Development Owner may submit a Qualified Contract Request at any time after the end of the year proceeding the last year of the Initial Affordability Period, following the Department's determination that the Development Owner is eligible. The Initial Affordability Period starts concurrently with the credit period, which begins at placement-in-service or is deferred until the beginning of the next tax year, if there is an election. Unless the Development Owner has elected an Initial Affordability Period longer than the Compliance Period, as described in the LURA, this can commence at any time after the end of the 14th year of the Compliance Period. References in this section to actions which can occur after the 14th year of the Compliance Period shall refer, as applicable, to the year proceeding the last year of the Initial Affordability Period, if the Development Owner elected an Initial Affordability Period longer than the Compliance Period.

(1) If there are multiple buildings placed in service in different years, the end of the Initial Affordability Period will be based upon the date the last building placed in service. For example, if five buildings in the Development began their credit periods in 1990 and one began in 1991, the 15th year would be 2005.

(2) If a Development received an allocation in multiple years, the end of the Initial Affordability Period will be based upon the last year of a multiple allocation. For example, if a Development received its first allocation in 1990 and a subsequent allocation and began the credit period in 1992, the 15th year would be 2006.

(3) Development Owners who received an allocation of credits on or after January 1, 2002 are not eligible to request a Qualified Contract. (§2306.185)

(c) Preliminary Qualified Contract Request. A Development Owner is eligible to file a pre-request any time after the end of the year proceeding the last year of the Initial Affordability Period.

(1) In addition to determining the basic eligibility described in subsection (b) of this section, the pre-request will be used to determine that:

(A) the Property does not have any outstanding instances of noncompliance, with the exception of the physical condition of the Property;

(B) there is a ~~Right of First Refusal (ROFR)~~ connected to the Property that has been satisfied;

(C) the Compliance Period has not been extended in the LURA and, if it has, the Development Owner is eligible to file a pre-request as described in paragraph (2) of this subsection; and

(D) the Development Owner has all of the necessary documentation to submit a Request.

(2) In order to assess the validity of the pre-request, the Development Owner must submit:

(A) a Preliminary Request Form;

(B) a Qualified Contract Pre-Request fee as outlined in §10.901 of this chapter (relating to Fee Schedule);

(C) ~~copy~~ copies of all regulatory agreements or LURAs associated with the property (non-TDHCA); and

(D) a local code compliance report within the last twelve (12) months or HUD-certified UPCS inspection.

(3) The pre-request will not bind the Development Owner to submit a Request and does not start the One (1) Year Period (1YP). A review of the pre-request will be conducted by the Department within ninety (90) days of receipt of all documents described in paragraph (2) of this subsection. If the Department determines that this stage is satisfied, a letter will be sent to the Development Owner stating that they are eligible to submit a Qualified Contract (QC) Request.

(d) Qualified Contract Request. A Development Owner may file a QC Request anytime after written approval is received from the Department verifying that the Development Owner is eligible to submit the Request.

(1) The documentation that must be submitted with a Request is outlined in subparagraphs (A) - (P) of this paragraph:

(A) a completed application and certification;

(B) the ~~Qualified Contract~~ QC price calculation worksheets completed by a Third-Party certified public accountant (CPA). The CPA shall certify that ~~they~~ he/she have reviewed annual partnership tax returns for all years of operation, loan documents for all secured debt, and partnership agreements. ~~They~~ He/She shall also certify that they are not being compensated for the assignment based upon a predetermined outcome;

(C) a thorough description of the Development, including all amenities;

(D) a description of all income, rental and other restrictions (non-TDHCA), if any, applicable to the operation of the Development;

(E) a current title report;

(F) a current appraisal consistent with Subchapter D of this chapter (relating to Underwriting and Loan Policy);

(G) a current Phase I Environmental Site Assessment (Phase II if necessary) consistent with Subchapter D of this chapter;

(H) a current property condition assessment consistent with Subchapter D of this chapter;

(I) a copy of the monthly operating statements for the Development for the most recent twelve (12) consecutive months;

(J) the three most recent consecutive annual operating statements;

(K) a detailed set of photographs of the development, including interior and exterior of representative units and buildings, and the property's grounds (including digital photographs that may be easily displayed on the Department's website);

(L) a current and complete rent roll for the entire Development;

(M) a certification that all tenants in the Development have been notified in writing of the request for a Qualified Contract. A copy of the letter used for the notification must also be included;

(N) if any portion of the land or improvements is leased, copies of the leases;

(O) the Qualified Contract Fee as identified in §10.901 of this chapter; and

(P) additional information deemed necessary by the Department.

(2) Unless otherwise directed by the Department pursuant to subsection (g) of this section, the Development Owner shall contract with a broker ~~approved by the Department~~ to market and sell the Property. The Department may, at its sole discretion, notify the Owner that the selected Broker is not approved by the Department. The fee for this service will be paid by the seller, not to exceed 6 percent of the QC Price.

(3) Within ninety (90) days of the submission of a complete Request, the Department will notify the Development Owner in writing of the acceptance or rejection of the Development Owner's QC Price calculation. The Department will have one (1) year from the date of the acceptance letter to find a Qualified Purchaser and present a QC. The Department's rejection of the Development Owner's QC Price calculation will be processed in accordance with subsection (e) of this section and the 1YP will commence as provided therein.

(e) Determination of Qualified Contract Price. The CPA contracted by the Development Owner will determine the QC Price in accordance with §42(h)(6)(F) of the Code:

(1) distributions to the Development Owner of any and all cash flow, including incentive management fees and reserve balance distributions or future anticipated distributions, but excluding payments of any eligible deferred developer fee. These distributions can only be confirmed by a review of all prior year tax returns for the Development;

(2) all equity contributions will be adjusted based upon the lesser of the consumer price index or 5 percent for each year, from the end of the year of the contribution to the end of year fourteen or the end of the year of the request for a QC Price if requested at the end of the year or the year prior if the request is made earlier than the last year of the month;

(3) these guidelines are subject to change based upon future IRS Rulings and/or guidance on the determination of Development Owner distributions, equity contributions and/or any other element of the QC Price; and

(4) the QC Price calculation is not the same as the Minimum Purchase Price calculation for the ROFR.

(f) Appeal of Qualified Contract Price. The Department reserves the right, at any time, to request additional information to document the QC Price calculation or other information submitted. If the documentation does not support the price indicated by the CPA hired by the Development Owner, the Department may engage its own CPA to perform a QC Price calculation and the cost of such service will be paid ~~for~~ by the Development Owner. If a Development Owner disagrees with the QC Price calculated by the Department, a Development Owner may appeal in writing. A meeting will be arranged with representatives of the Development Owner, the Department and the CPA contracted by the Department to attempt to resolve the discrepancy. The 1YP will not begin until the Department and Development Owner have agreed to the QC Price in writing.

(g) Marketing of Property. By submitting a QC Request, the Development Owner grants the Department the authority to market the Development and provide Development information to interested parties. Development information will consist of pictures of the Development, location, amenities, number of Units, age of building, etc. Development Owner contact information will also be provided to interested parties. The Development Owner is responsible for providing staff to assist with site visits and inspections. Marketing of the Development will continue until such time that a Qualified Contract is presented or the 1YP has expired. Notwithstanding subsection (d)(2) of this section, the Department reserves the right to contract directly with a Third Party in marketing the Development. Cost of such service, including a broker's fee not to exceed 6 percent, will be paid ~~for~~ by the existing Development Owner. The Department must have continuous cooperation from the Development Owner. Lack of cooperation will cause the process to cease and the Development Owner will be required to comply with requirements of the LURA for the remainder of the Extended Use Period. A prospective purchaser must complete all requirements of an ownership transfer request and be approved by the Department prior to closing on the purchase. The Department will then assess if the prospective purchaser is a Qualified Purchaser. Responsibilities of the Development Owner include but are not limited to the items described in paragraphs (1) - (3) of this subsection. The Development Owner must:

- (1) allow access to the Property and tenant files;
- (2) keep the Department informed of potential purchasers; and
- (3) notify the Department of any offers to purchase.

(h) Presentation of a Qualified Contract. If the Department finds a Qualified Purchaser willing to present an offer to purchase the property for an amount at the QC Price, the Development Owner must agree to enter into a commercially reasonable form of earnest money agreement or other contract of sale for the property and provide a reasonable time for necessary due diligence and closing of the purchase. Although the Development Owner is obligated to sell the development

for the QC Price pursuant to a QC, the consummation of such a sale is not required for the LURA to continue to bind the Development for the remainder of the Extended Use Period. Once the Department presents a QC to the Development Owner, the possibility of terminating the Extended Use Period is removed forever and the Property remains bound by the provisions of the LURA.

(1) The Department will attempt to procure a QC only once during the Extended Use Period. If the transaction closes under the contract, the new Development Owner will be required to fulfill the requirements of the LURA for the remainder of the Extended Use Period.

(2) If the Department fails to present a QC before the end of the 1YP, the Department will file a release of the LURA and the Development will no longer be restricted to low-income requirements and compliance. However, in accordance with §42(h)(6)(E)(ii) of the Code, for a three (3) year period commencing on the termination of the Extended Use Period, the Development Owner may not evict or displace tenants of Low-Income Units for reasons other than good cause and will not be permitted to increase rents beyond the maximum tax credit rents. Additionally, the Development Owner should submit evidence, in the form of a signed certification and a copy of the letter to be created by the Department, that the tenants in the Development have been notified in writing that the LURA has been terminated and have been informed of their protections during the three (3) year time frame.

(3) Prior to the Department filing a release of the LURA, the Development Owner must correct all instances of noncompliance with the physical condition of the Property.

(i) Compliance Monitoring during Extended Use Period. For Developments that continue to be bound by the LURA and remain ~~as~~-affordable after the end of the Compliance Period, the Department will implement modified compliance monitoring policies and procedures. Refer to the Extended Use Period Compliance Policy in Subchapter F of this chapter (relating to Compliance Monitoring) for more information.