

BOARD MEETING OF OCTOBER 9, 2003

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



Beth Anderson, Member
Vidal Gonzalez, Member
Shadrick Bogany, Member
Norberto Salinas, Member

MISSION

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

***TO HELP TEXANS ACHIEVE AN IMPROVED QUALITY OF
LIFE THROUGH THE DEVELOPMENT OF BETTER
COMMUNITIES***

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

October 9, 2003

ROLL CALL

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

_____, Presiding Officer

**BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine Street, Room 437, Austin, Texas
October 9, 2003 10:30 a.m.**

A G E N D A

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

Michael Jones
Chair of Board

PUBLIC COMMENT

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

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

ACTION ITEMS

- | | | |
|--------|--|-------------------|
| Item 1 | Presentation, Discussion and Possible Approval of Minutes of Board Meetings of August 14, 2003 and September 11, 2003 | Michael Jones |
| Item 2 | Presentation and Discussion of Proposed 2004 Housing Needs Score | Edwina Carrington |
| Item 3 | Presentation, Discussion and Possible Approval of Financial Items: | C. Kent Conine |
| a) | Multi-Family Bonds:
Proposed Issuance of Multifamily Mortgage Revenue Bonds for Arlington Villas (fka Hampton Villas), Arlington, Texas in an Amount not to Exceed \$16,700,000 and Issuance of Determination Notice in the Amount of \$752,224 for Housing Tax Credits for Hampton Villas, 03-424 with TDHCA as the Issuer | |
| b) | Transfer of Funds:
Review Transfer of Funds from Single Family Bond Production from 1983 Multifamily Transaction in the Amount of \$308,884.50 to the Multi Family Finance Production Division to Augment the Junior Lien Preservation Program and to Increase the Notice of Funding Availability for the MF Housing Incentives Program by \$308,884.50 | |
| c) | Bond Inducements:
Inducement Resolutions Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Projects Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2004 | |
| | 2004-001 Chisholm Trail Apts. Houston | \$12,000,000 |
| | 2004-002 Montgomery Pines Apts. Porter | \$12,300,000 |
| | 2004-003 Lake June Park Apts. Dallas | \$13,900,000 |
| | 2004-004 Post Oak East Apts. Ft. Worth | \$13,000,000 |
| | 2004-005 Pinnacle Apartments Houston | \$15,000,000 |
| | 2004-006 Sugar Pines Apts. Houston | \$11,600,000 |
| | 2004-007 Wellington Park Apts. Houston | \$15,000,000 |
| | 2004-008 Mayfair Apartments Houston | \$13,000,000 |

2004-009	Post Oak West Apts.	Ft. Worth	\$13,000,000
2004-010	Sphinx @ Delafield	Dallas	\$13,600,000
2004-011	Sphinx @ Greens	Houston	\$14,300,000
2004-012	Rosemont @ Trinity	Ft. Worth	\$15,000,000
2004-013	Rosemont @ Dreeben	Haltom City	\$15,000,000
2004-014	Rosemont @ Shiver	Ft. Worth	\$15,000,000
2004-015	Rosemont @ Parkway	Ft. Worth	\$15,000,000
2004-016	Rosemont @ Paschall	Mesquite	\$15,000,000
2004-017	Primrose @ Stonebrook	Frisco	\$14,700,000
2004-018	Rosemont @ Cooks Lane	Ft. Worth	\$15,000,000
2004-019	Rosemont @ Chenault	Mesquite	\$15,000,000
2004-020	Churchill @ Georgetown Srs.	Georgetown	\$15,000,000
2004-021	Churchill @ Round Rock Town.	Round Rock	\$15,000,000
2004-022	Churchill @ Pinnacle Park	Dallas	\$11,700,000
2004-023	Evergreen @ Los Colinas	Irving	\$13,700,000
2004-024	Evergreen @ Plano Ind.	Plano	\$15,000,000
2004-025	Evergreen @ Plano Stonebr.	Plano	\$15,000,000
2004-026	Western Hills Apts.	San Antonio	\$ 4,400,000
2004-027	Tranquility Bay Apts.	Pearland	\$14,600,000
2004-028	Creekside Manor Apts.	Houston	\$12,000,000
2004-029	Rose Court at Westmoreland	Dallas	\$15,000,000
2004-030	Rose Court at College Park	Dallas	\$15,000,000
2004-031	Rose Court at Remond	Dallas	\$15,000,000
2004-032	Rose Court at Madison III	Dallas	\$15,000,000
2004-033	Rose Court at Madison	Dallas	\$15,000,000
2004-034	Hills Apartments	Houston	\$11,600,000
2004-035	Rose Court at Pearsall Apts.	San Antonio	\$13,300,000
2004-036	Rose Court at Wimbledon	Dallas	\$15,000,000
2004-037	Rose Court III	Dallas	\$15,000,000
2004-038	Rose Court at Riverside	San Antonio	\$13,300,000
2004-039	Merry Oaks Homes	San Antonio	\$13,300,000
2004-040	Rose Court at Forney Hei.	Dallas	\$15,000,000
2004-041	Rose Court at Prairie Oaks	Arlington	\$13,400,000
2004-042	Rose Court at Riverside II	Dallas	\$15,000,000
2004-043	Rose Court at Simpson Stu.	Dallas	\$15,000,000
2004-044	Rose Court on the Stream	Dallas	\$15,000,000
2004-045	Alta Renn Apartments	Houston	\$14,000,000
2004-046	Alta Cullen Apartments	Houston	\$14,000,000

d) Fourth Quarter Investment Report

Item 4 Presentation, Discussion and Possible Approval of Housing Tax Credit Items: Michael Jones

a) Request for Extensions:

- 1) No. 02-131 Meadows of Oakhaven
- 2) No. 02-086 Refugio Street Apartments

b) Issuance of Determination Notices:

03-423 Sweetwater Point, Houston, Texas in amount of \$574,155
Houston Housing Finance Corp. is the Issuer

c) Amendments

- 1) No. 03-159 Summit Senior Village
- 2) No. 03-145 Sterling Springs Villas

Item 5 Presentation, Discussion and Possible Approval of: Shad Bogany

- a) HOME Program
 - 1) FY 2002-2003 Multi Family HOME CHDO Appeals for:
 - a) No. 20030116, Cottage Community
 - 2) Award of HOME Rental CHDO Funds to:
No. 20030178, Canal Street for \$1,250,000

Item 6 Presentation, Discussion and Possible Approval of Report from Audit Committee: Vidal Gonzalez

- a) Fiscal Year 2004 Annual Audit Plan
- b) Report Items:
 - 1) Fiscal Year 2003 Annual Internal Audit Report
 - 2) Internal Auditing Report on Manufactured Housing Division Controls Over Fee Collections
 - 3) Internal Auditing Report on Housing Tax Credit Program Controls Over Construction of Housing Tax Credit Developments
 - 4) HUD – Rental Integrity Monitoring Review of Section 8 Housing Choice Voucher Program
 - 5) HUD Monitoring Report of Emergency Shelter Grant Program
 - 6) Prior Audit Issues:
 - a) September 2000 HUD Section 8 Management Review
 - b) November 2001 HUD Monitoring Visits of HOME Program
 - c) June 2003 State Auditor’s Report, Selected Assistance Programs
 - a. d) Other Miscellaneous Prior Audit Issues (Section 8 Program Specific Audit, Controls Over Single Family Loans Audit and Statewide Federal Single Audit)
 - 7) Status of Central Database

Item 7 Presentation and Discussion on Update from Community Affairs Division Edwina Carrington

REPORT ITEMS

Executive Directors Report Edwina Carrington
Meeting on Fannie Mae Expanded Approval Program
Introduction of Special Assistant to Executive Director

EXECUTIVE SESSION

Consultation with Attorney Pursuant to Sec. 551.071, Texas Government Code – Matters Concerning Section 572.054, Texas Government Code; Michael Jones
If permitted by law, the Board may discuss any item listed on this agenda in Executive Session

OPEN SESSION

Michael Jones

Action in Open Session on Items Discussed in Executive Session

ADJOURN

Michael Jones
Chair of Board

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

Individuals who require auxiliary aids, services or translators for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.

Walter Moreau, Executive Director, Foundation Communities, Austin, Texas

Mr. Moreau stated he wanted to deliver positive good news and say thank you. Their latest property finished about 18 months and the learning center had about 60 children enrolled this summer. He presented a thank you card with pictures of things the children did at the learning center this summer. He also thanked the Board for Garden Terrace SRO which serves individuals that are homeless or have extremely low income. There are 85 units available and over 90 individuals applied the first day and another 50 in the days that followed. There is a huge need for this type of housing in Austin. He also thanked the staff for these projects.

Mr. Jones closed Public Comment at this time but would allow the public who requested to speak at the presentation of the agenda items to do so at that time.

ACTION ITEMS

1) Presentation, Discussion and Possible Approval of Financial Items:

a) Budget:

1) Operating Budget for TDHCA for FY2004 for the Texas Department of Housing and Community Affairs

2) Operating Budget for FY2004 for the Housing Finance Division of the Texas Department of Housing and Community Affairs

Mr. Bill Dally acknowledged the efforts of David Aldrich, David Cervantes and the directors and managers of TDHCA as the budget effort is a collective effort of everyone. The operating budget is a derivative of the appropriations passed last May. The general bill pattern had an appropriation of \$157 million for TDHCA. A detail of organizational divisions in the agency and the expense items was given to the Board. The Manufactured Housing Division has their separate budget which their Board will be asked to approve.

Mr. Cervantes stated there was a budget comparison between 2003 and 2004 provided along with information on the full-time equivalents. The staff is recommending an operating budget of a little over \$21,000,000. Salaries and benefits compose about \$11.5 million; travel of \$644,000; professional fees of \$2.2 million; rentals and leases of about \$1.4 million. There are 231 FTEs in the operating budget with an additional 61 FTEs in Manufactured Housing. Capitol Outlay projects to be \$578,000 which has to do with normal growth efforts of TDHCA such as hardware, software, maintenance agreement, etc.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the FY 2004 budget for the Texas Department of Housing and Community Affairs.

Passed Unanimously

The Housing Finance Budget covers Bond Administration, LIHTC and Affordable Housing Disposition Program fee and origination fees. The budget total for the Housing Finance Division is \$11,248,645.

Motion made by C. Kent Conine and second by Shad Bogany to approve the operating Budget for FY2004 for the Housing Finance Division.

Passed Unanimously

b) Multi-Family Bonds:

1) Proposed Issuance of Multifamily Mortgage Revenue Bonds for Ash Creek Apartments, Dallas, Texas in an Amount not to Exceed \$16,375,000 and Issuance of Determination Notice in the Amount of \$948,673 for Low Income Housing Tax Credits for Ash Creek Apartments, 03-410 with TDHCA as the Issuer

Ms. Carrington stated this proposed project is to be located in Dallas and will have 280 two and three bedroom units. The tax exempt bond portion is \$15,000,000 and \$1,375,000 in taxable bonds. The tax credit portion of the transaction would be in an amount not to exceed \$948,673. Staff is recommending issuance of the tax-exempt bonds and the allocation of the Low income Housing Tax Credits.

Motion made by Shad Bogany and seconded by Beth Anderson to approve the issuance of Multifamily Mortgage Revenue Bonds in the amount of \$16,375,000 and issuance of \$948,673 in Tax Credits for Ash Creek Apartments with approval of Resolution No. 03-68.
Passed Unanimously

Tony Sisk, Churchill Residential, Dallas, Texas

Mr. Sisk stated his company was to be the development managers for the proposed development of Evergreen and Mesquite. There were several people against the project as they thought it was a family development but it is a senior project. This development does have a non-profit CHDO general partner and is exempt from property taxes; however, the partnership has a signed a pilot agreement to pay 100% of the taxes to the City of Mesquite who is very supportive of this project.

2) Proposed Issuance of Multifamily Mortgage Revenue Bonds for Evergreen @ Mesquite, Mesquite, Texas in an Amount not to Exceed \$11,000,000 and Issuance of Determination Notice in the Amount of \$490,632 for Low Income Housing Tax Credits for Evergreen @ Mesquite Apartments, 03-412 with TDHCA as the Issuer

Ms. Carrington stated this proposed project is to be located in Mesquite, Texas and will have 200 units with \$11,000,000 in multifamily bonds and \$490,632 in low income housing tax credits. Staff is recommending approval of the bonds and tax credits.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the issuance of Multifamily Mortgage Revenue Bonds for Evergreen @ Mesquite in an amount of \$11,000,000 and issue the tax credits in the amount of \$490,632 with approval of Resolution No. 03-67.
Passed Unanimously

Tom Scott, Chairman, Housing Authority of City of Houston, Texas

Mr. Scott stated he was in support of the Peninsula Apartments. The City of Houston wants to develop over 5,000 affordable housing units a year and Peninsula Apartments is part of that program. The City of Houston has approved this project. He asked the Board to approve this item.

Albert Calloway, Chief of Staff, Housing Authority for the City of Houston, Texas

Mr. Calloway stated the building permit for this project would be issued by the City of Houston to the developer of this project and the drainage issue would be addressed by the Harris County Flood Control District. He spoke in favor of the Peninsula Apartments and stated there is no concentration issue.

At this time the Board took a short Break.

Neal Rackleff, General Counsel, Housing Authority of the City of Houston, Texas

(Steve Ford, John Ford and Sally Gaskin gave their time to him)

Mr. Rackleff stated they have made a very strong and concerted effort to work with the residents of the community and felt they had developed a good dialogue. The Housing Authority of the City of Houston is not just a non-profit but is a governmental entity created in 1938. They are tax exempt and all of their properties have been since that time. This development is very much consistent with the City of Houston's comprehensive plan. He stated that the flooding will not be a problem. The detention standards that have been implemented exceed the City of Houston's standards by 240%. There is data that reflects that the elementary school and middle school serving this development do have capacity to accommodate the students that will be added due to this development. The high school does also have the capacity to handle an increased number of students.

They will continue to work with residents of the community, both those who support and those who oppose this development; will provide good solid factual information; and will address their concerns whether those concerns are emotional or substantial.

3) Proposed Issuance of Multifamily Mortgage Revenue Bonds For Peninsula Apartments, Houston, Texas in an Amount not To Exceed \$12,600,000 and Issuance of Determination Notice In the Amount of \$679,386 for Low Income Housing Tax Credits for Peninsula Apartments, 03-411 with TDHCA as the Issuer

Ms. Carrington stated that Peninsula Apartments has proposed to build 280 units which would consist of one, two and three bedrooms. Staff is recommending approval of the bonds in the amount of \$12,600,000 and tax credits in the amount of \$679,396.

Motion made by C. Kent Conine and seconded by Beth Anderson to approve Peninsula Apartments for bonds in the amount of \$12,600,000 and issuance of tax credits in the amount of \$679,386 with approval of Resolution No. 03-69.

Ms. Anderson amended the motion to require in the LURA that the development has to have an agreement with the Houston ISD to pay the incremental portion of school taxes that the State General Revenue Fund is going to have to pay to this development as the Houston Housing Authority is not paying as they are not a taxable entity.

Elizabeth Rippy, Bond Counsel, Vinson & Elkins, Austin, Texas stated the State General Revenue Fund does not and will not have to pay anything to Houston.

Ms. Anderson withdrew the second and the amended motion.

Motion was then seconded by Vidal Gonzalez.

The motion was restated for the record:

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve Peninsula Apartments for bonds in the amount of \$12,600,000 and issuance of tax credits in the amount of \$679,386 with approval of Resolution No. 03-69.

Passed on a vote of 5 for and 1 no (Mayor Salinas voted against the motion)

**(2) Presentation, Discussion and Possible Approval of Low Income Housing Tax Credit Items:
a) Proposed Amendments to Low Income Housing Tax Credit Projects:**

Aransas Pass, 02-011, Aransas Pass, Texas

Kings Crossing, 02-043, Kingsville, Texas

Padre de Vida, 03-002, McAllen, Texas

Ms. Carrington stated Aransas Pass Retirement Center is in Aransas Pass and the developer proposed to enlarge the porches, patios, breezeways, the clubhouse and upgrade vinyl siding to cement board siding. The center has 76 units and staff is recommending that the design of the development be amended as proposed by the developer.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the amendment for Aransas Pass, 02-011.

Passed Unanimously

Ms. Carrington stated Kings Crossing is in Kingsville and the developer is requesting a reduction in the size of the parcel from 9.978 acres to 8.081 acres which is a reduction of 19%. Staff feels this was a material change and is asking the Board to approve the change.

Motion made by Shad Bogany and seconded by C. Kent Conine to approve the amendment for Kings Crossing, 02-043.

Passed Unanimously

Ms. Carrington stated Padre de Vida is in McAllen and when the developer applied for the credits, the development was located in a qualified census tract but with changes in the QCTs, it is no longer in a QCT. The developer is proposing that 20% of the units be market rate and 00% of the units be considered tax credit units. Staff is recommending approval of this change.

Motion made by Norberto Salinas and seconded by Shad Bogany to approve the amendment for Padre de Vida, 03-002.

Passed Unanimously

Bill Fisher, Developer, Dallas, Texas

Mr. Fisher stated they held two public hearings and at the first meeting, 14 people spoke in favor of the Rose Court at Thorntree and at the second meeting, there was also support for the project.

Larry Paul Manley, Austin, Texas

Mr. Manley stated on Southwest Pines he was requesting the Board to consider increasing the recommendation of staff from \$936,294 to \$950,381.

Les Kilday, Houston, Texas

Mr. Kilday stated he represented North Forest Trails and requested that the tax credits be increased from \$458,554 to \$486,876.

- b) **Issuance of Determination Notices:**
02-475 Rose Court at Thorntree, Dallas, \$1,111,276
City of Dallas HFC as the Issuer
03-409 Travis Park Apartments, Austin, \$383,918
Austin HFC is the Issuer
03-415 Southwest Pines Apartments, Tyler, \$936,294
East Texas HFC is the Issuer
03-416 Glenwood Apartments, Amarillo, \$433,708
Panhandle Regional HFC is the Issuer
03-417 North Forest Trails Apartments, Houston, \$458,554
Houston HFC is the Issuer

Ms. Carrington stated staff is recommending tax credits for Rose Court, Dallas, Texas in an amount of \$1,111,276.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve Rose Court at Thorntree, Dallas, Texas, for a tax credit allocation of \$1,111,276.

Passed Unanimously

Ms. Carrington stated Travis Park Apartments is an acquisition rehab transaction and is an older property with 197 units. The credit amount being recommended is \$383,918.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve Travis Park Apartments, Austin, Texas for a tax credit allocation of \$383,918.

Passed Unanimously

Ms. Carrington stated Southwest Pines is in Tyler and staff is recommending a tax credit allocation of \$936,294.

Motion made by Beth Anderson and seconded by Shad Bogany to approve the recommendation of staff for a tax credit allocation for Southwest Pines, Tyler, Texas of \$936,294.

Passed Unanimously

Ms. Carrington stated Glenwood Apartments in Amarillo is being recommended for a tax credit allocation of \$422,708.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve Glenwood Apartments, Amarillo, Texas, for a tax credit allocation of \$422,708.

Passed Unanimously

Ms. Carrington stated North Forest Trails Apartments in Houston is being recommended for a tax credit allocation of \$458,554. Ms. Carrington also stated that Mr. Kilday had asked the Board to increase the amount of allocation on this project.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve North Forest Trails Apartments, Houston, Texas for an increased tax credit allocation of \$486,876.

Passed Unanimously

- 3) **Presentation, Discussion and Possible Approval of:**
- a) **Proposed Methodology for:**
- 1) **2004 Regional Allocation Formula**
- 2) **2004 Affordable Housing Needs Score**

Ms. Carrington stated the Department will be holding a series of 13 public hearings around the state to discuss the Regional Allocation Formula, Affordable Housing Needs Score, QAP, HOME Rules, HTF Rules, Emergency MF Bond Rules and Real Estate Analysis Rules. This is a benefit to the public as they can now come to one hearing rather than multiple public hearings.

The Board is not being asked to take any action on the Regional Allocation Formula or Affordable Housing Needs Score but is being presented this information as there are significant factors in the Low Income Housing Tax Credit funding. Ms. Carrington stated there are five Needs Indicators and one indicator, Substandard Housing, has been broken into two indicators rather than one. The Regional Allocation Formula is used to determine how much will be allocated to each of the 13 state service regions around the state.

Ms. Sarah Anderson stated one of the most significant changes to the formula required a break up within each region and one category is urban/exurban and another is rural. There will be an interim committee study done by the Legislature to determine what exurban means.

Ms. Beth Anderson asked staff instead of giving overcrowding more than five times the weight of an incomplete kitchen and incomplete plumbing, to go back and equalize that weighting. She asked to raise incomplete kitchen and incomplete plumbing and bring overcrowding down to level this out.

Ms. Carrington stated on the Affordable Housing Needs Score is not mandated by legislation but it does allow TDHCA to identify specific need or areas of specific need within the 13 state service regions.

At 11:55 am the Board took a lunch break and returned to Open Session at 1:10 pm.

- b) **Rules to be Published in the *Texas Register*:**
- 1) **Low Income Housing Tax Credit Program Rules:
Proposed Repeal of Title 10, Part 1, Chapter 50 – 2001 Low Income Housing Tax Credit Program
Qualified Allocation Plan and Rules; and Proposed New Title 10, Part 1, Chapter 50 - 2004
Qualified Allocation Plan and Rules**

Ms. Carrington stated the name of this program is being changed to the Housing Tax Credit Program. There have been working groups giving comments on this QAP and staff has incorporated those comments along with the requirements of SB 264 and 1664. There were several changes since the draft was put on the website and these are: Page 8, Section 50.3, Item 68, shows the definition of related party as a referral to the definition in 2306. The definition will go back in. Page 13, Section 50.6, Item E, removal of the cap of 76 units for developments qualifying in the Rural Regional Allocation. Developments in the rural regions exceeding 76 units will qualify for the rural regional allocation if the market study supports it. Page 20, Section 50.9(f)(4)(c) clarifying that applicants adhere to international building code, or other locally-adopted codes. Page 39, Section 50.9(g)(13) Recommending changing the required contract term for leveraging points from ten years to five years, since most project-based Section 8 and USDA rental systems contracts are done in five-year increments with HUD and with USDA; Page 49, Section 50.16(a), Clarify the deadline for submitting cost certifications and the timing for subsequent department review of cost certifications.

Mr. Conine requested to amend this deadline for submitting cost certifications and the timing for subsequent department review of cost certifications to 45 days in the draft.

Ms. Carrington stated the last recommended change that we are recommending is on page 62 relating to charging of inspection fees. This is in Section 50.21(h). And the way it reads right now is, "Inspection fees in excess of \$750 will be charged." The change is to "may" be charged.

Mr. Bogany had questions on the ex parte communications and stated that a neighborhood advocacy group can bring a market study, and use whatever information they want to use, but the developer has their rules and department rules to follow, so why shouldn't that neighborhood group have to follow the same rules.

Ms. Carrington stated the reason the board is prohibited from having ex parte communication is due to legislation which prohibits a board member from having discussions with a variety of folks related to an application in a setting other than a board setting or a public meeting, or some kind of public forum.

Mr. Chris Wittmayer, General Counsel, replied on neighborhood input that this is new legislation which the Department has struggled with how best to score the input from neighborhood organizations, and it was decided that it was important to evaluate the basis of the input. The best way to do that was to have EARAC consider each letter that comes in from the qualifying neighborhood organization, evaluate the evidence that is presented in support of the input for and against the proposal, and evaluate each of these letters, whether they're appropriate for positive or negative points, and how many points.

Mr. Bogany had questions on what is a neighborhood organization.

Mr. Wittmayer stated what's central to the definition is that it is an organization of some type that is pursuing or has a purpose of pursuing some aspect of the general welfare of the neighborhood. Civic groups and homeowner associations would be neighborhood organizations. Other organizations will be evaluated on a case-by-case basis as they're presented, but some organizations that may not be neighborhood organizations could be high school band booster club, football booster club, etc.

Ms. Carrington stated she felt it was important to say that the way the legislation reads, it says, "A neighborhood organization on record with either the county or the state." The only support or opposition to consider for points are those organizations that are within the boundaries of the proposed development.

Mr. Conine stated he felt it would be prudent to match the number of foot distance that notification has to go to with the municipality's notification distance relative to zoning changes. If one is out in the country then 1,000 feet would kick in at that point.

Mr. Conine had questions on neighborhood notification and was there any language on signage in the QAP, or just the bond and was advised by Ms. Boston stated it's proposed to post the sign with the full application, or the developer could also notify residents in writing who live within 1,000 feet.

Mr. Bogany stated at the last meeting several people testified that they never received notice or never saw any notice. He wanted to know if there was anything in the QAP that determines if one is going to post in the local paper how does one go about choosing that particular paper to do that.

Ms. Boston replied that in a metropolitan area, they go with the metropolitan newspaper. If they're in a community that's considered a bedroom or smaller sub community that also has a newspaper, they have to do both.

Mr. Bogany asked Ms. Boston to explain to the board how to handle the exurban areas, and how to get more credits into some of those areas that have been denied.

Ms. Boston replied the way that the allocation distribution is that within each region it's divided into rural allocations and urban/exurban allocations with two different funds. To fit in the rural, one would have to meet the definition of rural, which continues to be defined as it has been for the past several years for the Tax Credit Program. If one does not meet that definition, they fall under urban/exurban.

Mr. Bogany also had questions on changing the land area if the developer found out some of it was in the flood area.

Ms. Boston stated language was added in the amendment category specifying that the department does deem a site change of ten percent or more to be material. She also advised the Board that they were not obligated to do forward commitments. On page 42 and 43, Board Decisions; Waiting List; Forward Commitments on Board Decisions states: "The board in its discretion, may evaluate, consider and apply any one of the following discretionary factors." A list of items to look at considering the transactions and making decisions would be considered discretionary factors.

Ms. Anderson asked that on Item G, which reads, "the housing needs," which is a discretionary factor, "housing needs of the community in which the development will be located, and needs of the area, region and state" to insert in front of the word "area" the word "community."

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the Qualified Allocation Plan for publication in the Texas Register to receive public comments.

Mr. Conine asked for an amendment to the motion having the 60 percent one-bedroom cap, 50 percent two-bedroom cap, 30-percent three-bedroom cap and see what the public comments are on this item.

Mr. Bogany and Mr. Gonzalez accepted the amendment to the motion.

Ms. Anderson had questions on why dishwasher and disposal is being taken out and Ms. Boston stated USDA is required to remove them.

Mr. Conine asked for information on the USDA rule as he would like to visit the Department of Agriculture.

Ms. Boston stated staff is requiring that ten days before the June board meeting the commitment is in hand for the funds or they tell the Department if they do not have it, and then staff will go back and evaluate.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the Qualified Allocation Plan for publication in the Texas Register to receive public comments with an amendment to the motion having the 60 percent one-bedroom cap, 50 percent two-bedroom cap, 30-percent three-bedroom cap to receive public comments.
Passed Unanimously

Motion made by Shad Bogany and seconded by C. Kent Conine to repeal Title 10, Part 1, Chapter 50 – 2001 Low Income Housing Tax Credit Program.
Passed Unanimously

2) **Home Investment Partnerships Program (HOME) Rules:
Proposed Amendment to Title 10, Part 1, Chapter 53 – Home Investment Partnerships Program**

Ms. Carrington stated the HOME Rules were last revised in March 1998. These are rules that govern both the Single Family and Multifamily activities in the HOME Program. The same terminology is now consistent through all programs for all rules. There will be no postmark discussion or overnight discussions on delivery of applications as there will only be one date with a time for submittal.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the HOME Investment Partnerships Program Rules for publication to receive public comments.
Passed Unanimously

**3) Housing Trust Fund Rules:
Proposed Amendment to Title 10, Part 1, Chapter 51 – Housing Trust Fund Rules**

Ms. Carrington stated the rules being amended were approved by the Board in April 2000.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the amendment to Title 10, Part 1, Chapter 51 of Housing Trust Fund Rules for publication to receive public comments.

Diana McIver, President, DMA Development Company, Austin, Texas

Ms. McIver stated she had comments on scoring under the Multi-Family Rules and the scoring that is proposed favors new construction and family housing. She asked to level the field for rehab and senior housing.

John Garvin, Texas Affiliation of Affordable Housing Providers, Austin, Texas

Mr. Garvin stated they did not feel the new signage requirement has anything to do with what was passed in the legislative session on notification. They were trying to get the signage requirement out of threshold and into points. He stated the signage requirement is not required of single family – only on multi-family housing. He recommended TDHCA put together a database of all neighborhood organizations on record and then send certified mail to the local legislator asking for any more organizations that should be on the list. He also stated good neighborhood notification is fine and neighborhood opposition is often valid. Proper notification is a good business decision. Opposition to a project should have to submit their information earlier so they can be challenged by the applicant and make it a fair playing field. He stated they recommend on the 1,000 foot item, to do it as it mirrors the local zoning ordinances and where there is no zoning, they would recommend 500 feet.

**4) Multi-Family Mortgage Revenue Bond Program Rules:
Proposed Repeal of Title 10, Part 1, Chapter 33 – Guidelines for Multifamily Housing Revenue Bond; Proposed Repeal of Title 10, Part 1, Chapter 35 – Taxable Multifamily Mortgage Revenue Bond Program; Proposed Repeal of Title 10, Part 1, Chapter 39 – Tax-Exempt Multifamily Mortgage Revenue Bond Program; Adopts on an Emergency Basis Title 10, Part 1, Chapter 33 Multifamily Housing Revenue Bond Rules (as Required by New State Legislation Including Amendments to Sections 1372.0231 and 2306.359, Texas Government Code); Proposed New Title 10, Part 1, Chapter 33 – Multifamily Housing Revenue Bond Rules (identical to the Emergency Rules)**

Ms. Carrington stated the rules are the black-lined copy of the draft rules that were presented at the July Board meeting. At that meeting the Board asked staff to solicit public input and the Board will review that input. Staff held two public meetings and took public input. There were two changes from what was in the July Board book and these are: Page 11 “The department’s” and it would strike “conduit housing” and would read “The department’s transactions will be processed in accordance with the Texas Bond Review Board’s rules.” Another change is an option as opposed to the signage requirement which says “The final application and supporting material will consist of the following information, etc.” or the developer could send a letter to the affected neighborhood(s).

The developer has the option to put a picture of the proposed project on the sign or whatever they want but there needs to be enough information to advise the public as to what is planned for this particular piece of property.

Mr. Conine stated on acquisition rehab, on the \$47 to \$61 square foot cost to exempt acquisition rehab from this particular number and everyone was fine with this. On scoring, he had questions on the differentiation of points as to the deferred developer fee.

Mr. Robert Onion of MF Finance Production, stated staff was attempting to link the best feasible deals first.

Mr. Conine asked to remove the points totally for the deferred developer fee.

Motion made by C. Kent Conine and seconded by Beth Anderson to approve the Proposed Repeal of Title 10, Part 1, Chapter 33 – Guidelines for Multifamily Housing Revenue Bond; Proposed Repeal of Title 10, Part 1, Chapter 35 – Taxable Multifamily Mortgage Revenue Bond Program; Proposed Repeal of Title 10, Part 1, Chapter 39 – Tax-Exempt Multifamily Mortgage Revenue Bond Program; Adopts on an Emergency Basis Title 10, Part 1, Chapter 33 Multifamily Housing Revenue Bond Rules (as Required by New State Legislation Including Amendments to Sections 1372.0231 and 2306.359, Texas Government Code); Proposed New Title 10, Part 1, Chapter 33 – Multifamily Housing Revenue Bond Rules.

Amendment to the motion made by C. Kent Conine and seconded by Beth Anderson to strike the scoring criteria points for deferred developer fees.

Amendment Passed Unanimously

Mr. Conine and Ms. Anderson felt 5 points for garages was too high and suggested taking this down to 3 points and 35% with garages.

The 35% with garages was adopted to unanimous consent.

Amendment to the motion made by C. Kent Conine and seconded by Norberto Salinas to amend to four points for having garages.

Vote was 3 ayes and 3 nos – Motion failed. Mr. Conine, Mr. Salinas and Mr. Gonzalez voted aye for the motion and Ms. Anderson, Mr. Bogany and Mr. Jones voted no – against the motion.

This rule will be published as a proposed regular rule with the minimum of 30 days public comment period.

Motion then passed unanimously with all changes and amendments.

5) **Real Estate Analysis Rules:
Proposed Amendment to Title 10, Part 1, Chapter 1, Subchapter B - Underwriting, Market Analysis, Appraisal and Environmental Site Assessment and Property Condition Assessment Rules and Guidelines Including New Section 1.36 Property Condition Assessment Rules and Guidelines**

Ms. Carrington stated staff has made changes to the proposed rules that incorporate the requirements of SB 264, and also include a new section called property condition assessment rules and guidelines. Staff is recommending that the Board approve these draft rules to publish them for comment to go in the cycle with the consolidated public hearings.

Mr. Gouris stated he would like to remove the words “low-income” from the rule.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the Real Estate Analysis Rules: Proposed Amendment to Title 10, Part 1, Chapter 1, Subchapter B - Underwriting, Market Analysis, Appraisal and Environmental Site Assessment and Property Condition Assessment Rules and Guidelines Including New Section 1.36 Property Condition Assessment Rules and Guidelines.

Amended motion by C. Kent Conine and seconded by Shad Bogany to delete the words “low-income” from this rule.

Motion with amendment passed unanimously

4) **Presentation, Discussion and Possible Approval of:**
a) **HOME Program**
1) **FY 2002-2003 Single Family HOME Program Appeal Recommendations:
The City of San Benito, Homebuyer Assistance, Region 11, San Benito, Texas
Futuro Communities Inc., Homebuyer Assistance, Region 11, Uvalde, Texas**

Ms. Carrington stated these were the appeals from the HOME program and staff is recommending approval.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the HOME Program appeals for FY 2002-2003 Single Family HOME Program Appeal Recommendations for The City of San Benito, Homebuyer Assistance, Region 11, San Benito, Texas and Futuro Communities Inc., Homebuyer Assistance, Region 11, Uvalde, Texas with the 4% administrative fees.
Passed Unanimously

Chairman Jones left the meeting at 3:35 pm.

Stuart Shaw, Austin, Texas

Mr. Shaw stated Caspita Apartments and Cedar Park Ranch are in well located tracts of land and he asked the Board to approve the appeals for these two apartment complexes.

David Evans, Vice President, Covenant Group, Ft. Worth, Texas

Mr. Evans was in favor of Cedar Park Ranch project and stated the Covenant Group has 14 years of experience specifically for and exclusively for senior citizens and their focus is on affordability.

Michael Eaton, Caspita Apartments and Cedar Park Ranch, Texas

Mr. Eaton stated the Caspita Apartments and Cedar Park Ranch both need these funds. He stated there were questions on the location of the CHDO involved in these transactions. This appeal should be granted on equitable treatment, fairness and equal protection.

**2) FY 2002-2003 Multi Family HOME Program Appeal Recommendations:
Cottage Community, 20030116, Austin, Texas
Caspita Apartments, 20030314, Cedar Park, Texas
Cedar Park Ranch, 20030319, Cedar Park, Texas**

Mr. Chris Wittmayer, General Counsel, stated staff is recommending the Board deny the appeal for the Caspita Apartments and Cedar Park Ranch. This appeal concerns the CHDO set aside of the HOME award. The specific requirement of the Federal regulation, or one requirement for a community housing organization is that it has a history of serving the community within which housing to be assisted with HOME funds is to be located. It says "In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, if you have a newly-created organization formed by local churches, service organizations, neighborhood organizations, you may meet this requirement by demonstrating that the parent organization has at least a year of serving the community". The HOME rule is similar as it states that it is required that the organization have a history of serving the community within which housing to be assisted with HOME funds is to be located, as evidenced by a statement that documents at least one year of experience in serving the community.

The Federal rule and the departments rule states that if an organization or its parent company does not have one year of serving the community, but has staff or board members who have served the community for at least a year, the organization may use this individual experience to meet its requirement. The Appellant's position is that they have one board member who has some history of serving Williamson County. The department does not believe this meets neither the Federal regulatory requirement nor the department's rules.

Motion made to by Beth Anderson and seconded by Vidal Gonzalez to deny the appeal for Caspita Apartments and Cedar Park Ranch.
Passed Unanimously

Tom Stacy, Volunteer President of Community Partnership for the Homeless, Austin, Texas

The Community Partnership for the Homeless has provided homes for the past 13 years to homeless Texans, and primarily homeless Texas veterans. The Cottage Community is a project that will provide homes for single parents, single-parent household families and child care. There was a questions with staff if their project had trash removal service available. The letter from Texas Disposal System was in their application and somehow it

was not in the Board's copy. He asked the Board to consider giving them the 10 points as this was covered in their packet. He further stated the funds are critical to this project. It has a lot of community support and strong sponsorship on the Board.

Ms. Carrington stated the HOME program rules do not allow for the curing of administrative deficiencies. One of the requirements with the application is that there be a letter that indicates that all utilities, including trash service, are available to the property. The letter was not in the application so they did not get the 10 points.

Staff is not recommending that these 10 points be given to this project.

Motion made by Shad Bogany and seconded by Beth Anderson to recommend that this project be moved forward to make them eligible for funds.

Passed Unanimously

Ms. Boston stated that these developments are not being voted on for funding this month only to grant or deny the appeal and they will be returning to the Board for funding approval.

b) FY 2003 Housing Trust Fund SECO Awards From the List of All Applications:

Prj. No.	Name	Region	Award
03805	Willow Bend Creek Apts.	3	\$ 60,000
03806	Village Oak Apts./Cove Ter.	5	\$162,000
03809	Cole Creek Apts.	5	\$ 96,000
03810	Stone Ranch Apts.	8	\$114,000
03813	La Villata Apts.	11	\$ 50,000
03815	Las Lomas Apts.	13	\$ 90,089
03816	Subdivision Develop.	11	\$150,000
03817	Fallbrook Ranch, Ltd.	6	\$ 0
03820	Villa Elaina	7	\$ 28,000
03823	Meadows On Airport Apts.	6	\$ 0
03824	Villas at Park Grove	6	\$180,000
03825	Reading Road Apts.	6	\$325,000
03826	The Peninsula Apts.	6	\$ 0
03827	Kingsland Trails Apts.	7	0
03828	Bentley Place Apts.	9	\$249,000
03829	The Village @ Morningstar	6	\$ 0
03935	Crestview Homes	8	\$ 75,000

Ms. Carrington stated this recommendation is for 12 awards for funding from the Housing Trust Fund/SECO awards. There were 21 applications submitted but 4 were deemed not eligible and out of the remaining applications, staff is recommending approval of awards for 12 projects.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the 12 projects for funding from Housing Trust Fund/SECO:

Prj. No.	Name	Region	Award
03805	Willow Bend Creek Apts.	3	\$ 60,000
03806	Village Oak Apts./Cove Ter.	5	\$162,000
03809	Cole Creek Apts.	5	\$ 96,000
03810	Stone Ranch Apts.	8	\$114,000
03813	La Villata Apts.	11	\$ 50,000
03815	Las Lomas Apts.	13	\$ 90,089
03816	Subdivision Develop.	11	\$150,000
03817	Fallbrook Ranch, Ltd.	6	\$ 0
03820	Villa Elaina	7	\$ 28,000
03823	Meadows On Airport Apts.	6	\$ 0
03824	Villas at Park Grove	6	\$180,000
03825	Reading Road Apts.	6	\$325,000
03826	The Peninsula Apts.	6	\$ 0

03827	Kingsland Trails Apts.	7	0
03828	Bentley Place Apts.	9	\$249,000
03829	The Village @ Morningstar	6	\$ 0
03935	Crestview Homes	8	\$ 75,000
Passed Unanimously			

REPORT ITEMS

Executive Directors Report

Ms. Carrington stated there has been controversy over a tax credit proposed development in El Paso and she met with the Mayor of El Paso on July 30th. The Mayor was very complimentary of TDHCA and the Board and the affordable housing initiatives in El Paso. He looks forward to working with the department and with TDHCA funding to meet the housing needs in El Paso. She recognized Mayor Wardy and acknowledged the letter that he sent.

Christopher Ptomey, State and Federal Liaison Officer, of Washington, DC discussed several issues coming up in DC and some of the organizations that the department is reaching out to and working with on items of concern in Washington. He stated in September the primary items of business will be the appropriations bills and five of the 13 appropriations bills include major housing and community development related issues. The department is also watching the Mortgage Revenue Bond and Low Income Housing Tax Credit Modernization bill. There is also the CSBG and LIHEAP reauthorization. There have been hearings held in the House on the Housing Assistance for Needy Families, Section 8 Black Grant Proposal.

EXECUTIVE SESSION

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

Consultation with Attorney Pursuant to Sec. 551.071, Texas Government Code – Matters Concerning Section 572.054, Texas Government Code; Personnel Matters under Section 551.074, Texas Government Code

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

EXECUTIVE SESSION

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

Consultation with Attorney Pursuant to Sec. 551.071, Texas Government Code – Matters Concerning Section 572.054, Texas Government Code;

Personnel Matters under Section 551.074, Texas Government Code

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

Mr. Conine stated: “On this day, August 14, 2003, at the regular board meeting of the Texas Department of Housing and Community Affairs in Austin, the board adjourned into a closed session as evidenced by the following. The Board of Directors will begin its Executive Session today, August 14, at 4:05 p.m. The subject matter of this Executive Session deliberation is as follows: Litigation and Anticipated Litigation regarding Cause Number GN-202219, Century Pacific Equity Corporation v. TDHCA, Consultation with Attorney Pursuant to Texas Government Code - Matters Concerning 572.054, Personnel Matters under Section 551.074, and any item listed on the board agenda.

The Board went into executive session at 4:05 pm.

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

The Board returned to Open Session at 4:15 pm.

Mr. Conine stated: "The Board of Directors has completed its Executive Session of TDHCA on August 14 at 4:15. The subject matter of this Executive Session deliberation was as follows: Litigation and Anticipated Litigation regarding Cause Number GN-202219, Century Pacific Equity Corporation v. TDHCA, Action taken, none; Consultation with Attorney Pursuant to Texas Government Code - Matters Concerning 572.054, Action taken, none; Personnel Matters under Section 551.074, Action taken, none; and any item listed on the board agenda, Action taken, none."

"I hereby certify this agenda of the Executive Session of TDHCA was properly authorized, pursuant to 551.103 of the Texas Government Code, posted at the Secretary of State's office seven days prior to the meeting, pursuant to 551.044 of the Texas Government Code, and that all members of the Board of Directors were present, with the exception of Michael Jones and that this is a true and correct record of the proceedings, pursuant to the Texas Open Meeting Act, Chapter 551, Texas Government Code as amended."

ADJOURN

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

The meeting adjourned at 4:25 p.m.

Respectfully submitted,

Delores Groneck
Board Secretary

P:bdmiaug/dg

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, Room 437, Austin, Texas 78701
September 11, 2003 8:30 a.m.

Summary of Minutes

CALL TO ORDER, ROLL CALL

CERTIFICATION OF QUORUM

The Board Meeting of the Texas Department of Housing and Community Affairs of September 11, 2003 was called to order by Board Chair Michael Jones at 8:45 a.m. It was held at the Texas Department of Housing and Community Affairs Boardroom, Austin, Texas. Roll call certified a quorum was present. Beth Anderson and Shad Bogany were absent.

Members present:

Michael Jones -- Chair

C. Kent Conine -- Vice-Chair

Vidal Gonzalez -- Member

Norberto Salinas -- Member

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

Mr. Jones asked everyone to observe a moment of silence in remembering our fallen citizens on this particular day two years ago.

PUBLIC COMMENT

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

Mr. Jones called for public comment and stated that due to the number of people who had requested to speak at this meeting he would limit each person to 3 minutes. The following gave comments at this time.

Raul Alvarez, City Council Member, Austin, Texas

Councilman Alvarez stated the City of Austin has a very strong neighborhood housing and community development department and spoke in favor of tax credits for the Villas on Sixth Street and requested the Board to consider a forward commitment for this project.

Trey Davis, Austin, Texas

Mr. Davis thanked the Board and staff who reviewed and scored the HOME Program applications. He commended staff for being up front about the scoring process and criteria and for providing document in a written format before any of the applicants started the process.

Frances Teran, Mexican American Unity Council, San Antonio, Texas

Ms. Teran asked the board to provide a forward commitment of tax credits for 2004 for Palacio del Sol. It is in downtown San Antonio and will provide senior citizens access to all of the amenities, shopping, and all they need giving them the ability to be in an area they feel safe.

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

Ms. Bast stated she was in support of a forward commitment of 2004 tax credits for the Villas on Sixth Street. She felt the Villas on Sixth Street can meet all legislative mandates of Section 2306.

Paul Hilgers, Director, Neighborhood Housing & Comm. Dev., Austin, Texas

Mr. Hilgers stated the Villas on Sixth Street will create housing very close to downtown and asked that the Board give it their full consideration for a forward commitment.

Ann Lott, Dallas Housing Authority, Dallas, Texas

Ms. Lott asked the Board to consider their request for a forward commitment for Frazier Courts in Dallas. Their city is supportive of the project along with state officials.

Barry Palmer, Dallas, Texas

Mr. Palmer spoke in favor of a forward commitment for Frazier Fellowship Development.

Mr. Jones closed Public Comment at 9:04 am but would let those individuals who requested to speak at the time of the agenda items, do so at that time.

ACTION ITEMS

- 1) **Presentation, Discussion and Possible Approval of Minutes of Board Meeting of July 30, 2003**
Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the minutes of the Board Meeting of July 30, 2003.
Passed Unanimously

- 2) **Presentation, Discussion and Possible Approval of Financial Items:**
 - a) **Below Market Interest Rate Program:**
Las Palmas Apartments, San Antonio, Texas, \$736,047
Park South Apartments, San Antonio, Texas, \$1,079,722
Ms. Carrington stated staff is asking for approval of two loans to be funded from the Below Market Interest Rate Program. Staff has identified two properties and owners who have an interest in rehabbing the property which will keep these developments in the low income housing inventory. Both are located in San Antonio. For the record, she noted that the correct name of the borrower is Park South Village LULAC, Inc. on the Park South Village Apartments. Staff is recommending that the board approve both of these loans. There will be \$340,000 left and staff is asking that the remainder of these funds be transferred to the Junior Lien Preservation Program.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the Below Market Interest Rate Program loans for Las Palmas Apartments, San Antonio, Texas for \$736,047 and for Park South Village LULAC, Inc. Apartments, San Antonio, Texas for \$1,079,722 and to transfer the remainder of the funds to the Junior Lien Preservation Program.
Passed Unanimously

 - b) **Single Family Bond Program:**
 - 1) **Rate Reduction for Program 56**
Ms. Carrington stated staff is requesting approval of a resolution to reduce the interest rate for the RMRB Program 56. In May 2003 the Board approved a resolution reducing the interest rate to 5.9% which was effective on August 19th, and staff is requesting that an additional \$500,000 be put into this program to reduce the interest rate further to better originate the funds.

Mr. Byron Johnson, Director of Bond Finance, stated the interest rate may stay at 5.9% and these funds will be used to complete the remainder of the buy-down for all the funds.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the reduction of the interest rate for RMRB Program No. 56 and to put in the additional \$500,000 to better originate these funds.
Passed Unanimously

Amendment to this motion by C. Kent Conine and accepted by Vidal Gonzalez to add approval of Resolution No. 03-072 to reduce the interest rate for RMRB Program No. 56 and including the original motion to put in the additional \$500,000 to better originate these funds.
Passed Unanimously

- 2) **Certificate Purchase Period Extension for Program 57A**
Ms. Carrington stated staff is requesting that the certificate purchase date be extended from October 1, 2003 to December 1, 2004 for Program 57A.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve Resolution No. 03-071 to extend the certificate purchase period for Program 57A from October 1, 2003 to December 1, 2004.
Passed Unanimously

3) Restructuring of Program 57A

Ms. Carrington stated this Program had a \$10 million dollar component that would have included origination and purchase of loans in Fannie Maes Expanded Approval Program, EA-I and II. This origination has been less than successful and staff has worked with Fannie Mae and with lenders to get the greater origination from this program. With all these efforts, only \$130,440 has closed and funded from this program and staff is requesting to take the money for that expanded approval program and put it in Program 57A as general proceeds and originate as eligible loans.

Motion made by Vidal Gonzalez and seconded by Norberto Salinas to approve to approve the restructuring of Program 57A and to take the funds from the expanded approval program to put in Program 57A.

Mr. Conine felt staff has not given this program enough time to be successful and this was too soon to bail out as he preferred to give this program more time.

Mr. Eric Pike, Director of Single Family Finance Production, stated there is a breakdown with lenders as they are not pushing this program as these loans do require an effort. The Department could do additional marketing to encourage lenders to do this program.

Mr. Gonzalez suggested contacting Texas Independent Bank in Dallas as they can poll all of the banks in Texas and get some input and possibly market it through them.

Ms. Carrington stated she was hearing what the Board members were saying and will withdraw the recommendation and go back and continue to look where the gap is.

Motion was rescinded by Norberto Salinas and by consent of the Board, the motion and second was withdrawn.

c) Response to the Request for Qualifications for Underwriters for the Multifamily Finance Production Division

Ms. Carrington stated in April of 2003, the Board approved the issuance of a RFQ for investment banking firms to serve with developers who were proposing to do multifamily bond transactions. The selection of underwriters for multifamily is a different process than single family as the single family team works for the agency but in the multifamily, they work for the developers. It has been three years since an RFQ for multifamily underwriters has been done. There was twelve responses to this RFQ staff is recommending that all twelve of those firms be on the list as a senior manager or as a co-manager.

Gary Machak, Financial Advisor from Dain Rauscher, stated he had reviewed the proposals and the list and they stand by the recommendation.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve as Senior Managers: National Alliance Capital, Berean Capital, AG Edwards, J.P. Morgan Securities, M.R. Beal, Morgan Keegan, Merchant Capital, Stearn Brothers, George K. Baum and as Co-Managers: Melvin Securities, Advest, Southwestern Capital Markets.
Passed Unanimously

Mike Rozell, Dir. Of Economic Development for Harris County Judge Robert Eckels, Houston, Texas

Mr. Rozell stated he was in attendance on behalf of Harris County Judge Robert Echols and was speaking in support of Northview Park project. They stand behind this project 100% as it will serve a need in Harris County that has not been met. It meets the needs of seniors and will have pharmacy supplies, education, nutritional information, exercise rooms, etc.

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

Ms. Bast stated she was speaking on behalf of Primrose Northview Park Apartments as the department terminated this application for failure to meet the threshold requirement in Section 49.9(e)(7)(A) of the QAP. This requirement calls for a publication of a specific notice in the local newspaper prior to the submission of the tax credit application. Due to an administrative oversight, the applicant published the notice two days after the application was submitted. This two day delay is what resulted in the termination of the tax credit application. The applicant appealed the staff determination and the appeal was denied. She asked the Board to approve the appeal for Primrose Northview Park Apartments.

Ron Williams, Southwest Texas Housing Partners, Houston, Texas

Mr. Williams stated their organization is a small CHDO that is trying to build capacity to provide affordable housing in Region 6 and the Primrose Northview Apartment project is critical to their effort. Southeast Texas Housing Partners will control the general partnership of Primrose Houston 9 Housing, which is the ownership of the project. There is a wide range of community support from neighborhood associations to county representatives and school officials. He asked the Board to approve the appeal.

Sal Esparza, Harris County Finance Corporation, Houston, Texas

Mr. Esparza was in favor of the Primrose Parkview senior citizen project. He is a member of the Harris County Finance Board and they support and believe in this project.

Richard Perez, Disabled American Veteran, Houston, Texas

Mr. Perez stated he supported the Primrose Northview project as the senior project is needed to help seniors to live on their own and not have to live with a family member or living in substandard housing. This affordable housing is the right project for seniors and he strongly supported the project.

Felicita Flores, Houston, Texas

Ms. Flores stated she was a World War II veteran and was in favor of the Primrose Northview project.

Domingo Marquez, Houston, Texas

Mr. Marquez stated has been a veterans' advocate for over 40 years and is in favor of the Primrose Northview project as it is centrally located and it is going to be very close to the proposed VA facility that will be constructed in Tomball. It is close to the Houston Intercontinental Airport and all the shopping centers.

3) Presentation, Discussion and Possible Approval of Low Income Housing Tax Credit Items:

a) Appeal:

03-419, Northview Park

Ms. Carrington stated the reason staff denied the appeal was there is a requirement in the tax credit portion of a tax-exempt bond and tax credit development that requires that a public notice be filed for purposes of the tax credits. This notice was filed two days late and staff does not believe that the late filing of any kind of a notice is a technicality as it is in the rules. All developers are asked to abide by these rules and in this case, the applicant violated the requirement that they file the notice for the tax credits in a timely manner.

Motion made by Norberto Salinas and seconded by C. Kent Conine to grant the appeal.

EXECUTIVE SESSION

Consultation with Attorney Pursuant to Sec. 551.071, Texas Government Code – Matters Concerning Section 572.054, Texas Government Code;

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

Mr. Jones stated: "On this day, September 11, 2003, at the regular Board meeting of the Texas Department of Housing and Community Affairs in Austin, the Board of Directors adjourned into a closed session as evidenced by the following. The Board of Directors will begin its Executive Session today, September 11, 2003, at 10:15 a.m. The subject matter of this Executive Session is: Consultation with Attorney Pursuant to Texas Government Code - Sec. 551.071, – Matters Concerning Section 572.054, Texas Government Code. If permitted by law, the Board may discuss any item listed on this agenda in Executive Session.

The Board went into executive session at 10:15 a.m.

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

The Board returned to Open Session at 10:36 a.m.

Mr. Jones stated: "The Board of Directors has completed its Executive Session of TDHCA on September 11, 2003, at 10:35 a.m. On this day at a regular Board Meeting the Board of Directors adjourned into a closed Executive Session. The subject matter of this Executive Session deliberation was: Consultation with Attorney Pursuant to Texas Government Code – Sec. 551.071, - Matters Concerning 572.054, Texas Government Code; Action taken, none; If permitted by law, discussion of any item listed on the Board agenda of this date, Action taken, none. The Board records that it has completed its executive session of Texas Department of Housing and Community Affairs on September 11, 2003 at 10:35 am."

"I hereby certify this agenda of the Executive Session of TDHCA was properly authorized, pursuant to 551.103 of the Texas Government Code, posted at the Secretary of State's office seven days prior to the meeting, pursuant to 551.044 of the Texas Government Code, and that all members of the Board of Directors were present, with the exception of Elizabeth Anderson and Shad Bogany and that this is a true and correct record of the proceedings, pursuant to the Texas Opens Meeting Act, Chapter 551, Texas Government Code as amended. " Signed by Michael Jones.

Mr. Jones stated there was a motion on the floor that the appeal be approved.

Motion failed with 1 yes (Mr. Salinas) and 2 nos (Mr. Conine and Mr. Gonzalez) and Mr. Jones did not vote

b) Requests for Additional Tax Credits:

Palomino Place, Houston, Texas, Increase of \$88,144

Red Hills Villas, Round Rock, Texas, Increase of \$2,913

Ms. Carrington stated this is a request from two developments for an allocation of additional tax credits. They are tax-exempt bond and 4% credit transactions. Staff has underwritten both of them and recommends approval.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve Palamino Place, Houston, an increase of \$88,144 in tax credits that would make the total credit allocation amount \$422,813 and Red Hills Villas, Round Rock, an increase of \$2,913 that would make the total credit allocation amount \$435,964.

Passed Unanimously

c) Request for Extension for Kingfisher Creek #03-000

This item was pulled from the agenda.

Jerry Wright, Newman Associates, Houston, Texas

Mr. Wright was in favor of the Empire Village transaction and stated there is a recommendation from underwriting to not grant tax credits but they are putting in approximately \$10 million and asked staff to review this transaction to see if it is feasible.

Jim Feaser, Developer, Houston, Texas

Mr. Feaser stated the owners of Empire Village have reduced the price by \$500,000 and this makes the transaction work and the interest percentage has changed to 6.75%. The property is an FHA 221(b)(4) property and is around 25 years old.

Jim Bruner, San Antonio, Texas

Mr. Bruner did not speak.

Neal Rackleff, General Counsel, Houston Housing Authority, Houston, Texas

Mr. Rackleff did not speak.

d) Issuance of Determination Notices:

**03-419 Northview Park, Houston, Texas
Harris County HFC is the Issuer
03-421 Empire Village Apartments, Pasadena, Texas
Harris County HFC is the Issuer
03-422 Willow Park, Houston, Texas
Victory Street Public Utility Corp. is the Issuer
03-426 Longboat Key Apartments, Houston, Texas
Houston HFC is the Issuer**

Ms. Carrington stated two projects are not being recommended for tax credits which are Northview Park and Empire Village Apartments and two are being recommended which are Willow Park and Longboat Key Apartments. All are tax-exempt bond transactions, 4% credits with other issuers. The Board previously did not approve the appeal for Northview Park so that one will not be considered.

Empire Village Apartments

Empire Village Apartments in Pasadena is an acquisition-rehab and staff is not recommending a credit allocation for this development.

Motion made by Norberto Salinas to uphold staffs recommendation on Empire Village, 03-421 and deny the issuance of a determination notice.

Motion died from a lack of a second

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve Empire Village Apartments, Pasadena, Texas for tax credits subject to staff getting confirmation of the \$0.5 million price reduction, and the confirmation of the interest rate and any other conditions that are placed on the project and tax credits be allocated in the amount of \$384,037.

Motion passed with 3 ayes (Mr. Conine, Mr. Jones and Mr. Gonzalez) and 1 no (Mr. Salinas)

Willow Park and Longboat Key Apartments

Motion made by Norberto Salinas and seconded by C. Kent Conine to approve staff recommendations for issuance of tax credits for Willow Park for \$615,864 and Longboat Key Apartments for \$634,096.

Passed Unanimously

Northview Park

The appeal was not granted so this item was not presented.

Bobby Bowling, Developer, El Paso, Texas

Mr. Bowling stated the project of Diana Palms in El Paso was the highest scoring project in the State which was a score of 107 points. He asked for tax credits for this project either from the National Pool or Balance of 2003 Housing Tax Credits or either a forward commitment. This project will meet all the requirements of SB 264 and it has broad community-based support.

R. J. Collins, Austin, Texas

Mr. Collins stated he was speaking for Stonehurst in Beaumont, Texas and asked for a forward commitment for this project. This project has been ongoing for 3 years and there is strong city and community support from Beaumont.

Jim Bruner, Irving, Texas

Mr. Bruner stated they have increased the amount from other financings available and will be able to use the amount of tax credits that the State would offer them and make their project of Reserve II at Las Brisas work.

e) Issuance of Commitment Notice(s) for LIHTC National Pool Housing Tax Credits and Balance of 2003 Housing Tax Credits

Ms. Carrington stated the State of Texas is eligible to participate in the national pool and there were 27 states who were eligible for this pool of tax credits. There was a little over \$6.0 million with Texas getting the second largest amount which was \$687,641. She commended staff and the board for allocation all of Texas' tax credits thus making TDHCA eligible for the national pool amount. There was approximately \$39,000 remaining from the 2003 credits. Staff is recommending the Reserve II at Las Brisas in Irving and Diana Palms in El Paso to receive these tax credits.

Motion made by Norberto Salinas and seconded by Vidal Gonzales to approve the staffs recommendation.

Passed with 2 ayes (Mr. Gonzalez and Mr. Salinas) and 1 no (Mr. Salinas) and Mr. Jones did not vote on the motion.

J. Rice, Public Management, Planning Consultants

Mr. Rice stated the City of Willis has had no new multifamily affordable housing for over 20 years. The last new multifamily affordable housing was completed in the late 1970s by the USDA Rural Development 515 program. During the last three allocation rounds, Cricket Hollow Apartments has applied for tax credits but have not been recommended. This city needs affordable housing. They are seeing a lot of deterioration, dilapidation in its housing which was built mostly after World War II. There is no new housing going in but people continue to move into the community. There are support letters from Senator Staples and Rep. Rubin Hope along with the Mayor and other city officials. There is huge community support for the project.

Brian Cogburn, Cricket Hollow Partners, LP, Willis, Texas

Mr. Cogburn stated the project will have 176 units with 150 of those being low income housing tax credits units and 26 being market rate units.

Mark Mayfield, Director, Marble Falls Housing Authority, Marble Falls, Texas

Mr. Mayfield asked the Board to consider Kingsland Trails Apartments for a forward commitment.

f) Issuance of 2004 Commitment Notices for Housing Tax Credit Forward Commitments

Ms. Carrington stated the rationale for staff's recommendations is due to the substantial number of changes in the QAP as a result of SB 264. The 13 regions are basically divided into 26 because of the rural-urban, exurban definition and because of the fact that Austin getting forward commitments in 2002, zeroed out any funds for Region 7. Staff is not recommending forward commitments.

Motion made by Norberto Salinas and seconded by Vidal Gonzalez to approve Forward Commitments from the 2004 LIHTC allocation round for: Villas on Sixth Street in Austin, Palacio del Sol in San Antonio and Diana Palms in El Paso.

Amendment made to motion by C. Kent Conine and accepted by Mr. Salinas and Mr. Gonzalez to include: Kingsland Trails in Kingsland; Cricket Hollow in Willis; along with Villas on Sixth Street in Austin; Palacio del Sol in San Antonio and Diana Palms in El Paso. .
Amendment and original motion passed unanimously

Barry Halla, Life Rebuilders, Irving, Texas

Mr. Halla stated they were the highest scoring HOME application and they were disappointed to discover that they were not being recommended for funding.

J. Rice, Planning Consultant for the City of Cleveland

Mr. Rice stated the City of Cleveland applied for the owner-occupied housing program through the HOME program, but due to the system, they were not recommended for any funds.

Willie Carter, Cleveland, Texas

Mr. Carter asked that the City of Cleveland be given the HOME funds.

4) Presentation, Discussion and Possible Approval of:

a) HOME Program

1) FY 2002-2003 Single Family HOME Program Appeal for:

a) City of Cleveland, No. 2003-0140, Reg. 6

Ms. Carrington stated this is an appeal from the City of Cleveland for HOME funds. They were harmed by the analysis that staff did and as they reworked scoring, the applications in the special needs set-asides were funded and there was no money left for the City of Cleveland. Staff is recommending that the appeal be denied.

Motion made by Norberto Salinas and seconded by C. Kent Conine to grant the appeal for City of Cleveland and for funds not to exceed \$509,507.
Passed Unanimously

2) FY 2002-2003 Single Family HOME Program Funding Recommendation for:

a) Housing Plus, Inc., No. 2003-0282, Reg. 9, \$112,500 Plus \$4,500 admin fee

Ms. Carrington stated staff was recommending the appeal from Housing Plus for \$112,500 plus \$4,500 admin fee. Staff was not clear as to whether their match requirement was eligible but that has been cleared and they are eligible to receive the funds.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the award for Housing Plus, Inc. No. 2003-0282 for \$117,000.
Passed Unanimously

Jesse Seawall, Exec. Director, Multi-Resource, Inc., Ft. Worth, Texas

Mr. Seawall stated they submitted an application for CHDO funding which is an integrated project. He asked for additional time to furnish all information that staff has requested so he can complete this project.

Tom Stacy, Volunteer President, CODGE Community, Inc.

Mr. Stacy stated they have an application for HOME funds and thanked staff for their help in helping them during the process. They did not meet the underwriting requirements as they needed more information on the financial letters and additions to their plans. He asked the Board to send this application to underwriting to give them a few more weeks to furnish additional information to staff rather than falling out of the system.

Joy Horak-Brown, Executive Director, New Hope Housing and NHH Canal, Houston, Texas

Ms. Horak-Brown stated they have been in the housing business for 9 years and have raised almost \$9 million in private and public grants. Their properties carry no debt. They are an experienced non-profit developer and plan to build supportive housing for single individuals with very low incomes. They are ready to begin building but TDHCA underwriting is not conducive to supportive housing that carries no debt. She plans to attend the Board meeting in October with an appeal.

Nell Richardson, Vice President/Chair of Development Committee, New Hope Housing and NHH, Houston, Texas

Ms. Richardson stated their organization is very committed to social outreach projects and they are a CHDO, have community support in downtown Houston and are ready to begin building now.

Walter Moreau, Director, Foundation Communities, Austin, Texas

Mr. Moreau stated he was in support of New Hope Housing. This organization has a solid track record and has raised over \$4 million for the project. He asked the Board to instruct staff to review the project and put it on the agenda for next month.

3) HOME Program Multifamily Community Housing Development Organizations (CHDO) Recommendations:

2003-0061	Willow Bend Creek	\$ 623,226
2003-0038	Grand Montgomery Court	\$1,007,436
2003-0013	Estates of Bridgeport 11	\$ 484,000
2003-0032	Arcadia Village	\$ 10,000

Ms. Carrington stated staff is recommending four organizations for funding from the HOME program for multifamily CHDOs. The department published a notice for funding availability and received 27 applications. Ten of those were determined to be eligible for funding and all ten underwriting reports are in the board book. Staff recommended four of the applications for funding for a total of \$2,124,662. This leaves a balance of \$11 million for CHDO multifamily activities. She further stated one of the things that staff is considering is doing an open cycle for the HOME-CHDO funds. It has been difficult to get applications with good solid sponsors and the best way to approach this is with an open cycle between now and when the HOME funds are offered for next year.

She stated staff is recommending that the 4 applications with the understanding that there is an appeals process for those not funded and if their appeals are timely filed and if they are not satisfied with the Executive Directors response they can appeal to the Board and their item will be on the agenda for the

October Board meeting. There are operating funds available to entities who are CHDOs and those operating funds are \$50,000 or 50% of their operating budget whichever is greater. Any eligible application may be reinstated through the appeals process or as the department goes out with the open cycle NOFA they can apply. The NOFA will not specify either single or multi family as either can apply.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve staffs recommendation for Willow Bend Creek for \$623,226; Grand Montgomery Court for \$1,007,436; Estates of Bridgeport 11 for \$484,000; and Arcadia Village for \$10,000 and for staff to do the open funding cycle for CHDO funds.
Passed Unanimously

b) Rules:

1) Integrated Housing Rule:

Proposed New Title 10, Part 1, Subchapter A, Section 1.15

Ms. Carrington stated staff is requesting approval of the Integrated Housing Policy which is the conversion of the Integrated Housing Policy into an Integrated Housing Rule so that the department can better enforce this policy/rule. This is housing in which a person with a disability resides, or may reside, that is found in a community that is not exclusively occupied by persons with disabilities. In December of 2002 the Board approved the Integrated Housing Policy and staff is requesting it be approved as a rule.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the Integrated Housing Rule: Proposed New Title 10, Part 1, Subchapter A, Section 1.15.
Passed Unanimously

2) Portfolio Management and Compliance Rules:

Proposed New Title 10, Part 1, Chapter 60 - Compliance Administration, Subchapter A, Compliance

Monitoring and Asset Management

Ms. Carrington stated this rule was previously in the Qualified Allocation Plan but staff is now proposing this rule for all programs and making them a separate set of rules. The differences between what has been in the QP and what is being proposed is the inclusion of the reserve deposit section of the rules, which is required as a result of SB 264. Other changes are the points allocated for material noncompliance and staff is recommending approval of these rules.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the Portfolio Management and Compliance Rules: Proposed New Title 10, Part 1, Chapter 60 – Compliance Administration, Subchapter A, Compliance, Monitoring and Asset Management.
Passed Unanimously

3) Housing Trust Fund Rules:

Proposed Repeal of and Proposed New Title 10, Part 1, Chapter 51

Ms. Carrington stated the Board approved these rules at the August meeting but before they were published in the *Texas Register*, staff discovered that the rules presented at that meeting were not an update on the very last set of Housing Trust Fund rules and were not totally consistent with the draft rules that were in place. There were not any substantive changes but staff wanted the Board to see the black-lined rules.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the Housing Trust Fund Rules; Proposed Repeal of and Proposed New Title 10, Part 1, Chapter 51.
Passed Unanimously

5) Presentation, Discussion and Possible Approval of Professional Services Contracts for:

a) Bond Counsel

Ms. Carrington stated the Attorney General requires that if the department has outside counsels and the contracts are over \$20,000 that the department has to issue a Request for Proposals for Bond Counsel services and for Bond/Securities Disclosure services. The AGs office does determine and prescribe the content and form of that RFP. The department did issue an RFP. There were three requests for a copy of the RFP for Bond Counsel and Vinson & Elkins, Delgado, Acosta, Braden, Jones and Hayes provided timely responses for Bond Counsel. Simmons Mahone provided a response for Co-Bond Counsel and

staff is recommending, based on experience Vinson & Elkins for a two-year contract to be continued as bond counsel. The rates are consistent with the ones that Vinson & Elkins has for the Comptrollers Office, the Veterans Land Board and the University of Texas system.

Motion made by Vidal Gonzalez and seconded by Norberto Salinas to approve Vinson & Elkins for a two year contract for TDHCA's Bond Counsel.
Passed Unanimously

b) Bond Securities/Disclosure Counsel

Ms. Carrington stated an RFP was published for Bond/Securities Disclosure Counsel and had responses from McCall, Parkhurst and Horton, Delgado, Acosta, Braden, Jones and Hayes and based on experience, staff is recommending McCall, Parkhurst and Horton for a two-year contract for Bond/Securities Disclosure Counsel.

Motion made by Vidal Gonzalez and seconded by C. Kent Conine to approve McCall Parkhurst & Horton for a two year contract for TDHCAs Bond Securities/Disclosure Counsel.
Passed Unanimously

REPORT ITEMS

Executive Directors Report

Colonia Field Offices & Self Help Centers MOU with ORCA

Ms. Carrington stated the Department has executed a MOU with ORCA for the administration and operation of the Colonia field offices and self-help centers. TDHCA gets \$2.1 million from ORCA to run these offices.

Bond Review Board's New Rules

Ms. Carrington stated there is a provision in the Bond Review Board new rules that the tax-exempt bonds and 4% credit transactions that come through this department, that under certain circumstances they would be exempt from review by the Bond Review Board. The Department received 46 applications for multi family bonds. Staff is now in the process of following the requirements of Senate Bill 254 and beginning to score and rank those transactions. The Bond Review Board Lottery will be on October 30.

Mr. Jones noted that there were guests present for this meeting who were Beau Rothschild and Liza Gonzalez and he thanked them for attending the meetings.

ADJOURN

Motion made by C. Kent Conine and seconded by Norberto Salinas to adjourn the meeting.
Passed Unanimously

The meeting adjourned at 12:20 p.m.

Respectfully submitted,

Delores Groneck
Board Secretary

P:bdmisp/dg

BOARD INFORMATION ITEM

October 9, 2003

Background

The scoring criteria used to review the HOME, Housing Trust Fund, and Low Income Housing Tax Credit applications include an Affordable Housing Need Score (AHNS). The AHNS serves as a comparative assessment of affordable housing need for each county within a state service region. The scoring system is consistent with legislative requirements to award funds based on measures of affordable housing need. The score was developed to help direct applicants to areas within a region that demonstrate a higher level of need. Each year, the formula is taken out for public comment, with the final version to be published in the State of Texas Low Income Housing Plan and Annual Report.

The factors and methodology for the proposed 2004 AHNS were approved by the Board to be released for public comment at the September Board meeting. The AHNS was released for public comment on September 22, 2003 and has been discussed at six public hearings (Longview, Dallas, Wichita Falls, Lubbock, San Angelo, El Paso).

Current Activities

The Department has received a substantial amount of comment regarding problems with the proposed 2004 AHNS. Specifically that there has been a significant reduction in the AHNS of the smaller municipalities throughout the state, effectively driving development and awards to the largest and most populous cities. While the Census factors for the 2004 proposed AHNS were not drastically different (use of 2000 Census data instead of 1990), adjustments in the methodology have resulted in dramatic changes from the 2003 ANHS.

In response to public comment, staff is reinstating the 2003 AHNS methodology for the 2004 cycle, with the inclusion of the new 2000 Census data and updates to the five-point scoring bonus for communities that have not received an award of TDHCA funding in the last three years. (The scores will be re-released to the public, and comment will be received on the revised scores until October 24, 2003.) Additional comments received, as well as the final draft of the AHNS, will be brought to the Board for approval at the November Board meeting.



WWW.TDHCA.STATE.TX.US

**REQUEST FOR BOARD APPROVAL
Multifamily Finance Production**

2003 Private Activity Multifamily Revenue Bonds

**Arlington Villas
Southeast corner of Mayfield Road and New York Avenue
Arlington, Texas
TX Hampton Villas, L.P.
280 Units
\$15,000,000 Tax Exempt – Series 2003A
\$2,100,000 Taxable – Series 2003B**

TABLE OF EXHIBITS

TAB 1	TDHCA Board Presentation
TAB 2	Bond Resolution
TAB 3	HTC Profile and Board Summary
TAB 4	Sources & Uses of Funds Estimated Cost of Issuance
TAB 5	Department's Real Estate Analysis
TAB 6	Rental Restrictions Explanation Results and Analysis
TAB 7	Development Location Maps
TAB 8	TDHCA Compliance Summary Report
TAB 9	Public Input and Hearing Transcript (September 3, 2003)

**BOARD APPROVAL
MEMORANDUM
October 9, 2003**

DEVELOPMENT: Arlington Villas Apartments, Arlington, Tarrant County, Texas

PROGRAM: Texas Department of Housing & Community Affairs
2003 Private-Activity Multifamily Housing Mortgage Revenue Bonds
(Reservation received 7/7/2003)

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

PURPOSE: The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to TX Hampton Villas L.P. a Texas limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a new, 280 unit multifamily residential rental development located at the southeast corner of E. Mayfield and New York Ave., Arlington, Tarrant County, Texas (the "Development"). The Bonds will be tax-exempt by virtue of the Development's qualifying as a residential rental development.

BOND AMOUNT: \$15,000,000 Series 2003 A Tax Exempt Bonds
\$ 2,100,000 Series 2003 B Taxable Bonds
\$17,100,000 Total Bonds

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

**ANTICIPATED
CLOSING DATE:** The Department received a volume cap allocation for the Bonds on July 7, 2003 pursuant to the Texas Bond Review Board's 2003 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before November 4, 2003, the anticipated closing date is October 30, 2003.

BORROWER: The general partner of the Borrower is TX Hampton Villas Development L.L.C., a Texas limited liability company. The sole member of TX Hampton Villas Development, L.L.C. is Tarrant County Housing Partnership, Inc.(TCHP). TCHP will give Brian Potashnik authority to act on behalf of the general partner and the borrower, so Mr. Potashnik will be the Authorized Borrower Representative.

COMPLIANCE HISTORY:

A recent Compliance Report reveals that the President of the general partner above has a total of eight (8) properties being monitored by the Department. Eight (8) of these properties have received a compliance score of between 0-9. All of the scores are below the material non-compliance threshold score of 30.

ISSUANCE TEAM & ADVISORS:

Newman and Associates, A Division of GMAC Commercial Holding Capital Markets corp. (“Underwriter”)
GMAC Commercial Holding Capital Corp (“Forward Purchaser”)
Wells Fargo Bank, National Association, (“Trustee”)
Vinson & Elkins L.L.P. (“Bond Counsel”)
RBC Dain Rauscher, Inc. (“Financial Advisor”)
McCall, Parkhurst & Horton, L.L.P. (Issuer Disclosure Counsel)
Bank One, National Association (“Initial Letter of Credit Provider”)
Wachovia (“Letter of Credit Provider”)

BOND PURCHASER:

The Bonds initially will be purchased by the Underwriter and will be publicly offered by the Underwriter. On November 1, 2005, the Bonds will be subject to mandatory tender by the holders thereof at which time they will be purchased by the Forward Purchaser. The Forward Purchaser and any subsequent purchaser will be required to sign the Department’s standard traveling investor letter.

DEVELOPMENT DESCRIPTION:

The Development is a 280-unit multifamily residential rental development to be constructed on approximately 20.9 acres of land located at the southeast corner of E. Mayfield and New York Ave., Arlington, Tarrant County, Texas. The site density will be 13.40 dwelling units per acre. The Development will include a total of sixteen (16) three-story wood-framed buildings with a total of 297,200 net rentable square feet and an average unit size of 1,061 square feet. The development will include a clubhouse with offices, a community room, a community laundry room, a community pool and a playground.

<u>Units</u>	<u>Unit Type</u>	<u>Square Feet</u>
72	2-Bedrooms/2-Baths	950
208	3-Bedrooms/2-Baths	1100
280	Total Units	

SET-ASIDE UNITS:

For Bond covenant purposes, at least forty (40%) of the residential units in the development will be occupied or held vacant and available for occupancy by persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each development will be set aside on a priority basis for persons with special needs. *(The Borrower has elected to set aside 100% of the units for tax credit purposes.)*

RENT CAPS:

For Bond covenant purposes, the rental rates on 100% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income for a family whose income equals fifty percent (50%) of the area median income, adjusted for family size.

TENANT SERVICES:

Tenant Services will be performed by Housing Services of Texas (HST). HST will employ an on-site social service administrator to coordinate and administer the programs at Arlington Villas.

**DEPARTMENT
ORIGINATION
FEES:**

\$1,000 Pre-Application Fee (Paid).
\$10,000 Application Fee (Paid).
\$85,500 Issuance Fee (.50% of the bond amount paid at closing).

**DEPARTMENT
ANNUAL FEES:**

\$17,100 Bond Administration (0.10% of first year bond amount)
\$7,000 Compliance (\$25/unit/year adjusted annually for CPI)

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

**ASSET OVERSIGHT
FEE:**

\$7,000 to TDHCA or assigns (\$25/unit/year adjusted annually for CPI)

TAX CREDITS:

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to \$783,903 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of the limited partnership, typically 99%, to raise equity funds for the development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$6,428,007 of equity for the transaction.

BOND STRUCTURE:

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

The first Trust Indenture will cover the period of approximately 24 months from date of issuance until November 1, 2005 (the "Bond Conversion date). The Bonds will be issued in two series. The Series 2003A Bonds initially will be variable rate (weekly) tax exempt bonds. The Series 2003B Bonds initially will be variable rate (weekly) taxable bonds. Both series of Bonds will pay interest monthly on the first of the month. Both series of Bonds will be secured by one Direct Pay Letter of Credit (the "Initial Letter of Credit") from the Initial Letter of Credit Provider. The Bonds initially will be publicly offered. At the time of the Bond Conversion Date, the Trustee will draw upon the

Initial Letter of Credit and use the proceeds to purchase the bonds from the holders pursuant to a mandatory tender. The Forward Purchaser will then purchase the Bonds from the Trustee on the Bond Conversion Date and the Trustee will use the proceeds from the purchase by the Forward Purchaser to reimburse the Initial Letter of Credit Provider. In connection with this purchase, the original Indenture and Loan Agreement will cease to govern the financing and a new Trust Indenture (attached as Exhibit B to the original Indenture) will govern the bond side of the deal (this will be an automatic feature of the documents) and a new Loan Agreement (attached as Exhibit F to the original Loan Agreement) will govern the loan to the Borrower. At the Bond Conversion Date the Bonds will become a private placement with the Forward Purchaser. Upon lien-free completion of the Development, a 20% top loss stand-by Letter of Credit will be provided by the Letter of Credit Provider for a period from the date of lien-free completion to the permanent phase (i.e. lien free completion plus stabilization) (the "Project Conversion Date"). The Tax-Exempt Bonds will mature over a term of approximately 33 years and the Taxable Bonds will mature over a term of approximately 17 and one-half years. During the construction and lease-up period, the Bonds will pay as to interest only. The Bonds will initially be secured by the Initial Letter of Credit. After the Bond Conversion Date, the Bonds will be secured by a first lien on the Development.

After the Bond Conversion Date, the Bondholder Representative (as defined in the Indenture) will have the option to (1) change the interest payment date from a monthly payment to a semi-annual payment, (2) deposit amounts into debt service reserve funds for the purpose of paying the debt service of the Bonds, (3) convert some of the Bonds to subordinate bonds or convert subordinate bonds to senior bonds and (4) create a Registered Coupon consisting only of a portion of the interest on the Bonds to be retained by the Bondholder Representative.

During the Construction Phase, the Initial Letter of Credit Provider will provide a Letter of Credit to the benefit of the Trustee to secure payment of the Bonds. The Borrower's reimbursement obligations to the Initial Letter of Credit Provider will be secured by a first lien mortgage on the property and certain related obligations. Upon satisfaction of certain Conversion Requirements, the Mortgage Loan will convert from the Construction Phase to the Permanent Phase.

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

BOND INTEREST RATES: The interest rate on the Series 2003A Bonds shall initially bear interest at the Weekly Interest Rate through and including November 1, 2005 and 6.75% per annum thereafter for the permanent phase of the loan. The taxable bonds shall initially bear interest at the Weekly Interest Rate however the note interest rate to the borrower will be 8.00% during construction and permanent phase until maturity.

TDHCA Real Estate Analysis used an interest rate of 6.75% on the Series 2003A Bonds and 8.00% on the taxable bonds, with a blended rate of 6.81%.

**CREDIT
ENHANCEMENT:**

The Bonds will be rated and credit enhanced through and including the Conversion Date. After the Conversion Date the bonds will be privately placed and will be unrated and will not have credit enhancement.

FORM OF BONDS:

The Bonds initially will be issued and delivered to Cede & Co. in book entry form and in denominations of \$100,000 and any multiple of \$1.00 in excess thereof. Upon the mandatory tender of the Bonds on the Bond Conversion Date, the Bonds will be issued to the Forward Purchaser in certificated form and in denominations of \$100,000 and any multiple of \$1.00 in excess thereof.

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

The Bonds will bear interest at the rates set forth above until maturity and will be payable monthly. During the construction phase, the Bonds will be payable as to interest only, from an initial deposit at closing to the Capitalized Interest Account, earnings derived from amounts held on deposit in an investment agreement, and other funds deposited to the Capitalized Interest Account. After conversion to the permanent phase, the Bonds will be paid from revenues earned from the Mortgage Loan.

**TERMS OF THE
MORTGAGE LOAN:**

The Mortgage Loan is a non-recourse obligation of the Owner (which means, subject to certain exceptions, the Owner is not liable for the payment thereof beyond the amount realized from the pledged security) providing for monthly payments of interest during the construction phase and level monthly payments of principal and interest upon conversion to the permanent phase. A Deed of Trust and related documents convey the Owner's interest in the development to secure the payment of the Mortgage Loan.

**REDEMPTION OF
BONDS PRIOR TO
MATURITY:**

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

Mandatory Redemption:

- (a) In whole, if the Development shall have been damaged or destroyed to the extent that it is not practicable or feasible to rebuild, repair or restore the damaged or destroyed property within the period and under the conditions described in the Mortgage following such event of damage or destruction; or
- (b) In whole, if title to, or the use of, all or a substantial portion of the Development shall have been taken under the exercise of the power of eminent domain by any governmental authority with the result that the Borrower is thereby prevented from carrying on its normal operation of the Development within the period and under the conditions described in the Mortgage; or
- (c) In whole or in part, to the extent that insurance proceeds or proceeds of any condemnation award with respect to the Development are not applied to restoration of the Development in accordance with the provisions of the Mortgage; or
- (d) In whole or in part upon the acceleration of the note in the event of the occurrence of a Loan Agreement Default; or
- (e) In whole, upon receipt by the Trustee of Written Direction from the Bondholder Representative, in accordance with the Construction Phase Financing Agreement, to redeem the Bonds as a result of the occurrence of an Event of Default as defined in and under the Construction Phase Financing Agreement.
- (f) In whole, upon receipt by the Trustee of Written Direction from the Bondholder Representative, on or after the Commitment Maturity Date, if the Conversion Notice is not issued by the Bondholder Representative prior to the Commitment Maturity Date; or
- (g) In part, in the event that the Borrower or the Construction Phase Credit Facility Provider elects to make a Pre-Conversion Loan Equalization Payment and the Trustee has received Written Notice thereof and Written Direction from the Construction Phase Credit Facility Provider to redeem Bonds, in an amount equal to the amount of the Note prepaid by the Borrower.
- (h) In part, in the event and to the extent amounts remaining in the Fund allocated to the Bonds are transferred to the Bond Fund.
- (i) In part on each Bond Payment Date, commencing the first business day of the month immediately after commencement of amortization of the Loan.
- (j) as otherwise provided in the Trust Indenture and the Commitment.

Optional Redemption:

- (a) The Bonds are subject to redemption, in whole, but not in part, on any date on which the Note may be prepaid pursuant to its terms at the option of the Borrower any time on or after the first fifteen years of the Permanent Period.

**FUNDS AND
ACCOUNTS/FUNDS
ADMINISTRATION:**

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

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

The Trust Indenture will create the following Funds and Accounts:

1. Project Fund – and within the Project Fund the following accounts. The Tax-Exempt Bonds Account, the Taxable Bond account, the Capitalized Interest Account, and the Equity Account.
2. Bond Interest Fund – in which funds are held for payment of interest on the Bonds
3. Bond Principal Fund – in which funds are held for payment of principal on the Bonds
4. Issuance Expense Fund – Funds to the cover the cost of issuance of this transaction
5. Rebate Fund – Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.
6. Remarketing Proceeds Fund – to purchase remarketed Bonds.

Essentially, all of the Bond proceeds will be deposited into the Project Fund and disbursed therefrom during the Construction Phase to finance the construction of the Development. Although costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Tax Exempt Bond proceeds, it is currently expected that all costs of issuance will be paid by an equity contribution of the Borrower and/or proceeds of the Taxable Bonds.

**DEPARTMENT
ADVISORS:**

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

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in June 23, 2003. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.
2. Bond Trustee Wells Fargo Bank, National Association formerly Norwest Bank N.A. was selected as bond trustee by the Department pursuant to a request for proposal process in June 1996.
7. Financial Advisor – RBC Dain Rauscher, Inc., formerly Rauscher Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in September 1991.
8. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in 1998.

**ATTORNEY GENERAL
REVIEW OF BONDS:**

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

RESOLUTION NO. 03-77

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE MULTIFAMILY HOUSING REVENUE BONDS (ARLINGTON VILLAS APARTMENTS) SERIES 2003A AND TAXABLE VARIABLE RATE MULTIFAMILY HOUSING REVENUE BONDS (ARLINGTON VILLAS APARTMENTS) SERIES 2003B; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Variable Rate Multifamily Housing Revenue Bonds (Arlington Villas Apartments) Series 2003A (the "Series A Bonds") and Texas Department of Housing and Community Affairs Taxable Variable Rate Multifamily Housing Revenue Bonds (Arlington Villas Apartments) Series 2003B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds"), pursuant to and in accordance with the terms of an Indenture of Trust (the "Indenture") by and between the Department and Wells Fargo Bank, National Association (the "Trustee"), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to TX Hampton Villas, L.P., a Texas limited partnership (the "Borrower"), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the "Project") located within the State of Texas required

by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 10, 2002, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Loan Agreement (the "Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition and construction of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department two promissory notes (collectively, the "Note") in an original aggregate principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount (together with other available funds) equal to the interest on the respective series of Bonds and to pay other costs described in the Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a first lien Multifamily Fee and Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "Deed of Trust") from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Department's interest in the Loan, including the Note and the Deed of Trust, will be assigned to the Trustee pursuant to an Assignment of Deed of Trust and Loan Documents (the "Assignment") from the Department to the Trustee; and

WHEREAS, the Board has determined that the Department shall enter into a Bond Purchase Contract (the "Purchase Agreement") with Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp., as underwriter (the "Underwriter") and the Borrower, with respect to the initial sale of the Bonds; and

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

WHEREAS, in connection with the preparation of the Official Statement, the Department has furnished the information to the Underwriter set forth in such offering documents concerning the Department under the captions "The Issuer" and "No Litigation – The Issuer" (as it relates to the Department), and the Board now desires to authorize the use of such information in Official Statement; and

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

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the "Asset Oversight Agreement"), with respect to the Project for the purpose of monitoring the operation and maintenance of the Project; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, the Assignment, the Regulatory Agreement, the Asset Oversight Agreement, the Official Statement and the Purchase Agreement, all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.14, to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1--Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchaser thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That the Chairman or Vice Chairman of the Governing Board or the Executive Director of the Department (i) are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rates (as determined by the Remarketing Agent (as defined in the Indenture) and subject to adjustment as provided in the Indenture), principal amounts and maturities of, and the prices at which the Department will sell to the Underwriter, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chairman or Vice Chairman of the Governing Board or the Executive Director of the Department of the Indenture, the Purchase Agreement and the Official Statement; provided, however, that: (a) the aggregate principal amount of the Series A Bonds shall not exceed \$15,000,000 and the aggregate principal amount of the Series B Bonds shall not exceed \$2,100,000; (b) the final maturity of the Series A Bonds shall occur not later than December 1, 2037 and the final maturity of the Series B Bonds shall occur not later than July 1, 2023; (c) the price at which the Bonds are sold to the Underwriter shall not exceed the principal amount thereof; and (d) the Underwriter's fee shall not exceed the amount approved by the Texas Bond Review Board. In no event shall the interest rate on the Series A Bonds or the Series B Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law.

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

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

Section 1.5--Acceptance of the Deed of Trust and Note. That the Deed of Trust and the Note are hereby accepted by the Department.

Section 1.6--Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved and that the authorized representatives of the Department named in this Resolution each are hereby authorized to execute, attest and affix the Department's seal to the Assignment and to deliver the Assignment to the Trustee.

Section 1.7--Approval, Execution and Delivery of the Purchase Agreement. That the form and substance of the Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Purchase Agreement to the Underwriter and the Borrower.

Section 1.8--Official Statement Deemed Final. That the Official Statement is deemed to be "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

Section 1.9--Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Asset Oversight Agreement to the Borrower.

Section 1.10--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.11--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Loan Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Assignment
- Exhibit F - Purchase Agreement
- Exhibit G - Official Statement
- Exhibit H - Asset Oversight Agreement

Section 1.12--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.13--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chairman and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary of the Board.

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

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

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

Section 2.3--Certification of the Minutes and Records. That the Secretary and the Assistant Secretary of the Board hereby are severally authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.5--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Project shall not exceed the amounts attached as Exhibit G to the Regulatory Agreement and shall be annually redetermined by the Issuer.

Section 2.6--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Project are hereby ratified and confirmed.

ARTICLE III

CERTAIN FINDINGS AND DETERMINATIONS

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

(a) Need for Housing Development.

(i) That the Project is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford;

(ii) That the Borrower will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income;

(iii) That the Borrower is financially responsible;

(iv) That the financing of the Project is a public purpose and will provide a public benefit; and

(v) That the Project will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) That the Borrower, by operating the Project in accordance with the requirements of the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income;

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

(iii) That the Borrower is not, or will not enter into a contract for the Project with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C)

misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

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

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

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

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

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

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Sections 33 and 39, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

ARTICLE IV

GENERAL PROVISIONS

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

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

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

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was

furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

[Remainder of page intentionally left blank.]

PASSED AND APPROVED this ____ day of October, 2003.

By: _____
Michael E. Jones, Chairman

[SEAL]

Attest: _____
Delores Groneck, Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Owner: TX Hampton Villas, L.P., a Texas limited partnership

Project: The Project is a 280-unit multifamily facility to be known as Arlington Villas Apartments and to be located at Mayfield Road and New York Avenue, Arlington, Tarrant County, Texas. The Project will include a total of 16 two- and three-story residential apartment buildings with a total of approximately 297,200 net rentable square feet and an average unit size of approximately 1,061 square feet. The unit mix will consist of:

72 two-bedroom/two-bath units

208 three-bedroom/two-bath units

280 Total Units

Unit sizes will range from approximately 950 square feet to approximately 1,100 square feet.

Common areas will include a swimming pool, a children's play area, laundry facilities and a community building with kitchen facilities, parlor with television, learning center, computer room and telephones. All ground units will be wheelchair accessible.



**HOUSING TAX CREDIT PROGRAM
2003 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Arlington Villas (fka Hampton Villas)**

TDHCA#: 03424

DEVELOPMENT AND OWNER INFORMATION

Development Location: Arlington QCT: N DDA: N TTC: N
 Development Owner: TX Hampton Villas, LP
 General Partner(s): TX Hampton Villas Development Corp., 100%, Contact: Brian Potashnik
 Construction Category: New
 Set-Aside Category: Tax Exempt Bond Bond Issuer: TDHCA
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$752,224 Eligible Basis Amt: \$767,940 Equity/Gap Amt.: \$1,070,357
Annual Tax Credit Allocation Recommendation: \$752,224
 Total Tax Credit Allocation Over Ten Years: \$ 7,522,240

PROPERTY INFORMATION

Unit and Building Information

Total Units: 280 LIHTC Units: 280 % of LIHTC Units: 100
 Gross Square Footage: 301,596 Net Rentable Square Footage: 297,200
 Average Square Footage/Unit: 1061
 Number of Buildings: 16
 Currently Occupied: N

Development Cost

Total Cost: \$24,495,461 Total Cost/Net Rentable Sq. Ft.: \$82.42

Income and Expenses

Effective Gross Income:¹ \$2,252,767 Ttl. Expenses: \$999,900 Net Operating Inc.: \$1,252,867
 Estimated 1st Year DCR: 1.08

DEVELOPMENT TEAM

Consultant: Not Utilized	Manager: Southwest Housing Management
Attorney: Shackelford, Melton & McKinley	Architect: Beeler Guest Owens
Accountant: Reznick, Fedder & Silverman	Engineer: Huitt-Zollars
Market Analyst: Apartment Market Data Research	Lender: GMAC Commercial Mortgage Corporation
Contractor: Affordable Housing Construction	Syndicator: Wachovia

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
Public Hearing: # in Support: 3 # in Opposition: 4 # Undecided: 4 Letters/Emails: # in Support: 0 # in Opposition: 0	Sen. Christopher J. Harris, District 9 - Neutral Rep. Toby Goodman, District 93 - NC Mayor Dr. Robert N. Cluck - NC Trey Yelverton, Director of Neighborhood Services, City of Arlington; The local Consolidated Plan identifies a need for affordable housing for low-income households as a priority. The City of Arlington encourages efforts by the private sector to further housing affordability within the city for the long term.

1. Gross Income less Vacancy

2. NC - No comment received, O - Opposition, S - Support

CONDITION(S) TO COMMITMENT

1. Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Receipt, review, and acceptance of an executed PILOT agreement with the City of Arlington and Tarrant County for a 25% tax exemption and an executed agreement with the Arlington Independent School District for a 50% tax exemption prior to close of the bonds.
3. Board acceptance of a likely mandatory redemption of bonds of as much as \$1,087,434.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

DEVELOPMENT’S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:

Score Utilization of Set-Aside Geographic Distrib. Tax Exempt Bond. Housing Type

Other Comments including discretionary factors (if applicable).

Robert Onion, Multifamily Finance Manager

Date

Brooke Boston, Director of Multifamily Finance Production Date

DEVELOPMENT’S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Score Utilization of Set-Aside Geographic Distrib. Tax Exempt Bond Housing Type

Other Comments including discretionary factors (if applicable). _____

Edwina P. Carrington, Executive Director

Date

Chairman of Executive Award and Review Advisory Committee

TDHCA Board of Director’s Approval and description of discretionary factors (if applicable).

Chairperson Signature: _____

Michael E. Jones, Chairman of the Board

Date

Arlington Villas

Estimated Sources & Uses of Funds

Sources of Funds

Bond Proceeds, Series 2003A Bonds (Tax-Exempt)	\$ 15,000,000
Bond Proceeds, Series 2003 B (Taxable)	\$ 2,100,000
LIHTC Equity	6,432,606
GIC Earnings	171,000
NOI Prior to Stabilization	637,475
Deferred Developer's Fee	1,603,646
Total Sources	\$ 25,944,727

Uses of Funds

Deposit to Mortgage Loan Fund (Construction funds)	\$ 20,374,862
Capitalized Interest (Constr. Interest)	1,244,880
Marketing	75,000
Developer's Fee/Overhead	2,832,362
Costs of Issuance	
Direct Bond Related	1,029,163
Bond Purchaser Costs	224,000
Other Transaction Costs	74,460
Real Estate Closing Costs	90,000
Total Uses	\$ 25,944,727

Estimated Costs of Issuance of the Bonds

Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 85,500
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee (\$25 per unit)	7,000
TDHCA Bond Counsel and Direct Expenses (Note 1)	100,000
TDHCA Financial Advisor and Direct Expenses	30,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	2,500
Borrower's Bond Counsel	75,000
Placement Agent	128,250
Placement Agent Counsel	25,000
Letter of Credit Bank (Origination)	171,000
Letter of Credit Bank On-Going 24 months	342,000
Letter of Credit Counsel	20,000
Trustee's Fees (Note 1)	9,913
Trustee's Counsel (Note 1)	5,000
Attorney General Transcript Fee (\$1,250 per series, max. of 2 series)	2,500
Texas Bond Review Board Application Fee	500
Texas Bond Review Board Issuance Fee (.025% of Reservation)	4,000
TEFRA Hearing Publication Expenses/Misc.	10,000
Total Direct Bond Related	\$ 1,029,163

Bond Purchase Costs

Arlington Villas

Lender Loan Origination Fee (GMAC 1.0%)	169,000
Lender Application Fee	25,000
Lender Counsel & Expenses (GMAC)	30,000
Total	\$ 224,000

Other Transaction Costs

Tax Credit Syndicator Fees & Expenses	37,500
Tax Credit Determination Fee (4% annual tax cr.)	31,360
Tax Credit Application Fee (\$20/u)	5,600
Total	\$ 74,460

Real Estate Closing Costs

Title & Recording (Const. & Perm.)	65,000
Property Taxes	25,000
Total Real Estate Costs	\$ 90,000

Estimated Total Costs of Issuance \$ 1,417,623

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

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

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

DATE: September 29, 2003 PROGRAM: 4% LIHTC FILE NUMBER: 03424
 MRB 2003-072

DEVELOPMENT NAME

Arlington Villas (fka Hampton Villas)

APPLICANT

Name: Tx Hampton Villas, LP Type: For Profit
 Address: 5910 North Central Expwy., Ste. 1145 City: Dallas State: TX
 Zip: 75206 Contact: Dru Childre Phone: (214) 891-1402 Fax: (214) 987-4032

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name: Tx Hampton Villas Development Corporation (%): .01 Title: Managing General Partner
 Name: Tarrant County Housing Partnership (%): N/A Title: 100% owner of MGP
 Name: Southwest Housing (Brian Potashnik) (%): N/A Title: Developer

PROPERTY LOCATION

Location: SE Corner of E. Mayfield Rd. & New York Avenue QCT DDA
 City: Arlington County: Tarrant Zip: 76014

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$752,224	N/A	N/A	N/A
2) \$15,000,000	6.75%	40 yrs	32.5 yrs
3) \$1,700,000	8.00%	40 yrs	32.5 yrs

Other Requested Terms: 1) Annual ten-year allocation of low-income housing tax credits
 2) Tax-exempt multifamily mortgage revenue bonds
 3) Taxable multifamily mortgage revenue bonds

Proposed Use of Funds: New Construction **Property Type:** Multifamily

RECOMMENDATION

- RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED \$752,224 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.
- RECOMMEND ISSUANCE OF TAX-EXEMPT BONDS IN AN AMOUNT OF NOT MORE THAN \$15,000,000, AMORTIZING OVER 40 YEARS AT AN INTEREST RATE OF 6.75%, SUBJECT TO CONDITIONS.
- RECOMMEND ISSUANCE OF TAXABLE BONDS IN AN AMOUNT OF NOT MORE THAN \$1,700,000, AMORTIZING OVER 40 YEARS AT AN INTEREST RATE OF 8.00%, SUBJECT TO CONDITIONS.

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

1. Receipt, review, and acceptance of an executed PILOT agreement with the City of Arlington and Tarrant County for a 25% tax exemption and an executed agreement with the Arlington Independent School District for a 50% tax exemption prior to close of the bonds;
2. Receipt, review, and acceptance of a satisfactory TDHCA site inspection report prior to Board approval;
3. Board acceptance of a likely mandatory redemption of bonds of as much as \$1,087,434;
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	<u>280</u>	# Rental Buildings	<u>16</u>	# Common Area Bldgs	<u>1</u>	# of Floors	<u>2</u>	Age:	<u>N/A</u> yrs	Vacant:	<u>N/A</u> at / /	
Net Rentable SF:	<u>297,200</u>	Av Un SF:	<u>1,061</u>	Common Area SF:	<u>4,396</u>	Gross Bldg SF:	<u>301,596</u>					

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 65% stucco/2% stone veneer/10% Hardiplank siding exterior wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

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

ON-SITE AMENITIES

4,396 square foot community building with waiting room, learning center, management offices, kitchen, restrooms, central mailroom, swimming pool, equipped children's play area are located at the entrance to the property. In addition perimeter fencing with limited access gate is also planned for the site. A separate laundry building is to be located at the entrance to the property, next to the community building, per the site plan.

Uncovered Parking: 505 spaces **Carpports:** None spaces **Garages:** None spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Hampton Villas is a relatively dense (13.4 units per acre) new construction development of 280 units of affordable housing located in eastern Arlington. The development is comprised of 16 evenly distributed medium to large garden style walk-up residential buildings as follows:

- (6) Building Type A with 12 two-bedroom/two-bath units and eight three-bedroom/two-bath units &
- (10) Building Type B with 16 three-bedroom/two-bath units.

Architectural Review: The building elevations are functional with varied rooflines. All units are of average size for LIHTC units. Each unit will have an exterior entry that is off a common interior breezeway.

Supportive Services: The Applicant has contracted with Housing Services of Texas to provide supportive services to tenants at no extra cost. The cost for the services is \$2,000/month, according to the agreement. The Applicant has budgeted \$21,000/annually for these services.

Schedule: The Applicant anticipates construction to begin in November of 2003 and to be completed in April of 2004. The development should be placed in service and substantially leased up in May of 2005.

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

SITE ISSUES					
SITE DESCRIPTION					
Size:	20.9	acres	910,404	square feet	Zoning/ Permitted Uses: MF18/MF22
Flood Zone Designation:	Zone X			Status of Off-Sites:	Fully Improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located in the eastern area of Arlington, approximately 17 miles from the central business district. The site is situated on the south side of East Mayfield Street.

Adjacent Land Uses:

- **North:** Mayfield Road
- **South:** Drainage culvert; single-family residences located further south
- **East:** Drainage culvert; multi-family development located further east
- **West:** Drainage culvert; undeveloped land

Site Access: Access to the property is from the east or west along East Mayfield Road. The development is to have one main entry from the east or west from East Mayfield Road. Access to Interstate Highway 20 is 0.9 miles south, which provides connections to all other major roads serving the DFW Metroplex.

Public Transportation: The availability of public transportation is unknown.

Shopping & Services: The site is within 1 mile of one major grocery/pharmacies and within 3.2 miles of one shopping center. A variety of other retail establishments and restaurants are within a short driving distance. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

Special Adverse Site Characteristics:
 “Drainage culverts (an unnamed tributary of Fish Creek) are located near the western boundary and along the southern boundary of the Site. ALPHA’s review of the Federal Emergency Management Administration Flood Map (Map IF 48439C0454H) indicated the eastern and southern borders of the Site are located within the 100-year flood plain.” (p. 14) According to the site plan none of the buildings proposed will be constructed within the 100-year flood plain.

Site Inspection Findings: The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable site inspection report is a condition of this report.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated July 25, 2003 was prepared by Alpha Testing, Inc. and contained the following findings and conclusions:

“ALPHA has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527-00 for an approximately 18-acre, irregular shaped, undeveloped tract of land located off of Mayfield Road in the City of Arlington, Tarrant County, Texas, the Site...This assessment has revealed no evidence of recognized environmental conditions in connection with the Site.” (p. 16)

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. 280 of the units (100% of the total) will be reserved for low-income tenants. All of the units will be reserved for households earning 50% or less of AMGI. As a Priority 1 private activity bond lottery project, 100% of the units must have rents restricted to be affordable to households at or below 50% of AMGI, though all of the units may lease to residents earning up to 60% of the AMFI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$25,740	\$29,400	\$33,120	\$36,780	\$39,720	\$42,660

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

MARKET HIGHLIGHTS

A market feasibility study dated July 18, 2003 was prepared by Apartment MarketData Research Services, LLC and highlighted the following findings:

Definition of Primary Market Area: “For this analysis we utilized a “Primary Market Area” comprising a roughly square area of approximately 61.6 square miles bounded by: North: Interstate Highway 30; South: Garden & Hardwood Roads; East: Belt Line Road; West: Fielder Road.” (p. 32)

Population: The estimated 2002 population of the primary market area was 245,330 and is expected to increase by 10.1% to approximately 270,024 by 2007. Within the primary market area there were estimated to be 83,554 households in 2002.

Total Primary Market Demand for Rental Units: “The demand for new units in the Primary Market Area is projected to be 695 units per year based on the current population, and household growth of the area.” (p. 84)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	33	1%	101	3%
Resident Turnover	2,843	94%	3,791	97%
Other Sources: pent-up demand	146	5%	N/A	N/A
TOTAL ANNUAL DEMAND	3,022	100%	3,892	100%

Ref: Summary Form

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 9.3% based upon a supply of unstabilized comparable affordable units of 280 (the subject) divided by a demand of 3,022. The Underwriter calculated a inclusive capture rate of 7% based upon a supply of unstabilized comparable affordable units of 280 (the subject) divided by a revised demand of 3,892.

Local Housing Authority Waiting List Information: No information provided by the Market Analyst.

Market Rent Comparables: The Market Analyst surveyed 17 comparable apartment projects totaling 5,321 units in the market area. (p. 91)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Market	Differential
2-Bedroom (50%)	\$635	\$635	\$0	\$818	-\$183
3-Bedroom (50%)	\$729	\$729	\$0	\$1,060	-\$331

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

Primary Market Occupancy Rates: “Comparable Market Rate properties in the Trade Area average 93.7% occupancy while average occupancy for all Income Restricted properties within the Trade Area is 95.1%.” (p. 110)

Absorption Projections: “We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction.” (p. 82)

Known Planned Development: The Market Analyst indicated no new proposed development for the primary market area in the report. The Underwriter identified two seniors only projects located within the subject’s primary market area, however, these units are not considered comparable since they are targeted to a specific population (seniors).

Effect on Existing Housing Stock: “The subject should not have a detrimental effect on any existing projects, as absorption rates are strong throughout Arlington, and especially at quality affordable housing

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

communities.” (p. 83)

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

OPERATING PROFORMA ANALYSIS

Income: The Applicant’s rent projections are the maximum rents allowed under LIHTC guidelines. The Applicant’s estimate of \$20/unit/month in secondary income is higher than the TDHCA underwriting guideline of \$15/unit/month. However, since the TDHCA database average for the DFW area is \$24.61, the Underwriter allowed the Applicant’s estimated secondary income. The Applicant’s estimate of vacancy and collection loss is 5%, which is lower than the TDHCA standard and did not provide documentation to support such an estimate.

Expenses: The Applicant’s total expense estimate of \$3,239 per unit is more than 5% lower than a TDHCA database-derived estimate of \$3,571 per unit for comparably-sized developments. The Applicant’s budget shows several line item estimates that deviate significantly when compared to the database averages, particularly general and administrative (\$51K lower), payroll (\$32K lower), repairs and maintenance (\$14K lower), utilities (\$10K lower) and insurance (\$10K higher). The Underwriter discussed these differences with the Applicant but was unable to reconcile them even with additional information provided by the Applicant. In addition, the Applicant has claimed a property tax exemption. The Applicant submitted draft PILOT agreements with the City of Arlington and Tarrant County. Both agreements indicate a payment in lieu of taxes in the amount of 25% of the actual amount of city and county taxes which would be due to each entity for each calendar year. In addition, the Applicant also indicated that an agreement has been made with the Texas State Comptroller of Public Accounts wherein the Applicant agrees to pay the Comptroller, through a trust indenture, 50% of the actual amount of school district taxes in lieu of the total amount of taxes. This agreement will be executed at closing. It should be noted that the Applicant indicated during this conversation that 60% of the actual amount of city taxes would be paid in lieu of taxes, not 25% as stated in the draft PILOT agreement. For purposes of this analysis, the Underwriter utilized 25% of the conventional assessed value for city and county, per the draft agreements, and 50% of the assessed value for the school district. An executed PILOT agreement with the City of Arlington and Tarrant County as well as an executed agreement with the Arlington Independent School District is a condition of this report. While the transaction could likely support a PILOT with the higher 60% of city taxes by a further reduction in the bond amount supported by deferring a larger amount of developer fees, the lack of a PILOT or other adjustments to the PILOT would likely render the transaction infeasible.

Conclusion: The Applicant’s total estimated operating expense is inconsistent with the Underwriter’s expectations and the Applicant’s net operating income is not within 5% of the Underwriter’s estimate. Therefore, the Underwriter’s NOI will be used to evaluate debt service capacity. Due primarily to the difference in operating expenses, the Underwriter’s estimated debt coverage ratio (DCR) of 1.01 is slightly less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project will likely be limited to \$1,163,284 by a mandatory redemption of bonds down to \$15,612,566.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 35.8490 acres	\$780,791	Assessment for the Year of:	2003
Prorated per acre:	\$21,780	Valuation by:	Tarrant County Appraisal District
Total Assessed Value (20.9 acres):	\$455,202	Tax Rate:	3.0188

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Earnest Money Contract						
Contract Expiration Date:	11/	15/	2003	Anticipated Closing Date:	11/	15/	2003
Acquisition Cost:	\$1,450,000			Other Terms/Conditions:	\$15K earnest money		

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

Seller: Mayfield New York Two, Ltd. Related to Development Team Member: No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of \$1,450,000 (\$69,378/acre) is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of \$6,545 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: The Applicant's direct construction cost estimate is \$51K or less than 1% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Ineligible Costs: The Applicant included \$75K in marketing as an eligible cost; the Underwriter moved this cost to ineligible costs, resulting in an equivalent reduction in the Applicant's eligible basis.

Interim Financing Fees: The Underwriter reduced the Applicant's interim financing fees by \$120,989 to reflect the net effect of the Applicant's projection of \$120,989 in income from a guaranteed investment contract, which results in an equivalent reduction in eligible basis.

Fees: The Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced with the overage effectively moved to ineligible costs. Additionally, the Applicant's contingency costs exceed the maximum allowed by \$163,117 which was moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis and therefore the eligible portion of the Applicant's developer fee must be reduced by \$48,229.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted, is used to calculate eligible basis and determine the LIHTC allocation. As a result an eligible basis of \$21,122,353 is used to determine a credit allocation of \$760,405 from this method. However, the Applicant only requested \$752,224 in annual tax credits. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE

INTERIM TO PERMANENT FINANCING

Source: GMAC Contact: David Rosen
 Principal Amount: \$16,700,000 Interest Rate: 6.75%- tax-exempt portion; 8.00% - taxable portion
 Additional Information: \$15,000,000 – tax-exempt bonds; \$1,700,000 – taxable bonds
 Amortization: 40 yrs Term: 40 yrs Commitment: LOI Firm Conditional
 Annual Payment: \$1,218,209 Lien Priority: 1st Commitment Date 08/ 11/ 2003

LIHTC SYNDICATION

Source: Wachovia Contact: James D. Spound
 Address: One Wachovia Center, 17th Floor City: Charlotte
 State: NC Zip: 28288 Phone: (704) 383-6317 Fax: (281) 378-1523
 Net Proceeds: \$6,243,458 Net Syndication Rate (per \$1.00 of 10-yr LIHTC) 83¢
 Commitment LOI Firm Conditional Date: 07/ 28/ 2003
 Additional Information: _____

APPLICANT EQUITY

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

Amount: \$1,310,025 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Bonds: GMAC has offered to provide interim to permanent financing in the amount of \$15,000,000 in tax-exempt bonds and \$2,100,000 in taxable bonds. The Applicant's financing structure proposed in the sources and uses statement reflects \$16,700,000 total in bonds. The commitment letter indicates a 40 year amortization and two consecutive terms totaling 32 ½ years. The tax-exempt bonds shall bear interest at a rate of 6.75% and the taxable bonds shall bear interest at a rate of 8.00%. The Underwriter used a blended interest rate of 6.81% for purposes of this analysis. Based upon the Underwriter's NOI analysis as discussed above, it is anticipated there will ultimately be a reduction in the total bond amount through the earn out and mandatory redemption provisions common to these types of transactions. It anticipated that the mandatory redemption would only affect the taxable portion of the bonds.

LIHTC Syndication: Wachovia has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be \$6,156,922 based on a syndication factor of 83%. The Applicant's proposed financing structure indicates total proceeds of \$6,243,458. This analysis anticipates total syndication proceeds to be \$6,242,835 based on the syndication factor stated in the commitment letter.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of \$1,310,025 amount to 47% of the total fees.

Financing Conclusions: As described earlier, the Underwriter's proforma indicates that the development would not be able to support the proposed bond-financed permanent loan amount at a debt coverage ratio that is within the allowable LIHTC guidelines. Therefore, the maximum bond-financed permanent loan debt service for the loan will likely be \$1,163,284 by a reduction of the taxable bond amount. Since the Applicant's costs were within 5% of the Underwriter's estimate, the Applicant's total cost breakdown, as adjusted, was used to calculate eligible basis and determine the tax credit allocation. Therefore, the Applicant's adjusted eligible basis determines a LIHTC allocation of \$760,405 annually for ten years, resulting in total syndication proceeds of \$6,310,728. However, the Applicant is limited by their requested credit of \$752,224 annually, which results in total syndication proceeds of \$6,242,835. Based on the Underwriter's analysis, the Applicant's deferred developer fee would be increased to \$2,519,071 or 91% of the total fees, which appears to be repayable from development cash flow by year 15. It should be noted again that if the Applicant were not able to secure a 25% city and county tax exemption and the 50% school district tax exemption as predicted for this development, the bond-financed permanent loan would be further reduced in order for the bonds-only debt coverage ratio to fall within the acceptable TDHCA underwriting guidelines. The resulting in a deferred developer fee would not be repayable in 15 years. Consequently, this development would be deemed infeasible without PILOT agreements substantially consistent those analyzed in this report.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, General Contractor and Property Manager firm are all related entities. These are common relationships for LIHTC-funded developments.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The owner of the GP, Tarrant County Housing Partnership, submitted an audited financial statement as of December 31, 2002 reporting total assets of \$2.5M and consisting of \$1.3M in cash, \$130K in receivables, \$487K in real estate held for resale and \$550K in property and equipment. Liabilities totaled \$1.1M, resulting in a net worth of \$1.4M.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- The principal of the Applicant and General Contractor, Brian Potashnik, has completed 17 affordable housing developments totaling 3,277 units since 1993.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating expenses/NOI are more than 5% outside of the Underwriter's verifiable ranges.
- Should the Applicant not secure a PILOT agreement with the City of Arlington and Tarrant County, the recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:

Raquel Morales

Date: September 29, 2003

Director of Real Estate Analysis:

Tom Gouris

Date: September 29, 2003

MULTIFAMILY COMPARATIVE ANALYSIS

Hampton Villas, Arlington, LIHTC #03424

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC50%	72	2	2	950	\$690	\$635	\$45,720	\$0.67	\$55.00	\$34.00
TC50%	208	3	2	1,100	\$796	\$729	151,632	0.66	67.00	41.00
TOTAL:	280			AVERAGE: 1,061	\$769	\$705	\$197,352	\$0.66	\$63.91	\$39.20

INCOME

Total Net Rentable Sq Ft: 297,200

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$20.00
 Other Support Income: (describe)

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%
 Employee or Other Non-Rental Units or Concessions

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.58%	\$369	0.35
Management	5.00%	402	0.38
Payroll & Payroll Tax	11.10%	893	0.84
Repairs & Maintenance	5.16%	415	0.39
Utilities	2.43%	196	0.18
Water, Sewer, & Trash	4.57%	368	0.35
Property Insurance	2.51%	202	0.19
Property Tax 3.0188	4.44%	357	0.34
Reserve for Replacements	2.49%	200	0.19
Other Expenses: Supp Svcs/Compliance	2.11%	170	0.16
TOTAL EXPENSES	44.39%	\$3,571	\$3.36
NET OPERATING INC	55.61%	\$4,475	\$4.22

DEBT SERVICE

	% OF EGI	PER UNIT	PER SQ FT
First Lien Mortgage	54.08%	\$4,351	\$4.10
Trustee Fee	0.16%	\$13	\$0.01
TDHCA Admin. Fees	0.74%	\$60	\$0.06
Asset Oversight Fees	0.19%	\$15	\$0.01
NET CASH FLOW	0.61%	\$49	\$0.05

INITIAL AGGREGATE DEBT COVERAGE RATIO

INITIAL BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO

RECOMMENDED BONDS-ONLY DEBT COVERAGE RATIO

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		5.87%	\$5,179	\$4.88
Off-Sites		0.00%	0	0.00
Sitework		7.42%	6,545	6.17
Direct Construction		48.83%	43,102	40.61
Contingency 5.00%		2.81%	2,482	2.34
General Req'ts 6.00%		3.37%	2,979	2.81
Contractor's G & A 2.00%		1.12%	993	0.94
Contractor's Profit 6.00%		3.37%	2,979	2.81
Indirect Construction		5.41%	4,776	4.50
Ineligible Costs		5.78%	5,101	4.81
Developer's G & A 2.00%		1.50%	1,325	1.25
Developer's Profit 13.00%		9.76%	8,612	8.11
Interim Financing		2.71%	2,391	2.25
Reserves		2.05%	1,806	1.70
TOTAL COST		100.00%	\$88,270	\$83.16
Recap-Hard Construction Costs		66.93%	\$59,080	\$55.66

SOURCES OF FUNDS

Tax-Exempt Bonds	60.69%	\$53,571	\$50.47
Taxable Bonds	6.88%	\$6,071	\$5.72
LIHTC Syndication Proceeds	25.26%	\$22,298	\$21.01
GIC Income			
Deferred Developer Fees	5.30%	\$4,679	\$4.41
Additional (excess) Funds Required	1.87%	\$1,651	\$1.56
TOTAL SOURCES			

	TDHCA	APPLICANT
POTENTIAL GROSS RENT	\$2,368,224	\$2,368,224
Secondary Income	67,200	67,200
Other Support Income	0	0
POTENTIAL GROSS INCOME	\$2,435,424	\$2,435,424
Vacancy & Collection Loss	(182,657)	(121,776)
Employee or Other Non-Rental Units or Concessions	0	0
EFFECTIVE GROSS INCOME	\$2,252,767	\$2,313,648
First Lien Mortgage	\$1,218,209	\$1,266,845
Trustee Fee	\$3,500	
TDHCA Admin. Fees	16,700	
Asset Oversight Fees	4,200	
NET CASH FLOW	\$13,759	\$139,993
INITIAL AGGREGATE DEBT COVERAGE RATIO	1.01	1.11
INITIAL BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO	1.01	
RECOMMENDED BONDS-ONLY DEBT COVERAGE RATIO	1.10	

	PER SQ FT	PER UNIT	% OF EGI
POTENTIAL GROSS RENT	\$0.18	\$187	2.26%
Secondary Income	0.39	413	5.00%
Other Support Income	0.73	780	9.44%
POTENTIAL GROSS INCOME	0.34	365	4.42%
Vacancy & Collection Loss	0.15	160	1.94%
Employee or Other Non-Rental Units or Concessions	0.35	375	4.54%
EFFECTIVE GROSS INCOME	0.22	238	2.89%
General & Administrative	0.33	350	4.24%
Management	0.19	200	2.42%
Payroll & Payroll Tax	0.16	170	2.06%
Repairs & Maintenance	\$3.05	\$3,239	39.19%
Utilities	\$4.73	\$5,024	60.81%
Water, Sewer, & Trash			
Property Insurance			
Property Tax			
Reserve for Replacements			
Other Expenses: Supp Svcs/Compliance			
First Lien Mortgage	\$4.26	\$4,524	54.76%
Trustee Fee	\$0.00	\$0	0.00%
TDHCA Admin. Fees	\$0.00	\$0	0.00%
Asset Oversight Fees	\$0.00	\$0	0.00%
NET CASH FLOW	\$0.47	\$500	6.05%

	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)	\$4.88	\$5,179	5.92%
Off-Sites	0.00	0	0.00%
Sitework	6.17	6,545	7.48%
Direct Construction	40.43	42,919	49.06%
Contingency 5.00%	2.88	3,056	3.49%
General Req'ts 6.00%	2.85	3,025	3.46%
Contractor's G & A 2.00%	0.95	1,008	1.15%
Contractor's Profit 6.00%	2.85	3,025	3.46%
Indirect Construction	4.50	4,776	5.46%
Ineligible Costs	4.81	5,101	5.83%
Developer's G & A 2.00%	0.00	0	0.00%
Developer's Profit 13.00%	9.43	10,012	11.44%
Interim Financing	2.25	2,391	2.73%
Reserves	0.42	446	0.51%
TOTAL COST	\$82.42	\$87,484	100.00%
Recap-Hard Construction Costs	\$56.13	\$59,578	68.10%

	RECOMMENDED	
Tax-Exempt Bonds	\$15,000,000	Developer fee Available
Taxable Bonds	612,566	\$2,782,392
LIHTC Syndication Proceeds	6,242,835	% of Dev. Fee Deferred
GIC Income	120,989	
Deferred Developer Fees	2,519,071	91%
Additional (excess) Funds Required	120,989	15 yr cumulative cash flow
TOTAL SOURCES	\$24,495,461	\$4,459,528.52

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Hampton Villas, Arlington, LIHTC #03424

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$41.36	\$12,293,239
Adjustments				
Exterior Wall Finish	2.10%		\$0.87	\$258,158
9' Ceiling	3.00%		1.24	368,797
Roofing			0.00	0
Subfloor			(1.01)	(300,172)
Floor Cover			1.92	570,624
Porches/Balconies	\$19.90	77,106	5.16	1,534,404
Plumbing	\$615	280	0.58	172,200
Built-In Appliances	\$1,625	280	1.53	455,000
Stairs/Fireplaces	\$1,400	76	0.36	106,400
Floor Insulation			0.00	0
Heating/Cooling			1.47	436,884
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	\$57.91	4,396	0.86	254,561
Other:			0.00	0
SUBTOTAL			54.34	16,150,096
Current Cost Multiplier	1.04		2.17	646,004
Local Multiplier	0.88		(6.52)	(1,938,012)
TOTAL DIRECT CONSTRUCTION COSTS			\$49.99	\$14,858,089
Plans, specs, survy, bld prn	3.90%		(\$1.95)	(\$579,465)
Interim Construction Interes	3.38%		(1.69)	(501,460)
Contractor's OH & Profit	11.50%		(5.75)	(1,708,680)
NET DIRECT CONSTRUCTION COSTS			\$40.61	\$12,068,483

PAYMENT COMPUTATION

Primary	\$16,700,000	Term	480
Int Rate	6.81%	DCR	1.03

Secondary		Term	
Int Rate		Subtotal DCR	1.01

All-In		Term	
Rate		Aggregate DCR	1.01

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$1,138,884
Trustee Fee	3,500
TDHCA Admin. Fees Asset Oversight	20,900
NET CASH FLOW	\$89,583

Primary	\$15,612,566	Term	480
Int Rate	6.81%	DCR	1.10

Secondary		Term	
Int Rate		Subtotal DCR	1.10

All-In		Term	
Rate		Aggregate DCR	1.08

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

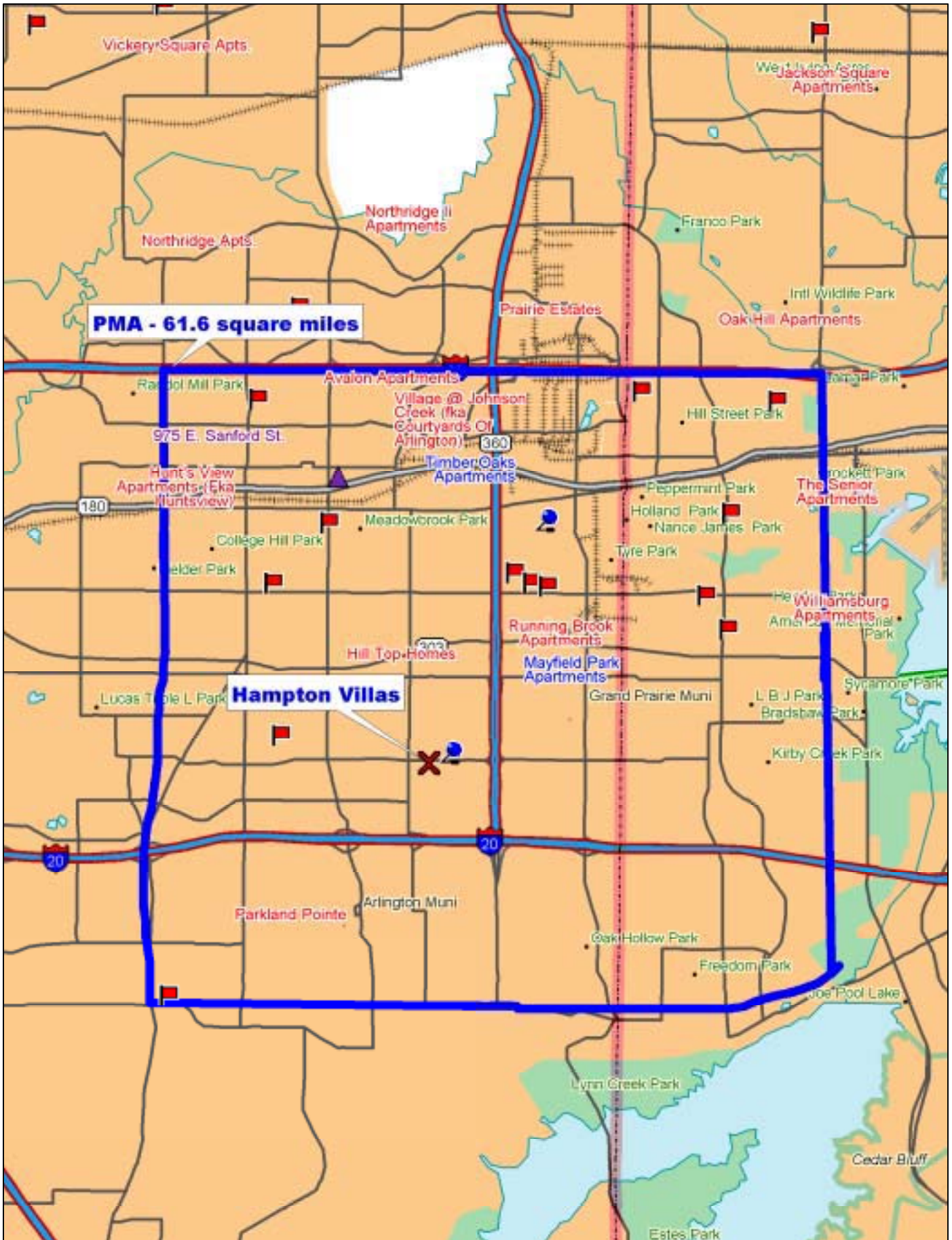
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$2,368,224	\$2,439,271	\$2,512,449	\$2,587,822	\$2,665,457	\$3,089,995	\$3,582,151	\$4,152,695	\$5,580,875
Secondary Income	67,200	69,216	71,292	73,431	75,634	87,681	101,646	117,836	158,361
Other Support Income: (descri	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,435,424	2,508,487	2,583,741	2,661,254	2,741,091	3,177,676	3,683,797	4,270,531	5,739,236
Vacancy & Collection Loss	(182,657)	(188,137)	(193,781)	(199,594)	(205,582)	(238,326)	(276,285)	(320,290)	(430,443)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$2,252,767	\$2,320,350	\$2,389,961	\$2,461,660	\$2,535,509	\$2,939,350	\$3,407,513	\$3,950,241	\$5,308,793
EXPENSES at 4.00%									
General & Administrative	\$103,262	\$107,393	\$111,688	\$116,156	\$120,802	\$146,974	\$178,816	\$217,558	\$322,038
Management	112,638	116,018	119,498	123,083	126,775	146,968	170,376	197,512	265,440
Payroll & Payroll Tax	250,040	260,042	270,443	281,261	292,511	355,885	432,988	526,797	779,788
Repairs & Maintenance	116,145	120,791	125,622	130,647	135,873	165,310	201,125	244,700	362,215
Utilities	54,762	56,952	59,230	61,600	64,064	77,943	94,830	115,375	170,783
Water, Sewer & Trash	103,040	107,162	111,448	115,906	120,542	146,658	178,432	217,090	321,346
Insurance	56,468	58,727	61,076	63,519	66,060	80,372	97,784	118,970	176,104
Property Tax	99,945	103,943	108,100	112,424	116,921	142,253	173,072	210,569	311,693
Reserve for Replacements	56,000	58,240	60,570	62,992	65,512	79,705	96,974	117,984	174,644
Other	47,600	49,504	51,484	53,544	55,685	67,750	82,428	100,286	148,448
TOTAL EXPENSES	\$999,900	\$1,038,769	\$1,079,160	\$1,121,131	\$1,164,746	\$1,409,817	\$1,706,825	\$2,066,838	\$3,032,499
NET OPERATING INCOME	\$1,252,867	\$1,281,581	\$1,310,801	\$1,340,528	\$1,370,763	\$1,529,533	\$1,700,687	\$1,883,403	\$2,276,294
DEBT SERVICE									
First Lien Mortgage	\$1,138,884	\$1,138,884	\$1,138,884	\$1,138,884	\$1,138,884	\$1,138,884	\$1,138,884	\$1,138,884	\$1,138,884
Trustee Fee	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees Asset O	20,900	19,735	19,652	19,563	19,468	18,882	18,059	4,200	4,200
NET CASH FLOW	\$89,583	\$119,462	\$148,765	\$178,581	\$208,912	\$368,267	\$540,244	\$736,819	\$1,129,710
AGGREGATE DCR	1.08	1.10	1.13	1.15	1.18	1.32	1.47	1.64	1.99

LIHTC Allocation Calculation - Hampton Villas, Arlington, LIHTC #03424

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$1,450,000	\$1,450,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,832,710	\$1,832,710	\$1,832,710	\$1,832,710
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$12,017,200	\$12,068,483	\$12,017,200	\$12,068,483
(4) Contractor Fees & General Requirements				
Contractor overhead	\$282,344	\$278,024	\$276,998	\$278,024
Contractor profit	\$847,032	\$834,072	\$830,995	\$834,072
General requirements	\$847,032	\$834,072	\$830,995	\$834,072
(5) Contingencies				
	\$855,612	\$695,060	\$692,496	\$695,060
(6) Eligible Indirect Fees				
	\$1,337,360	\$1,337,360	\$1,337,360	\$1,337,360
(7) Eligible Financing Fees				
	\$669,500	\$669,500	\$669,500	\$669,500
(8) All Ineligible Costs				
	\$1,428,352	\$1,428,352		
(9) Developer Fees			\$2,773,238	
Developer overhead		\$370,986		\$370,986
Developer fee	\$2,803,319	\$2,411,406		\$2,411,406
(10) Development Reserves				
	\$125,000	\$505,693		
TOTAL DEVELOPMENT COSTS	\$24,495,461	\$24,715,715	\$21,261,491	\$21,331,671

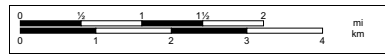
Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			\$21,261,491	\$21,331,671
High Cost Area Adjustment			100%	100%
TOTAL ADJUSTED BASIS			\$21,261,491	\$21,331,671
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			\$21,261,491	\$21,331,671
Applicable Percentage			3.60%	3.60%
TOTAL AMOUNT OF TAX CREDITS			\$765,414	\$767,940

Syndication Proceeds	0.8299	\$6,352,298	\$6,373,266
Total Credits (Eligible Basis Method)		\$765,414	\$767,940
Syndication Proceeds		\$6,352,298	\$6,373,266
Requested Credits		\$752,224	
Syndication Proceeds		\$6,242,835	



© 2001 DeLorme. XMap® Business 1v3, GDT, Inc., Rel. 01/2001
 Zoom Level: 11-0 Datum: WGS84

Scale: 1:100,000



RENT CAP EXPLANATION Fort Worth / Arlington MSA

AFFORDABILITY DEFINITION & COMMENTS

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

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

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

MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2003

MSA/County: Fort Worth/Arlington **Area Median Family Income (Annual):** \$60,300

ANNUALLY				MONTHLY							
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)			Utility Allowance by Unit Type (provided by the local PHA)	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)			
# of Persons	At or Below			Unit Type	At or Below			At or Below			
	50%	60%	80%		50%	60%	80%	50%	60%	80%	
1	\$ 21,450	\$ 25,740	\$ 34,350	Efficiency	\$ 536	\$ 643	\$ 858	\$ 42.00	\$ 494	\$ 601	\$ 816
2	24,500	29,400	39,250	1-Bedroom	574	689	920	42.00	532	647	878
3	27,600	33,120	44,150	2-Bedroom	690	828	1,103	55.00	635	773	1,048
4	30,650	36,780	49,050	3-Bedroom	796	956	1,275	67.00	729	889	1,208
5	33,100	39,720	52,950	4-Bedroom	888	1,066	1,422	85.00	803	981	1,337
6	35,550	42,660	56,900	5-Bedroom	980	1,176	1,569	97.00	895	1,091	1,484
7	38,000	45,600	60,800								
8	40,450	48,540	64,750								
FIGURE 1				FIGURE 2			FIGURE 3	FIGURE 4			

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

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

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

For example, a family of three in the 50% income bracket earning \$27,600 could not pay more than \$690 for rent and utilities under the affordable definition.

- 1) \$27,600 divided by 12 = **\$2,300** monthly income; then,
- 2) **\$2,300** monthly income times 30% = **\$690** maximum total housing expense.

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

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

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

Arlington Villas

RESULTS & ANALYSIS:

Tenants in the 60% AMFI bracket will **save \$265 to \$321** per month (leaving 9.6% to 10.1% more of their monthly income for food, child care and other living expenses).

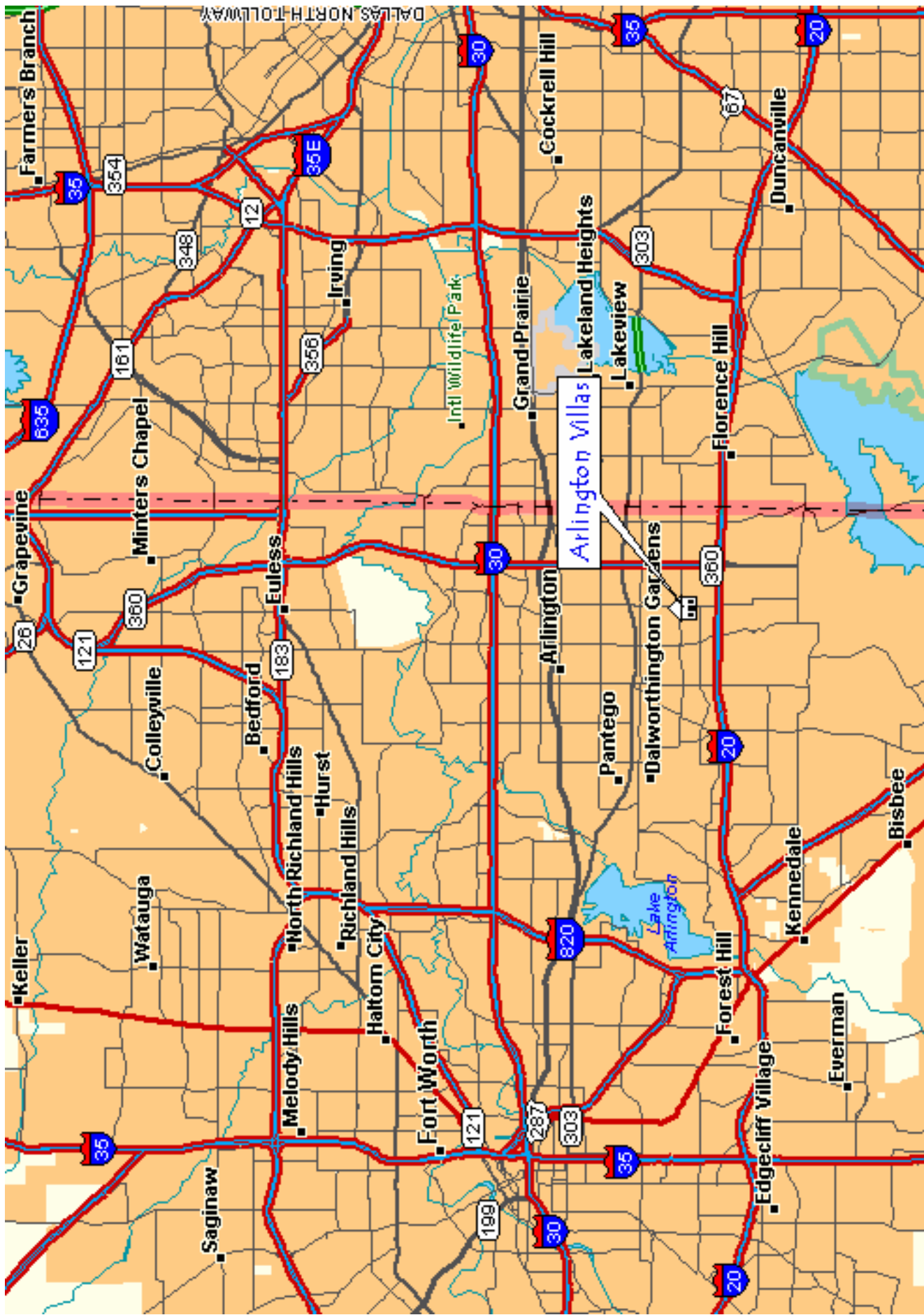
This is a monthly savings off the market rents of **29.4% to 30.6%**.

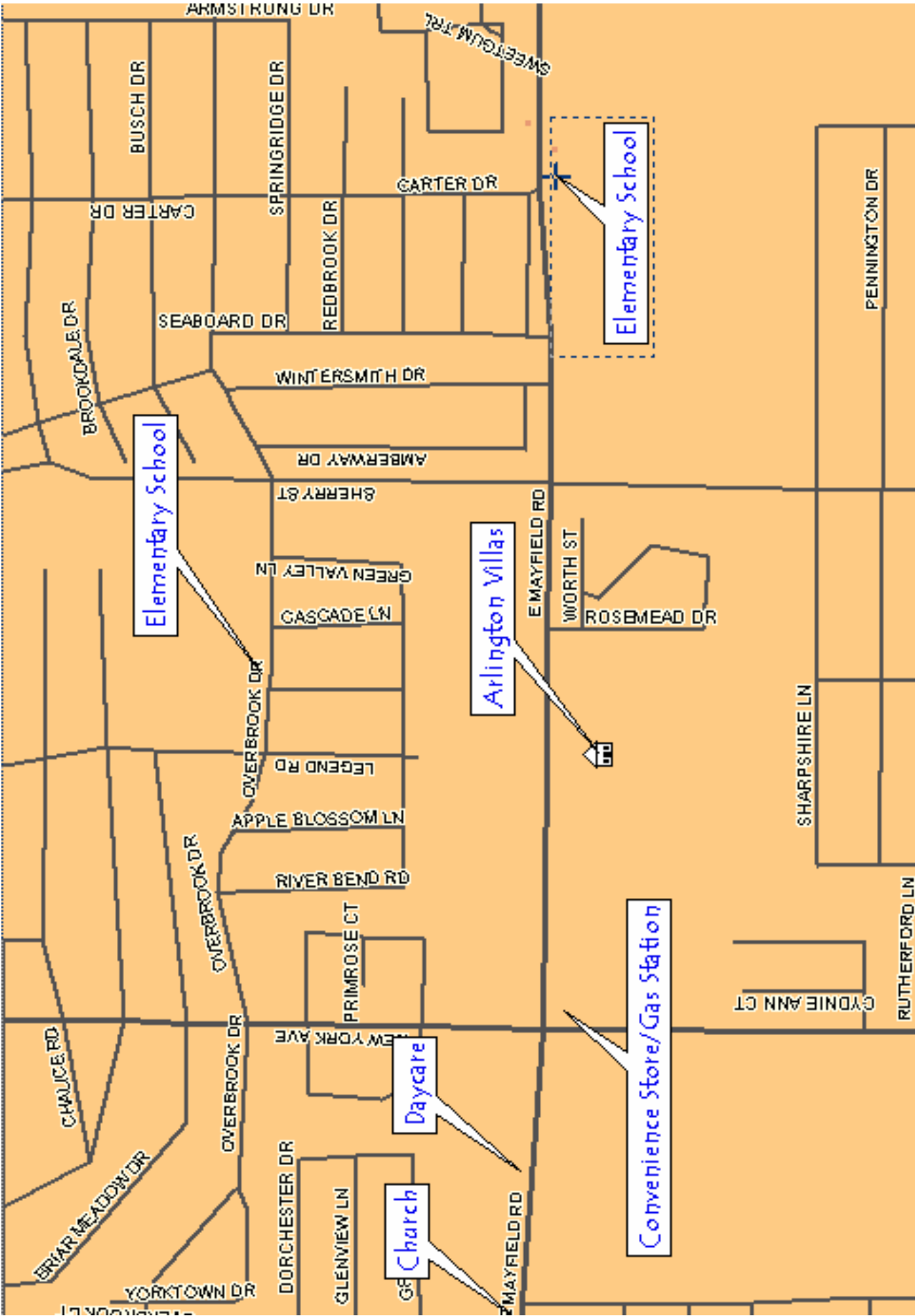
PROJECT INFORMATION				
Unit Mix				
Unit Description	2-Bedroom	3-Bedroom		
Square Footage	950	1,100		
Rents if Offered at Market Rates (*)	\$900	\$1,050		
Rent per Square Foot	\$0.95	\$0.95		

SAVINGS ANALYSIS FOR 60% AMFI GROUPING				
Rent Cap for 50% AMFI Set-Aside	\$635	\$729		
Monthly Savings for Tenant	\$265	\$321		
Rent per Square Foot	\$0.67	\$0.66		
Maximum Monthly Income - 60% AMFI	\$2,760	\$3,188		
Monthly Savings as % of Monthly Income	9.6%	10.1%		
% DISCOUNT OFF MONTHLY RENT	29.4%	30.6%		

Appraisal information provided by: James Sawyer & Associates, Inc., 1402 North Corinth Street, Suite 112, corinth, Texas 76208-5445. Report dated September 15, 2003.

(*) Scheduled Market Rental Income Estimate





Developer Evaluation

Project ID # **03424-REV**

Name: **Arlington Villas**

City: **Arlington**

LIHTC 9% LIHTC 4% HOME BOND HTF SECO ESGP Other

No Previous Participation in Texas Members of the development team have been disbarred by HUD

National Previous Participation Certification Received: N/A Yes No

Noncompliance Reported on National Previous Participation Certification: Yes No

Portfolio Management and Compliance

Projects in Material Noncompliance: No Yes # of Projects: 0
Total # of Projects monitored: 10 Projects grouped by score 0-9 10 10-19 0 20-29 0
Total # monitored with a score less than 30: 10 # not yet monitored or pending review: 5

Program Monitoring/Draws

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Asset Management

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by Sara Carr Newsom Date September 27, 2003

Multifamily Finance Production

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by S Roth Date 9/29/2003

Single Family Finance Production

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Community Affairs

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Office of Colonia Initiatives

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Real Estate Analysis (Cost Certification and Workout)

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Loan Administration

Not applicable No delinquencies found Delinquencies found
Delinquencies found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Executive Director: _____

Executed: _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Multifamily Finance Division

Public Comment Summary

Arlington Villas

Public Hearing	
<i>Total Number Attended</i>	11
<i>Total Number Opposed</i>	4
<i>Total Number Supported</i>	3
<i>Total Number Undecided</i>	4
<i>Total Number that Spoke</i>	5

Letters Received	
<i>Opposition</i>	0
<i>Support</i>	0

Summary of Opposition	
<i>1 More over-crowding of schools</i>	
<i>2 Decrease property values</i>	

Response to Summary of Opposition	
<i>1 Land is zoned multifamily</i>	
<i>2 There is no statistics that support the statement that Affordable Housing decreases property values</i>	

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

ARLINGTON VILLAS APARTMENTS

PUBLIC HEARING

6:09 p.m.
Wednesday
September 3, 2003

Cafeteria
Atherton Elementary School
2101 Overbrook Drive
Arlington, Texas

ROBBYE G. MEYER, Multifamily Bond Administrator

I N D E X

<u>SPEAKER:</u>	<u>PAGE</u>
Mark Jones	15
Jeff Spicer	32
Nancy Camp	42
Charlie Price	44
Jason Hall	46

P R O C E E D I N G S

1
2 MS. MEYER: My name is Robbye Meyer, and I'm
3 with the Texas Department of Housing and Community Affairs
4 in Austin, Texas. And what's going to happen tonight, I'm
5 going to go over a short little speech that I have to do
6 for the record.

7 And then I'll give you a presentation that will
8 give you some general information about the programs that
9 we're using for this particular development, and also some
10 general information about the development itself.

11 And then I'll open the floor up for questions
12 that if you have anything -- any questions for myself
13 or -- there is a representative from the developer here,
14 and you can ask questions about the development itself, if
15 you'd like to do that. And then we will start with public
16 comment once that's through.

17 There is not very many people that have listed
18 that they want to speak, so I'll let you have what time
19 you need, you know, to make the comments that you want to
20 make.

21 Again, my name is Robbye Meyer, and I'd like to
22 proceed with the public hearing. And let the record show
23 that it is 6:13 p.m. on Wednesday, September 3. And we
24 are at the Atherton Elementary School, located at 2101
25 Overbrook Drive, Arlington, Texas 76014.

1

2 I'm here to conduct a -- the public hearing on
3 behalf of the Texas Department of Housing and Community
4 Affairs with respect to an issuance of tax-exempt
5 Multifamily Revenue Bonds for a residential rental
6 community.

7 This hearing is required by the Internal
8 Revenue Code. And the sole purpose of this hearing is to
9 provide a reasonable opportunity for interested
10 individuals to express their views regarding the
11 development and the proposed bond issuance.

12 No decisions regarding the development will be
13 made at this hearing. The department's board is scheduled
14 to meet to consider the transaction on October 9. In
15 addition to providing your comments at this hearing, the
16 public is also invited to provide comment directly to the
17 board itself at their meeting.

18 The department staff will also accept written
19 comments via facsimile or email. And the fax number is
20 area code 512/475-0764. And I can give you that
21 information after the hearing. Up until five o'clock on
22 September 26.

23 The bonds will be issued as tax-exempt
24 multifamily revenue bonds in the aggregate principal
25 amount not to exceed \$15 million, and taxable bonds, if

1 necessary, in an amount to be determined, and issued in
2 one or more series by the Texas Department of Housing and
3 Community Affairs.

4 The proceeds of the bonds will be loaned to TX
5 Hampton Villas, L.P., or a related person or affiliate
6 entity thereof, to finance a portion of the costs of
7 acquiring, constructing and equipping a multifamily rental
8 housing community described as follows: a 280-unit
9 multifamily residential rental development to be
10 constructed on approximately 20.9 acres of land located at
11 the southeast corner of Mayfield Road and New York Avenue
12 in Arlington County, Texas.

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

16 The Texas Department of Housing and Community
17 Affairs is -- our mission is to provide affordable housing
18 and improve the quality of life by building better
19 communities. And that's what we're trying to do with this
20 development.

21 This hearing is, as I stated before, required
22 by the IRS, and -- to receive public comment on the bonds
23 and the issuance of the bonds. The Texas Department of
24 Housing and Community Affairs, though, takes that hearing
25 just a little bit further than just public comment on the

1 bonds themself.

2 We actually request comment on the development
3 along with the bond issuance. There is two different
4 programs that are used in this particular development.
5 One is a private activity bond program, which is tax-
6 exempt bonds. And that is a tax-exemption to the bond
7 purchaser.

8 By them being allowed to exempt income tax for
9 the bond purchaser on their money, they are willing to
10 accept a lower rate of return. So therefore, the bonds
11 can be loaned to the borrower at a lower interest rate.
12 And that's one of the ways that they can build the same
13 market-rate property that you would see -- normal market-
14 rate properties -- build the same quality as that would
15 happen, and still have it affordable for lower-income
16 families.

17 The other program that is used is called
18 Housing Tax Credits. It's 4 percent housing tax credits.
19 And the tax credit is an equity for the development. And
20 that also allows them to charge lower rents than normal
21 market-rate properties.

22 The tax credit is much like an exemption that
23 you would claim on your income tax for your mortgage on
24 your house. It's the same net effect to the IRS. So that
25 kind of gives you an idea of what the tax credit does for

1 the development, in helping to put affordable housing on
2 the ground.

3 The Private Activity Bond Program, which is the
4 bulk of this development, is administered by the Texas
5 Bond Review Board, and the Texas Department of Housing and
6 Community Affairs is an issuer for the Texas Bond Review
7 Board.

8 As an issuer, we facilitate private investors
9 and private developers and private lenders, in bringing
10 them all to the table to be able to put affordable housing
11 on the ground.

12 Once -- whenever a development is received,
13 what we get -- it's called a reservation of allocation.
14 Once they receive that reservation, they have 120 days to
15 close the issuance of the bonds. And this particular
16 Arlington Villas development received an allocation on
17 July 7. It is scheduled to expire on November 4.

18 And just to kind of help out with part of the
19 misconceptions of this particular property, this is --
20 it's not a Section 8 project-based public housing
21 development. The development does not discriminate
22 against Section 8 voucher holders; however, it's not a
23 public housing entity.

24 It's privately owned, and it's privately
25 financed. So you're not dealing with public dollars as

1 you would in a public housing development.

2 The applicants for these developments have to
3 qualify just as any other tenant would. For this
4 particular development, again, it's located in the
5 southeast corner of Mayfield Road and New York, It will
6 consist of 16 two- and three-story residential buildings,
7 and one non-residential building.

8 There will be 280 units, 70 of which will be
9 two-bedroom/two-bath, with an average square footage of
10 950. There will be 210 three-bedroom/two-bath units with
11 an average square footage of 1,100 square feet.

12 The units will serve families at 60 percent of
13 the area median income. But the rents will be capped at
14 50 percent. I'll give you an example of that. The area
15 median income for the Fort Worth/Arlington area is 60,300.
16 And for the -- say, an average family of four, they could
17 not have a larger combined income larger than \$36,780 in
18 order to live in this particular development.

19 The two-bedroom rents will be approximately
20 \$635. And the three-bedroom rents will be approximately
21 \$729. For the leasing criteria, applicants must meet
22 employment and income credit guidelines, rental history
23 guidelines.

24 Occupancy is limited to a maximum of two
25 persons per bedroom. Applicants must pass a criminal

1 background check, and they must have a minimum income of
2 at least two times the monthly rent.

3 I'm going to open the floor up for questions at
4 this point, if you have any questions of me. And then
5 I'll start the public comment here in just a second. Is
6 there anybody that has any questions?

7 VOICE: What was that fax number again?

8 MS. MEYER: It's 512/475-0764.

9 VOICE: Thank you.

10 MS. MEYER: Sure. Are there any other
11 questions? That was too easy. Yes, ma'am?

12 VOICE: How soon will these be built?

13 MS. MEYER: Well, normally it's anywhere from
14 12 to 18 months before they'll start leasing up. Normally
15 a full lease-up is about two-and-a-half years for a full
16 lease-up.

17 VOICE: Have they already started?

18 MS. MEYER: No. No, nothing has been done.
19 The land -- the developer doesn't even own the land at
20 this point. Nothing has started. And that's the whole
21 reason for the public hearing before all of that happens.

22 VOICE: Is there a waiting list?

23 MS. MEYER: Is there -- the developer is here,
24 and you're more than welcome to speak with him on that
25 behalf. Like I said, it's normally 12 to 18 months down

1 the road, once November 4 hits.

2 VOICE: Okay.

3 MS. MEYER: That's when we'll actually -- the
4 bonds will expire, and -- well, they'll close on the bonds
5 prior to that, but once that hits they have to be, you
6 know, ready to go, building permits and everything at the
7 time of closing.

8 And at that point, it will be anywhere from 12
9 to 18 months before they'll actually start lease-up. It
10 won't be completely built, but they'll start lease-up at
11 that point. And then complete lease-up is normally about
12 24 months. Yes, ma'am?

13 VOICE: How are the location sites determined
14 that you're going to build --

15 MS. MEYER: The developer -- the question is,
16 how do we choose the location sites. The developer
17 actually chooses the site. Okay. And they submit an
18 application. The Private Activity Bond Program is
19 administered through the Texas Bond Review Board.

20 And what happens is developers will submit
21 applications to issuers, Texas Department of Housing being
22 one of those. There are local issuers, Tarrant County.
23 Dallas County also has -- is a local issuer.

24 And the developers will submit applications to
25 those for the private activity bond program. We in turn

1 will turn around and submit those applications to the Bond
2 Review Board, and then they will draw lottery numbers for
3 the different developments.

4 VOICE: So it has been not determined whether
5 or not there will be building on this site?

6 MS. MEYER: That is correct. There has not
7 been a decision made. This public hearing is part of that
8 process. And until everything is collected and given to
9 the board --

10 This is -- and I'll give you this information
11 again here in just a little bit.

12 VOICE: Can you elaborate on -- a little bit
13 more on the Section 8, and the other housing concerns?

14 MS. MEYER: Okay. Section 8 -- project-based
15 Section 8 housing is actually a HUD Program.

16 VOICE: Right.

17 MS. MEYER: And the Government wanted to get
18 out of the public housing industry. So what they did was
19 came up with the Private Activity Bond Program, that's
20 one.

21 VOICE: Okay.

22 MS. MEYER: And they also allow for the 4
23 percent tax credits. And what that does is encourages
24 developers to build affordable housing, and by giving them
25 incentives to do that. You know, they get a lower

1 interest rate on their loan.

2 VOICE: Well, the tax exempt and what else?

3 MS. MEYER: Well, the tax exemption is to the
4 bond purchaser, okay? That -- it's not a property tax
5 thing. That's a totally separate issue. But the tax
6 exemption is to the bond purchaser, which is a private
7 industry. It's not your public dollars. It's not, you
8 know -- you know, your and my tax dollars.

9 And the 4 percent tax credits is not yours and
10 my tax dollars either. It is an IRS deal, and it is a tax
11 break to a development.

12 VOICE: [inaudible].

13 MS. MEYER: That is correct. To a development.
14 And the tax credits run for ten years. And so they'll
15 get that savings for ten years, and then they'll be on
16 their own.

17 VOICE: Whatever that -- ten years? Or as
18 beginning, when they commence --

19 MS. MEYER: No, it starts after they -- what we
20 call cost certification is when it actually starts. And
21 that's after lease-up. Once they get ready to rock and
22 roll, then everything starts at that point, and it will be
23 ten years from that point. Yes, ma'am?

24 VOICE: Are they homes or are they apartments?

25 MS. MEYER: It will be apartments. It's a

1 multifamily community.

2 VOICE: Okay.

3 MS. MEYER: And it will be two- and three-story
4 buildings.

5 VOICE: Is this an expansion of the Mayfield
6 Park --

7 MS. MEYER: No, ma'am. That's a totally
8 different complex. Totally different complex, totally
9 different developer. Totally different borrower.

10 VOICE: And the school attendance -- what
11 school would the students residing there attend?

12 MS. MEYER: It's my understanding that the
13 elementary students would be here. Now, I may be wrong,
14 but --

15 VOICE: It's on another horizon of another
16 school.

17 MS. MEYER: The --

18 VOICE: You're talking Mayfield and Legend --
19 New York --

20 MS. MEYER: Well, it's -- yes, when you go to
21 the end of Legend, there, that's -- you're going to run
22 into it. That's where the property is. At the end of --

23 VOICE: Across the street?

24 MS. MEYER: Across the street from Legend.

25 VOICE: That's Hale Street.

1 MS. MEYER: It is Hale? Okay. I was told that
2 Mayfield is also -- comes here. Is that correct?

3 VOICE: This side. And they are --

4 MS. MEYER: No, I'm talking about the Mayfield
5 Park Complex. Do they go to Hale, or do they come here?

6 VOICE: Right now they go to Hale.

7 MS. MEYER: They go to Hale?

8 VOICE: They come here. Mayfield Park and New
9 York.

10 MS. MEYER: Okay. That -- I was talking to, I
11 think, the assistant principal this afternoon, and that's
12 what she had told me, that they do come here. So it was
13 my understanding from her that it would come back here
14 too, that this one would also be here.

15 VOICE: Where you all are now, though --

16 MS. MEYER: Okay. Are there any other
17 questions?

18 (No response.)

19 MS. MEYER: No?

20 VOICE: If this is a public hearing, what
21 are -- what can I voice? -- what am I here exactly for? --
22 what are my options?

23 MS. MEYER: Well, you can make public comment
24 tonight, which I'm about to start, since there is not any
25 more questions. And you can make public comment as to

1 whether you support or oppose, or whatever comments you
2 want to make. If there is concerns or whatever, you can
3 make that on public record.

4 If you go home and decide later on that you
5 have something else you want to say, you could either fax
6 something to me, you can mail it to me. And I've got some
7 cards I'll give you after the hearing is over, that you
8 can send, or you can email me.

9 My email address is also on there. And that
10 will give you three avenues to send information to me.
11 And you have until September 26 to do that. And I'll run
12 through that all at the end one more time, so that
13 everybody will understand. Do what?

14 MR. JONES: [inaudible] presentation program?

15 MS. MEYER: Sure.

16 MR. JONES: I'd be grateful.

17 MS. MEYER: Sure. Yes. The developer would
18 like to do a short presentation, and give you a little bit
19 more information about the development, and the types of
20 products that they do.

21 MR. JONES: Let me pass some of these out
22 before we do that.

23 (Pause.)

24 MS. MEYER: Okay. I'm going to need this one.

25 MR. JONES: Good evening. My name is Mark

1 Jones. And I'm with Southwest Housing. We are the
2 largest affordable housing developer in the state of
3 Texas, with over 39 developments in our portfolio.

4 We are a very unique developer in that we are
5 the construction company, we are the management company,
6 and we're the developer company.

7 We are accustomed to going into neighborhoods
8 very much like this one and creating a community
9 atmosphere. This is not a game. The mis-notion -- this
10 is not public housing. This particular project is for
11 people who are daycare workers, bankers, police, your
12 firefighters.

13 This is workforce housing. And we have tried
14 to create a family atmosphere that has a social component
15 to it, has an after school program, has a computer lab.
16 We have adult training on every site. We offer our kids
17 an opportunity to be -- every afternoon to be with a
18 social worker that -- on site, on every location that we
19 have.

20 We are in the affordable business exclusively.
21 We have no market rate apartments. Our portfolio is very
22 mixed. We have about 21 family properties and about 20
23 senior properties. We currently have about 20 projects in
24 Dallas. We have a project in Arlington on Cooper --
25 Collins. We do have a senior property on Collins, in

1 Arlington.

2 We're pretty excited about coming into
3 Arlington with a family property since we had so much
4 success with our senior housing here.

5 Our concept is we're not just an apartment
6 builder. We're in the people business, which means that
7 we have a different approach. The criteria is very much
8 difficult to live there. We have pretty deep restraints
9 to be able to live there.

10 We try to make this an opportunity for young
11 families, and families who couldn't make it anywhere else,
12 or who had a difficult time in other situations to give
13 them a quality apartment.

14 We probably spend about \$85,000 per unit in
15 developing. All of our units come with new refrigerators,
16 new appliances, ceiling fans. Everything that you see in
17 a market-rent apartment we have. And the curb appeal --
18 you cannot drive by one of our units and tell if it's --
19 affordable families live there.

20 We kind of get rid of the distinction between
21 the market and affordable. We kind of break the barrier
22 there. We're very excited about people who live on our
23 properties, about them being good neighbors, about them
24 having the -- some of the amenities that other neighbors
25 in most communities don't have or can't afford.

1 So we're very proud of what we do. We recently
2 received a builders award for being the number-one builder
3 in the state. And I'm very open to take anybody who wants
4 to go and see anything we've ever done, to give them a
5 tour.

6 I will answer any questions you guys may
7 have -- we'll try to answer them. We do have Jeff Spicer
8 with us, who financially put our package together. And we
9 have Drew, who helped put our team together. But we're
10 very unique in that we are the builder. We're the
11 developer. And we actually own a construction company.

12 We will not build this and pass this on. Our
13 owners have never sold a property. And they've been in
14 this business 12 years. And there -- they don't have any
15 aspirations of selling anything we've ever built. So if
16 there is any questions that I may be able to answer, I'll
17 be glad to do that. And my name is Mark Jones.

18 Yes, ma'am?

19 VOICE: Okay. Explain to me again what you
20 mean by affordable --

21 MR. JONES: Affordable housing --

22 VOICE: How is this different from the Mayfield
23 Apartments as to who is renting these apartments? My
24 understanding is that with other apartments, if you make
25 too much income, you're not allowed to live there. How

1 does this differ from this type of development?

2 MR. JONES: Well, I don't know anything about
3 the Mayfield property. I don't know how it's -- I was --

4 (Pause.)

5 MS. MEYER: It's the same -- you use the same
6 type financing structure that this particular development
7 has also. It's under the same type. But again, you're
8 dealing with a totally different developer, different
9 management company. So it's two separate entities within
10 the two complexes.

11 MR. JONES: And our criteria is a little
12 different. To live here, we don't take any [inaudible].
13 You have to have an established real history to live
14 there. We do a background check. And I don't know if
15 that particular development does that. I don't know if
16 that particular developer does it, because I don't know
17 who actually owns the Mayfield.

18 But the -- of course, affordable is just a tag
19 line we're trying to make on providing affordable housing
20 for those who are in the 50 percent of the market income
21 range. Since they were serving 60 percent --

22 VOICE: The income restrictions are at 60
23 percent.

24 MR. JONES: Okay, 60 percent of the median
25 income for the Arlington area. Is that correct?

1 MS. MEYER: Uh-huh.

2 VOICE: My concern is that we have quite a bit
3 of that type of property. There are duplexes in those
4 [inaudible] apartments. That was my question earlier.
5 Why is this area under development?

6 VOICE: [inaudible] choose this site. We
7 also --

8 VOICE: Who do I take those kinds of questions
9 to? Why do we have to have another type of development?
10 It's wonderful that we have some, but having so much of it
11 does change a community.

12 MR. JONES: Based on a market study of this
13 area, based on the topography and the demographics, it
14 said -- and HUD actually puts out the guidelines that says
15 the amount of affordable housing that needs to be in a
16 community. So based on those guidelines is what made us
17 attracted to that particular piece of property.

18 VOICE: So if I can go to any other part of
19 Arlington, and I'm going to find the same demographics;
20 I'm going to find the same ratios. If I look at the other
21 school districts and so forth within Arlington, I'm going
22 to find this mix?

23 MR. JONES: Pretty much.

24 VOICE: Is that what you're telling me?

25 MR. JONES: Yes. In terms of the guidelines of

1 what HUD established, yes, ma'am. And I don't know what
2 per capita it was that -- I don't know the formula they
3 use, but we go by their formula.

4 VOICE: Now, where would I go to [inaudible]?
5 HUD?

6 MR. JONES: To HUD. Yes, to HUD website.

7 MS. MEYER: Do you want census data?

8 VOICE: And TDHCA's website is fine.

9 MS. MEYER: Yes, I have a -- if you can I'll
10 give you a card at the end.

11 VOICE: Okay.

12 MS. MEYER: And if you'll -- can you email me?

13 VOICE: Yes.

14 MS. MEYER: I'll send you a link that will
15 give you -- send you right to the area census data, and
16 they'll tell you what the median incomes and those kind of
17 things are.

18 Now, as far as finding specific properties
19 within the Fort Worth/Arlington area, there is an
20 inventory list on our website -- on the TDHCA website.
21 And that's on my card also. And you can look at the
22 properties that are in the Arlington area off of that.
23 It's an Excel spreadsheet.

24 And you can get the information off there and
25 you can see what properties are in Arlington or

1 Duncanville, or -- you know, general proximity of where
2 you are right now. Yes, ma'am?

3 VOICE: Is this a picture of the property
4 that's about --

5 MR. JONES: That particular clubhouse is
6 similar to what we're going to put into here.

7 VOICE: Okay. And the rest of the -- is the
8 one that you already have?

9 MR. JONES: Yes, ma'am. That's a portfolio.
10 And we do have a website, because all of the stuff that
11 we've done is not necessarily in that book. That's just a
12 brochure to give you some idea of the way that we have
13 built, or to the quality of what we build.

14 VOICE: Yes.

15 VOICE: And in Arlington you have a facility on
16 Holland.

17 MR. JONES: Yes, ma'am.

18 VOICE: You mentioned it's a senior -- does
19 that mean it's senior -- older adults?

20 MR. JONES: Yes, 55 and --

21 VOICE: Okay. This is your first facility here
22 in Arlington that's going to have families?

23 MR. JONES: Yes, ma'am. This is our first
24 family property in Arlington.

25 VOICE: Arlington?

1 MR. JONES: Yes, ma'am.

2 VOICE: And the capacity of people -- two
3 family members, children that will be all attending
4 this --

5 MR. JONES: I don't understand your question.

6 VOICE: Well, I'm saying the -- if it's a
7 family complex, two-member families, husband/wife or
8 single parents. And you said, hopefully, you will get
9 whatever income that you're allowing, officers, fire,
10 whatever, bankers, whatever. You can't guarantee those
11 people financially are going to be living there.

12 Okay. So you're going to have single parents.
13 A lot of them are going to be attending this school. And
14 health and safety issues with our children here is a big
15 issue.

16 So -- but I -- what can you guarantee us that
17 it's not going to either get worse in our area, crime
18 values, estimate of house values, or any of this?

19 MR. JONES: Really, in terms of house value --

20 VOICE: These are -- some of these houses are
21 valued at, what, 120-. We've already had one low-income
22 housing. We have another one that's being built. And
23 they're right back to back to some of these houses. We're
24 looking at crime rates are going to be going up. Value of
25 homes is going to decrease. We're looking at an

1 overcrowded school. We're looking at everything that's
2 going to be going on. Have you considered value?

3 VOICE: Why would you say crime is going to go
4 up?

5 VOICE: Well, we've had experience.

6 VOICE: Okay.

7 VOICE: No, I'm not using that -- just low-
8 income, single parents, and a lot of them work. It's hard
9 to keep track of children. Children in our area -- we've
10 had -- you know, circumstances where things have escalated
11 in this last half year, year and a half.

12 I'm just worried about more.

13 MR. JONES: Well, on our site I can say this.
14 When I'm talking to -- there hasn't been any proof that
15 home value goes down with multifamily, but --

16 VOICE: In all your other locations that you
17 have in Dallas, what is the -- I guess, what, ratio of
18 crime rate, or what you say -- do you have your own
19 facility with an officer on duty 24 hours? You have your
20 own, you know, guard that walks the premises? What is
21 your --

22 MR. JONES: Okay.

23 VOICE: We have security forces at every
24 property. Most of our properties actually have brought
25 crime down in neighborhoods.

1 MR. JONES: Yes. We have a mandated nine
2 o'clock curfew. That's the first thing that we address
3 with the kids.

4 The second thing, in terms of attendance in
5 schools and that kind of thing -- what we found -- we
6 had -- you have to be in school 95 percent of the time, or
7 you're in violation of the lease in terms of your child
8 being in school.

9 Having a social worker that sees after the
10 kids --

11 VOICE: Yes. I like that idea.

12 MR. JONES: What we found out is that the kids
13 were having an after school person they're helping them
14 with their homework, that the grades of the kids who live
15 on our property seems to go up as it relates to the single
16 family neighborhoods that are close, just because of the
17 supervision. I mean, that's the first pieces.

18 In terms of guarantees, I offer -- I have no
19 guarantees. I think that we're bringing the \$20 plus-
20 million development into your community. And I don't
21 think that bringing \$20 million of anything decreases your
22 property value.

23 The way that we manage it -- and we think
24 that -- from a company, that management is the key. We
25 are strong managers who believe that -- one, we're good

1 neighbors. But number two, we help build the
2 socioeconomic area, not just what goes on in the walls of
3 our property. But we think that the whole community is
4 lifted.

5 And the other thing that we do is if residents
6 are not happy with where they're living, our rents tend to
7 be lower. So we get the cream of the crop in terms of the
8 best of the best moving in.

9 What we do is that we go in the neighborhoods
10 and we set the standard. Which means other developers who
11 are not doing what they should be doing, tend to step
12 up -- to raise the bar, because we come in in our fashion,
13 and because we've done this, now, 39 times. We kind of
14 have a way.

15 And some of the areas that we've gone in are
16 some of the inner-city urban areas, some of the toughest
17 areas in the city. And crime has gone down in those
18 areas, just based on our presence. So we've got -- again,
19 I'd love to offer anybody who wants to, a tour of what
20 we're doing. We'd love to take you there.

21 And you don't need me to go on a tour. You can
22 just go. I'll give you the address, because we like to
23 say our team is always ready and always prepared. And we
24 believe in what we're doing. We're making a serious
25 investment to the families.

1 As it relates to the school issue, a lot of the
2 families are already in the school system are going to
3 live there. It's not like they're coming from Fort Worth
4 to move in just because we're building the property.

5 VOICE: Oh, no. Our school -- one school has
6 already closed its door to Mayfield. You know, our school
7 is getting more children. Okay. Also I think what --
8 instead of -- you know, I thought Glen Hill was going to
9 open its doors more. But I think maybe also another
10 school needs to be developed around here, or enlarge ours,
11 you know, or something.

12 MR. JONES: Yes.

13 VOICE: Because the capacity here is already --
14 I feel, at it's limit. You know, traffic here already,
15 coming up just this year has even gotten worse. So -- you
16 know, and then another new development -- that means more
17 families, you know. Maybe homes would have been better
18 than another 200-and-something complex building.

19 MR. JONES: Well, one of the things to take
20 into consideration for single-family homes -- number one,
21 you don't know how many people will live there, and who
22 lives there, who lives -- who the neighbors are.

23 We kind of control what goes on in our property
24 a whole lot better than a single-family developer could,
25 because he just sells the property.

1 As it relates to the schools themselves,
2 schools are the issue. But we're talking about 24 months
3 before one of our kids would even be in the school.

4 VOICE: Could someone make too much income?

5 MR. JONES: Yes, ma'am. Some of them will.

6 VOICE: Has your company done anything in
7 different areas that they've worked in with the schools?

8 MR. JONES: Oh, absolutely. And we love to
9 partner. In Denton we've done -- we've partnered with a
10 computer lab, and --

11 VOICE: Well, I mean, as far as the student
12 issue. Our school -- I don't know how many they have. I
13 know it's --

14 VOICE: 950, sir.

15 VOICE: Yes, it's close to 1,000 students. And
16 280 units -- that's going to mean, even if you have one
17 student per unit --

18 MR. JONES: Uh-huh.

19 VOICE: -- that's 280 students flooding into
20 the school district. Obviously some of the people may
21 already live here. Some are going to move, some are going
22 to move in and fill vacancies that they've left open

23 I work for a real estate appraiser organization
24 here in Metroplex, and no, I'm not being confrontational,
25 but the comment you made about multifamily housing not

1 bringing down the area -- the value of the local area --
2 this is well-documented here in the Metroplex. This area
3 is not -- this is a depressed area. I feel it's a
4 depressed area.

5 I live here. I'm actually looking to move out.
6 When I tell the professionals in my industry where I
7 live, they scoffed at me. They're like, Oh, you live
8 there? It's the projects. It's the ghetto. There's too
9 many multi -- what's the problem with where I live? I
10 have a beautiful home. It's that there's too much
11 multifamily.

12 I looked at comparable sales in this area in
13 the last three years. They're declining. Tax values are
14 going up, but the average sale of a house is going down.

15 I think -- I've actually seen some of your
16 other projects, and I think they're great projects. I
17 just don't think this is the right area. There is
18 probably within a five-mile radius, there is probably six
19 complexes like this already. I just think that putting
20 more multifamily in one condensed area is too much.

21 The other thing that I disagree with was in
22 Arlington, other areas in Arlington do not have, per
23 capita, the amount of multifamily that this quadrant does
24 down here along Grand Prairie to 360.

25 The Hill -- and I apologize. I don't know the

1 actual area, but the Hill Elementary School area -- the
2 older parts of Arlington -- they don't have room for
3 development. All of this development is happening in this
4 area, because there is space to develop.

5 Those other locations don't have as many
6 multifamily, and they don't have the appropriate area that
7 would allow for a sectional 280 units complex. So I --
8 those are just some things that I'm concerned about, is
9 decreased values.

10 There are some definite statistics that show
11 that this area is going down. I just feel that bringing
12 in another unit like that doesn't -- it can't help the
13 value. It may help the value of the community within
14 your gates that you're establishing, but it's certainly
15 not helping the community outside of those gates.

16 I believe this is a depressed area, and I think
17 that there is -- that land -- what is the land zoned for
18 currently? Is it zoned CS?

19 VOICE: It's zoned multi-family.

20 VOICE: Multifamily? I just feel that
21 something there that benefits the community as a whole
22 would be better served. I feel that you know, we are
23 depressed. And I think that we're digging a little deeper
24 by putting more people into this condensed area.

25 MR. JONES: Well, and we disagree, because we

1 would never go into an area where thought it was
2 depressed. So we differ right there in that we don't
3 believe that this area is depressed.

4 I mean, nobody throws \$20 million down the
5 drain. So again, I obviously respect your opinion as it
6 being depressed, but we disagree.

7 VOICE: This area has the third lowest-selling
8 houses in Arlington. And I mean, I'm not going to say I
9 can document it, but certainly it could be documented.
10 The third lowest in Arlington. It's certainly depressed.
11 It has -- this area has more Title I schools. I mean,
12 it's certainly a depressed area. You have low-income and
13 working poor. I mean, I actually live here, so I mean, I
14 have a little more --

15 MR. JONES: Okay. I mean, I'm not going to --
16 again, I disagree, because I think that we made a business
17 decision that we think -- and based on the study, based on
18 the demographics, based on the market study, it says that
19 this is a viable market. And again, we're rolling the
20 dice.

21 Again, you're trying to sell your house, and
22 I'm trying to bring \$20 million worth of -- and we're
23 taking the risk because we believe in the neighborhood.
24 We believe in your low-income, your affordable housing.

25 VOICE: I don't think that they're bringing in

1 an apartment complex. It's just a proven fact that
2 multifamily houses do not increase property values.

3 MR. JONES: The -- it may not increase --

4 VOICE: Not my property values.

5 MR. JONES: Okay.

6 VOICE: But I'm not talking about your property
7 as a whole. I'm talking about the houses that are going
8 to surround it.

9 VOICE: The whole neighborhoods.

10 VOICE: The neighborhood, when property values
11 go down, I mean, that hurts everybody. I understand that
12 in your case, you're going to have a nice community. But
13 it's affecting the -- the outside of the gates.

14 MR. SPICER: We've seen increased -- there are
15 numerous national and state studies that have shown that
16 this type of policy does not, in fact, decrease property
17 values of surrounding properties.

18 VOICE: It doesn't affect it, or it decreases?

19 MR. SPICER: It doesn't decrease.

20 VOICE: It doesn't -- it does impact it,
21 though.

22 MR. SPICER: It doesn't say that it's impacted
23 it at all. It's basically that there is no decrease in
24 home values. Several national studies. I mean, I'm not
25 saying that --

1 VOICE: No, you're --

2 MR. SPICER: I'm not saying that your area is
3 not -- does not have home values that are decreasing. I
4 can't say that as it stands today.

5 VOICE: Well, I'll tell you it does. There's
6 [inaudible] of our homes up for sale and it's not valued
7 at what it was at the very beginning when we first
8 purchased it.

9 MR. SPICER: Yes. I'm not saying that that's
10 caused by multifamily, though. You're saying is it caused
11 by multifamily?

12 VOICE: No. Just like when we suggested --

13 MR. SPICER: Sure.

14 VOICE: Our schools in this area are already
15 Title I. We already have two complexes that are for low-
16 income. I'm not saying that just because it's low-income
17 that, you know, that area has --

18 No, or I've even -- I don't know if we should
19 say that we're, you know, depressed, or -- you know,
20 whatever. But there is already, I think, like he
21 suggested, too many in this area, period.

22 MR. JONES: And we're just saying that based on
23 our studies, that --

24 VOICE: And you -- I know you're looking at
25 this -- you know, that you've done -- it's in a -- you

1 know, how is the neighborhood? I can't think -- I can't
2 see how it will help the neighborhood, because the single-
3 family homes, more children, and I know like you -- he
4 just said, too, you're going to be -- surrounding your
5 gate, there's curfew. They'll have security guards, this
6 and that.

7 But that's -- we've already had our own public
8 park, you know, episode that happened there. We already
9 have people hanging out, you know, teenagers, you know,
10 sneaking out and doing what they do there.

11 We have -- our neighborhood patrol doubled, you
12 know, in this last year, maybe two years, you know, since
13 the new Mayfield ones have been up. It has not improved
14 our neighborhood.

15 MR. JONES: Again, I don't -- I'm not saying
16 that -- I don't know -- I can't speak to the Mayfield
17 development at all. All I can speak to is the fact
18 that --

19 VOICE: Well, I know the criteria meets the
20 same as yours because I do have friends that are -- that
21 went to apply there and they could not get in because
22 there was a criminal bad check. I know all of that.

23 There's security, whatever. You know, and I have -- we
24 have family or friends that do live there. And they pose
25 the same -- you know, it's hard in that little area. It

1 is hard.

2 But I just think, building to your incentive,
3 putting all your money into that building -- how about
4 another school with better facilities? How about
5 something different, you know? Anything but another
6 complex?

7 I see ourselves digging more in the hole like
8 you suggested. That's what I fear you're doing. Digging
9 us more in the hole --

10 VOICE: Another question I have, and it goes to
11 the cap. And I know there are some funding issues. If it
12 was opened up, and there was no salary limits, you know,
13 why not build something that would attract people who make
14 more money that would -- they want to live there, instead
15 of capping it. You guys lose funding or is there
16 something you don't get if you open it up?

17 MS. MEYER: That's part of the program that
18 they're under, is that it is capped. And because --

19 VOICE: So if you look at -- if it wasn't
20 capped, is it still at the idea as it financially -- is it
21 still something that's doable?

22 I just feel that building something -- I'm sure
23 it's nice. But when you're limiting who can live there,
24 you're not allowing someone who can maybe make 70- or
25 \$80,000 a year who wants to live there live there. I

1 think you're just -- you know, when you limit it, I think
2 you limit the quality of person, no matter how you screen
3 them. I think if you limit it --

4 My question is, are you limiting it to get tax
5 relief? Or is there another reason for limiting the
6 salaries of people who can live there?

7 MS. MEYER: The salary limit is part of the
8 program. That's part of the --

9 VOICE: So if they don't live in it, I mean,
10 what do they lose? What is it --

11 MS. MEYER: Well, they -- I mean, the tax-
12 exempt bonds and also the 4 percent tax credits. That --
13 I mean, that's part of the program. And like I said
14 earlier in my presentation, HUD was trying to get out of
15 the public housing industry.

16 And they created the two programs to do -- to
17 build affordable housing, to put it in the private sector,
18 instead of having public housing. And that's what they're
19 doing. And this developer is an affordable builder.
20 That's all they do.

21 MR. JONES: So are you saying somebody who
22 makes \$70,000 a year is a better resident than somebody
23 who makes 40-?

24 VOICE: Quality does not come in income. But
25 when you only limit it to whether it's below or above,

1 then you are limiting the quality of people. You need to
2 continue to have them mixed, as in the neighborhood.

3 My neighbor and I probably don't make anywhere
4 close to the same amount of money, but we live in the
5 neighborhood. If you just bought a house and [inaudible]
6 qualified to move in.

7 MR. JONES: We're diverse in the people who
8 live there, not diverse in their incomes. Based on the
9 income, they're very similar in terms of income.

10 VOICE: I know of a nurse who just had
11 graduated. She wasn't making too much money. She was
12 denied at the residence at Mayfield. She makes too much
13 income. Please. Now, I don't know -- I mean, we're
14 talking about the Mayfield, but I think you're telling me
15 it's being capped, she couldn't live there because she
16 makes too much money. Too much money, a starting-out
17 nurse?

18 MR. SPICER: I can't speak for --

19 VOICE: And as a professional, she can share it
20 with the neighborhood. They can see a role model. People
21 also need role models. And they do come in every level of
22 income.

23 MR. JONES: Absolutely.

24 MR. SPICER: I can't speak for that. But I
25 know we do have -- we have nurses. We have firefighters

1 from the City of Dallas.

2 We have police officers. We have, you know, a
3 whole gamut of professionals, you know, and workers in
4 various industries that certainly do live on our property
5 site.

6 I can't speak for the nurse that got turned
7 down, and I don't know why. Certainly on our properties
8 we have a whole variety of professionals and workers who
9 have lived in our properties.

10 MR. JONES: And our financial guidelines is on
11 our website, what you can make with the number of people
12 in that -- the whole criteria is actually on our website,
13 across the board.

14 And we don't -- we don't even set the
15 guidelines. HUD does.

16 MS. MEYER: Are there any other questions?

17 VOICE: I was going to ask you about -- do you
18 all have a program that you mix the already homeowners
19 with the new property that we are dealing with?

20 MS. MEYER: What do you mean?

21 VOICE: I mean, of what he's saying, that you
22 know -- them two were talking, you know, the house values
23 going down. It's not about the house values. It's about
24 families.

25 MS. MEYER: Uh-huh.

1 VOICE: And the neighborhood. So I mean, you
2 know, if you live in a house, so what? I mean, I live in
3 an apartment. Can't we get together and do something?
4 It's about a neighborhood.

5 MS. MEYER: This is one developer that tries to
6 do that.

7 VOICE: HUD deals with neighborhood
8 communities.

9 MS. MEYER: Right.

10 VOICE: So I mean, you know, is there something
11 that you all know that will satisfy the homeowners?

12 MR. SPICER: We're working on several
13 programs --

14 VOICE: You know, something to mix and mingle
15 with, so you know, that's -- so if you live in a house, I
16 can't do anything with you, or I make more money than you,
17 or whatever? You know --

18 MR. SPICER: We're --

19 VOICE: It's not about that. I mean, I know --
20 that's why people get in homes, for the property value.
21 But it's not about that these days. Families are growing
22 too fast.

23 MR. JONES: We're not into homes. As a matter
24 of fact, we have a operation match program. For every
25 dollar our residents put back, we've matched it with \$1.40

1 for the down payment of a home. So we're not into homes.

2 I mean our real estate --

3 VOICE: So why not build them --

4 MR. SPICER: This is our business.

5 MR. JONES: We don't do homes. We don't deal
6 with homes.

7 MS. MEYER: One thing -- let me kind of clear
8 up on multifamily and single-family. There are a lot of
9 lower-income families that they might be able to afford
10 the payment on a house, but to take everything else into
11 consideration on a house, a lot of them can't afford that.
12 To keep their yard up, you know, if something breaks.

13 A lot of them are very fixed on income, and if
14 something goes wrong in a single-family house, it's their
15 responsibility. When they're in a multifamily complex, a
16 lightbulb burns out, the stove blows up, whatever, you've
17 got an apartment manager that's going to take care of
18 that.

19 And there is a lot of families and there is a
20 lot of need for multifamily complexes outside the single-
21 family residents.

22 VOICE: Well, how about that Habitat program?
23 Can't -- you know -- I'm sure if you were on the Habitat
24 list, you'd take that house. Right?

25 Yes, okay. A Habitat, if you're on the list,

1 you put 500 hours into building it, and you build these
2 houses along with the community. And then you get that
3 house, and you just need your whole mortgage payment.
4 That is it. And that's all that you put into it.

5 VOICE: Yes, that would be nice, but you
6 know --

7 VOICE: You know, but Arlington doesn't have
8 that.

9 VOICE: Yes.

10 VOICE: See, I think Arlington should do that
11 instead of building a 200-and-something -- you know, that
12 complex --

13 VOICE: This is a requirement HUD would --

14 VOICE: Well, that's what I'm saying. Well,
15 HUD is going by HUD standards.

16 MS. MEYER: Well, HUD sets the standards
17 because of the program.

18 VOICE: Right.

19 MS. MEYER: You know, that -- the builder is
20 not setting those limits. That -- the federal government
21 is actually setting that.

22 VOICE: It's their limits, like what HUD has
23 provided.

24 MS. MEYER: Right. Well, being -- it's their
25 program, so you have to kind of go by their guidelines as

1 to what you can do.

2 VOICE: Well, I think maybe the housing --
3 Habitat would be probably a better program.

4 MR. SPICER: Just real quick, I want to
5 recognize our local partner here. We are partnering this
6 development with the Tarrant County Housing Partnership
7 and Jason Hall, the Executive Director. I just want to
8 recognize him. He will be our local partner in this
9 development. And we're very glad to have them as our
10 partner. I just want to recognize him.

11 MS. MEYER: Are there any other questions?
12 Then I'll go ahead and start public comment, and you can
13 come up and make whatever comments you'd like to make.

14 Okay. The first one I have is Nancy Camp.

15 MS. CAMP: Hello. My name is Nancy Camp. And
16 I've been a resident here for 22 years. And I don't
17 believe that what's being built will affect whether I move
18 or not. But I'm also a classroom teacher here at Atherton
19 Elementary. And I've been here since 1985.

20 In 1985, the population -- or the student
21 enrollment was approximately 500 students. It got up to
22 950, and they built a new elementary across the street,
23 which is now full at 650.

24 Atherton is back up to 950 students. We have
25 eight temporaries outside. And we could add more

1 temporaries, but the real problem is getting that many
2 children through the cafeteria each day.

3 My daughter at Hale -- she goes to Hale. I
4 have two students across the street. She eats at one
5 o'clock in the afternoon. She's been working for five
6 hours. Okay.

7 The restrooms -- it's very difficult to get 950
8 children through the restrooms every day. It's difficult
9 to get them in the library and the gym. We have recess on
10 our playground. We have a lot of children out there.
11 It's difficult to watch all of them.

12 My concern is that if we add a multifamily
13 apartments in the area, we're adding another several
14 hundred students to the approximately 1,600 students that
15 now attend the two elementaries in this area. It's too
16 many children for us to effectively help and serve, not to
17 mention adequately.

18 All the research shows that you need to have
19 smaller groups and we can do that with the ratios they
20 provide by the state, as long as we put out more
21 temporaries. But it's just an almost impossible
22 situation.

23 And Atherton's attendance zone is Mayfield
24 Road, New York Avenue, Arkansas Lane and 360. And those
25 are pretty natural boundaries for Atherton right now. So

1 if they were to change the attendance zones, some kids
2 would be going across Arkansas, maybe Pioneer Parkway, or
3 New York.

4 We'd have to have more crossing guards. That's
5 my concern at this time, is that there are so many
6 children already located in this neighborhood, that it is
7 very difficult for us to meet their needs. And I'm
8 concerned about Atherton, as a teacher here. And I'm
9 concerned about Hale across the street as a parent of
10 children there.

11 So that's my concern about an additional
12 multifamily housing project in our neighborhood, no matter
13 who gets to live there.

14 MS. MEYER: Thank you.

15 Next person is Charlie Price.

16 MR. PRICE: My name is Charlie Price, and I'm
17 the neighborhood development coordinator for the City of
18 Arlington. And basically I'm here to express basically
19 thank you for the citizens that came out here and making
20 public comment about this proposed development.

21 I know everybody has their wishes, their wants,
22 their desires. I wish Habitat would build more houses
23 over here too. I deal with them daily, trying to get them
24 to find lots over here to build more houses, but they
25 won't, because they're centered in Fort Worth and not

1 Arlington.

2 And you can tell them I said that, because I
3 tell them that every day. Basically, the school district
4 does have an issue. This is -- this piece of tract has
5 been zoned multifamily for many years. The school
6 district has known about that zoning.

7 I do not think you can actually blame this
8 developer for, Hey, I want to build an apartment complex
9 here. It's going to be built multifamily, no matter what.
10 It is zoned multifamily. It is going to happen sooner or
11 later.

12 And that's the harsh thing that all of us have
13 to realize. It will happen sooner or later. You may have
14 found a quality developer here. You don't know until you
15 go out and look at his other properties. And I implore
16 you to go do that. Look them up. See what they've done.

17 Just -- if you want to do that kind of
18 expertise, looking through what they've done for a living.

19 But I will tell you this. The City of
20 Arlington doesn't promote this apartment complex being
21 built. But it doesn't dissuade it either, because we know
22 it is multifamily and it will happen. But the main thing
23 is, we want you to continue voicing your concerns.

24 Voice your concern here. Voice your concerns
25 at City Hall. Voice your concerns to the school district

1 about, hey, we've got overcrowding conditions here. We
2 need some help. You knew it was multifamily. Why haven't
3 you planned accordingly. Thank you.

4 And if you have any questions about single-
5 family programs, I do take care of the single-family
6 programs for the City of Arlington, Downpayment Closing
7 Cost Assistance Programs. I'm going to plug all my
8 programs. So if you need --

9 MS. MEYER: Oh, go right ahead.

10 MR. PRICE: -- trying to sell your house, we
11 can, you know, basically provide some downpayment closing
12 cost assistance for people who are wanting to buy in this
13 neighborhood.

14 We also have a bond program for single-family
15 home ownership. So we do promote single-family home
16 ownership.

17 I will tell you this, that this apartment
18 complex is not getting any kind of financial support from
19 the City of Arlington. None of your tax money is going
20 there. So you know that we're not sitting there
21 supporting it, but we're not dissuading it either, because
22 it is multifamily-zoned land.

23 So if you have any more questions, I'll be
24 standing around later.

25 MS. MEYER: I don't have anybody else that's

1 actually put down that they -- listed that they wanted to
2 speak. Is there anybody that would like to? Could you
3 state your name for the record?

4 MR. HALL: Yes. Hello. My name is Jason Hall.
5 I am the Executive Director of the Tarrant County Housing
6 Partnership. I'd like to echo what Charlie said. He and
7 I work closely on a lot of single-family activity. And to
8 let you all know that I'm happy that you're here, and that
9 you're expressing your comments, because I think that
10 that's integral to this process.

11 With that being said, I would say that as Jeff
12 has already alluded to, we are going to be the local
13 partner in this endeavor. We will be the owner -- I
14 represent the ownership entity. They represent,
15 obviously, the developer, the builder, and the management
16 company.

17 And I would just tell you that from TCHP
18 standpoint, that we support this project, and we support
19 the ideal that this project brings, because we see a lot
20 of activity that goes on with developers that aren't as
21 quality as Southwest Housing.

22 And we've looked at doing partnerships like
23 this in the past. And I can tell you that myself and my
24 board have not supported those because we did not feel as
25 comfortable with the property, or as comfortable with the

1 impact that it was going to have.

2 The mission of the Tarrant County Housing
3 Partnership is to provide for affordable housing, and also
4 to assist people in becoming homebuyers. One of the
5 things that attracts us to this, as we have already
6 alluded to, is the fact that we feel like it's going to
7 make an impact in the neighborhood, a positive impact in
8 the neighborhood.

9 And we're also excited about the fact that they
10 do have the individual development account available there
11 that we can use to try to cultivate buyers, to attract
12 people to the neighborhood, and then to use them to move
13 into single-family and make -- invest -- have a vested
14 stake in this community.

15 So I guess really that's all I have to say.
16 I'm just -- I support this idea, and that we're happy to
17 be a partner.

18 MS. MEYER: Thank you. Is there anybody else
19 that would like to speak? Okay. I'll give you a couple
20 of dates. Again, the close of public comment, if you want
21 to send any written comments or anything, I have some
22 cards up here I'll be glad to give you as soon as the
23 hearing is over.

24 The close of public comment is five o'clock on
25 September 26. Right now the TDHCA board meeting is

1 scheduled for October 9. There is a possibility that may
2 change to the 16th. We -- having a few issues there that
3 we need to address.

4 Right now it is scheduled for the 9th, but
5 that -- it very well may change to the 16th. So just to
6 give you those two dates. And at this time, since there
7 are no more questions, I'd like to conclude the hearing.
8 And it is now 7:07.

9 (Whereupon, at 7:07 p.m., the public hearing was
10 concluded.)

C E R T I F I C A T E1
2
3
4
5
6
7
8
9
10
11

MEETING OF: TDHCA
Arlington Villas Apartment Public Hearing
LOCATION: Arlington, Texas
DATE: September 3, 2003

I do hereby certify that the foregoing pages,
numbers 1 through 50, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Debi Eaton before the
Texas Department of Housing and Community Affairs.

09/10/03

(Transcriber) (Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731

**Low Income Housing Tax Credit Program
Board Action Request
October 9, 2003**

Action Item

Request, review, and board determination of one (1) four percent (4%) tax credit application with TDHCA as the issuer.

Recommendation

Staff is recommending that the board review and approve the issuance of four percent (4%) Tax Credit Determination Notice with **TDHCA** as the Issuer for tax exempt bond transactions known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Recommended Credit Allocation
03424	Arlington Villas	Arlington	TDHCA	280	280	\$24,495,461	\$16,700,000	\$752,224

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 9, 2003

Action Items

Review Transfer of Funds from Single Family Bond Production from 1983 Multifamily Transaction in the Amount of \$308,884.50 to the Multifamily Finance Production Division to Augment the Junior Lien Preservation Program and to Increase the Notice of Funding Availability for the MF Housing Incentives Program by \$308,884.50

Required Action

Approve recommendations to transfer funds from Single Family Bond Production to Multifamily Finance Production and increase the existing Notice of Funding Availability for the Multifamily Housing Preservation Incentives Demonstration Program by \$308,884.50.

Background and Recommendations

In February of 2002 the Department's Board approved an allocation of \$2,000,000 from the Junior Lien proceeds to be utilized for the preservation of affordable multifamily housing. In May, the Department published a NOFA for a Preservation Incentive Program, a pilot program funded with that \$2,000,000 and began to accept applications. Because of the nature of timing preservation transactions, the funds are available through an open cycle, on a first-come-first-considered basis, with fallback provisions to prioritize transactions in case of an over-subscription. To date, this approach has worked well. In July, the Board approved the first four transactions under the program, and allocated an additional \$2,000,000 of Junior Lien bond proceeds to the program.

Six loans have been made through this program (see activity summary attached) totaling awards of \$3,877,330, with a balance of \$122,670 of the original \$4 million. In April 2003, the Board approved an additional allocation to the program from the Junior Lien bond proceeds in the amount of \$152,944; in September 2003, the Board approved the transfer of the balance of BMIR Program Funds into this Preservation Incentives Program which is currently \$344,961, for a total of \$620,575.

Staff is now requesting that \$308,884.50 of residual funds be transferred to this program. These funds were generated from 1983 Texas Housing Agency Multi-family Housing Revenue Bonds (Mutual Benefit Life Mortgage Loan Guarantor), 1983 Series A/B as follows:

Series A Revenue Fund =	\$155,672.60
Series B Revenue Fund =	\$99,170.59
Series B General Fund =	\$54,041.31
Total =	\$308,884.50

Upon approval of this proposal, the total available balance of funds for the Program, under the existing NOFA, will be \$929,459.50.

Summary of Source and Award Activity
Multifamily Housing Preservation Incentives Program

Fund Allocations	Date	Amount
Board Allocation (2002 Jr. Lien Proceeds)	2/21/2002	2,000,000
Board Allocation (2002 Jr. Lien Proceeds)	7/29/2002	2,000,000
Board Allocation (2002 Jr. Lien Proceeds)	4/10/2003	152,944
Board Allocation (BMIR Program)	9/11/2003	344,961
Total		\$4,497,905

Project Awards	Date	Amount
Walnut Hills Apts., Baird, Callahan Co.	7/29/2002	282,355
Colony Park Apts., Eastland, Eastland Co.	7/29/2002	633,078
Cedar Ridge Apts., Dayton, Liberty Co	11/14/2002	1,000,000
Cameron Apts., Cameron, Milam Co.	8/26/2002	852,240
Country Club Village Apts., San Antonio, Bexar County	4/10/2003	909,657
Cedar Cove Apts. Sealy, Texas	7/30/2003	200,000
Total		\$3,877,330

Available Funds (Current Balance)	\$620,575
Amount Requested for Transfer 10/9/03	308,884.50
Available Funds with Approval	\$929,459.50



WWW.TDHCA.STATE.TX.US

**REQUEST FOR BOARD APPROVAL
Multifamily Finance Production**

2004 Private Activity Bond Program

**32 Priority 1A Applications
2 Priority 1B Applications
8 Priority 1C Applications
4 Priority 2 Applications
46 Total Applications Received**

TABLE OF EXHIBITS

TAB 1	TDHCA Board Presentation
TAB 2	Summary of Applications
TAB 3	Scoring Criteria
TAB 4	Inducement Resolution
TAB 5	Priority 1A Applications and Prequalification Analysis
TAB 6	Priority 1B Applications and Prequalification Analysis
TAB 7	Priority 1C Applications and Prequalification Analysis
TAB 8	Priority 2 Applications and Prequalification Analysis

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

MEMORANDUM

To: Board of Directors

From: Brooke Boston
Director of Multifamily Finance Production

Date: October 9, 2003

Re: Inducement Resolutions for Multifamily Housing Mortgage Revenue Bonds and Authorization for Filing Applications for Year 2004 Private Activity Bond Authority

Action Requested:

Approve Inducement Resolutions (sample attached) to proceed with applications to the Texas Bond Review Board for possible receipt of State Volume Cap issuance authority in the 2004 lottery process with the intent to issue tax-exempt mortgage revenue bonds to finance the acquisition, construction or rehabilitation, equipping and permanent financing of the subject properties listed on the attached report. The issuance of the proposed bonds is subject to: (1) actual allocation of the State Volume Cap; (2) favorable completion of the Department's underwriting of the property feasibility and bond structure; (3) approval of the final structure and bond documents by the Department's Board; and, (4) possible approval by the Texas Bond Review Board.

Attached is a report of forty-six (46) applications totalling approximately \$649 million received by the Department for the Year 2004 Multifamily Housing Mortgage Revenue Bond program.

With your approval, the Department will submit applications for each property recommended for inducement to the Texas Bond Review Board ("BRB") to participate in the upcoming lottery for private-activity ceiling cap to finance these properties. This memorandum is intended to provide some background information on the lottery process and to summarize this Board's action as contemplated by the Inducement Resolutions.

2004 Private-Activity Bond Lottery Process:

Each year, the State of Texas receives a cap on the amount of private-activity, tax-exempt revenue bonds that may be issued within the state (approximately \$1.633 billion for 2003). This cap is determined based on the population of the state as estimated by the Census Bureau (\$75 per person). Of this total amount, 23% is allocated by the Texas Legislature for multifamily

housing. Based on last year's population figures, approximately \$367 million is estimated to be available for multifamily housing in 2004.

Eligible issuers apply to the Bond Review Board for the authority to issue private activity bonds, and a Lottery is held to determine the priority with which every project might receive funding. Every project is assigned a number through the lottery system, and the Private Activity Bond authority is allocated starting with the lowest lottery numbers and continuing down the list until the entire cap has been reserved. Projects which do not initially receive a reservation for bond authority remain on the list throughout the year, as further authority may become available during the year. Those issuers that receive a Reservation for private-activity cap for a property will have 150 days from the date of the Reservation to close the transaction. If the transaction is not closed within that 150 day timeframe, the Reservation is canceled and the next project on the waiting list receives the Reservation and likewise has 150 days from that Reservation date to close.

In addition to the lottery system, the 78th legislature in 2003, through Senate Bill 264, required the Department to establish a scoring system for applications and rank the developments according to score. The Department staff will finalize the application scores by October 28, 2003 once public input has been received. The application will then be ranked and submitted to the Bond Review Board for placement in the lottery. The ranking will remain throughout the 2004 year program year. The submission to the lottery allows the Department to participate in additional money that is available to the state on August 15, 2004.

The priority system was amended in 2003 in order to encourage the production of more affordable housing. The multifamily subceiling was further divided into five categories according to the affordability of the rents. Reservations would be given to projects in the highest priorities, still according to lot number, before being offered to any projects in subsequent priorities. The priority system is summarized as follows:

Priority 1A: 50% of the unit rents are set aside at 50% AMFI and the remaining 50% of the unit rents are set aside at 60% AMFI, adjusted for family size.
Developers are required to use the 4% HTC Program

Priority 1B: 15% of the unit rents are set aside at 30% AMFI and the remain 85% of the unit rents are set aside at 60% AMFI, adjusted for family size.
Developers are required to use 4% HTC Program

Priority 1C: 100% of the unit rents are set aside at 60% AMFI, adjusted for family size, for development located in census tracts with median incomes higher than the AMFI.
Developers are required to use 4% HTC Program

Priority 2: 100% of the unit rents are set aside at 60% AMFI, adjusted for family size.
Developers are required to use 4% HTC Program

Priority 3: Tax code set aside requirements (either 20% at 50% AMFI or 40% at 60% AMFI). No rent caps are mandated (although issuers may impose).
Use of the 4% HTC Program is at the developers option.

Of the entire multifamily subceiling, seventy percent (70%) will be allocated to each of the thirteen (13) state service regions based on population, and is reserved only for local issuers until August 15, 2004. The twenty percent (20%) is available exclusively to TDHCA and 10% is available exclusively to TSAHC until August 15, 2004, to be issued for projects throughout the state. Additionally, no more than fifty percent (50%) of the multifamily subceiling can be allocated to projects located in Qualified Census Tracts, and after June 1 Priority I expands to include any projects in Counties or MSAs with median income below statewide median.

This year, the application window for submitting proposed multifamily issues to the Bond Review Board for the lottery runs from October 6, 2003 through October 20, 2003. The lottery will be held on **October 30, 2003**. Although the lottery is held in October, the official authority to issue bonds (called a "Reservation" of private-activity cap) does not become effective until after January 1, 2004.

TDHCA Application Process and Prequalification Analysis:

Developers were required to submit a Pre-Application to the Department by September 2, 2003. Prior to the submission of the Pre-Application, staff met with a representative of each developer to discuss the proposed project including underwriting parameters, development plans, zoning and permitting issues as well as the likelihood for local community support for the property. Developers who already have experience closing a bond transaction were not required to attend a pre-application meeting.

The Pre-Application itself consists of the Uniform TDHCA Application with all exhibits; a copy of the earnest money contract or warranty deed; a construction draw and lease-up proforma; current market information including occupancy and rental comparables; and, other supporting documentation to the application.

Staff reviewed each Pre-Application for completeness and prepared a Prequalification Analysis for each property. The Prequalification Analysis focuses on the developer's construction cost assumptions, sources and uses of funds, operating proforma and debt coverage. Staff scored each application in accordance with the "Private Activity Bond Program Scoring Criteria". Market information was also reviewed to ensure that the proposed rents were reasonable and that sub-market occupancy would support the additional units.

In some instances, developers submitted multiple applications for properties in the same sub-market or Qualified Census Tract. TDHCA will only issue transactions as supportable by the sub-market and in accordance with the legislative requirements (one mile rule) and TDHCA's concentration policy.

The Department received a total of forty-six (46) applications, of which thirty-two (32) applications are being considered under Priority 1A, two (2) applications are being considered under Priority 1B, eight (8) applications are being considered under Priority 1C and the remaining four (4) applications are being considered under Priority 2.

Summary of an Inducement Resolution:

A component of the application to the Bond Review Board to participate in the lottery is an Inducement Resolution from the Issuer. Basically, the Inducement Resolution provides the Bond Review Board with evidence that an issuer has entered into discussions with the developer of a multifamily property and that the issuer has an interest in issuing bonds for the subject property. **An Inducement Resolution is not a commitment by TDHCA to issue bonds.** The issuance of bonds is subject to this Board's approval of the fully underwritten transaction, including among other items, the feasibility of the project, the structure of the bonds and loan terms, and satisfaction of the Board that the development meets all public policy criteria. The Inducement Resolution authorizes staff, Bond Counsel, and other consultants to proceed with filing an application to the Bond Review Board for an allocation of private-activity ceiling cap and to proceed with underwriting and document preparation which are subject to the Board's approval.

Generally, an Inducement Resolution:

1. summarizes TDHCA's legal authority to issue tax-exempt mortgage revenue bonds;
2. indicates that the developer has requested financing for a project and a willingness to enter into contractual arrangements with TDHCA regarding the property and the financing;
3. states that TDHCA expects, subject to certain conditions and findings as addressed below, to incur tax-exempt or taxable obligations (in the form of revenue bonds) for financing the project;
4. summarizes the requirement to submit an application for private-activity bonds to the Bond Review Board;
5. cites certain findings with respect to the property, the owner and the financing with regard to (a) the necessity of providing affordable housing, (b) the quality and design of housing which will be provided for the tenants, (c) the public purpose and public benefit provided by the financing, and (d) the legal authority under which the issuance will be made;

6. provides for an authorization of the issue subject to underwriting for financial feasibility and other conditions;
7. states a maximum amount of bonds contemplated by the issue;
8. states that the bonds are to be limited obligations of TDHCA payable solely from the revenues generated from the mortgage loan; and,
9. states that the bonds are not obligations of the State of Texas.

Staff Recommendation:

Approve as presented.

Texas Department of Housing and Community Affairs
Multifamily Private Activity Bond Program

Bond ID	Development Name	Development Address	City
2004-001	Chisholm Trail Apartments	18204 Chisholm Trail	Houston
2004-002	Montgomery Pines Apartments	23461 US Hwy 59	Porter
2004-003	Lake June Park Apartments	9600 Lake June Road	Dallas
2004-004	Post Oak East Apartments	3800 Post Oak Blvd	Fort Worth
2004-005	Pinnacle Apartments	10500 Huffmeister Road	Houston
2004-006	Sugar Pines Apartments	17000 Sugar Pine Drive	Houston
2004-007	Wellington Park Apartments	9100 Mills Road	Houston
2004-008	Mayfair Apartments	1200 block of Greens Parkway	Houston
2004-009	Post Oak West Apartments	3900 Post Oak Blvd	Fort Worth
2004-010	Sphinx @ Delafield	8200 Hoyle Avenue	Dallas
2004-011	Sphinx @ Greens	1300 block of Greens Parkway	Houston
2004-012	Rosemont @ Trinity	SW corner of Trinity & Lower Precinct Line	Fort Worth
2004-013	Rosemont @ Dreeben	SW corner of Hwy 183 & Dreeben	Haltom City
2004-014	Rosemont @ Shiver	W side of N Beach Street @ Shiver Road	Fort Worth
2004-015	Rosemont @ Parkway	NW corner of N Tarrant Pkwy & Park Vista (Ray White)	Fort Worth
2004-016	Rosemont @ Paschall	1420 Military Road	Mesquite
2004-017	Primrose @ Stonebrook	S side of Stonebrook west of Preston	Frisco
2004-018	Rosemont @ Cooks Lane	NW corner of I30 & Cooks Lane	Fort Worth
2004-019	Rosemont @ Chenault	2600 Eastfield Blvd	Mesquite
2004-020	Churchill @ Georgetown Senior Apartment Community	NE corner of John Hamilton Pkwy & Page Whitney Pkwy	Georgetown
2004-021	Churchill @ Round Rock Townhome Community	Highway 79 at Joe DiMaggio Parkway	Round Rock
2004-022	Churchill at Pinnacle Park	1400 block of N. Cockrell Hill Road	Dallas
2004-023	Evergreen @ Las Colinas Senior Apt. Community	2200 block of Kinwest Pkwy.	Irving
2004-024	Evergreen at Plano Independence Senior Community	Plano Pkwy & Independence Avenue SEC	Plano
2004-025	Evergreen @ Plano Stonebriar	SE corner of Ohio Drive & McDermott	Plano
2004-026	Western Hills Apartments	500 Tomar Drive	San Antonio
2004-027	Tranquility Bay Apartments	4800 CR 91	Pearland
2004-028	Creekside Manor Apartments	500 Tidwell Road	Houston
2004-029	Rose Court at Westmoreland	1353 N Westmoreland	Dallas
2004-030	Rose Court at College Park	4200 Texas College Drive	Dallas
2004-031	Rose Court at Remond	1153 N Westmoreland	Dallas
2004-032	Rose Court at Madison III	3600 SRL Thornton Frwy (Early Dawn Trail)	Dallas
2004-033	Rose Court at Madison	3600 SRL Thornton Frwy (4900 Village Fair)	Dallas
2004-034	Hills Apartments	15000 Aldine-Westfield Road	Houston
2004-035	Rose Court at Pearsall A	SW corner Old Pearsall & SW Military Drive	San Antonio
2004-036	Rose Court at Wimbeldon	7915 S. Lancaster Road	Dallas
2004-037	Rose Court III	500 E. Camp Wisdom Road	Dallas
2004-038	Rose Court at Riverside	640 Riverside Drive	San Antonio
2004-039	Merry Oaks Homes	5300 W. Military Drive	San Antonio
2004-040	Rose Court at Forney Heights	8800 Forney Road	Dallas
2004-041	Rose Court at Prairie Oaks	2700 Prairie Oaks Drive	Arlington
2004-042	Rose Court at Riverside II	9415 Bruton	Dallas
2004-043	Rose Court at Simpson Stuart	3111 Simpson Stuart	Dallas
2004-044	Rose Court on the Stream	2909 N Buckner Blvd	Dallas
2004-045	Alta Renn Apartments	13000 block of Renn Road	Houston
2004-046	Alta Cullen Apartments	3500 block of Beltway 8	Houston

- * Priority 1A - 50% of units at 50% AMFI and 50% of units at 60% AMFI
- * Priority 1B - 15% of units at 30% AMFI and 85% of units at 60% AMFI
- * Priority 1C - 100% of unit at 60% AMFI with locations in Census Tract above AMFI

** Scores will be Finalized October 28, 2003 and Ranked. The list will be posted to the TDHCA website and submitted to the Bond Review Board.

Texas Department of Housing and Community Affairs
Multifamily Private Activity Bond Program

Bond ID	Development Name	County	Zip	Priority	PI(*)	Self Score	TDHCA Preliminary Score (**)	Applicant Requested Amount of Bonds
2004-001	Chisholm Trail Apartments	Harris	77060	1	A	83	71	\$ 12,500,000
2004-002	Montgomery Pines Apartments	Montgomery	77365	1	A	83	71	\$ 12,300,000
2004-003	Lake June Park Apartments	Dallas	75217	1	A	67	67	\$ 13,900,000
2004-004	Post Oak East Apartments	Tarrant	76040	1	B	79	61	\$ 13,000,000
2004-005	Pinnacle Apartments	Harris	77065	1	C	83	70	\$ 15,000,000
2004-006	Sugar Pines Apartments	Harris	77057	2		84	67	\$ 11,600,000
2004-007	Wellington Park Apartments	Harris	77070	1	C	83	71	\$ 15,000,000
2004-008	Mayfair Apartments	Harris	77067	1	A	83	71	\$ 15,000,000
2004-009	Post Oak West Apartments	Tarrant	76040	1	B	79	61	\$ 13,000,000
2004-010	Sphinx @ Delafield	Dallas	75227	1	A	84	62	\$ 15,000,000
2004-011	Sphinx @ Greens	Harris	77067	1	A	84	67	\$ 15,000,000
2004-012	Rosemont @ Trinity	Tarrant	76053	1	A	64	59	\$ 15,000,000
2004-013	Rosemont @ Dreeben	Tarrant	76117	1	A	56	51	\$ 15,000,000
2004-014	Rosemont @ Shiver	Tarrant	75248	1	A	61	55	\$ 15,000,000
2004-015	Rosemont @ Parkway	Tarrant	76248	1	A	60	52	\$ 15,000,000
2004-016	Rosemont @ Paschall	Dallas	75149	1	A	62	57	\$ 15,000,000
2004-017	Primrose @ Stonebrook	Collin	75034	1	A	63	53	\$ 14,660,000
2004-018	Rosemont @ Cooks Lane	Tarrant	76120	1	A	49	44	\$ 15,000,000
2004-019	Rosemont @ Chenault	Dallas	75150	1	A	53	47	\$ 15,000,000
2004-020	Churchill @ Georgetown Senior Apartment Community	Williamson	78626	1	A	69	64	\$ 15,000,000
2004-021	Churchill @ Round Rock Townhome Community	Williamson	78664	1	A	71	66	\$ 17,450,000
2004-022	Churchill at Pinnacle Park	Dallas	75211	1	A	67	62	\$ 11,679,459
2004-023	Evergreen @ Las Colinas Senior Apt. Community	Dallas	75063	1	C	71	66	\$ 13,637,309
2004-024	Evergreen at Plano Independence Senior Community	Collin	75075	1	C	71	66	\$ 15,000,000
2004-025	Evergreen @ Plano Stonebriar	Collin	75024	1	C	71	66	\$ 15,000,000
2004-026	Western Hills Apartments	Bexar	78227	1	A	83	71	\$ 4,334,000
2004-027	Tranquility Bay Apartments		77581	1	C	70	70	\$ 15,000,000
2004-028	Creekside Manor Apartments	Harris	77022	1	A	72	67	\$ 13,500,000
2004-029	Rose Court at Westmoreland	Dallas	75211	1	A	51	46	\$ 15,000,000
2004-030	Rose Court at College Park	Dallas	75241	1	A	47	42	\$ 15,000,000
2004-031	Rose Court at Remond	Dallas	75211	1	A	45	40	\$ 15,000,000
2004-032	Rose Court at Madison III	Dallas	75224	1	A	43	37	\$ 15,000,000
2004-033	Rose Court at Madison	Dallas	75224	1	A	43	37	\$ 15,000,000
2004-034	Hills Apartments	Harris	77032	1	A	62	50	\$ 11,580,000
2004-035	Rose Court at Pearsall A	Bexar	78242	2		48	35	\$ 13,280,000
2004-036	Rose Court at Wimbeldon	Dallas	75241	1	A	51	47	\$ 15,000,000
2004-037	Rose Court III	Dallas	75241	1	A	48	42	\$ 15,000,000
2004-038	Rose Court at Riverside	Bexar	78223	2		52	42	\$ 13,280,000
2004-039	Merry Oaks Homes	Bexar	78242	2		54	40	\$ 13,280,000
2004-040	Rose Court at Forney Heights	Dallas	75227	1	A	42	37	\$ 15,000,000
2004-041	Rose Court at Prairie Oaks	Tarrant	76010	1	A	43	38	\$ 13,350,000
2004-042	Rose Court at Riverside II	Dallas	75217	1	A	46	41	\$ 15,000,000
2004-043	Rose Court at Simpson Stuart	Dallas	75241	1	A	42	37	\$ 15,000,000
2004-044	Rose Court on the Stream	Dallas	75201	1	A	42	37	\$ 15,000,000
2004-045	Alta Renn Apartments	Harris	77083	1	C	69	59	\$ 14,000,000
2004-046	Alta Cullen Apartments	Harris	77047	1	C	65	56	\$ 14,000,000

* Priority 1A - 50% of units at 50% AMFI and 50% of units at

* Priority 1B - 15% of units at 30% AMFI and 85% of units at

* Priority 1C - 100% of unit at 60% AMFI with locations in C

** Scores will be Finalized October 28, 2003 and Ranked.The Review Board.

Texas Department of Housing and Community Affairs
Multifamily Private Activity Bond Program

Bond ID	Development Name	TDHCA Recommended Amount	# Units	Borrower Contact	Phone No.
2004-001	Chisholm Trail Apartments	\$ 12,000,000	228	Gerald Russell	713-977-1772
2004-002	Montgomery Pines Apartments	\$ 12,300,000	224	Gerald Russell	713-977-1772
2004-003	Lake June Park Apartments	\$ 13,900,000	250	Brent Stewart	512-477-9900
2004-004	Post Oak East Apartments	\$ 13,000,000	250	Steve Ford	713-334-5514
2004-005	Pinnacle Apartments	\$ 15,000,000	248	Dwayne Henson	713-334-5808
2004-006	Sugar Pines Apartments	\$ 11,600,000	200	Steve Ford	713-334-5514
2004-007	Wellington Park Apartments	\$ 15,000,000	248	Dwayne Henson	713-334-5808
2004-008	Mayfair Apartments	\$ 13,000,000	248	Dwayne Henson	713-334-5808
2004-009	Post Oak West Apartments	\$ 13,000,000	250	Steve Ford	713-334-5514
2004-010	Sphinx @ Delafield	\$ 13,600,000	220	Jay Oji	214-342-1400
2004-011	Sphinx @ Greens	\$ 14,300,000	250	Jay Oji	214-342-1400
2004-012	Rosemont @ Trinity	\$ 15,000,000	250	Brian Potashnik	214-891-1402
2004-013	Rosemont @ Dreeben	\$ 15,000,000	250	Brian Potashnik	214-891-1402
2004-014	Rosemont @ Shiver	\$ 15,000,000	250	Brian Potashnik	214-891-1402
2004-015	Rosemont @ Parkway	\$ 15,000,000	250	Brian Potashnik	214-891-1402
2004-016	Rosemont @ Paschall	\$ 15,000,000	250	Brian Potashnik	214-891-1402
2004-017	Primrose @ Stonebrook	\$ 14,700,000	200	Brian Potashnik	214-891-1402
2004-018	Rosemont @ Cooks Lane	\$ 15,000,000	250	Brian Potashnik	214-891-1402
2004-019	Rosemont @ Chenault	\$ 15,000,000	250	Brian Potashnik	214-891-1402
2004-020	Churchill @ Georgetown Senior Apartment Community	\$ 15,000,000	250	Mike Anderson/Don Maison	214-720-0430
2004-021	Churchill @ Round Rock Townhome Community	\$ 15,000,000	250	Mike Anderson/Don Maison	214-720-0430
2004-022	Churchill at Pinnacle Park	\$ 11,700,000	200	Betts Hoover/Bradley E. Forslund	214-720-0430
2004-023	Evergreen @ Las Colinas Senior Apt. Community	\$ 13,700,000	240	Betts Hoover/Bradley E. Forslund	214-720-0430
2004-024	Evergreen at Plano Independence Senior Community	\$ 15,000,000	250	Mike Anderson/Don Maison	214-720-0430
2004-025	Evergreen @ Plano Stonebriar	\$ 15,000,000	250	Brad Forslund	214-720-0430
2004-026	Western Hills Apartments	\$ 4,400,000	149	Sandra Williams	210-731-8030
2004-027	Tranquility Bay Apartments	\$ 14,600,000	250	Chris Richardson	713-914-9200
2004-028	Creekside Manor Apartments	\$ 12,000,000	250	Chris Richardson	713-914-9200
2004-029	Rose Court at Westmoreland	\$ 15,000,000	250	Matt Harris	972-239-8500 X111
2004-030	Rose Court at College Park	\$ 15,000,000	250	Matt Harris	972-239-8500 X111
2004-031	Rose Court at Remond	\$ 15,000,000	250	Matt Harris	972-239-8500 X111
2004-032	Rose Court at Madison III	\$ 15,000,000	250	Matt Harris	972-239-8500 X111
2004-033	Rose Court at Madison	\$ 15,000,000	250	Matt Harris	972-239-8500 X111
2004-034	Hills Apartments	\$ 11,600,000	248	Justin Zimmerman	417-883-1632
2004-035	Rose Court at Pearsall A	\$ 13,300,000	250	Matt Harris	972-239-8500 X111
2004-036	Rose Court at Wimbeldon	\$ 15,000,000	250	Matt Harris	972-239-8500 X111
2004-037	Rose Court III	\$ 15,000,000	250	Matt Harris	972-239-8500 X111
2004-038	Rose Court at Riverside	\$ 13,300,000	250	Matt Harris	972-239-8500 X111
2004-039	Merry Oaks Homes	\$ 13,300,000	250	Matt Harris	972-239-8500 X111
2004-040	Rose Court at Forney Heights	\$ 15,000,000	250	Matt Harris	972-239-8500 X111
2004-041	Rose Court at Prairie Oaks	\$ 13,400,000	250	Matt Harris	972-239-8500 X111
2004-042	Rose Court at Riverside II	\$ 15,000,000	250	Matt Harris	972-239-8500 X111
2004-043	Rose Court at Simpson Stuart	\$ 15,000,000	250	Matt Harris	972-239-8500 X111
2004-044	Rose Court on the Stream	\$ 15,000,000	250	Matt Harris	972-239-8500 X111
2004-045	Alta Renn Apartments	\$ 14,000,000	240	Bernard Felder	704-332-8995
2004-046	Alta Cullen Apartments	\$ 14,000,000	240	Bernard Felder	704-332-8995

* Priority 1A - 50% of units at 50% AMFI and 50% of units at
 * Priority 1B - 15% of units at 30% AMFI and 85% of units at
 * Priority 1C - 100% of unit at 60% AMFI with locations in C

** Scores will be Finalized October 28, 2003 and Ranked.The Review Board.

Texas Department of Housing and Community Affairs
Multifamily Private Activity Bond Program

Bond ID	Development Name	State Senator	State Representative	TDHCA Fees	Vinson & Elkins Fees	Bond Review Board Fees
2004-001	Chisholm Trail Apartments	John Whitmire	Senfronia Thompson	\$ 1,000	\$ 1,500	\$ 5,000
2004-002	Montgomery Pines Apartments	Tommy Williams	Dan Ellis	\$ 1,000	\$ 1,500	\$ 5,000
2004-003	Lake June Park Apartments	Royce West	Jesse Jones	\$ 1,000	\$ 1,500	\$ 5,000
2004-004	Post Oak East Apartments	Jane Nelson	Todd Smith	\$ 1,000	\$ 1,500	\$ 5,000
2004-005	Pinnacle Apartments	Jon Lindsay	Corbin Van Arsdale	\$ 1,000	\$ 1,500	\$ 5,000
2004-006	Sugar Pines Apartments	Jon Lindsay	Debbie Riddle	\$ 1,000	\$ 1,500	\$ 5,000
2004-007	Wellington Park Apartments	Jon Lindsay	Paggy Hamric	\$ 1,000	\$ 1,500	\$ 5,000
2004-008	Mayfair Apartments	John Whitmire	Sylvester Turner	\$ 1,000	\$ 1,500	\$ 5,000
2004-009	Post Oak West Apartments	Jane Nelson	Todd Smith	\$ 1,000	\$ 1,500	\$ 5,000
2004-010	Sphinx @ Delafield	Royce West	Terri Hodge	\$ 1,000	\$ 1,500	\$ 5,000
2004-011	Sphinx @ Greens	John Whitmire	Sylvester Turner	\$ 1,000	\$ 1,500	\$ 5,000
2004-012	Rosemont @ Trinity	Kim Brimer	Bob Griggs	\$ 1,000	\$ 1,500	\$ 5,000
2004-013	Rosemont @ Dreeben	Jane Nelson	Bob Griggs	\$ 1,000	\$ 1,500	\$ 5,000
2004-014	Rosemont @ Shiver	Jane Nelson	Bob Griggs	\$ 1,000	\$ 1,500	\$ 5,000
2004-015	Rosemont @ Parkway	Jane Nelson	Bob Griggs	\$ 1,000	\$ 1,500	\$ 5,000
2004-016	Rosemont @ Paschall	Bob Deuell	Elvira Reyna	\$ 1,000	\$ 1,500	\$ 5,000
2004-017	Primrose @ Stonebrook	Florence Shapiro	Ken Paxton	\$ 1,000	\$ 1,500	\$ 5,000
2004-018	Rosemont @ Cooks Lane	Kim Brimer	Glenn Lewis	\$ 1,000	\$ 1,500	\$ 5,000
2004-019	Rosemont @ Chenault	Bob Deuell	Elvira Reyna	\$ 1,000	\$ 1,500	\$ 5,000
2004-020	Churchill @ Georgetown Senior Apartment Community	Steve Ogden	Mike Krusee	\$ 1,000	\$ 1,500	\$ 5,000
2004-021	Churchill @ Round Rock Townhome Community	Steve Ogden	Mike Krusee	\$ 1,000	\$ 1,500	\$ 5,000
2004-022	Churchill at Pinnacle Park	Royce West	Roberto Alonzo	\$ 1,000	\$ 1,500	\$ 5,000
2004-023	Evergreen @ Las Colinas Senior Apt. Community	Florence Shapiro	Linda Harper-Brown	\$ 1,000	\$ 1,500	\$ 5,000
2004-024	Evergreen at Plano Independence Senior Community	Florence Shapiro	Brian McCall	\$ 1,000	\$ 1,500	\$ 5,000
2004-025	Evergreen @ Plano Stonebriar	Florence Shapiro	Brian McCall	\$ 1,000	\$ 1,500	\$ 5,000
2004-026	Western Hills Apartments	Leticia Van De Putte	Ken Mercer	\$ 1,000	\$ 1,500	\$ 5,000
2004-027	Tranquility Bay Apartments	Mike Jackson	Glenda Dawson	\$ 1,000	\$ 1,500	\$ 5,000
2004-028	Creekside Manor Apartments	Mario Gallegos	Kevin Bailey	\$ 1,000	\$ 1,500	\$ 5,000
2004-029	Rose Court at Westmoreland	Royce West	Roberto Alonzo	\$ 1,000	\$ 1,500	\$ 5,000
2004-030	Rose Court at College Park	Royce West	Helen Giddings	\$ 1,000	\$ 1,500	\$ 5,000
2004-031	Rose Court at Remond	Royce West	Roberto Alonzo	\$ 1,000	\$ 1,500	\$ 5,000
2004-032	Rose Court at Madison III	Royce West	Roberto Alonzo	\$ 1,000	\$ 1,500	\$ 5,000
2004-033	Rose Court at Madison	Royce West	Roberto Alonzo	\$ 1,000	\$ 1,500	\$ 5,000
2004-034	Hills Apartments	Mario Gallegos	Senfronia Thompson	\$ 1,000	\$ 1,500	\$ 5,000
2004-035	Rose Court at Pearsall A	Frank Madla	Ken Mercer	\$ 1,000	\$ 1,500	\$ 5,000
2004-036	Rose Court at Wimbeldon	Royce West	Helen Giddings	\$ 1,000	\$ 1,500	\$ 5,000
2004-037	Rose Court III	Royce West	Helen Giddings	\$ 1,000	\$ 1,500	\$ 5,000
2004-038	Rose Court at Riverside	Frank Madla	Robert Puente	\$ 1,000	\$ 1,500	\$ 5,000
2004-039	Merry Oaks Homes	Frank Madla	Ken Mercer	\$ 1,000	\$ 1,500	\$ 5,000
2004-040	Rose Court at Forney Heights	Royce West	Terri Hodge	\$ 1,000	\$ 1,500	\$ 5,000
2004-041	Rose Court at Prairie Oaks	Chris Harris	Toby Goodman	\$ 1,000	\$ 1,500	\$ 5,000
2004-042	Rose Court at Riverside II	Royce West	Terri Hodge	\$ 1,000	\$ 1,500	\$ 5,000
2004-043	Rose Court at Simpson Stuart	Royce West	Helen Giddings	\$ 1,000	\$ 1,500	\$ 5,000
2004-044	Rose Court on the Stream	Royce West	Terri Hodge	\$ 1,000	\$ 1,500	\$ 5,000
2004-045	Alta Renn Apartments	Kyle Janek	Talmadge Heflin	\$ 1,000	\$ 1,500	\$ 5,000
2004-046	Alta Cullen Apartments	Rodney Ellis	Ron Wilson	\$ 1,000	\$ 1,500	\$ 5,000

- * Priority 1A - 50% of units at 50% AMFI and 50% of units at
- * Priority 1B - 15% of units at 30% AMFI and 85% of units at
- * Priority 1C - 100% of unit at 60% AMFI with locations in C

** Scores will be Finalized October 28, 2003 and Ranked.The Review Board.

Private Activity Bond Program Scoring Criteria

Construction Cost Per Unit (includes: site work, contractor profit, overhead, general requirements and contingency. Calculation will be hard costs per square foot of net rentable area. \$60 per sq ft)
(Acquisition / Rehab will automatically receive 1 point) 1pt

Size of Units (average size of all units combined in the development 950 sq ft/family and 750 sq ft/elderly)
(Acquisition / Rehab developments will automatically receive 5 points) 5pts

Quality and Amenities (maximum 34 points)
(Acquisition / Rehab developments will receive double points not to exceed 34 points)

- Washer/Dryer Connections 1pt
- Microwave Ovens (in each unit) 1pt
- Storage Room (outside the unit) 1pt
- Covered Parking (at least one per unit) 3pts
- Garages (equal to at least 35% of units) 5pts
- Ceiling Fans (living room and bedrooms) 1pt
- Ceramic Tile Flooring (entry way and bathroom) 2pts
- 75% or Greater Masonry (includes rock, stone, brick, stucco and cementious board product; excludes efis) 5pts
- Playground and Equipment or Covered Community Porch 3pts
- BBQ Grills and Tables (one each per 50 units) or Walking Trail (minimum length of ¼ mile) or Gazebo with Seating for Twelve 3pts
- Full Perimeter Fencing and Gated 3pts
- Computers with internet access / Business Facilities (8 hour availability) 2pts
- Game Room or TV Lounge 2pts
- Workout Facilities or Library (with comparable square footage as workout facilities) 2pts

Tenant Services (per unit / above line on expenses)

\$10.00 / unit /monthly	<u>10pts</u>
\$7.00 / unit /monthly	<u>5pts</u>
\$4.00 / unit / monthly	<u>3pts</u>

Zoning appropriate for the proposed use or a statement of no zoning required (appropriate zoning for the intended use must be in place at the time of application submission date, September 2, 2003, in order to receive points) 5pts

Proper Site Control (fully executed and escrow receipted control through 12/01/03 with option to extend through 03/01/04 and all information correct at the time of application submission date, September 2, 2003, in order to receive points) 5pts

Development Support / Opposition (maximum net points of +12 to -12. Each letter will receive a maximum of +1.5 to -1.5. All letters received by October 24, 2003 will be used in scoring) **Max**

- Texas State Senator and Texas State Representative +3 to -3 pts
- Presiding officer of the governing body of any municipality containing the Development and the elected district member of the governing body of the municipality containing the Development +3 to -3 pts
- Presiding officer of the governing body of the county containing the Development and the elected district member of the governing body of the county containing the Development (if the site is not in a municipality, these points will be doubled) +3 to -3 pts
- Local School District Superintendent and Presiding Officer of the Board of Trustees for the school district containing the Development +3 to -3 pts

Penalties for Missed Deadlines in the Previous Year's Bond and/or Tax Credit program year. This includes approved and used extensions. (maximum 3 point deduction) -1 per program application

Local Development Funding Commitment (CDBG, HOME or other funds through local political subdivisions) (Must be 2% of the bond amount requested) 2pts

Proximity to Community Services / Amenities (Community services / amenities within three (3) miles of the site. Map must be included with the Application showing a three (3) mile radius notating where the services / amenities are located. Maximum 12 points)

- Grocery Store 1pt
- Pharmacy 1pt
- Convenience store 1pt
- Retail Facilities (Target, Wal-mart, Home Depot, etc...) 1pt
- Bank / Financial Institution 1pt
- Restaurant 1pt
- Public Recreation Facilities (park, civic center, YMCA) 1pt
- Fire / Police Station 1pt
- Medical Facilities (hospitals, minor emergency, etc...) 1pt

- Public Library 1pt
- Public Transportation (1/2 mile from site) 1pt
- Public School (only one school required for point) 1pt

Proximity to Negative Features (Within 300 feet of any part of the Development site boundaries. Map must be included with the application showing where feature is located. Developer must provide a letter stating there are none of the negative features listed below within the stated area if that is correct. Maximum --20 points)

- Junkyards 5pts
- Active Railways (excluding light rail) 5pts
- Interstate Highways / Service Roads 5pts
- Solid Waste / Sanitary Landfills 5pts
- High Voltage Transmission Towers 5pts

RESOLUTION NO. 03-078

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

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code (the "Act"), as amended from time, 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); 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 and very low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental project loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

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

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

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

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

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

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for each Project an Application for Allocation of Private Activity Bonds (the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt

Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the state to issue private activity bonds; and

WHEREAS, the Board intends that the issuance of Bonds for any particular Project is not dependent or related to the issuance of Bonds (as defined below) for any other Project and that a separate Application shall be filed with respect to each Project; and

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

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

Section 1--Certain Findings. The Board finds that:

(a) each Project is necessary to provide decent, safe and sanitary housing at rentals that eligible tenants can afford;

(b) each Owner will supply, in its Project, well-planned and well-designed housing for eligible tenants;

(c) the financing of each Project pursuant to the provisions of the Act will constitute a public purpose and will provide a public benefit; and

(d) each Project will be undertaken within the authority conferred by the Act upon the Department and each Owner.

Section 2--Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in amounts estimated to be sufficient to (a) fund a loan or loans to each Owner to provide financing for its Project in an aggregate principal amount not to exceed those amounts, corresponding to each respective Project, 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 project 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 Project; (iii) approval by the Bond Review Board, if required; (iv) approval by the Texas Attorney General; (v) satisfaction of the Board that each Project meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and state laws applicable to the issuance of such Bonds.

Section 3--Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 4--Reimbursement. The Department reasonably expects to reimburse each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction of its Project and listed on Exhibit "A" attached hereto ("Costs of each respective Project") 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 of its Project, including reimbursing each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction of its Project; (b) to fund any reserves that may be required for the

benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 5--Principal Amount. Based on representations of each Owner, the Department reasonably expects that the maximum principal amount of debt issued to reimburse each Owner for the costs of its respective Project will not exceed the amount set forth in Exhibit "A" which corresponds to its Project.

Section 6--Limited Obligations. The Owner may commence with the acquisition and construction of its Project, which Project will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement on an installment payment basis with the Department under which the Department will make a loan to the Owner for the purpose of reimbursing each Owner for the costs of its Project and each Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to each Owner to provide financing for the Owner's Project, 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 Project. Substantially all of the proceeds of the Bonds shall be used to finance the Projects, each of which is to be occupied entirely by Eligible Tenants, as determined by the Department, and each of which is to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

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

Section 9--Costs of Project. The Costs of each respective Project may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Project. Without limiting the generality of the foregoing, the Costs of each respective Project 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 Project, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Project, the placing of the Project in operation and that satisfy the Code and the Act. Each Owner shall be responsible for and pay any costs of its Project incurred by it prior to issuance of the Bonds and will pay all costs of its Project which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

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

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

Section 12--Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by each Owner and the Department of contractual

arrangements providing assurance satisfactory to the Department that 100 percent of the units for each Project will be occupied at all times by Eligible Tenants, that all other requirements of the Act will be satisfied and that each Project will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Vinson & Elkins L.L.P. or other nationally recognized bond counsel acceptable to the Department, substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Texas Bond Review Board, if required, and the Attorney General of the State of Texas.

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

Section 14--Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of each Project's necessary review and legal documentation for the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof.

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

Section 16--Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of each respective Project which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of each respective Project may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

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

Section 18--Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 19--Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 20--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 9th day of October, 2003.

[SEAL]

By: _____
Chairman

Attest: _____
Secretary

EXHIBIT "A"

Description of each Owner and its Project

**[Use 385794v1 as the Shell document and 378260v3 as the DATA table
replace the merged Exhibit A with this page]**

Project Name	Owner	Principals	Amount Not to Exceed
Costs: (i) acquisition of real property located at _____, _____, _____ County, Texas; and (ii) the construction thereon of an approximately ___-unit multifamily residential rental housing project, in the amount not to exceed \$_____.			

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Corporate Structure	Amount Not to Exceed
Alta Cullen Apartments	Alta Cullen Limited Partnership	Limited Partnership, the General Partner of which is Wood Alta Cullen, Limited Partnership, or other entity, the principals of which will include Wood Affordable Housing South, Inc. and/or WP South Development Company, L.L.C.	\$14,000,000
Costs: (i) acquisition of real property located at the 3500 block of Beltway 8, Houston, Harris County, Texas 77047; and (ii) the construction thereon of an approximately 240-unit multifamily residential rental housing project, in the amount not to exceed \$14,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Alta Renn Apartments	Alta Renn Limited Partnership	Limited Partnership, the General Partner of which is Wood Alta Renn, Limited Partnership, or other entity, the principals of which will include Wood Affordable Housing South, Inc. and/or WP South Development Company, L.L.C.	\$14,000,000
Costs: (i) acquisition of real property located at the 13000 block of Renn Road, Houston, Harris County, Texas 77083; and (ii) the construction thereon of an approximately 240-unit multifamily residential rental housing project, in the amount not to exceed \$14,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Chisholm Trail Apartments	Rankin Housing Partners, L.P.	Limited Partnership, the General Partner of which is Metzger Company LLC, or other entity, the principals of which will include A. Richard Wilson and/or Gerald Russell	\$12,000,000
Costs: (i) acquisition of real property located at 18204 Chisholm Trail, Houston, Harris County, Texas 77060; and (ii) the construction thereon of an approximately 228-unit multifamily residential rental housing project, in the amount not to exceed \$12,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Churchill at Pinnacle Park Apartments	Churchill at Pinnacle Park, L.P.	Limited Partnership, the General Partner of which will be LCBH G.P., L.L.C., or other entity, the principals of which will include Lifenet Community Behavioral Healthcare and/or Betts Hoover	\$11,700,000
Costs: (i) acquisition of real property located at the 1400 block of N. Cockrell Hill Road, Dallas, Dallas County, Texas 75211; and (ii) the construction thereon of an approximately 200-unit multifamily residential rental housing project, in the amount not to exceed \$11,700,000.			

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Corporate Structure	Amount Not to Exceed
Churchill at Roundrock Townhome Community	PWA-Roundrock Townhome Community, L.P.	Limited Partnership, the General Partner of which will be PWA-2004 G.P., LLC, or other entity, the principals of which will include PWA Coalition of Dallas Inc., Don Maison and/or Michael Anderson	\$15,000,000
Costs: (i) acquisition of real property located at the southwest quadrant of Joe DiMaggio Boulevard and future Arterial "A", Round Rock, Williamson County, Texas 78664; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Creekside Manor Apartments	Creekside Affordable Housing, Ltd.	Limited Partnership, the General Partner of which will be Blazer Land, LLC, or other entity, a principal of which will include H. Chris Richardson	\$12,000,000
Costs: (i) acquisition of real property located at 500 Tidwell Road, Houston, Harris County, Texas 77022; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$12,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Evergreen at Georgetown Senior Apartment Community	PWA-Georgetown Senior Community, L.P.	Limited Partnership, the General Partner of which will be PWA-2004 G.P., LLC, or other entity, the principals of which will include PWA Coalition of Dallas Inc., Don Maison and/or Michael Anderson	\$15,000,000
Costs: (i) acquisition of real property located at the northeast corner of John Hamilton Parkway and Page Whitney Parkway, Georgetown, Williamson County, Texas 78626; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Evergreen at Las Colinas Senior Apartment Community	Hackberry Senior Community, L.P.	Limited Partnership, the General Partner of which will be LCBH GP, L.L.C., or other entity, the principals of which will include Lifenet Community Behavioral Healthcare and/or Betts Hoover	\$13,700,000
Costs: (i) acquisition of real property located at the 2200 block of Kinwest Parkway, Irving, Dallas County, Texas 75063; and (ii) the construction thereon of an approximately 240-unit multifamily residential rental housing project, in the amount not to exceed \$13,700,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Evergreen at Plano Independence Senior Community Apartments	PWA-Plano Independence Senior Community, L.P.	Limited Partnership, the General Partner of which will be PWA-2004 G.P., L.L.C., or other entity, the principals of which will include PWA Coalition of Dallas Inc., Don Maison and/or Michael Anderson	\$15,000,000
Costs: (i) acquisition of real property located at the 2900 block of W. Plano Parkway, Plano, Collin County, Texas 75075; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Corporate Structure	Amount Not to Exceed
Evergreen at Plano Stonebriar Senior Community Apartments	PWA-Plano Stonebriar Senior Community, L.P.	Limited Partnership, the General Partner of which will be PWA-2004 G.P., L.L.C., or other entity, the principals of which will include PWA Coalition of Dallas, Inc., Don Maison and/or Michael Anderson	\$15,000,000
Costs: (i) acquisition of real property located at the 8200 block of Ohio Drive, Plano, Collin County, Texas 75024; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Mayfair Apartments	Mayfair Apartments, L.P.	Limited Partnership, the General Partner of which will be Mayfair Apartments I, L.L.C., or other entity, the principals of which will include Dwayne Henson Investments, Inc. and/or Resolution Real Estate Services, L.L.C.	\$13,000,000
Costs: (i) acquisition of real property located at the 1200 block of Greens Parkway, Houston, Harris County, Texas 77067; and (ii) the construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed \$13,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Merry Oaks Homes Apartments	Woodshire, LP	Limited Partnership, the General Partner of which will be Woodshire X, Inc., or other entity a principal of which will be Leon Backes	\$13,300,000
Costs: (i) acquisition of real property located at 5300 W. Military Drive (southwest corner of Merry Oaks and Military Drive), San Antonio, Bexar County, Texas 78242; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$13,300,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Montgomery Pines Apartments	Greens Parkway Partners, L.P.	Limited Partnership, the General Partner of which is Rexford Company LLC, or other entity, the principals of which will include A. Richard Wilson and Gerald Russell	\$12,300,000
Costs: (i) acquisition of real property located at 23461 US HWY 59, Porter, Montgomery County, Texas 77365; and (ii) the construction thereon of an approximately 224-unit multifamily residential rental housing project, in the amount not to exceed \$12,300,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Park at Lake June Apartments	Lake June Park Apartments Limited	Limited Partnership, the General Partner of which will be TCR Lake June Partners Limited Partnership, or other entity, the principals of which will include TCR 2004 Housing, Inc., Christopher J. Bergmann; J. Ronald Terwilliger and/or Kenneth J. Valach	\$13,900,000
Costs: (i) acquisition of real property located at the 9600 block of Lake June Road, Dallas, Dallas County, Texas 75217; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$13,900,000.			

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Corporate Structure	Amount Not to Exceed
Pinnacle Apartments	Pinnacle Apartments, L.P.	Limited Partnership, the General Partner of which will be Pinnacle Apartments I, L.L.C., or other entity, the principals of which will include Dwayne Henson Investments, Inc. and/or Resolution Real Estate Services, LLC	\$15,000,000
Costs: (i) acquisition of real property located at the 10500 block of Huffmeister Road, Houston, Harris County, Texas 77065; and (ii) the construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Post Oak East Apartments	Post Oak East Apartments, L.P.	Limited Partnership, the General Partner of which will be Post Oak East Apartments I, L.L.C., or other entity, the principals of which will include John Mark Wolcott, J. Steve Ford and/or Resolution Real Estate Services, LLC	\$13,000,000
Costs: (i) acquisition of real property located at the 3800 block of Post Oak Blvd., Fort Worth, Tarrant County, Texas 76040; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$13,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Post Oak West Apartments	Post Oak West Apartments, L.P.	Limited Partnership, the General Partner of which will be Post Oak West Apartments I, L.L.C., or other entity, the principals of which will include John Mark Wolcott, J. Steve Ford and/or Resolution Real Estate Services, LLC	\$13,000,000
Costs: (i) acquisition of real property located at the 3900 block of Post Oak Blvd., Fort Worth, Tarrant County, Texas 76040; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$13,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Primrose at Stonebrook Apartments	TX Stonebrook Housing, L.P.	Limited Partnership, the General Partner of which is TX Stonebrook Development, L.L.C., or other entity a principal of which will be Brian Potashnik	\$14,700,000
Costs: (i) acquisition of real property located approximately 2,000 feet west of Preston Road on the south side of Stonebrook Parkway, Frisco, Collin County, Texas 75034; and (ii) the construction thereon of an approximately 200-unit multifamily residential rental housing project, in the amount not to exceed \$14,700,000.			

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court at College Park Apartments	Chicory Court Beltline, LP	Limited Partnership, the General Partner of which will be Chicory GP Beltline, Inc., or other entity a principal of which will be Leon Backes	\$15,000,000
Costs: (i) acquisition of real property located at 4200 Texas College Drive, Dallas, Dallas County, Texas 75241; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court at Forney Heights Apartments	Chicory Court - Forney Heights, LP	Limited Partnership, the General Partner of which will be Chicory GP Forney Heights, Inc., or other entity a principal of which will be Leon Backes	\$15,000,000
Costs: (i) acquisition of real property located at 8800 Forney Road, Dallas, Dallas County, Texas 75227; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court at Madison Apartments	Chicory Court - Town Center, LP	Limited Partnership, the General Partner of which will be Chicory GP Town Center, Inc., or other entity a principal of which will be Leon Backes	\$15,000,000
Costs: (i) acquisition of real property located at 3600 SRL Thornton Freeway, Dallas, Dallas County, Texas 75224; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court at Madison III Apartments	Chicory Court - Madison III, LP	Limited Partnership, the General Partner of which will be Chicory GP Madison III, Inc., or other entity a principal of which will be Leon Backes	\$15,000,000
Costs: (i) acquisition of real property located at 3600 SRL Thornton Freeway, Dallas, Dallas County, Texas 75224; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court at Pearsall A Apartments	Chicory Court - Military II, LP	Limited Partnership, the General Partner of which will be Chicory GP Military II, Inc., or other entity a principal of which will be Leon Backes	\$13,300,000
Costs: (i) acquisition of real property located at the southwest corner of Old Pearsall Road and SW Military Drive, San Antonio, Bexar County, Texas 78242; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$13,300,000.			

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court at Remond Apartments	Chicory Court - Remond, LP	Limited Partnership, the General Partner of which will be Chicory GP Remond, Inc., or other entity a principal of which will be Leon Backes	\$15,000,000
Costs: (i) acquisition of real property located at 1153 Westmoreland Drive, Dallas, Dallas County, Texas 75211; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court at Riverside Apartments	Chicory Court II, LP	Limited Partnership, the General Partner of which will be Chicory GP II, Inc., or other entity a principal of which will be Leon Backes	\$13,300,000
Costs: (i) acquisition of real property located at 640 Riverside Drive, San Antonio, Bexar County, Texas 78223; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$13,300,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court at Riverside II Apartments	Chicory Court - Riverside II, LP	Limited Partnership, the General Partner of which will be Chicory GP Riverside II, Inc., or other entity a principal of which will be Leon Backes	\$15,000,000
Costs: (i) acquisition of real property located at 9415 Bruton, Dallas, Dallas County, Texas 75217; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court at Simpson Stuart Apartments	Chicory Court - Simpson Stuart, LP	Limited Partnership, the General Partner of which will be Chicory GP Simpson Stuart, Inc., or other entity a principal of which will be Leon Backes	\$15,000,000
Costs: (i) acquisition of real property located at 3111 Simpson Stuart Road, Dallas, Dallas County, Texas 75241; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court at Westmoreland Apartments	Chicory Court Westmoreland, LP	Limited Partnership, the General Partner of which will be Chicory GP Westmoreland, Inc., or other entity a principal of which will be Leon Backes	\$15,000,000
Costs: (i) acquisition of real property located at 1353 Westmoreland, Dallas, Dallas County, Texas 75211; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court at Wimbledon Apartments	Chicory Court - Wimbledon, LP	Limited Partnership, the General Partner of which will be Chicory GP Wimbledon, Inc., or other entity a principal of which will be Leon Backes	\$15,000,000
Costs: (i) acquisition of real property located at 7915 S. Lancaster Road, Dallas, Dallas County, Texas 75241; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court III Apartments	Chicory Court I, LP	Limited Partnership, the General Partner of which will be Chicory GP I, Inc., or other entity a principal of which will be Leon Backes	\$15,000,000
Costs: (i) acquisition of real property located at 500 East Camp Wisdom Road, Dallas, Dallas County, Texas 75241; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court on the Stream Apartments	Chicory Court - Stream, LP	Limited Partnership, the General Partner of which will be Chicory GP Stream, Inc., or other entity a principal of which will be Leon Backes	\$15,000,000
Costs: (i) acquisition of real property located at 2909 Buckner Blvd. (N. Buckner Blvd and Peavy), Dallas, Dallas County, Texas 75201; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rose Court Prairie Oaks Apartments	Chicory Court - Marine Creek, LP	Limited Partnership, the General Partner of which will be Chicory GP Marine Creek, Inc., or other entity a principal of which will be Leon Backes	\$13,400,000
Costs: (i) acquisition of real property located at 2700 Prairie Oaks Drive, Arlington, Tarrant County, Texas 76010; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$13,400,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rosemont at Chenault Apartments	TX AB Housing, L.P.	Limited Partnership, the General Partner of which is TX AB Development, L.L.C., or other entity a principal of which will be Brian Potashnik	\$15,000,000
Costs: (i) acquisition of real property located at the 2600 block of Eastfield Blvd., Mesquite, Dallas County, Texas 75150; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rosemont at Cooks Lane Apartments	TX Cooks Housing, L.P.	Limited Partnership, the General Partner of which is TX Cooks Development, L.L.C., or other entity a principal of which will be Brian Potashnik	\$15,000,000
Costs: (i) acquisition of real property located at the northwest corner of the intersection of Interstate Highway 30 and Cooks Lane, Fort Worth, Tarrant County, Texas 76120; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rosemont at Dreeben Apartments	TX Dreeben Housing, L.P.	Limited Partnership, the General Partner of which is TX Dreeben Development, L.L.C., or other entity a principal of which will be Brian Potashnik	\$15,000,000
Costs: (i) acquisition of real property located at the south side of Interstate Highway 183 approximately 535 feet west of Dreeben Drive, Haltom City, Tarrant County; Texas 76117; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rosemont at Parkway Apartments	TX Rosemont Parkway Housing, L.P.	Limited Partnership, the General Partner of which is TX Rosemont Parkway Development, L.L.C., or other entity a principal of which will be Brian Potashnik	\$15,000,000
Costs: (i) acquisition of real property located approximately 700 feet north of the northwest corner of North Tarrant Parkway and Park Vista (Ray White), Fort Worth, Tarrant County, Texas 76248; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rosemont at Paschall Apartments	TX Military Housing, L.P.	Limited Partnership, the General Partner of which is TX Military Development, L.L.C., or other entity a principal of which will be Brian Potashnik	\$15,000,000
Costs: (i) acquisition of real property located at 1420 Military Parkway, Mesquite, Dallas County, Texas 75149; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rosemont at Shiver Apartments	TX Shiver Housing, L.P.	Limited Partnership, the General Partner of which is TX Shiver Development, L.L.C., or other entity a principal of which will be Brian Potashnik	\$15,000,000
Costs: (i) acquisition of real property located at the northwest corner of the intersection of Shiver Road and North Beach Street, Fort Worth, Tarrant County, Texas 76248; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Corporate Structure	Amount Not to Exceed
Rosemont at Trinity Apartments	TX Norwood Housing, L.P.	Limited Partnership, the General Partner of which is TX Norwood Development, L.L.C., or other entity a principal of which will be Brian Potashnik	\$15,000,000
Costs: (i) acquisition of real property located on the west side of Lower Precinct Line Road approximately 250 feet south of Trinity Boulevard, Fort Worth, Tarrant County, Texas 76053; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Sphinx at Delafield Apartments	St. Augustine Villas Housing, L.P.	Limited Partnership, the General Partner of which will be St. Augustine Villas Development, L.L.C., or other entity, the principals of which will include Jay O. Oji and/or Joseph N. Agumadu	\$13,600,000
Costs: (i) acquisition of real property located at 8200 Hoyle Avenue, Dallas, Dallas County, Texas 75227; and (ii) the construction thereon of an approximately 220-unit multifamily residential rental housing project, in the amount not to exceed \$13,600,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Sphinx at Greens Apartments	SDC Oakwood Townhomes, LP	Limited Partnership, the General Partner of which will be SDC Oakwood Townhomes Development, L.L.C., or other entity, the principals of which will include Jay O. Oji and/or Joseph N. Agumadu	\$14,300,000
Costs: (i) acquisition of real property located at the 1300 block of Greens Parkway, Houston, Harris County, Texas 77067; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$14,300,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Sugar Pines Apartments	Sugar Pines Apartments, L.P.	Limited Partnership, the General Partner of which will be Sugar Pines Apartments I, L.L.C., or other entity, the principals of which will include Resolution Real Estate Services, L.L.C. and/or J. Steve Ford	\$11,600,000
Costs: (i) acquisition of real property located at the 17000 block of Sugar Pines Drive, Houston, Harris County, Texas 77090; and (ii) the construction thereon of an approximately 200-unit multifamily residential rental housing project, in the amount not to exceed \$11,600,000.			

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Corporate Structure	Amount Not to Exceed
The Hills Apartments	Wilhoit Hills Apartments, LP	Limited Partnership, the General Partner of which will be Wilhoit Hills Housing, LLC, or other entity, the principals of which will include Zimmerman Properties, L.L.C., Vaughn Zimmerman, Rebecca Zimmerman, Justin Zimmerman, and/or Leah Zimmerman	\$11,600,000
Costs: (i) acquisition of real property located at the 15000 block of Aldine Westfield Road, Houston, Harris County, Texas 77032; and (ii) the construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed \$11,600,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Tranquility Bay Apartments	Tranquility Housing, Ltd.	Limited Partnership, the General Partner of which will be Blazer Land, LLC, or other entity, a principal of which will include H. Chris Richardson	\$14,600,000
Costs: (i) acquisition of real property located at 4800 CR 91 (Fite Road), Pearland, Brazoria County, Texas 77581; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Wellington Park Apartments	Wellington Park Apartments, L.P.	Limited Partnership, the General Partner of which will be Wellington Park Apartments I, L.L.C., or other entity, the principals of which will include Dwayne Henson Investments, Inc. and/or Resolution Real Estate Services, L.L.C.	\$15,000,000
Costs: (i) acquisition of real property located at the 9100 block of Mills Road, Houston, Harris County, Texas 77070; and (ii) the construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Corporate Structure	Amount Not to Exceed
Western Hills Apartments	AAMHA Western Hills, LP	Limited Partnership, the General Partner of which will be AAMHA Western Hills GP, LLC, or other entity, a principal of which will include Alamo Area Mutual Housing Association, Inc.	\$4,400,000
Costs: (i) acquisition of real property located at 500 Tomar Drive, San Antonio, Bexar County, Texas 78227; and (ii) the rehabilitation thereon of an approximately 149-unit multifamily residential rental housing project, in the amount not to exceed \$4,400,000.			

Texas Department of Housing and Community Affairs

2004 Multifamily Private Activity Bonds

Priority 1A Transactions					
Application #	Project Information	# Units	Bond Amount	Developer Information	Notes
2004-001	Chisholm Trail Apartments New Construction 18204 Chisholm Trail County: Harris City: Houston	228	\$12,000,000	Gerald Russell Rankin Housing Partners, L.P (713) 977-1772	
2004-002	Montgomery Pines Apartments New Construction 23461 US Hwy 59 County: Montgomery City: Porter	224	\$12,300,000	Gerald Russell Greens Parkway Partners, L P (713) 977-1772	
2004-003	Park at Lake June Apartments New Construction 9600 block of Lake June Road County: Dallas City: Dallas	250	\$13,900,000	Brent Stewart Lake June Park Apartments Limited Partnership (512) 477-9900	
2004-008	Mayfair Apartments New Construction 1200 block of Greens Parkway County: Harris City: Houston	248	\$13,000,000	Dwayne Henson Mayfair Apartments, L P (713) 334-5808	
2004-010	Sphinx at Delafield New Construction 8200 Hoyle Avenue County: Dallas City: Dallas	220	\$13,600,000	Jay Oji St Augustine Villas Housing, L P (214) 342-1400	
2004-011	Sphinx at Greens New Construction 1300 block of Greens Parkway County: Harris City: Houston	250	\$14,300,000	Jay Oji SDC Oakwood Townhomes, L P (214) 342-1400	

Priority 1A Transactions

Application #	Project Information	# Units	Bond Amount	Developer Information	Notes
2004-012	Rosemont at Trinity New Construction SWQ of the intersection of Trinity & Lower Precinct Line County: Tarrant City: Fort Worth	250	\$15,000,000	Brian Potashnik TX Norwood Housing, L. P (214) 891-1402	
2004-013	Rosemont at Dreeben New Construction SWQ of the intersection of Hwy 183 and Dreeben County: Tarrant City: Haltom City	250	\$15,000,000	Brian Potashnik TX Dreeben Housing, L P (214) 891-1402	
2004-014	Rosemont at Shiver New Construction W side of North Beach Street at Shiver Road County: Tarrant City: Fort Worth	250	\$15,000,000	Brian Potashnik TX Shiver Housing, L P (214) 891-1402	
2004-015	Rosemont at Parkway New Construction NWQ of N. Tarrant Pkwy & Park Vista County: Tarrant City: Fort Worth	250	\$15,000,000	Brian Potashnik TX Rosemont Parkway Housing, L P (214) 891-1402	
2004-016	Rosemont at Paschall New Construction 1420 Military Road County: Dallas City: Mesquite	250	\$15,000,000	Brian Potashnik TX Military Housing, L P (214) 891-1402	
2004-017	Primrose at Stonebrook New Construction S side of Stonebrook west of Preston County: Collin City: Frisco	200	\$14,700,000	Brian Potashnik TX Stonebrook Housing, L P (214) 891-1402	
2004-018	Rosemont at Cooks Lane New Construction NWQ of the intersection of I-30 and Cooks Lane County: Tarrant City: Fort Worth	250	\$15,000,000	Brian Potashnik TX Cooks Housing, L P (214) 891-1402	

Priority 1A Transactions

Application #	Project Information	# Units	Bond Amount	Developer Information	Notes
2004-019	Rosemont at Chenault New Construction 2600 Eastfield Blvd. County: Dallas City: Mesquite	250	\$15,000,000	Brian Potashnik TX AB Housing, L P (214) 891-1402	
2004-020	Georgetown Senior Community New Construction NE corner of John Hamilton Pkwy & Page Whitney Pkwy County: Williamson City: Georgetown	250	\$15,000,000	Mike Anderson PWA Georgetown Senior Communit, L P (214) 720-0430	
2004-021	Churchill at Round Rock Twnh New Construction Hwy 79 at Joe DiMaggio Parkway County: Williamson City: Round Rock	250	\$15,000,000	Mike Anderson PWA Round Rock Townhome Community, L P (214) 720-0430	
2004-022	Churchill at Pinnacle Park New Construction 1400 block of N. Cockrell Hill Road County: Dallas City: Dallas	200	\$11,700,000	Brad Forslund Churchill at Pinnacle Park, L P (214) 720-0430	
2004-026	Western Hills Apartments Acquisition & Rehab. 500 Tomar Drive County: Bexar City: San Antonio	149	\$4,400,000	Sandra Williams AAMHA Western Hills, L P (214) 720-0430	
2004-028	Creekside Manor Apartments New Construction 500 Tidwell Road County: Harris City: Houston	250	\$12,000,000	Chris Richardson Creekside Affordable Housing, Ltd (214) 720-0430	
2004-029	Rose Court at Westmoreland New Construction 1353 Westmoreland County: Dallas City: Dallas	250	\$15,000,000	Matt Harris Chicory Court Westmoreland, L P (972) 239-8500	

Priority 1A Transactions

Application #	Project Information	# Units	Bond Amount	Developer Information	Notes
2004-030	Rose Court at College Park New Construction 4200 Texas College Drive County: Dallas City: Dallas	250	\$15,000,000	Matt Harris Chircory Court Beltline, L P (972) 239-8500	
2004-031	Rose Court at Remond New Construction 1153 Westmoreland County: Dallas City: Dallas	250	\$15,000,000	Matt Harris Chircory Court Remond, L P (972) 239-8500	
2004-032	Rose Court at Madison III New Construction 3600 S. R.L. Thornton Frwy County: Dallas City: Dallas	250	\$15,000,000	Matt Harris Chircory Court Madison III, L P (972) 239-8500	
2004-033	Rose Court at Madison New Construction 3600 S. R.L. Thornton Frwy County: Dallas City: Dallas	250	\$15,000,000	Matt Harris Chircory Court Town Center, L P (972) 239-8500	
2004-034	The Hills Apartments New Construction 15000 block of Aldine Westfield Road County: Harris City: Houston	248	\$11,600,000	Justin Zimmerman Wilhoit Hills Apartments, L P (417) 883-1632	
2004-036	Rose Court at Wimbeldon New Construction 7915 S. Lancaster Road County: Dallas City: Dallas	250	\$15,000,000	Matt Harris Chircory Court Wimbeldon, L P (972) 239-8500	
2004-037	Rose Court III New Construction 500 E. Camp Wisdom Road County: Dallas City: Dallas	250	\$15,000,000	Matt Harris Chircory Court I, L P (972) 239-8500	

Priority 1A Transactions

Application #	Project Information	# Units	Bond Amount	Developer Information	Notes
2004-040	Rose Court at Forney Heights New Construction 8800 Forney Road County: Dallas City: Dallas	250	\$15,000,000	Matt Harris Chicory Court Forney Heights, L P (972) 239-8500	
2004-041	Rose Court Prairie Oaks New Construction 2700 Prairie Oaks Drive County: Tarrant City: Arlington	250	\$13,400,000	Matt Harris Chicory Court Marine Creek, L P (972) 239-8500	
2004-042	Rose Court at Riverside II New Construction 9415 Bruton County: Dallas City: Dallas	250	\$15,000,000	Matt Harris Chicory Court Riverside II, L P (972) 239-8500	
2004-043	Rose Court at Simpson Stuart New Construction 3111 Simpson Stuart County: Dallas City: Dallas	250	\$15,000,000	Matt Harris Chicory Court Simpson Stuart, L P (972) 239-8500	
2004-044	Rose Court on the Stream New Construction 2909 N. Buckner Blvd. County: Dallas City: Dallas	250	\$15,000,000	Matt Harris Chicory Court Stream, L P (972) 239-8500	

Totals: 32 Applications containing 7,717 units, requesting \$446,900,000 in total bonds.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Chisholm Trail Apts, Houston (2004-001)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50%AMI	1BD/1BA	18	\$ 517	696	0.74
60%AMI	1BD/1BA	18	\$ 628	696	0.90
50% AMI	2BD/2BA	16	\$ 620	1,011	0.61
60% AMI	2BD/2BA	16	\$ 754	1,011	0.75
50% AMI	2BD/2BA	32	\$ 620	1,057	0.59
60% AMI	2BD/2BA	32	\$ 754	1,057	0.71
50% AMI	3BD/2BA	48	\$ 716	1,075	0.67
60% AMI	3BD/2BA	48	\$ 871	1,075	0.81
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		228	\$ 1,817,208	215,728	\$ 0.70
Averages			\$ 664	946	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,051,933	\$ 4,614	\$ 4.88	0.06
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,051,933	\$ 4,614	\$ 4.88	0.06
Sitework	1,517,780	6,657	7.04	0.08
Hard Construction Costs	10,012,727	43,915	46.41	0.53
General Requirements (6%)	691,830	3,034	3.21	0.04
Contractor's Overhead (2%)	230,610	1,011	1.07	0.01
Contractor's Profit (6%)	691,830	3,034	3.21	0.04
Construction Contingency	392,839	1,723	1.82	0.02
Subtotal Construction	\$ 13,537,617	\$ 59,376	\$ 62.75	0.71
Indirect Construction	676,250	2,966	3.13	0.04
Developer's Fee	2,237,988	9,816	10.37	0.12
Financing	1,381,556	6,059	6.40	0.07
Reserves	130,000	570	0.60	0.01
Subtotal Other Costs	\$ 4,425,794	\$ 19,411	\$ 21	0
Total Uses	\$ 19,015,344	\$ 83,401	\$ 88.14	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,174,560	\$0.64	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,500,000	6.00%	30	\$ 899,326
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,340,646	59.9%	\$897,342	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,015,206		\$ 899,326	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,468,200	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 10,904,825	6.00%	30	\$ 784,559
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,642,319	73.4%	\$ 595,669	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,015,344		\$ 784,559	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,817,208	\$8.42		
Other Income & Loss	41,040	0.19	180	
Vacancy & Collection	-7.50% (139,376)	-0.65	-611	
Effective Gross Income	\$1,718,872	7.97	7,539	
Total Operating Expenses	\$855,960	\$3.97	\$3,754	
Net Operating Income	\$862,912	\$4.00	\$3,785	
Debt Service	899,326	4.17	3,944	
Net Cash Flow	(\$36,414)	(\$0.17)	(\$160)	
Debt Coverage Ratio	0.96			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	(\$36,414)	(\$0.17)	(\$160)	
DCR after TDHCA Fees	0.96			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	96.59%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,817,208	\$8.42		
Other Income & Loss	41,040	0.19	180	
Vacancy & Collection	7.50% (139,369)	-0.65	-611	
Effective Gross Income	\$1,718,879	7.97	7,539	
Total Operating Expenses	49.8% \$855,912	\$3.97	\$3,754	
Net Operating Income	\$862,967	\$4.00	\$3,785	
Debt Service	784,559	3.64	3,441	
Net Cash Flow	\$78,408	\$0.36	\$344	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0.00	\$0		
Net Cash Flow	\$78,408	\$0.36	\$344	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.63			
Break-even Occupancy	90.27%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$108,298	0.50	475
Management Fees	92,499	0.43	406
Payroll, Payroll Tax & Employee Exp.	126,000	0.58	553
Maintenance/Repairs	90,000	0.42	395
Utilities	123,888	0.57	543
Property Insurance	75,324	0.35	330
Property Taxes	194,350	0.90	852
Replacement Reserves	45,600	0.21	200
Other Expenses	-	0.00	0
Total Exepnses	\$855,959	\$3.97	\$3,754

Staff Notes/Comments
Borrower used a very low pricing on the tax credits 64 cents which was adjusted to 80 cents..

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Montgomery Pines Apts, Houston (2004-002)

Unit Mix and Rent Schedule					
Unit Type	Bed/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50%AMI	1BD/1BA	32	\$ 517	696	0.74
50%AMI	2BD/2BA	24	\$ 620	1,011	0.61
60% AMI	2BD/2BA	24	\$ 754	1,011	0.75
50% AMI	2BD/2BA	24	\$ 620	1,057	0.59
60% AMI	2BD/2BA	24	\$ 754	1,057	0.71
50% AMI	3BD/2BA	48	\$ 716	1,075	0.67
60% AMI	3BD/2BA	48	\$ 871	1,075	0.81
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		224	\$ 1,904,064	224,736	\$ 0.71
Averages			\$ 708	1,003	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 525,000	\$ 2,344	\$ 2.34	0.03
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 525,000	\$ 2,344	\$ 2.34	0.03
Sitework	1,526,824	6,816	6.79	0.08
Hard Construction Costs	10,112,904	45,147	45.00	0.55
General Requirements (6%)	698,384	3,118	3.11	0.04
Contractor's Overhead (2%)	232,795	1,039	1.04	0.01
Contractor's Profit (6%)	698,384	3,118	3.11	0.04
Construction Contingency	392,839	1,754	1.75	0.02
Subtotal Construction	\$ 13,662,129	\$ 60,992	\$ 60.79	0.74
Indirect Construction	562,050	2,509	2.50	0.03
Developer's Fee	2,237,988	9,991	9.96	0.12
Financing	1,381,556	6,168	6.15	0.07
Reserves	130,000	580	0.58	0.01
Subtotal Other Costs	\$ 4,311,594	\$ 19,248	\$ 19	0
Total Uses	\$ 18,498,723	\$ 82,584	\$ 82.31	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,992,664	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,300,000	6.00%	30	\$ 884,937
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,205,919	53.9%	\$1,032,069	
Source IV	Proceeds	Description		Annual D/S
Other	\$ -			\$ -
Total Sources	\$ 18,498,583			\$ 884,937

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,992,664	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,099,465	6.00%	30	\$ 870,509
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,406,594	62.9%	\$ 831,394	
Source IV	Proceeds	Description		Annual D/S
Other	\$ -			\$ -
Total Sources	\$ 18,498,723			\$ 870,509

Excess (Shortfall)	\$ 0
Revised Deferred Fee	\$ 1,406,594 62.9% \$ 831,394

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,904,064	\$8.47		
Other Income & Loss	40,320	0.18	180	
Vacancy & Collection	-7.50% (145,828)	-0.65	-651	
Effective Gross Income	\$1,798,556	8.00	8,029	
Total Operating Expenses	\$842,760	\$3.75	\$3,762	
Net Operating Income	\$955,796	\$4.25	\$4,267	
Debt Service	884,937	3.94	3,951	
Net Cash Flow	\$70,859	\$0.32	\$316	
Debt Coverage Ratio	1.08			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$70,859	\$0.32	\$316	
DCR after TDHCA Fees	1.08			
Break-even Rents/S.F.	0.64			
Break-even Occupancy	90.74%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,904,064	\$8.47		
Other Income & Loss	40,320	0.18	180	
Vacancy & Collection	7.50% (145,829)	-0.65	-651	
Effective Gross Income	1,798,555	8.00	8,029	
Total Operating Expenses	46.8% \$840,896	\$3.74	\$3,754	
Net Operating Income	\$957,659	\$4.26	\$4,275	
Debt Service	870,509	3.87	3,886	
Net Cash Flow	\$87,150	\$0.39	\$389	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$87,150	\$0.39	\$389	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.63			
Break-even Occupancy	89.88%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$108,518	0.48	484
Management Fees	91,160	0.41	407
Payroll, Payroll Tax & Employee Exp.	114,000	0.51	509
Maintenance/Repairs	90,000	0.40	402
Utilities	127,598	0.57	570
Property Insurance	75,324	0.34	336
Property Taxes	191,360	0.85	854
Replacement Reserves	44,800	0.20	200
Other Expenses	-	0.00	0
Total Exepnses	\$842,760	\$3.75	\$3,762

Staff Notes/Comments
The unit mix was changed to reflect a more even distribution of 50% and 60% units per floor plan with the exception of the one bedrooms..

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Park at Lake June, Dallas (#2004-003)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	4	\$ 540	684	0.79
60% AMI	1BD/1BA	4	\$ 665	684	0.97
50% AMI	1BD/1.5BA	12	\$ 540	809	0.67
60% AMI	1BD/1.5BA	12	\$ 665	809	0.82
50% AMI	2BD/1.5BA	49	\$ 643	1,027	0.63
60% AMI	2BD/1.5BA	49	\$ 793	1,027	0.77
50% AMI	2BD/2BA	18	\$ 643	1,116	0.58
60% AMI	2BD/2BA	18	\$ 793	1,116	0.71
50% AMI	3BD/2BA	42	\$ 739	1,149	0.64
60% AMI	3BD/2BA	42	\$ 912	1,149	0.79
Totals		250	\$ 2,218,008	262,226	\$ 0.70
Averages			\$ 739	1,049	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 550,000	\$ 2,200	\$ 2.10	0.03
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 550,000	\$ 2,200	\$ 2.10	0.03
Sitework	1,875,001	7,500	7.15	0.09
Hard Construction Costs	10,449,623	41,798	39.85	0.49
General Requirements (6%)	739,477	2,958	2.82	0.03
Contractor's Overhead (2%)	246,492	986	0.94	0.01
Contractor's Profit (6%)	739,477	2,958	2.82	0.03
Construction Contingency	391,923	1,568	1.49	0.02
Subtotal Construction	\$ 14,441,994	\$ 57,768	\$ 55.07	0.68
Indirect Construction	1,193,500	4,774	4.55	0.06
Developer's Fee	2,474,745	9,899	9.44	0.12
Financing	2,267,967	9,072	8.65	0.11
Reserves	216,873	867	0.83	0.01
Subtotal Other Costs	\$ 6,153,085	\$ 24,612	\$ 23	0
Total Uses	\$ 21,145,079	\$ 84,580	\$ 80.64	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,383,056	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,900,000	6.00%	30	\$1,000,050
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,862,020	75.2%	\$612,725	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 21,145,076			\$1,000,050

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,383,056	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,900,000	6.00%	30	\$ 1,000,050
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,862,023	75.2%	\$ 612,722	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 21,145,079			\$ 1,000,050

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,218,008	\$8.46		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.50% (169,692)	-0.65	-679	
Effective Gross Income	\$2,093,316	7.98	8,373	
Total Operating Expenses	\$983,457	\$3.75	\$3,934	
Net Operating Income	\$1,109,859	\$4.23	\$4,439	
Debt Service	1,000,050	3.81	4,000	
Net Cash Flow	\$109,809	\$0.42	\$439	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$109,809	\$0.42	\$439	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.63			
Break-even Occupancy	89.43%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,218,008	\$8.46		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (169,726)	-0.65	-679	
Effective Gross Income	\$2,093,282	7.98	8,373	
Total Operating Expenses	47.0% \$983,457	\$3.75	\$3,934	
Net Operating Income	\$1,109,825	\$4.23	\$4,439	
Debt Service	1,000,050	3.81	4,000	
Net Cash Flow	\$109,775	\$0.42	\$439	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$109,775	\$0.42	\$439	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.63			
Break-even Occupancy	89.43%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$131,563	0.50	526
Management Fees	104,644	0.40	419
Payroll, Payroll Tax & Employee Exp.	205,500	0.78	822
Maintenance/Repairs	91,750	0.35	367
Utilities	125,000	0.48	500
Property Insurance	62,500	0.24	250
Property Taxes	212,500	0.81	850
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Expenses	\$983,457	\$3.75	\$3,934

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Mayfair, Houston (#2004-008)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	32	\$ 500	690	0.72
50% AMI	2BD/2BA	56	\$ 598	1,015	0.59
50% AMI	3BD/2BA	36	\$ 688	1,188	0.58
60% AMI	1BD/1BA	32	\$ 612	690	0.89
60% AMI	2BD/2BA	56	\$ 732	1,015	0.72
60% AMI	3BD/2BA	36	\$ 843	1,188	0.71
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		248	\$ 1,982,160	243,376	\$ 0.68
Averages			\$ 666	981	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,842,588	\$ 7,430	\$ 7.57	0.09
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,842,588	\$ 7,430	\$ 7.57	0.09
Sitework	1,621,574	6,539	6.66	0.08
Hard Construction Costs	9,870,559	39,801	40.56	0.47
General Requirements (6%)	688,000	2,774	2.83	0.03
Contractor's Overhead (2%)	228,000	919	0.94	0.01
Contractor's Profit (6%)	688,000	2,774	2.83	0.03
Construction Contingency	200,000	806	0.82	0.01
Subtotal Construction	\$ 13,296,133	\$ 53,613	\$ 54.63	0.64
Indirect Construction	838,200	3,380	3.44	0.04
Developer's Fee	2,300,000	9,274	9.45	0.11
Financing	2,372,009	9,565	9.75	0.11
Reserves	150,000	605	0.62	0.01
Subtotal Other Costs	\$ 5,660,209	\$ 22,823	\$ 23	0
Total Uses	\$ 20,798,930	\$ 83,867	\$ 85.46	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,828,419	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,000,000	6.00%	30	\$1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 457,784	19.9%	\$1,842,216	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 22,286,203			\$1,079,191

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,828,419	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$12,149,000	6.00%	30	\$ 874,073
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,821,511	79.2%	\$ 478,489	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,798,930			\$ 874,073

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,982,160	\$8.14		
Other Income & Loss	44,640	0.18	180	
Vacancy & Collection	-7.50% (152,016)	-0.62	-613	
Effective Gross Income	\$1,874,784	7.70	7,560	
Total Operating Expenses	\$912,660	\$3.75	\$3,680	
Net Operating Income	\$962,124	\$3.95	\$3,880	
Debt Service	1,079,191	4.43	4,352	
Net Cash Flow	(\$117,067)	(\$0.48)	(\$472)	
Debt Coverage Ratio	0.89			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	(\$117,067)	(\$0.48)	(\$472)	
DCR after TDHCA Fees	0.89			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	100.49%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,982,160	\$8.14		
Other Income & Loss	44,640	0.18	180	
Vacancy & Collection	7.50% (152,010)	-0.62	-613	
Effective Gross Income	1,874,790	7.70	7,560	
Total Operating Expenses	48.7% \$912,660	\$3.75	\$3,680	
Net Operating Income	\$962,130	\$3.95	\$3,880	
Debt Service	874,073	3.59	3,524	
Net Cash Flow	\$88,057	\$0.36	\$355	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0.00	\$0.00	\$0	
Net Cash Flow	\$88,057	\$0.36	\$355	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.61			
Break-even Occupancy	90.14%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$122,312	0.50	493
Management Fees	101,340	0.42	409
Payroll, Payroll Tax & Employee Exp.	151,000	0.62	609
Maintenance/Repairs	150,664	0.62	608
Utilities	103,000	0.42	415
Property Insurance	73,013	0.30	294
Property Taxes	149,827	0.62	604
Replacement Reserves	61,504	0.25	248
Other Expenses	-	0.00	0
Total Expenses	\$912,660	\$3.75	\$3,680

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Sphinx at Delafield, Dallas (#2004-010)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	11	\$ 542	660	0.82
60% AMI	1BD/1BA	11	\$ 664	660	1.01
50% AMI	2BD/2BA	44	\$ 644	920	0.70
60% AMI	2BD/2BA	44	\$ 791	920	0.86
50% AMI	3BD/2BA	55	\$ 745	1,080	0.69
60% AMI	3BD/2BA	55	\$ 914	1,080	0.85
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		220	\$ 2,011,812	214,280	\$ 0.78
Averages			\$ 762	974	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 979,426	\$ 4,452	\$ 4.57	0.05
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 979,426	\$ 4,452	\$ 4.57	0.05
Sitework	1,870,000	8,500	8.73	0.10
Hard Construction Costs	8,871,792	40,326	41.40	0.47
General Requirements (6%)	639,672	2,908	2.99	0.03
Contractor's Overhead (2%)	213,224	969	1.00	0.01
Contractor's Profit (6%)	639,672	2,908	2.99	0.03
Construction Contingency	639,672	2,908	2.99	0.03
Subtotal Construction	\$ 12,874,032	\$ 58,518	\$ 60.08	0.68
Indirect Construction	1,057,000	4,805	4.93	0.06
Developer's Fee	2,178,119	9,901	10.16	0.11
Financing	1,951,425	8,870	9.11	0.10
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,186,544	\$ 23,575	\$ 24	\$ 0
Total Uses	\$ 19,040,002	\$ 86,545	\$ 88.86	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,407,732	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,560,000	6.00%	30	\$ 975,589
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ (1,050,621)	-48.2%	\$3,228,740	
Source IV	Proceeds	Description		Annual D/S
GIC Income	\$ 122,892			\$ -
Total Sources	\$ 19,040,003			\$ 975,589

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,407,732	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,560,280	6.00%	30	\$ 903,663
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ (50,902)	-2.3%	\$ 2,229,021	
Source IV	Proceeds	Description		Annual D/S
Other	\$ 122,892			\$ -
Total Sources	\$ 19,040,002			\$ 903,663

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,011,812	\$9.39		
Other Income & Loss	52,800	0.25	240	
Vacancy & Collection	-7.00% (144,516)	-0.67	-657	
Effective Gross Income	\$1,920,096	8.96	8,728	
Total Operating Expenses	\$903,473	\$4.22	\$4,107	
Net Operating Income	\$1,016,623	\$4.74	\$4,621	
Debt Service	975,589	4.55	4,434	
Net Cash Flow	\$41,034	\$0.19	\$187	
Debt Coverage Ratio	1.04			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$41,034	\$0.19	\$187	
DCR after TDHCA Fees	1.04			
Break-even Rents/S.F.	0.73			
Break-even Occupancy	93.40%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,011,812	\$9.39		
Other Income & Loss	39,600	0.18	180	
Vacancy & Collection	7.50% (153,856)	-0.72	-699	
Effective Gross Income	1,897,556	8.86	8,625	
Total Operating Expenses	47.6% \$903,473	\$4.22	\$4,107	
Net Operating Income	\$994,083	\$4.64	\$4,519	
Debt Service	903,663	4.22	4,108	
Net Cash Flow	\$90,420	\$0.42	\$411	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$90,420	\$0.42	\$411	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.70			
Break-even Occupancy	89.83%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$74,300	0.35	338
Management Fees	96,002	0.45	436
Payroll, Payroll Tax & Employee Exp.	170,775	0.80	776
Maintenance/Repairs	108,970	0.51	495
Utilities	168,570	0.79	766
Property Insurance	42,856	0.20	195
Property Taxes	198,000	0.92	900
Replacement Reserves	44,000	0.21	200
Other Expenses	-	0.00	0
Total Expenses	\$903,473	\$4.22	\$4,107

Staff Notes/Comments
The Applicant's net rents are below the maximum allowable.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Sphinx at Greens, Houston (#2004-011)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	15	\$ 513	660	0.78
60% AMI	1BD/1BA	15	\$ 625	660	0.95
50% AMI	2BD/2BA	50	\$ 564	920	0.61
60% AMI	2BD/2BA	50	\$ 748	920	0.81
50% AMI	3BD/2BA	60	\$ 710	1,080	0.66
60% AMI	3BD/2BA	60	\$ 865	1,080	0.80
Totals		250	\$ 2,126,399	241,400	\$ 0.73
Averages			\$ 709	966	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,979,426	\$ 7,918	\$ 8.20	0.09
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,979,426	\$ 7,918	\$ 8.20	0.09
Sitework	2,125,001	8,500	8.80	0.10
Hard Construction Costs	9,966,795	39,867	41.29	0.46
General Requirements (6%)	705,576	2,822	2.92	0.03
Contractor's Overhead (2%)	235,192	941	0.97	0.01
Contractor's Profit (6%)	705,576	2,822	2.92	0.03
Construction Contingency	705,576	2,822	2.92	0.03
Subtotal Construction	\$ 14,443,716	\$ 57,775	\$ 59.83	0.66
Indirect Construction	1,057,000	4,228	4.38	0.05
Developer's Fee	2,376,689	9,507	9.85	0.11
Financing	2,004,932	8,020	8.31	0.09
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,438,621	\$ 21,754	\$ 23	0
Total Uses	\$ 21,861,763	\$ 87,447	\$ 90.56	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,991,899	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,210,000	6.00%	30	\$1,022,354
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 552,568	23.2%	\$1,824,121	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 107,294		\$ -	
Total Sources	\$ 21,861,761			\$1,022,354

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,991,899	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,256,000	6.00%	30	\$ 953,717
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,506,570	63.4%	\$ 870,119	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 107,294		\$ -	
Total Sources	\$ 21,861,763			\$ 953,717

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,126,399	\$8.81		
Other Income & Loss	161,424	0.67	646	
Vacancy & Collection	-7.54% (172,476)	-0.71	-690	
Effective Gross Income	\$2,115,347	8.76	8,461	
Total Operating Expenses	\$959,068	\$3.97	\$3,836	
Net Operating Income	\$1,156,279	\$4.79	\$4,625	
Debt Service	1,022,354	4.24	4,089	
Net Cash Flow	\$133,925	\$0.55	\$536	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$133,925	\$0.55	\$536	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	93.18%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,126,399	\$8.81		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	7.50% (162,855)	-0.67	-651	
Effective Gross Income	2,008,544	8.32	8,034	
Total Operating Expenses	47.7% \$959,068	\$3.97	\$3,836	
Net Operating Income	\$1,049,476	\$4.35	\$4,198	
Debt Service	953,717	3.95	3,815	
Net Cash Flow	\$95,759	\$0.40	\$383	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$95,759	\$0.40	\$383	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	89.95%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$75,500	0.31	302
Management Fees	102,218	0.42	409
Payroll, Payroll Tax & Employee Exp.	170,775	0.71	683
Maintenance/Repairs	122,425	0.51	490
Utilities	189,870	0.79	759
Property Insurance	48,280	0.20	193
Property Taxes	200,000	0.83	800
Replacement Reserves	50,000	0.21	200
Other Expenses	-	0.00	0
Total Expenses	\$959,068	\$3.97	\$3,836

Staff Notes/Comments

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Rosemont At Trinity, Fort Worth (2004-012)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	20	\$ 628	950	0.66
60% AMI	2BD/2BA	20	\$ 766	950	0.81
50% AMI	3BD/2BA	105	\$ 727	1,100	0.66
60% AMI	3BD/2BA	105	\$ 886	1,100	0.81
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,366,940	269,000	\$ 0.73
Averages			\$ 789	1,076	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 555,390	\$ 2,222	\$ 2.06	0.03
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 555,390	\$ 2,222	\$ 2.06	0.03
Sitework	1,873,750	7,495	6.97	0.09
Hard Construction Costs	11,876,500	47,506	44.15	0.54
General Requirements (6%)	825,015	3,300	3.07	0.04
Contractor's Overhead (2%)	275,005	1,100	1.02	0.01
Contractor's Profit (6%)	825,015	3,300	3.07	0.04
Construction Contingency	412,508	1,650	1.53	0.02
Subtotal Construction	\$ 16,087,793	\$ 64,351	\$ 59.81	0.74
Indirect Construction	857,500	3,430	3.19	0.04
Developer's Fee	2,537,324	10,149	9.43	0.12
Financing	1,835,250	7,341	6.82	0.08
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,230,074	\$ 20,920	\$ 19	0
Total Uses	\$ 21,873,257	\$ 87,493	\$ 81.31	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,524,601	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.75%	40	\$ 1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 710,950	28.0%	\$ 1,826,374	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 137,706		\$ -	
Total Sources	\$ 21,873,257			\$ 1,122,244

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,524,601	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,345,000	6.75%	40	\$ 1,111,021
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 865,950	34.1%	\$ 1,671,374	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 137,706		\$ -	
Total Sources	\$ 21,873,257			\$ 1,111,021

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,366,940	\$8.80		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.50% (180,895)	-0.67	-724	
Effective Gross Income	\$2,231,045	8.29	8,924	
Total Operating Expenses	\$954,441	\$3.55	\$3,818	
Net Operating Income	\$1,276,604	\$4.75	\$5,106	
Debt Service	1,122,244	4.17	4,489	
Net Cash Flow	\$154,360	\$0.57	\$617	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$154,360	\$0.57	\$617	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.64			
Break-even Occupancy	87.74%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,366,940	\$8.80		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (180,896)	-0.67	-724	
Effective Gross Income	\$2,231,045	8.29	8,924	
Total Operating Expenses	45.2% \$1,008,750	\$3.75	\$3,818	
Net Operating Income	\$1,222,295	\$4.54	\$4,889	
Debt Service	1,111,021	4.13	4,444	
Net Cash Flow	\$111,273	\$0.41	\$445	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$111,273	\$0.41	\$445	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	89.56%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$108,000	0.40	432
Management Fees	111,554	0.41	446
Payroll, Payroll Tax & Employee Exp.	202,500	0.75	810
Maintenance/Repairs	91,250	0.34	365
Utilities	120,000	0.45	480
Property Insurance	68,750	0.26	275
Property Taxes	202,388	0.75	810
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Expenses	\$954,442	\$3.55	\$3,818

Staff Notes/Comments
The higher of the two numbers \$3.75 psf vs \$3,800 per unit was used as a stress test.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rosemont At Dreeben, Haltom City (2004-013)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	15	\$ 616	950	0.65
60% AMI	2BD/2BA	15	\$ 752	950	0.79
50% AMI	3BD/2BA	110	\$ 714	1,100	0.65
60% AMI	3BD/2BA	110	\$ 871	1,100	0.79
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,338,440	270,500	\$ 0.72
Averages			\$ 779	1,082	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,415,677	\$ 5,663	\$ 5.23	0.06
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,415,677	\$ 5,663	\$ 5.23	0.06
Sitework	1,873,750	7,495	6.93	0.09
Hard Construction Costs	11,265,500	45,062	41.65	0.51
General Requirements (6%)	788,355	3,153	2.91	0.04
Contractor's Overhead (2%)	262,785	1,051	0.97	0.01
Contractor's Profit (6%)	788,355	3,153	2.91	0.04
Construction Contingency	394,178	1,577	1.46	0.02
Subtotal Construction	\$ 15,372,923	\$ 61,492	\$ 56.83	0.70
Indirect Construction	1,037,500	4,150	3.84	0.05
Developer's Fee	2,457,559	9,830	9.09	0.11
Financing	1,751,950	7,008	6.48	0.08
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,247,009	\$ 20,988	\$ 19	0
Total Uses	\$ 22,035,609	\$ 88,142	\$ 81.46	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,350,925	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,200,000	6.75%	40	\$1,100,523
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,363,419	55.5%	\$1,094,140	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 121,265		\$ -	
Total Sources	\$ 22,035,609			\$1,100,523

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,350,925	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,943,768	6.75%	40	\$ 1,081,971
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,619,651	65.9%	\$ 837,908	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 121,265		\$ -	
Total Sources	\$ 22,035,609			\$ 1,081,971

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,338,440	\$8.64		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.50% (178,758)	-0.66	-715	
Effective Gross Income	\$2,204,682	8.15	8,819	
Total Operating Expenses	\$952,500	\$3.52	\$3,810	
Net Operating Income	\$1,252,182	\$4.63	\$5,009	
Debt Service	1,100,523	4.07	4,402	
Net Cash Flow	\$151,659	\$0.56	\$607	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$151,659	\$0.56	\$607	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.63			
Break-even Occupancy	87.79%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,338,440	\$8.64		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (178,758)	-0.66	-715	
Effective Gross Income	2,204,682	8.15	8,819	
Total Operating Expenses	46.0% \$1,014,375	\$3.75	\$4,058	
Net Operating Income	\$1,190,307	\$4.40	\$4,761	
Debt Service	1,081,971	4.00	4,328	
Net Cash Flow	\$108,336	\$0.40	\$433	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0.00	\$0.00	\$0	
Net Cash Flow	\$108,336	\$0.40	\$433	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	89.65%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$108,000	0.40	432
Management Fees	111,554	0.41	446
Payroll, Payroll Tax & Employee Exp.	202,500	0.75	810
Maintenance/Repairs	91,250	0.34	365
Utilities	120,000	0.44	480
Property Insurance	68,750	0.25	275
Property Taxes	202,388	0.75	810
Replacement Reserves	50,000	0.18	200
Other Expenses	-	0.00	0
Total Expenses	\$954,442	\$3.53	\$3,818

Staff Notes/Comments	
The higher of the two numbers \$3.75 psf vs \$3,800 per unit was used as a stress test.	

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rosemont at Shiver, Fort Worth (#2004-014)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	3BD/2BA	125	\$ 710	1,100	0.65
60% AMI	3BD/2BA	125	\$ 870	1,100	0.79
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,370,000	275,000	\$ 0.72
Averages			\$ 790	1,100	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,558,071	\$ 6,232	\$ 5.67	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,558,071	\$ 6,232	\$ 5.67	0.07
Sitework	1,873,750	7,495	6.81	0.09
Hard Construction Costs	11,449,999	45,800	41.64	0.52
General Requirements (6%)	799,425	3,198	2.91	0.04
Contractor's Overhead (2%)	266,475	1,066	0.97	0.01
Contractor's Profit (6%)	799,425	3,198	2.91	0.04
Construction Contingency	399,713	1,599	1.45	0.02
Subtotal Construction	\$ 15,588,787	\$ 62,355	\$ 56.69	0.71
Indirect Construction	1,037,500	4,150	3.77	0.05
Developer's Fee	2,471,261	9,885	8.99	0.11
Financing	1,297,750	5,191	4.72	0.06
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 4,806,511	\$ 19,226	\$ 17	0
Total Uses	\$ 21,953,369	\$ 87,813	\$ 79.83	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,380,758	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,600,000	6.75%	40	\$1,129,484
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 847,186	34.3%	\$1,624,075	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 125,425		\$ -	
Total Sources	\$ 21,953,369		\$1,129,484	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,380,758	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,447,186	58.6%	\$ 1,024,075	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 125,425		\$ -	
Total Sources	\$ 21,953,369		\$ 1,086,042	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,370,000	\$8.62		
Other Income & Loss	45,000	0.16	180	
Vacancy & Collection	-7.52% (181,644)	-0.66	-727	
Effective Gross Income	\$2,233,356	8.12	8,933	
Total Operating Expenses	\$952,499	\$3.46	\$3,810	
Net Operating Income	\$1,280,857	\$4.66	\$5,123	
Debt Service	1,129,484	4.11	4,518	
Net Cash Flow	\$151,373	\$0.55	\$605	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$151,373	\$0.55	\$605	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.63			
Break-even Occupancy	87.85%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,370,000	\$8.62		
Other Income & Loss	45,000	0.16	180	
Vacancy & Collection	7.50% (181,125)	-0.66	-725	
Effective Gross Income	2,233,875	8.12	8,936	
Total Operating Expenses	42.6% \$952,499	\$3.46	\$3,810	
Net Operating Income	\$1,281,376	\$4.66	\$5,126	
Debt Service	1,086,042	3.95	4,344	
Net Cash Flow	\$195,334	\$0.71	\$781	
Debt Coverage Ratio	1.18			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$195,334	\$0.71	\$781	
DCR after TDHCA Fees	1.18			
Break-even Rents/S.F.	0.62			
Break-even Occupancy	86.01%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$108,000	0.39	432
Management Fees	109,612	0.40	438
Payroll, Payroll Tax & Employee Exp.	202,500	0.74	810
Maintenance/Repairs	91,250	0.33	365
Utilities	120,000	0.44	480
Property Insurance	68,750	0.25	275
Property Taxes	202,387	0.74	810
Replacement Reserves	50,000	0.18	200
Other Expenses	-	0.00	0
Total Expenses	\$952,499	\$3.46	\$3,810

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rosemont At Parkway, Fort Worth (2004-015)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	35	\$ 628	950	0.66
60% AMI	2BD/2BA	35	\$ 766	950	0.81
50% AMI	3BD/2BA	90	\$ 727	1,100	0.66
60% AMI	3BD/2BA	90	\$ 886	1,100	0.81
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,327,520	264,500	\$ 0.73
Averages			\$ 776	1,058	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,540,000	\$ 6,160	\$ 5.82	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,540,000	\$ 6,160	\$ 5.82	0.07
Sitework	1,873,750	7,495	7.08	0.09
Hard Construction Costs	11,019,500	44,078	41.66	0.52
General Requirements (6%)	773,595	3,094	2.92	0.04
Contractor's Overhead (2%)	257,865	1,031	0.97	0.01
Contractor's Profit (6%)	773,595	3,094	2.92	0.04
Construction Contingency	386,798	1,547	1.46	0.02
Subtotal Construction	\$ 15,085,103	\$ 60,340	\$ 57.03	0.71
Indirect Construction	1,037,500	4,150	3.92	0.05
Developer's Fee	2,395,359	9,581	9.06	0.11
Financing	1,250,250	5,001	4.73	0.06
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 4,683,109	\$ 18,732	\$ 18	0
Total Uses	\$ 21,308,212	\$ 85,233	\$ 80.56	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,215,495	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,100,000	6.75%	40	\$1,093,283
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 871,889	36.4%	\$1,523,470	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 120,828		\$ -	
Total Sources	\$ 21,308,212			\$ 1,093,283

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,215,495	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,943,768	6.75%	40	\$ 1,081,971
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,028,121	42.9%	\$ 1,367,238	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 120,828		\$ -	
Total Sources	\$ 21,308,212			\$ 1,081,971

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,327,520	\$8.80		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.50% (177,939)	-0.67	-712	
Effective Gross Income	\$2,194,581	8.30	8,778	
Total Operating Expenses	\$952,500	\$3.60	\$3,810	
Net Operating Income	\$1,242,081	\$4.70	\$4,968	
Debt Service	1,093,283	4.13	4,373	
Net Cash Flow	\$148,798	\$0.56	\$595	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$148,798	\$0.56	\$595	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.64			
Break-even Occupancy	87.90%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,327,520	\$8.80		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (177,939)	-0.67	-712	
Effective Gross Income	2,194,581	8.30	8,778	
Total Operating Expenses	45.2% \$991,875	\$3.75	\$3,968	
Net Operating Income	\$1,202,706	\$4.55	\$4,811	
Debt Service	1,081,971	4.09	4,328	
Net Cash Flow	\$120,735	\$0.46	\$483	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$120,735	\$0.46	\$483	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	89.10%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$108,000	0.41	432
Management Fees	109,722	0.41	439
Payroll, Payroll Tax & Employee Exp.	202,500	0.77	810
Maintenance/Repairs	91,250	0.34	365
Utilities	120,000	0.45	480
Property Insurance	68,750	0.26	275
Property Taxes	202,278	0.76	809
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Expsnes	\$952,500	\$3.60	\$3,810

Staff Notes/Comments
The higher of the two numbers \$3.75 psf vs \$3,800 per unit was used as a stress test.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Rosemont At Paschall, Mesquite (2004-016)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 625	950	0.66
60% AMI	2BD/2BA	62	\$ 772	950	0.81
50% AMI	3BD/2BA	63	\$ 718	1,100	0.65
60% AMI	3BD/2BA	62	\$ 887	1,100	0.81
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,249,604	256,250	\$ 0.73
Averages			\$ 750	1,025	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,250,000	\$ 5,000	\$ 4.88	0.06
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,250,000	\$ 5,000	\$ 4.88	0.06
Sitework	1,873,750	7,495	7.31	0.09
Hard Construction Costs	10,681,250	42,725	41.68	0.51
General Requirements (6%)	753,300	3,013	2.94	0.04
Contractor's Overhead (2%)	251,100	1,004	0.98	0.01
Contractor's Profit (6%)	753,300	3,013	2.94	0.04
Construction Contingency	376,650	1,507	1.47	0.02
Subtotal Construction	\$ 14,689,350	\$ 58,757	\$ 57.32	0.70
Indirect Construction	927,500	3,710	3.62	0.04
Developer's Fee	2,340,732	9,363	9.13	0.11
Financing	1,713,050	6,852	6.69	0.08
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 4,981,282	\$ 19,925	\$ 19	0
Total Uses	\$ 20,920,632	\$ 83,683	\$ 81.64	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,096,553	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,300,000	6.75%	40	\$1,107,763
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 392,659	16.8%	\$1,948,073	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 131,420		\$ -	
Total Sources	\$ 20,920,632			\$1,107,763

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,096,553	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$14,691,235	6.75%	40	\$ 1,063,687
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,001,424	42.8%	\$ 1,339,308	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 131,420		\$ -	
Total Sources	\$ 20,920,632			\$ 1,063,687

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,249,604	\$8.78		
Other Income & Loss	45,000	0.18	180	
Vacancy & Collection	-7.80% (179,052)	-0.70	-716	
Effective Gross Income	\$2,115,552	8.26	8,462	
Total Operating Expenses	\$952,500	\$3.72	\$3,810	
Net Operating Income	\$1,163,052	\$4.54	\$4,652	
Debt Service	1,107,763	4.32	4,431	
Net Cash Flow	\$55,289	\$0.22	\$221	
Debt Coverage Ratio	1.05			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$55,289	\$0.22	\$221	
DCR after TDHCA Fees	1.05			
Break-even Rents/S.F.	0.67			
Break-even Occupancy	91.58%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,249,604	\$8.78		
Other Income & Loss	45,000	0.18	180	
Vacancy & Collection	7.50% (172,095)	-0.67	-688	
Effective Gross Income	2,122,509	8.28	8,490	
Total Operating Expenses	44.9% \$952,500	\$3.72	\$3,810	
Net Operating Income	\$1,170,009	\$4.57	\$4,680	
Debt Service	1,063,687	4.15	4,255	
Net Cash Flow	\$106,322	\$0.41	\$425	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$106,322	\$0.41	\$425	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	89.62%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$108,000	0.42	432
Management Fees	110,418	0.43	442
Payroll, Payroll Tax & Employee Exp.	202,500	0.79	810
Maintenance/Repairs	91,250	0.36	365
Utilities	120,000	0.47	480
Property Insurance	68,750	0.27	275
Property Taxes	201,582	0.79	806
Replacement Reserves	50,000	0.20	200
Other Expenses	-	0.00	0
Total Expenses	\$952,500	\$3.72	\$3,810

Staff Notes/Comments
Rents were adjusted due to change in utility allowances for \$106 per 2 bedroom and \$127 for 3 bedroom.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Primrose at Stonebrook, Frisco (2004-017)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	3BD/2BA	100	\$ 785	1,100	0.71
60% AMI	3BD/2BA	100	\$ 957	1,100	0.87
				-	0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		200	\$ 2,090,400	220,000	\$ 0.79
Averages			\$ 871	1,100	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,306,800	\$ 6,534	\$ 5.94	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,306,800	\$ 6,534	\$ 5.94	0.07
Sitework	1,499,000	7,495	6.81	0.08
Hard Construction Costs	9,745,000	48,725	44.30	0.50
General Requirements (6%)	674,640	3,373	3.07	0.03
Contractor's Overhead (2%)	224,880	1,124	1.02	0.01
Contractor's Profit (6%)	674,640	3,373	3.07	0.03
Construction Contingency	337,320	1,687	1.53	0.02
Subtotal Construction	\$ 13,155,480	\$ 65,777	\$ 59.80	0.67
Indirect Construction	1,027,500	5,138	4.67	0.05
Developer's Fee	2,142,287	10,711	9.74	0.11
Financing	1,892,665	9,463	8.60	0.10
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,062,452	\$ 25,312	\$ 23	\$ 0
Total Uses	\$ 19,524,732	\$ 97,624	\$ 88.75	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,664,472	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,660,000	6.75%	40	\$1,061,425
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 68,429	3.2%	\$2,073,858	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 131,830		\$ -	
Total Sources	\$ 19,524,731			\$1,061,425

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,664,472	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,327,131	6.75%	40	\$ 1,037,325
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 401,299	18.7%	\$ 1,740,988	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 131,830		\$ -	
Total Sources	\$ 19,524,732			\$ 1,037,325

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,090,400	\$9.50		
Other Income & Loss	36,000	0.16	180	
Vacancy & Collection	-7.50% (159,480)	-0.72	-797	
Effective Gross Income	\$1,966,920	8.94	9,835	
Total Operating Expenses	\$791,962	\$3.60	\$3,960	
Net Operating Income	\$1,174,958	\$5.34	\$5,875	
Debt Service	1,061,425	4.82	5,307	
Net Cash Flow	\$113,533	\$0.52	\$568	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$113,533	\$0.52	\$568	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.70			
Break-even Occupancy	88.66%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,090,400	\$9.50		
Other Income & Loss	36,000	0.16	180	
Vacancy & Collection	7.50% (159,480)	-0.72	-797	
Effective Gross Income	\$1,966,920	8.94	9,835	
Total Operating Expenses	41.9% \$825,000	\$3.75	\$3,960	
Net Operating Income	\$1,141,920	\$5.19	\$5,710	
Debt Service	1,037,325	4.72	5,187	
Net Cash Flow	\$104,595	\$0.48	\$523	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$104,595	\$0.48	\$523	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.71			
Break-even Occupancy	89.09%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$86,400	0.39	432
Management Fees	99,562	0.45	498
Payroll, Payroll Tax & Employee Exp.	162,000	0.74	810
Maintenance/Repairs	73,000	0.33	365
Utilities	96,000	0.44	480
Property Insurance	55,000	0.25	275
Property Taxes	180,000	0.82	900
Replacement Reserves	40,000	0.18	200
Other Expenses	-	0.00	0
Total Exepnses	\$791,962	\$3.60	\$3,960

Staff Notes/Comments
The borrower/applicant has provide a fax from the PHA which indicated that \$80 per 3 bedroom utility allowance. Staff has requested a break down of the \$80 for documentation.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rosemont at Cooks Lane, Fort Worth (#2004-018)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	20	\$ 614	950	0.65
60% AMI	2BD/2BA	20	\$ 752	950	0.79
50% AMI	3BD/2BA	105	\$ 710	1,100	0.65
60% AMI	3BD/2BA	105	\$ 870	1,100	0.79
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,318,640	269,000	\$ 0.72
Averages			\$ 773	1,076	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,600,000	\$ 6,400	\$ 5.95	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,600,000	\$ 6,400	\$ 5.95	0.07
Sitework	1,873,750	7,495	6.97	0.09
Hard Construction Costs	11,204,001	44,816	41.65	0.51
General Requirements (6%)	784,665	3,139	2.92	0.04
Contractor's Overhead (2%)	261,555	1,046	0.97	0.01
Contractor's Profit (6%)	784,665	3,139	2.92	0.04
Construction Contingency	392,333	1,569	1.46	0.02
Subtotal Construction	\$ 15,300,969	\$ 61,204	\$ 56.88	0.70
Indirect Construction	857,500	3,430	3.19	0.04
Developer's Fee	2,419,494	9,678	8.99	0.11
Financing	1,798,850	7,195	6.69	0.08
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,075,844	\$ 20,303	\$ 19	0
Total Uses	\$ 21,976,813	\$ 87,907	\$ 81.70	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,268,045	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,100,000	6.75%	40	\$1,093,283
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,492,468	61.7%	\$927,026	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 116,298		\$ -	
Total Sources	\$ 21,976,811		\$1,093,283	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,268,045	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,592,470	65.8%	\$ 827,024	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 116,298		\$ -	
Total Sources	\$ 21,976,813		\$ 1,086,042	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,318,640	\$8.62		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.52% (177,744)	-0.66	-711	
Effective Gross Income	\$2,185,896	8.13	8,744	
Total Operating Expenses	\$952,499	\$3.54	\$3,810	
Net Operating Income	\$1,233,397	\$4.59	\$4,934	
Debt Service	1,093,283	4.06	4,373	
Net Cash Flow	\$140,114	\$0.52	\$560	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$140,114	\$0.52	\$560	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.63			
Break-even Occupancy	88.23%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,318,640	\$8.62		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (177,273)	-0.66	-709	
Effective Gross Income	\$2,186,367	8.13	8,745	
Total Operating Expenses	43.6% \$952,499	\$3.54	\$3,810	
Net Operating Income	\$1,233,868	\$4.59	\$4,935	
Debt Service	1,086,042	4.04	4,344	
Net Cash Flow	\$147,826	\$0.55	\$591	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$147,826	\$0.55	\$591	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.63			
Break-even Occupancy	87.92%			

Applicant - Annual Operating Expenses			
	Per S.F.	Per Unit	
General & Administrative Expenses	\$108,000	0.40	432
Management Fees	109,612	0.41	438
Payroll, Payroll Tax & Employee Exp.	202,500	0.75	810
Maintenance/Repairs	91,250	0.34	365
Utilities	120,000	0.45	480
Property Insurance	68,750	0.26	275
Property Taxes	202,387	0.75	810
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$952,499	\$3.54	\$3,810

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rosemont at Chenault, Mesquite (#2004-019)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 642	950	0.68
60% AMI	2BD/2BA	62	\$ 782	950	0.82
50% AMI	3BD/2BA	63	\$ 737	1,100	0.67
60% AMI	3BD/2BA	62	\$ 910	1,100	0.83
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,301,372	256,250	\$ 0.75
Averages			\$ 767	1,025	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,500,000	\$ 6,000	\$ 5.85	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,500,000	\$ 6,000	\$ 5.85	0.07
Sitework	1,873,750	7,495	7.31	0.09
Hard Construction Costs	11,062,827	44,251	43.17	0.51
General Requirements (6%)	776,195	3,105	3.03	0.04
Contractor's Overhead (2%)	258,732	1,035	1.01	0.01
Contractor's Profit (6%)	776,195	3,105	3.03	0.04
Construction Contingency	388,097	1,552	1.51	0.02
Subtotal Construction	\$ 15,135,795	\$ 60,543	\$ 59.07	0.69
Indirect Construction	1,027,500	4,110	4.01	0.05
Developer's Fee	2,424,289	9,697	9.46	0.11
Financing	1,766,750	7,067	6.89	0.08
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,218,539	\$ 20,874	\$ 20	0
Total Uses	\$ 21,854,334	\$ 87,417	\$ 85.29	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,278,486	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,900,000	6.75%	40	\$1,151,205
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 541,426	22.3%	\$1,882,863	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 134,420		\$ -	
Total Sources	\$ 21,854,332			\$1,151,205

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,278,486	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,441,428	59.5%	\$ 982,861	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 134,420		\$ -	
Total Sources	\$ 21,854,334			\$ 1,086,042

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,301,372	\$8.98		
Other Income & Loss	45,000	0.18	180	
Vacancy & Collection	-7.82% (183,552)	-0.72	-734	
Effective Gross Income	\$2,162,820	8.44	8,651	
Total Operating Expenses	\$952,499	\$3.72	\$3,810	
Net Operating Income	\$1,210,321	\$4.72	\$4,841	
Debt Service	1,151,205	4.49	4,605	
Net Cash Flow	\$59,116	\$0.23	\$236	
Debt Coverage Ratio	1.05			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$59,116	\$0.23	\$236	
DCR after TDHCA Fees	1.05			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	91.41%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,301,372	\$8.98		
Other Income & Loss	45,000	0.18	180	
Vacancy & Collection	7.50% (175,978)	-0.69	-704	
Effective Gross Income	2,170,394	8.47	8,682	
Total Operating Expenses	43.9% \$952,499	\$3.72	\$3,810	
Net Operating Income	\$1,217,895	\$4.75	\$4,872	
Debt Service	1,086,042	4.24	4,344	
Net Cash Flow	\$131,853	\$0.51	\$527	
Debt Coverage Ratio	1.12			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$131,853	\$0.51	\$527	
DCR after TDHCA Fees	1.12			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	88.58%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$108,000	0.42	432
Management Fees	113,192	0.44	453
Payroll, Payroll Tax & Employee Exp.	202,500	0.79	810
Maintenance/Repairs	91,250	0.36	365
Utilities	120,000	0.47	480
Property Insurance	68,750	0.27	275
Property Taxes	198,807	0.78	795
Replacement Reserves	50,000	0.20	200
Other Expenses	-	0.00	0
Total Expenses	\$952,499	\$3.72	\$3,810

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

PWA Georgetown Senior Community, Gerogetown (2004-020)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	62	\$ 601	700	0.86
60% AMI	1BD/1BA	62	\$ 735	700	1.05
50% AMI	2BD/2BA	63	\$ 712	850	0.84
60% AMI	2BD/2BA	63	\$ 872	850	1.03
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,191,488	193,900	\$ 0.94
Averages			\$ 730	776	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,647,439	\$ 6,590	\$ 8.50	0.08
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,647,439	\$ 6,590	\$ 8.50	0.08
Sitework	1,438,397	5,754	7.42	0.07
Hard Construction Costs	8,398,703	33,595	43.31	0.43
General Requirements (6%)	590,226	2,361	3.04	0.03
Contractor's Overhead (2%)	196,742	787	1.01	0.01
Contractor's Profit (6%)	491,855	1,967	2.54	0.03
Construction Contingency	491,855	1,967	2.54	0.03
Subtotal Construction	\$ 11,607,778	\$ 46,431	\$ 59.86	0.59
Indirect Construction	902,453	3,610	4.65	0.05
Developer's Fee	2,093,991	8,376	10.80	0.11
Financing	2,349,712	9,399	12.12	0.12
Reserves	1,048,426	4,194	5.41	0.05
Subtotal Other Costs	\$ 6,394,582	\$ 25,578	\$ 33	\$ 0
Total Uses	\$ 19,649,799	\$ 78,599	\$ 101.34	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,392,356	\$0.00	3.42%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 257,442	12.3%	\$ 1,836,549	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,649,798			\$ 1,086,042

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,392,356	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,128,407	6.75%	40	\$ 1,022,937
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,129,036	53.9%	\$ 964,955	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,649,799			\$ 1,022,937

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,191,488	\$11.30		
Other Income & Loss	45,000	0.23	180	
Vacancy & Collection	-7.50% (167,737)	-0.87	-671	
Effective Gross Income	\$2,068,751	10.67	8,275	
Total Operating Expenses	\$833,852	\$4.30	\$3,335	
Net Operating Income	\$1,234,899	\$6.37	\$4,940	
Debt Service	1,086,042	5.60	4,344	
Net Cash Flow	\$148,857	\$0.77	\$595	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$148,857	\$0.77	\$595	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.83			
Break-even Occupancy	87.61%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,191,488	\$11.30		
Other Income & Loss	45,000	0.23	180	
Vacancy & Collection	7.50% (167,737)	-0.87	-671	
Effective Gross Income	2,068,751	10.67	8,275	
Total Operating Expenses	45.6% \$943,704	\$4.87	\$3,775	
Net Operating Income	\$1,125,047	\$5.80	\$4,500	
Debt Service	1,022,937	5.28	4,092	
Net Cash Flow	\$102,111	\$0.53	\$408	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$102,111	\$0.53	\$408	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.85			
Break-even Occupancy	89.74%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$70,000	0.36	280
Management Fees	82,750	0.43	331
Payroll, Payroll Tax & Employee Exp.	243,750	1.26	975
Maintenance/Repairs	106,250	0.55	425
Utilities	100,000	0.52	400
Property Insurance	71,250	0.37	285
Property Taxes	109,852	0.57	439
Replacement Reserves	50,000	0.26	200
Other Expenses	-	0.00	0
Total Expenses	\$833,852	\$4.30	\$3,335

Staff Notes/Comments
Expenses were increased by \$109,852 to show full taxes being paid. Application meets deferred Developer fee guidelines.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Churchill at Round Rock Townhome Community, Round Rock (2004-021)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	75	\$ 712	1,050	0.68
60% AMI	2BD/2BA	75	\$ 812	1,050	0.77
50% AMI	3BD/2BA	50	\$ 814	1,200	0.68
60% AMI	3BD/2BA	50	\$ 999	1,200	0.83
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,459,400	277,500	\$ 0.74
Averages			\$ 820	1,110	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,560,000	\$ 6,240	\$ 5.62	0.06
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,560,000	\$ 6,240	\$ 5.62	0.06
Sitework	1,872,860	7,491	6.75	0.08
Hard Construction Costs	11,763,390	47,054	42.39	0.49
General Requirements (6%)	818,175	3,273	2.95	0.03
Contractor's Overhead (2%)	272,725	1,091	0.98	0.01
Contractor's Profit (6%)	681,813	2,727	2.46	0.03
Construction Contingency	681,813	2,727	2.46	0.03
Subtotal Construction	\$ 16,090,776	\$ 64,363	\$ 57.98	0.66
Indirect Construction	1,071,536	4,286	3.86	0.04
Developer's Fee	2,720,659	10,883	9.80	0.11
Financing	1,972,915	7,892	7.11	0.08
Reserves	829,994	3,320	2.99	0.03
Subtotal Other Costs	\$ 6,595,104	\$ 26,380	\$ 24	0
Total Uses	\$ 24,245,880	\$ 96,984	\$ 87.37	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,706,854	\$0.80	3.42%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 17,450,000	6.75%	40	\$ 1,263,429
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,089,024	40.0%	\$ 1,631,635	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 24,245,878			\$ 1,263,429

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,706,854	\$0.80	3.42%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 17,156,690	6.75%	40	\$ 1,242,193
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,382,336	50.8%	\$ 1,338,323	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 24,245,880	1,515,237		\$ 1,242,193

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,459,400	\$8.86		
Other Income & Loss	45,000	0.16	180	
Vacancy & Collection	-7.50% (187,830)	-0.68	-751	
Effective Gross Income	\$2,316,570	8.35	9,266	
Total Operating Expenses	\$885,598	\$3.19	\$3,542	
Net Operating Income	\$1,430,972	\$5.16	\$5,724	
Debt Service	1,263,429	4.55	5,054	
Net Cash Flow	\$167,543	\$0.60	\$670	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$167,543	\$0.60	\$670	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	87.38%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,459,400	\$8.86		
Other Income & Loss	45,000	0.16	180	
Vacancy & Collection	7.50% (187,830)	-0.68	-751	
Effective Gross Income	2,316,570	8.35	9,266	
Total Operating Expenses	41.0% \$950,000	\$3.42	\$3,800	
Net Operating Income	\$1,366,570	\$4.92	\$5,466	
Debt Service	1,242,193	4.48	4,969	
Net Cash Flow	\$124,377	\$0.45	\$498	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0.00	\$0.00	\$0	
Net Cash Flow	\$124,377	\$0.45	\$498	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	89.14%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$75,000	0.27	300
Management Fees	94,661	0.34	379
Payroll, Payroll Tax & Employee Exp.	225,000	0.81	900
Maintenance/Repairs	143,750	0.52	575
Utilities	112,500	0.41	450
Property Insurance	71,250	0.26	285
Property Taxes	113,438	0.41	454
Replacement Reserves	50,000	0.18	200
Other Expenses	-	0.00	0
Total Expenses	\$885,599	\$3.19	\$3,542

Staff Notes/Comments
The applicant is a non profit organization which is entitled to a 50% property tax exemption. Full expenses were used at \$3800 per unit as a tolerance test.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Churchill at Pinnacle Park, Dallas (2004-022)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	50	\$ 642	911	0.70
60% AMI	2BD/2BA	50	\$ 792	911	0.87
50% AMI	3BD/2BA	50	\$ 737	1,086	0.68
60% AMI	3BD/2BA	50	\$ 910	1,086	0.84
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		200	\$ 1,848,600	199,700	\$ 0.77
Averages			\$ 770	999	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,244,771	\$ 6,224	\$ 6.23	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,244,771	\$ 6,224	\$ 6.23	0.07
Sitework	1,472,104	7,361	7.37	0.08
Hard Construction Costs	8,765,371	43,827	43.89	0.47
General Requirements (6%)	614,249	3,071	3.08	0.03
Contractor's Overhead (2%)	204,750	1,024	1.03	0.01
Contractor's Profit (6%)	511,874	2,559	2.56	0.03
Construction Contingency	409,499	2,047	2.05	0.02
Subtotal Construction	\$ 11,977,846	\$ 59,889	\$ 59.98	0.65
Indirect Construction	1,050,077	5,250	5.26	0.06
Developer's Fee	2,100,214	10,501	10.52	0.11
Financing	1,562,268	7,811	7.82	0.08
Reserves	570,095	2,850	2.85	0.03
Subtotal Other Costs	\$ 5,282,654	\$ 26,413	\$ 26	0
Total Uses	\$ 18,505,271	\$ 92,526	\$ 92.67	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,609,812	\$0.00	3.42%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 11,679,459	6.75%	40	\$ 845,626
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,216,000	57.9%	\$884,214	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 18,505,271			\$ 845,626

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,609,812	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 11,679,459	6.75%	40	\$ 845,626
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,216,000	57.9%	\$ 884,214	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 18,505,271			\$ 845,626

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,848,600	\$9.26		
Other Income & Loss	36,000	0.18	180	
Vacancy & Collection	-7.50% (141,345)	-0.71	-707	
Effective Gross Income	\$1,743,255	8.73	8,716	
Total Operating Expenses	\$790,566	\$3.96	\$3,953	
Net Operating Income	\$952,689	\$4.77	\$4,763	
Debt Service	845,626	4.23	4,228	
Net Cash Flow	\$107,063	\$0.54	\$535	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$107,063	\$0.54	\$535	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	88.51%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,848,600	\$9.26		
Other Income & Loss	36,000	0.18	180	
Vacancy & Collection	7.50% (141,345)	-0.71	-707	
Effective Gross Income	1,743,255	8.73	8,716	
Total Operating Expenses	45.3% \$790,566	\$3.96	\$3,953	
Net Operating Income	\$952,689	\$4.77	\$4,763	
Debt Service	845,626	4.23	4,228	
Net Cash Flow	\$107,063	\$0.54	\$535	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$107,063	\$0.54	\$535	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	88.51%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$75,000	0.38	375
Management Fees	69,730	0.35	349
Payroll, Payroll Tax & Employee Exp.	180,000	0.90	900
Maintenance/Repairs	115,000	0.58	575
Utilities	90,000	0.45	450
Property Insurance	57,000	0.29	285
Property Taxes	163,836	0.82	819
Replacement Reserves	40,000	0.20	200
Other Expenses	-	0.00	0
Total Expenses	\$790,566	\$3.96	\$3,953

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Western Hills, San Antonio (#2004-026)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	0BD/1BA	1	\$ 400	374	1.07
50% AMI	1BD/1BA	41	\$ 427	456	0.94
50% AMI	2BD/1BA	2	\$ 516	634	0.81
50% AMI	2BD/1.5BA	24	\$ 516	756	0.68
50% AMI	3BD/2BA	7	\$ 597	912	0.65
60% AMI	1BD/1BA	40	\$ 522	504	1.04
60% AMI	2BD/1.5BA	24	\$ 630	756	0.83
60% AMI	2BD/2BA	2	\$ 630	1,008	0.63
60% AMI	3BD/2BA	4	\$ 728	912	0.80
60% AMI	3BD/2BA	4	\$ 728	1,008	0.72
					0.00
					0.00
					0.00
					0.00
Totals		149	\$ 943,475	92,866	\$ 0.85
Averages			\$ 528	623	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,510,000	\$ 10,134	\$ 16.26	0.18
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,510,000	\$ 10,134	\$ 16.26	0.18
Sitework	565,610	3,796	6.09	0.07
Hard Construction Costs	3,253,345	21,835	35.03	0.40
General Requirements (6%)	229,000	1,537	2.47	0.03
Contractor's Overhead (2%)	76,379	513	0.82	0.01
Contractor's Profit (6%)	229,000	1,537	2.47	0.03
Construction Contingency	200,000	1,342	2.15	0.02
Subtotal Construction	\$ 4,553,334	\$ 30,559	\$ 49.03	0.56
Indirect Construction	410,000	2,752	4.41	0.05
Developer's Fee	990,000	6,644	10.66	0.12
Financing	686,000	4,604	7.39	0.08
Reserves	50,000	336	0.54	0.01
Subtotal Other Costs	\$ 2,136,000	\$ 14,336	\$ 23	\$ 0
Total Uses	\$ 8,199,334	\$ 55,029	\$ 88.29	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 2,182,982	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 4,334,000	6.00%	30	\$ 311,814
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 657,352	66.4%	\$332,648	
Source IV	Proceeds	Description	Annual D/S	
Cash Equity	\$ 1,025,000		\$ -	
Total Sources	\$ 8,199,334			\$ 311,814

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 2,182,982	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 4,181,000	6.00%	30	\$ 300,806
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 792,000	80.0%	\$ 198,000	
Source IV	Proceeds	Description	Annual D/S	
Cash Equity	\$ 1,043,352		\$ -	
Total Sources	\$ 8,199,334			\$ 300,806

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$943,475	\$10.16		
Other Income & Loss	17,880	0.19	120	
Vacancy & Collection	-7.50% (72,096)	-0.78	-484	
Effective Gross Income	\$889,259	9.58	5,968	
Total Operating Expenses	\$546,205	\$5.88	\$3,666	
Net Operating Income	\$343,054	\$3.69	\$2,302	
Debt Service	311,814	3.36	2,093	
Net Cash Flow	\$31,240	\$0.34	\$210	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$31,240	\$0.34	\$210	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.77			
Break-even Occupancy	90.94%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$943,475	\$10.16		
Other Income & Loss	26,820	0.29	180	
Vacancy & Collection	7.50% (72,772)	-0.78	-488	
Effective Gross Income	\$97,523	9.66	6,024	
Total Operating Expenses	63.1% \$566,200	\$6.10	\$3,800	
Net Operating Income	\$331,323	\$3.57	\$2,224	
Debt Service	300,806	3.24	2,019	
Net Cash Flow	\$30,516	\$0.33	\$205	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$30,516	\$0.33	\$205	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.78			
Break-even Occupancy	91.90%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$86,503	0.93	581
Management Fees	41,402	0.45	278
Payroll, Payroll Tax & Employee Exp.	164,570	1.77	1104
Maintenance/Repairs	55,354	0.60	372
Utilities	134,112	1.44	900
Property Insurance	27,764	0.30	186
Property Taxes	-	0.00	0
Replacement Reserves	36,500	0.39	245
Other Expenses	-	0.00	0
Total Exepnses	\$546,205	\$5.88	\$3,666

Staff Notes/Comments
Mark Fugina - Applicant needs to increase cash equity to \$1,043,352 to reduce deferred developer fee to 80% of total fee or must obtain tax exemption on the property, as they are anticipating.
Acquisition Rehab

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Creekside Manor, Houston (#2004-028)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	18	\$ 489	700	0.70
50% AMI	2BD/2BA	56	\$ 583	960	0.61
50% AMI	3BD/2BA	51	\$ 670	1,160	0.58
60% AMI	1BD/1BA	18	\$ 601	700	0.86
60% AMI	2BD/2BA	56	\$ 717	960	0.75
60% AMI	3BD/2BA	51	\$ 825	1,160	0.71
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,023,980	251,040	\$ 0.67
Averages			\$ 675	1,004	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 800,000	\$ 3,200	\$ 3.19	0.04
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 800,000	\$ 3,200	\$ 3.19	0.04
Sitework	1,625,000	6,500	6.47	0.08
Hard Construction Costs	10,614,448	42,458	42.28	0.52
General Requirements (6%)	734,367	2,937	2.93	0.04
Contractor's Overhead (2%)	244,789	979	0.98	0.01
Contractor's Profit (6%)	734,367	2,937	2.93	0.04
Construction Contingency	100,000	400	0.40	0.00
Subtotal Construction	\$ 14,052,971	\$ 56,212	\$ 55.98	0.69
Indirect Construction	876,695	3,507	3.49	0.04
Developer's Fee	2,436,697	9,747	9.71	0.12
Financing	2,141,361	8,565	8.53	0.10
Reserves	125,000	500	0.50	0.01
Subtotal Other Costs	\$ 5,579,753	\$ 22,319	\$ 22	0
Total Uses	\$ 20,432,724	\$ 81,731	\$ 81.39	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,896,463	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,000,000	6.00%	30	\$ 863,353
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,536,269	63.0%	\$900,428	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,432,732			\$ 863,353

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,896,463	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,000,000	6.00%	30	\$ 863,353
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,536,261	63.0%	\$ 900,436	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,432,724			\$ 863,353

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,023,980	\$8.06		
Other Income & Loss	45,000	0.18	180	
Vacancy & Collection	-8.27% (171,204)	-0.68	-685	
Effective Gross Income	\$1,897,776	7.56	7,591	
Total Operating Expenses	\$950,100	\$3.78	\$3,800	
Net Operating Income	\$947,676	\$3.78	\$3,791	
Debt Service	863,353	3.44	3,453	
Net Cash Flow	\$84,323	\$0.34	\$337	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$84,323	\$0.34	\$337	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.60			
Break-even Occupancy	89.60%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,023,980	\$8.06		
Other Income & Loss	45,000	0.18	180	
Vacancy & Collection	7.50% (155,174)	-0.62	-621	
Effective Gross Income	1,913,807	7.62	7,655	
Total Operating Expenses	49.6% \$950,100	\$3.78	\$3,800	
Net Operating Income	\$963,707	\$3.84	\$3,855	
Debt Service	863,353	3.44	3,453	
Net Cash Flow	\$100,354	\$0.40	\$401	
Debt Coverage Ratio	1.12			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$100,354	\$0.40	\$401	
DCR after TDHCA Fees	1.12			
Break-even Rents/S.F.	0.60			
Break-even Occupancy	89.60%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$103,250	0.41	413
Management Fees	76,552	0.30	306
Payroll, Payroll Tax & Employee Exp.	221,000	0.88	884
Maintenance/Repairs	118,000	0.47	472
Utilities	105,000	0.42	420
Property Insurance	80,000	0.32	320
Property Taxes	196,298	0.78	785
Replacement Reserves	50,000	0.20	200
Other Expenses	-	0.00	0
Total Expenses	\$950,100	\$3.78	\$3,800

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rose Court at Westmoreland, Dallas (2004-029)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 663	960	0.69
60% AMI	2BD/2BA	62	\$ 779	960	0.81
50% AMI	3BD/2BA	62	\$ 764	1,120	0.68
60% AMI	3BD/2BA	63	\$ 937	1,120	0.84
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,357,592	260,000	\$ 0.76
Averages			\$ 786	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,060,000	\$ 4,240	\$ 4.08	0.04
Off-sites	500,000	2,000	1.92	0.02
Subtotal Site Costs	\$ 1,560,000	\$ 6,240	\$ 6.00	0.07
Sitework	1,875,000	7,500	7.21	0.08
Hard Construction Costs	10,982,200	43,929	42.24	0.46
General Requirements (6%)	801,432	3,206	3.08	0.03
Contractor's Overhead (2%)	267,144	1,069	1.03	0.01
Contractor's Profit (6%)	801,432	3,206	3.08	0.03
Construction Contingency	801,432	3,206	3.08	0.03
Subtotal Construction	\$ 15,528,640	\$ 62,115	\$ 59.73	0.65
Indirect Construction	1,139,500	4,558	4.38	0.05
Developer's Fee	2,668,971	10,676	10.27	0.11
Financing	2,842,375	11,370	10.93	0.12
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 6,650,846	\$ 26,603	\$ 26	0
Total Uses	\$ 23,739,486	\$ 94,958	\$ 91.31	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,511,299	\$0.80	3.53%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.75%	40	\$ 1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 518,070	19.4%	\$ 2,150,901	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 210,117		\$ -	
Total Sources	\$ 23,739,486			\$ 1,122,244

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,511,299	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.00%	30	\$ 1,115,164
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 518,070	19.4%	\$ 2,150,901	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 210,117		\$ -	
Total Sources	\$ 23,739,486			\$ 1,115,164

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,357,592	\$9.07		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.50% (180,194)	-0.69	-721	
Effective Gross Income	\$2,222,398	8.55	8,890	
Total Operating Expenses	\$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,270,752	\$4.89	\$5,083	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$148,508	\$0.57	\$594	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$148,508	\$0.57	\$594	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	87.97%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,357,592	\$9.07		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (180,194)	-0.69	-721	
Effective Gross Income	\$2,222,398	8.55	8,890	
Total Operating Expenses	42.8% \$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,270,752	\$4.89	\$5,083	
Debt Service	1,115,164	4.29	4,461	
Net Cash Flow	\$155,588	\$0.60	\$622	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$155,588	\$0.60	\$622	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	87.67%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.44	460
Management Fees	111,721	0.43	447
Payroll, Payroll Tax & Employee Exp.	207,000	0.80	828
Maintenance/Repairs	97,175	0.37	389
Utilities	153,750	0.59	615
Property Insurance	52,000	0.20	208
Property Taxes	165,000	0.63	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Expenses	\$951,646	\$3.66	\$3,807

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rose Court at College Park, Dallas (#2004-030)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 662	960	0.69
60% AMI	2BD/2BA	62	\$ 778	960	0.81
50% AMI	3BD/2BA	62	\$ 764	1,120	0.68
60% AMI	3BD/2BA	63	\$ 937	1,120	0.84
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,356,092	260,000	\$ 0.76
Averages			\$ 785	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,050,000	\$ 4,200	\$ 4.04	0.04
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,050,000	\$ 4,200	\$ 4.04	0.04
Sitework	3,000,000	12,000	11.54	0.11
Hard Construction Costs	13,040,950	52,164	50.16	0.49
General Requirements (6%)	962,457	3,850	3.70	0.04
Contractor's Overhead (2%)	320,819	1,283	1.23	0.01
Contractor's Profit (6%)	962,457	3,850	3.70	0.04
Construction Contingency	962,457	3,850	3.70	0.04
Subtotal Construction	\$ 19,249,140	\$ 76,997	\$ 74.04	0.72
Indirect Construction	939,500	3,758	3.61	0.04
Developer's Fee	3,045,765	12,183	11.71	0.11
Financing	2,408,313	9,633	9.26	0.09
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 6,393,578	\$ 25,574	\$ 25	0
Total Uses	\$ 26,692,718	\$ 106,771	\$ 102.66	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 8,571,712	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.75%	40	\$ 1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 2,438,127	80.0%	\$607,638	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 182,878		\$ -	
Total Sources	\$ 26,692,717		\$ 1,122,244	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 8,571,712	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.75%	40	\$ 1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 2,438,128	80.0%	\$ 607,637	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 182,878		\$ -	
Total Sources	\$ 26,692,718		\$ 1,122,244	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.00% (168,180)	-0.65	-673	
Effective Gross Income	\$2,232,912	8.59	8,932	
Total Operating Expenses	\$968,396	\$3.72	\$3,874	
Net Operating Income	\$1,264,516	\$4.86	\$5,058	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$142,272	\$0.55	\$569	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$142,272	\$0.55	\$569	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.67			
Break-even Occupancy	88.73%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (180,082)	-0.69	-720	
Effective Gross Income	2,221,010	8.54	8,884	
Total Operating Expenses	43.6% \$968,396	\$3.72	\$3,874	
Net Operating Income	\$1,252,614	\$4.82	\$5,010	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$130,370	\$0.50	\$521	
Debt Coverage Ratio	1.12			
TDHCA/TSAHC Fees	\$0.00	\$0	\$0	
Net Cash Flow	\$130,370	\$0.50	\$521	
DCR after TDHCA Fees	1.12			
Break-even Rents/S.F.	0.67			
Break-even Occupancy	88.73%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.44	460
Management Fees	111,721	0.43	447
Payroll, Payroll Tax & Employee Exp.	207,000	0.80	828
Maintenance/Repairs	97,175	0.37	389
Utilities	153,750	0.59	615
Property Insurance	68,750	0.26	275
Property Taxes	165,000	0.63	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$968,396	\$3.72	\$3,874

Staff Notes/Comments
Two bedrooms at 60% are grossed at \$898. The Applicant indicated a lower rent.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Rose Court at Remond, Dallas (2004-031)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 663	960	0.69
60% AMI	2BD/2BA	62	\$ 779	960	0.81
50% AMI	3BD/2BA	62	\$ 764	1,120	0.68
60% AMI	3BD/2BA	63	\$ 937	1,120	0.84
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,357,592	260,000	\$ 0.76
Averages			\$ 786	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 2,010,000	\$ 8,040	\$ 7.73	0.08
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 2,010,000	\$ 8,040	\$ 7.73	0.08
Sitework	1,875,000	7,500	7.21	0.08
Hard Construction Costs	10,982,200	43,929	42.24	0.46
General Requirements (6%)	771,432	3,086	2.97	0.03
Contractor's Overhead (2%)	257,144	1,029	0.99	0.01
Contractor's Profit (6%)	771,432	3,086	2.97	0.03
Construction Contingency	771,432	3,086	2.97	0.03
Subtotal Construction	\$ 15,428,640	\$ 61,715	\$ 59.34	0.65
Indirect Construction	939,500	3,758	3.61	0.04
Developer's Fee	2,653,971	10,616	10.21	0.11
Financing	2,842,375	11,370	10.93	0.12
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 6,435,846	\$ 25,743	\$ 25	0
Total Uses	\$ 23,874,486	\$ 95,498	\$ 91.82	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,511,299	\$0.80	3.53%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.75%	40	\$ 1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 518,070	19.5%	\$ 2,135,901	
Source IV	Proceeds	Description		Annual D/S
Other	\$ 210,117			\$ -
Total Sources	\$ 23,739,486			\$ 1,122,244

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,511,299	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.75%	40	\$ 1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 653,070	24.6%	\$ 2,000,901	
Source IV	Proceeds	Description		Annual D/S
Other	\$ 210,117			\$ -
Total Sources	\$ 23,874,486			\$ 1,122,244

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,357,592	\$9.07		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.50% (180,194)	-0.69	-721	
Effective Gross Income	\$2,222,398	8.55	8,890	
Total Operating Expenses	\$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,270,752	\$4.89	\$5,083	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$148,508	\$0.57	\$594	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$148,508	\$0.57	\$594	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	87.97%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,357,592	\$9.07		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (180,194)	-0.69	-721	
Effective Gross Income	2,222,398	8.55	8,890	
Total Operating Expenses	42.8% \$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,270,752	\$4.89	\$5,083	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$148,508	\$0.57	\$594	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0.00	\$0		
Net Cash Flow	\$148,508	\$0.57	\$594	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	87.97%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.44	460
Management Fees	111,721	0.43	447
Payroll, Payroll Tax & Employee Exp.	207,000	0.80	828
Maintenance/Repairs	97,175	0.37	389
Utilities	153,750	0.59	615
Property Insurance	52,000	0.20	208
Property Taxes	165,000	0.63	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$951,646	\$3.66	\$3,807

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rose Court at Madison III, Dallas (#2004-032)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 662	960	0.69
60% AMI	2BD/2BA	62	\$ 778	960	0.81
50% AMI	3BD/2BA	62	\$ 764	1,120	0.68
60% AMI	3BD/2BA	63	\$ 937	1,120	0.84
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,356,092	260,000	\$ 0.76
Averages			\$ 785	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,500,000	\$ 6,000	\$ 5.77	0.06
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,500,000	\$ 6,000	\$ 5.77	0.06
Sitework	1,874,999	7,500	7.21	0.08
Hard Construction Costs	10,982,201	43,929	42.24	0.47
General Requirements (6%)	771,432	3,086	2.97	0.03
Contractor's Overhead (2%)	257,144	1,029	0.99	0.01
Contractor's Profit (6%)	771,432	3,086	2.97	0.03
Construction Contingency	771,432	3,086	2.97	0.03
Subtotal Construction	\$ 15,428,640	\$ 61,715	\$ 59.34	0.66
Indirect Construction	939,500	3,758	3.61	0.04
Developer's Fee	2,653,971	10,616	10.21	0.11
Financing	2,842,375	11,370	10.93	0.12
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 6,435,846	\$ 25,743	\$ 25	0
Total Uses	\$ 23,364,486	\$ 93,458	\$ 89.86	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,469,084	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.75%	40	\$1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 189,137	7.1%	\$2,464,834	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 206,265		\$ -	
Total Sources	\$ 23,364,486			\$1,122,244

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,469,084	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 689,137	26.0%	\$ 1,964,834	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 206,265		\$ -	
Total Sources	\$ 23,364,486			\$ 1,086,042

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.00% (168,180)	-0.65	-673	
Effective Gross Income	\$2,232,912	8.59	8,932	
Total Operating Expenses	\$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,281,266	\$4.93	\$5,125	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$159,022	\$0.61	\$636	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$159,022	\$0.61	\$636	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	88.02%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (180,082)	-0.69	-720	
Effective Gross Income	2,221,010	8.54	8,884	
Total Operating Expenses	42.8% \$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,269,364	\$4.88	\$5,077	
Debt Service	1,086,042	4.18	4,344	
Net Cash Flow	\$183,322	\$0.71	\$733	
Debt Coverage Ratio	1.17			
TDHCA/TSAHC Fees	\$0.00	\$0	\$0	
Net Cash Flow	\$183,322	\$0.71	\$733	
DCR after TDHCA Fees	1.17			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	86.49%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.44	460
Management Fees	111,721	0.43	447
Payroll, Payroll Tax & Employee Exp.	207,000	0.80	828
Maintenance/Repairs	97,175	0.37	389
Utilities	153,750	0.59	615
Property Insurance	52,000	0.20	208
Property Taxes	165,000	0.63	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$951,646	\$3.66	\$3,807

Staff Notes/Comments
Two bedrooms at 60% are grossed at \$898. The Applicant indicated a lower rent.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Rose Court at Madison, Dallas (#2004-033)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 662	960	0.69
60% AMI	2BD/2BA	62	\$ 778	960	0.81
50% AMI	3BD/2BA	62	\$ 764	1,120	0.68
60% AMI	3BD/2BA	63	\$ 937	1,120	0.84
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,356,092	260,000	\$ 0.76
Averages			\$ 785	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 2,000,000	\$ 8,000	\$ 7.69	0.08
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 2,000,000	\$ 8,000	\$ 7.69	0.08
Sitework	1,874,999	7,500	7.21	0.08
Hard Construction Costs	10,982,201	43,929	42.24	0.46
General Requirements (6%)	771,432	3,086	2.97	0.03
Contractor's Overhead (2%)	257,144	1,029	0.99	0.01
Contractor's Profit (6%)	771,432	3,086	2.97	0.03
Construction Contingency	771,432	3,086	2.97	0.03
Subtotal Construction	\$ 15,428,640	\$ 61,715	\$ 59.34	0.64
Indirect Construction	1,139,500	4,558	4.38	0.05
Developer's Fee	2,653,971	10,616	10.21	0.11
Financing	2,842,375	11,370	10.93	0.12
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 6,635,846	\$ 26,543	\$ 26	0
Total Uses	\$ 24,064,486	\$ 96,258	\$ 92.56	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,469,084	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.75%	40	\$ 1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 905,588	34.1%	\$ 1,748,383	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 189,814		\$ -	
Total Sources	\$ 24,064,486			\$ 1,122,244

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,469,084	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,405,588	53.0%	\$ 1,248,383	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 189,814		\$ -	
Total Sources	\$ 24,064,486			\$ 1,086,042

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$ 2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.00% (168,180)	-0.65	-673	
Effective Gross Income	\$ 2,232,912	8.59	8,932	
Total Operating Expenses	\$951,646	\$3.66	\$3,807	
Net Operating Income	\$ 1,281,266	\$4.93	\$5,125	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$ 159,022	\$0.61	\$636	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$ 159,022	\$0.61	\$636	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	88.02%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$ 2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (180,082)	-0.69	-720	
Effective Gross Income	\$ 2,221,010	8.54	8,884	
Total Operating Expenses	42.8% \$951,646	\$3.66	\$3,807	
Net Operating Income	\$ 1,269,364	\$4.88	\$5,077	
Debt Service	1,086,042	4.18	4,344	
Net Cash Flow	\$ 183,322	\$0.71	\$733	
Debt Coverage Ratio	1.17			
TDHCA/TSAHC Fees	\$0.00	\$0	\$0	
Net Cash Flow	\$ 183,322	\$0.71	\$733	
DCR after TDHCA Fees	1.17			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	86.49%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$ 115,000	0.44	460
Management Fees	111,721	0.43	447
Payroll, Payroll Tax & Employee Exp.	207,000	0.80	828
Maintenance/Repairs	97,175	0.37	389
Utilities	153,750	0.59	615
Property Insurance	52,000	0.20	208
Property Taxes	165,000	0.63	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$951,646	\$3.66	\$3,807

Staff Notes/Comments
Two bedrooms at 60% are grossed at \$898. The Applicant indicated a lower rent.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

The Hills, Houston (#2004-034)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	62	\$ 550	950	0.58
60% AMI	2BD/2BA	62	\$ 685	950	0.72
50% AMI	3BD/2BA	62	\$ 630	1,150	0.55
60% AMI	3BD/2BA	62	\$ 785	1,150	0.68
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		248	\$ 1,971,600	260,400	\$ 0.63
Averages			\$ 663	1,050	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 775,000	\$ 3,125	\$ 2.98	0.04
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 775,000	\$ 3,125	\$ 2.98	0.04
Sitework	200,000	806	0.77	0.01
Hard Construction Costs	11,074,561	44,655	42.53	0.56
General Requirements (6%)	664,474	2,679	2.55	0.03
Contractor's Overhead (2%)	221,491	893	0.85	0.01
Contractor's Profit (6%)	664,474	2,679	2.55	0.03
Construction Contingency	800,000	3,226	3.07	0.04
Subtotal Construction	\$ 13,625,000	\$ 54,940	\$ 52.32	0.69
Indirect Construction	831,220	3,352	3.19	0.04
Developer's Fee	2,173,000	8,762	8.34	0.11
Financing	2,035,780	8,209	7.82	0.10
Reserves	345,000	1,391	1.32	0.02
Subtotal Other Costs	\$ 5,385,000	\$ 21,714	\$ 21	0
Total Uses	\$ 19,785,000	\$ 79,778	\$ 75.98	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,304,948	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 11,580,000	6.00%	30	\$ 833,135
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,651,784	76.0%	\$521,216	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 248,268		\$ -	
Total Sources	\$ 19,785,000		\$ 833,135	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,304,948	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 11,580,000	6.00%	30	\$ 833,135
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,651,784	76.0%	\$ 521,216	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 248,268		\$ -	
Total Sources	\$ 19,785,000		\$ 833,135	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,971,600	\$7.57		
Other Income & Loss	44,640	0.17	180	
Vacancy & Collection	-7.50% (151,224)	-0.58	-610	
Effective Gross Income	\$1,865,016	7.16	7,520	
Total Operating Expenses	\$942,401	\$3.62	\$3,800	
Net Operating Income	\$922,615	\$3.54	\$3,720	
Debt Service	833,135	3.20	3,359	
Net Cash Flow	\$89,480	\$0.34	\$361	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$89,480	\$0.34	\$361	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.57			
Break-even Occupancy	90.06%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,971,600	\$7.57		
Other Income & Loss	44,640	0.17	180	
Vacancy & Collection	7.50% (151,218)	-0.58	-610	
Effective Gross Income	1,865,022	7.16	7,520	
Total Operating Expenses	50.5% \$942,401	\$3.62	\$3,800	
Net Operating Income	\$922,621	\$3.54	\$3,720	
Debt Service	833,135	3.20	3,359	
Net Cash Flow	\$89,486	\$0.34	\$361	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$89,486	\$0.34	\$361	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.57			
Break-even Occupancy	90.06%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$126,570	0.49	510
Management Fees	60,879	0.23	245
Payroll, Payroll Tax & Employee Exp.	175,000	0.67	706
Maintenance/Repairs	119,612	0.46	482
Utilities	128,000	0.49	516
Property Insurance	76,240	0.29	307
Property Taxes	206,500	0.79	833
Replacement Reserves	49,600	0.19	200
Other Expenses	-	0.00	0
Total Expenses	\$942,401	\$3.62	\$3,800

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rose Court at Wimbledon, Dallas (#2004-036)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 662	960	0.69
60% AMI	2BD/2BA	62	\$ 778	960	0.81
50% AMI	3BD/2BA	62	\$ 764	1,120	0.68
60% AMI	3BD/2BA	63	\$ 937	1,120	0.84
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,356,092	260,000	\$ 0.76
Averages			\$ 785	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,500,000	\$ 6,000	\$ 5.77	0.07
Off-sites	500,000	2,000	1.92	0.02
Subtotal Site Costs	\$ 2,000,000	\$ 8,000	\$ 7.69	0.09
Sitework	1,874,999	7,500	7.21	0.08
Hard Construction Costs	10,202,200	40,809	39.24	0.45
General Requirements (6%)	724,632	2,899	2.79	0.03
Contractor's Overhead (2%)	241,544	966	0.93	0.01
Contractor's Profit (6%)	724,632	2,899	2.79	0.03
Construction Contingency	754,632	3,019	2.90	0.03
Subtotal Construction	\$ 14,522,639	\$ 58,091	\$ 55.86	0.63
Indirect Construction	939,500	3,758	3.61	0.04
Developer's Fee	2,566,071	10,264	9.87	0.11
Financing	2,842,375	11,370	10.93	0.12
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 6,347,946	\$ 25,392	\$ 24	\$ 0
Total Uses	\$ 22,870,585	\$ 91,482	\$ 87.96	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,720,512	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.75%	40	\$ 1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,706,956	66.5%	\$859,115	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 178,470		\$ -	
Total Sources	\$ 23,105,938			\$ 1,122,244

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,720,512	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,971,603	76.8%	\$ 594,468	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 178,470		\$ -	
Total Sources	\$ 22,870,585			\$ 1,086,042

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$ 2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.00% (168,180)	-0.65	-673	
Effective Gross Income	\$ 2,232,912	8.59	8,932	
Total Operating Expenses	\$951,646	\$3.66	\$3,807	
Net Operating Income	\$ 1,281,266	\$4.93	\$5,125	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$ 159,022	\$0.61	\$636	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$ 159,022	\$0.61	\$636	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	88.02%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$ 2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (180,082)	-0.69	-720	
Effective Gross Income	2,221,010	8.54	8,884	
Total Operating Expenses	42.8% \$951,646	\$3.66	\$3,807	
Net Operating Income	\$ 1,269,364	\$4.88	\$5,077	
Debt Service	1,086,042	4.18	4,344	
Net Cash Flow	\$ 183,322	\$0.71	\$733	
Debt Coverage Ratio	1.17			
TDHCA/TSAHC Fees	\$0.00	\$0		
Net Cash Flow	\$ 183,322	\$0.71	\$733	
DCR after TDHCA Fees	1.17			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	86.49%			

Applicant - Annual Operating Expenses			
	Per S.F.	Per Unit	
General & Administrative Expenses	\$ 115,000	0.44	460
Management Fees	111,721	0.43	447
Payroll, Payroll Tax & Employee Exp.	207,000	0.80	828
Maintenance/Repairs	97,175	0.37	389
Utilities	153,750	0.59	615
Property Insurance	52,000	0.20	208
Property Taxes	165,000	0.63	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$951,646	\$3.66	\$3,807

Staff Notes/Comments
Two bedrooms at 60% are grossed at \$898. The Applicant indicated a lower rent. The Applicant had calculated Contractor fees beyond the allowable limit. TDHCA reduced the fees to the 6%,2%,6% allowable amounts.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rose Court III, Dallas (#2004-037)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 662	960	0.69
60% AMI	2BD/2BA	62	\$ 778	960	0.81
50% AMI	3BD/2BA	62	\$ 764	1,120	0.68
60% AMI	3BD/2BA	63	\$ 937	1,120	0.84
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,356,092	260,000	\$ 0.76
Averages			\$ 785	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,500,000	\$ 6,000	\$ 5.77	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,500,000	\$ 6,000	\$ 5.77	0.07
Sitework	1,874,999	7,500	7.21	0.08
Hard Construction Costs	10,202,200	40,809	39.24	0.46
General Requirements (6%)	724,632	2,899	2.79	0.03
Contractor's Overhead (2%)	241,544	966	0.93	0.01
Contractor's Profit (6%)	724,632	2,899	2.79	0.03
Construction Contingency	724,632	2,899	2.79	0.03
Subtotal Construction	\$ 14,492,639	\$ 57,971	\$ 55.74	0.65
Indirect Construction	939,500	3,758	3.61	0.04
Developer's Fee	2,513,571	10,054	9.67	0.11
Financing	2,842,375	11,370	10.93	0.13
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 6,295,446	\$ 25,182	\$ 24	0
Total Uses	\$ 22,288,085	\$ 89,152	\$ 85.72	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,441,505	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,500,000	6.75%	40	\$1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,159,835	46.1%	\$1,353,736	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 186,747		\$ -	
Total Sources	\$ 22,288,087			\$1,122,244

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,441,505	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,659,833	66.0%	\$ 853,738	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 186,747		\$ -	
Total Sources	\$ 22,288,085			\$ 1,086,042

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.00%	(168,180)	-0.65	-673
Effective Gross Income	\$2,232,912	8.59	8,932	
Total Operating Expenses	\$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,281,266	\$4.93	\$5,125	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$159,022	\$0.61	\$636	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$159,022	\$0.61	\$636	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	88.02%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50%	(180,082)	-0.69	-720
Effective Gross Income	2,221,010	8.54	8,884	
Total Operating Expenses	42.8%	\$951,646	\$3.66	\$3,807
Net Operating Income	\$1,269,364	\$4.88	\$5,077	
Debt Service	1,086,042	4.18	4,344	
Net Cash Flow	\$183,322	\$0.71	\$733	
Debt Coverage Ratio	1.17			
TDHCA/TSAHC Fees	\$0.00	\$0		
Net Cash Flow	\$183,322	\$0.71	\$733	
DCR after TDHCA Fees	1.17			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	86.49%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.44	460
Management Fees	111,721	0.43	447
Payroll, Payroll Tax & Employee Exp.	207,000	0.80	828
Maintenance/Repairs	97,175	0.37	389
Utilities	153,750	0.59	615
Property Insurance	52,000	0.20	208
Property Taxes	165,000	0.63	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$951,646	\$3.66	\$3,807

Staff Notes/Comments
Two bedrooms at 60% are grossed at \$898. The Applicant indicated a lower rent.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rose Court at Forney Heights, Dallas (#2004-040)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 662	960	0.69
60% AMI	2BD/2BA	62	\$ 778	960	0.81
50% AMI	3BD/2BA	62	\$ 764	1,120	0.68
60% AMI	3BD/2BA	63	\$ 937	1,120	0.84
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,356,092	260,000	\$ 0.76
Averages			\$ 785	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,100,000	\$ 4,400	\$ 4.23	0.05
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,100,000	\$ 4,400	\$ 4.23	0.05
Sitework	1,874,999	7,500	7.21	0.08
Hard Construction Costs	10,982,201	43,929	42.24	0.48
General Requirements (6%)	771,432	3,086	2.97	0.03
Contractor's Overhead (2%)	257,144	1,029	0.99	0.01
Contractor's Profit (6%)	771,432	3,086	2.97	0.03
Construction Contingency	771,432	3,086	2.97	0.03
Subtotal Construction	\$ 15,428,640	\$ 61,715	\$ 59.34	0.68
Indirect Construction	939,500	3,758	3.61	0.04
Developer's Fee	2,627,565	10,510	10.11	0.12
Financing	2,578,313	10,313	9.92	0.11
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 6,145,378	\$ 24,582	\$ 24	0
Total Uses	\$ 22,674,018	\$ 90,696	\$ 87.21	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,720,512	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,500,000	6.75%	40	\$1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,265,195	48.2%	\$1,362,370	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 188,310		\$ -	
Total Sources	\$ 22,674,017			\$1,122,244

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,720,512	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,765,196	67.2%	\$ 862,369	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 188,310		\$ -	
Total Sources	\$ 22,674,018			\$ 1,086,042

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.00%	(168,180)	-0.65	-673
Effective Gross Income	\$2,232,912	8.59	8,932	
Total Operating Expenses	\$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,281,266	\$4.93	\$5,125	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$159,022	\$0.61	\$636	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$159,022	\$0.61	\$636	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	88.02%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50%	(180,082)	-0.69	-720
Effective Gross Income	2,221,010	8.54	8,884	
Total Operating Expenses	42.8%	\$951,646	\$3.66	\$3,807
Net Operating Income	\$1,269,364	\$4.88	\$5,077	
Debt Service	1,086,042	4.18	4,344	
Net Cash Flow	\$183,322	\$0.71	\$733	
Debt Coverage Ratio	1.17			
TDHCA/TSAHC Fees	\$0.00	\$0.00	\$0	
Net Cash Flow	\$183,322	\$0.71	\$733	
DCR after TDHCA Fees	1.17			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	86.49%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.44	460
Management Fees	111,721	0.43	447
Payroll, Payroll Tax & Employee Exp.	207,000	0.80	828
Maintenance/Repairs	97,175	0.37	389
Utilities	153,750	0.59	615
Property Insurance	52,000	0.20	208
Property Taxes	165,000	0.63	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$951,646	\$3.66	\$3,807

Staff Notes/Comments
Two bedrooms at 60% are grossed at \$898. The Applicant indicated a lower rent.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rose Court at Prairie Oaks, Arlington (2004-041)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 612	960	0.64
60% AMI	2BD/2BA	62	\$ 750	960	0.78
50% AMI	3BD/2BA	62	\$ 652	1,120	0.58
60% AMI	3BD/2BA	63	\$ 862	1,120	0.77
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,157,432	260,000	\$ 0.69
Averages			\$ 719	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,000,000	\$ 4,000	\$ 3.85	0.04
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,000,000	\$ 4,000	\$ 3.85	0.04
Sitework	1,875,000	7,500	7.21	0.08
Hard Construction Costs	10,982,200	43,929	42.24	0.49
General Requirements (6%)	771,432	3,086	2.97	0.03
Contractor's Overhead (2%)	257,144	1,029	0.99	0.01
Contractor's Profit (6%)	771,432	3,086	2.97	0.03
Construction Contingency	771,432	3,086	2.97	0.03
Subtotal Construction	\$ 15,428,640	\$ 61,715	\$ 59.34	0.69
Indirect Construction	1,139,500	4,558	4.38	0.05
Developer's Fee	2,614,540	10,458	10.06	0.12
Financing	2,217,063	8,868	8.53	0.10
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,971,103	\$ 23,884	\$ 23	0
Total Uses	\$ 22,399,743	\$ 89,599	\$ 86.15	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,399,802	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,350,000	6.00%	30	\$ 960,480
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,492,201	57.1%	\$ 1,122,339	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 157,740		\$ -	
Total Sources	\$ 22,399,743		\$ 960,480	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,399,802	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,350,000	6.00%	30	\$ 960,480
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,492,201	57.1%	\$ 1,122,339	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 157,740		\$ -	
Total Sources	\$ 22,399,743		\$ 960,480	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,157,432	\$8.30		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.50% (165,182)	-0.64	-661	
Effective Gross Income	\$2,037,250	7.84	8,149	
Total Operating Expenses	\$952,338	\$3.66	\$3,809	
Net Operating Income	\$1,084,912	\$4.17	\$4,340	
Debt Service	960,480	3.69	3,842	
Net Cash Flow	\$124,432	\$0.48	\$498	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$124,432	\$0.48	\$498	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.61			
Break-even Occupancy	88.66%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,157,432	\$8.30		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (165,182)	-0.64	-661	
Effective Gross Income	\$2,037,250	7.84	8,149	
Total Operating Expenses	46.7% \$952,338	\$3.66	\$3,809	
Net Operating Income	\$1,084,912	\$4.17	\$4,340	
Debt Service	960,480	3.69	3,842	
Net Cash Flow	\$124,432	\$0.48	\$498	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$124,432	\$0.48	\$498	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.61			
Break-even Occupancy	88.66%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.44	460
Management Fees	102,413	0.39	410
Payroll, Payroll Tax & Employee Exp.	207,000	0.80	828
Maintenance/Repairs	97,175	0.37	389
Utilities	153,750	0.59	615
Property Insurance	52,000	0.20	208
Property Taxes	175,000	0.67	700
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Expenses	\$952,338	\$3.66	\$3,809

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rose Court at Riverside II, Dallas (#2004-042)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 662	960	0.69
60% AMI	2BD/2BA	62	\$ 778	960	0.81
50% AMI	3BD/2BA	62	\$ 764	1,120	0.68
60% AMI	3BD/2BA	63	\$ 937	1,120	0.84
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,356,092	260,000	\$ 0.76
Averages			\$ 785	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,023,750	\$ 4,095	\$ 3.94	0.04
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,023,750	\$ 4,095	\$ 3.94	0.04
Sitework	1,874,999	7,500	7.21	0.08
Hard Construction Costs	11,112,199	44,449	42.74	0.48
General Requirements (6%)	779,232	3,117	3.00	0.03
Contractor's Overhead (2%)	259,744	1,039	1.00	0.01
Contractor's Profit (6%)	779,232	3,117	3.00	0.03
Construction Contingency	649,360	2,597	2.50	0.03
Subtotal Construction	\$ 15,454,766	\$ 61,819	\$ 59.44	0.67
Indirect Construction	1,139,500	4,558	4.38	0.05
Developer's Fee	2,672,421	10,690	10.28	0.12
Financing	2,842,375	11,370	10.93	0.12
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 6,654,296	\$ 26,617	\$ 26	0
Total Uses	\$ 23,132,812	\$ 92,531	\$ 88.97	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,563,622	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ (152,711)	-5.7%	\$ 2,825,132	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 221,904		\$ -	
Total Sources	\$ 22,632,815			\$ 1,086,042

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,563,622	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 347,286	13.0%	\$ 2,325,135	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 221,904		\$ -	
Total Sources	\$ 23,132,812			\$ 1,086,042

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.00% (168,180)	-0.65	-673	
Effective Gross Income	\$2,232,912	8.59	8,932	
Total Operating Expenses	\$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,281,266	\$4.93	\$5,125	
Debt Service	1,086,042	4.18	4,344	
Net Cash Flow	\$195,224	\$0.75	\$781	
Debt Coverage Ratio	1.18			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$195,224	\$0.75	\$781	
DCR after TDHCA Fees	1.18			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	86.49%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (180,082)	-0.69	-720	
Effective Gross Income	2,221,010	8.54	8,884	
Total Operating Expenses	42.8% \$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,269,364	\$4.88	\$5,077	
Debt Service	1,086,042	4.18	4,344	
Net Cash Flow	\$183,322	\$0.71	\$733	
Debt Coverage Ratio	1.17			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$183,322	\$0.71	\$733	
DCR after TDHCA Fees	1.17			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	86.49%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.44	460
Management Fees	111,721	0.43	447
Payroll, Payroll Tax & Employee Exp.	207,000	0.80	828
Maintenance/Repairs	97,175	0.37	389
Utilities	153,750	0.59	615
Property Insurance	52,000	0.20	208
Property Taxes	165,000	0.63	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$951,646	\$3.66	\$3,807

Staff Notes/Comments
Two bedrooms at 60% are grossed at \$898. The Applicant indicated a lower rent.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rose Court at Simpson Stuart, Dallas (2004-043)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 663	960	0.69
60% AMI	2BD/2BA	62	\$ 779	960	0.81
50% AMI	3BD/2BA	62	\$ 764	1,120	0.68
60% AMI	3BD/2BA	63	\$ 937	1,120	0.84
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,357,592	260,000	\$ 0.76
Averages			\$ 786	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 350,000	\$ 1,400	\$ 1.35	0.02
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 350,000	\$ 1,400	\$ 1.35	0.02
Sitework	1,875,000	7,500	7.21	0.08
Hard Construction Costs	10,982,200	43,929	42.24	0.47
General Requirements (6%)	771,432	3,086	2.97	0.03
Contractor's Overhead (2%)	257,144	1,029	0.99	0.01
Contractor's Profit (6%)	771,432	3,086	2.97	0.03
Construction Contingency	771,432	3,086	2.97	0.03
Subtotal Construction	\$ 15,428,640	\$ 61,715	\$ 59.34	0.66
Indirect Construction	1,114,500	4,458	4.29	0.05
Developer's Fee	2,653,971	10,616	10.21	0.11
Financing	2,842,375	11,370	10.93	0.12
Reserves	850,000	3,400	3.27	0.04
Subtotal Other Costs	\$ 7,460,846	\$ 29,843	\$ 29	0
Total Uses	\$ 23,239,486	\$ 92,958	\$ 89.38	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,469,084	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.75%	40	\$ 1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 28,256	1.1%	\$ 2,625,715	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 242,146		\$ -	
Total Sources	\$ 23,239,486		\$ 1,122,244	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,469,084	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.75%	40	\$ 1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 28,256	1.1%	\$ 2,625,715	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 242,146		\$ -	
Total Sources	\$ 23,239,486		\$ 1,122,244	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,357,592	\$9.07		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.50% (180,194)	-0.69	-721	
Effective Gross Income	\$2,222,398	8.55	8,890	
Total Operating Expenses	\$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,270,752	\$4.89	\$5,083	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$148,508	\$0.57	\$594	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$148,508	\$0.57	\$594	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	87.97%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,357,592	\$9.07		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (180,194)	-0.69	-721	
Effective Gross Income	2,222,398	8.55	8,890	
Total Operating Expenses	42.8% \$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,270,752	\$4.89	\$5,083	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$148,508	\$0.57	\$594	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$148,508	\$0.57	\$594	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	87.97%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.44	460
Management Fees	111,721	0.43	447
Payroll, Payroll Tax & Employee Exp.	207,000	0.80	828
Maintenance/Repairs	97,175	0.37	389
Utilities	153,750	0.59	615
Property Insurance	52,000	0.20	208
Property Taxes	165,000	0.63	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$951,646	\$3.66	\$3,807

Staff Notes/Comments

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Rose Court on the Stream, Dallas (#2004-044)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/2BA	63	\$ 662	960	0.69
60% AMI	2BD/2BA	62	\$ 778	960	0.81
50% AMI	3BD/2BA	62	\$ 764	1,120	0.68
60% AMI	3BD/2BA	63	\$ 937	1,120	0.84
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,356,092	260,000	\$ 0.76
Averages			\$ 785	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,293,750	\$ 5,175	\$ 4.98	0.05
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,293,750	\$ 5,175	\$ 4.98	0.05
Sitework	1,874,999	7,500	7.21	0.08
Hard Construction Costs	11,112,199	44,449	42.74	0.47
General Requirements (6%)	779,232	3,117	3.00	0.03
Contractor's Overhead (2%)	259,744	1,039	1.00	0.01
Contractor's Profit (6%)	779,232	3,117	3.00	0.03
Construction Contingency	779,232	3,117	3.00	0.03
Subtotal Construction	\$ 15,584,638	\$ 62,339	\$ 59.94	0.66
Indirect Construction	1,114,500	4,458	4.29	0.05
Developer's Fee	2,691,902	10,768	10.35	0.11
Financing	2,842,375	11,370	10.93	0.12
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 6,648,777	\$ 26,595	\$ 26	0
Total Uses	\$ 23,527,165	\$ 94,109	\$ 90.49	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,618,757	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,500,000	6.75%	40	\$ 1,122,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 196,227	7.3%	\$ 2,495,675	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 212,183		\$ -	
Total Sources	\$ 23,527,167			\$ 1,122,244

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,618,757	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 696,225	25.9%	\$ 1,995,677	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 212,183		\$ -	
Total Sources	\$ 23,527,165			\$ 1,086,042

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.00%	(168,180)	-0.65	-673
Effective Gross Income	\$2,232,912	8.59	8,932	
Total Operating Expenses	\$951,646	\$3.66	\$3,807	
Net Operating Income	\$1,281,266	\$4.93	\$5,125	
Debt Service	1,122,244	4.32	4,489	
Net Cash Flow	\$159,022	\$0.61	\$636	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$159,022	\$0.61	\$636	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.66			
Break-even Occupancy	88.02%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,356,092	\$9.06		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50%	(180,082)	-0.69	-720
Effective Gross Income	2,221,010	8.54	8,884	
Total Operating Expenses	42.8%	\$951,646	\$3.66	\$3,807
Net Operating Income		1,269,364	\$4.88	\$5,077
Debt Service		1,086,042	4.18	4,344
Net Cash Flow		\$183,322	\$0.71	\$733
Debt Coverage Ratio		1.17		
TDHCA/TSAHC Fees		\$0.00	\$0	
Net Cash Flow		\$183,322	\$0.71	\$733
DCR after TDHCA Fees		1.17		
Break-even Rents/S.F.		0.65		
Break-even Occupancy		86.49%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.44	460
Management Fees	111,721	0.43	447
Payroll, Payroll Tax & Employee Exp.	207,000	0.80	828
Maintenance/Repairs	97,175	0.37	389
Utilities	153,750	0.59	615
Property Insurance	52,000	0.20	208
Property Taxes	165,000	0.63	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$951,646	\$3.66	\$3,807

Staff Notes/Comments

Texas Department of Housing and Community Affairs

2004 Multifamily Private Activity Bonds

Priority 1B Transactions

<i>Application #</i>	<i>Project Information</i>	<i># Units</i>	<i>Bond Amount</i>	<i>Developer Information</i>	<i>Notes</i>
2004-004	Post Oak East Apartments New Construction 3800 block of Post Oak Blvd. County: Tarrant City: Fort Worth	250	\$13,000,000	Steve Ford Post Oak East Apartments, L P (713) 334-5514	
2004-009	Post Oak West Apartments New Construction 3900 block of Post Oak Blvd. County: Tarrant City: Fort Worth	250	\$13,000,000	Steve Ford Post Oak West Apartments, L P (713) 334-5514	
Totals: 2 Applications containing 500 units, requesting \$26,000,000 in total bonds.					

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Post Oak East Apartments., Tarrant County (2004-004)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	60	\$ 629	665	0.95
30% AMI	1BD/1BA	12	\$ 284	665	0.43
60% AMI	2BD/2BA	90	\$ 751	982	0.76
30% AMI	2BD/2BA	16	\$ 336	982	0.34
60% AMI	3BD/2BA	62	\$ 864	1,188	0.73
30% AMI	3BD/2BA	10	\$ 386	1,188	0.32
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,058,504	237,508	\$ 0.72
Averages			\$ 686	950	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,750,000	\$ 7,000	\$ 7.37	0.09
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,750,000	\$ 7,000	\$ 7.37	0.09
Sitework	1,628,500	6,514	6.86	0.09
Hard Construction Costs	8,681,000	34,724	36.55	0.46
General Requirements (6%)	639,720	2,559	2.69	0.03
Contractor's Overhead (2%)	213,240	853	0.90	0.01
Contractor's Profit (6%)	639,720	2,559	2.69	0.03
Construction Contingency	280,000	1,120	1.18	0.01
Subtotal Construction	\$ 12,082,180	\$ 48,329	\$ 50.87	0.64
Indirect Construction	837,500	3,350	3.53	0.04
Developer's Fee	2,149,752	8,599	9.05	0.11
Financing	1,984,000	7,936	8.35	0.10
Reserves	200,000	800	0.84	0.01
Subtotal Other Costs	\$ 5,171,252	\$ 20,685	\$ 22	0
Total Uses	\$ 19,003,432	\$ 76,014	\$ 80.01	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,748,128	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,000,000	6.00%	30	\$ 935,299
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,255,304	58.4%	\$894,448	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,003,432			\$ 935,299

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,748,128	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,898,029	6.00%	30	\$ 927,962
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,357,275	63.1%	\$ 792,477	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,003,432			\$ 927,962

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,058,504	\$8.67		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	-7.50% (157,762)	-0.66	-631	
Effective Gross Income	\$1,945,742	8.19	7,783	
Total Operating Expenses	\$925,000	\$3.89	\$3,700	
Net Operating Income	\$1,020,742	\$4.30	\$4,083	
Debt Service	935,299	3.94	3,741	
Net Cash Flow	\$85,443	\$0.36	\$342	
Debt Coverage Ratio	1.09			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$85,443	\$0.36	\$342	
DCR after TDHCA Fees	1.09			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	90.37%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,058,504	\$8.67		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	7.50% (157,763)	-0.66	-631	
Effective Gross Income	\$1,945,741	8.19	7,783	
Total Operating Expenses	47.5% \$925,000	\$3.89	\$3,700	
Net Operating Income	\$1,020,741	\$4.30	\$4,083	
Debt Service	927,962	3.91	3,712	
Net Cash Flow	\$92,779	\$0.39	\$371	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$92,779	\$0.39	\$371	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	90.02%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$105,750	0.45	423
Management Fees	105,175	0.44	421
Payroll, Payroll Tax & Employee Exp.	182,000	0.77	728
Maintenance/Repairs	130,000	0.55	520
Utilities	66,500	0.28	266
Property Insurance	83,128	0.35	333
Property Taxes	202,447	0.85	810
Replacement Reserves	50,000	0.21	200
Other Expenses	-	0.00	0
Total Expenses	\$925,000	\$3.89	\$3,700

Staff Notes/Comments
3.89 psf in expenses were used rather than \$3,800 per unit.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Post Oak West Apartments, Tarrant County (2004-009)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	60	\$ 629	665	0.95
30% AMI	1BD/1BA	12	\$ 284	665	0.43
60% AMI	2BD/2BA	90	\$ 751	982	0.76
30% AMI	2BD/2BA	16	\$ 336	982	0.34
60% AMI	3BD/2BA	62	\$ 864	1,188	0.73
30% AMI	3BD/2BA	10	\$ 386	1,188	0.32
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,058,504	237,508	\$ 0.72
Averages			\$ 686	950	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,750,000	\$ 7,000	\$ 7.37	0.09
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,750,000	\$ 7,000	\$ 7.37	0.09
Sitework	1,628,500	6,514	6.86	0.09
Hard Construction Costs	8,681,000	34,724	36.55	0.46
General Requirements (6%)	639,720	2,559	2.69	0.03
Contractor's Overhead (2%)	213,240	853	0.90	0.01
Contractor's Profit (6%)	639,720	2,559	2.69	0.03
Construction Contingency	280,000	1,120	1.18	0.01
Subtotal Construction	\$ 12,082,180	\$ 48,329	\$ 50.87	0.64
Indirect Construction	837,500	3,350	3.53	0.04
Developer's Fee	2,149,752	8,599	9.05	0.11
Financing	1,984,000	7,936	8.35	0.10
Reserves	200,000	800	0.84	0.01
Subtotal Other Costs	\$ 5,171,252	\$ 20,685	\$ 22	0
Total Uses	\$ 19,003,432	\$ 76,014	\$ 80.01	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,748,128	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,000,000	6.00%	30	\$ 935,299
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,255,304	58.4%	\$894,448	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,003,432		\$ 935,299	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,748,128	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,898,029	6.00%	30	\$ 927,962
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,357,275	63.1%	\$ 792,477	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,003,432		\$ 927,962	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,058,504	\$8.67		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	-7.50% (157,762)	-0.66	-631	
Effective Gross Income	\$1,945,742	8.19	7,783	
Total Operating Expenses	\$925,000	\$3.89	\$3,700	
Net Operating Income	\$1,020,742	\$4.30	\$4,083	
Debt Service	935,299	3.94	3,741	
Net Cash Flow	\$85,443	\$0.36	\$342	
Debt Coverage Ratio	1.09			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$85,443	\$0.36	\$342	
DCR after TDHCA Fees	1.09			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	90.37%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,058,504	\$8.67		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	7.50% (157,763)	-0.66	-631	
Effective Gross Income	\$1,945,741	8.19	7,783	
Total Operating Expenses	47.5% \$925,000	\$3.89	\$3,700	
Net Operating Income	\$1,020,741	\$4.30	\$4,083	
Debt Service	927,962	3.91	3,712	
Net Cash Flow	\$92,779	\$0.39	\$371	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$92,779	\$0.39	\$371	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	90.02%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$105,750	0.45	423
Management Fees	105,175	0.44	421
Payroll, Payroll Tax & Employee Exp.	182,000	0.77	728
Maintenance/Repairs	130,000	0.55	520
Utilities	66,500	0.28	266
Property Insurance	83,128	0.35	333
Property Taxes	202,447	0.85	810
Replacement Reserves	50,000	0.21	200
Other Expenses	-	0.00	0
Total Expsnes	\$925,000	\$3.89	\$3,700

Staff Notes/Comments
3.89 psf in expenses were used rather than \$3,800 per unit.

Texas Department of Housing and Community Affairs

2004 Multifamily Private Activity Bonds

Priority 1C Transactions					
<i>Application #</i>	<i>Project Information</i>	<i># Units</i>	<i>Bond Amount</i>	<i>Developer Information</i>	<i>Notes</i>
2004-005	Pinnacle Apartments New Construction 10500 block of Huffmeister Rd. County: Harris City: Houston	248	\$15,000,000	Dwayne Henson Pinnacle Apartments, L P (713) 334-5808	
2004-007	Wellington Park Apartments New Construction 9100 block of Mills Rd. County: Harris City: Houston	248	\$15,000,000	Dwayne Henson Wellington Park Apartments, L P (713) 334-5808	
2004-023	Evergreen at Las Colina Senior New Construction 2200 block of Kinwest Pkwy County: Dallas City: Irving	240	\$13,700,000	Brad Forslund Hackberry Senior Community, L P (214) 720-0430	
2004-024	Evergreen at Plano Independence New Construction Plano Pkwy And Independence Avenue SEC County: Collin City: Plano	250	\$15,000,000	Mike Anderson PWA Plano Independence Senior Community, L P (214) 720-0430	
2004-025	Evergreen at Plano Stonebriar New Construction Ohio & Future McDermott SEC County: Collin City: Plano	250	\$15,000,000	Brad Forslund PWA Plano Stonebriar Senior Community, L P (214) 720-0430	
2004-027	Tranquility Bay Apartments New Construction 4800 CR 91 Fite Road County: Brazoria City: Pearland	250	\$14,600,000	Chris Richardson Tranquility Housing, Ltd (214) 720-0430	

Priority 1C Transactions

<i>Application #</i>	<i>Project Information</i>	<i># Units</i>	<i>Bond Amount</i>	<i>Developer Information</i>	<i>Notes</i>
2004-045	Alta Renn Apartments New Construction 13000 block of Renn Road County: Harris City: Houston	240	\$14,000,000	Bernard Felder Alta Renn Limited Partnership (704) 332-8995	
2004-046	Alta Cullen Apartments New Construction 3500 block of Beltway 8 County: Harris City: Houston	240	\$14,000,000	Bernard Felder Alta Cullen Limited Partnership (704) 332-8995	
Totals:	8 Applications containing 1,966 units, requesting \$116,300,000 in total bonds.				

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Pinnacle Apts., Houston (2004-005)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	64	\$ 612	690	0.89
60% AMI	2BD/2BA	112	\$ 732	1,015	0.72
60% AMI	3BD/2BA	72	\$ 843	1,188	0.71
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		248	\$ 2,182,176	243,376	\$ 0.75
Averages			\$ 733	981	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,987,747	\$ 8,015	\$ 8.17	0.09
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,987,747	\$ 8,015	\$ 8.17	0.09
Sitework	1,750,131	7,057	7.19	0.08
Hard Construction Costs	9,970,559	40,204	40.97	0.47
General Requirements (6%)	703,241	2,836	2.89	0.03
Contractor's Overhead (2%)	234,414	945	0.96	0.01
Contractor's Profit (6%)	703,241	2,836	2.89	0.03
Construction Contingency	295,103	1,190	1.21	0.01
Subtotal Construction	\$ 13,656,690	\$ 55,067	\$ 56.11	0.64
Indirect Construction	777,200	3,134	3.19	0.04
Developer's Fee	2,200,000	8,871	9.04	0.10
Financing	2,515,009	10,141	10.33	0.12
Reserves	200,000	806	0.82	0.01
Subtotal Other Costs	\$ 5,692,209	\$ 22,952	\$ 23	\$ 0
Total Uses	\$ 21,336,646	\$ 86,035	\$ 87.67	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,341,146	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 995,500	45.3%	\$1,204,500	
Source IV	Proceeds	Description		Annual D/S
Other	\$ -			\$ -
Total Sources	\$ 21,336,646			\$1,079,191

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,341,146	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,488,688	6.00%	30	\$ 1,042,404
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,506,812	68.5%	\$ 693,188	
Source IV	Proceeds	Description		Annual D/S
Other	\$ -			\$ -
Total Sources	\$ 21,336,646			\$ 1,042,404

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,182,176	\$8.97		
Other Income & Loss	44,640	0.18	180	
Vacancy & Collection	(167,011)	-0.69	-673	-7.50%
Effective Gross Income	\$2,059,805	8.46	8,306	
Total Operating Expenses	\$912,660	\$3.75	\$3,680	
Net Operating Income	\$1,147,145	\$4.71	\$4,626	
Debt Service	1,079,191	4.43	4,352	
Net Cash Flow	\$67,954	\$0.28	\$274	
Debt Coverage Ratio	1.06			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$67,954	\$0.28	\$274	
DCR after TDHCA Fees	1.06			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	91.28%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,182,176	\$8.97		
Other Income & Loss	44,640	0.18	180	
Vacancy & Collection	(167,011)	-0.69	-673	7.50%
Effective Gross Income	2,059,805	8.46	8,306	
Total Operating Expenses	\$912,660	\$3.75	\$3,680	44.3%
Net Operating Income	\$1,147,145	\$4.71	\$4,626	
Debt Service	1,042,404	4.28	4,203	
Net Cash Flow	\$104,741	\$0.43	\$422	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0.00	\$0.00	\$0	
Net Cash Flow	\$104,741	\$0.43	\$422	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.67			
Break-even Occupancy	89.59%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$108,311	0.45	437
Management Fees	111,341	0.46	449
Payroll, Payroll Tax & Employee Exp.	151,000	0.62	609
Maintenance/Repairs	144,000	0.59	581
Utilities	103,000	0.42	415
Property Insurance	73,013	0.30	294
Property Taxes	160,491	0.66	647
Replacement Reserves	61,504	0.25	248
Other Expenses	-	0.00	0
Total Expenses	\$912,660	\$3.75	\$3,680

Staff Notes/Comments
3.75 psf in expenses were used rather than \$3,800 per unit.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Wellington Park Apartments, Houston (2004-007)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	64	\$ 612	690	0.89
60% AMI	2BD/2BA	112	\$ 751	982	0.76
60% AMI	3BD/2BA	72	\$ 864	1,188	0.73
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		248	\$ 2,225,856	239,680	\$ 0.77
Averages			\$ 748	966	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,796,131	\$ 7,242	\$ 7.49	0.08
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,796,131	\$ 7,242	\$ 7.49	0.08
Sitework	1,750,131	7,057	7.30	0.08
Hard Construction Costs	9,970,559	40,204	41.60	0.47
General Requirements (6%)	703,000	2,835	2.93	0.03
Contractor's Overhead (2%)	230,000	927	0.96	0.01
Contractor's Profit (6%)	703,000	2,835	2.93	0.03
Construction Contingency	300,000	1,210	1.25	0.01
Subtotal Construction	\$ 13,656,690	\$ 55,067	\$ 56.98	0.65
Indirect Construction	777,200	3,134	3.24	0.04
Developer's Fee	2,200,000	8,871	9.18	0.10
Financing	2,515,009	10,141	10.49	0.12
Reserves	200,000	806	0.83	0.01
Subtotal Other Costs	\$ 5,692,209	\$ 22,952	\$ 24	\$ 0
Total Uses	\$ 21,145,030	\$ 85,262	\$ 88.22	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,341,146	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$15,000,000	6.00%	30	\$1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 803,884	36.5%	\$1,396,116	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 21,145,030			\$1,079,191

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,341,146	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$14,850,000	6.00%	30	\$ 1,068,399
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 953,884	43.4%	\$ 1,246,116	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 21,145,030			\$ 1,068,399

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,225,856	\$9.29		
Other Income & Loss	44,640	0.19	180	
Vacancy & Collection	-7.56% (171,650)	-0.72	-692	
Effective Gross Income	\$2,098,846	8.76	8,463	
Total Operating Expenses	\$912,660	\$3.81	\$3,680	
Net Operating Income	\$1,186,186	\$4.95	\$4,783	
Debt Service	1,079,191	4.50	4,352	
Net Cash Flow	\$106,995	\$0.45	\$431	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$106,995	\$0.45	\$431	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.69			
Break-even Occupancy	89.49%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,225,856	\$9.29		
Other Income & Loss	44,640	0.19	180	
Vacancy & Collection	7.50% (170,287)	-0.71	-687	
Effective Gross Income	2,100,209	8.76	8,469	
Total Operating Expenses	44.0% \$925,000	\$3.86	\$3,700	
Net Operating Income	\$1,175,209	\$4.90	\$4,739	
Debt Service	1,068,399	4.46	4,308	
Net Cash Flow	\$106,810	\$0.45	\$431	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$106,810	\$0.45	\$431	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.69			
Break-even Occupancy	89.56%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$108,311	0.45	437
Management Fees	111,341	0.46	449
Payroll, Payroll Tax & Employee Exp.	151,000	0.63	609
Maintenance/Repairs	144,000	0.60	581
Utilities	103,000	0.43	415
Property Insurance	73,013	0.30	294
Property Taxes	160,491	0.67	647
Replacement Reserves	61,504	0.26	248
Other Expenses	-	0.00	0
Total Expsnes	\$912,660	\$3.81	\$3,680

Staff Notes/Comments
3.86 psf in expenses were used rather than \$3,800 per unit.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Evergreen Las Colinas, Irving (2004-023)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	74	\$ 664	640	1.04
60% AMI	2BD/2BA	166	\$ 792	850	0.93
				-	
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		240	\$ 2,167,296	188,460	\$ 0.96
Averages			\$ 753	785	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,742,000	\$ 7,258	\$ 9.24	0.09
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,742,000	\$ 7,258	\$ 9.24	0.09
Sitework	1,410,187	5,876	7.48	0.07
Hard Construction Costs	8,233,983	34,308	43.69	0.43
General Requirements (6%)	578,650	2,411	3.07	0.03
Contractor's Overhead (2%)	192,883	804	1.02	0.01
Contractor's Profit (6%)	482,209	2,009	2.56	0.03
Construction Contingency	385,767	1,607	2.05	0.02
Subtotal Construction	\$ 11,283,680	\$ 47,015	\$ 59.87	0.59
Indirect Construction	1,272,373	5,302	6.75	0.07
Developer's Fee	2,065,870	8,608	10.96	0.11
Financing	1,954,966	8,146	10.37	0.10
Reserves	872,789	3,637	4.63	0.05
Subtotal Other Costs	\$ 6,165,998	\$ 25,692	\$ 33	\$ 0
Total Uses	\$ 19,191,678	\$ 79,965	\$ 101.83	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,333,369	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,637,309	6.75%	40	\$ 987,380
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,221,000	59.1%	\$844,870	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,191,678		\$ 987,380	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,333,369	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,637,309	6.75%	40	\$ 987,380
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,221,000	59.1%	\$ 844,870	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,191,678		\$ 987,380	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,167,296	\$11.50	
Other Income & Loss		43,200	0.23	180
Vacancy & Collection	-7.50%	(165,787)	-0.88	-691
Effective Gross Income		\$2,044,709	10.85	8,520
Total Operating Expenses		\$932,777	\$4.95	\$3,887
Net Operating Income		\$1,111,932	\$5.90	\$4,633
Debt Service		987,380	5.24	4,114
Net Cash Flow		\$124,552	\$0.66	\$519
Debt Coverage Ratio		1.13		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$124,552	\$0.66	\$519
DCR after TDHCA Fees		1.13		
Break-even Rents/S.F.		0.85		
Break-even Occupancy		88.60%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,167,296	\$11.50	
Other Income & Loss		43,200	0.23	180
Vacancy & Collection	7.50%	(165,787)	-0.88	-691
Effective Gross Income		2,044,709	10.85	8,520
Total Operating Expenses	45.6%	\$932,777	\$4.95	\$3,887
Net Operating Income		\$1,111,932	\$5.90	\$4,633
Debt Service		987,380	5.24	4,114
Net Cash Flow		\$124,552	\$0.66	\$519
Debt Coverage Ratio		1.13		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$124,552	\$0.66	\$519
DCR after TDHCA Fees		1.13		
Break-even Rents/S.F.		0.85		
Break-even Occupancy		88.60%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$70,000	0.37	292
Management Fees	81,788	0.43	341
Payroll, Payroll Tax & Employee Exp.	234,000	1.24	975
Maintenance/Repairs	102,000	0.54	425
Utilities	96,000	0.51	400
Property Insurance	68,400	0.36	285
Property Taxes	232,589	1.23	969
Replacement Reserves	48,000	0.25	200
Other Expenses	-	0.00	0
Total Expenses	\$932,777	\$4.95	\$3,887

Staff Notes/Comments
No adjustments needed.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Evergreen at Plano Independence, Plano (2004-024)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	125	\$ 663	700	0.95
60% AMI	2BD/2BA	125	\$ 797	850	0.94
				-	
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,190,000	193,750	\$ 0.94
Averages			\$ 730	775	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 2,097,414	\$ 8,390	\$ 10.83	0.10
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 2,097,414	\$ 8,390	\$ 10.83	0.10
Sitework	1,428,933	5,716	7.38	0.07
Hard Construction Costs	8,343,443	33,374	43.06	0.41
General Requirements (6%)	586,343	2,345	3.03	0.03
Contractor's Overhead (2%)	195,448	782	1.01	0.01
Contractor's Profit (6%)	558,090	2,232	2.88	0.03
Construction Contingency	488,619	1,954	2.52	0.02
Subtotal Construction	\$ 11,600,875	\$ 46,404	\$ 59.88	0.58
Indirect Construction	913,498	3,654	4.71	0.05
Developer's Fee	2,101,114	8,404	10.84	0.10
Financing	2,393,054	9,572	12.35	0.12
Reserves	1,049,991	4,200	5.42	0.05
Subtotal Other Costs	\$ 6,457,657	\$ 25,831	\$ 33	\$ 0
Total Uses	\$ 20,155,946	\$ 80,624	\$ 104.03	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,407,297	\$0.80	3.42%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 748,650	35.6%	\$ 1,352,464	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,155,947			\$ 1,086,042

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,407,297	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,033,094	6.75%	40	\$ 1,016,036
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,715,556	81.6%	\$ 385,558	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,155,946			\$ 1,016,036

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,190,000	\$11.30		
Other Income & Loss	45,000	0.23	180	
Vacancy & Collection	-7.50% (167,625)	-0.87	-671	
Effective Gross Income	\$2,067,375	10.67	8,270	
Total Operating Expenses	\$833,270	\$4.30	\$3,333	
Net Operating Income	\$1,234,105	\$6.37	\$4,936	
Debt Service	1,086,042	5.61	4,344	
Net Cash Flow	\$148,063	\$0.76	\$592	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$148,063	\$0.76	\$592	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.83			
Break-even Occupancy	87.64%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,190,000	\$11.30		
Other Income & Loss	45,000	0.23	180	
Vacancy & Collection	7.50% (167,625)	-0.87	-671	
Effective Gross Income	\$2,067,375	10.67	8,270	
Total Operating Expenses	46.0% \$950,000	\$4.90	\$3,800	
Net Operating Income	\$1,117,375	\$5.77	\$4,470	
Debt Service	1,016,036	5.24	4,064	
Net Cash Flow	\$101,339	\$0.52	\$405	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$101,339	\$0.52	\$405	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.85			
Break-even Occupancy	89.77%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$70,000	0.36	280
Management Fees	82,695	0.43	331
Payroll, Payroll Tax & Employee Exp.	243,750	1.26	975
Maintenance/Repairs	106,250	0.55	425
Utilities	100,000	0.52	400
Property Insurance	71,250	0.37	285
Property Taxes	109,325	0.56	437
Replacement Reserves	50,000	0.26	200
Other Expenses	-	0.00	0
Total Expenses	\$833,270	\$4.30	\$3,333

Staff Notes/Comments
Applicant is a non-profit and entitled to a 50% property tax exemption. \$3,800 per unit in expenses was used at full property taxes as a test.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Evergreen at Plano Stonebriar Senior Community, Plano (2004-025)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	125	\$ 663	700	0.95
60% AMI	2BD/2BA	125	\$ 797	850	0.94
			\$ -	-	0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,190,000	193,750	\$ 0.94
Averages			\$ 730	775	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,916,640	\$ 7,667	\$ 9.89	0.10
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,916,640	\$ 7,667	\$ 9.89	0.10
Sitework	1,428,933	5,716	7.38	0.07
Hard Construction Costs	8,343,443	33,374	43.06	0.42
General Requirements (6%)	586,343	2,345	3.03	0.03
Contractor's Overhead (2%)	195,448	782	1.01	0.01
Contractor's Profit (6%)	558,090	2,232	2.88	0.03
Construction Contingency	488,619	1,954	2.52	0.02
Subtotal Construction	\$ 11,600,875	\$ 46,404	\$ 59.88	0.58
Indirect Construction	908,981	3,636	4.69	0.05
Developer's Fee	2,097,812	8,391	10.83	0.11
Financing	2,375,554	9,502	12.26	0.12
Reserves	1,048,837	4,195	5.41	0.05
Subtotal Other Costs	\$ 6,431,184	\$ 25,725	\$ 33	\$ 0
Total Uses	\$ 19,948,699	\$ 79,795	\$ 102.96	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,400,369	\$0.80	3.42%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.75%	40	\$ 1,086,042
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 548,329	26.1%	\$ 1,549,483	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,948,698			\$ 1,086,042

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,400,369	\$0.80	3.42%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,033,094	6.75%	40	\$ 1,016,036
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,515,237	72.2%	\$ 582,575	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,948,699		1,515,237	\$ 1,016,036

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,190,000	\$11.30		
Other Income & Loss	45,000	0.23	180	
Vacancy & Collection	-7.50% (167,625)	-0.87	-671	
Effective Gross Income	\$2,067,375	10.67	8,270	
Total Operating Expenses	\$833,270	\$4.30	\$3,333	
Net Operating Income	\$1,234,105	\$6.37	\$4,936	
Debt Service	1,086,042	5.61	4,344	
Net Cash Flow	\$148,063	\$0.76	\$592	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$148,063	\$0.76	\$592	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.83			
Break-even Occupancy	87.64%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,190,000	\$11.30		
Other Income & Loss	45,000	0.23	180	
Vacancy & Collection	7.50% (167,625)	-0.87	-671	
Effective Gross Income	\$2,067,375	10.67	8,270	
Total Operating Expenses	46.0% \$950,000	\$4.90	\$3,800	
Net Operating Income	\$1,117,375	\$5.77	\$4,470	
Debt Service	1,016,036	5.24	4,064	
Net Cash Flow	\$101,339	\$0.52	\$405	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$101,339	\$0.52	\$405	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.85			
Break-even Occupancy	89.77%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$70,000	0.36	280
Management Fees	82,695	0.43	331
Payroll, Payroll Tax & Employee Exp.	243,750	1.26	975
Maintenance/Repairs	106,250	0.55	425
Utilities	100,000	0.52	400
Property Insurance	71,250	0.37	285
Property Taxes	109,325	0.56	437
Replacement Reserves	50,000	0.26	200
Other Expenses	-	0.00	0
Total Expenses	\$833,270	\$4.30	\$3,333

Staff Notes/Comments
The applicant is a non profit organization which is entitled to a 50% property tax exemption. Full expenses were used at \$3800 per unit as a tolerance test.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Tranquility Bay, Pearland (#2004-027)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	44	\$ 598	731	0.82
60% AMI	2BD/2BA	108	\$ 707	1,020	0.69
60% AMI	3BD/2BA	98	\$ 807	1,200	0.67
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,181,048	259,924	\$ 0.70
Averages			\$ 727	1,040	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,800,000	\$ 7,200	\$ 6.93	0.09
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,800,000	\$ 7,200	\$ 6.93	0.09
Sitework	1,624,999	6,500	6.25	0.08
Hard Construction Costs	10,155,277	40,621	39.07	0.48
General Requirements (6%)	706,817	2,827	2.72	0.03
Contractor's Overhead (2%)	235,606	942	0.91	0.01
Contractor's Profit (6%)	706,817	2,827	2.72	0.03
Construction Contingency	100,000	400	0.38	0.00
Subtotal Construction	\$ 13,529,515	\$ 54,118	\$ 52.05	0.64
Indirect Construction	793,981	3,176	3.05	0.04
Developer's Fee	2,370,957	9,484	9.12	0.11
Financing	2,419,979	9,680	9.31	0.12
Reserves	125,000	500	0.48	0.01
Subtotal Other Costs	\$ 5,709,917	\$ 22,840	\$ 22	0
Total Uses	\$ 21,039,432	\$ 84,158	\$ 80.94	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,161,848	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,550,000	6.00%	30	\$ 1,046,815
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,327,596	56.0%	\$ 1,043,361	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 21,039,444			\$ 1,046,815

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,161,848	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,011,000	6.00%	30	\$ 1,008,036
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,866,584	78.7%	\$ 504,373	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 21,039,432			\$ 1,008,036

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,181,048	\$8.39		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.69% (171,204)	-0.66	-685	
Effective Gross Income	\$2,054,844	7.91	8,219	
Total Operating Expenses	\$950,048	\$3.66	\$3,800	
Net Operating Income	\$1,104,796	\$4.25	\$4,419	
Debt Service	1,046,815	4.03	4,187	
Net Cash Flow	\$57,981	\$0.22	\$232	
Debt Coverage Ratio	1.06			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$57,981	\$0.22	\$232	
DCR after TDHCA Fees	1.06			
Break-even Rents/S.F.	0.64			
Break-even Occupancy	91.56%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,181,048	\$8.39		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (166,954)	-0.64	-668	
Effective Gross Income	2,059,094	7.92	8,236	
Total Operating Expenses	46.1% \$950,048	\$3.66	\$3,800	
Net Operating Income	\$1,109,046	\$4.27	\$4,436	
Debt Service	1,008,036	3.88	4,032	
Net Cash Flow	\$101,010	\$0.39	\$404	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0.00	\$0.00	\$0	
Net Cash Flow	\$101,010	\$0.39	\$404	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.63			
Break-even Occupancy	89.78%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$105,900	0.41	424
Management Fees	84,462	0.32	338
Payroll, Payroll Tax & Employee Exp.	221,000	0.85	884
Maintenance/Repairs	116,600	0.45	466
Utilities	105,000	0.40	420
Property Insurance	66,000	0.25	264
Property Taxes	201,086	0.77	804
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Expenses	\$950,048	\$3.66	\$3,800

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Alta Renn Apartments, Houston (2004-045)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	2BD/2BA	120	\$ 700	920	0.76
60% AMI	3BD/2BA	120	\$ 817	1,060	0.77
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		240	\$ 2,184,480	237,600	\$ 0.77
Averages			\$ 759	990	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,470,150	\$ 6,126	\$ 6.19	0.07
Off-sites	316,300	1,318	1.33	0.02
Subtotal Site Costs	\$ 1,786,450	\$ 7,444	\$ 7.52	0.09
Sitework	1,612,000	6,717	6.78	0.08
Hard Construction Costs	8,694,114	36,225	36.59	0.42
General Requirements (6%)	618,367	2,577	2.60	0.03
Contractor's Overhead (2%)	206,122	859	0.87	0.01
Contractor's Profit (6%)	618,367	2,577	2.60	0.03
Construction Contingency	207,288	864	0.87	0.01
Subtotal Construction	\$ 11,956,258	\$ 49,818	\$ 50.32	0.58
Indirect Construction	1,396,117	5,817	5.88	0.07
Developer's Fee	2,726,728	11,361	11.48	0.13
Financing	2,551,475	10,631	10.74	0.12
Reserves	236,148	984	0.99	0.01
Subtotal Other Costs	\$ 6,910,468	\$ 28,794	\$ 29	0
Total Uses	\$ 20,653,176	\$ 86,055	\$ 86.92	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,108,877	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,000,000	6.00%	30	\$ 1,007,245
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,544,299	56.6%	\$ 1,182,429	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,653,176		\$ 1,007,245	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,108,877	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,000,000	6.00%	30	\$ 1,007,245
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,544,299	56.6%	\$ 1,182,429	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,653,176		\$ 1,007,245	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,184,480	\$9.19		
Other Income & Loss	43,200	0.18	180	
Vacancy & Collection	-7.50% (167,076)	-0.70	-696	
Effective Gross Income	\$2,060,604	8.67	8,586	
Total Operating Expenses	\$912,089	\$3.84	\$3,800	
Net Operating Income	\$1,148,515	\$4.83	\$4,785	
Debt Service	1,007,245	4.24	4,197	
Net Cash Flow	\$141,270	\$0.59	\$589	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$141,270	\$0.59	\$589	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.67			
Break-even Occupancy	87.86%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,184,480	\$9.19		
Other Income & Loss	43,200	0.18	180	
Vacancy & Collection	7.50% (167,076)	-0.70	-696	
Effective Gross Income	\$2,060,604	8.67	8,586	
Total Operating Expenses	44.3% \$912,089	\$3.84	\$3,800	
Net Operating Income	\$1,148,515	\$4.83	\$4,785	
Debt Service	1,007,245	4.24	4,197	
Net Cash Flow	\$141,270	\$0.59	\$589	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$141,270	\$0.59	\$589	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.67			
Break-even Occupancy	87.86%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$89,903	0.38	375
Management Fees	72,641	0.31	303
Payroll, Payroll Tax & Employee Exp.	176,000	0.74	733
Maintenance/Repairs	115,000	0.48	479
Utilities	71,000	0.30	296
Property Insurance	62,385	0.26	260
Property Taxes	237,160	1.00	988
Replacement Reserves	48,000	0.20	200
Other Expenses	40,000	0.17	167
Total Expenses	\$912,089	\$3.84	\$3,800

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Alta Cullen Apartments, Houston (2004-046)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	2BD/2BA	120	\$ 700	920	0.76
60% AMI	3BD/2BA	120	\$ 817	1,050	0.78
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		240	\$ 2,184,480	236,400	\$ 0.77
Averages			\$ 759	985	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,633,500	\$ 6,806	\$ 6.91	0.08
Off-sites	316,300	1,318	1.34	0.02
Subtotal Site Costs	\$ 1,949,800	\$ 8,124	\$ 8.25	0.09
Sitework	1,612,000	6,717	6.82	0.08
Hard Construction Costs	8,694,114	36,225	36.78	0.42
General Requirements (6%)	618,367	2,577	2.62	0.03
Contractor's Overhead (2%)	206,122	859	0.87	0.01
Contractor's Profit (6%)	618,367	2,577	2.62	0.03
Construction Contingency	207,288	864	0.88	0.01
Subtotal Construction	\$ 11,956,258	\$ 49,818	\$ 50.58	0.57
Indirect Construction	1,396,117	5,817	5.91	0.07
Developer's Fee	2,726,728	11,361	11.53	0.13
Financing	2,581,881	10,758	10.92	0.12
Reserves	236,148	984	1.00	0.01
Subtotal Other Costs	\$ 6,940,874	\$ 28,920	\$ 29	0
Total Uses	\$ 20,846,932	\$ 86,862	\$ 88.18	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,108,810	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,000,000	6.00%	30	\$ 1,007,245
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,738,122	63.7%	\$988,606	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,846,932		\$ 1,007,245	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,108,810	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,000,000	6.00%	30	\$ 1,007,245
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,738,122	63.7%	\$ 988,606	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,846,932		\$ 1,007,245	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,184,480	\$9.24		
Other Income & Loss	43,200	0.18	180	
Vacancy & Collection	-7.50% (167,076)	-0.71	-696	
Effective Gross Income	\$2,060,604	8.72	8,586	
Total Operating Expenses	\$912,089	\$3.86	\$3,800	
Net Operating Income	\$1,148,515	\$4.86	\$4,785	
Debt Service	1,007,245	4.26	4,197	
Net Cash Flow	\$141,270	\$0.60	\$589	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$141,270	\$0.60	\$589	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	87.86%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,184,480	\$9.24		
Other Income & Loss	43,200	0.18	180	
Vacancy & Collection	7.50% (167,076)	-0.71	-696	
Effective Gross Income	\$2,060,604	8.72	8,586	
Total Operating Expenses	44.3% \$912,089	\$3.86	\$3,800	
Net Operating Income	\$1,148,515	\$4.86	\$4,785	
Debt Service	1,007,245	4.26	4,197	
Net Cash Flow	\$141,270	\$0.60	\$589	
Debt Coverage Ratio	1.14			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$141,270	\$0.60	\$589	
DCR after TDHCA Fees	1.14			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	87.86%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$89,903	0.38	375
Management Fees	72,641	0.31	303
Payroll, Payroll Tax & Employee Exp.	176,000	0.74	733
Maintenance/Repairs	115,000	0.49	479
Utilities	71,000	0.30	296
Property Insurance	62,385	0.26	260
Property Taxes	237,160	1.00	988
Replacement Reserves	48,000	0.20	200
Other Expenses	40,000	0.17	167
Total Exepnses	\$912,089	\$3.86	\$3,800

Staff Notes/Comments

Texas Department of Housing and Community Affairs

2004 Multifamily Private Activity Bonds

Priority 2 Transactions					
<i>Application #</i>	<i>Project Information</i>	<i># Units</i>	<i>Bond Amount</i>	<i>Developer Information</i>	<i>Notes</i>
2004-006	Sugar Pines Apartments New Construction 17000 block of Sugar Pines Dr. County: Harris City: Houston	200	\$11,600,000	Steve Ford Sugar Pines Apartments, L P (713) 334-5514	
2004-035	Rose Court at Pearsall A New Construction SW corner of Old Pearsall and SW Military Dr. County: Bexar City: San Antonio	250	\$13,300,000	Matt Harris Chicory Court Military II, L P (972) 239-8500	
2004-038	Rose Court at Riverside New Construction 640 Riverside Drive County: Bexar City: San Antonio	250	\$13,300,000	Matt Harris Chicory Court II, L P (972) 239-8500	
2004-039	Merry Oaks Homes New Construction 5300 W Military Dr. County: Bexar City: San Antonio	250	\$13,300,000	Matt Harris Woodshire, L P (972) 239-8500	
Totals: 4 Applications containing 950 units, requesting \$51,500,000 in total bonds.					

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Sugar Pines, Houston (#2004-006)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	60	\$ 612	685	0.89
60% AMI	2BD/2BA	80	\$ 732	970	0.75
60% AMI	3BD/2BA	60	\$ 843	1,188	0.71
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		200	\$ 1,750,320	189,980	\$ 0.77
Averages			\$ 729	950	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,306,800	\$ 6,534	\$ 6.88	0.08
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,306,800	\$ 6,534	\$ 6.88	0.08
Sitework	1,397,500	6,988	7.36	0.09
Hard Construction Costs	7,378,000	36,890	38.84	0.46
General Requirements (6%)	526,530	2,633	2.77	0.03
Contractor's Overhead (2%)	175,510	878	0.92	0.01
Contractor's Profit (6%)	526,530	2,633	2.77	0.03
Construction Contingency	250,000	1,250	1.32	0.02
Subtotal Construction	\$ 10,254,070	\$ 51,270	\$ 53.97	0.64
Indirect Construction	630,500	3,153	3.32	0.04
Developer's Fee	1,805,684	9,028	9.50	0.11
Financing	1,803,938	9,020	9.50	0.11
Reserves	150,000	750	0.79	0.01
Subtotal Other Costs	\$ 4,390,122	\$ 21,951	\$ 23	0
Total Uses	\$ 15,950,992	\$ 79,755	\$ 83.96	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,009,824	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 11,600,000	6.00%	30	\$ 834,574
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 374,488	20.7%	\$ 1,431,196	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 15,984,312			\$ 834,574

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,009,824	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 11,275,000	6.00%	30	\$ 811,192
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 666,168	36.9%	\$ 1,139,516	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 15,950,992			\$ 811,192

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,750,320	\$9.21		
Other Income & Loss	36,000	0.19	180	
Vacancy & Collection	-7.50% (133,980)	-0.71	-670	
Effective Gross Income	\$1,652,340	8.70	8,262	
Total Operating Expenses	\$740,000	\$3.90	\$3,700	
Net Operating Income	\$912,340	\$4.80	\$4,562	
Debt Service	834,574	4.39	4,173	
Net Cash Flow	\$77,766	\$0.41	\$389	
Debt Coverage Ratio	1.09			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$77,766	\$0.41	\$389	
DCR after TDHCA Fees	1.09			
Break-even Rents/S.F.	0.69			
Break-even Occupancy	89.96%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,750,320	\$9.21		
Other Income & Loss	36,000	0.19	180	
Vacancy & Collection	7.50% (133,974)	-0.71	-670	
Effective Gross Income	\$1,652,346	8.70	8,262	
Total Operating Expenses	46.0% \$760,000	\$4.00	\$3,800	
Net Operating Income	\$892,346	\$4.70	\$4,462	
Debt Service	811,192	4.27	4,056	
Net Cash Flow	\$81,154	\$0.43	\$406	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$81,154	\$0.43	\$406	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.69			
Break-even Occupancy	89.77%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$66,800	0.35	334
Management Fees	89,316	0.47	447
Payroll, Payroll Tax & Employee Exp.	142,000	0.75	710
Maintenance/Repairs	118,500	0.62	593
Utilities	85,000	0.45	425
Property Insurance	56,994	0.30	285
Property Taxes	141,390	0.74	707
Replacement Reserves	40,000	0.21	200
Other Expenses	-	0.00	0
Total Expenses	\$740,000	\$3.90	\$3,700

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rose Court at Pearsall A, San Antonio (#2004-035)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	2BD/2BA	70	\$ 630	960	0.66
60% AMI	3BD/2BA	180	\$ 728	1,120	0.65
				-	0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,102,404	268,800	\$ 0.65
Averages			\$ 701	1,075	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,500,000	\$ 6,000	\$ 5.58	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,500,000	\$ 6,000	\$ 5.58	0.07
Sitework	1,874,999	7,500	6.98	0.09
Hard Construction Costs	10,536,601	42,146	39.20	0.48
General Requirements (6%)	744,696	2,979	2.77	0.03
Contractor's Overhead (2%)	248,232	993	0.92	0.01
Contractor's Profit (6%)	744,696	2,979	2.77	0.03
Construction Contingency	744,696	2,979	2.77	0.03
Subtotal Construction	\$ 14,893,920	\$ 59,576	\$ 55.41	0.68
Indirect Construction	789,500	3,158	2.94	0.04
Developer's Fee	2,495,718	9,983	9.28	0.11
Financing	2,281,500	9,126	8.49	0.10
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,566,718	\$ 22,267	\$ 21	\$ 0
Total Uses	\$ 21,960,638	\$ 87,843	\$ 81.70	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,023,712	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$13,280,000	6.75%	40	\$ 961,509
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,503,288	60.2%	\$992,430	
Source IV	Proceeds	Description		Annual D/S
Other	\$ 153,638			\$ -
Total Sources	\$ 21,960,638			\$ 961,509

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,023,712	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$13,012,000	6.75%	40	\$ 942,106
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,771,288	71.0%	\$ 724,430	
Source IV	Proceeds	Description		Annual D/S
Other	\$ 153,638			\$ -
Total Sources	\$ 21,960,638			\$ 942,106

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,102,404	\$7.82		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.58% (162,804)	-0.61	-651	
Effective Gross Income	\$1,984,600	7.38	7,938	
Total Operating Expenses	\$949,894	\$3.53	\$3,800	
Net Operating Income	\$1,034,706	\$3.85	\$4,139	
Debt Service	961,509	3.58	3,846	
Net Cash Flow	\$73,196	\$0.27	\$293	
Debt Coverage Ratio	1.08			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$73,196	\$0.27	\$293	
DCR after TDHCA Fees	1.08			
Break-even Rents/S.F.	0.59			
Break-even Occupancy	90.92%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,102,404	\$7.82		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (161,055)	-0.60	-644	
Effective Gross Income	1,986,348	7.39	7,945	
Total Operating Expenses	47.8% \$950,000	\$3.53	\$3,800	
Net Operating Income	\$1,036,348	\$3.86	\$4,145	
Debt Service	942,106	3.50	3,768	
Net Cash Flow	\$94,243	\$0.35	\$377	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$94,243	\$0.35	\$377	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.59			
Break-even Occupancy	90.00%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.43	460
Management Fees	100,394	0.37	402
Payroll, Payroll Tax & Employee Exp.	207,000	0.77	828
Maintenance/Repairs	99,990	0.37	400
Utilities	158,750	0.59	635
Property Insurance	53,760	0.20	215
Property Taxes	165,000	0.61	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$949,894	\$3.53	\$3,800

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Rose Court at Riverside, San Antonio, (2004-038)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	2BD/2BA	70	\$ 638	960	0.66
60% AMI	3BD/2BA	180	\$ 736	1,120	0.66
				-	0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,125,680	268,800	\$ 0.66
Averages			\$ 709	1,075	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 900,000	\$ 3,600	\$ 3.35	0.04
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 900,000	\$ 3,600	\$ 3.35	0.04
Sitework	1,875,000	7,500	6.98	0.08
Hard Construction Costs	11,074,200	44,297	41.20	0.50
General Requirements (6%)	776,952	3,108	2.89	0.03
Contractor's Overhead (2%)	258,984	1,036	0.96	0.01
Contractor's Profit (6%)	776,952	3,108	2.89	0.03
Construction Contingency	776,952	3,108	2.89	0.03
Subtotal Construction	\$ 15,539,040	\$ 62,156	\$ 57.81	0.70
Indirect Construction	914,500	3,658	3.40	0.04
Developer's Fee	2,592,486	10,370	9.64	0.12
Financing	2,281,500	9,126	8.49	0.10
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,788,486	\$ 23,154	\$ 22	\$ 0
Total Uses	\$ 22,227,526	\$ 88,910	\$ 82.69	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,296,047	\$0.80	3.53%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$13,280,000	6.75%	40	\$ 961,509
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,487,398	57.4%	\$1,105,088	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 164,081		\$ -	
Total Sources	\$ 22,227,526			\$ 961,509

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,296,047	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$13,280,000	6.00%	30	\$ 955,444
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,487,398	57.4%	\$ 1,105,088	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 164,081		\$ -	
Total Sources	\$ 22,227,526			\$ 955,444

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,125,680	\$7.91		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.50% (162,801)	-0.61	-651	
Effective Gross Income	\$2,007,879	7.47	8,032	
Total Operating Expenses	\$949,894	\$3.53	\$3,800	
Net Operating Income	\$1,057,985	\$3.94	\$4,232	
Debt Service	961,509	3.58	3,846	
Net Cash Flow	\$96,476	\$0.36	\$386	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$96,476	\$0.36	\$386	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.59			
Break-even Occupancy	89.92%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,125,680	\$7.91		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (162,801)	-0.61	-651	
Effective Gross Income	2,007,879	7.47	8,032	
Total Operating Expenses	47.3% \$950,000	\$3.53	\$3,800	
Net Operating Income	\$1,057,879	\$3.94	\$4,232	
Debt Service	955,444	3.55	3,822	
Net Cash Flow	\$102,435	\$0.38	\$410	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0.00	\$0		
Net Cash Flow	\$102,435	\$0.38	\$410	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.59			
Break-even Occupancy	89.64%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.43	460
Management Fees	100,394	0.37	402
Payroll, Payroll Tax & Employee Exp.	207,000	0.77	828
Maintenance/Repairs	99,990	0.37	400
Utilities	158,750	0.59	635
Property Insurance	53,760	0.20	215
Property Taxes	165,000	0.61	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Expenses	\$949,894	\$3.53	\$3,800

Staff Notes/Comments

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Merry Oaks Homes, San Antonio (#2004-039)

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	2BD/2BA	70	\$ 630	960	0.66
60% AMI	3BD/2BA	180	\$ 728	1,120	0.65
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,102,404	268,800	\$ 0.65
Averages			\$ 701	1,075	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 900,000	\$ 3,600	\$ 3.35	0.04
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 900,000	\$ 3,600	\$ 3.35	0.04
Sitework	1,874,999	7,500	6.98	0.08
Hard Construction Costs	11,074,200	44,297	41.20	0.50
General Requirements (6%)	776,952	3,108	2.89	0.03
Contractor's Overhead (2%)	258,984	1,036	0.96	0.01
Contractor's Profit (6%)	776,952	3,108	2.89	0.03
Construction Contingency	776,952	3,108	2.89	0.03
Subtotal Construction	\$ 15,539,039	\$ 62,156	\$ 57.81	0.70
Indirect Construction	914,500	3,658	3.40	0.04
Developer's Fee	2,592,486	10,370	9.64	0.12
Financing	2,281,500	9,126	8.49	0.10
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,788,486	\$ 23,154	\$ 22	\$ 0
Total Uses	\$ 22,227,525	\$ 88,910	\$ 82.69	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,296,047	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$13,280,000	6.75%	40	\$ 961,509
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,487,398	57.4%	\$1,105,088	
Source IV	Proceeds	Description		Annual D/S
Other	\$ 164,081			\$ -
Total Sources	\$ 22,227,526			\$ 961,509

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,296,047	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$13,011,000	6.75%	40	\$ 942,033
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,756,397	67.7%	\$ 836,089	
Source IV	Proceeds	Description		Annual D/S
Other	\$ 164,081			\$ -
Total Sources	\$ 22,227,525			\$ 942,033

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,102,404	\$7.82		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	-7.83% (168,180)	-0.63	-673	
Effective Gross Income	\$1,979,224	7.36	7,917	
Total Operating Expenses	\$949,894	\$3.53	\$3,800	
Net Operating Income	\$1,029,330	\$3.83	\$4,117	
Debt Service	961,509	3.58	3,846	
Net Cash Flow	\$67,820	\$0.25	\$271	
Debt Coverage Ratio	1.07			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$67,820	\$0.25	\$271	
DCR after TDHCA Fees	1.07			
Break-even Rents/S.F.	0.59			
Break-even Occupancy	90.92%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,102,404	\$7.82		
Other Income & Loss	45,000	0.17	180	
Vacancy & Collection	7.50% (161,055)	-0.60	-644	
Effective Gross Income	1,986,348	7.39	7,945	
Total Operating Expenses	47.8% \$950,000	\$3.53	\$3,800	
Net Operating Income	\$1,036,348	\$3.86	\$4,145	
Debt Service	942,033	3.50	3,768	
Net Cash Flow	\$94,315	\$0.35	\$377	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$94,315	\$0.35	\$377	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.59			
Break-even Occupancy	89.99%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$115,000	0.43	460
Management Fees	100,394	0.37	402
Payroll, Payroll Tax & Employee Exp.	207,000	0.77	828
Maintenance/Repairs	99,990	0.37	400
Utilities	158,750	0.59	635
Property Insurance	53,760	0.20	215
Property Taxes	165,000	0.61	660
Replacement Reserves	50,000	0.19	200
Other Expenses	-	0.00	0
Total Exepnses	\$949,894	\$3.53	\$3,800

Staff Notes/Comments

EXECUTIVE OFFICE

**BOARD ACTION REQUEST
October 9, 2003**

Action Items

4th Quarter Investment Report

Required Action

Presentation of the Department's 4th Quarter Investment Report.

Background

Compliance with the Public Funds Investment Act.

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

**PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING AUGUST 31, 2003**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Quarter Ending August 31, 2003

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

INDENTURE	FAIR VALUE (MARKET) @ 05/31/03	CARRYING VALUE @ 05/31/03	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 08/31/03	FAIR VALUE (MARKET) @ 08/31/03	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT REC'BL @ 08/31/03	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS					
Single Family	415,235,629.43	402,045,229.69	53,482,303.56	(32,203,644.22)	(16,508,321.33)	0.00	406,815,567.70	413,519,407.16	(6,486,560.28)	1,727,904.00	0.00
RMRB	593,250,744.60	574,973,753.60	87,551,280.90	(101,393,190.62)	(19,024,336.01)	0.00	542,107,507.87	548,890,352.33	(11,494,146.54)	2,614,908.00	0.00
CHMRB	56,212,815.94	53,445,221.30	3,562,892.79	(8,624,316.04)	(5,025,196.49)	0.00	43,358,601.56	45,780,903.02	(345,293.18)	243,438.00	0.00
Multi Family	143,683,043.87	143,683,043.87	64,682,914.75	(36,862,657.84)	0.00	0.00	171,503,300.78	171,503,300.78	-	10,011.00	0.00
SF CHMRB 1993	22,138,709.32	20,965,703.02	252,645.56	(527,559.87)	(2,417,023.88)	0.00	18,273,764.83	19,227,416.70	(219,354.43)	92,845.00	0.00
SF CHMRB 1994/1995	39,213,111.42	36,990,542.99	538,791.40	(526,755.45)	(5,132,082.01)	0.00	31,870,496.93	33,693,611.17	(399,454.19)	173,541.00	0.00
Commercial Paper	35,288,505.44	35,288,505.44	26,558,404.03	(205,000.00)	0.00	0.00	61,641,909.47	61,641,909.47	-	129,939.00	0.00
General Fund	9,963,659.85	9,963,659.85	72,057.78	(197,670.29)	0.00	0.00	9,838,047.34	9,838,047.34	-	861.00	0.00
Housing Trust Fund	8,231,714.33	8,231,714.33	645,657.55	(696,415.11)	0.00	0.00	8,180,956.77	8,180,956.77	-	716.00	0.00
Administration	132,821.58	132,821.58	562.12	0.00	0.00	0.00	133,383.70	133,383.70	-	12.00	0.00
Compliance	1,629,854.35	1,629,854.35	330,365.66	(102,499.11)	0.00	0.00	1,857,720.90	1,857,720.90	-	163.00	0.00
Housing Initiatives	1,048,086.65	1,048,086.65	1,855,283.72	(58.91)	0.00	0.00	2,903,311.46	2,903,311.46	-	254.00	0.00
TOTAL	1,326,028,696.78	1,288,398,136.67	239,533,159.82	(181,339,767.46)	(48,106,959.72)	0.00	1,298,484,569.31	1,317,170,320.80	(18,944,808.62)	4,994,592.00	0.00

* No relationship can be drawn between the "ACCRUED INT REC'BL @ 08/31/03" figures and the corresponding investment values, because of various factors (e.g. purchase date of investment; interest payment terms-daily, monthly & semi-annual; etc.). In addition to the aforementioned factors with regards to the Multi Family Indenture, the Department is carrying \$168,769,773 of investments pledged as reserves by participating entities. The Department is carrying these investments with their corresponding liability purely for tracking the flow of funds.

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

_____	Date _____
Bill Dally, Chief of Agency Administration	
_____	Date _____
Byron Johnson, Director of Bond Finance	

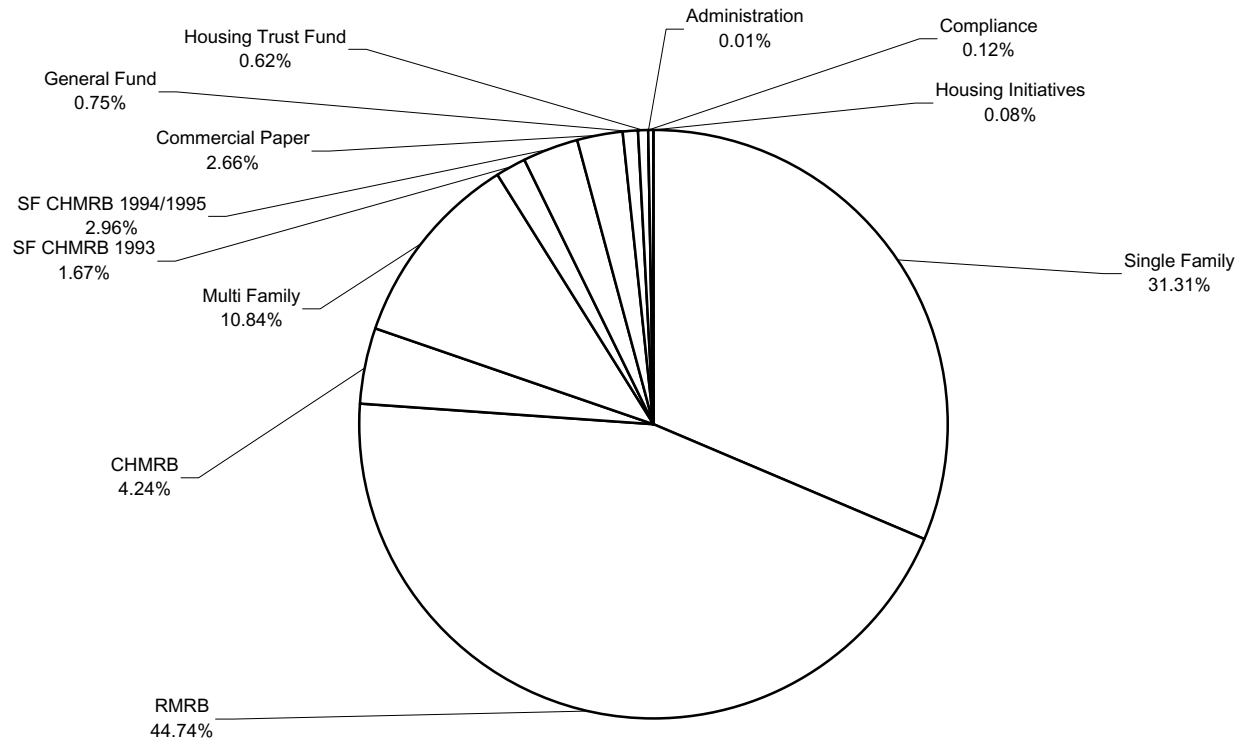
**PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING AUGUST 31, 2003**

Supplemental Information:

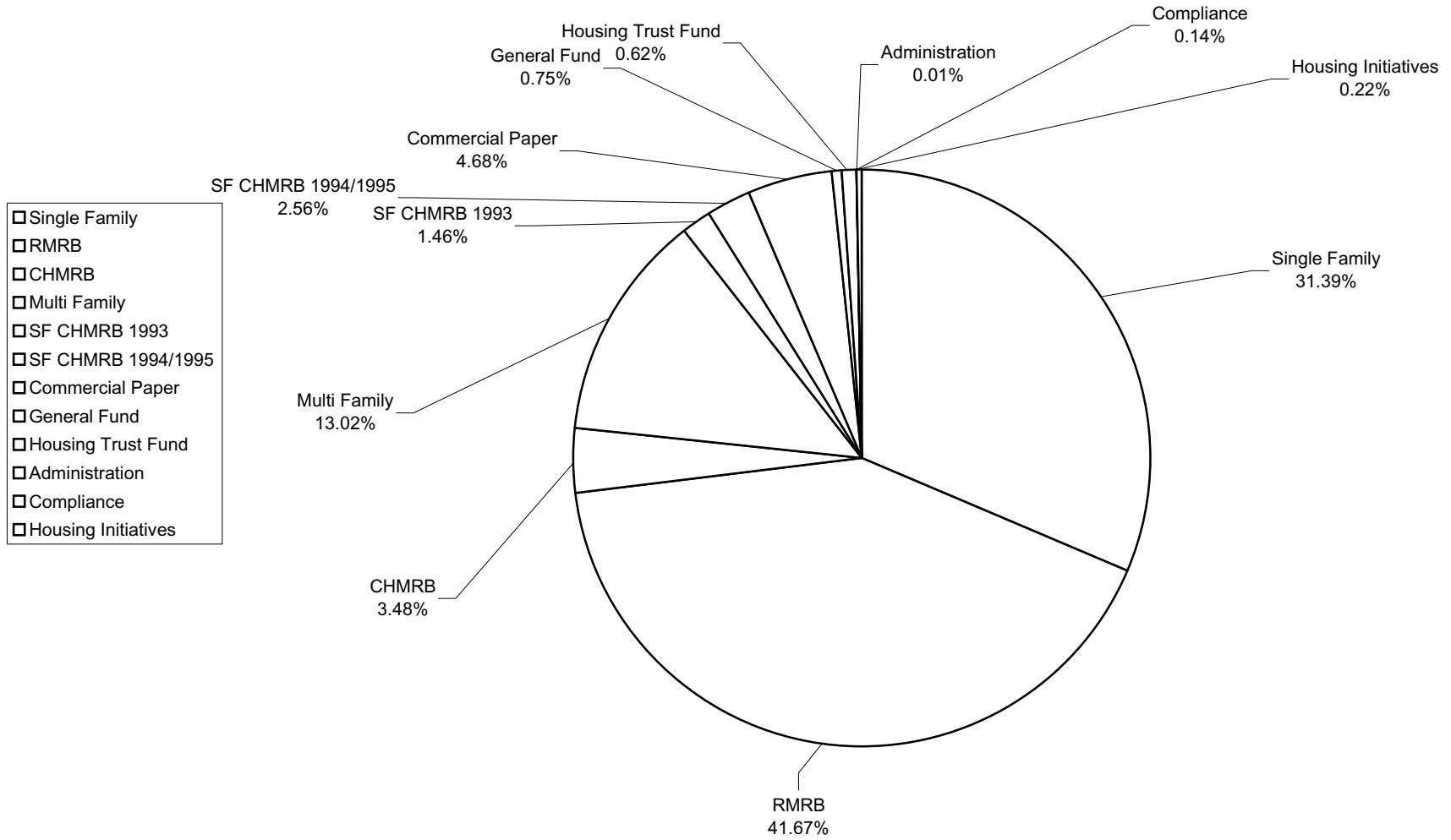
- 1) Pie Chart for Quarter Ending 08/31/03-Beginning Market Valuation by Fund Group
- 2) Pie Chart for Quarter Ending 08/31/03-Ending Market Valuation by Fund Group
- 3) Supplemental Public Funds Investment Act Report by Investment Type
- 4) Analysis of Portfolio Interest Rate Trends and Maturities
- 5) Pie Chart for Quarter Ending 08/31/03-Beginning Market Valuation by Investment Type
- 6) Pie Chart for Quarter Ending 08/31/03-Ending Market Valuation by Investment Type
- 7) Detail of Investments including maturity dates by Fund Group

Quarter Ending 08/31/03
Beginning Market Valuation

- Single Family
- RMRB
- CHMRB
- Multi Family
- SF CHMRB 1993
- SF CHMRB 1994/1995
- Commercial Paper
- General Fund
- Housing Trust Fund
- Administration
- Compliance
- Housing Initiatives



Quarter Ending 08/31/03
Ending Market Valuation



TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Supplemental Schedule
Quarter Ending August 31, 2003

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

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 05/31/03	CARRYING VALUE @ 05/31/03	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 08/31/03	FAIR VALUE (MARKET) @08/31/03	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS				
Mortgage-Backed Securities	764,468,446.10	728,724,427.80	12,085,490.56	0.00	(48,106,959.72)	0.00	692,702,958.64	709,786,922.00	(18,660,054.94)	0.00
Guaranteed Inv Contracts	308,334,902.85	308,334,902.85	107,133,344.22	(124,357,865.49)	0.00	0.00	291,110,381.58	291,110,381.58	-	0.00
Investment Agreements	126,896,536.84	126,896,536.84	32,568,619.75	(37,149,660.86)	0.00	0.00	122,315,495.73	122,315,495.73	-	0.00
Treasury-Backed Mutual Funds	54,040,395.19	54,040,395.19	31,341,106.26	(6,916,940.23)	0.00	0.00	78,464,561.22	78,464,561.22	-	0.00
Repurchase Agreements	64,311,951.71	64,311,951.71	55,582,157.43	(12,858,628.21)	0.00	0.00	107,035,480.93	107,035,480.93	-	0.00
Money Markets	397,734.43	397,734.43	654,593.37	(56,630.03)	0.00	0.00	995,697.77	995,697.77	-	0.00
Treasury Bills	204,951.61	204,951.61	115,076.19	(42.64)	0.00	0.00	319,985.16	319,985.16	-	0.00
Treasury Bonds/Notes	7,373,778.05	5,487,236.24	52,772.04	0.00	0.00	0.00	5,540,008.28	7,141,796.41	(284,753.68)	0.00
TOTAL	1,326,028,696.78	1,288,398,136.67	239,533,159.82	(181,339,767.46)	(48,106,959.72)	0.00	1,298,484,569.31	1,317,170,320.80	(18,944,808.62)	0.00

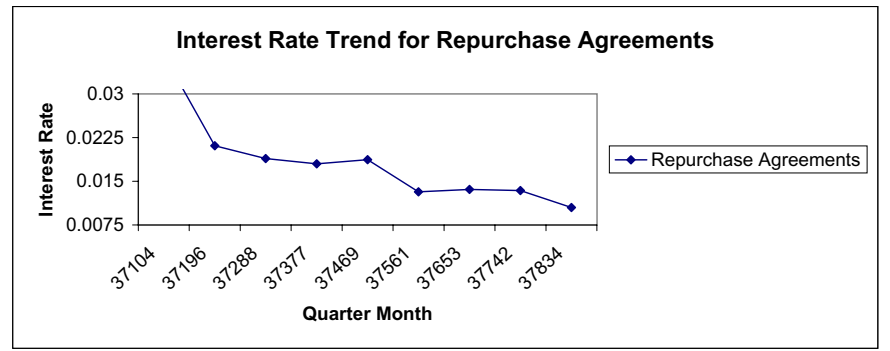
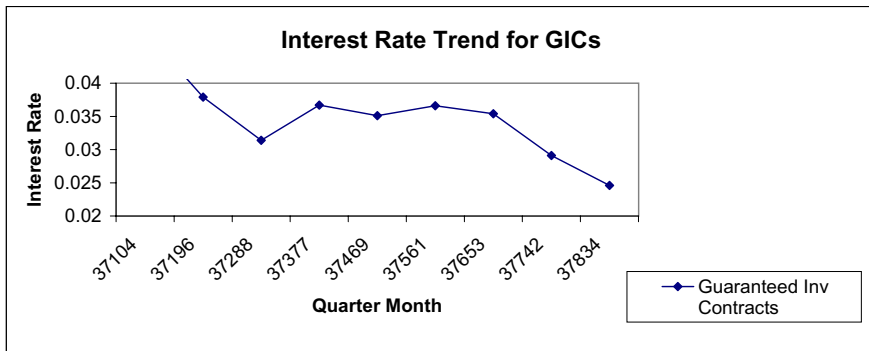
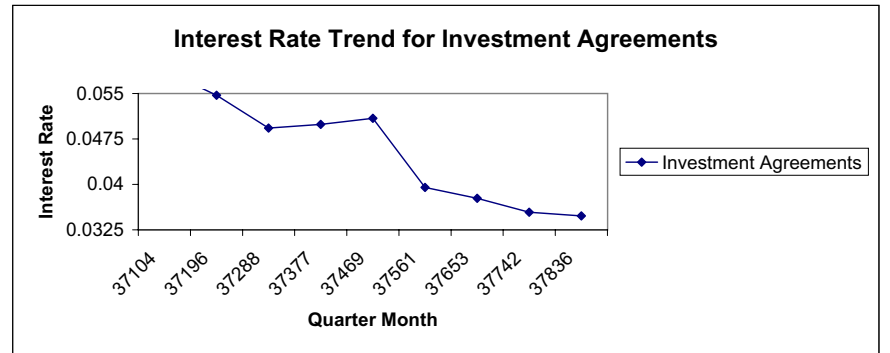
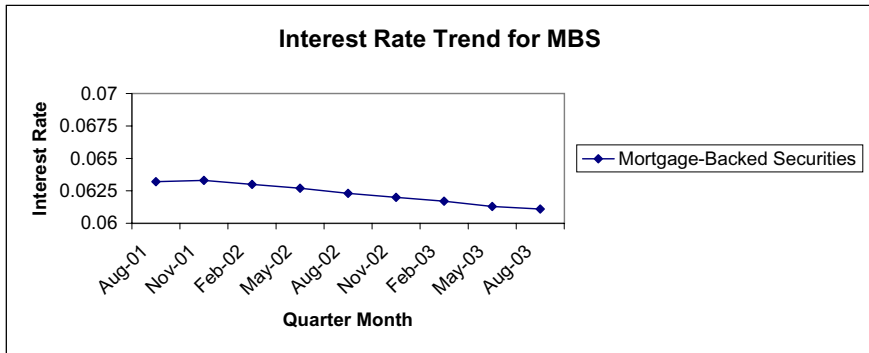
(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation 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.

Bill Dally, Chief of Agency Administration

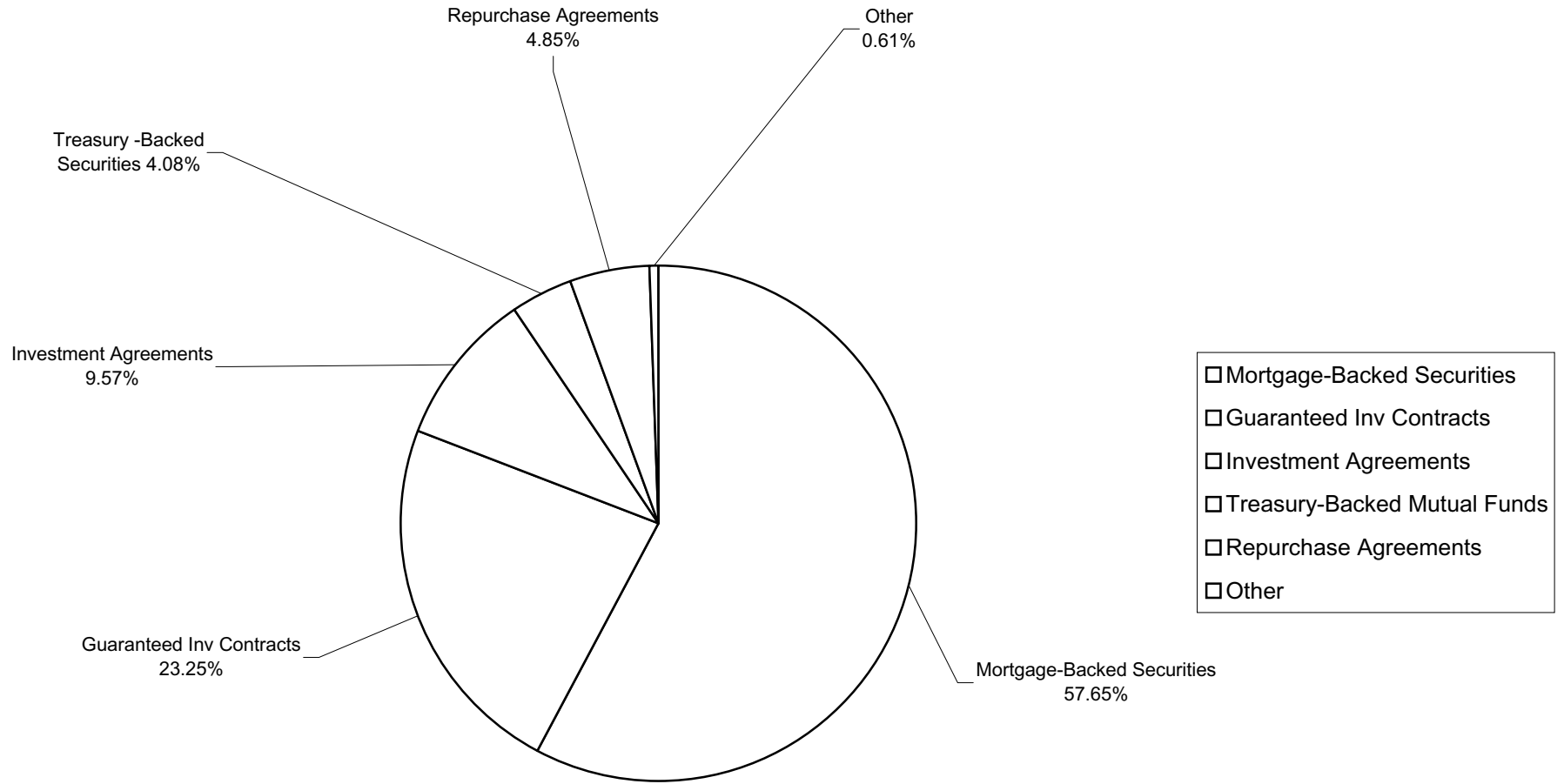
Byron Johnson, Director of Bond Finance

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Supplemental Schedule of Portfolio Interest Rate Trends and Maturities
Quarter Ending August 31, 2003

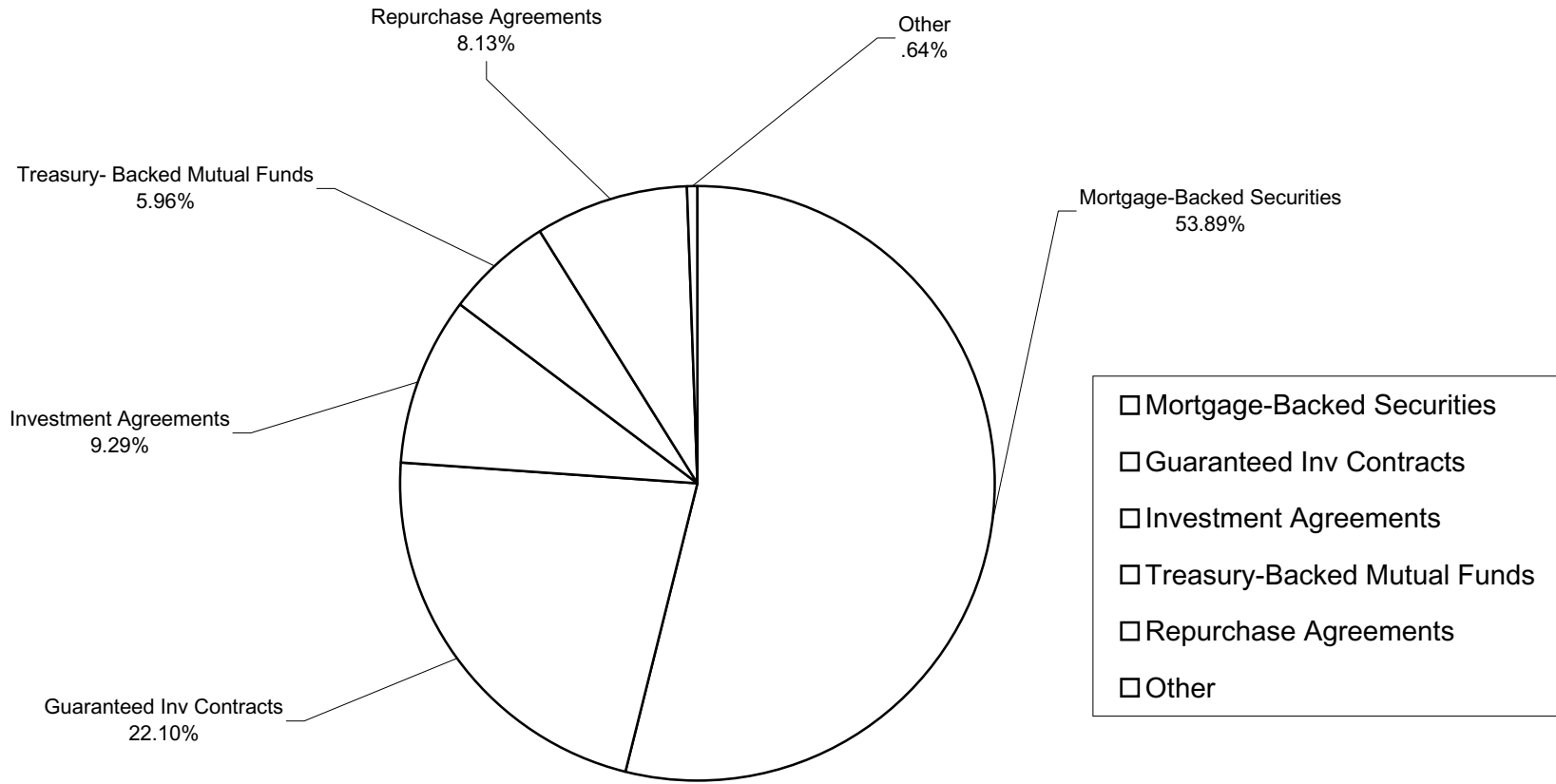
INVESTMENT TYPE	Range of Interest for Current Quarter		Portfolio % Composition	Weighted Avg Rate	Weighted Avg Rate	Weighted Avg Rate	Weighted Avg Rate	Weighted Avg Maturity		Weighted Avg Maturity		Weighted Avg Maturity		Weighted Avg Maturity	
	HI	LOW		Beg Carrying Value @ 05/31/03	Beg Market Value @ 05/31/03	End Carrying Value @ 08/31/03	End Market Value @ 08/31/03	Beg Carrying Value @ 05/31/03	Days	Beg Market Value @ 05/31/03	Days	End Carrying Value @ 08/31/03	Days	End Market Value @ 08/31/03	Days
Mortgage-Backed Securities	8.75%	4.80%	53.89%	6.12%	6.13%	6.09%	6.11%	308	1	307	17	307	2	306	5
Guaranteed Inv Contracts	6.51%	1.15%	22.10%	2.91%	2.91%	2.46%	2.46%	185	29	185	29	160	16	160	16
Investment Agreements	7.23%	1.10%	9.29%	3.54%	3.54%	3.48%	3.48%	66	26	66	26	55	6	55	6
Money Markets	0.55%	0.48%	8.00%	0.69%	0.69%	0.55%	0.55%	1	0	1	0	1	0	1	0
Treasury-Backed Mutual Funds	0.55%	0.12%	5.96%	0.71%	0.71%	0.49%	0.49%	1	0	1	0	1	0	1	0
Repurchase Agreements	1.05%	1.05%	8.13%	1.34%	1.34%	1.05%	1.05%	0	2	0	2	0	2	0	2
Treasury Bills	5.81%	3.25%	2.00%	5.81%	5.81%	3.99%	3.99%	1	0	1	0	1	0	1	0
Treasury Bonds/Notes	13.88%	4.87%	0.54%	12.52%	12.82%	12.45%	12.73%	89	20	94	8	86	6	90	10



**Quarter Ending 08/31/03
Beginning Market Valuation**



**Quarter Ending 08/31/03
Ending Market Valuation**



Detail of Investments including maturity dates by Fund Group

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2003

Investment Type	Issue	Current	Current	Current	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in	
		Interest Rate	Purchase Date	Maturity Date	Carrying Value 05/31/03	Market Value 05/31/03					Carrying Value 08/31/03	Market Value 08/31/03	In Market Value	Recognized Gain
Repo Agmt	1980 SF Surplus Rev	1.05	08/29/03	09/02/03	353,395.00	353,395.00	19,103.17				372,498.17	372,498.17	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.05	08/29/03	09/02/03	8,508,073.80	8,508,073.80		(6,745,172.16)			1,762,901.64	1,762,901.64	-	0.00
T-Bonds	1980 SF Surplus Rev	13.88	08/05/82	05/15/11	1,989,971.78	2,690,130.12	133.93				1,990,105.71	2,584,926.66	(105,337.39)	0.00
GICs	1980 SF Surplus Rev	6.08	11/14/96	09/30/29	7,347.80	7,347.80	1,198,786.94				1,206,134.74	1,206,134.74	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.05	08/29/03	09/02/03	5.97	5.97	0.00				5.97	5.97	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.05	08/29/03	09/02/03	2,851.31	2,851.31	285.64				3,136.95	3,136.95	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.05	08/29/03	09/02/03	41,294.83	41,294.83	112.83				41,407.66	41,407.66	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.05	08/29/03	09/02/03	246,791.63	246,791.63	109,591.47				356,383.10	356,383.10	-	0.00
					11,149,732.12	11,849,890.46	1,328,013.98	(6,745,172.16)	0.00	0.00	5,732,573.94	6,327,394.89	(105,337.39)	0.00
Repo Agmt	1982 A SF	1.05	08/29/03	09/02/03	1.94	1.94	786.32				788.26	788.26	-	0.00
GICs	1982 A SF	6.08	11/14/96	09/30/29	5,629.89	5,629.89	8,949.24				14,579.13	14,579.13	-	0.00
					5,631.83	5,631.83	9,735.56	0.00	0.00	0.00	15,367.39	15,367.39	0.00	0.00
Repo Agmt	1983 A&B SF	1.05	08/29/03	09/02/03	61,987.98	61,987.98	61,198.35				123,186.33	123,186.33	-	0.00
GICs	1983 A&B SF	6.08	11/14/96	09/30/29	848,974.10	848,974.10		(81,992.62)			766,981.48	766,981.48	-	0.00
T-Note	1983 A&B SF	13.25	08/05/85	05/15/14	714.57	1,140.52	0.12				714.69	1,076.18	(64.46)	0.00
					911,676.65	912,102.60	61,198.47	(81,992.62)	0.00	0.00	890,882.50	891,243.99	(64.46)	0.00
Repo Agmt	1984 A&B SF	1.05	08/29/03	09/02/03	3,423.38	3,423.38	135,623.61				139,046.99	139,046.99	-	0.00
T-Bonds	1984 A&B SF	13.25	08/05/85	05/15/14	406.81	649.46	0.06				406.87	612.82	(36.70)	0.00
GICs	1984 A&B SF	6.08	11/14/96	09/30/29	2,375,523.86	2,375,523.86		(959,380.48)			1,416,143.38	1,416,143.38	-	0.00
					2,379,354.05	2,379,596.70	135,623.67	(959,380.48)	0.00	0.00	1,555,597.24	1,555,803.19	(36.70)	0.00
Repo Agmt	1985 A SF	1.05	08/29/03	09/02/03	84,409.84	84,409.84		(54,430.24)			29,979.60	29,979.60	-	0.00
GICs	1985 A SF				954,301.00	954,301.00		(954,301.00)					-	0.00
					1,038,710.84	1,038,710.84	0.00	(1,008,731.24)	0.00	0.00	29,979.60	29,979.60	0.00	0.00
Repo Agmt	1985 B&C SF	1.05	08/29/03	09/02/03	0.79	0.79	7,473.63				7,474.42	7,474.42	-	0.00
GICs	1985 B&C SF	6.08	11/14/96	09/30/29	264,302.80	264,302.80		(131,529.87)			132,772.93	132,772.93	-	0.00
					264,303.59	264,303.59	7,473.63	(131,529.87)	0.00	0.00	140,247.35	140,247.35	0.00	0.00
Repo Agmt	1987 B SF	1.05	08/29/03	09/02/03	101,297.89	101,297.89		(27,145.96)			74,151.93	74,151.93	-	0.00
GICs	1987 B SF	6.08	11/14/96	09/30/29	854,404.19	854,404.19		(439,937.17)			414,467.02	414,467.02	-	0.00
Repo Agmt	1987 B SF	1.05	08/29/03	09/02/03	79,966.66	79,966.66	218.51				80,185.17	80,185.17	-	0.00
T-Bonds	1987 B SF	13.88	08/05/82	05/15/11	496,959.51	670,419.61	0.00				496,959.51	644,201.38	(26,218.23)	0.00
					1,532,628.25	1,706,088.35	218.51	(467,083.13)	0.00	0.00	1,065,763.63	1,213,005.50	(26,218.23)	0.00
Repo Agmt	1995 A&B SF	1.05	08/29/03	09/02/03	16,699.64	16,699.64	10,366,838.07				10,383,537.71	10,383,537.71	-	0.00
GICs	1995 A&B SF	6.08	11/14/96	09/30/29	6,557,681.20	6,557,681.20		(4,622,496.05)			1,935,185.15	1,935,185.15	-	0.00
Repo Agmt	1995 A&B SF	1.05	08/29/03	09/02/03	0.30	0.30	0.00				0.30	0.30	-	0.00
GICs	1995 A&B SF	6.08	11/14/96	09/30/29	2,441.39	2,441.39	0.00				2,441.39	2,441.39	-	0.00
FNMA	1995 A&B SF	6.15	05/30/96	04/01/26	481,109.33	507,456.08		(6,064.70)			475,044.63	494,500.98	(6,890.40)	0.00
FNMA	1995 A&B SF	6.15	06/27/96	05/01/26	287,248.68	302,355.37		(4,419.99)			282,828.69	293,804.41	(4,130.97)	0.00
FNMA	1995 A&B SF	6.15	07/15/96	06/01/26	483,408.87	510,636.77		(95,653.76)			387,755.11	404,232.77	(10,750.24)	0.00
FNMA	1995 A&B SF	6.15	07/30/96	06/01/26	335,135.67	354,304.80		(1,597.03)			333,538.64	348,002.03	(4,705.74)	0.00
FNMA	1995 A&B SF	6.15	08/15/96	07/01/26	548,844.92	579,927.02		(3,849.98)			544,994.94	568,323.11	(7,753.93)	0.00
FNMA	1995 A&B SF	6.15	08/29/96	08/01/26	533,097.15	556,653.58		(138,892.57)			394,204.58	406,234.95	(11,526.06)	0.00
FNMA	1995 A&B SF	6.15	09/17/96	08/01/26	439,829.26	458,449.05		(65,058.43)			374,770.83	385,524.28	(7,866.34)	0.00
FNMA	1995 A&B SF	6.15	10/30/96	10/01/26	765,529.08	797,701.11		(15,210.97)			750,318.11	771,619.19	(10,870.95)	0.00
FNMA	1995 A&B SF	6.15	12/23/96	11/01/26	658,420.54	686,530.02		(5,135.58)			653,284.96	672,260.06	(9,134.38)	0.00
FNMA	1995 A&B SF	6.15	03/27/97	01/01/27	335,466.87	349,428.88		(5,085.62)			330,381.25	339,628.50	(4,714.76)	0.00
FNMA	1995 A&B SF	6.15	07/15/97	03/01/27	189,541.93	197,579.23		(53,825.80)			135,716.13	139,619.16	(4,134.27)	0.00
FNMA	1995 A&B SF	6.15	09/29/97	07/01/27	374,520.29	391,396.17		(38,104.02)			336,416.27	347,343.07	(5,949.08)	0.00
GNMA	1995 A&B SF	6.15	07/30/96	07/20/26	2,567,396.37	2,699,194.02		(330,853.78)			2,236,542.59	2,318,849.72	(49,490.52)	0.00
GNMA	1995 A&B SF	6.15	03/28/96	03/20/26	658,784.90	692,812.62		(4,187.75)			654,597.15	678,893.39	(9,731.48)	0.00
GNMA	1995 A&B SF	6.15	08/15/96	07/20/26	2,423,069.14	2,547,232.90		(212,937.52)			2,210,131.62	2,291,268.55	(43,026.83)	0.00
GNMA	1995 A&B SF	6.15	04/29/96	04/20/26	978,656.31	1,028,871.60		(5,722.87)			972,933.44	1,008,716.59	(14,432.14)	0.00
GNMA	1995 A&B SF	6.15	05/15/96	05/20/26	2,108,953.23	2,217,813.71		(211,879.66)			1,897,073.57	1,966,807.22	(39,126.83)	0.00

GNMA	1995 A&B SF	6.15	05/30/96	05/20/26	1,515,853.24	1,594,879.27		(82,208.46)	1,433,644.78	1,486,853.93	(25,816.88)	0.00		
GNMA	1995 A&B SF	6.15	06/17/96	06/20/26	3,549,657.93	3,732,990.49		(274,477.59)	3,275,180.34	3,396,016.55	(62,496.35)	0.00		
GNMA	1995 A&B SF	6.15	06/27/96	06/20/26	970,312.26	1,019,904.00		(110,057.02)	860,255.24	891,712.09	(18,134.89)	0.00		
GNMA	1995 A&B SF	6.15	07/15/96	06/20/26	3,173,766.00	3,335,267.80		(428,996.17)	2,744,769.83	2,844,573.60	(61,698.03)	0.00		
GNMA	1995 A&B SF	6.15	08/29/96	08/20/26	2,238,915.18	2,338,609.58		(155,132.66)	2,083,782.52	2,146,540.22	(36,936.70)	0.00		
GNMA	1995 A&B SF	6.15	09/17/96	09/20/26	1,384,440.42	1,444,508.17		(209,664.90)	1,174,775.52	1,208,845.52	(25,997.75)	0.00		
GNMA	1995 A&B SF	6.15	09/26/96	09/20/26	1,011,682.14	1,055,723.56		(72,273.78)	939,408.36	967,246.17	(16,203.61)	0.00		
GNMA	1995 A&B SF	6.15	10/30/96	10/20/26	3,457,048.30	3,607,932.27		(506,878.62)	2,950,169.68	3,036,096.25	(64,957.40)	0.00		
GNMA	1995 A&B SF	6.15	11/26/96	11/20/26	1,985,486.81	2,074,416.80		(306,815.43)	1,678,671.38	1,729,667.84	(37,933.53)	0.00		
GNMA	1995 A&B SF	6.15	12/23/96	12/20/26	1,128,006.42	1,176,529.27		(213,839.97)	914,166.45	940,343.88	(22,345.42)	0.00		
GNMA	1995 A&B SF	6.15	01/16/97	12/20/26	1,615,780.80	1,685,333.22		(66,799.98)	1,548,980.82	1,593,382.96	(25,150.28)	0.00		
GNMA	1995 A&B SF	6.15	01/30/97	01/20/27	1,157,630.95	1,208,637.81		(57,901.66)	1,099,729.29	1,133,047.43	(17,688.72)	0.00		
GNMA	1995 A&B SF	6.15	02/13/97	02/20/27	1,203,997.06	1,256,977.83		(64,697.61)	1,139,299.45	1,173,740.07	(18,540.15)	0.00		
GNMA	1995 A&B SF	6.15	02/27/97	02/20/27	719,586.84	750,039.72		(130,035.69)	589,551.15	606,402.18	(13,601.85)	0.00		
GNMA	1995 A&B SF	6.15	03/27/97	03/20/27	1,131,674.64	1,178,261.57		(7,505.24)	1,124,169.40	1,155,025.74	(15,730.59)	0.00		
GNMA	1995 A&B SF	6.15	04/29/97	04/20/27	642,715.83	668,475.88		(3,412.52)	639,303.31	656,168.13	(8,895.23)	0.00		
GNMA	1995 A&B SF	6.15	05/29/97	05/20/27	719,086.52	747,907.51		(69,996.84)	649,089.68	666,212.67	(11,698.00)	0.00		
GNMA	1995 A&B SF	6.15	06/26/97	06/20/27	464,555.13	483,481.07		(80,913.01)	383,642.12	394,011.27	(8,556.79)	0.00		
GNMA	1995 A&B SF	6.15	08/18/97	07/20/27	1,260,900.20	1,324,811.30		(151,260.45)	1,109,639.75	1,150,031.91	(23,518.94)	0.00		
GNMA	1995 A&B SF	6.15	09/29/97	08/20/27	1,398,414.41	1,455,695.58		(74,165.09)	1,324,249.32	1,360,271.29	(21,259.20)	0.00		
GNMA	1995 A&B SF	6.15	02/26/98	02/20/28	562,647.68	584,770.99		(2,313.31)	560,334.37	574,779.79	(7,677.89)	0.00		
GNMA	1995 A&B SF	6.15	03/26/98	01/20/28	631,255.51	656,076.48		(182,983.33)	448,272.18	459,828.64	(13,264.51)	0.00		
GNMA	1995 A&B SF	6.15	04/29/98	04/20/28	602,237.36	625,917.33		(83,764.77)	518,472.59	531,838.81	(10,313.75)	0.00		
GNMA	1995 A&B SF	6.15	06/25/98	05/20/28	912,995.82	948,894.82		(3,948.05)	909,047.77	932,483.02	(12,463.75)	0.00		
GNMA	1995 A&B SF	6.15	07/16/98	06/20/28	602,797.24	626,499.23		(124,362.55)	478,434.69	490,768.74	(11,367.94)	0.00		
GNMA	1995 A&B SF	6.15	09/10/98	07/20/28	840,872.78	873,935.90		(5,476.43)	835,396.35	856,932.87	(11,526.60)	0.00		
GNMA	1995 A&B SF	6.15	11/19/98	10/20/28	1,395,147.42	1,450,004.62		(75,191.61)	1,319,955.81	1,353,984.27	(20,828.74)	0.00		
					57,023,299.96	59,361,647.53	10,366,838.07	(4,622,496.05)	(4,743,552.77)	0.00	58,024,089.21	59,493,598.37	(868,838.41)	0.00
Repo Agmt	1996 A-C SF	1.05	08/29/03	09/02/03	70,648.90	70,648.90	4,128,289.85		4,198,938.75	4,198,938.75	-	-	0.00	
Inv Agmt	1996 A-C SF	6.13	11/15/96	09/01/28	2,194,247.20	2,194,247.20		(1,967,158.27)	227,088.93	227,088.93	-	-	0.00	
GNMA	1996 A-C SF	6.45	04/29/97	04/20/27	842,353.30	879,568.47		(145,628.13)	696,725.17	721,417.11	(12,523.23)	0.00		
GNMA	1996 A-C SF	6.45	05/29/97	05/20/27	424,245.55	442,988.72		(59,225.00)	365,020.55	377,956.88	(5,806.84)	0.00		
GNMA	1996 A-C SF	6.45	07/15/97	05/20/27	800,195.59	835,548.23		(128,302.30)	671,893.29	695,705.19	(11,540.74)	0.00		
GNMA	1996 A-C SF	6.45	08/28/97	08/20/27	594,487.64	620,752.10		(3,329.45)	591,158.19	612,108.84	(5,313.81)	0.00		
GNMA	1996 A-C SF	6.45	10/15/97	08/20/27	311,935.59	325,716.90		(1,351.95)	310,583.64	321,590.72	(2,774.23)	0.00		
GNMA	1996 A-C SF	6.45	11/25/97	10/20/27	557,439.40	582,067.07		(82,456.38)	474,983.02	491,816.42	(7,794.27)	0.00		
GNMA	1996 A-C SF	6.45	02/12/98	12/20/27	571,139.88	596,372.84		(2,390.83)	568,749.05	588,905.52	(5,076.49)	0.00		
GNMA	1996 A-C SF	6.45	04/16/98	02/20/28	807,747.42	842,827.89		(85,401.90)	722,345.52	747,533.71	(9,892.28)	0.00		
GNMA	1996 A-C SF	6.45	08/13/98	06/20/28	646,350.88	674,421.90		(2,847.88)	643,503.00	665,941.95	(5,632.07)	0.00		
GNMA	1996 A-C SF	6.45	12/15/98	09/20/28	669,278.04	698,344.79		(2,924.45)	666,353.59	689,589.34	(5,831.00)	0.00		
GNMA	1996 A-C SF	6.45	01/28/99	11/20/28	262,220.81	273,609.06		(92,411.55)	169,809.26	175,730.51	(5,467.00)	0.00		
GNMA	1996 A-C SF	5.45	03/18/99	02/20/29	564,920.65	592,358.85		(2,589.19)	562,331.46	561,741.01	(28,028.65)	0.00		
GNMA	1996 A-C SF	5.45	06/24/99	05/20/29	725,569.50	760,810.41		(100,688.32)	624,881.18	624,225.05	(35,897.04)	0.00		
GNMA	1996 A-C SF	5.45	07/29/99	06/20/29	928,295.63	973,382.95		(3,939.78)	924,355.85	923,385.28	(46,057.89)	0.00		
GNMA	1996 A-C SF	5.45	10/14/99	08/20/29	757,125.79	793,899.39		(3,315.77)	753,810.02	753,018.52	(37,565.10)	0.00		
GNMA	1996 A-C SF	5.45	08/26/99	07/20/29	690,255.80	723,781.52		(90,063.94)	600,191.86	599,561.66	(34,155.92)	0.00		
GNMA	1996 A-C SF	5.45	12/01/99	10/20/29	580,627.26	608,828.33		(134,384.76)	446,242.50	445,773.95	(28,669.62)	0.00		
GNMA	1996 A-C SF	5.45	01/27/00	12/20/29	1,329,793.45	1,394,381.52		(44,031.68)	1,285,761.77	1,284,411.72	(65,938.12)	0.00		
FNMA	1996 A-C SF	5.45	01/28/00	07/01/29	203,514.61	212,530.31		(1,380.12)	202,134.49	202,686.32	(8,463.87)	0.00		
Repo Agmt	1996 A-C SF	1.05	08/29/03	09/02/03	70,273.29	70,273.29	192.04		70,465.33	70,465.33	-	-	0.00	
T-Bonds	1996 A-C SF	13.88	08/05/82	05/15/11	440,976.49	594,896.77	0.00		440,976.49	571,632.02	(23,264.75)	0.00		
Repo Agmt	1996 A-C SF	1.05	08/29/03	09/02/03	16,915.43	16,915.43		(16,914.84)	0.59	0.59	-	-	0.00	
Inv Agmt	1996 A-C SF	6.13	02/26/97	09/01/28	629,985.77	629,985.77	51,469.70		681,455.47	681,455.47	-	-	0.00	
GNMA	1996 A-C SF	5.45	03/18/99	02/20/29	116,346.89	121,997.86		(533.25)	115,813.64	115,692.04	(5,772.57)	0.00		
GNMA	1996 A-C SF	5.45	06/24/99	05/20/29	149,432.91	156,690.87		(20,737.02)	128,695.89	128,560.76	(7,393.09)	0.00		
GNMA	1996 A-C SF	5.45	07/29/99	06/20/29	191,184.85	200,470.70		(811.41)	190,373.44	190,173.55	(9,485.74)	0.00		
GNMA	1996 A-C SF	5.45	10/14/99	08/20/29	155,931.99	163,505.61		(682.89)	155,249.10	155,086.09	(7,736.63)	0.00		
GNMA	1996 A-C SF	5.45	08/26/99	07/20/29	142,159.92	149,064.63		(18,548.90)	123,611.02	123,481.23	(7,034.50)	0.00		
GNMA	1996 A-C SF	5.45	12/01/99	10/20/29	119,581.71	125,389.79		(27,676.89)	91,904.82	91,808.32	(5,904.58)	0.00		
GNMA	1996 A-C SF	5.45	01/27/00	12/20/29	273,874.39	287,176.47		(9,068.44)	264,805.95	264,527.90	(13,580.13)	0.00		
GNMA	1996 A-C SF	6.15	11/12/02	11/20/32	17,823.38	18,676.31		(58.99)	17,764.39	18,378.62	(238.70)	0.00		
GNMA	1996 A-C SF	5.40	11/12/02	10/20/32	19,515.68	20,541.02		(62.59)	19,453.09	19,530.29	(948.14)	0.00		
GNMA	1996 A-C SF	6.15	01/10/03	09/20/32	16,644.41	17,442.89		(44.18)	16,600.23	17,173.85	(224.86)	0.00		
GNMA	1996 A-C SF	5.40	09/26/02	09/20/32	12,373.14	13,024.51		(37.94)	12,335.20	12,383.85	(602.72)	0.00		
GNMA	1996 A-C SF	6.15	10/10/02	09/20/32	19,956.45	20,911.86		(59.04)	19,897.41	20,585.41	(267.41)	0.00		

GNMA	1996 A-C SF	5.40	10/10/02	09/20/32	8,484.24	8,930.05	(27.04)	8,457.20	8,490.76	(412.25)	0.00			
GNMA	1996 A-C SF	6.15	10/21/02	10/20/32	16,210.61	16,986.70	(56.42)	16,154.19	16,712.75	(217.53)	0.00			
GNMA	1996 A-C SF	5.40	10/21/02	10/20/32	10,827.60	11,396.43	(34.42)	10,793.18	10,836.02	(525.99)	0.00			
GNMA	1996 A-C SF	6.15	10/29/02	10/20/32	6,748.67	7,072.10	(18.96)	6,729.71	6,962.41	(90.73)	0.00			
GNMA	1996 A-C SF	5.40	10/29/02	09/20/32	3,012.04	3,170.40	(9.83)	3,002.21	3,014.13	(146.44)	0.00			
GNMA	1996 A-C SF	6.15	11/05/02	10/20/32	5,785.39	6,062.26	(15.98)	5,769.41	5,968.90	(77.38)	0.00			
GNMA	1996 A-C SF	5.40	11/05/02	09/20/32	7,574.53	7,972.44	(25.74)	7,548.79	7,578.75	(367.95)	0.00			
GNMA	1996 A-C SF	6.15	11/19/02	11/20/32	13,631.59	14,283.98	(4,254.81)	9,376.78	9,701.00	(328.17)	0.00			
GNMA	1996 A-C SF	5.40	11/19/02	11/20/32	10,458.69	11,007.98	(33.21)	10,425.48	10,466.86	(507.91)	0.00			
GNMA	1996 A-C SF	6.15	11/26/02	11/20/32	55,475.01	58,129.88	(197.77)	55,277.24	57,188.57	(743.54)	0.00			
GNMA	1996 A-C SF	5.40	11/26/02	11/20/32	19,991.96	21,042.54	(80.94)	19,911.02	19,990.04	(971.56)	0.00			
GNMA	1996 A-C SF	6.15	11/26/02	11/20/32	15,244.15	15,973.76	(42.22)	15,201.93	15,727.57	(203.97)	0.00			
GNMA	1996 A-C SF	5.40	11/26/02	11/20/32	11,995.46	12,625.50	(37.98)	11,957.48	12,004.93	(582.59)	0.00			
GNMA	1996 A-C SF	6.15	12/12/02	12/20/32	20,337.97	21,311.06	(58.16)	20,279.81	20,981.02	(271.88)	0.00			
GNMA	1996 A-C SF	5.40	12/12/02	12/20/32	5,734.56	6,035.67	(29.42)	5,705.14	5,727.78	(278.47)	0.00			
GNMA	1996 A-C SF	6.15	12/19/02	12/20/32	18,487.61	19,372.18	(50.93)	18,436.68	19,074.17	(247.08)	0.00			
GNMA	1996 A-C SF	5.40	12/19/02	11/20/32	11,305.61	11,899.26	(36.15)	11,269.46	11,314.19	(548.92)	0.00			
GNMA	1996 A-C SF	6.15	12/30/02	12/20/32	14,927.47	15,641.70	(40.94)	14,886.53	15,401.27	(199.49)	0.00			
GNMA	1996 A-C SF	5.40	12/30/02	12/20/32	15,636.53	16,457.62	(49.39)	15,587.14	15,649.00	(759.23)	0.00			
GNMA	1996 A-C SF	6.15	12/30/02	12/20/32	21,551.51	22,582.65	(4,453.65)	17,097.86	17,689.06	(439.94)	0.00			
GNMA	1996 A-C SF	5.40	12/30/02	12/20/32	10,383.76	10,929.02	(32.72)	10,351.04	10,392.11	(504.19)	0.00			
GNMA	1996 A-C SF	6.15	01/07/03	12/20/32	6,069.24	6,359.61	(17.22)	6,052.02	6,261.27	(81.12)	0.00			
GNMA	1996 A-C SF	6.15	01/23/03	01/20/33	32,832.46	34,400.41	(101.42)	32,731.04	33,858.16	(440.83)	0.00			
GNMA	1996 A-C SF	5.40	01/23/03	01/20/33	19,610.52	20,640.24	(73.57)	19,536.95	19,609.75	(956.92)	0.00			
GNMA	1996 A-C SF	6.15	01/23/03	01/20/33	14,815.33	15,522.84	(40.31)	14,775.02	15,283.81	(198.72)	0.00			
GNMA	1996 A-C SF	5.40	01/23/03	01/20/33	5,406.74	5,690.69	(16.90)	5,389.84	5,409.92	(263.87)	0.00			
GNMA	1996 A-C SF	6.15	01/30/03	01/20/33	21,519.09	22,546.74	(60.09)	21,459.00	22,197.95	(288.70)	0.00			
GNMA	1996 A-C SF	5.40	01/30/03	01/20/33	28,089.51	29,564.55	(95.06)	27,994.45	28,098.77	(1,370.72)	0.00			
GNMA	1996 A-C SF	6.15	02/12/03	02/20/33	38,651.51	40,497.34	(123.21)	38,528.30	39,855.05	(519.08)	0.00			
GNMA	1996 A-C SF	6.15	02/20/03	02/20/33	26,005.07	27,246.96	(216.00)	25,789.07	26,677.14	(353.82)	0.00			
GNMA	1996 A-C SF	5.40	03/03/03	03/20/33	6,187.43	6,512.34	(19.17)	6,168.26	6,191.25	(301.92)	0.00			
GNMA	1996 A-C SF	6.15	02/27/03	02/20/33	31,037.69	32,519.93	(84.99)	30,952.70	32,018.58	(416.36)	0.00			
GNMA	1996 A-C SF	5.40	02/27/03	01/20/33	5,618.43	5,913.46	(17.60)	5,600.83	5,621.69	(274.17)	0.00			
GNMA	1996 A-C SF	6.15	02/27/03	02/27/23	4,775.93	5,004.01	(12.91)	4,763.02	4,927.04	(64.06)	0.00			
GNMA	1996 A-C SF	6.15	03/12/03	02/20/33	21,933.78	22,981.25	(62.29)	21,871.49	22,624.64	(294.32)	0.00			
GNMA	1996 A-C SF	6.15	03/24/03	03/20/33	16,886.77	17,693.20	(45.65)	16,841.12	17,421.06	(226.49)	0.00			
GNMA	1996 A-C SF	5.40	03/24/03	02/20/33	11,179.12	11,766.16	(45.12)	11,134.00	11,175.48	(545.56)	0.00			
GNMA	1996 A-C SF	6.15	04/02/03	04/20/33	30,960.37	32,439.55	(91.91)	30,868.46	31,931.45	(416.19)	0.00			
GNMA	1996 A-C SF	6.15	04/02/03	03/20/33	8,372.17	8,772.07	(22.48)	8,349.69	8,637.23	(112.36)	0.00			
GNMA	1996 A-C SF	6.15	04/10/03	03/20/33	22,956.11	24,052.85	(86.09)	22,870.02	23,657.57	(309.19)	0.00			
GNMA	1996 A-C SF	6.15	04/10/03	03/20/33	7,262.02	7,608.89	(19.41)	7,242.61	7,492.01	(97.47)	0.00			
GNMA	1996 A-C SF	5.40	04/10/03	01/20/33	4,784.70	5,036.01	(14.94)	4,769.76	4,787.53	(233.54)	0.00			
GNMA	1996 A-C SF	6.15	04/17/03	04/20/33	21,794.60	22,835.57	(5,167.10)	16,627.50	17,200.08	(468.39)	0.00			
GNMA	1996 A-C SF	5.40	04/24/03	03/20/33	5,731.90	6,032.96	(17.67)	5,714.23	5,735.52	(279.77)	0.00			
GNMA	1996 A-C SF	6.15	04/24/03	04/20/33	8,907.93	9,333.45	(31.74)	8,876.19	9,181.84	(119.87)	0.00			
GNMA	1996 A-C SF	6.15	04/29/03	03/20/33	4,622.87	4,843.68	(29.29)	4,593.58	4,751.77	(62.62)	0.00			
GNMA	1996 A-C SF	6.15	05/08/03	04/20/33	5,376.95	5,633.73	(23.75)	5,353.20	5,537.54	(72.44)	0.00			
GNMA	1996 A-C SF	6.15	05/08/03	04/20/33	10,392.17	10,888.45	(42.74)	10,349.43	10,705.82	(139.89)	0.00			
GNMA	1996 A-C SF	5.40	05/08/03	03/20/33	5,829.04	6,135.13	(18.00)	5,811.04	5,832.70	(284.43)	0.00			
GNMA	1996 A-C SF	6.15	05/15/03	04/20/33	9,418.08	9,867.85	(29.57)	9,388.51	9,711.81	(126.47)	0.00			
GNMA	1996 A-C SF	6.15	05/22/03	05/20/33	3,348.88	3,508.80	(9.26)	3,339.62	3,454.62	(44.92)	0.00			
GNMA	1996 A-C SF	6.15	06/10/03	06/20/33		3,327.58	(9.34)	3,318.24	3,432.50	114.26	0.00			
GNMA	1996 A-C SF	6.15	06/10/03	06/20/33		8,828.68	(15.59)	8,813.09	9,116.57	303.48	0.00			
GNMA	1996 A-C SF	5.40	06/10/03	04/20/33		6,853.21	(14.08)	6,839.13	6,864.62	25.49	0.00			
GNMA	1996 A-C SF	6.15	06/19/03	05/20/33		4,276.67	(7.55)	4,269.12	4,416.13	147.01	0.00			
GNMA	1996 A-C SF	6.15	06/19/03	10/20/32		4,755.88	(8.85)	4,747.03	4,911.17	164.14	0.00			
GNMA	1996 A-C SF	6.15	06/19/03	06/20/33		3,867.51	(28.78)	3,838.73	3,970.92	132.19	0.00			
GNMA	1996 A-C SF	6.15	06/26/03	04/20/33		4,849.69	(8.64)	4,841.05	5,007.76	166.71	0.00			
GNMA	1996 A-C SF	6.15	07/17/03	07/20/33		2,721.71	(3.90)	2,717.81	2,811.40	93.59	0.00			
GNMA	1996 A-C SF	6.15	07/17/03	07/20/33		5,030.56	(4.42)	5,026.14	5,199.22	173.08	0.00			
GNMA	1996 A-C SF	6.15	07/24/03	07/20/33		8,350.99	(7.33)	8,343.66	8,630.98	287.32	0.00			
GNMA	1996 A-C SF	6.15	07/30/03	07/30/33		2,527.63	(2.25)	2,525.38	2,612.35	86.97	0.00			
FNMA	1996 A-C SF	5.40	08/14/03	09/01/32		6,010.94		6,010.94	5,987.69	(23.25)	0.00			
FNMA	1996 A-C SF	6.15	08/14/03	12/01/31		3,488.00		3,488.00	3,590.90	102.90	0.00			
					17,669,550.96	18,484,783.03	4,244,840.64	(1,984,073.11)	(1,081,317.79)	0.00	18,849,000.70	19,203,335.25	(460,897.52)	0.00

Repo Agmt	1996 D&E SF	1.05	08/29/03	09/02/03	219,598.72	219,598.72	603.90			220,202.62	220,202.62	-	0.00	
Repo Agmt	1996 D&E SF	1.05	08/29/03	09/02/03	153,407.25	153,407.25	16,590,155.91			16,743,563.16	16,743,563.16	-	0.00	
GICs	1996 D&E SF	6.08	11/14/96	09/30/29	9,247,167.67	9,247,167.67		(8,079,093.65)		1,168,074.02	1,168,074.02	-	0.00	
Repo Agmt	1996 D&E SF	1.05	08/29/03	09/02/03	62,398.89	62,398.89	0.00			62,398.89	62,398.89	-	0.00	
T-Bonds	1996 D&E SF	13.25	08/05/85	05/15/14	934,988.62	1,491,978.59	158.24			935,146.86	1,407,803.67	(84,333.16)	0.00	
FNMA	1996 D&E SF	6.25	04/15/97	03/01/27	731,795.10	761,849.92		(67,424.18)		664,370.92	684,634.23	(9,791.51)	0.00	
FNMA	1996 D&E SF	6.25	05/29/97	05/01/27	855,340.42	890,469.25		(6,007.74)		849,332.68	875,237.33	(9,224.18)	0.00	
FNMA	1996 D&E SF	6.25	06/26/97	05/01/27	479,579.58	499,275.91		(3,159.65)		476,419.93	490,950.74	(5,165.52)	0.00	
FNMA	1996 D&E SF	6.25	08/18/97	06/01/27	451,349.20	472,138.34		(36,694.30)		414,654.90	429,354.42	(6,089.62)	0.00	
FNMA	1996 D&E SF	6.25	09/29/97	08/01/27	571,060.47	597,363.50		(61,003.06)		510,057.41	528,138.93	(8,221.51)	0.00	
FNMA	1996 D&E SF	6.25	01/29/98	11/01/27	805,665.23	842,774.17		(5,665.39)		799,999.84	828,359.83	(8,748.95)	0.00	
GNMA	1996 D&E SF	6.25	03/18/97	02/20/27	5,266,834.11	5,485,091.72		(482,522.09)		4,784,312.02	4,924,970.79	(77,598.84)	0.00	
GNMA	1996 D&E SF	6.25	04/15/97	04/20/27	2,636,833.40	2,746,103.78		(422,959.46)		2,213,873.94	2,278,961.83	(44,182.49)	0.00	
GNMA	1996 D&E SF	6.25	04/29/97	04/20/27	2,112,636.41	2,200,184.06		(145,668.59)		1,966,967.82	2,024,796.67	(29,718.80)	0.00	
GNMA	1996 D&E SF	6.25	05/15/97	05/20/27	2,350,604.57	2,448,013.62		(196,533.74)		2,154,070.83	2,217,400.51	(34,079.37)	0.00	
GNMA	1996 D&E SF	6.25	06/17/97	06/20/27	3,893,976.50	4,055,342.89		(504,199.19)		3,389,777.31	3,489,436.76	(61,706.94)	0.00	
GNMA	1996 D&E SF	6.25	06/26/97	06/20/27	794,951.02	827,893.79		(5,071.30)		789,879.72	813,102.18	(9,720.31)	0.00	
GNMA	1996 D&E SF	6.25	07/15/97	06/20/27	1,302,653.53	1,356,635.49		(7,165.82)		1,295,487.71	1,333,575.05	(15,894.62)	0.00	
GNMA	1996 D&E SF	6.25	07/30/97	07/20/27	1,757,390.88	1,830,217.16		(66,186.81)		1,691,204.07	1,740,925.47	(23,104.88)	0.00	
GNMA	1996 D&E SF	6.25	08/18/97	07/20/27	2,999,789.37	3,124,100.64		(346,416.44)		2,653,372.93	2,731,382.09	(46,302.11)	0.00	
GNMA	1996 D&E SF	6.25	08/28/97	08/20/27	3,551,033.70	3,698,188.54		(305,633.26)		3,245,400.44	3,340,815.21	(51,740.07)	0.00	
GNMA	1996 D&E SF	6.25	09/18/97	09/20/27	1,079,860.09	1,124,609.49		(138,256.38)		941,603.71	969,286.86	(17,066.25)	0.00	
GNMA	1996 D&E SF	6.25	09/29/97	09/20/27	1,340,512.49	1,396,063.33		(146,125.25)		1,194,387.24	1,229,502.22	(20,435.86)	0.00	
GNMA	1996 D&E SF	6.25	10/15/97	09/20/27	889,800.73	926,674.07		(4,921.84)		884,878.89	910,894.33	(10,857.90)	0.00	
GNMA	1996 D&E SF	6.25	10/30/97	10/20/27	1,386,053.04	1,443,491.08		(59,802.05)		1,326,250.99	1,365,242.77	(18,446.26)	0.00	
GNMA	1996 D&E SF	6.25	11/17/97	10/20/27	1,243,693.63	1,295,232.29		(210,161.36)		1,033,532.27	1,063,918.12	(21,152.81)	0.00	
GNMA	1996 D&E SF	6.25	11/25/97	11/20/27	905,232.56	942,745.40		(74,126.63)		831,105.93	855,540.44	(13,078.33)	0.00	
GNMA	1996 D&E SF	6.25	12/17/97	11/20/27	2,089,238.11	2,175,816.14		(282,265.70)		1,806,972.41	1,860,097.40	(33,453.04)	0.00	
GNMA	1996 D&E SF	6.25	01/29/98	01/20/28	3,038,081.48	3,161,701.02		(271,114.29)		2,766,967.19	2,846,655.85	(43,930.88)	0.00	
GNMA	1996 D&E SF	6.25	04/29/98	04/20/28	1,353,418.15	1,408,488.73		(70,744.58)		1,282,673.57	1,319,614.57	(18,129.58)	0.00	
GNMA	1996 D&E SF	6.25	07/06/98	05/20/28	611,558.00	636,442.30		(72,541.26)		539,016.74	554,540.42	(9,360.62)	0.00	
GNMA	1996 D&E SF	6.25	08/27/98	07/20/28	1,139,976.41	1,186,362.05		(6,480.38)		1,133,496.03	1,166,140.72	(13,740.95)	0.00	
GNMA	1996 D&E SF	6.25	09/24/98	08/20/28	685,101.99	712,978.79		(98,412.93)		586,689.06	603,585.70	(10,980.16)	0.00	
GNMA	1996 D&E SF	6.25	10/01/98	08/20/28	828,295.64	861,998.99		(153,262.15)		675,033.49	694,474.45	(14,262.39)	0.00	
GNMA	1996 D&E SF	6.25	10/29/98	09/20/28	511,103.72	531,900.53		(81,447.90)		429,655.82	442,029.91	(8,422.72)	0.00	
GNMA	1996 D&E SF	6.25	12/29/98	10/20/28	1,672,431.17	1,740,482.39		(87,863.47)		1,584,567.70	1,630,203.25	(22,415.67)	0.00	
GNMA	1996 D&E SF	6.25	10/20/99	07/20/29	406,347.83	422,707.39		(69,051.22)		337,296.61	346,882.58	(6,773.59)	0.00	
GNMA	1996 D&E SF	6.25	11/23/99	10/20/29	249,800.09	259,857.04		(1,002.97)		248,797.12	255,867.93	(2,986.14)	0.00	
GNMA	1996 D&E SF	6.25	01/27/00	12/20/29	550,240.58	572,393.27		(66,674.65)		483,565.93	497,308.87	(8,940.75)	0.00	
FNMA	1996 D&E SF	6.25	01/28/00	09/01/29	276,984.69	289,507.17		(1,435.10)		275,549.59	285,102.89	(2,969.18)	0.00	
Repo Agmt	1996 D&E SF	1.05	08/29/03	09/02/03	92,081.49	92,081.49	251.65			92,333.14	92,333.14	-	0.00	
T-Bonds	1996 D&E SF	13.88	08/05/82	05/15/11	562,094.30	758,249.92	0.00			562,094.30	728,596.90	(29,653.02)	0.00	
Repo Agmt	1996 D&E SF	1.05	08/29/03	09/02/03	5,951.92	5,951.92		(5,542.81)		409.11	409.11	-	0.00	
GICs	1996 D&E SF	6.08	04/06/98	09/30/29	2,883,572.11	2,883,572.11	5,379.05			2,888,951.16	2,888,951.16	-	0.00	
FNMA	1996 D&E SF	5.45	01/28/00	07/01/29	41,914.37	43,771.18		(139.12)		41,775.25	41,743.78	(1,888.28)	0.00	
GNMA	1996 D&E SF	5.40	08/29/02	08/20/32	14,635.51	15,350.75		(98.18)		14,537.33	14,595.44	(657.13)	0.00	
GNMA	1996 D&E SF	6.15	09/12/02	08/20/32	3,417.59	3,447.10		(141.58)		3,276.01	3,388.86	(83.34)	0.00	
GNMA	1996 D&E SF	6.15	09/19/02	09/20/32	7,849.55	8,194.36		(50.89)		7,798.66	8,067.69	(75.78)	0.00	
GNMA	1996 D&E SF	5.40	09/19/02	09/20/32	18,334.58	19,300.89		(107.45)		18,227.13	18,299.24	(894.20)	0.00	
					65,066,636.46	67,929,565.09	16,596,548.75	(8,084,636.46)	(4,558,538.35)	0.00	69,020,010.40	71,027,359.00	(855,580.03)	0.00
Repo Agmt	1997 A-C SF	1.05	08/29/03	09/02/03	27.06	27.06	0.00			27.06	27.06	-	0.00	
Repo Agmt	1997 A-C SF	1.05	08/29/03	09/02/03	63,403.25	63,403.25	6,443,185.55			6,506,588.80	6,506,588.80	-	0.00	
GICs	1997 A-C SF	6.14	09/17/97	08/31/29	3,436,121.43	3,436,121.43		(2,218,450.25)		1,217,671.18	1,217,671.18	-	0.00	
FNMA	1997 A-C SF	6.25	02/20/98	01/01/28	503,365.72	524,038.95		(174,536.97)		328,828.75	338,858.03	(10,643.95)	0.00	
FNMA	1997 A-C SF	6.25	03/27/98	03/01/28	560,096.72	582,623.81		(7,154.52)		552,942.20	569,375.64	(6,093.65)	0.00	
FNMA	1997 A-C SF	6.25	06/29/98	05/01/28	680,011.73	707,361.80		(4,162.92)		675,848.81	695,935.04	(7,263.84)	0.00	
GNMA	1997 A-C SF	6.25	02/20/98	01/20/28	6,273,073.42	6,528,324.78		(372,659.18)		5,900,414.24	6,070,346.17	(85,319.43)	0.00	
FNMA	1997 A-C SF	6.25	11/30/98	09/01/28	532,242.56	553,649.36		(41,538.08)		490,704.48	505,288.22	(6,823.06)	0.00	
GNMA	1997 A-C SF	6.25	03/27/98	03/20/28	6,918,299.21	7,199,804.80		(389,966.56)		6,528,332.65	6,716,348.63	(93,489.61)	0.00	
GNMA	1997 A-C SF	6.25	05/19/98	05/20/28	5,359,863.64	5,577,956.49		(281,407.83)		5,078,455.81	5,224,715.34	(71,833.32)	0.00	
GNMA	1997 A-C SF	5.45	07/28/00	06/20/30	2,277,857.93	2,384,006.11		(9,493.15)		2,268,364.78	2,262,421.66	(112,091.30)	0.00	
GNMA	1997 A-C SF	6.25	08/14/98	07/20/28	3,000,439.37	3,122,527.25		(411,480.01)		2,588,959.36	2,663,521.39	(47,525.85)	0.00	
GNMA	1997 A-C SF	6.25	06/29/98	06/20/28	1,639,936.44	1,706,665.45		(164,577.21)		1,475,359.23	1,517,849.58	(24,238.66)	0.00	
GNMA	1997 A-C SF	6.25	09/18/98	09/20/28	2,326,968.21	2,421,652.55		(161,313.52)		2,165,654.69	2,228,025.55	(32,313.48)	0.00	
FNMA	1997 A-C SF	6.25	03/31/99	11/01/28	263,875.71	274,488.79		(1,171.25)		262,704.46	270,512.04	(2,805.50)	0.00	

GNMA	1997 A-C SF	6.25	11/30/98	11/20/28	1,526,923.26	1,589,053.77	(87,897.51)	1,439,025.75	1,480,469.69	(20,686.57)	0.00			
GNMA	1997 A-C SF	6.25	11/30/98	10/20/28	1,276,764.85	1,328,716.41	(79,091.55)	1,197,673.30	1,232,166.29	(17,458.57)	0.00			
GNMA	1997 A-C SF	6.25	11/30/98	10/20/28	646,921.48	673,244.72	(72,493.84)	574,427.64	590,971.16	(9,779.72)	0.00			
FNMA	1997 A-C SF	6.25	05/27/99	11/01/28	337,081.38	350,925.31	(5,761.24)	331,320.14	341,425.40	(3,738.67)	0.00			
GNMA	1997 A-C SF	6.25	02/16/99	02/20/29	3,478,780.87	3,618,836.59	(173,602.49)	3,305,178.38	3,399,111.55	(46,122.55)	0.00			
GNMA	1997 A-C SF	6.25	03/31/99	02/20/29	620,585.91	645,570.70	(130,529.13)	490,056.78	503,984.19	(11,057.38)	0.00			
GNMA	1997 A-C SF	6.25	05/27/99	05/20/29	822,763.62	855,888.08	(77,155.96)	745,607.66	766,797.83	(11,934.29)	0.00			
GNMA	1997 A-C SF	5.45	07/30/99	07/20/29	1,468,196.54	1,539,506.85	(37,619.24)	1,430,577.30	1,429,075.19	(72,812.42)	0.00			
GNMA	1997 A-C SF	5.45	08/26/99	08/20/29	1,222,233.75	1,281,597.64	(5,117.15)	1,217,116.60	1,215,838.63	(60,641.86)	0.00			
FNMA	1997 A-C SF	5.45	09/20/99	08/01/29	238,539.85	247,919.24	(1,118.27)	237,421.58	236,887.38	(9,913.59)	0.00			
GNMA	1997 A-C SF	5.45	09/20/99	09/20/29	857,374.60	899,017.28	(64,472.31)	792,902.29	792,069.74	(42,475.23)	0.00			
FNMA	1997 A-C SF	5.45	12/20/99	12/01/29	546,778.84	568,278.18	(3,258.06)	543,520.78	542,297.86	(22,722.26)	0.00			
FNMA	1997 A-C SF	5.45	01/19/00	12/01/29	335,029.24	348,202.59	(2,012.32)	333,016.92	332,267.63	(13,922.64)	0.00			
GNMA	1997 A-C SF	5.45	10/28/99	10/20/29	2,242,491.69	2,351,409.51	(70,112.15)	2,172,379.54	2,170,098.54	(111,198.82)	0.00			
GNMA	1997 A-C SF	5.45	11/18/99	11/20/29	624,426.25	654,754.63	(3,248.29)	621,177.96	620,525.72	(30,980.62)	0.00			
GNMA	1997 A-C SF	5.45	12/30/99	12/20/29	4,915,948.88	5,154,716.52	(68,530.83)	4,847,418.05	4,842,328.26	(243,857.43)	0.00			
GNMA	1997 A-C SF	5.45	01/28/00	01/20/30	1,596,305.00	1,670,692.81	(130,160.49)	1,466,144.51	1,462,303.21	(78,229.11)	0.00			
GNMA	1997 A-C SF	5.45	02/22/00	01/20/30	493,028.10	516,003.21	(1,979.55)	491,048.55	489,762.00	(24,261.66)	0.00			
GNMA	1997 A-C SF	5.45	03/27/00	02/20/30	707,356.16	740,318.96	(2,788.10)	704,568.06	702,722.09	(34,808.77)	0.00			
FNMA	1997 A-C SF	5.45	04/27/00	03/01/30	394,978.78	410,019.57	(61,645.97)	333,332.81	331,649.48	(16,724.12)	0.00			
GNMA	1997 A-C SF	5.45	04/27/00	04/20/30	1,283,249.81	1,343,049.25	(5,479.57)	1,277,770.24	1,274,422.48	(63,147.20)	0.00			
GNMA	1997 A-C SF	5.45	05/30/00	04/20/30	198,374.50	207,618.75	(778.20)	197,596.30	197,078.60	(9,761.95)	0.00			
GNMA	1997 A-C SF	5.45	06/21/00	05/20/30	903,757.67	945,872.78	(5,014.60)	898,743.07	896,388.36	(44,499.82)	0.00			
GNMA	1997 A-C SF	5.45	09/18/00	09/20/30	1,995,008.45	2,087,975.84	(87,506.54)	1,907,501.91	1,902,504.25	(97,965.05)	0.00			
FNMA	1997 A-C SF	5.45	07/24/00	06/01/30	405,218.88	420,649.61	(2,408.09)	402,810.79	400,776.60	(17,464.92)	0.00			
					62,973,700.76	65,532,490.68	6,443,185.55	(2,218,450.25)	(3,199,242.65)	0.00	63,999,193.41	64,941,406.46	(1,616,576.87)	0.00
Repo Agmt	1997 D-F SF	1.05	08/29/03	09/02/03	2,062.76	2,062.76	5.66	2,068.42	2,068.42	-	0.00			
Repo Agmt	1997 D-F SF	1.05	08/29/03	09/02/03	34,648.36	34,648.36	6,035,820.06	6,070,468.42	6,070,468.42	-	0.00			
Repo Agmt	1997 D-F SF	1.05	08/29/03	09/02/03	18.97	18.97	0.00	18.97	18.97	-	0.00			
GICs	1997 D-F SF	5.91	12/04/97	03/01/30	107,427.71	107,427.71	0.00	107,427.71	107,427.71	-	0.00			
GICs	1997 D-F SF	5.91	12/04/97	03/01/30	2,925,805.90	2,925,805.90	(1,744,608.97)	1,181,196.93	1,181,196.93	-	0.00			
FNMA	1997 D-F SF	6.25	06/29/98	06/01/28	598,131.49	622,188.34	(3,939.00)	594,192.49	611,851.89	(6,397.45)	0.00			
FNMA	1997 D-F SF	6.25	11/30/98	10/01/28	498,741.55	518,800.94	(40,802.50)	457,939.05	471,549.00	(6,449.44)	0.00			
GNMA	1997 D-F SF	6.25	05/19/98	05/20/28	2,652,005.85	2,759,915.97	(275,909.28)	2,376,096.57	2,444,528.15	(39,478.54)	0.00			
GNMA	1997 D-F SF	5.45	07/24/00	06/20/30	3,091,992.20	3,236,079.04	(199,597.58)	2,892,394.62	2,884,816.55	(151,664.91)	0.00			
GNMA	1997 D-F SF	6.25	08/14/98	07/20/28	1,299,173.48	1,352,036.85	(147,254.59)	1,151,918.89	1,185,094.15	(19,688.11)	0.00			
GNMA	1997 D-F SF	5.45	08/28/00	08/20/30	387,985.17	406,065.28	(1,613.85)	386,371.32	385,359.03	(19,092.40)	0.00			
GNMA	1997 D-F SF	6.25	06/30/98	06/20/28	1,735,278.80	1,805,887.29	(90,890.27)	1,644,388.53	1,691,746.92	(23,250.10)	0.00			
GNMA	1997 D-F SF	6.25	09/18/98	08/20/28	2,895,355.78	3,013,167.81	(11,953.36)	2,883,402.42	2,966,444.41	(34,770.04)	0.00			
FNMA	1997 D-F SF	6.25	03/31/99	11/01/28	341,246.89	354,971.84	(11,124.40)	330,122.49	339,933.73	(3,913.71)	0.00			
GNMA	1997 D-F SF	6.25	11/30/98	11/20/28	2,407,829.86	2,505,804.46	(228,153.75)	2,179,676.11	2,242,450.78	(35,199.93)	0.00			
GNMA	1997 D-F SF	6.25	11/30/98	10/20/28	1,757,692.74	1,829,213.26	(49,195.27)	1,708,497.47	1,757,702.20	(22,315.79)	0.00			
GNMA	1997 D-F SF	6.25	11/30/98	10/20/28	694,980.83	723,259.60	(2,746.29)	692,234.54	712,170.89	(8,342.42)	0.00			
FNMA	1997 D-F SF	6.25	05/27/99	04/01/29	281,222.57	292,409.60	(1,036.45)	280,186.12	288,294.71	(3,078.44)	0.00			
GNMA	1997 D-F SF	6.25	02/16/99	02/20/29	4,067,422.36	4,231,176.78	(65,141.44)	4,002,280.92	4,116,025.74	(50,009.60)	0.00			
GNMA	1997 D-F SF	6.25	03/31/99	03/20/29	1,724,774.46	1,794,213.88	(69,913.26)	1,654,861.20	1,701,892.36	(22,408.26)	0.00			
GNMA	1997 D-F SF	6.25	05/27/99	04/20/29	1,868,371.02	1,943,591.64	(236,405.30)	1,631,965.72	1,678,346.19	(28,840.15)	0.00			
GNMA	1997 D-F SF	5.45	06/22/99	06/20/29	1,083,684.97	1,136,319.55	(6,847.75)	1,076,837.22	1,075,706.54	(53,765.26)	0.00			
GNMA	1997 D-F SF	5.45	07/30/99	07/20/29	1,772,944.98	1,859,056.92	(8,490.28)	1,764,454.70	1,762,602.02	(8,964.62)	0.00			
GNMA	1997 D-F SF	5.45	08/26/99	08/20/29	1,647,240.64	1,727,247.12	(134,882.34)	1,512,358.30	1,510,770.32	(81,594.46)	0.00			
GNMA	1997 D-F SF	5.45	09/30/99	09/20/29	925,690.87	970,651.68	(3,973.60)	921,717.27	920,749.47	(45,928.61)	0.00			
FNMA	1997 D-F SF	5.45	12/21/99	11/01/29	526,243.13	546,935.01	(4,828.92)	521,414.21	520,241.03	(21,865.06)	0.00			
GNMA	1997 D-F SF	5.45	10/29/99	10/20/29	2,171,457.09	2,276,924.76	(110,296.12)	2,061,160.97	2,058,996.75	(107,631.89)	0.00			
GNMA	1997 D-F SF	5.45	11/18/99	11/20/29	2,454,977.94	2,574,216.22	(11,210.02)	2,443,767.92	2,441,201.96	(121,804.24)	0.00			
GNMA	1997 D-F SF	5.45	12/30/99	12/20/29	3,354,761.85	3,517,702.63	(183,811.41)	3,170,950.44	3,167,620.94	(166,270.28)	0.00			
GNMA	1997 D-F SF	5.45	01/28/00	01/20/30	2,550,232.99	2,669,073.85	(102,629.19)	2,447,603.80	2,441,191.08	(125,253.58)	0.00			
GNMA	1997 D-F SF	5.45	02/22/00	01/20/30	1,664,077.62	1,741,623.64	(8,670.49)	1,655,407.13	1,651,069.96	(81,883.19)	0.00			
GNMA	1997 D-F SF	5.45	03/27/00	02/20/30	820,315.80	858,542.52	(3,423.85)	816,891.95	814,751.69	(40,366.98)	0.00			
FNMA	1997 D-F SF	5.45	02/23/00	01/01/30	298,605.07	310,346.22	(1,626.73)	296,978.34	296,310.14	(12,409.35)	0.00			
GNMA	1997 D-F SF	5.45	04/27/00	03/20/30	900,371.52	942,328.83	(3,581.88)	896,789.64	894,440.05	(44,306.90)	0.00			
GNMA	1997 D-F SF	5.45	05/30/00	05/20/30	896,896.88	938,692.27	(5,094.14)	891,802.74	889,466.22	(44,131.91)	0.00			
GNMA	1997 D-F SF	5.45	06/21/00	06/20/30	1,641,621.08	1,718,120.62	(6,267.31)	1,635,353.77	1,631,069.14	(80,784.17)	0.00			
FNMA	1997 D-F SF	5.45	05/30/00	05/01/30	299,557.87	310,965.03	(1,557.03)	298,000.84	296,495.94	(12,912.06)	0.00			
GNMA	1997 D-F SF	5.45	10/23/00	09/20/30	394,175.66	412,544.25	(60,556.44)	333,619.22	332,745.14	(19,242.67)	0.00			
GNMA	1997 D-F SF	5.45	10/30/00	10/20/30	483,981.77	506,535.32	(2,036.47)	481,945.30	480,682.60	(23,816.25)	0.00			

FNMA	1997 D-F SF	5.45	07/24/00	06/01/30	836,804.87	868,670.40		(8,422.57)		828,382.30	824,198.97	(36,048.86)	0.00	
GNMA	1997 D-F SF	5.45	12/21/00	05/20/30	197,322.39	206,517.61		(1,031.57)		196,290.82	195,776.54	(9,709.50)	0.00	
FNMA	1997 D-F SF	5.45	10/06/00	09/01/30	342,097.80	355,124.88		(1,371.44)		340,726.36	339,005.69	(14,747.75)	0.00	
FNMA	1997 D-F SF	5.45	10/30/00	08/01/30	378,320.68	392,727.13		(2,073.65)		376,247.03	374,346.98	(16,306.50)	0.00	
FNMA	1997 D-F SF	5.45	02/12/01	02/01/30	127,581.69	132,598.20		(515.22)		127,066.47	126,780.57	(5,302.41)	0.00	
Repo Agmt	1997 D-F SF	1.05	08/29/03	09/02/03	746,690.86	746,690.86	0.00			746,690.86	746,690.86	-	0.00	
					55,887,824.77	58,178,901.80	6,035,825.72	(1,744,608.97)	(2,108,875.01)	0.00	58,070,166.51	58,632,297.75	(1,728,945.79)	0.00
Repo Agmt	2002A SF (JR Lien)	1.05	08/29/03	09/02/03	10.76	10.76	56.81			67.57	67.57	-	0.00	
Repo Agmt	2002A SF (JR Lien)	1.05	08/29/03	09/02/03	4,152,944.00	4,152,944.00		(192,347.00)		3,960,597.00	3,960,597.00	-	0.00	
Repo Agmt	2002A SF (JR Lien)	1.05	08/29/03	09/02/03	2,000,000.00	2,000,000.00	0.00			2,000,000.00	2,000,000.00	-	0.00	
Repo Agmt	2002A SF (JR Lien)	1.05	08/29/03	09/02/03	20,812.50	20,812.50	0.00			20,812.50	20,812.50	-	0.00	
T-Bonds	2002A SF (JR Lien)	13.88	03/27/02	05/15/11	300,000.00	405,188.90	0.00			300,000.00	389,342.93	(15,845.97)	0.00	
Repo Agmt	2002A SF (JR Lien)	1.05	08/29/03	09/02/03	152,474.51	152,474.51	20,411.31			172,885.82	172,885.82	-	0.00	
Repo Agmt	2002A SF (JR Lien)	1.05	08/29/03	09/02/03	1,202,268.18	1,202,268.18		(136,143.48)		1,066,124.70	1,066,124.70	-	0.00	
					7,828,509.95	7,933,698.85	20,468.12	(328,490.48)	0.00	0.00	7,520,487.59	7,609,830.52	(15,845.97)	0.00
Repo Agmt	2002 A-D SF MRB	1.05	08/29/03	09/02/03	184,463.00	184,463.00	12,883.46			197,346.46	197,346.46	-	0.00	
Repo Agmt	2002 A-D SF MRB	1.05	08/29/03	09/02/03	2,017.26	2,017.26	2,181,954.64			2,183,971.90	2,183,971.90	-	0.00	
Repo Agmt	2002 A-D SF MRB	1.05	08/29/03	09/02/03			116,570.65			116,570.65	116,570.65	-	0.00	
Repo Agmt	2002 A-D SF MRB	1.05	08/29/03	09/02/03	27,252.43	27,252.43	643,532.51			670,784.94	670,784.94	-	0.00	
GICs	2002 A-D SF MRB	5.01	06/26/02	03/01/34	500,130.23	500,130.23		(500,106.67)		23.56	23.56	-	0.00	
GICs	2002 A-D SF MRB				246,009.65	246,009.65		(246,009.65)				-	0.00	
GICs	2002 A-D SF MRB	2.56	06/26/02	03/01/34	1,078,595.92	1,078,595.92		(28,858.13)		1,049,737.79	1,049,737.79	-	0.00	
Repo Agmt	2002 A-D SF MRB	1.05	08/29/03	09/02/03			993,946.14			993,946.14	993,946.14	-	0.00	
GICs	2002 A-D SF MRB	5.01	06/26/02	03/01/34	1,618,903.05	1,618,903.05		(951,658.68)		667,244.37	667,244.37	-	0.00	
GNMA	2002 A-D SF MRB	5.40	08/29/02	08/20/32	293,859.51	309,304.58		(1,078.76)		292,780.75	293,941.02	(14,284.80)	0.00	
GNMA	2002 A-D SF MRB	6.15	11/12/02	11/20/32	355,050.19	372,041.33		(1,174.92)		353,875.27	366,111.25	(4,755.16)	0.00	
GNMA	2002 A-D SF MRB	5.40	11/12/02	10/20/32	388,762.15	409,187.22		(1,247.10)		387,515.05	389,052.98	(18,887.14)	0.00	
GNMA	2002 A-D SF MRB	6.15	09/12/02	08/20/32	66,280.21	69,454.08		(281.69)		65,998.52	68,280.98	(891.41)	0.00	
GNMA	2002 A-D SF MRB	6.15	09/19/02	09/20/32	157,543.16	165,086.61		(440.71)		157,102.45	162,535.22	(2,110.68)	0.00	
GNMA	2002 A-D SF MRB	5.40	09/19/02	09/20/32	369,810.61	389,253.05		(2,212.63)		367,597.98	369,057.08	(17,983.34)	0.00	
GNMA	2002 A-D SF MRB	6.15	09/26/02	09/20/32	335,356.78	351,413.29		(926.64)		334,430.14	345,994.14	(4,492.51)	0.00	
GNMA	2002 A-D SF MRB	5.40	09/26/02	09/20/32	249,331.59	262,434.51		(791.48)		248,540.11	249,526.79	(12,116.24)	0.00	
GNMA	2002 A-D SF MRB	6.15	10/10/02	09/20/32	397,553.23	416,574.75		(1,186.57)		396,366.66	410,071.88	(5,316.30)	0.00	
GNMA	2002 A-D SF MRB	5.40	10/10/02	09/20/32	169,009.76	177,891.01		(538.12)		168,471.64	169,140.26	(8,212.63)	0.00	
GNMA	2002 A-D SF MRB	6.15	10/21/02	10/20/32	322,932.10	338,383.28		(1,132.91)		321,799.19	332,926.09	(4,324.28)	0.00	
GNMA	2002 A-D SF MRB	5.40	10/21/02	10/20/32	215,695.84	227,022.47		(690.46)		215,005.38	215,858.67	(10,473.34)	0.00	
GNMA	2002 A-D SF MRB	6.15	10/29/02	10/20/32	134,447.08	140,879.90		(387.66)		134,059.42	138,694.81	(1,797.43)	0.00	
GNMA	2002 A-D SF MRB	5.40	10/29/02	09/20/32	60,005.00	63,155.99		(199.42)		59,805.58	60,042.93	(2,913.64)	0.00	
GNMA	2002 A-D SF MRB	6.15	11/05/02	10/20/32	115,248.25	120,763.54		(318.24)		114,930.01	118,903.96	(1,541.34)	0.00	
GNMA	2002 A-D SF MRB	5.40	11/05/02	09/20/32	150,888.75	158,814.99		(513.08)		150,375.67	150,972.47	(7,329.44)	0.00	
GNMA	2002 A-D SF MRB	6.15	11/19/02	11/20/32	271,548.00	284,544.16		(84,757.95)		186,790.05	193,248.72	(6,537.49)	0.00	
GNMA	2002 A-D SF MRB	5.40	11/19/02	11/20/32	208,341.89	219,284.55		(661.03)		207,680.86	208,505.08	(10,118.44)	0.00	
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	1,105,090.27	1,157,976.61		(3,939.67)		1,101,150.60	1,139,225.22	(14,811.72)	0.00	
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	398,250.10	419,178.08		(1,612.34)		396,637.76	398,211.90	(19,353.84)	0.00	
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	303,948.22	318,205.20		(1,118.13)		302,830.09	313,301.08	(3,785.99)	0.00	
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	238,955.74	251,506.32		(756.92)		238,198.82	239,144.16	(11,605.24)	0.00	
GNMA	2002 A-D SF MRB	6.15	12/12/02	12/20/32	405,142.28	424,526.94		(1,158.32)		403,983.96	417,952.56	(5,416.06)	0.00	
GNMA	2002 A-D SF MRB	5.40	12/12/02	12/20/32	114,234.97	120,233.68		(585.45)		113,649.52	114,100.57	(5,547.66)	0.00	
GNMA	2002 A-D SF MRB	6.15	12/19/02	12/20/32	368,282.46	385,903.50		(1,014.49)		367,267.97	379,967.04	(4,921.97)	0.00	
GNMA	2002 A-D SF MRB	5.40	12/19/02	11/20/32	225,212.87	237,039.24		(719.82)		224,493.05	225,384.00	(10,935.42)	0.00	
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	297,362.76	311,590.52		(815.59)		296,547.17	306,800.92	(3,974.01)	0.00	
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	311,487.22	327,844.03		(983.73)		310,503.49	311,735.79	(15,124.51)	0.00	
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	429,316.11	449,857.38		(88,718.28)		340,597.83	352,374.71	(8,764.39)	0.00	
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	206,849.59	217,711.66		(651.83)		206,197.76	207,016.09	(10,043.74)	0.00	
GNMA	2002 A-D SF MRB	6.15	01/07/03	12/20/32	120,901.89	126,686.62		(342.90)		120,558.99	124,727.58	(1,616.14)	0.00	
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	654,039.42	685,273.48		(2,020.43)		652,018.99	674,471.75	(8,781.30)	0.00	
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	390,649.95	411,163.75		(1,464.37)		389,185.58	390,635.81	(19,063.57)	0.00	
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	295,128.71	309,222.76		(802.88)		294,325.83	304,461.16	(3,958.72)	0.00	
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	117,705.56	113,361.38		(337.41)		107,368.15	107,768.24	(5,255.73)	0.00	
GNMA	2002 A-D SF MRB	6.15	01/30/03	01/20/33	428,671.11	449,142.57		(1,196.99)		427,474.12	442,194.51	(5,751.07)	0.00	
GNMA	2002 A-D SF MRB	5.40	01/30/03	01/20/33	559,557.16	588,940.62		(1,893.52)		557,663.64	559,741.67	(27,305.43)	0.00	
GNMA	2002 A-D SF MRB	6.15	02/12/03	02/20/33	769,957.45	806,727.24		(2,454.54)		767,502.91	793,932.44	(10,340.26)	0.00	
GNMA	2002 A-D SF MRB	6.15	02/20/03	02/20/33	518,034.14	542,773.18		(4,302.99)		513,731.15	531,421.87	(7,048.32)	0.00	
GNMA	2002 A-D SF MRB	5.40	03/03/03	03/20/33	123,256.59	129,729.05		(381.53)		122,875.06	123,332.94	(6,014.58)	0.00	

GNMA	2002 A-D SF MRB	6.15	02/27/03	02/20/33	618,286.80	647,813.48	(1,693.15)	616,593.65	637,826.51	(8,293.82)	0.00			
GNMA	2002 A-D SF MRB	5.40	02/27/03	01/20/33	111,921.95	117,799.19	(350.60)	111,571.35	111,987.10	(5,461.49)	0.00			
GNMA	2002 A-D SF MRB	6.15	02/27/03	02/20/33	95,139.06	99,682.49	(257.26)	94,881.80	98,149.13	(1,276.10)	0.00			
GNMA	2002 A-D SF MRB	6.15	03/12/03	02/20/33	437,916.20	457,798.10	(2,225.27)	435,690.93	450,694.27	(4,878.56)	0.00			
GNMA	2002 A-D SF MRB	6.15	03/24/03	03/20/33	336,389.88	352,457.45	(906.11)	335,483.77	347,036.40	(4,514.94)	0.00			
GNMA	2002 A-D SF MRB	5.40	03/24/03	02/20/33	222,693.75	234,387.84	(898.90)	221,794.85	222,621.34	(10,867.60)	0.00			
GNMA	2002 A-D SF MRB	6.15	04/02/03	04/20/33	616,758.42	646,212.10	(1,843.14)	614,915.28	636,090.34	(8,278.62)	0.00			
GNMA	2002 A-D SF MRB	6.15	04/02/03	03/20/33	166,779.33	174,743.98	(449.03)	166,330.30	172,058.01	(2,236.94)	0.00			
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	457,306.08	479,145.02	(1,723.84)	455,582.24	471,270.55	(6,150.63)	0.00			
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	144,664.40	151,572.93	(388.16)	144,276.24	149,244.50	(1,940.27)	0.00			
GNMA	2002 A-D SF MRB	5.40	04/10/03	01/20/33	95,314.64	100,319.79	(298.60)	95,016.04	95,370.10	(4,651.09)	0.00			
GNMA	2002 A-D SF MRB	6.15	04/17/03	04/20/33	434,162.17	454,895.85	(102,934.20)	331,227.97	342,634.05	(9,327.60)	0.00			
GNMA	2002 A-D SF MRB	5.40	04/24/03	03/20/33	114,183.48	120,179.48	(353.46)	113,830.02	114,254.19	(5,571.83)	0.00			
GNMA	2002 A-D SF MRB	6.15	04/24/03	04/20/33	177,452.70	185,927.05	(634.54)	176,818.16	182,907.03	(2,385.48)	0.00			
GNMA	2002 A-D SF MRB	6.15	04/29/03	03/20/33	92,090.57	96,488.41	(584.37)	91,506.20	94,657.28	(1,246.76)	0.00			
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	107,111.49	112,226.67	(473.07)	106,638.42	110,310.59	(1,443.01)	0.00			
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	207,017.22	216,903.45	(851.34)	206,165.88	213,265.36	(2,786.75)	0.00			
GNMA	2002 A-D SF MRB	5.40	05/08/03	03/20/33	116,117.28	122,214.83	(358.58)	115,758.70	116,190.06	(5,666.19)	0.00			
GNMA	2002 A-D SF MRB	6.15	05/15/03	04/20/33	187,612.95	196,572.53	(589.08)	187,023.87	193,464.18	(2,519.27)	0.00			
GNMA	2002 A-D SF MRB	6.15	05/22/03	05/20/33	66,711.31	69,897.15	(184.53)	66,526.78	68,817.69	(894.93)	0.00			
GNMA	2002 A-D SF MRB	6.15	06/10/03	06/20/33			(185.93)	66,101.07	68,377.31	2,276.24	0.00			
GNMA	2002 A-D SF MRB	6.15	06/10/03	06/20/33			(310.59)	175,871.76	181,606.76	6,045.59	0.00			
GNMA	2002 A-D SF MRB	5.40	06/10/03	04/20/33			(280.25)	136,519.15	136,746.56	507.66	0.00			
GNMA	2002 A-D SF MRB	6.15	06/19/03	05/20/33			(150.41)	85,193.41	87,971.52	2,928.52	0.00			
GNMA	2002 A-D SF MRB	6.15	06/19/03	10/20/32			(176.38)	94,739.49	97,832.83	3,269.72	0.00			
GNMA	2002 A-D SF MRB	6.15	06/19/03	06/20/33			(573.26)	77,042.85	76,469.59	79,102.88	2,633.29	0.00		
GNMA	2002 A-D SF MRB	6.15	06/26/03	04/20/33			(172.04)	96,608.35	99,757.16	3,320.85	0.00			
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33			(77.49)	54,217.67	56,004.54	1,864.36	0.00			
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33			(87.98)	100,211.23	103,571.07	3,447.82	0.00			
GNMA	2002 A-D SF MRB	6.15	07/24/03	07/20/33			(146.07)	166,355.85	166,209.78	171,933.34	5,723.56	0.00		
GNMA	2002 A-D SF MRB	6.15	07/30/03	07/20/33			(44.81)	50,351.72	52,039.26	1,732.35	0.00			
FNMA	2002 A-D SF MRB	6.40	07/24/03	11/01/32			(62.37)	79,509.00	79,446.63	81,996.87	2,550.24	0.00		
FNMA	2002 A-D SF MRB	5.40	08/14/03	09/01/32				119,740.89	119,277.68	(463.21)	0.00			
FNMA	2002 A-D SF MRB	6.15	08/14/03	12/01/31				69,482.73	71,532.48	2,049.75	0.00			
FNMA	2002 A-D SF MRB	6.40	08/28/03	11/01/32				50,091.00	50,091.00	-	0.00			
Repo Agmt	2002 A-D SF MRB	1.05	08/29/03	09/02/03	2,008.26	2,008.26		9,135.45	11,143.71	11,143.71	-	0.00		
Repo Agmt	2002 A-D SF MRB	1.05	08/29/03	09/02/03	1,153,487.72	1,153,487.72		3,152.42	1,156,640.14	1,156,640.14	-	0.00		
GICs	2002 A-D SF MRB	2.56	06/26/02	03/01/34	81,465,453.05	81,465,453.05	(1,434,351.18)		80,031,101.87	80,031,101.87	-	0.00		
Repo Agmt	2002 A-D SF MRB				40,435.31	40,435.31	(40,435.31)				-	0.00		
Repo Agmt	2002 A-D SF MRB				3,329.34	3,329.34	(3,329.34)				-	0.00		
					103,761,413.57	104,619,406.13	5,339,632.72	(3,160,984.31)	(336,076.31)	0.00	105,603,985.67	106,065,967.81	(396,010.42)	0.00
Repo Agmt	1991 A S/F (1980 A Rfnd)	1.05	08/29/03	09/02/03	1,713.14	1,713.14	17,860.76		19,573.90	19,573.90	-	-	0.00	
GICs	1991 A S/F (1980 A Rfnd)	6.08	11/14/96	09/30/29	704,424.76	704,424.76	42,829.33		747,254.09	747,254.09	-	-	0.00	
Repo Agmt	1991 A S/F (1980 A Rfnd)	1.05	08/29/03	09/02/03	8.26	8.26	71.84		80.10	80.10	-	-	0.00	
GICs	1991 A S/F (1980 A Rfnd)	6.08	11/14/96	09/30/29	6.65	6.65	0.00		6.65	6.65	-	-	0.00	
Repo Agmt	1991 A S/F (1980 A Rfnd)	1.05	08/29/03	09/02/03	3.56	3.56	16,022.79		16,026.35	16,026.35	-	-	0.00	
GICs	1991 A S/F (1980 A Rfnd)	4.51	06/26/02	03/01/34	709,850.93	709,850.93	0.00		709,850.93	709,850.93	-	-	0.00	
Repo Agmt	1991 A S/F (1980 A Rfnd)	1.05	08/29/03	09/02/03	0.08	0.08	0.00		0.08	0.08	-	-	0.00	
Repo Agmt	1991 A S/F (1980 A Rfnd)	1.05	08/29/03	09/02/03	0.25	0.25	0.27		0.52	0.52	-	-	0.00	
GICs	1991 A S/F (1980 A Rfnd)	6.08	11/14/96	09/30/29	8.98	8.98	0.00		8.98	8.98	-	-	0.00	
					1,416,016.61	1,416,016.61	76,784.99	0.00	0.00	0.00	1,492,801.60	1,492,801.60	0.00	0.00
Repo Agmt	1994 A&B SF (1983 Rfnd)	1.05	08/29/03	09/02/03	331.80	331.80	275.40		607.20	607.20	-	-	0.00	
Repo Agmt	1994 A&B SF (1983 Rfnd)	1.05	08/29/03	09/02/03	5.21	5.21	0.00		5.21	5.21	-	-	0.00	
GICs	1994 A&B SF (1983 Rfnd)	6.08	11/14/96	09/30/29	16,819.00	16,819.00	2,268.26		19,087.26	19,087.26	-	-	0.00	
FNMA	1994 A&B SF (1983 Rfnd)	6.15	05/30/96	04/01/26	23,727.77	25,026.68	(299.53)		23,428.24	24,387.77	(339.38)	-	0.00	
FNMA	1994 A&B SF (1983 Rfnd)	6.15	06/27/96	05/01/26	14,166.87	14,911.56	(218.34)		13,948.53	14,489.84	(203.38)	-	0.00	
FNMA	1994 A&B SF (1983 Rfnd)	6.15	07/15/96	06/01/26	23,841.25	25,183.54	(4,717.96)		19,123.29	19,935.92	(529.66)	-	0.00	
FNMA	1994 A&B SF (1983 Rfnd)	6.15	07/30/96	06/01/26	16,528.44	17,473.55	(79.01)		16,449.43	17,162.72	(231.82)	-	0.00	
FNMA	1994 A&B SF (1983 Rfnd)	6.15	08/15/96	07/01/26	27,068.31	28,600.82	(190.31)		26,878.00	28,028.52	(381.99)	-	0.00	
FNMA	1994 A&B SF (1983 Rfnd)	6.15	08/29/96	08/01/26	26,291.41	27,453.01	(6,850.06)		19,441.35	20,034.67	(568.28)	-	0.00	
FNMA	1994 A&B SF (1983 Rfnd)	6.15	09/16/96	08/01/26	21,691.51	22,609.77	(3,208.58)		18,482.93	19,013.26	(387.93)	-	0.00	
FNMA	1994 A&B SF (1983 Rfnd)	6.15	10/30/96	10/01/26	37,754.48	39,341.09	(750.21)		37,004.27	38,054.79	(536.09)	-	0.00	
FNMA	1994 A&B SF (1983 Rfnd)	6.15	12/23/96	11/01/26	32,471.60	33,857.83	(253.35)		32,218.25	33,154.08	(450.40)	-	0.00	
FNMA	1994 A&B SF (1983 Rfnd)	6.15	03/27/97	01/01/27	16,554.51	17,233.08	(260.82)		16,293.69	16,749.74	(222.52)	-	0.00	

FNMA	1994 A&B SF (1983 Rfnd)	6.15	07/15/97	03/01/27	9,347.88	9,744.25	(2,654.61)	6,693.27	6,885.79	(203.85)	0.00
FNMA	1994 A&B SF (1983 Rfnd)	6.15	09/29/97	07/01/27	18,470.52	19,302.80	(1,879.22)	16,591.30	17,130.19	(293.39)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	07/30/96	07/20/26	126,624.46	133,118.71	(16,322.74)	110,301.72	114,360.92	(2,435.05)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	03/28/96	03/20/26	32,491.08	34,167.87	(207.91)	32,283.17	33,481.41	(478.55)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	08/15/96	07/20/26	119,505.97	125,624.28	(10,506.82)	108,999.15	113,000.65	(2,116.81)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	04/29/96	04/20/26	48,266.43	50,741.85	(284.33)	47,982.10	49,747.84	(709.68)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	05/15/96	05/20/26	104,006.94	109,378.00	(10,447.21)	93,559.73	96,998.87	(1,931.92)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	05/30/96	05/20/26	74,796.28	78,656.20	(4,091.85)	70,704.43	73,328.60	(1,235.75)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	06/17/96	06/20/26	175,105.96	184,103.36	(13,580.86)	161,525.10	167,484.51	(3,037.99)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	06/29/96	06/20/26	47,856.43	50,299.52	(5,430.46)	42,425.97	43,977.37	(891.69)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	07/15/96	06/20/26	156,501.02	164,488.53	(21,134.63)	135,366.39	140,288.50	(3,065.40)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	08/29/96	08/20/26	110,420.57	115,335.43	(7,652.67)	102,767.90	105,862.97	(1,819.79)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	09/16/96	09/20/26	68,278.37	71,240.19	(10,340.82)	57,937.55	59,617.79	(1,281.58)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	09/26/96	09/20/26	49,870.80	52,066.10	(3,541.12)	46,329.68	47,702.58	(822.40)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	10/30/96	10/20/26	167,063.94	174,332.16	(24,513.16)	142,550.78	146,702.73	(3,116.27)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	11/26/96	11/20/26	97,921.38	102,305.94	(15,132.82)	82,788.56	85,303.62	(1,869.50)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	12/23/96	12/20/26	55,631.41	58,024.02	(10,546.60)	45,084.81	46,375.85	(1,101.57)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	01/16/97	12/20/26	79,687.58	83,117.19	(3,295.00)	76,392.58	78,582.39	(1,239.80)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	01/30/97	01/20/27	57,092.65	59,607.53	(2,856.27)	54,236.38	55,879.57	(871.69)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	02/13/97	02/20/27	59,379.97	61,991.56	(3,192.07)	56,187.90	57,886.44	(913.05)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	02/27/97	02/20/27	35,488.85	36,990.43	(6,413.35)	29,075.50	29,906.53	(670.55)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	03/27/97	03/20/27	55,812.05	58,109.43	(370.34)	55,441.71	56,963.49	(775.60)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	04/29/97	04/20/27	31,697.44	32,967.87	(168.31)	31,529.13	32,360.87	(438.69)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	05/29/97	05/20/27	35,463.86	36,885.25	(3,452.10)	32,011.76	32,856.23	(576.92)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	06/26/97	06/20/27	22,910.90	23,844.29	(3,990.51)	18,920.39	19,431.83	(421.95)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	08/18/97	07/20/27	62,211.77	65,336.98	(7,486.61)	54,725.16	56,717.23	(1,133.14)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	09/29/97	08/20/27	68,972.88	71,794.75	(3,660.73)	65,312.15	67,088.75	(1,045.27)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	02/26/98	02/20/28	27,748.63	28,839.71	(114.09)	27,634.54	28,346.96	(378.66)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	03/26/98	01/20/28	31,132.20	32,356.32	(9,024.36)	22,107.84	22,677.78	(654.18)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	04/29/98	04/20/28	29,701.92	30,868.97	(4,131.90)	25,570.02	26,229.22	(507.85)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	06/25/98	05/20/28	45,027.05	46,797.51	(194.70)	44,832.35	45,988.13	(614.68)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	07/16/98	06/20/28	29,728.69	30,897.62	(6,133.31)	23,595.38	24,203.67	(560.64)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	09/10/98	07/20/28	41,470.12	43,100.73	(270.09)	41,200.03	42,262.17	(568.47)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.15	11/19/98	10/20/28	68,805.77	71,511.21	(3,708.29)	65,097.48	66,775.69	(1,677.23)	0.00
Repo Agmt	1994 A&B SF (1983 Rfnd)	1.05	08/29/03	09/02/03	681,380.37	681,380.37	(666,015.09)	15,365.28	15,365.28	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfnd)	1.05	08/29/03	09/02/03	810,196.48	810,196.48	0.00	810,196.48	810,196.48	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfnd)	1.05	08/29/03	09/02/03	76,285.87	76,285.87	208.49	76,494.36	76,494.36	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfnd)	1.05	08/29/03	09/02/03	9,918.94	9,918.94	27.10	9,946.04	9,946.04	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfnd)	1.05	08/29/03	09/02/03	1,034,281.11	1,034,281.11	453,568.63	1,487,849.74	1,487,849.74	-	0.00
FNMA	1994 A&B SF (1983 Rfnd)	6.75	02/20/98	01/01/28	8,288.80	8,629.22	(2,874.05)	5,414.75	5,579.90	(175.27)	0.00
FNMA	1994 A&B SF (1983 Rfnd)	6.25	03/27/98	03/01/28	9,222.94	9,593.89	(117.81)	9,105.13	9,375.73	(100.35)	0.00
FNMA	1994 A&B SF (1983 Rfnd)	6.25	06/29/98	05/01/28	11,197.62	11,647.99	(68.55)	11,129.07	11,459.83	(119.61)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.75	02/20/98	01/20/28	103,297.20	107,500.36	(6,136.49)	97,160.71	99,958.94	(1,404.93)	0.00
FNMA	1994 A&B SF (1983 Rfnd)	6.25	11/30/98	09/01/28	8,764.27	9,116.77	(684.00)	8,080.27	8,320.42	(112.35)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.25	03/27/98	03/20/28	113,921.99	118,557.48	(6,421.48)	107,500.51	110,596.52	(1,539.48)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.25	05/19/98	05/20/28	88,259.60	91,850.88	(4,633.88)	83,625.72	86,034.14	(1,182.86)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	5.45	07/28/00	06/20/30	37,509.01	39,256.93	(156.32)	37,352.69	37,254.83	(1,845.78)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.25	08/14/98	07/20/28	49,407.53	51,417.92	(6,775.74)	42,631.79	43,859.59	(782.59)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.25	06/29/98	06/20/28	27,004.44	28,103.25	(2,710.06)	24,294.38	24,994.06	(399.13)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.25	09/18/98	09/20/28	38,317.68	39,876.83	(2,656.31)	35,661.37	36,688.42	(532.10)	0.00
FNMA	1994 A&B SF (1983 Rfnd)	6.25	03/31/99	11/01/28	4,345.16	4,519.92	(19.28)	4,325.88	4,454.45	(46.19)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.25	11/30/98	11/20/28	25,143.49	26,166.58	(1,447.39)	23,696.10	24,378.55	(340.64)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.25	11/30/98	11/20/28	21,024.15	21,879.62	(1,302.38)	19,721.77	20,289.76	(287.48)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.25	11/30/98	10/20/28	10,652.71	11,086.17	(1,193.74)	9,458.97	9,731.39	(161.04)	0.00
FNMA	1994 A&B SF (1983 Rfnd)	6.25	05/27/99	11/01/28	5,550.62	5,778.58	(94.87)	5,455.75	5,622.15	(61.56)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.25	02/16/99	02/20/29	57,284.26	59,590.52	(2,858.67)	54,425.59	55,972.37	(759.48)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.25	03/31/99	02/20/29	10,219.05	10,630.47	(2,149.39)	8,069.66	8,299.00	(182.08)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	6.25	05/27/99	05/20/29	13,548.27	14,093.72	(1,270.52)	12,277.75	12,626.68	(196.52)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	5.45	07/30/99	07/20/29	24,176.47	25,350.72	(619.47)	23,557.00	23,532.27	(1,198.98)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	5.45	08/26/99	08/20/29	20,126.29	21,103.82	(84.26)	20,042.03	20,020.99	(998.57)	0.00
FNMA	1994 A&B SF (1983 Rfnd)	5.45	09/20/99	08/01/29	3,928.00	4,082.46	(18.42)	3,909.58	3,900.79	(163.25)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	5.45	09/20/99	09/20/29	14,118.20	14,803.92	(1,061.65)	13,056.55	13,042.84	(699.43)	0.00
FNMA	1994 A&B SF (1983 Rfnd)	5.45	12/20/99	12/01/29	9,003.73	9,357.76	(53.64)	8,950.09	8,929.95	(374.17)	0.00
FNMA	1994 A&B SF (1983 Rfnd)	5.45	01/19/00	12/01/29	5,516.84	5,733.76	(33.14)	5,483.70	5,471.36	(229.26)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	5.45	10/28/99	10/20/29	36,926.64	38,720.17	(1,154.51)	35,772.13	35,734.57	(1,831.09)	0.00
GNMA	1994 A&B SF (1983 Rfnd)	5.45	11/18/99	11/20/29	10,282.27	10,781.68	(53.49)	10,228.78	10,218.04	(510.15)	0.00

GNMA	1994 A&B SF (1983 Rfnd)	5.45	12/30/99	12/20/29	80,949.93	84,881.67	(1,128.49)	79,821.44	79,737.63	(4,015.55)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	01/28/00	01/20/30	26,286.00	27,510.93	(2,143.33)	24,142.67	24,079.42	(1,288.18)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	02/22/00	01/20/30	8,118.59	8,496.92	(32.60)	8,085.99	8,064.80	(399.52)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	03/27/00	02/20/30	11,647.91	12,190.70	(45.91)	11,602.00	11,571.60	(573.19)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	04/27/00	03/01/30	6,504.00	6,751.67	(1,015.11)	5,488.89	5,461.17	(275.39)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	04/27/00	04/20/30	21,131.02	22,115.73	(90.23)	21,040.79	20,985.66	(1,039.84)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	05/30/00	04/20/30	3,266.62	3,418.84	(12.81)	3,253.81	3,245.29	(160.74)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	06/21/00	05/20/30	14,881.99	15,575.49	(82.58)	14,799.41	14,760.64	(732.27)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	09/18/00	09/20/30	32,851.37	34,382.24	(1,440.94)	31,410.43	31,328.13	(1,613.17)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	07/24/00	06/01/30	6,672.68	6,926.78	(39.64)	6,633.04	6,599.54	(287.60)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	07/30/99	07/20/29	200,658.05	210,404.01	(5,141.41)	195,516.64	195,311.35	(9,951.25)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	08/26/99	08/20/29	167,042.33	175,155.58	(699.36)	166,342.97	166,168.31	(8,287.91)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	09/20/99	08/01/29	32,601.22	33,883.10	(152.83)	32,448.39	32,375.38	(1,354.89)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	09/20/99	09/20/29	117,177.18	122,868.48	(8,811.41)	108,365.77	108,251.99	(5,805.08)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	12/20/99	12/01/29	74,728.13	77,666.44	(445.28)	74,282.85	74,115.71	(3,105.45)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	01/19/00	12/01/29	45,788.37	47,588.77	(275.02)	45,513.35	45,410.94	(1,902.81)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	10/28/99	10/20/29	306,480.77	321,366.54	(9,582.21)	296,898.56	296,586.82	(15,197.51)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	11/18/99	11/20/29	85,340.19	89,485.16	(443.94)	84,896.25	84,807.11	(4,234.11)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	12/30/99	12/30/29	671,861.51	704,493.82	(9,366.09)	662,495.42	661,799.80	(33,327.93)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	01/28/00	01/20/30	218,166.57	228,333.13	(17,789.00)	200,377.57	199,852.58	(10,691.55)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	02/22/00	01/20/30	67,382.02	70,522.02	(270.54)	67,111.48	66,935.65	(3,315.83)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	03/27/00	02/20/30	26,328.64	27,555.55	(103.27)	26,225.37	26,156.66	(1,295.62)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	06/22/99	06/20/29	145,707.59	152,784.61	(920.71)	144,786.88	144,634.85	(7,229.05)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	07/30/99	07/20/29	238,382.50	249,960.74	(1,141.57)	237,240.93	236,991.83	(11,827.44)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	08/26/99	08/20/29	221,480.86	232,238.19	(18,135.70)	203,345.16	203,131.65	(10,970.84)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	09/20/99	09/20/29	124,464.42	130,509.66	(534.27)	123,930.15	123,800.02	(6,175.37)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	12/21/99	11/01/29	70,756.38	73,538.52	(649.28)	70,107.10	69,949.36	(2,939.88)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	10/29/99	10/20/29	291,964.75	306,145.48	(14,829.94)	277,134.81	276,843.82	(14,471.72)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	11/18/99	11/20/29	330,085.72	346,117.98	(1,507.25)	328,578.47	328,233.46	(16,377.27)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	12/30/99	12/20/29	451,066.81	472,975.12	(24,714.49)	426,352.32	425,904.65	(22,355.98)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	01/28/00	01/20/30	342,893.35	358,872.18	(13,799.07)	329,094.28	328,232.05	(16,841.06)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	02/22/00	01/20/30	223,744.73	234,171.23	(1,165.80)	222,578.93	221,995.77	(11,009.66)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	03/27/00	02/20/30	95,862.02	100,329.19	(400.11)	95,461.91	95,211.80	(4,717.28)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	02/23/00	01/01/30	40,149.14	41,727.80	(218.72)	39,930.42	39,840.58	(1,668.50)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	07/28/00	06/20/30	311,314.26	325,821.50	(1,297.42)	310,016.84	309,204.60	(15,319.48)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	03/27/00	02/20/30	70,345.56	73,623.66	(277.78)	70,067.78	69,884.20	(3,461.68)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	04/27/00	03/01/30	53,981.65	56,037.27	(8,425.14)	45,556.51	45,326.45	(2,285.68)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	04/27/00	04/20/30	175,381.43	183,554.20	(748.89)	174,632.54	174,175.00	(8,630.31)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	05/30/00	04/20/30	27,111.81	28,375.22	(106.36)	27,005.45	26,934.70	(1,334.16)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	06/21/00	05/20/30	123,516.36	129,272.22	(685.35)	122,831.01	122,509.19	(6,077.68)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	09/18/00	09/20/30	272,657.30	285,363.13	(11,959.50)	260,697.80	260,014.77	(13,388.86)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	07/24/00	06/01/30	55,381.17	57,490.08	(329.11)	55,052.06	54,774.05	(2,386.92)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	07/24/00	06/20/30	415,735.93	435,109.22	(26,837.04)	388,898.89	387,879.97	(20,392.21)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	08/28/00	08/20/30	52,166.81	54,597.78	(217.00)	51,949.81	51,813.70	(2,567.08)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	03/27/00	02/20/30	14,434.14	15,106.77	(60.24)	14,373.90	14,336.24	(710.29)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	04/27/00	03/20/30	121,060.07	126,701.47	(481.60)	120,578.47	120,262.55	(5,957.32)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	05/30/00	05/20/30	120,592.88	126,212.51	(684.93)	119,907.95	119,593.79	(5,933.79)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	06/21/00	06/20/30	220,725.27	231,011.07	(842.67)	219,882.60	219,306.51	(10,861.89)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	05/31/00	05/01/30	40,277.28	41,811.04	(209.35)	40,067.93	39,865.59	(1,736.10)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	10/23/00	09/20/30	52,999.17	55,468.93	(8,142.15)	44,857.02	44,739.49	(2,587.29)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	10/30/00	10/20/30	65,074.15	68,106.61	(273.81)	64,800.34	64,630.56	(3,202.24)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	07/24/00	06/01/30	112,513.19	116,797.69	(1,132.46)	111,380.73	110,818.26	(4,846.97)	0.00			
GNMA	1994 A&B SF (1983 Rfnd)	5.45	12/21/00	05/20/30	26,531.11	27,767.46	(138.70)	26,392.41	26,323.26	(1,305.50)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	10/06/00	09/01/30	45,996.98	47,748.54	(184.40)	45,812.58	45,581.23	(1,982.91)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	10/30/00	08/01/30	50,867.37	52,804.40	(278.82)	50,588.55	50,333.08	(2,192.50)	0.00			
FNMA	1994 A&B SF (1983 Rfnd)	5.45	02/12/01	02/01/30	17,154.07	17,828.57	(69.28)	17,084.79	17,046.35	(712.94)	0.00			
					<u>13,129,085.25</u>	<u>13,615,641.27</u>	<u>456,347.88</u>	<u>(666,015.09)</u>	<u>(480,718.45)</u>	<u>0.00</u>	<u>12,438,699.59</u>	<u>12,513,047.12</u>	<u>(412,208.49)</u>	<u>0.00</u>
Repo Agmt	1995 C SF (1985 A&B Rfnd)	1.05	08/29/03	09/02/03	399.70	399.70	2,359,363.44		2,359,763.14	2,359,763.14	-	-	0.00	
Repo Agmt	1995 C SF (1985 A&B Rfnd)	1.05	08/29/03	09/02/03	0.42	0.42	203.86		204.28	204.28	-	-	0.00	
GICs	1995 C SF (1985 A&B Rfnd)	6.08	11/14/96	09/30/29	<u>6,753.95</u>	<u>6,753.95</u>	<u>0.00</u>		<u>6,753.95</u>	<u>6,753.95</u>	-	-	<u>0.00</u>	
					<u>7,154.07</u>	<u>7,154.07</u>	<u>2,359,567.30</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,366,721.37</u>	<u>2,366,721.37</u>	<u>0.00</u>	<u>0.00</u>
Total Single Family Investment Summary					<u>402,045,229.69</u>	<u>415,235,629.43</u>	<u>53,482,303.56</u>	<u>(32,203,644.22)</u>	<u>(16,508,321.33)</u>	<u>0.00</u>	<u>406,815,567.70</u>	<u>413,519,407.16</u>	<u>(6,486,560.28)</u>	<u>0.00</u>

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2003

Investment Type	Issue	Current	Current	Current	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in	Recognized
		Interest Rate	Purchase Date	Maturity Date	Carrying Value 05/31/03	Market Value 05/31/03					Carrying Value 08/31/03	Market Value 08/31/03	In Market Value		Gain
Repo Agmt	1989 A&B RMRB	1.05	08/29/03	09/02/03	23,985.78	23,985.78	8,265.27				32,251.05	32,251.05	-	0.00
Repo Agmt	1989 A&B RMRB	1.05	08/29/03	09/02/03	1,537.38	1,537.38	0.00				1,537.38	1,537.38	-	0.00
Repo Agmt	1989 A&B RMRB	1.05	08/29/03	09/02/03	2,998,840.66	2,998,840.66	0.00				2,998,840.66	2,998,840.66	-	0.00
Repo Agmt	1989 A&B RMRB	1.05	08/29/03	09/02/03	33,953.47	33,953.47	92.77				34,046.24	34,046.24	-	0.00
					3,058,317.29	3,058,317.29	8,358.04	0.00	0.00	0.00	3,066,675.33	3,066,675.33	0.00	0.00
<hr/>														
Repo Agmt	1998 A/B RMRB	1.05	08/29/03	09/02/03	72,474.89	72,474.89	110,188.71				182,663.60	182,663.60	-	0.00
GICs	1998 A/B RMRB	5.04	12/03/98	01/01/31	7,494,613.19	7,494,613.19		(3,420,833.01)			4,073,780.18	4,073,780.18	-	0.00
GICs	1998 A/B RMRB				1,192,262.74	1,192,262.74		(1,192,262.74)					-	0.00
GNMA	1998 A/B RMRB	5.35	07/28/00	07/20/30	2,358,033.59	2,464,545.97			(74,269.20)		2,283,764.39	2,265,448.60	(124,828.17)	0.00
GNMA	1998 A/B RMRB	5.35	08/28/00	07/20/30	3,805,747.81	3,977,653.44			(15,891.07)		3,789,856.74	3,759,462.09	(202,300.28)	0.00
FNMA	1998 A/B RMRB	5.35	05/25/99	04/01/29	572,827.94	594,475.11			(2,825.56)		570,002.38	565,932.56	(25,716.99)	0.00
GNMA	1998 A/B RMRB	5.35	04/16/99	04/20/29	1,850,501.00	1,937,178.47			(259,687.06)		1,590,813.94	1,580,425.92	(97,065.49)	0.00
FNMA	1998 A/B RMRB	5.35	06/22/99	05/01/29	367,647.39	381,540.78			(1,545.50)		366,101.89	363,487.92	(16,507.36)	0.00
GNMA	1998 A/B RMRB	5.35	05/25/99	05/20/29	6,708,494.52	7,022,720.40			(273,035.42)		6,435,459.10	6,393,435.55	(356,249.43)	0.00
GNMA	1998 A/B RMRB	5.35	06/22/99	06/20/29	7,732,427.46	8,094,614.36			(197,085.49)		7,535,341.97	7,486,136.19	(411,392.68)	0.00
FNMA	1998 A/B RMRB	5.35	07/30/99	07/01/29	266,273.53	276,336.00			(1,144.86)		265,128.67	263,235.64	(11,955.50)	0.00
FNMA	1998 A/B RMRB	5.35	08/24/99	08/01/29	248,268.04	257,650.09			(1,060.85)		247,207.19	245,442.13	(11,147.11)	0.00
GNMA	1998 A/B RMRB	5.35	07/30/99	07/20/29	6,706,548.34	7,020,683.06			(34,614.95)		6,671,933.39	6,628,365.66	(357,702.45)	0.00
GNMA	1998 A/B RMRB	5.35	08/26/99	08/20/29	5,134,841.44	5,375,357.41			(102,410.14)		5,032,431.30	4,999,569.52	(273,377.75)	0.00
FNMA	1998 A/B RMRB	5.35	09/30/99	08/01/29	334,976.13	347,634.88			(1,406.58)		333,569.55	331,187.86	(15,040.44)	0.00
GNMA	1998 A/B RMRB	5.35	09/20/99	09/20/29	3,891,307.87	4,073,576.73			(92,865.76)		3,798,442.11	3,773,638.28	(207,072.69)	0.00
FNMA	1998 A/B RMRB	5.35	10/29/99	10/01/29	686,267.33	712,201.37			(7,312.91)		678,954.42	674,106.69	(30,771.77)	0.00
FNMA	1998 A/B RMRB	5.35	11/16/99	10/01/29	406,132.08	421,479.81			(2,609.61)		403,522.47	400,641.32	(18,228.88)	0.00
FNMA	1998 A/B RMRB	5.35	12/21/99	11/01/29	817,440.08	848,331.14			(5,476.50)		811,963.58	806,166.16	(36,688.48)	0.00
GNMA	1998 A/B RMRB	5.35	10/29/99	10/20/29	5,857,179.97	6,131,530.28			(114,308.46)		5,742,871.51	5,705,370.56	(311,851.26)	0.00
GNMA	1998 A/B RMRB	5.35	11/18/99	11/20/29	5,604,379.70	5,866,888.85			(101,268.85)		5,503,110.85	5,467,175.54	(298,444.46)	0.00
GNMA	1998 A/B RMRB	5.35	12/30/99	12/20/29	10,129,305.83	10,603,762.52			(405,495.87)		9,723,809.96	9,660,313.48	(537,953.17)	0.00
GNMA	1998 A/B RMRB	5.35	01/28/00	01/20/30	5,233,917.82	5,470,333.89			(296,024.85)		4,937,892.97	4,898,291.07	(276,017.97)	0.00
GNMA	1998 A/B RMRB	5.35	02/22/00	01/20/30	5,439,438.09	5,685,137.51			(266,537.12)		5,172,900.97	5,131,414.30	(287,186.09)	0.00
GNMA	1998 A/B RMRB	5.35	03/27/00	03/20/30	3,163,858.92	3,306,770.43			(14,108.89)		3,149,750.03	3,124,489.03	(168,172.51)	0.00
FNMA	1998 A/B RMRB	5.35	02/23/00	01/01/30	721,055.40	748,304.08			(5,106.56)		715,948.84	710,836.97	(32,360.55)	0.00
FNMA	1998 A/B RMRB	5.35	03/27/00	02/01/30	341,771.74	354,246.41			(2,539.71)		339,232.03	335,890.59	(15,816.11)	0.00
FNMA	1998 A/B RMRB	5.35	04/21/00	04/01/30	392,134.29	406,447.19			(1,579.76)		390,554.53	386,707.57	(18,159.86)	0.00
GNMA	1998 A/B RMRB	5.35	04/24/00	04/20/30	3,813,469.17	3,985,723.57			(122,608.89)		3,690,860.28	3,661,259.58	(201,855.10)	0.00
GNMA	1998 A/B RMRB	5.35	05/30/00	05/20/30	3,237,358.04	3,383,589.50			(135,503.90)		3,101,854.14	3,076,977.27	(171,108.33)	0.00
GNMA	1998 A/B RMRB	5.35	06/21/00	06/20/30	2,431,787.11	2,541,630.93			(11,436.92)		2,420,350.19	2,400,938.98	(129,255.03)	0.00
FNMA	1998 A/B RMRB	5.35	05/30/00	05/01/30	593,058.18	614,704.80			(4,156.44)		588,901.74	583,101.06	(27,447.30)	0.00
FNMA	1998 A/B RMRB	5.35	06/21/00	06/01/30	316,307.13	327,852.34			(2,667.38)		313,639.75	310,550.40	(14,634.56)	0.00
GNMA	1998 A/B RMRB	5.35	10/23/00	09/20/30	3,873,749.74	4,048,727.02			(17,746.67)		3,856,003.07	3,825,077.93	(205,902.42)	0.00
GNMA	1998 A/B RMRB	5.35	10/25/00	10/20/30	684,586.37	715,509.14			(37,860.48)		646,725.89	641,539.15	(36,109.51)	0.00
FNMA	1998 A/B RMRB	5.35	07/24/00	06/01/30	439,993.23	456,052.98			(2,333.31)		437,659.92	433,348.97	(20,370.70)	0.00
FNMA	1998 A/B RMRB	5.35	08/25/00	07/01/30	319,300.65	330,955.12			(3,431.88)		315,868.77	312,757.46	(14,765.78)	0.00
GNMA	1998 A/B RMRB	5.35	01/08/01	12/20/30	566,848.42	592,452.96			(2,214.77)		564,633.65	560,105.29	(30,132.90)	0.00
GNMA	1998 A/B RMRB	5.35	01/16/01	12/20/30	447,986.71	468,222.27			(86,285.78)		361,700.93	358,800.09	(23,136.40)	0.00
GNMA	1998 A/B RMRB	5.35	01/31/01	08/20/30	166,889.48	174,427.88			(887.12)		166,002.36	164,670.99	(8,869.77)	0.00
GNMA	1998 A/B RMRB	5.35	11/16/01	11/20/30	625,612.19	653,871.09			(3,438.47)		622,173.72	617,183.89	(33,248.73)	0.00
GNMA	1998 A/B RMRB	5.35	11/29/01	11/20/30	1,015,580.19	1,061,453.95			(4,510.44)		1,011,069.75	1,002,960.97	(53,982.54)	0.00
GNMA	1998 A/B RMRB	5.35	12/21/01	11/20/30	323,528.21	338,141.98			(2,602.36)		320,925.85	318,352.02	(17,187.60)	0.00
GNMA	1998 A/B RMRB	5.35	12/27/01	12/20/30	314,844.49	329,066.02			(2,016.62)		312,827.87	310,318.99	(16,730.41)	0.00
FNMA	1998 A/B RMRB	5.35	10/06/00	09/01/30	534,925.23	554,450.00			(3,984.45)		530,940.78	525,711.01	(24,754.54)	0.00
FNMA	1998 A/B RMRB	5.35	01/12/01	12/01/30	747,376.22	774,655.45			(130,133.82)		617,242.40	611,162.56	(33,359.07)	0.00
Repo Agmt	1998 A/B RMRB	1.05	08/29/03	09/02/03	971,873.81	971,873.81	99,964.86				1,071,838.67	1,071,838.67	-	0.00
Repo Agmt	1998 A/B RMRB	1.05	08/29/03	09/02/03	186.11	186.11	58,374.59				58,560.70	58,560.70	-	0.00
					108,955,387.81	113,462,297.92	268,528.16	(4,613,095.75)	(2,854,031.23)	0.00	101,756,788.99	101,058,830.96	(5,204,868.14)	0.00
<hr/>														
Repo Agmt	2000 BCDE RMRB	1.05	08/29/03	09/02/03	1,145,570.98	1,145,570.98	3,130.73				1,148,701.71	1,148,701.71	-	0.00
Repo Agmt	2000 BCDE RMRB	1.05	08/29/03	09/02/03	377,506.51	377,506.51		(82,528.12)			294,978.39	294,978.39	-	0.00
Repo Agmt	2000 BCDE RMRB	1.05	08/29/03	09/02/03	35,104.69	35,104.69		(34,970.96)			133.73	133.73	-	0.00

Inv Agmt	2000 BCDE RMRB	6.22	10/26/00	12/31/32	8,411,877.24	8,411,877.24	(1,507,846.36)	6,904,030.88	6,904,030.88	-	0.00
Repo Agmt	2000 BCDE RMRB	1.05	08/29/03	09/02/03	1,228.19	1,228.19	0.00	1,228.19	1,228.19	-	0.00
GNMA	2000 BCDE RMRB	6.10	02/22/01	02/20/31	1,796,337.93	1,871,526.55	(97,953.98)	1,698,383.95	1,745,926.75	(27,645.82)	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	02/20/31	726,570.75	756,993.77	(88,208.83)	638,361.92	656,231.56	(12,553.38)	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	01/20/31	124,094.15	129,287.11	(496.97)	123,597.18	127,057.03	(1,733.11)	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	572,571.53	596,532.29	(2,180.37)	570,391.16	586,358.10	(7,993.82)	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	2,175,953.64	2,267,023.50	(178,665.13)	1,997,288.51	2,053,198.54	(35,159.83)	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	101,491.16	105,739.49	(366.06)	101,125.10	103,955.88	(1,417.55)	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	403,580.65	420,471.18	(28,311.86)	375,268.79	385,773.67	(6,385.65)	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	1,958,327.50	2,040,282.13	(175,950.26)	1,782,377.24	1,832,271.27	(32,060.60)	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	167,073.45	174,064.24	(90,490.26)	76,583.19	78,726.97	(4,847.01)	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	632,717.88	659,197.33	(94,409.20)	538,308.68	553,377.54	(11,410.59)	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	03/20/31	414,484.22	431,830.55	(1,350.79)	413,133.43	424,698.25	(5,781.51)	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	04/20/31	2,234,589.88	2,328,091.47	(106,850.91)	2,127,738.97	2,187,300.70	(33,939.86)	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	837,487.33	872,530.91	(71,438.60)	766,048.73	787,492.71	(13,599.60)	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	1,503,803.00	1,566,727.82	(106,834.55)	1,396,968.45	1,436,073.74	(23,819.53)	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	483,462.17	503,689.23	(1,572.73)	481,889.44	495,378.96	(6,737.54)	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	625,026.32	651,177.42	(130,040.37)	494,985.95	508,842.07	(12,294.98)	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	1,028,965.18	1,072,014.27	(99,272.48)	929,692.70	955,717.56	(17,024.23)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	460,324.92	479,582.31	(1,537.89)	458,787.03	471,629.84	(6,414.58)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	1,691,497.07	1,762,271.49	(6,099.83)	1,685,397.24	1,732,576.51	(23,595.15)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	05/20/31	328,066.22	341,792.41	(1,050.82)	327,015.40	336,169.52	(4,572.07)	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	393,051.83	409,496.21	(1,239.79)	391,812.04	402,780.02	(5,476.40)	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	1,397,223.56	1,455,690.29	(158,622.57)	1,238,600.99	1,273,273.11	(23,794.61)	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	235,073.88	244,914.70	(884.26)	234,189.62	240,745.28	(3,285.16)	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	959,224.52	999,347.63	(98,070.20)	861,154.32	885,260.58	(16,016.85)	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	2,506,606.25	2,611,454.29	(200,114.45)	2,306,491.80	2,371,057.35	(40,282.49)	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	233,512.34	243,279.85	(746.78)	232,765.56	239,281.37	(3,251.70)	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	662,554.85	690,273.05	(2,142.83)	660,412.02	678,898.91	(9,231.31)	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	2,116,211.73	2,204,749.50	(305,811.99)	1,810,399.74	1,861,078.20	(37,859.31)	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	573,102.25	597,077.01	(2,218.57)	570,883.68	586,864.41	(7,994.03)	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	743,781.68	774,893.10	(4,062.55)	739,719.13	760,426.07	(10,404.48)	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	07/20/31	2,415,955.30	2,517,011.54	(303,136.01)	2,112,819.29	2,171,963.37	(41,912.16)	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	322,786.31	336,288.02	(1,782.79)	321,003.52	329,989.36	(4,515.87)	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	577,656.16	601,825.73	(71,654.97)	506,001.19	520,165.66	(10,005.10)	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	08/20/31	2,770,073.42	2,885,968.42	(106,224.02)	2,663,849.40	2,738,418.44	(41,325.96)	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	394,815.54	411,332.83	(1,935.89)	392,879.65	403,877.51	(5,519.43)	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	699,075.20	728,324.53	(2,438.92)	696,636.28	716,137.20	(9,748.41)	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	1,997,065.73	2,080,617.30	(287,355.47)	1,709,710.26	1,757,570.12	(35,691.71)	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	417,035.67	434,483.07	(1,335.53)	415,700.14	427,336.81	(5,810.73)	0.00
FNMA	2000 BCDE RMRB	6.10	02/14/01	02/01/31	599,068.49	624,743.38	(66,081.60)	532,986.89	547,912.13	(10,749.65)	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	509,886.59	531,214.48	(70,556.54)	439,330.05	451,628.20	(9,029.74)	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	457,554.24	476,693.13	(1,620.44)	455,933.80	468,696.74	(6,375.95)	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	11/20/31	360,662.08	375,748.11	(1,168.34)	359,493.74	369,557.04	(5,022.73)	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	430,073.42	448,065.06	(1,383.50)	428,689.92	440,690.22	(5,991.34)	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	09/20/31	2,259,688.76	2,354,236.28	(197,625.25)	2,062,063.51	2,119,786.79	(36,824.24)	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	497,844.07	518,675.67	(81,421.98)	416,422.09	428,078.98	(9,174.71)	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	565,065.25	588,701.18	(80,216.73)	484,848.52	498,420.87	(10,063.58)	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	1,496,951.30	1,559,566.82	(4,866.10)	1,492,085.20	1,533,853.09	(20,847.63)	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	366,711.32	382,050.38	(1,194.94)	365,516.38	375,748.27	(5,107.17)	0.00
GNMA	2000 BCDE RMRB	6.10	11/15/01	08/20/31	243,979.78	254,185.13	(77,018.51)	166,961.27	171,635.01	(5,531.61)	0.00
GNMA	2000 BCDE RMRB	6.10	11/15/01	10/20/31	292,979.88	305,234.85	(1,162.07)	291,817.81	299,986.66	(4,086.12)	0.00
FNMA	2000 BCDE RMRB	6.10	03/15/01	02/01/31	418,229.29	436,155.90	(1,620.82)	416,608.47	428,274.76	(6,260.32)	0.00
GNMA	2000 BCDE RMRB	6.10	01/22/02	12/20/31	500,467.48	521,401.40	(45,302.53)	455,164.95	467,906.37	(8,192.50)	0.00
FNMA	2000 BCDE RMRB	6.10	05/10/01	04/01/31	430,165.25	448,592.80	(1,438.06)	428,727.19	440,732.84	(6,421.90)	0.00
GNMA	2000 BCDE RMRB	6.10	02/25/02	02/20/32	753,150.40	784,676.39	(107,163.14)	645,987.26	663,953.52	(13,559.73)	0.00
FNMA	2000 BCDE RMRB	6.10	05/30/01	04/01/31	326,247.98	340,223.81	(1,051.87)	325,196.11	334,302.59	(4,869.35)	0.00
FNMA	2000 BCDE RMRB	6.10	07/12/01	05/01/31	550,639.57	574,225.36	(51,400.83)	499,238.74	513,218.93	(9,605.60)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	899,161.24	936,799.08	(6,215.73)	892,945.51	917,780.20	(12,803.15)	0.00
GNMA	2000 BCDE RMRB	6.10	05/24/02	05/20/32	457,393.20	476,539.15	(1,355.79)	456,037.41	468,720.78	(6,462.58)	0.00
GNMA	2000 BCDE RMRB	6.10	03/21/02	02/20/32	439,024.98	457,402.04	(61,778.97)	377,246.01	387,738.02	(7,885.05)	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/02	04/20/32	512,627.01	534,084.98	(1,515.87)	511,111.14	525,326.22	(7,242.89)	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/02	04/20/32	912,193.72	950,377.07	(65,080.78)	847,112.94	870,672.94	(14,623.35)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	491,367.21	511,935.28	(56,500.01)	434,867.20	446,961.77	(8,473.50)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	02/20/32	46,793.02	48,751.72	(139.63)	46,653.39	47,950.92	(661.17)	0.00
GNMA	2000 BCDE RMRB	6.10	08/29/02	08/20/32	1,713,505.57	1,785,230.90	(5,569.47)	1,707,936.10	1,755,437.40	(24,224.03)	0.00

GNMA	2000 BCDE RMRB	6.10	06/03/02	05/20/32	830,156.50	864,905.89	(2,446.19)	827,710.31	850,730.68	(11,729.02)	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/02	06/20/32	714,014.70	743,902.53	(2,756.12)	711,258.58	731,040.18	(10,106.23)	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/02	06/20/32	821,781.42	856,180.24	(2,669.20)	819,112.22	841,893.45	(11,617.59)	0.00
GNMA	2000 BCDE RMRB	6.10	06/25/02	06/20/32	738,930.93	769,861.71	(2,314.63)	736,616.30	757,103.16	(10,443.92)	0.00
GNMA	2000 BCDE RMRB	6.10	07/05/02	06/20/32	1,597,118.22	1,663,971.71	(4,879.20)	1,592,239.02	1,636,522.54	(22,569.97)	0.00
GNMA	2000 BCDE RMRB	6.10	07/15/02	07/20/32	537,798.57	560,310.20	(1,704.64)	536,093.93	551,003.83	(7,601.73)	0.00
GNMA	2000 BCDE RMRB	6.10	07/22/02	07/20/32	975,962.40	1,016,815.04	(3,068.42)	972,893.98	999,952.21	(13,794.41)	0.00
GNMA	2000 BCDE RMRB	6.10	07/29/02	07/20/32	632,468.36	658,942.75	(148,284.14)	484,184.22	497,650.40	(13,008.21)	0.00
GNMA	2000 BCDE RMRB	6.10	08/01/02	07/20/32	547,059.70	569,958.97	(73,647.92)	473,411.78	486,578.35	(9,732.70)	0.00
GNMA	2000 BCDE RMRB	6.10	08/12/02	08/20/32	2,161,957.93	2,252,454.96	(7,906.48)	2,154,051.45	2,213,960.16	(30,588.32)	0.00
GNMA	2000 BCDE RMRB	6.10	08/23/02	08/20/32	1,957,194.14	2,039,120.01	(71,723.48)	1,885,470.66	1,937,909.57	(29,486.96)	0.00
GNMA	2000 BCDE RMRB	6.10	11/12/02	10/20/32	783,917.97	816,731.86	(2,525.08)	781,392.89	803,125.07	(11,081.71)	0.00
GNMA	2000 BCDE RMRB	6.10	09/12/02	08/20/32	1,137,834.49	1,185,462.91	(5,015.26)	1,132,819.23	1,164,325.32	(16,122.33)	0.00
GNMA	2000 BCDE RMRB	6.10	09/19/02	09/20/32	1,022,336.71	1,065,130.53	(3,430.59)	1,018,906.12	1,047,244.05	(14,455.89)	0.00
GNMA	2000 BCDE RMRB	6.10	09/26/02	09/20/32	1,969,078.68	2,051,502.02	(54,305.58)	1,914,773.10	1,968,026.97	(29,169.47)	0.00
GNMA	2000 BCDE RMRB	6.10	10/10/02	10/20/32	2,058,220.72	2,144,375.43	(62,780.78)	1,995,439.94	2,050,937.33	(30,657.32)	0.00
GNMA	2000 BCDE RMRB	6.10	10/21/02	10/20/32	1,555,604.98	1,620,720.78	(4,855.27)	1,550,749.71	1,593,879.33	(21,986.18)	0.00
GNMA	2000 BCDE RMRB	6.10	10/29/02	11/20/32	1,054,112.51	1,098,236.41	(3,764.45)	1,050,348.06	1,079,560.46	(14,911.50)	0.00
FNMA	2000 BCDE RMRB	6.10	08/31/01	06/01/31	763,366.28	796,067.85	(75,418.19)	687,948.09	707,212.71	(13,436.95)	0.00
GNMA	2000 BCDE RMRB	6.10	11/05/02	10/20/32	727,035.23	757,468.07	(3,170.93)	723,864.30	743,996.49	(10,300.65)	0.00
GNMA	2000 BCDE RMRB	6.10	11/19/02	11/20/32	210,543.43	219,356.54	(620.08)	209,923.35	215,761.76	(2,974.70)	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	429,907.79	447,903.22	(1,675.53)	428,232.26	440,142.31	(6,085.38)	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	292,193.68	304,424.57	(911.28)	291,282.40	299,383.57	(4,129.72)	0.00
GNMA	2000 BCDE RMRB	6.10	12/12/02	11/20/32	179,183.70	186,684.13	(1,452.88)	177,730.82	182,673.89	(2,557.36)	0.00
GNMA	2000 BCDE RMRB	6.10	12/19/02	06/20/32	68,002.79	70,849.30	(641.17)	67,361.62	69,235.09	(973.04)	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	09/20/32	99,733.36	103,908.07	(1,136.53)	98,596.83	101,339.02	(1,432.52)	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	11/20/32	36,754.33	38,292.82	(102.52)	36,651.81	37,671.18	(519.12)	0.00
GNMA	2000 BCDE RMRB	6.10	01/07/03	12/20/32	137,187.39	142,929.89	(587.90)	136,599.49	140,398.62	(1,943.37)	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	130,643.94	136,100.74	(664.12)	129,979.82	133,573.94	(1,862.68)	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	508,514.93	529,754.79	(1,641.57)	506,873.36	520,889.09	(7,224.13)	0.00
GNMA	2000 BCDE RMRB	6.10	02/12/03	02/20/33	251,475.39	261,979.11	(849.33)	250,626.06	257,556.21	(3,573.57)	0.00
FNMA	2000 BCDE RMRB	6.10	10/17/01	09/01/31	459,011.30	478,658.50	(2,059.32)	456,951.98	470,060.22	(6,538.96)	0.00
GNMA	2000 BCDE RMRB	6.10	02/20/03	02/20/33	525,708.90	547,666.91	(1,656.86)	524,052.04	538,542.79	(7,467.26)	0.00
GNMA	2000 BCDE RMRB	6.10	02/27/03	02/20/33	107,710.71	112,209.62	(293.63)	107,417.08	110,387.31	(1,528.68)	0.00
GNMA	2000 BCDE RMRB	6.10	03/24/03	03/20/33	250,981.02	261,464.10	(695.32)	250,285.70	257,206.43	(3,562.35)	0.00
GNMA	2000 BCDE RMRB	6.10	04/02/03	03/20/33	156,282.74	162,811.11	(626.31)	155,656.43	159,960.54	(2,224.26)	0.00
GNMA	2000 BCDE RMRB	6.10	04/10/03	04/20/33	90,792.22	94,586.27	(294.28)	90,497.94	93,000.33	(1,291.66)	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/03	04/20/33	209,515.87	218,268.25	(666.44)	208,849.43	214,624.40	(2,977.41)	0.00
GNMA	2000 BCDE RMRB	6.10	04/24/03	04/20/33	76,541.96	79,740.76	(209.87)	76,332.09	78,442.78	(1,088.11)	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/03	04/20/33	553,249.36	576,360.60	(2,234.23)	551,015.13	566,251.44	(7,874.93)	0.00
GNMA	2000 BCDE RMRB	6.10	05/08/03	04/20/33	190,995.44	198,973.02	(650.97)	190,344.47	195,607.75	(2,714.30)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/03	04/20/33	75,180.19	78,320.35	(201.38)	74,978.81	77,052.08	(1,066.89)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/03	05/20/33	202,740.39	211,208.53	(544.53)	202,195.86	207,786.85	(2,877.15)	0.00
GNMA	2000 BCDE RMRB	6.10	05/29/03	04/20/33	152,502.16	158,871.93	(413.30)	152,088.86	156,294.32	(2,164.31)	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/03	05/20/33		195,367.58	(429.54)	194,938.04	200,328.34	5,390.30	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33		340,790.52	(614.48)	340,176.04	349,582.37	9,406.33	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33		131,108.26	(292.69)	130,815.57	134,432.80	3,617.23	0.00
GNMA	2000 BCDE RMRB	6.10	06/26/03	06/20/33		166,626.75	(336.48)	166,290.27	170,888.41	4,598.14	0.00
GNMA	2000 BCDE RMRB	6.10	07/03/03	07/20/33		123,832.99	(110.18)	123,722.81	127,143.90	3,421.09	0.00
GNMA	2000 BCDE RMRB	6.10	07/10/03	07/20/33		611,487.57	(604.38)	610,883.19	627,774.94	16,891.75	0.00
GNMA	2000 BCDE RMRB	6.10	07/17/03	07/20/33		303,524.38	(269.59)	303,254.79	311,640.19	8,385.40	0.00
GNMA	2000 BCDE RMRB	6.10	07/24/03	07/20/33		51,014.52	(45.22)	50,969.30	52,378.67	1,409.37	0.00
GNMA	2000 BCDE RMRB	6.10	07/30/03	07/20/33		451,580.75	(600.86)	450,979.89	463,450.09	12,470.20	0.00
GNMA	2000 BCDE RMRB	6.10	08/07/03	08/20/33		236,393.77		236,393.77	242,930.38	6,536.61	0.00
GNMA	2000 BCDE RMRB	6.10	08/14/03	08/20/33		244,593.64		244,593.64	251,356.98	6,763.34	0.00
FNMA	2000 BCDE RMRB	6.10	12/27/01	10/01/31	295,276.35	307,924.06	(3,379.40)	291,896.95	300,070.95	(4,473.71)	0.00
GNMA	2000 BCDE RMRB	6.10	08/21/03	08/20/33		217,373.55		217,373.55	223,384.22	6,010.67	0.00
GNMA	2000 BCDE RMRB	6.10	08/28/03	08/20/33		357,406.22		357,406.22	367,288.98	9,882.76	0.00
FNMA	2000 BCDE RMRB	6.10	06/10/02	05/01/32	185,025.02	192,950.29	(1,566.96)	183,458.06	188,595.43	(2,787.90)	0.00
FNMA	2000 BCDE RMRB	6.10	07/29/02	07/01/32	388,560.67	405,215.80	(1,277.06)	387,283.61	398,128.72	(5,810.02)	0.00
FNMA	2000 BCDE RMRB	6.10	09/12/02	07/01/32	434,984.04	453,629.01	(1,381.12)	433,602.92	445,745.10	(6,502.79)	0.00
FNMA	2000 BCDE RMRB	6.10	10/29/02	10/01/32	348,224.49	363,150.63	(1,225.49)	346,999.00	356,716.02	(5,209.12)	0.00
FNMA	2000 BCDE RMRB	6.10	04/10/03	03/01/33	275,620.33	287,432.88	(754.29)	274,866.04	282,529.97	(4,148.62)	0.00
FNMA	2000 BCDE RMRB	6.10	07/03/03	05/01/33		277,055.70	(250.27)	276,805.43	284,523.45	7,718.02	0.00
FNMA	2000 BCDE RMRB	6.10	08/14/03	08/01/33		259,021.77		259,021.77	266,243.93	7,222.16	0.00
Inv Agmt	2000 BCDE RMRB	6.73	10/26/00	04/01/04	28,376,508.35	28,376,508.35	(3,986,112.00)	24,390,396.35	24,390,396.35	-	0.00

Repo Agmt	2000 BCDE RMRB	1.05	08/29/03	09/02/03	8.58	8.58	0.00			8.58	8.58	-	0.00	
					122,469,461.14	125,994,913.10	3,970,308.70	(5,611,457.44)	(4,393,942.89)	0.00	116,434,369.51	118,769,958.05	(1,189,863.42)	0.00
Repo Agmt	2001 A-E RMRB	1.05	08/29/03	09/02/03	517,422.44	517,422.44		(484,977.90)		32,444.54	32,444.54	-	0.00	
Repo Agmt	2001 A-E RMRB	1.05	08/29/03	09/02/03	2,947.12	2,947.12	8.01			2,955.13	2,955.13	-	0.00	
Repo Agmt	2001 A-E RMRB	1.05	08/29/03	09/02/03	129,078.19	129,078.19		(51,157.07)		77,921.12	77,921.12	-	0.00	
Repo Agmt	2001 A-E RMRB	1.05	08/29/03	09/02/03	11,982.63	11,982.63		(11,914.24)		68.39	68.39	-	0.00	
Repo Agmt	2001 A-E RMRB	1.05	08/29/03	09/02/03	354.02	354.02	56.52			410.54	410.54	-	0.00	
Repo Agmt	2001 A-E RMRB	1.05	08/29/03	09/02/03	1.54	1.54		(0.69)		0.85	0.85	-	0.00	
GICs	2001 A-E RMRB	4.71	10/30/01	07/01/33	6,284,911.64	6,284,911.64		(1,702,509.89)		4,582,401.75	4,582,401.75	-	0.00	
GICs	2001 A-E RMRB	4.71	10/30/01	07/01/33	81,246.82	81,246.82	3,901.35			85,148.17	85,148.17	-	0.00	
GICs	2001 A-E RMRB	4.71	10/30/01	07/01/33	7,559.35	7,559.35	401.89			7,961.24	7,961.24	-	0.00	
Repo Agmt	2001 A-E RMRB	1.05	08/29/03	09/02/03	0.50	0.50	0.00			0.50	0.50	-	0.00	
GICs	2001 A-E RMRB	4.71	10/30/01	07/01/33	2,909,096.59	2,909,096.59	0.00			2,909,096.59	2,909,096.59	-	0.00	
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	741,013.81	814,179.97		(171,891.72)		569,122.09	622,572.59	(19,715.66)	0.00	
GNMA	2001 A-E RMRB	8.19	10/28/91	01/20/16	41,178.61	45,240.85		(449.31)		40,729.30	44,585.27	(206.27)	0.00	
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	84,328.14	89,909.28		(6,010.31)		78,317.83	83,349.75	(549.22)	0.00	
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	219,560.77	240,990.59		(3,049.27)		216,511.50	236,845.70	(1,095.62)	0.00	
GNMA	2001 A-E RMRB	7.19	01/22/90	11/20/14	447,436.34	476,589.58		(46,896.33)		400,540.01	425,903.57	(3,789.68)	0.00	
GNMA	2001 A-E RMRB	8.19	01/22/90	11/20/14	212,520.33	232,974.14		(3,390.47)		209,129.86	228,697.11	(886.56)	0.00	
GNMA	2001 A-E RMRB	7.19	01/01/90	11/20/14	224,509.83	239,168.93		(3,128.69)		221,381.14	235,399.73	(640.51)	0.00	
GNMA	2001 A-E RMRB	8.19	01/01/90	11/20/14	257,267.07	282,047.26		(5,633.68)		251,633.39	275,177.47	(1,236.11)	0.00	
GNMA	2001 A-E RMRB	7.19	01/01/90	12/20/14	326,953.04	348,255.98		(46,629.92)		280,323.12	298,074.07	(3,551.99)	0.00	
GNMA	2001 A-E RMRB	8.19	02/28/90	12/20/14	420,716.48	461,207.84		(8,803.70)		411,912.78	450,453.46	(1,950.68)	0.00	
GNMA	2001 A-E RMRB	7.19	01/20/90	01/20/15	405,026.50	431,846.07		(6,320.54)		398,705.96	424,322.70	(1,202.83)	0.00	
GNMA	2001 A-E RMRB	8.19	01/01/90	01/20/15	736,782.16	808,728.07		(13,875.82)		722,906.34	790,799.83	(4,052.42)	0.00	
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	155,142.13	165,409.96		(2,132.81)		153,009.32	162,840.15	(437.00)	0.00	
GNMA	2001 A-E RMRB	8.19	02/27/90	12/20/14	275,161.04	301,643.56		(4,597.19)		270,563.85	295,879.15	(1,167.22)	0.00	
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	177,047.44	188,771.19		(2,622.58)		174,424.86	185,631.62	(516.99)	0.00	
GNMA	2001 A-E RMRB	8.19	02/27/90	01/20/15	366,545.31	402,335.84		(51,333.19)		315,212.12	344,816.06	(6,186.59)	0.00	
GNMA	2001 A-E RMRB	7.19	03/30/90	01/20/15	216,252.91	230,565.25		(35,021.70)		181,231.21	192,875.28	(2,668.27)	0.00	
GNMA	2001 A-E RMRB	8.19	03/30/90	01/20/15	271,339.56	297,823.23		(3,467.98)		267,871.58	293,029.43	(1,325.82)	0.00	
GNMA	2001 A-E RMRB	7.19	03/30/90	02/20/15	133,866.32	142,732.43		(2,495.06)		131,371.26	139,811.86	(425.51)	0.00	
GNMA	2001 A-E RMRB	8.19	03/30/90	02/20/15	586,457.93	643,726.81		(66,071.90)		520,386.03	569,259.41	(8,395.50)	0.00	
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	665,977.16	710,053.72		(49,508.74)		616,468.42	656,076.34	(4,468.64)	0.00	
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	370,410.30	406,563.54		(6,228.20)		364,182.10	398,385.16	(1,950.18)	0.00	
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	576,712.33	614,904.69		(42,612.28)		534,100.05	568,415.87	(3,876.54)	0.00	
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	1,763,148.81	1,935,781.67		(198,938.82)		1,564,209.99	1,711,116.54	(25,726.31)	0.00	
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	292,451.11	311,806.43		(5,161.15)		287,289.96	305,748.24	(897.04)	0.00	
GNMA	2001 A-E RMRB	8.19	05/29/90	03/20/15	87,932.51	96,515.05		(1,098.25)		86,834.26	94,989.54	(427.26)	0.00	
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	412,320.83	439,626.88		(7,220.06)		405,100.77	431,128.33	(1,278.49)	0.00	
GNMA	2001 A-E RMRB	8.19	05/29/90	04/20/15	1,153,707.65	1,266,526.52		(243,346.39)		910,361.26	995,860.08	(27,320.05)	0.00	
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	103,405.49	110,249.24		(1,368.09)		102,037.40	108,593.26	(287.89)	0.00	
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	265,581.98	291,503.65		(3,412.42)		262,169.56	286,791.87	(1,299.36)	0.00	
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	249,320.24	266,021.05		(51,238.51)		198,081.73	210,808.47	(3,974.07)	0.00	
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	726,788.81	797,752.88		(121,033.06)		605,755.75	662,646.78	(14,073.04)	0.00	
GNMA	2001 A-E RMRB	6.19	06/28/90	05/20/15	210,129.39	220,043.33		(2,998.22)		207,131.17	214,655.06	(2,390.05)	0.00	
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	81,322.93	87,067.93		(1,044.65)		80,278.28	85,436.15	(587.13)	0.00	
GNMA	2001 A-E RMRB	7.19	09/13/90	06/20/15	74,094.29	78,998.14		(1,436.51)		72,657.78	77,326.06	(235.57)	0.00	
GNMA	2001 A-E RMRB	8.19	09/13/90	07/20/15	231,894.57	254,528.24		(2,791.69)		229,102.88	250,619.63	(1,116.92)	0.00	
GNMA	2001 A-E RMRB	7.19	09/13/90	07/20/15	132,310.26	141,075.41		(1,792.42)		130,517.84	138,903.56	(379.43)	0.00	
GNMA	2001 A-E RMRB	8.19	09/13/90	08/20/15	356,268.86	391,450.50		(4,195.69)		352,073.17	385,138.95	(2,115.86)	0.00	
GNMA	2001 A-E RMRB	6.19	09/13/90	07/20/15	185,720.28	194,482.66		(2,782.24)		182,938.04	189,583.16	(2,117.26)	0.00	
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	250,013.12	274,415.21		(4,890.21)		245,122.91	268,144.22	(1,380.78)	0.00	
GNMA	2001 A-E RMRB	6.19	09/28/90	08/20/15	294,942.11	308,858.66		(5,572.77)		289,369.34	299,880.51	(3,405.38)	0.00	
GNMA	2001 A-E RMRB	7.19	09/28/90	08/20/15	292,647.56	312,503.59		(3,929.04)		288,718.52	307,268.66	(1,305.89)	0.00	
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	803,978.59	882,886.50		(10,844.12)		793,134.47	867,623.57	(4,418.81)	0.00	
GNMA	2001 A-E RMRB	7.19	10/31/90	08/20/15	51,246.95	54,638.63		(1,095.61)		50,151.34	53,373.56	(169.46)	0.00	
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	316,251.83	347,119.04		(3,931.90)		312,319.93	341,652.23	(1,534.91)	0.00	
GNMA	2001 A-E RMRB	6.19	10/31/90	09/20/15	276,071.65	289,096.81		(3,922.59)		272,149.06	282,034.68	(3,139.54)	0.00	
GNMA	2001 A-E RMRB	7.19	10/31/90	09/20/15	159,584.90	170,153.74		(2,647.02)		156,937.88	167,021.11	(485.61)	0.00	
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	419,468.44	460,425.66		(59,423.30)		360,045.14	393,859.70	(7,142.66)	0.00	
GNMA	2001 A-E RMRB	7.19	10/28/91	08/20/16	123,593.20	131,871.11		(1,493.06)		122,100.14	130,032.34	(345.71)	0.00	
GNMA	2001 A-E RMRB	6.19	11/28/90	10/20/15	223,284.14	233,818.77		(3,365.58)		219,918.56	227,906.94	(2,546.25)	0.00	
GNMA	2001 A-E RMRB	8.19	11/28/90	10/20/15	751,621.25	824,912.82		(8,939.96)		742,681.29	812,432.06	(3,540.80)	0.00	
GNMA	2001 A-E RMRB	7.19	12/21/90	10/20/15	123,516.12	131,701.46		(32,908.45)		90,607.67	96,429.21	(2,363.80)	0.00	

GNMA	2001 A-E RMRB	8.19	12/21/90	11/20/15	180,817.45	198,473.89	(2,136.00)	178,681.45	195,462.78	(875.11)	0.00
GNMA	2001 A-E RMRB	8.19	02/25/91	10/20/15	94,913.55	104,177.50	(45,793.95)	49,119.60	53,732.85	(4,650.70)	0.00
GNMA	2001 A-E RMRB	6.19	01/25/91	11/20/15	258,084.21	270,260.66	(3,585.66)	254,498.55	263,743.03	(2,931.97)	0.00
GNMA	2001 A-E RMRB	8.19	01/28/91	11/20/15	171,529.12	188,290.11	(43,799.35)	127,729.77	139,725.87	(4,764.89)	0.00
GNMA	2001 A-E RMRB	8.19	02/25/90	01/20/16	353,552.60	388,409.88	(49,899.47)	303,653.13	332,400.80	(6,109.61)	0.00
GNMA	2001 A-E RMRB	8.19	03/28/91	02/20/16	257,868.43	283,290.52	(3,849.55)	254,018.88	278,067.55	(1,373.42)	0.00
GNMA	2001 A-E RMRB	8.75	04/29/91	02/20/20	240,792.72	268,497.31	(1,596.61)	239,196.11	265,009.12	(1,891.58)	0.00
GNMA	2001 A-E RMRB	8.19	04/29/91	04/20/16	1,038,927.13	1,141,349.45	(315,853.79)	723,073.34	791,528.69	(33,966.97)	0.00
GNMA	2001 A-E RMRB	7.19	04/29/91	02/20/16	720,811.32	769,092.61	(83,267.28)	637,544.04	678,961.94	(6,863.39)	0.00
GNMA	2001 A-E RMRB	6.19	04/29/91	04/20/16	513,826.01	538,979.21	(8,717.38)	505,108.63	524,102.36	(6,159.47)	0.00
GNMA	2001 A-E RMRB	8.19	04/26/91	04/20/16	83,988.77	92,265.86	(994.50)	82,994.27	90,851.59	(419.77)	0.00
GNMA	2001 A-E RMRB	7.19	04/26/91	04/20/16	307,747.22	328,350.47	(33,842.86)	273,904.36	291,698.50	(2,809.11)	0.00
GNMA	2001 A-E RMRB	6.19	10/23/92	09/20/17	625,541.02	657,322.03	(66,650.25)	558,890.77	580,638.56	(10,033.22)	0.00
GNMA	2001 A-E RMRB	8.19	11/23/92	01/20/17	68,872.26	75,722.74	(703.20)	68,169.06	74,481.38	(538.16)	0.00
GNMA	2001 A-E RMRB	7.19	10/30/92	08/20/17	874,054.18	933,043.70	(12,753.06)	861,301.12	919,432.45	(858.19)	0.00
GNMA	2001 A-E RMRB	6.00	10/30/92	09/20/17	625,776.90	659,803.79	(7,360.76)	618,416.14	636,053.18	(16,389.85)	0.00
GNMA	2001 A-E RMRB	5.45	02/25/02	01/20/32	601,463.61	634,686.90	(1,383.10)	600,080.51	604,104.27	(29,199.53)	0.00
GNMA	2001 A-E RMRB	4.95	02/25/02	02/20/32	1,363,190.58	1,417,383.22	(5,986.52)	1,357,204.06	1,324,940.91	(86,455.79)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	667,576.36	703,215.86	(102,762.50)	564,813.86	568,601.15	(31,852.21)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	05/20/32	1,505,152.76	1,564,926.89	(97,708.49)	1,407,444.27	1,373,986.83	(93,231.57)	0.00
GNMA	2001 A-E RMRB	4.95	05/24/02	05/20/32	969,778.61	1,008,296.22	(3,646.43)	966,132.18	943,165.51	(61,484.28)	0.00
GNMA	2001 A-E RMRB	5.45	05/24/02	05/20/32	480,906.90	506,583.85	(1,707.41)	479,199.49	482,412.71	(22,463.73)	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	1,980,852.45	2,088,223.18	(150,747.65)	1,830,104.80	1,842,376.34	(95,099.19)	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	211,897.72	223,214.10	(692.27)	211,205.45	212,621.65	(9,900.18)	0.00
GNMA	2001 A-E RMRB	4.95	03/21/02	02/20/32	1,322,006.87	1,374,532.89	(4,744.42)	1,317,262.45	1,285,948.78	(83,839.69)	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	04/20/32	2,681,964.04	2,825,254.25	(92,887.30)	2,589,076.74	2,606,437.48	(125,929.47)	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	03/20/32	235,560.19	248,138.31	(782.31)	234,777.88	236,352.15	(11,003.85)	0.00
GNMA	2001 A-E RMRB	4.95	04/17/02	04/20/32	2,141,379.93	2,226,437.72	(8,855.62)	2,132,524.31	2,081,830.43	(135,751.67)	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	151,934.91	160,052.49	(495.86)	151,439.05	152,454.51	(7,102.12)	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	2,591,013.43	2,693,953.72	(10,788.41)	2,580,225.02	2,518,888.50	(164,276.81)	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	924,837.55	974,253.74	(3,289.61)	921,547.94	927,727.27	(43,236.86)	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	86,884.11	90,334.69	(1,140.60)	85,743.51	83,705.23	(5,488.86)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	423,523.04	446,137.01	(1,625.82)	421,897.22	424,726.20	(19,784.99)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	04/20/32	341,634.47	355,200.23	(1,215.54)	340,418.93	332,326.57	(21,658.12)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	04/20/32	134,182.98	141,351.31	(439.15)	133,743.83	134,640.63	(6,271.53)	0.00
GNMA	2001 A-E RMRB	5.45	08/29/02	08/20/32	609,823.13	642,360.71	(1,960.96)	607,862.17	611,938.12	(28,461.63)	0.00
GNMA	2001 A-E RMRB	4.95	08/29/02	08/20/32	655,460.31	681,463.06	(2,339.90)	653,120.41	637,594.59	(41,528.57)	0.00
GNMA	2001 A-E RMRB	5.45	06/03/02	05/20/32	401,482.79	422,914.39	(1,344.53)	400,138.26	402,821.34	(18,748.52)	0.00
GNMA	2001 A-E RMRB	4.95	06/03/02	05/20/32	1,433,823.19	1,490,753.02	(6,148.55)	1,427,674.64	1,393,736.28	(90,868.19)	0.00
GNMA	2001 A-E RMRB	5.45	06/10/02	05/20/32	132,120.79	139,172.36	(435.30)	131,685.49	132,568.49	(6,168.57)	0.00
GNMA	2001 A-E RMRB	4.95	06/10/02	05/20/32	686,399.40	713,653.19	(4,170.55)	682,228.85	666,011.06	(43,471.58)	0.00
GNMA	2001 A-E RMRB	5.45	06/19/02	06/20/32	207,861.67	218,955.67	(682.78)	207,178.89	208,568.11	(9,704.78)	0.00
GNMA	2001 A-E RMRB	4.95	06/19/02	06/20/32	512,584.68	532,929.83	(1,808.02)	510,776.66	498,634.59	(32,487.22)	0.00
GNMA	2001 A-E RMRB	5.45	06/25/02	05/20/32	434,743.42	453,870.50	(6,165.00)	428,578.42	431,452.21	(16,253.29)	0.00
GNMA	2001 A-E RMRB	4.95	06/25/02	06/20/32	378,382.03	393,402.75	(1,503.54)	376,878.49	367,919.41	(23,979.80)	0.00
GNMA	2001 A-E RMRB	5.45	07/05/02	06/20/32	726,929.69	765,721.58	(2,480.22)	724,449.47	729,307.17	(33,934.19)	0.00
GNMA	2001 A-E RMRB	4.95	07/05/02	06/20/32	1,090,572.67	1,133,856.46	(4,987.59)	1,085,585.08	1,059,778.80	(69,090.07)	0.00
GNMA	2001 A-E RMRB	5.45	07/15/02	06/20/32	317,127.76	334,050.10	(1,019.96)	316,107.80	318,227.42	(14,802.72)	0.00
GNMA	2001 A-E RMRB	4.95	07/15/02	06/20/32	396,745.44	412,490.83	(1,585.65)	395,159.79	385,766.14	(25,139.04)	0.00
GNMA	2001 A-E RMRB	5.45	07/22/02	06/20/32	264,623.35	278,744.72	(1,014.65)	263,608.70	265,376.29	(12,353.78)	0.00
GNMA	2001 A-E RMRB	4.95	07/22/02	07/20/32	1,050,625.91	1,092,322.44	(4,725.46)	1,045,900.45	1,021,037.54	(66,559.44)	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	169,939.16	179,017.72	(634.79)	169,304.37	170,436.62	(7,946.31)	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	121,737.01	128,240.50	(454.73)	121,282.28	122,095.52	(5,690.25)	0.00
GNMA	2001 A-E RMRB	4.95	07/29/02	07/20/32	665,327.83	691,728.21	(2,942.22)	662,385.61	646,639.53	(42,146.46)	0.00
GNMA	2001 A-E RMRB	5.45	08/01/02	07/20/32	66,996.36	70,571.38	(214.18)	66,782.18	67,229.98	(3,127.22)	0.00
GNMA	2001 A-E RMRB	4.95	08/01/02	06/20/32	59,339.19	61,693.19	(221.87)	59,117.32	57,711.27	(3,760.05)	0.00
GNMA	2001 A-E RMRB	5.45	08/12/02	07/20/32	710,757.28	748,676.65	(2,652.10)	708,105.18	712,853.29	(33,171.26)	0.00
GNMA	2001 A-E RMRB	4.95	08/12/02	07/20/32	256,972.10	267,167.79	(1,227.55)	255,744.55	249,665.05	(16,275.19)	0.00
GNMA	2001 A-E RMRB	5.45	08/23/02	08/20/32	1,747,235.71	1,840,457.00	(122,388.19)	1,624,847.52	1,635,742.73	(82,326.08)	0.00
GNMA	2001 A-E RMRB	4.95	08/23/02	08/20/32	1,783,171.33	1,853,906.46	(7,132.51)	1,776,038.82	1,733,819.23	(112,954.72)	0.00
GNMA	2001 A-E RMRB	5.45	11/12/02	10/20/32	771,837.30	813,015.46	(3,822.85)	768,014.45	773,164.28	(32,358.33)	0.00
GNMA	2001 A-E RMRB	5.45	09/12/02	08/20/32	715,546.81	753,714.12	(2,343.74)	713,203.07	717,985.37	(33,385.01)	0.00
GNMA	2001 A-E RMRB	4.95	09/12/02	08/20/32	729,057.51	757,969.50	(2,595.41)	726,462.10	709,192.81	(46,181.28)	0.00
GNMA	2001 A-E RMRB	5.45	09/19/02	09/20/32	337,656.34	355,666.95	(1,111.97)	336,544.37	338,801.03	(15,753.95)	0.00
GNMA	2001 A-E RMRB	4.95	09/19/02	09/20/32	707,429.26	735,483.52	(3,100.19)	704,329.07	687,585.92	(44,797.41)	0.00
GNMA	2001 A-E RMRB	5.45	09/26/02	09/20/32	903,593.10	951,790.83	(2,912.52)	900,680.58	906,719.97	(42,158.34)	0.00

GNMA	2001 A-E RMRB	4.95	09/26/02	09/20/32	561,891.72	584,174.45		(2,683.25)	559,208.47	545,915.10	(35,576.10)	0.00
GNMA	2001 A-E RMRB	5.45	10/10/02	09/20/32	1,208,820.77	1,273,299.34		(4,042.56)	1,204,778.21	1,212,856.70	(56,400.08)	0.00
GNMA	2001 A-E RMRB	4.95	10/10/02	09/20/32	472,737.36	491,484.54		(1,966.21)	470,771.15	459,580.08	(29,938.25)	0.00
GNMA	2001 A-E RMRB	5.45	10/21/02	10/20/32	445,405.36	469,163.32		(1,421.53)	443,983.83	446,960.92	(20,780.87)	0.00
GNMA	2001 A-E RMRB	4.95	10/21/02	10/20/32	451,433.73	469,336.08		(1,578.11)	449,855.62	439,161.76	(28,596.21)	0.00
GNMA	2001 A-E RMRB	5.45	10/29/02	11/20/32	292,436.91	202,701.50		(617.78)	191,819.13	193,105.35	(8,978.37)	0.00
GNMA	2001 A-E RMRB	4.95	10/29/02	11/20/32	332,899.72	346,101.41		(1,659.34)	331,240.38	323,366.21	(21,075.86)	0.00
GNMA	2001 A-E RMRB	5.45	11/05/02	10/20/32	451,050.64	475,117.35		(2,307.86)	448,742.78	451,751.77	(21,057.72)	0.00
GNMA	2001 A-E RMRB	4.95	11/05/02	10/20/32	273,268.03	284,108.08		(949.56)	272,318.47	265,844.98	(17,313.54)	0.00
GNMA	2001 A-E RMRB	5.45	11/19/02	11/20/32	230,467.21	242,762.78		(729.65)	229,737.56	231,278.04	(10,755.09)	0.00
GNMA	2001 A-E RMRB	4.95	11/19/02	11/20/32	77,844.82	80,932.77		(270.46)	77,574.36	75,730.28	(4,932.03)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	665,791.11	701,318.35		(104,690.44)	561,100.67	564,863.06	(31,764.85)	0.00
GNMA	2001 A-E RMRB	4.95	11/26/02	11/20/32	84,144.09	87,481.92		(314.49)	83,829.60	81,836.83	(5,330.60)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	356,640.91	375,668.45		(1,202.28)	355,438.63	357,821.98	(16,644.19)	0.00
GNMA	2001 A-E RMRB	4.95	12/12/02	11/20/32	209,090.03	209,090.03		(714.49)	200,400.02	195,636.15	(12,739.39)	0.00
GNMA	2001 A-E RMRB	5.45	12/12/02	11/20/32	546,577.17	575,731.64		(1,818.05)	544,759.12	548,411.94	(25,501.65)	0.00
GNMA	2001 A-E RMRB	5.45	12/19/02	12/20/32	523,824.93	551,765.79		(6,863.98)	516,960.95	520,427.37	(24,474.44)	0.00
GNMA	2001 A-E RMRB	4.95	12/19/02	11/20/32	69,280.57	72,028.00		(238.66)	69,041.91	67,400.65	(4,388.69)	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	463,008.72	487,705.63		(1,659.17)	461,349.55	464,443.08	(21,603.38)	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	108,369.61	114,150.06		(340.99)	108,028.62	108,752.99	(5,056.08)	0.00
GNMA	2001 A-E RMRB	4.95	12/30/02	12/20/32	136,230.20	141,632.63		(574.02)	135,656.18	132,431.39	(8,627.22)	0.00
GNMA	2001 A-E RMRB	5.45	01/09/03	12/20/32	118,642.80	124,971.22		(1,089.91)	117,552.89	118,341.12	(5,540.19)	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	480,509.53	506,149.65		(1,951.71)	478,557.82	481,699.07	(22,498.87)	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	402,483.80	418,436.84		(1,543.02)	400,940.78	391,308.49	(25,585.33)	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	196,186.40	206,654.95		(622.92)	195,563.48	196,847.16	(9,184.87)	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	61,382.58	63,815.57		(328.95)	61,053.63	59,586.86	(3,899.76)	0.00
GNMA	2001 A-E RMRB	5.45	01/30/03	12/20/32	304,587.14	320,833.84		(1,360.08)	303,227.06	305,260.31	(14,213.45)	0.00
GNMA	2001 A-E RMRB	4.95	01/30/03	01/20/33	81,051.14	84,263.72		(276.04)	80,775.10	78,834.54	(5,153.14)	0.00
GNMA	2001 A-E RMRB	5.45	02/12/03	01/20/33	331,480.65	349,168.56		(1,343.94)	330,136.71	332,303.73	(15,520.89)	0.00
GNMA	2001 A-E RMRB	4.95	02/12/03	02/20/33	253,702.08	263,757.93		(1,016.42)	252,685.66	246,615.09	(16,126.42)	0.00
GNMA	2001 A-E RMRB	5.45	02/20/03	02/20/33	190,971.16	201,161.43		(694.38)	190,276.78	191,525.75	(8,941.30)	0.00
GNMA	2001 A-E RMRB	5.45	02/27/03	02/20/33	97,286.41	102,477.63		(300.12)	96,986.29	97,622.91	(4,554.60)	0.00
GNMA	2001 A-E RMRB	4.95	02/27/03	02/20/33	149,792.96	155,730.21		(672.15)	149,120.81	145,538.29	(9,519.77)	0.00
GNMA	2001 A-E RMRB	5.45	03/12/03	10/20/32	50,431.55	53,122.13		(158.80)	50,272.75	50,609.84	(2,353.49)	0.00
GNMA	2001 A-E RMRB	4.95	03/12/03	02/20/33	205,227.07	213,363.96		(858.11)	204,368.96	199,459.16	(13,046.69)	0.00
GNMA	2001 A-E RMRB	5.45	03/20/03	02/20/33	340,186.61	358,297.87		(1,422.04)	338,764.57	340,988.21	(15,887.62)	0.00
GNMA	2001 A-E RMRB	4.95	03/20/03	02/20/33	220,351.40	229,088.60		(1,004.52)	219,346.88	214,077.24	(14,006.84)	0.00
GNMA	2001 A-E RMRB	5.45	04/02/03	03/20/33	242,522.75	255,465.46		(852.31)	241,670.44	243,256.77	(11,356.38)	0.00
GNMA	2001 A-E RMRB	5.45	04/10/03	03/20/33	132,602.89	139,679.33		(572.93)	132,029.96	132,896.61	(6,209.79)	0.00
GNMA	2001 A-E RMRB	5.45	04/17/03	03/20/33	60,125.10	63,333.71		(184.06)	59,941.04	60,334.49	(2,815.16)	0.00
GNMA	2001 A-E RMRB	5.45	04/29/03	04/20/33	235,549.33	248,119.56		(989.63)	234,559.70	236,099.36	(11,030.57)	0.00
GNMA	2001 A-E RMRB	5.45	05/08/03	04/20/33	219,886.00	231,619.18		(839.56)	219,046.44	220,484.26	(10,295.36)	0.00
GNMA	2001 A-E RMRB	4.95	05/08/03	04/20/33	154,810.73	160,946.88		(770.37)	154,040.36	150,339.66	(9,836.85)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/03	04/20/33	157,023.94	163,247.82		(573.82)	156,450.12	152,691.52	(9,982.48)	0.00
GNMA	2001 A-E RMRB	5.45	05/22/03	04/20/33	162,860.48	171,550.75		(598.91)	162,261.57	163,326.66	(7,625.18)	0.00
GNMA	2001 A-E RMRB	5.45	05/29/03	05/20/33	301,927.23	318,038.14		(1,041.69)	300,885.54	302,860.55	(14,135.90)	0.00
GNMA	2001 A-E RMRB	5.45	06/10/03	05/20/33		279,485.19		(1,146.99)	278,338.20	280,165.20	(1,827.00)	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33		180,151.23		(368.52)	179,782.71	180,962.80	(1,180.09)	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33		240,402.99		(487.03)	239,915.96	241,490.77	(1,574.81)	0.00
GNMA	2001 A-E RMRB	5.45	06/26/03	06/20/33		114,190.68		(230.10)	113,960.58	114,708.61	(748.03)	0.00
GNMA	2001 A-E RMRB	5.45	07/10/03	06/20/33		52,390.17		(52.21)	52,337.96	52,681.51	(343.55)	0.00
GNMA	2001 A-E RMRB	5.45	07/17/03	07/20/33		129,733.64		(130.39)	129,603.25	130,453.97	(850.72)	0.00
GNMA	2001 A-E RMRB	5.45	07/24/03	07/20/33		52,433.74		(52.70)	52,381.04	52,724.87	(343.83)	0.00
GNMA	2001 A-E RMRB	5.45	07/30/03	07/20/33		55,127.22		(55.40)	55,071.82	55,433.30	(361.48)	0.00
GNMA	2001 A-E RMRB	5.45	08/07/03	07/20/33		108,461.09			108,461.09	109,173.03	(711.94)	0.00
GNMA	2001 A-E RMRB	5.45	08/28/03	08/20/33		60,702.33			60,702.33	61,100.78	(398.45)	0.00
FNMA	2001 A-E RMRB	5.45	04/17/02	03/01/32	309,244.97	320,696.75		(2,923.23)	306,321.74	305,927.77	(11,845.75)	0.00
FNMA	2001 A-E RMRB	4.95	05/15/02	04/01/32	239,506.38	247,079.38		(14,900.09)	224,606.29	217,930.73	(14,248.56)	0.00
FNMA	2001 A-E RMRB	4.95	06/10/02	06/01/32	243,456.11	251,156.16		(2,398.03)	241,058.08	233,893.55	(14,864.58)	0.00
FNMA	2001 A-E RMRB	4.95	07/22/02	06/01/32	263,667.49	272,002.43		(1,344.83)	262,322.66	254,526.12	(16,131.48)	0.00
FNMA	2001 A-E RMRB	5.45	09/19/02	08/01/32	253,252.72	264,057.14		(826.92)	252,425.80	252,101.16	(11,129.06)	0.00
FNMA	2001 A-E RMRB	4.95	09/26/02	09/01/32	297,000.23	306,382.48		(1,373.35)	295,626.88	286,840.50	(18,168.63)	0.00
FNMA	2001 A-E RMRB	5.45	01/23/03	11/01/32	326,398.80	340,323.83		(1,052.24)	325,346.56	324,928.13	(14,343.46)	0.00
FNMA	2001 A-E RMRB	4.95	07/24/03	09/01/32		245,642.63		(290.24)	245,352.39	238,060.22	(7,292.17)	0.00
Repo Agmt	2001 A-E RMRB	1.05	08/29/03	09/02/03	4,965,329.07	4,965,329.07		(1,521,245.24)	3,444,083.83	3,444,083.83	-	0.00
Repo Agmt	2001 A-E RMRB	1.05	08/29/03	09/02/03	126,134.28	126,134.28	344.74		126,479.02	126,479.02	-	0.00

Repo Agmt	2001 A-E RMRB	1.05	08/29/03	09/02/03	3,311,435.11	3,311,435.11		(572,842.20)		2,738,592.91	2,738,592.91	-	0.00	
Repo Agmt	2001 A-E RMRB	1.05	08/29/03	09/02/03	76,353.05	76,353.05	97,340.63			173,693.68	173,693.68	-	0.00	
Repo Agmt	2001 A-E RMRB	1.05	08/29/03	09/02/03			585.25			585.25	585.25	-	0.00	
GNMA	2001 A-E RMRB	5.49	03/12/03	03/20/33	5,132.92	5,410.29		(15.62)		5,117.30	5,162.52	(232.15)	0.00	
GNMA	2001 A-E RMRB	5.49	03/20/03	02/20/33	12,452.06	13,124.94		(38.12)		12,413.94	12,523.63	(563.19)	0.00	
GNMA	2001 A-E RMRB	5.49	04/02/03	03/20/33	67,071.66	70,696.00		(206.24)		66,865.42	67,456.26	(3,033.50)	0.00	
GNMA	2001 A-E RMRB	4.80	04/02/03	03/20/33	12,014.26	12,460.37		(41.58)		11,972.68	11,574.53	(844.26)	0.00	
GNMA	2001 A-E RMRB	5.49	04/10/03	03/20/33	18,130.52	19,110.23		(77.13)		18,053.39	18,212.91	(820.19)	0.00	
GNMA	2001 A-E RMRB	4.80	04/10/03	04/20/33	73,944.95	76,690.67		(266.49)		73,678.46	71,228.33	(5,195.85)	0.00	
GNMA	2001 A-E RMRB	5.49	04/17/03	04/20/33	86,002.38	90,649.68		(285.87)		85,716.51	86,473.92	(3,889.89)	0.00	
GNMA	2001 A-E RMRB	4.80	04/17/03	03/20/33	10,112.97	10,488.49		(35.02)		10,077.95	9,742.83	(710.64)	0.00	
GNMA	2001 A-E RMRB	5.49	04/24/03	04/20/33	19,778.43	20,847.20		(59.82)		19,718.61	19,892.84	(894.54)	0.00	
GNMA	2001 A-E RMRB	4.80	04/24/03	04/20/33	24,876.17	25,799.87		(85.68)		24,790.49	23,966.10	(1,748.09)	0.00	
GNMA	2001 A-E RMRB	5.49	04/29/03	04/20/33	13,718.61	14,459.92		(41.61)		13,677.00	13,797.84	(620.47)	0.00	
GNMA	2001 A-E RMRB	4.80	04/29/03	03/20/33	10,347.11	10,731.31		(35.82)		10,311.29	9,968.38	(727.11)	0.00	
GNMA	2001 A-E RMRB	5.49	05/08/03	05/20/33	42,123.81	44,400.05		(127.95)		41,995.86	42,366.93	(1,905.17)	0.00	
GNMA	2001 A-E RMRB	4.80	05/08/03	05/20/33	13,853.31	14,367.71		(47.43)		13,805.88	13,346.76	(973.52)	0.00	
GNMA	2001 A-E RMRB	5.49	05/15/03	05/20/33	15,939.96	16,801.30		(64.32)		15,875.64	16,015.92	(721.06)	0.00	
GNMA	2001 A-E RMRB	4.80	05/15/03	04/20/33	41,177.31	42,706.31		(214.29)		40,963.02	39,600.82	(2,891.20)	0.00	
GNMA	2001 A-E RMRB	5.49	05/22/03	05/20/33	50,934.18	53,686.51		(164.37)		50,769.81	51,218.42	(2,303.72)	0.00	
GNMA	2001 A-E RMRB	4.80	05/22/03	04/20/33	27,781.00	28,812.56		(95.90)		27,685.10	26,764.46	(1,952.20)	0.00	
GNMA	2001 A-E RMRB	5.49	05/29/03	05/20/33	33,736.98	35,560.02		(127.57)		33,609.41	33,906.38	(1,526.07)	0.00	
GNMA	2001 A-E RMRB	4.80	05/29/03	05/20/33	21,201.79	21,989.05		(97.51)		21,104.28	20,402.47	(1,489.07)	0.00	
GNMA	2001 A-E RMRB	5.49	06/10/03	05/20/33				(45.65)		21,765.77	21,958.10	192.33	0.00	
GNMA	2001 A-E RMRB	4.80	06/10/03	05/20/33				(98.85)		37,815.72	36,558.19	(1,257.53)	0.00	
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33				(28.52)		12,060.45	12,167.02	106.57	0.00	
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33				(25.32)		11,089.09	10,720.34	(368.75)	0.00	
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33				(75.60)		26,219.53	26,451.20	231.67	0.00	
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33				(51.76)		22,558.07	21,807.92	(750.15)	0.00	
GNMA	2001 A-E RMRB	5.49	06/26/03	06/20/33				(10.71)		5,342.98	5,390.19	47.21	0.00	
GNMA	2001 A-E RMRB	4.80	06/26/03	06/20/33				(26.68)		11,465.73	11,084.44	(381.29)	0.00	
GNMA	2001 A-E RMRB	5.49	07/03/03	06/20/33				(27.47)		27,331.28	27,572.78	241.50	0.00	
GNMA	2001 A-E RMRB	5.49	07/10/03	06/20/33				(87.45)		34,032.06	34,332.77	300.71	0.00	
GNMA	2001 A-E RMRB	4.80	07/10/03	06/20/33				(17.25)		15,119.34	14,616.55	(502.79)	0.00	
GNMA	2001 A-E RMRB	4.80	07/17/03	06/20/33				(110.12)		82,323.83	79,586.21	(2,737.62)	0.00	
GNMA	2001 A-E RMRB	5.49	07/24/03	07/20/33				(82.55)		53,807.50	54,282.95	475.45	0.00	
GNMA	2001 A-E RMRB	4.80	07/24/03	07/20/33				(47.60)		41,811.98	40,421.55	(1,390.43)	0.00	
GNMA	2001 A-E RMRB	5.49	07/30/03	07/20/33				(12.54)		12,556.75	12,667.71	110.96	0.00	
GNMA	2001 A-E RMRB	5.49	08/07/03	07/20/33						29,233.62	29,491.93	258.31	0.00	
GNMA	2001 A-E RMRB	4.80	08/07/03	06/20/33						11,499.31	11,116.91	(382.40)	0.00	
GNMA	2001 A-E RMRB	5.49	08/14/03	08/20/33						17,065.85	17,216.65	150.80	0.00	
GNMA	2001 A-E RMRB	4.80	08/14/03	07/20/33						33,496.71	32,382.80	(1,113.91)	0.00	
GNMA	2001 A-E RMRB	5.49	08/21/03	08/20/33						12,937.36	13,051.68	114.32	0.00	
GNMA	2001 A-E RMRB	5.49	08/28/03	08/20/33						23,252.06	23,457.52	205.46	0.00	
GNMA	2001 A-E RMRB	4.80	08/28/03	08/20/33						13,727.35	13,270.86	(456.49)	0.00	
FNMA	2001 A-E RMRB	5.49	05/29/03	04/01/33	<u>30,216.00</u>	<u>31,525.43</u>		<u>(91.40)</u>		<u>30,124.60</u>	<u>30,147.90</u>	<u>(1,286.13)</u>	<u>0.00</u>	
					96,595,314.55	101,101,685.05	2,178,619.71	(4,344,647.23)	(2,931,132.68)	0.00	91,498,154.35	92,782,531.21	(3,221,993.64)	0.00
Repo Agmt	2002 A/B RMRB	1.05	08/29/03	09/02/03	25,013.14	25,013.14	82,500.63			107,513.77	107,513.77	-	0.00	
Repo Agmt	2002 A/B RMRB	1.05	08/29/03	09/02/03			4,235.04			4,235.04	4,235.04	-	0.00	
GICs	2002 A/B RMRB	1.63	12/18/02	08/01/04	659,837.08	659,837.08		(91,671.76)		568,165.32	568,165.32	-	0.00	
Repo Agmt	2002 A/B RMRB	1.05	08/29/03	09/02/03	42,835.28	42,835.28		(37,180.99)		5,654.29	5,654.29	-	0.00	
Repo Agmt	2002 A/B RMRB	1.05	08/29/03	09/02/03			507,093.21			507,093.21	507,093.21	-	0.00	
GICs	2002 A/B RMRB	4.20	12/18/02	04/01/34	103,664.70	103,664.70	322,835.63			426,500.33	426,500.33	-	0.00	
Repo Agmt	2002 A/B RMRB	1.05	08/29/03	09/02/03			57.32			57.32	57.32	-	0.00	
GICs	2002 A/B RMRB	1.63	12/18/02	08/01/04	74,655,000.00	74,655,000.00		(74,155,337.01)		499,662.99	499,662.99	-	0.00	
GICs	2002 A/B RMRB				2,150,000.00	2,150,000.00		(2,150,000.00)				-	0.00	
GNMA	2002 A/B RMRB	5.49	03/12/03	03/20/33	41,958.12	44,225.42		(127.69)		41,830.43	42,200.06	(1,897.67)	0.00	
GNMA	2002 A/B RMRB	5.49	03/20/03	02/20/33	101,787.16	107,287.42		(311.64)		101,475.52	102,372.18	(4,603.60)	0.00	
GNMA	2002 A/B RMRB	5.49	04/02/03	03/20/33	548,264.64	577,891.14		(1,685.87)		546,578.77	551,408.42	(24,796.85)	0.00	
GNMA	2002 A/B RMRB	4.80	04/02/03	03/20/33	98,208.37	101,855.05		(340.05)		97,868.32	94,613.78	(6,901.22)	0.00	
GNMA	2002 A/B RMRB	5.49	04/10/03	03/20/33	148,204.57	156,213.08		(630.41)		147,574.16	148,878.14	(6,704.53)	0.00	
GNMA	2002 A/B RMRB	4.80	04/10/03	04/20/33	604,449.11	626,893.54		(2,178.42)		602,270.69	582,242.65	(42,472.47)	0.00	
GNMA	2002 A/B RMRB	5.49	04/17/03	04/20/33	703,010.23	740,998.70		(2,336.79)		700,673.44	706,864.70	(31,797.21)	0.00	
GNMA	2002 A/B RMRB	4.80	04/17/03	03/20/33	82,666.62	85,736.19		(286.21)		82,380.41	79,640.91	(5,809.07)	0.00	
GNMA	2002 A/B RMRB	5.49	04/24/03	04/20/33	161,675.03	170,411.44		(489.14)		161,185.89	162,610.15	(7,312.15)	0.00	

GNMA	2002 A/B RMRB	4.80	04/24/03	04/20/33	203,345.55	210,896.18		(700.35)	202,645.20	195,906.39	(14,289.44)	0.00		
GNMA	2002 A/B RMRB	5.49	04/29/03	04/20/33	112,140.14	118,199.85		(340.26)	111,799.88	112,787.77	(5,071.82)	0.00		
GNMA	2002 A/B RMRB	4.80	04/29/03	03/20/33	84,580.39	87,721.03		(292.83)	84,287.56	81,484.64	(5,943.56)	0.00		
GNMA	2002 A/B RMRB	5.49	05/08/03	05/20/33	344,333.14	362,939.82		(1,046.03)	343,287.11	346,320.45	(15,573.34)	0.00		
GNMA	2002 A/B RMRB	4.80	05/08/03	05/20/33	113,241.32	117,446.20		(387.75)	112,853.57	109,100.71	(7,957.74)	0.00		
GNMA	2002 A/B RMRB	5.49	05/15/03	05/20/33	130,298.18	137,339.09		(525.69)	129,772.49	130,919.18	(5,894.22)	0.00		
GNMA	2002 A/B RMRB	4.80	05/15/03	04/20/33	336,596.13	349,094.64		(1,751.69)	334,844.44	323,709.45	(23,633.50)	0.00		
GNMA	2002 A/B RMRB	5.49	05/22/03	05/20/33	416,351.92	438,850.27		(1,343.65)	415,008.27	418,675.35	(18,831.27)	0.00		
GNMA	2002 A/B RMRB	4.80	05/22/03	04/20/33	227,090.54	235,522.87		(783.91)	226,306.63	218,780.97	(15,957.99)	0.00		
GNMA	2002 A/B RMRB	5.49	05/29/03	05/20/33	275,776.55	290,678.65		(1,042.81)	274,733.74	277,161.34	(12,474.50)	0.00		
GNMA	2002 A/B RMRB	4.80	05/29/03	05/20/33	173,310.05	179,745.40		(797.07)	172,512.98	166,776.20	(12,172.13)	0.00		
GNMA	2002 A/B RMRB	5.49	06/10/03	05/20/33				(373.19)	177,920.16	179,492.28	1,572.12	0.00		
GNMA	2002 A/B RMRB	4.80	06/10/03	05/20/33				(808.02)	309,117.58	298,838.11	(10,279.47)	0.00		
GNMA	2002 A/B RMRB	5.49	06/19/03	06/20/33				(233.09)	98,585.94	99,457.06	871.12	0.00		
GNMA	2002 A/B RMRB	4.80	06/19/03	06/20/33				(206.94)	90,645.68	87,631.33	(3,014.35)	0.00		
GNMA	2002 A/B RMRB	5.49	06/19/03	06/20/33				(617.99)	214,326.63	216,220.45	1,893.82	0.00		
GNMA	2002 A/B RMRB	4.80	06/19/03	06/20/33				(423.14)	184,396.68	178,264.70	(6,131.98)	0.00		
GNMA	2002 A/B RMRB	5.49	06/26/03	06/20/33				(87.52)	43,675.19	44,061.11	385.92	0.00		
GNMA	2002 A/B RMRB	4.80	06/26/03	06/20/33				(218.05)	93,724.43	90,607.70	(3,116.73)	0.00		
GNMA	2002 A/B RMRB	5.49	07/03/03	06/20/33				(224.56)	223,414.37	225,388.50	1,974.13	0.00		
GNMA	2002 A/B RMRB	5.49	07/10/03	06/20/33				(714.83)	278,188.64	280,646.75	2,458.11	0.00		
GNMA	2002 A/B RMRB	4.80	07/10/03	06/20/33				(140.98)	123,590.14	119,480.25	(4,109.89)	0.00		
GNMA	2002 A/B RMRB	4.80	07/17/03	06/20/33				(900.13)	672,940.64	650,562.53	(22,378.11)	0.00		
GNMA	2002 A/B RMRB	5.49	07/24/03	07/20/33				(674.75)	439,839.30	443,725.79	3,886.49	0.00		
GNMA	2002 A/B RMRB	4.80	07/24/03	07/20/33				(389.14)	341,784.09	330,418.33	(11,365.76)	0.00		
GNMA	2002 A/B RMRB	5.49	07/30/03	07/20/33				(102.48)	102,642.84	103,549.81	906.97	0.00		
GNMA	2002 A/B RMRB	5.49	08/07/03	07/20/33					238,964.70	241,076.23	2,111.53	0.00		
GNMA	2002 A/B RMRB	4.80	08/07/03	06/20/33					93,998.95	90,873.09	(3,125.86)	0.00		
GNMA	2002 A/B RMRB	5.49	08/14/03	08/20/33					139,501.59	140,734.24	1,232.65	0.00		
GNMA	2002 A/B RMRB	4.80	08/14/03	07/20/33					273,812.52	264,707.10	(9,105.42)	0.00		
GNMA	2002 A/B RMRB	5.49	08/21/03	08/20/33					105,754.01	106,688.46	934.45	0.00		
GNMA	2002 A/B RMRB	5.49	08/28/03	08/20/33					190,069.58	191,749.06	1,679.48	0.00		
GNMA	2002 A/B RMRB	4.80	08/28/03	08/20/33					112,211.65	108,480.14	(3,731.51)	0.00		
FNMA	2002 A/B RMRB	5.49	05/29/03	04/01/33	246,994.96	257,698.70		(747.22)	246,247.74	246,438.26	(10,513.22)	0.00		
GICs	2002 A/B RMRB	1.63	12/18/02	08/01/04	34,792,850.76	34,792,850.76		(4,600,070.86)	30,192,779.90	30,192,779.90	-	0.00		
Repo Agmt	2002 A/B RMRB	1.05	08/29/03	09/02/03			8,032.61		8,032.61	8,032.61	-	0.00		
Repo Agmt	2002 A/B RMRB	1.05	08/29/03	09/02/03	49,064.05	49,064.05	134.09		49,198.14	49,198.14	-	0.00		
Repo Agmt	2002 A/B RMRB	1.05	08/29/03	09/02/03	18,759.44	18,759.44	51.31		18,810.75	18,810.75	-	0.00		
					117,651,307.17	117,894,669.13	5,480,159.96	(81,034,260.62)	(24,260.29)	0.00	42,072,946.22	41,979,248.39	(337,059.79)	0.00
Repo Agmt	1999 B-D RMRB	1.05	08/29/03	09/02/03	4,766.37	4,766.37	0.00		4,766.37	4,766.37	-	0.00		
Repo Agmt	1999 B-D RMRB	1.05	08/29/03	09/02/03	132,955.94	132,955.94		(132,846.00)	109.94	109.94	-	0.00		
GICs	1999 B-D RMRB	6.40	12/02/99	07/01/32	9,711,671.41	9,711,671.41		(3,940,313.37)	5,771,358.04	5,771,358.04	-	0.00		
Repo Agmt	1999 B-D RMRB	1.05	08/29/03	09/02/03	3.25	3.25	43.14		46.39	46.39	-	0.00		
GICs	1999 B-D RMRB	6.40	12/02/99	07/01/32	75,757.18	75,757.18	404,552.00		480,309.18	480,309.18	-	0.00		
GNMA	1999 B-D RMRB	8.18	04/01/91	01/20/21	187,966.94	205,076.67		(70,247.63)	117,719.31	127,920.09	(6,908.95)	0.00		
GNMA	1999 B-D RMRB	8.18	08/01/90	06/20/20	378,481.32	413,929.22		(88,671.50)	289,809.82	315,147.05	(10,110.67)	0.00		
GNMA	1999 B-D RMRB	7.18	08/01/90	06/20/20	168,114.12	179,213.05		(2,110.67)	166,003.45	176,761.16	(341.22)	0.00		
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	1,439,882.06	1,574,738.96		(372,627.32)	1,067,254.74	1,160,561.78	(41,549.86)	0.00		
GNMA	1999 B-D RMRB	8.18	07/02/90	05/20/20	276,702.81	302,618.32		(64,780.04)	211,922.77	230,450.57	(7,387.71)	0.00		
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	503,508.13	550,665.94		(4,341.63)	499,166.50	542,807.29	(3,517.02)	0.00		
GNMA	1999 B-D RMRB	8.18	09/04/90	08/20/20	595,453.12	651,222.26		(75,924.52)	519,528.60	564,949.51	(10,348.23)	0.00		
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	233,441.15	255,304.82		(100,459.30)	132,981.85	144,608.04	(10,237.48)	0.00		
GNMA	1999 B-D RMRB	8.18	11/01/90	08/20/20	364,205.27	398,316.08		(37,238.89)	326,966.38	355,552.07	(5,525.12)	0.00		
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	407,246.25	445,388.22		(70,941.02)	336,305.23	365,707.42	(8,739.78)	0.00		
GNMA	1999 B-D RMRB	7.18	11/01/90	09/20/20	279,483.82	297,935.37		(2,139.03)	277,344.79	295,317.84	(478.50)	0.00		
GNMA	1999 B-D RMRB	8.18	12/03/90	10/20/20	127,958.70	139,943.05		(1,256.14)	126,702.56	137,779.75	(907.16)	0.00		
GNMA	1999 B-D RMRB	8.75	12/28/89	09/20/18	2,483,423.00	2,763,912.54		(219,914.52)	2,263,508.48	2,501,438.50	(42,559.52)	0.00		
GNMA	1999 B-D RMRB	8.75	11/30/89	10/20/18	257,483.44	286,564.83		(57,049.51)	200,433.93	221,502.65	(8,012.67)	0.00		
GNMA	1999 B-D RMRB	8.75	11/30/89	09/20/18	305,105.33	339,565.34		(19,249.98)	285,855.35	315,903.17	(4,412.19)	0.00		
GNMA	1999 B-D RMRB	8.75	01/01/90	11/20/18	453,957.93	505,230.07		(39,165.22)	414,792.71	458,393.87	(7,670.98)	0.00		
GNMA	1999 B-D RMRB	8.75	01/01/90	12/20/18	235,072.82	261,623.04		(47,095.12)	187,977.70	207,737.07	(6,790.85)	0.00		
GNMA	1999 B-D RMRB	8.75	02/27/90	01/20/19	254,151.16	282,853.68		(32,420.01)	221,731.15	245,181.22	(5,252.45)	0.00		
GNMA	1999 B-D RMRB	8.75	05/29/90	04/20/19	172,140.84	191,581.51		(1,708.39)	170,432.45	188,457.18	(1,415.94)	0.00		
GNMA	1999 B-D RMRB	8.75	06/28/90	05/20/19	56,523.63	62,907.10		(409.92)	56,113.71	62,048.22	(448.96)	0.00		
GNMA	1999 B-D RMRB	7.18	02/01/91	11/20/20	406,947.55	433,814.28		(4,941.00)	402,006.55	428,058.20	(815.08)	0.00		

GNMA	1999 B-D RMRB	8.18	02/25/91	11/20/20	376,906.71	412,207.16	(78,123.09)	298,783.62	324,905.43	(9,178.64)	0.00
GNMA	1999 B-D RMRB	7.18	05/02/91	02/20/21	305,634.79	325,846.61	(2,643.07)	302,991.72	322,544.57	(658.97)	0.00
GNMA	1999 B-D RMRB	8.75	09/28/90	08/20/19	171,876.63	191,287.43	(1,411.19)	170,465.44	188,493.63	(1,382.61)	0.00
GNMA	1999 B-D RMRB	8.75	10/23/90	09/20/19	130,700.03	145,460.61	(5,068.92)	125,631.11	138,917.72	(1,473.97)	0.00
GNMA	1999 B-D RMRB	8.75	11/28/90	09/20/19	153,139.13	170,433.87	(1,036.15)	152,102.98	168,189.22	(1,208.50)	0.00
GNMA	1999 B-D RMRB	8.75	12/21/90	09/20/19	94,630.41	85,027.84	(9,602.57)	84,447.74	93,378.82	(671.49)	0.00
GNMA	1999 B-D RMRB	8.75	01/25/91	12/20/19	256,508.06	285,476.72	(3,831.41)	252,676.65	279,399.43	(2,245.88)	0.00
GNMA	1999 B-D RMRB	8.75	02/22/91	12/20/19	117,149.65	130,379.88	(42,175.18)	74,974.47	82,903.65	(5,301.05)	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	02/20/20	133,090.05	148,104.49	(30,465.04)	102,625.01	113,471.28	(4,168.17)	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	12/20/19	92,763.59	103,239.83	(654.51)	92,109.08	101,850.44	(734.88)	0.00
GNMA	1999 B-D RMRB	8.18	05/02/91	03/20/21	602,914.75	657,795.13	(31,062.90)	571,851.85	621,404.66	(5,327.57)	0.00
GNMA	1999 B-D RMRB	6.10	07/28/00	07/20/30	3,496,745.04	3,628,560.19	(237,639.42)	3,259,105.62	3,335,596.83	(55,323.94)	0.00
FNMA	1999 B-D RMRB	6.10	04/28/00	04/01/30	398,984.39	414,085.95	(1,491.83)	397,492.56	406,952.88	(5,641.24)	0.00
GNMA	1999 B-D RMRB	6.10	04/20/00	04/20/30	2,796,243.43	2,902,053.28	(239,736.31)	2,556,507.12	2,616,508.34	(45,808.63)	0.00
GNMA	1999 B-D RMRB	6.10	04/27/00	04/20/30	2,439,523.10	2,531,834.65	(157,427.58)	2,282,095.52	2,335,656.30	(38,750.77)	0.00
GNMA	1999 B-D RMRB	6.10	06/26/00	06/20/30	4,038,400.88	4,191,213.97	(234,243.51)	3,804,157.37	3,893,440.94	(63,529.52)	0.00
GNMA	1999 B-D RMRB	6.10	05/30/00	03/20/30	4,137,165.94	4,293,716.30	(413,292.74)	3,723,873.20	3,811,272.50	(69,151.06)	0.00
FNMA	1999 B-D RMRB	6.10	05/30/00	05/01/30	495,834.57	514,601.91	(90,568.40)	405,266.17	414,911.50	(9,122.01)	0.00
FNMA	1999 B-D RMRB	6.10	06/26/00	06/01/30	308,555.37	320,234.19	(139,554.46)	169,000.91	173,023.13	(7,656.60)	0.00
GNMA	1999 B-D RMRB	6.10	09/14/00	08/20/30	6,151,098.21	6,383,855.77	(281,670.40)	5,869,427.81	6,007,183.28	(95,002.09)	0.00
GNMA	1999 B-D RMRB	6.10	10/19/00	09/20/30	2,224,236.34	2,308,401.44	(280,575.08)	1,943,661.26	1,989,278.99	(38,547.37)	0.00
GNMA	1999 B-D RMRB	6.10	10/23/00	10/20/30	696,761.51	723,126.97	(109,770.49)	586,991.02	600,767.70	(12,588.78)	0.00
GNMA	1999 B-D RMRB	6.10	10/27/00	10/20/30	468,142.09	485,856.59	(186,687.10)	281,454.99	288,060.74	(11,108.75)	0.00
GNMA	1999 B-D RMRB	6.10	10/30/00	10/20/30	568,605.69	590,121.73	(1,978.86)	566,626.83	579,925.56	(8,217.31)	0.00
FNMA	1999 B-D RMRB	6.10	07/24/00	07/01/30	267,773.61	277,908.84	(77,923.56)	189,850.05	194,368.48	(5,616.80)	0.00
GNMA	1999 B-D RMRB	6.10	01/16/01	12/20/30	250,796.33	260,286.46	(1,335.03)	249,461.30	255,316.16	(3,635.27)	0.00
GNMA	1999 B-D RMRB	6.10	01/29/01	12/20/30	234,697.07	243,578.01	(89,238.70)	145,458.37	148,872.28	(5,467.03)	0.00
GNMA	1999 B-D RMRB	6.10	11/16/00	11/20/30	211,066.25	219,053.00	(93,345.69)	117,720.56	120,483.46	(5,223.85)	0.00
GNMA	1999 B-D RMRB	6.10	12/21/00	11/20/30	961,073.14	997,440.15	(177,742.59)	783,330.55	801,715.32	(17,982.24)	0.00
GNMA	1999 B-D RMRB	6.10	12/27/00	12/20/30	432,812.77	449,190.41	(2,046.17)	430,766.60	440,876.69	(6,267.55)	0.00
GNMA	1999 B-D RMRB	6.10	02/20/01	01/20/31	281,419.95	291,798.72	(917.62)	280,502.33	286,984.74	(3,896.36)	0.00
GNMA	1999 B-D RMRB	6.10	03/15/01	03/20/31	603,356.19	625,607.97	(109,123.75)	494,232.44	505,654.15	(10,830.07)	0.00
GNMA	1999 B-D RMRB	6.10	03/29/01	03/20/31	198,813.04	206,145.26	(633.45)	198,179.59	202,759.52	(2,752.29)	0.00
GNMA	1999 B-D RMRB	6.10	05/10/01	04/20/31	1,394,091.98	1,445,506.09	(142,534.27)	1,251,557.71	1,280,481.21	(22,490.61)	0.00
FNMA	1999 B-D RMRB	6.10	09/11/00	08/01/30	1,389,210.38	1,441,791.99	(92,904.24)	1,296,306.14	1,327,158.23	(21,729.52)	0.00
FNMA	1999 B-D RMRB	6.10	10/06/00	10/01/30	303,106.04	314,578.60	(61,736.42)	241,369.62	247,114.22	(3,227.96)	0.00
GNMA	1999 B-D RMRB	6.10	05/30/01	05/20/31	506,840.49	525,532.77	(2,115.21)	504,725.28	516,389.48	(7,028.08)	0.00
GNMA	1999 B-D RMRB	6.10	06/18/01	04/20/31	285,270.82	295,791.61	(1,455.05)	283,815.77	290,374.75	(3,961.81)	0.00
GNMA	1999 B-D RMRB	6.10	07/25/01	06/20/31	1,029,390.77	1,067,354.70	(72,789.86)	956,600.91	978,707.96	(15,856.88)	0.00
GNMA	1999 B-D RMRB	6.10	08/31/01	08/20/31	927,357.30	961,558.24	(130,406.77)	796,950.53	815,368.06	(15,783.41)	0.00
FNMA	1999 B-D RMRB	6.10	12/27/00	11/01/30	444,839.06	461,676.22	(2,440.15)	442,398.91	452,928.00	(6,308.07)	0.00
FNMA	1999 B-D RMRB	6.10	01/12/01	12/01/30	247,649.40	257,022.93	(53,786.15)	193,863.25	198,477.20	(4,759.58)	0.00
FNMA	1999 B-D RMRB	6.10	02/05/01	01/01/31	324,854.67	337,150.42	(2,210.66)	322,644.01	330,322.94	(4,616.82)	0.00
GNMA	1999 B-D RMRB	6.10	12/27/01	10/20/31	69,077.75	71,625.34	(209.68)	68,868.07	70,459.61	(956.05)	0.00
GNMA	1999 B-D RMRB	6.10	09/20/01	08/20/31	634,856.33	658,269.83	(141,835.40)	493,020.93	504,414.64	(12,019.79)	0.00
GNMA	1999 B-D RMRB	6.10	09/28/01	09/20/31	281,763.69	292,155.13	(923.69)	280,840.00	287,330.21	(3,901.23)	0.00
GNMA	1999 B-D RMRB	6.10	10/17/01	09/20/31	190,975.56	198,018.74	(728.17)	190,247.39	194,644.01	(2,646.56)	0.00
GNMA	1999 B-D RMRB	6.10	10/30/01	05/20/31	45,247.48	46,916.21	(198.45)	45,049.03	46,090.11	(627.65)	0.00
FNMA	1999 B-D RMRB	6.10	03/15/01	02/01/31	387,955.37	402,639.48	(1,537.18)	386,418.19	395,614.94	(5,487.36)	0.00
GNMA	1999 B-D RMRB	6.10	01/22/02	12/20/31	309,409.62	320,820.65	(122,671.27)	186,738.35	191,053.87	(7,095.51)	0.00
GNMA	1999 B-D RMRB	6.10	01/30/02	01/20/32	269,234.90	279,172.36	(841.15)	268,393.75	274,548.02	(3,783.19)	0.00
GNMA	1999 B-D RMRB	6.10	02/25/02	02/20/32	1,698,606.30	1,761,301.86	(106,332.86)	1,592,273.44	1,628,784.27	(26,184.73)	0.00
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	79,488.04	82,421.94	(427.56)	79,060.48	80,873.34	(1,121.04)	0.00
GNMA	1999 B-D RMRB	6.10	05/24/02	05/20/32	334,942.79	347,305.53	(1,194.57)	333,748.22	341,401.07	(4,709.89)	0.00
GNMA	1999 B-D RMRB	6.10	03/21/02	03/20/32	1,078,581.63	1,118,392.08	(3,256.57)	1,075,325.06	1,099,982.26	(15,153.25)	0.00
GNMA	1999 B-D RMRB	6.10	04/17/02	03/20/32	1,459,665.94	1,513,542.21	(4,438.99)	1,455,226.95	1,488,595.30	(20,507.92)	0.00
GNMA	1999 B-D RMRB	6.10	04/29/02	04/20/32	867,401.31	899,417.09	(2,564.12)	864,837.19	884,667.91	(12,185.06)	0.00
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	100,867.75	104,590.78	(293.20)	100,574.55	102,880.72	(1,416.86)	0.00
GNMA	1999 B-D RMRB	6.10	06/03/02	05/20/32	496,859.94	515,199.04	(1,525.70)	495,334.24	506,692.25	(6,981.09)	0.00
GNMA	1999 B-D RMRB	6.10	06/10/02	05/20/32	107,007.25	110,956.89	(312.75)	106,694.50	109,141.00	(1,503.14)	0.00
GNMA	1999 B-D RMRB	6.10	06/19/02	04/20/32	314,202.95	325,800.18	(912.87)	313,290.08	320,473.82	(4,413.49)	0.00
GNMA	1999 B-D RMRB	6.10	06/25/02	05/20/32	65,689.16	68,113.75	(190.95)	65,498.21	67,000.08	(922.72)	0.00
GNMA	1999 B-D RMRB	6.10	06/28/02	06/20/32	226,260.61	234,611.89	(998.25)	225,262.36	230,427.63	(3,186.01)	0.00
GNMA	1999 B-D RMRB	6.10	09/26/02	09/20/32	87,170.14	90,387.59	(245.34)	86,924.80	88,917.99	(1,224.26)	0.00
GNMA	1999 B-D RMRB	6.10	10/21/02	09/20/32	101,433.24	105,177.14	(285.51)	101,147.73	103,467.05	(1,424.58)	0.00
GNMA	1999 B-D RMRB	6.10	10/29/02	10/20/32	77,784.08	80,655.09	(523.71)	77,260.37	79,031.95	(1,099.43)	0.00

GNMA	1999 B-D RMRB	6.10	11/12/02	10/20/32	96,617.56	100,183.71	(297.37)	96,320.19	98,528.81	(1,357.53)	0.00			
GNMA	1999 B-D RMRB	6.10	11/26/02	11/20/32	97,563.72	101,164.80	(274.20)	97,289.52	99,520.37	(1,370.23)	0.00			
GNMA	1999 B-D RMRB	6.10	12/19/02	12/20/32	113,009.24	117,180.41	(318.26)	112,690.98	115,274.98	(1,587.17)	0.00			
GNMA	1999 B-D RMRB	6.10	01/30/03	01/20/33	112,430.56	116,570.25	(308.44)	112,122.12	114,675.14	(1,586.67)	0.00			
GNMA	1999 B-D RMRB	6.10	02/12/03	01/20/33	73,924.13	76,646.02	(203.73)	73,720.40	75,399.01	(1,043.28)	0.00			
FNMA	1999 B-D RMRB	6.10	10/17/01	09/01/31	188,757.15	195,907.27	(5,507.81)	183,249.34	187,486.06	(2,913.40)	0.00			
FNMA	1999 B-D RMRB	6.10	01/28/02	11/01/31	277,068.03	287,563.37	(859.69)	276,208.34	282,594.28	(4,109.40)	0.00			
FNMA	1999 B-D RMRB	6.10	04/17/02	02/01/32	36,981.60	38,383.57	(108.90)	36,872.70	37,725.20	(549.47)	0.00			
Repo Agmt	1999 B-D RMRB	1.05	08/29/03	09/02/03	91,759.00	91,759.00	0.00	91,759.00	91,759.00	-	0.00			
Repo Agmt	1999 B-D RMRB	1.05	08/29/03	09/02/03	2.69	2.69	0.00	2.69	2.69	-	0.00			
					70,825,426.10	73,851,907.86	404,595.14	(4,073,159.37)	(5,399,390.78)	0.00	61,757,471.09	63,784,720.55	(999,232.30)	0.00
Repo Agmt	2000 A RMRB	1.05	08/29/03	09/02/03	272,075.75	272,075.75	743.59	272,819.34	272,819.34	-	0.00			
Repo Agmt	2000 A RMRB	1.05	08/29/03	09/02/03	15,350.28	15,350.28	41.93	15,392.21	15,392.21	-	0.00			
Repo Agmt	2000 A RMRB	1.05	08/29/03	09/02/03	65,368.61	65,368.61	(39,285.03)	26,083.58	26,083.58	-	0.00			
GICs	2000 A RMRB	6.51	05/01/00	07/01/31	4,744,117.67	4,744,117.67	(1,672,667.25)	3,071,450.42	3,071,450.42	-	0.00			
Repo Agmt	2000 A RMRB	1.05	08/29/03	09/02/03	4.90	4.90	(4.56)	0.34	0.34	-	0.00			
GICs	2000 A RMRB	6.51	05/01/00	07/01/31	29,710.27	29,710.27	1,152.00	30,862.27	30,862.27	-	0.00			
GNMA	2000 A RMRB	6.45	07/28/00	07/20/30	1,334,025.24	1,391,201.56	(136,150.57)	1,197,874.67	1,238,901.88	(16,149.11)	0.00			
GNMA	2000 A RMRB	6.45	09/14/00	08/20/30	5,212,235.39	5,435,631.80	(437,483.37)	4,774,752.02	4,938,287.28	(59,861.15)	0.00			
GNMA	2000 A RMRB	6.45	10/16/00	09/20/30	1,715,887.26	1,789,430.19	(82,606.78)	1,633,280.48	1,689,220.34	(17,603.07)	0.00			
GNMA	2000 A RMRB	6.45	10/23/00	10/20/30	1,734,603.47	1,808,948.57	(263,062.41)	1,471,541.06	1,521,941.34	(23,944.82)	0.00			
GNMA	2000 A RMRB	6.45	10/30/00	10/20/30	800,656.01	834,972.13	(3,133.81)	797,522.20	824,837.34	(7,000.98)	0.00			
FNMA	2000 A RMRB	6.45	07/28/00	06/01/30	409,031.21	426,190.07	(1,343.34)	407,687.87	421,524.80	(3,321.93)	0.00			
GNMA	2000 A RMRB	6.45	01/08/01	12/20/30	434,218.01	452,828.59	(1,364.45)	432,853.56	447,678.79	(3,785.35)	0.00			
GNMA	2000 A RMRB	6.45	01/29/01	01/20/31	435,570.21	453,877.23	(64,305.55)	371,264.66	383,857.96	(5,713.72)	0.00			
GNMA	2000 A RMRB	6.45	11/16/00	11/20/30	1,312,875.65	1,369,145.50	(4,914.84)	1,307,960.81	1,352,758.47	(11,472.19)	0.00			
GNMA	2000 A RMRB	6.45	11/29/00	11/20/30	757,359.69	789,820.13	(86,950.34)	670,409.35	693,370.87	(9,498.92)	0.00			
GNMA	2000 A RMRB	6.45	12/21/00	11/20/30	1,171,345.49	1,221,549.36	(101,538.66)	1,069,806.83	1,106,447.71	(13,562.99)	0.00			
GNMA	2000 A RMRB	6.45	12/27/00	11/20/30	665,936.92	694,478.98	(120,863.58)	545,073.34	563,742.10	(9,873.30)	0.00			
GNMA	2000 A RMRB	6.45	02/20/01	01/20/31	636,293.25	663,036.66	(72,315.05)	563,978.20	583,108.34	(7,613.27)	0.00			
GNMA	2000 A RMRB	6.45	02/28/01	02/20/31	845,798.84	881,347.77	(202,115.16)	643,683.68	665,517.43	(13,715.18)	0.00			
GNMA	2000 A RMRB	6.45	03/15/01	06/20/31	633,814.89	660,454.13	(1,948.97)	631,865.92	653,298.81	(5,206.35)	0.00			
GNMA	2000 A RMRB	6.45	03/29/01	02/20/31	183,873.36	191,601.56	(555.60)	183,317.76	189,535.90	(1,510.06)	0.00			
GNMA	2000 A RMRB	6.45	04/30/01	04/20/31	604,624.31	630,036.67	(74,519.51)	530,104.80	548,085.95	(7,431.21)	0.00			
FNMA	2000 A RMRB	6.45	09/11/00	08/01/30	831,554.65	866,438.37	(3,561.94)	827,992.71	856,094.78	(6,781.65)	0.00			
FNMA	2000 A RMRB	6.45	10/06/00	09/01/30	210,429.75	219,257.28	(51,984.06)	158,445.69	163,823.34	(3,449.88)	0.00			
FNMA	2000 A RMRB	6.45	11/16/00	10/01/30	293,751.82	306,074.71	(927.54)	292,824.28	302,762.74	(2,384.43)	0.00			
GNMA	2000 A RMRB	6.45	05/30/01	05/30/31	574,138.38	598,269.42	(1,808.42)	572,329.96	591,743.39	(4,717.61)	0.00			
GNMA	2000 A RMRB	6.45	06/18/01	03/20/31	316,147.12	329,434.78	(988.23)	315,158.89	325,849.08	(2,597.47)	0.00			
GNMA	2000 A RMRB	6.45	07/16/01	06/20/31	221,396.43	230,701.72	(720.66)	220,675.77	228,161.09	(1,819.97)	0.00			
GNMA	2000 A RMRB	6.45	08/08/01	07/20/31	285,753.92	297,764.16	(836.28)	284,917.64	294,582.05	(2,345.83)	0.00			
GNMA	2000 A RMRB	6.45	08/31/01	08/20/31	812,637.95	846,793.12	(95,797.54)	716,840.41	741,155.64	(9,839.94)	0.00			
FNMA	2000 A RMRB	6.45	12/27/00	11/01/30	613,392.73	639,124.56	(88,154.14)	525,238.59	543,065.19	(7,905.23)	0.00			
FNMA	2000 A RMRB	6.45	02/05/01	01/01/31	98,966.20	103,117.83	(412.91)	98,553.29	101,898.19	(806.73)	0.00			
GNMA	2000 A RMRB	6.45	11/29/01	11/20/31	973,700.03	1,014,624.64	(93,371.60)	880,328.43	910,189.17	(11,063.87)	0.00			
GNMA	2000 A RMRB	6.45	12/17/01	11/20/31	734,132.67	764,988.27	(3,508.79)	730,623.88	755,406.64	(6,072.84)	0.00			
GNMA	2000 A RMRB	6.45	12/27/01	12/20/31	967,574.67	1,008,241.83	(94,181.94)	873,392.73	903,018.21	(11,041.68)	0.00			
GNMA	2000 A RMRB	6.45	09/25/01	09/20/31	876,577.64	913,420.20	(2,704.54)	873,873.10	903,514.88	(7,200.78)	0.00			
GNMA	2000 A RMRB	6.45	09/28/01	09/20/31	1,381,733.32	1,439,807.57	(108,059.82)	1,273,673.50	1,316,876.51	(14,871.24)	0.00			
GNMA	2000 A RMRB	6.45	10/17/01	10/20/31	786,184.69	819,228.03	(107,016.59)	679,168.10	702,205.48	(10,005.96)	0.00			
GNMA	2000 A RMRB	6.45	10/30/01	10/20/31	1,091,480.54	1,137,355.47	(206,775.26)	884,705.28	914,714.48	(15,865.73)	0.00			
GNMA	2000 A RMRB	6.45	11/15/01	11/20/31	567,749.40	591,811.91	(51,374.06)	516,375.34	533,890.79	(6,347.06)	0.00			
FNMA	2000 A RMRB	6.45	03/29/01	02/01/31	331,249.91	345,145.84	(2,478.77)	328,771.14	339,929.63	(2,737.44)	0.00			
GNMA	2000 A RMRB	6.45	01/22/02	01/20/32	1,096,684.13	1,142,679.06	(152,039.79)	944,644.34	976,648.89	(13,990.38)	0.00			
GNMA	2000 A RMRB	6.45	01/30/02	12/20/31	208,157.08	216,905.92	(599.58)	207,557.50	214,597.85	(1,708.49)	0.00			
GNMA	2000 A RMRB	6.45	02/25/02	02/20/32	2,192,759.03	2,281,723.34	(7,285.26)	2,185,473.77	2,259,517.62	(14,920.46)	0.00			
FNMA	2000 A RMRB	6.45	07/12/01	06/01/31	294,103.95	306,359.26	(1,018.25)	293,085.70	302,918.73	(2,422.28)	0.00			
GNMA	2000 A RMRB	6.45	05/15/02	04/20/32	93,718.87	97,649.44	(255.19)	93,463.68	96,630.23	(764.02)	0.00			
GNMA	2000 A RMRB	6.45	05/24/02	05/20/32	224,263.57	233,669.18	(1,053.74)	223,209.83	230,772.18	(1,843.26)	0.00			
GNMA	2000 A RMRB	6.45	03/21/02	02/20/32	773,966.68	806,426.84	(2,215.70)	771,750.98	797,897.90	(6,313.24)	0.00			
GNMA	2000 A RMRB	6.45	04/17/02	03/20/32	618,574.93	644,517.96	(2,973.28)	615,601.65	636,458.23	(5,086.45)	0.00			
GNMA	2000 A RMRB	6.45	04/29/02	04/20/32	219,830.29	229,049.97	(76,411.20)	143,419.09	148,278.13	(4,360.64)	0.00			
GNMA	2000 A RMRB	6.45	05/15/02	03/20/32	70,234.35	73,179.98	(192.54)	70,041.81	72,414.83	(572.61)	0.00			
GNMA	2000 A RMRB	6.45	08/29/02	04/20/32	50,082.26	52,182.71	(136.78)	49,945.48	51,637.63	(408.30)	0.00			
GNMA	2000 A RMRB	6.45	08/29/02	08/20/32	66,950.36	69,758.26	(177.57)	66,772.79	69,035.05	(545.64)	0.00			

GNMA	2000 A RMRB	6.45	06/03/02	05/20/32	73,266.31	76,339.10	(442.26)	72,824.05	75,291.33	(605.51)	0.00			
GNMA	2000 A RMRB	6.45	07/05/02	03/20/32	50,025.37	52,123.43	(492.05)	49,533.32	51,211.51	(419.87)	0.00			
GNMA	2000 A RMRB	6.45	08/01/02	05/20/32	63,991.89	66,675.71	(185.22)	63,806.67	65,968.44	(522.05)	0.00			
GNMA	2000 A RMRB				52,880.16	55,097.95	(52,880.16)			(2,217.79)	0.00			
GNMA	2000 A RMRB	6.45	11/12/02	11/20/32	137,886.83	143,669.80	(361.64)	137,525.19	142,184.54	(1,123.62)	0.00			
GNMA	2000 A RMRB	6.45	09/12/02	08/20/32	61,059.63	63,620.47	(172.77)	60,886.86	62,949.71	(497.99)	0.00			
GNMA	2000 A RMRB	6.45	10/21/02	10/20/32	76,931.69	80,158.21	(201.28)	76,730.41	79,330.04	(626.89)	0.00			
GNMA	2000 A RMRB	6.45	10/29/02	10/20/32	67,067.38	69,880.19	(183.42)	66,883.96	69,149.99	(546.78)	0.00			
GNMA	2000 A RMRB	6.45	11/26/02	11/20/32	46,454.53	48,402.83	(120.73)	46,333.80	47,903.59	(378.51)	0.00			
GNMA	2000 A RMRB	6.45	12/19/02	11/20/32	224,343.66	233,752.63	(583.12)	223,760.54	231,341.55	(1,827.96)	0.00			
GNMA	2000 A RMRB	6.45	12/30/02	12/20/32	69,539.59	72,456.08	(179.53)	69,360.06	71,709.98	(566.57)	0.00			
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	82,280.14	85,730.15	(506.74)	81,773.40	84,538.98	(684.43)	0.00			
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	148,994.84	155,242.19	(385.21)	148,609.63	153,635.61	(1,221.37)	0.00			
FNMA	2000 A RMRB	6.45	09/28/01	09/01/31	349,374.24	363,932.66	(1,101.89)	348,272.35	359,956.89	(2,873.88)	0.00			
FNMA	2000 A RMRB	6.45	10/17/01	09/01/31	225,399.25	234,791.64	(676.56)	224,722.69	232,262.14	(1,852.94)	0.00			
GNMA	2000 A RMRB	6.45	02/20/03	02/20/33	116,853.53	121,753.20	(352.12)	116,501.41	120,441.49	(959.59)	0.00			
FNMA	2000 A RMRB	6.45	12/27/01	11/01/31	222,322.57	231,586.75	(1,789.69)	220,532.88	227,931.76	(1,865.30)	0.00			
FNMA	2000 A RMRB	6.45	04/17/02	03/01/32	126,702.92	131,981.36	(479.45)	126,223.47	130,464.58	(1,037.33)	0.00			
Repo Agmt	2000 A RMRB	1.05	08/29/03	09/02/03	32,815.37	32,815.37	0.00	32,815.37	32,815.37	-	0.00			
Repo Agmt	2000 A RMRB	1.05	08/29/03	09/02/03	25,784.07	25,784.07		21,170.70	21,170.70	-	0.00			
					<u>44,146,627.97</u>	<u>45,792,473.80</u>	<u>1,937.52</u>	<u>(4,613.37)</u>	<u>(2,875,287.80)</u>	<u>0.00</u>	<u>39,556,707.48</u>	<u>40,784,670.22</u>	<u>(417,883.09)</u>	<u>0.00</u>
GICs	2003A RMRB	1.22	08/20/03	02/01/05		1,020,889.50		1,020,889.50	1,020,889.50	-	0.00			
GICs	2003A RMRB	4.13	08/20/03	07/01/34		2,757,872.77		2,757,872.77	2,757,872.77	-	0.00			
GICs	2003A RMRB	1.22	08/20/03	02/01/05		71,056,914.00		71,056,914.00	71,056,914.00	-	0.00			
Repo Agmt	2003A RMRB	1.05	08/29/03	09/02/03		403,097.40		403,097.40	403,097.40	-	0.00			
					<u>0.00</u>	<u>0.00</u>	<u>75,238,773.67</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>75,238,773.67</u>	<u>75,238,773.67</u>	<u>0.00</u>	<u>0.00</u>
GNMA	1999 A RMRB	7.50	08/31/89	07/20/18	674,538.59	721,939.81	(35,280.88)	639,257.71	685,303.56	(1,355.37)	0.00			
GNMA	1999 A RMRB	7.50	10/31/89	09/20/18	1,694,363.84	1,813,874.43	(100,248.06)	1,594,115.78	1,708,940.23	(4,686.14)	0.00			
GNMA	1999 A RMRB	8.75	10/31/89	09/20/18	382,593.81	425,812.96	(3,783.50)	378,810.31	418,629.24	(3,400.22)	0.00			
GNMA	1999 A RMRB	7.50	11/30/89	10/20/18	1,159,861.20	1,241,412.12	(34,722.95)	1,125,138.25	1,206,182.16	(507.01)	0.00			
GNMA	1999 A RMRB	8.75	11/30/89	09/20/18	164,869.11	183,495.80	(1,802.35)	163,066.76	180,207.64	(1,485.81)	0.00			
GNMA	1999 A RMRB	7.50	01/01/90	11/20/18	640,202.41	685,387.23	(31,295.18)	608,907.23	652,766.93	(1,325.12)	0.00			
GNMA	1999 A RMRB	8.75	01/01/90	11/20/18	144,074.04	160,348.10	(1,083.20)	142,990.84	158,021.42	(1,243.48)	0.00			
GNMA	1999 A RMRB	7.50	01/01/90	12/20/18	508,353.79	544,096.62	(87,319.62)	421,034.17	451,361.37	(5,415.63)	0.00			
GNMA	1999 A RMRB	7.50	02/27/90	12/20/18	143,566.27	153,663.27	(1,249.59)	142,316.68	152,567.84	154.16	0.00			
GNMA	1999 A RMRB	8.75	05/29/90	02/20/19	360,923.65	401,689.74	(40,768.50)	320,155.15	354,014.46	(6,906.78)	0.00			
GNMA	1999 A RMRB	7.50	03/30/90	01/20/19	458,838.76	491,208.05	(5,982.84)	452,855.92	485,375.07	149.86	0.00			
GNMA	1999 A RMRB	8.75	03/30/90	01/20/19	362,061.26	402,958.62	(2,787.58)	359,273.68	397,270.04	(2,901.00)	0.00			
GNMA	1999 A RMRB	7.50	04/26/90	03/20/19	555,490.04	594,678.25	(7,009.94)	548,480.10	587,866.02	197.71	0.00			
GNMA	1999 A RMRB	8.75	04/26/90	03/20/19	265,728.19	295,980.66	(3,105.16)	262,623.03	290,397.75	(2,477.75)	0.00			
GNMA	1999 A RMRB	7.50	05/29/90	04/20/19	529,907.57	567,289.04	(5,508.03)	524,399.54	562,056.19	275.18	0.00			
GNMA	1999 A RMRB	7.50	06/28/90	04/20/19	153,082.46	163,881.45	(1,568.63)	151,513.83	162,393.92	81.10	0.00			
GNMA	1999 A RMRB	8.75	06/28/90	04/20/19	182,039.73	202,601.99	(1,602.15)	180,437.58	199,520.45	(1,479.39)	0.00			
GNMA	1999 A RMRB	7.50	10/31/90	07/20/19	137,747.77	147,465.72	(54,852.36)	82,895.41	88,848.04	(3,765.32)	0.00			
GNMA	1999 A RMRB	7.50	12/21/90	08/20/19	127,776.62	136,789.87	(72,310.79)	55,465.83	59,448.78	(5,030.30)	0.00			
GNMA	1999 A RMRB	8.75	12/21/90	08/20/19	58,386.68	64,982.40	(417.38)	57,969.30	64,100.08	(464.94)	0.00			
GNMA	1999 A RMRB	7.50	03/28/91	11/20/19	46,201.42	49,461.66	(371.61)	45,829.81	49,120.79	30.74	0.00			
GNMA	1999 A RMRB	8.75	04/26/91	01/20/20	260,311.56	289,681.49	(2,358.25)	257,953.31	285,216.00	(2,107.24)	0.00			
GNMA	1999 A RMRB	8.75	04/29/91	02/20/20	206,953.46	230,303.95	(42,267.24)	164,686.22	182,091.70	(5,945.01)	0.00			
GNMA	1999 A RMRB	7.50	04/29/91	12/20/19	154,535.29	165,439.96	(1,442.64)	153,092.65	164,086.11	88.79	0.00			
GNMA	1999 A RMRB	5.35	01/31/01	08/20/30	61,987.03	64,786.98	(329.51)	61,657.52	61,163.03	(3,294.44)	0.00			
GNMA	1999 A RMRB	5.35	01/31/01	01/20/31	465,460.87	484,772.84	(2,676.11)	462,784.76	458,841.83	(23,254.90)	0.00			
GNMA	1999 A RMRB	5.35	03/15/01	01/20/31	126,349.98	131,592.24	(493.92)	125,856.06	124,783.77	(6,314.55)	0.00			
GNMA	1999 A RMRB	5.35	05/10/01	04/20/31	247,138.77	257,392.56	(979.34)	246,159.43	244,062.15	(12,351.07)	0.00			
GNMA	1999 A RMRB	5.35	06/22/01	05/20/31	57,730.30	60,125.53	(210.28)	57,520.02	57,029.95	(2,885.30)	0.00			
GNMA	1999 A RMRB	5.35	06/29/01	05/20/31	153,777.21	160,157.43	(610.69)	153,166.52	151,861.54	(7,685.20)	0.00			
FNMA	1999 A RMRB	5.35	03/15/01	10/01/30	265,345.86	275,030.98	(1,180.58)	264,165.28	261,563.25	(12,287.15)	0.00			
FNMA	1999 A RMRB	5.35	06/18/01	03/01/31	75,606.94	78,335.59	(529.72)	75,077.22	74,243.11	(3,562.76)	0.00			
GNMA	1999 A RMRB	5.35	03/18/02	02/20/32	41,902.51	43,638.53	(141.76)	41,760.75	41,404.95	(2,091.82)	0.00			
Repo Agmt	1999 A RMRB	1.05	08/29/03	09/02/03	3,005.35	3,005.35	0.00	3,005.35	3,005.35	-	0.00			
Repo Agmt	1999 A RMRB	1.05	08/29/03	09/02/03	401,199.23	401,199.23	0.00	401,199.23	401,199.23	-	0.00			
					<u>11,271,911.57</u>	<u>12,094,480.45</u>	<u>0.00</u>	<u>0.00</u>	<u>(546,290.34)</u>	<u>0.00</u>	<u>10,725,621.23</u>	<u>11,424,943.95</u>	<u>(123,246.16)</u>	<u>0.00</u>
Total Residential Mortgage Revenue Bonds Investment Summary					574,973,753.60	593,250,744.60	87,551,280.90	(101,393,190.62)	(19,024,336.01)	0.00	542,107,507.87	548,890,352.33	(11,494,146.54)	0.00

**Texas Department of Housing and Community Affairs
Collateralized Home Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2003**

Investment Type	Issue	Current	Current	Current	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in In Market Value	Recognized Gain
		Interest Rate	Purchase Date	Maturity Date	Carrying Value 05/31/03	Market Value 05/31/03					Carrying Value 08/31/03	Market Value 08/31/03		
Repo Agmt	1990 A&B CHMRB	1.05	08/29/03	09/02/03	45,364.11	45,364.11	123.96				45,488.07	45,488.07	-	0.00
Repo Agmt	1990 A&B CHMRB	1.05	08/29/03	09/02/03	73,349.09	73,349.09	200.44				73,549.53	73,549.53	-	0.00
Mutual Fund	1990 A&B CHMRB	0.55	08/01/03	09/01/03	203,137.97	203,137.97	216.82				203,354.79	203,354.79	-	0.00
					321,851.17	321,851.17	541.22	0.00	0.00	0.00	322,392.39	322,392.39	0.00	0.00
Repo Agmt	1991 A CHMRB	1.05	08/29/03	09/02/03	95,724.02	95,724.02	261.63				95,985.65	95,985.65	-	0.00
Repo Agmt	1991 A CHMRB	1.05	08/29/03	09/02/03	6,381.28	6,381.28	17.43				6,398.71	6,398.71	-	0.00
					102,105.30	102,105.30	279.06	0.00	0.00	0.00	102,384.36	102,384.36	0.00	0.00
Repo Agmt	1992 A-C CHMRB	1.05	08/29/03	09/02/03	279,701.51	279,701.51		(264,600.16)			15,101.35	15,101.35	-	0.00
GICs	1992 A-C CHMRB	6.09	06/29/92	07/02/24	10,120,582.78	10,120,582.78		(8,348,463.42)			1,772,119.36	1,772,119.36	-	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	12/01/23	181,704.31	194,393.44			(106,150.32)		75,553.99	80,703.88	(7,539.24)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/23	309,188.08	330,781.04			(2,261.55)		306,926.53	327,847.17	(672.32)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	06/01/23	609,383.57	651,768.92			(152,497.77)		456,885.80	487,903.86	(11,367.29)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	02/01/25	2,795,574.98	2,986,193.27			(275,962.45)		2,519,612.53	2,687,907.66	(22,323.16)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	2,363,618.96	2,524,215.00			(189,604.79)		2,174,014.17	2,319,225.36	(15,384.85)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	802,607.59	857,144.68			(91,184.31)		711,423.28	758,942.12	(7,018.25)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	1,593,758.88	1,702,041.94			(63,680.91)		1,530,077.97	1,632,278.07	(6,082.96)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	2,324,137.83	2,480,252.36			(338,789.51)		1,985,348.32	2,116,640.06	(34,822.79)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/96	12/20/22	832,602.80	888,093.95			(9,117.68)		823,485.12	878,040.75	(935.52)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	01/20/23	770,288.46	820,521.07			(42,203.28)		728,085.18	775,659.53	(2,658.26)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/23	925,309.92	985,832.66			(296,704.51)		628,605.41	669,679.57	(19,448.58)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	07/20/23	1,126,506.96	1,200,011.34			(264,515.05)		861,991.91	918,315.96	(17,180.33)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	08/20/23	716,122.84	763,770.89			(63,511.45)		652,611.39	695,254.15	(5,005.29)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	447,361.33	476,435.57			(34,972.96)		412,388.37	439,334.54	(2,128.07)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	229,344.77	244,250.18			(87,596.76)		141,748.01	151,010.07	(5,643.35)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	12/20/23	1,135,071.15	1,208,838.23			(96,166.08)		1,038,905.07	1,106,788.93	(5,883.22)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/23	78,401.95	83,506.54			(1,192.64)		77,209.31	82,254.30	(59.60)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/25	1,577,010.67	1,676,799.63			(217,516.99)		1,359,493.68	1,445,458.95	(13,823.69)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/25	1,897,034.45	2,016,986.07			(300,166.31)		1,596,868.14	1,697,843.37	(18,976.39)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	06/20/25	1,992,741.35	2,118,862.85			(213,598.31)		1,779,143.04	1,891,644.11	(13,620.43)	0.00
GICs	1992 A-C CHMRB	6.09	06/29/92	07/02/24	100,000.00	100,000.00	0.00				100,000.00	100,000.00	-	0.00
GICs	1992 A-C CHMRB	6.09	06/29/92	07/02/24			3,562,072.51				3,562,072.51	3,562,072.51	-	0.00
FNMA	1992 A-C CHMRB	6.91	04/28/95	06/01/23	280,621.65	300,221.65			(29,485.57)		251,136.08	268,253.94	(2,482.14)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/23	2,518,178.71	2,683,211.76			(190,554.05)		2,327,624.66	2,479,715.71	(12,942.00)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	01/20/25	5,611,239.47	5,967,595.61			(622,102.68)		4,989,136.79	5,304,616.33	(40,876.60)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	02/20/25	4,380,352.60	4,658,895.60			(574,282.98)		3,806,069.62	4,046,739.94	(37,872.68)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/25	7,001,563.57	7,446,697.24			(761,377.58)		6,240,185.99	6,634,773.49	(50,546.17)	0.00
Repo Agmt	1992 A-C CHMRB	1.05	08/29/03	09/02/03	21,253.69	21,253.69		(11,252.46)			10,001.23	10,001.23	-	0.00
					53,021,264.83	55,788,859.47	3,562,072.51	(8,624,316.04)	(5,025,196.49)	0.00	42,933,824.81	45,356,126.27	(345,293.18)	0.00
Total CHMRB Investment Summary					53,445,221.30	56,212,815.94	3,562,892.79	(8,624,316.04)	(5,025,196.49)	0.00	43,358,601.56	45,780,903.02	(345,293.18)	0.00

**Texas Department of Housing and Community Affairs
Multi Family Investment Summary
For Period Ending August 31, 2003**

Investment Type	Issue	Current	Current	Current	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in In Market Value	Recognized Gain
		Interest Rate	Purchase Date	Maturity Date	Carrying Value 05/31/03	Market Value 05/31/03					Carrying Value 08/31/03	Market Value 08/31/03		
Money Mkt	1996 A&B MF (Brighton/LC)	0.54	08/01/03	09/01/03	155,580.02	155,580.02	251.96				155,831.98	155,831.98	-	0.00
Money Mkt	1996 A&B MF (Brighton/LC)	0.54	08/01/03	09/01/03	99,079.47	99,079.47	247.98				99,327.45	99,327.45	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LC)	0.48	08/01/03	09/01/03	41.38	41.38	44,746.00				44,787.38	44,787.38	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LC)	0.48	08/01/03	09/01/03	63.85	63.85	75,690.82				75,754.67	75,754.67	-	0.00
Money Mkt	1996 A&B MF (Brighton/LC)	0.54	08/01/03	09/01/03	54,041.31	54,041.31	0.00				54,041.31	54,041.31	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LC)	0.48	08/01/03	09/01/03	40,678.32	40,678.32		(8,711.16)			31,967.16	31,967.16	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LC)	0.48	08/01/03	09/01/03	26,019.28	26,019.28		(6,535.30)			19,483.98	19,483.98	-	0.00
					375,503.63	375,503.63	120,936.76	(15,246.46)	0.00	0.00	481,193.93	481,193.93	0.00	0.00

Mutual Fund	1998 M/F (Dallas-Ox Rfdg)	0.48	08/01/03	09/01/03	34,566.14	34,566.14		(15,765.12)		18,801.02	18,801.02	-	0.00	
Mutual Fund	1998 M/F (Dallas-Ox Rfdg)	0.48	08/01/03	09/01/03	458.90	458.90	0.56			459.46	459.46	-	0.00	
					35,025.04	35,025.04	0.56	(15,765.12)	0.00	0.00	19,260.48	19,260.48	0.00	0.00
Mutual Fund	1984 A & B M/F (SB)	0.48	08/01/03	09/01/03	51.39	51.39	192.97			244.36	244.36	-	0.00	
Money Mkt	1984 A & B M/F (SB)	0.54	08/01/03	09/01/03	89,033.63	89,033.63		(56,630.03)		32,403.60	32,403.60	-	0.00	
					89,085.02	89,085.02	192.97	(56,630.03)	0.00	0.00	32,647.96	32,647.96	0.00	0.00
Mutual Fund	1996 A&B MF (Braxton's)	0.48	08/01/03	09/01/03	182,121.43	182,121.43	228.05			182,349.48	182,349.48	-	0.00	
Mutual Fund	1996 A&B MF (Braxton's)	0.48	08/01/03	09/01/03	74.17	74.17	74,785.59			74,859.76	74,859.76	-	0.00	
Mutual Fund	1996 A&B MF (Braxton's)	0.83	08/01/03	09/01/03	10,124.68	10,124.68		(10,124.44)		0.24	0.24	-	0.00	
Mutual Fund	1996 A&B MF (Braxton's)	0.48	08/01/03	09/01/03	45,474.84	45,474.84		(7,903.61)		37,571.23	37,571.23	-	0.00	
					237,795.12	237,795.12	75,013.64	(18,028.05)	0.00	0.00	294,780.71	294,780.71	0.00	0.00
T-Note	1993 A&B M/F(RH/HP)	4.87	07/01/03	08/01/03	761,124.16	761,124.16	52,479.69			813,603.85	813,603.85	-	0.00	
Repo Agmt	1993 A&B M/F(RH/HP)	1.05	08/29/03	09/02/03	520.40	520.40	1.20			521.60	521.60	-	0.00	
T-Bill	1993 A&B M/F(RH/HP)	5.81	07/01/03	08/01/03	92,951.61	92,951.61		(42.64)		92,908.97	92,908.97	-	0.00	
Repo Agmt	1993 A&B M/F(RH/HP)	1.05	08/29/03	09/02/03	22,440.21	22,440.21	61.28			22,501.49	22,501.49	-	0.00	
					877,036.38	877,036.38	52,542.17	(42.64)	0.00	0.00	929,535.91	929,535.91	0.00	0.00
Repo Agmt	1987 South Tx. Rental	1.05	08/29/03	09/02/03	974,596.85	974,596.85	2,663.53			977,260.38	977,260.38	-	0.00	
					974,596.85	974,596.85	2,663.53	0.00	0.00	0.00	977,260.38	977,260.38	0.00	0.00
Inv Agmt	1993 NCHMP	3.05	12/29/93	12/31/23	509,376.21	509,376.21		(305,627.82)		203,748.39	203,748.39	-	0.00	
Inv Agmt	1993 NCHMP	5.38	12/29/93	12/31/23	1,000,000.00	1,000,000.00	0.00			1,000,000.00	1,000,000.00	-	0.00	
					1,509,376.21	1,509,376.21	0.00	(305,627.82)	0.00	0.00	1,203,748.39	1,203,748.39	0.00	0.00
Mutual Fund	1996 A-D M/F(DFW)	0.48	08/01/03	09/01/03	934.08	934.08	1,856.70			2,790.78	2,790.78	-	0.00	
Mutual Fund	1996 A-D M/F(DFW)	0.48	08/01/03	09/01/03	22.24	22.24	0.00			22.24	22.24	-	0.00	
Mutual Fund	1996 A-D M/F(DFW)	0.48	08/01/03	09/01/03	0.81	0.81	0.00			0.81	0.81	-	0.00	
Inv Agmt	1996 A-D M/F(DFW)	6.50	08/12/96	07/01/26	91,876.65	91,876.65	2,985.99			94,862.64	94,862.64	-	0.00	
Mutual Fund	1996 A-D M/F(DFW)	0.48	08/01/03	09/01/03	17,688.83	17,688.83	0.00			17,688.83	17,688.83	-	0.00	
Mutual Fund	1996 A-D M/F(DFW)	0.48	08/01/03	09/01/03	80,000.00	80,000.00	33,000.00			113,000.00	113,000.00	-	0.00	
Mutual Fund	1996 A-D M/F(DFW)	0.48	08/01/03	09/01/03	0.24	0.24	0.00			0.24	0.24	-	0.00	
Inv Agmt	1996 A-D M/F(DFW)	7.23	08/06/96	07/01/26	34,180.00	34,180.00	0.00			34,180.00	34,180.00	-	0.00	
Inv Agmt	1996 A-D M/F(DFW)	7.23	08/06/96	07/01/26	1,373,425.00	1,373,425.00		(289,042.05)		1,084,382.95	1,084,382.95	-	0.00	
Inv Agmt	1996 A-D M/F(DFW)	7.23	08/06/96	07/01/26	77,386.80	77,386.80		(51,868.75)		25,518.05	25,518.05	-	0.00	
T-Note	1996 A-D M/F(DFW)	3.25	08/01/03	09/01/03	112,000.00	112,000.00	115,076.19			227,076.19	227,076.19	-	0.00	
Mutual Fund	1996 A-D M/F(DFW)	0.48	08/01/03	09/01/03	114,935.64	114,935.64		(113,607.67)		1,327.97	1,327.97	-	0.00	
					1,902,450.29	1,902,450.29	152,918.88	(454,518.47)	0.00	0.00	1,600,850.70	1,600,850.70	0.00	0.00
Mutual Fund	1996 A-D M/F(HP)	0.48	08/01/03	09/01/03	98,113.74	98,113.74	8,585.58			106,699.32	106,699.32	-	0.00	
Mutual Fund	1996 A-D M/F(HP)	0.48	08/01/03	09/01/03	232,741.81	232,741.81		(150,164.16)		82,577.65	82,577.65	-	0.00	
Inv Agmt	1996 A-D M/F(HP)	6.25	11/12/96	07/01/26	294,671.73	294,671.73	9,845.66			304,517.39	304,517.39	-	0.00	
Mutual Fund	1996 A-D M/F(HP)	0.48	08/01/03	09/01/03	21,143.66	21,143.66	45,812.18			66,955.84	66,955.84	-	0.00	
Mutual Fund	1996 A-D M/F(HP)	0.48	08/01/03	09/01/03	1.35	1.35		(1.34)		0.01	0.01	-	0.00	
Inv Agmt	1996 A-D M/F(HP)	6.75	11/05/96	07/01/26	86,743.95	86,743.95	0.00			86,743.95	86,743.95	-	0.00	
Inv Agmt	1996 A-D M/F(HP)	6.75	11/05/96	07/01/26	777,671.25	777,671.25	0.00			777,671.25	777,671.25	-	0.00	
Inv Agmt	1996 A-D M/F(HP)	6.75	11/05/96	07/01/26	177,500.00	177,500.00	0.00			177,500.00	177,500.00	-	0.00	
Inv Agmt	1996 A-D M/F(HP)	5.90	11/12/96	07/01/26	332,709.58	332,709.58		(188,452.48)		144,257.10	144,257.10	-	0.00	
Inv Agmt	1996 A-D M/F(HP)	5.90	11/12/96	07/01/26	39,399.58	39,399.58		(20,959.29)		18,440.29	18,440.29	-	0.00	
Inv Agmt	1996 A-D M/F(HP)	5.90	11/12/96	07/01/26	63,163.41	63,163.41		(30,256.66)		32,906.75	32,906.75	-	0.00	
					2,123,860.06	2,123,860.06	64,243.42	(389,833.93)	0.00	0.00	1,798,269.55	1,798,269.55	0.00	0.00
Mutual Fund	1996 A&B M/F(NHP Project)	0.48	08/01/03	09/01/03	56,261.91	56,261.91	0.00			56,261.91	56,261.91	-	0.00	
Mutual Fund	1996 A&B M/F(NHP Project)	0.48	08/01/03	09/01/03	86,369.33	86,369.33	36,663.37			123,032.70	123,032.70	-	0.00	
Mutual Fund	1996 A&B M/F(NHP Project)	0.48	08/01/03	09/01/03	40.86	40.86		(33.48)		7.38	7.38	-	0.00	
Inv Agmt	1996 A&B M/F(NHP Project)	6.20	12/31/96	01/01/27	856,300.64	856,300.64		(665,060.64)		191,240.00	191,240.00	-	0.00	
Mutual Fund	1996 A&B M/F(NHP Project)	0.48	08/01/03	09/01/03	5.91	5.91	97,567.45			97,573.36	97,573.36	-	0.00	
Inv Agmt	1996 A&B M/F(NHP Project)	6.20	12/31/96	01/01/27	532,274.23	532,274.23		(217,208.64)		315,065.59	315,065.59	-	0.00	
Mutual Fund	1996 A&B M/F(NHP Project)	0.48	08/01/03	09/01/03	2,005.84	2,005.84		(5.84)		2,000.00	2,000.00	-	0.00	
Inv Agmt	1996 A&B M/F(NHP Project)	6.20	11/21/96	01/01/27	186,508.14	186,508.14	163,281.08			349,789.22	349,789.22	-	0.00	
Mutual Fund	1996 A&B M/F(NHP Project)	0.48	08/01/03	09/01/03	0.02	0.02	3,815.00			3,815.02	3,815.02	-	0.00	
Inv Agmt	1996 A&B M/F(NHP Project)	6.70	11/21/96	01/01/27	1.00	1.00	0.00			1.00	1.00	-	0.00	
Mutual Fund	1996 A&B M/F(NHP Project)	0.48	08/01/03	09/01/03	0.02	0.02	0.00			0.02	0.02	-	0.00	
Inv Agmt	1996 A&B M/F(NHP Project)	6.70	11/21/96	01/01/27	2,069,749.00	2,069,749.00	0.00			2,069,749.00	2,069,749.00	-	0.00	

Mutual Fund	1996 A&B M/F(NHP Project)	0.48	08/01/03	09/01/03	8.93	8.93		(6.81)		2.12	2.12	-	0.00	
Inv Agmt	1996 A&B M/F(NHP Project)	6.20	11/26/96	01/01/27	861,190.00	861,190.00		(517,219.00)		343,971.00	343,971.00	-	0.00	
					4,650,715.83	4,650,715.83	301,326.90	(1,399,534.41)	0.00	0.00	3,552,508.32	3,552,508.32	0.00	0.00
Mutual Fund	1997 M/F (Meadow Ridge)	0.48	08/01/03	09/01/03	500.69	500.69	249.48			750.17	750.17	-	0.00	
Inv Agmt	1997 M/F (Meadow Ridge)	5.45	12/18/97	07/31/18	304,103.86	304,103.86		(220,421.67)		83,682.19	83,682.19	-	0.00	
Mutual Fund	1997 M/F (Meadow Ridge)	0.48	08/01/03	09/01/03	3.85	3.85		(0.47)		3.38	3.38	-	0.00	
					304,608.40	304,608.40	249.48	(220,422.14)	0.00	0.00	84,435.74	84,435.74	0.00	0.00
Mutual Fund	1998 M/F (Pebble Brook)	0.48	08/01/03	09/01/03	38,100.60	38,100.60		(18,603.29)		19,497.31	19,497.31	-	0.00	
Mutual Fund	1998 M/F (Pebble Brook)	0.48	08/01/03	09/01/03	60,831.45	60,831.45	25.26			60,856.71	60,856.71	-	0.00	
Inv Agmt	1998 M/F (Pebble Brook)	5.20	04/30/98	12/01/30	308,157.29	308,157.29		(182,154.62)		126,002.67	126,002.67	-	0.00	
Mutual Fund	1998 M/F (Pebble Brook)	0.48	08/01/03	09/01/03	39,357.86	39,357.86	49.28			39,407.14	39,407.14	-	0.00	
					446,447.20	446,447.20	74.54	(200,757.91)	0.00	0.00	245,763.83	245,763.83	0.00	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.55	08/01/03	09/01/03	219,290.83	219,290.83	95.82			219,386.65	219,386.65	-	0.00	
Mutual Fund	1998 M/F (Residence Oaks)	0.55	08/01/03	09/01/03	15.15	15.15	0.00			15.15	15.15	-	0.00	
Mutual Fund	1998 M/F (Residence Oaks)	0.55	08/01/03	09/01/03	7,722.71	7,722.71	6,151.77			13,874.48	13,874.48	-	0.00	
Mutual Fund	1998 M/F (Residence Oaks)	0.55	08/01/03	09/01/03	88,289.55	88,289.55	13,289.67			101,579.22	101,579.22	-	0.00	
Mutual Fund	1998 M/F (Residence Oaks)	0.55	08/01/03	09/01/03	1,685.88	1,685.88	29,489.31			31,175.19	31,175.19	-	0.00	
Mutual Fund	1998 M/F (Residence Oaks)	0.55	08/01/03	09/01/03	1,351.17	1,351.17	110,619.93			111,971.10	111,971.10	-	0.00	
Mutual Fund	1998 M/F (Residence Oaks)	0.55	08/01/03	09/01/03	91,087.36	91,087.36	29,089.50			120,176.86	120,176.86	-	0.00	
					409,442.65	409,442.65	188,736.00	0.00	0.00	598,178.65	598,178.65	0.00	0.00	
Mutual Fund	1998 M/F (Volente Project)	0.48	08/01/03	09/01/03	52,675.61	52,675.61		(49,607.79)		3,067.82	3,067.82	-	0.00	
Mutual Fund	1998 M/F (Volente Project)	0.48	08/01/03	09/01/03	2,848.37	2,848.37		(2,848.05)		0.32	0.32	-	0.00	
Inv Agmt	1998 M/F (Volente Project)	5.22	05/14/98	01/01/31	307,934.81	307,934.81		(173,914.32)		134,020.49	134,020.49	-	0.00	
Mutual Fund	1998 M/F (Volente Project)	0.48	08/01/03	09/01/03	3,863.08	3,863.08	6.32			3,869.40	3,869.40	-	0.00	
Mutual Fund	1998 M/F (Volente Project)	0.48	08/01/03	09/01/03	1.24	1.24	0.00			1.24	1.24	-	0.00	
Mutual Fund	1998 M/F (Volente Project)	0.48	08/01/03	09/01/03	17,296.62	17,296.62		(1,694.37)		15,602.25	15,602.25	-	0.00	
					384,619.73	384,619.73	6.32	(228,064.53)	0.00	0.00	156,561.52	156,561.52	0.00	0.00
Mutual Fund	1998 M/F (Greens-Hickory)	0.48	08/01/03	09/01/03	90,625.00	90,625.00	9,403.53			100,028.53	100,028.53	-	0.00	
Mutual Fund	1998 M/F (Greens-Hickory)	0.48	08/01/03	09/01/03	122,042.63	122,042.63	110,242.58			232,285.21	232,285.21	-	0.00	
Mutual Fund	1998 M/F (Greens-Hickory)	0.48	08/01/03	09/01/03	31,945.25	31,945.25		(31,774.58)		170.67	170.67	-	0.00	
Mutual Fund	1998 M/F (Greens-Hickory)	0.48	08/01/03	09/01/03	12,708.75	12,708.75	87,291.25			100,000.00	100,000.00	-	0.00	
Inv Agmt	1998 M/F (Greens-Hickory)	4.94	03/22/01	09/01/30	27,960.15	27,960.15		(27,960.07)		0.08	0.08	-	0.00	
Mutual Fund	1998 M/F (Greens-Hickory)	0.48	08/01/03	09/01/03	56,100.80	56,100.80	297,048.70			353,149.50	353,149.50	-	0.00	
Inv Agmt	1998 M/F (Greens-Hickory)	4.94	09/10/98	09/01/30	56,718.31	56,718.31		(56,718.00)		0.31	0.31	-	0.00	
Mutual Fund	1998 M/F (Greens-Hickory)	0.48	08/01/03	09/01/03	33,828.75	33,828.75		(17,541.25)		16,287.50	16,287.50	-	0.00	
Inv Agmt	1998 M/F (Greens-Hickory)	4.94	03/22/01	09/01/30	6,450.00	6,450.00	5,372.03			11,822.03	11,822.03	-	0.00	
					438,379.64	438,379.64	509,358.09	(133,993.90)	0.00	0.00	813,743.83	813,743.83	0.00	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.55	08/01/03	09/01/03	103,506.30	103,506.30	49,536.68			153,042.98	153,042.98	-	0.00	
Mutual Fund	1999 M/F (Mayfield Apts)	0.55	08/01/03	09/01/03	1.78	1.78	0.00			1.78	1.78	-	0.00	
Mutual Fund	1999 M/F (Mayfield Apts)	0.55	08/01/03	09/01/03	117,268.59	117,268.59	17,480.62			134,749.21	134,749.21	-	0.00	
Mutual Fund	1999 M/F (Mayfield Apts)	0.55	08/01/03	09/01/03	41,200.87	41,200.87		(1,333.21)		39,867.66	39,867.66	-	0.00	
Mutual Fund	1999 M/F (Mayfield Apts)	0.55	08/01/03	09/01/03	13,666.67	13,666.67	41,000.01			54,666.68	54,666.68	-	0.00	
Mutual Fund	1999 M/F (Mayfield Apts)	0.55	08/01/03	09/01/03	2.47	2.47	158,724.05			158,726.52	158,726.52	-	0.00	
Mutual Fund	1999 M/F (Mayfield Apts)	0.55	08/01/03	09/01/03	0.16	0.16	0.00			0.16	0.16	-	0.00	
					275,646.84	275,646.84	266,741.36	(1,333.21)	0.00	0.00	541,054.99	541,054.99	0.00	0.00
Mutual Fund	1999 M/F (Woodglen Villge)	0.55	08/01/03	09/01/03	14,174.31	14,174.31	8,020.93			22,195.24	22,195.24	-	0.00	
Mutual Fund	1999 M/F (Woodglen Villge)	0.48	08/01/03	09/01/03	71,109.33	71,109.33	12,532.38			83,641.71	83,641.71	-	0.00	
Mutual Fund	1999 M/F (Woodglen Villge)	0.55	08/01/03	09/01/03	82.23	82.23	0.02			82.25	82.25	-	0.00	
Mutual Fund	1999 M/F (Woodglen Villge)	0.55	08/01/03	09/01/03	3,902.49	3,902.49	136,859.11			140,761.60	140,761.60	-	0.00	
Mutual Fund	1999 M/F (Woodglen Villge)	0.55	08/01/03	09/01/03	176,361.81	176,361.81	71,682.43			248,044.24	248,044.24	-	0.00	
Mutual Fund	1999 M/F (Woodglen Villge)	0.55	08/01/03	09/01/03	13.63	13.63	0.00			13.63	13.63	-	0.00	
					265,643.80	265,643.80	229,094.87	0.00	0.00	0.00	494,738.67	494,738.67	0.00	0.00
Mutual Fund	2000 M/F (Timber Pt Apts)	0.48	08/01/03	09/01/03	2,926.84	2,926.84		(332.05)		2,594.79	2,594.79	-	0.00	
Mutual Fund	2000 M/F (Timber Pt Apts)	0.48	08/01/03	09/01/03			10,760.51			10,760.51	10,760.51	-	0.00	
Inv Agmt	2000 M/F (Timber Pt Apts)	0.48	08/01/03	09/01/03	2.33	2.33	0.00			2.33	2.33	-	0.00	
					2,929.17	2,929.17	10,760.51	(332.05)	0.00	0.00	13,357.63	13,357.63	0.00	0.00
Mutual Fund	2000 A&B M/F (Oaks @ H)	0.48	08/01/03	09/01/03	105,241.28	105,241.28	65,748.39			170,989.67	170,989.67	-	0.00	

Mutual Fund	2000 A&B M/F (Oaks @ H)	0.48	08/01/03	09/01/03	67,429.89	67,429.89	12,866.64		80,296.53	80,296.53	-	0.00		
Mutual Fund	2000 A&B M/F (Oaks @ H)	0.48	08/01/03	09/01/03	673.26	673.26	1.10		674.36	674.36	-	0.00		
Mutual Fund	2000 A&B M/F (Oaks @ H)	0.48	08/01/03	09/01/03	0.04	0.04	0.00		0.04	0.04	-	0.00		
Mutual Fund	2000 A&B M/F (Oaks @ H)	0.48	08/01/03	09/01/03	94,600.42	94,600.42	20.94		94,621.36	94,621.36	-	0.00		
Mutual Fund	2000 A&B M/F (Oaks @ H)	0.48	08/01/03	09/01/03	20,293.14	20,293.14		(2,567.56)	17,725.58	17,725.58	-	0.00		
					<u>288,238.03</u>	<u>288,238.03</u>	<u>78,637.07</u>	<u>(2,567.56)</u>	<u>0.00</u>	<u>0.00</u>	<u>364,307.54</u>	<u>364,307.54</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 M/F (Deerwood Apts)	0.48	08/01/03	09/01/03			0.02		0.02	0.02	-	0.00		
Mutual Fund	2000 M/F (Deerwood Apts)	0.48	08/01/03	09/01/03	42,442.08	42,442.08		(1,048.30)	41,393.78	41,393.78	-	0.00		
Inv Agmt	2000 M/F (Deerwood Apts)	6.15	05/23/00	06/01/32	202,108.05	202,108.05		(120,324.14)	81,783.91	81,783.91	-	0.00		
					<u>244,550.13</u>	<u>244,550.13</u>	<u>0.02</u>	<u>(121,372.44)</u>	<u>0.00</u>	<u>0.00</u>	<u>123,177.71</u>	<u>123,177.71</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 M/F (Creek Point Apts)	0.55	08/01/03	09/01/03	11,780.34	11,780.34		(8,979.69)	2,800.65	2,800.65	-	0.00		
Mutual Fund	2000 M/F (Creek Point Apts)	0.55	08/01/03	09/01/03	8.04	8.04	9,100.65		9,108.69	9,108.69	-	0.00		
Mutual Fund	2000 M/F (Creek Point Apts)	0.55	08/01/03	09/01/03	0.30	0.30	0.00		0.30	0.30	-	0.00		
Mutual Fund	2000 M/F (Creek Point Apts)	0.55	08/01/03	09/01/03	226.07	226.07	0.08		226.15	226.15	-	0.00		
					<u>12,014.75</u>	<u>12,014.75</u>	<u>9,100.73</u>	<u>(8,979.69)</u>	<u>0.00</u>	<u>0.00</u>	<u>12,135.79</u>	<u>12,135.79</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 M/F (Parks @ Westmore)	0.48	08/01/03	09/01/03	24,969.02	24,969.02		(17,283.17)	7,685.85	7,685.85	-	0.00		
Mutual Fund	2000 M/F (Parks @ Westmore)	0.48	08/01/03	09/01/03	65,314.36	65,314.36	12,863.19		78,177.55	78,177.55	-	0.00		
Mutual Fund	2000 M/F (Parks @ Westmore)	0.48	08/01/03	09/01/03	10.84	10.84	0.03		10.87	10.87	-	0.00		
Mutual Fund	2000 M/F (Parks @ Westmore)	0.48	08/01/03	09/01/03	258.69	258.69	0.42		259.11	259.11	-	0.00		
Mutual Fund	2000 M/F (Parks @ Westmore)	0.48	08/01/03	09/01/03	91,003.37	91,003.37	18.20		91,021.57	91,021.57	-	0.00		
Mutual Fund	2000 M/F (Parks @ Westmore)	0.48	08/01/03	09/01/03	93,233.12	93,233.12	58,156.02		151,389.14	151,389.14	-	0.00		
					<u>274,789.40</u>	<u>274,789.40</u>	<u>71,037.86</u>	<u>(17,283.17)</u>	<u>0.00</u>	<u>0.00</u>	<u>328,544.09</u>	<u>328,544.09</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 M/F (Honey Creek)	0.55	08/01/03	09/01/03	50,562.79	50,562.79	12,054.60		62,617.39	62,617.39	-	0.00		
Mutual Fund	2000 M/F (Honey Creek)	0.55	08/01/03	09/01/03	103,824.51	103,824.51	51,252.28		155,076.79	155,076.79	-	0.00		
Mutual Fund	2000 M/F (Honey Creek)	0.55	08/01/03	09/01/03	137,253.60	137,253.60	30,556.41		167,810.01	167,810.01	-	0.00		
Mutual Fund	2000 M/F (Honey Creek)	0.55	08/01/03	09/01/03	5,228.62	5,228.62		(5,226.47)	2.15	2.15	-	0.00		
					<u>296,869.52</u>	<u>296,869.52</u>	<u>93,863.29</u>	<u>(5,226.47)</u>	<u>0.00</u>	<u>0.00</u>	<u>385,506.34</u>	<u>385,506.34</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 A-C MF High Mdws	0.55	08/01/03	09/01/03	108,823.90	108,823.90	10,907.85		119,731.75	119,731.75	-	0.00		
					<u>108,823.90</u>	<u>108,823.90</u>	<u>10,907.85</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>119,731.75</u>	<u>119,731.75</u>	<u>0.00</u>	<u>0.00</u>
Inv Agmt	2000 A/B MF Greenbridge	6.35	11/09/00	11/01/03			573,576.20		573,576.20	573,576.20	-	0.00		
Mutual Fund	2000 A/B MF Greenbridge	0.48	08/01/03	09/01/03	16,666.65	16,666.65	16,666.65		33,333.30	33,333.30	-	0.00		
Mutual Fund	2000 A/B MF Greenbridge	0.48	08/01/03	09/01/03	3,738.05	3,738.05		(3,723.50)	14.55	14.55	-	0.00		
Inv Agmt	2000 A/B MF Greenbridge	6.15	11/09/00	11/01/40			463,403.00		463,403.00	463,403.00	-	0.00		
Mutual Fund	2000 A/B MF Greenbridge				136,528.75	136,528.75		(136,528.75)			-	0.00		
Inv Agmt	2000 A/B MF Greenbridge				2,180,622.63	2,180,622.63		(2,180,622.63)			-	0.00		
					<u>2,337,556.08</u>	<u>2,337,556.08</u>	<u>1,053,645.85</u>	<u>(2,320,874.88)</u>	<u>0.00</u>	<u>0.00</u>	<u>1,070,327.05</u>	<u>1,070,327.05</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 A-C MF Collingham Pk	0.55	08/01/03	09/01/03	83.73	83.73	0.18		83.91	83.91	-	0.00		
Mutual Fund	2000 A-C MF Collingham Pk	0.55	08/01/03	09/01/03	159,905.90	159,905.90	11,053.65		170,959.55	170,959.55	-	0.00		
					<u>159,989.63</u>	<u>159,989.63</u>	<u>11,053.83</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>171,043.46</u>	<u>171,043.46</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 A/B MF Willams Run	0.48	08/01/03	09/01/03	58,408.63	58,408.63		(54,344.92)	4,063.71	4,063.71	-	0.00		
Mutual Fund	2000 A/B MF Willams Run	0.48	08/01/03	09/01/03	13,467.26	13,467.26	22.02		13,489.28	13,489.28	-	0.00		
Mutual Fund	2000 A/B MF Willams Run	0.48	08/01/03	09/01/03	4,820.18	4,820.18	2,176.15		6,996.33	6,996.33	-	0.00		
Mutual Fund	2000 A/B MF Willams Run	0.48	08/01/03	09/01/03	1,395.63	1,395.63	2.28		1,397.91	1,397.91	-	0.00		
Mutual Fund	2000 A/B MF Willams Run	0.48	08/01/03	09/01/03	0.66	0.66	0.00		0.66	0.66	-	0.00		
					<u>78,092.36</u>	<u>78,092.36</u>	<u>2,200.45</u>	<u>(54,344.92)</u>	<u>0.00</u>	<u>0.00</u>	<u>25,947.89</u>	<u>25,947.89</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 A/B MF Red Hills Villas	0.48	08/01/03	09/01/03	11,628.53	11,628.53	19.02		11,647.55	11,647.55	-	0.00		
Mutual Fund	2000 A/B MF Red Hills Villas				2,827.76	2,827.76		(2,827.76)			-	0.00		
Mutual Fund	2000 A/B MF Red Hills Villas	0.48	08/01/03	09/01/03	11,327.40	11,327.40	3,651.17		14,978.57	14,978.57	-	0.00		
Mutual Fund	2000 A/B MF Red Hills Villas	0.48	08/01/03	09/01/03	31,555.69	31,555.69	8,850.81		40,406.50	40,406.50	-	0.00		
Mutual Fund	2000 A/B MF Red Hills Villas	0.48	08/01/03	09/01/03	86,631.76	86,631.76	2,841.03		89,472.79	89,472.79	-	0.00		
Mutual Fund	2000 A/B MF Red Hills Villas	0.48	08/01/03	09/01/03	28,321.37	28,321.37	42,529.84		70,851.21	70,851.21	-	0.00		
					<u>172,292.51</u>	<u>172,292.51</u>	<u>57,891.87</u>	<u>(2,827.76)</u>	<u>0.00</u>	<u>0.00</u>	<u>227,356.62</u>	<u>227,356.62</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2001A MF Bluffview Apts.	0.48	08/01/03	09/01/03	3,155.43	3,155.43	5.16		3,160.59	3,160.59	-	0.00		
Mutual Fund	2001A MF Bluffview Apts.	0.48	08/01/03	09/01/03	24.16	24.16	7,868.45		7,892.61	7,892.61	-	0.00		
Mutual Fund	2001A MF Bluffview Apts.	0.48	08/01/03	09/01/03	73,263.69	73,263.69	55,643.54		128,907.23	128,907.23	-	0.00		
Mutual Fund	2001A MF Bluffview Apts.	0.48	08/01/03	09/01/03	16,681.91	16,681.91	12,534.23		29,216.14	29,216.14	-	0.00		

Mutual Fund	2001A MF Bluffview Apts.	0.48	08/01/03	09/01/03	96,292.81	96,292.81	3,597.46				99,890.27	99,890.27	-	0.00
Mutual Fund	2001A MF Bluffview Apts.	0.55	08/01/03	09/01/03	3,797.45	3,797.45	6.20				3,803.65	3,803.65	-	0.00
					193,215.45	193,215.45	79,655.04	0.00	0.00	0.00	272,870.49	272,870.49	0.00	0.00
Mutual Fund	2001A MF Knollwood Villas	0.48	08/01/03	09/01/03	4,142.40	4,142.40		(4,137.25)			5.15	5.15	-	0.00
Mutual Fund	2001A MF Knollwood Villas	0.48	08/01/03	09/01/03	13,777.52	13,777.52	8,880.76				22,658.28	22,658.28	-	0.00
Mutual Fund	2001A MF Knollwood Villas	0.48	08/01/03	09/01/03	81,277.34	81,277.34	61,063.52				142,340.86	142,340.86	-	0.00
Mutual Fund	2001A MF Knollwood Villas	0.48	08/01/03	09/01/03	17,616.07	17,616.07	13,235.44				30,851.51	30,851.51	-	0.00
Mutual Fund	2001A MF Knollwood Villas	0.48	08/01/03	09/01/03	119,152.98	119,152.98	10,498.87				129,651.85	129,651.85	-	0.00
Mutual Fund	2001A MF Knollwood Villas	0.48	08/01/03	09/01/03	337,299.30	337,299.30		(66,784.57)			270,514.73	270,514.73	-	0.00
					573,265.61	573,265.61	93,678.59	(70,921.82)	0.00	0.00	596,022.38	596,022.38	0.00	0.00
Mutual Fund	2001A MF Skyway Villas	0.48	08/01/03	09/01/03	1,408.43	1,408.43	12,847.49				14,255.92	14,255.92	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.48	08/01/03	09/01/03			77,306.87				77,306.87	77,306.87	-	0.00
Mutual Fund	2001A MF Skyway Villas				13,693.85	13,693.85		(13,693.85)					-	0.00
Inv Agmt	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	13,693.85	13,693.85	41,081.55				54,775.40	54,775.40	-	0.00
Inv Agmt	2001A MF Skyway Villas				48,234.58	48,234.58		(48,234.58)					-	0.00
Inv Agmt	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	241,172.92	241,172.92		(97,480.72)			143,692.20	143,692.20	-	0.00
					318,203.63	318,203.63	131,235.91	(159,409.15)	0.00	0.00	290,030.39	290,030.39	0.00	0.00
Mutual Fund	2001AB Cobb Park	0.48	08/01/03	09/01/03	11,959.59	11,959.59	19.55				11,979.14	11,979.14	-	0.00
Mutual Fund	2001AB Cobb Park	0.48	08/01/03	09/01/03	12,883.99	12,883.99		(10,908.78)			1,975.21	1,975.21	-	0.00
Mutual Fund	2001AB Cobb Park	0.48	08/01/03	09/01/03	50,156.67	50,156.67	50,234.21				100,390.88	100,390.88	-	0.00
Mutual Fund	2001AB Cobb Park	0.48	08/01/03	09/01/03	8,605.10	8,605.10	8,618.40				17,223.50	17,223.50	-	0.00
Mutual Fund	2001AB Cobb Park				179.39	179.39		(179.39)					-	0.00
Mutual Fund	2001AB Cobb Park	0.48	08/01/03	09/01/03	4.71	4.71	72,315.17				72,319.88	72,319.88	-	0.00
Mutual Fund	2001AB Cobb Park	0.48	08/01/03	09/01/03	51,091.69	51,091.69	83.52				51,175.21	51,175.21	-	0.00
Mutual Fund	2001AB Cobb Park	0.48	08/01/03	09/01/03	25,493.73	25,493.73	41.67				25,535.40	25,535.40	-	0.00
Mutual Fund	2001AB Cobb Park				1,136.08	1,136.08		(1,136.08)					-	0.00
					161,510.95	161,510.95	131,312.52	(12,224.25)	0.00	0.00	280,599.22	280,599.22	0.00	0.00
Mutual Fund	2001A MF Greens Road	0.83	08/01/03	09/01/03	9,494.50	9,494.50	2,745.34				12,239.84	12,239.84	-	0.00
Mutual Fund	2001A MF Greens Road	0.48	08/01/03	09/01/03			92,401.49				92,401.49	92,401.49	-	0.00
Inv Agmt	2001A MF Greens Road	4.01	09/14/01	06/01/34	1,558.67	1,558.67		(1,526.75)			31.92	31.92	-	0.00
Mutual Fund	2001A MF Greens Road	0.83	08/01/03	09/01/03	28.90	28.90	545.50				574.40	574.40	-	0.00
Inv Agmt	2001A MF Greens Road				543.07	543.07		(543.07)					-	0.00
Mutual Fund	2001A MF Greens Road				72.26	72.26		(72.26)					-	0.00
Inv Agmt	2001A MF Greens Road				409,261.86	409,261.86		(409,261.86)					-	0.00
Mutual Fund	2001A MF Greens Road	0.48	08/01/03	09/01/03	37.57	37.57	0.09				37.66	37.66	-	0.00
					420,996.83	420,996.83	95,692.42	(411,403.94)	0.00	0.00	105,285.31	105,285.31	0.00	0.00
Mutual Fund	2001AB MF Meridian Apts	0.48	08/01/03	09/01/03	34,207.95	34,207.95	26,644.34				60,852.29	60,852.29	-	0.00
Inv Agmt	2001AB MF Meridian Apts	3.77	09/25/01	02/01/04	145,057.64	145,057.64		(137,381.79)			7,675.85	7,675.85	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.55	08/01/03	09/01/03	64,366.70	64,366.70		(64,329.73)			36.97	36.97	-	0.00
Mutual Fund	2001AB MF Meridian Apts				2,956.11	2,956.11		(2,956.11)					-	0.00
					246,588.40	246,588.40	26,644.34	(204,667.63)	0.00	0.00	68,565.11	68,565.11	0.00	0.00
Mutual Fund	2001AB MF Wildwood	0.55	08/01/03	09/01/03			9.46				9.46	9.46	-	0.00
Inv Agmt	2001AB MF Wildwood	3.75	09/25/01	02/01/04	1,591,899.46	1,591,899.46		(819,889.34)			772,010.12	772,010.12	-	0.00
Mutual Fund	2001AB MF Wildwood	0.55	08/01/03	09/01/03			87.43				87.43	87.43	-	0.00
Mutual Fund	2001AB MF Wildwood	0.55	08/01/03	09/01/03	669.80	669.80		(5.72)			664.08	664.08	-	0.00
Mutual Fund	2001AB MF Wildwood	0.55	08/01/03	09/01/03	2,842.33	2,842.33	0.00				2,842.33	2,842.33	-	0.00
					1,595,411.59	1,595,411.59	96.89	(819,895.06)	0.00	0.00	775,613.42	775,613.42	0.00	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.83	08/01/03	09/01/03	166.90	166.90	92,342.71				92,509.61	92,509.61	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.55	08/01/03	09/01/03	100,617.93	100,617.93		(12,698.16)			87,919.77	87,919.77	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts				92,209.05	92,209.05		(92,209.05)					-	0.00
					192,993.88	192,993.88	92,342.71	(104,907.21)	0.00	0.00	180,429.38	180,429.38	0.00	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.48	08/01/03	09/01/03	192,240.92	192,240.92	237,759.08				430,000.00	430,000.00	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts				237,759.08	237,759.08		(237,759.08)					-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.48	08/01/03	09/01/03	19,443.92	19,443.92	49,544.28				68,988.20	68,988.20	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.48	08/01/03	09/01/03	50,973.08	50,973.08		(50,442.97)			530.11	530.11	-	0.00
Inv Agmt	2001 MF Oak Hollow Apts				59,935.00	59,935.00		(59,935.00)					-	0.00
					560,352.00	560,352.00	287,303.36	(348,137.05)	0.00	0.00	499,518.31	499,518.31	0.00	0.00

Mutual Fund	2001AB MF Hillside Apts	0.48	08/01/03	09/01/03			100,000.00		100,000.00	100,000.00	-	0.00		
Inv Agmt	2001AB MF Hillside Apts				100,000.00	100,000.00		(100,000.00)			-	0.00		
Mutual Fund	2001AB MF Hillside Apts	0.48	08/01/03	09/01/03	29,154.19	29,154.19	87,340.23		116,494.42	116,494.42	-	0.00		
Mutual Fund	2001AB MF Hillside Apts	0.48	08/01/03	09/01/03	77,494.96	77,494.96		(77,311.63)	183.33	183.33	-	0.00		
Inv Agmt	2001AB MF Hillside Apts				16,848.04	16,848.04		(16,848.04)			-	0.00		
					223,497.19	223,497.19	187,340.23	(194,159.67)	0.00	0.00	216,677.75	216,677.75	0.00	0.00
Mutual Fund	2002A MF Millstone Apts				268,570.73	268,570.73		(268,570.73)			-	0.00		
GICs	2002A MF Millstone Apts				200,500.71	200,500.71		(200,500.71)			-	0.00		
Mutual Fund	2002A MF Millstone Apts	0.12	08/01/03	09/01/03	5,500.30	5,500.30		(5,499.27)	1.03	1.03	-	0.00		
Mutual Fund	2002A MF Millstone Apts	0.12	08/01/03	09/01/03	14,113.76	14,113.76		(893.81)		13,219.95	13,219.95	-	0.00	
					488,685.50	488,685.50	0.00	(475,464.52)	0.00	0.00	13,220.98	13,220.98	0.00	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.12	08/01/03	09/01/03	11,273.35	11,273.35	31,397.00		42,670.35	42,670.35	-	0.00		
Mutual Fund	2002 MF SugarCreek Apts	0.12	08/01/03	09/01/03	1,952.31	1,952.31		(1,950.68)	1.63	1.63	-	0.00		
Mutual Fund	2002 MF SugarCreek Apts	0.12	08/01/03	09/01/03	83,643.17	83,643.17		(83,598.43)	44.74	44.74	-	0.00		
Mutual Fund	2002 MF SugarCreek Apts	0.12	08/01/03	09/01/03	551,752.46	551,752.46		(358,227.87)	193,524.59	193,524.59	-	0.00		
Mutual Fund	2002 MF SugarCreek Apts	0.12	08/01/03	09/01/03	49,663.53	49,663.53		(49,636.78)	26.75	26.75	-	0.00		
					698,284.82	698,284.82	31,397.00	(493,413.76)	0.00	0.00	236,268.06	236,268.06	0.00	0.00
Mutual Fund	2002 MF West Oaks Apts	0.48	08/01/03	09/01/03	0.69	0.69	0.00		0.69	0.69	-	0.00		
Mutual Fund	2002 MF West Oaks Apts	0.48	08/01/03	09/01/03			2,800.00		2,800.00	2,800.00	-	0.00		
Mutual Fund	2002 MF West Oaks Apts	0.48	08/01/03	09/01/03	24.75	24.75		0.03	24.78	24.78	-	0.00		
Mutual Fund	2002 MF West Oaks Apts	0.48	08/01/03	09/01/03			3.55		3.55	3.55	-	0.00		
Mutual Fund	2002 MF West Oaks Apts				65,404.15	65,404.15		(65,404.15)			-	0.00		
Mutual Fund	2002 MF West Oaks Apts	0.48	08/01/03	09/01/03	1,753.90	1,753.90	2,044.53		3,798.43	3,798.43	-	0.00		
Money Mkt	2002 MF West Oaks Apts	0.48	08/01/03	09/01/03			17,789.00		17,789.00	17,789.00	-	0.00		
					67,183.49	67,183.49	22,637.11	(65,404.15)	0.00	0.00	24,416.45	24,416.45	0.00	0.00
Mutual Fund	2002 MF Park Meadows	0.55	08/01/03	09/01/03	150,226.35	150,226.35		(150,181.41)	44.94	44.94	-	0.00		
Mutual Fund	2002 MF Park Meadows	0.55	08/01/03	09/01/03	100,240.16	100,240.16	277.51		100,517.67	100,517.67	-	0.00		
Mutual Fund	2002 MF Park Meadows				25.54	25.54		(25.54)			-	0.00		
					250,492.05	250,492.05	277.51	(150,206.95)	0.00	0.00	100,562.61	100,562.61	0.00	0.00
Mutual Fund	2002 MF Clarkridge Villas	0.48	08/01/03	09/01/03	157.99	157.99	0.00		157.99	157.99	-	0.00		
Mutual Fund	2002 MF Clarkridge Villas	0.48	08/01/03	09/01/03	850,142.11	850,142.11		(725,937.57)	124,204.54	124,204.54	-	0.00		
Inv Agmt	2002 MF Clarkridge Villas	1.60	09/05/02	01/02/04	10,183,151.10	10,183,151.10		(3,505,681.92)	6,677,469.18	6,677,469.18	-	0.00		
Mutual Fund	2002 MF Clarkridge Villas	0.48	08/01/03	09/01/03	957.53	957.53		(308.31)	649.22	649.22	-	0.00		
Mutual Fund	2002 MF Clarkridge Villas	0.48	08/01/03	09/01/03	96,400.06	96,400.06		(11,882.21)	84,517.85	84,517.85	-	0.00		
Inv Agmt	2002 MF Clarkridge Villas	1.60	09/06/02	01/02/04	579,145.93	579,145.93		(200,756.68)	378,389.25	378,389.25	-	0.00		
					11,709,954.72	11,709,954.72	0.00	(4,444,566.69)	0.00	0.00	7,265,388.03	7,265,388.03	0.00	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.48	08/01/03	09/01/03	2,503.52	2,503.52	328,742.10		331,245.62	331,245.62	-	0.00		
Inv Agmt	2002 MF Hickory Trace Apts	1.32	11/08/02	01/01/05	9,347,002.73	9,347,002.73		(1,690,239.52)	7,656,763.21	7,656,763.21	-	0.00		
Mutual Fund	2002 MF Hickory Trace Apts	0.48	08/01/03	09/01/03	82,326.83	82,326.83		(12,792.87)	69,533.96	69,533.96	-	0.00		
Inv Agmt	2002 MF Hickory Trace Apts	1.32	11/08/02	01/01/05	759,773.34	759,773.34		(163,571.66)	596,201.68	596,201.68	-	0.00		
					10,191,606.42	10,191,606.42	328,742.10	(1,866,604.05)	0.00	0.00	8,653,744.47	8,653,744.47	0.00	0.00
Mutual Fund	2002 MF Green Crest Apts				16.68	16.68		(16.68)			-	0.00		
Inv Agmt	2002 MF Green Crest Apts	1.32	11/08/02	10/01/04	364,199.45	364,199.45	388,814.29		753,013.74	753,013.74	-	0.00		
Mutual Fund	2002 MF Green Crest Apts				0.39	0.39		(0.39)			-	0.00		
Inv Agmt	2002 MF Green Crest Apts	1.32	11/08/02	10/01/04	8,180,993.50	8,180,993.50		(3,477,519.53)	4,703,473.97	4,703,473.97	-	0.00		
Mutual Fund	2002 MF Green Crest Apts				0.03	0.03		(0.03)			-	0.00		
Inv Agmt	2002 MF Green Crest Apts	1.32	11/08/02	10/01/04	649,699.57	649,699.57		(190,738.17)	458,961.40	458,961.40	-	0.00		
					9,194,909.62	9,194,909.62	388,814.29	(3,668,274.80)	0.00	0.00	5,915,449.11	5,915,449.11	0.00	0.00
Mutual Fund	2002 MF Iron Crossing	0.48	08/01/03	09/01/03	195.48	195.48	0.33		195.81	195.81	-	0.00		
Inv Agmt	2002 MF Iron Crossing	1.58	11/22/02	12/31/04	873,980.20	873,980.20	3,418.31		877,398.51	877,398.51	-	0.00		
Mutual Fund	2002 MF Iron Crossing	0.48	08/01/03	09/01/03	1,461.43	1,461.43	88.89		1,550.32	1,550.32	-	0.00		
Mutual Fund	2002 MF Iron Crossing	0.48	08/01/03	09/01/03	168.21	168.21	2.78		170.99	170.99	-	0.00		
Inv Agmt	2002 MF Iron Crossing	1.58	11/22/02	12/31/04	11,022,442.07	11,022,442.07		(1,416,224.07)	9,606,218.00	9,606,218.00	-	0.00		
Inv Agmt	2002 MF Iron Crossing	1.58	11/22/02	12/31/04	552,523.97	552,523.97	2,161.03		554,685.00	554,685.00	-	0.00		
Mutual Fund	2002 MF Iron Crossing	0.48	08/01/03	09/01/03	261.04	261.04		(251.03)	10.01	10.01	-	0.00		
Inv Agmt	2002 MF Iron Crossing	1.58	11/22/02	12/31/04	1,666,796.62	1,666,796.62		(243,223.09)	1,423,573.53	1,423,573.53	-	0.00		
Mutual Fund	2002 MF Iron Crossing	0.48	08/01/03	09/01/03	196.73	196.73	0.33		197.06	197.06	-	0.00		
					14,118,025.75	14,118,025.75	5,671.67	(1,659,698.19)	0.00	0.00	12,463,999.23	12,463,999.23	0.00	0.00

Mutual Fund	2002 MF Woodway Village	0.48	08/01/03	09/01/03			3,024.98			3,024.98	3,024.98	-	0.00	
Mutual Fund	2002 MF Woodway Village	0.48	08/01/03	09/01/03	5,707,161.43	5,707,161.43		(2,704,576.21)		3,002,585.22	3,002,585.22	-	0.00	
Mutual Fund	2002 MF Woodway Village	0.48	08/01/03	09/01/03	59,338.62	59,338.62		(3,711.71)		55,626.91	55,626.91	-	0.00	
Mutual Fund	2002 MF Woodway Village	0.48	08/01/03	09/01/03	400,893.14	400,893.14		(272,980.05)		127,913.09	127,913.09	-	0.00	
Mutual Fund	2002 MF Woodway Village	0.48	08/01/03	09/01/03	663,959.24	663,959.24	708.69			664,667.93	664,667.93	-	0.00	
Mutual Fund	2002 MF Woodway Village	0.48	08/01/03	09/01/03	23,753.74	23,753.74		(13,479.95)		10,273.79	10,273.79	-	0.00	
					6,855,106.17	6,855,106.17	3,733.67	(2,994,747.92)	0.00	0.00	3,864,091.92	3,864,091.92	0.00	0.00
Inv Agmt	2003 AB MF Reading Road	0.01	02/12/03	09/01/04			7,726,554.59			7,726,554.59	7,726,554.59	-	0.00	
Inv Agmt	2003 AB MF Reading Road				11,663,450.60	11,663,450.60		(11,663,450.60)				-	0.00	
Inv Agmt	2003 AB MF Reading Road	0.01	02/12/03	09/01/04			1,576,157.20			1,576,157.20	1,576,157.20	-	0.00	
Mutual Fund	2003 AB MF Reading Road				58,847.92	58,847.92		(58,847.92)				-	0.00	
Money Mkt	2003 AB MF Reading Road	0.55	08/01/03	09/01/03			180,059.32			180,059.32	180,059.32	-	0.00	
					11,722,298.52	11,722,298.52	9,482,771.11	(11,722,298.52)	0.00	0.00	9,482,771.11	9,482,771.11	0.00	0.00
Mutual Fund	2003 AB MF North Vista	0.55	08/01/03	09/01/03	700,703.78	700,703.78	1,284.69			701,988.47	701,988.47	-	0.00	
Mutual Fund	2003 AB MF North Vista	0.55	08/01/03	09/01/03	13,025,880.00	13,025,880.00		(701,564.94)		12,324,315.06	12,324,315.06	-	0.00	
Mutual Fund	2003 AB MF North Vista	0.55	08/01/03	09/01/03			199.07			199.07	199.07	-	0.00	
Money Mkt	2003 AB MF North Vista	0.55	08/01/03	09/01/03			54,580.92			54,580.92	54,580.92	-	0.00	
Money Mkt	2003 AB MF North Vista	0.55	08/01/03	09/01/03			223,249.40			223,249.40	223,249.40	-	0.00	
Money Mkt	2003 AB MF North Vista	0.55	08/01/03	09/01/03			7,286.12			7,286.12	7,286.12	-	0.00	
					13,726,583.78	13,726,583.78	286,600.20	(701,564.94)	0.00	0.00	13,311,619.04	13,311,619.04	0.00	0.00
Mutual Fund	2003 AB MF West Virginia	0.48	08/01/03	09/01/03	9,450,000.00	9,450,000.00	8,220.34			9,458,220.34	9,458,220.34	-	0.00	
Mutual Fund	2003 AB MF West Virginia	0.55	08/01/03	09/01/03			247.20			247.20	247.20	-	0.00	
Money Mkt	2003 AB MF West Virginia	0.55	08/01/03	09/01/03			30,504.30			30,504.30	30,504.30	-	0.00	
Money Mkt	2003 AB MF West Virginia	0.55	08/01/03	09/01/03			128,842.41			128,842.41	128,842.41	-	0.00	
Money Mkt	2003 AB MF West Virginia	0.55	08/01/03	09/01/03			4,682.67			4,682.67	4,682.67	-	0.00	
Mutual Fund	2003 AB MF West Virginia	0.55	08/01/03	09/01/03	110,282.34	110,282.34		(66,888.88)		43,393.46	43,393.46	-	0.00	
					9,560,282.34	9,560,282.34	172,496.92	(66,888.88)	0.00	0.00	9,665,890.38	9,665,890.38	0.00	0.00
Money Mkt	2003AB MF Sphinx @ M	0.48	08/01/03	09/01/03			7,099.28			7,099.28	7,099.28	-	0.00	
Inv Agmt	2003AB MF Sphinx @ M	1.22	05/13/03	12/31/04	15,085,400.00	15,085,400.00		(7,572.56)		15,077,827.44	15,077,827.44	-	0.00	
Inv Agmt	2003AB MF Sphinx @ M	2.51	05/13/03	12/01/42	24,447.34	24,447.34	14,201.84			38,649.18	38,649.18	-	0.00	
Inv Agmt	2003AB MF Sphinx @ M	1.22	05/13/03	12/31/04	755,000.00	755,000.00		(1,130.00)		753,870.00	753,870.00	-	0.00	
Mutual Fund	2003AB MF Sphinx @ M	0.48	08/01/03	09/01/03	60,286.99	60,286.99		(26,948.08)		33,338.91	33,338.91	-	0.00	
					15,925,134.33	15,925,134.33	21,301.12	(35,650.64)	0.00	0.00	15,910,784.81	15,910,784.81	0.00	0.00
Money Mkt	2003 AB MF Primrose	0.48	08/01/03	09/01/03			0.01			0.01	0.01	-	0.00	
Mutual Fund	2003 AB MF Primrose				106,008.83	106,008.83		(106,008.83)				-	0.00	
Mutual Fund	2003 AB MF Primrose	0.48	08/01/03	09/01/03	707,583.92	707,583.92		(131,131.51)		576,452.41	576,452.41	-	0.00	
Mutual Fund	2003 AB MF Primrose	0.48	08/01/03	09/01/03	14,136,066.91	14,136,066.91		(398,931.90)		13,737,135.01	13,737,135.01	-	0.00	
Mutual Fund	2003 AB MF Primrose	0.48	08/01/03	09/01/03			867,640.79			867,640.79	867,640.79	-	0.00	
Mutual Fund	2003 AB MF Primrose	0.48	08/01/03	09/01/03	462,423.00	462,423.00		(450,109.04)		12,313.96	12,313.96	-	0.00	
					15,412,082.66	15,412,082.66	0.01	(218,540.49)	0.00	0.00	15,193,542.18	15,193,542.18	0.00	0.00
Mutual Fund	2003 AB MF Timber Oaks	0.48	08/01/03	09/01/03			47.81			47.81	47.81	-	0.00	
Inv Agmt	2003 AB MF Timber Oaks	1.10	08/15/03	04/01/05			1,500,611.00			1,500,611.00	1,500,611.00	-	0.00	
Mutual Fund	2003 AB MF Timber Oaks	0.48	08/01/03	09/01/03			13.54			13.54	13.54	-	0.00	
Inv Agmt	2003 AB MF Timber Oaks	1.10	08/15/03	04/01/05			425,027.00			425,027.00	425,027.00	-	0.00	
Mutual Fund	2003 AB MF Timber Oaks	0.48	08/01/03	09/01/03			292.64			292.64	292.64	-	0.00	
Inv Agmt	2003 AB MF Timber Oaks	1.10	08/15/03	04/01/05			9,184,401.00			9,184,401.00	9,184,401.00	-	0.00	
Mutual Fund	2003 AB MF Timber Oaks	0.48	08/01/03	09/01/03			83,323.62			83,323.62	83,323.62	-	0.00	
Inv Agmt	2003 AB MF Timber Oaks	1.10	08/15/03	04/01/05			1,006,711.11			1,006,711.11	1,006,711.11	-	0.00	
					0.00	0.00	12,200,427.72	0.00	0.00	0.00	12,200,427.72	12,200,427.72	0.00	0.00
Mutual Fund	2003 AB MF Ash Creek	0.48	08/01/03	09/01/03			134,447.00			134,447.00	134,447.00	-	0.00	
Mutual Fund	2003 AB MF Ash Creek	0.48	08/01/03	09/01/03			13,270,553.00			13,270,553.00	13,270,553.00	-	0.00	
Mutual Fund	2003 AB MF Ash Creek	0.48	08/01/03	09/01/03			1,375,000.00			1,375,000.00	1,375,000.00	-	0.00	
Mutual Fund	2003 AB MF Ash Creek	0.48	08/01/03	09/01/03			297,612.50			297,612.50	297,612.50	-	0.00	
					0.00	0.00	15,077,612.50	0.00	0.00	0.00	15,077,612.50	15,077,612.50	0.00	0.00
Mutual Fund	2003 AB MF Peninsula	0.48	08/01/03	09/01/03			630,877.25			630,877.25	630,877.25	-	0.00	
Mutual Fund	2003 AB MF Peninsula	0.48	08/01/03	09/01/03			11,402,274.50			11,402,274.50	11,402,274.50	-	0.00	
Mutual Fund	2003 AB MF Peninsula	0.48	08/01/03	09/01/03			493,142.75			493,142.75	493,142.75	-	0.00	

Mutual Fund	2003 AB MF Peninsula	0.48	08/01/03	09/01/03						130,507.57	130,507.57	130,507.57	-	0.00
Mutual Fund	2003 AB MF Peninsula	0.48	08/01/03	09/01/03						85,581.75	85,581.75	85,581.75	-	0.00
					0.00	0.00	12,742,383.82	0.00	0.00	0.00	12,742,383.82	12,742,383.82	0.00	0.00
Inv Agmt	2003 A MF Evergreen	7.55	08/29/03	08/27/06						9,429,547.17	9,429,547.17	9,429,547.17	-	0.00
					0.00	0.00	9,429,547.17	0.00	0.00	0.00	9,429,547.17	9,429,547.17	0.00	0.00
Total Multi-Family Investment Summary							143,683,043.87	143,683,043.87	64,682,914.75	(36,862,657.84)	0.00	0.00	171,503,300.78	171,503,300.78

Texas Department of Housing and Community Affairs
 Single Family Collateralized Home Mortgage Revenue Bonds Series 1993 Investment Summary
 For Period Ending August 31, 2003

Investment Type	Issue	Current	Current	Current	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in	Recognized
		Interest Rate	Purchase Date	Maturity Date	Carrying Value 05/31/03	Market Value 05/31/03					Carrying Value 08/31/03	Market Value 08/31/03	In Market Value		Gain
Repo Agmt	1993 SF MRB CHMRB	1.05	08/29/03	09/02/03	7,353.79	7,353.79	20.07				7,373.86	7,373.86	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.05	08/29/03	09/02/03	259,338.52	259,338.52	94,936.66				354,275.18	354,275.18	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.05	08/29/03	09/02/03	328,446.94	328,446.94		(70,872.89)			257,574.05	257,574.05	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.05	08/29/03	09/02/03	260,006.43	260,006.43	157,688.27				417,694.70	417,694.70	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.05	08/29/03	09/02/03	461,788.38	461,788.38		(122,935.08)			338,853.30	338,853.30	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.05	08/29/03	09/02/03	941,885.17	941,885.17		(333,751.90)			608,133.27	608,133.27	-	0.00
FNMA	1993 SF MRB CHMRB	6.10	06/30/94	06/01/24	378,808.81	399,707.27		(2,639.59)			376,169.22	391,534.04	(5,533.64)	0.00
FNMA	1993 SF MRB CHMRB	6.90	08/17/94	08/01/24	592,839.03	631,951.87		(86,314.92)			506,524.11	539,308.76	(6,328.19)	0.00
FNMA	1993 SF MRB CHMRB	6.97	08/17/94	07/01/24	720,877.67	769,295.63		(67,945.34)			652,932.33	696,536.36	(4,813.93)	0.00
FNMA	1993 SF MRB CHMRB	7.06	08/17/94	07/01/24	489,506.32	524,376.00		(38,634.77)			450,871.55	480,552.13	(5,189.10)	0.00
FNMA	1993 SF MRB CHMRB	6.90	05/26/95	01/01/25	188,173.04	201,287.71		(54,267.55)			133,905.49	143,069.38	(3,950.78)	0.00
FNMA	1993 SF MRB CHMRB	7.10	08/15/95	05/01/25	281,654.26	303,647.73		(64,992.58)			216,661.68	232,511.67	(6,143.48)	0.00
GNMA	1993 SF MRB CHMRB	6.10	06/30/94	06/20/24	3,485,601.48	3,664,959.10		(364,431.45)			3,121,170.03	3,234,190.44	(66,337.21)	0.00
GNMA	1993 SF MRB CHMRB	6.90	08/17/94	08/20/24	3,642,223.68	3,876,381.28		(222,625.85)			3,419,597.83	3,640,477.88	(13,277.55)	0.00
GNMA	1993 SF MRB CHMRB	6.97	08/17/94	08/20/24	3,102,317.63	3,304,319.72		(463,569.33)			2,638,748.30	2,813,520.60	(27,229.79)	0.00
GNMA	1993 SF MRB CHMRB	7.06	08/17/94	08/20/24	1,482,153.84	1,580,849.82		(377,290.95)			1,104,862.89	1,175,982.77	(27,576.10)	0.00
GNMA	1993 SF MRB CHMRB	6.10	01/27/95	10/20/24	499,284.88	525,226.74		(85,739.71)			413,545.17	428,724.33	(10,762.70)	0.00
GNMA	1993 SF MRB CHMRB	6.97	02/16/95	12/20/24	1,086,120.39	1,157,869.83		(144,587.26)			941,533.13	1,004,786.30	(8,496.27)	0.00
GNMA	1993 SF MRB CHMRB	6.90	03/30/95	02/20/25	299,712.63	318,774.83		(64,482.40)			235,230.23	250,212.62	(4,079.81)	0.00
GNMA	1993 SF MRB CHMRB	7.06	03/30/95	12/20/24	203,628.25	217,295.63		(4,898.97)			198,729.28	211,626.50	(770.16)	0.00
GNMA	1993 SF MRB CHMRB	6.97	06/01/95	05/20/25	41,326.32	44,017.54		(285.75)			41,040.57	43,750.50	18.71	0.00
GNMA	1993 SF MRB CHMRB	6.90	08/15/95	02/20/25	55,037.09	58,572.82		(259.71)			54,777.38	58,301.41	(11.70)	0.00
GNMA	1993 SF MRB CHMRB	7.06	06/29/95	04/20/25	161,916.92	172,732.63		(55,141.88)			106,775.04	113,645.31	(3,945.44)	0.00
GNMA	1993 SF MRB CHMRB	7.10	06/29/95	05/20/25	772,183.66	823,316.38		(191,066.02)			581,117.64	618,331.71	(13,918.65)	0.00
GNMA	1993 SF MRB CHMRB	7.06	08/15/95	06/20/25	185,186.42	197,396.08		(829.93)			184,356.49	196,059.29	(506.86)	0.00
GNMA	1993 SF MRB CHMRB	7.10	08/15/95	08/20/25	1,037,959.61	1,107,539.62		(127,019.92)			910,939.69	970,017.92	(10,501.78)	0.00
Repo Agmt	1993 SF MRB CHMRB	1.05	08/29/03	09/02/03	1.47	1.47	0.00				1.47	1.47	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.05	08/29/03	09/02/03	5.48	5.48	0.00				5.48	5.48	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.05	08/29/03	09/02/03	352.95	352.95	0.56				353.51	353.51	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.05	08/29/03	09/02/03	3.13	3.13	0.00				3.13	3.13	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.05	08/29/03	09/02/03	8.83	8.83	0.00				8.83	8.83	-	0.00
Total 1993 SF MRB CHMRB Investment Summary					20,965,703.02	22,138,709.32	252,645.56	(527,559.87)	(2,417,023.88)	0.00	18,273,764.83	19,227,416.70	(219,354.43)	0.00

Texas Department of Housing and Community Affairs
Single Family Collateralized Home Mortgage Revenue Bonds Series 1994 and 1995 Investment Summary
For Period Ending August 31, 2003

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/03	Beginning Market Value 05/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 08/31/03	Ending Market Value 08/31/03	Change in Market Value	Recognized Gain
Repo Agmt	1994 SF MRB CHMRB	1.05	08/29/03	09/02/03	13,965.24	13,965.24	38.15				14,003.39	14,003.39	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.05	08/29/03	09/02/03	7,066.72	7,066.72	19.25				7,085.97	7,085.97	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.05	08/29/03	09/02/03	547,174.33	547,174.33	264,189.25				811,363.58	811,363.58	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.05	08/29/03	09/02/03	20,604.63	20,604.63			(20,261.31)		343.32	343.32	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.05	08/29/03	09/02/03	113,468.26	113,468.26			(113,051.00)		417.26	417.26	-	0.00
GICs	1994 SF MRB CHMRB	6.42	04/26/95	11/01/26	475,161.34	475,161.34	274,539.75				749,701.09	749,701.09	-	0.00
GICs	1994 SF MRB CHMRB	6.05	06/27/96	11/01/26	449,274.95	449,274.95		(285,461.10)			163,813.85	163,813.85	-	0.00
FNMA	1994 SF MRB CHMRB	7.10	06/29/95	04/01/25	1,010,966.49	1,089,604.78			(179,504.02)		831,462.47	892,038.95	(18,061.81)	0.00
FNMA	1994 SF MRB CHMRB	7.10	07/28/95	05/01/25	325,636.06	350,715.87			(49,103.23)		276,532.83	296,468.49	(5,144.15)	0.00
FNMA	1994 SF MRB CHMRB	6.70	08/30/95	07/01/25	713,503.22	760,136.04			(225,862.95)		487,640.27	517,906.34	(16,366.75)	0.00
FNMA	1994 SF MRB CHMRB	6.70	09/19/95	08/01/25	507,331.93	540,490.61			(41,338.76)		465,993.17	494,916.33	(4,235.52)	0.00
FNMA	1994 SF MRB CHMRB	7.10	09/28/95	07/01/25	21,187.35	22,849.17			(2,544.00)		18,643.35	20,013.66	(291.51)	0.00
FNMA	1994 SF MRB CHMRB	6.70	01/12/96	11/01/25	532,142.15	566,775.23			(41,329.54)		490,812.61	521,139.96	(4,305.73)	0.00
FNMA	1994 SF MRB CHMRB	7.10	01/30/96	09/01/25	72,014.18	77,539.93			(360.23)		71,653.95	76,799.15	(380.55)	0.00
FNMA	1994 SF MRB CHMRB	7.10	02/28/96	09/01/25	134,481.83	144,138.12			(607.44)		133,874.39	142,827.66	(703.02)	0.00
FNMA	1994 SF MRB CHMRB	7.10	02/28/96	05/01/25	117,149.18	125,958.69			(525.88)		116,623.30	124,787.31	(645.50)	0.00
FNMA	1994 SF MRB CHMRB	6.70	03/28/96	10/01/25	161,969.06	171,485.41			(1,057.44)		160,911.62	169,840.29	(587.68)	0.00
FNMA	1994 SF MRB CHMRB	6.70	07/30/96	07/01/25	238,282.01	251,887.75			(48,136.09)		190,145.92	200,383.05	(3,368.61)	0.00
FNMA	1994 SF MRB CHMRB	7.10	08/29/96	08/01/26	285,131.32	305,114.27			(157,007.06)		128,124.26	136,544.99	(11,562.22)	0.00
FNMA	1994 SF MRB CHMRB	6.70	09/16/96	06/01/26	147,427.28	155,590.98			(29,703.48)		117,723.80	123,859.40	(2,028.10)	0.00
FNMA	1994 SF MRB CHMRB	6.70	11/14/96	07/01/26	208,578.73	220,655.64			(40,653.68)		167,925.05	177,187.41	(2,814.55)	0.00
FNMA	1994 SF MRB CHMRB	6.72	02/13/97	11/01/26	134,298.07	142,487.52			(56,964.67)		77,333.40	81,855.94	(3,666.91)	0.00
FNMA	1994 SF MRB CHMRB	7.10	03/27/97	01/01/26	104,148.82	111,533.80			(488.89)		103,659.93	110,500.09	(544.82)	0.00
FNMA	1994 SF MRB CHMRB	6.72	05/15/97	12/01/26	343,091.51	366,427.67			(110,467.27)		232,624.24	247,859.67	(8,100.73)	0.00
GNMA	1994 SF MRB CHMRB	7.10	06/29/95	05/20/25	4,135,640.95	4,407,340.94			(530,597.93)		3,605,043.02	3,834,030.73	(42,712.28)	0.00
GNMA	1994 SF MRB CHMRB	7.10	07/28/95	07/20/25	1,318,036.95	1,405,896.87			(203,891.63)		1,114,145.32	1,185,984.55	(16,020.69)	0.00
GNMA	1994 SF MRB CHMRB	6.70	08/30/95	08/20/25	3,747,898.52	3,973,660.69			(521,928.76)		3,225,969.76	3,413,036.33	(38,695.60)	0.00
GNMA	1994 SF MRB CHMRB	6.70	12/01/99	06/20/25	359,919.98	386,485.50			1,972.18		361,892.16	382,712.01	(5,745.67)	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/30/95	07/20/25	945,198.17	1,008,614.11			(4,740.35)		940,457.82	1,001,504.28	(2,369.48)	0.00
GNMA	1994 SF MRB CHMRB	6.70	08/30/95	08/20/25	1,068,263.48	1,126,044.93			(132,420.73)		935,842.75	990,577.69	(3,046.51)	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/30/95	08/20/25	577,260.21	615,961.38			(154,795.33)		422,464.88	449,866.65	(11,299.40)	0.00
GNMA	1994 SF MRB CHMRB	7.10	09/19/95	08/20/25	378,213.07	403,430.28			(138,169.19)		240,043.88	255,525.31	(9,735.78)	0.00
GNMA	1994 SF MRB CHMRB	6.70	09/19/95	09/20/25	653,645.65	693,879.01			(139,694.27)		513,951.38	544,428.78	(9,755.96)	0.00
GNMA	1994 SF MRB CHMRB	7.10	09/28/95	08/20/25	72,633.85	77,471.91			(56,114.24)		16,519.61	17,583.95	(3,773.72)	0.00
GNMA	1994 SF MRB CHMRB	6.70	09/28/95	09/20/25	900,281.28	955,664.46			(56,793.60)		843,487.68	893,477.51	(5,393.35)	0.00
FNMA	1994 SF MRB CHMRB	6.72	09/18/97	11/01/26	62,263.53	66,586.71			(258.01)		62,005.52	66,121.02	(207.68)	0.00
GNMA	1994 SF MRB CHMRB	6.70	07/30/96	06/20/26	128,377.10	136,002.76			(1,237.82)		127,139.28	134,414.18	(350.76)	0.00
GNMA	1994 SF MRB CHMRB	6.70	01/12/96	11/20/25	1,579,367.39	1,675,590.17			(154,351.77)		1,425,015.62	1,508,627.18	(12,611.22)	0.00
GNMA	1994 SF MRB CHMRB	7.10	01/30/96	10/20/25	885,036.74	943,475.92			(309,213.10)		575,823.64	612,590.59	(21,672.23)	0.00
GNMA	1994 SF MRB CHMRB	7.10	02/28/96	12/20/25	174,208.95	185,560.92			(1,081.94)		173,127.01	184,031.52	(447.46)	0.00
GNMA	1994 SF MRB CHMRB	6.70	02/28/96	01/20/26	465,051.97	492,688.82			(3,370.28)		461,681.69	488,111.57	(1,206.97)	0.00
GNMA	1994 SF MRB CHMRB	6.70	08/15/96	07/20/26	322,493.19	341,262.90			(46,562.66)		275,930.53	291,389.24	(3,311.00)	0.00
GNMA	1994 SF MRB CHMRB	6.70	05/30/96	11/20/25	428,064.29	453,119.91			(3,140.83)		424,923.46	448,841.00	(1,138.08)	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/15/96	08/20/26	602,232.41	641,295.89			(80,485.97)		521,746.44	554,483.71	(6,326.21)	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/29/96	08/20/26	658,054.79	700,883.03			(64,516.61)		593,538.18	630,909.58	(5,456.84)	0.00
GNMA	1994 SF MRB CHMRB	6.70	09/16/96	08/20/26	465,240.17	493,187.48			(2,028.03)		463,212.14	490,026.98	(1,132.47)	0.00
GNMA	1994 SF MRB CHMRB	6.70	11/14/96	10/20/26	327,488.75	347,161.24			(1,578.45)		325,910.30	344,776.90	(805.89)	0.00
GNMA	1994 SF MRB CHMRB	6.70	12/01/99	06/20/26	99,495.65	108,182.47			2,190.63		101,686.28	107,425.12	(2,947.98)	0.00
GNMA	1994 SF MRB CHMRB	6.72	11/18/96	10/20/26	3,609,425.97	3,823,447.23			(476,732.13)		3,132,693.84	3,312,255.38	(34,459.72)	0.00
GNMA	1994 SF MRB CHMRB	6.72	01/16/97	12/20/26	711,161.01	753,361.57			(3,985.03)		707,175.98	747,776.96	(1,599.58)	0.00
GNMA	1994 SF MRB CHMRB	7.10	01/30/97	12/20/26	312,410.89	333,036.09			(84,100.86)		228,310.03	242,898.64	(6,036.59)	0.00
GNMA	1994 SF MRB CHMRB	7.10	03/27/97	03/20/27	316,501.50	336,933.34			(60,228.19)		256,273.31	272,169.95	(4,535.20)	0.00
GNMA	1994 SF MRB CHMRB	6.72	05/15/97	01/20/27	734,650.51	777,181.77			(195,697.65)		538,952.86	569,213.65	(12,270.47)	0.00
GNMA	1994 SF MRB CHMRB	6.70	07/30/97	06/20/27	728,666.76	771,027.90			(78,404.94)		650,261.82	686,771.56	(5,851.40)	0.00
GNMA	1994 SF MRB CHMRB	6.72	09/18/97	09/20/27	1,178,676.01	1,246,717.39			(299,551.68)		879,124.33	928,338.96	(18,826.75)	0.00
GICs	1994 SF MRB CHMRB	6.05	06/27/96	11/01/26	74,426.45	74,426.45	0.00				74,426.45	74,426.45	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.05	08/29/03	09/02/03	550.06	550.06	1.59				551.65	551.65	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.05	08/29/03	09/02/03	420.33	420.33	0.68				421.01	421.01	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.05	08/29/03	09/02/03	79.39	79.39	0.00				79.39	79.39	-	0.00

					34,705,390.58	36,786,736.77	538,788.67	(418,773.41)	(4,787,163.80)	0.00	30,038,242.04	31,747,037.13	(372,551.10)	0.00
Repo Agmt	1995 A/B SF MR	1.05	08/29/03	09/02/03	161,040.23	161,040.23		(107,982.04)			53,058.19	53,058.19	-	0.00
GNMA	1995 A/B SF MR	7.10	06/29/95	06/20/25	1,874,272.80	1,998,740.63			(214,756.00)		1,659,516.80	1,766,103.99	(17,880.64)	0.00
GNMA	1995 A/B SF MR	7.10	02/28/96	07/01/25	248,849.60	265,604.01			(130,162.21)		118,687.39	126,419.35	(9,022.45)	0.00
Repo Agmt	1995 A/B SF MR	1.05	08/29/03	09/02/03	989.78	989.78	2.73				992.51	992.51	-	0.00
					2,285,152.41	2,426,374.65	2.73	(107,982.04)	(344,918.21)	0.00	1,832,254.89	1,946,574.04	(26,903.09)	0.00
Total 1994/1995 SF MRB CHMRB Investment Summary					36,990,542.99	39,213,111.42	538,791.40	(526,755.45)	(5,132,082.01)	0.00	31,870,496.93	33,693,611.17	(399,454.19)	0.00

Texas Department of Housing and Community Affairs
Comm Paper Investment Summary
For Period Ending August 31, 2003

Investment Type	Issue	Current	Current	Current	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in In Market Value	Recognized Gain
		Interest Rate	Purchase Date	Maturity Date	Carrying Value 05/31/03	Market Value 05/31/03					Carrying Value 08/31/03	Market Value 08/31/03		
Repo Agmt	Commercial Paper	1.05	08/29/03	09/02/03	83,505.44	83,505.44	88,404.03				171,909.47	171,909.47	-	0.00
GICs	Commercial Paper	1.82	08/21/03	10/23/03			17,095,000.00				17,095,000.00	17,095,000.00	-	0.00
GICs	Commercial Paper	1.15	07/09/03	10/07/03			9,375,000.00				9,375,000.00	9,375,000.00	-	0.00
GICs	Commercial Paper	2.02	07/09/03	10/23/03	35,205,000.00	35,205,000.00		(205,000.00)			35,000,000.00	35,000,000.00	-	0.00
					35,288,505.44	35,288,505.44	26,558,404.03	(205,000.00)	0.00	0.00	61,641,909.47	61,641,909.47	0.00	0.00
Total Commercial Paper Investment Summary					35,288,505.44	35,288,505.44	26,558,404.03	(205,000.00)	0.00	0.00	61,641,909.47	61,641,909.47	0.00	0.00

Texas Department of Housing and Community Affairs
 General Fund Investment Summary
 For Period Ending August 31, 2003

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in In Market Value	Recognized Gain
					Carrying Value 05/31/03	Market Value 05/31/03					Carrying Value 08/31/03	Market Value 08/31/03		
Repo Agmt	General Fund	1.05	08/29/03	09/02/03	2,502,008.45	2,502,008.45	6,837.79				2,508,846.24	2,508,846.24	-	0.00
Repo Agmt	General Fund	1.05	08/29/03	09/02/03	2,358,662.09	2,358,662.09	6,446.03				2,365,108.12	2,365,108.12	-	0.00
Repo Agmt	General Fund	1.05	08/29/03	09/02/03	2,153,570.15	2,153,570.15	5,885.57				2,159,455.72	2,159,455.72	-	0.00
Repo Agmt	General Fund	1.05	08/29/03	09/02/03	481,368.92	481,368.92		(131,043.08)			350,325.84	350,325.84	-	0.00
Repo Agmt	General Fund	1.05	08/29/03	09/02/03	306,571.71	306,571.71	837.88				307,409.59	307,409.59	-	0.00
Repo Agmt	General Fund	1.05	08/29/03	09/02/03	162,943.29	162,943.29	445.28				163,388.57	163,388.57	-	0.00
Repo Agmt	General Fund	1.05	08/29/03	09/02/03	593,878.01	593,878.01	1,623.03				595,501.04	595,501.04	-	0.00
Repo Agmt	General Fund	1.05	08/29/03	09/02/03	99,588.17	99,588.17	272.13				99,860.30	99,860.30	-	0.00
Repo Agmt	General Fund	1.05	08/29/03	09/02/03	52,408.56	52,408.56	7,076.54				59,485.10	59,485.10	-	0.00
Repo Agmt	General Fund	1.05	08/29/03	09/02/03	617,249.50	617,249.50	1,686.92				618,936.42	618,936.42	-	0.00
Repo Agmt	General Fund	1.05	08/29/03	09/02/03	488,740.86	488,740.86		(66,627.21)			422,113.65	422,113.65	-	0.00
Repo Agmt	General Fund	1.05	08/29/03	09/02/03	146,670.14	146,670.14	40,946.61				187,616.75	187,616.75	-	0.00
					9,963,659.85	9,963,659.85	72,057.78	(197,670.29)	0.00	0.00	9,838,047.34	9,838,047.34	0.00	0.00
Total General Fund Investment Summary					9,963,659.85	9,963,659.85	72,057.78	(197,670.29)	0.00	0.00	9,838,047.34	9,838,047.34	0.00	0.00

Texas Department of Housing and Community Affairs
Housing Trust Fund Investment Summary
For Period Ending August 31, 2003

Investment Type	Issue	Current	Current	Current	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in In Market Value	Recognized Gain
		Interest Rate	Purchase Date	Maturity Date	Carrying Value 05/31/03	Market Value 05/31/03					Carrying Value 08/31/03	Market Value 08/31/03		
Repo Agmt	Housing Assistance Fund	1.05	08/29/03	09/02/03	508,743.96	508,743.96	15,334.91				524,078.87	524,078.87	-	0.00
Repo Agmt	Housing Trust Fund	1.05	08/29/03	09/02/03	1,989,842.15	1,989,842.15		(696,406.10)			1,293,436.05	1,293,436.05	-	0.00
Repo Agmt	Housing Trust Fund	1.05	08/29/03	09/02/03	821,527.89	821,527.89	2,174.14				823,702.03	823,702.03	-	0.00
Repo Agmt	Housing Trust Fund	1.05	08/29/03	09/02/03	130,198.19	130,198.19	2,440.56				132,638.75	132,638.75	-	0.00
Repo Agmt	Housing Trust Fund	1.05	08/29/03	09/02/03	593,849.68	593,849.68	1,563.24				595,412.92	595,412.92	-	0.00
Repo Agmt	Housing Trust Fund	1.05	08/29/03	09/02/03	24,801.43	24,801.43	36.48				24,837.91	24,837.91	-	0.00
Repo Agmt	Housing Trust Fund	1.05	08/29/03	09/02/03	7,847.56	7,847.56		(9.01)			7,838.55	7,838.55	-	0.00
Repo Agmt	Housing Trust Fund	1.05	08/29/03	09/02/03	1,006,023.23	1,006,023.23	2,669.14				1,008,692.37	1,008,692.37	-	0.00
Repo Agmt	Housing Trust Fund	1.05	08/29/03	09/02/03	1,780,199.19	1,780,199.19	141,746.24				1,921,945.43	1,921,945.43	-	0.00
Repo Agmt	Housing Trust Fund	1.05	08/29/03	09/02/03	1,100,074.91	1,100,074.91	2,921.45				1,102,996.36	1,102,996.36	-	0.00
Repo Agmt	Housing Trust Fund	1.05	08/29/03	09/02/03	268,606.14	268,606.14	116,557.86				385,164.00	385,164.00	-	0.00
Repo Agmt	Housing Trust Fund	1.05	08/29/03	09/02/03			360,213.53				360,213.53	360,213.53	-	0.00
Total Housing Trust Fund Investment Summary					8,231,714.33	8,231,714.33	645,657.55	(696,415.11)	0.00	0.00	8,180,956.77	8,180,956.77	0.00	0.00

Texas Department of Housing and Community Affairs
Administration Investment Summary
For Period Ending May 31, 2003

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/03	Beginning Market Value 05/31/03	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/03	Ending Market Value 08/31/03	Change in In Market Value	Recognized Gain
Repo Agmt	Administration	1.05	08/29/03	09/02/03	132,821.58	132,821.58	562.12				133,383.70	133,383.70	-	0.00
					132,821.58	132,821.58	562.12	0.00	0.00	0.00	133,383.70	133,383.70	0.00	0.00
Total Administration Investment Summary					132,821.58	132,821.58	562.12	0.00	0.00	0.00	133,383.70	133,383.70	0.00	0.00

Texas Department of Housing and Community Affairs
 Compliance Investment Summary
 For Period Ending August 31, 2003

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/03	Beginning Market Value 05/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 08/31/03	Ending Market Value 08/31/03	Change in In Market Value	Recognized Gain
Repo Agmt	RTC	1.05	08/29/03	09/02/03	578,764.26	578,764.26	82,102.41				660,866.67	660,866.67	-	0.00
Repo Agmt	Multi Family	1.05	08/29/03	09/02/03	579,668.58	579,668.58		(102,499.11)			477,169.47	477,169.47	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.05	08/29/03	09/02/03	471,421.51	471,421.51	248,263.25				719,684.76	719,684.76	-	0.00
					1,629,854.35	1,629,854.35	330,365.66	(102,499.11)	0.00	0.00	1,857,720.90	1,857,720.90	0.00	0.00
Total Compliance Investment Summary					1,629,854.35	1,629,854.35	330,365.66	(102,499.11)	0.00	0.00	1,857,720.90	1,857,720.90	0.00	0.00

Texas Department of Housing and Community Affairs
Housing Initiatives Investment Summary
For Period Ending August 31, 2003

Investment Type	Issue	Current	Current	Current	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in Market Value	Recognized Gain
		Interest Rate	Purchase Date	Maturity Date	Carrying Value 05/31/03	Market Value 05/31/03					Carrying Value 08/31/03	Market Value 08/31/03		
Repo Agmt	S/F Interim Construction	1.05	08/29/03	09/02/03	432,744.44	432,744.44	1,131.01				433,875.45	433,875.45	-	0.00
Repo Agmt	S/F Interim Construction	1.05	08/29/03	09/02/03	421.30	421.30		(29.37)			391.93	391.93	-	0.00
Repo Agmt	S/F Interim Construction	1.05	08/29/03	09/02/03	252.50	252.50		(29.54)			222.96	222.96	-	0.00
Repo Agmt	Mtg. Credit Certificate	1.05	08/29/03	09/02/03	65,000.18	65,000.18	254.03				65,254.21	65,254.21	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.05	08/29/03	09/02/03	374,175.97	374,175.97	129,042.21				503,218.18	503,218.18	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.05	08/29/03	09/02/03	101,673.72	101,673.72	1,593,419.04				1,695,092.76	1,695,092.76	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.05	08/29/03	09/02/03	73,818.54	73,818.54	131,437.43				205,255.97	205,255.97	-	0.00
					<u>1,048,086.65</u>	<u>1,048,086.65</u>	<u>1,855,283.72</u>	<u>(58.91)</u>	<u>0.00</u>	<u>0.00</u>	<u>2,903,311.46</u>	<u>2,903,311.46</u>	<u>0.00</u>	<u>0.00</u>
Total Housing Initiatives Investment Summary					1,048,086.65	1,048,086.65	1,855,283.72	(58.91)	0.00	0.00	2,903,311.46	2,903,311.46	0.00	0.00
Total Investment Summary					<u>1,288,398,136.67</u>	<u>1,326,028,696.78</u>	<u>239,533,159.82</u>	<u>(181,339,767.46)</u>	<u>(48,106,959.72)</u>	<u>0.00</u>	<u>1,298,484,569.31</u>	<u>1,317,170,320.80</u>	<u>(18,944,808.62)</u>	<u>0.00</u>

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 9, 2003

Action Items

Requests for extensions regarding closing a construction loan and commencement of substantial construction.

Required Action

Approve or deny the requests for extensions associated with 2002 commitments.

Background

Pertinent facts about the developments requesting extensions are given below. The requests were accompanied by a mandatory \$2,500 extension request fee.

MEADOWS OF OAKHAVEN APARTMENTS, HTC DEVELOPMENT NO. 02131

Request for extension to close the construction loan

Background:

Original Appeal Request: The original request to extend the closing of the construction loan stated that the extension was needed to estimate development costs and execute construction contract. Architectural plans were released in the week ending May 31. Engineering plans were expected to be complete by June 6. The lender required a new market study, environmental study and appraisal. The additional documentation caused delay in closing and added \$20,000 to development costs. The applicant requested more than a 30 day extension. §49.11(d)(4) of the 2002 QAP requires all 2002 awardees to close construction loans no later than June 13, 2003 and limits extensions on closing to a one-time 30 day extension. The Board approved a 30 day extension, creating a new deadline of July 13, 2003.

Second Request: The Applicant stated that the engineer failed to deliver completed plans and the syndicator did not make a firm decision about the development, delaying completion of the partnership agreement needed for closing. The Applicant attested to having spent \$234,000 and to having incurred additional costs of \$328,000. At the July 2003 Board meeting staff recommended that the request be denied because the QAP only permits one 30 day extension. The board voted to approve the extension through September 11, 2003.

Current Request: The Applicant faxed an extension request on September 4, 2003, stating that a new syndicator replacing Midland Equity Corporation and a construction lender replacing MuniMae Midland Construction Finance, LLC, have committed to financing the development and closing was imminent. Replacement of the original syndicator and lender resulted from an appraisal that did not support the value necessary to meet the requirements of the original institutions. The deadline of September 11, 2003 has already passed and the Applicant represents that they will have closed by October 8, 2003, the day preceding the Board meeting.

Meadows of Oakhaven Apartments (continued from previous page) Application/Development Summary

Applicant: Pleasanton Apartment Ventures, LP
General Partner: Pleasanton Apartments GP Corporation
Principals/Interested Parties: Lacy & Mike Gilbert
Syndicator: Alliant Capital
Construction Lender: Stearns Bank
City/County: Pleasanton/Atascosa
Set-Aside: Rural/Family
Type of Development: New Construction
Units: 72 LIHTC and 4 market rate units
2002 Allocation: \$407,934
Allocation per LIHTC Unit: \$5,666
Extension Request Fee Paid: \$2,500
Type of Extension Request: Construction loan closing (second request)
Note on Time of Request: Request was submitted within the deadline for requests.
Current Deadline: September 11, 2003
New Deadline Requested: October 8, 2003
New Deadline Recommended: No extension recommended – remain at September 11, 2003
Prior Extensions: Construction loan closing extended from 7/13/03 to 9/11/03
Construction loan closing extended from 6/13/03 to 7/13/03
Carryover extended from 12/6/02 to 12/17/02
Staff Recommendation: Deny extension consistent with §49.11(d)(4) of the 2002 QAP which does not allow greater than a one-time 30 day extension.

MEADOWS OF OAKHAVEN APARTMENTS - CURRENT EXTENSION REQUEST

PLEASANTON APARTMENT VENTURE, L.P.

100 Methodist Encampment Road

Kerrville, Texas 78028

830-895-4548

Facsimile 830-896-9553

Email: spirit1@ktc.com

July 9, 2003

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, Texas 78701

Re: TDHCA #02131, Meadows of Oakhaven, Pleasanton, Texas

Dear Mr. Sheppard:

We respectfully request an extension to October 8, 2003 of the September 11, 2003 deadline for closing the construction loan.

With the approval of the previous extension, we were able to complete the work needed to close by the September 11 deadline. However, MuniMae Midland, who was to provide the construction loan and equity funds, backed out because their appraisal was too low relative to the amount of equity funds they were providing.

After this unexpected turn of events, we have been moving as fast as possible to replace MuniMae Midland. Stearns Bank is lined up to provide the construction loan and Alliant Capital, Ltd. to provide the equity funds. We did the Parkway Senior Apartment project with Alliant and have a mutual comfort level that will allow us to move through the syndication process quickly.

We are in the process of getting yet another appraisal done for Stearns Bank for an additional \$6,000. Stearns Bank believes they can have the loan approved by September 18 with September 25 as the targeted closing date. With Alliant we are also paying another due diligence fee in the amount of \$30,000.

We are committing substantial additional funds and proceeding at the fastest possible pace to bring this project to closing. We would appreciate your approval of the extra time needed to help us overcome the unforeseen events that have occurred.

Sincerely,

Lacy M. Gilbert,
President, Pleasanton Apartment GP Corporation
General Partner

MEADOWS OF OAKHAVEN APARTMENTS - ORIGINAL EXTENSION REQUEST

PLEASANTON APARTMENT VENTURE, L.P.

100 Methodist Encampment Road

Kerrville, Texas 78028

830-895-4548

Facsimile 830-896-9553

Email: spirit1@ktc.com

July 9, 2003

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, Texas 78701

Re: TDHCA #02131, Meadows of Oakhaven, Pleasanton, Texas

Dear Mr. Sheppard:

We respectfully request a 60-day extension to Department's deadline date in mid-September, 2003 for closing on construction loans.

The reasons we need this extension are as follows:

- The engineer failed to complete the plans as promised, which was approximately June 5. As of this date, he has not produced a complete set of plans although we have advanced him \$3,500.
- The Midland Companies, the syndicator and permanent/construction lender, has not yet made a firm decision regarding the project. Consequently, the partnership agreement has not been finalized.

When granted extensions in the past we have always closed construction loans and commenced construction as agreed per the extensions. Dependent upon a successful resolution of the Midland Companies issues, we believe that Meadows of Oakhaven construction loan will be closed and construction commenced in sufficient time to allow for an appropriate completion date.

Sincerely,

Lacy M. Gilbert,
President, Pleasanton Apartment GP Corporation
General Partner

REFUGIO STREET APARTMENTS, HTC DEVELOPMENT NO. 02086
Request for extension to commence substantial construction

Background: The development is part of a 600 unit redevelopment of Victoria Courts, a 660 unit development built in 1947. A HOPE VI award received in March will improve the quality and affordability of the housing, but the funding requires HUD approval of the financing plan and slowed the process of closing the construction loan. Design changes resulting from community oversight and plan reviews by the Texas Historical Commission have resulted in further delays. The remaining steps required to achieve compliance with the commencement of substantial construction requirement are: (1) submission of final documents for HUD approval on October 7; (2) HUD approval of documents on November 15, which is also the day that construction will start; and (3) HUD funding on December 30. Achieving construction beyond the foundation stage is anticipated by January 31, 2004.

Applicant: Refugio Street Limited Partnership
General Partner: Refugio Street Public Facility Corporation (managing GP)
CGB Southwest, Inc. (co-GP)
Principals/Interested Parties: San Antonio Housing Authority, Printice Gary
Syndicator: Red Capital Markets, Inc.
Lender: Red Capital Mortgage, Inc.
City/County: San Antonio/Bexar
Set-Aside: General/Family
Type of Project: New Construction
Units: 105 LIHTC and 105 market rate units
2002 Allocation: \$747,562
Allocation per LIHTC Unit: \$7,120
Extension Request Fee Paid: \$2,500
Type of Extension Request: Construction loan closing
Note on Time of Request: Request was submitted within the deadline for requests.
Current Deadline: November 14, 2003
New Deadline Requested: January 31, 2004
New Deadline Recommended: January 31, 2004
Prior Extensions: Carryover extended from 9/27/02 to 11/30/02
Construction loan closing extended from 6/13/03 to 7/13/03
Staff Recommendation: Grant extension as requested.



San Antonio Housing Authority
818 S. Flores St. - P.O. Box 1300
San Antonio, TX 78295-1300
Phone (210) 220-3200

www.saha.org

September 24, 2003

Ms. Brooke L. Boston
Director of Multifamily Finance Production
Texas Department of Housing and Community Affairs
507 Sabine Street
Austin, TX 78701

RE: *Extension of Commencement of Substantial Construction Deadline
Refugio Street Apartments, San Antonio, TX; LIHTC # 02086*

Dear Ms. Boston:

The purpose of this letter is to request an extension of the deadline for the Commencement of Substantial Construction from November 12, 2003 to January 31, 2004 for the above-referenced LIHTC development.

The construction loan for the Refugio Street Apartments was closed on July 7, 2003 and funded on July 8, 2003, with the expectation that closing for the remaining financing of the public housing component of this project would be soon thereafter. In actuality, difficulties relating to addressing specific requirements of the public housing units created delays in finalizing the documents.

A significant delay in our construction start schedule was incurred due to HUD HOPE VI Grant requirements for additional public input on this project and the overall redevelopment of Victoria Courts of which this development is the first phase. HUD regulations required that the existing advisory committee or Design Review Committee be expanded to include additional stakeholders within the community. This process has resulted in the forward momentum of Refugio Street Apartments being halted in order to complete significant design changes. These changes have further manifest themselves in delays associated with required architectural plan reviews by the State Historical Preservation Officer (SHPO) of the Texas Historical Commission, the necessity for SAHA to provide additional funding to pay the increased cost of the design changes, delay in submitting final modified architectural plans to the City of San Antonio for its review and permitting and amending and re-submitting HUD documents and evidenciaries reflecting the changes enumerated herein.

Thus far, the construction lender has released over \$1mm for development cost of the project and the lender has amended its requirements for future advances. The final delay relates to the construction lender's requirement that the HOPE VI funding be utilized prior to the release of additional construction loan funding, thereby necessitating the completion of all these steps in

Ms. Boston
September 24, 2003
Page 2

the process. All design issues are resolved, our documents and other required reviews are being processed. Our current timeline provides for the following:

- Submission of Final Documents for HUD review and approval - October 7, 2003;
- Construction start - November 15, 2003;
- HUD approval of documents - November 15, 2003;
- HUD funding December 30, 2003;
- Commencement of Substantial Construction - January 31, 2004.

Thank you for your consideration of this request. Please contact Mr. William Phillips, Vice President of Asset Management and Development, at (210) 220-3370, if you require additional information or documentation.

Sincerely,

Refugio Street Limited Partnership

By: 

Melvin L. Brazier
Secretary/Treasurer
Refugio Street Public Facility Corporation,
A Texas public facility corporation, its general partner

CC: Prentice L. Gary - Managing Partner
Carleton Residential, Inc.

**Low Income Housing Tax Credit Program
Board Action Request
October 9, 2003**

Action Item

Request review and board determination of one (1) four percent (4%) tax credit application with other issuers for tax exempt bond transaction.

Recommendation

Staff is recommending board approval of staff recommendations for the issuance of a four percent (4%) Tax Credit Determination Notice with **other issuers** for tax exempt bond transaction known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Recommended Credit Allocation
03423	Sweetwater Point Apartments	Houston	Houston HFC	260	260	\$18,827,376	\$12,220,000	\$574,155

Developer Evaluation

Project ID # **03423**

Name: **Sweetwater Point Apartments** City: **Houston**

LIHTC 9% LIHTC 4% HOME BOND HTF SECO ESGP Other

No Previous Participation in Texas Members of the development team have been disbarred by HUD

National Previous Participation Certification Received: N/A Yes No

Noncompliance Reported on National Previous Participation Certification: Yes No

Portfolio Management and Compliance

Projects in Material Noncompliance: No Yes # of Projects: 0

Total # of Projects monitored: 8 Projects grouped by score 0-9 8 10-19 0 20-29 0

Total # monitored with a score less than 30: 8 # not yet monitored or pending review: 4

Program Monitoring/Draws

Not applicable Review pending No unresolved issues Unresolved issues found

Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Asset Management

Not applicable Review pending No unresolved issues Unresolved issues found

Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by Sara Carr Newsom Date 19, August 19, 2003

Multifamily Finance Production

Not applicable Review pending No unresolved issues Unresolved issues found

Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by S Roth Date 8 /14/2003

Single Family Finance Production

Not applicable Review pending No unresolved issues Unresolved issues found

Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Community Affairs

Not applicable Review pending No unresolved issues Unresolved issues found

Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Office of Colonia Initiatives

Not applicable Review pending No unresolved issues Unresolved issues found

Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Real Estate Analysis (Cost Certification and Workout)

Not applicable Review pending No unresolved issues Unresolved issues found

Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Loan Administration

Not applicable No delinquencies found Delinquencies found

Delinquencies found that warrant disqualification (Additional information/comments must be attached)

Reviewed by Stephanie Stuntz Date 8 /14/2003

Executive Director: Edwina Carrington

Executed: day, September 03, 2003



**HOUSING TAX CREDIT PROGRAM
2003 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Sweetwater Point Apartments**

TDHCA#: 03423

DEVELOPMENT AND OWNER INFORMATION

Development Location: Houston QCT: N DDA: N TTC: N
 Development Owner: Sweetwater Point Limited Partnership
 General Partner(s): Picerne Sweetware Point, LLC, 100%, Contact: Kurt P. Kehoe
 Construction Category: New
 Set-Aside Category: Tax Exempt Bond Bond Issuer: Houston HFC
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$574,155 Eligible Basis Amt: \$582,957 Equity/Gap Amt.: \$815,733

Annual Tax Credit Allocation Recommendation: \$574,155

Total Tax Credit Allocation Over Ten Years: \$ 5,741,550

PROPERTY INFORMATION

Unit and Building Information

Total Units: 260 LIHTC Units: 260 % of LIHTC Units: 100
 Gross Square Footage: 276,142 Net Rentable Square Footage: 273,140
 Average Square Footage/Unit: 1051
 Number of Buildings: 11
 Currently Occupied: N

Development Cost

Total Cost: \$18,827,376 Total Cost/Net Rentable Sq. Ft.: \$68.93

Income and Expenses

Effective Gross Income:¹ \$1,965,188 Ttl. Expenses: \$1,015,169 Net Operating Inc.: \$950,019
 Estimated 1st Year DCR: 1.10

DEVELOPMENT TEAM

Consultant: Not Utilized Manager: Picerne Management Corp.
 Attorney: Gary, Harris & Robinson Architect: Forum Architecture & Interior Design, Inc.
 Accountant: Reznick, Fedder & Silverman Engineer: Bury + Partners
 Market Analyst: Apartment Market Data Research Lender: Charter MAC
 Contractor: Picerne Construction Corp. Syndicator: Related Capital Company

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
# in Support: 0 # in Opposition: 0	Sen. Mike Jackson, District 11 - NC Rep. Robert E. Talton, District 144 - NC Mayor Lee Brown - NC Daisy A. Stiner, Director, City of Houston, Housing & Community Development Department; Consistent with the local consolidated plan.

1. Gross Income less Vacancy

2. NC - No comment received, O - Opposition, S - Support

CONDITION(S) TO COMMITMENT

1. Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Receipt, review, and acceptance of a third party cost certification for all off-site costs.
3. Receipt review, and acceptance of an architect's or engineer's certification of floodplain mitigation measures to be incorporated in the development.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

DEVELOPMENT'S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:

Score Utilization of Set-Aside Geographic Distrib. Tax Exempt Bond. Housing Type

Other Comments including discretionary factors (if applicable).

Robert Onion, Multifamily Finance Manager

Date

Brooke Boston, Director of Multifamily Finance Production Date

DEVELOPMENT'S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Score Utilization of Set-Aside Geographic Distrib. Tax Exempt Bond Housing Type

Other Comments including discretionary factors (if applicable). _____

Edwina P. Carrington, Executive Director

Date

Chairman of Executive Award and Review Advisory Committee

TDHCA Board of Director's Approval and description of discretionary factors (if applicable).

Chairperson Signature: _____

Michael E. Jones, Chairman of the Board

Date

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

DATE: September 29, 2003 **PROGRAM:** 4% LIHTC **FILE NUMBER:** 03423

DEVELOPMENT NAME

Sweetwater Point Apartments

APPLICANT

Name:	Sweetwater Point Limited Partnership	Type:	For Profit
Address:	247 N. Westmonte Drive	City:	Altamonte Springs State: FL
Zip:	32714	Contact:	Kurt Kehoe
		Phone:	(407) 772-0200
		Fax:	(407) 772-0220
PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS			
Name:	Picerne Sweetwater Point, LLC	(%):	.01
		Title:	Managing General Partner
Name:	Picerne Affordable Development, LLC	(%):	N/A
		Title:	Developer
Name:	Picerne Investment Corporation (PIC)	(%):	N/A
		Title:	88% owner of G.P.
Name:	Robert M. Picerne	(%):	N/A
		Title:	12% owner of G.P.
Name:	Ronald R.S. Picerne	(%):	N/A
		Title:	100% owner of PIC

PROPERTY LOCATION

Location: 7700 block of Hall Road **QCT** **DDA**
City: Houston **County:** Harris **Zip:** 77075

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$574,155	N/A	N/A	N/A
Other Requested Terms:	Annual ten-year allocation of low-income housing tax credits		
Proposed Use of Funds:	New construction	Property Type:	Multifamily

RECOMMENDATION

RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED \$574,155 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS:

CONDITIONS

1. Receipt, review, and acceptance of a satisfactory TDHCA site inspection report prior to Board approval;
2. Receipt, review, and acceptance of a third party engineering off-site cost certification for all off-site costs;
3. Receipt, review, and acceptance of an architect's or engineer's certification of floodplain mitigation measures to be incorporated in the development; and
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

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

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 260 **# Rental Buildings:** 11 **# Common Area Bldgs:** 1 **# of Floors:** 3 **Age:** 0 yrs **Vacant:** N/A at / /
Net Rentable SF: 273,140 **Av Un SF:** 1,051 **Common Area SF:** 3,002 **Gross Bldg SF:** 276,142

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 30% brick veneer/70% vinyl siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

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

ON-SITE AMENITIES

A 3,002-SF community building with activity room, management offices, fitness & laundry facilities, kitchen, restrooms, computer/business center, a central mail kiosk, swimming pool, & equipped children's play area are to be located near the northern entrance to the property. A small storage building is to be located in the northwest corner of the site.

Uncovered Parking: 505 spaces **Carpports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Sweetwater Point Apartments is a relatively dense (17 units per acre) new construction development of 260 units of affordable housing located in southeast Houston. The development is comprised of 11 fairly evenly distributed large garden style, walk-up residential buildings as follows:

- Five Building Type I with four two-bedroom/two-bath units and 20 three-bedroom/ two-bath units;
- Five Building Type II with 16 two-bedroom/two-bath units and eight three-bedroom/two-bath units; and
- One Building Type III with 12 two-bedroom/two-bath units and eight three-bedroom/two-bath units.

Architectural Review: The residential building elevations are simple and attractive, with hipped and gabled roofs and covered exterior stairways. Exterior unit entries are off of breezeways shared between four units. The units are well laid out and somewhat larger than average size.

Supportive Services: The Applicant proposes to use a related supportive services provider, Picerne Management Corporation, to provide the following supportive services at no additional cost to tenants: resident activities, an after school youth program, health care services, support group meetings, and referrals to other local service agencies. Although the contract states that the fee for these services will be \$4,800 per year the Applicant has included \$12,400 in the operating budget for supportive services.

Schedule: The Applicant anticipates construction to begin in November of 2003 and to be completed in December of 2004. The development should be placed in service in December of 2004 and substantially leased-up in September of 2005.

SITE ISSUES

SITE DESCRIPTION

Size: 15 acres 653,400 square feet **Zoning/ Permitted Uses:** No zoning in Houston
Flood Zone Designation: Zones AE (100-year floodplain) & X **Status of Off-Sites:** Partially improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is a rectangularly-shaped parcel located in the southeast area of Houston, approximately

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

11 miles from the central business district. The site is situated on the south side of Hall Road and the north side of the Sam Houston Parkway (Beltway 8) frontage road.

Adjacent Land Uses:

- **North:** Hall Road with manufactured homes and vacant land beyond
- **South:** Sam Houston Parkway and associated frontage roads
- **East:** scattered single-family residences and vacant land
- **West:** vacant land

Site Access: Access to the property is from the east or west along Hall Road or the Sam Houston Beltway frontage road, and the development is to have an entry from each of these streets. Access to the Sam Houston Parkway is adjacent to the site, which provides connections to all other major roads serving the Houston area.

Public Transportation: The availability of public transportation is unknown.

Shopping & Services: The site is within 3.5 miles of a grocery/pharmacy, and a variety of other retail establishments and restaurants as well as schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

Special Adverse Site Characteristics: The majority of the site lies within the 100-year floodplain. The Applicant intends to construct all finished floor elevations one foot above the base flood elevation (BFE), and other finished grades (drives and parking areas) will be within one-half foot of the BFE. Most of the required fill will come from excavation of the on-site retention pond. It is a condition of this report that the Applicant provide a certification from an architect or engineer that affirms these flood mitigation measures.

Site Inspection Findings: The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable site inspection report is a condition of this report.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated July 10, 2003 was prepared by Stillwater Technologies, Inc. and contained the following findings and recommendations:

- "...the majority of the subject property is located in Zone AE, special floodway hazard areas inundated by the 100-year flood where base elevations have been determined. Areas along the northwestern portion of the site were designated X (shaded)...areas of the 500-year flood, areas of the 100-year flood with average depths of less than one foot, or with drainage areas less than one square mile, and protected with levees from the 100-year flood." (p. 6-1)
- "This report revealed no recognized environmental conditions for the site. As a result of this Phase I ESA, no additional assessment activities are recommended." (p. 7-1)

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 1 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 50% of AMGI, though all of the units may lease to residents earning up to 60% of the AMFI.

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

MARKET HIGHLIGHTS

A market feasibility study dated June 13, 2003 was prepared by Apartment MarketData Research Services, LLC and highlighted the following findings:

Definition of Primary Market Area (PMA): "For this analysis we utilized a primary market area

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

comprising a 105-square mile trade area in south Houston.” (p. 31)

Population: The estimated 2002 population of the primary market area was 249,185 and is expected to increase by 6.7% to approximately 265,947 by 2007. Within the primary market area there were estimated to be 82,145 households in 2002.

Total Primary Market Demand for Rental Units: “The demand for new units in the primary market area is projected to be 427 units per year based on the current population, household, and employment growth of the area.” (p. 82)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	39	1%	69	2%
Resident Turnover	4,195	98%	3,623	98%
Other Sources: pent-up demand	48	1%	0	0%
TOTAL ANNUAL DEMAND	4,282	100%	3,692	100%

Ref: p. 47

Inclusive Capture Rate: The Analyst calculated an inclusive capture rate of 23.2% including the following four unstabilized affordable multifamily developments in the market area:

OTHER UNSTABILIZED AFFORDABLE UNITS IN MARKET AREA					
Development Number	Year of Allocation	Development Name	Total Units	Program Units	Rent Level (% AMI)
00022	2000	Almeda Park Apts	196	147	30/50/60%
01410	2001	Cullen Park Apts	240	240	50%
01485	2001	Clearwood Villas Apts	276	276	50%
02099	2002	Sunrise Village Apts	80	72	40/50/60%
03423	2003	(Subject)	260	260	50%
TOTALS			1,052	995	

Ref: p. 47

The Underwriter initially calculated an excessive inclusive capture rate of 26.9% based on a lower estimated demand of 3,692 units, however, there are two unique considerations which affect this proposed development:

- The Almeda Point property started leasing in March of 2002 and reported a 97% occupancy rate to the Analyst. The Underwriter contacted the on-site manager and was informed that the development leased up very quickly and reached stabilized occupancy in October 2002. Accordingly, the Underwriter regards that this should be reason to exclude Almeda Park from the unstabilized unit supply calculation, which would decrease the Underwriter’s inclusive capture rate to 23.0%.
- The Analyst did not include the proposed Longboat Key Apartments (4% LIHTC #03426) with 272 50% AMI units, which is to be located 2.5 miles northeast of the subject’s site and within the subject’s PMA. Although the subject has a lower Bond Review Board reservation number (2735) than the Longboat Key development (2738), the Longboat Key application was underwritten earlier and approved for funding at the September 2003 TDHCA Board meeting. The Longboat Key development’s market analyst used a

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

the subject (the underwriter concluded a rate of 15.8% based on higher estimated demand). If the subject’s 260 affordable units are included in the calculation the Longboat Key market analyst’s inclusive capture rate would increase to 25.4% but the underwriter’s rate would increase to an acceptable 23.3%. Therefore, it is apparent that both the subject and the Longboat Key applications would have been favorably recommended on the basis of acceptable inclusive capture rates had the bond priority order been maintained. Moreover, the smaller market area included in the Longboat Key market study suggests a difference in demand calculation methodology, which if applied to the subject’s larger market area would result in a greater demand calculation. The eligible income range for Longboat Key was \$16,766 to \$32,200, while the income range for the subject was \$22,971 to \$38,640 (the higher minimum is due to the subject’s lack of one-bedroom units). The Underwriter estimates the appropriate range when looking at both developments to be \$16,766 to \$38,640 which would expand the demand estimate and reduce the inclusive capture rate to within acceptable tolerances. Applying the income-eligible renter household percentage from the Longboat Key report to the households included in the subject’s report results in 5,391 units of demand from turnover. From this an acceptable inclusive capture rate of 24.5% can be calculated even if Almeda and all potential units of unstabilized supply (including associated market units) are included.

Local Housing Authority Waiting List Information: No information provided.

Market Rent Comparables: “The competitive sub-market supply and demand analysis conducted by Apartment MarketData Research Services included 838 existing income-restricted units and 1,896 conventional units within the primary trade area...The Sweetwater Point Apartments, in comparison to its proposed competition, is well positioned in regards to unit types, sizes, and rental rates.” (p. 106).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
2-Bedroom (50%)	\$613	\$613	\$0	\$807	-\$194
3-Bedroom (50%)	\$706	\$706	\$0	\$1,109	-\$403

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

Primary Market Occupancy Rates: “The current occupancy of the market area is 92.6% as a result of ever-increasing demand. Demand for new rental apartment units is considered to be stable.” (p. 107)

Absorption Projections: “We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction [resulting in a 12-month lease-up period].” (p. 80)

Known Planned Development: The Analyst identified the four unstabilized affordable multifamily developments mentioned above, but provided no information on other known planned affordable or conventional development.

Effect on Existing Housing Stock: “The subject should not have a detrimental effect on any existing projects, as occupancies are strong throughout south Houston, and especially at quality affordable housing communities.” (p. 81)

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

OPERATING PROFORMA ANALYSIS

Income: The Applicant’s rent projections are the maximum rents allowed under LIHTC guidelines, and are achievable according to the Market Analyst. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines, resulting in the Applicant’s effective gross income being identical to the Underwriter’s estimate.

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

Expenses: The Applicant's total expense estimate of \$3,653 per unit is 7% lower than the Underwriter's database-derived estimate of \$3,942 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, particularly general and administrative (\$33K lower), utilities (\$20K lower), and water, sewer, and trash (\$29K lower). The Underwriter discussed these differences with the Applicant but was unable to reconcile them even with additional information provided by the Applicant.

Conclusion: The Applicant's estimated total estimated operating expense is inconsistent with the Underwriter's expectations and the Applicant's net operating income is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. Due primarily to the difference in estimated operating expenses, the Underwriter's estimated debt coverage ratio (DCR) of 1.09 is less slightly than the program minimum standard of 1.10. Based on the interest rate and term provided this would suggest a redemption of approximately \$863,299 at conversion to permanent.

ACQUISITION VALUATION INFORMATION					
ASSESSED VALUE					
Land: 36.5452 acres	\$438,200	Assessment for the Year of:	2002		
Prorated, 15 acres:	\$179,859	Valuation by:	Harris County Appraisal District		
Total Assessed Value:	\$438,200	Tax Rate:	2.962603		
EVIDENCE of SITE or PROPERTY CONTROL					
Type of Site Control:	Contract of sale				
Contract Expiration Date:	10/ 30/ 2003	Anticipated Closing Date:	10/ 28/ 2003		
Acquisition Cost:	\$1,004,750	Other Terms/Conditions:	\$5,000 earnest money		
Seller:	Leonard Rosenberg, Trustee		Related to Development Team Member:	No	

CONSTRUCTION COST ESTIMATE EVALUATION
<p>Acquisition Value: The site cost of \$1,004,750 (\$1.54/SF or \$66,983/acre), although over five times the tax assessed value, is assumed to be reasonable since the acquisition is an arm's-length transaction.</p> <p>Off-Site Costs: The Applicant claimed off-site costs of \$47,500 for a 1,350-foot extension of a 12-inch sewer line but did not provide a third party engineering cost certification to justify these costs. Receipt, review, and acceptance of a third party engineering off-site cost certification is a condition of this report.</p> <p>Sitework Cost: The Applicant's claimed sitework costs of \$5,358 per unit are considered reasonable compared to historical sitework costs for multifamily projects.</p> <p>Direct Construction Cost: The Applicant's costs are 5.3% lower than the Underwriter's Marshall & Swift <i>Residential Cost Handbook</i>-derived estimate after all of the Applicant's additional justifications were considered. This would suggest that the Applicant's direct construction costs are somewhat understated, which is exacerbated by extremely low contractor fees and contingency allowance. The Applicant's use of a related general contractor, however, may be expected to yield some economies.</p> <p>Ineligible Costs: The Applicant incorrectly included \$25K in marketing as an eligible cost; the Underwriter moved this fee to ineligible costs, resulting in an equivalent reduction in the Applicant's eligible basis.</p> <p>Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines, and in fact the Applicant's combined contractor's fees amount to only 5% of the sitework and direct construction costs out of the maximum of 14% allowed.</p> <p>Conclusion: The Underwriter regards total costs to be understated by \$998K or 5.3%. This percentage exceeds the acceptable 5% margin of tolerance, and therefore the Underwriter's cost estimate is used to size the total sources of funds needed for the development. However, the Applicant's eligible basis is still used to determine the credit allocation; as a result an eligible basis of \$16,148,388 is used to determine a credit</p>

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

allocation of \$582,957 from this method. However, the Applicant requested a still lower allocation of \$574,155, and the resulting syndication proceeds will be used to compare to the gap of need using the Underwriter's costs to determine the recommended credit amount.

FINANCING STRUCTURE

INTERIM to PERMANENT FINANCING

Source: Charter Municipal Mortgage Acceptance Company **Contact:** Marnie Miller
Principal Amount: \$12,220,000 **Interest Rate:** 6.60%
Additional Information: Conversion to permanent to occur following 24-month construction period
Amortization: 40 yrs **Term:** 40 yrs **Commitment:** LOI Firm Conditional
Annual Payment: \$868,982 **Lien Priority:** 1st **Commitment Date:** 6/ 26/ 2003

LIHTC SYNDICATION

Source: Related Capital Company **Contact:** Justin Ginsberg
Address: 625 Madison Avenue **City:** New York
State: NY **Zip:** 10022 **Phone:** (212) 521-6369 **Fax:** (212) 751-3550
Net Proceeds: \$4,458,000 **Net Syndication Rate (per \$1.00 of 10-yr LIHTC):** 82¢
Commitment: LOI Firm Conditional **Date:** 7/ 7/ 2003
Additional Information: Commitment included adjusters allowing full amount of credits to be acquired at 82¢

APPLICANT EQUITY

Amount: \$1,154,008 **Source:** Deferred developer fee

FINANCING STRUCTURE ANALYSIS

Permanent Financing: The permanent financing commitment is consistent with the terms reflected in the sources and uses listed in the application. The bonds are to be issued by the Houston Housing Finance Corporation.

LIHTC Syndication: The LIHTC syndication commitment is consistent with the terms reflected in the sources and uses listed in the application. The Applicant submitted a revised cost schedule with an increased eligible basis amount and also a revised credit request of \$574,155, however, the amount of syndication proceeds used in the sources and uses of funds statement remained based on the original, lower request. As the syndication commitment included adjusters allowing the full amount any credit increase to be acquired at the same rate, however, the Underwriter has used the commitment's syndication rate to estimate a net syndication proceeds amount of \$4,707,129, based on the Applicant's increased credit request.

Deferred Developer's Fees: The proposed deferred developer fees of \$1,154,008 amount to approximately 55% of the total eligible fees.

Financing Conclusions: Due to the difference in estimated net operating income, the Underwriter's debt coverage ratio (DCR) of 1.09 is slightly less than the program minimum standard of 1.10. This suggests that the requested bond amount will likely be adjusted downward to allow for a debt service amount of no more than \$863,299 annually. It is anticipated the bond amount will be reduced by a mandatory redemption at conversion to permanent. Based on the Underwriter's estimate of eligible basis, the LIHTC allocation would not exceed \$603,412 annually for ten years, resulting in syndication proceeds of approximately \$4,946,987. As the Applicant's credit request of \$574,155 is less than either this amount or the gap requirement-driven allocation of \$815,686, the Applicant's credit request will be used to determine the recommended allocation, resulting in estimated syndication proceeds of \$4,707,129 at the syndication rate specified in the syndication commitment. Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to \$1,980,159, which represents approximately 95% of the total eligible fee and which should be repayable from cash flow within approximately 11 years. Should the Applicant's final direct construction cost exceed the Underwriter's cost estimate used to determine credits in this analysis, the additional deferral of

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

developer's fees and related general contractor's fees may is not likely to be available to fund those development cost overruns.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, General Contractor, Property Manager and Supportive Services firm are all related entities. These are common relationships for LIHTC-funded developments.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The Picerne Investment Corporation, 88% owner of the General Partner, submitted an unaudited financial statement as of 3/31/2003 reporting total assets of \$755K and consisting of \$74K in cash, \$68K in receivables, \$580K in real property, and \$32K in deferred project costs and prepaids. Liabilities totaled \$694K, resulting in net equity of \$129K.
- The Developer, Picerne Affordable Development, LLC, submitted an unaudited financial statement as of 8/2003 reporting total assets of \$11.8M and consisting entirely of \$development fees receivable. Liabilities totaled \$12.7M, resulting in net equity of (\$869K).
- The principals of the General Partner, Ronald and Robert Picerne, submitted unaudited financial statements and are anticipated to be guarantors of the development.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Robert M. Picerne and the Picerne Investment Corporation, the owners of the General Partner, the Developer, and the General Contractor, listed participation in 95 affordable housing developments totaling 12,307 units since 1969.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- The Applicant's total development costs differ from the Underwriter's verifiable estimate by more than 5%.
- Significant locational risks exist regarding the site's location within and adjacent to the 100-year floodplain.
- The Market Analyst's estimated inclusive capture rate exceeds 25% when all previously approved but not yet stabilized developments are included.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:

Jim Anderson

Date: September 29, 2003

Director of Real Estate Analysis:

Tom Gouris

Date: September 29, 2003

MULTIFAMILY COMPARATIVE ANALYSIS

Sweetwater Point Apartments, Houston, 4% LIHTC #03423

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Int Pd Util	Wr. Swr. Trsh
TC (50%)	112	2	2	968	\$670	\$613	\$68,656	\$0.63	\$57.00	\$43.31
TC (50%)	148	3	2	1,113	775	706	104,488	0.63	69.00	49.31
TOTAL:	260		AVERAGE:	1,051	\$730	\$666	\$173,144	\$0.63	\$63.83	\$46.73

INCOME				Total Net Rentable Sq Ft: 273,140		TDHCA		APPLICANT		IREM Region Houston		
POTENTIAL GROSS RENT						\$2,077,728	\$2,077,728					
Secondary Income		Per Unit Per Month:	\$15.00			46,800	46,800	\$15.00		Per Unit Per Month		
Other Support Income:						0	0					
POTENTIAL GROSS INCOME						\$2,124,528	\$2,124,528					
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(159,340)	(159,336)	-7.50%		of Potential Gross Rent		
Employee or Other Non-Rental Units or Concessions						0	0					
EFFECTIVE GROSS INCOME						\$1,965,188	\$1,965,192					
EXPENSES				% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI	
General & Administrative			4.64%	\$350	0.33	\$91,122	\$57,800	\$0.21	\$222	2.94%		
Management			5.00%	378	0.36	98,259	\$98,259	0.36	378	5.00%		
Payroll & Payroll Tax			11.51%	870	0.83	\$226,200	\$234,000	0.86	900	11.91%		
Repairs & Maintenance			4.95%	374	0.36	97,200	\$94,900	0.35	365	4.83%		
Utilities			2.58%	195	0.19	50,784	\$31,200	0.11	120	1.59%		
Water, Sewer, & Trash			4.97%	376	0.36	97,724	\$68,900	0.25	265	3.51%		
Property Insurance			2.64%	200	0.19	51,897	\$46,800	0.17	180	2.38%		
Property Tax	2.962603		11.76%	889	0.85	231,083	\$247,000	0.90	950	12.57%		
Reserve for Replacements			2.65%	200	0.19	52,000	\$52,000	0.19	200	2.65%		
Other: spt svcs, compl fees			0.96%	73	0.07	18,900	\$18,900	0.07	73	0.96%		
TOTAL EXPENSES				51.66%	\$3,904	\$3.72	\$1,015,169	\$949,759	\$3.48	\$3,653	48.33%	
NET OPERATING INC				48.34%	\$3,654	\$3.48	\$950,020	\$1,015,433	\$3.72	\$3,906	51.67%	
DEBT SERVICE												
Houston HFC/Charter MAC			44.22%	\$3,342	\$3.18	\$868,982	\$868,982	\$3.18	\$3,342	44.22%		
Additional Financing			0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%		
Additional Financing			0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%		
NET CASH FLOW				4.12%	\$312	\$0.30	\$81,038	\$146,451	\$0.54	\$563	7.45%	
AGGREGATE DEBT COVERAGE RATIO						1.09	1.17					
RECOMMENDED DEBT COVERAGE RATIO						1.10						

CONSTRUCTION COST				TDHCA		APPLICANT		RECOMMENDED			
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% of TOTAL		
Acquisition Cost (site or bldg)		5.34%	\$3,864	\$3.68	\$1,004,750	\$1,004,750	\$3.68	\$3,864	5.63%		
Off-Sites		0.25%	183	0.17	47,500	47,500	0.17	183	0.27%		
Sitework		7.40%	5,358	5.10	1,393,014	1,393,014	5.10	5,358	7.81%		
Direct Construction		56.32%	40,787	38.82	10,604,515	10,037,895	36.75	38,607	56.29%		
Contingency	1.91%	1.21%	879	0.84	228,618	228,618	0.84	879	1.28%		
General Req'ts	2.38%	1.52%	1,099	1.05	285,773	285,773	1.05	1,099	1.60%		
Contractor's G & A	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%		
Contractor's Profit	2.38%	1.52%	1,099	1.05	285,773	285,773	1.05	1,099	1.60%		
Indirect Construction		4.44%	3,217	3.06	836,500	836,500	3.06	3,217	4.69%		
Ineligible Costs		3.35%	2,428	2.31	631,370	631,370	2.31	2,428	3.54%		
Developer's G & A	3.55%	2.76%	2,000	1.90	520,000	520,000	1.90	2,000	2.92%		
Developer's Profit	10.66%	8.29%	6,000	5.71	1,560,000	1,560,000	5.71	6,000	8.75%		
Interim Financing		5.32%	3,849	3.66	1,000,815	1,000,815	3.66	3,849	5.61%		
Reserves		2.28%	1,649	1.57	428,748	0	0.00	0	0.00%		
TOTAL COST				100.00%	\$72,413	\$68.93	\$18,827,376	\$17,832,008	\$65.29	\$68,585	100.00%
Recap-Hard Construction Costs				67.97%	\$49,222	\$46.85	\$12,797,693	\$12,231,073	\$44.78	\$47,043	68.59%

SOURCES OF FUNDS				TDHCA		APPLICANT		RECOMMENDED	
Houston HFC/Charter MAC		64.91%	\$47,000	\$44.74	\$12,220,000	\$12,220,000	\$12,140,000		Developer Fee Available
Additional Financing		0.00%	\$0	\$0.00	0	0	0		\$2,080,000
LIHTC Syndication Proceeds		23.68%	\$17,146	\$16.32	4,458,000	4,458,000	4,707,129		% of Developer Fees Deferred
Deferred Developer Fees		6.13%	\$4,438	\$4.22	1,154,008	1,154,008	1,980,246		95%
Additional (excess) Funds Required		5.29%	\$3,828	\$3.64	995,368	0	0		15-Yr Cumulative Cash Flow
TOTAL SOURCES					\$18,827,376	\$17,832,008	\$18,827,376		\$3,312,120

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Sweetwater Point Apartments, Houston, 4% LIHTC #03423

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$41.18	\$11,248,534
Adjustments				
Exterior Wall Finish	3.10%		\$1.28	\$348,705
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(0.67)	(183,914)
Floor Cover			1.92	524,429
Porches/Breezeways	\$29.24	10,766	1.15	314,798
Plumbing	\$615	780	1.76	479,700
Built-in Appliances	\$1,625	260	1.55	422,500
Stairs/Fireplaces	\$1,750	88	0.56	154,000
Floor Insulation			0.00	0
Heating/Cooling			1.47	401,516
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	\$59.56	3,002	0.65	178,805
Other:			0.00	0
SUBTOTAL			50.85	13,889,072
Current Cost Multiplier	1.04		2.03	555,563
Local Multiplier	0.90		(5.08)	(1,388,907)
TOTAL DIRECT CONSTRUCTION COSTS			\$47.80	\$13,055,727
Plans, specs, survy, bld prm	3.90%		(\$1.86)	(\$509,173)
Interim Construction Interest	3.38%		(1.61)	(440,631)
Contractor's OH & Profit	11.50%		(5.50)	(1,501,409)
NET DIRECT CONSTRUCTION COSTS			\$38.82	\$10,604,515

PAYMENT COMPUTATION

Primary	\$12,220,000	Term	480
Int Rate	6.60%	DCR	1.09

Secondary	\$0	Term	
Int Rate	0.00%	Subtotal DCR	1.09

Additional	\$4,458,000	Term	
Int Rate		Aggregate DCR	1.09

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$863,299
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$86,721

Primary	\$12,140,087	Term	480
Int Rate	6.60%	DCR	1.10

Secondary	\$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	\$4,458,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

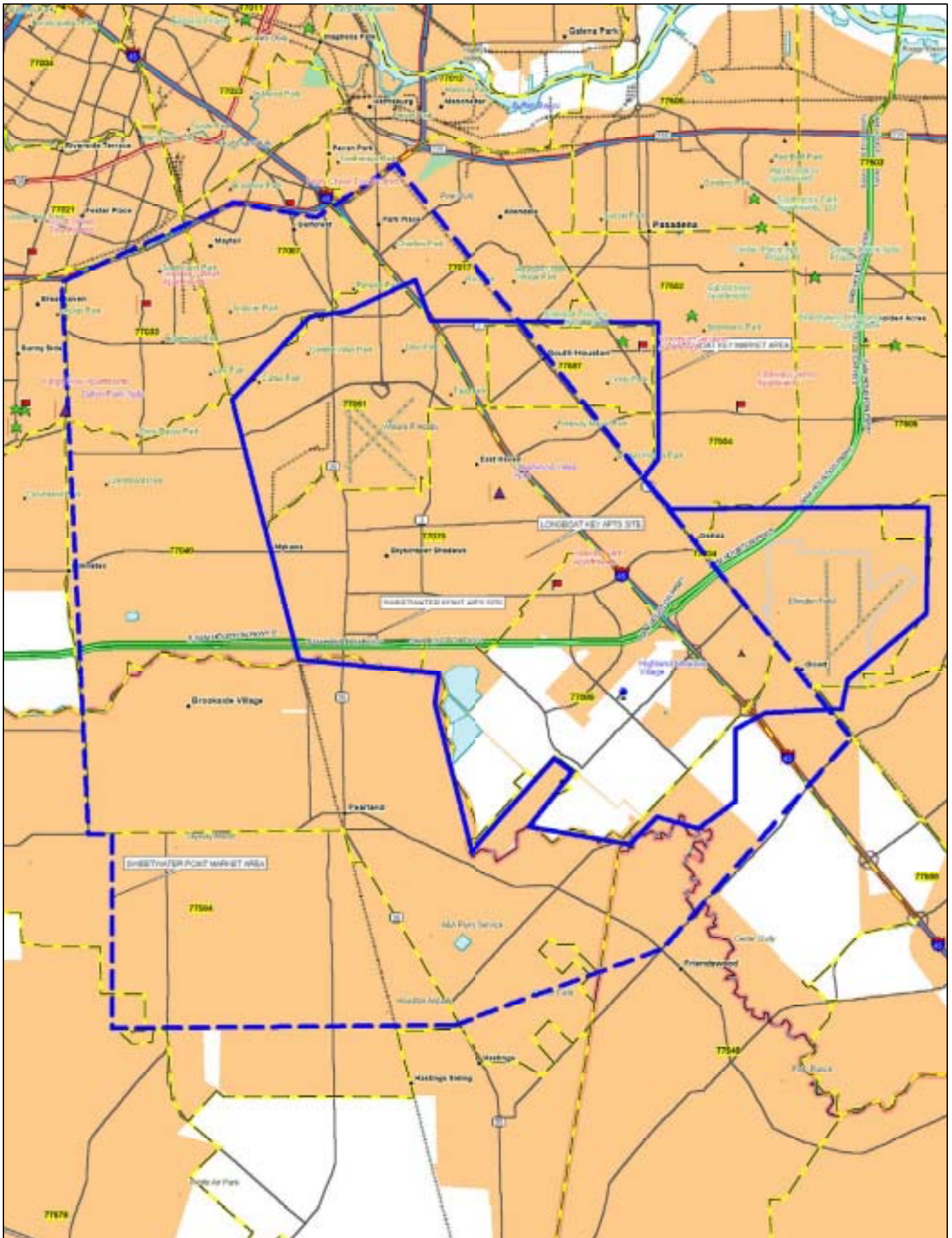
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$2,077,728	\$2,140,060	\$2,204,262	\$2,270,389	\$2,338,501	\$2,710,964	\$3,142,750	\$3,643,309	\$4,896,302
Secondary Income	46,800	48,204	49,650	51,140	52,674	61,063	70,789	82,064	110,287
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,124,528	2,188,264	2,253,912	2,321,529	2,391,175	2,772,027	3,213,539	3,725,373	5,006,589
Vacancy & Collection Loss	(159,340)	(164,120)	(169,043)	(174,115)	(179,338)	(207,902)	(241,015)	(279,403)	(375,494)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,965,188	\$2,024,144	\$2,084,868	\$2,147,414	\$2,211,837	\$2,564,125	\$2,972,524	\$3,445,970	\$4,631,095
EXPENSES at 4.00%									
General & Administrative	\$91,122	\$94,767	\$98,557	\$102,500	\$106,600	\$129,695	\$157,793	\$191,980	\$284,177
Management	98,259	101,207	104,243	107,371	110,592	128,206	148,626	172,298	231,555
Payroll & Payroll Tax	226,200	235,248	244,658	254,444	264,622	321,953	391,705	476,569	705,439
Repairs & Maintenance	97,200	101,088	105,132	109,337	113,711	138,346	168,319	204,786	303,134
Utilities	50,784	52,815	54,928	57,125	59,410	72,281	87,941	106,994	158,377
Water, Sewer & Trash	97,724	101,633	105,698	109,926	114,323	139,091	169,226	205,889	304,766
Insurance	51,897	53,972	56,131	58,377	60,712	73,865	89,868	109,338	161,847
Property Tax	231,083	240,326	249,939	259,937	270,334	328,903	400,161	486,857	720,667
Reserve for Replacements	52,000	54,080	56,243	58,493	60,833	74,012	90,047	109,556	162,170
Other	18,900	19,656	20,442	21,260	22,110	26,901	32,729	39,819	58,943
TOTAL EXPENSES	\$1,015,169	\$1,054,793	\$1,095,972	\$1,138,769	\$1,183,246	\$1,433,254	\$1,736,416	\$2,104,088	\$3,091,075
NET OPERATING INCOME	\$950,020	\$969,351	\$988,896	\$1,008,646	\$1,028,591	\$1,130,871	\$1,236,108	\$1,341,882	\$1,540,020
DEBT SERVICE									
First Lien Financing	\$863,299	\$863,299	\$863,299	\$863,299	\$863,299	\$863,299	\$863,299	\$863,299	\$863,299
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$86,721	\$106,052	\$125,597	\$145,347	\$165,292	\$267,572	\$372,809	\$478,583	\$676,721
DEBT COVERAGE RATIO	1.10	1.12	1.15	1.17	1.19	1.31	1.43	1.55	1.78

LIHTC Allocation Calculation - Sweetwater Point Apartments, Houston, 4% LIHTC #03423

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$1,004,750	\$1,004,750		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,393,014	\$1,393,014	\$1,393,014	\$1,393,014
Off-site improvements	\$47,500	\$47,500		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$10,037,895	\$10,604,515	\$10,037,895	\$10,604,515
(4) Contractor Fees & General Requirements				
Contractor overhead				
Contractor profit	\$285,773	\$285,773	\$285,773	\$285,773
General requirements	\$285,773	\$285,773	\$285,773	\$285,773
(5) Contingencies				
	\$228,618	\$228,618	\$228,618	\$228,618
(6) Eligible Indirect Fees				
	\$836,500	\$836,500	\$836,500	\$836,500
(7) Eligible Financing Fees				
	\$1,000,815	\$1,000,815	\$1,000,815	\$1,000,815
(8) All Ineligible Costs				
	\$631,370	\$631,370		
(9) Developer Fees				
Developer overhead	\$520,000	\$520,000	\$520,000	\$520,000
Developer fee	\$1,560,000	\$1,560,000	\$1,560,000	\$1,560,000
(10) Development Reserves				
		\$428,748		
TOTAL DEVELOPMENT COSTS	\$17,832,008	\$18,827,376	\$16,148,388	\$16,715,008

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			\$16,148,388	\$16,715,008
High Cost Area Adjustment			100%	100%
TOTAL ADJUSTED BASIS			\$16,148,388	\$16,715,008
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			\$16,148,388	\$16,715,008
Applicable Percentage			3.61%	3.61%
TOTAL AMOUNT OF TAX CREDITS			\$582,957	\$603,412

Syndication Proceeds	0.8198	\$4,779,290	\$4,946,987
Total Credits (Eligible Basis Method)		\$582,957	\$603,412
Syndication Proceeds		\$4,779,290	\$4,946,987
Requested Credits		\$574,155	
Syndication Proceeds		\$4,707,129	
Gap of Syndication Proceeds Needed			\$6,687,376
Credit Amount			\$815,697



© 2001 DeLorme. XMap® Business 1v3, GDT, Inc., Rel. 01/2001
 Zoom Level: 10-6 Datum: WGS84

Scale 1 : 125 000
 1" = 1.07 mi



MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 9, 2003

Action Item

Requests for amendments to HTC applications involving material changes.

Requested Action

Approve requests for amendments.

Background and Recommendations

Pertinent facts about the developments requesting amendments are summarized below. The requests are recommended for approval by staff.

Summit Senior Village, HTC Development No. 03159

Applicant requests approval to add 3.03 acres of adjacent land to the current 4.318 acre site and construct 19 one-story buildings instead of 2 two-story buildings. The City of Gainesville requested that the Applicant make these changes. The change in site and construction costs would have reduced their score by eight points: a reduction of the seven points scored for the Pre-Application and a reduction of one point for exceeding the maximum cost per square foot. However, this score still was competitive enough to warrant an allocation in the rural set-aside.

Governing QAP:	2003 QAP, Section 49.18(c)(4)
Applicant:	MAEDC Gainesville Seniors, LP
General Partner:	MAEDC Gainesville GP, LLC (100% managing GP), Maple Avenue Economic Development Corp., sole member of the GP
Special Limited Partner:	Ferndale Investments, Inc., developer, James French, principal
Principals/Interested Parties:	Monique Allen, principal of sole member of GP, James French
Syndicator:	Lend Lease Real Estate Investments, Inc.
Lender:	BankOne
City/County:	Gainesville/Cook
Set-Aside:	Rural/Elderly
Type of Development:	New Construction
Units:	68 HTC units and 8 market rate units
2003 Allocation:	\$476,268
Allocation per LIHTC Unit:	\$7,004
Other Funding:	NA
Prior Board Actions:	Approved allocation on July 30, 2003
Underwriting Reevaluation:	Underwriting resulted in no change in the tax credit award.
Staff Recommendation:	Staff recommends this request because, even with the point loss, the development would still have been competitive enough to receive an allocation. Approval is subject to any conditions stated in the Multifamily Underwriting Analysis Addendum.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS ADDENDUM**

DATE: August 29, 2003 **PROGRAM:** 9% LIHTC **FILE NUMBER:** 03159

DEVELOPMENT NAME

Summit Senior Village Apartments

APPLICANT

Name: MAEDC Gainesville Seniors, L.P. **Type:** For Profit
Address: 2828 Routh Street, Ste. 500 **City:** Dallas **State:** TX
Zip: 75201 **Contact:** Monique Allen **Phone:** (214) 849-9809 **Fax:** (214) 849-9830

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name: MAEDC Gainesville GP, LLC	(%): .01	Title: Managing General Partner
Name: Ferndale Investments, Inc.	(%): .01	Title: Special Limited Partner
Name: Maple Avenue Economic Development Corp.	(%): N/A	Title: Sole member of MGP
Name: James R. French	(%): N/A	Title: 100% owner of Special LP

PROPERTY LOCATION

Location: NW Corner of Lawrence and O'Neal Streets **QCT** **DDA**
City: Gainesville **County:** Cooke **Zip:** 76240

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$490,662	N/A	N/A	N/A
Other Requested Terms: 1) Annual ten-year allocation of low-income housing tax credits			
Proposed Use of Funds: New Construction		Property Type: Multifamily	
Set-Aside(s): <input type="checkbox"/> General <input checked="" type="checkbox"/> Rural <input type="checkbox"/> TX RD <input type="checkbox"/> Non-Profit <input checked="" type="checkbox"/> Elderly <input type="checkbox"/> At Risk			

RECOMMENDATION

RECOMMEND CONTINUED APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED \$476,268 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a current financial statement and authorization to release credit for Kip Platt or an additional development partner by execution or commitment.
2. Receipt, review, and acceptance of an acceptable Phase II Environmental Site Assessment report by a third party environmental engineer or additional environmental assessments as needed, which addresses the backfill material concerns identified in the Phase I ESA and concludes that no issues of environmental concern exist with regard to the site and that there is no condition or circumstance that warrants further investigation or analysis prior to the initial closing on the property.
3. Receipt, review and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation site work costs and building flood insurance and tenant flood insurance costs in accordance with the Department's requirements prior to the initial closing on the property.
4. Receipt, review and acceptance of site control for the 3.032-acre site, documentation indicating the acquisition price, and identification of any relationship between the seller and the Applicant.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS ADDENDUM**

5. Should the terms or rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

ADDENDUM

The Applicant received a 2003 9% LIHTC allocation of \$476,268 annually, subject to conditions. At application, the development consisted of two two-story elevator-served residential buildings for senior tenants. Subsequently, the Applicant became aware of an opportunity to purchase an adjacent tract of land prompting them to reconsider the development plan. The current proposal includes 19 single story buildings with only four units each and an increase in overall site size to 7.35 acres. It should be noted, a large portion of the new acreage will be used for water detention as the site is located within the 100-year floodplain. It does not appear that the changes proposed are required by any local authority, but rather that the Applicant feels “the development, the community and the future tenants would benefit from the proposed changes.”

A revised cost schedule includes a total site acquisition cost of \$347,000, or an increase of \$222,000 for the additional 3.032 acres. Site control for the 3.032-acre site and documentation indicating the acquisition price were not provided and receipt, review and acceptance of such is a condition of the recommendations of this addendum. The requested documents must also include identification of any relationship between the seller and the Applicant.

The total development cost also includes \$170,000 for floodplain remediation, which the Applicant has chosen to characterize as an ineligible cost. The Applicant has also indicated plans to request a Conditional Letter of Map Revision from FEMA to remove the site from the 100-year floodplain. However, receipt, review and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation site work costs and building flood insurance and tenant flood insurance costs in accordance with the Department’s requirements prior to the initial closing on the property continues to be a condition of the recommendations of this addendum.

Overall, the Applicant’s total development cost estimate has increased by \$486,242, while their eligible basis estimate has increased by \$38,515. The Applicant’s revised total development cost figure is within 5% of the Underwriter’s total development cost estimate based on the current architectural plans and other additional costs. Therefore, the Applicant’s estimate is used to determine the development’s eligible basis and total need for permanent funds. An eligible basis of \$5,088,282, as adjusted by the Underwriter for overstated fees, supports the original tax credit allocation.

To offset the increase in cost, the Applicant also submitted a revised financing commitment indicating a total permanent loan of \$1,740,000, which is \$315,000 more than proposed at application. The Applicant’s revised proforma indicates the development can support the resulting increase in annual debt service with an initial debt coverage ratio that is within the Department’s current guideline of 1.10 to 1.30. The additional debt service capacity is a result of a lower anticipated property tax of \$380 per unit versus the \$623 per unit originally projected. The Applicant has indicated that they will now pursue a PILOT agreement with the local taxing authority based on the CHDO non-profit status of the general partner. The Applicant further has indicated that the CHDO non-profit principal of the general partner has qualified for CHDO property tax exemptions for other apartment communities it has sponsored. Based on these new assumptions, the Underwriter reduced the TDHCA property tax expense for this development to \$450 per unit which represents an assessed value of \$15K per unit. Based on this reduction the Underwriter’s revised analysis also provides an acceptable 1.10 DCR.

Despite the increased permanent loan amount, the projected deferred developer fee has also increased to \$407,465. It appears that the development cannot repay differed fees in this amount within ten years of stabilized operation, but will be able to repay it within 15 years. It should be noted a new syndication commitment with a syndication rate of 79% was also submitted.

The proposed changes do not affect the original economics of the transaction or the recommended credit amount. This addendum does not consider any other programmatic pre-application constraints or scoring issues.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS ADDENDUM**

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and net operating income are more than 5% outside of the Underwriter's verifiable ranges.
- The principals of the Applicant may not have the financial capacity to support the development if needed.
- Significant environmental/locational risks exist regarding the sites location in the 100-year floodplain and the unidentified backfill material on the site.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.

Underwriter:

Lisa Vecchiotti

Date: August 29, 2003

Director of Real Estate Analysis:

Tom Gouris

Date: August 29, 2003

MULTIFAMILY COMPARATIVE ANALYSIS

Summit Senior Village, Gainesville, LIHTC #03159 ADDENDUM

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Int Pd Util	Wir, Swr, Trsh
TC30%	7	1	1	748	\$303	\$243	\$1,701	\$0.32	\$60.00	\$23.00
TC50%	14	1	1	748	505	\$445	6,230	0.59	60.00	23.00
TC60%	21	1	1	748	606	\$522	10,962	0.70	60.00	23.00
MR	2	1	1	748		\$522	1,044	0.70	60.00	23.00
TC50%	10	2	1	949	606	\$517	5,170	0.54	89.00	29.00
TC60%	16	2	2	977	727	\$573	9,168	0.59	89.00	29.00
MR	6	2	2	977		\$573	3,438	0.59	89.00	29.00
TOTAL:	76		AVERAGE:	841	\$521	\$496	\$37,713	\$0.59	\$72.21	\$25.53

INCOME				TOTAL NET RENTABLE SQ FT: 63,896			TDHCA	CURRENT REQUEST	APPLICATION	USS Region	3
POTENTIAL GROSS RENT						\$452,556	\$436,296	\$400,284		IREM Region	
Secondary Income		Per Unit Per Month:	\$10.00		9,120	9,120	9,120		\$10.00	Per Unit Per Month	
Other Support Income: (describe)					0	0	0				
POTENTIAL GROSS INCOME					\$461,676	\$445,416	\$409,404				
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(34,626)	(33,408)	(30,708)		-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0	0				
EFFECTIVE GROSS INCOME					\$427,050	\$412,008	\$378,696				
EXPENSES				% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.81%	\$327	0.39	\$24,814	\$17,200	\$16,400	\$0.27	\$226	4.17%		
Management	5.00%	281	0.33	21,353	\$20,600	\$18,546	0.32	271	5.00%		
Payroll & Payroll Tax	17.65%	992	1.18	75,393	\$55,177	\$50,324	0.86	726	13.39%		
Repairs & Maintenance	6.14%	345	0.41	26,234	\$26,800	\$30,400	0.42	353	6.50%		
Utilities	3.93%	221	0.26	16,793	\$12,160	\$11,000	0.19	160	2.95%		
Water, Sewer, & Trash	5.45%	306	0.36	23,280	\$23,800	\$17,100	0.37	313	5.78%		
Property Insurance	5.03%	283	0.34	21,485	\$21,660	\$21,660	0.34	285	5.26%		
Property Tax	2.99%	450	0.53	34,175	\$28,851	\$47,345	0.45	380	7.00%		
Reserve for Replacements	3.56%	200	0.24	15,200	\$15,200	\$15,200	0.24	200	3.69%		
Other Expenses: Compliance & Cable	0.54%	30	0.04	2,300	\$2,300	\$2,300	0.04	30	0.56%		
TOTAL EXPENSES	61.12%	\$3,435	\$4.09	\$261,027	\$223,748	\$230,275	\$3.50	\$2,944	54.31%		
NET OPERATING INC	38.88%	\$2,185	\$2.60	\$166,024	\$188,260	\$148,421	\$2.95	\$2,477	45.69%		
DEBT SERVICE											
First Lien Mortgage	35.03%	\$1,968	\$2.34	\$149,587	\$149,587	\$122,506	\$2.34	\$1,968	36.31%		
Additional Financing	0.00%	\$0	\$0.00	0	0		\$0.00	\$0	0.00%		
Additional Financing	0.00%	\$0	\$0.00	0	0		\$0.00	\$0	0.00%		
NET CASH FLOW	3.85%	\$216	\$0.26	\$16,437	\$38,673	\$25,915	\$0.61	\$509	9.39%		
AGGREGATE DEBT COVERAGE RATIO					1.11	1.26	1.21				
RECOMMENDED DEBT COVERAGE RATIO					1.11						

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	CURRENT REQUEST	APPLICATION	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		5.84%	\$4,566	\$5.43	\$347,000	\$347,000	\$125,000	\$5.43	\$4,566	5.87%
Off-Sites		0.00%	0	0.00	0	0	0	0.00	0	0.00%
Sitework		8.32%	6,500	7.73	494,000	494,000	494,001	7.73	6,500	8.36%
Direct Construction		47.83%	37,388	44.47	2,841,487	2,767,633	2,707,695	43.31	36,416	46.84%
Contingency	5.00%	2.81%	2,194	2.61	166,774	195,603	182,496	3.06	2,574	3.31%
General Req'ts	6.00%	3.37%	2,633	3.13	200,129	205,898	192,101	3.22	2,709	3.48%
Contractor's G & A	2.00%	1.12%	878	1.04	66,710	68,633	64,034	1.07	903	1.16%
Contractor's Profit	6.00%	3.37%	2,633	3.13	200,129	205,898	192,101	3.22	2,709	3.48%
Indirect Construction		4.28%	3,349	3.98	254,500	254,500	296,500	3.98	3,349	4.31%
Ineligible Costs		4.90%	3,827	4.55	290,844	290,844	179,211	4.55	3,827	4.92%
Developer's G & A	1.99%	1.51%	1,179	1.40	89,618	89,618	88,948	1.40	1,179	1.52%
Developer's Profit	12.91%	9.81%	7,665	9.12	582,519	582,519	578,165	9.12	7,665	9.86%
Interim Financing		4.86%	3,799	4.52	288,750	288,750	210,438	4.52	3,799	4.89%
Reserves		1.99%	1,557	1.85	118,334	118,334	112,299	1.85	1,557	2.00%
TOTAL COST		100.00%	\$78,168	\$92.98	\$5,940,794	\$5,909,230	\$5,422,988	\$92.48	\$77,753	100.00%
Recap-Hard Construction Costs		66.81%	\$52,227	\$62.12	\$3,969,229	\$3,937,665	\$3,832,428	\$61.63	\$51,811	66.64%

SOURCES OF FUNDS

				TDHCA	CURRENT REQUEST	APPLICATION	RECOMMENDED	
First Lien Mortgage	29.29%	\$22,895	\$27.23	\$1,740,000	\$1,740,000		\$1,740,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0		0	\$672,137
LIHTC Syndication Proceeds	63.32%	\$49,500	\$58.88	3,762,000	3,762,000		3,761,765	% of Dev. Fee Deferred
Deferred Developer Fees	6.85%	\$5,358	\$6.37	407,228	407,228		407,465	61%
Additional (excess) Funds Required	0.53%	\$415	\$0.49	31,566	2		0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$5,940,794	\$5,909,230		\$5,909,230	\$490,130.89

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Summit Senior Village, Gainesville, LIHTC #03159 ADDENDUM

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$44.24	\$2,826,652
Adjustments				
Exterior Wall Finish	6.32%		\$2.80	\$178,644
Elderly	5.00%		2.21	141,333
Roofing			0.00	0
Subfloor			(2.02)	(129,070)
Floor Cover			1.92	122,680
Porches/Balconies	\$22.82	13,287	4.75	303,198
Plumbing	\$615	66	0.64	40,590
Built-In Appliances	\$1,625	76	1.93	123,500
Elevator			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.47	93,927
Corridors			0.00	0
Comm &/or Aux Bldgs	\$61.22	2,359	2.26	144,410
9' Ceiling	3.00%		1.33	84,800
SUBTOTAL			61.52	3,930,664
Current Cost Multiplier	1.03		1.85	117,920
Local Multiplier	0.86		(8.61)	(550,293)
TOTAL DIRECT CONSTRUCTION COSTS			\$54.75	\$3,498,291
Plans, specs, survy, bld prm	3.90%		(\$2.14)	(\$136,433)
Interim Construction Interes	3.38%		(1.85)	(118,067)
Contractor's OH & Profit	11.50%		(6.30)	(402,303)
NET DIRECT CONSTRUCTION COSTS			\$44.47	\$2,841,487

PAYMENT COMPUTATION

Primary	\$1,740,000	Term	360
Int Rate	7.75%	DCR	1.11
Secondary	\$0	Term	
Int Rate	0.00%	Subtotal DCR	1.11
Additional	\$3,762,000	Term	
Int Rate		Aggregate DCR	1.11

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$149,587
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$16,437

Primary	\$1,740,000	Term	360
Int Rate	7.75%	DCR	1.11
Secondary	\$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.11
Additional	\$3,762,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.11

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$452,556	\$466,133	\$480,117	\$494,520	\$509,356	\$590,483	\$684,532	\$793,560	\$1,066,478
Secondary Income	9,120	9,394	9,675	9,966	10,265	11,900	13,795	15,992	21,492
Other Support Income: (descri:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	461,676	475,526	489,792	504,486	519,620	602,382	698,326	809,552	1,087,970
Vacancy & Collection Loss	(34,626)	(35,664)	(36,734)	(37,836)	(38,972)	(45,179)	(52,374)	(60,716)	(81,598)
Employee or Other Non-Rental I	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$427,050	\$439,862	\$453,058	\$466,649	\$480,649	\$557,204	\$645,952	\$748,835	\$1,006,372
EXPENSES at 4.00%									
General & Administrative	\$24,814	\$25,807	\$26,839	\$27,913	\$29,029	\$35,318	\$42,970	\$52,280	\$77,387
Management	21,353	21,993	22,653	23,332	24,032	27,860	32,298	37,442	50,319
Payroll & Payroll Tax	75,393	78,408	81,545	84,807	88,199	107,307	130,556	158,841	235,124
Repairs & Maintenance	26,234	27,283	28,374	29,509	30,690	37,339	45,428	55,271	81,814
Utilities	16,793	17,465	18,164	18,890	19,646	23,902	29,081	35,381	52,372
Water, Sewer & Trash	23,280	24,211	25,180	26,187	27,234	33,135	40,313	49,047	72,602
Insurance	21,485	22,344	23,238	24,168	25,134	30,580	37,205	45,266	67,004
Property Tax	34,175	35,542	36,964	38,442	39,980	48,642	59,180	72,002	106,581
Reserve for Replacements	15,200	15,808	16,440	17,098	17,782	21,634	26,321	32,024	47,404
Other	2,300	2,392	2,488	2,587	2,691	3,274	3,983	4,846	7,173
TOTAL EXPENSES	\$261,027	\$271,254	\$281,884	\$292,933	\$304,417	\$368,991	\$447,336	\$542,399	\$797,779
NET OPERATING INCOME	\$166,024	\$168,608	\$171,173	\$173,716	\$176,232	\$188,213	\$198,616	\$206,436	\$208,593
DEBT SERVICE									
First Lien Financing	\$149,587	\$149,587	\$149,587	\$149,587	\$149,587	\$149,587	\$149,587	\$149,587	\$149,587
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$16,437	\$19,021	\$21,586	\$24,129	\$26,645	\$38,626	\$49,029	\$56,849	\$59,006
DEBT COVERAGE RATIO	1.11	1.13	1.14	1.16	1.18	1.26	1.33	1.38	1.39

LIHTC Allocation Calculation - Summit Senior Village, Gainesville, LIHTC #03159 ADDENDUM

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$347,000	\$347,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$494,000	\$494,000	\$494,000	\$494,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$2,767,633	\$2,841,487	\$2,767,633	\$2,841,487
(4) Contractor Fees & General Requirements				
Contractor overhead	\$68,633	\$66,710	\$65,233	\$66,710
Contractor profit	\$205,898	\$200,129	\$195,698	\$200,129
General requirements	\$205,898	\$200,129	\$195,698	\$200,129
(5) Contingencies				
	\$195,603	\$166,774	\$163,082	\$166,774
(6) Eligible Indirect Fees				
	\$254,500	\$254,500	\$254,500	\$254,500
(7) Eligible Financing Fees				
	\$288,750	\$288,750	\$288,750	\$288,750
(8) All Ineligible Costs				
	\$290,844	\$290,844		
(9) Developer Fees				
			\$663,689	
Developer overhead	\$89,618	\$89,618		\$89,618
Developer fee	\$582,519	\$582,519		\$582,519
(10) Development Reserves				
	\$118,334	\$118,334		
TOTAL DEVELOPMENT COSTS	\$5,909,230	\$5,940,794	\$5,088,282	\$5,184,616

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			\$5,088,282	\$5,184,616
High Cost Area Adjustment			130%	130%
TOTAL ADJUSTED BASIS			\$6,614,767	\$6,740,001
Applicable Fraction			88.48%	88.48%
TOTAL QUALIFIED BASIS			\$5,853,038	\$5,963,850
Applicable Percentage			8.34%	8.34%
TOTAL AMOUNT OF TAX CREDITS			\$488,143	\$497,385

Syndication Proceeds	0.7898	\$3,855,561	\$3,928,556
Total Credits (Eligible Basis Method)		\$488,143	\$497,385
Syndication Proceeds		\$3,855,561	\$3,928,556
Requested Credits		\$490,662	
Syndication Proceeds		\$3,875,455	
Gap of Syndication Proceeds Needed		\$4,169,230	
Credit Amount		\$527,856	

Sterling Springs Villas, HTC Development No. 03145,

Summary: Applicant requests approval for the following items: (1) dedication to the city for right-of-way of approximately 0.92 acre consisting of a swath of land approximately 60 feet wide along 668.24 feet of the west side of the tract as originally proposed; (2) addition of approximately 0.9 acre of land along the east side of the original tract to compensate for the right-of-way dedication; (3) amendment of the site plan to a plan with 36 buildings instead of 30 as originally proposed, with six of the fourplexes in the original plan being converted into 12 duplexes located along the northern boundary of the amended tract. The request is made to accommodate requests from the city and to adhere to the permissible zoning for the site. While the site change may have affected the score for this application, those scoring changes would not have affected the allocation to this development because it was the only eligible application received in Region 12 which was undersubscribed.

Governing QAP:	2003 QAP, Section 49.18(c)(4)
Applicant:	LHD Sterling Springs, L.P.
General Partner:	Landmark TC Management, LLC
Principals/Interested Parties:	Kent Hance, Sr., Kent (Ron) Hance, Jr., Susan Hance Sorrells
Syndicator:	Lend Lease Real Estate Investments
Lender:	JP Morgan Chase
City/County:	Midland/Midland
Set-Aside:	General
Type of Development:	New Construction
Units:	124 HTC and 6 market rate units
Allocation:	\$845,579
Allocation per LIHTC Unit:	\$6,819
Other Funding:	None
Prior Board Actions:	Approved allocation on July 30, 2003
Underwriting Reevaluation:	Underwriting associated with the proposed changes found no significant effect on the feasibility or cost of the development, and recommends no change in the tax credit award.
Staff Recommendation:	Staff recommends this request because, even with the point loss, the development would still have been competitive enough to receive an allocation.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MEMORANDUM

TO: Brooke Boston

FROM: Stephen Apple/Tom Gouris

DATE: September 15, 2003

SUBJECT: LIHTC #03145 (Sterling Springs Villas), Requested Application Amendments

On September 10, 2003, the applicant for this transaction requested from TDHCA that they be allowed to alter certain elements of the site plan and proposed development.

The original application called for rezoning the property to allow a multifamily development, and this was made a condition of the underwriting report. The final negotiations with the city, however, resulted in having to alter the site plan from that submitted in the application to TDHCA.

The city is requiring that a) all of the structures along one side of the development be duplexes rather than the fourplexes which were submitted in the application to TDHCA, and b) the applicant dedicate and construct a city street along the western edge of the site.

As a consequence, the applicant is requesting TDHCA to allow them to a) add approximately 0.9 acres to the site to make up for the land being dedicated as a street, b) change the arrangement of the site plan, and c) change the number of buildings. Neither the number of units, the unit mix, nor the requested amount of tax credits are to change.

Because the unit mix will not change, the operating proforma for the project is still valid and is not affected in any way.

The construction of a road, purchase of additional land, and the change in the site plan call for a re-examination of the project's costs. The underwriter estimated the project's proposed new direct construction costs based on Marshall & Swift's *Residential Cost Handbook*. The original underwriting analysis found that:

"The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted, is used to calculate eligible basis and determine the LIHTC allocation."

The underwriter's estimated costs of the changed buildings and site plans are slightly less than the original estimate, but are still within 5% of the applicant's estimate, and therefore, the Applicant's total cost breakdown, as adjusted, should still be used to calculate eligible basis and determine the LIHTC allocation. The proposed changes, therefore are not significant, and no changes to the allocation are necessary. From the standpoint of project feasibility, and appropriateness of the tax-credit allocation, the underwriter recommends that the applicant's requests be approved.

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Sterling Springs Villas Apartments, Midland, 9% LIHTC #03145

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsl
TC (50%)	10	1	1	664	\$430	\$371	\$3,710	\$0.56	\$42.50	\$39.75
TC (60%)	14	1	1	664	516	371	5,194	0.56	42.50	39.75
TC (50%)	28	2	1	900	516	468	13,104	0.52	48.00	42.25
TC (60%)	26	2	2	1,000	619	516	13,416	0.52	48.00	42.25
MR	2	2	2	1,000		516	1,032	0.52	48.00	42.25
TC (50%)	18	3	2	1,100	596	541	9,738	0.49	55.00	44.75
TC (60%)	18	3	2	1,100	716	574	10,332	0.52	55.00	44.75
MR	4	3	2	1,100		574	2,296	0.52	55.00	44.75
TOTAL:	120		AVERAGE:	943	\$547	\$490	\$58,822	\$0.52	\$49.23	\$42.58

INCOME

Total Net Rentable Sq Ft 113,136

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$10.00
Other Support Income:

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%
Employee or Other Non-Rental Units or Concessions

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.92%	\$329	0.35
Management	5.00%	278	0.29
Payroll & Payroll Tax	15.42%	856	0.91
Repairs & Maintenance	7.64%	424	0.45
Utilities	2.71%	151	0.16
Water, Sewer, & Trash	7.38%	410	0.43
Property Insurance	5.74%	319	0.34
Property Tax 2.8148	9.47%	526	0.56
Reserve for Replacements	3.60%	200	0.21
Other: spt svcs, compl fees	2.15%	119	0.13
TOTAL EXPENSES	65.03%	\$3,610	\$3.83
NET OPERATING INC	34.97%	\$1,942	\$2.06

DEBT SERVICE

JPMorgan Chase Bank	31.17%	\$1,731	\$1.84
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
NET CASH FLOW	3.80%	\$211	\$0.22

AGGREGATE DEBT COVERAGE RATIO

ALTERNATIVE DEBT COVERAGE RATIO

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bl)		2.51%	\$1,825	\$1.94	\$219,000	\$219,000	\$1.94	\$1,825	2.42%
Off-Sites		0.80%	580	0.62	69,600	69,600	0.62	580	0.77%
Sitework		6.49%	4,714	5.00	565,680	565,680	5.00	4,714	6.26%
Direct Construction		54.53%	39,608	42.01	4,752,997	4,985,780	44.07	41,548	55.17%
Contingency 5.00%		3.05%	2,216	2.35	265,934	279,243	2.47	2,327	3.09%
General Req'ts 6.00%		3.66%	2,659	2.82	319,121	333,088	2.94	2,776	3.69%
Contractor's G & i 2.00%		1.22%	886	0.94	106,374	111,029	0.98	925	1.23%
Contractor's Prof: 6.00%		3.66%	2,659	2.82	319,121	333,088	2.94	2,776	3.69%
Indirect Construction		3.77%	2,738	2.90	328,610	328,610	2.90	2,738	3.64%
Ineligible Costs		3.31%	2,403	2.55	288,392	288,392	2.55	2,403	3.19%
Developer's G & A 2.00%		1.59%	1,152	1.22	138,229	143,803	1.27	1,198	1.59%
Developer's Profit 13.00%		10.31%	7,487	7.94	898,490	934,719	8.26	7,789	10.34%
Interim Financing		2.91%	2,114	2.24	253,625	253,625	2.24	2,114	2.81%
Reserves		2.19%	1,589	1.69	190,676	190,676	1.69	1,589	2.11%
TOTAL COST		100.00%	\$72,632	\$77.04	\$8,715,848	\$9,036,333	\$79.87	\$75,303	100.00%
Recap-Hard Construction Costs		72.62%	\$52,744	\$55.94	\$6,329,226	\$6,607,908	\$58.41	\$55,066	73.13%

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
JPMorgan Chase Bank	28.40%	\$20,625	\$21.88	\$2,475,000	\$2,475,000	\$2,475,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$1,078,271
LIHTC Syndication Proceeds	74.16%	\$53,867	\$57.13	6,464,000	6,464,000	6,425,515	% of Dev. Fee Deferred
Deferred Developer Fees	0.10%	\$73	\$0.08	8,733	8,733	47,218	4%
Additional (excess) Funds Req	-2.66%	(\$1,932)	(\$2.05)	(231,885)	88,600	88,600	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$8,715,848	\$9,036,333	\$9,036,333	\$635,618

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)
Sterling Springs Villas Apartments, Midland, 9% LIHTC #03145

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

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$44.97	\$5,088,045
Adjustments				
Exterior Wall Fini	6.41%		\$2.88	\$326,313
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.77)	(200,318)
Floor Cover			1.92	217,221
Porches/Balconies	\$29.24	16,382	4.23	479,010
Plumbing	\$645	204	1.16	131,580
Built-In Appliance	\$1,720	120	1.82	206,400
Stairs	\$1,400	8	0.10	11,200
Floor Insulation			0.00	0
Heating/Cooling			1.47	166,310
Garages/Carports		0	0.00	0
Comm &/or Aux Bldg	\$61.22	2,400	1.30	146,920
Other: Fireplace	\$2,200	1	0.02	2,200
SUBTOTAL			58.11	6,574,880
Current Cost Multiplier	1.03		1.74	197,246
Local Multiplier	0.86		(8.14)	(920,483)
TOTAL DIRECT CONSTRUCTION COSTS			\$51.72	\$5,851,643
Plans, specs, survy, b	3.90%		(\$2.02)	(\$228,214)
Interim Construction I	3.38%		(1.75)	(197,493)
Contractor's OH & Prof	11.50%		(5.95)	(672,939)
NET DIRECT CONSTRUCTION COSTS			\$42.01	\$4,752,997

PAYMENT COMPUTATION

Primary	\$2,475,000	Term	360
Int Rate	7.50%	DCR	1.12
Secondary	\$0	Term	
Int Rate	0.00%	Subtotal DCR	1.12
Additional	\$6,464,000	Term	
Int Rate		Aggregate DCR	1.12

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$207,667
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$25,340

Primary	\$2,475,000	Term	360
Int Rate	7.50%	DCR	1.122022401
Secondary	\$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.122022401
Additional	\$6,464,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.122022401

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$705,864	\$727,040	\$748,851	\$771,317	\$794,456	\$920,992	\$1,067,683	\$1,237,737	\$1,663,415
Secondary Income	14,400	14,832	15,277	15,735	16,207	18,789	21,781	25,250	33,935
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	720,264	741,872	764,128	787,052	810,663	939,781	1,089,464	1,262,987	1,697,349
Vacancy & Collection Los	(54,020)	(55,640)	(57,310)	(59,029)	(60,800)	(70,484)	(81,710)	(94,724)	(127,301)
Employee or Other Non-Re	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$666,244	\$686,232	\$706,818	\$728,023	\$749,864	\$869,298	\$1,007,754	\$1,168,263	\$1,570,048
EXPENSES at 4.00%									
General & Administrative	\$39,442	\$41,019	\$42,660	\$44,367	\$46,141	\$56,138	\$68,300	\$83,098	\$123,005
Management	33,312	34,312	35,341	36,401	37,493	43,465	50,388	58,413	78,502
Payroll & Payroll Tax	102,703	106,811	111,084	115,527	120,148	146,179	177,849	216,380	320,296
Repairs & Maintenance	50,880	52,915	55,032	57,233	59,523	72,418	88,108	107,197	158,677
Utilities	18,078	18,802	19,554	20,336	21,149	25,731	31,306	38,089	56,380
Water, Sewer & Trash	49,156	51,122	53,167	55,294	57,506	69,965	85,123	103,565	153,301
Insurance	38,240	39,770	41,360	43,015	44,735	54,427	66,219	80,566	119,257
Property Tax	63,125	65,650	68,276	71,008	73,848	89,847	109,313	132,996	196,866
Reserve for Replacements	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Other	14,300	14,872	15,467	16,086	16,729	20,353	24,763	30,128	44,597
TOTAL EXPENSES	\$433,238	\$450,234	\$467,900	\$486,263	\$505,349	\$612,683	\$742,929	\$900,995	\$1,325,730
NET OPERATING INCOME	\$233,007	\$235,998	\$238,918	\$241,760	\$244,515	\$256,614	\$264,825	\$267,268	\$244,318
DEBT SERVICE									
First Lien Financing	\$207,667	\$207,667	\$207,667	\$207,667	\$207,667	\$207,667	\$207,667	\$207,667	\$207,667
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$25,340	\$28,331	\$31,252	\$34,094	\$36,848	\$48,948	\$57,159	\$59,601	\$36,651
DEBT COVERAGE RATIO	1.12	1.14	1.15	1.16	1.18	1.24	1.28	1.29	1.18

LIHTC Allocation Calculation - Sterling Springs Villas Apartments, Midland, 9% LIHT

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$219,000	\$219,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$565,680	\$565,680	\$565,680	\$565,680
Off-site improvements	\$69,600	\$69,600		
(3) Construction Hard Costs				
New structures/rehabilitation ha	\$4,985,780	\$4,752,997	\$4,985,780	\$4,752,997
(4) Contractor Fees & General Requirements				
Contractor overhead	\$111,029	\$106,374	\$111,029	\$106,374
Contractor profit	\$333,088	\$319,121	\$333,088	\$319,121
General requirements	\$333,088	\$319,121	\$333,088	\$319,121
(5) Contingencies				
	\$279,243	\$265,934	\$277,573	\$265,934
(6) Eligible Indirect Fees				
	\$328,610	\$328,610	\$328,610	\$328,610
(7) Eligible Financing Fees				
	\$253,625	\$253,625	\$253,625	\$253,625
(8) All Ineligible Costs				
	\$288,392	\$288,392		
(9) Developer Fees			\$1,078,271	
Developer overhead	\$143,803	\$138,229		\$138,229
Developer fee	\$934,719	\$898,490		\$898,490
(10) Development Reserves				
	\$190,676	\$190,676		
TOTAL DEVELOPMENT COSTS	\$9,036,333	\$8,715,848	\$8,266,743	\$7,948,180

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			\$8,266,743	\$7,948,180
High Cost Area Adjustment			130%	130%
TOTAL ADJUSTED BASIS			\$10,746,766	\$10,332,634
Applicable Fraction			94.34%	94.34%
TOTAL QUALIFIED BASIS			\$10,138,831	\$9,748,126
Applicable Percentage			8.34%	8.34%
TOTAL AMOUNT OF TAX CREDITS			\$845,579	\$812,994

Syndication Proceeds	0.7599	\$6,425,515	\$6,177,905
Total Credits (Eligible Basis Method)		\$845,579	\$812,994
Syndication Proceeds		\$6,425,515	\$6,177,905
Requested Credits		\$850,643	
Syndication Proceeds		\$6,464,000	
Gap of Syndication Proceeds Needed		\$6,561,333	
Credit Amount		\$863,452	

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 9, 2003

Action Item

Appeal of Community Partnership for the Homeless HOME Application #2003-0116.

Requested Action

Issue a determination on the appeal.

Background and Recommendations

The Applicant originally filed an appeal for this issue on September 11, 2003, to Edwina Carrington appealing the termination of the Application. The appeal was denied by the Executive Director on September 24, 2003 because the documentation as presented in the Application deemed the development infeasible due to the lack of readiness to proceed, lack of confirmed financing sufficient to complete the development, and incomplete construction planning. On September 26, 2003, the Applicant submitted a subsequent appeal to the Board that requests that the Application be reinstated.

Application Information:

Applicant:	Community Partnership for the Homeless, Inc.
City/County:	Austin/Travis
Region:	7
Type of Development:	New Construction
Units:	30
Staff Recommendation:	The Executive Director denied the original appeal. That recommendation has not changed.

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

DATE: September 2, 2003 **PROGRAM:** HOME **FILE NUMBER:** 2003-0116

DEVELOPMENT NAME

Cottage Community

APPLICANT

Name: Community Partnership for the Homeless **Type:** Non-Profit CHDO
Address: 902 E. 5th Street **City:** Austin **State:** TX
Zip: 78702 **Contact:** Alison Schmidt **Phone:** (512) 469-9130 **Fax:** (512) 469-0724

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name: Alison Schmidt **(%):** N/A **Title:** Executive Director
Name: Becca Bruce **(%):** N/A **Title:** Consultant
Name: Stratus Properties **(%):** N/A **Title:** Consultant & lender

PROPERTY LOCATION

Location: 10500 block of Dessau Road, 300 feet south of intersection with Collinwood West Drive **QCT** **DDA**
City: In Austin's limited purpose jurisdiction **County:** Travis **Zip:** 78753

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$1,000,000	0%	30 yrs	30 yrs
2) \$50,000	N/A	N/A	N/A

Other Requested Terms:
 1) Forgivable HOME loan
 2) CHDO operating expenses

Proposed Use of Funds: New construction **Property Type:** Single family rental

Set-Aside(s): CHDO Rural TX RD Non-Profit Elderly At Risk

RECOMMENDATION

NOT RECOMMENDED DUE TO THE LACK OF READINESS TO PROCEED AT THIS TIME AS EVIDENCED BY INCOMPLETE CONSTRUCTION PLANNING AND A LACK OF CONFIRMED FINANCING SUFFICIENT TO COMPLETE THE DEVELOPMENT RENDERING THE DEVELOPMENT INFEASIBLE AS PRESENTED.

ANY APPROVAL OF FUNDING FOR THIS DEVELOPMENT SHOULD BE SUBJECT TO THE FOLLOWING CONDITIONS:

CONDITIONS

1. Receipt, review, and acceptance of a finalized and approved site plan, architectural drawings, construction specifications, a revised and certified project cost schedule, a certified off-site budget, a consistent sources and uses of funds statement, and a development proforma reflecting the finalized specifications.
2. A HOME allocation, if overruled by the Board, should not exceed \$1,000,000, structured as a

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

\$178,954 30-year term loan, fully amortizing over 30 years at 0% interest and a \$821,046 non-amortizing five year loan at 0% interest At the end of the five-year loan term, the performance of the project should be reviewed and the potential for repayment should be re-evaluated;

3. Receipt, review, and acceptance of firm financing commitments for at least \$1,107,087;
4. Should the terms and rates of the proposed debt change or total development costs exceed \$2,603,670, the transaction should be re-evaluated and adjustment to the amounts described in these conditions may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

Cottage Community was submitted and partially underwritten in the 2001 HOME cycle, but the underwriting analysis was not completed due to the termination of the application due in part to insufficient documentation of the proposal.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	30	# Rental Buildings	30	# Common Area Bldgs	1	# of Floors	1 & 2	Age:	0 yrs	Vacant:	N/A	at	/	/
Net Rentable SF:		28,250		Av Un SF:	942	Common Area SF:	5,000	Gross Bldg SF:	33,250					

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 40% brick veneer/60% cement fiber siding exterior wall covering with wood trim, drywall interior wall surfaces, galvanized metal roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting, vinyl, & stained concrete flooring, range & oven, hood & fan, refrigerator, fiberglass tub/shower, ceiling fans, laminated counter tops, individual water heaters, high-speed internet access

ON-SITE AMENITIES

A 5,000-SF (estimated area) community building with space for child daycare services, community space for case management and other supportive services, management offices, a kitchen, & restrooms, along with an equipped children's play area are located at the middle of the property. In addition, walking trails & perimeter fencing are also planned for the site

Uncovered Parking: 90 spaces **Carpports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Cottage Community is a dispersed single family (4 units per acre) new construction development of 30 units of affordable housing located just north of the Austin city limits in Austin's limited purpose jurisdiction. The development is to be comprised of 30 one- and two-story single-family houses. The Applicant proposes not to subdivide the property into individual lots but to place the buildings throughout the unified site, along with walking paths and a greenbelt area, and a community garden. Based on the most recent site plan the houses are arranged along an internal access road on the northern and central portions of the site, with the community building located near the entry and the greenbelt area on the southern portion which slopes down into a creekbed.

Architectural Review: The house elevations appear simple and traditional, with pitched roofs, double-hung windows, and covered porches, although there is considerable uncertainty (as discussed in the Construction Cost Estimate Evaluation section below) regarding construction specifications. No plans or elevations were provided for the community building.

Supportive Services: The Applicant proposes using a variety of local service providers to offer extensive supportive services geared toward both children and adults. These are to include discounted on-site child care, case management, a single parent support network, GED, computer, life skills, and employment training, homeownership classes, mentoring and music and arts activities for children, and legal and health services. The Applicant included no estimated expenses for these services and indicated that the chosen

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

service providers would be responsible for expenses. Child care fees will be based on a sliding scale of tenant income.

Schedule: The Applicant anticipates construction to begin in November of 2003 and to be completed in September of 2004. The development should be substantially leased-up in March of 2005.

SITE ISSUES			
SITE DESCRIPTION			
Size:	7.337	acres	319,600 square feet
			Zoning/ Permitted Uses: SF-2, Single-Family Residence-Standard Lot, rezoning request submitted
Flood Zone Designation:	Zone X	Status of Off-Sites:	Partially improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located just north of the Austin city limits, approximately five miles from the central business district. The site is situated on the west side of Dessau Road.

Adjacent Land Uses:

- **North:** A vacant parcel apparently under development immediately adjacent, followed by single-family residential
- **South:** Vacant land with a major stream valley, and single-family residential beyond
- **East:** Dessau Road with vacant land beyond
- **West:** Single-family residential

Site Access: Access to the property is from the north or south from Dessau Road or from the west from Claywood Drive. The most recent site plan depicts access from both Dessau Road and Claywood Drive. Access to Interstate Highway 35 is one-half mile west, which provides connections to all other major roads serving the Austin area.

Public Transportation: Public transportation to the area is provided by the Capital Metro bus system.

Shopping & Services: The site is within two miles of two major grocery/pharmacies, neighborhood shopping centers, and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

Special Adverse Site Characteristics:

- The southern portion of the site slopes steeply into a creekbed, which should be fenced to prevent access by resident children.
- The site is not currently zoned for the proposed development and a rezoning request has been submitted.

Site Inspection Findings: TDHCA staff performed a site inspection on June 26, 2003 and found the location to be acceptable for the proposed development. The inspector, however, noted that the site has a steep grade from north to south.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 5, 2003 was prepared by HBC/Terracon and contained the following findings and recommendations: "Based on the scope of services and limitations of this assessment, HBC/Terracon did not identify recognized environmental conditions in connection with the site which, in our opinion, require additional investigation at this time." (p. 16)

POPULATIONS TARGETED

Income Set-Aside: All of the units (100% of the total) will be reserved for low-income families headed by a single parent, legal guardian, or grandparent with school-age and younger children. Six of the units (20%) will be reserved for households earning 50% or less of AMGI and the remaining 25 units (80%) will be reserved for households earning 65% or less of AMGI. Six of the units will be reserved for tenants with disabilities who also meet the definition of homeless.

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

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$29,880	\$34,140	\$38,400	\$42,660	\$46,080	\$49,500

MARKET HIGHLIGHTS

An updated market feasibility study dated March 31, 2003 was prepared by Joyce G. Pohlman and highlighted the following findings. (Although neither Ms. Pohlman or the original analyst, Sarah Andre, are on the list of approved TDHCA market analysts, the 2003 HOME application did not explicitly require use of a TDHCA-approved analyst, and the Applicant received guidance from TDHCA staff during the application cycle that use of an approved analyst was not mandatory. The market study report was therefore produced to comply with the market study guidelines contained in the 2003 HOME application and is not compliant with the 2003 TDHCA market analysis rules and guidelines in a number of significant respects. During the period of this analysis the Analyst was informed of the advisability of applying for TDHCA approval but to date has declined to do so. Therefore, to avoid requiring the Applicant to incur the additional expense of commissioning another market study the Underwriter has used Ms. Pohlman’s report.)

Definition of Primary Market Area: “For the purposes of this study, the market will consist of the northeast submarket as defined by Austin Investor Interests and census tract 18.33, which contains the site. The boundaries of the northeast submarket are East Martin Luther King Boulevard to the south, the Travis County line to the east, Pflugerville city limits to the north, and IH-35 to the west...Data for both areas as well as knowledge about the population of persons who are homeless has been used for this analysis.” (p. 13)

Population: “In 2000, 6,335 persons, representing 2,105 households, lived in the identified census tract.” (p. 10) “Families with children comprise 44% of the homeless population in Travis County and, according to the City of Austin’s Continuum of Care, are the fastest-growing segment of the homeless population. Approximately 1,732 individuals in homeless families are estimated to live in Austin/Travis County on any given day. A full 30% of Austin’s homeless are children, the majority of whom are ages five or under.” (p. 22)

Total Primary Market Demand for Rental Units: “Because of the cost burden faced by low-income renters, there is a need for more affordable housing. Although there is increased production of affordable housing, much of this is targeted to persons at 80% of median income.” (p. 17)

Annual Income-Eligible Submarket Demand/Inclusive Capture Rate: Not estimated by the Analyst and not calculated by the Underwriter due to the lack of demographic data in the report (population, households, growth rate, income band, etc.).

Local Housing Authority Waiting List Information: “Currently, there are approximately 3,257 families on the public housing waiting list and 6,554 on the Housing Choice Voucher (Section 8) waiting list. The voucher waiting list has been closed since May 31, 2002...We currently have approximately 100 families searching for homes...any new units that become available may be listed on our available units list, which voucher families use to locate their homes.” (3/5/2003 letter from the Housing Authority of the City of Austin)

Market Rent Comparables: The Market Analyst surveyed four comparable apartment projects totaling 581 units in the market area. “Proposed rents for all unit types in the Cottage Community are below those for the larger Northeast submarket...after adjustments, the Cottage Community offers rents that are highly competitive with other comparable properties. In this analysis, the primary factor impacting rental rates is the proposed availability of subsidized child care and after school programs for children at the Cottage Community. In Travis County, the average monthly cost of center-based child care for children ages five and under is \$528.50...As most formerly homeless families are both low-income and single-parent families, the availability of on-site childcare at the Cottage Community is given a high value...” (p. 20)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type	Proposed	Program Max	Differential	Avg Market*	Differential
2-Bedroom (50%)	\$643	\$675	-\$32	\$697	-\$54

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

2-Bedroom (65%)	\$643	\$786	-\$143	\$697	-\$54
3-Bedroom (50%)	\$727	\$762	-\$35	\$812	-\$85
3-Bedroom (65%)	\$727	\$1,005	-\$278	\$812	-\$85
4-Bedroom (50%)	\$778	\$828	-\$50	(none in submkt)	N/A
4-Bedroom (65%)	\$778	\$1,080	-\$302	(none in submkt)	N/A

Ref: p. 19

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

*The Analyst considered the subject's after school and child care programs to be valued at \$500/month based on an average monthly Travis County cost of center-based child care of \$528 (p. 20), resulting in estimated market rents \$500 higher than these rents.

Primary Market Occupancy Rates: "The occupancy rate for the submarket is 88%." (p. 21)

Absorption Projections: No information provided.

Known Planned Development: The Analyst presented conflicting information: "There are no other multifamily projects planned for the immediate area, and no subsidized multifamily housing projects in the area." (p. 24) "Two multifamily apartment complexes are under construction northeast of the site along Dessau Road. These properties will add approximately 800 units, primarily consisting of one- and two-bedroom units. The properties are targeted to higher end tenants, with rents expected in the \$.90-.94 per s.f. range and amenities such as an outdoor pool and fitness center." (p. 18)

Effect on Existing Housing Stock: No information provided.

The Underwriter found that the market study was not performed in accordance with the current TDHCA market study guidelines and is therefore deficient in a number of significant respects, to include the omission of demographic data and estimated market rents. However, due to the conflicting staff guidance provided to the Applicant as noted above, the small size of the subject, the large size of the market, and the attractiveness of the proposed supportive services package (especially discounted on-site childcare), the Underwriter believes that sufficient demand is likely to exist and that the subject would not have a significant detrimental effect on existing properties.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are significantly (\$32-\$302) lower than the maximum rents allowed under HOME guidelines, reflecting the Applicant's desire to maintain the affordability of the units. There is the potential for additional income (approximately \$64K) if the Applicant chooses to increase rents to the maximum allowed, and the market study information suggests that the market could support rents at the rent limit maximums. The Applicant stated that tenants will pay all utilities in this development, and rents and expenses were calculated accordingly. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. As a result the Underwriter's effective gross income estimate agrees with the Applicant's.

Expenses: The Applicant's total expense estimate of \$3,377 per unit is 6.1% higher than the Underwriter's adjusted database-derived estimate of \$3,183 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative (\$3.1K lower), payroll (\$4.1K lower), water, sewer, and trash (\$6.5K higher), and insurance (\$7.9K higher). The Applicant included no property taxes, and although the letter submitted from the Travis Central Appraisal District did not confirm an exemption, the Underwriter has likewise assumed an exemption would be likely. The Applicant estimated \$500 in compliance fees which are not required under the HOME Program, and used \$250/unit in annual replacement reserves instead of the TDHCA new construction standard of \$200 without further documentation or justification.

Conclusion: Although the Applicant's estimated income and net operating income are consistent with the Underwriter's expectations, the Applicant's total estimated operating expense is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating

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

income to service the proposed first and second lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30. Moreover some debt service capacity remains to amortize a \$178,954 portion of the proposed HOME funds at 0% over 30 years.

ACQUISITION VALUATION INFORMATION			
APPRAISED VALUE			
Land Only: 7.337 acres	\$160,000 (\$0.50/SF)	Date of Valuation:	3/ 5/ 2003
Appraiser: Paul Hornsby & Company	City: Austin	Phone:	(512) 477-6311
APPRAISED ANALYSIS/CONCLUSIONS			
Analysis: The Appraiser used five land sales between April 2000 and April 2002 in Austin and Round Rock as sales comparables. Adjustments appeared appropriate, including those reflecting softening market conditions since 2000.			
Conclusion: The appraised value is regarded as reasonable as submitted.			
ASSESSED VALUE			
Land: 7.337 acres	\$0 (tax-exempt)	Assessment for the Year of:	2002
Building:	N/A	Valuation by:	Travis County Appraisal District
Total Assessed Value:	\$0	Tax Rate:	2.2124
EVIDENCE of SITE or PROPERTY CONTROL			
Type of Site Control:	Special warranty deed		
Closing Date:	3/ 7/ 2003		
Acquisition Cost:	\$150,363	Other Terms/Conditions:	
Seller: Travis County Emergency Services District #4	Related to Development Team Member:		No

CONSTRUCTION COST ESTIMATE EVALUATION	
<p>(NOTE: The specifications of the proposed development appear to be in considerable flux in terms of construction specifications, site plan, unit and community building floorplans, etc. For example, the site plan submitted with the application depicted two entries from Dessau Road servicing 14 one-story, duplex-type residential buildings (inconsistent with the 30 units proposed). The application also specified pier and beam and concrete slab foundation types, wood and steel framing as well as masonry and structural insulated panel wall structures, and composition shingle as well as galvanized metal roofing. A single two-bedroom floorplan was provided. The most recent (and very simple) site plan shows one entry from Dessau Road and a second entry from Claywood Drive, a swimming pool, and a different two-bedroom floorplan was provided along with a two-story, three-bedroom plan and a four-bedroom plan. The Applicant subsequently informed the Underwriter that the site plan has not been finalized and that the pool and Claywood entry are possible future additions, to be added if funding allows. The extent of this uncertainty raises serious concerns regarding the Applicant's readiness to proceed. Based on communications with the Applicant the Underwriter has based the direct construction cost estimate below on average quality single-family construction utilizing concrete slab foundations, wood framing, 40% masonry veneer/60% cement fiber siding, and galvanized metal roofing.)</p>	
Acquisition Value: The site cost of \$150,363 (\$0.47/SF or \$20,494/acre) is substantiated by the appraisal value of \$160,000 and is assumed to be reasonable since the acquisition is an arm's-length transaction.	
Off-Site Costs: Although no sitework costs were included in the project cost schedule the water and wastewater provider's commitment letter indicated that a wastewater lift station would be required. When queried regarding this requirement the Applicant replied that the project engineer had determined that connection to an existing lift station would be possible and that 200 linear feet on line extension would be required at an estimated cost of \$5,000. The Applicant proposes to pay this cost from contingency allowance or developer fee, which appears feasible though the cost appears to be extremely conservative for such	

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

improvements. Receipt review and acceptance of a detailed off-site cost budget estimate certified to by a third party engineer is a condition of this report..

Sitework Cost: The Applicant's claimed sitework costs of \$3,167 per unit are considered fairly low compared to historical sitework costs for multifamily projects, and the sloping nature of the site may cause actual costs to significantly exceed this estimate.

Direct Construction Cost: The Applicant's costs are more than 47% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate after all of the Applicant's additional justifications were considered. This would suggest that the Applicant's direct construction costs are significantly overstated. Based on the minimal developer fee claimed, the cost estimator may have anticipated some amount of developer fee in the direct costs.

Interim Financing Fees: The Applicant did not include any interim financing interest or fees, without explanation since they would clearly be part of the conventional financing proposed.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit as well as the contingency allowance are all within the maximums allowed by TDHCA guidelines. As mentioned above the Applicant's claimed developer's fees are significantly below the maximum allowable fees.

Conclusion: Due to the Applicant's higher direct construction costs compared to the Underwriter's estimate, the Applicant's total development cost is more than 5% higher than the Underwriter's costs and is considered to be overstated. Therefore, the Underwriter's cost estimate is used to size the total sources of funds needed for the development.

FINANCING STRUCTURE									
INTERIM to PERMANENT FINANCING									
Source:	Stratus Properties Operating Companies, L.P.	Contact:	Beau Armstrong						
Principal Amount:	\$150,363	Interest Rate:	5%						
Additional Information:	Used for site acquisition, quarterly interest-only payments from cash flow to begin 6/15/05, matures on 3/8/08								
Amortization:	N/A yrs	Term:	5 yrs	Commitment:	<input type="checkbox"/> LOI	<input checked="" type="checkbox"/> Firm	<input type="checkbox"/> Conditional		
Annual Payment:	\$54,078 (soft)	Lien Priority:	1st	Commitment Date	3/	7/	2003		
INTERIM to PERMANENT FINANCING									
Source:	Compass Bank (or Wells Fargo or Guaranteed Federal Bank)			Contact:	Brian Anderson				
Principal Amount:	\$500,280	Interest Rate:	None specified, estimated & underwritten at 8%						
Additional Information:	*Letter of interest in amount of \$500K only, no terms specified								
Amortization:	12 yrs	Term:	12 yrs	Commitment:	<input checked="" type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input type="checkbox"/> Conditional		
Annual Payment:	\$64,984	Lien Priority:		Commitment Date	3/	26/	2003		

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

GRANT							
Source:	HUD (McKinney-Vento Act homeless competition award)			Contact:	Elva Garcia		
Principal Amount:	\$322,720 (award in amount of \$443,570, \$110,850 allocated for operating expenses)	Commitment:	<input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional				
Additional Information:	Unexecuted		Commitment Date	12/	12/	2001	
GRANT							
Source:	Federal Home Loan Bank of Atlanta			Contact:	(None listed)		
Principal Amount:	\$500,000	Commitment:	<input checked="" type="checkbox"/> None <input type="checkbox"/> Firm <input type="checkbox"/> Conditional				
Additional Information:	Application pending						
GRANT							
Source:	Austin Housing Finance Corporation			Contact:	Gary Adrian		
Principal Amount:	\$500,000	Commitment:	<input checked="" type="checkbox"/> None <input type="checkbox"/> Firm <input type="checkbox"/> Conditional				
Additional Information:	Application pending						
GRANT							
Source:	The Enterprise Foundation			Contact:	David Danenfelzer		
Principal Amount:	\$10,000	Commitment:	<input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional				
Additional Information:	For predevelopment expenses		Commitment Date	(Undated)			
GRANT							
Source:	The Morse Family Foundation			Contact:	Cynthia Scovel		
Principal Amount:	\$3,500	Commitment:	<input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional				
Additional Information:	For unspecified use		Commitment Date	8/11/2003			
GRANT							
Source:	Future fundraising proceeds			Contact:	Alison Schmidt		
Principal Amount:	\$362,337	Commitment:	<input checked="" type="checkbox"/> None <input type="checkbox"/> Firm <input type="checkbox"/> Conditional				
Additional Information:	Commitment for \$350K provided from Applicant's board president		Commitment Date	8/21/2003			

APPLICANT EQUITY

Amount: (None) **Source:** _____

FINANCING STRUCTURE ANALYSIS

Conventional Loans:

- Stratus Properties Operating Company, L.P. has loaned \$150,363 to the Applicant for the purpose of site acquisition, which has been completed. The terms call for quarterly interest-only payments commencing on June 15, 2005 and terminating on March 6, 2008, at which time the entire outstanding balance will be payable. The interest rate is specified as 0% until March 7, 2005 and 5% thereafter until repayment is complete. Payments are to be made as the property's cash flow permits, and the loan is secured with a deed of trust on the subject property.
- The Applicant indicated that a number of conventional lenders have been contacted regarding construction and permanent financing, but included only a letter of interest from Compass Bank in the

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

application. The letter stated only an interest in extending an unspecified \$500,000 credit facility for the purpose of gap financing following grants and fund raising. No terms were specified; the Underwriter used an interest rate of 8% and a term and amortization period of 12 years in the analysis based on the Applicant's representations. Although the letter was in the amount of \$500,000, the Applicant listed a loan amount of \$500,280 in the sources and uses of funds statement.

Grants:

- The Applicant received a grant in the amount of \$443,570 under the 2001 McKinney-Vento Act homeless assistance competition, of which \$110,850 was allocated for operating costs and the remaining \$332,720 is being used for project funding. It appears from the documentation provided, however, that fund disbursement is pending completion of several conditions.
- The Applicant listed a grant of \$500,000 from the Austin Housing Finance Corporations Rental Housing Assistance Program as a source of funds but provided only an acknowledgement of application receipt from the HFC instead of a commitment. The HFC informed the Underwriter that the program's funding is currently unknown pending completion and approval of the City of Austin's FY 2004 budget, and that any award would also be subject to the city council's approval.
- The Applicant also listed a grant of \$500,000 from the Federal Home Loan Bank of Atlanta but subsequently disclosed that this source is currently in the application stage.
- Finally, the Applicant claimed \$372,337 in private grants but only provided evidence of a \$10,000 grant from the Enterprise Foundation, which was to be used for predevelopment costs, and a \$3,500 grant from the Morse Family Foundation, with an unspecified use restriction. The Applicant also submitted a letter from the board president certifying that at least \$350,000 in grant funds would be raised for the development.

Deferred Developer's Fees: The Applicant is not proposing any deferral of developer fees.

Financing Conclusions: Currently the Applicant has firm financing commitments for only \$496,583 of the Applicant's estimated total development cost of \$3,355,700, resulting in a funding gap of \$2,859,117. Using the Underwriter's estimated total development cost of \$2,603,670 and assuming a \$1M HOME award and 100% deferral of developer fee a funding gap of \$996,887 remains. Therefore, due to the gap of funding the development must be characterized as infeasible and not ready to proceed as proposed.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant is also the Developer, Owner, and Property Manager. These are acceptable relationships.

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

Financial Highlights: The Applicant submitted an audited financial statement as of December 31, 2002 reporting total assets of \$667K and consisting of \$160K in cash, \$45K in receivables, \$494K in real property, \$30K in furniture and equipment, and \$1K in other assets. Liabilities totaled \$88K, resulting in a net worth of \$579K.

Background & Experience: The Applicant was founded in 1990 for the purpose of assisting homeless individuals and those at risk of homelessness and currently owns and manages seven three- and four-bedroom houses in the Austin area for residency by low-income tenants. The Applicant has no previous experience in developing affordable or conventional housing.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated total operating expenses are more than 5% outside of the Underwriter's verifiable range.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- The Applicant's total development costs differ from the Underwriter's verifiable estimate by more than 5%.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

- Significant inconsistencies in the application could affect the financial feasibility of the project.
- Significant uncertainties regarding site planning and construction specifications reflect a lack of readiness to proceed.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The recommended amount of deferred developer fee cannot be repaid within 15 years rendering the development infeasible.
- The principals of the Applicant have no previous development experience.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:

Jim Anderson

Date: September 2, 2003

Director of Real Estate Analysis:

Tom Gouris

Date: September 2, 2003

MULTIFAMILY COMPARATIVE ANALYSIS

Cottage Community, Austin, HOME #2003-0116

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Int Pd Unit	Wtr, Swr, Trsh
LH	3	2	2	800	\$800	\$643	\$1,929	\$0.80	\$79.00	\$46.00
HH	12	2	2	800	911	643	7,716	0.80	79.00	46.00
LH	2	3	2	1,000	924	727	1,454	0.73	92.00	70.00
HH	8	3	2	1,000	1,167	727	5,816	0.73	92.00	70.00
LH	1	4	2	1,250	1,031	778	778	0.62	120.00	83.00
HH	4	4	2	1,250	1,283	778	3,112	0.62	120.00	83.00
TOTAL:	30		AVERAGE:	942	\$1,023	\$694	\$20,805	\$0.74	\$90.17	\$60.17

INCOME				TOTAL NET RENTABLE SQ FT: 28,250		TDHCA	APPLICANT	USS Region / IREM Region Austin		
POTENTIAL GROSS RENT						\$249,660	\$249,660			
Secondary Income	Per Unit Per Month:	\$5.00				1,800	1,800	\$5.00		Per Unit Per Month
Other Support Income:						0	0			
POTENTIAL GROSS INCOME						\$251,460	\$251,460			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%				(18,860)	(18,864)	-7.50%		of Potential Gross Rent
Employee or Other Non-rental Units or Concessions						0	0			
EFFECTIVE GROSS INCOME						\$232,601	\$232,596			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.59%	\$356	0.38			\$10,674	\$7,600	\$0.27	\$253	3.27%
Management	5.15%	399	0.42			11,984	\$12,500	0.44	417	5.37%
Payroll & Payroll Tax	11.44%	887	0.94			26,610	\$22,500	0.80	750	9.67%
Repairs & Maintenance	9.59%	744	0.79			22,316	\$19,450	0.69	648	8.36%
Utilities	1.64%	127	0.13			3,808	\$4,000	0.14	133	1.72%
Water, Sewer, & Trash	2.37%	184	0.20			5,523	\$12,000	0.42	400	5.16%
Property Insurance	3.04%	235	0.25			7,063	\$15,000	0.53	500	6.45%
Property Tax	2.2124%	0	0.00			0	\$0	0.00	0	0.00%
Reserve for Replacements	2.58%	200	0.21			6,000	\$6,750	0.24	225	2.90%
Other: compliance fees, cable TV	0.43%	33	0.04			1,000	\$1,500	0.05	50	0.64%
TOTAL EXPENSES	40.83%	\$3,166	\$3.36			\$94,976	\$101,300	\$3.59	\$3,377	43.55%
NET OPERATING INC	59.17%	\$4,587	\$4.87			\$137,624	\$131,296	\$4.65	\$4,377	56.45%

DEBT SERVICE				TDHCA	APPLICANT			
Compass Bank/Wells Fargo Bank	27.94%	\$2,166	\$2.30	\$64,984	\$64,984	\$2.30	\$2,166	27.94%
Stratus Properties	23.25%	\$1,803	\$1.91	54,078	54,078	\$1.91	\$1,803	23.25%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
NET CASH FLOW	7.98%	\$619	\$0.66	\$18,562	\$12,234	\$0.43	\$408	5.26%
AGGREGATE DEBT COVERAGE RATIO				1.16	1.10			
RECOMMENDED DEBT COVERAGE RATIO				1.10				

CONSTRUCTION COST					TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)	Factor	% of TOTAL	PER UNIT	PER SQ FT	\$152,363	\$152,363	\$5.39	\$5,079	4.54%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		3.65%	3,167	3.36	95,000	95,000	3.36	3,167	2.83%
Direct Construction		58.59%	50,851	54.00	1,525,536	2,245,500	79.49	74,850	66.92%
Contingency	5.00%	3.11%	2,701	2.87	81,027	106,500	3.77	3,550	3.17%
General Req'ts	5.68%	3.53%	3,067	3.26	92,000	92,000	3.26	3,067	2.74%
Contractor's G & A	2.00%	1.24%	1,080	1.15	32,411	40,000	1.42	1,333	1.19%
Contractor's Profit	6.00%	3.73%	3,241	3.44	97,232	100,000	3.54	3,333	2.98%
Indirect Construction		13.92%	12,081	12.83	362,437	362,437	12.83	12,081	10.80%
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's G & A	2.63%	2.31%	2,007	2.13	60,200	60,200	2.13	2,007	1.79%
Developer's Profit	2.18%	1.92%	1,667	1.77	50,000	50,000	1.77	1,667	1.49%
Permanent Financing		0.26%	223	0.24	6,700	6,700	0.24	223	0.20%
Reserves		1.87%	1,625	1.73	48,764	45,000	1.59	1,500	1.34%
TOTAL COST		100.00%	\$86,789	\$92.17	\$2,603,670	\$3,355,700	\$118.79	\$111,857	100.00%
Recap-Hard Construction Costs		73.87%	\$64,107	\$68.08	\$1,923,206	\$2,679,000	\$94.83	\$89,300	79.83%

SOURCES OF FUNDS					RECOMMENDED			
Compass Bank/Wells Fargo Bank	19.21%	\$16,676	\$17.71		\$500,280	\$500,280	\$0	Developer Fee Available
Stratus Properties	5.78%	\$5,012	\$5.32		150,363	150,363	150,363	\$110,200
HOME Loan					1,000,000	1,000,000	1,000,000	
Federal Home Loan Bank Loan					500,000	500,000	0	
Austin HFC	19.20%	\$16,667	\$17.70		500,000	500,000	0	% of Dev. Fee Deferred
HUD Grant					332,720	332,720	332,720	
Future fundraising Proceeds					372,337	372,337	13,500	
Deferred Developer Fees	0.00%	\$0	\$0.00		0	0	0	0%
Additional (excess) Funds Required	-28.88%	(\$25,068)	(\$26.62)		(752,030)	0	1,107,087	15-Yr Cumulative Cash Flow
TOTAL SOURCES					\$2,603,670	\$3,355,700	\$2,603,670	\$548,025

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Cottage Community, Austin, HOME #2003-0116

PAYMENT COMPUTATION

Primary	\$500,280	Term	144
Int Rate	8.00%	DCR	2.12

Secondary	\$150,363	Term	36
Int Rate	5.00%	Subtotal DCR	1.16

Additional	\$1,000,000	Term	
Int Rate		Aggregate DCR	1.16

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$64,984
Secondary Debt Service	54,078
Additional Debt Service	5,965
NET CASH FLOW	\$12,597

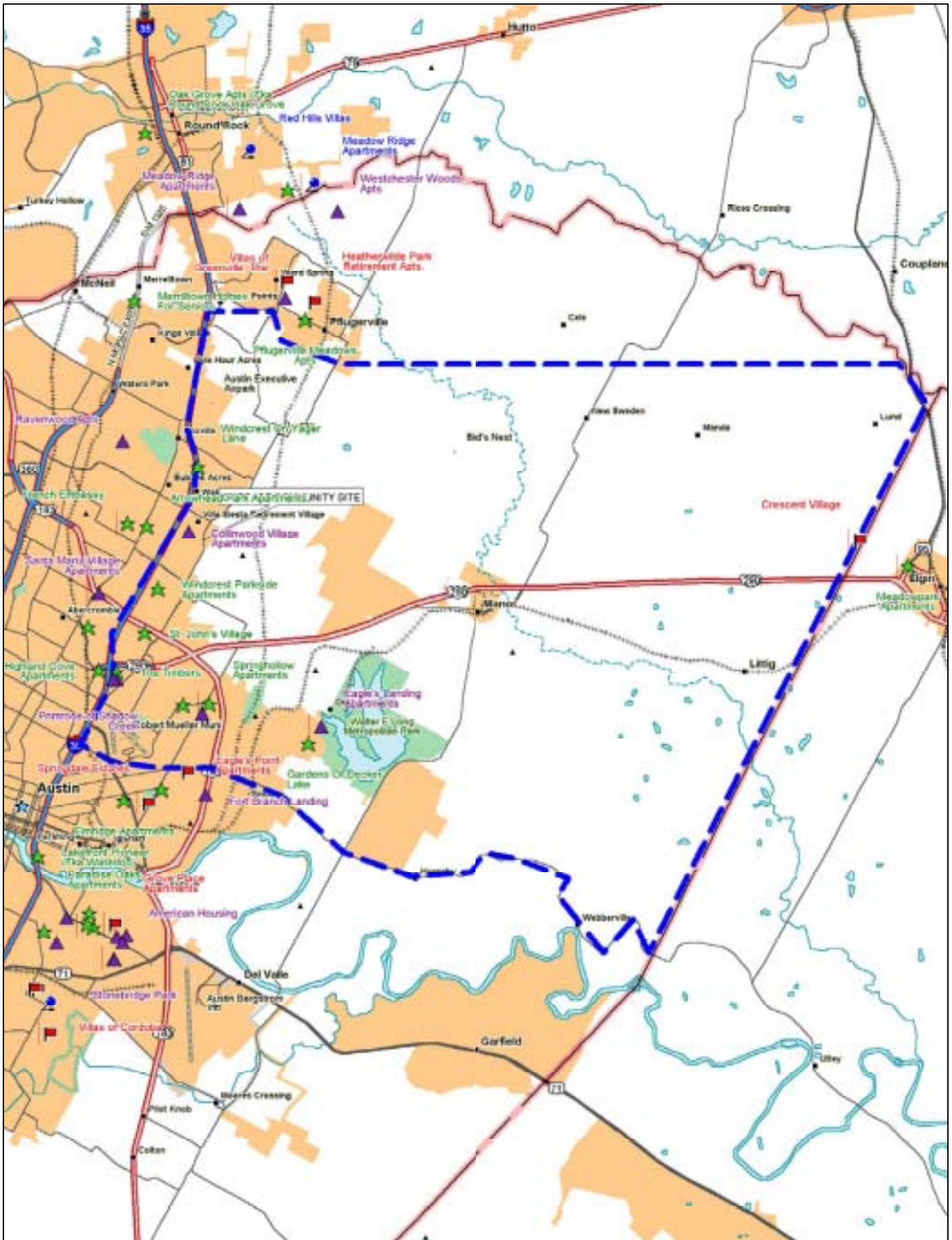
Primary	\$500,280	Term	144
Int Rate	8.00%	DCR	2.12

Secondary	\$150,363	Term	36
Int Rate	5.00%	Subtotal DCR	1.16

Additional	\$178,954	Term	360
Int Rate	0.00%	Aggregate DCR	1.10

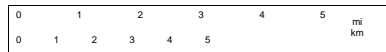
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$249,660	\$257,150	\$264,864	\$272,810	\$280,995	\$325,750	\$377,633	\$437,780	\$588,340
Secondary Income	1,800	1,854	1,910	1,967	2,026	2,349	2,723	3,156	4,242
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	251,460	259,004	266,774	274,777	283,020	328,098	380,356	440,937	592,582
Vacancy & Collection Loss	(18,860)	(19,425)	(20,008)	(20,608)	(21,227)	(24,607)	(28,527)	(33,070)	(44,444)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$232,601	\$239,579	\$246,766	\$254,169	\$261,794	\$303,491	\$351,829	\$407,866	\$548,138
EXPENSES at 4.00%									
General & Administrative	\$10,674	\$11,101	\$11,545	\$12,007	\$12,487	\$15,192	\$18,484	\$22,488	\$33,288
Management	11,984	12,343	12,713	13,095	13,488	15,636	18,126	21,013	28,240
Payroll & Payroll Tax	26,610	27,674	28,781	29,933	31,130	37,874	46,080	56,063	82,987
Repairs & Maintenance	22,316	23,208	24,137	25,102	26,106	31,762	38,643	47,016	69,595
Utilities	3,808	3,960	4,118	4,283	4,454	5,419	6,593	8,022	11,874
Water, Sewer & Trash	5,523	5,744	5,974	6,213	6,461	7,861	9,565	11,637	17,225
Insurance	7,063	7,345	7,639	7,944	8,262	10,052	12,230	14,880	22,025
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	6,000	6,240	6,490	6,749	7,019	8,540	10,390	12,641	18,712
Other	1,000	1,040	1,082	1,125	1,170	1,423	1,732	2,107	3,119
TOTAL EXPENSES	\$94,976	\$98,656	\$102,478	\$106,450	\$110,578	\$133,761	\$161,843	\$195,867	\$287,066
NET OPERATING INCOME	\$137,624	\$140,923	\$144,287	\$147,718	\$151,216	\$169,730	\$189,986	\$212,000	\$261,072
DEBT SERVICE									
First Lien Financing	\$64,984	\$64,984	\$64,984	\$64,984	\$64,984	\$64,984	\$64,984	\$64,984	\$64,984
Second Lien	54,078	54,078	54,078	54,078	54,078	54,078	54,078	54,078	54,078
Other Financing	5,965	5,965	5,965	5,965	5,965	5,965	5,965	5,965	5,965
NET CASH FLOW	\$12,597	\$15,896	\$19,261	\$22,692	\$26,190	\$44,704	\$64,959	\$86,973	\$136,046
DEBT COVERAGE RATIO	1.10	1.13	1.15	1.18	1.21	1.36	1.52	1.70	2.09

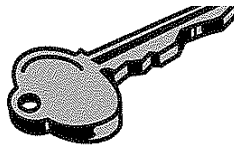


© 2001 DeLorme. XMap® Business 1v3, GDT, Inc., Rel. 01/2001
 Zoom Level: 10-0 Datum: WGS84

Scale 1 : 200 000
 1" = 2.16 mi



COPY OF APPEAL TO THE BOARD



COMMUNITY
PARTNERSHIP
FOR THE HOMELESS

RECEIVED

SEP 25 2003

LIHTC

September 26, 2003

Delores Groneck, Board Secretary
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, Texas 78711-3941

RE: Cottage Community / HOME Application 2003 - # 20030116 / Under CHDO Set-Aside

TDHCA Board of Directors:

Community Partnership for the Homeless hereby respectfully appeals to the TDHCA Board of Directors to reverse a staff decision to deny funding for the Cottage Community development. The agency is basing this appeal on what Community Partnership perceives may have been a procedural error on the part of TDHCA.

Community Partnership did not receive written notice that the agency's application was not recommended by Underwriting nor any information in writing regarding a subsequent appeals process. Had Community Partnership for the Homeless staff not proactively read the fine print the TDHCA Board Book, it is possible that CPH would not have been informed in time to make an appeal at all, as the appeals deadline was 5:00 on September 11 per verbal announcement by TDHCA Staff at the Board meeting. Based on everything Community Partnership staff has seen so far, the agency should have been allowed seven days to submit an appeal once informed by TDHCA of a denial and appeals process. Instead the agency had approximately four hours.

Please know that Community Partnership is making every effort to understand the appeals procedures. However, there do seem to be some inconsistencies in the instructions coming from TDHCA that have the agency's staff and board of directors confused.

In addition, Community Partnership is submitting documents for inclusion in the Board Book more firmly stating a case for funding. The chief concerns raised to substantiate the denial of funds were: 1) incomplete construction planning; and 2) lack of confirmed financing sufficient to complete the development. Please refer to the attached letters from Tom Hatch (Principal / Hatch Partnership), Paul Hilgers (Executive Director / Austin Housing Finance Corporation, and Brian Anderson (Senior Vice President / Compass Bank). These documents demonstrate the commitment of several accomplished entities to support and move forward with this project.

Thank you very much for your consideration of this important issue. The Cottage Community will mean the world to the families who will live there. Please contact Tom Stacy at 476-9999 should you have any questions. We look forward to hearing from you soon.

Kindest regards,

Alison Schmidt
Executive Director



P.O. Box 9600
Austin, Texas 78766-9600
www.compassweb.com
512-419-3400

September 25, 2003

Ms. Allison Schmidt, Executive Director
Community Partnership for the Homeless
P.O. Box 685065
Austin, Texas 78768

Re: Financing Proposal

Dear Ms. Schmidt,

Thank you for the opportunity to work with you in connection with your project. This letter serves as notice that Compass Bank (the "Bank") has approved your loan request under the following terms and conditions:

Borrower: Community Partnership for the Homeless

Loan Amount: The principal amount of the Loan shall not exceed \$1,000,000 or so much therefore as may be advanced from time to time to or for the benefit of the Borrower subject to the terms and conditions of the Loan Agreement to be executed by Bank and Borrower.

Loan Fee: \$5,000.00 Origination Fee payable at Closing
\$ 250.00 Document Fee payable at Closing

Interest Rate: Fixed Rate of 7.00%

**Repayment/
Maturity** Months 1 thru 9 payments of interest only and months 10 - 249 payments of approximately \$7,752.99 (principal including interest). Repayment based on a 20-year amortization.

**Prepayment
Penalty:** 1.00% of amount pre-paid

Collateral: First Lien Deed of Trust and Assignment of Rents/Leases on the 30-Unit Cottage Community located off of Dessau Road in Northeast Austin.

Guarantor: None

Appraisal: The Bank shall receive a written appraisal satisfactory to the Bank in all respects including but not limited to, a fair market valuation of the property of \$2,000,000 or greater. The Bank will directly engage the appraiser. Borrower will pay the cost of the appraisal, which has been estimated at \$2,500.00. The appraisal shall be prepared in accordance with the Uniform standards of Professional Appraisal Practice applicable to Federally Related Transactions as set out in Appendix A to the real estate appraisal regulations adopted by the Comptroller of the Currency pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") and shall be prepared in response to an engagement letter to be issued by the Bank.

Additional Requirements: Borrower shall comply with each and every condition and covenant contained herein and in the Loan Agreement and other loan documents. In addition, the following items will be required to the Bank's satisfaction in all respects:

- Matters of Title and Title Insurance
- Hazard and Liability Insurance in amounts acceptable to the Bank.
- Loan Covenants: Financial reporting will include annual and quarterly financial information on Community Partnership for the Homeless. Financial reporting will include a Balance Sheet and Income Statement. Community Partnership for the Homeless to provide annual federal tax return within 30 days of filing.
- Borrower to provide a fiscal year budget 30 days prior to commencement of each fiscal year.
- .

Financial Covenants

- Minimum Debt Service Coverage of 1.25X (net of management fees) on a rolling 12 month basis, tested quarterly.

**Loan Documents
And Security for
The Loan:**

The Loan shall be evidenced by documentation including, without limitation, a Promissory Note for the Loan Amount and a First Lien Deed of Trust on the real property and improvements thereon. Additional security documents will include a Loan Agreement, UCC Financing Statements and a Pledge and Security Interest in the Rents and Leases.

All of the foregoing documents (the "Loan Documents") together with this letter, which shall survive the execution and delivery of the other Loan Documents to the extent not inconsistent herewith, shall be in form and substance acceptable to the Bank and shall remain effective for as long a period of time as any part of the Loan is unpaid.

Expenses:

The Borrower shall pay all costs and expenses including but not limited to: phase I environmental (if required), mortgage recording fees, title insurance costs, escrow fees, and all other costs of the Bank in connection with the Loan.

Commitment

Non-Assignable:

This Commitment is made exclusively to the Borrower and is not transferable by the Borrower and any such assignment or transfer shall be null and void and shall result in this offer of Commitment being automatically terminated.

Indemnification:

The Borrower shall agree to indemnify and to defend and hold the Bank harmless from any and all claims regarding the financing of the Property or other claims that may arise.

Commitment

Expiration:

The terms and conditions outlined in this letter are open for acceptance by Borrower until 5:00 pm on October 15, 2003. Once executed commitment is valid through March 31, 2004.

Community Partnership for the Homeless
September 25, 2003
Page 4

This letter and the Bank's Commitment shall be governed under the laws of the State of Texas. The terms of this Commitment, both prior to and after acceptance by Borrower, may be waived or modified only by a written instrument signed by the Bank and shall survive the execution of the Loan Documents, to the extent not inconsistent therewith.

Again, we appreciate the opportunity to work with you and look forward to closing this transaction.

Sincerely,



Brian J. Anderson
Senior Vice President

ACCEPTANCE OF COMMITMENT BY BORROWER

The undersigned hereby acknowledges receipt of the foregoing letter this _____
Day of October, 2003, and does hereby accept all of the terms.

Borrower:

Community Partnership for the Homeless

By: _____

Its: _____

HATCH PARTNERSHIP, LLP
ARCHITECTS

702 San Antonio Street
Austin, Texas 78701
tel 512.474.8548
fax 512.474.8643
http: www.hatcharch.com

September 11, 2003

Board of Directors
Texas Department of Housing and Community Affairs
507 Sabine Street
Austin, Texas 78701

RE: Cottage Community

Dear Members of the Board:

Hatch Partnership represents the Cottage Community as the project architect. Hatch Partnership has extensive experience in working with small nonprofit organization developing affordable housing. Many of these agencies have never developed housing from the ground up before. In discussions with Community Partnership for the Homeless, we were told the reasons the agency chose our firm were our history of working with nonprofit organizations and for our award-winning work designing single family housing. We are especially pleased when we can focus on housing targeting low income residents.

It has come to our attention that TDHCA has concerns regarding the readiness of Community Partnership for the Homeless to proceed with this project due to seeming uncertainties relating to site planning and construction specifications. Please let me assure the Board that the site plan for the development is all but complete. It is my personal practice to utilize a hand written sketch method of presentation to a client almost up to the time such plan is given to engineers for final reworking. Thus the seemingly rough appearance of the site plan submitted in the TDHCA HOME application does not represent lack of readiness, but rather the insertion of artistic license. Should TDHCA request Autocad drawings, the site plan can be further developed and presented to you within a week.

As for the construction specifications, please know we have a good understanding of our parameters in this arena. We are working to produce the highest quality aesthetic while maintaining a reasonably budgeted project. We do not believe that low income housing has to look the part. The housing Hatch Partnership has produced to date is a testimony to that fact.

As with all development, the funding piece is critical. For a nonprofit to develop plans, funds are needed to pay the architect, cover predevelopment costs, secure engineering documents, etc. Unfortunately and understandably to a certain extent, no funder wants to be one of the first to commit. However, please know the funds committed by TDHCA will be put to immediate and good use. We are confident that Cottage Community will be a development you will be proud of.

In summary, Hatch Partnership has designed many single family homes for may inner city neighborhoods and is confident that all design aspects of the Cottage Community will be accomplished in a timely manner. Should you have any questions, please feel free to contact me at (512) 474-8548.

Sincerely,



Tom Hatch AIA
Owner, Hatch Partnership



Austin Housing Finance Corporation

P.O. Box 1088, Austin, TX 78767
(512) 974-3100 ♦ Fax (512) 974-3161

September 10, 2003

Mr. Jim Anderson
Texas Department of Housing and Community Affairs
507 Sabine Street
Austin, Texas 78701

RE: Cottage Community

Dear Mr. Anderson:

An application requesting Rental Housing Development Assistance (RHDA) for the 30-unit Cottage Community has received preliminary review. Community Partnership for the Homeless (CPH) is commended for its commitment to provide quality affordable housing and support services to low-income and disadvantaged families. The City of Austin has identified transitional housing as the greatest need in our Housing Continuum.

As previously discussed, Cottage Community has been approved for development fee waivers through the City's S.M.A.R.T. Housing Program. In addition, following the initial review of the RHDA application, the project is eligible to receive gap financing of up to \$500,000 subject to final review and approval by the Board of Directors of the Austin Housing Finance Corporation.

Please be aware that the Austin Housing Finance Corporation and City of Austin stand firmly behind the Cottage Community project. We will continue to work with the CPH organization to address appropriate regulatory requirements and underwriting concerns identified in our preliminary review of the project. We are requesting that you allow the appeal to move forward so that additional information can be considered to address previous concerns. We welcome the opportunity to partner with the Texas Department of Housing and Community Affairs on this very important and worthwhile endeavor.

Should you have questions or need information, please contact Gary Adrian at your earliest convenience at 974-3133.

Sincerely,

A handwritten signature in cursive script that reads 'Paul Hilgers'.

Paul Hilgers, Executive Director
Austin Housing Finance Corporation

cc: Roger Arriaga
Richard Fraser

Board of Directors: Will Wynn, President ♦ Jackie Goodman, Vice President ♦ Raul Alvarez, Director ♦ Betty Dunkerley, Director
Daryl Slusher, Director ♦ Danny Thomas, Director ♦ Brewster McCracken, Director ♦ Toby Hammett Futrell, General Manager
Paul Hilgers, Treasurer ♦ Shiley Brown, Secretary ♦ Sedora Jefferson, General Counsel

*The Austin Housing Finance Corporation is committed to compliance with the American with Disabilities Act.
Reasonable modifications and equal access to communications will be provided upon request.*

EXECUTIVE DIRECTOR'S APPEAL RESPONSE



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Rick Perry
GOVERNOR

Edwina P. Carrington
EXECUTIVE DIRECTOR

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

September 24, 2003

Alison Schmidt
Community Partnership for the Homeless
P.O. Box 685065
Austin, TX, 78768
(512) 469-9130
(512) 469-0724

Re: Cottage Community, TDHCA# 20030116

Dear Ms. Schmidt:

I am writing in response to the appeal we received on September 11, 2003 regarding the above-referenced HOME Application.

Appeal Review

In your appeal you dispute the infeasibility determination made by the Real Estate Analysis Division for the Cottage Community development. It appears from the material you submitted with the appeal that our concerns regarding readiness to proceed that were identified in the original underwriting report have not been satisfied. Neither Compass Bank nor the Austin Housing Finance Corporation have committed to provide funding for the development, and no definitive architectural specifications (formalized site plan or building architectural drawings) have been provided.

Appeal Determination

Based on the aforementioned reasons, your appeal is denied.

Please be aware that an Appeals Process exists for the Texas Department of Housing and Community Affairs. Pursuant to §1.7 of Title 10 of the Texas Administrative Code, if you are not satisfied with the Executive Director's response to this Appeal, you may appeal in writing to the Board within 7 days after the date of this letter. Therefore, to have an appeal considered by

Ms. Schmidt
September 24, 2003
Page 2 of 2

the Board, the appeal must be received by Delores Groneck, Board Secretary, no later than October 1, 2003.

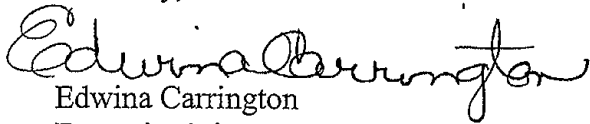
As a reminder, to make a further appeal, you must specifically identify your grounds of appeal under 10 T.A.C. §1.7 for one of the following reasons:

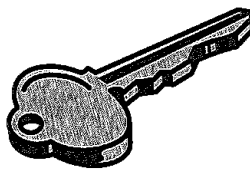
- A misplacement of the application
- A mathematical error, and/or
- A procedural error (the application not processed in accordance with the rules and cite the specific rule allegedly violated)

A copy of the aforementioned policy is enclosed for your review.

If you have questions or comments, please call (512) 475-3995.

Sincerely,


Edwina Carrington
Executive Director



COMMUNITY
PARTNERSHIP
FOR THE HOMELESS

RECEIVED
SEP 11 2003
EXECUTIVE

September 11, 2003

Delores Groneck, Board Secretary
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, Texas 78711-3941

RE: *Cottage Community / HOME Application 2003 - # 20030116 / Under CHDO Set-Aside*

TDHCA Board of Directors:

Community Partnership for the Homeless hereby respectfully appeals to the TDHCA Board of Directors to reverse a staff decision to deny funding for the Cottage Community development. TDHCA staff based its recommendation on underwriting concerns. Community Partnership seeks to address these concerns with additional documentation.

The chief concerns raised to substantiate the denial of funds were: 1) incomplete construction planning; and 2) lack of confirmed financing sufficient to complete the development. Please refer to the attached letters from Tom Hatch (Principal / Hatch Partnership), Paul Hilgers (Executive Director / Austin Housing Finance Corporation, and Brian Anderson (Senior Vice President / Compass Bank). These documents demonstrate the readiness of several accomplished entities to support and move forward with this project. With TDHCA on board, these relationships will only be made stronger. Please note that Community Partnership looks to provide even more definitive letters of commitment addressing these issues in the weeks to come.

As for other lesser concerns raised in the Summary of Salient Risks and Issues section of the Underwriting Analysis, Community Partnership seeks to provide documentation remedying these issues by October 2, 2003. This timeline would allow the staff Underwriting Department one week to review all evidence and make yet another recommendation to the Board before its next meeting in October.

Thank you very much for your consideration of this important issue. The Cottage Community will mean the world to the families who will live there. Please contact me at 469-9130 x1 should you have any questions. I look forward to hearing from you soon.

Kindest regards,

Alison Schmidt
Executive Director

HATCH PARTNERSHIP, LLP
ARCHITECTS

702 San Antonio Street
Austin, Texas 78701
tel 512.474.8548
fax 512.474.8643
<http://www.hatcharch.com>

September 11, 2003

Board of Directors
Texas Department of Housing and Community Affairs
507 Sabine Street
Austin, Texas 78701

RE: Cottage Community

Dear Members of the Board:

Hatch Partnership represents the Cottage Community as the project architect. Hatch Partnership has extensive experience in working with small nonprofit organization developing affordable housing. Many of these agencies have never developed housing from the ground up before. In discussions with Community Partnership for the Homeless, we were told the reasons the agency chose our firm were our history of working with nonprofit organizations and for our award-winning work designing single family housing. We are especially pleased when we can focus on housing targeting low income residents.

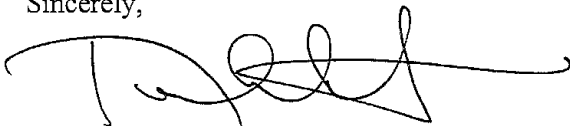
It has come to our attention that TDHCA has concerns regarding the readiness of Community Partnership for the Homeless to proceed with this project due to seeming uncertainties relating to site planning and construction specifications. Please let me assure the Board that the site plan for the development is all but complete. It is my personal practice to utilize a hand written sketch method of presentation to a client almost up to the time such plan is given to engineers for final reworking. Thus the seemingly rough appearance of the site plan submitted in the TDHCA HOME application does not represent lack of readiness, but rather the insertion of artistic license. Should TDHCA request Autocad drawings, the site plan can be further developed and presented to you within a week.

As for the construction specifications, please know we have a good understanding of our parameters in this arena. We are working to produce the highest quality aesthetic while maintaining a reasonably budgeted project. We do not believe that low income housing has to look the part. The housing Hatch Partnership has produced to date is a testimony to that fact.

As with all development, the funding piece is critical. For a nonprofit to develop plans, funds are needed to pay the architect, cover predevelopment costs, secure engineering documents, etc. Unfortunately and understandably to a certain extent, no funder wants to be one of the first to commit. However, please know the funds committed by TDHCA will be put to immediate and good use. We are confident that Cottage Community will be a development you will be proud of.

In summary, Hatch Partnership has designed many single family homes for may inner city neighborhoods and is confident that all design aspects of the Cottage Community will be accomplished in a timely manner. Should you have any questions, please feel free to contact me at (512) 474-8548.

Sincerely,



Tom Hatch AIA
Owner, Hatch Partnership



Austin Housing Finance Corporation

P.O. Box 1088, Austin, TX 78767
(512) 974-3100 ♦ Fax (512) 974-3161

September 10, 2003

Mr. Jim Anderson
Texas Department of Housing and Community Affairs
507 Sabine Street
Austin, Texas 78701

RE: Cottage Community

Dear Mr. Anderson:

An application requesting Rental Housing Development Assistance (RHDA) for the 30-unit Cottage Community has received preliminary review. Community Partnership for the Homeless (CPH) is commended for its commitment to provide quality affordable housing and support services to low-income and disadvantaged families. The City of Austin has identified transitional housing as the greatest need in our Housing Continuum.

As previously discussed, Cottage Community has been approved for development fee waivers through the City's S.M.A.R.T. Housing Program. In addition, following the initial review of the RHDA application, the project is eligible to receive gap financing of up to \$500,000 subject to final review and approval by the Board of Directors of the Austin Housing Finance Corporation.

Please be aware that the Austin Housing Finance Corporation and City of Austin stand firmly behind the Cottage Community project. We will continue to work with the CPH organization to address appropriate regulatory requirements and underwriting concerns identified in our preliminary review of the project. We are requesting that you allow the appeal to move forward so that additional information can be considered to address previous concerns. We welcome the opportunity to partner with the Texas Department of Housing and Community Affairs on this very important and worthwhile endeavor.

Should you have questions or need information, please contact Gary Adrian at your earliest convenience at 974-3133.

Sincerely,

A handwritten signature in black ink that reads 'Paul Hilgers'.

Paul Hilgers, Executive Director
Austin Housing Finance Corporation

cc: Roger Arriaga
Richard Fraser

Board of Directors: Will Wynn, President ♦ Jackie Goodman, Vice President ♦ Raul Alvarez, Director ♦ Betty Dunkerley, Director
Daryl Slusher, Director ♦ Danny Thomas, Director ♦ Brewster McCracken, Director ♦ Toby Hammett Futrell, General Manager
Paul Hilgers, Treasurer ♦ Shirley Brown, Secretary ♦ Sedora Jefferson, General Counsel

*The Austin Housing Finance Corporation is committed to compliance with the American with Disabilities Act.
Reasonable modifications and equal access to communications will be provided upon request.*



P.O. Box 9600
Austin, Texas 78766-9600
512 419-3400
www.compassweb.com

September 11, 2003

Mr. Jim Anderson
TDHCA
507 Sabine Street
Austin, TX 78701

RE: Community Partnership for the Homeless Cottage Community Project

Dear Mr. Anderson:

Compass Bank has met with Alison Schmidt, Community Partnership for the Homeless and Becca Bruce, Vacri Development and Consulting regarding the Cottage Community Project in Northeast Austin. Compass Bank initially provided a letter expressing interest in extending a \$500,000 credit facility to the Cottage Community project. We understand at this time that Community Partnership for the Homeless will need permanent financing in the amount of \$500,280. In order for Compass to finalize the commitment including rates and terms, the project will need to be reviewed by our underwriting staff.

The underwriting process typically takes 30 days and will require the following items from the applicant;

- Financial Package on Community Partnership for the Homeless
- Cottage Community Project details which will include construction budgets, site assessments pro-forma financial statements and any other information necessary to fully underwrite the project.
- Complete detail of proposed funding sources.

This is the type of project that Compass Bank like to support and we feel confident that we will be able to provide the required financing assuming that the proposed funding sources are finalized.

If you have any questions, please call me at (512) 419-3471

Sincerely,

A handwritten signature in cursive script that reads "Brian J. Anderson".

Brian J. Anderson
Senior Vice President/ Manager
Austin Commercial/Business Banking

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
October 9, 2003

Action Items

Request approval of one HOME Rental Community Housing Development Organization (CHDO) award.

Required Action

Approve HOME Rental CHDO award recommendation.

Background and Recommendations

In accordance with §53.56 of Title 10 of the Texas Administrative Code, \$15,119,049 in HOME funds are set-aside for eligible CHDOs. Twenty-seven HOME Rental Community Housing Development Organization (CHDO) Applications were submitted prior to the April 1, 2003 deadline. Of the Applications submitted, after all appeals were heard, 11 of those were determined to be eligible to compete for funding. In July 2003, the Board awarded \$1,913,300 to applications submitted through the Single Family Production Division. In September 2003, the Board awarded all financially feasible and eligible HOME Rental CHDO Applications at the time constituting 4 applications with a total award of \$2,124,662. The balance of those CHDO funds currently totals \$11,081,087.

In September 2003, staff granted an appeal from NHH-Canal Street Apartments, Inc. and the Department reinstated the application for Canal Street Apartments, TDHCA number 20030178. The Department granted the appeal based upon NHH-Canal Street Apartments, Inc. Board of Director's experience in fundraising and their commitment to raising the needed funds to fill the financing gap. The applicant's original funding request was for \$1,000,000 in HOME CHDO funds, and \$250,000 in Housing Trust Funds (HTF). All HTF funds were allocated for the 2003 cycle at the July Board meeting. At the time that the HTF funds were allocated, Canal Street Apartments was not eligible for an award. Staff has determined that the application would still be financially feasible if awarded a total of \$1,250,000.

§53.53(2) of Title 10 of the Texas Administrative Code states, "Award amount for (Home Program) Rental Housing Development shall not exceed \$1 million, except as otherwise allowed by the Board". Pursuant to this section, staff recommends that the Board approve a HOME Rental CHDO award of \$1,250,000 to Canal Street Apartments. If awarded, this would leave a balance of \$9,831,087, which will be made available through a Notice of Funding Availability that will be open ended and will better enable the Department to work with CHDO applicants on their applications on a non-competitive basis.

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

3. A HTF allocation, if approved by the Board and if funds are available, should not exceed \$250,000, structured as a grant

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports. The Applicant received a \$50,000 Housing Trust Fund capacity-building grant in 2002 but the development was not underwritten.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 133	# Rental Buildings: 2	# Common Area Bldgs: 0	# of Floors: 3	Age: 0 yrs	Vacant: N/A	at / /
Net Rentable SF: 28,294	Av Un SF: 213	Common Area SF: 13,583	Gross Bldg SF: 41,877			

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 85% stucco/15% brick veneer exterior wall covering, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting, vinyl, & ceramic tile flooring, range & oven, hood & fan, garbage disposal, refrigerator, microwave oven, tile tub/shower, ceiling fans, laminated counter tops, central gas-fired boiler hot water system

ON-SITE AMENITIES

6,800 SF of common areas on 1st & 2nd floors of 3-story building with activity & meeting rooms, management offices, laundry facilities, kitchen, restrooms, & library. In addition a community garden, maintenance building, & perimeter fencing with limited access gate are also planned for the site.

Uncovered Parking: 46 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Canal Street Apartments is a very dense (83 units per acre) new construction development of 133 units of affordable single room occupancy housing located in southeast-central Houston. The development is comprised of two large residential buildings as follows:

- One two-story walk-up building with 42 efficiency units, arranged around three sides of an enclosed courtyard, and
- One three-story elevator-served building with 91 efficiency units which forms the fourth side of the courtyard.

The two buildings will be connected on two floors by two enclosed corridors each so that mobility-restricted tenants may access the ADA units in the two-story building by using the elevator in the three-story building. The common areas will be located on all three floors of the three-story building.

Architectural Review: The buildings are simple and dormitory-like in appearance. The units in the three-story building are accessed from interior corridors while units in the two-story building are accessed from covered exterior walkways in the courtyard. The Applicant intends to build a higher-than-average quality development and has incorporated features such as a large metal sunshade and covered corridors which are intended to complement the Hispanic neighborhood.

Supportive Services: The Applicant proposes an extensive supportive services program organized around three areas:

- Assistance with basic necessities: initial supply of food, cooking utensils, bed linens, and clothing; emergency loans; transportation; and a daily meal
- Recreational opportunities: community meals and movies, book club, sobriety meetings, and religious activities
- Facilitation of access to medical and dental care

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

The Applicant will be the services provider, and has budgeted \$35,530 annually for these services.

Schedule: The Applicant anticipates construction to begin in November of 2003 and to be completed in December of 2004.

SITE ISSUES

SITE DESCRIPTION

Size:	1.595	acres	69,496	square feet	Zoning/ Permitted Uses:	No zoning in Houston
Flood Zone Designation:	Zone X		Status of Off-Sites:	Fully improved		

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located in the southeast-central area of Houston, approximately one mile from the central business district. The site occupies most of a block bounded by Canal, North Delano and Paige Streets, and Navigation Boulevard.

Adjacent Land Uses:

- **North:** a vacant building and a nightclub followed by Navigation Boulevard and a fire station and commercial
- **South:** multifamily residential and Canal Street with commercial beyond
- **East:** North Paige Street followed by a funeral home, florist,, and restaurant
- **West:** North Delano Street with a restaurant and commercial beyond

Site Access: Access to the property is from the east or west along Canal Street or the north or south from North Delano or Paige Streets. The development is to have entries from Delano and Paige Streets.

Public Transportation: Public transportation to the area is provided by the city bus system.

Shopping & Services: The site is within one mile of numerous neighborhood shopping centers and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

Site Inspection Findings: TDHCA staff performed a site inspection on April 30, 2003 and found the location to be acceptable for the proposed development. The inspector noted the site is in an urban industrial area and may not be appealing to potential residents for that reason.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

The Applicant submitted the following environmental reports prepared by HBC/Terracon:

- Phase I Environmental Site Assessment report dated January 24, 2001
- Environmental Site Investigation (ESI) report dated March 16, 2001
- Asbestos Sampling and Analysis Program report dated June 15, 2001
- Asbestos Abatement Project Completion report dated October 24, 2001
- Geotechnical Study report dated November 5, 2001
- A Phase I Environmental Site Assessment Update report dated February 25, 2003. This most recent report summarized the preceding reports and contained the following findings and recommendations:

Findings:

“The previous ESA report prepared for the site by HBC/Terracon identified several RECs [recognized environmental conditions] including the presence of asbestos-containing materials [ACM], a monitor well, and several nearby historic off-site facilities. HBC/Terracon then conducted an ESI to evaluate the soil and groundwater conditions at selected portions of the site based on potential impact from off-site sources considered to be RECs to the site. The ESI consisted of the installation of three soil borings/temporary groundwater sampling points, and the collection and analysis of soil and groundwater samples. One soil and one groundwater sample were collected from each soil boring/temporary groundwater sampling point, and analyzed for volatile organic compounds (VOCs) and total petroleum hydrocarbons (TPH). The results of

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

the analyses identified groundwater impacted with methyl tertiarybutyl ether (MTBE) on the southeast portion of the subject site; however, the concentration of MTBE detected did not exceed its Texas Natural Resource Conservation Commission (TNRCC) Texas Risk Reduction Program (TRRP) Tier I protective concentration level (PCL). HBC concluded that the presence of MTBE at the site was likely from a release of gasoline at an off-site source. HBC also intended to sample the existing monitor well at the site, but no groundwater sample could be collected due to debris that had been placed in the well. HBC recommended that the monitor well be plugged and abandoned...At the time of the recent site inspection, the monitor well appeared to be plugged and abandoned...HBC Terracon then prepared an asbestos sampling and analytical report for New Hope Housing in June 2001, and the scope of work was based on the findings of the previously referenced ESA report. The scope of work included sampling and analysis from a debris pile of composition roofing shingles, a brick incinerator, and floor tile/linoleum on a concrete slab. Based on the analytical results, the floor tile and linoleum were identified as ACM, and HBC recommended that these materials be properly removed and disposed of in accordance with applicable regulations. HBC/Terracon then prepared a report for New Hope Housing in October 2001 to document the abatement activities of the asbestos-containing floor tile and linoleum materials identified in the previous report. The regulatory database review identified [36 potential off-site facilities of concern] within the specified search radii. The facilities in the regulatory database review do not appear to constitute RECs to the site based on distance, topographic relationship, and/or facility characteristics as discussed in this report.” (p. 12-13)

Recommendations: “Based on the scope of services and limitations of this assessment, HBC/Terracon did not identify recognized environmental conditions in connection with the site, which, in our opinion, warrant additional investigation at this time.” (p. 13)

POPULATIONS TARGETED

Income Set-Aside: 100% of the units will be reserved for low-income tenants. One of the units (<1%) will be reserved for tenants earning 60% or less of AMGI, 12 of the units (9%) will be reserved for tenants earning 50% or less of AMGI, and the remaining 120 units (90%) will be reserved for tenants earning 30% or less of AMGI.

MAXIMUM ELIGIBLE INCOMES				
	30% AMGI	40% AMGI	50% AMGI	60% AMGI
1 Person	\$12,500	\$16,680	\$20,850	\$25,020

MARKET HIGHLIGHTS

A market feasibility study dated February 25, 2003 was prepared by Patrick O’Connor & Associates, L.P. and highlighted the following findings:

Definition of Market/Submarket: “For the purposes of this report, the subject’s primary market area is defined as those properties bound by Liberty Road to the north, Wayside Drive to the east, Braes Bayou to the south, and Main Street to the west. This geographic area essentially is contained within the following zip codes: 77002, 77003, 77004, 77011, 77020, and 77023.” (p. 17) “The subject’s secondary market is defined as that area within [the primary market area’s zip codes plus] 77006, 77009, 77012, 77021, 77026, 77029, and 77030.” (p. 10)

Population: The estimated 2001 population of the primary market area was 149,501 and is expected to increase by 2.8% to approximately 153,708 by 2006. Within the primary market area there were estimated to be 46,869 households in 2001.

Total Local/Submarket Demand for Rental Units: “...there are approximately 2,968 potential households based on income eligibility, housing preference, and taking into consideration the typical turnover rate in the subject’s primary market” (p. 67) “According to CDS, the majority of SRO facilities in the near downtown area are already full and the need for 500 additional units in the next three years is evident.” (p. 43)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	61	2%	35	1%
Resident Turnover	2,637	89%	2,657	99%
Other Sources: other sources	270	9%	0	0%
TOTAL ANNUAL DEMAND	2,968	100%	2,692	100%

Ref p. 66

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 4.48%. (p. 67) The Underwriter calculated an inclusive capture rate of 4.9% based upon a revised demand of 2,692 units.

Local Housing Authority Waiting List Information: "There are thousands of families in the City of Houston currently on the growing waiting lists for low-rent public housing, apartment rental subsidies, or Section 8 vouchers administered by the Houston Housing Authority. The waiting list for Section 8 vouchers was closed in 1994 when the list had grown to more than 26,000 households. According to a September 2000 article in the Houston Chronicle, the waiting list for Section 8 vouchers is approximately six years." (p. 42)

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 359 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
Efficiency (<30%)	\$300	\$312	-\$12	\$300	\$0
Efficiency (<50%)	\$300	\$521	-\$221	\$300	\$0
Efficiency (<60%)	\$300	\$625	-\$325	\$300	\$0

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

Submarket Vacancy Rates: "The overall occupancy for projects in this primary market area was 88% as of December 2002. Occupancy rates for Class A properties were lower at 84.17% and Class B occupancy rates were 95.56%." (p. 35) "According to CDS, the majority of SRO facilities in the near downtown area are already full and the need for 500 additional units in the next three years is evident." (p. 43)

Absorption Projections: "Considering the strong absorption history of similar properties and the lack of available quality affordable units in this market, we project that the subject property will lease an average of 25-30 units per month until achieving stabilized occupancy. We anticipate that the subject property will achieve stabilized occupancy within six to eight months following completion." (p. 74)

Known Planned Development: "Based on our research, there are no affordable housing projects (other than the subject property) currently proposed, under construction, or approved for construction in the subject's primary market." (p. 11)

Effect on Existing Housing Stock: "Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration." (p. 12)

The Underwriter found the market study provided sufficient information on which to base a funding recommendation, although the inclusion of other SRO properties, even if not within the defined submarket, would have been helpful.

The Applicant also provided an Enumeration and Needs Assessment report dated September 13, 1999 and

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

prepared by CDS Market Research. Although significantly dated, the study focused specifically on demand other than the “standard low-rental segment of the market”. The report contained the following findings:

- “The primary target group for which New Hope should provide badly needed housing is projected to be adults living alone with minimum monthly incomes of \$560 for non-working persons and \$800 for working persons.”
- “Based on personal and telephone interviews with 12 leading Houston social service organizations, there is a projected need for 690 additional SRO living units for income-qualified single homeless over the next 12 months...Probably only 188 [units of the other existing Houston SRO facilities] represent any potential absorption of need for the income-qualified homeless. Therefore, there appears to be a strong need for 500 additional New Hope-type housing units in the near term.”
- “The lower rental housing market could also provide assurance of full occupancy at any New Hope facilities.” (executive summary)

OPERATING PROFORMA ANALYSIS

(NOTE: The Applicant operates two other SRO properties in Houston and supplied historical operating data for these properties. Due to the unique operating characteristics of SRO properties and the lack of SRO-specific TDHCA data, the Underwriter relied heavily on the Applicant’s information in evaluating the subject application. The Applicant’s business model is to operate debt-free and to set rents at a slightly higher than breakeven level to fund operating expenses and reserves.)

Income: The Applicant’s rent projections of \$310/month are approximately the 30% AMI rents and are significantly lower than the maximum rents allowed under program guidelines, reflecting the Applicant’s desire to maintain the affordability of the units. There is the potential for significant additional income (approximately \$86K) if the Applicant chooses to increase rents to the maximum allowed. Tenants must have a source of income (wages, Social Security or VA benefits, funding from a social service provider, housing vouchers, etc.) which is too low to afford market rate housing but which allows payment of the proposed rent. The Applicant stated that the property will pay all utilities, and rents and expenses were calculated accordingly. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines, although the Applicant included \$30K per year in estimated grant income which is intended to pay for the extensive proposed supportive services program. Although the Applicant provided a nine-year fundraising history averaging \$988K annually, the Applicant indicated that these funds were largely restricted to capital expenditures and that supportive services have been paid out of the general operating fund on the two existing properties. Absent a documented history of successful fundraising specifically for supportive services rather than building funds, the Underwriter regards this source of income as somewhat untested and has not included it.

Expenses: The Applicant’s total operating expense estimate of \$2,802/unit is 16.2% lower than the Underwriter’s estimate of \$3,343/unit. The average historical total operating expense for the Applicant’s two other Houston SRO properties is \$3,186/unit, without replacement reserves or property taxes. The Applicant has not historically set aside replacement reserves from income but instead maintains an escrow account of one month’s income for that purpose; in this case, however, the Applicant has included \$200/month in replacement reserves as required by the TDHCA underwriting guidelines, and the Underwriter has used a similar amount. The Applicant has not included a management fee as the property is to be self-managed; as the Applicant has until recently used third party managers, however, the Underwriter conservatively included a typical fee of 5% of effective gross income. The Applicant’s payroll and repairs and maintenance estimates are \$36.1K and \$7.4K lower, respectively than the Underwriter’s estimates, which are based upon the historical operating data provided for the Applicant’s other SRO properties.

Conclusion: Due to the debt-free nature of the proposed financing structure, this analysis will focus on projected cash flow instead of debt coverage ratio as a measure of feasibility and viability. Using standard TDHCA underwriting guidelines of a 3% annual income growth rate and a 4% annual expense growth rate, the development’s projected cash flow turns negative between years 5 and 10 using the Underwriter’s projections, and the Underwriter estimates cumulative negative cash flow of slightly over (\$2.34M) in 30

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

years of operation. The Applicant has indicated that any operating deficits would be covered by the Applicant's fund-raising activities, but also stressed that their other SRO properties have not experienced operating deficits in seven years of operations as rents have always been able to be raised to meet increases in expenses. This may be a viable tool for the proposed development as well since rents are far below the required rent limits and less than rental alternatives for the tenants. However, given the extremely low-income target population it is uncertain as to how much of a rental increase they could bear over the long run and due to the narrow margin between operating income and expenses planned for this development, it is necessary to characterize the proposed development as financially infeasible over the longer term in the absence of significant ongoing operating subsidies. The Applicant intends to mitigate this by committing to generate approximately \$2.3M in additional soft funding from fundraising over the first 30 years of operations. Based upon past fundraising performance, it would appear to be plausible that the Applicant could raise sufficient funds. It should be noted however that past fundraising experience has primarily been capital campaigns to raise funds for constructing and acquiring buildings. Fundraising for operational purposes is somewhat different as it requires the effort to be more continually sustained. In the end however the 2003 TDHCA Underwriting Guidelines provides the Underwriter with limited latitude in accepting such fundraising as mitigation for financial feasibility concerns. The proposed 2004 guidelines would allow more flexibility in underwriting fundraising as a mitigating factor for transitional developments sponsored by non-profit owners.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 1.595 acres	\$127,100	Assessment for the Year of:	2002
Improvement:	\$1,000	Valuation by:	Harris County Appraisal District
Total Assessed Value:	\$128,100	Tax Rate:	3.1126

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Two general warranty deeds		
Purchase Date:	4/	26/	2001
Acquisition Cost:	\$281,792	Other Terms/Conditions:	
Seller:	Tract 1: Carlos R. Quintero & Dale M. Shearer		Related to Development Team Member: No
	Tract 2: Sandra Q. Sisk		

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of \$281,792 (\$4.05/SF or \$177K/acre), although over twice the tax assessed value of \$127,100 is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Costs: The Applicant claimed off-site costs of \$10,718 for driveways and utilities and provided sufficient third party certification through a third party architect to justify these costs.

Sitework Cost: The Applicant's claimed sitework costs of \$3,098 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: (Note: The subject, with an average unit size of 213 SF and unusual features such as extensive enclosed common area and corridor space, an elevator, as well as a significant amount of covered exterior patios and balconies, required the Underwriter to use the Marshall & Swift Valuation Service's dormitory costs rather than multifamily residential costs to perform a construction cost evaluation. The Underwriter used "good" rather than "average" quality costs based on information provided by the Applicant and the proposed general contractor.)

The Applicant's costs of \$121 per net residential square foot are slightly more than 5% more than the Underwriter's Marshall & Swift Valuation Service-derived estimate after all of the Applicant's additional justifications were considered. This would suggest that the Applicant's direct construction costs are somewhat overstated, although the proposal includes features and construction specifications which may

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

range above "good" quality. The proposed general contractor communicated to the Underwriter that they also regarded the costs as unusually high, and had offered the Applicant a number of value engineering ideas to reduce the cost. The total amount of these suggestions is \$319K or 9.3% of the total direct construction cost, and the Applicant has not provided a revised cost estimate including any of the suggestions. The Applicant did emphasize, however, that preserving a high-quality "look and feel" is a priority.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Reserves: The Applicant has budgeted \$200K in total reserves which represents approximately five months of operating expenses.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. The Applicant's total development cost estimate is also within the HUD 221(d)(3) HOME subsidy limit of \$69,915. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown is used to size the award recommendation.

FINANCING STRUCTURE	
INTERIM to PERMANENT FINANCING	
Source: <u>City of Houston HOME funds</u>	Contact: <u>Ken Fickes</u>
Principal Amount: <u>\$1,500,000</u>	Interest Rate: <u>(Grant)</u>
Additional Information: _____	
Amortization: <u>N/A</u> yrs	Term: <u>N/A</u> yrs Commitment: <input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional
INTERIM to PERMANENT FINANCING	
Source: <u>Federal Home Loan Bank of Atlanta</u>	Contact: <u>Robert Warwick</u>
Principal Amount: <u>\$500,000</u>	Interest Rate: <u>(Grant)</u>
Additional Information: <u>Affordable Housing Program, Compass Bank as sponsor</u>	
Amortization: <u>N/A</u> yrs	Term: <u>N/A</u> yrs Commitment: <input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional
INTERIM to PERMANENT FINANCING	
Source: <u>Houston Endowment</u>	Contact: <u>H. Joe Nelson III</u>
Principal Amount: <u>\$500,000</u>	Interest Rate: <u>(Grant)</u>
Additional Information: _____	
Amortization: <u>N/A</u> yrs	Term: <u>N/A</u> yrs Commitment: <input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional
INTERIM to PERMANENT FINANCING	
Source: <u>Brown Foundation</u>	Contact: <u>Nancy Pittman</u>
Principal Amount: <u>\$500,000</u>	Interest Rate: <u>(Grant)</u>
Additional Information: _____	
Amortization: <u>N/A</u> yrs	Term: <u>N/A</u> yrs Commitment: <input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional

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

INTERIM to PERMANENT FINANCING	
Source:	Private grants in individual amounts of less than \$500,000 Contact: (Various donors)
Total Amount:	\$863,207 Interest Rate: (Grants)
Additional Information:	Applicant provided letters of commitment in total amount of \$994,220, plus a listing of \$322,265 in unconfirmed donations
Amortization: N/A yrs	Term: N/A yrs Commitment: <input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input checked="" type="checkbox"/> Unconfirmed
INTERIM to PERMANENT FINANCING	
Source:	TDHCA Housing Trust Fund Contact: Stacy Higgins
Principal Amount:	\$50,000 Interest Rate: (Grant)
Additional Information:	Capacity-building award
Amortization: N/A yrs	Term: N/A yrs Commitment: <input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional
INTERIM to PERMANENT FINANCING	
Source:	Christus Health System Contact: Peter Maddox
Principal Amount:	\$500,000 Interest Rate: 2%
Additional Information:	Funds available in 2 options: 1. Interest proceeds in excess of 2% on principal invested in certificate of deposit 2. Loan at 2% for 3 years, interest-only payments Applicant does not include these funds in financing structure, but submitted commitment as evidence of contingency funding
Amortization: N/A yrs	Term: N/A yrs Commitment: <input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional
APPLICANT EQUITY	
Amount:	\$150,000 Source: Deferred developer fee
FINANCING STRUCTURE ANALYSIS	
<u>Permanent Financing:</u>	
<ul style="list-style-type: none"> • <u>Private Grants:</u> As mentioned above the Applicant's operating model is to rely on grant financing to allow debt-free operation of the development. The Applicant listed \$2,863,207 in private loans or grants as the primary funding source but originally provided letters of commitment in the total amount of only \$2,454,220 (including a TDHCA HTF capacity-building grant of \$50K). The Applicant subsequently submitted a listing of unconfirmed additional donations in the total amount of \$422,265, signed by the Applicant's treasurer and stating that the governing board had designated all represented funds for the project. Thus the Applicant has provided evidence of \$2,906,485 in grant financing, along with a history of successful grant fundraising. The Applicant also listed \$250K in additional funding requests which have been submitted to potential donor organizations or are pending. • <u>City of Houston Grant:</u> The City of Houston grant commitment for \$1.5M is consistent with the sources and uses of funds statement. As of the date of this report the city council is said to have approved the commitment and a copy of their approval was being sent to the Department for documentation but had not yet arrived in underwriting. • <u>Christus Health System Financing:</u> The Applicant provided a commitment from the Christus Health System for construction financing at the terms listed above, but also indicated that this debt financing source would only be used as a last resort if unanticipated costs arise. 	
<u>Deferred Developer's Fees:</u> The Applicant's proposed deferred developer's fees of \$150,000 represent approximately 38% of the total fees, but are not foreseeably repayable due to the cash flow deficiency	

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

discussed above. Repayability of the deferred developer fee is not of as great a concern for non-tax credit transactions since overstated or unrepayable deferred developer fees do not increase eligible costs funded with HOME monies or affect the award amount as they could in a tax credit development.

Financing Conclusions: The Applicant has demonstrated a strong fundraising history and sufficient soft funding sources to construct the development if the HOME and Housing Trust Fund grants are awarded as requested. Due to extremely limited net operating income the Underwriter concurs with the Applicant that the development should not be burdened with debt service. Budgeted reserves appear adequate to support the property for a six-month lease-up period.

Return on Equity: The lack of sustaining cash flow suggests the return on equity is negligible.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

None noted.

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

Financial Highlights: An audited consolidated financial statement as of August 6, 2002 was submitted for the Applicant and its parent, New Hope Housing, Inc., reporting total assets of \$4.9M and consisting of \$254K in cash, \$961K in receivables and prepaids, \$636K in cash restricted to the subject development, and \$3.1M in property and equipment. Liabilities totaled \$15K, resulting in net assets of \$4.9M.

Background & Experience:

- The Applicant is a new entity formed for the purpose of developing the project.
- New Hope Housing, Inc. has owned and operated the 129-unit Hamilton Street Residence SRO property since 1995, and acquired the 57-unit 1414 Congress SRO property in 2002.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating proforma is more than 5% outside of the Underwriter's verifiable range.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- Significant inconsistencies in the application could affect the financial feasibility of the project.
- The Development's 30-year proforma does not maintain a DCR in the acceptable range and net operating income does not remain positive over the projected 30-year period.

Underwriter:

Jim Anderson

Date: September 2, 2003

Director of Real Estate Analysis:

Tom Gouris

Date: September 2, 2003

MULTIFAMILY COMPARATIVE ANALYSIS

Canal Street Apartments (SRO), Houston, HTF #03838 & HOME #2003-0178

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Util Allow	Wtr, Swr, Trsh
<LH (30%)	26	Eff.	1	203	\$312	\$310	\$8,080	\$1.53	\$25.00	\$28.62
<HTF (30%)	94	Eff.	1	203	312	310	29,140	1.53	25.00	28.62
<HTF (50%)	12	Eff.	1	302	521	310	3,720	1.03	25.00	28.62
<HTF (60%)	1	Eff.	1	310	625	310	310	1.00	25.00	28.62
TOTAL:	133		AVERAGE:	213	\$333	\$310	\$41,230	\$1.46	\$25.00	\$28.62

INCOME

POTENTIAL GROSS RENT	Total Net Rentable Sq Ft:	28,294
Secondary Income	Per Unit Per Month:	\$8.15
Other Support Income: Grant Awards		
POTENTIAL GROSS INCOME		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		
EFFECTIVE GROSS INCOME		

TDHCA	APPLICANT
\$494,760	\$494,760
13,000	13,000
0	30,000
\$507,760	\$537,760
(38,082)	(38,082)
0	0
\$469,678	\$499,678

USS Region	6
IREM Region	Houston
Per Unit Per Month	
% of Potential Gross Rent	

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	7.20%	\$254	1.20
Management	5.00%	177	0.83
Payroll & Payroll Tax	39.09%	1,381	6.49
Repairs & Maintenance	10.59%	374	1.76
Utilities	12.56%	443	2.08
Water, Sewer, & Trash	6.56%	232	1.09
Property Insurance	5.86%	207	0.97
Property Tax	3.1126%	0	0.00
Reserve for Replacements	5.66%	200	0.94
Other: spt svcs, cable TV	2.13%	75	0.35
TOTAL EXPENSES	94.66%	\$3,343	\$15.71
NET OPERATING INC	5.34%	\$189	\$0.89

TDHCA	APPLICANT
\$33,831	\$30,740
23,484	\$0
183,618	\$147,628
49,721	\$42,317
58,981	\$57,181
30,806	\$30,806
27,546	\$27,546
0	\$0
26,600	\$26,600
10,000	\$10,000
\$444,587	\$372,718
\$25,091	\$126,960

PER SQ FT	PER UNIT	% OF EGI
\$1.09	\$231	6.15%
0.00	0	0.00%
5.21	1,109	29.52%
1.50	318	8.47%
2.02	430	11.44%
1.09	232	6.17%
0.97	207	5.51%
0.00	0	0.00%
0.94	200	5.32%
0.35	75	2.00%
\$13.17	\$2,802	74.59%
\$4.49	\$955	25.41%

DEBT SERVICE

Private Grants	0.00%	\$0	\$0.00
HOME Grant	0.00%	\$0	\$0.00
HTF Grant	0.00%	\$0	\$0.00
NET CASH FLOW	5.34%	\$189	\$0.89

\$0	\$0
0	0
0	0
\$25,091	\$126,960

\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$4.49	\$955	25.41%

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		5.78%	\$2,434	\$11.44
Off-Sites		0.19%	81	0.38
Sitework		7.33%	3,098	14.56
Direct Construction		57.68%	24,387	114.64
Contingency	4.92%	3.20%	1,353	6.36
General Req'ts	6.00%	3.90%	1,649	7.75
Contractor's G & A	2.00%	1.30%	550	2.58
Contractor's Profit	4.50%	2.92%	1,236	5.81
Indirect Construction		7.18%	3,037	14.27
Ineligible Costs		0.00%	0	0.00
Developer's G & A	8.52%	7.11%	3,008	14.14
Developer's Profit	0.00%	0.00%	0	0.00
Interim Financing		0.00%	0	0.00
Reserves		3.42%	1,445	6.79
TOTAL COST		100.00%	\$42,278	\$198.73
Recap-Hard Construction Costs		76.34%	\$32,274	\$151.71

TDHCA	APPLICANT
\$323,683	\$323,683
10,718	10,718
412,092	412,092
3,243,496	3,412,606
180,000	180,000
219,335	223,580
73,112	82,215
164,428	164,428
403,886	403,886
0	0
400,000	400,000
0	0
0	0
192,251	200,000
\$5,623,001	\$5,813,207
\$4,292,463	\$4,474,921

PER SQ FT	PER UNIT	% of TOTAL
\$11.44	\$2,434	5.77%
0.38	81	0.18%
14.56	3,098	7.09%
120.61	25,659	58.70%
6.36	1,353	3.10%
7.90	1,681	3.89%
2.91	618	1.41%
5.81	1,236	2.83%
14.27	3,037	6.95%
0.00	0	0.00%
14.14	3,008	6.88%
0.00	0	0.00%
0.00	0	0.00%
7.07	1,504	3.44%
\$205.46	\$43,708	100.00%
\$158.76	\$33,646	76.98%

SOURCES OF FUNDS

Private Grants	50.92%	\$21,528	\$101.19
HOME Grant	17.78%	\$7,519	\$35.34
HTF Grant	4.45%	\$1,880	\$8.84
HTF Capacity-Building Grant	0.69%	\$376	\$1.77
City of Houston HOME Grant	26.68%	\$11,278	\$53.01
Deferred Developer Fees	2.67%	\$1,128	\$5.30
Additional (excess) Funds Required	-3.38%	(\$1,430)	(\$6.72)
TOTAL SOURCES			

\$2,863,207	\$2,863,207
1,000,000	1,000,000
250,000	250,000
50,000	50,000
1,500,000	1,500,000
150,000	150,000
(190,206)	(0)
\$5,623,001	\$5,813,207

RECOMMENDED	
\$2,863,207	Developer Fee Available
1,000,000	\$400,000
0	% of Dev. Fee Deferred
50,000	100%
1,500,000	
400,000	
(0)	
\$5,813,207	15-Yr Cumulative Cash Flow (\$109,664.76)

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Canal Street Apartments (SRO), Houston, HTF #03838 & HOME #2003-0178

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Good Quality Dormitory Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$89.74	\$2,539,104
Adjustments				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(0.81)	(22,882)
Floor Cover			1.92	54,324
Porches/Balconies	\$29.24	6,950	7.18	203,218
Plumbing	\$615	0	0.00	0
Built-in Appliances	\$1,950	133	9.17	259,350
Maintenance Bldg	\$74.45	320	0.84	23,825
Floor Insulation			0.00	0
Heating/Cooling			1.47	41,592
Fire Sprinkler	\$2.50	41,557	3.67	103,893
Common Area	\$89.74	13,263	42.07	1,190,222
Other: Elevator	\$44,250	1	1.58	44,250
SUBTOTAL			156.81	4,436,916
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.90		(15.68)	(443,692)
TOTAL DIRECT CONSTRUCTION COSTS				\$3,993,224
Plans, specs, survy, bld prmts	3.90%		(\$5.50)	(\$155,736)
Interim Construction Interest	3.38%		(4.78)	(134,771)
Contractor's OH & Profit	11.50%		(16.23)	(459,221)
NET DIRECT CONSTRUCTION COSTS			\$14.64	\$3,243,496

PAYMENT COMPUTATION

Primary	\$2,863,207	Term	
Int Rate	0.00%	DCR	#DIV/0!
Secondary	\$1,000,000	Term	
Int Rate	0.00%	Subtotal DCR	#DIV/0!
Additional	\$250,000	Term	
Int Rate		Aggregate DCR	#DIV/0!

-6,950


Primary Debt Service	\$0
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$25,091

Primary	\$2,863,207	Term	0
Int Rate	0.00%	DCR	#DIV/0!
Secondary	\$1,000,000	Term	0
Int Rate	0.00%	Subtotal DCR	#DIV/0!
Additional	\$250,000	Term	0
Int Rate	0.00%	Aggregate DCR	#DIV/0!

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$494,760	\$509,603	\$524,891	\$540,638	\$556,857	\$645,550	\$748,389	\$867,565	\$1,165,934
Secondary Income	13,000	13,390	13,792	14,206	14,632	16,962	19,664	22,796	30,636
Other Support Income: Grant Awa	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	507,760	522,993	538,683	554,843	571,488	662,512	768,033	890,360	1,196,570
Vacancy & Collection Loss	(38,082)	(39,224)	(40,401)	(41,613)	(42,862)	(49,688)	(57,602)	(66,777)	(89,743)
Employee or Other Non-Rental Un	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$469,678	\$483,768	\$498,281	\$513,230	\$528,627	\$612,823	\$710,430	\$823,583	\$1,106,827
EXPENSES at 4.00%									
General & Administrative	\$33,831	\$35,184	\$36,591	\$38,055	\$39,577	\$48,151	\$58,584	\$71,276	\$105,506
Management	23,484	24,188	24,914	25,661	26,431	30,641	35,522	41,179	55,341
Payroll & Payroll Tax	183,618	190,963	198,601	206,545	214,807	261,346	317,967	386,855	572,641
Repairs & Maintenance	49,721	51,710	53,779	55,930	58,167	70,769	86,101	104,755	155,063
Utilities	58,981	61,340	63,794	66,346	68,999	83,948	102,136	124,264	183,941
Water, Sewer & Trash	30,806	32,038	33,319	34,652	36,038	43,846	53,345	64,903	96,072
Insurance	27,546	28,648	29,794	30,986	32,225	39,207	47,701	58,036	85,907
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	26,600	27,664	28,771	29,921	31,118	37,860	46,063	56,042	82,956
Other	10,000	10,400	10,816	11,249	11,699	14,233	17,317	21,068	31,187
TOTAL EXPENSES	\$444,587	\$462,135	\$480,379	\$499,345	\$519,062	\$630,002	\$764,735	\$928,379	\$1,368,614
NET OPERATING INCOME	\$25,091	\$21,633	\$17,903	\$13,885	\$9,565	(\$17,178)	(\$54,305)	(\$104,796)	(\$261,787)
DEBT SERVICE									
First Lien Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$25,091	\$21,633	\$17,903	\$13,885	\$9,565	(\$17,178)	(\$54,305)	(\$104,796)	(\$261,787)

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
Real Estate Analysis
INTEROFFICE MEMORANDUM

Date: September 30, 2003
To: Brooke Boston
From: Tom Gouris 
CC: File
RE: Canal Street HOME 2003-0178 / HTF 03808

The underwriting report for this development indicated that if the Board approved funds for this transaction they should approve both the HOME and the HTF funds. Given that the HTF funds have since been fully allocated to other developments, staff have recommended that the HTF funds be replaced with additional HOME funds. Our Executive Director has granted their appeal on the issues of long term affordability addressed in our report. As both funding sources were proposed as grant funds and the absence of the smaller HTF funds would increase the gap of funds that the development would have to raise through private fundraising, I concur with the increase in HOME funds to \$1,250,000 for the Board's consideration.

AUDIT COMMITTEE MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, Room 437, Austin, Texas 78701
October 9, 2003 8:30 am

A G E N D A

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

Vidal Gonzalez,

PUBLIC COMMENT

The Audit Committee of the Board of the Texas Department of Housing and Community Affairs will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by department staff and motions made by the Committee.

ACTION ITEMS

- | | | |
|--------|---|----------------|
| Item 1 | Presentation, Discussion and Possible Approval of Minutes of Audit Committee Meeting of July 29, 2003 | Vidal Gonzalez |
| Item 2 | Presentation, Discussion and Possible Approval of Fiscal Year 2004 Annual Audit Plan | David Gaines |

REPORT ITEMS

- | | | |
|--------|--|--------------|
| Item 3 | Presentation and discussion of: | |
| a) | Fiscal Year 2003 Annual Internal Audit Report | David Gaines |
| c) | Internal Auditing Report on Manufactured Housing Division – Controls Over Fee Collections | David Gaines |
| d) | Internal Auditing Report on Housing Tax Credit Program – Controls Over Construction of Housing Tax Credit Developments | David Gaines |
| e) | HUD - Rental Integrity Monitoring Review of Section 8 Housing Choice Voucher Program | David Gaines |
| f) | HUD – Monitoring Report of Emergency Shelter Grant Program | David Gaines |
| g) | Prior Audit Issues | David Gaines |
| a. | September 2000 HUD Section 8 Management Review | |
| b. | November 2001 HUD Monitoring Visits of HOME Program | |
| c. | June 2003 State Auditor’s Report, Selected Assistance Programs | |
| d. | Other Miscellaneous Prior Audit Issues (Section 8 Program Specific Audit, Controls over Single Family Loans Audit, and Statewide Federal Single Audit) | |
| h) | Status of Central Database | David Gaines |

EXECUTIVE SESSION

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

Vidal Gonzalez

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

Vidal Gonzalez

ADJOURN

Vidal Gonzalez

Individuals who require auxiliary aids or services for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3100 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.

AUDIT COMMITTEE MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, Room 437, Austin, Texas 78701
July 29, 2003 12:30 pm

Summary of Minutes

CALL TO ORDER, ROLL CALL

CERTIFICATION OF QUORUM

The Audit Committee Meeting of the Texas Department of Housing and Community Affairs of July 29, 2003 was called to order by Chair Vidal Gonzalez at 12:30 p.m. It was held at the Texas Department of Housing and Community Affairs Boardroom, Austin, Texas. Roll call certified a quorum was present. Shad Bogany was absent. Mr. Gonzalez read a letter from Michael Jones, Chair of TDHCA Board which stated that Mr. C. Kent Conine was being appointed as an alternate member of the Audit Committee of the Texas Department of Housing and Community Affairs, effective July 28, 2003.

Members present:

Vidal Gonzalez -- Chair

Elizabeth Anderson - Member

C. Kent Conine – Alternate Member

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

PUBLIC COMMENT

The Audit Committee of the Board of the Texas Department of Housing and Community Affairs will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by department staff and motions made by the Committee.

ACTION ITEMS

- 1) **Presentation, discussion and possible approval of Minutes of Audit Committee Meeting of May15, 2003**
Motion made by Beth Anderson and seconded by Vidal Gonzalez to approve the Minutes of the Audit Committee Meeting of May 15, 2003.
Passed Unanimously

REPORT ITEMS

- 2) **Presentation and discussion of:**
 - a) **HOME Program:**
 - 1) **Prior Audit Issues Including Texas State Affordable Housing Corporation (TSAHC) Related Issues**
Mr. David Gaines, Director of Internal Auditing, stated the Department has had communications with HUD in the form of written material and a phone conversation with HUD regarding these issues. There was a letter from HUD dated June 20, 2003 which was a response to TDHCA's letter of April 2003 which provided an overview of the current status of the HUD related issues and the status of the required corrective actions taken to date. The Department responded to HUD again on July 25, 2003 which included a summary of the findings, summary of the required and corrective actions and the department's updated response to HUD. There were originally eight issues in the letter. Four of these issues have been reported by HUD as being cleared.

The open findings are: 1) TDHCA must submit for HUDs approval the processes and procedures used to monitor and oversee recipients and sub recipients and this process must include a commitment to provide sufficient construction monitoring of housing sites by qualified persons to ensure that the beneficiaries are receiving the program benefits.

Suzanne Phillips, Director of Portfolio Management and Compliance stated TDHCA talked to Ms. Katie Worsham of HUD and HUD is sending a letter which states that HUD believes the department has made

substantial progress and is close to closure on all of the findings and that HUD believes the department definitely has the capacity to administer the HOME Program very well.

Mr. Gaines stated HUD concluded that the home buyers assistance, owner-occupied housing assistance and contract for deed conversion programs were not in compliance with the HOME rules. The department is to submit to HUD for approval, the processes and procedures for handling inspections of construction activities and that actions are performed by fully documented project files by qualified persons. The department is also to conduct an onsite inspection by a qualified person to review any claims of homes that are not in compliance. HUD will provide the department and TSAHC a six month window to ascertain the level of compliance with houses whose owners responded to a survey and who have claims and the department will determine whether repairs should be done or whether TSAHC should refund the dollars associated with the individual subsidies. There were over 1,100 surveys sent and TDHCA received 212 responses.

2) Related to a third party lender, HOME Inc. who contracted with TSAHC and the issues relate to an instance where the contractor received payment for uncompleted work. There were an additional 27 households that received services from HOME Inc. and HUD is asking TDHCA to gain satisfaction that these recipients were adequately satisfied. The funds will either be repaid on the individual houses that do not meet the appropriate standards or repairs will be done.

Item 3) This finding was resolved.

4) Concerns 14 contract for deed conversions of which 3 were vacant lots. The department has reimbursed HUD for these vacant lots and of the remaining eleven, HUD wants TDHCA to assess whether those property owners have been satisfied and is requiring that the department conduct an inspection of the eleven remaining houses identified. One inspection has been completed and four homeowners did not identify any problems.

5,6,7) Have been cleared by HUD.

8) Lack of documentation that newly construction single family and multi family units are in compliance with the current edition of the model energy code. Of 269 units, TDHCA has notified HUD that 154 have been certified as in compliance. HUD insists that the remaining units be certified as in compliance. HUD has given the department six months to complete gathering the certifications and to the extent that TSAHC is unable to document and pull those certifications in, the cost would be disallowed associated with those units. The issue of not being in compliance with Section 504 handicap accessibility requirements was cleared.

Mr. David Long, of TSAHC, thanked the staff of TDHCA for all their help in clearing up these audit findings and stated they have been working as a team and he did appreciate all the hard work of TDHCA.

b) 2003 Annual Review of TDHCA Performance of Duties Based on Memorandum of Understanding with the Resolution Trust Corporation

Mr. Gaines stated this is an annual review of the department's performance of duties defined by the MOU between the Resolution Trust Corporation and TDHCA for the department to act as RTCs monitoring and compliance agent ensuring that owners of the affordable housing disposition program properties satisfy the commitments as defined in the LURA. The review considered staffing, their knowledge regarding the RTC and FDIC affordable housing monitoring compliance requirements, policy implementation and quality control, enforcement, record management and training for owners and property managers. He quoted a portion of the report which states: "TDHCA continues to produce exceptional work product. They carry out their obligations under the MOU, ensuring that the owners of the HDP properties meet their commitments as defined in the LURAs. Management's philosophy of maintaining affordable housing for lower income families across the State of Texas is evidenced in the manner that they carry out their monitoring efforts. TDHCA continues to be the benchmark that all other monitoring agencies are compared". The credit for this positive report goes to the staff of the Portfolio Management and Compliance Division.

c) State Energy Conservation Office – On-Site Program Monitoring Report Relating to the Department's Administration of SECO Contract

Mr. Gaines stated this related to an onsite monitoring report review of the department's administration of the State Energy Conservation Office (SECO) contract. The monitoring visit was conducted by SECO and the

purpose of the visit was to determine the department's effectiveness in accomplishing the prescribed objectives and focused on project administration, financial administration and equal employment opportunity. Based on the results of the monitoring review a letter was issued that concluded that the department's administrative attention to the contractual obligations has been less than satisfactory. The department responded to this letter stating that the department has undergone reorganization effective March 2003 and that the Housing Trust Fund was affected by the reorganization. It stated that the SECO funds are now administered by specialized functional areas within the department to provide better assurance that the department is delivering its programs in a most efficient and effective manner. The Department will continue to work on better administration.

d) Section 8 Program: Rental Integrity Monitoring Review Scheduled for July 28-August 1, 2003

Mr. Gaines stated this item relates to the rental integrity monitoring review that is currently in progress. The purpose of the review is to reduce income and rent errors and improper payments in the administration of the Section 8 program and to try to maximize HUDs limited housing resources by assuring maximum participation in the program by as many low income families as feasible.

Ms. Carrington stated the remainder of the items relate to a SAO report on selected assistance programs of TDHCA. The department takes these reports seriously and staff is working with the SAO to review the three recipients mentioned in the report and have been working on the responses since April. Since audits help identify weaknesses in the department, TDHCA will look at processes, procedures and see how and where to make suggested improvements. This is an opportunity to improve operations throughout the department.

e) State Auditor's Report (SAO), *Selected Assistance Programs at the Texas Department of Housing and Community Affairs*

Mr. Gaines stated this audit began in July 2002. The report draft conference was held in May of 2003 and the department provided its response on June 25, 2003. The report was released July 2, 2003. During this audit, the SAO visited 3 of the department's subrecipients that administer community services block grants, weatherization assistance and comprehensive energy assistance programs. Those were Tom Green County Community Action Council in San Angelo, Greater East Texas Community Action Program in Nacogdoches and the City of Fort Worth. Two more recipients were reviewed for the emergency shelter and grant program and these were Women's Shelter of East Texas in Nacogdoches and the Highlands Lake Family Crisis Center in Marble Falls.

Rachel Cohen, Manager of Project, SAO, Austin, Texas

Ms. Cohen stated they review five programs, Weatherization, CEAP, Shelter Grant Program, ESBG and Section 8. The objectives were to determine whether the subgrantees were using the funds to provide eligible services to eligible people. They were to review if the money was doing what it was supposed to be doing once it got to the communities and if the funds were spent in a way that ensured service would be maximized. Also for Section 8, they review the status in implementing prior audit findings. The greatest problems were found to be in weatherization and there were weaknesses associated with not having processes in place to ensure that the multi family units were eligible and that may have meant that ineligible people may have gotten services.

Mr. Gaines stated management is general agreement with the report but the department does have processes in place to provide assurance against many of the conditions noted in the SAO report.

f) Analysis of SAO Audit Conditions Noted and Department's Associated Controls/Procedures and Actions Taken/Planned

Mr. Gaines stated procedures may be ingrained and passed on to staff through on-the-job training but they were not formalized in standard operating procedures. Management will improve document standards. Additional information is being required and management will have a basis for conducting quality assurance reviews of work performed by staff and will help identify areas where staff training may be necessary. The department did not have controls in place to address the compliance requirement that 66% of the multi-family dwellings that are to be weatherized within a property be income eligible. Management will now take appropriate corrective action.

The department will provide an update every six months to the Board and the Audit Committee on these items.

At this time, Mr. Gonzalez recognized Eric Opiela of the House Committee on Urban Affairs and Beau Rothchild who will be taking over Mr. Opiela's job shortly.

g) Historical Performance of Subrecipients Reviewed in Connection with SAO Audit:

1) Greater East Texas Community Action Program – Management's Analysis and Evaluation of Performance

a) Programmatic Summary of Work Completed

b) Results of Prior Three Years' Monitoring Visits

c) Results of Prior Three Years' Single Audit Reports

Mr. Gaines reviewed the evaluation of the subrecipients performance including number of units weatherized, total funds awarded, % expended, to whom services were provided and income levels of people served. The monitoring visits conducted by TDHCA were reviewed. The single audit information for the last 3 years were presented. He noted that the subrecipient does get funds advanced for expenditures which are drawn every 30 days. They submit a report every 30 days requesting 30 days cash advance and funding to net out previous costs. There were significant repeat monitoring findings which were reviewed.

2) Tom Green County Community Action Council – Management's Analysis and Evaluation of Performance

a) Programmatic Summary of Work Completed

b) Results of Prior Three Years' Monitoring Visits

c) Results of Prior Three Years' Single Audit Reports

This information was in the Board book for review by the Committee.

3) City of Fort Worth – Management's Analysis and Evaluation of Performance

a) Programmatic Summary of Work Completed

b) Results of Prior Three Years' Monitoring Visits

c) Results of Prior Three Years' Single Audit Reports

This information was in the Board book for review by the Committee.

h) State Auditor's Office – *A Special Investigation Unit Report Regarding Tom Green Community Action Council*

Mr. Gaines presented the results of a recently completed investigation by the FBI which the SAO special investigative unit participated in. Staff has been meeting with this group and working with the county judges to designate an interim new board for this organization. The State Auditors Office as a result of their work with the FBI, is continuing an investigation of state-funded programs being received by Tom Green County.

i) Energy Assistance Programs:

1) Summary Report of Prior Audit Issues Since FYE 8/31/99

Mr. Gaines presented a summary of the prior audit issues since 1997 relating to this program.

2) Results of Funding Source Monitoring Reviews Since September 1997

Mr. Gaines reported that two reviews have taken place since 1997. The last review indicated the program appeared to be well managed. The State processes and procedures were in place for providing guidance on financial and programmatic management of the program and appear to be working well and the oversight system in place noted a problem and acted in issuing the corrective action to the subgrantee.

3) Program Monitoring

Mr. Gaines stated this was a list of the monitoring responsibilities in the weatherization program and the procedures and responsibilities were in the Board book. This helps identify what is required of TDHCA and what procedures are in place to ensure compliance.

j) Section 8 Program:

1) Summary Report of Prior Single Audit Issues Since FYE 8/31/99

Mr. Gaines presented a summary of the prior audit issues since 1997 relating to this program.

2) Status of Prior Section 8 Noncompliance Issues Identified in 2000 (by HUD and External Auditor)

Mr. Gaines stated this included a management response of July 18th to the original HUD audit. This was an update status and management believes that it had more to do with the quality control processes and considers these recommendations implemented.

3) Program Monitoring

Mr. Gaines stated there were 3 issues that resulted from the single audit review by KPMG. Each of these has been cleared.

k) Graduated Sanctions Available to Community Affairs Division for Addressing Poor Performance Program Subrecipients Leading up to And Including Termination

l) Graduated Sanctions Applied Against Community Affairs Division's Subrecipients Since September 1, 1998

Mr. Gaines stated these two items related to sanctions by the Community Affairs Division over the poor performing subrecipients over the last several years. He reviewed the procedures, sanctions, etc.

Mr. Fariss stated these are sanctions that have been imposed on Community Affairs programs since 1998. The termination sanction was used once and three others voluntarily relinquished their contracts. He stated all of the audits pointed out areas where TDHCA can tighten procedures and it also suggested ways to enhance the policies. Staff is working to clear all audits and to prevent future problems by incorporating new suggested procedures into current policies and procedures.

EXECUTIVE SESSION

Personnel Matters under Section 551.074, Texas Government Code

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

Mr. Gonzalez stated: "Pursuant to Section 2306.056, Texas Government Code, Chairman of the Board of Directors, Texas Department of Housing and Community Affairs. Mike Jones has appointed Vidal Gonzalez, Beth Anderson, and Shad Bogany, with an optional board member as a substitute member, who is Kent Conine, and all are current Texas Department of Housing and Community Affairs board members, to serve as the Audit Committee, with Mr. Gonzalez as chairman of the Audit Committee. On this day, July 29, 2003, at a regular Audit Committee meeting of the Texas Department of Housing and Community Affairs, held in Austin, Texas, the Audit Committee adjourned into a closed executive session, as evidenced by the following. The Audit Committee will begin its executive session today, July 29, 2003, at 3:30 p.m. The subject matter of this executive session deliberation is as follows: personnel matters, under Section 551.074 Texas Government Code, and, if permitted by law, the discussion of any item that's been on the Audit Committee meeting agenda of even date."

The Committee went into executive session at 3:30 pm and returned to Open Session at 3:50 pm.

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

Mr. Gonzalez stated: "The Audit Committee has completed its executive session of the Texas Department of Housing and Community Affairs on July 29, 2003, at 3:50 p.m. The subject matter of this executive session deliberation is as follows: personnel matters under Section 551.074 Texas Government Code, action taken, none. Discussion of items listed on the Audit Committee meeting agenda of even date action taken, none. I hereby certify that this agenda of an executive session of the Audit Committee of the Texas Department of Housing and Community Affairs was properly authorized pursuant to 551.103 of the Texas Government Code, posted at Secretary of State's office seven days prior to the meeting, pursuant to 551.044 of the Texas Government Code, and that all members of the Audit Committee were present, with the exception of Shad Bogany, and that this is a true and correct record of the proceedings pursuant to the Texas Open Meetings Act, Chapter 551 Texas Government Code, as amended, Vidal Gonzalez, Chair."

Mr. Gonzalez recognized staff members who worked on the central database project. These individuals performed their regular duties and assisted in data input for this project. They were: Alyssa Carpenter, Analisa Gonzales, Annette Cormier, Aurora Carvajal, Becky Peterson, Blanca Hernandez, Christy Roberts, Jorge Reyes, Ty Myrick, Krissy Vavra, Laura Palacios, Linda Aguirre, Linsey Kornya, Liz Barrera, Mike Garrett, Mark Klingeman, Bobby

Grier, Michael Jovicovich, Misael Arroyo, Naomi Acuna, Nidia Hiroms, Rachel Metting, Teresa Morales, Brenda Hull, Joanne DePenning, Steve Schotman, Wendy Pollard, Veronica Martinez, Michelle Atkins and Delores Groneck.

Mr. Gonzalez thanked the staff and Ms. Carrington for all the effort and all the work they have done and stated it is truly appreciated.

Ms. Carrington stated this was a huge effort on the part of this group that volunteered and populated this database. There is still work to be done but they all did it ahead of time and under budget so they wanted to take this opportunity to say thank you.

Ms. Anderson stated this is just a great example of the agency pulling together, individuals in this agency who showed their commitment to the broad mission of the agency, and sometimes the things that one gets asked to do in support of a cause we believe in, they seem like little things but each keystroke by itself is a little thing. But without everyone doing this, we'd be a long time getting this done, and we are so much better able to serve the various communities that we interact with because of the data that you put in. So we have good historical data and we can move our programs forward.

She joined Ms. Carrington and the other members of the Committee in expressing her appreciation for going above and beyond, and stated she hoped everyone feels as good about their part in that how great it is to have it done and what an example is set for state employees all across Texas.

Mr. Gonzalez recognized the project sponsors, Ruth Cedillo and Bill Dally, and also the project managers, James Roper and Russ Walsh.

ADJOURN

Motion made by C. Kent Conine and seconded by Beth Anderson to adjourn.
Passed Unanimously

The meeting adjourned at 4:00 p.m.

Respectfully submitted,

_____, Board Secretary

p:dg:audmijul

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INTERNAL AUDIT PLAN (Proposed)
FISCAL YEAR 2004**

PROJECT	GENERAL OBJECTIVES
Planned Internal Audits/Other Audit Functions	
FY 2003 Carryover projects:	
Review of the Draw Process	To determine that draws are properly accounted for, adequately supported, and in compliance with Department standards.
Peer Review	To conduct Peer Review pursuant to Texas Government Code §2107.007 as arranged through the State Agency Internal Audit Forum (SAIAF) QAR program to fulfill obligation of reciprocity for Peer Review received by TDHCA in the 2002 Fiscal Year.
FY 2004 Projects:	
Subrecipient Monitoring	To assess the adequacy of the Department's subrecipient monitoring functions by risk ranking the programs' monitoring functions and activities to identify areas for coverage. A review of high risk areas will be conducted to determine whether adequate monitoring policies and procedures are in place to provide reasonable assurance that the Department's subrecipients comply with applicable Federal regulations, program rules and contract terms.
Follow-up on Prior Audit Issues	To prioritize prior audit issues previously reported as implemented and independently verify implementation status and adequacy of related policies and procedures.
Other Projects:	
Tracking Status of Prior Audit Issues - To track the status of prior audit issues for management/board report purposes.	
To serve as non-voting Chair of the Central Database Steering Committee charged with directing and monitoring the development of the Department's Central Database.	
To develop an annual audit plan for FY 2005 pursuant to the Texas Internal Auditing Act.	
To prepare an annual internal auditing report for FY 2004 pursuant to the Texas Internal Auditing Act.	
To coordinate and assist external auditors.	

October 1, 2003

State Auditor's Office
Robert E. Johnson Building
1501 North Congress Avenue, Suite 4.224
Austin, TX 78701

*Draft ... pending Board approval of
FY 2004 Audit Plan, page 23.*

Attention: *Internal Audit Coordinator*

The accompanying report on the activity of the Texas Department of Housing and Community Affairs' (the Department) Internal Auditing Division (Division) for fiscal year 2003 fulfills the requirement of the Texas Internal Auditing Act (Texas Government Code, Chapter 2102). The purpose of the report is to provide information on the benefits and effectiveness of the internal audit function. In addition, the annual report assists central oversight agencies in their work planning and coordinating efforts.

The work of the Division has contributed to more effective operations of the Department during fiscal year 2003. The Department has also undergone other audits and reviews by its external auditors and its largest federal funding agency. The audits and reviews performed by external teams and the Division have provided coverage over substantially all of the Department's significant financial accounts and many of the Department's significant operations. The Division also participated in various other projects (Section V).

We appreciate the opportunity to participate in this process. For further information about the contents of this report, please contact me at 475-3813.

Sincerely,

David Gaines, CPA, CISA
Director of Internal Auditing

cc: Wayne Roberts, Office of the Governor
Ed Osner, Legislative Budget Board
Joey Longley, Sunset Advisory Commission

Michael E. Jones, Chair of the Board of Directors
Edwina Carrington, Executive Director

Table of Contents

I.	Internal Audit Plan for Fiscal Year 2003	1
II.	External Quality Assurance Review	3
III.	List of Audits Completed	4
IV.	Organizational Chart	20
V.	Report on Other Internal Audit Activities	21
VI.	Internal Audit Plan for Fiscal Year 2004	23

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

I. Internal Audit Plan for Fiscal Year 2003¹

The following audit plan was approved by the TDHCA Governing Board on March 13, 2003:

PROJECT	GENERAL OBJECTIVES
Planned Internal Audits/Other Audit Activities	
Manufactured Housing Division's Fees Review	To assess the effectiveness of Manufactured Housing Division's controls over the fee collection process to ensure that authorized fees are collected and properly accounted for.
TDHCA Fees Review ²	To assess the effectiveness of the Department's controls over the fee collection process to ensure that authorized fees are collected and properly accounted for.
Review of the Draw Process ³	To determine that draws are properly accounted for, adequately supported, and in compliance with Department standards.
Peer Review ⁴	To conduct Peer Review pursuant to Texas Government Code §2107.007 as arranged through the State Agency Internal Audit Forum (SAIAF) QAR program to fulfill obligation of reciprocity for Peer Review received by TDHCA in the 2002 Fiscal Year.
Follow-up on Prior Audit Issues	To track the status of prior audit issues for management/board report purposes and to ascertain that appropriate action is taken on reported audit findings.
Other Projects	
To serve as non-voting Chair of the Central Database Steering Committee charged with directing and monitoring the development of the Department's Central Database.	
To develop an annual audit plan for FY 2004 pursuant to the Texas Internal Auditing Act.	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Other Projects
To prepare an annual internal auditing report for FY 2003 pursuant to the Texas Internal Auditing Act.
To coordinate and assist external auditors.

- ¹ **Deviations from the Fiscal Year 2003 Audit Plan** - Several deviations from the Fiscal Year 2003 Audit Plan occurred during the year. Audit project specific deviations are discussed below. Additionally, the Division spent over 200 hours in excess of that budgeted in preparation for Board meetings, the great majority relating to assisting management in preparing and presenting the status of prior audit issues at Board meetings, the Board meeting discussing the results of the State Auditor's Office report, *Selected Assistance Programs at the Department of Housing and Community Affairs*, and reviewing Board transcripts to assist management in identifying actions requested by the Board.
- ² The TDHCA Fee Review was cancelled based upon our assessment of risks. The primary reasons for this project being included in the Audit Plan were control weaknesses identified with the billing and collection of housing tax credit inspection fees. While these control weaknesses have since been resolved, they related to the Department extending credit by paying for inspection fees and seeking reimbursement from the development owners. The risks associated with extending credit and seeking reimbursement were not identified as they relate to other significant fees collected by the Department. All other significant fees are collected prior to or at the time of service. Additionally, our review of fees collected by the Manufactured Housing Division (MHD) verified that the Department's accounting division, which processes other fees collected by the Department, has adequate controls in place to provide reasonable assurance that receipts are properly deposited and accounted for. *[Note: The Department's control of receipts from incoming mail to initial recording by the accounting division was not considered in the review of MHD's Fees Review as the MHD has its own distinct incoming mail process. Accordingly, the Department's incoming mail process may be an audit area for future consideration.]* While the project was cancelled, a substantial portion of the time budgeted to this project was applied to the Manufactured Housing Fees Review, which took longer than anticipated due to difficulties associated with identifying the population of receipts to consider and the selection and tests of the sample. The balance of the time was expended developing a sufficient understanding of the related policies, procedures and processes to assess the risks associated with the audit subject matter.
- ³ The Review of Draw Processes project has been carried over to the Fiscal Year 2004 Audit Plan. More time than anticipated was involved in developing an understanding of the draw processes which were undergoing significant changes resulting from the Department's reorganization effective March 1, 2003. Changes have resulted from multiple draw functions being consolidated and efforts to formalize and standardize previously decentralized, distinct processes. While many of the processes have been standardized, the Department is still in the process of formalizing them. Additionally, an internal audit staff member new to the Department was assigned to perform the audit. The draw process being in a state of flux as well as the challenges associated with a new staff member precluded the Internal Auditing Division from developing an understanding of the processes sufficient to plan and conduct the audit in a timely fashion. The time budgeted for the project was consumed during the fiscal year. The project is being carried over to Fiscal Year 2004 for completion. Remaining key tasks include selecting and testing a sample of draws, evaluating results and preparing the report.
- ⁴ The State Agency Internal Audit Forum (SAIAF) did not request Department internal audit staff to contribute to the Quality Assurance Program to fulfill the Internal Audit Division's obligation of reciprocation for a peer review received by the Department in the 2002 Fiscal Year. The time budgeted for this review was consumed in other activities explained in this series of notes relating to deviations from the Audit Plan. The Internal Auditing Division fully expects to satisfy its obligation during Fiscal Year 2004 and has budgeted the time in that year's audit plan.

II. External Quality Assurance Review

The most recent quality assurance review (QAR) of the Department was conducted as of August 2002 which resulted in a report dated January 30, 2003, and was performed by Catherine A. Melvin, CIA, CPA, Director of Internal Audit, Texas Department of Protective and Regulatory Services, and Lesley C. Wade, CPA, Director of Internal Audit, Texas Department of Economic Development.

The Texas Government Code §2107.007 requires state agency internal audit functions to periodically undergo a comprehensive external peer review, or quality assurance review (QAR). This review was arranged through the State Agency Internal Audit Forum (SAIAF) QAR program and adhered to the guidelines established therein. Quality assurance reviews through SAIAF are conducted at no direct cost to the internal audit function being reviewed, though staff from the reviewed department must agree to participate in subsequent QARs sponsored by SAIAF of other state agency internal audit functions.

The scope of the work included a review of the Department's internal audit function and operations for specific compliance with the:

- ∉ Texas Internal Auditing Act (Tex. Gov't. Code Chapter 2102),
- ∉ Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, and
- ∉ Generally accepted governmental auditing standards promulgated by the U.S. General Accounting Office.

The following is an excerpt from the report's Executive Summary:

"Overall, the internal audit function **fully complies** with the Standards and the Act. Additionally, internal audit employs practices that are considered "best practices" by the internal audit community. These include involving management in the annual planning process, attending senior staff and administrative staff meetings, serving as a liaison with external auditors and reviewers, and providing consultative assistance to management in joint improvement projects and new process development. The results of the interviews and surveys conducted clearly show that the Internal Audit Division is highly regarded."

As indicated from the report excerpt above, the work of the Department's Internal Auditing Division **fully complies** with the Institute of Internal Auditor's *Standards for the Professional Practice of Internal Auditing* and the Texas Internal Auditing Act. This is the highest out of three possible ratings (fully complies, partially complies, does not comply) which can be assigned.

The prior QAR of the Division was conducted the summer of 1999, which resulted in a substantially complies (highest rating) report dated August 30, 1999, and was performed by Caroline Maclay Beyer, CPA, and Charles F. Lyon, CPA.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

III. List of Audits Completed Showing Scope, Observations/Findings, Recommendations and Status

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
3.04	03/04/03	Low Income Housing Tax Credit (LIHTC) program - Construction Inspection Fees Due From/Due To Project Owners	An agreed upon procedures report to assist TDHCA management with an evaluation of fee amounts due from project owners of LIHTC projects.	A subsidiary ledger that identifies payments to inspectors and reimbursement from project owners, by specific project, had been prepared and reconciled to the accounting records. As of September 30, 2002, Net Inspection Fees Due from Project Owners for construction inspections conducted prior to September 1, 2002, totaled \$100,126. The net balance consists of \$203,238 Due From Project Owners and \$103,112 Due to Project Owners.	Not applicable	An additional \$203,238 in fees due TDHCA were identified for collection. In addition, it was determined that \$103,112 was due to project owners for overpayments.
				The LIHTC division did not have procedures in place to reconcile its subsidiary records with the accounting records. It was also noted that LIHTC did not maintain complete documentation supporting postings to the subsidiary records for projects' billings and receipts collections. As a result, the completeness and accuracy of LIHTC's subsidiary records could not be relied upon. A subsidiary ledger should be prepared that, at a minimum, supports the postings and balances to the accounting records and identifies payments to inspectors and reimbursements from project owners, by specific project. Documentation should be accumulated to support all subsidiary ledger postings.	Implemented per management.	
				Construction inspection fees paid by the Department and the related reimbursements from the project owners were recorded in the accounting records as expenditures and as credits against expenditures, respectively. Expenditure accounts are closed to fund balance accounts at the end of each year which precludes an ongoing accounting of balances due from project owners until final collection. Construction inspection fees paid by the Department on behalf of project owners and the related reimbursements should be recorded in the accounting records as an asset account to allow for carryover of account balances between years.	Implemented per management.		Proper accounting and billing and protection of assets.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
3.04	03/04/03	Low Income Housing Tax Credit (LIHTC) program - Construction Inspection Fees Due From/Due To Project Owners	An agreed upon procedures report to assist TDHCA management with respect to the evaluation of fee amounts due from project owners of LIHTC projects.	<p>We compared subsidiary ledger totals to accounting record totals to ensure agreement between the two sets of records. We also determined that reimbursements amounts received in September 2002 were properly posted to the accounting records as of August 21, 2002.</p> <p>No differences in totals were noted between the subsidiary records and accounting records.</p>	Not Applicable	Proper accounting and billing and protection of assets.
				<p>We selected a random sample of 30 (16.5%) purchase vouchers representing 125 individual LIHTC project inspections totaling \$207,231, or 26.6 percent of the total inspection fees paid by the Department through August 31, 2002. We reviewed the supporting invoices to determine if the LIHTC construction inspection expenditures were properly recorded in the accounting and subsidiary records for each project.</p> <p><u>Results</u> - No exceptions were noted. Although management and staff provided documentation supporting the sample items, it was noted that they are still in the process of compiling and reviewing documentation to support the subsidiary records. Management and staff need to continue documenting all recorded transactions comprising outstanding balances for amount due from and due to project owners to ensure billings to project owners are properly supported and refunds to project owners are warranted.</p>	Implemented per management.	Proper accounting and billing and protection of assets.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
3.06	08/29/03	Housing Tax Credit (HTC) Program - Controls Over Construction of Housing Tax Credit Developments	To determine whether the Texas Department of Housing and Community Affairs had sufficient controls over HTC developments to provide reasonable assurance those developments conformed to the specifications approved by the Board.	<p>Program management had not designed formal policies and procedures to provide reasonable assurance of adequate delivery of HTC development "brick and mortar" specifications such as the number of units being constructed, unit sizes, number of bedrooms/bathrooms and development amenities considered and approved by the Board in making the tax credit awards. Although management had implemented some controls for the construction phase of an HTC development, these controls were limited and there were various factors which precluded their effectiveness from operating as intended by management and the Board.</p> <p>Formal policies and procedures should be established to ensure that (1) tax credit developments are monitored during the construction phase for project specifications considered by management and the Board in making its tax credit awards and to ensure compliance with standards, (2) proper oversight of contract inspectors is performed to ensure that contract terms are being satisfactorily fulfilled, (3) that deficiencies noted during the construction phase are adequately resolved prior to the final inspection and issuance of IRS Form 8609 (supports the tax credit amount allocated to the development owner), and (4) a formal definition of material and immaterial be established regarding acceptable changes in the number of units in a development plan to dictate when additional Board consideration and approval are required.</p>	Implemented per management.	Ensure construction standards are met and development specifications are delivered.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
3.06	08/29/03	Housing Tax Credit (HTC) Program - Controls Over Construction of Housing Tax Credit Developments	To determine whether the Texas Department of Housing and Community Affairs had sufficient controls over HTC developments to provide reasonable assurance those developments conformed to the specifications approved by the Board.	<p>Necessary HTC program management information relating to actual performance is not accumulated in a complete, accurate, timely and usable fashion for staff, management, board members and oversight personnel to effectively perform their job duties or for decision making purposes.</p> <p>All requirements and information needs should be thoroughly identified and considered in the requirement definition of the fully integrated management information system currently in development by the Department. All tax credit related functional areas, including housing tax credit production; underwriting, compliance and asset management staff should work together with the development team to ensure that the system's requirements adequately define all functional and informational needs of the program. Informational needs of other users such as other program areas that may contract with the same parties that apply for or receive tax credits, executive management, the Board and oversight agencies, including the U.S. Treasury and Internal Revenue Service, should also be considered in the requirement definition.</p>	<p>In process of implementation.</p> <p>Both short-term and long-term actions are planned. During the first quarter of FY 2003, the Department will implement a short-term solution or interim redesign of the multifamily production's database, and build an interface from this database to provide "front-end" information to the Compliance Monitoring Tracking System for compliance and monitoring purposes.</p> <p>The Department's tax credit related functional areas and Information Systems staff will work together to ensure that the system design meets the needs of the tax credits program when the requirements phase of the project begins.</p> <p>The Department's goal is to have a fully integrated and functional tax credit system in place for the 2005 application cycle.</p>	Adequacy of management information.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
3.07	08/29/03	Manufactured Housing Division - Controls over Fee Collections	To assess the effectiveness of the Department's controls over the fee collection processes designed to provide reasonable assurance that all authorized fees are properly collected and accounted for.	<p>Improve Quality Control Procedures to Reduce the Risk of Errors and Ensure a Timely Processing and Accounting of Fee Collections - The following fee transactions that were not processed in an accurate or timely manner:</p> <ul style="list-style-type: none"> § A license was issued without all the applicable fees being collected in 2 of 23 licensing transactions. § Application overpayments or refunds had not been processed and/or made in a timely manner in 11 of 54 transactions. § Title cancellation fees (\$100 each) collected were not being cleared from suspense and reported as revenue in a timely manner. The fees were not being reported as revenue until the system automatically cleared them after remaining in suspense for over 180 days. § Other exceptions included two instances of missing supporting documentation and other processing issues where amounts were not cleared from suspense and reported as income. <p>Management should develop and implement quality control polices and procedures to provide reasonable assurance that applications are processed in an accurate and timely manner.</p>	<p>In the process of implementation.</p> <p>The Department will combine the titling and refund data entry processes to prevent oversight of refund processing; strengthen internal control policy ensuring applications are processed with the required fees by designating a supervisor or team leader; stop accepting checks from the consumer to eliminate checks returned for insufficient funds. Payments from consumers will be limited to cashiers checks, certified checks, money orders and cash; update the Standard Operating Procedures, including establishing clear criteria and timeframes for clearing items from suspense; and reinstate internal quality control procedures to randomly audit applications processed to ensure proper coding, data entry and cash receipt handling.</p> <p>The title cancellation fee problem has been corrected with the development of a code to be used in the data entry process which will automatically clear the \$100 fee.</p>	Assurance that controls are in place to reduce the risk of errors, and to timely process and account for fees collected.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
3.07	08/29/03	Manufactured Housing Division - Controls over Fee Collections	To assess the effectiveness of the Department's controls over the fee collection processes designed to provide reasonable assurance that all authorized fees are properly collected and accounted for.	<p>Improve Accounting Controls by Reconciling Fees Received to Amounts Deposited in the State Treasury - The fee receipts entered into Genesis Receipt system, which establishes the initial control over receipts, are not reconciled with the amounts deposited to the State Treasury and recorded in the Department's accounting records. Accordingly, there is inadequate assurance that deposits to the State Treasury are complete and that the receipts recorded in the Department's accounting records and the Division's Genesis system are accurate.</p> <p>Management should develop and implement standard operating procedures to reconcile fees received and posted to the Division's Genesis Receipt system with the amounts deposited into the State Treasury and recorded into the Department's accounting records.</p>	<p>In the process of implementation.</p> <p>The Department will develop and implement a policy dictating all types of fees to be reconciled monthly with the Department's general ledger. In addition, TDHCA Accounting will provide USAS/CSAS reports to Manufactured Housing to reconcile the financial data recorded in Genesis on a monthly basis.</p>	<p>Assurance that deposits to the State Treasury are complete and that receipts are accurately recorded in the Department's program and accounting records.</p>
				<p>Update the Division's Standard Operating Procedures - Generally, most of the Division's processing standard operating procedures (SOPs) need updating. Most have not been updated since 1997 thru 1999 and do not accurately reflect the current application processing procedures, organizational structure, job titles and responsibilities and the Genesis automated system operating procedures.</p>	<p>In the process of implementation.</p> <p>The Department will update and/or amend its existing formal SOP's to reflect current processing activities, requirements and responsibilities.</p>	<p>Assists in assuring employee job duties and responsibilities are fulfilled as intended by management.</p>
N/A	12/20/02	Report to Management - Year Ended August 31, 2002	Annual independent audit of the Department's general purpose financial statements.	<p>Reconsider the status of Director's and Officer's (D&O) insurance and assess necessity of coverage.</p>	<p>Implemented per management.</p>	<p>Mitigates risks.</p>
				<p>Analyze historical loan losses (for TDHCA or for similar agencies throughout the US) for regular loans and design a reserve methodology that is based on actual loss experience.</p>	<p>Implemented per management.</p>	<p>Proper accounting of assets.</p>
N/A	01/30/03	Quality Assurance Review of TDHCA Internal Audit Function	Review of Department's Internal Audit function to appraise the quality of the operations.	<p>Update charter to incorporate newly prescribed consulting standards.</p>	<p>Implemented per management.</p>	<p>Promotion of effective internal audit function.</p>
				<p>Revise charter and job description wording to specifically mention adherence to the IIA Code of Ethics.</p>	<p>Implemented per management.</p>	
				<p>Amend charter to require the Board to periodically review whether resources allocated to the Internal Auditing Division are adequate.</p>	<p>Implemented per management.</p>	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
SAO No. 03-008	11/15/02	Report on FY 2001 Performance Measures	To determine accuracy of key performance measures reported to the ABEST database.	Recalculate performance results and amend ABEST if the Department receives information that affects previously reported results for (1) Percent of Persons in Poverty that Received Homeless or Poverty Related Assistance and (2) Number of Persons Assisted that Achieve Incomes Above Poverty Level.	Implemented per management.	A proper accounting of performance.
				Evaluate and improve the review processes for data collection and calculation to ensure the accuracy of Manufactured Housing Division (MHD) compliant resolution data submitted to ABEST.	Implemented per management.	
				Enhance data collection and calculation processes to include documented, detailed steps taken to arrive at the reported performance figure and review performance data after it is entered in ABEST and prior to final submission to ABEST (Percent of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-Related Assistance).	Implemented per management.	
				Review performance data after entering it in ABEST and prior to final submission (Projected Number of Very Low and Low Income Households Benefiting from HOME Investment Program Loans and Grants).	Implemented per management.	
				Review Manufactured Housing Division (MHD) Number of Complaints Resolved data after entering it in ABEST and prior to final submission.	Implemented per management.	
N/A	02/24/03	Report on FY 2002 Compliance with Requirements A-133 and Internal Controls	Statewide Federal Single Audit for FY August 31, 2002 (SAO contract with KPMG)	Establish management sample review of project files for compliance with maximum per unit subsidy rules and regulations and designate on the project set up form the mortgage limit amounts or a reference to the appropriate rules and regulations along with a requirement for the individual responsible for its preparation to initial his or her acknowledgment of compliance. Questioned Cost: \$3,000 due to a project award in excess of maximum allowable award (1 of 40 projects).	Implemented per management.	Ensure program compliance.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
N/A	02/24/03	Report on FY 2002 Compliance with Requirements A-133 and Internal Controls	Statewide Federal Single Audit for FY August 31, 2002 (SAO contract with KPMG)	Establish procedures to monitor the clearance patterns of all programs subject to CMIA Subpart A on a yearly basis and inform the Comptroller's Office in those instances where there are significant changes in patterns. Questioned Cost: \$4,400 due to interest earned on program income and refund receipts accumulated and not disbursed prior to requesting additional federal funds and a discrepancy in the methodology used to calculate clearance patterns.	Implemented per management.	Program compliance, proper monitoring of excess cash balances and time value of money.
				Implement controls to ensure that formal notification of failure to meet housing quality standards by Sec. 8 owners is performed and documented; that follow up of the correction of these deficiencies is conducted within prescribed time frames; and that quality controls are put in place by program managers for assurance of supporting documentation and timely correction of deficiencies. Questioned Cost: \$3,795 due to housing assistance payments subsequent to the due date for correction of the deficiencies.	Implemented per management. HUD Letter dated July 18, 2003 closed finding based on the Department's response addressing the issue.	Program compliance and health and safety of program recipients.
				Ensure the completion of quality inspections for the Section 8 program within required time periods and develop and implement a quality control review process of inspection forms to ensure their completion by staff. Questioned Cost: \$16,239 due to housing assistance payments subsequent to inspection deadlines and incomplete inspection documentation.	Implemented per management. HUD Letter dated July 18, 2003 closed finding based on the Department's response addressing the issue.	Ensure program compliance.
SAO Rpt. No. 03-025	03/01/03	Compliance with Benefits Proportional by Fund Requirements	Testing of Benefits Proportional by the Fund Reports for FY 2001 at 20 State Agencies.	Develop a procedure to process adjustments identified in the Benefits Proportional by Fund Reports (BPFR) in a timely manner.	Implemented per management.	Time value of money and timely settlement of fund transfers.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
SAO Rpt. No. 03-041	06/30/03	Selected Assistance Programs at the Department of Housing and Community Affairs	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001 and 2002.	The Department did not ensure that subgrantees (1) provided weatherization services to only eligible multi-family dwellings, (2) did not exceed the maximum they can spend to weatherize a multi-family dwelling, and (3) fulfilled a variety of other WAP multi-family requirements, including the need to (3a) have applicants fully complete or sign WAP applications, (3b) for authorized individuals to sign final inspection forms, (3c) for utility billing histories to be obtained with only appropriate authorization, and (3d) for contracts with the owners of two multi-family dwellings specify that the owners did not inappropriately raise their rents.	In process of implementation. (1) TDHCA is in the process of analyzing the conditions noted by the SAO and will recoup all WAP funds determined to be disallowed. (2) A Multi-family Issuance is being developed to provide guidance on weatherizing multi-family buildings with relevant issues being incorporated in the monitoring instrument. (3) EA staff has identified all multifamily projects/buildings weatherized in SFY 2000, 2001, & 2002 required to meet the 66% rule and will randomly selected 10% of such eligible units for independent verification. If exceptions are noted, the sample will be expanded and the cost disallowed. (4) Expenditures on multi-family units will be tracked by modification to the Easy Audit by a web-based application.	Program compliance and appropriately serving qualified individuals.
				Weatherization Assistance Program (WAP), Comprehensive Energy Assistance Program (CEAP) and Community Services Block Grant (CSBG) subgrantees annualize 30 days of income to estimate annual income and determine income eligibility for services, which is allowable under federal regulations; however, using only 30 days of income allows applicants to receive services even when their annual household incomes exceed the program's income eligibility thresholds.	In process of implementation. A policy issuance is being prepared changing annualization of income to 90 days prior to the date of intake application, effective new program year (January 1, 2004).	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
SAO Rpt. No. 03-041	06/30/03	Selected Assistance Programs at the Department of Housing and Community Affairs	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001 and 2002.	<p>The Department does not ensure that WAP subgrantees provide allowable, cost-effective services. Examples include: (1) One subgrantee provided weatherization services to an applicant that the subgrantee had determined not to be income-eligible (\$2,469), replaced refrigerators in a multi-family dwelling without following documentation requirements to show that these replacements were allowable (\$2,475), and began weatherization work on three units before the energy audits had been completed (\$2,060), (2) The files of one subgrantee supporting \$202,000 in weatherization work at a multi-family dwelling consisted of a single, incomplete energy audit rather than the required energy audit for each unit. Although the energy audits were not in the files when the auditors reviewed them, an energy audit was subsequently found for each unit. Additionally, the subgrantee did not have any of the residents in eight single-family dwellings sign the final inspection report signifying that the weatherization work was actually completed and in five of these cases, the required energy audits were not signed or dated (\$16,685).</p> <p>Furthermore, the Department does not ensure that subgrantees' contracts provide for cost-effective and allowable weatherization services or provide guidance to WAP subgrantees regarding their contracts with weatherization contractors. Audit tests of three subgrantees found that: (1) The Department does not ensure that subgrantees' contracts have provisions to ensure the subgrantees pay contractors reasonable prices for weatherization services - one subgrantee had three contracts that did not include price lists for materials and labor. These contracts also lacked provisions allowing the subgrantee to review the contractors' actual receipts for the purchase of materials, which was important because the cost of the materials in these contracts was the basis of the payment. The same subgrantee also amended three weatherization contracts that had already expired - one amendment increased what the subgrantee would pay for labor from 65 percent of the cost of materials to 80 percent of the cost of materials rather than allowing other contractors to bid on the work to ensure that it paid the lowest price for weatherization services, and (2) The Department does not ensure that subgrantees' contracts adequately describe the scope of work weatherization contractors will perform - one subgrantee contracted with a contractor to "weatherize all eligible dwelling units" for a flat rate but the contract did not contain a statement of work or a definition of the term weatherize.</p>	Implemented per management.	Program compliance, appropriately serving qualified individuals and ensuring prudent procurement of contract services.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
SAO Rpt. No. 03-041	06/30/03	Selected Assistance Programs at the Department of Housing and Community Affairs	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001 and 2002.	<p>The WAP, CEAP, and CSBG programs close their monitoring processes without ensuring that subgrantees have addressed the issues identified during monitoring.</p> <p>Additionally, WAP monitors do not always identify issues that are present when they conduct monitoring. At two of the three WAP subgrantees audited, significant issues were present at that time of the Department's monitoring but the issues were not reported.</p>	Implemented per management.	Program compliance and adequate performance of subrecipients.
				<p>Section 8 Local operators had not awarded 213 (10 percent) and 247 (12 percent) housing assistance vouchers available to them at the end of program years 2001 and 2002, respectively. While Section 8 rental assistance vouchers remain unused in certain areas, local operators maintain waiting lists containing the names of individuals who are waiting to receive vouchers. The Department also reports that it did not spend \$830,000 (nearly 9 percent) of its federal Section 8 budget at the end of program year 2002. Federal rules for the Section 8 program require HUD to begin the process of reallocating funding from housing authorities that (1) award less than 90 percent of their vouchers and (2) fail to spend 90 percent of their funding. Therefore, the Department is approaching the conditions that would require HUD to begin reallocating its Section 8 funding.</p>	Implemented per management.	Maximizing resources and serving intended beneficiaries.
				<p>Federal guidelines and Department policy require that local operators award available Section 8 vouchers to families in the order in which the families' names appear on the Section 8 waiting lists. Although the Department has access to the current waiting lists for each local operator, those waiting lists do not specify when families received vouchers or whether families did not receive vouchers for legitimate reasons. This means that the Department cannot determine whether the local operator awarded the vouchers in the required order.</p>	Implemented per management.	Program compliance and ensuring equity in services provided.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
SAO Rpt. No. 03-041	06/30/03	Selected Assistance Programs at the Department of Housing and Community Affairs	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001 and 2002.	<p>The Department has not fully corrected several Section 8 noncompliance issues identified in two separate reviews conducted in 2000. In general, noncompliance continues relating to (1) waiting list administration, (2) determination of rent reasonableness, (3) documentation of required information, (4) use of correct lease addendum forms, (5) implementation of a family self-sufficiency program, (6) annual re-examination of family income, and (7) supervisory and review processes.</p>	Implemented per management.	Program compliance and adequately serving intended beneficiaries.
				<p>The Department requires its WAP subgrantees to use specific energy audit software called Easy Audit, but it has not made cost-effective decisions regarding this software. The software cost \$232,000 to develop and another \$240,000 to upgrade and the Department elected to require the use of this software rather than an energy audit software application that the U.S. Department of Energy (DOE) developed and makes available to states at no charge. Additionally, the Department does not own the source code for this software effectively limiting itself to a sole-source contract for any future upgrades to this software.</p> <p>Easy Audit also has weaknesses that limit its reliability and effectiveness and could lead to incorrect decisions regarding program eligibility determination.</p> <p>The Department should conduct and document a thorough cost-benefit analysis to determine which energy audit software is the best and most cost-effective to use.</p>	<p>In process of implementation.</p> <p>The Department believes that it conducted a thorough cost-benefit analysis to determine which energy audit software was the best and most cost-effective energy audit software to use in the WAP program.</p> <p>The proposed modification of EASY Audit to a web based format will resolve the issue of the existence of audits and the maintenance of a back up disc, access to audit files, and display of audit data.</p> <p>Training on the new EASY Audit for training staff and four subrecipients is scheduled for the week of September 22, 2003. The contract for the EASY audit modification has been amended to track actual cost allocated on the Building Weatherization Report to prevent exceeding maximum amounts, and show when leveraged funds are used in conjunction with DOE funds.</p>	Effective use of resources and accurate analysis of potential energy savings / payback periods.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
SAO Rpt. No. 03-041	06/30/03	Selected Assistance Programs at the Department of Housing and Community Affairs	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001 and 2002.	IT weaknesses limit the Department's ability to rely on the data in its information systems. Some contract signatures are missing from contracts stored electronically, the Department lacks an alternative site agreement, information is not consistently updated in certain information systems (accounting system - CSAS vs. program system - Genesis), and information in the Emergency Shelter Grant Program's monitoring tracking system is not accurate (data erroneously specified that the Department had conducted four ESGP monitoring visits that it had not actually conducted).	<p>In process of implementation.</p> <p>The Department is in the process of securing a waiver exemption because of prohibitive costs of using the required West Texas Disaster Recovery Operations Center. The Department is arranging for an affordable cold site, an available option for use by state agencies. Since the cold site does not include hardware, the Department is researching hardware insurance plan options that will provide specified hardware and delivery to the cold site within a set time period.</p> <p>Community Services is updating its electronic ESGP monitoring tracking system to eliminate inaccurate information regarding monitoring visits.</p> <p>The Department will ensure that it has valid contracts by having appropriate TDHCA staff and subgrantees electronically re-sign these contracts. TDHCA technical staff has established and monitors an automated, scheduled report on electronic signatures for all Community Affairs programs.</p>	Reliability and accuracy of electronic data and accountability for and enforcement of contract terms.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
SAO Rpt. No. 03-041	06/30/03	Selected Assistance Programs at the Department of Housing and Community Affairs	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001 and 2002.	The Department requires subgrantees to maintain complete and accurate financial and performance data. However, it does not monitor subgrantees' controls or provide subgrantees with technical assistance regarding the adequacy of controls over information that they maintain electronically.	In process of implementation. The Department has completed a draft audit questionnaire with supporting technical assistance on IT system controls that will be used by program monitors and is planned to be finalized and distributed to Community Affairs subgrantees and posted to the agency's website in October 2003.	Reliability and accuracy of subgrantee information.
				The Department does not ensure that WAP subgrantees target weatherization services to the priority populations that the U.S. Department of Energy has established. In addition, although the Department's annual state weatherization plan specifies that it will give priority to the federal priority populations, its contracts with subgrantees do not list two priority populations - high residential energy users and households with a high energy burdens. Subgrantees submit monthly reports on priority populations served; however, the Department does not monitor to ensure that its subgrantees are indeed targeting priority populations and this information does not ensure that subgrantees have actually targeted the priority populations.	In process of implementation. Revisions to the EASY audit require assigning points to priority populations so that a monitor can track which priority clients are served, and when. EA staff is working on amending weatherization contracts to add all priority populations to the contract boilerplates.	Serving intended beneficiaries.
				The Department lacks a policy to preclude subgrantees from approving their own ESGP grant awards. As a result, one ESGP grant recipient both received ESGP funds and served on the Department's review committee to award ESGP funds. Although the Department asserts that this grant recipient did not review its own application, the Department did not maintain adequate documentation to support this assertion.	Implemented per management.	Avoid conflict of interests. Promote equity in award decisions.

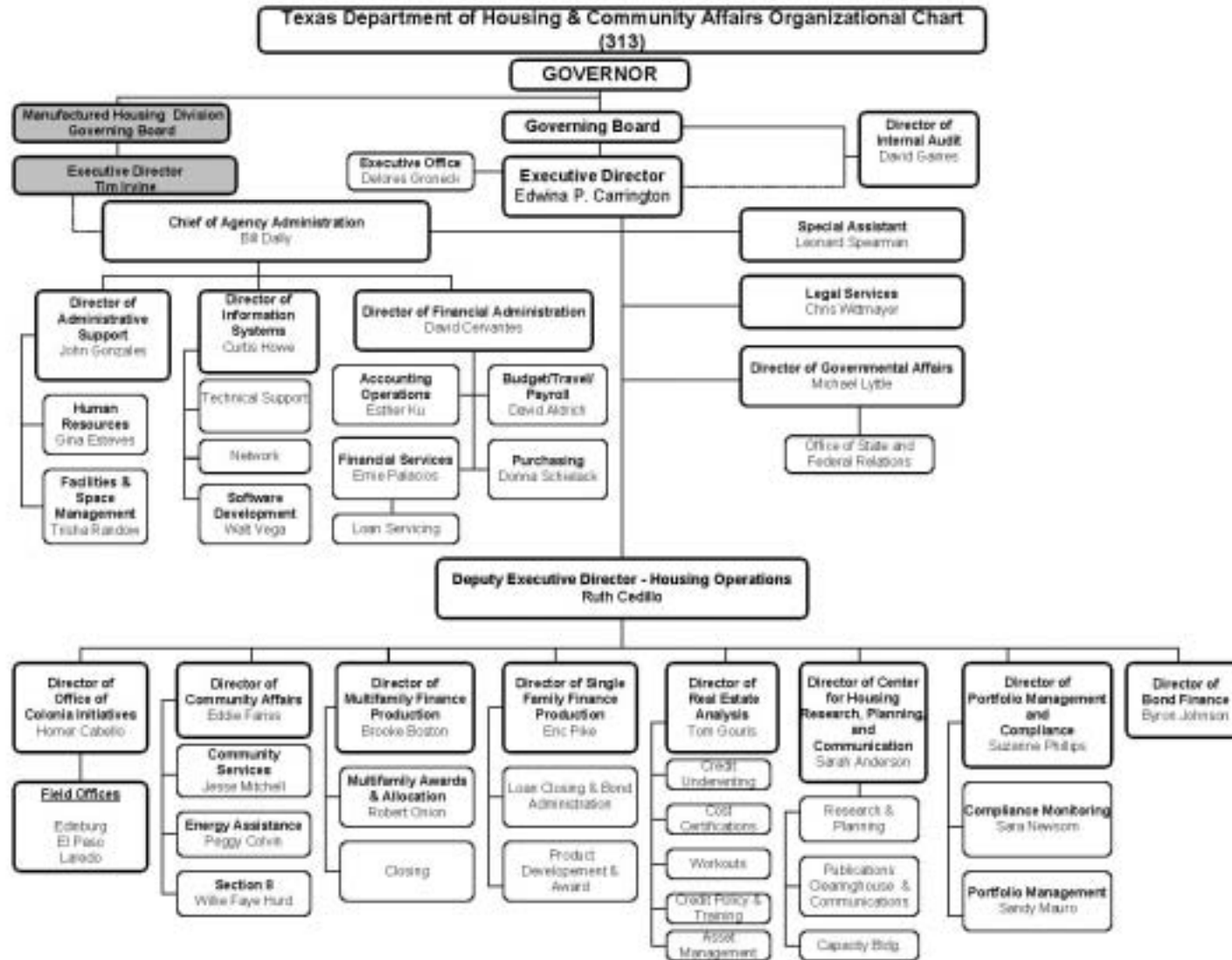
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
PHA No. TX 901	08/28/03	HUD - Rental Integrity Monitoring (RIM) Review	A focused and detailed assessment of public housing agency income and rent determinations in the Low Rent Public Housing and Section 8 Housing Choice Voucher (HCV) Programs.	Several of the files reviewed either had inadequate verification of asset, public assistance, social security and/or child support income, or there was no verification at all on file.	In process of implementation. Management concurs with the finding and recommendation and is in the process of formulating a corrective action plan. A formal response is due to HUD the first week of October 2003.	Ensure program compliance and qualified beneficiaries.
				The Department must properly verify all sources of income, assets, and deductions by obtaining third party verification.		
				The Department's software displays the lesser of payment standard or gross rent on line 12j of the HUD Form 50058. This results in an improper transfer of data to MTCS. While these errors do not cause a miscalculation of the Housing Assistance Payment or family rent to owner, it reports inaccurate data to HUD.	Implemented per management	Accuracy of data.
				The Department must revise form HUD-50058 data to accurately reflect payment standard.		
				The Department does not report food stamp income or exclude it on form HUD-50058. While this error does not impact the amount of housing assistance paid, it does cause the total amount of income to be reported inaccurately.	Implemented per management.	Accuracy of data.
			The Department must revise form HUD-50058 data to accurately reflect total income and exclusions.			
			The Department has not verified immigration eligibility. The Department must verify eligibility status for all non-citizens.	In process of implementation. Management concurs with the finding and recommendation and is in the process of formulating a corrective action plan. A formal response is due to HUD the first week of October 2003.	Program compliance and eligibility.	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

PHA No. TX 901	08/28/03	HUD - Rental Integrity Monitoring (RIM) Review	A focused and detailed assessment of public housing agency income and rent determinations in the Low Rent Public Housing and Section 8 Housing Choice Voucher (HCV) Programs.	<p>The Department is maintaining criminal background checks in a separate locked file drawer and not in tenant files. 24 CFR 5.903(g) requires the criminal record to be destroyed once the purpose for which the record was requested has been accomplished.</p> <p>The Department must remove and destroy all criminal background checks. All future criminal background checks must be destroyed once all actions are completed including any grievance hearings.</p>	<p>In process of implementation.</p> <p>Management concurs with the finding and recommendation and is in the process of formulating a corrective action plan. A formal response is due to HUD the first week of October 2003.</p>	Program compliance and avoidance of possible liability.
N/A	06/04/03	FDIC - Annual Review of the Affordable Housing Program of the FDIC, Dallas Operation Branch	Review based on the Memorandum of Understanding (MOU) between RTC and TDHCA relating to the following elements: organization/staffing, policy implementation, enforcement, record management, and training & support.	Policy Implementation and Quality Control: TDHCA and MDSI staffs are trained to carry out the FDIC AHP policies in a fair and equitable manner to ensure the intent of the program. Once a procedure has been established, it is enforced across the board.	Not Applicable	Ensure program compliance.
				Training: TDHCA continues to hold at least quarterly training sessions in the Dallas, Houston and Austin areas, to provide more than adequate opportunities for all owners and property managers to attend one of these sessions.	Not Applicable	Adequately trained owners, property managers & staff.
				Enforcement: TDHCA continues to work toward achieving full compliance in all FDIC AHP properties. Currently, TDHCA percentage of full compliance properties is currently 81%. TDHCA is able to achieve this high number of properties in full compliance because of the large number of telephone calls, letters and notification of non-compliance sent to the owners and property managers.	Not Applicable	Program compliance and ensuring intended beneficiaries are adequately served.
				Record Management: The quality of the property files continues to be excellent. However, during our file review, it was noted that a number of properties had on-site inspections scheduled but the completed reports were not in the property file, but in a separate file. It is recommended that a copy of the inspection reports be placed in the property file.	Implemented per management.	Ensure program compliance.

IV. Organizational Chart



Note: TDHCA has an audit committee.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

V. Report on Other Fiscal Year 2003 Internal Audit Activities

Activity	Impact
<p><u>Maintained Prior Audit Issue Tracking System</u> - The Division maintains the Department's Prior Audit Issue Tracking System that tracks prior internal and external audit findings, management's responses, corrective actions taken by management and the implementation status of unresolved audit findings. Extracts from the System are periodically provided to the Department's management and Governing Board and, as requested, the Department's external auditors, the State Auditor's Office and other oversight agencies.</p>	<p>Allows the Department's management, Governing Board, oversight agencies and other interested parties to readily assess the status of prior audit issues and corrective actions taken to resolve the issues. Promotes accountability for the status of corrective actions taken. Facilitates internal and external audit planning.</p>
<p><u>Coordinated External Auditors</u> - The Internal Auditing Division served as liaison and/or helped coordinate between the Department and the external auditors/monitors and/or advised management in responding to audit issues for the following audits:</p> <ul style="list-style-type: none"> § State Auditor's Office: Fiscal Year 2001 Performance Measures at 14 Entities § KPMG: Statewide Federal Single Audit for FY August 31, 2002; Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 § State Auditor's Office: Selected Assistance Programs at the Texas Department of Housing and Community Affairs § U.S. Department of Housing and Urban Development: Section 8 Rental Integrity Monitoring Review 	<p>Facilitated the audit process by contributing to one or more of the following:</p> <ul style="list-style-type: none"> € Ensured facility and audit information needs were satisfied. € Monitored progress of the audits by attending entrance conferences, status meetings and/or exit conferences. € Helped ensure accuracy of audit findings and recommendations and adequacy of management's responses. <p>The Internal Auditing Division's awareness of the Department's operating, financial and compliance considerations was enhanced.</p>
<p><u>Management Assistance – Provided Accounting Guidance and Assistance</u> – The Internal Auditing Division provided substantial guidance and assistance in reconciling construction inspection fees paid by the Department and reimbursed by development owners. The reconciliation was between the records of the accounting division and the Housing Tax Credit (HTC) Program and for the period September 1, 1998 through August 31, 2002.</p>	<p>Facilitated the reconciliation and proper accounting of all payments and collections of HTC inspections fees over a four year period that subsequently resulted in additional collections being made by the Department. See Section III of this report, audit report 3.04 for findings related to this client assistance.</p>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

Activity	Impact
<p><u>Management Assistance - Facilitated Oversight of Development of Department Central Database</u> - The Director of Internal Auditing serves as the nonvoting Chair of the Steering Committee overseeing the development of a central database for the Department.</p>	<p>Promoted oversight and accountability on the status and progress of the project.</p> <p><u>Independence and Objectivity Note:</u> The Internal Audit Division may not be able to audit this activity pursuant to independence standards.</p>
<p><u>Management Assistance – Facilitate Accounting for and Development of Standard Operating Procedures</u> – The Internal Auditing Division maintained and updated the accounting of Department-wide standard operating procedures (SOPs). The Division facilitated developing, updating, reviewing and disseminating SOPs by acting as a liaison between Executive Management and Department staff and prompting successive actions.</p>	<p>Enhanced the control environment of the Department helping management to accomplish its objectives.</p>
<p><u>Participated in Professional Organizations</u> - Professional staff are encouraged to be members of, and actively involved in, professional organizations. Professional staff memberships include the following professional organizations:</p> <ul style="list-style-type: none"> § Institute of Internal Auditors § Texas Society of Certified Public Accountants § Information Systems Audit Control Association § State Auditor Internal Audit Forum § Association of Government Accountants Association of Certified Fraud Examiners <p>The Director of the Internal Auditing Division was actively involved in the Information Systems Audit Control Association (ISACA) and is currently serving for the second year the Board President of the Austin ISACA Chapter. The Director participated on a joint committee consisting of representatives of the Texas Department of Information Resources, the Information System Security Association, the Association of Contingency Planners and ISACA to develop and present a two and a half day conference, <i>The Southwest Regional Symposium on Business Continuity, Information Security, and Audit</i>, that consummated in September 2003 and provided quality continuing education to over 200 audit, information security and business continuity professionals.</p>	<p>Enhanced expertise in audit and audit related matters and promoted the internal audit staff’s professionalism, knowledge, skills and abilities and provided opportunities to obtain required continuing education credits at affordable prices. The responsibilities of the Board position include the promotion and advancement of information systems audit and control knowledge and information.</p>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2003

VI. Internal Audit Plan for Fiscal Year 2004

PROJECT	GENERAL OBJECTIVES
Planned Internal Audits/Other Audit Functions	
FY 2003 Carryover projects:	
Review of the Draw Process	To determine that draws are properly accounted for, adequately supported, and in compliance with Department standards.
Peer Review	To conduct Peer Review pursuant to Texas Government Code §2107.007 as arranged through the State Agency Internal Audit Forum (SAIAF) QAR program to fulfill obligation of reciprocity for Peer Review received by TDHCA in the 2002 Fiscal Year.
FY 2004 Projects:	
Subrecipient Monitoring	To assess the adequacy of the Department's subrecipient monitoring functions by risk ranking the programs' monitoring functions and activities to identify areas for coverage. A review of high risk areas will be conducted to determine whether adequate monitoring policies and procedures are in place to provide reasonable assurance that the Department's subrecipients comply with applicable Federal regulations, program rules and contract terms.
Follow-up on Prior Audit Issues	To prioritize prior audit issues previously reported as implemented and independently verify implementation status and adequacy of related policies and procedures.
Other Projects:	
Tracking Status of Prior Audit Issues - To track the status of prior audit issues for management/board report purposes.	
To continue to serve as non-voting Chair of the Central Database Steering Committee charged with directing and monitoring the development of the Department's Central Database.	
To develop an annual audit plan for FY 2005 pursuant to the Texas Internal Auditing Act.	
To prepare an annual internal auditing report for FY 2004 pursuant to the Texas Internal Auditing Act.	
To coordinate and assist external auditors.	



WWW.TDHCA.STATE.TX.US

August 29, 2003

RICK PERRY

Governor

EDWINA P. CARRINGTON

Executive Director

BOARD MEMBERS

Michael E. Jones, *Chair*

Elizabeth Anderson

Shadrick Bogany

C. Kent Conine

Vidal Gonzalez

Norberto Salinas

Members of the Texas Department of Housing and
Community Affairs Manufactured Housing Division Governing Board:

Mr. Cary Yates, Chair

Ms. Joan Tavarez, Member

Mr. Jack Davis, Member

Mr. "Pete" Mareno, Member

**Re: Internal Auditing Report on Manufactured Housing Division –
Controls over Fee Collections, Rpt. No. 3.07**

The Manufactured Housing Division's (Division) Titling and Licensing areas of the Texas Department of Housing and Community Affairs (Department) process a high volume of fee collections and related applications and documentation on a daily basis. Based on the results of our audit, we generally found that fees collected were properly authorized, supported and collected. We found that management has generally established adequate controls to ensure that its cash receipting process is effective in safeguarding cash receipts from the time of receipt until the receipts are submitted to the Department's accounting division for deposit and that the cash receipting process operates efficiently, resulting in timely processing and depositing of cash receipts to the State Treasury.

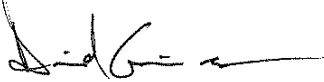
While the great majority of the applications and related documentation are also processed efficiently, the Division needs to improve its timeliness in clearing amounts posted to a suspense account, which is used as a holding account until all documentation is complete and/or processed. As of March 2003, over \$350,000 in fees collected resided in suspense that were between 60-180 days old, which required some follow-up procedures to fully process the collections and supporting documentation and to clear the amounts from suspense to fee revenue.

The Division also needs to (1) improve quality control procedures to reduce the risk of errors and improve timeliness in processing title and license application transactions (e.g., fee overpayments not being refunded in a timely manner, instances of a license being issued without complete payment, and an instance of a missing title application), (2) improve accounting controls by reconciling fees received and processed in the Division's automated program system (Genesis) with those deposited in the State Treasury and recorded in the Department's accounting records, and (3) update standard operating procedures for the processing of title and license applications to reflect existing processes relating to the use of Genesis, the current Division's organizational structure, and current job titles and responsibilities.

August 29, 2003
Members of the Texas Department of Housing and Community Affairs
Manufactured Housing Division Governing Board
Page 2

Management reports that they have taken corrective action on some of the issues identified by this report and are in the process of correcting the remaining issues.

Sincerely,



David Gaines, CPA, CISA
Director of Internal Auditing

Assigned to this audit:
Sam J. Ramsey, CIA, CFE

cc: Mr. Michael E. Jones, Chair TDHCA Governing Board
Mr. Vidal Gonzales, Chair TDHCA Audit Committee
Mr. Timothy Irvine, Executive Director, Manufactured Housing Division
Ms. Edwina P. Carrington, Executive Director, TDHCA
Mr. William Dally, Chief of Agency Administration, TDHCA
Mr. David Cervantes, Director of Financial Administration, TDHCA

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
An Internal Audit on the Manufactured Housing Division –
Controls Over Fee Collections, Rpt. #3.07

August 29, 2003

Overall Audit d Exemplary b *Satisfactory, needs improvement*
Conclusions: d Satisfactory d Unsatisfactory

The Manufactured Housing Division's (Division) Titling and Licensing areas of the Texas Department of Housing and Community Affairs (Department) process a high volume of fee collections and related applications and documentation on a daily basis. Based on the results of our audit, we generally found that fees collected were properly authorized, supported and collected in accordance with the Division's Rules (Administrative Rules of the Texas Department of Housing and Community Affairs, 10 Texas Administrative Code, Chapter 80). We found that management has generally established adequate controls to ensure that its cash receipting process is effective in safeguarding cash receipts from the time of receipt until the receipts are submitted to the Department's accounting division for deposit and that the cash receipting process operates efficiently, resulting in the timely processing and depositing of cash receipts to the State Treasury as required by Tex. Gov't. Code Ann. § 404.094.

While the great majority of the applications and related documentation are also processed efficiently, the Division needs to improve its timeliness in clearing amounts posted to a suspense account, which is used as a holding account until all documentation is complete and/or processed. The Division also needs to (1) improve quality control procedures to reduce the risk of errors and improve timeliness in processing title and license application transactions (e.g., fee overpayments not being refunded in a timely manner, instances of a license being issued without complete payment, and an instance of a missing title application), (2) improve accounting controls by reconciling fees received and processed in the Division's automated program system (Genesis) with those deposited in the State Treasury and recorded in the Department's accounting records, and (3) update standard operating procedures for the processing of title and license applications to reflect existing processes relating to the use of Genesis, the current Division's organizational structure, and current job titles and responsibilities.

Overall Risk d Low
Exposure (After b *Moderate*
Considering d High
Controls)

Significant Audit Findings and Recommendations Page 2.

Background and Overview of the Manufactured Housing Division Appendix 1, page 6.

Objectives, Scope and Methodology Appendix 2, page 8.

Significant Audit Findings and Recommendations

Improve Quality Control Procedures to Reduce the Risk of Errors and Ensure a Timely Processing and Accounting of Fee Collections

A system of strong internal control provides reasonable assurance that management's objectives are met, including the accurate and timely processing and accounting of transactions and adherence to relevant administrative rules and management directives.

To reduce the risk of application processing errors and ensure that collected fees are processed and properly accounted for in a timely manner, we noted that additional attention needs to be focused on those fee amounts received that remain in the Division's Genesis receipt system suspense account, primarily because application processing requirements have not been met. As of March 31, 2003, the Genesis Aged Suspense System reported \$752,819 in suspense, with \$350,026 being in suspense between 60 and 180 days after being received by the Division. All fees received by the Division are recorded in the Genesis Receipt system suspense account when initially received until the fee transaction processing and documentation requirements have been met. Applicable amounts are then cleared from suspense and recognized as revenue.

The amounts in suspense generally relate to a fee transaction not being completed because of varying reasons associated with the application received (e.g., incomplete application or documentation provided, incorrect fee amounts paid, hot checks, etc.). However, instances were noted where documentation was complete but not processed and related fees not cleared from suspense. Management has implemented a policy whereby the Genesis Receipt system employs an automated aged suspense clearance process which releases amounts in suspense after 180 days, whether or not the transactions have been properly completed. The 180 day rule was adopted by Division management in 2001 to reduce the amounts being accumulated in the suspense.

Because of the automated suspense clearance process used by the Division and quality control issues identified through our audit test work (as discussed below), processing errors such as titles and licensees being issued without full payment could go undetected, refunds due to third parties resulting from overpayments to the Division may not be processed, and fee revenues may not be properly recognized. Additionally, the automated clearance process may result in a lackadaisical attitude toward processing transactions that have been posted to the suspense account and not cleared in the normal course of business.

We noted the following fee transactions that were not processed in an accurate or timely manner:

- § A license was issued without all the applicable fees being collected in 2 of 23 licensing transactions reviewed (8.7%). The 31 title transactions reviewed were properly issued based on correct fee amounts collected.
- § Application overpayments or refunds had not been processed and/or made in a timely manner in 11 of 54 transactions reviewed (20.3%) (e.g., most had not been processed within five to six months of receipt). The Division has a policy to process refunds no sooner than 30 days after the date of receipt to allow checks to clear.

Significant Audit Findings and Recommendations - continued

- § Title cancellation fees (\$100 each) collected were not being cleared from suspense and reported as revenue in a timely manner because of transaction coding issues within the Genesis Receipt system. Those fees were not being reported as revenue until the system automatically cleared them after remaining in suspense for over 180 days. Although we were unable to readily determine the exact amount in suspense because of this condition, title cancellation fees represent a significant portion of titling fee income.
- § Other exceptions included two instances of missing supporting documentation and other processing issues where amounts were not cleared from suspense and reported as income.

Recommendation: We recommend management develop and implement quality control polices and procedures to provide reasonable assurance:

- § that amounts in suspense be processed and accounted for in a timely and complete manner,
- § that application titles and licenses are not issued until all fees have been collected, and
- § that application overpayments and refunds are processed in a timely manner.

Management Response: *Management concurs with the above conditions and is in the process of implementing and/or has completed the following corrective action:*

- § *Combine the titling and refund data entry processes to prevent oversight of refund processing. The refund of overpayments has not been a priority and is completed when staffing permits or upon written request when an application is withdrawn before it is processed. Since the refund procedure is a separate procedure from data entry of the application, and we want to eliminate the possibility of the refund being forgotten, a Help Desk request has been sent to Information Services to revise the process.*
- § *Strengthen our internal control policy ensuring that applications are being processed with the required fees by designating a supervisor or team leader to oversee such a policy.*
- § *Stop accepting checks from the consumer to eliminate the majority of checks being returned for insufficient funds. Payments from consumers will be limited to cashiers checks, certified checks, money orders and cash. The current rules allow the license holders, banks, and lenders to submit personal or business checks.*
- § *Update the Standard Operating Procedures, including establishing clear criteria and timeframes for clearing items from suspense.*
- § *Reinstate internal Quality Control procedures to randomly audit applications processed to ensure proper coding, data entry and cash receipt handling.*
- § *The title cancellation fee problem has been corrected with the development of a code to be used in the data entry process which will automatically clear the \$100.00 fee.*

Target Date for Completion: February 2004

Significant Audit Findings and Recommendations
- continued

Improve Accounting Controls by Reconciling Fees Received to Amounts Deposited in the State Treasury

Accounting controls comprise the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records.

We noted that fee receipts entered into the Genesis Receipt system, which establishes the initial control over receipts, are not reconciled with the amounts deposited to the State Treasury and recorded in the Department's accounting records. Although deposits to the State Treasury are prepared based on checks received and information generated from the Genesis Receipt system, without a formal reconciliation between amounts recorded in the Genesis system with amounts deposited in the State Treasury and recorded in the accounting system, there is inadequate assurance that deposits to the State Treasury are complete and that the receipts recorded in the Department's accounting records and the Division's Genesis system are accurate.

Recommendation: We recommend management develop and implement standard operating procedures to reconcile fees received and posted to the Division's Genesis Receipt system with the amounts deposited into the State Treasury and recorded into the Department's accounting records.

Management Response: *Manufactured Housing management concurs with the above conditions and will develop and implement a policy which dictates that all types of fees (i.e., cash, money orders, cashier's checks and personal/business checks) need to be reconciled monthly with the Department's general ledger. This would be similar to the monthly revenue reconciliation of fees released from the Genesis Receipt system suspense account already in effect. In addition, TDHCA Accounting will provide USAS/CSAS reports to Manufactured Housing to reconcile the financial data recorded in Genesis on a monthly basis.*

Target Date for Completion: *October 2003*

Update the Division's Standard Operating Procedures

Generally, most of the Division's processing standard operating procedures (SOPs) need updating. Most have not been updated since 1997 thru 1999 and do not accurately reflect the current application processing procedures, organizational structure, job titles and responsibilities and the Genesis automated system operating procedures.

Without formally approved written policies and procedures that are enforced by management, job duties may not be conducted or responsibilities fulfilled as intended by management. Additionally, updated written procedures provide a basis for measuring employees' performance, assist in the event of an employee's illness or emergency and in training future employees.

Significant Audit Findings and Recommendations - concluded

Recommendation: We recommend management update the standard operating procedures for fee related processing activities within the Manufactured Housing Division to reflect current processing activities, requirements and responsibilities.

Management Response: Management concurs and will update and/or amend its existing formal SOP's to reflect current processing activities, requirements and responsibilities.

Target Date for Completion: February 2004

Appendix 1:

Background and Overview - Manufactured Housing Division:

**Division
Revenues**

The Genesis Revenue Reporting system reported fee-related revenues for fiscal year 2003 through July 2003 of \$5,413,360, or over 88 percent of all revenues generated by the Manufactured Housing Division. In addition, as of July 31, 2003, the Genesis Aged Suspense system reported \$575,827 in suspense, with \$257,410 being in suspense between 60 and 180 days after being received by the Division. The dollar significance of fee-related revenues underscores the necessity to have adequate internal controls in place and effectively operating to help assure the accurate timely processing of transactions, the timely reporting of revenues and adherence to relevant administrative rules and management directives.

**Division
Overview**

Effective September 1, 1995, in accordance with House Bill 785 passed during the 74th Texas Legislature, the regulation of manufactured housing was transferred from the Texas Department of Licensing and Regulation to the Texas Department of Housing and Community Affairs.

The Division's responsibilities relate to collecting fees associated with the Texas Manufactured Housing Standards Act. These responsibilities include issuing and canceling titles; recording and releasing mortgage liens; conducting training and issuing licenses to persons who desire to operate a manufactured housing business; performing installation inspections; issuing state seals; investigating consumer complaints; investigating and taking appropriate action against violators of the Texas Act; and administering the Homeowners' Recovery Fund. The fee authorization and collection structure of the Division is included in the Manufactured Housing Rules (Administrative Rules of the Texas Department of Housing and Community Affairs, 10 Texas Administrative Code, Chapter 80) and is available on the Department's web site.

Other Division responsibilities relate to the National Manufactured Housing Construction and Safety Standards Act of 1974 (the Act), which assigns the responsibility of administering the Act to the Department of Housing & Urban Development (HUD). Federal law makes provision for the states to participate in the enforcement of the Act. Over the years, the Texas Legislature has chosen various levels of State involvement. The Department's Manufactured Housing Division administers parts of the Act on behalf of HUD. As such, the Department is the State Administrative Agency for the State of Texas. Currently, the Department administers parts of the Act which involve monitoring manufacturers' performance in handling consumer complaints; searching for and, when warranted, initiating class action cases; and performing post-production monitoring of manufactured homes produced and/or shipped to Texas.

**Division Section
Descriptions**

Activities in the Following Areas Generate Significant Fee Revenues

Titling - Manufactured home titles are issued through the Division. The official state titling data base is maintained, operated, and managed by the Division. The Division issues various types of titles, cancels titles, and issues certificates of attachment. Additionally, the Division records and releases mortgage liens, releases tax liens, processes title searches, and documents a creditor-lender's security interest in manufactured homes.

Licensing - Licenses are issued through the Division to manufacturers, retailers, installers, brokers, salvage/rebuilders, and salespersons which must be licensed with the Department to legally do business in Texas.

Other areas of the Division that may generate some or no fees, but represent critical activities within the Division

Enforcement and Consumer Complaints - The Division has broad oversight responsibilities to ascertain each manufacturer's compliance in handling consumer complaints, searching for and initiating class action cases when there is evidence that a particular problem is or may be wide-spread, and performing post-production monitoring of manufactured homes produced and/or installed in Texas. Consumer complaints are tracked and investigated by the Division. Additionally, standards and requirements for the installation of manufactured homes are established by the Division.

Resolution - The Division investigates and takes appropriate action against violators of the Texas Act, Division rules, and HUD regulations/rules governing manufactured housing.

Customer Service - Customer assistance is provided to the general public, industry, and others who desire information on manufactured housing titles, license holders, and other operations of the Division.

Appendix 2:

Objectives, Scope, and Methodology:

Objectives

The objectives of the audit were to assess the effectiveness of the Department's controls over the fee collection processes designed to provide reasonable assurance that all authorized fees are properly collected and accounted for, which included considering whether:

- § initial control of fee receipts was adequately established,
- § fees were authorized and the proper amount was collected,
- § that fees had been properly classified in the accounting records, and
- § there was a timely deposit of fees to the State Treasury.

Scope

The scope of this audit included consideration of:

- § standard operating policies and procedures related to fee receipts and title and license application processing activities,
- § state laws, regulations and Department policy related to the processing of fees and applications,
- § documentation relating to the processing of fees collected, title and license applications and other fee-related records, and
- § the titling and licensing processes.

Methodology

The audit methodology consisted of:

- § gaining an understanding of the fee receipting, titling and licensing processes in the Division. An understanding was gained through interviews with staff, a walk-through of the various processes, a review of operating policies and procedures, and audit tests.
- § performing tests to determine that the related controls were operating as intended. Tests included (1) assessing the fee receipting process and comparing the process to the operating policies and procedures, (2) testing samples of fee receipt transactions to determine that initial control of fees was adequately established, that fees were authorized, correct, properly supported, properly classified in the accounting records, in compliance with certain laws, regulations, and the Division's operating policies and procedures, and that fee collections were deposited to the State Treasury in a timely fashion, and (3) interviews with and inquiries of appropriate personnel.

Other

- § We evaluated only those processes and controls over the fee collection process that were most critical to ensure that authorized fees were collected and properly processed and accounted for. Accordingly, our audit would not necessarily reveal all weaknesses in the control systems.
- § Audit fieldwork was conducted from May 2003 through July 2003. Test work covered the period September 1, 2002 through March 31, 2003.
- § Our audit was made in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States and the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.
- § We wish to express our appreciation to management and staff for their courtesy and cooperation during the course of this audit.



WWW.TDHCA.STATE.TX.US

August 29, 2003

RICK PERRY
Governor

Members of the Texas Department of Housing and
Community Affairs Audit Committee:

EDWINA P. CARRINGTON
Executive Director

Mr. Vidal Gonzalez, Chair
Ms. Elizabeth Anderson, Member
Mr. Shadrick Bogany, Member

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

**Re: Internal Auditing Report on Housing Tax Credit Program - Controls Over
Construction of Housing Tax Credit Developments, Rpt. No. 3.06**

The Internal Auditing Division of the Texas Department of Housing and Community Affairs (Department) has completed its audit of controls over the construction of Housing Tax Credit (HTC) developments designed to provide reasonable assurance that the developments actually delivered under the program conform to the construction specifications relied upon by the Department's Governing Board (Board) in its award decisions.

As a result of our review, it was found that improvements are necessary in the design of the control system during the construction phase of HTC developments, including the need to expand the independent construction inspectors' contract performance statements to include consideration and verification of HTC development "brick and mortar" specifications such as the number of units being constructed, unit sizes, number of bedrooms/bathrooms, and development amenities considered and approved by the Board in its tax credit award decisions. Oversight monitoring procedures also should be established to ensure satisfactory performance of the independent construction inspectors.

The period subject to audit was prior to the effective date of the Department's reorganization of March 1, 2003 and some of these issues may have been addressed as a result of the reorganization. This report is being presented to you and management for due consideration recognizing this condition. Program management reports that they have taken corrective action on some of the issues identified by this report and are in the process of correcting the remaining issues.

Sincerely,

David Gaines, CPA, CISA
Director of Internal Auditing

Assigned to this audit:
Kelly Crawford

cc: Mr. Michael E. Jones, Chair TDHCA Governing Board
Ms. Edwina P. Carrington, Executive Director
Ms. Ruth Cedillo, Deputy Executive Director
Ms. Brooke Boston, Director of Multifamily Finance Production Programs
Ms. Suzanne Phillips, Director of Portfolio Management and Compliance

507 SABINE - SUITE 400 • P.O. BOX 13941 • AUSTIN, TEXAS 78711-3941 • (512) 475-3800

Executive Summary

Background

The Housing Tax Credit (HTC) Program was created by the Tax Reform Act of 1986 and was first utilized for the creation of affordable housing in calendar year 1987. Section 42 of the Internal Revenue Code of 1986, as amended, is the federal law that governs the HTC program, which directs private capital towards the creation of affordable rental housing by providing developers of affordable rental housing with a benefit that is used to offset federal income taxes in exchange for the production of affordable rental housing.

The Texas Department of Housing and Community Affairs (Department) is the only entity in the state with the authority to allocate tax credits under this program.

Audit Conclusions

Program management had not designed formal controls over the construction of HTC developments to provide reasonable assurance that the developments actually delivered under the program conform to the specifications such as the number of units being constructed, unit sizes, number of bedrooms/bathrooms and development amenities considered and approved by the Department's Governing Board (Board) in its tax credit award decisions.

Necessary HTC program management information, such as the historical performance of development owners and developers, unit tenant information, and amendments to plans approved by the Board, is not accumulated in a complete, accurate, timely and usable fashion for those that need it to effectively perform their job duties or for decision-making purposes.

Recommendations

Formal policies and procedures should be developed and implemented to provide reasonable assurance to Department management and the Board that construction-related specifications considered in award decisions are adequately delivered by the development owner.

We also recommend that the requirements and information needs relating to the tax credit program be thoroughly identified and considered in the requirements definition of the fully integrated management information system currently in development by the Department.

Summary of Management's Response

In conjunction with the reorganization of the Department, the Portfolio Management and Compliance Division took over responsibility for construction oversight issues including site inspections and ensuring that all development representations made are actually integrated by the development owner throughout the construction phase of a development. The audit conclusions identified in this report relating to the construction monitoring function have since been remedied. Processes including check lists have been developed to ensure third party inspectors are provided information regarding application representations. The division continues to develop the integration of the application representations into the Department's central database. The concerns relating to management information will be addressed in connection with development of the HTC modules of the central database.

Summary of Audit Objectives and Scope

The objectives of the audit were to determine whether the Department has controls over the construction of HTC developments to provide reasonable assurance that the developments actually delivered under the program conform to the specifications relied upon by the Board in its award decisions.

The scope of this audit was limited to control procedures in place prior to the effective date of the Department's reorganization, March 1, 2003, relating to the construction phase of developments awarded tax credits during the 2001 and 2002 HTC application cycles.

TABLE OF CONTENTS

Findings and Recommendations..... 1

 Section 1 - Controls to Provide Reasonable Assurance of
 Satisfactory Delivery of Development Specifications 1

 Section 2 - Clearly Define Needs for Management Information System 4

Objectives, Scope, and Methodology 7

Report Distribution 7

Findings and Recommendations

Section 1

Controls to Provide Reasonable Assurance of Satisfactory Delivery of Development Specifications Considered by the Board in its Award Decisions

Development specifications are included in applications and considered by the Board in its tax credit award decisions. The Department has processes in place to confirm many of these specifications. The specifications are confirmed or verified within one of the following four phases: during the application processing and underwriting phase; during the construction phase; during the cost certification phase and during the affordability phase.

The audit focused on controls in place during the construction phase to provide reasonable assurance of satisfactory delivery of development specifications such as the number of units being constructed, unit sizes, number of bedrooms/bathrooms and development amenities considered and approved by the Board in making HTC awards. Accordingly, the audit did not assess the effectiveness of the controls in place to provide reasonable assurance of satisfactory delivery of specifications that are considered in the application and underwriting phase, the cost certification phase or the affordability phase of a HTC development.

Design Controls to Provide Reasonable Assurance During the Construction Phase

Program management had not designed formal policies and procedures to provide reasonable assurance during the construction phase of adequate delivery of HTC development "brick and mortar" specifications such as the number of units being constructed, unit sizes, number of bedrooms/bathrooms and development amenities considered and approved by the Board in making the tax credit awards. Although management had implemented some controls for the construction phase of a HTC development, these controls were limited and there were various factors, as discussed below, which precluded their effectiveness from operating as intended by management and the Board.

Control procedures referred to by management to help ensure adequate delivery of HTC development specifications during the construction period are listed in the following table. Factors that limit the effectiveness of the controls are also provided.

Control Procedures at Time of Audit	Factors That Limit the Effectiveness of Control Procedures
<p>HTC Program management contracted with independent inspectors to inspect construction for quality during the construction process while defects could reasonably be corrected, as required by a rider to the Department's General Appropriations Act, and to inspect for accessibility standards for disabled persons.</p>	<p>The inspections did not incorporate consideration of development specifications such as the number of units being constructed, unit sizes, number of bedrooms/bathrooms and development amenities considered and approved by the Board in awarding the tax credits.</p> <p>HTC Program management did not have procedures in place to monitor or oversee the contract inspectors to ensure that contract terms were being satisfactorily fulfilled. Furthermore, there was no documentation that the Department had ever monitored its contract inspectors to ensure satisfactory performance of contract terms.</p>

Control Procedures at Time of Audit	Factors That Limit the Effectiveness of Control Procedures
	The Department did not perform consistent or formal follow up procedures with inspectors to obtain reasonable assurance that all deficiencies noted during a construction inspection were resolved or that all specifications were satisfactorily delivered prior to the issuance of the IRS Tax Form 8609, a form that supports the tax credit amount allocated from the Department to the Development owner.
HTC Planners conducted inspections at cost certification. The Planners conducted inspections of five to ten units and at least one unit designated for physically disabled persons. The inspections consisted of surface reviews of items related to health, safety, and quality of construction. The Planners' inspections also considered whether amenities were provided, which were awarded points during the application scoring process.	The inspections were conducted at the end of the construction period; too late to take reasonable corrective actions on defects. The amenities inspected may or may not have been the amenities the Board considered in its award decisions.
The development's architect certified the delivery of amenities, energy efficiency devices in place, and the availability of handicapped accessible units at the placed in service/cost certification stage.	The amenities certified by the developer's architect may or may not have been the amenities the Board considered in its award decisions. Certification of energy efficiency devices and the availability of handicapped accessible units at the placed in service/cost certification stage may have been too late to take reasonable corrective actions.
Changes in the original number of units considered by management and the Board in award decisions were supposed to be brought to HTC management's attention by the applicant. Management would approve the changes if they were considered to be immaterial. If management considered the changes to be material, they were to be approved by the Board.	A formal definition of material and immaterial had not been established. Accordingly, the Board did not have adequate assurance that it was informed of changes in the number of units that it may have considered to be material. Independent verification of the actual number of units was not performed during the construction period.
The applicant's CPA provided an opinion on the costs of the development at cost certification.	The auditor's opinion was limited to expressing an opinion on the fairness of the development costs, which was useful in the determination of eligible basis for the calculation of the tax credit amount; however, the opinion did not extend to the physical attributes of a development or construction-related scoring criterion that resulted in award decisions.

Without adequate controls during the construction phase of a development:

- ⊘ the tax credit program may not be serving low-income tenants in terms of the number of units being constructed, unit sizes, number of bedrooms/bathrooms and development amenities being provided, as expected by management and the Board,
- ⊘ tax credits may not be awarded to the most appropriate developments if the award decisions are based on inflated development plans that are not actually delivered, and
- ⊘ management will not be able to accumulate actual performance information for consideration during future allocation decisions.

HTC should have adequate controls in place to ensure that the development specifications relied upon by the Board in making tax credit awards will be delivered as expected. In addition, Texas Government Code, Sec. 2306.6719, as passed by the 77th Legislature, requires monitoring a tax credit development during its construction or rehabilitation and during its operation for compliance with any conditions imposed by the Department or the Board in connection with the allocation of housing tax credits and appropriate state and federal law.

Recommendations - We recommend that formal policies and procedures be developed and implemented to provide reasonable assurance and documentation that:

- € tax credit developments be monitored during construction or rehabilitation for compliance with development specifications included in the application and any conditions imposed by the Department or the Board in connection with the allocation of housing tax credits, and appropriate state and federal laws as required by Texas Government Code, Sec. 2306.6719, as passed by the 77th Legislature. Monitoring procedures should include inspections designed to ensure satisfactory delivery of HTC development "brick and mortar" specifications such as the number of units being constructed, unit sizes, number of bedrooms/bathrooms, and development amenities considered and approved by the Board in making the tax credit awards, which may require expanding the independent construction inspection contract performance statements;
- € procedures be implemented to monitor or oversee the contract inspectors to ensure that contract terms are being satisfactorily fulfilled and that the inspections conducted are of high quality;
- € deficiencies noted by construction inspections be adequately resolved prior to final inspection and issuance of IRS Form 8609; and
- € a formal definition of material and immaterial be established regarding acceptable changes in the number of units in a development plan to determine when additional Board consideration and approval are required.

Management's Response - *In conjunction with the reorganization of the Department, the Portfolio Management and Compliance (PMC) Division took over responsibility for construction oversight. Oversight includes site inspections by third party inspectors and ensuring that development specifications included in the application as awarded by the Department's Governing Board, including any conditions imposed on the development or applicant, (development specifications) are actually integrated into the development during construction. The issues addressed in this audit were resolved in connection with the reorganization in the following ways:*

- € *Tax credit developments are being monitored during construction and rehabilitation for compliance with development specifications.*
 - *For developments awarded tax credits in 2001 and 2002, independent inspectors have been hired by the Department to review for quality, accessibility, number of units (and unit sizes and mix), and fair housing. The Department has started collecting actual information related to the specifications for the 2001 developments and is using the information to confirm that amenities originally approved by the Board are actually provided. In 2002, inspectors were given the development specifications check list including the amenities originally approved by the Board that they must inspect.*

For developments awarded in 2001 and in subsequent years, the inspectors will perform a final construction inspection and will communicate the results to the Department. Plan reviews at the initial stage of development will also be performed for developments awarded in 2002 and subsequent years. If these reviews reveal

deviations from the development specifications, the Department will work with the applicant to resolve the issues prior to the issuance of Form 8609. Actual material deviations from the development specifications are amended in accordance with rules outlined in the QAP. To ensure that the inspectors fulfill their contract terms, the Department will select a sample of each inspector's work for review, which will include a site visit to verify the work performed.

- *For developments awarded tax credits in 2003, the Qualified Allocation Plan and Rules (QAP) were drafted and approved to ensure streamlining of the oversight process with the inspections being performed by lender and/or syndicator entities. The Department provides the applicant and the inspecting architect (of the lender or syndicator) with the development specifications that must be inspected during construction which are integrated into the inspecting architect's checklist. Upon completion of an inspection, the inspector will provide the Department with their results and copies of their authorizations of the draw requests. Additionally, beginning with developments awarded tax credits in 2003, the Department will hire an independent inspector to review the development specifications to the final actual development as a means of ensuring quality inspections by the lender and/or syndicator entities' inspectors.*

If these reviews reveal deviations from the development specifications, the Department notes the deviations in the inspection and draw authorization documentation and will work with the applicant to resolve the issues prior to the issuance of Form 8609. Actual material deviations from the development specifications are amended in accordance with the rules outlined in the QAP.

- ⊄ *The 2003 QAP now reflects what amendment changes are considered material. Among other things, a change in the number of units or the unit mix is considered material. Multifamily Finance Production Division has a clear process for the handling of amendments consistent with the QAP, including carrying all material deviations to the Department's Governing Board for consideration.*

Target Date for Completion - *In connection with the Department's reorganization, the processes noted above have been implemented for 2001 and 2002, and the steps for the 2003 awards are in place and will be implemented when the 2003 awarded developments reach this stage of development.*

Section 2:

Clearly Define Needs for Management Information System

Necessary HTC program management information relating to actual performance is not accumulated in a complete, accurate, timely and usable fashion for staff, management, Board members and oversight personnel to effectively perform their job duties or for decision making purposes.

The primary information and data sources are the tax credit applications, the tax credit award process, significant milestone events such as cost certification and placed in service dates, and the results of compliance monitoring during the affordability period. The primary systems that have been used to capture the information and data include a proprietary tax credit program software often referred to as AOD, the company that developed the software, Microsoft Access and Excel files developed by the underwriting staff, and the noncompliance data system developed by the Department for compliance

monitoring purposes. Other information software applications have been developed for specific calculated fields such as the debt-service ratio and syndication costs, developed by the tax credit staff and the underwriting staff, respectively.

While much of the application and planning information relating to the HTC program construction activities may be captured, information relating to actual performance is generally not captured in an automated fashion. When actual information is captured and posted to the automated systems, it may override the existing information precluding a historical trail of data and comparisons between planned performance and actual performance.

The fragmented information sources and systems as well as actual data not being collected in an automated format creates an environment whereby Department staff and management are not able to effectively fulfill their job responsibilities and decision-makers do not have sufficient information to make informed decisions regarding the effectiveness of the program or the allocation of tax credits. Basic information such as the historical performance of owners, developers and amendments to development plans approved by the Board is not readily available.

Information necessary for proper administration, management and oversight of the HTC program should be collected in an automated fashion.

Note: The Department is currently in the process of developing a fully integrated central database as its primary management information system for most programs of the agency. The system's scope includes consideration of the HTC program's functional and informational needs. The Department released the Compliance Monitoring Tracking System (CMTS), a module of a central database, in the first quarter of calendar year 2003. The module addresses functional and informational needs of monitoring requirements of the HTC property portfolio during the long-term affordability period of a development.

Recommendations - All requirements and information needs relating to the tax credit program should be thoroughly identified and considered in the requirement definition of the fully integrated management information system currently in development by the Department. All tax credit related functional areas, including housing tax credit production, underwriting, compliance and asset management staff should work together with the development team to ensure that the system's requirements adequately define all functional and informational needs of the program. Informational needs of other users such as other program areas that may contract with the same parties that apply for or receive tax credits, executive management, the Board and oversight agencies, including the U.S. Treasury and Internal Revenue Service, should also be considered in the requirement definition.

Management's Response:

The Compliance Monitoring Tracking System, backed by TDHCA's Central Database, now handles the long-term monitoring requirements for the HTC portfolio, including automated compliance testing of online compliance report information submitted on a regular schedule or prior to an onsite visit. Long-term monitoring requirements are initiated after application, award, and other setup processes have been completed. As this audit indicates, a fully integrated system that would also address HTC applications, awards, and setups has not been built. Both short-term and long-term actions are planned to address the problems caused by the lack of a fully integrated system.

This fall, Portfolio Management and Compliance, Multifamily Finance Production, and Information Systems staff will implement a short-term solution or interim redesign of Multifamily Finance Production's Microsoft Access database, which is currently being used to track HTC applications, awards, and setups, and build an interface from this database to provide "front-end" information to CMTS for compliance and monitoring purposes. Records entered into the Access database that are missing in CMTS will be mapped and migrated. The Access database will be modified to handle new HTC records for the interim period until the Department completes the front-end HTC Central Database module, which will be integrated with CMTS.

On August 4, 2003, the Central Database Project Steering Committee prioritized remaining Central Database modules and set the HTC module, the Department's long-term solution, as the next module to be developed after the TDHCA Contract System (for HOME, HTF, and Preservation contracts) is rolled out in October 2003. The Department's tax credit related functional areas and Information Systems staff will work together to ensure that the system design for the HTC module meets the needs of the tax credits program.

Target Date for Completion - *The Department's goal is to have a fully integrated and functional HTC system in place for the 2005 application cycle.*

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives - The objective of the audit was to determine whether the Texas Department of Housing and Community Affairs has sufficient controls over the construction of Housing Tax Credit developments to provide reasonable assurance that the developments actually delivered under the program conform to the specifications approved by the Board in its award decisions.

Scope - The scope of this audit was limited to control procedures in place prior to the effective date of the Department's reorganization, March 1, 2003, relating to the construction phase of developments awarded tax credits during the 2001 and 2002 application cycles. The audit was focused on controls relating to the construction phase of a tax credit development. Accordingly, the audit did not assess the effectiveness of the controls relating to the application and underwriting phase, cost certification phase, or the affordability phase of a HTC development.

Methodology - The methodology on this project consisted of developing an understanding of the controls over housing tax credits awarded by the Department as they relate to the monitoring and oversight of construction activities. An understanding was gained through interviewing management and staff and by reviewing policies and procedures, relevant laws and regulations. Testing procedures were not applied to controls that were identified due to various factors that limited their effectiveness.

Other Information - The audit was conducted in accordance with applicable professional standards, including generally accepted government auditing standards issued by the Comptroller General of the United States and *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

REPORT DISTRIBUTION

Pursuant to the Texas Internal Auditing Act (Texas Government Code, Chapter 2102), this report is being distributed to the following parties:

- € the Department's Governing Board
- € the Governor's Office of Budget and Planning
- € the Legislative Budget Board
- € the Office of the State Auditor

Assigned to this audit:

Kelly Crawford, Audit Manager/Auditor
David Gaines, CPA, CISA, Director

Report No. 3.06



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Fort Worth Regional Office, Region VI
Office of Public Housing
801 Cherry Street
Post Office Box 2905
Fort Worth, Texas 76113-2905

August 28, 2003

Eddie Fariss, Executive Director
Texas Department of Housing
and Community Affairs
PO Box 13941
Austin, TX 78711

RECEIVED
SEP 04 2003
COMMUNITY AFFAIRS

Dear Mr. Fariss:

Enclosed is the report of our recent Rental Integrity Monitoring (RIM) review of the Texas Department of Housing and Community Affairs (TDHCA) Section 8 Housing Choice Voucher (HCV) program. The review was conducted by Robin Barton, Charles Eldridge and Eva Weathers of this office, as well as Antonio Mosqueda of the Houston Office of Public Housing and Greg Kraus of the San Antonio Office of Public Housing during the week of July 27 through July 29, 2003.

A RIM review is a focused and detailed assessment of public housing agency income and rent determinations in the Low Rent Public Housing and HCV programs. RIM reviews also afford HUD the opportunity to provide guidance and technical assistance to PHAs on strengthening income and rent policies and procedures, reducing the potential for future errors.

The enclosed report, with attachments, documents the results of the RIM review. The PHA RIM Review Summary Report lists systemic errors. Systemic errors are those found in 30 percent or more of the files and also errors made regularly in a given situation or category. The TDHCA has four systemic errors:

1. Lack of verification of public assistance and other income. This error was found in 11 of the 35 files reviewed, which is 33 percent.
2. Improper transfer of data from file to MTCS. This error was found in 27 of the 35 files reviewed, which is 77 percent.
3. Failure to record and exclude food stamp income. This error was found in 3 of the 35 files. We consider this to be systemic because of the consistent error made in this category.
4. Lack of required INS data. This error was found in 2 of the 35 files. We consider this to be systemic because of the consistent error made in this category.

In addition to the systemic RIM errors, the Housing Authority also had a finding concerning criminal background checks.

The Tenant File Error Reports document a number of specific tenant file errors and discrepancies. For each error, discrepancy and area of concern, we include a discussion of the issue and the response we are seeking, including clarification and possible corrective actions. The response should address the form HUD-50058 in effect at the time of the review.

Once the Housing Authority has submitted all the necessary documentation to allow HUD to complete the rent calculations, we will be able to determine if the tenant has overpaid or underpaid the rent amount.

In cases where the tenant was found to be overpaying rent, the Housing Authority must reimburse the family for any overpayment. Reimbursement to a tenant who has overpaid rent is a legitimate program expense and should be added to the Housing Assistance Payments due to the Housing Authority.

In cases where the tenant has underpaid rent due to the Housing Authority error, the tenant's rent must be corrected prospectively, and the Housing Authority must reimburse the program from its administrative fees for the disallowed program expense.

Please utilize the deficiencies found on the enclosed Rental Integrity Monitoring (RIM) Review report to develop a quality control process for correcting all of the systemic errors identified. Systemic errors must be corrected in all Section 8 tenant files.

We commend the staff's knowledge of the HCV program and their efforts in maintaining well-organized tenant files. We appreciated their cooperation and helpful attitude during the review, as well as their openness to our suggestions and recommendations.

We are asking that you submit a review response to this office within 30 days of the date of this letter. This response should address each of the issues discussed in the review, provide the requested documentation and, where appropriate, indicate the corrective actions taken or planned. If you have any questions or wish to discuss the review report and the issues addressed in the report, please contact Robin Barton at (817) 978-5706.

Sincerely,



Roman R. Palomares
Acting Director
Office of Public

Enclosures

Rental Integrity Monitoring (RIM) Review Report

TDHCA
PHA No. TX901
July 27 – 29, 2003

REVIEW SUMMARY

During the week of July 27 through 29, 2003, the Fort Worth Office of Public Housing conducted a Rental Integrity Monitoring (RIM) review at TDHCA. This report details the results and conclusions of the RIM review.

RENTAL INTEGRITY MONITORING OVERVIEW

RIM reviews are one strategy in a larger, HUD-wide initiative designed to reduce income and rent errors in the administration of federally assisted housing programs – known as the Rental Housing Integrity Improvement Project (RHIP). RHIP supports the Presidential mandate that requires federal agencies to reduce costly program errors.

The purpose of a RIM review is to assess whether and to what extent a public housing agency (PHA) is accurately, thoroughly and clearly determining family income and rent in the Low Rent Public Housing and Section 8 Housing Choice Voucher (HCV) programs, in compliance with statutory, regulatory and HUD administrative requirements. In addition to identifying and correcting existing errors in income and rent determinations, RIM reviews afford HUD the opportunity to provide guidance and technical assistance to PHAs on strengthening income and rent policies and procedures, reducing future errors.

While the focus of a RIM review – PHA income and rent determinations – can be detailed, the scope of the review is not especially broad. Many aspects of PHA management are not within the scope of a RIM review.

- Any aspect of PHA program management that falls outside of the umbrella of the *occupancy management* function is not an element of the RIM review. This would include general PHA organization, management and personnel policies and practices, budgeting and financial management decisions, maintenance of PHA buildings, units and systems, housing quality standards inspections of Section 8 HCV units, modernization and capital improvement programs, resident services and specialized grant programs, among others.
- In addition, there are several aspects of the *occupancy management* function itself that are not included in the RIM review. This would include PHA application and waiting list management policies and procedures, program participant selection and the use of selection preferences, ongoing lease enforcement activities, grievances, among others.

The primary activity in a RIM review is the review of a sample of tenant files drawn from participants in both the Low Rent Public Housing and Section 8 HCV programs, managed by a PHA. Tenant file records represent the critical pieces of source documentation for PHA income and rent determinations. The results of this review of a sampling of tenant files are used to support all HUD determinations and conclusions with regard to PHA income and rent performance.

The RIM review also involves interviews and discussions with PHA management and staff regarding all aspects of income and rent determinations, as well as a review of relevant PHA policies, procedures, systems and materials that support the income and rent determination process.

**Rental Integrity Monitoring (RIM)
Review Report**

TDHCA
PHA No. TX901
July 27 – 29, 2003

REVIEW RESULTS

The results of a RIM review may generally be divided into four categories:

- **Findings**
- **Concerns**
- **Tenant File Errors**
- **Recommendations**

The RIM review report for TDHCA contains five findings. **Findings** are defined as conditions that are not in compliance with statutory, regulatory, handbook or other explicit HUD requirements, and which require corrective action by the PHA.

The RIM review report includes concerns. **Concerns** are defined as deficiencies in performance that are not based on compliance with an explicit statutory, regulatory, handbook or other HUD requirement but which, nevertheless, require appropriate corrective actions by the PHA. For purposes of the RIM review report for, we have used the category of **concerns** to identify areas where PHA policies, actions and determinations may be unclear or inconclusive. In many instances, due to the limited scope and duration of the review, a definitive conclusion on PHA performance could not be reached. In these areas, we have outlined the nature of our questions and concerns and, as corrective actions, have asked the PHA to research the issue further and provide additional clarification to this office.

Also addressed in the report are specific **tenant file errors**. **Tenant file errors** are drawn from the results of the tenant file sample review and generally reflect isolated errors, mistakes or areas of uncertainty that are specific to the circumstances of a particular tenant family. Such errors do, however, require corrective actions or clarification, as appropriate, by the PHA.

Finally, the report offers **recommendations** for improvements in existing policies and procedures related to income and rent determination.

**Rental Integrity Monitoring (RIM)
Review Report**

**TDHCA
PHA No. TX901
July 27 – 29, 2003**

Findings

1. Inadequate third party verification of asset, public assistance, Social Security and child support income.

Several of the files reviewed either had inadequate verification of asset, public assistance, Social Security and/or child support income, or there was no verification at all on file. As stated in 24 CFR §960.259 and 24 CFR §982.516, the PHA must obtain and document in the family file Third Party Verification of reported family income, value of assets, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income and income-based rent. Only when third party verification is not available, are other forms of verification acceptable. The types of verification in order of preference are listed below. The Housing Authority's Administrative Plan sets forth the procedures required by the regulation. However, in many cases these procedures are not followed. The Housing Authority does not follow the hierarchy established by the Administrative Plan and does not document the steps taken to secure the required verification.

Failure to properly document all aspects of income and rent causes the Housing Authority to lose funds by under charging families for rent and also causes families to pay more than thirty percent of their adjusted income.

Generally, verification of information supplied by an applicant or tenant family should follow a basic hierarchy for reliability and veracity, from the most reliable to the least reliable:

1st: Third-party, written verification: Independent, third party, written verification should be used whenever possible because it generally provides the most reliable data.

Documentation should come directly from the third-party (employer, social service agency, welfare provider, etc.), by mail, fax, or some other reliable means. This includes information obtained via electronic means, computer matching, and other forms of up-front verification.

2nd: Third-party, oral verification: Where written verification is impossible or not timely, oral verification directly with the third-party (via phone or interview) may also be used.

A written record of this contact should be prepared by the PHA, including date/time of contact, name and source of information, PHA staff person, summary of information provided and the rationale for using oral verification. Where written verification was not timely, the PHA should follow-up with the third-party to obtain written verification as soon as possible.

3rd: Document Review: Tenant file documentation may include a record of documents reviewed by PHA staff which support the family's statements.

If possible, original copies (not photocopies) of supporting documents should be reviewed, though the PHA should photocopy the document (unless prohibited by law) and place it in the applicant's file. PHA staff reviewing the document(s) should prepare a summary of the information and sign/date this summary. This summary should include the rationale for using document review as verification and again, if possible, the PHA should follow-up with the third-party to obtain written verification later.

Rental Integrity Monitoring (RIM) Review Report

TDHCA
PHA No. TX901
July 27 – 29, 2003

4th: Family Declaration or Certification: Only when all other forms of verification are impossible, the PHA could obtain a notarized statement or signed affidavit from the family, attesting to the accuracy of the information provided. The applicant's file should be clearly documented to show why other forms of verification were impossible. This type of documentation should rarely be used and should not be used merely for the convenience of the applicant or the PHA, or where the applicant cannot provide the necessary information.

This approach is supported by HUD guidance in Notice PIH 2001-15 (HA): Improving Income Integrity in Public and Assisted Housing, issued May 2, 2001, in support of the RHIP initiative. Notice PIH 2001-15 (HA) states:

*A PHA must obtain and document in the family file **third party verification** of reported family income, value of assets, expenses related to deductions from annual income and other factors that affect the determination of adjusted income and income-based rent. If this information is not available, the PHA must document in the file the reason(s) [24 CFR §960.259(c) and §982.516(a)(2)].*

A PHA may use several methods to verify the income of a resident family. A PHA may require and check documents and information supplied by the family, however, to be considered third party verification the documentation must come directly to the PHA from the provider.

Section 8 HCV regulations provide additional support in 24 CFR §982.516(f), *Accuracy of family income data*, which states, "The PHA must establish procedures that are appropriate and necessary to assure that income data provided by applicant or participant families is complete and accurate."

Reliable third-party verification should come directly from the third-party source, not as a "pass-through" coming from the family. Only when the more direct and reliable sources of verification are unavailable should the PHA rely solely on documentation provided directly by the family, and then only with clear documentation in the tenant's file of why direct third-party verification was not used.

Corrective Action:

The Housing Authority must properly verify all sources of income, assets and deductions by obtaining third party verification. In order to close this finding, provide a brief narrative on how the Housing Authority plans to ensure proper documentation of all aspects of income and rent related factors.

2. The Housing Authority's software program does not accurately display payment standard on the form HUD-50058.

The Housing Authority's software displays the lesser of payment standard or gross rent on line 12j of form HUD-50058. While this does not cause a miscalculation of the Housing Assistance Payment or family rent to owner, it reports inaccurate data to HUD. The data reported to MTCS is not complete as required by 24 CFR 908 and Chapter 19, page 19-2 of the Housing Choice Voucher Program Guidebook.

**Rental Integrity Monitoring (RIM)
Review Report**

**TDHCA
PHA No. TX901
July 27 – 29, 2003**

Corrective Action: Since this finding is a systemic deficiency, the Housing Authority must revise form HUD-50058 data to accurately reflect payment standard. Please provide our office with a corrective action plan on the Housing Authority plans to correct the error and the expected completion date.

3. The Housing Authority does not report food stamp income or exclude it on form HUD-50058

The Housing Authority has not reported food stamp income or excluded the amount on form HUD-50058. Staff indicated at the time of the review that they were not aware that this was required. While this error does not impact the amount of housing assistance paid, it does cause the total amount of income to be reported inaccurately. The data reported to MTCS is not accurate as required by 24 CFR 908 and Chapter 19, page 19-2 of the Housing Choice Voucher Program Guidebook.

Corrective Action: Since this finding is a systemic deficiency, the Housing Authority must revise form HUD-50058 data to accurately reflect total income and exclusions. Please provide our office with a corrective action plan on the Housing Authority plans to correct the error and the expected completion date.

4. The Housing Authority has not verified immigration eligibility

Two of the 35 files reviewed belonged to families with non-citizen family members. Neither file contains eligibility verification as required by 24 CFR 5.512. This could result in providing housing assistance for individuals not entitled to it. The primary method of verification of immigration status is through the INS automated system, Systematic Alien Verification for Entitlements (SAVE). If the SAVE system does not verify eligible immigration status, the secondary method of verification is a manual search by the INS of its records to determine an individuals' immigration status.

Corrective Action: The Housing Authority must verify eligibility status for all non-citizens. Please provide our office with a corrective action plan on the Housing Authority plans to correct the error and the expected completion date.

5. The Housing Authority is maintaining criminal background checks.

Although the Housing Authority files the criminal background checks in a separate locked file drawer and not in tenant files, 24 CFR 5.903 (g) requires the criminal record to be destroyed once the purpose for which the record was requested has been accomplished.

An applicant or tenant may seek relief against the Housing Authority if the information is negligently or knowingly disclosed by bringing a civil action for damages and such other relief as may be appropriate.

Corrective Action:

The Housing Authority must remove and destroy all criminal background checks. All future criminal background checks must be destroyed once all actions are completed including any grievance hearings. Please provide assurance that this has been done.

**Rental Integrity Monitoring (RIM)
Review Report**

**TDHCA
PHA No. TX901
July 27 – 29, 2003**

CONCERNS

Various discrepancies and inconsistencies in tenant file documentation indicate the need for increased quality control on the income and rent determination process.

Based on the results of the tenant file sample review, we noted instances of errors and discrepancies in file documentation as well as with final income/rent calculations. Specific discrepancies and inconsistencies are outlined in the **Tenant File Sample Errors** portion of this report.

The tenant file record should typically demonstrate a clear connection or flow of events from the information provided by the family in the application or reexamination stage (as recorded on application and reexamination materials used by the PHA), the documentation obtained by the PHA to verify the family's circumstances, and the figures and amounts actually used by the PHA in calculating income and rent. Where conflicting or unclear information is provided, the file record should demonstrate the rationale for the PHA's conclusions, either based on PHA policy or some reasonable approach.

Corrective Action:

As a strategy for improving income integrity, Notice PIH 2001-15 (HA) offers a number of suggestions, including:

Develop PHA internal quality control system (i.e., supervisory review systems). Quality control systems need not be very elaborate to be effective. The most frequently implemented quality control is to have a supervisor or the most knowledgeable occupancy person rework a sample of cases performed by other staff. In situations where there are only one or two occupancy persons or where there is no experienced staff, the PHA is encouraged to review a few cases with another PHA with experienced staff or HUD Field Office staff.

The nature of the discrepancies and inconsistencies noted in the tenant files suggest that greater attention to internal quality control of the income and rent determination process would be effective in "catching" these issues and correcting them before they (potentially) result in income/rent errors.

Please provide a response indicating status of PHA efforts to strengthen the quality control system, including the implementation of any new initiatives for quality control, as well as timeframes for implementation.

TENANT FILE SAMPLE ERRORS

The RIM review included a review of a sample of 35 tenant files drawn from participants in the TDHCA program. The results of the file sample review were used to support conclusions in all areas of the RIM review.

The file sample review also indicated a number of errors, mistakes or areas of uncertainty that are specific to the circumstances of particular tenant families. Tenant file errors are outlined in the enclosed Tenant File Error Reports.

**Rental Integrity Monitoring (RIM)
Review Report**

**TDHCA
PHA No. TX901
July 27 – 29, 2003**

For each family where tenant file errors were noted, the summaries identify the family, and offer a discussion of the issues noted in that particular tenant file. The summaries include a table, which offers a comparison between the amounts used by the PHA under key income and rent categories and the amounts determined by HUD, based on file documentation, for these same categories. The summaries also note the specific **corrective action(s)** that are necessary to address the identified deficiencies.

We are requesting that the PHA review each tenant file where errors have been identified and provide copies of the missing verifications and corrected HUD-50058s. The corrections should address the form HUD-50058 in effect at the time of the review. A chart is included to assist you in this process.

RECOMMENDATION

The Housing Authority requires that the Local Operator provide third party written verification of wage income. After receiving the documentation, Housing Authority staff calls the employer to receive verbal verification of the information on the forms. While this practice ensures that the data provided is accurate, it also causes additional work for the caseworker. If the information provided is clearly third party written verification and clarification is not necessary to accurately calculate income, we recommend that this practice not continue.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Fort Worth Regional Office, Region VI
Office of Community Planning and Development
801 Cherry Street, PO Box 2905
Fort Worth, TX 76102
Phone (817) 978-5965 - Fax (817) 978-5567
www.hud.gov

SEP 11 2003

RECEIVED
SEP 15 2003
EXECU

Edwina Carrington, Executive Director
Texas Department of Housing and Community Affairs
ATTN: Eddie Fariss
PO Box 13941
Austin, TX 78711

Dear Ms. Carrington:

SUBJECT: HUD Monitoring Report, Emergency Shelter Grant (ESG) Program

HUD conducted an on-site monitoring review of the State of Texas' ESG program on August 12, 2003. The review was conducted by Ms. Gayla Frazier, Senior Community Planning and Development Representative. Thanks to Mr. Jesse Mitchell and other staff for courtesies extended during the review.

The purpose of monitoring was to ensure that ESG funds are used effectively to assist homeless individuals and families and that basic program goals are met. The areas monitored included distribution of funds, management of grants and annual reporting.

The enclosed monitoring report contains the results of our review which resulted in no findings or concerns. Ms. Frazier met with you and program managers on the results at the end of the review. Our overall conclusion is that the State of Texas' performance in implementing the ESG program is excellent. We look forward to working with you on continued implementation of the program which provides vital housing and services to homeless persons. If you have any questions about this report, please contact Ms. Frazier at 817/978-5954.

Sincerely,

Katie S. Worsham
Director

Enclosure

EMERGENCY SHELTER GRANT PROGRAM

Monitoring Report – State of Texas

S-02-DC-48-0001

August 12, 2003

The goals of the monitoring visit were to ensure compliance with the Emergency Shelter Grant (ESG) Program requirements and that ESG funds are being used effectively to assist homeless individuals and families. The areas monitored included distribution of funds, management of grants and annual reporting.

Distribution of Funds

Deadlines for using ESG funds are found at 24 CFR 576.35. The state is required to make available to state recipients all emergency shelter grant amounts that it was allocated within 65 days of the date of the grant award by HUD. Any funds set aside for homeless prevention activities must be made available to state recipients within 180 days of the grant award. Additionally, state recipients must obligate funds within 180 days of the date the state made the grant available to them and homeless prevention funds must be obligated within 30 days of availability. The review was of the state system in place to ensure that funds are distributed in a timely manner.

Prior to the review, we were able to access an application packet from the TDHCA website which included comprehensive information. The mailing list for distributing program information contains 1,211 listings of housing and service providers for assistance to the homeless throughout the State of Texas. Training is offered and provided for preparation of applications as well as start up of programs. A review of the training agendas and materials indicates comprehensive coverage of all program requirements.

The timeline established by the state for the program allows for timely allocation of funds as well as obligation by the state recipients. Preapplication actions are completed prior to the start of the program year. This allows for review of applications to be completed and grant announcements made within the required timeframe. Grant contracts with state recipients are for one year and are available for signature at the implementation workshop which is scheduled and announced as part of the award letter. This allows the recipient maximum time to obligate the funds within the prescribed timeframe.

As a result of the processes established and managed by the state all deadlines for distribution and obligation of funds have been met for the FY 2002 program year monitored. As included in our recent Annual Community Assessment letter, HUD made FY 2002 funds available to the state on February 26, 2002, and all funds were obligated by May 2, 2002. Therefore, the state met the requirement to make ESG funds available to its recipients within the 65-day requirement. The state also provided information regarding the expenditure of funds for the 2001 ESG program year indicating compliance with the 24-month spending requirement. Additionally, Line of Credit Control System (LOCCS) data indicate that as of December 2, 2002, all 2001 ESG funds had been drawn. The state is again commended for achieving the 24-month spending requirement prior to

the March 9, 2003 deadline, thus ensuring that ESG funds were used to deliver benefits to homeless persons in a timely manner.

During the on site review, there was a discussion about the necessity of two contracts per grant year funded for each state recipient. This is due to the difference in the start of the state's program year on February 1, and the start of the state's fiscal year on September 1. We provided technical assistance on the available option of the state electing to shorten or lengthen its program year to change the beginning date. The procedure for changing the beginning date is found at 24 CFR 91.10(b). Please note that the Consolidated Plan program year would have to be the same for all four formula programs.

Management of Grants

The Community Affairs Division of TDHCA is responsible for managing the ESG program. Staff supported through this program includes three program officers and a part time contract specialist. Other management and support staff for this program are funded through other sources.

Monthly computerized reports are submitted by recipients and reviewed by the staff. The contract specialist also processes drawdowns of funds. The division conducts a risk analysis, very similar to HUD's methods, to determine which grants to monitor. All higher scored grants and as many other grants as possible are monitored each year.

Due to time constraints, the review of the state's management of grants included only two contracts awarded in FY 2001:

<u>Recipient</u>	<u>Contract #</u>	<u>Contract Award</u>
El Paso Coalition	421389	\$65,872
Tarrant County ACCESS	431434	\$485,561

El Paso Coalition was funded for housing operations and services. All funds were expended timely. The match for this grant was met through salaries paid for operations and services. This and other compliance issues are reviewed upon receipt of monthly reports. The final report for August 2002 reported all funds expended except \$1,501.92, which was reallocated in the next competition. This FY 2001 grant was not monitored on site due to its relatively low score on the risk assessment. We noted that the FY 2002 grant was monitored on site with a monitoring report dated June 20, 2003. There were no findings identified.

Tarrant County ACCESS was funded for services, operations and homeless prevention. The grant provided gap financing for the program. Match for all categories exceeded the requirements. This and other compliance issues were reviewed upon receipt of monthly reports. The grant was monitored on site with a monitoring report dated January 15, 2003. Monitoring findings were closed in a letter dated April 14, 2003. There is an active request for an exception to a conflict of interest for this recipient. A followup letter was delivered to the state during the review and we continue to work to resolve the issue.

Annual Reporting

As pointed out in the recent Annual Community Assessment letter, the last annual performance report indicated that the state obligated \$4,452,650 for eligible activities to 72 homeless providers in 11 regions of the state from its total FY 2002 grant amount of \$4,687,000. Data provided in the report indicate that 158,026 homeless persons were assisted during the year, including 9,970 persons that were provided homeless prevention assistance. Obligations for the year were \$1,288,235 for essential services; \$1,073,922 for homeless prevention; \$45,626 for rehabilitation; and \$2,044,867 for operations. During monitoring we reviewed systems in place to assure that information essential for the annual report to HUD is available in a timely and easily accessible manner. Monthly reports received online from recipients are reviewed, any discrepancies are noted and technical assistance is provided as part of approval of drawdown of funds. We were provided a demonstration of the online reports received and reviewed and the staff is commended for its efforts in this area.

New Audit Requirement

The state is aware that the amount of grants requiring an audit has recently been raised from \$300,000 to \$500,000. The plan was to make recipients aware of this change as part of the upcoming startup workshop.

In addition to specific observations about the ESG program areas reviewed, we commend the State of Texas on the community coordination encouraged in your grant selection process. It will help to urge communities to develop a system for assisting the homeless. It also provides an excellent opportunity for state recipients to become familiar with the national competition for direct HUD funding for Continuum of Care. The state is also commended for funding of technical assistance contractors to help communities across the state to understand the concept of continuum of care for the homeless.

Texas Department of Housing and Community Affairs

Prior Audit Issues

September 2000 HUD Section 8 Management Review

Texas Department of Housing and Community Affairs - Summary Report of Prior Audit Issues Relating to September 2000 HUD Section 8 Management Review

Ref. #	Report Date	Report Name	Status		Target
	Auditors	Audit Scope	Codes*	Date	Date
171	09/19/00	Section 8 Management Review	Px	01/03/01	01/31/01
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Ix Ixx	03/04/01 07/10/01	

Division: Community Affairs - Section 8

Issue: Finding No. 1: TDHCA must update all written policies and the Administrative Plan and implement Standard Operating Procedures that TDHCA staff will be required to follow.

Status: 07/10/01 - HUD Letter dated 7/10/01 cleared this issue based on its review of information received from the Department.
04/26/01 - Reported to the Board as implemented.

172	09/19/00	Section 8 Management Review	Ix	01/03/01	
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Ixx Pxx Ix	08/02/01 06/30/03 09/17/03	

Division: Community Affairs - Section 8

Issue: Finding No. 2: TDHCA is not maintaining the Record of Application/Waiting List (Fort Worth) in accordance with 24 CFR 982.204. The Waiting List at the time of the review did not address race or local preference.

Status: 09/17/03 - As of May 1, 2003, the Department now maintains the waiting lists for all its Section 8 local HAP operators. Also, a quality control checklist form is used in the contract review process to ensure that notification letters are in the tenant file.

06/30/03 - Per SAO report #03-041 dated June 30, 2003, status is as follows: Although the Department has made some progress in this area, it has not fully corrected this issue. The Department's waiting lists include blanks for the required data elements cited by an earlier HUD audit. However, the auditors found 28 instances in which blanks had not been filled on files that were prepared after February 20, 2001. These discrepancies occurred at six different local operators. Additionally, 3 (15 percent) of 20 files we tested did not contain the notification letter as the external auditor had recommended. (These 20 files were prepared after HUD had issued its report.) The Department's Administrative Plan also requires that the notification letter be in the tenant file.

08/02/01 - Reported by Rick Mendoza in Section 8 Program Specific Audit that issue has been resolved.

02/22/01 - Pursuant to HUD Letter Dated February 22, 2001, a copy of a revised waiting list for the Fort Worth jurisdiction which contained the required information for each applicant was received by this office. This documentation adequately responded to this finding and the finding is closed, subject to a follow-up visit.

01/26/01 - Reported to the Board as implemented.

<u>Ref. #</u>	<u>Report Date</u> <u>Auditors</u>	<u>Report Name</u> <u>Audit Scope</u>	<u>Status</u>		<u>Target Date</u>
			<u>Codes*</u>	<u>Date</u>	
173	09/19/00	Section 8 Management Review	Pxx	01/03/01	01/26/01
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Ix	03/04/01	
			Ixx	04/18/01	

Division: Community Affairs - Section 8

Issue: Finding No. 3: The Administrative Plan must be updated to address all of the elements in the Quality Housing and Work Responsibility Act of 1998, the Conforming Rule and the Prepay/Opt-Out properties requirements found in PIH Notices 99-16 and 00-09.

Status: 07/10/01 - HUD Letter cleared issue based on information provided by the Department.

04/18/01 - The Administrative Plan has been approved pursuant to email from HUD.

2/22/01 - Although reported to Board as that this issue would be implemented as of the day of the Board meeting, January 26, 2001, the status reclassified to "In Process of Implementation" based on correspondence from HUD.

01/26/01 - Reported to the Board as implemented.

174	09/19/00	Section 8 Management Review	Ix	01/03/01	
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Ixx	02/22/01	

Division: Community Affairs - Section 8

Issue: Finding No. 4: TDHCA has not submitted its Public Housing Agency Five Year and Annual Plan to HUD, which was due on April 15, 2000.

Status: 02/22/01: HUD Letter Dated February 22, 2001 - The Annual and five Year PHA Plan was received and approved. This finding is closed.

01/26/01 - Reported to the Board as implemented.

<u>Ref. #</u>	<u>Report Date</u> <u>Auditors</u>	<u>Report Name</u> <u>Audit Scope</u>	<u>Status</u>		<u>Target Date</u>
			<u>Codes*</u>	<u>Date</u>	
175	09/19/00	Section 8 Management Review	Px	01/03/01	01/31/01
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Ix	03/04/01	
Division: Community Affairs - Section 8			Ixx	07/10/01	
Issue: Finding No. 5: Rent reasonableness is not being properly determined for units under the Section 8 tenant-based program, 24 CFR 982.503.			Pxx	06/30/03	
Status: 9/17/03 – In August 2003, the Department expanded the quality control checklist form to include additional information to adequately review contract packages to ensure that Section 8 rent reasonableness is documented.			Ix	09/17/03	
06/30/03 - Per SAO report #03-041 dated June 2003: Although the Department has made some progress in this area, it has not fully corrected this issue. HUD requires the Department to ensure the rent charged to a program participant is similar to (1) other unassisted units in the marketplace and (2) other unassisted units on the premises. The 20 files reviewed, prepared after HUD had issued its report, contained Certification of Rent Reasonableness forms. However, two of these forms did not properly document a comparison of the rental unit to three comparable properties. In one of these cases, it appears that the Department took reasonable steps to find three comparable properties, but failed. In addition, one tenant was authorized housing for which he had failed the affordability test.					
07/10/01 - HUD letter dated 07/10/01 cleared issue based on information submitted by the Department that consisted of revised procedures and forms under Appendix 4 of the Administrative Plan.					
04/26/01 - Reported to the Board as implemented.					
<hr/>					
176	09/19/00	Section 8 Management Review	Px	01/03/01	02/28/01
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Px	03/04/01	04/16/01
Division: Community Affairs - Section 8			Ix	04/18/01	
Issue: Finding No. 6: 24 CFR 982.153 and 5.617 requires that a PHA shall at least once a year reexamine the income of families participating in the Section 8 Programs. According to the HAP Register printed August 4, 2000, 360 reexaminations were delinquent.			Ixx	07/10/01	
Status: 9/17/03 – In June 2003, the Department implemented a monthly file review of contract renewals conducted by management to establish the re-examination of family income for each Section 8 participant.			Pxx	06/30/03	
06/30/03 - Per SAO report #03-041 dated June 2003, status is as follows: Although the Department has made some progress in this area, it has not fully corrected this issue. Of the 20 files examined, prepared after HUD issued its report, 13 should have undergone the annual examination of family income. However, the Department had not performed this work for three (23 percent) of these 13 files.					
07/10/01 - HUD Letter dated 7/10/01 cleared issue based on information submitted by the Department.					
04/26/01 - Reported to the Board as implemented.					

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target Date
			Codes*	Date	
177	09/19/00	Section 8 Management Review	Px	01/03/01	01/31/01
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Ix Pxx Ix	02/22/01 06/30/03 09/17/03	
Division: Community Affairs - Section 8					
Issue: Finding No. 7: 24 CFR 982.153 requires that PHAs comply with the consolidated Annual Contributions Contract (ACC), the application, HUD regulations and other requirements, and the PHA Administrative Plan. HUD requires that resident files include documentation to support verification of income and other family information, Housing Assistance Payments (HAP) contracts, leases, HQS inspection forms, etc.					
Status: 9/17/03 – In August 2003, the Department expanded the quality control checklist form to ensure that Section 8 tenant files contain all the required documents.					
06/30/03 - Per SAO report #03-041 dated June 2003, status is as follows: Although the Department has made some progress in this area, it has not fully corrected this issue. It appears that the Department has corrected most of the problems in old files regarding the five areas of documentation that HUD listed as absent. All of the new files have the documentation that was specifically mentioned in the HUD report. Five (25 percent) of the 20 files (prepared after HUD's report) tested did not contain at least one of the documents required by HUD or recommended by the external auditor.					
04/26/01 - Reported to the Board as implemented.					
02/22/01 - HUD letter dated 02/22/01 reported that this finding is closed, subject to follow-up at the next site visit, based on a copy of standard operating procedures for review and approval of tenant files and a checklist of documents required to be maintained in each Section 8 Housing choice Voucher Program Resident's file submitted by the Department.					

178	09/19/00	Section 8 Management Review	Pxx	01/03/01	
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Px Px Ixx Pxx Ix	03/04/01 05/16/01 07/10/01 06/30/03 09/17/03	04/20/01 NR
Division: Community Affairs - Section 8					
Issue: Finding No. 8: Correct Addendum to Lease and HAP Contract Dated March 2000 is Not Being Use.					
Status: 9/17/03 – In June 2003, the Department disposed of all old versions of the Section 8 lease addendum form which is no longer available to staff or local operators.					
06/30/03 - Per SAO report #03-041 dated June 2003, status is as follows: Although the Department has made some progress in this area, it has not fully corrected this issue. In a sample of 20 files, prepared after HUD issued its report, one instance was found in which the Department used the incorrect lease addendum.					
07/10/01 - HUD Letter cleared issue based on information provided by the Department.					
2/22/01 - Although reported to Board as implemented, per management, at January 26, 2001 meeting, status reclassified to "In Process of Implementation" based on correspondence from HUD.					

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
179	09/19/00	Section 8 Management Review	Pxx	01/03/01	
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Px	03/04/01	04/18/01
			Px	05/16/01	NR
			Ixx	07/10/01	
Division: Community Affairs - Section 8					
Issue: Finding No. 9: Contract Rent Adjustments are not administered in accordance with Section 982.509 and Section 888, Subparts A and B of the Code of Federal Regulations.					
Status: 08/21/01 - Reported to Board as implemented.					
07/10/01 - HUD Letter cleared issue based on information submitted by the Department.					
2/22/01 - Although reported to Board as implemented, per management, at January 26, 2001 meeting, status reclassified to "In Process of Implementation" based on correspondence from HUD.					

180	09/19/00	Section 8 Management Review	Ix	01/03/01	
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Ixx	02/22/01	
Division: Community Affairs - Section 8					
Issue: Finding No. 10: On August 14 -September 8, 2000, thirty (30) Section 8 units selected at random were scheduled to be inspected. There were a total of 11 units that failed the HQS inspection. A "Failed" rating indicates that the unit did not meet minimum HQS requirements for the reasons stated. Four units were not inspected because the family was unavailable.					
Status: 02/22/01 - Pursuant to HUD Letter Dated February 22, 2001: Based on the results and follow-up of HQS inspections performed by HUD staff and documentation and the statements of the local operators who re-inspected the units, this finding is cleared.					
01/26/01 - Reported to Board as implemented.					

181	09/19/00	Section 8 Management Review	Px	01/03/01	02/28/01
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Px	03/04/01	06/30/01
			Ixx	07/10/01	
			Ixx	06/30/03	
Division: Community Affairs - Section 8					
Issue: Finding No. 11: With the exception of one Regional Coordinator who had records, we were unable to determine whether any supervisory inspections had been made in accordance with 24 CFR 982.405 that requires that supervisory quality control inspections be conducted of HQS inspections.					
Status: 06/30/03 - Per SAO report #03-041 dated June 2003, status is as follows: The SAO found evidence that the Department is performing the required reinspections and is sufficiently documenting them.					
08/21/01 - Reported to Board as implemented.					
07/10/01 - HUD Letter dated 7/10/01 cleared this issue based on information submitted by the Department.					

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target Date
			Codes*	Date	
182	09/19/00	Section 8 Management Review	Px	01/03/01	01/31/01
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Ixx	02/22/01	

Division: Community Affairs - Section 8

Issue: Finding No. 12 : 24 CFR Part 982.155 requires that TDHCA maintain an administrative fee reserve for the program. The maximum amount that may be charged against the administrative fee reserve without specific approval must be established and this threshold must be incorporated into the TDHCA Administrative Plan. Copies of the Board resolutions to evidence same must be submitted to the Fort Worth Office.

Status: 04/26/01 - Reported to the Board as implemented.

02/22/01 - HUD letter dated 02/22/01 cleared this finding based on the policy described in the Administrative Plan submitted, which passed by Board resolution, relating to TDHCA establishing a maximum amount (\$100,000) that may be charged against the administrative fee reserve without specific Board approval.

183	09/19/00	Section 8 Management Review	Ix	01/03/01	
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Ixx	02/22/01	

Division: Community Affairs - Section 8

Issue: Finding No. 13 : TDHCA must give assurance that all Year-End Settlement Forms will be submitted in a timely manner. TDHCA must also reconcile each program for each office and make a prior year adjustment for this current year. TDHCA must certify that the leasing data records were reconciled and the adjustment properly reflected on the June 30, 2000, Year-End Settlement Form

Status: 02/22/01 - HUD letter dated 02/22/01 cleared finding based upon documentation and the June 30, 2000, year-end statement submitted by the Department.

01/26/03 - Reported to Board as implemented.

184	09/19/00	Section 8 Management Review	Ix	01/03/01	
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Ixx	02/22/01	

Division: Community Affairs - Section 8

Issue: Finding No. 14: Provide the Fort Worth HUD Office with a copy of the General Ledger Accounts pertaining to the Section 8 Program Certificates and Vouchers for the months of March 1999 and April 2000.

Status: 02/22/01 - Pursuant to HUD Letter Dated February 22, 2001, this finding has been cleared based upon documentation and copies of the general ledger provided to this office.

01/26/01 - Reported to Board as implemented.

<u>Ref. #</u>	<u>Report Date</u> <u>Auditors</u>	<u>Report Name</u> <u>Audit Scope</u>	<u>Status</u>		<u>Target Date</u>
			<u>Codes*</u>	<u>Date</u>	
185	09/19/00	Section 8 Management Review	Pxx	01/03/01	
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Px	03/04/01	08/31/01
			Px	05/16/01	08/31/01
			Ixx	08/02/01	

Division: Community Affairs - Section 8

Issue: Finding No. 15: Provide an explanation of discrepancies identified by comparing several files (16 in total) to the HAP Register. Also conduct an audit (program specific) for the Section 8 Certificate and Voucher Programs which includes a review of TDHCA's compliance with Section 8 financial and management requirements.

Status: 07/31/02 - HUD closed the finding by letter dated June 14, 2002.

08/02/01 - Program Specific Audit completed with a report date of August 2, 2001.

02/22/01 - Although reported to Board as implemented, per management, at January 2001 meeting, status reclassified to "In Process of Implementation" based on correspondence from HUD, letter Dated February 22, 2001, until a program specific audit of the Section 8 Programs is submitted.

186	09/19/00	Section 8 Management Review	Px	01/03/01	
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Px	03/04/01	
			Ixx	04/18/01	

Division: Community Affairs - Section 8

Issue: Finding No. 16: Portability Ledgers Not Maintained in Accordance With HUD Requirements (PIH Notices 92-14 and 96-54).

Status: 8/1/01 - HUD Letter dated 7/10/01 cleared issue based on information previously provided by the Department.

04/26/01 - Reported to the Board as implemented.

04/18/01 - Finding cleared by HUD email based on information provided by the Department relating to Portability Ledgers being maintained in accordance with HUD requirements.

<i>Ref. #</i>	<i>Report Date</i> <i>Auditors</i>	<i>Report Name</i> <i>Audit Scope</i>	<i>Status</i>		<i>Target Date</i>
			<i>Codes*</i>	<i>Date</i>	
187	09/19/00	Section 8 Management Review	Dx	01/03/01	
	HUD	Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Dx	03/04/01	
<i>Division:</i> Community Affairs - Section 8			Dx	04/18/01	NR
<i>Issue:</i> Finding No. 17: Contract of Participation and Establishment of Escrow Account, Documentation could not Be Provided to Support Implementation of a Family Self-Sufficiency (FSS) Program (Repeat Finding).			Dx	11/28/01	NR
<i>Status:</i> 9/17/03 – As of 7/10/03 HUD approved the Department’s request for an exception to the FSS program outside the Houston area. The approval of this request addresses the HUD August 2000 finding and the SAO report that the Department submit an FSS plan or obtain an exemption. Staff is working with the Fort Worth HUD office to submit an FSS Action Plan for the Houston area (Brazoria County).			Pxx	04/25/02	08/31/02
06/30/03 - Per SAO report #03-041 dated June 2003, status is as follows: The auditors recommended that the Department submit a Section 8 family self-sufficiency plan or obtain an exemption from this requirement.			Px	07/31/02	12/31/02
05/06/03 - Communications from HUD dated 4/25/03 indicate that the response pending from HUD regarding the adequacy of the FFS Action Plan submitted (see 12/12/02 status) was overlooked and that the issue would be considered soon. Management is also considering whether community action agencies (CAAs) could provide FSS services to Section 8 voucher holders on behalf of the Department. A target date for these considerations has not been established due to anticipated time delays in coordinating and obtaining information/responses from the CAAs.			Px	08/30/02	12/31/02
12/12/02 - Letters requesting an exception of the FSS Program have been submitted to the San Antonio and Forth Worth offices of HUD. However, a draft of the FSS Action Plan was submitted to the Fort Worth office requesting implementation of the program in Brazoria County to serve as our model in fulfilling the FSS Program of the mandatory size for all three (3) HUD service regions. Further action is pending responses by HUD.			Px	10/25/02	12/31/02
			Dx	12/12/02	NR
			Px	05/06/03	NR
			Pxx	06/30/03	NR
			Px	09/17/03	NR

Texas Department of Housing and Community Affairs

Prior Audit Issues

November 2001 HUD Monitoring Visit of HOME Program

Texas Department of Housing and Community Affairs - Summary Report of Prior Audit Issues Relating to November 2001 HUD Monitoring Visit of HOME Program

Ref. #	Report Date	Report Name	Status		Target
	Auditors	Audit Scope	Codes*	Date	Date
253	11/16/01	Monitoring Visit - HOME Program - M-00/01-SG-48-0100	Px	04/22/02	08/01/02
	HUD	On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Dx	07/26/02	
Division: Portfolio Management & Compliance			Dx	09/23/02	NR
Issue: (Finding 1A) - The state is not providing adequate monitoring and oversight of the processing and construction activities in accordance with the applicable requirements. (Finding 1B) - Additionally, the properties assisted by several of the HOME activities through HOME awards by one of the Department's subrecipients, the Texas State Affordable Housing Corporation, have insufficient or no documentation that they are in compliance with applicable standards and code requirements.			Px	10/28/02	06/30/03
Remaining Corrective Actions:			Px	01/31/02	NR
			Px	03/31/03	5/31/03
			Px	04/29/03	NR
			Pxx	06/20/03	NR
			Px	07/15/03	NR
			Pxx	08/01/03	NR
			Px	09/02/03	12/31/03

(Finding 1A) - HUD letter dated 08/01/03 indicates that the finding remains open and that the Department must further clarify and provide specific written assurances regarding some of the finding's elements, including (1) adding an Inspection component to the Department's Monitoring Plan that defines the qualifications for inspectors, when inspections should be done and emphasizing the need for inspections to ensure quality of work performed, and (2) that, as part of its technical assistance and formal monitoring visits, the Department will conduct physical onsite inspections at a selected number of properties and these inspections should be comprehensive enough to assure that (2a) the initial inspection addresses all deficiencies for which corrective action is needed, (2b) the work write-ups are clear, concise and complete and adequately identify the work required to bring the properties into compliance with the State's property standards, (2c) the awarded bids are cost-reasonable, (2d) all changes to the initial bid are covered by written change-orders, (2e) that all required work has been completed in accordance with the State's construction standards and (2f) a determination is made that the properties are or are not in full compliance with the state's property standards. Additionally, The State should develop and set the standards for its subrecipients to monitor their lower-tier subcontracts.

(Finding 1B):

HUD letter dated 08/01/03 indicates that the finding remains open and that the Department must provide estimated timeframes for completion of the (1) inspections by Department staff of units with deficiencies and (2) completion of construction to correct the deficiencies identified by the inspections. The Department was reminded that for any unit that is not or cannot be brought into compliance, the full amount of the subsidy provided must be repaid to HUD from nonfederal funds.

HUD letter dated 2/27/03 - Requires that the Department establish that each house (1,112 homeowners and homebuyers) met the state's and HUD's standards at the time the activity was completed by sending homeowners and homebuyers a simplified housing standards checklist or survey approved by HUD asking the homeowners and homebuyers if their house met the required standards at the time the activity was completed and the HOME funds were spent. For any claims by homeowners or homebuyers, the Department must conduct an on-site inspection by a qualified person to review for compliance with standards using any available documentation that appears reliable. If documentation is not available, the Department must complete a full write-up of the condition of the house and determine if the claimed deficiency existed at the time of the activity completion. If standards were not met, the Department must take required corrective actions to bring the house into standards. The Department shall provide an appeals process for any claim by homebuyers or homeowners that is denied.

<u>Ref. #</u>	<u>Report Date</u> <u>Auditors</u>	<u>Report Name</u> <u>Audit Scope</u>	<u>Status</u> <u>Codes* Date</u>	<u>Target</u> <u>Date</u>
---------------	---------------------------------------	--	-------------------------------------	------------------------------

Status:

FINDING 1A:

09/02/03: Department staff believes that its response to be provided no later than 12/31/03 will sufficiently address the clarifications requested by HUD.

08/01/03: HUD letter dated 08/01/03 identifies remaining corrective actions. See Issue above for remaining corrective actions.

07/15/03: TDHCA letter to HUD dated 07/15/03 - Informed HUD that the Department has enhanced and implemented oversight and monitoring processes to ensure that all subrecipients and lower tier organizations are accountable for contract activities along with, for HUD's approval, a detailed description of processes and procedures for carrying out inspection and construction activities, including assurances that construction monitoring is provided by qualified persons.

FINDING 1B:

09/02/03: Department staff believes that its response to be provided no later than 12/31/03 will sufficiently address the clarifications requested by HUD.

09/02/03: The TDHCA letter to TSAHC referred to below was forwarded to HUD assuring HUD that the Department continues to take every effort to resolve outstanding findings. Informed HUD that a response is due from TSAHC on 10/03/03, which will be included as part of TDHCA's response to HUD no later than 12/31/03.

09/02/03: TDHCA letter to TSAHC dated 09/02/03 - Letter informed TSAHC that the 1,112 surveys were sent, that 212 beneficiaries responded and that the comments received indicate that 33 project sites may require inspection. TDHCA informed TSAHC that it is required to contact the 33 beneficiaries to schedule inspections and once complete that TSAHC is required to either correct the deficiencies noted in the inspections that existed at the time of assistance to bring the housing sites up to applicable standards or repay the full amount of subsidy provided. Possible questioned costs associated with these assistance payments total \$254,300.

08/01/03: HUD letter dated 08/01/03 identifies remaining corrective actions. See Issue above for remaining corrective actions.

07/15/03: TDHCA letter to HUD dated 07/15/03 - The Department referred HUD to the monitoring measures described in response to Finding 1A and previous responses as a commitment and as a demonstration of capacity to provide HOME program services and monitoring of the HOME program including processes to ensure that inspection and construction activities are accomplished by qualified persons and that assisted housing units meet required standards at activity completion. The Department also referred to sample random selection of recipients and requests that inspector qualification certifications, bid packages, and procurement procedure documentation be submitted to the Department for review as a method of quality assurance.

The Department also provided an overview of the 1,112 surveys sent to households as directed by HUD. The Department received 212 responses that indicated that over 60% of the respondents did not identify any deficiencies. Of the respondents with noted deficiencies, the majority of the issues appear to be either minor in nature, related to normal wear and tear, or unrelated to housing rehabilitation assistance provided by the HOME program. The Department is currently in the process of reviewing respondents with identified deficiencies to determine required follow up and corrective actions, as applicable. A list of the returned surveys was provided to HUD for its review.

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
254	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px	04/22/02	08/01/02
			Px	07/26/02	12/31/02
			Px	10/02/02	NR
			Px	10/28/02	06/30/03
			Px	01/31/03	NR
			Px	03/31/03	5/31/03
			Px	04/29/03	NR
			Pxx	06/20/03	NR
			Px	07/15/03	NR
			Pxx	08/01/03	NR
			Px	09/02/03	12/31/03
Division: Portfolio Management & Compliance					
Issue: (Finding 2.) One of the Department's subrecipient's (the Texas State Affordable Housing Corporation) third-party lenders (HOME, Inc.) (1) disbursed both HOME and FHA Title 1 Home Improvement Loan funds to pay a contractor, in full, to reconstruct a house that was never completed and, (2) issued checks against the FHA Title 1 Home Improvement Loan which subsequently were returned due to insufficient funds, as well as disbursing HOME funds to pay the same contractor for rehabilitation work on a second project, which was never completed.					
Remaining Corrective Actions - HUD letter dated 08/01/03 indicates that the finding remains open and that the Department must continue its efforts to inspect the remaining 17 units assisted. The Department needs to provide the estimated timeframe for the completion of both the remaining inspections and the construction to correct the identified deficiencies. HUD also is requiring that additional assistance be made available for the housing unit that failed inspection for the many infractions noted, as discussed further in the 07/15/03 status below.					
Status: 09/02/03: Department staff believes that its response to be provided no later than 12/31/03 will sufficiently address the clarifications requested by HUD.					
09/02/03: TDHCA letter to TSAHC dated 09/02/03 - Letter forwarded to HUD on 09/02/03 assuring HUD that the Department continues to take every effort to resolve outstanding findings. Informed HUD that a response is due from TSAHC on 10/03/03, which will be included as part of TDHCA's response to HUD no later than 12/31/03.					
09/02/03: TDHCA letter to TSAHC dated 09/02/03 - Letter informed TSAHC that the Department had completed 11 inspections of which 6 units may require additional work to bring them up to standard (The Department also attempted to contact the 16 remaining units for inspection; 4 beneficiaries did not authorize inspections and 12 beneficiaries have not responded to contact attempts). TDHCA informed TSAHC that it is required to either correct the deficiencies noted for the 6 deficient units or repay the full amount of subsidy provided. Possible questioned costs associated with these assistance payments total \$97,661. TDHCA informed TSAHC that it is required to attempt to contact the remaining 12 beneficiaries to schedule inspections and that if a response is not received or a beneficiary does not authorize an inspection, no further action will be required contingent on acceptable documentation of the contact attempts. If a response is received authorizing an inspection, TSAHC will be required to conduct the inspections and correct any noted deficiencies that existed at the time of assistance to bring the housing sites up to standards or repay the full amount of subsidy provided.					
08/01/03: HUD letter dated 08/01/03 identifies remaining corrective actions. See Issue above for remaining corrective actions.					
07/15/03: TDHCA letter to HUD dated 07/15/03 - Informed HUD that the Department has determined that 27 loans were actually disbursed and of the 27 units requiring inspection that eight (8) have been completed; two (2) did not indicate problems and refused access; and that it made numerous unsuccessful attempts to contact the remaining 17 beneficiaries to schedule inspections. Of the eight (8) inspections that occurred, three (3) passed inspection. Of the five (5) units that did not pass inspection, four (4) failed due to minor infractions; the fifth housing unit failed for many infractions including debris around the housing site, faulty wiring, and faulty windows. The Department will question costs related to TSAHC's assistance to the unit. Also, the Department will determine how TDHCA can assist the five (5) beneficiaries whose units did not pass inspection in the provision of adequate housing and will continue attempts to contact the remaining 17 beneficiaries that have not been resolved.					
4/29/03: TDHCA letter to HUD dated 4/22/03 - Informed HUD that inspections would be made, described the inspection process, reiterated the details of the HOME Inc. loans, and agreed to take corrective actions for those homes not meeting a HQS standard.					

<i>Ref. #</i>	<i>Report Date</i> <i>Auditors</i>	<i>Report Name</i> <i>Audit Scope</i>	<i>Status</i>		<i>Target Date</i>
			<i>Codes*</i>	<i>Date</i>	
255	11/16/01	Monitoring Visit - HOME Program - M-00/01-SG-48-0100	Px	04/22/02	08/01/02
	HUD	On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px	07/26/02	08/31/03
<i>Division:</i> Portfolio Management & Compliance			Px	10/02/02	NR
<i>Issue:</i> (Finding 3.) Data previously entered into IDIS that was incomplete and/or inaccurate have still not been corrected.			Px	10/28/02	NR
Corrective Actions include (1) reviewing all Project Set-up and Project Completion reports for all activities assisted from 1998 through present and making all required corrections on the forms, (2) entering all revised data into the IDIS for each activity, (3) providing a proposed timeframe for the preceding, and (4) advising HUD the steps the State plans to implement to assure in the future that all required data will be obtained and accurately entered into IDIS.			Px	01/31/03	05/30/03
HUD letter dated 06/20/03 - Reminded the Department that as it continues to close old HOME contracts, the funds released by these closures need to be committed as quickly as possible so that their availability does not have a negative impact on the state's 24-month commitment deadline.			Px	03/31/03	07/31/03
<i>Status:</i> 07/29/03 - Reported to the Board as Implemented.			Dx	04/29/03	NR
06/20/03: HUD letter dated 06/20/03 - Cleared this finding based on information provided by the Department and on the basis of the Department's assurance that corrective actions will continue to be taken as other errors or deficiencies are found.			lxx	06/20/03	
04/29/03 : TDHCA letter to HUD dated 4/22/03 - Informed HUD that it has completed over 2000 corrections and that all major corrections have been completed and the finding should be cleared. The letter also details the processes involved in IDIS entry, staffing changes implemented and discusses reconciliation issues with IDIS, CSAS and Genesis, the program's internal database.					

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
256	11/16/01	Monitoring Visit - HOME Program - M-00/01-SG-48-0100	Px	04/22/02	08/01/02
	HUD	On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Ix	07/26/02	
			Px	10/28/02	NR
			Ix	01/31/03	
			Px	03/31/03	05/31/03
			Px	04/29/03	NR
			Pxx	06/20/03	NR
			Px	07/15/03	NR
			Pxx	08/01/03	NR
			Px	09/02/03	12/31/03

Division: Portfolio Management & Compliance

Issue: (Finding 4.) Under the contract-for-deed conversion program (CFD) delivered by one of the Department's subrecipients (the Texas State Affordable Housing Corporation), vacant lots were purchased for which the construction of housing units was not started within 12 months of the purchase of the land, contrary to HOME rules. Additionally, based on the state's monitoring checklist for one of the recipients of the CFD assistance, it could not be determined if the applicant was income eligible.

Remaining Corrective Actions: HUD letter dated 08/01/03 indicates that the finding remains open and that the Department must continue to contact the remaining six (6) beneficiaries to schedule inspections on their properties and to continue its efforts to provide adequate housing for Mr. Cortez (discussed further at 07/15/03 Status below). HUD also reminded the Department that it must ensure that houses which do not meet standards be repaired or reconstructed, or repayment will be made from nonfederal funds.

Status: 09/02/03: Department staff believes that its response to be provided no later than 12/31/03 will sufficiently address the clarifications requested by HUD.

09/02/03: TDHCA letter to TSAHC dated 9/2/03 - Letter forwarded to HUD on 09/02/03 assuring HUD that the Department continues to take every effort to resolve outstanding findings. Informed HUD that a response is due from TSAHC on 10/03/03, which will be included as part of TDHCA's response to HUD no later than 12/31/03.

09/02/03: TDHCA letter to TSAHC dated 09/02/03 - Informed TSAHC that the Department had completed inspections of two of the 11 units receiving assistance, that four assisted beneficiaries did not authorize inspections and that the remaining five beneficiaries have not responded to contact attempts. TDHCA informed TSAHC that it is required to either correct the deficiencies noted by TDHCA's inspections or repay the full amount of subsidy provided. Possible questioned costs total \$71,865, which includes assistance associated with the two units not passing inspection as well as assistance associated with the five beneficiaries that have not responded to contact attempts (cannot be documented as in compliance with standards). TDHCA informed TSAHC that it is required to attempt to contact the remaining five beneficiaries to schedule inspections and that if a response is not received or a beneficiary does not authorize an inspection, no further action will be required contingent on acceptable documentation of the contact attempts. If a response is received authorizing an inspection, TSAHC will be required to conduct the inspections and correct any noted deficiencies that existed at the time of assistance to bring the housing sites up to standards or repay the full amount of subsidy provided.

08/01/03: HUD letter dated 08/01/03 identifies remaining corrective actions. See Issue above for remaining corrective actions.

07/15/03: TDHCA letter to HUD dated 07/15/03 - Informed HUD that of the 11 units requiring inspection that one inspection has been completed; that four beneficiaries indicated no problems; and that numerous unsuccessful attempts have been made to contact the remaining six beneficiaries to schedule inspections. The inspection conducted at the home of Mr. Francisco Cortez concluded that the home did not pass inspection. The original structure that received HOME assistance passed final inspection on November 28, 1998. Mr. Cortez has since constructed a block wall around the mobile home and tore down the original home. The Department has concluded that the original structure must have been substandard resulting in the demolition of the original unit. The current structure does not meet standards. The Department will question costs related to TSAHC's assistance to the unit. Also, the Department will determine how to assist Mr. Cortez in the provision of adequate housing and will continue attempts to contact the six (6) beneficiaries that have not been responsive.

07/26/02: TDHCA Letter to HUD dated 07/26/02 - TDHCA Compliance Monitors conducted a review of all related project files and found that 3 of the lots purchased are currently vacant lots. Total Questioned Costs associated with these three lots are \$45,352.79, which has been reimbursed from the subrecipient. The remaining 11 applicants reviewed were income eligible as evidenced by support documentation in the file.

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
257	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px	04/22/02	08/01/02
			Px	07/26/02	10/15/02
			Px	09/26/02	12/15/02
			Ix	10/28/02	
			Ixx	02/27/03	
Division: HOME					
Issue: (Finding 5.) It could not be determined that all required lower-tier subcontracts were executed between the applicable parties. Additionally, there was no documentation of an executed subcontract with another third party for provider fees of \$500 per case. It could not be determined what specifically was covered by the fees or whether the fees were cost-reasonable based on the services provided.					
Corrective Actions include (1) execution of written agreements between the subrecipient and third-party lenders in accordance with regulations, (2) no further funds be disbursed until documentation that all written agreements between all parties have been executed and received and (3) the State obtaining assurance that service or provider fees are reasonable.					
Status: 02/27/03: HUD letter dated 02/27/03 - Cleared finding based on the Department's assurance that it has a process in place to ensure that its subrecipients execute required contracts with lower-tier agencies.					
258	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Pxx	04/26/02	06/30/02
			Px	07/26/02	
			Px	10/02/02	NR
			Px	10/28/02	NR
			Px	01/31/03	07/31/03
Division: Portfolio Management & Compliance					
Issue: (Finding 6.) There is a prohibited clause in the Land Use Restriction Agreement (LURA) executed between one of the Department's subrecipients (the Texas State Affordable Housing Corporation) and a Texas limited partnership (83-Westgate, LTD or "Owner") whereby occupancy requirements could be waived contrary to program regulations unless an exception is granted by HUD for specified reasons.					
Corrective Actions include (1) amending the LURA to remove the prohibited clause, (2) reviewing all other LURAs or similar documents from 1998 through present to assure that no prohibited clauses are in the agreements and, if so, make appropriate corrections and (3) reviewing all LURAs or similar documents in the future to ensure that no prohibited clauses are included.					
Status: 07/29/03 - Reported to the Board as Implemented.					
06/20/03: HUD letter dated 06/20/03 - Cleared finding based on information provided by the Department.					
259	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px	04/22/02	08/01/02
			Ixx	06/27/02	
			Division: HOME		
Issue: (Finding 7.) HOME funds were disbursed to a contractor in advance of need as an "initial draw, " contrary to program rules that require that no Federal funds be drawn and disbursed until such time as funds are needed for payment of eligible costs.					
Status: 07/31/02: HUD letter dated 06/27/02 - Cleared finding based on the Department's response, dated 2/19/02, which stated "Program benchmarks, set-ups and draws will be well documented and reviewed prior to the release of funds."					

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
260	11/16/01	Monitoring Visit - HOME Program - M-00/01-SG-48-0100	Px	04/22/02	08/01/02
	HUD	On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px	06/27/02	01/31/03
Division: Portfolio Management & Compliance			Px	10/02/02	NR
Issue: (Finding 8A.) Instances were noted where there was no documentation that newly-constructed units (single-family and multi-family) financed by the Department with HOME funds awarded to one of its subrecipients (the Texas State Affordable Housing Corporation) are in compliance with the current edition of the Model Energy Code (MEC) published by the Council of American Building Officials. (Finding 8B.) Additionally, it was noted that one of TSAHC's HOME funded apartment complexes (the Keystone Apartment complex Weslaco) is not in compliance with Section 504 (handicapped accessibility) relative to units that are accessible for persons with visual and/or hearing impairments.			Px	10/28/02	NR
Remaining Corrective Actions relate to Finding 8A and include (1) reviewing all applicable files from 1998 through present to verify compliance with MEC and 504 requirements. HUD letter dated 08/01/03 indicates that the finding remains open and that the Department must provide its final results regarding its efforts to obtain the documentation necessary to certify compliance with the MEC by December 31, 2003.			Px	12/13/02	07/31/03
Status: FINDING 8A:			Px	03/31/03	08/31/03
09/02/03: Department staff believes that its response to be provided no later than 12/31/03 will sufficiently address the clarifications requested by HUD.			Px	04/29/03	NR
09/02/03: TDHCA letter to TSAHC dated 09/02/03 - Letter forwarded to HUD on 09/02/03 assuring HUD that the Department continues to take every effort to resolve outstanding findings. Informed HUD that a response is due from TSAHC on 10/03/03, which will be included as part of TDHCA's response to HUD no later than 12/31/03.			Pxx	06/20/03	NR
09/02/03: TDHCA letter to TSAHC dated 09/02/03 - Letter informed TSAHC that it is required to submit acceptable documentation for the additional 63 units it has previously represented to the Department as in MEC compliance. TSAHC was informed that in may be required to repay the full amount of subsidy provided for those units not adequately documented as in compliance, including the remaining 52 units that continue to require documentation of compliance. The amount of assistance subject to question is \$390,398.			Px	07/15/03	NR
08/01/03: HUD letter dated 08/01/03 identifies remaining corrective actions. See Issue above for remaining corrective actions.			Pxx	08/01/03	NR
07/15/03: TDHCA letter to HUD dated 07/15/03 - TSAHC has been unable to obtain documentation of compliance for the remaining 115 units, attempts are still being made to contact the original inspectors. The Department continues to assert that assurance can reasonably be assumed due to the MEC certifications received to date and that contractors incorporate MEC requirements into new construction activities. The Department requests that this finding be considered substantially in compliance and that the finding be cleared.			Px	09/02/03	12/31/03
04/30/03: TDHCA letter to HUD dated 4/22/03 - (Finding 8A.) - 154 units of 269 new construction projects have now been documented for compliance with the MEC.					
FINDING 8B:					
08/01/03: HUD letter dated 8/1/03 cleared this portion of the finding based on information provided by the Department that TDHCA has received documentation that the Keystone Apartment complex is now in compliance with Section 504 requirements and on the Department's assurance that procedures are in place to ensure future compliance with Section 504.					
07/15/03: TDHCA letter to HUD dated 07/15/03 - The Keystone apartment complex is now in compliance with Section 504 for visual and/or hearing impairment accessibility and 10 additional units have been retrofitted for mobility and sensory impairment accessibility. The Department assures HUD that processes are in place to ensure future compliance.					

Texas Department of Housing and Community Affairs

Prior Audit Issues

*June 2003 SAO Report on Selected Assistance (Community Affairs)
Programs*

Texas Department of Housing and Community Affairs - Summary Report of Prior Audit Issues Relating to June 2003 SAO Report on Selected Assistance (Community Affairs) Programs

<i>Ref. #</i>	<i>Report Date</i>		<i>Report Name</i> <i>Audit Scope</i>	<i>Status</i>		<i>Target</i> <i>Date</i>
	<i>Auditors</i>			<i>Codes*</i>	<i>Date</i>	
306	06/30/03		Selected Assistance Programs at the Department	Px	06/25/03	01/01/04
	SAO		The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001/2002.	Px	09/17/03	10/31/03

Division: Community Affairs - WAP

Issue: Chapter 1-A: The Department did not ensure that subgrantees (1) provided weatherization services to only eligible multi-family dwellings, (2) did not exceed the maximum they can spend to weatherize a multi-family dwelling, and (3) fulfilled a variety of other WAP multi-family requirements, including the need to (3a) have applicants fully complete or sign WAP applications, (3b) for authorized individuals to sign final inspection forms, (3c) for utility billing histories to be obtained with only appropriate authorization, and (3d) for contracts with the owners of two multi-family dwellings specify that the owners did not inappropriately raise their rents.

Recommendation - The Department should (1) determine the multi-family dwellings that received WAP services in fiscal years 2001 and 2002 that were not eligible for these services and recover the amounts, (2) develop, communicate, and enforce policies and procedures to ensure (2a) each building has at least the required percentage of income-eligible units, (2b) subgrantees do not spend more than the maximum amounts allowable per unit, and (2c) subgrantees have appropriately ensured that, before the weatherization work begins, that the applicant and the multi-family dwelling unit are eligible and required documentation is completed, (3) ensure that multi-family dwelling owners provide the required assurance that rent does not increase as a result of receiving weatherization services, and (4) require that WAP subgrantees provide the Department with monthly status updates on (4a) how much they have spent from all federal and state sources to weatherize each multi-family dwelling and (4b) what percent of the work on each dwelling has been finished in order to track the amount of program funds that have been spent to weatherize multi-family and single-family dwellings.

Status: 09/17/03 - Revisions to the Multi-family Issuance referred to in prior status updates are being reviewed by Division Director. Additionally, the monitoring instrument will be modified to incorporate issues addressed in the Multifamily Issuance and an addendum to the monitoring instrument is in place to record all documents reviewed.

EA staff have identified all multifamily projects/buildings weatherized in SFY 2000, 2001, & 2002 required to meet the 66% rule. Energy Assistance has randomly selected 10% of the units determined income eligible for each building weatherized to review the income documentation maintained in the client files and is in the process of collecting the documentation from the applicable Agencies. Should any units be determined ineligible, the 10% sample will be expanded and the cost of any units disallowed will require reimbursement. The income verification should be completed in October, 2003.

Expenditures on multi-family units will be tracked by modification to the Easy Audit by a web-based application.

07/30/03 - TDHCA is in the process of analyzing the conditions noted by the SAO and will recoup all WAP funds determined to be disallowed. Additionally, (1) modifications to the monitoring instrument will require identification of all onsite documentation reviewed, which must be complete and found in client files at the time of the on-site review, (2) documentation subject to monitoring will be copied and returned to TDHCA for quality control review prior to developing the monitoring report, and (3) modification to the monitoring instrument and a new WAP Policy Issuance will ensure subgrantees do not exceed the maximum cost per unit.

06/25/03 - The Department agrees with and will implement the recommendations and is currently in the process of modifying the EASY Audit,

<u>Ref. #</u>	<u>Report Date</u> <u>Auditors</u>	<u>Report Name</u> <u>Audit Scope</u>	<u>Status</u> <u>Codes*</u>	<u>Date</u>	<u>Target</u> <u>Date</u>
---------------	---------------------------------------	--	--------------------------------	-------------	------------------------------

anticipated for completion by 10/01/03, which will address many of these issues. The Department is also developing an issuance, which has been provided to subgrantees for review and comment, on weatherizing multi-family structures to provide additional guidance on weatherizing multi-family buildings.

307	06/30/03 SAO	Selected Assistance Programs at the Department The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001/2002.	Px Px	06/25/03 09/17/03	01/01/04 11/01/03
------------	-----------------	--	----------	----------------------	----------------------

Division: Multiple

Issue: Chapter 1-B: WAP, CEAP and CSBG subgrantees annualize 30 days of income to estimate annual income and determine income eligibility for services, which is allowable under federal regulations; however, using only 30 days of income allows applicants to receive services even when their annual household incomes exceed the program's income eligibility thresholds.

Recommendation - The Department should obtain information for household income for a period that is longer than 30 days to determine an applicant's income eligibility.

Status: 09/17/03 - The Community Affairs Division is preparing a policy issuance for CSBG, CEAP and WAP contractors for transmission changing annualization of income to 90 days prior to the date of intake application, effective new program year (1/1/04). Income eligibility for ESGP clients will remain at 30 days prior to the date of intake application.

Ref. #	<u>Report Date</u>	<u>Report Name</u>	<u>Status</u>		<u>Target</u>
	<u>Auditors</u>	<u>Audit Scope</u>	<u>Codes*</u>	<u>Date</u>	<u>Date</u>
308	06/30/03	Selected Assistance Programs at the Department	Px	06/25/03	01/01/04
	SAO	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001/2002.	Ix	09/17/03	

Division: Community Affairs - WAP

Issue: Chapter 1-C: The Department does not ensure that WAP subgrantees provide allowable, cost-effective services. Examples include: (1) One subgrantee provided weatherization services to an applicant even though the subgrantee had determined that the applicant's household was not income-eligible (\$2,469), replaced refrigerators in a multi-family dwelling without following documentation requirements to show that these replacements were allowable (\$2,475), and began weatherization work on three units in a multi-family dwelling before the energy audits had been completed (\$2,060), (2) The files of one subgrantee supporting \$202,000 in weatherization work at a multi-family dwelling consisted of a single, incomplete energy audit rather than the required energy audit for each unit. Although the energy audits were not in the files when the auditors reviewed them, an energy audit was subsequently found for each unit. Additionally, this same subgrantee did not have any of the residents in eight single-family dwellings sign the final inspection report signifying that the weatherization work was actually completed and in five of these cases, the required energy audits were not signed or dated (\$16,685).

Furthermore, the Department does not ensure that subgrantees' contracts provide for cost-effective and allowable weatherization services or provide guidance to WAP subgrantees regarding their contracts with weatherization contractors. As a result, audit tests of three subgrantees found that: (1) The Department does not ensure that subgrantees' contracts have provisions to ensure the subgrantees pay contractors reasonable prices for weatherization services - one subgrantee had three contracts that did not include price lists for materials and labor. These contracts also lacked provisions allowing the subgrantee to review the contractors' actual receipts for the purchase of materials, which was important because the cost of the materials in these contracts was the basis of the payment. The same subgrantee also amended three weatherization contracts that had already expired - one amendment increased what the subgrantee would pay for labor from 65 percent of the cost of materials to 80 percent of the cost of materials rather than allowing other contractors to bid on the work to ensure that it paid the lowest price for weatherization services, and (2) The Department does not ensure that subgrantees' contracts adequately describe the scope of work weatherization contractors will perform - one subgrantee contracted with a contractor to "weatherize all eligible dwelling units" for a flat rate but the contract did not contain a statement of work or a definition of the term weatherize.

Recommendation - The Department should ensure that WAP subgrantees (1) consistently document their decision criteria for providing weatherization services to WAP applicants, (2) provide services only to applicants who meet the program's eligibility criteria, (3) obtain residents' signatures on final inspection forms to verify that the weatherization work was actually performed, (4a) input adequate data into the energy audit software, (4b) conduct energy audits before providing weatherization services, (4c) perform separate energy audits for each unit to be weatherized, and (4d) allow only qualified individuals to conduct the energy audits, and (5) provide adequate guidance to subgrantees to ensure that subgrantees maintain current contracts with weatherization contractors and pay contractors reasonable prices.

Status: 09/17/03 - The Procurement Issuance referred to in the 6/25/03 status update has been reviewed and determined adequate. No revision is required at this time. An addendum to the monitoring instrument is in place to record all documents reviewed during a monitoring visit.

An addendum to the monitoring instrument is in place to record all documents reviewed during a monitoring visit.

07/30/03 - Modification to the monitoring instrument will require identification of all onsite documentation reviewed, which must be complete and found in client files at the time of the on-site review. Documentation subject to monitoring will be copied and returned to TDHCA for quality control review prior to developing the monitoring report.

06/25/03 - The Department agrees with and will implement the recommendations. Additionally, the Department has developed a procurement issuance in compliance with federal procurement requirements that requires a subgrantee to conduct a material cost analysis survey of their service area, competitively solicit for labor and materials, and enter into a contract with the winner of the solicitation and also requires specific contract provisions that must be included in the subgrantee contracts with weatherization service providers. The Department will review the Procurement Issuance and amend the issuance to clarify all requirements in regard to cost and contract provisions.

Ref. #	Report Date	Report Name	Status		Target
	Auditors	Audit Scope	Codes*	Date	Date
309	06/30/03	Selected Assistance Programs at the Department	Px	06/25/03	09/01/03
	SAO	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001/2002.	Ix	09/17/03	

Division: Multiple

Issue: Chapter 1-D: The WAP, CEAP, and CSBG programs close their monitoring processes without ensuring that subgrantees have addressed the issues identified during monitoring. For example: (1) Two of the 13 WAP subgrantees tested did not respond to all the issues identified by the Department's monitors, but the monitors still closed the monitoring process at these subgrantees. The same issues still existed six months later. (2) Two of the 13 CEAP subgrantees tested did not respond to all of the issues that Department's monitors had identified, but the monitors still closed the monitoring process. (3) Five of the seven CSBG monitoring files reviewed included unresolved issues when the Department's monitors closed them - one subgrantee's fiscal officer had sole signature authority, which increases the risk of fraud and abuse, which had been identified as an issue in each of the past five fiscal years.

Additionally, WAP monitors do not always identify issues that are present when they conduct monitoring. At two of the three WAP subgrantees audited, significant issues were present at that time of the Department's monitoring but the issues were not reported. For example: (1) One subgrantee could not produce an entire set of employee time sheets for any month in the past year; however, the Department's monitors indicated that this subgrantee's time sheets substantiated expenditures that the Department reimbursed. (2) Another subgrantee amended contracts with its weatherization contractor when those contracts had already expired. All but one of the subgrantee's contracts had expired at the time of the Department's last monitoring visit; however, the Department's monitor indicated that this subgrantee's contracts were adequate.

Recommendation - The Department should (1) not close files that have issues it identifies during monitoring visits until the subgrantees have corrected the issues, (2) provide copies of its WAP, CEAP, and CSBG monitoring reports to subgrantees' board chairs to help ensure that subgrantees address issues identified, and (3) develop WAP monitoring standards that ensure that monitors review a sufficient amount of information to support their conclusions and that the monitors document which contracts, files, and other documentation they reviewed to draw their conclusions.

Status: 09/17/03 - New procedures are in place to keep a monitoring report open until all issues requiring on site verification are completed. A standard operating procedure is being developed for this procedure. Copies of monitoring reports are being provided to board chairs 60 days after the monitoring report is sent to the subrecipient. An addendum to the monitoring instrument is in place to record all documents reviewed during a monitoring visit.

07/30/03 - Modification to the monitoring instrument will require identification of all onsite documentation reviewed, which must be complete and found in client files at the time of the on-site review. Documentation subject to monitoring will be copied and returned to TDHCA for quality control review prior to developing the monitoring report.

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
310	06/30/03	Selected Assistance Programs at the Department	Px	06/25/03	09/01/03
	SAO	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001/2002.	Ix	08/26/03	

Division: Community Affairs - Section 8

Issue: Chapter 2-A: Section 8 Local operators had not awarded 213 (10 percent) and 247 (12 percent) housing assistance vouchers available to them at the end of program years 2001 and 2002, respectively. While Section 8 rental assistance vouchers remain unused in certain areas, local operators maintain waiting lists containing the names of individuals who are waiting to receive vouchers. The Department also reports that it did not spend \$830,000 (nearly 9 percent) of its federal Section 8 budget at the end of program year 2002. Federal rules for the Section 8 program require HUD to begin the process of reallocating funding from housing authorities that (1) award less than 90 percent of their vouchers and (2) fail to spend 90 percent of their funding. Therefore, the Department is approaching the conditions that would require HUD to begin reallocating its Section 8 funding.

Recommendation - The Department should coordinate with HUD to explore methods to increase the percentage of Section 8 vouchers it awards.

Status: 8/26/03 – The final average lease up percentage for the fiscal year 2003, which ended June 30, was 93%. Also, the Department expended more than 100% of its funding. Additionally, the Department submitted a request to the Fort Worth HUD office to consolidate all allocated vouchers into one Annual Contribution Contract (ACC) under the jurisdiction of the Fort Worth office. This request, if approved, will help the Department address the unmet need for housing throughout the state and increase the percentage of Section 8 vouchers leased.

06/25/03 - As of May 31, 2003, the Department has awarded 96% of the statewide housing vouchers, exceeding the HUD required lease up rate of 95%, by reallocating vouchers and adding a new city within the Ft. Worth Section 8 jurisdiction.

311	06/30/03	Selected Assistance Programs at the Department	Ix	06/25/03	
	SAO	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001/2002.			

Division: Community Affairs - Section 8

Issue: Chapter 2-B: Federal guidelines and Department policy require that local operators award available Section 8 vouchers to families in the order in which the families' names appear on the Section 8 waiting lists. Although the Department has access to the current waiting lists for each local operator, those waiting lists do not specify when families received vouchers or whether families did not receive vouchers for legitimate reasons. This means that the Department cannot determine whether the local operator awarded the vouchers in the required order.

Recommendation - The Department should require that local operators provide enough information so that the Department can verify whether local operators award vouchers to the individuals who have waited the longest to receive them.

Status: 06/25/03 - As of May 1, 2003, the Department maintains the waiting lists for all its Section 8 local HAP operators on an Excel spreadsheet to verify whether local housing assistance program operators award vouchers to the individuals who have waited the longest to receive them.

<i>Ref. #</i>	<i>Report Date</i>	<i>Report Name</i>	<i>Status</i>		<i>Target</i>
	<i>Auditors</i>	<i>Audit Scope</i>	<i>Codes*</i>	<i>Date</i>	<i>Date</i>
313	06/30/03	Selected Assistance Programs at the Department	Ix	06/25/03	
	SAO	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001/2002.	Px	09/17/03	

Division: Community Affairs - Section 8

Issue: Chapter 2-C: The Department has not fully corrected several Section 8 noncompliance issues identified in two separate reviews conducted in 2000. In general, noncompliance continues relating to (1) waiting list administration, (2) determination of rent reasonableness, (3) documentation of required information, (4) use of correct lease addendum forms, (5) implementation of a family self-sufficiency program, (6) annual re-examination of family income, and (7) supervisory and review processes.

Recommendation - The Department should (1) ensure that local operators complete all required elements on Section 8 waiting lists, (2) ensure that Section 8 files contain notification letters informing applicants that vouchers may be available to them, (3) ensure that Section 8 rent reasonableness is adequately tested and documented, (4) ensure that old versions of the Section 8 lease addendum form are not readily available to staff or local operators, and conduct sufficient reviews of Section 8 files to detect the use of incorrect or obsolete forms, (5) submit a Section 8 family self-sufficiency plan or obtain an exemption from this requirement, (6) implement an annual file review to re-examine family income for each Section 8 participant as recommended by the external auditor, and (7) determine why documents are not in Section 8 files, despite the Department's supervisory review process and, if necessary, consider a second level of review to ensure that tenant files contain all required documents.

Status: 09/17/03 - On letter dated 07/10/03 regarding recommendation (5), HUD approved the Department's request for an exception to the Family Self-Sufficiency (FSS) program outside the Houston area. Staff is working with the Fort Worth HUD office to submit an FSS Action Plan for the Houston area (Brazoria County).

06/25/03 - The Department (1) now maintains the waiting lists for all program operators and ensures that all required elements on Section 8 waiting lists are complete, (2) revised the contract review process to ensure that Section 8 rent reasonableness is adequately tested and documented, (3) developed a quality control checklist form to ensure that Section 8 tenant files contain all required documents, (4) disposed of all old versions of the Section 8 lease addendum and reviewed Section 8 files to ensure that they do not include incorrect or obsolete forms, (5) submitted a Section 8 family self-sufficiency exception request to the HUD office, which is pending response from HUD (the Department is exploring alternatives in the event HUD does not approve the exemption request), (6) implemented an annual file review to re-examine family income for each Section 8 participant, and (7) developed and currently is using a quality control checklist form to ensure that Section 8 tenant files contain all required documents, including notification letters informing applicants that vouchers may be available to them. The Regional Coordinator will complete this form for new admissions, annual renewals, interim rent adjustments, and moves to other units, and will place the form in the contract file for final review and approval by the Section 8 Coordinator/Manager.

Ref. #	<u>Report Date</u>	<u>Report Name</u>	<u>Status</u>		<u>Target</u>
	<u>Auditors</u>	<u>Audit Scope</u>	<u>Codes*</u>	<u>Date</u>	<u>Date</u>
314	06/30/03	Selected Assistance Programs at the Department	Px	06/25/03	10/01/03
	SAO	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001/2002.	Px	09/17/03	01/31/04

Division: Community Affairs - WAP

Issue: Chapter 3-A: The Department requires its WAP subgrantees to use a specific energy audit software called Easy Audit, but it has not made cost-effective decisions regarding this software. The software cost \$232,000 to develop and another \$240,000 to upgrade and the Department elected to require the use of this software rather than an energy audit software application that the U.S. Department of Energy (DOE) developed and makes available to states at no charge. Additionally, the Department does not own the source code for this software effectively limiting itself to a sole-source contract for any future upgrades to this software.

Easy Audit also has weaknesses that limit its reliability and effectiveness and could lead to incorrect decisions regarding program eligibility determination. For example: (1) DOE approved the Department's use of Easy Audit, but with several restrictions that limit the use of Easy Audit to single-family dwellings and small multi-family dwellings. (2) DOE has identified several inaccuracies in the way Easy Audit computes several values, which could lead to incorrect decisions regarding which weatherization services, if any, should be performed. (3) The audit also identified other vulnerabilities and it is unclear whether the Easy Audit upgrade will address these weaknesses. These weakness include: (3A) The Department cannot ensure that the dwellings the subgrantees weatherized were eligible to receive weatherization services because (3Ai) electronic versions of the energy audit files that Easy Audit produces are not always accessible and (3Aii) the hard copies of these files do not display all the information necessary to determine which weatherization measures to provide, and (3B) Easy Audit uses default numbers for some costs and efficiency ratios that could lead to incorrect decisions regarding program eligibility determination and whether to perform certain weatherization services.

Recommendation - The Department should conduct and document a thorough cost-benefit analysis to determine which energy audit software – the free federal software or Easy Audit – is the best and most cost-effective energy audit software to use in the WAP program. This analysis should consider the costs associated with the addressing all federal restrictions on the Department's use of Easy Audit, as well as (1) upgrading Easy Audit to ensure that (1a) electronic energy audit files are accessible or (1b) the hard copy printouts display enough of the data that subgrantees input so that monitors can verify that subgrantees input the right prices and costs into the software, (2) removing cost and efficiency ratio default numbers from Easy Audit, and (3) adding edit checks to Easy Audit to verify that the cost and efficiency ratios entered are within acceptable ranges.

Status: 09/17/03 - Training on the new EASY Audit for training staff and four subrecipients is scheduled for the week of September 22, 2003. The CRN contract for the EASY audit modification has been amended to track actual cost allocated on the BWR (Building Weatherization Report), prevent the exceeding of maximum amounts, and show when leveraged funds are used in conjunction with DOE funds to install a measure.

07/30/03 - The proposed modification of EASY Audit to a web based format will resolve the issue of the existence of audits and the maintenance of a back up disc, access to audit files, and display of audit data.

06/25/03 - The Department believes that it conducted a thorough cost-benefit analysis to determine which energy audit software was the best and most cost-effective energy audit software to use in the WAP program. In 1997, EASY Audit II was approved for multi-family and mobile home weatherization. The Department is currently working to convert EASY Audit II to EASY Audit III, which will be a web-based application and will address the audit recommendations relating to client application and eligibility determination process for single- and multi-family units, tracking expenditures, removing input defaults, and installing acceptable ranges of response for efficiency of appliances and acceptable R-values for various measures.

The Department engaged in, and continues to be engaged in, an exhaustive, step-by-step analysis of energy audit options for Texas.

Ref. #	<u>Report Date</u>	<u>Report Name</u>	<u>Status</u>		<u>Target</u>
	<u>Auditors</u>	<u>Audit Scope</u>	<u>Codes*</u>	<u>Date</u>	<u>Date</u>
315	06/30/03	Selected Assistance Programs at the Department	Px	06/25/03	01/01/04
	SAO	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001/2002.	Px	09/17/03	01/30/04

Division: Multiple

Issue: Chapter 3-B: IT weaknesses limit the Department's ability to rely on the data in its information systems. Some contract signatures are missing from contracts stored electronically, the Department lacks an alternative site agreement, information is not consistently updated in certain information systems (accounting system - CSAS vs. program system - Genesis), and information in the Emergency Shelter Grant Program's monitoring tracking system is not accurate (data erroneously specified that the Department had conducted four ESGP monitoring visits that it had not actually conducted).

Recommendation - The Department should (1) ensure that it has valid contracts with subgrantees by restoring missing electronic contract signatures or by obtaining ratifying signatures for its current contracts, monitor the maintenance of these signatures and ensure that this problem will not recur in the new central database system and test the maintenance of these signatures before the new central database system is considered complete, (2) enter into an alternative site agreement through which it would have the necessary hardware on which to run its applications in the event of a disaster, and (3) ensure that decisions are made based on accurate information, e.g. the Department should duplicate in Genesis any changes it makes in CSAS, implement a reconciliation process between Genesis and CSAS and ensure that the information in its ESGP monitoring tracking system is accurate.

Status: 09/17/03:

ISD is in the process of securing a waiver to exempt the agency from using the West Texas Disaster Recovery Operations Center (WTDROC). WTDROC is the mandated off-site disaster recovery solution, managed by Northrop Grumman. TDHCA is eligible for this waiver because WTDROC costs are prohibitive. We are in the process of arranging to use the Austin Disaster Recovery Operations Center, also managed by Northrop Grumman. This is a cold site solution for use by state agencies and is within our budget requirements. The ADROC solution does not include hardware; however, we are currently researching hardware insurance plan options that will provide specified hardware and delivery to the cold site within a set time period. Once we have completed these actions and have addressed some logistical considerations, we believe that the agency will be in compliance.

Community Services is updating its electronic ESGP monitoring tracking system to eliminate inaccurate information regarding monitoring visits.

06/25/03:

The Department is in general agreement with and will implement the recommendations where reasonable; however, due to significant decreases in TDHCA's capital budget for fiscal years 2004-2005, the costs of having a dedicated, alternative site agreement are prohibitive. Despite the capital budget reduction, TDHCA has set aside \$15,000 each year to increase its disaster preparedness for fiscal years 2004-2005, including the agency's plans to acquire, at a minimum, an insurance policy to ensure a set turnaround time on selected network hardware. As an additional compensating control, TDHCA also maintains a business continuity plan in preparation for the effects of a disaster and to comply with TAC, Title 1, Section 202.6. Additionally, using its offsite backup tapes, TDHCA has the ability to restore mission-critical systems, according to the priority sequence defined in the agency business continuity plan. The agency will continue to explore options for securing an alternative site agreement, as well as identifying funding for such an agreement; however, it is possible that TDHCA will not be able to fully satisfy this audit finding in the next biennium.

The Department will take steps to ensure that the Client Service Accounting System is in agreement with and reconciled to the Genesis Energy Assistance/Community Services contract and payment systems, status updates have not provided any further information in this respect.

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
316	06/30/03	Selected Assistance Programs at the Department	Px	06/25/03	10/31/03
	SAO	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001/2002.	Px	09/17/03	10/31/03

Division: Multiple

Issue: Chapter 3-C: The Department requires subgrantees to maintain complete and accurate financial and performance data. However, it does not monitor subgrantees' controls or provide subgrantees with technical assistance regarding the adequacy of controls over information that they maintain electronically.

Recommendation - The Department should (1) provide subgrantees with technical assistance regarding IT system controls to ensure that subgrantees maintain the integrity of and adequately safeguard information, and (2) monitor IT controls at subgrantees to ensure that they maintain the integrity of and adequately safeguard information.

Status: 09/17/03 - ISD and Community Affairs have completed a draft audit questionnaire with supporting technical assistance on IT system controls. The draft audit questionnaire will be finalized and distributed to Community Affairs subgrantees in October 2003. The audit questionnaire and supporting technical assistance will be posted to the agency's website, also in October 2003.

06/25/03 - After a specified date for compliance with the IT practices, TDHCA program monitors will include an audit on IT practices as a standard aspect of their site visits.

317	06/30/03	Selected Assistance Programs at the Department	Px	06/25/03	11/01/03
	SAO	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001/2002.	Px	09/17/03	01/31/04

Division: Community Affairs - WAP

Issue: Chapter 4-A: The Department does not ensure that WAP subgrantees target weatherization services to the priority populations that the U.S. Department of Energy has established. In addition, although the Department's annual state weatherization plan specifies that it will give priority to the federal priority populations, its contracts with subgrantees do not list two priority populations - high residential energy users and households with a high energy burdens. Subgrantees submit monthly reports on priority populations served; however, the Department does not monitor to ensure that its subgrantees are indeed targeting priority populations and this information does not ensure that subgrantees have actually targeted the priority populations.

Recommendation - The Department should (1) ensure that priority populations are given priority to WAP services, and (2) ensure that the priority populations specified in its contracts with WAP subgrantees are consistent with the priority populations established by the federal government.

Status: 09/17/03 - Revisions to the EASY audit require assigning points to priority populations so that a monitor can track which priority clients are served, and when. EA staff is working on amending weatherization contracts (both DOE and LIHEAP) to add all priority populations to the contract boilerplates.

<u>Ref. #</u>	<u>Report Date</u> <u>Auditors</u>	<u>Report Name</u> <u>Audit Scope</u>	<u>Status</u>		<u>Target Date</u>
			<u>Codes*</u>	<u>Date</u>	
318	06/30/03	Selected Assistance Programs at the Department	Ix	06/25/03	
	SAO	The Community Affairs programs' activities at the Department and five subgrantees during fiscal years 2001/2002.	Ix	09/17/03	

Division: Community Affairs - ESGP

Issue: Chapter 4-B: The Department lacks a policy to preclude subgrantees from approving their own ESGP grant awards. As a result, one ESGP grant recipient both received ESGP funds and served on the Department's review committee to award ESGP funds. Although the Department asserts that this grant recipient did not review its own application, the Department did not maintain adequate documentation to support this assertion.

Recommendation - The Department should develop and implement policies and procedures to preclude ESGP grant recipients from serving on the team that reviews their own applications and retain sufficient documentation to demonstrate that ESGP grant recipients do not review their own applications for funds.

Status: 09/17/03 - Community Services implemented Standard Operating Procedure # 700.02 that precludes subrecipients from approving their own ESGP grant awards.

06/25/03 - The Department has developed and implemented a Department standard operating procedure (SOP) to document its established procedures which preclude ESGP grant recipients from serving on a team that reviews their application. The SOP includes conditions (1) that ensure that no organization with a direct interest in ESGP funding decisions for a particular region of the state will participate in the review process, and (2) to ensure that no state or national organization competing for ESGP funds to provide statewide technical assistance shall participate in the review of statewide applications.

Texas Department of Housing and Community Affairs

Prior Audit Issues

Miscellaneous Prior Audit Issues

Texas Department of Housing and Community Affairs - Summary Report of Miscellaneous Prior Audit Issues (except those prior audit issues previously reported as implemented or otherwise resolved)

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
238	08/02/01 Rick Mendoza	Sec. 8 Rental Certificate/Voucher Pgm.-Specific Program-specific audit in accordance with OMB Circular A-133 for the fiscal year ending June 30, 2000.	Ixx	08/02/01	
			Pxx	06/30/03	
			Ix	09/17/03	
Division: Community Affairs - Section 8					
Issue: A lack of supervision and review exists within several program areas. The Department should develop a procedure for the review of participant files and should assign the task of reviewing all files to at least one Section 8 staff member in a supervisory position. Supervision and review procedures over the maintenance of participant files should be given priority.					
Status: 9/17/03 – The Department developed and currently is using a quality control checklist form to ensure that tenant files contain all required documents. The form has been added to the contract review process. The Regional Coordinator completes this form. Upon completion, the form is placed in the tenant contract file for final review by the Section 8 Coordinator/Manager.					
246	08/02/01 Rick Mendoza	Sec. 8 Rental Certificate/Voucher Pgm.-Specific Program-specific audit in accordance with OMB Circular A-133 for the fiscal year ending June 30, 2000.	Ix	08/02/01	
			Pxx	06/30/03	
			Ix	09/17/03	
Division: Community Affairs - Section 8					
Issue: The Department allowed overpayments to be made under the Section 8 program. Develop a review procedure whereby disbursements and adjustments are reviewed to ensure that utility allowance payments as well as housing assistance payments are proper and are supported by proper documentation.					
Status: 9/17/03 – The Department developed and currently is using a quality control checklist form to ensure that tenant files contain all required documents. The form has been added to the contract review process. The Regional Coordinator completes this form. Upon completion, the form is placed in the tenant contract file for final review by the Section 8 Coordinator/Manager.					
266	01/07/02 IA	Controls Over Single Family Loans; Report No. 1.05 Controls over single family loans serviced by the Department.	Px	04/22/02	07/01/02
			Px	07/22/02	11/01/02
			Px	11/05/02	02/01/03
			Px	01/28/03	06/01/03
			Px	03/28/03	06/01/03
			Px	05/06/03	06/01/03
			Px	09/22/03	10/03/03
Division: Multiple					
Issue: The Department should develop and implement formal policies and procedures for the periodic review of delinquent program loans, related collection efforts and specific criterion to be met for writing-off loan balances.					
Status: 09/22/03 - Loan Servicing has trained Asset Management staff on utilization of the MITAS servicing system to generate delinquency reports and loan level detail of delinquent loans. Loan Servicing continues to coordinate efforts with OCI staff to work with delinquent Single Family Special Loan Portfolio Borrowers. Draft policies have been completed and will be finalized with OCI and Single Family Production by October 3, 2003.					

<i>Ref. #</i>	<i>Report Date</i>	<i>Report Name</i>	<i>Status</i>		<i>Target</i>
	<i>Auditors</i>	<i>Audit Scope</i>	<i>Codes*</i>	<i>Date</i>	<i>Date</i>
299	02/24/03	Compliance with Requirements & IC Over Compliance - A-133.	Px	03/31/03	08/31/03
	KPMG	Statewide Federal Single Audit for FYE August 31, 2002 (SAO contract with KPMG).	Px	04/30/03	05/31/03
			Ix	09/17/03	

Division: Financial Administration - Accounting Operations

Issue: Establish procedures to monitor the clearance patterns of all programs subject to CMIA Subpart A on a yearly basis and inform the Comptroller's Office in those instances where there are significant changes in patterns.
 Questioned Cost: \$4,400 due to interest earned on program income and refund receipts accumulated and not disbursed prior to requesting additional federal funds (\$4,000) and a discrepancy in the methodology used to calculate new clearance patterns (\$400).

Status: 09/17/03 - Management has implemented cash management procedures to ensure compliance with applicable rules and regulations. Financial Administration performed procedures as of May 31st and August 31, 2003. Management considers this matter implemented at this time.

Texas Department of Housing and Community Affairs

Status of Central Database


Summary Project Plan/Status

Status of Funds

**TDHCA Central Database
Summary Project Plan/Status
As of September 20, 2003**

ID	Task Name	Start	Finish	% Comple	00		2001				2002				2003				2	
					3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2
40	* ASSET MANAGEMENT MODULE	Mon 9/1/03	Mon 9/1/03	0%																
43	* CREDIT UNDERWRITING	Mon 9/1/03	Mon 9/1/03	0%																
46	* CONSTRUCTION & PROGRAM MONITORING MODULE	Mon 9/1/03	Mon 9/1/03	0%																
49	* BOND FINANCE MODULE	Mon 9/1/03	Mon 9/1/03	0%																
52																				
53	COMPLETED/ACCOMPLISHED	Thu 11/1/01	Wed 10/2/02	100%																

Project: Central Database
Save Date: Wed 10/1/03

Module Duration 

Rolled-up Task 

Progress 

* If asterisked (*), the detailed plans identifying tasks and resources are pending. Accordingly, start and finish dates have not been identified.

**TDHCA Central Database
Summary Project Plan/Status
As of September 20, 2003**

1 COMPL. MONITORING & TRACKING SYSTEM (CMTS)

CMTS was Phase I of the Central Database Project. The goal of Phase I was to develop a fully integrated system to address the compliance monitoring needs for all multifamily housing programs. The system was designed to provide full integration and reporting, provide automated compliance functions for the LIHTC, AHDP, HOME, HTF, and Tax Exempt Bond programs during the affordability period, allow remote property managers to access and update tenant information through the Internet, and improve productivity through the use of a sound business process design, a graphical user interface, and improved access to data.

Capital expenditures for AIMS Contract: \$309,038 (\$262,955 paid in FY 01; \$46,083 paid in FY 02)

Capital Expenditures for External Property Owner's Interface: \$8,375 (contract services)

Capital Expenditures for Functional Planning and Deployment: \$12,900 (contract services)

Capital Expenditures for FY 03 Post Implementation Enhancements (\$44,355)

2 Development

1/31/03 - Development is reported as complete. Ongoing maintenance, periodic bugs and enhancements still require the Technical Team's support. The Steering Committee has elected to restrict such activities to 10% of the available Technical Team's time unless there are fixes necessary for the system to be usable.

11/30/02 - The 11/19/02 finish date reported 10/31/02 was extended to 1/10/03 due to reports preparation (design and development) requiring more extensive IS involvement than was previously anticipated.

3 Functional Planning and Deployment (except LIHTC data)

5/7/03:

The gathering and input of the LIHTC historical data has been removed from the CMTS Functional Planning and Deployment project plan to allow for specific identification and tracking of this portion of the overall plan (see project plan, *LIHTC - Historical Data Gathering and Input*). Accordingly, the balance of the Functional Planning and Deployment project is complete. With completion, the planned functionality of the system has been deployed.

Functionality is available and in use by the Department for the multifamily AHDP, HOME, HTF, and Tax Exempt Bond programs during the affordability period. Full deployment through Industry Rollout will allow remote property managers to access, update and report tenant information through the Internet. Improved productivity is being realized through the use of a sound business process design, a graphical user interface, improved access to data, automated compliance functions, and compliance tests. Similar functionality will be available for the LIHTC program once historical data is loaded.

Currently, the largest obstacles to realization of the full benefits of the system relate to:

- 1 the Department's business partners and contractors accepting and using the system for data entry of unit and tenant information. Many such third parties have existing systems in use. These third parties (1) will be required to export data from existing property systems for electronic input to the CMTS, (2) will be required to dual entry into existing systems and into CMTS, or (3) will be providing hard copy information from existing systems to the Department for manual entry to CMTS by reliance on existing Department employees or identification of additional resources.
- 2 completing front-end modules of the system that will load required data such as (1) program level information such as program name, type of program, and program requirements (see Program Module), (2) information relating to individuals and organizations with which the Department contracts (HOME and Housing Trust Fund programs) or allocates tax credits (see Fund Allocation/Contract and LIHTC Modules), and (3) information relating to individuals and organizations that receive multifamily bond funds (see Fund Allocation/Contract Modules).

1/31/03 - CMTS enhancements were required for the successful deployment of the Affordable Housing Disposition Program (AHDP) functionality of the Central Database. The deployment is needed in support of AHDP and the external contractor (MDSI) who is running this program on TDHCA's behalf. The original cost estimate for MDSI was reduced by over \$100,000 a year based upon the availability of a web-based replacement of the AHDP legacy software application. Percentage complete shows additional tasks and assignments as needed to complete this software module.

4 LIHTC - Historical Data Gathering and Input

9/20/03 - The Historical Data Gathering and Input is reported as complete.

5/7/03 - Gathering and entering missing data on the LIHTC program was not expected to be completed until 10/1/03. This estimate was based on 1200 properties, 1/2 day per property, and six employees working 70% of full time. However, 28 individuals throughout the Department have volunteered with the data entry project; each determined the number of hours that can be contributed per week. These individuals, with leadership and technical assistance provided by the Portfolio Management and Compliance Division, are expected to complete data entry by 7/10/03. While the data entry initiative is proceeding well, it is being discovered by the Team that there are a number of missing files and documents within files. Accordingly, the original target date of 10/1/03 will be kept to allow time to develop strategies to locate, identify alternative sources, or create the necessary data for entry.

* If asterisked (*), the detailed plans identifying tasks and resources are pending. Accordingly, start and finish dates have not been identified.

**TDHCA Central Database
Summary Project Plan/Status
As of September 20, 2003**

1/31/03 - Gathering and entering missing data on the LIHTC program was not expected to be completed until 10/1/03. This estimate was based on 1200 properties, 1/2 day per property, and six employees working 70% of full time. "Missing" data is necessary for automated compliance testing and person/organization information pertinent to compliance assessment work. While staff is confident with the estimates of time required, the resources (individuals) to perform the work have not been specifically identified.

5 Industry Rollout

09/20/03 - A final deployment letter is planned for distribution the first week of October 2003 to the Department's third-party business partners discussing the implementation of CMTS and defining the Department's expectations of the third parties regarding the use of CMTS.

7 CONTRACT SYSTEM

Contract System (formally referred to as Fund Allocation/Contract Module)

The Fund Allocation portion of this module will allow each of the program areas to distribute and track funds from the original source (HUD, General Revenue) to Program, Regions, Activities (SECO, Development, Owner Occupied etc.), and Specific Setasides (CHDO, Special Needs etc.). The tracking of the funds includes source of the funds and expiration dates (Federal and State) for each of the source types to the contract level. Program Income, Deobligated Funds and Administration Funds will also be tracked at a detail level from source to final use. Balances will be automatically maintained in each of the funds.

A history of all transactions against any of the funds will be maintained. The transaction history will contain the type of transaction, date, amount, by whom and comments.

Contract and Draw portion of this module is inclusive of budgets and draws. This segment of the module will provide the ability for the program areas to set up a contract in the system; associate the contract to organizations and persons involved in the development and execution of the contract; track the use of leveraging and matching funds for individual contracts; provide the ability to create contract activities associated with the contract; create and maintain the budget including balances as funds get drawn, deobligated or refunded; track the application of program income to contracts and maintain the balances of deobligated funds to ensure deobligated funds are used immediately upon availability; and provide the ability to track the receipt of Program Income as well as tracking the program income proceeds at the contract level.

The System will also provide the ability for the subrecipients to create and manage their own detail budget online. Management of the budget by the subrecipient will include the transfer of funds between budget items but not changes to the overall budget, which requires a formal amendment. Balances will be maintained by the system as funds are drawn, refunded etc.

The initial release of this module will accommodate the functional needs of the HOME and Housing Trust Fund programs. While the timelines planned incorporate the design work for the Energy Assistance (EA) and Community Services (CS) programs, the development, testing and acceptance of work for these programs is not anticipated until subsequent releases not currently scheduled. Additionally, any functionality offered by the Contract System applicable to the LIHTC, OCI and Bond programs will not be fully designed, developed, tested and accepted until consideration of those program modules.

Capital Expenditures: \$210,095 (contract services)

Post-Contract System Module

After the Contract System is implemented, project members intend to perform a post-implementation evaluation to identify opportunities to improve the Department's information systems development process. Particular attention will be given to the roles and responsibilities of various team members and the composition of the Central Database Steering Committee, the Functional User Team and the Technical Team.

8 Development

9/20/03:

Project Progress and Delays - The following is a summary of the TDHCA Contract System's project progress and delays since the last status report (April 30, 2003) reported to the Audit Committee on May 15, 2003. The report had a target date of June 18, 2003 for implementation.

Target implementation has been extended by Four and one-half (4 1/2) Months to November 3, 2003 - The target implementation date for this module has been

* If asterisked (*), the detailed plans identifying tasks and resources are pending. Accordingly, start and finish dates have not been identified.

**TDHCA Central Database
Summary Project Plan/Status
As of September 20, 2003**

extended by 4 ½ months. The most significant delays have resulted from (a.) approved change requests - 12 weeks, (b.) the complexity of converting data from multiple sources - 3 weeks, (c.) longer than anticipated time frame required to complete certain key components of the system - 3 weeks, and (d.) coordinating and managing staff priorities and availability during award cycles - 2 weeks, and are explained further below.

- (a.) The Central Database Steering Committee considered 14 change requests at its 9/24/03 meeting (subsequent to the 9/20/03 date of this report). The results were as follows:
- 7 and 1/2 approved for first release of the system (one was subsequently withdrawn)
 - 3 approved for the second release of the system
 - 3 and 1/2 withdrawn by the submitter
- The additional time associated with these change requests was estimated at approximately two weeks and has been factored into the 11/3/03 target date for completion. The Committee believed that the change requests were reasonable for efficiency reasons and to ensure that the system would function according to program rules.
- (b.) The Central Database Steering Committee considered 32 change requests at its 7/22/03 meeting, which resulted from the first official phase of user acceptance tests (UAT) conducted from June 30 through July 11 and focused on testing external user functionality. The results of the Committee meeting were as follows:
- 26 approved for first release of the system
 - 4 approved for the second release of the system
 - 1 disapproved
 - 1 delayed/not discussed
- The additional time associated with these change requests was estimated at approximately 10 weeks. The Committee believed that the change requests were necessary to ensure that external users would use the system correctly and to ensure that the system would function according to program rules.
- (c.) The Department is focused on completing and testing data conversion, which has extended implementation date by approximately 3 weeks. Additionally, this is an area of risk that could impact the November 3, 2003 implementation date. The following factors have contributed to the complexity of and time required completing the data conversion strategy:
- TDHCA decided not to use data from PeopleSoft, which caused migration scripts to be adjusted,
 - Tasks related to the LIHTC data load involving the DBA have been higher than anticipated, and
 - Contract System code changes brought about by change requests have impacted data conversion.
- (d.) In early June 2003, the Technical Team identified the need to extend the targeted date for completion by three weeks. The extension resulted from a longer than anticipated time frame required to complete certain key components of the system, including a) automated obligation/de-obligation transitions, particularly considerations relating to program income, b) draw functionality, and c) the user administration module.

Project Progress - Since the last report to the Audit Committee in May 2003, the project team has accomplished the following significant tasks:

- Development of components, including the following:
 - 1 A scaled-down version of Document Tracking
 - 2 Status functionality
 - 3 User Administration module
 - 4 Draw functionality
 - 5 Obligations/De-obligations, including Program Income
 - 6 Removing CHDO tier
 - 7 Approval functionality for Contract Activity setups, Draws, and Project Completion Reports
 - 8 Contract activity notes
- Major progress in HOME Contract data conversion from Genesis and HOME Online
- Functional User Team completed functionality and data conversion and user acceptance test plans
- External User Guide, Version 1
- TDHCA Contract System web page created

**TDHCA Central Database
Summary Project Plan/Status
As of September 20, 2003**

- LIHTC Data Gathering Project data load completed

1/31/03 - The 4/30/2003 delivery of the Fund Allocation/Contract module has been extended to 6/18/03 over the last two months because, during that time frame, it has been necessary to devote a larger percentage of the technical team's time than originally estimated to CMTS enhancements. We originally planned to spend 10% of the technical team's time on CMTS work during these months. However, the work required for the successful deployment of the Affordable Housing Disposition Program (AHDP) functionality of CMTS accounted for about 40% of the technical team's time. The CDB Steering Committee and management has taken the necessary steps to address and handle such overages in the future.

The AHDP deployment is needed in support of AHDP and the external contractor (MDSI) who is running this program on TDHCA's behalf. The cost for TDHCA's new contract with MDSI (which began on September 1, 2002) was reduced by approximately \$100,000 based upon the availability of a web-based replacement of the AHDP legacy software application. Percentage complete shows additional tasks and assignments as needed to complete this software module.

11/30/02 - The Development coding phase of the project has been extended from 12/4/02, previously reported as of 10/31/02, to 4/30/03. The primary reason for the extension of the project is a better understanding of the necessary tasks by the Project Team that has resulted from a clearer definition of the system design. While the development coding phase of the project has been extended, it is not anticipated to have a significant impact in the overall timeline delivery of the system due to ongoing testing and acceptance by the users throughout the course of development.

12 * Program Module

Provide the ability to store online program level information. The information to be stored includes: Program name, the type of program (multi family or single family), program activities with each activity's specific strategies, targets (income targets, geographic, special needs, non-profit participation etc.) and requirements.

Provide the ability to map back to the original program targets the actual results as contracts are awarded to provide a visual summary of the actual results as they occur.

Capital Expenditures: \$3,250 (contract services)

8/31/03 - The 11% reported is rolled forward from the last status report to the Department's Governing Board, April 30, 2003, and relates to 25% of the Development work that has been completed and 0% of the Functional Planning and Deployment work that has been completed.

18 PRIORITIZATION OF MODULES TO BE DEVELOPED:

08/04/03 - The Central Database Steering Committee met on 8/4/03 and prioritized the remaining modules. Factors considered in the prioritization included the following:

- The need for global performance measures.
- The current Community Affairs' program systems are mature and can continue to function.
- Time necessary for post-implementation enhancements for the TDHCA Contract System (including "Phase 2" HOME enhancement change requests and HTF enhancements, the remaining Program Module, and fixes on bugs as they are identified with system usage).
- Delay the Application Module - Single and Multi-family staff will need to continue to use Genesis to enter applications; however, contracts will be entered and maintained in the new TDHCA Contract System. General consensus was to delay the Application module until after the remaining program modules are incorporated in the Contract system.

The remaining modules were prioritized at the August 4, 2003 Central Database Steering Committee meeting as follows:

- The Program Module, HTF enhancements, other HOME post-implementation enhancements were prioritized at the 8/4/03 meeting and, subsequently, at the

* If asterisked (*), the detailed plans identifying tasks and resources are pending. Accordingly, start and finish dates have not been identified.

**TDHCA Central Database
Summary Project Plan/Status
As of September 20, 2003**

9/24/03 Steering Committee, it was agreed that associated needs and work will be reassessed prior to proceeding.

- LIHTC Module (including Cost Certification)
- OCI Module. A brief meeting will be held this fall to determine if OCI contracts can be incorporated into the Contract System with a limited amount of design work and programming changes. If so, the priority of this component will be bumped up. OCI, Compliance, and ISD staff will participate in this meeting.
- Community Services/Energy Assistance Module
- Section 8 Module

The remaining modules were not prioritized because the development and implementation time associated with the modules prioritized above is significant. The prioritization of the remaining modules will be assessed as the time to apply resources to those modules approaches. The Department will have a better appreciation for the prioritized needs of the Department and the resources available to apply to the modules at that time. The remaining modules to prioritize are the:

- Application Module,
- Asset Management Module,
- Construction Monitoring Module,
- Credit Underwriting and Cost Certification Module, and
- Bond Finance Module.

20 * HOUSING TAX CREDIT (HTC) MODULE

The tax credit program is the primary means of directing private capital towards the creation of affordable rental housing. The tax credits provide developers of low income rental housing with a benefit that is used to offset a portion of their federal tax liability in exchange for the production of affordable rental housing. The value associated with the tax credits allows residences in HTC developments to be leased to qualified families at below market rate rents.

In addition to the application, scoring, tracking, cost certification functionality and other features the HTC component of the Central Database will provide the ability to:

- track credit allotments to the state
- track the allotment of credits to the individual setasides and subsequent allocation to projects and their respective buildings
- track the allocation of credits to the properties
- identify applicable fraction for each of the buildings receiving tax credits
- identify the purpose of the allocation (acquisition, rehab, new construction)
- capture the necessary information to issue 8609s
- capture the necessary information to effectively manage the cost certification process
- automatically assign the applicable PV rate and provide the ability to lock in the rate
- track the tax credit from initial allocation, carryover to final issuance

Capital Expenditures: \$2,600 (contract services)

24 * OCI MODULE

The OCI module will be able to track its programs (Texas Bootstrap Loan Program, Contract for Deed Conversion Loan Programs, Builder Incentive Partnership Program, Contract for Deed Conversion Loan Guarantee Program, Colonia Self-Help Center Program and Colonia Consumer Education Programs) through the Database. This will enable the creation of various reports regarding the colonias and these programs. There will also be a capability to search on the Database for other funding activities in the colonias by other programs within the Agency.

Plans include determining whether the OCI contracts can be incorporated into the Contract System with a limited amount of design work and programming changes.

28 * COMMUNITY SERVICES/ENERGY ASSISTANCE MODULE

The Community Services/Energy Assistance Module will extend the fund allocation and contract tracking functionality of the TDHCA Contract System to the CS and EA programs. The module will allow funds to be tracked from source through award and contract closeout for the following fund sources: General Revenue, US Dept. of Health and Human Services, HUD, HHS Community Food and Nutrition Program, ENTERP, DOE, and Investor Owned Utilities. The module will incorporate the

* If asterisked (*), the detailed plans identifying tasks and resources are pending. Accordingly, start and finish dates have not been identified.

**TDHCA Central Database
Summary Project Plan/Status
As of September 20, 2003**

contract and program rules of the CS and EA program activity types: ESG, CSBG, CFNP, ENTERP, Weatherization, LIHEAP-CEAP, LIHEAP-WAP, SBF, and IOU. Monthly reporting functions for program activity types will be incorporated. The module will also allow for the tracking of budgets, draws, and expenditures. Existing historical and financial data will be converted to the new database as appropriate.

32 * SECTION 8 MODULE

The Section 8 module will consist of 4 major components. They are Family Reports, Contracts, Payments and Contract Tracking. The Family Reporting System (i.e., application system) is modeled after HUD's automated Form 50058 application process which is used to collect, store and generate reports on families who participate in the Section 8 rental subsidy program. Once a family's application has been submitted and processed by HUD, it is ready to become a contract in TDHCA's Section 8 program. The Contract System is almost an exact mirror of the Family Reporting System except that it abstracts the information to a higher level and presents it in a more summarized form to agency users. A contract then provides the Section 8 Payment System with the information it needs to process payments for local operators, landlords and tenants. This system then feeds the information to Accounting's CSAS System which, in turn, gives accounting the information they need to produce their monthly checks for the aforementioned groups. Lastly, the Section 8 Contract Tracking System is used to help the program area "keep track" of which contracts have received their payments and/or have reimbursed the agency for the services rendered.

37 * APPLICATION MODULE

Provide the ability to create and store application guidelines, threshold information, scoring criteria and templates to be used in the application scoring process. The system will allow the applicant to enter and submit the application online and submit any supporting documentation via hardcopy and electronic means. Where possible, automated scoring will be invoked but regardless, all scoring will be performed in the system and summarized automatically. As application flows through the process, updates to fund balances are automatically updated to reflect applications that have not met minimum thresholds.

Capital Expenditures: \$5,000 (contract services)

43 * CREDIT UNDERWRITING

This module will provide the ability to capture and track underwriting details and apply pre-established thresholds and tolerances to determine eligibility or compliance with established standards.

46 * CONSTRUCTION & PROGRAM MONITORING MODULE

This module will coordinate and manage the monitoring activities performed at projects, subrecipients, etc. The system will provide the ability to capture pertinent information regarding the monitoring activity and consolidate the results of all monitoring activities at the entity in a common location.

49 * BOND FINANCE MODULE

The Bond Finance module will capture all relevant commercial paper, single family and multifamily bond data and information for retrieval and reporting purposes. The Bond Finance module will provide this data and information in a readily accessible manner through user defined reports to provide information to other state agencies. Financial concerns, such as rating agencies, bond insurers, investors, investment banks, etc. also will use these reports. The Bond Finance module will consolidate current report preparation processes, thereby increasing Bond Finance's efficiency and productivity with the issuance of new bonds and the management of outstanding bonds.

53 COMPLETED/ACCOMPLISHED

Capital Expenditures Not Associated with Individual Milestones:

Java Training, \$7,640
Server Hardware, \$42,987
Software and Misc., \$4,620

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

**Central Database Project
Status of Funds as of September 20, 2003**

Description	Total
Appropriated Funds FY 2000-2003:	\$ 760,955
Less:	
Expenditures thru 9/30/03:	
Employee Training - Advanced Java Programming training and Graphical User Interface and Presentation. (\$7,640); Design and development of Compliance Monitoring and Tracking System. (\$262,677); Computer Programmer Services - Finalization of Compliance Monitoring System. (\$46,083); Post-implementation - Compliance Monitoring Tracking System (\$44,355); Computer Programming Services - One Systems Analyst for gathering program information needs, functional and system requirements and specifications. Two Programmers for software development. (\$361,239); Computer Equipment – Sun Server Hardware, Disk Drives, Processors, Memory (RAM) and required upgrades. (\$42,987); Computer Software - Software database tools. (\$4,270); Miscellaneous - US Postal Service FIPS Database Annual Subscription. (\$350)	769,601
Lapsed Funds	<u>278</u>
Deficit Balance as of August 31, 2003	- 8,924 ¹
Other Sources of Funds for Fiscal Year Ended August 31, 2003	<u>8,924</u>
Adjusted Balance at August 31, 2003	- 0 -
Appropriated Funds FY 2004-2005:	270,000
Obligations as of 09/20/03	<u>- 0 -</u>
Unexpended / Unobligated Balances as of 09/20/03	<u><u>\$ 270,000</u></u>

¹ Note – The deficit balance at August 31, 2003 is the result of the Department extending contract programming services for one month to complete key Contract System functionality and to address unanticipated changes to the System. The deficit was financed with funds appropriated to Normal Growth for the appropriation year ending August 31, 2003, described as “Other Sources of Funds for Fiscal Year Ended August 31, 2003.”

Community Affairs Division

EXECUTIVE BRIEF

For the Month of August 2003

E.E. Fariss, Director

NOTE: Quantitative performance measures for Community Services and Energy Assistance are calculated based on the State fiscal year and are from reports submitted September 2002 through July 2003.

COMMUNITY SERVICES

Strategy C.1.1. Administer homeless and poverty-related federal funds through a network of Community Action Agencies and other local organizations to assist very low-income persons in Texas.

Output 01: Number of persons assisted through homeless and poverty-related funds.

Year End Goal:	420,000 persons
Monthly Performance	40,471 persons
Year-to-Date Performance:	441,336 persons
% of Year End Goal:	105 %

Output 02: Number of persons assisted that achieved incomes above the poverty level.

Year End Goal:	650 persons
Monthly Performance:	152 persons
Year-to-Date Performance:	1,565 persons
% of Year End Goal:	241%

Output 03: Number of shelters assisted.

Year-End Goal:	60
Year-to-Date Performance:	72
% of Year End Goal:	120 %

Available Funds

See attached spreadsheet.

Other Important Issues

Community Services Block Grant

The Community Services Section hosted the 10th Annual Community Affairs Executive Directors' Conference August 6-8 in San Antonio at the

Westin Riverwalk. Over 155 participants, 12 presenters (not including staff), and 20 staff members attended. CS staff handed out 15 Service Awards and 4 Lifetime Achievement Awards.

Community Services staff submitted a two-year CSBG and CFNP State Plan to the U.S. Department of Health and Human Services for Federal Fiscal Years 2004 and 2005. The State Plan is an application for funding for both programs and identifies the Department's intent to use CSBG and CFNP funds in accordance with the provisions of the CSBG Act.

Emergency Shelter Grants Program

Seventy-six (76) contracts were funded for FFY 2003.

The ESGP Implementation Workshop was held on August 20 in Austin. More than 135 participants attended. Staff reviewed financial and programmatic requirements as well as new policy changes. New Policy Issuances distributed covered Procurement, Single Audits, and Monthly Electronic Performance Reporting. Contracts were distributed.

Contracts & Amendments

Staff processed nine (9) FY2002 ESGP contract amendments, seventy-six (76) ESGP contracts, and thirty-seven (37) CSBG LONs to add FY 2003 Performance Award funds.

Community Services staff and coordinated with four agencies to provide emergency assistance to low income victims of Hurricane Claudette:

- Community Action Committee of Victoria
- Community Council of South Central Texas
- Community Services Agency of South Texas
- Economic Action Committee of the Gulf Coast.

Meetings

Community Affairs Division Activities for August 2003, Continued

On August 19th, Al Almaguer attended the Hunters for the Hungry Advisory Council meeting hosted by the Texas Association of Community Action Agencies.

Training and Technical Assistance

Community Services staff conducted four (4) CSBG and five (5) ESGP monitoring visits during August. Community Services staff responded to 309 telephone inquiries.

Community Services Section issued a General Policy Issuance on the Texas Public Information Act for all Community Services and Energy Assistance subrecipients.

On August 22, Community Services staff conducted an in-house training to cover administration procedures for the Community Services Block Grant for four staff members of the Concho Valley Community Action Agency (formerly Tom Green County Community Action Council).

FLSA Balances

The Community Services staff has accumulated 87.15 FLSA overtime hours. Staff with accrued FLSA hours have been encouraged to utilize their overtime by the end of the month.

ENERGY ASSISTANCE

Strategy C.2.1. Administer the State Energy Assistance Programs to mitigate the energy burden of very low-income persons and households in Texas.

Output 01: Number of households that received TDHCA assistance for heating and cooling expenses --

Comprehensive Energy Assistance Program

United States Department of Health and Human Services, Low-Income Home Energy Assistance Program (LIHEAP) funds

<u>CEAP</u>	<u>SFY 2003</u>
Year-End Goal:	.....47,241
Performance:	.....8,865
Year-to-Date:	.....73,913
Percent of Goal:	..... 156%

Output 02: Number of dwelling units weatherized by the Department

Weatherization Assistance Program

Department of Energy (DOE) WAP, and Low Income Home Energy Assistance Program (LIHEAP) WAP funds

	<u>State FY 2003</u>
Year-End Goal:	.....5,319
Performance:	.....687
Year-to-Date:	.....4,351
Percent of Goal:	..... 82%

System Benefit Fund

August reports from subrecipients showed, **430** dwelling units weatherized and **346** refrigerators installed with System Benefit Fund (SBF) resources in coordination with DOE or LIHEAP funds.

Sept. 1, 2002 – August 31, 2003 (SFY 2003)

	<u>Households</u>	<u>Refrigerators</u>
	<u>Weatherized</u>	<u>Installed</u>
Monthly.....	430.....	346
Year-to-Date:	.....1,397.....	1,053
.....		

2003 Total SBF Budget	\$11,084,704.00
SBF Direct Services.....	\$10,546,357.00
IOU Administration	\$538,347.00

Y-T-D Expend's:	\$6,227,870.32.....	56.18%
SBF Direct Services: \$5,772,271.50.....		54.73%
IOU Administration: ...	\$455,598.82.....	84.63%

Utility Partnerships

According to reports received during August, there were **549** dwelling units completed through cooperative weatherization efforts with investor-owned utilities (IOU's) and utility cooperatives. These utilities do not participate in SBF.

Community Affairs Division Activities for August 2003, Continued

IOU	Units Weatherized
SFY 2003	
SPS	6
Entergy	72
SWEPCO	1
Brazos Electric Co-op.....	0
El Paso Electric	0
Special Projects (413).....	470
Total	549

Contracts & LON's

The Energy Assistance Section executed the following Department contracts or letters of notification (LON's) in August 2003:

Program	Executed Contracts
DOE WAP	7
LIHEAP WAP	0
SPS LIP Program	0
ENTERGY DSM	0
SBF-TXU Electric.....	0
SBF-CPL HomeSavers	0
SBF-WTU DSM	0
SBF-Reliant	0
SBF-TNMP	0
SWEPCO	0
El Paso Electric	0
Brazos Electric Co-op.....	0
CEAP	0
IOU Special Projects	0
Pilot Project	0
Green Mountain	0
ACN	0
Other	0

August Total 7

Program Monitoring, Training & Technical Assistance

In August, program officers monitored and provided T & TA to six (6) CEAP agencies. Energy Assistance staff members made presentations at the 2003 DOE National Weatherization Conference in Phoenix, Arizona.

On August 22, Energy Assistance staff conducted an in-house training to cover administration procedures for the Energy Assistance program for

four staff members of the Concho Valley Community Action Agency (formerly Tom Green County Community Action Council).

Other Important Issues

Energy Assistance submitted the 2004 LIHEAP Abbreviated State Plan on time to the U.S. Department of Health and Human Services.

FLSA Balances

The Energy Assistance staff has accumulated 27.15 FLSA overtime hours. Staff with accrued FLSA hours has been encouraged to utilize their overtime by the end of the month.

Abbreviations: CEAP (Comprehensive Energy Assistance Program [a Texas program administered by TDHCA]), DOE (United States Department of Energy), E.A. (Energy Assistance Section of TDHCA), HHS (United States Department of Health and Human Services [administrator of LIHEAP grant]), IOU (Investor-Owned Utility), LIHEAP (Low-Income Energy Assistance Program [federal program administered by HHS]), LON (letter of notification), PUC (Public Utility Commission [Texas agency]), PURA (Public Utility Regulatory Act [Texas Law]), PY (Program Year [for CEAP: Jan.-Dec.; for WAP: Apr.-Mar.]), SBF (System Benefit Fund [created by Texas Legislature with rules promulgated through the PUC]), SFY (State Fiscal Year), WAP (Weatherization Assistance Program), y-t-d (year-to-date).

SECTION 8 RENTAL ASSISTANCE

NOTE: Quantitative performance measures for Section 8 are calculated based on the Program Year starting on July, 2003.

Strategy A.1.3. Provide federal rental assistance through Section 8 vouchers for very low-income households.

Output 01: Number of very low-income households receiving Section 8 certificates and vouchers.

Community Affairs Division Activities for August 2003, Continued

	Vouchers Allocated	Vouchers Issued	%
Fort Worth:	638*	580	91%
Houston:	1176	1101	94%
San Antonio:	281	257	91%
Total:	2,095	1,938	93%

***Project Access Vouchers not included (35)**

	Funds Allocated	Funds Spent	% Spent
Fort Worth	3,392,316	506,165	15%
Houston	5,424,120	974,125	18%
San Antonio	1,224,048	213,954	17%
Total:	10,040,484	1,694,244	17%

Travel

On August 6-8, Willie Faye Hurd and Cecilia Arvallo traveled to San Antonio to attend and participate in the 10th annual Community Affairs Division Executive Directors' Conference.

FLSA Balances

The Section 8 staff has accumulated 122.89 FLSA overtime hours. Staff with accrued FLSA hours has been encouraged to utilize their overtime by the end of the month.

I have personally reviewed all information contained in this Executive Brief:

E.E. Fariss, Director

REPORT ITEMS

Executive Directors Report

Independent Banks Meeting

The Department participated in a meeting in San Antonio, Texas on Friday, September 19th.

Introduction of Special Assistant to Executive Director

Mr. Leonard Spearman has joined the Department as the Special Assistant to the Executive Director.

EXECUTIVE SESSION

Consultation with Attorney Pursuant to Sec. 551.071, Texas Government Code – Matters Concerning Section 572.054, Texas Government Code;

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

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

ADJOURN

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

Individuals who require auxiliary aids, services or translators for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.