BOARD MEETING OF NOVEMBER 13, 2008

C. Kent Conine, Chair

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

Gloria Ray, Vice-Chair
Leslie Bingham Escareño, Member
Tomas Cardenas, Member
Sonny Flores, Member
Juan Muñoz, Member

MISSION

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

A G E N D A

8:30 am
November 13, 2008

1500 Congress, E2.036
Austin, TX

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

Kent Conine, Chairman

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

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

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

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

Legal Division:

a) Presentation, Discussion and Possible Approval of Board Meeting Minutes of June 26, July 21, July 31 and September 4, 2008

Kevin Hamby
Secretary to the Board

Community Affairs:

b) Presentation, Discussion and Possible Approval of the 2009 Section 8 Housing Choice Voucher Program Payment Standards

Amy Oehler
Dir. Community Affairs

Financial Services:

c) Presentation and Discussion of the 4th Quarter Investment Report

David Cervantes
Dir. Financial Administration

HOME:

d) Presentation, Discussion and Possible Approval of Revisions to the HOME Program 2008 Single Family (Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs), Contract for Deed Program, 2008 Single Family Persons with Disabilities, Rental Housing Development Program, and Community Housing Development Organization (CHDO) Rental Housing Development Program Notices of Funding Availability (NOFAs) to be updated with adopted HOME Program Rule changes

e) Presentation, Discussion and Possible Approval of Revisions to the Housing Trust Fund Rental Production Program Notice of Funding Availability (NOFA) to be updated with adopted Housing Trust Fund Rule changes

Jeannie Arellano
Dir. HOME

Housing Resource Center:

f) Presentation, Discussion and Possible Approval of the 2009 State of Texas Consolidated Plan: One-Year Action Plan

g) Presentation, Discussion and Possible Approval of the 2009 Regional Allocation Formula Methodology

Brenda Hull
Mgr. Housing Resource Ctr

h) Presentation, Discussion and Possible Approval of the 2009 Affordable Housing Needs Score Methodology

Multifamily Finance:

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

Robbye Meyer
Dir. Multifamily

05623	Coral Hills Apartments	Houston
05629	Village Park Apartments	Houston
05034	Gardens of Taylor	Taylor
060409	Artisan at Mission Creek (fka) Artisan at Military	San Antonio
07401	Gulfway Manor Apartments	Corpus Christi
07402	Rockwell Manor Apartments	Brownsville
04496	Oak Tree Manor	Houston

j) Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:

08419 Chaminade Apartments
San Antonio Housing Trust Finance Corp is the Issuer
Recommended Credit Amount $481,307

k) Presentation, Discussion and Possible Approval Authorizing the Filing of Applications to the Texas Bond Review Board for HR 3221 Multifamily Private Activity Bond Authority. Resolution Nos. 09-005 and 09-012

l) Presentation, Discussion and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments throughout the State of Texas and Authorizing the Filing of related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2007, Resolution No. 09-013

08617	Costa Miraposa	Texas City

Office of Colonia Initiatives:

Homero Cabello
Dir. OCI

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

n) Presentation, Discussion and Possible Approval of a Colonia Self-Help Center Program award to Cameron County through Community Development Block Grant (CDBG) funding

o) Presentation, Discussion and Possible Approval of the Texas Department of Housing and Community Affairs Texas Bootstrap Loan Program Notice of Funding Availability (NOFA)

Texas Homeownership:

Eric Pike
Dir. Texas Homeownership

p) Presentation, Discussion and Possible Approval of 10 TAC, Chapter 7, 2009 Texas First Time Homebuyer Program Rule

q) Presentation, Discussion and Possible Approval to Terminate the Texas Loan Star Program

ACTION ITEMS

Item 2: Multifamily Division Items - Housing Tax Credit Program:

Robbye Meyer
Dir. Multifamily Finance

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

03184	Pegasus	Dallas
04432	Mariposa Apartment Homes	San Marcos
04489	Port Royal Homes	San Antonio
05025	Poinsettia Apartments	Alamo
060125	Country Club Apartments	Pecos
060129	Chisholm Trail Crossings Apartments	Vernon

b) Presentation, Discussion and Possible Approval of Additional Housing Tax Credits through the Implementation of HR 3221

c) Presentation, Discussion and Possible Approval of the Policy for Implementation of HR 1424 on the Housing Tax Credit Program including possible allocation of 2008 Housing Tax Credit ceiling

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

e) Presentation, Discussion and Possible Issuance of a Determination Notice for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers and contracts for HOME Rental Housing Development Fund, and Housing Trust Fund Rental Production Funds:

08418 Mirabella Apartments
San Antonio HFC is the Issuer
Requested HTC Credit Amount $695,738
Requested HTF Credit Amount $384,000
Requested HOME Credit Amount $500,000

Item 3: Multifamily Division Items–Private Activity Bond Program:

Robbye Meyer
Dir. Multifamily Finance

a) Presentation, Discussion and Possible Issuance of Variable Rate Demand Multifamily Mortgage Revenue Refunding Bonds Series 2008 with TDHCA as the Issuer:

08616 Alta Cullen Apartments
Houston
Requested Bond Amount $14,000,000
Resolution #09-001

Item 4: Rules:

a) Presentation, Discussion and Possible Approval for publication in the *Texas Register* a final order adopting of 10 TAC, Chapter 1, Sections 31-37, 2009 Real Estate Analysis Rules and Guidelines

Tom Gouris
Dir. Real Estate Analysis

b) Presentation, Discussion and Possible Action on the publication in the *Texas Register* of a notice proposing new Title 10, Part 1 of the Texas Administrative Code, Chapter 5 concerning Community Affairs Programs

Amy Oehler
Dir. Community Affairs

c) Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 49, concerning 2007 Housing Tax Credit Program Qualified Allocation Plan and Rules, and a draft of proposed new 10 TAC Chapter 49, concerning 2009 Housing Tax Credit Program Qualified Allocation Plan and Rules for comment in the *Texas Register*

Robbye Meyer
Dir. Multifamily Finance

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

Robbye Meyer
Dir. Multifamily Finance

e) Presentation, Discussion and Possible Approval for publication in the *Texas Register* notice of proposed amendments to 10 TAC, §60, the Compliance Monitoring Rules

Patricia Murphy
Dir. Portfolio Management

f) Presentation, Discussion and Possible Approval for publication in the *Texas Register* a final order adopting repeal of 10 TAC Chapter 53, HOME Program, Rule and final order adopting new 10 TAC Chapter 53, HOME Program Rule

Jeannie Arellano
Dir. HOME

g) Presentation, Discussion and Possible Approval for publication in the *Texas Register* a final order adopting repeal of 10 TAC Chapter 51, Housing Trust Fund Rule, and final order adopting new 10 TAC Chapter 51, Housing Trust Fund Rule

Jeannie Arellano
Dir. HOME

Item 5: Executive:

Tom Gouris
Act. Dep. ED of Programs

a) Presentation, Discussion and Possible Approval of the Neighborhood Stabilization Program Action Plan

Item 6: Real Estate Analysis:

Tom Gouris
Dir. Real Estate Analysis

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

Appeals Timely Filed

b) Status Report on the Issuance of IRS Forms 8609 for the 2005 Competitive Housing Tax Credit Developments with 2008 Binding Agreements for Additional Credits

Item 7: Disaster Recovery:

Kelly Crawford
Dep. Ex. Dir. Disaster Recovery

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

b) Presentation, Discussion and Possible Approval of Requests for Amendments to CDBG Disaster Recovery Contracts Administered by TDHCA for CDBG Round 1Funding

C 06 001	Houston-Galveston Area Council
C 06 003	South East Texas Regional Planning Commission

c) Presentation, Discussion and Possible Approval of Request for Amendment to CDBG Disaster Recovery Action Plan for Round 2 Funding

Item 8: Community Affairs:

Amy Oehler
Dir. Community Affairs

a) Presentation, Discussion and Possible Approval of staff recommendations (based on a Request for Applications process) to award the Community Services Block Grant, the Comprehensive Energy Assistance Program and the Weatherization Assistance Program to Subrecipients to serve Duval and McMullen counties

b) Presentation, Discussion and Possible Approval of a plan for the Low Income Home Energy Assistance Program (LIHEAP) award for Program Year (PY) 2009

c) Presentation, Discussion and Possible Approval of the 2009 Emergency Shelter Grants Program Notice of Funding Availability (NOFA)

Item 9: Bond Finance:

Matt Pogor
Dir. Bond Finance

a) Presentation, Discussion and Possible Approval of Resolution No. 09-002 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2006 Series A-C (Program 66)

b) Presentation, Discussion and Possible Approval of Resolution No. 09-003 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2007 Series A (Program 69)

c) Presentation, Discussion and Possible Approval of Resolution No. 09-004 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2007 Series B (Program 70) and authorizing entering into a new acquisition fund investment agreement

d) Presentation, Discussion and Possible Approval of Resolution No. 09-009 authorizing entering into a new float fund investment agreement for the Residential Mortgage Revenue Bond, 2000 Series B-E, 2001 Series A-E and 2003 Series A

e) Presentation, Discussion and Possible Approval of Resolution No. 09-007 authorizing application to the Texas Bond Review Board for reservation of HR 3221 single family private activity bond authority in the amount of $120 million and presentation, discussion and approval of a Mortgage Credit Certificate Program (MCC) for first time homebuyers (Program 73) to be administered by the Texas Department of Housing and Community Affairs

f) Presentation, Discussion and Possible Approval of Resolution No. 09-008 authorizing the Department to seek a change in liquidity providers due to the ratings downgrade of current providers for seven outstanding variable rate demand obligations and a liquidity provider for new issuance of Single Family Variable Rate Mortgage Revenue Bonds, Program 71

Item 10: HOME Division:

Jeannie Arellano
Dir. HOME

a) Presentation, Discussion and Possible Action for Appeals:

Appeals Timely Filed

b) Presentation, Discussion and Possible Approval of Requests for Amendments to HOME Program Contracts/Commitments:

1000950	City of Cleveland	OCC-DR
1000952	Liberty County	OCC-DR
1000951	City of Ames	OCC-DR
1000986	Creekside Villas Senior Village	RHD

EXECUTIVE SESSION

Kent Conine, Chairman

a) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551

b) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.

1. Performance Evaluation of Michael Gerber, Executive Director

c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:

2. With Respect to pending litigation styled *Rick Sims v. Texas Department of Housing and Community Affairs* filed in federal district court (new filing of previously dismissed suit)

3. With Respect to pending litigation styled *The Inclusive Communities Project*, *Inc. v. Texas Department of Housing and Community Affairs, et al* filed in federal district court

4. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

5. Potential sale of agency owned real estate and/or sales of loans

d) Consultation with Internal Auditor regarding Draft Audit Report on Office of Colonia Initiatives pursuant to Texas Government Code §2306.039

OPEN SESSION

Kent Conine, Chairman

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS

1. TDHCA Outreach Activities, September/October 2008

ADJOURN

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

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

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST
November 13, 2008

Action Item

Minutes of the Board Meetings of June 26, July 21, July 31 and September 4, 2008.

Required Action

Review minutes for the June 26, July 21, July 31 and September 4, 2008 Board Meetings.

Background

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

Recommendation

Staff recommends approval of all of the minutes, with any requested corrections.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

June 26, 2008
9:30 AM

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

June 26, 2008
9:30 am
Capitol Auditorium, 1500 N. Congress

MINUTE SUMMARY

CALL TO ORDER, ROLL CALL CERTIFICATION OF QUORUM

The meeting was called to order at 9:47 a.m. and all members were present so a quorum was established.

PUBLIC COMMENT

Representative Jose Menendez—spoke on neighborhood association definition
Judge Terry Simpson—spoke on home closing issues
John Henneberger—spoke on the LAR and trust funds request
Stella Rodriguez—spoke on CSBG related matters
Priscilla Leal—spoke in support of Buena Vista Elderly Senior Village
Paul Saldana—spoke in opposition to the Manor Road SRO
Frank Fernandez—spoke in favor of the Manor Road SRO
Ruth Marie—spoke in favor of the Manor Road SRO
Maria Lawdenslager—spoke in favor of the Manor Road SRO
Robert Ford—spoke in opposition to the Historic Lofts of Palestine
Tonya Wharton—spoke on behalf of Casa Alton
Jean Coburn—spoke representing the national Farm Worker Service Center
Mike Langford—spoke about a challenge to an accepted appeal
Barbara Bass—spoke in favor of Lakeview Apartment Homes
Bob Priestner—spoke in favor of Lakeview Apartment Homes
Ralph E. Caraway, Sr.—spoke in favor of Lakeview Apartment Homes
Charles Edwards—spoke on Bonham contract extension
Cynthia Bast—spoke regarding Desert Villas
Barry Kahn—spoke regarding utility allowance issues
Mayor Carolyn Salter—spoke in favor of the Historic lofts of Palestine
Wilbert Austin—spoke in favor of Costa Esmeralda

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

CONSENT AGENDA

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Lender of the Year Awards

Department presented awards to three recipients. NO ACTION TAKEN.

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

General Administration:

a) Minutes of the May 8, 2008 Board Meeting

Legal Division:

b) Presentation, Discussion and Possible Action on publication in the *Texas Register* of a notice proposing the repeal of the following sections of Title 10, Texas Administrative Code, Chapter 1, concerning Administration:
    §1.1 Private Donors
    §1.12 Administrative Hearings
    §1.5 Contract Monitoring Policy

c) Presentation, Discussion and Possible Action on publication in the *Texas Register* of a notice proposing the repeal of Title 10, Texas Administrative Code, Chapter 5, Subchapter B (§§5.101 – 5.114 and 5.116 – 5.121), concerning Emergency Nutrition and Temporary Relief Program

Multifamily:

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

060225	Knightsbridge	Aldine
060217	Mariposa Apartments at Reed Road	Houston
060076	Countryside Village	Humble

e) Presentation, Discussion and Possible Approval of Investment Banking Firms for Multifamily Mortgage Revenue Bond Transactions

f) Presentation, Discussion and Possible Approval of Trustees for Multifamily Mortgage Revenue Bond Transactions

Internal Audit:

g) Approval of Minutes of the September 13, 2007 Audit Committee Meeting

h) Presentation and Discussion of Internal Audit Report on the Draw Processing and Monitoring Functions of the Community Affairs Division's Community Services Block Grant and Emergency Shelter Grants Programs

i) Presentation and Discussion of the Department of Energy's Monitoring Report on the Weatherization Assistance Program

j) Status of the TDHCA Fraud Hotline

k) Status of Prior Audit Issues

l) Status of the Internal Audit Division's Fiscal Year 2008 Work Plan

m) Status of External Audits

Office of Colonia Initiatives:

n) Presentation, Discussion and Possible Approval of a Colonia Self-Help Center (SHC) Program award to Hidalgo County though Community Development Block Grant (CDBG) funding

Real Estate Analysis:

o) Presentation, Discussion and Possible Approval of Housing Tax Credit Extensions of Cost Certification Submission

Community Affairs:

p) Presentation, Discussion and Possible Approval of the Section 8 Streamlined 2009 Annual Public Housing Agency (PHA) Plan

q) Presentation, Discussion and Approval of proposed amendment to the Community Services Block Grant, 10 Texas Administrative Code, Chapter 5, Subchapter A, §5.6 Distribution of CSBG Funds, Subsections (c) and (d) for publication in the Texas Register

Texas Homeownership:

r) Presentation, Discussion and Possible Approval of the Participating Lender List for Single Family Mortgage Credit Certificate (MCC) Program 72

Request made to pull agenda item 1j) and treat separately. Motion made by Gloria ray to approve staff recommendations on all items except 1 j) and seconded by Sonny Flores and passed unanimously. Motion made to approve item 1 j) subject to a condition to check on the release of phone numbers by Sonny Flores and seconded by Leslie Bingham Escareño passed unanimously.

ACTION ITEMS

Item 2: Possible Appointment by Chairman of Board Committee

Chairman Conine appointed a special task force to work with Community Affairs chaired by Juan Muñoz including Tom Cardenas.

Item 3: Legal Division Items:

a) Presentation, Discussion and Possible Approval of a policy, including penalties, regarding support from TDHCA of the Internal Revenue Service reinstatement of tax credits after the placed in service date and issuance of Form 8609 for the Gardens of Gladewater where the development has received Form 8823 as not participating in the program due to errors in the first year

Public testimony from Evan Hall, George Hopper and Eric Opiela

Motion made by Leslie Bingham Escareño to approve staff recommendation to send the IRS letter, seconded by Sonny Flores, and passed unanimously.

Item 4: Texas Homeownership Division Items:

a) Presentation, Discussion and Possible Approval of a contract extension for Countrywide Bank to serve as Master Servicer for the Single Family Mortgage Revenue Bond Program

Public testimony by Julie Shaver.

Motion made by Sonny Flores to approve staff recommendation, seconded by Tom Cardenas, and passed unanimously.

Item 5: Housing Resource Center Items:

a) Presentation, Discussion and Possible Approval of the Agency Strategic Plan for Fiscal Years 2009-2013

Motion made by Sonny Flores to approve staff recommendation, seconded by Gloria Ray, and passed unanimously.

Item 6: HOME Division Items:

a) Presentation, Discussion and Possible Approval of HOME Investment Partnerships Tenant-Based Rental Assistance Award Recommendations:

2008-0042	Christian Community Action	Denton
2008-0053	Burke Center	Lufkin

Motion made by Leslie Bingham Escareño to approve staff recommendation, seconded by Sonny Flores, and passed unanimously.

b) Presentation, Discussion and Possible Approval of HOME Investment Partnerships Homebuyer Assistance Award Recommendations:

2008-0035	Midland Habitat for Humanity	Midland
2008-0045	City of La Feria	La Feria

Motion made by Gloria Ray to approve staff recommendation, seconded by Tom Cardenas, and passed unanimously.

c) Presentation, Discussion and Possible Approval of HOME Investment Partnerships Program Rental Housing Development Program Award Recommendation:

07346	Creek View Apartments	Johnson City

Public Testimony by Mark Mayfield

Motion made by Gloria Ray to approve staff recommendation, seconded by Leslie Bingham Escareño, and passed unanimously.

d) Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program 2008 Rental Housing Development (RHD) Program Notice of Funding Availability (NOFA)

Public Testimony by Mike Harms

Motion made by Gloria Ray to approve staff recommendation subject to conditions outlined and seconded by Tom Cardenas and passed unanimously.

e) Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program 2008 Community Housing Development Organization (CHDO) Rental Housing Development Program Notice of Funding Availability (NOFA)

Motion made by Sonny Flores to approve staff recommendation subject to conditions outlined and seconded by Gloria Ray and passed unanimously.

f) Presentation, Discussion and Possible Approval of the transfer of remaining balances from the HOME Investment Partnerships Program Community Housing Development Organization (CHDO) and Rental Housing Development (RHD) Program Notices of Funding Availability (NOFA's) to the 2008 HOME Investment Partnerships Program Community Housing Development Organization (CHDO) and Rental Housing Development (RHD) Program Notices of Funding Availability (NOFA's)

Motion made by Leslie Bingham Escareño to approve staff recommendation, seconded by Tom Cardenas, and passed unanimously.

g) Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program 2008 Rental Housing Development Program for Persons with Disabilities (PWD) Notice of Funding Availability (NOFA)

Motion made by Sonny Flores to approve staff recommendation, seconded by Gloria Ray, and passed unanimously.

h) Presentation, Discussion and Possible Approval of Requests for Amendments to HOME Program Contracts/Commitments:

1000308	Frio County	Pearsall
1000298	Town of Anthony	Anthony
1000487	City of Bonham	Bonham

Frio County
Public testimony by Ken Quinet

Motion made by Sonny Flores to approve staff recommendation outlines, seconded by Gloria Ray, and passed unanimously.

Town of Anthony
Motion made by Gloria Ray to approve staff recommendation, seconded by Leslie Bingham Escareño, and passed unanimously.

City of Bonham
Motion made by Leslie Bingham Escareño to approve staff recommendation and seconded by Sonny Flores and passed unanimously

i) Presentation, Discussion and Possible Approval of 2008 Housing Trust Fund 2008 Homeownership SuperNOFA Program award recommendations and $1 million increase in the amount of funding available under the NOFA:

2008-0036	Community Council of Southwest Texas	Uvalde
2008-0037	Community Housing Services, Inc.	San Benito
2008-0038	Community Housing Services, Inc.	San Benito
2008-0039	City of New Braunfels	New Braunfels

Motion made by Leslie Bingham Escareño to approve staff recommendation and seconded by Gloria Ray and passed unanimously

Item 7: Bond Division Items:

a) Presentation, Discussion and Possible Approval of recommended firm to provide Drawdown Bond Underwriting services for TDHCA's single family mortgage revenue bonds recycling program

Motion made by Gloria Ray to approve staff recommendation, seconded by Leslie Bingham Escareño, and passed unanimously.

b) Presentation, Discussion and Possible Approval of Resolution No. 08-024 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2006 Series FGH (Program 68)

Motion made by Leslie Bingham Escareño to approve staff recommendation, seconded by Sonny Flores, and passed unanimously.

c) Presentation, Discussion and Possible Approval of Resolution No. 08-021 authorizing ratification of TDHCA's notice to remove UBS as Remarketing Agent and approve a new Remarketing Agreement for TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Series A Jr. Lien, 2004 Series B, 2005 Series A, 2006 Series H and 2007 Series A with JPMorgan

Motion made by Tom Cardenas to approve staff recommendation, seconded by Leslie Bingham Escareño, and passed unanimously.

d) Presentation, Discussion and Possible Approval of Resolution No. 08-025 authorizing application to the Texas Bond Review Board for reservation of 2008 single family private activity bond authority and presentation, discussion and approval of Single Family Mortgage Revenue Bonds Underwriting Team for Program 71

Motion made by Leslie Bingham Escareño to approve staff recommendation, seconded by Tom Cardenas, and passed unanimously.

Item 8: Disaster Recovery Division Items:

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

NO ACTION TAKEN

b) Presentation, Discussion and Possible Approval of Requests for Amendments to CDBG Disaster Recovery Contracts Administered by TDHCA for CDBG Round 1 Funding

C060001	Houston-Galveston Area Council
C060002	Deep East Texas Council of Governments
C060003	South East Texas Regional Planning Commission

Public Testimony by Sean Davis

Motion made by Sonny Flores to approve staff recommendation regarding time extension and budget allocation changes, seconded by Gloria Ray, and passed unanimously.

Item 9: Multifamily Division Items - Housing Tax Credit Program Items:

a) Presentation, Discussion and Possible Action on Housing Tax Credit Amendments

07302	Casa Alton	Alton

Public testimony by Jean Coburn

Motion made by Tom Cardenas to accept staff recommendation to deny

appeal, seconded by Sonny Flores, and passed unanimously.

b) Presentation, Discussion and Possible Action on Housing Tax Credit Amendment and Possible Approval of an additional award of HOME funds

07177	Hamilton Senior Village	Hamilton

Public testimony by Lewis Williams

Motion made by Leslie Bingham Escareño to accept changes offered by the developer and seconded by Gloria Ray and passed unanimously.

c) Presentation, Discussion and Possible Action for 2008 Competitive Housing Tax Credit Appeals:

08145	Oasis at the Park	Corpus Christi

Public testimony by David Marquez

Motion made by Gloria Ray to approve staff recommendation and seconded by Tom Cardenas passes on a 3-2 vote with Sonny Flores and Juan Muñoz voting no.

08240	Timber Village Apartments II	Marshall

Withdrawn

08182	Suncrest Apartments	El Paso

Public testimony by Jeff Spicer

Motion made by Sonny Flores to grant the appeal on the condition that the funds allowed not be included in eligible bases if correct under 26 USC §42

08181	Park Ridge Apartments	Llano

Public testimony by Mark Mayfield and Jeff Spicer

Motion made by Gloria Ray to approve staff recommendation and seconded by Tom Cardenas passed unanimously

08193	Sphinx at Fiji Senior	Dallas

Public testimony by Joseph Agumadue, Mark Obeso and John Shackleford.

Gloria ray made a motion to grant the appeal, seconded by Juan Muñoz, and failed on a 3-3 vote. Motion made by Sonny Flores to approve staff recommendation and seconded by Leslie Bingham Escareño failed on a 2-3 vote. Motion to Grant appeal made by Gloria Ray and seconded by Juan Muñoz passed 3-2 with Sonny Flores and Leslie Bingham Escareño voting no.

08228	Chelsea Senior Community	Houston

Public testimony by Michael Harris, Cherno Njie and Barry Palmer

Motion made by Sonny Flores to approve staff recommendation and

seconded by Tom Cardenas passed unanimously

08229	Fairwood Commons Senior Apts.	Bastrop

Public testimony by Cynthia Bast and Terry Campbell

Motion made by Gloria Ray to approve staff recommendation and seconded by Sonny Flores passed unanimously.

08261	Towne Center Apartments Homes	Bryan

Withdrawn

08262	Lake View Apartments	Cleveland

Withdrawn

08278	Four Seasons at Clear Creek	Fort Worth

Public testimony by Kelly Nelson and Deborah Guerrero

Motion made by Sonny Flores to approve staff recommendation and seconded by Leslie Bingham Escareño passed 4-1 with Juan Muñoz voting no.

08147	Northside Apartments	Weslaco

Public testimony by David Marquez

Motion made by Sonny Flores to postpone until the next Board meeting seconded by Leslie Bingham Escareño passed unanimously

During this discussion, Chairman Conine and Juan Muñoz left the meeting and did not return.

d) Presentation, Discussion and Possible Action on a Waiver of Threshold Requirements for Ysleta del Sur Pueblo Homes I Competitive Housing Tax Credit Application

Public testimony by Albert Joseph

Motion made by Tom Cardenas to approve waivers and seconded by Sonny Flores and passed unanimously

e) Presentation, Discussion and Possible Issuance of a list of Approved Applications (as of June 19) for Housing Tax Credits ("HTC") in accordance with §2306.6724(e) of Texas Government Code

Motion made by Leslie Bingham Escareño to approve the list of valid applications, seconded by Sonny Flores, and passed unanimously.

TDHCA ID	Development Name	Development City	Region
08100	Grand Reserve Seniors -	Waxahachie	3

	Waxahachie Community		
08101	Jackson Village Retirement Center	Lake Jackson	6
08106	Brookhollow Manor	Brookshire	6
08107	Oak Timbers - River Oaks	River Oaks	3
08110	Paris Big Sandy Apartments	Paris	4
08112	Cedar Street Apartments	Brownfield	1
08120	Applewood Apartments, LP	West	8
08121	Cherrywood Apartments	West	8
08124	Mill Stone Apartments	Fort Worth	3
08126	South Acres Ranch	Houston	6
08128	Mid-Towne Apartments	Tomball	6
08129	Alta Vista Apartments	Marble Falls	7
08130	Jourdanton Square Apartments	Jourdanton	9
08133	Timber Creek Senior Living	Beaumont	5
08134	Huntington	Buda	7
08135	Gardens at Clearwater	Kerrville	9
08138	River Place Apartments	San Angelo	12
08139	Arizona Avenue Apartments	Sweetwater	2
08140	Premier on Woodfair	Houston	6
08142	Anson Park Seniors	Abilene	2
08143	Villages at Snyder	Snyder	2
08145	Oasis at the Park	Corpus Christi	10
08147	Northside Apartments	Weslaco	11
08149	American GI Forum Village I & II	Robstown	10
08150	Oak Manor/Oak Village Apartments	San Antonio	9
08151	Parkview Terrace	Pharr	11
08152	Heights at Corral	Kingsville	10
08154	Mineral Wells Pioneer Crossing	Mineral Wells	3
08157	SilverLeaf at Chandler	Chandler	4
08158	Villas at Beaumont	McAllen	11
08160	Tres Palmas	El Paso	13
08161	Canutillo Palms	El Paso	13
08163	San Elizario Palms	San Elizario	13
08174	Oakleaf Estates	Silsbee	5
08176	Maeghan Pointe	Elsa	11
08179	Homes at Cypress Ridge	Nacogdoches	5
08181	Park Ridge Apartments	Llano	7
08182	Suncrest Apartments	El Paso	13
08183	Desert Villas	El Paso	13
08184	Washington Hotel Lofts	Greenville	3
08185	Historic Lofts of Palestine	Palestine	4
08190	Sutton Homes	San Antonio	9
08193	Sphinx at Fiji Senior	Dallas	3
08194	D.N Leathers Townhomes	Corpus Christi	10
08195	Chateau Village Apartments	Houston	6
08198	Highland Manor	La Marque	6
08200	Ingram Square Apartments	San Antonio	9
08201	First Huntington Arms	Huntington	5
08203	Evergreen at Forney	Forney	3
08205	Wind River	Fort Worth	3
08207	Carpenter's Point	Dallas	3
08208	Mansions at Briar Creek	Bryan	8
08213	Stamford Place Apartments	Stamford	2

08215	Quail Run Apartments	Decatur	3
08216	Chisum Trail Apartments	Sanger	3
08217	Merritt Homes	McKinney	3
08220	Northview Apartments	Kilgore	4
08222	Evergreen at Vista Ridge	Lewisville	3
08223	Evergreen at The Colony	The Colony	3
08226	Whispering Oaks Apartments	Goldthwaite	8
08228	Chelsea Senior Community	Houston	6
08229	Fairwood Commons Senior Apartments	Bastrop	7
08232	Sakowitz Apartments	Houston	6
08233	Heritage Park Vista	Fort Worth	3
08234	Central Park Senior Village	Arlington	3
08235	Buena Vida Senior Village	Corpus Christi	10
08236	Green Briar Village Phase II	Wichita Falls	2
08240	Timber Village Apartments II	Marshall	4
08244	TownePlace Reserve	Pearland	6
08251	HomeTowne on Wayside	Houston	6
08252	LifeNet-Supportive Housing SRO Community, L.P.	Dallas	3
08253	Creekside Villas Senior Village	Buda	7
08254	Montgomery Meadows Phase II	Huntsville	6
08255	West Park Senior Housing	Corsicana	3
08256	Westway Place	Corsicana	3
08257	Constitution Court	Copperas Cove	8
08258	Lexington Court Phase II	Kilgore	4
08260	Harris Manor Apartments	Pasadena	6
08261	Towne Center Apartments Homes	Bryan	8
08262	Lake View Apartment Homes	Tyler	4
08263	Villas at Lost Pines	Bastrop	7
08264	Cambridge Crossing	Corsicana	3
08266	Hillcrest at Galloway	Beeville	10
08269	Darson Marie Terrace	San Antonio	9
08271	Manor Road SRO	Austin	7
08273	Four Seasons at Clear Creek	Fort Worth	3
08274	Casa Bella	Sunnyvale	3
08278	Vista Bella Ranch	Sherman	3
08280	Costa Esmeralda	Waco	8
08284	North Eastman Residential	Longview	4
08294	Stardust Village	Uvalde	11
08295	Vista Bonita Apartments	Houston	6
08296	Prairie Village Apartments	Rogers	8
08297	St. Charles Place	Crowley	3
08298	Residences on Stalcup	Fort Worth	3
08299	Southern View Apartments	Fort Stockton	12
08300	Blackshear Homes	San Angelo	12
08301	Ysleta del Sur Pueblo Homes I	Socorro	13
08302	Leona Apartments	Uvalde	11
08303	Heritage Square	Texas City	6
08304	Park Place Apartments	Cleveland	6

f) Presentation and Discussion of Challenges to Housing Tax Credit

Applications

Mr. Cardenas left the meeting and no quorum was present.

Report only No action taken on this tem.

Item 10: Multifamily Division Items–Private Activity Bond Program Items: NOTE:THIS ITEM WAS HEARD PRIOR TO THE LOSS OF A QUORUM

a) Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:

08414 Jason Avenue Residential
Panhandle Regional Housing Finance Corporation is the Issuer; Recommended Credit Amount of $1,183,606

Motion made by Sonny Flores to approve staff recommendation and seconded by Gloria Ray and passed unanimously

b) Presentation, Discussion and Possible Issuance of the Variable Rate Demand Multifamily Mortgage Revenue Refunding Bonds Series 2008 for the Addison Park Apartments Resolution No. 08-023.
08613 Addison Park, Arlington, Tarrant County; Bond Amount Not to Exceed $14,000,000

Motion made by Gloria Ray to approve staff recommendation and seconded by Tom Cardenas and passed unanimously

c) Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds Series 2008 and a Determination Notice of Housing Tax Credits with TDHCA as the Issuer for Costa Ibiza Apartments:

08602 Costa Ibiza, Houston, Harris County Texas
for a bond Amount Not to Exceed $15,000,000 and the Issuance of a Determination Notice Recommended Credit Amount of $879,252. Resolution No. 08-022

Motion made by Gloria Ray to approve staff recommendation and seconded by Tom Cardenas and passed unanimously

d) Presentation, Discussion and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2008, Resolution No. 08-026

08612 Providence Grand Parkway Katy

Motion made by Gloria Ray to approve staff recommendation and seconded by Tom Cardenas and passed unanimously

Item 11: Financial Administration:
NOTE:THIS ITEM WAS HEARD PRIOR TO THE LOSS OF A QUORUM

a) Presentation, Discussion and Possible Approval of the Legislative Appropriations Request

Public Testimony by Cyrus Reed

Motion made by Sonny Flores to approve staff recommendation and seconded by Tom Cardenas and passed unanimously

b) Presentation, Discussion and Possible Approval of the FY 2009 Draft Operating Budget

Motion made by Tom Cardenas to approve staff recommendation and seconded by Gloria Ray and passed unanimously

c) Presentation, Discussion and Possible Approval of the FY 2009 Draft Housing Finance Budget

Motion made by Gloria Ray to approve staff recommendation and seconded by Juan Munoz and passed unanimously

EXECUTIVE SESSION

Executive Session began at 12:10 p.m. and ended at 1:09 p.m.

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

OPEN SESSION
No Action was Taken in Executive Session

REPORT ITEMS
1. TDHCA Outreach Activities, February/March 2008
2. Single Family Mortgage Revenue Bond Program Delinquency Report
3. HTC Ownership Transfers Quarterly Report
4. HTC Amendment Quarterly Report

ADJOURN

Since there was not other business to come before the board, Gloria Ray adjourned the meeting at 5:05 p.m.

Mr. Kevin Hamby
Board Secretary

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

July 21, 2008
9:30 AM

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

July 21, 2008
9:30 am
Capitol Extension, E1.010, 1500 Congress, Austin

SUMMARY OF MINUTES

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

The meeting was called to order at 9:40 a.m. and a quorum was established with all members being present.

PUBLIC COMMENT

The Board accepted Public Comment at the beginning of the meeting and the following persons spoke:

The Honorable Henry Garrett, Mayor of Corpus Christi.—spoke on Buena Vida Senior Village
Daniel Gallegos—spoke on Buena Vida Senior Village
The Honorable Priscilla Leal, Councilwoman Corpus Christi—spoke on Buena Vida Senior Village
Michael Ellege—spoke in opposition to the Historic Lofts of Palestine
Michael Lankford—spoke on a QAP waiver related to tax credit applications
Ike Monty—spoke on additional tax credits for El Paso
Jeff Fulenchek—spoke on Wind River application
Frank Fernandez—spoke on Manor Road SRO
Dewayne Loftin—spoke on Manor Road SRO
Joseph Diiorio—spoke in favor of Manor Road SRO
Meredith Morningstar—spoke against manor Road SRO
Eliza May—spoke against Manor Road SRO
Al Weber—spoke against Manor Road SRO

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

CONSENT AGENDA

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

Board Training on Housing Tax Credit Reports and Real Estate Analysis Reports

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

Legal Division:

a) Presentation, Discussion and Possible Approval to publish in the *Texas Register* a notice of the readoption of the following rules reviewed pursuant to Texas Government Code §2001.039:
    §1.3. Delinquent Audits and Related Issues
    §1.4. Protest Procedures for Contractors

§1.6. Historically Underutilized Businesses
§1.7. Staff Appeals Process
§1.8. Board Appeals Process
§1.16. Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers
§1.17. Alternative Dispute Resolution and Negotiated Rulemaking

Financial Administration:

b) Presentation and Discussion of the 3rd Quarter Investment Report

Motion by Gloria Ray to approve staff recommendation on the entire consent agenda, seconded by Tom Cardenas and passed unanimously.

ACTION ITEMS-

Item 2: Real Estate Analysis:

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

Note a presentation on Board materials related to tax credit approvals and underwriting plans was presented and discussed in public session— No action was take on these materials

Appeals Timely Filed
Constitutional Court
Public testimony from Cynthia Bast, Mahesh Aiyer and Emanuel Glockzin

Evergreen at Vista Ridge
Public testimony from Barry Palmer and Brad Forslund

Motion to approve staff recommendation on both Constitutional Court and Evergreen at Vista Ridge and deny appeals was made by Sonny Flores and seconded by Tom Cardenas and passed unanimously

Cypress Ridge
Public testimony from Anita Kegley

Motion made by Sonny Flores to approve the appeal and seconded by Leslie Bingham Escareño. Motion failed on 3-2 vote with Juan Muñoz, Gloria Ray and Tom Cardenas voting no.

Motion made by Tom Cardenas to deny the appeal and seconded by Sonny Flores passed unanimously.

Mansions at Briar Creek
Motion made by Gloria Ray to approve staff recommendation and deny the appeal, seconded by Tom Cardenas, and passed unanimously.

St Charles Place
Public testimony from Patrick Barbola

Motion made by Tom Cardenas to accept staff recommendation to deny appeal of HOME funds for St. Charles Place seconded by Gloria Ray and passed unanimously.

Prairie Village

Motion made by Juan Muñoz to waive the allocation method for the developer fee for the properties of St. Charles Place and Prairie Village to allow for additional developer fee as determined by the facts and circumstances presented in these matters. Seconded by Leslie Bingham Escareño and passed unanimously

Park Place and Heritage Square
Public Testimony from Sarah Andre and Chad Asarch
Motion made by Sonny Flores to approve the appeal and seconded by Juan Muñoz, the motion failed on a three to three tie with Leslie Bingham Escareño joining the aye votes, Chairman Conine, Tom Cardenas and Gloria Ray voted no.

Motion made by Gloria Ray after further discussion to grant the appeal and seconded by Leslie Bingham Escareño and motion passed unanimously.

Item 3: Office of Colonia Initiatives:
a) Presentation, Discussion of the 2008 Texas Bootstrap Loan Program Reservation System

No Action Taken

Item 4: Financial Administration:
a) Presentation, Discussion and Possible Approval of the Proposed Exceptional Item for inclusion in TDHCA 2010-2011 Legislative Appropriations Request

Motion made by Leslie Bingham Escareño to approve staff recommendation and seconded by Sonny Flores and passed unanimously

Item 5: Multifamily Division Items - Housing Tax Credit Program Items:
a) Presentation, Discussion and Possible Action for 2008 Competitive Housing Tax Credit Appeals:

Public Comment from Bob Salas and Kathy Keane

NO Action taken No items on agenda

Item 6: Multifamily Division Items–Private Activity Bond Program Items:
a) Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:
08403 Village at Lakewest I; Housing Options, Inc. is the Issuer; Recommended Credit Amount of $596,028
08404 Village at Lakewest II; Housing Options, Inc. is the Issuer; Recommended Credit Amount of $0
Village at Lakewest I and II were heard together

Public testimony provided by Tim Lott, Jeffery Pollock and Cynthia Bast.

Motion made by Gloria Ray to grant the appeal as to the waiver of unit size and timing issues and Sonny Flores seconded and passed unanimously.

Leslie Bingham Escareño made a motion to provide $596,028 in tax credits for each application, seconded by Sonny Flores, and passed unanimously.

08412 Alamito Gardens; Alamito PFC is the Issuer; Recommended Credit Amount of $602,176

Public testimony from Gerald Cichon, Karen Jones, and Barry Palmer

Motion made by Gloria Ray to grant the appeal for additional tax credits and seconded by Sonny Flores and passed unanimously with Tom Cardenas abstaining from the vote

b) Presentation, Discussion and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2008, Resolution No. 08-027.

08614	Felicity Place Apartments	Houston

Withdrawn for consideration until next board meeting

REPORT ITEMS

1. TDHCA Outreach Activities, June 2008
2. Challenges to Competitive Housing Tax Credit Applications

ADJOURN

Since there was not other business to come before the board, Kent Conine adjourned the meeting at 2:10 p.m.

Mr. Kevin Hamby
Board Secretary

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

July 31, 2008
9:30 AM

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

Thursday, July 31, 2008
9:30 a.m.
Capitol Auditorium; 1500 North Congress, Austin, Texas

SUMMARY OF MINUTES

CALL TO ORDER, ROLL CALL
CERTIFICATION OF A QUORUM

The meeting was called to order at 9:41 a.m. All members of the Board were present and a quorum was established.

PUBLIC COMMENT

Stella Rodriguez—spoke regarding CSBG funding
Matt Hull—spoke regarding single-family construction
Bill Fisher—spoke regarding 2007 credit awards
Ryan Wilson –spoke requesting a forward commitment for Sutton Homes
Loriann Robles—spoke regarding a forward commitment for Sutton Homes
Dianna Switz—spoke regarding a forward commitment for Sutton Homes
Frank Fernandez—spoke supporting Manor Road SRO
Greg Nault—spoke in opposition to Manor Road SRO
Gary Garcia—spoke in opposition to Manor Road SRO
Hayward Lome—spoke in opposition to Manor Road SRO
Twi Houng—spoke in favor of a forward commitment for Darson Maire Terrace
Ron Eaton—spoke in opposition to Palestine Historic Lofts
The Honorable Wilbert Austin, Waco Councilman, spoke for a forward commitment to Costa Esmeralda
Cynthia Bast—Requested that San Gabriel Village be placed on the September 4th Agenda (Board agreed by consensus)
Steve Carriker—spoke regarding the Housing Trust Fund
Barry Palmer—requested a more flexible amendment policy

CONSENT AGENDA

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

Legal Division:

a) Presentation, Discussion and Possible Approval of awards in response to a request for proposals for Outside Disclosure Counsel for single family and multi family bond transactions

Community Affairs:

b) Presentation, Discussion and Possible Approval of a Plan to allocate Community Services Block Grant Administrative Funds and Discretionary Funds
c) Presentation, Discussion and Possible Approval of a Contractor to Administer the Balance of State Continuum Care Funds

Public Testimony by Ken Martin

Motion made by Sonny Flores to approve staff recommendation on items Legal Division a) and Community Affairs Division b) seconded by Tom Cardenas and passed unanimously. Item 1 Community Affairs b) passed in a separate motion made by Leslie Bingham Escareño to approve staff recommendation, seconded by Gloria Ray, and passed unanimously.

ACTION ITEMS

Item 2: Department Appeals:

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

Washington Hotel Lofts

Public Testimony by Cynthia Bast

Motion made by Sonny Flores to deny the motion died for lack of a second. Motion made by Leslie Bingham Escareño to approve the appeal subject to the applicant providing accepted IRS Form 8609's and Historic Tax Credits having been accepted by the IRS in other transactions and delivered to the Department by carryover for the Washington Hotel Lofts and seconded by Gloria Ray and passed unanimously.

b) Presentation, Discussion and Possible Action of Housing tax Credit Appeals:

08147 Northside Apartments Weslaco

Public Testimony provided by David Marquez

Motion made by Gloria Ray to deny the appeal and seconded by Tom Cardenas failed on a 2-3 vote with Juan Muñoz, Leslie Bingham Escareño and Sonny Flores voting no. A motion to postpone the item until September 4, 2008 and attach it to the waiting list was made by Sonny Flores and seconded by Juan Muñoz the motion failed on a 3-3 vote with Chairman Conine, Tom Cardenas and Gloria Ray voting no. The issue was placed on the table until later in the meeting. After a motion to bring the item back up for discussion later in the meeting, Juan Muñoz made a motion to deny the appeal and was seconded by Tom Cardenas and passed on a vote of 4-1 with Sonny Flores voting no.

Item 3: Disaster Recovery Division Items:

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

No Action taken.

Item 4: Multifamily Division – Housing Tax Credit Program Items

a) Presentation and Discussion of Credit Pricing for Housing Tax Credits

No Action taken.

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

05199 Southwood Crossing

Public Testimony by Ike Akbari and Barry Palmer

Motion by Gloria Ray to grant the appeal without penalties and seconded by Sonny Flores, passed unanimously.

07203 Melbourne Senior Community

Withdrawn from consideration

07203 The Canyons Retirement Community

Public testimony by Charles Shelton

Motion made by Gloria Ray to approve the amendment request, seconded by Tom Cardenas, and passed unanimously.

c) Presentation, Discussion and Possible Approval of Housing Tax Credit Extensions:

060211	Hanratty Place Apartments	Fort Worth
060132	Vista Pines Apartment homes	Nacogdoches
060199	Legacy Senior Housing of Port Arthur	Port Arthur
060224	Waco River Park Apartment Homes	Waco

Motion made by Gloria Ray to approve extensions, seconded by Leslie Bingham Escareño, and passed unanimously.

060193 Villa Main Apartments Port Arthur

Withdrawn from consideration

05024 Mariposa Apartment Homes at River Bend Georgetown

Motion made by Gloria Ray to approve extension, seconded by Sonny Flores, and passed unanimously.

d) Presentation, Discussion and Possible Approval of the Final Commitments for the 2008 State Housing Credit Ceiling for the Allocation of Competitive Housing Tax Credits and the Waiting List for the 2008 Housing Tax Credit Application Round

Public testimony provided by Richard Franco, Lee Burchfield, Lynn Marshall, Skooter Cheatam, Rev. Craig Meyers, Shawn Lewis, Fred Adams, Granger McDonald, and David Marquez

Motion made by Gloria Ray to approve the list as recommended by staff and approve the waiting list and approve the ability of staff to fund if credits become available in the interim with the next person on the waiting list and seconded by Sonny Flores and passed unanimously.

Item 5: Multifamily Division – Private Activity Bond Program Items:

a) Presentation, Discussion and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for

Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for the Program Year 2008, Resolution No. 08-029

08614	Felicity Place Apartments	Houston

Withdrawn from Consideration

08615	Woodmont Apartments	Fort Worth

Motion made by Tom Cardenas to approve resolution and seconded by Sonny Flores and passed unanimously.

Item 6: Home Division Items:

a) Presentation, Discussion and Possible Approval of HOME Investment Partnerships Program Award Recommendations

Disaster Relief Program

2008-0033	City of Dayton	Dayton

Motion made by Leslie Bingham Escareño to approve award and seconded by Sonny Flores and passed unanimously.

Homebuyer Assistance Program

2008-0033	Organazacion Progresiva de San Elizario	Socorro
2008-0057	El Paso Credit Union HOAP, Inc.	El Paso
2008-0054	Hill Country Home Opportunity	Kerrville

Tenant-Based Rental Assistance Program

2008-0046	Buckner Children & Family Services, Inc, dba Buckner	Lufkin

Rental Housing Development Program, Community Housing Development Organization Rental Housing Development Program, and Rental Housing Development for Persons with Disabilities Award Recommendations from the following applications:

Motion made by Tom Cardenas to approve the list of awards recommended according to the materials in the board book with the American GI Forum Village 1 & II being subject to receiving CHDO certification by the Department and seconded by Juan Muñoz and passed unanimously.

b) Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program 2008 Single Family Notice of Funding Availability (NOFA)

Motion made by Leslie Bingham Escareño to approve staff recommendation and seconded by Gloria Ray and passed unanimously.

c) Presentation. Discussion and Possible Approval of the retroactive application of §53.31(m) of the HOME Program Rule, 10 TAC Chapter 53

Public testimony provided by Robin Cisco

Postponed by staff request until September 4th meeting

d) Presentation, Discussion and Possible Approval of Requests for Amendments to HOME Program Contracts/Commitments:

1200689	City of Edinburg

Public Testimony by Marissa Garza

Motion made by Gloria ray to approve staff recommendation and seconded by Sonny Flores and passed unanimously.

1000490	Edinburg Housing Authority

Motion made by Juan Muñoz to approve staff recommendation and deny requested amendment seconded by Tom Cardenas and passed unanimously.

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

2008-0040	Austin Affordable Housing Corp.	Austin
2008-0043	Community Dev. Corp. of Brownsville	Brownsville
2008-0048	Ft. Worth Habitat for Humanity	Fort Worth
2008-0058	El Paso Credit Union HOAP, Inc.	El Paso

Public testimony by Gage Yager.

Motion made by Leslie Bingham Escareño to approve staff recommendation and seconded by Sonny Flores and passed unanimously.

f) Presentation, Discussion and Possible Approval of the 2009 Housing Trust Fund Annual Plan

Motion made by Sonny Flores to approve staff plan and seconded by Leslie Bingham Escareño and passed unanimously.

EXECUTIVE SESSION

Executive Session was called and began at 12:05 p.m.

a) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551

b) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee

c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:
   1. With Respect to pending litigation styled *Brandal v.TDHCA* Filed in State Court in Potter County
   2. With Respect to pending litigation styled *Rick Sims v. Texas Department of Housing and Community Affairs* filed in federal district court (new filing of previously dismissed suit)
   3. With Respect to pending litigation styled *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al* filed in federal district court
   4. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

NO ACTION TAKEN IN EXECUTIVE SESSION

OPEN SESSION

Returned to public session at 1:00 p.m.

REPORT ITEMS

1. 2009 Low Income Home energy Assistance Program State Plan

ADJOURN

Since there was not other business to come before the board, Kent Conine adjourned the meeting at 2:40 p.m.

Mr. Kevin Hamby
Board Secretary

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

September 3-4, 2008

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

September 3-4, 2008

Capitol Auditorium, 1500 Congress, Austin

SUMMARY OF MINUTES

CALL TO ORDER, ROLL CALL

Chairman Conine called the meeting to order on September 3, 2008 at 3:42 p.m.

CERTIFICATION OF QUORUM

Chairman Conine certified a quorum with all members present except Sony Flores. Ms. Bingham-Escareño was not in attendance on September 3, 2008, but attended the full day on September 4, 2008.

PUBLIC COMMENT

The Board solicited Public Comment at the beginning of the meeting and the following persons spoke:

Representative Jose Menendez—requested a forward commitment for Sutton Homes and Darson Marie Terrace
Representative Aaron Peña—spoke in favor of an amendment for Villa Estrella Development
Mayor Ochoa—Spoke in favor of amendment for Villa Estrella Development
Bethany Booth—spoke on behalf of Representative Veronica Gonzales and Senator Lucio
Representative Ruth Jones McClendon—spoke for a forward commitment for Sutton Homes
General Freddie Valenzuela—spoke for a forward commitment for Sutton Homes
Ryan Wilson—spoke for a forward commitment on Sutton Homes
Robert Ford—spoke in opposition to Historic Palestine Lofts
Councilmember Kathy Massonahmer—spoke in favor of Palestine Lofts
Craig Miers—spoke in favor of a forward for Blackshear Homes
Jerry Sea—spoke in favor of a forward for Blackshear Homes
Terry Shaner—spoke in of a forward for Blackshear Homes
Tim Lang—spoke in favor of credits for Hampton Village
Drew Childrey—spoke on the REA rules related to turnover
Jay Rice—spoke on the need to increase Home fund amounts for OCC
Diana Lewis—spoke on changes needed to the QAP
Tony Sisk—spoke regarding the ex-urban removal from the QAP
Scott Mark—spoke regarding potential issues surrounding the new funding in HR 3221
Barry Palmer—spoke regarding potential issues surrounding the new funding in HR 3221
Steve Ford—spoke regarding potential issues surrounding the new funding in HR 3221
William Brown—spoke regarding potential issues surrounding the new funding in HR 3221

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

CONSENT AGENDA

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

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

Legal Division:

a) Presentation, Discussion and Possible Approval of a Request for Proposal for an administrative law judge to assist the Board in compiling a record and producing a proposal for decision for future Board action on enforcement matters
b) Presentation, Discussion and Possible Approval of a Waiver of First Lien policies for disaster relief loans in Southeast Texas Rita Recovery Zone
c) Discussion and Possible Action on publication in the *Texas Register* of a notice of adoption of the repeal of the following sections of Title 10, Part 1 of the Texas Administrative Code, Chapter 1, concerning Administration: §1.1 Private Donors, §1.5 Contract Monitoring Policy, §1.12 Administrative Hearings
d) Presentation, Discussion and Possible Action on publication in the *Texas Register* of a notice of adoption of the repeal of Title 10, Part 1 of the Texas Administrative Code, Chapter 5, Subchapter B (§§5.101-5.114 and 5.116 - 5.121), concerning Emergency Nutrition and Temporary Relief Program
e) Presentation, Discussion and Possible Action on the publication in the *Texas Register* of a notice of proposed amendments to Title 10, Part 1 of the Texas Administrative Code, §90.8 concerning forms related to the Migrant Labor Housing Facilities

Community Affairs:

f) Presentation, Discussion and Possible Approval of staff recommendations (based on a Request for Application process) to award the Weatherization Assistance Program to a Subrecipient(s) to serve Maverick and Hidalgo counties

Texas Homeownership:

g) Presentation, Discussion and Possible Approval of a contract extension for Master Servicer for the Single Family Residential Mortgage Revenue Bond Program
h) Presentation, Discussion and Possible Approval to use deobligated Housing Trust Fund (HTF) funds for match to secure foreclosure mitigation assistance through the National Foreclosure Mitigation Counseling Program

HOME:

i) Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program 2008 Single Family Persons with Disabilities Notice of Funding Availability (NOFA)
j) Presentation, Discussion and Possible Approval of the 2009 Housing Trust Fund Rental Production Program Notice of Funding Availability (NOFA)

Multifamily:

k) Presentation, Discussion and Possible Approval for a Memorandum of Understanding between TDHCA and the Texas Bond Review Board
l) Presentation, Discussion and Possible Approval of Housing Tax Credit

Extensions

060038	Oak Timbers North Greenbriar	Ft Worth
060040	San Jose Apartments	

Motion made to approve all items on consent agenda by Gloria Ray, seconded by Tom Cardenas, passed unanimously.

ACTION ITEMS

Item 2: Executive:

a) Presentation, Discussion and Possible Approval of the Policy for Implementation of HR 3221 on the Housing Tax Credit Program including possible allocation of 2008 Housing Tax Credit ceiling [This item was posted to the website on August 29, 2008]

Public Comment:

Michael Hartman, Dennis Hoover, Dan Algier, Bill Fisher, Robert Johnson, Mike Sugrue, Granger McDonald, Nicole Flores, Ray Lucas, Sarah Andre, Dianna McIver, Dick Kilday, Barry Kahn, Mahesh Aiyer, Terri Anderson all spoke on draft plans for credit use and necessary changes.

Gloria Ray made a motion seconded by Juan Muñoz to provide some clarifications based on HR 3221 additional credits and related issues as follows:

1. **Additional credits to all 2007 Awards (whether awarded from the 2007 ceiling of a 2008 forward commitment) that have not closed utilizing a gap method, allowing for new syndication letters and a 9% rate applied to qualified basis. No new cost documentation will be submitted.**

2. **No additional Credits to 2007 Awards that have closed but allowed them to submit specific evidence for reevaluation that includes new sources and uses and the final debt equity as closed by September 18, 2008. Any additional credits warded based on this submission will be made in the November meeting.**

3. **No action is being taken on 2008 awards.**

4. **Where amendments are needed to the 2006, 2007, or 2008 deals to help cost engineer developments should be submitted to be considered in the November and December meetings.**

5. **The $1.2 cap per transaction is waived for awards from 2007 and 2008 relating to the possible increase of HR 3221 or other credits. The awards are not limited to the $1.2 million cap or their original application request.**

6. **The 2 million dollar cap will apply to the ceiling of the cap year awarded the additional credits regardless of the initial award.**

7. **The board has extended to December 1 or 11 months from allocation. The 2009 QAP will include an incentive to submit the 10% test by June 1 for points in the following year.**

8. **The requirement to have the property purchased will be moved from carry-over to the 10% test as long as site control is maintained.**

9. **The Board waives any non-statutory penalties for applicants awarded credits who return these credits between September 3, 2008 and November 1, 2008. Credits returned after November 1, 2008 will have the penalties applied.**

The final motion passed unanimously.

NOTE: For a complete review of this discussion, the transcript must be read on both September 3, 2008 and September 4, 2008. The topic was originally tabled On September 3, 2008 after discussion on a motion made by Gloria Ray and seconded by Tom Cardenas and unanimously supported. On September 4, 2008, the issue was taken off the table on a motion by Gloria Ray, seconded by Tom Cardenas, and unanimously supported. The above final motion was then made and approved.

Item 3: Rules:

a) Presentation, Discussion and Possible Approval to publish the proposed amendments of 10 TAC, Chapter 1, §§31-37, Draft 2009 Real Estate Analysis Rules and Guidelines in the *Texas Register*

Motion made to approve draft rules for publication in the *Texas Register* by Tom Cardenas, seconded by Juan Muñoz, and passed unanimously.

b) Presentation, Discussion and Possible Action on the publication in the *Texas Register* of a notice proposing the repeal of the following chapters of Title 10, Part 1 of the Texas Administrative Code: Chapter 5 concerning Community Services Programs, Chapter 6 concerning Energy Assistance Programs, and Chapter 8 concerning Project Access Rules

Motion made to approve draft repeal of rules for publication in the *Texas Register* by Gloria Ray, seconded by Tom Cardenas, and passed unanimously.

c) Presentation, Discussion and Possible Action on the publication in the *Texas Register* of a notice proposing new Title 10, Part 1 of the Texas Administrative Code, Chapter 5 concerning Community Affairs Programs

Public Comment by Stella Rodriguez.

Motion made to approve draft rules with amendments provided at the meeting for publication in the *Texas Register* by Gloria Ray, seconded by Tom Cardenas, and passed unanimously.

d) Presentation, Discussion and Possible Approval to publish a draft of proposed amendments to 10 TAC Chapter 7, First-Time Homebuyer Program rules for comment in the *Texas Register*

Motion made to approve draft rules for publication in the *Texas Register* by Tom Cardenas, seconded by Gloria Ray, and passed unanimously.

e) Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 53, HOME Investment Partnership Program, and a draft of proposed new 10 TAC Chapter 53, HOME

Program Rule for comment in the *Texas Register*

Public Comment by Robin Cisco.

Motion made to approve the repeal and draft rules for publication in the *Texas Register* by Tom Cardenas and Leslie Bingham-Escareño and passed unanimously

f) Presentation, Discussion and Possible Approval to publish the proposed amendments of 10 TAC Chapter 51, Housing Trust Fund Rule for comment in the *Texas Register*

Motion made to approve draft rules for publication with the staff requested addition of adding, "repaid" to definition 37 in the *Texas Register* by Gloria Ray, seconded by Tom Cardenas, and passed unanimously.

g) Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 49, concerning 2007 Housing Tax Credit Program Qualified Allocation Plan and Rules, and a draft of proposed new 10 TAC Chapter 49, concerning 2009 Housing Tax Credit Program Qualified Allocation Plan and Rules for comment in the *Texas Register*

Public comment by: Cyrus Reed, Michael Hartman, Fay Dai, Charles Price, Sunshine Matthews, Sarah Anderson, Dianna McIver, Granger McDonald and Chris Richardson.

Motion made to approve the repeal and draft rules for publication in the *Texas Register* by Gloria Ray, seconded by Juan Muñoz, and passed unanimously.

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

Motion made to approve repeal and draft rules for publication in the *Texas Register* by Gloria Ray, seconded by Tom Cardenas, and passed unanimously.

Item 4: Housing Resource Center:

a) Presentation, Discussion and Possible Approval of the 2009 State of Texas Consolidated Plan: One-Year Action Plan draft for Public Comment

Motion made to approve staff recommendation on a motion by Gloria Ray, seconded by Tom Cardenas, and passed unanimously.

b) Presentation, Discussion and Possible Approval of the 2009 Regional Allocation Formula Methodology (Draft for Public Comment)

Motion made to approve staff recommendation on a motion by Tom Cardenas, seconded by Juan Muñoz, and passed unanimously.

c) Presentation, Discussion and Possible Approval of the 2009 Affordable Housing Needs Score (Draft for Public Comment)

Motion made to approve staff recommendation on a motion by Juan Muñoz, seconded by Tom Cardenas, and passed unanimously.

Item 5: Internal Audit:

a) Approval of Minutes of the June 26, 2008 Audit Committee Meeting

Motion made to approve staff recommendation on a motion by Gloria Ray, seconded by Tom Cardenas, and passed unanimously.

b) Presentation, Discussion and Possible Approval of the Internal Audit Division's Fiscal Year 2009 Audit Plan

Motion made to approve staff recommendation on a motion by Gloria Ray, seconded by Leslie Bingham-Escareño, and passed unanimously.

c) Status of the Internal Audit Division's Fiscal Year 2008 Audit Plan

No Action Taken

d) Presentation and Discussion of the State Auditor's Office Audit Report on the Single Family Mortgage Revenue Bond Program

Additional Comment by Matt Pogor and Gary Machak

No Action Taken

e) Presentation and Discussion of the Department of Housing and Urban Development's Monitoring Report on CDBG Disaster Recovery Funds

No Action Taken

f) Status of External Audits

No Action Taken

Item 6: Real Estate Analysis:

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

08260	Harris Manor Apartments

Public Comment by Etan Miwis and George Littlejohn

Motion made by Leslie Bingham-Escareño to grant the appeal, seconded by Tom Cardenas and passed unanimously.

b) Presentation, Discussion and Possible Action on Housing Tax Credit Allocation Amount for IRS Forms 8609:

05195 / 08059	San Gabriel Senior Village

Public comment by Cynthia Bast

Motion made by Gloria Ray to approve an allocation of $54,454 from the 2008 credit ceiling and seconded by Leslie Bingham Escareño and passed

unanimously

Item 7: Disaster Recovery:

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

No Action Taken

b) Presentation, Discussion and Possible Approval of a Substantial Amendment to Harris County's portion of the Partial Action Plan for Disaster Recovery to Use Community Development Block Grant CDBG Funding

Motion made to approve staff recommendation on a motion by Gloria Ray, seconded by Tom Cardenas, and passed unanimously.

c) Presentation, Discussion, and Possible Approval Related to Unobligated Funds under CDBG Round 1

Motion made to approve staff recommendation on a motion by Gloria Ray, seconded by Leslie Bingham Escareño, and passed unanimously.

d) Presentation, Discussion and Possible Approval of CDBG Disaster Recovery Multifamily Rental Award Extensions and Amendments

07903	Brittany Place Homes

Public Comment by Sharon Adams, Mark Viatore and Bill Fisher

Motion made to approve staff recommendation on a motion by Juan Muñoz, seconded by, and passed unanimously.

e) Presentation, Discussion and Possible Approval of Requests for Amendments to CDBG Disaster Recovery Contracts Administered by TDHCA for CDBG Round 1Funding

C060003	SETRPC

Motion made to approve staff recommendation on a motion by Gloria Ray, seconded by Juan Muñoz, and passed unanimously.

Item 8: Bond Finance:

a) Presentation, Discussion and Possible Approval of Resolution 08-030 authorizing the issuance of TDHCA's Single Family Mortgage Revenue Bonds (Draw Down Facility)

Motion made to approve staff recommendation on a motion by Gloria Ray, seconded by Leslie Bingham-Escareño, and passed unanimously.

b) Presentation, Discussion and Possible Approval of a Request for Proposal ("RFP") for investment banking firms interested in providing investment banking services as Senior Manager and Co-Manager for one or more proposed single family mortgage revenue bonds starting in 2009

Motion made to approve staff recommendation on a motion by Leslie Bingham-Escareño, seconded by Gloria Ray, and passed unanimously.

c) Presentation, Discussion and Approval of Resolution No. 08-033 authorizing application to the Texas Bond Review Board for reservation of HR 3221 single family private activity bond authority

Motion made to approve staff recommendation on a motion by Leslie Bingham-Escareño, seconded by Gloria Ray, and passed unanimously.

d) Presentation, Discussion and Possible Approval of Resolution 08-031 authorizing the issuance of TDHCA's Single Family Mortgage Revenue Bonds, 2008 Series A and Single Family Variable Rate Mortgage Revenue Bonds, 2008 Series B (Program 71)

Motion made to approve staff recommendation on a motion by Tom Cardenas, seconded by Leslie Bingham Escareño, and passed unanimously.

Item 9: HOME Division:

a) Presentation and Discussion of the Current HOME Fund Balance Report

No Action Taken

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

Disaster Relief Program		
2008-0061	LaSalle County	Cotulla
Homebuyer Assistance Program		
2008-0032	FUTURO Communities	Uvalde
Tenant Based Rental Assistance		
2008-0055	Center for Health Care Serv.	San Antonio

Motion made to approve all of item (b) remaining on agenda staff recommendation on a motion by Gloria Ray, seconded by Tom Cardenas and passed unanimously.

c) HOME Rental Housing Development Program and Determination of Housing Tax Credits

08405	Sierra Ridge	Georgetown

Withdrawn from Agenda

Item 10: Multifamily Division Items - Housing Tax Credit Program Items:

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

03184 Pegasus Dallas

Public Comment by Twilla Revelle

Motion made to postpone item to next board meeting made by Gloria Ray and seconded by Leslie Bingham Escareño and passed unanimously

04432 Mariposa Apartment Communities San Marcos

Public Comment by Stuart Shaw

Motion made to postpone item to next board meeting made by Gloria Ray and seconded by Leslie Bingham Escareño and passed unanimously

07203 Melbourne Senior Community Alvin

Public Comment by Bill Shircliff, Larry Buehler and Barry Palmer.

Motion made by Gloria Ray to approve the amendment requested by applicant, seconded by Tom Cardenas, and passed unanimously.

07206 Villa Estella Trevino Edinburg

Public Comment from Gilberto De Los Santos, Estella Trevino, and Froylan Soliz (testimony made in Spanish translated by Annette Cornier)

Motion made by Leslie Bingham Escareño to approve the amendment requested by applicant, seconded by Juan Muñoz, and passed unanimously.

07291 Cypress Creek Houston

Public Comment by Stuart Shaw and Barry Palmer

Motion made by Gloria Ray to approve the amendment requested by applicant, seconded by Juan Muñoz, and passed unanimously.

b) Presentation, Discussion and Possible Approval of Forward Commitments from the 2009 State Housing Credit Ceiling for the Allocation of Competitive Housing Tax Credits from the waiting list below:

08100	Grand Reserve Seniors - Waxahachie Community	Waxahachie
08110	Paris Big Sandy Apartments	Paris
08112	Cedar Street Apartments	Brownfield
08120	Applewood Apartments	West
08121	Cherrywood Apartments	West
08124	Mill Stone Apartments	Fort Worth
08134	Huntington	Buda
08145	Oasis at the Park	Corpus Christi
08154	Mineral Wells Pioneer Crossing	Mineral Wells
08161	Canutillo Palms	El Paso
08179	Homes at Cypress Ridge	Nacogdoches
08181	Park Ridge Apartments	Llano
08183	Desert Villas	El Paso
08185	Historic Lofts of Palestine	Palestine
08190	Sutton Homes	San Antonio
08194	D.N. Leathers Townhomes	Corpus Christi
08208	Mansions at Briar Creek	Bryan
08217	Merritt Homes	McKinney

08228	Chelsea Senior Community	Houston
08234	Central Park Senior Village	Arlington
08236	Green Briar Village Phase II	Wichita Falls
08240	Timber Village Apartments II	Marshall
08252	LifeNet-Supportive Housing SRO Comm.	Dallas
08255	West Park Senior Housing	Corsicana
08256	Westway Place	Corsicana
08263	Villas at Lost Pines	Bastrop
08269	Darson Marie Terrace	San Antonio
08271	Manor Road SRO	Austin
08273	Four Seasons at Clear Creek	Fort Worth
08274	Casa Bella	Sunnyvale
08280	Costa Esmeralda	Waco
08295	Vista Bonita Apartments	Houston
08300	Blackshear Homes	San Angelo
08301	Ysleta del Sur Pueblo Homes I	Socorro

Motion made to postpone item to next board meeting made by Gloria Ray and seconded by Juan Muñoz and passed unanimously

c) Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:

08416 Park Shadows Apartments
Jefferson County HFC is the Issuer
Recommended Credit Amount $458,728

Motion made to approve staff recommendation on a motion by Tom Cardenas, seconded by Juan Muñoz, and passed unanimously.

08417 Seville Row Apartments
Jefferson County HFC is the Issuer
Recommended Credit Amount $288,807

Motion made to approve staff recommendation on a motion by Leslie Bingham Escareño, seconded by Gloria Ray, and passed unanimously.

08413 City View Apartments
San Antonio HFC is the Issuer
Recommended Credit Amount $318,785

Public Comment by Jeff Fulenchek.

Motion made to approve staff recommendation on a motion by Gloria Ray, seconded by Tom Cardenas, and passed unanimously.

08401 Artisan at San Pedro Creek
San Antonio HFC is the Issuer
Recommended Credit Amount $1,105,744

Motion made to approve staff recommendation on a motion by Gloria Ray, seconded by Leslie Bingham Escareño, and passed unanimously.

Item 11: Multifamily Division Items–Private Activity Bond Program Items:

a) Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds Series 2008 and a Determination Notice for Housing Tax Credits with TDHCA as the Issuer:

08609	Providence Town Square Apartments Deer Park, Harris County Recommended Bond Amount not to Exceed $14,750,000; Recommended Credit Amount $743,913 Resolution #08-032

b) Presentation, Discussion and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2008, Resolution No. 08-034

08615	Woodmont Apartments	Ft. Worth

EXECUTIVE SESSION

a) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551

b) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee. Review and possible pay increase for Director of Internal Audit, Sandy Donoho.

c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:

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

Executive Session I Enter Executive Session at 6:20 p.m. to discuss an item on the agenda and return to open session at 6:45 p.m. on September 3, 2008 NO ACTION TAKEN

Executive Session II Enter Executive Session at 8:00 a.m. to review Director of Internal Audit and return to open session 9:05 a.m. on September 4, 2008. No Action is Session, action taken in public below.

Executive Session III Enter Executive Session 11:45 a.m. to consult with their attorney pursuant to $551.071(a) and returned at 12:50 p.m. on September 4, 2008. NO ACTION TAKEN

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

Pursuant to an action discussed in Executive Session II, Gloria Ray made a motion to change the class of the Internal Auditor to a Director III position and provide the Internal Auditor with a 7% pay raise and was seconded by Leslie Bingham Escareño and passed unanimously.

REPORT ITEMS

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

ADJOURN

Since there was not other business to come before the board, Kent Conine adjourned the meeting at 2:05 p.m. on September 4, 2008.

Mr. Kevin Hamby
Board Secretary

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

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Review and Possible Approval of the 2009 Section 8 Payment Standards for Housing Choice Vouchers.

Required Action

Staff recommends approval of the 2009 Section 8 Payment Standards for Housing Choice Vouchers in accordance with 24 CFR Section 982.503.

Background

The U.S. Department of Housing and Urban Development (HUD) at 24 CFR 982.503, requires Public Housing Authorities (PHAs), such as the Texas Department of Housing and Community Affairs (the Department), to adopt annually a payment standard schedule that establishes voucher payment standard amounts for each Fair Market Rent (FMR) area in the PHA jurisdiction. The PHA must establish payment standard amounts for each "unit size," defined as the number of bedrooms (one-bedroom, two-bedrooms, etc.) in each housing unit.

The Department, operating as a PHA, may establish the payment standard amount at any level between 90 percent and 110 percent of the published FMR for that unit size. The Department operates its Housing Choice Voucher Program in 31 counties. Staff recommends establishing its payment standard at 100 percent of FMR for 30 of those counties and 110 percent of FMR for the remaining county. Of the 31 counties in which the Department provides Section 8 housing assistance, 30 counties will remain at 100 percent of FMR, 1 county (Ellis) will remain at 110 percent of FMR. Due to the cost of housing in Ellis County, the FMR for the county, and the income levels of Housing Choice Voucher Program participants in the county will remain at 110% of the payment standard so that the Department can continue to cover its portion of the housing assistance payments for tenants in this county.

Staff recommends these payment standards because it will allow current tenants to continue to afford the units they have selected, will help new tenants find affordable units, and should allow the Department to stay within the budget that we expect for fiscal year 2009. The attached Exhibit A details the Department's recommended payment standards.

Recommendation

Approve the 2009 Section 8 Payment Standards for Housing Choice Vouchers, Resolution #09-010 as presented by staff.

RESOLUTION NO. 09-010

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

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

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

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

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

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

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

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

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

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

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

This Resolution shall be in full force and effect from and upon their adoption. The Department shall initiate the Payment Standards effective **January 1, 2009**.

Written notice of the date, hour, and place of the meeting of the Board at which this Resolution was considered, and the subject of this Resolution, was furnished to the Secretary of State and posted for at least seven (7) days preceding the convening of such meeting, on a bulletin board in the main office of the Secretary of State located at a place convenient to the public; that such place was readily accessible to the general public at all times from the time of such posting until the convening of such meeting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code; and that written notice of the date, hour, and place of the meeting of the Board and of the subject of this Resolution was published in the *Texas Register* at least seven (7) days preceding the convening of such meeting, as required by the Texas Government Code § 2306 and Texas Register and Texas Government Code, respectively.

PASSED AND APPROVED this 13th day of November 2008.

____
Chair of the Governing Board

ATTEST:

____
Secretary to the Board

2009 VOUCHER PAYMENT STANDARDS

	Bedroom Size					
	REGION	**0 BR**	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Atacosa County:						
HUD FMR	S	376	437	577	729	750
Payment Standard		376	437	577	729	750
% of Payment Standard		100%	100%	100%	100%	100%
Austin County:						
HUD FMR	H	558	559	673	893	921
Payment Standard		558	559	673	893	921
% of Payment Standard		100%	100%	100%	100%	100%
Bosque County:						
HUD FMR	F	479	480	577	701	840
Payment Standard		479	480	577	701	840
% of Payment Standard		100%	100%	100%	100%	100%
Brazoria County:						
HUD FMR	H	547	610	701	967	1038
Payment Standard		547	610	701	967	1038
% of Payment Standard		100%	100%	100%	100%	100%
Burnet County:						
HUD FMR	S	468	548	720	906	932
Payment Standard		468	548	720	906	932
% of Payment Standard		100%	100%	100%	100%	100%
Caldwell County:						
HUD FMR	S	658	749	912	1228	1398
Payment Standard		658	749	912	1228	1398
% of Payment Standard		100%	100%	100%	100%	100%
Chambers County:						
HUD FMR	H	642	714	866	1154	1451
Payment Standard		642	714	866	1154	1451
% of Payment Standard		100%	100%	100%	100%	100%
Colorado County:						
HUD FMR	H	461	509	577	762	784
Payment Standard		461	509	577	762	784
% of Payment Standard		100%	100%	100%	100%	100%
Comanche County:						
HUD FMR	F	467	501	593	755	824
Payment Standard		467	501	593	755	824
% of Payment Standard		100%	100%	100%	100%	100%
Crockett County:						
HUD FMR	F	477	478	577	744	769
Payment Standard		477	478	577	744	769
% of Payment Standard		100%	100%	100%	100%	100%
Denton County:						
HUD FMR	F	670	746	905	1201	1455
Payment Standard		670	746	905	1201	1455
% of Payment Standard		100%	100%	100%	100%	100%

2009 VOUCHER PAYMENT STANDARDS

	Bedroom Size					
	REGION	**0 BR**	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Ellis County:						
HUD FMR	F	670	746	905	1201	1455
Payment Standard		737	821	996	1321	1601
% of Payment Standard		110%	110%	110%	110%	110%
Erath County:						
HUD FMR	D	465	504	629	767	791
Payment Standard		465	504	629	767	791
% of Payment Standard		100%	100%	100%	100%	100%
Falls County:						
HUD FMR	F	380	518	583	744	772
Payment Standard		380	518	583	744	772
% of Payment Standard		100%	100%	100%	100%	100%
Fort Bend County:						
HUD FMR	H	642	714	866	1154	1451
Payment Standard		642	714	866	1154	1451
% of Payment Standard		100%	100%	100%	100%	100%
Freestone County:						
HUD FMR	F	380	518	583	762	785
Payment Standard		380	518	583	762	785
% of Payment Standard		100%	100%	100%	100%	100%
Galveston County:						
HUD FMR	H	642	714	866	1154	1451
Payment Standard		642	714	866	1154	1451
% of Payment Standard		100%	100%	100%	100%	100%
Guadalupe County:						
HUD FMR	S	577	642	792	1022	1241
Payment Standard		577	642	792	1022	1241
% of Payment Standard		100%	100%	100%	100%	100%
Jim Wells County:						
HUD FMR	S	386	519	577	767	791
Payment Standard		386	519	577	767	791
% of Payment Standard		100%	100%	100%	100%	100
Johnson County:						
HUD FMR	F	648	689	838	1120	1240
Payment Standard		648	689	838	1120	1240
% of Payment Standard		100%	100%	100%	100%	100%
Kerr County:						
HUD FMR	S	579	627	705	909	938
Payment Standard		579	627	705	909	938
% of Payment Standard		100%	100%	100%	100%	100%

2009 VOUCHER PAYMENT STANDARDS

	Bedroom Size					
	REGION	**0 BR**	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Lee County:						
HUD FMR	S	462	525	583	798	823
Payment Standard		462	525	583	798	823
% of Payment Standard		100%	100%	100%	100%	100%
Llano County:						
HUD FMR	S	595	599	788	942	971
Payment Standard		595	599	788	942	971
% of Payment Standard		100%	100%	100%	100%	100%
Mason County:						
HUD FMR	F	477	478	577	744	769
Payment Standard		477	478	577	744	769
% of Payment Standard		100%	100%	100%	100%	100%
McLennan County:						
HUD FMR	F	577	578	719	900	930
Payment Standard		577	578	719	900	930
% of Payment Standard		100%	100%	100%	100%	100%
Medina County:						
HUD FMR	S	509	566	666	797	969
Payment Standard		509	566	666	797	969
% of Payment Standard		100%	100%	100%	100%	100%
Menard County:						
HUD FMR	F	477	478	577	744	769
Payment Standard		477	478	577	744	769
% of Payment Standard		100%	100%	100%	100%	100%
Navarro County:						
HUD FMR	F	538	548	662	804	830
Payment Standard		538	548	662	804	830
% of Payment Standard		100%	100%	100%	100%	100%
Schleicher County:						
HUD FMR	F	477	478	577	744	769
Payment Standard		477	478	577	744	769
% of Payment Standard		100%	100%	100%	100%	100%
Waller County:						
HUD FMR	H	642	714	866	1154	1451
Payment Standard		642	714	866	1154	1451
% of Payment Standard		100%	100%	100%	100%	100%
Wharton County:						
HUD FMR	H	463	520	577	763	786
Payment Standard		463	520	577	763	786
% of Payment Standard		100%	100%	100%	100%	100%

FINANCIAL ADMINISTRATION DIVISION

BOARD ACTION REQUEST
November 13, 2008

Report Item
4th Quarter Investment Report

Required Action
Presentation of the Department's 4th Quarter Investment Report

Background

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

- Overall, the portfolio carrying value increased by $21,450,518 for a total of $1,731,932,872. There were 3 new Multi-Family issuances for a total of $41 million during the 4th quarter. The Residential Mortgage Revenue Bond indenture paid $10 million in principal and $8 million in interest. The remaining difference is accounted for by construction draws made by multi-family projects currently under construction and interest earnings from investments.

  The portfolio consists of (See Page 4):

	Beginning Quarter	Ending Quarter
Mortgage Backed Securities (MBS)	76%	77%
Guaranteed Investment Contract/ Investment Agreement (GIC/IA)	17%	11%
Repurchase Agreements	4%	8%
Other (Cd's, MM's, T-Bonds)	3%	4%

The 6% decrease in GIC/IA is a result of liquidation of long term investments to prepare for Single Family indenture debt service and the remaining decrease is accounted by construction draws related to multi-family projects. The 4% increase in Repurchase Agreements is a result of the investments of funds from GIC/IA to pay for debt service during the month of September related to the Single Family indenture.

The portfolio activity for the quarter:

- $53,431,468 of MBS purchases during the quarter represent portfolio activity for new loans originated.

- The maturities in MBS this quarter were $21,242,337 which represents loan payoffs. The table below shows a strong trend in new loans and loan payoffs.

	4th Qtr	**1st Qtr**	**2nd Qtr**	**3rd Qtr**	**4thQtr**	
	FY 07	**FY 08**	**FY 08**	**FY 08**	**FY 08**	**Total**
Purchases	68,725,501	95,998,230	93,023,499	42,139,623	53,431,468	353,318,321
Sales						
Maturities	21,031,442	20,582,531	18,007,506	21,441,989	21,242,337	102,305,805

- The fair value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties) decreased $6,988,955 (See Pages 1 and 5) increasing the difference between fair value and carrying value (the Department's acquisition cost of its financial instruments net of amortization) with fair value being less. The national average for a 30-year fixed mortgage as reported by HSH Associates Financial Publishers (a national clearinghouse of mortgage data) was 7.00% for the end of August up from 6.56% at the end of May. The spread between the market rate and our below-market rates is increasing. There are various factors that affect the fair value of these investments but there is a correlation between the prevailing mortgages of interest rates and the change in market value.

- Given the current financial environment, this change in market value is to be expected. If current mortgage rates continue to increase, the Department can expect another decrease in market value next quarter. However, the change is cyclical and is reflective of the overall change in the bond market as a whole.

- The process of valuing investments at fair value (market value) generates unrealized gains and losses. These gain or losses do not impact the overall portfolio because the Department does not liquidate these investments (mortgage backed securities) but holds them until maturity.

- The fact that our investments provide the appropriate cash flow to pay debt service and eventually retire the related bond debt is more important than their relative value in the bond market as a whole.

- The more relevant measures of indenture parity, projected future cash flows, and the comparison of current interest income to interest expense are not part of a public funds investment report. The next page is an additional analysis prepared by the Bond Finance group (it is not part of the PFIA report). This report shows parity (ratio of assets to liabilities) by indentures with assets greater than liabilities in a range from 103.10% to 115.39% which would indicate the Department has sufficient assets to meet its obligations. This is considered strong by rating agencies. The interest comparison shows interest income greater than interest expense by indenture and indicates a current positive cash flow.

Texas Department of Housing and Community Affairs

Bond Finance Division

Executive Summary

As of August 31, 2008

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Collateralized Home Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
PARITY COMPARISON:					
PARITY ASSETS					
Cash	$ 228,536	$ -	$ -	$ 319,019	$ 547,555
Investments[1]	$ 170,331,120	$ 20,487,432	$ 1,102,942	$ 137,316,134	$ 329,237,628
Mortgage Backed Securities[1]	$ 994,139,782	$ 274,748,701	$ 10,884,237		$ 1,279,772,720
Loans Receivable	$ 37,459,321	$ 916,149	$ -	$ 1,210,544,672	$ 1,248,920,142
Accrued Interest Receivable	$ 4,445,106	$ 1,867,700	$ 70,282	$ 8,422,354	$ 14,805,442
TOTAL PARITY ASSETS	$ 1,206,603,865	$ 298,019,981	$ 12,057,461	$ 1,356,602,179	$ 2,873,283,487
PARITY LIABILITIES					
Bonds Payable[1]	$ 1,143,425,000	$ 285,430,000	$ 10,400,000	$ 1,220,961,762	$ 2,660,216,762
Accrued Interest Payable	$ 26,932,419	$ 2,583,878	$ 49,143	$ 8,680,866	$ 38,246,306
TOTAL PARITY LIABILITIES	$ 1,170,357,419	$ 288,013,878	$ 10,449,143	$ 1,229,642,628	$ 2,698,463,068
PARITY DIFFERENCE	$ 36,246,446 #	$ 10,006,103	$ 1,608,318	$ 126,959,551	$ 174,820,419
PARITY	**103.10%**	**103.47%**	**115.39%**	**110.32%**	**106.48%**
INTEREST COMPARISON (For the Twelfth Fiscal Month) :					
INTEREST INCOME					
Interest & Investment Income	$5,703,880	$1,373,622	$65,206	$5,272,011	$12,414,719
TOTAL INTEREST INCOME	$5,703,880	$1,373,622	$65,206	$5,272,011	$12,414,719
INTEREST EXPENSE					
Interest on Bonds	$4,469,650	$1,289,656	$60,318	$5,270,606	$11,090,230
TOTAL INTEREST EXPENSE	$4,469,650	$1,289,656	$60,318	$5,270,606	$11,090,230
NET INTEREST	$1,234,230 *	$83,966	$4,888	$1,405	$1,324,489
INTEREST RATIO	**127.61%**	**106.51%**	**108.10%**	**100.03%**	**111.94%**

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

* Includes $587,475 interest adjustment for rebate payable.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING AUGUST 31, 2008

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING AUGUST 31, 2008

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Quarter Ending August 31, 2008

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

INDENTURE	FAIR VALUE (MARKET) @ 05/31/08	CARRYING VALUE @ 05/31/08	CHANGE IN CARRYING VALUE ACCRETION/ PURCHASES	 AMORTIZATION/ SALES	 MATURITIES	 TRANSFERS	CARRYING VALUE @ 08/31/08	FAIR VALUE (MARKET) @ 08/31/08	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 08/31/08	RECOGNIZED GAIN
Single Family	1,138,161,700.03	1,156,250,703.50	110,595,659.96	(80,247,574.66)	(14,084,469.08)	0.00	1,172,514,319.72	1,148,782,014.67	(5,643,301.58)	4,346,521.00	0.00
RMRB	311,196,731.86	310,585,517.58	3,336,530.71	(10,252,460.21)	(6,610,088.55)	0.00	297,059,499.53	296,438,605.09	(1,232,108.72)	1,847,304.00	0.00
CHMRB	13,612,600.71	12,784,471.89	207,479.19	(484,548.76)	(459,195.25)	0.00	12,048,207.07	12,762,790.93	(113,544.96)	70,282.00	0.00
Multi Family	136,769,157.80	136,769,157.80	44,879,964.60	(42,264,635.89)	(88,583.99)	0.00	139,295,902.52	139,295,902.52	-	4,631.00	0.00
Commercial Paper	52,590,409.99	52,590,409.99	71,549,710.62	(52,482,000.00)	0.00	0.00	71,658,120.61	71,658,120.61	-	92,918.00	0.00
General Fund	14,540,730.12	14,540,730.12	157,919.12	(401,097.47)	0.00	0.00	14,297,551.77	14,297,551.77	-	2,502.00	0.00
Housing Trust Fund	15,975,710.80	15,975,710.80	2,271,270.19	(3,841,660.93)	0.00	0.00	14,405,320.06	14,405,320.06	-	2,521.00	0.00
Administration	157,511.72	157,511.72	805.85	0.00	0.00	0.00	158,317.57	158,317.57	-	28.00	0.00
Compliance	3,952,883.57	3,952,883.57	235,290.06	0.00	0.00	0.00	4,188,173.63	4,188,173.63	-	733.00	0.00
Housing Initiatives	6,875,256.83	6,875,256.83	3,166.21	(570,963.52)	0.00	0.00	6,307,459.52	6,307,459.52	-	1,104.00	0.00
TOTAL	1,693,832,693.43	1,710,482,353.80	233,237,796.51	(190,544,941.44)	(21,242,336.87)	0.00	1,731,932,872.00	1,708,294,256.37	(6,988,955.26)	6,368,544.00	0.00

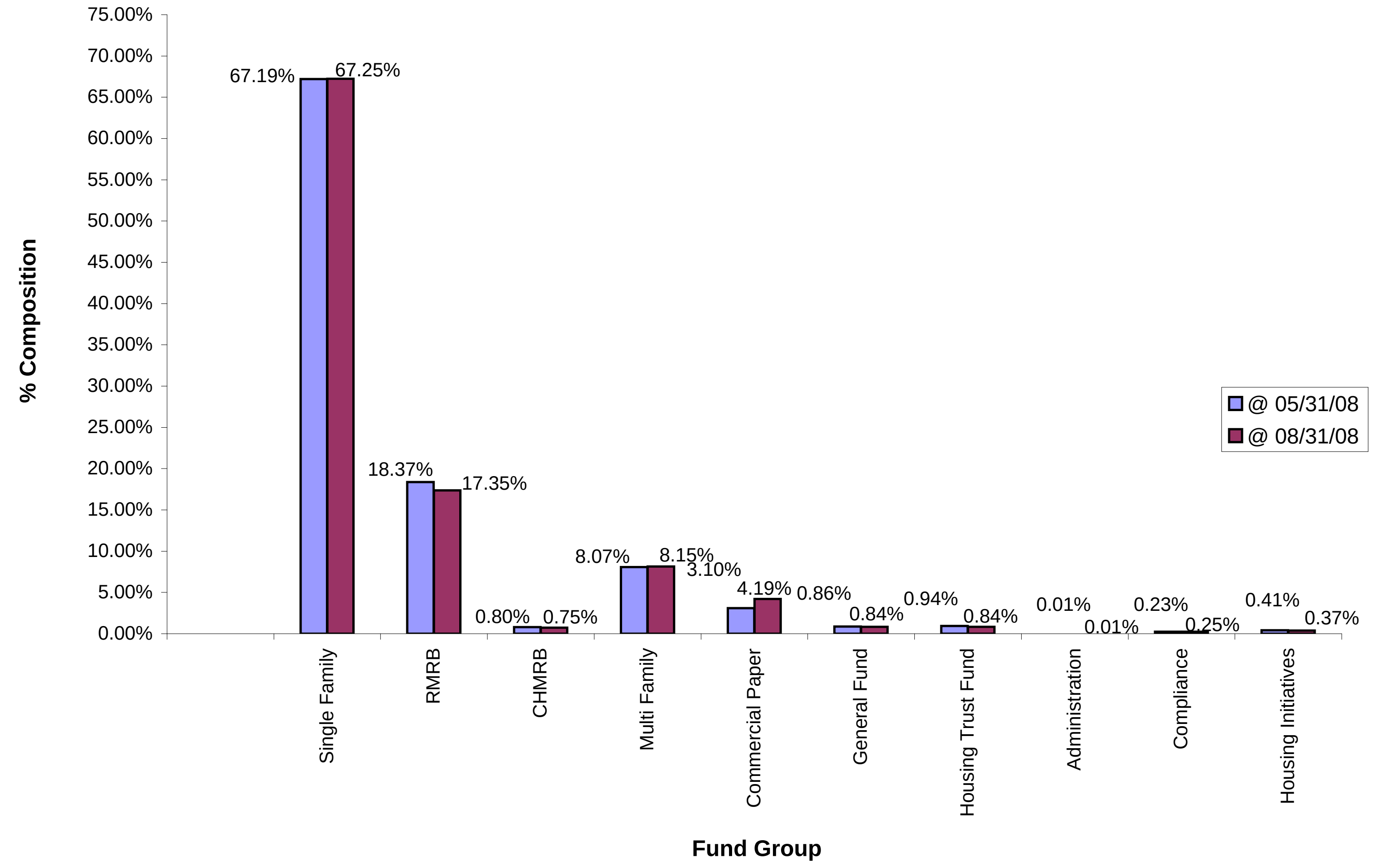
* No relationship can be drawn between the "ACCRUED INT RECVBL @ 08/31/08" figures and the corresponding investment values, because of various factors (e.g. purchase date of investment; interest payment terms-daily, monthly & semi-annual; etc..).
In addition to the aforementioned factors with regards to the Multi Family Indenture, the Department is carrying $139,614,923 of investments pledged as reserves by participating entities. The Department is carrying these investments with their corresponding liability purely for tracking the flow of funds.

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

David Cervantes, Director of Financial Administration
Date 9/29/08

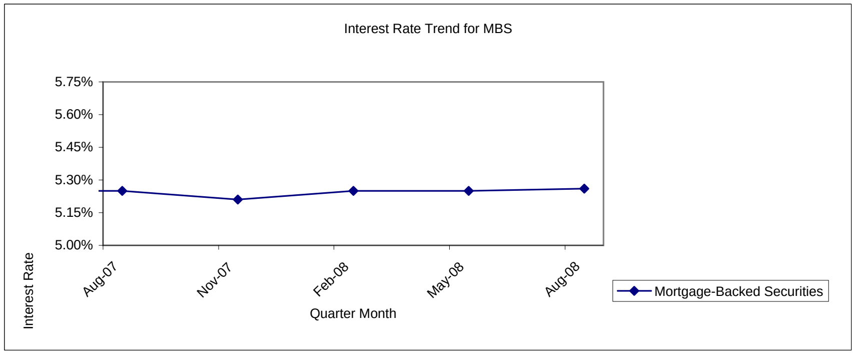
Matt Pogor, Director of Bond Finance
Date 9/24/08

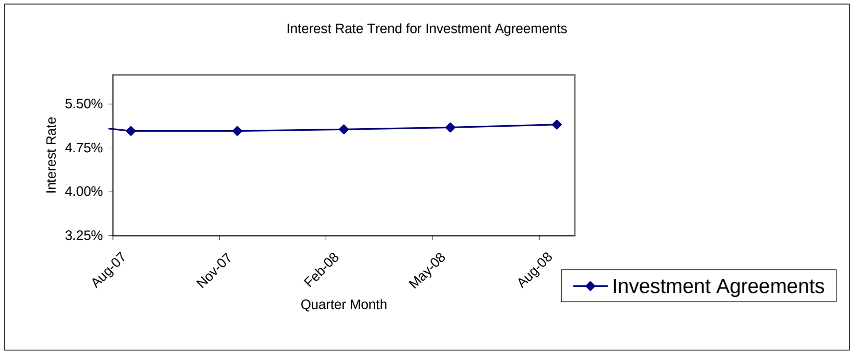
Market Valuation Comparison By Fund Group

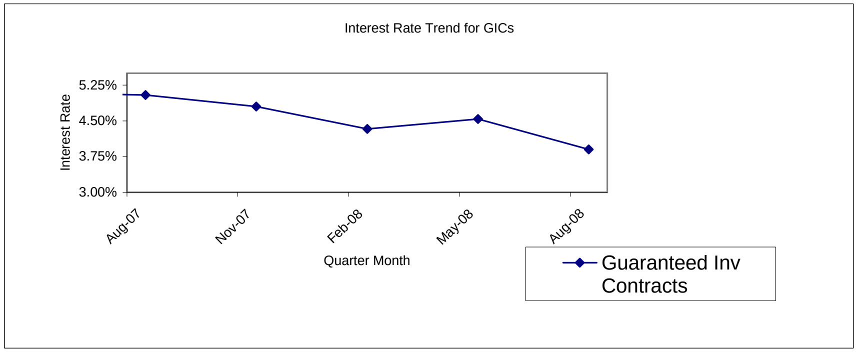


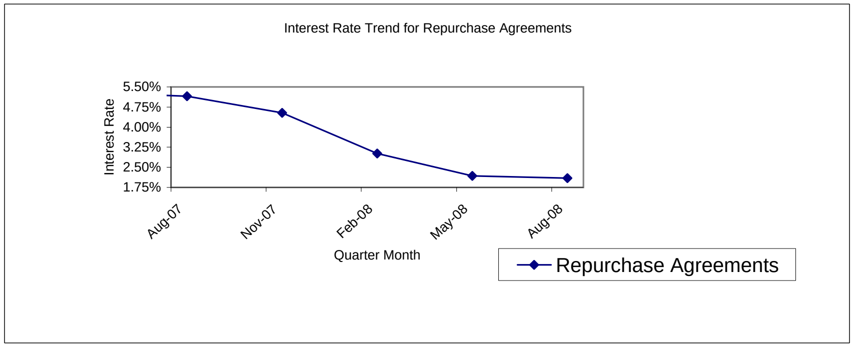
TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Supplemental Schedule of Portfolio Interest Rate Trends and Maturities
Quarter August 31, 2008

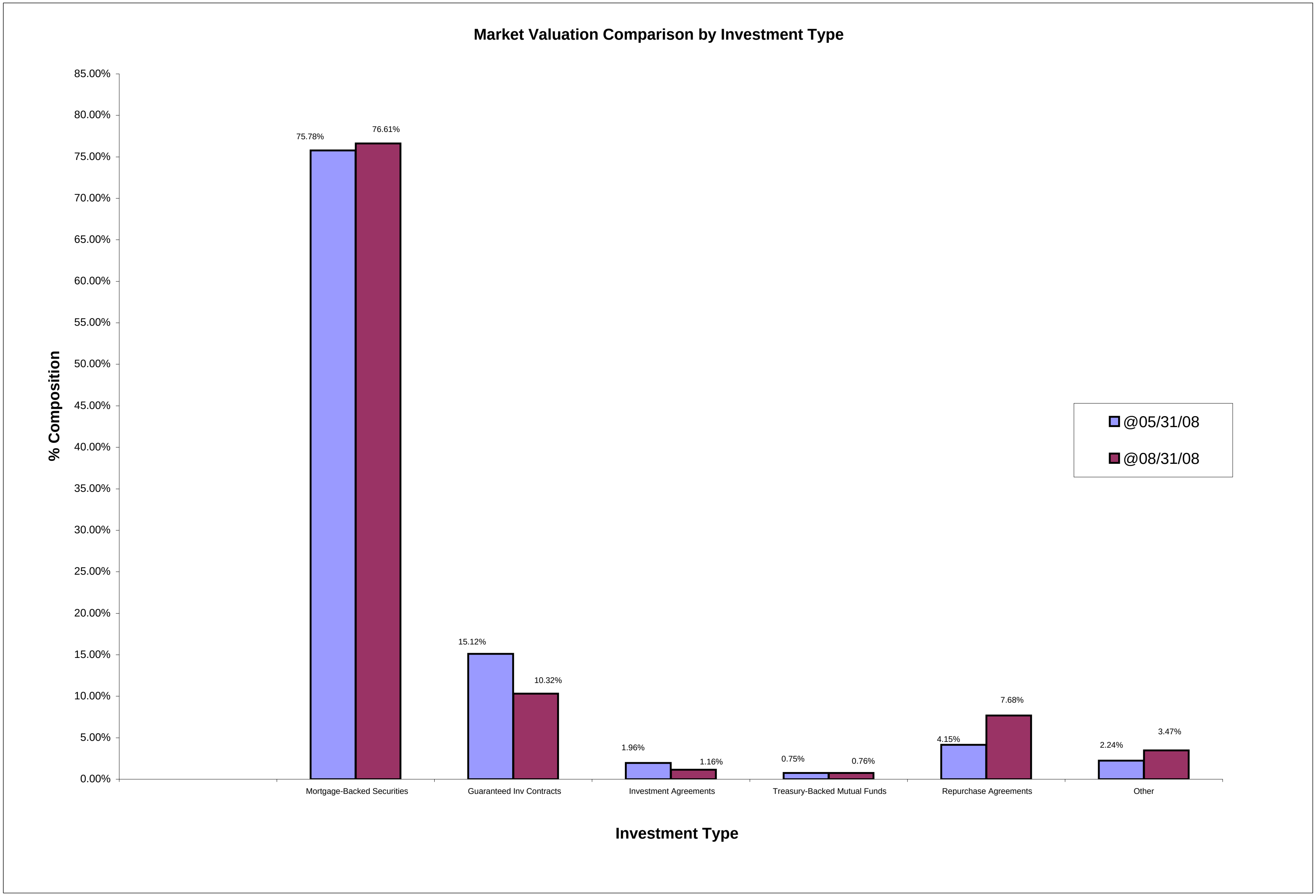
INVESTMENT TYPE	Range of Interest for Current Quarter		Portfolio % Composition	Weighted Avg Rate Beg Carrying Value @ 05/31/08	Weighted Avg Rate Beg Market Value @ 05/31/08	Weighted Avg Rate End Carrying Value @ 08/31/08	Weighted Avg Rate End Market Value @ 08/31/08	Weighted Avg Maturity Beg Carrying Value @ 05/31/08		Weighted Avg Maturity Beg Market Value @ 05/31/08		Weighted Avg Maturity End Carrying Value @ 08/31/08		Weighted Avg Maturity End Market Value @ 08/31/08	
	HI	LOW						Months	Days	Months	Days	Months	Days	Months	Days
Mortgage-Backed Securities	8.75%	4.49%	76.61%	5.23%	5.25%	5.24%	5.26%	320	25	320	5	318	4	317	24
Guaranteed Inv Contracts	6.51%	2.30%	10.32%	4.54%	4.54%	3.90%	3.90%	75	27	75	27	44	28	44	28
Investment Agreements	6.22%	2.51%	1.16%	5.10%	5.10%	5.15%	5.15%	105	17	105	17	93	17	93	17
Repurchase Agreements	2.10%	2.10%	7.68%	2.18%	2.18%	2.10%	2.10%	0	2	0	2	0	2	0	2
Money Markets	2.29%	1.17%	3.41%	1.56%	1.56%	1.55%	1.55%	0	1	0	1	0	1	0	1
Treasury-Backed Mutual Funds	2.19%	1.10%	0.76%	1.27%	1.27%	1.41%	1.41%	0	1	0	1	0	1	0	1
Treasury Bonds/Notes	13.25%	13.25%	0.06%	13.25%	13.25%	13.25%	13.25%	75	17	75	17	69	13	69	13










Market Valuation Comparison by Investment Type
% Composition
85.00%
80.00%
75.00%
70.00%
65.00%
60.00%
55.00%
50.00%
45.00%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
75.78%
76.61%
15.12%
10.32%
1.96%
1.16%
0.75%
0.76%
4.15%
7.68%
2.24%
3.47%
Mortgage-Backed Securities
Guaranteed Inv Contracts
Investment Agreements
Treasury-Backed Mutual Funds
Repurchase Agreements
Other
Investment Type
@05/31/08
@08/31/08

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Supplemental Public Funds Investment Act Report by Investment Type Schedule
Quarter Ending August 31, 2008

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

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 05/31/08	CARRYING VALUE @ 05/31/08	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 08/31/08	FAIR VALUE (MARKET) @ 08/31/08	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS				
Mortgage-Backed Securities	1,283,551,142.49	1,300,298,186.40	53,431,467.87	0.00	(21,242,336.87)	0.00	1,332,487,317.40	1,308,774,174.65	(6,966,098.84)	0.00
Guaranteed Inv Contracts	256,080,936.72	256,080,936.72	71,595,766.03	(151,462,424.28)	0.00	0.00	176,214,278.47	176,214,278.47	-	0.00
Investment Agreements	33,191,113.35	33,191,113.35	4.41	(13,324,661.97)	0.00	0.00	19,866,455.79	19,866,455.79	-	0.00
Treasury-Backed Mutual Funds	12,701,928.83	12,701,928.83	3,433,537.29	(3,227,780.85)	0.00	0.00	12,907,685.27	12,907,685.27	-	0.00
Repurchase Agreements	70,292,092.90	70,292,092.90	68,773,168.01	(7,858,867.05)	0.00	0.00	131,206,393.86	131,206,393.86	-	0.00
Money Markets	36,978,839.24	36,978,839.24	36,003,694.49	(14,671,207.29)	0.00	0.00	58,311,326.44	58,311,326.44	-	0.00
Treasury Bonds/Notes	1,036,639.90	939,256.36	158.41		0.00	0.00	939,414.77	1,013,941.89	(22,856.42)	0.00
TOTAL	1,693,832,693.43	1,710,482,353.80	233,237,796.51	(190,544,941.44)	(21,242,336.87)	0.00	1,731,932,872.00	1,708,294,256.37	(6,988,955.26)	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.

Date 9/29/08
David Cervantes, Director of Financial Administration

Matt Pogor
Date 9/24/08
Matt Pogor, Director of Bond Finance

Detail of Investments including maturity dates by Fund Group

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2008

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Repo Agmt	1980 Single Family Surplus Rev	2.10	08/29/08	09/02/08	3,570.93	3,570.93	5,010.89				8,581.82	8,581.82	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	2.10	08/29/08	09/02/08	1,170,708.99	1,170,708.99	42,865.30				1,213,574.29	1,213,574.29	-	0.00
GIC's	1980 Single Family Surplus Rev	6.08	11/14/96	09/30/29	4,767,643.48	4,767,643.48		(540,990.08)			4,226,653.40	4,226,653.40	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	2.10	08/29/08	09/02/08	1.18	1.18	48,939.86				48,941.04	48,941.04	-	0.00
Repo Agmt	1980 Single Family Surplus Rev				48,684.17	48,684.17		(48,684.17)					-	0.00
Repo Agmt	1980 Single Family Surplus Rev	2.10	08/29/08	09/02/08	1,171,385.18	1,171,385.18	77,395.50				1,248,780.68	1,248,780.68	-	0.00
	1980 Single Family Surplus Rev Total				7,161,993.93	7,161,993.93	174,211.55	(589,674.25)	0.00	0.00	6,746,531.23	6,746,531.23	0.00	0.00
Repo Agmt	1982 A Single Family	2.10	08/29/08	09/02/08			296.41				296.41	296.41	-	0.00
GIC's	1982 A Single Family	6.08	11/14/96	09/30/29	10,626.58	10,626.58		(4.90)			10,621.68	10,621.68	-	0.00
	1982 A Single Family Total				10,626.58	10,626.58	296.41	(4.90)	0.00	0.00	10,918.09	10,918.09	0.00	0.00
Repo Agmt	1983 A&B Single Family	2.10	08/29/08	09/02/08			53,849.81				53,849.81	53,849.81	-	0.00
GIC's	1983 A&B Single Family	6.08	11/14/96	09/30/29	265,374.52	265,374.52		(99,857.96)			165,516.56	165,516.56	-	0.00
T-Note	1983 A&B Single Family	13.25	08/05/85	05/15/14	716.97	791.50	0.12				717.09	774.17	(17.45)	0.00
	1983 A&B Single Family Total				266,091.49	266,166.02	53,849.93	(99,857.96)	0.00	0.00	220,083.46	220,140.54	(17.45)	0.00
Repo Agmt	1984 A&B Single Family	2.10	08/29/08	09/02/08	3.57	3.57	1,866.93				1,870.50	1,870.50	-	0.00
T-Bond	1984 A&B Single Family	13.25	08/05/85	05/15/14	408.24	450.71	0.08				408.32	440.84	(9.95)	0.00
GIC's	1984 A&B Single Family				71,052.53	71,052.53		(71,052.53)					-	0.00
	1984 A&B Single Family Total				71,464.34	71,506.81	1,867.01	(71,052.53)	0.00	0.00	2,278.82	2,311.34	(9.95)	0.00
Repo Agmt	1985 A Single Family	2.10	08/29/08	09/02/08	7.81	7.81	4,989.01				4,996.82	4,996.82	-	0.00
GIC's	1985 A Single Family				167,749.43	167,749.43		(167,749.43)					-	0.00
	1985 A Single Family Total				167,757.24	167,757.24	4,989.01	(167,749.43)	0.00	0.00	4,996.82	4,996.82	0.00	0.00
Repo Agmt	1985 B&C Single Family	2.10	08/29/08	09/02/08	1.86	1.86	2,018.55				2,020.41	2,020.41	-	0.00
GIC's	1985 B&C Single Family				51,098.35	51,098.35		(51,098.35)					-	0.00
	1985 B&C Single Family Total				51,100.21	51,100.21	2,018.55	(51,098.35)	0.00	0.00	2,020.41	2,020.41	0.00	0.00
Repo Agmt	1987 B Single Family	2.10	08/29/08	09/02/08	33.84	33.84	38,727.24				38,761.08	38,761.08	-	0.00
GIC's	1987 B Single Family	6.08	11/14/96	09/30/29	56,049.37	56,049.37	33,249.59				89,298.96	89,298.96	-	0.00
Repo Agmt	1987 B Single Family	2.10	08/29/08	09/02/08	496,958.91	496,958.91	0.00				496,958.91	496,958.91	-	0.00
	1987 B Single Family Total				553,042.12	553,042.12	71,976.83	0.00	0.00	0.00	625,018.95	625,018.95	0.00	0.00
Repo Agmt	1995 A&B Single Family	2.10	08/29/08	09/02/08	6,001.03	6,001.03	18,321.08				24,322.11	24,322.11	-	0.00
GIC's	1995 A&B Single Family	6.08	11/14/96	09/30/29	169,659.85	169,659.85	19,812.74				189,472.59	189,472.59	-	0.00
GIC's	1995 A&B Single Family	6.08	11/14/96	09/30/29	0.02	0.02	0.00				0.02	0.02	-	0.00
FNMA	1995 A&B Single Family	6.15	07/30/96	06/01/26	160,297.77	167,329.65			(1,328.06)		158,969.71	165,017.78	(983.81)	0.00
GNMA	1995 A&B Single Family	6.15	11/26/96	11/20/26	547,264.24	566,263.89			(6,021.96)		541,242.28	557,032.81	(3,209.12)	0.00
GNMA	1995 A&B Single Family	6.15	05/29/97	05/20/27	278,429.28	286,539.93			(5,962.11)		272,467.17	278,861.97	(1,715.85)	0.00
	1995 A&B Single Family Total				1,161,652.19	1,195,794.37	38,133.82	0.00	(13,312.13)	0.00	1,186,473.88	1,214,707.28	(5,908.78)	0.00
Repo Agmt	1996 A-C Single Family	2.10	08/29/08	09/02/08	485,192.34	485,192.34	2,560.18				487,752.52	487,752.52	-	0.00
Inv Agmt	1996 A-C Single Family	6.13	02/26/97	09/01/28	132,430.09	132,430.09	0.00				132,430.09	132,430.09	-	0.00
	1996 A-C Single Family Total				617,622.43	617,622.43	2,560.18	0.00	0.00	0.00	620,182.61	620,182.61	0.00	0.00
T-Bond	1996 D&E Single Family	13.25	08/05/85	05/15/14	938,131.15	1,035,397.69	158.21				938,289.36	1,012,726.88	(22,829.02)	0.00
Repo Agmt	1996 D&E Single Family	2.10	08/29/08	09/02/08	618,422.68	618,422.68	3,263.19				621,685.87	621,685.87	-	0.00
GIC's	1996 D&E Single Family	6.08	04/06/98	09/30/29	151,159.39	151,159.39	0.00				151,159.39	151,159.39	-	0.00
	1996 D&E Single Family Total				1,707,713.22	1,804,979.76	3,421.40	0.00	0.00	0.00	1,711,134.62	1,785,572.14	(22,829.02)	0.00
Repo Agmt	1997 D-F Single Family	2.10	08/29/08	09/02/08	305,583.20	305,583.20	521,057.74				826,640.94	826,640.94	-	0.00
FNMA	1997 D-F Single Family	6.25	06/29/98	06/01/28	362,259.26	374,181.91			(4,653.63)		357,605.63	367,973.31	(1,554.97)	0.00
FNMA	1997 D-F Single Family	6.25	11/30/98	10/01/28	221,039.94	228,314.34			(1,523.42)		219,516.52	225,880.28	(910.64)	0.00
GNMA	1997 D-F Single Family	6.25	05/19/98	05/20/28	551,874.68	569,049.04			(130,217.85)		421,656.83	433,024.71	(5,806.48)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	1997 D-F Single Family	5.45	07/24/00	06/20/30	1,303,041.51	1,302,064.22			(80,545.73)		1,222,495.78	1,216,212.13	(5,306.36)	0.00
GNMA	1997 D-F Single Family	6.25	08/14/98	07/20/28	202,039.28	208,326.75			(2,077.15)		199,962.13	205,353.12	(896.48)	0.00
GNMA	1997 D-F Single Family	5.45	08/28/00	08/20/30	232,034.36	231,860.30			(1,341.01)		230,693.35	229,507.55	(1,011.74)	0.00
GNMA	1997 D-F Single Family	6.25	06/30/98	06/20/28	468,992.73	483,587.80			(3,882.05)		465,110.68	477,650.07	(2,055.68)	0.00
GNMA	1997 D-F Single Family	6.25	09/18/98	08/20/28	971,183.19	1,001,406.45			(61,497.55)		909,685.64	934,210.83	(5,698.07)	0.00
FNMA	1997 D-F Single Family	6.25	03/31/99	11/01/28	151,926.55	156,926.45			(911.77)		151,014.78	155,392.70	(621.98)	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	11/20/28	893,306.03	921,105.64			(6,852.85)		886,453.18	910,351.88	(3,900.91)	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	10/20/28	416,085.03	429,033.60			(2,651.75)		413,433.28	424,579.44	(1,802.41)	0.00
FNMA	1997 D-F Single Family	6.25	05/27/99	04/01/29	126,521.17	130,586.29			(950.58)		125,570.59	129,112.93	(522.78)	0.00
GNMA	1997 D-F Single Family	6.25	02/16/99	02/20/29	1,515,712.72	1,562,169.36			(10,723.11)		1,504,989.61	1,545,142.74	(6,303.51)	0.00
GNMA	1997 D-F Single Family	6.25	03/31/99	03/20/29	639,955.32	659,569.99			(4,707.28)		635,248.04	652,196.49	(2,666.22)	0.00
GNMA	1997 D-F Single Family	6.25	05/27/99	04/20/29	415,670.85	428,411.15			(4,830.82)		410,840.03	421,801.21	(1,779.12)	0.00
GNMA	1997 D-F Single Family	5.45	06/22/99	06/20/29	750,395.40	749,937.63			(8,538.96)		741,856.44	738,213.90	(3,184.77)	0.00
GNMA	1997 D-F Single Family	5.45	07/30/99	07/20/29	964,067.14	963,478.97			(6,834.67)		957,232.47	952,532.38	(4,111.92)	0.00
GNMA	1997 D-F Single Family	5.45	08/26/99	08/20/29	599,606.92	599,241.14			(4,341.74)		595,265.18	592,342.40	(2,557.00)	0.00
GNMA	1997 D-F Single Family	5.45	09/30/99	09/20/29	499,604.81	499,300.03			(3,118.85)		496,485.96	494,048.21	(2,132.97)	0.00
FNMA	1997 D-F Single Family	5.45	12/21/99	11/01/29	290,737.76	289,461.40			(4,638.00)		286,099.76	283,965.44	(857.96)	0.00
GNMA	1997 D-F Single Family	5.45	10/29/99	10/20/29	1,063,987.86	1,063,338.84			(8,038.83)		1,055,949.03	1,050,764.32	(4,535.69)	0.00
GNMA	1997 D-F Single Family	5.45	11/18/99	11/20/29	1,381,449.30	1,380,606.61			(53,202.83)		1,328,246.47	1,321,724.79	(5,678.99)	0.00
GNMA	1997 D-F Single Family	5.45	12/30/99	12/20/29	1,146,678.97	1,145,979.46			(14,002.81)		1,132,676.16	1,127,114.70	(4,861.95)	0.00
GNMA	1997 D-F Single Family	5.45	01/28/00	01/20/30	1,301,297.25	1,300,321.25			(60,194.76)		1,241,102.49	1,234,723.20	(5,403.29)	0.00
GNMA	1997 D-F Single Family	5.45	02/22/00	01/20/30	685,164.68	684,650.81			(5,436.52)		679,728.16	676,234.34	(2,979.95)	0.00
GNMA	1997 D-F Single Family	5.45	03/27/00	02/20/30	380,282.54	379,997.34			(38,928.34)		341,354.20	339,599.64	(1,469.36)	0.00
FNMA	1997 D-F Single Family	5.45	02/23/00	01/01/30	146,884.84	146,239.99			(852.64)		146,032.20	144,942.78	(444.57)	0.00
GNMA	1997 D-F Single Family	5.45	04/27/00	03/20/30	402,202.05	401,900.38			(2,805.15)		399,396.90	397,343.98	(1,751.25)	0.00
GNMA	1997 D-F Single Family	5.45	05/30/00	05/20/30	577,490.33	577,057.19			(6,854.08)		570,636.25	567,703.17	(2,499.94)	0.00
GNMA	1997 D-F Single Family	5.45	06/21/00	06/20/30	1,109,185.42	1,108,353.51			(6,570.58)		1,102,614.84	1,096,947.38	(4,835.55)	0.00
FNMA	1997 D-F Single Family	5.45	05/30/00	05/01/30	264,202.01	263,015.68			(63,586.96)		200,615.05	199,098.34	(330.38)	0.00
GNMA	1997 D-F Single Family	5.45	10/23/00	09/20/30	41,796.86	41,765.51			(228.96)		41,567.90	41,354.24	(182.31)	0.00
GNMA	1997 D-F Single Family	5.45	10/30/00	10/20/30	318,115.81	317,877.24			(46,278.78)		271,837.03	270,439.80	(1,158.66)	0.00
FNMA	1997 D-F Single Family	5.45	07/24/00	06/01/30	459,415.00	457,352.17			(6,644.45)		452,770.55	449,347.55	(1,360.17)	0.00
GNMA	1997 D-F Single Family	5.45	12/21/00	05/20/30	66,451.86	66,401.99			(513.38)		65,938.48	65,599.52	(289.09)	0.00
FNMA	1997 D-F Single Family	5.45	10/06/00	09/01/30	309,722.24	308,331.56			(2,295.39)		307,426.85	305,102.68	(933.49)	0.00
FNMA	1997 D-F Single Family	5.45	10/30/00	08/01/30	331,912.14	330,421.86			(3,161.13)		328,751.01	326,265.67	(995.06)	0.00
FNMA	1997 D-F Single Family	5.45	02/12/01	02/01/30	78,139.53	77,796.49			(456.78)		77,682.75	77,103.23	(236.48)	0.00
Repo Agmt	1997 D-F Single Family	2.10	08/29/08	09/02/08	157,919.10	157,919.10	0.00				157,919.10	157,919.10	-	0.00
GNMA	1997 D-F Single Family	4.49	05/12/05	05/20/35	73,930.57	69,574.59			(333.95)		73,596.62	68,865.61	(375.03)	0.00
GNMA	1997 D-F Single Family	4.49	07/14/05	07/20/35	45,715.81	42,987.65			(243.93)		45,471.88	42,515.14	(228.58)	0.00
GNMA	1997 D-F Single Family	4.49	05/26/05	05/20/35	68,370.38	64,456.32			(339.47)		68,030.91	63,770.16	(346.69)	0.00
GNMA	1997 D-F Single Family	4.49	06/02/05	06/20/35	62,124.87	58,572.70			(313.85)		61,811.02	57,944.17	(314.68)	0.00
GNMA	1997 D-F Single Family	4.49	06/09/05	06/20/35	75,546.77	71,040.45			(389.71)		75,157.06	70,271.96	(378.78)	0.00
GNMA	1997 D-F Single Family	4.49	06/15/05	06/20/35	61,409.05	57,952.23			(275.81)		61,133.24	57,362.10	(314.32)	0.00
GNMA	1997 D-F Single Family	4.49	06/23/05	06/20/35	126,123.48	118,752.29			(959.26)		125,164.22	117,181.24	(611.79)	0.00
GNMA	1997 D-F Single Family	4.49	06/29/05	06/20/35	53,428.15	50,391.42			(233.75)		53,194.40	49,884.46	(273.21)	0.00
GNMA	1997 D-F Single Family	4.49	09/08/05	09/20/35	12,306.94	11,602.08			(53.81)		12,253.13	11,485.36	(62.91)	0.00
GNMA	1997 D-F Single Family	4.49	07/21/05	07/20/35	24,558.54	23,282.55			(106.39)		24,452.15	23,048.59	(127.57)	0.00
GNMA	1997 D-F Single Family	4.49	07/28/05	07/20/35	23,017.56	21,643.96			(100.46)		22,917.10	21,426.77	(116.73)	0.00
GNMA	1997 D-F Single Family	4.49	08/04/05	08/20/35	5,039.59	4,827.45			(21.24)		5,018.35	4,779.25	(26.96)	0.00
FNMA	1997 D-F Single Family	4.49	07/28/05	07/01/35	25,353.76	23,784.23			(129.27)		25,224.49	23,606.87	(48.09)	0.00
FNMA	1997 D-F Single Family	4.49	10/20/05	09/01/35	6,285.78	5,892.00			(27.48)		6,258.30	5,852.35	(12.17)	0.00
	1997 D-F Single Family Total				22,767,146.89	22,927,682.56	521,057.74	0.00	(668,419.52)	0.00	22,619,785.11	22,683,455.12	(96,865.66)	0.00
Repo Agmt	2002A Single Family (JR Lien)	2.10	08/29/08	09/02/08	82,272.03	82,272.03	58,839.21				141,111.24	141,111.24	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	2.10	08/29/08	09/02/08	12,653.10	12,653.10	15,440.15				28,093.25	28,093.25	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	2.10	08/29/08	09/02/08	417,752.55	417,752.55	0.00				417,752.55	417,752.55	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	2.10	08/29/08	09/02/08	128,036.34	128,036.34		(686.34)			127,350.00	127,350.00	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	2.10	08/29/08	09/02/08	1,479.38	1,479.38	2,212.13				3,691.51	3,691.51	-	0.00
	2002A Single Family (JR Lien) Total				642,193.40	642,193.40	76,491.49	(686.34)	0.00	0.00	717,998.55	717,998.55	0.00	0.00
Repo Agmt	2004 A/B Single Family	2.10	08/29/08	09/02/08	1,147.35	1,147.35	6.03				1,153.38	1,153.38	-	0.00

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Repo Agmt	2004 A/B Single Family	2.10	08/29/08	09/02/08	168,273.66	168,273.66	9,706,418.44				9,874,692.10	9,874,692.10	-	0.00
GIC's	2004 A/B Single Family	3.96	04/25/05	03/01/36	5,580,310.73	5,580,310.73		(4,080,773.44)			1,499,537.29	1,499,537.29	-	0.00
GNMA	2004 A/B Single Family	4.49	07/08/04	06/20/34	1,310,410.28	1,230,785.29			(6,719.98)		1,303,690.30	1,218,009.05	(6,056.26)	0.00
GNMA	2004 A/B Single Family	4.49	07/08/04	07/20/34	939,176.76	882,111.84			(4,808.44)		934,368.32	872,962.34	(4,341.06)	0.00
GNMA	2004 A/B Single Family	4.49	06/29/04	06/20/34	511,875.78	480,769.10			(2,420.12)		509,455.66	475,969.84	(2,379.14)	0.00
GNMA	2004 A/B Single Family	4.49	09/02/04	08/20/34	1,112,846.41	1,045,278.80			(7,055.65)		1,105,790.76	1,033,168.01	(5,055.14)	0.00
GNMA	2004 A/B Single Family	4.49	09/09/04	09/20/34	1,289,770.92	1,211,472.15			(7,867.04)		1,281,903.88	1,197,725.76	(5,879.35)	0.00
GNMA	2004 A/B Single Family	4.49	09/16/04	08/20/34	2,362,498.68	2,219,081.74			(12,900.22)		2,349,598.46	2,195,313.03	(10,868.49)	0.00
GNMA	2004 A/B Single Family	4.49	09/23/04	09/20/34	924,243.88	868,144.99			(4,479.65)		919,764.23	859,376.11	(4,289.23)	0.00
GNMA	2004 A/B Single Family	4.49	09/29/04	09/20/34	1,191,223.94	1,118,925.73			(6,241.66)		1,184,982.28	1,107,186.49	(5,497.58)	0.00
GNMA	2004 A/B Single Family	4.49	10/07/04	10/20/34	1,976,064.14	1,856,149.00			(9,959.03)		1,966,105.11	1,837,044.22	(9,145.75)	0.00
GNMA	2004 A/B Single Family	4.49	07/15/04	07/20/34	2,038,971.96	1,915,094.50			(170,725.48)		1,868,246.48	1,745,477.33	1,108.31	0.00
GNMA	2004 A/B Single Family	4.49	07/22/04	07/20/34	1,892,687.69	1,777,706.67			(115,956.88)		1,776,730.81	1,659,983.82	(1,765.97)	0.00
GNMA	2004 A/B Single Family	4.49	07/29/04	07/20/34	2,288,076.51	2,149,086.37			(13,090.88)		2,274,985.63	2,125,509.57	(10,485.92)	0.00
GNMA	2004 A/B Single Family	4.49	08/05/04	08/20/34	2,720,728.99	2,555,480.41			(314,103.03)		2,406,625.96	2,248,523.30	7,145.92	0.00
GNMA	2004 A/B Single Family	4.49	08/12/04	08/20/34	3,174,277.44	2,981,499.78			(18,064.71)		3,156,212.73	2,948,881.01	(14,554.06)	0.00
GNMA	2004 A/B Single Family	4.49	08/19/04	08/20/34	3,416,662.56	3,209,180.78			(17,267.31)		3,399,395.25	3,176,104.90	(15,808.57)	0.00
GNMA	2004 A/B Single Family	5.00	08/19/04	08/20/34	264,132.73	259,513.57			(1,116.60)		263,016.13	257,392.47	(1,004.50)	0.00
GNMA	2004 A/B Single Family	4.49	08/26/04	08/20/34	1,664,368.72	1,563,306.96			(8,233.01)		1,656,135.71	1,547,361.27	(7,712.68)	0.00
GNMA	2004 A/B Single Family	5.00	08/26/04	08/20/34	82,849.62	81,401.24			(348.60)		82,501.02	80,737.52	(315.12)	0.00
GNMA	2004 A/B Single Family	4.49	12/02/04	12/20/34	1,039,412.33	976,386.04			(109,981.98)		929,430.35	868,464.48	2,060.42	0.00
GNMA	2004 A/B Single Family	5.00	12/09/04	10/20/34	284,231.92	278,571.27			(69,004.20)		215,227.72	210,111.79	544.72	0.00
GNMA	2004 A/B Single Family	4.49	12/09/04	12/20/34	360,950.23	339,065.54			(1,705.78)		359,244.45	335,681.56	(1,678.20)	0.00
GNMA	2004 A/B Single Family	5.00	12/09/04	11/20/34	204,751.04	201,190.24			(58,733.38)		146,017.66	142,909.71	452.85	0.00
GNMA	2004 A/B Single Family	5.00	12/16/04	12/20/34	328,909.59	322,362.74			(1,372.90)		327,536.69	319,755.39	(1,234.45)	0.00
GNMA	2004 A/B Single Family	4.49	12/16/04	12/20/34	881,069.28	827,653.53			(4,606.99)		876,462.29	818,979.96	(4,066.58)	0.00
GNMA	2004 A/B Single Family	4.49	10/14/04	10/20/34	1,325,804.67	1,245,357.30			(127,303.11)		1,198,501.56	1,119,835.18	1,780.99	0.00
GNMA	2004 A/B Single Family	5.00	10/14/04	10/20/34	910,518.63	892,345.53			(3,966.48)		906,552.15	884,965.21	(3,413.84)	0.00
GNMA	2004 A/B Single Family	5.00	10/21/04	10/20/34	973,952.56	954,518.15			(4,709.70)		969,242.86	946,167.85	(3,640.60)	0.00
GNMA	2004 A/B Single Family	4.49	10/21/04	10/20/34	1,397,665.88	1,312,864.72			(6,863.53)		1,390,802.35	1,299,520.44	(6,480.75)	0.00
GNMA	2004 A/B Single Family	5.00	10/28/04	10/20/34	336,149.15	329,443.57			(1,472.06)		334,677.09	326,711.33	(1,260.18)	0.00
GNMA	2004 A/B Single Family	4.49	10/28/04	10/20/34	613,550.70	576,328.00			(2,817.85)		610,732.85	570,652.36	(2,857.79)	0.00
GNMA	2004 A/B Single Family	4.49	11/04/04	11/20/34	1,771,476.86	1,664,018.85			(9,204.87)		1,762,271.99	1,646,634.51	(8,179.47)	0.00
GNMA	2004 A/B Single Family	4.49	11/10/04	11/20/34	1,114,016.02	1,046,444.91			(138,271.71)		975,744.31	911,721.18	3,547.98	0.00
GNMA	2004 A/B Single Family	5.00	11/10/04	10/20/34	512,347.37	502,132.02			(2,207.91)		510,139.46	498,002.48	(1,921.63)	0.00
GNMA	2004 A/B Single Family	4.49	11/18/04	11/20/34	925,422.83	869,296.21			(122,053.98)		803,368.85	750,660.63	3,418.40	0.00
GNMA	2004 A/B Single Family	5.00	11/23/04	11/20/34	390,093.08	383,303.98			(1,644.03)		388,449.05	380,176.04	(1,483.91)	0.00
GNMA	2004 A/B Single Family	4.49	11/23/04	11/20/34	1,219,559.28	1,145,597.97			(6,043.85)		1,213,515.43	1,133,902.47	(5,651.65)	0.00
GNMA	2004 A/B Single Family	5.00	12/23/04	12/20/34	394,136.13	386,293.29			(1,862.68)		392,273.45	382,956.13	(1,474.48)	0.00
GNMA	2004 A/B Single Family	4.49	12/23/04	12/20/34	494,582.12	464,600.37			(2,219.97)		492,362.15	460,073.14	(2,307.26)	0.00
GNMA	2004 A/B Single Family	5.00	12/29/04	12/20/34	426,066.05	417,589.95			(1,859.04)		424,207.01	414,133.29	(1,597.62)	0.00
GNMA	2004 A/B Single Family	4.49	12/29/04	12/20/34	224,672.96	211,591.39			(1,002.16)		223,670.80	209,531.48	(1,057.75)	0.00
GNMA	2004 A/B Single Family	4.49	01/06/05	01/20/35	700,082.20	657,638.16			(4,154.80)		695,927.40	649,988.99	(3,494.37)	0.00
GNMA	2004 A/B Single Family	4.49	01/13/05	01/20/35	636,073.18	597,513.43			(3,119.42)		632,953.76	591,175.80	(3,218.21)	0.00
GNMA	2004 A/B Single Family	4.49	01/19/05	01/20/35	460,245.85	432,346.75			(2,762.91)		457,482.94	427,289.02	(2,294.82)	0.00
GNMA	2004 A/B Single Family	4.49	01/28/05	01/20/35	349,346.34	328,172.06			(1,575.02)		347,771.32	324,820.70	(1,776.34)	0.00
GNMA	2004 A/B Single Family	4.49	02/03/05	02/20/35	1,852,766.57	1,740,482.31			(9,099.77)		1,843,666.80	1,722,010.80	(9,371.74)	0.00
GNMA	2004 A/B Single Family	4.49	02/10/05	02/20/35	1,379,716.08	1,299,406.78			(6,502.95)		1,373,213.13	1,285,848.09	(7,055.74)	0.00
GNMA	2004 A/B Single Family	5.00	02/10/05	02/20/35	1,598,550.86	1,566,345.13			(110,211.37)		1,488,339.49	1,452,378.69	(3,755.07)	0.00
GNMA	2004 A/B Single Family	4.49	02/17/05	02/20/35	541,500.60	508,689.38			(2,662.07)		538,838.53	503,288.37	(2,738.94)	0.00
GNMA	2004 A/B Single Family	5.00	02/17/05	01/20/35	340,367.71	333,511.06			(1,412.84)		338,954.87	330,765.80	(1,332.42)	0.00
GNMA	2004 A/B Single Family	4.49	02/24/05	02/20/35	359,354.96	337,582.56			(1,648.49)		357,706.47	334,108.28	(1,825.79)	0.00
GNMA	2004 A/B Single Family	5.00	03/03/05	02/20/35	404,918.88	396,767.44			(1,696.84)		403,222.04	393,486.26	(1,584.34)	0.00
GNMA	2004 A/B Single Family	4.49	03/03/05	03/20/35	256,548.91	241,620.57			(1,762.06)		254,786.85	238,581.66	(1,276.85)	0.00
GNMA	2004 A/B Single Family	5.00	03/10/05	03/20/35	183,050.17	179,828.46			(739.98)		182,310.19	178,360.30	(728.18)	0.00
GNMA	2004 A/B Single Family	4.49	03/17/05	03/20/35	565,564.18	531,308.27			(2,872.68)		562,691.50	525,580.35	(2,855.24)	0.00
GNMA	2004 A/B Single Family	5.00	03/24/05	03/20/35	299,519.53	293,495.81			(1,226.70)		298,292.83	291,096.14	(1,172.97)	0.00
GNMA	2004 A/B Single Family	4.49	03/24/05	03/20/35	99,752.76	93,949.85			(1,128.48)		98,624.28	92,353.07	(468.30)	0.00
GNMA	2004 A/B Single Family	5.00	03/30/05	03/20/35	179,455.50	176,299.90			(968.80)		178,486.70	174,622.47	(708.63)	0.00
GNMA	2004 A/B Single Family	5.00	04/07/05	04/20/35	128,575.55	126,315.78			(517.76)		128,057.79	125,286.48	(511.54)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2004 A/B Single Family	4.49	04/07/05	04/20/35	657,838.67	618,006.19			(3,160.42)		654,678.25	611,512.63	(3,333.14)	0.00
GNMA	2004 A/B Single Family	5.00	04/21/05	04/20/35	459,195.83	449,972.18			(1,894.97)		457,300.86	446,279.15	(1,798.06)	0.00
GNMA	2004 A/B Single Family	4.49	04/21/05	04/20/35	316,519.21	297,357.12			(1,446.26)		315,072.95	294,302.17	(1,608.69)	0.00
GNMA	2004 A/B Single Family	5.00	04/28/05	04/20/35	272,408.59	267,625.48			(1,218.05)		271,190.54	265,326.23	(1,081.20)	0.00
GNMA	2004 A/B Single Family	5.00	05/05/05	05/20/35	131,611.34	129,301.48			(553.61)		131,057.73	128,224.73	(523.14)	0.00
GNMA	2004 A/B Single Family	4.49	05/05/05	04/20/35	1,032,117.97	969,644.24			(134,226.60)		897,891.37	838,708.35	3,290.71	0.00
GNMA	2004 A/B Single Family	5.00	05/12/05	04/20/35	215,107.33	211,332.70			(881.43)		214,225.90	209,595.73	(855.54)	0.00
GNMA	2004 A/B Single Family	4.49	05/12/05	04/20/35	473,128.31	445,623.93			(2,069.35)		471,058.96	441,124.47	(2,430.11)	0.00
GNMA	2004 A/B Single Family	5.00	06/03/05	05/20/35	125,717.19	123,513.64			(515.06)		125,202.13	122,498.55	(500.03)	0.00
GNMA	2004 A/B Single Family	5.00	07/07/05	06/20/35	325,657.13	319,958.75			(1,471.18)		324,185.95	317,195.16	(1,292.41)	0.00
GNMA	2004 A/B Single Family	4.49	07/07/05	06/20/35	330,218.77	311,037.85			(1,441.62)		328,777.15	307,899.81	(1,696.42)	0.00
GNMA	2004 A/B Single Family	5.00	05/26/05	05/20/35	125,878.80	123,671.67			(592.25)		125,286.55	122,580.40	(499.02)	0.00
GNMA	2004 A/B Single Family	4.49	05/26/05	05/20/35	274,673.16	258,709.23			(1,288.24)		273,384.92	256,015.69	(1,405.30)	0.00
GNMA	2004 A/B Single Family	5.00	06/02/05	05/20/35	256,889.96	252,386.98			(1,064.06)		255,825.90	250,301.41	(1,021.51)	0.00
GNMA	2004 A/B Single Family	4.49	06/02/05	05/20/35	210,340.77	198,116.83			(1,798.62)		208,542.15	195,293.62	(1,024.59)	0.00
GNMA	2004 A/B Single Family	4.49	06/10/05	04/20/35	218,239.42	205,035.47			(1,720.70)		216,518.72	202,253.17	(1,061.60)	0.00
GNMA	2004 A/B Single Family	5.00	06/15/05	06/20/35	297,363.86	292,155.55			(1,500.32)		295,863.54	289,478.54	(1,176.69)	0.00
GNMA	2004 A/B Single Family	4.49	06/23/05	06/20/35	260,318.89	245,195.41			(1,127.81)		259,191.08	242,729.76	(1,337.84)	0.00
GNMA	2004 A/B Single Family	4.49	09/08/05	09/20/35	153,322.02	144,424.83			(729.89)		152,592.13	142,911.04	(783.90)	0.00
GNMA	2004 A/B Single Family	5.00	09/15/05	09/20/35	544,715.74	533,844.84			(2,262.14)		542,453.60	529,450.07	(2,132.63)	0.00
GNMA	2004 A/B Single Family	5.00	09/22/05	09/20/35	192,450.66	189,096.49			(747.76)		191,702.90	187,582.24	(766.49)	0.00
GNMA	2004 A/B Single Family	4.49	07/21/05	07/20/35	343,315.14	323,378.07			(1,710.46)		341,604.68	319,917.31	(1,750.30)	0.00
GNMA	2004 A/B Single Family	5.00	07/21/05	07/20/35	105,049.70	103,212.99			(82,999.89)		22,049.81	21,574.62	1,361.52	0.00
GNMA	2004 A/B Single Family	4.49	07/28/05	07/20/35	3,217,178.54	3,022,675.64			(15,429.74)		3,201,748.80	2,990,940.15	(16,305.75)	0.00
GNMA	2004 A/B Single Family	5.00	08/04/05	08/20/35	191,342.50	187,999.68			(754.27)		190,588.23	186,483.63	(761.78)	0.00
GNMA	2004 A/B Single Family	4.49	08/11/05	07/20/35	137,226.54	129,259.71			(588.87)		136,637.67	127,965.18	(705.66)	0.00
GNMA	2004 A/B Single Family	5.00	08/11/05	08/20/35	947,542.33	928,604.11			(4,188.60)		943,353.73	920,711.15	(3,704.36)	0.00
GNMA	2004 A/B Single Family	4.49	08/30/05	08/20/35	418,782.17	393,475.11			(2,337.07)		416,445.10	389,037.01	(2,101.03)	0.00
GNMA	2004 A/B Single Family	5.00	08/30/05	08/20/35	119,850.61	117,759.27			(521.08)		119,329.53	116,762.06	(476.13)	0.00
GNMA	2004 A/B Single Family	5.00	08/30/05	08/20/35	202,802.42	199,263.61			(1,120.20)		201,682.22	197,342.87	(800.54)	0.00
GNMA	2004 A/B Single Family	5.00	10/27/05	10/20/35	638,131.76	627,029.56			(2,553.27)		635,578.49	621,936.15	(2,540.14)	0.00
GNMA	2004 A/B Single Family	4.49	10/27/05	09/20/35	209,566.38	197,413.13			(922.66)		208,643.72	195,414.16	(1,076.31)	0.00
GNMA	2004 A/B Single Family	5.00	09/29/05	09/20/35	145,706.71	143,168.10			(599.70)		145,107.01	141,988.78	(579.62)	0.00
GNMA	2004 A/B Single Family	5.00	09/29/05	09/20/35	166,859.69	163,952.53			(659.78)		166,199.91	162,628.42	(664.33)	0.00
GNMA	2004 A/B Single Family	4.49	09/29/05	09/20/35	202,146.02	190,418.87			(857.56)		201,288.46	188,521.10	(1,040.21)	0.00
GNMA	2004 A/B Single Family	5.00	12/08/05	12/20/35	611,040.72	598,892.10			(12,781.94)		598,258.78	583,961.70	(2,148.46)	0.00
GNMA	2004 A/B Single Family	5.00	12/15/05	12/20/35	1,447,457.32	1,418,686.33			(8,961.42)		1,438,495.90	1,404,126.07	(5,598.84)	0.00
GNMA	2004 A/B Single Family	5.00	11/03/05	11/20/35	310,418.19	305,020.00			(1,208.87)		309,209.32	302,574.75	(1,236.38)	0.00
GNMA	2004 A/B Single Family	5.00	11/10/05	11/20/35	96,402.01	94,726.15			(372.31)		96,029.70	93,969.80	(384.04)	0.00
GNMA	2004 A/B Single Family	4.49	11/17/05	10/20/35	240,386.47	226,450.46			(1,014.18)		239,372.29	224,198.85	(1,237.43)	0.00
GNMA	2004 A/B Single Family	5.00	11/17/05	11/20/35	924,871.95	908,798.46			(4,649.34)		920,222.61	900,487.81	(3,661.31)	0.00
GNMA	2004 A/B Single Family	5.00	11/22/05	11/20/35	164,356.51	161,500.79			(632.97)		163,723.54	160,213.02	(654.80)	0.00
GNMA	2004 A/B Single Family	4.49	11/29/05	10/20/35	222,966.84	210,042.82			(100,733.95)		122,232.89	114,485.88	5,177.01	0.00
GNMA	2004 A/B Single Family	5.00	11/29/05	11/20/35	1,465,880.60	1,440,419.39			(6,070.07)		1,459,810.53	1,428,518.32	(5,831.00)	0.00
GNMA	2004 A/B Single Family	5.00	12/22/05	12/20/35	1,538,500.01	1,507,928.51			(116,660.93)		1,421,839.08	1,387,875.61	(3,391.97)	0.00
GNMA	2004 A/B Single Family	5.00	12/29/05	12/20/35	1,448,000.00	1,419,235.39			(7,421.68)		1,440,578.32	1,406,175.72	(5,637.99)	0.00
GNMA	2004 A/B Single Family	4.49	12/29/05	11/20/35	209,578.56	196,934.77			(936.90)		208,641.66	194,930.69	(1,067.18)	0.00
GNMA	2004 A/B Single Family	5.00	01/05/06	01/20/36	1,373,230.33	1,348,719.37			(5,429.50)		1,367,800.83	1,338,307.39	(4,982.48)	0.00
GNMA	2004 A/B Single Family	5.00	01/12/06	01/20/36	171,759.36	165,617.33			(682.91)		171,076.45	164,362.72	(571.70)	0.00
GNMA	2004 A/B Single Family	5.00	01/12/06	01/20/36	837,757.22	822,808.15			(3,208.04)		834,549.18	816,559.02	(3,041.09)	0.00
GNMA	2004 A/B Single Family	4.49	01/12/06	12/20/35	90,111.75	84,891.95			(647.47)		89,464.28	83,797.50	(446.98)	0.00
GNMA	2004 A/B Single Family	5.00	03/09/06	03/20/36	3,759,157.13	3,682,818.83			(134,392.59)		3,624,764.54	3,537,807.96	(10,618.28)	0.00
GNMA	2004 A/B Single Family	5.00	03/02/06	03/20/36	884,813.44	866,840.90			(106,817.52)		777,995.92	759,327.52	(695.86)	0.00
GNMA	2004 A/B Single Family	5.00	03/02/06	01/20/36	194,032.83	187,086.52			(838.56)		193,194.27	185,604.83	(643.13)	0.00
GNMA	2004 A/B Single Family	5.00	01/19/06	01/20/36	1,537,801.87	1,510,370.20			(7,444.47)		1,530,357.40	1,497,375.39	(5,550.34)	0.00
GNMA	2004 A/B Single Family	5.00	01/26/06	01/20/36	1,451,713.97	1,422,179.07			(67,872.79)		1,383,841.18	1,350,590.25	(3,716.03)	0.00
GNMA	2004 A/B Single Family	5.00	01/26/06	01/20/36	202,747.75	195,495.26			(959.26)		201,788.49	193,867.19	(668.81)	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	01/20/36	3,430,409.46	3,292,425.02			(16,783.14)		3,413,626.32	3,264,608.17	(11,033.71)	0.00
GNMA	2004 A/B Single Family	4.49	02/09/06	01/20/36	173,904.96	163,760.05			(1,213.91)		172,691.05	161,554.55	(991.59)	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	02/20/36	1,455,942.66	1,430,000.09			(145,318.73)		1,310,623.93	1,282,403.48	(2,277.88)	0.00

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GNMA	2004 A/B Single Family	5.00	02/09/06	01/20/36	116,197.56	112,039.72			(472.14)		115,725.42	111,181.25	(386.33)	0.00
GNMA	2004 A/B Single Family	5.00	02/16/06	02/20/36	3,587,285.47	3,514,370.02			(14,764.38)		3,572,521.09	3,486,747.40	(12,858.24)	0.00
GNMA	2004 A/B Single Family	5.00	02/23/06	02/20/36	2,588,684.02	2,542,586.02			(11,467.10)		2,577,216.92	2,521,752.10	(9,366.82)	0.00
GNMA	2004 A/B Single Family	5.00	02/23/06	02/20/36	1,629,736.62	1,600,715.09			(48,045.90)		1,581,690.72	1,547,650.81	(5,018.38)	0.00
GNMA	2004 A/B Single Family	5.00	05/11/06	05/20/36	464,759.03	455,346.76			(1,829.23)		462,929.80	451,849.83	(1,667.70)	0.00
GNMA	2004 A/B Single Family	5.00	05/11/06	05/20/36	645,307.38	633,860.22			(2,540.98)		642,766.40	628,977.73	(2,341.51)	0.00
GNMA	2004 A/B Single Family	5.00	05/18/06	05/20/36	958,856.86	939,443.83			(3,792.27)		955,064.59	932,210.34	(3,441.22)	0.00
GNMA	2004 A/B Single Family	5.00	03/16/06	03/20/36	1,336,437.83	1,309,306.31			(5,386.38)		1,331,051.45	1,299,126.62	(4,793.31)	0.00
GNMA	2004 A/B Single Family	4.49	03/23/06	02/20/36	290,210.19	273,290.70			(1,202.07)		289,008.12	270,380.64	(1,707.99)	0.00
GNMA	2004 A/B Single Family	5.00	03/23/06	03/20/36	1,575,895.35	1,547,871.65			(105,373.09)		1,470,522.26	1,438,911.14	(3,587.42)	0.00
GNMA	2004 A/B Single Family	5.00	03/30/06	03/20/36	167,322.07	161,327.36			(984.30)		166,337.77	159,798.92	(544.14)	0.00
GNMA	2004 A/B Single Family	5.00	03/30/06	03/20/36	1,284,926.94	1,262,085.06			(5,545.23)		1,279,381.71	1,251,887.00	(4,652.83)	0.00
GNMA	2004 A/B Single Family	5.00	04/06/06	04/20/36	1,453,486.03	1,424,007.03			(5,574.03)		1,447,912.00	1,413,212.84	(5,220.16)	0.00
GNMA	2004 A/B Single Family	5.00	04/13/06	04/20/36	794,035.23	779,930.06			(3,384.70)		790,650.53	773,669.89	(2,875.47)	0.00
GNMA	2004 A/B Single Family	5.00	04/20/06	04/20/36	229,183.65	220,968.23			(902.05)		228,281.60	219,303.14	(763.04)	0.00
GNMA	2004 A/B Single Family	5.00	04/20/06	04/20/36	1,639,197.57	1,610,088.77			(147,147.71)		1,492,049.86	1,460,012.77	(2,928.29)	0.00
GNMA	2004 A/B Single Family	5.00	04/27/06	04/20/36	1,482,495.50	1,452,453.03			(5,850.35)		1,476,645.15	1,441,282.10	(5,320.58)	0.00
GNMA	2004 A/B Single Family	5.00	05/05/06	05/20/36	1,323,008.96	1,299,533.39			(5,892.07)		1,317,116.89	1,288,855.46	(4,785.86)	0.00
GNMA	2004 A/B Single Family	5.00	05/05/06	05/20/36	183,382.37	176,806.14			(856.83)		182,525.54	175,344.09	(605.22)	0.00
GNMA	2004 A/B Single Family	4.49	05/25/06	04/20/36	61,214.43	57,648.83			(249.27)		60,965.16	57,038.99	(360.57)	0.00
GNMA	2004 A/B Single Family	5.00	05/25/06	05/20/36	725,266.65	710,587.21			(129,592.66)		595,673.99	581,423.33	428.78	0.00
GNMA	2004 A/B Single Family	5.00	05/25/06	05/20/36	139,891.17	134,872.29			(656.31)		139,234.86	133,754.42	(461.56)	0.00
GNMA	2004 A/B Single Family	5.00	06/01/06	05/20/36	1,058,913.49	1,040,148.20			(4,802.41)		1,054,111.08	1,031,515.87	(3,829.92)	0.00
GNMA	2004 A/B Single Family	5.00	06/08/06	06/20/36	597,366.34	586,784.40			(68,924.30)		528,442.04	517,118.89	(741.21)	0.00
GNMA	2004 A/B Single Family	5.00	06/15/06	05/20/36	224,241.90	215,743.51			(879.98)		223,361.92	214,124.29	(739.24)	0.00
GNMA	2004 A/B Single Family	5.00	06/15/06	06/20/36	1,077,600.81	1,055,810.35			(4,038.12)		1,073,562.69	1,047,899.30	(3,872.93)	0.00
GNMA	2004 A/B Single Family	5.00	06/27/06	06/20/36	1,033,572.82	1,015,280.16			(11,285.45)		1,022,287.37	1,000,397.53	(3,597.18)	0.00
GNMA	2004 A/B Single Family	5.00	06/27/06	06/20/36	266,146.58	256,590.15			(1,065.43)		265,081.15	254,639.44	(885.28)	0.00
GNMA	2004 A/B Single Family	5.00	07/06/06	07/20/36	1,511,597.66	1,484,858.19			(5,721.45)		1,505,876.21	1,473,646.37	(5,490.37)	0.00
GNMA	2004 A/B Single Family	4.49	07/06/06	06/20/36	294,641.74	277,490.49			(1,205.91)		293,435.83	274,549.29	(1,735.29)	0.00
GNMA	2004 A/B Single Family	5.00	07/13/06	06/20/36	500,415.89	491,566.24			(1,862.05)		498,553.84	487,885.40	(1,818.79)	0.00
GNMA	2004 A/B Single Family	5.00	07/19/06	07/20/36	1,125,350.23	1,105,455.58			(4,598.27)		1,120,751.96	1,096,775.91	(4,081.40)	0.00
GNMA	2004 A/B Single Family	5.00	07/19/06	06/20/36	67,353.62	64,933.96			(265.24)		67,088.38	64,444.51	(224.21)	0.00
GNMA	2004 A/B Single Family	5.00	07/27/06	07/20/36	495,691.12	485,685.74			(133,222.22)		362,468.90	353,817.33	1,353.81	0.00
GNMA	2004 A/B Single Family	5.00	08/09/06	08/20/36	528,461.38	519,128.86			(1,949.44)		526,511.94	515,258.75	(1,920.67)	0.00
GNMA	2004 A/B Single Family	5.00	08/16/06	06/20/36	61,131.60	58,934.00			(261.11)		60,870.49	58,470.22	(202.67)	0.00
GNMA	2004 A/B Single Family	5.00	08/23/06	08/20/36	862,169.82	846,954.30			(3,367.49)		858,802.33	840,456.39	(3,130.42)	0.00
GNMA	2004 A/B Single Family	5.00	09/06/06	08/20/36	925,124.09	906,483.66			(3,621.29)		921,502.80	899,540.63	(3,321.74)	0.00
GNMA	2004 A/B Single Family	5.00	09/12/06	08/20/36	596,314.78	585,801.12			(2,244.89)		594,069.89	581,389.20	(2,167.03)	0.00
GNMA	2004 A/B Single Family	4.49	09/20/06	08/20/36	123,240.23	116,074.20			(494.23)		122,746.00	114,853.41	(726.56)	0.00
GNMA	2004 A/B Single Family	5.00	09/20/06	08/20/36	64,404.46	61,243.08			(399.71)		64,004.75	60,650.39	(192.98)	0.00
GNMA	2004 A/B Single Family	5.00	09/20/06	08/20/36	566,690.28	555,278.71			(2,073.56)		564,616.72	551,166.89	(2,038.26)	0.00
GNMA	2004 A/B Single Family	5.00	09/26/06	09/20/36	226,685.90	222,692.11			(876.93)		225,808.97	220,991.88	(823.30)	0.00
GNMA	2004 A/B Single Family	5.00	10/17/06	10/20/36	898,203.66	882,395.89			(7,683.34)		890,520.32	871,540.80	(3,171.75)	0.00
GNMA	2004 A/B Single Family	5.00	11/14/06	10/20/36	936,065.26	919,613.43			(3,425.19)		932,640.07	912,784.06	(3,404.18)	0.00
GNMA	2004 A/B Single Family	4.49	11/14/06	10/20/36	189,835.82	178,806.31			(871.04)		188,964.78	176,823.06	(1,112.21)	0.00
GNMA	2004 A/B Single Family	5.00	11/14/06	10/20/36	65,871.18	63,497.80			(250.49)		65,620.69	63,027.73	(219.58)	0.00
GNMA	2004 A/B Single Family	5.00	11/28/06	11/20/36	553,828.84	544,102.14			(2,024.91)		551,803.93	540,063.04	(2,014.19)	0.00
GNMA	2004 A/B Single Family	5.00	12/12/06	11/20/36	303,296.01	297,972.94			(1,109.83)		302,186.18	295,760.06	(1,103.05)	0.00
GNMA	2004 A/B Single Family	5.00	01/09/07	12/20/36	107,958.71	106,066.63			(383.59)		107,575.12	105,290.15	(392.89)	0.00
GNMA	2004 A/B Single Family	5.00	01/09/07	08/20/36	73,017.75	70,383.52			(278.03)		72,739.72	69,862.28	(243.21)	0.00
GNMA	2004 A/B Single Family	5.00	02/13/07	01/20/37	422,135.32	414,669.02			(1,505.85)		420,629.47	411,457.39	(1,705.78)	0.00
GNMA	2004 A/B Single Family	5.00	03/20/07	03/20/36	81,978.77	80,546.08			(307.05)		81,671.72	79,940.74	(298.29)	0.00
GNMA	2004 A/B Single Family	5.00	04/10/07	02/20/37	200,724.05	197,183.60			(1,726.00)		198,998.05	194,668.41	(789.19)	0.00
GNMA	2004 A/B Single Family	5.00	05/08/07	04/20/37	72,343.27	69,712.37			(291.28)		72,051.99	69,152.18	(268.91)	0.00
GNMA	2004 A/B Single Family	4.49	07/03/07	05/20/37	310,581.45	292,540.99			(2,286.35)		308,295.10	288,629.66	(1,624.98)	0.00
GNMA	2004 A/B Single Family	4.49	08/23/07	08/20/37	398,304.34	375,167.26			(3,186.78)		395,117.56	369,913.55	(2,066.93)	0.00
FNMA	2004 A/B Single Family	4.49	08/05/04	07/01/34	434,742.65	407,538.08			(3,298.38)		431,444.27	403,970.64	(269.06)	0.00
FNMA	2004 A/B Single Family	4.49	08/12/04	08/01/34	208,134.78	195,111.46			(1,804.86)		206,329.92	193,192.15	(114.45)	0.00
FNMA	2004 A/B Single Family	4.49	08/26/04	08/01/34	242,173.95	227,021.89			(1,134.22)		241,039.73	225,693.00	(194.67)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2004 A/B Single Family	4.49	09/02/04	08/01/34	237,030.16	222,200.60			(1,092.04)		235,938.12	220,916.87	(191.69)	0.00
FNMA	2004 A/B Single Family	4.49	10/28/04	10/01/34	286,484.89	268,567.72			(1,310.80)		285,174.09	267,024.61	(232.31)	0.00
FNMA	2004 A/B Single Family	5.00	10/28/04	10/01/34	171,704.92	167,108.05			(723.13)		170,981.79	165,939.18	(445.74)	0.00
FNMA	2004 A/B Single Family	4.49	11/10/04	10/01/34	355,608.75	333,370.14			(2,710.35)		352,898.40	330,440.38	(219.41)	0.00
FNMA	2004 A/B Single Family	5.00	11/23/04	11/01/34	268,374.60	261,192.85			(1,332.97)		267,041.63	259,169.13	(690.75)	0.00
FNMA	2004 A/B Single Family	4.49	02/10/05	01/01/35	150,598.65	141,097.14			(694.42)		149,904.23	140,111.22	(291.50)	0.00
FNMA	2004 A/B Single Family	5.00	02/10/05	02/01/35	379,276.54	369,140.00			(1,690.42)		377,586.12	366,467.61	(981.97)	0.00
FNMA	2004 A/B Single Family	5.00	03/29/05	04/01/35	220,851.15	214,744.73			(1,294.94)		219,556.21	212,681.08	(768.71)	0.00
FNMA	2004 A/B Single Family	4.49	04/21/05	04/01/35	337,621.48	316,330.57			(1,827.19)		335,794.29	313,867.47	(635.91)	0.00
FNMA	2004 A/B Single Family	4.49	06/10/05	05/01/35	273,791.94	256,531.37			(1,218.90)		272,573.04	254,779.58	(532.89)	0.00
FNMA	2004 A/B Single Family	5.00	06/29/05	06/01/35	285,940.35	278,044.86			(1,188.05)		284,752.30	275,846.16	(1,010.65)	0.00
FNMA	2004 A/B Single Family	4.49	07/14/05	04/01/35	157,820.84	147,873.32			(714.37)		157,106.47	146,852.40	(306.55)	0.00
FNMA	2004 A/B Single Family	5.00	07/14/05	07/01/35	73,064.00	71,047.03			(290.41)		72,773.59	70,497.96	(258.66)	0.00
FNMA	2004 A/B Single Family	5.00	09/22/05	09/01/35	268,082.55	260,689.85			(1,060.52)		267,022.03	258,680.31	(949.02)	0.00
FNMA	2004 A/B Single Family	4.49	10/06/05	09/01/35	385,281.77	361,011.44			(2,139.96)		383,141.81	358,149.17	(722.31)	0.00
FNMA	2004 A/B Single Family	5.00	10/20/05	09/01/35	318,934.58	310,143.31			(1,691.53)		317,243.05	307,335.82	(1,115.96)	0.00
FNMA	2004 A/B Single Family	5.00	11/17/05	10/01/35	309,915.47	301,376.44			(1,433.43)		308,482.04	298,852.01	(1,091.00)	0.00
FNMA	2004 A/B Single Family	5.00	12/15/05	12/01/35	295,880.22	287,731.65			(1,210.22)		294,670.00	285,474.88	(1,046.55)	0.00
FNMA	2004 A/B Single Family	4.49	12/29/05	12/01/35	400,775.50	375,543.12			(1,828.50)		398,947.00	372,937.24	(777.38)	0.00
FNMA	2004 A/B Single Family	5.00	12/29/05	12/01/35	927,414.79	901,879.15			(3,842.51)		923,572.28	894,757.77	(3,278.87)	0.00
FNMA	2004 A/B Single Family	5.00	01/12/06	01/01/36	264,671.74	257,385.76			(2,032.43)		262,639.31	254,447.02	(906.31)	0.00
FNMA	2004 A/B Single Family	5.00	01/12/06	12/01/35	123,898.99	118,301.24			(500.06)		123,398.93	117,399.28	(401.90)	0.00
FNMA	2004 A/B Single Family	5.00	01/26/06	01/01/36	476,261.96	463,154.04			(1,988.98)		474,272.98	459,481.69	(1,683.37)	0.00
FNMA	2004 A/B Single Family	5.00	02/09/06	01/01/36	388,493.28	377,436.46			(1,847.87)		386,645.41	374,228.10	(1,360.49)	0.00
FNMA	2004 A/B Single Family	5.00	02/16/06	02/01/36	530,431.39	515,336.97			(2,193.65)		528,237.74	511,275.17	(1,868.15)	0.00
FNMA	2004 A/B Single Family	5.00	02/23/06	02/01/36	943,120.19	916,283.78			(5,094.49)		938,025.70	907,905.99	(3,283.30)	0.00
FNMA	2004 A/B Single Family	5.00	03/09/06	02/01/36	518,269.87	504,014.91			(143,781.83)		374,488.04	362,815.34	2,582.26	0.00
FNMA	2004 A/B Single Family	5.00	03/16/06	03/01/36	821,677.02	798,304.26			(80,057.71)		741,619.31	717,813.33	(433.22)	0.00
FNMA	2004 A/B Single Family	5.00	03/23/06	03/01/36	485,702.65	471,888.18			(2,212.18)		483,490.47	467,971.86	(1,704.14)	0.00
FNMA	2004 A/B Single Family	5.00	03/30/06	03/01/36	626,510.05	608,691.93			(2,405.67)		624,104.38	604,073.70	(2,212.56)	0.00
FNMA	2004 A/B Single Family	5.00	04/13/06	03/01/36	214,685.81	208,581.34			(816.51)		213,869.30	207,006.39	(758.44)	0.00
FNMA	2004 A/B Single Family	5.00	04/20/06	04/01/36	304,425.75	295,770.76			(1,209.56)		303,216.19	293,487.39	(1,073.81)	0.00
FNMA	2004 A/B Single Family	5.00	04/27/06	03/01/36	303,891.56	289,838.32			(1,275.39)		302,616.17	287,584.30	(978.63)	0.00
FNMA	2004 A/B Single Family	5.00	05/05/06	04/01/36	280,473.78	272,501.41			(1,061.74)		279,412.04	270,448.63	(991.04)	0.00
FNMA	2004 A/B Single Family	5.00	05/11/06	05/01/36	248,796.89	241,725.64			(1,755.53)		247,041.36	239,117.10	(853.01)	0.00
FNMA	2004 A/B Single Family	5.00	06/27/06	06/01/36	520,428.88	505,647.54			(2,030.83)		518,398.05	501,779.67	(1,837.04)	0.00
FNMA	2004 A/B Single Family				64,101.77	61,131.59			(64,101.77)				2,970.18	0.00
FNMA	2004 A/B Single Family	5.00	08/09/06	07/01/36	260,482.75	253,089.04			(1,074.08)		259,408.67	251,097.30	(917.66)	0.00
FNMA	2004 A/B Single Family	4.49	08/23/06	06/01/36	76,682.61	71,862.05			(374.42)		76,308.19	71,137.31	(350.32)	0.00
FNMA	2004 A/B Single Family	5.00	09/20/06	07/01/36	190,861.06	185,446.89			(872.11)		189,988.95	183,905.09	(669.69)	0.00
FNMA	2004 A/B Single Family	5.00	10/17/06	09/01/36	508,403.15	493,987.19			(2,871.14)		505,532.01	489,349.67	(1,766.38)	0.00
FNMA	2004 A/B Single Family	5.00	11/14/06	08/01/36	61,635.75	58,769.35			(237.80)		61,397.95	58,332.19	(199.36)	0.00
FNMA	2004 A/B Single Family	5.00	11/28/06	10/01/36	199,567.84	193,912.52			(793.44)		198,774.40	192,415.01	(704.07)	0.00
FNMA	2004 A/B Single Family	5.00	12/27/06	11/01/36	361,719.02	351,473.28			(1,991.52)		359,727.50	348,223.28	(1,258.48)	0.00
FNMA	2004 A/B Single Family	5.00	02/13/07	02/01/37	478,596.63	465,050.60			(2,148.10)		476,448.53	461,221.72	(1,680.78)	0.00
FNMA	2004 A/B Single Family	5.00	03/20/07	01/01/37	149,913.13	142,885.23			(1,051.50)		148,861.63	141,187.94	(645.79)	0.00
FNMA	2004 A/B Single Family	5.00	04/10/07	03/01/37	58,684.83	57,012.83			(207.35)		58,477.48	56,523.61	(281.87)	0.00
FNMA	2004 A/B Single Family	5.00	05/08/07	02/01/37	72,128.60	70,070.97			(256.22)		71,872.38	69,468.37	(346.38)	0.00
FNMA	2004 A/B Single Family	4.49	05/22/07	04/01/37	233,218.81	218,531.20			(909.70)		232,309.11	216,533.81	(1,087.69)	0.00
FNMA	2004 A/B Single Family	5.00	08/23/07	07/01/36	84,056.44	80,117.01			(326.03)		83,730.41	79,519.67	(271.31)	0.00
FNMA	2004 A/B Single Family	5.00	08/23/07	08/01/37	194,501.92	188,962.23			(1,326.35)		193,175.57	186,723.00	(912.88)	0.00
FNMA	2004 A/B Single Family	4.49	08/23/07	08/01/37	740,718.34	694,098.12			(5,251.28)		735,467.06	685,551.59	(3,295.25)	0.00
	2004 A/B Single Family Total				156,812,340.34	151,089,509.20	9,706,424.47	(4,080,773.44)	(3,733,923.95)	0.00	158,704,067.42	152,499,403.36	(481,832.92)	0.00
Repo Agmt	2004 CDEF Single Family	2.10	08/29/08	09/02/08	480.82	480.82	2.65				483.47	483.47	-	0.00
Repo Agmt	2004 CDEF Single Family	2.10	08/29/08	09/02/08	691,983.89	691,983.89	3,651.32				695,635.21	695,635.21	-	0.00
Repo Agmt	2004 CDEF Single Family	2.10	08/29/08	09/02/08	29,660.81	29,660.81	5,330,044.14				5,359,704.95	5,359,704.95	-	0.00
Repo Agmt	2004 CDEF Single Family	2.10	08/29/08	09/02/08	0.34	0.34	0.00				0.34	0.34	-	0.00
GIC's	2004 CDEF Single Family	3.80	12/16/04	03/01/36	2,689,224.95	2,689,224.95		(2,677,449.56)			11,775.39	11,775.39	-	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	07/20/35	26,161.01	24,619.03			(129.04)		26,031.97	24,356.85	(133.14)	0.00

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GNMA	2004 CDEF Single Family	4.49	08/30/05	08/20/35	14,749.53	13,880.46			(64.27)		14,685.26	13,740.59	(75.60)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	36,420.69	34,276.88			(156.21)		36,264.48	33,933.78	(186.89)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	21,611.87	20,339.73			(99.03)		21,512.84	20,130.23	(110.47)	0.00
GNMA	2004 CDEF Single Family	4.49	09/29/05	09/20/35	138,285.59	130,141.82			(598.62)		137,686.97	128,833.92	(709.28)	0.00
GNMA	2004 CDEF Single Family	4.49	10/06/05	09/20/35	44,689.52	42,058.00			(223.30)		44,466.22	41,607.41	(227.29)	0.00
GNMA	2004 CDEF Single Family	4.49	10/20/05	10/20/35	32,053.31	30,166.38			(148.12)		31,905.19	29,854.45	(163.81)	0.00
GNMA	2004 CDEF Single Family	4.49	12/08/05	12/20/35	24,421.77	22,985.29			(102.27)		24,319.50	22,757.54	(125.48)	0.00
GNMA	2004 CDEF Single Family	4.49	12/15/05	12/20/35	33,128.99	31,259.92			(158.91)		32,970.08	30,930.68	(170.33)	0.00
GNMA	2004 CDEF Single Family	4.49	11/03/05	11/20/35	8,395.67	7,921.66			(42.19)		8,353.48	7,836.44	(43.03)	0.00
GNMA	2004 CDEF Single Family	4.49	11/10/05	11/20/35	41,891.39	39,526.54			(270.80)		41,620.59	39,044.69	(211.05)	0.00
GNMA	2004 CDEF Single Family	4.49	11/17/05	11/20/35	29,873.69	28,115.88			(141.95)		29,731.74	27,821.54	(152.39)	0.00
GNMA	2004 CDEF Single Family	4.49	11/22/05	11/20/35	15,614.36	14,695.67			(80.02)		15,534.34	14,536.37	(79.28)	0.00
GNMA	2004 CDEF Single Family	4.49	11/29/05	11/20/35	23,477.58	22,152.64			(115.00)		23,362.58	21,917.08	(120.56)	0.00
GNMA	2004 CDEF Single Family	4.49	12/22/05	12/20/35	35,183.35	33,198.62			(2,890.59)		32,292.76	30,295.47	(12.56)	0.00
GNMA	2004 CDEF Single Family	4.49	12/29/05	12/20/35	55,860.62	52,575.97			(273.64)		55,586.98	52,017.86	(284.47)	0.00
GNMA	2004 CDEF Single Family	4.49	01/05/06	01/20/36	35,003.50	32,930.75			(157.63)		34,845.87	32,567.94	(205.18)	0.00
GNMA	2004 CDEF Single Family	4.49	01/12/06	01/20/36	38,009.69	35,849.84			(3,474.28)		34,535.41	32,359.68	(15.88)	0.00
GNMA	2004 CDEF Single Family	4.49	03/09/06	02/20/36	32,251.80	30,343.93			(150.52)		32,101.28	30,004.72	(188.69)	0.00
GNMA	2004 CDEF Single Family	4.49	03/02/06	02/20/36	39,637.62	37,292.59			(195.79)		39,441.83	36,865.57	(231.23)	0.00
GNMA	2004 CDEF Single Family	4.49	01/19/06	01/20/36	19,574.85	18,415.95			(93.08)		19,481.77	18,208.47	(114.40)	0.00
GNMA	2004 CDEF Single Family	4.49	01/26/06	01/20/36	28,771.95	27,068.73			(134.14)		28,637.81	26,766.25	(168.34)	0.00
GNMA	2004 CDEF Single Family	4.49	02/02/06	02/20/36	60,136.57	56,577.20			(262.39)		59,874.18	55,961.81	(353.00)	0.00
GNMA	2004 CDEF Single Family	4.49	02/09/06	02/20/36	25,522.77	24,012.31			(132.18)		25,390.59	23,731.67	(148.46)	0.00
GNMA	2004 CDEF Single Family	4.49	02/16/06	02/20/36	35,917.49	33,792.09			(178.51)		35,738.98	33,404.13	(209.45)	0.00
GNMA	2004 CDEF Single Family	4.49	02/23/06	02/20/36	39,391.93	37,061.21			(168.43)		39,223.50	36,661.28	(231.50)	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	04/20/36	18,987.82	17,865.78			(99.30)		18,888.52	17,656.08	(110.40)	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	05/20/36	8,584.77	8,097.97			(56.85)		8,527.92	7,991.67	(49.45)	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	05/20/36	22,927.32	21,572.67			(102.22)		22,825.10	21,335.98	(134.47)	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	05/20/36	9,314.77	8,786.65			(40.88)		9,273.89	8,690.81	(54.96)	0.00
GNMA	2004 CDEF Single Family	4.49	03/16/06	03/20/36	16,110.76	15,196.28			(76.59)		16,034.17	15,025.01	(94.68)	0.00
GNMA	2004 CDEF Single Family	4.49	03/23/06	03/20/36	45,744.93	43,039.52			(2,820.65)		42,924.28	40,121.47	(97.40)	0.00
GNMA	2004 CDEF Single Family	4.49	03/30/06	03/20/36	24,853.73	23,384.05			(107.53)		24,746.20	23,130.53	(145.99)	0.00
GNMA	2004 CDEF Single Family	4.49	04/06/06	03/20/36	36,754.00	34,580.82			(167.38)		36,586.62	34,198.09	(215.35)	0.00
GNMA	2004 CDEF Single Family	4.49	04/13/06	03/20/36	23,532.79	22,141.53			(103.83)		23,428.96	21,899.61	(138.09)	0.00
GNMA	2004 CDEF Single Family	4.49	04/20/06	04/20/36	44,768.05	42,121.73			(199.60)		44,568.45	41,659.54	(262.59)	0.00
GNMA	2004 CDEF Single Family	4.49	04/27/06	04/20/36	18,737.36	17,629.89			(2,789.69)		15,947.67	14,906.91	66.71	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/06	04/20/36	35,216.10	33,218.89			(164.12)		35,051.98	32,847.59	(207.18)	0.00
GNMA	2004 CDEF Single Family	4.49	05/25/06	05/20/36	21,842.12	20,551.74			(93.62)		21,748.50	20,329.78	(128.34)	0.00
GNMA	2004 CDEF Single Family	4.49	06/01/06	06/20/36	28,580.94	26,960.88			(115.16)		28,465.78	26,676.44	(169.28)	0.00
GNMA	2004 CDEF Single Family	4.49	06/08/06	06/20/36	33,495.23	31,516.95			(148.01)		33,347.22	31,172.40	(196.54)	0.00
GNMA	2004 CDEF Single Family	4.49	06/15/06	06/20/36	24,789.64	23,384.79			(112.58)		24,677.06	23,126.16	(146.05)	0.00
GNMA	2004 CDEF Single Family	4.49	06/27/06	06/20/36	40,019.27	37,751.82			(213.28)		39,805.99	37,304.72	(233.82)	0.00
GNMA	2004 CDEF Single Family	4.49	07/06/06	07/20/36	17,975.75	16,957.44			(80.75)		17,895.00	16,770.73	(105.96)	0.00
GNMA	2004 CDEF Single Family	4.49	07/13/06	06/20/36	31,480.41	29,697.22			(132.50)		31,347.91	29,378.61	(186.11)	0.00
GNMA	2004 CDEF Single Family	4.49	07/19/06	06/20/36	40,782.33	38,375.15			(176.97)		40,605.36	37,958.65	(239.53)	0.00
GNMA	2004 CDEF Single Family	4.49	07/27/06	07/20/36	26,084.94	24,607.75			(106.63)		25,978.31	24,346.71	(154.41)	0.00
GNMA	2004 CDEF Single Family	4.49	08/02/06	08/20/36	16,233.57	15,314.41			(66.08)		16,167.49	15,152.21	(96.12)	0.00
GNMA	2004 CDEF Single Family	4.49	08/09/06	08/20/36	40,770.57	38,462.36			(214.89)		40,555.68	38,009.12	(238.35)	0.00
GNMA	2004 CDEF Single Family	4.49	08/16/06	07/20/36	23,449.00	22,065.61			(106.25)		23,342.75	21,821.90	(137.46)	0.00
GNMA	2004 CDEF Single Family	4.49	08/23/06	07/20/36	16,720.99	15,774.53			(86.52)		16,634.47	15,590.14	(97.87)	0.00
GNMA	2004 CDEF Single Family	4.49	09/06/06	08/20/36	18,738.29	17,677.91			(81.19)		18,657.10	17,486.06	(110.66)	0.00
GNMA	2004 CDEF Single Family	4.49	09/12/06	08/20/36	11,221.74	10,586.76			(44.85)		11,176.89	10,475.40	(66.51)	0.00
GNMA	2004 CDEF Single Family	4.49	09/26/06	09/20/36	13,121.02	12,378.78			(53.43)		13,067.59	12,247.64	(77.71)	0.00
GNMA	2004 CDEF Single Family	4.49	10/17/06	10/20/36	23,071.30	21,766.72			(115.58)		22,955.72	21,515.85	(135.29)	0.00
GNMA	2004 CDEF Single Family	4.49	11/14/06	10/20/36	22,184.96	20,931.08			(3,465.10)		18,719.86	17,546.17	80.19	0.00
GNMA	2004 CDEF Single Family	4.49	11/28/06	10/20/36	4,766.33	4,496.98			(20.90)		4,745.43	4,447.94	(28.14)	0.00
GNMA	2004 CDEF Single Family	4.49	12/12/06	10/20/36	5,455.24	5,147.07			(22.17)		5,433.07	5,092.57	(32.33)	0.00
GNMA	2004 CDEF Single Family	4.49	01/16/07	12/20/36	5,385.04	5,081.01			(21.13)		5,363.91	5,027.93	(31.95)	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/07	12/20/36	2,827.91	2,668.87			(11.09)		2,816.82	2,641.10	(16.68)	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/07	01/20/37	6,844.11	6,456.69			(26.57)		6,817.54	6,392.60	(37.52)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	4.49	02/20/07	02/20/37	4,985.36	4,703.19			(21.21)		4,964.15	4,654.77	(27.21)	0.00
GNMA	2004 CDEF Single Family	4.49	03/20/07	01/20/37	4,872.08	4,596.43			(18.90)		4,853.18	4,550.82	(26.71)	0.00
GNMA	2004 CDEF Single Family	4.49	04/24/07	03/20/37	11,469.00	10,820.55			(47.32)		11,421.68	10,710.52	(62.71)	0.00
GNMA	2004 CDEF Single Family	4.49	04/10/07	02/20/37	5,897.18	5,563.67			(22.85)		5,874.33	5,508.48	(32.34)	0.00
GNMA	2004 CDEF Single Family	4.49	05/22/07	04/20/37	8,432.61	7,935.86			(32.19)		8,400.42	7,857.73	(45.94)	0.00
GNMA	2004 CDEF Single Family	4.49	06/05/07	05/20/37	7,092.21	6,691.51			(27.01)		7,065.20	6,625.57	(38.93)	0.00
GNMA	2004 CDEF Single Family	4.49	07/03/07	06/20/37	5,744.40	5,420.03			(22.43)		5,721.97	5,366.11	(31.49)	0.00
GNMA	2004 CDEF Single Family	4.49	11/21/07	09/20/37	5,203.88	4,913.20			(19.17)		5,184.71	4,865.38	(28.65)	0.00
GNMA	2004 CDEF Single Family	4.49	09/25/07	04/20/37	2,569.22	2,425.54			(16.40)		2,552.82	2,395.42	(13.72)	0.00
GNMA	2004 CDEF Single Family	4.49	12/11/07	08/20/37	3,039.45	2,869.72			(11.26)		3,028.19	2,841.73	(16.73)	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/08	01/20/38	8,788.07	8,295.51			(31.68)		8,756.39	8,219.48	(44.35)	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/08	01/20/38	2,655.41	2,500.20			(9.57)		2,645.84	2,477.31	(13.32)	0.00
GNMA	2004 CDEF Single Family	4.49	03/26/08	03/20/38	8,089.60	7,636.67			(29.08)		8,060.52	7,566.76	(40.83)	0.00
FNMA	2004 CDEF Single Family	4.49	10/20/05	10/01/35	5,511.44	5,165.48			(2,050.54)		3,460.90	3,235.91	120.97	0.00
FNMA	2004 CDEF Single Family	4.49	11/10/05	11/01/35	2,573.04	2,411.57			(31.86)		2,541.18	2,376.02	(3.69)	0.00
FNMA	2004 CDEF Single Family	4.49	12/15/05	12/01/35	6,459.37	6,054.05			(29.14)		6,430.23	6,012.33	(12.58)	0.00
FNMA	2004 CDEF Single Family	4.49	01/05/06	12/01/35	7,520.06	7,048.27			(43.77)		7,476.29	6,990.49	(14.01)	0.00
FNMA	2004 CDEF Single Family	4.49	02/09/06	02/01/36	4,535.26	4,250.79			(23.00)		4,512.26	4,207.11	(20.68)	0.00
FNMA	2004 CDEF Single Family	4.49	02/23/06	01/01/36	5,322.03	4,988.21			(39.43)		5,282.60	4,925.36	(23.42)	0.00
FNMA	2004 CDEF Single Family	4.49	03/16/06	03/01/36	8,316.13	7,794.63			(55.05)		8,261.08	7,702.54	(37.04)	0.00
FNMA	2004 CDEF Single Family	4.49	04/06/06	03/01/36	5,765.12	5,403.65			(24.01)		5,741.11	5,353.00	(26.64)	0.00
FNMA	2004 CDEF Single Family	4.49	04/20/06	04/01/36	8,129.53	7,619.87			(35.09)		8,094.44	7,547.29	(37.49)	0.00
FNMA	2004 CDEF Single Family	4.49	05/11/06	04/01/36	6,366.73	5,967.59			(34.95)		6,331.78	5,903.79	(28.85)	0.00
FNMA	2004 CDEF Single Family	4.49	06/08/06	04/01/36	5,984.77	5,609.68			(25.17)		5,959.60	5,556.87	(27.64)	0.00
FNMA	2004 CDEF Single Family	4.49	06/27/06	06/01/36	6,172.61	5,785.81			(25.25)		6,147.36	5,732.02	(28.54)	0.00
FNMA	2004 CDEF Single Family	4.49	07/13/06	06/01/36	7,605.81	7,129.24			(33.23)		7,572.58	7,060.96	(35.05)	0.00
FNMA	2004 CDEF Single Family	4.49	07/19/06	07/01/36	11,586.35	10,860.40			(49.25)		11,537.10	10,757.68	(53.47)	0.00
FNMA	2004 CDEF Single Family	4.49	08/02/06	07/01/36	10,447.70	9,793.16			(43.14)		10,404.56	9,701.70	(48.32)	0.00
FNMA	2004 CDEF Single Family	4.49	08/09/06	07/01/36	7,845.60	7,354.10			(36.07)		7,809.53	7,282.00	(36.03)	0.00
FNMA	2004 CDEF Single Family	4.49	09/12/06	08/01/36	6,055.55	5,676.29			(24.78)		6,030.77	5,623.50	(28.01)	0.00
FNMA	2004 CDEF Single Family	4.49	10/17/06	09/01/36	5,641.19	5,287.94			(40.39)		5,600.80	5,222.62	(24.93)	0.00
FNMA	2004 CDEF Single Family	4.49	11/14/06	10/01/36	8,592.98	8,055.02			(35.71)		8,557.27	7,979.59	(39.72)	0.00
FNMA	2004 CDEF Single Family	4.49	11/21/06	10/01/36	6,113.27	5,730.57			(120.32)		5,992.95	5,588.40	(21.85)	0.00
FNMA	2004 CDEF Single Family	4.49	12/12/06	11/01/36	8,062.65	7,557.99			(37.70)		8,024.95	7,483.29	(37.00)	0.00
FNMA	2004 CDEF Single Family	4.49	01/30/07	11/01/36	1,206.88	1,131.38			(7.51)		1,199.37	1,118.46	(5.41)	0.00
FNMA	2004 CDEF Single Family	4.49	02/13/07	01/01/37	1,263.59	1,184.30			(4.94)		1,258.65	1,173.45	(5.91)	0.00
FNMA	2004 CDEF Single Family	4.49	03/20/07	02/01/37	3,546.70	3,324.18			(17.87)		3,528.83	3,290.02	(16.29)	0.00
FNMA	2004 CDEF Single Family	4.49	04/10/07	01/01/37	4,780.64	4,480.77			(21.06)		4,759.58	4,437.56	(22.15)	0.00
FNMA	2004 CDEF Single Family	4.49	04/24/07	04/01/37	8,115.40	7,606.45			(32.32)		8,083.08	7,536.28	(37.85)	0.00
FNMA	2004 CDEF Single Family	4.49	05/22/07	04/01/37	4,918.98	4,610.54			(18.93)		4,900.05	4,568.63	(22.98)	0.00
FNMA	2004 CDEF Single Family	4.49	06/05/07	05/01/37	5,783.59	5,420.98			(22.21)		5,761.38	5,371.74	(27.03)	0.00
FNMA	2004 CDEF Single Family	4.49	07/03/07	06/01/37	15,085.34	14,139.71			(59.48)		15,025.86	14,009.84	(70.39)	0.00
FNMA	2004 CDEF Single Family	4.49	09/25/07	09/01/37	7,884.94	7,428.16			(36.30)		7,848.64	7,354.72	(37.14)	0.00
FNMA	2004 CDEF Single Family	4.49	11/08/07	09/01/37	7,748.33	7,338.38			(32.50)		7,715.83	7,268.71	(37.17)	0.00
FNMA	2004 CDEF Single Family	4.49	11/21/07	09/01/37	3,171.45	3,003.70			(11.73)		3,159.72	2,976.66	(15.31)	0.00
FNMA	2004 CDEF Single Family	4.49	12/11/07	11/01/37	7,095.04	6,719.87			(29.77)		7,065.27	6,656.07	(34.03)	0.00
FNMA	2004 CDEF Single Family	4.49	03/26/08	02/01/38	13,315.48	12,611.28			(48.28)		13,267.20	12,498.56	(64.44)	0.00
FNMA	2004 CDEF Single Family	6.10	06/30/94	06/01/24	151,885.25	158,185.86			(2,124.26)		149,760.99	155,036.31	(1,025.29)	0.00
FNMA	2004 CDEF Single Family	6.90	08/17/94	08/01/24	197,463.14	210,753.39			(2,198.57)		195,264.57	207,097.95	(1,456.87)	0.00
FNMA	2004 CDEF Single Family	6.97	08/17/94	07/01/24	362,048.32	387,018.83			(3,802.04)		358,246.28	380,725.96	(2,490.83)	0.00
FNMA	2004 CDEF Single Family	7.06	08/17/94	07/01/24	138,693.87	148,364.49			(1,175.29)		137,518.58	146,822.43	(366.77)	0.00
FNMA	2004 CDEF Single Family	6.90	05/26/95	01/01/25	66,537.94	71,282.21			(541.67)		65,996.27	70,261.14	(479.40)	0.00
FNMA	2004 CDEF Single Family	7.10	08/15/95	05/01/25	45,522.08	49,048.56			(2,101.81)		43,420.27	46,696.99	(249.76)	0.00
GNMA	2004 CDEF Single Family	6.10	06/30/94	06/20/24	1,453,037.33	1,499,931.53			(18,712.00)		1,434,325.33	1,472,392.21	(8,827.32)	0.00
GNMA	2004 CDEF Single Family	6.90	08/17/94	08/20/24	1,005,120.53	1,079,272.10			(12,904.96)		992,215.57	1,057,796.50	(8,570.64)	0.00
GNMA	2004 CDEF Single Family	6.97	08/17/94	08/20/24	717,727.57	772,191.67			(13,934.05)		703,793.52	751,980.00	(6,277.62)	0.00
GNMA	2004 CDEF Single Family	7.06	08/17/94	08/20/24	215,321.03	229,118.09			(4,094.83)		211,226.20	224,518.73	(504.53)	0.00
GNMA	2004 CDEF Single Family	6.10	01/27/95	10/20/24	242,118.21	250,101.94			(2,842.18)		239,276.03	245,791.02	(1,468.74)	0.00
GNMA	2004 CDEF Single Family	6.97	02/16/95	12/20/24	495,617.77	533,593.52			(4,661.18)		490,956.59	524,926.33	(4,006.01)	0.00
GNMA	2004 CDEF Single Family	6.90	03/30/95	02/20/25	124,063.95	133,294.28			(1,023.68)		123,040.27	131,232.21	(1,038.39)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	7.06	03/30/95	12/20/24	75,521.95	80,373.04			(1,414.94)		74,107.01	78,782.25	(175.85)	0.00
GNMA	2004 CDEF Single Family	7.10	06/29/95	05/20/25	73,978.90	78,856.75			(861.76)		73,117.14	77,857.99	(137.00)	0.00
GNMA	2004 CDEF Single Family	7.06	08/15/95	06/20/25	32,399.62	34,498.62			(234.47)		32,165.15	34,210.14	(54.01)	0.00
GNMA	2004 CDEF Single Family	7.10	08/15/95	08/20/25	47,036.69	50,169.77			(464.67)		46,572.02	49,622.69	(82.41)	0.00
GNMA	2004 CDEF Single Family	4.49	02/24/05	02/20/35	1,953,265.97	1,837,812.83			(10,229.21)		1,943,036.76	1,817,685.74	(9,897.88)	0.00
GNMA	2004 CDEF Single Family	4.49	03/17/05	03/20/35	5,455,005.80	5,132,691.95			(28,144.53)		5,426,861.27	5,076,876.39	(27,671.03)	0.00
GNMA	2004 CDEF Single Family	4.49	03/24/05	03/20/35	1,863,538.11	1,753,441.72			(9,496.79)		1,854,041.32	1,734,482.46	(9,462.47)	0.00
GNMA	2004 CDEF Single Family	4.49	03/29/05	02/20/35	404,775.78	381,831.61			(1,844.80)		402,930.98	377,901.08	(2,085.73)	0.00
GNMA	2004 CDEF Single Family	4.49	04/07/05	04/20/35	2,536,814.47	2,386,980.03			(208,861.89)		2,327,952.58	2,177,870.73	(247.41)	0.00
GNMA	2004 CDEF Single Family	4.49	04/14/05	04/20/35	928,847.52	873,992.25			(4,141.45)		924,706.07	865,096.89	(4,753.91)	0.00
GNMA	2004 CDEF Single Family	4.49	04/21/05	04/20/35	481,731.08	454,438.12			(128,250.22)		353,480.86	331,532.16	5,344.26	0.00
GNMA	2004 CDEF Single Family	4.49	04/28/05	04/20/35	1,635,609.47	1,539,034.91			(122,978.57)		1,512,630.90	1,415,140.99	(915.35)	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/05	05/20/35	839,416.45	789,861.08			(3,703.91)		835,712.54	781,858.28	(4,298.89)	0.00
GNMA	2004 CDEF Single Family	4.49	05/12/05	05/20/35	221,390.92	208,852.65			(962.06)		220,428.86	206,746.57	(1,144.02)	0.00
GNMA	2004 CDEF Single Family	4.49	05/19/05	05/20/35	301,643.35	284,561.78			(1,613.51)		300,029.84	281,408.60	(1,539.67)	0.00
GNMA	2004 CDEF Single Family	4.49	07/14/05	07/20/35	1,849,111.82	1,744,503.62			(247,125.67)		1,601,986.15	1,502,649.07	5,271.12	0.00
GNMA	2004 CDEF Single Family	4.49	05/26/05	05/20/35	814,302.08	766,244.88			(4,216.93)		810,085.15	757,896.95	(4,131.00)	0.00
GNMA	2004 CDEF Single Family	4.49	06/02/05	06/20/35	1,058,635.42	996,168.57			(5,032.11)		1,053,603.31	985,736.84	(5,399.62)	0.00
GNMA	2004 CDEF Single Family	4.49	09/08/05	09/20/35	416,164.86	392,645.33			(1,782.03)		414,382.83	388,710.66	(2,152.64)	0.00
GNMA	2004 CDEF Single Family	4.49	09/15/05	09/20/35	322,955.45	304,705.50			(1,518.18)		321,437.27	301,525.48	(1,661.84)	0.00
GNMA	2004 CDEF Single Family	4.49	09/22/05	09/20/35	403,927.75	380,137.37			(1,861.65)		402,066.10	376,211.63	(2,064.09)	0.00
GNMA	2004 CDEF Single Family	4.49	07/21/05	07/20/35	522,653.47	491,837.64			(92,050.07)		430,603.40	402,887.01	3,099.44	0.00
GNMA	2004 CDEF Single Family	4.49	07/28/05	07/20/35	963,968.64	909,447.74			(4,840.10)		959,128.54	899,666.04	(4,941.60)	0.00
GNMA	2004 CDEF Single Family	4.49	08/04/05	07/20/35	486,458.84	458,948.10			(2,443.34)		484,015.50	454,011.50	(2,493.26)	0.00
GNMA	2004 CDEF Single Family	4.49	08/04/05	08/20/35	3,410,559.17	3,209,523.23			(267,140.68)		3,143,418.49	2,941,135.40	(1,247.15)	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	08/20/35	1,105,286.20	1,040,142.28			(5,041.80)		1,100,244.40	1,029,449.51	(5,650.97)	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	08/20/35	314,759.99	296,208.51			(1,355.71)		313,404.28	293,238.38	(1,614.42)	0.00
GNMA	2004 CDEF Single Family	4.49	08/30/05	08/20/35	579,699.92	545,543.20			(2,676.71)		577,023.21	539,904.66	(2,961.83)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	795,938.58	749,086.96			(3,366.82)		792,571.76	741,633.18	(4,086.96)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	334,916.87	315,202.54			(1,549.91)		333,366.96	311,941.46	(1,711.17)	0.00
GNMA	2004 CDEF Single Family	4.49	09/29/05	09/20/35	387,075.30	365,207.15			(1,716.50)		385,358.80	361,492.06	(1,998.59)	0.00
GNMA	2004 CDEF Single Family	4.49	10/06/05	10/20/35	398,353.48	375,851.58			(2,027.84)		396,325.64	371,783.44	(2,040.30)	0.00
GNMA	2004 CDEF Single Family	4.49	10/20/05	10/20/35	1,075,422.29	1,014,688.99			(5,332.30)		1,070,089.99	1,003,838.57	(5,518.12)	0.00
GNMA	2004 CDEF Single Family	4.49	12/08/05	11/20/35	988,860.88	930,694.60			(4,551.87)		984,309.01	921,087.53	(5,055.20)	0.00
GNMA	2004 CDEF Single Family	4.49	12/15/05	12/20/35	623,960.73	587,263.76			(3,368.31)		620,592.42	580,737.46	(3,157.99)	0.00
GNMA	2004 CDEF Single Family	4.49	11/03/05	11/20/35	1,022,295.77	962,129.72			(4,461.90)		1,017,833.87	952,427.31	(5,240.51)	0.00
GNMA	2004 CDEF Single Family	4.49	11/10/05	10/20/35	1,027,207.18	966,755.99			(4,379.59)		1,022,827.59	957,103.03	(5,273.37)	0.00
GNMA	2004 CDEF Single Family	4.49	11/17/05	11/20/35	733,461.05	690,303.10			(3,790.54)		729,670.51	682,790.45	(3,722.11)	0.00
GNMA	2004 CDEF Single Family	4.49	11/22/05	11/20/35	761,776.02	716,955.61			(221,143.35)		540,632.67	505,900.53	10,088.27	0.00
GNMA	2004 CDEF Single Family	4.49	11/29/05	11/20/35	655,943.06	617,353.86			(3,361.72)		652,581.34	610,660.90	(3,331.24)	0.00
GNMA	2004 CDEF Single Family	4.49	12/22/05	12/20/35	807,625.85	760,132.33			(104,091.33)		703,534.52	658,357.56	2,316.56	0.00
GNMA	2004 CDEF Single Family	4.49	12/29/05	12/20/35	718,485.24	676,237.90			(3,789.32)		714,695.92	668,807.04	(3,641.54)	0.00
GNMA	2004 CDEF Single Family	4.49	01/05/06	01/20/36	453,525.81	426,670.03			(1,932.28)		451,593.53	422,072.25	(2,665.50)	0.00
GNMA	2004 CDEF Single Family	4.49	01/12/06	01/20/36	520,943.81	490,099.29			(2,565.37)		518,378.44	484,494.76	(3,039.16)	0.00
GNMA	2004 CDEF Single Family	4.49	03/09/06	02/20/36	725,701.11	684,502.86			(2,996.58)		722,704.53	677,213.20	(4,293.08)	0.00
GNMA	2004 CDEF Single Family	4.49	03/02/06	02/20/36	434,318.08	409,659.24			(1,805.48)		432,512.60	405,284.81	(2,568.95)	0.00
GNMA	2004 CDEF Single Family	4.49	01/19/06	01/20/36	327,113.60	307,747.42			(1,718.39)		325,395.21	304,127.99	(1,901.04)	0.00
GNMA	2004 CDEF Single Family	4.49	01/26/06	01/20/36	699,627.85	658,212.30			(3,603.44)		696,024.41	650,537.50	(4,071.36)	0.00
GNMA	2004 CDEF Single Family	4.49	02/02/06	01/20/36	1,117,831.84	1,051,667.49			(5,023.06)		1,112,808.78	1,040,091.35	(6,553.08)	0.00
GNMA	2004 CDEF Single Family	4.49	02/09/06	02/20/36	1,201,662.08	1,130,546.11			(5,534.25)		1,196,127.83	1,117,977.12	(7,034.74)	0.00
GNMA	2004 CDEF Single Family	4.49	02/16/06	02/20/36	297,507.54	279,902.63			(1,228.90)		296,278.64	276,922.53	(1,751.20)	0.00
GNMA	2004 CDEF Single Family	4.49	02/23/06	02/20/36	313,070.48	295,293.50			(1,847.19)		311,223.29	291,628.91	(1,817.40)	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	05/20/36	836,717.65	787,276.00			(3,751.09)		832,966.56	778,618.29	(4,906.62)	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	04/20/36	150,628.57	142,087.83			(631.13)		149,997.44	140,565.94	(890.76)	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	04/20/36	247,104.46	233,093.47			(2,632.20)		244,472.26	229,100.39	(1,360.88)	0.00
GNMA	2004 CDEF Single Family	4.49	03/23/06	03/20/36	483,958.58	456,491.51			(2,005.57)		481,953.01	451,623.32	(2,862.62)	0.00
GNMA	2004 CDEF Single Family	4.49	04/06/06	03/20/36	202,025.21	190,561.97			(956.40)		201,068.81	188,417.86	(1,187.71)	0.00
GNMA	2004 CDEF Single Family	4.49	04/20/06	04/20/36	196,789.30	185,626.15			(837.58)		195,951.72	183,625.70	(1,162.87)	0.00
GNMA	2004 CDEF Single Family	4.49	04/27/06	04/20/36	572,931.82	540,435.27			(2,541.94)		570,389.88	534,514.23	(3,379.10)	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/06	04/20/36	585,217.11	552,027.65			(2,422.21)		582,794.90	546,143.43	(3,462.01)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	4.49	05/25/06	05/20/36	115,573.23	109,021.14			(1,762.42)		113,810.81	106,655.72	(603.00)	0.00
GNMA	2004 CDEF Single Family	4.49	06/01/06	05/20/36	634,995.28	597,485.45			(2,747.38)		632,247.90	591,007.76	(3,730.31)	0.00
GNMA	2004 CDEF Single Family	4.49	06/08/06	05/20/36	192,698.05	181,776.17			(798.22)		191,899.83	179,837.78	(1,140.17)	0.00
GNMA	2004 CDEF Single Family	4.49	06/15/06	06/20/36	227,332.39	214,449.43			(919.75)		226,412.64	212,183.18	(1,346.50)	0.00
GNMA	2004 CDEF Single Family	4.49	07/06/06	06/20/36	109,885.51	103,660.48			(454.36)		109,431.15	102,555.85	(650.27)	0.00
GNMA	2004 CDEF Single Family	4.49	07/13/06	06/20/36	362,413.27	341,884.58			(1,528.83)		360,884.44	338,213.35	(2,142.40)	0.00
GNMA	2004 CDEF Single Family	4.49	07/19/06	06/20/36	380,077.14	358,550.07			(1,761.30)		378,315.84	354,551.83	(2,236.94)	0.00
GNMA	2004 CDEF Single Family	4.49	07/27/06	07/20/36	427,628.19	403,411.97			(1,809.42)		425,818.77	399,074.89	(2,527.66)	0.00
GNMA	2004 CDEF Single Family	4.49	08/09/06	07/20/36	811,121.20	765,198.16			(3,257.10)		807,864.10	757,134.76	(4,806.30)	0.00
GNMA	2004 CDEF Single Family	4.49	08/16/06	06/20/36	200,938.01	189,562.51			(836.94)		200,101.07	187,536.79	(1,188.78)	0.00
GNMA	2004 CDEF Single Family	4.49	09/06/06	08/20/36	687,240.72	648,351.04			(2,824.90)		684,415.82	641,457.78	(4,068.36)	0.00
GNMA	2004 CDEF Single Family	4.49	09/12/06	09/20/36	215,100.21	202,929.52			(109,483.30)		105,616.91	98,988.56	5,542.34	0.00
GNMA	2004 CDEF Single Family	4.49	10/05/06	09/20/36	990,852.69	932,446.42			(4,028.73)		986,823.96	922,579.64	(5,838.05)	0.00
GNMA	2004 CDEF Single Family	4.49	11/02/06	10/20/36	1,036,648.18	978,045.52			(4,427.34)		1,032,220.84	967,491.16	(6,127.02)	0.00
GNMA	2004 CDEF Single Family	4.49	11/14/06	10/20/36	414,134.10	390,727.47			(1,971.00)		412,163.10	386,321.40	(2,435.07)	0.00
GNMA	2004 CDEF Single Family	4.49	11/21/06	11/20/36	536,607.02	506,282.37			(2,417.66)		534,189.36	500,701.43	(3,163.28)	0.00
GNMA	2004 CDEF Single Family	4.49	11/28/06	11/20/36	513,294.21	484,290.44			(2,063.54)		511,230.67	479,185.39	(3,041.51)	0.00
GNMA	2004 CDEF Single Family	4.49	12/12/06	11/20/36	550,148.50	519,069.62			(2,178.96)		547,969.54	513,628.65	(3,262.01)	0.00
GNMA	2004 CDEF Single Family	4.49	12/27/06	12/20/36	534,272.33	504,098.99			(2,078.93)		532,193.40	498,849.26	(3,170.80)	0.00
GNMA	2004 CDEF Single Family	4.49	01/09/07	12/20/36	396,860.84	374,452.81			(1,556.75)		395,304.09	370,541.51	(2,354.55)	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/07	12/20/36	231,154.74	218,107.64			(937.77)		230,216.97	215,800.33	(1,369.54)	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/08	01/20/38	66,375.62	62,624.90			(239.52)		66,136.10	62,051.05	(334.33)	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/08	01/20/38	124,650.49	117,606.81			(449.77)		124,200.72	116,529.17	(627.87)	0.00
GNMA	2004 CDEF Single Family	4.49	02/19/08	02/20/38	170,882.57	161,227.59			(819.58)		170,062.99	159,559.61	(848.40)	0.00
GNMA	2004 CDEF Single Family	4.49	03/26/08	12/20/37	465,718.01	439,543.54			(1,902.01)		463,816.00	435,092.42	(2,549.11)	0.00
FNMA	2004 CDEF Single Family	4.49	04/07/05	02/01/35	176,473.43	165,380.47			(2,278.86)		174,194.57	162,854.78	(246.83)	0.00
FNMA	2004 CDEF Single Family	4.49	05/27/05	04/01/35	258,364.59	242,129.62			(1,955.03)		256,409.56	239,723.24	(451.35)	0.00
FNMA	2004 CDEF Single Family	4.49	07/14/05	11/01/33	71,919.12	67,492.10			(802.80)		71,116.32	66,772.92	83.62	0.00
FNMA	2004 CDEF Single Family	4.49	12/08/05	11/01/35	349,755.15	327,807.39			(1,772.32)		347,982.83	325,366.64	(668.43)	0.00
FNMA	2004 CDEF Single Family	4.49	01/05/06	12/01/35	157,677.03	147,784.44			(1,423.15)		156,253.88	146,100.50	(260.79)	0.00
FNMA	2004 CDEF Single Family	4.49	01/12/06	11/01/35	110,013.16	103,111.08			(466.36)		109,546.80	102,428.65	(216.07)	0.00
FNMA	2004 CDEF Single Family	4.49	02/02/06	01/01/36	155,799.65	146,026.62			(1,159.54)		154,640.11	144,593.48	(273.60)	0.00
FNMA	2004 CDEF Single Family	4.49	04/20/06	04/01/36	250,973.92	235,239.28			(1,057.97)		249,915.95	233,022.56	(1,158.75)	0.00
FNMA	2004 CDEF Single Family	4.49	05/25/06	04/01/36	206,298.68	193,367.83			(1,156.46)		205,142.22	191,278.25	(933.12)	0.00
FNMA	2004 CDEF Single Family	4.49	07/06/06	05/01/36	127,658.80	119,659.41			(532.08)		127,126.72	118,537.47	(589.86)	0.00
FNMA	2004 CDEF Single Family	4.49	08/02/06	07/01/36	241,710.64	226,567.45			(3,564.15)		238,146.49	222,059.16	(944.14)	0.00
FNMA	2004 CDEF Single Family	4.49	09/12/06	08/01/36	298,293.67	279,610.88			(3,402.92)		294,890.75	274,975.46	(1,232.50)	0.00
FNMA	2004 CDEF Single Family	4.49	11/14/06	01/01/36	380,048.30	356,252.92			(1,529.38)		378,518.92	352,963.30	(1,760.24)	0.00
FNMA	2004 CDEF Single Family	4.49	01/09/07	09/01/36	76,556.86	71,765.69			(359.10)		76,197.76	71,055.49	(351.10)	0.00
FNMA	2004 CDEF Single Family	4.49	01/30/07	01/01/37	154,558.85	144,859.86			(629.55)		153,929.30	143,510.52	(719.79)	0.00
FNMA	2004 CDEF Single Family	4.49	02/13/08	01/01/38	470,900.60	443,760.55			(1,728.06)		469,172.54	439,793.26	(2,239.23)	0.00
Repo Agmt	2004 CDEF Single Family				6,279.51	6,279.51		(6,279.51)					-	0.00
Repo Agmt	2004 CDEF Single Family	2.10	08/29/08	09/02/08	673,147.26	673,147.26		(201,994.41)			471,152.85	471,152.85	-	0.00
Freddie Mac	2004 CDEF Single Family				2,481.23	2,468.93			(2,481.23)				12.30	0.00
GNMA	2004 CDEF Single Family	5.38	08/07/07	07/20/37			9,482.78				9,482.78	9,466.84	(15.94)	0.00
GNMA	2004 CDEF Single Family	5.63	08/07/07	08/20/37			23,954.73				23,954.73	24,160.31	205.58	0.00
GNMA	2004 CDEF Single Family	5.63	11/21/07	10/20/37	1,467.22	1,492.46			(6.56)		1,460.66	1,473.37	(12.53)	0.00
GNMA	2004 CDEF Single Family	5.38	11/21/07	10/20/37	13,537.15	13,610.15			(42.44)		13,494.71	13,473.65	(94.06)	0.00
GNMA	2004 CDEF Single Family	5.38	09/25/07	09/20/37	39,712.54	39,924.18			(140.92)		39,571.62	39,507.39	(275.87)	0.00
GNMA	2004 CDEF Single Family	5.13	09/25/07	09/20/37	23,319.14	23,159.32			(76.90)		23,242.24	22,888.24	(194.18)	0.00
GNMA	2004 CDEF Single Family	5.63	09/25/07	08/20/37			6,271.75				6,271.75	6,325.91	54.16	0.00
GNMA	2004 CDEF Single Family	5.63	09/25/07	09/20/37			2,808.00				2,808.00	2,832.24	24.24	0.00
GNMA	2004 CDEF Single Family	5.38	10/09/07	09/20/37	25,495.96	25,632.24			(88.04)		25,407.92	25,367.08	(177.12)	0.00
GNMA	2004 CDEF Single Family	5.63	10/09/07	06/20/37	2,100.54	2,136.57			(6.36)		2,094.18	2,112.28	(17.93)	0.00
GNMA	2004 CDEF Single Family	5.13	10/09/07	09/20/37	8,710.02	8,650.46			(28.91)		8,681.11	8,549.02	(72.53)	0.00
GNMA	2004 CDEF Single Family	5.38	08/23/07	08/20/37			19,164.07				19,164.07	19,132.27	(31.80)	0.00
GNMA	2004 CDEF Single Family	5.13	08/23/07	07/20/37			23,920.22				23,920.22	23,555.01	(365.21)	0.00
GNMA	2004 CDEF Single Family	5.38	09/11/07	09/20/37			12,964.69				12,964.69	12,943.46	(21.23)	0.00
GNMA	2004 CDEF Single Family	5.63	09/11/07	08/20/37			14,193.35				14,193.35	14,315.70	122.35	0.00
GNMA	2004 CDEF Single Family	5.13	09/11/07	08/20/37			9,562.24				9,562.24	9,399.03	(163.21)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	5.38	11/28/07	11/20/37	15,643.78	15,728.27			(48.40)		15,595.38	15,571.18	(108.69)	0.00
GNMA	2004 CDEF Single Family	5.13	12/11/07	11/20/37	9,237.02	9,157.31			(30.57)		9,206.45	9,050.25	(76.49)	0.00
GNMA	2004 CDEF Single Family	5.38	10/25/07	10/20/37	12,828.54	12,897.35			(40.11)		12,788.43	12,768.11	(89.13)	0.00
GNMA	2004 CDEF Single Family	5.13	10/25/07	10/20/37	26,097.57	25,870.98			(114.45)		25,983.12	25,540.91	(215.62)	0.00
GNMA	2004 CDEF Single Family	5.63	10/25/07	09/20/36	3,685.20	3,749.20			(35.81)		3,649.39	3,680.00	(33.39)	0.00
GNMA	2004 CDEF Single Family	5.38	10/25/07	10/20/37	23,687.26	23,814.30			(86.52)		23,600.74	23,563.23	(164.55)	0.00
GNMA	2004 CDEF Single Family	5.38	11/08/07	10/20/37	20,899.42	21,011.83			(66.18)		20,833.24	20,800.45	(145.20)	0.00
GNMA	2004 CDEF Single Family	5.13	11/08/07	10/20/37	8,335.19	8,278.46			(27.87)		8,307.32	8,181.18	(69.41)	0.00
GNMA	2004 CDEF Single Family	5.63	01/16/08	12/20/37	1,398.78	1,422.93			(4.09)		1,394.69	1,406.91	(11.93)	0.00
GNMA	2004 CDEF Single Family	5.38	12/28/07	11/20/37	5,950.30	5,982.62			(18.39)		5,931.91	5,922.89	(41.34)	0.00
GNMA	2004 CDEF Single Family	5.63	12/28/07	12/20/37	1,464.29	1,489.54			(4.35)		1,459.94	1,472.69	(12.50)	0.00
GNMA	2004 CDEF Single Family	5.63	12/28/07	12/20/37	22,252.30	22,636.02			(72.87)		22,179.43	22,373.31	(189.84)	0.00
GNMA	2004 CDEF Single Family	5.38	12/11/07	11/20/37	22,629.12	22,751.65			(3,644.86)		18,984.26	18,955.07	(151.72)	0.00
GNMA	2004 CDEF Single Family	5.13	12/20/07	10/20/37	2,399.61	2,383.40			(7.81)		2,391.80	2,355.60	(19.99)	0.00
GNMA	2004 CDEF Single Family	5.38	12/20/07	11/20/37	5,044.28	5,071.64			(34.24)		5,010.04	5,002.38	(35.02)	0.00
GNMA	2004 CDEF Single Family	5.13	12/20/07	12/20/37	1,678.94	1,667.59			(5.40)		1,673.54	1,648.20	(13.99)	0.00
GNMA	2004 CDEF Single Family	5.38	01/16/08	12/20/37	3,181.64	3,198.99			(11.17)		3,170.47	3,165.72	(22.10)	0.00
GNMA	2004 CDEF Single Family	5.38	01/30/08	12/20/37	1,967.65	1,978.41			(7.57)		1,960.08	1,957.18	(13.66)	0.00
GNMA	2004 CDEF Single Family	5.63	01/30/08	12/20/37	6,597.89	6,711.91			(20.28)		6,577.61	6,635.34	(56.29)	0.00
GNMA	2004 CDEF Single Family	5.38	02/13/08	12/20/37	3,385.75	3,404.31			(18.37)		3,367.38	3,362.44	(23.50)	0.00
GNMA	2004 CDEF Single Family	5.63	01/30/08	01/20/38	1,453.35	1,478.28			(4.76)		1,448.59	1,460.81	(12.71)	0.00
GNMA	2004 CDEF Single Family	5.38	01/30/08	09/20/37	2,829.78	2,845.26			(17.43)		2,812.35	2,808.18	(19.65)	0.00
GNMA	2004 CDEF Single Family	5.63	02/13/08	01/20/38	4,192.73	4,264.69			(16.10)		4,176.63	4,211.91	(36.68)	0.00
GNMA	2004 CDEF Single Family	5.38	02/19/08	12/20/37	3,032.97	3,049.63			(16.41)		3,016.56	3,012.15	(21.07)	0.00
GNMA	2004 CDEF Single Family	5.63	02/19/08	01/20/38	4,767.70	4,849.58			(13.87)		4,753.83	4,794.04	(41.67)	0.00
GNMA	2004 CDEF Single Family	5.13	02/27/08	02/20/38	3,864.20	3,829.95			(17.04)		3,847.16	3,779.02	(33.89)	0.00
GNMA	2004 CDEF Single Family	5.38	02/27/08	02/20/38	6,127.71	6,148.65			(18.68)		6,109.03	6,086.01	(43.96)	0.00
GNMA	2004 CDEF Single Family	5.38	03/20/08	02/20/38	6,064.01	6,097.09			(20.09)		6,043.92	6,033.27	(43.73)	0.00
GNMA	2004 CDEF Single Family	5.63	03/20/08	02/20/38	2,425.58	2,467.32			(6.98)		2,418.60	2,439.12	(21.22)	0.00
GNMA	2004 CDEF Single Family	5.13	03/20/08	10/20/37	2,232.24	2,217.37			(7.26)		2,224.98	2,191.51	(18.60)	0.00
GNMA	2004 CDEF Single Family	5.38	03/27/08	03/20/38	7,059.89	7,098.47			(21.40)		7,038.49	7,026.15	(50.92)	0.00
GNMA	2004 CDEF Single Family				4,835.74	4,862.31			(4,835.74)				(26.57)	0.00
GNMA	2004 CDEF Single Family				7,175.02	7,126.14			(7,175.02)				48.88	0.00
GNMA	2004 CDEF Single Family				6,521.69	6,557.52			(6,521.69)				(35.83)	0.00
GNMA	2004 CDEF Single Family				5,656.52	5,754.06			(5,656.52)				(97.54)	0.00
GNMA	2004 CDEF Single Family				2,449.26	2,462.76			(2,449.26)				(13.50)	0.00
GNMA	2004 CDEF Single Family				9,165.67	9,103.36			(9,165.67)				62.31	0.00
GNMA	2004 CDEF Single Family				5,897.34	5,999.14			(5,897.34)				(101.80)	0.00
GNMA	2004 CDEF Single Family				7,364.13	7,404.75			(7,364.13)				(40.62)	0.00
GNMA	2004 CDEF Single Family				12,473.91	12,366.08			(12,473.91)				107.83	0.00
FNMA	2004 CDEF Single Family	5.63	07/03/07	07/01/37			13,820.13				13,820.13	13,735.84	(84.29)	0.00
FNMA	2004 CDEF Single Family	5.38	08/07/07	07/01/37			41,642.40				41,642.40	41,279.24	(363.16)	0.00
FNMA	2004 CDEF Single Family	5.63	08/07/07	07/01/37			10,203.90				10,203.90	10,240.40	36.50	0.00
FNMA	2004 CDEF Single Family	5.13	08/07/07	08/01/37			36,456.88				36,456.88	35,653.79	(803.09)	0.00
FNMA	2004 CDEF Single Family	5.13	08/29/07	08/01/37			16,745.23				16,745.23	16,376.66	(368.57)	0.00
FNMA	2004 CDEF Single Family	5.38	08/23/07	07/01/37			15,451.08				15,451.08	15,316.55	(134.53)	0.00
FNMA	2004 CDEF Single Family	0.99	09/11/07	08/01/37			14,798.37				14,798.37	14,669.78	(128.59)	0.00
FNMA	2004 CDEF Single Family	5.13	09/11/07	09/01/37			6,883.42				6,883.42	6,731.99	(151.43)	0.00
FNMA	2004 CDEF Single Family	5.63	09/11/07	08/01/37			5,946.80				5,946.80	5,968.28	21.48	0.00
FNMA	2004 CDEF Single Family	5.38	09/25/07	09/01/37	41,792.53	41,654.59			(159.79)		41,632.74	41,271.52	(223.28)	0.00
FNMA	2004 CDEF Single Family	5.63	09/25/07	07/01/37			3,705.96				3,705.96	3,719.38	13.42	0.00
FNMA	2004 CDEF Single Family	5.13	09/25/07	09/01/37	20,135.14	19,795.42			(82.06)		20,053.08	19,612.23	(101.13)	0.00
FNMA	2004 CDEF Single Family	5.38	10/09/07	08/01/37	6,936.14	6,955.01			(24.69)		6,911.45	6,885.28	(45.04)	0.00
FNMA	2004 CDEF Single Family	5.13	10/09/07	09/01/37	9,951.38	9,864.39			(32.88)		9,918.50	9,746.64	(84.87)	0.00
FNMA	2004 CDEF Single Family	5.63	10/09/07	09/01/37	5,776.15	5,884.16			(17.65)		5,758.50	5,802.01	(64.50)	0.00
FNMA	2004 CDEF Single Family	5.38	10/25/07	10/01/37	41,471.40	41,584.91			(152.51)		41,318.89	41,163.09	(269.31)	0.00
FNMA	2004 CDEF Single Family	5.13	10/25/07	10/01/37	20,442.30	20,263.92			(80.86)		20,361.44	20,008.94	(174.12)	0.00
FNMA	2004 CDEF Single Family	5.38	11/08/07	09/01/37	14,265.31	14,304.53			(78.43)		14,186.88	14,133.56	(92.54)	0.00
FNMA	2004 CDEF Single Family	5.13	11/08/07	10/01/37	6,466.68	6,410.32			(39.97)		6,426.71	6,315.52	(54.83)	0.00
FNMA	2004 CDEF Single Family	5.38	11/21/07	10/01/37	9,088.98	9,114.08			(30.42)		9,058.56	9,024.62	(59.04)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2004 CDEF Single Family	5.13	11/21/07	09/01/37	8,130.00	8,059.25			(27.66)		8,102.34	7,962.25	(69.34)	0.00
FNMA	2004 CDEF Single Family	5.38	11/21/07	11/01/37	12,921.53	12,957.23			(41.65)		12,879.88	12,831.64	(83.94)	0.00
FNMA	2004 CDEF Single Family	5.38	12/11/07	10/01/37	23,328.88	23,393.71			(77.72)		23,251.16	23,164.47	(151.52)	0.00
FNMA	2004 CDEF Single Family	5.13	12/11/07	11/01/37	11,728.03	11,626.19			(38.55)		11,689.48	11,487.59	(100.05)	0.00
FNMA	2004 CDEF Single Family	5.38	12/11/07	11/01/37	6,542.82	6,561.01			(39.94)		6,502.88	6,478.64	(42.43)	0.00
FNMA	2004 CDEF Single Family	5.13	12/11/07	12/01/37	8,257.89	8,186.20			(35.26)		8,222.63	8,080.63	(70.31)	0.00
FNMA	2004 CDEF Single Family	5.13	12/20/07	11/01/37	7,302.23	7,238.89			(33.07)		7,269.16	7,143.69	(62.13)	0.00
FNMA	2004 CDEF Single Family	5.38	12/20/07	10/01/37	1,682.84	1,687.54			(18.01)		1,664.83	1,658.63	(10.90)	0.00
FNMA	2004 CDEF Single Family	5.63	12/28/07	10/01/37	28,520.30	29,055.69			(1,617.61)		26,902.69	27,107.89	(330.19)	0.00
FNMA	2004 CDEF Single Family	5.13	01/16/08	12/01/37	6,974.91	6,914.57			(26.23)		6,948.68	6,828.89	(59.45)	0.00
FNMA	2004 CDEF Single Family	5.13	01/30/08	12/01/37	3,871.14	3,837.72			(18.06)		3,853.08	3,786.71	(32.95)	0.00
FNMA	2004 CDEF Single Family	5.38	01/30/08	11/01/37	1,431.84	1,435.88			(4.45)		1,427.39	1,422.14	(9.29)	0.00
FNMA	2004 CDEF Single Family	5.13	01/30/08	12/01/37	5,309.27	5,263.42			(17.88)		5,291.39	5,200.27	(45.27)	0.00
FNMA	2004 CDEF Single Family	5.13	02/13/08	01/01/38	2,333.44	2,312.80			(7.50)		2,325.94	2,284.36	(20.94)	0.00
FNMA	2004 CDEF Single Family	5.38	02/13/08	01/01/38	9,164.84	9,190.31			(28.07)		9,136.77	9,100.48	(61.76)	0.00
FNMA	2004 CDEF Single Family	5.63	02/19/08	04/01/37	3,457.29	3,522.36			(20.08)		3,437.21	3,463.58	(38.70)	0.00
FNMA	2004 CDEF Single Family	5.38	02/19/08	12/01/37	4,751.32	4,764.84			(14.73)		4,736.59	4,719.24	(30.87)	0.00
FNMA	2004 CDEF Single Family	5.13	02/19/08	01/01/38	5,176.10	5,130.33			(23.76)		5,152.34	5,060.24	(46.33)	0.00
FNMA	2004 CDEF Single Family	5.13	02/27/08	02/01/38	3,882.75	3,848.45			(12.45)		3,870.30	3,801.16	(34.84)	0.00
FNMA	2004 CDEF Single Family	5.38	03/20/08	11/01/37	5,695.59	5,711.95			(18.91)		5,676.68	5,656.03	(37.01)	0.00
FNMA	2004 CDEF Single Family				3,715.23	3,682.55			(3,715.23)				32.68	0.00
FNMA	2004 CDEF Single Family				3,262.33	3,323.90			(3,262.33)				(61.57)	0.00
FNMA	2004 CDEF Single Family				5,379.27	5,394.85			(5,379.27)				(15.58)	0.00
FNMA	2004 CDEF Single Family				2,447.30	2,425.79			(2,447.30)				21.51	0.00
FNMA	2004 CDEF Single Family				3,553.87	3,564.22			(3,553.87)				(10.35)	0.00
	2004 CDEF Single Family Total				74,787,693.43	71,345,380.06	5,621,674.11	(2,885,723.48)	(1,934,665.29)	0.00	75,588,978.77	71,856,125.78	(290,539.62)	0.00
Repo Agmt	2005 BCD Single Family	2.10	08/29/08	09/02/08	6,222.80	6,222.80	32.80				6,255.60	6,255.60	-	0.00
Repo Agmt	2005 BCD Single Family	2.10	08/29/08	09/02/08	7,439.45	7,439.45	428,737.40				436,176.85	436,176.85	-	0.00
Repo Agmt	2005 BCD Single Family	2.10	08/29/08	09/02/08	1,040,417.90	1,040,417.90	677,733.88				1,718,151.78	1,718,151.78	-	0.00
GNMA	2005 BCD Single Family	5.13	08/10/06	07/20/36	16,009.35	15,908.70			(58.16)		15,951.19	15,716.70	(133.84)	0.00
GNMA	2005 BCD Single Family	5.38	08/16/06	08/20/36	7,948.67	7,985.66			(27.03)		7,921.64	7,903.99	(54.64)	0.00
GNMA	2005 BCD Single Family	5.63	08/16/06	08/20/36	5,192.14	5,277.30			(16.82)		5,175.32	5,213.80	(46.68)	0.00
GNMA	2005 BCD Single Family	5.38	08/23/06	08/20/36	13,788.16	13,852.45			(54.52)		13,733.64	13,703.17	(94.76)	0.00
GNMA	2005 BCD Single Family	5.13	08/23/06	08/01/36	20,703.51	20,535.34			(76.10)		20,627.41	20,286.72	(172.52)	0.00
GNMA	2005 BCD Single Family	5.38	09/06/06	08/20/36	53,511.65	53,761.85			(208.03)		53,303.62	53,186.04	(367.78)	0.00
GNMA	2005 BCD Single Family	5.63	09/06/06	09/20/36	20,776.37	21,086.53			(68.12)		20,708.25	20,831.97	(186.44)	0.00
GNMA	2005 BCD Single Family	5.13	09/06/06	08/20/36	46,372.50	46,082.47			(3,529.02)		42,843.48	42,215.02	(338.43)	0.00
GNMA	2005 BCD Single Family	5.38	09/12/06	09/20/36	25,075.96	25,193.39			(97.42)		24,978.54	24,923.65	(172.32)	0.00
GNMA	2005 BCD Single Family	5.13	09/12/06	09/20/36	34,187.09	33,937.63			(124.51)		34,062.58	33,528.07	(285.05)	0.00
GNMA	2005 BCD Single Family	5.63	09/12/06	09/20/36	7,294.64	7,414.49			(93.11)		7,201.53	7,255.30	(66.08)	0.00
GNMA	2005 BCD Single Family	5.38	09/20/06	09/20/36	46,919.24	47,139.33			(160.55)		46,758.69	46,656.32	(322.46)	0.00
GNMA	2005 BCD Single Family	5.13	09/20/06	09/20/36	84,785.40	84,010.55			(330.68)		84,454.72	82,975.56	(704.31)	0.00
GNMA	2005 BCD Single Family	5.63	09/20/06	09/20/36	7,598.39	7,723.30			(27.13)		7,571.26	7,627.87	(68.30)	0.00
GNMA	2005 BCD Single Family	5.13	09/26/06	09/20/36	31,129.52	30,902.82			(120.47)		31,009.05	30,522.88	(259.47)	0.00
GNMA	2005 BCD Single Family	5.38	09/26/06	09/20/36	39,422.32	39,607.50			(169.38)		39,252.94	39,167.25	(270.87)	0.00
GNMA	2005 BCD Single Family	5.38	10/05/06	10/20/36	75,586.75	75,942.63			(284.85)		75,301.90	75,138.32	(519.46)	0.00
GNMA	2005 BCD Single Family	5.63	10/17/06	10/20/36	40,657.58	41,266.28			(152.46)		40,505.12	40,748.83	(364.99)	0.00
GNMA	2005 BCD Single Family	5.13	10/05/06	10/20/36	70,506.27	69,863.09			(251.08)		70,255.19	69,025.90	(586.11)	0.00
GNMA	2005 BCD Single Family	5.38	10/17/06	10/20/36	48,225.55	48,453.18			(207.70)		48,017.85	47,914.06	(331.42)	0.00
GNMA	2005 BCD Single Family	5.13	10/17/06	10/20/36	74,601.33	74,059.74			(282.86)		74,318.47	73,154.89	(621.99)	0.00
GNMA	2005 BCD Single Family	5.63	10/24/06	10/20/36	39,595.16	40,247.51			(3,149.78)		36,445.38	36,719.10	(378.63)	0.00
GNMA	2005 BCD Single Family	5.38	10/24/06	10/20/36	55,494.86	55,757.21			(194.71)		55,300.15	55,181.04	(381.46)	0.00
GNMA	2005 BCD Single Family	5.13	10/24/06	10/20/36	73,797.24	73,261.99			(283.82)		73,513.42	72,362.94	(615.23)	0.00
GNMA	2005 BCD Single Family	5.38	11/02/06	11/20/36	44,716.05	44,927.94			(181.33)		44,534.72	44,439.28	(307.33)	0.00
GNMA	2005 BCD Single Family	5.13	11/02/06	10/20/36	46,435.63	46,099.24			(168.13)		46,267.50	45,543.83	(387.28)	0.00
GNMA	2005 BCD Single Family	5.63	11/14/06	11/20/36	37,144.16	37,756.97			(785.71)		36,358.45	36,632.36	(338.90)	0.00
GNMA	2005 BCD Single Family	5.38	11/14/06	10/20/36	31,702.21	31,852.74			(109.95)		31,592.26	31,524.87	(217.92)	0.00
GNMA	2005 BCD Single Family	5.13	11/14/06	11/20/36	43,063.00	42,751.62			(160.50)		42,902.50	42,232.05	(359.07)	0.00
GNMA	2005 BCD Single Family	5.38	11/21/06	11/20/36	58,513.18	58,791.53			(211.62)		58,301.56	58,177.75	(402.16)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2005 BCD Single Family	5.63	11/21/06	11/20/36	16,647.51	16,897.38			(67.72)		16,579.79	16,680.18	(149.48)	0.00
GNMA	2005 BCD Single Family	5.13	11/21/06	11/20/36	27,646.43	27,446.71			(98.33)		27,548.10	27,117.79	(230.59)	0.00
GNMA	2005 BCD Single Family	5.38	11/28/06	11/20/36	45,919.64	46,138.42			(155.38)		45,764.26	45,667.39	(315.65)	0.00
GNMA	2005 BCD Single Family	5.63	11/28/06	11/20/36	5,852.18	5,948.83			(19.56)		5,832.62	5,876.67	(52.60)	0.00
GNMA	2005 BCD Single Family	5.13	11/28/06	11/20/36	8,514.67	8,453.21			(30.10)		8,484.57	8,352.08	(71.03)	0.00
GNMA	2005 BCD Single Family	5.38	12/12/06	12/20/36	40,231.76	40,427.98			(197.68)		40,034.08	39,953.79	(276.51)	0.00
GNMA	2005 BCD Single Family	5.63	12/12/06	12/20/36	27,357.77	27,809.94			(93.83)		27,263.94	27,470.12	(245.99)	0.00
GNMA	2005 BCD Single Family	5.13	12/12/06	11/20/36	49,931.48	49,571.82			(220.31)		49,711.17	48,935.71	(415.80)	0.00
GNMA	2005 BCD Single Family	5.38	12/27/06	12/20/36	78,079.41	78,453.81			(274.98)		77,804.43	77,642.06	(536.77)	0.00
GNMA	2005 BCD Single Family	5.63	12/27/06	12/20/36	21,728.13	22,055.09			(75.04)		21,653.09	21,784.99	(195.06)	0.00
GNMA	2005 BCD Single Family	5.13	12/27/06	12/20/36	49,720.17	49,362.88			(176.86)		49,543.31	48,771.26	(414.76)	0.00
GNMA	2005 BCD Single Family	5.38	01/10/07	12/20/36	46,698.74	46,923.32			(161.26)		46,537.48	46,441.00	(321.06)	0.00
GNMA	2005 BCD Single Family	5.63	01/09/07	12/20/36	19,504.29	19,798.06			(91.15)		19,413.14	19,531.67	(175.24)	0.00
GNMA	2005 BCD Single Family	5.13	01/09/07	01/20/37	30,007.27	29,778.72			(108.84)		29,898.43	29,420.57	(249.31)	0.00
GNMA	2005 BCD Single Family	5.38	01/16/07	12/20/36	26,214.26	26,340.50			(98.50)		26,115.76	26,061.78	(180.22)	0.00
GNMA	2005 BCD Single Family	5.63	01/16/07	01/20/37	19,211.70	19,526.07			(66.22)		19,145.48	19,296.23	(163.62)	0.00
GNMA	2005 BCD Single Family	5.13	01/30/07	01/20/37	50,687.62	50,302.63			(182.26)		50,505.36	49,699.21	(421.16)	0.00
GNMA	2005 BCD Single Family	5.38	01/30/07	01/20/37	38,700.44	38,877.63			(194.66)		38,505.78	38,414.77	(268.20)	0.00
GNMA	2005 BCD Single Family	5.63	01/30/07	01/20/37	10,077.90	10,242.96			(34.47)		10,043.43	10,122.66	(85.83)	0.00
GNMA	2005 BCD Single Family	5.38	02/13/07	01/20/37	45,393.00	45,601.52			(169.70)		45,223.30	45,117.04	(314.78)	0.00
GNMA	2005 BCD Single Family	5.13	02/13/07	01/20/37	48,327.86	47,961.51			(189.37)		48,138.49	47,370.77	(401.37)	0.00
GNMA	2005 BCD Single Family	5.63	02/13/07	02/20/37	5,633.62	5,725.96			(17.78)		5,615.84	5,660.20	(47.98)	0.00
FNMA	2005 BCD Single Family	5.38	08/09/06	08/01/36	12,515.46	12,413.21			(65.15)		12,450.31	12,292.40	(55.66)	0.00
FNMA	2005 BCD Single Family	5.13	08/10/06	07/01/36	7,689.84	7,531.15			(55.56)		7,634.28	7,446.55	(29.04)	0.00
FNMA	2005 BCD Single Family	5.38	08/23/06	08/01/36	11,549.83	11,455.53			(65.76)		11,484.07	11,338.49	(51.28)	0.00
FNMA	2005 BCD Single Family	5.63	08/23/06	08/01/36	15,706.37	15,770.05			(63.02)		15,643.35	15,632.10	(74.93)	0.00
FNMA	2005 BCD Single Family	5.13	08/23/06	08/01/36	16,571.32	16,229.43			(416.41)		16,154.91	15,757.74	(55.28)	0.00
FNMA	2005 BCD Single Family	5.38	09/06/06	09/01/36	20,775.07	20,605.58			(80.35)		20,694.72	20,432.50	(92.73)	0.00
FNMA	2005 BCD Single Family	5.63	09/06/06	08/01/36	7,829.32	7,861.10			(27.01)		7,802.31	7,796.73	(37.36)	0.00
FNMA	2005 BCD Single Family	5.13	09/12/06	09/01/36	24,684.06	24,149.45			(96.85)		24,587.21	23,957.84	(94.76)	0.00
FNMA	2005 BCD Single Family	5.38	09/12/06	09/01/36	19,591.04	19,431.25			(97.68)		19,493.36	19,246.40	(87.17)	0.00
FNMA	2005 BCD Single Family	5.63	09/20/06	09/01/36	8,086.72	8,119.62			(27.80)		8,058.92	8,053.24	(38.58)	0.00
FNMA	2005 BCD Single Family	5.38	09/20/06	09/01/36	18,191.81	18,043.51			(68.37)		18,123.44	17,893.91	(81.23)	0.00
FNMA	2005 BCD Single Family	5.13	09/20/06	09/01/36	14,870.88	14,548.86			(57.94)		14,812.94	14,433.82	(57.10)	0.00
FNMA	2005 BCD Single Family	5.38	09/26/06	09/01/36	19,759.85	19,598.83			(1,884.23)		17,875.62	17,649.29	(65.31)	0.00
FNMA	2005 BCD Single Family	5.38	10/05/06	09/01/36	27,305.52	27,083.13			(3,046.49)		24,259.03	23,951.96	(84.68)	0.00
FNMA	2005 BCD Single Family	5.63	10/17/06	09/01/36	15,718.95	15,783.06			(53.00)		15,665.95	15,655.05	(75.01)	0.00
FNMA	2005 BCD Single Family	5.13	10/17/06	10/01/36	33,380.76	32,658.28			(192.28)		33,188.48	32,339.42	(126.58)	0.00
FNMA	2005 BCD Single Family	5.38	10/17/06	10/01/36	28,857.51	28,622.64			(146.89)		28,710.62	28,347.39	(128.36)	0.00
FNMA	2005 BCD Single Family	5.38	10/24/06	11/01/36	40,448.41	40,119.34			(167.61)		40,280.80	39,771.31	(180.42)	0.00
FNMA	2005 BCD Single Family	5.38	11/02/06	11/01/36	41,539.52	41,201.74			(166.23)		41,373.29	40,850.16	(185.35)	0.00
FNMA	2005 BCD Single Family	5.63	11/02/06	10/01/36	12,667.81	12,719.57			(49.54)		12,618.27	12,609.57	(60.46)	0.00
FNMA	2005 BCD Single Family	5.13	11/02/06	10/01/36	19,411.42	18,991.39			(137.54)		19,273.88	18,780.89	(72.96)	0.00
FNMA	2005 BCD Single Family	5.38	11/14/06	11/01/36	27,304.10	27,082.21			(142.76)		27,161.34	26,818.03	(121.42)	0.00
FNMA	2005 BCD Single Family	5.63	11/14/06	11/01/36	11,422.68	11,469.42			(55.71)		11,366.97	11,359.20	(54.51)	0.00
FNMA	2005 BCD Single Family	5.13	11/14/06	11/01/36	10,790.35	10,556.98			(43.67)		10,746.68	10,471.91	(41.40)	0.00
FNMA	2005 BCD Single Family	5.38	11/21/06	10/01/36	13,306.75	13,198.66			(47.06)		13,259.69	13,092.13	(59.47)	0.00
FNMA	2005 BCD Single Family	5.63	11/21/06	11/01/36	8,403.62	8,438.03			(35.91)		8,367.71	8,362.02	(40.10)	0.00
FNMA	2005 BCD Single Family	5.13	11/21/06	11/01/36	5,057.69	4,948.30			(37.60)		5,020.09	4,891.74	(18.96)	0.00
FNMA	2005 BCD Single Family	5.38	11/28/06	11/01/36	6,397.20	6,345.23			(23.15)		6,374.05	6,293.51	(28.57)	0.00
FNMA	2005 BCD Single Family	5.13	11/28/06	11/01/36	6,427.93	6,288.93			(29.74)		6,398.19	6,234.63	(24.56)	0.00
FNMA	2005 BCD Single Family	5.63	11/28/06	11/01/36	8,541.30	8,576.31			(57.94)		8,483.36	8,477.64	(40.73)	0.00
FNMA	2005 BCD Single Family	5.38	12/12/06	11/01/36	9,017.19	8,944.04			(30.84)		8,986.35	8,872.89	(40.31)	0.00
FNMA	2005 BCD Single Family	5.63	12/12/06	11/01/36	9,093.57	9,130.87			(33.14)		9,060.43	9,054.33	(43.40)	0.00
FNMA	2005 BCD Single Family	5.13	12/12/06	11/01/36	12,571.86	12,300.11			(98.97)		12,472.89	12,154.13	(47.01)	0.00
FNMA	2005 BCD Single Family	5.38	12/27/06	11/01/36	30,960.51	30,709.51			(109.13)		30,851.38	30,462.03	(138.35)	0.00
FNMA	2005 BCD Single Family	5.63	12/27/06	12/01/36	10,558.48	10,601.92			(40.91)		10,517.57	10,510.62	(50.39)	0.00
FNMA	2005 BCD Single Family	5.13	12/27/06	10/01/36	8,403.32	8,221.70			(31.20)		8,372.12	8,158.19	(32.31)	0.00
FNMA	2005 BCD Single Family	5.38	01/09/07	12/01/36	37,686.08	37,380.77			(148.36)		37,537.72	37,064.21	(168.20)	0.00
FNMA	2005 BCD Single Family	5.63	01/09/07	12/01/36	8,130.92	8,164.38			(37.26)		8,093.66	8,088.32	(38.80)	0.00

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FNMA	2005 BCD Single Family	5.13	01/09/07	12/01/36	10,462.34	10,236.29			(37.21)		10,425.13	10,158.82	(40.26)	0.00
FNMA	2005 BCD Single Family	5.38	01/30/07	12/01/36	32,976.27	32,709.45			(115.48)		32,860.79	32,446.57	(147.40)	0.00
FNMA	2005 BCD Single Family	5.63	01/30/07	12/01/36	20,695.47	20,780.88			(77.80)		20,617.67	20,604.28	(98.80)	0.00
FNMA	2005 BCD Single Family	5.13	01/30/07	01/01/37	7,797.54	7,629.14			(39.76)		7,757.78	7,559.66	(29.72)	0.00
FNMA	2005 BCD Single Family	5.38	02/13/07	01/01/37	22,403.98	22,222.83			(92.76)		22,311.22	22,030.14	(99.93)	0.00
FNMA	2005 BCD Single Family	5.63	02/13/07	01/01/37	7,054.38	7,083.53			(23.69)		7,030.69	7,026.18	(33.66)	0.00
FNMA	2005 BCD Single Family	5.13	02/13/07	01/01/37	7,651.29	7,486.18			(76.16)		7,575.13	7,381.82	(28.20)	0.00
FNMA	2005 BCD Single Family	5.38	02/20/07	01/01/37	9,195.83	9,145.96			(40.15)		9,155.68	9,057.08	(48.73)	0.00
FNMA	2005 BCD Single Family	5.63	02/20/07	01/01/37	11,625.28	11,673.34			(39.78)		11,585.50	11,578.07	(55.49)	0.00
FNMA	2005 BCD Single Family	6.15	05/01/96	04/01/26	204,064.26	212,708.78			(1,721.83)		202,342.43	209,741.64	(1,245.31)	0.00
FNMA	2005 BCD Single Family	6.15	06/01/96	05/01/26	190,141.49	197,955.78			(2,396.30)		187,745.19	194,378.04	(1,181.44)	0.00
FNMA	2005 BCD Single Family	6.15	07/01/96	06/01/26	214,374.36	223,663.24			(2,154.68)		212,219.68	220,181.78	(1,326.78)	0.00
FNMA	2005 BCD Single Family	6.15	08/01/96	07/01/26	227,214.71	237,108.39			(3,786.60)		223,428.11	231,857.38	(1,464.41)	0.00
FNMA	2005 BCD Single Family	6.15	08/01/96	08/01/26	164,233.00	169,360.76			(1,853.08)		162,379.92	166,755.17	(752.51)	0.00
FNMA	2005 BCD Single Family	6.15	09/01/96	08/01/26	161,533.41	166,398.38			(4,107.95)		157,425.46	161,496.57	(793.86)	0.00
FNMA	2005 BCD Single Family	6.15	10/01/96	10/01/26	331,499.08	341,422.52			(4,668.68)		326,830.40	335,223.37	(1,530.47)	0.00
FNMA	2005 BCD Single Family	6.15	12/01/96	11/01/26	232,939.04	240,006.68			(2,799.77)		230,139.27	236,141.12	(1,065.79)	0.00
FNMA	2005 BCD Single Family	6.15	03/01/97	01/01/27	227,804.47	234,568.02			(3,332.70)		224,471.77	230,182.36	(1,052.96)	0.00
FNMA	2005 BCD Single Family				25,374.04	26,139.76			(25,374.04)				(765.72)	0.00
FNMA	2005 BCD Single Family	6.15	09/01/97	07/01/27	102,696.29	106,500.13			(699.98)		101,996.31	105,140.84	(659.31)	0.00
GNMA	2005 BCD Single Family	6.15	07/01/96	07/20/26	970,932.68	1,005,718.20			(9,113.84)		961,818.84	990,811.08	(5,793.28)	0.00
GNMA	2005 BCD Single Family	6.15	03/01/96	03/20/26	252,339.64	261,399.38			(3,288.03)		249,051.61	256,577.14	(1,534.21)	0.00
GNMA	2005 BCD Single Family	6.15	08/01/96	07/20/26	773,563.68	801,249.04			(14,795.96)		758,767.72	781,611.89	(4,841.19)	0.00
GNMA	2005 BCD Single Family	6.15	04/01/96	04/20/26	335,801.97	347,801.24			(51,867.00)		283,934.97	292,467.19	(3,467.05)	0.00
GNMA	2005 BCD Single Family	6.15	05/01/96	05/20/26	932,809.14	966,154.04			(8,938.12)		923,871.02	951,646.73	(5,569.19)	0.00
GNMA	2005 BCD Single Family	6.15	05/01/96	05/20/26	324,267.89	335,928.32			(2,671.62)		321,596.27	331,331.51	(1,925.19)	0.00
GNMA	2005 BCD Single Family	6.15	06/01/96	06/20/26	1,071,827.70	1,110,259.21			(10,342.46)		1,061,485.24	1,093,511.47	(6,405.28)	0.00
GNMA	2005 BCD Single Family	6.15	06/01/96	06/20/26	236,455.30	244,887.35			(1,758.40)		234,696.90	241,733.00	(1,395.95)	0.00
GNMA	2005 BCD Single Family	6.15	07/01/96	06/20/26	1,243,180.71	1,287,379.56			(12,686.04)		1,230,494.67	1,267,254.38	(7,439.14)	0.00
GNMA	2005 BCD Single Family	6.15	08/01/96	08/20/26	850,084.87	877,126.91			(10,397.50)		839,687.37	861,691.46	(5,037.95)	0.00
GNMA	2005 BCD Single Family	6.15	09/01/96	09/20/26	446,803.28	460,716.50			(34,989.80)		411,813.48	422,333.44	(3,393.26)	0.00
GNMA	2005 BCD Single Family	6.15	09/01/96	09/20/26	333,709.17	344,229.26			(3,932.59)		329,776.58	338,325.89	(1,970.78)	0.00
GNMA	2005 BCD Single Family	6.15	10/01/96	10/20/26	939,343.31	968,672.58			(15,060.44)		924,282.87	947,971.03	(5,641.11)	0.00
GNMA	2005 BCD Single Family	6.15	12/01/96	12/20/26	313,953.69	323,663.94			(2,566.65)		311,387.04	319,277.63	(1,819.66)	0.00
GNMA	2005 BCD Single Family	6.15	01/01/97	12/20/26	747,444.10	770,577.94			(7,319.96)		740,124.14	758,894.95	(4,363.03)	0.00
GNMA	2005 BCD Single Family	6.15	01/01/97	01/20/27	391,523.24	403,880.65			(4,431.56)		387,091.68	397,100.35	(2,348.74)	0.00
GNMA	2005 BCD Single Family	6.15	02/01/97	02/20/27	411,905.05	424,892.96			(58,014.93)		353,890.12	363,029.78	(3,848.25)	0.00
GNMA	2005 BCD Single Family	6.15	02/01/97	02/20/27	143,578.43	147,958.38			(1,174.56)		142,403.87	145,938.28	(845.54)	0.00
GNMA	2005 BCD Single Family	6.15	03/01/97	03/20/27	461,247.11	474,992.42			(3,847.32)		457,399.79	468,435.66	(2,709.44)	0.00
GNMA	2005 BCD Single Family	6.15	04/01/97	04/20/27	218,245.47	224,602.95			(1,552.36)		216,693.11	221,778.89	(1,271.70)	0.00
GNMA	2005 BCD Single Family	6.15	06/01/97	06/20/27	172,745.38	177,848.58			(1,857.86)		170,887.52	174,967.34	(1,023.38)	0.00
GNMA	2005 BCD Single Family	6.15	08/01/97	07/20/27	270,245.58	279,845.59			(2,943.73)		267,301.85	275,252.53	(1,649.33)	0.00
GNMA	2005 BCD Single Family	6.15	09/01/97	08/20/27	566,578.51	583,383.94			(4,626.81)		561,951.70	575,433.59	(3,323.54)	0.00
GNMA	2005 BCD Single Family	6.15	02/01/98	02/20/28	137,568.96	141,470.42			(862.54)		136,706.42	139,898.51	(709.37)	0.00
GNMA	2005 BCD Single Family	6.15	03/01/98	01/20/28	189,163.25	194,527.90			(3,098.31)		186,064.94	190,409.53	(1,020.06)	0.00
GNMA	2005 BCD Single Family	6.15	04/01/98	04/20/28	233,801.92	240,432.51			(6,552.10)		227,249.82	232,556.07	(1,324.34)	0.00
GNMA	2005 BCD Single Family	6.15	06/01/98	05/20/28	177,554.12	182,589.54			(1,480.54)		176,073.58	180,184.89	(924.11)	0.00
GNMA	2005 BCD Single Family	6.15	07/01/98	06/20/28	96,867.27	99,614.39			(1,654.93)		95,212.34	97,435.52	(523.94)	0.00
GNMA	2005 BCD Single Family	6.15	09/01/98	07/20/28	358,559.97	368,728.73			(3,261.43)		355,298.54	363,594.77	(1,872.53)	0.00
GNMA	2005 BCD Single Family	6.15	11/01/98	10/20/28	551,879.18	567,530.47			(3,990.46)		547,888.72	560,681.92	(2,858.09)	0.00
Repo Agmt	2005 BCD Single Family	2.10	08/29/08	09/02/08	2,938.66	2,938.66	0.00				2,938.66	2,938.66	-	0.00
	2005 BCD Single Family Total				19,976,800.66	20,510,271.77	1,106,504.08	0.00	(364,794.86)	0.00	20,718,509.88	21,135,099.96	(116,881.03)	0.00
Repo Agmt	2006 ABCDE Single Family	2.10	08/29/08	09/02/08	1,195,557.63	1,195,557.63	6,308.53				1,201,866.16	1,201,866.16	-	0.00
Repo Agmt	2006 ABCDE Single Family	2.10	08/29/08	09/02/08	287,539.80	287,539.80		(152,332.80)			135,207.00	135,207.00	-	0.00
Repo Agmt	2006 ABCDE Single Family	2.10	08/29/08	09/02/08	857,459.41	857,459.41	14,448,370.67				15,305,830.08	15,305,830.08	-	0.00
GIC's	2006 ABCDE Single Family				8,154,868.06	8,154,868.06		(8,154,868.06)					-	0.00
GIC's	2006 ABCDE Single Family				1,651,538.02	1,651,538.02		(1,651,538.02)					-	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	05/21/08	04/01/38	113,464.54	112,902.14			(342.38)		113,122.16	111,779.50	(780.26)	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	06/18/08	04/01/38			227,581.63				227,581.63	224,885.20	(2,696.43)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Freddie Mac	2006 ABCDE Single Family	5.63	06/18/08	03/01/38			96,427.18				96,427.18	96,444.19	17.01	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	06/25/08	12/01/37			128,140.38				128,140.38	124,980.95	(3,159.43)	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	07/16/08	06/01/38			193,063.82				193,063.82	188,306.67	(4,757.15)	0.00
Freddie Mac	2006 ABCDE Single Family	5.63	07/16/08	05/01/38			73,471.56				73,471.56	73,486.08	14.52	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	07/23/08	03/01/38			81,417.10				81,417.10	80,454.49	(962.61)	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	08/13/08	07/01/38			125,401.01				125,401.01	123,920.36	(1,480.65)	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	08/13/08	07/01/38			66,788.96				66,788.96	66,000.36	(788.60)	0.00
FNMA	2006 ABCDE Single Family	6.25	04/15/97	03/01/27	235,370.01	243,151.33			(2,296.54)		233,073.47	239,867.55	(987.24)	0.00
FNMA	2006 ABCDE Single Family	6.25	05/29/97	05/01/27	190,085.87	196,370.10			(2,125.00)		187,960.87	193,439.93	(805.17)	0.00
FNMA	2006 ABCDE Single Family	6.25	06/26/97	05/01/27	258,959.76	267,520.93			(2,238.46)		256,721.30	264,204.69	(1,077.78)	0.00
FNMA	2006 ABCDE Single Family	6.25	08/18/97	06/01/27	127,918.74	133,008.63			(1,259.25)		126,659.49	131,041.92	(707.46)	0.00
FNMA	2006 ABCDE Single Family	6.25	09/29/97	08/01/27	154,774.13	160,932.57			(4,181.59)		150,592.54	155,803.02	(947.96)	0.00
FNMA	2006 ABCDE Single Family	6.25	01/29/98	11/01/27	240,600.86	250,174.37			(4,482.09)		236,118.77	244,288.48	(1,403.80)	0.00
GNMA	2006 ABCDE Single Family	6.25	03/18/97	02/20/27	2,138,344.78	2,206,450.99			(71,333.57)		2,067,011.21	2,122,758.50	(12,358.92)	0.00
GNMA	2006 ABCDE Single Family	6.25	04/15/97	04/20/27	767,508.27	791,953.39			(6,609.42)		760,898.85	781,420.23	(3,923.74)	0.00
GNMA	2006 ABCDE Single Family	6.45	04/29/97	04/20/27	215,068.11	223,092.24			(1,487.61)		213,580.50	220,837.90	(766.73)	0.00
GNMA	2006 ABCDE Single Family	6.25	04/29/97	04/20/27	699,077.66	721,343.21			(9,439.67)		689,637.99	708,237.45	(3,666.09)	0.00
GNMA	2006 ABCDE Single Family	6.25	05/15/97	05/20/27	626,129.97	646,072.14			(8,749.71)		617,380.26	634,030.91	(3,291.52)	0.00
GNMA	2006 ABCDE Single Family	6.45	05/29/97	05/20/27	61,718.28	64,021.00			(459.28)		61,259.00	63,340.59	(221.13)	0.00
GNMA	2006 ABCDE Single Family	6.25	06/17/97	06/20/27	1,305,016.24	1,346,580.98			(33,928.33)		1,271,087.91	1,305,369.10	(7,283.55)	0.00
GNMA	2006 ABCDE Single Family	6.25	06/26/97	06/20/27	288,914.09	298,116.06			(3,003.29)		285,910.80	293,621.88	(1,490.89)	0.00
GNMA	2006 ABCDE Single Family	6.45	07/15/97	05/20/27	323,706.64	335,784.18			(2,865.44)		320,841.20	331,743.43	(1,175.31)	0.00
GNMA	2006 ABCDE Single Family	6.25	07/15/97	06/20/27	562,584.86	580,503.19			(4,899.87)		557,684.99	572,725.74	(2,877.58)	0.00
GNMA	2006 ABCDE Single Family	6.25	07/30/97	07/20/27	511,959.19	528,265.03			(3,702.15)		508,257.04	521,964.69	(2,598.19)	0.00
GNMA	2006 ABCDE Single Family	6.25	08/18/97	07/20/27	1,139,607.23	1,175,903.75			(72,359.12)		1,067,248.11	1,096,031.82	(7,512.81)	0.00
GNMA	2006 ABCDE Single Family	6.25	08/28/97	08/20/27	971,102.13	1,002,031.63			(9,764.26)		961,337.87	987,265.04	(5,002.33)	0.00
GNMA	2006 ABCDE Single Family	6.45	08/28/97	08/20/27	286,334.20	297,017.32			(2,396.16)		283,938.04	293,586.25	(1,034.91)	0.00
GNMA	2006 ABCDE Single Family	6.25	09/18/97	09/20/27	255,523.95	263,662.35			(1,718.18)		253,805.77	260,650.89	(1,293.28)	0.00
GNMA	2006 ABCDE Single Family	6.25	09/29/97	09/20/27	468,945.43	483,881.34			(6,588.92)		462,356.51	474,826.27	(2,466.15)	0.00
GNMA	2006 ABCDE Single Family	6.25	10/15/97	09/20/27	430,948.31	444,674.04			(3,620.71)		427,327.60	438,852.66	(2,200.67)	0.00
GNMA	2006 ABCDE Single Family	6.45	10/15/97	08/20/27	63,635.11	66,009.32			(464.59)		63,170.52	65,317.03	(227.70)	0.00
GNMA	2006 ABCDE Single Family	6.25	10/30/97	10/20/27	404,477.29	417,359.86			(6,478.64)		397,998.65	408,732.67	(2,148.55)	0.00
GNMA	2006 ABCDE Single Family	6.25	11/17/97	10/20/27	402,338.97	415,153.44			(77,081.07)		325,257.90	334,030.09	(4,042.28)	0.00
GNMA	2006 ABCDE Single Family	6.45	11/25/97	10/20/27	283,054.27	293,614.99			(2,224.99)		280,829.28	290,371.84	(1,018.16)	0.00
GNMA	2006 ABCDE Single Family	6.25	11/25/97	11/20/27	402,551.87	415,373.09			(3,186.83)		399,365.04	410,135.87	(2,050.39)	0.00
GNMA	2006 ABCDE Single Family	6.25	12/17/97	11/20/27	615,467.88	635,070.54			(5,483.81)		609,984.07	626,435.35	(3,151.38)	0.00
GNMA	2006 ABCDE Single Family	6.25	01/29/98	01/20/28	960,600.90	990,494.75			(80,195.74)		880,405.16	904,140.84	(6,158.17)	0.00
GNMA	2006 ABCDE Single Family	6.45	02/12/98	12/20/27	227,310.34	235,791.30			(1,723.69)		225,586.65	233,252.10	(815.51)	0.00
GNMA	2006 ABCDE Single Family	6.45	04/16/98	02/20/28	352,326.53	365,236.03			(2,588.55)		349,737.98	361,706.27	(941.21)	0.00
GNMA	2006 ABCDE Single Family	6.25	04/29/98	04/20/28	638,774.04	658,652.70			(5,382.26)		633,391.78	650,468.04	(2,802.40)	0.00
GNMA	2006 ABCDE Single Family	6.25	07/06/98	05/20/28	146,616.46	151,178.94			(988.16)		145,628.30	149,554.21	(636.57)	0.00
GNMA	2006 ABCDE Single Family	6.45	08/13/98	06/20/28	166,650.15	172,756.19			(1,182.25)		165,467.90	171,130.20	(443.74)	0.00
GNMA	2006 ABCDE Single Family	6.25	08/27/98	07/20/28	271,922.66	280,384.92			(3,600.10)		268,322.56	275,556.56	(1,228.26)	0.00
GNMA	2006 ABCDE Single Family	6.25	09/24/98	08/20/28	126,342.14	130,273.87			(764.23)		125,577.91	128,963.46	(546.18)	0.00
GNMA	2006 ABCDE Single Family	6.25	10/01/98	08/20/28	153,283.87	158,054.05			(1,408.16)		151,875.71	155,970.27	(675.62)	0.00
GNMA	2006 ABCDE Single Family	6.25	10/29/98	09/20/28	111,285.62	114,748.82			(895.26)		110,390.36	113,366.48	(487.08)	0.00
GNMA	2006 ABCDE Single Family	6.45	12/15/98	09/20/28	159,453.53	165,295.90			(6,370.30)		153,083.23	158,321.73	(603.87)	0.00
GNMA	2006 ABCDE Single Family	6.25	12/29/98	10/20/28	825,585.32	851,277.54			(8,007.59)		817,577.73	839,619.64	(3,650.31)	0.00
GNMA	2006 ABCDE Single Family	6.45	01/28/99	11/20/28	37,821.60	39,207.38			(211.93)		37,609.67	38,896.67	(98.78)	0.00
GNMA	2006 ABCDE Single Family	5.45	03/18/99	02/20/29	438,375.33	438,107.90			(2,968.37)		435,406.96	433,269.09	(1,870.44)	0.00
GNMA	2006 ABCDE Single Family	5.45	06/24/99	05/20/29	478,390.92	478,099.10			(3,572.03)		474,818.89	472,487.52	(2,039.55)	0.00
GNMA	2006 ABCDE Single Family	5.45	07/29/99	06/20/29	466,382.42	466,097.93			(3,544.67)		462,837.75	460,565.22	(1,988.04)	0.00
GNMA	2006 ABCDE Single Family	5.45	10/14/99	08/20/29	157,782.58	157,686.38			(2,301.53)		155,481.05	154,717.70	(667.15)	0.00
GNMA	2006 ABCDE Single Family	5.45	08/26/99	07/20/29	360,475.85	360,255.96			(3,054.13)		357,421.72	355,666.77	(1,535.06)	0.00
GNMA	2006 ABCDE Single Family	6.25	10/20/99	07/20/29	184,914.42	190,582.05			(1,304.90)		183,609.52	188,508.22	(768.93)	0.00
GNMA	2006 ABCDE Single Family	6.25	11/23/99	10/20/29	45,259.66	46,646.86			(246.98)		45,012.68	46,213.61	(186.27)	0.00
GNMA	2006 ABCDE Single Family	5.45	12/01/99	10/20/29	178,832.68	178,723.56			(2,453.42)		176,379.26	175,513.22	(756.92)	0.00
GNMA	2006 ABCDE Single Family	5.45	01/27/00	12/20/29	1,060,526.07	1,059,879.16			(51,383.92)		1,009,142.15	1,004,187.27	(4,307.97)	0.00
GNMA	2006 ABCDE Single Family	6.25	01/27/00	12/20/29	210,041.43	216,479.21			(1,361.66)		208,679.77	214,247.36	(870.19)	0.00
FNMA	2006 ABCDE Single Family	5.45	01/28/00	07/01/29	169,582.22	169,817.90			(1,233.85)		168,348.37	167,767.53	(816.52)	0.00

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FNMA	2006 ABCDE Single Family	6.25	01/28/00	09/01/29	191,533.63	199,093.46			(1,731.92)		189,801.71	196,308.11	(1,053.43)	0.00
GNMA	2006 ABCDE Single Family	5.13	08/10/06	07/20/36	772,571.45	766,891.26			(2,814.12)		769,757.33	757,635.67	(6,441.47)	0.00
GNMA	2006 ABCDE Single Family	5.38	08/16/06	08/20/36	363,484.54	365,176.32			(1,236.09)		362,248.45	361,441.78	(2,498.45)	0.00
GNMA	2006 ABCDE Single Family	5.63	08/16/06	08/20/36	237,431.54	241,325.73			(769.66)		236,661.88	238,421.86	(2,134.21)	0.00
GNMA	2006 ABCDE Single Family	5.38	08/23/06	08/20/36	630,519.50	633,458.62			(2,493.06)		628,026.44	626,632.34	(4,333.22)	0.00
GNMA	2006 ABCDE Single Family	5.13	08/23/06	08/01/36	999,101.49	989,921.49			(3,681.40)		995,420.09	977,936.52	(8,303.57)	0.00
GNMA	2006 ABCDE Single Family	5.38	09/06/06	08/20/36	2,447,032.69	2,458,474.19			(9,513.22)		2,437,519.47	2,432,143.07	(16,817.90)	0.00
GNMA	2006 ABCDE Single Family	5.63	09/06/06	09/20/36	950,081.91	964,265.44			(3,114.55)		946,967.36	952,624.65	(8,526.24)	0.00
GNMA	2006 ABCDE Single Family	5.13	09/06/06	08/20/36	2,237,828.23	2,221,440.13			(170,321.32)		2,067,506.91	2,035,006.73	(16,112.08)	0.00
GNMA	2006 ABCDE Single Family	5.38	09/12/06	09/20/36	1,146,698.43	1,152,068.14			(4,454.90)		1,142,243.53	1,139,733.31	(7,879.93)	0.00
GNMA	2006 ABCDE Single Family	5.13	09/12/06	09/20/36	1,649,906.53	1,637,866.95			(6,008.49)		1,643,898.04	1,618,100.93	(13,757.53)	0.00
GNMA	2006 ABCDE Single Family	5.63	09/12/06	09/20/36	333,576.65	339,057.36			(4,257.98)		329,318.67	331,777.44	(3,021.94)	0.00
GNMA	2006 ABCDE Single Family	5.38	09/20/06	09/20/36	2,145,568.94	2,155,633.59			(7,341.46)		2,138,227.48	2,133,545.76	(14,746.37)	0.00
GNMA	2006 ABCDE Single Family	5.13	09/20/06	09/20/36	4,091,836.10	4,054,440.14			(15,959.12)		4,075,876.98	4,004,490.61	(33,990.41)	0.00
GNMA	2006 ABCDE Single Family	5.63	09/20/06	09/20/36	347,467.40	353,179.19			(1,240.22)		346,227.18	348,815.01	(3,123.96)	0.00
GNMA	2006 ABCDE Single Family	5.13	09/26/06	09/20/36	1,502,345.12	1,491,403.46			(5,814.13)		1,496,530.99	1,473,067.34	(12,521.99)	0.00
GNMA	2006 ABCDE Single Family	5.38	09/26/06	09/20/36	1,802,743.34	1,811,210.80			(7,745.52)		1,794,997.82	1,791,078.43	(12,386.85)	0.00
GNMA	2006 ABCDE Single Family	5.38	10/05/06	10/20/36	3,456,505.12	3,472,778.90			(13,025.87)		3,443,479.25	3,435,998.63	(23,754.40)	0.00
GNMA	2006 ABCDE Single Family	5.63	10/17/06	10/20/36	1,859,228.89	1,887,065.02			(6,971.33)		1,852,257.56	1,863,402.34	(16,691.35)	0.00
GNMA	2006 ABCDE Single Family	5.13	10/05/06	10/20/36	3,402,708.70	3,371,668.72			(12,117.22)		3,390,591.48	3,331,264.71	(28,286.79)	0.00
GNMA	2006 ABCDE Single Family	5.38	10/17/06	10/20/36	2,205,304.74	2,215,714.55			(9,497.90)		2,195,806.84	2,191,061.03	(15,155.62)	0.00
GNMA	2006 ABCDE Single Family	5.13	10/17/06	10/20/36	3,600,341.77	3,574,203.36			(13,651.26)		3,586,690.51	3,530,534.35	(30,017.75)	0.00
GNMA	2006 ABCDE Single Family	5.63	10/24/06	10/20/36	1,810,646.45	1,840,477.47			(144,035.76)		1,666,610.69	1,679,126.95	(17,314.76)	0.00
GNMA	2006 ABCDE Single Family	5.38	10/24/06	10/20/36	2,537,723.06	2,549,720.03			(8,903.22)		2,528,819.84	2,523,372.11	(17,444.70)	0.00
GNMA	2006 ABCDE Single Family	5.13	10/24/06	10/20/36	3,561,535.01	3,535,703.34			(13,697.61)		3,547,837.40	3,492,314.24	(29,691.49)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/02/06	11/20/36	2,044,819.25	2,054,508.89			(8,291.78)		2,036,527.47	2,032,162.89	(14,054.22)	0.00
GNMA	2006 ABCDE Single Family	5.13	11/02/06	10/20/36	2,241,033.42	2,224,799.55			(8,113.59)		2,232,919.83	2,197,994.98	(18,690.98)	0.00
GNMA	2006 ABCDE Single Family	5.63	11/14/06	11/20/36	1,698,564.56	1,726,587.40			(35,929.70)		1,662,634.86	1,675,160.23	(15,497.47)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/14/06	10/20/36	1,449,708.66	1,456,593.03			(5,027.18)		1,444,681.48	1,441,599.87	(9,965.98)	0.00
GNMA	2006 ABCDE Single Family	5.13	11/14/06	11/20/36	2,078,267.35	2,063,239.66			(7,746.55)		2,070,520.80	2,038,164.86	(17,328.25)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/21/06	11/20/36	2,675,748.05	2,688,476.37			(9,676.62)		2,666,071.43	2,660,408.74	(18,391.01)	0.00
GNMA	2006 ABCDE Single Family	5.63	11/21/06	11/20/36	761,274.33	772,700.13			(3,097.04)		758,177.29	762,767.66	(6,835.43)	0.00
GNMA	2006 ABCDE Single Family	5.13	11/21/06	11/20/36	1,334,246.82	1,324,608.42			(4,745.51)		1,329,501.31	1,308,734.51	(11,128.40)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/28/06	11/20/36	2,099,858.91	2,109,862.70			(7,105.69)		2,092,753.22	2,088,323.02	(14,433.99)	0.00
GNMA	2006 ABCDE Single Family	5.63	11/28/06	11/20/36	267,615.27	272,034.21			(894.17)		266,721.10	268,734.21	(2,405.83)	0.00
GNMA	2006 ABCDE Single Family	5.13	11/28/06	11/20/36	410,926.62	407,961.03			(1,452.68)		409,473.94	403,080.80	(3,427.55)	0.00
GNMA	2006 ABCDE Single Family	5.38	12/12/06	12/20/36	1,839,934.66	1,848,730.06			(9,040.50)		1,830,894.16	1,827,046.01	(12,643.55)	0.00
GNMA	2006 ABCDE Single Family	5.63	12/12/06	12/20/36	1,251,042.19	1,271,720.39			(4,290.98)		1,246,751.21	1,256,180.37	(11,249.04)	0.00
GNMA	2006 ABCDE Single Family	5.13	12/12/06	11/20/36	2,409,746.80	2,392,389.93			(10,632.36)		2,399,114.44	2,361,690.42	(20,067.15)	0.00
GNMA	2006 ABCDE Single Family	5.38	12/27/06	12/20/36	3,570,490.27	3,587,612.62			(12,574.26)		3,557,916.01	3,550,491.86	(24,546.50)	0.00
GNMA	2006 ABCDE Single Family	5.63	12/27/06	12/20/36	993,605.22	1,008,556.80			(3,431.87)		990,173.35	996,205.60	(8,919.33)	0.00
GNMA	2006 ABCDE Single Family	5.13	12/27/06	12/20/36	2,399,548.92	2,382,306.49			(8,535.09)		2,391,013.83	2,353,754.25	(20,017.15)	0.00
GNMA	2006 ABCDE Single Family	5.38	01/10/07	12/20/36	2,135,484.44	2,145,755.57			(7,374.26)		2,128,110.18	2,123,699.60	(14,681.71)	0.00
GNMA	2006 ABCDE Single Family	5.63	01/09/07	12/20/36	891,911.94	905,345.16			(4,168.57)		887,743.37	893,163.35	(8,013.24)	0.00
GNMA	2006 ABCDE Single Family	5.38	01/09/07	12/01/36	1,457,261.66	1,437,153.22			(5,365.23)		1,451,896.43	1,419,868.69	(11,919.30)	0.00
GNMA	2006 ABCDE Single Family	5.38	01/16/07	12/20/36	1,198,751.12	1,204,524.10			(4,504.43)		1,194,246.69	1,191,778.80	(8,240.87)	0.00
GNMA	2006 ABCDE Single Family	5.63	01/16/07	01/20/37	878,531.43	892,907.34			(3,027.67)		875,503.76	882,397.17	(7,482.50)	0.00
GNMA	2006 ABCDE Single Family	5.13	01/30/07	01/20/37	2,446,240.21	2,427,659.87			(8,796.34)		2,437,443.87	2,398,537.72	(20,325.81)	0.00
GNMA	2006 ABCDE Single Family	5.38	01/30/07	01/20/37	1,769,732.05	1,777,834.42			(8,901.75)		1,760,830.30	1,756,668.15	(12,264.52)	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/07	01/20/37	460,852.81	468,400.65			(1,576.32)		459,276.49	462,899.23	(3,925.10)	0.00
GNMA	2006 ABCDE Single Family	5.38	02/13/07	01/20/37	2,075,775.69	2,085,310.87			(7,760.35)		2,068,015.34	2,063,156.28	(14,394.24)	0.00
GNMA	2006 ABCDE Single Family	5.13	02/13/07	01/20/37	2,332,355.21	2,314,674.98			(9,139.60)		2,323,215.61	2,286,165.11	(19,370.27)	0.00
GNMA	2006 ABCDE Single Family	5.63	02/13/07	02/20/37	257,618.99	261,842.51			(813.18)		256,805.81	258,835.40	(2,193.93)	0.00
GNMA	2006 ABCDE Single Family	5.38	02/20/07	02/20/37	769,247.13	772,786.94			(2,547.75)		766,699.38	764,904.11	(5,335.08)	0.00
GNMA	2006 ABCDE Single Family	5.13	02/20/07	02/20/37	1,159,798.60	1,151,016.15			(5,036.25)		1,154,762.35	1,136,355.46	(9,624.44)	0.00
GNMA	2006 ABCDE Single Family	5.63	02/20/07	02/20/37	554,463.67	563,557.76			(1,912.44)		552,551.23	556,922.09	(4,723.23)	0.00
GNMA	2006 ABCDE Single Family	5.38	03/06/07	02/20/37	1,050,306.26	1,055,154.35			(3,814.75)		1,046,491.51	1,044,055.87	(7,283.73)	0.00
GNMA	2006 ABCDE Single Family	5.63	03/06/07	02/20/37	227,031.56	230,758.49			(709.54)		226,322.02	228,115.52	(1,933.43)	0.00
GNMA	2006 ABCDE Single Family	5.63	03/20/07	02/20/37	273,039.41	277,525.56			(885.94)		272,153.47	274,314.08	(2,325.54)	0.00
GNMA	2006 ABCDE Single Family	5.13	03/20/07	03/20/37	1,121,547.40	1,113,087.26			(4,245.97)		1,117,301.43	1,099,525.02	(9,316.27)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.38	03/20/07	03/20/37	1,064,798.57	1,069,729.79			(4,042.94)		1,060,755.63	1,058,303.91	(7,382.94)	0.00
GNMA	2006 ABCDE Single Family	5.13	03/06/07	02/20/37	409,699.14	406,602.49			(1,481.65)		408,217.49	401,716.19	(3,404.65)	0.00
GNMA	2006 ABCDE Single Family	5.13	04/24/07	04/20/37	1,159,298.98	1,150,597.13			(4,193.49)		1,155,105.49	1,136,769.01	(9,634.63)	0.00
GNMA	2006 ABCDE Single Family	5.63	04/24/07	04/20/37	886,917.43	901,524.45			(2,841.58)		884,075.85	891,128.65	(7,554.22)	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/07	04/20/37	665,145.76	668,251.12			(2,531.87)		662,613.89	661,106.45	(4,612.80)	0.00
GNMA	2006 ABCDE Single Family	5.13	03/27/07	03/20/37	905,225.51	898,403.51			(4,459.53)		900,765.98	886,440.97	(7,503.01)	0.00
GNMA	2006 ABCDE Single Family	5.63	03/27/07	02/20/37	209,580.72	213,025.71			(657.18)		208,923.54	210,583.64	(1,784.89)	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/07	03/20/37	462,577.17	464,736.33			(79,650.65)		382,926.52	382,054.99	(3,030.69)	0.00
GNMA	2006 ABCDE Single Family	5.38	04/10/07	03/20/37	625,285.03	628,194.79			(2,048.69)		623,236.34	621,809.07	(4,337.03)	0.00
GNMA	2006 ABCDE Single Family	5.13	04/10/07	03/20/37	1,082,064.95	1,073,926.53			(3,808.01)		1,078,256.94	1,061,124.28	(8,994.24)	0.00
GNMA	2006 ABCDE Single Family	5.63	04/10/07	03/20/37	351,974.99	357,766.39			(1,135.89)		350,839.10	353,632.60	(2,997.90)	0.00
GNMA	2006 ABCDE Single Family	5.13	05/08/07	04/20/37	631,329.68	626,599.69			(2,639.19)		628,690.49	618,719.22	(5,241.28)	0.00
GNMA	2006 ABCDE Single Family	5.63	05/08/07	04/20/37	282,674.23	287,333.78			(871.07)		281,803.16	284,055.29	(2,407.42)	0.00
GNMA	2006 ABCDE Single Family	5.38	05/08/07	05/20/37	638,548.39	641,539.32			(2,111.04)		636,437.35	634,999.73	(4,428.55)	0.00
GNMA	2006 ABCDE Single Family	5.63	05/22/07	04/20/37	222,562.89	226,234.77			(693.81)		221,869.08	223,645.39	(1,895.57)	0.00
GNMA	2006 ABCDE Single Family	5.38	05/22/07	05/20/37	928,417.42	932,779.29			(3,137.42)		925,280.00	923,203.01	(6,438.86)	0.00
GNMA	2006 ABCDE Single Family	5.13	05/22/07	05/20/37	1,370,436.22	1,360,189.39			(7,010.39)		1,363,425.83	1,341,823.08	(11,355.92)	0.00
GNMA	2006 ABCDE Single Family	5.38	06/05/07	05/20/37	1,124,170.82	1,129,469.50			(3,698.92)		1,120,471.90	1,117,972.57	(7,798.01)	0.00
GNMA	2006 ABCDE Single Family	5.63	06/05/07	05/20/37	354,233.23	360,083.27			(1,181.96)		353,051.27	355,883.60	(3,017.71)	0.00
GNMA	2006 ABCDE Single Family	5.13	06/05/07	05/20/37	1,988,417.90	1,973,580.33			(7,577.43)		1,980,840.47	1,949,482.72	(16,520.18)	0.00
GNMA	2006 ABCDE Single Family	5.38	06/19/07	05/20/37	525,606.38	528,091.26			(1,687.97)		523,918.41	522,757.17	(3,646.12)	0.00
GNMA	2006 ABCDE Single Family	5.13	06/19/07	06/20/37	968,839.85	961,624.97			(4,399.89)		964,439.96	949,186.79	(8,038.29)	0.00
GNMA	2006 ABCDE Single Family	5.63	06/19/07	06/20/37	448,659.73	456,076.11			(1,431.49)		447,228.24	450,822.94	(3,821.68)	0.00
GNMA	2006 ABCDE Single Family	5.38	08/07/07	07/20/37	435,053.36	437,348.07			(1,416.71)		433,636.65	432,909.27	(3,022.09)	0.00
GNMA	2006 ABCDE Single Family	5.63	08/07/07	08/20/37	1,099,149.20	1,117,926.44			(3,723.70)		1,095,425.50	1,104,826.79	(9,375.95)	0.00
GNMA	2006 ABCDE Single Family	5.13	08/07/07	07/20/37	2,114,051.97	2,099,448.86			(7,959.11)		2,106,092.86	2,073,901.49	(17,588.26)	0.00
GNMA	2006 ABCDE Single Family	5.38	07/03/07	05/20/37	817,467.77	821,344.11			(2,914.48)		814,553.29	812,759.37	(5,670.26)	0.00
GNMA	2006 ABCDE Single Family	5.13	07/03/07	06/20/37	833,986.84	826,236.07			(2,796.89)		831,189.95	816,542.90	(6,896.28)	0.00
GNMA	2006 ABCDE Single Family	5.38	07/17/07	06/20/37	832,490.29	836,450.55			(2,690.51)		829,799.78	827,985.69	(5,774.35)	0.00
GNMA	2006 ABCDE Single Family	5.13	07/17/07	06/20/37	774,153.77	766,969.92			(3,056.20)		771,097.57	757,520.94	(6,392.78)	0.00
GNMA	2006 ABCDE Single Family	5.63	11/21/07	10/20/37	67,094.88	68,249.03			(300.01)		66,794.87	67,375.97	(573.05)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/21/07	10/20/37	619,040.13	622,378.34			(1,940.71)		617,099.42	616,136.58	(4,301.05)	0.00
GNMA	2006 ABCDE Single Family	5.38	09/25/07	09/20/37	1,816,013.78	1,825,692.23			(6,444.18)		1,809,569.60	1,806,632.92	(12,615.13)	0.00
GNMA	2006 ABCDE Single Family	5.13	09/25/07	09/20/37	1,125,406.86	1,117,694.04			(3,710.94)		1,121,695.92	1,104,611.29	(9,371.81)	0.00
GNMA	2006 ABCDE Single Family	5.63	09/25/07	08/20/37	287,980.90	292,916.01			(1,179.66)		286,801.24	289,277.87	(2,458.48)	0.00
GNMA	2006 ABCDE Single Family	5.63	09/25/07	09/20/37	128,822.95	131,030.72			(416.50)		128,406.45	129,515.43	(1,098.79)	0.00
GNMA	2006 ABCDE Single Family	5.38	10/09/07	09/20/37	1,165,904.49	1,172,135.95			(4,026.01)		1,161,878.48	1,160,010.50	(8,099.44)	0.00
GNMA	2006 ABCDE Single Family	5.63	10/09/07	06/20/37	96,055.85	97,703.34			(291.16)		95,764.69	96,592.93	(819.25)	0.00
GNMA	2006 ABCDE Single Family	5.13	10/09/07	09/20/37	420,355.29	417,480.77			(1,395.11)		418,960.18	412,585.21	(3,500.45)	0.00
GNMA	2006 ABCDE Single Family	5.38	08/23/07	08/20/37	879,386.78	884,041.27			(3,033.61)		876,353.17	874,899.11	(6,108.55)	0.00
GNMA	2006 ABCDE Single Family	5.13	08/23/07	07/20/37	1,158,499.75	1,150,517.04			(4,083.64)		1,154,416.11	1,136,790.54	(9,642.86)	0.00
GNMA	2006 ABCDE Single Family	5.38	09/11/07	09/20/37	594,750.52	597,911.17			(1,888.81)		592,861.71	591,891.19	(4,131.17)	0.00
GNMA	2006 ABCDE Single Family	5.63	09/11/07	08/20/37	651,308.63	662,460.00			(2,260.73)		649,047.90	654,642.73	(5,556.54)	0.00
GNMA	2006 ABCDE Single Family	5.13	09/11/07	08/20/37	463,344.39	459,298.82			(1,859.89)		461,484.50	453,607.82	(3,831.11)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/28/07	11/20/37	715,374.43	719,237.95			(2,213.50)		713,160.93	712,054.00	(4,970.45)	0.00
GNMA	2006 ABCDE Single Family	5.13	12/11/07	11/20/37	445,789.21	441,941.62			(1,474.99)		444,314.22	436,774.77	(3,691.86)	0.00
GNMA	2006 ABCDE Single Family	5.38	10/25/07	10/20/37	586,636.51	589,782.69			(1,834.21)		584,802.30	583,872.76	(4,075.72)	0.00
GNMA	2006 ABCDE Single Family	5.13	10/25/07	10/20/37	1,259,497.26	1,248,562.18			(5,523.06)		1,253,974.20	1,232,632.28	(10,406.84)	0.00
GNMA	2006 ABCDE Single Family	5.63	10/25/07	09/20/36	168,520.83	171,447.21			(1,637.32)		166,883.51	168,282.78	(1,527.11)	0.00
GNMA	2006 ABCDE Single Family	5.38	10/25/07	10/20/37	1,083,194.53	1,089,003.77			(3,956.49)		1,079,238.04	1,077,522.55	(7,524.73)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/08/07	10/20/37	955,709.55	960,849.66			(3,026.12)		952,683.43	951,183.54	(6,640.00)	0.00
GNMA	2006 ABCDE Single Family	5.13	11/08/07	10/20/37	402,264.88	399,527.42			(1,345.08)		400,919.80	394,832.55	(3,349.79)	0.00
GNMA	2006 ABCDE Single Family	5.63	01/16/08	12/20/37	63,964.95	65,069.34			(186.72)		63,778.23	64,337.12	(545.50)	0.00
GNMA	2006 ABCDE Single Family	5.38	12/28/07	11/20/37	272,100.59	273,579.27			(840.69)		271,259.90	270,847.91	(1,890.67)	0.00
GNMA	2006 ABCDE Single Family	5.63	12/28/07	12/20/37	66,960.95	68,115.63			(199.52)		66,761.43	67,345.03	(571.08)	0.00
GNMA	2006 ABCDE Single Family	5.63	12/28/07	12/20/37	1,017,575.11	1,035,122.18			(3,332.33)		1,014,242.78	1,023,108.83	(8,681.02)	0.00
GNMA	2006 ABCDE Single Family	5.38	12/11/07	11/20/37	1,034,806.34	1,040,409.76			(166,675.41)		868,130.93	866,795.73	(6,938.62)	0.00
GNMA	2006 ABCDE Single Family	5.13	12/20/07	10/20/37	116,039.50	115,025.76			(379.50)		115,660.00	113,684.42	(961.84)	0.00
GNMA	2006 ABCDE Single Family	5.38	12/20/07	11/20/37	230,669.81	231,921.23			(1,565.74)		229,104.07	228,754.02	(1,601.47)	0.00
GNMA	2006 ABCDE Single Family	5.13	12/20/07	12/20/37	81,027.57	80,480.00			(260.45)		80,767.12	79,544.59	(674.96)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.38	01/16/08	12/20/37	145,493.04	146,286.80			(510.53)		144,982.51	144,765.38	(1,010.89)	0.00
GNMA	2006 ABCDE Single Family	5.38	01/30/08	12/20/37	89,978.71	90,470.97			(345.97)		89,632.74	89,499.86	(625.14)	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/08	12/20/37	301,714.90	306,928.86			(927.78)		300,787.12	303,427.51	(2,573.57)	0.00
GNMA	2006 ABCDE Single Family	5.38	02/13/08	12/20/37	154,826.64	155,676.04			(839.49)		153,987.15	153,761.20	(1,075.35)	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/08	01/20/38	66,460.79	67,600.55			(218.07)		66,242.72	66,801.43	(581.05)	0.00
GNMA	2006 ABCDE Single Family	5.38	01/30/08	09/20/37	129,403.14	130,110.96			(796.77)		128,606.37	128,415.45	(898.74)	0.00
GNMA	2006 ABCDE Single Family	5.63	02/13/08	01/20/38	191,729.08	195,020.11			(736.32)		190,992.76	192,606.77	(1,677.02)	0.00
GNMA	2006 ABCDE Single Family	5.38	02/19/08	12/20/37	138,694.75	139,456.64			(750.67)		137,944.08	137,742.51	(963.46)	0.00
GNMA	2006 ABCDE Single Family	5.63	02/19/08	01/20/38	218,022.41	221,766.32			(633.92)		217,388.49	219,226.87	(1,905.53)	0.00
GNMA	2006 ABCDE Single Family	5.13	02/27/08	02/20/38	186,117.07	184,837.55			(817.07)		185,300.00	182,379.68	(1,640.80)	0.00
GNMA	2006 ABCDE Single Family	5.38	02/27/08	02/20/38	279,652.68	281,171.65			(847.83)		278,804.85	278,307.17	(2,016.65)	0.00
GNMA	2006 ABCDE Single Family	5.38	03/20/08	02/20/38	277,301.00	278,813.97			(919.22)		276,381.78	275,895.13	(1,999.62)	0.00
GNMA	2006 ABCDE Single Family	5.63	03/20/08	02/20/38	110,919.72	112,828.21			(319.77)		110,599.95	111,538.98	(969.46)	0.00
GNMA	2006 ABCDE Single Family	5.13	03/20/08	10/20/37	107,730.10	107,012.69			(350.34)		107,379.76	105,764.80	(897.55)	0.00
GNMA	2006 ABCDE Single Family	5.38	03/27/08	03/20/38	322,841.77	324,605.83			(978.86)		321,862.91	321,298.77	(2,328.20)	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/08	04/20/38	221,133.93	222,348.99			(895.60)		220,238.33	219,859.22	(1,594.17)	0.00
GNMA	2006 ABCDE Single Family	5.13	04/24/08	04/20/38	346,274.65	343,915.67			(1,091.14)		345,183.51	339,765.11	(3,059.42)	0.00
GNMA	2006 ABCDE Single Family	5.13	04/22/08	03/20/38	298,230.51	299,868.59			(1,077.72)		297,152.79	296,640.36	(2,150.51)	0.00
GNMA	2006 ABCDE Single Family	5.63	04/22/08	03/20/38	258,667.31	263,127.55			(746.09)		257,921.22	260,120.53	(2,260.93)	0.00
GNMA	2006 ABCDE Single Family	5.38	05/07/08	03/20/38	112,002.67	112,619.80			(345.05)		111,657.62	111,466.88	(807.87)	0.00
GNMA	2006 ABCDE Single Family	5.13	05/07/08	04/20/38	442,345.41	439,338.62			(2,000.68)		440,344.73	433,438.71	(3,899.23)	0.00
GNMA	2006 ABCDE Single Family	5.63	05/07/08	04/20/38	269,679.89	274,334.75			(1,166.91)		268,512.98	270,807.28	(2,360.56)	0.00
GNMA	2006 ABCDE Single Family	5.38	05/14/08	04/20/38	336,753.99	338,611.90			(1,007.95)		335,746.04	335,175.21	(2,428.74)	0.00
GNMA	2006 ABCDE Single Family	5.13	05/21/08	05/20/38	602,004.70	596,800.59			(3,162.48)		598,842.22	588,362.45	(5,275.66)	0.00
GNMA	2006 ABCDE Single Family	5.13	06/11/08	05/20/38			259,040.19				259,040.19	254,987.42	(4,052.77)	0.00
GNMA	2006 ABCDE Single Family	5.63	07/09/08	06/20/38			292,750.73				292,750.73	295,272.74	2,522.01	0.00
GNMA	2006 ABCDE Single Family	5.38	07/09/08	03/20/38			192,675.67				192,675.67	192,359.96	(315.71)	0.00
GNMA	2006 ABCDE Single Family	5.13	07/16/08	06/20/38			119,756.45				119,756.45	117,887.47	(1,868.98)	0.00
GNMA	2006 ABCDE Single Family	5.63	06/18/08	03/20/38			28,864.03				28,864.03	29,111.99	247.96	0.00
GNMA	2006 ABCDE Single Family	5.63	06/25/08	05/20/38			183,250.80				183,250.80	184,826.49	1,575.69	0.00
GNMA	2006 ABCDE Single Family	5.38	06/25/08	05/20/38			605,124.55				605,124.55	604,123.85	(1,000.70)	0.00
GNMA	2006 ABCDE Single Family	5.38	07/23/08	06/20/38			332,874.63				332,874.63	332,334.57	(540.06)	0.00
GNMA	2006 ABCDE Single Family	5.38	07/29/08	06/20/38			157,300.55				157,300.55	157,046.46	(254.09)	0.00
GNMA	2006 ABCDE Single Family	5.13	08/27/08	08/20/38			250,479.65				250,479.65	246,582.02	(3,897.63)	0.00
GNMA	2006 ABCDE Single Family	5.63	08/13/08	07/20/38			209,524.04				209,524.04	211,337.19	1,813.15	0.00
GNMA	2006 ABCDE Single Family	5.38	08/13/08	07/20/38			163,735.68				163,735.68	163,473.84	(261.84)	0.00
GNMA	2006 ABCDE Single Family	5.13	08/13/08	07/20/38			260,119.77				260,119.77	256,067.99	(4,051.78)	0.00
GNMA	2006 ABCDE Single Family	5.63	08/27/08	08/20/38			107,178.44				107,178.44	108,107.68	929.24	0.00
FNMA	2006 ABCDE Single Family	5.38	08/09/06	08/01/36	572,319.68	567,643.60			(2,979.62)		569,340.06	562,119.08	(2,544.90)	0.00
FNMA	2006 ABCDE Single Family	5.13	08/10/06	07/01/36	371,094.99	363,045.02			(2,685.13)		368,409.86	358,966.85	(1,393.04)	0.00
FNMA	2006 ABCDE Single Family	5.38	08/23/06	08/01/36	528,162.07	523,849.93			(3,007.11)		525,154.96	518,497.50	(2,345.32)	0.00
FNMA	2006 ABCDE Single Family	5.63	08/23/06	08/01/36	718,237.40	721,148.46			(2,881.61)		715,355.79	714,839.74	(3,427.11)	0.00
FNMA	2006 ABCDE Single Family	5.13	08/23/06	08/01/36	799,694.65	782,351.98			(20,102.98)		779,591.67	759,613.86	(2,635.14)	0.00
FNMA	2006 ABCDE Single Family	5.38	09/06/06	09/01/36	950,022.27	942,272.52			(3,674.19)		946,348.08	934,357.69	(4,240.64)	0.00
FNMA	2006 ABCDE Single Family	5.63	09/06/06	08/01/36	358,026.94	359,480.20			(1,235.15)		356,791.79	356,536.55	(1,708.50)	0.00
FNMA	2006 ABCDE Single Family	5.13	09/12/06	09/01/36	1,191,279.48	1,165,478.61			(4,673.75)		1,186,605.73	1,156,231.46	(4,573.40)	0.00
FNMA	2006 ABCDE Single Family	5.38	09/12/06	09/01/36	895,876.80	888,571.41			(4,466.48)		891,410.32	880,118.64	(3,986.29)	0.00
FNMA	2006 ABCDE Single Family	5.63	09/20/06	09/01/36	369,798.39	371,302.04			(1,270.79)		368,527.60	368,266.55	(1,764.70)	0.00
FNMA	2006 ABCDE Single Family	5.38	09/20/06	09/01/36	831,892.42	825,111.29			(3,126.34)		828,766.08	818,270.42	(3,714.53)	0.00
FNMA	2006 ABCDE Single Family	5.13	09/20/06	09/01/36	717,685.20	702,143.64			(2,796.19)		714,889.01	696,591.69	(2,755.76)	0.00
FNMA	2006 ABCDE Single Family	5.38	09/26/06	09/01/36	903,597.51	896,234.59			(86,163.45)		817,434.06	807,084.34	(2,986.80)	0.00
FNMA	2006 ABCDE Single Family	5.38	10/05/06	09/01/36	1,248,653.94	1,238,484.32			(139,312.64)		1,109,341.30	1,095,298.99	(3,872.69)	0.00
FNMA	2006 ABCDE Single Family	5.63	10/17/06	09/01/36	718,811.86	721,743.36			(2,423.54)		716,388.32	715,889.50	(3,430.32)	0.00
FNMA	2006 ABCDE Single Family	5.13	10/17/06	10/01/36	1,610,991.73	1,576,124.47			(9,279.56)		1,601,712.17	1,560,735.71	(6,109.20)	0.00
FNMA	2006 ABCDE Single Family	5.38	10/17/06	10/01/36	1,319,625.15	1,308,884.04			(6,716.77)		1,312,908.38	1,296,297.03	(5,870.24)	0.00
FNMA	2006 ABCDE Single Family	5.38	10/24/06	11/01/36	1,849,664.53	1,834,616.54			(7,664.67)		1,841,999.86	1,818,701.61	(8,250.26)	0.00
FNMA	2006 ABCDE Single Family	5.38	11/02/06	11/01/36	1,899,559.51	1,884,113.21			(7,601.11)		1,891,958.40	1,868,035.78	(8,476.32)	0.00
FNMA	2006 ABCDE Single Family	5.63	11/02/06	10/01/36	579,286.63	581,653.23			(2,265.83)		577,020.80	576,623.11	(2,764.29)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/02/06	10/01/36	936,814.92	916,545.54			(6,638.12)		930,176.80	906,386.55	(3,520.87)	0.00
FNMA	2006 ABCDE Single Family	5.38	11/14/06	11/01/36	1,248,588.60	1,238,441.86			(6,528.36)		1,242,060.24	1,226,361.30	(5,552.20)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2006 ABCDE Single Family	5.63	11/14/06	11/01/36	522,347.95	524,485.07			(2,547.81)		519,800.14	519,444.98	(2,492.28)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/14/06	11/01/36	520,755.51	509,491.24			(2,107.45)		518,648.06	505,386.10	(1,997.69)	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/06	10/01/36	608,504.83	603,561.61			(2,151.94)		606,352.89	598,690.15	(2,719.52)	0.00
FNMA	2006 ABCDE Single Family	5.63	11/21/06	11/01/36	384,289.28	385,862.70			(1,642.11)		382,647.17	382,386.87	(1,833.72)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/21/06	11/01/36	244,089.74	238,810.66			(1,814.49)		242,275.25	236,080.94	(915.23)	0.00
FNMA	2006 ABCDE Single Family	5.38	11/28/06	11/01/36	292,536.49	290,160.92			(1,058.42)		291,478.07	287,795.69	(1,306.81)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/28/06	11/01/36	310,219.39	303,510.99			(1,435.15)		308,784.24	300,890.38	(1,185.46)	0.00
FNMA	2006 ABCDE Single Family	5.63	11/28/06	11/01/36	390,585.47	392,185.86			(2,648.95)		387,936.52	387,673.81	(1,863.10)	0.00
FNMA	2006 ABCDE Single Family	5.38	12/12/06	11/01/36	412,347.81	409,002.18			(1,409.95)		410,937.86	405,748.73	(1,843.50)	0.00
FNMA	2006 ABCDE Single Family	5.63	12/12/06	11/01/36	415,838.84	417,545.69			(1,515.22)		414,323.62	414,045.57	(1,984.90)	0.00
FNMA	2006 ABCDE Single Family	5.13	12/12/06	11/01/36	608,762.32	593,616.62			(4,811.08)		603,951.24	586,571.51	(2,234.03)	0.00
FNMA	2006 ABCDE Single Family	5.38	12/27/06	11/01/36	1,415,793.19	1,404,314.49			(4,990.40)		1,410,802.79	1,392,997.67	(6,326.42)	0.00
FNMA	2006 ABCDE Single Family	5.63	12/27/06	12/01/36	482,829.99	484,815.16			(1,870.88)		480,959.11	480,640.15	(2,304.13)	0.00
FNMA	2006 ABCDE Single Family	5.13	12/27/06	10/01/36	405,553.29	396,788.12			(1,505.65)		404,047.64	393,723.19	(1,559.28)	0.00
FNMA	2006 ABCDE Single Family	5.38	01/09/07	12/01/36	1,723,346.35	1,709,384.43			(6,784.42)		1,716,561.93	1,694,908.15	(7,691.86)	0.00
FNMA	2006 ABCDE Single Family	5.63	01/09/07	12/01/36	371,818.63	373,349.26			(1,704.34)		370,114.29	369,870.72	(1,774.20)	0.00
FNMA	2006 ABCDE Single Family	5.13	01/09/07	12/01/36	504,923.86	494,014.48			(1,795.51)		503,128.35	490,275.57	(1,943.40)	0.00
FNMA	2006 ABCDE Single Family	5.38	01/30/07	12/01/36	1,498,563.82	1,495,769.77			(5,165.97)		1,493,397.85	1,483,748.47	(6,855.33)	0.00
FNMA	2006 ABCDE Single Family	5.63	01/30/07	12/01/36	946,383.05	950,288.48			(3,558.09)		942,824.96	942,212.98	(4,517.41)	0.00
FNMA	2006 ABCDE Single Family	5.13	01/30/07	01/01/37	376,317.74	368,190.70			(1,919.30)		374,398.44	364,837.82	(1,433.58)	0.00
FNMA	2006 ABCDE Single Family	5.38	02/13/07	01/01/37	1,024,511.25	1,016,227.39			(4,241.64)		1,020,269.61	1,007,415.52	(4,570.23)	0.00
FNMA	2006 ABCDE Single Family	5.63	02/13/07	01/01/37	322,589.74	323,922.93			(1,083.22)		321,506.52	321,300.09	(1,539.62)	0.00
FNMA	2006 ABCDE Single Family	5.13	02/13/07	01/01/37	369,263.75	361,291.23			(3,675.37)		365,588.38	356,254.89	(1,360.97)	0.00
FNMA	2006 ABCDE Single Family	5.38	02/20/07	01/01/37	421,733.04	418,235.70			(1,851.84)		419,881.20	414,170.98	(2,212.88)	0.00
FNMA	2006 ABCDE Single Family	5.63	02/20/07	01/01/37	531,611.56	533,810.19			(1,819.27)		529,792.29	529,453.74	(2,537.18)	0.00
FNMA	2006 ABCDE Single Family	5.13	02/20/07	01/01/37	455,741.86	445,903.59			(1,931.90)		453,809.96	442,225.48	(1,746.21)	0.00
FNMA	2006 ABCDE Single Family	5.38	03/06/07	02/01/37	590,098.59	584,540.80			(1,984.77)		588,113.82	579,454.98	(3,101.05)	0.00
FNMA	2006 ABCDE Single Family	5.63	03/06/07	02/01/37	270,072.05	271,133.94			(859.76)		269,212.29	268,847.39	(1,426.79)	0.00
FNMA	2006 ABCDE Single Family	5.13	03/20/07	09/01/36	83,863.86	82,054.28			(892.37)		82,971.49	80,854.28	(307.63)	0.00
FNMA	2006 ABCDE Single Family	5.63	03/20/07	02/01/37	353,726.82	355,795.78			(1,204.57)		352,522.25	352,719.04	(1,872.17)	0.00
FNMA	2006 ABCDE Single Family	5.38	03/20/07	09/01/36	235,414.70	233,514.28			(853.30)		234,561.40	231,609.28	(1,051.70)	0.00
FNMA	2006 ABCDE Single Family	5.13	03/27/07	03/01/37	438,910.09	429,349.89			(1,755.93)		437,154.16	425,426.73	(2,167.23)	0.00
FNMA	2006 ABCDE Single Family	5.38	04/10/07	03/01/37	976,228.12	968,153.95			(3,241.89)		972,986.23	959,775.29	(5,136.77)	0.00
FNMA	2006 ABCDE Single Family	5.63	04/10/07	03/01/37	527,165.13	529,246.38			(1,877.97)		525,287.16	524,583.61	(2,784.80)	0.00
FNMA	2006 ABCDE Single Family	5.13	04/10/07	03/01/37	882,557.82	863,339.48			(3,760.98)		878,796.84	855,226.76	(4,351.74)	0.00
FNMA	2006 ABCDE Single Family	5.38	04/24/07	04/01/37	1,645,877.36	1,632,623.47			(5,812.22)		1,640,065.14	1,619,456.09	(7,355.16)	0.00
FNMA	2006 ABCDE Single Family	5.13	04/24/07	04/01/37	484,312.43	473,769.51			(1,713.73)		482,598.70	469,658.29	(2,397.49)	0.00
FNMA	2006 ABCDE Single Family	5.63	04/24/07	04/01/37	240,304.44	241,254.86			(774.53)		239,529.91	239,210.77	(1,269.56)	0.00
FNMA	2006 ABCDE Single Family	5.13	05/08/07	04/01/37	251,773.38	246,294.06			(866.33)		250,907.05	244,180.71	(1,247.02)	0.00
FNMA	2006 ABCDE Single Family	5.38	05/22/07	04/01/37	230,519.21	228,617.01			(1,016.16)		229,503.05	226,391.26	(1,209.59)	0.00
FNMA	2006 ABCDE Single Family	5.13	05/22/07	04/01/37	202,746.71	198,335.52			(894.88)		201,851.83	196,441.72	(998.92)	0.00
FNMA	2006 ABCDE Single Family	5.38	06/05/07	05/01/37	336,336.80	333,634.72			(1,128.86)		335,207.94	331,002.04	(1,503.82)	0.00
FNMA	2006 ABCDE Single Family	5.63	06/05/07	05/01/37	390,188.56	391,739.24			(1,257.20)		388,931.36	388,420.58	(2,061.46)	0.00
FNMA	2006 ABCDE Single Family	5.13	06/05/07	04/01/37	429,105.12	419,771.59			(1,919.02)		427,186.10	415,739.05	(2,113.52)	0.00
FNMA	2006 ABCDE Single Family	5.38	06/19/07	05/01/37	636,720.21	631,474.34			(3,442.94)		633,277.27	624,698.89	(3,332.51)	0.00
FNMA	2006 ABCDE Single Family	5.63	07/03/07	07/01/37	630,960.29	633,476.13			(2,016.44)		628,943.85	628,126.07	(3,333.62)	0.00
FNMA	2006 ABCDE Single Family	5.13	07/03/07	06/01/37	582,863.69	570,193.76			(10,089.83)		572,773.86	557,433.44	(2,670.49)	0.00
FNMA	2006 ABCDE Single Family	5.38	08/07/07	07/01/37	1,916,319.94	1,909,908.82			(12,055.32)		1,904,264.62	1,887,657.37	(10,196.13)	0.00
FNMA	2006 ABCDE Single Family	5.63	08/07/07	07/01/37	468,281.85	472,465.42			(1,667.76)		466,614.09	468,283.40	(2,514.26)	0.00
FNMA	2006 ABCDE Single Family	5.13	08/07/07	08/01/37	1,765,724.35	1,735,854.36			(6,275.51)		1,759,448.84	1,720,690.93	(8,887.92)	0.00
FNMA	2006 ABCDE Single Family	5.13	08/29/07	08/01/37	811,376.61	797,666.21			(3,233.82)		808,142.79	790,355.82	(4,076.57)	0.00
FNMA	2006 ABCDE Single Family	5.38	08/23/07	07/01/37	710,349.78	707,983.29			(3,787.45)		706,562.33	700,410.23	(3,785.61)	0.00
FNMA	2006 ABCDE Single Family	5.38	09/11/07	08/01/37	679,155.80	676,905.53			(2,441.29)		676,714.51	670,834.48	(3,629.76)	0.00
FNMA	2006 ABCDE Single Family	5.13	09/11/07	09/01/37	333,312.75	327,684.84			(1,111.93)		332,200.82	324,893.47	(1,679.44)	0.00
FNMA	2006 ABCDE Single Family	5.63	09/11/07	08/01/37	272,798.72	275,244.76			(856.94)		271,941.78	272,923.46	(1,464.36)	0.00
FNMA	2006 ABCDE Single Family	5.38	09/25/07	09/01/37	1,911,129.24	1,904,822.03			(7,307.03)		1,903,822.21	1,887,304.54	(10,210.46)	0.00
FNMA	2006 ABCDE Single Family	5.63	09/25/07	07/01/37	170,004.49	171,530.90			(534.49)		169,470.00	170,083.65	(912.76)	0.00
FNMA	2006 ABCDE Single Family	5.13	09/25/07	09/01/37	971,744.51	955,348.36			(3,960.20)		967,784.31	946,507.55	(4,880.61)	0.00
FNMA	2006 ABCDE Single Family	5.38	10/09/07	08/01/37	317,182.76	318,045.71			(1,128.94)		316,053.82	314,857.03	(2,059.74)	0.00
FNMA	2006 ABCDE Single Family	5.13	10/09/07	09/01/37	480,264.37	476,066.61			(1,586.43)		478,677.94	470,383.85	(4,096.33)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2006 ABCDE Single Family	5.63	10/09/07	09/01/37	264,137.86	269,076.69			(807.12)		263,330.74	265,320.01	(2,949.56)	0.00
FNMA	2006 ABCDE Single Family	5.38	10/25/07	10/01/37	1,896,444.82	1,901,635.05			(6,974.20)		1,889,470.62	1,882,346.09	(12,314.76)	0.00
FNMA	2006 ABCDE Single Family	5.13	10/25/07	10/01/37	986,567.27	977,958.97			(3,902.00)		982,665.27	965,653.17	(8,403.80)	0.00
FNMA	2006 ABCDE Single Family	5.38	11/08/07	09/01/37	652,338.26	654,131.50			(3,586.01)		648,752.25	646,313.19	(4,232.30)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/08/07	10/01/37	312,088.69	309,369.31			(1,928.56)		310,160.13	304,794.28	(2,646.47)	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/07	10/01/37	415,629.80	416,777.40			(1,391.43)		414,238.37	412,686.43	(2,699.54)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/21/07	09/01/37	392,362.83	388,948.30			(1,335.01)		391,027.82	384,267.19	(3,346.10)	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/07	11/01/37	590,889.57	592,521.09			(1,904.93)		588,984.64	586,778.01	(3,838.15)	0.00
FNMA	2006 ABCDE Single Family	5.38	12/11/07	10/01/37	1,066,805.33	1,069,770.36			(3,553.84)		1,063,251.49	1,059,287.27	(6,929.25)	0.00
FNMA	2006 ABCDE Single Family	5.13	12/11/07	11/01/37	566,007.88	561,092.98			(1,860.53)		564,147.35	554,404.23	(4,828.22)	0.00
FNMA	2006 ABCDE Single Family	5.38	12/11/07	11/01/37	299,196.49	300,028.07			(1,826.16)		297,370.33	296,261.63	(1,940.28)	0.00
FNMA	2006 ABCDE Single Family	5.13	12/11/07	12/01/37	398,535.21	395,074.94			(1,701.68)		396,833.53	389,980.39	(3,392.87)	0.00
FNMA	2006 ABCDE Single Family	5.13	12/20/07	11/01/37	352,413.84	349,356.84			(1,595.32)		350,818.52	344,762.48	(2,999.04)	0.00
FNMA	2006 ABCDE Single Family	5.38	12/20/07	10/01/37	76,955.00	77,169.51			(823.85)		76,131.15	75,847.91	(497.75)	0.00
FNMA	2006 ABCDE Single Family	5.63	12/28/07	10/01/37	1,304,204.63	1,328,687.20			(73,971.80)		1,230,232.83	1,239,616.48	(15,098.92)	0.00
FNMA	2006 ABCDE Single Family	5.13	01/16/08	12/01/37	336,616.65	333,704.78			(1,266.41)		335,350.24	329,569.55	(2,868.82)	0.00
FNMA	2006 ABCDE Single Family	5.13	01/30/08	12/01/37	186,826.44	185,212.74			(872.27)		185,954.17	182,751.14	(1,589.33)	0.00
FNMA	2006 ABCDE Single Family	5.38	01/30/08	11/01/37	65,476.81	65,661.85			(202.95)		65,273.86	65,033.44	(425.46)	0.00
FNMA	2006 ABCDE Single Family	5.13	01/30/08	12/01/37	256,231.76	254,018.59			(862.28)		255,369.48	250,970.77	(2,185.54)	0.00
FNMA	2006 ABCDE Single Family	5.13	02/13/08	01/01/38	112,614.91	111,618.65			(361.81)		112,253.10	110,246.18	(1,010.66)	0.00
FNMA	2006 ABCDE Single Family	5.38	02/13/08	01/01/38	419,099.19	420,263.65			(1,283.55)		417,815.64	416,156.07	(2,824.03)	0.00
FNMA	2006 ABCDE Single Family	5.63	02/19/08	04/01/37	158,098.56	161,074.04			(918.34)		157,180.22	158,386.32	(1,769.38)	0.00
FNMA	2006 ABCDE Single Family	5.38	02/19/08	12/01/37	217,273.46	217,891.43			(673.68)		216,599.78	215,806.16	(1,411.59)	0.00
FNMA	2006 ABCDE Single Family	5.13	02/19/08	01/01/38	249,803.78	247,595.12			(1,146.68)		248,657.10	244,212.71	(2,235.73)	0.00
FNMA	2006 ABCDE Single Family	5.13	02/27/08	02/01/38	187,386.09	185,730.79			(600.63)		186,785.46	183,448.42	(1,681.74)	0.00
FNMA	2006 ABCDE Single Family	5.38	03/20/08	11/01/37	260,453.92	261,201.82			(865.22)		259,588.70	258,644.36	(1,692.24)	0.00
FNMA	2006 ABCDE Single Family	5.13	04/08/08	03/01/38	179,301.32	177,724.09			(584.27)		178,717.05	175,530.72	(1,609.10)	0.00
FNMA	2006 ABCDE Single Family	5.63	04/15/08	12/01/37	149,182.61	151,998.43			(442.59)		148,740.02	149,889.53	(1,666.31)	0.00
FNMA	2006 ABCDE Single Family	5.38	04/15/08	01/01/38	245,988.67	246,701.26			(1,809.47)		244,179.20	243,297.05	(1,594.74)	0.00
FNMA	2006 ABCDE Single Family	5.13	04/15/08	04/01/38	118,109.79	117,071.65			(372.79)		117,737.00	115,638.69	(1,060.17)	0.00
FNMA	2006 ABCDE Single Family	5.38	04/29/08	04/01/38	162,515.03	162,987.95			(775.43)		161,739.60	161,157.56	(1,054.96)	0.00
Repo Agmt	2006 ABCDE Single Family	2.10	08/29/08	09/02/08	10,719,816.68	10,719,816.68		(2,513,184.62)			8,206,632.06	8,206,632.06	-	0.00
Repo Agmt	2006 ABCDE Single Family				8,034.18	8,034.18		(8,034.18)					-	0.00
Repo Agmt	2006 ABCDE Single Family	2.10	08/29/08	09/02/08			12,645.84				12,645.84	12,645.84	-	0.00
GNMA	2006 ABCDE Single Family	6.15	11/12/02	11/20/32	8,339.33	8,624.58			(33.89)		8,305.44	8,552.39	(38.30)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/12/02	10/20/32	9,114.03	9,153.46			(44.04)		9,069.99	9,061.86	(47.56)	0.00
GNMA	2006 ABCDE Single Family	6.15	01/10/03	09/20/32	8,780.00	9,080.30			(44.87)		8,735.13	8,994.84	(40.59)	0.00
GNMA	2006 ABCDE Single Family	5.40	09/26/02	09/20/32	11,481.79	11,531.01			(52.69)		11,429.10	11,418.40	(59.92)	0.00
GNMA	2006 ABCDE Single Family	6.15	10/10/02	09/20/32	5,597.92	5,789.24			(24.23)		5,573.69	5,739.27	(25.74)	0.00
GNMA	2006 ABCDE Single Family	5.40	10/10/02	09/20/32	3,427.82	3,442.54			(15.70)		3,412.12	3,408.95	(17.89)	0.00
GNMA	2006 ABCDE Single Family	6.15	10/21/02	10/20/32	10,687.67	11,053.44			(387.74)		10,299.93	10,606.41	(59.29)	0.00
GNMA	2006 ABCDE Single Family	6.15	10/29/02	10/20/32	6,260.45	6,474.51			(30.00)		6,230.45	6,415.63	(28.88)	0.00
GNMA	2006 ABCDE Single Family	5.40	10/29/02	09/20/32	2,721.27	2,732.99			(21.77)		2,699.50	2,697.02	(14.20)	0.00
GNMA	2006 ABCDE Single Family	6.15	11/05/02	10/20/32	3,032.99	3,136.75			(12.27)		3,020.72	3,110.55	(13.93)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/05/02	09/20/32	6,773.72	6,802.95			(36.10)		6,737.62	6,731.50	(35.35)	0.00
GNMA	2006 ABCDE Single Family	6.15	11/19/02	11/20/32	3,995.66	4,132.38			(16.05)		3,979.61	4,097.99	(18.34)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/19/02	11/20/32	4,871.95	4,893.08			(22.36)		4,849.59	4,845.29	(25.43)	0.00
GNMA	2006 ABCDE Single Family	6.15	11/26/02	11/20/32	17,612.12	18,214.83			(81.24)		17,530.88	18,052.44	(81.15)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/26/02	11/20/32	13,165.83	13,223.00			(63.81)		13,102.02	13,090.48	(68.71)	0.00
GNMA	2006 ABCDE Single Family	6.15	11/26/02	11/20/32	5,004.30	5,175.54			(21.70)		4,982.60	5,130.83	(23.01)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/26/02	11/20/32	7,047.96	7,078.56			(41.03)		7,006.93	7,000.76	(36.77)	0.00
GNMA	2006 ABCDE Single Family	5.40	12/12/02	12/20/32	5,301.42	5,324.54			(50.13)		5,251.29	5,246.76	(27.65)	0.00
GNMA	2006 ABCDE Single Family	6.15	12/30/02	12/20/32	3,096.08	3,202.13			(16.27)		3,079.81	3,171.54	(14.32)	0.00
GNMA	2006 ABCDE Single Family	5.40	12/30/02	12/20/32	10,054.84	10,098.81			(45.22)		10,009.62	10,001.10	(52.49)	0.00
GNMA	2006 ABCDE Single Family	6.15	12/30/02	12/20/32	8,561.44	8,854.70			(35.44)		8,526.00	8,779.94	(39.32)	0.00
GNMA	2006 ABCDE Single Family	5.40	12/30/02	12/20/32	4,967.82	4,989.55			(22.25)		4,945.57	4,941.37	(25.93)	0.00
GNMA	2006 ABCDE Single Family	6.15	01/07/03	12/20/32	5,673.78	5,868.14			(24.68)		5,649.10	5,817.36	(26.10)	0.00
GNMA	2006 ABCDE Single Family	6.15	01/23/03	01/20/33	23,889.68	24,682.76			(100.93)		23,788.75	24,488.68	(93.15)	0.00
GNMA	2006 ABCDE Single Family	5.40	01/23/03	01/20/33	4,844.73	4,863.12			(21.71)		4,823.02	4,816.58	(24.83)	0.00
GNMA	2006 ABCDE Single Family	6.15	01/23/03	01/20/33	5,322.10	5,498.75			(36.10)		5,286.00	5,441.51	(21.14)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.40	01/23/03	01/20/33	5,024.58	5,043.71			(22.35)		5,002.23	4,995.59	(25.77)	0.00
GNMA	2006 ABCDE Single Family	6.15	01/30/03	01/20/33	14,166.66	14,636.99			(2,523.05)		11,643.61	11,986.23	(127.71)	0.00
GNMA	2006 ABCDE Single Family	5.40	01/30/03	01/20/33	16,614.15	16,677.36			(83.45)		16,530.70	16,508.73	(85.18)	0.00
GNMA	2006 ABCDE Single Family	6.15	02/12/03	02/20/33	20,560.40	21,243.35			(117.40)		20,443.00	21,044.89	(81.06)	0.00
GNMA	2006 ABCDE Single Family	6.15	02/20/03	02/20/33	8,433.13	8,713.27			(40.41)		8,392.72	8,639.86	(33.00)	0.00
GNMA	2006 ABCDE Single Family	5.40	03/03/03	03/20/33	5,754.20	5,776.26			(25.30)		5,728.90	5,721.46	(29.50)	0.00
GNMA	2006 ABCDE Single Family	6.15	02/27/03	02/20/33	21,450.40	22,163.18			(85.10)		21,365.30	21,994.60	(83.48)	0.00
GNMA	2006 ABCDE Single Family	5.40	02/27/03	01/20/33	5,218.86	5,238.79			(25.25)		5,193.61	5,186.80	(26.74)	0.00
GNMA	2006 ABCDE Single Family	6.15	03/12/03	02/20/33	15,498.37	16,013.51			(64.49)		15,433.88	15,888.61	(60.41)	0.00
GNMA	2006 ABCDE Single Family	6.15	03/24/03	03/20/33	7,680.60	7,936.02			(33.56)		7,647.04	7,872.48	(29.98)	0.00
GNMA	2006 ABCDE Single Family	5.40	03/24/03	02/20/33	5,335.74	5,356.28			(25.93)		5,309.81	5,302.99	(27.36)	0.00
GNMA	2006 ABCDE Single Family	6.15	04/02/03	04/20/33	2,202.31	2,275.56			(8.55)		2,193.76	2,258.45	(8.56)	0.00
GNMA	2006 ABCDE Single Family	6.15	04/02/03	03/20/33	7,855.41	8,116.67			(30.81)		7,824.60	8,055.29	(30.57)	0.00
GNMA	2006 ABCDE Single Family	6.15	04/10/03	03/20/33	15,423.28	15,936.32			(126.91)		15,296.37	15,747.44	(61.97)	0.00
GNMA	2006 ABCDE Single Family	6.15	04/10/03	03/20/33	3,469.20	3,584.58			(13.69)		3,455.51	3,557.40	(13.49)	0.00
GNMA	2006 ABCDE Single Family	6.15	04/17/03	04/20/33	8,032.89	8,300.21			(31.50)		8,001.39	8,237.43	(31.28)	0.00
GNMA	2006 ABCDE Single Family	6.15	04/24/03	04/20/33	5,527.65	5,711.60			(21.60)		5,506.05	5,668.50	(21.50)	0.00
GNMA	2006 ABCDE Single Family	6.15	04/29/03	03/20/33	4,313.14	4,456.69			(18.24)		4,294.90	4,421.63	(16.82)	0.00
GNMA	2006 ABCDE Single Family	6.15	05/08/03	04/20/33	2,522.12	2,606.05			(10.48)		2,511.64	2,585.75	(9.82)	0.00
GNMA	2006 ABCDE Single Family	6.15	05/08/03	04/20/33	4,123.31	4,260.58			(16.64)		4,106.67	4,227.88	(16.06)	0.00
GNMA	2006 ABCDE Single Family	6.15	05/15/03	04/20/33	4,246.86	4,388.36			(16.72)		4,230.14	4,355.11	(16.53)	0.00
GNMA	2006 ABCDE Single Family	6.15	06/10/03	06/20/33	3,114.10	3,217.89			(12.23)		3,101.87	3,193.54	(12.12)	0.00
GNMA	2006 ABCDE Single Family	6.15	06/19/03	05/20/33	2,006.32	2,073.21			(7.98)		1,998.34	2,057.42	(7.81)	0.00
GNMA	2006 ABCDE Single Family	6.15	07/17/03	07/20/33	2,544.25	2,629.11			(10.06)		2,534.19	2,609.16	(9.89)	0.00
GNMA	2006 ABCDE Single Family	6.15	07/17/03	07/20/33	4,535.71	4,687.00			(29.14)		4,506.57	4,639.87	(17.99)	0.00
GNMA	2006 ABCDE Single Family	6.15	07/24/03	07/20/33	4,285.75	4,428.73			(17.20)		4,268.55	4,394.84	(16.69)	0.00
GNMA	2006 ABCDE Single Family	6.15	07/30/03	07/30/33	2,378.49	2,457.86			(9.13)		2,369.36	2,439.47	(9.26)	0.00
GNMA	2006 ABCDE Single Family	6.15	09/04/03	08/20/33	2,716.48	2,807.20			(10.28)		2,706.20	2,786.36	(10.56)	0.00
GNMA	2006 ABCDE Single Family	6.15	09/29/03	09/20/33	8,151.04	8,423.50			(31.13)		8,119.91	8,360.68	(31.69)	0.00
GNMA	2006 ABCDE Single Family	6.15	10/09/03	08/20/33	2,850.79	2,946.11			(10.87)		2,839.92	2,924.16	(11.08)	0.00
GNMA	2006 ABCDE Single Family	6.15	01/15/04	12/20/33	3,216.62	3,324.44			(14.67)		3,201.95	3,297.18	(12.59)	0.00
GNMA	2006 ABCDE Single Family	6.15	03/11/04	03/20/34	3,103.24	3,205.20			(11.17)		3,092.07	3,181.14	(12.89)	0.00
GNMA	2006 ABCDE Single Family	5.40	07/08/04	06/20/34	17,508.51	17,584.84			(84.35)		17,424.16	17,400.98	(99.51)	0.00
GNMA	2006 ABCDE Single Family	6.15	04/08/04	04/20/34	1,958.86	2,023.28			(7.15)		1,951.71	2,007.99	(8.14)	0.00
GNMA	2006 ABCDE Single Family	5.40	06/17/04	06/20/34	29,568.44	29,696.83			(123.03)		29,445.41	29,405.75	(168.05)	0.00
GNMA	2006 ABCDE Single Family	5.40	09/02/04	09/20/34	36,126.31	36,285.76			(151.38)		35,974.93	35,928.99	(205.39)	0.00
GNMA	2006 ABCDE Single Family	5.40	09/09/04	09/20/34	41,031.78	41,135.72			(166.51)		40,865.27	40,737.48	(231.73)	0.00
GNMA	2006 ABCDE Single Family	5.40	09/16/04	09/20/34	46,521.15	46,726.93			(183.30)		46,337.85	46,279.18	(264.45)	0.00
GNMA	2006 ABCDE Single Family	5.40	07/15/04	07/20/34	17,356.02	17,431.83			(100.37)		17,255.65	17,232.83	(98.63)	0.00
GNMA	2006 ABCDE Single Family	5.40	07/22/04	07/20/34	17,610.80	17,687.85			(79.52)		17,531.28	17,508.22	(100.11)	0.00
GNMA	2006 ABCDE Single Family	5.40	07/29/04	07/20/34	14,802.26	14,867.03			(59.68)		14,742.58	14,723.20	(84.15)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/05/04	08/20/34	18,952.03	19,035.20			(76.69)		18,875.34	18,850.78	(107.73)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/12/04	08/20/34	29,287.96	29,416.62			(116.54)		29,171.42	29,133.58	(166.50)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/20/04	08/20/34	10,175.33	10,220.11			(43.46)		10,131.87	10,118.82	(57.83)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/26/04	08/20/34	6,410.42	6,438.65			(33.20)		6,377.22	6,369.02	(36.43)	0.00
GNMA	2006 ABCDE Single Family	5.40	12/02/04	12/20/34	15,212.60	15,280.97			(61.03)		15,151.57	15,133.45	(86.49)	0.00
GNMA	2006 ABCDE Single Family	5.40	10/14/04	10/20/34	38,697.45	38,796.66			(5,581.16)		33,116.29	33,013.74	(201.76)	0.00
GNMA	2006 ABCDE Single Family	4.49	10/14/04	09/20/34	7,603.50	7,160.26			(35.25)		7,568.25	7,089.31	(35.70)	0.00
GNMA	2006 ABCDE Single Family	5.40	10/21/04	10/20/34	65,019.72	65,309.39			(283.37)		64,736.35	64,656.36	(369.66)	0.00
GNMA	2006 ABCDE Single Family	4.49	10/21/04	10/20/34	15,784.78	14,864.78			(74.05)		15,710.73	14,716.66	(74.07)	0.00
GNMA	2006 ABCDE Single Family	5.40	10/28/04	10/20/34	15,019.87	15,058.54			(62.27)		14,957.60	14,911.44	(84.83)	0.00
GNMA	2006 ABCDE Single Family	4.49	10/29/04	10/20/34	28,296.24	26,579.58			(152.17)		28,144.07	26,297.08	(130.33)	0.00
GNMA	2006 ABCDE Single Family	4.49	11/04/04	10/20/34	123,610.38	116,111.81			(806.52)		122,803.86	114,745.20	(560.09)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/04/04	11/20/34	22,452.66	22,553.02			(89.00)		22,363.66	22,336.36	(127.66)	0.00
GNMA	2006 ABCDE Single Family	4.49	11/10/04	11/20/34	26,394.57	24,793.60			(148.17)		26,246.40	24,524.26	(121.17)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/10/04	11/20/34	3,335.21	3,350.08			(12.93)		3,322.28	3,318.19	(18.96)	0.00
GNMA	2006 ABCDE Single Family	4.49	11/18/04	11/20/34	23,256.90	21,846.38			(111.47)		23,145.43	21,626.89	(108.02)	0.00
GNMA	2006 ABCDE Single Family	5.40	12/23/04	12/20/34	5,245.00	5,268.67			(21.22)		5,223.78	5,217.62	(29.83)	0.00
GNMA	2006 ABCDE Single Family	5.40	09/08/05	08/20/35	2,906.73	2,919.25			(13.83)		2,892.90	2,888.61	(16.81)	0.00
FNMA	2006 ABCDE Single Family	5.40	08/14/03	09/01/32	2,805.10	2,792.78			(13.56)		2,791.54	2,770.34	(8.88)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2006 ABCDE Single Family	6.15	08/14/03	12/01/31	2,931.76	3,024.97			(44.66)		2,887.10	2,965.16	(15.15)	0.00
FNMA	2006 ABCDE Single Family	6.15	04/15/04	02/01/34	5,066.96	5,203.69			(18.55)		5,048.41	5,167.35	(17.79)	0.00
FNMA	2006 ABCDE Single Family	5.40	10/28/04	10/01/34	14,883.55	14,802.68			(62.97)		14,820.58	14,686.05	(53.66)	0.00
FNMA	2006 ABCDE Single Family	4.49	11/04/04	10/01/34	15,043.35	14,102.57			(70.03)		14,973.32	14,020.41	(12.13)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/29/02	08/20/32	10,698.41	10,743.80			(64.93)		10,633.48	10,623.05	(55.82)	0.00
GNMA	2006 ABCDE Single Family	6.15	09/12/02	08/20/32	3,063.06	3,167.72			(13.04)		3,050.02	3,140.60	(14.08)	0.00
GNMA	2006 ABCDE Single Family	6.15	09/19/02	09/20/32	4,533.39	4,688.26			(18.75)		4,514.64	4,648.69	(20.82)	0.00
GNMA	2006 ABCDE Single Family	5.40	09/19/02	09/20/32	11,805.36	11,855.89			(62.67)		11,742.69	11,731.61	(61.61)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/09/04	12/20/34	94,971.70	89,213.49			(524.57)		94,447.13	88,252.34	(436.58)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/16/04	12/20/34	72,790.10	68,377.13			(9,294.92)		63,495.18	59,330.88	248.67	0.00
GNMA	2006 ABCDE Single Family	4.49	11/23/04	11/20/34	98,497.15	92,523.68			(451.14)		98,046.01	91,613.65	(458.89)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/02/04	12/20/34	141,236.88	132,672.79			(685.87)		140,551.01	131,331.60	(655.32)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/23/04	12/20/34	88,034.85	82,698.17			(398.27)		87,636.58	81,889.43	(410.47)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/29/04	12/20/34	78,491.28	73,733.45			(6,454.20)		72,037.08	67,313.20	33.95	0.00
GNMA	2006 ABCDE Single Family	4.49	01/06/05	01/20/35	177,418.33	166,661.95			(8,725.75)		168,692.58	157,557.13	(379.07)	0.00
GNMA	2006 ABCDE Single Family	5.40	01/06/05	01/20/35	21,802.76	21,891.76			(83.69)		21,719.07	21,681.93	(126.14)	0.00
GNMA	2006 ABCDE Single Family	4.49	01/13/05	01/20/35	81,323.81	76,393.80			(403.60)		80,920.21	75,579.07	(411.13)	0.00
GNMA	2006 ABCDE Single Family	5.40	01/13/05	01/20/35	9,290.24	9,328.20			(35.42)		9,254.82	9,239.02	(53.76)	0.00
GNMA	2006 ABCDE Single Family	4.49	01/19/05	01/20/35	113,393.51	106,519.84			(560.52)		112,832.99	105,386.00	(573.32)	0.00
GNMA	2006 ABCDE Single Family	5.40	01/19/05	01/20/35	12,838.10	12,890.63			(48.98)		12,789.12	12,767.39	(74.26)	0.00
GNMA	2006 ABCDE Single Family	4.49	01/27/05	01/20/35	144,642.05	135,875.13			(983.89)		143,658.16	134,177.53	(713.71)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/03/05	02/20/35	186,920.48	175,592.42			(935.78)		185,984.70	173,712.33	(944.31)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/10/05	02/20/35	56,001.55	52,607.96			(259.37)		55,742.18	52,064.24	(284.35)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/10/05	02/20/35	146,639.11	137,753.08			(703.24)		145,935.87	136,306.84	(743.00)	0.00
GNMA	2006 ABCDE Single Family	5.40	02/17/05	11/20/34	5,068.85	5,091.93			(19.63)		5,049.22	5,043.47	(28.83)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/17/05	02/20/35	65,159.85	61,211.63			(315.85)		64,844.00	60,565.91	(329.87)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/24/05	02/20/35	89,411.66	83,994.43			(497.13)		88,914.53	83,048.77	(448.53)	0.00
GNMA	2006 ABCDE Single Family	4.49	03/03/05	03/20/35	85,998.93	80,789.11			(407.74)		85,591.19	79,945.31	(436.06)	0.00
GNMA	2006 ABCDE Single Family	4.49	03/11/05	03/20/35	31,176.87	29,288.39			(141.23)		31,035.64	28,988.64	(158.52)	0.00
GNMA	2006 ABCDE Single Family	5.40	03/17/05	02/20/35	6,144.63	6,170.11			(24.65)		6,119.98	6,109.90	(35.56)	0.00
GNMA	2006 ABCDE Single Family	4.49	03/17/05	03/20/35	52,131.13	48,973.59			(260.53)		51,870.60	48,449.59	(263.47)	0.00
GNMA	2006 ABCDE Single Family	4.49	03/24/05	03/20/35	46,894.18	44,054.10			(216.00)		46,678.18	43,599.89	(238.21)	0.00
GNMA	2006 ABCDE Single Family	4.49	04/07/05	04/20/35	65,628.08	61,654.25			(352.94)		65,275.14	60,971.28	(330.03)	0.00
GNMA	2006 ABCDE Single Family	4.49	04/14/05	04/20/35	49,126.71	46,269.74			(258.77)		48,867.94	45,761.49	(249.48)	0.00
GNMA	2006 ABCDE Single Family	5.40	04/21/05	04/20/35	5,199.64	5,211.57			(19.82)		5,179.82	5,161.90	(29.85)	0.00
GNMA	2006 ABCDE Single Family	4.49	04/21/05	04/20/35	73,759.02	69,293.67			(344.05)		73,414.97	68,575.20	(374.42)	0.00
GNMA	2006 ABCDE Single Family	4.49	04/28/05	04/20/35	71,497.09	67,169.07			(313.76)		71,183.33	66,491.09	(364.22)	0.00
GNMA	2006 ABCDE Single Family	5.40	04/28/05	04/20/35	6,469.42	6,496.47			(24.69)		6,444.73	6,434.34	(37.44)	0.00
GNMA	2006 ABCDE Single Family	4.49	05/05/05	05/20/35	116,832.10	109,760.59			(520.44)		116,311.66	108,645.46	(594.69)	0.00
GNMA	2006 ABCDE Single Family	5.40	05/05/05	04/20/35	5,342.55	5,354.86			(21.39)		5,321.16	5,302.80	(30.67)	0.00
GNMA	2006 ABCDE Single Family	5.40	07/07/05	07/20/35	5,757.25	5,781.69			(56.29)		5,700.96	5,692.14	(33.26)	0.00
GNMA	2006 ABCDE Single Family	5.40	05/26/05	05/20/35	7,862.51	7,895.61			(29.59)		7,832.92	7,820.52	(45.50)	0.00
GNMA	2006 ABCDE Single Family	4.49	05/26/05	05/20/35	26,305.46	24,713.70			(122.17)		26,183.29	24,457.95	(133.58)	0.00
GNMA	2006 ABCDE Single Family	5.40	06/09/05	05/20/35	6,200.79	6,226.94			(27.49)		6,173.30	6,163.57	(35.88)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/11/05	07/20/35	3,139.17	3,152.57			(11.55)		3,127.62	3,122.85	(18.17)	0.00
FNMA	2006 ABCDE Single Family	4.49	12/23/04	12/01/34	15,641.92	14,664.03			(83.19)		15,558.73	14,568.89	(11.95)	0.00
FNMA	2006 ABCDE Single Family	4.49	01/19/05	01/01/35	15,531.68	14,560.84			(73.58)		15,458.10	14,474.82	(12.44)	0.00
FNMA	2006 ABCDE Single Family	4.49	01/27/05	01/01/35	14,313.87	13,410.68			(75.80)		14,238.07	13,307.81	(27.07)	0.00
FNMA	2006 ABCDE Single Family	4.49	03/14/05	12/01/34	16,985.28	15,923.88			(77.96)		16,907.32	15,832.17	(13.75)	0.00
FNMA	2006 ABCDE Single Family	5.40	03/24/05	02/01/35	11,711.81	11,648.92			(47.64)		11,664.17	11,559.02	(42.26)	0.00
FNMA	2006 ABCDE Single Family	4.49	04/07/05	02/01/35	14,751.05	13,820.69			(90.97)		14,660.08	13,702.67	(27.05)	0.00
FNMA	2006 ABCDE Single Family	5.40	07/14/05	04/01/35	5,515.70	5,481.18			(20.87)		5,494.83	5,438.69	(21.62)	0.00
	2006 ABCDE Single Family Total				261,918,234.25	262,079,833.99	18,622,291.86	(12,479,957.68)	(2,306,600.41)	0.00	265,753,968.02	264,284,792.12	(1,630,775.64)	0.00
Repo Agmt	2006 FGH Single Family	2.10	08/29/08	09/02/08	632,001.81	632,001.81	3,334.83				635,336.64	635,336.64	-	0.00
GIC's	2006 FGH Single Family				273,841.42	273,841.42		(273,841.42)					-	0.00
Repo Agmt	2006 FGH Single Family	2.10	08/29/08	09/02/08			129,670.54				129,670.54	129,670.54	-	0.00
Repo Agmt	2006 FGH Single Family	2.10	08/29/08	09/02/08	236,689.12	236,689.12	4,949,487.93				5,186,177.05	5,186,177.05	-	0.00
Repo Agmt	2006 FGH Single Family				16,065.61	16,065.61		(16,065.61)					-	0.00
GIC's	2006 FGH Single Family				1,663,200.73	1,663,200.73		(1,663,200.73)					-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Repo Agmt	2006 FGH Single Family	2.10	08/29/08	09/02/08			70,087.14				70,087.14	70,087.14	-	0.00
GIC's	2006 FGH Single Family	4.33	11/15/06	02/26/38	600,000.00	600,000.00		(70,087.14)			529,912.86	529,912.86	-	0.00
Freddie Mac	2006 FGH Single Family	5.49	05/28/08	05/01/38	258,365.92	258,784.73			(964.80)		257,401.12	255,929.99	(1,889.94)	0.00
Freddie Mac	2006 FGH Single Family	5.15	05/28/08	04/01/38	158,918.72	156,215.82			(656.68)		158,262.04	154,599.29	(959.85)	0.00
Freddie Mac	2006 FGH Single Family	5.70	06/18/08	02/01/38			43,427.82				43,427.82	43,590.88	163.06	0.00
Freddie Mac	2006 FGH Single Family	5.49	06/18/08	05/01/38			148,706.78				148,706.78	147,859.25	(847.53)	0.00
Freddie Mac	2006 FGH Single Family	5.15	06/18/08	05/01/38			80,042.06				80,042.06	78,190.86	(1,851.20)	0.00
Freddie Mac	2006 FGH Single Family	5.70	06/25/08	04/01/38			131,162.02				131,162.02	131,655.30	493.28	0.00
Freddie Mac	2006 FGH Single Family	5.15	07/09/08	04/01/37			112,992.74				112,992.74	110,381.02	(2,611.72)	0.00
Freddie Mac	2006 FGH Single Family	5.15	07/16/08	06/01/38			166,591.24				166,591.24	162,741.64	(3,849.60)	0.00
Freddie Mac	2006 FGH Single Family	5.70	07/16/08	06/01/38			262,037.45				262,037.45	263,026.93	989.48	0.00
Freddie Mac	2006 FGH Single Family	5.49	07/23/08	06/01/38			77,867.04				77,867.04	77,425.20	(441.84)	0.00
Freddie Mac	2006 FGH Single Family	5.15	08/13/08	07/01/38			80,762.75				80,762.75	78,898.15	(1,864.60)	0.00
GNMA	2006 FGH Single Family	5.49	01/30/07	01/20/37	5,358,027.75	5,413,980.27			(21,121.96)		5,336,905.79	5,359,308.60	(33,549.71)	0.00
GNMA	2006 FGH Single Family	5.15	02/13/07	01/20/37	41,840.33	41,584.09			(184.93)		41,655.40	41,058.89	(340.27)	0.00
GNMA	2006 FGH Single Family	5.49	02/13/07	02/20/37	2,381,662.76	2,406,572.79			(9,145.93)		2,372,516.83	2,382,512.11	(14,914.75)	0.00
GNMA	2006 FGH Single Family	5.49	02/13/07	01/20/37	184,649.79	186,580.87			(593.42)		184,056.37	184,831.61	(1,155.84)	0.00
GNMA	2006 FGH Single Family	5.70	02/20/07	02/20/37	488,890.06	498,312.54			(1,573.33)		487,316.73	492,984.68	(3,754.53)	0.00
GNMA	2006 FGH Single Family	5.15	02/20/07	01/20/37	418,899.84	416,337.28			(1,474.03)		417,425.81	411,451.10	(3,412.15)	0.00
GNMA	2006 FGH Single Family	5.15	02/20/07	01/20/37	1,299,938.57	1,313,542.71			(4,517.08)		1,295,421.49	1,300,886.92	(8,138.71)	0.00
GNMA	2006 FGH Single Family	5.15	03/07/07	02/20/37	761,368.44	756,723.12			(2,706.94)		758,661.50	747,814.71	(6,201.47)	0.00
GNMA	2006 FGH Single Family	5.49	03/20/07	03/20/37	1,317,448.49	1,331,276.26			(4,428.17)		1,313,020.32	1,318,601.33	(8,246.76)	0.00
GNMA	2006 FGH Single Family	5.15	03/20/07	02/20/37	270,992.84	269,342.98			(924.56)		270,068.28	266,210.54	(2,207.88)	0.00
GNMA	2006 FGH Single Family	5.49	03/06/07	02/20/37	2,413,893.19	2,423,917.83			(177,015.44)		2,236,877.75	2,232,407.34	(14,495.05)	0.00
GNMA	2006 FGH Single Family	5.49	03/20/07	02/20/37	287,480.63	290,497.70			(1,069.07)		286,411.56	287,628.38	(1,800.25)	0.00
GNMA	2006 FGH Single Family	5.70	04/24/07	04/20/37	511,999.87	521,902.58			(1,854.61)		510,145.26	516,113.17	(3,934.80)	0.00
GNMA	2006 FGH Single Family	5.15	04/24/07	04/20/37	1,564,945.48	1,552,565.78			(5,966.50)		1,558,978.98	1,533,916.01	(12,683.27)	0.00
GNMA	2006 FGH Single Family	5.49	04/24/07	04/20/37	1,790,607.77	1,809,469.45			(6,274.86)		1,784,332.91	1,791,982.46	(11,212.13)	0.00
GNMA	2006 FGH Single Family	5.15	03/27/07	03/20/37	1,293,648.07	1,283,375.59			(5,277.72)		1,288,370.35	1,267,620.69	(10,477.18)	0.00
GNMA	2006 FGH Single Family	5.49	03/27/07	02/20/37	528,698.31	534,250.71			(1,883.99)		526,814.32	529,056.23	(3,310.49)	0.00
GNMA	2006 FGH Single Family	5.15	04/10/07	04/20/37	1,780,329.55	1,766,221.01			(6,161.66)		1,774,167.89	1,745,620.70	(14,438.65)	0.00
GNMA	2006 FGH Single Family	5.49	04/10/07	03/20/37	1,478,120.66	1,493,668.05			(5,427.16)		1,472,693.50	1,478,984.60	(9,256.29)	0.00
GNMA	2006 FGH Single Family	5.49	04/10/07	02/20/37	187,234.23	189,203.24			(849.04)		186,385.19	187,181.02	(1,173.18)	0.00
GNMA	2006 FGH Single Family	5.15	05/08/07	04/20/37	636,941.04	633,096.50			(2,367.15)		634,573.89	625,542.33	(5,187.02)	0.00
GNMA	2006 FGH Single Family	5.15	05/08/07	03/20/37	74,046.77	73,599.75			(252.77)		73,794.00	72,743.66	(603.32)	0.00
GNMA	2006 FGH Single Family	5.49	05/08/07	04/20/37	740,506.22	748,317.05			(2,409.84)		738,096.38	741,271.13	(4,636.08)	0.00
GNMA	2006 FGH Single Family	5.49	05/08/07	04/20/37	193,594.13	195,636.16			(645.17)		192,948.96	193,778.89	(1,212.10)	0.00
GNMA	2006 FGH Single Family	5.70	05/08/07	04/20/37	180,104.42	182,433.96			(567.09)		179,537.33	180,506.08	(1,360.79)	0.00
GNMA	2006 FGH Single Family	5.15	05/22/07	05/20/37	969,943.49	964,103.57			(3,978.99)		965,964.50	952,231.83	(7,892.75)	0.00
GNMA	2006 FGH Single Family	5.49	05/22/07	04/20/37	554,665.70	560,524.24			(1,810.14)		552,855.56	555,241.41	(3,472.69)	0.00
GNMA	2006 FGH Single Family	5.70	05/22/07	04/20/37	320,551.04	326,760.14			(990.77)		319,560.27	323,307.78	(2,461.59)	0.00
GNMA	2006 FGH Single Family	5.15	06/05/07	05/20/37	1,556,234.98	1,546,888.54			(6,825.05)		1,549,409.93	1,527,404.32	(12,659.17)	0.00
GNMA	2006 FGH Single Family	5.70	06/05/07	05/20/37	439,098.62	447,611.25			(1,337.00)		437,761.62	442,902.45	(3,371.80)	0.00
GNMA	2006 FGH Single Family	5.49	06/05/07	05/20/37	1,298,377.27	1,312,112.33			(4,164.71)		1,294,212.56	1,299,818.76	(8,128.86)	0.00
GNMA	2006 FGH Single Family	5.15	06/19/07	06/20/37	1,313,264.58	1,305,397.17			(4,918.01)		1,308,346.57	1,289,784.23	(10,694.93)	0.00
GNMA	2006 FGH Single Family	5.70	06/19/07	06/20/37	434,172.96	442,596.81			(1,317.83)		432,855.13	437,944.99	(3,333.99)	0.00
GNMA	2006 FGH Single Family	5.15	07/03/07	06/20/37	1,420,719.48	1,412,228.35			(5,501.32)		1,415,218.16	1,395,159.34	(11,567.69)	0.00
GNMA	2006 FGH Single Family	5.70	07/03/07	06/20/37	422,254.91	430,453.62			(1,257.49)		420,997.42	425,953.88	(3,242.25)	0.00
GNMA	2006 FGH Single Family	5.49	07/03/07	07/20/37	437,240.73	441,879.55			(1,367.67)		435,873.06	437,774.88	(2,737.00)	0.00
GNMA	2006 FGH Single Family	5.49	07/03/07	06/20/37	452,663.95	457,465.94			(1,418.20)		451,245.75	453,213.72	(2,834.02)	0.00
GNMA	2006 FGH Single Family	5.15	07/17/07	06/20/37	1,077,104.03	1,070,681.71			(3,609.62)		1,073,494.41	1,058,295.10	(8,776.99)	0.00
GNMA	2006 FGH Single Family	5.70	07/17/07	06/20/37	558,917.40	569,777.69			(155,595.78)		403,321.62	408,076.17	(6,105.74)	0.00
GNMA	2006 FGH Single Family	5.15	08/07/07	07/20/37	1,323,089.21	1,315,877.55			(5,157.09)		1,317,932.12	1,299,934.40	(10,786.06)	0.00
GNMA	2006 FGH Single Family	5.70	08/07/07	07/20/37	531,911.16	542,525.95			(1,762.04)		530,149.12	536,672.27	(4,091.64)	0.00
GNMA	2006 FGH Single Family	5.49	08/07/07	06/20/37	883,595.85	893,440.91			(6,369.41)		877,226.44	881,513.93	(5,557.57)	0.00
GNMA	2006 FGH Single Family	5.15	11/21/07	10/20/37	924,785.77	918,131.16			(3,060.71)		921,725.06	907,556.59	(7,513.86)	0.00
GNMA	2006 FGH Single Family	5.70	11/21/07	11/20/37	561,565.76	572,840.15			(1,837.74)		559,728.02	566,682.21	(4,320.20)	0.00
GNMA	2006 FGH Single Family	5.49	11/21/07	06/20/37	112,513.56	113,780.43			(349.90)		112,163.66	112,724.86	(705.67)	0.00
GNMA	2006 FGH Single Family	5.49	11/21/07	10/20/37	66,088.61	66,832.89			(203.99)		65,884.62	66,214.47	(414.43)	0.00
GNMA	2006 FGH Single Family	5.49	11/21/07	10/20/37	99,783.86	100,907.60			(302.76)		99,481.10	99,979.15	(625.69)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2006 FGH Single Family	5.49	09/25/07	09/20/37	468,873.03	474,123.61			(1,708.44)		467,164.59	469,474.01	(2,941.16)	0.00
GNMA	2006 FGH Single Family	5.15	09/25/07	09/20/37	3,818,783.24	3,798,175.98			(155,901.64)		3,662,881.60	3,613,058.57	(29,215.77)	0.00
GNMA	2006 FGH Single Family	5.49	09/25/07	08/20/37	781,239.66	789,987.42			(3,110.23)		778,129.43	781,975.28	(4,901.91)	0.00
GNMA	2006 FGH Single Family	5.70	09/25/07	09/20/37	261,405.29	266,636.45			(842.12)		260,563.17	263,783.65	(2,010.68)	0.00
GNMA	2006 FGH Single Family	5.15	10/09/07	09/20/37	1,230,336.11	1,223,715.43			(4,617.76)		1,225,718.35	1,209,064.29	(10,033.38)	0.00
GNMA	2006 FGH Single Family	5.49	10/09/07	08/20/37	80,757.71	81,663.22			(248.58)		80,509.13	80,908.27	(506.37)	0.00
GNMA	2006 FGH Single Family	5.15	08/23/07	08/20/37	1,246,445.35	1,239,674.03			(4,418.81)		1,242,026.54	1,225,087.71	(10,167.51)	0.00
GNMA	2006 FGH Single Family	5.49	08/23/07	07/20/37	867,409.07	877,089.76			(3,758.83)		863,650.24	867,887.17	(5,443.76)	0.00
GNMA	2006 FGH Single Family	5.70	08/23/07	08/20/37	787,425.33	803,153.76			(2,443.76)		784,981.57	794,654.74	(6,055.26)	0.00
GNMA	2006 FGH Single Family	5.15	09/11/07	08/20/37	974,221.25	968,948.40			(3,204.81)		971,016.44	957,793.03	(7,950.56)	0.00
GNMA	2006 FGH Single Family	5.70	09/11/07	08/20/37	292,320.24	297,727.47			(895.99)		291,424.25	294,587.96	(2,243.52)	0.00
GNMA	2006 FGH Single Family	5.49	09/11/07	08/20/37	554,373.78	560,572.76			(1,901.80)		552,471.98	555,194.12	(3,476.84)	0.00
GNMA	2006 FGH Single Family	5.70	11/21/07	11/20/37	363,195.42	370,487.19			(1,156.14)		362,039.28	366,537.33	(2,793.72)	0.00
GNMA	2006 FGH Single Family	5.15	11/28/07	11/20/37	758,054.10	752,605.37			(3,201.46)		754,852.64	743,255.32	(6,148.59)	0.00
GNMA	2006 FGH Single Family	5.15	11/28/07	11/20/37	171,770.14	170,855.32			(566.87)		171,203.27	168,886.50	(1,401.95)	0.00
GNMA	2006 FGH Single Family	5.49	11/28/07	11/20/37	143,255.64	144,870.13			(431.99)		142,823.65	143,539.86	(898.28)	0.00
GNMA	2006 FGH Single Family	5.15	12/11/07	11/20/37	340,048.76	338,242.51			(1,106.68)		338,942.08	334,360.15	(2,775.68)	0.00
GNMA	2006 FGH Single Family	5.70	12/11/07	11/20/37	365,469.21	372,814.54			(1,092.01)		364,377.20	368,912.14	(2,810.39)	0.00
GNMA	2006 FGH Single Family	5.15	12/11/07	11/20/37	78,956.81	78,537.41			(254.10)		78,702.71	77,638.78	(644.53)	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37	248,623.56	251,429.10			(751.17)		247,872.39	249,118.91	(1,559.02)	0.00
GNMA	2006 FGH Single Family	5.70	10/25/07	10/20/37	958,667.32	977,884.52			(2,854.08)		955,813.24	967,659.11	(7,371.33)	0.00
GNMA	2006 FGH Single Family	5.15	10/25/07	10/20/37	2,315,399.82	2,302,982.14			(80,032.01)		2,235,367.81	2,205,035.62	(17,914.51)	0.00
GNMA	2006 FGH Single Family	5.15	11/08/07	10/20/37	599,957.44	596,748.88			(1,961.86)		597,995.58	589,890.20	(4,896.82)	0.00
GNMA	2006 FGH Single Family	5.70	11/08/07	10/20/37	473,804.32	483,309.42			(1,397.48)		472,406.84	478,268.87	(3,643.07)	0.00
GNMA	2006 FGH Single Family	5.49	11/08/07	09/20/37	418,896.59	423,607.68			(1,711.96)		417,184.63	419,266.91	(2,628.81)	0.00
GNMA	2006 FGH Single Family	5.49	01/16/08	12/20/37	248,894.34	251,713.12			(782.03)		248,112.31	249,370.13	(1,560.96)	0.00
GNMA	2006 FGH Single Family	5.70	12/28/07	12/20/37	237,757.11	242,540.30			(694.72)		237,062.39	240,017.42	(1,828.16)	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37	153,712.23	155,446.76			(566.43)		153,145.80	153,915.95	(964.38)	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37	410,683.14	415,317.40			(1,247.46)		409,435.68	411,494.69	(2,575.25)	0.00
GNMA	2006 FGH Single Family	5.70	12/11/07	12/20/37	409,071.33	417,293.42			(1,189.25)		407,882.08	412,958.90	(3,145.27)	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37	441,318.28	446,298.23			(1,782.09)		439,536.19	441,746.57	(2,769.57)	0.00
GNMA	2006 FGH Single Family	5.15	12/11/07	11/20/37	89,641.78	89,165.63			(288.49)		89,353.29	88,145.39	(731.75)	0.00
GNMA	2006 FGH Single Family	5.49	12/20/07	11/20/37	160,784.38	162,600.36			(484.86)		160,299.52	161,107.27	(1,008.23)	0.00
GNMA	2006 FGH Single Family	5.70	12/20/07	12/20/37	211,170.39	215,416.97			(611.12)		210,559.27	213,182.21	(1,623.64)	0.00
GNMA	2006 FGH Single Family	5.70	01/30/08	01/20/38	58,778.23	59,956.37			(171.15)		58,607.08	59,322.00	(463.22)	0.00
GNMA	2006 FGH Single Family	5.15	01/30/08	01/20/38	68,538.37	68,165.62			(217.95)		68,320.42	67,355.65	(592.02)	0.00
GNMA	2006 FGH Single Family	5.70	01/16/08	11/20/37	82,746.43	84,412.83			(240.08)		82,506.35	83,536.50	(636.25)	0.00
GNMA	2006 FGH Single Family	5.15	01/16/08	12/20/37	824,127.23	819,782.85			(2,716.53)		821,410.70	810,339.41	(6,726.91)	0.00
GNMA	2006 FGH Single Family	5.49	01/30/08	12/20/37	191,288.75	193,458.07			(736.71)		190,552.04	191,520.96	(1,200.40)	0.00
GNMA	2006 FGH Single Family	5.49	01/30/08	12/20/37	177,258.22	179,268.43			(531.19)		176,727.03	177,625.65	(1,111.59)	0.00
GNMA	2006 FGH Single Family	5.15	01/30/08	12/20/37	272,837.42	271,403.28			(893.48)		271,943.94	268,282.64	(2,227.16)	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38	105,890.37	107,091.79			(316.52)		105,573.85	106,096.37	(678.90)	0.00
GNMA	2006 FGH Single Family	5.70	01/30/08	12/20/37	77,075.11	78,628.57			(221.72)		76,853.39	77,814.22	(592.63)	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38	74,634.25	74,229.48			(237.98)		74,396.27	73,346.90	(644.60)	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38	122,477.10	123,866.70			(364.88)		122,112.22	122,716.59	(785.23)	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38	1,323,833.43	1,338,853.37			(4,357.52)		1,319,475.91	1,326,006.39	(8,489.46)	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	12/20/37	163,201.51	165,054.81			(489.08)		162,712.43	163,542.28	(1,023.45)	0.00
GNMA	2006 FGH Single Family	5.15	04/08/08	03/20/38	153,977.50	153,151.87			(486.23)		153,491.27	151,335.43	(1,330.21)	0.00
GNMA	2006 FGH Single Family	5.15	04/17/08	03/20/38	115,355.02	114,737.65			(362.51)		114,992.51	113,378.56	(996.58)	0.00
GNMA	2006 FGH Single Family	5.49	04/17/08	03/20/38	294,914.43	298,281.90			(867.49)		294,046.94	295,523.20	(1,891.21)	0.00
GNMA	2006 FGH Single Family	5.15	03/12/08	02/20/38	331,302.54	329,516.08			(1,048.86)		330,253.68	325,605.27	(2,861.95)	0.00
GNMA	2006 FGH Single Family	5.49	03/12/08	02/20/38	219,864.25	222,365.76			(651.73)		219,212.52	220,304.16	(1,409.87)	0.00
GNMA	2006 FGH Single Family	5.49	03/12/08	03/20/38	369,501.67	373,705.68			(1,197.42)		368,304.25	370,138.71	(2,369.55)	0.00
GNMA	2006 FGH Single Family	5.70	02/19/08	12/20/37	109,392.50	111,599.81			(314.97)		109,077.53	110,443.58	(841.26)	0.00
GNMA	2006 FGH Single Family	5.15	02/19/08	02/20/38	132,891.47	132,171.68			(420.21)		132,471.26	130,603.65	(1,147.82)	0.00
GNMA	2006 FGH Single Family	5.49	02/19/08	02/20/38	181,955.50	184,021.24			(543.15)		181,412.35	182,311.50	(1,166.59)	0.00
GNMA	2006 FGH Single Family	5.49	02/27/08	02/20/38	186,514.77	188,633.99			(627.23)		185,887.54	186,810.39	(1,196.37)	0.00
GNMA	2006 FGH Single Family	5.49	02/27/08	01/20/38	195,778.28	198,002.74			(584.98)		195,193.30	196,162.35	(1,255.41)	0.00
GNMA	2006 FGH Single Family	5.49	02/27/08	02/20/38	272,563.78	275,660.70			(807.79)		271,755.99	273,105.13	(1,747.78)	0.00
GNMA	2006 FGH Single Family	5.49	03/20/08	02/20/38	155,750.19	157,523.67			(463.26)		155,286.93	156,061.65	(998.76)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2006 FGH Single Family	5.49	03/20/08	03/20/38	207,471.62	209,834.04			(662.91)		206,808.71	207,840.47	(1,330.66)	0.00
GNMA	2006 FGH Single Family	5.70	03/27/08	03/20/38	210,324.05	214,553.43			(741.28)		209,582.77	212,152.89	(1,659.26)	0.00
GNMA	2006 FGH Single Family	5.49	04/17/08	03/20/38	146,678.15	148,352.99			(432.64)		146,245.51	146,979.74	(940.61)	0.00
GNMA	2006 FGH Single Family	5.70	04/22/08	12/20/37	121,964.11	124,433.78			(351.88)		121,612.23	123,143.85	(938.05)	0.00
GNMA	2006 FGH Single Family	5.49	04/22/08	03/20/38	116,355.90	117,685.10			(2,363.73)		113,992.17	114,565.05	(756.32)	0.00
GNMA	2006 FGH Single Family	5.15	04/22/08	04/20/38	85,553.42	85,095.97			(267.33)		85,286.09	84,089.59	(739.05)	0.00
GNMA	2006 FGH Single Family	5.49	04/22/08	03/20/38	119,560.63	120,926.44			(351.69)		119,208.94	119,808.03	(766.72)	0.00
GNMA	2006 FGH Single Family	5.49	05/07/08	04/20/38	488,782.39	494,374.54			(1,848.85)		486,933.54	489,389.08	(3,136.61)	0.00
GNMA	2006 FGH Single Family	5.15	05/14/08	04/20/38	546,446.63	542,520.36			(5,146.23)		541,300.40	532,727.20	(4,646.93)	0.00
GNMA	2006 FGH Single Family	5.49	05/14/08	04/20/38	495,422.36	501,094.04			(2,645.64)		492,776.72	495,265.24	(3,183.16)	0.00
GNMA	2006 FGH Single Family	5.49	05/21/08	04/20/38	130,336.43	131,829.61			(380.74)		129,955.69	130,613.03	(835.84)	0.00
GNMA	2006 FGH Single Family	5.15	05/21/08	05/20/38	556,276.86	553,320.41			(1,826.33)		554,450.53	546,689.10	(4,804.98)	0.00
GNMA	2006 FGH Single Family	5.49	05/28/08	05/20/38	357,459.48	361,557.59			(1,039.34)		356,420.14	358,225.86	(2,292.39)	0.00
GNMA	2006 FGH Single Family	5.49	05/28/08	04/20/38	78,242.92	79,139.94			(227.82)		78,015.10	78,410.35	(501.77)	0.00
GNMA	2006 FGH Single Family	5.15	06/11/08	05/20/38			286,474.44				286,474.44	282,470.82	(4,003.62)	0.00
GNMA	2006 FGH Single Family	5.70	07/09/08	06/20/38			255,746.71				255,746.71	258,912.82	3,166.11	0.00
GNMA	2006 FGH Single Family	5.49	07/09/08	06/20/38			338,028.23				338,028.23	339,756.59	1,728.36	0.00
GNMA	2006 FGH Single Family	5.15	07/16/08	06/20/38			149,365.35				149,365.35	147,283.71	(2,081.64)	0.00
GNMA	2006 FGH Single Family	5.15	07/16/08	06/20/38			75,734.33				75,734.33	74,678.86	(1,055.47)	0.00
GNMA	2006 FGH Single Family	5.70	07/16/08	11/20/37			68,589.04				68,589.04	69,459.48	870.44	0.00
GNMA	2006 FGH Single Family	5.15	06/18/08	06/20/38			417,821.46				417,821.46	411,985.54	(5,835.92)	0.00
GNMA	2006 FGH Single Family	5.49	06/25/08	05/20/38			112,331.26				112,331.26	112,903.79	572.53	0.00
GNMA	2006 FGH Single Family	5.15	06/25/08	06/20/38			189,348.97				189,348.97	186,705.75	(2,643.22)	0.00
GNMA	2006 FGH Single Family	5.15	06/25/08	06/20/38			100,659.15				100,659.15	99,254.00	(1,405.15)	0.00
GNMA	2006 FGH Single Family	5.70	06/25/08	05/20/38			1,076,520.48				1,076,520.48	1,089,829.98	13,309.50	0.00
GNMA	2006 FGH Single Family	5.49	07/16/08	07/20/38			263,545.91				263,545.91	264,895.58	1,349.67	0.00
GNMA	2006 FGH Single Family	5.70	07/23/08	07/20/38			195,944.58				195,944.58	198,373.36	2,428.78	0.00
GNMA	2006 FGH Single Family	5.49	07/23/08	07/20/38			445,955.22				445,955.22	448,242.22	2,287.00	0.00
GNMA	2006 FGH Single Family	5.49	07/23/08	07/20/38			209,642.40				209,642.40	210,717.51	1,075.11	0.00
GNMA	2006 FGH Single Family	5.15	07/23/08	07/20/38			150,006.38				150,006.38	147,916.86	(2,089.52)	0.00
GNMA	2006 FGH Single Family	5.49	07/29/08	07/20/38			164,936.13				164,936.13	165,783.15	847.02	0.00
GNMA	2006 FGH Single Family	5.15	07/29/08	07/20/38			236,740.90				236,740.90	233,444.86	(3,296.04)	0.00
GNMA	2006 FGH Single Family	5.70	08/27/08	06/20/38			85,345.76				85,345.76	86,407.05	1,061.29	0.00
GNMA	2006 FGH Single Family	5.49	08/27/08	08/20/38			105,166.10				105,166.10	105,709.60	543.50	0.00
GNMA	2006 FGH Single Family	5.49	08/13/08	07/20/38			225,259.66				225,259.66	226,420.14	1,160.48	0.00
GNMA	2006 FGH Single Family	5.15	08/13/08	07/20/38			462,189.82				462,189.82	455,762.33	(6,427.49)	0.00
GNMA	2006 FGH Single Family	5.15	08/13/08	08/20/38			368,736.96				368,736.96	363,609.09	(5,127.87)	0.00
GNMA	2006 FGH Single Family	5.70	08/20/08	08/20/38			114,663.73				114,663.73	116,088.65	1,424.92	0.00
GNMA	2006 FGH Single Family	5.15	08/27/08	07/20/38			143,815.83				143,815.83	141,818.14	(1,997.69)	0.00
GNMA	2006 FGH Single Family	5.49	08/27/08	07/20/38			89,401.51				89,401.51	89,863.54	462.03	0.00
FNMA	2006 FGH Single Family	5.49	01/30/07	01/01/37	1,179,618.88	1,177,469.95			(4,980.74)		1,174,638.14	1,166,110.98	(6,378.23)	0.00
FNMA	2006 FGH Single Family	5.70	02/13/07	01/01/37	198,626.45	200,093.97			(628.32)		197,998.13	198,434.01	(1,031.64)	0.00
FNMA	2006 FGH Single Family	5.15	02/13/07	01/01/37	170,781.37	167,370.44			(1,209.39)		169,571.98	165,505.19	(655.86)	0.00
FNMA	2006 FGH Single Family	5.49	02/13/07	02/01/37	1,379,799.88	1,377,587.12			(5,023.90)		1,374,775.98	1,365,979.69	(6,583.53)	0.00
FNMA	2006 FGH Single Family	5.49	02/13/07	02/01/37	91,808.66	91,642.06			(418.96)		91,389.70	90,726.90	(496.20)	0.00
FNMA	2006 FGH Single Family	5.49	02/20/07	02/01/37	1,233,129.82	1,230,895.82			(4,582.05)		1,228,547.77	1,219,641.57	(6,672.20)	0.00
FNMA	2006 FGH Single Family	5.15	02/21/07	02/01/37	211,511.58	207,243.36			(733.93)		210,777.65	205,454.49	(1,054.94)	0.00
FNMA	2006 FGH Single Family	5.49	03/07/07	02/01/37	2,446,915.36	2,442,499.50			(8,074.43)		2,438,840.93	2,421,175.37	(13,249.70)	0.00
FNMA	2006 FGH Single Family	5.49	03/06/07	01/01/37	234,714.57	234,340.28			(774.33)		233,940.24	232,445.27	(1,120.68)	0.00
FNMA	2006 FGH Single Family	5.15	03/20/07	02/01/37	341,384.85	334,499.87			(1,248.98)		340,135.87	331,549.80	(1,701.09)	0.00
FNMA	2006 FGH Single Family	5.49	03/20/07	02/01/37	1,686,975.98	1,683,940.04			(5,909.35)		1,681,066.63	1,668,900.02	(9,130.67)	0.00
FNMA	2006 FGH Single Family	5.49	03/20/07	02/01/37	83,281.31	83,131.43			(270.60)		83,010.71	82,409.92	(450.91)	0.00
FNMA	2006 FGH Single Family	5.15	03/27/07	12/01/36	111,462.24	109,238.04			(415.42)		111,046.82	108,385.57	(437.05)	0.00
FNMA	2006 FGH Single Family	5.70	04/10/07	03/01/37	467,845.89	471,314.81			(1,956.49)		465,889.40	466,927.22	(2,431.10)	0.00
FNMA	2006 FGH Single Family	5.15	04/10/07	03/01/37	423,536.30	414,998.68			(1,499.02)		422,037.28	411,387.89	(2,111.77)	0.00
FNMA	2006 FGH Single Family	5.49	04/10/07	03/01/37	2,701,707.48	2,696,872.46			(106,511.41)		2,595,196.07	2,576,439.38	(13,921.67)	0.00
FNMA	2006 FGH Single Family	5.49	04/10/07	04/20/37	368,519.70	370,186.53			(1,599.42)		366,920.28	366,551.52	(2,035.59)	0.00
FNMA	2006 FGH Single Family	5.70	04/24/07	04/01/37	63,558.54	64,030.25			(251.97)		63,306.57	63,448.04	(330.24)	0.00
FNMA	2006 FGH Single Family	5.15	04/24/07	03/01/37	561,591.72	550,274.50			(2,293.29)		559,298.43	545,188.78	(2,792.43)	0.00
FNMA	2006 FGH Single Family	5.49	04/24/07	04/01/37	1,134,374.62	1,132,352.52			(4,257.23)		1,130,117.39	1,121,957.43	(6,137.86)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2006 FGH Single Family	5.49	04/24/07	04/01/37	330,307.02	329,718.22			(1,073.52)		329,233.50	326,856.28	(1,788.42)	0.00
FNMA	2006 FGH Single Family	5.15	05/08/07	04/01/37	430,478.46	421,806.41			(1,738.53)		428,739.93	417,926.86	(2,141.02)	0.00
FNMA	2006 FGH Single Family	5.49	05/08/07	05/01/37	239,604.52	239,178.85			(766.61)		238,837.91	237,114.81	(1,297.43)	0.00
FNMA	2006 FGH Single Family	5.49	05/22/07	04/01/37	287,947.13	287,437.30			(954.41)		286,992.72	284,923.93	(1,558.96)	0.00
FNMA	2006 FGH Single Family	5.70	05/22/07	04/01/37	233,624.56	235,361.30			(844.24)		232,780.32	233,303.32	(1,213.74)	0.00
FNMA	2006 FGH Single Family	5.15	06/05/07	05/01/37	614,153.19	601,918.44			(2,566.31)		611,586.88	596,950.56	(2,401.57)	0.00
FNMA	2006 FGH Single Family	5.70	06/19/07	06/01/37	560,858.86	565,035.60			(1,925.20)		558,933.66	560,196.76	(2,913.64)	0.00
FNMA	2006 FGH Single Family	5.49	06/19/07	06/01/37	880,611.57	879,063.88			(3,288.76)		877,322.81	871,010.00	(4,765.12)	0.00
FNMA	2006 FGH Single Family	5.70	07/03/07	06/01/37	550,311.83	554,413.91			(2,036.86)		548,274.97	549,517.84	(2,859.21)	0.00
FNMA	2006 FGH Single Family	5.49	07/03/07	05/01/37	641,506.96	640,383.36			(2,053.98)		639,452.98	634,855.60	(3,473.78)	0.00
FNMA	2006 FGH Single Family	5.49	07/03/07	06/01/37	291,327.87	290,817.90			(1,048.80)		290,279.07	288,192.38	(1,576.72)	0.00
FNMA	2006 FGH Single Family	5.15	07/17/07	06/01/37	509,513.41	499,265.25			(1,739.76)		507,773.65	494,983.23	(2,542.26)	0.00
FNMA	2006 FGH Single Family	5.70	08/07/07	07/01/37	1,056,021.27	1,069,134.71			(43,668.29)		1,012,352.98	1,019,603.52	(5,862.90)	0.00
FNMA	2006 FGH Single Family	5.15	08/07/07	06/01/37	213,561.06	210,295.13			(720.03)		212,841.03	208,491.62	(1,083.48)	0.00
FNMA	2006 FGH Single Family	5.49	08/07/07	07/01/37	968,861.39	971,930.55			(3,112.89)		965,748.50	963,489.05	(5,328.61)	0.00
FNMA	2006 FGH Single Family	5.49	08/07/07	07/01/37	158,936.23	159,439.71			(496.76)		158,439.47	158,068.79	(874.16)	0.00
FNMA	2006 FGH Single Family	5.49	08/23/07	07/01/37	477,999.65	479,520.64			(1,648.12)		476,351.53	475,243.80	(2,628.72)	0.00
FNMA	2006 FGH Single Family	5.70	08/23/07	06/01/37	268,695.59	272,036.04			(834.41)		267,861.18	269,783.16	(1,418.47)	0.00
FNMA	2006 FGH Single Family	5.15	09/11/07	08/01/37	611,170.39	601,843.98			(2,064.91)		609,105.48	596,678.26	(3,100.81)	0.00
FNMA	2006 FGH Single Family	5.49	09/11/07	08/01/37	630,600.48	632,618.54			(3,953.16)		626,647.32	625,201.44	(3,463.94)	0.00
FNMA	2006 FGH Single Family	5.49	09/11/07	08/01/37	153,796.31	154,288.49			(479.69)		153,316.62	152,962.86	(845.94)	0.00
FNMA	2006 FGH Single Family	5.70	09/25/07	09/01/37	519,435.84	525,909.98			(1,927.09)		517,508.75	521,238.87	(2,744.02)	0.00
FNMA	2006 FGH Single Family	5.49	09/25/07	08/01/37	541,166.03	542,905.02			(1,744.42)		539,421.61	538,183.51	(2,977.09)	0.00
FNMA	2006 FGH Single Family	5.49	09/25/07	08/01/37	533,932.86	535,648.60			(2,349.63)		531,583.23	530,363.12	(2,935.85)	0.00
FNMA	2006 FGH Single Family	5.15	09/25/07	08/01/37	240,704.09	237,034.08			(799.98)		239,904.11	235,012.34	(1,221.76)	0.00
FNMA	2006 FGH Single Family	5.49	10/09/07	05/01/37	210,255.46	211,988.51			(1,406.05)		208,849.41	209,422.41	(1,160.05)	0.00
FNMA	2006 FGH Single Family	5.49	10/09/07	09/01/37	319,278.94	321,911.61			(996.91)		318,282.03	319,156.56	(1,758.14)	0.00
FNMA	2006 FGH Single Family	5.15	10/25/07	10/01/37	998,706.74	991,364.20			(4,657.40)		994,049.34	978,446.24	(8,260.56)	0.00
FNMA	2006 FGH Single Family	5.49	10/25/07	10/01/37	1,010,664.71	1,019,013.76			(4,082.09)		1,006,582.62	1,009,363.65	(5,568.02)	0.00
FNMA	2006 FGH Single Family	5.70	10/25/07	10/01/37	589,092.67	601,580.10			(133,999.15)		455,093.52	460,257.13	(7,323.82)	0.00
FNMA	2006 FGH Single Family	5.49	11/08/07	10/01/37	260,126.44	262,278.51			(817.39)		259,309.05	260,028.63	(1,432.49)	0.00
FNMA	2006 FGH Single Family	5.49	11/08/07	10/01/37	341,445.53	344,270.37			(1,072.74)		340,372.79	341,317.32	(1,880.31)	0.00
FNMA	2006 FGH Single Family	5.49	11/08/07	09/01/37	83,038.68	83,725.67			(254.52)		82,784.16	83,013.81	(457.34)	0.00
FNMA	2006 FGH Single Family	5.70	11/21/07	10/01/37	499,374.35	509,972.31			(1,882.47)		497,491.88	503,148.74	(4,941.10)	0.00
FNMA	2006 FGH Single Family	5.49	11/21/07	05/01/37	136,856.04	137,989.53			(432.60)		136,423.44	136,803.12	(753.81)	0.00
FNMA	2006 FGH Single Family	5.49	11/21/07	10/01/37	477,698.19	481,656.10			(1,853.14)		475,845.05	477,171.30	(2,631.66)	0.00
FNMA	2006 FGH Single Family	5.70	11/28/07	10/01/37	103,871.93	106,076.99			(833.13)		103,038.80	104,211.06	(1,032.80)	0.00
FNMA	2006 FGH Single Family	5.15	12/11/07	11/01/37	827,000.62	820,955.29			(3,095.48)		823,905.14	811,007.11	(6,852.70)	0.00
FNMA	2006 FGH Single Family	5.49	12/11/07	11/01/37	720,622.15	726,605.99			(2,950.44)		717,671.71	719,685.02	(3,970.53)	0.00
FNMA	2006 FGH Single Family	5.15	12/11/07	12/01/37	345,119.11	342,596.65			(1,761.70)		343,357.41	337,982.57	(2,852.38)	0.00
FNMA	2006 FGH Single Family	5.70	12/11/07	11/01/37	330,088.21	337,099.64			(961.43)		329,126.78	332,875.25	(3,262.96)	0.00
FNMA	2006 FGH Single Family	5.49	12/20/07	10/01/37	152,176.00	153,440.87			(464.59)		151,711.41	152,138.24	(838.04)	0.00
FNMA	2006 FGH Single Family	5.15	12/28/07	12/01/37	220,407.80	218,800.17			(716.73)		219,691.07	216,255.35	(1,828.09)	0.00
FNMA	2006 FGH Single Family	5.15	12/28/07	11/01/37	218,153.49	216,562.29			(705.67)		217,447.82	214,046.97	(1,809.65)	0.00
FNMA	2006 FGH Single Family	5.70	12/28/07	12/01/37	214,976.51	219,546.38			(629.16)		214,347.35	216,792.08	(2,125.14)	0.00
FNMA	2006 FGH Single Family	5.49	12/28/07	01/01/36	86,379.80	87,119.41			(325.42)		86,054.38	86,361.93	(432.06)	0.00
FNMA	2006 FGH Single Family	5.49	01/16/08	12/01/37	267,801.84	270,034.59			(1,443.12)		266,358.72	267,114.86	(1,476.61)	0.00
FNMA	2006 FGH Single Family	5.15	01/16/08	01/01/38	270,287.82	268,321.24			(869.59)		269,418.23	265,209.66	(2,241.99)	0.00
FNMA	2006 FGH Single Family	5.49	01/30/08	12/01/37	243,514.36	245,547.84			(739.16)		242,775.20	243,467.58	(1,341.10)	0.00
FNMA	2006 FGH Single Family	5.70	01/30/08	12/01/37	106,294.68	108,557.53			(307.65)		105,987.03	107,199.11	(1,050.77)	0.00
FNMA	2006 FGH Single Family	5.15	01/30/08	11/01/37	116,068.32	115,225.22			(375.47)		115,692.85	113,886.88	(962.87)	0.00
FNMA	2006 FGH Single Family	5.15	01/30/08	01/01/38	303,672.18	301,466.35			(973.89)		302,698.29	297,973.46	(2,519.00)	0.00
FNMA	2006 FGH Single Family	5.49	02/13/08	01/01/38	295,103.36	297,571.54			(2,618.68)		292,484.68	293,322.68	(1,630.18)	0.00
FNMA	2006 FGH Single Family	5.49	02/13/08	01/01/38	263,121.05	265,327.06			(942.94)		262,178.11	262,897.51	(1,486.61)	0.00
FNMA	2006 FGH Single Family	5.49	02/13/08	01/01/38	226,603.28	228,503.12			(678.79)		225,924.49	226,544.41	(1,279.92)	0.00
FNMA	2006 FGH Single Family	5.70	02/13/08	02/01/38	174,807.29	178,499.24			(523.70)		174,283.59	176,240.31	(1,735.23)	0.00
FNMA	2006 FGH Single Family	5.15	02/19/08	12/01/37	139,185.37	138,176.86			(447.70)		138,737.67	136,574.59	(1,154.57)	0.00
FNMA	2006 FGH Single Family	5.49	02/19/08	12/01/37	128,950.42	130,029.59			(388.68)		128,561.74	128,930.73	(710.18)	0.00
FNMA	2006 FGH Single Family	5.49	02/19/08	01/01/38	160,605.47	161,952.80			(481.09)		160,124.38	160,564.56	(907.15)	0.00
FNMA	2006 FGH Single Family	5.49	02/27/08	12/01/37	273,551.31	275,842.86			(860.15)		272,691.16	273,475.76	(1,506.95)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2006 FGH Single Family	5.15	03/12/08	02/01/38	318,345.85	315,981.58			(1,017.44)		317,328.41	312,188.50	(2,775.64)	0.00
FNMA	2006 FGH Single Family	5.49	03/20/08	12/01/37	249,274.74	251,368.01			(1,633.41)		247,641.33	248,358.88	(1,375.72)	0.00
FNMA	2006 FGH Single Family	5.49	03/20/08	02/01/38	417,858.88	421,367.81			(1,330.72)		416,528.16	417,735.48	(2,301.61)	0.00
FNMA	2006 FGH Single Family	5.49	03/20/08	02/01/38	215,898.60	217,715.95			(646.60)		215,252.00	215,849.83	(1,219.52)	0.00
FNMA	2006 FGH Single Family	5.15	03/27/08	03/01/38	236,985.98	235,277.15			(943.93)		236,042.05	232,369.86	(1,963.36)	0.00
FNMA	2006 FGH Single Family	5.49	04/08/08	01/01/38	128,188.96	129,270.22			(422.53)		127,766.43	128,123.35	(724.34)	0.00
FNMA	2006 FGH Single Family	5.49	04/08/08	02/01/38	113,179.13	114,133.79			(632.37)		112,546.76	112,861.28	(640.14)	0.00
FNMA	2006 FGH Single Family	5.49	04/08/08	03/01/38	201,888.37	203,591.29			(1,051.50)		200,836.87	201,398.12	(1,141.67)	0.00
FNMA	2006 FGH Single Family	5.15	04/17/08	03/01/38	122,960.92	122,051.79			(390.86)		122,570.06	120,588.76	(1,072.17)	0.00
FNMA	2006 FGH Single Family	5.70	04/22/08	12/01/37	103,450.66	105,661.08			(299.29)		103,151.37	104,338.92	(1,022.87)	0.00
FNMA	2006 FGH Single Family	5.49	04/22/08	02/01/38	187,857.15	189,444.20			(562.20)		187,294.95	187,820.82	(1,061.18)	0.00
FNMA	2006 FGH Single Family	5.49	04/22/08	06/01/37	98,858.65	99,691.73			(309.23)		98,549.42	98,837.77	(544.73)	0.00
GIC's	2006 FGH Single Family				15,297,914.75	15,297,914.75		(15,297,914.75)					-	0.00
Repo Agmt	2006 FGH Single Family	2.10	08/29/08	09/02/08			7,764,515.74				7,764,515.74	7,764,515.74	-	0.00
Repo Agmt	2006 FGH Single Family	2.10	08/29/08	09/02/08			22,617.09				22,617.09	22,617.09	-	0.00
	2006 FGH Single Family Total				132,513,375.43	132,871,989.99	20,375,273.48	(17,321,109.65)	(1,226,088.67)	0.00	134,341,450.59	133,918,403.67	(781,661.48)	0.00
Repo Agmt	2007A Single Family	2.10	08/29/08	09/02/08	679,948.96	679,948.96	3,587.89				683,536.85	683,536.85	-	0.00
Inv Agmt	2007A Single Family	5.06	06/05/07	09/01/09	362,702.90	362,702.90		(207,326.85)			155,376.05	155,376.05	-	0.00
Repo Agmt	2007A Single Family	2.10	08/29/08	09/02/08	289,985.09	289,985.09	4,484,058.43				4,774,043.52	4,774,043.52	-	0.00
Inv Agmt	2007A Single Family	4.32	10/01/07	09/01/38	2,284,677.79	2,284,677.79		(1,096,221.60)			1,188,456.19	1,188,456.19	-	0.00
Freddie Mac	2007A Single Family	4.75	05/07/08	04/01/38	270,707.82	259,236.24			(921.95)		269,785.87	256,973.50	(1,340.79)	0.00
Freddie Mac	2007A Single Family	5.49	05/07/08	01/01/38	298,052.80	298,531.11			(1,047.83)		297,004.97	295,302.73	(2,180.55)	0.00
Freddie Mac	2007A Single Family	5.49	05/07/08	03/01/38	209,135.25	209,470.87			(751.89)		208,383.36	207,189.25	(1,529.73)	0.00
Freddie Mac	2007A Single Family	5.49	05/28/08	03/01/38	274,288.55	274,733.16			(820.86)		273,467.69	271,904.73	(2,007.57)	0.00
Freddie Mac	2007A Single Family	4.75	06/18/08	05/01/38			354,228.38				354,228.38	337,416.30	(16,812.08)	0.00
Freddie Mac	2007A Single Family	5.49	06/18/08	05/01/38			368,570.30				368,570.30	366,469.71	(2,100.59)	0.00
Freddie Mac	2007A Single Family	5.49	06/25/08	06/01/38			325,082.31				325,082.31	323,231.20	(1,851.11)	0.00
Freddie Mac	2007A Single Family	4.75	06/25/08	05/01/38			77,245.91				77,245.91	73,583.99	(3,661.92)	0.00
Freddie Mac	2007A Single Family	5.49	06/25/08	03/01/38			197,209.98				197,209.98	196,087.01	(1,122.97)	0.00
Freddie Mac	2007A Single Family	5.49	07/16/08	06/01/38			138,309.99				138,309.99	137,524.49	(785.50)	0.00
Freddie Mac	2007A Single Family	5.49	07/16/08	05/01/38			220,535.24				220,535.24	219,282.77	(1,252.47)	0.00
Freddie Mac	2007A Single Family	5.49	07/23/08	06/01/38			156,278.61				156,278.61	155,391.85	(886.76)	0.00
Freddie Mac	2007A Single Family	4.75	07/23/08	07/01/38			168,152.78				168,152.78	160,176.09	(7,976.69)	0.00
Freddie Mac	2007A Single Family	5.49	08/13/08	07/01/38			140,724.98				140,724.98	139,928.73	(796.25)	0.00
Freddie Mac	2007A Single Family	5.49	08/20/08	04/01/38			192,980.27				192,980.27	191,889.32	(1,090.95)	0.00
FNMA	2007A Single Family	6.25	02/20/98	01/01/28	162,572.08	167,946.79			(45,066.91)		117,505.17	120,930.53	(1,949.35)	0.00
FNMA	2007A Single Family	6.25	03/27/98	03/01/28	226,043.16	233,482.28			(2,031.61)		224,011.55	230,505.70	(944.97)	0.00
FNMA	2007A Single Family	6.25	06/29/98	05/01/28	167,675.40	173,193.63			(41,972.13)		125,703.27	129,347.44	(1,874.06)	0.00
GNMA	2007A Single Family	6.25	02/20/98	01/20/28	1,286,318.96	1,326,349.11			(11,012.43)		1,275,306.53	1,309,688.68	(5,648.00)	0.00
FNMA	2007A Single Family	6.25	11/30/98	09/01/28	255,157.49	263,554.73			(1,691.96)		253,465.53	260,813.50	(1,049.27)	0.00
GNMA	2007A Single Family	6.25	03/27/98	03/20/28	2,598,804.31	2,679,679.03			(21,936.60)		2,576,867.71	2,646,340.01	(11,402.42)	0.00
GNMA	2007A Single Family	6.25	05/19/98	05/20/28	1,576,003.19	1,625,048.36			(43,203.56)		1,532,799.63	1,574,123.88	(7,720.92)	0.00
GNMA	2007A Single Family	5.45	07/28/00	06/20/30	1,158,952.25	1,158,083.00			(76,736.85)		1,082,215.40	1,076,652.77	(4,693.38)	0.00
GNMA	2007A Single Family	6.25	08/14/98	07/20/28	963,722.87	993,713.94			(51,726.24)		911,996.63	936,584.06	(5,403.64)	0.00
GNMA	2007A Single Family	6.25	06/29/98	06/20/28	446,939.55	460,848.33			(2,909.33)		444,030.22	456,001.29	(1,937.71)	0.00
GNMA	2007A Single Family	6.25	09/18/98	09/20/28	679,905.77	701,064.43			(4,425.01)		675,480.76	693,691.73	(2,947.69)	0.00
FNMA	2007A Single Family	6.25	03/31/99	11/01/28	122,799.25	126,840.50			(2,169.36)		120,629.89	124,126.87	(544.27)	0.00
GNMA	2007A Single Family	6.25	11/30/98	11/20/28	534,527.35	551,161.82			(3,427.85)		531,099.50	545,417.92	(2,316.05)	0.00
GNMA	2007A Single Family	6.25	11/30/98	10/20/28	468,575.01	483,157.00			(3,285.00)		465,290.01	477,834.17	(2,037.83)	0.00
GNMA	2007A Single Family	6.25	11/30/98	10/20/28	158,135.68	163,056.90			(966.99)		157,168.69	161,406.00	(683.91)	0.00
FNMA	2007A Single Family	6.25	05/27/99	11/01/28	102,611.41	106,003.73			(7,662.49)		94,948.92	97,716.67	(624.57)	0.00
GNMA	2007A Single Family	6.25	02/16/99	02/20/29	933,377.97	961,986.01			(9,614.77)		923,763.20	948,409.22	(3,962.02)	0.00
GNMA	2007A Single Family	6.25	03/31/99	02/20/29	61,484.34	63,368.85			(911.53)		60,572.81	62,188.91	(268.41)	0.00
GNMA	2007A Single Family	6.25	05/27/99	05/20/29	342,652.25	353,154.54			(2,329.82)		340,322.43	349,402.23	(1,422.49)	0.00
GNMA	2007A Single Family	5.45	07/30/99	07/20/29	702,346.92	701,918.47			(4,895.90)		697,451.02	694,026.50	(2,996.07)	0.00
GNMA	2007A Single Family	5.45	08/26/99	08/20/29	675,509.38	675,097.27			(5,030.96)		670,478.42	667,186.32	(2,879.99)	0.00
FNMA	2007A Single Family	5.45	09/20/99	08/01/29	103,046.52	102,594.77			(615.08)		102,431.44	101,667.92	(311.77)	0.00
GNMA	2007A Single Family	5.45	09/20/99	09/20/29	333,464.16	333,260.74			(2,067.92)		331,396.24	329,769.07	(1,423.75)	0.00
FNMA	2007A Single Family	5.45	12/20/99	12/01/29	372,502.12	370,866.84			(3,234.38)		369,267.74	366,513.00	(1,119.46)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2007A Single Family	5.45	01/19/00	12/01/29	289,941.02	288,668.18			(25,162.07)		264,778.95	262,803.69	(702.42)	0.00
GNMA	2007A Single Family	5.45	10/28/99	10/20/29	1,264,557.50	1,263,786.05			(64,884.49)		1,199,673.01	1,193,782.56	(5,119.00)	0.00
GNMA	2007A Single Family	5.45	11/18/99	11/20/29	174,973.09	174,866.34			(1,890.69)		173,082.40	172,232.54	(743.11)	0.00
GNMA	2007A Single Family	5.45	12/30/99	12/20/29	2,249,130.74	2,247,758.70			(21,200.43)		2,227,930.31	2,216,991.11	(9,567.16)	0.00
GNMA	2007A Single Family	5.45	01/28/00	01/20/30	733,378.12	732,828.10			(4,323.15)		729,054.97	725,307.64	(3,197.31)	0.00
GNMA	2007A Single Family	5.45	02/22/00	01/20/30	309,807.38	309,574.98			(1,849.86)		307,957.52	306,374.57	(1,350.55)	0.00
GNMA	2007A Single Family	5.45	03/27/00	02/20/30	431,671.87	431,348.14			(3,609.41)		428,062.46	425,862.25	(1,876.48)	0.00
FNMA	2007A Single Family	5.45	04/27/00	03/01/30	277,548.76	276,302.56			(1,785.96)		275,762.80	273,678.03	(838.57)	0.00
GNMA	2007A Single Family	5.45	04/27/00	04/20/30	505,610.85	505,231.64			(4,874.39)		500,736.46	498,162.67	(2,194.58)	0.00
GNMA	2007A Single Family	5.45	05/30/00	04/20/30	94,851.83	94,780.73			(888.43)		93,963.40	93,480.47	(411.83)	0.00
GNMA	2007A Single Family	5.45	06/21/00	05/20/30	578,407.36	577,973.53			(3,456.67)		574,950.69	571,995.42	(2,521.44)	0.00
GNMA	2007A Single Family	5.45	09/18/00	09/20/30	1,058,586.51	1,057,792.53			(6,550.64)		1,052,035.87	1,046,628.36	(4,613.53)	0.00
FNMA	2007A Single Family	5.45	07/24/00	06/01/30	143,510.26	142,865.86			(1,613.42)		141,896.84	140,824.07	(428.37)	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	716,912.82	723,629.90			(2,224.04)		714,688.78	716,936.30	(4,469.56)	0.00
GNMA	2007A Single Family	4.75	11/21/07	10/20/37	317,613.83	308,167.47			(1,112.05)		316,501.78	305,551.97	(1,503.45)	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	640,829.24	648,046.10			(1,997.86)		638,831.38	642,029.69	(4,018.55)	0.00
GNMA	2007A Single Family	4.75	09/25/07	08/20/37	349,852.29	339,358.51			(1,262.39)		348,589.90	336,442.81	(1,653.31)	0.00
GNMA	2007A Single Family	5.49	09/25/07	09/20/37	2,388,510.43	2,414,781.26			(8,822.87)		2,379,687.56	2,390,984.59	(14,973.80)	0.00
GNMA	2007A Single Family	4.75	09/25/07	09/20/37	6,518,031.62	6,322,530.45			(77,490.89)		6,440,540.73	6,216,117.55	(28,922.01)	0.00
GNMA	2007A Single Family	5.49	09/25/07	08/20/37	134,963.57	136,447.87			(414.94)		134,548.63	135,187.23	(845.70)	0.00
GNMA	2007A Single Family	5.49	10/09/07	09/20/37	968,570.07	979,431.29			(3,226.57)		965,343.50	970,130.37	(6,074.35)	0.00
GNMA	2007A Single Family	4.75	10/09/07	09/20/37	2,180,936.62	2,115,971.36			(8,838.20)		2,172,098.42	2,096,851.97	(10,281.19)	0.00
GNMA	2007A Single Family	5.49	08/23/07	08/20/37	476,589.73	481,909.18			(1,982.09)		474,607.64	476,936.48	(2,990.61)	0.00
GNMA	2007A Single Family	5.49	08/23/07	08/20/37	1,797,833.52	1,817,900.01			(5,606.60)		1,792,226.92	1,801,021.12	(11,272.29)	0.00
GNMA	2007A Single Family	4.75	08/23/07	08/20/37	4,657,840.90	4,518,860.99			(17,021.70)		4,640,819.20	4,479,819.52	(22,019.77)	0.00
GNMA	2007A Single Family	5.49	09/11/07	09/20/37	465,807.97	473,730.66			(1,406.00)		464,401.97	469,356.08	(2,968.58)	0.00
GNMA	2007A Single Family	5.49	09/11/07	08/20/37	1,097,255.19	1,115,916.70			(7,248.92)		1,090,006.27	1,101,631.93	(7,035.85)	0.00
GNMA	2007A Single Family	4.75	09/11/07	08/20/37	5,019,761.95	4,885,571.69			(19,154.76)		5,000,607.19	4,842,474.93	(23,942.00)	0.00
GNMA	2007A Single Family	4.75	11/21/07	10/20/37	482,786.34	468,427.49			(1,894.71)		480,891.63	464,254.53	(2,278.25)	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	404,715.36	408,507.32			(1,312.14)		403,403.22	404,671.82	(2,523.36)	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	1,330,666.15	1,345,651.79			(4,845.00)		1,325,821.15	1,332,458.88	(8,347.91)	0.00
GNMA	2007A Single Family	4.75	11/21/07	10/20/37	135,103.90	131,085.69			(471.62)		134,632.28	129,974.50	(639.57)	0.00
GNMA	2007A Single Family	5.49	12/11/07	11/20/37	619,768.31	626,761.96			(2,467.00)		617,301.31	620,405.65	(3,889.31)	0.00
GNMA	2007A Single Family	4.75	12/11/07	11/20/37	1,274,168.29	1,236,299.98			(5,094.44)		1,269,073.85	1,225,195.79	(6,009.75)	0.00
GNMA	2007A Single Family	5.49	10/25/07	10/20/37	814,993.62	824,147.68			(2,491.12)		812,502.50	816,546.33	(5,110.23)	0.00
GNMA	2007A Single Family	5.49	10/25/07	10/20/37	1,650,672.08	1,666,089.08			(5,690.50)		1,644,981.58	1,650,106.21	(10,292.37)	0.00
GNMA	2007A Single Family	4.75	10/25/07	09/20/37	1,353,347.89	1,313,057.24			(4,786.93)		1,348,560.96	1,301,866.13	(6,404.18)	0.00
GNMA	2007A Single Family	5.49	10/25/07	10/20/37	1,564,929.29	1,582,506.70			(5,745.04)		1,559,184.25	1,566,944.35	(9,817.31)	0.00
GNMA	2007A Single Family	4.75	10/25/07	10/20/37	1,205,079.96	1,169,204.61			(5,360.89)		1,199,719.07	1,158,179.18	(5,664.54)	0.00
GNMA	2007A Single Family	4.75	11/08/07	10/20/37	378,974.14	367,697.63			(1,334.13)		377,640.01	364,569.87	(1,793.63)	0.00
GNMA	2007A Single Family	4.75	12/28/07	12/20/37	407,967.26	395,850.08			(1,511.01)		406,456.25	392,410.62	(1,928.45)	0.00
GNMA	2007A Single Family	5.49	12/28/07	12/20/37	138,743.84	140,312.16			(511.47)		138,232.37	138,930.19	(870.50)	0.00
GNMA	2007A Single Family	5.49	12/28/07	12/20/37	136,515.03	138,058.16			(409.82)		136,105.21	136,792.30	(856.04)	0.00
GNMA	2007A Single Family	5.49	12/11/07	11/20/37	447,684.51	452,736.31			(1,425.75)		446,258.76	448,502.94	(2,807.62)	0.00
GNMA	2007A Single Family	5.49	12/11/07	11/20/37	546,524.35	552,691.48			(1,655.97)		544,868.38	547,608.46	(3,427.05)	0.00
GNMA	2007A Single Family	4.75	12/11/07	12/20/37	1,846,270.29	1,791,400.89			(6,490.27)		1,839,780.02	1,776,171.65	(8,738.97)	0.00
GNMA	2007A Single Family	4.75	12/11/07	12/20/37	122,459.07	118,819.70			(422.64)		122,036.43	117,817.15	(579.91)	0.00
GNMA	2007A Single Family	4.75	12/20/07	12/20/37	478,016.56	463,815.06			(1,675.73)		476,340.83	459,876.52	(2,262.81)	0.00
GNMA	2007A Single Family	5.49	12/20/07	12/20/37	225,386.34	227,932.20			(679.87)		224,706.47	225,839.01	(1,413.32)	0.00
GNMA	2007A Single Family	4.75	12/20/07	12/20/37	246,401.15	239,080.76			(850.37)		245,550.78	237,063.53	(1,166.86)	0.00
GNMA	2007A Single Family	4.75	01/30/08	01/20/38	304,462.21	295,337.59			(1,044.80)		303,417.41	292,722.03	(1,570.76)	0.00
GNMA	2007A Single Family	5.49	01/30/08	11/20/37	189,505.07	191,654.17			(571.25)		188,933.82	189,894.32	(1,188.60)	0.00
GNMA	2007A Single Family	5.49	01/30/08	11/20/37	49,843.89	50,409.15			(169.81)		49,674.08	49,926.62	(312.72)	0.00
GNMA	2007A Single Family	4.75	01/30/08	01/20/38	296,284.83	287,405.28			(1,016.71)		295,268.12	284,860.00	(1,528.57)	0.00
GNMA	2007A Single Family	4.75	01/16/08	01/20/38	787,670.52	764,052.73			(3,339.72)		784,330.80	756,671.88	(4,041.13)	0.00
GNMA	2007A Single Family	5.49	01/16/08	12/20/37	200,775.56	203,049.38			(604.87)		200,170.69	201,185.47	(1,259.04)	0.00
GNMA	2007A Single Family	4.75	01/16/08	12/20/37	101,151.18	98,148.93			(349.09)		100,802.09	97,320.81	(479.03)	0.00
GNMA	2007A Single Family	4.75	01/30/08	01/20/38	562,389.91	545,535.30			(2,160.49)		560,229.42	540,481.49	(2,893.32)	0.00
GNMA	2007A Single Family	5.49	01/30/08	01/20/38	307,072.46	310,551.72			(917.30)		306,155.16	307,665.43	(1,968.99)	0.00
GNMA	2007A Single Family	5.49	01/30/08	12/20/37	294,109.20	297,444.56			(889.35)		293,219.85	294,710.82	(1,844.39)	0.00

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GNMA	2007A Single Family	5.49	02/19/08	02/20/38	228,138.46	230,728.50			(739.66)		227,398.80	228,525.89	(1,462.95)	0.00
GNMA	2007A Single Family	5.49	01/30/08	12/20/37	135,949.34	137,491.08			(451.06)		135,498.28	136,187.26	(852.76)	0.00
GNMA	2007A Single Family	5.49	02/13/08	01/20/38	91,792.38	92,833.83			(273.47)		91,518.91	91,971.86	(588.50)	0.00
GNMA	2007A Single Family	4.75	02/13/08	01/20/38	164,055.87	159,141.59			(676.56)		163,379.31	157,622.78	(842.25)	0.00
GNMA	2007A Single Family	4.75	02/13/08	12/20/37	108,309.81	105,098.29			(3,402.97)		104,906.84	101,286.87	(408.45)	0.00
GNMA	2007A Single Family	5.49	04/08/08	04/20/38	179,322.26	181,368.01			(854.03)		178,468.23	179,362.41	(1,151.57)	0.00
GNMA	2007A Single Family	5.49	04/08/08	11/20/37	295,301.48	298,673.04			(1,043.29)		294,258.19	295,776.59	(1,853.16)	0.00
GNMA	2007A Single Family	4.75	04/08/08	03/20/38	736,919.87	713,054.91			(2,538.94)		734,380.93	706,750.20	(3,765.77)	0.00
GNMA	2007A Single Family	4.75	04/08/08	04/20/38	255,048.81	247,424.12			(892.98)		254,155.83	245,215.77	(1,315.37)	0.00
GNMA	2007A Single Family	5.49	03/12/08	03/20/38	438,106.27	443,090.83			(1,306.54)		436,799.73	438,975.36	(2,808.93)	0.00
GNMA	2007A Single Family	5.49	03/20/08	01/20/38	176,584.26	178,594.98			(525.74)		176,058.52	176,936.69	(1,132.55)	0.00
GNMA	2007A Single Family	4.75	02/19/08	02/20/38	126,712.75	122,917.95			(432.48)		126,280.27	121,831.76	(653.71)	0.00
GNMA	2007A Single Family	4.75	02/19/08	12/20/37	115,094.14	111,682.25			(401.28)		114,692.86	110,735.89	(545.08)	0.00
GNMA	2007A Single Family	5.49	02/19/08	01/20/38	347,374.69	351,318.42			(1,068.62)		346,306.07	348,022.16	(2,227.64)	0.00
GNMA	2007A Single Family	4.75	02/19/08	02/20/38	224,016.89	217,308.03			(974.95)		223,041.94	215,184.79	(1,148.29)	0.00
GNMA	2007A Single Family	5.49	02/19/08	10/20/37	148,776.49	150,466.90			(451.26)		148,325.23	149,082.45	(933.19)	0.00
GNMA	2007A Single Family	4.75	02/27/08	02/20/38	100,016.74	97,022.32			(341.24)		99,675.50	96,164.98	(516.10)	0.00
GNMA	2007A Single Family	5.49	02/27/08	02/20/38	222,480.54	225,008.40			(889.22)		221,591.32	222,691.43	(1,427.75)	0.00
GNMA	2007A Single Family	5.49	02/27/08	02/20/38	175,253.53	177,244.79			(521.19)		174,732.34	175,599.81	(1,123.79)	0.00
GNMA	2007A Single Family	4.75	03/20/08	12/20/37	117,756.88	114,269.75			(406.39)		117,350.49	113,305.61	(557.75)	0.00
GNMA	2007A Single Family	4.75	03/20/08	03/20/38	93,553.11	90,754.41			(317.39)		93,235.72	89,954.19	(482.83)	0.00
GNMA	2007A Single Family	5.49	03/27/08	03/20/38	420,140.16	424,927.63			(1,244.56)		418,895.60	420,988.86	(2,694.21)	0.00
GNMA	2007A Single Family	5.49	03/27/08	02/20/38	182,151.41	184,227.01			(541.47)		181,609.94	182,517.46	(1,168.08)	0.00
GNMA	2007A Single Family	4.75	04/15/08	03/20/38	199,606.06	193,640.41			(693.57)		198,912.49	191,917.19	(1,029.65)	0.00
GNMA	2007A Single Family	4.75	04/15/08	02/20/38	115,931.06	112,466.10			(395.55)		115,535.51	111,472.28	(598.27)	0.00
GNMA	2007A Single Family	5.49	04/15/08	03/20/38	235,733.60	238,424.83			(695.13)		235,038.47	236,218.00	(1,511.70)	0.00
GNMA	2007A Single Family	5.49	04/24/08	04/20/38	527,458.35	533,484.90			(1,562.95)		525,895.40	528,539.94	(3,382.01)	0.00
GNMA	2007A Single Family	4.75	04/24/08	04/20/38	356,346.72	345,699.69			(1,212.37)		355,134.35	342,648.56	(1,838.76)	0.00
GNMA	2007A Single Family	4.75	04/22/08	03/20/38	158,877.18	154,129.89			(699.68)		158,177.50	152,615.84	(814.37)	0.00
GNMA	2007A Single Family	5.49	04/22/08	04/20/38	98,275.39	99,398.04			(287.40)		97,987.99	98,480.54	(630.10)	0.00
GNMA	2007A Single Family	5.49	05/07/08	04/20/38	339,040.13	342,919.09			(1,087.79)		337,952.34	339,656.59	(2,174.71)	0.00
GNMA	2007A Single Family	5.49	05/07/08	04/20/38	162,764.43	164,626.62			(515.38)		162,249.05	163,067.25	(1,043.99)	0.00
GNMA	2007A Single Family	4.75	05/07/08	05/20/38	609,464.82	591,264.02			(2,084.07)		607,380.75	586,034.80	(3,145.15)	0.00
GNMA	2007A Single Family	5.49	05/14/08	04/20/38	148,254.22	149,951.46			(433.22)		147,821.00	148,567.49	(950.75)	0.00
GNMA	2007A Single Family	4.75	05/14/08	05/20/38	285,083.99	276,572.31			(1,514.37)		283,569.62	273,605.99	(1,451.95)	0.00
GNMA	2007A Single Family	4.75	05/21/08	05/20/38	143,382.13	139,102.33			(679.82)		142,702.31	137,689.23	(733.28)	0.00
GNMA	2007A Single Family	5.49	05/28/08	05/20/38	354,292.93	358,354.74			(1,218.17)		353,074.76	354,863.53	(2,273.04)	0.00
GNMA	2007A Single Family	5.49	05/28/08	04/20/38	285,088.26	288,356.67			(1,109.80)		283,978.46	285,417.17	(1,829.70)	0.00
GNMA	2007A Single Family	4.75	05/28/08	04/20/38	31,852.22	30,901.72			(264.66)		31,587.56	30,478.14	(158.92)	0.00
GNMA	2007A Single Family	5.49	06/11/08	05/20/38			568,051.52				568,051.52	570,938.09	2,886.57	0.00
GNMA	2007A Single Family	5.49	07/09/08	07/20/38			233,429.73				233,429.73	234,623.26	1,193.53	0.00
GNMA	2007A Single Family	5.49	07/09/08	06/20/38			189,421.24				189,421.24	190,389.76	968.52	0.00
GNMA	2007A Single Family	4.75	07/09/08	06/20/38			237,210.74				237,210.74	228,890.12	(8,320.62)	0.00
GNMA	2007A Single Family	4.75	07/16/08	06/20/38			170,997.28				170,997.28	165,000.57	(5,996.71)	0.00
GNMA	2007A Single Family	5.49	07/16/08	05/20/38			117,209.39				117,209.39	117,809.52	600.13	0.00
GNMA	2007A Single Family	5.49	06/18/08	05/20/38			246,148.25				246,148.25	247,401.06	1,252.81	0.00
GNMA	2007A Single Family	4.75	06/18/08	04/20/38			115,617.39				115,617.39	111,559.29	(4,058.10)	0.00
GNMA	2007A Single Family	5.49	06/18/08	06/20/38			186,013.27				186,013.27	186,960.01	946.74	0.00
GNMA	2007A Single Family	5.49	06/25/08	06/20/38			218,301.17				218,301.17	219,414.02	1,112.85	0.00
GNMA	2007A Single Family	5.49	07/23/08	06/20/38			108,570.23				108,570.23	109,127.01	556.78	0.00
GNMA	2007A Single Family	4.75	07/23/08	07/20/38			122,514.96				122,514.96	118,219.31	(4,295.65)	0.00
GNMA	2007A Single Family	4.75	08/27/08	08/20/38			79,924.58				79,924.58	77,125.29	(2,799.29)	0.00
GNMA	2007A Single Family	5.49	08/13/08	08/20/38			302,615.70				302,615.70	304,174.69	1,558.99	0.00
GNMA	2007A Single Family	4.75	08/13/08	07/20/38			74,064.94				74,064.94	71,469.72	(2,595.22)	0.00
GNMA	2007A Single Family	4.75	08/13/08	06/20/38			276,109.10				276,109.10	266,434.30	(9,674.80)	0.00
GNMA	2007A Single Family	5.49	08/13/08	08/20/38			95,821.14				95,821.14	96,314.78	493.64	0.00
GNMA	2007A Single Family	4.75	08/20/08	08/20/38			299,093.95				299,093.95	288,616.10	(10,477.85)	0.00
GNMA	2007A Single Family	4.75	08/27/08	07/20/38			1,201,795.22				1,201,795.22	1,159,703.36	(42,091.86)	0.00
GNMA	2007A Single Family	5.49	08/27/08	08/20/38			90,673.07				90,673.07	91,141.67	468.60	0.00
FNMA	2007A Single Family	5.49	08/23/07	08/01/37	307,296.42	308,274.55			(959.56)		306,336.86	305,624.80	(1,690.19)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2007A Single Family	5.49	08/23/07	08/01/37	468,520.31	470,011.61			(1,821.21)		466,699.10	465,614.28	(2,576.12)	0.00
FNMA	2007A Single Family	4.75	08/23/07	08/01/37	1,687,686.90	1,619,484.60			(6,702.57)		1,680,984.33	1,604,683.79	(8,098.24)	0.00
FNMA	2007A Single Family	5.49	09/11/07	08/01/37	864,783.35	877,058.86			(2,906.79)		861,876.56	869,228.61	(4,923.46)	0.00
FNMA	2007A Single Family	5.49	09/11/07	08/01/37	451,731.50	458,143.79			(2,054.99)		449,676.51	453,512.39	(2,576.41)	0.00
FNMA	2007A Single Family	4.75	09/11/07	08/01/37	1,572,777.14	1,525,785.16			(7,810.39)		1,564,966.75	1,510,186.35	(7,788.42)	0.00
FNMA	2007A Single Family	5.49	09/25/07	09/01/37	1,604,738.69	1,609,895.35			(4,990.69)		1,599,748.00	1,596,077.82	(8,826.84)	0.00
FNMA	2007A Single Family	5.49	09/25/07	08/01/37	266,841.49	270,636.47			(1,149.04)		265,692.45	267,965.99	(1,521.44)	0.00
FNMA	2007A Single Family	4.75	09/25/07	09/01/37	1,967,921.75	1,909,178.12			(8,048.37)		1,959,873.38	1,891,323.68	(9,806.07)	0.00
FNMA	2007A Single Family	5.49	10/09/07	09/01/37	1,145,355.17	1,154,799.40			(4,058.36)		1,141,296.81	1,144,432.69	(6,308.35)	0.00
FNMA	2007A Single Family	5.49	10/09/07	09/01/37	171,081.05	172,491.73			(565.49)		170,515.56	170,984.08	(942.16)	0.00
FNMA	2007A Single Family	4.75	10/09/07	09/01/37	732,433.91	708,916.05			(2,813.92)		729,619.99	701,785.66	(4,316.47)	0.00
FNMA	2007A Single Family	4.75	10/09/07	08/01/37	269,858.69	261,193.48			(1,137.72)		268,720.97	258,469.25	(1,586.51)	0.00
FNMA	2007A Single Family	5.49	10/25/07	09/01/37	1,017,392.86	1,025,796.46			(3,321.03)		1,014,071.83	1,016,872.53	(5,602.90)	0.00
FNMA	2007A Single Family	5.49	10/25/07	10/01/37	507,814.90	512,009.93			(3,193.56)		504,621.34	506,015.53	(2,800.84)	0.00
FNMA	2007A Single Family	4.75	10/25/07	10/01/37	1,106,253.22	1,070,748.55			(3,912.08)		1,102,341.14	1,060,303.89	(6,532.58)	0.00
FNMA	2007A Single Family	5.49	10/25/07	10/01/37	670,648.92	676,189.11			(2,144.87)		668,504.05	670,351.01	(3,693.23)	0.00
FNMA	2007A Single Family	5.49	11/08/07	10/01/37	560,928.79	565,569.45			(1,814.31)		559,114.48	560,666.01	(3,089.13)	0.00
FNMA	2007A Single Family	4.75	11/08/07	09/01/37	106,924.43	103,493.99			(377.13)		106,547.30	102,485.31	(631.55)	0.00
FNMA	2007A Single Family	4.75	11/21/07	10/01/37	234,896.32	227,362.94			(2,155.08)		232,741.24	223,871.19	(1,336.67)	0.00
FNMA	2007A Single Family	5.49	11/21/07	10/01/37	602,908.43	607,903.77			(1,939.16)		600,969.27	602,644.27	(3,320.34)	0.00
FNMA	2007A Single Family	5.49	11/21/07	09/01/37	410,847.52	414,251.14			(2,176.66)		408,670.86	409,809.47	(2,265.01)	0.00
FNMA	2007A Single Family	4.75	11/28/07	09/01/37	119,180.94	115,359.37			(420.43)		118,760.51	114,234.99	(703.95)	0.00
FNMA	2007A Single Family	5.49	12/11/07	11/01/37	880,408.51	887,719.18			(3,288.43)		877,120.08	879,580.74	(4,850.01)	0.00
FNMA	2007A Single Family	5.49	12/12/07	09/01/37	94,233.77	95,016.26			(299.05)		93,934.72	94,198.24	(518.97)	0.00
FNMA	2007A Single Family	4.75	12/11/07	12/01/37	726,431.22	703,147.28			(2,572.73)		723,858.49	696,284.72	(4,289.83)	0.00
FNMA	2007A Single Family	5.49	12/11/07	11/01/37	378,575.15	381,718.74			(1,211.84)		377,363.31	378,421.95	(2,084.95)	0.00
FNMA	2007A Single Family	4.75	12/20/07	12/01/37	217,979.43	210,994.34			(860.15)		217,119.28	208,850.30	(1,283.89)	0.00
FNMA	2007A Single Family	5.49	12/20/07	12/01/37	326,856.62	329,573.74			(1,473.41)		325,383.21	326,299.00	(1,801.33)	0.00
FNMA	2007A Single Family	5.49	12/28/07	10/01/37	149,341.90	150,584.27			(678.25)		148,663.65	149,082.96	(823.06)	0.00
FNMA	2007A Single Family	4.75	12/28/07	12/01/37	319,875.31	309,627.20			(1,109.47)		318,765.84	306,627.81	(1,889.92)	0.00
FNMA	2007A Single Family	5.49	12/28/07	12/01/37	90,634.19	91,388.27			(273.19)		90,361.00	90,615.96	(499.12)	0.00
FNMA	2007A Single Family	5.49	01/16/08	08/01/37	239,320.58	241,315.63			(1,075.34)		238,245.24	238,921.08	(1,319.21)	0.00
FNMA	2007A Single Family	5.49	01/30/08	09/01/37	335,455.19	338,256.09			(1,085.10)		334,370.09	335,323.02	(1,847.97)	0.00
FNMA	2007A Single Family	4.75	01/30/08	12/01/37	105,820.54	102,433.38			(367.04)		105,453.50	101,441.10	(625.24)	0.00
FNMA	2007A Single Family	4.75	01/30/08	12/01/37	95,484.48	92,428.16			(331.20)		95,153.28	91,532.78	(564.18)	0.00
FNMA	2007A Single Family	5.49	01/30/08	01/01/38	747,685.66	137,225.38			(7,481.75)		740,203.91	136,049.11	6,305.48	0.00
FNMA	2007A Single Family	5.49	02/13/08	11/01/37	407,915.41	411,326.72			(1,528.00)		406,387.41	407,551.35	(2,247.37)	0.00
FNMA	2007A Single Family	4.75	02/13/08	01/01/38	452,130.11	437,581.65			(2,121.27)		450,008.84	432,505.82	(2,954.56)	0.00
FNMA	2007A Single Family	5.49	02/19/08	01/01/38	208,419.06	210,163.30			(704.57)		207,714.49	208,310.66	(1,148.07)	0.00
FNMA	2007A Single Family	5.49	02/27/08	02/01/38	181,328.97	182,847.97			(545.27)		180,783.70	181,304.05	(998.65)	0.00
FNMA	2007A Single Family	4.75	03/12/08	02/01/38	234,917.17	227,406.78			(858.41)		234,058.76	225,161.69	(1,386.68)	0.00
FNMA	2007A Single Family	5.49	03/20/08	02/01/38	304,031.41	306,590.63			(1,169.66)		302,861.75	303,702.90	(1,718.07)	0.00
FNMA	2007A Single Family	5.49	03/20/08	11/01/37	358,576.56	361,587.31			(1,091.01)		357,485.55	358,521.02	(1,975.28)	0.00
FNMA	2007A Single Family	4.75	03/27/08	03/01/38	205,903.33	199,285.90			(701.89)		205,201.44	197,227.93	(1,356.08)	0.00
FNMA	2007A Single Family	5.49	04/08/08	03/01/38	186,236.08	187,806.97			(552.64)		185,683.44	186,202.34	(1,051.99)	0.00
FNMA	2007A Single Family	4.75	04/08/08	02/01/38	145,526.63	140,851.05			(499.06)		145,027.57	139,393.78	(958.21)	0.00
FNMA	2007A Single Family	5.49	04/22/08	02/01/38	103,641.17	104,516.75			(308.53)		103,332.64	103,622.77	(585.45)	0.00
FNMA	2007A Single Family	5.49	04/22/08	04/01/38	193,230.18	194,862.62			(570.71)		192,659.47	193,200.40	(1,091.51)	0.00
Inv Agmt	2007A Single Family	5.06	06/05/07	09/01/09	14,689,187.91	14,689,187.91		(7,296,615.76)			7,392,572.15	7,392,572.15	-	0.00
Inv Agmt	2007A Single Family	5.06	06/05/07	09/01/09	7,541,337.57	7,541,337.57		(989,196.89)			6,552,140.68	6,552,140.68	-	0.00
Freddie Mac	2007A Single Family	5.25	12/11/07	11/01/37	8,515.25	8,415.99			(28.31)		8,486.94	8,333.03	(54.65)	0.00
Freddie Mac	2007A Single Family	5.25	12/11/07	11/01/37	6,058.69	5,988.06			(19.34)		6,039.35	5,929.83	(38.89)	0.00
Freddie Mac	2007A Single Family	5.25	12/20/07	12/01/37	22,884.16	22,617.54			(92.91)		22,791.25	22,378.10	(146.53)	0.00
Freddie Mac	2007A Single Family	6.00	12/20/07	12/01/37	4,682.57	4,796.89			(13.35)		4,669.22	4,748.82	(34.72)	0.00
Freddie Mac	2007A Single Family	5.25	12/20/07	12/01/37	16,490.76	16,298.63			(52.34)		16,438.42	16,140.44	(105.85)	0.00
Freddie Mac	2007A Single Family	5.25	01/16/08	12/01/37	22,133.12	21,875.66			(77.48)		22,055.64	21,656.23	(141.95)	0.00
Freddie Mac	2007A Single Family	6.00	01/16/08	12/01/37	4,149.79	4,251.18			(11.40)		4,138.39	4,209.02	(30.76)	0.00
Freddie Mac	2007A Single Family	5.25	01/16/08	12/01/37	7,729.07	7,639.17			(25.48)		7,703.59	7,564.10	(49.59)	0.00
Freddie Mac	2007A Single Family	5.25	01/30/08	01/01/38	15,240.36	15,063.24			(48.34)		15,192.02	14,917.05	(97.85)	0.00
Freddie Mac	2007A Single Family	5.25	01/30/08	12/01/37	9,622.58	9,510.75			(41.29)		9,581.29	9,407.89	(61.57)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Freddie Mac	2007A Single Family	6.00	01/30/08	01/01/38	6,822.80	6,989.58			(19.05)		6,803.75	6,919.94	(50.59)	0.00
Freddie Mac	2007A Single Family	6.00	02/13/08	01/01/38	6,010.98	6,157.99			(24.30)		5,986.68	6,088.98	(44.71)	0.00
Freddie Mac	2007A Single Family	5.25	02/13/08	01/01/38	7,796.31	7,705.78			(24.68)		7,771.63	7,631.05	(50.05)	0.00
Freddie Mac	2007A Single Family	5.25	03/20/08	02/01/38	2,717.26	2,685.78			(8.52)		2,708.74	2,659.81	(17.45)	0.00
Freddie Mac	2007A Single Family	6.00	03/20/08	03/01/38	5,413.11	5,545.64			(17.68)		5,395.43	5,487.77	(40.19)	0.00
Freddie Mac	2007A Single Family	5.25	03/20/08	11/01/37	4,594.26	4,541.03			(36.79)		4,557.47	4,475.14	(29.10)	0.00
Freddie Mac	2007A Single Family	6.00	04/22/08	02/01/38	2,305.04	2,361.53			(6.60)		2,298.44	2,337.84	(17.09)	0.00
Freddie Mac	2007A Single Family	5.25	04/22/08	01/01/38	5,497.32	5,433.77			(17.33)		5,479.99	5,381.13	(35.31)	0.00
Freddie Mac	2007A Single Family	5.25	05/14/08	04/01/38	10,183.89	10,066.33			(31.85)		10,152.04	9,969.08	(65.40)	0.00
Freddie Mac	2007A Single Family	6.00	05/15/08	04/01/38	8,750.27	8,964.87			(23.44)		8,726.83	8,876.55	(64.88)	0.00
Freddie Mac	2007A Single Family	5.25	05/21/08	04/01/38	12,094.60	11,955.04			(37.71)		12,056.89	11,839.66	(77.67)	0.00
Freddie Mac	2007A Single Family	5.25	05/21/08	05/01/38	8,489.18	8,391.42			(26.17)		8,463.01	8,310.71	(54.54)	0.00
Freddie Mac	2007A Single Family	5.25	05/28/08	04/01/38	9,256.57	9,149.81			(30.86)		9,225.71	9,059.53	(59.42)	0.00
Freddie Mac	2007A Single Family	5.25	05/28/08	05/01/38	4,970.74	4,913.40			(15.31)		4,955.43	4,866.17	(31.92)	0.00
Freddie Mac	2007A Single Family	6.00	06/18/08	05/01/38			10,546.63				10,546.63	10,727.85	181.22	0.00
Freddie Mac	2007A Single Family	5.25	06/18/08	02/01/38			2,989.70				2,989.70	2,935.89	(53.81)	0.00
Freddie Mac	2007A Single Family	5.25	06/18/08	05/01/38			5,228.14				5,228.14	5,134.05	(94.09)	0.00
Freddie Mac	2007A Single Family	6.00	06/25/08	05/01/38			3,748.77				3,748.77	3,813.20	64.43	0.00
Freddie Mac	2007A Single Family	6.00	07/16/08	06/01/38			5,854.86				5,854.86	5,955.58	100.72	0.00
Freddie Mac	2007A Single Family	5.25	07/16/08	06/01/38			7,995.26				7,995.26	7,851.53	(143.73)	0.00
Freddie Mac	2007A Single Family	6.00	07/23/08	06/01/38			5,406.56				5,406.56	5,499.60	93.04	0.00
Freddie Mac	2007A Single Family	6.00	08/13/08	06/01/38			5,553.38				5,553.38	5,649.04	95.66	0.00
Freddie Mac	2007A Single Family	6.00	08/13/08	08/01/38			2,638.82				2,638.82	2,684.27	45.45	0.00
Freddie Mac	2007A Single Family	6.00	08/20/08	06/01/38			5,520.70				5,520.70	5,615.82	95.12	0.00
Freddie Mac	2007A Single Family	6.00	08/27/08	08/01/38			10,981.68				10,981.68	11,170.94	189.26	0.00
GNMA	2007A Single Family	5.25	12/28/07	12/20/37	19,074.38	19,030.57			(59.92)		19,014.46	18,826.26	(144.39)	0.00
GNMA	2007A Single Family	6.00	12/11/07	11/20/37	26,731.28	27,286.49			(97.63)		26,633.65	27,070.56	(118.30)	0.00
GNMA	2007A Single Family	5.25	12/11/07	11/20/37	102,457.12	102,411.61			(365.46)		102,091.66	101,266.27	(779.88)	0.00
GNMA	2007A Single Family	5.25	12/11/07	11/20/37	17,452.63	17,444.88			(71.69)		17,380.94	17,240.42	(132.77)	0.00
GNMA	2007A Single Family	6.00	12/11/07	11/20/37	15,983.01	16,477.46			(47.71)		15,935.30	16,356.62	(73.13)	0.00
GNMA	2007A Single Family	5.25	12/11/07	12/20/37	82,180.79	82,144.37			(309.31)		81,871.48	81,209.65	(625.41)	0.00
GNMA	2007A Single Family	5.25	12/11/07	11/20/37	9,197.56	9,193.48			(31.33)		9,166.23	9,092.12	(70.03)	0.00
GNMA	2007A Single Family	5.25	12/20/07	12/20/37	43,285.55	43,266.80			(147.29)		43,138.26	42,789.98	(329.53)	0.00
GNMA	2007A Single Family	6.00	12/20/07	12/20/37	13,478.37	13,895.50			(36.65)		13,441.72	13,797.27	(61.58)	0.00
GNMA	2007A Single Family	5.25	12/20/07	12/20/37	16,377.81	16,370.72			(51.44)		16,326.37	16,194.57	(124.71)	0.00
GNMA	2007A Single Family	5.25	12/20/07	11/20/37	4,533.71	4,531.74			(14.34)		4,519.37	4,482.87	(34.53)	0.00
GNMA	2007A Single Family	5.25	12/20/07	12/20/37	6,749.82	6,746.90			(24.30)		6,725.52	6,671.23	(51.37)	0.00
GNMA	2007A Single Family	6.00	01/30/08	01/20/38	19,985.04	20,603.04			(54.18)		19,930.86	20,456.55	(92.31)	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	14,734.86	14,699.60			(50.89)		14,683.97	14,531.59	(117.12)	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	17,598.85	17,589.68			(54.91)		17,543.94	17,394.19	(140.58)	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	21,956.67	21,904.14			(70.37)		21,886.30	21,659.20	(174.57)	0.00
GNMA	2007A Single Family	6.00	01/30/08	01/20/38	5,381.67	5,548.09			(14.50)		5,367.17	5,508.73	(24.86)	0.00
GNMA	2007A Single Family	6.00	01/16/08	12/20/37	35,671.40	36,776.44			(97.33)		35,574.07	36,516.11	(163.00)	0.00
GNMA	2007A Single Family	5.25	01/16/08	12/20/37	17,313.79	17,306.80			(84.49)		17,229.30	17,090.70	(131.61)	0.00
GNMA	2007A Single Family	5.25	01/16/08	01/20/38	106,626.29	106,569.21			(399.35)		106,226.94	105,318.66	(851.20)	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	25,901.32	25,839.35			(81.85)		25,819.47	25,551.54	(205.96)	0.00
GNMA	2007A Single Family	5.25	01/30/08	12/20/37	5,270.00	5,267.95			(17.19)		5,252.81	5,210.63	(40.13)	0.00
GNMA	2007A Single Family	5.25	02/13/08	01/20/38	10,069.89	10,064.79			(31.56)		10,038.33	9,952.81	(80.42)	0.00
GNMA	2007A Single Family	5.25	02/13/08	02/20/38	12,520.81	12,514.50			(42.71)		12,478.10	12,371.79	(100.00)	0.00
GNMA	2007A Single Family	6.00	02/13/08	01/20/38	9,028.82	9,308.17			(24.44)		9,004.38	9,242.02	(41.71)	0.00
GNMA	2007A Single Family	6.00	01/30/08	01/20/38	4,595.34	4,737.45			(12.39)		4,582.95	4,703.84	(21.22)	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	10,270.57	10,265.23			(32.05)		10,238.52	10,151.14	(82.04)	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	4,919.41	4,916.85			(15.35)		4,904.06	4,862.21	(39.29)	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	14,596.38	14,588.79			(45.54)		14,550.84	14,426.64	(116.61)	0.00
GNMA	2007A Single Family	6.00	02/13/08	01/20/38	12,402.39	12,786.10			(33.44)		12,368.95	12,695.39	(57.27)	0.00
GNMA	2007A Single Family	5.25	02/13/08	01/20/38	23,939.71	23,927.61			(75.43)		23,864.28	23,660.97	(191.21)	0.00
GNMA	2007A Single Family	5.25	02/13/08	01/20/38	28,538.80	28,524.39			(89.20)		28,449.60	28,207.23	(227.96)	0.00
GNMA	2007A Single Family	5.25	04/08/08	03/20/38	13,661.97	13,655.91			(42.28)		13,619.69	13,504.47	(109.16)	0.00
GNMA	2007A Single Family	5.25	04/08/08	03/20/38	5,022.75	5,020.52			(15.49)		5,007.26	4,964.91	(40.12)	0.00
GNMA	2007A Single Family	6.00	04/08/08	04/20/38	9,788.92	10,092.40			(31.52)		9,757.40	10,015.54	(45.34)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	5.25	04/08/08	04/20/38	18,333.56	18,325.43			(56.24)		18,277.32	18,122.71	(146.48)	0.00
GNMA	2007A Single Family	6.00	03/12/08	03/20/38	11,098.32	11,442.04			(29.82)		11,068.50	11,360.98	(51.24)	0.00
GNMA	2007A Single Family	5.25	03/12/08	03/20/38	22,386.26	22,375.66			(69.40)		22,316.86	22,127.42	(178.84)	0.00
GNMA	2007A Single Family	5.25	03/20/08	03/20/38	18,954.61	18,907.78			(64.39)		18,890.22	18,692.75	(150.64)	0.00
GNMA	2007A Single Family	6.00	02/19/08	01/20/38	20,583.75	21,220.74			(60.73)		20,523.02	21,064.78	(95.23)	0.00
GNMA	2007A Single Family	5.25	02/19/08	02/20/38	17,992.03	17,983.07			(81.87)		17,910.16	17,757.70	(143.50)	0.00
GNMA	2007A Single Family	5.25	02/19/08	02/20/38	4,957.89	4,955.43			(15.38)		4,942.51	4,900.45	(39.60)	0.00
GNMA	2007A Single Family	6.00	02/19/08	02/20/38	7,453.66	7,684.31			(31.08)		7,422.58	7,618.53	(34.70)	0.00
GNMA	2007A Single Family	5.25	02/19/08	02/20/38	23,549.38	23,537.65			(84.18)		23,465.20	23,265.45	(188.02)	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	5,362.96	5,360.34			(16.62)		5,346.34	5,300.86	(42.86)	0.00
GNMA	2007A Single Family	6.00	02/27/08	02/20/38	8,943.01	9,219.84			(24.74)		8,918.27	9,153.78	(41.32)	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	8,446.27	8,442.15			(26.31)		8,419.96	8,348.35	(67.49)	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	12,360.21	12,354.17			(38.97)		12,321.24	12,216.45	(98.75)	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	10,518.73	10,513.59			(39.18)		10,479.55	10,390.44	(83.97)	0.00
GNMA	2007A Single Family	6.00	02/27/08	02/20/38	10,899.88	11,237.28			(29.29)		10,870.59	11,157.66	(50.33)	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	23,179.84	23,168.52			(75.25)		23,104.59	22,908.10	(185.17)	0.00
GNMA	2007A Single Family	5.25	03/20/08	03/20/38	5,057.66	5,055.31			(15.60)		5,042.06	4,999.31	(40.40)	0.00
GNMA	2007A Single Family	6.00	03/20/08	03/20/38	5,181.96	5,342.49			(13.82)		5,168.14	5,304.74	(23.93)	0.00
GNMA	2007A Single Family	5.25	03/27/08	03/20/38	10,965.75	10,960.74			(34.80)		10,930.95	10,838.34	(87.60)	0.00
GNMA	2007A Single Family	6.00	03/27/08	03/20/38	18,682.46	19,261.41			(54.02)		18,628.44	19,121.00	(86.39)	0.00
GNMA	2007A Single Family	5.25	04/15/08	03/20/38	4,894.42	4,892.29			(15.08)		4,879.34	4,838.09	(39.12)	0.00
GNMA	2007A Single Family	5.25	04/15/08	03/20/38	8,222.65	8,219.07			(25.49)		8,197.16	8,127.89	(65.69)	0.00
GNMA	2007A Single Family	6.00	04/15/08	04/20/38	6,682.84	6,890.08			(17.72)		6,665.12	6,841.49	(30.87)	0.00
GNMA	2007A Single Family	5.25	04/24/08	04/20/38	9,054.37	9,050.52			(30.83)		9,023.54	8,947.37	(72.32)	0.00
GNMA	2007A Single Family	6.00	04/22/08	04/20/38	14,111.66	14,549.37			(37.58)		14,074.08	14,446.63	(65.16)	0.00
GNMA	2007A Single Family	6.00	05/07/08	04/20/38	16,083.23	16,582.38			(42.92)		16,040.31	16,465.18	(74.28)	0.00
GNMA	2007A Single Family	5.25	05/07/08	05/20/38	53,794.54	53,772.44			(187.98)		53,606.56	53,154.81	(429.65)	0.00
GNMA	2007A Single Family	5.25	05/07/08	04/20/38	9,628.27	9,624.31			(29.78)		9,598.49	9,517.60	(76.93)	0.00
GNMA	2007A Single Family	5.25	05/14/08	04/20/38	19,071.00	19,063.30			(69.15)		19,001.85	18,841.86	(152.29)	0.00
GNMA	2007A Single Family	6.00	05/21/08	05/20/38	10,659.47	10,990.46			(40.18)		10,619.29	10,900.74	(49.54)	0.00
GNMA	2007A Single Family	5.25	05/21/08	05/20/38	5,699.80	5,697.55			(23.27)		5,676.53	5,628.78	(45.50)	0.00
GNMA	2007A Single Family	5.25	05/28/08	05/20/38	9,291.42	9,287.82			(56.43)		9,234.99	9,157.37	(74.02)	0.00
GNMA	2007A Single Family	6.00	05/28/08	05/20/38	9,783.21	10,087.07			(29.68)		9,753.53	10,012.12	(45.27)	0.00
GNMA	2007A Single Family	5.25	05/28/08	01/20/38	3,230.05	3,228.80			(10.04)		3,220.01	3,192.95	(25.81)	0.00
GNMA	2007A Single Family	6.00	06/11/08	06/20/38			15,692.34				15,692.34	16,108.61	416.27	0.00
GNMA	2007A Single Family	5.25	06/11/08	05/20/38			28,164.39				28,164.39	27,928.13	(236.26)	0.00
GNMA	2007A Single Family	5.25	06/11/08	05/20/38			16,362.87				16,362.87	16,225.61	(137.26)	0.00
GNMA	2007A Single Family	6.00	07/09/08	07/20/38			36,358.00				36,358.00	37,323.64	965.64	0.00
GNMA	2007A Single Family	5.25	07/09/08	06/20/38			58,885.03				58,885.03	58,392.88	(492.15)	0.00
GNMA	2007A Single Family	5.25	07/09/08	06/20/38			21,124.33				21,124.33	20,947.77	(176.56)	0.00
GNMA	2007A Single Family	5.25	07/09/08	06/20/38			10,718.84				10,718.84	10,629.26	(89.58)	0.00
GNMA	2007A Single Family	6.00	07/16/08	07/20/38			5,386.03				5,386.03	5,529.12	143.09	0.00
GNMA	2007A Single Family	5.25	07/16/08	07/20/38			5,717.00				5,717.00	5,669.27	(47.73)	0.00
GNMA	2007A Single Family	6.00	06/18/08	06/20/38			12,920.67				12,920.67	13,263.52	342.85	0.00
GNMA	2007A Single Family	5.25	06/18/08	06/20/38			8,815.72				8,815.72	8,741.84	(73.88)	0.00
GNMA	2007A Single Family	5.25	06/18/08	06/20/38			9,367.57				9,367.57	9,289.05	(78.52)	0.00
GNMA	2007A Single Family	5.25	06/18/08	06/20/38			8,852.69				8,852.69	8,778.49	(74.20)	0.00
GNMA	2007A Single Family	6.00	06/18/08	06/20/38			6,032.69				6,032.69	6,192.77	160.08	0.00
GNMA	2007A Single Family	6.00	06/25/08	06/20/38			20,823.01				20,823.01	21,375.73	552.72	0.00
GNMA	2007A Single Family	5.25	06/25/08	06/20/38			24,534.23				24,534.23	24,328.82	(205.41)	0.00
GNMA	2007A Single Family	5.25	07/16/08	07/20/38			42,757.41				42,757.41	42,400.40	(357.01)	0.00
GNMA	2007A Single Family	6.00	07/23/08	07/20/38			25,360.29				25,360.29	26,034.24	673.95	0.00
GNMA	2007A Single Family	5.25	07/23/08	07/20/38			58,488.82				58,488.82	58,000.86	(487.96)	0.00
GNMA	2007A Single Family	5.25	07/23/08	07/20/38			8,538.67				8,538.67	8,467.44	(71.23)	0.00
GNMA	2007A Single Family	6.00	07/29/08	07/20/38			4,815.44				4,815.44	4,943.44	128.00	0.00
GNMA	2007A Single Family	5.25	07/29/08	07/20/38			25,453.99				25,453.99	25,241.81	(212.18)	0.00
GNMA	2007A Single Family	5.25	07/29/08	07/20/38			12,461.29				12,461.29	12,357.42	(103.87)	0.00
GNMA	2007A Single Family	6.00	08/27/08	08/20/38			5,798.89				5,798.89	5,953.23	154.34	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38			14,772.61				14,772.61	14,649.95	(122.66)	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38			19,365.25				19,365.25	19,204.45	(160.80)	0.00

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GNMA	2007A Single Family	6.00	08/13/08	08/20/38			45,254.47				45,254.47	46,458.18	1,203.71	0.00
GNMA	2007A Single Family	5.25	08/13/08	08/20/38			94,541.32				94,541.32	93,754.76	(786.56)	0.00
GNMA	2007A Single Family	5.25	08/13/08	07/20/38			54,840.60				54,840.60	54,384.34	(456.26)	0.00
GNMA	2007A Single Family	6.00	08/13/08	08/20/38			10,524.58				10,524.58	10,804.52	279.94	0.00
GNMA	2007A Single Family	5.25	08/13/08	08/20/38			19,870.37				19,870.37	19,705.06	(165.31)	0.00
GNMA	2007A Single Family	5.25	08/13/08	08/20/38			24,363.53				24,363.53	24,160.83	(202.70)	0.00
GNMA	2007A Single Family	6.00	08/20/08	08/20/38			13,408.82				13,408.82	13,765.59	356.77	0.00
GNMA	2007A Single Family	5.25	08/20/08	08/20/38			37,610.66				37,610.66	37,298.05	(312.61)	0.00
GNMA	2007A Single Family	5.25	08/20/08	08/20/38			8,612.89				8,612.89	8,541.30	(71.59)	0.00
GNMA	2007A Single Family	6.00	08/27/08	08/20/38			7,471.30				7,471.30	7,670.15	198.85	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38			9,140.99				9,140.99	9,065.09	(75.90)	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38			9,368.51				9,368.51	9,290.71	(77.80)	0.00
GNMA	2007A Single Family	6.00	08/27/08	08/20/38			32,784.12				32,784.12	33,656.68	872.56	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38			44,870.95				44,870.95	44,415.70	(455.25)	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38			11,031.69				11,031.69	10,940.09	(91.60)	0.00
FNMA	2007A Single Family	6.00	12/11/07	12/01/37	11,719.71	12,054.30			(32.34)		11,687.37	11,963.35	(58.61)	0.00
FNMA	2007A Single Family	5.25	12/11/07	11/01/37	11,927.96	11,871.75			(50.85)		11,877.11	11,732.36	(88.54)	0.00
FNMA	2007A Single Family	5.25	12/12/07	12/01/37	72,033.39	71,693.96			(282.78)		71,750.61	70,876.16	(535.02)	0.00
FNMA	2007A Single Family	5.25	12/20/07	11/01/37	5,128.32	5,104.17			(17.05)		5,111.27	5,048.98	(38.14)	0.00
FNMA	2007A Single Family	6.00	12/20/07	12/01/37	7,980.40	8,208.28			(22.89)		7,957.51	8,145.44	(39.95)	0.00
FNMA	2007A Single Family	5.25	12/20/07	12/01/37	17,105.51	17,024.99			(55.08)		17,050.43	16,842.72	(127.19)	0.00
FNMA	2007A Single Family	5.25	12/28/07	12/01/37	12,951.89	12,891.02			(47.45)		12,904.44	12,747.31	(96.26)	0.00
FNMA	2007A Single Family	5.25	12/28/07	12/01/37	3,418.54	3,402.48			(21.49)		3,397.05	3,355.69	(25.30)	0.00
FNMA	2007A Single Family	5.25	12/28/07	12/01/37	17,603.17	17,520.44			(73.89)		17,529.28	17,315.85	(130.70)	0.00
FNMA	2007A Single Family	6.00	01/16/08	12/01/37	11,740.32	12,099.90			(32.03)		11,708.29	12,008.74	(59.13)	0.00
FNMA	2007A Single Family	5.25	01/16/08	12/01/37	80,257.84	80,041.01			(285.14)		79,972.70	79,156.25	(599.62)	0.00
FNMA	2007A Single Family	5.25	01/30/08	12/01/37	9,589.06	9,563.27			(30.26)		9,558.80	9,461.33	(71.68)	0.00
FNMA	2007A Single Family	6.00	01/30/08	01/01/38	16,548.04	17,054.57			(46.94)		16,501.10	16,925.09	(82.54)	0.00
FNMA	2007A Single Family	5.25	01/30/08	01/01/38	17,931.68	17,883.47			(68.70)		17,862.98	17,680.85	(133.92)	0.00
FNMA	2007A Single Family	5.25	01/30/08	12/01/37	5,787.42	5,771.84			(18.26)		5,769.16	5,710.32	(43.26)	0.00
FNMA	2007A Single Family	6.00	01/30/08	01/01/38	5,017.96	5,171.56			(27.25)		4,990.71	5,118.95	(25.36)	0.00
FNMA	2007A Single Family	5.25	01/30/08	01/01/38	9,178.31	9,152.44			(32.58)		9,145.73	9,048.15	(71.71)	0.00
FNMA	2007A Single Family	6.00	01/30/08	01/01/38	3,943.47	4,064.17			(10.68)		3,932.79	4,033.82	(19.67)	0.00
FNMA	2007A Single Family	6.00	02/13/08	02/01/38	16,725.42	17,237.62			(45.53)		16,679.89	17,108.72	(83.37)	0.00
FNMA	2007A Single Family	5.25	02/13/08	02/01/38	16,244.40	16,198.80			(266.58)		15,977.82	15,807.52	(124.70)	0.00
FNMA	2007A Single Family	5.25	02/13/08	01/01/38	12,962.38	12,926.00			(40.72)		12,921.66	12,783.94	(101.34)	0.00
FNMA	2007A Single Family	5.25	02/19/08	01/01/38	7,621.92	7,600.57			(23.92)		7,598.00	7,517.08	(59.57)	0.00
FNMA	2007A Single Family	5.25	02/19/08	01/01/38	7,612.66	7,591.33			(23.89)		7,588.77	7,507.94	(59.50)	0.00
FNMA	2007A Single Family	6.00	02/19/08	02/01/38	7,158.77	7,378.05			(19.37)		7,139.40	7,323.00	(35.68)	0.00
FNMA	2007A Single Family	6.00	02/27/08	02/01/38	14,464.47	14,907.62			(43.99)		14,420.48	14,791.42	(72.21)	0.00
FNMA	2007A Single Family	5.25	02/27/08	02/01/38	18,687.70	18,635.49			(60.21)		18,627.49	18,429.20	(146.08)	0.00
FNMA	2007A Single Family	5.25	02/27/08	01/01/38	2,777.57	2,769.81			(8.71)		2,768.86	2,739.38	(21.72)	0.00
FNMA	2007A Single Family	5.25	02/27/08	02/01/38	21,364.36	21,304.68			(73.83)		21,290.53	21,063.90	(166.95)	0.00
FNMA	2007A Single Family	6.00	03/20/08	03/01/38	16,215.06	16,712.19			(45.32)		16,169.74	16,586.01	(80.86)	0.00
FNMA	2007A Single Family	5.25	03/20/08	01/01/38	4,077.11	4,065.80			(12.78)		4,064.33	4,021.14	(31.88)	0.00
FNMA	2007A Single Family	5.25	03/20/08	02/01/38	19,924.02	19,871.38			(68.67)		19,855.35	19,653.82	(148.89)	0.00
FNMA	2007A Single Family	5.25	03/27/08	03/01/38	15,453.46	15,410.71			(50.81)		15,402.65	15,239.10	(120.80)	0.00
FNMA	2007A Single Family	6.00	03/27/08	03/01/38	13,706.87	14,127.19			(37.62)		13,669.25	14,021.22	(68.35)	0.00
FNMA	2007A Single Family	5.25	03/27/08	03/01/38	9,746.39	9,719.42			(30.47)		9,715.92	9,612.73	(76.22)	0.00
FNMA	2007A Single Family	5.25	04/15/08	04/01/38	3,981.35	3,970.41			(20.98)		3,960.37	3,918.40	(31.03)	0.00
FNMA	2007A Single Family	6.00	04/29/08	04/01/38	6,332.85	6,527.25			(16.91)		6,315.94	6,478.77	(31.57)	0.00
	2007A Single Family Total				131,733,705.82	130,519,183.50	12,758,275.31	(9,589,361.10)	(861,464.96)	0.00	134,041,155.07	132,166,000.96	(660,631.79)	0.00
GIC's	2007B Single Family	4.79	09/20/07	08/31/09	1,724,309.15	1,724,309.15		(405,739.50)			1,318,569.65	1,318,569.65	-	0.00
Repo Agmt	2007B Single Family	2.10	08/29/08	09/02/08	87,071.06	87,071.06	4,104,933.28				4,192,004.34	4,192,004.34	-	0.00
GIC's	2007B Single Family	4.52	09/20/07	08/31/39	719,123.55	719,123.55		(560,683.15)			158,440.40	158,440.40	-	0.00
GIC's	2007B Single Family	4.79	09/20/07	08/31/09	1,610,817.48	1,610,817.48	0.00				1,610,817.48	1,610,817.48	-	0.00
Freddie Mac	2007B Single Family	5.25	12/11/07	11/01/37	236,312.01	233,557.13			(785.74)		235,526.27	231,255.10	(1,516.29)	0.00
Freddie Mac	2007B Single Family	5.25	12/11/07	11/01/37	168,138.54	166,178.42			(536.71)		167,601.83	164,562.44	(1,079.27)	0.00
Freddie Mac	2007B Single Family	5.25	12/20/07	12/01/37	635,071.78	627,672.67			(2,578.43)		632,493.35	621,027.73	(4,066.51)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Freddie Mac	2007B Single Family	6.00	12/20/07	12/01/37	129,598.29	126,482.83			(421.83)		129,176.46	125,215.50	(845.50)	0.00
Freddie Mac	2007B Single Family	5.25	12/20/07	12/01/37	457,645.02	452,313.09			(1,452.36)		456,192.66	447,922.96	(2,937.77)	0.00
Freddie Mac	2007B Single Family	5.25	01/16/08	12/01/37	614,229.09	607,084.44			(2,150.08)		612,079.01	600,994.96	(3,939.40)	0.00
Freddie Mac	2007B Single Family	6.00	01/16/08	12/01/37	114,866.25	112,093.85			(362.31)		114,503.94	110,982.12	(749.42)	0.00
Freddie Mac	2007B Single Family	5.25	01/16/08	12/01/37	214,494.24	211,999.26			(706.87)		213,787.37	209,915.92	(1,376.47)	0.00
Freddie Mac	2007B Single Family	5.25	01/30/08	01/01/38	422,943.97	418,028.98			(1,341.29)		421,602.68	413,972.12	(2,715.57)	0.00
Freddie Mac	2007B Single Family	5.25	01/30/08	12/01/37	267,042.04	263,938.49			(1,145.62)		265,896.42	261,083.97	(1,708.90)	0.00
Freddie Mac	2007B Single Family	6.00	01/30/08	01/01/38	188,867.10	184,299.06			(603.94)		188,263.16	182,462.89	(1,232.23)	0.00
Freddie Mac	2007B Single Family	6.00	02/13/08	01/01/38	166,404.83	162,371.80			(740.45)		165,664.38	160,552.35	(1,079.00)	0.00
Freddie Mac	2007B Single Family	5.25	02/13/08	01/01/38	216,359.97	213,847.82			(684.79)		215,675.18	211,773.82	(1,389.21)	0.00
Freddie Mac	2007B Single Family	5.25	03/20/08	02/01/38	75,408.26	74,534.66			(236.43)		75,171.83	73,814.05	(484.18)	0.00
Freddie Mac	2007B Single Family	6.00	03/20/08	03/01/38	149,877.84	146,225.72			(550.59)		149,327.25	144,699.89	(975.24)	0.00
Freddie Mac	2007B Single Family	5.25	03/20/08	11/01/37	127,498.01	126,020.94			(1,021.09)		126,476.92	124,192.33	(807.52)	0.00
Freddie Mac	2007B Single Family	6.00	04/22/08	02/01/38	63,831.12	62,268.26			(208.84)		63,622.28	61,643.41	(416.01)	0.00
Freddie Mac	2007B Single Family	5.25	04/22/08	01/01/38	152,559.65	150,795.88			(481.07)		152,078.58	149,335.15	(979.66)	0.00
Freddie Mac	2007B Single Family	5.25	05/14/08	04/01/38	282,619.35	279,356.73			(883.80)		281,735.55	276,657.90	(1,815.03)	0.00
Freddie Mac	2007B Single Family	6.00	05/15/08	04/01/38	242,336.29	236,382.65			(747.77)		241,588.52	234,054.07	(1,580.81)	0.00
Freddie Mac	2007B Single Family	5.25	05/21/08	04/01/38	335,644.51	331,771.43			(1,046.52)		334,597.99	328,569.28	(2,155.63)	0.00
Freddie Mac	2007B Single Family	5.25	05/21/08	05/01/38	235,593.93	232,875.36			(726.59)		234,867.34	230,635.55	(1,513.22)	0.00
Freddie Mac	2007B Single Family	5.25	05/28/08	04/01/38	256,884.66	253,921.68			(856.58)		256,028.08	251,416.29	(1,648.81)	0.00
Freddie Mac	2007B Single Family	5.25	05/28/08	05/01/38	137,945.99	136,354.88			(424.73)		137,521.26	135,044.11	(886.04)	0.00
Freddie Mac	2007B Single Family	6.00	06/18/08	05/01/38			292,011.24				292,011.24	282,868.67	(9,142.57)	0.00
Freddie Mac	2007B Single Family	5.25	06/18/08	02/01/38			82,968.91				82,968.91	81,475.64	(1,493.27)	0.00
Freddie Mac	2007B Single Family	5.25	06/18/08	05/01/38			145,089.47				145,089.47	142,478.30	(2,611.17)	0.00
Freddie Mac	2007B Single Family	6.00	06/25/08	05/01/38			103,797.53				103,797.53	100,545.14	(3,252.39)	0.00
Freddie Mac	2007B Single Family	6.00	07/16/08	06/01/38			162,127.40				162,127.40	157,035.07	(5,092.33)	0.00
Freddie Mac	2007B Single Family	5.25	07/16/08	06/01/38			221,881.22				221,881.22	217,892.41	(3,988.81)	0.00
Freddie Mac	2007B Single Family	6.00	07/23/08	06/01/38			149,718.10				149,718.10	145,011.79	(4,706.31)	0.00
Freddie Mac	2007B Single Family	6.00	08/13/08	06/01/38			153,798.28				153,798.28	148,952.14	(4,846.14)	0.00
Freddie Mac	2007B Single Family	6.00	08/13/08	08/01/38			73,080.96				73,080.96	70,778.20	(2,302.76)	0.00
Freddie Mac	2007B Single Family	6.00	08/20/08	06/01/38			152,897.77				152,897.77	148,076.16	(4,821.61)	0.00
Freddie Mac	2007B Single Family	6.00	08/27/08	08/01/38			304,151.03				304,151.03	294,552.04	(9,598.99)	0.00
GNMA	2007B Single Family	5.25	12/28/07	12/20/37	534,625.49	528,128.74			(1,725.38)		532,900.11	522,458.84	(3,944.52)	0.00
GNMA	2007B Single Family	6.00	12/11/07	11/20/37	732,647.05	719,481.46			(2,912.51)		729,734.54	713,787.92	(2,781.03)	0.00
GNMA	2007B Single Family	5.25	12/11/07	11/20/37	2,843,347.95	2,842,084.77			(10,142.49)		2,833,205.46	2,810,299.91	(21,642.37)	0.00
GNMA	2007B Single Family	5.25	12/11/07	11/20/37	484,338.32	484,123.15			(1,989.51)		482,348.81	478,449.17	(3,684.47)	0.00
GNMA	2007B Single Family	6.00	12/11/07	11/20/37	442,422.68	434,472.40			(1,501.19)		440,921.49	431,286.20	(1,685.01)	0.00
GNMA	2007B Single Family	5.25	12/11/07	12/20/37	2,280,647.50	2,279,636.64			(8,584.25)		2,272,063.25	2,253,696.65	(17,355.74)	0.00
GNMA	2007B Single Family	5.25	12/11/07	11/20/37	255,247.32	255,133.93			(869.75)		254,377.57	252,321.02	(1,943.16)	0.00
GNMA	2007B Single Family	5.25	12/20/07	12/20/37	1,201,242.83	1,200,722.55			(4,087.48)		1,197,155.35	1,187,489.95	(9,145.12)	0.00
GNMA	2007B Single Family	6.00	12/20/07	12/20/37	373,108.40	366,392.02			(1,166.90)		371,941.50	363,802.01	(1,423.11)	0.00
GNMA	2007B Single Family	5.25	12/20/07	12/20/37	454,510.48	454,313.61			(1,427.46)		453,083.02	449,424.98	(3,461.17)	0.00
GNMA	2007B Single Family	5.25	12/20/07	11/20/37	125,817.72	125,763.10			(398.09)		125,419.63	124,406.91	(958.10)	0.00
GNMA	2007B Single Family	5.25	12/20/07	12/20/37	187,318.50	187,237.37			(674.29)		186,644.21	185,137.32	(1,425.76)	0.00
GNMA	2007B Single Family	6.00	01/30/08	01/20/38	553,326.60	543,254.40			(1,726.68)		551,599.92	539,391.67	(2,136.05)	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	408,915.75	407,937.46			(1,412.30)		407,503.45	403,274.75	(3,250.41)	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	488,395.79	488,141.74			(1,523.68)		486,872.11	482,716.46	(3,901.60)	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	609,332.59	607,874.82			(1,952.62)		607,379.97	601,077.12	(4,845.08)	0.00
GNMA	2007B Single Family	6.00	01/30/08	01/20/38	149,002.64	146,290.33			(462.51)		148,540.13	145,252.57	(575.25)	0.00
GNMA	2007B Single Family	6.00	01/16/08	12/20/37	987,572.48	969,709.06			(3,099.12)		984,473.36	962,844.89	(3,765.05)	0.00
GNMA	2007B Single Family	5.25	01/16/08	12/20/37	480,485.42	480,291.40			(2,344.72)		478,140.70	474,294.27	(3,652.41)	0.00
GNMA	2007B Single Family	5.25	01/16/08	01/20/38	2,959,049.06	2,957,464.95			(11,082.46)		2,947,966.60	2,922,760.09	(23,622.40)	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	718,802.71	717,083.05			(2,271.37)		716,531.34	709,095.82	(5,715.86)	0.00
GNMA	2007B Single Family	5.25	01/30/08	12/20/37	146,251.08	146,194.24			(477.14)		145,773.94	144,603.45	(1,113.65)	0.00
GNMA	2007B Single Family	5.25	02/13/08	01/20/38	279,455.28	279,314.16			(875.36)		278,579.92	276,206.60	(2,232.20)	0.00
GNMA	2007B Single Family	5.25	02/13/08	02/20/38	347,472.38	347,297.26			(1,185.31)		346,287.07	343,336.93	(2,775.02)	0.00
GNMA	2007B Single Family	6.00	02/13/08	01/20/38	249,996.99	245,434.94			(779.04)		249,217.95	243,690.87	(965.03)	0.00
GNMA	2007B Single Family	6.00	01/30/08	01/20/38	127,231.64	124,915.64			(394.94)		126,836.70	124,029.50	(491.20)	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	285,024.95	284,876.69			(889.22)		284,135.73	281,710.50	(2,276.97)	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	136,521.44	136,450.43			(425.89)		136,095.55	134,933.92	(1,090.62)	0.00

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GNMA	2007B Single Family	5.25	01/30/08	01/20/38	405,072.98	404,862.27			(1,263.95)		403,809.03	400,362.34	(3,235.98)	0.00
GNMA	2007B Single Family	6.00	02/13/08	01/20/38	343,406.69	337,140.06			(1,066.32)		342,340.37	334,748.05	(1,325.69)	0.00
GNMA	2007B Single Family	5.25	02/13/08	01/20/38	664,364.87	664,029.37			(2,093.12)		662,271.75	656,629.62	(5,306.63)	0.00
GNMA	2007B Single Family	5.25	02/13/08	01/20/38	791,996.99	791,597.03			(2,475.44)		789,521.55	782,795.32	(6,326.27)	0.00
GNMA	2007B Single Family	5.25	04/08/08	03/20/38	379,141.50	378,973.43			(1,173.44)		377,968.06	374,770.76	(3,029.23)	0.00
GNMA	2007B Single Family	5.25	04/08/08	03/20/38	139,389.27	139,327.48			(429.62)		138,959.65	137,784.17	(1,113.69)	0.00
GNMA	2007B Single Family	6.00	04/08/08	04/20/38	271,109.41	266,113.11			(983.11)		270,126.30	264,086.40	(1,043.60)	0.00
GNMA	2007B Single Family	5.25	04/08/08	04/20/38	508,785.39	508,559.85			(1,560.60)		507,224.79	502,934.08	(4,065.17)	0.00
GNMA	2007B Single Family	6.00	03/12/08	03/20/38	307,336.91	301,700.00			(950.86)		306,386.05	299,562.53	(1,186.61)	0.00
GNMA	2007B Single Family	5.25	03/12/08	03/20/38	621,254.42	620,960.16			(1,926.20)		619,328.22	614,071.19	(4,962.77)	0.00
GNMA	2007B Single Family	5.25	03/20/08	03/20/38	524,964.95	524,721.09			(1,774.62)		523,190.33	518,753.55	(4,192.92)	0.00
GNMA	2007B Single Family	6.00	02/19/08	01/20/38	569,953.03	559,541.52			(1,915.11)		568,037.92	555,429.48	(2,196.93)	0.00
GNMA	2007B Single Family	5.25	02/19/08	02/20/38	499,307.50	499,058.89			(2,271.99)		497,035.51	492,804.58	(3,982.32)	0.00
GNMA	2007B Single Family	5.25	02/19/08	02/20/38	137,589.67	137,521.15			(426.77)		137,162.90	135,995.31	(1,099.07)	0.00
GNMA	2007B Single Family	6.00	02/19/08	02/20/38	206,387.98	202,617.63			(944.50)		205,443.48	200,882.97	(790.16)	0.00
GNMA	2007B Single Family	5.25	02/19/08	02/20/38	653,532.78	653,207.36			(2,336.32)		651,196.46	645,653.24	(5,217.80)	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	148,830.81	148,758.05			(461.52)		148,369.29	147,107.50	(1,189.03)	0.00
GNMA	2007B Single Family	6.00	02/27/08	02/20/38	247,636.25	243,105.79			(786.08)		246,850.17	241,363.98	(955.73)	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	234,397.81	234,283.22			(730.34)		233,667.47	231,680.29	(1,872.59)	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	343,015.46	342,847.79			(1,081.55)		341,933.91	339,025.99	(2,740.25)	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	291,911.54	291,768.84			(1,087.18)		290,824.36	288,351.09	(2,330.57)	0.00
GNMA	2007B Single Family	6.00	02/27/08	02/20/38	301,822.92	296,301.15			(934.08)		300,888.84	294,201.65	(1,165.42)	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	643,277.62	642,963.17			(2,088.55)		641,189.07	635,736.19	(5,138.43)	0.00
GNMA	2007B Single Family	5.25	03/20/08	03/20/38	140,358.22	140,293.01			(432.62)		139,925.60	138,738.99	(1,121.40)	0.00
GNMA	2007B Single Family	6.00	03/20/08	03/20/38	143,504.90	140,869.19			(441.28)		143,063.62	139,873.80	(554.11)	0.00
GNMA	2007B Single Family	5.25	03/27/08	03/20/38	304,317.04	304,178.13			(965.71)		303,351.33	300,781.27	(2,431.15)	0.00
GNMA	2007B Single Family	6.00	03/27/08	03/20/38	517,393.13	507,878.60			(1,707.25)		515,685.88	504,176.28	(1,995.07)	0.00
GNMA	2007B Single Family	5.25	04/15/08	03/20/38	135,827.84	135,768.73			(418.67)		135,409.17	134,264.82	(1,085.24)	0.00
GNMA	2007B Single Family	5.25	04/15/08	03/20/38	228,191.67	228,092.36			(707.19)		227,484.48	225,561.97	(1,823.20)	0.00
GNMA	2007B Single Family	6.00	04/15/08	04/20/38	185,090.70	181,675.27			(566.38)		184,524.32	180,394.27	(714.62)	0.00
GNMA	2007B Single Family	5.25	04/24/08	04/20/38	251,273.29	251,166.22			(855.62)		250,417.67	248,303.87	(2,006.73)	0.00
GNMA	2007B Single Family	6.00	04/22/08	04/20/38	390,854.29	383,633.09			(1,200.23)		389,654.06	380,923.93	(1,508.93)	0.00
GNMA	2007B Single Family	6.00	05/07/08	04/20/38	445,491.46	437,238.91			(1,371.23)		444,120.23	434,148.47	(1,719.21)	0.00
GNMA	2007B Single Family	5.25	05/07/08	05/20/38	1,492,884.07	1,492,270.62			(5,216.93)		1,487,667.14	1,475,130.48	(11,923.21)	0.00
GNMA	2007B Single Family	5.25	05/07/08	04/20/38	267,199.81	267,090.01			(826.49)		266,373.32	264,128.58	(2,134.94)	0.00
GNMA	2007B Single Family	5.25	05/14/08	04/20/38	529,250.88	529,037.15			(1,919.07)		527,331.81	522,891.66	(4,226.42)	0.00
GNMA	2007B Single Family	6.00	05/21/08	05/20/38	295,276.31	289,793.03			(1,233.21)		294,043.10	287,427.42	(1,132.40)	0.00
GNMA	2007B Single Family	5.25	05/21/08	05/20/38	158,178.61	158,116.01			(645.85)		157,532.76	156,207.60	(1,262.56)	0.00
GNMA	2007B Single Family	5.25	05/28/08	05/20/38	257,851.73	257,751.78			(1,566.20)		256,285.53	254,131.71	(2,053.87)	0.00
GNMA	2007B Single Family	6.00	05/28/08	05/20/38	271,011.91	265,972.81			(932.94)		270,078.97	263,996.35	(1,043.52)	0.00
GNMA	2007B Single Family	5.25	05/28/08	01/20/38	89,639.25	89,604.51			(278.62)		89,360.63	88,609.56	(716.33)	0.00
GNMA	2007B Single Family	6.00	06/11/08	06/20/38			434,553.74				434,553.74	424,746.82	(9,806.92)	0.00
GNMA	2007B Single Family	5.25	06/11/08	05/20/38			781,606.69				781,606.69	775,049.86	(6,556.83)	0.00
GNMA	2007B Single Family	5.25	06/11/08	05/20/38			454,095.79				454,095.79	450,286.41	(3,809.38)	0.00
GNMA	2007B Single Family	6.00	07/09/08	07/20/38			1,006,954.20				1,006,954.20	984,137.50	(22,816.70)	0.00
GNMA	2007B Single Family	5.25	07/09/08	06/20/38			1,634,153.07				1,634,153.07	1,620,495.12	(13,657.95)	0.00
GNMA	2007B Single Family	5.25	07/09/08	06/20/38			586,233.69				586,233.69	581,334.05	(4,899.64)	0.00
GNMA	2007B Single Family	5.25	07/09/08	06/20/38			297,465.13				297,465.13	294,978.97	(2,486.16)	0.00
GNMA	2007B Single Family	6.00	07/16/08	07/20/38			149,173.89				149,173.89	145,790.23	(3,383.66)	0.00
GNMA	2007B Single Family	5.25	07/16/08	07/20/38			158,656.10				158,656.10	157,331.36	(1,324.74)	0.00
GNMA	2007B Single Family	6.00	06/18/08	06/20/38			357,811.53				357,811.53	349,728.43	(8,083.10)	0.00
GNMA	2007B Single Family	5.25	06/18/08	06/20/38			244,650.39				244,650.39	242,600.00	(2,050.39)	0.00
GNMA	2007B Single Family	5.25	06/18/08	06/20/38			259,964.82				259,964.82	257,786.09	(2,178.73)	0.00
GNMA	2007B Single Family	5.25	06/18/08	06/20/38			245,676.15				245,676.15	243,617.16	(2,058.99)	0.00
GNMA	2007B Single Family	6.00	06/18/08	06/20/38			167,063.22				167,063.22	163,289.20	(3,774.02)	0.00
GNMA	2007B Single Family	6.00	06/25/08	06/20/38			576,669.15				576,669.15	563,628.40	(13,040.75)	0.00
GNMA	2007B Single Family	5.25	06/25/08	06/20/38			680,864.04				680,864.04	675,163.24	(5,700.80)	0.00
GNMA	2007B Single Family	5.25	07/16/08	07/20/38			1,186,586.06				1,186,586.06	1,176,678.32	(9,907.74)	0.00
GNMA	2007B Single Family	6.00	07/23/08	07/20/38			702,410.87				702,410.87	686,462.44	(15,948.43)	0.00
GNMA	2007B Single Family	5.25	07/23/08	07/20/38			1,623,157.59				1,623,157.59	1,609,615.97	(13,541.62)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2007B Single Family	5.25	07/23/08	07/20/38			236,961.98				236,961.98	234,985.06	(1,976.92)	0.00
GNMA	2007B Single Family	6.00	07/29/08	07/20/38			133,378.14				133,378.14	130,347.24	(3,030.90)	0.00
GNMA	2007B Single Family	5.25	07/29/08	07/20/38			706,388.83				706,388.83	700,500.56	(5,888.27)	0.00
GNMA	2007B Single Family	5.25	07/29/08	07/20/38			345,820.85				345,820.85	342,938.18	(2,882.67)	0.00
GNMA	2007B Single Family	6.00	08/27/08	08/20/38			160,638.40				160,638.40	156,972.76	(3,665.64)	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38			409,963.38				409,963.38	406,559.21	(3,404.17)	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38			537,416.49				537,416.49	532,953.99	(4,462.50)	0.00
GNMA	2007B Single Family	6.00	08/13/08	08/20/38			1,253,542.42				1,253,542.42	1,224,994.25	(28,548.17)	0.00
GNMA	2007B Single Family	5.25	08/13/08	08/20/38			2,623,671.63				2,623,671.63	2,601,843.55	(21,828.08)	0.00
GNMA	2007B Single Family	5.25	08/13/08	07/20/38			1,521,913.83				1,521,913.83	1,509,252.01	(12,661.82)	0.00
GNMA	2007B Single Family	6.00	08/13/08	08/20/38			291,529.59				291,529.59	284,890.29	(6,639.30)	0.00
GNMA	2007B Single Family	5.25	08/13/08	08/20/38			551,434.40				551,434.40	546,846.65	(4,587.75)	0.00
GNMA	2007B Single Family	5.25	08/13/08	08/20/38			676,126.83				676,126.83	670,501.68	(5,625.15)	0.00
GNMA	2007B Single Family	6.00	08/20/08	08/20/38			371,434.16				371,434.16	362,966.72	(8,467.44)	0.00
GNMA	2007B Single Family	5.25	08/20/08	08/20/38			1,043,755.62				1,043,755.62	1,035,080.30	(8,675.32)	0.00
GNMA	2007B Single Family	5.25	08/20/08	08/20/38			239,021.44				239,021.44	237,034.78	(1,986.66)	0.00
GNMA	2007B Single Family	6.00	08/27/08	08/20/38			206,967.12				206,967.12	202,244.29	(4,722.83)	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38			253,676.96				253,676.96	251,570.52	(2,106.44)	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38			259,991.01				259,991.01	257,832.15	(2,158.86)	0.00
GNMA	2007B Single Family	6.00	08/27/08	08/20/38			908,172.17				908,172.17	887,448.41	(20,723.76)	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38			1,245,239.97				1,245,239.97	1,232,606.12	(12,633.85)	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38			306,147.22				306,147.22	303,605.09	(2,542.13)	0.00
FNMA	2007B Single Family	6.00	12/11/07	12/01/37	323,737.69	317,843.96			(1,019.43)		322,718.26	315,445.69	(1,378.84)	0.00
FNMA	2007B Single Family	5.25	12/11/07	11/01/37	330,363.60	329,460.07			(1,402.70)		328,960.90	325,591.69	(2,465.68)	0.00
FNMA	2007B Single Family	5.25	12/12/07	12/01/37	1,995,073.39	1,989,621.04			(7,797.93)		1,987,275.46	1,966,925.86	(14,897.25)	0.00
FNMA	2007B Single Family	5.25	12/20/07	11/01/37	142,036.18	141,649.02			(470.03)		141,566.15	140,117.39	(1,061.60)	0.00
FNMA	2007B Single Family	6.00	12/20/07	12/01/37	220,453.56	216,433.50			(718.55)		219,735.01	214,776.40	(938.55)	0.00
FNMA	2007B Single Family	5.25	12/20/07	12/01/37	473,762.07	472,470.67			(1,517.39)		472,244.68	467,412.22	(3,541.06)	0.00
FNMA	2007B Single Family	5.25	12/28/07	12/01/37	358,721.45	357,746.16			(1,308.53)		357,412.92	353,758.03	(2,679.60)	0.00
FNMA	2007B Single Family	5.25	12/28/07	12/01/37	94,681.69	94,424.26			(593.73)		94,087.96	93,125.82	(704.71)	0.00
FNMA	2007B Single Family	5.25	12/28/07	12/01/37	487,545.71	486,220.16			(2,038.40)		485,507.31	480,542.51	(3,639.25)	0.00
FNMA	2007B Single Family	6.00	01/16/08	12/01/37	325,002.82	319,046.46			(1,019.70)		323,983.12	316,642.74	(1,384.02)	0.00
FNMA	2007B Single Family	5.25	01/16/08	12/01/37	2,227,282.52	2,221,265.11			(7,913.33)		2,219,369.19	2,196,711.74	(16,640.04)	0.00
FNMA	2007B Single Family	5.25	01/30/08	12/01/37	266,111.44	265,395.98			(839.83)		265,271.61	262,566.92	(1,989.23)	0.00
FNMA	2007B Single Family	6.00	01/30/08	01/01/38	458,121.36	449,689.62			(1,486.05)		456,635.31	446,275.51	(1,928.06)	0.00
FNMA	2007B Single Family	5.25	01/30/08	01/01/38	497,632.68	496,294.75			(1,906.59)		495,726.09	490,671.68	(3,716.48)	0.00
FNMA	2007B Single Family	5.25	01/30/08	12/01/37	160,609.74	160,177.94			(506.88)		160,102.86	158,470.48	(1,200.58)	0.00
FNMA	2007B Single Family	6.00	01/30/08	01/01/38	138,918.73	136,361.93			(810.69)		138,108.04	134,974.75	(576.49)	0.00
FNMA	2007B Single Family	5.25	01/30/08	01/01/38	254,713.03	253,994.76			(904.15)		253,808.88	251,100.57	(1,990.04)	0.00
FNMA	2007B Single Family	6.00	01/30/08	01/01/38	109,172.12	107,162.81			(340.49)		108,831.63	106,362.56	(459.76)	0.00
FNMA	2007B Single Family	6.00	02/13/08	11/01/37	463,059.95	454,515.90			(1,450.07)		461,609.88	451,117.25	(1,948.58)	0.00
FNMA	2007B Single Family	5.25	02/13/08	02/01/38	450,807.85	449,542.52			(7,398.23)		443,409.62	438,683.92	(3,460.37)	0.00
FNMA	2007B Single Family	5.25	02/13/08	01/01/38	359,726.80	358,717.13			(1,130.36)		358,596.44	354,774.66	(2,812.11)	0.00
FNMA	2007B Single Family	5.25	02/19/08	01/01/38	211,520.63	210,927.99			(663.51)		210,857.12	208,610.92	(1,653.56)	0.00
FNMA	2007B Single Family	5.25	02/19/08	01/01/38	211,263.66	210,671.75			(662.71)		210,600.95	208,357.49	(1,651.55)	0.00
FNMA	2007B Single Family	6.00	02/19/08	02/01/38	198,203.97	194,542.17			(616.95)		197,587.02	193,090.56	(834.66)	0.00
FNMA	2007B Single Family	6.00	02/27/08	02/01/38	400,489.27	393,079.31			(1,381.01)		399,108.26	390,015.31	(1,682.99)	0.00
FNMA	2007B Single Family	5.25	02/27/08	02/01/38	518,613.55	517,164.70			(1,671.12)		516,942.43	511,439.77	(4,053.81)	0.00
FNMA	2007B Single Family	5.25	02/27/08	01/01/38	77,082.06	76,866.72			(241.72)		76,840.34	76,022.33	(602.67)	0.00
FNMA	2007B Single Family	5.25	02/27/08	02/01/38	592,895.15	591,238.79			(2,048.96)		590,846.19	584,556.85	(4,632.98)	0.00
FNMA	2007B Single Family	6.00	03/20/08	03/01/38	449,003.67	440,661.74			(1,437.97)		447,565.70	437,334.63	(1,889.14)	0.00
FNMA	2007B Single Family	5.25	03/20/08	01/01/38	113,146.44	112,832.62			(354.82)		112,791.62	111,593.14	(884.66)	0.00
FNMA	2007B Single Family	5.25	03/20/08	02/01/38	552,923.39	551,462.43			(1,905.72)		551,017.67	545,424.85	(4,131.86)	0.00
FNMA	2007B Single Family	5.25	03/27/08	03/01/38	428,858.29	427,671.84			(1,409.92)		427,448.37	422,909.43	(3,352.49)	0.00
FNMA	2007B Single Family	6.00	03/27/08	03/01/38	379,562.24	372,501.50			(1,196.99)		378,365.25	369,707.18	(1,597.33)	0.00
FNMA	2007B Single Family	5.25	03/27/08	03/01/38	270,477.83	269,729.56			(845.95)		269,631.88	266,768.76	(2,114.85)	0.00
FNMA	2007B Single Family	5.25	04/15/08	04/01/38	110,489.18	110,185.40			(581.96)		109,907.22	108,742.12	(861.32)	0.00
FNMA	2007B Single Family	6.00	04/29/08	04/01/38	175,391.47	172,108.75			(540.09)		174,851.38	170,830.40	(738.26)	0.00
GIC's	2007B Single Family	4.79	09/20/07	08/31/09	100,728,886.60	100,728,886.60		(27,312,378.30)			73,416,508.30	73,416,508.30	-	0.00
	2007B Single Family Total				159,770,028.66	159,420,671.04	31,777,393.75	(28,278,800.95)	(197,255.31)	0.00	163,071,366.15	161,982,136.75	(739,871.78)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	4.49	12/09/04	12/20/34	73,113.15	68,680.24			(403.83)		72,709.32	67,940.30	(336.11)	0.00
GNMA	2002 A-D SF MRB	4.49	12/16/04	12/20/34	56,036.80	52,639.54			(7,155.61)		48,881.19	45,675.36	191.43	0.00
GNMA	2002 A-D SF MRB	4.49	10/14/04	09/20/34	5,853.47	5,512.26			(27.13)		5,826.34	5,457.64	(27.49)	0.00
GNMA	2002 A-D SF MRB	4.49	10/01/04	10/20/34	12,151.98	11,443.53			(57.01)		12,094.97	11,329.50	(57.02)	0.00
GNMA	2002 A-D SF MRB	4.49	10/01/04	10/20/34	21,784.09	20,462.06			(117.16)		21,666.93	20,244.58	(100.32)	0.00
GNMA	2002 A-D SF MRB	4.49	11/04/04	10/20/34	95,160.37	89,387.66			(620.90)		94,539.47	88,335.59	(431.17)	0.00
GNMA	2002 A-D SF MRB	4.49	11/10/04	11/20/34	20,319.62	19,087.13			(114.05)		20,205.57	18,879.78	(93.30)	0.00
GNMA	2002 A-D SF MRB	4.49	11/18/04	11/20/34	17,904.12	16,818.24			(85.81)		17,818.31	16,649.27	(83.16)	0.00
GNMA	2002 A-D SF MRB	4.49	11/23/04	11/20/34	75,827.15	71,228.54			(347.31)		75,479.84	70,527.97	(353.26)	0.00
GNMA	2002 A-D SF MRB	4.49	12/02/04	12/20/34	108,730.03	102,136.99			(528.02)		108,202.01	101,104.48	(504.49)	0.00
GNMA	2002 A-D SF MRB	4.49	12/23/04	12/20/34	67,772.88	63,664.47			(306.60)		67,466.28	63,041.86	(316.01)	0.00
GNMA	2002 A-D SF MRB	4.49	12/29/04	12/20/34	60,425.75	56,763.05			(4,968.72)		55,457.03	51,820.47	26.14	0.00
GNMA	2002 A-D SF MRB	4.49	01/06/05	01/20/35	136,583.95	128,303.25			(6,717.44)		129,866.51	121,293.98	(291.83)	0.00
GNMA	2002 A-D SF MRB	4.49	01/13/05	01/20/35	62,606.39	58,811.10			(310.70)		62,295.69	58,183.89	(316.51)	0.00
GNMA	2002 A-D SF MRB	5.40	01/13/05	01/20/35	7,151.99	7,181.23			(27.29)		7,124.70	7,112.57	(41.37)	0.00
GNMA	2002 A-D SF MRB	4.49	01/19/05	01/20/35	87,295.02	82,003.37			(431.52)		86,863.50	81,130.49	(441.36)	0.00
GNMA	2002 A-D SF MRB	5.40	01/19/05	01/20/35	9,883.31	9,923.73			(37.71)		9,845.60	9,828.85	(57.17)	0.00
GNMA	2002 A-D SF MRB	4.49	01/27/05	01/20/35	111,351.41	104,602.28			(757.44)		110,593.97	103,295.40	(549.44)	0.00
GNMA	2002 A-D SF MRB	4.49	02/03/05	02/20/35	143,899.10	135,178.29			(720.39)		143,178.71	133,730.92	(726.98)	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	43,112.28	40,499.78			(199.67)		42,912.61	40,081.20	(218.91)	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	112,888.83	106,048.01			(541.38)		112,347.45	104,934.64	(571.99)	0.00
GNMA	2002 A-D SF MRB	4.49	02/17/05	02/20/35	50,162.78	47,123.24			(243.15)		49,919.63	46,626.14	(253.95)	0.00
GNMA	2002 A-D SF MRB	4.49	02/24/05	02/20/35	68,832.76	64,662.38			(382.70)		68,450.06	63,934.37	(345.31)	0.00
GNMA	2002 A-D SF MRB	4.49	03/03/05	03/20/35	66,205.49	62,194.78			(313.88)		65,891.61	61,545.19	(335.71)	0.00
GNMA	2002 A-D SF MRB	4.49	03/11/05	03/20/35	24,001.24	22,547.41			(108.72)		23,892.52	22,316.65	(122.04)	0.00
GNMA	2002 A-D SF MRB	4.49	03/17/05	03/20/35	40,132.68	37,701.89			(200.58)		39,932.10	37,298.50	(202.81)	0.00
GNMA	2002 A-D SF MRB	4.49	03/24/05	03/20/35	36,101.07	33,914.66			(166.28)		35,934.79	33,564.99	(183.39)	0.00
GNMA	2002 A-D SF MRB	4.49	04/07/05	04/20/35	50,523.20	47,463.99			(271.70)		50,251.50	46,938.20	(254.09)	0.00
GNMA	2002 A-D SF MRB	4.49	04/14/05	04/20/35	37,819.74	35,620.36			(199.22)		37,620.52	35,229.08	(192.06)	0.00
GNMA	2002 A-D SF MRB	4.49	04/21/05	04/20/35	56,782.78	53,345.13			(264.87)		56,517.91	52,792.03	(288.23)	0.00
GNMA	2002 A-D SF MRB	4.49	04/28/05	04/20/35	55,041.42	51,709.52			(241.53)		54,799.89	51,187.58	(280.41)	0.00
GNMA	2002 A-D SF MRB	4.49	05/05/05	05/20/35	89,942.16	84,498.23			(400.65)		89,541.51	83,639.75	(457.83)	0.00
GNMA	2002 A-D SF MRB	4.49	05/12/05	05/20/35	57,011.80	53,561.39			(255.72)		56,756.08	53,015.59	(290.08)	0.00
GNMA	2002 A-D SF MRB	4.49	07/07/05	07/20/35	162,383.51	152,545.55			(5,762.50)		156,621.01	146,306.29	(494.76)	0.00
GNMA	2002 A-D SF MRB	4.49	07/14/05	07/20/35	35,223.62	33,093.67			(186.41)		35,037.21	32,729.91	(177.35)	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	52,683.03	49,621.13			(259.48)		52,423.55	49,092.90	(268.75)	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	20,251.04	19,025.62			(94.06)		20,156.98	18,828.73	(102.83)	0.00
GNMA	2002 A-D SF MRB	4.49	06/02/05	06/20/35	47,873.73	45,091.68			(239.90)		47,633.83	44,607.81	(243.97)	0.00
GNMA	2002 A-D SF MRB	4.49	06/09/05	06/20/35	58,211.49	54,689.88			(297.83)		57,913.66	54,098.26	(293.79)	0.00
GNMA	2002 A-D SF MRB	4.49	06/15/05	06/20/35	47,366.06	44,614.02			(211.27)		47,154.79	44,159.71	(243.04)	0.00
GNMA	2002 A-D SF MRB	4.49	06/23/05	06/20/35	97,306.15	91,420.41			(733.90)		96,572.25	90,210.95	(475.56)	0.00
GNMA	2002 A-D SF MRB	4.49	06/29/05	06/20/35	41,290.74	38,793.39			(179.82)		41,110.92	38,403.11	(210.46)	0.00
GNMA	2002 A-D SF MRB	4.49	09/08/05	09/20/35	9,481.97	8,931.76			(41.12)		9,440.85	8,841.90	(48.74)	0.00
GNMA	2002 A-D SF MRB	4.49	09/15/05	09/20/35	16,360.22	15,371.81			(5,073.33)		11,286.89	10,544.23	245.75	0.00
GNMA	2002 A-D SF MRB	4.49	09/22/05	09/20/35	21,387.74	20,095.71			(96.79)		21,290.95	19,890.14	(108.78)	0.00
GNMA	2002 A-D SF MRB	4.49	07/21/05	07/20/35	19,028.91	17,923.86			(82.31)		18,946.60	17,743.75	(97.80)	0.00
GNMA	2002 A-D SF MRB	4.49	07/28/05	07/20/35	17,734.61	16,662.41			(76.78)		17,657.83	16,495.21	(90.42)	0.00
GNMA	2002 A-D SF MRB	4.49	08/04/05	08/20/35	3,945.43	3,716.37			(16.81)		3,928.62	3,679.26	(20.30)	0.00
GNMA	2002 A-D SF MRB	4.49	08/11/05	07/20/35	28,591.97	26,931.99			(123.17)		28,468.80	26,661.83	(146.99)	0.00
GNMA	2002 A-D SF MRB	4.49	08/18/05	08/20/35	73,091.43	68,673.80			(398.18)		72,693.25	67,908.29	(367.33)	0.00
GNMA	2002 A-D SF MRB	4.49	08/30/05	08/20/35	140,261.11	131,785.12			(724.88)		139,536.23	130,352.73	(707.51)	0.00
GNMA	2002 A-D SF MRB	4.49	09/29/05	07/20/35	11,627.99	10,953.36			(6,457.91)		5,170.08	4,842.13	346.68	0.00
GNMA	2002 A-D SF MRB	4.49	10/13/05	09/20/35	14,768.88	13,876.92			(64.82)		14,704.06	13,736.83	(75.27)	0.00
GNMA	2002 A-D SF MRB	4.49	10/27/05	10/20/35	80,090.03	75,254.13			(370.50)		79,719.53	74,476.73	(406.90)	0.00
GNMA	2002 A-D SF MRB	4.49	11/01/05	11/20/35	24,214.32	22,810.29			(109.09)		24,105.23	22,576.99	(124.21)	0.00
FNMA	2002 A-D SF MRB	4.49	11/04/04	10/01/34	11,581.01	10,856.74			(53.92)		11,527.09	10,793.49	(9.33)	0.00
FNMA	2002 A-D SF MRB	4.49	12/23/04	12/01/34	12,041.81	11,288.97			(64.05)		11,977.76	11,215.73	(9.19)	0.00
FNMA	2002 A-D SF MRB	4.49	01/19/05	01/01/35	11,956.93	11,209.53			(56.64)		11,900.29	11,143.31	(9.58)	0.00
FNMA	2002 A-D SF MRB	4.49	01/27/05	01/01/35	11,019.42	10,324.10			(58.37)		10,961.05	10,244.90	(20.83)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2002 A-D SF MRB	4.49	03/14/05	12/01/34	13,075.94	12,258.85			(60.01)		13,015.93	12,188.25	(10.59)	0.00
FNMA	2002 A-D SF MRB	4.49	04/07/05	02/01/35	11,355.95	10,639.75			(70.03)		11,285.92	10,548.89	(20.83)	0.00
FNMA	2002 A-D SF MRB	4.49	07/28/05	07/01/35	19,541.63	18,310.08			(99.29)		19,442.34	18,173.54	(37.25)	0.00
FNMA	2002 A-D SF MRB	4.49	09/08/05	08/01/35	17,445.23	16,346.10			(105.02)		17,340.21	16,208.91	(32.17)	0.00
FNMA	2002 A-D SF MRB	4.49	10/20/05	09/01/35	4,840.82	4,535.90			(21.08)		4,819.74	4,505.38	(9.44)	0.00
FNMA	2002 A-D SF MRB	4.49	11/01/05	10/01/35	9,888.08	9,265.30			(191.65)		9,696.43	9,064.03	(9.62)	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	06/20/34	7,631.46	7,664.65			(36.76)		7,594.70	7,584.51	(43.38)	0.00
GNMA	2002 A-D SF MRB	5.40	06/01/04	06/20/34	12,888.05	12,943.86			(53.61)		12,834.44	12,816.99	(73.26)	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	15,746.25	15,815.76			(65.98)		15,680.27	15,660.26	(89.52)	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	17,884.52	17,929.70			(72.58)		17,811.94	17,756.12	(101.00)	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	20,277.25	20,366.72			(79.87)		20,197.38	20,171.56	(115.29)	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	7,564.97	7,597.95			(43.75)		7,521.22	7,511.22	(42.98)	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	7,676.09	7,709.55			(34.66)		7,641.43	7,631.25	(43.64)	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	6,451.92	6,480.05			(26.01)		6,425.91	6,417.36	(36.68)	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	8,260.57	8,296.81			(33.43)		8,227.14	8,216.43	(46.95)	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	12,765.74	12,821.73			(50.81)		12,714.93	12,698.36	(72.56)	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	4,435.16	4,454.61			(18.94)		4,416.22	4,410.46	(25.21)	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	2,794.15	2,806.39			(14.48)		2,779.67	2,776.04	(15.87)	0.00
GNMA	2002 A-D SF MRB	5.40	10/14/04	10/20/34	16,866.95	16,910.18			(2,432.65)		14,434.30	14,389.60	(87.93)	0.00
Repo Agmt	2002 A-D SF MRB	2.10	08/29/08	09/02/08	1,681.72	1,681.72	8.86				1,690.58	1,690.58	-	0.00
Repo Agmt	2002 A-D SF MRB	2.10	08/29/08	09/02/08	4.70	4.70	0.00				4.70	4.70	-	0.00
Repo Agmt	2002 A-D SF MRB	2.10	08/29/08	09/02/08	661.00	661.00	3.60				664.60	664.60	-	0.00
Repo Agmt	2002 A-D SF MRB	2.10	08/29/08	09/02/08	20,040.53	20,040.53	4,997,802.01				5,017,842.54	5,017,842.54	-	0.00
Repo Agmt	2002 A-D SF MRB	2.10	08/29/08	09/02/08	1,060.00	1,060.00	210,885.63				211,945.63	211,945.63	-	0.00
GIC's	2002 A-D SF MRB	5.01	06/26/02	03/01/34	2,891,665.96	2,891,665.96		(2,891,638.00)			27.96	27.96	-	0.00
GIC's	2002 A-D SF MRB	4.51	06/26/02	03/01/34	70,574.69	70,574.69		(70,569.19)			5.50	5.50	-	0.00
GNMA	2002 A-D SF MRB	5.40	08/29/02	08/20/32	213,363.10	214,272.38			(1,294.97)		212,068.13	211,864.24	(1,113.17)	0.00
GNMA	2002 A-D SF MRB	6.15	11/12/02	11/20/32	166,122.94	171,806.00			(675.28)		165,447.66	170,368.07	(762.65)	0.00
GNMA	2002 A-D SF MRB	5.40	11/12/02	10/20/32	181,555.97	182,341.64			(877.25)		180,678.72	180,516.82	(947.57)	0.00
GNMA	2002 A-D SF MRB	6.15	09/12/02	08/20/32	61,650.09	63,755.26			(262.60)		61,387.49	63,209.31	(283.35)	0.00
GNMA	2002 A-D SF MRB	6.15	09/19/02	09/20/32	91,241.55	94,358.23			(377.37)		90,864.18	93,561.83	(419.03)	0.00
GNMA	2002 A-D SF MRB	5.40	09/19/02	09/20/32	237,599.88	238,617.49			(1,261.52)		236,338.36	236,116.14	(1,239.83)	0.00
GNMA	2002 A-D SF MRB	6.15	09/26/02	09/20/32	176,720.33	182,757.82			(903.43)		175,816.90	181,037.67	(816.72)	0.00
GNMA	2002 A-D SF MRB	5.40	09/26/02	09/20/32	231,087.78	232,078.66			(1,060.43)		230,027.35	229,812.20	(1,206.03)	0.00
GNMA	2002 A-D SF MRB	6.15	10/10/02	09/20/32	111,513.83	115,324.73			(482.77)		111,031.06	114,329.17	(512.79)	0.00
GNMA	2002 A-D SF MRB	5.40	10/10/02	09/20/32	68,283.69	68,577.18			(312.76)		67,970.93	67,908.05	(356.37)	0.00
GNMA	2002 A-D SF MRB	6.15	10/21/02	10/20/32	212,906.19	220,185.03			(7,723.64)		205,182.55	211,280.19	(1,181.20)	0.00
GNMA	2002 A-D SF MRB	6.15	10/29/02	10/20/32	124,711.19	128,975.62			(597.69)		124,113.50	127,802.72	(575.21)	0.00
GNMA	2002 A-D SF MRB	5.40	10/29/02	09/20/32	54,208.91	54,442.64			(433.82)		53,775.09	53,726.02	(282.80)	0.00
GNMA	2002 A-D SF MRB	6.15	11/05/02	10/20/32	60,419.35	62,485.63			(244.50)		60,174.85	61,963.79	(277.34)	0.00
GNMA	2002 A-D SF MRB	5.40	11/05/02	09/20/32	134,935.66	135,518.22			(719.05)		134,216.61	134,094.86	(704.31)	0.00
GNMA	2002 A-D SF MRB	6.15	11/19/02	11/20/32	79,595.85	82,319.23			(319.80)		79,276.05	81,634.12	(365.31)	0.00
GNMA	2002 A-D SF MRB	5.40	11/19/02	11/20/32	97,051.68	97,472.61			(445.38)		96,606.30	96,520.68	(506.55)	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	350,842.80	362,848.75			(1,618.53)		349,224.27	359,613.79	(1,616.43)	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	262,270.04	263,408.98			(1,271.07)		260,998.97	260,769.06	(1,368.85)	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	99,688.07	103,099.41			(432.10)		99,255.97	102,208.85	(458.46)	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	140,398.94	141,008.65			(817.25)		139,581.69	139,458.75	(732.65)	0.00
GNMA	2002 A-D SF MRB	5.40	12/12/02	12/20/32	105,607.25	106,067.56			(998.68)		104,608.57	104,518.20	(550.68)	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	61,675.72	63,788.19			(324.04)		61,351.68	63,178.79	(285.36)	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	200,297.68	201,173.57			(900.90)		199,396.78	199,227.14	(1,045.53)	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	170,548.52	176,390.05			(705.82)		169,842.70	174,900.83	(783.40)	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	98,961.72	99,394.46			(443.25)		98,518.47	98,434.64	(516.57)	0.00
GNMA	2002 A-D SF MRB	6.15	01/07/03	12/20/32	113,024.47	116,896.32			(491.62)		112,532.85	115,884.81	(519.89)	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	475,895.32	491,693.07			(2,010.66)		473,884.66	487,826.92	(1,855.49)	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	96,509.17	96,875.97			(432.36)		96,076.81	95,948.79	(494.82)	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	106,018.65	109,538.05			(718.99)		105,299.66	108,397.73	(421.33)	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	100,092.97	100,473.33			(445.40)		99,647.57	99,514.75	(513.18)	0.00
GNMA	2002 A-D SF MRB	6.15	01/30/03	01/20/33	282,206.73	291,576.29			(50,260.23)		231,946.50	238,771.84	(2,544.22)	0.00
GNMA	2002 A-D SF MRB	5.40	01/30/03	01/20/33	330,961.91	332,221.42			(1,662.47)		329,299.44	328,862.32	(1,696.63)	0.00
GNMA	2002 A-D SF MRB	6.15	02/12/03	02/20/33	409,573.48	423,178.17			(2,338.55)		407,234.93	419,224.75	(1,614.87)	0.00

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GNMA	2002 A-D SF MRB	6.15	02/20/03	02/20/33	167,991.86	173,572.84			(804.84)		167,187.02	172,110.35	(657.65)	0.00
GNMA	2002 A-D SF MRB	5.40	03/03/03	03/20/33	114,626.11	115,066.17			(503.82)		114,122.29	113,974.60	(587.75)	0.00
GNMA	2002 A-D SF MRB	6.15	02/27/03	02/20/33	427,303.36	441,501.88			(1,695.41)		425,607.95	438,143.58	(1,662.89)	0.00
GNMA	2002 A-D SF MRB	5.40	02/27/03	01/20/33	103,961.65	104,359.50			(502.74)		103,458.91	103,323.77	(532.99)	0.00
GNMA	2002 A-D SF MRB	6.15	03/12/03	02/20/33	308,735.75	318,997.34			(1,284.84)		307,450.91	316,509.23	(1,203.27)	0.00
GNMA	2002 A-D SF MRB	6.15	03/24/03	03/20/33	153,002.14	158,089.62			(668.55)		152,333.59	156,823.80	(597.27)	0.00
GNMA	2002 A-D SF MRB	5.40	03/24/03	02/20/33	106,290.70	106,699.96			(516.61)		105,774.09	105,638.40	(544.95)	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	04/20/33	43,871.09	45,330.36			(170.22)		43,700.87	44,989.51	(170.63)	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	03/20/33	156,483.73	161,688.13			(613.76)		155,869.97	160,465.57	(608.80)	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	307,239.37	317,459.59			(2,528.26)		304,711.11	313,696.97	(1,234.36)	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	69,107.96	71,406.84			(272.70)		68,835.26	70,865.22	(268.92)	0.00
GNMA	2002 A-D SF MRB	6.15	04/17/03	04/20/33	160,019.66	165,344.30			(627.88)		159,391.78	164,093.83	(622.59)	0.00
GNMA	2002 A-D SF MRB	6.15	04/24/03	04/20/33	110,113.48	113,778.09			(430.19)		109,683.29	112,919.53	(428.37)	0.00
GNMA	2002 A-D SF MRB	6.15	04/29/03	03/20/33	85,920.14	88,779.49			(363.24)		85,556.90	88,081.20	(335.05)	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	50,241.27	51,913.86			(208.53)		50,032.74	51,509.51	(195.82)	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	82,138.56	84,872.99			(331.50)		81,807.06	84,221.64	(319.85)	0.00
GNMA	2002 A-D SF MRB	6.15	05/15/03	04/20/33	84,601.57	87,418.39			(333.00)		84,268.57	86,756.20	(329.19)	0.00
GNMA	2002 A-D SF MRB	6.15	06/10/03	06/20/33	62,034.75	64,102.12			(243.64)		61,791.11	63,617.09	(241.39)	0.00
GNMA	2002 A-D SF MRB	6.15	06/19/03	05/20/33	39,967.45	41,299.47			(158.97)		39,808.48	40,984.93	(155.57)	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	50,682.49	52,373.24			(200.19)		50,482.30	51,975.78	(197.27)	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	90,353.27	93,367.43			(580.54)		89,772.73	92,428.60	(358.29)	0.00
GNMA	2002 A-D SF MRB	6.15	07/24/03	07/20/33	85,374.06	88,222.56			(342.66)		85,031.40	87,547.44	(332.46)	0.00
GNMA	2002 A-D SF MRB	6.15	07/30/03	07/20/33	47,380.76	48,961.81			(182.01)		47,198.75	48,595.54	(184.26)	0.00
GNMA	2002 A-D SF MRB	6.15	09/04/03	08/20/33	54,113.30	55,920.83			(204.72)		53,908.58	55,505.75	(210.36)	0.00
GNMA	2002 A-D SF MRB	6.15	09/30/03	09/20/33	162,372.84	167,800.52			(620.01)		161,752.83	166,549.08	(631.43)	0.00
GNMA	2002 A-D SF MRB	6.15	10/09/03	08/20/33	56,789.60	58,688.00			(216.33)		56,573.27	58,250.84	(220.83)	0.00
GNMA	2002 A-D SF MRB	6.15	01/15/04	12/20/33	64,076.50	66,224.61			(292.30)		63,784.20	65,681.68	(250.63)	0.00
GNMA	2002 A-D SF MRB	6.15	03/11/04	03/20/34	61,817.79	63,849.40			(222.71)		61,595.08	63,370.02	(256.67)	0.00
GNMA	2002 A-D SF MRB	5.40	07/08/04	06/20/34	182,799.83	183,596.66			(880.63)		181,919.20	181,677.05	(1,038.98)	0.00
GNMA	2002 A-D SF MRB	6.15	04/01/04	04/20/34	39,021.71	40,304.96			(142.53)		38,879.18	40,000.35	(162.08)	0.00
GNMA	2002 A-D SF MRB	5.40	06/17/04	06/20/34	308,712.96	310,053.31			(1,284.51)		307,428.45	307,014.24	(1,754.56)	0.00
GNMA	2002 A-D SF MRB	5.40	09/02/04	09/20/34	377,180.98	378,845.75			(1,580.55)		375,600.43	375,120.87	(2,144.33)	0.00
GNMA	2002 A-D SF MRB	5.40	09/09/04	09/20/34	428,397.37	429,482.32			(1,738.52)		426,658.85	425,324.48	(2,419.32)	0.00
GNMA	2002 A-D SF MRB	5.40	09/16/04	09/20/34	485,709.32	487,858.04			(1,913.68)		483,795.64	483,183.32	(2,761.04)	0.00
GNMA	2002 A-D SF MRB	5.40	07/15/04	07/20/34	181,207.51	181,999.07			(1,047.95)		180,159.56	179,921.40	(1,029.72)	0.00
GNMA	2002 A-D SF MRB	5.40	07/22/04	07/20/34	183,868.08	184,672.18			(830.29)		183,037.79	182,796.72	(1,045.17)	0.00
GNMA	2002 A-D SF MRB	5.40	07/29/04	07/20/34	154,544.38	155,221.00			(623.09)		153,921.29	153,719.33	(878.58)	0.00
GNMA	2002 A-D SF MRB	5.40	08/05/04	08/20/34	197,871.15	198,739.29			(800.70)		197,070.45	196,813.88	(1,124.71)	0.00
GNMA	2002 A-D SF MRB	5.40	08/12/04	08/20/34	305,784.23	307,127.67			(1,216.68)		304,567.55	304,172.55	(1,738.44)	0.00
GNMA	2002 A-D SF MRB	5.40	08/20/04	08/20/34	106,236.99	106,704.37			(453.64)		105,783.35	105,646.78	(603.95)	0.00
GNMA	2002 A-D SF MRB	5.40	08/26/04	08/20/34	66,928.75	67,223.56			(346.64)		66,582.11	66,496.51	(380.41)	0.00
GNMA	2002 A-D SF MRB	5.40	12/02/04	12/20/34	303,042.53	304,404.63			(1,215.81)		301,826.72	301,465.98	(1,722.84)	0.00
GNMA	2002 A-D SF MRB	4.49	12/09/04	12/20/34	1,339,402.55	1,258,193.56			(7,397.93)		1,332,004.62	1,244,638.26	(6,157.37)	0.00
GNMA	2002 A-D SF MRB	4.49	12/16/04	12/20/34	1,026,571.72	964,334.74			(131,088.01)		895,483.71	836,753.85	3,507.12	0.00
GNMA	2002 A-D SF MRB	5.40	10/14/04	10/20/34	404,025.18	405,061.06			(58,270.77)		345,754.41	344,683.83	(2,106.46)	0.00
GNMA	2002 A-D SF MRB	4.49	10/14/04	09/20/34	107,233.25	100,982.48			(497.07)		106,736.18	99,981.82	(503.59)	0.00
GNMA	2002 A-D SF MRB	5.40	10/21/04	10/20/34	1,295,225.50	1,300,995.97			(5,644.95)		1,289,580.55	1,287,987.24	(7,363.78)	0.00
GNMA	2002 A-D SF MRB	4.49	10/21/04	10/20/34	222,615.40	209,640.76			(1,044.29)		221,571.11	207,551.78	(1,044.69)	0.00
GNMA	2002 A-D SF MRB	5.40	10/28/04	10/20/34	299,203.25	299,973.72			(1,240.41)		297,962.84	297,043.54	(1,689.77)	0.00
GNMA	2002 A-D SF MRB	4.49	10/29/04	10/20/34	399,067.01	374,856.56			(2,145.87)		396,921.14	370,872.46	(1,838.23)	0.00
GNMA	2002 A-D SF MRB	4.49	11/04/04	10/20/34	1,743,298.87	1,637,545.17			(11,374.49)		1,731,924.38	1,618,271.74	(7,898.94)	0.00
GNMA	2002 A-D SF MRB	5.40	11/04/04	11/20/34	447,268.49	449,267.51			(1,773.24)		445,495.25	444,951.56	(2,542.71)	0.00
GNMA	2002 A-D SF MRB	4.49	11/10/04	11/20/34	372,247.34	349,668.51			(2,089.56)		370,157.78	345,869.99	(1,708.96)	0.00
GNMA	2002 A-D SF MRB	5.40	11/10/04	11/20/34	66,438.06	66,735.38			(257.47)		66,180.59	66,100.14	(377.77)	0.00
GNMA	2002 A-D SF MRB	4.49	11/18/04	11/20/34	327,996.28	308,103.40			(1,572.08)		326,424.20	305,007.84	(1,523.48)	0.00
GNMA	2002 A-D SF MRB	4.49	11/23/04	11/20/34	1,389,122.23	1,304,877.63			(6,362.59)		1,382,759.64	1,292,043.38	(6,471.66)	0.00
GNMA	2002 A-D SF MRB	4.49	12/02/04	12/20/34	1,991,888.63	1,871,107.60			(9,673.00)		1,982,215.63	1,852,192.50	(9,242.10)	0.00
GNMA	2002 A-D SF MRB	5.40	12/23/04	12/20/34	104,483.14	104,954.57			(422.72)		104,060.42	103,937.74	(594.11)	0.00
GNMA	2002 A-D SF MRB	4.49	12/23/04	12/20/34	1,241,571.30	1,166,306.85			(5,616.74)		1,235,954.56	1,154,900.94	(5,789.17)	0.00
GNMA	2002 A-D SF MRB	4.49	12/29/04	12/20/34	1,106,975.80	1,039,875.82			(91,024.90)		1,015,950.90	949,329.88	478.96	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	4.49	01/06/05	01/20/35	2,502,161.83	2,350,462.67			(123,060.71)		2,379,101.12	2,222,055.77	(5,346.19)	0.00
GNMA	2002 A-D SF MRB	5.40	01/06/05	01/20/35	434,321.91	436,094.96			(1,667.22)		432,654.69	431,915.03	(2,512.71)	0.00
GNMA	2002 A-D SF MRB	4.49	01/13/05	01/20/35	1,146,923.52	1,077,395.21			(5,691.89)		1,141,231.63	1,065,904.92	(5,798.40)	0.00
GNMA	2002 A-D SF MRB	5.40	01/13/05	01/20/35	131,021.70	131,557.38			(499.82)		130,521.88	130,299.54	(758.02)	0.00
GNMA	2002 A-D SF MRB	4.49	01/19/05	01/20/35	1,599,208.50	1,502,268.05			(7,905.21)		1,591,303.29	1,486,277.25	(8,085.59)	0.00
GNMA	2002 A-D SF MRB	5.40	01/19/05	01/20/35	181,057.81	181,798.79			(690.76)		180,367.05	180,060.70	(1,047.33)	0.00
GNMA	2002 A-D SF MRB	4.49	01/27/05	01/20/35	2,039,912.09	1,916,270.71			(13,875.95)		2,026,036.14	1,892,329.19	(10,065.57)	0.00
GNMA	2002 A-D SF MRB	4.49	02/03/05	02/20/35	2,636,171.96	2,476,410.55			(13,197.36)		2,622,974.60	2,449,895.30	(13,317.89)	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	789,799.51	741,939.33			(3,657.82)		786,141.69	734,271.13	(4,010.38)	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	2,068,076.99	1,942,755.91			(9,917.85)		2,058,159.14	1,922,359.36	(10,478.70)	0.00
GNMA	2002 A-D SF MRB	5.40	02/17/05	11/20/34	100,974.19	101,433.97			(391.22)		100,582.97	100,468.52	(574.23)	0.00
GNMA	2002 A-D SF MRB	4.49	02/17/05	02/20/35	918,961.15	863,278.40			(4,454.44)		914,506.71	854,171.64	(4,652.32)	0.00
GNMA	2002 A-D SF MRB	4.49	02/24/05	02/20/35	1,260,988.21	1,184,588.15			(7,010.97)		1,253,977.24	1,171,251.34	(6,325.84)	0.00
GNMA	2002 A-D SF MRB	4.49	03/03/05	03/20/35	1,212,857.71	1,139,382.96			(5,750.33)		1,207,107.38	1,127,482.63	(6,150.00)	0.00
GNMA	2002 A-D SF MRB	4.49	03/11/05	03/20/35	439,692.99	413,059.35			(1,991.80)		437,701.19	408,831.86	(2,235.69)	0.00
GNMA	2002 A-D SF MRB	5.40	03/17/05	02/20/35	122,404.68	122,911.67			(491.16)		121,913.52	121,712.32	(708.19)	0.00
GNMA	2002 A-D SF MRB	4.49	03/17/05	03/20/35	735,214.79	690,683.22			(3,674.41)		731,540.38	683,293.14	(3,715.67)	0.00
GNMA	2002 A-D SF MRB	4.49	03/24/05	03/20/35	661,356.91	621,302.66			(3,046.19)		658,310.72	614,896.94	(3,359.53)	0.00
GNMA	2002 A-D SF MRB	4.49	04/07/05	04/20/35	925,564.07	869,520.71			(4,977.46)		920,586.61	859,888.58	(4,654.67)	0.00
GNMA	2002 A-D SF MRB	4.49	04/14/05	04/20/35	692,842.48	652,550.31			(3,649.56)		689,192.92	645,382.30	(3,518.45)	0.00
GNMA	2002 A-D SF MRB	5.40	04/21/05	04/20/35	103,580.06	103,817.13			(394.97)		103,185.09	102,827.74	(594.42)	0.00
GNMA	2002 A-D SF MRB	4.49	04/21/05	04/20/35	1,040,236.87	977,260.84			(4,852.29)		1,035,384.58	967,128.17	(5,280.38)	0.00
GNMA	2002 A-D SF MRB	4.49	04/28/05	04/20/35	1,008,336.23	947,297.21			(4,424.77)		1,003,911.46	937,735.55	(5,136.89)	0.00
GNMA	2002 A-D SF MRB	5.40	04/28/05	04/20/35	128,874.10	129,412.98			(491.94)		128,382.16	128,175.33	(745.71)	0.00
GNMA	2002 A-D SF MRB	4.49	05/05/05	05/20/35	1,647,703.06	1,547,972.87			(7,339.92)		1,640,363.14	1,532,245.98	(8,386.97)	0.00
GNMA	2002 A-D SF MRB	5.40	05/05/05	04/20/35	106,426.87	106,671.65			(426.28)		106,000.59	105,634.67	(610.70)	0.00
GNMA	2002 A-D SF MRB	4.49	05/12/05	05/20/35	1,044,432.89	981,222.63			(4,684.61)		1,039,748.28	971,223.80	(5,314.22)	0.00
GNMA	2002 A-D SF MRB	4.49	07/07/05	07/20/35	2,974,798.58	2,794,901.45			(105,566.48)		2,869,232.10	2,680,270.90	(9,064.07)	0.00
GNMA	2002 A-D SF MRB	5.40	07/07/05	07/20/35	114,687.18	115,174.18			(1,121.27)		113,565.91	113,390.28	(662.63)	0.00
GNMA	2002 A-D SF MRB	4.49	07/14/05	07/20/35	645,281.98	606,262.48			(3,415.19)		641,866.79	599,598.56	(3,248.73)	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	965,132.03	909,038.82			(4,753.53)		960,378.50	899,361.82	(4,923.47)	0.00
GNMA	2002 A-D SF MRB	5.40	05/26/05	05/20/35	156,625.75	157,284.64			(589.47)		156,036.28	155,788.82	(906.35)	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/34	371,003.27	348,541.65			(1,722.05)		369,281.22	344,934.76	(1,884.84)	0.00
GNMA	2002 A-D SF MRB	4.49	06/02/05	06/20/35	877,026.96	826,061.07			(4,394.99)		872,631.97	817,196.78	(4,469.30)	0.00
GNMA	2002 A-D SF MRB	5.40	06/09/05	05/20/35	123,522.72	124,043.76			(547.52)		122,975.20	122,781.56	(714.68)	0.00
GNMA	2002 A-D SF MRB	4.49	06/09/05	06/20/35	1,066,411.15	1,001,896.03			(5,456.26)		1,060,954.89	991,057.79	(5,381.98)	0.00
GNMA	2002 A-D SF MRB	4.49	06/15/05	06/20/35	867,726.92	817,310.56			(3,870.38)		863,856.54	808,987.81	(4,452.37)	0.00
GNMA	2002 A-D SF MRB	4.49	06/23/05	06/20/35	1,782,608.91	1,674,784.27			(13,444.95)		1,769,163.96	1,652,627.48	(8,711.84)	0.00
GNMA	2002 A-D SF MRB	4.49	06/29/05	06/20/35	756,429.65	710,679.08			(3,294.14)		753,135.51	703,529.31	(3,855.63)	0.00
GNMA	2002 A-D SF MRB	4.49	09/08/05	09/20/35	173,706.23	163,626.12			(753.27)		172,952.96	161,980.06	(892.79)	0.00
GNMA	2002 A-D SF MRB	5.40	09/08/05	08/20/35	57,904.01	58,152.98			(275.28)		57,628.73	57,542.65	(335.05)	0.00
GNMA	2002 A-D SF MRB	4.49	09/15/05	09/20/35	299,712.70	281,605.31			(92,941.24)		206,771.46	193,166.05	4,501.98	0.00
GNMA	2002 A-D SF MRB	4.49	09/22/05	09/20/35	391,814.91	368,145.29			(1,773.03)		390,041.88	364,379.22	(1,993.04)	0.00
GNMA	2002 A-D SF MRB	4.49	07/21/05	07/20/35	348,601.99	328,357.91			(1,507.77)		347,094.22	325,058.35	(1,791.79)	0.00
GNMA	2002 A-D SF MRB	4.49	07/28/05	07/20/35	324,890.84	305,248.71			(1,406.48)		323,484.36	302,185.57	(1,656.66)	0.00
GNMA	2002 A-D SF MRB	4.49	08/04/05	08/20/35	72,278.81	68,082.39			(307.97)		71,970.84	67,402.61	(371.81)	0.00
GNMA	2002 A-D SF MRB	5.40	08/11/05	07/20/35	62,533.48	62,800.80			(230.17)		62,303.31	62,208.73	(361.90)	0.00
GNMA	2002 A-D SF MRB	4.49	08/11/05	07/20/35	523,792.31	493,382.98			(2,256.25)		521,536.06	488,433.78	(2,692.95)	0.00
GNMA	2002 A-D SF MRB	4.49	08/18/05	08/20/35	1,339,004.74	1,258,075.84			(7,294.44)		1,331,710.30	1,244,052.06	(6,729.34)	0.00
GNMA	2002 A-D SF MRB	4.49	08/30/05	08/20/35	2,569,525.78	2,414,249.07			(13,279.66)		2,556,246.12	2,388,008.35	(12,961.06)	0.00
GNMA	2002 A-D SF MRB	4.49	09/29/05	07/20/35	213,020.18	200,661.15			(118,306.22)		94,713.96	88,705.87	6,350.94	0.00
GNMA	2002 A-D SF MRB	4.49	10/13/05	09/20/35	270,559.63	254,219.42			(1,187.56)		269,372.07	251,653.14	(1,378.72)	0.00
GNMA	2002 A-D SF MRB	4.49	10/27/05	10/20/35	1,467,216.34	1,378,624.67			(6,787.69)		1,460,428.65	1,364,383.05	(7,453.93)	0.00
GNMA	2002 A-D SF MRB	4.49	11/01/05	11/20/35	443,596.70	417,875.27			(1,998.55)		441,598.15	413,601.31	(2,275.41)	0.00
FNMA	2002 A-D SF MRB	6.40	07/24/03	11/01/32	74,917.52	77,598.06			(276.27)		74,641.25	77,094.70	(227.09)	0.00
FNMA	2002 A-D SF MRB	5.40	08/14/03	09/01/32	55,879.00	55,633.61			(269.99)		55,609.01	55,186.67	(176.95)	0.00
FNMA	2002 A-D SF MRB	6.15	08/14/03	12/01/31	58,402.26	60,258.90			(889.78)		57,512.48	59,067.55	(301.57)	0.00
FNMA	2002 A-D SF MRB	6.40	08/28/03	11/01/32	47,367.06	49,061.85			(221.03)		47,146.03	48,695.71	(145.11)	0.00
FNMA	2002 A-D SF MRB	6.15	04/01/04	02/01/34	100,937.33	103,660.34			(369.60)		100,567.73	102,936.33	(354.41)	0.00
FNMA	2002 A-D SF MRB	5.40	10/28/04	10/01/34	296,487.71	294,876.96			(1,254.15)		295,233.56	292,553.52	(1,069.29)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2002 A-D SF MRB	4.49	11/04/04	10/01/34	212,159.24	198,891.10			(987.75)		211,171.49	197,732.40	(170.95)	0.00
FNMA	2002 A-D SF MRB	4.49	12/23/04	12/01/34	220,600.87	206,809.35			(1,173.21)		219,427.66	205,467.65	(168.49)	0.00
FNMA	2002 A-D SF MRB	4.49	01/19/05	01/01/35	219,045.91	205,354.07			(1,037.76)		218,008.15	204,140.91	(175.40)	0.00
FNMA	2002 A-D SF MRB	4.49	01/27/05	01/01/35	201,870.54	189,133.27			(1,069.13)		200,801.41	187,682.44	(381.70)	0.00
FNMA	2002 A-D SF MRB	4.49	03/14/05	12/01/34	239,546.24	224,577.27			(1,099.37)		238,446.87	223,283.81	(194.09)	0.00
FNMA	2002 A-D SF MRB	5.40	03/24/05	02/01/35	233,305.16	232,052.39			(948.93)		232,356.23	230,261.58	(841.88)	0.00
FNMA	2002 A-D SF MRB	4.49	04/07/05	02/01/35	208,036.64	194,915.76			(1,282.83)		206,753.81	193,251.36	(381.57)	0.00
FNMA	2002 A-D SF MRB	4.49	07/28/05	07/01/35	357,994.82	335,433.28			(1,819.21)		356,175.61	332,931.96	(682.11)	0.00
FNMA	2002 A-D SF MRB	5.40	07/14/05	04/01/35	109,876.64	109,188.01			(415.81)		109,460.83	108,341.61	(430.59)	0.00
FNMA	2002 A-D SF MRB	4.49	09/08/05	08/01/35	319,589.56	299,453.81			(1,923.83)		317,665.73	296,940.57	(589.41)	0.00
FNMA	2002 A-D SF MRB	4.49	10/20/05	09/01/35	88,681.87	83,095.96			(386.00)		88,295.87	82,536.75	(173.21)	0.00
FNMA	2002 A-D SF MRB	4.49	11/01/05	10/01/35	181,145.76	169,736.57			(3,511.01)		177,634.75	166,049.30	(176.26)	0.00
Repo Agmt	2002 A-D SF MRB	2.10	08/29/08	09/02/08	187,626.28	187,626.28	154,745.58				342,371.86	342,371.86	-	0.00
Freddie Mac	2002 A-D SF MRB	5.38	05/21/08	04/01/38			2,473.74				2,473.74	2,444.38	(29.36)	0.00
Freddie Mac	2002 A-D SF MRB	5.38	06/18/08	04/01/38			4,976.74				4,976.74	4,917.78	(58.96)	0.00
Freddie Mac	2002 A-D SF MRB	5.63	06/18/08	03/01/38			2,108.67				2,108.67	2,109.04	0.37	0.00
Freddie Mac	2002 A-D SF MRB	5.13	06/25/08	12/01/37			2,655.15				2,655.15	2,589.68	(65.47)	0.00
Freddie Mac	2002 A-D SF MRB	5.13	07/16/08	06/01/38			4,000.40				4,000.40	3,901.83	(98.57)	0.00
Freddie Mac	2002 A-D SF MRB	5.63	07/16/08	05/01/38			1,606.67				1,606.67	1,606.99	0.32	0.00
Freddie Mac	2002 A-D SF MRB	5.38	07/23/08	03/01/38			1,780.42				1,780.42	1,759.37	(21.05)	0.00
Freddie Mac	2002 A-D SF MRB	5.38	08/13/08	07/01/38			2,742.26				2,742.26	2,709.88	(32.38)	0.00
Freddie Mac	2002 A-D SF MRB	5.38	08/13/08	07/01/38			1,460.54				1,460.54	1,443.29	(17.25)	0.00
GNMA	2002 A-D SF MRB	5.38	02/20/07	02/20/37	16,821.85	16,899.28			(55.71)		16,766.14	16,726.90	(116.67)	0.00
GNMA	2002 A-D SF MRB	5.13	02/20/07	02/20/37	24,031.75	23,849.77			(104.36)		23,927.39	23,545.99	(199.42)	0.00
GNMA	2002 A-D SF MRB	5.63	02/20/07	02/20/37	12,124.99	12,323.86			(41.82)		12,083.17	12,178.75	(103.29)	0.00
GNMA	2002 A-D SF MRB	5.38	03/06/07	02/20/37	22,968.07	23,074.08			(83.43)		22,884.64	22,831.38	(159.27)	0.00
GNMA	2002 A-D SF MRB	5.63	03/06/07	02/20/37	4,964.72	5,046.22			(15.52)		4,949.20	4,988.42	(42.28)	0.00
GNMA	2002 A-D SF MRB	5.63	03/20/07	02/20/37	5,970.82	6,068.92			(19.37)		5,951.45	5,998.69	(50.86)	0.00
GNMA	2002 A-D SF MRB	5.13	03/20/07	03/20/37	23,239.16	23,063.87			(87.98)		23,151.18	22,782.85	(193.04)	0.00
GNMA	2002 A-D SF MRB	5.38	03/20/07	03/20/37	23,285.01	23,392.82			(88.41)		23,196.60	23,142.96	(161.45)	0.00
GNMA	2002 A-D SF MRB	5.13	03/06/07	02/20/37	8,489.21	8,425.06			(30.70)		8,458.51	8,323.81	(70.55)	0.00
GNMA	2002 A-D SF MRB	5.13	04/24/07	04/20/37	24,021.41	23,841.09			(86.89)		23,934.52	23,554.57	(199.63)	0.00
GNMA	2002 A-D SF MRB	5.63	04/24/07	04/20/37	19,395.08	19,714.51			(62.14)		19,332.94	19,487.17	(165.20)	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/07	04/20/37	14,545.37	14,613.30			(55.36)		14,490.01	14,457.06	(100.88)	0.00
GNMA	2002 A-D SF MRB	5.13	03/27/07	03/20/37	18,756.84	18,615.48			(92.40)		18,664.44	18,367.61	(155.47)	0.00
GNMA	2002 A-D SF MRB	5.62	03/27/07	02/20/37	4,583.09	4,658.43			(14.36)		4,568.73	4,605.03	(39.04)	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/07	03/20/37	10,115.62	10,162.83			(1,741.79)		8,373.83	8,354.76	(66.28)	0.00
GNMA	2002 A-D SF MRB	5.38	04/10/07	03/20/37	13,673.71	13,737.34			(44.80)		13,628.91	13,597.70	(94.84)	0.00
GNMA	2002 A-D SF MRB	5.13	04/10/07	03/20/37	22,421.06	22,252.43			(78.90)		22,342.16	21,987.16	(186.37)	0.00
GNMA	2002 A-D SF MRB	5.63	04/10/07	03/20/37	7,696.98	7,823.62			(24.84)		7,672.14	7,733.23	(65.55)	0.00
GNMA	2002 A-D SF MRB	5.13	05/08/07	04/20/37	13,081.53	12,983.53			(54.68)		13,026.85	12,820.25	(108.60)	0.00
GNMA	2002 A-D SF MRB	5.63	05/08/07	04/20/37	6,181.51	6,283.41			(19.05)		6,162.46	6,211.71	(52.65)	0.00
GNMA	2002 A-D SF MRB	5.38	05/08/07	05/20/37	13,963.75	14,029.16			(46.16)		13,917.59	13,886.15	(96.85)	0.00
GNMA	2002 A-D SF MRB	5.63	05/22/07	04/20/37	4,866.99	4,947.29			(15.17)		4,851.82	4,890.67	(41.45)	0.00
GNMA	2002 A-D SF MRB	5.38	05/22/07	05/20/37	20,302.61	20,397.99			(68.61)		20,234.00	20,188.58	(140.80)	0.00
GNMA	2002 A-D SF MRB	5.13	05/22/07	05/20/37	28,396.31	28,183.98			(145.25)		28,251.06	27,803.41	(235.32)	0.00
GNMA	2002 A-D SF MRB	5.63	06/05/07	05/20/37	24,583.34	24,699.21			(80.89)		24,502.45	24,447.79	(170.53)	0.00
GNMA	2002 A-D SF MRB	5.63	06/05/07	05/20/37	7,746.37	7,874.29			(25.85)		7,720.52	7,782.45	(65.99)	0.00
GNMA	2002 A-D SF MRB	5.13	06/05/07	05/20/37	41,201.26	40,893.82			(157.01)		41,044.25	40,394.50	(342.31)	0.00
GNMA	2002 A-D SF MRB	5.38	06/19/07	05/20/37	11,493.95	11,548.28			(36.91)		11,457.04	11,431.64	(79.73)	0.00
GNMA	2002 A-D SF MRB	5.13	06/19/07	06/20/37	20,074.97	19,925.47			(91.17)		19,983.80	19,667.74	(166.56)	0.00
GNMA	2002 A-D SF MRB	5.63	06/19/07	06/20/37	9,811.29	9,973.45			(31.31)		9,779.98	9,858.58	(83.56)	0.00
GNMA	2002 A-D SF MRB				9,513.75	9,563.91			(9,513.75)				(50.16)	0.00
GNMA	2002 A-D SF MRB				24,036.16	24,446.78			(24,036.16)				(410.62)	0.00
GNMA	2002 A-D SF MRB	5.13	08/07/07	07/20/37	43,804.51	43,501.90			(164.92)		43,639.59	42,972.54	(364.44)	0.00
GNMA	2002 A-D SF MRB	5.38	07/03/07	05/20/37	17,876.35	17,961.13			(63.73)		17,812.62	17,773.40	(124.00)	0.00
GNMA	2002 A-D SF MRB	5.13	07/03/07	06/20/37	17,280.73	17,120.13			(57.95)		17,222.78	16,919.28	(142.90)	0.00
GNMA	2002 A-D SF MRB	5.38	07/17/07	06/20/37	18,204.87	18,291.48			(58.84)		18,146.03	18,106.37	(126.27)	0.00
GNMA	2002 A-D SF MRB	5.13	07/17/07	06/20/37	16,040.94	15,892.09			(63.32)		15,977.62	15,696.31	(132.46)	0.00
GNMA	2002 A-D SF MRB				6,297.54	6,405.47			(6,297.54)				(107.93)	0.00

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GNMA	2002 A-D SF MRB				2,817.10	2,865.37			(2,817.10)				(48.27)	0.00
GNMA	2002 A-D SF MRB				19,230.40	19,332.19			(19,230.40)				(101.79)	0.00
GNMA	2002 A-D SF MRB				24,004.84	23,839.43			(24,004.84)				165.41	0.00
GNMA	2002 A-D SF MRB				13,005.98	13,075.10			(13,005.98)				(69.12)	0.00
GNMA	2002 A-D SF MRB				14,242.79	14,486.65			(14,242.79)				(243.86)	0.00
GNMA	2002 A-D SF MRB				9,600.78	9,516.96			(9,600.78)				83.82	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/08	04/20/38			4,816.15				4,816.15	4,807.87	(8.28)	0.00
GNMA	2002 A-D SF MRB	5.13	04/24/08	04/20/38			7,152.41				7,152.41	7,040.14	(112.27)	0.00
GNMA	2002 A-D SF MRB	5.38	04/22/08	03/20/38			6,498.13				6,498.13	6,486.92	(11.21)	0.00
GNMA	2002 A-D SF MRB	5.63	04/22/08	03/20/38			5,640.20				5,640.20	5,688.30	48.10	0.00
GNMA	2002 A-D SF MRB	5.38	05/07/08	03/20/38			2,441.72				2,441.72	2,437.55	(4.17)	0.00
GNMA	2002 A-D SF MRB	5.13	05/07/08	04/20/38			9,124.21				9,124.21	8,981.11	(143.10)	0.00
GNMA	2002 A-D SF MRB	5.63	05/07/08	04/20/38			5,871.83				5,871.83	5,922.00	50.17	0.00
GNMA	2002 A-D SF MRB	5.38	05/14/08	04/20/38			7,342.08				7,342.08	7,329.60	(12.48)	0.00
GNMA	2002 A-D SF MRB	5.13	05/21/08	05/20/38			12,408.38				12,408.38	12,191.23	(217.15)	0.00
GNMA	2002 A-D SF MRB	5.13	06/11/08	05/20/38			5,367.47				5,367.47	5,283.49	(83.98)	0.00
GNMA	2002 A-D SF MRB	5.63	07/09/08	06/20/38			6,401.86				6,401.86	6,457.01	55.15	0.00
GNMA	2002 A-D SF MRB	5.38	07/09/08	03/20/38			4,213.42				4,213.42	4,206.52	(6.90)	0.00
GNMA	2002 A-D SF MRB	5.13	07/16/08	06/20/38			2,481.42				2,481.42	2,442.69	(38.73)	0.00
GNMA	2002 A-D SF MRB	5.63	06/18/08	03/20/38			631.20				631.20	636.62	5.42	0.00
GNMA	2002 A-D SF MRB	5.63	06/25/08	05/20/38			4,007.32				4,007.32	4,041.78	34.46	0.00
GNMA	2002 A-D SF MRB	5.38	06/25/08	05/20/38			13,232.85				13,232.85	13,210.96	(21.89)	0.00
GNMA	2002 A-D SF MRB	5.38	07/23/08	06/20/38			7,279.28				7,279.28	7,267.48	(11.80)	0.00
GNMA	2002 A-D SF MRB	5.38	07/29/08	06/20/38			3,439.83				3,439.83	3,434.28	(5.55)	0.00
GNMA	2002 A-D SF MRB	5.13	08/27/08	08/20/38			5,190.09				5,190.09	5,109.33	(80.76)	0.00
GNMA	2002 A-D SF MRB	5.63	08/13/08	07/20/38			4,581.86				4,581.86	4,621.51	39.65	0.00
GNMA	2002 A-D SF MRB	5.38	08/13/08	07/20/38			3,580.56				3,580.56	3,574.83	(5.73)	0.00
GNMA	2002 A-D SF MRB	5.13	08/13/08	07/20/38			5,389.84				5,389.84	5,305.89	(83.95)	0.00
GNMA	2002 A-D SF MRB	5.63	08/27/08	08/20/38			2,343.77				2,343.77	2,364.09	20.32	0.00
FNMA	2002 A-D SF MRB	5.13	02/20/07	01/01/37	9,443.25	9,239.40			(40.03)		9,403.22	9,163.19	(36.18)	0.00
FNMA	2002 A-D SF MRB	5.38	03/06/07	02/01/37	12,889.52	12,782.72			(43.40)		12,846.12	12,671.50	(67.82)	0.00
FNMA	2002 A-D SF MRB	5.63	03/06/07	02/01/37	5,905.92	5,929.14			(18.80)		5,887.12	5,879.14	(31.20)	0.00
FNMA	2002 A-D SF MRB	5.13	03/20/07	09/01/36	1,737.70	1,700.21			(18.49)		1,719.21	1,675.34	(6.38)	0.00
FNMA	2002 A-D SF MRB	5.63	03/20/07	02/01/37	7,750.02	7,780.53			(26.33)		7,723.69	7,713.25	(40.95)	0.00
FNMA	2002 A-D SF MRB	5.38	03/20/07	09/01/36	5,148.10	5,106.48			(18.66)		5,129.44	5,064.82	(23.00)	0.00
FNMA	2002 A-D SF MRB	5.13	03/27/07	03/01/37	9,094.50	8,896.40			(36.39)		9,058.11	8,815.11	(44.90)	0.00
FNMA	2002 A-D SF MRB	5.38	04/10/07	03/01/37	21,348.13	21,171.56			(70.90)		21,277.23	20,988.34	(112.32)	0.00
FNMA	2002 A-D SF MRB	5.63	04/10/07	03/01/37	11,528.05	11,573.55			(41.07)		11,486.98	11,471.58	(60.90)	0.00
FNMA	2002 A-D SF MRB	5.13	04/10/07	03/01/37	18,287.14	17,888.94			(77.93)		18,209.21	17,720.83	(90.18)	0.00
FNMA	2002 A-D SF MRB	5.38	04/24/07	04/01/37	35,992.02	35,702.17			(127.10)		35,864.92	35,414.22	(160.85)	0.00
FNMA	2002 A-D SF MRB	5.13	04/24/07	04/01/37	10,035.25	9,816.79			(35.51)		9,999.74	9,731.61	(49.67)	0.00
FNMA	2002 A-D SF MRB	5.63	04/24/07	04/01/37	5,254.97	5,275.75			(16.94)		5,238.03	5,231.05	(27.76)	0.00
FNMA	2002 A-D SF MRB	5.13	05/08/07	04/01/37	5,216.90	5,103.36			(17.96)		5,198.94	5,059.57	(25.83)	0.00
FNMA	2002 A-D SF MRB	5.38	05/22/07	04/01/37	5,041.01	4,999.39			(22.22)		5,018.79	4,950.72	(26.45)	0.00
FNMA	2002 A-D SF MRB	5.13	05/22/07	04/01/37	4,201.03	4,109.63			(18.54)		4,182.49	4,070.39	(20.70)	0.00
FNMA	2002 A-D SF MRB	5.38	06/05/07	05/01/37	7,355.01	7,295.91			(24.68)		7,330.33	7,238.34	(32.89)	0.00
FNMA	2002 A-D SF MRB	5.63	06/05/07	05/01/37	8,532.62	8,566.53			(27.49)		8,505.13	8,493.96	(45.08)	0.00
FNMA	2002 A-D SF MRB	5.13	06/05/07	04/01/37	8,891.32	8,697.92			(39.77)		8,851.55	8,614.37	(43.78)	0.00
FNMA	2002 A-D SF MRB	5.38	06/19/07	05/01/37	13,923.78	13,809.06			(75.28)		13,848.50	13,660.89	(72.89)	0.00
FNMA	2002 A-D SF MRB				13,797.80	13,852.83			(13,797.80)				(55.03)	0.00
FNMA	2002 A-D SF MRB	5.13	07/03/07	06/01/37	12,077.30	11,814.76			(209.07)		11,868.23	11,550.36	(55.33)	0.00
FNMA	2002 A-D SF MRB				41,906.03	41,765.83			(41,906.03)				140.20	0.00
FNMA	2002 A-D SF MRB				10,240.37	10,331.85			(10,240.37)				(91.48)	0.00
FNMA	2002 A-D SF MRB				36,586.91	35,967.99			(36,586.91)				618.92	0.00
FNMA	2002 A-D SF MRB				16,812.23	16,528.14			(16,812.23)				284.09	0.00
FNMA	2002 A-D SF MRB				15,533.91	15,482.16			(15,533.91)				51.75	0.00
FNMA	2002 A-D SF MRB				14,851.76	14,802.54			(14,851.76)				49.22	0.00
FNMA	2002 A-D SF MRB				6,906.45	6,789.83			(6,906.45)				116.62	0.00
FNMA	2002 A-D SF MRB				5,965.54	6,019.04			(5,965.54)				(53.50)	0.00
FNMA	2002 A-D SF MRB				3,717.65	3,751.03			(3,717.65)				(33.38)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2002 A-D SF MRB	5.13	04/08/08	03/01/38			3,703.13				3,703.13	3,637.10	(66.03)	0.00
FNMA	2002 A-D SF MRB	5.63	04/15/08	12/01/37			3,252.64				3,252.64	3,277.78	25.14	0.00
FNMA	2002 A-D SF MRB	5.38	04/15/08	01/01/38			5,339.69				5,339.69	5,320.41	(19.28)	0.00
FNMA	2002 A-D SF MRB	5.13	04/15/08	04/01/38			2,439.58				2,439.58	2,396.10	(43.48)	0.00
FNMA	2002 A-D SF MRB	5.38	04/29/08	04/01/38			3,536.92				3,536.92	3,524.19	(12.73)	0.00
	2002 A-D SF MRB Total				81,908,078.51	78,553,780.37	5,534,958.11	(2,962,207.19)	(1,453,043.33)	0.00	83,027,786.10	79,331,477.11	(342,010.85)	0.00
Repo Agmt	2004A	2.10	08/29/08	09/02/08	342.83	342.83		(226.93)			115.90	115.90	-	0.00
Repo Agmt	2004A	2.10	08/29/08	09/02/08	124,205.19	124,205.19	0.00				124,205.19	124,205.19	-	0.00
	2004A Total				124,548.02	124,548.02	0.00	(226.93)	0.00	0.00	124,321.09	124,321.09	0.00	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	2.10	08/29/08	09/02/08	1,174.40	1,174.40	32,042.52				33,216.92	33,216.92	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	573,326.08	573,326.08	32,085.86				605,411.94	605,411.94	-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	2.10	08/29/08	09/02/08			2.80				2.80	2.80	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	96.40	96.40	0.00				96.40	96.40	-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	2.10	08/29/08	09/02/08	1.48	1.48	13,514.47				13,515.95	13,515.95	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	4.51	06/26/02	03/01/34	605,585.15	605,585.15		(132.36)			605,452.79	605,452.79	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	0.12	0.12	0.00				0.12	0.12	-	0.00
	1991 A S/F (1980 A Refunding) Total				1,180,183.63	1,180,183.63	77,645.65	(132.36)	0.00	0.00	1,257,696.92	1,257,696.92	0.00	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)	2.10	08/29/08	09/02/08	8.22	8.22	434.81				443.03	443.03	-	0.00
GIC's	1994 A&B SF (1983 Refunding)	6.08	11/14/96	09/30/29	10,732.15	10,732.15	8.22				10,740.37	10,740.37	-	0.00
GIC's	1994 A&B SF (1983 Refunding)	6.08	11/14/96	09/30/29	0.15	0.15	0.00				0.15	0.15	-	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	05/30/96	04/01/26	10,063.88	10,490.36			(84.92)		9,978.96	10,344.02	(61.42)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	06/27/96	05/01/26	9,377.32	9,762.77			(118.17)		9,259.15	9,586.32	(58.28)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/96	06/01/26	10,572.45	11,030.61			(106.27)		10,466.18	10,858.91	(65.43)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/01/96	06/01/26	7,905.49	8,252.35			(65.50)		7,839.99	8,138.33	(48.52)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	08/15/96	07/01/26	11,205.65	11,693.70			(186.74)		11,018.91	11,434.73	(72.23)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	08/29/96	08/01/26	8,099.64	8,352.52			(91.40)		8,008.24	8,224.02	(37.10)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	09/16/96	08/01/26	7,966.47	8,206.42			(202.59)		7,763.88	7,964.67	(39.16)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	10/30/96	10/01/26	16,348.95	16,838.22			(230.26)		16,118.69	16,532.49	(75.47)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	12/23/96	11/01/26	11,487.61	11,836.63			(138.08)		11,349.53	11,645.99	(52.56)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	03/27/97	01/01/27	11,234.89	11,568.41			(164.36)		11,070.53	11,352.12	(51.93)	0.00
FNMA	1994 A&B SF (1983 Refunding)				1,251.47	1,289.15			(1,251.47)				(37.68)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	09/29/97	07/01/27	5,064.64	5,252.39			(34.52)		5,030.12	5,185.35	(32.52)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/30/96	07/20/26	47,874.86	49,599.95			(449.24)		47,425.62	48,864.77	(285.94)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/28/96	03/20/26	12,444.36	12,891.76			(162.15)		12,282.21	12,653.93	(75.68)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/15/96	07/20/26	38,150.26	39,515.95			(729.66)		37,420.60	38,547.49	(238.80)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/96	04/20/26	16,559.87	17,152.84			(2,557.95)		14,001.92	14,423.88	(171.01)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/15/96	05/20/26	46,003.83	47,648.75			(440.76)		45,563.07	46,933.27	(274.72)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/30/96	05/20/26	15,992.01	16,567.29			(131.76)		15,860.25	16,340.58	(94.95)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/17/96	06/20/26	52,859.87	54,755.70			(510.12)		52,349.75	53,929.73	(315.85)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/29/96	06/20/26	11,661.27	12,077.33			(86.73)		11,574.54	11,921.77	(68.83)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/96	06/20/26	61,310.68	63,490.91			(625.64)		60,685.04	62,498.38	(366.89)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/29/96	08/20/26	41,924.27	43,258.09			(512.78)		41,411.49	42,496.85	(248.46)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/16/96	09/20/26	22,035.41	22,721.59			(1,725.65)		20,309.76	20,828.61	(167.33)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/26/96	09/20/26	16,457.78	16,976.68			(193.93)		16,263.85	16,685.53	(97.22)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	10/30/96	10/20/26	45,386.05	46,803.21			(727.68)		44,658.37	45,802.98	(272.55)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	11/26/96	11/20/26	27,060.91	27,926.97			(295.63)		26,765.28	27,471.71	(159.63)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	12/23/96	12/20/26	15,483.56	15,962.43			(126.58)		15,356.98	15,746.11	(89.74)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	01/16/97	12/20/26	36,862.42	38,003.31			(360.98)		36,501.44	37,427.13	(215.20)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	01/30/97	01/20/27	19,308.97	19,918.56			(218.56)		19,090.41	19,584.17	(115.83)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/13/97	02/20/27	20,314.26	20,954.84			(2,861.17)		17,453.09	17,903.88	(189.79)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/27/97	02/20/27	7,081.02	7,297.00			(57.92)		7,023.10	7,197.37	(41.71)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/27/97	03/20/27	22,747.71	23,425.65			(189.74)		22,557.97	23,102.28	(133.63)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/97	04/20/27	10,763.44	11,076.95			(76.56)		10,686.88	10,937.67	(62.72)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/29/97	05/20/27	13,731.61	14,131.55			(294.04)		13,437.57	13,752.89	(84.62)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/26/97	06/20/27	8,519.41	8,771.12			(91.63)		8,427.78	8,629.02	(50.47)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/18/97	07/20/27	13,327.79	13,801.40			(145.17)		13,182.62	13,574.88	(81.35)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/29/97	08/20/27	27,943.05	28,770.02			(228.22)		27,714.83	28,377.94	(163.86)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/26/98	02/20/28	6,784.61	6,977.03			(42.55)		6,742.06	6,899.50	(34.98)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/26/98	01/20/28	9,329.12	9,593.71			(152.80)		9,176.32	9,390.60	(50.31)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/98	04/20/28	11,530.70	11,857.63			(323.14)		11,207.56	11,469.18	(65.31)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/25/98	05/20/28	8,756.59	9,004.94			(73.02)		8,683.57	8,886.34	(45.58)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/16/98	06/20/28	4,777.26	4,912.77			(81.62)		4,695.64	4,805.32	(25.83)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/10/98	07/20/28	17,683.44	18,184.94			(160.86)		17,522.58	17,931.74	(92.34)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	11/19/98	10/20/28	27,217.54	27,989.43			(196.80)		27,020.74	27,651.68	(140.95)	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)	2.10	08/29/08	09/02/08	63,717.22	63,717.22	157,096.62				220,813.84	220,813.84	-	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.75	02/20/98	01/01/28	2,677.03	2,765.53			(742.11)		1,934.92	1,991.33	(32.09)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	03/27/98	03/01/28	3,722.15	3,844.69			(33.45)		3,688.70	3,795.68	(15.56)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	06/29/98	05/01/28	2,761.08	2,851.93			(691.14)		2,069.94	2,129.93	(30.86)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.75	02/20/98	01/20/28	21,181.49	21,840.67			(181.35)		21,000.14	21,566.33	(92.99)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	09/01/28	4,201.55	4,339.89			(27.86)		4,173.69	4,294.75	(17.28)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	03/27/98	03/20/28	42,793.86	44,125.63			(361.22)		42,432.64	43,576.65	(187.76)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	05/19/98	05/20/28	25,951.67	26,759.28			(711.43)		25,240.24	25,920.72	(127.13)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/28/00	06/20/30	19,084.26	19,069.90			(1,263.60)		17,820.66	17,729.01	(77.29)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	08/14/98	07/20/28	15,869.40	16,363.25			(851.77)		15,017.63	15,422.50	(88.98)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	06/29/98	06/20/28	7,359.64	7,588.67			(47.91)		7,311.73	7,508.86	(31.90)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	09/18/98	09/20/28	11,195.87	11,544.26			(72.87)		11,123.00	11,422.85	(48.54)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	03/31/99	11/01/28	2,022.07	2,088.65			(35.72)		1,986.35	2,043.96	(8.97)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	11/20/28	8,801.95	9,075.85			(56.44)		8,745.51	8,981.26	(38.15)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	11/20/28	7,715.90	7,956.03			(54.09)		7,661.81	7,868.38	(33.56)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	10/20/28	2,604.00	2,685.02			(15.93)		2,588.07	2,657.83	(11.26)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	05/27/99	11/01/28	1,689.67	1,745.53			(126.17)		1,563.50	1,609.07	(10.29)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	02/16/99	02/20/29	15,369.72	15,840.79			(158.33)		15,211.39	15,617.22	(65.24)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	03/31/99	02/20/29	1,012.46	1,043.48			(15.01)		997.45	1,024.05	(4.42)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	05/27/99	05/20/29	5,642.35	5,815.31			(38.37)		5,603.98	5,753.52	(23.42)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	11,565.36	11,558.34			(80.62)		11,484.74	11,428.38	(49.34)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	11,123.50	11,116.68			(82.85)		11,040.65	10,986.41	(47.42)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	08/01/29	1,697.06	1,689.25			(10.13)		1,686.93	1,673.99	(5.13)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	5,491.07	5,487.73			(34.05)		5,457.02	5,430.23	(23.45)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/20/99	12/01/29	6,133.93	6,106.98			(53.26)		6,080.67	6,035.29	(18.43)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	01/19/00	12/01/29	4,774.39	4,753.43			(414.34)		4,360.05	4,327.53	(11.56)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/28/99	10/20/29	20,823.21	20,810.49			(1,068.45)		19,754.76	19,657.76	(84.28)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	2,881.23	2,879.48			(31.13)		2,850.10	2,836.11	(12.24)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/20/29	37,036.00	37,013.36			(349.10)		36,686.90	36,506.72	(157.54)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	12,076.30	12,067.32			(71.19)		12,005.11	11,943.48	(52.65)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	5,101.54	5,097.70			(30.46)		5,071.08	5,045.00	(22.24)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	7,108.27	7,102.91			(59.44)		7,048.83	7,012.58	(30.89)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/01/30	4,570.31	4,549.81			(29.41)		4,540.90	4,506.59	(13.81)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	04/20/30	8,325.81	8,319.54			(80.26)		8,245.55	8,203.14	(36.14)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	04/20/30	1,561.95	1,560.73			(14.63)		1,547.32	1,539.32	(6.78)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	05/20/30	9,524.52	9,517.36			(56.92)		9,467.60	9,418.92	(41.52)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/18/00	09/20/30	17,431.54	17,418.44			(107.87)		17,323.67	17,234.60	(75.97)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	2,363.21	2,352.54			(26.57)		2,336.64	2,318.92	(7.05)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	95,989.60	95,931.01			(669.11)		95,320.49	94,852.42	(409.48)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	92,321.64	92,265.36			(687.58)		91,634.06	91,184.18	(393.60)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	08/01/29	14,083.51	14,021.46			(84.06)		13,999.45	13,894.79	(42.61)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	45,574.50	45,546.66			(282.62)		45,291.88	45,069.45	(194.59)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/20/99	12/01/29	50,909.77	50,686.27			(442.04)		50,467.73	50,091.23	(153.00)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	01/19/00	12/01/29	39,626.20	39,452.20			(3,438.90)		36,187.30	35,917.31	(95.99)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/28/99	10/20/29	172,826.75	172,721.31			(8,867.75)		163,959.00	163,153.95	(699.61)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	23,913.53	23,898.93			(258.40)		23,655.13	23,538.97	(101.56)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/30/29	307,388.17	307,200.60			(2,897.46)		304,490.71	302,995.60	(1,307.54)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	100,230.58	100,155.42			(590.85)		99,639.73	99,127.60	(436.97)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	42,341.30	42,309.53			(252.82)		42,088.48	41,872.13	(184.58)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	15,988.08	15,976.05			(133.69)		15,854.39	15,772.87	(69.49)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/22/99	06/20/29	100,894.90	100,833.38			(1,148.12)		99,746.78	99,257.05	(428.21)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	129,624.31	129,545.22			(918.96)		128,705.35	128,073.39	(552.87)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	80,620.56	80,571.38			(583.77)		80,036.79	79,643.80	(343.81)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	67,174.73	67,133.73			(419.34)		66,755.39	66,427.59	(286.80)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/21/99	11/01/29	39,091.37	38,919.73			(623.60)		38,467.77	38,180.76	(115.37)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/29/99	10/20/29	143,059.23	142,971.95			(1,080.87)		141,978.36	141,281.24	(609.84)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	185,743.69	185,630.40			(7,153.43)		178,590.26	177,713.41	(763.56)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/20/29	154,177.48	154,083.45			(1,882.76)		152,294.72	151,546.98	(653.71)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	174,966.82	174,835.59			(8,093.53)		166,873.29	166,015.55	(726.51)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	92,124.29	92,055.19			(730.97)		91,393.32	90,923.55	(400.67)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	44,439.90	44,406.32			(4,549.15)		39,890.75	39,685.46	(171.71)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	02/23/00	01/01/30	19,749.49	19,662.79			(114.63)		19,634.86	19,488.37	(59.79)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/28/00	06/20/30	158,393.70	158,274.90			(10,487.61)		147,906.09	147,145.85	(641.44)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	43,008.44	42,976.18			(359.62)		42,648.82	42,429.61	(186.95)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/01/30	37,932.52	37,762.20			(244.09)		37,688.43	37,403.50	(114.61)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	04/20/30	69,101.70	69,049.87			(666.18)		68,435.52	68,083.76	(299.93)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	04/20/30	12,963.39	12,953.65			(121.42)		12,841.97	12,775.95	(56.28)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	05/20/30	79,050.84	78,991.49			(472.42)		78,578.42	78,174.46	(344.61)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/18/00	09/20/30	144,676.74	144,568.23			(895.28)		143,781.46	143,042.42	(630.53)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	19,613.50	19,525.44			(220.50)		19,393.00	19,246.38	(58.56)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/20/30	175,201.33	175,069.94			(10,829.83)		164,371.50	163,526.64	(713.47)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/28/00	08/20/30	31,198.31	31,174.93			(180.31)		31,018.00	30,858.59	(136.03)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	6,691.29	6,686.48			(685.00)		6,006.29	5,975.63	(25.85)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/20/30	54,078.37	54,037.79			(377.16)		53,701.21	53,425.15	(235.48)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	05/20/30	77,646.83	77,588.62			(921.57)		76,725.26	76,330.92	(336.13)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	06/20/30	149,136.29	149,024.43			(883.45)		148,252.84	147,490.81	(650.17)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	05/31/00	05/01/30	35,523.42	35,363.95			(8,549.63)		26,973.79	26,769.90	(44.42)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/23/00	09/20/30	5,619.83	5,615.61			(30.78)		5,589.05	5,560.31	(24.52)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/30/00	10/20/30	42,772.54	42,740.40			(6,222.44)		36,550.10	36,362.17	(155.79)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	61,770.99	61,493.60			(893.39)		60,877.60	60,417.33	(182.88)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/21/00	05/20/30	8,934.81	8,928.12			(69.03)		8,865.78	8,820.22	(38.87)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	10/06/00	09/01/30	41,643.89	41,456.93			(308.62)		41,335.27	41,022.78	(125.53)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	10/30/00	08/01/30	44,627.49	44,427.10			(425.02)		44,202.47	43,868.27	(133.81)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	02/12/01	02/01/30	10,506.29	10,460.18			(61.41)		10,444.88	10,366.96	(31.81)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	07/07/05	07/20/35	210,931.14	198,175.33			(7,485.31)		203,445.83	190,047.34	(642.68)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/15/05	09/20/35	21,251.40	19,967.51			(6,590.10)		14,661.30	13,696.63	319.22	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/22/05	09/20/35	27,782.02	26,103.72			(125.71)		27,656.31	25,836.68	(141.33)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/11/05	07/20/35	37,140.04	34,983.82			(159.98)		36,980.06	34,632.90	(190.94)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/18/05	08/20/35	94,729.18	89,205.15			(529.71)		94,199.47	88,210.77	(464.67)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/30/05	08/20/35	182,194.84	171,184.79			(941.61)		181,253.23	169,324.16	(919.02)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/29/05	07/20/35	15,104.39	14,228.08			(8,388.62)		6,715.77	6,289.78	450.32	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	10/13/05	09/20/35	19,184.30	18,025.68			(84.20)		19,100.10	17,843.71	(97.77)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	10/27/05	10/20/35	104,034.49	97,752.78			(481.28)		103,553.21	96,742.90	(528.60)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	11/01/05	11/20/35	31,453.69	29,629.87			(141.71)		31,311.98	29,326.82	(161.34)	0.00
FNMA	1994 A&B SF (1983 Refunding)	4.49	09/08/05	08/01/35	22,660.83	21,233.07			(136.41)		22,524.42	21,054.86	(41.80)	0.00
FNMA	1994 A&B SF (1983 Refunding)	4.49	11/01/05	10/01/35	12,844.32	12,035.34			(248.95)		12,595.37	11,773.89	(12.50)	0.00
	1994 A&B SF (1983 Refunding) Total				5,616,429.00	5,599,307.13	157,539.65	0.00	(140,713.53)	0.00	5,633,255.12	5,592,536.09	(23,597.16)	0.00
Repo Agmt	1995 C SF (1985 A&B Refunding)	2.10	08/29/08	09/02/08			0.69				0.69	0.69	-	0.00
GIC's	1995 C SF (1985 A&B Refunding)	6.08	11/14/96	09/30/29	22.84	22.84	0.00				22.84	22.84	-	0.00
Repo Agmt	1995 C SF (1985 A&B Refunding)	2.10	08/29/08	09/02/08			0.01				0.01	0.01	-	0.00
GIC's	1995 C SF (1985 A&B Refunding)	6.08	11/14/96	09/30/29	0.32	0.32	0.00				0.32	0.32	-	0.00
	1995 C SF (1985 A&B Refunding) Total				23.16	23.16	0.70	0.00	0.00	0.00	23.86	23.86	0.00	0.00
Repo Agmt	2005 A Single Family	2.10	08/29/08	09/02/08	1,188,528.66	1,188,528.66	6,271.46				1,194,800.12	1,194,800.12	-	0.00
Repo Agmt	2005 A Single Family	2.10	08/29/08	09/02/08	55,428.34	55,428.34	3,900,533.41				3,955,961.75	3,955,961.75	-	0.00
GIC's	2005 A Single Family	3.37	09/22/05	09/01/36	2,210,590.15	2,210,590.15		(1,626,414.38)			584,175.77	584,175.77	-	0.00
Repo Agmt	2005 A Single Family				3,755.57	3,755.57		(3,755.57)					-	0.00
GNMA	2005 A Single Family	4.49	08/11/05	07/20/35	1,186,231.37	1,116,313.31			(5,850.87)		1,180,380.50	1,104,424.84	(6,037.60)	0.00
GNMA	2005 A Single Family	4.49	08/30/05	08/20/35	668,795.49	629,389.14			(2,914.08)		665,881.41	623,046.81	(3,428.25)	0.00
GNMA	2005 A Single Family	4.49	10/27/05	10/20/35	1,651,443.31	1,554,233.79			(7,083.70)		1,644,359.61	1,538,676.63	(8,473.46)	0.00
GNMA	2005 A Single Family	4.49	10/27/05	10/20/35	979,958.22	922,274.60			(4,489.94)		975,468.28	912,774.96	(5,009.70)	0.00
GNMA	2005 A Single Family	4.49	09/29/05	09/20/35	6,270,352.75	5,901,085.76			(27,143.71)		6,243,209.04	5,841,780.96	(32,161.09)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2005 A Single Family	4.49	10/06/05	09/20/35	2,026,379.16	1,907,057.28			(10,124.99)		2,016,254.17	1,886,625.69	(10,306.60)	0.00
GNMA	2005 A Single Family	4.49	10/20/05	10/20/35	1,453,410.41	1,367,849.51			(6,716.01)		1,446,694.40	1,353,705.81	(7,427.69)	0.00
GNMA	2005 A Single Family	4.49	12/08/05	12/20/35	1,107,368.52	1,042,233.54			(4,637.41)		1,102,731.11	1,031,906.58	(5,689.55)	0.00
GNMA	2005 A Single Family	4.49	12/15/05	12/20/35	979,453.23	924,194.75			(4,698.09)		974,755.14	914,460.60	(5,036.06)	0.00
GNMA	2005 A Single Family	4.49	11/03/05	11/20/35	380,689.35	359,196.13			(1,912.77)		378,776.58	355,331.87	(1,951.49)	0.00
GNMA	2005 A Single Family	4.49	11/10/05	11/20/35	1,899,502.37	1,792,271.65			(12,278.78)		1,887,223.59	1,770,422.90	(9,569.97)	0.00
GNMA	2005 A Single Family	4.49	11/17/05	11/20/35	1,354,578.12	1,274,872.74			(6,436.31)		1,348,141.81	1,261,526.07	(6,910.36)	0.00
GNMA	2005 A Single Family	4.49	11/22/05	11/20/35	708,010.28	666,353.26			(3,628.21)		704,382.07	659,130.08	(3,594.97)	0.00
GNMA	2005 A Single Family	4.49	11/29/05	11/20/35	1,064,556.40	1,004,478.34			(5,214.35)		1,059,342.05	993,797.21	(5,466.78)	0.00
GNMA	2005 A Single Family	4.49	12/22/05	12/20/35	1,595,336.22	1,505,341.73			(131,069.46)		1,464,266.76	1,373,702.67	(569.60)	0.00
GNMA	2005 A Single Family	4.49	12/29/05	12/20/35	2,532,915.65	2,383,978.74			(12,407.88)		2,520,507.77	2,358,672.10	(12,898.76)	0.00
GNMA	2005 A Single Family	4.49	01/05/06	01/20/36	1,587,181.26	1,493,195.42			(7,147.79)		1,580,033.47	1,476,744.52	(9,303.11)	0.00
GNMA	2005 A Single Family	4.49	01/12/06	01/20/36	1,723,492.29	1,625,557.13			(157,535.99)		1,565,956.30	1,467,301.12	(720.02)	0.00
GNMA	2005 A Single Family	4.49	03/09/06	02/20/36	1,462,410.02	1,375,900.18			(6,825.20)		1,455,584.82	1,360,519.25	(8,555.73)	0.00
GNMA	2005 A Single Family	4.49	03/02/06	02/20/36	1,797,307.71	1,690,976.51			(8,877.68)		1,788,430.03	1,671,614.21	(10,484.62)	0.00
GNMA	2005 A Single Family	4.49	01/19/06	01/20/36	887,592.14	835,043.86			(4,220.60)		883,371.54	825,636.04	(5,187.22)	0.00
GNMA	2005 A Single Family	4.49	01/26/06	01/20/36	1,304,619.97	1,227,391.00			(6,082.05)		1,298,537.92	1,213,675.29	(7,633.66)	0.00
GNMA	2005 A Single Family	4.49	02/02/06	02/20/36	2,726,802.50	2,565,408.55			(11,897.99)		2,714,904.51	2,537,504.47	(16,006.09)	0.00
GNMA	2005 A Single Family	4.49	02/09/06	02/20/36	1,157,292.17	1,088,802.08			(5,993.25)		1,151,298.92	1,076,077.18	(6,731.65)	0.00
GNMA	2005 A Single Family	4.49	02/16/06	02/20/36	1,628,625.40	1,532,252.01			(8,094.54)		1,620,530.86	1,514,660.38	(9,497.09)	0.00
GNMA	2005 A Single Family	4.49	02/23/06	02/20/36	1,786,169.05	1,680,484.97			(7,637.34)		1,778,531.71	1,662,350.67	(10,496.96)	0.00
GNMA	2005 A Single Family	4.49	05/11/06	04/20/36	860,974.66	810,097.15			(4,502.59)		856,472.07	800,588.47	(5,006.09)	0.00
GNMA	2005 A Single Family	4.49	05/11/06	05/20/36	389,263.30	367,190.31			(2,577.48)		386,685.82	362,370.41	(2,242.42)	0.00
GNMA	2005 A Single Family	4.49	05/18/06	05/20/36	1,039,605.19	978,180.79			(4,635.40)		1,034,969.79	967,448.30	(6,097.09)	0.00
GNMA	2005 A Single Family	4.49	05/18/06	05/20/36	422,365.40	398,417.79			(1,853.80)		420,511.60	394,071.95	(2,492.04)	0.00
GNMA	2005 A Single Family	4.49	03/16/06	03/20/36	730,517.78	689,052.37			(3,472.86)		727,044.92	681,286.59	(4,292.92)	0.00
GNMA	2005 A Single Family	4.49	03/23/06	03/20/36	2,074,233.61	1,951,562.52			(127,898.14)		1,946,335.47	1,819,247.96	(4,416.42)	0.00
GNMA	2005 A Single Family	4.49	03/30/06	03/20/36	1,126,955.69	1,060,314.53			(4,875.68)		1,122,080.01	1,048,819.27	(6,619.58)	0.00
GNMA	2005 A Single Family	4.49	04/06/06	03/20/36	1,666,553.96	1,568,015.38			(7,589.87)		1,658,964.09	1,550,661.07	(9,764.44)	0.00
GNMA	2005 A Single Family	4.49	04/13/06	03/20/36	1,067,059.39	1,003,974.35			(4,707.60)		1,062,351.79	993,004.78	(6,261.97)	0.00
GNMA	2005 A Single Family	4.49	04/20/06	04/20/36	2,029,940.39	1,909,946.76			(9,050.65)		2,020,889.74	1,888,989.53	(11,906.58)	0.00
GNMA	2005 A Single Family	4.49	04/27/06	04/20/36	849,618.08	799,401.20			(126,494.06)		723,124.02	675,931.66	3,024.52	0.00
GNMA	2005 A Single Family	4.49	05/05/06	04/20/36	1,596,821.15	1,506,260.52			(7,441.99)		1,589,379.16	1,489,424.47	(9,394.06)	0.00
GNMA	2005 A Single Family	4.49	05/25/06	05/20/36	990,398.22	931,887.78			(4,244.66)		986,153.56	921,823.36	(5,819.76)	0.00
GNMA	2005 A Single Family	4.49	06/01/06	06/20/36	1,295,960.75	1,222,501.13			(5,221.64)		1,290,739.11	1,209,603.52	(7,675.97)	0.00
GNMA	2005 A Single Family	4.49	06/08/06	06/20/36	1,518,792.56	1,429,088.94			(6,711.52)		1,512,081.04	1,413,465.66	(8,911.76)	0.00
GNMA	2005 A Single Family	4.49	06/15/06	06/20/36	1,124,048.27	1,060,348.27			(5,104.64)		1,118,943.63	1,048,620.87	(6,622.76)	0.00
GNMA	2005 A Single Family	4.49	06/27/06	06/20/36	1,814,613.48	1,711,799.83			(9,671.16)		1,804,942.32	1,691,526.81	(10,601.86)	0.00
GNMA	2005 A Single Family	4.49	07/06/06	07/20/36	815,082.73	768,909.75			(3,661.14)		811,421.59	760,443.49	(4,805.12)	0.00
GNMA	2005 A Single Family	4.49	07/13/06	06/20/36	1,427,431.78	1,346,575.75			(6,007.58)		1,421,424.20	1,332,129.01	(8,439.16)	0.00
GNMA	2005 A Single Family	4.49	07/19/06	06/20/36	1,849,212.49	1,740,063.82			(8,024.68)		1,841,187.81	1,721,178.23	(10,860.91)	0.00
GNMA	2005 A Single Family	4.49	07/27/06	07/20/36	1,182,781.93	1,115,802.00			(4,834.78)		1,177,947.15	1,103,965.26	(7,001.96)	0.00
GNMA	2005 A Single Family	4.49	08/02/06	08/20/36	736,087.73	694,409.33			(2,996.45)		733,091.28	687,054.47	(4,358.41)	0.00
GNMA	2005 A Single Family	4.49	08/09/06	08/20/36	1,848,680.98	1,744,018.20			(9,744.25)		1,838,936.73	1,723,467.00	(10,806.95)	0.00
GNMA	2005 A Single Family	4.49	08/16/06	07/20/36	1,063,260.25	1,000,532.28			(4,817.96)		1,058,442.29	989,481.46	(6,232.86)	0.00
GNMA	2005 A Single Family	4.49	08/23/06	07/20/36	758,188.80	715,272.74			(3,923.41)		754,265.39	706,911.75	(4,437.58)	0.00
GNMA	2005 A Single Family	4.49	09/06/06	08/20/36	849,659.16	801,578.51			(3,681.35)		845,977.81	792,879.16	(5,018.00)	0.00
GNMA	2005 A Single Family	4.49	09/12/06	08/20/36	508,832.27	480,041.33			(2,033.55)		506,798.72	474,991.90	(3,015.88)	0.00
GNMA	2005 A Single Family	4.49	09/26/06	09/20/36	594,952.77	561,297.42			(2,422.95)		592,529.82	555,351.44	(3,523.03)	0.00
GNMA	2005 A Single Family	4.49	10/17/06	10/20/36	1,046,134.15	986,979.28			(5,240.88)		1,040,893.27	975,603.99	(6,134.41)	0.00
GNMA	2005 A Single Family	4.49	11/14/06	10/20/36	1,005,944.08	949,088.65			(157,119.46)		848,824.62	795,605.20	3,636.01	0.00
GNMA	2005 A Single Family	4.49	11/28/06	10/20/36	216,121.44	203,909.27			(948.06)		215,173.38	201,685.37	(1,275.84)	0.00
GNMA	2005 A Single Family	4.49	12/12/06	10/20/36	247,360.52	233,386.44			(1,005.66)		246,354.86	230,915.49	(1,465.29)	0.00
GNMA	2005 A Single Family	4.49	01/16/07	12/20/36	244,176.59	230,391.25			(958.22)		243,218.37	227,984.34	(1,448.69)	0.00
GNMA	2005 A Single Family	4.49	01/30/07	12/20/36	129,494.38	121,016.27			(513.75)		128,980.63	119,757.02	(745.50)	0.00
GNMA	2005 A Single Family	4.49	02/13/07	01/20/37	310,109.81	292,769.11			(1,248.87)		308,860.94	289,863.05	(1,657.19)	0.00
GNMA	2005 A Single Family	4.49	02/20/07	02/20/37	225,887.34	213,259.35			(994.54)		224,892.80	211,063.82	(1,200.99)	0.00
GNMA	2005 A Single Family	4.49	03/20/07	01/20/37	220,917.14	208,418.41			(856.91)		220,060.23	206,350.33	(1,211.17)	0.00
GNMA	2005 A Single Family	4.49	04/24/07	03/20/37	520,044.93	490,641.47			(2,145.51)		517,899.42	485,652.61	(2,843.35)	0.00
GNMA	2005 A Single Family	4.49	04/10/07	02/20/37	267,399.24	252,276.34			(1,036.19)		266,363.05	249,774.01	(1,466.14)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2005 A Single Family	4.49	05/22/07	04/20/37	382,364.74	359,839.94			(1,459.66)		380,905.08	356,297.41	(2,082.87)	0.00
GNMA	2005 A Single Family	4.49	06/05/07	05/20/37	321,585.01	303,416.33			(1,224.81)		320,360.20	300,426.78	(1,764.74)	0.00
GNMA	2005 A Single Family	4.49	07/03/07	06/20/37	260,471.99	245,763.22			(1,017.11)		259,454.88	243,318.22	(1,427.89)	0.00
GNMA	2005 A Single Family	4.49	11/21/07	09/20/37	235,962.77	222,782.01			(869.05)		235,093.72	220,613.64	(1,299.32)	0.00
GNMA	2005 A Single Family	4.49	09/25/07	04/20/37	116,497.90	109,983.03			(743.76)		115,754.14	108,617.26	(622.01)	0.00
GNMA	2005 A Single Family	4.49	12/11/07	08/20/37	137,819.41	130,123.64			(510.40)		137,309.01	128,854.49	(758.75)	0.00
GNMA	2005 A Single Family	4.49	01/30/08	01/20/38	398,481.94	376,147.39			(1,436.59)		397,045.35	372,699.97	(2,010.83)	0.00
GNMA	2005 A Single Family	4.49	01/30/08	01/20/38	120,405.42	113,368.02			(433.86)		119,971.56	112,330.05	(604.11)	0.00
GNMA	2005 A Single Family	4.49	03/26/08	03/20/38	366,810.97	346,273.28			(1,318.18)		365,492.79	343,103.60	(1,851.50)	0.00
FNMA	2005 A Single Family	4.49	10/20/05	10/01/35	249,908.15	234,220.79			(92,978.08)		156,930.07	146,727.73	5,485.02	0.00
FNMA	2005 A Single Family	4.49	11/10/05	11/01/35	116,671.72	109,349.03			(1,444.59)		115,227.13	107,737.05	(167.39)	0.00
FNMA	2005 A Single Family	4.49	12/15/05	12/01/35	238,017.39	223,082.28			(1,074.07)		236,943.32	221,544.97	(463.24)	0.00
FNMA	2005 A Single Family	4.49	01/05/06	12/01/35	340,986.78	319,593.42			(1,984.60)		339,002.18	316,973.79	(635.03)	0.00
FNMA	2005 A Single Family	4.49	02/09/06	02/01/36	205,645.20	192,746.21			(1,043.02)		204,602.18	190,765.69	(937.50)	0.00
FNMA	2005 A Single Family	4.49	02/23/06	01/01/36	241,318.43	226,183.02			(1,787.92)		239,530.51	223,333.10	(1,062.00)	0.00
FNMA	2005 A Single Family	4.49	03/16/06	03/01/36	377,082.84	353,436.19			(2,496.14)		374,586.70	349,260.40	(1,679.65)	0.00
FNMA	2005 A Single Family	4.49	04/06/06	03/01/36	261,411.16	245,020.43			(1,088.82)		260,322.34	242,723.81	(1,207.80)	0.00
FNMA	2005 A Single Family	4.49	04/20/06	04/01/36	368,622.09	345,511.58			(1,591.52)		367,030.57	342,220.68	(1,699.38)	0.00
FNMA	2005 A Single Family	4.49	05/11/06	04/01/36	288,688.41	270,591.75			(1,584.86)		287,103.55	267,698.84	(1,308.05)	0.00
FNMA	2005 A Single Family	4.49	06/08/06	04/01/36	271,370.99	254,362.93			(1,141.35)		270,229.64	251,968.43	(1,253.15)	0.00
FNMA	2005 A Single Family	4.49	06/27/06	06/01/36	279,888.65	262,349.39			(1,144.69)		278,743.96	259,909.99	(1,294.71)	0.00
FNMA	2005 A Single Family	4.49	07/13/06	06/01/36	344,874.16	323,264.83			(1,506.93)		343,367.23	320,169.10	(1,588.80)	0.00
FNMA	2005 A Single Family	4.49	07/19/06	07/01/36	525,365.87	492,448.68			(2,233.10)		523,132.77	487,791.02	(2,424.56)	0.00
FNMA	2005 A Single Family	4.49	08/02/06	07/01/36	473,735.75	444,056.15			(1,956.67)		471,779.08	439,909.32	(2,190.16)	0.00
FNMA	2005 A Single Family	4.49	08/09/06	07/01/36	355,747.35	333,460.76			(1,635.70)		354,111.65	330,191.61	(1,633.45)	0.00
FNMA	2005 A Single Family	4.49	09/12/06	08/01/36	274,580.88	257,383.27			(1,123.70)		273,457.18	254,989.39	(1,270.18)	0.00
FNMA	2005 A Single Family	4.49	10/17/06	09/01/36	255,790.76	239,773.87			(1,831.45)		253,959.31	236,812.11	(1,130.31)	0.00
FNMA	2005 A Single Family	4.49	11/14/06	10/01/36	389,636.22	365,243.07			(1,619.26)		388,016.96	361,822.60	(1,801.21)	0.00
FNMA	2005 A Single Family	4.49	11/21/06	10/01/36	277,197.39	259,844.28			(5,455.24)		271,742.15	253,398.08	(990.96)	0.00
FNMA	2005 A Single Family	4.49	12/12/06	11/01/36	365,588.80	342,705.65			(1,709.78)		363,879.02	339,318.64	(1,677.23)	0.00
FNMA	2005 A Single Family	4.49	01/30/07	11/01/36	54,725.27	51,300.95			(340.59)		54,384.68	50,715.05	(245.31)	0.00
FNMA	2005 A Single Family	4.49	02/13/07	01/01/37	57,277.47	53,700.34			(227.73)		57,049.74	53,208.66	(263.95)	0.00
FNMA	2005 A Single Family	4.49	03/20/07	02/01/37	160,818.68	150,730.21			(810.35)		160,008.33	149,181.39	(738.47)	0.00
FNMA	2005 A Single Family	4.49	04/10/07	01/01/37	216,770.78	203,174.14			(954.84)		215,815.94	201,214.60	(1,004.70)	0.00
FNMA	2005 A Single Family	4.49	04/24/07	04/01/37	367,981.30	344,902.96			(1,465.59)		366,515.71	341,721.29	(1,716.08)	0.00
FNMA	2005 A Single Family	4.49	05/22/07	04/01/37	223,044.51	209,058.57			(858.22)		222,186.29	207,158.12	(1,042.23)	0.00
FNMA	2005 A Single Family	4.49	06/05/07	05/01/37	262,249.04	245,806.50			(1,007.07)		261,241.97	243,573.87	(1,225.56)	0.00
FNMA	2005 A Single Family	4.49	07/03/07	06/01/37	684,022.92	641,144.32			(2,697.19)		681,325.73	635,255.18	(3,191.95)	0.00
FNMA	2005 A Single Family	4.49	09/25/07	09/01/37	357,566.49	336,818.69			(1,646.87)		355,919.62	333,488.66	(1,683.16)	0.00
FNMA	2005 A Single Family	4.49	11/08/07	09/01/37	351,336.05	332,747.87			(1,473.56)		349,862.49	329,589.13	(1,685.18)	0.00
FNMA	2005 A Single Family	4.49	11/21/07	09/01/37	143,805.38	136,198.56			(532.24)		143,273.14	134,972.56	(693.76)	0.00
FNMA	2005 A Single Family	4.49	12/11/07	11/01/37	321,714.06	304,702.33			(1,349.72)		320,364.34	301,809.75	(1,542.86)	0.00
FNMA	2005 A Single Family	4.49	03/26/08	02/01/38	603,770.82	571,839.40			(2,189.36)		601,581.46	566,728.26	(2,921.78)	0.00
Repo Agmt	2005 A Single Family				38,988.17	38,988.17		(38,988.17)					-	0.00
	2005 A Single Family Total				94,730,858.55	89,396,552.74	3,906,804.87	(1,669,158.12)	(1,184,187.12)	0.00	95,784,318.18	90,000,143.92	(449,868.45)	0.00
	Total Single Family Investment Summary				1,156,250,703.50	1,138,161,700.03	110,595,659.96	(80,247,574.66)	(14,084,469.08)	0.00	1,172,514,319.72	1,148,782,014.67	(5,643,301.58)	0.00

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2008

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Repo Agmt	1989 A&B RMRB	2.10	08/29/08	09/02/08	2,698.58	2,698.58	14.23				2,712.81	2,712.81	-	0.00
	1989 A&B RMRB Total				2,698.58	2,698.58	14.23	0.00	0.00	0.00	2,712.81	2,712.81	0.00	0.00
Repo Agmt	1998 A/B RMRB	2.10	08/29/08	09/02/08	42,879.64	42,879.64	657,989.76				700,869.40	700,869.40	-	0.00
GIC's	1998 A/B RMRB	5.04	12/03/98	01/01/31	4,786,677.71	4,786,677.71		(1,789,150.46)			2,997,527.25	2,997,527.25	-	0.00
GIC's	1998 A/B RMRB	5.04	12/03/98	01/01/31	1,662,346.43	1,662,346.43	0.00				1,662,346.43	1,662,346.43	-	0.00
GNMA	1998 A/B RMRB	5.35	07/28/00	07/20/30	1,038,807.04	1,033,322.11			(7,515.72)		1,031,291.32	1,020,761.81	(5,044.58)	0.00
GNMA	1998 A/B RMRB	5.35	08/28/00	07/20/30	2,356,867.21	2,344,422.95			(154,472.49)		2,202,394.72	2,179,908.26	(10,042.20)	0.00
FNMA	1998 A/B RMRB	5.35	05/25/99	04/01/29	106,037.42	105,086.26			(782.98)		105,254.44	103,945.08	(358.20)	0.00
GNMA	1998 A/B RMRB	5.35	04/16/99	04/20/29	841,812.33	837,561.13			(59,202.30)		782,610.03	774,893.43	(3,465.40)	0.00
FNMA	1998 A/B RMRB	5.35	06/22/99	05/01/29	102,190.00	101,273.30			(671.54)		101,518.46	100,255.51	(346.25)	0.00
GNMA	1998 A/B RMRB	5.35	05/25/99	05/20/29	2,604,551.84	2,591,398.77			(54,480.91)		2,550,070.93	2,524,927.14	(11,990.72)	0.00
GNMA	1998 A/B RMRB	5.35	06/22/99	06/20/29	3,716,633.14	3,697,864.07			(130,013.09)		3,586,620.05	3,551,255.88	(16,595.10)	0.00
FNMA	1998 A/B RMRB	5.35	07/30/99	07/01/29	71,130.81	70,492.74			(483.22)		70,647.59	69,768.71	(240.81)	0.00
FNMA	1998 A/B RMRB	5.35	08/24/99	08/01/29	134,601.61	133,394.23			(950.93)		133,650.68	131,988.06	(455.24)	0.00
GNMA	1998 A/B RMRB	5.35	07/30/99	07/20/29	3,081,535.92	3,065,974.07			(27,564.70)		3,053,971.22	3,023,859.02	(14,550.35)	0.00
GNMA	1998 A/B RMRB	5.35	08/26/99	08/20/29	2,353,280.86	2,341,396.80			(91,107.32)		2,262,173.54	2,239,868.49	(10,420.99)	0.00
FNMA	1998 A/B RMRB	5.35	09/30/99	08/01/29	175,032.66	173,462.61			(1,079.43)		173,953.23	171,789.25	(593.93)	0.00
GNMA	1998 A/B RMRB	5.35	09/20/99	09/20/29	1,889,742.01	1,880,198.80			(13,314.74)		1,876,427.27	1,857,925.68	(8,958.38)	0.00
FNMA	1998 A/B RMRB	5.35	10/29/99	10/01/29	420,825.04	417,050.27			(102,746.72)		318,078.32	314,121.46	(182.09)	0.00
FNMA	1998 A/B RMRB	5.35	11/16/99	10/01/29	267,125.37	264,729.25			(4,004.14)		263,121.23	259,847.99	(877.12)	0.00
FNMA	1998 A/B RMRB	5.35	12/21/99	11/01/29	465,204.75	461,031.82			(6,408.82)		458,795.93	453,088.47	(1,534.53)	0.00
GNMA	1998 A/B RMRB	5.35	10/29/99	10/20/29	2,560,635.03	2,547,703.82			(150,222.45)		2,410,412.58	2,386,645.91	(10,835.46)	0.00
GNMA	1998 A/B RMRB	5.35	11/18/99	11/20/29	2,839,205.14	2,824,867.11			(108,862.44)		2,730,342.70	2,703,421.53	(12,583.14)	0.00
GNMA	1998 A/B RMRB	5.35	12/30/99	12/20/29	4,651,919.83	4,628,427.57			(215,534.09)		4,436,385.74	4,392,642.90	(20,250.58)	0.00
GNMA	1998 A/B RMRB	5.35	01/28/00	01/20/30	2,247,935.77	2,236,066.64			(17,760.56)		2,230,175.21	2,207,405.05	(10,901.03)	0.00
GNMA	1998 A/B RMRB	5.35	02/22/00	01/20/30	2,536,412.94	2,523,020.61			(25,904.83)		2,510,508.11	2,484,875.75	(12,240.03)	0.00
GNMA	1998 A/B RMRB	5.35	03/27/00	03/20/30	1,507,792.93	1,499,831.74			(11,218.29)		1,496,574.64	1,481,294.58	(7,318.87)	0.00
FNMA	1998 A/B RMRB	5.35	02/23/00	01/01/30	458,707.79	454,593.13			(82,660.12)		376,047.67	371,369.59	(563.42)	0.00
FNMA	1998 A/B RMRB	5.35	03/27/00	02/01/30	260,919.79	258,501.06			(4,764.95)		256,154.84	252,891.42	(844.69)	0.00
FNMA	1998 A/B RMRB	5.35	04/21/00	04/01/30	297,790.22	295,029.70			(1,989.95)		295,800.27	292,031.77	(1,007.98)	0.00
GNMA	1998 A/B RMRB	5.35	04/24/00	04/20/30	1,796,050.76	1,786,567.61			(81,499.26)		1,714,551.50	1,697,045.96	(8,022.39)	0.00
GNMA	1998 A/B RMRB	5.35	05/30/00	05/20/30	1,519,957.53	1,511,932.09			(20,255.68)		1,499,701.85	1,484,389.83	(7,286.58)	0.00
GNMA	1998 A/B RMRB	5.35	06/21/00	06/20/30	1,183,921.55	1,177,670.45			(9,548.51)		1,174,373.04	1,162,382.70	(5,739.24)	0.00
FNMA	1998 A/B RMRB	5.35	05/30/00	05/01/30	387,018.95	383,431.27			(58,541.92)		328,477.03	324,292.21	(597.14)	0.00
FNMA	1998 A/B RMRB	5.35	06/21/00	06/01/30	186,649.94	184,919.69			(2,078.97)		184,570.97	182,219.53	(621.19)	0.00
GNMA	1998 A/B RMRB	5.35	10/23/00	09/20/30	1,595,986.85	1,587,559.99			(53,699.27)		1,542,287.58	1,526,540.79	(7,319.93)	0.00
GNMA	1998 A/B RMRB	5.35	10/25/00	10/20/30	435,936.15	433,634.38			(4,639.80)		431,296.35	426,892.80	(2,101.78)	0.00
FNMA	1998 A/B RMRB	5.35	07/24/00	06/01/30	386,101.32	382,522.16			(3,428.76)		382,672.56	377,797.30	(1,296.10)	0.00
FNMA	1998 A/B RMRB	5.35	08/25/00	07/01/30	194,288.33	192,487.27			(2,078.08)		192,210.25	189,761.48	(647.71)	0.00
GNMA	1998 A/B RMRB	5.35	01/08/01	12/20/30	306,553.57	304,934.96			(5,582.34)		300,971.23	297,898.30	(1,454.32)	0.00
GNMA	1998 A/B RMRB	5.35	01/16/01	12/20/30	197,078.66	196,038.08			(1,929.52)		195,149.14	193,156.66	(951.90)	0.00
GNMA	1998 A/B RMRB	5.35	01/31/01	08/20/30	109,912.77	109,332.39			(630.75)		109,282.02	108,166.21	(535.43)	0.00
GNMA	1998 A/B RMRB	5.35	11/16/00	11/20/30	304,365.76	302,758.70			(4,323.30)		300,042.46	296,979.01	(1,456.39)	0.00
GNMA	1998 A/B RMRB	5.35	11/29/00	11/20/30	729,826.56	725,973.03			(79,982.77)		649,843.79	643,208.83	(2,781.43)	0.00
GNMA	1998 A/B RMRB	5.35	12/21/00	11/20/30	130,345.01	129,656.78			(733.03)		129,611.98	128,288.64	(635.11)	0.00
GNMA	1998 A/B RMRB	5.35	12/27/00	12/20/30	286,220.12	284,708.87			(1,581.05)		284,639.07	281,732.90	(1,394.92)	0.00
FNMA	1998 A/B RMRB	5.35	10/06/00	09/01/30	409,818.07	406,019.01			(4,302.74)		405,515.33	400,349.02	(1,367.25)	0.00
FNMA	1998 A/B RMRB	5.35	01/12/01	12/01/30	381,682.19	378,143.96			(2,888.77)		378,793.42	373,967.56	(1,287.63)	0.00
Repo Agmt	1998 A/B RMRB	2.10	08/29/08	09/02/08	1,313,444.20	1,313,444.20	50,657.39				1,364,101.59	1,364,101.59	-	0.00
Repo Agmt	1998 A/B RMRB	2.10	08/29/08	09/02/08			26,849.73				26,849.73	26,849.73	-	0.00
GNMA	1998 A/B RMRB	5.49	01/12/06	01/20/36	26,648.56	26,876.76			(93.03)		26,555.53	26,620.25	(163.48)	0.00
GNMA	1998 A/B RMRB	5.49	03/09/06	03/20/36	32,592.10	32,872.83			(163.51)		32,428.59	32,509.24	(200.08)	0.00
GNMA	1998 A/B RMRB	5.49	03/02/06	03/20/36	18,688.62	18,849.48			(65.01)		18,623.61	18,669.80	(114.67)	0.00
GNMA	1998 A/B RMRB	5.49	02/23/06	02/20/36	36,275.38	36,587.39			(1,160.28)		35,115.10	35,201.96	(225.15)	0.00
GNMA	1998 A/B RMRB	5.49	03/16/06	03/20/36	29,199.26	29,450.94			(123.47)		29,075.79	29,148.23	(179.24)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	1998 A/B RMRB	5.49	03/30/06	03/20/36	29,933.13	30,134.71			(109.02)		29,824.11	29,843.43	(182.26)	0.00
GNMA	1998 A/B RMRB	5.49	04/06/06	04/20/36	36,302.85	36,616.52			(142.19)		36,160.66	36,251.51	(222.82)	0.00
FNMA	1998 A/B RMRB	5.49	04/27/06	03/01/36	16,738.36	16,705.34			(58.24)		16,680.12	16,567.30	(79.80)	0.00
FNMA	1998 A/B RMRB	5.49	04/27/06	10/01/35	8,535.85	8,524.38			(30.69)		8,505.16	8,459.55	(34.14)	0.00
	1998 A/B RMRB Total				55,568,673.63	55,306,957.58	735,496.88	(1,789,150.46)	(1,613,386.69)	0.00	52,901,633.36	52,430,818.14	(209,099.17)	0.00
Repo Agmt	2000 BCDE RMRB	2.10	08/29/08	09/02/08	236,625.99	236,625.99	1,248.61				237,874.60	237,874.60	-	0.00
Repo Agmt	2000 BCDE RMRB	2.10	08/29/08	09/02/08	615,633.86	615,633.86		(34,266.34)			581,367.52	581,367.52	-	0.00
Repo Agmt	2000 BCDE RMRB	2.10	08/29/08	09/02/08	90,765.96	90,765.96	500,656.65				591,422.61	591,422.61	-	0.00
Inv Agmt	2000 BCDE RMRB	6.22	10/26/00	12/31/32	3,708,982.46	3,708,982.46		(1,933,643.17)			1,775,339.29	1,775,339.29	-	0.00
Inv Agmt	2000 BCDE RMRB	6.22	10/26/00	12/31/32	1,228.19	1,228.19	0.00				1,228.19	1,228.19	-	0.00
Inv Agmt	2000 BCDE RMRB	6.22	10/26/00	12/31/32	1,384,574.92	1,384,574.92	4.41				1,384,579.33	1,384,579.33	-	0.00
GNMA	2000 BCDE RMRB	6.10	02/22/01	02/20/31	666,605.50	685,972.77			(3,500.20)		663,105.30	678,809.82	(3,662.75)	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	02/20/31	178,259.41	183,437.89			(1,068.12)		177,191.29	181,387.17	(982.60)	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	01/20/31	114,509.09	117,835.28			(571.84)		113,937.25	116,634.96	(628.48)	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	197,484.37	203,222.81			(940.98)		196,543.39	201,198.99	(1,082.84)	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	1,235,001.53	1,270,887.85			(13,593.43)		1,221,408.10	1,250,340.12	(6,954.30)	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	93,028.50	95,731.70			(486.96)		92,541.54	94,733.61	(511.13)	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	228,895.40	235,547.97			(1,132.48)		227,762.92	233,159.41	(1,256.08)	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	770,439.89	792,831.85			(105,411.27)		665,028.62	680,785.50	(6,635.08)	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	26,376.03	27,142.73			(128.38)		26,247.65	26,869.65	(144.70)	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	249,084.20	256,324.61			(1,703.45)		247,380.75	253,243.13	(1,378.03)	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	03/20/31	177,533.45	182,695.12			(867.17)		176,666.28	180,853.97	(973.98)	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	04/20/31	549,189.40	565,158.37			(2,744.19)		546,445.21	559,400.31	(3,013.87)	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	418,855.75	431,037.06			(4,015.39)		414,840.36	424,677.01	(2,344.66)	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	750,718.65	772,551.43			(3,973.37)		746,745.28	764,452.17	(4,125.89)	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	94,043.44	96,778.46			(443.47)		93,599.97	95,819.43	(515.56)	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	166,659.92	171,507.83			(3,417.81)		163,242.11	167,114.08	(975.94)	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	390,162.97	401,512.33			(2,041.74)		388,121.23	397,327.20	(2,143.39)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	109,290.43	112,469.66			(739.59)		108,550.84	111,125.58	(604.49)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	1,089,079.53	1,120,760.53			(5,953.71)		1,083,125.82	1,108,816.76	(5,990.06)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	05/20/31	112,436.13	115,707.22			(538.65)		111,897.48	114,552.07	(616.50)	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	46,093.41	47,434.54			(250.50)		45,842.91	46,930.55	(253.49)	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	278,400.74	286,501.03			(1,883.21)		276,517.53	283,077.97	(1,539.85)	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	46,769.93	48,130.74			(222.25)		46,547.68	47,652.04	(256.45)	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	193,831.20	199,472.06			(1,039.00)		192,792.20	197,367.42	(1,065.64)	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	1,150,936.28	1,184,430.94			(8,449.34)		1,142,486.94	1,169,599.96	(6,381.64)	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	42,173.34	43,400.67			(212.36)		41,960.98	42,956.77	(231.54)	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	241,118.58	248,137.39			(1,301.01)		239,817.57	245,510.54	(1,325.84)	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	963,333.61	991,375.60			(92,729.52)		870,604.09	891,271.14	(7,374.94)	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	255,046.62	262,470.86			(1,630.67)		253,415.95	259,431.73	(1,408.46)	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	256,026.39	263,481.56			(43,261.07)		212,765.32	217,818.10	(2,402.39)	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	07/20/31	605,174.96	622,798.70			(3,013.36)		602,161.60	616,463.58	(3,321.76)	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	134,194.94	138,102.51			(1,117.76)		133,077.18	136,237.49	(747.26)	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	141,240.21	145,354.09			(761.50)		140,478.71	143,815.94	(776.65)	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	08/20/31	907,839.57	934,284.91			(5,124.11)		902,715.46	924,163.35	(4,997.45)	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	171,454.83	176,448.78			(1,633.22)		169,821.61	173,855.93	(959.63)	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	319,583.45	328,895.23			(49,575.25)		270,008.20	276,425.34	(2,894.64)	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	762,932.73	785,162.46			(6,585.72)		756,347.01	774,322.73	(4,254.01)	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	113,270.50	116,570.89			(903.56)		112,366.94	115,037.50	(629.83)	0.00
FNMA	2000 BCDE RMRB	6.10	02/14/01	02/01/31	276,640.97	284,832.43			(18,730.36)		257,910.61	264,263.35	(1,838.72)	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	224,863.00	231,423.48			(1,200.12)		223,662.88	228,987.07	(1,236.29)	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	260,695.86	268,301.77			(1,767.15)		258,928.71	265,092.37	(1,442.25)	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	11/20/31	197,253.96	203,009.54			(925.43)		196,328.53	201,002.64	(1,081.47)	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	253,527.51	260,916.95			(1,196.92)		252,330.59	258,329.94	(1,390.09)	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	09/20/31	585,263.80	602,323.97			(3,148.34)		582,115.46	595,957.44	(3,218.19)	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	181,554.27	186,845.94			(1,432.63)		180,121.64	184,404.17	(1,009.14)	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	67,490.83	69,458.65			(1,588.89)		65,901.94	67,469.49	(400.27)	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	672,213.60	691,813.19			(4,366.67)		667,846.93	683,732.33	(3,714.19)	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	193,949.26	199,604.21			(1,071.26)		192,878.00	197,465.80	(1,067.15)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	6.10	11/15/01	08/20/31	92,399.94	95,094.70			(419.94)		91,980.00	94,168.50	(506.26)	0.00
GNMA	2000 BCDE RMRB	6.10	11/15/01	10/20/31	201,672.12	207,554.95			(980.95)		200,691.17	205,467.50	(1,106.50)	0.00
FNMA	2000 BCDE RMRB	6.10	03/15/01	02/01/31	142,183.47	146,395.05			(898.15)		141,285.32	144,766.85	(730.05)	0.00
GNMA	2000 BCDE RMRB	6.10	01/22/02	12/20/31	198,044.79	203,827.74			(987.39)		197,057.40	201,753.11	(1,087.24)	0.00
FNMA	2000 BCDE RMRB	6.10	05/10/01	04/01/31	311,001.80	320,221.62			(3,455.13)		307,546.67	315,132.77	(1,633.72)	0.00
GNMA	2000 BCDE RMRB	6.10	02/25/02	02/20/32	314,661.41	323,630.84			(2,661.52)		311,999.89	319,358.60	(1,610.72)	0.00
FNMA	2000 BCDE RMRB	6.10	05/30/01	04/01/31	148,176.24	152,570.08			(906.50)		147,269.74	150,903.43	(760.15)	0.00
FNMA	2000 BCDE RMRB	6.10	07/12/01	05/01/31	280,316.27	288,633.64			(3,962.29)		276,353.98	283,177.48	(1,493.87)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	467,513.60	480,856.98			(50,536.69)		416,976.91	426,826.55	(3,493.74)	0.00
GNMA	2000 BCDE RMRB	6.10	05/24/02	05/20/32	108,723.16	111,826.59			(488.44)		108,234.72	110,791.85	(546.30)	0.00
GNMA	2000 BCDE RMRB	6.10	03/21/02	02/20/32	149,029.91	153,279.26			(1,868.77)		147,161.14	150,633.26	(777.23)	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/02	04/20/32	255,432.88	262,720.06			(1,158.31)		254,274.57	260,277.80	(1,283.95)	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/02	04/20/32	340,536.73	350,253.22			(1,822.54)		338,714.19	346,712.35	(1,718.33)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	74,524.59	76,651.58			(322.01)		74,202.58	75,955.34	(374.23)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	02/20/32	43,555.67	44,798.44			(192.51)		43,363.16	44,387.11	(218.82)	0.00
GNMA	2000 BCDE RMRB	6.10	08/29/02	08/20/32	938,323.17	965,147.67			(5,144.40)		933,178.77	955,265.14	(4,738.13)	0.00
GNMA	2000 BCDE RMRB	6.10	06/03/02	05/20/32	429,040.05	441,288.49			(2,664.93)		426,375.12	436,449.87	(2,173.69)	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/02	06/20/32	433,006.22	445,370.12			(2,035.18)		430,971.04	441,156.60	(2,178.34)	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/02	06/20/32	525,739.82	540,753.26			(7,293.48)		518,446.34	530,700.91	(2,758.87)	0.00
GNMA	2000 BCDE RMRB	6.10	06/25/02	06/20/32	432,744.07	445,102.74			(2,405.38)		430,338.69	440,511.52	(2,185.84)	0.00
GNMA	2000 BCDE RMRB	6.10	07/05/02	06/20/32	654,061.65	672,743.55			(4,074.75)		649,986.90	665,354.66	(3,314.14)	0.00
GNMA	2000 BCDE RMRB	6.10	07/22/02	07/20/32	593,993.55	610,964.65			(2,917.95)		591,075.60	605,055.39	(2,991.31)	0.00
GNMA	2000 BCDE RMRB	6.10	07/29/02	07/20/32	86,299.11	88,765.06			(414.48)		85,884.63	87,916.19	(434.39)	0.00
GNMA	2000 BCDE RMRB	6.10	08/01/02	07/20/32	190,748.60	196,199.29			(830.81)		189,917.79	194,410.39	(958.09)	0.00
GNMA	2000 BCDE RMRB	6.10	08/12/02	08/20/32	1,268,681.16	1,304,941.97			(7,586.87)		1,261,094.29	1,290,933.93	(6,421.17)	0.00
GNMA	2000 BCDE RMRB	6.10	08/23/02	08/20/32	1,008,724.36	1,037,559.39			(5,454.47)		1,003,269.89	1,027,013.10	(5,091.82)	0.00
GNMA	2000 BCDE RMRB	6.10	11/12/02	10/20/32	449,506.30	462,371.52			(3,009.52)		446,496.78	457,079.10	(2,282.90)	0.00
GNMA	2000 BCDE RMRB	6.10	09/12/02	08/20/32	733,604.24	754,580.10			(4,059.66)		729,544.58	746,815.11	(3,705.33)	0.00
GNMA	2000 BCDE RMRB	6.10	09/19/02	09/20/32	285,336.81	293,496.91			(2,526.76)		282,810.05	289,506.51	(1,463.64)	0.00
GNMA	2000 BCDE RMRB	6.10	09/26/02	09/20/32	1,281,945.71	1,318,609.57			(6,960.20)		1,274,985.51	1,305,178.80	(6,470.57)	0.00
GNMA	2000 BCDE RMRB	6.10	10/10/02	10/20/32	901,401.03	927,188.61			(4,660.08)		896,740.95	917,983.32	(4,545.21)	0.00
GNMA	2000 BCDE RMRB	6.10	10/21/02	10/20/32	610,607.02	628,078.01			(48,642.69)		561,964.33	575,278.70	(4,156.62)	0.00
GNMA	2000 BCDE RMRB	6.10	10/29/02	11/20/32	460,698.96	473,883.10			(2,600.89)		458,098.07	468,953.94	(2,328.27)	0.00
FNMA	2000 BCDE RMRB	6.10	08/31/01	06/01/31	573,848.71	590,886.93			(13,507.89)		560,340.82	574,187.88	(3,191.16)	0.00
GNMA	2000 BCDE RMRB	6.10	11/05/02	10/20/32	334,040.32	343,599.74			(109,750.30)		224,290.02	229,605.14	(4,244.30)	0.00
GNMA	2000 BCDE RMRB	6.10	11/19/02	11/20/32	29,975.55	30,833.59			(324.49)		29,651.06	30,353.96	(155.14)	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	118,079.78	121,460.17			(1,007.58)		117,072.20	119,847.75	(604.84)	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	152,803.30	157,177.75			(730.77)		152,072.53	155,677.85	(769.13)	0.00
GNMA	2000 BCDE RMRB	6.10	12/12/02	11/20/32	24,511.32	25,213.18			(1,066.12)		23,445.20	24,001.18	(145.88)	0.00
GNMA	2000 BCDE RMRB	6.10	12/19/02	06/20/32	62,713.04	64,508.13			(281.53)		62,431.51	63,911.31	(315.29)	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	09/20/32	78,553.57	80,802.97			(1,225.16)		77,328.41	79,162.26	(415.55)	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	11/20/32	33,770.16	34,737.35			(151.29)		33,618.87	34,416.32	(169.74)	0.00
GNMA	2000 BCDE RMRB	6.10	01/07/03	12/20/32	117,514.99	120,881.27			(1,137.10)		116,377.89	119,139.00	(605.17)	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	16,460.55	16,913.87			(738.05)		15,722.50	16,089.65	(86.17)	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	324,615.93	333,555.68			(1,541.71)		323,074.22	330,618.72	(1,395.25)	0.00
GNMA	2000 BCDE RMRB	6.10	02/12/03	02/20/33	169,293.55	173,957.55			(1,253.68)		168,039.87	171,965.69	(738.18)	0.00
FNMA	2000 BCDE RMRB	6.10	10/17/01	09/01/31	313,295.69	322,722.20			(6,402.30)		306,893.39	314,657.64	(1,662.26)	0.00
GNMA	2000 BCDE RMRB	6.10	02/20/03	02/20/33	250,893.64	257,806.47			(1,481.51)		249,412.13	255,239.78	(1,085.18)	0.00
GNMA	2000 BCDE RMRB	6.10	02/27/03	02/20/33	100,813.51	103,591.41			(405.77)		100,407.74	102,754.03	(431.61)	0.00
GNMA	2000 BCDE RMRB	6.10	03/24/03	03/20/33	186,037.60	191,165.96			(777.70)		185,259.90	189,591.07	(797.19)	0.00
GNMA	2000 BCDE RMRB	6.10	04/02/03	03/20/33	146,093.87	150,121.59			(589.45)		145,504.42	148,906.75	(625.39)	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/03	04/20/33	142,564.47	146,496.06			(654.82)		141,909.65	145,228.95	(612.29)	0.00
GNMA	2000 BCDE RMRB	6.10	04/24/03	04/20/33	26,627.14	27,361.53			(107.80)		26,519.34	27,139.72	(114.01)	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/03	04/20/33	327,877.59	336,921.36			(1,364.55)		326,513.04	334,151.92	(1,404.89)	0.00
GNMA	2000 BCDE RMRB	6.10	05/08/03	04/20/33	80,754.08	82,981.75			(347.04)		80,407.04	82,288.44	(346.27)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/03	04/20/33	70,484.79	72,429.32			(278.62)		70,206.17	71,849.03	(301.67)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/03	05/20/33	143,658.62	147,622.61			(656.63)		143,001.99	146,349.03	(616.95)	0.00
GNMA	2000 BCDE RMRB	6.10	05/29/03	04/20/33	60,134.17	61,793.46			(274.00)		59,860.17	61,261.24	(258.22)	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/03	05/20/33	130,889.39	134,501.98			(586.13)		130,303.26	133,354.03	(561.82)	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	189,684.49	194,920.82			(1,038.80)		188,645.69	193,063.38	(818.64)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	59,159.21	60,792.32			(239.81)		58,919.40	60,299.17	(253.34)	0.00
GNMA	2000 BCDE RMRB	6.10	06/26/03	06/20/33	96,763.67	99,435.18			(377.31)		96,386.36	98,643.83	(414.04)	0.00
GNMA	2000 BCDE RMRB	6.10	07/03/03	07/20/33	70,949.93	72,909.12			(329.29)		70,620.64	72,275.01	(304.82)	0.00
GNMA	2000 BCDE RMRB	6.10	07/10/03	07/20/33	470,296.95	483,284.58			(2,046.80)		468,250.15	479,220.42	(2,017.36)	0.00
GNMA	2000 BCDE RMRB	6.10	07/17/03	07/20/33	233,084.08	239,521.60			(964.45)		232,119.63	237,558.49	(998.66)	0.00
GNMA	2000 BCDE RMRB	6.10	07/24/03	07/20/33	47,959.47	49,284.15			(185.96)		47,773.51	48,893.01	(205.18)	0.00
GNMA	2000 BCDE RMRB	6.10	07/30/03	07/20/33	167,705.00	172,337.52			(715.27)		166,989.73	170,903.20	(719.05)	0.00
GNMA	2000 BCDE RMRB	6.10	08/07/03	08/20/33	166,812.19	171,420.91			(720.23)		166,091.96	169,985.41	(715.27)	0.00
GNMA	2000 BCDE RMRB	6.10	08/14/03	08/20/33	165,921.62	170,506.24			(643.06)		165,278.56	169,153.29	(709.89)	0.00
FNMA	2000 BCDE RMRB	6.10	12/27/01	10/01/31	219,727.67	226,263.42			(1,233.15)		218,494.52	223,905.59	(1,124.68)	0.00
GNMA	2000 BCDE RMRB	6.10	08/21/03	08/20/33	200,320.53	205,856.26			(969.97)		199,350.56	204,024.68	(861.61)	0.00
GNMA	2000 BCDE RMRB	6.10	08/28/03	08/20/33	333,329.13	342,541.16			(1,380.13)		331,949.00	339,732.79	(1,428.24)	0.00
GNMA	2000 BCDE RMRB	6.10	09/04/03	08/20/33	153,753.39	158,003.06			(967.66)		152,785.73	156,368.84	(666.56)	0.00
GNMA	2000 BCDE RMRB	6.10	09/18/03	09/20/33	378,084.81	388,537.62			(1,535.92)		376,548.89	385,382.36	(1,619.34)	0.00
GNMA	2000 BCDE RMRB	6.10	09/18/03	08/20/33	79,687.27	81,890.20			(310.74)		79,376.53	81,238.47	(340.99)	0.00
GNMA	2000 BCDE RMRB	6.10	09/29/03	09/20/33	317,959.34	326,751.20			(1,346.86)		316,612.48	324,041.21	(1,363.13)	0.00
GNMA	2000 BCDE RMRB	6.10	10/09/03	09/20/33	186,044.11	191,189.16			(845.84)		185,198.27	189,544.36	(798.96)	0.00
GNMA	2000 BCDE RMRB	6.10	10/16/03	09/20/33	86,734.02	89,132.82			(332.73)		86,401.29	88,429.07	(371.02)	0.00
GNMA	2000 BCDE RMRB	5.40	10/23/03	10/20/33	229,581.15	229,530.66			(1,097.06)		228,484.09	227,275.38	(1,158.22)	0.00
GNMA	2000 BCDE RMRB	6.10	10/23/03	10/20/33	238,238.11	244,828.31			(941.57)		237,296.54	242,866.95	(1,019.79)	0.00
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33	104,325.08	104,302.41			(443.29)		103,881.79	103,332.52	(526.60)	0.00
GNMA	2000 BCDE RMRB	6.10	10/30/03	08/20/33	56,970.76	58,546.58			(239.57)		56,731.19	58,062.81	(244.20)	0.00
GNMA	2000 BCDE RMRB	5.40	11/13/03	11/20/33	471,090.55	470,991.21			(2,143.36)		468,947.19	466,471.11	(2,376.74)	0.00
GNMA	2000 BCDE RMRB	6.10	11/13/03	11/20/33	133,594.97	137,291.74			(541.31)		133,053.66	136,178.39	(572.04)	0.00
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	485,962.37	485,861.35			(2,203.73)		483,758.64	481,205.31	(2,452.31)	0.00
GNMA	2000 BCDE RMRB	6.10	11/20/03	10/20/33	46,474.24	47,760.30			(220.40)		46,253.84	47,340.10	(199.80)	0.00
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	275,321.51	275,264.84			(2,032.56)		273,288.95	271,847.05	(1,385.23)	0.00
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	356,213.73	356,141.51			(1,668.06)		354,545.67	352,676.15	(1,797.30)	0.00
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	320,799.92	320,736.48			(2,109.38)		318,690.54	317,011.66	(1,615.44)	0.00
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	923,984.86	923,803.93			(7,380.69)		916,604.17	911,777.24	(4,646.00)	0.00
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	795,386.73	795,232.62			(3,726.01)		791,660.72	787,493.36	(4,013.25)	0.00
GNMA	2000 BCDE RMRB	5.40	01/08/04	01/20/34	126,988.70	126,975.28			(607.40)		126,381.30	125,657.37	(710.51)	0.00
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	1,088,418.63	1,088,307.17			(69,273.35)		1,019,145.28	1,013,310.70	(5,723.12)	0.00
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	282,713.87	282,154.70			(45,001.21)		237,712.66	235,913.13	(1,240.36)	0.00
GNMA	2000 BCDE RMRB	5.40	01/29/04	01/20/34	48,414.34	48,409.61			(240.04)		48,174.30	47,898.74	(270.83)	0.00
GNMA	2000 BCDE RMRB	6.10	02/02/04	12/20/33	43,373.97	44,575.63			(194.00)		43,179.97	44,195.42	(186.21)	0.00
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34	158,550.18	160,848.85			(695.72)		157,854.46	159,161.87	(991.26)	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	672,460.14	682,240.49			(2,841.47)		669,618.67	675,195.32	(4,203.70)	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	237,633.26	241,089.45			(2,453.05)		235,180.21	237,138.83	(1,497.57)	0.00
GNMA	2000 BCDE RMRB	5.75	04/08/04	04/20/34	159,574.20	161,888.57			(671.79)		158,902.41	160,219.50	(997.28)	0.00
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34	203,734.61	206,690.07			(835.39)		202,899.22	204,581.38	(1,273.30)	0.00
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34	64,524.64	65,460.86			(248.84)		64,275.80	64,808.87	(403.15)	0.00
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34	252,079.63	255,737.70			(1,139.22)		250,940.41	253,022.15	(1,576.33)	0.00
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34	130,047.27	131,935.10			(540.37)		129,506.90	130,581.89	(812.84)	0.00
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34	293,765.68	298,030.77			(1,284.87)		292,480.81	294,909.22	(1,836.68)	0.00
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34	491,896.57	499,039.74			(1,918.08)		489,978.49	494,048.16	(3,073.50)	0.00
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34	241,264.81	244,768.88			(1,011.21)		240,253.60	242,249.83	(1,507.84)	0.00
GNMA	2000 BCDE RMRB	5.75	06/03/04	06/20/34	343,326.74	348,314.87			(1,457.32)		341,869.42	344,711.33	(2,146.22)	0.00
GNMA	2000 BCDE RMRB	5.75	06/10/04	06/20/34	368,868.52	374,228.90			(1,385.84)		367,482.68	370,538.68	(2,304.38)	0.00
GNMA	2000 BCDE RMRB	5.75	06/17/04	06/20/34	95,526.02	96,914.37			(406.33)		95,119.69	95,910.87	(597.17)	0.00
GNMA	2000 BCDE RMRB	5.75	06/24/04	06/20/34	375,864.63	381,328.57			(1,513.72)		374,350.91	377,465.88	(2,348.97)	0.00
GNMA	2000 BCDE RMRB	5.75	09/02/04	08/20/34	102,700.92	104,197.01			(461.04)		102,239.88	103,093.73	(642.24)	0.00
GNMA	2000 BCDE RMRB	5.75	09/09/04	08/20/34	102,789.81	104,287.40			(389.21)		102,400.60	103,255.99	(642.20)	0.00
GNMA	2000 BCDE RMRB	5.75	09/16/04	09/20/34	92,350.99	93,696.98			(356.24)		91,994.75	92,763.69	(577.05)	0.00
GNMA	2000 BCDE RMRB	5.75	09/23/04	08/20/34	94,041.19	95,411.92			(363.55)		93,677.64	94,460.77	(587.60)	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/04	09/20/34	226,288.21	229,587.49			(883.54)		225,404.67	227,289.90	(1,414.05)	0.00
GNMA	2000 BCDE RMRB	5.75	10/07/04	10/20/34	139,040.07	141,067.78			(561.05)		138,479.02	139,637.73	(869.00)	0.00
GNMA	2000 BCDE RMRB	5.75	07/15/04	07/20/34	464,851.87	471,613.69			(1,956.28)		462,895.59	466,752.05	(2,905.36)	0.00
GNMA	2000 BCDE RMRB	5.75	07/22/04	07/20/34	584,263.53	592,764.09			(63,240.13)		521,023.40	525,365.15	(4,158.81)	0.00
GNMA	2000 BCDE RMRB	5.75	07/29/04	07/20/34	372,907.63	378,334.29			(1,652.88)		371,254.75	374,349.61	(2,331.80)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	5.75	08/05/04	08/20/34	410,945.14	416,927.00			(3,273.23)		407,671.91	411,071.99	(2,581.78)	0.00
GNMA	2000 BCDE RMRB	5.75	08/12/04	08/20/34	381,606.09	387,162.05			(1,675.42)		379,930.67	383,100.54	(2,386.09)	0.00
GNMA	2000 BCDE RMRB	5.75	08/19/04	08/20/34	236,038.17	239,122.07			(1,132.13)		234,906.04	236,517.31	(1,472.63)	0.00
GNMA	2000 BCDE RMRB	5.75	08/26/04	08/20/34	74,758.36	75,847.17			(304.61)		74,453.75	75,075.30	(467.26)	0.00
GNMA	2000 BCDE RMRB	5.75	12/02/04	11/20/34	13,507.54	13,704.86			(62.36)		13,445.18	13,558.01	(84.49)	0.00
GNMA	2000 BCDE RMRB	5.75	12/17/04	12/20/34	185,903.38	188,620.27			(1,001.62)		184,901.76	186,454.77	(1,163.88)	0.00
GNMA	2000 BCDE RMRB	5.75	10/14/04	10/20/34	56,805.90	57,634.52			(215.87)		56,590.03	57,063.73	(354.92)	0.00
GNMA	2000 BCDE RMRB	5.75	10/28/04	10/20/34	51,834.37	52,590.75			(297.67)		51,536.70	51,968.37	(324.71)	0.00
GNMA	2000 BCDE RMRB	5.75	11/04/04	10/20/34	60,832.29	61,720.13			(234.06)		60,598.23	61,105.95	(380.12)	0.00
GNMA	2000 BCDE RMRB	5.75	11/23/04	11/20/34	59,464.27	60,332.69			(219.12)		59,245.15	59,742.09	(371.48)	0.00
GNMA	2000 BCDE RMRB	5.75	12/23/04	12/20/34	292,607.10	296,884.28			(1,116.50)		291,490.60	293,939.42	(1,828.36)	0.00
GNMA	2000 BCDE RMRB	5.75	02/17/05	02/20/35	51,292.48	52,012.06			(186.01)		51,106.47	51,493.42	(332.63)	0.00
GNMA	2000 BCDE RMRB	5.75	05/05/05	04/20/35	135,864.86	137,775.56			(491.49)		135,373.37	136,402.94	(881.13)	0.00
FNMA	2000 BCDE RMRB	6.10	06/10/02	05/01/32	120,928.16	124,534.77			(739.83)		120,188.33	123,174.34	(620.60)	0.00
GNMA	2000 BCDE RMRB	5.75	09/08/05	08/20/35	61,805.81	62,965.83			(216.44)		61,589.37	62,343.09	(406.30)	0.00
GNMA	2000 BCDE RMRB	5.75	10/27/05	10/20/35	121,187.67	123,467.76			(477.13)		120,710.54	122,193.28	(797.35)	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/05	09/20/35	134,694.48	137,225.25			(612.37)		134,082.11	135,725.68	(887.20)	0.00
GNMA	2000 BCDE RMRB	5.75	11/22/05	11/20/35	165,597.80	167,941.43			(572.41)		165,025.39	166,295.12	(1,073.90)	0.00
GNMA	2000 BCDE RMRB	5.75	12/29/05	12/20/35	118,355.56	120,032.39			(1,156.41)		117,199.15	118,102.78	(773.20)	0.00
FNMA	2000 BCDE RMRB	6.10	07/29/02	07/01/32	272,643.45	280,455.37			(2,337.99)		270,305.46	276,875.21	(1,242.17)	0.00
GNMA	2000 BCDE RMRB	5.75	02/02/06	01/20/36	155,772.92	158,024.66			(552.70)		155,220.22	156,316.48	(1,155.48)	0.00
FNMA	2000 BCDE RMRB	6.10	09/12/02	07/01/32	262,292.44	269,812.12			(1,195.54)		261,096.90	267,447.13	(1,169.45)	0.00
FNMA	2000 BCDE RMRB	6.10	10/29/02	10/01/32	128,001.51	131,674.36			(639.79)		127,361.72	130,462.48	(572.09)	0.00
FNMA	2000 BCDE RMRB	6.10	04/10/03	03/01/33	111,391.12	114,420.96			(609.97)		110,781.15	113,347.19	(463.80)	0.00
FNMA	2000 BCDE RMRB	6.10	07/03/03	05/01/33	259,788.15	266,863.75			(60,412.66)		199,375.49	204,000.82	(2,450.27)	0.00
FNMA	2000 BCDE RMRB	6.10	08/14/03	08/01/33	241,678.44	248,266.29			(1,065.51)		240,612.93	246,200.38	(1,000.40)	0.00
FNMA	2000 BCDE RMRB	6.10	09/04/03	08/01/33	183,739.76	188,749.61			(2,844.45)		180,895.31	185,097.31	(807.85)	0.00
FNMA	2000 BCDE RMRB	6.10	12/04/03	10/01/33	115,170.91	118,315.67			(1,708.60)		113,462.31	116,102.35	(504.72)	0.00
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	209,132.36	208,162.24			(1,096.61)		208,035.75	206,394.01	(671.62)	0.00
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	174,965.83	174,158.04			(993.03)		173,972.80	172,603.69	(561.32)	0.00
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34	249,602.76	252,339.17			(1,479.16)		248,123.60	249,807.28	(1,052.73)	0.00
FNMA	2000 BCDE RMRB	5.75	06/10/04	06/01/34	261,594.00	264,465.05			(2,149.65)		259,444.35	261,208.25	(1,107.15)	0.00
FNMA	2000 BCDE RMRB	5.75	07/15/04	07/01/34	282,555.30	285,660.70			(1,320.80)		281,234.50	283,150.52	(1,189.38)	0.00
FNMA	2000 BCDE RMRB	5.75	08/19/04	08/01/34	170,815.14	172,695.08			(788.50)		170,026.64	171,187.60	(718.98)	0.00
FNMA	2000 BCDE RMRB	5.75	09/23/04	08/01/34	72,325.51	73,122.55			(574.56)		71,750.95	72,241.89	(306.10)	0.00
FNMA	2000 BCDE RMRB	5.75	11/10/04	10/01/34	44,420.90	44,911.38			(277.25)		44,143.65	44,446.65	(187.48)	0.00
FNMA	2000 BCDE RMRB	5.75	02/03/05	02/01/35	227,291.52	229,506.51			(899.53)		226,391.99	227,688.76	(918.22)	0.00
FNMA	2000 BCDE RMRB	5.75	06/26/05	04/01/35	62,266.33	62,876.80			(222.76)		62,043.57	62,402.60	(251.44)	0.00
FNMA	2000 BCDE RMRB	5.75	10/27/05	10/01/35	134,038.43	135,360.16			(752.76)		133,285.67	134,064.60	(542.80)	0.00
FNMA	2000 BCDE RMRB	5.75	01/12/06	12/01/35	147,258.24	148,715.25			(506.94)		146,751.30	147,613.68	(594.63)	0.00
Repo Agmt	2000 BCDE RMRB	2.10	08/29/08	09/02/08	1,683.06	1,683.06	72,416.64				74,099.70	74,099.70	-	0.00
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33	19,090.44	19,086.32			(91.22)		18,999.22	18,898.79	(96.31)	0.00
GNMA	2000 BCDE RMRB	5.40	10/20/03	10/20/33	8,675.10	8,673.13			(36.85)		8,638.25	8,592.48	(43.80)	0.00
GNMA	2000 BCDE RMRB	5.40	11/19/03	10/20/33	39,172.87	39,164.66			(178.19)		38,994.68	38,788.80	(197.67)	0.00
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	40,409.57	40,401.17			(183.24)		40,226.33	40,014.00	(203.93)	0.00
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	22,893.96	22,889.29			(169.01)		22,724.95	22,605.09	(115.19)	0.00
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	29,620.46	29,614.48			(138.71)		29,481.75	29,326.33	(149.44)	0.00
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	26,675.71	26,670.42			(175.41)		26,500.30	26,360.69	(134.32)	0.00
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	76,832.72	76,817.72			(613.73)		76,218.99	75,817.66	(386.33)	0.00
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	66,139.35	66,126.54			(309.83)		65,829.52	65,482.99	(333.72)	0.00
GNMA	2000 BCDE RMRB	5.40	01/01/04	01/20/34	10,559.55	10,558.46			(50.51)		10,509.04	10,448.87	(59.08)	0.00
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	90,506.03	90,496.77			(5,760.34)		84,745.69	84,260.54	(475.89)	0.00
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	23,508.74	23,462.20			(3,742.02)		19,766.72	19,617.05	(103.13)	0.00
GNMA	2000 BCDE RMRB	5.40	01/29/04	01/20/34	4,025.83	4,025.43			(19.96)		4,005.87	3,982.95	(22.52)	0.00
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34	6,136.21	6,225.18			(26.92)		6,109.29	6,159.89	(38.37)	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	26,025.60	26,404.09			(109.97)		25,915.63	26,131.43	(162.69)	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	9,196.89	9,330.65			(94.94)		9,101.95	9,177.75	(57.96)	0.00
GNMA	2000 BCDE RMRB	4.75	04/08/04	04/20/34	6,175.83	6,265.41			(25.99)		6,149.84	6,200.82	(38.60)	0.00
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34	7,884.92	7,999.33			(32.33)		7,852.59	7,917.72	(49.28)	0.00
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34	2,497.22	2,533.46			(9.63)		2,487.59	2,508.23	(15.60)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34	9,756.04	9,897.57			(44.09)		9,711.95	9,792.47	(61.01)	0.00
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34	5,033.06	5,106.15			(20.91)		5,012.15	5,053.78	(31.46)	0.00
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34	11,369.35	11,534.40			(49.72)		11,319.63	11,413.58	(71.10)	0.00
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34	19,037.42	19,313.85			(74.23)		18,963.19	19,120.66	(118.96)	0.00
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34	9,337.45	9,473.05			(39.13)		9,298.32	9,375.56	(58.36)	0.00
GNMA	2000 BCDE RMRB	5.75	06/03/04	06/20/34	13,287.43	13,480.49			(56.41)		13,231.02	13,341.03	(83.05)	0.00
GNMA	2000 BCDE RMRB	5.75	06/10/04	06/20/34	14,275.98	14,483.41			(53.64)		14,222.34	14,340.59	(89.18)	0.00
GNMA	2000 BCDE RMRB	5.75	06/17/04	06/20/34	3,697.06	3,750.78			(15.72)		3,681.34	3,711.94	(23.12)	0.00
GNMA	2000 BCDE RMRB	5.75	06/24/04	06/20/34	14,546.74	14,758.19			(58.58)		14,488.16	14,608.70	(90.91)	0.00
GNMA	2000 BCDE RMRB	5.75	09/02/04	08/20/34	3,974.73	4,032.63			(17.83)		3,956.90	3,989.93	(24.87)	0.00
GNMA	2000 BCDE RMRB	5.75	09/09/04	08/20/34	3,978.18	4,036.13			(15.07)		3,963.11	3,996.21	(24.85)	0.00
GNMA	2000 BCDE RMRB	5.75	09/16/04	09/20/34	3,574.18	3,626.26			(13.79)		3,560.39	3,590.14	(22.33)	0.00
GNMA	2000 BCDE RMRB	5.75	09/23/04	08/20/34	3,639.60	3,692.63			(14.06)		3,625.54	3,655.82	(22.75)	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/04	09/20/34	8,757.83	8,885.50			(34.19)		8,723.64	8,796.58	(54.73)	0.00
GNMA	2000 BCDE RMRB	5.75	10/07/04	10/20/34	5,381.12	5,459.61			(21.72)		5,359.40	5,404.26	(33.63)	0.00
GNMA	2000 BCDE RMRB	5.75	07/15/04	07/20/34	17,990.71	18,252.40			(75.71)		17,915.00	18,064.25	(112.44)	0.00
GNMA	2000 BCDE RMRB	5.75	07/22/04	07/20/34	22,612.16	22,941.17			(2,447.51)		20,164.65	20,332.69	(160.97)	0.00
GNMA	2000 BCDE RMRB	5.75	07/29/04	07/20/34	14,432.30	14,642.30			(63.97)		14,368.33	14,488.09	(90.24)	0.00
GNMA	2000 BCDE RMRB	5.75	08/05/04	08/20/34	15,904.42	16,135.92			(126.69)		15,777.73	15,909.32	(99.91)	0.00
GNMA	2000 BCDE RMRB	5.75	08/12/04	08/20/34	14,768.93	14,983.96			(64.84)		14,704.09	14,826.77	(92.35)	0.00
GNMA	2000 BCDE RMRB	5.75	08/19/04	08/20/34	9,135.17	9,254.51			(43.81)		9,091.36	9,153.70	(57.00)	0.00
GNMA	2000 BCDE RMRB	5.75	08/26/04	08/20/34	2,893.30	2,935.44			(11.80)		2,881.50	2,905.56	(18.08)	0.00
GNMA	2000 BCDE RMRB	5.75	12/02/04	11/20/34	522.79	530.40			(2.41)		520.38	524.72	(3.27)	0.00
GNMA	2000 BCDE RMRB	5.75	12/17/04	12/20/34	7,194.85	7,299.99			(38.77)		7,156.08	7,216.18	(45.04)	0.00
GNMA	2000 BCDE RMRB	5.75	10/14/04	10/20/34	2,198.50	2,230.57			(8.35)		2,190.15	2,208.48	(13.74)	0.00
GNMA	2000 BCDE RMRB	5.75	10/28/04	10/20/34	2,006.12	2,035.36			(11.52)		1,994.60	2,011.28	(12.56)	0.00
GNMA	2000 BCDE RMRB	5.75	11/04/04	10/20/34	2,354.31	2,388.69			(9.06)		2,345.25	2,364.92	(14.71)	0.00
GNMA	2000 BCDE RMRB	5.75	11/23/04	11/20/34	2,301.37	2,334.99			(8.47)		2,292.90	2,312.14	(14.38)	0.00
GNMA	2000 BCDE RMRB	5.75	12/23/04	12/20/34	11,324.48	11,490.02			(43.21)		11,281.27	11,376.05	(70.76)	0.00
GNMA	2000 BCDE RMRB	5.75	02/17/05	02/20/35	1,985.10	2,012.97			(7.20)		1,977.90	1,992.90	(12.87)	0.00
GNMA	2000 BCDE RMRB	5.75	05/05/05	04/20/35	5,258.26	5,332.19			(19.02)		5,239.24	5,279.07	(34.10)	0.00
GNMA	2000 BCDE RMRB	5.75	09/08/05	08/20/35	2,392.03	2,436.90			(8.38)		2,383.65	2,412.80	(15.72)	0.00
GNMA	2000 BCDE RMRB	5.75	10/27/05	10/20/35	4,711.82	4,778.45			(18.75)		4,693.07	4,729.12	(30.58)	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/05	09/20/35	5,212.96	5,310.89			(23.70)		5,189.26	5,252.86	(34.33)	0.00
GNMA	2000 BCDE RMRB	5.75	11/22/05	11/20/35	6,408.97	6,499.67			(22.16)		6,386.81	6,435.96	(41.55)	0.00
GNMA	2000 BCDE RMRB	5.75	12/29/05	12/20/35	4,580.59	4,645.49			(44.77)		4,535.82	4,570.81	(29.91)	0.00
GNMA	2000 BCDE RMRB	5.75	02/02/06	01/20/36	6,028.71	6,115.87			(21.38)		6,007.33	6,049.76	(44.73)	0.00
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	17,390.11	17,309.46			(91.18)		17,298.93	17,162.42	(55.86)	0.00
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	14,549.03	14,481.88			(82.57)		14,466.46	14,352.63	(46.68)	0.00
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34	9,660.14	9,766.04			(57.25)		9,602.89	9,668.05	(40.74)	0.00
FNMA	2000 BCDE RMRB	5.75	06/10/04	06/01/34	10,124.21	10,235.33			(83.20)		10,041.01	10,109.29	(42.84)	0.00
FNMA	2000 BCDE RMRB	5.75	07/15/04	07/01/34	10,935.46	11,055.65			(51.12)		10,884.34	10,958.50	(46.03)	0.00
FNMA	2000 BCDE RMRB	5.75	08/19/04	08/01/34	6,610.89	6,683.64			(30.52)		6,580.37	6,625.30	(27.82)	0.00
FNMA	2000 BCDE RMRB	5.75	09/23/04	08/01/34	2,799.16	2,829.99			(22.24)		2,776.92	2,795.91	(11.84)	0.00
FNMA	2000 BCDE RMRB	5.75	11/10/04	10/01/34	1,719.19	1,738.15			(10.74)		1,708.45	1,720.17	(7.24)	0.00
FNMA	2000 BCDE RMRB	5.75	02/03/05	02/01/35	8,796.63	8,882.37			(34.81)		8,761.82	8,812.02	(35.54)	0.00
FNMA	2000 BCDE RMRB	5.75	05/26/05	04/01/35	2,409.87	2,433.45			(8.62)		2,401.25	2,415.10	(9.73)	0.00
FNMA	2000 BCDE RMRB	5.75	10/27/05	10/01/35	5,187.57	5,238.71			(29.14)		5,158.43	5,188.57	(21.00)	0.00
FNMA	2000 BCDE RMRB	5.75	01/12/06	12/01/35	5,699.19	5,755.58			(19.62)		5,679.57	5,712.95	(23.01)	0.00
	2000 BCDE RMRB Total				64,953,290.53	66,294,093.47	574,326.31	(1,967,909.51)	(1,095,846.94)	0.00	62,463,860.39	63,480,575.93	(324,087.40)	0.00
Repo Agmt	2001 A-E RMRB	2.10	08/29/08	09/02/08	4,985.24	4,985.24	26.31				5,011.55	5,011.55	-	0.00
Repo Agmt	2001 A-E RMRB	2.10	08/29/08	09/02/08	31.93	31.93	0.13				32.06	32.06	-	0.00
Repo Agmt	2001 A-E RMRB	2.10	08/29/08	09/02/08	365.13	365.13	1.87				367.00	367.00	-	0.00
Repo Agmt	2001 A-E RMRB	2.10	08/29/08	09/02/08	13,556.69	13,556.69	490,581.84				504,138.53	504,138.53	-	0.00
Repo Agmt	2001 A-E RMRB	2.10	08/29/08	09/02/08	0.09	0.09	764.48				764.57	764.57	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	2,735,789.34	2,735,789.34		(1,864,728.14)			871,061.20	871,061.20	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	7,484.55	7,484.55	1,430.50				8,915.05	8,915.05	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	2,911,879.54	2,911,879.54	68,307.62				2,980,187.16	2,980,187.16	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	337,439.33	337,439.33		(3,018.51)			334,420.82	334,420.82	-	0.00

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GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	176,034.30	189,849.00			(40,917.63)		135,116.67	145,676.17	(3,255.20)	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	43,126.37	45,609.01			(2,228.45)		40,897.92	43,238.19	(142.37)	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	42,264.25	45,580.94			(1,060.35)		41,203.90	44,423.92	(96.67)	0.00
GNMA	2001 A-E RMRB	7.19	01/22/90	11/20/14	130,724.41	137,880.94			(5,297.51)		125,426.90	132,257.63	(325.80)	0.00
GNMA	2001 A-E RMRB	8.19	01/22/90	11/20/14	23,093.24	24,834.78			(865.84)		22,227.40	23,897.26	(71.68)	0.00
GNMA	2001 A-E RMRB	7.19	01/01/90	11/20/14	93,914.35	99,055.25			(17,054.45)		76,859.90	81,045.31	(955.49)	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	11/20/14	36,103.52	38,826.02			(1,307.85)		34,795.67	37,409.57	(108.60)	0.00
GNMA	2001 A-E RMRB	7.19	01/01/90	12/20/14	88,557.63	93,406.91			(4,619.58)		83,938.05	88,510.42	(276.91)	0.00
GNMA	2001 A-E RMRB	8.19	02/28/90	12/20/14	141,534.09	152,211.28			(4,813.12)		136,720.97	146,995.84	(402.32)	0.00
GNMA	2001 A-E RMRB	7.19	01/20/90	01/20/15	192,841.37	203,917.36			(6,675.65)		186,165.72	196,794.13	(447.58)	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	01/20/15	200,427.46	216,128.96			(6,652.86)		193,774.60	208,891.72	(584.38)	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	81,177.15	85,840.31			(2,528.68)		78,648.47	83,139.18	(172.45)	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	12/20/14	57,567.69	61,910.48			(1,804.62)		55,763.07	59,953.75	(152.11)	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	112,473.09	118,934.04			(3,800.99)		108,672.10	114,877.13	(255.92)	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	01/20/15	107,153.49	115,549.33			(3,905.56)		103,247.93	111,304.00	(339.77)	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	01/20/15	45,649.10	48,271.66			(2,180.31)		43,468.79	45,951.07	(140.28)	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	01/20/15	83,469.45	90,010.15			(3,414.65)		80,054.80	86,301.73	(293.77)	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	02/20/15	49,723.79	52,581.43			(16,012.83)		33,710.96	35,636.69	(931.91)	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	02/20/15	205,461.40	221,565.33			(30,589.34)		174,872.06	188,521.21	(2,454.78)	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	166,067.30	175,614.83			(5,236.24)		160,831.06	170,021.96	(356.63)	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	169,997.70	183,325.82			(6,688.93)		163,308.77	176,059.05	(577.84)	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	170,690.53	180,503.86			(6,811.47)		163,879.06	173,244.13	(448.26)	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	413,625.66	446,054.59			(14,950.07)		398,675.59	429,801.92	(1,302.60)	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	65,127.52	68,873.43			(3,155.25)		61,972.27	65,515.26	(202.92)	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	03/20/15	30,298.64	32,674.37			(860.88)		29,437.76	31,736.36	(77.13)	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	111,963.60	118,403.45			(6,237.25)		105,726.35	111,770.91	(395.29)	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	04/20/15	346,933.14	374,142.43			(9,924.07)		337,009.07	363,329.76	(888.60)	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	69,513.90	73,513.84			(2,126.67)		67,387.23	71,241.57	(145.60)	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	47,796.96	51,546.81			(1,356.32)		46,440.64	50,068.94	(121.55)	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	60,755.16	64,251.15			(1,833.28)		58,921.88	62,292.06	(125.81)	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	196,727.50	212,161.31			(6,027.51)		190,699.99	205,598.75	(535.05)	0.00
GNMA	2001 A-E RMRB	6.19	06/28/90	05/20/15	74,386.19	76,525.18			(2,283.53)		72,102.66	73,895.55	(346.10)	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	46,471.62	49,146.86			(1,338.32)		45,133.30	47,715.96	(92.58)	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	06/20/15	25,046.50	26,488.66			(711.39)		24,335.11	25,727.90	(49.37)	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	07/20/15	65,746.70	70,908.36			(1,948.93)		63,797.77	68,785.55	(173.88)	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	07/20/15	76,678.12	81,094.44			(26,777.08)		49,901.04	52,757.86	(1,559.50)	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	08/20/15	98,428.70	106,157.85			(2,776.85)		95,651.85	103,131.63	(249.37)	0.00
GNMA	2001 A-E RMRB	6.19	09/13/90	07/20/15	87,250.65	89,764.17			(2,742.03)		84,508.62	86,614.37	(407.77)	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	86,069.39	92,828.34			(3,423.25)		82,646.14	89,109.24	(295.85)	0.00
GNMA	2001 A-E RMRB	6.19	09/28/90	08/20/15	159,386.86	163,981.84			(19,631.68)		139,755.18	143,240.46	(1,109.70)	0.00
GNMA	2001 A-E RMRB	7.19	09/28/90	08/20/15	144,069.79	152,370.68			(4,568.31)		139,501.48	147,490.93	(311.44)	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	290,329.31	313,128.64			(8,194.94)		282,134.37	304,197.86	(735.84)	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	08/20/15	7,684.41	8,127.21			(202.63)		7,481.78	7,910.32	(14.26)	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	62,533.23	67,445.66			(1,911.62)		60,621.61	65,364.03	(170.01)	0.00
GNMA	2001 A-E RMRB	6.19	10/31/90	09/20/15	77,698.64	79,940.61			(2,642.54)		75,056.10	76,929.80	(368.27)	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	09/20/15	23,268.94	24,610.23			(1,422.33)		21,846.61	23,098.35	(89.55)	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	215,773.03	232,723.36			(5,801.81)		209,971.22	226,397.10	(524.45)	0.00
GNMA	2001 A-E RMRB	6.19	11/28/90	10/20/15	110,095.33	113,274.54			(3,441.54)		106,653.79	109,318.65	(514.35)	0.00
GNMA	2001 A-E RMRB	8.19	11/28/90	10/20/15	382,779.42	412,858.34			(10,670.04)		372,109.38	401,228.08	(960.22)	0.00
GNMA	2001 A-E RMRB	7.19	12/21/90	10/20/15	64,351.92	68,063.25			(20,804.29)		43,547.63	46,044.07	(1,214.89)	0.00
GNMA	2001 A-E RMRB	8.19	12/21/90	11/20/15	92,916.69	100,220.29			(2,598.45)		90,318.24	97,388.02	(233.82)	0.00
GNMA	2001 A-E RMRB	8.19	02/25/91	10/20/15	17,714.29	19,106.73			(446.25)		17,268.04	18,619.73	(40.75)	0.00
GNMA	2001 A-E RMRB	6.19	01/25/91	11/20/15	125,890.68	129,529.92			(3,549.55)		122,341.13	125,401.72	(578.65)	0.00
GNMA	2001 A-E RMRB	8.19	01/28/91	11/20/15	34,772.94	37,506.61			(1,122.58)		33,650.36	36,284.77	(99.26)	0.00
GNMA	2001 A-E RMRB	8.19	02/25/90	01/20/16	81,076.88	87,720.50			(2,462.66)		78,614.22	85,026.62	(231.22)	0.00
GNMA	2001 A-E RMRB	8.19	03/28/91	02/20/16	80,190.45	86,770.73			(3,388.37)		76,802.08	83,075.31	(307.05)	0.00
GNMA	2001 A-E RMRB	8.75	04/29/91	02/20/20	117,495.18	127,824.03			(1,460.82)		116,034.36	126,185.17	(178.04)	0.00
GNMA	2001 A-E RMRB	8.19	04/29/91	04/20/16	106,182.07	114,899.89			(5,930.21)		100,251.86	108,444.97	(524.71)	0.00
GNMA	2001 A-E RMRB	7.19	04/29/91	02/20/16	175,080.09	185,569.11			(4,712.33)		170,367.76	180,505.27	(351.51)	0.00
GNMA	2001 A-E RMRB	6.19	04/29/91	04/20/16	269,102.87	276,614.27			(8,123.68)		260,979.19	267,193.38	(1,297.21)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	7.19	04/26/91	04/20/16	39,211.15	41,561.63			(1,142.95)		38,068.20	40,334.71	(83.97)	0.00
GNMA	2001 A-E RMRB	6.19	10/23/92	09/20/17	250,816.53	257,891.72			(7,198.10)		243,618.43	249,439.60	(1,254.02)	0.00
GNMA	2001 A-E RMRB	8.19	11/23/92	01/20/17	15,063.59	16,367.20			(370.81)		14,692.78	15,957.68	(38.71)	0.00
GNMA	2001 A-E RMRB	7.19	10/30/92	08/20/17	214,606.52	227,878.36			(8,822.86)		205,783.66	218,415.94	(639.56)	0.00
GNMA	2001 A-E RMRB	6.00	10/30/92	09/20/17	292,342.65	301,557.17			(6,311.57)		286,031.08	293,898.70	(1,346.90)	0.00
GNMA	2001 A-E RMRB	5.45	02/25/02	01/20/32	445,786.91	448,647.69			(2,273.68)		443,513.23	444,168.38	(2,205.63)	0.00
GNMA	2001 A-E RMRB	4.95	02/25/02	02/20/32	1,127,953.41	1,104,996.16			(89,596.47)		1,038,356.94	1,014,251.28	(1,148.41)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	220,295.99	221,727.15			(1,069.63)		219,226.36	219,567.46	(1,090.06)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	05/20/32	932,135.88	913,230.33			(5,124.88)		927,011.00	905,555.90	(2,549.55)	0.00
GNMA	2001 A-E RMRB	4.95	05/24/02	05/20/32	725,425.70	710,717.71			(3,887.90)		721,537.80	704,843.29	(1,986.52)	0.00
GNMA	2001 A-E RMRB	5.45	05/24/02	05/20/32	324,740.38	326,852.38			(1,599.74)		323,140.64	323,645.73	(1,606.91)	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	799,772.45	804,923.61			(4,229.59)		795,542.86	796,736.55	(3,957.47)	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	98,518.08	99,152.61			(1,490.96)		97,027.12	97,172.71	(488.94)	0.00
GNMA	2001 A-E RMRB	4.95	03/21/02	02/20/32	678,461.60	664,664.22			(5,626.91)		672,834.69	657,225.95	(1,811.36)	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	04/20/32	1,428,287.38	1,437,530.08			(7,966.49)		1,420,320.89	1,422,495.00	(7,068.59)	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	03/20/32	150,454.36	151,427.07			(719.82)		149,734.54	149,962.84	(744.41)	0.00
GNMA	2001 A-E RMRB	4.95	04/17/02	04/20/32	1,241,677.38	1,216,463.15			(10,468.20)		1,231,209.18	1,202,683.39	(3,311.56)	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	60,499.35	60,891.41			(285.48)		60,213.87	60,306.59	(299.34)	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	1,602,345.06	1,569,821.11			(10,291.84)		1,592,053.22	1,555,181.16	(4,348.11)	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	618,572.76	622,581.32			(3,330.26)		615,242.50	616,189.88	(3,061.18)	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	77,674.70	76,098.08			(434.75)		77,239.95	75,451.07	(212.26)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	336,395.41	338,580.83			(1,849.69)		334,545.72	335,066.27	(1,664.87)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	04/20/32	313,609.05	307,246.91			(1,820.04)		311,789.01	304,571.33	(855.54)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	04/20/32	123,975.55	124,780.34			(629.76)		123,345.79	123,537.09	(613.49)	0.00
GNMA	2001 A-E RMRB	5.45	08/29/02	08/20/32	267,574.11	269,337.39			(2,558.76)		265,015.35	265,452.31	(1,326.32)	0.00
GNMA	2001 A-E RMRB	4.95	08/29/02	08/20/32	329,523.51	322,870.07			(1,676.46)		327,847.05	320,288.94	(904.67)	0.00
GNMA	2001 A-E RMRB	5.45	06/03/02	05/20/32	194,020.52	195,283.74			(1,045.11)		192,975.41	193,278.40	(960.23)	0.00
GNMA	2001 A-E RMRB	4.95	06/03/02	05/20/32	705,260.57	690,966.22			(3,899.84)		701,360.73	685,137.82	(1,928.56)	0.00
GNMA	2001 A-E RMRB	4.95	06/10/02	05/20/32	391,035.73	383,112.10			(2,295.37)		388,740.36	379,750.49	(1,066.24)	0.00
GNMA	2001 A-E RMRB	5.45	06/19/02	06/20/32	95,541.30	96,165.00			(508.83)		95,032.47	95,183.31	(472.86)	0.00
GNMA	2001 A-E RMRB	4.95	06/19/02	06/20/32	178,167.74	174,559.61			(930.75)		177,236.99	173,140.37	(488.49)	0.00
GNMA	2001 A-E RMRB	5.45	06/25/02	05/20/32	90,643.44	91,235.08			(428.85)		90,214.59	90,357.60	(448.63)	0.00
GNMA	2001 A-E RMRB	4.95	06/25/02	06/20/32	186,027.72	182,261.15			(967.38)		185,060.34	180,783.62	(510.15)	0.00
GNMA	2001 A-E RMRB	5.45	07/05/02	06/20/32	342,815.89	345,057.63			(1,657.72)		341,158.17	341,703.48	(1,696.43)	0.00
GNMA	2001 A-E RMRB	4.95	07/05/02	06/20/32	799,092.48	782,918.45			(4,541.81)		794,550.67	776,194.17	(2,182.47)	0.00
GNMA	2001 A-E RMRB	5.45	07/15/02	06/20/32	115,280.86	116,035.52			(541.84)		114,739.02	114,923.23	(570.45)	0.00
GNMA	2001 A-E RMRB	4.95	07/15/02	06/20/32	283,546.70	277,809.55			(1,808.37)		281,738.33	275,231.28	(769.90)	0.00
GNMA	2001 A-E RMRB	5.45	07/22/02	06/20/32	161,476.59	162,534.48			(815.84)		160,660.75	160,919.50	(799.14)	0.00
GNMA	2001 A-E RMRB	4.95	07/22/02	07/20/32	356,115.83	348,914.19			(2,100.58)		354,015.25	345,842.70	(970.91)	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	96,165.31	98,637.69			(1,670.37)		94,494.94	97,182.19	214.87	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	72,029.35	70,659.73	5.95				72,035.30	69,617.08	(1,048.60)	0.00
GNMA	2001 A-E RMRB	4.95	07/29/02	07/20/32	348,336.57	341,294.01			(1,752.35)		346,584.22	338,584.96	(956.70)	0.00
GNMA	2001 A-E RMRB	5.45	08/01/02	07/20/32	61,920.89	62,327.37			(288.66)		61,632.23	61,732.30	(306.41)	0.00
GNMA	2001 A-E RMRB	4.95	08/01/02	06/20/32	54,280.53	53,182.94			(313.62)		53,966.91	52,721.13	(148.19)	0.00
GNMA	2001 A-E RMRB	5.45	08/12/02	07/20/32	159,714.88	160,764.62			(776.39)		158,938.49	159,197.81	(790.42)	0.00
GNMA	2001 A-E RMRB	4.95	08/12/02	07/20/32	232,722.00	228,019.19			(1,490.48)		231,231.52	225,896.90	(631.81)	0.00
GNMA	2001 A-E RMRB	5.45	08/23/02	08/20/32	833,935.57	839,427.75			(4,483.44)		829,452.13	830,816.42	(4,127.89)	0.00
GNMA	2001 A-E RMRB	4.95	08/23/02	08/20/32	1,130,251.47	1,107,426.01			(5,891.81)		1,124,359.66	1,098,434.54	(3,099.66)	0.00
GNMA	2001 A-E RMRB	5.45	11/12/02	10/20/32	342,841.09	345,123.00			(2,565.56)		340,275.53	340,858.93	(1,698.51)	0.00
GNMA	2001 A-E RMRB	5.45	09/12/02	08/20/32	231,191.13	232,716.98			(2,306.70)		228,884.43	229,264.10	(1,146.18)	0.00
GNMA	2001 A-E RMRB	4.95	09/12/02	08/20/32	421,920.81	413,405.98			(2,252.24)		419,668.57	409,997.82	(1,155.92)	0.00
GNMA	2001 A-E RMRB	5.45	09/19/02	09/20/32	111,589.47	112,327.21			(505.88)		111,083.59	111,269.11	(552.22)	0.00
GNMA	2001 A-E RMRB	4.95	09/19/02	09/20/32	530,946.74	520,237.36			(3,287.53)		527,659.21	515,505.59	(1,444.24)	0.00
GNMA	2001 A-E RMRB	5.45	09/26/02	09/20/32	581,919.96	585,770.08			(2,851.36)		579,068.60	580,038.57	(2,880.15)	0.00
GNMA	2001 A-E RMRB	4.95	09/26/02	09/20/32	372,080.69	364,577.51			(1,895.67)		370,185.02	361,660.33	(1,021.51)	0.00
GNMA	2001 A-E RMRB	5.45	10/10/02	09/20/32	579,410.96	583,250.40			(2,836.94)		576,574.02	577,545.66	(2,867.80)	0.00
GNMA	2001 A-E RMRB	4.95	10/10/02	09/20/32	321,784.11	315,298.39			(1,639.99)		320,144.12	312,774.96	(883.44)	0.00
GNMA	2001 A-E RMRB	5.45	10/21/02	10/20/32	148,084.34	149,067.56			(678.69)		147,405.65	147,656.00	(732.87)	0.00
GNMA	2001 A-E RMRB	4.95	10/21/02	10/20/32	302,101.84	296,016.70			(1,892.12)		300,209.72	293,303.25	(821.33)	0.00
GNMA	2001 A-E RMRB	5.45	10/29/02	11/20/32	49,691.53	50,022.01			(226.34)		49,465.19	49,549.75	(245.92)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.95	10/29/02	11/20/32	306,060.51	299,898.95			(1,631.54)		304,428.97	297,428.73	(838.68)	0.00
GNMA	2001 A-E RMRB	5.45	11/05/02	10/20/32	414,991.48	417,751.51			(2,493.02)		412,498.46	413,203.59	(2,054.90)	0.00
GNMA	2001 A-E RMRB	4.95	11/05/02	10/20/32	251,752.60	246,684.37			(1,234.99)		250,517.61	244,757.04	(692.34)	0.00
GNMA	2001 A-E RMRB	5.45	11/19/02	11/20/32	107,314.42	108,029.78			(487.52)		106,826.90	107,011.13	(531.13)	0.00
GNMA	2001 A-E RMRB	4.95	11/19/02	11/20/32	71,784.92	70,340.83			(357.62)		71,427.30	69,785.91	(197.30)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	188,184.54	189,439.98			(966.56)		187,217.98	187,541.83	(931.59)	0.00
GNMA	2001 A-E RMRB	4.95	11/26/02	11/20/32	77,195.24	75,642.68			(382.88)		76,812.36	75,047.60	(212.20)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	170,685.38	171,824.04			(2,056.91)		168,628.47	168,920.14	(846.99)	0.00
GNMA	2001 A-E RMRB	4.95	12/12/02	11/20/32	74,449.86	72,953.40			(370.87)		74,078.99	72,377.91	(204.62)	0.00
GNMA	2001 A-E RMRB	5.45	12/12/02	11/20/32	353,205.55	355,566.12			(1,766.59)		351,438.96	352,051.09	(1,748.44)	0.00
GNMA	2001 A-E RMRB	5.45	12/19/02	12/20/32	359,723.99	362,131.77			(1,763.75)		357,960.24	358,587.32	(1,780.70)	0.00
GNMA	2001 A-E RMRB	4.95	12/19/02	11/20/32	63,946.95	62,661.92			(308.54)		63,638.41	62,177.39	(175.99)	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	336,967.35	339,225.54			(1,773.60)		335,193.75	335,783.67	(1,668.27)	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	42,539.53	42,824.61			(193.31)		42,346.22	42,420.74	(210.56)	0.00
GNMA	2001 A-E RMRB	4.95	12/30/02	12/20/32	60,009.14	58,804.01			(1,306.38)		58,702.76	57,355.80	(141.83)	0.00
GNMA	2001 A-E RMRB	5.45	01/09/03	12/20/32	102,151.73	102,837.03			(913.72)		101,238.01	101,416.89	(506.42)	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	373,152.66	375,443.50			(2,023.98)		371,128.68	371,621.74	(1,797.78)	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	364,405.02	356,991.95			(1,892.51)		362,512.51	353,705.41	(1,394.03)	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	90,821.64	91,379.21			(406.30)		90,415.34	90,535.46	(437.45)	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	47,755.57	46,784.08			(1,017.54)		46,738.03	45,602.55	(163.99)	0.00
GNMA	2001 A-E RMRB	5.45	01/30/03	12/20/32	276,811.87	278,673.11			(1,667.41)		275,144.46	275,634.80	(1,370.90)	0.00
GNMA	2001 A-E RMRB	4.95	01/30/03	01/20/33	72,085.33	70,619.26			(687.75)		71,397.58	69,663.35	(268.16)	0.00
GNMA	2001 A-E RMRB	5.45	02/12/03	01/20/33	231,347.59	232,771.39			(1,200.55)		230,147.04	230,456.28	(1,114.56)	0.00
GNMA	2001 A-E RMRB	4.95	02/12/03	02/20/33	157,739.61	154,533.84			(764.35)		156,975.26	153,164.69	(604.80)	0.00
GNMA	2001 A-E RMRB	5.45	02/20/03	02/20/33	176,014.98	177,100.03			(826.01)		175,188.97	175,426.31	(847.71)	0.00
GNMA	2001 A-E RMRB	4.95	02/27/03	02/20/33	136,744.82	133,967.21			(679.19)		136,065.63	132,764.12	(523.90)	0.00
GNMA	2001 A-E RMRB	4.95	03/12/03	02/20/33	157,845.25	154,640.45			(761.07)		157,084.18	153,274.06	(605.32)	0.00
GNMA	2001 A-E RMRB	5.45	03/20/03	02/20/33	262,260.95	263,883.25			(1,683.59)		260,577.36	260,935.64	(1,264.02)	0.00
GNMA	2001 A-E RMRB	4.95	03/20/03	02/20/33	100,989.91	98,940.07			(545.00)		100,444.91	98,009.18	(385.89)	0.00
GNMA	2001 A-E RMRB	5.45	04/02/03	03/20/33	111,405.52	112,096.23			(558.92)		110,846.60	111,000.58	(536.73)	0.00
GNMA	2001 A-E RMRB	5.45	04/10/03	03/20/33	121,342.59	122,095.66			(609.92)		120,732.67	120,901.11	(584.63)	0.00
GNMA	2001 A-E RMRB	5.45	04/17/03	03/20/33	50,836.42	51,152.17			(621.15)		50,215.27	50,285.58	(245.44)	0.00
GNMA	2001 A-E RMRB	5.45	04/29/03	04/20/33	217,587.85	218,942.42			(977.59)		216,610.26	216,916.62	(1,048.21)	0.00
GNMA	2001 A-E RMRB	5.45	05/08/03	04/20/33	202,888.00	204,152.29			(1,027.35)		201,860.65	202,147.37	(977.57)	0.00
GNMA	2001 A-E RMRB	4.95	05/08/03	04/20/33	140,301.01	137,459.49			(709.87)		139,591.14	136,212.33	(537.29)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/03	04/20/33	144,735.26	141,804.64			(686.55)		144,048.71	140,562.70	(555.39)	0.00
GNMA	2001 A-E RMRB	5.45	05/22/03	04/20/33	150,124.23	151,061.40			(852.53)		149,271.70	149,485.38	(723.49)	0.00
GNMA	2001 A-E RMRB	5.45	05/29/03	05/20/33	280,148.51	281,899.93			(1,226.36)		278,922.15	279,323.96	(1,349.61)	0.00
GNMA	2001 A-E RMRB	5.45	06/10/03	05/20/33	259,576.48	261,201.66			(102,986.92)		156,589.56	156,816.56	(1,398.18)	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	111,755.71	112,456.65			(567.77)		111,187.94	111,350.47	(538.41)	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	210,447.37	211,767.31			(1,819.08)		208,628.29	208,933.26	(1,014.97)	0.00
GNMA	2001 A-E RMRB	5.45	06/26/03	06/20/33	101,421.51	102,058.25			(872.78)		100,548.73	100,696.21	(489.26)	0.00
GNMA	2001 A-E RMRB	5.45	07/10/03	06/20/33	48,920.06	49,227.69			(209.07)		48,710.99	48,782.93	(235.69)	0.00
GNMA	2001 A-E RMRB	5.45	07/17/03	07/20/33	52,356.83	52,686.59			(222.33)		52,134.50	52,212.03	(252.23)	0.00
GNMA	2001 A-E RMRB	5.45	07/24/03	07/20/33	48,794.28	49,101.86			(210.76)		48,583.52	48,656.01	(235.09)	0.00
GNMA	2001 A-E RMRB	5.45	07/30/03	07/20/33	51,496.31	51,821.13			(218.65)		51,277.66	51,354.37	(248.11)	0.00
GNMA	2001 A-E RMRB	5.45	08/07/03	07/20/33	95,034.42	95,634.43			(546.23)		94,488.19	94,630.13	(458.07)	0.00
GNMA	2001 A-E RMRB	5.45	08/28/03	08/20/33	53,838.31	54,179.32			(325.87)		53,512.44	53,593.96	(259.49)	0.00
GNMA	2001 A-E RMRB	5.45	09/29/03	09/20/33	53,104.37	53,442.29			(279.99)		52,824.38	52,906.35	(255.95)	0.00
GNMA	2001 A-E RMRB	5.45	10/23/03	10/20/33	49,025.39	49,338.45			(211.31)		48,814.08	48,890.91	(236.23)	0.00
GNMA	2001 A-E RMRB	5.45	11/20/03	10/20/33	52,421.61	52,757.48			(268.13)		52,153.48	52,236.67	(252.68)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/03	06/20/33	62,734.97	63,136.15			(285.82)		62,449.15	62,547.94	(302.39)	0.00
GNMA	2001 A-E RMRB	5.45	12/04/03	11/20/33	242,636.87	244,195.14			(1,037.48)		241,599.39	241,988.42	(1,169.24)	0.00
GNMA	2001 A-E RMRB	5.45	12/11/03	12/20/33	59,543.21	59,926.16			(244.76)		59,298.45	59,394.47	(286.93)	0.00
GNMA	2001 A-E RMRB	4.95	01/15/04	01/20/34	120,855.46	118,380.14			(534.60)		120,320.86	117,362.68	(482.86)	0.00
GNMA	2001 A-E RMRB	4.95	01/22/04	01/20/34	372,106.57	363,552.74			(1,862.57)		370,244.00	360,228.44	(1,461.73)	0.00
GNMA	2001 A-E RMRB	5.45	01/22/04	12/20/33	51,347.22	51,679.12			(211.19)		51,136.03	51,220.48	(247.45)	0.00
GNMA	2001 A-E RMRB	5.45	01/29/04	11/20/33	50,649.86	50,977.36			(211.55)		50,438.31	50,521.66	(244.15)	0.00
GNMA	2001 A-E RMRB	5.45	02/12/04	11/20/33	51,023.53	51,353.96			(216.87)		50,806.66	50,891.19	(245.90)	0.00
GNMA	2001 A-E RMRB	5.45	03/11/04	02/20/34	51,795.00	52,139.47			(210.22)		51,584.78	51,649.43	(279.82)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.95	03/11/04	02/20/34	126,237.67	123,657.85			(558.95)		125,678.72	122,594.49	(504.41)	0.00
GNMA	2001 A-E RMRB	4.95	04/08/04	02/20/34	99,575.05	97,292.24			(477.31)		99,097.74	96,423.15	(391.78)	0.00
GNMA	2001 A-E RMRB	5.49	04/16/04	04/20/34	94,213.21	95,025.57			(459.78)		93,753.43	94,075.72	(490.07)	0.00
FNMA	2001 A-E RMRB	5.45	04/17/02	03/01/32	279,871.86	279,334.43			(1,798.85)		278,073.01	276,601.23	(934.35)	0.00
FNMA	2001 A-E RMRB	4.95	05/15/02	04/01/32	187,893.02	182,374.17			(2,653.35)		185,239.67	179,503.33	(217.49)	0.00
FNMA	2001 A-E RMRB	4.95	06/10/02	06/01/32	84,941.45	82,447.68			(533.46)		84,407.99	81,795.26	(118.96)	0.00
FNMA	2001 A-E RMRB	4.95	07/22/02	06/01/32	231,041.97	224,262.26			(1,833.33)		229,208.64	222,117.18	(311.75)	0.00
FNMA	2001 A-E RMRB	5.45	09/19/02	08/01/32	234,295.39	233,861.21			(1,225.48)		233,069.91	231,851.92	(783.81)	0.00
FNMA	2001 A-E RMRB	4.95	09/26/02	09/01/32	85,192.09	82,694.79			(424.00)		84,768.09	82,148.01	(122.78)	0.00
FNMA	2001 A-E RMRB	5.45	01/23/03	11/01/32	297,689.49	297,153.35			(2,988.32)		294,701.17	293,176.40	(988.63)	0.00
FNMA	2001 A-E RMRB	4.95	07/24/03	09/01/32	217,248.01	210,902.71			(1,473.13)		215,774.88	209,128.22	(301.36)	0.00
FNMA	2001 A-E RMRB	5.45	09/18/03	01/01/33	56,947.86	56,832.82			(954.60)		55,993.26	55,689.53	(188.69)	0.00
FNMA	2001 A-E RMRB				62,932.06	61,078.35			(62,932.06)				1,853.71	0.00
FNMA	2001 A-E RMRB	5.45	04/08/04	01/01/32	25,031.82	24,990.35			(171.77)		24,860.05	24,734.93	(83.65)	0.00
Repo Agmt	2001 A-E RMRB	2.10	08/29/08	09/02/08	95,427.89	95,427.89	39,811.09				135,238.98	135,238.98	-	0.00
Repo Agmt	2001 A-E RMRB	2.10	08/29/08	09/02/08	306.49	306.49	52,157.44				52,463.93	52,463.93	-	0.00
Repo Agmt	2001 A-E RMRB	2.10	08/29/08	09/02/08	181.96	181.96	124.47				306.43	306.43	-	0.00
GNMA	2001 A-E RMRB	5.49	03/12/03	03/20/33	4,779.68	4,818.21			(20.70)		4,758.98	4,775.64	(21.87)	0.00
GNMA	2001 A-E RMRB	5.49	03/20/03	02/20/33	11,570.32	11,663.59			(50.83)		11,519.49	11,559.83	(52.93)	0.00
GNMA	2001 A-E RMRB	5.49	04/02/03	03/20/33	20,038.73	20,200.54			(104.42)		19,934.31	20,004.40	(91.72)	0.00
GNMA	2001 A-E RMRB	4.80	04/02/03	03/20/33	10,947.48	10,634.16			(55.18)		10,892.30	10,532.46	(46.52)	0.00
GNMA	2001 A-E RMRB	4.80	04/10/03	04/20/33	55,615.60	54,024.44			(267.79)		55,347.81	53,519.95	(236.70)	0.00
GNMA	2001 A-E RMRB	5.49	04/17/03	04/20/33	66,074.01	66,608.63			(13,325.47)		52,748.54	52,934.86	(348.30)	0.00
GNMA	2001 A-E RMRB	4.80	04/17/03	03/20/33	9,326.88	9,060.02			(50.06)		9,276.82	8,970.43	(39.53)	0.00
GNMA	2001 A-E RMRB	4.80	04/24/03	04/20/33	11,025.60	10,710.26			(52.79)		10,972.81	10,610.54	(46.93)	0.00
GNMA	2001 A-E RMRB	5.49	04/29/03	04/20/33	6,892.36	6,948.21			(30.12)		6,862.24	6,886.56	(31.53)	0.00
GNMA	2001 A-E RMRB	4.80	04/29/03	03/20/33	9,451.67	9,181.33			(55.42)		9,396.25	9,086.01	(39.90)	0.00
GNMA	2001 A-E RMRB	5.49	05/08/03	05/20/33	27,471.67	27,694.54			(119.72)		27,351.95	27,449.14	(125.68)	0.00
GNMA	2001 A-E RMRB	5.49	05/15/03	05/20/33	14,830.76	14,951.14			(64.01)		14,766.75	14,819.28	(67.85)	0.00
GNMA	2001 A-E RMRB	4.80	05/15/03	04/20/33	13,866.94	13,470.55			(71.80)		13,795.14	13,339.89	(58.86)	0.00
GNMA	2001 A-E RMRB	5.49	05/22/03	05/20/33	36,715.04	37,013.27			(161.17)		36,553.87	36,684.13	(167.97)	0.00
GNMA	2001 A-E RMRB	4.80	05/22/03	04/20/33	25,641.60	24,908.75			(123.07)		25,518.53	24,676.54	(109.14)	0.00
GNMA	2001 A-E RMRB	5.49	05/29/03	05/20/33	20,576.76	20,744.01			(92.70)		20,484.06	20,557.16	(94.15)	0.00
GNMA	2001 A-E RMRB	4.80	05/29/03	05/20/33	19,544.95	18,986.54			(93.89)		19,451.06	18,809.45	(83.20)	0.00
GNMA	2001 A-E RMRB	5.49	06/10/03	05/20/33	11,069.95	11,160.00			(47.38)		11,022.57	11,061.98	(50.64)	0.00
GNMA	2001 A-E RMRB	4.80	06/10/03	05/20/33	8,947.27	8,691.70			(50.01)		8,897.26	8,603.84	(37.85)	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	11,249.36	11,341.03			(48.43)		11,200.93	11,241.14	(51.46)	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	10,281.91	9,988.38			(48.60)		10,233.31	9,895.99	(43.79)	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	12,824.39	12,928.85			(67.47)		12,756.92	12,802.68	(58.70)	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	6,554.95	6,367.78			(31.56)		6,523.39	6,308.33	(27.89)	0.00
GNMA	2001 A-E RMRB	5.49	06/26/03	06/20/33	4,978.73	5,019.35			(21.49)		4,957.24	4,975.09	(22.77)	0.00
GNMA	2001 A-E RMRB	5.49	07/03/03	06/20/33	14,805.06	14,925.83			(113.35)		14,691.71	14,744.57	(67.91)	0.00
GNMA	2001 A-E RMRB	5.49	07/10/03	06/20/33	15,071.08	15,194.13			(64.33)		15,006.75	15,060.85	(68.95)	0.00
GNMA	2001 A-E RMRB	4.80	07/10/03	06/20/33	13,994.76	13,595.44			(66.57)		13,928.19	13,469.27	(59.60)	0.00
GNMA	2001 A-E RMRB	4.80	07/17/03	06/20/33	51,081.59	49,624.16			(357.46)		50,724.13	49,052.94	(213.76)	0.00
GNMA	2001 A-E RMRB	5.49	07/24/03	07/20/33	38,461.55	38,776.13			(244.86)		38,216.69	38,355.02	(176.25)	0.00
GNMA	2001 A-E RMRB	4.80	07/24/03	07/20/33	38,540.74	37,441.49			(185.78)		38,354.96	37,091.67	(164.04)	0.00
GNMA	2001 A-E RMRB	5.49	07/30/03	07/20/33	11,615.13	11,710.18			(51.56)		11,563.57	11,605.46	(53.16)	0.00
GNMA	2001 A-E RMRB	5.49	08/07/03	07/20/33	26,990.50	27,211.54			(144.56)		26,845.94	26,943.39	(123.59)	0.00
GNMA	2001 A-E RMRB	4.80	08/07/03	06/20/33	10,661.96	10,357.93			(53.10)		10,608.86	10,259.51	(45.32)	0.00
GNMA	2001 A-E RMRB	5.49	08/14/03	08/20/33	15,927.94	16,058.52			(67.81)		15,860.13	15,917.84	(72.87)	0.00
GNMA	2001 A-E RMRB	4.80	08/14/03	07/20/33	31,039.44	30,154.65			(148.82)		30,890.62	29,873.69	(132.14)	0.00
GNMA	2001 A-E RMRB	5.49	08/21/03	08/20/33	12,037.06	12,135.85			(51.82)		11,985.24	12,028.95	(55.08)	0.00
GNMA	2001 A-E RMRB	4.80	08/28/03	08/20/33	12,593.00	12,234.18			(72.42)		12,520.58	12,108.55	(53.21)	0.00
GNMA	2001 A-E RMRB	5.49	09/04/03	08/20/33	5,264.66	5,307.92			(25.04)		5,239.62	5,258.78	(24.10)	0.00
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33	40,345.32	40,677.39			(7,668.37)		32,676.95	32,796.90	(212.12)	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	45,265.84	43,977.05			(217.40)		45,048.44	43,566.93	(192.72)	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	7,322.80	7,114.30			(34.00)		7,288.80	7,049.09	(31.21)	0.00
GNMA	2001 A-E RMRB	5.49	09/29/03	09/20/33	54,871.08	55,323.17			(249.78)		54,621.30	54,822.27	(251.12)	0.00
GNMA	2001 A-E RMRB	4.80	09/29/03	09/20/33	33,904.04	32,939.02			(169.27)		33,734.77	32,625.61	(144.14)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	5.49	10/16/03	09/20/33	9,732.93	9,813.25			(41.85)		9,691.08	9,726.86	(44.54)	0.00
GNMA	2001 A-E RMRB	5.49	10/30/03	10/20/33	22,746.97	22,892.09			(95.17)		22,651.80	22,693.72	(103.20)	0.00
GNMA	2001 A-E RMRB	4.80	10/30/03	10/20/33	196,236.67	190,167.60			(983.30)		195,253.37	188,360.42	(823.88)	0.00
GNMA	2001 A-E RMRB	5.49	11/13/03	10/20/33	19,848.03	19,974.91			(124.60)		19,723.43	19,760.17	(90.14)	0.00
GNMA	2001 A-E RMRB	4.80	11/13/03	10/20/33	102,657.88	99,739.72			(518.14)		102,139.74	98,785.29	(436.29)	0.00
GNMA	2001 A-E RMRB	5.49	11/20/03	11/20/33	5,130.54	5,173.05			(27.80)		5,102.74	5,121.76	(23.49)	0.00
GNMA	2001 A-E RMRB	4.80	11/20/03	11/20/33	150,010.65	145,374.13			(815.32)		149,195.33	143,931.21	(627.60)	0.00
GNMA	2001 A-E RMRB	5.49	11/26/03	10/20/33	6,315.22	6,367.56			(60.21)		6,255.01	6,278.33	(29.02)	0.00
GNMA	2001 A-E RMRB	4.80	11/26/03	11/20/33	51,671.91	50,203.79			(254.73)		51,417.18	49,729.24	(219.82)	0.00
GNMA	2001 A-E RMRB	4.80	12/04/03	12/20/33	72,671.44	70,426.41			(433.77)		72,237.67	69,689.98	(302.66)	0.00
GNMA	2001 A-E RMRB	5.49	12/04/03	11/20/33	4,924.54	4,965.38			(20.64)		4,903.90	4,922.20	(22.54)	0.00
GNMA	2001 A-E RMRB	4.80	12/11/03	12/20/33	43,177.13	41,843.46			(266.34)		42,910.79	41,397.59	(179.53)	0.00
GNMA	2001 A-E RMRB	5.49	12/11/03	09/20/33	10,295.36	10,380.73			(57.69)		10,237.67	10,275.88	(47.16)	0.00
GNMA	2001 A-E RMRB	5.49	12/18/03	12/20/33	5,522.34	5,568.27			(23.02)		5,499.32	5,519.99	(25.26)	0.00
GNMA	2001 A-E RMRB	4.80	12/18/03	12/20/33	41,434.83	40,258.41			(190.97)		41,243.86	39,890.72	(176.72)	0.00
GNMA	2001 A-E RMRB	5.49	12/23/03	12/20/33	11,489.93	11,585.50			(5,487.97)		6,001.96	6,024.52	(73.01)	0.00
GNMA	2001 A-E RMRB	4.80	12/23/03	12/20/33	21,191.34	20,536.94			(96.99)		21,094.35	20,350.64	(89.31)	0.00
GNMA	2001 A-E RMRB	5.49	01/15/04	01/20/34	31,667.82	31,938.23			(233.02)		31,434.80	31,540.21	(165.00)	0.00
GNMA	2001 A-E RMRB	5.49	01/22/04	01/20/34	39,205.70	39,466.42			(180.08)		39,025.62	39,084.34	(202.00)	0.00
GNMA	2001 A-E RMRB	4.80	01/22/04	01/20/34	37,747.38	36,658.13			(178.19)		37,569.19	36,307.05	(172.89)	0.00
GNMA	2001 A-E RMRB	5.49	01/29/04	01/20/34	12,047.32	12,150.33			(54.88)		11,992.44	12,032.81	(62.64)	0.00
GNMA	2001 A-E RMRB	4.80	01/29/04	11/20/33	8,232.00	7,998.52			(38.88)		8,193.12	7,924.56	(35.08)	0.00
GNMA	2001 A-E RMRB	4.80	02/12/04	01/20/34	20,158.25	19,526.64			(104.80)		20,053.45	19,330.91	(90.93)	0.00
GNMA	2001 A-E RMRB	5.49	02/12/04	02/20/34	42,611.02	42,976.00			(177.99)		42,433.03	42,576.44	(221.57)	0.00
GNMA	2001 A-E RMRB	4.80	02/26/04	02/20/34	26,549.48	25,718.03			(137.98)		26,411.50	25,460.29	(119.76)	0.00
GNMA	2001 A-E RMRB	5.49	02/26/04	02/20/34	21,455.90	21,599.24			(95.33)		21,360.57	21,393.36	(110.55)	0.00
GNMA	2001 A-E RMRB	4.80	03/11/04	03/20/34	25,048.62	24,264.56			(113.67)		24,934.95	24,037.29	(113.60)	0.00
GNMA	2001 A-E RMRB	5.49	03/11/04	03/20/34	70,889.79	71,498.79			(323.20)		70,566.59	70,806.87	(368.72)	0.00
GNMA	2001 A-E RMRB	5.49	03/25/04	03/20/34	28,288.89	28,478.61			(113.90)		28,174.99	28,218.97	(145.74)	0.00
GNMA	2001 A-E RMRB				10,857.48	10,544.78			(10,857.48)				312.70	0.00
GNMA	2001 A-E RMRB	5.49	07/09/04	07/20/34	7,692.92	7,759.84			(36.66)		7,656.26	7,683.14	(40.04)	0.00
GNMA	2001 A-E RMRB	4.80	07/08/04	06/20/34	9,614.35	9,314.33			(43.33)		9,571.02	9,227.38	(43.62)	0.00
GNMA	2001 A-E RMRB	5.49	04/01/04	04/20/34	27,987.47	36,364.59			(38.98)		27,948.49	36,025.39	(300.22)	0.00
GNMA	2001 A-E RMRB	4.80	04/22/04	04/20/34	30,569.97	29,690.28			(138.12)		30,431.85	29,411.92	(140.24)	0.00
GNMA	2001 A-E RMRB	5.49	04/22/04	04/20/34	18,712.56	18,874.02			(96.51)		18,616.05	18,680.13	(97.38)	0.00
GNMA	2001 A-E RMRB	4.80	04/29/04	04/20/34	22,129.75	21,437.91			(124.47)		22,005.28	21,213.95	(99.49)	0.00
GNMA	2001 A-E RMRB	5.49	04/29/04	04/20/34	10,452.62	10,542.82			(43.83)		10,408.79	10,444.63	(54.36)	0.00
GNMA	2001 A-E RMRB	4.80	05/06/04	04/20/34	17,257.75	16,761.33			(80.99)		17,176.76	16,601.27	(79.07)	0.00
GNMA	2001 A-E RMRB	5.49	05/06/04	04/20/34	6,886.19	6,945.66			(27.42)		6,858.77	6,882.43	(35.81)	0.00
GNMA	2001 A-E RMRB	4.80	05/13/04	04/20/34	10,824.62	10,513.30			(49.31)		10,775.31	10,414.34	(49.65)	0.00
GNMA	2001 A-E RMRB	5.49	05/27/04	05/20/34	18,488.66	18,648.75			(83.11)		18,405.55	18,469.46	(96.18)	0.00
GNMA	2001 A-E RMRB	5.49	06/03/04	05/20/34	6,510.02	6,566.43			(25.74)		6,484.28	6,506.83	(33.86)	0.00
GNMA	2001 A-E RMRB	5.49	06/24/04	06/20/34	13,532.53	13,650.06			(56.77)		13,475.76	13,522.91	(70.38)	0.00
GNMA	2001 A-E RMRB	5.49	09/02/04	08/20/34	15,922.76	16,031.84			(67.23)		15,855.53	15,882.56	(82.05)	0.00
GNMA	2001 A-E RMRB	5.49	09/09/04	09/20/34	28,432.11	28,681.05			(110.56)		28,321.55	28,422.63	(147.86)	0.00
GNMA	2001 A-E RMRB	5.49	09/16/04	09/20/34	16,776.79	16,923.73			(64.96)		16,711.83	16,771.53	(87.24)	0.00
GNMA	2001 A-E RMRB	4.80	09/29/04	09/20/34	13,663.33	13,272.02			(58.99)		13,604.34	13,150.24	(62.79)	0.00
GNMA	2001 A-E RMRB	5.49	09/29/04	09/20/34	16,442.62	16,586.85			(65.12)		16,377.50	16,436.21	(85.52)	0.00
GNMA	2001 A-E RMRB	5.49	10/07/04	09/20/34	19,228.22	19,397.02			(76.25)		19,151.97	19,220.75	(100.02)	0.00
GNMA	2001 A-E RMRB	4.80	10/07/04	09/20/34	13,441.68	13,056.81			(70.35)		13,371.33	12,925.10	(61.36)	0.00
GNMA	2001 A-E RMRB	5.49	07/15/04	04/20/34	11,673.40	11,774.91			(46.99)		11,626.41	11,667.21	(60.71)	0.00
GNMA	2001 A-E RMRB	5.49	07/22/04	07/20/34	11,345.69	11,444.52			(44.51)		11,301.18	11,341.02	(58.99)	0.00
GNMA	2001 A-E RMRB	5.49	07/29/04	07/20/34	6,459.56	6,515.85			(25.22)		6,434.34	6,457.04	(33.59)	0.00
GNMA	2001 A-E RMRB	5.49	08/05/04	08/20/34	25,786.55	26,011.54			(105.20)		25,681.35	25,772.24	(134.10)	0.00
GNMA	2001 A-E RMRB	5.49	08/19/04	08/20/34	21,793.67	21,984.04			(163.85)		21,629.82	21,706.59	(113.60)	0.00
GNMA	2001 A-E RMRB	5.49	08/26/04	08/20/34	13,219.89	13,335.41			(51.65)		13,168.24	13,215.01	(68.75)	0.00
GNMA	2001 A-E RMRB	5.49	12/02/04	11/20/34	37,166.18	37,494.30			(159.29)		37,006.89	37,141.66	(193.35)	0.00
GNMA	2001 A-E RMRB	4.80	12/02/04	11/20/34	25,273.13	24,550.75			(110.47)		25,162.66	24,324.17	(116.11)	0.00
GNMA	2001 A-E RMRB	4.80	10/14/04	09/20/34	3,182.94	3,091.78			(16.33)		3,166.61	3,060.91	(14.54)	0.00
GNMA	2001 A-E RMRB				9,935.88	10,004.24			(9,935.88)				(68.36)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.80	10/28/04	09/20/34	9,896.06	9,588.21			(81.34)		9,814.72	9,463.28	(43.59)	0.00
GNMA	2001 A-E RMRB	5.49	10/28/04	10/20/34	14,530.40	14,658.22			(56.53)		14,473.87	14,526.12	(75.57)	0.00
GNMA	2001 A-E RMRB	5.49	12/29/04	12/20/34	36,761.91	37,087.39			(140.20)		36,621.71	36,755.99	(191.20)	0.00
GNMA	2001 A-E RMRB	4.80	12/29/04	12/20/34	14,700.88	14,281.05			(62.33)		14,638.55	14,151.11	(67.61)	0.00
GNMA	2001 A-E RMRB	5.49	01/06/05	01/20/35	10,960.79	11,052.68			(41.18)		10,919.61	10,954.40	(57.10)	0.00
GNMA	2001 A-E RMRB	5.49	01/13/05	12/20/34	11,938.79	12,044.64			(46.39)		11,892.40	11,936.13	(62.12)	0.00
GNMA	2001 A-E RMRB	5.49	01/27/05	01/20/35	45,911.68	46,210.57			(172.83)		45,738.85	45,800.28	(237.46)	0.00
GNMA	2001 A-E RMRB	5.49	03/10/05	12/20/34	11,632.35	11,736.00			(44.11)		11,588.24	11,631.39	(60.50)	0.00
GNMA	2001 A-E RMRB	5.49	05/05/05	03/20/35	6,458.59	6,513.34			(25.11)		6,433.48	6,454.58	(33.65)	0.00
GNMA	2001 A-E RMRB	5.49	07/07/05	06/20/35	8,048.66	8,117.40			(40.45)		8,008.21	8,034.97	(41.98)	0.00
GNMA	2001 A-E RMRB	4.80	07/07/05	06/20/35	8,494.87	8,102.09			(36.18)		8,458.69	8,028.21	(37.70)	0.00
GNMA	2001 A-E RMRB	4.80	06/02/05	04/20/35	34,194.48	32,530.80			(145.73)		34,048.75	32,235.02	(150.05)	0.00
GNMA	2001 A-E RMRB	5.49	09/08/05	08/20/35	13,895.59	13,988.86			(53.48)		13,842.11	13,863.49	(71.89)	0.00
GNMA	2001 A-E RMRB	5.49	09/15/05	09/20/35	25,920.17	26,094.36			(95.88)		25,824.29	25,864.40	(134.08)	0.00
GNMA	2001 A-E RMRB	5.49	08/04/05	08/20/35	34,366.91	34,661.43			(126.96)		34,239.95	34,355.40	(179.07)	0.00
GNMA	2001 A-E RMRB	4.80	10/13/05	09/20/35	13,065.58	12,460.29			(55.96)		13,009.62	12,346.37	(57.96)	0.00
GNMA	2001 A-E RMRB	5.49	10/13/05	10/20/35	21,574.05	21,760.28			(76.71)		21,497.34	21,571.18	(112.39)	0.00
GNMA	2001 A-E RMRB	5.49	12/19/05	12/20/35	25,208.17	25,427.29			(861.92)		24,346.25	24,431.31	(134.06)	0.00
GNMA	2001 A-E RMRB	5.49	11/17/05	11/20/35	26,321.52	26,549.56			(95.24)		26,226.28	26,317.15	(137.17)	0.00
GNMA	2001 A-E RMRB	4.80	11/22/05	10/20/35	24,684.85	23,229.62			(166.40)		24,518.45	22,963.18	(100.04)	0.00
GNMA	2001 A-E RMRB	4.80	12/22/05	12/20/35	22,068.49	21,044.73			(94.40)		21,974.09	20,852.42	(97.91)	0.00
GNMA	2001 A-E RMRB	5.49	12/29/05	11/20/35	19,175.29	19,342.08			(68.25)		19,107.04	19,173.89	(99.94)	0.00
GNMA	2001 A-E RMRB	5.49	01/12/06	01/20/36	8,283.89	8,354.84			(28.91)		8,254.98	8,275.10	(50.83)	0.00
FNMA	2001 A-E RMRB	5.49	05/29/03	04/01/33	28,078.03	28,080.36			(155.87)		27,922.16	27,826.08	(98.41)	0.00
FNMA	2001 A-E RMRB	4.80	09/18/03	07/01/33	8,405.28	8,068.80			(40.66)		8,364.62	8,020.71	(7.43)	0.00
FNMA	2001 A-E RMRB	5.49	12/04/03	11/01/33	15,599.04	15,601.70			(71.00)		15,528.04	15,475.96	(54.74)	0.00
FNMA	2001 A-E RMRB	4.80	01/15/04	11/01/33	31,933.43	30,656.73			(228.91)		31,704.52	30,402.61	(25.21)	0.00
FNMA	2001 A-E RMRB	4.80	02/26/04	01/01/34	11,033.69	10,583.79			(161.48)		10,872.21	10,406.20	(16.11)	0.00
FNMA	2001 A-E RMRB	5.49	04/08/04	06/01/33	7,445.43	7,446.90			(39.27)		7,406.16	7,381.52	(26.11)	0.00
FNMA	2001 A-E RMRB	5.49	09/01/04	08/01/34	26,891.23	26,992.11			(108.12)		26,783.11	26,779.00	(104.99)	0.00
FNMA	2001 A-E RMRB	4.80	09/23/04	08/01/34	6,599.46	6,330.96			(35.73)		6,563.73	6,282.99	(12.24)	0.00
FNMA	2001 A-E RMRB	4.80	11/10/04	10/01/34	6,722.16	6,448.80			(29.22)		6,692.94	6,406.79	(12.79)	0.00
FNMA	2001 A-E RMRB	5.49	07/14/05	05/01/35	4,224.65	4,218.46			(16.30)		4,208.35	4,185.28	(16.88)	0.00
FNMA	2001 A-E RMRB	4.80	07/14/05	04/01/35	8,285.22	7,800.81			(52.51)		8,232.71	7,727.18	(21.12)	0.00
FNMA	2001 A-E RMRB	5.49	11/03/05	10/01/35	26,729.30	26,691.46			(109.36)		26,619.94	26,475.32	(106.78)	0.00
FNMA	2001 A-E RMRB	4.80	12/15/05	10/01/35	7,864.42	7,403.01			(33.20)		7,831.22	7,348.77	(21.04)	0.00
	2001 A-E RMRB Total				51,034,877.61	51,234,156.95	653,211.70	(1,867,746.65)	(912,288.38)	0.00	48,908,054.28	48,935,339.26	(171,994.36)	0.00
Repo Agmt	2002 RMRB	2.10	08/29/08	09/02/08	0.15	0.15	0.00				0.15	0.15	-	0.00
Repo Agmt	2002 RMRB	2.10	08/29/08	09/02/08	11,933.45	11,933.45	235,420.74				247,354.19	247,354.19	-	0.00
Repo Agmt	2002 RMRB				20,644.28	20,644.28		(20,644.28)					-	0.00
GIC's	2002 RMRB	4.20	12/18/02	04/01/34	1,218,818.49	1,218,818.49		(915,696.60)			303,121.89	303,121.89	-	0.00
GIC's	2002 RMRB	4.20	12/18/02	04/01/34	0.20	0.20	9.52				9.72	9.72	-	0.00
GNMA	2002 RMRB	5.49	03/12/03	03/20/33	39,070.71	39,385.57			(169.28)		38,901.43	39,037.62	(178.67)	0.00
GNMA	2002 RMRB	5.49	03/20/03	02/20/33	94,579.51	95,341.90			(415.48)		94,164.03	94,493.77	(432.65)	0.00
GNMA	2002 RMRB	5.49	04/02/03	03/20/33	163,802.82	165,125.58			(853.56)		162,949.26	163,522.21	(749.81)	0.00
GNMA	2002 RMRB	4.80	04/02/03	03/20/33	89,488.29	86,927.01			(451.14)		89,037.15	86,095.70	(380.17)	0.00
GNMA	2002 RMRB	4.80	04/10/03	04/20/33	454,619.46	441,612.70			(2,189.05)		452,430.41	437,488.82	(1,934.83)	0.00
GNMA	2002 RMRB	5.49	04/17/03	04/20/33	540,109.55	544,479.76			(108,926.48)		431,183.07	432,706.07	(2,847.21)	0.00
GNMA	2002 RMRB	4.80	04/17/03	03/20/33	76,240.75	74,059.48			(409.22)		75,831.53	73,327.17	(323.09)	0.00
GNMA	2002 RMRB	4.80	04/24/03	04/20/33	90,126.72	87,549.07			(431.51)		89,695.21	86,733.88	(383.68)	0.00
GNMA	2002 RMRB	5.49	04/29/03	04/20/33	56,340.50	56,796.87			(246.22)		56,094.28	56,292.92	(257.73)	0.00
GNMA	2002 RMRB	4.80	04/29/03	03/20/33	77,260.95	75,051.08			(453.08)		76,807.87	74,271.87	(326.13)	0.00
GNMA	2002 RMRB	5.49	05/08/03	05/20/33	224,562.25	226,383.85			(978.67)		223,583.58	224,377.86	(1,027.32)	0.00
GNMA	2002 RMRB	5.49	05/15/03	05/20/33	121,231.31	122,215.31			(523.26)		120,708.05	121,137.47	(554.58)	0.00
GNMA	2002 RMRB	4.80	05/15/03	04/20/33	113,352.79	110,112.49			(586.94)		112,765.85	109,044.45	(481.10)	0.00
GNMA	2002 RMRB	5.49	05/22/03	05/20/33	300,120.54	302,558.06			(1,317.45)		298,803.09	299,867.58	(1,373.03)	0.00
GNMA	2002 RMRB	4.80	05/22/03	04/20/33	209,602.37	203,611.95			(1,005.99)		208,596.38	201,713.73	(892.23)	0.00
GNMA	2002 RMRB	5.49	05/29/03	05/20/33	168,201.12	169,568.04			(757.82)		167,443.30	168,040.63	(769.59)	0.00
GNMA	2002 RMRB	4.80	05/29/03	05/20/33	159,766.72	155,201.99			(767.52)		158,999.20	153,754.41	(680.06)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2002 RMRB	5.49	06/10/03	05/20/33	90,489.15	91,225.37			(387.33)		90,101.82	90,424.09	(413.95)	0.00
GNMA	2002 RMRB	4.80	06/10/03	05/20/33	73,137.70	71,048.72			(408.81)		72,728.89	70,330.49	(309.42)	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	91,955.94	92,705.12			(395.90)		91,560.04	91,888.64	(420.58)	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	84,047.87	81,648.15			(397.31)		83,650.56	80,892.94	(357.90)	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	104,830.43	105,684.53			(551.52)		104,278.91	104,653.17	(479.84)	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	53,582.11	52,052.29			(258.01)		53,324.10	51,566.26	(228.02)	0.00
GNMA	2002 RMRB	5.49	06/26/03	06/20/33	40,697.99	41,029.79			(175.65)		40,522.34	40,667.94	(186.20)	0.00
GNMA	2002 RMRB	5.49	07/03/03	06/20/33	121,021.12	122,008.46			(926.60)		120,094.52	120,526.73	(555.13)	0.00
GNMA	2002 RMRB	5.49	07/10/03	06/20/33	123,195.82	124,201.54			(525.83)		122,669.99	123,112.10	(563.61)	0.00
GNMA	2002 RMRB	4.80	07/10/03	06/20/33	114,397.81	111,133.37			(544.19)		113,853.62	110,102.01	(487.17)	0.00
GNMA	2002 RMRB	4.80	07/17/03	06/20/33	417,556.68	405,643.42			(2,921.98)		414,634.70	400,974.05	(1,747.39)	0.00
GNMA	2002 RMRB	5.49	07/24/03	07/20/33	314,396.84	316,968.21			(2,001.57)		312,395.27	313,525.90	(1,440.74)	0.00
GNMA	2002 RMRB	4.80	07/24/03	07/20/33	315,043.82	306,058.42			(1,518.48)		313,525.34	303,198.90	(1,341.04)	0.00
GNMA	2002 RMRB	5.49	07/30/03	07/20/33	94,945.76	95,722.67			(421.51)		94,524.25	94,866.72	(434.44)	0.00
GNMA	2002 RMRB	5.49	08/07/03	07/20/33	220,628.95	222,435.68			(1,181.65)		219,447.30	220,243.75	(1,010.28)	0.00
GNMA	2002 RMRB	4.80	08/07/03	06/20/33	87,154.21	84,669.00			(434.00)		86,720.21	83,864.47	(370.53)	0.00
GNMA	2002 RMRB	5.49	08/14/03	08/20/33	130,199.83	131,267.38			(554.30)		129,645.53	130,117.40	(595.68)	0.00
GNMA	2002 RMRB	4.80	08/14/03	07/20/33	253,726.11	246,493.55			(1,216.41)		252,509.70	244,196.87	(1,080.27)	0.00
GNMA	2002 RMRB	5.49	08/21/03	08/20/33	98,395.04	99,202.29			(423.67)		97,971.37	98,328.43	(450.19)	0.00
GNMA	2002 RMRB	4.80	08/28/03	08/20/33	102,938.99	100,006.08			(592.01)		102,346.98	98,979.13	(434.94)	0.00
GNMA	2002 RMRB	5.49	09/04/03	08/20/33	43,035.11	43,388.64			(204.71)		42,830.40	42,986.97	(196.96)	0.00
GNMA	2002 RMRB	5.49	09/18/03	09/20/33	329,795.24	332,509.71			(62,683.68)		267,111.56	268,092.12	(1,733.91)	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	370,017.03	359,482.21			(1,777.10)		368,239.93	356,129.69	(1,575.42)	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	59,858.78	58,154.54			(277.86)		59,580.92	57,621.50	(255.18)	0.00
GNMA	2002 RMRB	5.49	09/29/03	09/20/33	448,533.55	452,228.91			(2,041.76)		446,491.79	448,134.40	(2,052.75)	0.00
GNMA	2002 RMRB	4.80	09/29/03	09/20/33	277,142.25	269,253.89			(1,383.70)		275,758.55	266,691.92	(1,178.27)	0.00
GNMA	2002 RMRB	5.49	10/16/03	09/20/33	79,560.06	80,216.60			(342.11)		79,217.95	79,510.43	(364.06)	0.00
GNMA	2002 RMRB	5.49	10/30/03	10/20/33	185,940.76	187,127.15			(777.91)		185,162.85	185,505.57	(843.67)	0.00
GNMA	2002 RMRB	4.80	10/30/03	10/20/33	1,604,099.95	1,554,489.29			(8,037.82)		1,596,062.13	1,539,716.91	(6,734.56)	0.00
GNMA	2002 RMRB	5.49	11/13/03	10/20/33	162,244.11	163,281.13			(1,018.54)		161,225.57	161,525.79	(736.80)	0.00
GNMA	2002 RMRB	4.80	11/13/03	10/20/33	839,157.52	815,303.57			(4,235.31)		834,922.21	807,501.78	(3,566.48)	0.00
GNMA	2002 RMRB	5.49	11/20/03	11/20/33	41,938.68	42,286.22			(227.21)		41,711.47	41,866.92	(192.09)	0.00
GNMA	2002 RMRB	4.80	11/20/03	11/20/33	1,226,233.74	1,188,333.49			(6,664.79)		1,219,568.95	1,176,538.67	(5,130.03)	0.00
GNMA	2002 RMRB	5.49	11/26/03	10/20/33	51,622.64	52,050.49			(492.17)		51,130.47	51,321.07	(237.25)	0.00
GNMA	2002 RMRB	4.80	11/26/03	11/20/33	422,382.33	410,381.47			(2,082.26)		420,300.07	406,502.37	(1,796.84)	0.00
GNMA	2002 RMRB	4.80	12/04/03	12/20/33	594,039.20	575,687.47			(3,545.69)		590,493.51	569,667.68	(2,474.10)	0.00
GNMA	2002 RMRB	5.49	12/04/03	11/20/33	40,254.62	40,588.66			(168.78)		40,085.84	40,235.69	(184.19)	0.00
GNMA	2002 RMRB	4.80	12/11/03	12/20/33	352,943.33	342,041.48			(2,177.13)		350,766.20	338,396.84	(1,467.51)	0.00
GNMA	2002 RMRB	5.49	12/11/03	09/20/33	84,157.34	84,855.41			(471.60)		83,685.74	83,998.28	(385.53)	0.00
GNMA	2002 RMRB	5.49	12/18/03	12/20/33	45,141.55	45,516.78			(188.14)		44,953.41	45,122.08	(206.56)	0.00
GNMA	2002 RMRB	4.80	12/18/03	12/20/33	338,701.14	329,084.84			(1,561.06)		337,140.08	326,079.29	(1,444.49)	0.00
GNMA	2002 RMRB	5.49	12/23/03	12/20/33	93,922.51	94,703.54			(44,860.40)		49,062.11	49,246.35	(596.79)	0.00
GNMA	2002 RMRB	4.80	12/23/03	12/20/33	173,224.45	167,875.40			(792.92)		172,431.53	166,352.51	(729.97)	0.00
GNMA	2002 RMRB	5.49	01/15/04	01/20/34	258,862.37	261,073.10			(1,904.83)		256,957.54	257,819.56	(1,348.71)	0.00
GNMA	2002 RMRB	5.49	01/22/04	01/20/34	320,479.79	322,610.83			(1,472.10)		319,007.69	319,487.65	(1,651.08)	0.00
GNMA	2002 RMRB	4.80	01/22/04	01/20/34	308,558.94	299,655.03			(1,456.56)		307,102.38	296,785.22	(1,413.25)	0.00
GNMA	2002 RMRB	5.49	01/29/04	01/20/34	98,478.63	99,320.65			(448.62)		98,030.01	98,359.96	(512.07)	0.00
GNMA	2002 RMRB	4.80	01/29/04	11/20/33	67,291.17	65,382.49			(317.75)		66,973.42	64,777.91	(286.83)	0.00
GNMA	2002 RMRB	4.80	02/12/04	01/20/34	164,779.59	159,616.83			(856.65)		163,922.94	158,016.87	(743.31)	0.00
GNMA	2002 RMRB	5.49	02/12/04	02/20/34	348,315.78	351,299.30			(1,455.00)		346,860.78	348,033.15	(1,811.15)	0.00
GNMA	2002 RMRB	4.80	02/26/04	02/20/34	217,023.72	210,227.20			(1,127.83)		215,895.89	208,120.35	(979.02)	0.00
GNMA	2002 RMRB	5.49	02/26/04	02/20/34	175,387.17	176,558.91			(779.33)		174,607.84	174,875.99	(903.59)	0.00
GNMA	2002 RMRB	4.80	03/11/04	03/20/34	204,755.68	198,346.13			(929.20)		203,826.48	196,488.36	(928.57)	0.00
GNMA	2002 RMRB	5.49	03/11/04	03/20/34	579,475.20	584,453.45			(2,641.97)		576,833.23	578,797.47	(3,014.01)	0.00
GNMA	2002 RMRB	5.49	03/25/04	03/20/34	231,242.30	232,793.07			(931.11)		230,311.19	230,670.70	(1,191.26)	0.00
GNMA	2002 RMRB				88,752.15	86,196.32			(88,752.15)				2,555.83	0.00
GNMA	2002 RMRB	5.49	07/09/04	07/20/34	62,884.28	63,431.37			(299.79)		62,584.49	62,804.39	(327.19)	0.00
GNMA	2002 RMRB	4.80	07/08/04	06/20/34	78,590.45	76,138.24			(354.18)		78,236.27	75,427.48	(356.58)	0.00
GNMA	2002 RMRB	5.49	04/01/04	04/20/34	228,778.31	297,255.51			(318.61)		228,459.70	294,482.77	(2,454.13)	0.00
GNMA	2002 RMRB	4.80	04/22/04	04/20/34	249,888.73	242,697.62			(1,129.00)		248,759.73	240,422.21	(1,146.41)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2002 RMRB	5.49	04/22/04	04/20/34	152,962.50	154,282.21			(789.00)		152,173.50	152,697.24	(795.97)	0.00
GNMA	2002 RMRB	4.80	04/29/04	04/20/34	180,895.55	175,240.18			(1,017.35)		179,878.20	173,409.45	(813.38)	0.00
GNMA	2002 RMRB	5.49	04/29/04	04/20/34	85,442.70	86,180.31			(358.23)		85,084.47	85,377.74	(444.34)	0.00
GNMA	2002 RMRB	4.80	05/06/04	04/20/34	141,070.50	137,012.41			(662.00)		140,408.50	135,704.02	(646.39)	0.00
GNMA	2002 RMRB	5.49	05/06/04	04/20/34	56,289.67	56,775.96			(224.13)		56,065.54	56,259.15	(292.68)	0.00
GNMA	2002 RMRB	4.80	05/13/04	04/20/34	88,483.98	85,939.03			(403.02)		88,080.96	85,130.16	(405.85)	0.00
GNMA	2002 RMRB	5.49	05/27/04	05/20/34	151,132.04	152,440.73			(679.40)		150,452.64	150,975.19	(786.14)	0.00
GNMA	2002 RMRB	5.49	06/03/04	05/20/34	53,215.02	53,676.09			(210.43)		53,004.59	53,188.94	(276.72)	0.00
GNMA	2002 RMRB	5.49	06/24/04	06/20/34	110,619.18	111,579.87			(464.01)		110,155.17	110,540.53	(575.33)	0.00
GNMA	2002 RMRB	5.49	09/02/04	08/20/34	130,157.63	131,049.29			(549.53)		129,608.10	129,829.02	(670.74)	0.00
GNMA	2002 RMRB	5.49	09/01/04	09/20/34	232,414.36	234,447.90			(903.77)		231,510.59	232,335.48	(1,208.65)	0.00
GNMA	2002 RMRB	5.49	09/16/04	09/20/34	137,138.36	138,339.83			(531.07)		136,607.29	137,095.72	(713.04)	0.00
GNMA	2002 RMRB	4.80	09/29/04	09/20/34	111,688.16	108,489.65			(482.14)		111,206.02	107,494.21	(513.30)	0.00
GNMA	2002 RMRB	5.49	09/29/04	09/20/34	134,407.09	135,586.13			(532.31)		133,874.78	134,354.79	(699.03)	0.00
GNMA	2002 RMRB	5.49	10/07/04	09/20/34	157,177.55	158,557.26			(623.37)		156,554.18	157,116.43	(817.46)	0.00
GNMA	2002 RMRB	4.80	10/07/04	09/20/34	109,876.43	106,730.44			(575.01)		109,301.42	105,653.83	(501.60)	0.00
GNMA	2002 RMRB	5.49	07/15/04	04/20/34	95,422.26	96,251.84			(384.11)		95,038.15	95,371.49	(496.24)	0.00
GNMA	2002 RMRB	5.49	07/22/04	07/20/34	92,743.36	93,551.15			(363.77)		92,379.59	92,705.10	(482.28)	0.00
GNMA	2002 RMRB	5.49	07/29/04	07/20/34	52,802.41	53,262.61			(206.14)		52,596.27	52,781.88	(274.59)	0.00
GNMA	2002 RMRB	5.49	08/05/04	08/20/34	210,787.46	212,626.41			(860.04)		209,927.42	210,670.31	(1,096.06)	0.00
GNMA	2002 RMRB	5.49	08/19/04	08/20/34	178,148.25	179,704.47			(1,339.30)		176,808.95	177,436.44	(928.73)	0.00
GNMA	2002 RMRB	5.49	08/26/04	08/20/34	108,063.16	109,007.82			(422.24)		107,640.92	108,023.62	(561.96)	0.00
GNMA	2002 RMRB	5.49	12/02/04	11/20/34	303,807.76	306,490.09			(1,302.01)		302,505.75	303,607.49	(1,580.59)	0.00
GNMA	2002 RMRB	4.80	12/02/04	11/20/34	206,590.58	200,685.56			(903.03)		205,687.55	198,833.36	(949.17)	0.00
GNMA	2002 RMRB	4.80	10/14/04	09/20/34	26,018.03	25,273.23			(133.47)		25,884.56	25,020.89	(118.87)	0.00
GNMA	2002 RMRB				81,218.78	81,777.80			(81,218.78)				(559.02)	0.00
GNMA	2002 RMRB	4.80	10/28/04	09/20/34	80,893.52	78,377.11			(664.91)		80,228.61	77,355.86	(356.34)	0.00
GNMA	2002 RMRB	5.49	10/28/04	10/20/34	118,775.81	119,820.87			(462.12)		118,313.69	118,741.02	(617.73)	0.00
GNMA	2002 RMRB	5.49	12/29/04	12/20/34	300,503.18	303,163.99			(1,146.07)		299,357.11	300,454.97	(1,562.95)	0.00
GNMA	2002 RMRB	4.80	12/29/04	12/20/34	120,169.68	116,737.80			(509.54)		119,660.14	115,675.59	(552.67)	0.00
GNMA	2002 RMRB	5.49	01/06/05	01/20/35	89,597.32	90,348.08			(336.61)		89,260.71	89,544.75	(466.72)	0.00
GNMA	2002 RMRB	5.49	01/13/05	12/20/34	97,591.34	98,456.65			(379.25)		97,212.09	97,569.69	(507.71)	0.00
GNMA	2002 RMRB	5.49	01/27/05	01/20/35	375,296.30	377,739.64			(1,412.82)		373,883.48	374,385.82	(1,941.00)	0.00
GNMA	2002 RMRB	5.49	03/10/05	12/20/34	95,086.38	95,933.76			(360.51)		94,725.87	95,078.65	(494.60)	0.00
GNMA	2002 RMRB	5.49	05/05/05	03/20/35	52,794.37	53,242.15			(205.27)		52,589.10	52,761.80	(275.08)	0.00
GNMA	2002 RMRB	5.49	07/07/05	06/20/35	65,792.21	66,354.18			(330.68)		65,461.53	65,680.41	(343.09)	0.00
GNMA	2002 RMRB	4.80	07/07/05	06/20/35	69,440.01	66,229.08			(295.77)		69,144.24	65,625.11	(308.20)	0.00
GNMA	2002 RMRB	4.80	06/02/05	04/20/35	279,516.67	265,916.98			(1,191.27)		278,325.40	263,499.18	(1,226.53)	0.00
GNMA	2002 RMRB	5.49	09/08/05	08/20/35	113,587.04	114,349.37			(437.12)		113,149.92	113,324.57	(587.68)	0.00
GNMA	2002 RMRB	5.49	09/15/05	09/20/35	211,879.70	213,303.44			(783.75)		211,095.95	211,423.69	(1,096.00)	0.00
GNMA	2002 RMRB	5.49	08/04/05	08/20/35	280,925.97	283,333.40			(1,037.78)		279,888.19	280,831.81	(1,463.81)	0.00
GNMA	2002 RMRB	5.49	09/01/05	09/20/35	234,313.14	235,885.02			(836.59)		233,476.55	233,836.22	(1,212.21)	0.00
GNMA	2002 RMRB	4.80	10/13/05	09/20/35	106,944.93	101,854.38			(444.21)		106,500.72	100,923.12	(487.05)	0.00
GNMA	2002 RMRB	5.49	10/13/05	10/20/35	176,353.12	177,875.36			(627.05)		175,726.07	176,329.56	(918.75)	0.00
GNMA	2002 RMRB	5.49	12/19/05	12/20/35	206,059.38	207,850.63			(7,045.57)		199,013.81	199,709.17	(1,095.89)	0.00
GNMA	2002 RMRB	5.49	11/17/05	11/20/35	215,160.40	217,024.40			(778.56)		214,381.84	215,124.60	(1,121.24)	0.00
GNMA	2002 RMRB	4.80	11/22/05	10/20/35	199,117.42	189,886.18			(1,318.43)		197,798.99	187,708.17	(859.58)	0.00
GNMA	2002 RMRB	4.80	12/22/05	12/20/35	180,394.58	172,026.24			(771.80)		179,622.78	170,454.19	(800.25)	0.00
GNMA	2002 RMRB	5.49	12/29/05	11/20/35	156,744.71	158,108.22			(557.84)		156,186.87	156,733.38	(817.00)	0.00
GNMA	2002 RMRB	5.49	01/12/06	01/20/36	285,549.04	287,994.14			(996.89)		284,552.15	285,245.48	(1,751.77)	0.00
GNMA	2002 RMRB	5.49	03/09/06	03/20/36	266,417.88	268,712.78			(1,336.55)		265,081.33	265,740.69	(1,635.54)	0.00
GNMA	2002 RMRB	5.49	03/02/06	03/20/36	152,766.48	154,081.60			(531.41)		152,235.07	152,612.79	(937.40)	0.00
GNMA	2002 RMRB	5.49	02/23/06	02/20/36	296,526.53	299,076.80			(9,484.52)		287,042.01	287,751.88	(1,840.40)	0.00
GNMA	2002 RMRB	5.49	03/16/06	03/20/36	238,683.79	240,741.22			(1,009.42)		237,674.37	238,266.74	(1,465.06)	0.00
GNMA	2002 RMRB	5.49	03/30/06	03/20/36	244,682.68	246,330.58			(891.10)		243,791.58	243,949.49	(1,489.99)	0.00
GNMA	2002 RMRB	5.49	04/06/06	04/20/36	296,750.86	299,314.86			(1,162.32)		295,588.54	296,331.22	(1,821.32)	0.00
FNMA	2002 RMRB	5.49	05/29/03	04/01/33	229,518.51	229,537.66			(1,274.17)		228,244.34	227,459.10	(804.39)	0.00
FNMA	2002 RMRB	4.80	09/18/03	07/01/33	68,707.33	65,956.96			(332.44)		68,374.89	65,563.81	(60.71)	0.00
FNMA	2002 RMRB	5.49	12/04/03	11/01/33	127,511.88	127,533.22			(580.42)		126,931.46	126,505.40	(447.40)	0.00
FNMA	2002 RMRB	4.80	01/15/04	11/01/33	261,033.57	250,597.72			(1,871.22)		259,162.35	248,520.46	(206.04)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2002 RMRB	4.80	02/26/04	01/01/34	90,192.68	86,515.17			(1,319.97)		88,872.71	85,063.56	(131.64)	0.00
FNMA	2002 RMRB	5.49	04/08/04	06/01/33	60,860.86	60,873.37			(321.03)		60,539.83	60,338.86	(213.48)	0.00
FNMA	2002 RMRB	5.49	09/02/04	08/01/34	219,817.21	220,641.96			(883.70)		218,933.51	218,899.93	(858.33)	0.00
FNMA	2002 RMRB	4.80	09/01/04	08/01/34	53,946.59	51,751.27			(292.01)		53,654.58	51,359.17	(100.09)	0.00
FNMA	2002 RMRB	4.80	11/10/04	10/01/34	54,949.03	52,714.52			(238.94)		54,710.09	52,371.12	(104.46)	0.00
FNMA	2002 RMRB	5.49	07/14/05	05/01/35	34,533.69	34,483.09			(133.28)		34,400.41	34,211.82	(137.99)	0.00
FNMA	2002 RMRB	4.80	07/14/05	04/01/35	67,726.01	63,766.28			(429.25)		67,296.76	63,164.40	(172.63)	0.00
FNMA	2002 RMRB	5.49	11/03/05	10/01/35	218,493.59	218,184.40			(893.92)		217,599.67	216,417.61	(872.87)	0.00
FNMA	2002 RMRB	4.80	12/15/05	10/01/35	64,286.33	60,514.58			(271.30)		64,015.03	60,071.13	(172.15)	0.00
FNMA	2002 RMRB	5.49	04/27/06	03/01/36	136,824.49	136,554.72			(476.14)		136,348.35	135,426.28	(652.30)	0.00
FNMA	2002 RMRB	5.49	04/27/06	10/01/35	69,774.77	69,681.01			(250.92)		69,523.85	69,151.04	(279.05)	0.00
Repo Agmt	2002 RMRB	2.10	08/29/08	09/02/08	5,917.88	5,917.88	35,315.34				41,233.22	41,233.22	-	0.00
	2002 RMRB Total				29,470,686.88	29,244,729.25	270,745.60	(936,340.88)	(530,558.83)	0.00	28,274,532.77	27,919,005.98	(129,569.16)	0.00
Repo Agmt	1999 B-D RMRB	2.10	08/29/08	09/02/08	19,497.17	19,497.17	185,707.97				205,205.14	205,205.14	-	0.00
GIC's	1999 B-D RMRB	6.40	12/02/99	07/01/32	2,058,073.75	2,058,073.75		(652,107.67)			1,405,966.08	1,405,966.08	-	0.00
GIC's	1999 B-D RMRB	6.40	12/02/99	07/01/32	1,879,201.01	1,879,201.01	0.00				1,879,201.01	1,879,201.01	-	0.00
GNMA	1999 B-D RMRB	8.18	08/01/90	06/20/20	172,246.49	187,451.51			(3,168.15)		169,078.34	183,906.14	(377.22)	0.00
GNMA	1999 B-D RMRB	7.18	08/01/90	06/20/20	66,582.41	70,774.71			(1,123.88)		65,458.53	69,541.07	(109.76)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	227,408.14	247,486.00			(3,503.16)		223,904.98	243,544.40	(438.44)	0.00
GNMA	1999 B-D RMRB	8.18	07/02/90	05/20/20	14,773.49	16,077.40			(700.65)		14,072.84	15,306.80	(69.95)	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	172,088.50	187,287.42			(4,050.49)		168,038.01	182,782.23	(454.70)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	08/20/20	123,238.20	134,120.11			(2,339.27)		120,898.93	131,504.56	(276.28)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	103,455.59	112,589.72			(1,882.23)		101,573.36	110,482.73	(224.76)	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	08/20/20	111,168.55	120,986.02			(1,301.19)		109,867.36	119,506.40	(178.43)	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	69,619.18	75,767.98			(1,196.85)		68,422.33	74,425.96	(145.17)	0.00
GNMA	1999 B-D RMRB	7.18	11/01/90	09/20/20	95,669.79	101,697.78			(1,322.39)		94,347.40	100,235.85	(139.54)	0.00
GNMA	1999 B-D RMRB	8.18	12/03/90	10/20/20	10,431.82	11,353.38			(436.83)		9,994.99	10,872.20	(44.35)	0.00
GNMA	1999 B-D RMRB	8.75	12/28/89	09/20/18	873,436.86	947,378.34			(20,287.72)		853,149.14	925,067.33	(2,023.29)	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	10/20/18	90,825.41	98,514.74			(1,597.83)		89,227.58	96,749.66	(167.25)	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	09/20/18	92,092.06	99,887.72			(1,657.26)		90,434.80	98,057.78	(172.68)	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	11/20/18	208,521.25	226,178.13			(4,604.53)		203,916.72	221,110.63	(462.97)	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	12/20/18	80,002.16	86,777.21			(29,560.58)		50,441.58	54,695.17	(2,521.46)	0.00
GNMA	1999 B-D RMRB	8.75	02/27/90	01/20/19	100,766.56	109,409.17			(1,810.30)		98,956.26	107,404.18	(194.69)	0.00
GNMA	1999 B-D RMRB	8.75	05/29/90	04/20/19	129,114.42	140,194.49			(2,739.92)		126,374.50	137,169.07	(285.50)	0.00
GNMA	1999 B-D RMRB	8.75	06/28/90	05/20/19	46,221.47	50,188.73			(661.81)		45,559.66	49,451.96	(74.96)	0.00
GNMA	1999 B-D RMRB	7.18	02/01/91	11/20/20	106,839.90	113,575.64			(2,678.98)		104,160.92	110,665.71	(230.95)	0.00
GNMA	1999 B-D RMRB	8.18	02/25/91	11/20/20	64,612.04	70,321.26			(825.05)		63,786.99	69,386.52	(109.69)	0.00
GNMA	1999 B-D RMRB	7.18	05/02/91	02/20/21	64,315.12	68,408.23			(809.28)		63,505.84	67,506.34	(92.61)	0.00
GNMA	1999 B-D RMRB	8.75	09/28/90	08/20/19	86,746.17	94,195.83			(1,310.51)		85,435.66	92,738.73	(146.59)	0.00
GNMA	1999 B-D RMRB	8.75	10/23/90	09/20/19	44,744.07	48,587.26			(1,901.51)		42,842.56	46,505.40	(180.35)	0.00
GNMA	1999 B-D RMRB	8.75	11/28/90	09/20/19	90,161.46	97,906.35			(1,111.63)		89,049.83	96,663.73	(130.99)	0.00
GNMA	1999 B-D RMRB	8.75	12/21/90	09/20/19	48,279.62	52,427.11			(558.31)		47,721.31	51,801.82	(66.98)	0.00
GNMA	1999 B-D RMRB	8.75	01/25/91	12/20/19	108,030.53	117,314.82			(1,359.65)		106,670.88	115,795.80	(159.37)	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	02/20/20	44,642.23	48,526.76			(1,315.48)		43,326.75	47,079.16	(132.12)	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	12/20/19	52,886.91	57,432.74			(634.87)		52,252.04	56,722.48	(75.39)	0.00
GNMA	1999 B-D RMRB	8.18	05/02/91	03/20/21	181,134.75	197,348.78			(2,907.68)		178,227.07	194,069.08	(372.02)	0.00
GNMA	1999 B-D RMRB	6.10	07/28/00	07/20/30	1,367,624.08	1,402,826.71			(7,971.74)		1,359,652.34	1,387,593.17	(7,261.80)	0.00
FNMA	1999 B-D RMRB	6.10	04/28/00	04/01/30	131,839.77	135,304.51			(12,444.26)		119,395.51	121,968.48	(891.77)	0.00
GNMA	1999 B-D RMRB	6.10	04/20/00	04/20/30	813,596.48	834,538.43			(29,459.54)		784,136.94	800,250.94	(4,827.95)	0.00
GNMA	1999 B-D RMRB	6.10	04/27/00	04/20/30	982,875.34	1,008,174.49			(9,353.62)		973,521.72	993,527.54	(5,293.33)	0.00
GNMA	1999 B-D RMRB	6.10	06/26/00	06/20/30	1,180,370.04	1,210,752.74			(8,848.84)		1,171,521.20	1,195,595.92	(6,307.98)	0.00
GNMA	1999 B-D RMRB	6.10	05/30/00	03/20/30	1,734,167.24	1,778,804.72			(71,723.02)		1,662,444.22	1,696,607.42	(10,474.28)	0.00
FNMA	1999 B-D RMRB	6.10	05/30/00	05/01/30	211,915.76	217,484.90			(2,834.68)		209,081.08	213,586.77	(1,063.45)	0.00
FNMA	1999 B-D RMRB	6.10	06/26/00	06/01/30	92,403.71	94,832.07			(798.60)		91,605.11	93,579.19	(454.28)	0.00
GNMA	1999 B-D RMRB	6.10	09/14/00	08/20/30	2,523,439.64	2,588,392.98			(202,546.03)		2,320,893.61	2,368,587.93	(17,259.02)	0.00
GNMA	1999 B-D RMRB	6.10	10/19/00	09/20/30	831,396.25	852,796.41			(6,194.21)		825,202.04	842,159.96	(4,442.24)	0.00
GNMA	1999 B-D RMRB	6.10	10/23/00	10/20/30	363,545.16	372,902.81			(49,896.68)		313,648.48	320,093.96	(2,912.17)	0.00
GNMA	1999 B-D RMRB	6.10	10/27/00	10/20/30	253,994.47	260,532.28			(1,576.04)		252,418.43	257,605.62	(1,350.62)	0.00
GNMA	1999 B-D RMRB	6.10	10/30/00	10/20/30	199,886.35	205,031.39			(1,262.23)		198,624.12	202,705.80	(1,063.36)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	1999 B-D RMRB				46,406.99	47,626.56			(46,406.99)				(1,219.57)	0.00
GNMA	1999 B-D RMRB	6.10	01/16/01	12/20/30	103,590.01	106,256.41			(998.65)		102,591.36	104,699.61	(558.15)	0.00
GNMA	1999 B-D RMRB	6.10	01/29/01	12/20/30	55,246.15	56,668.18			(503.75)		54,742.40	55,867.35	(297.08)	0.00
GNMA	1999 B-D RMRB	6.10	12/21/00	11/20/30	524,072.21	537,561.79			(3,803.51)		520,268.70	530,960.19	(2,798.09)	0.00
GNMA	1999 B-D RMRB	6.10	12/27/00	12/20/30	241,470.48	247,685.92			(2,699.86)		238,770.62	243,677.35	(1,308.71)	0.00
GNMA	1999 B-D RMRB	6.10	02/20/01	01/20/31	60,744.98	62,284.84			(309.69)		60,435.29	61,646.38	(328.77)	0.00
GNMA	1999 B-D RMRB	6.10	03/15/01	03/20/31	198,052.97	203,073.61			(1,123.20)		196,929.77	200,876.23	(1,074.18)	0.00
GNMA	1999 B-D RMRB	6.10	03/29/01	03/20/31	103,352.74	105,972.73			(522.96)		102,829.78	104,890.48	(559.29)	0.00
GNMA	1999 B-D RMRB	6.10	05/10/01	04/20/31	657,384.66	674,049.35			(3,955.54)		653,429.12	666,523.81	(3,570.00)	0.00
FNMA	1999 B-D RMRB	6.10	09/11/00	08/01/30	745,036.18	764,615.74			(6,005.36)		739,030.82	754,956.94	(3,653.44)	0.00
FNMA	1999 B-D RMRB	6.10	10/06/00	10/01/30	104,584.37	107,332.83			(1,094.84)		103,489.53	105,719.71	(518.28)	0.00
GNMA	1999 B-D RMRB	6.10	05/30/01	05/20/31	256,907.29	263,419.88			(1,386.54)		255,520.75	260,641.37	(1,391.97)	0.00
GNMA	1999 B-D RMRB	6.10	06/18/01	04/20/31	205,443.98	210,651.98			(2,062.92)		203,381.06	207,456.81	(1,132.25)	0.00
GNMA	1999 B-D RMRB	6.10	07/25/01	06/20/31	434,067.53	445,071.14			(3,059.83)		431,007.70	439,645.10	(2,366.21)	0.00
GNMA	1999 B-D RMRB	6.10	08/31/01	08/20/31	440,376.33	451,539.87			(2,096.30)		438,280.03	447,063.16	(2,380.41)	0.00
FNMA	1999 B-D RMRB	6.10	12/27/00	11/01/30	141,136.83	144,845.89			(1,372.69)		139,764.14	142,776.04	(697.16)	0.00
FNMA	1999 B-D RMRB	6.10	01/12/01	12/01/30	42,552.42	43,670.69			(966.70)		41,585.72	42,481.88	(222.11)	0.00
FNMA	1999 B-D RMRB	6.10	02/05/01	01/01/31	246,556.80	253,036.31			(2,179.41)		244,377.39	249,643.71	(1,213.19)	0.00
GNMA	1999 B-D RMRB	6.10	12/27/01	10/20/31	55,896.57	57,313.54			(1,489.47)		54,407.10	55,497.41	(326.66)	0.00
GNMA	1999 B-D RMRB	6.10	09/20/01	08/20/31	239,453.46	245,523.57			(2,005.89)		237,447.57	242,205.98	(1,311.70)	0.00
GNMA	1999 B-D RMRB	6.10	09/28/01	09/20/31	66,198.54	67,876.67			(894.86)		65,303.68	66,612.36	(369.45)	0.00
GNMA	1999 B-D RMRB	6.10	10/17/01	09/20/31	175,427.67	179,874.75			(866.48)		174,561.19	178,059.39	(948.88)	0.00
GNMA	1999 B-D RMRB	6.10	10/30/01	05/20/31	40,974.05	42,012.74			(266.95)		40,707.10	41,522.87	(222.92)	0.00
FNMA	1999 B-D RMRB	6.10	03/15/01	02/01/31	260,523.34	267,369.88			(2,170.34)		258,353.00	263,920.50	(1,279.04)	0.00
GNMA	1999 B-D RMRB	6.10	02/25/02	02/20/32	842,621.83	863,384.03			(5,232.24)		837,389.59	853,953.14	(4,198.65)	0.00
GNMA	1999 B-D RMRB	6.10	05/24/02	05/20/32	232,865.68	238,603.48			(1,228.96)		231,636.72	236,218.48	(1,156.04)	0.00
GNMA	1999 B-D RMRB	6.10	03/21/02	03/20/32	324,667.63	332,667.48			(1,571.11)		323,096.52	329,487.41	(1,608.96)	0.00
GNMA	1999 B-D RMRB	6.10	04/17/02	03/20/32	568,554.94	582,564.08			(2,875.57)		565,679.37	576,868.45	(2,820.06)	0.00
GNMA	1999 B-D RMRB	6.10	04/29/02	04/20/32	481,815.89	493,687.81			(2,251.57)		479,564.32	489,050.09	(2,386.15)	0.00
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	93,905.58	96,219.41			(808.64)		93,096.94	94,938.39	(472.38)	0.00
GNMA	1999 B-D RMRB	6.10	06/03/02	05/20/32	304,213.76	311,709.58			(1,360.11)		302,853.65	308,844.09	(1,505.38)	0.00
GNMA	1999 B-D RMRB	6.10	06/19/02	04/20/32	206,643.85	211,735.55			(892.97)		205,750.88	209,820.62	(1,021.96)	0.00
GNMA	1999 B-D RMRB	6.10	06/28/02	06/20/32	59,400.53	60,864.15			(256.18)		59,144.35	60,314.22	(293.75)	0.00
GNMA	1999 B-D RMRB	6.10	11/12/02	10/20/32	90,137.58	92,358.56			(377.70)		89,759.88	91,535.32	(445.54)	0.00
GNMA	1999 B-D RMRB	6.10	10/21/02	09/20/32	94,686.49	97,019.56			(397.44)		94,289.05	96,154.08	(468.04)	0.00
GNMA	1999 B-D RMRB	6.10	01/30/03	01/20/33	105,185.36	107,660.37			(428.65)		104,756.71	106,788.98	(442.74)	0.00
FNMA	1999 B-D RMRB	6.10	10/17/01	09/01/31	77,358.81	79,363.17			(449.76)		76,909.05	78,523.36	(390.05)	0.00
FNMA	1999 B-D RMRB	6.10	01/28/02	11/01/31	199,911.39	205,091.09			(951.12)		198,960.27	203,136.44	(1,003.53)	0.00
FNMA	1999 B-D RMRB	6.10	04/17/02	02/01/32	34,415.33	35,266.07			(151.48)		34,263.85	34,963.86	(150.73)	0.00
Repo Agmt	1999 B-D RMRB	2.10	08/29/08	09/02/08	310.37	310.37	11,596.92				11,907.29	11,907.29	-	0.00
	1999 B-D RMRB Total				27,486,032.94	28,303,151.34	197,304.89	(652,107.67)	(611,743.71)	0.00	26,419,486.45	27,114,832.67	(121,772.18)	0.00
Repo Agmt	2000 A RMRB	2.10	08/29/08	09/02/08	79,491.83	79,491.83	419.47				79,911.30	79,911.30	-	0.00
Repo Agmt	2000 A RMRB	2.10	08/29/08	09/02/08	12,756.37	12,756.37	108,670.38				121,426.75	121,426.75	-	0.00
GIC's	2000 A RMRB	6.51	05/01/00	07/01/31	821,590.96	821,590.96		(534,436.79)			287,154.17	287,154.17	-	0.00
Repo Agmt	2000 A RMRB				2.20	2.20		(2.20)					-	0.00
GIC's	2000 A RMRB	6.51	05/01/00	07/01/31	294,224.13	294,224.13	9,510.65				303,734.78	303,734.78	-	0.00
GNMA	2000 A RMRB	6.45	07/28/00	07/20/30	400,541.87	414,729.01			(2,007.99)		398,533.88	411,773.12	(947.90)	0.00
GNMA	2000 A RMRB	6.45	09/14/00	08/20/30	1,810,765.95	1,874,903.21			(11,420.61)		1,799,345.34	1,859,119.53	(4,363.07)	0.00
GNMA	2000 A RMRB	6.45	10/16/00	09/20/30	332,894.91	344,686.00			(1,725.94)		331,168.97	342,170.38	(789.68)	0.00
GNMA	2000 A RMRB	6.45	10/23/00	10/20/30	513,438.40	531,624.35			(2,941.77)		510,496.63	527,455.30	(1,227.28)	0.00
GNMA	2000 A RMRB	6.45	10/30/00	10/20/30	418,474.18	433,296.50			(2,546.61)		415,927.57	429,744.65	(1,005.24)	0.00
FNMA	2000 A RMRB	6.45	07/28/00	06/01/30	146,659.46	152,407.04			(780.55)		145,878.91	151,076.56	(549.93)	0.00
GNMA	2000 A RMRB	6.45	01/08/01	12/20/30	160,036.41	165,704.87			(769.87)		159,266.54	164,557.35	(377.65)	0.00
GNMA	2000 A RMRB	6.45	01/29/01	01/20/31	113,465.05	117,483.95			(1,462.77)		112,002.28	115,694.96	(326.22)	0.00
GNMA	2000 A RMRB	6.45	11/16/00	11/20/30	789,828.39	817,804.11			(5,007.62)		784,820.77	810,892.52	(1,903.97)	0.00
GNMA	2000 A RMRB	6.45	11/29/00	11/20/30	314,269.52	325,400.95			(1,676.91)		312,592.61	322,976.94	(747.10)	0.00
GNMA	2000 A RMRB	6.45	12/21/00	11/20/30	302,611.09	313,329.55			(1,987.58)		300,623.51	310,610.21	(731.76)	0.00
GNMA	2000 A RMRB	6.45	12/27/00	11/20/30	70,252.00	72,740.36			(349.49)		69,902.51	72,224.70	(166.17)	0.00
GNMA	2000 A RMRB	6.45	02/20/01	01/20/31	217,101.88	224,791.64			(1,137.70)		215,964.18	223,084.53	(569.41)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2000 A RMRB	6.45	02/28/01	02/20/31	353,490.91	366,011.53			(2,637.72)		350,853.19	362,420.79	(953.02)	0.00
GNMA	2000 A RMRB	6.45	03/15/01	06/20/31	320,523.83	331,876.78			(1,676.74)		318,847.09	329,359.47	(840.57)	0.00
GNMA	2000 A RMRB	6.45	03/29/01	02/20/31	97,502.78	100,956.32			(922.71)		96,580.07	99,764.31	(269.30)	0.00
GNMA	2000 A RMRB	6.45	04/30/01	04/20/31	223,388.70	231,301.14			(42,539.52)		180,849.18	186,811.79	(1,949.83)	0.00
FNMA	2000 A RMRB	6.45	09/11/00	08/01/30	339,766.86	353,082.31			(2,067.62)		337,699.24	349,731.45	(1,283.24)	0.00
FNMA	2000 A RMRB	6.45	10/06/00	09/01/30	28,075.17	29,175.43			(135.54)		27,939.63	28,935.11	(104.78)	0.00
FNMA	2000 A RMRB	6.45	11/16/00	10/01/30	67,150.26	69,781.87			(323.61)		66,826.65	69,207.68	(250.58)	0.00
GNMA	2000 A RMRB	6.45	05/30/01	05/30/31	404,061.92	418,373.99			(1,936.65)		402,125.27	415,383.53	(1,053.81)	0.00
GNMA	2000 A RMRB	6.45	06/18/01	03/20/31	209,710.31	217,138.24			(1,441.86)		208,268.45	215,135.06	(561.32)	0.00
GNMA	2000 A RMRB	6.45	07/16/01	06/20/31	125,270.81	129,707.90			(705.00)		124,565.81	128,672.74	(330.16)	0.00
GNMA	2000 A RMRB	6.45	08/08/01	07/20/31	224,087.38	232,024.55			(1,001.14)		223,086.24	230,441.39	(582.02)	0.00
GNMA	2000 A RMRB	6.45	08/31/01	08/20/31	160,538.99	166,225.25			(780.26)		159,758.73	165,025.94	(419.05)	0.00
FNMA	2000 A RMRB	6.45	12/27/00	11/01/30	202,588.85	210,528.32			(1,086.47)		201,502.38	208,681.91	(759.94)	0.00
FNMA	2000 A RMRB	6.45	02/05/01	01/01/31	83,133.25	86,391.24			(1,364.58)		81,768.67	84,682.08	(344.58)	0.00
GNMA	2000 A RMRB	6.45	11/29/01	11/20/31	393,300.02	407,230.64			(2,028.62)		391,271.40	404,171.55	(1,030.47)	0.00
GNMA	2000 A RMRB	6.45	12/17/01	11/20/31	165,559.48	171,423.55			(3,559.45)		162,000.03	167,341.13	(522.97)	0.00
GNMA	2000 A RMRB	6.45	12/27/01	12/20/31	424,343.87	439,374.13			(2,054.56)		422,289.31	436,212.18	(1,107.39)	0.00
GNMA	2000 A RMRB	6.45	09/25/01	09/20/31	182,486.00	188,949.64			(10,425.16)		172,060.84	177,733.67	(790.81)	0.00
GNMA	2000 A RMRB	6.45	09/28/01	09/20/31	565,183.14	585,201.91			(3,814.66)		561,368.48	579,876.77	(1,510.48)	0.00
GNMA	2000 A RMRB	6.45	10/17/01	10/20/31	274,070.48	283,778.02			(4,865.46)		269,205.02	278,080.67	(831.89)	0.00
GNMA	2000 A RMRB	6.45	10/30/01	10/20/31	256,882.94	265,981.75			(1,159.74)		255,723.20	264,154.41	(667.60)	0.00
GNMA	2000 A RMRB	6.45	11/15/01	11/20/31	193,288.59	200,134.90			(1,045.30)		192,243.29	198,581.57	(508.03)	0.00
FNMA	2000 A RMRB	6.45	03/29/01	02/01/31	122,073.28	126,857.33			(3,618.32)		118,454.96	122,675.50	(563.51)	0.00
GNMA	2000 A RMRB	6.45	01/22/02	01/20/32	556,560.35	575,577.97			(3,308.71)		553,251.64	571,431.46	(837.80)	0.00
GNMA	2000 A RMRB	6.45	01/30/02	12/20/31	128,315.73	132,860.67			(600.90)		127,714.83	131,925.58	(334.19)	0.00
GNMA	2000 A RMRB	6.45	02/25/02	02/20/32	1,246,302.71	1,288,888.84			(7,344.10)		1,238,958.61	1,279,670.78	(1,873.96)	0.00
FNMA	2000 A RMRB	6.45	07/12/01	06/01/31	135,170.29	140,386.50			(611.85)		134,558.44	139,307.00	(467.65)	0.00
GNMA	2000 A RMRB	6.45	05/15/02	04/20/32	87,535.43	90,526.51			(363.25)		87,172.18	90,036.65	(126.61)	0.00
GNMA	2000 A RMRB	6.45	05/24/02	05/20/32	204,347.95	211,330.51			(1,267.37)		203,080.58	209,753.80	(309.34)	0.00
GNMA	2000 A RMRB	6.45	03/21/02	02/20/32	381,271.23	394,299.29			(1,674.40)		379,596.83	392,070.41	(554.48)	0.00
GNMA	2000 A RMRB	6.45	04/17/02	03/20/32	335,668.22	347,137.97			(7,226.22)		328,442.00	339,234.56	(677.19)	0.00
GNMA	2000 A RMRB	6.45	04/29/02	04/20/32	90,042.10	93,118.83			(407.62)		89,634.48	92,579.86	(131.35)	0.00
GNMA	2000 A RMRB	6.45	05/15/02	03/20/32	65,075.42	67,299.04			(282.68)		64,792.74	66,921.82	(94.54)	0.00
GNMA	2000 A RMRB	6.45	08/29/02	08/20/32	62,655.47	64,796.40			(252.62)		62,402.85	64,453.40	(90.38)	0.00
GNMA	2000 A RMRB	6.45	06/03/02	05/20/32	60,795.48	62,872.86			(767.78)		60,027.70	62,000.20	(104.88)	0.00
GNMA	2000 A RMRB	6.45	07/05/02	03/20/32	37,124.73	38,393.28			(648.69)		36,476.04	37,674.64	(69.95)	0.00
GNMA	2000 A RMRB	6.45	08/01/02	05/20/32	59,873.76	61,919.64			(245.04)		59,628.72	61,588.11	(86.49)	0.00
GNMA	2000 A RMRB	6.45	11/12/02	11/20/32	129,172.14	133,585.95			(554.88)		128,617.26	132,843.62	(187.45)	0.00
GNMA	2000 A RMRB	6.45	10/21/02	10/20/32	72,078.18	74,541.09			(286.11)		71,792.07	74,151.15	(103.83)	0.00
GNMA	2000 A RMRB	6.45	11/26/02	11/20/32	38,508.04	39,823.85			(259.59)		38,248.45	39,505.29	(58.97)	0.00
GNMA	2000 A RMRB	6.45	12/30/02	12/20/32	65,284.68	67,515.45			(282.41)		65,002.27	67,138.24	(94.80)	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	76,371.14	78,912.00			(320.07)		76,051.07	78,519.68	(72.25)	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	50,861.92	52,554.09			(212.28)		50,649.64	52,293.72	(48.09)	0.00
FNMA	2000 A RMRB	6.45	09/28/01	09/01/31	153,523.46	159,447.93			(976.73)		152,546.73	157,930.10	(541.10)	0.00
FNMA	2000 A RMRB	6.45	10/17/01	09/01/31	156,761.90	162,811.33			(701.41)		156,060.49	161,567.86	(542.06)	0.00
FNMA	2000 A RMRB	6.45	12/27/01	11/01/31	79,577.92	82,648.82			(1,060.94)		78,516.98	81,287.84	(300.04)	0.00
FNMA	2000 A RMRB	6.45	04/17/02	03/01/32	116,834.08	121,230.54			(602.47)		116,231.61	120,292.74	(335.33)	0.00
Repo Agmt	2000 A RMRB	2.10	08/29/08	09/02/08	401.93	401.93	16,847.85				17,249.78	17,249.78	-	0.00
	2000 A RMRB Total				16,604,996.68	17,151,355.06	135,448.35	(534,438.99)	(155,264.22)	0.00	16,050,741.82	16,558,116.74	(38,983.46)	0.00
Repo Agmt	2003A RMRB	2.10	08/29/08	09/02/08	14.83	14.83	0.00				14.83	14.83	-	0.00
Repo Agmt	2003A RMRB	2.10	08/29/08	09/02/08	110.82	110.82	698,618.28				698,729.10	698,729.10	-	0.00
GIC's	2003A RMRB	4.13	08/20/03	06/28/34	3,724,781.32	3,724,781.32		(2,504,766.05)			1,220,015.27	1,220,015.27	-	0.00
Repo Agmt	2003A RMRB	2.10	08/29/08	09/02/08	0.77	0.77	0.00				0.77	0.77	-	0.00
GNMA	2003A RMRB	4.49	03/25/04	03/20/34	9,589,051.98	9,005,553.00			(460,979.23)		9,128,072.75	8,527,365.77	(17,208.00)	0.00
GNMA	2003A RMRB	4.49	03/30/04	03/20/34	1,652,474.12	1,551,926.43			(8,339.48)		1,644,134.64	1,535,942.41	(7,644.54)	0.00
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	1,026,312.06	963,952.75			(6,221.70)		1,020,090.36	953,050.78	(4,680.27)	0.00
GNMA	2003A RMRB	5.49	07/08/04	06/20/34	163,813.80	165,238.28			(703.43)		163,110.37	163,682.80	(852.05)	0.00
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	175,193.18	164,967.11			(1,333.96)		173,859.22	162,843.60	(789.55)	0.00
GNMA	2003A RMRB	5.49	07/08/04	07/20/34	166,765.68	167,900.14			(719.59)		166,046.09	166,321.21	(859.34)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2003A RMRB	4.49	04/08/04	04/20/34	1,467,173.16	1,381,420.98			(7,138.73)		1,460,034.43	1,367,415.79	(6,866.46)	0.00
GNMA	2003A RMRB	4.49	04/15/04	04/20/34	961,112.06	904,943.23			(5,092.71)		956,019.35	895,378.79	(4,471.73)	0.00
GNMA	2003A RMRB	5.49	04/15/04	04/20/34	61,279.10	61,807.48			(253.80)		61,025.30	61,235.02	(318.66)	0.00
GNMA	2003A RMRB	4.49	04/22/04	04/20/34	1,305,026.19	1,228,764.70			(132,556.78)		1,172,469.41	1,098,104.91	1,896.99	0.00
GNMA	2003A RMRB	4.49	04/29/04	04/20/34	1,040,466.40	977,182.99			(5,120.85)		1,035,345.55	967,240.00	(4,822.14)	0.00
GNMA	2003A RMRB	5.49	04/29/04	04/20/34	58,738.64	59,245.71			(234.01)		58,504.63	58,706.28	(305.42)	0.00
GNMA	2003A RMRB	4.49	05/06/04	05/20/34	647,352.18	607,984.36			(3,068.54)		644,283.64	601,908.42	(3,007.40)	0.00
GNMA	2003A RMRB	4.49	05/13/04	05/20/34	515,880.35	484,510.74			(2,912.87)		512,967.48	479,231.48	(2,366.39)	0.00
GNMA	2003A RMRB	5.49	05/01/04	04/20/34	92,904.25	93,706.45			(1,055.61)		91,848.64	92,165.41	(485.43)	0.00
GNMA	2003A RMRB	4.49	05/20/04	05/20/34	1,221,315.65	1,147,055.79			(5,867.35)		1,215,448.30	1,135,518.43	(5,670.01)	0.00
GNMA	2003A RMRB	4.49	05/27/04	05/20/34	632,944.76	594,463.34			(2,994.85)		629,949.91	588,526.97	(2,941.52)	0.00
GNMA	2003A RMRB	4.49	06/03/04	06/20/34	920,767.89	864,795.33			(4,336.90)		916,430.99	856,177.91	(4,280.52)	0.00
GNMA	2003A RMRB	4.49	06/10/04	06/20/34	537,136.96	504,487.51			(2,632.51)		534,504.45	499,364.65	(2,490.35)	0.00
GNMA	2003A RMRB	4.49	06/17/04	06/20/34	1,150,901.72	1,080,950.49			(5,623.59)		1,145,278.13	1,069,990.83	(5,336.07)	0.00
GNMA	2003A RMRB	4.49	06/24/04	06/20/34	1,237,352.97	1,162,154.28			(6,452.29)		1,230,900.68	1,149,990.56	(5,711.43)	0.00
GNMA	2003A RMRB	5.49	06/24/04	06/20/34	1,131,888.73	1,141,718.69			(115,283.29)		1,016,605.44	1,020,161.87	(6,273.53)	0.00
GNMA	2003A RMRB	4.49	09/02/04	08/20/34	130,380.75	122,464.55			(617.61)		129,763.14	121,240.95	(605.99)	0.00
GNMA	2003A RMRB	5.49	09/09/04	09/20/34	78,215.73	78,900.57			(501.66)		77,714.07	77,991.45	(407.46)	0.00
GNMA	2003A RMRB	4.49	09/09/04	09/20/34	151,458.80	142,264.11			(700.22)		150,758.58	140,858.79	(705.10)	0.00
GNMA	2003A RMRB	5.49	09/16/04	09/20/34	165,097.16	166,543.56			(637.71)		164,459.45	165,047.44	(858.41)	0.00
GNMA	2003A RMRB	4.49	09/16/04	09/20/34	1,116,463.71	1,048,691.27			(17,859.76)		1,098,603.95	1,026,468.70	(4,362.81)	0.00
GNMA	2003A RMRB	5.49	09/23/04	09/20/34	74,079.30	74,728.75			(315.41)		73,763.89	74,027.99	(385.35)	0.00
GNMA	2003A RMRB	4.49	09/23/04	09/20/34	191,686.57	180,509.97			(944.09)		190,742.48	178,669.22	(896.66)	0.00
GNMA	2003A RMRB	4.49	09/29/04	09/20/34	434,896.49	408,501.62			(2,052.13)		432,844.36	404,427.54	(2,021.95)	0.00
GNMA	2003A RMRB	5.49	09/29/04	09/20/34	198,024.61	199,386.20			(1,065.52)		196,959.09	197,299.76	(1,020.92)	0.00
GNMA	2003A RMRB	5.49	10/07/04	09/20/34	133,607.31	134,780.14			(549.88)		133,057.43	133,535.30	(694.96)	0.00
GNMA	2003A RMRB	4.49	10/07/04	10/20/34	435,063.72	408,662.39			(2,192.58)		432,871.14	404,456.22	(2,013.59)	0.00
GNMA	2003A RMRB	5.49	07/15/04	06/20/34	51,779.05	52,229.58			(203.47)		51,575.58	51,756.84	(269.27)	0.00
GNMA	2003A RMRB	4.49	07/15/04	07/20/34	345,970.19	324,950.81			(1,599.33)		344,370.86	321,741.01	(1,610.47)	0.00
GNMA	2003A RMRB	5.49	07/22/04	07/20/34	61,009.95	61,541.35			(238.40)		60,771.55	60,985.69	(317.26)	0.00
GNMA	2003A RMRB	4.49	07/22/04	07/20/34	564,965.41	530,643.69			(2,631.44)		562,333.97	525,383.65	(2,628.60)	0.00
GNMA	2003A RMRB	4.49	07/29/04	07/20/34	539,391.68	507,915.43			(2,651.24)		536,740.44	502,740.98	(2,523.21)	0.00
GNMA	2003A RMRB	5.49	07/29/04	07/20/34	249,650.02	251,825.75			(999.26)		248,650.76	249,528.18	(1,298.31)	0.00
GNMA	2003A RMRB	4.49	08/05/04	08/20/34	323,023.68	304,176.37			(1,548.31)		321,475.37	301,114.78	(1,513.28)	0.00
GNMA	2003A RMRB	5.49	08/05/04	07/20/34	106,404.63	107,332.61			(473.81)		105,930.82	106,305.27	(553.53)	0.00
GNMA	2003A RMRB	4.49	08/12/04	08/20/34	375,019.41	353,140.46			(2,434.36)		372,585.05	348,989.19	(1,716.91)	0.00
GNMA	2003A RMRB	5.49	08/12/04	07/20/34	83,513.86	84,242.63			(326.03)		83,187.83	83,482.30	(434.30)	0.00
GNMA	2003A RMRB	4.49	08/19/04	08/20/34	374,046.02	352,225.62			(1,762.07)		372,283.95	348,708.91	(1,754.64)	0.00
GNMA	2003A RMRB	5.49	08/19/04	08/20/34	272,384.81	274,764.20			(65,880.87)		206,503.94	207,236.81	(1,646.52)	0.00
GNMA	2003A RMRB	4.49	12/02/04	10/20/34	136,680.65	128,392.05			(620.52)		136,060.13	127,134.39	(637.14)	0.00
GNMA	2003A RMRB	4.49	12/09/04	11/20/34	137,391.81	129,061.25			(716.88)		136,674.93	127,710.02	(634.35)	0.00
GNMA	2003A RMRB	5.49	12/16/04	12/20/34	114,555.35	115,568.39			(494.07)		114,061.28	114,478.43	(595.89)	0.00
GNMA	2003A RMRB	4.49	12/16/04	12/20/34	291,364.95	273,700.65			(2,498.52)		288,866.43	269,921.28	(1,280.85)	0.00
GNMA	2003A RMRB	4.49	10/14/04	09/20/34	333,531.23	313,291.92			(1,727.42)		331,803.81	310,023.86	(1,540.64)	0.00
GNMA	2003A RMRB	5.49	10/14/04	09/20/34	40,023.74	40,375.28			(168.27)		39,855.47	39,998.81	(208.20)	0.00
GNMA	2003A RMRB	5.49	10/21/04	10/20/34	181,081.10	182,673.24			(742.12)		180,338.98	180,989.21	(941.91)	0.00
GNMA	2003A RMRB	4.49	10/21/04	10/20/34	188,084.84	177,122.71			(850.01)		187,234.83	175,388.01	(884.69)	0.00
GNMA	2003A RMRB	4.49	10/28/04	10/20/34	405,143.27	380,564.15			(1,838.03)		403,305.24	376,837.57	(1,888.55)	0.00
GNMA	2003A RMRB	5.49	10/28/04	10/20/34	52,524.65	52,986.79			(216.99)		52,307.66	52,496.57	(273.23)	0.00
GNMA	2003A RMRB	5.49	11/04/04	11/20/34	487,022.79	490,388.29			(5,715.22)		481,307.57	482,157.09	(2,515.98)	0.00
GNMA	2003A RMRB	4.49	11/04/04	10/20/34	329,283.79	309,308.45			(146,370.57)		182,913.22	170,910.04	7,972.16	0.00
GNMA	2003A RMRB	5.49	11/10/04	11/20/34	64,438.26	65,006.07			(248.67)		64,189.59	64,422.27	(335.13)	0.00
GNMA	2003A RMRB	4.49	11/10/04	10/20/34	112,916.13	106,336.76			(536.92)		112,379.21	105,270.39	(529.45)	0.00
GNMA	2003A RMRB	5.49	11/18/04	11/20/34	104,269.97	105,189.41			(417.18)		103,852.79	104,229.87	(542.36)	0.00
GNMA	2003A RMRB	4.49	11/18/04	10/20/34	234,729.45	221,053.64			(1,064.32)		233,665.13	218,885.41	(1,103.91)	0.00
GNMA	2003A RMRB	5.49	11/23/04	11/20/34	261,141.05	263,444.81			(1,082.18)		260,058.87	261,004.17	(1,358.46)	0.00
GNMA	2003A RMRB	4.49	11/01/04	11/20/34	170,870.08	160,504.75			(900.82)		169,969.26	158,815.66	(788.27)	0.00
GNMA	2003A RMRB	5.49	12/29/04	12/20/34	321,354.64	324,200.06			(4,345.68)		317,008.96	318,171.55	(1,682.83)	0.00
GNMA	2003A RMRB	4.49	12/29/04	12/20/34	153,421.39	144,121.66			(823.12)		152,598.27	142,591.63	(706.91)	0.00
GNMA	2003A RMRB	5.49	01/06/05	01/20/35	51,240.40	51,669.77			(358.46)		50,881.94	51,043.85	(267.46)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
GNMA	2003A RMRB	4.49	03/30/05	01/20/35	171,749.07	161,347.29			(837.75)		170,911.32	159,640.17	(869.37)	0.00
GNMA	2003A RMRB	5.49	01/13/05	01/20/35	217,776.39	219,602.56			(984.88)		216,791.51	217,482.71	(1,134.97)	0.00
GNMA	2003A RMRB	4.49	01/19/05	01/20/35	105,300.11	99,168.79			(567.67)		104,732.44	98,067.29	(533.83)	0.00
GNMA	2003A RMRB	4.49	01/27/05	01/20/35	767,265.76	720,760.90			(122,258.58)		645,007.18	602,440.33	3,938.01	0.00
GNMA	2003A RMRB	5.49	02/03/05	01/20/35	211,511.67	212,889.77			(857.64)		210,654.03	210,938.12	(1,094.01)	0.00
GNMA	2003A RMRB	4.49	02/03/05	02/20/35	739,537.77	696,487.18			(4,386.37)		735,151.40	688,376.94	(3,723.87)	0.00
GNMA	2003A RMRB	4.49	02/17/05	02/20/35	163,562.36	153,651.60			(733.99)		162,828.37	152,085.68	(831.93)	0.00
GNMA	2003A RMRB	5.49	02/17/05	01/20/35	54,338.40	54,795.55			(272.79)		54,065.61	54,239.46	(283.30)	0.00
GNMA	2003A RMRB	5.49	03/10/05	02/20/35	102,254.16	103,116.50			(382.80)		101,871.36	102,201.00	(532.70)	0.00
GNMA	2003A RMRB	4.49	03/17/05	01/20/35	26,991.41	25,420.96			(119.68)		26,871.73	25,162.73	(138.55)	0.00
GNMA	2003A RMRB	5.49	03/17/05	03/20/35	116,587.72	117,571.90			(594.97)		115,992.75	116,369.02	(607.91)	0.00
GNMA	2003A RMRB	5.49	04/07/05	04/20/35	303,958.27	306,530.32			(1,219.34)		302,738.93	303,727.13	(1,583.85)	0.00
GNMA	2003A RMRB	5.49	04/21/05	04/20/35	220,224.43	222,090.40			(1,050.95)		219,173.48	219,891.35	(1,148.10)	0.00
GNMA	2003A RMRB	4.49	04/28/05	03/20/35	60,624.69	57,099.59			(266.57)		60,358.12	56,521.73	(311.29)	0.00
GNMA	2003A RMRB	5.49	04/28/05	04/20/35	178,282.96	179,794.64			(678.88)		177,604.08	178,186.87	(928.89)	0.00
GNMA	2003A RMRB	5.49	05/12/05	05/20/35	168,608.50	170,040.56			(1,812.70)		166,795.80	167,345.49	(882.37)	0.00
GNMA	2003A RMRB	4.49	05/19/05	05/20/35	1,219,848.90	1,146,028.08			(6,024.61)		1,213,824.29	1,133,833.09	(6,170.38)	0.00
GNMA	2003A RMRB	5.49	07/07/05	07/20/35	555,094.19	559,837.08			(2,041.08)		553,053.11	554,903.75	(2,892.25)	0.00
GNMA	2003A RMRB	5.49	07/14/05	07/20/35	350,777.92	353,115.05			(1,273.97)		349,503.95	350,026.82	(1,814.26)	0.00
GNMA	2003A RMRB	4.49	05/26/05	04/20/35	123,683.20	116,494.42			(544.42)		123,138.78	115,314.93	(635.07)	0.00
GNMA	2003A RMRB	5.49	05/26/05	05/20/35	319,960.00	322,681.12			(1,620.14)		318,339.86	319,392.52	(1,668.46)	0.00
GNMA	2003A RMRB	5.49	06/09/05	05/20/35	277,974.50	280,341.66			(1,232.11)		276,742.39	277,660.58	(1,448.97)	0.00
GNMA	2003A RMRB	5.49	06/15/05	06/20/35	273,522.44	275,853.92			(952.16)		272,570.28	273,476.84	(1,424.92)	0.00
GNMA	2003A RMRB	5.49	06/23/05	06/20/35	176,292.38	177,463.56			(677.28)		175,615.10	175,874.28	(912.00)	0.00
GNMA	2003A RMRB	5.49	09/08/05	09/20/35	270,611.21	272,938.80			(1,024.93)		269,586.28	270,503.65	(1,410.22)	0.00
GNMA	2003A RMRB	5.49	09/15/05	09/20/35	690,287.21	696,228.06			(108,138.45)		582,148.76	584,133.28	(3,956.33)	0.00
GNMA	2003A RMRB	5.49	09/22/05	09/20/35	132,067.42	133,204.84			(485.64)		131,581.78	132,031.00	(688.20)	0.00
GNMA	2003A RMRB	4.49	07/28/05	07/20/35	84,813.55	79,888.73			(401.29)		84,412.26	79,053.68	(433.76)	0.00
GNMA	2003A RMRB	5.49	07/21/05	07/20/35	386,725.52	390,034.13			(2,892.85)		383,832.67	385,121.32	(2,019.96)	0.00
GNMA	2003A RMRB	5.49	07/28/05	07/20/35	223,627.79	225,542.39			(890.01)		222,737.78	223,486.93	(1,165.45)	0.00
GNMA	2003A RMRB	5.49	08/04/05	07/20/35	263,622.94	265,881.30			(1,113.27)		262,509.67	263,393.92	(1,374.11)	0.00
GNMA	2003A RMRB	5.49	08/11/05	08/20/35	254,085.81	256,264.80			(930.95)		253,154.86	254,009.91	(1,323.94)	0.00
GNMA	2003A RMRB	5.49	08/18/05	07/20/35	304,023.13	306,631.30			(1,250.68)		302,772.45	303,796.01	(1,584.61)	0.00
GNMA	2003A RMRB	5.49	08/30/05	08/20/35	837,582.37	844,778.10			(3,681.99)		833,900.38	836,729.60	(4,366.51)	0.00
GNMA	2003A RMRB	5.49	08/30/05	08/20/35	401,732.84	405,184.16			(2,344.13)		399,388.71	400,743.74	(2,096.29)	0.00
GNMA	2003A RMRB	5.49	10/27/05	10/20/35	315,029.15	317,752.26			(1,170.78)		313,858.37	314,939.74	(1,641.74)	0.00
GNMA	2003A RMRB	5.49	09/29/05	09/20/35	604,859.56	610,072.56			(2,215.37)		602,644.19	604,705.28	(3,151.91)	0.00
GNMA	2003A RMRB	5.49	10/06/05	09/20/35	409,087.55	412,615.36			(1,466.29)		407,621.26	409,017.42	(2,131.65)	0.00
GNMA	2003A RMRB	5.49	10/13/05	10/20/35	375,949.27	379,194.38			(1,346.40)		374,602.87	375,889.36	(1,958.62)	0.00
GNMA	2003A RMRB	5.49	10/20/05	10/20/35	321,797.35	324,577.00			(1,401.84)		320,395.51	321,497.45	(1,677.71)	0.00
GNMA	2003A RMRB	5.49	10/20/05	10/20/35	283,340.60	285,788.06			(1,163.94)		282,176.66	283,147.15	(1,476.97)	0.00
GNMA	2003A RMRB	5.49	12/15/05	12/20/35	150,776.00	152,086.06			(707.07)		150,068.93	150,592.67	(786.32)	0.00
GNMA	2003A RMRB	5.49	11/03/05	09/20/35	201,086.80	202,825.61			(724.16)		200,362.64	201,053.58	(1,047.87)	0.00
GNMA	2003A RMRB	5.49	11/03/05	10/20/35	268,748.46	271,072.89			(957.60)		267,790.86	268,715.14	(1,400.15)	0.00
GNMA	2003A RMRB	5.49	11/10/05	11/20/35	157,890.78	159,257.84			(560.43)		157,330.35	157,874.65	(822.76)	0.00
GNMA	2003A RMRB	5.49	11/17/05	07/20/35	119,344.62	120,377.45			(431.42)		118,913.20	119,323.99	(622.04)	0.00
GNMA	2003A RMRB	5.49	11/17/05	10/20/35	422,219.05	425,876.01			(1,554.87)		420,664.18	422,120.78	(2,200.36)	0.00
GNMA	2003A RMRB	5.49	11/22/05	11/20/35	215,581.89	217,450.42			(773.79)		214,808.10	215,553.20	(1,123.43)	0.00
GNMA	2003A RMRB	5.49	12/29/05	12/20/35	423,390.37	426,275.37			(1,516.48)		421,873.89	422,568.14	(2,190.75)	0.00
GNMA	2003A RMRB	5.49	01/12/06	01/20/36	209,950.93	211,748.71			(751.39)		209,199.54	209,709.30	(1,288.02)	0.00
GNMA	2003A RMRB	5.49	01/12/06	12/20/35	77,524.90	78,200.31			(271.60)		77,253.30	77,524.70	(404.01)	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	311,430.26	313,521.70			(1,127.72)		310,302.54	310,497.60	(1,896.38)	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	198,076.87	199,782.85			(696.51)		197,380.36	197,870.90	(1,215.44)	0.00
GNMA	2003A RMRB	5.49	02/09/06	01/20/36	203,221.75	204,966.66			(802.75)		202,419.00	202,916.74	(1,247.17)	0.00
GNMA	2003A RMRB	5.49	02/23/06	01/20/36	91,761.84	92,550.85			(319.46)		91,442.38	91,668.34	(563.05)	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	358,552.54	361,640.65			(1,259.24)		357,293.30	358,181.25	(2,200.16)	0.00
GNMA	2003A RMRB	5.49	03/30/06	03/20/36	336,357.19	339,260.65			(1,157.29)		335,199.90	336,039.39	(2,063.97)	0.00
GNMA	2003A RMRB	5.49	04/27/06	03/20/36	138,096.13	139,291.42			(483.11)		137,613.02	137,960.87	(847.44)	0.00
GNMA	2003A RMRB	4.49	04/27/06	03/20/36	118,806.61	111,600.64			(486.53)		118,320.08	110,418.07	(696.04)	0.00
FNMA	2003A RMRB	4.49	03/25/04	02/01/34	196,101.66	183,819.46			(953.48)		195,148.18	182,710.66	(155.32)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
FNMA	2003A RMRB	4.49	07/29/04	07/01/34	302,034.06	283,133.33			(1,435.64)		300,598.42	281,456.27	(241.42)	0.00
FNMA	2003A RMRB	4.49	08/26/04	08/01/34	256,446.10	240,401.08			(1,510.69)		254,935.41	238,703.95	(186.44)	0.00
FNMA	2003A RMRB	5.49	09/23/04	08/01/34	198,274.26	198,145.64			(792.55)		197,481.71	196,594.12	(758.97)	0.00
FNMA	2003A RMRB	4.49	09/29/04	09/01/34	321,228.75	301,135.02			(1,508.28)		319,720.47	299,368.74	(258.00)	0.00
FNMA	2003A RMRB	4.49	11/10/04	10/01/34	160,116.98	150,103.79			(1,049.06)		159,067.92	148,945.03	(109.70)	0.00
FNMA	2003A RMRB	4.49	03/29/05	01/20/35	222,614.74	208,573.61			(1,013.66)		221,601.08	207,128.19	(431.76)	0.00
FNMA	2003A RMRB	5.49	06/23/05	06/01/35	346,211.32	345,701.59			(1,324.52)		344,886.80	342,993.61	(1,383.46)	0.00
FNMA	2003A RMRB	5.49	08/18/05	06/01/35	308,253.41	307,806.36			(2,201.47)		306,051.94	304,378.66	(1,226.23)	0.00
FNMA	2003A RMRB	5.49	09/08/05	08/01/35	182,422.83	182,160.28			(772.44)		181,650.39	180,659.24	(728.60)	0.00
FNMA	2003A RMRB	5.49	10/06/05	10/01/35	260,111.45	259,740.49			(1,254.51)		258,856.94	257,447.89	(1,038.09)	0.00
FNMA	2003A RMRB	5.49	10/20/05	10/01/35	243,466.34	243,120.58			(1,497.64)		241,968.70	240,653.03	(969.91)	0.00
FNMA	2003A RMRB	4.49	12/15/05	06/01/35	88,194.91	82,641.26			(384.06)		87,810.85	82,084.85	(172.35)	0.00
FNMA	2003A RMRB	5.49	12/29/05	12/01/35	305,124.92	304,700.77			(1,105.72)		304,019.20	302,375.25	(1,219.80)	0.00
FNMA	2003A RMRB	4.49	01/12/06	12/01/35	72,851.23	68,264.94			(306.76)		72,544.47	67,815.20	(142.98)	0.00
FNMA	2003A RMRB	5.49	02/02/06	01/01/36	111,937.16	111,712.41			(394.51)		111,542.65	110,784.32	(533.58)	0.00
Repo Agmt	2003A RMRB	2.10	08/29/08	09/02/08	3,829.41	3,829.41	71,364.47				75,193.88	75,193.88	-	0.00
	2003A RMRB Total				60,754,968.96	58,686,554.99	769,982.75	(2,504,766.05)	(1,374,239.75)	0.00	57,645,945.91	55,358,801.38	(218,730.56)	0.00
GNMA	1999 A RMRB	7.50	08/31/89	07/20/18	287,358.11	307,239.39			(5,611.12)		281,746.99	301,255.01	(373.26)	0.00
GNMA	1999 A RMRB	7.50	10/31/89	09/20/18	541,810.93	579,313.72			(25,785.32)		516,025.61	551,770.98	(1,757.42)	0.00
GNMA	1999 A RMRB	8.75	10/31/89	09/20/18	63,403.65	68,770.56			(1,514.01)		61,889.64	67,106.20	(150.35)	0.00
GNMA	1999 A RMRB	7.50	11/30/89	10/20/18	572,451.04	615,321.69			(10,840.10)		561,610.94	603,808.52	(673.07)	0.00
GNMA	1999 A RMRB	8.75	11/30/89	09/20/18	39,132.92	43,019.26			(1,125.48)		38,007.44	41,788.72	(105.06)	0.00
GNMA	1999 A RMRB	7.50	01/01/90	11/20/18	323,147.36	345,524.84			(9,347.80)		313,799.56	335,546.36	(630.68)	0.00
GNMA	1999 A RMRB	8.75	01/01/90	11/20/18	115,486.96	125,266.02			(1,760.08)		113,726.88	123,316.15	(189.79)	0.00
GNMA	1999 A RMRB	7.50	01/01/90	12/20/18	159,572.36	170,624.07			(2,616.73)		156,955.63	167,834.44	(172.90)	0.00
GNMA	1999 A RMRB	7.50	02/27/90	12/20/18	31,285.70	33,452.90			(494.10)		30,791.60	32,926.19	(32.61)	0.00
GNMA	1999 A RMRB	8.75	05/29/90	02/20/19	134,549.48	146,093.42			(23,239.34)		111,310.14	120,815.89	(2,038.19)	0.00
GNMA	1999 A RMRB	7.50	03/30/90	01/20/19	238,741.37	255,547.81			(21,555.36)		217,186.01	232,488.96	(1,503.49)	0.00
GNMA	1999 A RMRB	8.75	03/30/90	01/20/19	67,180.46	72,942.84			(952.65)		66,227.81	71,882.17	(108.02)	0.00
GNMA	1999 A RMRB	7.50	04/26/90	03/20/19	228,552.10	244,646.99			(41,238.35)		187,313.75	200,516.42	(2,892.22)	0.00
GNMA	1999 A RMRB	8.75	04/26/90	03/20/19	125,892.71	136,694.25			(2,490.04)		123,402.67	133,941.40	(262.81)	0.00
GNMA	1999 A RMRB	7.50	05/29/90	04/20/19	332,723.93	356,159.91			(5,703.98)		327,019.95	350,074.78	(381.15)	0.00
GNMA	1999 A RMRB	8.75	06/28/90	04/20/19	57,504.33	62,439.42			(963.51)		56,540.82	61,370.69	(105.22)	0.00
GNMA	1999 A RMRB	7.50	10/31/90	07/20/19	32,801.68	35,114.09			(459.00)		32,342.68	34,624.76	(30.33)	0.00
GNMA	1999 A RMRB	7.50	12/21/90	08/20/19	23,562.83	25,224.36			(331.92)		23,230.91	24,870.50	(21.94)	0.00
GNMA	1999 A RMRB				18,531.75	20,123.55			(18,531.75)				(1,591.80)	0.00
GNMA	1999 A RMRB	7.50	03/28/91	11/20/19	37,604.06	40,257.53			(598.84)		37,005.22	39,618.76	(39.93)	0.00
GNMA	1999 A RMRB	8.75	04/26/91	01/20/20	121,776.16	132,372.10			(2,802.30)		118,973.86	129,277.36	(292.44)	0.00
GNMA	1999 A RMRB	7.50	04/29/91	12/20/19	79,595.58	85,213.43			(37,475.89)		42,119.69	45,095.18	(2,642.36)	0.00
GNMA	1999 A RMRB	5.35	01/31/01	08/20/30	40,824.39	40,608.87			(234.27)		40,590.12	40,175.72	(198.88)	0.00
GNMA	1999 A RMRB	5.35	01/31/01	01/20/31	192,486.67	191,401.04			(1,090.36)		191,396.31	189,354.10	(956.58)	0.00
GNMA	1999 A RMRB	5.35	05/10/01	04/20/31	6,250.06	6,214.80			(1,267.00)		4,983.06	4,929.88	(17.92)	0.00
GNMA	1999 A RMRB				95,999.65	95,458.21			(95,999.65)				541.44	0.00
FNMA	1999 A RMRB	5.35	03/15/01	10/01/30	237,809.89	235,605.39			(1,911.54)		235,898.35	232,893.00	(800.85)	0.00
FNMA	1999 A RMRB	5.35	06/18/01	03/01/31	63,632.51	62,990.45			(608.47)		63,024.04	62,141.70	(240.28)	0.00
GNMA	1999 A RMRB	5.35	03/18/02	02/20/32	38,423.90	38,194.50			(211.07)		38,212.83	37,779.11	(204.32)	0.00
Repo Agmt	1999 A RMRB	2.10	08/29/08	09/02/08	401,199.23	401,199.23	0.00				401,199.23	401,199.23	-	0.00
	1999 A RMRB Total				4,709,291.77	4,973,034.64	0.00	0.00	(316,760.03)	0.00	4,392,531.74	4,638,402.18	(17,872.43)	0.00
	Total Residential Mortgage Revenue Bonds Investment Summary				310,585,517.58	311,196,731.86	3,336,530.71	(10,252,460.21)	(6,610,088.55)	0.00	297,059,499.53	296,438,605.09	(1,232,108.72)	0.00

Texas Department of Housing and Community Affairs
Collateralized Home Mortgage Revenue Bonds Investment Summary
For Period Ending August 31, 2008

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Repo Agmt	1990 A&B CHMRB	2.10	08/29/08	09/02/08	53,481.22	53,481.22	282.21				53,763.43	53,763.43	-	0.00
Repo Agmt	1990 A&B CHMRB	2.10	08/29/08	09/02/08	86,473.68	86,473.68	456.29				86,929.97	86,929.97	-	0.00
Repo Agmt	1990 A&B CHMRB	2.10	08/29/08	09/02/08	238,883.37	238,883.37	1,260.52				240,143.89	240,143.89	-	0.00
	1990 A&B CHMRB Total				378,838.27	378,838.27	1,999.02	0.00	0.00	0.00	380,837.29	380,837.29	0.00	0.00
Repo Agmt	1991 A CHMRB	2.10	08/29/08	09/02/08	112,851.59	112,851.59	595.48				113,447.07	113,447.07	-	0.00
Repo Agmt	1991 A CHMRB	2.10	08/29/08	09/02/08	7,523.36	7,523.36	39.74				7,563.10	7,563.10	-	0.00
	1991 A CHMRB Total				120,374.95	120,374.95	635.22	0.00	0.00	0.00	121,010.17	121,010.17	0.00	0.00
Repo Agmt	1992 A-C CHMRB	2.10	08/29/08	09/02/08	2.58	2.58	204,776.79				204,779.37	204,779.37	-	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	633,088.54	633,088.54		(242,279.86)			390,808.68	390,808.68	-	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	12/01/23	29,025.96	31,070.25			(279.83)		28,746.13	30,585.54	(204.88)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/23	102,893.75	110,134.64			(2,616.50)		100,277.25	106,687.87	(830.27)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	06/01/23	230,059.67	246,279.09			(6,075.67)		223,984.00	238,313.84	(1,889.58)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	02/01/25	990,202.80	1,060,228.08			(15,365.57)		974,837.23	1,037,349.84	(7,512.67)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	569,327.14	609,592.48			(7,107.76)		562,219.38	598,276.53	(4,208.19)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	156,645.25	167,723.93			(2,435.06)		154,210.19	164,100.29	(1,188.58)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	567,811.35	607,978.04			(37,688.77)		530,122.58	564,129.14	(6,160.13)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	685,006.78	733,470.69			(33,140.95)		651,865.83	693,655.96	(6,673.78)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/96	12/20/22	169,230.46	181,671.41			(47,304.71)		121,925.75	129,985.00	(4,381.70)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	01/20/23	187,219.23	201,092.62			(2,437.39)		184,781.84	197,079.43	(1,575.80)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/23	150,425.90	161,578.70			(2,889.36)		147,536.54	157,361.25	(1,328.09)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	07/20/23	349,608.74	375,542.78			(5,208.25)		344,400.49	367,348.35	(2,986.18)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	08/20/23	146,585.60	157,461.43			(1,415.88)		145,169.72	154,844.45	(1,201.10)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	37,356.51	40,128.63			(22,972.62)		14,383.89	15,342.70	(1,813.31)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	12/20/23	242,196.48	260,178.27			(3,616.23)		238,580.25	254,492.46	(2,069.58)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/23	38,523.17	41,379.82			(358.58)		38,164.59	40,706.52	(314.72)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/25	525,845.18	565,081.99			(7,705.93)		518,139.25	552,776.46	(4,599.60)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/25	486,637.79	522,954.94			(10,379.38)		476,258.41	508,101.64	(4,473.92)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	06/20/25	346,334.89	372,185.16			(3,488.09)		342,846.80	365,773.97	(2,923.10)	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	100,000.00	100,000.00	0.00				100,000.00	100,000.00	-	0.00
GIC's	1992 A-C CHMRB				242,268.90	242,268.90		(242,268.90)					-	0.00
FNMA	1992 A-C CHMRB	6.91	04/28/95	06/01/23	112,404.02	120,312.82			(1,663.12)		110,740.90	117,819.24	(830.46)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/23	725,352.58	779,099.07			(58,541.18)		666,811.40	711,186.15	(9,371.74)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	01/20/25	1,696,064.60	1,822,509.68			(101,719.91)		1,594,344.69	1,700,823.08	(19,966.69)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	02/20/25	1,272,219.73	1,367,081.36			(15,001.61)		1,257,218.12	1,341,196.36	(10,883.39)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/25	1,479,998.90	1,590,369.42			(69,782.90)		1,410,216.00	1,504,429.02	(16,157.50)	0.00
Repo Agmt	1992 A-C CHMRB	2.10	08/29/08	09/02/08	12,922.17	12,922.17	68.16				12,990.33	12,990.33	-	0.00
	1992 A-C CHMRB Total				12,285,258.67	13,113,387.49	204,844.95	(484,548.76)	(459,195.25)	0.00	11,546,359.61	12,260,943.47	(113,544.96)	0.00
	Total CHMRB Investment Summary				12,784,471.89	13,612,600.71	207,479.19	(484,548.76)	(459,195.25)	0.00	12,048,207.07	12,762,790.93	(113,544.96)	0.00

Texas Department of Housing and Community Affairs
Multi Family Investment Summary
For Period Ending August 31, 2008

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Mutual Fund	1996 A&B MF (Brighton/LasColi)				64,918.07	64,918.07		(64,918.07)					-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	1.63	08/01/08	09/01/08	44,812.21	44,812.21	7.81				44,820.02	44,820.02	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)				41,637.84	41,637.84		(41,637.84)					-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	1.63	08/01/08	09/01/08	28,422.33	28,422.33		(3,763.38)			24,658.95	24,658.95	-	0.00
	1996 A&B MF (Brighton/LasColi) Total				179,790.45	179,790.45	7.81	(110,319.29)	0.00	0.00	69,478.97	69,478.97	0.00	0.00
Mutual Fund	1998 M/F (Dallas-Oxford Rfdg)				0.32	0.32		(0.32)					-	0.00
	1998 M/F (Dallas-Oxford Rfdg) Total				0.32	0.32	0.00	(0.32)	0.00	0.00	0.00	0.00	0.00	0.00
Mutual Fund	1996 A&B MF (Braxton's)	1.52	08/01/08	09/01/08	74,872.78	74,872.78	13.52				74,886.30	74,886.30	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	1.52	08/01/08	09/01/08	49,940.72	49,940.72		(29,690.68)			20,250.04	20,250.04	-	0.00
	1996 A&B MF (Braxton's) Total				124,813.50	124,813.50	13.52	(29,690.68)	0.00	0.00	95,136.34	95,136.34	0.00	0.00
Repo Agmt	1987 South Tx. Rental Housing	2.10	08/29/08	09/02/08	762,700.20	762,700.20	4,024.49				766,724.69	766,724.69	-	0.00
	1987 South Tx. Rental Housing Total				762,700.20	762,700.20	4,024.49	0.00	0.00	0.00	766,724.69	766,724.69	0.00	0.00
Mutual Fund	1996 A&B M/F(NHP Project)				0.02	0.02		(0.02)					-	0.00
	1996 A&B M/F(NHP Project) Total				0.02	0.02	0.00	(0.02)	0.00	0.00	0.00	0.00	0.00	0.00
Mutual Fund	1998 M/F (Pebble Brook)				75,932.21	75,932.21		(75,932.21)					-	0.00
Mutual Fund	1998 M/F (Pebble Brook)	1.63	08/01/08	09/01/08	364,967.37	364,967.37		(238,478.76)			126,488.61	126,488.61	-	0.00
Inv Agmt	1998 M/F (Pebble Brook)	5.20	04/30/98	12/01/30	310,243.95	310,243.95		(177,652.95)			132,591.00	132,591.00	-	0.00
Money Market	1998 M/F (Pebble Brook)	1.63	08/01/08	09/01/08			2,998.38				2,998.38	2,998.38	-	0.00
	1998 M/F (Pebble Brook) Total				751,143.53	751,143.53	2,998.38	(492,063.92)	0.00	0.00	262,077.99	262,077.99	0.00	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	1.52	08/01/08	09/01/08	124,680.81	124,680.81		(2,688.74)			121,992.07	121,992.07	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	1.52	08/01/08	09/01/08	63,513.50	63,513.50		(20,011.08)			43,502.42	43,502.42	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	1.52	08/01/08	09/01/08	13,282.47	13,282.47	38,552.35				51,834.82	51,834.82	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	1.52	08/01/08	09/01/08	40,794.92	40,794.92	108,902.74				149,697.66	149,697.66	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	1.52	08/01/08	09/01/08	26.42	26.42	0.88				27.30	27.30	-	0.00
	1998 M/F (Residence Oaks Proj) Total				242,298.12	242,298.12	147,455.97	(22,699.82)	0.00	0.00	367,054.27	367,054.27	0.00	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	1.20	08/01/08	09/01/08	31,451.44	31,451.44	9,375.00				40,826.44	40,826.44	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	1.20	08/01/08	09/01/08	267,550.15	267,550.15	290.34				267,840.49	267,840.49	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	1.20	08/01/08	09/01/08	116,130.90	116,130.90		(81,126.51)			35,004.39	35,004.39	-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail				62,499.99	62,499.99		(62,499.99)					-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail				167,194.14	167,194.14		(167,194.14)					-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail				22,716.42	22,716.42		(22,716.42)					-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	1.33	08/01/08	09/01/08			125,000.00				125,000.00	125,000.00	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	1.33	08/01/08	09/01/08			321,642.75				321,642.75	321,642.75	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	1.33	08/01/08	09/01/08			30,055.39				30,055.39	30,055.39	-	0.00
	1998 M/F (Greens-Hickory Trail Total				667,543.04	667,543.04	486,363.48	(333,537.06)	0.00	0.00	820,369.46	820,369.46	0.00	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	1.52	08/01/08	09/01/08	103,690.14	103,690.14	50,230.24				153,920.38	153,920.38	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	1.52	08/01/08	09/01/08	17,607.67	17,607.67	6,681.29				24,288.96	24,288.96	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	1.52	08/01/08	09/01/08	73,901.08	73,901.08		(8,226.31)			65,674.77	65,674.77	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	1.52	08/01/08	09/01/08	19,078.66	19,078.66	55,047.00				74,125.66	74,125.66	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	1.52	08/01/08	09/01/08	58,069.08	58,069.08	145,465.04				203,534.12	203,534.12	-	0.00
	1999 M/F (Mayfield Apts) Total				272,346.63	272,346.63	257,423.57	(8,226.31)	0.00	0.00	521,543.89	521,543.89	0.00	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	1.52	08/01/08	09/01/08	1,399.90	1,399.90	7,649.22				9,049.12	9,049.12	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	1.52	08/01/08	09/01/08	28,061.36	28,061.36		(10,020.13)			18,041.23	18,041.23	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	1.52	08/01/08	09/01/08	22,197.89	22,197.89	30,461.53				52,659.42	52,659.42	-	0.00
	2000 M/F (Timber Point Apts) Total				51,659.15	51,659.15	38,110.75	(10,020.13)	0.00	0.00	79,749.77	79,749.77	0.00	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	1.33	08/01/08	09/01/08	149,237.60	149,237.60		(6,055.72)			143,181.88	143,181.88	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	1.33	08/01/08	09/01/08	235,782.69	235,782.69	14,897.72				250,680.41	250,680.41	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	1.33	08/01/08	09/01/08	93,978.27	93,978.27	39.16				94,017.43	94,017.43	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	1.33	08/01/08	09/01/08	14,044.15	14,044.15	7,713.42				21,757.57	21,757.57	-	0.00
	2000 A&B M/F (Oaks at Hampton) Total				493,042.71	493,042.71	22,650.30	(6,055.72)	0.00	0.00	509,637.29	509,637.29	0.00	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	1.33	08/01/08	09/01/08	4,564.41	4,564.41	6,000.00				10,564.41	10,564.41	-	0.00
Inv Agmt	2000 M/F (Deerwood Apts)	6.15	05/23/00	06/01/32	229,852.47	229,852.47		(116,443.19)			113,409.28	113,409.28	-	0.00
	2000 M/F (Deerwood Apts) Total				234,416.88	234,416.88	6,000.00	(116,443.19)	0.00	0.00	123,973.69	123,973.69	0.00	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	1.52	08/01/08	09/01/08	13,334.08	13,334.08	1,442.49				14,776.57	14,776.57	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	1.52	08/01/08	09/01/08	23,877.78	23,877.78	193.75				24,071.53	24,071.53	-	0.00
Money Market	2000 M/F (Creek Point Apts)	1.52	08/01/08	09/01/08			81,770.01				81,770.01	81,770.01	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	1.52	08/01/08	09/01/08	2.32	2.32	0.00				2.32	2.32	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)				22,197.89	22,197.89		(22,197.89)					-	0.00
	2000 M/F (Creek Point Apts) Total				59,412.07	59,412.07	83,406.25	(22,197.89)	0.00	0.00	120,620.43	120,620.43	0.00	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	1.33	08/01/08	09/01/08	26,696.63	26,696.63		(11,125.15)			15,571.48	15,571.48	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	1.33	08/01/08	09/01/08	205,296.04	205,296.04	14,807.83				220,103.87	220,103.87	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	1.33	08/01/08	09/01/08	93,522.37	93,522.37		(457.75)			93,064.62	93,064.62	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	1.33	08/01/08	09/01/08	119,555.85	119,555.85	25,168.03				144,723.88	144,723.88	-	0.00
	2000 M/F (Parks @ Westmoreld) Total				445,070.89	445,070.89	39,975.86	(11,582.90)	0.00	0.00	473,463.85	473,463.85	0.00	0.00
Mutual Fund	2000 A-C MF Highland Meadows	1.52	08/01/08	09/01/08	113,046.01	113,046.01	47,786.23				160,832.24	160,832.24	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	1.52	08/01/08	09/01/08	10,598.93	10,598.93	7,661.68				18,260.61	18,260.61	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	1.52	08/01/08	09/01/08	24,921.98	24,921.98	12,588.50				37,510.48	37,510.48	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	1.52	08/01/08	09/01/08	10,892.43	10,892.43	32,037.70				42,930.13	42,930.13	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	1.52	08/01/08	09/01/08	48,555.41	48,555.41	142,658.41				191,213.82	191,213.82	-	0.00
	2000 A-C MF Highland Meadows Total				208,014.76	208,014.76	242,732.52	0.00	0.00	0.00	450,747.28	450,747.28	0.00	0.00
Mutual Fund	2000 A/B MF Greenbridge				65,600.99	65,600.99		(65,600.99)					-	0.00
Mutual Fund	2000 A/B MF Greenbridge	1.33	08/01/08	09/01/08			14,536.96				14,536.96	14,536.96	-	0.00
Mutual Fund	2000 A/B MF Greenbridge				13,119.08	13,119.08		(13,119.08)					-	0.00
Mutual Fund	2000 A/B MF Greenbridge	1.33	08/01/08	09/01/08	11,770.00	11,770.00	0.00				11,770.00	11,770.00	-	0.00
Inv Agmt	2000 A/B MF Greenbridge	6.15	11/09/00	11/01/40	5.45	5.45	0.00				5.45	5.45	-	0.00
	2000 A/B MF Greenbridge Total				90,495.52	90,495.52	14,536.96	(78,720.07)	0.00	0.00	26,312.41	26,312.41	0.00	0.00
Mutual Fund	2000 A-C MF Collingham Park	1.63	08/01/08	09/01/08	113,239.78	113,239.78	20,653.77				133,893.55	133,893.55	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	1.63	08/01/08	09/01/08	20,678.45	20,678.45		(11,200.15)			9,478.30	9,478.30	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	1.63	08/01/08	09/01/08	11,380.18	11,380.18	211,103.22				222,483.40	222,483.40	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	1.63	08/01/08	09/01/08	16,871.22	16,871.22	16,226.26				33,097.48	33,097.48	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	1.63	08/01/08	09/01/08	81,213.48	81,213.48	71,757.28				152,970.76	152,970.76	-	0.00
	2000 A-C MF Collingham Park Total				243,383.11	243,383.11	319,740.53	(11,200.15)	0.00	0.00	551,923.49	551,923.49	0.00	0.00
Mutual Fund	2000 A/B MF Willams Run	1.33	08/01/08	09/01/08	13.09	13.09	0.00				13.09	13.09	-	0.00
Mutual Fund	2000 A/B MF Willams Run	1.33	08/01/08	09/01/08	14.72	14.72	0.00				14.72	14.72	-	0.00
Mutual Fund	2000 A/B MF Willams Run	1.33	08/01/08	09/01/08	4,873.69	4,873.69	1,426.75				6,300.44	6,300.44	-	0.00
Mutual Fund	2000 A/B MF Willams Run	1.33	08/01/08	09/01/08	1,583.98	1,583.98	4.72				1,588.70	1,588.70	-	0.00
	2000 A/B MF Willams Run Total				6,485.48	6,485.48	1,431.47	0.00	0.00	0.00	7,916.95	7,916.95	0.00	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.33	08/01/08	09/01/08	13,712.94	13,712.94	8,252.47				21,965.41	21,965.41	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.33	08/01/08	09/01/08	150,814.57	150,814.57		(10,122.75)			140,691.82	140,691.82	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.33	08/01/08	09/01/08	143,887.92	143,887.92	14,017.68				157,905.60	157,905.60	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.33	08/01/08	09/01/08	96,638.31	96,638.31		(0.01)			96,638.30	96,638.30	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.33	08/01/08	09/01/08	41,804.66	41,804.66	124.60				41,929.26	41,929.26	-	0.00
	2001A MF Bluffview Sr. Apts. Total				446,858.40	446,858.40	22,394.75	(10,122.76)	0.00	0.00	459,130.39	459,130.39	0.00	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	1.33	08/01/08	09/01/08	1,405.98	1,405.98	9,215.68				10,621.66	10,621.66	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	1.33	08/01/08	09/01/08	92,778.28	92,778.28	58,372.11				151,150.39	151,150.39	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	1.33	08/01/08	09/01/08	86,001.33	86,001.33	4,985.13				90,986.46	90,986.46	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	1.33	08/01/08	09/01/08	118,641.02	118,641.02	235.33				118,876.35	118,876.35	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
	2001A MF Knollwood Villas Apts Total				298,826.61	298,826.61	72,808.25	0.00	0.00	0.00	371,634.86	371,634.86	0.00	0.00
Mutual Fund	2001A MF Skyway Villas	1.33	08/01/08	09/01/08	17,027.39	17,027.39		(3,755.68)			13,271.71	13,271.71	-	0.00
Mutual Fund	2001A MF Skyway Villas	1.33	08/01/08	09/01/08	296,890.58	296,890.58	14,499.99				311,390.57	311,390.57	-	0.00
Mutual Fund	2001A MF Skyway Villas				11,298.54	11,298.54		(11,298.54)					-	0.00
Mutual Fund	2001A MF Skyway Villas	1.33	08/01/08	09/01/08	101,158.05	101,158.05	47,991.75				149,149.80	149,149.80	-	0.00
Mutual Fund	2001A MF Skyway Villas	1.33	08/01/08	09/01/08			44,619.27				44,619.27	44,619.27	-	0.00
Inv Agmt	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	83,300.21	83,300.21		(37,910.56)			45,389.65	45,389.65	-	0.00
Mutual Fund	2001A MF Skyway Villas				39,999.98	39,999.98		(39,999.98)					-	0.00
Mutual Fund	2001A MF Skyway Villas	1.33	08/01/08	09/01/08			27,500.01				27,500.01	27,500.01	-	0.00
Mutual Fund	2001A MF Skyway Villas	1.33	08/01/08	09/01/08	128,167.54	128,167.54		(58,643.44)			69,524.10	69,524.10	-	0.00
	2001A MF Skyway Villas Total				677,842.29	677,842.29	134,611.02	(151,608.20)	0.00	0.00	660,845.11	660,845.11	0.00	0.00
Mutual Fund	2001AB MF Cobb Park Apts	1.33	08/01/08	09/01/08	17,499.31	17,499.31		(14,791.45)			2,707.86	2,707.86	-	0.00
Mutual Fund	2001AB MF Cobb Park Apts	1.33	08/01/08	09/01/08	106,149.99	106,149.99	50,603.12				156,753.11	156,753.11	-	0.00
Mutual Fund	2001AB MF Cobb Park Apts	1.33	08/01/08	09/01/08	17,745.25	17,745.25	9,627.08				27,372.33	27,372.33	-	0.00
Mutual Fund	2001AB MF Cobb Park Apts	1.33	08/01/08	09/01/08	0.20	0.20	72,746.97				72,747.17	72,747.17	-	0.00
Mutual Fund	2001AB MF Cobb Park Apts	1.33	08/01/08	09/01/08	57,986.53	57,986.53	172.83				58,159.36	58,159.36	-	0.00
	2001AB MF Cobb Park Apts Total				199,381.28	199,381.28	133,150.00	(14,791.45)	0.00	0.00	317,739.83	317,739.83	0.00	0.00
Mutual Fund	2001A MF Greens Road Apts	1.63	08/01/08	09/01/08	32.36	32.36	0.02				32.38	32.38	-	0.00
Mutual Fund	2001A MF Greens Road Apts	1.63	08/01/08	09/01/08	274,365.00	274,365.00		(274,361.10)			3.90	3.90	-	0.00
Inv Agmt	2001A MF Greens Road Apts	4.01	09/14/01	06/01/34	279,734.19	279,734.19		(148,420.34)			131,313.85	131,313.85	-	0.00
	2001A MF Greens Road Apts Total				554,131.55	554,131.55	0.02	(422,781.44)	0.00	0.00	131,350.13	131,350.13	0.00	0.00
Mutual Fund	2001AB MF Meridian Apts	1.52	08/01/08	09/01/08	23,895.48	23,895.48		(19,055.75)			4,839.73	4,839.73	-	0.00
Mutual Fund	2001AB MF Meridian Apts	1.52	08/01/08	09/01/08	40,956.30	40,956.30	5,980.32				46,936.62	46,936.62	-	0.00
Money Market	2001AB MF Meridian Apts	1.52	08/01/08	09/01/08	78,774.81	78,774.81	88,917.07				167,691.88	167,691.88	-	0.00
Mutual Fund	2001AB MF Meridian Apts	1.52	08/01/08	09/01/08	4,448.28	4,448.28	115,402.24				119,850.52	119,850.52	-	0.00
Mutual Fund	2001AB MF Meridian Apts	1.52	08/01/08	09/01/08	17,923.04	17,923.04	32,071.45				49,994.49	49,994.49	-	0.00
Mutual Fund	2001AB MF Meridian Apts	1.52	08/01/08	09/01/08	82,817.43	82,817.43		(56,150.77)			26,666.66	26,666.66	-	0.00
Mutual Fund	2001AB MF Meridian Apts	1.52	08/01/08	09/01/08	379,925.93	379,925.93		(273,655.09)			106,270.84	106,270.84	-	0.00
	2001AB MF Meridian Apts Total				628,741.27	628,741.27	242,371.08	(348,861.61)	0.00	0.00	522,250.74	522,250.74	0.00	0.00
Mutual Fund	2001AB MF Wildwood Branch	1.52	08/01/08	09/01/08	2.62	2.62	0.00				2.62	2.62	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	1.52	08/01/08	09/01/08	23,479.74	23,479.74		(21,929.74)			1,550.00	1,550.00	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	1.52	08/01/08	09/01/08	97,085.17	97,085.17	76,431.27				173,516.44	173,516.44	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	1.52	08/01/08	09/01/08	0.02	0.02	0.00				0.02	0.02	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	1.52	08/01/08	09/01/08	3,180.83	3,180.83	130,192.67				133,373.50	133,373.50	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	1.52	08/01/08	09/01/08	16,605.38	16,605.38	36,035.62				52,641.00	52,641.00	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	1.52	08/01/08	09/01/08	85,350.89	85,350.89		(58,684.23)			26,666.66	26,666.66	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	1.52	08/01/08	09/01/08	375,997.65	375,997.65		(271,461.71)			104,535.94	104,535.94	-	0.00
	2001AB MF Wildwood Branch Total				601,702.30	601,702.30	242,659.56	(352,075.68)	0.00	0.00	492,286.18	492,286.18	0.00	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	1.52	08/01/08	09/01/08	145,269.77	145,269.77	74,045.46				219,315.23	219,315.23	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	1.33	08/01/08	09/01/08	15,381.51	15,381.51	2,557.86				17,939.37	17,939.37	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	1.33	08/01/08	09/01/08	72.54	72.54	58.53				131.07	131.07	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	1.33	08/01/08	09/01/08	98,872.63	98,872.63	14,443.17				113,315.80	113,315.80	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	1.33	08/01/08	09/01/08	110,166.20	110,166.20		(52,301.93)			57,864.27	57,864.27	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	1.33	08/01/08	09/01/08	458,544.74	458,544.74		(214,531.05)			244,013.69	244,013.69	-	0.00
	2001ABC MF Fallbrook Apts Total				828,307.39	828,307.39	91,105.02	(266,832.98)	0.00	0.00	652,579.43	652,579.43	0.00	0.00
Mutual Fund	2001 MF Oak Hollow Apts	1.33	08/01/08	09/01/08	26,894.14	26,894.14	3,684.33				30,578.47	30,578.47	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	1.33	08/01/08	09/01/08	25,769.56	25,769.56	8,392.52				34,162.08	34,162.08	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	1.33	08/01/08	09/01/08	56,124.93	56,124.93		(56,120.95)			3.98	3.98	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	1.33	08/01/08	09/01/08	52,933.72	52,933.72	33,125.34				86,059.06	86,059.06	-	0.00
	2001 MF Oak Hollow Apts Total				161,722.35	161,722.35	45,202.19	(56,120.95)	0.00	0.00	150,803.59	150,803.59	0.00	0.00
Mutual Fund	2001AB MF Hillside Apts	1.33	08/01/08	09/01/08	17,325.50	17,325.50	4,096.25				21,421.75	21,421.75	-	0.00
Mutual Fund	2001AB MF Hillside Apts	1.33	08/01/08	09/01/08	23,188.62	23,188.62	13,030.79				36,219.41	36,219.41	-	0.00

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Mutual Fund	2001AB MF Hillside Apts	1.33	08/01/08	09/01/08	101,233.14	101,233.14		(0.93)			101,232.21	101,232.21	-	0.00
Mutual Fund	2001AB MF Hillside Apts	1.33	08/01/08	09/01/08	84,071.55	84,071.55	52,202.77				136,274.32	136,274.32	-	0.00
	2001AB MF Hillside Apts Total				225,818.81	225,818.81	69,329.81	(0.93)	0.00	0.00	295,147.69	295,147.69	0.00	0.00
Mutual Fund	2002A MF Millstone Apts	1.10	08/01/08	09/01/08	14,351.42	14,351.42		(8,440.63)			5,910.79	5,910.79	-	0.00
Mutual Fund	2002A MF Millstone Apts	1.10	08/01/08	09/01/08	100,303.58	100,303.58	15,799.55				116,103.13	116,103.13	-	0.00
Mutual Fund	2002A MF Millstone Apts	1.10	08/01/08	09/01/08	26,051.38	26,051.38		(4,236.16)			21,815.22	21,815.22	-	0.00
Mutual Fund	2002A MF Millstone Apts	1.10	08/01/08	09/01/08	49,474.97	49,474.97	40,774.90				90,249.87	90,249.87	-	0.00
Mutual Fund	2002A MF Millstone Apts	1.10	08/01/08	09/01/08	76,126.56	76,126.56		(37,399.62)			38,726.94	38,726.94	-	0.00
Mutual Fund	2002A MF Millstone Apts	1.10	08/01/08	09/01/08	252,774.25	252,774.25		(114,129.54)			138,644.71	138,644.71	-	0.00
Mutual Fund	2002A MF Millstone Apts	1.10	08/01/08	09/01/08	86,285.16	86,285.16	52,969.00				139,254.16	139,254.16	-	0.00
	2002A MF Millstone Apts Total				605,367.32	605,367.32	109,543.45	(164,205.95)	0.00	0.00	550,704.82	550,704.82	0.00	0.00
Mutual Fund	2002 MF SugarCreek Apts	1.10	08/01/08	09/01/08	273.84	273.84	0.88				274.72	274.72	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	1.10	08/01/08	09/01/08	379,674.21	379,674.21		(225,641.43)			154,032.78	154,032.78	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	1.10	08/01/08	09/01/08			3,481.96				3,481.96	3,481.96	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	1.10	08/01/08	09/01/08	0.05	0.05	0.00				0.05	0.05	-	0.00
	2002 MF SugarCreek Apts Total				379,948.10	379,948.10	3,482.84	(225,641.43)	0.00	0.00	157,789.51	157,789.51	0.00	0.00
Mutual Fund	2002 MF West Oaks Apts	1.33	08/01/08	09/01/08	874.89	874.89	2.61				877.50	877.50	-	0.00
Mutual Fund	2002 MF West Oaks Apts	1.33	08/01/08	09/01/08	186,857.64	186,857.64	9,978.09				196,835.73	196,835.73	-	0.00
Money Market	2002 MF West Oaks Apts	1.33	08/01/08	09/01/08	7,369.16	7,369.16	3,228.41				10,597.57	10,597.57	-	0.00
Mutual Fund	2002 MF West Oaks Apts	1.33	08/01/08	09/01/08	258,504.72	258,504.72	28,542.84				287,047.56	287,047.56	-	0.00
	2002 MF West Oaks Apts Total				453,606.41	453,606.41	41,751.95	0.00	0.00	0.00	495,358.36	495,358.36	0.00	0.00
Mutual Fund	2002 MF Park Meadows Apts	1.52	08/01/08	09/01/08	6,102.24	6,102.24		(2,729.00)			3,373.24	3,373.24	-	0.00
Mutual Fund	2002 MF Park Meadows Apts	1.52	08/01/08	09/01/08	223,220.76	223,220.76		(79,323.62)			143,897.14	143,897.14	-	0.00
Mutual Fund	2002 MF Park Meadows Apts	1.52	08/01/08	09/01/08	52.22	52.22	0.12				52.34	52.34	-	0.00
	2002 MF Park Meadows Apts Total				229,375.22	229,375.22	0.12	(82,052.62)	0.00	0.00	147,322.72	147,322.72	0.00	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	1.33	08/01/08	09/01/08	25,769.19	25,769.19	7,822.90				33,592.09	33,592.09	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	1.33	08/01/08	09/01/08	130,331.41	130,331.41		(2,575.29)			127,756.12	127,756.12	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	1.33	08/01/08	09/01/08	121,164.60	121,164.60		(3,665.13)			117,499.47	117,499.47	-	0.00
Money Market	2002 MF Clarkridge Villas Apts	1.33	08/01/08	09/01/08	195,951.91	195,951.91		(20,080.91)			175,871.00	175,871.00	-	0.00
	2002 MF Clarkridge Villas Apts Total				473,217.11	473,217.11	7,822.90	(26,321.33)	0.00	0.00	454,718.68	454,718.68	0.00	0.00
Mutual Fund	2002 MF Hickory Trace Apts	1.33	08/01/08	09/01/08	12,105.72	12,105.72	6,415.23				18,520.95	18,520.95	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	1.33	08/01/08	09/01/08	43,909.46	43,909.46	9,774.46				53,683.92	53,683.92	-	0.00
Money Market	2002 MF Hickory Trace Apts	1.33	08/01/08	09/01/08	91,114.65	91,114.65	0.00				91,114.65	91,114.65	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	1.33	08/01/08	09/01/08	69,852.30	69,852.30	41,964.35				111,816.65	111,816.65	-	0.00
	2002 MF Hickory Trace Apts Total				216,982.13	216,982.13	58,154.04	0.00	0.00	0.00	275,136.17	275,136.17	0.00	0.00
Mutual Fund	2002 MF Green Crest Apts	1.33	08/01/08	09/01/08	141,465.55	141,465.55	55,480.28				196,945.83	196,945.83	-	0.00
Mutual Fund	2002 MF Green Crest Apts	1.33	08/01/08	09/01/08	98,623.59	98,623.59	6,694.72				105,318.31	105,318.31	-	0.00
Mutual Fund	2002 MF Green Crest Apts	1.33	08/01/08	09/01/08	71,562.84	71,562.84		(71,556.90)			5.94	5.94	-	0.00
Mutual Fund	2002 MF Green Crest Apts	1.33	08/01/08	09/01/08	1,817.31	1,817.31		(325.40)			1,491.91	1,491.91	-	0.00
	2002 MF Green Crest Apts Total				313,469.29	313,469.29	62,175.00	(71,882.30)	0.00	0.00	303,761.99	303,761.99	0.00	0.00
Mutual Fund	2002 MF Ironwood Apts	1.33	08/01/08	09/01/08	339,676.74	339,676.74	113,300.85				452,977.59	452,977.59	-	0.00
Mutual Fund	2002 MF Ironwood Apts	1.33	08/01/08	09/01/08	3,973.23	3,973.23	11.84				3,985.07	3,985.07	-	0.00
Mutual Fund	2002 MF Ironwood Apts	1.33	08/01/08	09/01/08	9,932.25	9,932.25		(253.40)			9,678.85	9,678.85	-	0.00
Mutual Fund	2002 MF Ironwood Apts	1.33	08/01/08	09/01/08	887.97	887.97	2.65				890.62	890.62	-	0.00
	2002 MF Ironwood Apts Total				354,470.19	354,470.19	113,315.34	(253.40)	0.00	0.00	467,532.13	467,532.13	0.00	0.00
Mutual Fund	2002 MF Woodway Village	1.52	08/01/08	09/01/08	14,615.87	14,615.87		(2,262.84)			12,353.03	12,353.03	-	0.00
Mutual Fund	2002 MF Woodway Village	1.52	08/01/08	09/01/08	258,741.09	258,741.09		(119,440.20)			139,300.89	139,300.89	-	0.00
	2002 MF Woodway Village Total				273,356.96	273,356.96	0.00	(121,703.04)	0.00	0.00	151,653.92	151,653.92	0.00	0.00
Money Market	2003 AB MF Reading Road	1.52	08/01/08	09/01/08	55.99	55.99	6.55				62.54	62.54	-	0.00
Mutual Fund	2003 AB MF Reading Road	1.52	08/01/08	09/01/08	62,589.39	62,589.39		(37,369.57)			25,219.82	25,219.82	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Mutual Fund	2003 AB MF Reading Road	1.52	08/01/08	09/01/08	25,972.00	25,972.00	647.71				26,619.71	26,619.71	-	0.00
Money Market	2003 AB MF Reading Road	1.52	08/01/08	09/01/08	7.96	7.96	0.00				7.96	7.96	-	0.00
Mutual Fund	2003 AB MF Reading Road	1.52	08/01/08	09/01/08	7.96	7.96	0.00				7.96	7.96	-	0.00
Mutual Fund	2003 AB MF Reading Road	1.52	08/01/08	09/01/08	58,704.37	58,704.37	37,200.18				95,904.55	95,904.55	-	0.00
Mutual Fund	2003 AB MF Reading Road	1.52	08/01/08	09/01/08	0.16	0.16	0.00				0.16	0.16	-	0.00
	2003 AB MF Reading Road Total				147,337.83	147,337.83	37,854.44	(37,369.57)	0.00	0.00	147,822.70	147,822.70	0.00	0.00
Money Market	2003 AB MF North Vista Apts	1.90	08/01/08	09/01/08	108,581.04	108,581.04	22,483.62				131,064.66	131,064.66	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	1.90	08/01/08	09/01/08	394.00	394.00	1.85				395.85	395.85	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	1.90	08/01/08	09/01/08	23,371.47	23,371.47	78,765.65				102,137.12	102,137.12	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	1.90	08/01/08	09/01/08	127,578.50	127,578.50	680.28				128,258.78	128,258.78	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	1.90	08/01/08	09/01/08	22,026.36	22,026.36	29,687.62				51,713.98	51,713.98	-	0.00
Money Market	2003 AB MF North Vista Apts	1.33	08/01/08	09/01/08	95,416.41	95,416.41		(48,101.31)			47,315.10	47,315.10	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	1.90	08/01/08	09/01/08	281,539.21	281,539.21		(161,115.94)			120,423.27	120,423.27	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	1.90	08/01/08	09/01/08	36,751.10	36,751.10		(28,100.60)			8,650.50	8,650.50	-	0.00
	2003 AB MF North Vista Apts Total				695,658.09	695,658.09	131,619.02	(237,317.85)	0.00	0.00	589,959.26	589,959.26	0.00	0.00
Mutual Fund	2003 AB MF West Virginia Apts	2.19	08/01/08	09/01/08	35,035.06	35,035.06		(17,649.38)			17,385.68	17,385.68	-	0.00
Money Market	2003 AB MF West Virginia Apts	2.19	08/01/08	09/01/08	82,019.36	82,019.36	6,580.99				88,600.35	88,600.35	-	0.00
Money Market	2003 AB MF West Virginia Apts	2.19	08/01/08	09/01/08	118,269.02	118,269.02	44,063.20				162,332.22	162,332.22	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	2.19	08/01/08	09/01/08	10,791.95	10,791.95	104.92				10,896.87	10,896.87	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	2.19	08/01/08	09/01/08	12,539.45	12,539.45	32,337.25				44,876.70	44,876.70	-	0.00
Money Market	2003 AB MF West Virginia Apts	2.19	08/01/08	09/01/08	62,721.83	62,721.83		(24,837.29)			37,884.54	37,884.54	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	2.19	08/01/08	09/01/08	218,256.22	218,256.22		(90,741.77)			127,514.45	127,514.45	-	0.00
	2003 AB MF West Virginia Apts Total				539,632.89	539,632.89	83,086.36	(133,228.44)	0.00	0.00	489,490.81	489,490.81	0.00	0.00
Mutual Fund	2003AB MF Sphinx @ Murdeaux	1.33	08/01/08	09/01/08	2,147.51	2,147.51		(50.78)			2,096.73	2,096.73	-	0.00
GNMA	2003AB MF Sphinx @ Murdeaux	5.10	12/30/04	12/15/42	14,628,266.82	14,628,266.82			(36,836.88)		14,591,429.94	14,591,429.94	-	0.00
Inv Agmt	2003AB MF Sphinx @ Murdeaux	2.51	05/13/03	12/01/42	382,114.52	382,114.52		(227,916.68)			154,197.84	154,197.84	-	0.00
	2003AB MF Sphinx @ Murdeaux Total				15,012,528.85	15,012,528.85	0.00	(227,967.46)	(36,836.88)	0.00	14,747,724.51	14,747,724.51	0.00	0.00
Mutual Fund	2003 AB MF Primrose Houston	1.33	08/01/08	09/01/08	99,878.08	99,878.08	4.38				99,882.46	99,882.46	-	0.00
Money Market	2003 AB MF Primrose Houston	1.33	08/01/08	09/01/08	15,949.25	15,949.25	5,902.91				21,852.16	21,852.16	-	0.00
	2003 AB MF Primrose Houston Total				115,827.33	115,827.33	5,907.29	0.00	0.00	0.00	121,734.62	121,734.62	0.00	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	1.33	08/01/08	09/01/08	38,011.35	38,011.35	14,185.93				52,197.28	52,197.28	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	1.33	08/01/08	09/01/08	198,306.41	198,306.41		(25,605.82)			172,700.59	172,700.59	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	1.33	08/01/08	09/01/08	93,913.22	93,913.22	14.96				93,928.18	93,928.18	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	1.33	08/01/08	09/01/08	21,643.67	21,643.67		(17,318.77)			4,324.90	4,324.90	-	0.00
	2003 AB MF Timber Oaks Apts Total				351,874.65	351,874.65	14,200.89	(42,924.59)	0.00	0.00	323,150.95	323,150.95	0.00	0.00
Mutual Fund	2003 AB MF Ash Creek	1.33	08/01/08	09/01/08	1,180.22	1,180.22	17.91				1,198.13	1,198.13	-	0.00
Mutual Fund	2003 AB MF Ash Creek	1.33	08/01/08	09/01/08	4,828.48	4,828.48	0.00				4,828.48	4,828.48	-	0.00
Mutual Fund	2003 AB MF Ash Creek	1.33	08/01/08	09/01/08	99,321.56	99,321.56	4.95				99,326.51	99,326.51	-	0.00
Money Market	2003 AB MF Ash Creek	1.33	08/01/08	09/01/08	5,021.57	5,021.57	5,742.35				10,763.92	10,763.92	-	0.00
	2003 AB MF Ash Creek Total				110,351.83	110,351.83	5,765.21	0.00	0.00	0.00	116,117.04	116,117.04	0.00	0.00
Mutual Fund	2003 AB MF Peninsula	1.33	08/01/08	09/01/08	2,269.50	2,269.50		(2,000.00)			269.50	269.50	-	0.00
Mutual Fund	2003 AB MF Peninsula	1.33	08/01/08	09/01/08	147,271.43	147,271.43	205,455.78				352,727.21	352,727.21	-	0.00
Mutual Fund	2003 AB MF Peninsula	1.33	08/01/08	09/01/08	19,967.79	19,967.79	104.04				20,071.83	20,071.83	-	0.00
	2003 AB MF Peninsula Total				169,508.72	169,508.72	205,559.82	(2,000.00)	0.00	0.00	373,068.54	373,068.54	0.00	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	1.33	08/01/08	09/01/08	31.23	31.23	0.09				31.32	31.32	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	1.33	08/01/08	09/01/08	81,094.20	81,094.20	9,898.36				90,992.56	90,992.56	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	1.33	08/01/08	09/01/08	127.50	127.50	81,473.58				81,601.08	81,601.08	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	1.33	08/01/08	09/01/08	1,273.14	1,273.14		(263.35)			1,009.79	1,009.79	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	1.33	08/01/08	09/01/08	0.04	0.04		(0.01)			0.03	0.03	-	0.00
Money Market	2003 A MF Evergreen @ Mesquite	1.33	08/01/08	09/01/08	37.43	37.43	0.11				37.54	37.54	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	1.33	08/01/08	09/01/08	29,289.46	29,289.46		(17,616.01)			11,673.45	11,673.45	-	0.00
	2003 A MF Evergreen @ Mesquite Total				111,853.00	111,853.00	91,372.14	(17,879.37)	0.00	0.00	185,345.77	185,345.77	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Mutual Fund	2003 AB Arlington Villas	1.33	08/01/08	09/01/08	107,972.91	107,972.91	198.52				108,171.43	108,171.43	-	0.00
Mutual Fund	2003 AB Arlington Villas	1.33	08/01/08	09/01/08	18,871.76	18,871.76	5,935.42				24,807.18	24,807.18	-	0.00
	2003 AB Arlington Villas Total				126,844.67	126,844.67	6,133.94	0.00	0.00	0.00	132,978.61	132,978.61	0.00	0.00
Mutual Fund	2003 AB Parkview Twnhms	1.33	08/01/08	09/01/08	6,511.81	6,511.81	19.40				6,531.21	6,531.21	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	1.33	08/01/08	09/01/08	78,184.50	78,184.50	233.03				78,417.53	78,417.53	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	1.33	08/01/08	09/01/08	68.11	68.11	0.20				68.31	68.31	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	1.33	08/01/08	09/01/08	406.73	406.73	1.22				407.95	407.95	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	1.33	08/01/08	09/01/08	219,764.27	219,764.27	655.02				220,419.29	220,419.29	-	0.00
	2003 AB Parkview Twnhms Total				304,935.42	304,935.42	908.87	0.00	0.00	0.00	305,844.29	305,844.29	0.00	0.00
Money Market	2003 MF NHP-Asmara-Refunding	1.33	08/01/08	09/01/08	309,315.37	309,315.37		(267,393.18)			41,922.19	41,922.19	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	1.33	08/01/08	09/01/08	47,871.43	47,871.43	11,673.35				59,544.78	59,544.78	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	1.33	08/01/08	09/01/08	670.56	670.56	0.00				670.56	670.56	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	1.33	08/01/08	09/01/08	98,994.18	98,994.18	295.06				99,289.24	99,289.24	-	0.00
	2003 MF NHP-Asmara-Refunding Total				456,851.54	456,851.54	11,968.41	(267,393.18)	0.00	0.00	201,426.77	201,426.77	0.00	0.00
Money Market	2004 A&B Timber Ridge	1.33	08/01/08	09/01/08	7,391.20	7,391.20	3,060.05				10,451.25	10,451.25	-	0.00
Money Market	2004 A&B Timber Ridge	1.33	08/01/08	09/01/08	50,838.43	50,838.43	737.26				51,575.69	51,575.69	-	0.00
	2004 A&B Timber Ridge Total				58,229.63	58,229.63	3,797.31	0.00	0.00	0.00	62,026.94	62,026.94	0.00	0.00
Money Market	2004 A&B Century Park	1.33	08/01/08	09/01/08	49,216.04	49,216.04		(19,203.44)			30,012.60	30,012.60	-	0.00
Money Market	2004 A&B Century Park	1.33	08/01/08	09/01/08	14,800.50	14,800.50	44,228.13				59,028.63	59,028.63	-	0.00
Money Market	2004 A&B Century Park	1.33	08/01/08	09/01/08	115,307.68	115,307.68	5,312.99				120,620.67	120,620.67	-	0.00
Money Market	2004 A&B Century Park	1.33	08/01/08	09/01/08	16,160.04	16,160.04	1,158.23				17,318.27	17,318.27	-	0.00
Money Market	2004 A&B Century Park	1.33	08/01/08	09/01/08	78,378.40	78,378.40		(29,890.10)			48,488.30	48,488.30	-	0.00
Money Market	2004 A&B Century Park	1.33	08/01/08	09/01/08	81,371.51	81,371.51	15,246.47				96,617.98	96,617.98	-	0.00
Money Market	2004 A&B Century Park	1.33	08/01/08	09/01/08	311,984.79	311,984.79		(130,512.50)			181,472.29	181,472.29	-	0.00
	2004 A&B Century Park Total				667,218.96	667,218.96	65,945.82	(179,606.04)	0.00	0.00	553,558.74	553,558.74	0.00	0.00
Money Market	2004 A Addison Park	1.33	08/01/08	09/01/08	593.47	593.47	3.09				596.56	596.56	-	0.00
Money Market	2004 A Addison Park				180.03	180.03		(180.03)					-	0.00
Money Market	2004 A Addison Park	1.33	08/01/08	09/01/08	1,280.30	1,280.30	187.59				1,467.89	1,467.89	-	0.00
Money Market	2004 A Addison Park	1.33	08/01/08	09/01/08	12.20	12.20	0.06				12.26	12.26	-	0.00
	2004 A Addison Park Total				2,066.00	2,066.00	190.74	(180.03)	0.00	0.00	2,076.71	2,076.71	0.00	0.00
Money Market	2004 A&B MF Veterans Memorial	1.33	08/01/08	09/01/08	0.17	0.17	0.00				0.17	0.17	-	0.00
Money Market	2004 A&B MF Veterans Memorial	1.33	08/01/08	09/01/08	343.58	343.58	1.02				344.60	344.60	-	0.00
Money Market	2004 A&B MF Veterans Memorial	1.33	08/01/08	09/01/08	63,834.04	63,834.04	194.18				64,028.22	64,028.22	-	0.00
Money Market	2004 A&B MF Veterans Memorial	1.33	08/01/08	09/01/08	0.19	0.19	0.00				0.19	0.19	-	0.00
Money Market	2004 A&B MF Veterans Memorial	1.33	08/01/08	09/01/08	0.91	0.91	0.00				0.91	0.91	-	0.00
	2004 A&B MF Veterans Memorial Total				64,178.89	64,178.89	195.20	0.00	0.00	0.00	64,374.09	64,374.09	0.00	0.00
Money Market	2004 MF Rush Creek Apts	1.33	08/01/08	09/01/08	43,753.61	43,753.61	7,769.79				51,523.40	51,523.40	-	0.00
Money Market	2004 MF Rush Creek Apts	1.33	08/01/08	09/01/08	1,316.94	1,316.94	5.86				1,322.80	1,322.80	-	0.00
Money Market	2004 MF Rush Creek Apts	1.33	08/01/08	09/01/08	0.13	0.13	0.00				0.13	0.13	-	0.00
Money Market	2004 MF Rush Creek Apts	1.33	08/01/08	09/01/08	72,982.11	72,982.11		(72,962.27)			19.84	19.84	-	0.00
Money Market	2004 MF Rush Creek Apts	1.33	08/01/08	09/01/08	72.53	72.53	0.33				72.86	72.86	-	0.00
Money Market	2004 MF Rush Creek Apts	1.33	08/01/08	09/01/08	20,082.57	20,082.57	89.40				20,171.97	20,171.97	-	0.00
Money Market	2004 MF Rush Creek Apts	1.33	08/01/08	09/01/08	9,735.35	9,735.35	3,684.69				13,420.04	13,420.04	-	0.00
Money Market	2004 MF Rush Creek Apts	1.33	08/01/08	09/01/08	73,053.41	73,053.41	45,281.68				118,335.09	118,335.09	-	0.00
Money Market	2004 MF Rush Creek Apts	1.33	08/01/08	09/01/08	0.30	0.30	0.00				0.30	0.30	-	0.00
Money Market	2004 MF Rush Creek Apts	1.33	08/01/08	09/01/08	322.59	322.59	1.43				324.02	324.02	-	0.00
	2004 MF Rush Creek Apts Total				221,319.54	221,319.54	56,833.18	(72,962.27)	0.00	0.00	205,190.45	205,190.45	0.00	0.00
Money Market	2004 MF Humble Parkway	1.33	08/01/08	09/01/08	78,731.84	78,731.84	11,156.71				89,888.55	89,888.55	-	0.00
Money Market	2004 MF Humble Parkway	1.33	08/01/08	09/01/08	103,974.16	103,974.16	42,293.84				146,268.00	146,268.00	-	0.00
Inv Agmt	2004 MF Humble Parkway	3.65	11/16/05	02/01/10	383,887.24	383,887.24		(210,143.48)			173,743.76	173,743.76	-	0.00
Money Market	2004 MF Humble Parkway	1.33	08/01/08	09/01/08	18,872.39	18,872.39		(13,575.21)			5,297.18	5,297.18	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
	2004 MF Humble Parkway Total				585,465.63	585,465.63	53,450.55	(223,718.69)	0.00	0.00	415,197.49	415,197.49	0.00	0.00
Money Market	2004 MF Chisholm Trail Apts	1.57	08/01/08	09/01/08	1,445.52	1,445.52	0.00				1,445.52	1,445.52	-	0.00
Money Market	2004 MF Chisholm Trail Apts	1.33	08/01/08	09/01/08	88,101.53	88,101.53	37,008.78				125,110.31	125,110.31	-	0.00
Money Market	2004 MF Chisholm Trail Apts	1.57	08/01/08	09/01/08	2,182.00	2,182.00	35.63				2,217.63	2,217.63	-	0.00
Money Market	2004 MF Chisholm Trail Apts	1.57	08/01/08	09/01/08	3,663.42	3,663.42	3,758.05				7,421.47	7,421.47	-	0.00
	2004 MF Chisholm Trail Apts Total				95,392.47	95,392.47	40,802.46	0.00	0.00	0.00	136,194.93	136,194.93	0.00	0.00
Money Market	2004 MF Evergreen at Plano	1.57	08/01/08	09/01/08	115,644.85	115,644.85	46,183.82				161,828.67	161,828.67	-	0.00
Money Market	2004 MF Evergreen at Plano	1.57	08/01/08	09/01/08	2,736.37	2,736.37	8,360.00				11,096.37	11,096.37	-	0.00
Money Market	2004 MF Evergreen at Plano	1.57	08/01/08	09/01/08	2,157.88	2,157.88	8.60				2,166.48	2,166.48	-	0.00
Money Market	2004 MF Evergreen at Plano	1.57	08/01/08	09/01/08	3.63	3.63	6,875.69				6,879.32	6,879.32	-	0.00
Money Market	2004 MF Evergreen at Plano	1.57	08/01/08	09/01/08	44.38	44.38	80,012.11				80,056.49	80,056.49	-	0.00
Money Market	2004 MF Evergreen at Plano	1.57	08/01/08	09/01/08	106,666.08	106,666.08		(105,637.78)			1,028.30	1,028.30	-	0.00
Money Market	2004 MF Evergreen at Plano	1.57	08/01/08	09/01/08	125,861.84	125,861.84	17,662.63				143,524.47	143,524.47	-	0.00
	2004 MF Evergreen at Plano Total				353,115.03	353,115.03	159,102.85	(105,637.78)	0.00	0.00	406,580.10	406,580.10	0.00	0.00
Money Market	2004 MF Montgomery Pines Apts	1.57	08/01/08	09/01/08	2,736.43	2,736.43	6,408.64				9,145.07	9,145.07	-	0.00
Money Market	2004 MF Montgomery Pines Apts	1.57	08/01/08	09/01/08	33.80	33.80	0.00				33.80	33.80	-	0.00
Money Market	2004 MF Montgomery Pines Apts	1.57	08/01/08	09/01/08	5.52	5.52	0.03				5.55	5.55	-	0.00
	2004 MF Montgomery Pines Apts Total				2,775.75	2,775.75	6,408.67	0.00	0.00	0.00	9,184.42	9,184.42	0.00	0.00
Money Market	2004 MF Bristol Apts	1.57	08/01/08	09/01/08	225.76	225.76	0.94				226.70	226.70	-	0.00
Money Market	2004 MF Bristol Apts	1.57	08/01/08	09/01/08	16.43	16.43	0.06				16.49	16.49	-	0.00
Money Market	2004 MF Bristol Apts	1.57	08/01/08	09/01/08	98.93	98.93	0.42				99.35	99.35	-	0.00
Money Market	2004 MF Bristol Apts	1.57	08/01/08	09/01/08			0.02				0.02	0.02	-	0.00
Money Market	2004 MF Bristol Apts	1.57	08/01/08	09/01/08	7,491.68	7,491.68	3,869.37				11,361.05	11,361.05	-	0.00
Money Market	2004 MF Bristol Apts	1.57	08/01/08	09/01/08	48.79	48.79	0.21				49.00	49.00	-	0.00
Money Market	2004 MF Bristol Apts	1.57	08/01/08	09/01/08	58,687.26	58,687.26	22,849.68				81,536.94	81,536.94	-	0.00
Money Market	2004 MF Bristol Apts	1.57	08/01/08	09/01/08	0.05	0.05	0.00				0.05	0.05	-	0.00
	2004 MF Bristol Apts Total				66,568.90	66,568.90	26,720.70	0.00	0.00	0.00	93,289.60	93,289.60	0.00	0.00
Money Market	2004 MF Pinnacle Apts	1.57	08/01/08	09/01/08	10,412.02	10,412.02		(5,744.71)			4,667.31	4,667.31	-	0.00
Money Market	2004 MF Pinnacle Apts	1.57	08/01/08	09/01/08	68,127.79	68,127.79	26,518.76				94,646.55	94,646.55	-	0.00
Money Market	2004 MF Pinnacle Apts	1.57	08/01/08	09/01/08	1,016.33	1,016.33	4.24				1,020.57	1,020.57	-	0.00
Money Market	2004 MF Pinnacle Apts	1.57	08/01/08	09/01/08	51.16	51.16	0.21				51.37	51.37	-	0.00
Money Market	2004 MF Pinnacle Apts	1.57	08/01/08	09/01/08	54.56	54.56		(54.51)			0.05	0.05	-	0.00
Money Market	2004 MF Pinnacle Apts	1.57	08/01/08	09/01/08	171.64	171.64	66.06				237.70	237.70	-	0.00
Money Market	2004 MF Pinnacle Apts	1.57	08/01/08	09/01/08	44.03	44.03	0.18				44.21	44.21	-	0.00
	2004 MF Pinnacle Apts Total				79,877.53	79,877.53	26,589.45	(5,799.22)	0.00	0.00	100,667.76	100,667.76	0.00	0.00
Money Market	2004 MF Tranquility Bay Apts	1.57	08/01/08	09/01/08	84,861.59	84,861.59	12,558.51				97,420.10	97,420.10	-	0.00
Money Market	2004 MF Tranquility Bay Apts	1.57	08/01/08	09/01/08	257.78	257.78	2.05				259.83	259.83	-	0.00
Money Market	2004 MF Tranquility Bay Apts	1.57	08/01/08	09/01/08	115,148.95	115,148.95		(113,976.46)			1,172.49	1,172.49	-	0.00
Money Market	2004 MF Tranquility Bay Apts	1.57	08/01/08	09/01/08	233,850.37	233,850.37	69,272.94				303,123.31	303,123.31	-	0.00
Money Market	2004 MF Tranquility Bay Apts	1.57	08/01/08	09/01/08	27,042.72	27,042.72	4,770.84				31,813.56	31,813.56	-	0.00
Money Market	2004 MF Tranquility Bay Apts	1.57	08/01/08	09/01/08	0.76	0.76	0.11				0.87	0.87	-	0.00
	2004 MF Tranquility Bay Apts Total				461,162.17	461,162.17	86,604.45	(113,976.46)	0.00	0.00	433,790.16	433,790.16	0.00	0.00
GNMA	2004 MF Sphinx @ Delafield	5.42	03/01/06	01/15/44	11,168,193.09	11,168,193.09			(24,396.25)		11,143,796.84	11,143,796.84	-	0.00
Inv Agmt	2004 MF Sphinx @ Delafield	3.00	11/22/04	01/20/44	237,578.64	237,578.64		(175,813.22)			61,765.42	61,765.42	-	0.00
Money Market	2004 MF Sphinx @ Delafield	1.33	08/01/08	09/01/08	11,587.38	11,587.38		(3,711.14)			7,876.24	7,876.24	-	0.00
	2004 MF Sphinx @ Delafield Total				11,417,359.11	11,417,359.11	0.00	(179,524.36)	(24,396.25)	0.00	11,213,438.50	11,213,438.50	0.00	0.00
Money Market	2004 MF Churchill @ Pinnacle	1.57	08/01/08	09/01/08	8,386.03	8,386.03	30.70				8,416.73	8,416.73	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	1.57	08/01/08	09/01/08	185,943.27	185,943.27	76,185.72				262,128.99	262,128.99	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	1.57	08/01/08	09/01/08	356.41	356.41	1.47				357.88	357.88	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	1.57	08/01/08	09/01/08	100,276.52	100,276.52	14,071.98				114,348.50	114,348.50	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	1.57	08/01/08	09/01/08			5,795.07				5,795.07	5,795.07	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	1.57	08/01/08	09/01/08	57.87	57.87	54,739.32				54,797.19	54,797.19	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Money Market	2004 MF Churchill @ Pinnacle	1.57	08/01/08	09/01/08	86,046.96	86,046.96		(85,296.33)			750.63	750.63	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	1.57	08/01/08	09/01/08	23,561.02	23,561.02		(7,132.09)			16,428.93	16,428.93	-	0.00
	2004 MF Churchill @ Pinnacle Total				404,628.08	404,628.08	150,824.26	(92,428.42)	0.00	0.00	463,023.92	463,023.92	0.00	0.00
Money Market	2004 A/B MF Post Oak East Apts	1.57	08/01/08	09/01/08	3,021.29	3,021.29	12.60				3,033.89	3,033.89	-	0.00
Money Market	2004 A/B MF Post Oak East Apts	1.57	08/01/08	09/01/08	2.89	2.89	0.00				2.89	2.89	-	0.00
Money Market	2004 A/B MF Post Oak East Apts	1.57	08/01/08	09/01/08	5.96	5.96	0.03				5.99	5.99	-	0.00
	2004 A/B MF Post Oak East Apts Total				3,030.14	3,030.14	12.63	0.00	0.00	0.00	3,042.77	3,042.77	0.00	0.00
Money Market	2004 MF Village Fair	1.33	08/01/08	09/01/08	157,831.59	157,831.59	28,299.32				186,130.91	186,130.91	-	0.00
Money Market	2004 MF Village Fair	1.33	08/01/08	09/01/08	111,716.15	111,716.15		(1.71)			111,714.44	111,714.44	-	0.00
Money Market	2004 MF Village Fair	1.33	08/01/08	09/01/08	17,984.30	17,984.30	4,544.71				22,529.01	22,529.01	-	0.00
	2004 MF Village Fair Total				287,532.04	287,532.04	32,844.03	(1.71)	0.00	0.00	320,374.36	320,374.36	0.00	0.00
Money Market	2005 MF Pecan Grove				516.94	516.94		(516.94)					-	0.00
Money Market	2005 MF Pecan Grove	1.33	08/01/08	09/01/08	63.29	63.29	540.58				603.87	603.87	-	0.00
Money Market	2005 MF Pecan Grove	1.33	08/01/08	09/01/08	21.89	21.89		(21.87)			0.02	0.02	-	0.00
	2005 MF Pecan Grove Total				602.12	602.12	540.58	(538.81)	0.00	0.00	603.89	603.89	0.00	0.00
Money Market	2005 MF Prairie Oaks	1.33	08/01/08	09/01/08	18,751.09	18,751.09	4,840.75				23,591.84	23,591.84	-	0.00
Money Market	2005 MF Prairie Oaks	1.33	08/01/08	09/01/08	60,965.30	60,965.30	10,491.43				71,456.73	71,456.73	-	0.00
Money Market	2005 MF Prairie Oaks	1.33	08/01/08	09/01/08	369,109.90	369,109.90	1,100.15				370,210.05	370,210.05	-	0.00
Money Market	2005 MF Prairie Oaks	1.33	08/01/08	09/01/08	25,418.37	25,418.37	75.77				25,494.14	25,494.14	-	0.00
Money Market	2005 MF Prairie Oaks	1.33	08/01/08	09/01/08	88,995.64	88,995.64		(0.20)			88,995.44	88,995.44	-	0.00
Money Market	2005 MF Prairie Oaks	1.33	08/01/08	09/01/08	127,372.88	127,372.88	22,156.46				149,529.34	149,529.34	-	0.00
	2005 MF Prairie Oaks Total				690,613.18	690,613.18	38,664.56	(0.20)	0.00	0.00	729,277.54	729,277.54	0.00	0.00
Money Market	2005 MF Port Royal				142.07	142.07		(142.07)					-	0.00
Money Market	2005 MF Port Royal	1.33	08/01/08	09/01/08	297.23	297.23	149.37				446.60	446.60	-	0.00
Money Market	2005 MF Port Royal				5.98	5.98		(5.98)					-	0.00
	2005 MF Port Royal Total				445.28	445.28	149.37	(148.05)	0.00	0.00	446.60	446.60	0.00	0.00
Money Market	2005 MF Mission Del Rio	1.33	08/01/08	09/01/08	36.72	36.72		(29.91)			6.81	6.81	-	0.00
Money Market	2005 MF Mission Del Rio	1.33	08/01/08	09/01/08	642,098.19	642,098.19		(365,213.01)			276,885.18	276,885.18	-	0.00
Money Market	2005 MF Mission Del Rio	1.33	08/01/08	09/01/08	2,105.03	2,105.03	0.00				2,105.03	2,105.03	-	0.00
Money Market	2005 MF Mission Del Rio	1.33	08/01/08	09/01/08	0.73	0.73	0.29				1.02	1.02	-	0.00
Money Market	2005 MF Mission Del Rio	1.33	08/01/08	09/01/08			339,393.20				339,393.20	339,393.20	-	0.00
Money Market	2005 MF Mission Del Rio	1.33	08/01/08	09/01/08	2,326.04	2,326.04	13.21				2,339.25	2,339.25	-	0.00
	2005 MF Mission Del Rio Total				646,566.71	646,566.71	339,406.70	(365,242.92)	0.00	0.00	620,730.49	620,730.49	0.00	0.00
Money Market	2005 MF Atascocita Apts	1.33	08/01/08	09/01/08	7,755.70	7,755.70	6,665.65				14,421.35	14,421.35	-	0.00
Money Market	2005 MF Atascocita Apts	1.33	08/01/08	09/01/08	79,884.46	79,884.46	27,732.08				107,616.54	107,616.54	-	0.00
	2005 MF Atascocita Apts Total				87,640.16	87,640.16	34,397.73	0.00	0.00	0.00	122,037.89	122,037.89	0.00	0.00
Money Market	2005 MF Tower Ridge	1.52	08/01/08	09/01/08			0.31				0.31	0.31	-	0.00
Money Market	2005 MF Tower Ridge	1.52	08/01/08	09/01/08	2,588.12	2,588.12	9,610.42				12,198.54	12,198.54	-	0.00
Money Market	2005 MF Tower Ridge	1.52	08/01/08	09/01/08	910.92	910.92	3.54				914.46	914.46	-	0.00
Money Market	2005 MF Tower Ridge	1.63	08/01/08	09/01/08	85.99	85.99	0.14				86.13	86.13	-	0.00
Money Market	2005 MF Tower Ridge	1.63	08/01/08	09/01/08	1,790.46	1,790.46	20.65				1,811.11	1,811.11	-	0.00
	2005 MF Tower Ridge Total				5,375.49	5,375.49	9,635.06	0.00	0.00	0.00	15,010.55	15,010.55	0.00	0.00
Money Market	2005 MF Alta Cullen	1.57	08/01/08	09/01/08	29,083.71	29,083.71	12,526.52				41,610.23	41,610.23	-	0.00
Money Market	2005 MF Alta Cullen	1.57	08/01/08	09/01/08	831.64	831.64	3.23				834.87	834.87	-	0.00
Money Market	2005 MF Alta Cullen	1.57	08/01/08	09/01/08	4,956.14	4,956.14	18.88				4,975.02	4,975.02	-	0.00
Money Market	2005 MF Alta Cullen	1.57	08/01/08	09/01/08	296,249.54	296,249.54		(9,174.23)			287,075.31	287,075.31	-	0.00
	2005 MF Alta Cullen Total				331,121.03	331,121.03	12,548.63	(9,174.23)	0.00	0.00	334,495.43	334,495.43	0.00	0.00
GNMA	2005 MF Prairie Ranch	4.99	03/28/06	01/15/45	12,060,016.55	12,060,016.55			(27,350.86)		12,032,665.69	12,032,665.69	-	0.00
Inv Agmt	2005 MF Prairie Ranch	3.25	12/06/05	01/20/45	312,975.03	312,975.03		(176,657.77)			136,317.26	136,317.26	-	0.00
Money Market	2005 MF Prairie Ranch	1.33	08/01/08	09/01/08	3,563.16	3,563.16	10.61				3,573.77	3,573.77	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Money Market	2005 MF Prairie Ranch	1.33	08/01/08	09/01/08	22,583.89	22,583.89		(10,262.04)			12,321.85	12,321.85	-	0.00
	2005 MF Prairie Ranch Total				12,399,138.63	12,399,138.63	10.61	(186,919.81)	(27,350.86)	0.00	12,184,878.57	12,184,878.57	0.00	0.00
Money Market	2005 MF St. Augustine	1.57	08/01/08	09/01/08	42.15	42.15	0.18				42.33	42.33	-	0.00
Money Market	2005 MF St. Augustine	1.57	08/01/08	09/01/08	4,254.41	4,254.41	17.74				4,272.15	4,272.15	-	0.00
Money Market	2005 MF St. Augustine	1.57	08/01/08	09/01/08	20,713.05	20,713.05	1,956.50				22,669.55	22,669.55	-	0.00
Money Market	2005 MF St. Augustine	1.57	08/01/08	09/01/08	25,243.61	25,243.61	198.48				25,442.09	25,442.09	-	0.00
	2005 MF St. Augustine Total				50,253.22	50,253.22	2,172.90	0.00	0.00	0.00	52,426.12	52,426.12	0.00	0.00
Mutual Fund	2005 MF Park Manor	1.42	08/01/08	09/01/08	24,785.70	24,785.70	98.20				24,883.90	24,883.90	-	0.00
Money Market	2005 MF Park Manor	1.42	08/01/08	09/01/08	23.51	23.51	94.74				118.25	118.25	-	0.00
Money Market	2005 MF Park Manor				88.92	88.92		(88.92)					-	0.00
Money Market	2005 MF Park Manor	1.42	08/01/08	09/01/08	21,747.96	21,747.96		(2,180.07)			19,567.89	19,567.89	-	0.00
	2005 MF Park Manor Total				46,646.09	46,646.09	192.94	(2,268.99)	0.00	0.00	44,570.04	44,570.04	0.00	0.00
Money Market	2005 MF Pr Mockingbird	1.33	08/01/08	09/01/08	44,031.77	44,031.77	14,633.32				58,665.09	58,665.09	-	0.00
Money Market	2005 MF Pr Mockingbird	1.33	08/01/08	09/01/08	22,477.00	22,477.00	30,324.63				52,801.63	52,801.63	-	0.00
Money Market	2005 MF Pr Mockingbird				57,096.17	57,096.17		(57,096.17)					-	0.00
Money Market	2005 MF Pr Mockingbird	1.33	08/01/08	09/01/08	55,948.48	55,948.48	57,084.64				113,033.12	113,033.12	-	0.00
Money Market	2005 MF Pr Mockingbird	1.33	08/01/08	09/01/08	33,450.35	33,450.35		(20,660.56)			12,789.79	12,789.79	-	0.00
	2005 MF Pr Mockingbird Total				213,003.77	213,003.77	102,042.59	(77,756.73)	0.00	0.00	237,289.63	237,289.63	0.00	0.00
Money Market	2005 MF Pl @ Chase Oaks	1.57	08/01/08	09/01/08	408.27	408.27	1.70				409.97	409.97	-	0.00
Money Market	2005 MF Pl @ Chase Oaks	1.57	08/01/08	09/01/08	119.17	119.17	0.50				119.67	119.67	-	0.00
	2005 MF Pl @ Chase Oaks Total				527.44	527.44	2.20	0.00	0.00	0.00	529.64	529.64	0.00	0.00
Money Market	2005 MF Canal Place	1.33	08/01/08	09/01/08	19,815.83	19,815.83	7,999.38				27,815.21	27,815.21	-	0.00
Money Market	2005 MF Canal Place	1.33	08/01/08	09/01/08	88,611.65	88,611.65	14,474.92				103,086.57	103,086.57	-	0.00
Money Market	2005 MF Canal Place	1.33	08/01/08	09/01/08	1,639.43	1,639.43	728.13				2,367.56	2,367.56	-	0.00
	2005 MF Canal Place Total				110,066.91	110,066.91	23,202.43	0.00	0.00	0.00	133,269.34	133,269.34	0.00	0.00
Money Market	2006 MF Coral Hills	1.44	08/01/08	09/01/08			93,478.66				93,478.66	93,478.66	-	0.00
Money Market	2006 MF Coral Hills				47.82	47.82		(47.82)					-	0.00
Money Market	2006 MF Coral Hills				155,589.76	155,589.76		(155,589.76)					-	0.00
Money Market	2006 MF Coral Hills				9.82	9.82		(9.82)					-	0.00
	2006 MF Coral Hills Total				155,647.40	155,647.40	93,478.66	(155,647.40)	0.00	0.00	93,478.66	93,478.66	0.00	0.00
Money Market	2006 MF Harris Branch	1.33	08/01/08	09/01/08	4,704.59	4,704.59	14.02				4,718.61	4,718.61	-	0.00
Money Market	2006 MF Harris Branch	1.33	08/01/08	09/01/08	8,276.81	8,276.81	0.00				8,276.81	8,276.81	-	0.00
Money Market	2006 MF Harris Branch	1.33	08/01/08	09/01/08	9,362.61	9,362.61		(3,188.29)			6,174.32	6,174.32	-	0.00
Money Market	2006 MF Harris Branch	1.33	08/01/08	09/01/08	3,603.76	3,603.76	10.74				3,614.50	3,614.50	-	0.00
Money Market	2006 MF Harris Branch	1.33	08/01/08	09/01/08	44,720.17	44,720.17	18,995.43				63,715.60	63,715.60	-	0.00
	2006 MF Harris Branch Total				70,667.94	70,667.94	19,020.19	(3,188.29)	0.00	0.00	86,499.84	86,499.84	0.00	0.00
Money Market	2006 MF Bella Vista				27,166.00	27,166.00		(27,166.00)					-	0.00
Money Market	2006 MF Bella Vista	1.33	08/01/08	09/01/08	4,075.30	4,075.30	93.13				4,168.43	4,168.43	-	0.00
Money Market	2006 MF Bella Vista				0.02	0.02		(0.02)					-	0.00
Money Market	2006 MF Bella Vista	1.33	08/01/08	09/01/08	238,926.17	238,926.17	712.13				239,638.30	239,638.30	-	0.00
Money Market	2006 MF Bella Vista	1.33	08/01/08	09/01/08	7,507.37	7,507.37	22.38				7,529.75	7,529.75	-	0.00
Money Market	2006 MF Bella Vista	1.33	08/01/08	09/01/08	6,337.31	6,337.31	11,274.79				17,612.10	17,612.10	-	0.00
Money Market	2006 MF Bella Vista	1.33	08/01/08	09/01/08	70,840.28	70,840.28	104,583.03				175,423.31	175,423.31	-	0.00
Money Market	2006 MF Bella Vista	1.33	08/01/08	09/01/08	9,122.18	9,122.18		(6,606.92)			2,515.26	2,515.26	-	0.00
Money Market	2006 MF Bella Vista	1.33	08/01/08	09/01/08	362.19	362.19	1.08				363.27	363.27	-	0.00
	2006 MF Bella Vista Total				364,336.82	364,336.82	116,686.54	(33,772.94)	0.00	0.00	447,250.42	447,250.42	0.00	0.00
Money Market	2006 MF Village Park	1.44	08/01/08	09/01/08	3.73	3.73	0.09				3.82	3.82	-	0.00
Money Market	2006 MF Village Park	1.44	08/01/08	09/01/08	81.79	81.79	9.18				90.97	90.97	-	0.00
Money Market	2006 MF Village Park	1.44	08/01/08	09/01/08	412,587.59	412,587.59		(166,017.96)			246,569.63	246,569.63	-	0.00
Money Market	2006 MF Village Park	1.44	08/01/08	09/01/08	249.46	249.46	0.92				250.38	250.38	-	0.00
	2006 MF Village Park Total				412,922.57	412,922.57	10.19	(166,017.96)	0.00	0.00	246,914.80	246,914.80	0.00	0.00

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Money Market	2006 MF Oakmoor	1.57	08/01/08	09/01/08	4,853.34	4,853.34	4,630.94				9,484.28	9,484.28	-	0.00
Money Market	2006 MF Oakmoor	1.57	08/01/08	09/01/08	397,007.62	397,007.62	3,245.71				400,253.33	400,253.33	-	0.00
Money Market	2006 MF Oakmoor	1.57	08/01/08	09/01/08	31,259.13	31,259.13	188,019.57				219,278.70	219,278.70	-	0.00
Money Market	2006 MF Oakmoor	1.57	08/01/08	09/01/08	74,518.34	74,518.34		(1,333.41)			73,184.93	73,184.93	-	0.00
Money Market	2006 MF Oakmoor	1.57	08/01/08	09/01/08	2,076.01	2,076.01		(1,223.01)			853.00	853.00	-	0.00
	2006 MF Oakmoor Total				509,714.44	509,714.44	195,896.22	(2,556.42)	0.00	0.00	703,054.24	703,054.24	0.00	0.00
Money Market	2006 MF Sunset Pointe	2.19	08/01/08	09/01/08	103,241.20	103,241.20		(102,058.74)			1,182.46	1,182.46	-	0.00
	2006 MF Sunset Pointe Total				103,241.20	103,241.20	0.00	(102,058.74)	0.00	0.00	1,182.46	1,182.46	0.00	0.00
Money Market	2006 MF Hillcrest	1.44	08/01/08	09/01/08	4,888.66	4,888.66	13.70				4,902.36	4,902.36	-	0.00
Money Market	2006 MF Hillcrest	1.44	08/01/08	09/01/08	168,291.34	168,291.34	161,505.94				329,797.28	329,797.28	-	0.00
Money Market	2006 MF Hillcrest	1.44	08/01/08	09/01/08	452,307.75	452,307.75	1,235.73				453,543.48	453,543.48	-	0.00
Money Market	2006 MF Hillcrest	1.44	08/01/08	09/01/08	24.60	24.60	0.00				24.60	24.60	-	0.00
	2006 MF Hillcrest Total				625,512.35	625,512.35	162,755.37	0.00	0.00	0.00	788,267.72	788,267.72	0.00	0.00
Money Market	2006 MF Pleasant Village	1.42	08/01/08	09/01/08	111,669.68	111,669.68	4,595.24				116,264.92	116,264.92	-	0.00
Mutual Fund	2006 MF Pleasant Village	1.42	08/01/08	09/01/08	24,967.24	24,967.24		(14,853.81)			10,113.43	10,113.43	-	0.00
Money Market	2006 MF Pleasant Village	1.42	08/01/08	09/01/08	3,070.84	3,070.84	11.64				3,082.48	3,082.48	-	0.00
Money Market	2006 MF Pleasant Village	1.42	08/01/08	09/01/08	36,295.12	36,295.12	0.00				36,295.12	36,295.12	-	0.00
	2006 MF Pleasant Village Total				176,002.88	176,002.88	4,606.88	(14,853.81)	0.00	0.00	165,755.95	165,755.95	0.00	0.00
Money Market	2006 MF Grove Village	1.42	08/01/08	09/01/08	138,512.98	138,512.98		(4,923.81)			133,589.17	133,589.17	-	0.00
Money Market	2006 MF Grove Village	1.42	08/01/08	09/01/08	12.78	12.78	0.06				12.84	12.84	-	0.00
Money Market	2006 MF Grove Village	1.42	08/01/08	09/01/08	3,208.29	3,208.29	875.01				4,083.30	4,083.30	-	0.00
Money Market	2006 MF Grove Village	1.42	08/01/08	09/01/08	2.61	2.61	0.00				2.61	2.61	-	0.00
Money Market	2006 MF Grove Village	1.42	08/01/08	09/01/08	37,383.97	37,383.97	0.00				37,383.97	37,383.97	-	0.00
	2006 MF Grove Village Total				179,120.63	179,120.63	875.07	(4,923.81)	0.00	0.00	175,071.89	175,071.89	0.00	0.00
Money Market	2006 MF Red Hills	1.33	08/01/08	09/01/08	24,247.38	24,247.38	5,240.61				29,487.99	29,487.99	-	0.00
Money Market	2006 MF Red Hills	1.33	08/01/08	09/01/08	56,707.36	56,707.36	9,532.28				66,239.64	66,239.64	-	0.00
	2006 MF Red Hills Total				80,954.74	80,954.74	14,772.89	0.00	0.00	0.00	95,727.63	95,727.63	0.00	0.00
Money Market	2006 MF Champion Crossing	1.33	08/01/08	09/01/08	100,000.00	100,000.00		(99,902.95)			97.05	97.05	-	0.00
Money Market	2006 MF Champion Crossing	1.33	08/01/08	09/01/08	29,445.07	29,445.07		(806.74)			28,638.33	28,638.33	-	0.00
Money Market	2006 MF Champion Crossing	1.33	08/01/08	09/01/08	4,539.11	4,539.11	16,306.61				20,845.72	20,845.72	-	0.00
	2006 MF Champion Crossing Total				133,984.18	133,984.18	16,306.61	(100,709.69)	0.00	0.00	49,581.10	49,581.10	0.00	0.00
Money Market	2006 MF Stonehaven				149,000.41	149,000.41		(149,000.41)					-	0.00
Money Market	2006 MF Stonehaven	1.33	08/01/08	09/01/08	15,991.72	15,991.72	221.63				16,213.35	16,213.35	-	0.00
Money Market	2006 MF Stonehaven	1.33	08/01/08	09/01/08	151,101.90	151,101.90		(151,056.46)			45.44	45.44	-	0.00
	2006 MF Stonehaven Total				316,094.03	316,094.03	221.63	(300,056.87)	0.00	0.00	16,258.79	16,258.79	0.00	0.00
Money Market	2006 MF Center Ridge	1.44	08/01/08	09/01/08	79.39	79.39	0.13				79.52	79.52	-	0.00
Money Market	2006 MF Center Ridge	1.44	08/01/08	09/01/08	1,538.23	1,538.23	4.50				1,542.73	1,542.73	-	0.00
Money Market	2006 MF Center Ridge	1.44	08/01/08	09/01/08	72,565.45	72,565.45	104,237.74				176,803.19	176,803.19	-	0.00
	2006 MF Center Ridge Total				74,183.07	74,183.07	104,242.37	0.00	0.00	0.00	178,425.44	178,425.44	0.00	0.00
Money Market	2006 MF Meadowlands	1.61	08/01/08	09/01/08			901,058.50				901,058.50	901,058.50	-	0.00
Money Market	2006 MF Meadowlands	1.61	08/01/08	09/01/08	16,980.64	16,980.64	15,805.93				32,786.57	32,786.57	-	0.00
Money Market	2006 MF Meadowlands	1.61	08/01/08	09/01/08	427.67	427.67	1,635.74				2,063.41	2,063.41	-	0.00
Money Market	2006 MF Meadowlands	1.61	08/01/08	09/01/08			88,089.81				88,089.81	88,089.81	-	0.00
Money Market	2006 MF Meadowlands				1,143.97	1,143.97		(1,143.97)					-	0.00
Money Market	2006 MF Meadowlands	1.44	08/01/08	09/01/08	1,458,828.49	1,458,828.49		(816,093.86)			642,734.63	642,734.63	-	0.00
Money Market	2006 MF Meadowlands				485.24	485.24		(485.24)					-	0.00
Money Market	2006 MF Meadowlands	1.61	08/01/08	09/01/08	29.54	29.54	2.40				31.94	31.94	-	0.00
	2006 MF Meadowlands Total				1,477,895.55	1,477,895.55	1,006,592.38	(817,723.07)	0.00	0.00	1,666,764.86	1,666,764.86	0.00	0.00
Money Market	2006 MF East Texas Pines	1.33	08/01/08	09/01/08			10,113.66				10,113.66	10,113.66	-	0.00

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Money Market	2006 MF East Texas Pines				120,001.90	120,001.90		(120,001.90)					-	0.00
Money Market	2006 MF East Texas Pines	1.33	08/01/08	09/01/08	111,379.77	111,379.77	167,426.49				278,806.26	278,806.26	-	0.00
Money Market	2006 MF East Texas Pines	1.33	08/01/08	09/01/08			15,631.88				15,631.88	15,631.88	-	0.00
Money Market	2006 MF East Texas Pines	1.33	08/01/08	09/01/08	83.86	83.86	100.44				184.30	184.30	-	0.00
GIC's	2006 MF East Texas Pines	5.00	01/01/07	11/08/08	2,535.15	2,535.15	351.30				2,886.45	2,886.45	-	0.00
Money Market	2006 MF East Texas Pines	1.33	08/01/08	09/01/08	0.03	0.03	0.00				0.03	0.03	-	0.00
GIC's	2006 MF East Texas Pines	5.00	02/01/07	11/08/08	1.10	1.10	0.03				1.13	1.13	-	0.00
	2006 MF East Texas Pines Total				234,001.81	234,001.81	193,623.80	(120,001.90)	0.00	0.00	307,623.71	307,623.71	0.00	0.00
Money Market	2006 MF Villas at Henderson	1.33	08/01/08	09/01/08	2.74	2.74	0.00				2.74	2.74	-	0.00
Money Market	2006 MF Villas at Henderson	1.33	08/01/08	09/01/08	19.00	19.00	0.00				19.00	19.00	-	0.00
Money Market	2006 MF Villas at Henderson				35,329.20	35,329.20		(35,329.20)					-	0.00
Money Market	2006 MF Villas at Henderson	1.33	08/01/08	09/01/08	8.33	8.33	0.03				8.36	8.36	-	0.00
Money Market	2006 MF Villas at Henderson	1.33	08/01/08	09/01/08	10,231.14	10,231.14	839.50				11,070.64	11,070.64	-	0.00
	2006 MF Villas at Henderson Total				45,590.41	45,590.41	839.53	(35,329.20)	0.00	0.00	11,100.74	11,100.74	0.00	0.00
Money Market	2006 MF Aspen Parks Apts	1.17	08/01/08	09/01/08	693.53	693.53	1.61				695.14	695.14	-	0.00
Money Market	2006 MF Aspen Parks Apts	1.17	08/01/08	09/01/08	241,818.20	241,818.20		(118,636.51)			123,181.69	123,181.69	-	0.00
Money Market	2006 MF Aspen Parks Apts	1.17	08/01/08	09/01/08	147.52	147.52	0.34				147.86	147.86	-	0.00
	2006 MF Aspen Parks Apts Total				242,659.25	242,659.25	1.95	(118,636.51)	0.00	0.00	124,024.69	124,024.69	0.00	0.00
Money Market	2006 MF Idlewilde Apts	1.33	08/01/08	09/01/08			131,270.69				131,270.69	131,270.69	-	0.00
Money Market	2006 MF Idlewilde Apts				2,279,496.11	2,279,496.11		(2,279,496.11)					-	0.00
Money Market	2006 MF Idlewilde Apts	1.33	08/01/08	09/01/08	15,101.02	15,101.02	2,373.46				17,474.48	17,474.48	-	0.00
Money Market	2006 MF Idlewilde Apts	1.33	08/01/08	09/01/08	309,978.98	309,978.98		(309,258.54)			720.44	720.44	-	0.00
Money Market	2006 MF Idlewilde Apts	1.33	08/01/08	09/01/08	22,350.52	22,350.52	119.17				22,469.69	22,469.69	-	0.00
	2006 MF Idlewilde Apts Total				2,626,926.63	2,626,926.63	133,763.32	(2,588,754.65)	0.00	0.00	171,935.30	171,935.30	0.00	0.00
Money Market	2007 MF Landcaster Apts	1.33	08/01/08	09/01/08	39,755.91	39,755.91		(38,867.89)			888.02	888.02	-	0.00
Money Market	2007 MF Landcaster Apts	1.33	08/01/08	09/01/08	12,945.70	12,945.70	2,380.95				15,326.65	15,326.65	-	0.00
Money Market	2007 MF Landcaster Apts	1.33	08/01/08	09/01/08	2,744,727.77	2,744,727.77		(2,638,803.22)			105,924.55	105,924.55	-	0.00
Money Market	2007 MF Landcaster Apts				16,744.65	16,744.65		(16,744.65)					-	0.00
Money Market	2007 MF Landcaster Apts	1.33	08/01/08	09/01/08	620.86	620.86	67.66				688.52	688.52	-	0.00
	2007 MF Landcaster Apts Total				2,814,794.89	2,814,794.89	2,448.61	(2,694,415.76)	0.00	0.00	122,827.74	122,827.74	0.00	0.00
Money Market	2007 MF Park Place	1.61	08/01/08	09/01/08	83,514.68	83,514.68		(67,442.93)			16,071.75	16,071.75	-	0.00
GIC's	2007 MF Park Place				145,574.00	145,574.00		(145,574.00)					-	0.00
Money Market	2007 MF Park Place	1.61	08/01/08	09/01/08	378,887.00	378,887.00		(148,763.00)			230,124.00	230,124.00	-	0.00
Money Market	2007 MF Park Place	1.61	08/01/08	09/01/08	329.39	329.39	122.45				451.84	451.84	-	0.00
GIC's	2007 MF Park Place				313,219.82	313,219.82		(313,219.82)					-	0.00
Money Market	2007 MF Park Place	1.61	08/01/08	09/01/08	1,426,773.24	1,426,773.24	2,104,815.01				3,531,588.25	3,531,588.25	-	0.00
Money Market	2007 MF Park Place	1.61	08/01/08	09/01/08	1,506.57	1,506.57	3,159.37				4,665.94	4,665.94	-	0.00
	2007 MF Park Place Total				2,349,804.70	2,349,804.70	2,108,096.83	(674,999.75)	0.00	0.00	3,782,901.78	3,782,901.78	0.00	0.00
Money Market	2007 MF Terrace @ Cibolo	1.33	08/01/08	09/01/08	480,852.69	480,852.69		(150,430.71)			330,421.98	330,421.98	-	0.00
GIC's	2007 MF Terrace @ Cibolo				505,036.78	505,036.78		(505,036.78)					-	0.00
GIC's	2007 MF Terrace @ Cibolo				2,254,567.64	2,254,567.64		(2,254,567.64)					-	0.00
Money Market	2007 MF Terrace @ Cibolo	1.33	08/01/08	09/01/08			1,490,685.60				1,490,685.60	1,490,685.60	-	0.00
Money Market	2007 MF Terrace @ Cibolo	1.33	08/01/08	09/01/08	7,380.93	7,380.93	336,541.93				343,922.86	343,922.86	-	0.00
GIC's	2007 MF Terrace @ Cibolo				350,327.93	350,327.93		(350,327.93)					-	0.00
Money Market	2007 MF Terrace @ Cibolo	1.33	08/01/08	09/01/08	23,365.47	23,365.47	3,094.25				26,459.72	26,459.72	-	0.00
Money Market	2007 MF Terrace @ Cibolo	1.33	08/01/08	09/01/08	7,098.17	7,098.17	1,511.54				8,609.71	8,609.71	-	0.00
Money Market	2007 MF Terrace @ Cibolo	1.33	08/01/08	09/01/08	20,981.67	20,981.67	62.54				21,044.21	21,044.21	-	0.00
	2007 MF Terrace @ Cibolo Total				3,649,611.28	3,649,611.28	1,831,895.86	(3,260,363.06)	0.00	0.00	2,221,144.08	2,221,144.08	0.00	0.00
Money Market	2007 MF Santora Villas	1.61	08/01/08	09/01/08	66,963.47	66,963.47		(31,101.41)			35,862.06	35,862.06	-	0.00
GIC's	2007 MF Santora Villas				194,399.57	194,399.57		(194,399.57)					-	0.00
Money Market	2007 MF Santora Villas	1.61	08/01/08	09/01/08	331.29	331.29	185.94				517.23	517.23	-	0.00
GIC's	2007 MF Santora Villas				4,251,837.08	4,251,837.08		(4,251,837.08)					-	0.00
Money Market	2007 MF Santora Villas	1.61	08/01/08	09/01/08			213,224.02				213,224.02	213,224.02	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Money Market	2007 MF Santora Villas	1.61	08/01/08	09/01/08	1,519.47	1,519.47	6.16				1,525.63	1,525.63	-	0.00
	2007 MF Santora Villas Total				4,515,050.88	4,515,050.88	213,416.12	(4,477,338.06)	0.00	0.00	251,128.94	251,128.94	0.00	0.00
GIC's	2007 A/B MF Villas @ Mesquite	5.04	06/26/07	01/15/10	42,109.87	42,109.87		(40,859.45)			1,250.42	1,250.42	-	0.00
GNMA	2007 A/B MF Villas @ Mesquite	5.17	07/30/07	03/15/11	6,924,468.00	6,924,468.00	5,161,174.00				12,085,642.00	12,085,642.00	-	0.00
GIC's	2007 A/B MF Villas @ Mesquite	5.04	06/26/07	01/15/10	9,935,532.00	9,935,532.00		(5,161,174.00)			4,774,358.00	4,774,358.00	-	0.00
Money Market	2007 A/B MF Villas @ Mesquite	1.33	08/01/08	09/01/08	46,446.81	46,446.81		(17,632.18)			28,814.63	28,814.63	-	0.00
GIC's	2007 A/B MF Villas @ Mesquite	4.78	08/23/07	07/20/47	251,565.44	251,565.44		(175,470.61)			76,094.83	76,094.83	-	0.00
Money Market	2007 A/B MF Villas @ Mesquite	1.33	08/01/08	09/01/08			9,523.82				9,523.82	9,523.82	-	0.00
	2007 A/B MF Villas @ Mesquite Total				17,200,122.12	17,200,122.12	5,170,697.82	(5,395,136.24)	0.00	0.00	16,975,683.70	16,975,683.70	0.00	0.00
Money Market	2007 MF Summit Point	1.17	08/01/08	09/01/08	89.60	89.60	142,691.63				142,781.23	142,781.23	-	0.00
GNMA	2007 MF Summit Point	5.32	07/30/07	07/15/09	11,040,524.00	11,040,524.00	277,183.00				11,317,707.00	11,317,707.00	-	0.00
Money Market	2007 MF Summit Point	1.17	08/01/08	09/01/08	391,407.99	391,407.99		(287,679.47)			103,728.52	103,728.52	-	0.00
Inv Agmt	2007 MF Summit Point	4.41	06/29/07	11/30/09	613,889.27	613,889.27		(278,288.96)			335,600.31	335,600.31	-	0.00
Money Market	2007 MF Summit Point	1.17	08/01/08	09/01/08	402.41	402.41		(402.17)			0.24	0.24	-	0.00
	2007 MF Summit Point Total				12,046,313.27	12,046,313.27	419,874.63	(566,370.60)	0.00	0.00	11,899,817.30	11,899,817.30	0.00	0.00
Money Market	2007 MF Costa Rialto	1.33	08/01/08	09/01/08	293,499.12	293,499.12	1,190,302.38				1,483,801.50	1,483,801.50	-	0.00
Money Market	2007 MF Costa Rialto	1.33	08/01/08	09/01/08	535,842.86	535,842.86		(154,237.13)			381,605.73	381,605.73	-	0.00
Money Market	2007 MF Costa Rialto				4,023,992.47	4,023,992.47		(4,023,992.47)					-	0.00
	2007 MF Costa Rialto Total				4,853,334.45	4,853,334.45	1,190,302.38	(4,178,229.60)	0.00	0.00	1,865,407.23	1,865,407.23	0.00	0.00
Money Market	2007 MF Windshire Apts	1.33	08/01/08	09/01/08	7,352.18	7,352.18	29.89				7,382.07	7,382.07	-	0.00
Money Market	2007 MF Windshire Apts	1.33	08/01/08	09/01/08	7,777.82	7,777.82	85,033.23				92,811.05	92,811.05	-	0.00
GIC's	2007 MF Windshire Apts				145,477.16	145,477.16		(145,477.16)					-	0.00
Money Market	2007 MF Windshire Apts	1.33	08/01/08	09/01/08	34,506.76	34,506.76	3,775,072.32				3,809,579.08	3,809,579.08	-	0.00
GIC's	2007 MF Windshire Apts				8,553,513.45	8,553,513.45		(8,553,513.45)					-	0.00
Money Market	2007 MF Windshire Apts	1.33	08/01/08	09/01/08	23,240.99	23,240.99	362,383.96				385,624.95	385,624.95	-	0.00
GIC's	2007 MF Windshire Apts				457,374.93	457,374.93		(457,374.93)					-	0.00
Money Market	2007 MF Windshire Apts	1.33	08/01/08	09/01/08	93.47	93.47	70,116.53				70,210.00	70,210.00	-	0.00
GIC's	2007 MF Windshire Apts				15,157.63	15,157.63		(15,157.63)					-	0.00
Money Market	2007 MF Windshire Apts	1.33	08/01/08	09/01/08	9,255.99	9,255.99	55.85				9,311.84	9,311.84	-	0.00
Money Market	2007 MF Windshire Apts	1.33	08/01/08	09/01/08	39.54	39.54	0.12				39.66	39.66	-	0.00
	2007 MF Windshire Apts Total				9,253,789.92	9,253,789.92	4,292,691.90	(9,171,523.17)	0.00	0.00	4,374,958.65	4,374,958.65	0.00	0.00
Money Market	2007 MF Residences @ Onion Crk	2.29	08/01/08	09/01/08	268,395.59	268,395.59		(70,603.05)			197,792.54	197,792.54	-	0.00
Money Market	2007 MF Residences @ Onion Crk	2.29	08/01/08	09/01/08	11,737,473.32	11,737,473.32		(1,061,446.62)			10,676,026.70	10,676,026.70	-	0.00
Money Market	2007 MF Residences @ Onion Crk	2.29	08/01/08	09/01/08	145.40	145.40	0.92				146.32	146.32	-	0.00
	2007 MF Residences @ Onion Crk Total				12,006,014.31	12,006,014.31	0.92	(1,132,049.67)	0.00	0.00	10,873,965.56	10,873,965.56	0.00	0.00
Money Market	2008 MF West Oaks Apts	1.33	08/01/08	09/01/08			9,981,183.62				9,981,183.62	9,981,183.62	-	0.00
Money Market	2008 MF West Oaks Apts	1.33	08/01/08	09/01/08			0.82				0.82	0.82	-	0.00
Money Market	2008 MF West Oaks Apts	1.33	08/01/08	09/01/08			410,007.14				410,007.14	410,007.14	-	0.00
Money Market	2008 MF West Oaks Apts	1.33	08/01/08	09/01/08			21,914.46				21,914.46	21,914.46	-	0.00
Money Market	2008 MF West Oaks Apts	1.33	08/01/08	09/01/08			42,000.00				42,000.00	42,000.00	-	0.00
Money Market	2008 MF West Oaks Apts	1.33	08/01/08	09/01/08			22,231.35				22,231.35	22,231.35	-	0.00
	2008 MF West Oaks Apts Total				0.00	0.00	10,477,337.39	0.00	0.00	0.00	10,477,337.39	10,477,337.39	0.00	0.00
Money Market	2008 MF Costa Ibiza Apts	1.33	08/01/08	09/01/08			53,417.76				53,417.76	53,417.76	-	0.00
Money Market	2008 MF Costa Ibiza Apts	1.33	08/01/08	09/01/08			12,062,517.06				12,062,517.06	12,062,517.06	-	0.00
Money Market	2008 MF Costa Ibiza Apts	1.33	08/01/08	09/01/08			9,159.53				9,159.53	9,159.53	-	0.00
	2008 MF Costa Ibiza Apts Total				0.00	0.00	12,125,094.35	0.00	0.00	0.00	12,125,094.35	12,125,094.35	0.00	0.00
	Total Multi-Family Investment Summary				136,769,157.80	136,769,157.80	44,879,964.60	(42,264,635.89)	(88,583.99)	0.00	139,295,902.52	139,295,902.52	0.00	0.00

Texas Department of Housing and Community Affairs
Commercial Paper Investment Summary
For Period Ending August 31, 2008

Investment Type	**Issue**	**Current Interest Rate**	**Current Purchase Date**	**Current Maturity Date**	**Beginning Carrying Value 05/31/08**	**Beginning Market Value 05/31/08**	**Accretions/ Purchases**	**Amortizations/ Sales**	**Maturities**	**Transfers**	**Ending Carrying Value 08/31/08**	**Ending Market Value 08/31/08**	**Change In Market Value**	**Recognized Gain**
Repo Agmt	Commercial Paper	2.10	08/29/08	09/02/08	108,409.99	108,409.99	118,710.62				227,120.61	227,120.61	-	0.00
GIC's	Commercial Paper				42,645,000.00	42,645,000.00		(42,645,000.00)					-	0.00
GIC's	Commercial Paper				9,837,000.00	9,837,000.00		(9,837,000.00)					-	0.00
GIC's	Commercial Paper	2.44	08/12/08	10/14/08			59,741,000.00				59,741,000.00	59,741,000.00	-	0.00
GIC's	Commercial Paper	2.30	08/14/08	10/14/08			11,690,000.00				11,690,000.00	11,690,000.00	-	0.00
	Commercial Paper Total				52,590,409.99	52,590,409.99	71,549,710.62	(52,482,000.00)	0.00	0.00	71,658,120.61	71,658,120.61	0.00	0.00
	Total Commercial Paper Investment Summary				52,590,409.99	52,590,409.99	71,549,710.62	(52,482,000.00)	0.00	0.00	71,658,120.61	71,658,120.61	0.00	0.00

Texas Department of Housing and Community Affairs
General Fund Investment Summary
For Period Ending August 31, 2008

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	2,949,673.37	2,949,673.37	15,564.37				2,965,237.74	2,965,237.74	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	3,529,374.85	3,529,374.85	18,623.24				3,547,998.09	3,547,998.09	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	223,580.49	223,580.49	1,179.76				224,760.25	224,760.25	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	732,311.23	732,311.23	26,707.10				759,018.33	759,018.33	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	62,091.37	62,091.37	327.63				62,419.00	62,419.00	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	996,242.25	996,242.25		(27,521.96)			968,720.29	968,720.29	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	745,694.10	745,694.10	3,934.79				749,628.89	749,628.89	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08			58,873.60				58,873.60	58,873.60	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	341,770.04	341,770.04	1,803.37				343,573.41	343,573.41	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	411,936.27	411,936.27	2,173.68				414,109.95	414,109.95	-	0.00
Repo Agmt	General Fund				85.00	85.00		(85.00)					-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	99,792.18	99,792.18	5,092.07				104,884.25	104,884.25	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	423,633.71	423,633.71	2,235.33				425,869.04	425,869.04	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	222,003.42	222,003.42	5,824.72				227,828.14	227,828.14	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	727,690.68	727,690.68	3,839.77				731,530.45	731,530.45	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	197,486.45	197,486.45	11,739.69				209,226.14	209,226.14	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	57,000.00	57,000.00		(25,800.00)			31,200.00	31,200.00	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	2,499,866.70	2,499,866.70		(321,346.74)			2,178,519.96	2,178,519.96	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	240,881.90	240,881.90		(8,035.64)			232,846.26	232,846.26	-	0.00
Repo Agmt	General Fund	2.10	08/29/08	09/02/08	79,616.11	79,616.11		(18,308.13)			61,307.98	61,307.98	-	0.00
	General Fund Total				14,540,730.12	14,540,730.12	157,919.12	(401,097.47)	0.00	0.00	14,297,551.77	14,297,551.77	0.00	0.00
	Total General Fund Investment Summary				14,540,730.12	14,540,730.12	157,919.12	(401,097.47)	0.00	0.00	14,297,551.77	14,297,551.77	0.00	0.00

Texas Department of Housing and Community Affairs
Housing Trust Fund Investment Summary
For Period Ending August 31, 2008

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Repo Agmt	Housing Assistance Fund	2.10	08/29/08	09/02/08	167,686.18	167,686.18	10,909.87				178,596.05	178,596.05	-	0.00
Repo Agmt	Housing Trust Fund	2.10	08/29/08	09/02/08	250,000.00	250,000.00	0.00				250,000.00	250,000.00	-	0.00
Repo Agmt	Housing Trust Fund	2.10	08/29/08	09/02/08	62,440.00	62,440.00		(29,055.41)			33,384.59	33,384.59	-	0.00
Repo Agmt	Housing Trust Fund	2.10	08/29/08	09/02/08	663,058.34	663,058.34	20,927.85				683,986.19	683,986.19	-	0.00
Repo Agmt	Housing Trust Fund	2.10	08/29/08	09/02/08	90,085.73	90,085.73	8,896.33				98,982.06	98,982.06	-	0.00
Repo Agmt	Housing Trust Fund	2.10	08/29/08	09/02/08	96,492.29	96,492.29	718.18				97,210.47	97,210.47	-	0.00
Repo Agmt	Housing Trust Fund	2.10	08/29/08	09/02/08	686,258.32	686,258.32	43,421.65				729,679.97	729,679.97	-	0.00
Repo Agmt	Housing Trust Fund	2.10	08/29/08	09/02/08	90,532.30	90,532.30	454.51				90,986.81	90,986.81	-	0.00
Repo Agmt	Housing Trust Fund	2.10	08/29/08	09/02/08	1,741,572.32	1,741,572.32		(1,130,000.00)			611,572.32	611,572.32	-	0.00
Repo Agmt	Housing Trust Fund	2.10	08/29/08	09/02/08	153,768.00	153,768.00		(130,000.00)			23,768.00	23,768.00	-	0.00
Repo Agmt	Housing Trust Fund	2.10	08/29/08	09/02/08	1,062,816.00	1,062,816.00	0.00				1,062,816.00	1,062,816.00	-	0.00
Repo Agmt	Housing Trust Fund	2.10	08/29/08	09/02/08	249,971.64	249,971.64	28.36				250,000.00	250,000.00	-	0.00
Repo Agmt	Housing Trust Fund	2.10	08/29/08	09/02/08			1,000,000.00				1,000,000.00	1,000,000.00	-	0.00
Repo Agmt	General Revenue Appn	2.10	08/29/08	09/02/08	274,762.86	274,762.86	185,913.44				460,676.30	460,676.30	-	0.00
Repo Agmt	General Revenue Appn	2.10	08/29/08	09/02/08	299,703.91	299,703.91		(184,108.88)			115,595.03	115,595.03	-	0.00
Repo Agmt	General Revenue Appn	2.10	08/29/08	09/02/08	844,397.00	844,397.00	0.00				844,397.00	844,397.00	-	0.00
Repo Agmt	General Revenue Appn	2.10	08/29/08	09/02/08	1,000,000.00	1,000,000.00	1,000,000.00				2,000,000.00	2,000,000.00	-	0.00
Repo Agmt	Disaster Recover - GR	2.10	08/29/08	09/02/08	910,678.38	910,678.38		(90,954.73)			819,723.65	819,723.65	-	0.00
Repo Agmt	Pre-Development -GR				100,000.00	100,000.00		(100,000.00)					-	0.00
Repo Agmt	Housing Trust Fund-GR	2.10	08/29/08	09/02/08	65,800.00	65,800.00		(30,800.00)			35,000.00	35,000.00	-	0.00
Repo Agmt	Boostrap -GR				28,612.69	28,612.69		(28,612.69)					-	0.00
Repo Agmt	Boostrap -GR	2.10	08/29/08	09/02/08	60,510.00	60,510.00		(41,859.60)			18,650.40	18,650.40	-	0.00
Repo Agmt	Boostrap -GR	2.10	08/29/08	09/02/08	1,588,151.98	1,588,151.98		(910,003.18)			678,148.80	678,148.80	-	0.00
Repo Agmt	Boostrap -GR	2.10	08/29/08	09/02/08	5,488,412.86	5,488,412.86		(1,166,266.44)			4,322,146.42	4,322,146.42	-	0.00
	Housing Trust Fund Total				15,975,710.80	15,975,710.80	2,271,270.19	(3,841,660.93)	0.00	0.00	14,405,320.06	14,405,320.06	0.00	0.00
	Total Housing Trust Fund Investment Summary				15,975,710.80	15,975,710.80	2,271,270.19	(3,841,660.93)	0.00	0.00	14,405,320.06	14,405,320.06	0.00	0.00

Texas Department of Housing and Community Affairs
Administration Investment Summary
For Period Ending August 31, 2008

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Repo Agmt	Administration	2.10	08/29/08	09/02/08	157,511.72	157,511.72	805.85				158,317.57	158,317.57	-	0.00
	Administration Total				157,511.72	157,511.72	805.85	0.00	0.00	0.00	158,317.57	158,317.57	0.00	0.00
	Total Administration Investment Summary				157,511.72	157,511.72	805.85	0.00	0.00	0.00	158,317.57	158,317.57	0.00	0.00

Texas Department of Housing and Community Affairs
Compliance Investment Summary
For Period Ending August 31, 2008

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Repo Agmt	RTC	2.10	08/29/08	09/02/08	300,683.82	300,683.82	84,252.33				384,936.15	384,936.15	-	0.00
Repo Agmt	Multi Family	2.10	08/29/08	09/02/08	910,273.56	910,273.56	37,751.35				948,024.91	948,024.91	-	0.00
Repo Agmt	Multi Family	2.10	08/29/08	09/02/08	165,975.47	165,975.47	850.18				166,825.65	166,825.65	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	2.10	08/29/08	09/02/08	2,575,950.72	2,575,950.72	112,436.20				2,688,386.92	2,688,386.92	-	0.00
	Compliance Total				3,952,883.57	3,952,883.57	235,290.06	0.00	0.00	0.00	4,188,173.63	4,188,173.63	0.00	0.00
	Total Compliance Investment Summary				3,952,883.57	3,952,883.57	235,290.06	0.00	0.00	0.00	4,188,173.63	4,188,173.63	0.00	0.00

Texas Department of Housing and Community Affairs
Housing Initiatives Investment Summary
For Period Ending August 31, 2008

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/08	Beginning Market Value 05/31/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 08/31/08	Ending Market Value 08/31/08	Change In Market Value	Recognized Gain
Repo Agmt	S/F Interim Construction	2.10	08/29/08	09/02/08	532,091.41	532,091.41	2,769.79				534,861.20	534,861.20	-	0.00
Repo Agmt	S/F Interim Construction	2.10	08/29/08	09/02/08	196.23	196.23	0.96				197.19	197.19	-	0.00
Repo Agmt	S/F Interim Construction	2.10	08/29/08	09/02/08	7.26	7.26	0.00				7.26	7.26	-	0.00
Repo Agmt	Mtg. Credit Certificate	2.10	08/29/08	09/02/08	77,350.30	77,350.30	395.46				77,745.76	77,745.76	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	2.10	08/29/08	09/02/08	865,217.76	865,217.76		(188,679.07)			676,538.69	676,538.69	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	2.10	08/29/08	09/02/08	5,015,627.51	5,015,627.51		(374,005.36)			4,641,622.15	4,641,622.15	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	2.10	08/29/08	09/02/08	384,766.36	384,766.36		(8,279.09)			376,487.27	376,487.27	-	0.00
	Housing Initiatives Total				6,875,256.83	6,875,256.83	3,166.21	(570,963.52)	0.00	0.00	6,307,459.52	6,307,459.52	0.00	0.00
	Total Housing Initiatives Investment Summary				6,875,256.83	6,875,256.83	3,166.21	(570,963.52)	0.00	0.00	6,307,459.52	6,307,459.52	0.00	0.00
	Total Investment Summary				1,710,482,353.80	1,693,832,693.43	233,237,796.51	(190,544,941.44)	(21,242,336.87)	0.00	1,731,932,872.00	1,708,294,256.37	(6,988,955.26)	0.00

HOME DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Possible Approval of Revisions to the HOME Program 2008 Single Family (Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs), Contract for Deed Program, 2008 Single Family Persons with Disabilities, Rental Housing Development Program, and Community Housing Development Program Notices of Funding Availability (NOFAs) to be updated with the adopted HOME Program Rule changes.

Requested Action

Approve, Deny or Approve with Amendments the Revisions to the HOME Program 2008 Single Family (Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs), Contract for Deed Program, 2008 Single Family Persons with Disabilities, Rental Housing Development Program, and Community Housing Development Program Notices of Funding Availability (NOFAs) to be updated with the adopted HOME Program Rule changes.

Background

All open and active HOME Program Notices of Funding Availability (NOFAs), reflecting multiple activity types, are combined in this one action item. All of the NOFAs have been amended to reflect changes associated with the revised HOME Program Rule (10 TAC Chapter 53) that will be considered for approval by the Board today. Staff has also made minor administrative corrections. Based on public comment received, staff is recommending a change to Section 53.1 of the HOME Program Rule to allow applicants to opt into the 2009 HOME Program Rule. The updated and amended NOFAs are attached with blackline reflecting the changes recommended by staff.

For the Rental Housing Development NOFA, any 2007 unused funds will be transferred into the 2008 RHD NOFA as previously approved by the Board. Staff recommends the following clarifications and revisions to the Rental Housing Development NOFAs (CHDO and non-CHDO) that are not necessitated by rule changes. The specific language can be viewed in the attached NOFA.

- Clarification of the rent restrictions applicable for the NOFA’s required income targeting of 5% of the total units for families earning at or below 30% of area median family income.
- Addition of specific additional income and rent targeting requirements that, if met, will allow forgivable debt and clarification that contingent repayment structures will only be recommended under specific circumstances.
- Addition of a requirement that payment and performance bonds be secured when the Department’s funds have first lien position and are used to finance construction activities.
- Revision of language specifying the required formatting for the application, which will be described in further detail in the Final Application Submission Procedures Manual (ASPM).

Recommendation

Staff recommends approval of the updated and amended HOME Program 2008 Single Family (Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs), Contract for Deed Program, 2008 Single Family Persons with Disabilities, Rental Housing Development Program, and Community Housing Development Program Notices of Funding Availability (NOFAs) to be updated with the adopted HOME Program Rule changes and approval to release for publication in the *Texas Register*.

Texas Department of Housing and Community Affairs

HOME Investment Partnerships Program (HOME)

2008 Single Family

(Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs)

Notice of Funding Availability (NOFA)

1) **Summary.**
   a) The Texas Department of Housing and Community Affairs ("the Department") announces the availability of $23,034,118 in funding from the HOME Investment Partnerships Program (HOME) funds for single family housing programs including owner-occupied housing assistance, homebuyer assistance, and tenant-based rental assistance to assist low income Texans. As published in the 2008 State of Texas Consolidated Plan One-Year Action Plan, $16,123,882 is available for the owner-occupied Housing Assistance (OCC) Program, $3,455,118 is available for the Homebuyer Assistance (HBA) Program, and $3,455,118 is available for the Tenant-Based Rental Assistance (TBRA) Program.

   b) The availability and use of these funds is subject to the Department's HOME Program Rule at Title 10 Texas Administrative Code (10 TAC) Chapter 53 in effect at the time the application is submitted, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code. Other federal regulations may also apply such as, but not limited to, 24 CFR parts 50 and 58 for environmental requirements, 24 CFR §85.36 and §84.42 for conflict of interest and 24 CFR Part 5, subpart A for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program.

2) **Allocation of Funds.**
   a) These funds are made available through the Department's 2008 annual HOME allocation from the U.S. Department of Housing and Urban Development (HUD) and may also include uncommitted, deobligated and program income HOME funds. The funds are set-aside for eligible applicants proposing to provide assistance to eligible homeowners in need of rehabilitation or reconstruction of their primary residence, homebuyers for the acquisition including downpayment and closing costs toward the purchase of a home, and

households seeking tenant-based rental assistance. Households assisted with HOME funds must be at or below 80% of the Area Median Family Income (AMFI), as defined by HUD.

b) In accordance with Texas Government Code Chapter 2306.111, housing funds awarded in the HOME Program must be allocated utilizing the Regional Allocation Formula (RAF) developed by the Department. Funds are allocated for each Program Activity to each Uniform State Service Region and rural and urban area types.

c) In accordance with 10 TAC §53.48(a) this NOFA will be an open application cycle. Funds will first be available for HOME Program Activities, specified in this NOFA, utilizing the RAF for each activity, on a first-come, first-served basis. Applications will be accepted by the Department on an on-going basis utilizing the funds allocated by the RAF until the earlier of the request of all funds or **5:00 p.m. Wednesday, October 15, 2008, regardless of method of delivery.**

d) **On Thursday, October 16, 2008** funds for each HOME Program Activity not requested under the open cycle utilizing the RAF will be made available statewide (excluding PJs) in any Uniform State Service Region. Funds will remain set-aside within each HOME Program Activity. Applications will be accepted by the Department on an on-going basis until the earlier of the request of all funds or **5:00 p.m. Thursday, January 15, 2009, regardless of method of delivery.**

e) **On Friday, January 16, 2009** any funds not requested under the statewide, Program Activity specific open cycle, will be made available in any Uniform State Service Region (excluding PJs) for any eligible HOME Program Activity specified in this NOFA. Applications will be accepted by the Department on an on-going basis until the earlier of the award of all funds or **5:00 p.m. Thursday, April 30, 2009, regardless of method of delivery.**

f) Requirements of the Regional Allocation Formula and 10 TAC §53.48(a) will be utilized in prioritizing funding recommendations. Applicants may apply for the maximum allowed in each activity even though the amount of available funds utilizing the RAF may be less. However, only the maximum allowable under the RAF will be recommended for award during the RAF period.

3) Limitation on Funds.

a) Funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the 2008 State of Texas Consolidated Plan One-Year Action Plan.

b) The Department awards HOME funds to eligible entities and the maximum award amount may not exceed $~~375~~390,000, including administrative costs, for Owner-Occupied Housing Assistance, $~~300~~312,000, including administrative costs, for Homebuyer Assistance, and $~~300~~336,000, including administrative costs, for Tenant-

Based Rental Assistance. Up to $~~500~~520,000, including administrative costs, may be awarded to Homebuyer Assistance applicants whose Service Area includes multiple counties within a Uniform State Service Region. An Applicant may submit an Application to apply for additional funding as long as the Applicant is 100% committed on their current contract for the same activity funded under this NOFA.

c) With the exception of Tenant-Based Rental Assistance, the minimum HOME assistance amount per unit may not be less than $1,000 per HOME assisted unit. The per-unit subsidy may not exceed the per-unit dollar limits established by the U. S. Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act, which are applicable to the area in which the housing is located, and as published by HUD. The purchase price of the housing unit, plus the value of the rehabilitation or reconstruction if applicable, must not exceed 95% of the area's median purchase price as specified in the HUD 203(b) Limits.

d) Each applicant that is awarded HOME funds may also be eligible to receive funding for administrative costs. The award amount for administrative costs shall not exceed the amount allowed per 10 TAC §53.85~~ for each type of activity including:~~. Administrator must use funds for Administrative costs in accordance with 24 CFR §92.207. For the OCC and HBA Program Activities, funds for Administrative Costs cannot exceed 4% of the total project costs for the entire contract term. For the TBRA Program Activity, funds for Administrative Costs cannot exceed 4% of the total project funds per year of the Contract term.

~~i)OCC (Reconstruction) – Maximum Percentage for Administrative Costs based on Total Project Costs is two percent (2%)~~

~~ii)OCC (Rehabilitation Only) – Maximum Percentage for Administrative Costs based on total Project Costs is two percent (2%)~~

~~iii)HBA (Downpayment & Closing Costs Only) – Maximum Percentage for Administrative Costs is four percent (4%)~~

~~iv)TBRA – Maximum Percentage for Administrative Costs is four percent (4%)~~

e) In accordance with §53.72, before the effective date of the HOME Contract, the Contract Administrator may incur and be reimbursed for travel costs, as provided for with Administrative funds, related to mandatory implementation training required by the Department as a condition of receiving a HOME award and Contract.

4) Eligible and Prohibited Activities.

a) Eligible activities include those permissible under the federal HOME Final Rule at 24 CFR §92.205 and the Department's HOME Program Rule at 10 TAC §53.31 for OCC, §53.32 for HBA, and §53.33 for TBRA.

b) Prohibited activities include those at 24 CFR §92.214 and 10 TAC §53.37.

5) **Eligible and Ineligible Applicants.**

a) Eligible Applicants are Units of General Local Government**,** Nonprofit Organizations**,** Public Housing Authorities (PHAs), and for-profit entities.

b) Applicants may be ineligible for funding if they meet any of the criteria listed in 10 TAC §53.42 of the Department's HOME Program Rule. Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

6) **Matching Funds.**

Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide and will be provided with the appropriate forms and instructions on how to report eligible match.

7) **Affordability Requirements.**

a) Applicants should be aware that there are minimum affordability periods necessary for HOME-assisted housing. The unit assisted must be the primary residence of the homebuyer. Single family housing units assisted with HOME funds must comply with the required affordability requirements as defined at 24 CFR §92.254. Awarded entities will provide the HOME assistance to the homebuyer in the form of a loan. Each loan will be in the form of a zero percent (0%) interest, deferred forgivable loan with a term based on the total amount of assistance provided and in accordance with 24 CFR §92.254. All loans to assisted homebuyers must be evidenced by loan documents provided by the Department. Each loan to an assisted homebuyer and homeowners must be payable to Department. Each loan for reconstruction or rehabilitation shall be evidenced by a construction loan agreement, note, deed of trust, mechanic's lien note, and mechanic's lien contract secured by the property and must be fully executed before any construction activities commence.

b) If at any time prior to the full loan period there occurs a resale of the property, a refinance of any superior lien, a repayment of any superior lien, or if the unit ceases to be the assisted Household's principal residence, the remaining loan balance shall become due and payable.

c) Forgiveness of the loan balance is calculated based on a pro-rata annual share of the loan term. The anniversary date of the loan shall constitute completion of the year. Any partial year shall not be waived. The amount due will be based on the pro-rata share number of years of the remaining loan term.

d) In the event the home is sold (voluntary or involuntary)~~,~~; the assisted Household will pay the loan balance from the shared net proceeds of the sale. The shared net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. A copy of the HUD closing statement must be provided.

8) **Site and Construction Restrictions.**

a) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, the International Residential Code, Texas Minimum Construction Standards (TMCS) and be in compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code. In addition, housing that is rehabilitated with funds awarded under this NOFA must meet all applicable energy efficiency standards established by §2306.187 of the Texas Government Code, and energy standards as verified by RESCHECK, in accordance with the Final Rule.

b) At the completion of the assistance, all properties must meet the International Residential Code and local building codes. If a home is reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by Chapter 2306.514, Texas Government Code, required for any applicant utilizing federal or state funds administered by TDHCA in the construction of single family homes.

c) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

d) Rental units secured though HOME assistance must be inspected prior to occupancy and must comply with Housing Quality Standards (HQS) established by HUD in 24 CFR Part 92.

9) **Owner-Occupied Housing Assistance (OCC*).***

a) A total of $16,123,882 in funding released under this NOFA may be used to administer an Owner-Occupied Housing Assistance Program to provide eligible households with loans for the rehabilitation or reconstruction of existing -owner-occupied housing and earning 80 percent (80%) or less of the Area Median Family Income (AMFI) as defined by HUD. As defined in 10 TAC §53.31(d)(1), the home must be the principal residence of the homeowner.

b) The table below shows the allocation of funds to the 13 State Service Regions and the corresponding rural and urban distribution within each region.

Table 1. OCC Regional, Rural, and Urban Funding Amounts							
Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	910,061	5.6%	909,892	100.0%	169	0.0%
2	Abilene	597,429	3.7%	584,786	97.9%	12,643	2.1%
3	Dallas/Fort Worth	2,851,824	17.7%	875,549	30.7%	1,976,275	69.3%
4	Tyler	2,049,849	12.7%	1,598,672	78.0%	451,177	22.0%
5	Beaumont	947,455	5.9%	858,034	90.6%	89,421	9.4%
6	Houston	1,145,014	7.1%	469,856	41.0%	675,158	59.0%
7	Austin/Round Rock	685,992	4.3%	386,245	56.3%	299,747	43.7%
8	Waco	756,726	4.7%	402,488	53.2%	354,238	46.8%
9	San Antonio	823,099	5.1%	516,486	62.7%	306,613	37.3%
10	Corpus Christi	1,166,337	7.2%	966,385	82.9%	199,952	17.1%
11	Brownsville/Harlingen	2,833,963	17.6%	2,054,998	72.5%	778,965	27.5%
12	San Angelo	818,629	5.1%	571,332	69.8%	247,297	30.2%
13	El Paso	537,503	3.3%	298,381	55.5%	239,122	44.5%
	Total	$16,123,882	100.0%	$10,493,105	65.1%	$5,630,777	34.9%

c) ~~As per~~In accordance with 10 TAC §53.47(a)(1), the maximum award amount for OCC shall not exceed $~~375~~390,000, including administrative costs, per Application. In accordance with §53.85 up to 4% of the total project costs may be requested for administrative costs.~~In accordance with 10 TAC §53.85, up to two percent (2%) of the requested project funds may be requested for administrative costs.~~

d) Owner-Occupied Housing Assistance to a household is provided in the form of a loan and in accordance with 10 TAC §53.31(g), the maximum amount of assistance is the total of construction costs and ~~(including~~ soft costs~~)~~ provided to an eligible household. The total construction costs are ~~is~~ limited to~~as follows~~ :

~~i)~~i) Rehabilitation that is Reconstruction: The lesser of $73.00 per square foot or $80,000, if the Reconstruction includes actual costs for an aerobic septic system and/or demolition. If the Reconstruction includes costs for an aerobic septic system and/or demolition, the total construction costs cannot exceed $73.00 per square foot exclusive of the aerobic septic system and demolition costs; and,~~for 1 to 4 person Household: $65,000 60,000Rehabilitation that is Reconstruction for 1 - to 4 person Household: $6065,000;~~

~~ii)Rehabilitation that is Reconstruction for 5 - to 6 person Household: $6772,500;~~

~~iii)Rehabilitation that is Reconstruction for 7 or more person Household: $7580,000; and,~~

~~iv)~~ ii) Rehabilitation that is not Reconstruction: $30,000

e) In accordance with 10 TAC §53.73~~2~~(a)(1), the contract term for OCC Program Activity shall not exceed ~~22~~24 months and performance under the contract will be evaluated according to the following benchmarks:

   i) 6 months, exempt administrative and broad review environmental clearance must be complete, and if not tiering, the first Household to be assisted must be environmentally cleared;

   ii) 8 months, Authority to Use Grant Funds must be fully executed and all Households to be assisted must be environmentally cleared;

   iii) 12 months, 100% of funds must be committed to Households to be assisted;

   iv) 18~~5~~ months, 100% of Household's Loans must be closed, if applicable;

   v) 22~~0~~ months, 100% of construction must be complete for all Households to be assisted; and

   vi) 24~~2~~ months, 100% funds drawn and 100% of match requirement supplied.

10) A minimum threshold score of 25 is required in order to be considered for funding. The following threshold criteria listed in the subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise and will be included in the written agreement, if awarded funds:

   i) **Affordable Housing Needs Score:** Points range from zero to seven as published by the Department. Maximum 7 points.

   ii) **Match**: Per 24 CFR §92.218, the Department will recognize eligible forms of matching contributions made from nonfederal resources. The following table will be used to determine match requirement and associated points:

Table 2. OCC Housing Program Required Community Match Contributions

City Population	County Population	Required Match % of Project Funds Requested	Points	Additional Points
< 3000	< 20,000	5%	10	10 points for each additional percent of match provided
3,000 – 5,000	20,000 – 75,000	10%	10	7 points for each additional percent of match provided
> 5,000	> 75,000	12.5%	10	5 points for each additional percent of match provided

iii. ~~iv.~~ **Income Targeting**: In order to meet its annual goal of assisting very low to extremely low income families, the Department incentivizes application points for income targeting of households assisted. The following table will be used to determine income targeting requirements and associated points. Maximum 20 points. In accordance with the Housing Assistance Rider of the Department's Legislative Appropriation, in order to meet the 30% and below AMFI goal, Applicants, if awarded, may use the state average median family income to determine income eligibility for eligible households living in those counties where the area median family income is lower than the state average median family income.

~~For those counties where the Area Median Family Income (AMFI) is at or below the state average median family income the applicant will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI. Maximum 20 points.~~

Table 3. Point Incentives for Income Targeting

Income Target	Points
0% to 29.99 % of units at 60% AMFI	1
30% to 59.99 % of units at 60% AMFI	3
60% to 100 % of units at 60% AMFI	5
0% to 29.99% of units at 30% AMFI	+6
30% to 59.99% of units at 30% AMFI	+11
60% to 100% of units at 30% AMFI	+15

~~iii)~~iv. **Cash Reserve**: Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least $120,000 to facilitate administration of the program during the Department's disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are reimbursed by program funds. Evidence of this commitment and the amount of the commitment must be included in the Applicant's resolution and budget.

~~iv)~~v. **Resolution:** All applications submitted must include an **original** resolution from the Applicant's direct governing body, authorizing the submission of the Application, commitment and amount of cash reserves for use during the contract period, source of funds for match obligation and match dollar amount, naming of a person and the person's title authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services. The resolution must be signed and dated within the six months preceding the application submission date.

~~v)~~vi. **Description of Demand**: All applicants must submit a narrative that describes in detail the demand evidenced for the proposed number of units to be assisted in the proposed service area. Source data, calculations, assumptions, and pictures of housing stock must be included.

11) Homebuyer Assistance (HBA).

a) Approximately $3,455,118 of HOME Funds released under this NOFA shall be used to administer a Homebuyer Assistance Program, providing downpayment and closing cost assistance (including soft costs) to eligible first time homebuyers for the acquisition of affordable single family housing.

b) The table below shows the allocation of funds to the 13 State Service Regions and the corresponding rural and urban distribution within each region.

Table 4. HBA Regional, Rural, and Urban Funding Amounts

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	195,013	5.6%	194,977	100.0%	36	0.0%
2	Abilene	128,020	3.7%	125,311	97.9%	2,709	2.1%
3	Dallas/Fort Worth	611,105	17.7%	187,618	30.7%	423,488	69.3%
4	Tyler	439,253	12.7%	342,573	78.0%	96,681	22.0%
5	Beaumont	203,026	5.9%	183,864	90.6%	19,162	9.4%
6	Houston	245,360	7.1%	100,683	41.0%	144,677	59.0%
7	Austin/Round Rock	146,998	4.3%	82,767	56.3%	64,232	43.7%
8	Waco	162,156	4.7%	86,247	53.2%	75,908	46.8%
9	San Antonio	176,378	5.1%	110,676	62.7%	65,703	37.3%
10	Corpus Christi	249,929	7.2%	207,082	82.9%	42,847	17.1%
11	Brownsville/Harlingen	607,278	17.6%	440,357	72.5%	166,921	27.5%
12	San Angelo	175,421	5.1%	122,428	69.8%	52,992	30.2%
13	El Paso	115,179	3.3%	63,939	55.5%	51,240	44.5%
	Total	**$3,455,118**	**100.0%**	**$2,248,523**	**65.1%**	**$1,206,595**	**34.9%**

c) In accordance with 10 TAC §53.47(a)(1), the maximum award amount for HBA shall not exceed $~~300~~312,000, including administrative costs, per Application; however, up to $~~500~~520,000, including administrative costs, may be awarded to HBA Applicants whose Service Area includes multiple counties within a Uniform State Service Region. ~~In accordance with the 2008 Consolidated Plan One Year Action Plan,~~ In accordance with 10 TAC §53.85(a)(1), for the HBA Program Activities, funds for Administrative costs cannot exceed 4% of the total project costs for the entire Contract term. ~~up to four percent (4%) of the requested project funds may be requested for administrative costs.~~

d) In accordance with §53.32(e), the maximum amount of assistance is the total of the ~~for~~ downpayment and closing cost assistance and ~~(including~~ soft costs~~)~~ provided to an eligible household. The total amount of downpayment and closing cost assistance is limited to $2~~1~~0,000.

e) In accordance with 10 TAC 53.32(m), t~~T~~he following first lien purchase loan requirements are imposed for households receiving Homebuyer Assistance:

   i) No adjustable rate mortgage loans (ARMs) or interest rate buy-down loans are allowed;

   ii) No mortgages with a loan to value equal to or greater than 100% are allowed;

   iii) No S~~s~~ubprime ~~m~~Mortgage ~~l~~Loans are allowed;

   iv) An origination fee and any other fees associated with the mortgage loan may not exceed 2% of the loan amount; and,

   v) The debt to income ratio (back-end ratio) may not exceed 45%.

f) HBA assistance will be in the form of a 0% interest 5 or 10 year deferred forgivable loan ~~depending~~ contingent upon the total amount of assistance, creating a 2nd or 3rd lien with a term based on the federal affordability requirements as defined in 24 CFR §92.254.

g) In accordance with 10 TAC §53.73~~2~~(a)(2), the contract term for the HBA Program Activity shall not exceed 24 months and performance under the contract will be evaluated according to the following benchmarks:

   i) 6 months, exempt administrative and environmental clearance must be complete for at least one Household to be assisted;

   ii) 12 months, environmental clearance must be complete for at least 50% of the Households to be assisted, 50% of funds must be committed, 25% of funds drawn, and 25% of match supplied;

   iii) 18 months, environmental clearance must be complete for at least 75% of the Households to be assisted, 75% of funds must be committed, 50% of funds drawn, and 50% of match requirement supplied; and

   iv) 24 months, 100% of funds must be committed, 100% of funds drawn, and 100% of matched supplied.

h) A minimum threshold score of 15 is required in order to be considered for funding. The following threshold criteria listed in the subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise and will be included in the written agreement, if awarded funds:

i) **Affordable Housing Needs Score:** Points range from zero to seven, as published by the Department. Maximum 7 points.

ii) **Match**: the following table will be used to determine match requirement and associated points:

Table 5. HBA Program Required Community Match Contributions

Required Match % of Project Funds Requested	Points	Additional Points
5%	10	10 points for each additional percent of match provided

iii) **Income Targeting:** In order to meet its annual goal of assisting very low to extremely low income families, the Department incentivizes application points for income targeting of households assisted The following table will be used to determine income targeting requirements and associated points. Maximum 20 points.

Table 6. Point Incentives for Income Targeting

Income Target	Points
0% to 29.99% of units at 60% AMFI	3
30% to 59.99% of units at 60% AMFI	7
60% to 100% of units at 60% AMFI	10

iv) **Cash Reserve**: Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least $60,000 to facilitate administration of the program during the Department’s disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are paid by program funds. Evidence of this commitment and the amount must be included in the Applicant’s resolution and budget.

v) **Resolution:** All applications submitted must include an **original** resolution from the Applicant’s direct governing body, authorizing the submission of the Application, commitment and the amount of cash reserves for use during the contract period, source of funds for match obligation and match dollar amount, naming of a person and the person’s title authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services. . The resolution must be signed and dated within the six months preceding the application deadline date.

vi) **Description of Demand**: It will be a threshold requirement to submit a narrative that describes in detail the demand evidenced for the proposed number of units to be assisted in the proposed service area. Source data, calculations and assumptions must be included.

vii) **Homebuyer Counseling:** It will be a threshold requirement for each applicant to submit the level of homebuyer counseling that will be provided. A minimum of 8 hours of homebuyer counseling must be provided. Evidence must include documentation describing the level of homebuyer counseling proposed, including post purchase counseling. Applicant must state who will provide the homebuyer counseling. A copy of the curriculum and a copy of the proposed written agreement for service provider (if the applicant is not providing the service) must also be provided.

12) Tenant-Based Rental Assistance (TBRA).

a) Approximately $3,455,118 of HOME funds released under this NOFA shall be used to administer a Tenant-Based Rental Assistance Program to provide eligible households rental subsidies, including security and utility deposits to tenants earning 80 percent (80%) or less of the Area Median Family Income (AMFI) as defined by HUD. In accordance with 24 CFR 92.216, not less than 90% of the households assisted with respect to TBRA or rental units, must have incomes at or below 60% of the AMFI, as defined by HUD.

b) The table below shows the allocation of funds to the 13 State Service Regions and the corresponding rural and urban distribution within each region.

Table 7. TBRA. Regional, Rural, and Urban Funding Amounts

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	195,013	5.6%	194,977	100.0%	36	0.0%
2	Abilene	128,020	3.7%	125,311	97.9%	2,709	2.1%
3	Dallas/Fort Worth	611,105	17.7%	187,618	30.7%	423,488	69.3%
4	Tyler	439,253	12.7%	342,573	78.0%	96,681	22.0%
5	Beaumont	203,026	5.9%	183,864	90.6%	19,162	9.4%
6	Houston	245,360	7.1%	100,683	41.0%	144,677	59.0%
7	Austin/Round Rock	146,998	4.3%	82,767	56.3%	64,232	43.7%
8	Waco	162,156	4.7%	86,247	53.2%	75,908	46.8%
9	San Antonio	176,378	5.1%	110,676	62.7%	65,703	37.3%
10	Corpus Christi	249,929	7.2%	207,082	82.9%	42,847	17.1%
11	Brownsville/Harlingen	607,278	17.6%	440,357	72.5%	166,921	27.5%
12	San Angelo	175,421	5.1%	122,428	69.8%	52,992	30.2%
13	El Paso	115,179	3.3%	63,939	55.5%	51,240	44.5%
	Total	$3,455,118	100.0%	$2,248,523	65.1%	$1,206,595	34.9%

c) In accordance with 10 TAC §53.47(a)(1~~3~~) the maximum award amount for TBRA shall not exceed $~~300~~336,000, including administrative costs, per Application. In accordance with §53.85(a)(1), for the TBRA program activity, funds for administrative costs cannot exceed 4% of the total project funds per year of the Contract term. ~~In accordance with the 2008 Consolidated Plan One Year Action Plan, up to four percent (4%) of the requested project funds may be requested for administrative costs~~. In accordance with 10 TAC §53.73~~2~~(a)(3) the contract term for TBRA shall not exceed 36 months, however, individual household assistance is limited to 24 months.

d) Through the TBRA program, rental subsidy and security and utility deposit assistance is provided to tenants as a grant, in accordance with written tenant selection policies, for a period not to exceed twenty-four (24) months, which shall include among its objectives the securing of a permanent source of affordable housing on or before the expiration of the rental subsidy. Security deposits and utility deposits may be provided in conjunction with rental assistance. A security deposit cannot exceed two (2) months rent for the unit.

e) As per 10 TAC §53.33, the Household must comply with the following initial eligibility requirements: participate in an approved self-sufficiency program; maintain principal residency in the rental unit for which the subsidy is being provided; be an income eligible household; reside in a rental unit that is located within the Administrator's Service Area; and meet all other eligibility requirements.

f) As defined in 10 TAC §53.33(d) the rental standard must not exceed HUD's "Fair Market Rent for the Housing Choice Voucher Program." Rental units must be inspected prior to occupancy and must comply with Housing Quality Standards established by HUD.

g) In accordance with 10 TAC §53.73~~2~~(a)(3), the contract term for the TBRA Program shall not exceed 36 months and performance under the contract will be evaluated according to the following benchmarks:

   i) 6 months, exempt administrative environmental clearance must be complete and application intake complete for 30% for Households to be assisted;

   ii) 9 months, application intake complete for 75% for Households to be assisted;

   iii) 12 months, 100% of funds must be committed to Households to be assisted and 25% of funds drawn;

   iv) 18 months, 100% of funds already committed and 35% of funds drawn;

   v) 24 months, 100% of funds already committed and 50% of funds drawn; and

   vi) 36 months, 100% of funds already committed and 100% of funds drawn.

h) A minimum threshold score of 15 is required in order to be considered for funding. The following threshold criteria listed in the subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise and will be included in the written agreement, if awarded funds:

   i) **Affordable Housing Needs Score:** Points range from zero to seven, as published by the Department. Maximum 7 points.

   ii) **Income Targeting- Maximum 20 points**: In order to meet its annual goal of assisting very low to extremely low income families, the Department incentivizes application points for income targeting of households assisted. The following table will be used to determine income targeting requirements and associated points. ~~For those counties where the area median family income (AMFI) is at or below the state average median family income income the applicant will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI.~~
   In accordance with the Housing Assistance Rider of the Department's Legislative Appropriation, in order to meet the 30% and below AMFI goal, Applicants, if awarded, may use the state average median family income to determine income eligibility for eligible households living in those counties where the area median family income is lower than the state average median family income.

Table 8. Point Incentives for Income Targeting

Income Target	Points
0% to 29.99 % of units at 60% AMFI	1
30% to 59.99 % of units at 60% AMFI	3
60% to 100 % of units at 60% AMFI	5
0% to 29.99% of units at 30% AMFI	+6
30% to 59.99% of units at 30% AMFI	+11
60% to 100% of units at 30% AMFI	+15

iii) **Cash Reserve**: Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least one month of rent for the number of households proposed to serve as stated in the application to facilitate administration of the program during the Department's disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are reimbursed by program funds. Evidence of this commitment and the amount must be included in the Applicant's resolution and budget.

iv) **Resolution:** All applications submitted must include an **original** resolution from the Applicant's direct governing body, authorizing the submission of the Application, commitment and amount of cash reserves for use during the contract period, source of funds for match obligation and match dollar amount, naming of a person and the person's title authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services. The resolution must be signed and dated within the six months preceding the application deadline date.

v) **Description of Demand**: It will be a threshold requirement to submit a narrative that describes in detail the demand evidenced for the proposed number of units to be assisted in the proposed service area. Source data, calculations and assumptions must be included.

vi) **TBRA Self Sufficiency Program:** It will be a threshold requirement for each Applicant to submit a proposed detailed Self Sufficiency Plan and must describe the process for the transition of households to permanent housing by the end of the 24-month rental assistance contract term.

(1) The documentation must describe the necessary components for the overall plan proposed for transition of potential tenants. This plan, like a case management plan, should detail the need of the tenant, how these needs will be addressed

including any agreements with service providers who shall assist the tenant at meeting these needs, and a proposed timeframe for completing those activities. The plan must include:

(a) A sample household budget which will utilize existing sources of income such as employment, disability payments and other types of support that details how the assisted household will afford to be self-sufficient by the end of the 24-month rental assistance.

(b) If additional income is required to attain self-sufficiency, a plan for attaining the required education or training, or a job search plan must be included.

(c) Specific housing goals that will be completed on or before the end of the 24-month assistance period include: finding permanently subsidized housing, affordable market housing or other permanent housing solutions. The plan should include the required steps such as completing an application, approximate waiting time to get into the type of housing desired and the cost of the housing to the tenant.

13) Review Process.

a) Pursuant to 10 TAC §53.48(a), each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Division~~Department~~. Then each application will be reviewed on its own merits as applicable. Applications will continue to be prioritized for funding based on their "received date". Applications will be reviewed for applicant and activity eligibility, and threshold criteria as described in this NOFA.

i) The Department will ensure review of materials required under the NOFA and Application Submission Procedures Manual (ASPM) and will issue a notice of any Administrative Deficiencies within 45 days of the received date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase will be reviewed for recommendation to the Board by the Committee.

ii) Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an Application has been completely reviewed. If on the date an Application is received by the Department, no funds are available under this NOFA, the Applicant will be notified that no funds exist under the NOFA and the Application will not be processed

b) Pursuant to 10 TAC §53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated without being processed as an Administrative Deficiency.

c) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications that are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any Application

d) All Applicants will be processed through the Department's Application Evaluation System, and will include a previous award and past performance evaluation. Poor past performance may disqualify an Applicant for a funding recommendation or the recommendation may include conditions.

e) Funding recommendations of eligible Applicants will be presented to the Department's Governing Board of Directors based on eligibility and limited by the total amount of funds available under this NOFA and the maximum award amount.

f) In accordance with §2306.082, Texas Government Code and 10 TAC §53.6, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC §1.17

g) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

14) Application Submission.

a) All applications submitted under this NOFA must be received on or before 5:00 p.m. on **Thursday, April 30, 2009, regardless of method of delivery.**

b) The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. Question regarding this NOFA should be addressed to:

HOME Division
221 E. 11th Street
Austin, Texas 78701
Telephone: (512) 463-8921
E-mail: HOME@tdhca.state.tx.us

c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.

d) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy on a disc of the Application materials as detailed in the Application Submission Procedures Manual (ASPM). All scanned copies must be scanned in accordance with the guidance provided in the ASPM.

e) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

f) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $30 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. Per §2306.147(b), Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.

g) This NOFA does not include text of the various applicable regulatory provisions that may be important to the HOME Program. For proper completion of the application, the Department strongly encourages potential applicants to review the State and Federal regulations, and contact the HOME Division for guidance and assistance.

h) **Application Workshop:** the Department will present application workshops in locations throughout the State which will provide an overview of the HOME Program Activities eligible under this NOFA and will also provide Application preparation and submission requirements, evaluation criteria, and state and federal program information. The Application workshop schedule and registration will be posted on the Department's website at www.tdhca.state.tx.us

i) **Audit Requirements:** An applicant is not eligible to apply for funds or any other assistance from the Department unless a past audit or Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b). This is a threshold requirement outlined in the application, therefore applications that have outstanding past audits will be disqualified. Staff will not recommend applications for funding to the Department's Governing Board unless all unresolved audit findings, questions or disallowed costs are resolved per 10 TAC §1.3(c).

j) Applications must be sent via overnight delivery to:

HOME Division
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

HOME Division
Texas Department of Housing and Community Affairs
Post Office Box 13941
Austin, TX 78711-3941

NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

Texas Department of Housing and Community Affairs

HOME Investment Partnerships Program

Contract for Deed Program
Notice of Funding Availability (NOFA)

1) Summary

The Texas Department of Housing and Community Affairs ("the Department") announces the availability of approximately $9,280,000 in funding from the HOME Investment Partnerships Program for contract for deed conversions for low-income Texans. The availability and use of these funds is subject to the Department's HOME Program Rule at Title 10 Texas Administrative Code (10 TAC) Chapter 53 in effect at the time the application is submitted, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code. Other federal regulations may also apply such as, but not limited to, 24 CFR parts 50 and 58 for environmental requirements, 24 CFR §§85.36 and 84.42 for conflict of interest and 24 CFR Part 5, subpart A for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program.

2) Allocation of HOME Funds

a) These funds are made available through the Department's deobligated HOME funds reserved for contract for deed conversions and the 2006, 2007, and 2008 allocations of HOME funds from the U. S. Department of Housing and Urban Development (HUD). The funds are set-aside for eligible applicants proposing to provide assistance to eligible homebuyers for the acquisition or the acquisition and rehabilitation, new construction or reconstruction of properties for the purposes of converting an eligible contract for deed to homeownership. In accordance with Rider 6 of the Department's General Appropriations Act, all funds released under this NOFA are to be used for contract for deed conversion for families that reside in a colonia with household income at or below 60% of the Area Median Family Income (AMFI), as defined by HUD.

b) In accordance with §2306.111, Texas Government Code, these funds are not subject to the Regional Allocation Formula (RAF).

c) In accordance with 10 TAC §53.48, this NOFA will be an open application cycle and funding will be available on a first-come, first-served basis. Applications will be accepted by the Department on an on-going basis **until all funds have been awarded or 5:00 p.m. on May 1, 2009, whichever occurs first, regardless of method of delivery**. Applicants are encouraged to review the application process cited above and described herein. Applications that do not meet eligibility and minimum threshold criteria will not be considered for funding.

3) Limitation on Funds

a) Funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the 2008 State of Texas Consolidated Plan One-Year Action Plan.

b) The Department awards HOME funds to eligible organizations and the maximum award amount may not exceed $~~500~~520,000, including administrative costs, per contract. Applicants may apply for additional funds of up to $~~500~~520,000 under this NOFA if the applicant has successfully committed 100% of the project funds of the previous award funded under this NOFA. The maximum amount of funds that may be awarded per applicant is $1 million under this NOFA. The minimum HOME assistance amount per unit may not be less than $1,000 per HOME assisted unit. The per-unit subsidy may not exceed the per-unit dollar limits established by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act, which are applicable to the area in which the development is located, and as published by HUD. The purchase price of the housing unit, plus the value of the rehabilitation or reconstruction if applicable, must not exceed 95% of the area's median purchase price as specified in the HUD 203(b) Limits.

c) The contract term shall not exceed 24 months and performance under the contract will be evaluated according to the following benchmarks:

  (a) 6 months, exempt administrative and broad review environmental clearance must be complete, and if not tiering, the first Household to be assisted must be environmentally cleared;
  (b) 8 months, Authority to Use Grant Funds must be fully executed and all Households to be assisted must be environmentally cleared;
  (c) 12 months, 100% of funds must be committed to Households to be assisted;
  (d) 16 months, 100% of Household's Loans must be closed, if applicable;
  (e) 22 months, 100% of construction must be complete for all Households to be assisted; and
  (f) 24 months, 100% funds drawn and 100% of match requirement supplied.

d) In accordance with 10 TAC §53.32(g), the maximum amount of assistance is the total of the acquisition, closing, and soft costs provided to an eligible household ~~for acquisition and closing costs (including soft costs)~~ for a contract for deed conversion and is limited to $25,000. In the case of a contract for deed conversion housing unit that involves both the acquisition of a loan on an existing MHU and/or the loan for the associated land, the

Executive Director may grant an exception to exceed this amount; however, the Executive Director will not grant an exception to exceed $40,000 of assistance.

e) In accordance with 10 TAC §53.32 (h), the maximum amount of assistance for rehabilitation (including soft costs) to an eligible household for a contract for deed conversion is limited to the OCC Program Activity requirements in 10 TAC §53.31 (g) as follows:
    - i) Rehabilitation that is Reconstruction: The lesser of $73.00 per square foot or $80,000, if the Reconstruction includes actual costs for an aerobic septic system and/or demolition. If the Reconstruction includes costs for an aerobic septic system and/or demolition, the total construction costs cannot exceed $73.00 per square foot exclusive of the aerobic septic system and demolition costs; and, ~~Rehabilitation that is Reconstruction for 1 – 4 person Household: $60,000;~~
    - ~~ii)Rehabilitation that is Reconstruction for 5 – 6 person Household: $67,500;~~
    - ~~iii)Rehabilitation that is Reconstruction for 7 or more person Household: $75,000; and,~~
    - ~~iv)~~ii) Rehabilitation that is not Reconstruction: $30,000.

f) Each applicant that is awarded HOME funds may also be eligible to receive funding for administrative costs of 4% of the total project costs for the entire Contract term. The award amount for administrative costs shall not exceed the amount allowed per 10 TAC §53.85.

4) Eligible and Prohibited Activities

a) Eligible activities include those permissible under the federal HOME Final Rule at 24 CFR §92.205 and the Department's HOME Program Rule at 10 TAC §§53.31 and 53.32 and must involve contract for deed conversion activity.

b) Prohibited activities include those at 24 CFR §92.214 and 10 TAC §53.37.

c) Funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the 2008 State of Texas Consolidated Plan One-Year Action Plan.

5) Eligible and Ineligible Applicants

a) Eligible applicants include nonprofit organizations, units of general local government, for-profit entities and public housing agencies.

b) Applicants may be ineligible for funding if they meet any of the criteria listed in §53.42 of the Department's HOME Program Rule, with the exception of applicants who have had funds deobligated for delays in completing their contractual requirements as described in §53.42(1). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

6) Matching Funds

Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide and will be provided with the appropriate forms and instructions on how to report eligible match.

7) Affordability Requirements

a) Applicants should be aware that there are minimum affordability periods necessary for HOME-assisted housing. The unit assisted must be the primary residence of the homebuyer. Single family housing units assisted with HOME funds must comply with the required affordability requirements as defined at 24 CFR §92.254. Awarded organizations will provide the HOME assistance to the homebuyer in the form of a loan. Each loan will be in the form of a zero percent (0%) interest, deferred forgivable loan with a term based on the total amount of assistance provided and in accordance with 24 CFR §92.254. All loans to assisted homebuyers must be evidenced by loan documents provided by the Department. Each loan to an assisted homebuyer must be payable to Department. Each loan for rehabilitation shall be evidenced by a construction loan agreement, note, deed of trust, mechanic's lien note, and mechanic's lien contract secured by the property and must be fully executed before any construction activities commence.

b) If at any time prior to the full loan period there occurs a resale of the property, a refinance of any superior lien, a repayment of any superior lien, or if the unit ceases to be the assisted homebuyer's principal residence, the remaining loan balance shall become due and payable.

c) Forgiveness of the loan balance is calculated based on a pro-rata annual share of the loan term. The anniversary date of the loan shall constitute completion of the year. Any partial year shall not be waived. The amount due will be based on the pro-rata share number of years of the remaining loan term.

d) In the event the home is sold (voluntary or involuntary), the assisted homebuyer will pay the loan balance from the shared net proceeds of the sale. The shared net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. A copy of the HUD closing statement must be provided.

8) Site and Construction Restrictions

a) The property assisted must be located in a Colonia. Pursuant to 10 TAC, Chapter 53, a Colonia is defined as a geographic area that is located in a county some part of which is within 150 miles of the international border of this state that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, and that:

    i) has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under §17.921, Texas Water Code; or

    ii) has the physical and economic characteristics of a Colonia, as determined by the Department.

b) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, the International Residential Code, Texas Minimum Construction Standards (TMCS) and be in compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code. In addition, housing that is rehabilitated with funds awarded under this NOFA must meet all applicable local codes, rehabilitation standards, ordinances, zoning ordinances, energy efficiency standards established by §2306.187 of the Texas Government Code, and energy standards as verified by RESCHECK, in accordance with the Final Rule.

c) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

9) Threshold Criteria

The following threshold criteria listed in this subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise:

a) **Cash Reserve:** Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least $50,000 to facilitate administration of the program during the Department’s disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are paid by program funds. Evidence of this commitment must be included in the Applicant’s resolution.

b) **Resolution:** All applications submitted must include an **original** resolution from the Applicant’s direct governing body, authorizing the submission of the Application, commitment of cash reserves for use during the contract period, source of funds for match obligation and match dollar amount, naming a person authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services.

c) **Colonia Status Requirement:** Applicants are required to submit support documentation verifying that the targeted Colonia(s) in which the proposed households will be assisted is registered with the Office of the Attorney General or the Secretary of the State as a Colonia. Information regarding Colonia status is available online through the Office of the Attorney General at http://maps.oag.state.tx.us/colgeog/ and through the Secretary of the State at http://www.sos.state.tx.us/border/colonias/reg-colonias/index.shtml. ~~http://www.sos.texas.gov/border/colonias/reg-colonias/index.shtml~~

d) **Match:** Applicants are required to provide eligible match in the amount of 5% or more of the requested project funds. Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide. Match is a threshold requirement.

10) Review Process

a) Pursuant to 10 TAC §53.48, each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the ~~Department~~ Division. Then each application will be reviewed on its own merits as applicable. Applications will continue to be prioritized for funding based on their "received date". Applications will be reviewed for applicant and activity eligibility, and threshold criteria as described in this NOFA.

The Department will ensure review of materials required under the NOFA and Application Submission Procedures Manual (ASPM) and will issue a notice of any Administrative Deficiencies within 45 days of the received date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase will be reviewed for recommendation to the Board by the Committee.

Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an Application has been completely reviewed. If on the date an Application is received by the Department, no funds are available under this NOFA, the Applicant will be notified that no funds exist under the NOFA and the Application will not be processed.

b) Pursuant to the HOME Rule §53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated without being processed as an Administrative Deficiency.

c) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications that are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.

d) In accordance with §2306.082 Texas Government Code and 10 TAC §53.6, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

e) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

11) Application Submission

a) All applications submitted under this NOFA must be received on or before 5:00 p.m. on **May 1, 2009**. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. Question regarding this NOFA should be addressed to:

HOME Division
221 E. 11th Street
Austin, Texas 78701
Telephone: (512) 463-8921
E-mail: HOME@tdhca.state.tx.us

b) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.

c) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy on a disc of the Application materials as detailed in the Application Submission Procedures Manual (ASPM). All scanned copies must be scanned in accordance with the guidance provided in the ASPM.

d) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

e) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $30 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. §2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.

f) Applications must be sent via overnight delivery to:

HOME Division
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

HOME Division
Texas Department of Housing and Community Affairs
Post Office Box 13941
Austin, TX 78711-3941

NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME ~~CHDO Rental Housing Development~~ Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

Texas Department of Housing and Community Affairs
HOME Investment Partnerships Program (HOME)

2008 Single Family Persons with Disabilities Notice of Funding Availability (NOFA)

1) **Summary.**
   a) The Texas Department of Housing and Community Affairs ("the Department") announces the availability of $1,500,000 in funding from the HOME Investment Partnerships Program (HOME) 2008 allocation for single family housing programs including Homebuyer Assistance (HBA) and Tenant-Based Rental Assistance (TBRA) to assist low income, persons with disabilities. For the first one hundred eighty (180) days of this NOFA, $750,000 in funding will be available for the HBA activity and $750,000 in funding will be available for the TBRA program activity. Funding will be available in any area of the state including Participating Jurisdictions (PJs). After the first one hundred eighty (180) day cycle, funds will be available on a first-come, first-served basis to either activity in any area of the state (including PJs).

   b) The availability and use of these funds is subject to the Department's HOME Program Rule at Title 10 Texas Administrative Code (10 TAC) Chapter 53 in effect at the time the application is submitted, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code. Other federal regulations may also apply such as, but not limited to, 24 CFR parts 50 and 58 for environmental requirements, 24 CFR §85.36 and §84.42 for conflict of interest and 24 CFR Part 5, subpart A for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program.

2) **Allocation of Funds.**
   a) These funds are made available through the Department's 2008 annual HOME allocation from the U.S. Department of Housing and Urban Development (HUD). The funds are set-aside for eligible applicants proposing to provide assistance to eligible homebuyers for the acquisition or acquisition and rehabilitation for accessibility of affordable single family housing and households seeking rental subsidies including security and utility deposits through tenant-based rental assistance. Households assisted with HOME funds

must be at or below 80% of the Area Median Family Income (AMFI) and meet the definition of a person with disability, as defined by HUD.

b) In accordance with 10 TAC §53.48(a) this NOFA will be an open application cycle on statewide first-come, first-served basis. TBRA funds will be available for the first 90 days **only** to those applicants proposing to assist persons transitioning from an institution and at least 50% of the total households proposed must be targeted to persons transitioning from an institutional setting into a community placement or community setting. Applications will be accepted by the Department on an on-going basis until all funds have been requested or **5:00 p.m. Friday, December 19, 2008, regardless of method of delivery.**

c) **On Monday, December 22, 2008** funds not requested under the first 90-day cycle will be made available to any eligible applicant under each activity specified in this NOFA. Applications will be accepted by the Department on an on-going basis until all funds have been requested or **5:00 p.m. Friday, March 20, 2009, regardless of method of delivery.**

d) **On Monday, March 23, 2009** any remaining funds not requested under either the HBA or TBRA set-aside will be made available to either activity specified in this NOFA. Applications will be accepted by the Department on an on-going basis until all funds have been requested or **5:00 p.m. Friday, May 29, 2009.**

3) Limitation on Funds.

a) Funds are eligible for use in a Participating Jurisdiction (PJ) as described in the 2008 State of Texas Consolidated Plan One-Year Action Plan.

b) The Department awards HOME funds to eligible organizations and the maximum award amount may not exceed $~~300~~318,000, including administrative costs, for Homebuyer Assistance and $~~300~~318,000, including administrative costs, for Tenant-Based Rental Assistance. Up to $~~500~~530,000, including administrative costs, may be awarded to Homebuyer Assistance applicants whose Service Area includes multiple counties within a Uniform State Service Region. An applicant may submit an Application to apply for additional funding as long as the Applicant is 100% committed on their current contract for the same activity funded under this NOFA.

c) With the exception of Tenant-~~-~~Based Rental Assistance, the minimum amount of HOME assistance per unit is $1,000. The per-unit subsidy may not exceed the per-unit dollar limits established by the U. S. Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act, which are applicable to the area in which the development is located, and as published by HUD. The purchase price of the housing unit, plus the value of the rehabilitation if applicable, must not exceed 95% of the area's median purchase price as specified in the HUD 203(b) Limits.

d) Each applicant that is awarded HOME funds may also be eligible to receive funding for administrative costs. In accordance with §53.85(a)(1), for Program Activities that are serving Persons with Disabilities, funds for Administrative Costs cannot exceed 6% of the total project costs for the entire Contract term.~~the 2008 State of Texas Consolidated Plan One Year Action Plan, the award amount for administrative costs shall not exceed six percent (6%) of the total project funds requested.~~

e) In accordance to §53.72, before the effective date of the HOME Contract, the Contract Administrator may incur and be reimbursed for travel costs, as provided for with Administrative funds, related to mandatory implementation training required by the Department as a condition of receiving a HOME award and Contract.

4) Eligible and Prohibited Activities.

a) Eligible activities include those permissible under the federal HOME Final Rule at 24 CFR §92.205 and the Department's HOME Program Rule at 10 TAC §53.32 for HBA and §53.33 for TBRA.

b) Prohibited activities include those at 24 CFR §92.214 and 10 TAC §53.37.

5) Eligible and Ineligible Applicants.

a) Eligible Applicants are Units of General Local Government**,** Nonprofit Organizations**,** Public Housing Authorities (PHAs), and for-profit entities.

b) Applicants may be ineligible for funding if they meet any of the criteria listed in 10 TAC §53.42 of the Department's HOME Program Rule. Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

6) Affordability Requirements.

a) Applicants should be aware that there are minimum affordability periods necessary for HOME-assisted housing. Single family housing units assisted with HOME funds must comply with the required affordability requirements as defined at 24 CFR §92.254. Awarded organizations will provide the HOME assistance to the homebuyer in the form of a loan. Each loan will be in the form of a zero percent (0%) interest, deferred forgivable loan with a term based on the total amount of assistance provided and in accordance with 24 CFR §92.254. All loans to assisted homebuyers must be evidenced by loan documents provided by the Department. Each loan to an assisted homebuyer must be payable to Department.

b) If at any time prior to the full loan period there occurs a resale of the property, a refinance of any superior lien, a repayment of any superior lien, or if the unit ceases to be the assisted Household's principal residence, the remaining loan balance shall become due and payable.

c) Forgiveness of the loan balance is calculated based on a pro-rata annual share of the loan term. The anniversary date of the loan shall constitute completion of the year. Any partial year shall not be waived. The amount due will be based on the pro-rata share number of years of the remaining loan term.

d) In the event the home is sold (voluntary or involuntary), the assisted Household will pay the loan balance from the shared net proceeds of the sale. The shared net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. A copy of the HUD closing statement must be provided.

7) **Site and Construction Restrictions.**

a) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, the International Residential Code, Texas Minimum Construction Standards (TMCS) and be in compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code. In addition, housing that is rehabilitated with funds awarded under this NOFA must meet energy efficiency standards established by §2306.187 of the Texas Government Code, and energy standards as verified by RESCHECK, in accordance with the Final Rule.

b) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

c) Rental units secured though HOME assistance must be inspected prior to occupancy, inspected annually, and must comply with Housing Quality Standards (HQS) established by HUD in 24 CFR Part 92.

8) **Homebuyer Assistance (HBA).**

a) During the first one hundred eighty (180) days of this NOFA, approximately $750,000 of the HOME funds released under this NOFA will be set-aside for Homebuyer Assistance. This program activity may be used to provide assistance to eligible first time homebuyers for the acquisition or acquisition with rehabilitation of affordable single family housing by providing downpayment and closing cost assistance (including soft costs). If needed, rehabilitation must be provided for required accessibility modifications. Eligible homebuyers may receive loans up to $35,000 for downpayment, closing costs and rehabilitation (including soft costs). A maximum of $15,000 of the $35,000 loan may be used for downpayment and closing costs (including soft costs). The balance of the loan can be used for required accessibility modifications but cannot exceed $20,000.

b) ~~As defined in~~In accordance with 10 TAC §53.47(a)(1~~2~~), the maximum award amount for HBA shall not exceed $318~~00~~,000, including administrative costs. ~~per Applicant per NOFA; ~~H~~h~~owever, up to $53~~0~~0,000, including administrative costs may be awarded to HBA Applicants whose Service Area includes multiple counties within a Uniform State Service Region. ~~In accordance with the 2008 Consolidated Plan One Year Action Plan,~~

~~up to six percent (6%) of the requested project funds may be requested for administrative costs~~.

c) As defined in 10 TAC §53.32 (e), the maximum amount of assistance to an eligible Household for downpayment and closing cost assistance (including soft costs) is $15,000 for Persons with Disabilities. As defined in 10 TAC ~~-~~§53.32 (f), the maximum amount of assistance for rehabilitation is the total of construction costs and soft~~s~~ costs provided to an eligible household that is also using funds for acquisition and is limited to $20,000. Rehabilitation assistance must be utilized for accessibility modifications to the unit.

d) The following first lien purchase loan requirements are imposed for households receiving Homebuyer Assistance:

i) No adjustable rate mortgage loans (ARMs) or interest rate buy-down loans are allowed.
ii) No mortgages with a loan to value equal to or greater than 100% are allowed;
iii) No subprime mortgage loans are allowed;
iv) An origination fee and any other fee associated with the mortgage loan may not exceed 2% of the loan amount; and
v) The income ratio (back-end ratio) may not exceed 45%.

e) HBA assistance will be in the form of a 0% interest, 5 or 10 year deferred, forgivable loan depending on the amount of assistance, creating a 2nd or 3rd lien with a term based on the federal affordability requirements as defined in 24 CFR §92.254.

f) In accordance with 10 TAC §53.73~~2~~(a)(2), the contract term for the HBA Program Activity shall not exceed 24 months and performance under the contract will be evaluated according to the following benchmarks:

i) 6 months, exempt administrative and environmental clearance must be complete for at least one Household to be assisted;

ii) 12 months, environmental clearance must be complete for at least 50% of the Households to be assisted, 50% of funds must be committed, 25% of funds drawn, and 25% of match supplied;

iii) 18 months, environmental clearance must be complete for at least 75% of the Households to be assisted, 75% of funds must be committed, 50% of funds drawn, and 50% of match requirement supplied; and

iv) 24 months, 100% of funds must be committed, 100% of funds drawn, and 100% of matched supplied.

g) A minimum threshold score of 12 is required in order to be considered for funding. The following threshold criteria listed in the subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise and will be included in the written agreement, if awarded funds:

i) **Affordable Housing Needs Score:** Points range from zero to seven, as published by the Department. Maximum 7 points.

ii) **Income Targeting:** In order to meet its annual goal of assisting very low to extremely low income families, the Department incentivizes application points for income targeting of households assisted The following table will be used to determine income targeting requirements and associated points. Maximum 10 points.

Table 1~~2~~. Point Incentives for Income Targeting

Income Target	Points
0% to 29.99% of units at 60% AMFI	3
30% to 59.99% of units at 60% AMFI	7
60% to 100% of units at 60% AMFI	10

iii) **Experience Providing Services to Persons with Disabilities:** Applicants must have at least 5 or more years providing services specifically targeting the needs of persons with disabilities as evidenced by previous contracts with funding entities for these services. To satisfy the requirement for this category, applicant may provide evidence of a partnership with an entity or organization that meets the requirement. Maximum 5 points.

iv) **Experience Providing Homebuyer Assistance Service**: Applying entity must have at least two (2) years experience providing homebuyer assistance services as evidenced by current or previous contracts with funding entities for these services. To satisfy the requirement for this category, applicant may provide evidence of a partnership with an entity or organization that meets this requirement. Maximum 5 points.

v) **Cash Reserve**: Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least $60,000 to facilitate administration of the program during the Department's disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are paid by program funds. Evidence of this commitment and the amount must be included in the Applicant's resolution.

vi) **Resolution:** All applications submitted must include an **original** resolution from the Applicant's direct governing body, authorizing the submission of the Application, commitment and the amount of cash reserves for use during the contract period, naming of a person and the person's title authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services. The resolution must be **signed and dated** within the six months preceding the application submission date.

vii) **Description of Demand**: It will be a threshold requirement to submit a narrative that describes in detail the demand evidenced for the proposed number of units to be assisted in the proposed service area. Source data, calculations and assumptions must be included.

viii) **Homebuyer Counseling:** It will be a threshold requirement for each applicant to submit the level of homebuyer counseling that will be provided. A minimum of 8 hours of homebuyer counseling must be provided. Evidence must include documentation describing the level of homebuyer counseling proposed, including post purchase counseling. Applicant must state who will provide the homebuyer counseling. A copy of the curriculum and a copy of the proposed written agreement for service provider (if the applicant is not providing the service) must also be provided.

ix) **Plan for Identifying Accessibility needs of the Homebuyer.** Applicant must submit a plan that clearly describes the process and expertise to be used in determining the accessibility needs of the homebuyer. The plan should include resumes of qualified/experienced staff or proposed agreement with a qualified/experienced third party company or agency.

9) Tenant-Based Rental Assistance (TBRA).

a) During the first one hundred eighty (180) days of this NOFA, approximately $750,000 of HOME Funds released under this NOFA will be set-aside for Tenant-Based Rental Assistance. This program activity may be used to provide eligible households rental subsidies, including security and utility deposits. In accordance with 24 CFR 92.216, not less than 90% of the households assisted with respect to TBRA or rental units, must have incomes at or below 60% of the AMFI, as defined by HUD.

b) During the first ninety (90) days of this NOFA, only applicants committing at least 50% of the proposed households to be assisted to persons transitioning from an institutional setting into a community placement or community setting may apply. After the first 90 days, funds will be made available to any applicant under the TBRA set-side.

c) In accordance with 10 TAC §53.47(a)(1~~3~~) the maximum award amount for TBRA shall not exceed $318~~00~~,000 per Applicant~~ per NOFA~~. ~~In accordance with the 2008 Consolidated Plan-One Year Action Plan, up to six percent (6%) of the requested project funds may be requested for administrative costs.~~ In accordance with 10 TAC §53.73~~2~~(3) the contract term for TBRA shall not exceed 36 months, however, individual household assistance is limited to 24 months per Household per Contract.

d) Through the TBRA program, rental subsidy and security and utility deposit assistance is provided to tenants as a grant, in accordance with written tenant selection policies, for a period not to exceed twenty-four (24) months, which shall include among its objectives the securing of a permanent source of affordable housing on or before the expiration of the rental subsidy. Security deposits and utility deposits may be provided in conjunction with rental assistance. A security deposit cannot exceed two (2) months rent for the unit.

e) In accordance with 10 TAC §53.33, the household must comply with the following initial eligibility requirements: participate in an approved self-sufficiency program; maintain principal residency in the rental unit for which the subsidy is being provided; be an income eligible household; reside in a rental unit that is located within the Administrator's Service Area; meet the definition of persons with disabilities as defined by HUD; and meet all other eligibility requirements.

f) As defined in 10 TAC §53.33(d) the rental standard must not exceed HUD's "Fair Market Rent for the Housing Choice Voucher Program." Rental units must be inspected prior to occupancy and re-inspected annually, and must comply with Housing Quality Standards established by HUD.

g) In accordance with 10 TAC §53.73(a)(3), the contract term for the TBRA Program shall not exceed 36 months and performance under the contract will be evaluated according to the following benchmarks:

   i) 6 months, exempt administrative environmental clearance must be complete and application intake complete for 30% for Households to be assisted;

   ii) 9 months, application intake complete for 75% for Households to be assisted;

   iii) 12 months, 100% of funds must be committed to Households to be assisted and 25% of funds drawn;

   iv) 18 months, 100% of funds already committed and 35% of funds drawn;

   v) 24 months, 100% of funds already committed and 50% of funds drawn; and

   vi) 36 months, 100% of funds already committed and 100% of funds drawn.

h) A minimum threshold score of 10 is required in order to be considered for funding. The following threshold criteria listed in the subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise and will be included in the written agreement, if awarded funds:

   i) **Affordable Housing Needs Score:** Points range from zero to seven, as published by the Department. Maximum 7 points.

ii) **Income Targeting:** Maximum 20 points. In order to meet its annual goal of assisting very low to extremely low income families, the Department incentivizes application points for income targeting of households assisted. The following table will be used to determine income targeting requirements and associated points.

In accordance with the Housing Assistance Rider of the Department's Legislative Appropriation, in order to meet the 30% and below AMFI goal, Applicants, if awarded, may use the state average median family income to determine income eligibility for eligible households living in those counties where the area median family income is lower than the state average median family income.~~For those counties where the area median family income (AMFI) is at or below the state average median family income will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI. Maximum 20 points~~.

Table 2~~3~~. Point Incentives for Income Targeting

Income Target	Points
0% to 29.99 % of units at 60% AMFI	1
30% to 59.99 % of units at 60% AMFI	3
60% to 100 % of units at 60% AMFI	5
0% to 29.99% of units at 30% AMFI	+6
30% to 59.99% of units at 30% AMFI	+11
60% to 100% of units at 30% AMFI	+15

iii) **Experience Providing Services to Persons with Disabilities:** Applicants must have at least 5 or more years providing services specifically targeting the needs of persons with disabilities as evidenced by previous contracts with funding entities for these services. To satisfy the requirement for this category, applicant may provide evidence of a partnership with an entity or organization that meets the requirement. Maximum 5 points.

iv) **Experience Providing Rental Voucher Services:** Applying entity must have at least two (2) years experience providing rental voucher services as evidenced by current or previous contracts with funding entities for these services. To satisfy the requirement for this category, applicant may provide evidence of a partnership with an entity or organization that meets this requirement. Maximum 5 points.

v) **Cash Reserve**: Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least one month of rent for the number of households proposed to serve as stated in the application to facilitate administration of the program during the Department's disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are reimbursed by program funds. Evidence of this commitment and the amount must be included in the Applicant's resolution.

vi) **Resolution:** All applications submitted must include an **original** resolution from the Applicant's direct governing body, authorizing the submission of the Application, commitment and amount of cash reserves for use during the contract period, naming of a person and the person's title authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services. The resolution must be signed and dated within the six months preceding the application submission date.

vii) **Description of Demand**: It will be a threshold requirement to submit a narrative that describes in detail the demand evidenced for the proposed number of units to be assisted in the proposed service area. Source data, calculations and assumptions must be included.

viii) **TBRA Self Sufficiency Program:** It will be a threshold requirement for each applicant to submit a proposed detailed Self Sufficiency Plan and must describe the process for the transition of households to permanent affordable housing by the end of the 24-month rental assistance contract term.

(1) The documentation must describe the necessary components for the overall plan proposed for transition of potential tenants. This plan, like a case management plan, should detail the need of the tenant, how these needs will be addressed including any agreements with service providers who shall assist the tenant at meeting these needs, and a proposed timeframe for completing those activities. The plan must include:

(a) A sample household budget which will utilize existing sources of income such as employment, disability payments and other types of support that details how the assisted household will afford to be self-sufficient by the end of the 24-month rental assistance.

(b) If additional income is required to attain self-sufficiency, a plan for attaining the required education or training, or a job search plan must be included.

(c) Specific housing goals that will be completed on or before the end of the 24-month assistance period include: finding permanently subsidized housing, affordable market housing or other permanent housing solutions. The plan should include the required steps such as completing an application, approximate waiting time to get into the type of housing desired and the cost of the housing to the tenant.

10) Review Process.

a) Pursuant to 10 TAC §53.48(a), each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the ~~Department~~Division. Then each application will be reviewed on its own merits as applicable. Applications will continue to be prioritized for funding based on their "received date". Applications will be reviewed for applicant and activity eligibility, and threshold criteria as described in this NOFA.

   i) The Department will ensure review of materials required under the NOFA and Application Submission Procedures Manual (ASPM) and will issue a notice of any Administrative Deficiencies within 45 days of the received date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase will be reviewed for recommendation to the Board by the Committee.

   ii) Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an Application has been completely reviewed. If on the date an Application is received by the Department, no funds are available under this NOFA, the Applicant will be notified that no funds exist under the NOFA and the Application will not be processed

b) Pursuant to 10 TAC §53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated without being processed as an Administrative Deficiency.

c) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications that are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any Application

d) All Applicants will be processed through the Department's Application Evaluation System, and will include a previous award and past performance evaluation. Poor past performance may disqualify an Applicant for a funding recommendation or the recommendation may include conditions.

e) Funding recommendations of eligible Applicants will be presented to the Department's Governing Board of Directors based on eligibility and limited by the total amount of funds available under this NOFA and the maximum award amount.

f) In accordance with §2306.082, Texas Government Code and 10 TAC §53.6, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC §1.17

g) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

11) Application Submission.

a) All applications submitted under this NOFA must be received on or before **5:00 p.m. on Friday, May 29, 2009, regardless of method of delivery.**

b) The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. Question regarding this NOFA should be addressed to:

HOME Division
221 E. 11th Street
Austin, Texas 78701
Telephone: (512) 463-8921
E-mail: HOME@tdhca.state.tx.us

c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.

d) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy on a disc of the Application materials as detailed in the Application Submission Procedures Manual (ASPM). All scanned copies must be scanned in accordance with the guidance provided in the ASPM.

e) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

f) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $30 per Application. Payment must be in the form of a check, cashier’s check or money order. Do not send cash. Per §2306.147(b), Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.

g) This NOFA does not include text of the various applicable regulatory provisions that may be important to the HOME Program. For proper completion of the application, the Department strongly encourages potential applicants to review the State and Federal regulations, and contact the HOME Division for guidance and assistance.

h) **Application Workshop:** the Department will present application workshops in locations throughout the State which will provide an overview of the HOME Program Activities eligible under this NOFA and will also provide Application preparation and submission requirements, evaluation criteria, and state and federal program information. The Application workshop schedule and registration will be posted on the Department’s website at www.tdhca.state.tx.us

i) **Audit Requirements:** An applicant is not eligible to apply for funds or any other assistance from the Department unless a past audit or Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b). This is a threshold requirement outlined in the application, therefore applications that have outstanding past audits will be disqualified. Staff will not recommend applications for funding to the Department’s Governing Board unless all unresolved audit findings, questions or disallowed costs are resolved per 10 TAC §1.3(c).

j) Applications must be sent via overnight delivery to:

Texas Department of Housing and Community Affairs
HOME Division
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

Texas Department of Housing and Community Affairs
HOME Division
Post Office Box 13941
Austin, TX 78711-3941

NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

Texas Department of Housing and Community Affairs

HOME Investment Partnerships Program

Rental Housing Development Program
Notice of Funding Availability (NOFA)

1) Summary

The Texas Department of Housing and Community Affairs (“the Department”) announces the availability of approximately $~~5,000,000~~11,459,907 in funding from the HOME Investment Partnerships Program for the development of affordable rental housing for low-income Texans. The availability and use of these funds is subject to the State HOME Rules at Title 10 Texas Administrative Code (10 TAC) Chapter 53 (“HOME Rules”) in effect at the time application is submitted, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code. Other Federal regulations may also apply such as, but not limited to, 24 CFR Parts 50 and 58 for environmental requirements, Davis-Bacon Act for labor standards, 24 CFR §§85.36 and 84.42 for conflict of interest and 24 CFR Part 5, Subpart A for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program.

2) Allocation of HOME Funds

a) These funds are made available through the Department’s allocation of HOME funds from the U.S. Department of Housing and Urban Development (HUD). These HOME funds have been set-aside for rental housing development activities. At least $2,000,000 of these funds are set-aside for rental development proposals which involve the acquisition and rehabilitation of existing affordable housing that is at-risk of losing the benefit of a subsidy in the form of a below-market interest rate loan, interest rate reduction, rental subsidy, Section 8 housing assistance payment, rental supplement payment, rental assistance payment, or equity incentive. The ~~remaining $3,000,000 in funds~~remaining funds will be available to all eligible applicants for rental development activities. Applications for the Preservation Set-Aside must include evidence that any stipulation to maintain affordability in the contract granting the subsidy is at-risk of expiring, or that the federally insured mortgage on the Development is eligible for prepayment, within the next 24 months from the date of application submission. An Application for a Development that includes the demolition of the existing units which have received any of the previously listed benefits will not qualify as a Preservation Development unless the redevelopment will include the same site and is supplemented with HOPE VI funding or funding from the Local Housing Authority's capital grant fund. All funds released under this NOFA are to be used for the creation of affordable rental housing for low-income Texans earning 80 percent or less of the Area Median Family Income (AMFI).

b) In accordance with 10 TAC §53.48, this NOFA will be conducted as an open application cycle and funding will be available on a first-come, first-served basis. ~~Applications will be accepted and subject to the Regional Allocation Formula until~~ Applications submitted prior to 5:00 p.m. on **August 25, 2008** were subject to the Regional Allocation Formula. Any funds not requested in an application received by 5:00 p.m. **August 25, 2008**, ~~will~~ have collapsed into an open application cycle with funding available statewide and not subject to the RAF. Applicants are encouraged to review the application process cited above and described herein. Applications that do not meet minimum threshold and financial feasibility will not be considered for funding. Based on the availability of funds, applications for the statewide open application cycle will be accepted until 5:00 p.m. **April 30, 2009.**

c) The Department awards HOME funds, typically as a loan, to eligible recipients for the provision of housing for low, very low and extremely low-income individuals and families, pursuant to 10 TAC §53.41. Award amounts are limited to no more than $3 million per development. The minimum HOME award may not be less than $1,000 per HOME assisted unit. The maximum award may not exceed 90% of the Total Development Costs ("TDC") unless a resolution of support and commitment for a financial contribution to the development is made by the local unit of government in which the proposed development resides or the proposed development is located in an area where the HUD Fair Market Rents are less than the Calculated~~-~~ HOME Rents[1] but will be limited follows:

Rent	Resolution from Local Government	Max award as % of TDC	% of TDC from other sources
FMR greater than High Home	No	90%	10%
FMR greater than High Home	Yes	92%	8%
FMR less than or equal to High Home	No	93%	7%
FMR less than or equal to	Yes	95%	5%

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[1] The Calculated HOME Rents in this section refers to the calculated rent for a household earning 65% of the area median income for High HOME or 50% of the area median income for Low HOME before considering the HUD determined Fair Market Rent. The final High and Low HOME Rents for underwriting, operations and compliance is always limited to the lesser of this calculated rent and the HUD determined Fair Market Rent.

High Home			
FMR less than or equal to Low Home	No	96%	4%
FMR less than or equal to Low Home	Yes	98%	2%

The remaining percentage of total development cost must be in the form of permanent loans with a maturity of at least 20 years, in-kind contributions or grants from third-party private or public entities. Developments with USDA or other government-sponsored loans that will remain as permanent financing may be used to satisfy this requirement from a public or private entity. Loans or grants from the Department will not satisfy this requirement. The per-unit subsidy may not exceed the per-unit dollar limits established by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act, which are applicable to the area in which the development is located, and as published by HUD. The Department's underwriting guidelines in 10 TAC §1.32 will be used which set as a ~~minimum~~ feasibility criterion a 1.15 debt coverage ratio minimum. Where the anticipated debt coverage ratio in the year after completion exceeds 1.35 before considering the proposed HOME funds, a repayable loan, in whole or part, will be recommended.

~~d)The RAF tables listed below specify the allocation of funds based on the 13 Uniform State Service Regions and the rural and urban county distribution for each region.~~

~~Table 1. Regional, Rural, and Urban Funding Amounts for Rental Housing Development~~

~~Region~~	~~Place for Geographical Reference~~	~~Regional Funding Amount~~	~~Regional Funding %~~	~~Rural Funding Amount~~	~~Rural Funding %~~	~~Urban Funding Amount~~	~~Urban Funding %~~
~~1~~	~~Lubbock~~	~~$169,325~~	~~5.6%~~	~~$169,294~~	~~100.0%~~	~~$31~~	~~0.0%~~
~~2~~	~~Abilene~~	~~$111,157~~	~~3.7%~~	~~$108,805~~	~~97.9%~~	~~$2,352~~	~~2.1%~~
~~3~~	~~Dallas/Fort Worth~~	~~$530,609~~	~~17.7%~~	~~$162,904~~	~~30.7%~~	~~$367,705~~	~~69.3%~~
~~4~~	~~Tyler~~	~~$381,394~~	~~12.7%~~	~~$297,448~~	~~78.0%~~	~~$83,946~~	~~22.0%~~
~~5~~	~~Beaumont~~	~~$176,283~~	~~5.9%~~	~~$159,645~~	~~90.6%~~	~~$16,638~~	~~9.4%~~
~~6~~	~~Houston~~	~~$213,041~~	~~7.1%~~	~~$87,421~~	~~41.0%~~	~~$125,619~~	~~59.0%~~
~~7~~	~~Austin/Round Rock~~	~~$127,635~~	~~4.3%~~	~~$71,865~~	~~56.3%~~	~~$55,771~~	~~43.7%~~
~~8~~	~~Waco~~	~~$140,796~~	~~4.7%~~	~~$74,887~~	~~53.2%~~	~~$65,909~~	~~46.8%~~
~~9~~	~~San Antonio~~	~~$153,145~~	~~5.1%~~	~~$96,097~~	~~62.7%~~	~~$57,048~~	~~37.3%~~
~~10~~	~~Corpus Christi~~	~~$217,008~~	~~7.2%~~	~~$179,805~~	~~82.9%~~	~~$37,203~~	~~17.1%~~
~~11~~	~~Brownsville/Harlingen~~	~~$527,286~~	~~17.6%~~	~~$382,352~~	~~72.5%~~	~~$144,934~~	~~27.5%~~
~~12~~	~~San Angelo~~	~~$152,314~~	~~5.1%~~	~~$106,302~~	~~69.8%~~	~~$46,012~~	~~30.2%~~
~~13~~	~~El Paso~~	~~$100,008~~	~~3.3%~~	~~$55,517~~	~~55.5%~~	~~$44,491~~	~~44.5%~~
	~~Total~~	~~$3,000,000~~	~~100.0%~~	~~$1,952,341~~	~~65.1%~~	~~$1,047,659~~	~~34.9%~~

~~Table 2. Regional, Rural, and Urban Funding Amounts for Rental Housing Preservation Development~~

~~Region~~	~~Place for Geographical Reference~~	~~Regional Funding Amount~~	~~Regional Funding %~~	~~Rural Funding Amount~~	~~Rural Funding %~~	~~Urban Funding Amount~~	~~Urban Funding %~~
~~1~~	~~Lubbock~~	~~$112,884~~	~~5.6%~~	~~$112,863~~	~~100.0%~~	~~$21~~	~~0.0%~~
~~2~~	~~Abilene~~	~~$74,105~~	~~3.7%~~	~~$72,537~~	~~97.9%~~	~~$1,568~~	~~2.1%~~
~~3~~	~~Dallas/Fort Worth~~	~~$353,739~~	~~17.7%~~	~~$108,603~~	~~30.7%~~	~~$245,136~~	~~69.3%~~
~~4~~	~~Tyler~~	~~$254,262~~	~~12.7%~~	~~$198,299~~	~~78.0%~~	~~$55,964~~	~~22.0%~~
~~5~~	~~Beaumont~~	~~$117,522~~	~~5.9%~~	~~$106,430~~	~~90.6%~~	~~$11,092~~	~~9.4%~~
~~6~~	~~Houston~~	~~$142,027~~	~~7.1%~~	~~$58,281~~	~~41.0%~~	~~$83,746~~	~~59.0%~~
~~7~~	~~Austin/Round Rock~~	~~$85,090~~	~~4.3%~~	~~$47,910~~	~~56.3%~~	~~$37,181~~	~~43.7%~~
~~8~~	~~Waco~~	~~$93,864~~	~~4.7%~~	~~$49,924~~	~~53.2%~~	~~$43,940~~	~~46.8%~~
~~9~~	~~San Antonio~~	~~$102,097~~	~~5.1%~~	~~$64,065~~	~~62.7%~~	~~$38,032~~	~~37.3%~~
~~10~~	~~Corpus Christi~~	~~$144,672~~	~~7.2%~~	~~$119,870~~	~~82.9%~~	~~$24,802~~	~~17.1%~~
~~11~~	~~Brownsville/Harlingen~~	~~$351,524~~	~~17.6%~~	~~$254,901~~	~~72.5%~~	~~$96,623~~	~~27.5%~~
~~12~~	~~San Angelo~~	~~$101,542~~	~~5.1%~~	~~$70,868~~	~~69.8%~~	~~$30,675~~	~~30.2%~~
~~13~~	~~El Paso~~	~~$66,672~~	~~3.3%~~	~~$37,011~~	~~55.5%~~	~~$29,661~~	~~44.5%~~
	~~Total~~	~~$2,000,000~~	~~100.0%~~	~~$1,301,561~~	~~65.1%~~	~~$698,439~~	~~34.9%~~

~~e)~~d) Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least $~~12,000~~ 15,000 per unit in direct hard costs, unless the property is also being financed by the United States Department of Agriculture's Rural Development program. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a) (1).

e) When Department funds will have a first lien position and funds are used for new construction and/or rehabilitation, assurance of completion of the development in the form of payment and performance bonds in the full amount of the construction contract will be required. Such assurance of completion will run to the Department as obligee and must be documented prior to closing.

3) Eligible and Prohibited Activities

a) Eligible activities will include those permissible under the federal HOME Rule at 24 CFR §92.205, the State HOME Rules at 10 TAC §53.34, which involve only the acquisition, rehabilitation or construction of affordable rental developments.

b) Prohibited activities include those under federal HOME rules at 24 CFR §92.214 and 10 TAC §53.37.

c) Rental development funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the ~~2008~~ 2009 State of Texas Consolidated Plan One-Year Action Plan.

d) Refinancing of federally financed properties or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible.

4) Eligible and Ineligible Applicants

a) The Department provides HOME funding to qualified nonprofit organizations, for-profit entities, sole proprietors, public housing authorities and units of general local government.

b) Applicants may be ineligible for funding if they meet any of the criteria listed in §53.42 of the Department's HOME rule, and ineligibility with any requirements under 10 TAC §49.5~~50.5~~(a) excluding subsections (5) - (8). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

5) Matching Funds

a) Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide and will be provided with the appropriate forms and instructions on how to report eligible match.

6) Rental Housing Development Affordability Requirements

a) Applicants should be aware that there are minimum affordability standards necessary for HOME assisted rental developments. Initial occupancy income restrictions require that at least 90% of the units are affordable to persons below 60% AMFI and that 20% of the units are affordable to person below 50% AMFI. Over the remaining affordability period at least 20% of HOME assisted units should be affordable to persons earning 50% or less than the AMFI, all remaining units must be affordable to persons earning 80% or less than the AMFI.

b) Each development will have a two-tier affordability term.

    i) The first tier will entail the federally required affordability term. For new construction or acquisition of new housing, this term is 20 years. For rehabilitation or acquisition of existing housing, the term is 5 years if the HOME investment is less than $15,000 per unit; 10 years if the HOME investment is $15,000 to $40,000 per unit; and 15 years if the HOME investment is greater than $40,000 per unit. This first tier is subject to all federal laws and regulations regarding HOME requirements, recapture, net proceeds and affordability.

    ii) The second tier of affordability is the additional number of years required to bring the total term of affordability up to 30 years or the term of the loan agreement. For example, the second tier of affordability on a 10-year federal affordability term is 20 additional years. The second tier, or remaining term, is subject only to state regulations and affordability requirements.

c) Properties will be restricted under a Land Use Restriction Agreement ("LURA"), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

7) **Site and Development Restrictions**

a) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, one of three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR §200.925 or §200.926. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

b) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

c) Housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) and covered multifamily dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619). Additionally, pursuant to the 2009~~8~~ Qualified Allocation Plan (QAP), 10 TAC §49.9(h)(4)(H)~~50.9(h)(4)(G)~~, Developments involving New Construction (excluding New Construction of nonresidential buildings) where some Units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A certification will be required after the Development is completed from an inspector, architect, or accessibility specialist. Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.

d) All of the current Qualified Allocation Plan and Rules 10 TAC §49.6~~50.6~~, excluding subsections (d), (f), (g) and (h) apply.

e) Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units, pursuant to 10 TAC §53.45(b).

8) Threshold Criteria

a) Housing units subsidized by HOME funds must be affordable to low, very-low or extremely low-income persons. Mixed Income rental developments may only receive funds for units that meet the HOME program affordability standards. All applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.

b) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in 10 TAC §1.37, pursuant to 10 TAC §53.45(c).

c) All applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §982.401, Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply. If the development is located within a jurisdiction that does not have building codes, developments must meet the most current International Building Code.

d) Pursuant to 10 TAC §53.8(a), Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to be terminated under competitive application cycles. Applicants must provide notifications to:

i) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;

ii) all neighborhood organizations whose defined boundaries include the location of the Development;

iii) executive officer and Board President of the school district that covers the location of the Development;

iv) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and

v) the State Representative and State Senator whose district covers the location of the Development.

vi) the notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.

e) The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:

~~i)An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith, pursuant to 10 TAC §53.44(6).~~

~~ii)All contractors, consulting firms, and Administrators must sign and submit an affidavit with each draw to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions, pursuant to 10 TAC §53.44(7).~~

~~iii)~~i)To encourage the inclusion of families and individuals with the highest need for affordable housing, applicants must target a minimum of 5% of the total units for individuals or families earning 30% or less of area medium income for the development site. Additionally, 20% of the total units proposed must be HOME units. Developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8 are exempt from this minimum target requirement.

ii) If the Applicant elects to restrict 10% of all units for households at or below 30% of AMFI and at least 50% of all units for households at or below 50% of AMFI, and those units are not designated to serve very or extremely low-income households through another subsidy source with the exception of developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8, the Department may allow a forgivable loan only for those extremely and/or very low-income units. Developments layered with Housing Tax Credits are not eligible for this optional election unless the funds are deducted from eligible basis. Applications must still meet the requirements of the Real Estate Analysis (REA) Rules and Guidelines in 10 TAC §1.32.

iii) Staff will not recommend to the Department's Governing Board any contingent payment loans except for applications with first lien debt that is insured by HUD or the Federal Housing Administration (FHA) or for applications with other lenders with which the Department has a Memorandum of Agreement permitting such contingent payment debt structures. All contingent payment loans must also meet the minimum debt coverage ratio requirements in the Real Estate Analysis Rules and Guidelines described in 10 TAC §1.32.

iv) All units targeting Extremely Low Income households at 30% of area median income and 30% of area median income must also restrict rents at comparable levels using the Housing Tax Credit program rents calculated annually by the Department and available on the Department's website (www.tdhca.state.tx.us). These additional restrictions will limit the tenant paid portion of the rent and any applicable utility allowance.

~~iv)~~v) To encourage the involvement of other public agencies and private entities in affordable housing, applicants must provide a minimum percentage of the total development costs in loans, in-kind contributions, or grants from third-party public or private entities as identified in section (2)(c) of this NOFA.

~~v)~~vi) All of the Qualified Allocation Plan and Rules in effect at the time of application submission at 10 TAC §49.9(h)~~50.9(h)~~, excluding subsections (4)(J) ~~(I)~~, (11), (12), (14)(G) and (15).

~~vi)~~vii) An applicant is not eligible to apply for funds or any other assistance from the Department unless audits are current at the time of application or the Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b).

9) Review Process

a) Pursuant to 10 TAC §53.48, each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a ~~"received date"~~ Received Date based on the date and time it is physically received by the ~~Department~~ Division. Then each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their ~~"received date"~~ Received Date unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier ~~"received date"~~Received Date but that did not timely complete a phase of review. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, and Financial Feasibility as described in this NOFA.

Phase One will begin as of the Received Date and will include a review of eligibility and threshold criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM and will issue a notice of any Administrative Deficiencies for threshold criteria and eligibility within 45 days of the Received Date. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Two, if applicable~~, and will continue to be prioritized by their Received Date~~. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds.

Phase Two will include a comprehensive review for financial feasibility for RHD and Single Family Development Program Activities. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with 10 TAC §1.32 of this title. REA will create an underwriting report identifying staff's recommended Loan terms, the Loan or Grant amount and any conditions to be placed on the Development. The Department will issue a notice of any Administrative Deficiencies within 45 days of the date the Application enters Phase Two. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Three, if applicable~~, and will continue to be prioritized by their Received Date~~. Applications with Administrative Deficiencies not satisfied within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Three will be considered for placement on the next available Board meeting agenda.

Phase Three will only entail the review of the CHDO Certification Application. The Department will ensure review of these materials and issue notice of any Administrative Deficiencies on the CHDO Certification Application within 30 days of the Application enters Phase Three. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into the final review phase of the Application process~~ and will continue to be prioritized by their Received Date~~. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Only upon satisfaction of all Administrative Deficiencies will the Application be forwarded to the final phase of the Application process. Upon completion of the applicable final review phase, the Application will be considered for placement on the next available Board meeting agenda.

Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an Application has completed all phases of its review. In the case that all HOME funds are committed before an Application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for ninety (90) days in its current phase. If new HOME funds become available, Applications will continue onward with their review without losing their Received Date priority. If HOME funds do not become available within ninety (90) days of the notification, the Applicant will be notified that their Application is no longer under consideration. The Applicant must reapply to be considered for future funding. If on the date an Application is received by the Department, no funds are available under this NOFA, the Applicant will be notified that no funds exist under the NOFA and the Application will not be processed.

b) Pursuant to the QAP and 10 TAC §53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated with notice and rights to appeal but without being processed as an Administrative Deficiency. To the extent that a review was unable to be performed, specific reasons for the Department's determination of ineligibility will be included in the termination letter to the Applicant.

c) A site visit may be conducted as part of the HOME Program development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.

d) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.

e) In accordance with §2306.082 Texas Government Code and 10 TAC §53.6, it is the Department's policy to encourage the use of appropriate Alternative Dispute Resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC §1.17.

f) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

10) Application Submission

a) All applications submitted under this NOFA must be received on or before **5:00 p.m. on April 30, 2009.** The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. For questions regarding this NOFA please contact ~~Barbara Skinner~~ Cameron Dorsey at 512-475-~~1643~~ 2669 or via e-mail at ~~barbara.skinner@tdhca.state.tx.us~~cameron.dorsey@tdhca.state.tx.us.

b) If an Application is submitted to the Department that requests funds from two separate housing finance programs, the Application will be handled in accordance with the guidelines for each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs.

c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.

d) Applicants must submit ~~one complete printed copy of all Application materials and one complete scanned copy of~~ the Application materials as detailed in the ~~2008~~ Final ASPM in effect at the time the application is submitted. All scanned copies must be scanned in accordance with the guidance provided in the ~~2008~~ Final ASPM in effect at the time the application is submitted.

e) The application consists of ~~three~~ several parts~~: bound items, unbound items and electronic submission~~ as described in the Final ASPM. A complete application for each proposed development must be submitted in an electronic PDF format on a recordable compact disc (CD-R). Incomplete applications or improperly ~~bound~~ compiled applications will not be accepted. ~~The bound volumes of the application must be bound using red pressboard binders. Each volume must be submitted in a separate red pressboard binder. If the required documentation for a volume exceeds the capacity of one binder, a second binder may be used to subdivide the volume.~~ Applicants must submit ~~one complete printed copy of all application materials and one complete electronic or scanned copy stored on compact disc of~~ the application materials as detailed in the ~~2008~~ Final ASPM in effect at the time the application is submitted.

f) Third party reports – If all applicable third party reports are not received at the time of application submission, the Application will be terminated.

g) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

h) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $500.00 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. Section 2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not a reimbursable cost under the HOME Program.

i) Applications must be sent via overnight delivery to:

HOME Division
Texas Department of Housing and Community Affairs
Attn: Barbara Skinner
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

HOME Division
Texas Department of Housing and Community Affairs
Attn: Barbara Skinner
Post Office Box 13941
Austin, TX 78711-3941

NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME Rental Housing Development Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

Texas Department of Housing and Community Affairs

HOME Investment Partnerships Program

Community Housing Development Organization (CHDO)
Rental Housing Development Program
Notice of Funding Availability (NOFA)

1) Summary

The Texas Department of Housing and Community Affairs ("the Department") announces the availability of approximately $5,966,488 in funding from the HOME Investment Partnerships Program for Community Housing Development Organizations (CHDO) to develop affordable rental housing for low-income Texans. The availability and use of these funds is subject to the Department's HOME Program Rule at Title 10 Texas Administrative Code (10 TAC) Chapter 53 in effect at the time the application is submitted, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code. Other federal regulations may also apply such as, but not limited to, 24 CFR parts 50 and 58 for environmental requirements, Davis-Bacon Act for labor standards, 24 CFR §§85.36 and 84.42 for conflict of interest and 24 CFR part 5, subpart A for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program.

2) Allocation of HOME Funds

a) These funds are made available through the Department's allocation of HOME funds from the U. S. Department of Housing and Urban Development (HUD). The funds are set-aside for eligible CHDO and rental housing development proposals which involve new construction, rehabilitation, acquisition and rehabilitation of affordable housing development activities. All funds released under this NOFA are to be used for the creation of affordable ~~single family and~~ rental housing for low-income Texans earning 80 percent or less of the Area Median Family Income (AMFI).

b) In accordance with 10 TAC §53.48, this NOFA will be conducted as an open application cycle and funding will be available on a first-come, first-served basis. Applications submitted prior to ~~Applications will be accepted and subject to the Regional Allocation~~

~~Formula until~~ 5:00 p.m. on **August 25, 2008** were subject to the Regional Allocation Formula. Any funds not requested in an application received by 5:00 p.m. **August 25, 2008**, ~~will~~ have collapsed into an open application cycle with funding available statewide and not subject to the RAF. Applicants are encouraged to review the application process cited above and described herein. Applications that do not meet minimum threshold and financial feasibility will not be considered for funding. Based on the availability of funds, applications for the statewide open application cycle will be accepted until 5:00 p.m. **April 30, 2009.**

c) The Department awards HOME funds, typically as a loan, to eligible recipients for the provision of housing for low, very low and extremely low-income individuals and families, pursuant to 10 TAC §53.41. Award amounts are limited to no more than $4,000,000 per development. The minimum HOME award may not be less than $1,000 per HOME assisted unit. The maximum award may not exceed 90% of the Total Development Costs ("TDC") unless a resolution of support and commitment for a financial contribution to the development is made by the local unit of government in which the proposed development resides or the proposed development is located in an area where the HUD Fair Market Rents are less than the Calculated HOME Rents[1] but will be limited follows:

Rent	Resolution from Local Government	Max award as % of TDC	% of TDC from other sources
FMR greater than High Home	No	90%	10%
FMR greater than High Home	Yes	92%	8%
FMR less than or equal to High Home	No	93%	7%
FMR less than or equal to High Home	Yes	95%	5%
FMR less than or equal to Low Home	No	96%	4%
FMR less than or equal to Low Home	Yes	98%	2%

The remaining percentage of total development cost must be in the form of permanent loans with a maturity of at least 20 years, in-kind contributions or grants from third-party private or public entities. Developments with USDA or other government-sponsored loans that will remain as permanent financing may be used to satisfy this requirement from a public or private entity. Loans or grants from the Department will not satisfy this requirement. The per-unit subsidy may not exceed the per-unit dollar limits established

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[1] The Calculated HOME Rents in this section refers to the calculated rent for a household earning 65% of the area median income for High HOME or 50% of the area median income for Low HOME before considering the HUD determined Fair Market Rent. The final High and Low HOME Rents for underwriting, operations and compliance is always limited to the lesser of this calculated rent and the HUD determined Fair Market Rent.

by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act, which are applicable to the area in which the development is located, and as published by HUD. For rental housing developments, the Department's underwriting guidelines in 10 TAC §1.32 will be used which set as a ~~minimum~~ feasibility criterion a 1.15 debt coverage ratio minimum. Where the anticipated debt coverage ratio in the year after completion exceeds 1.35 before considering the proposed HOME funds, a repayable loan, in whole or part will be recommended.

~~d)The RAF table listed below specifies the allocation of funds based on the 13 Uniform State Service Regions and the rural and urban distribution for each region.~~

~~Table 1. Regional, Rural, and Urban Funding Amounts~~

~~Region~~	~~Place for Geographical Reference~~	~~Regional Funding Amount~~	~~Regional Funding %~~	~~Rural Funding Amount~~	~~Rural Funding %~~	~~Urban Funding Amount~~	~~Urban Funding %~~
~~1~~	~~Lubbock~~	~~$336,759~~	~~5.6%~~	~~$336,697~~	~~100.0%~~	~~$62~~	~~0.0%~~
~~2~~	~~Abilene~~	~~$221,073~~	~~3.7%~~	~~$216,394~~	~~97.9%~~	~~$4,678~~	~~2.1%~~
~~3~~	~~Dallas/Fort Worth~~	~~$1,055,290~~	~~17.7%~~	~~$323,989~~	~~30.7%~~	~~$731,302~~	~~69.3%~~
~~4~~	~~Tyler~~	~~$758,527~~	~~12.7%~~	~~$591,573~~	~~78.0%~~	~~$166,954~~	~~22.0%~~
~~5~~	~~Beaumont~~	~~$350,596~~	~~5.9%~~	~~$317,507~~	~~90.6%~~	~~$33,089~~	~~9.4%~~
~~6~~	~~Houston~~	~~$423,701~~	~~7.1%~~	~~$173,866~~	~~41.0%~~	~~$249,836~~	~~59.0%~~
~~7~~	~~Austin/Round Rock~~	~~$253,845~~	~~4.3%~~	~~$142,926~~	~~56.3%~~	~~$110,919~~	~~43.7%~~
~~8~~	~~Waco~~	~~$280,019~~	~~4.7%~~	~~$148,937~~	~~53.2%~~	~~$131,082~~	~~46.8%~~
~~9~~	~~San Antonio~~	~~$304,580~~	~~5.1%~~	~~$191,121~~	~~62.7%~~	~~$113,459~~	~~37.3%~~
~~10~~	~~Corpus Christi~~	~~$431,592~~	~~7.2%~~	~~$357,601~~	~~82.9%~~	~~$73,990~~	~~17.1%~~
~~11~~	~~Brownsville/Harlingen~~	~~$1,048,681~~	~~17.6%~~	~~$760,432~~	~~72.5%~~	~~$288,249~~	~~27.5%~~
~~12~~	~~San Angelo~~	~~$302,926~~	~~5.1%~~	~~$211,416~~	~~69.8%~~	~~$91,510~~	~~30.2%~~
~~13~~	~~El Paso~~	~~$198,898~~	~~3.3%~~	~~$110,413~~	~~55.5%~~	~~$88,485~~	~~44.5%~~
	~~Total~~	~~$5,966,488~~	~~100.0%~~	~~$3,882,873~~	~~65.1%~~	~~$2,083,615~~	~~34.9%~~

~~e)~~d) Each CHDO that is awarded HOME funds may also be eligible to receive a grant for CHDO Operating Expenses. Applicants will be required to submit organizational operating budgets, audits and other financial and non-financial materials detailed in the HOME application. The award amount for CHDO Operating Expenses shall not exceed $75,000~~50,000, with the exception that CHDO's who have never received a HOME award from the Department may receive Operating Expenses~~ in accordance with 10 TAC §53.47(a)(~~7~~4). Awards for operating expenses will be drawn over a two-year period of time. The Department reserves the right to limit an Applicant to receive not more than one award of CHDO Operating Expenses during the same fiscal year and to further limit the award of CHDO Operating Expenses.

~~f)~~e) Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least $~~12,000~~15,000 per unit in direct hard costs, unless the property is also being financed by the United States Department of Agriculture's Rural Development program. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

f) When Department funds will have a first lien position and funds are used for new construction and/or rehabilitation, assurance of completion of the development in the form of payment and performance bonds in the full amount of the construction contract will be required. Such assurance of completion will run to the Department as obligee and must be documented prior to closing.

3) Eligible and Prohibited Activities

a) Eligible activities will include those permissible under the federal HOME Rule at 24 CFR §92.205, the State HOME Rules at 10 TAC §53.34 and 53.50, which involve only the acquisition, rehabilitation or construction of affordable developments.

b) Prohibited activities include those under federal HOME rules at 24 CFR §92.214 and 10 TAC §53.37.

c) Development funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the ~~2008~~ 2009 State of Texas Consolidated Plan One-Year Action Plan.

d) Refinancing of federally financed properties or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible.

4) Eligible and Ineligible Applicants

a) The Department provides HOME CHDO funding to qualified nonprofit organizations eligible for CHDO certification. CHDO Certification will be awarded in accordance with the rules and procedures as set forth in the HOME rules at 10 TAC §53.50, Community Housing Development Organization (CHDO) Certification. A separate application process is required for CHDO Certification. Review and approval of the CHDO Certification occurs during the threshold review process, however Applicants will not receive a formal certification until the award of the HOME funds has been approved by the Department's Board. The CHDO Application package will be available with all other application materials on the Department's website. A new Application for CHDO certification must be submitted to the Department with each new Application for HOME Development funds under the CHDO set aside.

b) CHDO Applicants must be the Sponsor, Owner or Developer of the proposed Development. Applicants who apply through a Limited Partnership will be required to provide evidence, at the time of CHDO certification and commitment, that the CHDO

Applicant is the Managing General Partner of the partnership and has effective control (decision making authority) over the development and management of the property, pursuant to 24 CFR §92.300.

c) Applicants may be ineligible for funding if they meet any of the criteria listed in §53.42 of the Department's HOME rule, and ineligibility with any requirements under 10 TAC §~~50.5~~49.5 of this title excluding subsections (5) thru (8). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

5) Matching Funds

~~a)~~ Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide and will be provided with the appropriate forms and instructions on how to report eligible match.

6) Rental Housing Development Affordability Requirements

a) Applicants should be aware that there are minimum affordability standards necessary for HOME assisted rental developments. Initial occupancy income restrictions require that at least 90% of the units are affordable to persons below 60% AMFI and that 20% of the units are affordable to person below 50% AMFI. Over the remaining affordability period at least 20% of HOME assisted units should be affordable to persons earning 50% or less than the AMFI, all remaining units must be affordable to persons earning 80% or less than the AMFI.

b) Each development will have a two-tier affordability term.

i) The first tier will entail the federally required affordability term. For new construction or acquisition of new housing, this term is 20 years. For rehabilitation or acquisition of existing housing, the term is 5 years if the HOME investment is less than $15,000 per unit; 10 years if the HOME investment is $15,000 to $40,000 per unit; and 15 years if the HOME investment is greater than $40,000 per unit. This first tier is subject to all federal laws and regulations regarding HOME requirements, recapture, net proceeds and affordability.

ii) The second tier of affordability is the additional number of years required to bring the total term of affordability up to 30 years or the term of the loan agreement. For example, the second tier of affordability on a 10-year federal affordability term is 20 additional years. The second tier, or remaining term, is subject only to state regulations and affordability requirements.

c) Properties will be restricted under a Land Use Restriction Agreement ("LURA"), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

7) **Site and Development Restrictions**

a) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, one of three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR §200.925 or §200.926. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

b) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

c) Housing must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619). Additionally, pursuant to the ~~2007~~ 2009 Qualified Allocation Plan (QAP), §~~§~~49.9(h)(4)(~~G~~H), Developments involving New Construction (excluding New Construction of nonresidential buildings) where some Units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A certification will be required after the Development is completed from an inspector, architect, or accessibility specialist. Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.

d) All of the current Qualified Allocation Plan and Rules 10 TAC §~~50.6~~49.6, excluding subsections (d), (f), (g) and (h) apply.

e) Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units, pursuant to 10 TAC §53.45 (b).

8) Threshold Criteria

a) Housing units subsidized by HOME funds must be affordable to low, very-low or extremely low-income persons. Mixed Income rental developments may only receive funds for units that meet the HOME program affordability standards. All applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.

b) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in 10 TAC §1.37 of this title, pursuant to 10 TAC 53.45 (c).

c) All applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §982.401, Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply. If the development is located within a jurisdiction that does not have building codes, developments must meet the most current International Building Code.

d) Pursuant to 10 TAC §53.8(a), Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to be terminated under competitive application cycles. Applicants must provide notifications to:

   i) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;

   ii) all neighborhood organizations whose defined boundaries include the location of the Development;

   iii) executive officer and Board President of the school district that covers the location of the Development;

   iv) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and

v) the State Representative and State Senator whose district covers the location of the Development.

vi) the notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.

e) The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:

~~i)An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith, pursuant to 10 TAC §53.44(6).~~

~~ii)All contractors, consulting firms, and Administrators must sign and submit an affidavit with each draw to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions, pursuant to §53.44 (7).~~

~~iii)~~i) To encourage the inclusion of families and individuals with the highest need for affordable housing, applicants for rental housing development must target a minimum of 5% of the total units for individuals or families earning 30% or less of area median family income for the development site. Additionally, 20% of the total units proposed must be HOME units. Developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8 are exempt from this minimum target requirement.

ii) All units targeting Extremely Low Income households at 30% of area median income and 30% of area median income must also restrict rents at comparable levels using the Housing Tax Credit program rents calculated annually by the Department and available on the Department's website (www.tdhca.state.tx.us). These additional restrictions will limit the tenant paid portion of the rent and any applicable utility allowance.

iii) If the Applicant elects to restrict 10% of all units for households at or below 30% of AMFI and at least 50% of all units for households at or below 50% of AMFI, and those units are not designated to serve very or extremely low-income households through another subsidy source with the exception of developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8, the Department may allow a forgivable loan only for those extremely and/or very low-income units. Developments layered with Housing Tax Credits are not eligible for this optional election unless the funds are deducted from eligible basis. Applications must still meet the requirements of the Real Estate Analysis (REA) Rules and Guidelines in 10 TAC §1.32.

iv) Staff will not recommend to the Department’s Governing Board any contingent payment loans except for applications with first lien debt that is insured by HUD or the Federal Housing Administration (FHA) or for applications with other lenders with which the Department has a Memorandum of Agreement permitting such contingent payment debt structures. All contingent payment loans must also meet the minimum debt coverage ratio requirements in the Real Estate Analysis Rules and Guidelines described in 10 TAC §1.32.

~~iv)~~v) To encourage the involvement of other public agencies and private entities in affordable housing, applicants must provide a minimum~~–~~ percentage~~–~~ of the total development costs in loans, in-kind contributions, or grants from third-party ~~-~~public or private entities as identified in section 2(c) of this NOFA.

~~v)~~vi) All of the Qualified Allocation Plan and Rules in effect at the time of application submission at 10 TAC §49.9(h), excluding subsections (4)(~~I~~J), (11), (12), (14)(G) and (15).

~~vi)~~vii) An applicant is not eligible to apply for funds or any other assistance from the Department unless audits are current at the time of application or the Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b).

9) Review Process

a) Pursuant to 10 TAC §53.48, each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a ~~"r~~Received D~~d~~ate~~"~~ based on the date and time it is physically received by the ~~Department~~Division. Then each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their ~~"r~~Received ~~date~~Date~~"~~ unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier ~~"r~~Received ~~date~~Date~~"~~ but that did not timely complete a phase of review. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, and Financial Feasibility as described in this NOFA.

Phase One will begin as of the Received Date and will include a review of eligibility and threshold criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM and will issue a notice of any Administrative Deficiencies for threshold criteria and eligibility within 45 days of the Received Date. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Two, if applicable~~, and will continue to be prioritized by their Received Date~~. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds.

Phase Two will include a comprehensive review for financial feasibility~~ for RHD and Single Family Development Program Activities~~. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended Loan terms, the Loan or Grant amount and any conditions to be placed on the Development. The Department will issue a notice of any Administrative Deficiencies within 45 days of the date the Application enters Phase Two. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Three, if applicable~~, and will continue to be prioritized by their Received Date~~. Applications with Administrative Deficiencies not satisfied within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Three will be considered for placement on the next~~-~~ available Board meeting agenda.

Phase Three will only entail the review of the CHDO Certification Application. The Department will ensure review of these materials and issue notice of any Administrative Deficiencies on the CHDO Certification Application within 30 days of the Application enters Phase Three. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into the final review phase of the Application process~~ and will continue to be prioritized by their Received Date~~. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Only upon satisfaction of all Administrative Deficiencies will the Application be forwarded to the final phase of the Application process. Upon completion of the applicable final review phase, the Application will be considered for placement on the next available Board meeting agenda..

Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an Application has completed all phases of its review. In the case that all HOME funds are committed before an Application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for ninety (90) days in its current phase. If new HOME funds become available, Applications will continue onward with their review without losing their Received Date priority. If HOME funds do not become available within ninety (90) days of the notification, the Applicant will be notified that their Application is no longer under consideration. The Applicant must reapply to be considered for future funding. If on the date an Application is received by the Department, no funds are available under this NOFA, the Applicant will be notified that no funds exist under the NOFA and the Application will not be processed.

b) Pursuant to the HOME Rule §53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated with notice and rights to appeal but without being processed as an Administrative Deficiency. To the extent that a review was unable to be performed, specific reasons for the Department's determination of ineligibility will be included in the termination letter to the Applicant.

c) A site visit will be conducted as part of the HOME Program development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.

d) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.

e) In accordance with §2306.082 Texas Government Code and 10 TAC §53.6, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

f) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

10) Application Submission

a) All applications submitted under this NOFA must be received on or before 5:00 p.m. on **April 30, 2009**. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. For questions regarding this NOFA please contact ~~Barbara Skinner~~Cameron Dorsey at 512-475-~~1643~~ 2669 or via e-mail at ~~barbara.skinner@tdhca.state.tx.us~~cameron.dorsey@tdhca.state.tx.us.

b) If an Application is submitted to the Department that requests funds from two separate housing finance programs, the Application will be handled in accordance with the guidelines for each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs.

c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.

d) Applicants must submit ~~one complete printed copy of all Application materials and one complete scanned copy of~~ the Application materials as detailed in the ~~2008~~ Final ASPM in effect at the time the application is submitted. All scanned copies must be scanned in accordance with the guidance provided in the ~~2008~~ Final ASPM in effect at the time the application is submitted.

e) The application consists of ~~three~~ several parts~~: bound items, unbound items and electronic submission~~ as further described in the Final ASPM. A complete application for each proposed development must be submitted in an electronic PDF format on a recordable compact disc (CD-R). Incomplete applications or improperly ~~bound~~ compiled applications will not be accepted. ~~The bound volumes of the application must be bound using red pressboard binders. Each volume must be submitted in a separate red pressboard binder. If the required documentation for a volume exceeds the capacity of one binder, a second binder may be used to subdivide the volume.~~ Applicants must submit ~~one complete printed copy of all application materials and one complete electronic or scanned copy stored on compact disc of~~ the application materials as detailed in the ~~2008~~ Final ASPM in effect at the time the application is submitted.

f) Third party reports – If all applicable third party reports are not received at the time of application submission, the Application will be terminated.

g) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

h) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $500.00 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. §2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not a reimbursable cost under the HOME Program.

i) Applications must be sent via overnight delivery to:

HOME Division
Texas Department of Housing and Community Affairs
Attn: Barbara Skinner
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

HOME Division
Texas Department of Housing and Community Affairs
Attn: Barbara Skinner
Post Office Box 13941
Austin, TX 78711-3941

NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME CHDO Rental Housing Development Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

HOME DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Possible Approval of the Revisions to the 2009 Housing Trust Fund Rental Production Program Notice of Funding Availability (NOFA) to be updated with adopted Housing Trust Fund Rule changes.

Requested Action

Approve, Deny or Approve with Amendments the Revisions to the 2009 Housing Trust Fund Rental Production Program Notice of Funding Availability (NOFA) to be updated with adopted Housing Trust Fund Rule changes.

Background

The 2009 Housing Trust Fund Rental Production Program NOFA was originally approved by the Board in September 2008 as one of the programs described in the 2009 Housing Trust Fund Annual Plan. The NOFA made available $2,594,000 to provide financing for rental housing developments which involve new construction, rehabilitation, or acquisition and rehabilitation. All units subsidized with Housing Trust Funds must set aside units for households at or below 50% of Area Median Family Income (AMFI). The amended Rental Production Program NOFA has been updated reflect changes necessitated by the revised Housing Trust Fund Rule and Qualified Allocation Plan that will be considered by the Board today. Additionally, staff has made minor administrative corrections and proposes the following changes:

- Clarification that the Department will not recommend a contingent payment loans or loans repayable from cashflow except for an application with first lien debt that is insured by HUD or the Federal Housing Administration (FHA) or for applications with other lenders with which the Department has a Memorandum of Agreement permitting such contingent payment debt structures.
- Addition of a requirement that payment and performance bonds be secured when the Department's funds have first lien position and are used to finance construction activities.
- Revision of language specifying the required formatting for the application, which will be described in further detail in the Final Application Submission Procedures Manual (ASPM).
- Clarification of consistent Board policy to have corresponding rent and income levels for restricted units.

The updated and amended NOFA is attached with blackline reflecting the changes recommended by staff.

Recommendation

Staff recommends approval of the updated and amended 2009 Housing Trust Fund Rental Housing Production NOFA and approval to release for publication in the *Texas Register*.

Texas Department of Housing and Community Affairs

2009 Housing Trust Fund

Rental Production Program
Notice of Funding Availability (NOFA)

1) Summary.

The Texas Department of Housing and Community Affairs ("the Department") announces the availability of approximately $2,594,000 in funding from the Housing Trust Fund for financing of affordable rental housing for very low-income and extremely low-income Texans. The availability and use of these funds is subject to the state Housing Trust Fund Rule at Title 10 Texas Administrative Code (10 TAC) Chapter 51 ("HTF Rules") and Chapter 2306, Texas Government Code in effect at the time an application is submitted. Applicants are encouraged to familiarize themselves with all of the applicable rules that govern the program.

2) Allocation of Housing Trust Funds.

a) These funds are made available through 2008 and 2009 General Revenue Funds and local revenues appropriated to the Housing Trust Fund during the 80th Legislative Session for financing rental housing developments which involve new construction, rehabilitation or acquisition and rehabilitation. All funds released under this NOFA are to be used for the subsidizing of affordable rental housing units that target very low-income Texans earning 50 % or less of Area Median Family Income (AMFI). Additionally, if the funds are used to target extremely low-income Texans earning 30% or less of the AMFI and those units are not designated to serve extremely low-income households through another subsidy source with the exception of developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8, the Department may allow a forgivable loan only for those extremely low-income units.

b) In accordance with 10 TAC §51.~~8~~12, this NOFA will be an Open Application Cycle and funding will be available on a first-come, first-served statewide basis. Applications will be accepted until 5:00 p.m. **April 6, 2009** unless all funds are committed prior to this date. Applicants are encouraged to review the application process cited above and described herein. Applications that do not meet minimum threshold and financial feasibility will not be considered for funding.

c) The Department will allocate Housing Trust Fund awards as a loan, to eligible recipients for the provision of housing for very low and extremely low-income individuals and families. The Department's underwriting guidelines at 10 TAC §1.32 will be used which set as a ~~minimum~~ feasibility criterion a 1.15 debt coverage ratio minimum.

d) Award amounts are limited to no more than $500,000 per development.

e) Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least $~~12,000~~15,000 per unit in direct hard costs, unless the property is also being financed by the United States Department of Agriculture's Rural Development program.

f) When Department funds will have a first lien position and funds are used for new construction and/or rehabilitation, assurance of completion of the development in the form of payment and performance bonds in the full amount of the construction contract will be required. Such assurance of completion will run to the Department as obligee and must be documented prior to closing.

3) Eligible and Ineligible Activities and Restrictions.

a) Eligible activities will include the financing, new construction, acquisition and/or rehabilitation of affordable rental housing developments.

b) If an application is determined ineligible pursuant to §~~51.5(d)(9)~~51.8(d)(9), the application will be terminated without being processed as an Administrative Deficiency. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibility will be included in the termination letter to the Applicant.

c) Restrictions include the displacement of existing affordable housing. Pursuant to §2306.203(a)(4) of the Texas Government Code, Housing Trust Funds shall not be utilized on a development that has the effect of permanently and involuntarily displacing low, very low, and extremely low income persons and families. Low-Income persons who may be temporarily displaced by the rehabilitation of affordable housing may be eligible for compensation of moving and relocation expenses. If a Housing Trust Fund recipient violates the permanent dislocation provision of this subsection, that recipient risks loss of Housing Trust Funds and the landlord/developer must pay the affected tenant's costs and all moving expenses.

4) Eligible and Ineligible Applicants.

a) The Department provides HTF to qualified local units of government, public housing authorities, nonprofit organizations and for-profit entities.

b) Ineligible Applicants will include the following:

  i) Previously funded recipient(s) whose Housing Trust Funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to the current funding cycle;

  ii) Applicants, or persons affiliated with the Applicant that have been barred, suspended, or terminated from procurement in a state or federal program and listed in the List of Parties Excluded from Federal Procurement of Non-procurement Programs;

    - iii) Applicants or persons affiliated with the Applicant that are subject of enforcement action under state or federal securities law, or are the subject of an enforcement proceeding with a state or federal agency or another governmental entity;
    - iv) Applicants or persons affiliated with the Applicant that have unresolved audit findings related to previous or current funding agreements with the Department;
    - v) Applicants or persons affiliated with the Applicant that have delinquent loans, fees or other commitments with the Department, until payment is made;
    - vi) Applicants who have not satisfied all threshold requirements described in this title, and the NOFA to which they are responding, and for which Administrative Deficiencies were unresolved;
    - vii) Applicants who have submitted incomplete Applications;
    - viii) Applicants or persons affiliated with the Applicant that have been otherwise barred by the Department;
    - ix) Applicants are subject to 10 TAC §1.13; or
    - x) Applicants or persons affiliated with the Applicant that have breached a contract with a public agency.
  - c) Each Application will be reviewed for its compliance history by the Department, consistent with 10 TAC Chapter 60. Applicants, or persons affiliated with an Application, found to have a Development or Contract in Material Noncompliance with the Department, will have their Application(s) terminated.

5) Affordability Requirements.

  - a) Pursuant to §2306.203(6) of the Texas Government Code, Applicants proposing multifamily housing, new construction or rehabilitation, will be required to guarantee the Development will remain affordable to income qualified families or individuals for a period of twenty (20) years.
  - b) Properties will be restricted under a Land Use Restriction Agreement ("LURA"), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

6) Site and Development Restrictions.

  - a) Housing that is constructed or rehabilitated with HTF funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of local codes applications will be required to meet Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply.
  - b) Housing must meet the accessibility requirements at 24 CFR Part 8, which implements §504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) and covered multifamily dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C.

§§3601–3619). Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.

7) Threshold Criteria.

a) Housing units subsidized by HTF funds must be affordable to very-low (50% AMFI or below) or extremely low-income (30% AMFI or below) persons. Mixed Income rental developments may only receive funds for units that serve very-low or extremely low-income persons. All applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.

b) The Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in 10 TAC §1.37.

c) Staff will not recommend to the Department's Governing Board any contingent payment loans except for applications with first lien debt that is insured by HUD or the Federal Housing Administration (FHA) or for applications with other lenders with which the Department has a Memorandum of Agreement permitting such contingent payment debt structures. All contingent payment loans must meet the minimum debt coverage ratio requirements in the Real Estate Analysis Rules and Guidelines described in 10 TAC §1.32.

~~c)~~d) The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise. Applicants must demonstrate the application can meet the following threshold criteria to be considered for funding:

- i) The application is consistent with the requirements established in the HTF rules and the NOFA.
- ii) The Applicant provides evidence of its ability to carry out the proposal in the areas of financing, acquiring, rehabilitating, developing or managing an affordable housing development.
- iii) To encourage the inclusion of families and individuals with the highest need for affordable housing, A~~a~~pplicants must target units for individuals or families earning 50% or less of area median family income for the development site. Additionally, 10% of the total units in the proposed development must be designated as HTF units. Developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8 are exempt from this minimum targeting requirement. All units designated as HTF units must have corresponding income and rent restrictions.
- iv) An ~~applicant~~ Applicant is not eligible to apply for funds or any other assistance from the Department unless audits are current at the time of application or the Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b).
- v) All of the current Qualified Allocation Plan and Rules in effect at the time of application submission at 10 TAC §~~50~~49.9(h), excluding subsections (11), (12), (14)(G) and (15).

8) Review Process.

a) Pursuant to 10 TAC §51.8, each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "Received

Date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in two review phases, as applicable. Applications will continue to be prioritized for funding based on their "Received Date" unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "Received Date" but that did not timely complete a phase of review. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, and Financial Feasibility as described in this NOFA.

Phase One will begin as of the Received Date and will include a review of eligibility and threshold criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM and will issue a notice of any Administrative Deficiencies for threshold criteria and eligibility within 45 days of the Received Date. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Two, if applicable, and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Two will be reviewed for recommendation to the Board by the Committee.

Phase Two will include a comprehensive review for financial feasibility for Development Activities. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with 10 TAC §1.32. REA will create an underwriting report identifying staff’s recommended Loan terms, the Loan or Grant amount and any conditions to be placed on the Development. The Department will issue a notice of any Administrative Deficiencies within 45 days of the date the Application enters Phase Two. Applications with Administrative Deficiencies not satisfied within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase will be reviewed for recommendation to the Board by the Committee.

Because applications are processed in the order they are received by the Department, it is possible that the Department will expend all available Housing Trust Fund funds before an application has completed all phases of review. In the case that all Housing Trust Fund funds are committed before an application has completed all phases of the review process, the Department will notify the A~~a~~pplicant that their application will remain active for ninety (90) days in its current phase. If new Housing Trust Fund funds become available, Applications will continue onward with their review without losing their Received Date priority. If Housing Trust Fund funds do not become available within ninety (90) days of the notification, the Applicant will be notified that their Application is no longer under consideration. The ~~applicant~~ Applicant must reapply to be considered for future funding. If on the date an Application is received by the Department, no funds are available under the NOFA, the ~~applicant~~ Applicant will be notified that no funds remain under the NOFA and that the application will not be processed.

b) If a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, the Application will be terminated without being processed as an Administrative Deficiency.

c) Pursuant to 10 TAC §51.~~8~~12(e), a site visit will be conducted as part of the HTF Program development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HTF funding by the Board.

d) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.

e) In accordance with §2306.082 Texas Government Code and 10 TAC §51.12~~8~~(g), it is the Department's policy to encourage the use of appropriate Alternative Dispute Resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC §1.17.

f) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

9) Application Submission.

a) All applications submitted under this NOFA must be received on or before 5:00 p.m. on **April 6, 2009**. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. For questions regarding this NOFA please contact ~~Barbara Skinner~~Cameron Dorsey at 512-475-~~1643~~ 2669 or via e-mail at ~~barbara.skinner@tdhca.state.tx.us~~cameron.dorsey@tdhca.state.tx.us.

b) If an Application is submitted to the Department for a Development that requests funds from two separate housing finance programs, and only one of the housing finance programs is operated as a competitive cycle, the Application will be handled in accordance with the guidelines for each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs. If an Application is submitted for two separate housing finance programs where both programs are either open cycle, or competitive, the Application will be handled in accordance with the guidelines of each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs.

c) Applications submitted to the Department must be complete and include all support documentation and associated application materials as described in this NOFA.

d) Applicants must submit ~~two complete printed~~ copies of all Application materials as detailed in the ~~2008~~ Application Submission and Procedure Manual (ASPM) for Housing Trust Fund in effect at the time the application is submitted.

e) The application consists ~~of three~~several parts~~: bound items, unbound items and electronic submission. A~~and a complete application for each proposed development must be submitted in an electronic PDF format on a recordable compact disc (CD-R).~~.~~ Incomplete applications or improperly ~~bound~~ compiled applications will not be accepted. ~~The bound volumes of the application must be bound using red pressboard binders. Each volume must be submitted in a separate red pressboard binder. If the required documentation for a volume exceeds the capacity of one binder, a second binder may be used to subdivide the volume.~~

f) If third party reports are not received at the time of application submission, the Application will be terminated.

g) Application materials including manuals, NOFA, program guidelines, and applicable Housing Trust Fund rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the Housing Trust Fund Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

h) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $200.00 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. Section 2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee.

i) Applications must be sent via overnight delivery to:

HOME Division
Texas Department of Housing and Community Affairs
Attn: Barbara Skinner
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

HOME Division
Texas Department of Housing and Community Affairs
Attn: Barbara Skinner
Post Office Box 13941
Austin, TX 78711-3941

NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular Housing Trust Fund Program. For proper completion of the application, the Department strongly encourages potential A~~a~~pplicants to review all applicable State and Federal regulations.*

Housing Resource Center
BOARD ACTION REQUEST
November 13, 2008

Action Items

Presentation, Discussion and Possible Approval of the *2009 State of Texas Consolidated Plan: One-Year Action Plan*

Requested Action

Approval of the *2009 State of Texas Consolidated Plan: One-Year Action Plan*

Background

The Texas Department of Housing and Community Affairs (TDHCA), Office of Rural Community Affairs (ORCA), and Department of State Health Services (DSHS) prepare the *2009 State of Texas Consolidated Plan: One-Year Action Plan* (Plan) in accordance with 24 CFR §91.320. TDHCA coordinates the preparation of the State of Texas Consolidated Plan documents although two of the programs addressed in the documents are administered through other state agencies. The Plan covers the State's administration of the Community Development Block Grant Program (CDBG) by ORCA, the Housing Opportunities for Persons with AIDS Program (HOPWA) by DSHS, and the Emergency Shelter Grants (ESG) Program and the HOME Investment Partnerships Program by TDHCA.

The Plan reports on the intended use of funds received by the State of Texas from the U.S. Department of Housing and Urban Development (HUD) for Program Year 2009. The Program Year begins on February 1, 2009, and ends on January 31, 2010. The Plan also illustrates the State's strategies in addressing the priority needs and specific goals and objectives identified in the *2005-2009 State of Texas Consolidated Plan*.

The Plan was available for public comment from September 19th through October 20th, 2008. See Attachment A for a summary of the comment received and the State's reasoned responses. As noted in Attachment A, one change is recommended to the Plan regarding the HOME Colonia Model Subdivision Program. The final version of the Plan is due to HUD by December 15th.

Summary of significant changes from the 2*008 Consolidated Plan: One-Year Action Plan* for the HOME and ESG programs. Note that the Plan includes significant revisions to the CDBG portion of the document; however the CDBG program is administered by the Office of Rural Community Affairs.

HOME Program:

- Describes ability to reprogram funds from undersubscribed activity or set-aside to another activity, see page 38.
- Rental housing development and rental housing preservation are combined into one activity called rental housing development that includes acquisition, construction, and rehabilitation of multifamily rental housing, see pages 38 and 41.

- Homebuyer assistance limits will be established in the program rules or the Notice of Funding Available (NOFA) when funds are made available, see page 41.
- The approximately $2 million in HOME funds for persons with disabilities will be allocated with approximately $1 million for rental development and approximately $1 million for Tenant-Based Rental Assistance (TBRA) and Home Buyer Assistance (HBA) with optional rehabilitation as developed in cooperation with the Disability Advisory Workgroup, see page 44.
- Replaced full description of federal requirements for lead-based paint with reference to federal rule, see page 51.

ESG Program:

- An additional recipient requirement stating that renovation must bring the building to safe and sanitary conditions and the renovation must assist individuals in obtaining other services and assistance, see page 55.
- Additional detail on the monitoring assessment process developed by the Portfolio Management and Compliance Division in conjunction with the Community Affairs Division, see page 57.

Recommendation

Staff recommends approval of the *2009 State of Texas Consolidated Plan: One-Year Action Plan.*

ATTACHMENT A

SUMMARY OF PUBLIC COMMENT

Comment:

Explore more seamless combinations of funding, including TDHCA and Rural Development funding. Improve mechanisms to layer financing in more effective and efficient ways. (15)

Response:

The Department constantly explores options for more efficient and effective delivery of program funds and is receptive to suggestions on how to improve program plans. Regulatory and operational challenges exist when multiple federal programs administered by various federal agencies that were designed independently are combined. The Department works closely with funding agencies to identify opportunities; clarify requirements and mitigate obstacles when possible. In addition, the Department is actively pursing additional flexible funding for the State Housing Trust Fund.

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Offer an application workshop jointly with Texas Rural Development staff upon the issuance of USDA's 2009 Section 514/516 Notice of Funding Availability. Include RD, TDHCA, Texas State Affordable Housing Corporation, and other potential leveraged resources. (15)

Response:

Department staff works closely with other funding organizations to facilitate the use of federal funds in subsidy layering. However, the release of federal funds from the various programs occurs at different cycles throughout the year. In order to allow for funding to be available throughout the year, the HOME Division maintains a long, open-cycle Notice of Funding Availability (NOFA), provides an application workshop at the release of the funds, and has dedicated staff to provide ongoing technical assistance through the application cycle. Due to federal requirements, the Department may not release early or delay the notification of availability of federal funds. The Division will take the recommendations under advisement and direct staff to examine ways to improve processes so that the effectiveness of the Department's HOME and HTF funds are maximized.

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Allow HOME and HTF to serve as "first funding" committed in order to attract RD and other resources. Allow enough lead time (perhaps using forward commitments and conditional commitments) and flexibility to allow housing sponsors to secure all financing within various agency's timeframes and deadlines. (15)

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Currently, the Department is working to provide a continuous variety of funds, so applicants may utilize all of the resources available to them in creating a successful housing application. HOME and Housing Trust Fund dollars are available on first-come, first-serve basis and staff is dedicated to providing technical assistance, so applicants are successful in applying for these funds. However, the application and use of these funds must work within the federal programmatic requirements.

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Apply repair dollars available through TDHCA to farmworker housing. (15)

Response:

Under the current program guidelines, owner-occupied housing is eligible for housing assistance through the HOME program. Additionally, the Division has an annual set-aside in its rental allocation to specifically assist with rental preservation, which would include multifamily rental housing. Unfortunately, the Division does not currently offer repair funds for single-family rental housing—our focus is family-owned housing.

Comment:

Assist in the development of Comprehensive Needs Analysis (CNA) for existing farm labor housing, to determine future viability and best funding options. Conduct regional needs assessment for farmworker housing (as was conducted in three counties by TDHCA in 2008). (15)

Response:

TDHCA recently published the "Overall Housing Needs Assessment for Parmer, Castro and Deaf Smith Counties," a study of multifamily housing need, including farmworker housing, in three rural counties in the Panhandle. Funding for affordable housing research and regional market studies is appropriated from the Texas Legislature and is sufficient to produce between three to four regional market studies a year. The Department is open to conducting additional studies on the housing needs of farmworkers, although with limited resources we will consider research on other vulnerable populations as well.

Comment:

Although included as a member of TDHCA's Special Needs category, TDHCA needs to better serve farmworkers. According to recent Annual Performance Reports to the State of Texas Consolidated Plan, only two migrant households were served in fiscal year 2005, four were served in fiscal year 2006, and one in fiscal year 2007. If farmworkers are being served more frequently (and we suspect that farmworkers living in colonias participate in Office of Colonia Initiatives' Bootstrap and other programs), documentation needs to be more comprehensive on the number of farmworkers actually served. (15)

Response:

The Department concurs that the data available on farmworkers served is most likely not representative of the actual numbers. The Department relies on the quality of information entered by program subrecipients and will work to improve the quality of reported data.

Comment:

Implement TDHCA's own recommendations cited in its report completed September, 2006 titled "Migrant Labor Housing Facilities in Texas: A report on the Quantity, Availability, Need and Quality of Migrant Labor Housing in the State." Such recommendations include:

> a. Expand education and research, making the migrant community more aware of licensing requirements and more likely to report possible unlicensed activity.
>
> b. Pursue an open and ongoing dialogue with farmworker advocacy groups to provide for a better understanding of where state and federal resources might most effectively assist both this sector of Texas residents and the larger agricultural industry, such as loans or other subsidies to improve and expand licensed facilities and the broadening of this sector's awareness of the array of other housing subsidies. (15)

Response:

Since September 1, 2005, when responsibility for the licensing and inspection of migrant labor housing facilities was transferred from the Department of State Health Services to TDHCA, TDHCA has undertaken the following activities related to education and outreach:

a. Six Manufactured Housing staff members have attended training on Housing Quality Standards, including inspection requirements for farmworker housing. The Department developed an inspection report customized for farmworker housing facilities.
b. TDHCA performs annual on-site physical inspections of migrant housing facilities and required annual license renewal. All identified violations must be corrected and a follow-up inspection by TDHCA verifies the corrective action.
c. All licensed facilities post a notice in Spanish and English with instructions on how to file a complaint and contact TDHCA, including reporting unlicensed facilities.
d. Representatives from several TDHCA divisions, including HOME, the Office of Colonia Initiatives, the Housing Resource Center, Manufactured Housing, and Multifamily Finance Production, have attended and presented information on housing programs at the 2007 and 2008 Annual Farmworker Housing Summits. Several internal discussions, including discussions with TDHCA's funding agencies, on farmworker housing options have explored various possibilities of funding for farmworker housing, including the use of Tenant-Based Rental Assistance or housing tax credits.

Comment:

Establish a Regional Intermediary Pilot Program to Facilitate Investment of HOME funds in the Border Region

Commenter calls on the state of Texas to establish a regional intermediary pilot program for investing funds in the Border region. This includes allocating a percentage of HOME dollars for direct investment in non-profit, community development organizations in the Border region. Commenter requests representatives from the region provide input in the selection of the intermediary in the Regional Allocation Formula (RAF) Regions 11 & 13. Finally, the commenter recommends intermediaries should be able to use a percentage of the funding for their own development projects and receive a percentage of the HOME administrative funding. (14)

Response:

One of the proposed definition clarifications in the proposed rule is the addition of the definition for Councils of Government. These organizations are eligible to apply for funds, can represent a multi-county area, often have local representation as a component of the organization's structure, and would receive an allocation of administrative funds to assist in the administration of the program. Additionally, areas of the state that may be underserved could be eligible to apply for funding directly from HUD by forming a consortium, which is what this proposed model suggests.

The Department understands the great need in Regions 11 and 13 and has made several large awards, such as the recent Colonia Model Subdivision award, that addresses the need in a similar way to the proposed model. HOME staff is working closely with Contract Administrators in the area to encourage success on current contracts and apply for a variety of funds available to the area, such as the Contract for Deed program. Therefore, staff does not recommend the implementation of this proposed model at this time.

Comment:

Invest in Technical Assistance and Regional Cooperation Among Community Development Corporations in the Border Region

Commenter recommends the Department set-aside a minimum of $150,000 to support technical assistance and cooperative business arrangements for and among non-profit, community development corporations operating in the Border region to enhance the efficacy of this sector. The type of technical assistance and the selection of technical assistance providers should be determined by a panel comprised of representatives from non-profit community development corporations operating in the Border region. (14)

Response:

Unfortunately, federal regulations prohibit the use of HOME funds for technical assistance. While Housing Trust Fund monies may be used for technical assistance, there has not been a precedent to utilize these funds for cooperative business arrangements development of community development organizations, staff understands there are other organizations and funding sources in the State working toward this goal. As we cannot address this recommendation with HOME funds, no change is recommended at this time.

Comment:

Establish Benchmarks for the Timeliness of HOME-related Administrative Processing and Legal Review by the State of Texas

Commenter recommends that benchmarks be established for the timeliness of the State's HOME-related administrative processing and legal review. (14)

Response:

Benchmarks are currently identified by program type in the HOME Rule and allot time for various administrative processes. No change is recommended at this time.

Comment:

As a Condition of Rental Assistance, Special Needs Households May Participate in a Community Wide or Alternate Program in Lieu of a Self-Sufficiency Program

Commenter recommends that Special Needs households be exempt from participating in the mandatory self-sufficiency program as currently required under the Tenant-Based Rental Assistance (TBRA) program and be permitted to participate in a community wide program or alternate program exclusively serving this special needs population. (12)

Response:

Currently, TBRA program requirements require participation in a self-sufficiency program to make certain the household is able to transition to a more permanent housing solution. By removing this requirement, households may be placed at risk of losing their housing at the end of the contract term, without a good alternative that will continue to provide quality and safe affordable housing.

Comment:

Community Housing Development Organization (CHDO) HOME Funds for Land Acquisition and Single-Family Lot Development

Commenter requests for the Department to consider allocating CHDO HOME funds for land acquisition and single-family lot development using the Colonia Model Subdivision Program as a model for the single-family program. Commenter states that being able to subordinate lot development funds to a qualified buyer’s first mortgage would accomplish the same as a buyer “grant” fund program by helping the developer/builder create an entry-level for-sale product. The CHDO HOME funds would provide equity for single-family housing construction. (13)

Commenter states that there is not a plan for a CHDO NOFA, which creates a serious dilemma in that the organization depends on development projects to sustain the organization. For an organization to be successful, the primary focus is on one thing and one thing only; the organization does one thing and does it well, and that is single-family housing development. If there is no CHDO money for single-family housing development, then basically the organization would cease to exist. (6)

Response:

Staff is currently recommending changes to the One-Year Action Plan that would reserve one million ($1,000,000) dollars in funds for ninety (90) days toward the Colonia Model Subdivision Program and set-aside remaining funds for CHDO Single-Family Development.

Comment:

Allow for an Agency of the State or Community Mental Health Center to be Listed as an Eligible Applicant

Commenter recommends recognition of Agency of the State or Community Mental Health Center to be listed as eligible applicants as permitted by the HOME Final Rule. (12)

Response:

Both entity types are currently eligible either as governmental entities or non-profit organizations under the HOME Program Rules. No change is recommended at this time.

Comment:

Commenter states that in 2004 he received assistance through the Home of Your Own (HOYO) program and wanted to applaud the program. Through the City of Fort Worth and the State of Texas, over 61 families over the last eight years purchase a house or receive modifications for those homeowners after they've closed on a house. The commenter states he fully supports this program. (63)

Staff Response:

Staff appreciates the comments and looks forward to providing more assistance for families in the future**.**

2009 State of Texas Consolidated Plan
One-Year Action Plan

November 2008

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2009 State of Texas Consolidated Plan
One-Year Action Plan

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INTRODUCTION

The Texas Department of Housing and Community Affairs (TDHCA), Office of Rural Community Affairs (ORCA) and Department of State Health Services (DSHS) have completed the *2009 State of Texas Consolidated Plan One-Year Action Plan* ("the Plan") in accordance with 24 CFR §91.320. When the combined actions of TDHCA, ORCA, and DSHS are referenced in the Plan, the organizations are collectively referred to as "the State."

The Plan reports on the intended use of funds received by the State of Texas from the US Department of Housing and Urban Development (HUD) for Program Year (PY) 2009. The Program Year begins on February 1, 2009, and ends on January 31, 2010. The performance report on PY 2008 funds will be available in May 2009. The Plan covers the State's administration of the HOME Investment Partnerships Program (HOME), Emergency Shelter Grants Program (ESG), Community Development Block Grant Program (CDBG), and the Housing Opportunities for Persons with AIDS Program (HOPWA).

The Plan illustrates the State's strategies in addressing the priority needs and specific goals and objectives identified in the *2005-2009 State of Texas Consolidated Plan*. The Plan consists of the following sections:

- Executive Summary. Provides a detailed synopsis of the One-Year Action Plan.
- General Information. A description of the State's plan to undertake other activities that fulfill requirements of §91.320 (i) and (j).
- Action Plans. Program-specific plans for HOME, ESG, CDBG, and HOPWA illustrating funding guidelines and fund allocations as required under 24 CFR §91.320 (g).
- Form Applications and Certifications. Contains Standard Form 424, the application for federal resources, as well as HUD required certifications.

EXECUTIVE SUMMARY

The 2009 One-Year Action Plan illustrates the combined actions of the Texas Department of Housing and Community Affairs (TDHCA), Office of Rural Community Affairs (ORCA) and Department of State Health Services (DSHS), referred to collectively as "the State." In particular, this action plan addresses the priority needs and specific objectives identified in the *2005-2009 State of Texas Consolidated Plan*. The Consolidated Plan covers the State's administration of the HOME Investment Partnerships Program (HOME), Emergency Shelter Grants Program (ESG), Community Development Block Grant Program (CDBG), and the Housing Opportunities for Persons with AIDS Program (HOPWA).

Objectives and Outcomes

The 2009 One-Year Action Plan:

1. Reports on the intended use of funds received by the State of Texas from the US Department of Housing and Urban Development (HUD) for Program Year (PY) 2009
2. Explains the State's method for distributing CDBG, ESG, HOME, and HOPWA program funds
3. Provides opportunity for public input on the development of the annual plan

The State's progress in achieving the goals put forth in the One-Year Action Plan will be measured according to HUD guidelines (24 CFR 91.520) and outlined in the 2008 Annual Performance Report.

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

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

The objectives and outcomes as they apply to each of the four programs are listed below. The performance figures are based on actual performance during the Program Year (February 1st through January 31st) of current contracts and actual units and households served. In contrast, the performance measures reported to the Texas Legislative Budget Board for the State Fiscal Year (September 1st through August 31st) are based on projected units and households at time of award. The HOME performance figures reported herein may include funding from several years as funds from previous years are deobligated and refunded.

HOME Program Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	Rental units assisted through new construction and rehabilitation	870
DH-2	Tenant-based rental assistance units	725
DH-2	Existing homeowners assisted through owner-occupied assistance	432
DH-2	First-time homeowners assisted through homebuyer assistance	437

ESG Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
SL-1	Provide funding to support the provision of emergency and/or transitional shelter to homeless persons.	40,302
DH-2	The provision of non-residential services including homelessness prevention assistance.	59,860

CDBG Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
SL-1	Neighborhood Facilities	2
SL-1	Water/Sewer Improvements	133
SL-2	Water/Sewer Improvements	5
SL-3	Water/Sewer Improvements	47
SL-1	Street Improvements	45
SL-2	Street Improvements	3
SL-3	Street Improvements	12
SL-1	Rehabilitation; Single Unit Residential	48
DH-2	Rehabilitation; Single Unit Residential	2
DH-3	Rehabilitation; Single Unit Residential	5
DH-2	Homeownership Assistance	2
SL-1	Parks, Playgrounds, and Other Recreational Facilities	2
SL-1	Public Service	3
DH-2	Public Service	2
SL-1	Clearance Demolition Activities	5
SL-3	Clearance Demolition Activities	2
EO-1	ED Direct Financial Assistance for For-Profits	1
EO-2	ED Direct Financial Assistance for For-Profits	19

HOPWA Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	TBRA housing assistance	550

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	STRMU housing assistance	700
DH-2	Supportive Services (restricted to case mgt., smoke detectors, and phone service)	1250
DH-1	Permanent Housing Placement (security deposits, application fees, credit checks)	20

Evaluation of Past Performance

The HOME Program committed $28,004,990 with 750 total beneficiaries reported in PY 2007 (February 1, 2007, through January 31, 2008). Delayed distribution of federal funding inhibited the timely disbursement of PY 2007 funds. In addition, a biennial funding cycle implemented in 2006-2007 in response to public input resulted in insufficient applicants. Distribution of the funds by activity is described in the table below.

HOME Funds Committed, PY 2007

Activity	Amount
Homebuyer Assistance (all activities)	$1,889,700
Owner Occupied Housing Assistance	$17,497,754
Tenant Based Rental Assistance	$2,229,368
CHDO Rental Development	$4,026,043
CHDO Operating Expenses	$75,000
Rental Housing Development	$955,000
Rental Housing Preservation	$1,332,125
Total	$28,004,990

The ESG Program committed $4,842,391 through 76 grants, with 111,291 total beneficiaries reported in PY 2007. Funds were used toward activities including renovation of buildings for use as emergency shelters, provision of essential services to the homeless, payment of operating costs of shelters, and development of homeless prevention services. The breakdown of the total funding is described in the table below.

ESG Funds Committed, PY 2007

Use of Funding	Amount
Funds Committed	$4,788,848
Carry-In Funds Committed*	$53,543
Total	**$4,842,391**

*Carry-In represents the unexpended fund balance from the prior year's allocation

During Program Year 2007, the Texas CDBG Program committed a total of $82,944,201 through 286 awarded contracts. For contracts that were awarded in PY 2007, 696,863 persons received service. Distribution of the funds by activity is described in the table below.

CDBG Funds Committed, PY 2007

Fund	Program Description	2007 Total Obligation
Community Development	Provides grants on a competitive basis to address public facility and housing needs such as sewer, water system, road, and drainage improvements.	$29,776,548
Community Development Supplemental Fund	Allocates additional funds among the 24 state planning regions using a different allocation formula. Same application and purposes as the Community Development Fund.	15,382,155
Texas Capital Fund	Provides financing for projects that create and retain jobs primarily for low- and moderate-income persons.	11,411,900
Colonia Construction Fund	Provides grants for colonia projects; primarily water, sewer and housing.	5,097,668
Colonia EDAP Fund	Provides grants for colonias for the cost of service lines, service connections, and plumbing improvements associated with being connected to a Texas Water Development Board's (TWDB) Economically Distressed Areas Program (EDAP)-funded water and sewer system improvement project.	439,614
Colonia Planning Fund	Colonia Area Planning Fund – provides grants for preliminary surveys and site engineering, provides assistance towards the cost of architectural services, mortgage commitments, legal services, and obtaining construction loans. Colonia Comprehensive Planning Fund - provides assistance that is used to conduct a complete inventory of the colonias that includes demographic, housing, public facilities, public services, and land use statistics.	177,750
Colonia Self-Help Centers	Provides grant funds for the operation of seven Self-Help Centers in colonias.	2,860,216
Non-Border Colonia	This fund is available on a biennial basis to eligible county applicants for primarily water and sewer projects in severely distressed unincorporated areas located farther than 150 miles from the Texas-Mexico border and within non-entitlement counties.	500,000
Planning / Capacity Building	Provides grants on a competitive basis to communities for planning activities that address public facility and housing needs.	664,000
Disaster Relief/ Urgent Need	Provides grants to communities on an as-needed basis for recovery from disasters such as floods or tornadoes and Urgent water and sewer needs of recent origin that are unanticipated and pose a serious public safety or health hazard.	11,605,656
STEP Fund	Provides grants to cities and counties for solving water and sewer problems with a self-help approach that requires local participation through donated labor and materials.	4,928,694
Micro-Enterprise Loan Fund	Provides a tool for rural communities to assist their very small businesses (5 or fewer employees) access capital.	100,000

Fund	Program Description	2007 Total Obligation
Total		**$82,944,201**

The HOPWA Program expended $2,648,406 through 26 project sponsors, with 2,416 beneficiaries of housing assistance reported in PY 2007. Funds were used toward tenant-based rental assistance and emergency assistance to prevent homelessness of low-income persons with HIV/AIDS. Distribution of the funds by activity is described in the table below.

HOPWA Program Expenditures, PY 2007

Eligible Activities	Amount
Expenditures for TBRA	$1,554,095
Expenditures for STRMU	$609,318
Expenditures for Supportive Services	$291,095
Total	**$2,648,406**

Consultation and Public Participation

The Action Plan was made available for public comment from September 19, 2008, through October 20, 2008. Public hearings were held at 6 locations across the state – Austin, Brownsville, Fort Worth, El Paso, Houston, and Lubbock – to allow citizens to respond and comment in a public forum. A total of 47 people attended the public hearings. Written comment was accepted at the public hearings, as well as by mail, fax, or email. Public notice of the draft comment period and the hearings was made through an announcement in the Texas Register, on the TDHCA website, as well as e-mail notifications to members of the agency's e-mail list.

Summary of public comment and the corresponding reasoned responses are included in the "Summary of Public Comment" section of the Action Plan.

Within the "Summary of Public Comment" section of the Action Plan, a table lists the individuals and organizations that provided comment. This list includes the public and private agencies whose input ("consultation") was incorporated into the plan, as required by 24 CFR Part 91.

Additionally, the Plan includes summary of comment received at public hearings held by ORCA specifically regarding the CDBG sections of the Plan.

GENERAL INFORMATION

The following section outlines the State's strategies in regard to eight categories of required actions. These categories include Citizen Participation, Institutional Structure, Available Resources, Meeting Underserved Needs, Poverty Level Households, Needs of Public Housing, Monitoring, and Lead-Based Paint Initiatives.

CITIZEN PARTICIPATION

SUMMARY OF CITIZEN PARTICIPATION PROCESS

The Action Plan was made available for a 32-day public comment period from September 19, 2008, through October 20, 2008. In addition, public hearings were held at 6 locations across the state: Austin, Brownsville, Dallas, El Paso, Houston, and Lubbock. Written comment was accepted at the public hearings and by mail, fax, or email. A total of 47 people attended the public hearings.

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

A summary of the comments and the Staff's reasoned responses is provided below in Part A, "Consolidated Plan Hearings."

SUMMARY OF PUBLIC COMMENT

A. Consolidated Plan Hearings

Below is a summary of comment received during the public comment period and the State's responses.

Comment:
Explore more seamless combinations of funding, including TDHCA and Rural Development funding. Improve mechanisms to layer financing in more effective and efficient ways. (Kathy Tyler, Housing Services Director, Motivation Education & Training, Inc.)
Response:
The Department constantly explores options for more efficient and effective delivery of program funds and is receptive to suggestions on how to improve program plans. Regulatory and operational challenges exist when multiple federal programs administered by various federal agencies that were designed independently are combined. The Department works closely with funding agencies to identify opportunities; clarify requirements and mitigate obstacles when possible. In addition, the Department is actively pursing additional flexible funding for the State Housing Trust Fund.

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Currently, the Department is working to provide a continuous variety of funds, so applicants may utilize all of the resources available to them in creating a successful housing application. HOME and Housing Trust Fund dollars are available on first-come, first-serve basis and staff is dedicated to providing technical assistance, so applicants are successful in applying for these funds. However, the application and use of these funds must work within the federal programmatic requirements.

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Apply repair dollars available through TDHCA to farmworker housing. (Kathy Tyler, Housing Services Director, Motivation Education & Training, Inc.)
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Implement TDHCA's own recommendations cited in its report completed September, 2006 titled "Migrant Labor Housing Facilities in Texas: A report on the Quantity, Availability, Need and Quality of Migrant Labor Housing in the State." Such recommendations include:

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Response:

One of the proposed definition clarifications in the proposed rule is the addition of the definition for Councils of Government. These organizations are eligible to apply for funds, can represent a multi-county area, often have local representation as a component of the organization's structure, and would receive an allocation of administrative funds to assist in the administration of the program. Additionally, areas of the state that may be underserved could be eligible to apply for funding directly from HUD by forming a consortium, which is what this proposed model suggests.

The Department understands the great need in Regions 11 and 13 and has made several large awards, such as the recent Colonia Model Subdivision award, that addresses the need in a similar way to the proposed model. HOME staff is working closely with Contract Administrators in the area to encourage success on current contracts and apply for a variety of funds available to the area, such as the Contract for Deed program. Therefore, staff does not recommend the implementation of this proposed model at this time.

Comment:

Invest in Technical Assistance and Regional Cooperation Among Community Development Corporations in the Border Region

Commenter recommends the Department set-aside a minimum of $150,000 to support technical assistance and cooperative business arrangements for and among non-profit, community development corporations operating in the Border region to enhance the efficacy of this sector. The type of technical assistance and the selection of technical assistance providers should be determined by a panel comprised of representatives from non-profit community development corporations operating in the Border region. (Noel Poyo, Executive Director, NALCAB - The National Association for Latino Community Asset Builders)

Response:

Unfortunately, federal regulations prohibit the use of HOME funds for technical assistance. While Housing Trust Fund monies may be used for technical assistance, there has not been a precedence to utilize these funds for cooperative business arrangements development of community development organizations, staff understands there are other organizations and funding sources in the State working toward this goal. As we cannot address this recommendation with HOME funds, no change is recommended at this time.

Comment:

Establish Benchmarks for the Timeliness of HOME-related Administrative Processing and Legal Review by the State of Texas

Commenter recommends that benchmarks be established for the timeliness of the State's HOME-related administrative processing and legal review. (Noel Poyo, Executive Director, NALCAB - The National Association for Latino Community Asset Builders)

Response:

Benchmarks are currently identified by program type in the HOME Rule and allot time for various administrative processes. No change is recommended at this time.

Comment:
As a Condition of Rental Assistance, Special Needs Households May Participate in a Community Wide or Alternate Program in Lieu of a Self-Sufficiency Program
Commenter recommends that Special Needs households be exempt from participating in the mandatory self-sufficiency program as currently required under the Tenant-Based Rental Assistance (TBRA) program and be permitted to participate in a community wide program or alternate program exclusively serving this special needs population. (Steven Schnee, ED, MHMRA, Harris County)
Response:
Currently, TBRA program requirements require participation in a self-sufficiency program to make certain the household is able to transition to a more permanent housing solution. By removing this requirement, households may be placed at risk of losing their housing at the end of the contract term, without a good alternative that will continue to provide quality and safe affordable housing.

Comment:
Community Housing Development Organization (CHDO) HOME Funds for Land Acquisition and Single-Family Lot Development
Commenter requests for the Department to consider allocated CHDO HOME funds for land acquisition and single-family lot development using the Colonia Model Subdivision Program as a model for the single-family program. Commenter states that being able to subordinate lot development funds to a qualified buyer's first mortgage would accomplish the same as a buyer "grant" fund program by helping the developer/builder create an entry-level for-sale product. The CHDO HOME funds would provide equity for single-family housing construction. (Barry Halla, Life Rebuilders, Inc.)
Commenter states that there is not a plan for a CHDO NOFA, which creates a serious dilemma in that the organization depends on development projects to sustain the organization. For an organization to be successful, the primary focus is on one thing and one thing only; the organization does one thing and does it well, and that is single-family housing development. If there is no CHDO money for single-family housing development, then basically the organization would cease to exist. (David Diaz, Midland Community Development Corporation)
Response:
Staff is currently recommending changes to the One-Year Action Plan that would reserve funds one million ($1,000,000) dollars in funds for ninety (90) days toward the Colonia Model Subdivision Program and set-aside remaining funds for CHDO Single-Family Development.

Comment:
Allow for an Agency of the State or Community Mental Health Center to be Listed as an Eligible Applicant
Commenter recommends recognition of Agency of the State or Community Mental Health Center to be listed as eligible applicants as permitted by the HOME Final Rule. (Steven Schnee, ED, MHMRA, Harris County)
Response:
Both entity types are currently eligible either as governmental entities or non-profit organizations under the HOME Program Rules. No change is recommended at this time.

Comment:
Commenter states that in 2004 he received assistance through the Home of Your Own (HOYO) program and wanted to applaud the program. Through the City of Fort Worth and the State of Texas, over 61 families over the last eight years purchase a house or receive modifications for those homeowners after they've closed on a house. The commenter states he fully supports this program. (Dennis Barnes)

Staff Response:

Staff appreciates the comments and looks forward to providing more assistance for families in the future.

B. ORCA CDBG Action Plan Hearings

October 11, 2007
Austin, TX
(6 PM)
<u>Summary of Public Comments</u>:

One comment - Non-border Colonia Fund should stay as a separate fund.
Another comment - Non-Border Colonia Fund should be removed. If retain it, then increase the maximum amount.

Past Performance –Gave USDA example – if had a couple of extensions, bankruptcy, litigation, bad consultant / engineer – doesn't allow for corrective measures although that would be hard for ORCA staff to quantify.

Should reduce Past Performance scoring to 5% from 10%. Cover just the last two biennial cycles. One deduction per consulting firm. Or one deduction for each business location of a consulting firm.

Several comments - Examples of objective questions should be removed from the Action Plan.
Another comment – Examples of objective questions should be retained.

Failure to perform is a threshold issue. We should penalize them by making them ineligible for 2 years. Three strikes and you are out. They should not be able to apply the next time.

One comment: Proposed Action Plan is flawed. ORCA offered only one solution to the issue. ORCA has taken the HUD finding and is going to 100% objective scoring. HUD is saying that is not the only fix. ORCA is misrepresenting HUD. There are other options. ORCA needs to consider unintended consequences of the proposal. All applications will be pre-scored. It will be a disaster for the system. There was no discussion / no chance. The majority of scores in a region will be the maximum possible points. Objective questions should be removed from the Action Plan. The proposed Action Plan goes too far, weakens it. RRC Task Force – did not consider options or processes. Only wanted us to develop the factors. Don't feel any other options were allowed or considered.

October 15, 2007
Arlington, TX
<u>Summary of Public Comments</u>:

The regional objective scoring requirements will "open-up grant program to reevaluate priorities".

The reduced number of RRC scoring members (due to only quorum present, conflict rules, and low/high score removed) remains a problem.

Concern with using new Schedule C as milestone for past performance points – implementation schedule may not fit all projects.

Suggestion to verify RRC member's commitment/time to serve on RRC.

Please allow consideration of "credit" for force account work for STEP projects.

October 19, 2007
Canyon, TX

Summary of Public Comments:

ORCA should continue to concentrate its focus on community development programs instead of programs such as the micro-enterprise loan and the small business loan program. The focus should be on CDBG projects such as water and sewer infrastructure.

There should be more funds in CDBG projects.

HUD should listen to the COG's especially PRPC and continue with the RRC system.

How far back will ORCA look back for past performance to score applications in 2009?

October 22, 2007
Wharton, TX
Summary of Public Comments: None

November 1, 2007
Pecos, TX
Summary of Public Comments:

Will the HUD program requirements still apply, such as eligibility and National Objectives? May need to be clarified in the 2009 Action Plan.

Clarification may be needed in the 2009 Action Plan regarding disqualification of an application. Will ORCA or the RRC disqualify an application? Will an RRC have the authority to disqualify an application?

Will the colonia planning cycle be annual or biennial?

It was suggested that the ORCA website be revised to allow documents in WORD.

It was suggested that the same ORCA staff that attended the RRC meetings also attend any follow-up meetings held by the RRCs.

There may be quorum issues due to appointments during the RRC organizational meetings. It was suggested that ORCA assist with contacting the Governor's Office related to the appointments.

A suggestion was made that ORCA staff also be certified to manage contracts.

November 5, 2007
Alice, TX
Summary of Public Comments:

What funding options are available, since drainage is a major issue?

What is the maximum amount allotted for the Renewable Energy program?

Who can be a member of the RRC and how can new members be appointed?

Information was requested on ORCA's Rural Access to Emergency Devices Grant Program (Rural AED Grant).

November 9, 2007
Nacogdoches, TX
Summary of Public Comments:

- Establishing an Objective RRC scoring process, in which all scoring criteria would be quantifiable and verifiable.
    1. The list of examples of RRC objective scoring factors cited on pages 34-35 should be removed. Instead, ORCA should develop a “prototype scoring matrix” that is clearly quantifiable and objective for RRC members to use as a reference guide in developing their own Guidebook and scoring criteria. This ORCA-developed model would list all the objective scoring factors used in a mock grading exercise of all applications from a small sample COG representing perhaps 12-15 communities including cities and counties. ORCA would grade each application against the objective factors and include the outcome of each applicant’s score in the RRC Guidebook.
    2. Verbiage in paragraph a(1) “Responsibilities of the RRC” (page 34 of the plan) should be amended to read:
       “Each Regional Review Committee is responsible for determining local project priorities and factors through a series of meetings soliciting public input. ORCA will provide the RRC a prototype of objective scoring factors that may be presented at these public meetings.” (The idea is that the scoring criteria would be made available for public review well in advance of the grant application cycle.)

    3. The group recommended additional verbiage after the following paragraph on page 35:
       Add a new paragraph (6) TIMELINES: The RRC Guidebook should be adopted by the RRC and approved by ORCA at least 120 days prior to the application deadline. (the group recommended this be in BOLD print).

       The selection of the entity responsible for calculating the RRC scores must be identified in the RRC Guidebook and must define the role of each entity selected. ORCA shall be responsible for reviewing all scores for accuracy and for determining the final ranking of applicants once the RRC and TxCDBG scores are summed. The RRC is responsible for providing to the public the RRC scores and their respective appeals process, while the TxCDBG is responsible for publishing the final ranking of the applications.

- State score would constitute only 10% of the maximum RRC score for Past Selection (3%) and Past Performance (7%).

  The group suggested the Past Performance criterion be eliminated because it is already:
    1. addressed in the contract verbiage itself (i.e., in SECTION 3 “CONTRACTOR PERFORMANCE” of the Community Development contracts), and
    2. covered in the APPLICANT THRESHOLD AND PAST PERFORMANCE REQUIREMENTS section on pages 26-27 of the action plan.

  Further, the group felt that the paragraph on Past Performance scoring as written on pages 35-36 is, in itself, subjective in nature. For instance, the meaning of the statement, “The evaluation of an applicant’s past performance will include, but is not necessarily limited to the following:”… could be open to interpretation and analysis.

  The group suggested that if the Past Performance criterion was eliminated, the Past Selection criterion be increased from 3% to a range of between 5% and 10% to make up for this offset.

  IF, however, ORCA chooses to keep past performance as a state scoring factor, then past performance should only apply to Community Development contracts and should be defined in clear (verifiable and quantifiable) terms.

- Each RRC would develop a Regional Review Committee Guidebook that would include all the objective scoring factors and other procedures. The RRC must clearly indicate how responses would be scored under each factor. Each RRC Guidebook must obtain written approval from ORCA.

  Reference previous group comments: ADD NEW PARA (6) TIMELINES: The RRC Guidebook should be adopted by the RRC and approved by ORCA at least 120 days prior to the application deadline. (the group recommended this be in BOLD print).

Other Changes:

- Establishes the duty of the ORCA board in HB 2542 to hear appeals of State Review Committee decisions and render a decision.

The group recommended the following change to the last paragraph in the section entitled State Review Committee (SRC) - Composition and Role on page 26:

<u>"An applicant for a grant, loan, or award under a community development block grant program may appeal a decision of the State Review Committee by filing a complaint with the ORCA board. The board will hold a hearing on a complaint filed with the board and render a decision."</u>

(ADDED) Applicants shall be provided ten (10) business days following public release of scores in which to file an appeal. This includes the state itemized scores.

Applicant Threshold & Past Performance.

- Allows TxCDBG management to determine if an applicant has or does not have the capacity to manage and administer project based on prior performance.

The recommendation is to remove this statement from paragraph F.1.d. on page 26 of the plan. The group felt that ORCA already has this authority as stated in the actual contracts and in the action plan discussion on thresholds in this same paragraph.

- Requires an administrator of TxCDBG contracts awarded in PY 2009 to attend the TxCDBG Project Implementation Manual workshop.

The group suggested this statement on page 29 of the plan be further clarified as follows:

<u>"In order to administer a TxCDBG contract awarded in PY 2009, the administrator </u>(consultant or self-administering contractor)<u> must attend and retain the completion certificate at the most recent TxCDBG Project Implementation Manual workshop. (This requirement excludes Texas Capital Fund and Colonia Self-Help Center Set-aside contracts.)</u>

TxCDBG Scoring.

- Introduces Expenditure timeframes as a possible Past Performance scoring consideration.

As mentioned in previous comments, the group recommended the past performance factor be removed as a TxCDBG scoring consideration (page 35-36). However, IF this section on past performance remains, the group was still insistent that this particular past performance criterion be removed from the plan. The group felt that possibly applying rigid expenditure timeframes across the board to all contracts could not be accomplished equitably. For instance, success in achieving the 50%-, 75%-, and 90%-construction progress milestones might vary depending on the type of construction project that is underway (examples: elevated water storage tank versus a sewer line versus a water line versus road improvements).

Project Length.

- Reduces the maximum STEP contract term from 36 to 24 months to increase the timely expenditure of TxCDBG funds.

Group consensus was that STEP projects should be 36 months in duration. They also recommended there be more flexibility available in STEP contracts to allow for possible increased rates for Admin/Engineering activities.

November 12, 2007
Anson, TX
<u>Summary of Public Comments</u>: None

November 19, 2007
Uvalde, TX
<u>Summary of Public Comments</u>:

Remember – "With great powers comes great responsibility"

Should require city and county staff to attend TxCDBG Implementation Workshop, not just their consultant.

How will ORCA handle the RRC portion of the application? Will there be a separate workshop by each RRC to explain their scoring? (more than just the organizational meeting.)

9 out of 11 AACOG RRC members will not participate in the RRC. Discussed appointment process.

Hear ORCA is planning to revise its website. Glad to hear it. (it's needed) Look forward to a friendlier website.

Past Performance – do not think fair to punish for an extension despite weather delays (federal disaster declarations)

Written Comments:

Bruce Spitzengel
GrantWorks, Inc.
Sugar Land, TX

TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

2009 PROPOSED ACTION PLAN

II. ALLOCATION OF CDBG FUNDS
B. DESCRIPTION OF FUNDS
Colonia Planning Component

In order to qualify for the Colonia Area Planning activities, the county applicant must have a Colonia Comprehensive Plan in place that prioritizes problems and colonias for future action. The targeted colonia must be included in the Colonia Comprehensive Plan.

Comments: Is the intent to remove the restriction on one-time assistance from the Colonia Comprehensive Planning Fund? If so scoring priority should be given to applicants that have not been previously funded before those seeking updates.

C. ALLOCATION OF AVAILABLE FUNDS BY FUND CATEGORY

The U.S. Department of Housing and Urban Development has not yet announced the State's 2009 program year CDBG allocation. The State's 2009 allocation could be lower than the 2007 allocation of $73,611,737.

The amount available for Tx CDBG assistance will be the 2009 State CDBG allocation amount plus an estimated $2,000,000 in program income. Funds will be allocated according to the following percentages of the State's 2009 allocation upon the execution of the grant agreement with HUD:

FUND	2009 PERCENT	AMOUNT AVAILABLE
Planning And Capacity Building Fund	0.90	

Comments: It is suggested that the planning fund be increased 0.10% with funds from the STEP fund. Planning for a long period was funded at a full 1.0% and it would be reasonable to restore this activity to at least that amount. The demand for this activity has been extremely high with many good applications not being recommended for assistance due to the lack of funds.

III. APPLICATION INFORMATION
E. REVIEW PROCESS
2. State Review Committee (SRC) - Composition and Role

An applicant for a grant, loan, or award under a community development block grant program may appeal a decision of the State Review Committee by filing a complaint with the ORCA board. The board will hold a hearing on a complaint filed with the board and render a decision.

Comments: The standards for an appeal need to be clearly stated. Note the standards used by TDHCA as available in their TAC website as follows:
http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=1&sch=A&rl=Y
Subsections 1.7 and 1.8.

F. APPLICANT THRESHOLD AND PAST PERFORMANCE REQUIREMENTS

1. Demonstrate the ability to manage and administer the proposed project, including meeting all proposed benefits outlined in its application, by using the following criteria:
    d. TxCDBG management may determine that an applicant has or does not have the capacity to manage and administer the proposed project based on an applicant's prior performance on a TxCDBG contract.
2. Demonstrate the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project, by using the following criteria:

c. TxCDBG management may determine that an applicant has or does not have the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project based on a review of audited financial records, current financial status, or current financial management of a TxCDBG contract.

Comments: These need to be further clarified as to specific circumstances whereby a city or county would understand how such a severe determination of lack of capacity could be made. The agency could be critizied for not having clear and specific polcies with uniform enforcement.

10. Tx CDBG funds cannot be expended in any county that is designated as eligible for the Texas Water Development Board Economically Distressed Areas Program unless the county has adopted and is enforcing the Model Subdivision Rules established pursuant to Section 16.343 of the Water Code.

Comments: EDAP has been expanded statewide and counties are no longer going to be “designated” as EDAP eligible. Technically every county in Texas is eligible if they have an area that qualifies as economically distressed under the statutes and if an application for EDAP funds is made to assist that area.

G. ADMINISTRATION OF TxCDBG CONTRACTS – In order to administer a TxCDBG contract awarded in PY 2009, the administrator must attend and retain the completion certificate at the most recent TxCDBG Project Implementation Manual workshop. (This requirement excludes Texas Capital Fund and Colonia Self-Help Center Set-aside contracts.)

Comments: Additional clarification is requested as who are the administrators and who can represent administrators at these workshops. If contracted grant administrators may attend on behalf of their client communities then this requirement is acceptable, assuming the “most recent” workshop means “most recent round of workshops.” If the communities must attend this is a burdensome and unnecessary requirement.

IV. APPLICATION SELECTION CRITERIA

C. DESCRIPTION OF SELECTION CRITERIA BY FUND CATEGORY

1. COMMUNITY DEVELOPMENT FUND

<u>a.Regional Review Committee (RRC) Objective Scoring</u>

(1) Responsibilities of the RRC:

Each Regional Review Committee is responsible for determining local project priorities and factors. All scoring criteria must be verifiable as well as quantifiable. Furthermore, all scoring factors must be capable of being uniformly applied to all units of general local government within each region and must be applicable to all types of eligible activities.

Comments: Very difficult standards to meet. How does an enforcement letter for a sewer problem be uniformly applied to a drainage or street project. Is this a HUD standard?

b. TxCDBG Scoring - Other Considerations – Maximum Points - 10% of Maximum Possible Score for Each RRC

(1) Past Selection – Maximum Points - 3% of Maximum Possible RRC Score for each region - are awarded to each applicant that did not receive a 2007 or 2008 Community Development Fund or Community Development Supplemental Fund contract award

Comments: Is this referring to State scoring? It is not very clear.

(2) Past Performance - Maximum Points - 7% of Maximum Possible RRC Score for each region

An applicant can receive from ten (10) to zero (0) points based on the applicant’s past performance on previously awarded Tx CDBG contracts. The applicant’s score will be primarily based on our assessment of the applicant’s performance on the applicant's two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract within the past 6 years. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The expenditure timeframes on the applicable TXCDBG contracts.

Comments: These timeframes were never discussed with stakeholders prior to their inclusion in the 2007 contracts and new Implementation Manual. Scoring should NOT be dependent on retroactively introduced thresholds. See comments made regarding the Implementation Manual.

2b. TEXAS CAPITAL FUND Main Street Program

The selection criteria for the Main Street Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Aid in the elimination of slum or blight
b. The applicant must have been designated by the Texas Historical Commission as a Main Street City
c. Feasibility of project
d. Generation of a greater ratio of private investment to Texas Capital Fund investment
e. Texas Historical Commission scoring
f. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of marketing plan; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

Comments: Scoring for this Fund needs to be modified to eliminate subjectivity, particularly with the scoring criteria as required by and used by the Texas Historical Commission.

4. PLANNING AND CAPACITY BUILDING FUND 430 Total Points Maximum

c. Project Design -- 375 Points (Maximum)
(4) Planning Strategy and Products 275 points

- New applicants receive up to 50 points while previous recipients of planning funds receive either up to 40 or 20 points depending on the level of implementation of previously funded activities. Recipients of Tx CDBG planning funds prior to PY 1995 will be considered new applicants for this scoring factor
- Up to 225 points are awarded for the applicant's Proposed Planning Effort based on an evaluation of the following:
    - the extent to which any previous planning efforts have been implemented or accomplished;
    - how clearly the proposed planning effort will resolve community development needs addressed in the application;
    - whether the proposed activities will result in the development of a viable and implementable strategy and be an efficient use of grant funds; and
    - demonstration of local commitment.

Comments: Scoring for this Fund needs to be modified to eliminate subjectivity.

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Steve Kerbow
Kerbow and Associates Consulting, Inc.
Palestine, Texas

Kerbow and Associates Consulting, Inc., comments on the proposed 2009 CDBG Program Action Plan follow:

1. We concur with most of the program funding category consolidation, except there should be no Renewal Energy Demonstration Pilot Program. Renewal Energy Demonstration Pilot Program funds should be reallocated to the Community Development Fund.

2. We strongly disagree that grant applicant past performance should constitute an ORCA scoring factor. While we are very supportive of improving the State's expenditure ratio, we believe that the current threshold system is sufficient in preventing non-performing recipients from receiving additional funding and that there may be better methods of improving the expenditure ratio rather than measures in the proposal.

   Events or circumstances are often beyond the control of the recipient, which cause contract extensions. The proposed Action Plan is punitive in nature only and does not allow for corrective measures that the recipient may have instituted to prevent reoccurrence of delaying issues. There are a number of current or past contracts on which our firm has worked where the recipient followed legal or ORCA procedures in attempting to resolve matters that resulted in not completing the project within a timely manner.

   Following are several examples:

   a. A recipient had to obtain a contract extension due to the failure of exterior paint on a water storage facility. In this case, the problem was found in time to make the corrections within the 2-year contract period, but the contractor refused to make corrections. The engineer would not issue a Certificate of Construction Completion due to the obvious construction problems. After some preliminary legal negotiations, the contractor finally repainted the tank, but again, a time extension of was needed because of circumstances beyond the control of the recipient. The recipient was performing its due diligence and should not be penalized.

   b. Another recipient's sewer and storm water construction improvements were completed in a timely manner, but the utility construction caused the road to collapse before the contract was closed. The ensuing legal efforts involved four (4) years to resolve. This recipient was performing its due diligence and should not be penalized.

   c. Recipients have teamed up with U.S.D.A. Rural Development (R.D.) to fund projects that TxCDBG funds alone could not address. The average R.D. approval has been four (4) years and this has resulted in contract extensions due to the R.D. approval process. As this leveraging of funds is encourages by ORCA, and the recipient has little control over R.D. funding, these recipients should not be penalized.

   d. Recipients sometimes receive poor engineering, administrative, or construction services. The proposed Action Plan does not allow for corrective measures that the recipient may have taken after a bad experience, such as not allowing the firm to work within the jurisdiction. If the recipient shows that corrective measures have been taken, these recipients should not be penalized.

   e. Counties often sponsor applications on behalf of non-profit utility providers, where the non-profits sometime fail to perform in a timely manner. If the County shows that corrective measures have been taken, these recipients should not be penalized.

Until ORCA develops an internal system that can accurately assess whether or not a recipient has simply not performed in a timely manner or there have been circumstances clearly beyond the control of the recipient, the ORCA proposal will unduly penalize those recipients that have incurred delays for very legitimate reasons. Therefore, we recommend that the past performance scoring factor be eliminated for the 2009 Action Plan.

3. Questions similar to ORCA's 2007/2008 TxCDBG Project Impact scoring factors for "other considerations" should not be used by RRC's as these were subjective and not quantifiable.

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Mrs. Jewel M. Otto
Muenster City Council

I have been a member of the Texoma RRC for a number of years and have always felt the process used to evaluate and score applicants for funding of infrastructure projects through ORCA gave each applicant fair and equitable assessment. I think it is very beneficial to have some local input and would encourage you, if possible, to let us continue the evaluation process we now use or at least have some input in the funding in our area.

INSTITUTIONAL STRUCTURE

Understanding that no single entity will be able to address the enormous needs of the State of Texas, ORCA, TDHCA, and DSHS support the formation of partnerships in the provision of housing, housing-related, and community development endeavors. Considering that the limited amount of financial resources available for affordable housing, community service, and community development activities can be a major obstacle for a single agency to try to address the needs of the state, partnering with other organizations, as well as fund layering and leveraging, helps to stretch those funds that are available.

ORCA, TDHCA, and DSHS are primarily pass-through funding agencies and distribute federal funds to local entities that in turn provide assistance to households. Because of this, the agencies work with many housing and community development partners, including consumer groups, community based organizations, neighborhood associations, community development corporations, councils of governments, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies.

There are many benefits to these partnerships: risk and commitment are shared; the principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems, therefore local communities play an active role in tailoring the project to their needs; partners are able to concentrate specifically on their area of expertise; and a greater variety of resources ensure a well targeted affordable product.

HOME AND ESG

The HOME Program encourages partnerships in order to improve the provision of affordable housing. Organizations receiving HBA/ADDI funds are required to provide homebuyer education classes to households directly, or coordinate with a local organization that will provide the education. In addition, organizations receiving TBRA funds must provide self-sufficiency services directly, or coordinate with a local organization that will provide the services. Finally, partnerships with Community Housing Development Organizations and non profit and private-sector organizations facilitate the development of quality rental housing development and assist in the rehabilitation of owner-occupied housing.

TDHCA encourages ESG subrecipients to coordinate services with housing and other service agencies. Collaborative applications funded with ESG funds are required to coordinate services and to provide services as part of a local continuum of care. At the time the Department monitors ESG subrecipients, coordination efforts are reviewed.

CDBG

CDBG funds are awarded to non-entitlement units of general local government thereby providing these communities with financial resources to respond to its community development needs. Such may include planning; constructing community facilities, infrastructure, and housing; and implementing economic development initiatives. Each applicant to the CDBG fund is required throughout its citizen participation process to inform local housing organizations of its intention to apply for CDBG funding through the CDBG and invite their input into the project selection process.

TxCDBG continues to coordinate with the Texas Department of Housing and Community Affairs, the Texas Department of Agriculture, the Texas Water Development Board, Annual State Agency Meeting on Rural Issues, and the 24 Regional Councils of Governments to further its mission and target beneficiaries of CDBG funds through programs such as the Colonia Self-Help Centers, the Colonia Economically Distressed Areas Program, the Housing Tax Credit Program, and the Texas Capital Fund.

HOPWA

DSHS contracts with eight Administrative Agencies, which contract directly with the Project Sponsors serving all 26 HSDAs in the state to administer the HOPWA program. The AAs also administer the delivery of a range of other HIV health and social services, including the Ryan White grant and State HIV Services funds. This structure ensures the coordination of all agencies serving people with HIV/AIDS, avoids duplication, saves dollars, and provides the best possible coordination of services for people with HIV/AIDS in each local community. HOPWA program information is made available to all HIV service agencies in the HSDA and a referral network is established for potential clients. DSHS HOPWA clients are linked through their case managers to a comprehensive network of medical care and supportive services for persons living with HIV/AIDS and their families, consisting of 64 local providers across the state. HOPWA Project Sponsors collaborate locally with these providers to ensure that clients receive the services they need to begin treatment and remain in care. Additionally, Project Sponsors collaborate with local housing authorities in their areas to assure that HOPWA clients are referred to the housing programs and services that best fit their needs and circumstances. Most notable is collaboration of Project Sponsors with local Housing Choice Voucher programs.

AVAILABLE RESOURCES

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

HOME PROGRAM

For the HOME Program, Section 2306.111(d) of the Texas Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions TDHCA uses for planning purposes. To mitigate any inherent inequities in the way these resources are regionally allocated, the RAF compares each region's level of need to its level of resources. Regional funding adjustments are made based on the results of this comparison. The following available resources were determined to have been available or distributed in FY 2007 in the areas eligible for TDHCA HOME funds.

Source	Funding Level*
Texas Housing Trust Fund	$867,352
Housing Opportunities for Persons with HIV/AIDS	$429,542
HUD PHA Capital Funds	$32,200,371
HUD Housing Choice Vouchers (Sec. 8)	$139,690,050
USDA Multifamily Development	$4,565,687
USDA Rental Assistance	$28,515,830
Housing Tax Credits	$183,550,266
TXBRB Multifamily Tax Exempt Bond	$29,919,340
Housing Tax Credits w/ MF Tax Exempt Bond	$31,824,051
USDA Owner Occupied	$38,824,561
TXBRB Single Family Bond	$158,942,464
HUD HOME Investment Partnerships Program	$23,831,296
Total	$674,356,567

*2007 figures. Updated 2008 dollar amounts will be included in the final version of the Plan.

HOPWA

Leveraged funds are absolutely essential for the provision of HOPWA program administration and supportive services for HOPWA clients in the state of Texas. DSHS, AAs, and Project Sponsors expect to continue to receive leveraged funds from federal, state, local, and private resources to administer the HOPWA program and to achieve established program objectives for 2009. Based on leveraged funds received in 2007, DSHS estimates $196,075 of federal and state funds to provide administration at the state level; $79,189 in leveraged funds at the Administrative Agency level; and $85,701 at the Project Sponsor level. In 2007, Project Sponsors also reported $119,441 was leveraged for housing assistance and $904,083 for supportive services. DSHS anticipates similar levels of leveraged resources for 2009.

GENERAL INFORMATION ON OTHER PROGRAMS

TDHCA is required by State law to publish a *Program Guide* that outlines state and federal housing and housing-related programs available in Texas. The guide describes all TDHCA programs and includes housing-related programs from other state and federal agencies. This detailed document is organized by activity area and then by administering entity. For each specific program, contact information at the appropriate agency is provided. The 120-plus page document is updated annually and is currently available on line at http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm or in hard copy upon request.

MEETING UNDERSERVED NEEDS AND MITIGATING BARRIERS TO AFFORDABLE HOUSING

The State has identified various obstacles that may affect the ability to meet underserved needs in Texas. They include the lack of affordable housing, lack of organization capacity, lack of organizational outreach, local opposition to affordable housing, regulatory barriers to affordable housing, and area income characteristics (particularly in rural areas). The State takes actions to mitigate these obstacles such as effectively using existing resources to administer programs, providing information resources to individuals and local areas, and coordinating resources. The following outlines those specific actions proposed by the program areas to meet underserved needs and develop affordable housing.

HOME AND ESG

The HOME Program provides grant funds, deferred forgivable loans and repayable loans to Units of General Local Government, nonprofit and for-profit organizations, Community Housing Development Organizations (CHDOs), and Public Housing Authorities (PHAs). These funds are primarily used to foster and maintain affordable housing by providing rental assistance, rehabilitation, or reconstruction of owner-occupied housing units, down payment and closing cost assistance with or without accessibility modifications for the acquisition of affordable single family housing, single family housing development, and funding for rental housing development including the preservation of existing affordable or subsidized rental housing.

HOME funds may also be used in conjunction with the Housing Tax Credit Program to construct or rehabilitate affordable rental housing.

Regarding ESG, while TDHCA encourages the use of ESG funds to provide affordable transitional housing, the majority of funds are utilized to provide emergency shelter. These funds meet the needs of local homeless populations.

CDBG

TxCDBG encourages affordable housing projects using several methods in the allocation of CDBG funds to the eligible communities that can participate in its programs, including favorable state scoring and regional prerogative to prioritize funding for housing infrastructure and rehabilitation. Each region is encouraged to set aside a percentage of the regional allocation for housing improvement projects, and housing applications are scored as high priority projects at the state level. Housing projects continue to be funded through the Colonia Self-Help Centers as well.

In addition, CDBG funding provides a cost savings for housing when CDBG funds are used to provide first-time water and wastewater services by installing water and sewer yardlines and paying impact and connection fees for qualifying residents. For PY 2009, the TxCDBG will make funds available through five different grant categories to provide water or sewer services on private property, with the vast majority being low and moderate income households.

The most commonly cited obstacle to meeting the underserved community development needs of Texas cities (aside from inadequate funding) is the limited administrative capacity of the small rural towns and counties the CDBG program serves. TxCDBG staff offers technical assistance to communities to promote successful CDBG projects.

CDBG funding also helps cities and counties study affordable housing conditions. The plans produced through a TxCDBG planning contracts provide both valuable data concerning a city's or county's affordable housing stock and planning tools for expanding their affordable housing. In PY 2009, TxCDBG will make funds available for planning through the Planning and Capacity Building Fund and the Colonia Planning and Construction Fund.

The Colonia Self-Help Centers continue to address affordable housing needs in border counties by assisting qualifying colonia residents to finance, refinance, construct, improve or maintain a safe, suitable home in suitable areas.

Another obstacle to meeting underserved needs applies to colonias projects. There have been cases when a county applies to provide water service to an area, but more than one water supply corporation or city may have a Certificate of Convenience and Necessity (CCN) in that territory (CCNs have been issued which have overlapping territories). In these cases, a dispute over which water supply corporation/city has the right to serve the territory (and therefore collect the revenues) may arise. A public hearing process may be necessary to resolve this issue, which can then delay projects for months. TxCDBG will continue to work with regulatory agencies as appropriate to resolve issues in project areas in a timely manner.

HOPWA

The Texas HOPWA program continues to meet the needs of underserved populations in several ways.

As assessed regularly by Ryan White needs assessments in all HSDAs, housing needs are high among people living with HIV/AIDS. The Texas HOPWA program meets the needs of this underserved population throughout the state by providing essential housing and utilities assistance as part of a comprehensive medical and supportive services system. As a result, people living with HIV/AIDS and their families are able to maintain safe and affordable housing, reduce their risk of homelessness, and access medical care and supportive services.

In addition, DSHS is continuing to update funding allocations to address the changing needs of local communities and to maximize and target HOPWA funding to HSDAs that are in greatest need. DSHS will consider a variety of factors including but not exclusive to HIV/AIDS morbidity, poverty level, housing costs and needs, homelessness data, program waitlists, and program expenditures.

POVERTY-LEVEL HOUSEHOLDS

According to the 2000 US Census, Texas has the ninth highest poverty rate among the states: 15.4 percent compared to the national rate of 12.4 percent. The federal government defined the poverty threshold for 1999 as $17,029 in income for a family of four, and many poor families make substantially less than this. Poverty can be self-perpetuating, creating barriers to education, employment, health, and financial stability.

ORCA, TDHCA, and DSHS have an important role in addressing Texas poverty. These agencies seek to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means trying to provide long-term solutions to the problems facing people in poverty and targeting resources to those with the greatest need.

HOME AND ESG

Through the HOME Tenant-Based Rental Assistance Program, TDHCA assists households with rental subsidy and security and utility deposit assistance for a period not to exceed 24 months. As a condition to receiving rental assistance, households must participate in a self-sufficiency program, which can include job training, GED classes, or drug dependency classes. The HOME Program enables households to receive rental assistance while participating in programs that will enable them to improve employment options and increase their economic independence and self-sufficiency. Additionally, the Department allocates funding toward the rehabilitation and construction of affordable rental housing, incentivizing units to assist very low income households and assists very low income households along the border by promoting the conversion of contract for deed arrangements to traditional mortgages.

The ESG Program funds activities that provide shelter and essential services for homeless persons, as well as intervention services for persons threatened with homelessness. Essential services for homeless persons include medical and psychological counseling, employment counseling, substance abuse treatment, transportation, and other services.

For individuals threatened with homelessness, homelessness prevention funds can be used for short-term subsidies to defray rent and utility arrearages for households receiving late notices, security deposits, and payments to prevent foreclosure.

CDBG

A substantial majority, 85%, of TxCDBG funds are obligated to cities and counties under the funding competitions meeting the national objective to “principally benefit low and moderate income persons.” TxCDBG encourages the funding of communities with a high percentage of persons in poverty through its application scoring. The CDBG projects under this national objective are required to serve 51 percent low to moderate income persons; however, for PY2009, the state scoring portion of the largest fund category, the Community Development Fund, provides for points only if it meets the national objective of benefiting low and moderate income persons. In addition, the CDBG allocation formula used to distribute Community Development funds among regions includes a variable for poverty. The percentage of persons in poverty for each region is factored into the allocation formula in order to target funding toward the greatest need.

The CDBG economic development funds have been instrumental in creating infrastructure and jobs. By creating and retaining jobs through assistance to businesses and then providing lower income people access to these jobs, TxCDBG can be a very effective anti-poverty tool. This potential will be further maximized by providing jobs that offer workplace training and education, fringe benefits, opportunities for promotion, and services such as child care. In addition, programs that improve infrastructure affords the opportunity to upgrade existing substandard housing (such as in the colonias) and build new affordable housing where none could exist before.

HOPWA

The DSHS HOPWA Program serves HIV positive persons based on income eligibility criteria of no more than 80 percent of the area median income with adjustments for family and household size, as determined by HUD income limits. With varying poverty levels and housing needs in each HSDA across the state, some Project Sponsors may set stricter local income limits to maximize and target HOPWA resources to those with very low-income or poverty-level income. While many of the HOPWA clients assisted may be at poverty-level, this is not a requirement under 24 CFR 574.3.

NEEDS OF PUBLIC HOUSING

The future success of Public Housing Authorities (PHAs) will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While the State of Texas does not have any direct or indirect jurisdiction over the management or operations of PHAs, it is important to maintain a relationship with these service providers.

HOME AND ESG

Because PHAs are eligible applicants under the HOME Program, TDHCA sends notices of funding availability to all PHAs in the state. At HOME application workshops, application processes are discussed in detail, including those related to HBA. Furthermore, staff of PHAs, especially those receiving HOME funds and those with Section 8 Homeownership programs, are targeted by TDHCA's Texas Statewide Homebuyer Education Program for training to provide homebuyer education opportunities and self-sufficiency tools for PHA residents.

In addition to PHAs that have received HOME funds to provide homebuyer assistance in their areas, PHAs have also received HOME tenant-based rental assistance funds, enabling them to provide additional households with rental assistance and services to increase self-sufficiency.

PHA residents are eligible to receive assistance and services from ESG grantees.

In addition to HOME and ESG activities related to PHAs, TDHCA performs certifications of consistency with the State's Consolidated Plan. In 1999, TDHCA, as required by 24 CFR §903.15, started a certification process to ensure that the annual plans submitted by PHAs in an area without a local Consolidated Plan are consistent with the State of Texas's Consolidated Plan.

CDBG

Litigation concerning CDBG funding and public housing authorities, known as *Young v. Martinez*, focused attention and funds on these areas in the past. The State provided three funding set-asides to address Court-ordered activities under the Final Order and Decree for the litigation, obligating a total of $13,664,753.18 for 62 *Young v. Martinez* Fund projects in PHA areas. Although the litigation has been settled, TxCDBG continues to serve public housing areas through other funding categories as residents of PHAs qualify as low to moderate income beneficiaries for CDBG projects.

HOPWA

The HOPWA program administered by DSHS does not provide public housing assistance. However, Project Sponsors coordinate closely with local housing authorities for client referrals and to address local housing issues.

MONITORING

The State ensures compliance with program and comprehensive planning requirements through various compliance measures.

HOME AND ESG

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

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

Identifying and Tracking Program and Project Results

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

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

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

Identifying Technical Assistance Needs Subrecipients

Identification of technical assistance needs for HOME and ESG subrecipients is performed through analysis of administrator management practices, analysis of sources used by TDHCA to track technical assistance such as information captured in the HOME Division Database and Contract System, review of documentation submitted, desk reviews based on the requirements identified in the Compliance Supplement and State Affordable Housing Program requirements, project completion progress, results of on-site audits, technical assistance visits, phone calls, monitoring visits, and desk reviews conducted by Department staff.

Ensuring Timely Expenditure of Funds

TDHCA ensures adequate progress is made toward committing and expending HOME and ESG funds. Regular review of internal reports and data from IDIS is performed to assess progress of fund commitment and to ensure that all funds are committed by the expiration date of 24 months from the last day of the month in which HUD and TDHCA enter into an Agreement. Performance deadlines for spending and matching funds are reviewed on a monthly basis to track expenditure totals. HOME set-aside requirements are also tracked as a part of the HOME Fund Balance Report, which reports the Division's status of HOME funds including program income and deobligated funds. The Department has also added performance benchmarks in the Department's rules and as part of its written agreements with subrecipients as further incentive of timely expenditure of funds.

Documenting Compliance with Program Rules

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

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

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

Preventing Fraud and Abuse

TDHCA monitors for mismanagement of funds in the HOME and ESG programs during onsite visits through a review of supporting documentation provided by the administrator and through information gathered from outside sources. This is done throughout the contract period to ensure that funds are spent on eligible activities. If an administrator mismanages funds, sanctions are enforced and disallowed costs are refunded to TDHCA. Also, if fraud is suspected, TDHCA makes referrals and works closely with HUD, the State Auditor's Office, the Inspector General, the Internal Revenue Service, and local law enforcement agencies as applicable.

Identifying Innovative Tools and Techniques that Support Affordable Housing Goals

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

Ensuring Quality in Funded Projects

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

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

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

Long-Term Compliance

The PMC Division is responsible for long term monitoring of income eligibility and tenure of affordability for applicable HOME projects. In other cases where written agreements require long-term oversight (such as land use restrictive covenants), reporting and enforcement procedures have been implemented.

The PMC division performs on-site monitoring visits in accordance with the requirements of the HOME Program and Department policies and procedures, as described in the Financing/Loan Agreements, Deed Restrictions, and Regulatory and Land Use Restriction Agreement. If a property participates in more than one housing program, the most restrictive monitoring procedure is followed.

Risk Management

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

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

The Risk Assessment Model is also implemented for ESG. Some of the elements of the Risk Assessment Model include the following: length of time since last on-site visit, results of last on-site visit, status of most recent monitoring report, timeliness of grant reporting, total amount funded during assessment period, total amount funded for all TDHCA contracts during assessment period, number of TDHCA contracts funded during assessment period, and Single Audit Status. In addition to the results of the risk assessment survey consideration is also given to recommendations made from other TDHCA divisions regarding performance with other TDHCA funded programs.

Sanctions

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

The majority of HOME administrators comply with program rules and regulations. However, for the handful who do not, after technical assistance and a corrective action period is provided, administrative penalties are considered. Through a new section of the Texas Administrative Code adopted in December of 2007, TDHCA now has the authority to assess administrative penalties for event of noncompliance, ranging from $100 to up to $1000 per day for serious noncompliance events. Staff has contacted HOME administrators with uncorrected events of noncompliance and provided a final opportunity for correction before pursuing administrative penalties.

In addition, the Department has the ability to debar individuals and companies from participation in our programs. The Department is currently considering the debarment of one consultant and one construction company. If debarred, they will be listed as such on the Department's website which will likely affect their ability to be awarded contracts with other state and federal agencies. At this time, the parties under consideration are moving quickly to cure identified deficiencies; an indication that the existence of the Department's enforcement tools is effective.

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

CDBG

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

Project Implementation

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

Contract Management

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

Audit

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

Monitoring Compliance

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

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

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

HOPWA

A team of 7 DSHS Field Operations staff monitor the AAs' HOPWA administration activities, and the AAs monitor the Project Sponsors for HOPWA program compliance. This monitoring involves periodic site visits, technical assistance, and the submission of quarterly progress reports. Desk audits are conducted by the Contract Management Unit at the division level in DSHS. Additionally, fiscal audits are conducted as part of a centralized service of DSHS, the Contract Monitoring and Oversight Section, directly under the Chief Operations Officer.

Administrative Agencies and Project Sponsors are required to comply with HUD regulations, the DSHS Program Manual and their contractual Statement of Work. The DSHS HOPWA program manual is located at http://www.dshs.state.tx.us/hivstd/fieldops/hopwa.shtm. The HOPWA monitoring tool is located at http://www.dshs.state.tx.us/hivstd/fieldops/page_02/hopwa.doc. The HOPWA Statement of Work is located at http://www.dshs.state.tx.us/hivstd/funding/hopwa/HOPWA_Renewal.doc. Principles for fiscal administration are established by the Texas Uniform Grants Management Standards located at http://www.governor.state.tx.us/divisions/stategrants/files/UGMS062004.doc. The requirements for project monitoring are established by DSHS in the Administrative Agency Core Competencies document located at http://www.dshs.state.tx.us/hivstd/pops/pdf/pdf_administrative_duties_standards.pdf.

LEAD-BASED PAINT HAZARDS

The health risks posed by lead-based paint to young children are the most significant health issue facing the housing industry today. According to *The Prevalence of Lead-Based Paint in U.S. Housing* (Environmental Health Perspectives, October 2002), 38 million homes have conditions that are likely to expose families to unsafe levels of lead. These homes are disproportionately older housing stock typical to low income neighborhoods, and the potential for exposure increases as homeowners and landlords defer maintenance. This older housing stock is the target of rehabilitation efforts and is often the desired “starter home” of a family buying their first home.

HOME AND ESG

The HOME Program requires lead screening in housing built before 1978 for all HOME eligible activities and in accordance with 24 CFR Part 92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R.

For ESG, TDHCA evaluates and reduces lead-based paint hazards for conversion, renovation, or rehabilitation projects funded with ESG funds, and tracks work in these efforts as required by Chapter 58 of the Environmental Protection Act.

CDBG

The TxCDBG encourages the reduction of lead-based hazards through favorable scoring under its Community Development Funds for the replacement of lead fixtures and other lead hazards that are an imminent public health threat. In addition, lead-based paint mitigation is a common activity eligible under housing rehabilitation that is funded under the Colonia Construction Fund and Community Development Funds. Each contract awarded requires the sub-grantee to conform to Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831(b)) and procedures established by the TxCDBG in response to the Act.

In accordance with CDBG state regulations and the Lead-Based Paint Poisoning Prevention Act, TxCDBG has adopted a policy to eliminate as far as practicable the hazards of lead poisoning due to the presence of lead-based paint in any existing housing assisted under the CDBG. In addition, this policy prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance. Abatement procedures should be included in the housing rehabilitation contract guidelines for each project and must appear in the approved work write-up documentation for all homes built prior to 1978 that will be rehabilitated, as outlined in the Housing Rehabilitation Manual.

HOPWA

DSHS requires Project Sponsors to give all HOPWA clients the lead-based paint pamphlet entitled *Protect Your Family from Lead in Your Home (*Environmental Protection Agency) during the intake process. The client's case record must include documentation that a copy of the pamphlet was given to the client.

For each HOPWA household, the case manager must certify the following:

> If the structure was built prior to 1978, and there is a child under the age of six who will reside in the property, and the property has a defective paint surface inside or outside the structure, the property cannot be approved until the defective surface is repaired by at least scraping and painting the surface with two coats of non-lead based paint. Defective paint surface means: applicable surface on which paint is cracking, scaling, chipping, peeling or loose. If a child under age six residing in the HOPWA-assisted property has an Elevated Blood

Lead Level, paint surfaces must be tested for lead-based paint. If lead is found present, the surface must be abated in accordance with 24 CFR Part 35.

HOUSING ACTION PLAN:
HOME INVESTMENT PARTNERSHIPS PROGRAM

FEDERAL RESOURCES EXPECTED PY 2009

The purpose of the HOME Investment Partnerships (HOME) Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing. TDHCA provides technical assistance through application and implementation workshops to all recipients of HOME funds to ensure that all participants meet and follow the state implementation guidelines and federal regulations.

The State of Texas HOME Program anticipates receiving $40,000,000 in HOME funds (including $266,637 of American Dream Downpayment Initiative (ADDI) funds from HUD for PY 2009. The HOME Program also estimates approximately $2.5 million in program income.

ALLOCATION OF PY 2009 FUNDS

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

Use of Funds	Estimated Available Funding	% of Total HOME Allocation
Administration Funds (10% of PY 2008) *	$4,000,000	10%
CHDO Project Funds Set Aside (15% of PY 2008) **	$6,000,000	15%
CHDO Operating Expenses Set Aside (5% of CHDO Set Aside) *	$300,000	1%
State Mandated Funds for Contract for Deed Conversions *	$2,000,000	5%
Housing Programs for Persons with Disabilities *	$2,000,000	5%
Rental Housing Development Program	$5,000,000	13%
General Funds for Single Family Activities***	$23,200,000	55%
Total PY 2008 HOME Allocation and Program Income Estimate***	$42,500,000	104%
PY 2008 American Dream Downpayment Initiative (ADDI) Funds***	$266,637	—
Total Estimated Funding Available for Distribution	$42,233,363	—

* The funding for these activities is not subject to the Regional Allocation Formula.

**$1,000,000 will be reserved from the CHDO set-aside for the Colonia Model Subdivision Program. If sufficient applications are not received for this activity within the first 90 days of the NOFA, the remaining funds will be directed to single family development. TDHCA may set aside 10% of the annual CHDO set-aside for Predevelopment Loans.

***Calculations include $2,500,000 in estimated program income.

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

Activity	Funding Amount	% of Available Funding
Homebuyer Assistance	$3,480,000	15%
Owner Occupied Housing Assistance	$16,240,000	70%
Tenant Based Rental Assistance	$3,480,000	15%
Total Estimated Funding Available for Distribution	$23,200,000	100.0%

ESTIMATED PY 2009 BENEFICIARIES

Based on estimated PY 2008 program activity, TDHCA calculates that the number of PY 2009 beneficiaries assisted will be approximately 1,019 low, very low, or extremely low income households. On the basis of historical performance, TDHCA estimates that approximately 60 percent of those households will be minority households.

DEFINITIONS

Basic Access Standards (as required by §2306.514, Texas Government Code): These requirements apply only to newly constructed single family housing.

(1) at least one entrance door, whether located at the front, side, or back of the building:

(A) is on an accessible route served by a ramp or no-step entrance; and

(B) has at least a standard 36-inch door;

(2) on the first floor of the building:

(A) each interior door is at least a standard 32-inch door, unless the door provides access only to a closet of less than 15 square feet in area;

(B) each hallway has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold;

(C) each bathroom wall is reinforced for potential installation of grab bars;

(D) each electrical panel, light switch, or thermostat is not higher than 48 inches above the floor; and

(E) each electrical plug or other receptacle is at least 15 inches above the floor; and

(3) if the applicable building code or codes do not prescribe another location for the breaker boxes, each breaker box is located not higher than 48 inches above the floor inside the building on the first floor.

A person who builds single family affordable housing to which this section applies may obtain a waiver from TDHCA of the requirement described by Subsection (a)(1)(A) if the cost of grading the terrain to meet the requirement is prohibitively expensive.

Colonia: As defined in §2306.581, Texas Government Code:

(1) "Colonia" means a geographic area that is located in a county some part of which is within 150 miles of the international border of this state, that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or

(B) has the physical and economic characteristics of a colonia, as determined by the department.

Persons with Disabilities: A household composed of one or more persons, at least one of whom has a disability. A person is considered to have a disability if the person has a physical, mental, or emotional impairment that

- is expected to be of long-continued and indefinite duration,
- substantially impedes his or her ability to live independently, and
- is of such a nature that such ability could be improved by more suitable housing conditions.

A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability and as further defined at 24 CFR §92.2.

Special Needs Populations: Includes the following: persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, the elderly, victims of domestic violence, persons living in colonias, the homeless, and migrant farmworkers.

ELIGIBLE APPLICANTS

- Units of General Local Government
- Nonprofit and For-Profit Organizations
- Community Housing Development Organizations (CHDOs)
- Public Housing Authorities (PHAs)

ELIGIBLE SERVICE AREAS

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

DESCRIPTION OF ACTIVITIES

OWNER-OCCUPIED HOUSING ASSISTANCE (OCC)

Rehabilitation or reconstruction cost assistance is provided to eligible homeowners for rehabilitation or reconstruction of their existing home. The home must be the principal residence of the homeowner.

At the completion of the assistance, all properties must meet the International Residential Code and local building codes. If a home is reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514, Texas Government Code, required for any applicants utilizing federal or state funds administered by TDHCA in the construction of single family homes.

The available funding for this activity is approximately $16 million, which may only be used in non-PJs.

TENANT-BASED RENTAL ASSISTANCE (TBRA)

Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed 24 months.

The available funding for this activity is approximately $3.4 million, which may only be used in non-PJs. This amount does not include any Housing Program for Persons with Disabilities TBRA funding that may be issued under a separate NOFA.

HOMEBUYER ASSISTANCE (HBA) WITH OR WITHOUT REHABILITATION

Down payment, closing cost, rehabilitation, and contract for deed conversion assistance is provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for the following:

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

Eligible homebuyers may receive assistance in the form of a loan. The maximum amount of the homebuyer assistance cannot exceed HUD's 221(d)(3) limits per unit and is further restricted in the Department's HOME Program Rule or the NOFA when funds are made available. HBA loans are to be repaid at the time of resale of the property, refinance of the first lien, repayment of the first lien, or if the unit ceases to be the assisted homebuyer's principal residence. If any of these occur before the end of the loan term, the amount of recapture will be based on the pro-rata share of the remaining loan term and the shared net proceeds in the event of sale of the housing unit.

At the completion of the assistance, all properties must meet the International Residential Code and local building codes. Compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code, is also required for any applicants utilizing federal or state funds administered by TDHCA in the construction of single family homes.

The available funding for this activity is approximately $3.4 million, which may only be used in non-PJs. This amount does not include the Housing Program for Persons with Disabilities HBA funding, which may be issued under a separate NOFA, nor does it include ADDI funds, which are only available upon reauthorization.

RENTAL HOUSING DEVELOPMENT

Awards for eligible applicants are to be used for the acquisition, construction, and rehabilitation of affordable multifamily rental housing.

TDHCA will not provide funding for the refinancing and/or acquisition of affordable housing developments that were constructed within the past 5 years. Eligible applicants include nonprofit organizations, CHDOs, units of general local government, for-profit entities, sole proprietors, and public housing authorities.

Owners are required to make housing units available to low, very low, and extremely low income families and must meet long-term rent restrictions. A standard underwriting review will be performed on applications under this activity. TDHCA generally make awards in form of a loan, however grants may be recommended to and approved by TDHCA's Board based on the underwriting review. Owners of rental units assisted with HOME funds must comply with initial and long-term income restrictions and keep the units affordable for a minimum period. Housing assisted with HOME funds must, upon completion, meet all applicable local, state, and federal construction standards and building codes. Additionally, the owner and/or all future owners of a HOME-assisted rental project must maintain all units in full compliance with local, state, and federal housing codes, which include, but are not limited to, the International Residential Code, Texas Government Code, and Section 504 of the 1973 Rehabilitation Act for the full required period of affordability.

The use of HOME Rental Housing Development funds will be limited to those allowable under 24 CFR Part 92. Eligible expenses and activities may further be limited by TDHCA in accordance with state legislation. Rental Housing Development funds may also be used for the acquisition and/or rehabilitation (including barrier removal activities) for the preservation of existing affordable or subsidized rental housing. Additionally, TDHCA will ensure that all multifamily rental housing developments are built and managed in accordance with its Integrated Housing Rule, 10 TAC §1.15.

Approximately $5 million is available for Rental Housing Development Funding for these activities may only be used in non-PJs. This amount does not include the Housing Program for Persons with Disabilities Rental Development funding which may be issued under a separate NOFA.

ADMINISTRATIVE EXPENSES

Up to 10 percent of the sum of the Program Year HOME basic formula allocation and program income may be set aside for HOME Administrative expenses. Typically, up to 4 percent of the Administrative Expenses Set-Aside may be provided to applicants receiving HOME funds for the cost of administering the program. TDHCA may allow a higher percentage of the Administrative Expenses Set-Aside for some applicants based on the activity being performed. For-profit organizations are not eligible to receive administrative funds. TDHCA will retain the remaining 6 percent of the Administrative Expenses Set-Aside to cover the internal cost of administering the statewide program. TDHCA may utilize these funds for construction and Section 504 inspection costs as needed.

AMERICAN DREAM DOWNPAYMENT INITIATIVE

The American Dream Downpayment Initiative (ADDI) was signed into law on December 16, 2003, and was created to help first time homebuyers with down payment and closing cost assistance. ADDI aims to increase the homeownership rate, especially among lower income and minority households, and revitalize and stabilize communities.

Under ADDI, the definition of a first time homebuyer is an individual and his or her spouse who have not owned a home during the three year period prior to the purchase of a home with assistance under the ADDI program. The term also includes displaced homemakers and single parents. The minimum amount of ADDI funds in combination with HOME funds that must be invested in a project is $1,000. The amount of ADDI assistance provided to any family may not exceed the greater of six percent of the purchase price of a single family housing unit or $10,000. This assistance is in the form of a second or third lien loan. In order to ensure the suitability of households receiving ADDI assistance, first time homebuyers will be required to participate in a homebuyer counseling course.

The American Dream Downpayment Assistance Act authorized up to $200 million nationally annually for fiscal years 2004 – 2007. Approximately $266,637 will be reserved for down payment assistance. These funds must be used in non-PJs. ADDI funding may, at the discretion of TDHCA, include funds for rehabilitation for first time homebuyers in conjunction with home purchases assisted with ADDI funds. The rehabilitation may not exceed 20 percent of the annual ADDI allocation. In accordance with 24 CFR 91.320, applicants must submit a plan for conducting targeted outreach to residents and tenants of public and manufactured housing and to other families assisted by public housing agencies.

TDHCA will continue to promote ADDI through the public hearings held across the state. The program will also be promoted around the state through a Texas Association of Realtors continuing education course for which Department staff provide information. The course was designed to improve the state homeownership rate and to educate Realtors about the availability of affordable housing products.

Since Texas has a large number of manufactured housing units and manufactured housing dealers, questions from real estate agents always arise about the availability of low interest rate loan funds and the availability of down payment assistance. Through continuing education courses and outreach, TDHCA is able to inform real estate agents about how ADDI can assist manufactured housing buyers. In addition, TDHCA will work closely with the Manufactured Housing Division to create awareness of ADDI funds directly to eligible first time homebuyers.

TDHCA also operates a First Time Homebuyer Program hotline. Over 1,200 calls are received on average per month. Interested homebuyers are provided literature and made aware of the various products and programs available.

CHDO SET-ASIDE

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

Once awarded, a CHDO development must remain controlled by a certified CHDO for the entire affordability term.

In accordance with 24 CFR 92.208, up to 5 percent of the State's CHDO Set-Aside may be used for operating expenses for CHDOs. In accordance with 92.300(a)(2)(f), A CHDO may not receive HOME funding for any fiscal year in an amount that provides more than 50 percent or $50,000, whichever is greater, of the CHDOs total operating expenses in that fiscal year. TDHCA may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate application cycle not tied to a specific activity. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Predevelopment loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, TDHCA may elect to waive predevelopment loan repayment, in whole or in part, if there are impediments to project development that TDHCA determines are reasonably beyond the control of the CHDO.

CONTRACT FOR DEED CONVERSIONS

The 80th Legislature passed Appropriations Rider 6 to TDHCA's appropriation, which requires TDHCA to spend no less than $4 million for the biennium on contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income (AMFI). Furthermore, TDHCA is targeted to convert no less than 200 contracts for deeds into traditional notes and deeds of trust. The intent of this program is to help colonia residents become property owners by converting their contracts for deeds into traditional mortgages. Households served under this initiative must not earn more than 60 percent of AMFI and the home converted must be their primary residence. The properties proposed for this initiative must meet TDHCA's definition of a colonia as defined in Chapter 2306, Texas Government Code or as published in the Department's program rules. These funds may only be used in non-PJs.

To help TDHCA meet this mandate, $2,000,000 in PY 2009 HOME program funds will be targeted to assist households described under this initiative. These funds are a statutorily required set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

COLONIA MODEL SUBDIVISION LOAN PROGRAM SET-ASIDE

Per Subchapter GG of Chapter 2306, Texas Government Code, the intent of this program is to provide low-interest-rate or possible interest-free loans to promote the development of new, high-quality residential subdivisions or infill housing that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. TDHCA will only make loans to CHDOs it has certified and for the types of activities and costs described under the previous section regarding CHDO Set-Aside. $1,000,000 will be set-aside for the first 90 days of the NOFA to assist households described under this initiative. Any funds remaining after the first 90 days of the NOFA will be directed to single family development activities throughout the State. These funds will not be subject to the Regional Allocation Formula. These funds may only be used in non-PJs.

These funds are a State mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

HOUSING PROGRAMS FOR PERSONS WITH DISABILITIES

Approximately $2 million of directed assistance for persons with disabilities will be issued under a separate NOFA or NOFAs including eligible activities for Rental Development, TBRA, and HBA with optional rehabilitation activities. This NOFA or NOFAs, separate from the regular HOME activity funding, will provide up to $1,000,000 for Rental Development and $1,000,000 for TBRA and HBA with optional rehabilitation. With the exception of for-profit applicants, funding awards associated with tenant based rental assistance and homebuyer assistance with optional rehabilitation programs will allow up to 6 percent administration costs with no match requirement.

Within the requirements of 2306.111(c) of the Texas Government Code as described below, applications under the $2 million NOFA or NOFAs may serve any area of the state. In its administration of federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 USC Section 12701 et. seq.), TDHCA shall expend 95 percent of these funds for the benefit of non-participating small cities and rural areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. Five percent of these funds shall be expended for the benefit of persons with disabilities who live in any area of the state. Eligible applicants include nonprofits, for-profits, units of general local government, and public housing authorities with a documented history of working with special needs populations, or working in partnership with organizations with a documented history of working with special needs populations. TDHCA will ensure that all housing developments are built and managed in accordance with its Integrated Housing Rule, 10 TAC **§**1.15. In addition, funds for rental development may only be used to bring the units for persons with disabilities to be at 30 percent of Area Median Family Income or below.

SPECIAL NEEDS POPULATIONS

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

FUNDING DISTRIBUTION

Subject to Texas Government Code §2306.111, HOME funds will be distributed according to the established Regional Allocation Formula (RAF). The 2008 RAF distributes funding for the following activities:

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

Senate Bill 1908, passed during the 80th session of the Texas Legislature, affected changes to the allocation of HOME funds. Funds for the Housing Program for Persons with Disabilities are not regionally allocated and are therefore not factored into the formula below.

The table below shows the draft regional funding distribution for all of the activities distributed under the RAF, except for the ADDI funds, which will be distributed under the RAF if re-authorized by Congress. Targeted funding amounts for each activity will also be established using the percentages generated by the RAF.

2009 Targeted Distribution of Funds under the Draft RAF

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,899,836	5.6%	$1,899,399	100.0%	$437	0.0%
2	Abilene	$866,719	2.5%	$842,271	97.2%	$24,449	2.8%
3	Dallas/Fort Worth	$6,571,515	19.2%	$2,230,520	33.9%	$4,340,995	66.1%
4	Tyler	$3,641,873	10.6%	$3,196,234	87.8%	$445,639	12.2%
5	Beaumont	$1,777,124	5.2%	$1,626,844	91.5%	$150,280	8.5%
6	Houston	$2,662,428	7.8%	$905,471	34.0%	$1,756,957	66.0%
7	Austin/Round Rock	$1,885,064	5.5%	$715,659	38.0%	$1,169,404	62.0%
8	Waco	$1,149,137	3.4%	$759,059	66.1%	$390,078	33.9%
9	San Antonio	$1,762,628	5.2%	$1,132,545	64.3%	$630,084	35.7%
10	Corpus Christi	$2,041,485	6.0%	$1,373,964	67.3%	$667,521	32.7%
11	Brownsville/Harlingen	$7,139,695	20.9%	$4,021,377	56.3%	$3,118,318	43.7%
12	San Angelo	$1,609,447	4.7%	$655,454	40.7%	$953,992	59.3%
13	El Paso	$1,193,049	3.5%	$837,837	70.2%	$355,213	29.8%
	Total	$34,200,000	100.0%	$20,196,634	59.1%	$14,003,366	40.9%

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

REVIEW OF APPLICATIONS

All programs will be operating and announced by the release of either an open or competitive cycle Notice of Funding Availability. Applicants must submit a completed application to be considered for funding, along with an application fee determined by TDHCA and outlined in the NOFA and/or application guidelines. Applications containing false information and applications not received by the deadline will be terminated and notified in writing. All applications must be received by TDHCA by the deadline identified in the NOFA and/or application materials, regardless of method of delivery.

Applications received by TDHCA will be reviewed for threshold, eligibility and/or scoring criteria in accordance with the Department's rules and application review procedures published in the NOFA and/or application materials.

SELECTION PROCESS

All applications for funds are reviewed for threshold and eligibility requirements regarding application documentation and compliance with Department requirements on previously awarded contracts. Qualifying applications are recommended for funding based on the Department's rules and any additional requirements established in the Notice of Funding Availability. Applications may be recommended up to the limit of funds in accordance with the Department's rules are as further restricted in the Notice of Funding Availability. Applications submitted for development activities will also receive a review for financial feasibility and underwriting. Applications will be reviewed and recommended for funding in the manner prescribed in the State of Texas HOME Program Rules. In any of the activities, the Department may integrate incentive points for applicants to further meet the needs of persons with disabilities.

MATCH REQUIREMENTS

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

- Loans originated from the proceeds of single family mortgage revenue bonds issued by the State. TDHCA will apply no more than 25 percent of bond proceeds to meet its annual match requirement.
- Match contributions from the State's Housing Trust Fund to affordable housing projects that are not HOME assisted, but that meet the requirements as specified in 24 CFR 92.219(b)(2).
- Eligible match contributions from State recipients, as specified in 24 CFR 92.220.
- Match contributions from local political jurisdictions provided through the abatement of real estate property taxes for affordable housing properties developed and owned by qualified CHDO applicants.

Additionally, TDHCA will continue to carry forward match credit.

DEOBLIGATED HOME PROGRAM FUNDS

When administrators have not successfully expended the HOME funds within their contract period, TDHCA deobligates the funds and pools the dollars to award applicants according to TDHCA's Deobligated Funds Policy as defined in 10 TAC §1.19.

APPLICABLE FEDERAL AND STATE REGULATIONS

HOME funds will be distributed in accordance with the eligible activities and eligible costs listed in 24 CFR 92.205–92.209 and 10 TAC Chapter 53. All local administrators will be required to execute certifications that the program will be administered according to federal HOME regulations and State HOME Rules.

Developments receiving funding from TDHCA must comply with accessibility standards required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), as amended, and specified under 24 CFR Part 8, Subpart C. This includes a provision that a minimum of 5 percent of the total dwelling units or at least one unit, whichever is greater, must be made accessible for individuals with mobility impairments. An additional 2 percent of the total number of dwelling units or at least one unit, whichever is greater, must be accessible for individuals with hearing or vision impairments. In the event that a project does not meet the requirements of Section 504, TDHCA will consider using HOME deobligated funds for eligible Section 504 activities with the purpose of bringing noncompliant projects into compliance when appropriate and when such a request is supported by circumstances beyond the control of the administrator. This provision will not apply if Section 504 activities were included as part of the budget in contracts between TDHCA and administrators.

THE PLANNING PROCESS AND PUBLIC PARTICIPATION

The planning process will include a review of the federal and state regulations that govern the HOME Program, the regional needs assessment, and Department goals and mandates.

The *2009 State of Texas Consolidated Plan: One-Year Action Plan (Draft for Public Comment)* was available for public comment from September 8, 2008, through October 10, 2008. Additionally, TDHCA will hold public hearings in which constituents are given the opportunity to make general comments on the direction of all Department programs. During this time, citizens and organizations were encouraged to send written comment on the Plan via mail, email, or fax.

Any amendments made to the HOME Program Rules are published in the *Texas Register* for a 30-day comment period. The HOME Program also receives public comment during TDHCA Board of Directors meetings.

MINORITY PARTICIPATION

TDHCA encourages minority employment and participation among all applicants under the HOME Program. All applicants to the HOME Program are required to submit an affirmative marketing plan as part of the application process. Additionally, TDHCA encourages applicant outreach to Historically Underutilized Businesses.

RECAPTURE PROVISIONS UNDER HOMEOWNERSHIP PROGRAMS

If the participating jurisdiction intends to use HOME funds for homebuyers, the guidelines for resale or recapture must be described as required in 24 CFR 92.254(a)(5).

TDHCA has elected to utilize the recapture provision under 24 CFR 92.254(a)(5)(ii) as its method of recapturing HOME funds under any program the State administers that is subject to this provision.

1. The following methods of recapture would be acceptable to TDHCA and will be identified in the note prior to closing:
    a. Recapture the amount of the HOME investment reduced on a prorata share based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The recapture amount is subject to available shared net proceeds in the event of sale or foreclosure of the housing unit.
    b. In the event of sale or foreclosure of the housing unit, if the shared net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds) are in excess of the amount of the HOME investment that is subject to recapture, then the net proceeds may be divided proportionately between TDHCA and the homeowner as set forth in the following mathematical formulas:

       (HOME investment / (HOME investment + homeowner investment)) X net proceeds = HOME amount to be recaptured

       (HOME investment / (HOME investment + homeowner investment)) X net proceeds = amount to homeowner
2. The HOME investment that is subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the dwelling unit. This is also the amount upon which the affordability period is based. This includes any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e., the development subsidy). The recaptured funds must be used to carry out HOME-eligible activities. If HOME funds were used for development subsidy and therefore not subject to recapture, the resale provisions at 24 CFR 92.254(a)(5)(i) apply.
3. Upon recapture of the HOME funds used in a single family homebuyer project with more than one unit, the affordability period on the rental units may be terminated at the discretion of TDHCA.

In certain instances, TDHCA may choose to utilize the resale provision at 24 CFR 92.254(a)(5)(i) under any program the State administers that is subject to this provision.

1. The following method of resale would be acceptable to TDHCA and will be identified in the note prior to closing:
    a. Resale requirements must ensure that, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low or very low income family and will use the property as its principal residence.
    b. The resale requirement must also ensure that the price at resale provides the original HOME-assisted owner a fair return on investment (including the homeowner's investment and any capital improvement) and ensure that the housing will remain affordable to a reasonable range of low or very low income homebuyers.
    c. The period of affordability is based on the total amount of HOME funds invested in the housing.
2. Except as provided in paragraph 24 CFR 92.254(a)(5)(i)(B), deed restrictions, covenants running with the land, or other similar mechanisms must be used as the mechanism to impose the resale requirements.

OTHER FORMS OF INVESTMENT

If a participating jurisdiction intends to use other forms of investment not described in §92.205(b), a description of the other forms of investment must be provided.

The State is not proposing to use any form of investment in its HOME Program that is not already listed as an eligible form of investment in 24 CFR 92.205(b).

REFINANCING DEBT

If the State intends to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR § 92.206(b).

TDHCA may use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds as described in 24 CFR § 92.206(b). TDHCA shall use its underwriting and evaluation standards, codified at 10 TAC §§1.31-1.36 and its HOME Program Rule at 10 TAC §53, for refinanced properties in accordance with its administrative rules. At a minimum, these rules require the following:

- That rehabilitation is the primary eligible activity for developments involving refinancing of existing debt;
- Sets a minimum funding level for rehabilitation on a per unit basis;
- Requires a review of management practices to demonstrate that disinvestments in the property has not occurred;
- That long term needs of the project can be met;
- That the financial feasibility of the development will be maintained over an extended affordability period;
- State whether new investment is being made to maintain current affordable units, and or create additional affordable units;
- Specifies the required period of affordability;
- Specifies that HOME funds may be used throughout the entire jurisdiction, except as TDHCA may be limited by the Texas Government Code; and
- States that HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG.

CPD OUTCOME PERFORMANCE MEASUREMENT SYSTEM REPORTING

In accordance with the guidelines from HUD, TDHCA will comply with the new CPD Outcome Performance Measurement System. Compliance will be attained through the creation and development of additional tracking screens in TDHCA’s central database to enable the Department to capture information needed for input into IDIS. HOME Program eligible activities will be categorized into the objectives and outcomes listed in the chart below. It is anticipated most HOME Program eligible activities will be categorized as Outcome #2 and Objective #2.

The performance figures are based on actual performance during the Program Year (February 1st through January 31st) of current contracts and actual units and households served. In contrast, the performance measures reported to the Texas Legislative Budget Board for the State Fiscal Year (September 1st through August 31st) are based on projected units and households at time of award. The HOME performance figures reported herein may include funding from several years as funds from previous years are deobligated and refunded.

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

HOME Program Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	No. of rental units assisted through new construction and rehabilitation	870
DH-2	No. of tenant-based rental assistance units	725
DH-2	No. of existing homeowners assisted through owner-occupied assistance	432
DH-2	No. of first-time homeowners assisted through homebuyer assistance	437

HOME PROGRAM ACTIONS

This section describes how the HOME Program addresses the following: affordable housing, public housing resident initiatives, lead-based paint hazards, poverty-level households, and institutional structure.

AFFORDABLE HOUSING

The HOME Program provides grant funds, deferred forgivable loans, and repayable loans to units of local government, nonprofit and for-profit organizations, community housing development organizations (CHDOs), and public housing authorities (PHAs). These funds are primarily used to foster and maintain affordable housing by providing rental assistance, rehabilitation, or reconstruction of owner-occupied housing units, down payment and closing cost assistance with optional rehabilitation for the acquisition of affordable single family housing, single family development and funding for rental housing development preservation of existing affordable or subsidized rental housing.

PUBLIC HOUSING RESIDENT INITIATIVES

Because PHAs are eligible applicants under the HOME Program, TDHCA sends notices of funding availability to all PHAs in the state. At HOME application workshops, application processes are discussed in detail, including those related to HBA. In addition to PHAs that have received HOME funds to provide homebuyer assistance in their areas, PHAs have also received HOME tenant-based rental assistance funds, enabling them to provide additional households with rental assistance and services to increase self-sufficiency.

LEAD-BASED HAZARDS

The HOME Program requires an environmental site assessment and the abatement of lead-based paint if the structure being rehabilitated was constructed prior to 1978. There is significant training, technical assistance, and oversight of this requirement on each contract funded under the HOME Program.

POVERTY-LEVEL HOUSEHOLDS

Through the HOME Tenant-Based Rental Assistance Program, TDHCA assists households with rental subsidy and security and utility deposit assistance for a period not to exceed two years. As a condition to receiving rental assistance, households must participate in a self-sufficiency program, which can include job training, GED classes, or drug recovery classes. The HOME Program enables households to receive rental assistance while participating in programs that will enable them to improve employment options and increase their economic independence and self-sufficiency.

INSTITUTIONAL STRUCTURE

The HOME Program encourages partnerships in order to improve the provision of affordable housing. Organizations receiving HBA funds are required to provide homebuyer education classes to households directly, or coordinate with a local organization that will provide the education. In addition, organizations receiving TBRA funds must provide self-sufficiency services directly, or coordinate with a local organization that will provide the services.

HOMELESS ACTION PLAN:
EMERGENCY SHELTER GRANTS PROGRAM

FEDERAL RESOURCES EXPECTED PY 2009

TDHCA expects to receive $5,261,641 for PY 2009. This estimate is based on the State's ESG allocation for PY 2008, which was $5,261,641.

RECIPIENTS

Recipients of ESG funds are units of general local government and private nonprofit organizations.

ESTIMATED PY 2009 BENEFICIARIES

It is estimated that in PY 2009 76 private nonprofit entities and units of general local government will be funded to administer projects that will provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. Activities administered by several of these funded entities will involve collaborative efforts with approximately 12 other sub entities. It is estimated that approximately 100,162 homeless persons will be assisted in PY 2009.

TARGETED BENEFICIARIES

The targeted beneficiaries are homeless individuals and individuals at risk of homelessness.

FUNDING DISTRIBUTION

TDHCA has administered the Emergency Shelter Grants Program (ESG) since 1987. TDHCA will administer the S-094-DC-48-0001 ESG funds in a manner consistent with the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. Sec 11371 *et seq.*). TDHCA will obligate PY 2009 ESG funds through a statewide competitive application process. ESG funds are reserved for each of the State's 13 Uniform State Service Regions based on the poverty population of each region taken from the 2000 US Census.

OBJECTIVES

The objectives of ESG consist of the following:

- Help improve the quality of emergency shelters for the homeless.
- Make additional emergency shelters available.
- Help meet the costs of operating and maintaining emergency shelters.
- Provide essential services so that homeless individuals have access to the assistance they need to improve their situations.
- Provide emergency intervention assistance to prevent homelessness.

The State's strategy to help homeless persons includes: community outreach efforts to ensure that homeless persons and persons at risk of homelessness are aware of available services, providing funding to support emergency shelter and transitional housing programs, helping homeless persons make the transition to permanent housing and independent living through comprehensive case management, and supporting other efforts to address homelessness. This strategy is outlined below.

Helping low income families avoid becoming homeless:

- TDHCA awards ESG funds using the competitive process described in the ESG One-Year Action Plan. In that process, up to 30 percent of the State's ESG annual allocation is made available to support homelessness prevention activities, and up to 30 percent of the ESG annual allocation is made available to provide essential services. Homelessness prevention efforts include short-term rent and utility assistance for homeless individuals and families and, if they meet certain criteria, those who are at-risk of losing their housing.
- Applicants for ESG funding are required to demonstrate coordination with other providers in their communities as part of the ESG scoring criteria. ESG grant recipients are encouraged to maximize all community resources when providing homelessness prevention assistance to ensure the appropriate use of these limited resources.

Reaching out to homeless persons and assessing their individual needs:

- Each application for ESG funding includes information about the case management system used by the applicant organization.
- Each application for ESG funding includes a description of services provided to homeless persons. This description is evaluated during the application review process as a criterion for receiving ESG funding.

ESG grant recipients will be required to report on outcomes achieved by homeless persons assisted. Reporting on outcomes will provide TDHCA with information on the long-term impact of the services provided such as the attainment of transitional housing or permanent housing, obtaining a GED or high school diploma or the achievement of other education and training goals, obtaining job skills, job placement, etc.

Addressing the emergency shelter and transitional housing needs of homeless persons:

- ESGP grants provide support to organizations that provide emergency services, shelter, and transitional housing to homeless persons and families.
- To ensure equitable distribution of funding, a portion of the ESGP allocation is reserved for each of the 13 regions in the state on the basis of the poverty population in each region. TDHCA expects to fund 76 projects in PY 2009. (See the ESGP Obligation Process later in this section.)

Helping homeless persons make the transition to permanent housing:

- ESGP funds can be used to pay rent and utility deposits as well as first month's rent for homeless individuals making the transition to permanent housing.

Supporting other efforts to address homelessness:

- The State has contracted with an organization to provide technical assistance in FY 2009 to rural homeless coalitions representing approximately 182 Texas counties and will support the State's effort to assist rural communities in their efforts to access federal CoC funds and that are interested in being part of the State's application for Continuum of Care funds for the balance of state areas in the State. Types of technical assistance to be rendered will include, but not be limited to, homeless counts/surveys, compilation of a housing and services inventory, identification of housing gaps, and development of homeless discharge plan strategies for their area. Organizations receiving the technical assistance must be located in a Balance of State area and applying for Continuum of Care funds through the U.S. Department of Housing and Urban Development. The State has released a Request for Proposals for interested parties to submit a proposal. The first year of funding is expected to begin September 1, 2008. The first contract will be for 12 months with the possibility of renewal for an additional 12 months. The Department expects that as a result of the technical assistance that will be rendered, the State will submit a more competitive application to HUD for Continuum of Care funds. If the State receives Continuum of Care funds for the Balance of State areas, additional homeless persons will be assisted in the State. The source of funding for this contract is State general revenue funds.

ELIGIBLE ACTIVITIES

ESG funds may be used for the following eligible activities:

1. Renovation, major rehabilitation, or conversion of buildings to be used as emergency shelters for the homeless.
2. Provision of essential services, including, but not limited to, the following:
    a. Assistance in obtaining permanent housing
    b. Medical and psychological counseling and supervision
    c. Employment counseling
    d. Nutritional counseling
    e. Substance abuse treatment and counseling
    f. Assistance in obtaining other federal, state, and local assistance
    g. Other services such as child care, transportation, job placement, and job training
    h. Staff salaries necessary to provide the above services

    These services may be provided only pursuant to Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Sec. 11374), which requires that services funded with ESG must be provided in a nondiscriminatory manner.
3. Payment of maintenance, operation, and furnishings costs, except that not more than 10 percent of the amount of any ESG grant may be used to pay operation staff costs.
4. Developing and implementing homeless prevention activities as per Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act.

RECIPIENT REQUIREMENTS

Recipients of ESG funding are required to meet certain minimum specifications that include, but are not limited to, the following:

1. Being a unit of general local government or private nonprofit organization.
2. Documenting, in the case of a private nonprofit organization, that the proposed project has the approval of the city, county, or other unit of local government in which the project will operate.
3. Providing for the participation of homeless or formerly homeless individuals on their board of directors or other policy-making entity.
4. Assuring that ESG subrecipients obligate funds within 180 days from the date that TDHCA received the award letter from HUD.
5. Documentation of fiscal accountability, as specified in the application.
6. Proposing to undertake only eligible activities.
7. Demonstrating need.
8. Assuring ability to provide matching funds.
9. Demonstrating effectiveness in serving the homeless, including the ability to establish, maintain, and/or improve the self-sufficiency of homeless individuals.
10. Assuring that homeless individuals will be involved in the provision of services funded through ESG, to the maximum extent feasible, through employment, volunteerism, renovating, maintaining or operating facilities, and/or providing direct services to occupants of facilities assisted with ESG funds.
11. Assuring the operation of an adequate, sanitary, and safe homeless facility.

12. Assuring that it will administer, in good faith, a policy designed to ensure that the homeless facility is free from the illegal use, possession, or distribution of drugs or alcohol by its beneficiaries.
13. Assuring that it will develop and implement procedures to ensure the confidentiality of records of any individual receiving assistance as a result of family violence.
14. Proposing a sound plan consistent with the State of Texas Consolidated Plan, the McKinney-Vento Homeless Assistance Act, and all other assurances and certifications.
15. Assuring the participation in the development and implementation, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of person from publicly funded institutions and systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) to prevent such discharge from immediately resulting in homelessness for such persons. ESG funds are not to be used to assist such persons in place of State and local resources.
16. Assuring that it will meet HUD's standards for participation in a local Homeless Management Information System and the collection and reporting of client-level information.
17. Any renovation carried out with ESGP assistance shall be sufficient to ensure that the building involved is safe and sanitary, and the renovation will assist homeless individuals in obtaining:

    (A) appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living; and
    (B) other Federal, state, local, and private assistance available for such individuals.

FUND OBLIGATION PROCESS

TDHCA will obligate PY 2009 ESG funds to units of general local government or to private nonprofit organizations which have local government approval to operate a project which assists homeless individuals. TDHCA will evaluate all applications received and award funds in accordance with the application specifications. This statewide competitive application process will allow ESG funds to be distributed equitably.

The State's anticipated ESG allocation for PY 2009 is $5,261,641 less 5 percent ($263,082) for state administration costs of which approximately $21,684 will be shared with subrecipient organizations which are units of general local government. TDHCA reserves ESG funds for each of the 13 Uniform State Service Regions. Funds are reserved for each region in direct proportion to the percentage of poverty population that exists in each region according to the most recent county Census data. Applicants compete only against other applicants in their Uniform State Service Region.

TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement on its activities during the preceding year through a document called the *State of Texas Low Income Housing Plan and Annual Report*. Part of this document describes the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by TDHCA.

TDHCA issues a notice of funding availability (NOFA) and posts an application to its website. Applications are also provided directly to any organization or individual upon request. As the applications are received, they are sorted by region and numbered consecutively. Teams review the applications according to assigned regions, using a standardized review instrument. A variety of factors, as per the application instructions, are evaluated and scored to determine each application's merit in identifying and addressing the needs of the homeless population, as well as the organization's capacity to carry out the proposed project.

The top scoring applications in each region will be recommended for funding based on the amount of funds reserved for each region. Any application which receives a score below 70 percent of the highest raw score from the region will not be considered for funding. All available ESG funds are obligated each year through 12-month contracts.

APPLICABLE FEDERAL AND STATE REGULATIONS

- 24 CFR 576 as amended;
- Title IV, Subtitle B of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. sec, 11371 et seq.)
- 10 Texas Administrative Code, Chapter 5, Subchapter C.

LEVERAGING RESOURCES

Section 576.51 of the ESG regulations state that each grantee must match the funding provided by HUD. Match resources must be provided after the date of the ESG grant award and must be provided in an amount equal to or greater than the ESG grant award. Resources used to match a previous grant may not be used to match a subsequent award. Sources of match may include, but are not limited to, unrestricted funds from the grant recipient, volunteer hours, the value of donated materials or buildings, or the fair market rent or lease value of a building used to provide services to the homeless population. Each applicant must identify the source and amount of match they intend to provide if they are selected for funding and may report monthly on the amount of match provided. ESG monitors review the match documentation during each on-site monitoring visit. A desk review is completed at the closeout of each contract to ensure, among other things, that each ESG recipient has provided an adequate amount of match during the contract period.

SPECIAL INITIATIVES AND PARTNERSHIPS

TDHCA is the lead agency in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas, assisting in the coordination and provision of services to homeless person throughout the State, increasing the flow of information among service providers and appropriate authorities, developing guidelines to monitor services to the homeless, providing technical assistance to the housing finance division of TDHCA in assessing housing needs for persons with special needs, establishing a central resource and information center for the State’s homeless population, and developing a strategic plan to address the needs of the homeless in cooperation with TDHCA and the Health and Human Services Commission.

TDHCA also supports with Community Services Block Grant and State of Texas general revenue funds, activities that address homelessness, including providing technical assistance to develop and strengthen homeless coalitions throughout Texas, distributing a statewide bimonthly newsletter on homelessness, maintaining an information resource center, workshops, sponsoring an annual statewide conference on homeless issues, and the provision of training and technical assistance to organizations interested in being part of the State’s application for Continuum of Care funds for the balance of state areas in the State.

MONITORING

TDHCA monitors ESG subrecipients based on an assessment of associated risks. The assessment of associated risks utilizes factors developed by the Department's Portfolio and Compliance Division in conjunction with the Community Affairs Division. The factors include the status of the most recent monitoring report, timeliness of grant reporting, results of the last on-site monitoring review, number and dollar amounts of Department funds contracts and single audit issues. Subrecipients with the highest rankings are considered high risk and will receive an on-site monitoring review. Subrecipients with low rankings will have a desk review conducted. During the monitoring review, staff determine subrecipients' compliance with the ESG contract, ESG State Regulations, State Policy Issuances, 24 CFR Ch V, Part 576, OMB Circulars related to expenditure of funds, and requirements of Chapter 58 of the Environmental Protection Act as it relates to projects funded for rehabilitation, conversion, or renovation.

CPD OUTCOME PERFORMANCE MEASUREMENT SYSTEM REPORTING

ESG began reporting using the HUD CPD Outcome Performance Measurement System on September 1, 2006, with the implementation of the 2006 ESG contracts. TDHCA will continue to utilize this reporting system in 2009. In 2007, the HUD CPD Outcome Performance Measurement System became automated whereby subrecipients began to report performance data via a Web based application. TDHCA's monthly performance reports have been amended to include changes in reporting requirements required by HUD and to gather data on persons assisted with services which are outcome oriented and have a long-term impact. ESG activities related to renovation/rehabilitation, essential services, maintenance, operations, and furnishings will fall under HUD's Outcome 1, Availability/Accessibility, and Objective 1, Create a Suitable Living Environment (SL-1). ESG activities related to homelessness prevention will be reported under HUD's Outcome 1, Affordability and Objective 2, Provide Decent Housing. (DH-2)

ESG Annual Action Plan
Planned Project Results

Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
SL-1 Availability/ Accessibility and Create a Suitable Living Environment	Accessibility for the purpose of creating a suitable living environment.	40,302	Provide funding to support the provision of emergency and/or transitional shelter to homeless persons.
DH-2 Affordability and Provide Decent Housing	Affordability for the purpose of providing decent housing.	59,860	The provision of non-residential services including homelessness prevention assistance.

ESG ACTIONS

This section describes how ESG addresses the following: affordable housing, public housing resident initiatives, lead-based pain hazards, poverty-level households, and institutional structure.

AFFORDABLE HOUSING

While TDHCA encourages the use of ESG funds to provide affordable transitional housing, the majority of funds are utilized to provide emergency shelter. Fostering affordable housing is not an initiative for which TDHCA provides funding or that TDHCA monitors for the ESG Program.

PUBLIC HOUSING RESIDENT INITIATIVES

Fostering public housing resident initiatives is not an initiative for which TDHCA provides funding or that TDHCA tracks for the ESG Program.

LEAD-BASED HAZARDS

TDHCA evaluates and reduces lead-based hazards for conversion, renovation, or rehabilitation projects funded with ESG funds and tracks work in these efforts in the ESG Program as required by Chapter 58 of the Environmental Protection Act.

POVERTY-LEVEL HOUSEHOLDS

While TDHCA encourages the use of ESG funds to help ESG clients lift themselves above the poverty line, it is not an initiative for which TDHCA provides funding or that TDHCA monitors for the ESG Program.

INSTITUTIONAL STRUCTURE

TDHCA encourages ESG subrecipients to coordinate services with housing and other service agencies. Collaborative applications funded with ESG funds are required to coordinate services and to provide services as part of a local continuum of care. TDHCA reviews ESG subrecipients' coordination efforts during on-site and desk monitoring.

CHRONIC HOMELESSNESS

Based on the 77 Emergency Shelter Grants (ESG) Program organizations funded in FY 2008, it is estimated that 45 of the 77 organizations serve the chronically homeless. Of the 77 subrecipients, 70 provide shelter and have a total of 5,171 beds available. Thirteen of these organizations are Salvation Army organizations. These organizations are located across the State. While the Department does not have a complete "inventory" of the supportive services offered by the ESG funded organizations, the Department began to collect information on the number of persons provided with supportive services in FY 2006. The range of supportive services include: legal advocacy, education, employment, housing, counseling, psychological treatment and/or psychological counseling, substance abuse treatment, medical assistance, parenting and budgeting classes, housing advocacy, transportation assistance, English-as-a- Second Language classes, and clothing.

The following inventory is an account of all the Emergency, Transitional Housing, and Permanent Supportive Housing beds reported in the 2007 Continuum of Care applications. The 2008 Continuum of Care data is not available at this time. These beds represent 245 Texas counties that applied for funding:

Emergency Shelter		
	Existing Beds	Unmet Need*
Family Beds	4,294	1,124
Individual Beds	6,499	5,087
Total	10,793	6,211

Transitional Housing		
	Existing Beds	Unmet Need*
Family Beds	4,914	3,442
Individual Beds	3,632	5,952
Total	8,546	9,349

Permanent Supportive Housing		
	Existing Beds	Unmet Need*
Family Beds	1,447	5,490
Individual Beds	2,179	245
Total	3,626	5,735

*Estimate based on 2007 Continuum of Care applications.

COMMUNITY DEVELOPMENT ACTION PLAN: COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

PROGRAM YEAR 2009 GENERAL PROGRAM INFORMATION

A. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ADMINISTRATION

The Office of Rural Community Affairs (ORCA) administers the State of Texas Community Development Block Grant Program (CDBG), called the Texas Community Development Block Grant Program (Texas CDBG). The Texas Department of Agriculture (TDA) administers the Texas Capital Fund through an interagency agreement between ORCA and TDA. The Tx CDBG will continue to fund the Colonia Self-Help Centers Fund but administration of that program will remain with the Texas Department of Housing and Community Affairs (TDHCA) Office of Colonia Initiatives through a Memorandum of Understanding between ORCA and TDHCA.

The mission of the Office of Rural Community Affairs is to assist rural Texans who seek to enhance their quality of life by facilitating, with integrity, the use of the resources of our state so that sustained economic growth will enrich the rural Texas experience for the benefit of all.

B. ELIGIBLE APPLICANTS

Eligible applicants are nonentitlement general purpose units of local government including cities and counties that are not participating or designated as eligible to participate in the entitlement portion of the federal Community Development Block Grant Program (CDBG). Nonentitlement cities that are not participating in urban county programs through existing participation agreements are eligible applicants (unless the city's population is counted towards the urban county CDBG allocation).

Nonentitlement cities are located predominately in rural areas and are cities with populations less than 50,000 thousand persons; cities that are not designated as a central city of a metropolitan statistical area; and cities that are not participating in urban county programs. Nonentitlement counties are also predominately rural in nature and are counties that generally have fewer than 200,000 persons in the nonentitlement cities and unincorporated areas located in the county.

Hidalgo County, a designated CDBG urban county, is eligible to receive assistance under the Texas Community Development Block Grant (Tx CDBG) Program Colonia Fund (and each fund category included under the Colonia Fund).

Counties eligible under both the Tx CDBG Colonia Fund and the Texas Water Development Board's Economically Distressed Areas Program (EDAP) are eligible under the Tx CDBG Colonia Economically Distressed Areas Program Fund. Non-entitlement cities located within eligible counties that meet other eligibility criteria, including the geographic requirements of the Colonia Fund, are also eligible applicants for the Tx CDBG Colonia Economically Distressed Areas Program Fund.

With the enactment of §43.905 of the Texas Local Government Code, a colonia that is annexed by a municipality remains eligible for five years after the effective date of the annexation to receive any form of assistance for which the colonia would be eligible if the annexation had not occurred. This only applies to a colonia annexed by a municipality on or after September 1, 1999.

C. ELIGIBLE ACTIVITIES

Eligible activities under the Texas Community Development Block Grant Program are listed in 42 U.S.C Section 5305. The Tx CDBG staff reviews all proposed project activities included in applications for all fund categories, except the Texas Capital Fund, to determine their eligibility. The Texas Department of Agriculture determines the eligibility of activities included in Texas Capital Fund applications.

All proposed activities must meet one of the following three National Program Objectives:

1. principally benefit low- and moderate-income persons; or
2. aid in the elimination of slums or blight; or
3. meet other community development needs of particular urgency which represent an immediate threat to the health and safety of residents of the community

Area benefit can be used to qualify street paving projects. However, for street paving projects that include multiple and non-contiguous target areas, each target area must separately meet the principally benefit low and moderate income national program objective. At least fifty-one percent (51%) of the residents located in each non-contiguous target area must be low and moderate income persons. A target area that does not meet this requirement cannot be included in an application for Tx CDBG funds. The only exception to this requirement is street paving eligible under the Disaster Relief/Urgent Need Fund.

D. INELIGIBLE ACTIVITIES

In general, any type of activity not described or referred to in 42 U.S.C Section 5305 is ineligible. Specific activities ineligible under the Texas Community Development Block Grant Program are:

1. construction of buildings and facilities used for the general conduct of government (e.g. city halls, courthouses, etc.);
2. new housing construction, except as last resort housing under 49 CFR Part 24 or affordable housing through eligible subrecipients in accordance with 24 CFR 570.204;
3. the financing of political activities;
4. purchases of construction equipment (except in limited circumstances under the STEP Program);
5. income payments, such as housing allowances; and
6. most operation and maintenance expenses (including smoke testing, televising / video taping line work, or any other investigative method to determine the overall scope and location of the project work activities)

The Texas Capital Fund (TCF) will not accept applications in support of public or private prisons, racetracks and projects that address job creation/retention through a government supported facility. The Texas Capital Fund Program may be used to financially assist/facilitate the relocation of a business when certain requirements, as defined in the application guidelines, are met.

E. PRIMARY BENEFICIARIES

The primary beneficiaries of the Texas Community Development Block Grant Program are low to moderate income persons as defined under the U.S. Department of Housing and Urban Development (HUD) Section 8 Assisted Housing Program (Section l02(c)). Low income families are defined as those earning less than 50 percent of the area median family income. Moderate income families are defined as those earning less than 80 percent of the area median family income. The area median family can be based on a metropolitan statistical area, a non-metropolitan county, or the statewide non-metropolitan median family income figure.

F. DISPLACEMENT OF PERSONS ASSISTED

Applicant localities must certify that they will minimize the displacement of persons as a result of activities assisted with Texas Community Development Block Grant Program grant funds.

II. ALLOCATION OF CDBG FUNDS

A. AVAILABLE FUND CATEGORIES

Assistance is available in six funding categories and one pilot program under the Texas Community Development Block Grant Program as indicated below:

Funds:
1. Community Development Fund
2. Texas Capital Fund
3. Colonia Fund
    - 3a. Colonia Planning and Construction Fund
    - 3b. Colonia Economically Distressed Areas Program Legislative Set-Aside
    - 3c. Colonia Self-Help Centers Legislative Set-Aside
4. Planning and Capacity Building Fund
5. Disaster Relief/Urgent Need Fund
6. Tx CDBG STEP Fund

Pilot Program:
Renewable Energy Demonstration Pilot Program

B. DESCRIPTION OF FUNDS

1. Community Development Fund

This fund is available on a biennial basis for funding from program years 2009 and 2010 through a 2009 annual competition in each of the 24 state planning regions. Applications received by the 2009 program year application deadline are selected to receive grant awards from the 2009 and 2010 program year allocations. The scoring of the applications is shared between ORCA and the 24 Regional Review Committees (RRC), with the RRC having the predominate percentage of the total possible score.

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

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

REGIONAL ALLOCATION METHOD:

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

Original CD formula (40%) factors:

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

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

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

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

(A) the average of the ratios between:

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

OR

(B) the average of the ratios between:

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

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

Some regions in the state have a small number of eligible applicants and these regions may receive regional allocations large enough to allow each eligible applicant in that region to apply for an equal share of the regional allocations. The share available to each eligible applicant in the region may amount to an equal share based on the number of eligible applicants and the 2009 and 2010 regional allocations for that region. Or the share available to each eligible applicant in the region may be based on an allocation formula used by the region to allocate the funds available through the 2009 and 2010 regional allocations for the region. Each applicant in one of these regions must meet all state and federal eligibility requirements including but not limited to Tx CDBG applicant threshold requirements, federal requirements for eligible activities, and federal requirements that each activity in an application meet one of the three national program objectives. Applicants in these regions are scored by the Regional Review Committees and the Tx CDBG staff in accordance with the established Community Development Fund selection criteria. The total score received by each applicant in these regions determines if the applicant receives funding from the 2009 regional allocation or 2010 regional allocation. Depending on the State of Texas' CDBG allocations for the 2009 and 2010 program years, there could be a large variance between the

2009 and 2010 regional allocations. If the 2010 regional allocation for one of these regions decreases significantly from the 2009 regional allocation, then the total scores received by applicants in these regions could in fact prevent some of the applicants from receiving funds from the 2010 regional allocation.

A significant increase or decrease to the State's 2009 CDBG allocation may result in corresponding increases or decreases to the 2009 Community Development Fund allocation and correspondingly higher or lower regional allocations.

Non-border colonia projects – available to eligible county applicants for projects in severely distressed unincorporated areas located farther than 150 miles from the Texas-Mexico border and non-entitlement counties, or portions of counties, within 150 miles of the Texas-Mexico border that are not eligible for the Colonia Fund because they are located in a standard metropolitan statistical area that has a population exceeding 1,000,000, as specified the Cranston-Gonzalez National Affordable Housing Act. Non-border colonia areas would be an identifiable unincorporated community that is determined to be colonia-like on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990).

Applicants must demonstrate they are adequately addressing water supply and water conservation issues (in particular contingency plans to address drought-related water supply issues), as described in the application guidance.

Applications requesting funds for projects other than water and sewer must include a description of how the applicant's water and sewer needs would be met and the source of funding that would be used to meet these needs.

2. Texas Capital Fund

This economic development funding is used for projects that will create or retain permanent employment opportunities, primarily for low to moderate income persons, and for county economic and management development activities. Responsibility for this fund is contracted to the Texas Department of Agriculture through an interagency agreement. The funds may be used to provide financial assistance for eligible activities as cited in 42 U.S.C Section 5305, including the following activities.

a. Infrastructure improvements to assist a for-profit entity or a non-profit entity.
b. acquisition of real property or to acquire, construct, reconstruct, or rehabilitate public facilities to assist a for-profit entity.
c. Infrastructure improvements to assist Texas Main Street Program designated municipalities.
d. Downtown Revitalization Program that is designed to foster and stimulate economic development in downtown areas by providing financial assistance for public improvements to non-entitlement cities. This program encourages the elimination of slum and blighted areas by targeting the renovation and/or construction of sidewalks, lighting, drainage and other infrastructure improvements in downtown areas. Communities eligible for the Texas Main Street Program are not eligible for the Downtown Revitalization Program.
e. County economic and management development activities as approved by ORCA. Not more than five percent (5%) of the Texas Capital Fund allocation may be used for these activities. Section 487.352I of the Texas Government Code requires ORCA to "allocate not more than five percent of the funds allocated to the Department of Agriculture under the Texas Capital Fund to be used for county economic and management development." ORCA will review activities proposed for this assistance and determine if the activities are consistent with the federal law governing the CDBG program.
f. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that:
    1) creates or retains jobs for low- and moderate-income persons;
    2) prevents or eliminates slums or blight;
    3) meets urgent needs;

4) creates or retains businesses owned by community residents;
5) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or
6) provides technical assistance to promote any of the activities under subparagraphs (1) through (5).

The Texas Capital Fund program will require repayment for Real Estate and Infrastructure projects, as follows:

a. Real Estate Development (including improvements to the business site) projects require full repayment with no interest accruing; and
b. Infrastructure Program (awards for infrastructure or railroad improvements on private property require full repayment with no interest accruing).

3. Colonia Fund

This fund is available to eligible county applicants for projects in severely distressed unincorporated areas which meet the definition as a "colonia" under this fund. Scoring of all the selection criteria for Colonia Fund applications is completed by Tx CDBG staff. The term "colonia" means any identifiable unincorporated community that is determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990). Except for fund categories where additional restrictions apply, a county can only submit applications on behalf of eligible colonia areas located within 150 miles of the Texas-Mexico border region, except that any county that is part of a standard metropolitan statistical area with a population exceeding 1,000,000 is not eligible under this fund.

3a. Colonia Planning and Construction Fund

The allocation is available on a biennial basis for funding from program years 2009 and 2010 through a 2009 annual competition. Applications received by the 2009 program year application deadline are eligible to receive grant awards from the 2009 and 2010 program year allocations. Funding priority shall be given to Tx CDBG applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (TWDB EDAP) where the Tx CDBG project will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the TWDB EDAP-funded water or sewer system.

An eligible county applicant may submit one (1) application for the following eligible construction activities:

(1) Assessments for Public Improvements – The payment of assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low- and moderate-income to recover the capital cost for a public improvement.

(2) Other Improvements – Other activities eligible under 42 U.S.C Section 5305 designed to meet the needs of colonia residents.

Colonia Planning Component

A portion of the funds will be allocated to two separate biennial competitions for applications that include planning activities targeted to selected colonia areas – (Colonia Area Planning activities), and for applications that include countywide comprehensive planning activities (Colonia Comprehensive Planning activities). Applications received by the 2009 program year application deadline are eligible to receive a grant award from the 2009 and 2010 program year allocations.

In order to qualify for the Colonia Area Planning activities, the county applicant must have a Colonia Comprehensive Plan in place that prioritizes problems and colonias for future action. The targeted colonia must be included in the Colonia Comprehensive Plan.

A Colonia Planning activities application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

(1) Colonia Area Planning Activities

An eligible county may submit an application for eligible planning activities that are targeted to one or more colonia areas. Eligible activities include:

- Payment of the cost of planning community development (including water and sewage facilities) and housing activities;
- costs for the provision of information and technical assistance to residents of the area in which the activities are located and to appropriate nonprofit organizations and public agencies acting on behalf of the residents; and
- costs for preliminary surveys and analyses of market needs, preliminary site engineering and architectural services, site options, applications, mortgage commitments, legal services, and obtaining construction loans.

(2) Colonia Comprehensive Planning Activities

To be eligible for these funds, a county must be located within 150 miles of the Texas-Mexico border. The applicant's countywide comprehensive plan will provide a general assessment of the colonias in the county, but will include enough detail for accurate profiles of the county's colonia areas. The prepared comprehensive plan must include the following information and general planning elements:

- Verification of the number of dwellings, number of lots, number of occupied lots, and the number of persons residing in each county colonia
- Mapping of the locations of each county colonia
- Demographic and economic information on colonia residents
- The physical environment in each colonia including land use and conditions, soil types, and flood prone areas
- An inventory of the existing infrastructure (water, sewer, streets, drainage) in each colonia and the infrastructure needs in each colonia including projected infrastructure costs
- The condition of the existing housing stock in each colonia and projected housing costs
- A ranking system for colonias that will enable counties to prioritize colonia improvements rationally and systematically plan and implement short-range and long-range strategies to address colonia needs
- Goals and Objectives
- Five-year capital improvement program

3b. Colonia Economically Distressed Areas Program (CEDAP) Legislative Set-aside

The allocation is distributed on an as-needed basis. Eligible applicants are counties, and nonentitlement cities located in those counties, that are eligible under the Tx CDBG Colonia Fund, including meeting the geographic requirements, and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the Tx CDBG), taps and meters (when approved by the Tx CDBG), yard service lines, service

connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.
An applicant may not have an existing CEDAP contract open in excess of 48 months and still be eligible for a new CEDAP award.

3c. Colonia Self-Help Centers Legislative Set-aside

In accordance with Subchapter Z, Chapter 2306, Government Code, TDHCA has established self-help centers in Cameron County, El Paso County, Hidalgo County, Starr County, and Webb County. If deemed necessary and appropriate, TDHCA may establish self-help centers in other counties (self-help centers have been established in Maverick County and Val Verde County) as long as the site is located in a county that is designated as an economically distressed area under the Texas Water Development Board Economically Distressed Areas Program (EDAP), the county is eligible to receive EDAP funds, and the colonias served by the center are located within 150 miles of the Texas-Mexico border.

The geographic area served by each self-help center is determined by TDHCA. Five (5) colonias located in each self-help center service area are designated to receive concentrated attention from the center. Each self-help center sets a goal to improve the living conditions of the residents located in the colonias designated for concentrated attention within a two-year period set under the contract terms. TDHCA has the authority to make changes to the colonias designated for this concentrated attention.

The TDHCA grant contract for each self-help center must be executed with the county where the self-help center is located. TDHCA will enter into a Texas Community Development Block Grant Program contract with each affected county. Each county enters into a subcontract with a non-profit community action agency, a public housing authority, or a non-profit organization.

A Colonia Residents Advisory Committee was established and not fewer than five persons who are residents of colonias were selected from the candidates submitted by local nonprofit organizations and the commissioners' court of a county where a self-help center is located. One committee member shall be appointed to represent each of the counties in which a self-help center is located. Each committee member must be a resident of a colonia located in the county the member represents but may not be a board member, contractor, or employee of or have any ownership interest in an entity that is awarded a contract through the Texas Community Development Block Grant Program. The Advisory Committee shall advise TDHCA regarding:

(1) the needs of colonia residents;
(2) appropriate and effective programs that are proposed or are operated through the centers; and
(3) activities that may be undertaken through the centers to better serve the needs of colonia residents.

The purpose of each center is to assist low income and very low income individuals and families living in colonias located in the center's designated service area to finance, refinance, construct, improve or maintain a safe, suitable home in the designated service area or in another suitable area. Each self-help center may serve low income and very low income individuals and families by:

(1) providing assistance in obtaining loans or grants to build a home;
(2) teaching construction skills necessary to repair or build a home;
(3) providing model home plans;
(4) operating a program to rent or provide tools for home construction and improvement for the benefit of property owners in colonias who are building or repairing a residence or installing necessary residential infrastructure;
(5) helping to obtain, construct, access, or improve the service and utility infrastructure designed to service residences in a colonia, including potable water, wastewater disposal, drainage, streets and utilities;
(6) surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;
(7) providing credit and debt counseling related to home purchase and finance;
(8) applying for grants and loans to provide housing and other needed community improvements;

(9) providing other eligible services that the self-help center, with TDHCA approval, determines are necessary to assist colonia residents in improving their physical living conditions, including help in obtaining suitable alternative housing outside of a colonia's area;
(10) providing assistance in obtaining loans or grants to enable an individual or family to acquire fee simple title to property that originally was purchased under a contract for a deed, contract for sale, or other executory contract;
(11) monthly programs to educate individuals and families on their rights and responsibilities as property owners; and

(12) providing access to computers, the internet, and computer training.

A self-help center may not provide grants, financing, or mortgage loan services to purchase, build, rehabilitate, or finance construction or improvements to a home in a colonia if water service and suitable wastewater disposal are not available.

4. Planning And Capacity Building Fund

This fund is available on a biennial basis to assist eligible cities and counties in conducting planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements (including telecommunications and broadband needs). All planning projects awarded under this fund must include a section in the final planning document that addresses drought-related water supply contingency plans and water conservation plans.

A significant increase or decrease to the State's 2008 CDBG allocation may result in corresponding increases or decreases to the 2008 Planning and Capacity Building Fund allocations.

5. Disaster Relief / Urgent Need Fund

Disaster Relief assistance is available through this fund as needed for eligible activities in relief of disaster situations where either the Governor has proclaimed a state disaster declaration or the President has issued a federal disaster declaration. Tx CDBG may prioritize throughout the program year the use of Disaster Relief assistance funds based on the type of assistance or activity under consideration and may allocate funding throughout the program year based on assistance categories. Depending on the nature and extent of the damage caused by the natural disaster, priority for the use of Tx CDBG funds is the restoration of basic human needs such as water and sewer facilities, housing, and roads.

Urgent Need assistance is contingent upon the availability of funds for activities that will restore water or sewer infrastructure whose sudden failure has resulted in death, illness, injury, or pose an imminent threat to life or health within the affected applicant's jurisdiction. The infrastructure failure must not be the result of a lack of maintenance and must be unforeseeable. As an initial step, Tx CDBG undertakes an assessment of whether the situation is reasonably considered unforeseeable. An application for Urgent Need assistance will not be accepted by the Tx CDBG until discussions between the potential applicant and representatives of the Tx CDBG, the Texas Commission on Environmental Quality (TCEQ), and the Texas Water Development Board (TWDB) have taken place. Through these discussions, a determination shall be made whether the situation meets Tx CDBG Urgent Need threshold criteria; whether shared financing is possible; whether financing for the necessary improvements is, or is not, available from the TWDB; or that the potential applicant does, or does not, qualify for TWDB assistance. If Tx CDBG funds are still available, a potential applicant that meets these requirements will be invited to submit an application for Urgent Need funds.

To qualify for Disaster Relief funds:

- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government.
- The problem being addressed must be of recent origin. For Disaster Relief assistance, this means that the application for assistance must be submitted no later than 12 months from the date of the Presidential or Governor's declaration.

- Under Disaster Relief, funds will not be provided under FEMA's Hazard Mitigation Grant Program for buyout projects unless ORCA receives satisfactory evidence that the property to be purchased was not constructed or purchased by the current owner after the property site location was officially mapped and included in a designated flood plain area.
- Each applicant for these funds must demonstrate that adequate local funds are not available, i.e., the entity has less than six months of unencumbered general operations funds available in its balance as evidenced by the last available audit required by state statute, or funds from other state or federal sources are not available to completely address the problem.
- Tx CDBG will consider whether funds under an existing Tx CDBG contract are available to be reallocated to address the situation.
- The distribution of these funds will be coordinated with other state agencies.

To qualify for Urgent Need funds:

- The situation addressed by the applicant must not be related to a proclaimed state disaster declaration or a federal disaster declaration.
- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government.
- The problem being addressed must be of recent origin. For Urgent Need assistance, this means that the situation first occurred or was first discovered no more than 30 days prior to the date that the potential applicant provides a written request to the Tx CDBG for Urgent Need assistance. The Urgent Need Fund will not fund projects to address a situation that has been known for more than 30 days or should have been known would occur based on the applicant's existing system facilities.
- Each applicant for these funds must demonstrate that local funds or funds from other state or federal sources are not available to completely address the problem.
- The distribution of these funds will be coordinated with other state agencies.
- The infrastructure failure cannot have resulted from a lack of maintenance.
- Urgent Need funds cannot be used to restore infrastructure that has been cited previously for failure to meet minimum state standards.
- The infrastructure failure cannot have been caused by operator error.
- The infrastructure requested by the applicant cannot include back-up or redundant systems.
- Tx CDBG will consider whether funds under an existing Tx CDBG contract are available to be reallocated to address the situation.
- The Urgent Need Fund will not finance temporary solutions to the problem or circumstance.

Construction on an Urgent Need fund project must begin within ninety (90) days from the start date of the Tx CDBG contract. The Tx CDBG reserves the right to deobligate the funds under an Urgent Need Fund contract if the grantee fails to meet this requirement.

Each applicant for Urgent Need funds must provide matching funds. If the applicant's 2000 Census population is equal to or fewer than 1,500 persons, the applicant must provide matching funds equal to 10 percent of the Tx CDBG funds requested. If the applicant's 2000 Census population is over 1,500 persons, the applicant must provide matching funds equal to 20 percent of the Tx CDBG funds requested. For county applications where the beneficiaries of the water or sewer improvements are located in unincorporated areas, the population category for matching funds is based on the number of project beneficiaries.

6. Tx CDBG STEP Fund

Funds will be available for grants on a competitive award basis to cities and counties to provide grant assistance to cities and communities recognizing the need and willingness to solve water and sewer problems through the Texas Small Towns Environment Program (STEP) self-help techniques. The program will accept applications two times a year and utilize a competitive process to evaluate, score and award these projects.

Cities and counties receiving 2007 and 2008 Community Development Fund/Community Development Supplemental Fund grant awards for applications that did not include water, sewer, or housing activities are not eligible to receive a 2008 STEP Fund grant award. However, the Tx CDBG will give consideration to a city's or county's request to transfer funds (that are not financing basic human needs activities such as water, sewer, or housing activities) under a 2007 or 2008 Community Development Fund/Community Development Supplemental Fund grant award to finance water and sewer activities that will be addressed through self-help.

The Texas STEP approach to solving water and sewer needs recognizes affordability factors related to the construction and operations/maintenance of the necessary water or sewer improvements and then initiates a local focus of control based on the capacity and readiness of the community's residents to solve the problem through self-help. By utilizing the community's own resources (human, material and financial), the necessary water or sewer construction costs, engineering costs, and related administration costs can be reduced significantly from the cost for the installation of the same improvements through conventional construction methods.

Tx CDBG staff will provide guidance, assistance, and support to community leaders and residents willing to use self-help to solve their water and sewer problems.

Eligible Activities

For the Tx CDBG STEP Fund eligible activities are limited to:

- the installation of facilities to provide first-time water or sewer service
- the installation of water or sewer system improvements
- ancillary repairs related to the installation of water and sewer systems or improvements
- the acquisition of real property related to the installation of water and sewer systems or improvements (easements, rights of way, etc.)
- sewer or water taps and water meters
- water or sewer yard service lines (for low and moderate income persons)
- water or sewer house service connections (for low and moderate income persons)
- plumbing improvements associated with providing water or sewer service to a housing unit
- water or sewer connection fees (for low and moderate income persons)
- rental of equipment for installation of water or sewer
- reasonable associated administrative costs
- reasonable associated engineering services costs

Ineligible Activities

- any activity not described in the preceding ELIGIBLE ACTIVITIES section is ineligible under the Tx CDBG STEP Fund unless the activity is approved by the Texas Community Development Block Grant Program
- temporary solutions, such as emergency inter-connects that are not used on an on-going basis for supply or treatment and back-ups not required by the regulations of the Texas Commission on Environmental Quality.

The Tx CDBG will not reimburse for force account work for construction activities on the STEP project.

Funding Cycle

Applications are accepted two times a year for Texas STEP Funding as long as funds are available. Funds will be divided among the two application periods. After all projects are ranked, only those that can be fully funded will be awarded a grant. There will be no marginally funded grant awards.

The Tx CDBG will not accept an application for STEP Fund assistance until Tx CDBG staff and representatives of the potential applicant have evaluated the self-help process and Tx CDBG staff determine that self-help is a feasible method for completion of the water or sewer project, the community is committed to self-help as the means to address the problem, and the community is ready and has the capacity to begin and complete a self-help project. If it is determined that the community meets all of the STEP criteria then an invitation to apply for funds will be extended to the community and the application may be submitted.

Threshold Criteria

The self-help response to water and sewer needs may not be appropriate in every community. In most cases, the decision by a community to utilize self-help to obtain needed water and sewer facilities is based on the community's realization that it cannot afford even a "no frills" water or sewer system based on the initial construction costs and the operations/maintenance costs (including debt service costs) for water or sewer facilities installed through conventional financing and construction methods.

The following are threshold requirements for the Texas STEP framework. Without all these elements the project will not be considered under the Texas STEP fund:

1) one or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort;
2) readiness—local perception of the problem and the willingness to take action to solve it;
3) capacity— manpower including some skills required to solve the problem;
4) 40% Savings off of retail price; and
5) must be performed predominately by community volunteer workers.

Upon completion of the project, the award recipient will be required to certify that work was performed predominately by community volunteer workers and a minimum of 40 percent savings off of retail prices was maintained (or the savings percentage specified in the application if greater).

Some of the key points staff will review for these thresholds include but are not limited to the following:

1) one or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort; Leaders that have been identified and agreed on by the community:

    - at least two of the three sparkplugs must be residents and not local officials (local officials may serve as sparkplugs)
    - one should be detailed enough to maintain the paperwork needed for the project
    - one should have some knowledge or skills to lead the self-help effort
    - And one can have a combination of these skills or just be the motivator and problem solver of the group These are not absolutes but the best scenario for any project.

2) readiness—local perception of the problem and the willingness to take action to solve it:

    - a strong local perception of the problem
    - community perception that local implementation is the best and maybe only solution
    - community has confidence that they can do it adequately
    - community has no strong competing priority
    - local government is supportive and understands the urgency
    - public and private willingness to pay additional costs if needed (fees, hook-ups for churches, other)
    - effort and attention have already been given to local assessment of the problem
    - enthusiastic, capable support by the community from the county or regional field staff of the regulatory agency

3) capacity— manpower including some skills required to solve the problem:

    - Skilled workers within the community (heavy equipment operation, pipe laying, electrician, plumber, engineer, water operator, construction skills)
    - List of Volunteers by task
    - Possible equipment in community (not a requirement)
    - Letters stating support from local businesses in form of donation of supplies or manpower
    - Letter from service provider supporting project and agreeing to provide service

- CPA Letter documenting that the applying locality has financial and management capacity to compete project

4) 40% Savings off of retail price.

Documentation of the 40% savings off of the retail price:

- Two engineering break-outs of cost, one that shows the retail construction cost and another that shows the self-help cost and demonstrates the 40% savings
- Back-up documents of material quotes, pledges of equipment
- List of Volunteers by task
- Determination of appropriate technology and feasibility of project. (letter from engineer)

Pilot Program:
Renewable Energy Demonstration Pilot Program (Using Deobligated and/or Program Income)

The TxCDBG will develop a renewable energy pilot program funded solely through deobligated funds / program income for demonstration projects that employ renewable energy for at least 20% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy).

The priority will be for projects that are connected with providing public facilities to meet basic human needs such as water or waste water. It is anticipated that the projects funded would meet the National Objective of benefiting a “target area” where at least 51 percent of the residents are low and moderate income persons, although the project would be allowed to qualify under other National Objective alternatives. The maximum amount of the project would be $500,000 and the minimum would be $50,000.

(One example of a pilot program might be helping rural towns in thirsty West Texas install wind turbines to power desalination plants that would clean up brackish well water and make it drinkable, which at least one university in Texas is developing for a community in Texas.)

The projects will be selected on the following basis (which are assigned points under Section IV(C)(6) of this Action Plan):

(A) Type of Project: Primarily used in conjunction with providing public facilities to meet basic human needs such as water or waste water and/or benefit to low/moderate-income persons.

(B) Innovative Technology / Methods – A project that would demonstrate the application of innovative technology and/or methods.

(C) Duplication in Other Rural Areas – A project that could have widespread application (although it would not need to be applicable in every portion of the state.)

(D) Long-term Cost / Benefit and Texas Renewable Energy Goals – Projects that demonstrate long term cost / benefit analysis including benefits to the human environment and consistency with Texas renewable energy goals.

(E) Partnership / Collaboration – Projects that have a demonstrated partnership and collaboration with other entities focusing on promoting renewable energy including universities, funding agencies, associations, or businesses.

(F) Leveraging – projects with committed funds from other entities including funding agencies, local governments, or businesses – percent of portion of total project receiving TxCDBG funds is leveraged with other funds.

(G) Location in Rural Areas – Projects that benefit cites with populations under 10,000 and/or counties under 100,000.

C. ALLOCATION OF AVAILABLE FUNDS BY FUND CATEGORY

The U.S. Department of Housing and Urban Development has not yet announced the State's 2009 program year CDBG allocation. The State's 2009 allocation could be lower than the 2007 allocation of $73,611,737.

The amount available for Tx CDBG assistance will be the 2009 State CDBG allocation amount plus an estimated $2,000,000 in program income. Funds will be allocated according to the following percentages of the State's 2009 allocation upon the execution of the grant agreement with HUD:

FUND	2009 PERCENT	AMOUNT AVAILABLE
Community Development Fund	61.71 [1]	
Texas Capital Fund (TCF)	14.51	
Program Income		$ 2,000,000 [4]
Colonia Fund		
Colonia Planning and Construction Fund	7.28	
Colonia EDAP Legislative Set-aside	2.72	
Colonia Self-Help Centers Legislative Set-aside	2.50	
Planning And Capacity Building Fund	0.90	
Disaster Relief/Urgent Need Fund		
Disaster Relief	4.10	
Urgent Need	0 [2]	
Tx CDBG STEP Fund	3.14	
Administration - Percentage	2.00	
Administration - $100,000	0.1358	
Technical Assistance	1.00	
Pilot Programs (Deobligated Funds/ Program Income):		
Renewable Energy Demonstration Pilot Program	0 [3]	

Note: The percentages shown above are based on the State's actual 2007 allocation percentages. Changes to the above percentages may occur if the State's 2008 CDBG allocation is higher or lower than the 2007 allocation of $73,611,737.

Deobligated funds/program income notes:

[1] Allocated to each region based on Section II (B).

[2] Deobligated funds and/or program income sufficient to replenish to $1,000,000 is made available for the Urgent Need Fund on the first day of PY 2009. Based on a Tx CDBG Program determination of respective demand for financial assistance under the Urgent Need and Disaster Relief portions of the Disaster Relief/Urgent Need Fund, Urgent Need funds may be used for Disaster Relief projects.

[3] Deobligated funds and/or program income of $500,000 is made available on the first day of PY 2009.

The amounts for these fund categories may be adjusted during PY 2009 as needed.

4 Used based on Section II (C) (a).

Summary of Activities That Utilize 1% Technical Assistance Funding

Technical Assistance Performed Through the Community Development Program

The Texas Community Development Block Grant Program will conduct numerous on-site technical assistance visits funded with the one percent technical assistance (1% TA) set-aside approved by HUD. These visits will be conducted throughout the year when the Tx CDBG staff recognizes that assistance is needed at the local level or when assistance is requested by the grantees.

Tx CDBG Community Development staff, including ORCA field office staff, will visit localities that are preliminarily recommended for funding to verify information provided in the applications, to view the project sites, to distribute Project Implementation Manuals, and to provide technical assistance regarding the initial Tx CDBG project implementation procedures.

Other technical assistance visits will be conducted with 1% TA funds for special cases dealing with investigations, compliance issues, and to help contractor localities comply with all program requirements.

The 1% TA funds are utilized for a portion of staff salaries which allows Tx CDBG staff to provide greater one-on-one technical assistance to the small communities throughout the contract period.

The Texas Department of Agriculture is using 1% technical assistance funds for on-site technical assistance on the Texas Capital Fund program.

The Texas Department of Housing and Community Affairs is using 1% technical assistance funds for on-site technical assistance on the Colonia Self-Help Centers program.

The Tx CDBG is utilizing the 1% technical assistance funds to introduce, facilitate, and provide community access to the Texas Small Towns Environment Program (Texas STEP) which targets water and wastewater needs. Staff visits localities that are interested in utilizing the Texas STEP method of self-help and provides technical assistance on the development of a financial framework, managing a self-help project and building capacity within a community through self-help.

The Tx CDBG may utilize the 1% technical assistance funds to support Tx CDBG activities related to ORCA’s disaster relief efforts. State efforts for response to disasters and the mitigation of the consequences of disasters have required that ORCA dedicate considerable resources for disaster recovery efforts.

In 2009, the Tx CDBG will use a portion of the 1% technical assistance to provide outreach information regarding the CDBG program to local officials of non-entitlement cities and counties. The technical assistance will include information on the application process, program administration, and to improve their capacity to implement a CDBG program.

The 1% technical assistance funds will also be used by each of the 24 State Planning Regions to provide non-project specific technical assistance to cities and counties that are eligible for Tx CDBG funds in each region.

The 1% technical assistance funds may be used to support the operations of the border colonia technical assistance field offices.

The 1% technical assistance funds may be used to support the operations of ORCA’ technical assistance field offices in West Texas, South Texas, and East Texas and other ORCA Community Development-related field office activities.

Deobligated Funds, Unobligated Funds, and Program Income

(a) Deobligated funds, unobligated funds and program income generated by Texas Capital Fund projects shall be retained for expenditure in accordance with the Consolidated Plan. Program income derived from Texas Capital Fund projects will be used by the Tx CDBG for eligible Texas Community Development Block Grant Program activities in accordance with the Consolidated Plan.

Any deobligated funds, unobligated funds, program income, and unused funds from this year's allocation or from previous years' allocations derived from any Texas Community Development Block Grant Program Fund, including program income recovered from Texas Capital Fund local revolving loan funds, and any reallocated funds which HUD has recaptured from Small Cities may be redistributed among the established 2008 program year fund categories, for otherwise eligible projects. The selection of eligible projects to receive such funds is approved by the Executive Director and the ORCA Board on a priority needs basis with eligible disaster relief and urgent need projects as the highest priority, followed by, established priority uses within existing fund categories or programs, any awards necessary to resolve appeals under fund categories requiring publication of contract awards in the Texas Register, TCF projects, special needs projects, projects in colonias, housing activities, and other projects as determined by the Executive Director of ORCA. Other purposes or initiatives may be established as a priority use of such funds within existing fund categories or programs by the ORCA Board.

If a portion of the State's 2009 Community Development Block Grant allocation is rescinded by the federal government, or if the State's 2009 allocation is decreased or increased significantly from the State's 2008 allocation, the Tx CDBG may make corresponding changes within the fund allocation percentages as required.

(b) **Re-distribution of Funds Recaptured from Withdrawn Awards**. Should the applicant fail to substantiate or maintain the claims and statements made in the application upon which the award is based, including failure to maintain compliance with application thresholds in Section III, F.(1) through F.(4), within a period ending 90 days after the date of the Tx CDBG's award letter to the applicant, the award will be immediately withdrawn by the Tx CDBG (excluding the colonia self-help center awards). Should the applicant fail to execute the Tx CDBG's award contract (excluding Texas Capital Fund and colonia self-help center contracts) within 60 days from the date of the letter transmitting the award contract to the applicant, the award will be withdrawn by the Tx CDBG. For an award that is withdrawn from an application, the Tx CDBG follows different procedures for the use of those recaptured funds depending on the fund category where the award is withdrawn.

(1) Funds recaptured under the Community Development Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive an award from the first year regional allocation. Funds recaptured under the Community Development Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year regional allocation. Any funds remaining from the second year regional allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the region as long as the amount of funds still available exceeds the minimum Community Development Fund grant amount. Any funds remaining from the second year regional allocation that are not accepted by an applicant from the region or that are not offered to an applicant from the region may be used for other Tx CDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(2) For the Community Development Fund, if there are no remaining unfunded eligible applications in the region from the same biennial application period to receive the withdrawn funding, then the withdrawn funds may be used for other Tx CDBG fund categories and, if unallocated to another fund, are considered as deobligated funds, subject to the procedures described in paragraph (a) of this section.

(3) Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that statewide competition that was not recommended to receive an award from the first year allocation. Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that statewide competition that was not

recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year allocation. Any funds remaining from the second year allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the statewide competition. Any funds remaining from the second year allocation that are not accepted by an applicant from the statewide competition or that are not offered to an applicant from the statewide competition may be used for other Tx CDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(4) Funds recaptured under the Colonia Planning and Construction Fund from the withdrawal of an award remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other Tx CDBG fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section,.

(5) Funds recaptured under the Colonia Economically Distressed Areas Program Legislative Set-Aside from the withdrawal of an award remain available to potential Colonia Economically Distressed Areas program set-aside applicants during that program year. Any funds remaining from the program year allocation that are not used to fund Colonia Economically Distressed Areas Program set-aside applications within twelve months after the Tx CDBG receives the federal letter of credit would remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other Tx CDBG fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(7) Funds recaptured under the program year allocation for the Disaster Relief/Urgent Need Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(8) Funds recaptured under the Small Towns Environment Program (STEP) Fund from the withdrawal of an award will be made available in the next round of STEP competition following the withdraw date in the same program year. If the withdrawn award had been made in the last of the two competitions in a program year, the funds would go to the next highest scoring applicant in the same STEP competition. If there are no unfunded STEP applicants, then the funds would be available for other Tx CDBG fund categories. Any unallocated STEP funds are subject to the procedures described in paragraph (a) of this section.

(9) Funds recaptured under the Texas Capital Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

D. PROGRAM INCOME

Program income is defined as gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. Any remaining program income must be used to establish an approved Revolving Loan Fund (RLF) or returned to the State.

The State may use up to the maximum allowable percentage of the amount recaptured and reportable to HUD each year for administrative expenses under the Texas Community Development Block Grant Program. This amount will be matched by the State on a dollar-for-dollar basis.

Program income includes, but is not limited to, the following:

- Payments of principal and interest on loans using CDBG funds
- Proceeds from the sale of loans made with CDBG funds
- Gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient with CDBG funds

- Gross income from the use, sale, or rental of real property and/or real property improvements owned by the unit of general local government or subrecipient that was constructed or improved with CDBG funds
- Gross income from the use of infrastructure improvements constructed or improved with CDBG funds
- Funds collected through special assessments, impact fees or other additional fees from benefiting businesses, if the special assessments or fees are used to recover all or part of the CDBG portion of public improvements
- Proceeds from the disposition of equipment purchased with CDBG funds
- Interest earned on funds held in an RLF account

1. Texas Capital Fund Program Income

For program income generated through Texas Capital Fund projects, communities that elect to participate in the recapture of program income for use at the local level through a designated Revolving Loan Fund (RLF) will be limited to receiving one Texas Capital Fund contract award per program year. If a community elects not to participate in the recapture of program income, the community may apply for as many Texas Capital Fund awards as it has eligible projects. This determination must be made at the time of the original award and cannot be changed with subsequent awards.

A local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the Tx CDBG, prior to committing and expending any program income. The RLFP shall be approved and must be used for economic development in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended. The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to the Tx CDBG approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original Tx CDBG contract programmatic close date. Every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived. A local Revolving Loan Fund (RLF) may retain a cash balance not greater than 33 percent of its total cash and outstanding loan balance. (If the local government does not comply with the local RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

Communities electing to retain program income through an approved RLF are required to monitor and report to the State program income account balances reflecting amounts received and disbursed and the status of outstanding loans or leases. Such report should also include information regarding RLF loans, leases, and commitments made.

If the local government elects not to participate in program income recapture, fails to meet all requirements of this section or requirements identified in Section 6 of its TCF/Tx CDBG contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state. This section, "Texas Capital Fund Program Income," replaces the Texas Capital Fund Program Income Sections of the Final Statements for program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995 and affects all TCF local revolving loan funds established by contracts awarded in program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995. The following provisions, however, do not apply: 1) "The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to Tx CDBG approval of an RLFP must be returned to the State." 2) "…every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived." 3) "…contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state."

2. Program Income Generated Through Housing Activities

For program income generated through housing activities funded through the Housing Fund or Tx CDBG fund categories other than the Texas Capital Fund, a local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the Tx CDBG, prior to committing and expending any program income. The RLFP shall be approved and must be used for housing activities principally benefiting low to moderate income persons in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended.

The RLFP must be submitted for approval at least sixty (60) days prior to the termination date of the contract award generating the program income. This requirement shall also apply to 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, and 2004 Housing Fund contract awards. Program income generated by the contract award prior to Tx CDBG approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original Tx CDBG contract programmatic close date. A local Revolving Loan Fund (RLF) may retain a cash balance not greater than 33 percent of its total cash and outstanding loan balance. If the local government does not comply with the local RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

Communities electing to retain program income through an approved RLF are required to monitor and report the amount of program income recaptured to the state with updates concerning the status of outstanding loans or leases on a quarterly basis, including but not limited to payments received and amendments to the original loan or lease agreement, as required by the Tx CDBG.

If the local government elects not to participate in program income recapture or an RLFP is not approved prior to the contract close-out, then all program income must be returned to the Tx CDBG.

III. APPLICATION INFORMATION

A. TYPES AND NUMBER OF APPLICATIONS

The following two types of applications are permitted under the Texas Community Development Block Grant Program:

1. Single Jurisdiction Applications

An eligible applicant may submit one application on its own behalf. When certain situations exist, which will be defined in Tx CDBG application guides, an eligible city may submit an application which benefits persons residing inside of the extraterritorial jurisdiction of the city, and a county may submit a single jurisdiction application on behalf of a city. The submitting city or county is accountable to the Tx CDBG for financial compliance and program performance. If a city or county submits a single jurisdiction application, or its residents are the beneficiaries of a single jurisdiction application, then the city or county cannot participate in another single jurisdiction or multi-jurisdiction application for the same funding category. Local accountability cannot be assigned to another party.

An application from an eligible city or county for a project that would primarily benefit another city or county that was not meeting the Tx CDBG application threshold requirements would be considered ineligible.

2. Multi-Jurisdiction Applications

Multi-Jurisdiction applications will be accepted from two or more eligible units of general local government where the application clearly demonstrates that the proposed activities will mutually benefit the residents of the city(ies)/county(ies) applying for such funds. One of the participating units of general local government must be designated to act as the authorized applicant for the multi-jurisdiction application and the authorized applicant is accountable to the Tx CDBG for financial compliance and program performance; however, all entities participating in the multi-jurisdiction application will be accountable for application threshold compliance. A multi-jurisdiction application generally cannot be submitted solely on the basis of administrative convenience. Any city or county participating in a multi-jurisdiction application may not submit a single jurisdiction application for the same funding category.

Under the Community Development Fund regional competitions, a multi-jurisdiction application that includes participating units of general local government from more than one state planning region will compete in the regional competition where the majority of the application activity beneficiaries are located.

B. APPLICATION CYCLES

Based on the support from cities and counties for previous biennial funding cycles, applications for the Community Development, Colonia Planning and Construction Fund, and Planning and Capacity Building Fund will be accepted on a biennial basis. The biennial funding cycles for these fund categories will improve the timeliness of the expenditure of CDBG funds and therefore prove more cost effective.

The following table summarizes the proposed frequency of application submission for various application types. The application deadline dates are subject to change:

TYPE OF APPLICATION	SUBMISSION CYCLE	APPLICATION DEADLINE
1. Community Development Fund	***Biennial***[1]	***September 2008***

2. Texas Capital Fund		
Real Estate Program	Four times annually	
Infrastructure Program	Four times annually	
Main Street Program	Annually	
Downtown Revitalization Program	Annually	
3. Colonia Fund:		
Planning and Construction Fund	Biennial	***December 2008***
EDAP Set-aside	As-needed	
4. Planning/Capacity Building Fund	***Biennial[1]***	***September 2008***
5. Disaster Relief/Urgent Need Fund:		
Disaster Relief	As needed	
Urgent Need[2]	By notification	
6. Tx CDBG STEP Fund	Two times annually	
Renewable Energy Demonstration Pilot Program	As announced, at least once annually.	

[1] The applications submitted for the program year 2009 Community Development Fund and Planning and Capacity Building Fund as part of the 2009/2010 biennial application process will be scored and ranked. Applications will be funded to the extent that allocated 2009 funds are available. Applications submitted for the Colonia Planning and Construction Fund will be scored and ranked. The final 2009 program year rankings under the Community Development Fund, Planning and Capacity Building Fund, Colonia Planning and Construction Fund will be used to determine the 2009 applicants that are selected for funding from the 2010 program year allocations. Only one application may be submitted for the combined 2009 program year and 2010 program year period under the Community Development Fund, Colonia Construction component, Colonia Planning component, and the Planning and Capacity Building Fund.

C. CONTRACT AWARDS

With the qualified exceptions of the Texas Capital Fund, Colonia Fund, and Disaster Relief/Urgent Need Fund, an applicant is eligible to receive only one grant award per fund. Maximum and minimum contract awards for any single project allowable under the Texas Community Development Block Grant Program are:

	CONTRACT AWARD	
FUND	MAXIMUM	MINIMUM
Community Development Fund		
Single Applicant	$ 800,000[1]	$ 75,000[1]
Multi-Jurisdiction Application	$ 800,000[1]	$ 75,000[1]
Texas Capital Fund		
Real Estate Program	$ 750,000[2]	$ 50,000
Infrastructure Program	$ 750,000[2]	$ 50,000
Main Street Program	$ 150,000[3]	$ 50,000
Downtown Revitalization Program	$ 150,000[3]	$ 50,000
Colonia Fund		

Construction Fund Component	$ 500,000	$ 75,000
EDAP Set-aside	$ 500,000	None
Area Planning Component	$ 100,000[4]	None
Comprehensive Planning Component	$ 200,000[4]	None
Planning / Capacity Building Fund	$ 50,000	None
Disaster Relief / Urgent Need Fund		
Disaster Relief Fund	$ 350,000	$ 50,000
Urgent Need Fund	$ 250,000	$ 25,000
Tx CDBG STEP Fund	$ 350,000	None
Renewable Energy Demonstration Pilot Program	$ 500,000	$ 50,000

[1] Regional Review Committees are authorized to establish a grant maximum for their respective regions between $250,000 and $800,000 for a single jurisdiction application and between $350,000 and $800,000 for a multi-jurisdiction application. The maximum amount for a housing or non-border colonia priority activity application is the same as other Community Development Fund applications in the region.

[2] The maximum contract award amount allows for administrative costs as outlined in the Texas Capital Fund Application Guidelines. The maximum award amount may be increased to an amount greater than $750,000, but may not exceed $1,000,000, if a unit of local government is applying for an award to provide infrastructure or real estate development improvements on behalf of a specific business, and that specific business will create or retain a designated number of jobs at a cost per job level that qualifies for the increased award amount. These increased award amounts are referred to as “jumbo” awards. The number of jobs, the cost per job, and the maximum percentage of Texas Capital Fund financing of the total project costs that will qualify an application for the increased award amount will be defined in Texas Capital Fund Application Guidelines. Texas Capital Funds are not specifically reserved for projects that could receive up to the $1,000,000 increased maximum grant amount, however, projects that receive an amount greater than $750,000 may not exceed $2,000,000 in total awards during the program year.

[3] Texas Capital Funds are specifically reserved for Main Street and the Downtown Revitalization infrastructure activities. The maximum award amount for a Main Street or Downtown Revitalization project is $150,000. Main Street Program projects may not exceed $600,000 in total awards. The Downtown Revitalization Program projects may not exceed $1,200,000 in total awards.

[4] The maximum grant award for the Colonia Comprehensive Planning component is set at $200,000. However, a sliding scale may be used to establish smaller maximum grant amounts based on an eligible county’s total unincorporated area population.

Amounts shown are maximum funding levels or contract "ceilings," since the Program can fund only the actual, allowable, and reasonable costs of the proposed project, not to exceed these amounts. All grants, except Texas Capital Fund, awarded under the Texas Community Development Block Grant Program are subject to negotiation between ORCA and the applicant regarding the final grant amount. Texas Capital Fund applications are subject to negotiation between the Texas Department of Agriculture and the applicant regarding the final award amount.

D. PROJECT LENGTH

All funded projects, except the Texas Capital Fund and Colonia Self-Help Centers Fund projects, must be completed within two years from the start date of the contract agreement. The Texas Capital Fund Main Street and Downtown Revitalization program awards will be made for a twenty-four (24) month term. The other Texas

Capital Fund programs must be completed within three years from the start date of the contract agreement. Contract end dates for Colonia Self-Help Center contracts may be adjusted to account for each program year award. Waivers through a contract amendment of these requirements for any Tx CDBG contract will only be granted when a waiver request is submitted in writing to ORCA or TDA (for Texas Capital Fund contracts) and ORCA or TDA finds that compelling circumstances exist outside the control of the local government that justify the approval of such a waiver.

E. REVIEW PROCESS

1. Regional Review Committees (RRC) - Composition

There is a Regional Community Development Review Committee in each of the 24 state planning regions. Each committee will be comprised of 12 members appointed at the pleasure of the Governor.

The Regional Review Committees may review and comment on applications to other Tx CDBG fund categories.

2. State Review Committee (SRC) - Composition and Role

A State Community Development Review Committee comprised of 12 local elected officials appointed by the Governor for two-year terms is provided for by State statute. Chapter 487.353 of the Texas Government Code prescribes the duties of the State Review Committee.
Chapter 487.353 says the State Review Committee shall:

(1) consult with and advise the executive director of ORCA on the administration and enforcement of the community development block grant program; and

(2) in consultation with the executive director and TxCDBG office staff, review and approve grant and loan applications and associated funding awards of eligible counties and municipalities and advise and assist the executive director regarding the allocation of program funds to those applicants.

The State Review Committee may annually recommend to the executive director a formula for allocating funds to each geographic state planning region established by the governor under Chapter 391, Local Government Code. The formula must give preference to regions according to the regions' needs.

An applicant for a grant, loan, or award under a community development block grant program may appeal a decision of the State Review Committee by filing a complaint with the ORCA board. The board will hold a hearing on a complaint filed with the board and render a decision.

3. Texas Capital Fund Review Process

The Texas Capital Fund applications will be reviewed and evaluated by Texas Department of Agriculture staff in accordance with the established selection criteria. Recommendations will be made to the Commissioner of the Texas Department of Agriculture for final award.

4. Clearinghouse Review

Regional review of projects will be consistent with guidelines adopted by the Governor's Office for review and comment under the Texas Review and Comment System and Chapter 391, Texas Local Government Code.

5. Regional Water Plans

Water activities included in Tx CDBG applications must be consistent with Regional Water Plans promulgated by Senate Bill 1. (Passed during the 75th State of Texas Legislative Session)

F. APPLICANT THRESHOLD AND PAST PERFORMANCE REQUIREMENTS

A city or county must meet the following requirements in order to submit an application or to receive funding through the Texas Community Development Block Grant Program:

1. Demonstrate the ability to manage and administer the proposed project, including meeting all proposed benefits outlined in its application, by using the following criteria:
    a. Provide the roles and responsibilities of local staff designated to administer or work on the proposed project. Also, include a plan of project implementation;
    b. Indicate intention to use a third-party administrator, if applicable;
    c. If local staff, along with a third-party administrator, will jointly administer the proposed project, the respective roles and responsibilities of the designated local staff; or
    d. TxCDBG management may determine that an applicant has or does not have the capacity to manage and administer the proposed project based on an applicant's prior performance on a TxCDBG contract.

2. Demonstrate the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project, by using the following criteria:
    a. Evidence of a financial person on staff, or evidence of intent to contract financial oversight;
    b. Provide evidence or a statement certifying that financial records for the proposed project will be kept at an officially designated city/county site, accessible by the public, and will be adequately managed on a timely basis using generally accepted accounting principles; and/or
    c. TxCDBG management may determine that an applicant has or does not have the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project based on a review of audited financial records, current financial status, or current financial management of a TxCDBG contract.

3. Levy a local property (ad valorem) tax or local sales tax option.

4. Demonstrate satisfactory performance on all previously awarded Texas Community Development Block Grant Program contracts, by using the following criteria:
    a. Exhibited past responses to audit and monitoring issues (over the most recent 48 months before the application due date) within prescribed times as indicated in ORCA's resolution letter(s);
    b. Evidence related to past contracts (over the most recent 48 months before the application due date), through close-out monitoring and reporting, that the activity or service was made available to all intended beneficiaries, that low and moderate income persons were provided access to the service, or there has been adequate resolution of issues regarding beneficiaries served.
    c. No outstanding delinquent response to a written request from Tx CDBG regarding a request for repayment of funds to Tx CDBG; or
    d. Not more than one outstanding delinquent response to a written request from Tx CDBG regarding compliance issues such as a request for closeout documents or any other required information.

5. Resolve any and all outstanding compliance and audit findings on previous and existing Texas Community Development Block Grant Program contracts, by using the following criteria:
    a. Applicant is actively participating in the resolution of any outstanding audit and/or monitoring issues by responding with substantial progress on outstanding issues within the time specified in the ORCA resolution process.

6. Submit any past due audit to ORCA in accordance with Title 10, Chapter 255, Subchapter A, Section 255.1 of the Texas Administrative Code.

    a. A community with one year's delinquent audit may be eligible to submit an application for funding by the established deadline, but the TXCDBG may withhold the award or issuance of a contract until it receives a satisfactory audit.

The Colonia Self-Help Center Fund and the Disaster Relief/Urgent Need Fund are exempt from the threshold.

b. A community with two years of delinquent audits may not apply for additional funding and may not receive a contract award. This applies to all funding categories under the Texas Community Development Block Grant Program.

The Colonia Self-Help Center Fund may be exempt from this threshold, since funds for the self-help center funding is included in the program's state budget appropriation. Failure to meet the threshold will be reported to the Texas Department of Housing and Community Affairs for review and recommendation.

7. **12-Month Applicant Threshold Requirement**

Obligate at least fifty percent (50%) of the total Tx CDBG funds awarded under an open Tx CDBG contract within twelve (12) months from the start date of the contract or prior to the application deadlines and have received all applicable environmental approvals from TxCDBG covering this obligation. This threshold is applicable to Tx CDBG contracts with an original 24-month contract period.

To meet this threshold, 50% of the Tx CDBG funds must be obligated through executed contracts for administrative services, engineering services, acquisition, construction, materials purchase, etc. The Tx CDBG contract activities do not have to be 50% completed, nor do 50% of the Tx CDBG contract funds have to be expended to meet this threshold.

Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories

Community Development Fund
Community Development Supplemental Fund
Colonia Construction Fund
Colonia Fund Planning
Disaster Relief / Urgent Need Fund
Planning/Capacity Building Fund
Non-Border Colonia Fund

Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories or when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund

Texas Capital Fund
Colonia Self-Help Centers Fund
Housing Rehabilitation Fund
Housing Infrastructure Fund
Texas STEP
Colonia Economically Distressed Areas
Disaster Recovery Initiative
Young vs. Martinez
Microenterprise Loan Fund
Small Business Loan Fund
Section 108 Loan Guarantee

8. **24-Month Applicant Threshold Requirement**

Submit to ORCA the Certificate of Expenditures (COE) report showing the expended Tx CDBG funds and a final drawdown for any remaining Tx CDBG funds as required by the latest edition of the Texas Community Development Block Grant Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by Tx CDBG staff.

For purposes of meeting this threshold “expended” means that the construction and services covered by the Tx CDBG funds are complete and a drawdown for the Tx CDBG funds has been submitted prior to the application deadlines.

This threshold will apply to an open Tx CDBG contract with an original 24-month contract period and to Tx CDBG Contractors that have reached the end of the 24-month period prior to the application deadlines as described below:

Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories

Community Development Fund
Community Development Supplemental Fund
Colonia Construction Fund
Colonia Fund Planning
Disaster Relief / Urgent Need Fund
Planning/Capacity Building Fund
Non-Border Colonia Fund

Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories or when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund

Texas Capital Fund
Colonia Self-Help Centers Fund
Housing Rehabilitation Fund
Housing Infrastructure Fund
Texas STEP (original 24-month contract, extended to 36-months) awarded prior to PY 2009
Colonia Economically Distressed Areas
Disaster Recovery Initiative
Young vs. Martinez
Microenterprise Loan Fund
Small Business Loan Fund
Section 108 Loan Guarantee

9. 36-Month Applicant Threshold Requirement

Submit to ORCA the Certificate of Expenditures (COE) report showing the expended Tx CDBG funds and a final drawdown for any remaining Tx CDBG funds as required by the latest edition of the Texas Community Development Block Grant Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by Tx CDBG staff.

For purposes of meeting this threshold "expended" means that the construction and services covered by the Tx CDBG funds are complete and a drawdown for the Tx CDBG funds has been submitted prior to the application deadlines.

This threshold is applicable for a previously awarded Tx CDBG contract with an original 36-month contract period or a STEP 24-month contract, extended to 36 months, and to Tx CDBG Contractors that have reached the end of the 36-month period prior to the application deadlines as described below:

Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories

Texas STEP (original 36-month contract or original 24-month contract, extended to 36 months)

Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories or when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund

Texas Capital Fund (see Texas Capital Fund Section)
Colonia Self-Help Centers Fund
Housing Rehabilitation Fund
Colonia Economically Distressed Areas
Disaster Recovery Initiative
Young vs. Martinez
Microenterprise Loan Fund
Small Business Loan Fund

Section 108 Loan Guarantee

10. Tx CDBG funds cannot be expended in any county that is designated as eligible for the Texas Water Development Board Economically Distressed Areas Program unless the county has adopted and is enforcing the Model Subdivision Rules established pursuant to Section 16.343 of the Water Code.
11. Texas Capital Fund contractors must expend all but the reserved audit funds, or other reserved funds that are pre-approved by Texas Department of Agriculture staff, awarded under a Texas Capital Fund contract executed at least 36 months prior to the current program year application deadline and submit to the Texas Department of Agriculture the Certificate of Expenditures required by the most recent edition of the Texas Capital Fund Implementation Manual. Texas Capital Fund contractors intending to submit a new application may not have an existing contract with an award date in excess of 48 months prior to the application deadline date, regardless of extensions granted.

12. Based on a pattern of unsatisfactory (a.) performance on previously awarded Texas Community Development Block Grant Program contracts, (b.) management and administration of Tx CDBG contracts, or (c) financial management capacity based on a review of official financial records and audits, ORCA (or TDA, in the case of the Texas Capital Fund applications) may determine that an applicant is ineligible to apply for Tx CDBG funding even though at the application date it meets the threshold and past performance requirements. ORCA (or TDA, in the case of Texas Capital Fund applications) will consider the most recent 48 months before the application due date. An applicant would still remain eligible for funding under the Disaster Fund.

G. ADMINISTRATION OF TxCDBG CONTRACTS

In order to administer a TxCDBG contract awarded in PY 2009, the administrator (contracted administrators on behalf of the client community or the city or county staff of self-administering award recipients) must attend, and retain the completion certificate, from the most recent cycle of TxCDBG Project Implementation Manual workshops. (This requirement excludes Texas Capital Fund and Colonia Self-Help Center Set-aside contracts.) The TxCDBG contract recipient (city or county) is strongly encouraged to attend the TxCDBG Project Implementation Workshops even if it anticipates using an outside firm to provide it with contract administration services.

IV. APPLICATION SELECTION CRITERIA

A. GENERAL DESCRIPTION

The scoring criteria used in the TxCDBG are described in Section C below.
The points awarded under these criteria are combined to rank the projects in descending order. The projects in each fund are selected based on this descending order and the availability of dollars in each fund.

Texas Capital Fund Real Estate Program, and Infrastructure Program projects are evaluated based upon selection criteria that include, but are not limited to:

(1) Jobs
(2) Business Emphasis
(3) Feasibility
(4) Community Need

Texas Capital Fund Main Street Program and Downtown Revitalization Program projects are evaluated based upon selection criteria that include, but are not limited to:

(1) Community Profile
(2) Project Feasibility
(3) Leverage Ratio
(4) Aiding in the Elimination of Slum an/or Blight Conditions

Except for Main Street Program applications, Texas Capital Fund applications are reviewed and evaluated by Texas Department of Agriculture staff. The Texas Department of Agriculture staff and the Texas Historical Commission review and evaluate the Main Street Program applications. Recommendations for all Texas Capital Fund applications will be made to the Commissioner of the Texas Department of Agriculture for final award.

In accordance with Section 2310.403, Government Code, preference will be given to applications from governing bodies of communities designated as defense economic readjustment zones over other eligible applications for Tx CDBG grants and loans if at least fifty percent (50%) of the grant or loan will be expended for the direct benefit of the readjustment zone and the purpose of the grant or loan is to promote Tx CDBG-eligible economic development in the community or for Tx CDBG-eligible construction, improvement, extension, repair, or maintenance of Tx CDBG-eligible public facilities in the community.

Disaster Relief/Urgent Need applications must meet the threshold factors as discussed under the "Description of Funds" section.

Readiness to Proceed Requirements: In order to determine that the project is ready to proceed, the applicant must provide in its application information that:

a. Identifies the source of matching funds and provides evidence that the applicant has applied for the non-local matching funds, and for local matching funds, evidence that local matching funds would be available.

b. Provides written evidence of a ratified, legally binding agreement, contingent upon award, between the applicant and the utility that will operate the project for the continual operation of the utility system as proposed in the application. For utility projects that require the applicant or service provider to obtain a Certificate of Convenience and Necessity for the target area proposed in the application, provides written evidence that the Texas Commission on Environmental Quality has received the applicant or service provider's application.

c. Where applicable, provide a written commitment from service providers, such as the local water or sewer utility, stating that they will provide the intended services to the project area if the project is constructed.

Any applicant's cash match included in the Tx CDBG contract budget may not be obtained from any person or entity that provides contracted professional or construction-related services (other than utility providers) to the applicant to accomplish the purposes described in the Tx CDBG contract, in accordance with 24 CFR Part 570.

B. RESOURCES FOR DESCRIPTIONS OF SELECTION CRITERIA BY FUND CATEGORY

Starting on the next page, the descriptions for the selection criteria for each fund category provide a basic framework of the selection criteria and selection factors used to distribute the funds under each fund category. Additional information on the selection criteria, selection factors and methods used to determine scores for these fund categories is provided in the application guide for each fund category and in the Texas Administrative Code at 10 T.A.C., Part 6, Chapter 255, Subchapter A.

The information currently available for fund categories in the Texas Administrative Code may not yet reflect changes to selection criteria contained in this 2009 Action Plan for the 2009 program year. Any changes to the selection criteria will be published in the *Texas Register* prior to final adoption.

The Texas Administrative Code can be found on the Texas Secretary of State website at www.sos.state.tx.us. Listed below are the Tx CDBG fund categories that are currently contained in the Texas Administrative Code. Certain Texas Administrative Code sections are retained for previous Fund Categories to govern existing TxCDBG contracts.

Texas Administrative Code, Title 10 T.A.C., Part 6, Chapter 255, Subchapter A

Section	Section Title
255.1	General Provisions
255.2	Community Development Fund
255.3	*Young v. Martinez* Fund
255.4	Planning/Capacity Building Fund
255.5	Disaster Relief Fund
255.6	Urgent Need Fund
255.7	Texas Capital Fund
255.8	Regional Review Committees
255.9	Colonia Fund
255.10	Housing Fund
255.11	Small Towns Environment Program Fund
255.12	Microenterprise Loan Fund
255.13	Small Business Loan Fund
255.14	Section 108 Loan Guarantee Pilot Program
255.15	Community Development Supplemental Fund
255.16	Non-Border Colonia Fund

C. DESCRIPTION OF SELECTION CRITERIA BY FUND CATEGORY

1. COMMUNITY DEVELOPMENT FUND

a. Regional Review Committee (RRC) Objective Scoring

(1) Responsibilities of the RRC:
Each Regional Review Committee is responsible for determining local project priorities and objective factors for all its scoring components based on public input.

(2) Maximum RRC Points Possible:

The RRC shall establish the numerical value of the points assigned to each scoring factor and determine the total combined points for all RRC scoring factors.

(3) RRC Selection of the Scoring Factors:
The RRCs are responsible for convening public hearings to discuss and select the objective scoring factors that will be used to score applications at the regional level. The public must be given an opportunity to comment on the priorities and the scoring criteria considered. The final selection of the scoring factors is the responsibility of each RRC. Each RRC shall develop a Regional Review Committee Guidebook, in the format provided by TxCDBG staff, to notify eligible applicants of the objective scoring factors and other RRC procedures for the region.

(4) Examples of RRC Objective Scoring Factors:
Examples of objective scoring factors are shown in Appendix B to further clarify the term objective.

The RRC must clearly indicate how responses would be scored under each factor and use data sources that are verifiable to the public. After the RRC's adoption of its scoring factors, the score awarded to a particular application under any RRC scoring factor may not be dependent upon an individual RRC member's judgment or discretion. (This does not preclude collective RRC action that the state TxCDBG has approved under any appeals process.)

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

(6) RRC Designation of Staff Support:
The RRC shall select one of the following entities to develop the RRC Guidebook, calculate the RRC scores, and provide other administrative RRC support:

(i) Regional Council of Governments (COG), or
(ii) TxCDBG staff or TxCDBG designee, or
(iii) A combination of COG and TxCDBG staff or TXCDBG designee.

The RRC Guidebook should be adopted by the RRC and approved by TxCDBG staff at least 90 days prior to the application deadline.

The selection of the entity responsible for calculating the RRC scores must be identified in the RRC Guidebook and must define the role of each entity selected. ORCA shall be responsible for reviewing all scores for accuracy and for determining the final ranking of applicants once the RRC and TxCDBG scores are summed. The RRC is responsible for providing to the public the RRC scores, while the TxCDBG is responsible for publishing the final ranking of the applications.

(7) Tie-breaker in a region:
If needed in the ranking of applications within a region based on available funds remaining, a tie between multiple applications shall be broken based on the per capita income ranking, with a lower per capita income level ranking

higher, followed by a second tie-breaker, if needed, of the highest poverty rate ranking higher, followed by a third tie-breaker, if needed, of the highest annual unemployment rate ranking higher.

b. State Scoring (TxCDBG Staff Scoring) - Other Considerations – Maximum Points - 10% of Maximum Possible Score for Each RRC

(1) Past Selection – Maximum Points - 2% of Maximum Possible RRC Score for each region - are awarded to each applicant that did not receive a 2007 or 2008 Community Development Fund or Community Development Supplemental Fund contract award

(2) Past Performance - Maximum Points - 4% of Maximum Possible RRC Score for each region
An applicant can receive points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's most recent Tx CDBG contract that has reached the end of the original contract period stipulated in the contract within the past 4 years (for CD/CDS contracts only the 2003/2004 and 2005/2006 cycle awards will be considered). The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. (Adjustments may be made for contracts that are engaged in appropriately pursuing due diligence such as bonding remedies or litigation to ensure adequate performance under the TxCDBG contract.) The evaluation of an applicant's past performance will include the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.
- The expenditure timeframes on the applicable TXCDBG contracts.

(3) Benefit To Low/Moderate-Income (LMI) Persons -- Applications that meet the Low and Moderate Income National Objective for each activity (51 percent low/moderate-income benefit for each activity within the application) will receive 2% of the Maximum Possible RRC Score for each region.

(4) Cost per Household (CPH) – The total amount of TxCDBG funds requested by the applicant is divided by the total number of households benefiting from the application activities to determine the TxCDBG cost per household. (Use pro rata allocation for multiple activities.) – Up to 2% of the Maximum RRC Score for each region.

(i) Cost per household is equal to or less than $8,750 – 2%.
(ii) Cost per household is greater than $8,750 but equal to or less than $17,500 – 1.75%.
(iii) Cost per household is greater than $17,500 but equal to or less than $26,500 – 1.25%.
(iv) Cost per household is greater than $26,500 but equal to or less than $35,000 – 0.5%.
(v) Cost per household is greater than $35,000 – 0%.

(When necessary, a weighted average is used to score to applications that include multiple activities with different beneficiaries. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for administration, a percentage of the total TxCDBG construction and engineering dollars for each activity is calculated. Administration dollars requested is applied pro-rata to these amounts. The percentage of the total TxCDBG dollars for each activity is then multiplied by the appropriate score and the sum of the calculations determines the score. Related acquisition costs are applied to the associated activity.)

(Maximum State points - the calculated maximum score is rounded to a whole integer, with Past Selection, Past Performance, and LMI being rounded to a whole integer and CPH points being the difference.)

The RRC may not adopt scoring factors that directly negate or offset these state factors.

c. Other TxCDBG State Responsibilities:

The state TxCDBG staff will review each RRC Guidebook to ensure that the scoring procedures are in compliance with 24 CFR 91.320(k)(1). The regulation states in part that "The statement of method of distribution must provide sufficient information so that units of general local government will be able to understand and comment on it and be able to prepare responsive applications." TxCDBG staff will also review the scoring factors selected to ensure that all scoring factors are objective. Each RRC must obtain written approval from TxCDBG staff before implementing the RRC scoring process. As part of the approval process of the RRC Guidebook, the TxCDBG state staff may provide further details or elaboration on the objective scoring methodology, data sources and other clarifying details without the necessity of a subsequent RRC meeting.

In the event that an RRC fails to approve an objective scoring methodology to the satisfaction of the TxCDBG or if the RRC fails to implement the approved methodology, TxCDBG will be score and rank all applications for the region under the methodology shown in Appendix A of this Action Plan.

The state TxCDBG staff may establish:
(i) a deadline for the RRC to adopt objective factors for all of its scoring components and submit its adopted Guidebook incorporating the objective scoring methodology to the state TxCDBG staff for approval;
(ii) an RRC scoring review appeals process in the Guidebook Instructions and/or the Texas Administrative Code.

The TxCDBG will award 2008 funds for a region after its RRC has adopted an objective scoring for PY 2009. If the RRC does not adopt an objective scoring methodology and submit it to the state TxCDBG for approval by the established deadline above, the state TxCDBG staff will establish for the region the scoring factors in Appendix A for the 2009 applications as described above and will award PY 2008 funds for a region after the region's applications have been re-scored using the State scoring method in IV (C)(1)(a-e) of the 2007 Action Plan.

Only the state TxCDBG staff may disqualify an application submitted in a region. The regional scores for RRC factors and the ranking of applications are not considered final until they have been reviewed and approved by the state TxCDBG staff.

Community Development Fund Marginal Competition

Due to the two-year funding cycle proposed for program years 2009 and 2010, a Community Development Fund pooled marginal competition will not be conducted for program year 2009. A pooled marginal competition may be conducted for program year 2010 using available funds if the State's 2010 allocation is not decreased significantly from the State's estimated 2010 Community Development allocation.

All applicants whose marginal amount available is under $75,000 will automatically be considered under this competition.

When the marginal amount left in a regional allocation is equal to or above the Tx CDBG grant minimum of $75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Alternatively, such marginal applicants may choose to compete under the pooled marginal fund competition for the possibility of full project funding.

This fund consists of all regional marginal amounts of less than $75,000, any funds remaining from regional allocations where the number of fully funded eligible applicants does not utilize a region's entire allocation and the contribution of marginal amounts larger than $75,000 from those applicants opting to compete for full funding rather than accept their marginal amount.

The scoring factors used in this competition are the Tx CDBG Community Development Fund factors scored by TXCDBG staff as described in this section with the following adjustments (1) Past Selection – Ten (10) points are awarded to each applicant that did not receive a 2007 or 2008 Community Development Fund or Community Development Supplemental Fund contract award; (2) Past Performance – Up to 25 points; and (3) Community Distress -- 55 Points Maximum (Percentage of persons living in poverty 25 points; Per Capita Income 20 points; Unemployment Rate 10 points)

2a. TEXAS CAPITAL FUND Real Estate, And Infrastructure Programs

The selection criteria for the Real Estate, and Infrastructure Programs of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Creation or retention of jobs primarily for low to moderate income persons
b. Creation or retention of jobs primarily in areas of above average unemployment and poverty
c. Generation of a greater ratio of private investment to Texas Capital Fund investment
d. Expansion of markets through manufacturing and/or value-added processing
e. Provision of job opportunities at the lowest possible Texas Capital Fund cost per job
f. Benefit to areas of the state most in need by considering job impact to community
g. Assistance for small businesses and Historically Underutilized Businesses
h. Feasibility of project and ability to create and/or retain jobs

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of business or marketing plan; management experience of the business' principals; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

2b. TEXAS CAPITAL FUND Main Street Program

The selection criteria for the Main Street Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Aid in the elimination of slum or blight
b. The applicant must have been designated by the Texas Historical Commission as a Main Street City
c. Feasibility of project
d. Generation of a greater ratio of private investment to Texas Capital Fund investment
e. Texas Historical Commission scoring
f. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of marketing plan; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

2c. TEXAS CAPITAL FUND Downtown Revitalization Program

The selection criteria for the Downtown Revitalization Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Aid in the elimination of slum or blight
b. Feasibility of project
c. Generation of a greater ratio of private investment to Texas Capital Fund investment
d. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: strength of marketing plan and justification of minimum Texas Capital Fund contribution necessary to serve the project.

3a. COLONIA CONSTRUCTION COMPONENT 430 Total Points Maximum

a. Community Distress -- 35 Points (Maximum)

• Percentage of persons living in poverty	15 points
• Per Capita Income	10 points
• Percentage of housing units without complete plumbing	5 points
• Unemployment Rate	5 points

b. Benefit To Low/Moderate-Income Persons -- 30 Points (Maximum)

A formula is used to determine the percentage of Tx CDBG funds benefiting low to moderate income persons. The percentage of low to moderate income persons benefiting from each construction, acquisition, and engineering activity is multiplied by the Tx CDBG funds requested for each corresponding construction, acquisition, and engineering activity. Those calculations determine the amount of Tx CDBG benefiting low to moderate income person for each of those activities. Then, the funds benefiting low to moderate income persons for each of those activities are added together and divided by the Tx CDBG funds requested minus the Tx CDBG funds requested for administration to determine the percentage of Tx CDBG funds benefiting low to moderate income persons. Points are then awarded in accordance with the following scale;

100% to 90% of Tx CDBG funds benefiting low to moderate income persons	30
89.99% to 80% of Tx CDBG funds benefiting low to moderate income persons	25
79.99% to 70% of Tx CDBG funds benefiting low to moderate income persons	20
69.99% to 60% of Tx CDBG funds benefiting low to moderate income persons	15
Below 60% of Tx CDBG funds benefiting low to moderate income persons	5

c. Project Priorities -- 195 Points (Maximum)

• Activities (service lines, service connections, and/or plumbing improvements) providing public access to EDAP-funded water or sewer systems	195
• First time public Water service activities (including yard service lines)	145
• First time public Sewer service activities (including yard service lines)	145
• Installation of approved residential on-site wastewater disposal systems for providing first time service	145
• Installation of approved residential on-site wastewater disposal systems for failing systems that cause health issues	140
• Housing Activities	140
• First time Water and/or Sewer service through a privately-owned for-profit utility	135
• Expansion or improvement of existing Water and/or Sewer service	120
• Street Paving and Drainage activities	75
• All Other eligible activities	20

A weighted average is used to assign scores to applications that include activities in the different Project Priority scoring levels. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for engineering and administration, a percentage of the total Tx CDBG construction dollars for each activity will be calculated. The percentage of the total Tx CDBG construction dollars for each activity will then be multiplied by the appropriate Project Priorities point level. The sum of these calculations determines the composite Project Priorities score.

d. Project Design -- 140 Points (Maximum)

Each application is scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- For projects other than water and waste water, whether the applicant has already met its basic water and waste water needs.
- Whether the project has provided for future funding necessary to sustain the project.
- The severity of need within the colonia area(s) and how the proposed project resolves the identified need. Additional consideration is given to water system improvements addressing the impacts from the current drought conditions in the state.
- The applicant will use Tx CDBG funds to provide water or sewer connections, yard service lines, and/or plumbing improvements associated with providing access for colonia residents to water or sewer systems funded by the Texas Water Development Board Economically Distressed Areas Program (EDAP).
- The applicant's past efforts (with emphasis on the applicant's most recent efforts) to address water, sewer, and housing needs in colonia areas through applications submitted under the Tx CDBG Community Development Fund or through the use of CDBG entitlement funds.
- The Tx CDBG cost per low/moderate income beneficiary.
- Whether the applicant has provided any local matching funds for administrative, engineering, or construction activities.
- If applicable, the projected water and/or sewer rates after completion of the project based on 3,000 gallons, 5,000 gallons and 10,000 gallons of usage.
- The ability of the applicant to utilize the grant funds in a timely manner.
- Whether the applicant has waived the payment of water or sewer service assessments, capital recovery fees, and any other access fees for the low and moderate income project beneficiaries.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- Proximity of project site to entitlement cities or metropolitan statistical areas.

e. Matching Funds -- 20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

• Match equal to or greater than 5% of grant request	20 points
• Match at least 2%, but less than 5% of grant request	10 points
• Match less than 2% of grant request	0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

• Match equal to or greater than 10% of grant request	20 points
• Match at least 2.5%, but less than 10% of grant request	10 points
• Match less than 2.5% of grant request	0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

• Match equal to or greater than 15% of grant request	20 points
• Match at least 3.5%, but less than 15% of grant request	10 points
• Match less than 3.5% of grant request	0 points

Applicant(s) population over 5,000 according to the 2000 Census:

• Match equal to or greater than 20% of grant request	20 points
• Match at least 5%, but less than 20% of grant request	10 points
• Match less than 5% of grant request	0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low- and moderate-income persons as a part of a multi-activity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The Tx CDBG does not consider sewer or water service lines and connections as housing activities. The Tx CDBG also does not consider on-site wastewater disposal systems as housing activities.

Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

Past Performance – 10 points (Maximum)

An applicant can receive from ten (10) to zero (0) points based on the applicant’s past performance on previously awarded Tx CDBG contracts. The applicant’s score will be primarily based on our assessment of the applicant’s performance on the applicant’s two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant’s performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant’s performance on Tx CDBG contracts up to the application deadline date. The applicant’s performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant’s past performance will include, but is not necessarily limited to the following:

- The applicant’s completion of the previous contract activities within the original contract period.
- The applicant’s submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant’s submission of the required close-out documents within the period prescribed for such submission.
- The applicant’s timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant’s timely response to audit findings on previous Tx CDBG contracts.

Colonia Construction Component Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. If the marginal amount available to this applicant is equal to or more than the Colonia Construction Component grant minimum of $75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. In the event that the marginal amount remaining in the Colonia Construction Component allocation is less than $75,000, then the remaining funds will be used to either fund a Colonia Planning Fund application or will be reallocated to other established Tx CDBG fund categories.

3b. COLONIA ECONOMICALLY DISTRESSED AREAS PROGRAM SET-ASIDE

The allocation is distributed on an as-needed basis to eligible counties, and nonentitlement cities located in those counties, that are eligible under the Tx CDBG Colonia Fund and Texas Water Development Board’s Economically Distressed Areas Program (TWDB EDAP). Unutilized funds under this program may be redistributed among the established 2008 program year fund categories, for otherwise eligible projects.

Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the Tx CDBG), taps and meters (when approved by the Tx CDBG), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

Tx CDBG staff will evaluate the following factors prior to awarding Colonia Economically Distressed Areas Program funds:

- The proposed use of the Tx CDBG funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through EDAP.
- The ability of the applicant to utilize the grant funds in a timely manner.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- Cost per beneficiary.
- Proximity of project site to entitlement cities or metropolitan statistical areas.

3c. COLONIA AREA PLANNING COMPONENT — 340 Total Points Maximum

a. Community Distress -- 35 Points (Maximum)

• Percentage of persons living in poverty	15 points
• Per Capita Income	10 points
• Percentage of housing units without complete plumbing	5 points
• Unemployment Rate	5 points

b. Benefit To Low/Moderate-Income Persons -- 30 Points (Maximum)

Points are then awarded based on the low to moderate income percentage for all of the colonia areas where planning activities are located according to the following scale;

100% to 90% of Tx CDBG funds benefiting low to moderate income persons	30
89.99% to 80% of Tx CDBG funds benefiting low to moderate income persons	25
79.99% to 70% of Tx CDBG funds benefiting low to moderate income persons	20
69.99% to 60% of Tx CDBG funds benefiting low to moderate income persons	15
Below 60% of Tx CDBG funds benefiting low to moderate income persons	5

c. Matching Funds -- 20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

• Match equal to or greater than 5% of grant request	20 points
• Match at least 2%, but less than 5% of grant request	10 points
• Match less than 2% of grant request	0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

• Match equal to or greater than 10% of grant request	20 points
• Match at least 2.5%, but less than 10% of grant request	10 points
• Match less than 2.5% of grant request	0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

• Match equal to or greater than 15% of grant request	20 points
• Match at least 3.5%, but less than 15% of grant request	10 points
• Match less than 3.5% of grant request	0 points

Applicant(s) population over 5,000 according to the 2000 Census:

• Match equal to or greater than 20% of grant request	20 points
• Match at least 5%, but less than 20% of grant request	10 points
• Match less than 5% of grant request	0 points

The population category under which county applications are scored is based on the actual number of beneficiaries to be served by the colonia planning activities.

d. Project Design -- 255 Points (Maximum)

Each application is scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need within the colonia area(s), how clearly the proposed planning effort will remove barriers to the provision of public facilities to the colonia area(s) and result in the development of an implementable strategy to resolve the identified needs.
- The planning activities proposed in the application.
- Whether each proposed planning activity will be conducted on a colonia-wide basis.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.
- The Tx CDBG cost per low/moderate-income beneficiary.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.

A Colonia Planning Component application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

Colonia Area Planning Component Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Area Planning allocation will be reallocated to either fund additional Colonia Comprehensive Planning applications, Colonia Construction Component applications, or will be reallocated to other established Tx CDBG fund categories.

3d. COLONIA COMPREHENSIVE PLANNING COMPONENT 200 Total Points Maximum

a. Community Distress -- 25 Points (Maximum)

• Percentage of persons living in poverty	10 points
• Per Capita Income	5 points
• Percentage of housing units without complete plumbing	5 points
• Unemployment Rate	5 points

b. Project Design -- 175 Points (Maximum)

Each application will be scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need for the comprehensive colonia planning effort and how effectively the proposed comprehensive planning effort will result in a useful assessment of colonia populations, locations, infrastructure conditions, housing conditions, and the development of short-term and long term strategies to resolve the identified needs.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.
- Whether the applicant has provided any local matching funds for the planning or preliminary engineering activities.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- An applicant that has previously received a TxCDBG comprehensive planning award would receive lower priority for funding.

A Colonia Planning Component application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

Colonia Comprehensive Planning Component Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Comprehensive Planning allocation will be reallocated to either fund additional Colonia Area Planning Fund applications, Colonia Construction Component applications, or will be reallocated to other established Tx CDBG fund categories.

4. PLANNING AND CAPACITY BUILDING FUND 430 Total Points Maximum

a. Community Distress -- 55 Points (Maximum)

• Percentage of persons living in poverty	25 points
• Per Capita Income	20 points
• Unemployment rate	10 points

b. Benefit to Low/Moderate Income Persons - 0 Points

Applicants are required to meet the 51% low/moderate income benefit as a threshold requirement, but no score is awarded on this factor.

c. Project Design -- 375 Points (Maximum)

(1) Program Priority 50 points

Applicant chooses its own priorities here with 10 points awarded per priority as provided below.

Base studies (base mapping, housing, land use, population components) are recommended as one selected priority for applicants lacking updated studies unless they have been previously funded by TXCDBG or have been completed using other resources.

An applicant requesting TxCDBG funds for fewer than five priorities may receive point credit under this factor for planning studies completed within the last 10 years that do not need to be updated. An applicant requesting TxCDBG funds for a planning study priority that was completed within the past 10 years using TxCDBG funds would not receive scoring credit under this factor.

Applicants should not request funds to complete a water or sewer study if funds have been awarded within the last two years for these activities or funds are being requested under other TxCDBG fund categories.

(2) Base Match 0 points

- Five percent match required from applicants with population equal to or less than 1,500.
- Ten percent match required from applicants with population over 1,500 but equal to or less than 3,000.
- Fifteen percent match required from applicants with population over 3,000 but equal to or less than 5,000.
- Twenty percent match required from applicants with population over 5,000.

The population will be based on available information in the latest national decennial census.

(3) Areawide Proposals 50 points

Applicants with jurisdiction-wide proposals because the entire jurisdiction is at least 51 percent low/moderate-income qualify for these points. County applicants with identifiable, unincorporated communities may also qualify for these points provided that incorporation activities are underway. Proof of efforts to incorporate is required. County applicants with identifiable water supply corporations may apply to study water needs only and receive these points.

(4) Planning Strategy and Products 275 points

- New applicants receive up to 50 points while previous recipients of planning funds receive either up to 30 or 20 points depending on the level of implementation of previously funded activities. Recipients of Tx CDBG planning funds prior to PY 2000 will be considered new applicants for this scoring factor

- Up to 225 points are awarded for the applicant’s Proposed Planning Effort based on an evaluation of the following:
  - the extent to which any previous planning efforts have been implemented or accomplished;
  - how clearly the proposed planning effort will resolve community development needs addressed in the application;
  - whether the proposed activities will result in the development of a viable and implementable strategy and be an efficient use of grant funds; and
  - demonstration of local commitment.

5. Tx CDBG STEP FUND 120 Total Points Maximum

The following is the selection criteria to be used by Tx CDBG staff for the scoring of assessments and applications under the Texas STEP Fund. The maximum score of 120 points is divided among five scoring factors:

a. Project Impact – 60 Points (Maximum)

Activity	Score
• First time service	60-40
• To address drought	60-40
• To address a severe impact to a water system (imminent loss of well, transmission line, supply impact)	60-40
• TCEQ relevant documentation or Texas Department of Health Imminent Threat to Health	60-40
• Problems due to severe sewer issues that can be addressed through the STEP process (documented)	60-40
• Problems due to severe pressure problems (documented)	50-40
• Line replacement (water or sewer) other than for above	40-30
• All other proposed water and sewer projects that are not reflected above	30-20

A weighted average will be used to assign scores to applications that include activities in the different Project Impact scoring levels. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for engineering and administration, a percentage of the total Tx CDBG construction dollars for each activity will be calculated. The percentage of the total Tx CDBG construction dollars for each activity will then be multiplied by the appropriate Project Impact point level. The sum of these calculations will determine the composite Project Impact score.

Factors that are evaluated by the Tx CDBG staff in the assignment of scores within the predetermined scoring ranges for activities include, but are not limited to, the following:

1. how the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction; and
2. projects designed to bring existing services up to at least the state minimum standards as set by the applicable regulatory agency are generally given additional consideration.

b. STEP Characteristics, Merits of the Project, and Local Effort - 30 points (Maximum)

The Tx CDBG staff will assess the proposal for the following STEP characteristics not scored in other factors:

1. degree work will be performed by community volunteer workers, including information provided on the volunteer work to total work;
2. local leaders (sparkplugs) willing to both lead and sustain the effort;
3. readiness to proceed – the local perception of the problem and the willingness to take action to solve it;
4. capacity – the manpower required for the proposal including skills required to solve the problem;
5. merits of the projects, including the severity of the need, whether the applicant sought funding from other sources, cost in Tx CDBG dollars requested per beneficiary, etc.; and
6. local efforts being made by applicants in utilizing local resources for community development.

c. Past Participation and Performance – 15 Points (Maximum)

An applicant would receive ten (10) points if they do not have a current Texas STEP grant.

An applicant can receive from five (5) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.

d. Percentage of Savings off of the retail price – 10 Points (Maximum)

For STEP, the percentage of savings off of the retail price is considered a form of community match for the project. In STEP, a threshold requirement is a minimum of 40 percent savings off the retail price for construction activities.

For Communities that are equal to or below 1,500 in Population

55% or more Savings	10 points
50% - 54.99% Savings	9 points
45% - 49.99% Savings	7 points
41% - 44.99% Savings	5 points

For Communities that are above 1,500 but equal to or below 3,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	8 points
45% - 49.99% Savings	6 points
41% - 44.99% Savings	3 points

For Communities that are above 3,000 but equal to or below 5,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	7 points
45% - 49.99% Savings	5 points
41% - 44.99% Savings	2 points

For Communities that are above 5,000 but equal to or below 10,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	6 points
45% - 49.99% Savings	3 points
41% - 44.99% Savings	1 points

For Communities that are 10,000 or above in Population

55% or more Savings	10 points
50% - 54.99% Savings	5 points

45% - 49.99% Savings	2 points
41% - 44.99% Savings	0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

e. Benefit To Low/Moderate-Income Persons – 5 Points (Maximum)

Applicants are required to meet the 51 percent low/moderate-income benefit for each activity as a threshold requirement. Any project where at least 60 percent of the Tx CDBG funds benefit low/moderate-income persons will receive 5 points.

A project must score at least 75 points overall and 15 points under factor 12(b) to be considered for funding.

6. RENEWABLE ENERGY DEMONSTRATION PILOT PROGRAM 70 Total Points Maximum

(A) Type of Project: Primarily used in conjunction with providing public facilities to meet basic human needs such as water or waste water and/or benefit to low/moderate-income persons – up to 15 points.

(B) Innovative Technology / Methods – A project that would demonstrate the application of innovative technology and/or methods – up to 10 points.

(C) Duplication in Other Rural Areas – A project that could have widespread application (although it would not need to be applicable in every portion of the state.) – up to 10 points

(D) Long-term Cost / Benefit and Texas Renewable Energy Goals – Projects that demonstrate long term cost / benefit analysis including benefits to the human environment and consistency with Texas renewable energy goals – up to 10 points

(E) Partnership / Collaboration – Projects that have a demonstrated partnership and collaboration with other entities focusing on promoting renewable energy including universities, funding agencies, associations, or businesses – up to 10 points.

(F) Leveraging – projects with committed funds from other entities including funding agencies, local governments, or businesses.

Applicant(s) population equal to or less than 2,500 according to the latest decennial Census:

• Match equal to or greater than 15% of grant request	10 points
• Match at least 8% but less than 15% of grant request	5 points
• Match at least 3%, but less than 8% of grant request	3 points
• Match at least 2%, but less than 3% of grant request	1 point
• Match less than 2% of grant request	0 points

Applicant(s) population equal to or less than 5,000 but over 2,500 according to the latest decennial Census:

Match equal to or greater than 25% of grant request	10 points
Match at least 13% but less than 25% of grant request	5 points
Match at least 5%, but less than 13% of grant request	3 points
Match at least 3%, but less than 5% of grant request	1 point
Match less than 3% of grant request	0 points

Applicant(s) population equal to or less than 10,000 but over 5,000 according to the latest decennial Census:

Match equal to or greater than 35% of grant request	10 points
Match at least 18% but less than 35% of grant request	5 points
Match at least 7%, but less than 18% of grant request	3 points
Match at least 4%, but less than 7% of grant request	1 point
Match less than 4% of grant request	0 points

Applicant(s) population over 10,000 according to the latest decennial Census:

Match equal to or greater than 50% of grant request	10 points
Match at least 25% but less than 50% of grant request	5 points
Match at least 10%, but less than 25% of grant request	3 points
Match at least 5%, but less than 10% of grant request	1 point
Match less than 5% of grant request	0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county.

(G) Location in Rural Areas – Projects that benefit cites with populations under 10,000 and/or counties under 100,000 – 5 points.

V. PERFORMANCE MEASURES - GOALS, OBJECTIVES, OUTCOMES, STRATEGIES, AND OUTPUTS

Tx CDBG Strategic Plan Performance Measures:

The Tx CDBG currently has a performance measurement system is place that is part of its strategic plan and the Texas legislative budgeting process. The Tx CDBG has already implemented a performance measurement system that supports the HUD goals as stated in *CPD Notice – 03-09*, issued September 3, 2003, which "strongly encouraged each CPD formula grantee to develop and use a state or local performance measurement system." In this notice, HUD asked the State CDBG programs, along with all other CDBG grantees, that currently have and use a state or local performance measurement system to "(1) describe, in their next Consolidated Plan or Annual Action Plan, the method they use to measure the outputs and outcomes of their CPD formula grant programs."

The Tx CDBG has the following Performance Measures system in place for administering and evaluating the success of the CDBG non-entitlement program.

GOALS, OBJECTIVES AND OUTCOMES – For FY 2008-2009

Goal 1: Support Community and Economic Development Projects
Objective 1: Fund Facility, Economic Development, Housing, and Planning Projects
Outcome 1: Percent of the Small Communities' Population Benefiting from Projects
Outcome 2: Percent of Requested Project Funds Awarded to Projects Using Annual HUD Allocation

STRATEGIES AND EFFICIENCY, EXPLANATORY AND OUTPUT MEASURES – For 2007-2008

Goal 1: Support Community and Economic Development Projects
Objective 1: Fund Facility, Economic Development, Housing and Planning Projects
Strategy 1: Provide Grants for Community and Economic Development Projects
Efficiency 1: Average Agency Administrative Cost per Contract Administered
Output 1: Number of New Contracts Awarded
Output 2: Number of Projected Beneficiaries from New Contracts Awarded
Output 3: Number of Jobs Created/Retained through Contracts Awarded Annually
Output 4: Number of Projected Beneficiaries from Self-Help Center Contracts Funded
Output 5: Number of Programmatic Monitoring Visits Conducted
Output 6: Number of Single Audit reviews Conducted Annually

HUD CDBG Performance Outcome Measurement System:

The Tx CDBG has begun to implement the HUD CDBG Performance Outcome Measurement System, which is a nationwide reporting system based on standardized Objective categories, Outcome categories, and specific Output Indicators.

The outcome performance measurement system has three objectives: (1) Creating Suitable Living Environments, (2) Providing Decent Affordable Housing, and (3) Creating Economic Opportunities. There are also three outcomes under each objective: (1) Availability/Accessibility, (2) Affordability, and (3) Sustainability. Thus, the three objectives, each having three possible outcomes, produce nine possible outcome/objective combinations within which to categorize CDBG grant activities. Specific Output Indicators, many of which Tx CDBG has used in the HUD Integrated Disbursement and Information System reporting system, will be used to provide the quantifiable information used to actually measure the outcome/objective combinations for the funded CDBG projects (such as the number of persons who have new access to water facilities).

VI. OTHER 2009 CDBG PROGRAM GUIDELINES

A. COMMUNITY NEEDS ASSESSMENT

Each applicant for Tx CDBG funds must prepare an assessment of the applicant's housing and community development needs. The needs assessment submitted by an applicant in an application for the Community Development Fund must also include information concerning the applicant's past and future efforts to provide affordable housing opportunities in the applicant's jurisdiction and the applicant's past efforts to provide infrastructure improvements through the issuance of general obligation or revenue bonds.

B. LEVERAGING RESOURCES

Texas Capital Fund

The following matching funds requirements apply under the Real Estate, Infrastructure, Main Street and Downtown Revitalization Program:

a. The leverage ratio between all funding sources to the Texas Capital Fund (TCF) request may not be less than 1:1 for awards of $750,000 or less (except for the Main Street and Downtown Revitalization programs which both require 0.1:1, or more match), and 4:1 for awards of $750,100 to $1,000,000.

b. All businesses are required to make financial contributions to the proposed project. A cash injection of a minimum of 2.5% of the total project cost is required. Total equity participation must be no less than 10% of the total project cost. This equity participation may be in the form of cash and/or net equity value in fixed assets utilized within the proposed project. A minimum of a 33% equity injection (of the total projects costs) in the form of cash and/or net equity value in fixed assets is required, if the business has been operating for less than three years and is accessing the Real Estate program.

Over the past five program years the ratio of matching funds to Texas Capital Fund awards is approximately 3.75:1. If this ratio continues for the 2008 program year then the estimated amount of leveraged funds for the 2009 program year is approximately $45 million.

C. MINORITY HIRING/PARTICIPATION

The Tx CDBG encourages minority employment and participation among all applicants under the Community Development Block Grant Program. All applicants to the Community Development Block Grant Program shall be required to submit information documenting the level of minority participation as part of the application for funding.

D. CITIZEN PARTICIPATION

A grant to a locality under the Texas Community Development Block Grant Program may be awarded only if the locality certifies that it is following a detailed citizen participation plan that provides for and encourages citizen participation at all stages of the community development program. Tx CDBG applicants and funded localities are required to carry out citizen participation in accordance with the Citizen Participation Plan requirements described in Tx CDBG application guides.

APPENDIX A

PY 2009-2010 Community Development Fund Scoring for a region if the Regional Review Committee fails to adopt an Objective Methodology

1. COMMUNITY DEVELOPMENT FUND

a. Regional Review Committee (RRC) Project Priorities -- 100 points (Minimum)

The RRC's Project Priorities taken from the TxCDBG-approved RRC Scoring Guidelines for the region for the 2007-2008 CD/CDS cycle.
(Adjusted if necessary for an objective methodology as described in the PY 2009 TxCDBG Action Plan.)

b. Community Distress -- 55 Points (Maximum)

• Percentage of persons living in poverty	25 points
• Per Capita Income	20 points
• Unemployment Rate	10 points

Compare each applicant's per capita income level to all other applicants in the region based on the established TxCDBG method.

c. Benefit To Low/Moderate-Income Persons -- 20 Points (Maximum)

Applications that meet the Low and Moderate Income National Objective for each activity (51 percent low/moderate-income benefit for each activity within the application) will receive 20 points.

d. Project Impact -- 175 Points (Maximum)

Information submitted in the application or presented to the Regional Review Committees is used by a committee composed of Tx CDBG staff to generate scores on the Project Impact factor.

Each application is scored by a committee composed of Tx CDBG staff. Each committee member separately evaluates an application and assigns a score within a predetermined scoring range based on the application activities. The separate scores are then totaled and the application is assigned the average score. The scoring ranges used for Project Impact scoring are:

ACTIVITIES	SCORING RANGE
• Water, Sewer, and Housing	175 - 145
• Eligible Public Facilities Located In A Defense Economic Readjustment Zone	175 - 145
• Street Paving, Drainage, Flood Control and Accessibility Activities for Persons With Disabilities	160 - 130
• Fire Protection, Health Clinics, and Facilities Providing Shelter For Persons With Special Needs (Hospitals, Nursing Homes, Convalescent Homes)	145 - 125
• Community/Senior/Social Services Centers	135 - 115
• Demolition/Clearance, Code Enforcement	135 - 115
• Gas/Electrical Facilities and Solid Waste Disposal	130 - 110
• Access to Basic Telecommunications	125 - 105
• Jails, Detention Facilities	125 - 105
• All Other Eligible Activities	115 - 85

Multi-activity projects which include activities in different scoring ranges receive a combination score within the possible range. As an example, a project including street paving and demolition/clearance activities is scored within a range of 160-115. If the project included a water activity also, the possible range would be 175-115.

Other factors that are evaluated by the Tx CDBG staff in the assignment of scores within the predetermined scoring ranges for activities include, but are not limited to, the following:

- Each application is scored based on how the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction.
- Projects addressing basic human needs such as water, sewer, and housing generally are scored higher than projects addressing other eligible activities.
- Projects providing a first-time public facility or service generally receive a higher score than projects providing an expansion or replacement of existing public facilities or services.
- Public water and sewer projects providing a first-time public facility or service generally receive a higher score than other eligible first-time public facility or service projects.
- Projects designed to bring existing services up to at least the state minimum standards as set by the applicable regulatory agency are generally also given additional consideration.
- For water and sewer projects addressing state regulatory compliance issues, the extent to which the issue was unforeseen.
- Projects designed to address drought-related water supply problems are generally also given additional consideration.
- Water and sewer projects providing first-time water or sewer service through a privately-owned for-profit utility or an expansion/improvement of the existing water or sewer service provided through a privately-owned for-profit utility may, on a case-by-case basis, receive less consideration than the consideration given to projects providing these services through a public nonprofit organization.
- Projects designed to conserve water usage may be given additional consideration.
- Water and sewer projects from applicants that demonstrate a long term commitment to reinvestment in the system and sound management of the system may be given additional consideration (including those that have remained in compliance with health and TCEQ system requirements).
- Consideration will be given to those water and sewer systems that have agreed to undertake improvements to their systems at TCEQ's recommendation but are not under an enforcement order because of this agreement.
- Projects that consider ORCA's Community Viability Index in establishing the issues to be addressed.
- Projects that use renewable energy technology for not less than 10% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy).

<u>e. Matching Funds -- 60 Points (Maximum)</u>

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

• Match equal to or greater than 5% of grant request	60 points
• Match at least 4% but less than 5% of grant request	40 points
• Match at least 3%, but less than 4% of grant request	20 points
• Match at least 2%, but less than 3% of grant request	10 points
• Match less than 2% of grant request	0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

• Match equal to or greater than 10% of grant request	60 points
• Match at least 7.5% but less than 10% of grant request	40 points
• Match at least 5%, but less than 7.5% of grant request	20 points
• Match at least 2.5%, but less than 5% of grant request	10 points

Match less than 2.5% of grant request	0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

Match equal to or greater than 15% of grant request	60 points
Match at least 11.5% but less than 15% of grant request	40 points
Match at least 7.5%, but less than 11.5% of grant request	20 points
Match at least 3.5%, but less than 7.5% of grant request	10 points
Match less than 3.5% of grant request	0 points

Applicant(s) population over 5,000 according to the 2000 Census:

Match equal to or greater than 20% of grant request	60 points
Match at least 15% but less than 20% of grant request	40 points
Match at least 10%, but less than 15% of grant request	20 points
Match at least 5%, but less than 10% of grant request	10 points
Match less than 5% of grant request	0 points

Tx CDBG funds cannot be used to install street/road improvements in areas that are not currently receiving water or sewer service from a public or private service provider unless the applicant provides matching funds equal to at least fifty percent (50%) of the total construction cost budgeted for the street/road improvements. This requirement will not apply when the applicant provides assurance that the street/road improvements proposed in the application will not be impacted by the possible installation of water or sewer lines in the future because sufficient easements and rights-of-way are available for the installation of such water or sewer lines.

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low- and moderate-income persons as a part of a multi-activity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The Tx CDBG does not consider sewer or water service lines and connections as housing activities.

Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities and are counted towards the ratio of local match to Tx CDBG funds requested. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

f. Other Considerations -- 40 Points (Maximum)

(1) Past Selection – 10 points are awarded to each applicant that did not receive a 2007 or 2008 Community Development Fund or Community Development Supplemental Fund contract award.

(2) Past Performance – 20 Points Maximum
An applicant can receive from thirty (30) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's most recent Tx CDBG contract that has reached the end of the original

contract period stipulated in the contract within the past 4 years. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.
- The expenditure timeframes on the applicable TXCDBG contracts.

(3) Cost per Household – 10 Points Maximum. The total amount of TxCDBG funds requested by the applicant is divided by the total number of households benefiting from the application activities to determine the TxCDBG cost per beneficiary. (Use pro rata allocation for multiple activities.)

(i) Cost per beneficiary is equal to or less than $8,750 – 10 points.
(ii) Cost per beneficiary is greater than $8,750 but equal to or less than $17,500 – 8 points.
(iii) Cost per beneficiary is greater than $26,500 but equal to or less than $26,500 – 5 points.
(iv) Cost per beneficiary is greater than $26,500 but equal to or less than $35,000 – 2 points.
(v) Cost per beneficiary is greater than $35,000 – zero points.

When necessary, a weighted average is used to score to applications that include multiple activities with different beneficiaries. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for administration, a percentage of the total TxCDBG construction and engineering dollars for each activity is calculated. Administration dollars requested is applied pro-rata to these amounts. The percentage of the total TxCDBG dollars for each activity is then multiplied by the appropriate score and the sum of the calculations determines the score. Related acquisition costs are applied to the associated activity.

APPENDIX B – Examples of Objective Scoring Factors

1. Per Capita Income – 20 points maximum - Compare each applicant's per capita income level to all other applicants in the region.

Method: The base amount for the entire region is divided by the applicant's per capita income level and then multiplied by the maximum possible score of 20, provided the product may not exceed 20 points. The base amount is the average (mean) of the per capita income levels of all the applicants in the region multiplied by a factor 0.75.

Details:

Incorporated City Applications:
For an incorporated city, the data used to score is based on the 2000 decennial Census SF 3 information for the city's entire population.

For a new incorporated city that was not included in the 2000 decennial Census as an incorporated city, the data used to score is based on the 2000 decennial Census information for the entire county unincorporated population.

County Applications:
For a county, the data used to score is based on the 2000 decennial Census SF 3 information for:
the county's entire population (for county-wide benefit activities);
the county's entire unincorporated population (for activities that only benefit persons in unincorporated areas); or
the 2000 decennial census geographic area information specific to the unincorporated areas benefiting from the county's application activities (for activities that only benefit persons in unincorporated areas) (only census tracts, or block numbering areas, and block groups are allowable census geographic areas)

Geographic area information may be substituted only for county applications where the application activities benefit no more than two separate unincorporated target areas. County applications that include application activities for unincorporated areas that are located in more than two county precincts are scored for the entire county unincorporated population or the entire county population.

If a county elects to use census geographic area information that is specific to the unincorporated areas benefiting from the application activities, the county must submit the census geographic area identification number and the associated per capita income amount for each target area.

Multi-Jurisdiction applications - For multi-jurisdiction applications, the data used for scoring is based on a simple average of the per capita income amounts for all of the participating jurisdictions.

Data Source – US Bureau of the Census - 2000 Census – SF 3, Per Capita Income

2. Matching Funds -- 60 Points Maximum

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

• Match equal to or greater than 5% of grant request	60 points
• Match at least 4% but less than 5% of grant request	40 points
• Match at least 3%, but less than 4% of grant request	20 points
• Match at least 2%, but less than 3% of grant request	10 points
• Match less than 2% of grant request	0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

• Match equal to or greater than 10% of grant request	60 points
• Match at least 7.5% but less than 10% of grant request	40 points
• Match at least 5%, but less than 7.5% of grant request	20 points
• Match at least 2.5%, but less than 5% of grant request	10 points
• Match less than 2.5% of grant request	0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

• Match equal to or greater than 15% of grant request	60 points
• Match at least 11.5% but less than 15% of grant request	40 points
• Match at least 7.5%, but less than 11.5% of grant request	20 points
• Match at least 3.5%, but less than 7.5% of grant request	10 points
• Match less than 3.5% of grant request	0 points

Applicant(s) population over 5,000 according to the 2000 Census:

• Match equal to or greater than 20% of grant request	60 points
• Match at least 15% but less than 20% of grant request	40 points
• Match at least 10%, but less than 15% of grant request	20 points
• Match at least 5%, but less than 10% of grant request	10 points
• Match less than 5% of grant request	0 points

The population category for an incorporated city is based on the city's 2000 Census population. The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Multi-Jurisdiction Applications - The population category under which multi-jurisdiction applications will be scored will be based on the combined populations of the participating applicants according to the 2000 census. The guidelines for determining the population category for county applications will also apply to multi-jurisdiction applications when a county or counties are participants in a multi-jurisdiction application.

Data Source - US Bureau of the Census - 2000 Census, SF 3.

3. Project Priorities – 30 Points Maximum

a. Activities providing or improving water or wastewater (including yardlines on residential property) – 30 Points

b. Housing rehabilitation activities - 15 Points

c. All other eligible activities – 5 Points

(When necessary, a weighted-average is used to score to applications that include multiple activities. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for administration, a percentage of the total TxCDBG construction and engineering dollars for each activity is calculated. Administration dollars requested is applied pro-rata to these amounts. The percentage of the total TxCDBG dollars for each activity is then multiplied by the appropriate score and the sum of the calculations determines the score. Related acquisition costs are applied to the associated activity.)

CPD OUTCOME PERFORMANCE MEASUREMENT SYSTEM REPORTING:

The TxCDBG has implemented the HUD CPD Outcome Performance Measurement System Reporting and has added the performance measurement objectives and outcomes to its new application guides. All applicants are required to indicate the performance measures that best correspond with the activities they are proposing. TxCDBG staff enter the objectives and outcomes in its internal application review database. Upon the award of the funds, TxCDBG enter the performance measure information into the IDIS database. The TxCDBG staff update the information in IDIS as needed. In addition, for existing open contracts, TxCDBG staff has entered the objectives and outcomes for these contracts into the IDIS system.

The outcome performance measurement system has three objectives: (1) Creating Suitable Living Environments, (2) Providing Decent Affordable Housing, and (3) Creating Economic Opportunities. There are also three outcomes under each objective: (1) Availability/Accessibility, (2) Affordability, and (3) Sustainability. Thus, the three objectives, each having three possible outcomes, produce nine possible outcome/objective combinations within which to categorize CDBG grant activities. Specific Output Indicators, many of which Tx CDBG has used in the HUD Integrated Disbursement and Information System reporting system, are used to provide the quantifiable information used to actually measure the outcome/objective combinations for the funded CDBG projects (such as the number of persons who have new access to water facilities).

During the PY 2009 time period, the anticipated objectives and outcomes for the proposed eligible activities using all CDBG funds available are shown below; however, both the actual objectives and outcomes for individual funded projects may vary within the eligible activities depending on the applicant’s determination and selection. The number of activities below assumes the deobligated funds and program income available in PY 2009 will be made available for priorities as currently specified in the action plan:

HUD Matrix Code	HUD Matrix Name	Objective	Outcome	PY 2009 -Expected Number of Activities
03E	Neighborhood Facilities	Suitable Living Environment	Availability/ Accessibility	2
03J	Water/Sewer Improvements	Suitable Living Environment	Availability/ Accessibility	133
		Suitable Living Environment	Affordability	5
		Suitable Living Environment	Sustainability	47
03K	Street Improvements	Suitable Living Environment	Availability/ Accessibility	45
		Suitable Living Environment	Affordability	3
		Suitable Living Environment	Sustainability	12
14A	Rehabilitation; Single Unit Residential	Suitable Living Environment	Availability/ Accessibility	48
		Decent Housing	Affordability	2
			Sustainability	5
13	Homeownership Assistance	Decent Housing	Affordability	2
03F	Parks, Playgrounds, and Other Recreational Facilities	Suitable Living Environment	Availability/ Accessibility	2
05	Public Service	Suitable Living Environment	Availability/ Accessibility	3
		Decent Housing	Affordability	2
04	Clearance Demolition Activities	Suitable Living Environment	Availability/ Accessibility	5
			Sustainability	2
18A	ED Direct Financial Assistance for For-Profits	Economic Opportunity	Availability/ Accessibility	1
		Suitable Living Environment	Availability/ Accessibility	0
		Economic Opportunity	Affordability	19

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NON-HOMELESS SPECIAL NEEDS ACTION PLAN: HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

INTRODUCTION

The 2009 Action Plan for Housing Opportunities for Persons with AIDS (HOPWA) is part of the 2005–2009 State of Texas Consolidated Plan for program year 2009 (February 1, 2009, through January 31, 2010). Although this plan is part of the Consolidated Plan submitted to the US Department of Housing and Urban Development (HUD) by the Texas Department of Housing and Community Affairs, HUD will directly contract with the Texas Department of State Health Services (DSHS) for the HOPWA program, as it has done since 1992.

NEEDS STATEMENT

In 2006, persons living with HIV/AIDS (PLWHA) in Texas totaled 60,571. Over the past few years PLWHA show a net increase of about 4,000 cases per year with about 5,000 new cases and 1,000 deaths per year1. From 2002-2006 over one quarter of newly diagnosed persons in Texas received an AIDS diagnosis within one month of their HIV diagnosis. One third of all newly diagnosed received AIDS and HIV diagnoses within one year. In 2006, 39% (22,000) of PLWHA had no evidence of medical care (does not include Medicare, VA and some private payers). The 2008-2010 Texas Statewide Coordinated Statement of Need reported housing as one of the two most frequent gaps in services identified by clients in six of the seven HIV Service Delivery Areas (HSDAs) assessed in Texas2.

In 2008, DSHS distributed $24,944,468 in Ryan White and State Services contracts to provide a wide array of health and social services for persons with HIV/AIDS. In 2007, $77.9 million in state and federal funds was spent on HIV medications.

The Texas HOPWA program contributes to filling the unmet need by providing emergency housing assistance, rental assistance, supportive services, and permanent housing placement services. The continuation of HOPWA funding is critical in addressing the threat of homelessness for persons living with HIV/AIDS in Texas.

PROGRAM OBJECTIVES

The Texas DSHS HOPWA program provides housing assistance and supportive services for income-eligible individuals living with HIV/AIDS and their families to establish or better maintain a stable living environment in housing that is decent, safe, and sanitary, to reduce the risk of homelessness, and to improve access to health care and supportive services.

PROGRAM ACTIVITIES

The Texas DSHS HOPWA program proposes to continue the following activities.

Short-Term Rent, Mortgage, and Utility Assistance Program (STRMU)

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[1] Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning
http://www.dshs.state.tx.us/hivstd/planning/Epi_Profile_02012008.pdf

[2] 2008-2010 Texas Statewide Coordinated Statement of Need

This program provides short-term rent, mortgage, and utility payments to prevent homelessness of the tenant or mortgagor of a dwelling. It enables low income individuals at risk of becoming homeless to maintain housing for a period not to exceed 21 weeks in any 52-week period. Qualified clients are assisted with rent, mortgage, and/or utilities, up to the annual STRMU cap established locally. The project sponsor makes payments directly to the provider with the client paying any balance due.

Tenant-Based Rental Assistance Program (TBRA)

This program provides tenant-based rental assistance, including assistance for shared housing arrangements. It enables income-eligible HIV-positive clients to pay their rent and utilities until they are able to secure other affordable and stable housing. Clients must contribute the greater of 10 percent of gross income or 30 percent of adjusted gross income towards their rent, or they must contribute the amount of public assistance received for that purpose. The project sponsor pays the balance of the rent up to the fair market rent value.

Supportive Services

This program is limited to case management for HOPWA clients and the purchase of smoke detectors and basic telephone service assistance.

Permanent Housing Placement Services

This program is limited to assistance for housing placement costs, which may include application fees, related credit checks, and reasonable security deposits necessary to move persons into permanent housing, provided such deposits do not exceed the amount equal to two months of rent and are refunded to the program when the HOPWA client leaves the housing for which the deposit was made.

Program Improvement Activities

DSHS is in the process of improving the HOPWA program in various areas. DSHS plans to implement a HOPWA module as part of the state's AIDS Regional Information and Evaluation System (ARIES) for improved data reporting and evaluation. These activities are in addition to ongoing updates to the monitoring tools, program worksheets, and funding allocations. DSHS plans to provide ongoing training and technical assistance to administrative and Project Sponsor contractors.

ANNUAL PROGRAM GOALS

Based on prior-year performance and level funding from HUD, DSHS estimates that 700 households can be provided with short-term rent, mortgage, and utility payments, 550 households can be provided tenant-based rental assistance, and 20 households can be provided permanent housing placement during the 2009 project year. All households will be provided with supportive services funded through HOPWA, Ryan White, or other leveraged sources.

PROJECT SPONSOR SELECTION PROCESS

DSHS selects eight Administrative Agencies (AAs) across the state through a combination of competitive Requests for Proposals (RFP) and intergovernmental agency contracts. The AAs act as an administrative arm for DSHS by administering the HOPWA program locally for a five year project period. This period is concurrent with the Ryan White Part B grant period, which delivers case management and other supportive services to HOPWA clients.

These AAs in turn select HOPWA Project Sponsors through local competitive processes that are open to all grassroots, faith-based, community-based organizations, and governmental agencies. Each AA contracts with one or more Project Sponsors who directly provide HOPWA services to eligible clients throughout the state's 26 HSDAs. Some Project Sponsors may change during 2009 due to local competitive processes.

PROGRAM BUDGET

DSHS reserves three percent of the total award for administrative and indirect costs, including, personnel, supplies, travel, training/technical assistance, and contractual support for ARIES. Project Sponsors are allowed up to seven percent of their allocation for personnel or other administrative costs. The funding allocation is distributed geographically by HSDA and is based on a formula including HIV/AIDS morbidity, poverty level, and population distribution with annual adjustments for project sponsor funding needs.

The 2009 HOPWA Program budget based on level-funding of the 2008 grant award of $2,841,000 and unexpended prior year funds is allocated as follows:

DSHS administration (3%)	$85,230

(indirect costs, personnel, supplies, travel, training/technical assistance, contractual support for ARIES)

Contractual	$3,051,000
TBRA	$TBD
STRMU	$TBD
Supportive Services	$TBD
Permanent Housing Placement	$TBD
Project Sponsor Administration (7%)	$TBD

GEOGRAPHIC DISTRIBUTION

The funding allocations are geographically distributed across the state to the 26 HSDAs, excluding 35 counties located in the Eligible Metropolitan Areas (EMAs) that receive direct HOPWA funding from HUD. The 35 counties in the five directly-funded EMAs of Austin, Dallas, Fort Worth, Houston, and San Antonio are as follows: Bastrop, Caldwell, Hays, Travis, Williamson, Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman, Rockwall, Johnson, Parker, Tarrant, Wise, Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, Waller, Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson.

Administrative Agencies and Project Sponsors

The following chart summarizes the estimated 2009 HOPWA funding allocation for the eight AAs and their 26 Project Sponsors/HSDAs. DSHS distributes funding in excess of the HUD grant award to spend down unobligated balances from previous years. The 2009 funding allocations are estimates based on 2008 funding levels, program expenditures, and waiting lists and may change as the 2009 HUD award is received and contracts are negotiated.

Administrative Agency	2009 funding allocation	Project Sponsor/HSDA	2009 funding allocation
Bexar County	198,000	Alamo Area Resource Center/San Antonio	91,000
		United Medical Centers/Uvalde	28,000
		Victoria City-County Health Department/Victoria	79,000

Brazos Valley Council of Governments P.O. Box 4128 Bryan, TX 77805-4128	258,000	Community Action, Inc./Austin	25,000
		San Angelo AIDS Foundation/Concho-Plateau	53,000
		United Way of the Greater Fort Hood Area/Temple-Killeen	35,000
		Project Unity/Bryan-College Station	67,000
		Waco/McLennan County Public Health District/Waco	78,000
Dallas County HHSD 2377 North Stemmons Frwy., Ste. 600 Dallas, TX 75207-2710	57,000	Dallas County Health and Human Services -HOPWA Program/Dallas	2,000
		Your Health Clinic/Sherman-Dennison	55,000
Houston Regional Resource Group 500 Lovett Boulevard, Ste. 100 Houston, TX 77006	749,000	AIDS Coalition of Coastal Texas/Galveston	20,000
		AIDS Foundation of Houston/Houston	30,000
		Health Horizons/Lufkin	149,000
		Special Health Resources for Texas, Inc. Longview/Tyler	322,000
		Special Health Resources for Texas, Inc. Paris/Texarkana	105,000
		Triangle AIDS Network/Beaumont-Port Arthur	123,000
Lubbock Regional MHMR Center P.O. Box 2828 1602 Tenth St. Lubbock, TX 79408-2828	340,000	Panhandle AIDS Service Organization/Amarillo	120,000
		Permian Basin Community Center/Permian-Basin	125,000
		Planned Parenthood Association of Lubbock/Lubbock	95,000
Planned Parenthood Center of El Paso 1801 Wyoming Avenue, Ste. 202 El Paso, TX 79902	506,000	Planned Parenthood Center of El Paso/El Paso	360,815
South Texas Development Council (STDC) P.O. Box 2187 4812 North Bartlett Laredo, TX 78044-2187	770,000	City of Laredo Health Department/Laredo	105,000
		Coastal Bend AIDS Foundation/Corpus Christi	320,000
		Valley AIDS Council/Brownsville	345,000
Tarrant County Health Department 1101 South Main St., Ste. 2500 Fort Worth, TX 76104-4802	173,000	AIDS Resources of Rural Texas – Abilene/Abilene	60,000
		AIDS Resources of Rural Texas – Weatherford/Fort Worth	55,000
		Wichita Falls Wichita County Health Department/Wichita Falls	58,000
Total	3,051,000		3,051,000

CLIENT PARTICIPATION

Clients participate in shaping local approaches to meeting housing needs in three ways:

All areas conduct periodic needs assessment of client needs, and assessment of housing needs are included in such assessments. These assessments vary in methodology and depth with which housing needs are explored, which is appropriate given the varying needs for housing assistance in various areas of the state. Additionally, all Ryan White Part A councils in Texas have either completed special assessments of homeless persons or persons at risk for homelessness, or will be completing such assessments within the next year. Assessments in all EMAs are joint Ryan White Part A and Part B assessments.

All planning areas in the state must have ways for community members, including clients, to have input into local priorities, allocations, and plans. All plans include discussions of how best to deliver services to meet the needs identified in assessments, and plans that prioritize expenditures on housing or identify housing needs that would include discussions of how best to meet these needs. Plans are written on three to four year cycles, but reviewed annually.

Finally, clients shape housing services via direct interactions with service providers. Through the intake system, HIV/AIDS clients are informed about the HOPWA program, assisted with the application, or referred directly to the HOPWA Project Sponsor. Clients' housing needs are also assessed regularly with case managers as circumstances change and as determined by clients' housing plans.

OUTCOME MEASURES

DSHS HOPWA contractors must address the following outcomes pursuant to the new performance measurement outcome system mandated by HUD:

Annual Action Plan - Planned Project Results

Outcomes and Objectives	**Performance Indicators**	**Expected Number**	**Activity Description**
DH-2	# of households served	550	TBRA housing assistance
DH-2	# of households served	700	STRMU housing assistance
DH-2	# of households served	1250[3]	Supportive Services (restricted to case mgt., smoke detectors, and phone service)
DH-1	# of households served	20	Permanent Housing Placement (security deposits, application fees, credit checks)
Key	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3

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[3] This is based on total TBRA and STRMU households expected to be served. All HOPWA households are expected to receive case management services funded by multiple funding streams, including Ryan White, HOPWA, and other leveraged resources.

APPENDIX A:
STANDARD FORM 424 AND STATE CERTIFICATIONS

The forms and certifications will be included in the final version of the Action Plan to be sent to HUD.

APPENDIX B:
ACTION PLAN REQUIREMENTS

§ 91.320 Action Plan

The action plan must include the following:

(a) Standard Form 424;

(b) A concise executive summary that includes the objectives and outcomes identified in the plan as well as an evaluation of past performance, a summary of the citizen participation and consultation process (including efforts to broaden public participation) (24 CFR 91.300 (b)), a summary of comments or views, and a summary of comments or views not accepted and the reasons therefore (24 CFR 91.115 (b)(5)).

(c) Resources and objectives--(1) Federal resources. The consolidated plan must provide a concise summary of the federal resources expected to be made available. These resources include grant funds and program income.

(2) Other resources. The consolidated plan must indicate resources from private and non-federal public sources that are reasonably expected to be made available to address the needs identified in the plan. The plan must explain how federal funds will leverage those additional resources, including a description of how matching requirements of the HUD programs will be satisfied. Where the state deems it appropriate, it may indicate publicly owned land or property located within the state that may be used to carry out the purposes identified in the plan;

(3) Annual objectives. The consolidated plan must contain a summary of the annual objectives the state expects to achieve during the forthcoming program year.

(d) Activities. A description of the state's method for distributing funds to local governments and nonprofit organizations to carry out activities, or the activities to be undertaken by the state, using funds that are expected to be received under formula allocations (and related program income) and other HUD assistance during the program year, the reasons for the allocation priorities, how the proposed distribution of funds will address the priority needs and specific objectives described in the consolidated plan, and any obstacles to addressing underserved needs.

(e) Outcome measures. Each state must provide outcome measures for activities included in its action plan in accordance with guidance issued by HUD. For the CDBG program, this would include activities that are likely to be funded as a result of the implementation of the state's method of distribution.

(f) Geographic distribution. A description of the geographic areas of the State (including areas of low-income and minority concentration) in which it will direct assistance during the ensuing program year, giving the rationale for the priorities for allocating investment geographically. When appropriate, the state should estimate the percentage of funds they plan to dedicate to target area(s).

(g) Affordable housing goals. The state must specify one-year goals for the number of households to be provided affordable housing through activities that provide rental assistance, production of new units, rehabilitation of existing units, or acquisition of existing units using funds made available to the state, and one-year goals for the number of homeless, non-homeless, and special-needs households to be provided affordable housing using funds made available to the state. The term affordable housing shall be as defined in 24 CFR 92.252 for rental housing and 24 CFR 92.254 for homeownership.

(h) Homeless and other special needs activities. Activities it plans to undertake during the next year to address emergency shelter and transitional housing needs of homeless individuals and families (including subpopulations), to prevent low-income individuals and families with children (especially those with incomes below 30 percent of median) from becoming homeless, to help homeless persons make the transition to permanent housing and independent living, specific action steps to end chronic homelessness, and to address the special needs of persons who are not homeless identified in accordance with Sec. 91.315(e);

(i) Barriers to affordable housing. Actions it plans to take during the next year to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing. Such policies, procedures, and processes include but are not limited to: land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment.

(j) Other actions. Actions it plans to take during the next year to implement its strategic plan and address obstacles to meeting underserved needs, foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing), evaluate and reduce lead-based paint hazards, reduce the number of poverty level families, develop institutional structure, enhance coordination between public and private housing and social service agencies, address the needs of public housing (including providing financial or other assistance to troubled public housing agencies), and encourage public housing residents to become more involved in management and participate in homeownership.

(k) Program-specific requirements. In addition, the plan must include the following specific information:

(1) CDBG. The action plan must set forth the state's method of distribution.

(i) The method of distribution shall contain a description of all criteria used to select applications from local governments for funding, including the relative importance of the criteria, where applicable. The action plan must include a description of how all CDBG resources will be allocated among funding categories and the threshold factors and grant size limits that are to be applied. The method of distribution must provide sufficient information so that units of general local government will be able to understand and comment on it, understand what criteria and information their application will be judged, and be able to prepare responsive applications. The method of distribution may provide a summary of the selection criteria, provided that all criteria are summarized and the details are set forth in application manuals or other official state publications that are widely distributed to eligible applicants. HUD may monitor the method of distribution as part of its audit and review responsibilities, as provided in Sec. 570.493(a)(1), in order to determine compliance with program requirements.

(ii) If the state intends to help nonentitlement units of general local government apply for guaranteed loan funds under 24 CFR part 570, subpart M, it must describe available guarantee amounts and how applications will be selected for assistance. If a state elects to allow units of general local government to carry out community revitalization strategies, the method of distribution shall reflect the state's process and criteria for approving local government's revitalization strategies.

(2) HOME. (i) The state shall describe other forms of investment that are not described in 24 CFR 92.205(b).

(ii) If the state intends to use HOME funds for homebuyers, it must state the guidelines for resale or recapture, as required in 24 CFR 92.254.

(iii) If the state intends to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR 92.206(b). The guidelines shall describe the conditions under which the state will refinance existing debt. At minimum, the guidelines must:

(A) Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.

(B) Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.

(C) State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.

(D) Specify the required period of affordability, whether it is the minimum 15 years or longer.

(E) Specify whether the investment of HOME funds may be state-wide or limited to a specific geographic area, such as a community identified in a neighborhood revitalization strategy under 24 CFR 91.315(g), or a federally designated Empowerment Zone or Enterprise Community.

(F) State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including the CDBG program.

(iv) If the state will receive funding under the American Dream Downpayment Initiative (ADDI) (see 24 CFR part 92, subpart M), it must include:

(A) A description of the planned use of the ADDI funds;

(B) A plan for conducting targeted outreach to residents and tenants of public and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide downpayment assistance for such residents, tenants, and families; and

(C) A description of the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.

(3) ESG. The state shall identify the process for awarding grants to state recipients and a description of how the state intends to make its allocation available to units of local government and nonprofit organizations (including community and faith-based organizations).

(4) HOPWA. For HOPWA funds, the state must specify one-year goals for the number of households to be provided housing through the use of HOPWA activities for short-term rent; mortgage and utility assistance

payments to prevent homelessness of the individual or family; tenant-based rental assistance; and units provided in housing facilities that are being developed, leased or operated with HOPWA funds, and shall identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations).

[71 FR 6969, Feb. 9, 2006]

HOUSING RESOURCE CENTER

BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Possible Approval of the *2009 Regional Allocation Formula (RAF) Methodology*

Requested Action

Approval of the *2009 RAF Methodology* is requested.

- See Attachment A for a Summary of Public Comment and reasoned responses.
- See Attachment B for a Summary of Proposed Revisions to the RAF Methodology for 2009.
- See Attachment C for the 2009 Proposed RAF Distribution for the HOME, Housing Tax Credit (HTC) and Housing Trust Fund programs. Note that the percentages and figures may change in the final published version of the RAF based on Board actions at the November 13th meeting.
- See Attachment D for the *2009 RAF Methodology*.

Background

§2306.111(d) of the Texas Government Code requires that the Department use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. The RAF also allocates funding to rural and urban areas within each region. As a dynamic measure of need, the RAF is revised annually to reflect updated data; respond to public comment; and better assess regional housing needs and available resources.

The HOME, HTC and HTF RAFs use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. §2306.111(c) of the Texas Government Code requires that 95 percent of HOME funding be set aside for non-participating jurisdictions (non-PJs). Therefore, the HOME RAF only uses need and available resource data for non-PJs.

The RAF methodology was made available for public comment from September 19th through October 20th, 2008. The final methodology will be published on the TDHCA website. It should be noted that the Board is approving the formula methodology, not specific allocation amounts. Staff recommends updating the formula with recent award data following any Board action impacting 2008 awards during the November 13th meeting. Board action impacting 2008 awards could result in shifting allocation amounts. Staff recommends updating the formula with available data until November 21st, permitting the Department to submit the RAF with the HTC Application Submission Procedures Manual submitted to the Governor for signature with the Qualified Action Plan by December 1st. Note also that the tax credit amounts do not yet reflect forward commitments that may be made out of the 2009 ceiling.[1]

Recommendation

It is recommended that the Board approve the *2009 Regional Allocation Formula Methodology*

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[1] Additional allocated funds, including Housing Tax Credits allocated to the State for disaster or economic recovery, are subject to the Regional Allocation Formula.

ATTACHMENT A
SUMMARY OF PUBLIC COMMENT

Comment:
The formula should be updated to reflect any deals which were awarded funds but subsequently returned the funds. (57)
Response:
The Department concurs and recommends updating the other available housing resources data to reflect the most current information available on deals that were awarded funds but subsequently returned the funds. Staff recommends updating the formula with available data until November 21st, following any action by the Board on November 13th and permitting the Department to include the RAF with the HTC Application Submission Procedures Manual submitted to the Governor for signature with the Qualified Action Plan by December 1st.

Comment:
Commenter appreciates the Department's Regional Allocation Formula and recommends continuation of the formula. (11)
Response:
No response required.

ATTACHMENT B
SUMMARY OF PROPOSED REVISIONS TO THE RAF METHODOLOGY

Population Estimates Update

The affordable housing need factors based on 2000 U.S. Census data (poverty, cost burdened households, overcrowded households, and units with incomplete kitchen or bathroom facilities) are adjusted to current year estimates by applying a growth factor. The growth factor is calculated based on the population growth experienced since the decennial census.

The final RAF methodology and distribution utilize a precise data set for population estimates that includes household and population data by income level and tenure (renter or owner). HISTA (Households by Income, Size, Tenure and Age) data is demographic data based on the 2000 U.S. Census with estimates and projected provided by Claritas, a leading demographics data provider widely used by market analysts. More information on HISTA data can be found at: http://www.ribbondata.com/abouthista.asp.

The proposed methodology will have no negative impact on the amount of statewide housing tax credit rural allocation due to statutory rural minimums of $500,000 per region and 20% of the overall state tax credit ceiling.

Recent Award Data

Any changes in awards or award amounts from the previous year may impact the final RAF allocation. It is recommended that staff use the most recent data available on awards to calculate the final allocation amounts. The final RAF allocations will be published on the TDHCA website, the State Low Income Housing Plan and Annual Report, and the HTC Application Procedures Submission Manual.

ATTACHMENT C
2009 RAF DISTRIBUTION FOR THE HTC, HOME AND HTF PROGRAMS

Note that shifts in the regional and allocation amounts should be expected in the final version of the regional allocation formula after updated data on other available resources is incorporated into the formula which may include significant credit allocations for Regions 5 and 6 associated with Hurricane Ike recovery. Also note that Board action, including forward commitments, may alter the total amount available for distribution in each region and subregion during the 2009 housing tax credit cycle.

2009 HTC RAF

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,262,360	3.2%	$670,123	53.1%	$592,237	46.9%
2	Abilene	$588,399	1.5%	$541,199	92.0%	$47,200	8.0%
3	Dallas/Fort Worth	$10,928,516	27.3%	$1,038,506	9.5%	$9,890,010	90.5%
4	Tyler	$1,192,946	3.0%	$723,622	60.7%	$469,324	39.3%
5	Beaumont	$902,389	2.3%	$552,847	61.3%	$349,541	38.7%
6	Houston	$9,618,323	24.1%	$893,766	9.3%	$8,724,557	90.7%
7	Austin/Round Rock	$2,676,570	6.7%	$580,902	21.7%	$2,095,668	78.3%
8	Waco	$1,582,220	4.0%	$609,434	38.5%	$972,785	61.5%
9	San Antonio	$2,548,505	6.4%	$603,217	23.7%	$1,945,288	76.3%
10	Corpus Christi	$1,029,719	2.6%	$576,488	56.0%	$453,231	44.0%
11	Brownsville/Harlingen	$5,484,716	13.7%	$1,480,105	27.0%	$4,004,611	73.0%
12	San Angelo	$784,373	2.0%	$550,505	70.2%	$233,868	29.8%
13	El Paso	$1,364,195	3.4%	$582,398	42.7%	$781,798	57.3%
	Total	$39,963,231	100.0%	$9,403,113	23.5%	$30,560,118	76.5%

Rural Percent of Tax Credit Ceiling Amount: 20%

The final amount of rural funding for the HTC RAF was adjusted using the following steps. Step One: Regions with less than $500,000 rural funding were adjusted up to $500,000. Step Two: The rural percentage of the total tax credit ceiling amount was calculated and if the rural percentage was less than 20 percent, the rural amount for each region was increased at a rate equal to their regional funding percentage until the overall state rural percentage reached 20 percent.

2009 HOME RAF

Region	Large MSA w/in Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,899,836	5.6%	$1,899,399	100.0%	$437	0.0%
2	Abilene	$866,719	2.5%	$842,271	97.2%	$24,449	2.8%
3	Dallas/Fort Worth	$6,571,515	19.2%	$2,230,520	33.9%	$4,340,995	66.1%
4	Tyler	$3,641,873	10.6%	$3,196,234	87.8%	$445,639	12.2%
5	Beaumont	$1,777,124	5.2%	$1,626,844	91.5%	$150,280	8.5%
6	Houston	$2,662,428	7.8%	$905,471	34.0%	$1,756,957	66.0%
7	Austin/Round Rock	$1,885,064	5.5%	$715,659	38.0%	$1,169,404	62.0%
8	Waco	$1,149,137	3.4%	$759,059	66.1%	$390,078	33.9%
9	San Antonio	$1,762,628	5.2%	$1,132,545	64.3%	$630,084	35.7%
10	Corpus Christi	$2,041,485	6.0%	$1,373,964	67.3%	$667,521	32.7%
11	Brownsville/Harlingen	$7,139,695	20.9%	$4,021,377	56.3%	$3,118,318	43.7%
12	San Angelo	$1,609,447	4.7%	$655,454	40.7%	$953,992	59.3%
13	El Paso	$1,193,049	3.5%	$837,837	70.2%	$355,213	29.8%
	Total	$34,200,000	100.0%	$20,196,634	59.1%	$14,003,366	40.9%

2009 HTF RAF

Region	Large MSA w/in Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$103,330	3.4%	$60,800	58.8%	$42,530	41.2%
2	Abilene	$51,733	1.7%	$24,770	47.9%	$26,963	52.1%
3	Dallas/Fort Worth	$708,196	23.6%	$48,437	6.8%	$659,759	93.2%
4	Tyler	$150,450	5.0%	$88,675	58.9%	$61,775	41.1%
5	Beaumont	$65,608	2.2%	$37,873	57.7%	$27,735	42.3%
6	Houston	$675,952	22.5%	$38,007	5.6%	$637,945	94.4%
7	Austin/Round Rock	$131,705	4.4%	$10,540	8.0%	$121,165	92.0%
8	Waco	$120,723	4.0%	$30,152	25.0%	$90,572	75.0%
9	San Antonio	$191,053	6.4%	$27,248	14.3%	$163,805	85.7%
10	Corpus Christi	$115,530	3.9%	$35,020	30.3%	$80,510	69.7%
11	Brownsville/Harlingen	$501,460	16.7%	$158,096	31.5%	$343,364	68.5%
12	San Angelo	$75,936	2.5%	$24,002	31.6%	$51,934	68.4%
13	El Paso	$108,324	3.6%	$17,681	16.3%	$90,642	83.7%
	Total	$3,000,000	100.0%	$601,301	20.0%	$2,398,699	80.0%

2009 REGIONAL ALLOCATION FORMULA METHODOLOGY

BACKGROUND

Sections 2306.111(d) and 2306.1115 of the Texas Government Code require that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. These regions are shown in "Figure 1. State Service Regions." The RAF also allocates funding to rural and urban areas within each region.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data; respond to public comment; and better assess regional housing needs and available resources. The RAF is submitted annually for public comment.

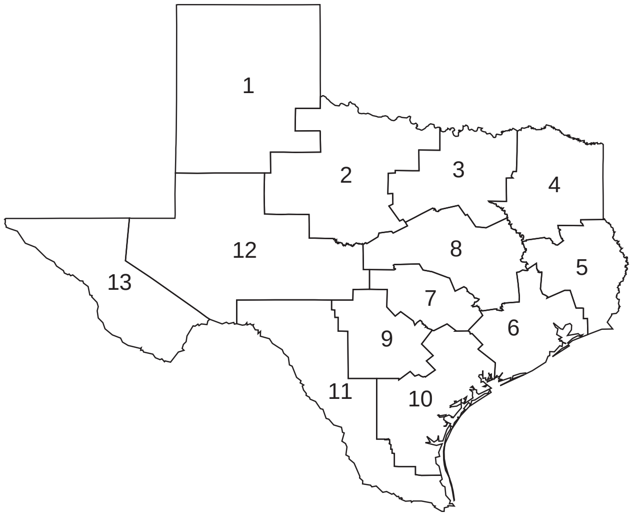

Figure 1. State Service Regions

The HOME, HTF and HTC RAFs use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. §2306.111(c) of the Texas Government Code requires that 95 percent of HOME funding be set aside for non-participating jurisdictions (non-PJs). Therefore, the HOME RAF only uses need and available resource data for non-PJs.

METHODOLOGY

Consideration of Affordable Housing Need

The first part of the RAF determines the funding allocation based solely on objective measures of each region's share of the State's affordable housing need. The RAF uses the following 2000 US Census data to calculate this regional need distribution.

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

Non-poverty data is for households at or below 80% of the Area Median Family Income (AMFI).

- Because the HTC program supports rental development activities, renter household data is used for the HTC RAF.
- Because the HOME and HTF programs support renter and owner activities, both renter and owner data is used in the HOME and HTF RAFs.

The following steps are used to measure regional need.

1. Need data is adjusted to current year levels by applying a growth factor based on the growth experienced since 2000.[1]
2. Each need measure is weighted to reflect its perceived relevance in assessing affordable housing need. Half the measure weight is associated with poverty because of the significant number of persons in poverty and the use of this factor in the HUD Community Planning and Development Program Formula Allocations. The remaining measure weight is proportionately allocated based on the relative size of the other three measure populations. The resulting need measure weights are: poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent, and substandard housing = 2 percent.
3. The following steps calculate the funding distribution based on the need measures.
    a. The total RAF funding amount is multiplied by each need measure weight to determine the amount of funding distributed by that measure.
    b. Each measure's amount of funding is regionally distributed based on the distribution of persons or households in need.
4. The resulting regional measure distributions are then combined to calculate each region's need-based funding amount.
5. Each region's need based funding amount is divided by the total RAF funding amount. This quotient is the region's need percentage.

Consideration of Available Housing Resources

In addition to TDHCA, there are many other sources of funding that address affordable housing needs. To mitigate any inherent inequities in the way these resources are regionally allocated, the RAF compares each region's level of need to its level of resources.

Because the resources used in the RAF reflect the three programs' eligible households and activities, the following data is used.

- The HTC RAF uses rental funding sources.
- The HTF RAF uses sources of rental and owner funding.
- The HOME RAF uses sources of rental and owner funding in non-PJs.

The following resources are used in the HOME, HTF and HTC RAFs.

- Housing Tax Credits (4% and 9%)[2]
- Housing Trust Fund Rental Development Funding
- HUD HOME Funds (TDHCA and Participating Jurisdiction)
- HUD Housing for Persons with AIDS Funding
- HUD Public Housing Authority (PHA) Capital Funding
- HUD §8 Tenant-Based Rental Assistance (TDHCA & PHA)
- Multifamily Texas Housing Trust Fund

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[1] The 2008 HISTA data, or Households by Income, Size, Tenure and Age, from Ribbon Demographics is utilized in the final RAF. HISTA data is based upon special tabulations of 2000 US Census data with demographic projections provided by Claritas.

[2] Estimated capital raised through the syndication of the HTCs. For the Final Methodology, this figure is $0.80 based upon a survey of HTC applicants. The Final RAF will utilize the most current award data available.

- Multifamily Tax-Exempt Bond Financing[3]
- United States Department of Agriculture (USDA) Multifamily Development Funding
- USDA Rental Assistance

The HOME and HTF RAFs also include the following sources of owner funding.

- USDA 502 and 504 Loans and Grants
- Single Family Bond Financing (TDHCA and Housing Finance Corporations)

These steps calculate the regional distribution of available housing resources.

1. The available resources are summed by region and for the state. The resulting sums are the regional and state resource totals.
2. The regional resource total is divided by the state resource total. This quotient is the region's resource percentage.

Comparison of Regional Need and Available Resource Distributions

In theory, if the measurement of regional need is accurate, then the region's need percentage should reflect its resource percentage. A region with a negative resource and need difference is considered to be "under allocated." This region should have received a larger portion of the available resources to address their need. Similarly, a region with a positive difference is considered "over allocated." Conversely, it should have received a smaller portion of the available resources.

To address differences between the regional need and resource distributions, the RAF uses a resource funding adjustment to shift a portion of the need based funding distribution from over allocated to under allocated regions.

A resource funding adjustment limit is used to ensure that a particular region or geographical area is not overly penalized or benefited by the resource funding adjustments. A region's need based funding amount cannot be reduced or increased by more than the percentage of the state's available resources that are not already regionally distributed. This percentage is calculated by finding the average difference between each funding source's regional distribution and the regional need percentages. Sources whose average of the regional differences exceeds five percent or that are not distributed to all regions are included in the resource funding adjustment limit.

The following steps calculate the resource funding adjustments.

1. The regional resource percentage and regional need percentage differences are calculated.
2. The resulting over allocated (positive) resource differences are summed to calculate the state resource difference.
3. The state resource difference is multiplied by the total RAF funding. This product is the state over allocated resource amount.
4. Each over allocated resource difference is divided by the state resource difference. This quotient is the over allocation percentage.
5. Each over allocation percentage is multiplied by the state over allocated resource amount to determine the base resource funding adjustment.

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[3] The value of the bonds is 62 percent of the total bond amount. This is an estimate of the capital required to fill an affordability gap that remains after the capital raised through the syndication of the 4% HTCs is deducted from the total development cost. The Final RAF will utilize the most current award data available.

6. The region's need based funding amount is multiplied by the resource funding adjustment limit. This product is the maximum resource funding adjustment.
7. The lesser of the base resource funding adjustment and the maximum resource funding adjustment is the over allocated region's resource funding adjustment.
8. The over allocated regions' resource funding adjustments are summed. This total is the state under allocated resource amount.
9. Each under allocated (negative) resource difference is divided by the state resource difference to determine the under allocation percentage.
10. Each under allocation percentage is multiplied by the state under allocated resource amount. This product is the under allocated region's resource funding adjustment.

Consideration of Rural and Urban Need[4]

There are a number of factors that affect the distribution of resources to rural and urban areas. These include rural area feasible development sizes, allowable rent and income levels, and proximity to developers, contractors, and materials. Access to resources is also an issue because some funding, such as multifamily tax-exempt bond financing, does not work very well in rural areas. As required by §2306.111(d) of the Texas Government Code, to ensure an equitable distribution of funding to both rural and urban areas, the RAF analyzes the distribution of rural and urban need and resources at the regional level.

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

1. Area - The geographic area contained within the boundaries of:
   a. an incorporated place, or
   b. a Census Designated Place (CDP) as established by the U.S. Census Bureau for the most recent Decennial Census.
2. Rural – An Area that is:
   a. outside the boundaries of a metropolitan statistical area (MSA); or
   b. within the boundaries of a MSA, if the Area has a population of 25,000[5] or less and does not share a boundary with an Urban Area.[6]
   c. in an Area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an Area that is located in a municipality with a population of more than 50,000.[7]

3. Urban – An Area that:

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[4] §2306.111(d) requires the RAF to consider "rural and urban areas" in its distribution of program funding.

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

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

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

  a. is located within the boundaries of a metropolitan statistical area (MSA); or
  b. does not meet the Rural Area definition.

Measuring Rural and Urban Affordable Housing Need
The following steps calculate the level of need in rural and urban areas.

1. Need data are adjusted to current year levels by applying a growth factor based on the growth experienced since 2000.
2. The same need measure weights used to determine the regional need distribution are multiplied by the region's funding amount. This product is the measure funding amount.
3. Area level measure data is identified as being rural or urban based on the RAF area definitions.
4. Using the coded area data, each measure's affected number of rural and urban persons or households in the region is calculated.
5. The corresponding measure rural and urban percentages are calculated.
6. For each measure, the regional funding amount is multiplied by the measure rural and urban percentages to calculate the rural and urban measure funding amounts.
7. The rural and urban measure funding amounts are summed for the measures. These totals are the region's rural and urban need based funding amounts.
8. The region's rural and urban need based funding amounts are divided by the region's total funding amount. These quotients provide the region's rural and urban need percentages.

Measuring Rural and Urban Available Resources
The following steps calculate the Rural and Urban distribution of available housing resources.

1. The geographically coded area data is summed to calculate regional rural and urban resource totals. Funding allocated at the county level is proportionately distributed based on the percentage split between rural and urban areas within the county. The resulting totals are the rural and urban resource totals.
2. The corresponding regional rural and urban resource percentages are calculated.

Rural and Urban Available Resources Funding Adjustment
The following steps calculate the rural and urban area resource funding adjustments.

1. The differences between the rural and urban resource percentages and rural and urban need percentages are calculated. The resulting differences show which of the two areas (rural or urban) were over or under allocated.
2. Each over allocated (positive) area resource difference is multiplied by the region's funding amount. For example, if the urban area is over allocated, then the difference is multiplied by the Regional Funding Amount. The resulting product is the area's base resource funding adjustment.
3. The over allocated area's need based funding amount is multiplied by the resource funding adjustment limit. This product is the area's maximum resource funding adjustment.
4. The lesser of the area's base resource funding adjustment or the maximum resource funding adjustment is the area's resource funding adjustment.

Rural and Urban Regional Funding Amounts
The area's over allocated resource funding adjustment is subtracted from the over allocated area's need based funding amount and is added to the under allocated area's need based funding amount.

For the HTC RAF, the regional amount of rural funding is adjusted to a minimum of $500,000, if needed, and the overall state rural percentage of the total tax credit ceiling amount is adjusted to a minimum of 20 percent, if needed.

QUESTIONS AND COMMENTS

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Phone: (512) 305-9038 Fax: (512) 469-9606
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HOUSING RESOURCE CENTER

BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Possible Approval of the *2009 Affordable Housing Need Score (AHNS) Methodology*

Required Action

Approval of the *2009 AHNS Methodology* is requested.

- See Attachment A for a Summary of Public Comment received during the comment period.
- See Attachment B for the proposed *2009 AHNS Methodology*.
- See Attachment C for the Housing Tax Credit (HTC), Housing Trust Fund (HTF), and HOME Scores as generated by the 2009 AHNS Methodology. Note that the scores may change in the final published version of the AHNS based on Board action at the November 13th meeting.

Background

The AHNS scoring criterion is used to evaluate HOME, HTC, and HTF applications. The formula is submitted annually for public comment. The final methodology and resulting scores are published on the TDHCA website.

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

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

Through the AHNS, applicants are encouraged to request funding to serve communities that have a high level of need. The HOME, HTF, and HTC programs use slightly modified versions of the AHNS because the programs have different eligible activities, households, and geographical areas. Under §2306.111(c) of the Texas Government Code, 95 percent of HOME funding is set aside for non-participating jurisdictions (PJ). Therefore, the HOME AHNS only uses need data for non-PJs. The AHNS was made available for public comment from September 19th through October 20th, 2008.

Updated data on the actual number of households served from the TDHCA central database has been incorporated into the AHNS. Staff recommends updating the scores with recent award data until November 21st to allow for any changes in 2008 awards during the November 13th Board meeting.

Recommendation

Approval for the release of the *2009 AHNS Methodology*.

ATTACHMENT A
SUMMARY OF PUBLIC COMMENT

Comment:
Because of the devastation caused by Hurricane Ike, it seems logical to raise the housing needs score to 6 in all cities affected by the Hurricane. (22)

Response:
Recent federal legislation addressing disaster recovery in the wake of Hurricane Ike has targeted a large amount of assistance to the areas impacted by the hurricane. An estimated $42 million in additional housing tax credits will be available to the affected counties for 2008, 2009, and 2010. Additional tax-exempt bond authority has been granted by Congress as well. Furthermore, the State will receive approximately $6.5 billion for hurricane recovery and it is anticipated that a portion will be dedicated to affordable housing. Given the disaster relief funding that is underway and anticipated in the area; staff does not recommend a change to the Affordable Housing Needs Score methodology.

2009 Affordable Housing Needs Score Methodology

Background

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

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

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

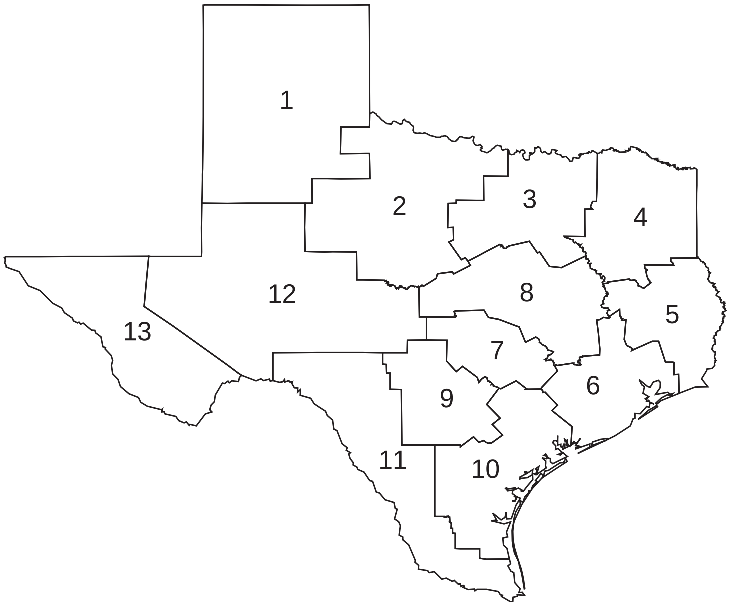

Figure 1. State Service Regions

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

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

Methodology

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

1) The Census number of households at or below 80% AMFI with cost burden establishes baseline for each area's number of households in need of housing assistance. The type of household considered for this baseline varies by activity.

   a) Renter data is used for the rental development (RD), tenant based rental assistance (TBRA), and down payment assistance (DPA) scores.
   b) Owner data is used for the owner occupied rehabilitation (OCC) score.

2) For each activity, an adjusted number of households with cost burden is calculated based on the difference between the area's population in the 2000 Census and the most accurate and recent population estimate data available.3) The number of households assisted using TDHCA funding since the Census was taken (April 1, 2000) is subtracted from the adjusted number of households with cost burden. The resulting number shows the area's estimated remaining need.

   a) For HTC scores, RD activity is used;
   b) For HOME and HTF TBRA and RD scores, TBRA[1] and RD activity is used;

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[1] Because of the limited duration of TBRA, a conversion factor was used to equate the value of a voucher to an affordable housing unit. This factor equaled the voucher duration divided by the number of years since the Census. For 2008, this is 2 years/8 years or an approximate reduction in the number of households in need by 25 percent for each TBRA voucher.

   c) For HOME and HTF DPA scores, First Time Homebuyer and HOME DPA activity is used; and
   d) For HOME and HTF OCC scores, HOME OCC activity is used.

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

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

Rural and Urban Need

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

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

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

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

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

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

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

2009 HTC Affordable Housing Need Scores (AHNS)
Place Level
(Sorted by Region then Place)

Instructions:
Use this table to determine an application's AHNS:
(1) Locate the row that corresponds to the place where the funds will be used.
(2) Development sites located outside the boundaries of a place (as designated by the U.S. Census) will utilize the score of the place whose boundary is closest to the development site.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sharon Gamble via facsimile at (512) 475-0764 or by email at sharon.gamble@tdhca.state.tx.us.

Sorted by Region then Area Name

Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
1	Abernathy	Hale	Rural	4	5	1
1	Adrian	Oldham	Rural	6	5	-1
1	Amarillo	Potter	Urban	5	4	-1
1	Amherst	Lamb	Rural	4	4	0
1	Anton	Hockley	Rural	3	3	0
1	Bishop Hills	Potter	Rural	3	3	0
1	Booker	Lipscomb	Rural	5	5	0
1	Borger	Hutchinson	Rural	4	4	0
1	Bovina	Parmer	Rural	3	3	0
1	Brownfield	Terry	Rural	6	6	0
1	Buffalo Springs	Lubbock	Rural	4	4	0
1	Cactus	Moore	Rural	3	3	0
1	Canadian	Hemphill	Rural	5	5	0
1	Canyon	Randall	Rural	6	6	0
1	Channing	Hartley	Rural	6	6	0
1	Childress	Childress	Rural	4	4	0
1	Clarendon	Donley	Rural	5	5	0
1	Claude	Armstrong	Rural	6	6	0
1	Crosbyton	Crosby	Rural	5	5	0
1	Dalhart	Dallam	Rural	6	6	0
1	Darrouzett	Lipscomb	Rural	6	6	0
1	Denver City	Yoakum	Rural	4	4	0
1	Dickens	Dickens	Rural	6	6	0
1	Dimmitt	Castro	Rural	4	4	0
1	Dodson	Collingsworth	Rural	6	6	0
1	Dumas	Moore	Rural	4	4	0
1	Earth	Lamb	Rural	4	4	0
1	Edmonson	Hale	Rural	3	3	0
1	Estelline	Hall	Rural	6	6	0
1	Farwell	Parmer	Rural	6	6	0
1	Floydada	Floyd	Rural	5	5	0
1	Follett	Lipscomb	Rural	3	3	0
1	Friona	Parmer	Rural	5	5	0
1	Fritch	Hutchinson	Rural	5	5	0
1	Groom	Carson	Rural	6	6	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
1	Gruver	Hansford	Rural	5	5	0
1	Hale Center	Hale	Rural	5	5	0
1	Happy	Swisher	Rural	4	4	0
1	Hart	Castro	Rural	3	4	1
1	Hartley	Hartley	Rural	4	4	0
1	Hedley	Donley	Rural	6	6	0
1	Hereford	Deaf Smith	Rural	3	3	0
1	Higgins	Lipscomb	Rural	3	3	0
1	Howardwick	Donley	Rural	6	6	0
1	Idalou	Lubbock	Rural	3	3	0
1	Kress	Swisher	Rural	5	5	0
1	Lake Tanglewood	Randall	Rural	6	6	0
1	Lakeview	Hall	Rural	6	6	0
1	Lefors	Gray	Rural	3	3	0
1	Levelland	Hockley	Rural	5	5	0
1	Lipscomb	Lipscomb	Rural	3	3	0
1	Littlefield	Lamb	Rural	6	6	0
1	Lockney	Floyd	Rural	3	3	0
1	Lorenzo	Crosby	Rural	4	4	0
1	Lubbock	Lubbock	Urban	6	6	0
1	Matador	Motley	Rural	4	3	-1
1	McLean	Gray	Rural	5	5	0
1	Meadow	Terry	Rural	3	3	0
1	Memphis	Hall	Rural	4	4	0
1	Miami	Roberts	Rural	6	6	0
1	Mobeetie	Wheeler	Rural	3	3	0
1	Morse	Hansford	Rural	4	5	1
1	Morton	Cochran	Rural	3	3	0
1	Muleshoe	Bailey	Rural	3	3	0
1	Nazareth	Castro	Rural	4	3	-1
1	New Deal	Lubbock	Rural	5	5	0
1	New Home	Lynn	Rural	4	4	0
1	O'Donnell	Lynn	Rural	3	3	0
1	Olton	Lamb	Rural	3	3	0
1	Opdyke West	Hockley	Rural	4	5	1
1	Palisades	Randall	Rural	5	5	0
1	Pampa	Gray	Rural	4	4	0
1	Panhandle	Carson	Rural	4	4	0
1	Perryton	Ochiltree	Rural	3	3	0
1	Petersburg	Hale	Rural	3	3	0
1	Plains	Yoakum	Rural	4	4	0
1	Plainview	Hale	Rural	4	4	0
1	Post	Garza	Rural	6	6	0
1	Quail	Collingsworth	Rural	3	3	0
1	Quitaque	Briscoe	Rural	6	6	0
1	Ralls	Crosby	Rural	4	4	0
1	Ransom Canyon	Lubbock	Rural	4	4	0
1	Reese Center	Lubbock	Urban	3	3	0
1	Roaring Springs	Motley	Rural	3	3	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
1	Ropesville	Hockley	Rural	3	3	0
1	Samnorwood	Collingsworth	Rural	3	3	0
1	Sanford	Hutchinson	Rural	5	5	0
1	Seth Ward	Hale	Rural	5	5	0
1	Shallowater	Lubbock	Rural	6	6	0
1	Shamrock	Wheeler	Rural	5	5	0
1	Silverton	Briscoe	Rural	6	5	-1
1	Skellytown	Carson	Rural	3	3	0
1	Slaton	Lubbock	Rural	5	5	0
1	Smyer	Hockley	Rural	4	4	0
1	Spade	Lamb	Rural	5	5	0
1	Spearman	Hansford	Rural	3	3	0
1	Springlake	Lamb	Rural	6	6	0
1	Spur	Dickens	Rural	3	3	0
1	Stinnett	Hutchinson	Rural	5	5	0
1	Stratford	Sherman	Rural	3	3	0
1	Sudan	Lamb	Rural	4	4	0
1	Sundown	Hockley	Rural	4	4	0
1	Sunray	Moore	Rural	4	4	0
1	Tahoka	Lynn	Rural	3	3	0
1	Texhoma	Sherman	Rural	6	6	0
1	Texline	Dallam	Rural	4	4	0
1	Timbercreek Canyon	Randall	Rural	3	3	0
1	Tulia	Swisher	Rural	4	4	0
1	Turkey	Hall	Rural	3	3	0
1	Vega	Oldham	Rural	5	5	0
1	Wellington	Collingsworth	Rural	4	4	0
1	Wellman	Terry	Rural	4	4	0
1	Wheeler	Wheeler	Rural	4	4	0
1	White Deer	Carson	Rural	5	5	0
1	Whiteface	Cochran	Rural	3	3	0
1	Wilson	Lynn	Rural	3	3	0
1	Wolfforth	Lubbock	Rural	5	5	0
2	Abilene	Taylor	Urban	5	5	0
2	Albany	Shackelford	Rural	5	5	0
2	Anson	Jones	Rural	3	3	0
2	Archer City	Archer	Rural	4	4	0
2	Aspermont	Stonewall	Rural	4	4	0
2	Baird	Callahan	Rural	3	3	0
2	Ballinger	Runnels	Rural	6	6	0
2	Bangs	Brown	Rural	5	5	0
2	Bellevue	Clay	Rural	5	5	0
2	Benjamin	Knox	Rural	3	3	0
2	Blackwell	Nolan	Rural	4	4	0
2	Blanket	Brown	Rural	6	6	0
2	Bowie	Montague	Rural	5	4	-1
2	Breckenridge	Stephens	Rural	4	4	0
2	Brownwood	Brown	Rural	4	4	0
2	Bryson	Jack	Rural	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
2	Buffalo Gap	Taylor	Rural	4	4	0
2	Burkburnett	Wichita	Rural	5	5	0
2	Byers	Clay	Rural	6	6	0
2	Carbon	Eastland	Rural	3	3	0
2	Chillicothe	Hardeman	Rural	6	6	0
2	Cisco	Eastland	Rural	6	6	0
2	Clyde	Callahan	Rural	5	5	0
2	Coleman	Coleman	Rural	5	5	0
2	Colorado City	Mitchell	Rural	6	6	0
2	Comanche	Comanche	Rural	6	6	0
2	Cross Plains	Callahan	Rural	3	3	0
2	Crowell	Foard	Rural	5	5	0
2	De Leon	Comanche	Rural	5	5	0
2	Dean	Clay	Rural	6	6	0
2	Early	Brown	Rural	4	4	0
2	Eastland	Eastland	Rural	4	3	-1
2	Elbert	Throckmorton	Rural	6	6	0
2	Electra	Wichita	Rural	5	5	0
2	Girard	Kent	Rural	3	3	0
2	Goree	Knox	Rural	3	3	0
2	Gorman	Eastland	Rural	3	3	0
2	Graham	Young	Rural	4	4	0
2	Gustine	Comanche	Rural	6	6	0
2	Hamlin	Jones	Rural	4	4	0
2	Haskell	Haskell	Rural	5	5	0
2	Hawley	Jones	Rural	6	6	0
2	Henrietta	Clay	Rural	5	5	0
2	Hermleigh	Scurry	Rural	5	5	0
2	Holliday	Archer	Rural	3	3	0
2	Impact	Taylor	Urban	3	3	0
2	Iowa Park	Wichita	Rural	5	5	0
2	Jacksboro	Jack	Rural	5	5	0
2	Jayton	Kent	Rural	3	3	0
2	Jolly	Clay	Rural	6	6	0
2	Knox City	Knox	Rural	4	4	0
2	Lake Brownwood	Brown	Rural	6	6	0
2	Lakeside City	Archer	Urban	4	4	0
2	Lawn	Taylor	Rural	3	3	0
2	Loraine	Mitchell	Rural	5	4	-1
2	Lueders	Jones	Rural	4	4	0
2	Megargel	Archer	Rural	3	3	0
2	Merkel	Taylor	Rural	6	5	-1
2	Miles	Runnels	Rural	5	5	0
2	Moran	Shackelford	Rural	4	4	0
2	Munday	Knox	Rural	3	3	0
2	Newcastle	Young	Rural	5	5	0
2	Nocona	Montague	Rural	4	4	0
2	Novice	Coleman	Rural	3	3	0
2	O'Brien	Haskell	Rural	3	3	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
2	Olney	Young	Rural	4	4	0
2	Paducah	Cottle	Rural	4	4	0
2	Petrolia	Clay	Rural	6	6	0
2	Pleasant Valley	Wichita	Urban	6	6	0
2	Potosi	Taylor	Urban	6	6	0
2	Putnam	Callahan	Rural	6	6	0
2	Quanah	Hardeman	Rural	6	6	0
2	Ranger	Eastland	Rural	4	4	0
2	Rising Star	Eastland	Rural	4	4	0
2	Roby	Fisher	Rural	5	5	0
2	Rochester	Haskell	Rural	4	4	0
2	Roscoe	Nolan	Rural	4	4	0
2	Rotan	Fisher	Rural	4	4	0
2	Rule	Haskell	Rural	4	5	1
2	Santa Anna	Coleman	Rural	3	3	0
2	Scotland	Archer	Rural	3	3	0
2	Seymour	Baylor	Rural	4	4	0
2	Snyder	Scurry	Rural	4	4	0
2	St. Jo	Montague	Rural	3	3	0
2	Stamford	Jones	Rural	4	4	0
2	Sunset	Montague	Rural	3	3	0
2	Sweetwater	Nolan	Rural	5	4	-1
2	Throckmorton	Throckmorton	Rural	4	3	-1
2	Trent	Taylor	Rural	6	6	0
2	Tuscola	Taylor	Rural	3	3	0
2	Tye	Taylor	Urban	6	6	0
2	Vernon	Wilbarger	Rural	3	3	0
2	Weinert	Haskell	Rural	6	6	0
2	Westbrook	Mitchell	Rural	5	5	0
2	Wichita Falls	Wichita	Urban	4	4	0
2	Windthorst	Archer	Rural	3	3	0
2	Winters	Runnels	Rural	3	3	0
2	Woodson	Throckmorton	Rural	3	3	0
3	Addison	Dallas	Urban	4	4	0
3	Aledo	Parker	Rural	5	5	0
3	Allen	Collin	Urban	5	5	0
3	Alma	Ellis	Rural	6	6	0
3	Alvarado	Johnson	Rural	4	4	0
3	Alvord	Wise	Rural	5	6	1
3	Angus	Navarro	Rural	5	4	-1
3	Anna	Collin	Rural	6	6	0
3	Annetta	Parker	Rural	6	6	0
3	Annetta North	Parker	Rural	6	6	0
3	Annetta South	Parker	Rural	6	6	0
3	Argyle	Denton	Urban	4	4	0
3	Arlington	Tarrant	Urban	5	5	0
3	Aubrey	Denton	Rural	6	6	0
3	Aurora	Wise	Rural	6	6	0
3	Azle	Tarrant	Urban	4	3	-1

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
3	Bailey	Fannin	Rural	6	6	0
3	Balch Springs	Dallas	Urban	3	3	0
3	Bardwell	Ellis	Rural	3	3	0
3	Barry	Navarro	Rural	6	6	0
3	Bartonville	Denton	Rural	3	3	0
3	Bedford	Tarrant	Urban	5	5	0
3	Bells	Grayson	Rural	5	5	0
3	Benbrook	Tarrant	Urban	5	5	0
3	Blooming Grove	Navarro	Rural	4	4	0
3	Blue Mound	Tarrant	Urban	4	4	0
3	Blue Ridge	Collin	Rural	5	5	0
3	Bonham	Fannin	Rural	6	6	0
3	Boyd	Wise	Rural	4	4	0
3	Briar	Tarrant	Rural	3	3	0
3	Briaroaks	Johnson	Rural	3	3	0
3	Bridgeport	Wise	Rural	5	5	0
3	Burleson	Johnson	Urban	4	3	-1
3	Caddo Mills	Hunt	Rural	6	6	0
3	Callisburg	Cooke	Rural	4	4	0
3	Campbell	Hunt	Rural	5	5	0
3	Carrollton	Denton	Urban	4	4	0
3	Cedar Hill	Dallas	Urban	5	5	0
3	Celeste	Hunt	Rural	3	3	0
3	Celina	Collin	Urban	4	4	0
3	Chico	Wise	Rural	5	5	0
3	Cleburne	Johnson	Urban	3	3	0
3	Cockrell Hill	Dallas	Urban	3	3	0
3	Colleyville	Tarrant	Urban	4	4	0
3	Collinsville	Grayson	Rural	3	3	0
3	Combine	Kaufman	Rural	4	4	0
3	Commerce	Hunt	Rural	6	6	0
3	Cool	Parker	Rural	6	6	0
3	Coppell	Dallas	Urban	4	4	0
3	Copper Canyon	Denton	Urban	6	6	0
3	Corinth	Denton	Urban	3	3	0
3	Corral City	Denton	Rural	3	3	0
3	Corsicana	Navarro	Rural	5	5	0
3	Cottonwood	Kaufman	Rural	3	3	0
3	Crandall	Kaufman	Rural	4	4	0
3	Cross Roads	Denton	Rural	3	3	0
3	Cross Timber	Johnson	Rural	6	6	0
3	Crowley	Tarrant	Urban	5	4	-1
3	Dallas	Dallas	Urban	4	4	0
3	Dalworthington Gardens	Tarrant	Urban	3	3	0
3	Dawson	Navarro	Rural	3	3	0
3	Decatur	Wise	Rural	5	3	-2
3	Denison	Grayson	Urban	4	4	0
3	Denton	Denton	Urban	6	6	0
3	DeSoto	Dallas	Urban	3	4	1

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
3	Dodd City	Fannin	Rural	6	6	0
3	Dorchester	Grayson	Urban	3	3	0
3	Double Oak	Denton	Urban	6	6	0
3	Dublin	Erath	Rural	4	4	0
3	Duncanville	Dallas	Urban	5	5	0
3	Eagle Mountain	Tarrant	Urban	4	4	0
3	Ector	Fannin	Rural	5	5	0
3	Edgecliff Village	Tarrant	Urban	6	6	0
3	Emhouse	Navarro	Rural	3	3	0
3	Ennis	Ellis	Rural	3	3	0
3	Euless	Tarrant	Urban	4	3	-1
3	Eureka	Navarro	Rural	3	3	0
3	Everman	Tarrant	Urban	5	5	0
3	Fairview	Collin	Urban	6	6	0
3	Farmers Branch	Dallas	Urban	3	3	0
3	Farmersville	Collin	Rural	4	4	0
3	Fate	Rockwall	Rural	6	6	0
3	Ferris	Ellis	Rural	4	4	0
3	Flower Mound	Denton	Urban	4	4	0
3	Forest Hill	Tarrant	Urban	3	3	0
3	Forney	Kaufman	Rural	5	5	0
3	Fort Worth	Tarrant	Urban	4	4	0
3	Frisco	Collin	Urban	5	5	0
3	Frost	Navarro	Rural	5	5	0
3	Gainesville	Cooke	Rural	4	4	0
3	Garland	Dallas	Urban	4	4	0
3	Garrett	Ellis	Rural	6	6	0
3	Glen Rose	Somervell	Rural	4	4	0
3	Glenn Heights	Dallas	Urban	5	5	0
3	Godley	Johnson	Rural	6	6	0
3	Goodlow	Navarro	Rural	3	3	0
3	Gordon	Palo Pinto	Rural	6	6	0
3	Graford	Palo Pinto	Rural	4	4	0
3	Granbury	Hood	Rural	5	5	0
3	Grand Prairie	Dallas	Urban	4	4	0
3	Grandview	Johnson	Rural	5	5	0
3	Grapevine	Tarrant	Urban	4	4	0
3	Grays Prairie	Kaufman	Rural	6	6	0
3	Greenville	Hunt	Rural	4	4	0
3	Gunter	Grayson	Rural	5	4	-1
3	Hackberry	Denton	Urban	6	6	0
3	Haltom City	Tarrant	Urban	5	5	0
3	Haslet	Tarrant	Urban	4	4	0
3	Hawk Cove	Hunt	Rural	3	3	0
3	Heath	Rockwall	Urban	3	3	0
3	Hebron	Denton	Urban	3	3	0
3	Hickory Creek	Denton	Urban	3	3	0
3	Highland Park	Dallas	Urban	3	3	0
3	Highland Village	Denton	Urban	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
3	Honey Grove	Fannin	Rural	3	3	0
3	Howe	Grayson	Urban	5	5	0
3	Hudson Oaks	Parker	Rural	6	6	0
3	Hurst	Tarrant	Urban	5	5	0
3	Hutchins	Dallas	Urban	5	5	0
3	Irving	Dallas	Urban	4	4	0
3	Italy	Ellis	Rural	4	4	0
3	Josephine	Collin	Rural	6	6	0
3	Joshua	Johnson	Urban	4	4	0
3	Justin	Denton	Rural	5	5	0
3	Kaufman	Kaufman	Rural	3	3	0
3	Keene	Johnson	Rural	5	5	0
3	Keller	Tarrant	Urban	3	3	0
3	Kemp	Kaufman	Rural	6	6	0
3	Kennedale	Tarrant	Urban	4	4	0
3	Kerens	Navarro	Rural	5	5	0
3	Knollwood	Grayson	Urban	6	6	0
3	Krugerville	Denton	Rural	6	6	0
3	Krum	Denton	Rural	3	3	0
3	Ladonia	Fannin	Rural	3	3	0
3	Lake Bridgeport	Wise	Rural	3	3	0
3	Lake Dallas	Denton	Rural	5	5	0
3	Lake Kiowa	Cooke	Rural	3	3	0
3	Lake Worth	Tarrant	Urban	5	5	0
3	Lakeside (Tarrant)	Tarrant	Urban	6	6	0
3	Lakewood Village	Denton	Rural	6	6	0
3	Lancaster	Dallas	Urban	3	3	0
3	Lavon	Collin	Rural	3	3	0
3	Leonard	Fannin	Rural	5	5	0
3	Lewisville	Denton	Urban	5	5	0
3	Lincoln Park	Denton	Rural	4	4	0
3	Lindsay (Cooke)	Cooke	Rural	4	4	0
3	Lipan	Hood	Rural	3	3	0
3	Little Elm	Denton	Urban	3	3	0
3	Lone Oak	Hunt	Rural	3	3	0
3	Lowry Crossing	Collin	Urban	6	6	0
3	Lucas	Collin	Urban	6	6	0
3	Mabank	Kaufman	Rural	3	3	0
3	Mansfield	Tarrant	Urban	3	3	0
3	Marshall Creek	Denton	Rural	6	6	0
3	Maypearl	Ellis	Rural	5	5	0
3	McKinney	Collin	Urban	4	4	0
3	McLendon-Chisholm	Rockwall	Rural	6	6	0
3	Melissa	Collin	Urban	5	5	0
3	Mesquite	Dallas	Urban	4	4	0
3	Midlothian	Ellis	Urban	4	4	0
3	Mildred	Navarro	Rural	6	6	0
3	Milford	Ellis	Rural	3	3	0
3	Millsap	Parker	Rural	3	4	1

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
3	Mineral Wells	Palo Pinto	Rural	5	5	0
3	Mingus	Palo Pinto	Rural	6	6	0
3	Mobile City	Rockwall	Rural	4	4	0
3	Muenster	Cooke	Rural	5	5	0
3	Murphy	Collin	Urban	6	6	0
3	Mustang	Navarro	Rural	3	3	0
3	Navarro	Navarro	Rural	3	3	0
3	Nevada	Collin	Rural	3	4	1
3	New Fairview	Wise	Rural	4	4	0
3	New Hope	Collin	Rural	3	3	0
3	Newark	Wise	Rural	6	6	0
3	Neylandville	Hunt	Rural	3	3	0
3	North Richland Hills	Tarrant	Urban	5	5	0
3	Northlake	Denton	Urban	4	5	1
3	Oak Grove	Kaufman	Rural	6	6	0
3	Oak Leaf	Ellis	Rural	6	6	0
3	Oak Point	Denton	Rural	5	5	0
3	Oak Ridge (Cooke)	Cooke	Rural	6	5	-1
3	Oak Ridge (Kaufman)	Kaufman	Rural	6	6	0
3	Oak Trail Shores	Hood	Rural	3	3	0
3	Oak Valley	Navarro	Rural	5	5	0
3	Ovilla	Ellis	Urban	6	6	0
3	Palmer	Ellis	Rural	3	3	0
3	Pantego	Tarrant	Urban	3	3	0
3	Paradise	Wise	Rural	6	6	0
3	Parker	Collin	Urban	3	3	0
3	Pecan Acres	Wise	Rural	6	6	0
3	Pecan Hill	Ellis	Rural	5	5	0
3	Pecan Plantation	Hood	Rural	4	5	1
3	Pelican Bay	Tarrant	Rural	5	5	0
3	Pilot Point	Denton	Rural	4	4	0
3	Plano	Collin	Urban	4	4	0
3	Ponder	Denton	Rural	4	4	0
3	Post Oak Bend City	Kaufman	Rural	3	4	1
3	Pottsboro	Grayson	Rural	4	4	0
3	Powell	Navarro	Rural	3	3	0
3	Princeton	Collin	Urban	5	5	0
3	Prosper	Collin	Urban	4	4	0
3	Quinlan	Hunt	Rural	6	6	0
3	Ravenna	Fannin	Rural	3	3	0
3	Red Oak	Ellis	Urban	5	5	0
3	Rendon	Tarrant	Urban	3	3	0
3	Reno (Parker)	Parker	Rural	5	5	0
3	Retreat	Navarro	Rural	4	5	1
3	Rhome	Wise	Rural	5	5	0
3	Rice	Navarro	Rural	5	5	0
3	Richardson	Dallas	Urban	4	4	0
3	Richland	Navarro	Rural	6	6	0
3	Richland Hills	Tarrant	Urban	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
3	Rio Vista	Johnson	Rural	3	3	0
3	River Oaks	Tarrant	Urban	5	5	0
3	Roanoke	Denton	Urban	5	5	0
3	Rockwall	Rockwall	Urban	4	3	-1
3	Rosser	Kaufman	Rural	6	6	0
3	Rowlett	Dallas	Urban	5	5	0
3	Royse City	Rockwall	Rural	4	4	0
3	Runaway Bay	Wise	Rural	5	5	0
3	Sachse	Dallas	Urban	3	3	0
3	Sadler	Grayson	Rural	6	6	0
3	Saginaw	Tarrant	Urban	5	5	0
3	Sanctuary	Parker	Rural	6	6	0
3	Sanger	Denton	Rural	3	3	0
3	Sansom Park	Tarrant	Urban	5	5	0
3	Savoy	Fannin	Rural	6	6	0
3	Seagoville	Dallas	Urban	3	3	0
3	Shady Shores	Denton	Urban	3	3	0
3	Sherman	Grayson	Urban	5	5	0
3	Southlake	Tarrant	Urban	4	4	0
3	Southmayd	Grayson	Rural	4	4	0
3	Springtown	Parker	Rural	3	3	0
3	St. Paul (Collin)	Collin	Rural	3	3	0
3	Stephenville	Erath	Rural	6	6	0
3	Strawn	Palo Pinto	Rural	5	4	-1
3	Sunnyvale	Dallas	Urban	3	3	0
3	Talty	Kaufman	Rural	3	3	0
3	Terrell	Kaufman	Rural	5	5	0
3	The Colony	Denton	Urban	4	3	-1
3	Tioga	Grayson	Rural	3	3	0
3	Tolar	Hood	Rural	4	4	0
3	Tom Bean	Grayson	Rural	3	3	0
3	Trenton	Fannin	Rural	4	4	0
3	Trophy Club	Denton	Rural	4	4	0
3	University Park	Dallas	Urban	4	4	0
3	Valley View	Cooke	Rural	4	4	0
3	Van Alstyne	Grayson	Rural	3	3	0
3	Venus	Johnson	Rural	3	3	0
3	Watauga	Tarrant	Urban	4	4	0
3	Waxahachie	Ellis	Rural	3	3	0
3	Weatherford	Parker	Rural	4	4	0
3	West Tawakoni	Hunt	Rural	6	6	0
3	Westlake	Tarrant	Urban	3	3	0
3	Westminster	Collin	Rural	3	3	0
3	Weston	Collin	Urban	5	5	0
3	Westover Hills	Tarrant	Urban	3	3	0
3	Westworth Village	Tarrant	Urban	4	4	0
3	White Settlement	Tarrant	Urban	4	4	0
3	Whitesboro	Grayson	Rural	5	5	0
3	Whitewright	Grayson	Rural	6	6	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
3	Willow Park	Parker	Rural	3	3	0
3	Wilmer	Dallas	Rural	4	4	0
3	Windom	Fannin	Rural	3	3	0
3	Wolfe City	Hunt	Rural	5	5	0
3	Wylie	Collin	Rural	3	3	0
4	Alba	Wood	Rural	6	6	0
4	Alto	Cherokee	Rural	4	4	0
4	Annona	Red River	Rural	6	6	0
4	Arp	Smith	Rural	3	3	0
4	Athens	Henderson	Rural	4	4	0
4	Atlanta	Cass	Rural	4	4	0
4	Avery	Red River	Rural	5	5	0
4	Avinger	Cass	Rural	6	6	0
4	Beckville	Panola	Rural	6	5	-1
4	Berryville	Henderson	Rural	4	5	1
4	Big Sandy	Upshur	Rural	3	3	0
4	Bloomburg	Cass	Rural	3	3	0
4	Blossom	Lamar	Rural	4	4	0
4	Bogata	Red River	Rural	3	3	0
4	Brownsboro	Henderson	Rural	6	6	0
4	Bullard	Smith	Rural	5	5	0
4	Caney City	Henderson	Rural	6	6	0
4	Canton	Van Zandt	Rural	4	4	0
4	Carthage	Panola	Rural	5	5	0
4	Chandler	Henderson	Rural	4	3	-1
4	Clarksville	Red River	Rural	5	5	0
4	Clarksville City	Gregg	Rural	4	4	0
4	Coffee City	Henderson	Rural	3	3	0
4	Como	Hopkins	Rural	4	4	0
4	Cooper	Delta	Rural	6	6	0
4	Cumby	Hopkins	Rural	5	5	0
4	Cuney	Cherokee	Rural	4	4	0
4	Daingerfield	Morris	Rural	6	6	0
4	De Kalb	Bowie	Rural	6	6	0
4	Deport	Lamar	Rural	4	4	0
4	Detroit	Red River	Rural	4	4	0
4	Domino	Cass	Rural	3	3	0
4	Douglassville	Cass	Rural	3	3	0
4	East Mountain	Upshur	Rural	4	5	1
4	East Tawakoni	Rains	Rural	6	6	0
4	Easton	Gregg	Rural	3	3	0
4	Edgewood	Van Zandt	Rural	5	5	0
4	Edom	Van Zandt	Rural	6	6	0
4	Elkhart	Anderson	Rural	5	5	0
4	Emory	Rains	Rural	6	6	0
4	Enchanted Oaks	Henderson	Rural	6	6	0
4	Eustace	Henderson	Rural	3	3	0
4	Frankston	Anderson	Rural	4	4	0
4	Fruitvale	Van Zandt	Rural	4	4	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
4	Gallatin	Cherokee	Rural	4	4	0
4	Gary City	Panola	Rural	3	3	0
4	Gilmer	Upshur	Rural	6	6	0
4	Gladewater	Gregg	Rural	5	5	0
4	Grand Saline	Van Zandt	Rural	3	3	0
4	Gun Barrel City	Henderson	Rural	5	5	0
4	Hallsville	Harrison	Rural	3	3	0
4	Hawkins	Wood	Rural	6	6	0
4	Henderson	Rusk	Rural	3	3	0
4	Hooks	Bowie	Rural	4	4	0
4	Hughes Springs	Cass	Rural	4	4	0
4	Jacksonville	Cherokee	Rural	4	4	0
4	Jefferson	Marion	Rural	6	6	0
4	Kilgore	Gregg	Rural	4	3	-1
4	Lakeport	Gregg	Rural	4	5	1
4	Leary	Bowie	Rural	3	3	0
4	Liberty City	Gregg	Rural	4	4	0
4	Lindale	Smith	Rural	5	5	0
4	Linden	Cass	Rural	4	4	0
4	Log Cabin	Henderson	Rural	6	6	0
4	Lone Star	Morris	Rural	4	4	0
4	Longview	Gregg	Urban	5	5	0
4	Malakoff	Henderson	Rural	5	5	0
4	Marietta	Cass	Rural	3	3	0
4	Marshall	Harrison	Rural	4	4	0
4	Maud	Bowie	Rural	6	6	0
4	Miller's Cove	Titus	Rural	5	6	1
4	Mineola	Wood	Rural	5	5	0
4	Moore Station	Henderson	Rural	6	6	0
4	Mount Enterprise	Rusk	Rural	4	4	0
4	Mount Pleasant	Titus	Rural	4	4	0
4	Mount Vernon	Franklin	Rural	3	3	0
4	Murchison	Henderson	Rural	3	3	0
4	Naples	Morris	Rural	6	6	0
4	Nash	Bowie	Urban	5	5	0
4	Nesbitt	Harrison	Rural	3	3	0
4	New Boston	Bowie	Rural	6	6	0
4	New Chapel Hill	Smith	Rural	3	3	0
4	New London	Rusk	Rural	5	5	0
4	New Summerfield	Cherokee	Rural	4	4	0
4	Noonday	Smith	Rural	4	4	0
4	Omaha	Morris	Rural	6	6	0
4	Ore City	Upshur	Rural	6	6	0
4	Overton	Rusk	Rural	6	6	0
4	Palestine	Anderson	Rural	5	4	-1
4	Paris	Lamar	Rural	5	5	0
4	Payne Springs	Henderson	Rural	3	3	0
4	Pecan Gap	Delta	Rural	5	5	0
4	Pittsburg	Camp	Rural	3	3	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
4	Point	Rains	Rural	6	6	0
4	Poynor	Henderson	Rural	6	6	0
4	Queen City	Cass	Rural	6	6	0
4	Quitman	Wood	Rural	4	4	0
4	Red Lick	Bowie	Rural	6	6	0
4	Redwater	Bowie	Rural	4	5	1
4	Reklaw	Cherokee	Rural	3	3	0
4	Reno (Lamar)	Lamar	Rural	3	3	0
4	Rocky Mound	Camp	Rural	3	3	0
4	Roxton	Lamar	Rural	5	5	0
4	Rusk	Cherokee	Rural	5	5	0
4	Scottsville	Harrison	Rural	4	5	1
4	Seven Points	Henderson	Rural	3	3	0
4	Star Harbor	Henderson	Rural	3	3	0
4	Sulphur Springs	Hopkins	Rural	5	5	0
4	Sun Valley	Lamar	Rural	3	3	0
4	Talco	Titus	Rural	5	5	0
4	Tatum	Rusk	Rural	5	5	0
4	Texarkana	Bowie	Urban	4	4	0
4	Tira	Hopkins	Rural	3	3	0
4	Toco	Lamar	Rural	6	6	0
4	Tool	Henderson	Rural	3	3	0
4	Trinidad	Henderson	Rural	5	5	0
4	Troup	Smith	Rural	5	5	0
4	Tyler	Smith	Urban	5	4	-1
4	Uncertain	Harrison	Rural	6	5	-1
4	Union Grove	Upshur	Rural	3	3	0
4	Van	Van Zandt	Rural	6	6	0
4	Wake Village	Bowie	Urban	4	4	0
4	Warren City	Gregg	Rural	6	6	0
4	Waskom	Harrison	Rural	4	4	0
4	Wells	Cherokee	Rural	5	5	0
4	White Oak	Gregg	Urban	5	5	0
4	Whitehouse	Smith	Rural	3	3	0
4	Wills Point	Van Zandt	Rural	4	4	0
4	Winfield	Titus	Rural	4	4	0
4	Winnsboro	Wood	Rural	5	5	0
4	Winona	Smith	Rural	3	3	0
4	Yantis	Wood	Rural	3	3	0
5	Appleby	Nacogdoches	Rural	5	4	-1
5	Beaumont	Jefferson	Urban	4	4	0
5	Bevil Oaks	Jefferson	Rural	3	3	0
5	Bridge City	Orange	Rural	5	5	0
5	Broaddus	San Augustine	Rural	6	6	0
5	Browndell	Jasper	Rural	3	3	0
5	Buna	Jasper	Rural	3	3	0
5	Burke	Angelina	Rural	6	6	0
5	Center	Shelby	Rural	4	4	0
5	Central Gardens	Jefferson	Rural	3	3	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
5	Chester	Tyler	Rural	4	4	0
5	China	Jefferson	Rural	4	4	0
5	Chireno	Nacogdoches	Rural	4	4	0
5	Coldspring	San Jacinto	Rural	5	5	0
5	Colmesneil	Tyler	Rural	4	4	0
5	Corrigan	Polk	Rural	6	6	0
5	Crockett	Houston	Rural	4	4	0
5	Cushing	Nacogdoches	Rural	5	5	0
5	Deweyville	Newton	Rural	5	4	-1
5	Diboll	Angelina	Rural	4	4	0
5	Evadale	Jasper	Rural	3	3	0
5	Garrison	Nacogdoches	Rural	4	4	0
5	Goodrich	Polk	Rural	3	3	0
5	Grapeland	Houston	Rural	6	6	0
5	Groves	Jefferson	Urban	4	4	0
5	Groveton	Trinity	Rural	5	5	0
5	Hemphill	Sabine	Rural	3	3	0
5	Hudson	Angelina	Rural	4	4	0
5	Huntington	Angelina	Rural	5	3	-2
5	Huxley	Shelby	Rural	3	3	0
5	Jasper	Jasper	Rural	4	4	0
5	Joaquin	Shelby	Rural	3	3	0
5	Kennard	Houston	Rural	6	6	0
5	Kirbyville	Jasper	Rural	5	5	0
5	Kountze	Hardin	Rural	5	5	0
5	Latexo	Houston	Rural	3	3	0
5	Livingston	Polk	Rural	5	5	0
5	Lovelady	Houston	Rural	6	6	0
5	Lufkin	Angelina	Rural	5	5	0
5	Lumberton	Hardin	Rural	3	3	0
5	Mauriceville	Orange	Rural	4	4	0
5	Milam	Sabine	Rural	3	3	0
5	Nacogdoches	Nacogdoches	Rural	6	6	0
5	Nederland	Jefferson	Urban	4	4	0
5	Newton	Newton	Rural	6	6	0
5	Nome	Jefferson	Rural	5	5	0
5	Oakhurst	San Jacinto	Rural	4	4	0
5	Onalaska	Polk	Rural	6	6	0
5	Orange	Orange	Rural	5	4	-1
5	Pine Forest	Orange	Rural	5	6	1
5	Pinehurst (Orange)	Orange	Rural	3	3	0
5	Pineland	Sabine	Rural	6	6	0
5	Pinewood Estates	Hardin	Rural	3	3	0
5	Point Blank	San Jacinto	Rural	4	5	1
5	Port Arthur	Jefferson	Urban	3	3	0
5	Port Neches	Jefferson	Urban	4	4	0
5	Rose City	Orange	Rural	5	5	0
5	Rose Hill Acres	Hardin	Urban	6	6	0
5	San Augustine	San Augustine	Rural	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
5	Seven Oaks	Polk	Rural	3	3	0
5	Shepherd	San Jacinto	Rural	4	4	0
5	Silsbee	Hardin	Rural	5	3	-2
5	Sour Lake	Hardin	Rural	3	3	0
5	South Toledo Bend	Newton	Rural	3	3	0
5	Tenaha	Shelby	Rural	5	5	0
5	Timpson	Shelby	Rural	6	6	0
5	Trinity	Trinity	Rural	5	5	0
5	Vidor	Orange	Rural	4	4	0
5	West Livingston	Polk	Rural	5	5	0
5	West Orange	Orange	Rural	4	4	0
5	Woodville	Tyler	Rural	6	6	0
5	Zavalla	Angelina	Rural	6	6	0
6	Aldine	Harris	Urban	3	3	0
6	Alvin	Brazoria	Urban	5	4	-1
6	Ames	Liberty	Rural	4	4	0
6	Anahuac	Chambers	Rural	5	5	0
6	Angleton	Brazoria	Rural	3	3	0
6	Arcola	Fort Bend	Rural	5	5	0
6	Atascocita	Harris	Urban	4	4	0
6	Bacliff	Galveston	Urban	6	6	0
6	Bailey's Prairie	Brazoria	Rural	3	3	0
6	Barrett	Harris	Rural	6	6	0
6	Bay City	Matagorda	Rural	5	4	-1
6	Bayou Vista	Galveston	Rural	4	4	0
6	Baytown	Harris	Urban	3	3	0
6	Beach City	Chambers	Urban	4	4	0
6	Beasley	Fort Bend	Rural	4	4	0
6	Bellaire	Harris	Urban	4	4	0
6	Bellville	Austin	Rural	3	3	0
6	Blessing	Matagorda	Rural	3	3	0
6	Boling-Iago	Wharton	Rural	3	3	0
6	Bolivar Peninsula	Galveston	Rural	6	6	0
6	Bonney	Brazoria	Rural	3	3	0
6	Brazoria	Brazoria	Rural	5	5	0
6	Brookshire	Waller	Rural	6	4	-2
6	Brookside Village	Brazoria	Urban	4	4	0
6	Bunker Hill Village	Harris	Urban	6	6	0
6	Channelview	Harris	Urban	5	5	0
6	Cinco Ranch	Fort Bend	Urban	5	5	0
6	Clear Lake Shores	Galveston	Urban	4	4	0
6	Cleveland	Liberty	Rural	6	6	0
6	Cloverleaf	Harris	Urban	6	6	0
6	Clute	Brazoria	Urban	3	3	0
6	Columbus	Colorado	Rural	4	4	0
6	Conroe	Montgomery	Urban	4	4	0
6	Cove	Chambers	Rural	6	6	0
6	Crosby	Harris	Rural	5	5	0
6	Cumings	Fort Bend	Rural	3	4	1

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
6	Cut and Shoot	Montgomery	Urban	6	6	0
6	Daisetta	Liberty	Rural	5	5	0
6	Damon	Brazoria	Rural	6	6	0
6	Danbury	Brazoria	Rural	6	6	0
6	Dayton	Liberty	Rural	5	5	0
6	Dayton Lakes	Liberty	Rural	3	3	0
6	Deer Park	Harris	Urban	4	4	0
6	Devers	Liberty	Rural	6	6	0
6	Dickinson	Galveston	Urban	5	5	0
6	Eagle Lake	Colorado	Rural	5	5	0
6	East Bernard	Wharton	Rural	4	4	0
6	El Campo	Wharton	Rural	4	4	0
6	El Lago	Harris	Urban	4	4	0
6	Fairchilds	Fort Bend	Rural	4	4	0
6	Fifth Street	Fort Bend	Urban	4	4	0
6	Four Corners	Fort Bend	Urban	5	5	0
6	Freeport	Brazoria	Urban	5	4	-1
6	Fresno	Fort Bend	Urban	5	5	0
6	Friendswood	Galveston	Urban	5	4	-1
6	Fulshear	Fort Bend	Rural	6	6	0
6	Galena Park	Harris	Urban	4	4	0
6	Galveston	Galveston	Urban	6	6	0
6	Greatwood	Fort Bend	Urban	5	5	0
6	Hardin	Liberty	Rural	3	3	0
6	Hedwig Village	Harris	Urban	5	5	0
6	Hempstead	Waller	Rural	3	3	0
6	Highlands	Harris	Urban	4	4	0
6	Hillcrest	Brazoria	Rural	6	6	0
6	Hilshire Village	Harris	Urban	6	6	0
6	Hitchcock	Galveston	Rural	3	3	0
6	Holiday Lakes	Brazoria	Rural	6	6	0
6	Houston	Harris	Urban	4	4	0
6	Humble	Harris	Urban	3	3	0
6	Hungerford	Wharton	Rural	3	3	0
6	Hunters Creek Village	Harris	Urban	3	3	0
6	Huntsville	Walker	Rural	6	6	0
6	Industry	Austin	Rural	3	3	0
6	Iowa Colony	Brazoria	Urban	5	5	0
6	Jacinto City	Harris	Urban	3	3	0
6	Jamaica Beach	Galveston	Urban	6	6	0
6	Jersey Village	Harris	Urban	3	3	0
6	Jones Creek	Brazoria	Rural	4	4	0
6	Katy	Harris	Urban	3	3	0
6	Kemah	Galveston	Urban	6	6	0
6	Kendleton	Fort Bend	Rural	4	4	0
6	Kenefick	Liberty	Rural	4	4	0
6	La Marque	Galveston	Urban	5	4	-1
6	La Porte	Harris	Urban	3	3	0
6	Lake Jackson	Brazoria	Urban	4	4	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
6	League City	Galveston	Urban	3	3	0
6	Liberty	Liberty	Rural	4	4	0
6	Liverpool	Brazoria	Rural	6	6	0
6	Louise	Wharton	Rural	4	4	0
6	Magnolia	Montgomery	Rural	6	6	0
6	Manvel	Brazoria	Urban	3	3	0
6	Markham	Matagorda	Rural	3	3	0
6	Meadows Place	Fort Bend	Urban	3	3	0
6	Mission Bend	Fort Bend	Urban	5	5	0
6	Missouri City	Fort Bend	Urban	4	4	0
6	Mont Belvieu	Chambers	Rural	4	4	0
6	Montgomery	Montgomery	Rural	6	6	0
6	Morgan's Point	Harris	Urban	5	4	-1
6	Nassau Bay	Harris	Urban	6	6	0
6	Needville	Fort Bend	Rural	3	3	0
6	New Territory	Fort Bend	Urban	4	4	0
6	New Waverly	Walker	Rural	6	6	0
6	North Cleveland	Liberty	Rural	3	3	0
6	Oak Ridge North	Montgomery	Urban	5	5	0
6	Old River-Winfree	Chambers	Rural	5	5	0
6	Orchard	Fort Bend	Rural	3	3	0
6	Oyster Creek	Brazoria	Rural	4	4	0
6	Palacios	Matagorda	Rural	4	4	0
6	Panorama Village	Montgomery	Urban	5	5	0
6	Pasadena	Harris	Urban	4	4	0
6	Pattison	Waller	Rural	5	4	-1
6	Patton Village	Montgomery	Rural	5	5	0
6	Pearland	Brazoria	Urban	5	4	-1
6	Pecan Grove	Fort Bend	Rural	4	4	0
6	Pine Island	Waller	Rural	4	4	0
6	Pinehurst (Montgomery)	Montgomery	Rural	4	4	0
6	Piney Point Village	Harris	Urban	4	4	0
6	Pleak	Fort Bend	Rural	6	6	0
6	Plum Grove	Liberty	Rural	3	3	0
6	Porter Heights	Montgomery	Rural	3	3	0
6	Prairie View	Waller	Rural	3	3	0
6	Quintana	Brazoria	Rural	3	3	0
6	Richmond	Fort Bend	Rural	5	5	0
6	Richwood	Brazoria	Urban	4	4	0
6	Riverside	Walker	Rural	6	6	0
6	Roman Forest	Montgomery	Rural	4	3	-1
6	Rosenberg	Fort Bend	Rural	5	4	-1
6	San Felipe	Austin	Rural	6	6	0
6	San Leon	Galveston	Urban	6	6	0
6	Santa Fe	Galveston	Urban	4	4	0
6	Seabrook	Harris	Urban	4	4	0
6	Sealy	Austin	Rural	3	3	0
6	Sheldon	Harris	Rural	3	3	0
6	Shenandoah	Montgomery	Urban	6	6	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
6	Shoreacres	Harris	Urban	6	6	0
6	Sienna Plantation	Fort Bend	Urban	5	5	0
6	Simonton	Fort Bend	Rural	6	6	0
6	South Houston	Harris	Urban	4	3	-1
6	Southside Place	Harris	Urban	6	6	0
6	Splendora	Montgomery	Rural	6	6	0
6	Spring	Harris	Urban	4	4	0
6	Spring Valley	Harris	Urban	4	4	0
6	Stafford	Fort Bend	Urban	5	5	0
6	Stagecoach	Montgomery	Rural	3	3	0
6	Stowell	Chambers	Rural	4	4	0
6	Sugar Land	Fort Bend	Urban	5	5	0
6	Surfside Beach	Brazoria	Rural	4	4	0
6	Sweeny	Brazoria	Rural	4	4	0
6	Taylor Lake Village	Harris	Urban	3	3	0
6	Texas City	Galveston	Urban	6	5	-1
6	The Woodlands	Montgomery	Urban	4	3	-1
6	Thompsons	Fort Bend	Urban	4	4	0
6	Tiki Island	Galveston	Urban	3	3	0
6	Tomball	Harris	Rural	6	6	0
6	Van Vleck	Matagorda	Rural	3	3	0
6	Waller	Waller	Rural	4	3	-1
6	Wallis	Austin	Rural	3	3	0
6	Webster	Harris	Urban	3	3	0
6	Weimar	Colorado	Rural	5	5	0
6	West Columbia	Brazoria	Rural	6	6	0
6	West University Place	Harris	Urban	3	3	0
6	Wharton	Wharton	Rural	5	5	0
6	Wild Peach Village	Brazoria	Rural	3	3	0
6	Willis	Montgomery	Rural	3	3	0
6	Winnie	Chambers	Rural	4	4	0
6	Woodbranch	Montgomery	Rural	4	4	0
6	Woodloch	Montgomery	Rural	6	6	0
7	Anderson Mill	Williamson	Urban	5	5	0
7	Austin	Travis	Urban	5	5	0
7	Bartlett	Williamson	Rural	6	6	0
7	Barton Creek	Travis	Urban	6	6	0
7	Bastrop	Bastrop	Rural	5	4	-1
7	Bear Creek	Hays	Rural	3	3	0
7	Bee Cave	Travis	Rural	4	4	0
7	Bertram	Burnet	Rural	4	4	0
7	Blanco	Blanco	Rural	5	5	0
7	Briarcliff	Travis	Rural	4	4	0
7	Brushy Creek	Williamson	Urban	4	4	0
7	Buchanan Dam	Llano	Rural	5	5	0
7	Buda	Hays	Urban	3	3	0
7	Burnet	Burnet	Rural	4	4	0
7	Camp Swift	Bastrop	Rural	3	3	0
7	Carmine	Fayette	Rural	6	6	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
7	Cedar Park	Williamson	Urban	3	3	0
7	Circle D-KC Estates	Bastrop	Rural	3	3	0
7	Cottonwood Shores	Burnet	Rural	6	6	0
7	Creedmoor	Travis	Rural	3	3	0
7	Dripping Springs	Hays	Rural	3	3	0
7	Elgin	Bastrop	Rural	4	4	0
7	Fayetteville	Fayette	Rural	4	4	0
7	Flatonia	Fayette	Rural	5	5	0
7	Florence	Williamson	Rural	6	6	0
7	Garfield	Travis	Rural	4	4	0
7	Georgetown	Williamson	Urban	4	3	-1
7	Giddings	Lee	Rural	3	3	0
7	Granger	Williamson	Rural	5	5	0
7	Granite Shoals	Burnet	Rural	5	5	0
7	Hays	Hays	Rural	3	3	0
7	Highland Haven	Burnet	Rural	6	6	0
7	Horseshoe Bay	Llano	Rural	4	4	0
7	Hudson Bend	Travis	Urban	5	5	0
7	Hutto	Williamson	Rural	5	5	0
7	Johnson City	Blanco	Rural	3	3	0
7	Jollyville	Williamson	Urban	5	5	0
7	Jonestown	Travis	Rural	6	6	0
7	Kingsland	Llano	Rural	3	3	0
7	Kyle	Hays	Rural	4	3	-1
7	La Grange	Fayette	Rural	5	5	0
7	Lago Vista	Travis	Rural	6	6	0
7	Lakeway	Travis	Rural	4	4	0
7	Leander	Williamson	Urban	6	6	0
7	Lexington	Lee	Rural	4	4	0
7	Liberty Hill	Williamson	Rural	3	3	0
7	Llano	Llano	Rural	4	4	0
7	Lockhart	Caldwell	Rural	5	5	0
7	Lost Creek	Travis	Urban	4	3	-1
7	Luling	Caldwell	Rural	4	4	0
7	Manor	Travis	Urban	4	3	-1
7	Marble Falls	Burnet	Rural	4	4	0
7	Martindale	Caldwell	Rural	5	5	0
7	Meadowlakes	Burnet	Rural	6	6	0
7	Mountain City	Hays	Rural	6	6	0
7	Mustang Ridge	Caldwell	Rural	3	3	0
7	Niederwald	Hays	Rural	4	4	0
7	Onion Creek	Travis	Urban	4	3	-1
7	Pflugerville	Travis	Urban	3	3	0
7	Rollingwood	Travis	Urban	6	6	0
7	Round Mountain	Blanco	Rural	3	3	0
7	Round Rock	Williamson	Urban	5	5	0
7	Round Top	Fayette	Rural	3	3	0
7	San Leanna	Travis	Urban	6	6	0
7	San Marcos	Hays	Urban	6	6	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
7	Schulenburg	Fayette	Rural	5	5	0
7	Serenada	Williamson	Urban	6	6	0
7	Shady Hollow	Travis	Urban	4	4	0
7	Smithville	Bastrop	Rural	6	6	0
7	Sunrise Beach Village	Llano	Rural	5	5	0
7	Sunset Valley	Travis	Urban	5	5	0
7	Taylor	Williamson	Rural	5	5	0
7	The Hills	Travis	Rural	3	3	0
7	Thrall	Williamson	Rural	5	5	0
7	Uhland	Hays	Rural	6	6	0
7	Weir	Williamson	Rural	4	4	0
7	Wells Branch	Travis	Urban	5	5	0
7	West Lake Hills	Travis	Urban	3	3	0
7	Wimberley	Hays	Rural	5	5	0
7	Windemere	Travis	Urban	5	5	0
7	Woodcreek	Hays	Rural	5	5	0
7	Wyldwood	Bastrop	Rural	3	3	0
8	Abbott	Hill	Rural	4	5	1
8	Anderson	Grimes	Rural	3	3	0
8	Aquilla	Hill	Rural	6	6	0
8	Bellmead	McLennan	Urban	4	4	0
8	Belton	Bell	Urban	4	4	0
8	Beverly Hills	McLennan	Urban	5	5	0
8	Blum	Hill	Rural	6	6	0
8	Bremond	Robertson	Rural	4	4	0
8	Brenham	Washington	Rural	4	4	0
8	Bruceville-Eddy	McLennan	Rural	5	5	0
8	Bryan	Brazos	Urban	6	6	0
8	Buckholts	Milam	Rural	6	6	0
8	Buffalo	Leon	Rural	6	6	0
8	Burton	Washington	Rural	4	4	0
8	Bynum	Hill	Rural	6	6	0
8	Caldwell	Burleson	Rural	4	4	0
8	Calvert	Robertson	Rural	3	3	0
8	Cameron	Milam	Rural	3	3	0
8	Carl's Corner	Hill	Rural	6	6	0
8	Centerville	Leon	Rural	4	4	0
8	Clifton	Bosque	Rural	3	3	0
8	College Station	Brazos	Urban	6	6	0
8	Coolidge	Limestone	Rural	5	5	0
8	Copperas Cove	Coryell	Urban	4	4	0
8	Covington	Hill	Rural	3	4	1
8	Cranfills Gap	Bosque	Rural	4	4	0
8	Crawford	McLennan	Rural	4	4	0
8	Evant	Coryell	Rural	6	6	0
8	Fairfield	Freestone	Rural	5	5	0
8	Fort Hood	Bell	Urban	3	3	0
8	Franklin	Robertson	Rural	4	4	0
8	Gatesville	Coryell	Rural	4	3	-1

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
8	Gholson	McLennan	Rural	3	3	0
8	Goldthwaite	Mills	Rural	5	3	-2
8	Golinda	Falls	Rural	5	5	0
8	Groesbeck	Limestone	Rural	4	4	0
8	Hallsburg	McLennan	Rural	6	6	0
8	Hamilton	Hamilton	Rural	3	3	0
8	Harker Heights	Bell	Urban	4	4	0
8	Hearne	Robertson	Rural	5	5	0
8	Hewitt	McLennan	Urban	4	4	0
8	Hico	Hamilton	Rural	4	4	0
8	Hillsboro	Hill	Rural	5	5	0
8	Holland	Bell	Rural	3	3	0
8	Hubbard	Hill	Rural	3	3	0
8	Iredell	Bosque	Rural	4	5	1
8	Itasca	Hill	Rural	3	3	0
8	Jewett	Leon	Rural	6	6	0
8	Kempner	Lampasas	Rural	5	5	0
8	Killeen	Bell	Urban	4	4	0
8	Kirvin	Freestone	Rural	3	3	0
8	Kosse	Limestone	Rural	6	6	0
8	Lacy-Lakeview	McLennan	Urban	5	5	0
8	Lampasas	Lampasas	Rural	4	4	0
8	Leona	Leon	Rural	6	6	0
8	Leroy	McLennan	Rural	3	3	0
8	Little River-Academy	Bell	Rural	6	6	0
8	Lometa	Lampasas	Rural	4	4	0
8	Lorena	McLennan	Rural	3	3	0
8	Lott	Falls	Rural	5	5	0
8	Madisonville	Madison	Rural	4	4	0
8	Malone	Hill	Rural	3	3	0
8	Marlin	Falls	Rural	5	5	0
8	Marquez	Leon	Rural	4	5	1
8	Mart	McLennan	Rural	6	6	0
8	McGregor	McLennan	Urban	5	5	0
8	Meridian	Bosque	Rural	3	3	0
8	Mertens	Hill	Rural	6	6	0
8	Mexia	Limestone	Rural	6	6	0
8	Midway	Madison	Rural	3	3	0
8	Milano	Milam	Rural	4	3	-1
8	Millican	Brazos	Rural	3	3	0
8	Moody	McLennan	Rural	6	6	0
8	Morgan	Bosque	Rural	3	3	0
8	Morgan's Point Resort	Bell	Rural	4	4	0
8	Mount Calm	Hill	Rural	4	4	0
8	Mullin	Mills	Rural	5	5	0
8	Navasota	Grimes	Rural	5	5	0
8	Nolanville	Bell	Rural	5	5	0
8	Normangee	Leon	Rural	3	3	0
8	Oakwood	Leon	Rural	4	4	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
8	Oglesby	Coryell	Rural	6	6	0
8	Penelope	Hill	Rural	6	6	0
8	Richland Springs	San Saba	Rural	3	3	0
8	Riesel	McLennan	Rural	6	6	0
8	Robinson	McLennan	Urban	4	4	0
8	Rockdale	Milam	Rural	5	5	0
8	Rogers	Bell	Rural	4	3	-1
8	Rosebud	Falls	Rural	4	4	0
8	Ross	McLennan	Rural	3	3	0
8	Salado	Bell	Rural	4	3	-1
8	San Saba	San Saba	Rural	4	4	0
8	Snook	Burleson	Rural	6	6	0
8	Somerville	Burleson	Rural	5	5	0
8	South Mountain	Coryell	Rural	4	4	0
8	Streetman	Freestone	Rural	3	3	0
8	Teague	Freestone	Rural	4	3	-1
8	Tehuacana	Limestone	Rural	4	3	-1
8	Temple	Bell	Urban	4	4	0
8	Thorndale	Milam	Rural	5	5	0
8	Thornton	Limestone	Rural	5	4	-1
8	Todd Mission	Grimes	Rural	3	3	0
8	Troy	Bell	Rural	6	6	0
8	Valley Mills	Bosque	Rural	3	3	0
8	Waco	McLennan	Urban	6	6	0
8	Walnut Springs	Bosque	Rural	3	3	0
8	West	McLennan	Rural	4	4	0
8	Whitney	Hill	Rural	6	6	0
8	Wixon Valley	Brazos	Rural	6	6	0
8	Woodway	McLennan	Urban	3	3	0
8	Wortham	Freestone	Rural	6	6	0
9	Alamo Heights	Bexar	Urban	4	4	0
9	Balcones Heights	Bexar	Urban	6	6	0
9	Bandera	Bandera	Rural	3	3	0
9	Bigfoot	Frio	Rural	3	3	0
9	Boerne	Kendall	Rural	4	3	-1
9	Bulverde	Comal	Rural	3	3	0
9	Canyon Lake	Comal	Rural	4	4	0
9	Castle Hills	Bexar	Urban	6	6	0
9	Castroville	Medina	Rural	5	5	0
9	Charlotte	Atascosa	Rural	3	3	0
9	China Grove	Bexar	Rural	3	3	0
9	Christine	Atascosa	Rural	3	3	0
9	Cibolo	Guadalupe	Rural	6	6	0
9	Comfort	Kendall	Rural	4	4	0
9	Converse	Bexar	Urban	3	3	0
9	Cross Mountain	Bexar	Urban	3	3	0
9	Devine	Medina	Rural	5	5	0
9	Dilley	Frio	Rural	6	6	0
9	Elmendorf	Bexar	Rural	4	5	1

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
9	Fair Oaks Ranch	Bexar	Urban	4	4	0
9	Falls City	Karnes	Rural	4	4	0
9	Floresville	Wilson	Rural	3	3	0
9	Fredericksburg	Gillespie	Rural	3	3	0
9	Garden Ridge	Comal	Rural	6	6	0
9	Geronimo	Guadalupe	Rural	3	3	0
9	Grey Forest	Bexar	Rural	4	4	0
9	Harper	Gillespie	Rural	5	4	-1
9	Helotes	Bexar	Urban	4	4	0
9	Hill Country Village	Bexar	Urban	3	3	0
9	Hilltop	Frio	Rural	3	3	0
9	Hollywood Park	Bexar	Urban	6	6	0
9	Hondo	Medina	Rural	4	3	-1
9	Ingram	Kerr	Rural	6	6	0
9	Jourdanton	Atascosa	Rural	6	4	-2
9	Karnes City	Karnes	Rural	5	5	0
9	Kenedy	Karnes	Rural	4	4	0
9	Kerrville	Kerr	Rural	6	5	-1
9	Kingsbury	Guadalupe	Rural	3	3	0
9	Kirby	Bexar	Urban	5	5	0
9	La Vernia	Wilson	Rural	6	6	0
9	Lackland AFB	Bexar	Urban	3	3	0
9	LaCoste	Medina	Rural	5	5	0
9	Lakehills	Bandera	Rural	6	6	0
9	Leon Valley	Bexar	Urban	4	4	0
9	Live Oak	Bexar	Urban	4	4	0
9	Lytle	Atascosa	Rural	4	3	-1
9	Marion	Guadalupe	Rural	5	5	0
9	McQueeney	Guadalupe	Rural	4	4	0
9	Moore	Frio	Rural	4	4	0
9	Natalia	Medina	Rural	6	6	0
9	New Berlin	Guadalupe	Rural	3	3	0
9	New Braunfels	Comal	Urban	5	5	0
9	North Pearsall	Frio	Rural	4	4	0
9	Northcliff	Guadalupe	Rural	4	4	0
9	Olmos Park	Bexar	Urban	4	4	0
9	Pearsall	Frio	Rural	4	4	0
9	Pleasanton	Atascosa	Rural	6	6	0
9	Poteet	Atascosa	Rural	4	4	0
9	Poth	Wilson	Rural	5	4	-1
9	Redwood	Guadalupe	Rural	5	5	0
9	Runge	Karnes	Rural	6	6	0
9	San Antonio	Bexar	Urban	5	4	-1
9	Santa Clara	Guadalupe	Rural	6	6	0
9	Scenic Oaks	Bexar	Urban	3	3	0
9	Schertz	Guadalupe	Urban	5	5	0
9	Seguin	Guadalupe	Rural	5	4	-1
9	Selma	Bexar	Urban	6	6	0
9	Shavano Park	Bexar	Urban	3	3	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
9	Somerset	Bexar	Rural	6	6	0
9	St. Hedwig	Bexar	Rural	6	6	0
9	Stockdale	Wilson	Rural	5	5	0
9	Stonewall	Gillespie	Rural	5	5	0
9	Terrell Hills	Bexar	Urban	4	4	0
9	Timberwood Park	Bexar	Urban	3	3	0
9	Universal City	Bexar	Rural	5	5	0
9	West Pearsall	Frio	Rural	6	6	0
9	Windcrest	Bexar	Urban	6	6	0
9	Zuehl	Guadalupe	Rural	3	3	0
10	Agua Dulce (Nueces)	Nueces	Rural	5	5	0
10	Airport Road Addition	Brooks	Rural	3	3	0
10	Alfred-South La Paloma	Jim Wells	Rural	3	3	0
10	Alice	Jim Wells	Rural	4	4	0
10	Alice Acres	Jim Wells	Rural	3	3	0
10	Aransas Pass	San Patricio	Rural	4	4	0
10	Austwell	Refugio	Rural	6	6	0
10	Bayside	Refugio	Rural	6	6	0
10	Beeville	Bee	Rural	4	4	0
10	Benavides	Duval	Rural	5	5	0
10	Bishop	Nueces	Rural	5	5	0
10	Bloomington	Victoria	Rural	6	6	0
10	Blue Berry Hill	Bee	Rural	3	3	0
10	Cantu Addition	Brooks	Rural	3	3	0
10	Concepcion	Duval	Rural	3	3	0
10	Corpus Christi	Nueces	Urban	5	5	0
10	Coyote Acres	Jim Wells	Rural	3	3	0
10	Cuero	DeWitt	Rural	6	6	0
10	Del Sol-Loma Linda	San Patricio	Rural	3	3	0
10	Doyle	San Patricio	Urban	3	3	0
10	Driscoll	Nueces	Rural	6	6	0
10	Edgewater-Paisano	San Patricio	Rural	6	6	0
10	Edna	Jackson	Rural	5	5	0
10	Edroy	San Patricio	Rural	3	3	0
10	Encino	Brooks	Rural	3	3	0
10	Falfurrias	Brooks	Rural	6	6	0
10	Falman-County Acres	San Patricio	Rural	6	6	0
10	Flowella	Brooks	Rural	3	3	0
10	Freer	Duval	Rural	4	4	0
10	Fulton	Aransas	Rural	5	5	0
10	Ganado	Jackson	Rural	4	4	0
10	George West	Live Oak	Rural	4	4	0
10	Goliad	Goliad	Rural	3	3	0
10	Gonzales	Gonzales	Rural	4	4	0
10	Gregory	San Patricio	Rural	4	4	0
10	Hallettsville	Lavaca	Rural	5	5	0
10	Inez	Victoria	Rural	4	4	0
10	Ingleside	San Patricio	Urban	4	4	0
10	Ingleside on the Bay	San Patricio	Urban	6	6	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
10	K-Bar Ranch	Jim Wells	Rural	6	5	-1
10	Kingsville	Kleberg	Rural	5	5	0
10	La Paloma-Lost Creek	Nueces	Rural	6	6	0
10	La Ward	Jackson	Rural	6	6	0
10	Lake City	San Patricio	Rural	4	4	0
10	Lakeshore Gardens-Hidden Acres	San Patricio	Rural	3	3	0
10	Lakeside (San Patricio)	San Patricio	Rural	3	3	0
10	Lolita	Jackson	Rural	3	3	0
10	Loma Linda East	Jim Wells	Rural	3	3	0
10	Mathis	San Patricio	Rural	6	6	0
10	Morgan Farm Area	San Patricio	Rural	6	6	0
10	Moulton	Lavaca	Rural	4	4	0
10	Nixon	Gonzales	Rural	4	4	0
10	Nordheim	DeWitt	Rural	4	5	1
10	Normanna	Bee	Rural	3	3	0
10	North San Pedro	Nueces	Rural	4	4	0
10	Odem	San Patricio	Rural	5	5	0
10	Orange Grove	Jim Wells	Rural	6	6	0
10	Owl Ranch-Amargosa	Jim Wells	Rural	6	6	0
10	Pawnee	Bee	Rural	3	3	0
10	Pernitas Point	Live Oak	Rural	6	6	0
10	Petronila	Nueces	Rural	3	3	0
10	Pettus	Bee	Rural	4	4	0
10	Point Comfort	Calhoun	Rural	5	5	0
10	Port Aransas	Nueces	Urban	6	6	0
10	Port Lavaca	Calhoun	Rural	5	5	0
10	Portland	San Patricio	Urban	5	5	0
10	Premont	Jim Wells	Rural	5	5	0
10	Rancho Alegre	Jim Wells	Rural	6	5	-1
10	Rancho Banquete	Nueces	Rural	3	3	0
10	Rancho Chico	San Patricio	Rural	6	6	0
10	Realitos	Duval	Rural	3	3	0
10	Refugio	Refugio	Rural	4	4	0
10	Robstown	Nueces	Rural	4	3	-1
10	Rockport	Aransas	Rural	4	4	0
10	San Diego	Duval	Rural	5	5	0
10	San Patricio	San Patricio	Rural	6	6	0
10	Sandia	Jim Wells	Rural	3	3	0
10	Sandy Hollow-Escondidas	Nueces	Rural	4	4	0
10	Seadrift	Calhoun	Rural	5	5	0
10	Shiner	Lavaca	Rural	5	5	0
10	Sinton	San Patricio	Rural	5	5	0
10	Skidmore	Bee	Rural	5	5	0
10	Smiley	Gonzales	Rural	5	5	0
10	Spring Garden-Terra Verde	Nueces	Rural	3	3	0
10	St. Paul (San Patricio)	San Patricio	Rural	3	3	0
10	Taft	San Patricio	Rural	5	5	0
10	Taft Southwest	San Patricio	Rural	4	4	0
10	Three Rivers	Live Oak	Rural	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
10	Tierra Grande	Nueces	Rural	4	4	0
10	Tradewinds	San Patricio	Rural	3	3	0
10	Tuleta	Bee	Rural	3	3	0
10	Tulsita	Bee	Rural	3	3	0
10	Tynan	Bee	Rural	5	5	0
10	Vanderbilt	Jackson	Rural	3	3	0
10	Victoria	Victoria	Urban	5	5	0
10	Waelder	Gonzales	Rural	4	4	0
10	Westdale	Jim Wells	Rural	3	3	0
10	Woodsboro	Refugio	Rural	5	5	0
10	Yoakum	Lavaca	Rural	6	6	0
10	Yorktown	DeWitt	Rural	5	5	0
11	Abram-Perezville	Hidalgo	Rural	6	6	0
11	Alamo	Hidalgo	Urban	3	3	0
11	Alto Bonito	Starr	Rural	3	3	0
11	Alton	Hidalgo	Rural	3	3	0
11	Alton North	Hidalgo	Rural	5	5	0
11	Arroyo Alto	Cameron	Rural	3	3	0
11	Arroyo Colorado Estates	Cameron	Rural	6	6	0
11	Arroyo Gardens-La Tina Ranch	Cameron	Rural	3	3	0
11	Asherton	Dimmit	Rural	6	6	0
11	Batesville	Zavala	Rural	5	5	0
11	Bausell and Ellis	Willacy	Rural	3	3	0
11	Bayview	Cameron	Rural	6	6	0
11	Big Wells	Dimmit	Rural	6	6	0
11	Bixby	Cameron	Rural	3	3	0
11	Bluetown-Iglesia Antigua	Cameron	Rural	5	5	0
11	Botines	Webb	Rural	6	6	0
11	Box Canyon-Amistad	Val Verde	Rural	3	3	0
11	Brackettville	Kinney	Rural	6	4	-2
11	Brownsville	Cameron	Urban	5	5	0
11	Brundage	Dimmit	Rural	3	3	0
11	Bruni	Webb	Rural	3	3	0
11	Cameron Park	Cameron	Urban	4	4	0
11	Camp Wood	Real	Rural	6	6	0
11	Carrizo Hill	Dimmit	Rural	6	6	0
11	Carrizo Springs	Dimmit	Rural	6	6	0
11	Catarina	Dimmit	Rural	3	3	0
11	Cesar Chavez	Hidalgo	Urban	5	5	0
11	Chula Vista-Orason	Cameron	Rural	6	6	0
11	Chula Vista-River Spur	Zavala	Rural	3	3	0
11	Cienegas Terrace	Val Verde	Rural	6	6	0
11	Citrus City	Hidalgo	Rural	3	3	0
11	Combes	Cameron	Urban	5	5	0
11	Cotulla	La Salle	Rural	3	3	0
11	Crystal City	Zavala	Rural	5	5	0
11	Cuevitas	Hidalgo	Rural	3	3	0
11	Del Mar Heights	Cameron	Rural	3	3	0
11	Del Rio	Val Verde	Rural	5	5	0

2009 HTC Affordable Housing Needs Score

Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
11	Doffing	Hidalgo	Rural	5	5	0
11	Donna	Hidalgo	Rural	3	3	0
11	Doolittle	Hidalgo	Urban	4	4	0
11	Eagle Pass	Maverick	Rural	6	6	0
11	Edcouch	Hidalgo	Rural	3	3	0
11	Edinburg	Hidalgo	Urban	5	5	0
11	Eidson Road	Maverick	Rural	4	4	0
11	El Camino Angosto	Cameron	Rural	3	3	0
11	El Cenizo	Webb	Rural	4	4	0
11	El Indio	Maverick	Rural	6	6	0
11	El Refugio	Starr	Rural	6	6	0
11	Elm Creek	Maverick	Rural	3	3	0
11	Elsa	Hidalgo	Rural	6	4	-2
11	Encantada-Ranchito El Calaboz	Cameron	Rural	3	3	0
11	Encinal	La Salle	Rural	6	6	0
11	Escobares	Starr	Rural	5	5	0
11	Falcon Heights	Starr	Rural	3	3	0
11	Falcon Lake Estates	Zapata	Rural	5	5	0
11	Falcon Mesa	Zapata	Rural	3	3	0
11	Falcon Village	Starr	Rural	6	6	0
11	Faysville	Hidalgo	Urban	6	6	0
11	Fowlerton	La Salle	Rural	3	3	0
11	Fronton	Starr	Rural	3	3	0
11	Garceno	Starr	Rural	6	6	0
11	Grand Acres	Cameron	Rural	3	3	0
11	Granjeno	Hidalgo	Urban	3	3	0
11	Green Valley Farms	Cameron	Rural	3	3	0
11	Guerra	Jim Hogg	Rural	3	6	3
11	Harlingen	Cameron	Urban	5	5	0
11	Havana	Hidalgo	Rural	5	5	0
11	Hebbronville	Jim Hogg	Rural	5	5	0
11	Heidelberg	Hidalgo	Rural	6	6	0
11	Hidalgo	Hidalgo	Rural	5	5	0
11	Indian Hills	Hidalgo	Rural	4	4	0
11	Indian Lake	Cameron	Rural	6	6	0
11	Knippa	Uvalde	Rural	4	4	0
11	La Blanca	Hidalgo	Rural	6	6	0
11	La Casita-Garciasville	Starr	Rural	4	4	0
11	La Feria	Cameron	Rural	6	6	0
11	La Feria North	Cameron	Rural	6	6	0
11	La Grulla	Starr	Rural	4	4	0
11	La Homa	Hidalgo	Urban	5	5	0
11	La Joya	Hidalgo	Rural	4	4	0
11	La Paloma	Cameron	Rural	6	6	0
11	La Presa	Webb	Rural	3	3	0
11	La Pryor	Zavala	Rural	5	5	0
11	La Puerta	Starr	Rural	3	3	0
11	La Rosita	Starr	Rural	5	5	0
11	La Victoria	Starr	Rural	3	3	0

2009 HTC Affordable Housing Needs Score

Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
11	La Villa	Hidalgo	Rural	3	3	0
11	Lago	Cameron	Rural	6	6	0
11	Laguna Heights	Cameron	Rural	4	4	0
11	Laguna Seca	Hidalgo	Rural	3	3	0
11	Laguna Vista	Cameron	Rural	3	3	0
11	Lake View	Val Verde	Rural	3	3	0
11	Laredo	Webb	Urban	5	5	0
11	Laredo Ranchettes	Webb	Rural	3	3	0
11	Larga Vista	Webb	Urban	6	6	0
11	Las Colonias	Zavala	Rural	6	6	0
11	Las Lomas	Starr	Rural	6	6	0
11	Las Lomitas	Jim Hogg	Rural	3	3	0
11	Las Palmas-Juarez	Cameron	Rural	4	4	0
11	Las Quintas Fronterizas	Maverick	Rural	4	4	0
11	Lasana	Cameron	Urban	3	3	0
11	Lasara	Willacy	Rural	4	4	0
11	Laughlin AFB	Val Verde	Rural	4	4	0
11	Laureles	Cameron	Rural	5	5	0
11	Leakey	Real	Rural	6	6	0
11	Llano Grande	Hidalgo	Urban	5	5	0
11	Lopeno	Zapata	Rural	3	3	0
11	Lopezville	Hidalgo	Urban	4	4	0
11	Los Alvarez	Starr	Rural	4	4	0
11	Los Angeles Subdivision	Willacy	Rural	6	6	0
11	Los Ebanos	Hidalgo	Rural	5	5	0
11	Los Fresnos	Cameron	Rural	4	4	0
11	Los Indios	Cameron	Rural	3	3	0
11	Los Villareales	Starr	Rural	3	3	0
11	Lozano	Cameron	Rural	3	3	0
11	Lyford	Willacy	Rural	5	5	0
11	Lyford South	Willacy	Rural	6	6	0
11	McAllen	Hidalgo	Urban	5	5	0
11	Medina	Zapata	Rural	4	4	0
11	Mercedes	Hidalgo	Rural	4	4	0
11	Midway North	Hidalgo	Urban	3	3	0
11	Midway South	Hidalgo	Urban	5	5	0
11	Mila Doce	Hidalgo	Rural	4	4	0
11	Mirando City	Webb	Rural	6	6	0
11	Mission	Hidalgo	Urban	4	4	0
11	Monte Alto	Hidalgo	Rural	5	5	0
11	Morales-Sanchez	Zapata	Rural	3	3	0
11	Muniz	Hidalgo	Rural	6	6	0
11	New Falcon	Zapata	Rural	3	3	0
11	North Alamo	Hidalgo	Urban	4	4	0
11	North Escobares	Starr	Rural	6	6	0
11	Nurillo	Hidalgo	Urban	5	5	0
11	Oilton	Webb	Rural	3	3	0
11	Olivarez	Hidalgo	Rural	5	5	0
11	Olmito	Cameron	Urban	5	5	0

2009 HTC Affordable Housing Needs Score

Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
11	Palm Valley	Cameron	Urban	4	4	0
11	Palmhurst	Hidalgo	Urban	5	5	0
11	Palmview	Hidalgo	Urban	5	5	0
11	Palmview South	Hidalgo	Urban	5	5	0
11	Penitas	Hidalgo	Rural	5	5	0
11	Pharr	Hidalgo	Urban	4	4	0
11	Port Isabel	Cameron	Rural	5	4	-1
11	Port Mansfield	Willacy	Rural	5	5	0
11	Primera	Cameron	Urban	5	5	0
11	Progreso	Hidalgo	Rural	5	5	0
11	Progreso Lakes	Hidalgo	Rural	3	3	0
11	Quemado	Maverick	Rural	3	3	0
11	Radar Base	Maverick	Rural	3	3	0
11	Ranchette Estates	Willacy	Rural	3	3	0
11	Ranchitos Las Lomas	Webb	Rural	3	3	0
11	Rancho Viejo	Cameron	Urban	5	5	0
11	Ranchos Penitas West	Webb	Urban	3	3	0
11	Rangerville	Cameron	Rural	3	3	0
11	Ratamosa	Cameron	Rural	3	3	0
11	Raymondville	Willacy	Rural	4	4	0
11	Reid Hope King	Cameron	Urban	6	6	0
11	Relampago	Hidalgo	Rural	3	3	0
11	Rio Bravo	Webb	Urban	4	4	0
11	Rio Grande City	Starr	Rural	4	4	0
11	Rio Hondo	Cameron	Rural	5	5	0
11	Rocksprings	Edwards	Rural	5	5	0
11	Roma	Starr	Rural	6	6	0
11	Roma Creek	Starr	Rural	3	3	0
11	Rosita North	Maverick	Rural	4	4	0
11	Rosita South	Maverick	Rural	5	5	0
11	Sabinal	Uvalde	Rural	6	6	0
11	Salineno	Starr	Rural	3	3	0
11	San Benito	Cameron	Urban	5	5	0
11	San Carlos	Hidalgo	Rural	6	6	0
11	San Ignacio	Zapata	Rural	3	3	0
11	San Isidro	Starr	Rural	5	5	0
11	San Juan	Hidalgo	Urban	5	5	0
11	San Manuel-Linn	Hidalgo	Rural	3	3	0
11	San Pedro	Cameron	Rural	3	3	0
11	San Perlita	Willacy	Rural	6	6	0
11	Santa Cruz	Starr	Rural	6	6	0
11	Santa Maria	Cameron	Rural	4	4	0
11	Santa Monica	Willacy	Rural	3	3	0
11	Santa Rosa	Cameron	Rural	3	3	0
11	Scissors	Hidalgo	Rural	3	3	0
11	Sebastian	Willacy	Rural	3	3	0
11	Siesta Shores	Zapata	Rural	3	3	0
11	Solis	Cameron	Rural	6	6	0
11	South Alamo	Hidalgo	Rural	5	5	0

2009 HTC Affordable Housing Needs Score

Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
11	South Fork Estates	Jim Hogg	Rural	3	3	0
11	South Padre Island	Cameron	Rural	6	6	0
11	South Point	Cameron	Rural	6	6	0
11	Spofford	Kinney	Rural	3	3	0
11	Sullivan City	Hidalgo	Rural	5	5	0
11	Tierra Bonita	Cameron	Rural	3	3	0
11	Utopia	Uvalde	Rural	5	5	0
11	Uvalde	Uvalde	Rural	6	5	-1
11	Uvalde Estates	Uvalde	Rural	5	6	1
11	Val Verde Park	Val Verde	Rural	5	5	0
11	Villa del Sol	Cameron	Rural	3	3	0
11	Villa Pancho	Cameron	Urban	6	6	0
11	Villa Verde	Hidalgo	Urban	3	3	0
11	Weslaco	Hidalgo	Urban	5	4	-1
11	West Sharyland	Hidalgo	Rural	4	4	0
11	Willamar	Willacy	Rural	3	3	0
11	Yznaga	Cameron	Rural	3	3	0
11	Zapata	Zapata	Rural	4	3	-1
11	Zapata Ranch	Willacy	Rural	3	3	0
12	Ackerly	Dawson	Rural	4	4	0
12	Andrews	Andrews	Rural	5	5	0
12	Balmorhea	Reeves	Rural	4	4	0
12	Barstow	Ward	Rural	6	6	0
12	Big Lake	Reagan	Rural	5	5	0
12	Big Spring	Howard	Rural	5	5	0
12	Brady	McCulloch	Rural	4	4	0
12	Bronte	Coke	Rural	6	6	0
12	Christoval	Tom Green	Rural	6	6	0
12	Coahoma	Howard	Rural	4	4	0
12	Coyanosa	Pecos	Rural	3	3	0
12	Crane	Crane	Rural	6	6	0
12	Eden	Concho	Rural	6	6	0
12	Eldorado	Schleicher	Rural	3	3	0
12	Forsan	Howard	Rural	4	4	0
12	Fort Stockton	Pecos	Rural	3	3	0
12	Gardendale	Ector	Rural	3	3	0
12	Goldsmith	Ector	Rural	4	4	0
12	Grandfalls	Ward	Rural	5	4	-1
12	Grape Creek	Tom Green	Rural	5	5	0
12	Imperial	Pecos	Rural	3	3	0
12	Iraan	Pecos	Rural	3	3	0
12	Junction	Kimble	Rural	5	5	0
12	Kermit	Winkler	Rural	4	4	0
12	Lamesa	Dawson	Rural	5	5	0
12	Lindsay (Reeves)	Reeves	Rural	3	3	0
12	Los Ybanez	Dawson	Rural	3	3	0
12	Mason	Mason	Rural	5	5	0
12	McCamey	Upton	Rural	4	4	0
12	Melvin	McCulloch	Rural	6	6	0

2009 HTC Affordable Housing Needs Score

Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
12	Menard	Menard	Rural	5	5	0
12	Mertzon	Irion	Rural	3	3	0
12	Midland	Midland	Urban	5	5	0
12	Monahans	Ward	Rural	6	6	0
12	Odessa	Ector	Urban	5	5	0
12	Ozona	Crockett	Rural	4	3	-1
12	Paint Rock	Concho	Rural	6	6	0
12	Pecos	Reeves	Rural	3	3	0
12	Pyote	Ward	Rural	3	3	0
12	Rankin	Upton	Rural	3	3	0
12	Robert Lee	Coke	Rural	6	6	0
12	San Angelo	Tom Green	Urban	6	5	-1
12	Sanderson	Terrell	Rural	6	5	-1
12	Seagraves	Gaines	Rural	5	5	0
12	Seminole	Gaines	Rural	4	4	0
12	Sonora	Sutton	Rural	3	3	0
12	Stanton	Martin	Rural	5	5	0
12	Sterling City	Sterling	Rural	4	4	0
12	Thorntonville	Ward	Rural	3	3	0
12	Toyah	Reeves	Rural	3	3	0
12	West Odessa	Ector	Urban	5	5	0
12	Wickett	Ward	Rural	6	6	0
12	Wink	Winkler	Rural	4	4	0
13	Agua Dulce (El Paso)	El Paso	Rural	3	3	0
13	Alpine	Brewster	Rural	6	6	0
13	Anthony	El Paso	Urban	3	3	0
13	Butterfield	El Paso	Rural	3	3	0
13	Canutillo	El Paso	Urban	4	4	0
13	Clint	El Paso	Rural	3	3	0
13	Dell City	Hudspeth	Rural	6	5	-1
13	El Paso	El Paso	Urban	6	5	-1
13	Fabens	El Paso	Rural	6	6	0
13	Fort Bliss	El Paso	Urban	4	4	0
13	Fort Davis	Jeff Davis	Rural	4	4	0
13	Fort Hancock	Hudspeth	Rural	5	5	0
13	Homestead Meadows North	El Paso	Rural	5	5	0
13	Homestead Meadows South	El Paso	Rural	6	6	0
13	Horizon City	El Paso	Rural	3	3	0
13	Marathon	Brewster	Rural	4	4	0
13	Marfa	Presidio	Rural	4	4	0
13	Morning Glory	El Paso	Rural	3	3	0
13	Prado Verde	El Paso	Urban	3	3	0
13	Presidio	Presidio	Rural	5	5	0
13	Redford	Presidio	Rural	3	3	0
13	San Elizario	El Paso	Urban	4	3	-1
13	Sierra Blanca	Hudspeth	Rural	4	4	0
13	Socorro	El Paso	Urban	5	4	-1
13	Sparks	El Paso	Rural	5	5	0
13	Study Butte-Terlingua	Brewster	Rural	4	4	0

2009 HTC Affordable Housing Needs Score

Region	Area Name	County Name	Area Type	AHNS 08	AHNS 09	Change in AHNS 09 - 08
13	Tornillo	El Paso	Rural	6	6	0
13	Valentine	Jeff Davis	Rural	5	4	-1
13	Van Horn	Culberson	Rural	6	6	0
13	Vinton	El Paso	Rural	6	6	0
13	Westway	El Paso	Urban	6	6	0

2009 HOME Affordable Housing Need Scores (AHNS)
Place Level

(Sorted by Region then Place.)

Instructions:
Use this table to determine the AHNS of an application that will serve a **single** place.
Special Circumstances
(1) Rental Development activities that are not located within a place's jurisdiction will utilize the score of closest place.
(2) Participating Jurisdictions (PJ) recieve a score of zero and are not included in the table.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sandy Garcia via facsimile at (512) 475-4798 or by email at sandy.garcia@tdhca.state.tx.us.

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Abernathy	Hale	2,839	Rural	5	5	4
1	Adrian	Oldham	159	Rural	5	5	6
1	Amherst	Lamb	791	Rural	4	4	3
1	Anton	Hockley	1,200	Rural	3	3	6
1	Bishop Hills	Potter	210	Rural	3	3	6
1	Booker	Lipscomb	1,315	Rural	5	5	3
1	Borger	Hutchinson	14,302	Rural	4	5	3
1	Bovina	Parmer	1,874	Rural	3	3	3
1	Brownfield	Terry	9,488	Rural	6	6	4
1	Buffalo Springs	Lubbock	493	Rural	4	4	4
1	Cactus	Moore	2,538	Rural	3	3	4
1	Canadian	Hemphill	2,233	Rural	5	5	4
1	Canyon	Randall	12,875	Rural	6	6	3
1	Channing	Hartley	356	Rural	6	6	5
1	Childress	Childress	6,778	Rural	4	5	3
1	Clarendon	Donley	1,974	Rural	5	5	3
1	Claude	Armstrong	1,313	Rural	6	6	4
1	Crosbyton	Crosby	1,874	Rural	5	5	3
1	Dalhart	Dallam	7,237	Rural	6	6	4
1	Darrouzett	Lipscomb	303	Rural	6	6	6
1	Denver City	Yoakum	3,985	Rural	4	4	6
1	Dickens	Dickens	332	Rural	6	6	6
1	Dimmitt	Castro	4,375	Rural	5	4	5
1	Dodson	Collingsworth	115	Rural	6	6	6
1	Dumas	Moore	13,747	Rural	4	4	3
1	Earth	Lamb	1,109	Rural	4	4	5
1	Edmonson	Hale	123	Rural	3	3	4
1	Estelline	Hall	168	Rural	6	6	6
1	Farwell	Parmer	1,364	Rural	6	6	4
1	Floydada	Floyd	3,676	Rural	5	5	3
1	Follett	Lipscomb	412	Rural	3	3	6
1	Friona	Parmer	3,854	Rural	5	5	3
1	Fritch	Hutchinson	2,235	Rural	5	4	4
1	Groom	Carson	587	Rural	6	6	6
1	Gruver	Hansford	1,162	Rural	5	5	4
1	Hale Center	Hale	2,263	Rural	5	5	3
1	Happy	Swisher	647	Rural	4	4	5
1	Hart	Castro	1,198	Rural	4	4	4

2009 HOME AHNS - Place

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Hartley	Hartley	441	Rural	4	4	4
1	Hedley	Donley	379	Rural	6	6	6
1	Hereford	Deaf Smith	14,597	Rural	3	4	4
1	Higgins	Lipscomb	425	Rural	3	3	6
1	Howardwick	Donley	437	Rural	6	6	4
1	Idalou	Lubbock	2,157	Rural	3	3	3
1	Kress	Swisher	826	Rural	5	5	4
1	Lake Tanglewood	Randall	825	Rural	6	6	3
1	Lakeview	Hall	152	Rural	6	6	3
1	Lefors	Gray	559	Rural	3	3	5
1	Levelland	Hockley	12,866	Rural	5	6	5
1	Lipscomb	Lipscomb	44	Rural	3	3	3
1	Littlefield	Lamb	6,507	Rural	6	6	4
1	Lockney	Floyd	2,056	Rural	4	3	3
1	Lorenzo	Crosby	1,372	Rural	4	4	4
1	Matador	Motley	740	Rural	4	4	3
1	McLean	Gray	830	Rural	5	5	6
1	Meadow	Terry	658	Rural	3	3	4
1	Memphis	Hall	2,479	Rural	5	5	3
1	Miami	Roberts	588	Rural	6	6	4
1	Mobeetie	Wheeler	107	Rural	3	3	4
1	Morse	Hansford	172	Rural	5	5	6
1	Morton	Cochran	2,249	Rural	4	3	3
1	Muleshoe	Bailey	4,530	Rural	3	3	4
1	Nazareth	Castro	356	Rural	3	3	4
1	New Deal	Lubbock	708	Rural	5	5	3
1	New Home	Lynn	320	Rural	4	4	3
1	O'Donnell	Lynn	1,011	Rural	3	3	3
1	Olton	Lamb	2,288	Rural	4	4	4
1	Opdyke West	Hockley	188	Rural	5	5	6
1	Palisades	Randall	352	Rural	5	5	4
1	Pampa	Gray	17,887	Rural	4	5	4
1	Panhandle	Carson	2,589	Rural	4	4	3
1	Perryton	Ochiltree	7,774	Rural	3	4	3
1	Petersburg	Hale	1,262	Rural	3	3	3
1	Plains	Yoakum	1,450	Rural	5	5	3
1	Plainview	Hale	22,336	Rural	5	5	4
1	Post	Garza	3,708	Rural	6	6	6
1	Quail	Collingsworth	33	Rural	3	3	3
1	Quitaque	Briscoe	432	Rural	6	6	5
1	Ralls	Crosby	2,252	Rural	5	5	6
1	Ransom Canyon	Lubbock	1,011	Rural	4	4	3
1	Reese Center	Lubbock	42	Urban	3	3	6
1	Roaring Springs	Motley	265	Rural	3	3	3
1	Ropesville	Hockley	517	Rural	3	3	3
1	Samnorwood	Collingsworth	39	Rural	3	3	3
1	Sanford	Hutchinson	203	Rural	5	5	4
1	Seth Ward	Hale	1,926	Rural	5	5	6
1	Shallowater	Lubbock	2,086	Rural	6	6	5
1	Shamrock	Wheeler	2,029	Rural	5	5	6
1	Silverton	Briscoe	771	Rural	5	5	3

2009 HOME AHNS - Place

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Skellytown	Carson	610	Rural	3	3	6
1	Slaton	Lubbock	6,109	Rural	5	5	6
1	Smyer	Hockley	480	Rural	4	4	6
1	Spade	Lamb	100	Rural	5	5	3
1	Spearman	Hansford	3,021	Rural	3	3	4
1	Springlake	Lamb	135	Rural	6	6	3
1	Spur	Dickens	1,088	Rural	4	4	4
1	Stinnett	Hutchinson	1,936	Rural	5	5	4
1	Stratford	Sherman	1,991	Rural	3	3	3
1	Sudan	Lamb	1,039	Rural	5	4	3
1	Sundown	Hockley	1,505	Rural	4	4	4
1	Sunray	Moore	1,950	Rural	4	4	3
1	Tahoka	Lynn	2,910	Rural	4	3	6
1	Texhoma	Sherman	371	Rural	6	6	6
1	Texline	Dallam	511	Rural	4	4	5
1	Timbercreek Canyon	Randall	406	Rural	3	3	3
1	Tulia	Swisher	5,117	Rural	4	4	4
1	Turkey	Hall	494	Rural	3	3	5
1	Vega	Oldham	936	Rural	5	5	6
1	Wellington	Collingsworth	2,275	Rural	5	5	5
1	Wellman	Terry	203	Rural	4	3	6
1	Wheeler	Wheeler	1,378	Rural	4	4	3
1	White Deer	Carson	1,060	Rural	5	5	3
1	Whiteface	Cochran	465	Rural	3	3	6
1	Wilson	Lynn	532	Rural	3	3	4
1	Wolfforth	Lubbock	2,554	Rural	5	5	6
2	Albany	Shackelford	1,921	Rural	5	4	3
2	Anson	Jones	2,556	Rural	3	3	5
2	Archer City	Archer	1,848	Rural	4	4	3
2	Aspermont	Stonewall	1,021	Rural	4	4	5
2	Baird	Callahan	1,623	Rural	3	5	4
2	Ballinger	Runnels	4,243	Rural	6	6	6
2	Bangs	Brown	1,620	Rural	5	4	6
2	Bellevue	Clay	386	Rural	5	5	5
2	Benjamin	Knox	264	Rural	3	3	6
2	Blackwell	Nolan	360	Rural	4	4	3
2	Blanket	Brown	402	Rural	6	6	5
2	Bowie	Montague	5,219	Rural	4	6	5
2	Breckenridge	Stephens	5,868	Rural	5	4	3
2	Brownwood	Brown	18,813	Rural	4	6	4
2	Bryson	Jack	528	Rural	5	5	6
2	Buffalo Gap	Taylor	463	Rural	4	4	3
2	Burkburnett	Wichita	10,927	Rural	5	5	3
2	Byers	Clay	517	Rural	6	6	5
2	Carbon	Eastland	224	Rural	3	3	3
2	Chillicothe	Hardeman	798	Rural	6	6	3
2	Cisco	Eastland	3,851	Rural	6	6	4
2	Clyde	Callahan	3,345	Rural	5	4	4
2	Coleman	Coleman	5,127	Rural	5	5	6
2	Colorado City	Mitchell	4,281	Rural	6	5	6
2	Comanche	Comanche	4,482	Rural	6	6	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Cross Plains	Callahan	1,068	Rural	3	5	5
2	Crowell	Foard	1,141	Rural	5	5	5
2	De Leon	Comanche	2,433	Rural	5	5	5
2	Dean	Clay	341	Rural	6	6	5
2	Early	Brown	2,588	Rural	5	4	4
2	Eastland	Eastland	3,769	Rural	3	6	6
2	Elbert	Throckmorton	56	Rural	6	6	3
2	Electra	Wichita	3,168	Rural	5	5	5
2	Girard	Kent	62	Rural	3	3	6
2	Goree	Knox	321	Rural	3	3	6
2	Gorman	Eastland	1,236	Rural	3	3	3
2	Graham	Young	8,716	Rural	4	4	4
2	Gustine	Comanche	457	Rural	6	6	6
2	Hamlin	Jones	2,248	Rural	4	4	6
2	Haskell	Haskell	3,106	Rural	5	5	6
2	Hawley	Jones	646	Rural	6	6	3
2	Henrietta	Clay	3,264	Rural	5	5	4
2	Hermleigh	Scurry	393	Rural	5	5	6
2	Holliday	Archer	1,632	Rural	3	3	5
2	Impact	Taylor	39	Urban	3	3	3
2	Iowa Park	Wichita	6,431	Rural	5	5	3
2	Jacksboro	Jack	4,533	Rural	5	5	5
2	Jayton	Kent	513	Rural	3	3	3
2	Jolly	Clay	188	Rural	6	6	6
2	Knox City	Knox	1,219	Rural	4	4	6
2	Lake Brownwood	Brown	1,694	Rural	6	6	6
2	Lakeside City	Archer	984	Urban	4	4	3
2	Lawn	Taylor	353	Rural	3	3	5
2	Loraine	Mitchell	656	Rural	5	4	3
2	Lueders	Jones	300	Rural	4	4	6
2	Megargel	Archer	248	Rural	3	3	3
2	Merkel	Taylor	2,637	Rural	5	5	3
2	Miles	Runnels	850	Rural	5	5	3
2	Moran	Shackelford	233	Rural	4	4	6
2	Munday	Knox	1,527	Rural	3	3	3
2	Newcastle	Young	575	Rural	5	5	4
2	Nocona	Montague	3,198	Rural	4	3	3
2	Novice	Coleman	142	Rural	3	3	3
2	O'Brien	Haskell	132	Rural	3	3	6
2	Olney	Young	3,396	Rural	4	4	5
2	Paducah	Cottle	1,498	Rural	4	4	3
2	Petrolia	Clay	782	Rural	6	5	3
2	Pleasant Valley	Wichita	408	Urban	6	6	5
2	Potosi	Taylor	1,664	Urban	6	6	3
2	Putnam	Callahan	88	Rural	6	6	4
2	Quanah	Hardeman	3,022	Rural	6	6	3
2	Ranger	Eastland	2,584	Rural	4	3	6
2	Rising Star	Eastland	835	Rural	4	4	5
2	Roby	Fisher	673	Rural	5	5	3
2	Rochester	Haskell	378	Rural	4	4	5
2	Roscoe	Nolan	1,378	Rural	4	3	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Rotan	Fisher	1,611	Rural	4	4	3
2	Rule	Haskell	698	Rural	5	5	5
2	Santa Anna	Coleman	1,081	Rural	3	4	5
2	Scotland	Archer	438	Rural	3	3	5
2	Seymour	Baylor	2,908	Rural	4	4	3
2	Snyder	Scurry	10,783	Rural	4	4	4
2	St. Jo	Montague	977	Rural	3	3	5
2	Stamford	Jones	3,636	Rural	4	4	4
2	Sunset	Montague	339	Rural	3	3	6
2	Sweetwater	Nolan	11,415	Rural	4	5	4
2	Throckmorton	Throckmorton	905	Rural	3	3	3
2	Trent	Taylor	318	Rural	6	5	3
2	Tuscola	Taylor	714	Rural	3	3	3
2	Tye	Taylor	1,158	Urban	6	6	4
2	Vernon	Wilbarger	11,660	Rural	3	4	4
2	Weinert	Haskell	177	Rural	6	6	4
2	Westbrook	Mitchell	203	Rural	5	5	4
2	Windthorst	Archer	440	Rural	3	3	6
2	Winters	Runnels	2,880	Rural	3	3	4
2	Woodson	Throckmorton	296	Rural	3	3	5
3	Addison	Dallas	14,166	Urban	4	4	3
3	Aledo	Parker	1,726	Rural	5	4	5
3	Allen	Collin	43,554	Urban	5	5	3
3	Alma	Ellis	302	Rural	6	6	6
3	Alvarado	Johnson	3,288	Rural	4	3	5
3	Alvord	Wise	1,007	Rural	5	5	3
3	Angus	Navarro	334	Rural	4	4	5
3	Anna	Collin	1,225	Rural	5	4	3
3	Annetta	Parker	1,108	Rural	6	6	3
3	Annetta North	Parker	467	Rural	6	6	3
3	Annetta South	Parker	555	Rural	6	6	3
3	Argyle	Denton	2,365	Urban	4	4	3
3	Aubrey	Denton	1,500	Rural	6	4	5
3	Aurora	Wise	853	Rural	6	6	6
3	Bailey	Fannin	213	Rural	6	6	3
3	Bardwell	Ellis	583	Rural	3	3	6
3	Barry	Navarro	209	Rural	6	6	4
3	Bartonville	Denton	1,093	Rural	3	3	3
3	Bells	Grayson	1,190	Rural	5	5	5
3	Blooming Grove	Navarro	833	Rural	4	4	5
3	Blue Ridge	Collin	672	Rural	5	5	6
3	Bonham	Fannin	9,990	Rural	6	5	5
3	Boyd	Wise	1,099	Rural	4	4	5
3	Briar	Tarrant	5,350	Rural	3	3	5
3	Briaroaks	Johnson	493	Rural	3	3	4
3	Bridgeport	Wise	4,309	Rural	4	5	5
3	Caddo Mills	Hunt	1,149	Rural	5	5	5
3	Callisburg	Cooke	365	Rural	4	4	6
3	Campbell	Hunt	734	Rural	5	4	6
3	Carrollton	Denton	109,576	Urban	4	4	3
3	Celeste	Hunt	817	Rural	3	3	5

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Celina	Collin	1,861	Urban	4	3	4
3	Chico	Wise	947	Rural	5	5	5
3	Cleburne	Johnson	26,005	Urban	3	5	5
3	Colleyville	Tarrant	19,636	Urban	4	4	3
3	Collinsville	Grayson	1,235	Rural	3	3	4
3	Commerce	Hunt	7,669	Rural	6	6	3
3	Cool	Parker	162	Rural	6	6	6
3	Copper Canyon	Denton	1,216	Urban	6	6	3
3	Corinth	Denton	11,325	Urban	3	4	3
3	Corral City	Denton	89	Rural	3	3	6
3	Corsicana	Navarro	24,485	Rural	5	5	5
3	Cottonwood	Kaufman	181	Rural	3	3	4
3	Crandall	Kaufman	2,774	Rural	4	4	4
3	Cross Roads	Denton	603	Rural	3	3	6
3	Cross Timber	Johnson	277	Rural	6	6	4
3	Dawson	Navarro	852	Rural	3	3	5
3	Decatur	Wise	5,201	Rural	3	4	5
3	Denison	Grayson	22,773	Urban	4	5	5
3	DeSoto	Dallas	37,646	Urban	4	6	4
3	Dodd City	Fannin	419	Rural	6	6	5
3	Dorchester	Grayson	109	Urban	3	3	6
3	Double Oak	Denton	2,179	Urban	4	6	3
3	Dublin	Erath	3,754	Rural	4	4	5
3	Eagle Mountain	Tarrant	6,599	Urban	4	4	4
3	Ector	Fannin	600	Rural	5	5	3
3	Edgecliff Village	Tarrant	2,550	Urban	6	5	4
3	Emhouse	Navarro	159	Rural	3	3	3
3	Ennis	Ellis	16,045	Rural	3	4	5
3	Euless	Tarrant	46,005	Urban	3	4	3
3	Eureka	Navarro	340	Rural	3	3	5
3	Fairview	Collin	2,644	Urban	6	6	3
3	Farmersville	Collin	3,118	Rural	4	3	3
3	Fate	Rockwall	497	Rural	6	6	4
3	Ferris	Ellis	2,175	Rural	4	4	3
3	Flower Mound	Denton	50,702	Urban	4	4	3
3	Forney	Kaufman	5,588	Rural	5	5	5
3	Frisco	Collin	33,714	Urban	5	5	3
3	Frost	Navarro	648	Rural	5	5	6
3	Gainesville	Cooke	15,538	Rural	4	5	4
3	Garrett	Ellis	448	Rural	6	6	6
3	Glen Rose	Somervell	2,122	Rural	4	4	5
3	Godley	Johnson	879	Rural	6	6	3
3	Goodlow	Navarro	264	Rural	3	3	6
3	Gordon	Palo Pinto	451	Rural	6	6	4
3	Graford	Palo Pinto	578	Rural	4	4	4
3	Granbury	Hood	5,718	Rural	5	6	4
3	Grandview	Johnson	1,358	Rural	5	5	5
3	Grays Prairie	Kaufman	296	Rural	6	6	3
3	Greenville	Hunt	23,960	Rural	4	5	5
3	Gunter	Grayson	1,230	Rural	4	4	3
3	Hackberry	Denton	544	Urban	6	6	6

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Hawk Cove	Hunt	457	Rural	3	3	5
3	Heath	Rockwall	4,149	Urban	3	3	3
3	Hebron	Denton	874	Urban	3	3	3
3	Hickory Creek	Denton	2,078	Urban	3	3	4
3	Highland Village	Denton	12,173	Urban	5	5	3
3	Honey Grove	Fannin	1,746	Rural	3	5	4
3	Howe	Grayson	2,478	Urban	5	5	6
3	Hudson Oaks	Parker	1,637	Rural	6	6	3
3	Italy	Ellis	1,993	Rural	4	4	4
3	Josephine	Collin	594	Rural	6	6	3
3	Joshua	Johnson	4,528	Urban	4	4	4
3	Justin	Denton	1,891	Rural	5	4	4
3	Kaufman	Kaufman	6,490	Rural	3	4	6
3	Keene	Johnson	5,003	Rural	5	5	6
3	Kemp	Kaufman	1,133	Rural	6	6	5
3	Kerens	Navarro	1,681	Rural	5	5	5
3	Knollwood	Grayson	375	Urban	6	6	6
3	Krugerville	Denton	903	Rural	6	6	5
3	Krum	Denton	1,979	Rural	3	3	4
3	Ladonia	Fannin	667	Rural	3	3	5
3	Lake Bridgeport	Wise	372	Rural	3	3	4
3	Lake Dallas	Denton	6,166	Rural	5	4	5
3	Lake Kiowa	Cooke	1,883	Rural	3	3	3
3	Lakewood Village	Denton	342	Rural	6	6	5
3	Lavon	Collin	387	Rural	3	3	4
3	Leonard	Fannin	1,846	Rural	5	5	4
3	Lewisville	Denton	77,737	Urban	5	5	3
3	Lincoln Park	Denton	517	Rural	4	4	6
3	Lindsay (Cooke)	Cooke	788	Rural	4	4	3
3	Lipan	Hood	425	Rural	3	3	5
3	Little Elm	Denton	3,646	Urban	3	4	5
3	Lone Oak	Hunt	521	Rural	3	3	4
3	Lowry Crossing	Collin	1,229	Urban	6	6	3
3	Lucas	Collin	2,890	Urban	6	6	3
3	Mabank	Kaufman	2,151	Rural	3	6	5
3	Marshall Creek	Denton	431	Rural	6	6	6
3	Maypearl	Ellis	746	Rural	5	4	5
3	McKinney	Collin	54,369	Urban	4	5	3
3	McLendon-Chisholm	Rockwall	914	Rural	6	6	3
3	Melissa	Collin	1,350	Urban	5	5	4
3	Mesquite	Dallas	124,523	Urban	4	5	4
3	Midlothian	Ellis	7,480	Urban	4	4	4
3	Mildred	Navarro	405	Rural	6	6	5
3	Milford	Ellis	685	Rural	3	3	6
3	Millsap	Parker	353	Rural	4	4	4
3	Mineral Wells	Palo Pinto	16,946	Rural	5	5	5
3	Mingus	Palo Pinto	246	Rural	6	6	3
3	Mobile City	Rockwall	196	Rural	4	4	6
3	Muenster	Cooke	1,556	Rural	5	5	5
3	Murphy	Collin	3,099	Urban	6	5	3
3	Mustang	Navarro	47	Rural	3	3	6

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Navarro	Navarro	191	Rural	3	3	3
3	Nevada	Collin	563	Rural	4	3	3
3	New Fairview	Wise	877	Rural	4	4	6
3	New Hope	Collin	662	Rural	3	3	3
3	Newark	Wise	887	Rural	5	5	5
3	Neylandville	Hunt	56	Rural	3	3	6
3	Northlake	Denton	921	Urban	5	4	6
3	Oak Grove	Kaufman	710	Rural	6	6	3
3	Oak Leaf	Ellis	1,209	Rural	6	6	3
3	Oak Point	Denton	1,747	Rural	5	4	4
3	Oak Ridge (Cooke)	Cooke	224	Rural	5	5	6
3	Oak Ridge (Kaufman)	Kaufman	400	Rural	6	6	6
3	Oak Trail Shores	Hood	2,475	Rural	3	3	6
3	Oak Valley	Navarro	401	Rural	5	5	5
3	Ovilla	Ellis	3,405	Urban	6	6	4
3	Palmer	Ellis	1,774	Rural	3	3	6
3	Paradise	Wise	459	Rural	6	6	6
3	Parker	Collin	1,379	Urban	3	3	3
3	Pecan Acres	Wise	2,289	Rural	6	6	4
3	Pecan Hill	Ellis	672	Rural	5	5	3
3	Pecan Plantation	Hood	3,544	Rural	5	4	3
3	Pelican Bay	Tarrant	1,505	Rural	5	5	6
3	Pilot Point	Denton	3,538	Rural	4	4	5
3	Ponder	Denton	507	Rural	4	3	4
3	Post Oak Bend City	Kaufman	404	Rural	4	4	5
3	Pottsboro	Grayson	1,579	Rural	4	4	3
3	Powell	Navarro	105	Rural	3	3	6
3	Princeton	Collin	3,477	Urban	5	4	5
3	Prosper	Collin	2,097	Urban	4	4	4
3	Quinlan	Hunt	1,370	Rural	6	6	3
3	Ravenna	Fannin	215	Rural	3	3	6
3	Red Oak	Ellis	4,301	Urban	5	5	5
3	Rendon	Tarrant	9,022	Urban	3	3	5
3	Reno (Parker)	Parker	2,441	Rural	5	5	5
3	Retreat	Navarro	339	Rural	5	4	6
3	Rhome	Wise	551	Rural	5	3	6
3	Rice	Navarro	798	Rural	5	5	4
3	Richardson	Dallas	91,802	Urban	4	4	3
3	Richland	Navarro	291	Rural	6	6	6
3	Rio Vista	Johnson	656	Rural	3	3	6
3	Roanoke	Denton	2,810	Urban	5	4	5
3	Rockwall	Rockwall	17,976	Urban	3	4	4
3	Rosser	Kaufman	379	Rural	6	6	4
3	Rowlett	Dallas	44,503	Urban	5	4	3
3	Royse City	Rockwall	2,957	Rural	4	4	6
3	Runaway Bay	Wise	1,104	Rural	5	5	5
3	Sadler	Grayson	404	Rural	6	6	5
3	Sanctuary	Parker	256	Rural	6	6	5
3	Sanger	Denton	4,534	Rural	3	4	5
3	Savoy	Fannin	850	Rural	6	6	3
3	Shady Shores	Denton	1,461	Urban	3	3	5

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Sherman	Grayson	35,082	Urban	5	5	5
3	Southmayd	Grayson	992	Rural	4	4	4
3	Springtown	Parker	2,062	Rural	3	5	5
3	St. Paul (Collin)	Collin	630	Rural	3	3	3
3	Stephenville	Erath	14,921	Rural	6	6	5
3	Strawn	Palo Pinto	739	Rural	4	4	6
3	Sunnyvale	Dallas	2,693	Urban	3	3	5
3	Talty	Kaufman	1,028	Rural	3	3	3
3	Terrell	Kaufman	13,606	Rural	5	6	5
3	The Colony	Denton	26,531	Urban	3	4	3
3	Tioga	Grayson	754	Rural	3	3	4
3	Tolar	Hood	504	Rural	4	3	3
3	Tom Bean	Grayson	941	Rural	3	3	5
3	Trenton	Fannin	662	Rural	4	4	3
3	Trophy Club	Denton	6,350	Rural	4	4	3
3	Valley View	Cooke	737	Rural	4	4	3
3	Van Alstyne	Grayson	2,502	Rural	3	3	3
3	Venus	Johnson	910	Rural	3	3	4
3	Waxahachie	Ellis	21,426	Rural	3	5	5
3	Weatherford	Parker	19,000	Rural	4	5	4
3	West Tawakoni	Hunt	1,462	Rural	6	5	5
3	Westminster	Collin	390	Rural	3	3	5
3	Weston	Collin	635	Urban	5	4	3
3	Westover Hills	Tarrant	658	Urban	3	3	3
3	Whitesboro	Grayson	3,760	Rural	5	5	4
3	Whitewright	Grayson	1,740	Rural	6	6	5
3	Willow Park	Parker	2,849	Rural	3	3	3
3	Windom	Fannin	245	Rural	3	3	5
3	Wolfe City	Hunt	1,566	Rural	5	5	4
3	Wylie	Collin	15,132	Rural	3	4	5
4	Alba	Wood	430	Rural	6	6	6
4	Alto	Cherokee	1,190	Rural	4	4	4
4	Annona	Red River	282	Rural	6	6	6
4	Arp	Smith	901	Rural	3	3	4
4	Athens	Henderson	11,297	Rural	4	5	4
4	Atlanta	Cass	5,745	Rural	4	4	5
4	Avery	Red River	462	Rural	5	4	3
4	Avinger	Cass	464	Rural	6	6	4
4	Beckville	Panola	752	Rural	5	5	4
4	Berryville	Henderson	891	Rural	5	4	6
4	Big Sandy	Upshur	1,288	Rural	3	3	6
4	Bloomburg	Cass	375	Rural	3	3	5
4	Blossom	Lamar	1,439	Rural	4	4	3
4	Bogata	Red River	1,396	Rural	3	3	4
4	Brownsboro	Henderson	796	Rural	6	6	5
4	Bullard	Smith	1,150	Rural	5	5	4
4	Caney City	Henderson	236	Rural	6	6	6
4	Canton	Van Zandt	3,292	Rural	4	4	4
4	Carthage	Panola	6,664	Rural	5	5	4
4	Chandler	Henderson	2,099	Rural	3	4	3
4	Clarksville	Red River	3,883	Rural	5	4	3

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Clarksville City	Gregg	806	Rural	4	4	5
4	Coffee City	Henderson	193	Rural	3	3	6
4	Como	Hopkins	621	Rural	4	4	5
4	Cooper	Delta	2,150	Rural	6	6	5
4	Cumby	Hopkins	616	Rural	5	5	4
4	Cuney	Cherokee	145	Rural	4	4	6
4	Daingerfield	Morris	2,517	Rural	6	6	3
4	De Kalb	Bowie	1,769	Rural	6	5	4
4	Deport	Lamar	718	Rural	4	4	3
4	Detroit	Red River	776	Rural	4	4	3
4	Domino	Cass	52	Rural	3	3	3
4	Douglassville	Cass	175	Rural	3	3	3
4	East Mountain	Upshur	580	Rural	5	4	4
4	East Tawakoni	Rains	775	Rural	6	6	3
4	Easton	Gregg	524	Rural	3	3	5
4	Edgewood	Van Zandt	1,348	Rural	5	5	5
4	Edom	Van Zandt	322	Rural	6	6	6
4	Elkhart	Anderson	1,215	Rural	5	5	5
4	Emory	Rains	1,021	Rural	6	6	3
4	Enchanted Oaks	Henderson	357	Rural	6	6	4
4	Eustace	Henderson	798	Rural	3	3	3
4	Frankston	Anderson	1,209	Rural	4	4	4
4	Fruitvale	Van Zandt	418	Rural	4	3	3
4	Gallatin	Cherokee	378	Rural	4	4	5
4	Gary City	Panola	303	Rural	3	3	3
4	Gilmer	Upshur	4,799	Rural	6	6	3
4	Gladewater	Gregg	6,078	Rural	5	6	4
4	Grand Saline	Van Zandt	3,028	Rural	3	3	4
4	Gun Barrel City	Henderson	5,145	Rural	5	4	5
4	Hallsville	Harrison	2,772	Rural	3	3	3
4	Hawkins	Wood	1,331	Rural	6	5	5
4	Henderson	Rusk	11,273	Rural	3	3	3
4	Hooks	Bowie	2,973	Rural	4	4	4
4	Hughes Springs	Cass	1,856	Rural	4	3	3
4	Jacksonville	Cherokee	13,868	Rural	4	5	4
4	Jefferson	Marion	2,024	Rural	6	6	5
4	Kilgore	Gregg	11,301	Rural	3	4	4
4	Lakeport	Gregg	861	Rural	5	4	5
4	Leary	Bowie	555	Rural	3	3	5
4	Liberty City	Gregg	1,935	Rural	4	3	3
4	Lindale	Smith	2,954	Rural	5	4	4
4	Linden	Cass	2,256	Rural	4	4	3
4	Log Cabin	Henderson	733	Rural	6	6	3
4	Lone Star	Morris	1,631	Rural	4	5	3
4	Malakoff	Henderson	2,257	Rural	5	5	5
4	Marietta	Cass	112	Rural	3	3	6
4	Marshall	Harrison	23,935	Rural	4	4	4
4	Maud	Bowie	1,028	Rural	6	6	3
4	Miller's Cove	Titus	120	Rural	6	6	6
4	Mineola	Wood	4,550	Rural	5	5	3
4	Moore Station	Henderson	184	Rural	6	6	6

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Mount Enterprise	Rusk	525	Rural	4	4	5
4	Mount Pleasant	Titus	13,935	Rural	4	4	4
4	Mount Vernon	Franklin	2,286	Rural	3	5	5
4	Murchison	Henderson	592	Rural	3	3	4
4	Naples	Morris	1,410	Rural	6	6	5
4	Nash	Bowie	2,169	Urban	5	3	5
4	Nesbitt	Harrison	302	Rural	3	3	6
4	New Boston	Bowie	4,808	Rural	6	6	4
4	New Chapel Hill	Smith	553	Rural	3	3	6
4	New London	Rusk	987	Rural	5	5	5
4	New Summerfield	Cherokee	998	Rural	4	3	3
4	Noonday	Smith	515	Rural	4	4	3
4	Omaha	Morris	999	Rural	6	6	3
4	Ore City	Upshur	1,106	Rural	6	6	5
4	Overton	Rusk	2,350	Rural	6	6	5
4	Palestine	Anderson	17,598	Rural	4	5	5
4	Paris	Lamar	25,898	Rural	5	5	4
4	Payne Springs	Henderson	683	Rural	3	3	4
4	Pecan Gap	Delta	214	Rural	5	5	6
4	Pittsburg	Camp	4,347	Rural	3	4	4
4	Point	Rains	792	Rural	6	6	6
4	Poynor	Henderson	314	Rural	6	6	4
4	Queen City	Cass	1,613	Rural	6	5	4
4	Quitman	Wood	2,030	Rural	4	4	5
4	Red Lick	Bowie	853	Rural	6	6	3
4	Redwater	Bowie	872	Rural	5	4	6
4	Reklaw	Cherokee	327	Rural	3	3	6
4	Reno (Lamar)	Lamar	2,767	Rural	3	3	3
4	Rocky Mound	Camp	93	Rural	3	3	6
4	Roxton	Lamar	694	Rural	5	4	5
4	Rusk	Cherokee	5,085	Rural	5	5	3
4	Scottsville	Harrison	263	Rural	5	5	6
4	Seven Points	Henderson	1,145	Rural	3	6	6
4	Star Harbor	Henderson	416	Rural	3	3	3
4	Sulphur Springs	Hopkins	14,551	Rural	5	5	4
4	Sun Valley	Lamar	51	Rural	3	3	6
4	Talco	Titus	570	Rural	5	5	6
4	Tatum	Rusk	1,175	Rural	5	4	4
4	Texarkana	Bowie	34,782	Urban	4	5	3
4	Tira	Hopkins	248	Rural	3	3	5
4	Toco	Lamar	89	Rural	6	6	6
4	Tool	Henderson	2,275	Rural	3	3	4
4	Trinidad	Henderson	1,091	Rural	5	5	3
4	Troup	Smith	1,949	Rural	5	4	5
4	Uncertain	Harrison	150	Rural	5	5	6
4	Union Grove	Upshur	346	Rural	3	3	6
4	Van	Van Zandt	2,362	Rural	6	5	4
4	Wake Village	Bowie	5,129	Urban	4	3	3
4	Warren City	Gregg	343	Rural	6	6	5
4	Waskom	Harrison	2,068	Rural	4	4	4
4	Wells	Cherokee	769	Rural	5	5	6

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	White Oak	Gregg	5,624	Urban	5	5	4
4	Whitehouse	Smith	5,346	Rural	3	4	3
4	Wills Point	Van Zandt	3,496	Rural	4	4	5
4	Winfield	Titus	499	Rural	4	4	5
4	Winnsboro	Wood	3,584	Rural	5	5	4
4	Winona	Smith	582	Rural	3	3	3
4	Yantis	Wood	321	Rural	3	3	6
5	Appleby	Nacogdoches	444	Rural	4	4	5
5	Bevil Oaks	Jefferson	1,346	Rural	3	3	4
5	Broaddus	San Augustine	189	Rural	6	6	6
5	Browndell	Jasper	219	Rural	3	3	6
5	Buna	Jasper	2,269	Rural	3	3	5
5	Burke	Angelina	315	Rural	6	6	5
5	Center	Shelby	5,678	Rural	4	5	4
5	Central Gardens	Jefferson	4,106	Rural	3	3	3
5	Chester	Tyler	265	Rural	4	3	6
5	Chireno	Nacogdoches	405	Rural	4	4	4
5	Coldspring	San Jacinto	691	Rural	5	4	5
5	Colmesneil	Tyler	638	Rural	4	4	5
5	Corrigan	Polk	1,721	Rural	6	6	3
5	Crockett	Houston	7,141	Rural	4	4	6
5	Cushing	Nacogdoches	637	Rural	5	4	3
5	Deweyville	Newton	1,190	Rural	4	4	3
5	Diboll	Angelina	5,470	Rural	3	3	4
5	Evadale	Jasper	1,430	Rural	3	3	5
5	Garrison	Nacogdoches	844	Rural	4	4	3
5	Goodrich	Polk	243	Rural	3	3	6
5	Grapeland	Houston	1,451	Rural	6	6	6
5	Groves	Jefferson	15,733	Urban	4	4	3
5	Groveton	Trinity	1,107	Rural	5	5	6
5	Hemphill	Sabine	1,106	Rural	3	4	5
5	Hudson	Angelina	3,792	Rural	4	4	4
5	Huntington	Angelina	2,068	Rural	3	5	4
5	Huxley	Shelby	298	Rural	3	3	3
5	Jasper	Jasper	8,247	Rural	3	5	6
5	Joaquin	Shelby	925	Rural	3	4	6
5	Kennard	Houston	317	Rural	6	6	6
5	Kirbyville	Jasper	2,085	Rural	5	5	4
5	Latexo	Houston	272	Rural	3	3	6
5	Livingston	Polk	5,433	Rural	5	5	5
5	Lovelady	Houston	608	Rural	6	6	3
5	Lufkin	Angelina	32,709	Rural	5	6	4
5	Lumberton	Hardin	8,731	Rural	3	3	4
5	Mauriceville	Orange	2,743	Rural	4	4	4
5	Milam	Sabine	1,329	Rural	3	3	3
5	Nacogdoches	Nacogdoches	29,914	Rural	6	6	4
5	Nederland	Jefferson	17,422	Urban	4	4	3
5	Newton	Newton	2,459	Rural	6	6	3
5	Nome	Jefferson	515	Rural	5	5	5
5	Oakhurst	San Jacinto	230	Rural	4	4	5
5	Onalaska	Polk	1,174	Rural	6	6	5

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
5	Pine Forest	Orange	632	Rural	6	6	4
5	Pineland	Sabine	980	Rural	6	6	4
5	Pinewood Estates	Hardin	1,633	Rural	3	3	3
5	Point Blank	San Jacinto	559	Rural	5	4	6
5	Port Neches	Jefferson	13,601	Urban	4	3	3
5	Rose City	Orange	519	Rural	5	5	6
5	Rose Hill Acres	Hardin	480	Urban	6	6	3
5	San Augustine	San Augustine	2,475	Rural	5	4	3
5	Seven Oaks	Polk	131	Rural	3	3	4
5	Shepherd	San Jacinto	2,029	Rural	4	3	5
5	South Toledo Bend	Newton	576	Rural	3	3	3
5	Tenaha	Shelby	1,046	Rural	5	4	5
5	Timpson	Shelby	1,094	Rural	6	6	6
5	Trinity	Trinity	2,721	Rural	5	5	5
5	West Livingston	Polk	6,612	Rural	5	4	6
5	Woodville	Tyler	2,415	Rural	5	6	4
5	Zavalla	Angelina	647	Rural	6	6	3
6	Aldine	Harris	13,979	Urban	3	3	6
6	Ames	Liberty	1,079	Rural	4	4	6
6	Anahuac	Chambers	2,210	Rural	5	5	5
6	Angleton	Brazoria	18,130	Rural	3	5	4
6	Atascocita	Harris	35,757	Urban	4	4	4
6	Bacliff	Galveston	6,962	Urban	6	5	6
6	Barrett	Harris	2,872	Rural	6	6	6
6	Bay City	Matagorda	18,667	Rural	4	4	3
6	Bayou Vista	Galveston	1,644	Rural	4	4	5
6	Baytown	Harris	66,430	Urban	3	4	5
6	Beach City	Chambers	1,645	Urban	4	4	4
6	Bellville	Austin	3,794	Rural	3	3	4
6	Blessing	Matagorda	861	Rural	3	3	6
6	Boling-Iago	Wharton	1,271	Rural	3	3	4
6	Bolivar Peninsula	Galveston	3,853	Rural	6	6	5
6	Brookshire	Waller	3,450	Rural	4	6	6
6	Bunker Hill Village	Harris	3,654	Urban	6	6	4
6	Channelview	Harris	29,685	Urban	5	5	5
6	Cinco Ranch	Fort Bend	11,196	Urban	5	5	3
6	Clear Lake Shores	Galveston	1,205	Urban	4	4	4
6	Cleveland	Liberty	7,605	Rural	6	6	6
6	Cloverleaf	Harris	23,508	Urban	5	5	4
6	Columbus	Colorado	3,916	Rural	4	3	3
6	Conroe	Montgomery	36,811	Urban	4	5	5
6	Cove	Chambers	323	Rural	6	6	3
6	Crosby	Harris	1,714	Rural	5	3	6
6	Cumings	Fort Bend	683	Rural	4	3	3
6	Cut and Shoot	Montgomery	1,158	Urban	6	6	5
6	Daisetta	Liberty	1,034	Rural	5	5	5
6	Damon	Brazoria	535	Rural	6	5	6
6	Dayton Lakes	Liberty	101	Rural	3	3	3
6	Devers	Liberty	416	Rural	6	6	6
6	Dickinson	Galveston	17,093	Urban	5	5	4
6	Eagle Lake	Colorado	3,664	Rural	5	4	5

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	East Bernard	Wharton	1,729	Rural	4	4	5
6	El Campo	Wharton	10,945	Rural	4	5	4
6	El Lago	Harris	3,075	Urban	4	4	3
6	Fifth Street	Fort Bend	2,059	Urban	4	4	6
6	Four Corners	Fort Bend	2,954	Urban	5	5	5
6	Fresno	Fort Bend	6,603	Urban	5	3	4
6	Friendswood	Galveston	29,037	Urban	4	5	4
6	Greatwood	Fort Bend	6,640	Urban	5	5	3
6	Hardin	Liberty	755	Rural	3	3	5
6	Hedwig Village	Harris	2,334	Urban	5	4	3
6	Hempstead	Waller	4,691	Rural	3	5	6
6	Highlands	Harris	7,089	Urban	4	3	5
6	Hillcrest	Brazoria	722	Rural	6	6	4
6	Hilshire Village	Harris	720	Urban	6	6	3
6	Hitchcock	Galveston	6,386	Rural	3	5	6
6	Hungerford	Wharton	645	Rural	3	3	5
6	Hunters Creek Village	Harris	4,374	Urban	3	3	3
6	Huntsville	Walker	35,078	Rural	6	6	4
6	Industry	Austin	304	Rural	3	3	6
6	Jamaica Beach	Galveston	1,075	Urban	6	6	5
6	Jersey Village	Harris	6,880	Urban	3	4	3
6	Kemah	Galveston	2,330	Urban	6	6	5
6	Kenefick	Liberty	667	Rural	4	4	6
6	La Marque	Galveston	13,682	Urban	4	5	6
6	League City	Galveston	45,444	Urban	3	4	4
6	Liverpool	Brazoria	404	Rural	6	6	4
6	Louise	Wharton	977	Rural	4	3	3
6	Magnolia	Montgomery	1,111	Rural	5	4	6
6	Markham	Matagorda	1,138	Rural	3	3	3
6	Mission Bend	Fort Bend	30,831	Urban	5	4	5
6	Missouri City	Fort Bend	52,913	Urban	4	4	4
6	Mont Belvieu	Chambers	2,324	Rural	4	4	3
6	Montgomery	Montgomery	489	Rural	6	6	5
6	Nassau Bay	Harris	4,170	Urban	6	6	3
6	New Territory	Fort Bend	13,861	Urban	4	3	3
6	New Waverly	Walker	950	Rural	6	5	5
6	North Cleveland	Liberty	263	Rural	3	3	6
6	Oak Ridge North	Montgomery	2,991	Urban	5	5	3
6	Old River-Winfree	Chambers	1,364	Rural	5	5	5
6	Palacios	Matagorda	5,153	Rural	4	5	4
6	Panorama Village	Montgomery	1,965	Urban	5	4	4
6	Pattison	Waller	447	Rural	4	4	5
6	Patton Village	Montgomery	1,391	Rural	5	5	5
6	Pecan Grove	Fort Bend	13,551	Rural	4	4	3
6	Pine Island	Waller	849	Rural	4	4	3
6	Pinehurst (Montgomery)	Montgomery	4,266	Rural	4	4	4
6	Piney Point Village	Harris	3,380	Urban	4	3	4
6	Plum Grove	Liberty	930	Rural	3	3	6
6	Porter Heights	Montgomery	1,490	Rural	3	3	6
6	Prairie View	Waller	4,410	Rural	3	6	5
6	Quintana	Brazoria	38	Rural	3	3	6

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Riverside	Walker	425	Rural	6	6	6
6	Roman Forest	Montgomery	1,279	Rural	3	3	3
6	San Felipe	Austin	868	Rural	6	6	3
6	San Leon	Galveston	4,365	Urban	5	5	5
6	Santa Fe	Galveston	9,548	Urban	4	4	4
6	Sealy	Austin	5,248	Rural	3	4	5
6	Sheldon	Harris	1,831	Rural	3	3	4
6	Shenandoah	Montgomery	1,503	Urban	5	5	4
6	Sienna Plantation	Fort Bend	1,896	Urban	5	5	3
6	Southside Place	Harris	1,546	Urban	6	6	3
6	Splendora	Montgomery	1,275	Rural	6	6	5
6	Spring	Harris	36,385	Urban	4	4	4
6	Spring Valley	Harris	3,611	Urban	4	3	3
6	Stagecoach	Montgomery	455	Rural	3	3	3
6	Stowell	Chambers	1,572	Rural	4	3	6
6	Sugar Land	Fort Bend	63,328	Urban	5	4	4
6	Taylor Lake Village	Harris	3,694	Urban	3	3	3
6	Texas City	Galveston	41,521	Urban	5	6	5
6	The Woodlands	Montgomery	55,649	Urban	3	5	3
6	Tiki Island	Galveston	1,016	Urban	3	3	4
6	Van Vleck	Matagorda	1,411	Rural	3	3	5
6	Wallis	Austin	1,172	Rural	3	3	5
6	Weimar	Colorado	1,981	Rural	5	4	5
6	Wharton	Wharton	9,237	Rural	5	5	5
6	Wild Peach Village	Brazoria	2,498	Rural	3	3	4
6	Willis	Montgomery	3,985	Rural	3	4	6
6	Winnie	Chambers	2,914	Rural	4	3	5
6	Woodbranch	Montgomery	1,305	Rural	4	3	4
6	Woodloch	Montgomery	247	Rural	6	6	3
7	Anderson Mill	Williamson	8,953	Urban	5	5	4
7	Bartlett	Williamson	1,675	Rural	6	6	5
7	Barton Creek	Travis	1,589	Urban	6	6	3
7	Bastrop	Bastrop	5,340	Rural	4	4	5
7	Bear Creek	Hays	360	Rural	3	3	3
7	Bee Cave	Travis	656	Rural	4	4	3
7	Bertram	Burnet	1,122	Rural	4	4	5
7	Blanco	Blanco	1,505	Rural	5	5	6
7	Briarcliff	Travis	895	Rural	4	3	4
7	Brushy Creek	Williamson	15,371	Urban	4	4	3
7	Buchanan Dam	Llano	1,688	Rural	5	4	5
7	Buda	Hays	2,404	Urban	3	3	6
7	Burnet	Burnet	4,735	Rural	4	5	6
7	Camp Swift	Bastrop	4,731	Rural	3	3	6
7	Carmine	Fayette	228	Rural	6	6	6
7	Cedar Park	Williamson	26,049	Urban	3	5	4
7	Circle D-KC Estates	Bastrop	2,010	Rural	3	3	5
7	Cottonwood Shores	Burnet	877	Rural	6	5	5
7	Creedmoor	Travis	211	Rural	3	3	5
7	Dripping Springs	Hays	1,548	Rural	3	4	6
7	Elgin	Bastrop	5,700	Rural	4	4	5
7	Fayetteville	Fayette	261	Rural	4	3	5

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Flatonia	Fayette	1,377	Rural	5	5	4
7	Florence	Williamson	1,054	Rural	6	6	6
7	Garfield	Travis	1,660	Rural	4	3	6
7	Georgetown	Williamson	28,339	Urban	3	5	5
7	Giddings	Lee	5,105	Rural	3	4	3
7	Granger	Williamson	1,299	Rural	5	5	6
7	Granite Shoals	Burnet	2,040	Rural	5	5	6
7	Hays	Hays	233	Rural	3	3	3
7	Highland Haven	Burnet	450	Rural	6	6	3
7	Horseshoe Bay	Llano	3,337	Rural	4	4	4
7	Hudson Bend	Travis	2,369	Urban	5	5	4
7	Hutto	Williamson	1,250	Rural	5	3	5
7	Johnson City	Blanco	1,191	Rural	3	4	4
7	Jollyville	Williamson	15,813	Urban	5	5	3
7	Jonestown	Travis	1,681	Rural	6	6	5
7	Kingsland	Llano	4,584	Rural	3	6	5
7	Kyle	Hays	5,314	Rural	3	3	5
7	La Grange	Fayette	4,478	Rural	5	4	3
7	Lago Vista	Travis	4,507	Rural	6	6	5
7	Lakeway	Travis	8,002	Rural	4	4	4
7	Leander	Williamson	7,596	Urban	6	3	5
7	Lexington	Lee	1,178	Rural	5	4	3
7	Liberty Hill	Williamson	1,409	Rural	3	3	6
7	Llano	Llano	3,325	Rural	3	5	3
7	Lockhart	Caldwell	11,615	Rural	5	5	6
7	Lost Creek	Travis	4,729	Urban	3	3	3
7	Luling	Caldwell	5,080	Rural	4	4	4
7	Manor	Travis	1,204	Urban	3	3	4
7	Marble Falls	Burnet	4,959	Rural	3	6	5
7	Martindale	Caldwell	953	Rural	5	5	4
7	Meadowlakes	Burnet	1,293	Rural	6	6	3
7	Mountain City	Hays	671	Rural	6	6	4
7	Mustang Ridge	Caldwell	785	Rural	3	3	6
7	Niederwald	Hays	584	Rural	4	4	4
7	Onion Creek	Travis	2,116	Urban	3	3	3
7	Pflugerville	Travis	16,335	Urban	3	3	4
7	Rollingwood	Travis	1,403	Urban	6	6	3
7	Round Mountain	Blanco	111	Rural	3	3	3
7	Round Rock	Williamson	61,136	Urban	5	4	3
7	Round Top	Fayette	77	Rural	3	3	6
7	San Leanna	Travis	384	Urban	6	6	3
7	San Marcos	Hays	34,733	Urban	6	6	6
7	Schulenburg	Fayette	2,699	Rural	5	5	5
7	Serenada	Williamson	1,847	Urban	6	6	3
7	Shady Hollow	Travis	5,140	Urban	4	4	3
7	Smithville	Bastrop	3,901	Rural	5	5	6
7	Sunrise Beach Village	Llano	704	Rural	5	5	4
7	Sunset Valley	Travis	365	Urban	5	5	5
7	Taylor	Williamson	13,575	Rural	5	4	4
7	The Hills	Travis	1,492	Rural	3	3	3
7	Thrall	Williamson	710	Rural	5	4	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Uhland	Hays	386	Rural	6	6	5
7	Weir	Williamson	591	Rural	5	4	6
7	Wells Branch	Travis	11,271	Urban	5	5	4
7	West Lake Hills	Travis	3,116	Urban	3	3	3
7	Wimberley	Hays	3,797	Rural	5	4	6
7	Windemere	Travis	6,868	Urban	5	5	4
7	Woodcreek	Hays	1,274	Rural	5	5	5
7	Wyldwood	Bastrop	2,310	Rural	3	3	4
8	Abbott	Hill	300	Rural	5	5	5
8	Aquilla	Hill	136	Rural	6	6	3
8	Bellmead	McLennan	9,214	Urban	4	4	5
8	Belton	Bell	14,623	Urban	4	5	3
8	Beverly Hills	McLennan	2,113	Urban	5	5	6
8	Blum	Hill	399	Rural	6	6	3
8	Bruceville-Eddy	McLennan	1,490	Rural	5	5	4
8	Buckholts	Milam	387	Rural	6	6	3
8	Bynum	Hill	225	Rural	6	6	6
8	Cameron	Milam	5,634	Rural	3	4	5
8	Carl's Corner	Hill	134	Rural	6	6	6
8	Clifton	Bosque	3,542	Rural	3	4	5
8	Coolidge	Limestone	848	Rural	5	4	3
8	Copperas Cove	Coryell	29,592	Urban	4	4	4
8	Covington	Hill	282	Rural	4	3	4
8	Cranfills Gap	Bosque	335	Rural	4	4	5
8	Crawford	McLennan	705	Rural	4	3	4
8	Evant	Coryell	393	Rural	6	6	6
8	Fairfield	Freestone	3,094	Rural	5	5	6
8	Fort Hood	Bell	33,711	Urban	3	3	3
8	Gatesville	Coryell	15,591	Rural	3	5	3
8	Gholson	McLennan	922	Rural	3	3	4
8	Goldthwaite	Mills	1,802	Rural	3	5	5
8	Golinda	Falls	423	Rural	5	5	4
8	Groesbeck	Limestone	4,291	Rural	4	6	5
8	Hallsburg	McLennan	518	Rural	6	6	3
8	Hamilton	Hamilton	2,977	Rural	3	4	4
8	Harker Heights	Bell	17,308	Urban	4	4	3
8	Hewitt	McLennan	11,085	Urban	4	3	3
8	Hico	Hamilton	1,341	Rural	4	4	6
8	Hillsboro	Hill	8,232	Rural	5	6	4
8	Holland	Bell	1,102	Rural	3	4	4
8	Hubbard	Hill	1,586	Rural	3	4	5
8	Iredell	Bosque	360	Rural	5	5	5
8	Itasca	Hill	1,503	Rural	3	3	3
8	Jewett	Leon	861	Rural	6	6	6
8	Kempner	Lampasas	1,004	Rural	5	4	5
8	Kirvin	Freestone	122	Rural	3	3	4
8	Kosse	Limestone	497	Rural	6	6	6
8	Lacy-Lakeview	McLennan	5,764	Urban	5	5	5
8	Lampasas	Lampasas	6,786	Rural	4	4	5
8	Leroy	McLennan	335	Rural	3	3	5
8	Little River-Academy	Bell	1,645	Rural	6	6	3

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
8	Lometa	Lampasas	782	Rural	4	4	3
8	Lorena	McLennan	1,433	Rural	3	3	3
8	Lott	Falls	724	Rural	5	4	3
8	Malone	Hill	278	Rural	3	3	6
8	Marlin	Falls	6,628	Rural	5	5	6
8	Marquez	Leon	220	Rural	5	5	6
8	Mart	McLennan	2,273	Rural	6	6	4
8	McGregor	McLennan	4,727	Urban	5	5	4
8	Meridian	Bosque	1,491	Rural	3	5	5
8	Mertens	Hill	146	Rural	6	6	6
8	Mexia	Limestone	6,563	Rural	6	6	5
8	Milano	Milam	400	Rural	3	3	6
8	Millican	Brazos	108	Rural	3	3	6
8	Moody	McLennan	1,400	Rural	6	6	5
8	Morgan	Bosque	485	Rural	3	3	6
8	Morgan's Point Resort	Bell	2,989	Rural	4	4	3
8	Mount Calm	Hill	310	Rural	4	4	3
8	Mullin	Mills	175	Rural	5	3	6
8	Nolanville	Bell	2,150	Rural	5	5	4
8	Normangee	Leon	719	Rural	3	4	6
8	Oglesby	Coryell	458	Rural	6	6	4
8	Penelope	Hill	211	Rural	6	6	5
8	Richland Springs	San Saba	350	Rural	3	3	3
8	Riesel	McLennan	973	Rural	6	6	3
8	Robinson	McLennan	7,845	Urban	4	3	3
8	Rockdale	Milam	5,439	Rural	5	5	3
8	Rogers	Bell	1,117	Rural	3	3	4
8	Rosebud	Falls	1,493	Rural	4	4	4
8	Ross	McLennan	228	Rural	3	3	6
8	Salado	Bell	3,475	Rural	3	3	3
8	San Saba	San Saba	2,637	Rural	4	4	3
8	South Mountain	Coryell	412	Rural	4	4	3
8	Streetman	Freestone	203	Rural	3	3	6
8	Teague	Freestone	4,557	Rural	3	4	5
8	Tehuacana	Limestone	307	Rural	3	3	3
8	Temple	Bell	54,514	Urban	4	5	3
8	Thorndale	Milam	1,278	Rural	5	5	4
8	Thornton	Limestone	525	Rural	4	4	5
8	Todd Mission	Grimes	146	Rural	3	3	6
8	Troy	Bell	1,378	Rural	6	4	3
8	Valley Mills	Bosque	1,123	Rural	3	3	5
8	Walnut Springs	Bosque	755	Rural	3	3	4
8	West	McLennan	2,692	Rural	4	4	3
8	Whitney	Hill	1,833	Rural	6	6	5
8	Wixon Valley	Brazos	235	Rural	6	6	4
8	Woodway	McLennan	8,733	Urban	3	3	3
8	Wortham	Freestone	1,082	Rural	6	6	4
9	Alamo Heights	Bexar	7,319	Urban	4	4	4
9	Bandera	Bandera	957	Rural	3	5	6
9	Bigfoot	Frio	304	Rural	3	3	4
9	Boerne	Kendall	6,178	Rural	3	6	6

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Bulverde	Comal	3,761	Rural	3	3	3
9	Canyon Lake	Comal	16,870	Rural	4	4	5
9	Castle Hills	Bexar	4,202	Urban	6	6	4
9	Castroville	Medina	2,664	Rural	5	4	4
9	Charlotte	Atascosa	1,637	Rural	4	3	5
9	Christine	Atascosa	436	Rural	3	3	5
9	Cibolo	Guadalupe	3,035	Rural	6	5	4
9	Comfort	Kendall	2,358	Rural	4	4	6
9	Cross Mountain	Bexar	1,524	Urban	3	3	3
9	Devine	Medina	4,140	Rural	5	5	5
9	Dilley	Frio	3,674	Rural	6	6	6
9	Fair Oaks Ranch	Bexar	4,695	Urban	5	4	3
9	Falls City	Karnes	591	Rural	4	4	3
9	Floresville	Wilson	5,868	Rural	3	5	5
9	Fredericksburg	Gillespie	8,911	Rural	3	5	5
9	Garden Ridge	Comal	1,882	Rural	6	6	3
9	Geronimo	Guadalupe	619	Rural	3	3	5
9	Harper	Gillespie	1,006	Rural	5	4	6
9	Hill Country Village	Bexar	1,028	Urban	3	3	3
9	Hilltop	Frio	300	Rural	3	3	5
9	Hollywood Park	Bexar	2,983	Urban	6	6	3
9	Hondo	Medina	7,897	Rural	3	5	4
9	Ingram	Kerr	1,740	Rural	6	5	6
9	Jourdanton	Atascosa	3,732	Rural	4	6	5
9	Karnes City	Karnes	3,457	Rural	5	4	5
9	Kenedy	Karnes	3,487	Rural	4	4	5
9	Kerrville	Kerr	20,425	Rural	5	6	5
9	Kingsbury	Guadalupe	652	Rural	3	3	4
9	La Vernia	Wilson	931	Rural	6	6	5
9	Lackland AFB	Bexar	7,123	Urban	3	3	6
9	LaCoste	Medina	1,255	Rural	5	4	4
9	Lakehills	Bandera	4,668	Rural	6	6	5
9	Lytle	Atascosa	2,383	Rural	3	4	6
9	Marion	Guadalupe	1,099	Rural	5	4	5
9	McQueeney	Guadalupe	2,527	Rural	4	4	5
9	Moore	Frio	644	Rural	4	3	3
9	Natalia	Medina	1,663	Rural	6	6	6
9	New Berlin	Guadalupe	467	Rural	3	3	4
9	New Braunfels	Comal	36,494	Urban	5	5	4
9	North Pearsall	Frio	561	Rural	4	4	5
9	Northcliff	Guadalupe	1,819	Rural	4	4	4
9	Olmos Park	Bexar	2,343	Urban	4	3	3
9	Pearsall	Frio	7,157	Rural	4	4	6
9	Pleasanton	Atascosa	8,266	Rural	6	6	5
9	Poteet	Atascosa	3,305	Rural	4	5	5
9	Poth	Wilson	1,850	Rural	5	4	4
9	Redwood	Guadalupe	3,586	Rural	5	5	6
9	Runge	Karnes	1,080	Rural	6	5	4
9	Santa Clara	Guadalupe	889	Rural	6	6	5
9	Scenic Oaks	Bexar	3,279	Urban	3	3	3
9	Schertz	Guadalupe	18,694	Urban	5	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Seguin	Guadalupe	22,011	Rural	4	5	5
9	Stockdale	Wilson	1,398	Rural	5	5	4
9	Stonewall	Gillespie	469	Rural	5	4	5
9	Terrell Hills	Bexar	5,019	Urban	4	4	3
9	West Pearsall	Frio	349	Rural	6	6	3
9	Windcrest	Bexar	5,105	Urban	6	6	3
9	Zuehl	Guadalupe	346	Rural	3	3	5
10	Agua Dulce (Nueces)	Nueces	737	Rural	5	4	4
10	Airport Road Addition	Brooks	132	Rural	3	3	5
10	Alfred-South La Paloma	Jim Wells	451	Rural	3	3	4
10	Alice	Jim Wells	19,010	Rural	4	4	4
10	Alice Acres	Jim Wells	491	Rural	3	3	3
10	Aransas Pass	San Patricio	8,138	Rural	4	5	6
10	Austwell	Refugio	192	Rural	6	6	6
10	Bayside	Refugio	360	Rural	6	6	5
10	Beeville	Bee	13,129	Rural	4	5	4
10	Benavides	Duval	1,686	Rural	5	5	3
10	Bishop	Nueces	3,305	Rural	5	5	4
10	Bloomington	Victoria	2,562	Rural	6	6	4
10	Blue Berry Hill	Bee	982	Rural	3	3	6
10	Cantu Addition	Brooks	217	Rural	3	3	6
10	Concepcion	Duval	61	Rural	3	3	3
10	Coyote Acres	Jim Wells	389	Rural	3	3	5
10	Cuero	DeWitt	6,571	Rural	6	6	4
10	Del Sol-Loma Linda	San Patricio	726	Rural	3	3	5
10	Doyle	San Patricio	285	Urban	3	3	3
10	Driscoll	Nueces	825	Rural	5	6	3
10	Edgewater-Paisano	San Patricio	182	Rural	6	6	3
10	Edna	Jackson	5,899	Rural	5	6	5
10	Edroy	San Patricio	420	Rural	3	3	6
10	Encino	Brooks	177	Rural	3	3	3
10	Falfurrias	Brooks	5,297	Rural	6	5	6
10	Falman-County Acres	San Patricio	289	Rural	6	6	3
10	Flowella	Brooks	134	Rural	3	3	6
10	Freer	Duval	3,241	Rural	4	4	4
10	Fulton	Aransas	1,553	Rural	5	4	6
10	Ganado	Jackson	1,915	Rural	4	4	4
10	George West	Live Oak	2,524	Rural	4	4	4
10	Goliad	Goliad	1,975	Rural	3	4	6
10	Gonzales	Gonzales	7,202	Rural	4	4	5
10	Gregory	San Patricio	2,318	Rural	4	4	3
10	Hallettsville	Lavaca	2,345	Rural	5	4	3
10	Inez	Victoria	1,787	Rural	4	4	3
10	Ingleside	San Patricio	9,388	Urban	4	6	4
10	Ingleside on the Bay	San Patricio	659	Urban	6	6	6
10	K-Bar Ranch	Jim Wells	350	Rural	5	5	3
10	Kingsville	Kleberg	25,575	Rural	5	6	5
10	La Paloma-Lost Creek	Nueces	323	Rural	6	6	4
10	La Ward	Jackson	200	Rural	6	6	6
10	Lake City	San Patricio	526	Rural	4	4	6
10	Lakeshore Gardens-Hidden	San Patricio	720	Rural	3	3	3

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Lakeside (San Patricio)	San Patricio	333	Rural	3	3	4
10	Lolita	Jackson	548	Rural	3	3	3
10	Loma Linda East	Jim Wells	214	Rural	3	3	3
10	Mathis	San Patricio	5,034	Rural	6	6	4
10	Morgan Farm Area	San Patricio	484	Rural	6	6	3
10	Moulton	Lavaca	944	Rural	4	4	4
10	Nixon	Gonzales	2,186	Rural	4	5	6
10	Nordheim	DeWitt	323	Rural	5	4	6
10	Normanna	Bee	121	Rural	3	3	5
10	North San Pedro	Nueces	920	Rural	4	4	3
10	Odem	San Patricio	2,499	Rural	5	4	3
10	Orange Grove	Jim Wells	1,288	Rural	6	6	3
10	Owl Ranch-Amargosa	Jim Wells	527	Rural	6	6	4
10	Pawnee	Bee	201	Rural	3	3	4
10	Pernitas Point	Live Oak	269	Rural	6	6	4
10	Petronila	Nueces	83	Rural	3	3	3
10	Pettus	Bee	608	Rural	4	4	4
10	Point Comfort	Calhoun	781	Rural	5	4	3
10	Port Aransas	Nueces	3,370	Urban	6	6	5
10	Port Lavaca	Calhoun	12,035	Rural	5	5	4
10	Portland	San Patricio	14,827	Urban	5	5	3
10	Premont	Jim Wells	2,772	Rural	5	5	6
10	Rancho Alegre	Jim Wells	1,775	Rural	5	5	5
10	Rancho Banquete	Nueces	469	Rural	3	3	6
10	Rancho Chico	San Patricio	309	Rural	6	6	3
10	Realitos	Duval	209	Rural	3	3	3
10	Refugio	Refugio	2,941	Rural	4	4	5
10	Robstown	Nueces	12,727	Rural	3	4	5
10	Rockport	Aransas	7,385	Rural	4	5	5
10	San Diego	Duval	4,753	Rural	5	4	5
10	San Patricio	San Patricio	318	Rural	6	6	4
10	Sandia	Jim Wells	431	Rural	3	3	4
10	Sandy Hollow-Escondidas	Nueces	433	Rural	4	4	4
10	Seadrift	Calhoun	1,352	Rural	5	5	3
10	Shiner	Lavaca	2,070	Rural	5	5	6
10	Sinton	San Patricio	5,676	Rural	5	5	4
10	Skidmore	Bee	1,013	Rural	5	5	4
10	Smiley	Gonzales	453	Rural	5	5	6
10	Spring Garden-Terra Verde	Nueces	693	Rural	3	3	5
10	St. Paul (San Patricio)	San Patricio	542	Rural	3	3	3
10	Taft	San Patricio	3,396	Rural	5	5	5
10	Taft Southwest	San Patricio	1,721	Rural	4	4	6
10	Three Rivers	Live Oak	1,878	Rural	5	4	4
10	Tierra Grande	Nueces	362	Rural	4	4	4
10	Tradewinds	San Patricio	163	Rural	3	3	6
10	Tuleta	Bee	292	Rural	3	3	6
10	Tulsita	Bee	20	Rural	3	3	3
10	Tynan	Bee	301	Rural	5	5	3
10	Vanderbilt	Jackson	411	Rural	3	3	3
10	Victoria	Victoria	60,603	Urban	5	5	4
10	Waelder	Gonzales	947	Rural	4	4	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Westdale	Jim Wells	295	Rural	3	3	6
10	Woodsboro	Refugio	1,685	Rural	5	5	4
10	Yoakum	Lavaca	5,731	Rural	6	6	3
10	Yorktown	DeWitt	2,271	Rural	5	4	4
11	Abram-Perezville	Hidalgo	5,444	Rural	6	6	4
11	Alto Bonito	Starr	569	Rural	3	3	3
11	Alton North	Hidalgo	5,051	Rural	5	5	4
11	Arroyo Alto	Cameron	320	Rural	3	3	5
11	Arroyo Colorado Estates	Cameron	755	Rural	6	6	3
11	Arroyo Gardens-La Tina Ran	Cameron	732	Rural	3	3	3
11	Asherton	Dimmit	1,342	Rural	5	5	3
11	Batesville	Zavala	1,298	Rural	5	4	3
11	Bausell and Ellis	Willacy	112	Rural	3	3	3
11	Bayview	Cameron	323	Rural	6	6	6
11	Big Wells	Dimmit	704	Rural	5	5	3
11	Bixby	Cameron	356	Rural	3	3	6
11	Bluetown-Iglesia Antigua	Cameron	692	Rural	5	5	3
11	Botines	Webb	132	Rural	6	6	3
11	Box Canyon-Amistad	Val Verde	76	Rural	3	3	6
11	Brackettville	Kinney	1,876	Rural	4	6	5
11	Brundage	Dimmit	31	Rural	3	3	6
11	Bruni	Webb	412	Rural	3	3	6
11	Cameron Park	Cameron	5,961	Urban	5	4	4
11	Camp Wood	Real	822	Rural	6	6	6
11	Carrizo Hill	Dimmit	548	Rural	6	6	6
11	Carrizo Springs	Dimmit	5,655	Rural	6	6	4
11	Catarina	Dimmit	135	Rural	3	3	4
11	Cesar Chavez	Hidalgo	1,469	Urban	5	5	6
11	Chula Vista-Orason	Cameron	394	Rural	6	6	4
11	Chula Vista-River Spur	Zavala	400	Rural	3	3	5
11	Cienegas Terrace	Val Verde	2,878	Rural	6	6	5
11	Citrus City	Hidalgo	941	Rural	3	3	5
11	Combes	Cameron	2,553	Urban	5	5	5
11	Cotulla	La Salle	3,614	Rural	3	5	3
11	Crystal City	Zavala	7,190	Rural	5	5	5
11	Cuevitas	Hidalgo	37	Rural	3	3	6
11	Del Mar Heights	Cameron	259	Rural	3	3	3
11	Del Rio	Val Verde	33,867	Rural	5	5	4
11	Doffing	Hidalgo	4,256	Rural	5	5	4
11	Doolittle	Hidalgo	2,358	Urban	4	4	3
11	Eagle Pass	Maverick	22,413	Rural	6	6	5
11	Edinburg	Hidalgo	48,465	Urban	5	5	5
11	Eidson Road	Maverick	9,348	Rural	4	4	5
11	El Camino Angosto	Cameron	254	Rural	3	3	3
11	El Cenizo	Webb	3,545	Rural	4	4	3
11	El Indio	Maverick	263	Rural	6	6	3
11	El Refugio	Starr	221	Rural	6	6	6
11	Elm Creek	Maverick	1,928	Rural	3	3	6
11	Encantada-Ranchito El Calal	Cameron	2,100	Rural	3	3	4
11	Encinal	La Salle	629	Rural	6	5	3
11	Escobares	Starr	1,954	Rural	5	5	5

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Falcon Heights	Starr	335	Rural	3	3	4
11	Falcon Lake Estates	Zapata	830	Rural	5	5	3
11	Falcon Mesa	Zapata	506	Rural	3	3	5
11	Falcon Village	Starr	78	Rural	6	6	6
11	Faysville	Hidalgo	348	Urban	6	6	3
11	Fowlerton	La Salle	62	Rural	3	3	3
11	Fronton	Starr	599	Rural	3	3	5
11	Garceno	Starr	1,438	Rural	6	6	6
11	Grand Acres	Cameron	203	Rural	3	3	4
11	Green Valley Farms	Cameron	720	Rural	3	3	4
11	Guerra	Jim Hogg	8	Rural	6	6	6
11	Havana	Hidalgo	452	Rural	5	5	5
11	Hebbronville	Jim Hogg	4,498	Rural	5	5	5
11	Heidelberg	Hidalgo	1,586	Rural	6	6	6
11	Indian Hills	Hidalgo	2,036	Rural	4	4	6
11	Indian Lake	Cameron	541	Rural	6	6	5
11	Knippa	Uvalde	739	Rural	5	4	4
11	La Blanca	Hidalgo	2,351	Rural	6	6	3
11	La Casita-Garciasville	Starr	2,177	Rural	4	6	4
11	La Feria	Cameron	6,115	Rural	5	4	4
11	La Feria North	Cameron	168	Rural	6	6	3
11	La Grulla	Starr	1,211	Rural	4	4	4
11	La Homa	Hidalgo	10,433	Urban	5	5	5
11	La Paloma	Cameron	354	Rural	6	6	3
11	La Presa	Webb	508	Rural	3	3	3
11	La Pryor	Zavala	1,491	Rural	5	5	4
11	La Puerta	Starr	1,636	Rural	3	3	5
11	La Rosita	Starr	1,729	Rural	5	5	6
11	La Victoria	Starr	1,683	Rural	3	3	3
11	Lago	Cameron	246	Rural	6	6	3
11	Laguna Heights	Cameron	1,990	Rural	4	4	4
11	Laguna Seca	Hidalgo	251	Rural	3	3	6
11	Laguna Vista	Cameron	1,658	Rural	3	5	4
11	Lake View	Val Verde	167	Rural	3	3	5
11	Laredo Ranchettes	Webb	1,845	Rural	3	3	3
11	Larga Vista	Webb	742	Urban	6	6	6
11	Las Colonias	Zavala	283	Rural	6	6	6
11	Las Lomas	Starr	2,684	Rural	6	6	4
11	Las Lomitas	Jim Hogg	267	Rural	3	3	6
11	Las Palmas-Juarez	Cameron	1,666	Rural	4	4	5
11	Las Quintas Fronterizas	Maverick	2,030	Rural	4	4	3
11	Lasana	Cameron	135	Urban	3	3	3
11	Lasara	Willacy	1,024	Rural	4	4	5
11	Laughlin AFB	Val Verde	2,225	Rural	4	4	3
11	Laureles	Cameron	3,285	Rural	5	5	5
11	Leakey	Real	387	Rural	6	6	6
11	Llano Grande	Hidalgo	3,333	Urban	5	5	3
11	Lopeno	Zapata	140	Rural	3	3	6
11	Lopezville	Hidalgo	4,476	Urban	4	4	4
11	Los Alvarez	Starr	1,434	Rural	4	4	6
11	Los Angeles Subdivision	Willacy	86	Rural	6	6	3

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Los Ebanos	Hidalgo	403	Rural	5	5	5
11	Los Fresnos	Cameron	4,512	Rural	5	3	6
11	Los Indios	Cameron	1,149	Rural	3	3	4
11	Los Villareales	Starr	930	Rural	3	3	4
11	Lozano	Cameron	324	Rural	3	3	3
11	Lyford	Willacy	1,973	Rural	5	4	5
11	Lyford South	Willacy	172	Rural	6	6	3
11	Medina	Zapata	2,960	Rural	4	4	4
11	Midway North	Hidalgo	3,946	Urban	3	3	5
11	Midway South	Hidalgo	1,711	Urban	5	5	6
11	Mila Doce	Hidalgo	4,907	Rural	4	4	5
11	Mirando City	Webb	493	Rural	6	6	6
11	Mission	Hidalgo	45,408	Urban	4	5	5
11	Monte Alto	Hidalgo	1,611	Rural	5	5	4
11	Morales-Sanchez	Zapata	95	Rural	3	3	3
11	Muniz	Hidalgo	1,106	Rural	6	6	5
11	New Falcon	Zapata	184	Rural	3	3	3
11	North Alamo	Hidalgo	2,061	Urban	4	4	4
11	North Escobares	Starr	1,692	Rural	6	6	4
11	Nurillo	Hidalgo	5,056	Urban	5	5	6
11	Oilton	Webb	310	Rural	3	3	5
11	Olivarez	Hidalgo	2,445	Rural	5	5	3
11	Olmito	Cameron	1,198	Urban	5	5	5
11	Palm Valley	Cameron	1,298	Urban	4	4	3
11	Palmview South	Hidalgo	6,219	Urban	5	5	4
11	Pharr	Hidalgo	46,660	Urban	4	5	4
11	Port Isabel	Cameron	4,865	Rural	5	4	5
11	Port Mansfield	Willacy	415	Rural	5	4	6
11	Primera	Cameron	2,723	Urban	5	4	5
11	Quemado	Maverick	243	Rural	3	3	3
11	Radar Base	Maverick	162	Rural	3	3	6
11	Ranchette Estates	Willacy	133	Rural	3	3	3
11	Ranchitos Las Lomas	Webb	334	Rural	3	3	4
11	Rancho Viejo	Cameron	1,754	Urban	5	5	3
11	Ranchos Penitas West	Webb	520	Urban	3	3	4
11	Rangerville	Cameron	203	Rural	3	3	5
11	Ratamosa	Cameron	218	Rural	3	3	3
11	Raymondville	Willacy	9,733	Rural	4	5	6
11	Reid Hope King	Cameron	802	Urban	6	6	3
11	Relampago	Hidalgo	104	Rural	3	3	6
11	Rio Bravo	Webb	5,553	Urban	4	3	4
11	Rio Grande City	Starr	11,923	Rural	4	4	4
11	Rio Hondo	Cameron	1,942	Rural	5	3	5
11	Rocksprings	Edwards	1,285	Rural	5	4	5
11	Roma	Starr	9,617	Rural	6	6	5
11	Roma Creek	Starr	610	Rural	3	3	3
11	Rosita North	Maverick	3,400	Rural	4	4	5
11	Rosita South	Maverick	2,574	Rural	5	5	3
11	Sabinal	Uvalde	1,586	Rural	6	6	5
11	Salineno	Starr	304	Rural	3	3	4
11	San Benito	Cameron	23,444	Urban	5	5	4

2009 HOME AHNS - Place

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	San Carlos	Hidalgo	2,650	Rural	6	6	6
11	San Ignacio	Zapata	853	Rural	3	3	6
11	San Isidro	Starr	270	Rural	5	5	4
11	San Manuel-Linn	Hidalgo	958	Rural	3	3	3
11	San Pedro	Cameron	668	Rural	3	3	3
11	San Perlita	Willacy	680	Rural	6	6	6
11	Santa Cruz	Starr	630	Rural	6	6	5
11	Santa Maria	Cameron	846	Rural	4	4	3
11	Santa Monica	Willacy	78	Rural	3	3	5
11	Santa Rosa	Cameron	2,833	Rural	3	5	4
11	Scissors	Hidalgo	2,805	Rural	3	3	4
11	Sebastian	Willacy	1,864	Rural	3	3	6
11	Siesta Shores	Zapata	890	Rural	3	3	5
11	Solis	Cameron	545	Rural	6	6	3
11	South Alamo	Hidalgo	3,101	Rural	5	5	4
11	South Fork Estates	Jim Hogg	47	Rural	3	3	3
11	South Padre Island	Cameron	2,422	Rural	6	6	4
11	South Point	Cameron	1,118	Rural	6	6	4
11	Spofford	Kinney	75	Rural	3	3	3
11	Tierra Bonita	Cameron	160	Rural	3	3	4
11	Utopia	Uvalde	241	Rural	5	5	6
11	Uvalde	Uvalde	14,929	Rural	5	5	4
11	Uvalde Estates	Uvalde	1,972	Rural	5	5	5
11	Val Verde Park	Val Verde	1,945	Rural	5	4	4
11	Villa del Sol	Cameron	132	Rural	3	3	5
11	Villa Pancho	Cameron	386	Urban	6	6	6
11	Villa Verde	Hidalgo	891	Urban	3	3	5
11	West Sharyland	Hidalgo	2,947	Rural	4	4	3
11	Willamar	Willacy	15	Rural	3	3	3
11	Yznaga	Cameron	103	Rural	3	3	6
11	Zapata	Zapata	4,856	Rural	3	6	4
11	Zapata Ranch	Willacy	88	Rural	3	3	5
12	Ackerly	Dawson	245	Rural	4	4	6
12	Andrews	Andrews	9,652	Rural	5	4	4
12	Balmorhea	Reeves	527	Rural	4	3	4
12	Barstow	Ward	406	Rural	6	6	5
12	Big Lake	Reagan	2,885	Rural	5	5	4
12	Big Spring	Howard	25,233	Rural	5	6	4
12	Brady	McCulloch	5,523	Rural	4	6	5
12	Bronte	Coke	1,076	Rural	6	6	5
12	Christoval	Tom Green	422	Rural	6	6	6
12	Coahoma	Howard	932	Rural	4	4	3
12	Coyanosa	Pecos	138	Rural	3	3	4
12	Crane	Crane	3,191	Rural	6	6	4
12	Eden	Concho	2,561	Rural	6	6	5
12	Eldorado	Schleicher	1,951	Rural	3	3	6
12	Forsan	Howard	226	Rural	5	4	6
12	Fort Stockton	Pecos	7,846	Rural	3	4	5
12	Gardendale	Ector	1,197	Rural	3	3	3
12	Goldsmith	Ector	253	Rural	4	4	3
12	Grandfalls	Ward	391	Rural	4	4	5

2009 HOME AHNS - Place

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Grape Creek	Tom Green	3,138	Rural	5	5	5
12	Imperial	Pecos	428	Rural	3	3	4
12	Iraan	Pecos	1,238	Rural	3	3	3
12	Junction	Kimble	2,618	Rural	5	5	5
12	Kermit	Winkler	5,714	Rural	4	4	3
12	Lamesa	Dawson	9,952	Rural	5	5	4
12	Lindsay (Reeves)	Reeves	394	Rural	3	3	6
12	Los Ybanez	Dawson	32	Rural	3	3	3
12	Mason	Mason	2,134	Rural	6	5	5
12	McCamey	Upton	1,805	Rural	4	4	4
12	Melvin	McCulloch	155	Rural	6	6	6
12	Menard	Menard	1,653	Rural	5	5	6
12	Mertzon	Irion	839	Rural	3	3	5
12	Midland	Midland	94,996	Urban	5	5	4
12	Monahans	Ward	6,821	Rural	6	6	3
12	Ozona	Crockett	3,436	Rural	4	4	4
12	Paint Rock	Concho	320	Rural	6	6	5
12	Pecos	Reeves	9,501	Rural	3	4	5
12	Pyote	Ward	131	Rural	3	3	6
12	Rankin	Upton	800	Rural	3	3	5
12	Robert Lee	Coke	1,171	Rural	6	6	6
12	Sanderson	Terrell	861	Rural	6	5	5
12	Seagraves	Gaines	2,334	Rural	5	5	3
12	Seminole	Gaines	5,910	Rural	4	4	5
12	Sonora	Sutton	2,924	Rural	3	4	4
12	Stanton	Martin	2,556	Rural	5	5	3
12	Sterling City	Sterling	1,081	Rural	4	4	5
12	Thorntonville	Ward	442	Rural	3	3	4
12	Toyah	Reeves	100	Rural	3	3	3
12	West Odessa	Ector	17,799	Urban	5	5	5
12	Wickett	Ward	455	Rural	6	6	3
12	Wink	Winkler	919	Rural	5	4	3
13	Agua Dulce (El Paso)	El Paso	738	Rural	3	3	6
13	Alpine	Brewster	5,786	Rural	6	6	3
13	Anthony	El Paso	3,850	Urban	3	6	4
13	Butterfield	El Paso	61	Rural	3	3	3
13	Canutillo	El Paso	5,129	Urban	4	4	4
13	Clint	El Paso	980	Rural	3	6	3
13	Dell City	Hudspeth	413	Rural	5	5	5
13	Fabens	El Paso	8,043	Rural	6	6	3
13	Fort Bliss	El Paso	8,264	Urban	4	3	3
13	Fort Davis	Jeff Davis	1,050	Rural	4	4	6
13	Fort Hancock	Hudspeth	1,713	Rural	5	4	5
13	Homestead Meadows North	El Paso	4,232	Rural	5	5	6
13	Homestead Meadows South	El Paso	6,807	Rural	6	6	5
13	Horizon City	El Paso	5,233	Rural	3	3	4
13	Marathon	Brewster	455	Rural	4	3	5
13	Marfa	Presidio	2,121	Rural	4	5	5
13	Morning Glory	El Paso	627	Rural	3	3	3
13	Prado Verde	El Paso	200	Urban	3	3	6
13	Presidio	Presidio	4,167	Rural	5	5	4

2009 HOME AHNS - Place

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
13	Redford	Presidio	132	Rural	3	3	6
13	San Elizario	El Paso	11,046	Urban	3	3	5
13	Sierra Blanca	Hudspeth	533	Rural	4	4	6
13	Socorro	El Paso	27,152	Urban	4	3	6
13	Sparks	El Paso	2,974	Rural	5	5	5
13	Study Butte-Terlingua	Brewster	267	Rural	4	3	3
13	Tornillo	El Paso	1,609	Rural	6	3	4
13	Valentine	Jeff Davis	187	Rural	4	4	3
13	Van Horn	Culberson	2,435	Rural	6	6	3
13	Vinton	El Paso	1,892	Rural	6	6	5
13	Westway	El Paso	3,829	Urban	6	6	5

2009 HOME Affordable Housing Need Scores (AHNS) County Level

(Sorted by Region then County.)

Instructions:
Use this table to determine an AHNS for an application that will serve an entire county, multiple counties, or multiple places within a county or counties.
Special Circumstances
(1) If multiple counties or places in multiple counties will be served by the application, then the county scores should be averaged.
(2) Participating Jurisdictions (PJ) recieve a score of zero and are not included in the table.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sandy Garcia via facsimile at (512) 475-4798 or by email at sandy.garcia@tdhca.state.tx.us.

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Armstrong	6	6	4
1	Bailey	3	3	4
1	Briscoe	6	6	4
1	Carson	4	4	4
1	Castro	4	4	4
1	Childress	4	5	3
1	Cochran	4	3	4
1	Collingsworth	4	4	4
1	Crosby	5	5	4
1	Dallam	5	5	4
1	Deaf Smith	3	4	4
1	Dickens	5	5	5
1	Donley	6	6	4
1	Floyd	4	4	3
1	Garza	6	6	6
1	Gray	4	4	5
1	Hale	4	4	4
1	Hall	5	5	4
1	Hansford	4	4	5
1	Hartley	5	5	4
1	Hemphill	5	5	4
1	Hockley	4	4	5
1	Hutchinson	5	5	4
1	Lamb	5	5	4
1	Lipscomb	4	4	5
1	Lubbock	4	4	4
1	Lynn	4	3	4
1	Moore	4	4	3
1	Motley	4	4	3
1	Ochiltree	3	4	3
1	Oldham	5	5	6
1	Parmer	5	5	3

2009 HOME AHNS - County

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Potter	3	3	6
1	Randall	5	5	3
1	Roberts	6	6	4
1	Sherman	4	4	4
1	Swisher	4	4	4
1	Terry	4	4	5
1	Wheeler	4	4	4
1	Yoakum	4	4	4
2	Archer	3	3	4
2	Baylor	4	4	3
2	Brown	5	5	5
2	Callahan	4	5	4
2	Clay	6	6	5
2	Coleman	4	4	5
2	Comanche	6	6	5
2	Cottle	4	4	3
2	Eastland	4	4	4
2	Fisher	4	4	3
2	Foard	5	5	5
2	Hardeman	6	6	3
2	Haskell	5	5	5
2	Jack	5	5	6
2	Jones	4	4	5
2	Kent	3	3	4
2	Knox	3	3	5
2	Mitchell	5	5	4
2	Montague	4	4	5
2	Nolan	4	4	4
2	Runnels	5	5	4
2	Scurry	4	4	5
2	Shackelford	4	4	4
2	Stephens	5	4	3
2	Stonewall	4	4	5
2	Taylor	4	4	3
2	Throckmorton	4	4	4
2	Wichita	5	5	4
2	Wilbarger	3	4	4
2	Young	4	4	4
3	Collin	4	4	4
3	Cooke	4	4	4
3	Dallas	4	4	4
3	Denton	4	4	4
3	Ellis	4	5	5
3	Erath	5	5	5
3	Fannin	5	5	4
3	Grayson	4	4	5
3	Hood	4	4	4
3	Hunt	4	4	5

2009 HOME AHNS - County

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Johnson	4	4	5
3	Kaufman	5	5	4
3	Navarro	4	4	5
3	Palo Pinto	5	5	4
3	Parker	5	5	4
3	Rockwall	4	4	4
3	Somervell	4	4	5
3	Tarrant	4	4	4
3	Wise	5	5	5
4	Anderson	4	5	5
4	Bowie	5	4	4
4	Camp	3	4	5
4	Cass	4	4	4
4	Cherokee	4	4	5
4	Delta	6	6	6
4	Franklin	3	5	5
4	Gregg	4	4	4
4	Harrison	4	4	5
4	Henderson	4	5	4
4	Hopkins	4	4	4
4	Lamar	4	4	4
4	Marion	6	6	5
4	Morris	6	6	4
4	Panola	4	4	4
4	Rains	6	6	4
4	Red River	5	4	4
4	Rusk	5	4	4
4	Smith	4	4	4
4	Titus	5	5	5
4	Upshur	5	4	5
4	Van Zandt	5	4	4
4	Wood	5	5	5
5	Angelina	4	5	4
5	Hardin	4	4	3
5	Houston	5	5	5
5	Jasper	3	4	5
5	Jefferson	4	4	4
5	Nacogdoches	5	4	4
5	Newton	4	4	3
5	Orange	5	5	5
5	Polk	5	4	5
5	Sabine	4	4	4
5	San Augustine	6	5	4
5	San Jacinto	4	4	5
5	Shelby	4	4	5
5	Trinity	5	5	6
5	Tyler	4	4	5
6	Austin	4	4	5

2009 HOME AHNS - County

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Brazoria	4	5	5
6	Chambers	5	4	4
6	Colorado	5	4	4
6	Fort Bend	5	4	4
6	Galveston	5	5	5
6	Harris	4	4	4
6	Liberty	4	4	5
6	Matagorda	3	4	4
6	Montgomery	4	5	4
6	Walker	6	6	5
6	Waller	4	5	5
6	Wharton	4	4	4
7	Bastrop	4	4	5
7	Blanco	4	4	4
7	Burnet	5	5	5
7	Caldwell	4	4	5
7	Fayette	5	4	5
7	Hays	4	4	5
7	Lee	4	4	3
7	Llano	4	5	4
7	Travis	4	4	4
7	Williamson	5	4	4
8	Bell	4	4	3
8	Bosque	3	4	5
8	Brazos	4	4	5
8	Coryell	5	5	4
8	Falls	5	4	4
8	Freestone	4	4	5
8	Grimes	3	3	6
8	Hamilton	4	4	5
8	Hill	5	5	5
8	Lampasas	4	4	4
8	Leon	5	5	6
8	Limestone	5	5	4
8	McLennan	4	4	4
8	Milam	4	5	4
8	Mills	4	4	6
8	San Saba	4	4	3
9	Atascosa	4	4	5
9	Bandera	4	6	6
9	Bexar	4	4	3
9	Comal	4	4	4
9	Frio	4	4	5
9	Gillespie	4	4	5
9	Guadalupe	4	4	5
9	Karnes	5	4	4
9	Kendall	4	5	6
9	Kerr	6	6	6

2009 HOME AHNS - County

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Medina	5	5	5
9	Wilson	5	5	4
10	Aransas	4	4	6
10	Bee	4	4	4
10	Brooks	4	3	5
10	Calhoun	5	5	3
10	DeWitt	5	5	5
10	Duval	4	4	4
10	Goliad	3	4	6
10	Gonzales	4	4	5
10	Jackson	4	4	4
10	Jim Wells	4	4	4
10	Kleberg	5	6	5
10	Lavaca	5	5	4
10	Live Oak	5	5	4
10	Nueces	4	4	4
10	Refugio	5	5	5
10	San Patricio	4	5	4
10	Victoria	5	5	4
11	Cameron	4	4	4
11	Dimmit	5	5	4
11	Edwards	5	4	5
11	Hidalgo	4	5	5
11	Jim Hogg	4	4	5
11	Kinney	4	4	4
11	La Salle	4	4	3
11	Maverick	4	4	4
11	Real	6	6	6
11	Starr	4	4	5
11	Uvalde	5	5	5
11	Val Verde	4	4	4
11	Webb	4	4	4
11	Willacy	4	4	5
11	Zapata	3	4	4
11	Zavala	5	5	5
12	Andrews	5	4	4
12	Coke	6	6	6
12	Concho	6	6	5
12	Crane	6	6	4
12	Crockett	4	4	4
12	Dawson	4	4	4
12	Ector	4	4	4
12	Gaines	4	4	4
12	Howard	5	5	4
12	Irion	3	3	5
12	Kimble	5	5	5
12	Martin	5	5	3
12	Mason	6	5	5

2009 HOME AHNS - County

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	McCulloch	5	6	6
12	Menard	5	5	6
12	Midland	5	5	4
12	Pecos	3	3	4
12	Reagan	5	5	4
12	Reeves	3	3	4
12	Schleicher	3	3	6
12	Sterling	4	4	5
12	Sutton	3	4	4
12	Terrell	6	5	5
12	Tom Green	6	6	6
12	Upton	4	4	4
12	Ward	5	5	4
12	Winkler	4	4	3
13	Brewster	5	4	4
13	Culberson	6	6	3
13	El Paso	4	4	4
13	Hudspeth	5	4	5
13	Jeff Davis	4	4	4
13	Presidio	4	4	5

2009 HTF Affordable Housing Need Scores (AHNS)
Place Level

(Sorted by Region then Place.)

Instructions:
Use this table to determine the AHNS of an application that will serve a **single** place.
Special Circumstances
(1) Rental Development activities that are not located within a place's jurisdiction will utilize the score of closest place.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sandy Garcia via facsimile at (512) 475-4798 or by email at sandy.garcia@tdhca.state.tx.us.

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Abernathy	Hale	2,839	Rural	5	5	4
1	Adrian	Oldham	159	Rural	5	5	6
1	Amarillo	Potter	173,627	Urban	5	6	4
1	Amherst	Lamb	791	Rural	4	4	3
1	Anton	Hockley	1,200	Rural	3	3	6
1	Bishop Hills	Potter	210	Rural	3	3	6
1	Booker	Lipscomb	1,315	Rural	5	5	3
1	Borger	Hutchinson	14,302	Rural	4	5	3
1	Bovina	Parmer	1,874	Rural	3	3	3
1	Brownfield	Terry	9,488	Rural	6	6	4
1	Buffalo Springs	Lubbock	493	Rural	4	4	4
1	Cactus	Moore	2,538	Rural	3	3	4
1	Canadian	Hemphill	2,233	Rural	5	5	4
1	Canyon	Randall	12,875	Rural	6	6	3
1	Channing	Hartley	356	Rural	6	6	5
1	Childress	Childress	6,778	Rural	4	5	3
1	Clarendon	Donley	1,974	Rural	5	5	3
1	Claude	Armstrong	1,313	Rural	6	6	4
1	Crosbyton	Crosby	1,874	Rural	5	5	3
1	Dalhart	Dallam	7,237	Rural	6	6	4
1	Darrouzett	Lipscomb	303	Rural	6	6	6
1	Denver City	Yoakum	3,985	Rural	4	4	6
1	Dickens	Dickens	332	Rural	6	6	6
1	Dimmitt	Castro	4,375	Rural	5	4	5
1	Dodson	Collingsworth	115	Rural	6	6	6
1	Dumas	Moore	13,747	Rural	4	4	3
1	Earth	Lamb	1,109	Rural	4	4	5
1	Edmonson	Hale	123	Rural	3	3	4
1	Estelline	Hall	168	Rural	6	6	6
1	Farwell	Parmer	1,364	Rural	6	6	4
1	Floydada	Floyd	3,676	Rural	5	5	3
1	Follett	Lipscomb	412	Rural	3	3	6
1	Friona	Parmer	3,854	Rural	5	5	3
1	Fritch	Hutchinson	2,235	Rural	5	5	4
1	Groom	Carson	587	Rural	6	6	6
1	Gruver	Hansford	1,162	Rural	5	5	4
1	Hale Center	Hale	2,263	Rural	5	5	3
1	Happy	Swisher	647	Rural	4	4	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Hart	Castro	1,198	Rural	4	4	4
1	Hartley	Hartley	441	Rural	4	4	4
1	Hedley	Donley	379	Rural	6	6	6
1	Hereford	Deaf Smith	14,597	Rural	3	4	4
1	Higgins	Lipscomb	425	Rural	3	3	6
1	Howardwick	Donley	437	Rural	6	6	4
1	Idalou	Lubbock	2,157	Rural	3	3	3
1	Kress	Swisher	826	Rural	5	5	4
1	Lake Tanglewood	Randall	825	Rural	6	6	3
1	Lakeview	Hall	152	Rural	6	6	3
1	Lefors	Gray	559	Rural	3	3	5
1	Levelland	Hockley	12,866	Rural	5	6	5
1	Lipscomb	Lipscomb	44	Rural	3	3	3
1	Littlefield	Lamb	6,507	Rural	6	6	4
1	Lockney	Floyd	2,056	Rural	4	3	3
1	Lorenzo	Crosby	1,372	Rural	4	4	4
1	Lubbock	Lubbock	199,564	Urban	6	6	4
1	Matador	Motley	740	Rural	4	4	3
1	McLean	Gray	830	Rural	5	5	6
1	Meadow	Terry	658	Rural	3	3	4
1	Memphis	Hall	2,479	Rural	5	5	3
1	Miami	Roberts	588	Rural	6	6	4
1	Mobeetie	Wheeler	107	Rural	3	3	4
1	Morse	Hansford	172	Rural	5	5	6
1	Morton	Cochran	2,249	Rural	4	3	3
1	Muleshoe	Bailey	4,530	Rural	3	3	4
1	Nazareth	Castro	356	Rural	3	3	4
1	New Deal	Lubbock	708	Rural	5	5	3
1	New Home	Lynn	320	Rural	4	4	3
1	O'Donnell	Lynn	1,011	Rural	3	3	3
1	Olton	Lamb	2,288	Rural	4	4	4
1	Opdyke West	Hockley	188	Rural	5	5	6
1	Palisades	Randall	352	Rural	5	5	4
1	Pampa	Gray	17,887	Rural	4	5	4
1	Panhandle	Carson	2,589	Rural	4	4	3
1	Perryton	Ochiltree	7,774	Rural	3	4	3
1	Petersburg	Hale	1,262	Rural	3	3	3
1	Plains	Yoakum	1,450	Rural	5	5	3
1	Plainview	Hale	22,336	Rural	5	5	4
1	Post	Garza	3,708	Rural	6	6	6
1	Quail	Collingsworth	33	Rural	3	3	3
1	Quitaque	Briscoe	432	Rural	6	6	5
1	Ralls	Crosby	2,252	Rural	5	5	6
1	Ransom Canyon	Lubbock	1,011	Rural	4	4	3
1	Reese Center	Lubbock	42	Urban	3	3	6
1	Roaring Springs	Motley	265	Rural	3	3	3
1	Ropesville	Hockley	517	Rural	3	3	3
1	Samnorwood	Collingsworth	39	Rural	3	3	3
1	Sanford	Hutchinson	203	Rural	5	5	4
1	Seth Ward	Hale	1,926	Rural	5	5	6
1	Shallowater	Lubbock	2,086	Rural	6	6	5

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Shamrock	Wheeler	2,029	Rural	5	5	6
1	Silverton	Briscoe	771	Rural	5	5	3
1	Skellytown	Carson	610	Rural	3	3	6
1	Slaton	Lubbock	6,109	Rural	5	5	6
1	Smyer	Hockley	480	Rural	4	4	6
1	Spade	Lamb	100	Rural	5	5	3
1	Spearman	Hansford	3,021	Rural	3	3	4
1	Springlake	Lamb	135	Rural	6	6	3
1	Spur	Dickens	1,088	Rural	4	4	4
1	Stinnett	Hutchinson	1,936	Rural	5	5	4
1	Stratford	Sherman	1,991	Rural	3	3	3
1	Sudan	Lamb	1,039	Rural	5	4	3
1	Sundown	Hockley	1,505	Rural	4	4	4
1	Sunray	Moore	1,950	Rural	4	4	3
1	Tahoka	Lynn	2,910	Rural	4	3	6
1	Texhoma	Sherman	371	Rural	6	6	6
1	Texline	Dallam	511	Rural	4	4	5
1	Timbercreek Canyon	Randall	406	Rural	3	3	3
1	Tulia	Swisher	5,117	Rural	4	4	4
1	Turkey	Hall	494	Rural	3	3	5
1	Vega	Oldham	936	Rural	5	5	6
1	Wellington	Collingsworth	2,275	Rural	5	5	5
1	Wellman	Terry	203	Rural	4	3	6
1	Wheeler	Wheeler	1,378	Rural	4	4	3
1	White Deer	Carson	1,060	Rural	5	5	3
1	Whiteface	Cochran	465	Rural	3	3	6
1	Wilson	Lynn	532	Rural	3	3	4
1	Wolfforth	Lubbock	2,554	Rural	5	5	6
2	Abilene	Taylor	115,930	Urban	5	5	3
2	Albany	Shackelford	1,921	Rural	5	4	3
2	Anson	Jones	2,556	Rural	3	3	5
2	Archer City	Archer	1,848	Rural	4	4	3
2	Aspermont	Stonewall	1,021	Rural	4	4	5
2	Baird	Callahan	1,623	Rural	3	5	4
2	Ballinger	Runnels	4,243	Rural	6	6	6
2	Bangs	Brown	1,620	Rural	5	4	6
2	Bellevue	Clay	386	Rural	5	5	5
2	Benjamin	Knox	264	Rural	3	3	6
2	Blackwell	Nolan	360	Rural	4	4	3
2	Blanket	Brown	402	Rural	6	6	5
2	Bowie	Montague	5,219	Rural	4	6	5
2	Breckenridge	Stephens	5,868	Rural	5	4	3
2	Brownwood	Brown	18,813	Rural	4	6	4
2	Bryson	Jack	528	Rural	5	5	6
2	Buffalo Gap	Taylor	463	Rural	4	4	3
2	Burkburnett	Wichita	10,927	Rural	5	5	3
2	Byers	Clay	517	Rural	6	6	5
2	Carbon	Eastland	224	Rural	3	3	3
2	Chillicothe	Hardeman	798	Rural	6	6	3
2	Cisco	Eastland	3,851	Rural	6	6	4
2	Clyde	Callahan	3,345	Rural	5	5	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Coleman	Coleman	5,127	Rural	5	5	6
2	Colorado City	Mitchell	4,281	Rural	6	5	6
2	Comanche	Comanche	4,482	Rural	6	6	4
2	Cross Plains	Callahan	1,068	Rural	3	5	5
2	Crowell	Foard	1,141	Rural	5	5	5
2	De Leon	Comanche	2,433	Rural	5	5	5
2	Dean	Clay	341	Rural	6	6	5
2	Early	Brown	2,588	Rural	5	4	4
2	Eastland	Eastland	3,769	Rural	3	6	6
2	Elbert	Throckmorton	56	Rural	6	6	3
2	Electra	Wichita	3,168	Rural	5	5	5
2	Girard	Kent	62	Rural	3	3	6
2	Goree	Knox	321	Rural	3	3	6
2	Gorman	Eastland	1,236	Rural	3	3	3
2	Graham	Young	8,716	Rural	4	4	4
2	Gustine	Comanche	457	Rural	6	6	6
2	Hamlin	Jones	2,248	Rural	4	4	6
2	Haskell	Haskell	3,106	Rural	5	5	6
2	Hawley	Jones	646	Rural	6	6	3
2	Henrietta	Clay	3,264	Rural	5	5	4
2	Hermleigh	Scurry	393	Rural	5	5	6
2	Holliday	Archer	1,632	Rural	3	3	5
2	Impact	Taylor	39	Urban	3	3	3
2	Iowa Park	Wichita	6,431	Rural	5	5	3
2	Jacksboro	Jack	4,533	Rural	5	5	5
2	Jayton	Kent	513	Rural	3	3	3
2	Jolly	Clay	188	Rural	6	6	6
2	Knox City	Knox	1,219	Rural	4	4	6
2	Lake Brownwood	Brown	1,694	Rural	6	6	6
2	Lakeside City	Archer	984	Urban	4	4	3
2	Lawn	Taylor	353	Rural	3	3	5
2	Loraine	Mitchell	656	Rural	5	4	3
2	Lueders	Jones	300	Rural	4	4	6
2	Megargel	Archer	248	Rural	3	3	3
2	Merkel	Taylor	2,637	Rural	5	5	3
2	Miles	Runnels	850	Rural	5	5	3
2	Moran	Shackelford	233	Rural	4	4	6
2	Munday	Knox	1,527	Rural	3	3	3
2	Newcastle	Young	575	Rural	5	5	4
2	Nocona	Montague	3,198	Rural	4	3	3
2	Novice	Coleman	142	Rural	3	3	3
2	O'Brien	Haskell	132	Rural	3	3	6
2	Olney	Young	3,396	Rural	4	4	5
2	Paducah	Cottle	1,498	Rural	4	4	3
2	Petrolia	Clay	782	Rural	6	5	3
2	Pleasant Valley	Wichita	408	Urban	6	6	5
2	Potosi	Taylor	1,664	Urban	6	6	3
2	Putnam	Callahan	88	Rural	6	6	4
2	Quanah	Hardeman	3,022	Rural	6	6	3
2	Ranger	Eastland	2,584	Rural	4	3	6
2	Rising Star	Eastland	835	Rural	4	4	5

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Roby	Fisher	673	Rural	5	5	3
2	Rochester	Haskell	378	Rural	4	4	5
2	Roscoe	Nolan	1,378	Rural	4	3	4
2	Rotan	Fisher	1,611	Rural	4	4	3
2	Rule	Haskell	698	Rural	5	5	5
2	Santa Anna	Coleman	1,081	Rural	3	4	5
2	Scotland	Archer	438	Rural	3	3	5
2	Seymour	Baylor	2,908	Rural	4	4	3
2	Snyder	Scurry	10,783	Rural	4	4	4
2	St. Jo	Montague	977	Rural	3	3	5
2	Stamford	Jones	3,636	Rural	4	4	4
2	Sunset	Montague	339	Rural	3	3	6
2	Sweetwater	Nolan	11,415	Rural	4	5	4
2	Throckmorton	Throckmorton	905	Rural	3	3	3
2	Trent	Taylor	318	Rural	6	5	3
2	Tuscola	Taylor	714	Rural	3	3	3
2	Tye	Taylor	1,158	Urban	6	6	4
2	Vernon	Wilbarger	11,660	Rural	3	4	4
2	Weinert	Haskell	177	Rural	6	6	4
2	Westbrook	Mitchell	203	Rural	5	5	4
2	Wichita Falls	Wichita	104,197	Urban	4	5	3
2	Windthorst	Archer	440	Rural	3	3	6
2	Winters	Runnels	2,880	Rural	3	3	4
2	Woodson	Throckmorton	296	Rural	3	3	5
3	Addison	Dallas	14,166	Urban	4	4	3
3	Aledo	Parker	1,726	Rural	5	4	5
3	Allen	Collin	43,554	Urban	5	5	3
3	Alma	Ellis	302	Rural	6	6	6
3	Alvarado	Johnson	3,288	Rural	4	3	5
3	Alvord	Wise	1,007	Rural	5	5	3
3	Angus	Navarro	334	Rural	4	4	5
3	Anna	Collin	1,225	Rural	5	5	3
3	Annetta	Parker	1,108	Rural	6	6	3
3	Annetta North	Parker	467	Rural	6	6	3
3	Annetta South	Parker	555	Rural	6	6	3
3	Argyle	Denton	2,365	Urban	4	4	3
3	Arlington	Tarrant	332,969	Urban	5	5	3
3	Aubrey	Denton	1,500	Rural	6	4	5
3	Aurora	Wise	853	Rural	6	6	6
3	Azle	Tarrant	9,600	Urban	3	4	5
3	Bailey	Fannin	213	Rural	6	6	3
3	Balch Springs	Dallas	19,375	Urban	3	5	6
3	Bardwell	Ellis	583	Rural	3	3	6
3	Barry	Navarro	209	Rural	6	6	4
3	Bartonville	Denton	1,093	Rural	3	3	3
3	Bedford	Tarrant	47,152	Urban	5	5	3
3	Bells	Grayson	1,190	Rural	5	5	5
3	Benbrook	Tarrant	20,208	Urban	5	5	4
3	Blooming Grove	Navarro	833	Rural	4	4	5
3	Blue Mound	Tarrant	2,388	Urban	4	4	4
3	Blue Ridge	Collin	672	Rural	5	5	6

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Bonham	Fannin	9,990	Rural	6	5	5
3	Boyd	Wise	1,099	Rural	4	4	5
3	Briar	Tarrant	5,350	Rural	3	3	5
3	Briaroaks	Johnson	493	Rural	3	3	4
3	Bridgeport	Wise	4,309	Rural	4	5	5
3	Burleson	Johnson	20,976	Urban	3	4	3
3	Caddo Mills	Hunt	1,149	Rural	5	5	5
3	Callisburg	Cooke	365	Rural	4	4	6
3	Campbell	Hunt	734	Rural	5	4	6
3	Carrollton	Denton	109,576	Urban	4	4	3
3	Cedar Hill	Dallas	32,093	Urban	5	5	4
3	Celeste	Hunt	817	Rural	3	3	5
3	Celina	Collin	1,861	Urban	4	3	4
3	Chico	Wise	947	Rural	5	5	5
3	Cleburne	Johnson	26,005	Urban	3	5	5
3	Cockrell Hill	Dallas	4,443	Urban	3	3	4
3	Colleyville	Tarrant	19,636	Urban	4	4	3
3	Collinsville	Grayson	1,235	Rural	3	3	4
3	Combine	Kaufman	1,788	Rural	4	4	4
3	Commerce	Hunt	7,669	Rural	6	6	3
3	Cool	Parker	162	Rural	6	6	6
3	Coppell	Dallas	35,958	Urban	4	4	3
3	Copper Canyon	Denton	1,216	Urban	6	6	3
3	Corinth	Denton	11,325	Urban	3	4	3
3	Corral City	Denton	89	Rural	3	3	6
3	Corsicana	Navarro	24,485	Rural	5	5	5
3	Cottonwood	Kaufman	181	Rural	3	3	4
3	Crandall	Kaufman	2,774	Rural	4	4	4
3	Cross Roads	Denton	603	Rural	3	3	6
3	Cross Timber	Johnson	277	Rural	6	6	4
3	Crowley	Tarrant	7,467	Urban	4	5	4
3	Dallas	Dallas	1,188,580	Urban	4	5	5
3	Dalworthington Gardens	Tarrant	2,186	Urban	3	3	3
3	Dawson	Navarro	852	Rural	3	3	5
3	Decatur	Wise	5,201	Rural	3	4	5
3	Denison	Grayson	22,773	Urban	4	5	5
3	Denton	Denton	80,537	Urban	6	6	5
3	DeSoto	Dallas	37,646	Urban	4	6	4
3	Dodd City	Fannin	419	Rural	6	6	5
3	Dorchester	Grayson	109	Urban	3	3	6
3	Double Oak	Denton	2,179	Urban	4	6	3
3	Dublin	Erath	3,754	Rural	4	4	5
3	Duncanville	Dallas	36,081	Urban	5	5	5
3	Eagle Mountain	Tarrant	6,599	Urban	4	4	4
3	Ector	Fannin	600	Rural	5	5	3
3	Edgecliff Village	Tarrant	2,550	Urban	6	5	4
3	Emhouse	Navarro	159	Rural	3	3	3
3	Ennis	Ellis	16,045	Rural	3	4	5
3	Euless	Tarrant	46,005	Urban	3	4	3
3	Eureka	Navarro	340	Rural	3	3	5
3	Everman	Tarrant	5,836	Urban	5	5	6

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Fairview	Collin	2,644	Urban	6	6	3
3	Farmers Branch	Dallas	27,508	Urban	3	3	4
3	Farmersville	Collin	3,118	Rural	4	3	3
3	Fate	Rockwall	497	Rural	6	6	4
3	Ferris	Ellis	2,175	Rural	4	4	3
3	Flower Mound	Denton	50,702	Urban	4	4	3
3	Forest Hill	Tarrant	12,949	Urban	3	5	6
3	Forney	Kaufman	5,588	Rural	5	5	5
3	Fort Worth	Tarrant	534,694	Urban	4	5	5
3	Frisco	Collin	33,714	Urban	5	5	3
3	Frost	Navarro	648	Rural	5	5	6
3	Gainesville	Cooke	15,538	Rural	4	5	4
3	Garland	Dallas	215,768	Urban	4	4	4
3	Garrett	Ellis	448	Rural	6	6	6
3	Glen Rose	Somervell	2,122	Rural	4	4	5
3	Glenn Heights	Dallas	7,224	Urban	5	5	5
3	Godley	Johnson	879	Rural	6	6	3
3	Goodlow	Navarro	264	Rural	3	3	6
3	Gordon	Palo Pinto	451	Rural	6	6	4
3	Graford	Palo Pinto	578	Rural	4	4	4
3	Granbury	Hood	5,718	Rural	5	6	4
3	Grand Prairie	Dallas	127,427	Urban	4	5	4
3	Grandview	Johnson	1,358	Rural	5	5	5
3	Grapevine	Tarrant	42,059	Urban	4	4	3
3	Grays Prairie	Kaufman	296	Rural	6	6	3
3	Greenville	Hunt	23,960	Rural	4	5	5
3	Gunter	Grayson	1,230	Rural	4	4	3
3	Hackberry	Denton	544	Urban	6	6	6
3	Haltom City	Tarrant	39,018	Urban	5	4	5
3	Haslet	Tarrant	1,134	Urban	4	4	3
3	Hawk Cove	Hunt	457	Rural	3	3	5
3	Heath	Rockwall	4,149	Urban	3	3	3
3	Hebron	Denton	874	Urban	3	3	3
3	Hickory Creek	Denton	2,078	Urban	3	3	4
3	Highland Park	Dallas	8,842	Urban	3	3	3
3	Highland Village	Denton	12,173	Urban	5	5	3
3	Honey Grove	Fannin	1,746	Rural	3	5	4
3	Howe	Grayson	2,478	Urban	5	5	6
3	Hudson Oaks	Parker	1,637	Rural	6	6	3
3	Hurst	Tarrant	36,273	Urban	5	5	3
3	Hutchins	Dallas	2,805	Urban	5	5	5
3	Irving	Dallas	191,615	Urban	4	4	3
3	Italy	Ellis	1,993	Rural	4	4	4
3	Josephine	Collin	594	Rural	6	6	3
3	Joshua	Johnson	4,528	Urban	4	4	4
3	Justin	Denton	1,891	Rural	5	4	4
3	Kaufman	Kaufman	6,490	Rural	3	4	6
3	Keene	Johnson	5,003	Rural	5	5	6
3	Keller	Tarrant	27,345	Urban	3	5	3
3	Kemp	Kaufman	1,133	Rural	6	6	5
3	Kennedale	Tarrant	5,850	Urban	4	4	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Kerens	Navarro	1,681	Rural	5	5	5
3	Knollwood	Grayson	375	Urban	6	6	6
3	Krugerville	Denton	903	Rural	6	6	5
3	Krum	Denton	1,979	Rural	3	3	4
3	Ladonia	Fannin	667	Rural	3	3	5
3	Lake Bridgeport	Wise	372	Rural	3	3	4
3	Lake Dallas	Denton	6,166	Rural	5	4	5
3	Lake Kiowa	Cooke	1,883	Rural	3	3	3
3	Lake Worth	Tarrant	4,618	Urban	5	4	5
3	Lakeside (Tarrant)	Tarrant	1,040	Urban	6	6	3
3	Lakewood Village	Denton	342	Rural	6	6	5
3	Lancaster	Dallas	25,894	Urban	3	4	6
3	Lavon	Collin	387	Rural	3	3	4
3	Leonard	Fannin	1,846	Rural	5	5	4
3	Lewisville	Denton	77,737	Urban	5	5	3
3	Lincoln Park	Denton	517	Rural	4	4	6
3	Lindsay (Cooke)	Cooke	788	Rural	4	4	3
3	Lipan	Hood	425	Rural	3	3	5
3	Little Elm	Denton	3,646	Urban	3	4	5
3	Lone Oak	Hunt	521	Rural	3	3	4
3	Lowry Crossing	Collin	1,229	Urban	6	6	3
3	Lucas	Collin	2,890	Urban	6	6	3
3	Mabank	Kaufman	2,151	Rural	3	6	5
3	Mansfield	Tarrant	28,031	Urban	3	3	3
3	Marshall Creek	Denton	431	Rural	6	6	6
3	Maypearl	Ellis	746	Rural	5	4	5
3	McKinney	Collin	54,369	Urban	4	5	3
3	McLendon-Chisholm	Rockwall	914	Rural	6	6	3
3	Melissa	Collin	1,350	Urban	5	5	4
3	Mesquite	Dallas	124,523	Urban	4	5	4
3	Midlothian	Ellis	7,480	Urban	4	4	4
3	Mildred	Navarro	405	Rural	6	6	5
3	Milford	Ellis	685	Rural	3	3	6
3	Millsap	Parker	353	Rural	4	4	4
3	Mineral Wells	Palo Pinto	16,946	Rural	5	5	5
3	Mingus	Palo Pinto	246	Rural	6	6	3
3	Mobile City	Rockwall	196	Rural	4	4	6
3	Muenster	Cooke	1,556	Rural	5	5	5
3	Murphy	Collin	3,099	Urban	6	5	3
3	Mustang	Navarro	47	Rural	3	3	6
3	Navarro	Navarro	191	Rural	3	3	3
3	Nevada	Collin	563	Rural	4	4	3
3	New Fairview	Wise	877	Rural	4	4	6
3	New Hope	Collin	662	Rural	3	3	3
3	Newark	Wise	887	Rural	5	5	5
3	Neylandville	Hunt	56	Rural	3	3	6
3	North Richland Hills	Tarrant	55,635	Urban	5	5	3
3	Northlake	Denton	921	Urban	5	4	6
3	Oak Grove	Kaufman	710	Rural	6	6	3
3	Oak Leaf	Ellis	1,209	Rural	6	6	3
3	Oak Point	Denton	1,747	Rural	5	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Oak Ridge (Cooke)	Cooke	224	Rural	5	5	6
3	Oak Ridge (Kaufman)	Kaufman	400	Rural	6	6	6
3	Oak Trail Shores	Hood	2,475	Rural	3	3	6
3	Oak Valley	Navarro	401	Rural	5	5	5
3	Ovilla	Ellis	3,405	Urban	6	6	4
3	Palmer	Ellis	1,774	Rural	3	3	6
3	Pantego	Tarrant	2,318	Urban	3	3	3
3	Paradise	Wise	459	Rural	6	6	6
3	Parker	Collin	1,379	Urban	3	3	3
3	Pecan Acres	Wise	2,289	Rural	6	6	4
3	Pecan Hill	Ellis	672	Rural	5	5	3
3	Pecan Plantation	Hood	3,544	Rural	5	4	3
3	Pelican Bay	Tarrant	1,505	Rural	5	5	6
3	Pilot Point	Denton	3,538	Rural	4	4	5
3	Plano	Collin	222,030	Urban	4	4	3
3	Ponder	Denton	507	Rural	4	3	4
3	Post Oak Bend City	Kaufman	404	Rural	4	4	5
3	Pottsboro	Grayson	1,579	Rural	4	4	3
3	Powell	Navarro	105	Rural	3	3	6
3	Princeton	Collin	3,477	Urban	5	4	5
3	Prosper	Collin	2,097	Urban	4	4	4
3	Quinlan	Hunt	1,370	Rural	6	6	3
3	Ravenna	Fannin	215	Rural	3	3	6
3	Red Oak	Ellis	4,301	Urban	5	5	5
3	Rendon	Tarrant	9,022	Urban	3	3	5
3	Reno (Parker)	Parker	2,441	Rural	5	5	5
3	Retreat	Navarro	339	Rural	5	4	6
3	Rhome	Wise	551	Rural	5	3	6
3	Rice	Navarro	798	Rural	5	5	4
3	Richardson	Dallas	91,802	Urban	4	4	3
3	Richland	Navarro	291	Rural	6	6	6
3	Richland Hills	Tarrant	8,132	Urban	5	5	4
3	Rio Vista	Johnson	656	Rural	3	3	6
3	River Oaks	Tarrant	6,985	Urban	5	5	5
3	Roanoke	Denton	2,810	Urban	5	4	5
3	Rockwall	Rockwall	17,976	Urban	3	4	4
3	Rosser	Kaufman	379	Rural	6	6	4
3	Rowlett	Dallas	44,503	Urban	5	4	3
3	Royse City	Rockwall	2,957	Rural	4	4	6
3	Runaway Bay	Wise	1,104	Rural	5	5	5
3	Sachse	Dallas	9,751	Urban	3	3	3
3	Sadler	Grayson	404	Rural	6	6	5
3	Saginaw	Tarrant	12,374	Urban	5	4	3
3	Sanctuary	Parker	256	Rural	6	6	5
3	Sanger	Denton	4,534	Rural	3	4	5
3	Sansom Park	Tarrant	4,181	Urban	5	5	6
3	Savoy	Fannin	850	Rural	6	6	3
3	Seagoville	Dallas	10,823	Urban	3	4	6
3	Shady Shores	Denton	1,461	Urban	3	3	5
3	Sherman	Grayson	35,082	Urban	5	5	5
3	Southlake	Tarrant	21,519	Urban	4	4	3

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Southmayd	Grayson	992	Rural	4	4	4
3	Springtown	Parker	2,062	Rural	3	5	5
3	St. Paul (Collin)	Collin	630	Rural	3	3	3
3	Stephenville	Erath	14,921	Rural	6	6	5
3	Strawn	Palo Pinto	739	Rural	4	4	6
3	Sunnyvale	Dallas	2,693	Urban	3	3	5
3	Talty	Kaufman	1,028	Rural	3	3	3
3	Terrell	Kaufman	13,606	Rural	5	6	5
3	The Colony	Denton	26,531	Urban	3	4	3
3	Tioga	Grayson	754	Rural	3	3	4
3	Tolar	Hood	504	Rural	4	4	3
3	Tom Bean	Grayson	941	Rural	3	3	5
3	Trenton	Fannin	662	Rural	4	4	3
3	Trophy Club	Denton	6,350	Rural	4	4	3
3	University Park	Dallas	23,324	Urban	4	4	3
3	Valley View	Cooke	737	Rural	4	4	3
3	Van Alstyne	Grayson	2,502	Rural	3	3	3
3	Venus	Johnson	910	Rural	3	3	4
3	Watauga	Tarrant	21,908	Urban	4	4	4
3	Waxahachie	Ellis	21,426	Rural	3	5	5
3	Weatherford	Parker	19,000	Rural	4	5	4
3	West Tawakoni	Hunt	1,462	Rural	6	5	5
3	Westlake	Tarrant	207	Urban	3	3	6
3	Westminster	Collin	390	Rural	3	3	5
3	Weston	Collin	635	Urban	5	4	3
3	Westover Hills	Tarrant	658	Urban	3	3	3
3	Westworth Village	Tarrant	2,124	Urban	4	4	4
3	White Settlement	Tarrant	14,831	Urban	4	5	5
3	Whitesboro	Grayson	3,760	Rural	5	5	4
3	Whitewright	Grayson	1,740	Rural	6	6	5
3	Willow Park	Parker	2,849	Rural	3	3	3
3	Wilmer	Dallas	3,393	Rural	4	4	6
3	Windom	Fannin	245	Rural	3	3	5
3	Wolfe City	Hunt	1,566	Rural	5	5	4
3	Wylie	Collin	15,132	Rural	3	4	5
4	Alba	Wood	430	Rural	6	6	6
4	Alto	Cherokee	1,190	Rural	4	4	4
4	Annona	Red River	282	Rural	6	6	6
4	Arp	Smith	901	Rural	3	3	4
4	Athens	Henderson	11,297	Rural	4	5	4
4	Atlanta	Cass	5,745	Rural	4	4	5
4	Avery	Red River	462	Rural	5	4	3
4	Avinger	Cass	464	Rural	6	6	4
4	Beckville	Panola	752	Rural	5	5	4
4	Berryville	Henderson	891	Rural	5	4	6
4	Big Sandy	Upshur	1,288	Rural	3	3	6
4	Bloomburg	Cass	375	Rural	3	3	5
4	Blossom	Lamar	1,439	Rural	4	4	3
4	Bogata	Red River	1,396	Rural	3	3	4
4	Brownsboro	Henderson	796	Rural	6	6	5
4	Bullard	Smith	1,150	Rural	5	5	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Caney City	Henderson	236	Rural	6	6	6
4	Canton	Van Zandt	3,292	Rural	4	4	4
4	Carthage	Panola	6,664	Rural	5	5	4
4	Chandler	Henderson	2,099	Rural	3	4	3
4	Clarksville	Red River	3,883	Rural	5	4	3
4	Clarksville City	Gregg	806	Rural	4	4	5
4	Coffee City	Henderson	193	Rural	3	3	6
4	Como	Hopkins	621	Rural	4	4	5
4	Cooper	Delta	2,150	Rural	6	6	5
4	Cumby	Hopkins	616	Rural	5	5	4
4	Cuney	Cherokee	145	Rural	4	4	6
4	Daingerfield	Morris	2,517	Rural	6	6	3
4	De Kalb	Bowie	1,769	Rural	6	5	4
4	Deport	Lamar	718	Rural	4	4	3
4	Detroit	Red River	776	Rural	4	4	3
4	Domino	Cass	52	Rural	3	3	3
4	Douglassville	Cass	175	Rural	3	3	3
4	East Mountain	Upshur	580	Rural	5	4	4
4	East Tawakoni	Rains	775	Rural	6	6	3
4	Easton	Gregg	524	Rural	3	3	5
4	Edgewood	Van Zandt	1,348	Rural	5	5	5
4	Edom	Van Zandt	322	Rural	6	6	6
4	Elkhart	Anderson	1,215	Rural	5	5	5
4	Emory	Rains	1,021	Rural	6	6	3
4	Enchanted Oaks	Henderson	357	Rural	6	6	4
4	Eustace	Henderson	798	Rural	3	3	3
4	Frankston	Anderson	1,209	Rural	4	4	4
4	Fruitvale	Van Zandt	418	Rural	4	3	3
4	Gallatin	Cherokee	378	Rural	4	4	5
4	Gary City	Panola	303	Rural	3	3	3
4	Gilmer	Upshur	4,799	Rural	6	6	3
4	Gladewater	Gregg	6,078	Rural	5	6	4
4	Grand Saline	Van Zandt	3,028	Rural	3	3	4
4	Gun Barrel City	Henderson	5,145	Rural	5	4	5
4	Hallsville	Harrison	2,772	Rural	3	3	3
4	Hawkins	Wood	1,331	Rural	6	5	5
4	Henderson	Rusk	11,273	Rural	3	3	3
4	Hooks	Bowie	2,973	Rural	4	4	4
4	Hughes Springs	Cass	1,856	Rural	4	3	3
4	Jacksonville	Cherokee	13,868	Rural	4	5	4
4	Jefferson	Marion	2,024	Rural	6	6	5
4	Kilgore	Gregg	11,301	Rural	3	4	4
4	Lakeport	Gregg	861	Rural	5	4	5
4	Leary	Bowie	555	Rural	3	3	5
4	Liberty City	Gregg	1,935	Rural	4	3	3
4	Lindale	Smith	2,954	Rural	5	4	4
4	Linden	Cass	2,256	Rural	4	4	3
4	Log Cabin	Henderson	733	Rural	6	6	3
4	Lone Star	Morris	1,631	Rural	4	5	3
4	Longview	Gregg	73,344	Urban	5	5	3
4	Malakoff	Henderson	2,257	Rural	5	5	5

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Marietta	Cass	112	Rural	3	3	6
4	Marshall	Harrison	23,935	Rural	4	4	4
4	Maud	Bowie	1,028	Rural	6	6	3
4	Miller's Cove	Titus	120	Rural	6	6	6
4	Mineola	Wood	4,550	Rural	5	5	3
4	Moore Station	Henderson	184	Rural	6	6	6
4	Mount Enterprise	Rusk	525	Rural	4	4	5
4	Mount Pleasant	Titus	13,935	Rural	4	4	4
4	Mount Vernon	Franklin	2,286	Rural	3	5	5
4	Murchison	Henderson	592	Rural	3	3	4
4	Naples	Morris	1,410	Rural	6	6	5
4	Nash	Bowie	2,169	Urban	5	3	5
4	Nesbitt	Harrison	302	Rural	3	3	6
4	New Boston	Bowie	4,808	Rural	6	6	4
4	New Chapel Hill	Smith	553	Rural	3	3	6
4	New London	Rusk	987	Rural	5	5	5
4	New Summerfield	Cherokee	998	Rural	4	3	3
4	Noonday	Smith	515	Rural	4	4	3
4	Omaha	Morris	999	Rural	6	6	3
4	Ore City	Upshur	1,106	Rural	6	6	5
4	Overton	Rusk	2,350	Rural	6	6	5
4	Palestine	Anderson	17,598	Rural	4	5	5
4	Paris	Lamar	25,898	Rural	5	5	4
4	Payne Springs	Henderson	683	Rural	3	3	4
4	Pecan Gap	Delta	214	Rural	5	5	6
4	Pittsburg	Camp	4,347	Rural	3	4	4
4	Point	Rains	792	Rural	6	6	6
4	Poynor	Henderson	314	Rural	6	6	4
4	Queen City	Cass	1,613	Rural	6	5	4
4	Quitman	Wood	2,030	Rural	4	4	5
4	Red Lick	Bowie	853	Rural	6	6	3
4	Redwater	Bowie	872	Rural	5	4	6
4	Reklaw	Cherokee	327	Rural	3	3	6
4	Reno (Lamar)	Lamar	2,767	Rural	3	3	3
4	Rocky Mound	Camp	93	Rural	3	3	6
4	Roxton	Lamar	694	Rural	5	4	5
4	Rusk	Cherokee	5,085	Rural	5	5	3
4	Scottsville	Harrison	263	Rural	5	5	6
4	Seven Points	Henderson	1,145	Rural	3	6	6
4	Star Harbor	Henderson	416	Rural	3	3	3
4	Sulphur Springs	Hopkins	14,551	Rural	5	5	4
4	Sun Valley	Lamar	51	Rural	3	3	6
4	Talco	Titus	570	Rural	5	5	6
4	Tatum	Rusk	1,175	Rural	5	4	4
4	Texarkana	Bowie	34,782	Urban	4	5	3
4	Tira	Hopkins	248	Rural	3	3	5
4	Toco	Lamar	89	Rural	6	6	6
4	Tool	Henderson	2,275	Rural	3	3	4
4	Trinidad	Henderson	1,091	Rural	5	5	3
4	Troup	Smith	1,949	Rural	5	4	5
4	Tyler	Smith	83,650	Urban	4	5	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Uncertain	Harrison	150	Rural	5	5	6
4	Union Grove	Upshur	346	Rural	3	3	6
4	Van	Van Zandt	2,362	Rural	6	5	4
4	Wake Village	Bowie	5,129	Urban	4	3	3
4	Warren City	Gregg	343	Rural	6	6	5
4	Waskom	Harrison	2,068	Rural	4	4	4
4	Wells	Cherokee	769	Rural	5	5	6
4	White Oak	Gregg	5,624	Urban	5	5	4
4	Whitehouse	Smith	5,346	Rural	3	4	3
4	Wills Point	Van Zandt	3,496	Rural	4	4	5
4	Winfield	Titus	499	Rural	4	4	5
4	Winnsboro	Wood	3,584	Rural	5	5	4
4	Winona	Smith	582	Rural	3	3	3
4	Yantis	Wood	321	Rural	3	3	6
5	Appleby	Nacogdoches	444	Rural	4	4	5
5	Beaumont	Jefferson	113,866	Urban	4	5	4
5	Bevil Oaks	Jefferson	1,346	Rural	3	3	4
5	Bridge City	Orange	8,651	Rural	5	5	4
5	Broaddus	San Augustine	189	Rural	6	6	6
5	Browndell	Jasper	219	Rural	3	3	6
5	Buna	Jasper	2,269	Rural	3	3	5
5	Burke	Angelina	315	Rural	6	6	5
5	Center	Shelby	5,678	Rural	4	5	4
5	Central Gardens	Jefferson	4,106	Rural	3	3	3
5	Chester	Tyler	265	Rural	4	3	6
5	China	Jefferson	1,112	Rural	4	4	3
5	Chireno	Nacogdoches	405	Rural	4	4	4
5	Coldspring	San Jacinto	691	Rural	5	4	5
5	Colmesneil	Tyler	638	Rural	4	4	5
5	Corrigan	Polk	1,721	Rural	6	6	3
5	Crockett	Houston	7,141	Rural	4	4	6
5	Cushing	Nacogdoches	637	Rural	5	4	3
5	Deweyville	Newton	1,190	Rural	4	4	3
5	Diboll	Angelina	5,470	Rural	3	3	4
5	Evadale	Jasper	1,430	Rural	3	3	5
5	Garrison	Nacogdoches	844	Rural	4	4	3
5	Goodrich	Polk	243	Rural	3	3	6
5	Grapeland	Houston	1,451	Rural	6	6	6
5	Groves	Jefferson	15,733	Urban	4	4	3
5	Groveton	Trinity	1,107	Rural	5	5	6
5	Hemphill	Sabine	1,106	Rural	3	4	5
5	Hudson	Angelina	3,792	Rural	4	4	4
5	Huntington	Angelina	2,068	Rural	3	5	4
5	Huxley	Shelby	298	Rural	3	3	3
5	Jasper	Jasper	8,247	Rural	3	5	6
5	Joaquin	Shelby	925	Rural	3	4	6
5	Kennard	Houston	317	Rural	6	6	6
5	Kirbyville	Jasper	2,085	Rural	5	5	4
5	Kountze	Hardin	2,115	Rural	5	5	6
5	Latexo	Houston	272	Rural	3	3	6
5	Livingston	Polk	5,433	Rural	5	5	5

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
5	Lovelady	Houston	608	Rural	6	6	3
5	Lufkin	Angelina	32,709	Rural	5	6	4
5	Lumberton	Hardin	8,731	Rural	3	3	4
5	Mauriceville	Orange	2,743	Rural	4	4	4
5	Milam	Sabine	1,329	Rural	3	3	3
5	Nacogdoches	Nacogdoches	29,914	Rural	6	6	4
5	Nederland	Jefferson	17,422	Urban	4	4	3
5	Newton	Newton	2,459	Rural	6	6	3
5	Nome	Jefferson	515	Rural	5	5	5
5	Oakhurst	San Jacinto	230	Rural	4	4	5
5	Onalaska	Polk	1,174	Rural	6	6	5
5	Orange	Orange	18,643	Rural	4	5	4
5	Pine Forest	Orange	632	Rural	6	6	4
5	Pinehurst (Orange)	Orange	2,274	Rural	3	3	3
5	Pineland	Sabine	980	Rural	6	6	4
5	Pinewood Estates	Hardin	1,633	Rural	3	3	3
5	Point Blank	San Jacinto	559	Rural	5	4	6
5	Port Arthur	Jefferson	57,755	Urban	3	4	4
5	Port Neches	Jefferson	13,601	Urban	4	3	3
5	Rose City	Orange	519	Rural	5	5	6
5	Rose Hill Acres	Hardin	480	Urban	6	6	3
5	San Augustine	San Augustine	2,475	Rural	5	4	3
5	Seven Oaks	Polk	131	Rural	3	3	4
5	Shepherd	San Jacinto	2,029	Rural	4	3	5
5	Silsbee	Hardin	6,393	Rural	3	4	4
5	Sour Lake	Hardin	1,667	Rural	3	5	4
5	South Toledo Bend	Newton	576	Rural	3	3	3
5	Tenaha	Shelby	1,046	Rural	5	4	5
5	Timpson	Shelby	1,094	Rural	6	6	6
5	Trinity	Trinity	2,721	Rural	5	5	5
5	Vidor	Orange	11,440	Rural	3	4	4
5	West Livingston	Polk	6,612	Rural	5	4	6
5	West Orange	Orange	4,111	Rural	4	4	4
5	Woodville	Tyler	2,415	Rural	5	6	4
5	Zavalla	Angelina	647	Rural	6	6	3
6	Aldine	Harris	13,979	Urban	3	3	6
6	Alvin	Brazoria	21,413	Urban	4	5	5
6	Ames	Liberty	1,079	Rural	4	4	6
6	Anahuac	Chambers	2,210	Rural	5	5	5
6	Angleton	Brazoria	18,130	Rural	3	5	4
6	Arcola	Fort Bend	1,048	Rural	5	5	5
6	Atascocita	Harris	35,757	Urban	4	4	4
6	Bacliff	Galveston	6,962	Urban	6	5	6
6	Bailey's Prairie	Brazoria	694	Rural	3	3	5
6	Barrett	Harris	2,872	Rural	6	6	6
6	Bay City	Matagorda	18,667	Rural	4	4	3
6	Bayou Vista	Galveston	1,644	Rural	4	4	5
6	Baytown	Harris	66,430	Urban	3	4	5
6	Beach City	Chambers	1,645	Urban	4	4	4
6	Beasley	Fort Bend	590	Rural	4	3	6
6	Bellaire	Harris	15,642	Urban	4	3	3

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Bellville	Austin	3,794	Rural	3	3	4
6	Blessing	Matagorda	861	Rural	3	3	6
6	Boling-Iago	Wharton	1,271	Rural	3	3	4
6	Bolivar Peninsula	Galveston	3,853	Rural	6	6	5
6	Bonney	Brazoria	384	Rural	3	3	3
6	Brazoria	Brazoria	2,787	Rural	5	5	5
6	Brookshire	Waller	3,450	Rural	4	6	6
6	Brookside Village	Brazoria	1,960	Urban	4	4	4
6	Bunker Hill Village	Harris	3,654	Urban	6	6	4
6	Channelview	Harris	29,685	Urban	5	5	5
6	Cinco Ranch	Fort Bend	11,196	Urban	5	5	3
6	Clear Lake Shores	Galveston	1,205	Urban	4	4	4
6	Cleveland	Liberty	7,605	Rural	6	6	6
6	Cloverleaf	Harris	23,508	Urban	5	5	4
6	Clute	Brazoria	10,424	Urban	3	4	4
6	Columbus	Colorado	3,916	Rural	4	3	3
6	Conroe	Montgomery	36,811	Urban	4	5	5
6	Cove	Chambers	323	Rural	6	6	3
6	Crosby	Harris	1,714	Rural	5	4	6
6	Cumings	Fort Bend	683	Rural	4	3	3
6	Cut and Shoot	Montgomery	1,158	Urban	6	6	5
6	Daisetta	Liberty	1,034	Rural	5	5	5
6	Damon	Brazoria	535	Rural	6	6	6
6	Danbury	Brazoria	1,611	Rural	5	5	4
6	Dayton	Liberty	5,709	Rural	5	5	5
6	Dayton Lakes	Liberty	101	Rural	3	3	3
6	Deer Park	Harris	28,520	Urban	4	4	4
6	Devers	Liberty	416	Rural	6	6	6
6	Dickinson	Galveston	17,093	Urban	5	5	4
6	Eagle Lake	Colorado	3,664	Rural	5	4	5
6	East Bernard	Wharton	1,729	Rural	4	4	5
6	El Campo	Wharton	10,945	Rural	4	5	4
6	El Lago	Harris	3,075	Urban	4	4	3
6	Fairchilds	Fort Bend	678	Rural	4	3	4
6	Fifth Street	Fort Bend	2,059	Urban	4	4	6
6	Four Corners	Fort Bend	2,954	Urban	5	5	5
6	Freeport	Brazoria	12,708	Urban	4	6	5
6	Fresno	Fort Bend	6,603	Urban	5	4	4
6	Friendswood	Galveston	29,037	Urban	4	5	4
6	Fulshear	Fort Bend	716	Rural	6	6	6
6	Galena Park	Harris	10,592	Urban	4	4	6
6	Galveston	Galveston	57,247	Urban	6	6	6
6	Greatwood	Fort Bend	6,640	Urban	5	5	3
6	Hardin	Liberty	755	Rural	3	3	5
6	Hedwig Village	Harris	2,334	Urban	5	4	3
6	Hempstead	Waller	4,691	Rural	3	5	6
6	Highlands	Harris	7,089	Urban	4	4	5
6	Hillcrest	Brazoria	722	Rural	6	6	4
6	Hilshire Village	Harris	720	Urban	6	6	3
6	Hitchcock	Galveston	6,386	Rural	3	5	6
6	Holiday Lakes	Brazoria	1,095	Rural	6	6	3

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Houston	Harris	1,953,631	Urban	4	5	5
6	Humble	Harris	14,579	Urban	3	5	5
6	Hungerford	Wharton	645	Rural	3	3	5
6	Hunters Creek Village	Harris	4,374	Urban	3	3	3
6	Huntsville	Walker	35,078	Rural	6	6	4
6	Industry	Austin	304	Rural	3	3	6
6	Iowa Colony	Brazoria	804	Urban	5	5	5
6	Jacinto City	Harris	10,302	Urban	3	4	3
6	Jamaica Beach	Galveston	1,075	Urban	6	6	5
6	Jersey Village	Harris	6,880	Urban	3	4	3
6	Jones Creek	Brazoria	2,130	Rural	4	4	4
6	Katy	Harris	11,775	Urban	3	3	5
6	Kemah	Galveston	2,330	Urban	6	6	5
6	Kendleton	Fort Bend	466	Rural	4	4	6
6	Kenefick	Liberty	667	Rural	4	4	6
6	La Marque	Galveston	13,682	Urban	4	5	6
6	La Porte	Harris	31,880	Urban	3	4	4
6	Lake Jackson	Brazoria	26,386	Urban	4	5	3
6	League City	Galveston	45,444	Urban	3	4	4
6	Liberty	Liberty	8,033	Rural	4	5	6
6	Liverpool	Brazoria	404	Rural	6	6	4
6	Louise	Wharton	977	Rural	4	3	3
6	Magnolia	Montgomery	1,111	Rural	5	4	6
6	Manvel	Brazoria	3,046	Urban	3	3	3
6	Markham	Matagorda	1,138	Rural	3	3	3
6	Meadows Place	Fort Bend	4,912	Urban	3	4	4
6	Mission Bend	Fort Bend	30,831	Urban	5	4	5
6	Missouri City	Fort Bend	52,913	Urban	4	4	4
6	Mont Belvieu	Chambers	2,324	Rural	4	4	3
6	Montgomery	Montgomery	489	Rural	6	6	5
6	Morgan's Point	Harris	336	Urban	4	4	4
6	Nassau Bay	Harris	4,170	Urban	6	6	3
6	Needville	Fort Bend	2,609	Rural	3	3	4
6	New Territory	Fort Bend	13,861	Urban	4	3	3
6	New Waverly	Walker	950	Rural	6	5	5
6	North Cleveland	Liberty	263	Rural	3	3	6
6	Oak Ridge North	Montgomery	2,991	Urban	5	5	3
6	Old River-Winfree	Chambers	1,364	Rural	5	5	5
6	Orchard	Fort Bend	408	Rural	3	3	3
6	Oyster Creek	Brazoria	1,192	Rural	4	4	4
6	Palacios	Matagorda	5,153	Rural	4	5	4
6	Panorama Village	Montgomery	1,965	Urban	5	4	4
6	Pasadena	Harris	141,674	Urban	4	5	5
6	Pattison	Waller	447	Rural	4	4	5
6	Patton Village	Montgomery	1,391	Rural	5	5	5
6	Pearland	Brazoria	37,640	Urban	4	5	4
6	Pecan Grove	Fort Bend	13,551	Rural	4	4	3
6	Pine Island	Waller	849	Rural	4	4	3
6	Pinehurst (Montgomery)	Montgomery	4,266	Rural	4	4	4
6	Piney Point Village	Harris	3,380	Urban	4	3	4
6	Pleak	Fort Bend	947	Rural	6	6	6

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Plum Grove	Liberty	930	Rural	3	3	6
6	Porter Heights	Montgomery	1,490	Rural	3	3	6
6	Prairie View	Waller	4,410	Rural	3	6	5
6	Quintana	Brazoria	38	Rural	3	3	6
6	Richmond	Fort Bend	11,081	Rural	5	5	4
6	Richwood	Brazoria	3,012	Urban	4	4	4
6	Riverside	Walker	425	Rural	6	6	6
6	Roman Forest	Montgomery	1,279	Rural	3	3	3
6	Rosenberg	Fort Bend	24,043	Rural	4	5	5
6	San Felipe	Austin	868	Rural	6	6	3
6	San Leon	Galveston	4,365	Urban	5	5	5
6	Santa Fe	Galveston	9,548	Urban	4	4	4
6	Seabrook	Harris	9,443	Urban	4	3	3
6	Sealy	Austin	5,248	Rural	3	4	5
6	Sheldon	Harris	1,831	Rural	3	3	4
6	Shenandoah	Montgomery	1,503	Urban	5	5	4
6	Shoreacres	Harris	1,488	Urban	6	6	4
6	Sienna Plantation	Fort Bend	1,896	Urban	5	5	3
6	Simonton	Fort Bend	718	Rural	6	6	4
6	South Houston	Harris	15,833	Urban	3	4	6
6	Southside Place	Harris	1,546	Urban	6	6	3
6	Splendora	Montgomery	1,275	Rural	6	6	5
6	Spring	Harris	36,385	Urban	4	4	4
6	Spring Valley	Harris	3,611	Urban	4	3	3
6	Stafford	Fort Bend	15,681	Urban	5	5	5
6	Stagecoach	Montgomery	455	Rural	3	3	3
6	Stowell	Chambers	1,572	Rural	4	3	6
6	Sugar Land	Fort Bend	63,328	Urban	5	4	4
6	Surfside Beach	Brazoria	763	Rural	4	4	4
6	Sweeny	Brazoria	3,624	Rural	4	4	5
6	Taylor Lake Village	Harris	3,694	Urban	3	3	3
6	Texas City	Galveston	41,521	Urban	5	6	5
6	The Woodlands	Montgomery	55,649	Urban	3	5	3
6	Thompsons	Fort Bend	236	Urban	4	4	6
6	Tiki Island	Galveston	1,016	Urban	3	3	4
6	Tomball	Harris	9,089	Rural	5	6	5
6	Van Vleck	Matagorda	1,411	Rural	3	3	5
6	Waller	Waller	2,092	Rural	3	6	6
6	Wallis	Austin	1,172	Rural	3	3	5
6	Webster	Harris	9,083	Urban	3	4	4
6	Weimar	Colorado	1,981	Rural	5	4	5
6	West Columbia	Brazoria	4,255	Rural	6	6	5
6	West University Place	Harris	14,211	Urban	3	3	3
6	Wharton	Wharton	9,237	Rural	5	5	5
6	Wild Peach Village	Brazoria	2,498	Rural	3	3	4
6	Willis	Montgomery	3,985	Rural	3	4	6
6	Winnie	Chambers	2,914	Rural	4	3	5
6	Woodbranch	Montgomery	1,305	Rural	4	3	4
6	Woodloch	Montgomery	247	Rural	6	6	3
7	Anderson Mill	Williamson	8,953	Urban	5	5	4
7	Austin	Travis	656,562	Urban	5	6	5

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Bartlett	Williamson	1,675	Rural	6	6	5
7	Barton Creek	Travis	1,589	Urban	6	6	3
7	Bastrop	Bastrop	5,340	Rural	4	4	5
7	Bear Creek	Hays	360	Rural	3	3	3
7	Bee Cave	Travis	656	Rural	4	4	3
7	Bertram	Burnet	1,122	Rural	4	4	5
7	Blanco	Blanco	1,505	Rural	5	5	6
7	Briarcliff	Travis	895	Rural	4	3	4
7	Brushy Creek	Williamson	15,371	Urban	4	4	3
7	Buchanan Dam	Llano	1,688	Rural	5	4	5
7	Buda	Hays	2,404	Urban	3	3	6
7	Burnet	Burnet	4,735	Rural	4	5	6
7	Camp Swift	Bastrop	4,731	Rural	3	3	6
7	Carmine	Fayette	228	Rural	6	6	6
7	Cedar Park	Williamson	26,049	Urban	3	5	4
7	Circle D-KC Estates	Bastrop	2,010	Rural	3	3	5
7	Cottonwood Shores	Burnet	877	Rural	6	5	5
7	Creedmoor	Travis	211	Rural	3	3	5
7	Dripping Springs	Hays	1,548	Rural	3	4	6
7	Elgin	Bastrop	5,700	Rural	4	4	5
7	Fayetteville	Fayette	261	Rural	4	3	5
7	Flatonia	Fayette	1,377	Rural	5	5	4
7	Florence	Williamson	1,054	Rural	6	6	6
7	Garfield	Travis	1,660	Rural	4	3	6
7	Georgetown	Williamson	28,339	Urban	3	5	5
7	Giddings	Lee	5,105	Rural	3	4	3
7	Granger	Williamson	1,299	Rural	5	5	6
7	Granite Shoals	Burnet	2,040	Rural	5	5	6
7	Hays	Hays	233	Rural	3	3	3
7	Highland Haven	Burnet	450	Rural	6	6	3
7	Horseshoe Bay	Llano	3,337	Rural	4	4	4
7	Hudson Bend	Travis	2,369	Urban	5	5	4
7	Hutto	Williamson	1,250	Rural	5	3	5
7	Johnson City	Blanco	1,191	Rural	3	4	4
7	Jollyville	Williamson	15,813	Urban	5	5	3
7	Jonestown	Travis	1,681	Rural	6	6	5
7	Kingsland	Llano	4,584	Rural	3	6	5
7	Kyle	Hays	5,314	Rural	3	3	5
7	La Grange	Fayette	4,478	Rural	5	4	3
7	Lago Vista	Travis	4,507	Rural	6	6	5
7	Lakeway	Travis	8,002	Rural	4	4	4
7	Leander	Williamson	7,596	Urban	6	3	5
7	Lexington	Lee	1,178	Rural	5	4	3
7	Liberty Hill	Williamson	1,409	Rural	3	3	6
7	Llano	Llano	3,325	Rural	3	5	3
7	Lockhart	Caldwell	11,615	Rural	5	5	6
7	Lost Creek	Travis	4,729	Urban	3	3	3
7	Luling	Caldwell	5,080	Rural	4	4	4
7	Manor	Travis	1,204	Urban	3	3	4
7	Marble Falls	Burnet	4,959	Rural	3	6	5
7	Martindale	Caldwell	953	Rural	5	5	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Meadowlakes	Burnet	1,293	Rural	6	6	3
7	Mountain City	Hays	671	Rural	6	6	4
7	Mustang Ridge	Caldwell	785	Rural	3	3	6
7	Niederwald	Hays	584	Rural	4	4	4
7	Onion Creek	Travis	2,116	Urban	3	3	3
7	Pflugerville	Travis	16,335	Urban	3	3	4
7	Rollingwood	Travis	1,403	Urban	6	6	3
7	Round Mountain	Blanco	111	Rural	3	3	3
7	Round Rock	Williamson	61,136	Urban	5	5	3
7	Round Top	Fayette	77	Rural	3	3	6
7	San Leanna	Travis	384	Urban	6	6	3
7	San Marcos	Hays	34,733	Urban	6	6	6
7	Schulenburg	Fayette	2,699	Rural	5	5	5
7	Serenada	Williamson	1,847	Urban	6	6	3
7	Shady Hollow	Travis	5,140	Urban	4	4	3
7	Smithville	Bastrop	3,901	Rural	5	5	6
7	Sunrise Beach Village	Llano	704	Rural	5	5	4
7	Sunset Valley	Travis	365	Urban	5	5	5
7	Taylor	Williamson	13,575	Rural	5	4	4
7	The Hills	Travis	1,492	Rural	3	3	3
7	Thrall	Williamson	710	Rural	5	4	4
7	Uhland	Hays	386	Rural	6	6	5
7	Weir	Williamson	591	Rural	5	4	6
7	Wells Branch	Travis	11,271	Urban	5	5	4
7	West Lake Hills	Travis	3,116	Urban	3	3	3
7	Wimberley	Hays	3,797	Rural	5	4	6
7	Windemere	Travis	6,868	Urban	5	5	4
7	Woodcreek	Hays	1,274	Rural	5	5	5
7	Wyldwood	Bastrop	2,310	Rural	3	3	4
8	Abbott	Hill	300	Rural	5	5	5
8	Anderson	Grimes	257	Rural	3	3	6
8	Aquilla	Hill	136	Rural	6	6	3
8	Bellmead	McLennan	9,214	Urban	4	4	5
8	Belton	Bell	14,623	Urban	4	5	3
8	Beverly Hills	McLennan	2,113	Urban	5	5	6
8	Blum	Hill	399	Rural	6	6	3
8	Bremond	Robertson	876	Rural	4	3	4
8	Brenham	Washington	13,507	Rural	4	6	5
8	Bruceville-Eddy	McLennan	1,490	Rural	5	5	4
8	Bryan	Brazos	65,660	Urban	6	6	5
8	Buckholts	Milam	387	Rural	6	6	3
8	Buffalo	Leon	1,804	Rural	6	6	6
8	Burton	Washington	359	Rural	4	4	6
8	Bynum	Hill	225	Rural	6	6	6
8	Caldwell	Burleson	3,449	Rural	4	4	3
8	Calvert	Robertson	1,426	Rural	3	3	6
8	Cameron	Milam	5,634	Rural	3	4	5
8	Carl's Corner	Hill	134	Rural	6	6	6
8	Centerville	Leon	903	Rural	4	4	6
8	Clifton	Bosque	3,542	Rural	3	4	5
8	College Station	Brazos	67,890	Urban	6	6	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
8	Coolidge	Limestone	848	Rural	5	5	3
8	Copperas Cove	Coryell	29,592	Urban	4	4	4
8	Covington	Hill	282	Rural	4	3	4
8	Cranfills Gap	Bosque	335	Rural	4	4	5
8	Crawford	McLennan	705	Rural	4	3	4
8	Evant	Coryell	393	Rural	6	6	6
8	Fairfield	Freestone	3,094	Rural	5	5	6
8	Fort Hood	Bell	33,711	Urban	3	3	3
8	Franklin	Robertson	1,470	Rural	4	4	6
8	Gatesville	Coryell	15,591	Rural	3	5	3
8	Gholson	McLennan	922	Rural	3	3	4
8	Goldthwaite	Mills	1,802	Rural	3	5	5
8	Golinda	Falls	423	Rural	5	5	4
8	Groesbeck	Limestone	4,291	Rural	4	6	5
8	Hallsburg	McLennan	518	Rural	6	6	3
8	Hamilton	Hamilton	2,977	Rural	3	4	4
8	Harker Heights	Bell	17,308	Urban	4	4	3
8	Hearne	Robertson	4,690	Rural	5	5	5
8	Hewitt	McLennan	11,085	Urban	4	3	3
8	Hico	Hamilton	1,341	Rural	4	4	6
8	Hillsboro	Hill	8,232	Rural	5	6	4
8	Holland	Bell	1,102	Rural	3	4	4
8	Hubbard	Hill	1,586	Rural	3	4	5
8	Iredell	Bosque	360	Rural	5	5	5
8	Itasca	Hill	1,503	Rural	3	3	3
8	Jewett	Leon	861	Rural	6	6	6
8	Kempner	Lampasas	1,004	Rural	5	5	5
8	Killeen	Bell	86,911	Urban	4	4	4
8	Kirvin	Freestone	122	Rural	3	3	4
8	Kosse	Limestone	497	Rural	6	6	6
8	Lacy-Lakeview	McLennan	5,764	Urban	5	5	5
8	Lampasas	Lampasas	6,786	Rural	4	4	5
8	Leona	Leon	181	Rural	6	6	3
8	Leroy	McLennan	335	Rural	3	3	5
8	Little River-Academy	Bell	1,645	Rural	6	6	3
8	Lometa	Lampasas	782	Rural	4	4	3
8	Lorena	McLennan	1,433	Rural	3	3	3
8	Lott	Falls	724	Rural	5	4	3
8	Madisonville	Madison	4,159	Rural	4	3	5
8	Malone	Hill	278	Rural	3	3	6
8	Marlin	Falls	6,628	Rural	5	5	6
8	Marquez	Leon	220	Rural	5	5	6
8	Mart	McLennan	2,273	Rural	6	6	4
8	McGregor	McLennan	4,727	Urban	5	5	4
8	Meridian	Bosque	1,491	Rural	3	5	5
8	Mertens	Hill	146	Rural	6	6	6
8	Mexia	Limestone	6,563	Rural	6	6	5
8	Midway	Madison	288	Rural	3	3	4
8	Milano	Milam	400	Rural	3	3	6
8	Millican	Brazos	108	Rural	3	3	6
8	Moody	McLennan	1,400	Rural	6	6	5

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
8	Morgan	Bosque	485	Rural	3	3	6
8	Morgan's Point Resort	Bell	2,989	Rural	4	4	3
8	Mount Calm	Hill	310	Rural	4	4	3
8	Mullin	Mills	175	Rural	5	3	6
8	Navasota	Grimes	6,789	Rural	5	5	5
8	Nolanville	Bell	2,150	Rural	5	5	4
8	Normangee	Leon	719	Rural	3	4	6
8	Oakwood	Leon	471	Rural	4	4	6
8	Oglesby	Coryell	458	Rural	6	6	4
8	Penelope	Hill	211	Rural	6	6	5
8	Richland Springs	San Saba	350	Rural	3	3	3
8	Riesel	McLennan	973	Rural	6	6	3
8	Robinson	McLennan	7,845	Urban	4	3	3
8	Rockdale	Milam	5,439	Rural	5	5	3
8	Rogers	Bell	1,117	Rural	3	4	4
8	Rosebud	Falls	1,493	Rural	4	4	4
8	Ross	McLennan	228	Rural	3	3	6
8	Salado	Bell	3,475	Rural	3	3	3
8	San Saba	San Saba	2,637	Rural	4	4	3
8	Snook	Burleson	568	Rural	6	6	5
8	Somerville	Burleson	1,704	Rural	5	5	5
8	South Mountain	Coryell	412	Rural	4	4	3
8	Streetman	Freestone	203	Rural	3	3	6
8	Teague	Freestone	4,557	Rural	3	4	5
8	Tehuacana	Limestone	307	Rural	3	3	3
8	Temple	Bell	54,514	Urban	4	5	3
8	Thorndale	Milam	1,278	Rural	5	5	4
8	Thornton	Limestone	525	Rural	4	4	5
8	Todd Mission	Grimes	146	Rural	3	3	6
8	Troy	Bell	1,378	Rural	6	4	3
8	Valley Mills	Bosque	1,123	Rural	3	3	5
8	Waco	McLennan	113,726	Urban	6	6	4
8	Walnut Springs	Bosque	755	Rural	3	3	4
8	West	McLennan	2,692	Rural	4	4	3
8	Whitney	Hill	1,833	Rural	6	6	5
8	Wixon Valley	Brazos	235	Rural	6	6	4
8	Woodway	McLennan	8,733	Urban	3	3	3
8	Wortham	Freestone	1,082	Rural	6	6	4
9	Alamo Heights	Bexar	7,319	Urban	4	4	4
9	Balcones Heights	Bexar	3,016	Urban	6	6	3
9	Bandera	Bandera	957	Rural	3	5	6
9	Bigfoot	Frio	304	Rural	3	3	4
9	Boerne	Kendall	6,178	Rural	3	6	6
9	Bulverde	Comal	3,761	Rural	3	3	3
9	Canyon Lake	Comal	16,870	Rural	4	4	5
9	Castle Hills	Bexar	4,202	Urban	6	6	4
9	Castroville	Medina	2,664	Rural	5	4	4
9	Charlotte	Atascosa	1,637	Rural	4	3	5
9	China Grove	Bexar	1,247	Rural	3	3	3
9	Christine	Atascosa	436	Rural	3	3	5
9	Cibolo	Guadalupe	3,035	Rural	6	6	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Comfort	Kendall	2,358	Rural	4	4	6
9	Converse	Bexar	11,508	Urban	3	4	5
9	Cross Mountain	Bexar	1,524	Urban	3	3	3
9	Devine	Medina	4,140	Rural	5	5	5
9	Dilley	Frio	3,674	Rural	6	6	6
9	Elmendorf	Bexar	664	Rural	5	4	5
9	Fair Oaks Ranch	Bexar	4,695	Urban	5	4	3
9	Falls City	Karnes	591	Rural	4	4	3
9	Floresville	Wilson	5,868	Rural	3	5	5
9	Fredericksburg	Gillespie	8,911	Rural	3	5	5
9	Garden Ridge	Comal	1,882	Rural	6	6	3
9	Geronimo	Guadalupe	619	Rural	3	3	5
9	Grey Forest	Bexar	418	Rural	4	4	4
9	Harper	Gillespie	1,006	Rural	5	4	6
9	Helotes	Bexar	4,285	Urban	4	4	3
9	Hill Country Village	Bexar	1,028	Urban	3	3	3
9	Hilltop	Frio	300	Rural	3	3	5
9	Hollywood Park	Bexar	2,983	Urban	6	6	3
9	Hondo	Medina	7,897	Rural	3	5	4
9	Ingram	Kerr	1,740	Rural	6	5	6
9	Jourdanton	Atascosa	3,732	Rural	4	6	5
9	Karnes City	Karnes	3,457	Rural	5	4	5
9	Kenedy	Karnes	3,487	Rural	4	4	5
9	Kerrville	Kerr	20,425	Rural	5	6	5
9	Kingsbury	Guadalupe	652	Rural	3	3	4
9	Kirby	Bexar	8,673	Urban	5	5	5
9	La Vernia	Wilson	931	Rural	6	6	5
9	Lackland AFB	Bexar	7,123	Urban	3	3	6
9	LaCoste	Medina	1,255	Rural	5	4	4
9	Lakehills	Bandera	4,668	Rural	6	6	5
9	Leon Valley	Bexar	9,239	Urban	4	5	4
9	Live Oak	Bexar	9,156	Urban	5	4	5
9	Lytle	Atascosa	2,383	Rural	3	4	6
9	Marion	Guadalupe	1,099	Rural	5	4	5
9	McQueeney	Guadalupe	2,527	Rural	4	4	5
9	Moore	Frio	644	Rural	4	3	3
9	Natalia	Medina	1,663	Rural	6	6	6
9	New Berlin	Guadalupe	467	Rural	3	3	4
9	New Braunfels	Comal	36,494	Urban	5	5	4
9	North Pearsall	Frio	561	Rural	4	4	5
9	Northcliff	Guadalupe	1,819	Rural	4	4	4
9	Olmos Park	Bexar	2,343	Urban	4	3	3
9	Pearsall	Frio	7,157	Rural	4	4	6
9	Pleasanton	Atascosa	8,266	Rural	6	6	5
9	Poteet	Atascosa	3,305	Rural	4	5	5
9	Poth	Wilson	1,850	Rural	5	4	4
9	Redwood	Guadalupe	3,586	Rural	5	5	6
9	Runge	Karnes	1,080	Rural	6	5	4
9	San Antonio	Bexar	1,144,646	Urban	5	5	5
9	Santa Clara	Guadalupe	889	Rural	6	6	5
9	Scenic Oaks	Bexar	3,279	Urban	3	3	3

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Schertz	Guadalupe	18,694	Urban	5	4	4
9	Seguin	Guadalupe	22,011	Rural	4	5	5
9	Selma	Bexar	788	Urban	6	6	4
9	Shavano Park	Bexar	1,754	Urban	3	3	3
9	Somerset	Bexar	1,550	Rural	6	6	6
9	St. Hedwig	Bexar	1,875	Rural	6	5	3
9	Stockdale	Wilson	1,398	Rural	5	5	4
9	Stonewall	Gillespie	469	Rural	5	4	5
9	Terrell Hills	Bexar	5,019	Urban	4	4	3
9	Timberwood Park	Bexar	5,889	Urban	4	3	3
9	Universal City	Bexar	14,849	Rural	5	5	3
9	West Pearsall	Frio	349	Rural	6	6	3
9	Windcrest	Bexar	5,105	Urban	6	6	3
9	Zuehl	Guadalupe	346	Rural	3	3	5
10	Agua Dulce (Nueces)	Nueces	737	Rural	5	4	4
10	Airport Road Addition	Brooks	132	Rural	3	3	5
10	Alfred-South La Paloma	Jim Wells	451	Rural	3	3	4
10	Alice	Jim Wells	19,010	Rural	4	4	4
10	Alice Acres	Jim Wells	491	Rural	3	3	3
10	Aransas Pass	San Patricio	8,138	Rural	4	5	6
10	Austwell	Refugio	192	Rural	6	6	6
10	Bayside	Refugio	360	Rural	6	6	5
10	Beeville	Bee	13,129	Rural	4	5	4
10	Benavides	Duval	1,686	Rural	5	5	3
10	Bishop	Nueces	3,305	Rural	5	5	4
10	Bloomington	Victoria	2,562	Rural	6	6	4
10	Blue Berry Hill	Bee	982	Rural	3	3	6
10	Cantu Addition	Brooks	217	Rural	3	3	6
10	Concepcion	Duval	61	Rural	3	3	3
10	Corpus Christi	Nueces	277,454	Urban	5	5	5
10	Coyote Acres	Jim Wells	389	Rural	3	3	5
10	Cuero	DeWitt	6,571	Rural	6	6	4
10	Del Sol-Loma Linda	San Patricio	726	Rural	3	3	5
10	Doyle	San Patricio	285	Urban	3	3	3
10	Driscoll	Nueces	825	Rural	5	6	3
10	Edgewater-Paisano	San Patricio	182	Rural	6	6	3
10	Edna	Jackson	5,899	Rural	5	6	5
10	Edroy	San Patricio	420	Rural	3	3	6
10	Encino	Brooks	177	Rural	3	3	3
10	Falfurrias	Brooks	5,297	Rural	6	5	6
10	Falman-County Acres	San Patricio	289	Rural	6	6	3
10	Flowella	Brooks	134	Rural	3	3	6
10	Freer	Duval	3,241	Rural	4	4	4
10	Fulton	Aransas	1,553	Rural	5	4	6
10	Ganado	Jackson	1,915	Rural	4	4	4
10	George West	Live Oak	2,524	Rural	4	4	4
10	Goliad	Goliad	1,975	Rural	3	4	6
10	Gonzales	Gonzales	7,202	Rural	4	4	5
10	Gregory	San Patricio	2,318	Rural	4	4	3
10	Hallettsville	Lavaca	2,345	Rural	5	4	3
10	Inez	Victoria	1,787	Rural	4	4	3

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10	Ingleside	San Patricio	9,388	Urban	4	6	4
10	Ingleside on the Bay	San Patricio	659	Urban	6	6	6
10	K-Bar Ranch	Jim Wells	350	Rural	5	5	3
10	Kingsville	Kleberg	25,575	Rural	5	6	5
10	La Paloma-Lost Creek	Nueces	323	Rural	6	6	4
10	La Ward	Jackson	200	Rural	6	6	6
10	Lake City	San Patricio	526	Rural	4	4	6
10	Lakeshore Gardens-Hidden	San Patricio	720	Rural	3	3	3
10	Lakeside (San Patricio)	San Patricio	333	Rural	3	3	4
10	Lolita	Jackson	548	Rural	3	3	3
10	Loma Linda East	Jim Wells	214	Rural	3	3	3
10	Mathis	San Patricio	5,034	Rural	6	6	4
10	Morgan Farm Area	San Patricio	484	Rural	6	6	3
10	Moulton	Lavaca	944	Rural	4	4	4
10	Nixon	Gonzales	2,186	Rural	4	5	6
10	Nordheim	DeWitt	323	Rural	5	4	6
10	Normanna	Bee	121	Rural	3	3	5
10	North San Pedro	Nueces	920	Rural	4	4	3
10	Odem	San Patricio	2,499	Rural	5	4	3
10	Orange Grove	Jim Wells	1,288	Rural	6	6	3
10	Owl Ranch-Amargosa	Jim Wells	527	Rural	6	6	4
10	Pawnee	Bee	201	Rural	3	3	4
10	Pernitas Point	Live Oak	269	Rural	6	6	4
10	Petronila	Nueces	83	Rural	3	3	3
10	Pettus	Bee	608	Rural	4	4	4
10	Point Comfort	Calhoun	781	Rural	5	4	3
10	Port Aransas	Nueces	3,370	Urban	6	6	5
10	Port Lavaca	Calhoun	12,035	Rural	5	5	4
10	Portland	San Patricio	14,827	Urban	5	5	3
10	Premont	Jim Wells	2,772	Rural	5	5	6
10	Rancho Alegre	Jim Wells	1,775	Rural	5	5	5
10	Rancho Banquete	Nueces	469	Rural	3	3	6
10	Rancho Chico	San Patricio	309	Rural	6	6	3
10	Realitos	Duval	209	Rural	3	3	3
10	Refugio	Refugio	2,941	Rural	4	4	5
10	Robstown	Nueces	12,727	Rural	3	4	5
10	Rockport	Aransas	7,385	Rural	4	5	5
10	San Diego	Duval	4,753	Rural	5	4	5
10	San Patricio	San Patricio	318	Rural	6	6	4
10	Sandia	Jim Wells	431	Rural	3	3	4
10	Sandy Hollow-Escondidas	Nueces	433	Rural	4	4	4
10	Seadrift	Calhoun	1,352	Rural	5	5	3
10	Shiner	Lavaca	2,070	Rural	5	5	6
10	Sinton	San Patricio	5,676	Rural	5	5	4
10	Skidmore	Bee	1,013	Rural	5	5	4
10	Smiley	Gonzales	453	Rural	5	5	6
10	Spring Garden-Terra Verde	Nueces	693	Rural	3	3	5
10	St. Paul (San Patricio)	San Patricio	542	Rural	3	3	3
10	Taft	San Patricio	3,396	Rural	5	5	5
10	Taft Southwest	San Patricio	1,721	Rural	4	4	6
10	Three Rivers	Live Oak	1,878	Rural	5	4	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Tierra Grande	Nueces	362	Rural	4	4	4
10	Tradewinds	San Patricio	163	Rural	3	3	6
10	Tuleta	Bee	292	Rural	3	3	6
10	Tulsita	Bee	20	Rural	3	3	3
10	Tynan	Bee	301	Rural	5	5	3
10	Vanderbilt	Jackson	411	Rural	3	3	3
10	Victoria	Victoria	60,603	Urban	5	5	4
10	Waelder	Gonzales	947	Rural	4	4	4
10	Westdale	Jim Wells	295	Rural	3	3	6
10	Woodsboro	Refugio	1,685	Rural	5	5	4
10	Yoakum	Lavaca	5,731	Rural	6	6	3
10	Yorktown	DeWitt	2,271	Rural	5	4	4
11	Abram-Perezville	Hidalgo	5,444	Rural	6	6	4
11	Alamo	Hidalgo	14,760	Urban	3	4	4
11	Alto Bonito	Starr	569	Rural	3	3	3
11	Alton	Hidalgo	4,384	Rural	3	5	4
11	Alton North	Hidalgo	5,051	Rural	5	5	4
11	Arroyo Alto	Cameron	320	Rural	3	3	5
11	Arroyo Colorado Estates	Cameron	755	Rural	6	6	3
11	Arroyo Gardens-La Tina Ran	Cameron	732	Rural	3	3	3
11	Asherton	Dimmit	1,342	Rural	5	5	3
11	Batesville	Zavala	1,298	Rural	5	4	3
11	Bausell and Ellis	Willacy	112	Rural	3	3	3
11	Bayview	Cameron	323	Rural	6	6	6
11	Big Wells	Dimmit	704	Rural	5	5	3
11	Bixby	Cameron	356	Rural	3	3	6
11	Bluetown-Iglesia Antigua	Cameron	692	Rural	5	5	3
11	Botines	Webb	132	Rural	6	6	3
11	Box Canyon-Amistad	Val Verde	76	Rural	3	3	6
11	Brackettville	Kinney	1,876	Rural	4	6	5
11	Brownsville	Cameron	139,722	Urban	5	4	5
11	Brundage	Dimmit	31	Rural	3	3	6
11	Bruni	Webb	412	Rural	3	3	6
11	Cameron Park	Cameron	5,961	Urban	5	4	4
11	Camp Wood	Real	822	Rural	6	6	6
11	Carrizo Hill	Dimmit	548	Rural	6	6	6
11	Carrizo Springs	Dimmit	5,655	Rural	6	6	4
11	Catarina	Dimmit	135	Rural	3	3	4
11	Cesar Chavez	Hidalgo	1,469	Urban	5	5	6
11	Chula Vista-Orason	Cameron	394	Rural	6	6	4
11	Chula Vista-River Spur	Zavala	400	Rural	3	3	5
11	Cienegas Terrace	Val Verde	2,878	Rural	6	6	5
11	Citrus City	Hidalgo	941	Rural	3	3	5
11	Combes	Cameron	2,553	Urban	5	5	5
11	Cotulla	La Salle	3,614	Rural	3	5	3
11	Crystal City	Zavala	7,190	Rural	5	5	5
11	Cuevitas	Hidalgo	37	Rural	3	3	6
11	Del Mar Heights	Cameron	259	Rural	3	3	3
11	Del Rio	Val Verde	33,867	Rural	5	5	4
11	Doffing	Hidalgo	4,256	Rural	5	5	4
11	Donna	Hidalgo	14,768	Rural	3	5	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Doolittle	Hidalgo	2,358	Urban	4	4	3
11	Eagle Pass	Maverick	22,413	Rural	6	6	5
11	Edcouch	Hidalgo	3,342	Rural	3	5	5
11	Edinburg	Hidalgo	48,465	Urban	5	5	5
11	Eidson Road	Maverick	9,348	Rural	4	4	5
11	El Camino Angosto	Cameron	254	Rural	3	3	3
11	El Cenizo	Webb	3,545	Rural	4	4	3
11	El Indio	Maverick	263	Rural	6	6	3
11	El Refugio	Starr	221	Rural	6	6	6
11	Elm Creek	Maverick	1,928	Rural	3	3	6
11	Elsa	Hidalgo	5,549	Rural	4	6	4
11	Encantada-Ranchito El Calal	Cameron	2,100	Rural	3	3	4
11	Encinal	La Salle	629	Rural	6	5	3
11	Escobares	Starr	1,954	Rural	5	5	5
11	Falcon Heights	Starr	335	Rural	3	3	4
11	Falcon Lake Estates	Zapata	830	Rural	5	5	3
11	Falcon Mesa	Zapata	506	Rural	3	3	5
11	Falcon Village	Starr	78	Rural	6	6	6
11	Faysville	Hidalgo	348	Urban	6	6	3
11	Fowlerton	La Salle	62	Rural	3	3	3
11	Fronton	Starr	599	Rural	3	3	5
11	Garceno	Starr	1,438	Rural	6	6	6
11	Grand Acres	Cameron	203	Rural	3	3	4
11	Granjeno	Hidalgo	313	Urban	3	3	6
11	Green Valley Farms	Cameron	720	Rural	3	3	4
11	Guerra	Jim Hogg	8	Rural	6	6	6
11	Harlingen	Cameron	57,564	Urban	5	5	4
11	Havana	Hidalgo	452	Rural	5	5	5
11	Hebbronville	Jim Hogg	4,498	Rural	5	5	5
11	Heidelberg	Hidalgo	1,586	Rural	6	6	6
11	Hidalgo	Hidalgo	7,322	Rural	5	5	6
11	Indian Hills	Hidalgo	2,036	Rural	4	4	6
11	Indian Lake	Cameron	541	Rural	6	6	5
11	Knippa	Uvalde	739	Rural	5	4	4
11	La Blanca	Hidalgo	2,351	Rural	6	6	3
11	La Casita-Garciasville	Starr	2,177	Rural	4	6	4
11	La Feria	Cameron	6,115	Rural	5	4	4
11	La Feria North	Cameron	168	Rural	6	6	3
11	La Grulla	Starr	1,211	Rural	4	4	4
11	La Homa	Hidalgo	10,433	Urban	5	5	5
11	La Joya	Hidalgo	3,303	Rural	4	5	5
11	La Paloma	Cameron	354	Rural	6	6	3
11	La Presa	Webb	508	Rural	3	3	3
11	La Pryor	Zavala	1,491	Rural	5	5	4
11	La Puerta	Starr	1,636	Rural	3	3	5
11	La Rosita	Starr	1,729	Rural	5	5	6
11	La Victoria	Starr	1,683	Rural	3	3	3
11	La Villa	Hidalgo	1,305	Rural	3	5	5
11	Lago	Cameron	246	Rural	6	6	3
11	Laguna Heights	Cameron	1,990	Rural	4	4	4
11	Laguna Seca	Hidalgo	251	Rural	3	3	6

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Laguna Vista	Cameron	1,658	Rural	3	5	4
11	Lake View	Val Verde	167	Rural	3	3	5
11	Laredo	Webb	176,576	Urban	5	5	5
11	Laredo Ranchettes	Webb	1,845	Rural	3	3	3
11	Larga Vista	Webb	742	Urban	6	6	6
11	Las Colonias	Zavala	283	Rural	6	6	6
11	Las Lomas	Starr	2,684	Rural	6	6	4
11	Las Lomitas	Jim Hogg	267	Rural	3	3	6
11	Las Palmas-Juarez	Cameron	1,666	Rural	4	4	5
11	Las Quintas Fronterizas	Maverick	2,030	Rural	4	4	3
11	Lasana	Cameron	135	Urban	3	3	3
11	Lasara	Willacy	1,024	Rural	4	4	5
11	Laughlin AFB	Val Verde	2,225	Rural	4	4	3
11	Laureles	Cameron	3,285	Rural	5	5	5
11	Leakey	Real	387	Rural	6	6	6
11	Llano Grande	Hidalgo	3,333	Urban	5	5	3
11	Lopeno	Zapata	140	Rural	3	3	6
11	Lopezville	Hidalgo	4,476	Urban	4	4	4
11	Los Alvarez	Starr	1,434	Rural	4	4	6
11	Los Angeles Subdivision	Willacy	86	Rural	6	6	3
11	Los Ebanos	Hidalgo	403	Rural	5	5	5
11	Los Fresnos	Cameron	4,512	Rural	5	3	6
11	Los Indios	Cameron	1,149	Rural	3	3	4
11	Los Villareales	Starr	930	Rural	3	3	4
11	Lozano	Cameron	324	Rural	3	3	3
11	Lyford	Willacy	1,973	Rural	5	5	5
11	Lyford South	Willacy	172	Rural	6	6	3
11	McAllen	Hidalgo	106,414	Urban	5	5	5
11	Medina	Zapata	2,960	Rural	4	4	4
11	Mercedes	Hidalgo	13,649	Rural	4	6	5
11	Midway North	Hidalgo	3,946	Urban	3	3	5
11	Midway South	Hidalgo	1,711	Urban	5	5	6
11	Mila Doce	Hidalgo	4,907	Rural	4	4	5
11	Mirando City	Webb	493	Rural	6	6	6
11	Mission	Hidalgo	45,408	Urban	4	5	5
11	Monte Alto	Hidalgo	1,611	Rural	5	5	4
11	Morales-Sanchez	Zapata	95	Rural	3	3	3
11	Muniz	Hidalgo	1,106	Rural	6	6	5
11	New Falcon	Zapata	184	Rural	3	3	3
11	North Alamo	Hidalgo	2,061	Urban	4	4	4
11	North Escobares	Starr	1,692	Rural	6	6	4
11	Nurillo	Hidalgo	5,056	Urban	5	5	6
11	Oilton	Webb	310	Rural	3	3	5
11	Olivarez	Hidalgo	2,445	Rural	5	5	3
11	Olmito	Cameron	1,198	Urban	5	5	5
11	Palm Valley	Cameron	1,298	Urban	4	4	3
11	Palmhurst	Hidalgo	4,872	Urban	5	5	4
11	Palmview	Hidalgo	4,107	Urban	5	5	5
11	Palmview South	Hidalgo	6,219	Urban	5	5	4
11	Penitas	Hidalgo	1,167	Rural	5	4	4
11	Pharr	Hidalgo	46,660	Urban	4	5	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Port Isabel	Cameron	4,865	Rural	5	4	5
11	Port Mansfield	Willacy	415	Rural	5	4	6
11	Primera	Cameron	2,723	Urban	5	4	5
11	Progreso	Hidalgo	4,851	Rural	5	5	4
11	Progreso Lakes	Hidalgo	234	Rural	3	3	4
11	Quemado	Maverick	243	Rural	3	3	3
11	Radar Base	Maverick	162	Rural	3	3	6
11	Ranchette Estates	Willacy	133	Rural	3	3	3
11	Ranchitos Las Lomas	Webb	334	Rural	3	3	4
11	Rancho Viejo	Cameron	1,754	Urban	5	5	3
11	Ranchos Penitas West	Webb	520	Urban	3	3	4
11	Rangerville	Cameron	203	Rural	3	3	5
11	Ratamosa	Cameron	218	Rural	3	3	3
11	Raymondville	Willacy	9,733	Rural	4	5	6
11	Reid Hope King	Cameron	802	Urban	6	6	3
11	Relampago	Hidalgo	104	Rural	3	3	6
11	Rio Bravo	Webb	5,553	Urban	4	3	4
11	Rio Grande City	Starr	11,923	Rural	4	4	4
11	Rio Hondo	Cameron	1,942	Rural	5	3	5
11	Rocksprings	Edwards	1,285	Rural	5	4	5
11	Roma	Starr	9,617	Rural	6	6	5
11	Roma Creek	Starr	610	Rural	3	3	3
11	Rosita North	Maverick	3,400	Rural	4	4	5
11	Rosita South	Maverick	2,574	Rural	5	5	3
11	Sabinal	Uvalde	1,586	Rural	6	6	5
11	Salineno	Starr	304	Rural	3	3	4
11	San Benito	Cameron	23,444	Urban	5	5	4
11	San Carlos	Hidalgo	2,650	Rural	6	6	6
11	San Ignacio	Zapata	853	Rural	3	3	6
11	San Isidro	Starr	270	Rural	5	5	4
11	San Juan	Hidalgo	26,229	Urban	5	5	5
11	San Manuel-Linn	Hidalgo	958	Rural	3	3	3
11	San Pedro	Cameron	668	Rural	3	3	3
11	San Perlita	Willacy	680	Rural	6	6	6
11	Santa Cruz	Starr	630	Rural	6	6	5
11	Santa Maria	Cameron	846	Rural	4	4	3
11	Santa Monica	Willacy	78	Rural	3	3	5
11	Santa Rosa	Cameron	2,833	Rural	3	5	4
11	Scissors	Hidalgo	2,805	Rural	3	3	4
11	Sebastian	Willacy	1,864	Rural	3	3	6
11	Siesta Shores	Zapata	890	Rural	3	3	5
11	Solis	Cameron	545	Rural	6	6	3
11	South Alamo	Hidalgo	3,101	Rural	5	5	4
11	South Fork Estates	Jim Hogg	47	Rural	3	3	3
11	South Padre Island	Cameron	2,422	Rural	6	6	4
11	South Point	Cameron	1,118	Rural	6	6	4
11	Spofford	Kinney	75	Rural	3	3	3
11	Sullivan City	Hidalgo	3,998	Rural	5	5	4
11	Tierra Bonita	Cameron	160	Rural	3	3	4
11	Utopia	Uvalde	241	Rural	5	5	6
11	Uvalde	Uvalde	14,929	Rural	5	5	4

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Uvalde Estates	Uvalde	1,972	Rural	5	5	5
11	Val Verde Park	Val Verde	1,945	Rural	5	4	4
11	Villa del Sol	Cameron	132	Rural	3	3	5
11	Villa Pancho	Cameron	386	Urban	6	6	6
11	Villa Verde	Hidalgo	891	Urban	3	3	5
11	Weslaco	Hidalgo	26,935	Urban	4	5	4
11	West Sharyland	Hidalgo	2,947	Rural	4	4	3
11	Willamar	Willacy	15	Rural	3	3	3
11	Yznaga	Cameron	103	Rural	3	3	6
11	Zapata	Zapata	4,856	Rural	3	6	4
11	Zapata Ranch	Willacy	88	Rural	3	3	5
12	Ackerly	Dawson	245	Rural	4	4	6
12	Andrews	Andrews	9,652	Rural	5	4	4
12	Balmorhea	Reeves	527	Rural	4	3	4
12	Barstow	Ward	406	Rural	6	6	5
12	Big Lake	Reagan	2,885	Rural	5	5	4
12	Big Spring	Howard	25,233	Rural	5	6	4
12	Brady	McCulloch	5,523	Rural	4	6	5
12	Bronte	Coke	1,076	Rural	6	6	5
12	Christoval	Tom Green	422	Rural	6	6	6
12	Coahoma	Howard	932	Rural	4	4	3
12	Coyanosa	Pecos	138	Rural	3	3	4
12	Crane	Crane	3,191	Rural	6	6	4
12	Eden	Concho	2,561	Rural	6	6	5
12	Eldorado	Schleicher	1,951	Rural	3	3	6
12	Forsan	Howard	226	Rural	5	4	6
12	Fort Stockton	Pecos	7,846	Rural	3	4	5
12	Gardendale	Ector	1,197	Rural	3	3	3
12	Goldsmith	Ector	253	Rural	4	4	3
12	Grandfalls	Ward	391	Rural	4	4	5
12	Grape Creek	Tom Green	3,138	Rural	5	5	5
12	Imperial	Pecos	428	Rural	3	3	4
12	Iraan	Pecos	1,238	Rural	3	3	3
12	Junction	Kimble	2,618	Rural	5	5	5
12	Kermit	Winkler	5,714	Rural	4	4	3
12	Lamesa	Dawson	9,952	Rural	5	5	4
12	Lindsay (Reeves)	Reeves	394	Rural	3	3	6
12	Los Ybanez	Dawson	32	Rural	3	3	3
12	Mason	Mason	2,134	Rural	6	5	5
12	McCamey	Upton	1,805	Rural	4	4	4
12	Melvin	McCulloch	155	Rural	6	6	6
12	Menard	Menard	1,653	Rural	5	5	6
12	Mertzon	Irion	839	Rural	3	3	5
12	Midland	Midland	94,996	Urban	5	5	4
12	Monahans	Ward	6,821	Rural	6	6	3
12	Odessa	Ector	90,943	Urban	5	5	4
12	Ozona	Crockett	3,436	Rural	4	4	4
12	Paint Rock	Concho	320	Rural	6	6	5
12	Pecos	Reeves	9,501	Rural	3	4	5
12	Pyote	Ward	131	Rural	3	3	6
12	Rankin	Upton	800	Rural	3	3	5

2009 HTF AHNS - Place

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Robert Lee	Coke	1,171	Rural	6	6	6
12	San Angelo	Tom Green	88,439	Urban	6	6	4
12	Sanderson	Terrell	861	Rural	6	5	5
12	Seagraves	Gaines	2,334	Rural	5	5	3
12	Seminole	Gaines	5,910	Rural	4	4	5
12	Sonora	Sutton	2,924	Rural	3	4	4
12	Stanton	Martin	2,556	Rural	5	5	3
12	Sterling City	Sterling	1,081	Rural	4	4	5
12	Thorntonville	Ward	442	Rural	3	3	4
12	Toyah	Reeves	100	Rural	3	3	3
12	West Odessa	Ector	17,799	Urban	5	5	5
12	Wickett	Ward	455	Rural	6	6	3
12	Wink	Winkler	919	Rural	5	4	3
13	Agua Dulce (El Paso)	El Paso	738	Rural	3	3	6
13	Alpine	Brewster	5,786	Rural	6	6	3
13	Anthony	El Paso	3,850	Urban	3	6	4
13	Butterfield	El Paso	61	Rural	3	3	3
13	Canutillo	El Paso	5,129	Urban	4	4	4
13	Clint	El Paso	980	Rural	3	6	3
13	Dell City	Hudspeth	413	Rural	5	5	5
13	El Paso	El Paso	563,662	Urban	5	6	4
13	Fabens	El Paso	8,043	Rural	6	6	3
13	Fort Bliss	El Paso	8,264	Urban	4	3	3
13	Fort Davis	Jeff Davis	1,050	Rural	4	4	6
13	Fort Hancock	Hudspeth	1,713	Rural	5	4	5
13	Homestead Meadows North	El Paso	4,232	Rural	5	5	6
13	Homestead Meadows South	El Paso	6,807	Rural	6	6	5
13	Horizon City	El Paso	5,233	Rural	3	3	4
13	Marathon	Brewster	455	Rural	4	3	5
13	Marfa	Presidio	2,121	Rural	4	5	5
13	Morning Glory	El Paso	627	Rural	3	3	3
13	Prado Verde	El Paso	200	Urban	3	3	6
13	Presidio	Presidio	4,167	Rural	5	5	4
13	Redford	Presidio	132	Rural	3	3	6
13	San Elizario	El Paso	11,046	Urban	3	3	5
13	Sierra Blanca	Hudspeth	533	Rural	4	4	6
13	Socorro	El Paso	27,152	Urban	4	3	6
13	Sparks	El Paso	2,974	Rural	5	5	5
13	Study Butte-Terlingua	Brewster	267	Rural	4	3	3
13	Tornillo	El Paso	1,609	Rural	6	3	4
13	Valentine	Jeff Davis	187	Rural	4	4	3
13	Van Horn	Culberson	2,435	Rural	6	6	3
13	Vinton	El Paso	1,892	Rural	6	6	5
13	Westway	El Paso	3,829	Urban	6	6	5

2009 HTF Affordable Housing Need Scores (AHNS) County Level

(Sorted by Region then County.)

Instructions:
Use this table to determine an AHNS for an application that will serve an entire county, multiple counties, or multiple places within a county or counties.
Special Circumstances
(1) If multiple counties or places in multiple counties will be served by the application, then the county scores should be averaged.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sandy Garcia via facsimile at (512) 475-4798 or by email at sandy.garcia@tdhca.state.tx.us.

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Armstrong	6	6	4
1	Bailey	3	3	4
1	Briscoe	6	6	4
1	Carson	4	4	4
1	Castro	4	4	4
1	Childress	4	5	3
1	Cochran	4	3	4
1	Collingsworth	4	4	4
1	Crosby	5	5	4
1	Dallam	5	5	4
1	Deaf Smith	3	4	4
1	Dickens	5	5	5
1	Donley	6	6	4
1	Floyd	4	4	3
1	Garza	6	6	6
1	Gray	4	4	5
1	Hale	4	4	4
1	Hall	5	5	4
1	Hansford	4	4	5
1	Hartley	5	5	4
1	Hemphill	5	5	4
1	Hockley	4	4	5
1	Hutchinson	5	5	4
1	Lamb	5	5	4
1	Lipscomb	4	4	5
1	Lubbock	5	5	4
1	Lynn	4	3	4
1	Moore	4	4	3
1	Motley	4	4	3
1	Ochiltree	3	4	3
1	Oldham	5	5	6
1	Parmer	5	5	3
1	Potter	4	4	5
1	Randall	5	5	3
1	Roberts	6	6	4

2009 HTF AHNS - County

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Sherman	4	4	4
1	Swisher	4	4	4
1	Terry	4	4	5
1	Wheeler	4	4	4
1	Yoakum	4	4	4
2	Archer	3	3	4
2	Baylor	4	4	3
2	Brown	5	5	5
2	Callahan	4	5	4
2	Clay	6	6	5
2	Coleman	4	4	5
2	Comanche	6	6	5
2	Cottle	4	4	3
2	Eastland	4	4	4
2	Fisher	4	4	3
2	Foard	5	5	5
2	Hardeman	6	6	3
2	Haskell	5	5	5
2	Jack	5	5	6
2	Jones	4	4	5
2	Kent	3	3	4
2	Knox	3	3	5
2	Mitchell	5	5	4
2	Montague	4	4	5
2	Nolan	4	4	4
2	Runnels	5	5	4
2	Scurry	4	4	5
2	Shackelford	4	4	4
2	Stephens	5	4	3
2	Stonewall	4	4	5
2	Taylor	5	4	3
2	Throckmorton	4	4	4
2	Wichita	5	5	4
2	Wilbarger	3	4	4
2	Young	4	4	4
3	Collin	4	4	4
3	Cooke	4	4	4
3	Dallas	4	4	4
3	Denton	4	4	4
3	Ellis	4	5	5
3	Erath	5	5	5
3	Fannin	5	5	4
3	Grayson	4	4	5
3	Hood	4	4	4
3	Hunt	4	4	5
3	Johnson	4	4	4
3	Kaufman	5	5	4
3	Navarro	4	4	5

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Palo Pinto	5	5	4
3	Parker	5	5	4
3	Rockwall	4	4	4
3	Somervell	4	4	5
3	Tarrant	4	4	4
3	Wise	5	5	5
4	Anderson	4	5	5
4	Bowie	5	4	4
4	Camp	3	4	5
4	Cass	4	4	4
4	Cherokee	4	4	5
4	Delta	6	6	6
4	Franklin	3	5	5
4	Gregg	4	4	4
4	Harrison	4	4	5
4	Henderson	4	5	4
4	Hopkins	4	4	4
4	Lamar	4	4	4
4	Marion	6	6	5
4	Morris	6	6	4
4	Panola	4	4	4
4	Rains	6	6	4
4	Red River	5	4	4
4	Rusk	5	4	4
4	Smith	4	4	4
4	Titus	5	5	5
4	Upshur	5	4	5
4	Van Zandt	5	4	4
4	Wood	5	5	5
5	Angelina	4	5	4
5	Hardin	4	4	4
5	Houston	5	5	5
5	Jasper	3	4	5
5	Jefferson	4	4	4
5	Nacogdoches	5	4	4
5	Newton	4	4	3
5	Orange	4	4	4
5	Polk	5	4	5
5	Sabine	4	4	4
5	San Augustine	6	5	4
5	San Jacinto	4	4	5
5	Shelby	4	4	5
5	Trinity	5	5	6
5	Tyler	4	4	5
6	Austin	4	4	5
6	Brazoria	4	5	4
6	Chambers	5	4	4
6	Colorado	5	4	4

2009 HTF AHNS - County

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Fort Bend	4	4	4
6	Galveston	5	5	5
6	Harris	4	4	4
6	Liberty	4	4	5
6	Matagorda	3	4	4
6	Montgomery	4	5	4
6	Walker	6	6	5
6	Waller	4	5	5
6	Wharton	4	4	4
7	Bastrop	4	4	5
7	Blanco	4	4	4
7	Burnet	5	5	5
7	Caldwell	4	4	5
7	Fayette	5	4	5
7	Hays	4	4	5
7	Lee	4	4	3
7	Llano	4	5	4
7	Travis	4	4	4
7	Williamson	5	5	4
8	Bell	4	4	3
8	Bosque	3	4	5
8	Brazos	5	5	5
8	Burleson	5	5	4
8	Coryell	5	5	4
8	Falls	5	4	4
8	Freestone	4	4	5
8	Grimes	4	4	6
8	Hamilton	4	4	5
8	Hill	5	5	5
8	Lampasas	4	4	4
8	Leon	5	5	6
8	Limestone	5	5	4
8	Madison	4	3	4
8	McLennan	4	4	4
8	Milam	4	5	4
8	Mills	4	4	6
8	Robertson	4	4	5
8	San Saba	4	4	3
8	Washington	4	5	6
9	Atascosa	4	4	5
9	Bandera	4	6	6
9	Bexar	4	4	4
9	Comal	4	4	4
9	Frio	4	4	5
9	Gillespie	4	4	5
9	Guadalupe	4	4	5
9	Karnes	5	4	4
9	Kendall	4	5	6

2009 HTF AHNS - County

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Kerr	6	6	6
9	Medina	5	5	5
9	Wilson	5	5	4
10	Aransas	4	4	6
10	Bee	4	4	4
10	Brooks	4	3	5
10	Calhoun	5	5	3
10	DeWitt	5	5	5
10	Duval	4	4	4
10	Goliad	3	4	6
10	Gonzales	4	4	5
10	Jackson	4	4	4
10	Jim Wells	4	4	4
10	Kleberg	5	6	5
10	Lavaca	5	5	4
10	Live Oak	5	5	4
10	Nueces	4	4	4
10	Refugio	5	5	5
10	San Patricio	4	5	4
10	Victoria	5	5	4
11	Cameron	4	4	4
11	Dimmit	5	5	4
11	Edwards	5	4	5
11	Hidalgo	4	5	5
11	Jim Hogg	4	4	5
11	Kinney	4	4	4
11	La Salle	4	4	3
11	Maverick	4	4	4
11	Real	6	6	6
11	Starr	4	4	5
11	Uvalde	5	5	5
11	Val Verde	4	4	4
11	Webb	4	4	4
11	Willacy	4	4	5
11	Zapata	3	4	4
11	Zavala	5	5	5
12	Andrews	5	4	4
12	Coke	6	6	6
12	Concho	6	6	5
12	Crane	6	6	4
12	Crockett	4	4	4
12	Dawson	4	4	4
12	Ector	4	4	4
12	Gaines	4	4	4
12	Howard	5	5	4
12	Irion	3	3	5
12	Kimble	5	5	5
12	Martin	5	5	3

2009 HTF AHNS - County

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Mason	6	5	5
12	McCulloch	5	6	6
12	Menard	5	5	6
12	Midland	5	5	4
12	Pecos	3	3	4
12	Reagan	5	5	4
12	Reeves	3	3	4
12	Schleicher	3	3	6
12	Sterling	4	4	5
12	Sutton	3	4	4
12	Terrell	6	5	5
12	Tom Green	6	6	5
12	Upton	4	4	4
12	Ward	5	5	4
12	Winkler	4	4	3
13	Brewster	5	4	4
13	Culberson	6	6	3
13	El Paso	4	4	4
13	Hudspeth	5	4	5
13	Jeff Davis	4	4	4
13	Presidio	4	4	5

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Items

Presentation, Discussion and Possible Approval for Housing Tax Credit Extensions.

Required Action

Approve, Amend or deny the requests for extensions related to one (1) 2004, three (3) 2005, one (1) 2006, and two (2) 2007 Housing Tax Credit commitments.

Background

Pertinent facts about the request for extension are given below. The requests were accompanied by a mandatory $2,500 extension request fee.

HTC No. 05623, Coral Hills Apartments
(Cost Certification Extension)

Summary of Request: Pursuant to §49.15(a) of the 2005 Qualified Allocation Plan "…Developments requesting IRS Forms 8609 must submit the required Cost Certification documentation no later than April 1 of the year following the date the buildings were placed in service...". The owner missed the April 1, 2007 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on May 20, 2008 and the Real Estate Analysis Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Coral Hills Apartments, Ltd.
General Partner:	Summit America Properties XXIII, Inc.
Developer:	Summit Asset Management, LLC
Principals/Interested Parties:	W. Daniel Hughes, Jr.
City/County:	Houston/Harris
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	Acquisition/Rehab
Population Served:	Family
Units:	173 HTC units
2005 Allocation:	$214,140
Allocation per HTC Unit:	$1238
Extension Request Fee Paid:	$2,500
Current Deadline:	April 1, 2007
New Deadline Requested:	May 20, 2008
New Deadline Recommended:	**May 20, 2008**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

SUMMIT ASSET MANAGEMENT, L.L.C.

105 Tallapoosa Street, Suite 300
Montgomery, Alabama 36104

Telephone: 334.954.4458
Telecopier: 334.954.4496

05-21-08A10:25 RCVD

May 20, 2008

Texas Department of Housing
and Community Affairs
Attn: Teresa Morales
221 E 11th Street
Austin, Texas 78701

Dear Teresa,

Please find enclosed the Cost certification packet for Coral Hills Apartments, TDHCA # 05623. Also enclosed is a $2,500 extension fee.

Please let me know if you need any further information. You can reach me by phone at (334) 954-4458 or by email at mbrown@summitamerica.com

Sincerely,
Summit Asset Management

Misty M. Brown, CPA
Controller

HTC No. 05629, Village Park Apartments
(Cost Certification Extension)

Summary of Request: Pursuant to §49.15(a) of the 2005 Qualified Allocation Plan, "…Developments requesting IRS Forms 8609 must submit the required Cost Certification documentation no later than April 1 of the year following the date the buildings were placed in service...". The owner missed the April 1, 2007 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on May 20, 2008 and the Real Estate Analysis Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Village Park Apartments Partners, Ltd.
General Partner:	Summit America Properties, Inc
Developer:	Summit Asset Management, LLC
Principals/Interested Parties:	W Daniel Hughes, Jr.
City/County:	Houston/Harris
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	Acquisition/Rehab
Population Served:	Family
Units:	355 HTC units
2005 Allocation:	$574,490
Allocation per HTC Unit:	$1,618
Extension Request Fee Paid:	$2,500
Current Deadline:	April 1, 2007
New Deadline Requested:	May 20, 2008
New Deadline Recommended:	**May 20, 2008**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

SUMMIT ASSET MANAGEMENT, L.L.C.

105 Tallapoosa Street, Suite 300
Montgomery, Alabama 36104

Telephone: 334.954.4458
Telecopier: 334.954.4496

May 20, 2008

Texas Department of Housing
and Community Affairs
Attn: Teresa Morales
221 E 11th Street
Austin, Texas 78701

Dear Teresa,

Please find enclosed the Cost certification packet for Village Park Apartments, TDHCA # 05629. Also enclosed is a $2,500 extension fee.

Please let me know if you need any further information. You can reach me by phone at (334) 954-4458 or by email at mbrown@summitamerica.com

Sincerely,
Summit Asset Management

Misty M Brown

Misty M. Brown, CPA
Controller

05-21-08A10:10 RCVD

HTC No. 05034, Gardens of Taylor
(Cost Certification Extension)

Summary of Request: Pursuant to §49.15(a) of the 2005 Qualified Allocation Plan, "…Developments requesting IRS Forms 8609 must submit the required Cost Certification documentation no later than April 1 of the year following the date the buildings were placed in service...". The owner missed the April 1, 2007 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on September 3, 2008 and met the placed in service requirement identified in 49.15(a) of the 2005 Qualified Allocation Plan. Additionally, the owner has requested that the board consider refunding the $2500 extension fee for this extension request due to the owner's staff turnover, which led to the late submission of the cost certification documentation for this Development. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	The Gardens of Taylor, LP
General Partner:	Continental Realty, Inc.
Developer:	Continental Real Estate, Inc.
Principals/Interested Parties:	Ivan L. Haugh
City/County:	Taylor/Williamson
Set-Aside:	N/A
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	Elderly
Units:	36 HTC units
2005 Allocation:	$275,212
Allocation per HTC Unit:	$7,644
Extension Request Fee Paid:	$2,500
Current Deadline:	April 1, 2007
New Deadline Requested:	September 3, 2008
New Deadline Recommended:	**September 3, 2008**
Previous Extensions:	May 31, 2008
Staff Recommendation:	**Approve the extension as requested.**

CONTINENTAL DEVELOPMENT GROUP INC.
2909 SW PLASS COURT • TOPEKA, KANSAS 66611

09-25-08P04:03 RC

September 19, 2008

Kent Bedell
Multifamily Division
Texas Department of Housing and
Community Affairs
PO Box 13941
Austin, TX 78711-3941

RE: 05-034/08-016 Gardens of Taylor Extension and Application Amendment Fees

Dear Mr. Bedell,

Please find enclosed a check in the amount of $5,000 to cover the above referenced fees. My request for 2-$2,500 checks to cover the fees resulted in one check for the total amount.

I have informed Mr. Ben Sheppard of the nature and handling of the Application Amendment fee so that he may begin work on the application amendment knowing that the fee has been remitted. I would greatly appreciate your sending a short email to notify me and him of its receipt.

Finally, Audrey Martin had indicated there had been some difficulty communicating deficiencies of the final inspection to us. If you could attach those to an email, I will see that we get those addressed and resolved while we are correcting those from the cost certification so that we can ensure all of the deficiencies are corrected in order for the Forms 8609 to be issued timely.

Thank you for all of your assistance and consideration during this process. If there is anything I have overlooked or additional information you require, please feel free to contact me.

Regards,

Kenneth A. Young

Phone (785) 266-6133 info@continentalgroups.com Fax (785) 266-6134

CONTINENTAL DEVELOPMENT GROUP INC.

2909 SW PLASS COURT • TOPEKA, KANSAS 66611

September 3, 2008

Audrey Martin
Real Estate Analysis Division
Texas Department of Housing and
Community Affairs
221 E 11th Street
Austin, TX 78701

COST CERTIFICAT
SEP 10 2008
Texas Department of
Housing & Community Affairs

RE: 05-034/08-016 Gardens of Taylor Cost Certification

Dear Ms. Martin,

Thank you for your time this afternoon to discuss your email of September 2. I appreciate your informing me that the cost certification packet had arrived so that I knew it had completed its journey through the postal system.

As you will recall from our discussion, I am concerned about the additional $2,500 extension fee. As you are probably aware, these types of projects can ill afford unnecessary costs draining resources. As I shared with you during our telephone conversation, all staff with previous experience preparing and submitting cost certifications with TDHCA were no longer employed when we received your email regarding the original April 1 deadline. Our original extension request was for May 31. This date was selected for two reasons:

1) At that time we had already submitted documents and data to the outside auditor to have the cost certification prepared. Thus we felt that an extension of approximately two (2) months would be sufficient.
2) Although we were unsure as to the exact amount of time we would in fact need to complete the cost certification packet, we believed that a request for the following April 1 or even 6 or 8 months would be viewed as unreasonable. Furthermore, we wanted to convey that the packet was nearly, as we believed at the time, complete.

Several items required in the packet caused our original estimate to be substantially underestimated. The time required to collect or, in some instances, prepare the necessary documents caused our submission to be further delayed. The lack of these documents was due primarily, again, to the absence of any staff with any previous experience with the TDHCA Cost Certification Packet requirements. The delay occurred primarily due to:

Phone (785) 266-6133 info@continentalgroups.com Fax (785) 266-6134

- the LURA being not only unrecorded but not even been fully executed. Although processing of a LURA had begun, there were unresolved deficiencies in it. Not knowing a LURA had been started, a new one was prepared and submitted to TDHCA for review and execution, but was lost at TDHCA. Fortunately, when inquiry was made as to its arrival, the originally submitted LURA was reopened and its deficiencies cured. However, its review and execution by TDHCA and then shipping time back to us and then round trip for recording by the county clerk took considerable time.
- the exhibits requiring the architect's certification had not been submitted to the architect. Due to the time that had elapsed between the completion of the project and the request for such certification, there was some delay while the architect completed these certifications.

These, and other required documents, were pursued as expeditiously as possible while trying to accurately and completely compile the cost certification packet. Although we were unaware of the first deadline of April 1, we diligently pursued meeting the May 31 deadline. Unfortunately, in our inexperience, we did not realize that such a date was extremely underestimated. The resolution of the LURA alone took over one month. Although we do not anticipate having such difficulties in the future, should we again miss the April 1 deadline we will be able to make a much more informed estimate of the requested extension.

While we probably would not have needed an extension at all if the staff that started the processing of the LURA were available, the availability of that staff would have been able to give us better advice on how long the process would take. Simply put, the inexperience of the remaining staff underestimated the time requirement for compiling the cost certification packet. In light of the foregoing, we would ask that you reconsider our original request for extension using a date of August 31 rather than May 31.

Respectfully,

Kenneth A. Young

CONTINENTAL DEVELOPMENT GROUP INC.

2909 SW PLASS COURT • TOPEKA, KANSAS 66611

September 23, 2008

Ben Sheppard
Multifamily Division
Texas Department of Housing and
Community Affairs
PO Box 13941
Austin, TX 78711-3941

RE: 05-034/08-016 Gardens of Taylor Application Amendment

Dear Mr. Sheppard,

We have received the Request for Information regarding the cost certification for the above referenced project. Item #3 of that correspondence noted deficiencies in Exhibit 5A Development Summary with Architect's Certification. We are experiencing some difficulty obtaining an updated copy of Exhibit 5A. Once received, it will be forwarded to Mr. Rosalio Banuelos as part of the overall response to the cost certification deficiency notice.

First, in regards to the number of uncovered parking spaces, we would like to formally amend the application. The application shows 70 uncovered parking spaces and 22 "Clubhouse Parking Spaces" for a total of 92 parking spaces. The 70 uncovered spaces represent the total driveway parking spaces for the units (34-2 car garage and 2-1 car garage). The preliminary sketch of the site and the site plan both show two (2) rows of seven (7) spaces to the east of the community building, between it and Sloan Street. These 14 "Clubhouse Parking Spaces" plus the 70 spaces at the units makes the total uncovered parking spaces available 84. Moving the parking around to the front of the Community Building further reduced that number to 9 "clubhouse" spaces for a total of 79 which is the number of surface spaces to which the architect has certified. There has been no change in the number of surface spaces available for the tenant's use and we do not anticipate the reduction in clubhouse parking spaces to have any negative impact upon the community.

Second, in regards to the amenities to which the architect certified, we would like to formally amend and substitute the selected amenities. Two (2) of the noted amenities (covered entries and senior activity room) were, in fact, present and the architect simply failed to certify their presence. Two (2) other amenities (the horseshoe pit and mini-blinds) were put into place after the architect's last site visit during the construction process, which is why he did not certify them the first time. One (1) of the amenities (30-year architectural shingle roofing), through a communication failure by our construction manager, was not communicated to the architect or contractor. Consequently, "Comp Shingle (25-year)", as certified by the architect, is what was written in the project specifications and used in the construction. We would like to amend the application to substitute the following amenities in place (as certified by the architect) as correction of that deficiency: 1) Full perimeter fencing, 2) Equipped Business Center (computer & fax machine), 3) Library (separate from community room), 4) Self or continuous cleaning range, and 5) Central air system (14 SEER). These substitutions will increase the security, quality of life, and energy efficiency of the project to offset any negative impact due to the shorter life of the committed roofing materials. We further believe that the net effect on application points would be equal to or greater than the points awarded for the amenities to which we originally committed.

Finally, we had requested and been granted an extension of the April 1 cost certification deadline. The extended deadline of May 31 turned out to be overly optimistic on our part, due in large part to the inexperience of the newly hired staff with the Texas regulations. Therefore we have a second extension request (for August 31) that will be placed before the Board at its November meeting. In an effort to reduce the costs on a project that operates in an industry with severely limited cash flow to begin with, I would request that the extension and application amendment requests be combined into a single presentation before the Board.

I have made a similar request regarding the extension fee. Kent Bedell has explained to me that the $2,500 fee will be required in order for the extension request to go before the Board. At that time, the Board will also consider the request to waive the fee. If the decision is in our favor, then the fee would be refunded. I would expect the same process for this request. My check request for the fees resulted in one $5,000 check. I have forwarded that check, along with a letter detailing the amount and its dual purpose, to Mr. Bedell. I have enclosed a copy of the check and the letter for your reference.

As I pointed out at the outset, this application is part of the response to the cost certification review currently underway. I believe that most, if not all, of the requested documentation that is required to accompany such a request will be found there. If not, or if there is something I have omitted, please contact me directly. Thank you for your assistance and consideration in this process.

Respectfully,

Kenneth A. Young

Kenneth A. Young

HTC No. 060409, Artisan at Mission Creek Apartments (fka) Artisan at Military (Cost Certification Extension)

Summary of Request: Pursuant to §50.15(b)(2) of the 2006 Qualified Allocation Plan, "…Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins…". The owner missed the January l5, 2008 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on August 18, 2008 and the Real Estate Analysis Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	ARDC Military, Ltd.
General Partner:	252 ARDC Military, LLC
Developer:	Franklin Development Company
Principals/Interested Parties:	Aubra Franklin
City/County:	San Antonio/Bexar
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Family
Units:	252 HTC units
2007 Allocation:	$742,261
Allocation per HTC Unit:	$2,945
Extension Request Fee Paid:	$2,500
Current Deadline:	January 15, 2008
New Deadline Requested:	August 18, 2008
New Deadline Recommended:	**August 18, 2008**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

#13

FRANKLIN
DEVELOPMENT
A CORPORATION

October 13, 2008

Texas Department of Housing
and Community Affairs
Attn: Mr. Kent Bedell
221 East 11th Street
Austin, Texas 78711

Re: Extension for Artisan at Mission Creek Cost Certification Package (TDHCA # 060409)

Dear Mr. Bedell,

As required by the 2006 QAP, Franklin Development is requesting an extension on the submission of the Artisan at Mission Creek Cost Certification which was submitted to TDHCA August 2008. (8/18/08)

The delay in our submission was due to additional requirements needed by the auditor, Novogradac. These items took additional time to compile causing the delay in our submission. The required fee of $2,500 is submitted with this request per your instructions.

If you have any further questions, please don't hesitate to contact me.

Sincerely,

Ryan Wilson
Franklin Development

HTC No. 07401, Gulfway Manor Apartments
(Cost Certification Extension)

Summary of Request: Pursuant to §49.15(b)(2) of the 2007 Qualified Allocation Plan, "…Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins…". The owner missed the January l5, 2008 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on August 27, 2008 and the Real Estate Analysis Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	GW Affordable Housing, LP
General Partner:	Delphi Housing of Corpus Christi
Developer:	Delphi Community Housing 2006, LP
Principals/Interested Parties:	Daniel O'Dea
City/County:	Corpus Christi/Nueces
Set-Aside:	At-Risk
Type of Area:	Urban
Type of Development:	Acquisition/Rehab
Population Served:	Family
Units:	151 HTC units
2007 Allocation:	$481,841
Allocation per HTC Unit:	$3,191
Extension Request Fee Paid:	$2,500
Current Deadline:	January 15, 2008
New Deadline Requested:	August 27, 2008
New Deadline Recommended:	**August 27, 2008**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

Delphi
Affordable Housing Group

1717 West Sixth Street, Suite 315
Austin, Texas 78703
(512) 494-8200
Fax: (512) 494-8201

August 27, 2008

Rosalio Banuelos
Cost Certification Specialist
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: Rehabilitation of Gulfway Manor Apartments (4% tax credit project with bonds)
TDHCA Number 07401
Request for extension of time—late cost certification

Dear Rosalio:

Please accept this letter as our request for an extension of time to submit the cost certification past the January 15, 2008 deadline. The accountants were not able to submit cost certifications by January 15, 2008 due to the following reasons:

1. 100% of project costs were not recorded until March 2008.
2. The information to place buildings service and deem them qualified to recognize tax credits is available up to December 31, 2007. The calculation to qualify the buildings as able to recognize credit may not be finalized until post December 31, 2007.
3. The process to record the costs associated for year end 2007 and transfer the information financial statements as is required by the accountants surpasses December 31, 2007.
4. The process which the accountant's follow to verify, calculate and determine eligible basis as well as certify to the report exceeds the January 15 deadline as determined by TDHCA.

We have also enclosed our check number 8373 in the amount of $2500 as fees for this request.

Thank you for your review of the above. If you have any questions, please do not hesitate to contact me at 512 494 8200 ext. 212.

Sincerely,

Michelle Grandt

Michelle Grandt
Vice President
512.494.8200
michelle@delphihousing.com

HTC No. 07402, Rockwell Manor Apartments
(Cost Certification Extension)

Summary of Request: Pursuant to §49.15(b)(2) of the 2007 Qualified Allocation Plan, "…Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins…". The owner missed the January l5, 2008 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on August 27, 2008 and the Real Estate Analysis Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner: RM Affordable Housing, L.P.
General Partner: Delphi Housing of Brownsville, LLC
Developer: Delphi Community Housing 2006, LP
Principals/Interested Parties: Daniel F O'Dea
City/County: Brownsville/Cameron
Set-Aside: N/A
Type of Area: Urban
Type of Development: Acquisition/Rehab
Population Served: Family
Units: 124 HTC units
2007 Allocation: $364,165
Allocation per HTC Unit: $2,937
Extension Request Fee Paid: $2,500
Current Deadline: January 15, 2008
New Deadline Requested: August 27, 2008
New Deadline Recommended: August 27, 2008
Previous Extensions: N/A

Staff Recommendation: Approve the extension as requested.

Delphi
Affordable Housing Group

1717 West Sixth Street, Suite 315
Austin, Texas 78703
(512) 494-8200
Fax: (512) 494-8201

August 27, 2008

Rosalio Banuelos
Cost Certification Specialist
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: Rehabilitation of Rockwell Manor Apartments (4% tax credit project with bonds)
TDHCA Number 07402
Request for extension of time—late cost certification

Dear Rosalio:

Please accept this letter as our request for an extension of time to submit the cost certification past the January 15, 2008 deadline. The accountants were not able to submit cost certifications by January 15, 2008 due to the following reasons:

1. 100% of project costs were not recorded until March 2008.
2. The information to place buildings service and deem them qualified to recognize tax credits is available up to December 31, 2007. The calculation to qualify the buildings as able to recognize credit may not be finalized until post December 31, 2007.
3. The process to record the costs associated for year end 2007 and transfer the information financial statements as is required by the accountants surpasses December 31, 2007.
4. The process which the accountant's follow to verify, calculate and determine eligible basis as well as certify to the report exceeds the January 15 deadline as determined by TDHCA.

We have also enclosed our check number ________ in the amount of $2500 as fees for this request.

Thank you for your review of the above. If you have any questions, please do not hesitate to contact me at 512 494 8200 ext. 212.

Sincerely,

Michelle Grandt

Michelle Grandt
Vice President
512.494.8200
michelle@delphihousing.com

HTC No. 04496, Oak Tree Manor
(Cost Certification Extension)

Summary of Request: Pursuant to §49.16(a) of the 2004 Qualified Allocation Plan "…Developments requesting IRS Forms 8609 must submit the required Cost Certification documentation no later than April 1 of the year following the date the buildings were placed in service...". The owner missed the April 1, 2007 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on April 18, 2008 and the Real Estate Analysis Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Oak Tree Manor, Ltd.
General Partner:	Oak Tree Housing, LLC
Developer:	Artisan/ American Corp.
Principals/Interested Parties:	Vernon R. Young and H. Elizabeth Young
City/County:	Houston/Harris
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Elderly
Units:	250 HTC units
2004 Allocation:	$645,983
Allocation per HTC Unit:	$2,584
Extension Request Fee Paid:	$2,500
Current Deadline:	April 1, 2007
New Deadline Requested:	April 18, 2008
New Deadline Recommended:	**April 18, 2008**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

ARTISAN/AMERICAN CORP.

5325 KATY FREEWAY, SUITE ONE
HOUSTON, TEXAS 77007
(713) 626-1400
FAX: (713) 626-1098

May 29, 2008

Mr. Kent Bedell
TDHCA Real Estate Multifamily Division
221 East 11th Street
Austin, Texas 78701

RE: Oak Tree Manor – TDHCA File No: 04496
Cost Certification Deficiencies

Dear Kent,

Please find the attached check in the amount of $2,500.00 for the late submission of the cost certification for Oak Tree Manor.

I respectfully request that such extension be granted.

Thank you,

H. Elizabeth Young

Cc: Rosalio Banuelos
Cost Certification Specialist

10-30-08 A11:10 IN

Housing Tax Credit Program
Board Action Request
November 13, 2008

Action Item

Request review and board determination of one (1) four percent (4%) tax credit application with another issuer for tax-exempt bond transaction.

Recommendation

Staff is recommending that the board review and approve the issuance of one (1) four percent (4%) Tax Credit Determination Notices with **another issuer** for the tax-exempt bond transaction known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
08419	Chaminade Apartments	San Antonio	San Antonio Housing Trust Fund HFC	200	200	$12,693,440	$7,250,000	$485,141	$481,307

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits associated with Mortgage Revenue Bond Transactions with other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for Chaminade Apartments in San Antonio, #08419.

Summary of the Transaction

Background and General Information: The application was received on September 12, 2008. The Issuer for this transaction is San Antonio Housing Trust Finance Corporation with a reservation of allocation that expires on February 14, 2009. The development is acquisition and rehabilitation and will consist of 200 total units targeting the general population. All of the units (100%) are proposed to be restricted at 60% Area Median Family Income (AMFI). The proposed development will be located in San Antonio, Bexar County. The site is currently zoned for this type of development. The financing structure for this application indicates the bonds will be credit enhanced by Freddie Mac. Given the instability in the housing economic market, the applicant has indicated that Freddie Mac has committed to provide the credit enhancement financing for applications that were already in their pipeline. The Department has requested a copy of that letter; however, as of the date of this posting that letter has not been received.

Organizational Structure and Compliance: The Borrower is SAAHC Chaminade Apartments, L.P. and the General Partner is SAAHC Chaminade Apartments GP, LLC, of which the San Antonio Alternative Housing Corporation has 100% ownership interest. The Compliance Status Summary completed on October 13, 2008 reveals that the principals of the general partner have received five (5) multifamily awards that have been monitored with no material non-compliance.

Census Demographics: The development is to be located at 330 West Cheryl in San Antonio. Demographics for the census tract (1804.00) include AMFI of $34,248; the total population is 4,025; the percent of population that is minority is 90.43%; the percent of population that is below the poverty line is 32.60%; the number of owner occupied units is 539; the number of renter units is 820 and the number of vacant units is 72. (Census information from FFIEC Geocoding for 2008).

Public Comment: The Department has received no letters of support or opposition.

Recommendation

Staff recommends the Board approve the issuance of a Determination Notice of $481,307 in Housing Tax Credits for Chaminade Apartments.

Additionally, it is a condition of the Real Estate Analysis report that the Applicant submits to the Department a copy of the final executed Freddie Mac Commitment no later than November 12, 2008 and also submits, by this date, documentation from HUD that the anticipated increased HAP rents are achievable.

THE STATE OF TEXAS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 13, 2008

Development Information, Public Input and Board Summary

Chaminade Apartments, TDHCA Number 08419

BASIC DEVELOPMENT INFORMATION

Site Address:	330 West Cheryl			Development #:	08419
City:	San Antonio	Region:	9	Population Served:	General
County:	Bexar	Zip Code:	78228	Allocation:	Urban/Exurban
				Purpose/Activity:	ACQ/R

HOME Set Asides: ☐ CHDO ☐ Preservation ☐ General

Bond Issuer: San Antonio Housing Trust FC

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	SAAHC Chaminade Apartments LP
Owner Contact and Phone	Rod Radle, 2102242349
Developer:	San Antonio Alternative Housing Corporation
Housing General Contractor:	SAAHC No. 25 (dba SAAHC Construction Services)
Architect:	Hardy & Associates
Market Analyst:	Apartment Market Data, LLC
Syndicator:	First Sterling Financial Inc.
Supportive Services:	San Antonio Alternative Housing Corporation
Consultant:	n/a

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	80%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	200	0	0	50	100	50	0	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex

☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	200
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	200
Total Development Cost:	$12,693,440
Number of Residential Buildings:	17
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$485,141	$481,307	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 13, 2008

Development Information, Public Input and Board Summary

Chaminade Apartments, TDHCA Number 08419

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Van De Putte, District 26 NC

TX Representative: Martinez Fischer, District 11 NC

US Representative: González, District 20, NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Phil Hardberger, Mayor, City of San Antonio - NC

Resolution of Support from Local Government ☐

Individuals/Businesses: In Support: **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition from the community.

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development 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”).”

Receipt, review and acceptance, by the November 12th Board meeting, of documentation from HUD that the anticipated increased HAP rents are achievable.

Receipt, review and acceptance, by the November 12th Board meeting date, of a copy of the final executed Freddie Mac commitment affirming their participation in this transaction.

Receipt, review and acceptance, by cost certification, of documentation of the approved increased HAP rents via a newly executed HAP contract.

Receipt, review and acceptance by cost certification, of documentation that the soil surrounding the transformer behind building 16 has been tested and the repair or replacement of the transformer has been completed.

Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit and or allocation amount may be warranted.

THE STATE OF TEXAS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 13, 2008

Development Information, Public Input and Board Summary

Chaminade Apartments, TDHCA Number 08419

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:	Credit Amount:	$481,307

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed $481,307 annually for ten years, subject to conditions.

TDHCA Bond Issuance:	Bond Amount:	$0

Recommendation:

HOME Activity Funds:	Loan Amount:	$0
HOME CHDO Operating Expense Grant:	Grant Amount:	$0

Recommendation:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 10/22/08 PROGRAM: 4% HTC FILE NUMBER: **08419**

DEVELOPMENT

Chaminade Apartments

Location: 330 West Cheryl Region: 9
City: San Antonio County: Bexar Zip: 78228 ☒ QCT ☐ DDA
Key Attributes: Family, Acquisition/Rehab, Urban/Exurban and Multifamily

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$485,141			**$481,307**		

CONDITIONS

1 Receipt, review and acceptance, by the November 12th Board meeting, of documentation from HUD that the anticipated increased HAP rents are achievable.

2 Receipt, review and acceptance, by the November 12th Board meeting date, of a copy of the final executed Freddie Mac commitment affirming their participation in this transaction.

3 Receipt, review and acceptance, by cost certification, of documentation of the approved increased HAP rents via a newly executed HAP contract.

4 Receipt, review and acceptance by cost certification, of documentation that the soil surrounding the transformer behind building 16 has been tested and the repair or replacement of the transformer has been completed.

5 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit and or allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	200

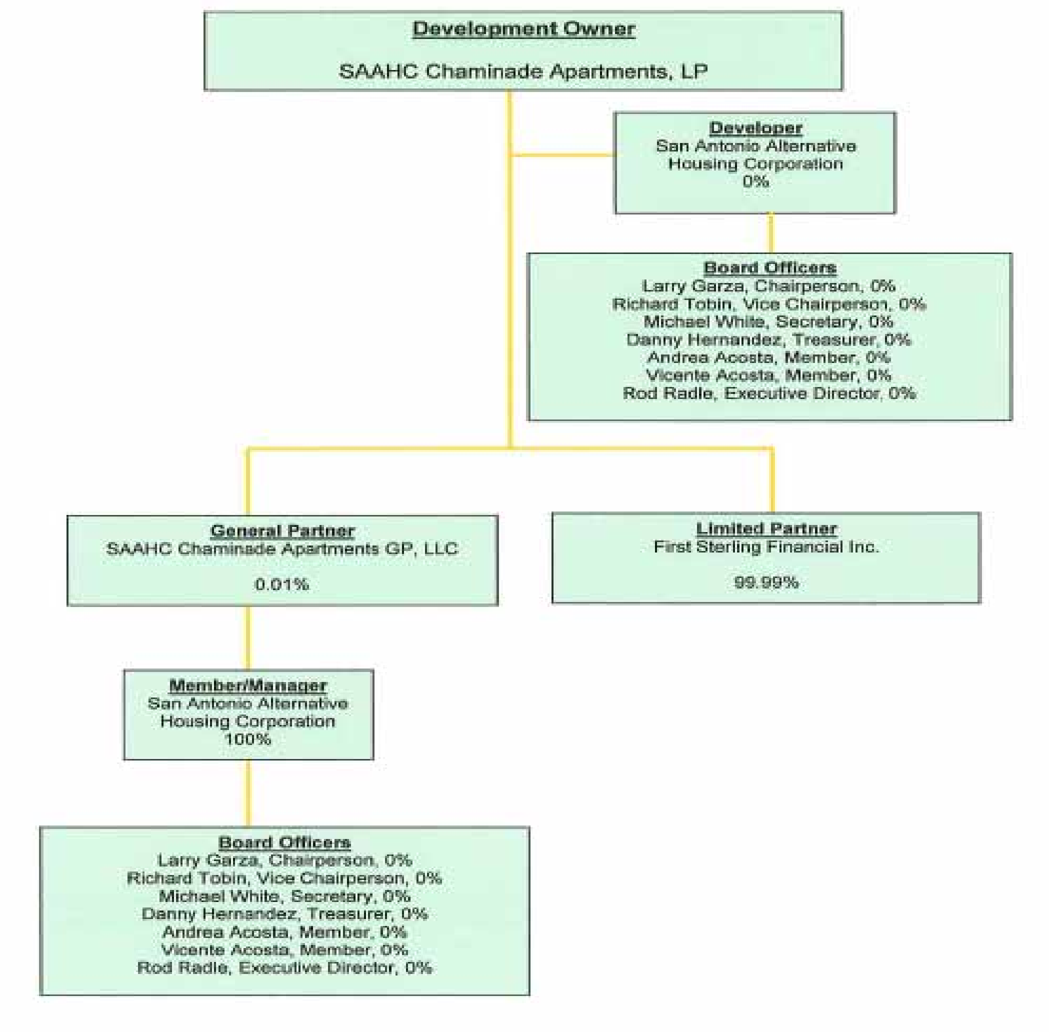
PROS	CONS
▫ The application proposes the rehabilitation of an existing 200 unit property constructed in 1970.	▫ The Underwriter's HISTA derived demand suggests an overall inclusive capture rate that exceeds the Department's 25% limit, however the Underwriter's traditional calculation comes within the limit.
▫ The Applicant has considerable experience and financial resources	

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Rod Radle Phone: (210) 224-2349 Fax: (210) 224-9686

Email: rodr@saahc.org

KEY PARTICIPANTS

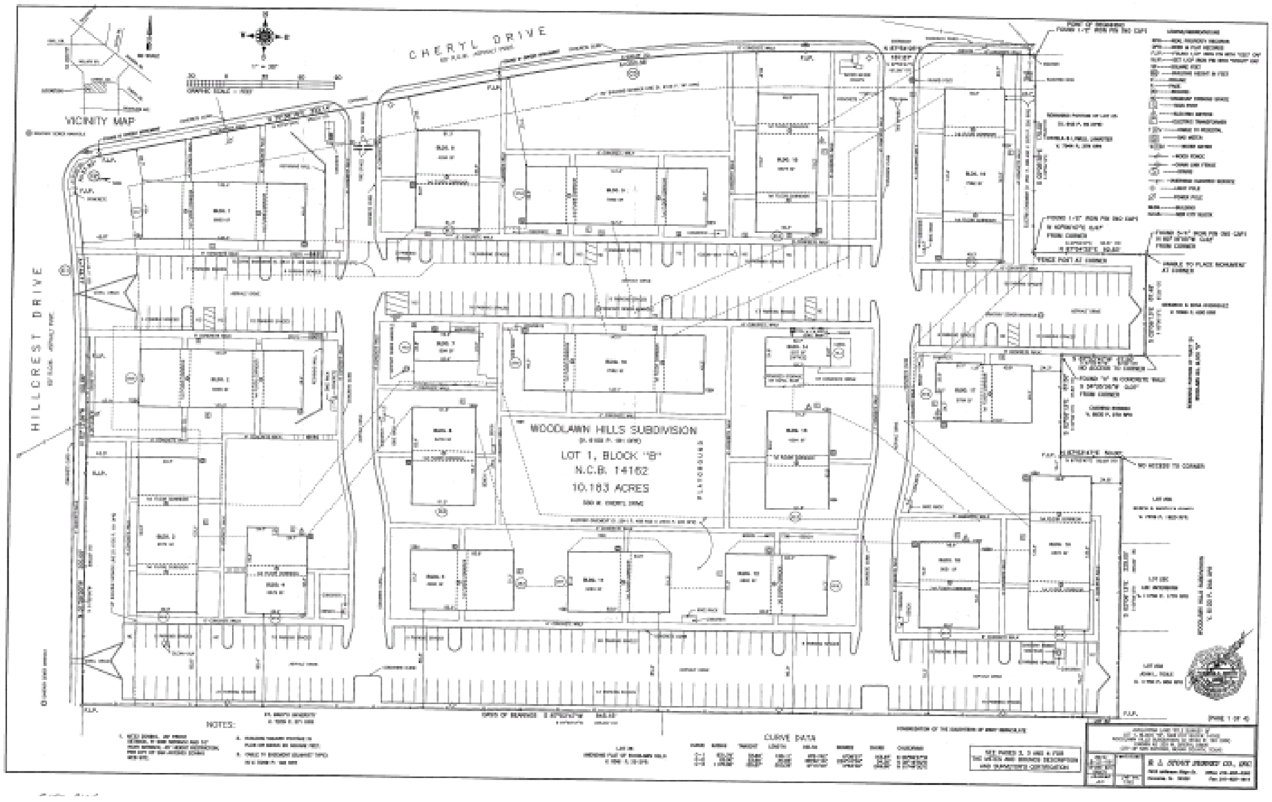
Name	Financial Notes	# Completed Developments
San Antonio Alternative Housing Corporation	N/A	7

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D	E	F	G				Total Buildings
Floors/Stories	2	2	2	2	2	2	2				
Number	4	1	6	3	1	1	1				**17**

BR/BA	SF	Units										Total Units	Total SF
1/1	595	8	2			16						50	29,750
2/1	768	8	6		16		6	8				100	76,800
3/1	925			8			2					50	46,250
Units per Building		16	8	8	16	16	8	8				**200**	**152,800**

Development Plan:

The Applicant provided a Property Condition Assessment reflecting the following scope of work:

The apartment buildings will be renovated without the demolition of any buildings. The only interior demolition will occur in the 10 units that will be gutted and converted to fully ADA compliant units. The property currently does not have any ADA units. A full rehabilitation of the interior and the exterior of the units is proposed. Interior renovation will consist of new appliances, new flooring to include wood plank vinyl in the living areas and carpet in the bedrooms, cabinets and counter tops in the kitchens and bathrooms will be replaced where needed, new ceiling fans and light fixtures in the bedrooms and in the living room, and new interior doors. Exterior renovation will consist of new roofs, new energy efficient double paned windows, new exterior doors, new paint, new A/C units, repaired plumbing and sewer, restriped and sealed parking lot, and wrought iron parameter fencing where needed.

This section intentionally left blank.

A new swimming pool will be built and new playground equipment installed. The storage area in the leasing office will be converted to a community Learning Center with a computer lab. The laundry center will be completely renovated with new washer and dryer equipment installed.

Review of the original Property Condition Assessment (PCA) prepared by EMG revealed discrepancies between the construction costs identified in the PCA versus those identified in the Applicant's development cost schedule. After discussions with the Applicant regarding these differences, the Applicant provided a revised PCA reconciling the differences identified previously. The revised report was not materially different than the original PCA provided and included additional construction costs not included in the original report.

Relocation Plan:

The Applicant plans no permanent displacement or permanent relocation of existing residents by reason of the rehabilitation of the property.

SITE ISSUES

Total Size: 10.18 acres
Flood Zone: X
Zoning: MF-33

Scattered site? ☐ Yes ☒ No
Within 100-yr floodplain? ☐ Yes ☒ No
Needs to be re-zoned? ☐ Yes ☒ No ☐ N/A

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff
Date: 10/1/2008

Overall Assessment:
☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:
North: West Cheryl Drive
East: Single Family Homes
South: Vacant Land
West: NW 36th Street

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: AMEC Earth & Environmental, Inc.
Date: 9/9/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- The assessment has revealed no evidence of recognized environmental conditions in connection with the property other than what is detailed below:
- There are 16 pad-mounted electrical transformers on the subject property. These transformers are believed to be owned and maintained by CPS Energy. One of the older pad-mounted electrical transformers located on the northeast portion of the site behind Building 16 exhibited evidence of transformer oil leakage. No obvious surface soil staining was noted at the transformer location. AMEC recommends that the oily substance be sampled and analyzed for PCTs by the transformer owner. PCB analysis of the surface soils immediately joining the base of the transformer should also be conducted. Additionally, a request for repair or replacement should also be forwarded to the transformer owner.
- Therefore, this report is conditioned upon receipt, review and acceptance, by cost certification, of documentation that the soil surrounding the transformer behind building 16 has been tested and the repair or replacement of the transformer has been completed.

MARKET HIGHLIGHTS

Provider: Apartment MarketData, LLC
Date: 9/8/2008
Contact: Darrell G. Jack
Phone: (210) 530-0040
Fax: (210) 340-5830
Number of Revisions: None
Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 17.25 square miles (2.3 miles radius)

The boundaries of the Primary Market Area follow those of the census tracts as listed: 480291704.01 480291705.00 480291706.00480291707.00 480291713.00 480291801.00 480291802.01 480291802.02 480291803.00 480291804.00 480291805.01 480291805.03 480291805.04 480291806.01 480291806.02 480291816.01 480291816.02 480291905.01 480291906.01. These boundaries approximately follow as such: North: Interstate 10 / Loop 410, East: Interstate 10, South: Culebra Road, and West: Loop 410.

Secondary Market Area (SMA):

A secondary market was not identified in the Market Study.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS								
PMA				SMA				
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25%	Comp Units
None	N/A	0	0	N/A				

INCOME LIMITS						
Bexar						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$22,980	$26,280	$29,520	$32,820	$35,460	$38,100

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1BR / 60% Rent Limit	249	0	0	249	50	0	20.1%
2BR / 60% Rent Limit	243	-7	0	236	100	0	42.4%
3BR / 60% Rent Limit	130	0	0	130	50	0	38.5%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					
Market Analyst p. 57	100% 31,736	100% 31,736	included in Tenure %	11% 3,523	47% 1,638
Underwriter	100% 31,736	100% 31,736	20% 6,284	38% 2,363	47% 1,099
PMA DEMAND from HOUSEHOLD GROWTH					
Market Analyst p. 57		100% -62	included in Tenure %	11% -7	100% -7
Underwriter		100% 83	20% 16	38% 6	100% 6
DEMAND from OTHER SOURCES					
Market Analyst p. 57					0
Underwriter					0

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 58	200	0	0	200	1,631	12.3%
Underwriter	200	0	0	200	1,105	18.1%
HISTA-Based Data Alternate	200	0	0	200	333	60.0%

The Underwriter calculated an inclusive capture rate utilizing the HISTA-based data alternative method and concluded a capture rate of 60%, which is above the Department's 25% guideline for family developments. However, the Underwriter was able to corroborate the Market Analyst's calculations using the traditional method of calculating demand and found the capture rate conclusions using this method to be acceptable.

Primary Market Occupancy Rates:

"The current occupancy of the market area is 94.1% as a result of stable demand." (p. 10)

Absorption Projections:

"Absorption over the previous eight years for all unit types has been 120 units per year. We expect absorption to increase as the number of new household continues to grow, and as additional rental units become available." (p. 11)

Unit Type (% AMI)	Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR 595 SF HAP	$367	$510	$560	$510	$143
2 BR 768 SF HAP	$415	$625	$625	$625	$210
3 BR 925 SF HAP	$443	$690	$725	$690	$247

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Affordable projects are 95.2% occupied. Affordable family projects are 93.9% occupied. This demonstrates that the demand for new affordable rental housing is high." (p. 14)

Comments:

The Market Analyst has provided a market study that meets the Department's guidelines and results in an inclusive capture rate below the 25% maximum for family transactions. Moreover, the property is currently 96% occupied according to the rent roll as of January 2008 provided in the application.

OPERATING PROFORMA ANALYSIS

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

The Applicant's net rents for all of the units are anticipated HAP Contract rents that have not yet been approved by HUD. The anticipated HAP Contract rents are, on average, 48% higher than the current HAP Contract rent levels. This is a significant increase that the Applicant is proposing and based on the Underwriter's analysis, at least this amount of increase is necessary in order for the development to maintain a minimum DCR of 1.15. Due to the significant increase anticipated, the Underwriter has asked the Applicant to provide some sort of documentation that conversations with HUD regarding the proposed increased HAP rents has occurred and that HUD is in agreement that the proposed rents are achievable. As a result, receipt, review and acceptance of this documentation by the November 13th Board meeting is a condition of this report. The property currently receives rental assistance on only 40 units. The market study reflects market rents that are at or slightly above the anticipated levels, which suggests that the anticipated rent levels would be achievable in this market.

The Underwriter has used the Applicant's anticipated basic rents for all units, but receipt, review, and acceptance, by cost certification, of documentation that HUD has approved the proposed increase in the HAP rents via a newly executed HAP contract is a condition of this report. The Applicant's secondary income and vacancy and collection loss estimates are in line with Department standards.

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

The Applicant total expense estimate of $4,027 per unit is within 5% of the Underwriter's estimate of $4,108 per unit derived from actual 2007 operating statements for the property, the TDHCA database, and IREM data. In addition, the Applicant's estimates of several line items differ significantly from the Underwriter's, including: general & administrative (27.0K lower), and property tax ($14.5K lower).

The Application does not anticipate a property tax exemption due to the participation of the San Antonio Alternative Housing Corporation in the ownership structure. The actual operating statements reflect no property taxes have been paid for the past two years and the Bexar County Appraisal District website reflects that the property, under the current owner, has a full property tax exemption. Of note, recent conversations with the Applicant reveal that the Applicant will apply to receive a 50% property tax exemption, but this expectation was not reflected in the application exhibits due to the uncertainty of being able to receive the exemption. For purposes of this analysis the Underwriter included a full property tax estimate consistent with the Applicant's expectations of paying property taxes. However, should the development receive a full or partial property exemption the year one proforma would still be acceptable with a DCR that falls within the Department's guidelines.

Conclusion:

The Applicant's estimate of income, expenses and NOI are all within 5% of the Underwriter's estimate; therefore, the Applicant's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.20.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant’s base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 with positive cashflow through Year 15. Therefore, the development can be characterized as feasible.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: LandAmerica Valuation Corporation Date: 8/22/2008

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

Land Only: 10.18 acres	$940,000	As of:	8/22/2008
Existing Buildings: (as-is)	$2,660,000	As of:	8/22/2008
Total Development: (as-is)	$3,600,000	As of:	8/22/2008

ASSESSED VALUE

Land Only: 10.18 acres	$332,710	Tax Year:	2008
Existing Buildings:	$3,859,760	Valuation by:	Bexar CAD
Total Assessed Value:	$4,192,470	Tax Rate:	2.536775

EVIDENCE of PROPERTY CONTROL

Type: Purchase and Sale Agreement Acreage: 10.18

Contract Expiration: 11/15/2008 Valid Through Board Date? ☒ Yes ☐ No

Acquisition Cost: $3,400,000 Other:

Seller: Chaminade Apartments Housing Trust Related to Development Team? ☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: One Date of Last Applicant Revision: 10/8/2008

Acquisition Value:

The site cost of $17,000 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of $2,618 per unit, which is slightly less than the estimate in the Property Condition Assessment provided. The underwriting analysis will reflect the value in the PCA.

Direct Construction Cost:

The Applicant's direct construction cost estimate is $3,387 higher than the estimate provided in the Property Condition Assessment (PCA). The underwriting analysis will reflect the PCA value.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the Application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule will be used to determine the development's need for permanent funds and calculate eligible basis. An eligible basis of $11,082,023 supports annual tax credits of $481,307. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

Issuer: San Antonio Housing Trust FC
Source: Wachovia Securities Type: **Interim to Permanent Bond Financing**
Tax-Exempt: $7,240,000 Interest Rate: 5.31% ☐ Fixed Amort: 420 months

Comments:

During the construction period and stabilization years the interest rate will be 4.36% and require interest only payments during the 24 months the Letter of Credit will be in place. The permanent rate will be variable during the term of the permanent loan based on the actual weekly remarketing of the bonds using the Variable Rate Demand Bond process. For purposes of this analysis, the Underwriter used the underwritten tax-exempt interest rate as defined in the commitment letter of 3.66% swap rate plus 165.5 basis points (credit enhancement, swap enhancement and liquidity fee of 108 bp; lender servicing fee of 44 bp; remarketing fee of 10 bp; and trustee and issuer fees of 3.5 bp).

Source: San Antonio Housing Trust Foundation Type: **Permanent Financing**
Principal: $600,000 Interest Rate: 5.0% ☒ Fixed Amort: 420 months

Comments:

All principal and interest payments will be deferred for 2 years and will not accrue.

Source: San Antonio Alternative Housing Corp. Type: **Permanent Financing**
Principal: $50,000 Interest Rate: 5.0% ☒ Fixed Amort: 420 months

Comments:

Payable with available cash flow only

Source: First Sterling Financial Inc. Type: **Syndication**

Proceeds: $4,074,369 Syndication Rate: 84% Anticipated HTC: $ 485,141

Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to $0.65. At this point the financial viability of the transaction may be jeopardized. Alternatively, should the final credit price increase to $0.94 all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Due to the uncertainty in the market and the potential for such movement in both equity pricing and interest rates, this report is conditioned upon updated loan and equity commitments at the submission of carryover. Should the revised commitments reflect changes in the anticipated permanent interest rate and equity price, a re-evaluation of the financial feasibility of the transaction should be conducted.

Amount: $727,005 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the permanent loan of $7,240,000 and the $600,000 San Antonio Housing Trust loan and the $50,000 SAAHC loan indicates the need for $4,803,440 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $571,953 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request of ($485,141), the gap-driven amount ($571,953), and eligible basis-derived estimate of ($481,307), the eligible basis-derived estimate of $481,307 is recommended resulting in proceeds of $4,042,173 based on a syndication rate of 84%.

The Underwriter's recommended financing structure indicates the need for $761,267 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within five years of stabilized operation.

Underwriter: Date: October 22, 2008

Carl Hoover

Reviewing Underwriter: Date: October 22, 2008

Raquel Morales

Director of Real Estate Analysis: Date: October 22, 2008

Tom Gouris

MULTIFAMILY COMPARATIVE ANALYSIS

Chaminade Apartments, San Antonio, 4% HTC #08419

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Current HAP	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%/HAP	27	1	1	595	$615	$367	$510	$13,770	$0.86	$33.02	$35.82
TC 60%	23	1	1	595	$615	$367	$510	$11,730	$0.86	$33.02	$35.82
TC 60%/HAP	9	2	1	768	$738	$415	$625	$5,625	$0.81	$37.93	$42.62
TC 60%	91	2	1	768	$738	$415	$625	$56,875	$0.81	$37.93	$42.62
TC 60%/HAP	4	3	1	925	$853	$443	$690	$2,760	$0.75	$43.38	$54.11
TC 60%	46	3	1	925	$853	$443	$690	$31,740	$0.75	$43.38	$54.11
TOTAL:	200		**AVERAGE:**	764			$613	$122,500	$0.80	$38.07	$43.79

INCOME		Total Net Rentable Sq Ft:	152,800		**TDHCA**	**APPLICANT**	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$1,470,000	$1,470,000	Bexar	San Antonio	9
Secondary Income			Per Unit Per Month:	$15.00	36,000	37,440	$15.60	Per Unit Per Month	
Other Support Income:					0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$1,506,000	$1,507,440			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(112,950)	(113,064)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$1,393,050	$1,394,376			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.68%	$395	0.52	$79,077	$52,100	$0.34	$261	3.74%
Management		4.07%	284	0.37	56,745	55,537	0.36	278	3.98%
Payroll & Payroll Tax		13.14%	915	1.20	183,066	195,000	1.28	975	13.98%
Repairs & Maintenance		6.73%	469	0.61	93,778	95,600	0.63	478	6.86%
Utilities		5.29%	368	0.48	73,667	95,600	0.63	478	6.86%
Water, Sewer, & Trash		6.60%	459	0.60	91,884	91,200	0.60	456	6.54%
Property Insurance		3.40%	237	0.31	47,344	40,000	0.26	200	2.87%
Property Tax	2.536775	5.46%	381	0.50	76,103	61,572	0.40	308	4.42%
Reserve for Replacements		4.31%	300	0.39	60,000	60,000	0.39	300	4.30%
TDHCA Compliance Fees		0.57%	40	0.05	8,000	8,000	0.05	40	0.57%
Other: Supp. Serv. & Security		3.64%	254	0.33	50,760	50,760	0.33	254	3.64%
TOTAL EXPENSES		58.89%	$4,102	$5.37	$820,424	$805,369	$5.27	$4,027	57.76%
NET OPERATING INC		41.11%	$2,863	$3.75	$572,626	$589,007	$3.85	$2,945	42.24%
DEBT SERVICE									
Wachovia Securities		32.74%	$2,280	$2.98	$456,080	$456,079	$2.98	$2,280	32.71%
San Antonio Housing Trust		2.61%	$182	$0.24	36,338	36,360	$0.24	$182	2.61%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		5.76%	$401	$0.52	$80,209	$96,568	$0.63	$483	6.93%
AGGREGATE DEBT COVERAGE RATIO					1.16	1.20			
RECOMMENDED DEBT COVERAGE RATIO						1.20			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	**TDHCA**	**APPLICANT**	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		26.79%	$17,000	$22.25	$3,400,000	$3,400,000	$22.25	$17,000	26.79%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		4.17%	2,645	3.46	528,992	523,539	3.43	2,618	4.13%
Direct Construction		34.04%	21,606	28.28	4,321,212	4,324,599	28.30	21,623	34.08%
Contingency	9.88%	3.77%	2,395	3.13	479,000	479,000	3.13	2,395	3.77%
Contractor's Fees	13.85%	5.29%	3,359	4.40	671,739	671,739	4.40	3,359	5.29%
Indirect Construction		3.91%	2,480	3.25	495,952	495,952	3.25	2,480	3.91%
Ineligible Costs		3.32%	2,107	2.76	421,417	421,417	2.76	2,107	3.32%
Developer's Fees	15.00%	11.39%	7,226	9.46	1,445,205	1,445,205	9.46	7,226	11.39%
Interim Financing		5.36%	3,400	4.45	679,923	679,923	4.45	3,400	5.36%
Reserves		1.97%	1,250	1.64	250,000	250,000	1.64	1,250	1.97%
TOTAL COST		100.00%	$63,467	$83.07	$12,693,440	$12,691,374	$83.06	$63,457	100.00%
Construction Cost Recap		*47.28%*	***$30,005***	***$39.27***	***$6,000,943***	***$5,998,877***	***$39.26***	***$29,994***	*47.27%*

SOURCES OF FUNDS						RECOMMENDED	
Wachovia Securities	57.04%	$36,200	$47.38	$7,240,000	$7,240,000	$7,240,000	Developer Fee Available
San Antonio Housing Trust	4.73%	$3,000	$3.93	600,000	600,000	600,000	$1,445,205
SAAHC				50,000	50,000	50,000	
HTC Syndication Proceeds	32.10%	$20,372	$26.66	4,074,369	4,074,369	4,042,173	% of Dev. Fee Deferred
Deferred Developer Fees	5.73%	$3,635	$4.76	727,005	727,005	761,267	53%
Additional (Excess) Funds Req'd	0.02%	$10	$0.01	2,066	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$12,693,440	$12,691,374	$12,693,440	$2,449,582

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Chaminade Apartments, San Antonio, 4% HTC #08419

PAYMENT COMPUTATION

Primary	$7,240,000	Amort	420
Int Rate	5.32%	DCR	1.26

Secondary	$600,000	Amort	420
Int Rate	5.00%	Subtotal DCR	1.16

Additional	$4,074,369	Amort	
Int Rate		Aggregate DCR	1.16

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$456,080
Secondary Debt Service	36,338
Additional Debt Service	0
NET CASH FLOW	$96,590

Primary	$7,240,000	Amort	420
Int Rate	5.32%	DCR	1.29

Secondary	$600,000	Amort	420
Int Rate	5.00%	Subtotal DCR	1.20

Additional	$4,074,369	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

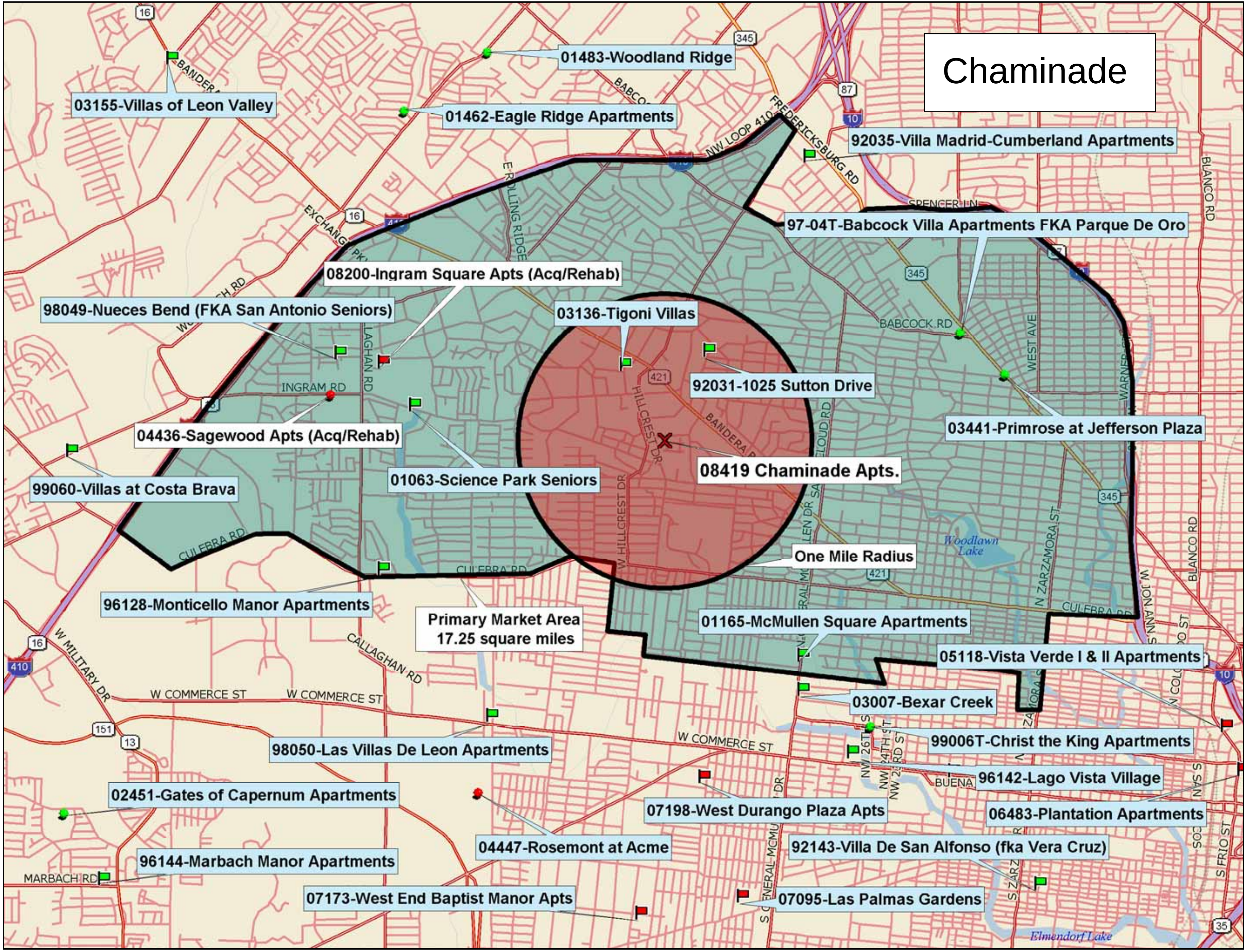
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,470,000	$1,514,100	$1,559,523	$1,606,309	$1,654,498	$1,918,017	$2,223,507	$2,577,654	$3,464,151
Secondary Income	37,440	38,563	39,720	40,912	42,139	48,851	56,631	65,651	88,230
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,507,440	1,552,663	1,599,243	1,647,220	1,696,637	1,966,867	2,280,138	2,643,305	3,552,381
Vacancy & Collection Loss	(113,064)	(116,450)	(119,943)	(123,542)	(127,248)	(147,515)	(171,010)	(198,248)	(266,429)
Employee or Other Non-Rental I	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,394,376	$1,436,213	$1,479,300	$1,523,679	$1,569,389	$1,819,352	$2,109,128	$2,445,057	$3,285,953
EXPENSES at 4.00%									
General & Administrative	$52,100	$54,184	$56,351	$58,605	$60,950	$74,155	$90,220	$109,767	$162,482
Management	55,537	57,204	58,920	60,687	62,508	72,464	84,005	97,385	130,878
Payroll & Payroll Tax	195,000	202,800	210,912	219,348	228,122	277,546	337,677	410,836	608,137
Repairs & Maintenance	95,600	99,424	103,401	107,537	111,838	136,069	165,548	201,415	298,143
Utilities	95,600	99,424	103,401	107,537	111,838	136,069	165,548	201,415	298,143
Water, Sewer & Trash	91,200	94,848	98,642	102,588	106,691	129,806	157,929	192,145	284,421
Insurance	40,000	41,600	43,264	44,995	46,794	56,932	69,267	84,274	124,746
Property Tax	61,572	64,035	66,596	69,260	72,031	87,636	106,623	129,723	192,022
Reserve for Replacements	60,000	62,400	64,896	67,492	70,192	85,399	103,901	126,411	187,119
Other	58,760	61,110	63,555	66,097	68,741	83,634	101,753	123,798	183,252
TOTAL EXPENSES	$805,369	$837,029	$869,938	$904,146	$939,705	$1,139,709	$1,382,472	$1,677,168	$2,469,342
NET OPERATING INCOME	$589,007	$599,185	$609,362	$619,532	$629,684	$679,644	$726,656	$767,889	$816,610
DEBT SERVICE									
First Lien Financing	$456,080	$456,080	$456,080	$456,080	$456,080	$456,080	$456,080	$456,080	$456,080
Second Lien	36,338	36,338	36,338	36,338	36,338	36,338	36,338	36,338	36,338
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$96,590	$106,768	$116,945	$127,115	$137,267	$187,227	$234,239	$275,472	$324,193
DEBT COVERAGE RATIO	1.20	1.22	1.24	1.26	1.28	1.38	1.48	1.56	1.66

HTC ALLOCATION ANALYSIS -Chaminade Apartments, San Antonio, 4% HTC #08419

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$940,000	$940,000				
Purchase of buildings	$2,460,000	$2,460,000	$2,460,000	$2,460,000		
Off-Site Improvements						
Sitework	$523,539	$528,992			$523,539	$528,992
Construction Hard Costs	$4,324,599	$4,321,212			$4,324,599	$4,321,212
Contractor Fees	$671,739	$671,739			$671,739	$671,739
Contingencies	$479,000	$479,000			$479,000	$479,000
Eligible Indirect Fees	$495,952	$495,952			$495,952	$495,952
Eligible Financing Fees	$679,923	$679,923			$679,923	$679,923
All Ineligible Costs	$421,417	$421,417				
Developer Fees						
Developer Fees	$1,445,205	$1,445,205	$368,998	$368,919	$1,076,207	$1,076,286
Development Reserves	$250,000	$250,000				
TOTAL DEVELOPMENT COSTS	$12,691,374	$12,693,440	$2,828,998	$2,828,919	$8,250,959	$8,253,104

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			$2,828,998	$2,828,919	$8,250,959	$8,253,104
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			$2,828,998	$2,828,919	$10,726,247	$10,729,035
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			$2,828,998	$2,828,919	$10,726,247	$10,729,035
Applicable Percentage			3.55%	3.55%	3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS			$100,429	$100,427	$380,782	$380,881
Syndication Proceeds		**0.8398**	**$843,438**	**$843,415**	**$3,197,927**	**$3,198,758**
Total Tax Credits (Eligible Basis Method)					**$481,211**	**$481,307**
Syndication Proceeds					**$4,041,365**	**$4,042,173**
Requested Tax Credits					**$485,141**	
Syndication Proceeds					**$4,074,369**	
Gap of Syndication Proceeds Needed					**$4,803,440**	
Total Tax Credits (Gap Method)					**$571,953**	



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TN
MN (5.4°E)

Scale 1 : 56,250

0 ¼ ½ ¾ 1 mi
0 ½ 1 1½ 2 km

1" = 4,687.5 ft

Data Zoom 11-7

Applicant Evaluation

Project ID **08419**

Name **Chaminade Apartments**

City: **San Antonio**

HTC 9% ☐ HTC 4% ☑ HOME ☐ BOND ☐ HTF ☐ SECO ☐ ESGP ☐ Other ☐

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

Portfolio Management and Compliance

Total # of MF awards monitored: 5

Total # of MF awards not yet monitored or pending review: 2

SF Contract Experience ☐ Yes ☑ No

Total # of SF Contracts: 0

Projects in Material Noncompliance

Yes ☐ **No** ☑

Total # of MF Projects in Material Noncompliance: 0

Projects grouped by score

0-9: 2

10-19: 2

20-29: 1

Total monitored with a score 0-29: 5

Completed by: J. Taylor

Date 10/1/2008

Reviewer: Patricia Murphy

Date 10/13/2008

Single Audit

☑ Single audit review not applicable

☐ Single audit review found no unresolved issues

☐ Late single audit certification form (see comments

☐ Past due single audit or unresolved single audit issue (see comments)

Reviewer: Lucy Trevino

Date 10/6/2008

Comments (if applicable):

Financial Administration
Loan Servicing

☑ No delinquencies found

☐ Delinquencies found (see comments)

Reviewer Candace Christiansen

Date 10/14/2008

Comments (if applicable):

Financial Administration
Financial Services

☑ No delinquencies found

☐ Delinquencies found (See Comments)

Reviewer Monica Guerra

Date 10/14/2008

Comments (if applicable):

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Possible Approval of Resolution Authorizing the Filing of Applications to the Texas Bond Review Board for H.R. 3221 Multifamily Private Activity Bond Authority. Resolution Nos. 09-005 and 09-012.

Requested Action

Approve the Resolutions authorizing the filing of applications to the Texas Bond Review Board for reservation of H.R. 3221 Multifamily Private Activity Bond Authority.

Background

The Housing and Economic Recovery Act of 2008 (H.R. 3221), signed into law on July 30, 2008, provides $11 billion in new tax-exempt volume cap authority for single family and multifamily housing development throughout the country (apportioned based on population) for use through the end of the year 2010. Any unused new authority allocated in 2008 can be carried forward but only for housing issues. The State of Texas is projected to receive $748 million for use over the next two and a half years.

Staff has participated in working group meetings with the Texas Association of Local Housing Finance Agencies (TALHFA), the Texas State Affordable Housing Corporation (TSAHC) and the Texas Bond Review Board (TBRB) to help draft rules relating to the distribution and use of the $748 million. The TBRB approved, on August 29, 2008, emergency rules relating to the distribution of this new volume cap. Staff is confident that the Department will be able to utilize a portion of this additional volume cap over the time allotted to help finance multifamily developments and is requesting $90 million to finance approximately six multifamily developments.

In addition to the $90 million, staff is hereby requesting that the Executive Director be granted the authority to reserve any of the H.R. 3221 volume cap that remains unused prior to the deadline for which carryforward by an issuer must be made. To mitigate the risk of having the allocation go unused, it is the intent of the Department to partner with any local HFA's (housing finance agencies) should they receive applications for multifamily developments. Staff is requesting the Board's approval for the Executive Director to negotiate a fee structure with local HFA's to fully utilize the additional allocation.

Recommendation

Approve the Resolution authorizing the filing of applications to the Texas Bond Review Board for reservation of $90 million in H.R. 3221 Multifamily Private Activity Bond Authority.

Approve the Resolution authorizing the filing of applications to the Texas Bond Review Board for reservation of any unused H.R. 3221 Multifamily Private Activity Bond Authority in an amount to be determined by the Executive Director but not to exceed $400 million.

Resolution No. 09-005

RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION FOR RESERVATION WITH TEXAS BOND REVIEW BOARD WITH RESPECT TO EMERGENCY HOUSING VOLUME CAP FOR QUALIFIED RESIDENTIAL RENTAL PROJECTS UNDER THE HOUSING AND ECONOMIC RECOVERY ACT OF 2008; 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 persons and families of low, very low and extremely low income and families of moderate income (all as defined in the Act); and

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

WHEREAS, pursuant to Section 3021 of the Housing and Economic Recovery Act of 2008, additional private activity bond volume cap for qualified mortgage bonds and qualified residential rental projects has become available to the State of Texas (the "Emergency Housing Volume Cap"); and

WHEREAS, in order to reserve a portion of the Emergency Housing Volume Cap for bonds (the "Reservation"), and to satisfy the requirements of Section 146(a) of the Internal Revenue Code of 1986, as amended (the "Code"), the Board has determined to file an application for reservation for Emergency Housing Volume Cap for one or more issues described in Section 142(a)(7) of the Code relating to qualified residential rental projects (the "Application for Reservation") with the Texas Bond Review Board (the "Bond Review Board"), in the manner authorized by Section 146(e) of the Code;

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

Section 1 - Application for Reservation. The Board hereby authorizes Vinson & Elkins L.L.P., as Bond Counsel to the Department, to file on its behalf with the Bond Review Board the Application for Reservation in the maximum amount of $90,000,000, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of the Reservation.

Section 2 - Authorization of Certain Actions. The Board authorizes the Executive Director, the staff of the Department, as designated by the Executive Director, and Bond Counsel to take such actions on its behalf as may be necessary to carry out the purposes of this Resolution. The Executive Director, the staff of the Department, as designated by the Executive Director, and Bond Counsel are further authorized to submit to the Bond Review Board an election to carry forward the Reservation.

Section 3 - Purposes of Resolution. The Board has expressly determined and hereby confirms that the issuance of the bonds will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 4 - Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 5 - Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

(Execution page follows)

PASSED AND APPROVED this 13th day of November, 2008.

C. Kent Conine, Chairman

ATTEST:

Kevin Hamby, Secretary to the Board

(SEAL)

Resolution No. 09-012

RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION FOR RESERVATION WITH TEXAS BOND REVIEW BOARD WITH RESPECT TO UNRESERVED EMERGENCY HOUSING VOLUME CAP FOR QUALIFIED RESIDENTIAL RENTAL PROJECTS UNDER THE HOUSING AND ECONOMIC RECOVERY ACT OF 2008; 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 persons and families of low, very low and extremely low income and families of moderate income (all as defined in the Act); and

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

WHEREAS, pursuant to Section 3021 of the Housing and Economic Recovery Act of 2008, additional private activity bond volume cap for qualified mortgage bonds and qualified residential rental projects has become available to the State of Texas (the "Emergency Housing Volume Cap"); and

WHEREAS, in order to reserve a portion of the Emergency Housing Volume Cap for bonds (the "Reservation"), and to satisfy the requirements of Section 146(a) of the Internal Revenue Code of 1986, as amended (the "Code"), the Board has determined to file an application for reservation for Emergency Housing Volume Cap for one or more issues described in Section 142(a)(7) of the Code relating to qualified residential rental projects (the "Application for Reservation") with the Texas Bond Review Board (the "Bond Review Board"), in the manner authorized by Section 146(e) of the Code;

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

<u>Section 1 - Application for Reservation</u>. The Board hereby authorizes Vinson & Elkins L.L.P., as Bond Counsel to the Department, to file on its behalf with the Bond Review Board the Application for Reservation in an amount not to exceed $400,000,000 of the unreserved portion of the State's Emergency Housing Volume Cap, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of the Reservation.

<u>Section 2 - Authorization of Certain Actions.</u> The Board authorizes the Executive Director, the staff of the Department, as designated by the Executive Director, and Bond Counsel to take such actions on its behalf as may be necessary to carry out the purposes of this Resolution. The Executive Director,

the staff of the Department, as designated by the Executive Director, and Bond Counsel are further authorized to submit to the Bond Review Board an election to carry forward the Reservation.

Section 3 - Purposes of Resolution. The Board has expressly determined and hereby confirms that the issuance of the bonds will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 4 - Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 5 - Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

(Execution page follows)

PASSED AND APPROVED this 13th day of November, 2008.

C. Kent Conine, Chairman

ATTEST:

Kevin Hamby, Secretary to the Board

(SEAL)

REQUEST FOR BOARD ACTION
Multifamily Finance Production

Private Activity Bond Program – Waiting List

1 Priority 2 Application for 2008 Waiting List

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 13, 2008

Action Item

Presentation, Discussion and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments throughout the State of Texas and Authorizing the Filing of related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2008, Resolution No. 09-013.

Requested Action

Approve the Inducement Resolution to proceed with application submission to the Texas Bond Review Board for possible receipt of State Volume Cap issuance authority from the 2008 Private Activity Bond Program for one (1) application.

Background

The Texas Bond Review Board (BRB) administers the state's annual bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds through the bond program. Each issuer's Board is required to induce an application for bonds prior to the submission to the BRB. The Board approval of the inducement resolution is the first step for the Board in the application process. The inducement allows staff to submit the application to the BRB to await a reservation of allocation. Once the application receives a reservation of allocation, the Applicant has 150 days to close on the private activity bond transaction. During the 150 day process, the Department will review the Applicant's complete application for threshold and compliance with the Department's Rules and is underwritten to determine financial feasibility. The Department will schedule and conduct a public hearing in the community of the proposed location of the development. The complete application including a transcript from the hearing will then be presented before the Board again for a decision on the actual issuance of the bonds as well as the allocation of housing tax credits.

Each year, the State of Texas is notified of the cap on the amount of private activity tax-exempt revenue bonds that may be issued within the state. Approximately $440 million is set aside for multifamily until August 7th for the 2008 bond program year. From this pool of funds, TDHCA has a set aside of approximately $89 million available for new 2008 applications. If the Board approves the Waiting List application listed below it will be submitted to the Texas Bond Review Board.

Inducement Resolution 09-013 includes one (1) application that was received on or before October 9, 2008. The application will reserve approximately $15 million in 2008 state volume cap. Upon Board approval to proceed, the application will be submitted to the Texas Bond Review Board for placement on the 2008 Waiting List. The TDHCA Board has previously approved twelve (12) applications for the 2008 program year and has closed two (2) applications.

<u>Costa Mariposa, App. #08617</u>– The proposed new construction will consist of 252 units and will target the general population. It will be located on the north side of Monticello Drive, directly east of the College of the Mainland and approximately 50 yards northwest of the intersection of Monticello Drive and N. Vauthier Road, Texas City, Galveston County. Demographics for the census tract (7227.00) include AMFI of $44,310; the total population is 3,942; the percent of the population that is minority is

93.38%; the number of owner occupied units is 1,067; number of renter occupied units is 392; and the number of vacant units is 112. (Census Information from FFIEC Geocoding for 2008).

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

Recommendation

Approve the Inducement Resolution as presented by staff. Staff will present all appropriate information to the Board for a final determination for the issuance of the bonds and housing tax credits during the full application process for the bond issuance.

Texas Department of Housing and Community Affairs

2008 Multifamily Private Activity Bond Program - Waiting List

Application #	Development Information	Units	Bond Amount		Developer Information	Comments
08617 Priority 2	Costa Mariposa Palmer Highway and North Westward St. City: Texas City County: Galveston *New Construction*	252 General	$	15,000,000 Score = 72	Costa Mariposa, Ltd. Dan Markson 111 Soledad, Suite 1220 San Antonio, Texas 78205 (210) 487-7878	Recommend
Totals for Recommended Applications		**252**	**$**	**15,000,000**		

RESOLUTION NO. 09-013

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

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

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

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

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

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

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

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

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

WHEREAS, the Board intends that the issuance of Bonds for any particular Development is not dependent or related to the issuance of Bonds (as defined below) for any other Development and that a separate Application shall be filed with respect to each Development; and

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

BE IT RESOLVED BY THE BOARD THAT:

Section 1--Certain Findings. The Board finds that:

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

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

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

(d) each Owner is financially responsible; and

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

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

Section 3--Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

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

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

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

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

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

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

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

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

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

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

Section 14--Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of each Development's necessary review and legal documentation for the filing of an Application for the 2008 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof. Staff may apply for private activity bond volume cap made available by the Housing and Economic Recovery Act of 2008. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner so long as the Application is re-submitted within the current or following program year.

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

Section 16--Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of each respective Development which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of each respective Development may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

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

Section 18--Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 19--Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 20--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 13th day of November, 2008.

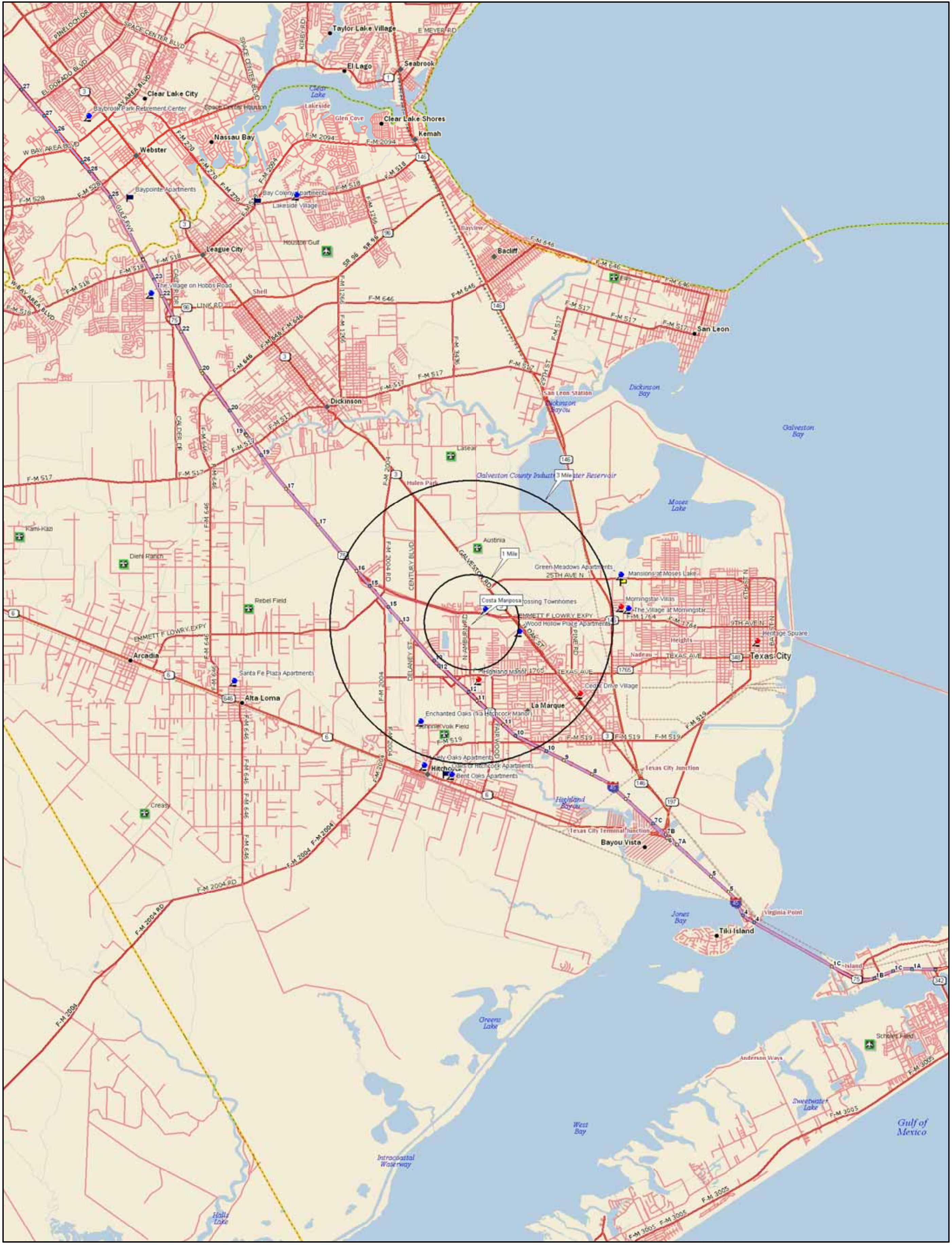
By: ___________________________________
Chairman, Governing Board

Attest: ___________________________________
Secretary to the Governing Board

EXHIBIT “A”

Description of each Owner and its Development

Project Name	Owner	Principals	Amount Not to Exceed
Costa Mariposa	Costa Mariposa, Ltd., or other entity	the General Partner of which is NRC Costa Mariposa, LLC, or other entity	$15,000,000
Costs: (i) acquisition of real property located on the north side of Monticello Drive, directly east of the College of the Mainland and approximately 50 yards northwest of the intersection of Monticello Drive and N. Vauthier Road, Texas City, Galveston County, Texas 77591; and (ii) the construction thereon of an approximately 252-unit multifamily residential rental housing development, in the amount not to exceed $15,000,000.			



TN

MN (3.3°E)

Scale 1 : 175,000

0 1 2 3 4 5 mi

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1" = 2.76 mi

Data Zoom 11-0

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

November 13, 2008

Action Items

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

Required Action

Approve or deny the Colonia SHC Program award recommendation to Webb County.

Background

Colonia Self-Help Centers Program

The Colonia Self-Help Centers (SHC) were created by Acts of the 74th Legislature of the state of Texas in 1995. The purpose of a Colonia SHC is to assist individuals and families of low-income and very low-income to finance, refinance, construct, improve or maintain a safe, suitable home in the designated colonia service area or in another area that the Texas Department of Housing and Community Affairs (TDHCA) has determined is suitable. Pursuant to Subchapter Z of Chapter 2306 of the Texas Government Code, TDHCA has established Colonia SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr and Webb Counties. If TDHCA determines it necessary and appropriate, statute allows for Colonia SHCs to be established in any other county if the county is designated as an economically distressed area under Chapter 17 of the Water Code. In 2001, the Department opened two additional centers in Maverick and Val Verde Counties to address the needs of colonias in those counties.

On February 1, 2007, the TDHCA Governing Board approved the first edition of the Colonia SHC Program Rules. The purpose of the rules was to make the program more transparent, reflect the self-help concepts included in statute and facilitate the completion of SHC activities within the original contract period. The development of program rules has led to a more structured and uniform funding proposal process.

TDHCA will allocate no more than $1.2 million per Colonia SHC contract in accordance with the Program Rules. If there are insufficient funds available from any specific year to fully fund a proposal, the affected county may accept the amount available at that time and then wait for the remainder to be funded with a contract utilizing the next year's funding allocation.

According to statute, it is the responsibility of TDHCA to designate a geographic area for the services provided by each SHC. In consultation with the Colonia Resident Advisory Committee (C-RAC) and the county, TDHCA designates 5 colonias in each service area to receive concentrated attention from that SHC. The purpose of the C-RAC is to advise the TDHCA Governing Board regarding the needs of the colonia residents, programs that are appropriate and effective for Colonia SHCs and activities that may be undertaken to better serve colonia residents. The county submitting a funding proposal is required to conduct and submit a needs assessment for each colonia designated to receive that concentrated attention in the proposal. Based on the results of the assessments, the county must develop a scope of work to be conducted for each colonia in accordance with the eligible activities as defined in statute and the Program Rules. A scope of work was outlined in a funding proposal and these proposals were formally presented to C-RAC (before the 30th day preceding the date on which a contract is scheduled to be awarded by the Board as required by Section 2306.585 (b) of the Texas Government Code) on October 3, 2008 in Webb County, Texas to receive their comments and suggestions in fulfillment of C-RAC's obligation to the Board.

Colonia SHC Funding

The Colonia SHCs are funded through a 2.5% set-aside (approximately $1.8 million per year) of the annual Community Development Block Grant (CDBG) non-entitlement allocation to the state of Texas. The management of CDBG funds is dictated through a Memorandum of Understanding (MOU) between the Office of Rural Community Affairs (ORCA), which receives the allocation from the US Department of Housing and Urban Development (HUD), and TDHCA. The Colonia SHC contracts are four-year contracts as specified by statute; however, if contractor localities are able to complete all contractual requirements before the expiration of the four-year contract period, they may go ahead and submit a proposal for a new contract. Proposals for new funding will be placed on a first-come, first-serve waiting list until there is sufficient funding available.

Colonia SHC Award Descriptions

Webb County

The Commissioners' Court of Webb County awarded the principal subcontract to service the Colonia SHC to the Webb County Community Action Agency. This will be Webb County's fourth Colonia SHC contract.

Contractor:	Webb County
Contact:	The Honorable Danny Valdez, County Judge
Address:	1000 Houston Street, 3rd Floor Laredo, Texas 78040

Purpose of Contract: The County of Webb, through their contract with the Webb County Community Action Agency, shall provide housing and community development to the following colonias: Los Altos, Tanquecitos I & II, San Carlos I & II, Ranchitos 359 East, and D-5 Acres. The County proposes to do the following housing and community development activities:

Performance activity	Proposed	Budget
Public Service		**$180,000.00**
• Construction Skills Training	40 classes	
• Homeownership and Instructional Classes	32 classes	
• Solid Waste Removal	4 activities	
• Technology Access	20 classes	
• Tool Library Program	1 library	
Residential Rehabilitation		**$710,000.00**
• Colonia Housing Rehabilitation	20 homes	$510,000.00
• House-to-Line Connections	21 Connections	$105,000.00

- Special Needs Home Improvements/Accessibility	35 homes	$95,000.00
Residential Reconstruction (Not Feasible for Rehab)	2 homes	**$90,000.00**
New Construction (Other 105 (a) 15)	2 homes	**$100,000.00**
Administration		**$120,000.00**
Total		**$1,200,000.00**

The Colonia SHC contract will benefit one thousand two hundred twelve (1,212) persons of which one thousand one hundred fifty-one (1,151) or ninety-five percent (95%) are of low to moderate income.

Webb County's Previous Performance

Webb County has successfully completed the project activities of two previous contracts. The county's third contract expired on October 30, 2008 and an on-site monitoring visit by the Department's Portfolio Management and Compliance Division is scheduled for the last week of November. It is anticipated that there will be no findings and that the contract will be administratively closed in a timely manner.

Recommendation

Approval of Colonia SHC funding award to Webb County for the operation of the Webb County Colonia SHC in the amount as described below.

NAME	FUNDING YEAR	TOTAL AWARD
Webb County	FY 2008	$1,200,000

2008 COLONIA SELF-HELP CENTER FUNDING AWARD

STAFF RECOMMENDATIONS

WEBB COUNTY

The Office of Colonia Initiatives Division of the Texas Department of Housing and Community Affairs recommends that Webb County be awarded a Colonia Self-Help Center Contract in the amount of $1,200,000 from a portion of the 2.5% set-aside from 2008 Community Development Block Grant allocation to the state of Texas from the US Department of Housing and Urban Development.

Contract Information

County:	Webb
Grantee:	Webb County
Fund:	Colonia Self-Help Center
Region Name:	South Texas Development Council
House District:	42
Senate District:	21
US Congress:	28
Funded Amount:	$1,200,000
Proposed Beneficiaries:	1,212

Project Description

Webb County shall provide housing and community development services through a Colonia Self-Help Center to the following colonias: Los Altos, Tanquecitos I & II, San Carlos I & II, Ranchitos 359 East, and D-5 Acres. The activities funded through the 2008 allocation will include: construction skill training, homeownership and instructional classes, solid waste removal, technology access, tool library, residential rehabilitation, house-to-line connections, special needs home improvements and accessibility, residential reconstruction, and new construction.

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

November 13, 2008

Action Items

Presentation, Discussion and Possible Approval of a Colonia Self Help Center (SHC) Program Award to Cameron/Willacy Counties through Community Development Block Grant (CDBG) Funding.

Required Action

Approve or deny the Colonia SHC Program award recommendation to Cameron/Willacy Counties.

Background

Colonia Self-Help Centers Program

The Colonia Self-Help Centers (SHC) were created by Acts of the 74th Legislature of the state of Texas in 1995. The purpose of a Colonia SHC is to assist individuals and families of low-income and very low-income to finance, refinance, construct, improve or maintain a safe, suitable home in the designated colonia service area or in another area that the Texas Department of Housing and Community Affairs (TDHCA) has determined is suitable. Pursuant to Subchapter Z of Chapter 2306 of the Texas Government Code, TDHCA has established Colonia SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr and Webb Counties. If TDHCA determines it necessary and appropriate, statute allows for Colonia SHCs to be established in any other county if the county is designated as an economically distressed area under Chapter 17 of the Water Code. In 2001, the Department opened two additional centers in Maverick and Val Verde Counties to address the needs of colonias in those counties.

On February 1, 2007, the TDHCA Governing Board approved the first edition of the Colonia SHC Program Rules. The purpose of the rules was to make the program more transparent, reflect the self-help concepts included in statute and facilitate the completion of SHC activities within the original contract period. The development of program rules has led to a more structured and uniform funding proposal process.

TDHCA will allocate no more than $1.2 million per Colonia SHC contract in accordance with the Program Rules. If there are insufficient funds available from any specific year to fully fund a proposal, the affected county may accept the amount available at that time and then wait for the remainder to be funded with a contract utilizing the next year's funding allocation.

According to statute, it is the responsibility of TDHCA to designate a geographic area for the services provided by each SHC. In consultation with the Colonia Resident Advisory Committee (C-RAC) and the county, TDHCA designates 5 colonias in each service area to receive concentrated attention from that SHC. The purpose of the C-RAC is to advise the TDHCA Governing Board regarding the needs of the colonia residents, programs that are appropriate and effective for Colonia SHCs and activities that may be undertaken to better serve colonia residents. The county submitting a funding proposal is required to conduct and submit a needs assessment for each colonia designated to receive that concentrated attention in the proposal. Based on the results of the assessments, the county must develop a scope of work to be conducted for each colonia in accordance with the eligible activities as defined in statute and the Program Rules. A scope of work was outlined in a funding proposal and these proposals were formally presented to C-RAC (before the 30th day preceding the date on which a contract is scheduled to be awarded by the Board as required by Section 2306.585 (b) of the Texas Government Code) on October 3, 2008 in Webb County, Texas to receive their comments and suggestions in fulfillment of C-RAC's obligation to the Board.

Colonia SHC Funding

The Colonia SHCs are funded through a 2.5% set-aside (approximately $1.8 million per year) of the annual Community Development Block Grant (CDBG) non-entitlement allocation to the state of Texas. The management of CDBG funds is dictated through a Memorandum of Understanding (MOU) between the Office of Rural Community Affairs (ORCA), which receives the allocation from the US Department of Housing and Urban Development (HUD), and TDHCA. The Colonia SHC contracts are four-year contracts as specified by statute; however, if contractor localities are able to complete all contractual requirements before the expiration of the four-year contract period, they may go ahead and submit a proposal for a new contract. Proposals for new funding will be placed on a first-come, first-serve waiting list until there is sufficient funding available.

Colonia SHC Award Descriptions

Cameron/Willacy Counties

The Commissioners' Courts of Cameron/Willacy Counties awarded the principal subcontract to service the Colonia SHC to the Community Development Corporation of Brownsville (CDCB). This will be Cameron/Willacy Counties' fourth Colonia SHC contract.

Contractor: Cameron/Willacy Counties

Contact: The Honorable Carlos Cascos, Cameron County Judge

Address: 964 E. Harrison
Brownsville, TX 78520

Purpose of Contract: The Counties of Cameron and Willacy, through their contract with the Community Development Corporation of Brownsville (CDCB), shall provide housing and community development to the following colonias: Sunny Skies, Cameron Park, Laguna Heights, and La Paloma Colonias in Cameron County and the Los Angeles Colonia in Willacy County. The Counties propose to do the following housing and community development activities:

Performance activity	Proposed	Budget
Public Service		**$25,000.00**
• Homeownership Classes	125 classes	
• Tool Library Program	1 library	
Residential Rehabilitation		**$316,600.00**
• Colonia Housing Rehabilitation	18 homes	
• Colonia Self-Help Home Repair	45 homes	
Residential Reconstruction (Not Feasible for Rehab)	17 homes	**$708,400.00**
Administration		**$150,000.00**
Total		**$1,200,000.00**

The Colonia SHC contract will benefit seven thousand seven hundred twenty-three (7,723) persons, of which six thousand two hundred fifty-six (6,256) or eighty-one percent (81%) are of low to moderate income.

Cameron/Willacy Counties' Previous Performance

Cameron/Willacy Counties have completed the project activities of two previous contracts. The most recent third contract expired on July 31, 2007 and is being prepared for administrative closure by the Office of Rural Community Affairs. The delay between the expiration date and close date is a result of issues revolving around ineligible activities which were resolved through a combined effort by the OCI and TDHCA executive staff.

Recommendation

Cameron and Willacy Counties requested $1.5 million, $300,000 above the maxium amount allowable per the Texas Administrative Code, to cover additional housing rehabilitation and reconstruction costs. The OCI does not recommend a waiver to the maximum award and feels that the counties should utilize other disaster-related funds, including from the HOME Division. The additional $300,000 would decrease the amount of funding available for the other six Self-Help Centers if awarded. However, the OCI acknowledges that additional funding is available should the Board deem it appropriate to grant a waiver of the program rule for maximum allocation.

Approval of Colonia SHC funding award to Cameron/Willacy Counties for the operation of the Cameron/Willacy Counties Colonia SHC in the amount as described below.

NAME	FUNDING YEAR	TOTAL AWARD
Cameron/Willacy Counties	FY 2008	$206,994
	FY 2001*	$91.01
	FY 2002*	$847,891
	FY 2003*	$145,023.99
	Total	**$1,200,000**

* Deobligated Self-Help Center Program Funds

2008 COLONIA SELF-HELP CENTER FUNDING AWARD

STAFF RECOMMENDATIONS

CAMERON/WILLACY COUNTIES

The Office of Colonia Initiatives Division of the Texas Department of Housing and Community Affairs recommends that Cameron/Willacy Counties be awarded a Colonia Self-Help Center Contract in the amount of $1,200,000 from deobligated funds and the remainder of the 2.5% set-aside from 2008 Community Development Block Grant allocation to the state of Texas from the US Department of Housing and Urban Development.

Contract Information

County:	Cameron and Willacy
Grantee:	Cameron/Willacy Counties
Fund:	Colonia Self-Help Center
Region Name:	South Texas Development Council
House District:	37/38/43
Senate District:	27
US Congress:	15/27
Funded Amount:	$1,200,000
Proposed Beneficiaries:	7,723

Project Description

Cameron/Willacy Counties shall provide housing and community development services through a Colonia Self-Help Center to the following colonias: Sunny Skies, Cameron Park, Laguna Heights, La Paloma, and Los Angeles. The activities funded through deobligated funds and portions of the 2008/2009 allocation will include: homeownership classes, tool library, residential rehabilitation, self-help small home repair, and residential reconstruction.

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

November 13, 2008

Action Items

Presentation, discussion and possible approval of the Texas Department of Housing and Community Affairs (TDHCA) Texas Bootstrap Loan Program Notice of Funding Availability (NOFA).

Required Action

Approve, deny or approve with amendments the TDHCA Texas Bootstrap Loan Program NOFA.

Background

Staff is recommending the Board approve the announcement of the availability of approximately **Three Million Dollars ($3,000,000)** from the State of Texas Housing Trust Fund for the Bootstrap Program. The Bootstrap Program provides funds to purchase or refinance real property on which to build new residential or improve existing residential housing through self-help construction for very low and extremely low income individuals and/or families (owner-builders), including persons with special needs.

On July 31, 2008, the Department's Governing Board approved the 2009 Housing Trust Fund (HTF) Annual Plan. Included in the 2009 HTF Annual Plan was the use of $3,000,000 for the Texas Bootstrap Loan Program. TDHCA is required under Section 2306.753 (d) of the Texas Government Code, to set aside at least two-thirds ($2,000,000) of the available funds for Owner-Builders whose property is located in a county that has an economically distressed area. The remainder of the funding, one-third ($1,000,000), will be available statewide. Attached is the NOFA that will be posted in the *Texas Register* outlining the program guidelines. These funds will be added to the Bootstrap Reservation System which is a ready to proceed model and has separate pools of funding for the set-aside requirement and non set-aside areas which will ensure appropriate funding amounts for the respective areas.

TDHCA is required under Section 2306.7581 (a-1) of the Texas Government Code, to make available each state fiscal year $3,000,000 for mortgage loans to very low-income families (60% Area Median Family Income) not to exceed $30,000 per unit. This program is a self-help construction program, which is designed to provide very low-income families an opportunity to help themselves attain homeownership or repair their existing home through sweat equity. All participants under this program are required to provide at least 60 percent of the labor that is necessary to construct or rehabilitate the home. All applicable building codes and housing standards are adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources such as private lending institutions, local governments, or any other sources; however, according to statute, all combined loans cannot exceed $60,000 per unit.

Recommendation

Approve or approve with modifications the TDHCA Texas Bootstrap Loan Program NOFA

<p><etb>Texas Department of Housing and Community Affairs<et>
<p><etb>FY 2009 Texas Bootstrap Loan Program<et>
<p><etb>Notice of Funding Availability (NOFA)<et>

<p>The Texas Department of Housing and Community Affairs (TDHCA), through its Office of Colonia Initiatives (OCI), is pleased to announce the availability of approximately Three Million Dollars ($3,000,000) of State of Texas Housing Trust Funds for the Texas Bootstrap Loan Program. The purpose of the funding is to purchase land and build new residential or improve existing residential housing through self-help construction methodologies for very low and extremely low income individuals and/or families (Owner-Builders) including persons with special needs. In an effort to attract a diverse group of nonprofit organizations that will serve various populations throughout the state and improve upon the efficiency of the traditional funding method, a reservation system will be utilized with this Notice of Funding Availability (NOFA). The reservation system must be utilized to secure these funds for Owner-Builder Applicants through nonprofit organizations certified by TDHCA as a Nonprofit Owner-Builder Housing Provider (NOHP) that has executed a Loan Origination Agreement in order to ensure compliance with the Texas Bootstrap Loan Program Rules and Guidelines.

<p>In order for a nonprofit organization to be certified by TDHCA as a NOHP, the nonprofit organization must also qualify as a tax-exempt organization listed under <*>501(c)(3) of the Internal Revenue Code of 1986.

<p><etb>Nonprofit Owner-Builder Housing Provider Requirements:<et>

<p>Designation as a NOHP and subsequent execution of a Loan Origination Agreement will entitle nonprofits to:
<p>(1)Qualify potential Owner-Builders for loans under this program.
<p>(2)Assist Owner-Builders in constructing or rehabilitating their home.
<p>(3)Originate and/or service loans in compliance with Texas Bootstrap Loan Program Rules and Guidelines.
<p>(4)Provide Owner-Builder education classes such as:
<p>(a)financial responsibilities of an Owner-Builder, including the consequences of an Owner-Builder’s failure to meet those responsibilities;
<p>(b)building of housing by Owner-Builders;
<p>(c)resources for low-cost building materials available to Owner-Builders; and
<p>(d)resources for building assistance available to Owner-Builders.

<p><*> 2306.753(a) of the Texas Government Code directs TDHCA to establish a priority in directing funds to Owner-Builders with an annual income of less than $17,500. The maximum loan amount using TDHCA funds may not exceed $30,000 per Owner-Builder. The total amount of loans made with TDHCA and any other source may not exceed a combined $60,000 per household. An NOHP will only be allowed to have up to ten reservations at any given time. Projects utilizing additional non-TDHCA resources will be required to provide additional documentation identifying the sources of these additional funds and information about their rates and terms.

<p><etb>Owner-Builder Eligibility Requirements:<et>

<p>To be eligible for up to a $30,000 loan from TDHCA, an Owner-Builder:
<p>(1)Must not have an annual income that exceeds 60 percent, as determined by TDHCA, of the greater of the state or local Area Median Family Income (AMFI), when combined with the income of any person who resides with the Owner-Builder.
<p>(2)Must have resided in this state for the preceding six months.

<p>(3)Must have successfully completed an Owner-Builder education class.
<p>(4)Must agree to provide at least 60 percent of the labor necessary to build or rehabilitate the proposed housing by working through a state certified NOHP; or must agree to provide an amount of labor equivalent to the amount required in connection with building or rehabilitating housing for others through a state certified NOHP.
<p>(5)Must not be currently delinquent or in default on any government loan.
<p>(6)Must not be currently delinquent or in default on child support payments.
<p>(7)Total debt to income ratio cannot exceed 45 percent.

<p>TDHCA is required under <*>2306.753(d) of the Texas Government Code, to set aside at least two-thirds ($2,000,000.00) of the available funds for Owner-Builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, of the Water Code. The Texas Water Development Board considers a county eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code, if: 1) the county contains an area that meets the criteria for an economically distressed area under Section 17.921(1), Water Code; and 2) the county has adopted and enforces the model rules under Section 16.343, Water Code. The remainder of the funding, one-third ($1,000,000), will be available statewide.

<p>The following counties currently meet the criteria to qualify under the definition for an economically distressed area.

<p>Bee
<P>Brewster
<p>Cameron
<p>Coryell
<p>Dimmit
<p>Duval
<p>Edwards
<p>El Paso
<p>Frio
<p>Grimes
<p>Harris
<p>Hidalgo
<p>Hudspeth
<p>Jeff Davis
<p>Jim Hogg
<p>Jim Wells
<p>Kerr
<p>Kinney
<p>La Salle
<p>Liberty
<p>Marion
<p>Maverick
<p>McCulloch
<p>Newton
<p>Nueces
<p>Panola
<p>Presidio
<p>Real
<p>Red River
<p>Reeves
<p>Sabine
<p>San Patricio
<p>Starr

<p>Terrell
<p>Tom Green
<p>Uvalde
<p>Val Verde
<p>Webb
<p>Willacy
<p>Zapata
<p>Zavala

<p>For a current listing you may visit the following website:

<p>http://www.twdb.state.tx.us/assistance/msr/Resource%20Manual/msr.pdf

<p>The amounts available for distribution are as follows:

<p>For Fiscal Year 2009 (September 1, 2008)

<p>$2,000,000	Economically Distressed Areas (EDA)
<p>$1,000,000	Balance of State

<p>In order to submit an Owner-Builder loan application for reservation, an NOHP that has received a Program award in the past must be meeting all performance benchmarks as outlined in their current contract or agreement and must have an active Loan Origination Agreement with the Department.

<p><etb>Reservation System Guidelines:<et>

<p>After being certified as an NOHP and executing a Loan Origination Agreement, the nonprofit organization may begin to submit loan applications on behalf of the Owner-Builder Applicant. If more than one Owner-Builder Application is submitted they will be processed in the order entered into the Reservation System.

<p>All Application/Compliance Packages will be reviewed on a first-come, first-served basis. There will be no expedited applications except for an Owner-Builder Applicant with an annual income of less than $17,500.

<p>The following guidelines are a supplement to the Texas Bootstrap Loan Program Rules and Texas Bootstrap Loan Program Manual.

<p>After the Loan Origination Agreement is executed, the NOHP must register each individual Owner-Builder applicant into the TDHCA Texas Bootstrap Loan Program Registration System using the TDHCA website. After registering the Owner-Builder applicant, TDHCA must receive the completed Application/Compliance Package (Exhibit 9 of the Texas Bootstrap Loan Program Manual) within five business days of the date the registration was entered into the system.

<p>TDHCA Office of Colonia Initiatives (OCI) staff will review the Application/Compliance Package to ensure that the Owner-Builder applicant meets all program rules and guidelines. The NOHP will be notified in writing in the form of a Deemed Eligible Letter, that the Owner-Builder applicant has been deemed eligible and that funds have been reserved for one year from the date of issuance of a Deemed Eligible Letter (Form 10 of the Texas Bootstrap Loan Program Manual).

<p>If TDHCA staff is unable to deem the Owner-Builder applicant eligible the NOHP will be notified in writing of the reason(s) by either a Notice of

Deficiency Letter (Form 13 of the Texas Bootstrap Loan Program Manual) or Applicant Deemed Ineligible Letter (Form 12).

<p>Incomplete Application/Compliance Packages may not be accepted. All incomplete packages may be returned to the NOHP and the reservation may be cancelled. The NOHP must resubmit a new reservation and the Application/Compliance Package to TDHCA in order to be reconsidered for funding.

<p><etb>Maximum reservations allowed at any given time: 10<et>

<p><etb>Performance Benchmarks:<et>

<p>Once an Owner-Builder has been deemed eligible and funds have been reserved, depending on the type of loan being requested the NOHP must meet the following performance benchmarks.

<p>If the Owner-Builder Applicant qualifies for the Texas Bootstrap Loan Program, the OCI will issue a deemed eligible letter (pre-approval) which reserves the funds (up to $30,000 per reservation) for 12 months. The NOHP, in accordance with the Texas Bootstrap Loan Program Rules, will be given a six percent administration fee upon completion of the house and closing of each mortgage loan.

<p>In an effort to expedite expenditures, the NOHP will be required to meet specific performance benchmarks on that home within 12 months of the reservation. If the NOHP fails to meet the required benchmarks, the reservation will be subject to cancellation in accordance with the Loan Origination Agreement. TDHCA may choose to provide one 45-day extension due to extenuating circumstances that were beyond the Owner-Builder’s and/or the NOHP’s control. If the NOHP cannot meet the required benchmarks after the 45-day extension, the reservation will be cancelled. In order to receive another reservation on the same Owner-Builder Applicant the NOHP will be instructed to submit an updated application to ensure that the Owner-Builder Applicant still meets all Texas Bootstrap Loan Program Rules and Guidelines.

<p>Nonprofit organizations that have been certified as an NOHP and have executed the Loan Origination Agreement with TDHCA may begin submitting Owner-Builder loan applications to TDHCA.

<p><etb>Purchase Money Loan:<et>
<p>(1)Within 90 days of the respective reservation date the NOHP must have initiated the preconstruction process which includes the homeownership education and counseling programs of the organization.
<p>(2)Within 180 days of the respective reservation date construction must have started on the unit; and
<p>(3)Within one year of the respective reservation date the unit must be 100percent complete and the purchase money loan must have closed with the Owner-Builder Applicant.

<p><etb>Interim and Residential Construction Loans:<et>
<p>(1)Within 90 days of the respective reservation date, the loan must close and construction must have started on the unit;
<p>(2)Within 180 days of the respective reservation date, the unit must be at 40percent completion;
<p>(3)Within 270 days of the respective reservation date, the unit must be at 80percent completion; and

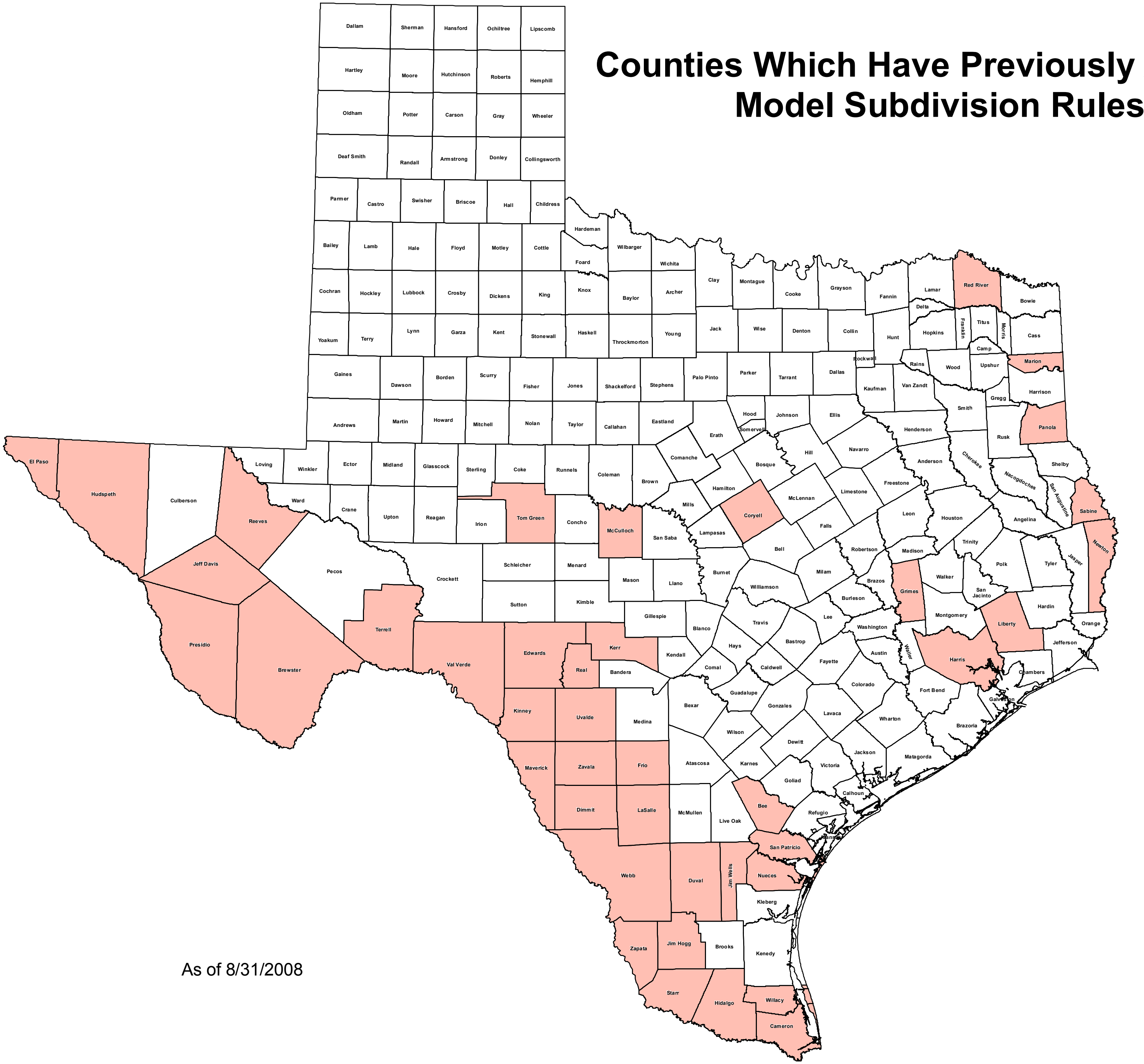
<p>(4)Within one year of the respective reservation date, the unit must be 100percent complete and the purchase money loan must have closed with the Owner-Builder Applicant.

<p>TDHCA will begin accepting reservations immediately, and continue to accept reservations on an ongoing basis until such time as all funding has been committed.

<p>The NOHP state certification application may be downloaded from TDHCA’s web-site located at <etb>http://www.tdhca.state.tx.us/ocidocs/NOHPApp.doc<et>.

<p>All interested parties are encouraged to participate in this program. For more information regarding this NOFA and the training please call Raul Gonzales with the Office of Colonia Initiatives at (800) 462-4251, visit the TDHCA’s web-site at <etb>http://www.tdhca.state.tx.us/oci/index.jsp<et> or e-mail your request to raul.gonzales@tdhca.state.tx.us.

Counties Which Have Previously Adopted Model Subdivision Rules



As of 8/31/2008

Bee
Brewster
Cameron
Coryell
Dimmit
Duval
Edwards
El Paso
Frio
Grimes
Harris
Hidalgo
Hudspeth
Jeff Davis
Jim Hogg
Jim Wells
Kerr
Kinney
LaSalle
Liberty
Marion
Maverick
McCulloch
Newton
Nueces
Panola
Presidio
Real
Red River
Reeves
Sabine
San Patricio
Starr
Terrell
Tom Green
Uvalde
Val Verde
Webb
Willacy
Zapata
Zavala

BOARD ACTION REQUEST
NOVEMBER 13, 2008

Action Items

Presentation, Discussion and Possible approval of an amendment to 10 TAC, Chapter 7, Texas First Time Homebuyer Program rules.

Required Action

Adoption of an amendment to 10 TAC, Chapter 7, Texas First Time Homebuyer Program rules.

Background and Recommendations

Summary

Chapter 7 concerns the Texas First-Time Homebuyer Program as enacted in S.B.1908 and H.B. 1637, 80th Legislative Session. The purpose of the program is to make affordable mortgage loans, down payment assistance ("DPA") and mortgage credit certificates available to first-time home buyers. The chapter sets forth the types of assistance available, eligibility requirements, the application procedure, application fees, and describes the qualifications that mortgage lenders must meet to participate in the program. Generally, the program makes mortgage loans and mortgage credit certificates available to first time homebuyers with an income that does not exceed 115% AMFI (140% in targeted areas), and downpayment and closing cost assistance ("DPA") for incomes that do not exceed 80% AMFI. Rider 11 additionally requires that at least 30% of the bond proceeds available be set aside for one year for loans and that downpayment and closing cost assistance be made available to individuals and families at 60% AMFI.

Due to the recent mortgage crisis, stricter underwriting guidelines and homebuyer education requirements on conventional loans delivered through the MRB program, staff recommended one amendment to the rule which was the addition of a new homebuyer eligibility requirement in Section 7.3. The amendment requires completion of a pre-purchase homebuyer education course for all borrowers utilizing the Texas First Time Homebuyer or Mortgage Credit Certificate Programs. No public comment was received and staff proposes no changes since the amendment proposed in August 2008.

Recommendation

Staff recommends approval of the amendment to 10 TAC, Chapter 7, Texas First Time Homebuyer Program rules.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 7 TEXAS FIRST-TIME HOMEBUYER PROGRAM

§7.1 Purpose

The purpose of the Texas First-Time Homebuyer Program is to facilitate the origination of single-family mortgage loans for eligible first-time homebuyers, provide to qualifying homebuyers down payment and closing cost assistance, and to make available to qualifying first-time homebuyers mortgage credit certificates.

§7.2 Definitions

(a) Affidavit of eligible borrower--An affidavit substantially in the form of Exhibit A of the master mortgage origination agreement.

(b) Area median family income--The Department's determination, as permitted by §2306.123 of the Texas Government Code, of the median income of a family for an area using a source or methodology acceptable under federal law or rule. Percentages of the area median family income, as updated from time to time, may be found on the department's website in the "Combined Income and Purchase Price Limits Table."

(c) Areas of chronic economic distress--Those areas in the state, whether one or more, designated from time to time as areas of chronic economic distress by the state and approved by the Secretaries of Treasury and Housing and Urban Development pursuant to 26 USC §143(j), as amended from time to time, and related regulations.

(d) Contract for deed exception--The exception for certain mortgage loan eligibility requirements, as provided in the master mortgage origination agreement, available with respect to a principal residence owned under a contract for deed by a person whose family income is not more than 50% of the applicable median family income.

(e) Department--The Texas Department of Housing and Community Affairs.

(f) First-time homebuyer--A person who:

(1) resides in this state on the date on which an application is filed; and

(2) has not owned a home during the three years preceding the date on which an application under this program is filed, except if the application is with respect to a home in a targeted area. A person will be considered to have owned a home if the person had a present ownership interest in a home during the three years preceding the date on which the application was filed. In the event there is more than one person applying with respect to a home, each applicant must separately meet this three year requirement.

(g) Home--A dwelling in this state in which a first-time homebuyer intends to reside as the homebuyer's principal residence.

(h) Master mortgage origination agreement--The contract between the department and a mortgage lender, together with any amendments thereto, setting forth certain terms and conditions relating to the origination and sale of mortgage loans by the mortgage lender and the financing of such mortgage loans by the department.

(i) Maximum purchase price limit--The purchase price limits published and updated from time to time in the "Combined Income and Purchase Price Limits Table" found on the department's website.

(j) Mortgage credit certificate--Any certificate which:

(1) is issued under a qualified mortgage credit certificate program by the department;

(2) is issued to the first-time homebuyer/taxpayer in connection with the acquisition of the first-time homebuyer/taxpayer's principal residence; and

(3) specifies the certificate credit rate, and the certified indebtedness amount.

(k) Mortgage lender--A bank, trust company, savings bank, mortgage company, mortgage banker, credit union, national banking association, savings and loan association, life insurance company, or other financial institution authorized to transact business in this state and approved as a mortgage lender by the department.

(l) Present ownership interest--

(1) a fee simple interest;

(2) a joint tenancy, a tenancy in common or tenancy by the entirety;

(3) the interest of a tenant shareholder in a cooperative;

(4) a life estate;

(5) a land contract which does not fall within the contract for deed exception; or

(6) an interest held in trust for an a person that would constitute a present ownership interest if held directly by such person. The term, "present ownership interest" does not include:

(7) a remainder interest;

(8) a lease with or without an option to purchase;

(9) a mere expectancy to inherit an interest in a principal residence;

(10) the interest that a purchaser of a residence acquires on the execution of a purchase contract;

(11) a land contract which falls within the contract for deed exception; or

(12) an interest in other than a principal residence.

(m) Program--The Texas First-Time Homebuyer Program.

(n) Targeted areas--A census tract, as designated by the United States Secretary of Commerce, in which 70% or more of the families have incomes that are 80% or less of the statewide median income, such median income to be determined on the basis of the most recent decennial census for which data are available, or an area of chronic economic distress.

§7.3 Administration of the Program

(a) First-time homebuyer program eligibility requirements. To be eligible for any assistance under the program a first-time homebuyer must:

(1) qualify as a first-time homebuyer;

(2) be able to sign at loan closing an affidavit of eligible borrower; and

(3) apply with respect to a home whose purchase price does not exceed the maximum purchase price limit for the relevant area, and is either a new or existing single family residence, new or existing condominium or town home, or manufactured housing that has been converted to real property in accordance with the Texas Occupations Code Chapter 1201.

(4) completion of a pre-purchase homebuyer education course as determined by Department staff.

(b) Types of assistance available. Depending on the applicants' income, a first-time home buyer that applies for a loan under the program may also be eligible for down payment and closing cost assistance or mortgage credit certificates. Down payment and closing cost assistance or mortgage credit certificates may be awarded only in conjunction with an application for a mortgage loan.

(c) Income limits for loans. First-time homebuyers applying for a mortgage loan or a mortgage credit certificate must have an income of not more than 115 percent of area median family income or 140 percent of area median family income in targeted areas.

(d) Income limits for down payment and closing cost assistance. First-time homebuyers applying for down payment and closing cost assistance in conjunction with a mortgage loan must have an income of not more than 80 percent of area median family income.

(e) Application Procedure.

(1) Only applications filed on or after January 1, 2008 are subject to this Chapter.

(2) Applicants seeking assistance under the program must first contact a participating mortgage lender. A list of participating mortgage lenders may be obtained on the department's website or by contacting the department.

(3) All applicants shall complete an application with a participating mortgage lender and shall provide the following information at the time of application:

(A) written permission to obtain credit reports of the applicants on a form to be provided by the mortgage lender;

(B) an affidavit of Texas residency on a form to be provided by the mortgage lender;

(C) the most recent statements for all credit and bank accounts;

(D) pay stubs for the 3-month period prior to the month in which the application was filed;

(E) W-2 forms for the two most recent calendar years for which they are available;

(F) any information concerning debts that will not be paid off within twelve months of the date the application is filed, including, but not limited to the names of the associated creditors, account numbers and regular payment amounts;

(G) documentation of any other income or other form of support not evidenced above; and

(H) a copy of the executed sales contract for the subject property.

(f) Application Fees. Fees that may be collected by the mortgage lender from the first-time homebuyer relating to a mortgage loan include:

(1) an appropriate origination fee and buyer/seller points;

(2) all usual and reasonable settlement or financing costs that are permitted to be so collected by Federal Housing Administration ("FHA"), Veteran's Administration ("VA"), Rural Housing Services ("RHS"), Freddie Mac or Fannie Mae, as applicable, and other applicable laws, but only to the extent such charges do not exceed the usual and reasonable amounts charged in the area in which the home is located in cases where owner financing is not provided through a tax-exempt mortgage revenue bond financing. Such usual and reasonable settlement or financing costs shall include an application fee not to exceed $325 (which includes the funding fee and the tax compliance fee), the total estimated costs of a credit report on the applicants and an appraisal of the property to be financed with the mortgage loan, payable to the mortgage lender at or within ten (10) days of the application for a mortgage loan, title insurance survey fees, credit reference fees, legal fees, appraisal fees and expenses, credit report fees, FHA insurance premiums, private mortgage guaranty insurance premiums, VA guaranty fees, VA funding fees, RHS guaranty fees, hazard or flood insurance premiums, abstract fees, tax service fees, recording or registration fees, escrow fees, file preparation fees; and

(3) with respect to the issuance of mortgage credit certificates:

(A) an issuance fee;

(B) a non-refundable commitment fee; and

(C) a document handling fee.

§7.4 Criteria for Approving Participating Mortgage Lenders

To be approved by the Board for participation in the program, a mortgage lender shall:

(1) have maintained a loan origination office in the state for at least one year. Operation through brokers, correspondent institutions or other agents must be approved by the department;

(2) be either:
(A) a Federal Housing Administration ("FHA") approved mortgagee;
(B) an eligible lender in good standing for Veteran's Administration ("VA") guaranteed mortgage loans;
(C) an eligible lender in good standing for Rural Housing Service's ("RHS") guaranteed rural housing loan program; or
(D) a lender currently participating in the conventional home lending market for loans originated in accordance with Fannie Mae's Mortgage-Backed Securities and/or Freddie Mac's requirements;
(3) have a minimum net worth as required by the program's master servicer;
(4) have a minimum warehouse line of credit as required by the program's master servicer;
(5) agree to originate mortgages and assign mortgages and servicing to the department's master servicer;
(6) originate, process, underwrite, close and fund originated loans in the mortgage lender's own name; and
(7) be an approved seller/servicer with the program's master servicer.

§7.5 Insurance Requirements

Mortgage lenders must originate all mortgage loans in accordance with the loan origination, eligibility, credit underwriting standards, and applicable insurance requirements, in effect during the origination period for the applicable loan program (VA, FHA, USDA-RHS, or Fannie Mae/Freddie Mac Conventional).

§7.6 First-Time Homebuyer Occupancy and Use Requirements

(a) Occupancy requirement. The first-time homebuyer must occupy the home within 60 days after the date of closing as required in the Affidavit of Eligible Borrower.
(b) Prohibited uses. First-time homebuyers may not use the property, or any part thereof, as an investment property, rental property, vacation or second home, or recreational home.
(c) Use for a business. First-time homebuyers may not use more than 15% of the residence in a trade or business (including childcare services) on a regular basis for compensation. If the residence is to be used, in part, for a trade or business, a schematic drawing from an appraiser must be provided.

§7.7 Contracts with Mortgage Lenders

(a) As a condition precedent to participation in the program, a mortgage lender shall execute and deliver to the department the master mortgage origination agreement.
(b) The mortgage lender shall provide to the department certain other documents including a completed mortgage lender questionnaire, opinion of counsel to mortgage lender, and board resolution of mortgage lender, each in a form provided by the department.
(c) The department will provide to the mortgage lender notices of new bond programs and related guidelines. If the mortgage lender desires to participate in a bond program, the mortgage lender shall submit to the department an offer relating to such bond program.

§7.8 Conflicts with Bond Indentures and Applicable Law

(a) All assistance provided under the program is funded from mortgage revenue bonds issued by the department and is subject to changes in the mortgage revenue bond indentures and applicable law. If there is a conflict between this chapter and any bond indenture or applicable law regarding the use of the funds from mortgage revenue bonds, the mortgage relevant bond indenture or applicable law shall control.

(b) Assistance under this program is dependent, in part, on the availability of funds. The department may cease offering all or a part of the assistance available under the program at any time and in its sole discretion.

§7.9 Waiver

The Board, in its discretion and within the limits of federal and state law, may waive any one or more of these Rules if the Board finds that waiver is appropriate to fulfill the purposes or polices of Chapter 2306, Texas Government Code, or for good cause, as determined by the Board.

TEXAS HOMEOWNERSHIP DIVISION

BOARD ACTION REQUEST
NOVEMBER 13, 2008

Action Items

Presentation, Discussion and Possible Approval to terminate the Texas Loan Star Program.

Required Action

Approve or deny the termination of the Texas Loan Star Program.

Background and Recommendations

In conjunction with CitiMortgage and Fannie Mae, the Texas Loan Star Mortgage Program was released on September 20, 2005. The Texas Loan Star Program used funding sources provided by external market sources (CitiMortgage) and did not require any TDHCA or other state funding. The mortgage loans were funded through CitiMortgage's mortgage funding and warehousing facilities. The product did not require the issuance of bonds.

The program was designed to serve segments of the Texas homebuyer market currently not served by TDHCA's tax-exempt mortgage revenue bond program. The program offered eligible Texans conventional, conforming first lien mortgage loans at market level interest rates and 20-year second lien amortizing repayable loans up to eight percent of the purchase price for down payment and closing cost assistance. Up to 105% of the sale price on the home could be borrowed to cover downpayment and closing costs. In accordance with Fannie Mae guidelines at the time, no money down was required of the borrower. Target populations included low and moderate income homebuyers and families who may or may not have previously owned a home requiring down payment assistance and minimal loan application paperwork. Correspondent lenders approved through CitiMortgage originated the mortgage loans.

To date the program has had very limited success due primarily to a lack of interest from the correspondent lending community and the prohibitive cost of mortgage insurance associated with a 105% combined loan to value.

Over the course of the program, the TDHCA Board approved the reduction of fees associated with the program and approved the increase of income restrictions in targeted areas in an effort to increase loan originations. Despite the program adjustments, originations have continued to remain flat. To date, approximately 172 loans have been originated totaling $17.8 million in first lien mortgage loans and approximately $950,000 in second lien loans which will remain in place until they mature or are paid off and will not be impacted by any decision contemplated in this proposed Board Action.

Due to the recent mortgage meltdown, Fannie Mae underwriting guideline and loan delivery fee changes and the inability of mortgage insurance providers to offer mortgage insurance coverage for higher loan to value loans, the program is no longer viable. As a result of these actions, the Department was approached earlier this year by a consultant - Emerging Markets Group, LLC with a proposal to instead consider using FHA guidelines with the program. FHA allows downpayment assistance programs to be operated by governmental agencies and nonprofit instrumentalities of government using subordinate financing so long as the second lien is made or held by the eligible governmental body or instrumentality. The proposal, which provided few program guideline changes from those originally established, was submitted by the consultant to FHA for approval. To reiterate, the source of funds for the second lien is CitiMortgage, not TDHCA. Each participating lender advances the second lien funds at closing to the eligible borrower and CitiMortage reimburses them upon purchase of the first and second lien. Whether this was made clear or not in the information submitted for review by FHA is unknown (TDHCA was not made aware of the submission until after the fact) but an approval letter from FHA was received by the Department dated July 14, 2008 allowing the use of FHA guidelines in conjunction with the program.

In the course of performing its due diligence and preparing this item for presentation to the Board, staff contacted the individual referenced in the HUD approval letter and provided the program guidelines and flow chart that the consultant originally provided to the Department. It was also reiterated that no funds from TDHCA were being used to fund these loans. Although the second lien was to close in TDHCA's name, the source was and always has been CitiMortgage. As a result, their attorney opined that the TDHCA program did not conform to FHA regulations.

Prior to receiving the interpretation that the program guidelines did not conform to FHA guidelines, staff discussed and evaluated several other concerns regarding the program. They include:

- Because of the recent overall mortgage market crisis and the increase in foreclosures due to borrowers being overextended, often because of high loan to value ratios, staff felt it inappropriate to continue to support a program that promotes a 105% loan to value ratio.
- The program has the potential to have an adverse impact on mortgage originations for upcoming MRB Program 71. Under the Texas Loan Star Program structure, higher lender fees are allowed and downpayment assistance would be available up to 8% of the mortgage amount.

Therefore, based on the opinion from HUD, as well as the reasons noted above, staff is recommending the program be terminated.

Recommendation

Staff requests approval of the termination of the Texas Loan Star Mortgage Program.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
November 13, 2008

Action Item

Housing Tax Credit Amendments.

Requested Action

Approve, amend or deny the requests for amendments.

Background and Recommendations

§2306.6712, Texas Government Code, indicates that the Board should determine the disposition of a requested amendment if the amendment is a "material alteration," would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round. The statute identifies certain changes as material alterations and the requests presented below include material alterations.

The requests and pertinent facts about the affected developments are summarized below. The recommendation of staff is included at the end of each write-up.

Limitations on the Approval of Amendment Requests

The approval of a request to amend an application does not exempt a development from the requirements of Section 504 of the Rehabilitation Act of 1973, fair housing laws, local and state building codes or other statutory requirements that are not within the Board's purview. Notwithstanding information that the Department may provide as assistance, the development owner retains the ultimate responsibility for determining and implementing the courses of action that will satisfy applicable regulations.

Penalties for Amendment Requests

§50.9(c), 2008 Qualified Allocation Plan and Rules, entitled, "Adherence to Obligations," states in part:

> If a Development Owner does not produce the Development as represented in the Application; does not receive approval for an amendment to the Application by the Department prior to implementation of such amendment; or does not provide the necessary evidence for any points received by the required deadline:
>
> (1) The Development Owner must provide a plan to the Department, for approval and subsequent implementation, that incorporates additional amenities to compensate for the non-conforming components; and
>
> (2) The Board will opt either to terminate the Application and rescind the Commitment Notice, Determination Notice or Carryover Allocation Agreement as applicable or the Department must:
>
> (A) Reduce the score for Applications for Competitive Housing Tax Credits that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development by up to ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board.

(B) Prohibit eligibility to apply for Housing Tax Credits for a Tax-Exempt Bond Development that are [sic] submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for up to 24 months from the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board, less any time delay caused by the Department.

(C) In addition to, or in lieu of, the penalty in subparagraph A or B of this paragraph, the Board may assess a penalty fee of up to $1,000 per day for each violation.

HTC No. 03184, Pegasus

Summary of Request: This amendment was presented to the Board at the September 4, 2008 meeting. During the Board meeting before the amendment was presented to the Board, the owner requested a change to the amendment. The Board tabled the decision to November to allow staff to evaluate the additional request.

The development is a single high-rise building originally proposed to contain 124 tax credit units and 32 market rate units. The owner requested approval to increase the number of tax credit units by five units to 129 units and decrease the market rate units by five units to 27 units. The owner originally requested a mix of 40%, 50% and 60% AMGI units for these restricted units. The owner is now requesting all five of the additional tax credit units be restricted to 60% of AMGI. The owner also requested approval to decrease the net rentable area (NRA) but it has been determined that the reduction was merely a reflection of differences in methodology in measuring the space.

The owner stated that the increase in the ratio of tax credit units to market rate units (unit fraction) was needed to maintain an applicable fraction of at least 80% and, in turn, an eligible basis, of an amount sufficient to validate the issuance of IRS Forms 8609 for all of the tax credits that were originally awarded. The owner stated that the applicable fraction would be below 80% without the change. This increase in tax credit units would have reduced the overall application score by two points. However, the reduction in points would not have changed the recommendation for an award.

The development architect certified that washers and dryers were installed in all units. The amenity is an additional feature in the development as built that was not proposed in the application. It should also be noted that the final number of parking spaces was reduced from 316 to 294. The parking ratio of this elderly development was approved by the City of Dallas and is approximately 1.9 spaces per unit.

Staff believes the amendment requests have been satisfactorily mitigated and do not require further consideration.

Governing Law: §2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a modification of the number of units or the bedroom mix of units and any other modification considered significant by the board.
Owner: Pegasus Villas, Ltd.
General Partner: Pegasus Stemmons Development, Inc.
Developers: Glenn Lynch Companies, Inc.
Principals/Interested Parties: Operation Relief Center, Inc. (Nonprofit)
Syndicator: Paramount Financial Group
Construction Lender: Red Capital Markets
Permanent Lender: Red Capital Markets
Other Funding: NA
City/County: Dallas/Dallas
Set-Aside: Elderly Population
Type of Area: Urban
Region: 3

Type of Development:	Acquisition/Rehabilitation (Adaptive Reuse)
Population Served:	Elderly Population
Units:	124 HTC units and 32 market rate units (as originally proposed)
2003 Allocation:	$1,153,613
Allocation per HTC Unit:	$9,303 (as originally proposed)
Prior Board Actions:	7/03 – Approved award of tax credits; 3/07 – Approved amendment (please see attachment).
Underwriting Reevaluation:	Does not recommend a change in the amount of credits.
Staff Recommendation:	**Staff recommends approving the request because the laundry equipment and additional low-income units are above and beyond the original development proposal while the parking spaces delivered meet City requirements. The change in low income units versus market rate units would be a condition of the LURA if approved.**
Penalty Assessment:	**Staff recommends no penalties pursuant to §50.9(c) of the QAP because the request for additional restricted units is being made before the implementation of the change and the other changes are not material alterations of the development and, therefore, are not subject to the penalties.**

HTC No. 04432, Mariposa Apartment Homes

Summary of Request: This amendment was also presented at the September 4, 2008 Board meeting. The Board tabled the decision to give staff the opportunity to clarify the confusion concerning the reduction in square footage.

The owner is requesting approval to change the site plan, unit mix and number of units. The owner is also requesting to make a substitution for self-cleaning ovens and microwave ovens that were proposed in all units but not installed and a second fireplace that was proposed but not installed in the clubhouse. The last deficiency covered by the request was that eight of 180 units were built without the covered balconies or porches that were proposed for all units.

Offsetting the deficiencies, documentation indicates that the development was built with some features that exceed the original proposal. The additional features include two additional one-bedroom units (currently designated as management units), R-15 insulation in the walls with R-30 insulation in the ceilings, and thirty-year architectural shingles. Other additions indicated by the owner include an entry ramp into the pool, dog park, sun room with complimentary tea and coffee, recreation room with card and pool tables and a television, rose garden, and both a community garden and a walking trail. The changes in amenities are summarized in the table below:

Original Proposed Amenities	Points	Additional As-Built Amenities	Points
Microwaves	1*	R15 Walls/R30 Ceilings	3*
Self-Cleaning Ovens	1*	30-Year Shingles	1*
Covered Patios	1*	Service Coordinator Office*	1**
2 Fireplaces	0	Card & TV Room	0
		In/Out Ramp for Swim Pool	0
		Fenced Dog Park	0
		Dispersed Community Areas	0
		Rose Garden	0
		Recreation room	0
Total Amenity Value	3	Total Additional Value	5

*These items were scoring items in 9% applications but not in the subject 4% application.

**One unit was to serve a service coordinator but was not committed in the LURA as required.

The changes include an increase in the average size of one-bedroom units from 709 square feet to 714 square feet and a decrease in average size of two-bedroom units from 1,050 square feet to 999 square feet. The unit sizes remain above the scoring minimums of 550 square feet and 750 square feet, respectively. The net rentable area of the development decreased by 1% from 151,149 square feet to 149,613 square feet and the total common area (corridors and office/clubhouse) of the development increased from 51,379 square feet to 53,248 square feet, or about 3.6%. At the September meeting the owner claimed the two-bedrooms units were actually increased from what was originally proposed. The owner did in fact increase the two-bedroom unit sizes from 946 at the time of application and 1050 at the time of approval. Therefore, the two-bedroom unit size was reduced from 1050 at the time of approval to 999 as built. The development architect certified to the reduction in square footage at the time of cost certification.

The owner stated that the site plan was changed to improve the original design, in part by including a central courtyard and adding two one-bedroom units.

Although the owner's request mentions changes in the parking spaces as needing approval, the 105 covered spaces certified by the architect as built exceeded the 100 covered spaces proposed. While the 135 open spaces built do not match the 180 open spaces proposed, this elderly development has 240 spaces of all types, or about 1.3 spaces per unit and this ratio was approved by the city.

The development was awarded tax credits in association with its tax-exempt bond financing and the changes proposed would not have affected the recommendation for an award. The owner believes the Department staff suggested that he delayed the completion of this amendment to avoid penalties during the 2007 competitive application cycle. Staff presented the facts as they occurred. A copy of the chronological facts are attached with this presentation.

The original and final site plans are included as attachments behind the owner's letter of request.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a modification of the number of units or bedroom mix of units and any other modification considered significant by the board.
Owner:	Hunter Road Affordable Housing, Ltd.
General Partner:	SMRC Willow Springs, LLC, Managing GP; SMRC FPGP Inc., Co-GP
Developers:	Hunter Road Development, LLC
Principals/Interested Parties:	Housing Authority of the City of San Marcos, sole owner of both GPs; Stuart Shaw, owner of a special limited partner
Syndicator:	Paramount Financial Group
Construction Lender:	Newman Capital
Permanent Lender:	Newman Capital
Other Funding:	Tax Exempt Bonds from Capital Area HFC
City/County:	San Marcos/Hays
Set-Aside:	Tax Exempt Bond Development
Type of Area:	Exurban
Region:	7
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	180 HTC units as originally proposed (2 units added as built)
2004 Allocation:	$482,804
Allocation per HTC Unit:	$2,682
Prior Board Actions:	7/04 – Approved award of tax credits\ 9/4/08 – Approved amendment for same owner (write-up attached)
Underwriting Reevaluation:	Does not recommend a change in the amount of credits.
Staff Recommendation:	**Staff recommends denying the request because the changes negatively affect the future tenants without providing sufficient**

mitigation. Staff recommends the owner provide additional amenities to compensate for the reduction in square footage in the two bedroom units and lack of microwaves in each unit.

Penalty Assessment:	**Staff recommends the assessment of appropriate penalties, pursuant to §50.9(c) of the QAP, because the request is made after the implementation of the changes.**

HTC No. 04489, Port Royal Homes

Summary of Request: The owner requested approval to change the building count from twelve buildings to nine buildings, unit count from 250 units to 252 units, parking from 500 open spaces to 250 carports and 148 open spaces (398 total spaces), and unit mix as follows:

	Application			Amendment			
Units	Number	Size	NRA	Units	Number	Size	NRA
1BR/1Bath	50	750	37,500	1BR/1Bath	12	750	9,000
			-	1BR/1Bath	36	820	29,520
2BR/1Bath	57	836	47,652	2BR/1Bath	51	921	46,971
2BR/2Bath	57	973	55,461	2BR/2Bath	51	1,042	53,142
				2BR/2Bath	19	1,082	20,558
3BR/2Bath	86	1,125	96,750	3BR/2Bath	83	1,125	93,375
	250		237,363		252		252,566

The table shows that the development was built with the following differences from the original proposal: 50 proposed vs. 48 built one-bedroom units, 57 proposed vs. 51 built two-bedroom units with one bathroom, 57 proposed vs. 70 built two-bedroom units with two bathrooms, 86 proposed vs. 83 built three-bedroom units. The final parking ratio was 1.58 spaces per unit.

The owner stated that the development was changed to accommodate the expansive soils and a drainage feature and these features were not fully considered at the time of application. The change would not change the evaluation of the application or the recommendation of the application for an award of tax credits.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a modification of the number of units or bedroom mix of units and any other considered significant by the board.
Owner:	Woodshire, L.P.
General Partner:	Woodshire X, Inc.
Developers:	Odyssey Residential Holdings, L.P.
Principals/Interested Parties:	ALT Affordable Housing Services, Inc. – Arbor Place (CHDO, owner of GP); Saleem Jafar (owner of developer)
Syndicator:	Centerline Capital Group
Construction Lender:	Centerline Capital Group
Permanent Lender:	Centerline Capital Group
Other Funding:	Tax Exempt Bond Financing from TDHCA
City/County:	San Antonio/Bexar
Set-Aside:	Tax Exempt Bond Financing
Type of Area:	Urban
Region:	9
Type of Development:	New Construction
Population Served:	General Population
Units:	250 HTC units
2004 Allocation:	$844,349
Allocation per HTC Unit:	$3,377

Prior Board Actions: 1/05 – Approved award of tax credits. 12/20/08
12/20/07 – Approved two amendments for same owner (write-ups attached)

Underwriting Reevaluation: The requested amendment does not negatively impact the underwriting of this development.

Staff Recommendation: **Staff recommends approving the request because the development as built is equivalent to the development as proposed.**

Penalty Assessment: **Staff recommends the assessment of appropriate penalties, pursuant to §50.9(c) of the QAP, because the request is made after the implementation of the changes.**

HTC No. 05025, Poinsettia Apartments

Summary of Request: The owner requested approval for a change in the site plan and building plans. The letter of request and site plans indicated that the development was proposed to have an office/clubhouse, recreational facilities and two residential buildings within a central block or island in the site, encircled by the site's main driveway. Across the driveway, along the perimeter of the site, the remaining eight residential buildings were to be built. In order to add office space in the central block, the owner moved one of the two residential buildings and stacked it on top of one of the perimeter buildings. In effect, a one-story fourplex was stacked on another one-story fourplex.

The development was completed with the same net rentable area as originally proposed, but with nine residential buildings instead of ten, and with more office space. The additional 2,578 square feet of office space was for the general administrative use of the Alamo Housing Authority as well as to serve tenants of the subject development's 24 public housing units.

The changes would not affect the score of the application or the recommendation for an award.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification considered significant by the board.
Owner:	Poinsettia Housing, Ltd.
General Partner:	Alamo Housing Authority
Developers:	Poinsettia Housing Development, LLC
Principals/Interested Parties:	Alamo Housing Authority, Rick Deyoe, Enrique Flores
Syndicator:	PNC Financial
Construction Lender:	PNC Financial
Permanent Lender:	PNC Financial
Other Funding:	Alamo Housing Authority
City/County:	Alamo/Hidalgo
Set-Aside:	General Population
Type of Area:	Urban
Region:	11
Type of Development:	New Construction
Population Served:	General Population
Units:	100 HTC units
2005 Allocation:	$571,979
Allocation per HTC Unit:	$5,720
Prior Board Actions:	7/06 – Approved award of tax credits
Underwriting Reevaluation:	The proposed permanent loan amount has increased by $559,154, which may reduce the final credit amount at issuance of 8609s.
Staff Recommendation:	**Staff recommends approving the request. Although the offices will serve the entire jurisdiction of the housing authority, they are immediately available for the tenants of the subject development and their presence on-site is beneficial.**
Penalty Assessment:	**Staff recommends the assessment of appropriate penalties, pursuant to §50.9(c) of the QAP, because the request is made after the implementation of the changes.**

HTC No. 060125, Country Club Apartments

Summary of Request: The owner requested approval to change the target population from intergenerational to family. The owner stated the reason for the change as weak demand for the elderly units. The owner stated that the development was placed in service in January of 2008 and only two senior units had been leased and one pre-leased after eight months of leasing. The change would not change the score of the application or the recommendation of the application for an award of tax credits.

Staff has struggled with this request because the market study supported the demand for the proposed populations to be served at the time of application. However, now the market analyst supports the change in population served because the demand is not what was originally recommended. A decision with this amendment request is more of a policy issue for the Board.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification considered significant by the board.
Owner:	Pecos Country Club Apartments, LP
General Partner:	Pecos Country Club Housing, LLC
Developers:	Zimmerman Properties, LLC
Principals/Interested Parties:	Vaughn Zimmerman, Rebecca Zimmerman, Justin & Leah Zimmerman, Kelly Holden
Syndicator:	Centerline Credit Enhanced Partners, LP
Construction Lender:	Great Southern Bank
Permanent Lender:	Lancaster Pollard Mortgage (USDA loan)
Other Funding:	NA
City/County:	Pecos/Reeves
Set-Aside:	Intergenerational Population
Type of Area:	Rural
Region:	12
Type of Development:	New Construction
Population Served:	Intergenerational Population
Units:	43 HTC units and 1 employee units
2006 Allocation:	$410,128
Allocation per HTC Unit:	$9,538
Prior Board Actions:	7/06 – Approved award of tax credits
Underwriting Reevaluation:	While the change will enhance project feasibility, the final loan amount may impact the ultimate amount of tax credits issued on the 8609s.
Staff Recommendation:	**Staff recommends denial of this request because the development will not be serving the target populations which it originally proposed to serve. If the Board approves the request, the change in target population will require a change in the recorded Land Use Restriction Agreement.**
Penalty Assessment:	**No penalty is recommended because the Board's approval has been requested prior to implementing the changes.**

HTC No. 060129, Chisholm Trail Crossings Apartments

(This request is the same as for 060125 above)

Summary of Request: The owner requested approval to change the target population from intergenerational to family. The owner stated the reason for the change as weak demand for the elderly units. The owner stated that the development was placed in service in January of 2008 and had not leased a single senior unit after eight months of leasing. The change would not change the score of the application or the recommendation of the application for an award of tax credits.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification considered significant by the board.
Owner:	Vernon Campus View Apartments, LP
General Partner:	Vernon Campus View Housing, LLC
Developers:	Zimmerman Properties, LLC
Principals/Interested Parties:	Vaughn Zimmerman, Rebecca Zimmerman, Justin & Leah Zimmerman, Kelly Holden
Syndicator:	Centerline Credit Enhanced Partners, LP
Construction Lender:	Great Southern Bank
Permanent Lender:	Lancaster Pollard Mortgage (USDA loan)
Other Funding:	NA
City/County:	Vernon/Wilbarger
Set-Aside:	Intergenerational Population
Type of Area:	Rural
Region:	12
Type of Development:	New Construction
Population Served:	Intergenerational Population
Units:	43 HTC units and 1 employee units
2006 Allocation:	$396,725
Allocation per HTC Unit:	$9,226
Prior Board Actions:	7/06 – Approved award of tax credits
Underwriting Reevaluation:	8609s have already been issued and the change will not affect the credit amount and will enhance project feasibility.
Staff Recommendation:	**Staff recommends denial of this request because the development will not be serving the target populations which it originally proposed to serve. If the Board approves the request, the change in target population will require a change in the recorded Land Use Restriction Agreement.**
Penalty Assessment:	**No penalty is recommended because the Board's approval has been requested prior to implementing the changes.**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report Second Addendum

REPORT DATE: 10/08/08 PROGRAM: 9% HTC FILE NUMBER: **03184**

DEVELOPMENT

Pegasus Villas

Location: 7200 Stemmons Freeway Region: 3

City: Dallas County: Dallas Zip: 75247 ☒ QCT ☐ DDA

Key Attributes: Multifamily, Urban, Rehabilitation, Elderly

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$1,153,613			**$1,153,613**		

* The original tax credit award amount was $1,153,613.

RECOMMENDATION

Staff has evaluated the financial viability of the requested amendment. Based on the information provided, the transaction does not currently meet the Department's 2008 Real Estate Analysis Rules and Guidelines. However, the requested amendment does not have an effect on the financial viability of the development; therefore, the Underwriter recommends approval of the requested amendment. The Underwriter anticipates that the development will achieve breakeven in year 5 and a 1.15 DCR prior to year 15; therefore, the Underwriter anticipates that the development will meet the Department's Real Estate Analysis Rules and Guidelines by year 15. If the Board chooses to approve the amendment, the Underwriter recommends a total allocation of $1,153,613. The development has satisfied all previous conditions and is currently completing the Cost Certification process.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA

Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	25
40% of AMI	40% of AMI	13
50% of AMI	50% of AMI	25
60% of AMI	60% of AMI	66

During the September Board meeting, the Applicant's request was to have 26 30% units, 13 40% units, 27 50% units, and 63 60% units. The Applicant has since revised the request to reflect the income limits above.

ADDENDUM

The development was originally underwritten and approved for an award of 9% Housing Tax Credits in 2003. The reconstruction of the development has been completed and the development is currently leased at above 90% occupancy. Subsequently, on July 14, 2008, the Applicant submitted a request to amend the application. This amendment was presented to the Board during the September 2008 meeting and was tabled at that time to allow the Applicant to revise the amendment request. On October 13, 2008 the Applicant provided a revised request to amend the application as follows:

- Increase in the number of housing tax credit units from 124 to 129. The number of market rate units will decrease by 5 units, from 32 to 27, and no change will be made to the total number of units. Each of the units that will be changed from a market rate to a tax credit unit will be restricted at the 60% level. Under the original amendment request, the 5 additional tax credit units reflected income and rent targeting as follows: 1 30% unit, 2 50% units, and 2 60% units.

The original amendment submitted on July 14, 2008 also included a request to reduce the net rentable area ("NRA") in the development from 142,628 to 133,077, a 7% decrease. However, it was determined that a true decrease in square footage did not occur. Rather, the lower NRA figure of 133,007 was the result of a change from a market methodology of calculating NRA to a HUD methodology. Therefore, the as-built square footage of 133,007 is equivalent to a market NRA of 143,195, which represents a small increase in NRA since application. Therefore, that portion of the original amendment request has been omitted from the revised request, as NRA did not change in a manner that requires Board approval.

Regarding the increase in the number of rent-restricted units, the Applicant asserts that the reason for the increase is to allow the development to maintain an 80% applicable fraction, which allows the Applicant access to all of the tax credits originally allocated to the development. The change in the methodology for calculating NRA, from a market methodology to a HUD methodology, caused the applicable fraction based on square footage to fall below 80%. Therefore, the Applicant requested an increase in rent-restricted units to allow the development to once again have an 80% applicable fraction. This change will require an amendment to the development's LURA. According to the Underwriter's analysis, it appears that the development would continue to qualify for the entire amount of the original allocation without increasing the number of rent-restricted units and, as a result, the applicable fraction.

The change in the amendment request to set each of the 5 new tax credits units at the 60% income and rent levels has a small positive impact on the development's feasibility, as compared to the original amendment request. Both the Applicant's and Underwriter's income estimates increased by $7,800 annually. In addition, the Underwriter's analysis shows that the development would achieve breakeven in year 4, rather than year 5, as previously forecasted. In order for the development to achieve a 1.15 DCR, the total permanent loan of $10,003,400 (which includes the permanent loan of $9,003,400, and the two ORC loans of $500,000 each) would have to be reduced to $8,268,542. However, the Applicant has confirmed that the permanent loan amount will not be adjusted; therefore, it is appropriate to evaluate the development considering the current loan amounts.

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio below the Department's minimum guideline of 1.15. However, as previously stated, the Applicant has indicated that there are no current plans to resize the loan in order to increase DCR, and as a result the Underwriter's recommended financing structure utilizes the current total permanent loan amount of $10,003,400, which includes the permanent loan of $9,003,400 and the two ORC loans of $500,000 each.

The Underwriter's total development cost estimate less the total permanent loan amount of $10,003,400 indicates the need for $9,803,716 in gap funds, which could be filled by a tax credit allocation of $1,167,110 based on the submitted syndication terms. Using the Underwriter's recommended decreased total permanent loan amount of $8,268,542, a gap of $11,538,573 could be filled with a tax credit allocation of $1,373,640. Of the three possible tax credit allocations, Applicant's request / previously Board approved allocation ($1,153,613), the gap-driven amount based on the current loan amount ($1,167,110), and eligible basis-derived estimate ($1,257,871), the Applicant's request / previously Board approved allocation of $1,153,613 is recommended resulting in proceeds of $9,690,344 based on a syndication rate of 84%.

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The Underwriter's recommended financing structure using a decreased total permanent loan amount indicates the need for $1,848,229 in additional permanent funds. This amount exceeds 100% of developer fee, $1,673,627, and therefore, would leave a gap of $174,602 that is unable to be filled. However, because there are no current plans to resize the primary permanent loan, an examination of deferred developer fee based on current loan terms is appropriate. Using the existing total permanent loan amount of 10,003,400, additional permanent funds in the amount of $113,372 are needed. Deferred developer in this amount appear to be repayable from development cashflow within 10 years of stabilized operation.

The development does not currently meet the Department's 2008 Real Estate Analysis Rules and Guidelines because the development is operating below a 1.15 DCR; however, the operating plan suggests that a return to a financially feasible position is possible in the near future.

Underwriter:	Audrey Martin	Date:	October 8, 2008
Director of Real Estate Analysis:	Tom Gouris	Date:	October 8, 2008

COST CERTIFICATION COMPARATIVE ANALYSIS

Pegasis Villas, Dallas, HTC #03184

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	UW Net Rent	CC Net Rent	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC60%	1	1	1	533	748	$671		$671	671	1.26	77.00	46.00
TC30%	3	1	1	543	373	$296		$296	888	0.55	77.00	46.00
TC40%	4	1	1	543	499	$422		$422	1,688	0.78	77.00	46.00
TC50%	2	1	1	543	623	$546		$546	1,092	1.01	77.00	46.00
TC60%	2	1	1	543	748	$671		$671	1,342	1.24	77.00	46.00
TC30%	9	1	1	549	373	$296		$296	2,664	0.54	77.00	46.00
TC40%	1	1	1	549	499	$422		$422	422	0.77	77.00	46.00
TC60%	1	1	1	549	748	$671		$671	671	1.22	77.00	46.00
TC30%	1	1	1	564	373	$296		$296	296	0.52	77.00	46.00
TC40%	1	1	1	564	499	$422		$422	422	0.75	77.00	46.00
TC50%	8	1	1	564	623	$546		$546	4,368	0.97	77.00	46.00
TC60%	1	1	1	564	748	$671		$671	671	1.19	77.00	46.00
TC50%	1	1	1	571	623	$546		$546	546	0.96	77.00	46.00
TC50%	1	1	1	585	623	$546		$546	546	0.93	77.00	46.00
TC40%	2	1	1	588	499	$422		$422	844	0.72	77.00	46.00
TC50%	1	1	1	588	623	$546		$546	546	0.93	77.00	46.00
TC60%	19	1	1	588	748	$671		$671	12,749	1.14	77.00	46.00
MR	1	1	1	588		$825		$825	825	1.40	77.00	46.00
TC50%	1	1	1	625	623	$546		$546	546	0.87	77.00	46.00
TC60%	12	1	1	625	748	$671		$671	8,052	1.07	77.00	46.00
MR	10	1	1	625		$825		$825	8,250	1.32	77.00	46.00
TC60%	1	1	1	662	748	$671		$671	671	1.01	77.00	46.00
TC60%	1	1	1	667	748	$671		$671	671	1.01	77.00	46.00
TC30%	10	2	2	767	448	$352		$352	3,520	0.46	96.00	54.00
TC40%	1	2	2	767	599	$503		$503	503	0.66	96.00	54.00
TC50%	1	2	2	767	748	$652		$652	652	0.85	96.00	54.00
TC60%	1	1	1	804	748	$671		$671	671	0.83	77.00	46.00
MR	2	1	1	804		$825		$825	1,650	1.03	77.00	46.00
TC40%	1	2	2	855	599	$503		$503	503	0.59	96.00	54.00
TC50%	1	2	2	855	748	$652		$652	652	0.76	96.00	54.00
TC30%	1	2	2	873	448	$352		$352	352	0.40	96.00	54.00
TC50%	1	2	2	1,010	748	$652		$652	652	0.65	96.00	54.00
TC60%	1	2	2	1,049	898	$802		$802	802	0.76	96.00	54.00
TC50%	1	2	2	1,147	748	$652		$652	652	0.57	96.00	54.00
TC60%	1	2	2	1,147	898	$802		$802	802	0.70	96.00	54.00
TC30%	1	2	2	1,231	448	$352		$352	352	0.29	96.00	54.00
TC60%	1	2	2	1,231	898	$802		$802	802	0.65	96.00	54.00
MR	2	2	2	1,231		$1,099		$1,099	2,198	0.89	96.00	54.00
TC40%	3	2	2	1,313	599	$503		$503	1,509	0.38	96.00	54.00
TC50%	7	2	2	1,313	748	$652		$652	4,564	0.50	96.00	54.00
TC60%	24	2	2	1,313	898	$802		$802	19,248	0.61	96.00	54.00
MR	12	2	2	1,313		$1,099		$1,099	13,188	0.84	96.00	54.00
TOTAL:	156		AVERAGE:	853	$561	$658			$102,713	$0.77	$85.40	$49.54

INCOME	Total Net Rentable Sq Ft:	133,007	TDHCA-CC	TDHCA-UW	APPLICATION	COST CERT		Comptroller's Region	3
POTENTIAL GROSS RENT			$1,232,556	$1,254,060	$1,254,060	$1,232,556	1160220	IREM Region	Dallas
Secondary Income	Per Unit Per Month:	$10.26	19,212	28,080	28,080	19,212	$10.26	Per Unit Per Month	
Other Support Income: (describe)			0	20,000	21,624	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$1,251,768	$1,302,140	$1,303,764	$1,251,768			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(93,883)	(97,661)	(97,788)	(93,888)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0			0			
EFFECTIVE GROSS INCOME			$1,157,885	$1,204,479	$1,205,976	$1,157,880			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA-CC	TDHCA-UW	APPLICATION	COST CERT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.81%	$357	0.42	$55,723	$53,133	$53,900	$42,293	$0.32	$271	3.65%
Management		4.00%	297	0.35	46,315	60,224	54,269	42,374	0.32	272	3.66%
Payroll & Payroll Tax		11.98%	889	1.04	138,737	138,528	120,713	126,825	0.95	813	10.95%
Repairs & Maintenance		5.67%	421	0.49	65,626	53,356	49,012	44,492	0.33	285	3.84%
Utilities		13.25%	983	1.15	153,368	53,196	49,561	190,204	1.43	1,219	16.43%
Water, Sewer, & Trash		2.64%	196	0.23	30,544	39,780	27,838	20,856	0.16	134	1.80%
Property Insurance		4.40%	327	0.38	50,977	27,099	28,750	33,252	0.25	213	2.87%
Property Tax	Exempt	0.00%	0	0.00	0	139,643	164,287	0	0.00	0	0.00%
Reserve for Replacements		3.44%	255	0.30	39,780	46,800	46,800	39,780	0.30	255	3.44%
Other: compl fees		1.65%	122	0.14	19,089	0	0	15,864	0.12	102	1.37%
TOTAL EXPENSES		51.83%	$3,847	$4.51	$600,159	$611,759	$595,130	$555,940	$4.18	$3,564	48.01%
NET OPERATING INC		48.17%	$3,575	$4.19	$557,727	$592,720	$610,846	$601,940	$4.53	$3,859	51.99%
DEBT SERVICE											
Red Capital Group		49.21%	$3,653	$4.28	$569,793	$530,956	$531,000	$569,793	$4.28	$3,653	49.21%
Operations Relief Center, Inc. (ORC)		0.00%	$0	$0.00	0				$0.00	$0	0.00%
ORC Loan / Chicago Federal Home L		0.00%	$0	$0.00	0				$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0				$0.00	$0	0.00%
NET CASH FLOW		-1.04%	($77)	($0.09)	($12,067)	$61,764	$79,846	$32,147	$0.24	$206	2.78%
AGGREGATE DEBT COVERAGE RATIO					0.98	1.12	1.16	1.06			
RECOMMENDED DEBT COVERAGE RATIO					0.94				-3%	3946.865	

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-CC	TDHCA-UW	APPLICATION	COST CERT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		14.68%	$18,641	$21.86	$2,908,000	$2,908,000	$3,000,000	$2,908,000	$21.86	$18,641	14.32%
Off-Sites		0.00%	0	0.00	0	27,000	27,000	0	0.00	0	0.00%
Sitework		2.65%	3,359	3.94	524,000	700,349	700,349	524,000	3.94	3,359	2.58%
Direct Construction		54.61%	69,339	81.33	10,816,945	7,788,097	7,788,097	10,816,945	81.33	69,339	53.28%
Contingency						655,772	655,772				
General Req'ts	5.61%	3.21%	4,079	4.78	636,251	509,306	509,306	636,251	4.78	4,079	3.13%
Contractor's G & A	1.99%	1.14%	1,447	1.70	225,784	169,768	169,768	225,784	1.70	1,447	1.11%
Contractor's Profit	5.68%	3.25%	4,132	4.85	644,522	509,306	509,306	644,522	4.85	4,132	3.17%
Indirect Construction		2.36%	2,997	3.51	467,499	546,360	638,360	467,499	3.51	2,997	2.30%
Ineligible Costs		3.98%	5,049	5.92	787,569	241,971	151,971	787,569	5.92	5,049	3.88%
Developer's G & A	0.00%	0.00%	0	0.00	0	501,773	501,773		0.00	0	0.00%
Developer's Profit	10.63%	8.45%	10,728	12.58	1,673,627	1,378,777	1,378,777	1,673,627	12.58	10,728	8.24%
Interim Financing		2.98%	3,785	4.44	590,535	604,857	604,857	590,535	4.44	3,785	2.91%
Reserves		2.69%	3,413	4.00	532,384	258,923	175,000	1,025,896	7.71	6,576	5.05%
TOTAL COST		100.00%	$126,969	$148.92	$19,807,116	$16,802,259	$16,810,336	$20,300,628	$152.63	$130,132	100.00%
Construction Cost Recap		*64.86%*	*$82,356*	*$96.59*	*$12,847,502*	*$10,332,598*	*$10,332,598*	*$12,847,502*	*$96.59*	*$82,356*	*63.29%*

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA-CC	TDHCA-UW	APPLICATION	COST CERT	RECOMMENDED	
Red Capital Group	45.46%	$57,714	$67.69	$9,003,400	$6,328,000	$6,328,000	$9,003,400	$9,003,400	Developer Fee Available
Operations Relief Center, Inc. (ORC)	2.52%	$3,205	$3.76	500,000	350,000	350,000	500,000	500,000	$1,673,627
ORC Loan / Chicago Federal Home L	2.52%	$3,205	$3.76	500,000	0	0	500,000	500,000	15-yr CCF
Syndication Proceeds - Wachovia	48.87%	$62,056	$72.78	9,680,659	9,355,628	9,355,628	9,680,659	9,690,344	% of Dev. Fee Deferred
Deferred Developer Fees	3.11%	$3,952	$4.64	616,569	776,708	776,708	616,569	113,372	7%
Additional (Excess) Funds Req'd	-2.49%	($3,164)	($3.71)	(493,512)	(8,077)	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$19,807,116	$16,802,259	$16,810,336	$20,300,628	$19,807,116	$603,647

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Date: 5/5/2007

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basi

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost				$0
Adjustments				
Exterior Wall Finish			$0.00	$0
Elderly/9-Ft Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.24)	(297,936)
Floor Cover			2.22	295,276
Porches/Balconies	$20.33		0.00	0
Plumbing	$680		0.00	0
Built-in Appliances	$1,675	156	1.96	261,300
Stairs Fireplaces			0.00	0
Enclosed Corridors	($3.30)		0.00	0
Heating/Cooling			1.73	230,102
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
SUBTOTAL			3.67	488,742
Current Cost Multiplier	1.03		0.11	14,662
Local Multiplier			(3.67)	(488,742)
TOTAL DIRECT CONSTRUCTION COSTS			$0.11	$14,662
Plans, specs, survy, bld prm	3.90%		($0.00)	($572)
Interim Construction Interest	3.38%		(0.00)	(495)
Contractor's OH & Profit	11.50%		(0.01)	(1,686)
NET DIRECT CONSTRUCTION COSTS			$0.09	$11,909

PAYMENT COMPUTATION

Primary	$9,003,400	Amort	480
Int Rate	6.67%	DCR	0.98

Secondary	$500,000	Amort	
Int Rate	0.00%	Subtotal DCR	0.96

Additional	$500,000	Amort	
Int Rate	0.00%	Aggregate DCR	0.94

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$569,793
Secondary Debt Service	12,500
Additional Debt Service	12,500
NET CASH FLOW	($37,067)

Primary	$9,003,400	Amort	480
Int Rate	6.67%	DCR	0.98

Secondary	$500,000	Amort	480
Int Rate	0.00%	Subtotal DCR	0.96

Additional	$500,000	Amort	480
Int Rate	0.00%	Aggregate DCR	0.94

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,232,656	$1,269,533	$1,307,619	$1,346,847	$1,387,253	$1,608,206	$1,864,352	$2,161,294	$2,904,599
Secondary Income	19,212	19,788	20,382	20,993	21,623	25,067	29,060	33,688	45,274
Other Support Income: (descri	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,251,768	1,289,321	1,328,001	1,367,841	1,408,876	1,633,273	1,893,411	2,194,983	2,949,873
Vacancy & Collection Loss	(93,883)	(96,499)	(99,600)	(102,588)	(105,666)	(122,495)	(142,005)	(164,624)	(221,240)
Employee or Other Non-Rent	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,157,885	$1,192,822	$1,228,401	$1,265,253	$1,303,210	$1,510,778	$1,751,406	$2,030,359	$2,728,633
EXPENSES at 4.00%									
General & Administrative	$55,723	$57,951	$60,270	$62,680	$65,188	$79,311	$96,493	$117,399	$173,779
Management	46,315	47,705	49,136	50,610	52,128	60,431	70,056	81,214	109,145
Payroll & Payroll Tax	138,737	144,287	150,058	156,061	162,303	197,466	240,248	292,299	432,673
Repairs & Maintenance	65,626	68,251	70,981	73,820	76,773	93,406	113,643	138,264	204,664
Utilities	153,368	159,503	165,883	172,518	179,419	218,290	265,584	323,123	478,301
Water, Sewer & Trash	30,544	31,766	33,036	34,358	35,732	43,474	52,892	64,352	95,256
Insurance	50,977	53,016	55,136	57,342	59,636	72,556	88,276	107,400	158,979
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	39,780	41,371	43,026	44,747	46,537	56,619	68,886	83,810	124,060
Other	19,089	19,853	20,647	21,473	22,331	27,170	33,056	40,218	59,532
TOTAL EXPENSES	$600,159	$623,702	$648,173	$673,609	$700,047	$848,723	$1,029,134	$1,248,079	$1,836,390
NET OPERATING INCOME	$557,727	$568,920	$580,228	$591,644	$603,163	$662,055	$722,272	$782,280	$892,243
DEBT SERVICE									
First Lien Financing	$569,793	$569,793	$569,793	$569,793	$569,793	$569,793	$569,793	$569,793	$569,793
Second Lien	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Other Financing	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
NET CASH FLOW	($37,067)	($25,873)	($14,565)	($3,149)	$8,370	$67,262	$127,479	$187,487	$297,450
DEBT COVERAGE RATIO	0.94	0.96	0.98	0.99	1.01	1.11	1.21	1.32	1.50

COST CERTIFICATION ANALYSIS - Pegasus Villas, Dallas, HTC #03184

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost						
Purchase of land	$1,355,757	$1,355,757				
Purchase of buildings	$1,552,243	$1,552,243	$1,552,243	$1,552,243		
(2) Rehabilitation/New Construction Cost						
On-site work	$524,000	$524,000			$524,000	$524,000
Off-site improvements						
(3) Construction Hard Costs						
New structures/rehabilitation hard costs	$10,816,945	$10,816,945			$10,816,945	$10,816,945
(4) Contractor Fees & General Requirements						
Contractor overhead	$225,784	$225,784			$225,784	$225,784
Contractor profit	$644,522	$644,522			$644,522	$644,522
General requirements	$636,251	$636,251			$636,251	$636,251
(5) Contingencies						
(6) Eligible Indirect Fees	$467,499	$467,499			$467,499	$467,499
(7) Eligible Financing Fees	$590,535	$590,535			$590,535	$590,535
(8) All Ineligible Costs	$787,569	$787,569				
(9) Developer Fees						
Developer overhead						
Developer fee	$1,673,627	$1,673,627	$168,063	$168,063	$1,505,564	$1,505,564
(10) Development Reserves	$1,025,896	$532,384				
TOTAL DEVELOPMENT COSTS	$20,300,628	$19,807,116	$1,720,306	$1,720,306	$15,411,100	$15,411,100

Deduct from Basis:					
All grant proceeds used to finance costs in eligible basis					
B.M.R. loans used to finance cost in eligible basis				$1,000,000	$1,000,000
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units [42(d)(3)]					
Historic Credits (on residential portion only)					
TOTAL ELIGIBLE BASIS		$1,720,306	$1,720,306	$14,411,100	$14,411,100
High Cost Area Adjustment				130%	130%
TOTAL ADJUSTED BASIS		$1,720,306	$1,720,306	$18,734,430	$18,734,430
Applicable Fraction		80%	80%	79.95%	79.95%
TOTAL QUALIFIED BASIS		$1,375,435	$1,375,435	$14,978,727	$14,978,727
Applicable Percentage		3.46%	3.46%	8.08%	8.08%
TOTAL AMOUNT OF TAX CREDITS		$47,590	$47,590	$1,210,281	$1,210,281
Syndication Proceeds	**0.8400**	**$399,756**	**$399,756**	**$10,166,356**	**$10,166,356**
Total Tax Credits (Eligible Basis Method)				**$1,257,871**	**$1,257,871**
Syndication Proceeds				**$10,566,112**	**$10,566,112**
Approved Tax Credits				**$1,153,613**	
Syndication Proceeds				**$9,690,344**	
Cost Certification Request				**$1,153,613**	
Syndication Proceeds				**$9,690,344**	
Gap of Syndication Proceeds Needed				**$10,297,228**	**$9,803,716**
Total Tax Credits (Gap Method)				**$1,225,861**	**$1,167,110**
Reconciled Tax Credits				**$1,153,613**	
Syndication Proceeds				**$9,690,344**	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report Addendum

REPORT DATE: 08/25/08 PROGRAM: 9% HTC FILE NUMBER: **03184**

DEVELOPMENT

Pegasus Villas

Location: 7200 Stemmons Freeway Region: 0
City: Dallas County: Dallas Zip: 75247 ☒ QCT ☐ DDA
Key Attributes: Dallas

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$1,153,613			**$1,153,613**		

* The original tax credit award amount was $1,153,613.

RECOMMENDATION

Staff has evaluated the financial viability of the requested amendment. Based on the information provided, the transaction does not currently meet the Department's 2008 Real Estate Analysis Rules and Guidelines. However, the requested amendment does not have an effect on the financial viability of the development; therefore, the Underwriter recommends approval of the requested amendment. The Underwriter anticipates that the development will achieve breakeven in year 5 and a 1.15 DCR prior to year 15; therefore, the Underwriter anticipates that the development will meet the Department's Real Estate Analysis Rules and Guidelines by year 15. If the Board chooses to approve the amendment, the Underwriter recommends a total allocation of $1,153,613. The development has satisfied all previous conditions and is currently completing the Cost Certification process.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA

Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	26
40% of AMI	40% of AMI	13
50% of AMI	50% of AMI	27
60% of AMI	60% of AMI	63

PROS

- The development is complete and is currently providing safe, decent, affordable housing to low-income Texans.
- The requested increase in the number of low income units will allow the development to serve a greater number of low-income tenants.
- Both the Underwriter's and Applicant's expense to income ratio is below 53%, which is well below the Department's 65% guideline.

CONS

- The development is considered infeasible pursuant to the Department's 2008 Real Estate Analysis Rules and Guidelines.
- The property is currently unable to pay its debt service and is relying on cash injections by the equity provider for operations.
- No resize of the loan is being considered as a means to improve the development's DCR.

ADDENDUM

The development was originally underwritten and approved for an award of 9% Housing Tax Credits in 2003. The reconstruction of the development has been completed and the development is currently leased at above 90% occupancy. Subsequently, on July 14, 2008, the Applicant submitted a request to amend the application as follows:

- An increase in the number of housing tax credit units from 124 to 129. The number of market rate units will decrease by 5 units, from 32 to 27, and no change will be made to the total number of units.
- A reduction in the net rentable area ("NRA") in the development from 142,628 to 133,077, a 7% decrease.

The Applicant asserts that the reason for the increase in the number of rent-restricted units is to allow the development to have a higher applicable fraction, which allows the Applicant access to all of the tax credits originally allocated to the development. According to the Applicant, the increased applicable fraction will also prevent adjusters under the Limited Partnership Agreement that will reduce equity to the development. However, according to the Underwriter's analysis, it appears that the development would continue to qualify for the entire amount of the original allocation without increasing the number of rent-restricted units and, as a result, the applicable fraction.

The net rentable area of the development decreased by 7% between application and the completion of the development. The average square footage of 1 bedroom units decreased from 655 to 608, a 7% decrease, and the average square footage of 2 bedroom units decreased from 1,069 to 1,031 square feet, a 4% decrease. The Applicant asserts that the reason for the decrease in the NRA and average unit sizes is the difference in the methodology used to calculate NRA at application, as compared to the methodology required by HUD, as a result of the FHA-insured mortgage.

The requested changes on their own do not seem to have a significant effect on the feasibility of the development. However, due to lower than projected actual rents the development is currently operating below a 1.00 DCR, and as a result would currently be considered infeasible by underwriting guidelines. The investor limited partner (Wachovia) has been active in the amendment request, and has contributed $76,754.44 to date enabling Pegasus to weather the initial unsteadiness in operations. The investor limited partner has not committed to fund operating deficits indefinitely, but has stated that their willingness to fund the deficits so far "can be taken as a sign of [Wachovia's] confidence that the operational challenges can be surmounted."

According to the investor limited partner, several factors contributed to the current situation. Rental concessions offered during the property's lease-up phase were larger, and lasted longer than forecasted. The Underwriter's analysis assumes achievement of maximum tax credit rents less utility allowances and still results in a DCR below a 1.00, without the inclusion of any rental concessions, but as a result of higher utility allowances and therefore lower maximum rents. The development is currently 94.87% occupied, and has been approximately 96% occupied over the past 6 months, according to the investor limited partner.

In addition, the investor limited partner stated that the development experienced several challenges that contributed to the initial unsteadiness in operations, including a lightning strike, a sprinkler break, and a fire, which required more intensive property management than is expected to be necessary going forward.

The Applicant has taken steps to decrease the development's utility expense, which has been high historically, in part due to the fact that the development is a high-rise building. The Applicant has entered into a fixed-rate pricing structure with TXU Energy to reduce utility costs, and has reported an average decrease in utility expense of 25% over the past 6 months.

The investor limited partner (Wachovia) has provided the Underwriter with the assumptions Wachovia has utilized to draw the conclusion that the development will achieve breakeven by the end of year 2010. Through December 2007, the development has had approximately $1.1M in operating deficits which have been funded with a combination of initial reserves and class B limited partner advances. So far in 2008 the development has incurred $76K in operating deficits, which Wachovia has already funded. Through December 2010, Wachovia expects that an additional $104K in operating deficits will be incurred, which Wachovia is willing to fund.

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The investor limited partner has assumed that income will grow at 3% per year, while existing concessions will decrease at a rate of 50% per year over the next 3 years, from $78K currently to $10K in 2011. In addition, Wachovia has assumed that expenses will grow at a rate of 4% per year, with the exception of make-ready expense which is anticipated to decrease by 25% per year for the next 3 years, and leasing expense which is anticipated to decrease by 40% per year over the next 3 years. Utilizing these assumptions, Wachovia concludes that the development will achieve breakeven in 2011, with continued improvements in operations and a DCR of 1.17 by 2017.

Wachovia has pointed out the presence of other mitigating factors. First, $525,801 in tax credit equity contributions remain outstanding and serve as a reserve of sorts. While the investor limited partner is not obligated to advance additional equity proceeds, Wachovia has exercised its discretion to do so in the past to fund operating deficits. The general partner has an unlimited obligation to fund operating deficits until the development achieves a 1.15 DCR. Finally, Wachovia has stated that the development would benefit from enhanced local sponsorship, and to that end Wachovia will explore the possibility of bringing in additional partners.

The development currently has a replacement reserve balance of $43K, which exceeds the annual replacement reserve requirement of $40K. Based on the existing balance, the development could forgo 1 year of replacement reserve expense, without depleting the existing reserve balance. If replacement reserve expense was $0 during year 1 of the Underwriter's proforma, the Underwriter's recommended DCR would be 1.00. The Underwriter's DCR would drop below a 1.00 in year 2 with a return to a full reserve for replacement set aside from income, however, and would not achieve a 1.00 again until year 5 with full reserves set aside. A DCR of 1.15 would be achieved prior to year 15.

OPERATING PROFORMA ANALYSIS

Income:

The Applicant's potential rents were calculated by subtracting tenant paid utility allowances from the City of Dallas from 2008 program gross rent limits. The decrease in income since application is attributable to the fact that gross rent limits have not increased, while utility allowances have increased. In addition, the increase in the number of restricted units has also marginally decreased income. Estimated secondary income of $19,212 is in line with the Department's standard at approximately $10 per unit per month, and as such is considered reasonable, though less than originally anticipated. Vacancy losses are also within Department guidelines. The Applicant's effective gross income estimate is within 5% of the Underwriter's estimate.

Expense:

The Applicant's total operating expense estimate of $3,564 per unit is 7% lower than the Underwriter's estimate of $3,845 per unit derived from the TDHCA database, IREM data, and actual operations at the property.

As stated previously, the Applicant has entered into a fixed-rate pricing structure with TXU Energy to reduce utility costs. However, the Underwriter's analysis has already taken this utility savings into account by utilizing current actual expenses, which presumably reflect the reduction in utility expense as compared to the period of time before the expense reduction measures were taken.

Conclusion:

The Applicant’s expenses and net operating income are not within 5% of the Underwriter’s estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year’s debt coverage ratio (DCR) of 0.97, which is NOT within the Department’s DCR guideline of 1.15 to 1.35.

The loan converted to the permanent phase in November 2006 and the loan amount has increased by $2,675,400 since application. Currently, the development is unable to support debt service on this loan and is relying on the investor limited partner to fund current operating deficits. According to the Applicant and investor limited partner, there are no current plans to resize the loan in order to allow the development to support a lower debt service amount.

Feasibility:

While the development is complete, it is considered infeasible based on the Department's 2008 Real Estate Analysis Rules and Guidelines because the development's DCR is below the Department's minimum of 1.15. The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio below a 1.00. The Underwriter's proforma indicates that the development would not reach a 1.00 DCR until year 5, and would not reach a DCR of 1.15 (the Department's minimum for feasibility) until year 13. Therefore, the development cannot be characterized as feasible for the long-term.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE

The Department has received the Cost Certification for this development, and as part of the Cost Certification documentation has received evidence of the final development costs, as certified by the development CPA. The Applicant's direct construction costs have increased by 39% from the Applicant's estimate at the time of application. However, because the development is a rehabilitation, the Underwriter utilized the Applicant's direct construction costs.

The 39% increase in direct construction costs also affected contractor fees, which increased by 28%. Developer fee, however, decreased by 11% since application. The final, certified costs indicate a 25% decrease in site work costs, a 27% decrease in indirect construction costs, a 418% increase in ineligible expenses, and a 486% increase in required reserves from the Applicant's estimates at application. According to the applicant, the increase in both ineligible expenses and reserves is a result of a change in financing structure to an FHA mortgage, for which HUD required larger escrows and reserves, and which increased financing costs due to a longer timeline to close on the loan.

Conclusion:

The Underwriter's cost schedule was derived from the Applicant's final costs presented in the Cost Certification documentation, as certified by the development CPA. The reduction in NRA has not affected the reasonableness of the Applicant's final, certified development costs. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. Eligible basis of $1,720,306 for acquisition and adjusted basis of $14,411,100 for rehabilitation supports annual tax credits of $1,257,871. This figure will be compared to the Board approved tax credits, the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

SOURCES & USES

Source: Red Capital Group Type: **Permanent Financing**

Principal: $9,003,400 Interest Rate: 5.7% ☒ Fixed Amort: 480 months

Comments:

The loan converted to the permanent phase in November 2006. The loan amount increased by $2,675,400 since application. Currently, the development is unable to support debt service on this loan and is relying on the investor limited partner to fund current operating deficits. According to the Applicant and investor limited partner, there are no current plans to resize the loan in order to allow the development to support a lower debt service amount.

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Source: Operations Relief Center, Inc. (ORC) / City of Dallas HOME Type: **Permanent Financing**

Principal: $500,000 Interest Rate: 0.0% ☒ Fixed Amort: 0 months

Comments:

The 100% owner of the development's general partner, Operation Relief Center, Inc. ("ORC") received a HOME loan from the City of Dallas, which ORC in turn loaned to the partnership at the terms indicated above. The loan is a cash flow loan, and as such has no associated debt service payment. The terms of the loan state that no payment of interest or principle is required prior to maturity in 2046. The Underwriter's recommended financing structure includes the amortization of the loan at 0% interest over 40 years.

Source: ORC Loan / Chicago Federal Home Loan Bank Type: **Permanent Financing**

Principal: $0 Interest Rate: 0.0% ☒ Fixed Amort: 0 months

Comments:

The 100% owner of the development's general partner, Operation Relief Center, Inc. ("ORC") received a loan from the Chicago Federal Home Loan Bank, which ORC in turn loaned to the partnership at the terms indicated above. The loan is a cash flow loan, and as such has no associated debt service payment. The terms of the loan state that no payment of interest or principle is required prior to maturity in 2046. The Underwriter's recommended financing structure includes the amortization of the loan at 0% interest over 40 years.

Source: Wachovia Type: **Syndication**

Proceeds: $9,680,659 Syndication Rate: 84% Anticipated HTC:

Comments:

The investor limited partner changed from Key Investment Fund Limited Partnership at application to Wachovia. Syndication proceeds increased by $325K as a result of an increase in the syndication rate from 81% at application to 84% at Cost Certification.

Amount: $616,569 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio below the Department’s minimum guideline of 1.15. Therefore, the Underwriter's recommended financing structure indicates that a decrease in the total permanent loan amount to $8,173,595 based on the terms reflected in the Cost Certification materials would be required to increase the development's DCR to the Department's minimum of 1.15. However, as previously stated, the Applicant has indicated that there are no current plans to resize the loan in order to increase DCR, and as a result the Underwriter's recommended financing structure utilizes the current total permanent loan amount of $10,003,400.

The Underwriter’s total development cost estimate less the permanent loan of $10,003,400 indicates the need for $9,803,716 in gap funds, which could be filled by a tax credit allocation of $1,167,110 based on the submitted syndication terms. Using the Underwriter's recommended decreased total permanent loan amount of $8,173,595, a gap of $11,633,520 could be filled with a tax credit allocation of $1,384,944. Of the three possible tax credit allocations, Applicant’s request / previously Board approved allocation ($1,153,613), the gap-driven amount based on the current loan amount ($1,167,110), and eligible basis-derived estimate ($1,257,871), the Applicant’s request / previously Board approved allocation of $1,153,613 is recommended resulting in proceeds of $9,690,344 based on a syndication rate of 84%.

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The Underwriter's recommended financing structure using a decreased total permanent loan amount indicates the need for $1,943,176 in additional permanent funds. This amount exceeds 100% of developer fee, $1,673,627, and therefore, would leave a gap of $269,545 that is unable to be filled. However, because there are no current plans to resize the primary permanent loan, an examination of deferred developer fee based on current loan terms is appropriate. Using the existing total permanent loan amount of 10,003,400, additional permanent funds in the amount of $113,372 are needed. Deferred developer in this amount appear to be repayable from development cashflow within 11 years of stabilized operation.

The development does not currently meet the Department's 2008 Real Estate Analysis Rules and Guidelines because the development is operating below a 1.15 DCR; however, the operating plan suggests that a return to a financially feasible position is possible in the near future.

Underwriter:	*Audrey Martin*	Date:	August 25, 2008
Director of Real Estate Analysis:	*Tom Gouris*	Date:	August 25, 2008

COST CERTIFICATION COMPARATIVE ANALYSIS

Pegasus Villas, Dallas, HTC#3184
Reviewed by: Raquel Morales
Date: 5/5/2007

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	UW Net Rent	CC Net Rent	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC60%	1	1	1	533	748	$671		$671	671	1.26	77.00	46.00
TC30%	4	1	1	543	373	$296		$296	1,184	0.55	77.00	46.00
TC40%	4	1	1	543	499	$422		$422	1,688	0.78	77.00	46.00
TC50%	2	1	1	543	623	$546		$546	1,092	1.01	77.00	46.00
TC60%	1	1	1	543	748	$671		$671	671	1.24	77.00	46.00
TC30%	9	1	1	549	373	$296		$296	2,664	0.54	77.00	46.00
TC40%	1	1	1	549	499	$422		$422	422	0.77	77.00	46.00
TC60%	1	1	1	549	748	$671		$671	671	1.22	77.00	46.00
TC30%	1	1	1	564	373	$296		$296	296	0.52	77.00	46.00
TC40%	1	1	1	564	499	$422		$422	422	0.75	77.00	46.00
TC50%	9	1	1	564	623	$546		$546	4,914	0.97	77.00	46.00
TC50%	1	1	1	571	623	$546		$546	546	0.96	77.00	46.00
TC50%	1	1	1	585	623	$546		$546	546	0.93	77.00	46.00
TC40%	2	1	1	588	499	$422		$422	844	0.72	77.00	46.00
TC50%	1	1	1	588	623	$546		$546	546	0.93	77.00	46.00
TC60%	19	1	1	588	748	$671		$671	12,749	1.14	77.00	46.00
MR	1	1	1	588		$825		$825	825	1.40	77.00	46.00
TC50%	1	1	1	625	623	$546		$546	546	0.87	77.00	46.00
TC60%	12	1	1	625	748	$671		$671	8,052	1.07	77.00	46.00
MR	10	1	1	625		$825		$825	8,250	1.32	77.00	46.00
TC60%	1	1	1	662	748	$671		$671	671	1.01	77.00	46.00
TC60%	1	1	1	667	748	$671		$671	671	1.01	77.00	46.00
TC60%	1	1	1	804	748	$671		$671	671	0.83	77.00	46.00
MR	2	1	1	804		$825		$825	1,650	1.03	77.00	46.00
TC30%	10	2	2	767	448	$352		$352	3,520	0.46	96.00	54.00
TC40%	1	2	2	767	599	$503		$503	503	0.66	96.00	54.00
TC50%	1	2	2	767	748	$652		$652	652	0.85	96.00	54.00
TC40%	1	2	2	855	599	$503		$503	503	0.59	96.00	54.00
TC50%	1	2	2	855	748	$652		$652	652	0.76	96.00	54.00
TC30%	1	2	2	873	448	$352		$352	352	0.40	96.00	54.00
TC50%	1	2	2	1,010	748	$652		$652	652	0.65	96.00	54.00
TC50%	1	2	2	1,049	748	$652		$652	652	0.62	96.00	54.00
TC50%	1	2	2	1,147	748	$652		$652	652	0.57	96.00	54.00
TC60%	1	2	2	1,147	898	$802		$802	802	0.70	96.00	54.00
TC30%	1	2	2	1,231	448	$352		$352	352	0.29	96.00	54.00
TC60%	1	2	2	1,231	898	$802		$802	802	0.65	96.00	54.00
MR	2	2	2	1,231		$1,099		$1,099	2,198	0.89	96.00	54.00
TC40%	3	2	2	1,313	599	$503		$503	1,509	0.38	96.00	54.00
TC50%	7	2	2	1,313	748	$652		$652	4,564	0.50	96.00	54.00
TC60%	24	2	2	1,313	898	$802		$802	19,248	0.61	96.00	54.00
MR	12	2	2	1,313		$1,099		$1,099	13,188	0.84	96.00	54.00
TOTAL:	156		**AVERAGE:**	853	$557	$654			$102,063	$0.77	$85.40	$49.54

INCOME	Total Net Rentable Sq Ft:	133,007	TDHCA-CC	TDHCA-UW	APPLICATION	COST CERT		Comptroller's Region	3
POTENTIAL GROSS RENT			$1,224,756	$1,254,060	$1,254,060	$1,224,756	1160220	IREM Region	Dallas
Secondary Income	Per Unit Per Month:	$10.26	19,212	28,080	28,080	19,212	$10.26	Per Unit Per Month	
Other Support Income: (describe)			0	20,000	21,624	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$1,243,968	$1,302,140	$1,303,764	$1,243,968			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(93,298)	(97,661)	(97,788)	(93,300)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0			0			
EFFECTIVE GROSS INCOME			$1,150,670	$1,204,479	$1,205,976	$1,150,668			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA-CC	TDHCA-UW	APPLICATION	COST CERT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.84%	$357	0.42	$55,723	$53,133	$53,900	$42,293	$0.32	$271	3.68%
Management	4.00%	295	0.35	46,027	60,224	54,269	42,374	0.32	272	3.68%
Payroll & Payroll Tax	12.06%	889	1.04	138,737	138,528	120,713	126,825	0.95	813	11.02%
Repairs & Maintenance	5.70%	421	0.49	65,626	53,356	49,012	44,492	0.33	285	3.87%
Utilities	13.33%	983	1.15	153,368	53,196	49,561	190,204	1.43	1,219	16.53%
Water, Sewer, & Trash	2.65%	196	0.23	30,544	39,780	27,838	20,856	0.16	134	1.81%
Property Insurance	4.43%	327	0.38	50,977	27,099	28,750	33,252	0.25	213	2.89%
Property Tax Exempt	0.00%	0	0.00	0	139,643	164,287	0	0.00	0	0.00%
Reserve for Replacements	3.46%	255	0.30	39,780	46,800	46,800	39,780	0.30	255	3.46%
Other: compl fees	1.66%	122	0.14	19,089	0	0	15,864	0.12	102	1.38%
TOTAL EXPENSES	52.13%	$3,845	$4.51	$599,870	$611,759	$595,130	$555,940	$4.18	$3,564	48.31%
NET OPERATING INC	47.87%	$3,531	$4.14	$550,800	$592,720	$610,846	$594,728	$4.47	$3,812	51.69%
DEBT SERVICE										
Red Capital Group	49.52%	$3,653	$4.28	$569,793	$530,956	$531,000	$569,793	$4.28	$3,653	49.52%
Operations Relief Center, Inc. (ORC	0.00%	$0	$0.00	0				$0.00	$0	0.00%
ORC Loan / Chicago Federal Home	0.00%	$0	$0.00	0				$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0				$0.00	$0	0.00%
NET CASH FLOW	-1.65%	($122)	($0.14)	($18,993)	$61,764	$79,846	$24,935	$0.19	$160	2.17%
AGGREGATE DEBT COVERAGE RATIO				0.97	1.12	1.15	1.04			
RECOMMENDED DEBT COVERAGE RATIO				0.93				-3%	3946.865	

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-CC	TDHCA-UW	APPLICATION	COST CERT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		14.68%	$18,641	$21.86	$2,908,000	$2,908,000	$3,000,000	$2,908,000	$21.86	$18,641	14.32%
Off-Sites		0.00%	0	0.00	0	27,000	27,000	0	0.00	0	0.00%
Sitework		2.65%	3,359	3.94	524,000	700,349	700,349	524,000	3.94	3,359	2.58%
Direct Construction		54.61%	69,339	81.33	10,816,945	7,788,097	7,788,097	10,816,945	81.33	69,339	53.28%
Contingency						655,772	655,772				
General Req'ts	5.61%	3.21%	4,079	4.78	636,251	509,306	509,306	636,251	4.78	4,079	3.13%
Contractor's G & A	1.99%	1.14%	1,447	1.70	225,784	169,768	169,768	225,784	1.70	1,447	1.11%
Contractor's Profit	5.68%	3.25%	4,132	4.85	644,522	509,306	509,306	644,522	4.85	4,132	3.17%
Indirect Construction		2.36%	2,997	3.51	467,499	548,360	638,360	467,499	3.51	2,997	2.30%
Ineligible Costs		3.98%	5,049	5.92	787,569	241,971	151,971	787,569	5.92	5,049	3.88%
Developer's G & A	0.00%	0.00%	0	0.00	0	501,773	501,773		0.00	0	0.00%
Developer's Profit	10.83%	8.45%	10,728	12.58	1,673,627	1,378,777	1,378,777	1,673,627	12.58	10,728	8.24%
Interim Financing		2.98%	3,785	4.44	590,535	604,857	604,857	590,535	4.44	3,785	2.91%
Reserves		2.69%	3,413	4.00	532,384	258,923	175,000	1,025,896	7.71	6,576	5.05%
TOTAL COST		100.00%	$126,969	$148.92	$19,807,116	$16,802,259	$16,810,336	$20,300,628	$152.63	$130,132	100.00%
Construction Cost Recap		*64.86%*	***$82,356***	***$96.59***	***$12,847,502***	***$10,332,598***	***$10,332,598***	***$12,847,502***	***$96.59***	***$82,356***	*63.29%*

SOURCES OF FUNDS

								RECOMMENDED	
Red Capital Group	45.46%	$57,714	$67.69	$9,003,400	$6,328,000	$6,328,000	$9,003,400	$9,003,400	Developer Fee Available
Operations Relief Center, Inc. (ORC	2.52%	$3,205	$3.76	500,000	350,000	350,000	500,000	500,000	$1,673,627
ORC Loan / Chicago Federal Home	2.52%	$3,205	$3.76	500,000	0	0	500,000	500,000	15-yr CCF
Syndication Proceeds - Wachovia	48.87%	$62,056	$72.78	9,680,659	9,355,628	9,355,628	9,680,659	9,690,344	% of Dev. Fee Deferred
Deferred Developer Fees	3.11%	$3,952	$4.64	616,569	776,708	776,708	616,569	113,372	7%
Additional (Excess) Funds Req'd	-2.49%	($3,164)	($3.71)	(493,512)	(8,077)	0	0	(0)	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$19,807,116	$16,802,259	$16,810,336	$20,300,628	$19,807,116	$476,005

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Date: 5/5/2007

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basi

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost				$0
Adjustments				
Exterior Wall Finish			$0.00	$0
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.24)	(297,936)
Floor Cover			2.22	295,276
Porches/Balconies	$20.33		0.00	0
Plumbing	$680		0.00	0
Built-In Appliances	$1,675	156	1.96	261,300
Stairs/Fireplaces			0.00	0
Enclosed Corridors	($9.92)		0.00	0
Heating/Cooling			1.73	230,102
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
SUBTOTAL			3.67	488,742
Current Cost Multiplier	1.03		0.11	14,662
Local Multiplier			(3.67)	(488,742)
TOTAL DIRECT CONSTRUCTION COSTS			$0.11	$14,662
Plans, specs, survy, bld prm	3.90%		($0.00)	($572)
Interim Construction Interest	3.38%		(0.00)	(495)
Contractor's OH & Profit	11.50%		(0.01)	(1,686)
NET DIRECT CONSTRUCTION COSTS			$0.09	$11,909

PAYMENT COMPUTATION

Primary	$9,003,400	Amort	480
Int Rate	5.67%	DCR	0.97

Secondary	$500,000	Amort	
Int Rate	0.00%	Subtotal DCR	0.97

Additional	$500,000	Amort	
Int Rate	0.00%	Aggregate DCR	0.97

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$569,793
Secondary Debt Service	12,500
Additional Debt Service	12,500
NET CASH FLOW	($43,993)

Primary	$9,003,400	Amort	480
Int Rate	5.67%	DCR	0.97

Secondary	$500,000	Amort	480
Int Rate	0.00%	Subtotal DCR	0.95

Additional	$500,000	Amort	480
Int Rate	0.00%	Aggregate DCR	0.93

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,224,756	$1,261,499	$1,299,344	$1,338,324	$1,378,474	$1,598,029	$2,147,617	$2,886,218
Secondary Income	19,212	19,788	20,382	20,993	21,623	25,067	33,688	45,274
Other Support Income: (descri	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,243,968	1,281,287	1,319,726	1,359,317	1,400,097	1,623,096	2,181,305	2,931,492
Vacancy & Collection Loss	(93,298)	(96,097)	(98,979)	(101,949)	(105,007)	(121,732)	(163,598)	(219,862)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,150,670	$1,185,191	$1,220,746	$1,257,369	$1,295,090	$1,501,364	$2,017,708	$2,711,630
EXPENSES at 4.00%								
General & Administrative	$55,723	$57,951	$60,270	$62,680	$65,188	$79,311	$117,399	$173,779
Management	46,027	47,408	48,830	50,295	51,804	60,055	80,708	108,465
Payroll & Payroll Tax	138,737	144,287	150,058	156,061	162,303	197,466	292,299	432,673
Repairs & Maintenance	65,626	68,251	70,981	73,820	76,773	93,406	138,264	204,664
Utilities	153,368	159,503	165,883	172,518	179,419	218,290	323,123	478,301
Water, Sewer & Trash	30,544	31,766	33,036	34,358	35,732	43,474	64,352	95,256
Insurance	50,977	53,016	55,136	57,342	59,636	72,556	107,400	158,979
Property Tax	0	0	0	0	0	0	0	0
Reserve for Replacements	39,780	41,371	43,026	44,747	46,537	56,619	83,810	124,060
Other	19,089	19,853	20,647	21,473	22,331	27,170	40,218	59,532
TOTAL EXPENSES	$599,870	$623,405	$647,867	$673,293	$699,722	$848,346	$1,247,573	$1,835,710
NET OPERATING INCOME	$550,800	$561,786	$572,879	$584,075	$595,368	$653,017	$770,135	$875,920
DEBT SERVICE								
First Lien Financing	$569,793	$569,793	$569,793	$569,793	$569,793	$569,793	$569,793	$569,793
Second Lien	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Other Financing	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
NET CASH FLOW	($43,993)	($33,007)	($21,914)	($10,718)	$575	$58,224	$175,342	$281,127
DEBT COVERAGE RATIO	0.93	0.94	0.96	0.98	1.00	1.10	1.29	1.47

COST CERTIFICATION ANALYSIS -Date: 5/5/2007

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost						
Purchase of land	$1,355,757	$1,355,757				
Purchase of buildings	$1,552,243	$1,552,243	$1,552,243	$1,552,243		
(2) Rehabilitation/New Construction Cost						
On-site work	$524,000	$524,000			$524,000	$524,000
Off-site improvements						
(3) Construction Hard Costs						
New structures/rehabilitation hard costs	$10,816,945	$10,816,945			$10,816,945	$10,816,945
(4) Contractor Fees & General Requirements						
Contractor overhead	$225,784	$225,784			$225,784	$225,784
Contractor profit	$644,522	$644,522			$644,522	$644,522
General requirements	$636,251	$636,251			$636,251	$636,251
(5) Contingencies						
(6) Eligible Indirect Fees	$467,499	$467,499			$467,499	$467,499
(7) Eligible Financing Fees	$590,535	$590,535			$590,535	$590,535
(8) All Ineligible Costs	$787,569	$787,569				
(9) Developer Fees						
Developer overhead						
Developer fee	$1,673,627	$1,673,627	$168,063	$168,063	$1,505,564	$1,505,564
(10) Development Reserves	$1,025,896	$532,384				
TOTAL DEVELOPMENT COSTS	$20,300,628	$19,807,116	$1,720,306	$1,720,306	$15,411,100	$15,411,100

Deduct from Basis:					
All grant proceeds used to finance costs in eligible basis					
B.M.R. loans used to finance cost in eligible basis				$1,000,000	$1,000,000
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units [42(d)(3)]					
Historic Credits (on residential portion only)					
TOTAL ELIGIBLE BASIS		$1,720,306	$1,720,306	$14,411,100	$14,411,100
High Cost Area Adjustment				130%	130%
TOTAL ADJUSTED BASIS		$1,720,306	$1,720,306	$18,734,430	$18,734,430
Applicable Fraction		80%	80%	79.95%	79.95%
TOTAL QUALIFIED BASIS		$1,375,435	$1,375,435	$14,978,727	$14,978,727
Applicable Percentage		3.46%	3.46%	8.08%	8.08%
TOTAL AMOUNT OF TAX CREDITS		$47,590	$47,590	$1,210,281	$1,210,281
Syndication Proceeds	**0.8400**	**$399,756**	**$399,756**	**$10,166,356**	**$10,166,356**
Total Tax Credits (Eligible Basis Method)				**$1,257,871**	**$1,257,871**
Syndication Proceeds				**$10,566,112**	**$10,566,112**
Approved Tax Credits				**$1,153,613**	
Syndication Proceeds				**$9,690,344**	
Cost Certification Request				**$1,153,613**	
Syndication Proceeds				**$9,690,344**	
Gap of Syndication Proceeds Needed				**$10,297,228**	**$9,803,716**
Total Tax Credits (Gap Method)				**$1,225,861**	**$1,167,110**
Reconciled Tax Credits				**$1,153,613**	
Syndication Proceeds				**$9,690,344**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE: June 16, 2003 **PROGRAM:** 9% LIHTC **FILE NUMBER:** 03184

DEVELOPMENT NAME

The Pegasus

APPLICANT

Name:	Pegasus Villas, Ltd.			**Type:**	For Profit		
Address:	1675 Fort Worth Highway			**City:**	Weatherford	**State:**	Texas
Zip:	76086	**Contact:**	Glenn Lynch	**Phone:**	(817) 341-1378	**Fax:**	(817) 341-1391

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Pegasus Stemmons Development, Inc.	**(%):**	50.50	**Title:**	Managing General Partner
Name:	GLC Stemmons Development, Inc.	**(%):**	49.50	**Title:**	Co-General Partner
Name:	Operation Relief Center, Inc.	**(%):**	N/A	**Title:**	100% Owner Of MGP
Name:	Sherman Roberts	**(%):**	N/A	**Title:**	President of Operation Relief Center

PROPERTY LOCATION

Location: 7200 North Stemmon Freeway ☒ **QCT** ☐ **DDA**

City: Dallas **County:** Dallas **Zip:** 75247

REQUEST

Amount	Interest Rate	Amortization	Term
$1,156,172	N/A	N/A	15 years

Other Requested Terms: Annual ten-year allocation of low-income housing tax credits

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

Set-Aside(s): ☒ General ☐ Rural ☐ TX RD ☐ Non-Profit ☒ Elderly ☐ At Risk

RECOMMENDATION

☒ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $1,153,613 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of verification by the City of Dallas as to the terms of the HOME program forgivable loan and its associated use restrictions;
2. Receipt, review, and acceptance of a plan of abatement for the asbestos, lead and mold in the building by a qualified professional and implemented in accordance with appropriate local state and federal regulations;
3. 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.

REVIEW of PREVIOUS UNDERWRITING REPORTS

The Pegasus Apartments was originally submitted and underwritten during the 2002 LIHTC cycle. The underwriting analysis recommended the project be approved subject to the following conditions:

1. Receipt, review, and acceptance of an acceptable Phase II Environmental Site Assessment report by a third party environmental engineer that reports findings with respect to lead based paint;
2. Receipt, review, and acceptance of an acceptable Operation and Maintenance Plan and an estimate of the current cost of abatement for asbestos by a third party environmental engineer;
3. Receipt, review, and acceptance of an acceptable mold assessment by a third party environmental engineer;
4. Review of the scoring points for deep income targeting as the deferred developer fee as determined by the Underwriter exceeds 50% of the eligible developer fee.
5. Receipt, review, and acceptance of a revised Permanent Loan Commitment reflecting debt services and to exceed $495,016
6. Should the terms of the proposed debt be altered, the previous condition should be re-evaluated.

The project did not receive an allocation in the 2002 cycle due to score reductions.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 156 **# Rental Buildings** 1 **# Common Area Bldgs** 0 **# of Floors** 16 **Age:** N/A yrs **Vacant:** Yes at 02/ 21/ 2003

Net Rentable SF: 142,642 **Av Un SF:** 914 **Common Area SF:** 48,698 **Gross Bldg SF:** 191,340

STRUCTURAL MATERIALS

Steel frame on a concrete slab, 34% glass 66% prefinished exposed aggregate masonry exterior wall covering, drywall and plaster interior wall surfaces, built-up and galvanized metal roofing. Twelve foot (12') ceiling height.

APPLIANCES AND INTERIOR FEATURES

Carpet & ceramic tile flooring, range & oven, garbage disposal, dishwasher, refrigerator, microwave oven, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters.

ON-SITE AMENITIES

Management offices, furnished community room, residential kitchen, community laundry room, senior center with arts and crafts, wellness center, computer room/facilities, indoor swimming pool, picnic area, community garden/walk trail, fitness facilities and jacuzzi, public restrooms, monitored unit security, car wash area.

Uncovered Parking: 350 spaces **Carports:** N/A spaces **Garages:** N/A Spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Pegasus is a proposed acquisition, conversion and rehabilitation of an office building built in 1969 and abandoned in the mid-1980s. The application proposes 156 units of mixed income senior housing, comprised of 87 one bedroom/one bath units and 69 two bedroom/two bath units. The variation in size among units with the same number of bedrooms is unusually great. The 16-story building is located about 4.5 miles northwest of downtown Dallas.

Development Plan: The Applicant intends to remove all interior walls and completely renovate the building. Site Work is to include the upgrade of the utility lines, installation of an indoor swimming pool and deck and to perform landscaping around the site. The pool will actually be on the first floor of the building and though it is included in site work costs rather than considered a direct cost by the Applicant. Direct construction costs will consists of creating 156 multi-family units from the existing building. The main costs will be for carpentry, mechanical, electrical & plumbing, new windows, drywall and to install four new elevators. Asbestos is known to be present in the building. An unidentified type of mold was observed by the environmental inspector in areas exposed to the elements because of broken windows. Because the building was constructed in 1969, there is a high likelihood that lead-based paint is present.

Architectural Review: A letter from Preservation Dallas, dated December 14, 2001, explains the architectural and historical significance of the building, having been designed by Paul Rudolph, former Dean of the School of Architecture of Yale University, and a leader of the "Brutalist" style in which the building was designed. Characterized by its exposed concrete, and rough texture, the building is the only major accomplishment in the Brutalist style in Dallas, and one of only a few in Texas. It was commissioned by Texas Industries (TXI), a concrete company, to promote its then new Span-Deck floor system made of pre-cast, pre-stressed, hollow core, concrete planks separating each floor. Constructed of long, preformed concrete exterior wall sections, which are in appearance stacked horizontally across each other in alternate levels with glazed windows for sixteen stories, the building has been described by the architect as, "in essence a big log cabin." The building was originally intended to be one in a complex of four towers, the original design envisioning a "city within a city," with a collection of shops, restaurants, pedestrian's areas and offices around a mall. However only the single structure was ever built. In 1969, the Yale School of Art and Architecture building which was designed in the same style by the same architect was stormed and burned by a group of students, criticizing the interior space as unworkable, awkward, and unforgiving. For two decades to follow, Randolph fell out of popularity and was forced to design mostly outside of the United States. Shortly after construction of the subject building, TXI realized some difficulties leasing the office space, finding that the interior spaces were similarly somewhat inflexible and constraining as those of the Yale School of Art and Architecture. The building was eventually leased. The primary tenants, however, departed in the mid 1980s, and the building was soon after left vacant.

The proposed unit floor plans do a good job of utilizing the existing spaces in the building. However the constraints of having to work with an existing structure are evident in the occasional trapezoid shaped bedroom, triangular walk-in closet, or longer-than-normal hallway to a bedroom.

Supportive Services: The Applicant certifies that it will coordinate its tenant services with those provided through state workforce development and welfare programs, and will provide at least three of the tenant services named as options by TDHCA.

Schedule: The Applicant anticipates construction to begin in November of 2003, to be completed in Septemberof 2004, to be placed in service in September of 2004, and to be substantially leased-up in May of 2005.

SITE ISSUES

SITE DESCRIPTION

Size: 4.963 acres 216,188 square feet **Zoning/ Permitted Uses:** Mixed Use

Flood Zone Designation: Zone B **Status of Off-Sites:** Fully Improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly shaped parcel located approximately 4.5 miles northwest of the central business district. The site has frontage on the south side of Mockingbird Lane and the east frontage road of Stemmons Freeway and has excellent visibility.

Adjacent Land Uses: Land uses in the overall area in which the site is located are mixed. Adjacent land uses include:

- **North:** Mockingbird Lane and offices beyond
- **South:** Hotels and industries with single family residential beyond
- **East:** Offices
- **West:** Stemmons Freeway with industries beyond

Site Access: The development has one main entry driveway from the Stemmons Freeway frontage road and an existing entry driveway that is a proposed access easement (according to the site plan) from Mockingbird Lane to the north. Access to Interstate Highway 35 is adjacent to the property, which provides connections to all other major roads serving the Dallas area.

Public Transportation: Public transportation to the area is provided by Dallas Area Rapid Transit (DART).

Shopping & Services: The site is within two miles of a supermarket and pharmacies, five miles from a major (regional) shopping center with a multi-screen theater. Restaurants, schools and churches are within easy driving distance. Hospitals and health care facilities are located within a very short driving distance of the site.

Special Adverse Site Characteristics: The primary conditions of concern are the presence of asbestos containing materials and unidentified molds, and the likely presence of lead based paint as discussed below.

Site Inspection Findings: TDHCA staff performed a site inspection on May 6, 2002 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment (ESA) was performed on November 19, 2001, and was updated on February 27, 2003. A Phase II Asbestos Survey Report dated December 27, 2001 were performed HBC Engineering, Inc. The reports contained the following findings and recommendations:

Findings:

Mold: The Phase I states that suspect mold stains were observed on the walls of the upper floors, primarily in the stairwells. Identification and evaluation of suspect mold, however, is an issue beyond the scope of the assessment.

Asbestos-Containing Materials (ACM): An asbestos survey report (Phase II ESA) of the property, dated December 27, 2001, was prepared by HBC. The report details the existence of asbestos-containing materials, including some that may have been damaged.

Lead-Based Paint (LBP): Although no survey of LBP was performed, it is likely that the building contains LBP because of the year of construction (1970).

Radon: The Phase I ESA states that the site has a low potential for the presence of elevated levels of radon gas.

Noise: No findings were made in the environmental reports with respect to noise. Although the site is adjacent to an interstate highway, the location is typical of many offices and hotels.

Floodplain: The site is within the floodplain of the Trinity River and is protected from flooding by the levee.

Recommendations: The original Phase I ESA recommended removing a 55-gallon drum and disposing of it in compliance with state and local regulations. At the time of the update to the Phase I ESA, the drum was reported to have been removed, and is not a condition of the updated Phase I ESA. In view of the findings of the Phase II ESA, an Operations and Maintenance Plan for the asbestos should be formulated by a qualified professional and implemented in accordance with the appropriate regulations. An investigation for lead-based paint should be conducted prior to demolition and any necessary abatement should be implemented in compliance with applicable regulations. Although the ESAs did not make such a recommendation, the mold found to exist within the building should be tested and an appropriate plan for abatement administered in compliance with applicable regulations.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. There will be 124 units (79% of the total) reserved for low-income/elderly tenants, of which 25 of the units (16%) will be reserved for households earning 30% or less of AMGI, 13 of the units (8%) will be reserved for households earning 40% or less of AMGI, 25 of the units (16%) will be reserved for households earning 50% or less of AMGI, and 61 units (39%) will be reserved for households earning 60% or less of AMGI. The remaining 32 units (21%) will be offered at market rents.

MAXIMUM ELIGIBLE INCOMES

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$27,960	$31,920	$35,940	$39,900	$43,080	$46,260

MARKET HIGHLIGHTS

A market feasibility study dated March 11, 2003 was prepared by Apartment Market Data Research

Services, L.L.C. Information from the study follows:

Definition of Market/Submarket: The primary market area (PMA) is designated as the area bounded by Loop 635 to the north, I-30 to the south, the Dallas North Tollway to the east and MacArthur Boulevard to the west, effectively the northwest quadrant of Dallas (page 3).

Population: The estimated 2002 population of the PMA was 246,354 and is expected to increase by 1.7% annually to approximately 266,847 by 2007. Within the primary market area there were estimated to be 79,732 households in 2002.

Total Local/Submarket Demand for Rental Units:

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	11	0.7%		%
Resident Turnover	1,598	95.9%		%
Other Sources: 10 yrs pent-up demand	57	3.4%		%
TOTAL ANNUAL DEMAND	1,666	**100%**		**100%**

Ref: p. 10

Inclusive Capture Rate: "The Market Analyst concluded a capture rate of 7.4% under the assumption that there were no other unstabilized elderly developments in the primary market area." (p. 11) The Underwriter calculated a capture rate of 16%.

Local Housing Authority Waiting List Information: "There are approximately 16,000 households on the combined waiting lists for Public Housing and Section 8 Housing." (p. 88)

Market Rent Comparables: The Market Analyst never explicitly states the potential market rents which could be achieved by the subject property. In one section the Analyst indicates that rents in the market area average $1.14 per square foot for one-bedroom units, and $1.03 for two-bedroom units, which for the subject would yield rents between $616 and $975 for one-bedroom units and rents between $842 and $1,443 for two-bedroom units (p. 112). In another section of the report, the analyst compares market rents of $865 for one-bedroom units and $1,146 for two-bedroom units to the proposed rents of the subject (p. 98). However in yet another section of the report the analyst uses $700 for one-bedroom units and $1,130 for two-bedroom units (p. 100). The Applicant proposes market rents of $825 for one-bedroom units and $999 for two-bedroom units, which would generally seem to be supported by data from the market study.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Proposed Max**	**Differential**
1-Bedroom (30%)	$314	$314	$0	$825	-$511
1-Bedroom (40%)	$440	$440	$0	$825	-$385
1-Bedroom (50%)	$564	$564	$0	$825	-$261
1-Bedroom (60%)	$689	$689	$0	$825	-$136
1-Bedroom (MR)	$825	N/A		$825	$0
2-Bedroom (30%)	$373	$373	$0	$999	-$626
2-Bedroom (40%)	$524	$524	$0	$999	-$475
2-Bedroom (50%)	$673	$673	$0	$999	-$326
2-Bedroom (60%)	$823	$823	$0	$999	-$176
2-Bedroom (MR)	$999	N/A		$999	$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 current occupancy of the market area is 92.1%. Newer projects constructed since 1990 average 93.5%, comparable market rate projects in the trade area average 93.4%, while rent restricted communities average 93.5%. There are no elderly projects in the trade area, but elderly projects throughout Dallas average 97% to 100% occupancy. Demand for new elderly rental apartment units is considered to be very high" (p. 12).

Absorption Projections: "Absorption over the previous twelve years is estimated to be 579 units per year. We expect this pace to continue as the number of new elderly households continues to grow, and as additional rental units become available." (p. 13)

"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. It is important to note that two other elderly developments that opened in the Dallas area in 2001 experienced an average monthly lease rate of 13% (33 units per month)." An 8% monthly lease-up rate would result in an 18-month stabilization period (page 87).

Known Planned Development: According to the market study, there are no senior's developments in the submarket that are now in lease-up or planned for construction (p. 79). The Underwriter is aware of one other elderly development proposed nearby Churchill at Brookehaven at 6839 Harry Hines but it is not likely that this development will be awarded credits this year due to $1.6M limitations. Two other elderly developments are being considered for Grand Prairie just outside the primary market area.

Effect on Existing Housing Stock: "The subject should not have a detrimental effect on any existing projects, as occupancies are strong at quality affordable housing communities in the northwestern portion of Dallas, and especially at elderly projects throughout Dallas." (p. 88)

The Underwriter found the market study to provide sufficient information to make an informed underwriting recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are in accordance with the maximum rents allowed under LIHTC guidelines, and estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. The development will receive other non-rental income in the form of a billboard lease, expiring in 2008, for $20,000 annually. With the view that the income from the billboard lease is not subject to the same vacancy and collection losses which apply to residential rental income, the applicant increased the proforma income from this source by $1,624 so that the original contract amount of $20,000 would net into the effective gross income. However, on reviewing the terms under which the lease may be discontinued, and the conditions for renewal of the lease or possible sale of the billboard, the underwriter cannot identify any cause to inflate the non-rental income in order to avoid allowances for vacancy and collection losses. This results in a difference of $1,495 between the applicant's and the underwriter's estimates of effective gross income.

Expenses: The Applicant's total expense estimate of $3,815 per unit is within 3% of a TDHCA database-derived estimate of $3,922 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 payroll ($17,815 lower), water, sewer, and trash ($11,942 lower), and property tax ($24,645 higher).

Conclusion: The Applicant's estimated income is consistent with the Underwriter's expectations and total operating expenses are within 5% of the database-derived estimate. Therefore, the Applicant's NOI should be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within an acceptable range of TDHCA underwriting guidelines of 1.10 to 1.30.

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 4.963 acres	$1,725,000	**Date of Valuation:**	02/ 21/ 2003
Existing Building(s): "as is"	$2,117,355	**Date of Valuation:**	02/ 21/ 2003
Total Development: "as is"	$3,700,000	**Date of Valuation:**	02/ 21/ 2003

Appraiser: Stephen B. Spraberry **City:** Dallas **Phone:** (972) 490-4554

APPRAISED ANALYSIS/CONCLUSIONS

Analysis:

Conclusion:

ASSESSED VALUE

Land: 4.963 acres	$1,846,510	**Assessment for the Year of:**	2002
Building:	$1,103,490	**Valuation by:**	Dallas County Appraisal District
Total Assessed Value:	$2,950,000	**Tax Rate:**	$2.80

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Special Warranty Deed

Contract Expiration Date:	/ /	**Anticipated Closing Date:**	/ /
Acquisition Cost:	$3,150,000	**Other Terms/Conditions:**	Seller's Note
Seller:	Stemmons Plaza Acquisition, L.P.	**Related to Development Team Member:**	Yes

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: When the transaction was presented in 2002, the application included a purchase contract for the sale of the property for $3,500,000. When a tax-credit allocation was not received in 2002, the applicant retained a business associate, Bobby Cox, who is otherwise uninvolved in the transaction to negotiate the purchase of the property before the contract expired. According to the applicant, Mr. Cox negotiated the purchase of the partnership owning the property, and once the applicant was able to arrange for interim financing to purchase the property, sold it to the applicant for $3,150,000. As required by the Department's Underwriting Guidelines, the Applicant submitted documentation supporting its acquisition and holding costs of $3,236,925. Based on this documentation the underwriter can substantiate as much as approximately $2,908,000. An appraisal performed by Stephen B. Spraberry on February 26, 2003, concluded that the potential market value of the property, as is, would be $3,700,000, with the land valued at $1,725,000. The value of the property for tax-assessment purposes for 2002 was appraised at $2,950,000, with $1,846,510 attributable to the land. In the applicant's cost schedule, $3,000,000 is stated for acquisition costs with $1,681,470 being allocation for land. The Underwriter used the $2,908,000 in substantial acquisition and holding costs as the acquisition and included the pro-rated portion attributable to buildings based on the value of the appraisal. This resulted in the underwriter's estimate of eligible basis of $1,552,243, compared to the Applicant's estimate of $1,318,530.

Off-Site Costs: The Applicant's off-sites of $27,000 are reasonable and are as a result of replacing asphalt paving on an adjacent access easement.

Sitework Cost: The Applicant's claimed site work costs of $700,349 or $4,489 per unit are reasonable. The costs are supported by the work write-up of the Development's architect.

Demolition Cost: Demolition costs are included in the hard costs. According to the development CPA, the inclusion of demolition is acceptable under the Internal Revenue Code because they are part of the building that will remain in place; moreover they are incidental to the actual rehabilitation. The asbestos abatement costs could be considered in a similar fashion.

Direct Construction Cost: Rehabilitation of the subject building is an expensive proposal. The Applicant estimates a direct construction cost of $7,788,097. The Applicant also provided a work write-up signed by the Architect that accounted for the same sitework and direct cost. The underwriting analysis uses the Applicant's estimate of direct costs.

Ineligible Costs: The Applicant included $90,000 in marketing costs as an eligible cost; the Underwriter moved this to ineligible costs, resulting in an equivalent reduction in the Applicant's eligible basis.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost 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, and the Underwriter's cost reflect the Applicant's total cost breakdown as adjusted, it is used to calculate eligible basis and determine the LIHTC allocation. As a result an eligible basis of $14,568,609 is used to determine a credit allocation of $1,153,613 from this method. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's total costs to determine the recommended credit amount.

FINANCING STRUCTURE

INTERIM CONSTRUCTION or GAP FINANCING

Source: Key Bank National Association **Contact:** Dan Kierce

Principal Amount: $7,095,284 **Interest Rate:** Prime rate plus 1.00%

Additional Information:

Amortization: N/A yrs **Term:** Yrs **Commitment:** ☐ LOI ☐ Firm ☒ Conditional

LONG TERM/PERMANENT FINANCING

Source: Key Bank **Contact:** Dan Kierce

Principal Amount: $6,328,000 **Interest Rate:** 300 basis points above 15-year U.S. Treasury

Additional Information:

Amortization: 30 yrs **Term:** 30 Yrs **Commitment:** ☐ LOI ☐ Firm ☒ Conditional

Annual Payment: $531,000 **Lien Priority:** 1st **Commitment Date** 02/ 26/ 2003

LONG TERM/PERMANENT FINANCING

Source: City of Dallas **Contact:** Jerry Killingsworth

Principal Amount: $350,000 **Interest Rate:** Unknown

Additional Information: Forgivable loan over ten years. Terms unknown.

Amortization: 10 yrs **Term:** 10 yrs **Commitment:** ☐ LOI ☐ Firm ☐ Conditional

Annual Payment: $ **Lien Priority:** 2nd **Commitment Date** / /

LIHTC SYNDICATION

Source: Key Investment Fund Limited Partnership XII **Contact:** Dan Kierce

Address: 127 Public Square **City:** Cleveland

State: Ohio **Zip:** 44114 **Phone:** (216) 689-0201 **Fax:** (216) 689-4025

Net Proceeds: $9,355,628 **Net Syndication Rate (per $1.00 of 10-yr LIHTC)** 81¢

Commitment ☐ LOI ☐ Firm ☒ Conditional **Date:** 02/ 26/ 2003

Additional Information:

APPLICANT EQUITY

Amount: $773,708 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Permanent Financing: Interim and permanent financing will be provided by Key Bank. The interim loan, in an amount of $7,095,284 will be partially replaced by the permanent loan of $6,328,000 in conjunction with tax-credit proceeds. The primary loan will carry an interest rate of 300 basis points above U.S. 15-year treasuries, and will be amortized over 30 years. Debt service is estimated to be $531,000 annually for underwriting purposes.

The Applicant has also received a HOME award from the City of Dallas. While a letter from the City was provided confirming approval of a forgivable loan in the amount of $350,000, the letter does not precisely state what the terms of the loan are to be. In the application, the applicant indicates that the loan is forgivable over a ten year period, which the underwriter interprets to mean that as long as the project remains in compliance with certain use restrictions over a ten-year period, then no payments of the loan will become due. Use restrictions which are expected to accompany the loan were likewise not stated in the application. Verification by the City of Dallas as to the loan terms and the expected use restrictions should be provided as a condition of approval.

LIHTC Syndication: Key Investment Fund has offered to purchase 99.99% of the ownership interest in Pegasus Villas, Ltd., providing approximately $9,355,628 in equity at a rate of $0.81 per dollar of tax-credits.

Deferred Developer's Fees: Per the applicant's estimate, up to $776,708 in developer's fees may need to be deferred in order to match financing sources to the costs of the project.

Financing Conclusions: Subject to verification of the terms and restrictions associated with the HOME loan from the City of Dallas, the financing proposed by the applicant is acceptable as submitted. The slight reduction in recommended tax credits to $1,153,613 results in syndication proceeds of $9,343,327 and increased deferred developer fee by $4,224 to $780,932 deferred developer fee in this amount if repayable in less than ten years.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, General Contractor, Property Manager and Supportive Services provider are all related entities. These are common relationships for LIHTC-funded developments. These types of relationships are common for LIHTC transactions. For the acquisition of the property, Bobby Cox who is a business associate in other ventures with the developer, Glenn Lynch, acted as an intermediary between the original seller of the property, and the Applicant as the final purchaser. While this relationship appears to be acceptable and not trigger additional development interest concerns.

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

Financial Highlights:

- The Applicant and General Partners are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Operation Relief Center submitted an unaudited financial statement as of 12/31/2002 reporting total assets of $1,928,756 and consisting of $9,341 in cash, receivables and employee advances, $1,587,728 in property, plant, and equipment, and $331,687 in other assets. Liabilities totaled $1,405,039, resulting in a net worth of $523,716.
- Glenn Lynch Companies, Inc. submitted an unaudited financial statement as of 12/31/2003 reporting total assets of $38,091,263 and consisting of $482,272 in cash, $35,819,793 in construction in progress, $758,439 in receivables, $723,589 in fixed assets, and $307,168 in investments and other assets. Liabilities totaled $37,888,686, resulting in a net worth of $202,577.

Background & Experience:

- The Applicant and General Partners are new entities formed for the purpose of developing the project.
- Operation Relief Center has completed one (1) LIHTC housing developments totaling 30 units since 1999.
- Glenn Lynch has completed seven (7) LIHTC housing developments totaling 1,206 units since 1997.

SUMMARY OF SALIENT RISKS AND ISSUES

Significant environmental risks exist regarding asbestos in particular and possibly lead based paint and mold.

Underwriter:	*Stephen Apple*	**Date:**	June 16, 2003
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	June 16, 2003

MULTIFAMILY COMPARATIVE ANALYSIS

The Pegasus, Dallas, LIHTC #03184

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
TC30%	1	1	1	540	$373	$314	$314	$0.58	$59.00	$46.00
TC30%	1	1	1	580	373	314	314	0.54	59.00	46.00
TC30%	12	1	1	591	373	314	3,768	0.53	59.00	46.00
TC40%	5	1	1	591	499	440	2,200	0.74	59.00	46.00
Market	5	1	1	591	825	825	4,125	1.40	59.00	46.00
TC40%	2	1	1	616	499	440	880	0.71	59.00	46.00
TC50%	5	1	1	616	623	564	2,820	0.92	59.00	46.00
Market	4	1	1	616	825	825	3,300	1.34	59.00	46.00
TC50%	1	1	1	618	623	564	564	0.91	59.00	46.00
TC50%	8	1	1	632	623	564	4,512	0.89	59.00	46.00
TC60%	13	1	1	632	748	689	8,957	1.09	59.00	46.00
Market	2	1	1	632	825	825	1,650	1.31	59.00	46.00
TC60%	17	1	1	674	748	689	11,713	1.02	59.00	46.00
Market	6	1	1	674	825	825	4,950	1.22	59.00	46.00
Market	1	1	1	721	825	825	825	1.14	59.00	46.00
TC60%	1	1	1	727	748	689	689	0.95	59.00	46.00
TC60%	3	1	1	855	748	689	2,067	0.81	59.00	46.00
TC30%	11	2	2	820	448	373	4,103	0.45	75.00	52.00
Market	1	2	2	820	999	999	999	1.22	75.00	52.00
Market	1	2	2	873	999	999	999	1.14	75.00	52.00
TC40%	1	2	2	910	599	524	524	0.58	75.00	52.00
Market	1	2	2	910	999	999	999	1.10	75.00	52.00
TC40%	1	2	2	1,073	599	524	524	0.49	75.00	52.00
TC40%	1	2	2	1,115	599	524	524	0.47	75.00	52.00
TC40%	3	2	2	1,285	599	524	1,572	0.41	75.00	52.00
TC50%	1	2	2	1,285	748	673	673	0.52	75.00	52.00
Market	2	2	2	1,285	999	999	1,998	0.78	75.00	52.00
TC50%	10	2	2	1,405	748	673	6,730	0.48	75.00	52.00
TC60%	27	2	2	1,405	898	823	22,221	0.59	75.00	52.00
Market	9	2	2	1,405	999	999	8,991	0.71	75.00	52.00
TOTAL:	156		**AVERAGE:**	914	$710	$670	$104,505	$0.73	$56.87	$41.68

MULTIFAMILY COMPARATIVE ANALYSIS

The Pegasus, Dallas, LIHTC #03184

INCOME	Total Net Rentable Sq Ft:		142,628		TDHCA	APPLICANT		USS Region	3
POTENTIAL GROSS RENT					$1,254,060	$1,254,060		IREM Region	Dallas
Secondary Income		Per Unit Per Month:		$15.00	28,080	28,080	$15.00	Per Unit Per Month	
Other Support Income: (Billboard lease)					20,000	21,624			
POTENTIAL GROSS INCOME					$1,302,140	$1,303,764			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(97,661)	(97,788)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$1,204,480	$1,205,976			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.41%	$341	0.37	$53,133	$53,900	$0.38	$346	4.47%
Management		5.00%	386	0.42	60,224	$54,269	0.38	348	4.50%
Payroll & Payroll Tax		11.50%	888	0.97	138,528	$120,713	0.85	774	10.01%
Repairs & Maintenance		4.43%	342	0.37	53,356	$49,012	0.34	314	4.06%
Utilities		4.42%	341	0.37	53,196	$49,561	0.35	318	4.11%
Water, Sewer, & Trash		3.30%	255	0.28	39,780	$27,838	0.20	178	2.31%
Property Insurance		2.25%	174	0.19	27,099	$28,750	0.20	184	2.38%
Property Tax	2.79733	11.59%	895	0.98	139,643	$164,287	1.15	1,053	13.62%
Reserve for Replacements		3.89%	300	0.33	46,800	$46,800	0.33	300	3.88%
Other Expenses:		0.00%	0	0.00	0	$0	0.00	0	0.00%
TOTAL EXPENSES		50.79%	$3,922	$4.29	$611,759	$595,130	$4.17	$3,815	49.35%
NET OPERATING INC		49.21%	$3,799	$4.16	$592,721	$610,846	$4.28	$3,916	50.65%
DEBT SERVICE									
First Lien Mortgage		44.08%	$3,404	$3.72	$530,956	$531,000	$3.72	$3,404	44.03%
Cityof Dallas HOME		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		5.13%	$396	$0.43	$61,765	$79,846	$0.56	$512	6.62%
AGGREGATE DEBT COVERAGE RATIO					1.12	1.15			
RECOMMENDED DEBT COVERAGE RATIO						1.15			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		17.31%	$18,641	$20.39	$2,908,000	$3,000,000	$21.03	$19,231	17.85%
Off-Sites		0.16%	173	0.19	27,000	27,000	0.19	173	0.16%
Sitework		4.17%	4,489	4.91	700,349	700,349	4.91	4,489	4.17%
Direct Construction		46.35%	49,924	54.60	7,788,097	7,788,097	54.60	49,924	46.33%
Contingency	7.73%	3.90%	4,204	4.60	655,772	655,772	4.60	4,204	3.90%
General Req'ts	6.00%	3.03%	3,265	3.57	509,306	509,306	3.57	3,265	3.03%
Contractor's G & A	2.00%	1.01%	1,088	1.19	169,768	169,768	1.19	1,088	1.01%
Contractor's Profit	6.00%	3.03%	3,265	3.57	509,306	509,306	3.57	3,265	3.03%
Indirect Construction		3.26%	3,515	3.84	548,360	638,360	4.48	4,092	3.80%
Ineligible Costs		1.44%	1,551	1.70	241,971	151,971	1.07	974	0.90%
Developer's G & A	3.85%	2.99%	3,216	3.52	501,773	501,773	3.52	3,216	2.98%
Developer's Profit	10.58%	8.21%	8,838	9.67	1,378,777	1,378,777	9.67	8,838	8.20%
Interim Financing		3.60%	3,877	4.24	604,857	604,857	4.24	3,877	3.60%
Reserves		1.54%	1,660	1.82	258,923	175,000	1.23	1,122	1.04%
TOTAL COST		100.00%	$107,707	$117.80	$16,802,259	$16,810,336	$117.86	$107,759	100.00%
Recap-Hard Construction Costs		*61.50%*	***$66,235***	***$72.44***	***$10,332,598***	***$10,332,598***	***$72.44***	***$66,235***	*61.47%*

SOURCES OF FUNDS

						RECOMMENDED	
First Lien Mortgage	37.66%	$40,564	$44.37	$6,328,000	$6,328,000	$6,328,000	Developer Fee Available
Cityof Dallas HOME	2.08%	$2,244	$2.45	350,000	350,000	350,000	$1,880,550
LIHTC Syndication Proceeds	55.68%	$59,972	$65.59	9,355,628	9,355,628	9,343,327	% of Dev. Fee Deferred
Deferred Developer Fees	4.62%	$4,979	$5.45	776,708	776,708	780,932	42%
Additional (excess) Funds Required	-0.05%	($52)	($0.06)	(8,077)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$16,802,259	$16,810,336	$16,802,259	$2,557,830.03

The Pegasus, Dallas, LIHTC #03184

PAYMENT COMPUTATION

Primary	$6,328,000	Term	360
Int Rate	7.50%	DCR	1.12

Secondary	$350,000	Term	
Int Rate	0.00%	Subtotal DCR	1.12

Additional	$9,355,628	Term	
Int Rate		Aggregate DCR	1.12

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$530,956
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$79,890

Primary	$6,328,000	Term	360
Int Rate	7.50%	DCR	1.15

Secondary	$350,000	Term	0
Int Rate	0.00%	Subtotal DCR	1.15

Additional	$9,355,628	Term	0
Int Rate	0.00%	Aggregate DCR	1.15

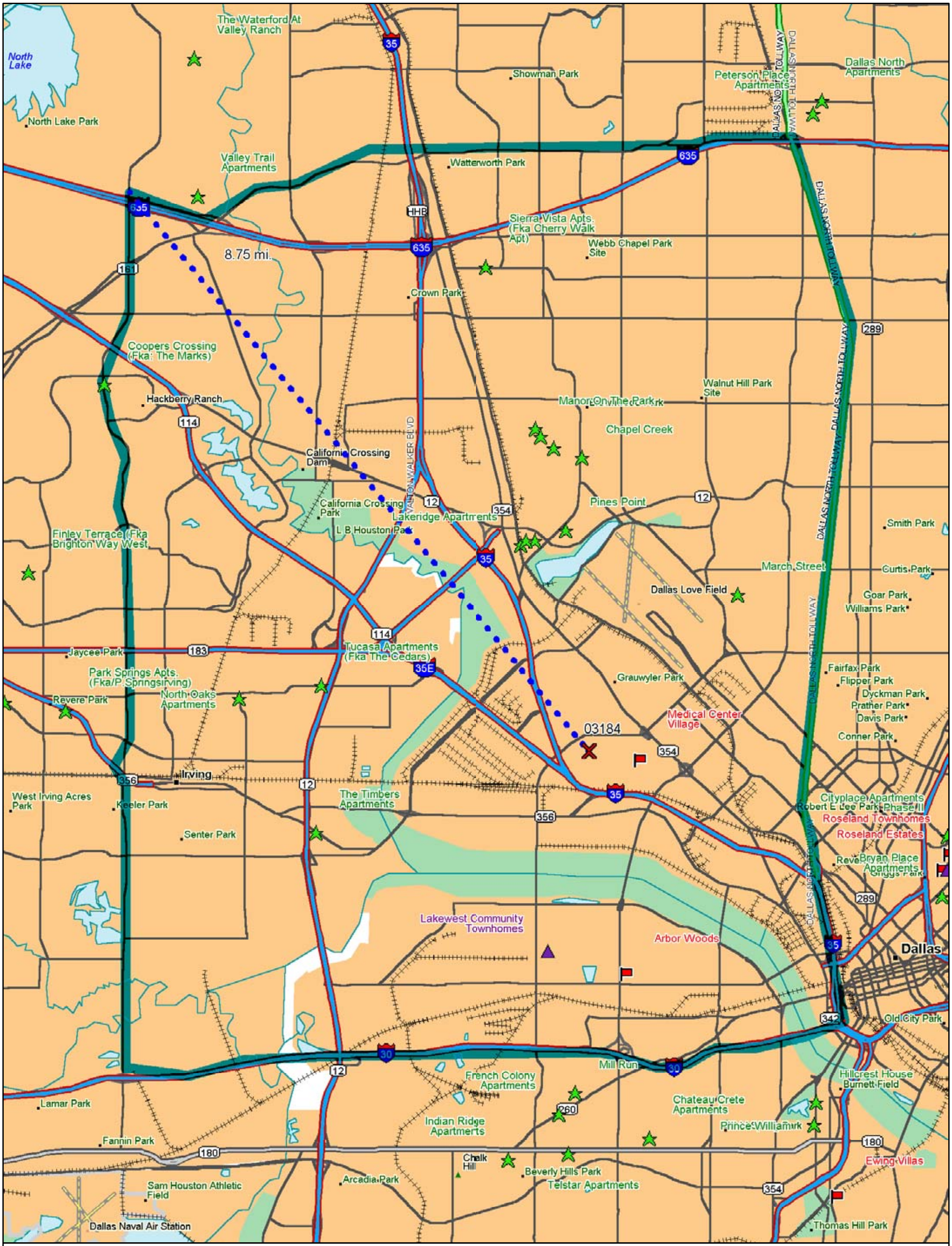
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,254,060	$1,291,682	$1,330,432	$1,370,345	$1,411,456	$1,636,264	$1,896,878	$2,199,002	$2,955,275
Secondary Income	28,080	28,922	29,790	30,684	31,604	36,638	42,474	49,238	66,172
Contractor's Profit	21,624	22,273	22,941	23,629	24,338	28,214	32,708	37,918	50,958
POTENTIAL GROSS INCOME	1,303,764	1,342,877	1,383,163	1,424,658	1,467,398	1,701,116	1,972,060	2,286,158	3,072,405
Vacancy & Collection Loss	(97,788)	(100,716)	(103,737)	(106,849)	(110,055)	(127,584)	(147,905)	(171,462)	(230,430)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,205,976	$1,242,161	$1,279,426	$1,317,809	$1,357,343	$1,573,533	$1,824,156	$2,114,696	$2,841,975
EXPENSES at 4.00%									
General & Administrative	$53,900	$56,056	$58,298	$60,630	$63,055	$76,717	$93,337	$113,559	$168,095
Management	54,269	55897.334	57574.25422	59301.48185	61080.5263	70809.07059	82087.11976	95161.46977	127889.0579
Payroll & Payroll Tax	120,713	125,542	130,563	135,786	141,217	171,812	209,036	254,324	376,462
Repairs & Maintenance	49,012	50,972	53,011	55,132	57,337	69,759	84,873	103,261	152,851
Utilities	49,561	51,543	53,605	55,749	57,979	70,541	85,824	104,418	154,563
Water, Sewer & Trash	27,838	28,952	30,110	31,314	32,567	39,622	48,206	58,650	86,817
Insurance	28,750	29,900	31,096	32,340	33,633	40,920	49,786	60,572	89,661
Property Tax	164,287	170,859	177,693	184,801	192,193	233,832	284,493	346,129	512,355
Reserve for Replacements	46,800	48,672	50,619	52,644	54,749	66,611	81,042	98,601	145,953
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	$595,130	$618,393	$642,570	$667,697	$693,812	$840,624	$1,018,684	$1,234,675	$1,814,647
NET OPERATING INCOME	$610,846	$623,768	$636,856	$650,112	$663,531	$732,909	$805,471	$880,021	$1,027,327
DEBT SERVICE									
First Lien Financing	$530,956	$530,956	$530,956	$530,956	$530,956	$530,956	$530,956	$530,956	$530,956
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	$79,890	$92,812	$105,900	$119,156	$132,576	$201,953	$274,516	$349,066	$496,372
DEBT COVERAGE RATIO	1.15	1.17	1.20	1.22	1.25	1.38	1.52	1.66	1.93

LIHTC Allocation Calculation - The Pegasus, Dallas, LIHTC #03184

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost						
Purchase of land	$1,681,470	$1,355,757				
Purchase of buildings	$1,318,530	$1,552,243	$1,318,530	$1,552,243		
(2) Rehabilitation/New Construction Cost						
On-site work	$700,349	$700,349			$700,349	$700,349
Off-site improvements	$27,000	$27,000				
(3) Construction Hard Costs						
New structures/rehabilitation ha	$7,788,097	$7,788,097			$7,788,097	$7,788,097
(4) Contractor Fees & General Requirements						
Contractor overhead	$169,768	$169,768			$169,768	$169,768
Contractor profit	$509,306	$509,306			$509,306	$509,306
General requirements	$509,306	$509,306			$509,306	$509,306
(5) Contingencies	$655,772	$655,772			$655,772	$655,772
(6) Eligible Indirect Fees	$638,360	$548,360			$638,360	$548,360
(7) Eligible Financing Fees	$604,857	$604,857			$604,857	$604,857
(8) All Ineligible Costs	$151,971	$241,971				
(9) Developer Fees						
Developer overhead	$501,773	$501,773	$51,310	$59,738	$450,463	$442,035
Developer fee	$1,378,777	$1,378,777	$140,989	$164,150	$1,237,788	$1,214,627
(10) Development Reserves	$175,000	$258,923				
TOTAL DEVELOPMENT COSTS	$16,810,336	$16,802,259	$1,510,828	$1,776,132	$13,264,067	$13,142,477

Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis					$350,000	$350,000
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			$1,510,828	$1,776,132	$12,914,067	$12,792,477
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			$1,510,828	$1,776,132	$16,788,287	$16,630,219
Applicable Fraction			79%	79%	79.48%	79.48%
TOTAL QUALIFIED BASIS			$1,200,820	$1,411,685	$13,343,479	$13,217,846
Applicable Percentage			3.63%	3.63%	8.34%	8.34%
TOTAL AMOUNT OF TAX CREDITS			$43,590	$51,244	$1,112,846	$1,102,368
Syndication Proceeds	**0.8099**		**$353,042**	**$415,036**	**$9,013,153**	**$8,928,291**
Total Credits (Eligible Basis Method)					**$1,156,436**	**$1,153,613**
Syndication Proceeds					**$9,366,194**	**$9,343,327**
Requested Credits					**$1,156,172**	
Syndication Proceeds					**$9,364,057**	
Gap of Syndication Proceeds Needed					**$10,132,336**	
Credit Amount					**$1,251,031**	



DELORME

Zoom Level: 11-0 Datum: WGS84

Scale 1 : 100 000
1" = 1.58 mi

REPORT DATE: 08/18/08 PROGRAM: 4% LIHTC FILE NUMBER: **04432**

DEVELOPMENT

Mariposa at Hunter Road (fka Willow Springs Senior Residences)

Location: 2600 Hunter Road Region: 7

City: San Marcos County: Hays Zip: 78666 ☐ QCT ☐ DDA

Key Attributes:

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$442,104			**$442,104**		

* The original tax credit award amount was $482,804.

RECOMMENDATION

Staff has evaluated the financial viability of the requested amendment. Based on the revised information provided, the transaction would meet the Department's 2008 Real Estate Analysis Rules and Guidelines if approved. If the Board chooses to approve the amendment, the Underwriter recommends a total allocation of $442,104. The development has satisfied all previous conditions and is currently completing the Cost Certification process.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	182

PROS	CONS
▫ The development is complete and is currently providing safe, decent, affordable housing to low-income Texans. ▫ The tenants will benefit from having management and maintenance employees living in the development.	▫ The acquisition is an identity of interest.

ADDENDUM

The subject development was originally underwritten and approved for an award of 4% Housing Tax Credits in 2004. In a letter to the Department dated September 10, 2007, the Owner has requested to amend the application as follows:

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- Approval of a revised site plan, which includes an increase in the number of one-bedroom units from 111 to 113, and a corresponding increase in total units from 180 to 182.
- Approval for the substitution of 30-year architectural roofing and R-15 Walls/R-30 Ceilings for self-cleaning ovens and microwaves.
- Approval for the installation of one fireplace in the community building instead of two.
- Approval for a reduction in the number of parking spaces from 180 uncovered parking spaces and 103 carport spaces to 135 uncovered parking spaces and 105 carport spaces.
- Approval for the addition of 3 employee occupied units.

In July of 2006 the Owner submitted an amendment request addressing the changes to the site plan and unit mix identified during the mid-development construction inspection conducted by the Department. However, the request was not fully processed, and in September of 2007, the Owner submitted a revised request addressing issues identified during the final construction inspection conducted by the Department. The Underwriter requested additional information of the Owner in order to evaluate the requested amendment. The Owner responded with the required information on March 31, 2008 via submission of the development's final Cost Certification. Therefore, this analysis will address the changes made to the development as built and reflected in the Cost Certification documentation submitted.

According to the Owner the site plan was reconfigured to make the property more appealing to the tenants. The number of one-bedroom units increased from 111 to 113, and this increased the total number of units at the development from 180 to 182. The reconfiguration of the site plan also resulted in slight changes to the unit sizes. The size of the one-bedroom units increased from 709 sq. ft. to 714 sq. ft., while the size of the two-bedroom units decreased from 1,050 sq. ft. to 999 sq. ft. The net rentable square footage decreased from 151,149 sq. ft. to 149,613 sq. ft. or 1%.

The Owner's amendment request also states two of the one-bedroom units are designated as management units, but after further communication, it was discovered that three of the one-bedroom units are used for employees. It should be noted that when the transaction was underwritten and approved in 2004 there were no employee units identified. The Underwriter confirmed with the Owner that no rents are being collected for these units. The Owner indicated two of the units are exempt units and these units will be permanent employee-occupied units. The third employee-occupied unit is a low-income qualified unit occupied by the supportive services employee. The Owner was not certain this unit would be available for lease in the near future.

In addition to the unit mix change, the following amenities committed to in the application were not provided: self-cleaning ovens, microwaves, and two fireplaces. The Owner indicated the microwave ovens and self-cleaning ovens were selected in the Unit Amenities and Quality section in the Development Certification, which should not have been completed since it applies to 9% LIHTC applications and not to the 4% Bond applications. Nevertheless, the Owner offers 30-year architectural roofing and R-15 Walls/R-30 Ceilings as substitutes. The number of fireplaces is also being addressed as the Owner stated that two fireplaces were inadvertently selected in the Activity Overview section of the application when only one fireplace was intended as reflected in the architectural plans submitted at application.

Finally, the number of parking spaces has changed from that proposed and approved due to the modification of the site plan, causing a reduction in the number of parking spaces on the site. Originally, the application indicated 180 uncovered parking spaces and 103 carport spaces, but the development was built with 135 uncovered parking spaces and 105 carport spaces. The Owner received approval for this variance from the City as evidenced by the Certificate of Occupancy.

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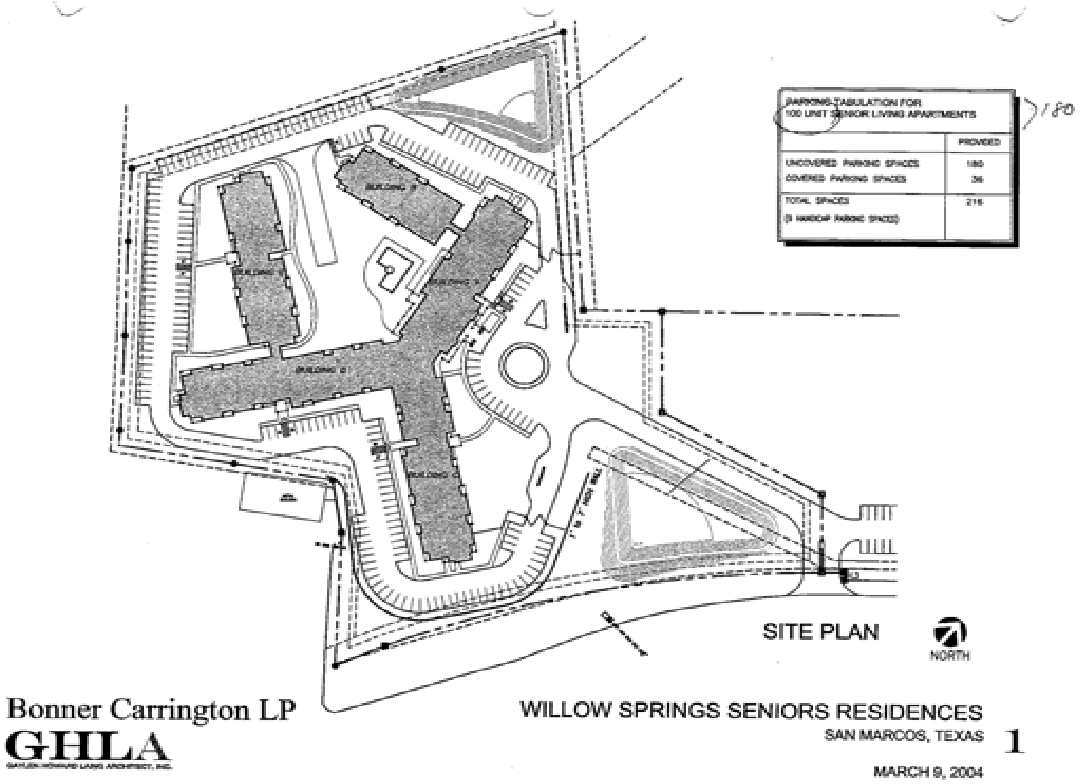
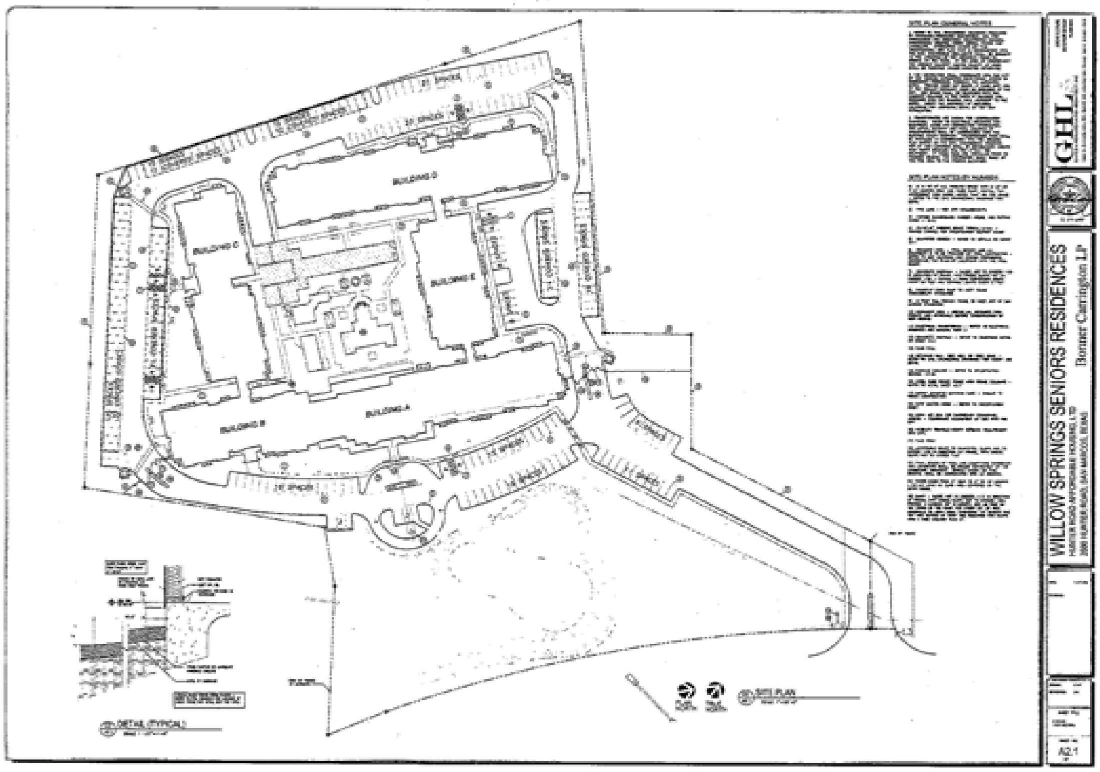
SITE PLAN

ORIGINAL SITE PLAN



AS-BUILT SITE PLAN



ORIGINAL BUILDING CONFIGURATION

Building Type	A	B	C	D	E						Total Buildings
Floors/Stories	3	3	3	3	3						
Number	1	1	1	1	1						**5**

BR/BA	SF	Units										Total Units	Total SF
1/1	709	26	18	27	19	21						111	78,699
2/2	1,050	11	8	12	30	8						69	72,450
												0	0
Units per Building		37	26	39	49	29						**180**	**151,149**

AS-BUILT BUILDING CONFIGURATION

Building Type	A	B	C	D	E						Total Buildings
Floors/Stories	3	3	3	3	3						
Number	1	1	1	1	1						**5**

BR/BA	SF	Units										Total Units	Total SF
1/1	714	28	21	20	26	18						113	80,682
2/2	999	11	8	30	12	8						69	68,931
												0	0
Units per Building		39	29	50	38	26						**182**	**149,613**

OPERATING PROFORMA ANALYSIS

Income:

The Owner's rent projections as reflected in the Cost Certification are significantly lower than the maximum HTC rents and the market rents concluded in the original market study. The Underwriter used the 2008 HTC rents for purposes of this analysis, resulting in a potential gross income that is $89,133 greater than the Owner's projection. Of note, the Owner's actual rents collected according to a February 2008 rent roll reflects average rents of $628 and $789 for the one and two-bedroom units, respectively. This would result in a difference in potential income of $73K compared to the Owner's projected rental income.

The Owner's estimate of vacancy and collection loss rate of 7.5% is consistent with TDHCA's standards. Overall the Owner's effective gross income is not within 5% of the Underwriter's estimate.

Expense:

The Owner's estimate of $3,443 per unit in operating expenses is less than 1% greater than the Underwriter's $3,415 per-unit estimate. The particular line items that deviate significantly from the Underwriter's estimate are payroll and payroll tax ($72K or 38% higher) and repairs and maintenance ($25K or 28% lower). The Underwriter has confirmed via the Hays County Appraisal District website that the property is 100% tax exempt since it is owned by the Housing Authority of the City of San Marcos.

Despite differences between the Owner's and Underwriter's revised expense estimates, the Owner's total expenses are within 5% of the Underwriter's estimates, and both the Owner's and Underwriter's expense to income ratios are below 45%, which is well below the Department's 65% limit.

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Conclusion:

The Owner's estimates of expenses are within 5% of the Underwriter's estimate, however the Owner's projection of effective gross income and net operating income are more than 5% different than the Underwriter's projection. Therefore, the Underwriter's year one proforma is used to determine the development's debt capacity. Based on the final financing structure reflected in the Cost Certification the resulting DCR of 1.29 falls within the Department's guidelines.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current Department guidelines. As noted above, the Underwriter’s base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow for the Department's 15 year minimum. Therefore, the development can be characterized as feasible for the long term.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE

Stuart Shaw, a principal of the Owner and of the developer, originally acquired the site through the Stuart Shaw Family Partnership, Ltd. on January 31, 2002 for $334,576.70 plus closing costs. At cost certification, the Owner indicated the land transaction was structured with a ground lease so the property could obtain a tax exemption. The Ground Lease submitted as part of the cost certification documentation identifies the Housing Authority of the City of San Marcos as the landlord and Hunter Road Affordable Housing, Ltd. as the tenant. Additionally, the Ground Lease requires pre-payment of annual rent for the first ten years of the lease term, which amounts to $1,034,500. The Owner utilized this payment and $72,157 in closing costs as the acquisition cost. It must be noted that the Housing Authority of the City of San Marcos is related to a member of the development team. The Underwriter requested from the Owner an explanation of the transactions that took place for the acquisition of the land, but no additional information was provided.

Due to the fact that the transaction is considered an identity of interest acquisition, the acquisition value utilized in the Underwriter's analysis consists of the original acquisition price of the land of $334,576.70 plus closing costs, plus property tax and interest expenses for two years for a total acquisition cost of $385,184. This amount is consistent with the value utilized by the Underwriter when the transaction was initially underwritten.

While the Owner's final direct construction costs have increased by 10% from the Owner's estimate at the time of application, the Owner's final total development costs have decreased by $29K or less than 1%. The Owner's direct construction costs are within 5% of the Underwriter’s current construction cost estimate updated using current Marshall and Swift cost estimates and the revised development plans. The amenities that were omitted and substituted in the amendment request did not impact the Underwriter's underwriting since Marshall & Swift does not provide adjustments for these items. Therefore, the changes in amenities did not impact the credit allocation.

Conclusion:

The Owner's final total development cost, adjusted for the difference in acquisition cost, is within 5% of the Underwriter's estimate; therefore, the Owner's final costs will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $12,777,573 supports annual tax credits of $442,104. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds, adjusted for the difference in acquisition cost, to determine the final credit allocation.

FINANCING STRUCTURE

Issuer: Capital Area Housing Finance Corporation

Source: Wells Fargo Bank, N.A. Type: **Interim to Permanent Bond Financing**

Tax-Exempt: $10,895,000 Interest Rate: Variable ☐ Fixed Amort: 360 months

Comments:

The construction and permanent lender changed from Newman Capital at application to Wells Fargo. The loan amount increased by $30,000 from original underwriting and the interest rate decreased from an underwritten rate of 6.75% to BMA plus 2.35%, which is underwritten at 4.59% as of 8/5/08. The amortization period decreased from 40 years to 30 years.

The loan has not yet converted to the permanent phase. The Applicant expects conversion will occur during the end of the first quarter of 2009.

Source: Capmark Capital, Inc. Type: **Syndication**

Proceeds: $3,613,131 Syndication Rate: 82% Anticipated HTC: $ 436,192

Comments:

The original syndication commitment from Paramount Financial Group provided syndication proceeds of $3,481,084 at a rate of 80 cents per credit dollar. The new commitment from Capmark Capital provides an effective increase in the syndication rate to 82 cents per credit dollar and an increase in proceeds of $132,047.

Amount: $1,646,270 Type: **Deferred Developer Fees**

Amount: $170,448 Type: **Interest Income**

The Underwriter has included this source of funds with the deferred developer fees.

Amount: $187,483 Type: **263A Interest**

Amount: $7,443 Type: **GP Capital Contribution**

The Underwriter has included this source of funds with the deferred developer fees.

CONCLUSIONS

Recommended Financing Structure:

The owner's total development cost, adjusted for the difference between the Underwriter's and Owner's acquisition cost, less the permanent loan of $10,985,000 indicates the need for $4,903,302 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $599,792 annually would be required to fill this gap in financing. Of the four possible tax credit allocations: previously approved credit amount ($482,804), the Owner's request ($442,104), the gap-driven amount ($599,792), and eligible basis-derived estimate ($442,104), the Owner's requested credits of $442,104 is recommended resulting in proceeds of $3,614,201 based on a syndication rate of 82%.

The Underwriter’s recommended financing structure indicates the need for $1,101,618 in additional permanent funds. Deferred developer fee in this amount appears to be repayable from development cashflow within 5 years of stabilized operations.

Underwriter: *Rosalio Banuelos* Date: August 18, 2008

Reviewing Underwriter: *Raquel Morales* Date: August 18, 2008

Director of Real Estate Analysis: *Tom Gouris* Date: August 18, 2008

COST CERTIFICATION COMPARATIVE ANALYSIS

Mariposa at Hunter Road, San Marcos, HTC#04432

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	UW Net Rent	CC Net Rent	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	110	1	1	714	$800	$708	$710	$708	$77,892	$0.99	$91.89	$65.81
EO	3	1	1	714		0		$0	0	0.00	91.89	65.81
TC 60%	69	2	2	999	$960	858	$898	$858	59,201	0.86	102.02	65.81
TOTAL:	182		**AVERAGE:**	822		$753			$137,093	$0.92	$95.73	$65.81

INCOME	Total Net Rentable Sq Ft:	149,613		**TDHCA**	**TDHCA-UW**	**APPLICATION**	**COST CERT**	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$1,645,113	$1,689,264	$1,483,380	$1,555,980	Hays	Austin	7
Secondary Income	Per Unit Per Month:	$15.00		32,760	32,400	45,996	39,204	$17.95	Per Unit Per Month	
Other Support Income:				0	0	0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,677,873	$1,721,664	$1,529,376	$1,595,184			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(125,840)	(129,125)	(115,860)	(119,640)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions		-4.14%		(69,528)	0	0	(69,528)	-4.36%	of Potential Gross Income	
EFFECTIVE GROSS INCOME				$1,482,504	$1,592,539	$1,413,516	$1,406,016			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.07%	$413	0.50	$75,223	$68,727	$40,600	$79,098	$0.53	$435	5.63%
Management	5.00%	407	0.50	74,125	79,627	57,100	42,181	0.28	232	3.00%
Payroll & Payroll Tax	12.70%	1,035	1.26	188,330	161,804	135,400	260,565	1.74	1,432	18.53%
Repairs & Maintenance	5.90%	481	0.58	87,487	66,282	58,200	62,798	0.42	345	4.47%
Utilities	3.15%	256	0.31	46,631	44,644	38,700	42,929	0.29	236	3.05%
Water, Sewer, & Trash	4.77%	389	0.47	70,780	74,453	65,000	70,842	0.47	389	5.04%
Property Insurance	2.56%	209	0.25	37,972	37,787	45,000	27,216	0.18	150	1.94%
Property Tax Exempt	0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Reserve for Replacements	2.46%	200	0.24	36,400	36,000	36,000	36,400	0.24	200	2.59%
TDHCA Compliance Fees	0.31%	25	0.03	4,550	10,000	10,000	4,550	0.03	25	0.32%
Other:	0.00%	0	0.00	0			0	0.00	0	0.00%
TOTAL EXPENSES	41.92%	$3,415	$4.15	$621,498	$579,324	$486,000	$626,579	$4.19	$3,443	44.56%
NET OPERATING INC	58.08%	$4,731	$5.75	$861,006	$1,013,215	$927,516	$779,437	$5.21	$4,283	55.44%
DEBT SERVICE										
Wells Fargo Bank, N.A.	45.16%	$3,678	$4.47	$669,450	$786,657	$790,000	$677,853	$4.53	$3,724	48.21%
Interest Income	0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW	12.92%	$1,053	$1.28	$191,556	$226,558	$137,516	$101,584	$0.68	$558	7.22%
AGGREGATE DEBT COVERAGE RATIO				1.29	1.29	1.17	1.15			
RECOMMENDED DEBT COVERAGE RATIO				1.29						

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	**TDHCA**	**TDHCA-UW**	**APPLICATION**	**COST CERT**	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.44%	$2,116	$2.57	$385,184	$385,184	$1,125,000	$1,106,657	$7.40	6080.532967	6.70%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		7.04%	6,120	7.45	1,113,899	1,350,000	1,776,022	1,113,899	7.45	6,120	6.74%
Direct Construction		46.84%	40,710	49.52	7,409,303	7,475,703	6,618,978	7,298,384	48.78	40,101	44.18%
Contingency	0.00%	0.00%	0	0.00	0	419,750	419,750	0	0.00	0	0.00%
Contractor's Fees	13.11%	7.07%	6,140	7.47	1,117,532	1,201,142	1,250,300	1,117,532	7.47	6,140	6.76%
Indirect Construction		5.09%	4,423	5.38	804,935	897,350	897,350	804,935	5.38	4,423	4.87%
Ineligible Costs		11.98%	10,409	12.66	1,894,388	1,263,443	1,263,443	1,894,388	12.66	10,409	11.47%
Developer's Fees	14.85%	10.59%	9,201	11.19	1,674,642	1,785,179	1,785,179	1,674,642	11.19	9,201	10.14%
Interim Financing		5.24%	4,558	5.54	829,528	938,794	938,794	829,528	5.54	4,558	5.02%
Reserves		3.72%	3,230	3.93	587,937	473,952	473,952	679,810	4.54	3,735	4.12%
TOTAL COST		100.00%	$86,909	$105.72	$15,817,348	$16,190,497	$16,548,768	$16,519,775	$110.42	$90,768	100.00%
Construction Cost Recap		*60.95%*	***$52,971***	***$64.44***	***$9,640,734***	***$10,446,595***	***$10,065,050***	***$9,529,815***	***$63.70***	***$52,362***	*57.69%*

SOURCES OF FUNDS

								RECOMMENDED	
Wells Fargo Bank, N.A.	68.88%	$59,863	$72.82	$10,895,000	$10,865,000	$10,865,000	$10,895,000	$10,895,000	Developer Fee Available
Interest Income	1.08%	$937	$1.14	170,448	0	0	170,448		$1,674,642
263A Interest	1.19%	$1,030	$1.25	187,483	0	0	187,483	187,483	
GP Capital Contribution	0.05%	$41	$0.05	7,443	0	0	7,443		
HTC Syndication Proceeds	22.84%	$19,852	$24.15	3,613,131	3,481,084	3,481,084	3,613,131	3,614,201	% of Dev. Fee Deferred
Deferred Developer Fees	10.41%	$9,045	$11.00	1,646,270	410,857	410,857	1,646,270	1,101,618	66%
Additional (Excess) Funds Req'd	-4.44%	($3,859)	($4.69)	(702,427)	1,433,556	1,791,827	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$15,817,348	$16,190,497	$16,548,768	$16,519,775	$15,798,302	$5,081,486

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Mariposa at Hunter Road, San Marcos, HTC#04432

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$40.82	$6,106,491
Adjustments				
Exterior Wall Finish	1.30%		$0.53	$79,384
Elderly	3.00%		1.22	183,195
9-Ft. Ceilings	3.00%		1.22	183,195
Roofing			0.00	0
Subfloor			(0.82)	(123,181)
Floor Cover			2.43	363,560
Breezeways/Balconies	$15.84	15,611	1.65	247,226
Plumbing Fixtures	$805	9	0.05	7,245
Rough-ins	$400	364	0.97	145,600
Built-In Appliances	$1,850	182	2.25	336,700
Exterior Stairs	$1,800	16	0.19	28,800
Elevators	$52,750	4	1.41	211,000
Heating/Cooling			1.90	284,265
Garages/Carports	$10.15	21,000	1.42	213,150
Comm &/or Aux Bldgs	$40.82	53,248	14.53	2,173,330
Other: fire sprinkler	$1.95	149,613	1.95	291,745
SUBTOTAL			71.73	10,731,705
Current Cost Multiplier	0.98		(1.43)	(214,634)
Local Multiplier	0.87		(9.32)	(1,395,122)
TOTAL DIRECT CONSTRUCTION COSTS			$60.97	$9,121,949
Plans, specs, survy, bld prm	3.90%		($2.38)	($355,756)
Interim Construction Interes	3.38%		(2.06)	(307,866)
Contractor's OH & Profit	11.50%		(7.01)	(1,049,024)
NET DIRECT CONSTRUCTION COSTS			$49.52	$7,409,303

PAYMENT COMPUTATION

Primary	$10,895,000	Amort	360
Int Rate	4.59%	DCR	1.29

Secondary	$170,448	Amort	
Int Rate		Subtotal DCR	1.29

Additional	$3,613,131	Amort	
Int Rate		Aggregate DCR	1.29

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$669,450
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$191,556

Primary	$10,895,000	Amort	360
Int Rate	4.59%	DCR	1.29

Secondary	$170,448	Amort	0
Int Rate	0.00%	Subtotal DCR	1.29

Additional	$3,613,131	Amort	0
Int Rate	0.00%	Aggregate DCR	1.29

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,645,113	$1,694,466	$1,745,300	$1,797,659	$1,851,589	$2,146,499	$2,488,380	$2,884,715	$3,876,816
Secondary Income	32,760	33,743	34,755	35,798	36,872	42,744	49,552	57,445	77,201
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,677,873	1,728,209	1,780,055	1,833,457	1,888,460	2,189,243	2,537,933	2,942,160	3,954,017
Vacancy & Collection Loss	(125,840)	(129,616)	(133,504)	(137,509)	(141,635)	(164,193)	(190,345)	(220,662)	(296,551)
Employee or Other Non-Rental	(69,528)	(71,614)	(73,762)	(75,975)	(78,254)	(90,718)	(105,167)	(121,918)	(163,847)
EFFECTIVE GROSS INCOME	$1,482,504	$1,526,979	$1,572,789	$1,619,972	$1,668,572	$1,934,332	$2,242,421	$2,599,580	$3,493,618
EXPENSES at 4.00%									
General & Administrative	$75,223	$78,232	$81,361	$84,616	$88,000	$107,066	$130,262	$158,484	$234,595
Management	74,125	76,349	78,639	80,999	83,429	96,717	112,121	129,979	174,681
Payroll & Payroll Tax	188,330	195,863	203,698	211,845	220,319	268,052	326,126	396,783	587,335
Repairs & Maintenance	87,487	90,986	94,626	98,411	102,347	124,521	151,499	184,321	272,840
Utilities	46,631	48,496	50,436	52,453	54,552	66,370	80,750	98,244	145,425
Water, Sewer & Trash	70,780	73,611	76,556	79,618	82,803	100,742	122,568	149,123	220,739
Insurance	37,972	39,491	41,071	42,714	44,422	54,047	65,756	80,002	118,423
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	36,400	37,856	39,370	40,945	42,583	51,809	63,033	76,689	113,519
Other	4,550	4,732	4,921	5,118	5,323	6,476	7,879	9,586	14,190
TOTAL EXPENSES	$621,498	$645,617	$670,678	$696,719	$723,778	$875,799	$1,059,994	$1,283,212	$1,881,747
NET OPERATING INCOME	$861,006	$881,362	$902,110	$923,253	$944,794	$1,058,532	$1,182,426	$1,316,368	$1,611,871
DEBT SERVICE									
First Lien Financing	$669,450	$669,450	$669,450	$669,450	$669,450	$669,450	$669,450	$669,450	$669,450
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	$191,556	$211,912	$232,660	$253,803	$275,344	$389,082	$512,976	$646,918	$942,421
DEBT COVERAGE RATIO	1.29	1.32	1.35	1.38	1.41	1.58	1.77	1.97	2.41

HTC ALLOCATION ANALYSIS -Mariposa at Hunter Road, San Marcos, HTC#04432

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,106,657	$385,184		
Purchase of buildings				
Off-Site Improvements				
Sitework	$1,113,899	$1,113,899	$1,113,899	$1,113,899
Construction Hard Costs	$7,298,384	$7,409,303	$7,298,384	$7,409,303
Contractor Fees	$1,117,532	$1,117,532	$1,117,532	$1,117,532
Contingencies				
Eligible Indirect Fees	$804,935	$804,935	$804,935	$804,935
Eligible Financing Fees	$829,528	$829,528	$829,528	$829,528
All Ineligible Costs	$1,894,388	$1,894,388		
Developer Fees			$1,674,642	
Developer Fees	$1,674,642	$1,674,642		$1,674,642
Development Reserves	$679,810	$587,937		
TOTAL DEVELOPMENT COSTS	$16,519,775	$15,817,348	$12,838,920	$12,949,839

Deduct from Basis:			
Commercial Space		$61,347	$61,347
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		$12,777,573	$12,888,492
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$12,777,573	$12,888,492
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$12,777,573	$12,888,492
Applicable Percentage		3.46%	3.46%
TOTAL AMOUNT OF TAX CREDITS		$442,104	$445,942

Syndication Proceeds	**0.817500092**	**$3,614,201**	**$3,645,575**
Total Tax Credits (Eligible Basis Method)		**$442,104**	**$445,942**
Syndication Proceeds		**$3,614,201**	**$3,645,575**
Previously Approved Tax Credits		**$482,804**	
Syndication Proceeds		**$3,946,923**	
Cost Certification Request		**$442,104**	
Syndication Proceeds		**$3,614,201**	
Gap of Syndication Proceeds Needed		**$4,903,302**	
Total Tax Credits (Gap Method)		**$599,792**	
Reconciled Tax Credits		**$442,104**	
Syndication Proceeds		**$3,614,201**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE: July 15, 2004 **PROGRAM:** 4% LIHTC **FILE NUMBER:** 04432

DEVELOPMENT NAME

Willow Springs Senior Residences

APPLICANT

Name:	Hunter Road Affordable Housing, Ltd.			**Type:**	For Profit		
Address:	1201 Thorpe Street			**City:**	San Marcos	**State:**	TX
Zip:	78666	**Contact:**	Albert Sierra	**Phone:**	(512) 353-5058	**Fax:**	(512) 392-7458

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	SMRC Willow Springs, LLC	**(%):**	.0051	**Title:**	Managing General Partner
Name:	SMRC FPGP Inc.	**(%):**	.0049	**Title:**	Co-General Partner
Name:	Hunter Road Development, LLC	**(%):**	.0051	**Title:**	Special Limited Partner
Name:	SSFP Willow Springs III, LP	**(%):**	.0049	**Title:**	Special Limited Partner
Name:	Housing Authority of the City of San Marcos	**(%):**	N/A	**Title:**	Sole owner of SMRC Willow Springs and SMRC FPGP
Name:	Stuart Shaw	**(%):**		**Title:**	Sole owner of SSFP Willow Springs III
Name:	PFG Holding Corp. (A subsidiary of GMAC Commercial Holding Corp.)	**(%):**	N/A	**Title:**	Sole owner of Hunter Road Development, LLC

PROPERTY LOCATION

Location:	2600 Block of Hunter Road			☐ **QCT**	☐ **DDA**
City:	San Marcos	**County:**	Hays	**Zip:**	78666

REQUEST

Amount	Interest Rate	Amortization	Term
$485,866	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

NOT RECOMMENDED DUE TO THE FOLLOWING:

☒

- Significant outstanding site and cost changes and the new market study were not provided 60 days prior to the Board meeting (10TAC§50.12(b)
- The original of record market study and revisions could not support less than 100% inclusive capture rate (10TAC§1.32 (g)(2)

CONDITIONS

SHOULD THE BOARD APPROVE A DETERMINATION LETTER FOR THIS DEVELOPMENT, THE BOARD MUST WAIVE ITS RULES FOR THE ISSUES LISTED ABOVE. ANY SUCH

DETERMINATION OF CREDITS SHOULD NOT EXCEED $482,804 AND SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

1. Receipt, review, and acceptance prior to the issuance of a determination notice of the Architect's revised unit matrix and detailed square footage breakdown typically found on the architectural plans prior to execution of a determination letter;
2. Receipt, review, and acceptance prior to the issuance of a determination notice of a) a detailed statement from the prior seller of the property, Tetco, Inc. as to their purpose in originally acquiring the site, and their use of the land since their initial ownership, and b) a supplement from the ESA provider reviewing Tetco, Inc.'s statement and assessing its implications with respect to the ESA's findings within 90 days of any Board approval;
3. Receipt, review, and acceptance at the time of cost certification that the water well has been closed in accordance with applicable regulations prior to cost certification
4. Receipt, review, and acceptance of a third party detailed site work cost breakdown for all sitework costs, including costs per unit of materials and numbers of units required certified by an architect or engineer familiar with the sitework costs of this proposed project, to be accompanied by a letter from a certified public accountant stating which costs are includable in eligible basis prior to the issuance of a determination notice;
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 180 **# Rental Buildings** 5 **# Common Area Bldgs** 1 **# of Floors** 3 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 151,149 **Av Un SF:** 841 **Common Area SF:** 51,379 **Gross Bldg SF:** 204,628

STRUCTURAL MATERIALS

The structure will have a wood frame on a concrete slab on grade. According to the plans provided in the application the exterior will be comprised as 65% stucco veneer and 35% stone or cement fiber siding. The interior wall surfaces will be painted or papered drywall. The pitched roof will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & linoleum. Each unit will include a range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, ceiling fans, 9 foot ceilings fiberglass tub/shower, washer & dryer connections, and laminated counter tops.

ON-SITE AMENITIES

Community areas of 6,082 square feet will include an activity room, a t.v. room, a living room, management offices, fitness & laundry facilities, a kitchen, restrooms, and a barber shop/beauty salon. A swimming pool will also be planned for the development.

Uncovered Parking: 180 spaces **Carports:** 103 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Willow Springs Senior Residences is a dense (20 units per acre) new development of 180 units of affordable housing located in southwest San Marcos. The development is comprised of five large, connected, elevator-served, low-rise residential buildings as follows:

- 1 building of Type A with 26 one-bedroom/one-bath units, and 11 two-bedroom/two-bath units;
- 1 building of Type B with 18one-bedroom/one-bath units, and 8 two-bedroom/two-bath units;
- 1 building of Type C with 27 one-bedroom/one-bath units, and 12 two-bedroom/two-bath units;

- 1 building of Type D with 19 one-bedroom/one-bath units, and 30 two-bedroom/two-bath units; and
- 1 building of Type E with 21 one-bedroom/one-bath units, and 8 two-bedroom/two-bath units.

Revised architectural plans submitted to the Department on July 12, 2004 reflect 180 units as compared to the plans provided as part of the application which indicated that there are 182 units in the development. The revised plans do no provide a full unit/square footage breakdown on a building by building basis and the Applicant only incdicated in a later sent with the revised plans that they have increased area in the 2/2 units to 1,000-1,050 SF. The 2/2 units were originally listed at 946 square feet. The architectural plans provided reflect total building square footage which is significantly greater than previously indicated and if all of the 2/2 units are 1,050 square feet and the 1/1 units have not changed size would reflect common areas and corridors square footage representing 34% of the net rentable square footage. This is an exceptionally large percentage even for a senior's development and needs further investigation given the lack of specificity in the revised plans. Receipt, review, and acceptance prior to the issuance of a determination notice of the Architect's revised unit matrix and detailed square footage breakdown typically found on the architectural plans is therefore a condition of this report.

Architectural Review: Each of the units appears well arranged with an adequate amount of space in each of the rooms and work areas.

Supportive Services: The Applicant has indicated that supportive services will include transportation, recreational activities, and health seminars.

Schedule: The Applicant anticipates construction to begin in August of 2004 and to be completed in August of 2005. The development should be placed in service in May of 2005 and substantially leased-up in August of 2006.

SITE ISSUES

SITE DESCRIPTION

Size: 9.057 acres 394,522 square feet **Zoning/ Permitted Uses:** Multifamily

Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location San Marcos is located in south central Texas, approximately 35 miles south from Austin in Hays County. The site is an irregularly-shaped parcel located in the southwest area of the San Marcos, approximately 2.5 miles from the central business district. The site is situated on the west side of Hunter Road.

Adjacent Land Uses:

- **North:** Doris Miller Junior High School
- **South:** Retail and office center
- **East:** Restaurants, mobile homes, and vacant land across Hunter Road
- **West:** Single family residential

Site Access: The development is to have one main entrance, one from the west from Hunter Road. Access to Interstate Highway 35 is approximately one mile east, which provides connections to all other major roads serving the San Marcos area.

Public Transportation: Public transportation to the area is provided by the San Marcos Transit Authority. The location of the nearest bus stop is approximately 0.9 of a mile from the site.

Shopping & Services: The site is approximately within two miles of major grocery stores, pharmacies, shopping centers, libraries, post offices, restaurants, schools, and health care facilities.

Site Inspection Findings: TDHCA staff performed a site inspection on March 29, 2004 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated April 7, 2004, 2003 and prepared by HBC/Terracon did not identify any recognized environmental conditions. The environmental professional identified a water well associated with a historic homestead which formerly stood on the site, and recommended that the well be plugged in accordance with applicable regulations. Receipt, review, and acceptance at the time of cost certification that the water well has been closed in accordance with applicable regulations is a condition of approval.

The report, however, does not conform to ASTM and TDHCA's guidelines by not having reviewed all reasonably attainable standard historical sources and not having conducted any interviews of owners or occupants of the property. The Underwriter noted that the prior seller of the property was Tetco, Inc. According to Hoover's Online (www.hoover's.com), "Tetco is a Texas-based retailer of gasoline. Tetco was founded by Tom E. Turner (hence the "Tetco" brand), and operates a statewide network of more than 300 stations. In addition, the company owns bulk chemical transporter Mission Petroleum Carriers and V.K. Knowlton Paving Contractors." Because of the prior seller's business in the petrochemical industry, a discussion of the prior seller's activities on the property is warranted, but is not present within the ESA report. Receipt, review, and acceptance prior to the issuance of a determination notice of a) a detailed statement from the prior seller of the property, Tetco, Inc. as to their purpose in originally acquiring the site, and their use of the land since their initial ownership, and b) a supplement from the ESA provider reviewing Tetco, Inc.'s statement and assessing its implications with respect to the ESA's findings is a condition of this report.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, and as a Priority 1 private activity bond lottery development the Applicant has elected the 100% at 60% option. All of the units (100% of the total) will be reserved for low-income, elderly tenants.

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

A market feasibility study dated April 9, 2004 was prepared by Capitol Market Research, Inc. ("Market Analyst") and an addendum letter was provided on June 2, 2004 highlighted the following findings:

Definition of Primary Market Area (PMA): "The Willow Springs Market Area is defined as the Austin MSA" (p. 57). This area encompasses approximately 4,300 square miles and is equivalent to a circle with a radius of 37 miles.

Population: The estimated population of senior households in 2003 was 211,350 and is expected to increase by 7.6% annually to approximately 291,785 by 2008. Within the primary market area there were estimated to be 126,557 senior households in 2003.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 698 income qualified, senior households who would be interested in senior specific housing for independent living, based on the current estimate of 47,582 income qualified senior households, a projected annual growth rate of 4% for this demographic profile, 4.8% of this population being interested in seniors rental housing for independent living, and an annual renter turnover rate of 24.6%. (pp. 51-55). The Market Analyst used an income band of $0 to $38,400.The Market Analyst provided no documentation that households with no income (or even income below the 50% AMI level) could afford to live at the development.

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	105	12%	179	19%

Resident Turnover	805	88%	743	81%
TOTAL ANNUAL DEMAND	**910**	**100%**	**922**	**100%**

Ref: p. 55

Inclusive Capture Rate: The Market Analyst provided a revised inclusive capture rate of 95.71% based upon 910 units of demand and 871 unstabilized affordable housing in the PMA (including the subject) (p. 55). The Underwriter calculated an inclusive capture rate of 108% based upon a revised supply of unstabilized comparable affordable units of 999 units. The Market Analyst excluded Heatherwilde Park in Pflugerville which has recently reached 90% occupancy but has not been at that level for a full 12 months as prescribed in 10TAC§1.32(g)(2) Including these units in the Market Analyst's inclusive capture rate calculation results in an unacceptable capture rate of 110%.

These capture rate calculations do not include the nearby Stone Brook Seniors (a 1999 private activity bond transaction) which according to the owner developer has struggled for three years to reach stabilized occupancy for its 280 units. The Underwriter has independently confirmed that by year end 2002 the property had exceeded 90% occupancy. The Underwriter's inclusive capture rate also does not include La Vista, a 1997 9% HTC transaction with 201 units dedicated to seniors but originally targeting seniors with hearing impairments. Due to the exceptionally targeted population of La Vista it is known to have struggled to lease-up and/or maintain occupancy. While La Vista should have stabilized several years ago it is uncertain if it ever did so in accordance with the departments requirements for exclusion in the inclusive capture rate calculation

Market Rent Comparables: The Market Analyst surveyed four comparable apartment projects totaling 429 units in the market area (p. 39).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$635	$751	-$116	$732	-$97
2-Bedroom (60%)	$770	$898	-$128	$985	-$215

(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 area wide seniors housing market surveyed for this report is currently reporting a 96.7% stabilized occupancy and many projects have a long waiting list." (p. 19).

Known Planned Development: "According to a survey conducted by Capitol Markets Research, there are four (4) other private new independent living communities under construction in the Austin area; one being built in partnership with the City of Austin and with a "202" HUD grant, one being built by the Travis County Housing Authority, one 9% LIHTC project and another tax credit project under construction in Cedar Park.. The City of Austin Housing Authority has no plans for building additional units, and while it is possible that additional properties may be submitted through the TDHCA tax credit application process, there are only three known applications (including the subject) currently on file. In addition, there are four other sites where an independent seniors project is under construction and two projects that were completed in 2003" (pp. 57-58).

Other Relevant Information: Subsequent to the submission of the original application, and after the Underwriter reviewed the addendum to the original market study and still had concerns regarding the inclusive capture rate, the Applicant submitted a second Market Study dated June 28, 2004 from O'Conner and Associates analyzing the potential market from a slightly different perspective. Commenting on the previous market study, O'Conner & Associates noted that the market area examined in the first analysis was much larger in population than TDHCA's guidelines suggest as appropriate, and that the method of determining potential demand was based on a survey of people who might be interested in independent seniors rental housing, rather than quantifying the total number of qualified households within the region, which resulted in an estimate of demand which was much more conservative than might typically be produced by a market analysis performed under TDHCA's guidelines. The O'Conner market study examines a potential primary market area surrounding San Marcos which includes an area extending from the southern limits of Austin to the northern outskirts of San Antonio, and includes the cities of Wimberly, Kyle, Lockhart, New Braunfels, and Seguin.

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	53	7%	204	22%
Resident Turnover	596	84%	725	78%
Other: Pent up demand	65	9%		
TOTAL ANNUAL DEMAND	**713**	**100%**	**929**	**100%**

The Market Analyst calculated a total demand of 713 income qualified, senior households based on the current estimate of 85,843 households, a projected annual growth rate of 3.4% for this demographic profile, 20% of the population qualifying in age, 21% qualifying by income, 33% of the population renting and an annual renter turnover rate of 60%. The Market Analyst used an income band of $21,771 to $38,400. The Underwriter did identify an error within the Market Analysts mathematical calculations which would result in a higher total number of 929 units of demand. The Market Analyst calculated an inclusive capture rate of 67% based upon 713 units of demand and 481 unstabilized affordable housing in the PMA (including the subject). The Underwriter calculated an inclusive capture rate of 48% based upon a revised supply of unstabilized comparable affordable units of 441 units, and a revised demand of 929 units. The Market analyst included Green Oaks, a 100 unit proposed 2004 9% transaction that would not have priority over this subject transaction but excluded 60 units at Eden Place in Seguin, a 2001 9% HTC which is, according to the Executive Director of the Housing Authority struggling to maintain occupancy but according to the O'Connor market study is 100% occupied.

Independently of the two market analyses provided with the application, the Underwriter was able to locate publicly available data from HUD and the U.S. Census Bureau identifying households by age, income, and ownership status for the Austin MSA and Hays County. With this information, the Underwriter inferred that there would be approximately 2,093 units of demand within the Austin MSA, and 213 units of demand within Hays County.

The O'Connor market study also appropriately provides two sets of comparable rents, an unrestricted set, which suggest market comparable rents of $710 and $950 respectively, but provides restricted comparable rents of $635 and $770 (equal to the Applicant's original rent projections). The fact that the unrestricted market rents are roughly equal to the maximums allowable tax credit rents of $751 and $898 but the restricted units are renting for far less than the maximum level suggests the level of supply at restricted rents may be greater than the demand at the 60% income level. In fact the restricted rent level conclusions reflect that demand meets supply at the 52% income level.

Conclusions: The original market study of record and its revisions could not support an inclusive capture rate less than 100% (10TAC§1.32 (g)(2)). The subsequent study, while otherwise acceptable, was provided less than 60 days prior to the Board meeting (10TAC§50.12(b)) and therefore requires a waiver by the Board of this rule to be accepted. With a Board waiver the second study provides sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are significantly lower than the maximum rents allowed under HTC program guidelines and the potential market rents indicated by both market studies. In fact the rents proposed equate to the 52% AMI level. The Underwriter used the lesser of maximum HTC rents or revised market rents, resulting in a potential gross income $256,740 greater than the Applicant's projection. Conversely, the Applicant overstated secondary income and provided insufficient additional substantiation for their estimate. The Applicant's use of a vacancy and collection loss rate of 7.5% is consistent with TDHCA's standards. As a result of these differences the Applicant's effective gross income estimate is $211,038 less than the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of $2,670 per unit is approximately 16% less than the Underwriter's database-derived estimate of $3,218 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 ($28K lower), management fees ($23K lower), and payroll ($27K lower). The San Marcos Housing Authority's (SMHA's) effective ownership of the transaction for the purpose of furthering its public purposes will provide the property with a 100% property tax exemption.

Conclusion: The Applicant's estimated income and total estimated operating expense is inconsistent with the Underwriter's expectations and the Applicant's net operating income (NOI) estimate is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30. It should be noted that if the maximum tax credit rents can be achieved an additional $55K in income could be achieved and the DCR would significantly exceed the Department's 1.30 guideline.

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 9.057 acres	$1,050,000	**Date of Valuation:**	01/ 26/ 2004
Appraiser: Paul Hornsby & company	**City:** Austin	**Phone:**	(512) 477-6311

APPRAISAL ANALYSIS/CONCLUSIONS

An appraisal, provided by the purchaser, was performed by Paul Hornsby & Company and dated January 26, 2004. The appraisal reviewed five comparable land sales since 2001 ranging in price from $1.95 per s.f. to $2.69 per s.f. After adjustments for differences, the appraiser concluded with a value of $2.65 per s.f. for the subject property resulting in a total value of $1,050,000.

ASSESSED VALUE

Land: 9.057 acres	$591,780	**Assessment for the Year of:**	2003
Building:	N/A	**Valuation by:**	Hays County Appraisal District
Total Assessed Value:	$591,780	**Tax Rate:**	$2.5171

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Repurchase Agreement, Assignment of Sellers Interest in Repurchase Agreement		
Contract Expiration Date:	08/ 06/ 2004	**Anticipated Closing Date:**	08/ 06/ 2004
Acquisition Cost:	$950,000	**Other Terms/Conditions:**	i) plus interest of 12% until closing ii) plus the sum of holding costs
Seller:	Hunter Road Affordable Housing, Ltd. (to be formed)	**Related to Development Team Member:**	Yes

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: Stuart Shaw, a principal of the Applicant and of the Developer, originally acquired the site through the Stuart Shaw Family Partnership, Ltd. on January 31, 2002 for $334,576.70 plus closing costs. The Stuart Shaw Family Partnership entered into a Repurchase Agreement with Hunter Road Development, LLC, a principal of the Applicant and the Developer, and a subsidiary of GMAC, on January 30, 2004. The Repurchase Agreement which was submitted as documentation of site control alludes to the sale of the property to Hunter Road Development, LLC having already occurred for an unknown price, and defines the terms of an option for the Stuart Shaw Family Partnership, LLC to repurchase the property for $950,000 plus 12% interest during the term of the contract, plus any holding costs of taxes and insurance. This repurchase price is the basis of the Applicant's projected acquisition costs of $1,050,000. The Applicant provided a letter from their attorney, Barry Palmer at Coats Rose dated July 9, 2004 which confirms that "The Department has properly concluded that the acquisition of the Project will be an identity of interest acquisition; however the Department is improperly treating the acquisition by the Family Partnership as the original acquisition determining the site cost. The Department's position completely ignores the intervening sale of the site to the LLC by the Family Partnership which was carried out as an arm's length transaction between unrelated entities." The Letter also confirms that the sale price between from the Family Partnership to the LLC occurred at a price of $950,000 and that the repurchase agreement was executed by the Family Partnership to retain site control. The Texas Bond Review Board has previously required that the applicant in the 4% private activity bond lottery have site control and remain in place through closing of the bonds. The Applicant has left unexplained why the sale and immediate agreement to repurchase the property was conducted but claims that it is an arm's length transaction and is supported by the appraised value. The Department's identity of interest regulation at 10TAC section 1.32(e)(1)(B) indicates that the parties with the identity of interest in the transfer of a property would include the Applicant, Developer, Housing Consultant, or general contractor or affiliates or beneficial owners of same. In this case Mr. Shaw as the Principal of the Family Trust and the LLC are both partners in the Applicant and their sale and resale to each other constitute two identity of interest transfers but with same result of one; allowing a profit on the sale of the land to potentially escape from the transaction. The Underwriter included the original acquisition price of the land of $334,567.70 plus closing costs, plus property tax and interest expenses for two years for a total acquisition cost of $385,184. This equates to an acquisition cost of $0.98/SF, $42,529/acre, or $2,116/unit. Should the Applicant's total cost be used to evaluate the credit amount the sources of recommended funds will be reduced by the difference in the Underwriter and Applicant's acquisition cost.

<u>Sitework Cost</u>: The Applicant originally claimed sitework costs of $6,639 per unit which would have been considered reasonable compared to historical sitework costs for multifamily projects. On July 12, 2004 the Applicant submitted a new development cost budget which reflected an overall increase in costs of 12%. The Applicant's revised site work cost rose to $9,867 per unit which far exceeds the Department's guideline for sitework costs. Moreover, the Applicant claimed these additional sitework costs without providing any explanation for their significant increase though explanations for 13 other direct construction cost changes were provided. In the absence of any such substantiation, the Underwriter lowered the TDHCA sitework costs to $7.5K per unit for the purpose of evaluating the project's total construction budget. A third party detailed cost estimate certified by an architect or engineer familiar with the sitework costs of this proposed project is required as a condition of his report, to be accompanied by a letter from a certified public accountant stating which costs are includable in eligible basis.

<u>Direct Construction Cost</u>: The Applicant's original direct construction cost estimate were $47K or 1% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and were regarded as reasonable as submitted. The Applicant subsequently submitted significantly revised plans and a revised cost breakdown less than 60 days prior to the Board meeting date in violation of 10TAC§50.12(b). Staff did evaluate the new plans and found them to be wanting in specificity to corroborate the unit sizes and corridor and common areas. However based on the total building square footage, staff was able to make an estimate of the revised cost and found they may have indeed increased by 16% or more. The Applicant's revised direct costs are now 11% lower than the Underwriter's revised costs.

<u>Interim Financing Fees</u>: The Underwriter originally reduced the Applicant's eligible interim financing fees by $227K to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense. However this reduction was taken care of by the Applicant in the revised cost breakdown.

<u>Fees</u>: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are set at the maximums allowed by TDHCA guidelines, however the Applicant included another $75K of other fees in this section and, therefore, the Underwriter adjusted the Applicant's eligible basis by an equal amount.

<u>Conclusion</u>: The Applicant's total development costs identified to the Department increased by $1,791,827 or 12%. Due to the offsetting nature of the Applicant's overstatement of land and sitework cost and potential understatement of direct construction costs the Applicant's total development cost is now within 5% of the Underwriter's costs. Therefore, the Applicant's revised cost estimate is used to calculate eligible basis and determine the HTC allocation. As a result an eligible basis of $13,600,123 (or over $2M more than originally anticipated) is used to determine a credit allocation of $482,804 from this method. This is more than the $410,144 originally requested but should the Board waive the 60-day rule for the market study they should also do so for the tardy cost breakdown and credit request. 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 BOND FINANCING

Source: Newman Capital **Contact:** Jerry Wright

Tax-Exempt Amount: $10,865,000 **Interest Rate:** 6.75%

Additional Information:

Amortization: 40 yrs **Term:** 32 yrs **Commitment:** ☒ LOI ☐ Firm ☐ Conditional

Annual Payment: $786,657 **Lien Priority:** 1st **Commitment Date** 03/ 04/ 2004

TAX CREDIT SYNDICATION

Source: Paramount Financial Group **Contact:** Dale E. Cook

Address: 4009 Columbus Road, SW **City:** Granville

State: Ohio **Zip:** 43023 **Phone:** (830) 997-6960 **Fax:** (830) 997-5939

Net Proceeds: $3,481,084 **Net Syndication Rate (per $1.00 of 10-yr LIHTC)** 80¢

Commitment ☒ LOI ☐ Firm ☐ Conditional **Date:** 03/ 05/ 2004

Additional Information: Based on an applicable percentage of 3.65%.

APPLICANT EQUITY

Amount: $410,857 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by the Capital Area Housing Finance Corporation pursuant to a reservation of private activity cap in the amount of $12,000,000, and will be purchased by Newman Capital. Should the terms of the loan change prior to closing, the corresponding annual debt service ought to be no less than $775,743 in order to comply with the requirement of a maximum DCR of 1.30. This minimum debt service is strictly for TDHCA's analysis determining the amount of eligible annual tax credits. The actual choice of whether to increase debt or to defer a portion of the Developer's fee would be up to the Applicant and lender.

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. The Applicant has subsequently provided a revised credit amount and it is anticipated that since the development partner is an affiliate of the syndicator the same rate can be achieved for the additional credits, however, receipt review and acceptance of same is a condition of this report.

Deferred Developer's Fees: The Applicant's originally proposed deferred developer's fees of $410,857 amount to 27% of the total fees originally anticipated. The Applicants revised estimate includes $1,791,827 in deferred fees or 100% of total developer fees claimed. When the excess land profit resulting form the identity of interest transfer is removed the true deferral of fees is reduced to $1,081,587.

Financing Conclusions: Based on the Applicant's revised budget the development is eligible for credits not to exceed $482,084. Syndication proceeds from this amount equate to $3,862,435. The Underwriter estimates that deferred developer fees of $1,081,587, exclusive of the higher land value transfer will be required to fund the gap of need. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis additional Developer's fee may be deferred to fund such excesses.

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 HTC-funded developments. The PFG Holdings Corp., the Co-developer and Paramount Financial Group, the tax credit syndicator are related entities which are both subsidiaries of GMAC. Two of the principals of the applicant also have an identity of interest in the sale and resale of the property but the effect of this on the credit allocation was mitigated in the discussion of acquisition costs above.

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 Housing Authority of the City of San Marcos, the principal of the General Partner, submitted an audited financial statement as of September 30, 2002 reporting total assets of $11,235,852 and consisting of $2,558,974 in cash and other current assets, $8,468,011 in land, buildings, furniture and equipment, and $208,867 in other assets. Liabilities totaled $1,322,947, resulting in a net worth of $9,912,905.
- GMAC Commercial Holding Corp., the Co-developer and Special Limited Partner through its subsidiary PFG Holdings, Corp., submitted audited financial statements for the year ending December 31, 2002, showing total assets of $11,994,520,000, comprised of $12,325,000 in cash, $236,137,000 in short term investments, $536,776,000 in accounts and other receivables, $1,762,566,000 in investment securities, $6,632,000 in mortgage loans held for sale, $1,040,024,000 in mortgage loans held for investment, $337,487,000 in real estate investments, $402,117,000 in equity investments, $410,066,000 in mortgage servicing rights, $494,973,000 in other assets, and $129,783,000 in goodwill. Total liabilities of $10,878,058,000 result in shareholders' equity of $1,116,462,000.
- Stuart Shaw, the principals of one of the Co-developers, submitted an unaudited financial statements as of March 5, 2004 and is anticipated to be a guarantor of the development.

Background & Experience:

- PFG Holdings, Corp., through its subsidiary, Protech Development I, LLC, has completed one affordable development of 261 units in Texas since 2001, and 11 other developments totaling 1,158 units in other states throughout the country since 1999.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated income, 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%.
- Significant inconsistencies in the application could affect the financial feasibility of the development.
- 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 seller of the property has an identity of interest with the Applicant.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter: ____________________ **Date:** July 15, 2004
Stephen Apple

Director of Real Estate Analysis: ____________________ **Date:** July 15, 2004
Tom Gouris

MULTIFAMILY COMPARATIVE ANALYSIS

Willow Springs Senior Residences, San Marcos, HTC #04432

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
TC60%	111	1	1	709	$800	$710	$78,810	$1.00	$48.68	$58.01
TC60%	69	2	2	1,050	960	898	61,962	0.86	62.26	77.49
TOTAL:	180		**AVERAGE:**	840	$861	$782	$140,772	$0.93	$53.89	$65.48

INCOME	Total Net Rentable Sq Ft:		151,149		**TDHCA**	**APPLICANT**		Comptroller's Region	7
POTENTIAL GROSS RENT					$1,689,264	$1,483,380		IREM Region	Austin
Secondary Income			Per Unit Per Month:	$15.00	32,400	45,996	$21.29	Per Unit Per Month	
Other Support Income					0	0			
POTENTIAL GROSS INCOME					$1,721,664	$1,529,376			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(129,125)	(115,860)	-7.58%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$1,592,539	$1,413,516			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.32%	$382	0.45	$68,727	$40,600	$0.27	$226	2.87%
Management		5.00%	442	0.53	79,627	57,100	0.38	317	4.04%
Payroll & Payroll Tax		10.16%	899	1.07	161,804	135,400	0.90	752	9.58%
Repairs & Maintenance		4.16%	368	0.44	66,282	58,200	0.39	323	4.12%
Utilities		2.80%	248	0.30	44,644	38,700	0.26	215	2.74%
Water, Sewer, & Trash		4.68%	414	0.49	74,453	65,000	0.43	361	4.60%
Property Insurance		2.37%	210	0.25	37,787	45,000	0.30	250	3.18%
Property Tax	2.5171	0.00%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements		2.26%	200	0.24	36,000	36,000	0.24	200	2.55%
Services, Compliance		0.63%	56	0.07	10,000	10,000	0.07	56	0.71%
TOTAL EXPENSES		36.38%	$3,218	$3.83	$579,325	$486,000	$3.22	$2,700	34.38%
NET OPERATING INC		63.62%	$5,629	$6.70	$1,013,215	$927,516	$6.14	$5,153	65.62%
DEBT SERVICE									
First Lien Mortgage		49.40%	$4,370	$5.20	$786,657	$790,000	$5.23	$4,389	55.89%
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		14.23%	$1,259	$1.50	$226,558	$137,516	$0.91	$764	9.73%
AGGREGATE DEBT COVERAGE RATIO					1.29	1.17			
RECOMMENDED DEBT COVERAGE RATIO					1.29				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	**TDHCA**	**APPLICANT**	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.38%	$2,140	$2.55	$385,184	$1,125,000	$7.44	$6,250	6.80%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.34%	7,500	8.93	1,350,000	1,776,022	11.75	9,867	10.73%
Direct Construction		46.17%	41,532	49.46	7,475,703	6,618,978	43.79	36,772	40.00%
Contingency	4.76%	2.59%	2,332	2.78	419,750	419,750	2.78	2,332	2.54%
General Req'ts	6.00%	3.27%	2,942	3.50	529,542	578,700	3.83	3,215	3.50%
Contractor's G & A	1.90%	1.04%	933	1.11	167,900	167,900	1.11	933	1.01%
Contractor's Profit	5.71%	3.11%	2,798	3.33	503,700	503,700	3.33	2,798	3.04%
Indirect Construction		5.54%	4,985	5.94	897,350	897,350	5.94	4,985	5.42%
Ineligible Costs		7.80%	7,019	8.36	1,263,443	1,263,443	8.36	7,019	7.63%
Developer's G & A	3.26%	2.47%	2,222	2.65	400,000	400,000	2.65	2,222	2.42%
Developer's Profit	11.28%	8.56%	7,695	9.16	1,385,179	1,385,179	9.16	7,695	8.37%
Interim Financing		5.80%	5,216	6.21	938,794	938,794	6.21	5,216	5.67%
Reserves		2.93%	2,633	3.14	473,952	473,952	3.14	2,633	2.86%
TOTAL COST		100.00%	$89,947	$107.12	$16,190,497	$16,548,768	$109.49	$91,938	100.00%
Recap-Hard Construction Costs		*64.52%*	***$58,037***	**$69.11**	***$10,446,595***	***$10,065,050***	**$66.59**	***$55,917***	*60.82%*

SOURCES OF FUNDS

						RECOMMENDED	
First Lien Mortgage	67.11%	$60,361	$71.88	$10,865,000	$10,865,000	$10,865,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$1,785,179
HTC Syndication Proceeds	21.50%	$19,339	$23.03	3,481,084	3,481,084	3,862,435	% of Dev. Fee Deferred
Deferred Developer Fees	2.54%	$2,283	$2.72	410,857	410,857	1,081,517	61%
Additional (excess) Funds Required	8.85%	$7,964	$9.48	1,433,556	1,791,827	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$16,190,497	$16,548,768	$15,808,952	$6,193,097.15

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Willow Springs Senior Residences, San Marcos, HTC #04432

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$42.10	$6,362,803
Adjustments				
Exterior Wall Finish	1.40%		$0.59	$89,079
9-Ft. Ceilings	3.00%		1.26	190,884
Roofing			0.00	0
Subfloor			(0.68)	(102,277)
Floor Cover			2.00	302,298
Porches/Balconies	$12.82	15611	1.32	200,081
Plumbing	$605	207	0.83	125,235
Built-In Appliances	$1,650	180	1.96	297,000
Stairs	$1,475	16	0.16	23,600
Floor Insulation			0.00	0
Heating/Cooling			1.53	231,258
Garages/Carports	$8.18	20,600	1.11	168,508
Comm area hallways	$42.10	51,379	14.31	2,162,862
Elevators	$43,750.00	4	1.16	175,000
SUBTOTAL			67.66	10,226,331
Current Cost Multiplier	1.03		2.03	306,790
Local Multiplier	0.87		(8.80)	(1,329,423)
TOTAL DIRECT CONSTRUCTION COSTS			$60.89	$9,203,697
Plans, specs, survy, bld prm	3.90%		($2.37)	($358,944)
Interim Construction Interest	3.38%		(2.06)	(310,625)
Contractor's OH & Profit	11.50%		(7.00)	(1,058,425)
NET DIRECT CONSTRUCTION COSTS			$49.46	$7,475,703

PAYMENT COMPUTATION

Primary	$10,865,000	Amort	480
Int Rate	6.75%	DCR	1.29

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.29

Additional	$3,481,084	Amort	
Int Rate		Aggregate DCR	1.29

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$786,657
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$226,558

Primary	$10,865,000	Amort	480
Int Rate	6.75%	DCR	1.29

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.29

Additional	$3,481,084	Amort	0
Int Rate	0.00%	Aggregate DCR	1.29

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

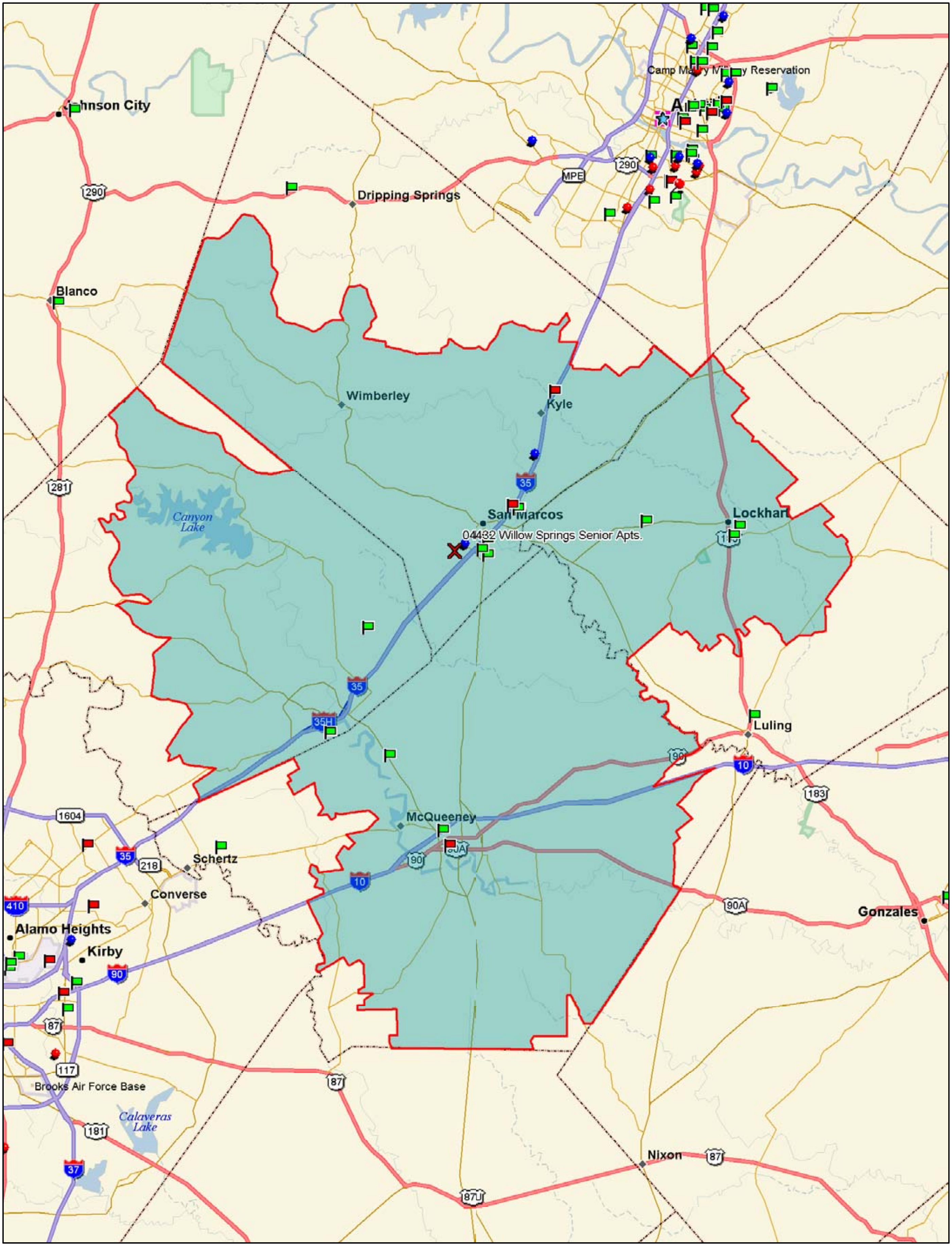
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,689,264	$1,739,942	$1,792,140	$1,845,904	$1,901,282	$2,204,106	$2,555,163	$2,962,135	$3,980,861
Secondary Income	32,400	33,372	34,373	35,404	36,466	42,275	49,008	56,814	76,353
Other Support Income	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,721,664	1,773,314	1,826,513	1,881,309	1,937,748	2,246,381	2,604,171	3,018,948	4,057,214
Vacancy & Collection Loss	(129,125)	(132,999)	(136,989)	(141,098)	(145,331)	(168,479)	(195,313)	(226,421)	(304,291)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,592,539	$1,640,315	$1,689,525	$1,740,211	$1,792,417	$2,077,902	$2,408,858	$2,792,527	$3,752,923
EXPENSES at 4.00%									
General & Administrative	$68,727	$71,476	$74,335	$77,308	$80,401	$97,820	$119,013	$144,797	$214,335
Management	79,627	82,016	84,476	87,011	89,621	103,895	120,443	139,626	187,646
Payroll & Payroll Tax	161,804	168,276	175,008	182,008	189,288	230,298	280,193	340,897	504,611
Repairs & Maintenance	66,282	68,933	71,690	74,558	77,540	94,340	114,779	139,646	206,710
Utilities	44,644	46,430	48,287	50,219	52,227	63,543	77,309	94,059	139,230
Water, Sewer & Trash	74,453	77,431	80,528	83,749	87,099	105,970	128,928	156,861	232,193
Insurance	37,787	39,299	40,871	42,506	44,206	53,783	65,435	79,612	117,845
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	36,000	37,440	38,938	40,495	42,115	51,239	62,340	75,847	112,271
Other	10,000	10,400	10,816	11,249	11,699	14,233	17,317	21,068	31,187
TOTAL EXPENSES	$579,325	$601,701	$624,949	$649,102	$674,196	$815,121	$985,757	$1,192,414	$1,746,029
NET OPERATING INCOME	$1,013,215	$1,038,614	$1,064,576	$1,091,108	$1,118,221	$1,262,782	$1,423,101	$1,600,113	$2,006,894
DEBT SERVICE									
First Lien Financing	$786,657	$786,657	$786,657	$786,657	$786,657	$786,657	$786,657	$786,657	$786,657
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	$226,558	$251,958	$277,919	$304,452	$331,564	$476,125	$636,444	$813,457	$1,220,238
DEBT COVERAGE RATIO	1.29	1.32	1.35	1.39	1.42	1.61	1.81	2.03	2.55

LIHTC Allocation Calculation - Willow Springs Senior Residences, San Marcos, HTC #04432

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	$1,125,000	$385,184		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,776,022	$1,350,000	$1,776,022	$1,350,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$6,618,978	$7,475,703	$6,618,978	$7,475,703
(4) Contractor Fees & General Requirements				
Contractor overhead	$167,900	$167,900	$167,900	$167,900
Contractor profit	$503,700	$503,700	$503,700	$503,700
General requirements	$578,700	$529,542	$503,700	$529,542
(5) Contingencies	$419,750	$419,750	$419,750	$419,750
(6) Eligible Indirect Fees	$897,350	$897,350	$897,350	$897,350
(7) Eligible Financing Fees	$938,794	$938,794	$938,794	$938,794
(8) All Ineligible Costs	$1,263,443	$1,263,443		
(9) Developer Fees			$1,773,929	
Developer overhead	$400,000	$400,000		$400,000
Developer fee	$1,385,179	$1,385,179		$1,385,179
(10) Development Reserves	$473,952	$473,952		
TOTAL DEVELOPMENT COSTS	$16,548,768	$16,190,497	$13,600,123	$14,067,918

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		$13,600,123	$14,067,918
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$13,600,123	$14,067,918
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$13,600,123	$14,067,918
Applicable Percentage		3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS		$482,804	$499,411
Syndication Proceeds	**0.8000**	**$3,862,435**	**$3,995,289**

Total Credits (Eligible Basis Method)	**$482,804**	**$499,411**
Syndication Proceeds	**$3,862,435**	**$3,995,289**
Requested Credits	**$485,866**	
Syndication Proceeds	**$3,886,928**	
Gap of Syndication Proceeds Needed	**$5,683,768**	
Credit Amount	**$710,471**	
Original Requested Credits	**$435,479**	
Syndication Proceeds	**$3,483,832**	



TN
MN (5.6°E)

Scale 1 : 550,000

0 3 6 9 12 15 mi
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1" = 8.68 mi

Data Zoom 8-5

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report Addendum

REPORT DATE: 09/17/08 PROGRAM: HTC FILE NUMBER: **04489**

DEVELOPMENT

Port Royal Homes

Location: 5350 West Military Drive Region: 9

City: San Antonio County: Bexar Zip: 78242 ☒ QCT ☐ DDA

Key Attributes: New Construction, General Population

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$884,485			**$884,485**		

* The development was originally awarded annual tax credits of $844,349.

RECOMMENDATION

Staff has evaluated the financial viability of the requested amendment. Based on the revised information provided, the transaction meets the Department's 2008 Real Estate Analysis Rules and Guidelines. If the Board chooses to approve the amendment, the Underwriter recommends a total allocation of $884,485.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	252

ADDENDUM

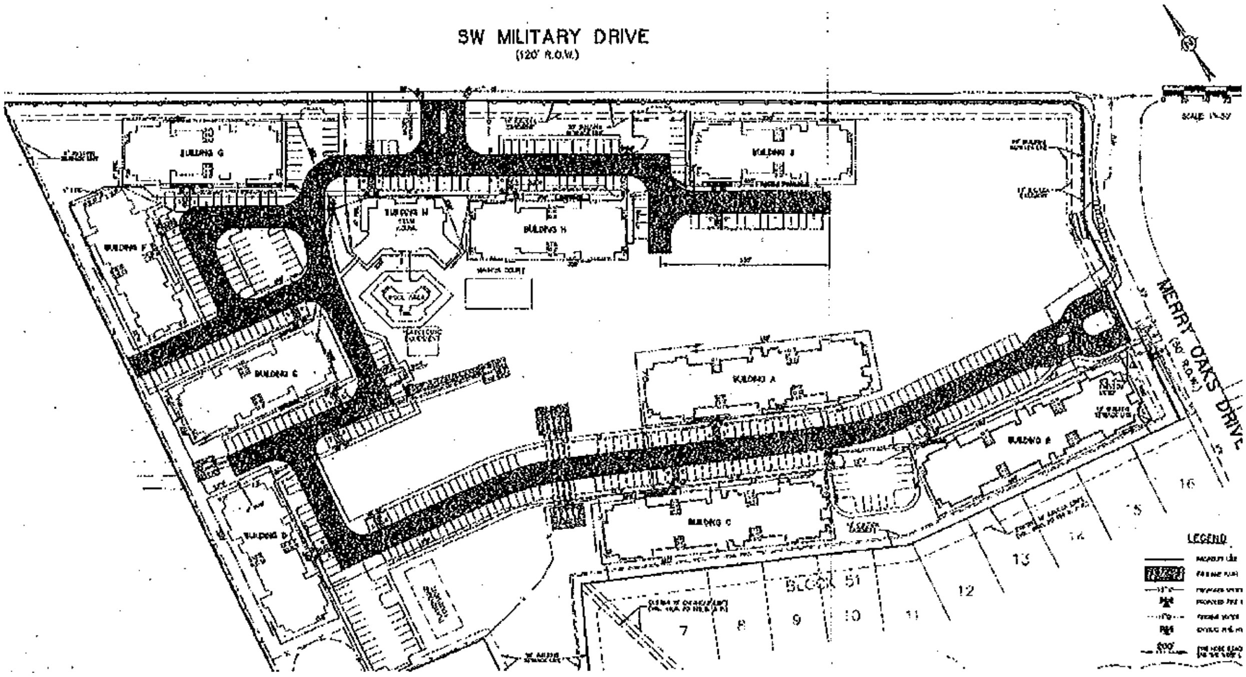
The subject development is a 4% bond transaction that was originally underwritten and approved in 2004. In association with the development's Final Construction Inspection and submission of the final Cost Certification, the owner has requested an amendment to the application as follows:

- A decrease in the number of residential buildings from twelve to nine.
- An increase in the number of units from 250 to 252.
- A decrease in the number of parking spaces from 500 to 398 total.

According to the owner, the number of residential buildings was decreased due to the pockets of bad soil conditions, highly expansive clay and a drainage feature requiring improvement and set back not contemplated at the time the application was submitted.

No specific reasons were cited for the other changes being requested. The development's unit mix changed to include more two-bedroom units than originally proposed and the number of total parking spaces decreased to 398. Of note, however, is that of the 398 parking spaces, 250 are carports which were not originally proposed in the application, and the remaining 148 spaces remain uncovered. The net result of these changes, according to the owner, result in a larger better equipped community. As reflected in the comparison below, the property was actually built with 15,203 or 6.4% more square footage than originally approved at application.

SITE PLAN AS BUILT



BUILDING CONFIGURATION AT APPLICATION

Building Type	I	II									Total Buildings
Floors/Stories	3	3									
Number	7	5									**12**

BR/BA	SF	Units										Total Units	Total SF
1/1	750		10									50	37,500
2/1	836	6	3									57	47,652
2/2	973	6	3									57	55,461
3/2	1125	8	6									86	96,750
Units per Building		20	22									**250**	**237,363**

BUILDING CONFIGURATION AT COST CERTIFICATION

Building Type	I	II	III								Total Buildings
Floors/Stories	3	3	3								
Number	5	1	3								**9**

BR/BA	SF	Units										Total Units	Total SF
1/1	750		12									12	9,000
1/1	820			12								36	29,520
2/1	921	6	3	6								51	46,971
2/2	1042	6	3	6								51	53,142
2/2	1082	2		3								19	20,558
3/2	1125	10	6	9								83	93,375
Units per Building		24	24	36								**252**	**252,566**

OPERATING PROFORMA ANALYSIS

Income:

The owner's projected rental income is calculated by subtracting the San Antonio Housing Authority utility allowances from the maximum 2008 HTC rent limits. The Underwriter's analysis utilizes the same calculated net rents resulting in an effective gross income that is within 5% of the Underwriter's estimate.

Expense:

The Owner's expense estimate at cost certification reveals a decrease from $3,575/unit to the currently estimated $3,102/unit. This decrease is primarily due to a 50% property tax exemption granted to the development. The owner indicated that the exemption was secured for 2007 and is currently being requested again for 2008. The Underwriter was able to verify the property tax exemption for 2007 via the Bexar County Appraisal District website and has included the exemption for purposes of this analysis.

The Underwriter was also provided with actual operating statements for the property for the first two quarters of 2008. Based on this information it appears that the property is currently operating at a 1.26 DCR which falls within the Department's Guidelines. Overall, the Owner's estimated expenses are 14% lower than the Underwriter's current estimate, derived from the TDHCA database, IREM and other sources. Additionally, both the Underwriter's and Owner's expense to income ratios are well below the Department's 65% limit.

Conclusion:

The Owner's estimate of income is within 5% of the Underwriter's estimate, however, the Owner's expenses and NOI are not within 5% of the Underwriter's estimates. Therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity. Based on the final financial structure reflected in the cost certification the DCR of 1.16 falls within the Department's guidelines.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE:

The Department has received the Cost Certification for this development, and as part of the documentation has received evidence of the final development costs, as certified by the development CPA. The Owner's direct construction costs have increased by $980K or 8% from the estimate provided at application. The Underwriter's current *Marshall & Swift Residential Cost Handbook* estimate is more than 19% higher than the Owner's final direct cost.

The 8% increase also attributed to an increase in contractor fees. Indirect construction costs increased by 6.5%, interim financing fees increased by 57% and reserves increased from $0 at application to $620K at cost certification. Developer fees remains unchanged.

Conclusion:

Overall, the Underwriter's current total development cost, estimated based on as-built architectural plans, are more than 10% higher than the Owner's final certified construction costs. Therefore, it appears that the changes made to the development has not affected the reasonableness of the Owner's final, certified development costs. As a result, the Owner's development cost schedule will be used to determine the development's final need for permanent funds and to calculate eligible basis. Eligible basis of $19,387,743 supports annual tax credits of $884,663. This figure will be compared to the Board approved tax credits, the Owner's current request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

Source: Centerline Type: **Permanent Financing**

Principal: $12,200,000 Interest Rate: 6.5% ☒ Fixed Amort: 480 months

Comments:

The loan converted to permanent as of March 2007. According to the Owner the lender required a 1.10 DSCR for conversion and the development met this 90-day test in 2007, although it was not clear which three months were utilized and the lender's underwriting assumptions at conversion were not made available to the Underwriter.

Source: Centerline Type: **Syndication**

Proceeds: $7,176,000 Syndication Rate: 85% Anticipated HTC: $ 884,485

Comments:

The syndication price remains the same at $0.85 per tax credit dollar as quoted at the time of application.

Amount: $2,035,897 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio that falls within the Department's 2008 guidelines. Therefore, the owner's final and certified total development costs, less the permanent loan amount of $12.2M indicates the need for $9,554,512 in gap funds. Based on the final syndication terms a tax credit allocation of $1,123,987 annually would be required to fill this gap in financing. Of note, the Owner's final cost certification identifies a tax credit request that is higher than the amount originally awarded to this development. Per §50.12(d) of the 2008 QAP, a tax-exempt bond development may request an increase in tax credits if the Department determines that the development will not receive more tax credits than needed for the financial feasibility and viability of the transaction. Based on the cost certification review it appears that the requested additional credits are supported by the final certified development costs and eligible basis.

The requested increase in credit does not exceed 110% of the amount of credits reflected in the Determination Notice, therefore, per the QAP this increase can be approved administratively by the Executive Director. Additionally, per §50.20(i) of the 2008 QAP a Tax-Exempt Bond Credit Increase Request Fee equal to 5% of the amount of the credit increase for one year is required. The Owner has provided to the Department the required fee. Therefore, of the four possible tax credit amounts:

Tax Credit Allocation Previously Awarded:	$844,349
Tax Credit Allocation Requested by Owner:	**$884,485**
Tax Credit Allocation Determined by Eligible Basis:	$884,663
Tax Credit Allocation Determined by Gap in Financing:	$1,123,987

The allocation amount requested by the Owner and supported by the Owner's final eligible basis is recommended. An annual allocation of $884,485 results in total equity proceeds of $7,518,615 at a syndication price of $0.85 per tax credit dollar. The underwriter's recommended financing structure indicates the need for $2,035,897 in additional permanent funds. Deferred developer fees in this amount appear to be repayable by Year 10.

Underwriter:	Raquel Morales *Raquel Morales*	Date:	September 17, 2008

COST CERTIFICATION COMPARATIVE ANALYSIS

Addendum

Port Royal Homes, San Antonio, HTC #04489

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected		Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	12	1	1	750	$615	$548	$0	$6,580	$0.73	$66.66	$35.82
TC 60%	36	1	1	820	$615	$548	$0	$19,740	$0.67	66.66	35.82
TC 60%	51	2	1	921	$738	$657	$0	$33,523	$0.71	80.69	42.62
TC 60%	51	2	2	1,042	$738	$657	$0	$33,523	$0.63	80.69	42.62
TC 60%	19	2	2	1,082	$738	$657	$0	$12,489	$0.61	80.69	42.62
TC 60%	83	3	2	1,125	$853	$751	$0	$62,325	$0.67	102.10	54.11
TOTAL:	252		AVERAGE:	1,002		$667		$168,180	$0.67	$85.07	$45.11

INCOME	Total Net Rentable Sq Ft:	252,566	TDHCA	TDHCA-UW	APPLICATION	Cost Certification	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT			$2,018,154	$1,968,600	$1,968,600	$2,017,608	Bexar	San Antonio	9
Secondary Income	Per Unit Per Month:	$11.10	33,564	60,000	60,000	33,564	$11.10	Per Unit Per Month	
Other Support Income:			0	0	0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$2,051,718	$2,028,600	$2,028,600	$2,051,172			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(153,879)	(152,145)	(142,008)	(143,580)	-7.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0	0	0	0			
EFFECTIVE GROSS INCOME			$1,897,839	$1,876,455	$1,886,592	$1,907,592			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.38%	$405	0.40	$102,057	$91,467	$65,000	$66,350	$0.26	$263	3.48%
Management		5.00%	377	0.38	94,892	75,058	75,464	94,794	0.38	376	4.97%
Payroll & Payroll Tax		12.25%	923	0.92	232,508	234,348	199,920	209,544	0.83	832	10.98%
Repairs & Maintenance		6.43%	484	0.48	121,952	107,711	112,000	57,824	0.23	229	3.03%
Utilities		2.10%	158	0.16	39,867	71,882	71,063	42,650	0.17	169	2.24%
Water, Sewer, & Trash		4.55%	343	0.34	86,420	80,684	76,250	89,015	0.35	353	4.67%
Property Insurance		3.61%	272	0.27	68,602	59,341	53,407	67,254	0.27	267	3.53%
Property Tax	2.76	5.41%	407	0.41	102,642	160,272	150,000	84,196	0.33	334	4.41%
Reserve for Replacements		2.66%	200	0.20	50,410	50,000	50,000	63,000	0.25	250	3.30%
TDHCA Compliance Fees		0.33%	25	0.02	6,300	47,780	47,780	6,425	0.03	25	0.34%
Other:		0.03%	2	0.00	570			570	0.00	2	0.03%
TOTAL EXPENSES		47.75%	$3,596	$3.59	$906,220	$978,543	$900,884	$781,622	$3.09	$3,102	40.97%
NET OPERATING INC		52.25%	$3,935	$3.93	$991,620	$897,912	$985,708	$1,125,970	$4.46	$4,468	59.03%
DEBT SERVICE											
Centerline		45.16%	$3,401	$3.39	$857,109	$857,109	$857,109	$857,109	$3.39	$3,401	44.93%
Additional Financing		0.00%	$0	$0.00	0	18,450	12,200		$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	4,500	4,500		$0.00	$0	0.00%
NET CASH FLOW		7.09%	$534	$0.53	$134,511	$17,853	$111,899	$268,861	$1.06	$1,067	14.09%
AGGREGATE DEBT COVERAGE RATIO					1.16	1.02	1.13	1.31			
RECOMMENDED DEBT COVERAGE RATIO					1.16						

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	Cost Certification	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.57%	$4,386	$4.38	$1,105,300	$1,144,000	$1,144,000	$1,105,300	$4.38	$4,386	5.08%
Off-Sites		0.00%	0	0.00	0	105,000	150,000	0	0.00	0	0.00%
Sitework		8.79%	8,438	8.42	2,126,443	1,725,001	1,725,001	2,126,443	8.42	8,438	9.77%
Direct Construction		54.30%	52,109	51.99	13,131,556	10,154,288	10,121,882	10,700,530	42.37	42,462	49.19%
Contingency	0.00%	0.00%	0	0.00	0	593,964	599,844		0.00	0	0.00%
Contractor's Fees	11.30%	7.13%	6,843	6.83	1,724,318	1,663,100	1,679,564	1,724,318	6.83	6,843	7.93%
Indirect Construction		4.38%	4,204	4.19	1,059,377	994,500	994,500	1,059,377	4.19	4,204	4.87%
Ineligible Costs		2.65%	2,546	2.54	641,469	1,058,500	1,058,500	641,469	2.54	2,546	2.95%
Developer's Fees	12.49%	10.02%	9,616	9.59	2,423,325	2,398,928	2,423,325	2,423,325	9.59	9,616	11.14%
Interim Financing		5.60%	5,372	5.36	1,353,750	862,000	862,000	1,353,750	5.36	5,372	6.22%
Reserves		2.56%	2,460	2.45	620,000	421,441	0	620,000	2.45	2,460	2.85%
TOTAL COST		100.00%	$95,974	$95.76	$24,185,538	$21,120,722	$20,758,616	$21,754,512	$86.13	$86,327	100.00%
Construction Cost Recap		*70.22%*	*$67,390*	*$67.24*	*$16,982,317*			*$14,551,291*	*$57.61*	*$57,743*	*66.89%*

SOURCES OF FUNDS

				TDHCA	TDHCA-UW	APPLICATION	Cost Certification	RECOMMENDED	
Centerline	50.44%	$48,413	$48.30	$12,200,000	$12,200,000	$12,200,000	$12,200,000	$12,200,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	165,753	165,753	0	0	$2,423,325
HTC Proceeds- Centerline	29.67%	$28,476	$28.41	7,176,000	7,307,807	7,307,807	7,176,000	7,518,615	% of Dev. Fee Deferred
Deferred Developer Fees	9.83%	$9,439	$9.42	2,378,512	1,085,056	1,085,056	2,378,512	2,035,897	84%
Additional (Excess) Funds Req'd	10.05%	$9,647	$9.63	2,431,026	362,106	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$24,185,538	$21,120,722	$20,758,616	$21,754,512	$21,754,512	$4,315,016

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$54.82	$13,845,322
Adjustments				
Exterior Wall Finish	2.90%		$1.59	$401,514
Elderly			0.00	0
9-Ft. Ceilings	3.35%		1.84	463,818
Roofing			0.00	0
Subfloor			(0.81)	(203,737)
Floor Cover			2.38	601,107
Breezeways/Balconies	$22.95	52,962	4.81	1,215,479
Plumbing Fixtures	$835	459	1.52	383,265
Rough-ins	$410	504	0.82	206,640
Built-In Appliances	$1,800	252	1.80	453,600
Exterior Stairs	$2,200	72	0.63	158,400
Enclosed Corridors	$44.90		0.00	0
Heating/Cooling			1.83	462,196
Garages/Carports	$10.37	37,500	1.54	388,875
Comm &/or Aux Bldgs	$70.81	4,615	1.29	326,800
Other: fire sprinkler	$2.15	252,566	2.15	543,017
SUBTOTAL			76.20	19,246,297
Current Cost Multiplier	0.99		(0.76)	(192,463)
Local Multiplier	0.85		(11.43)	(2,886,945)
TOTAL DIRECT CONSTRUCTION COSTS			$64.01	$16,166,889
Plans, specs, survy, bld prm	3.90%		($2.50)	($630,509)
Interim Construction Interes	3.38%		(2.16)	(545,633)
Contractor's OH & Profit	11.50%		(7.36)	(1,859,192)
NET DIRECT CONSTRUCTION COSTS			$51.99	$13,131,556

PAYMENT COMPUTATION

Primary	$12,200,000	Amort	480
Int Rate	6.50%	DCR	1.16

Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.16

Additional	$0	Amort	
Int Rate		Aggregate DCR	1.16

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$857,109
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$134,511

Primary	$12,200,000	Amort	480
Int Rate	6.50%	DCR	1.16

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.16

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.16

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	$2,018,154	$2,078,699	$2,141,060	$2,205,292	$2,271,451	$2,633,234	$3,052,640	$3,538,846	$4,755,913
Secondary Income	33,564	34,571	35,608	36,676	37,777	43,793	50,769	58,855	79,096
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,051,718	2,113,270	2,176,668	2,241,968	2,309,227	2,677,027	3,103,408	3,597,701	4,835,009
Vacancy & Collection Loss	(153,879)	(158,495)	(163,250)	(168,148)	(173,192)	(200,777)	(232,755)	(269,828)	(362,626)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,897,839	$1,954,775	$2,013,418	$2,073,820	$2,136,035	$2,476,250	$2,870,653	$3,327,873	$4,472,383
EXPENSES at 4.00%									
General & Administrative	$102,057	$106,139	$110,385	$114,800	$119,392	$145,259	$176,729	$215,018	$318,279
Management	94,892	97,739	100,671	103,691	106,802	123,813	143,533	166,394	223,619
Payroll & Payroll Tax	232,508	241,808	251,481	261,540	272,001	330,931	402,629	489,859	725,111
Repairs & Maintenance	121,952	126,830	131,904	137,180	142,667	173,576	211,182	256,935	380,327
Utilities	39,867	41,462	43,120	44,845	46,639	56,743	69,037	83,994	124,331
Water, Sewer & Trash	86,420	89,877	93,472	97,211	101,100	123,003	149,652	182,075	269,515
Insurance	68,602	71,346	74,200	77,168	80,254	97,642	118,796	144,533	213,945
Property Tax	102,642	106,748	111,017	115,458	120,076	146,091	177,743	216,251	320,104
Reserve for Replacements	50,410	52,426	54,524	56,704	58,973	71,749	87,294	106,206	157,211
Other	6,870	7,145	7,431	7,728	8,037	9,778	11,897	14,474	21,425
TOTAL EXPENSES	$906,220	$941,520	$978,203	$1,016,325	$1,055,941	$1,278,585	$1,548,490	$1,875,739	$2,753,868
NET OPERATING INCOME	$991,620	$1,013,255	$1,035,215	$1,057,496	$1,080,094	$1,197,665	$1,322,163	$1,452,134	$1,718,515
DEBT SERVICE									
First Lien Financing	$857,109	$857,109	$857,109	$857,109	$857,109	$857,109	$857,109	$857,109	$857,109
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	$134,511	$156,146	$178,106	$200,387	$222,986	$340,556	$465,054	$595,025	$861,406
DEBT COVERAGE RATIO	1.16	1.18	1.21	1.23	1.26	1.40	1.54	1.69	2.01

HTC ALLOCATION ANALYSIS -Port Royal Homes, San Antonio, HTC #04489 Addendum

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,105,300	$1,105,300		
Purchase of buildings				
Off-Site Improvements				
Sitework	$2,126,443	$2,126,443	$2,126,443	$2,126,443
Construction Hard Costs	$10,700,530	$13,131,556	$10,700,530	$13,131,556
Contractor Fees	$1,724,318	$1,724,318	$1,724,318	$1,724,318
Contingencies				
Eligible Indirect Fees	$1,059,377	$1,059,377	$1,059,377	$1,059,377
Eligible Financing Fees	$1,353,750	$1,353,750	$1,353,750	$1,353,750
All Ineligible Costs	$641,469	$641,469		
Developer Fees				
Developer Fees	$2,423,325	$2,423,325	$2,423,325	$2,423,325
Development Reserves	$620,000	$620,000		
TOTAL DEVELOPMENT COSTS	$21,754,512	$24,185,538	$19,387,743	$21,818,769

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		$19,387,743	$21,818,769
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$25,204,066	$28,364,399
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$25,204,066	$28,364,399
Applicable Percentage		3.51%	3.51%
TOTAL AMOUNT OF TAX CREDITS		$884,663	$995,590

Syndication Proceeds	**0.8501**	**$7,520,126**	**$8,463,073**
Total Tax Credits (Eligible Basis Method)		**$884,663**	**$995,590**
Syndication Proceeds		**$7,520,126**	**$8,463,073**
Previously Approved Tax Credits		**$844,349**	
Syndication Proceeds		**$7,177,437**	
Requested Credits at Cost Certification		**$884,485**	
Syndication Proceeds		**$7,518,615**	
Gap of Syndication Proceeds Needed		**$9,554,512**	**$11,985,538**
Total Tax Credits (Gap Method)		**$1,123,987**	**$1,409,971**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE:	December 28, 2004	**PROGRAM:**	MFB 4% HTC	**FILE NUMBER:**	2004-039 04489

DEVELOPMENT NAME

Port Royal Homes Apartments

APPLICANT

Name:	Woodshire, L.P.			**Type:**	For-profit		
Address:	1200 Three Lincoln Center, 5430 LBJ Freeway			**City:**	Dallas	**State:**	TX
Zip:	75240	**Contact:**	Saleem Jafar	**Phone:**	(972) 455-9299	**Fax:**	(972) 455-9297

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Woodshire X, Inc.	**(%):**	0.01	**Title:**	Managing General Partner
Name:	ALT Affordable Housing Services, Inc. – Arbor Place (AAHS)	**(%):**	N/A	**Title:**	Nonprofit CHDO 100% owner of MGP
Name:	Jerry Du Terroil	**(%):**	N/A	**Title:**	President of AAHS
Name:	Odessey Residential Holdings, L.P.	**(%):**	N/A	**Title:**	Developer
Name:	Saleem Jafar	**(%):**	N/A	**Title:**	100% owner of Developer

PROPERTY LOCATION

Location:	5300 W. Military Drive			☒ **QCT**	☐ **DDA**
City:	San Antonio	**County:**	Bexar	**Zip:**	78242

REQUEST

Amount	Interest Rate	Amortization	Term
1) $12,200,000	6.5%	40 yrs	18 yrs
2) $859,828	N/A	N/A	N/A

Other Requested Terms:
1) Tax-exempt private activity mortgage revenue bonds
2) Annual ten-year allocation of housing tax credits

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

Special Purpose (s): General population

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $12,200,000 IN TAX-EXEMPT PRIVATE ACTIVITY MORTGAGE REVENUE BONDS, WITH A FIXED INTEREST RATE UNDERWRITTEN AT 6.5%, A REPAYMENT TERM OF 40 YEARS, AND A 40-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $844,349 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Acceptance by the Board of the anticipated likely redemption of up to $580,000 in bonds at the conversion to permanent;
2. Receipt, review, and acceptance of a copy of the release of lien on the property or an updated title commitment showing clear title, prior to the initial closing on the property;
3. Receipt, review, and acceptance of documentation from a third party environmental engineer which indicates that all issues of environmental concern identified in the Phase I ESA with regard to the site have been mitigated and that there is no condition or circumstance that warrants further investigation or analysis, prior to the initial closing on the property;
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 allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

The subject was submitted and underwritten in the 2003 9% HTC cycle as a 170-unit mixed-rate development named Merry Oaks Apartments involving some of the same principals of the current applicant. The underwriting analysis recommended the project be approved subject to the following conditions:

1. Receipt, review, and acceptance of a copy of the release of lien on the property or an updated title commitment showing clear title, prior to the initial closing on the property;
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

The project did not receive an allocation in the 2003 cycle.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 250 **# Rental Buildings** 12 **# Non-Res. Buildings** 1 **# of Floors** 3 **Age:** 0 yrs **Vacant:** N/A at / /

Net Rentable SF: 237,363 **Av Un SF:** 949 **Common Area SF:** 4,615 **Gross Bldg SF:** 241,978

STRUCTURAL MATERIALS

The structures will be wood frame on post-tensioned concrete slabs on grade. According to the plans provided in the application the exterior will be comprised as follows: 55% stucco/35% masonry veneer/10% cement fiber siding. The interior wall surfaces will be drywall and the pitched roofs will be finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, a central boiler water heating system, individual unit air conditioning, & 9-foot ceilings.

ONSITE AMENITIES

A 4,615-square foot community building will include activity rooms, management offices, fitness, maintenance, & laundry facilities, a kitchen, restrooms, a computer/business center, & a central mailroom. The community building, swimming pool, sports court, & equipped children's play area are located at the entrance to the property. In addition, perimeter fencing is planned for the site.

Uncovered Parking: 500 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Port Royal Homes is a 15.6-unit per acre, new construction development of 250 units of affordable housing located in southwest San Antonio. The development is comprised of 12 fairly evenly distributed large, garden style, walk-up residential buildings as follows:

- Seven Building Type I with six two-bedroom/one-bath units, six two-bedroom/one-bath units, and eight three-bedroom/two-bath units;

- Five Building Type II with ten one-bedroom/one-bath units, three two-bedroom/one-bath units, three two-bedroom/two-bath units, and six three-bedroom/two-bath units.

Architectural Review: The building and unit plans are of good design, sufficient size, and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with simple fenestration.

SITE ISSUES

SITE DESCRIPTION

Size:	16.056	acres	699,399	square feet	**Zoning/ Permitted Uses:**	MF-25, Multi-Family District
Flood Zone Designation:		Zone X		**Status of Off-Sites:**	Partially improved	

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located in the southwestern area of the city, approximately two miles from the central business district. The site is situated on the southwest side of Military Drive and the west side of Merry Oaks Drive.

Adjacent Land Uses:

- **North:** Military Drive immediately adjacent and Lackland Air Force Base beyond;
- **South:** single-family residential;
- **East:** Merry Oaks Drive immediately adjacent and vacant land beyond; and
- **West:** multifamily residential, a school, and a fast food restaurant immediately adjacent and single-family residential and Lackland Air Force Base beyond.

Site Access: Access to the property is from the southeast or northwest along Military Drive or the north or south from Merry Oaks Drive. The development is to have two entries, one each from Military Drive and Merry Oaks Drive. Access to Interstate Highway 410 is two miles west, which provides connections to all other major roads serving the San Antonio area.

Public Transportation: Public transportation to the area is provided by the city bus system, with stops on Military Drive.

Shopping & Services: The site is within three miles of major grocery/pharmacies 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 title commitment lists a vendor's lien that must be cleared by the closing. Receipt, review, and acceptance of a copy of the release of lien on the property or an updated title commitment showing clear title prior to the initial closing on the property is a condition of this report.

Site Inspection Findings: TDHCA staff performed a site inspection on December 14, 2004 and found the location to be acceptable for the proposed development. The inspector noted the site is in an older, established area of the city with many employment opportunities, and that the proposed development would contribute to the revitalization of the area.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated November 17, 2004 was prepared by MAS–D Environmental & Associates, Inc. ("Analyst") and contained the following findings and recommendations:

Findings: "MAS-D Environmental makes the following significant findings and conclusions based on our Phase I ESA:

- Two rusted pole-mounted electrical transformers were observed as a potential on-site environmental concern or recognized environmental condition [due to the possibility of soil contamination by polychlorinated biphenyls (PCBs)] during the site visit;
- The Lackland Air Force Base LUST [leaking underground storage tank] site, located north of the subject property, was identified with groundwater impacts to a public and/or domestic water supply well. The site has not received closure from the state…" (p. 18)

Recommendations: "Based on the above findings and conclusions of the Phase I ESA, MAS-D Environmental makes the following recommendations:

- Either investigate the PCBs content of the two observed rusted pole-mounted electrical transformers located along the southern boundary of the subject property or collect shallow soil samples around the transformer poles to determine if the soil is impacted with PCBs.
- Review the TCEQ LUST state files for the Lackland Air Force Base property to determine the groundwater gradient and size of the contaminated plume." (p. 18)

The Underwriter sought clarification of these issues from the Analyst and received the following update in a letter dated December 17, 2004:

- "…We conclude that the contamination at Kelly [sic] is not likely to impact the subject property."
- "…we made a return site visit on December 15. We did not observe significant rust on the transformers in question…We took soil samples. Preliminary results are negative. However, the analysis is incomplete as of this writing. We will notify you of the final results."

Receipt, review, and acceptance of documentation by a third party environmental engineer which indicates that all issues of environmental concern identified in the Phase I ESA with regard to the site have been mitigated and that there is no condition or circumstance that warrants further investigation or analysis, prior to the initial closing on the property, is a condition of this report.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 2 private activity bond lottery development the Applicant has elected the 100% at 60% option and all 250 of the units will be reserved for low-income tenants.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$21,660	$24,720	$27,840	$30,900	$33,360	$35,820

MARKET HIGHLIGHTS

A market feasibility study dated November 15, 2004 was prepared by Butler Burgher, Inc. ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "The subject's primary market is the area bounded by U.S. Highway 90 (north border), Interstate Highway 35 (southeast border), and FM 1604 (southwest border)" (p. 2. This area encompasses approximately 32.4 square miles and is equivalent to a circle with a radius of 3.2 miles.

Population: The estimated 2004 population of the PMA is 110,776 and is expected to increase by 1.8% to approximately 112,776 by 2009. Within the primary market area there were estimated to be 30,492 households in 2004.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 1,706 qualified households in the PMA, based on the current estimate of 30,492 households, the projected annual household growth rate of 0.4%, renter households estimated at 37.39% of the population, income-qualified households estimated at 21%, and an annual renter turnover rate of 70.5 % (p. 56). The Market Analyst used an income band of $19,851 to $32,130.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	21*	1%	10	1%
Resident Turnover	1,686	99%	1,688	99%
Other Sources:	0	0%	0	0%
TOTAL ANNUAL DEMAND	**1,706**	**100%**	**1,698**	**100%**

Ref: p. 56 * Analyst used two years of growth demand as permitted under TDHCA guidelines.

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 22.86% based upon 1,706 units of demand and 390 unstabilized affordable housing units in the PMA (the subject and the 140 rent-restricted units of the Rosemont at Miller's Pond development (#02075, fka Heatherwilde Apartments, currently leasing up) (p. 3). The Underwriter calculated an inclusive capture rate of 23.0% based upon a slightly lower demand estimate of 1,698 households.

Local Housing Authority Waiting List Information: "According to Ms. Pat Ortega with the San Antonio Housing Authority, the available inventory of public and subsidized housing is fully occupied, with several hundred families with vouchers currently looking for qualified housing in the local market. Waiting periods have been as long as three years due to limited supply and strong demand for all unit types. San Antonio Housing Authority's enrollment for Section 8 vouchers is closed as 12,000 qualified households are using vouchers with approximately 4,000 more on a waiting list. Furthermore, Bexar County has a substantial list of qualified families waiting for affordable housing." (p. 50)

Market Rent Comparables: The Market Analyst surveyed eight comparable apartment properties totaling 1,624 units in the market area. Seven of these properties were mixed rate HTC developments. "While incentives have been prevalent for market rate properties in the northern tier submarkets of San Antonio, leasing concessions are generally less common in the southern San Antonio submarkets, with incentives for LIHTC projects in the local market typically limited to the lease-up period in isolated cases. The rent comparables revealed minimal rental incentives that would affect the leasing of the subject property. (p. 60)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$542	$542	$0	$635	-$93
2-Bedroom (60%)	$652	$652	$0	$750	-$98
3-Bedroom (60%)	$752	$752	$0	$875	-$123

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

Primary Market Occupancy Rates: "Occupancy in the S1 submarket increased steadily from 86% in 1997 (well below the overall market) to 97% in 2002 (above the overall market). Like the overall market, occupancies in the subject's submarket decreased slightly since peaking in 2000 but remain at healthy levels in the low to mid 90% range [95.9% in June 2004]. " (p. 36).

Absorption Projections: "An absorption level of 20 units/month after completion of the first available units is reasonable for the subject, as encumbered, considering the demand in the market for newly developed, affordable rental housing." (p. 3)

Known Planned Development: "Rosemont at Miller's Pond represents a new LIHTC property located approximately three miles southwest of the subject property. 140 of the property's 176 units are offered at below-market rates and are restricted to households earning between 20% and 50% of the area median income. (AMI). The project began leasing in July 2004 with the first units becoming available in August 2004. According to representatives of the owner, the property has leased 110 units (62.5% occupancy) resulting in an absorption rate of 27 units/month. No other planned projects have been identified by [Apartment MarketData Research] in the S1 submarket and we are not aware of any planned projects other than those identified above in the subject's submarket." (p. 38)

Effect on Existing Housing Stock: "The addition of the subject units is not expected to significantly impact the overall vacancy rate of the submarket since the subject is expected to quickly lease up to stabilization with occupancy in the mid-90% range." (p.68)

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under HTC program guidelines, and are achievable according to the Market Analyst. The Applicant stated that the property will provide hot water from a central boiler system, and rents and expenses were calculated accordingly. The Applicant used a secondary income estimate of $20/unit/month which includes cable TV and telephone submetering; the Underwriter regards this estimate as reasonable based on historical data from this area. The Applicant utilized a lower vacancy and collection loss rate of 7%, and as a result the Applicant's effective gross income estimate is $10,137 (0.5%) greater than the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of $3,604 per unit is 7.9% lower than the Underwriter's database-derived estimate of $3,914 per unit for comparably-sized developments in this area. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, particularly general and administrative ($26.5K lower), payroll ($34.4K lower), and property tax ($10.3K lower). The Applicant and Underwriter are using a 4% management fee based on an unexecuted draft management agreement with the related property manager. The Applicant's expenses do not include a CHDO property tax exemption and indicated no intention to apply for one, but the Applicant appears to be eligible for one and receipt of same would increase NOI by $80K and improve the feasibility of the development.

Conclusion: Although the Applicant's estimated income is consistent with the Underwriter's expectations, the total estimated operating expense is inconsistent with the Underwriter's expectations and the Applicant's net operating income (NOI) estimate is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. Due primarily to the difference in operating expense estimates, the Underwriter's estimated debt coverage ratio (DCR) of 1.03 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project should be limited to approximately $816K by a reduction of the loan amount and/or a reduction in the interest rate and/or an extension of the term. The Underwriter has therefore completed this analysis assuming a likely redemption of a portion of the bond amount resulting in a final anticipated bond amount of $11,620,000. In addition, the issuer fees and asset management fees may need to be deferred or paid out of cash flow for the first year of operations. If a property tax exemption were achieved, the full amount of the debt and all servicing fees would be fully serviced at above a 1.10 DCR.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 15.521 acres	$115,400	**Assessment for the Year of:**	2004
Per Acre:	$7,435	**Valuation by:**	Bexar Appraisal District
Prorated Value:, 16.056	$119,378	**Tax Rate:**	3.015374

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Purchase and sale agreement (16.056 acres)		
Contract Expiration Date:	2/ 15/ 2005	**Anticipated Closing Date:**	12/ 31/ 2004
Acquisition Cost:	$1,000,000	**Other Terms/Conditions:**	$5K earnest money, $5K/month extension fee

after 3/31/2004

Seller: PRS Realty II, L.P. **Related to Development Team Member:** No

CONSTRUCTION COST ESTIMATE EVALUATION

Aquisition Value: The site cost of $1,000,000 ($1.43/SF, $62,282/acre, or $4,000/unit), although over eight times the tax assessed value, is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Costs: The Applicant claimed off-site costs of $150K for the extension of water and sewer lines to the property, but provided third party certification of only $105K to justify these costs, and therefore the Underwriter has used this lower amount in estimating the development cost.

Sitework Cost: The Applicant's claimed sitework costs of $6,900 per unit are within the Department's allowable guidelines for multifamily developments without requiring additional justifying documentation.

Direct Construction Cost: The Applicant's direct construction cost estimate is $32.4K or 0.3% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by $172,708 to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Fees: The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by $21K based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by $30,181 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Other Costs: The Applicant's contingency allowance exceeds the TDHCA 5% maximum guideline by $7.5K and therefore eligible basis will be reduced by an equivalent amount.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted by the Underwriter, is used to calculate eligible basis and estimate the HTC allocation. As a result, an eligible basis of $18,347,434 is used to determine a credit allocation of $844,349 from this method. The resulting syndication proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: Charter Mac Capital Solutions **Contact:** Marnie Miller

Construction Loan Amount: $12,200,000 **Interest Rate:** 5%

Permanent Loan Amount: $12,200,000 **Interest Rate:** 6.5%

Additional Information: 24-month interest-only construction period

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☐ LOI ☐ Firm ☒ Conditional

Annual Payment: $857,109 **Lien Priority:** 1st **Date:** 12/ 13/ 2004

TAX CREDIT SYNDICATION

Source: Related Capital Company LLC **Contact:** Justin Ginsburg

Net Proceeds: $7,308,000 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 85¢

Commitment: ☐ LOI ☐ Firm ☒ Conditional **Date:** 12/ 13/ 2004

Additional Information: Based on allocation of $859,828

APPLICANT EQUITY

Amount: $1,085,056 **Source:** Deferred developer fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by TDHCA and purchased by CharterMac. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

GIC Income: The Applicant included $165,753 in anticipated income from investment of the bond proceeds in a guaranteed investment contract (GIC) during the construction stage. The Underwriter has included this source with developer fee in the following analysis.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,085,056 amount to 45% of the total fees.

Financing Conclusions: Based on the Applicant's adjusted estimate of eligible basis, the HTC allocation should not exceed $844,349 annually for ten years, resulting in syndication proceeds of approximately $7,176,438. Due to the difference in estimated net operating income, the Underwriter's debt coverage ratio (DCR) of 1.04 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this development should not exceed approximately $816K by a reduction of the permanent loan amount and/or a reduction in the interest rate and/or an extension of the term. At the terms specified in the permanent financing commitment this would result in a reduced first lien debt amount of $11.8M. To compensate for the potential reduction in loan funds the Applicant's deferred developer fee will be increased to $1,962,178, which amounts to approximately 82% of the total fee and which should be repayable in approximately 13 years.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

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

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- ALT Affordable Housing Services, Inc. – Arbor Place, the nonprofit sole owner of the General Partner, submitted an audited financial statement as of May 31, 2004 reporting total assets of $7.7M and consisting of $46K in cash, $20K in receivables, $873K in restricted assets, $6.3M in real property and equipment, and $428K in bond issuance costs. Liabilities totaled $8.6M, resulting in a net assets deficit of ($885K).
- Mr. Saleem Jafar, the principal of the Developer, submitted an unaudited financial statement as of September 1, 2004 and is anticipated to be a guarantor of the development.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- A significant environmental risk exists regarding potential soil contamination by PCBs from pole-mounted electrical transformers.
- 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:**	December 28, 2004
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	December 28, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

Port Royal Homes, San Antonio, MFB #2004-039/4% HTC #04489

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 60%	50	1	1	750	$579	$533	$26,650	$0.71	$45.66	$25.28
TC 60%	57	2	1	836	696	$644	36,708	0.77	51.91	29.28
TC 60%	57	2	2	973	696	$644	36,708	0.66	51.91	29.28
TC 60%	86	3	2	1,125	803	744	63,984	0.66	58.70	37.68
TOTAL:	250		**AVERAGE:**	949	$709	$656	$164,050	$0.69	$53.00	$31.37

INCOME	Total Net Rentable Sq F	237,363	**TDHCA**	**APPLICANT**	Comptroller's Region	9
POTENTIAL GROSS RENT			$1,968,600	$1,968,600	IREM Region	an Antoni
Secondary Income	Per Unit Per Month:	$20.00	60,000	60,000	$20.00	Per Unit Per Month
Other Support Income:			0	0		
POTENTIAL GROSS INCOME			$2,028,600	$2,028,600		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(152,145)	(142,008)	-7.00%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions			0	0		
EFFECTIVE GROSS INCOME			$1,876,455	$1,886,592		

EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.87%	$366	0.39	$91,467	$65,000	$0.27	$260	3.45%
Management	4.00%	300	0.32	75,058	75,464	0.32	302	4.00%
Payroll & Payroll Tax	12.49%	937	0.99	234,348	199,920	0.84	800	10.60%
Repairs & Maintenance	5.74%	431	0.45	107,711	112,000	0.47	448	5.94%
Utilities	3.83%	288	0.30	71,882	71,063	0.30	284	3.77%
Water, Sewer, & Trash	4.30%	323	0.34	80,684	76,250	0.32	305	4.04%
Property Insurance	3.16%	237	0.25	59,341	53,407	0.23	214	2.83%
Property Tax 3.015374	8.54%	641	0.68	160,272	150,000	0.63	600	7.95%
Reserve for Replacements	2.66%	200	0.21	50,000	50,000	0.21	200	2.65%
Spt svcs, compl fees, sec,	2.55%	191	0.20	47,780	47,780	0.20	191	2.53%
TOTAL EXPENSES	52.15%	$3,914	$4.12	$978,542	$900,884	$3.80	$3,604	47.75%
NET OPERATING INC	47.85%	$3,592	$3.78	$897,913	$985,708	$4.15	$3,943	52.25%
DEBT SERVICE								
First Lien Mortgage (CharterM	45.68%	$3,428	$3.61	$857,109	$857,109	$3.61	$3,428	45.43%
Issuer and Asset Management F	0.98%	$74	$0.08	18,450	12,200	$0.05	$49	0.65%
Trustee Servicing Fee	0.24%	$18	$0.02	4,500	4,500	$0.02	$18	0.24%
NET CASH FLOW	0.95%	$71	$0.08	$17,854	$111,899	$0.47	$448	5.93%
AGGREGATE DEBT COVERAGE RATIO				1.02	1.13			
RECOMMENDED DEBT COVERAGE RATIO				1.07				

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		5.42%	$4,576	$4.82	$1,144,000	$1,144,000	$4.82	$4,576	5.51%
Off-Sites		0.50%	420	0.44	105,000	150,000	0.63	600	0.72%
Sitework		8.17%	6,900	7.27	1,725,001	1,725,001	7.27	6,900	8.31%
Direct Construction		48.08%	40,617	42.78	10,154,288	10,121,882	42.64	40,488	48.76%
Contingency	5.00%	2.81%	2,376	2.50	593,964	599,844	2.53	2,399	2.89%
General Req'ts	6.00%	3.37%	2,851	3.00	712,757	719,813	3.03	2,879	3.47%
Contractor's G &	2.00%	1.12%	950	1.00	237,586	239,938	1.01	960	1.16%
Contractor's Prof	6.00%	3.37%	2,851	3.00	712,757	719,813	3.03	2,879	3.47%
Indirect Construction		4.71%	3,978	4.19	994,500	994,500	4.19	3,978	4.79%
Ineligible Costs		5.01%	4,234	4.46	1,058,500	1,058,500	4.46	4,234	5.10%
Developer's G & A	2.88%	2.18%	1,841	1.94	460,268	484,665	2.04	1,939	2.33%
Developer's Profi	12.12%	9.18%	7,755	8.17	1,938,660	1,938,660	8.17	7,755	9.34%
Interim Financing		4.08%	3,448	3.63	862,000	862,000	3.63	3,448	4.15%
Reserves		2.00%	1,686	1.78	421,441	0	0.00	0	0.00%
TOTAL COST		100.00%	$84,483	$88.98	$21,120,723	$20,758,616	$87.46	$83,034	100.00%
Recap-Hard Construction Costs		*66.93%*	***$56,545***	***$59.56***	***$14,136,354***	***$14,126,291***	***$59.51***	***$56,505***	*68.05%*

SOURCES OF FUNDS						**RECOMMENDED**	
First Lien Mortgage (CharterM	57.76%	$48,800	$51.40	$12,200,000	$12,200,000	$11,620,000	Developer Fee Available
GIC Income	0.78%	$663	$0.70	165,753	165,753	0	$2,393,144
HTC Syndication Proceeds (Rel	34.60%	$29,231	$30.79	7,307,807	7,307,807	7,176,438	% of Dev. Fee Deferred
Deferred Developer Fees	5.14%	$4,340	$4.57	1,085,056	1,085,056	1,962,178	82%
Additional (excess) Funds Rec	1.71%	$1,448	$1.53	362,107	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$21,120,723	$20,758,616	$20,758,616	$2,729,938

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Port Royal Homes, San Antonio, MFB #2004-039/4% HTC #04489

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$43.82	$10,401,931
Adjustments				
Exterior Wall Fini	2.80%		$1.23	$291,254
9-Ft. Ceilings	3.35%		1.47	348,465
Roofing			0.00	0
Subfloor			(0.81)	(192,739)
Floor Cover			2.00	474,726
Porches/Balconies	$16.71	31,788	2.24	531,177
Plumbing	$605	179	0.46	108,295
Built-In Appliance	$1,650	250	1.74	412,500
Stairs	$1,475	96	0.60	141,600
Enclosed Corridors	$33.90		0.00	0
Heating/Cooling			1.53	363,165
Garages/Carports		0	0.00	0
Comm &/or Aux Bldg	$60.46	4,615	1.18	279,028
Other:			0.00	0
SUBTOTAL			55.44	13,159,403
Current Cost Multiplie	1.10		5.54	1,315,940
Local Multiplier	0.85		(8.32)	(1,973,910)
TOTAL DIRECT CONSTRUCTION COSTS			$52.67	$12,501,432
Plans, specs, survy, b	3.90%		($2.05)	($487,556)
Interim Construction I	3.38%		(1.78)	(421,923)
Contractor's OH & Prof	11.50%		(6.06)	(1,437,665)
NET DIRECT CONSTRUCTION COSTS			$42.78	$10,154,288

PAYMENT COMPUTATION

Primary	$12,200,000	Term	480
Int Rate	6.50%	DCR	1.05

Secondary		Term	
Int Rate	0.00%	Subtotal DCR	1.03

Additional		Term	
Int Rate		Aggregate DCR	1.02

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$816,361
Issuer and Asset Management Fee	18,450
Trustee Servicing Fee	4,500
NET CASH FLOW	$58,602

Primary	$11,620,000	Term	480
Int Rate	6.50%	DCR	1.10

Secondary	$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.08

Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.07

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

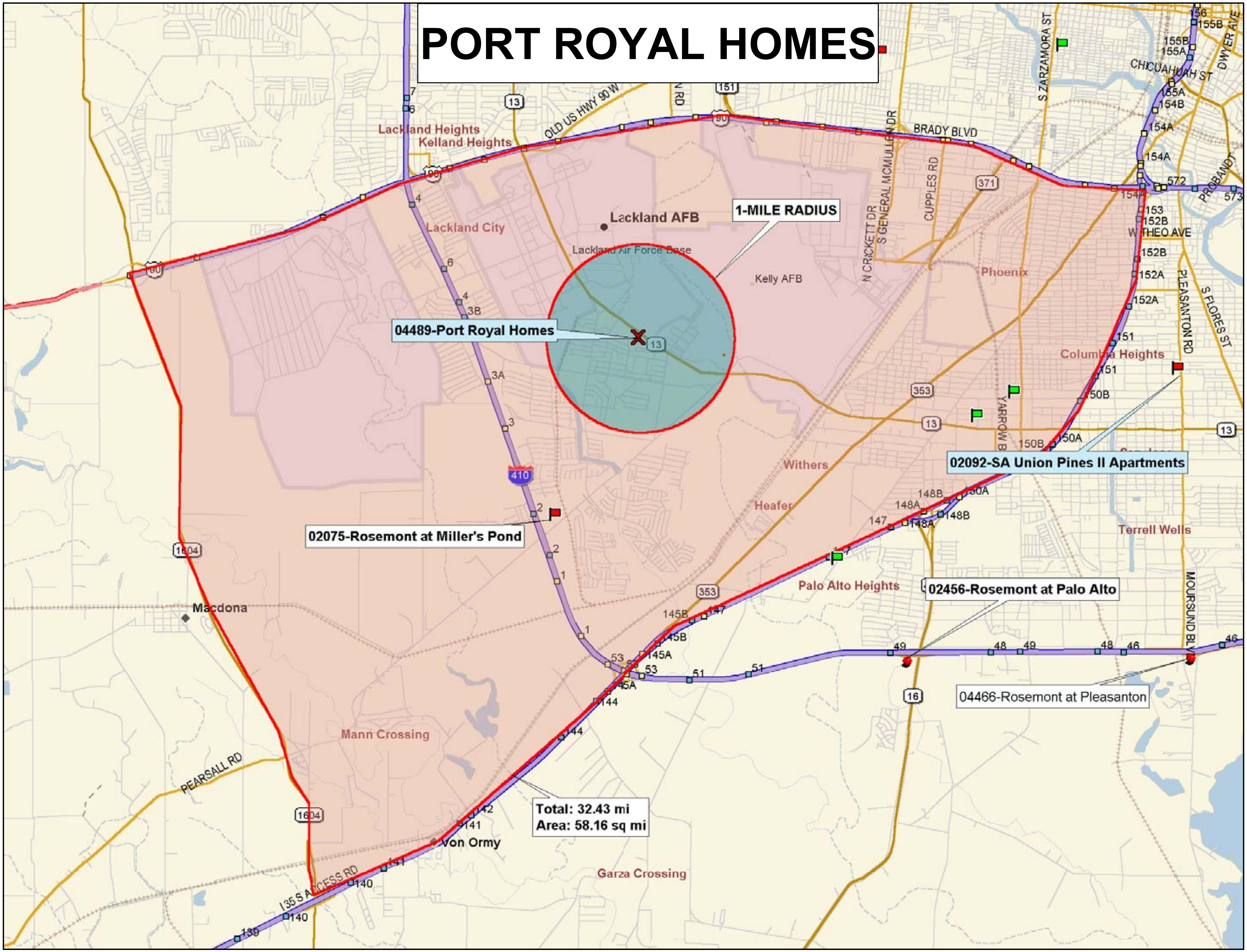
INCOME a 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	##########	##########	$2,088,488	$2,151,142	$2,215,677	$2,568,576	$2,977,684	$3,451,952	$4,639,135
Secondary Income	60,000	61,800	63,654	65,564	67,531	78,286	90,755	105,210	141,394
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,028,600	2,089,458	2,152,142	2,216,706	2,283,207	2,646,863	3,068,440	3,557,162	4,780,529
Vacancy & Collection Los	(152,145)	(156,709)	(161,411)	(166,253)	(171,241)	(198,515)	(230,133)	(266,787)	(358,540)
Employee or Other Non-Re	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	##########	##########	$1,990,731	$2,050,453	$2,111,967	$2,448,348	$2,838,307	$3,290,375	$4,421,989
EXPENSES at 4.00%									
General & Administrative	$91,467	$95,126	$98,931	$102,888	$107,004	$130,186	$158,391	$192,707	$285,254
Management	75,058	77,310	79,629	82,018	84,479	97,934	113,532	131,615	176,880
Payroll & Payroll Tax	234,348	243,722	253,471	263,609	274,154	333,550	405,814	493,735	730,849
Repairs & Maintenance	107,711	112,019	116,500	121,160	126,007	153,306	186,521	226,931	335,913
Utilities	71,882	74,757	77,747	80,857	84,091	102,310	124,476	151,444	224,174
Water, Sewer & Trash	80,684	83,911	87,268	90,758	94,389	114,838	139,718	169,989	251,625
Insurance	59,341	61,714	64,183	66,750	69,420	84,460	102,759	125,022	185,063
Property Tax	160,272	166,683	173,350	180,284	187,496	228,117	277,539	337,669	499,833
Reserve for Replacements	50,000	52,000	54,080	56,243	58,493	71,166	86,584	105,342	155,933
Other	47,780	49,691	51,679	53,746	55,896	68,006	82,740	100,665	149,009
TOTAL EXPENSES	$978,542	##########	$1,056,838	$1,098,315	$1,141,427	$1,383,873	$1,678,074	$2,035,120	$2,994,531
NET OPERATING INCOME	$897,913	$915,815	$933,894	$952,138	$970,539	$1,064,475	$1,160,232	$1,255,256	$1,427,458
DEBT SERVICE									
First Lien Financing	$816,361	$816,361	$816,361	$816,361	$816,361	$816,361	$816,361	$816,361	$816,361
Second Lien	18,450	18,450	18,450	18,450	18,450	18,450	18,450	18,450	18,450
Other Financing	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
NET CASH FLOW	$58,602	$76,504	$94,583	$112,827	$131,228	$225,164	$320,921	$415,945	$588,147
DEBT COVERAGE RATIO	1.07	1.09	1.11	1.13	1.16	1.27	1.38	1.50	1.70

LIHTC Allocation Calculation - Port Royal Homes, San Antonio, MFB #2004-039/4% HTC #0

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	$1,144,000	$1,144,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,725,001	$1,725,001	$1,725,001	$1,725,001
Off-site improvements	$150,000	$105,000		
(3) Construction Hard Costs				
New structures/rehabilitation ha	$10,121,882	$10,154,288	$10,121,882	$10,154,288
(4) Contractor Fees & General Requirements				
Contractor overhead	$239,938	$237,586	$236,938	$237,586
Contractor profit	$719,813	$712,757	$710,813	$712,757
General requirements	$719,813	$712,757	$710,813	$712,757
(5) Contingencies	$599,844	$593,964	$592,344	$593,964
(6) Eligible Indirect Fees	$994,500	$994,500	$994,500	$994,500
(7) Eligible Financing Fees	$862,000	$862,000	$862,000	$862,000
(8) All Ineligible Costs	$1,058,500	$1,058,500		
(9) Developer Fees			$2,393,144	
Developer overhead	$484,665	$460,268		$460,268
Developer fee	$1,938,660	$1,938,660		$1,938,660
(10) Development Reserves		$421,441	$2,393,144	$2,398,928
TOTAL DEVELOPMENT COSTS	$20,758,616	$21,120,723	$18,347,434	$18,391,783

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		$18,347,434	$18,391,783
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$23,851,665	$23,909,317
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$23,851,665	$23,909,317
Applicable Percentage		3.54%	3.54%
TOTAL AMOUNT OF TAX CREDITS		$844,349	$846,390
Syndication Proceeds	**0.8499**	**$7,176,438**	**$7,193,784**
Total Credits (Eligible Basis Method)		**$844,349**	**$846,390**
Syndication Proceeds		**$7,176,438**	**$7,193,784**
Requested Credits		**$859,828**	
Syndication Proceeds		**$7,308,000**	
Gap of Syndication Proceeds Needed		**$9,138,616**	
Credit Amount		**$1,075,210**	

PORT ROYAL HOMES



1-MILE RADIUS

04489-Port Royal Homes

02075-Rosemont at Miller's Pond

02092-SA Union Pines II Apartments

02456-Rosemont at Palo Alto

04466-Rosemont at Pleasanton

Total: 32.43 mi
Area: 58.16 sq mi

Scale 1 : 93,750

1" = 1.48 mi

Data Zoom 11-1

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report Addendum

REPORT DATE: 10/23/08 PROGRAM: 9% HTC FILE NUMBER: **05025 / 08011**

DEVELOPMENT

Rudy Villarreal Oak Square Apartments

Location: 309 N. 9th Street Region: 11
City: Alamo County: Hidalgo Zip: 78516 ☐ QCT ☐ DDA
Key Attributes: Multifamily, General, New Construction, Urban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$626,543			**$621,944**		

* The original tax credit award amount was $626,543.

RECOMMENDATIONS

Staff has evaluated the financial viability of the requested amendment. Based on the revised information provided in the cost certification and the amendment request, the transaction meets the Department's 2008 Real Estate Analysis Rules and Guidelines. The Underwriter recommends approval of the amendment. The Underwriter also recommends approval of a tax credit allocation of $621,944 based on the information provided in the amendment request and cost certification documentation. The Owner is still completing the cost certification review process and IRS Forms 8609 will not be released until all requirements of cost certification have been satisfied.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA

Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	10
60% of AMI	60% of AMI	90

PROS

- The location of Housing Authority offices on site provide convenient access for tenants receiving vouchers and those living in public housing units.
- The combination of two residential buildings had no effect on NRA, unit size, or unit mix.

CONS

- Because the permanent loan has not converted to the permanent phase, it is possible that the development would be oversourced by $45,065 if the loan converts at the full loan amount.

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ADDENDUM

The development was originally underwritten and approved for an award of 9% Housing Tax Credits in 2005. The construction of the development has been completed and the development is currently completing the cost certification process. On October 16, 2007, the Owner submitted a request to amend the application as follows:

- A reduction in the number of residential buildings from 10 to 9.
- The addition of a 2,578 square foot building, which is attached to the community building, to house the offices of the Alamo Housing Authority.
- The addition of 24 public housing units which were not originally proposed at application.

The Owner asserts that the reduction in the number of residential buildings was implemented in order to provide sufficient space on the site to allow for the construction of the Housing Authority ("HA") offices. To accomplish this, two one-story, four unit residential buildings were combined into one two-story, eight-unit building. The individual unit floor plans, NRA, and unit mix were not affected by this change.

The Owner further asserts that the Housing Authority offices were intended to benefit tenants of the development who receive project-based vouchers or reside in public housing units. It should be noted that the rent schedule submitted with the cost certification does not reflect the presence of any project-based vouchers, and the Underwriter has been unable to secure an agreement between the Owner and Housing Authority supporting the presence of project-based vouchers.

In addition, 24 of the 100 units receive public housing operating subsidy pursuant to an Annual Contributions Contract. At the time of application, none of the units were proposed to received such an operating subsidy; however, the original application did proposed to demolish 40 existing public housing units. The 24 public housing units now included at the development, as completed, partially replace the 40 public housing units that were demolished.

The Underwriter has evaluated the effect of the requested changes on the feasibility of the development. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report with a full evaluation of the originally proposed development plan and structure.

OPERATING PROFORMA ANALYSIS

Income:

The Owner's potential rents were calculated by subtracting tenant paid utility allowances, as determined using the Alamo Housing Authority's utility allowances for energy efficient units, from the Hidalgo County 2008 program gross rents for all non-public housing units. The decrease in income since application is attributable to the addition of 24 public housing units, for which the Owner indicated a rental rate of $0. The Owner included the operating subsidy in secondary income, in addition to approximately $43 per unit per month for deposit forfeitures, laundry income, carports, washer/dryer, and cable television.

The Underwriter used a different methodology to analyze income. The Underwriter calculated potential rents for the non-public housing units by subtracting utility allowances for energy efficient units from 2008 program maximum rents. The utility allowance for energy efficient units requires a special designation from the Housing Authority. The Owner was unable to provide evidence of this designation; however, the Housing Authority is involved in the ownership of the development, and the Underwriter therefore made the assumption that Housing Authority approval for the use of the special utility allowance could be reasonably secured for the development. For the public housing units, however, the Underwriter utilized an estimated rental rate that resulted in total income that equals the expenses that are estimated to be attributable to the public housing units. Despite the different methodologies, the Underwriter's and Owner's estimates of effective gross income are within 1% of one another.

Secondary income was limited to the Department's maximum of $15 per unit per month; however, income for cable was included, as this income is merely the result of a pass-through of cable expense to tenants (an optional service), and as such is reasonable.

As mentioned previously, correspondence between the Owner and Housing Authority at the time of original application suggest that the development may include 10 project-based vouchers from the Housing Authority. Recent correspondence from the Owner is unclear as to whether the development will have project-based vouchers, or rather will hold 10 units available for tenants that receive housing choice vouchers. The Underwriter was unable to verify either scenario, and therefore the Underwriter's analysis does not include additional subsidy from project-based vouchers.

Expense:

The Owner's total operating expense estimate of $3,033 is within 1% of the Underwriter's estimate of $3,031 per unit derived from the TDHCA database, IREM data, and actual expenses at the property.

Conclusion:

The Owner's effective gross income, operating expenses, and net income are all within 5% of the Underwriter's estimates; therefore, the Owner's estimates will be used to determine the development's debt capacity. The Owner's year one proforma results in a DCR of 1.15, which is within the Department's guidelines.

Feasibility:

The underwriting 30-year proforma utilizes a 3% growth factor for income and a 4% annual growth factor for expenses in accordance with current Department guidelines. As noted above, the Owner's base year effective gross income, expenses and net operating income were utilized, along with a decreased permanent loan amount, resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow for the Department's 15 year minimum. Therefore, the development can be characterized as feasible for the long term.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE

The Department has received the Cost Certification for this development, and as part of the Cost Certification documentation has received evidence of the final development costs, as certified by the development CPA. Direct construction costs have increased by 13% from the Owner's estimate at the time of application. The 13% increase in direct construction costs also affected contractor and developer fees, which increased by 16% and 12%, respectively. The final, certified costs indicate a 60% increase in site work costs, a 21% decrease in indirect construction costs, and a 39% increase in ineligible costs. The increase in ineligible costs can be partially attributed to the addition of the Housing Authority offices.

The Owner's final development costs include the cost associated with the construction of the Housing Authority offices. According to the documentation provided in the cost certification, total costs for the Housing Authority offices total $113,935 ($3,935 for demolition and $110,000 for construction of the offices). The entire $110K attributed to the construction of the offices has been deducted from eligible basis for purposes of calculating the tax credits. Demolition costs are also not included in eligible basis. The Underwriter's analysis included an evaluation of the estimated cost to construct the Housing Authority offices using current Marshall and Swift costs, and resulted in an estimated construction cost of $118K or 7% greater than the amount certified by the Owner and CPA for the office space.

The total costs associated with the Housing Authority offices has been deducted from the total development cost for the purpose of calculating the gap-driven credit amount in order to ensure that no portion of the tax credits allocated to this development will fund construction of the Housing Authority offices.

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Conclusion:

The Owner's final total development cost is within 5% of the Underwriter's revised estimate; therefore, the Owner's cost schedule, as adjusted for the cost of the Housing Authority offices, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $7,980,558 supports annual tax credits of $650,416. This figure will be compared to the Owner's request, the Board-approved allocation, and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

SOURCES & USES

Source: PNC Bank Type: **Permanent Financing**

Principal: $2,757,586 Interest Rate: 7.05% ☒ Fixed Amort: 360 months

Comments:

The amount of the loan has increased by $559,154 since application, and the interest rate has decreased by 0.45%. The loan term and amortization remain unchanged. As of the date of this addendum the loan has not converted to the permanent phase. There is concern that should the permanent loan convert at the full amount reflected there is the potential for the development to be oversourced at the originally approved credit allocation amount. This will be discussed in further detail in the Conclusions section of the addendum.

Source: Alamo Housing Opportunities Corp. Type: **Permanent Financing**

Principal: $49,000 Interest Rate: 0.0% ☒ Fixed Term: 0 months

Comments:

This loan is a cash flow loan and as a result debt service for this loan has not been included in the Owner's proforma. The amount of this loan has decreased by $383,289 since application and the interest rate has increased from 6% to 12%.

The Owner confirmed that the loan was provided to finance a portion of the demolition cost associated with the total development. The Owner also confirmed that $3,935 of the total demolition cost was associated with the Housing Authority offices; therefore, only $45,065 of the loan amount will be utilized by the Underwriter in the total sources of funds for the tax credit development.

Source: PNC Multifamily Capital Type: **Syndication**

Proceeds: $6,139,508 Syndication Rate: $0.98 Anticipated HTC: $ 626,543

Comments:

The syndication rate increased from $0.89 at application to $0.98 at cost certification.

Amount: $64,935 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

As stated previously, the Owner's proforma analysis, including the proposed permanent loan amount and terms as reflected in the cost certification, results in a debt coverage ratio of 1.15 which is within the Department's guidelines of 1.15 to 1.35.

For the purpose of determining the gap in financing, the Owner's total development cost was reduced by the cost to construct the Housing Authority offices ($113,935). As a result, the adjusted total development cost used to determine the need for funds is $8,897,094. In addition, the amount of the loan from the Alamo Housing Opportunities Corp. will be reduced by the amount of proceeds, as indicated by the Owner, that were used to fund activities related to the Housing Authority offices ($49,000-$3,935 = $45,065).

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The Owner's final total development cost, less the permanent loan of $2,757,586 and less the Alamo Housing Opportunities Corporation cashflow loan of $45,065 indicates the need for $6,094,433 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $621,944 annually would be required to fill this gap in financing. Of the three possible tax credit allocations: the previously Board approved amount / Owner's request ($626,543), the gap-driven amount ($621,944), and eligible basis-derived estimate ($650,416), the gap-driven amount of $621,944 is recommended resulting in total syndication proceeds of $6,094,433 based on a syndication rate of $0.98. The Underwriter's recommended financing structure indicates the need for no additional permanent funds.

It should be noted that the Owner is aware of this reconciled credit amount based on the gap in need and disagrees with the Underwriter's conclusions. The Owner asserts that the staff is incorrectly allocating the entire $49,000 grant/cashflow loan from the Alamo Housing Opportunities Corporation to the Housing Authority office space costs, when in fact only a small portion of the costs of demolition ($3,935) should be attributed to this source of funding. In fact, the Underwriter is not allocating the entire $49K source to the office space costs. Only $3,935 of this source of funding has been allocated to the office space costs and deducted from the total $49K grant/loan, as indicated by the Owner. The remaining $45K grant/loan has been included as a permanent source of funds for the rest of the development.

The Owner asserts that the development is not oversourced and that deferred developer fee was required to fund the gap in financing. However, none of the information provided by the Owner provides support for this assertion when the development is evaluated separate from the Housing Authority offices.

During the review process of this amendment request and the cost certification documentation, the Owner has not indicated that a re-size of the permanent loan is anticipated. As reflected in the Underwriter's analysis, the proposed permanent loan and terms result in an acceptable 1.15 DCR using the Owner's proforma. However, should the Owner convert the loan to permanent at an amount different than what is reflected in this analysis, a re-evaluation of the changes would be recommended and a change in the recommended credit amount may be warranted.

Underwriter:	Audrey Martin	Date:	October 23, 2008
Manager of Real Estate Analysis:	Raquel Morales Raquel Morales	Date:	October 23, 2008

COST CERTIFICATION COMPARATIVE ANALYSIS

Rudy Villarreal Oak Square Apartments, Alamo, HTC#05025

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	UW Net Rent	CC Net Rent	Rent per Month	Rent per SF	Tnt-Pd Util (Includes Water & Sewer)	Trash
PHU / TC 30%	10	1	1	709	$245	$253	$129	$186	$2,526	$0.36	59.50	$10.50
PHU / TC 60%	4	1	1	709	$490	253	$368	$431	1,010	0.36	59.50	10.50
TC 60%	8	1	1	709	$490	431	$368	$431	3,444	0.61	59.50	10.50
TC 60%	38	2	2	962	$588	518	$436	$518	19,665	0.54	70.50	10.50
PHU / TC 60%	6	2	2	962	$588	253	$436	$518	1,516	0.26	70.50	10.50
PHU / TC 60%	4	3	2	1,162	$680	253	$495	$597	1,010	0.22	83.00	10.50
TC 60%	30	3	2	1,162	$680	597	$495	$597	17,910	0.51	83.00	10.50
TOTAL:	100		AVERAGE:	974		$471		50,089	$47,081	$0.48	$72.33	$10.50

INCOME	Total Net Rentable Sq Ft:	97,434	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT		$597	$564,973	$500,455	$500,460	486,132	Hidalgo	6	11
Secondary Income	Per Unit Per Month:	$15.00	18,000	16,800	12,000	12,000	$10.00	Per Unit Per Month	
Other Support Income: Washer/Dryer						8,400	$7.00		
Other Support Income: Cable			23,940			23,940	$19.95		
Other Support Income: Carports						7,200	$6.00		
Other Support Income: PHA ACC Subsidy			0	0	4,800	65,292	$54.41	Per Unit Per Month	
POTENTIAL GROSS INCOME			$606,913	$517,255	$517,260	$602,964			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(45,518)	(38,794)	(38,796)	(45,222)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0	0	0	0			
EFFECTIVE GROSS INCOME			$561,395	$478,461	$478,465	$557,742			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.72%	$321	0.33	$32,135	$28,462	$19,850	$38,800	$0.40	$388	6.96%
Management		4.00%	225	0.23	22,456	27,157	28,708	26,400	0.27	264	4.73%
Payroll & Payroll Tax		15.59%	875	0.90	87,500	84,216	77,000	83,329	0.86	833	14.94%
Repairs & Maintenance		7.43%	417	0.43	41,685	40,512	31,000	34,304	0.35	343	6.15%
Utilities		2.96%	166	0.17	16,596	17,624	15,450	6,600	0.07	66	1.18%
Water, Sewer, & Trash		3.15%	177	0.18	17,703	22,537	38,220	28,800	0.30	288	5.16%
Property Insurance		3.86%	217	0.22	21,683	24,359	27,693	23,288	0.24	233	4.18%
Property Tax	0	0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Reserve for Replacements		4.45%	250	0.26	25,000	20,000	17,100	24,996	0.26	250	4.48%
TDHCA Compliance Fees		0.71%	40	0.04	4,000	16,500	16,500	2,100	0.02	21	0.38%
Other: Cable, supportive services		6.18%	347	0.36	34,716	0	0	34,716	0.36	347	6.22%
TOTAL EXPENSES		54.06%	$3,035	$3.11	$303,474	$281,367	$271,521	$303,333	$3.11	$3,033	54.39%
NET OPERATING INC		45.94%	$2,579	$2.65	$257,921	$197,094	$206,944	$254,409	$2.61	$2,544	45.61%
DEBT SERVICE											
First Lien Mortgage		39.41%	$2,213	$2.27	$221,268	$179,966	$179,996	$221,268	$2.27	$2,213	39.67%
Alamo Housing Opportunities Corp.		0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW		6.53%	$367	$0.38	$36,653	$17,128	$26,948	$33,141	$0.34	$331	5.94%
AGGREGATE DEBT COVERAGE RATIO					1.17	1.10	1.15	1.15			
RECOMMENDED DEBT COVERAGE RATIO								1.15			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	$0	$0.00	$0	$0	$0	$0	$0.00	0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		10.42%	9,156	9.40	915,592	572,145	572,145	915,592	9.40	9,156	10.16%
Direct Construction		52.31%	45,966	47.18	4,596,624	3,991,769	4,239,489	4,784,761	49.11	47,848	53.10%
Contingency						200,582	200,582		0.00	0	0.00%
Contractor's Fees	14.00%	8.78%	7,717	7.92	771,710	638,948	673,629	778,526	7.99	7,785	8.64%
Indirect Construction		3.43%	3,017	3.10	301,659	383,500	383,500	301,659	3.10	3,017	3.35%
Ineligible Costs		10.18%	8,948	9.18	894,783	644,693	644,693	894,783	9.18	8,948	9.93%
Developer's Fees	15.00%	11.51%	10,117	10.38	1,011,699	891,401	933,617	1,041,242	10.69	10,412	11.56%
Interim Financing		1.81%	1,591	1.63	159,078	155,727	155,727	159,078	1.63	1,591	1.77%
Reserves		1.54%	1,354	1.39	135,388	138,260	138,260	135,388	1.39	1,354	1.50%
TOTAL COST		100.00%	$87,865	$90.18	$8,786,533	$7,617,025	$7,941,642	$9,011,029	$92.48	$90,110	100.00%
Construction Cost Recap		*71.52%*	*$62,839*	*$64.49*	*$6,283,926*	*$5,403,444*	*$5,685,845*	*$6,478,879*	*$66.50*	*$64,789*	*71.90%*

SOURCES OF FUNDS								RECOMMENDED	
First Lien Mortgage	31.38%	$27,576	$28.30	$2,757,586	$2,198,432	$2,198,432	$2,757,586	$2,757,586	Developer Fee Available
Alamo Housing Opportunities Corp.	0.56%	$490	$0.50	49,000	432,289	432,289	49,000	45,065	$1,040,942
HTC Syndication Proceeds	69.87%	$61,395	$63.01	6,139,508	5,089,597	5,089,597	6,139,508	6,094,443	% of Dev. Fee Deferred
Deferred Developer Fees	0.74%	$649	$0.67	64,935	221,324	221,324	64,935		0%
Additional (Excess) Funds Req'd	-2.55%	($2,246)	($2.30)	(224,495)	(324,617)	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$8,786,533	$7,617,025	$7,941,642	$9,011,029	$8,897,094	$346,287

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Rudy Villarreal Oak Square Apartments, Alamo, HTC#05025

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$54.65	$5,325,117
Adjustments				
Exterior Wall Finish	0.00%		$0.00	$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			(1.41)	(137,521)
Floor Cover			2.43	236,765
Breezeways/Balconies	$21.66	16,847	3.74	364,822
Plumbing Fixtures	$805	234	1.93	188,370
Rough-ins	$400	200	0.82	80,000
Built-In Appliances	$1,850	100	1.90	185,000
Exterior Stairs	$1,800	15	0.28	27,000
Enclosed Corridors	$44.73	0	0.00	0
Heating/Cooling			1.90	185,125
Garages/Carports	$10.15	0	0.00	0
Comm &/or Aux Bldgs	$67.25	5,058	3.49	340,151
Other: fireplace	$1,750.00	1	0.02	1,750
Other: fire sprinkler	$1.95	97,434	1.95	189,996
SUBTOTAL			71.71	6,986,573
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.81		(13.62)	(1,327,449)
TOTAL DIRECT CONSTRUCTION COSTS			$58.08	$5,659,124
Plans, specs, survy, bld prmts	3.90%		($2.27)	($220,706)
Interim Construction Interest	3.38%		(1.96)	(190,995)
Contractor's OH & Profit	11.50%		(6.68)	(650,799)
NET DIRECT CONSTRUCTION COSTS			$47.18	$4,596,624

PAYMENT COMPUTATION

Primary	$2,757,586	Amort	360
Int Rate	7.05%	DCR	1.17

Secondary	$49,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.17

Additional		Amort	
Int Rate		Aggregate DCR	1.17

RECOMMENDED FINANCING STRUCTURE APPLICAN

Primary Debt Service	$221,268
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$33,141

Primary	$2,757,588	Amort	360
Int Rate	7.05%	DCR	1.16

Secondary	$49,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$486,132	$500,716	$515,737	$531,210	$547,146	$634,292	$735,318	$852,435	$1,145,602
Secondary Income	12,000	12,360	12,731	13,113	13,506	15,657	18,151	21,042	28,279
Other Support Income: PHA ACC	65,292	67,251	69,268	71,346	73,487	85,191	98,760	114,490	153,865
POTENTIAL GROSS INCOME	563,424	580,327	597,737	615,669	634,139	735,141	852,229	987,967	1,327,746
Vacancy & Collection Loss	(45,222)	(43,525)	(44,830)	(46,175)	(47,560)	(55,136)	(63,917)	(74,098)	(99,581)
Employee or Other Non-Rental U	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$518,202	$536,802	$552,906	$569,493	$586,578	$680,005	$788,312	$913,870	$1,228,165
EXPENSES at 4.00%									
General & Administrative	$38,600	$40,352	$41,966	$43,645	$45,391	$55,224	$67,189	$81,746	$121,004
Management	26,400	25,409	26,171	26,956	27,765	32,187	37,314	43,257	58,134
Payroll & Payroll Tax	83,329	86,662	90,129	93,734	97,483	118,603	144,299	175,562	259,874
Repairs & Maintenance	34,304	35,676	37,103	38,587	40,131	48,825	59,403	72,273	106,982
Utilities	6,600	6,864	7,139	7,424	7,721	9,394	11,429	13,905	20,583
Water, Sewer & Trash	28,800	29,952	31,150	32,396	33,692	40,991	49,872	60,677	89,817
Insurance	23,288	24,220	25,188	26,196	27,244	33,146	40,327	49,064	72,627
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	24,996	25,996	27,036	28,117	29,242	35,577	43,285	52,663	77,954
Other	36,816	38,289	39,820	41,413	43,070	52,401	63,753	77,566	114,816
TOTAL EXPENSES	$303,333	$313,419	$325,702	$338,468	$351,737	$426,349	$516,872	$626,713	$921,791
NET OPERATING INCOME	$214,869	$223,383	$227,204	$231,025	$234,841	$253,656	$271,440	$287,157	$306,374
DEBT SERVICE									
First Lien Financing	$221,268	$221,268	$221,268	$221,268	$221,268	$221,268	$221,268	$221,268	$221,268
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	($6,399)	$2,115	$5,937	$9,757	$13,573	$32,388	$50,172	$65,889	$85,106
DEBT COVERAGE RATIO	0.97	1.01	1.03	1.04	1.06	1.15	1.23	1.30	1.38

COST CERTIFICATION ANALYSIS -Date: 5/5/08

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	$0	$0		
Purchase of buildings	$0	$0		
(2) Rehabilitation/New Construction Cost				
On-site work	$915,592	$915,592	$915,592	$915,592
Off-site improvements	$0	$0		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$4,784,761	$4,596,624	$4,784,761	$4,596,624
(4) Contractor Fees & General Requirements	$778,526	$771,710	$778,526	$771,710
(5) Contingencies	$0	$0	$0	$0
(6) Eligible Indirect Fees	$301,659	$301,659	$301,659	$301,659
(7) Eligible Financing Fees	$159,078	$159,078	$159,078	$159,078
(8) All Ineligible Costs	$894,783	$894,783		
(9) Developer Fees			$1,040,942	$0
Developer fees	$1,041,242	$1,011,699	$0	$1,011,699
(10) Development Reserves	$135,388	$135,388		
TOTAL DEVELOPMENT COSTS	$9,011,029	$8,786,533	$7,980,558	$7,756,362

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis		$0	$0
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing		$0	$0
Non-qualified portion of higher quality units [42(d)(3)]		$0	$0
Historic Credits (on residential portion only)		$0	$0
TOTAL ELIGIBLE BASIS		$7,980,558	$7,756,362
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$7,980,558	$7,756,362
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$7,980,558	$7,756,362
Applicable Percentage		8.15%	8.15%
TOTAL AMOUNT OF TAX CREDITS		$650,416	$632,144

Syndication Proceeds	**$0.98**	**$6,373,435**	**$6,194,387**
Total Tax Credits (Eligible Basis Method)		**$650,416**	**$632,144**
Syndication Proceeds		**$6,373,435**	**$6,194,387**
2004/2005 Approved Tax Credits		**$571,979**	
Syndication Proceeds		**$5,604,834**	
2007/2008 Approved Additional Tax Credits		**$54,564**	
Additional Allocation Amount Accepted		**$54,564**	
Cost Certification Request		**$626,543**	
Syndication Proceeds		**6139507.727**	
Gap of Syndication Proceeds Needed		**$6,094,443**	
Total Tax Credits (Gap Method)		**$621,944**	
Reconciled Tax Credits		**$621,944**	
Syndication Proceeds		**$6,094,443**	
Unused/Recaptured 2008 Credit Amount		**$4,599**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE: July 5, 2005 **PROGRAM:** 9% HTC **FILE NUMBER:** 05025

DEVELOPMENT NAME

Poinsetta Apartments

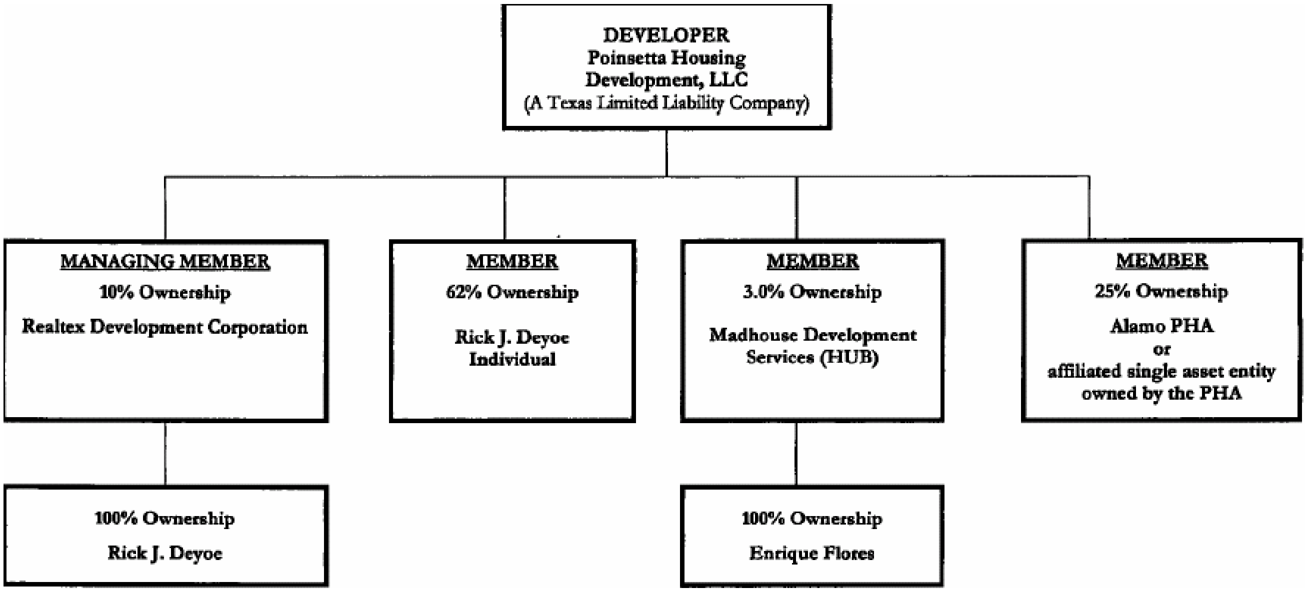
APPLICANT

Name:	Poinsetta Housing, Ltd			**Type:**	For-profit		
Address:	912 S Capital of Texas Highway			**City:**	Austin	**State:**	TX
Zip:	78746	**Contact:**	Rick J Deyoe	**Phone:**	(512) 306-9206	**Fax:**	(512) 306-9010

PRINCIPALS of the APPLICANT

Name:	Alamo Housing Authority	**(%):**	0.01	**Title:**	Managing General Partner/Member of Developer
Name:	Rick J Deyoe	**(%):**	0.01	**Title:**	Special Limited Partner/Member of Developer

DEVELOPER



PROPERTY LOCATION

Location: Between N 9th Street & N 10th Street at Duranta Ave ☐ **QCT** ☐ **DDA**

City: Alamo **County:** Hidalgo **Zip:** 78516

REQUEST

Amount	Interest Rate	Amortization	Term
$571,979	N/A	N/A	N/A

Other Requested Terms: Annual ten-year allocation of housing tax credits

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

Special Purpose (s): General Population, Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $571,979 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance by cost certification that all applicable Texas Department of State Health Services regulations with regard to asbestos testing were followed prior to demolition of the existing buildings and evidence that lead-based paint testing was performed and recommendations of the for removal, as applicable, were followed.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the tax credit amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	100	**# Rental Buildings**	10	**# Non-Res. Buildings**	2	**# of Floors**	2	**Age:**	N/A yrs	**Vacant:**	N/A at / /

Net Rentable SF:	97,434	**Av Un SF:**	974	**Common Area SF:**	2,500	**Gross Bldg SF:**	99,934

STRUCTURAL MATERIALS

The structure will wood frame on a slab on grade. According to the plans provided in the application the exterior will be comprised as follows: 50% stucco and 50% cement fiber siding. The interior wall surfaces will be drywall and the pitched roof will be finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower surround, washer & dryer connections, ceiling fans, laminated counter tops, individual heaters, individual heating and air conditioning, and 8-foot ceilings.

ONSITE AMENITIES

A 2,500-square foot community building will include an activity room, a furnished community room, management offices, fitness, laundry facility, restrooms, public telephone, and a computer/business center. The community building, swimming pool, picnic area, and equipped children's play area are located at the center of the property. In addition, a volleyball court, perimeter fencing with limited access gates, and barbecue grills are planned for the site.

Uncovered Parking:	153 spaces	**Carports:**	40 spaces	**Garages:**	0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Poinsetta Apartments is a 14-unit per acre new construction development of affordable housing located in Hidalgo County. The proposed site presently consists of an exiting 40-unit affordable multifamily housing community that will be demolished upon transfer of ownership. The new development will be comprised of 10 evenly distributed garden style residential buildings as follows:

- Two buildings with eight one-bedroom and eight three-bedroom units;
- Two buildings with 16 two-bedroom units;
- One building with eight two-bedroom and eight three-bedroom units;
- One building with four one-bedroom units;
- One building with four two-bedroom units;
- Two buildings with four three-bedroom units; and

- One building with two one-bedroom and two three-bedroom units.

Existing Subsidies: The existing 40-units (to be demolished) currently operate under a HUD project-based Annual Contributions Contract. According to a letter dated June 14, 2005 and signed by Rick J Deyoe, "The proposed development of 100 units currently does not include any public housing units that will be receiving rental assistance from the PHA's ACC other than for the 10 units in which the PHA has received application to provide project based vouchers, which it intends to commit subject to approval by HUD of compliance with all applicable rules and regulations governing such."

Development Plan: Although the proposed development does not include rehabilitation of existing units, a relocation plan is necessary due to the demolition of 40 public housing authority units currently located on the site. The tenants occupying the existing project have been informed of the plan to demolish their units. The units will be vacated subsequent to HUD approval for demolition. The PHA will request housing choice vouchers for the relocated tenants. The PHA will make available public housing units that may be vacant at the time of relocation. If a HUD demolition grant is made available, relocation expense will be paid from that source. Otherwise, the budget for the replacement housing (i.e., mixed finance development with tax credits) will include funding for the relocation allowances and/or funds from the Capital Funds may be used for relocation assistance. The subject's cost schedule includes $30,000 for relocation expense.

The relocation plan does not appear to include a general preference for the original displaced tenants to receive the first opportunity to move in to the proposed 100-unit development.

Architectural Review: The building and unit plans indicate the units are of sufficient size with adequate storage. They appear to be comparable to other modern apartment developments. The elevations reflect simple, yet attractive buildings.

SITE ISSUES

SITE DESCRIPTION

Size: 7.39 acres 321,908 square feet **Flood Zone Designation:** Zone B

Zoning: "R-2" district/multifamily apartment and townhouse dwelling district

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The property is located between 9th and 10th Street along Duranta Avenue in Alamo, Hidalgo County. Alamo is approximately 12.5 miles east of Mission.

Adjacent Land Uses:

- **North:** Duranta Avenue and one block of residential immediately adjacent and shopping center and US Highway 83 beyond;
- **South:** elementary school immediately adjacent and Birch Avenue and residential beyond;
- **East:** North 9th Street immediately adjacent and church and residential beyond; and
- **West:** North 10th Street immediately adjacent and residenital beyond.

Site Access: Access to the property is from the north and south from 9th Street. Access to US Highway 83 is less than one mile north, which provides connections to all other major roads serving Hidalgo County.

Public Transportation: The availability of public transportation was not identified in the application materials.

Shopping & Services: Numerous single-tenant and small neighborhood retail centers are scattered throughout the neighborhood. The subject site is within the Pharr, San Juan, Alamo Independent School District. A public library is located within a mile.

Site Inspection Findings: TDHCA staff performed a site inspection on April 22, 2005 and found the location to be acceptable.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 3, 2005 was prepared by Kleinfelder, Inc. and contained the following findings and recommendations:

Findings:

- **Asbestos-Containing Materials (ACM) and Lead-Based Paint (LBP):** An addendum to the ESA dated June 13, 2005 and signed by Mitchell T Young states, "In order to comply with [The Texas Department of State Health Services] TDSHS requirements, we recommend further testing of existing building materials for asbestos…We also recommend testing painted surfaces at the same time to verify the lead content of paints…Kleinfelder can provide the asbestos and lead testing at your request."
- **Radon:** "Based on the testing results, Hidalgo County did not show an elevated potential for indoor radon" (p. 10).
- **Leaking Petroleum Storage Tank (LPST):** "Although…three LPST incidents [were identified] within 0.5 miles of the subject property, further evaluation of the incidents does not indicate likely impact to the subject property" (p. 13).
- **Floodplain:** "The subject property is not mapped as being in the 100-year flood plain" (p. 9). An addendum to the ESA dated June 13, 2005 and signed by Mitchell T Young states, "…the subject property is covered by the map panel (480335001C) that is…dated September 1979, and indicates that the subject property lies within flood hazard 'ZoneB'…We spoke with Ms. Dalia Zuniga at the City of Alamo Planning Departments (phone: 956-787-0006), and she confirmed that the most current flood hazard map that she had was also this same map from September 1979."

Recommendations: "Based on the site and area conditions observed, as well as a review of regulatory documents, no evidence of recognized environmental conditions was identified for the subject site. No further environmental assessment is recommended" (p. 2).

Receipt, review and acceptance by cost certification that all applicable TDSHS regulations with regard to asbestos testing were followed prior to demolition of the existing buildings and evidence that lead-based paint testing was performed and recommendations of the for removal, as applicable, were followed is a condition of this report.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units (100%) will be reserved for low-income tenants. Ten of the units (10%) will be reserved for households earning 30% or less of AMGI and the remaining 90 units will be reserved for households earning 60% or less of AMGI. In addition, the ten units set-aside to be affordable at 30% of AMGI will receive project-based rental assistance through Section 8.

MAXIMUM ELIGIBLE INCOMES

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$17,820	$20,340	$22,920	$25,440	$27,480	$29,520

MARKET HIGHLIGHTS

A market feasibility study dated February 21, 2005 was prepared by O'Connor & Associates ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "The Primary Market is defined as that area within the City of Alamo" (p. 10). This area encompasses approximately 2.7 square miles and is equivalent to a circle with a radius of less than one mile.

Population: The estimated 2004 population of the City of Alamo was 15,698 and is expected to increase to approximately 17,051 by 2009. Within the primary market area there were estimated to be 4,931 households in 2004.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand based on income-qualified renter households estimated at 24.55% of the population (p. 31), appropriate household size at 88.15% of the population (p. 69), and an annual renter turnover rate of 75% (p. 62). The Market Analyst used an income band of $8,160 to $29,520. The Market Analyst was apparently unaware of the PHA's commitment to provide project-based Section 8 rental assistance for ten units, effectively moving the lower end of the income band to $0.

INCOME-ELIGIBLE PRIMARY MARKET RENTER DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	41	5%	22	3%
Resident Turnover	800	85%	704	97%
Other Sources: Unidentified	84	9%	N/A	N/A
Other Sources: Section 8 Vouchers	13	1%	N/A	N/A
TOTAL ANNUAL DEMAND	**938**	**100%**	**726**	**100%**

Ref: p. 69

Section 8 Voucher Demand: "According to the Housing Authority of the City of Alamo's PHA Plans, Annual Plan for Fiscal Year 2004, there were 70 housing vouchers in the City of Alamo. Theoretical demand from Section 8 Vouchers is calculated by multiplying the total number of vouchers by the ratio of income-qualified Senior households in the PMA and in Alamo. Theoretical demand = 70 x (519/2,078) = 17 Utilizing the typical 75% turnover rate, total demand from Section 8 Vouchers is estimated to be 13 units…" (p. 67).

Inclusive Capture Rate: "…a total of 100 units (only the subject…will be Family rent-restricted. As indicated earlier, there are approximately 938 potential households based on income eligibility, housing preference, and taking into consideration the typical turnover rate in the subject's primary market. Capture rate for 100 proposed affordable family units 10.66%" (p. 70). The Underwriter calculated an inclusive capture rate of 13.8% based upon a revised demand for 726 units. It should be noted, it is likely the existing tenants of the 40 units to be demolished will be given priority and may choose to return to the new construction property upon completion.

Market Rent Comparables: The Market Analyst surveyed four comparable apartment projects totaling 399 units in the market area (p. 46).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (30%)	$129	$129	$0	$565	-$436
1-Bedroom (60%)	$368	$368	$0	$565	-$197
2-Bedroom (60%)	$436	$436	$0	$625	-$189
3-Bedroom (60%)	$495	$495	$0	$715	-$220

(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 average occupancy within the McAllen/Edinberg/Mission MSA, as reported in the December 2004 Apartment MarketData report was 93.9%," while the data for Alamo indicates 99.1% (p. 36, 37).

Absorption Projections: "New construction in or near the subject's neighborhood has been limited over the past 12-48 months…Based on our research, most projects that are constructed in the McAllen/Edinberg/Mission area typically lease up in 12 months" (p. 41).

Known Planned Development: "Based on our research, there are no market rate and one affordable housing project (Las Brisas, a 26-unit Seniors HTC project) currently under construction, and no other approved projects in the subject's PMA" (p. 76). Las Brisas is located outside the city limits of Alamo; therefore, it would not impact the capture rate for the subject development. However, Alamo Village (9% HTC #05074) is also competing for 2005 tax credits. If both developments move forward, the additional 56 family units would result in an increase in inclusive capture rate to 21.5%, which is still under the Department's maximum guideline.

Market Study Analysis/Conclusions: The Underwriter found the information provided by the Appraiser to provide sufficient market information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's potential gross income projection is comparable to the Underwriter's estimate. The Applicant's secondary income and vacancy and collection loss are also within Department guidelines.

It should be noted that ten units may receive project-based Section 8 rental assistance through the Alamo Housing Authority. The rental assistance has been earmarked for the units set-aside at 30% of AMGI; the maximum subsidy will be set at the net tax credit rents for those units.

Expenses: The Applicant's total annual operating expense of $2,715 per unit is within 5% of the Underwriter's estimate of $2,814. The Underwriter calculated individual line item expenses based on TDHCA regional database information for developments of similar size, IREM database information for the Corpus Christi area, and the comparable developments' actual operating history. The development plans to receive a 100% property tax exemption due to the Housing Authority's involvement in the ownership structure.

Conclusion: The Applicant's income, total expense projections, and net operating income are each within 5% of the Underwriter's estimates. Therefore, the Applicant's Year 1 proforma will be used to determine the development's debt service capacity and long term feasibility. Both the Applicant's and the Underwriter's estimates indicate the proposed financing structure results in an initial debt coverage ratio (DCR) that is within the Department's (DCR) guideline of 1.10 to 1.30.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land:	$156,408	**Assessment for the Year of:**	2004
Building:	$482,000	**Valuation by:**	Hidalgo County Appraisal District
Total Assessed Value:	$638,408	**Tax Rate:**	3.004764

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Contract for Lease	**Anticipated Closing Date:**	10/ 15/ 2005
Owner Name:	Alamo Housing Authority	**Related to Development Team Member:**	Yes

Additional Information: Ground lease for 75 years; annual payment of $100

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: No acquisition cost was included in the cost schedule. The Managing General Partner, Alamo Housing Authority, plans to donate the site.

Sitework Cost: The Applicant has estimated sitework costs of $5,721 per unit, or $6,621 per unit if the ineligible demolition costs are included. Demolition cost of $90,000 for removal of the existing 40 units was correctly characterized by the Applicant as an ineligible cost.

Direct Construction Cost: The Applicant's direct construction cost is 8% higher than the Underwriter's Marshall & Swift-derived estimate. Upon request, the Applicant submitted an AIA form G703 with construction costs for a development with a similar building design, constructed by an affiliate. Sierra Royale is a 76-unit development located in Robstown that received a 9% tax credit allocation in 2004. The square foot cost was adjusted for location and time with result of $40.97. The adjusted cost per square foot is $0.56 or slightly more than 5% higher than the Marshall and Swift estimate and provides a direct construction cost of $3,991,769.

Fees: The Applicant's contractor and developer fees are within current Department guidelines based on the submitted cost schedule.

Conclusion: Despite the difference in direct construction costs, the Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $7,158,689 supports annual tax credits of $579,854. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

INTERIM TO PERMANENT FINANCING

Source: PNC Multifamily Capital **Contact:** Bradley J Bullock

Interim Amount: $2,713,761 **Interest Rate:** 7.5% lender's underwriting rate

Permanent Amount: $2,198,432 **Interest Rate:** 7.5% lender's underwriting rate

Additional Information: Two-year interim period

Amortization: 30 yrs **Term:** 15 yrs **Commitment:** ☒ LOI ☐ Firm ☐ Conditional

Annual Payment: $178,885 **Lien Priority:** 1st **Date:** 02/ 15/ 2005

PERMANENT FINANCING

Source: Alamo Housing Authority **Contact:** Mary Vela

Principal Amount: $432,289 **Interest Rate:** 6%

Additional Information:

Amortization: N/A **Term:** 18 yrs **Commitment:** ☐ LOI ☐ Firm ☒ Conditional

Annual Payment: Cashflow **Lien Priority:** 2nd **Date:** 02/ 10/ 2005

PERMANENT FINANCING

Source: Realtex Development Corporation (Developer) **Contact:** Rick J Deyoe

Principal Amount: Up to $500,000 **Interest Rate:** 8%, unless otherwise agreed by Developer

Additional Information: Deferred developer fee

Amortization: N/A **Term:** 10 yrs **Commitment:** ☐ LOI ☒ Firm ☐ Conditional

Annual Payment: 80% of Cashflow **Lien Priority:** 3rd **Date:** 02/ 13/ 2005

TAX CREDIT SYNDICATION

Source: PNC Multifamily Capital **Contact:** Bradley J Bullock

Net Proceeds: $5,089,597 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 89¢

Commitment: ☒ LOI ☐ Firm ☐ Conditional **Date:** 02/ 15/ 2005

Additional Information:

APPLICANT EQUITY

Amount: N/A **Source:** N/A

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Financing: The conventional permanent financing commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application; while the lender has based its analysis on an annual debt service of $178,885, both the Applicant and Underwriter have assumed a higher debt service of $179,966.

The Applicant also plans to receive $432,289 from its managing general partner, Robstown PHA, structured as a loan with a 6% interest rate and payments from development cashflow. Therefore, these funds were not considered in the debt coverage ratio. It should be noted that the original source of the funds may be federal. Federally-sourced loans with deferred payments or payments from cashflow may be considered grant funds if it is likely the outstanding portion of the loan will not be repayable at the end of the committed term. In such a scenario, the development would be limited to a 4% tax credit allocation. However, the Underwriter believes the loan will be repaid over a 30-year period even with little or no repayment until the deferred developer fee is repaid.

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. However, the syndication rate proposed in the commitment is in the middle of the range of current credit prices. If the final syndication rate were to increase by four cents per dollar of tax credit, an excess of funds would exist, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $221,324 amount to 30% of eligible fees. The developer has committed to deferring up to $500,000, structured as a loan with payment made from cashflow and a balloon at the end of 10 years.

Financing Conclusions: As stated above, the Applicant cost schedule was used to calculate the development's eligible basis. Although the resulting tax credits are less than the tax credits calculated based on the gap in need for permanent funds, they are greater than the Applicant's request due to the Applicant's use of an applicable percentage that is less than the current underwriting percentage of 8.10% for all 2005 9% tax credit developments. Therefore, the recommended annual tax credit allocation is $571,979, as requested. The resulting syndication proceeds indicate deferred developer fees will remain at $221,324 as anticipated by the Applicant. Deferred fees in this amount appear to be repayable from cashflow within 10 years of stabilized operation assuming no interest.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, and Lender are related entities. These relationships are not prohibited under current HTC program rules.

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

Financial Highlights:

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.
- The General Partner, Alamo Housing Authority, submitted an unaudited Financial Statement as of November 30, 2004 reporting total assets of $2,425,918 and consisting of $59,462 in cash, $7,179 in net receivables, $382,989 in investments-general fund, $1,336 in prepaid insurance, $1,974,951 in property and equipment net of depreciation. Liabilities totaled $22,970, resulting in a net worth of $2,425,918.
- The submitted letters of interest for purchase of the tax credits and interim to permanent financing do not specifically state the name of proposed guarantors.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- The owner of the property has an identity of interest with the Applicant.
- The property's project-based rent subsidy is subject to Federal funding and may not be renewed as anticipated.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.

Underwriter:	*Lisa Vecchietti*	**Date:**	July 5, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	July 5, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

Poinsetta Apartments, Alamo, 9% HTC #05025

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 30%	10	1	1	709	$238	$129	$1,288	$0.18	$109.18	$30.50
TC 60%	12	1	1	709	477	$368	4,414	0.52	109.18	30.50
TC 60%	44	2	2	962	573	$436	19,173	0.45	137.26	31.80
TC 60%	34	3	2	1162	661	$495	16,830	0.43	166.00	34.80
TOTAL:	100		**AVERAGE:**	974	$558	$417	$41,705	$0.43	$140.85	$32.53

INCOME	Total Net Rentable Sq Ft:	97,434	**TDHCA**	**APPLICANT**		Comptroller's Region	11
POTENTIAL GROSS RENT			$500,455	$500,460		IREM Region	6
Secondary Income	Per Unit Per Month:	$14.00	16,800	12,000	$10.00	Per Unit Per Month	
Other Support Income: 40 carports at $10 each per month			0	4,800	$4.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$517,255	$517,260			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(38,794)	(38,796)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions			0	0			
EFFECTIVE GROSS INCOME			$478,461	$478,464			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.95%	$285	0.29	$28,462	$19,850	$0.20	$199	4.15%
Management	5.68%	272	0.28	27,157	28,708	0.29	287	6.00%
Payroll & Payroll Tax	17.60%	842	0.86	84,216	77,000	0.79	770	16.09%
Repairs & Maintenance	8.47%	405	0.42	40,512	31,000	0.32	310	6.48%
Utilities	3.68%	176	0.18	17,624	15,450	0.16	155	3.23%
Water, Sewer, & Trash	4.71%	225	0.23	22,537	38,220	0.39	382	7.99%
Property Insurance	5.09%	244	0.25	24,359	27,693	0.28	277	5.79%
Property Tax	0.00%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements	4.18%	200	0.21	20,000	17,100	0.18	171	3.57%
Supportive Serv, Compl Fees	3.45%	165	0.17	16,500	16,500	0.17	165	3.45%
TOTAL EXPENSES	58.81%	$2,814	$2.89	$281,367	$271,521	$2.79	$2,715	56.75%
NET OPERATING INC	41.19%	$1,971	$2.02	$197,094	$206,943	$2.12	$2,069	43.25%
DEBT SERVICE								
First Lien Mortgage	37.61%	$1,800	$1.85	$179,966	$179,996	$1.85	$1,800	37.62%
PHA Loan	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	3.58%	$171	$0.18	$17,128	$26,947	$0.28	$269	5.63%
AGGREGATE DEBT COVERAGE RATIO				1.10	1.15			
RECOMMENDED DEBT COVERAGE RATIO					1.15			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	$0	$0.00	$0	$0	$0.00	$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.51%	5,721	5.87	572,145	572,145	5.87	5,721	7.20%
Direct Construction		52.41%	39,918	40.97	3,991,769	4,239,489	43.51	42,395	53.38%
Contingency	4.39%	2.63%	2,006	2.06	200,582	200,582	2.06	2,006	2.53%
General Req'ts	6.00%	3.60%	2,738	2.81	273,835	288,698	2.96	2,887	3.64%
Contractor's G & A	2.00%	1.20%	913	0.94	91,278	96,233	0.99	962	1.21%
Contractor's Profit	6.00%	3.60%	2,738	2.81	273,835	288,698	2.96	2,887	3.64%
Indirect Construction		5.03%	3,835	3.94	383,500	383,500	3.94	3,835	4.83%
Ineligible Costs		8.46%	6,447	6.62	644,693	644,693	6.62	6,447	8.12%
Developer's G & A	5.57%	4.35%	3,312	3.40	331,231	373,447	3.83	3,734	4.70%
Developer's Profit	9.43%	7.35%	5,602	5.75	560,170	560,170	5.75	5,602	7.05%
Interim Financing		2.04%	1,557	1.60	155,727	155,727	1.60	1,557	1.96%
Reserves		1.82%	1,383	1.42	138,260	138,260	1.42	1,383	1.74%
TOTAL COST		100.00%	$76,170	$78.18	$7,617,025	$7,941,642	$81.51	$79,416	100.00%
Recap-Hard Construction Costs		*70.94%*	***$54,034***	***$55.46***	***$5,403,444***	***$5,685,845***	***$58.36***	***$56,858***	*71.60%*

SOURCES OF FUNDS						**RECOMMENDED**	
First Lien Mortgage	28.86%	$21,984	$22.56	$2,198,432	$2,198,432	$2,198,432	Developer Fee Available
PHA Loan	5.68%	$4,323	$4.44	432,289	432,289	432,289	$933,617
HTC Syndication Proceeds	66.82%	$50,896	$52.24	5,089,597	5,089,597	5,089,595	% of Dev. Fee Deferred
Deferred Developer Fees	2.91%	$2,213	$2.27	221,324	221,324	221,324	24%
Additional (Excess) Funds Req'd	-4.26%	($3,246)	($3.33)	(324,617)	0	2	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$7,617,025	$7,941,642	$7,941,642	$784,274

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Poinsetta Apartments, Alamo, 9% HTC #05025

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$44.04	$4,291,209
Adjustments				
Exterior Wall Finish	0.00%		$0.00	$0
Elderly/9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			(1.16)	(113,023)
Floor Cover			2.00	194,868
Porches/Balconies	$16.98	22186	3.87	376,604
Plumbing	$605	234	1.45	141,570
Built-In Appliances	$1,650	100	1.69	165,000
Exterior Stairs	$1,450	12	0.18	17,400
Enclosed Corridors			0.00	0
Heating/Cooling			1.53	149,074
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$65.16	2,500	1.67	162,893
Other:			0.00	0
SUBTOTAL			55.27	5,385,594
Current Cost Multiplier	1.11		6.08	592,415
Local Multiplier	0.79		(11.61)	(1,130,975)
TOTAL DIRECT CONSTRUCTION COSTS			$49.75	$4,847,035
Plans, specs, survy, bld prm	3.90%		($1.94)	($189,034)
Interim Construction Interes	3.38%		(1.68)	(163,587)
Contractor's OH & Profit	11.50%		(5.72)	(557,409)
NET DIRECT CONSTRUCTION COSTS			$40.41	$3,937,004

PAYMENT COMPUTATION

Primary	$2,198,432	Amort	360
Int Rate	7.25%	DCR	1.10

Secondary	$432,289	Amort	
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$5,089,597	Amort	
Int Rate		Aggregate DCR	1.10

RECOMMENDED FINANCING STRUCTURE APPLICANT'S

Primary Debt Service	$179,966
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$26,977

Primary	$2,198,432	Amort	360
Int Rate	7.25%	DCR	1.15

Secondary	$432,289	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15

Additional	$5,089,597	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$500,460	$515,474	$530,938	$546,866	$563,272	$652,987	$756,991	$877,560	$1,179,367
Secondary Income	12,000	12,360	12,731	13,113	13,506	15,657	18,151	21,042	28,279
Contractor's Profit	4,800	4,944	5,092	5,245	5,402	6,263	7,260	8,417	11,312
POTENTIAL GROSS INCOME	517,260	532,778	548,761	565,224	582,181	674,907	782,402	907,019	1,218,957
Vacancy & Collection Loss	(38,796)	(39,958)	(41,157)	(42,392)	(43,664)	(50,618)	(58,680)	(68,026)	(91,422)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$478,464	$492,819	$507,604	$522,832	$538,517	$624,289	$723,722	$838,992	$1,127,535
EXPENSES at 4.00%									
General & Administrative	$19,850	$20,644	$21,470	$22,329	$23,222	$28,253	$34,374	$41,821	$61,905
Management	28,708	29569.3327	30456.41268	31370.10506	32311.20821	37457.54599	43423.56195	50339.80959	67652.49464
Payroll & Payroll Tax	77,000	80,080	83,283	86,615	90,079	109,595	133,339	162,227	240,136
Repairs & Maintenance	31,000	32,240	33,530	34,871	36,266	44,123	53,682	65,312	96,678
Utilities	15,450	16,068	16,711	17,379	18,074	21,990	26,754	32,551	48,183
Water, Sewer & Trash	38,220	39,749	41,339	42,992	44,712	54,399	66,185	80,524	119,195
Insurance	27,693	28,801	29,953	31,151	32,397	39,416	47,955	58,345	86,365
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	17,100	17,784	18,495	19,235	20,005	24,339	29,612	36,027	53,329
Other	16,500	17,160	17,846	18,560	19,303	23,485	28,573	34,763	51,458
TOTAL EXPENSES	$271,521	$282,095	$293,083	$304,502	$316,368	$383,056	$463,897	$561,910	$824,902
NET OPERATING INCOME	$206,943	$210,725	$214,521	$218,330	$222,149	$241,233	$259,825	$277,082	$302,634
DEBT SERVICE									
First Lien Financing	$179,966	$179,966	$179,966	$179,966	$179,966	$179,966	$179,966	$179,966	$179,966
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	$26,977	$30,758	$34,555	$38,364	$42,183	$61,267	$79,859	$97,116	$122,668
DEBT COVERAGE RATIO	1.15	1.17	1.19	1.21	1.23	1.34	1.44	1.54	1.68

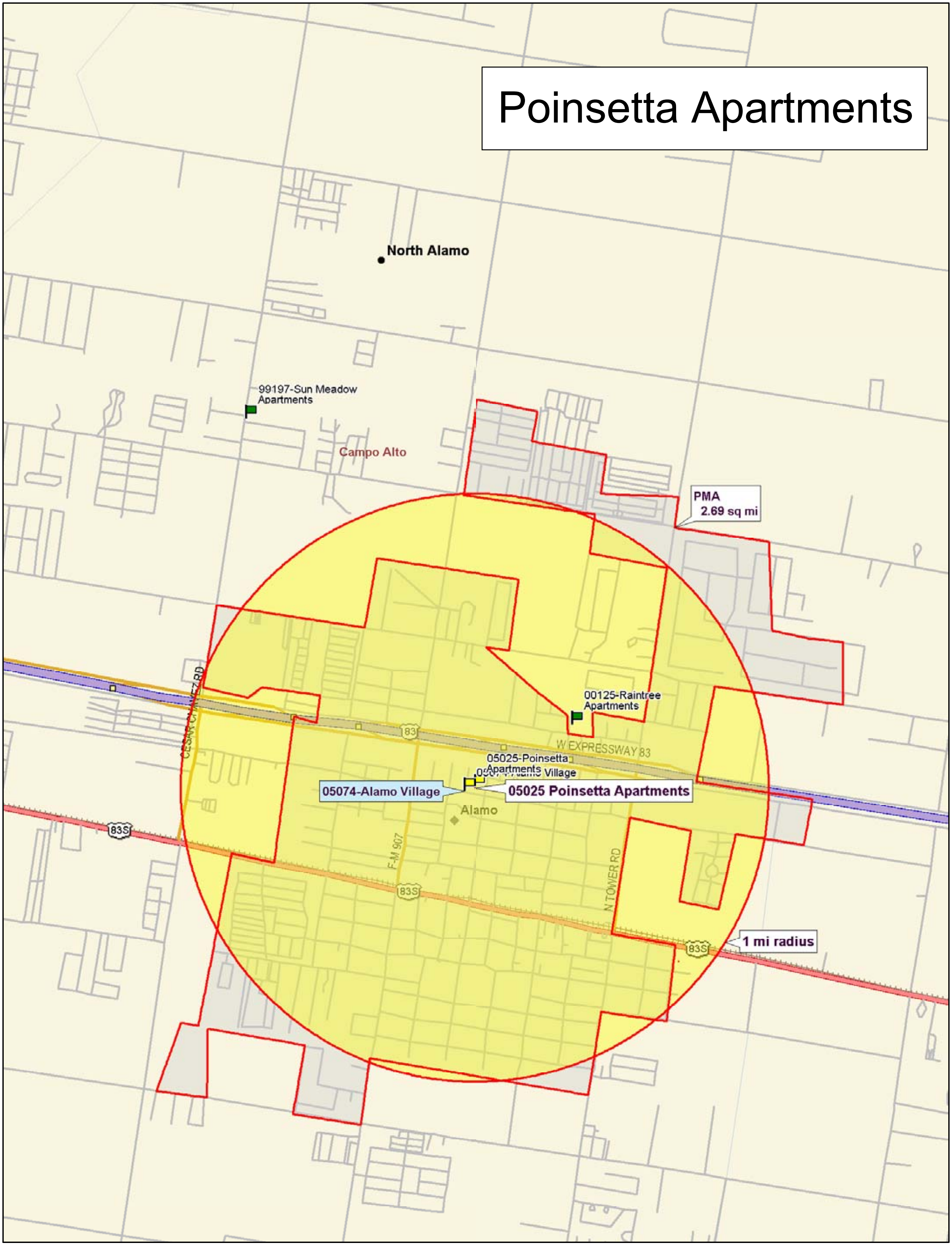
LIHTC Allocation Calculation - Poinsetta Apartments, Alamo, 9% HTC #05025

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				
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$572,145	$572,145	$572,145	$572,145
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$4,239,489	$3,991,769	$4,239,489	$3,991,769
(4) Contractor Fees & General Requirements				
Contractor overhead	$96,233	$91,278	$96,233	$91,278
Contractor profit	$288,698	$273,835	$288,698	$273,835
General requirements	$288,698	$273,835	$288,698	$273,835
(5) Contingencies	$200,582	$200,582	$200,582	$200,582
(6) Eligible Indirect Fees	$383,500	$383,500	$383,500	$383,500
(7) Eligible Financing Fees	$155,727	$155,727	$155,727	$155,727
(8) All Ineligible Costs	$644,693	$644,693		
(9) Developer Fees				
Developer overhead	$373,447	$331,231	$373,447	$331,231
Developer fee	$560,170	$560,170	$560,170	$560,170
(10) Development Reserves	$138,260	$138,260		
TOTAL DEVELOPMENT COSTS	$7,941,642	$7,617,025	$7,158,689	$6,834,072

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		$7,158,689	$6,834,072
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$7,158,689	$6,834,072
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$7,158,689	$6,834,072
Applicable Percentage		8.10%	8.10%
TOTAL AMOUNT OF TAX CREDITS		$579,854	$553,560

Syndication Proceeds	**0.8898**	**$5,159,667**	**$4,925,697**
Total Credits (Eligible Basis Method)		**$579,854**	**$553,560**
Syndication Proceeds		**$5,159,667**	**$4,925,697**
Requested Credits		**$571,979**	
Syndication Proceeds		**$5,089,595**	
Gap of Syndication Proceeds Needed		**$5,310,921**	
Credit Amount		**$596,852**	

Poinsetta Apartments



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MN (5.5°E)

Scale 1 : 28,125

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1" = 2,343.8 ft Data Zoom 12-7

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report Addendum

REPORT DATE: 11/03/08 PROGRAM: 9% HTC FILE NUMBER: **060125**

DEVELOPMENT

Country Club Apartments

Location: 2700 Country Club Drive Region: 0
City: Pecos County: Reeves Zip: 79772 ☒ QCT ☐ DDA
Key Attributes: New Construction, Intergenerational

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$401,128			**$401,110**		

* The original tax credit award amount was $401,128.

RECOMMENDATION

Staff has evaluated the financial viability of the requested amendment. Based on the information provided, the transaction does not currently meet the Department's 2008 Real Estate Analysis Rules and Guidelines. However, the requested amendment does not have an effect on the financial viability of the development; therefore, the Underwriter recommends approval of the requested amendment. If the Board chooses to approve the amendment, the Underwriter recommends a total allocation of $401,110. The development has satisfied all previous conditions and is currently completing the Cost Certification process.

ADDENDUM

Country Club Apartments is an intergenerational development that was originally underwritten and approved during the 2006 9% cycle and received a tax credit allocation of $401,128 subject to conditions. The application proposed the new construction of a total of 44 units, 12 of which would be designated for senior tenants only. The Owner submitted the final cost certification documentation to the Department on May 29, 2008 and staff is currently reviewing the documentation for issuance of IRS Forms 8609. In a letter to the Department dated September 15, 2008 the Owner has requested to amend the application to allow the development to target all of its units to families and to amend its LURA to release the 12 units that are currently restricted to seniors. The Owner's letter states that despite extensive marketing efforts the development has been unable to lease the senior designated units due to market conditions in the area for senior units.

A rent roll submitted with the development's cost certification and dated 4/24/2008 shows that the development was 45% occupied at that time. Of the 24 vacancies at the development, all twelve of the senior units were vacant. A more recent rent roll for the development, dated 9/30/2008 shows that the property is currently 82% occupied and of the eight vacancies at the property, all but one are the senior designated units.

This addendum addresses the impact the Owner's requested change has on the financial viability of this transaction. The information presented in this addendum has been provided by the Owner via the subject amendment request and the documentation contained in the final cost certification submitted to the Department.

OPERATING PROFORMA ANALYSIS

Income:

The Owner's rent schedule at cost certification reflects gross rents that are lower than the 2008 maximum program rents for the area. The Owner explains in the cost certification that tenant paid rents are below the maximum limits to encourage lease-up of the property. Further discussions with the Owner reveal that there is no expectation that the market will be able to support the maximum program rents in the near future. As a result, the owner's collected rents were calculated by subtracting the appropriate utility allowance from gross rents that are lower than the maximum limits. The Underwriter's potential rent was calculated using the actual rents collected for each of the units as reflected in the latest rent roll submitted (9/30/2008).

Of note, the utility allowances calculated for each of the units differ slightly between the senior and family units. Tenants are responsible for all electric utilities plus water and sewer. The water and sewer estimates for senior units, provided by the Town of Pecos City, are lower than the estimates for family units. As a result, the owner's gross potential income appears to be higher due to the lower overall utility allowances for the senior designated units. However, since the owner has subsequently requested to target all of its units to families, the Underwriter is using the same utility allowance for all units. While the owner did not revise the rent schedule to reconcile this difference, the difference would amount to $1,440 less in the Owner's reflected potential rent.

The Owner's secondary income and vacancy and collection loss estimates are within current underwriting guidelines. Overall ,the Owner's effective gross income is within 5% of the Underwriter's estimate using actual rents collected.

Expense:

The Owner's operating expenses of $3,561/unit are 3% lower than the Underwriter's current estimate of $3,673/unit derived from the TDHCA database and IREM. The Owner provided actual year to date operating statements ending September 2008. However, since the last building was placed in service in January 2008 and the property is still in lease up, the Underwriter did not rely heavily upon these expenses because they may not reflect the true operations of the property at this time.

Conclusion:

While the Owner's income and operating expenses are each within 5% of the Underwriter's estimate, the Owner's NOI is not within 5%. Therefore, the Underwriter's proforma will be used to determine the development's debt service capacity. The proposed permanent financing structure reflects a DCR that falls within the Department's current guidelines of 1.15 to 1.35.

Of note, the Applicant's and Underwriter's expense to income ratios (71.16% and 74.08%, respectively) are above the current TDHCA guideline of 65%. However, this was not an underwriting requirement during the 2006 application round, therefore, the development will not be subject to this feasibility criteria at this time.

Feasibility:

Based on the Department's 2008 Real Estate Analysis Rules and Guidelines, the development is considered infeasible because the expense to income ratio is above 65%. The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio of 1.20.

Of note is that the Underwriter's proforma, which utilizes the lower than program limit net rents currently being collected for the property, indicates that the development falls below a 1.15 DCR by Year 15 (the Department's minimum for feasibility). Therefore, it is questionable that the development can be characterized as feasible for the long-term (30 years) if the rents collected remain below the program limits. Alternatively, if the market turns and the maximum program rents can be achieved then the property remains feasible after Year 15.

CONSTRUCTION COST ESTIMATE EVALUATION

Conclusion:

Based on the final cost certification for the development, the Owner's total development costs increased by $195K or 5% from the costs estimated at application. The Underwriter re-evaluated the development as built and updated the construction cost estimate using current Marshall and Swift *Residential Cost Handbook* costs. The Underwriter's current construction cost estimate is within 5% of the Owner's actual construction costs as certified by the Owner's CPA.

FINANCING STRUCTURE

Source: Lancaster Pollard　Type: **Permanent Financing**

Principal: $659,000　Interest Rate: 6.66%　☒ Fixed　Amort: 480 months

Comments:

The original cost certification submission included a commitment from Lancaster Pollard dated 12/15/2006 reflecting a permanent loan amount of $705,000 guaranteed to be fixed at closing to not be more than 2.50% above the long term AFR over 480 months. Since this submission, Lancaster Pollard has provided to the Department a letter dated 10/31/2008 reflecting a permanent loan of $659,000 at the same rates and terms. According to the letter this is the expected permanent loan amount required in order to reach the lender's 1.20 DCR requirement. For purposes of this analysis the Underwriter has estimated the fixed interest rate using the long term AFR for November 2008 (4.16%).

Source: Centerline　Type: **Syndication**

Proceeds: $3,810,000　Syndication Rate: 95%　Anticipated HTC: $ 401,128

Comments:

The final Limited Partnership agreement reflects total capital contributions of $3,810,000 based on expected annual credits of $401,048 and a syndication rate of 95%. The final syndication rate is higher than the 89% rate estimated at application.

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio that falls within the Department's guidelines. The Owner's final total development cost less the anticipated permanent loan of $659,000 indicates the need for $3,810,590 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $401,110 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Owner's request ($401,128), the gap-driven amount ($401,110), and eligible basis-derived estimate ($415,699), the Owner's gap-driven amount of $401,110 is recommended resulting in proceeds of $3,810,590 based on a syndication rate of 95%.

The Underwriter's recommended financing structure indicates the need for no additional permanent funds.

Underwriter: Raquel Morales　Date: November 3, 2008

Raquel Morales

COST CERTIFICATION COMPARATIVE ANALYSIS

Country Club Apartments, Pecos, HTC#060125

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	CC Net Rent	UW Net Rent	Max Net Rent per Month	Rent per SF	Tnt-Pd Util	Trash
TC 30%	1	1	1	714	$245	$175	$170	$195	$170	$0.25	$75.46	$12.00
TC 60%	5	1	1	714	$490	370	$415	$435	$2,073	0.52	75.46	12.00
TC 30%	2	2	2	964	$295	170	$199	$225	$398	0.18	95.87	12.00
TC 60%	13	2	2	964	$588	460	$492	$516	$6,398	0.48	95.87	12.00
EO	1	2	2	964		460	$460	$516	$460	0.48	95.87	12.00
TC 60%	6	2	2	975	$588	460	$492	$516	$2,953	0.47	95.87	12.00
TC 30%	2	3	2	1,131	$340	185	$217	$245	$435	0.16	122.56	12.00
TC 60%	14	3	2	1,131	$680	520	$557	$561	$7,804	0.46	122.56	12.00
TOTAL:	44		AVERAGE:	992		$470			$20,690	$0.47	$102.79	$12.00

INCOME	Total Net Rentable Sq Ft:	43,654			TDHCA	TDHCA-UW	APPLICATION	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$230,580	$261,168	$241,920	$233,280	Reeves		12
Secondary Income			Per Unit Per Month:	$10.00	5,280	4,752	4,752	4,752	$9.00	Per Unit Per Month	
Other Support Income:					0	0	0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$235,860	$265,920	$246,672	$238,032			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(17,690)	(19,944)	(18,504)	(17,856)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0	0	0	0			
EFFECTIVE GROSS INCOME					$218,171	$245,976	$228,168	$220,176			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative		6.60%	$327	0.33	$14,406	$14,406	$11,316	$19,500	$0.45	$443	8.86%
Management		5.00%	248	0.25	10,909	12,299	11,409	11,000	0.25	250	5.00%
Payroll & Payroll Tax		16.38%	812	0.82	35,732	33,314	45,000	45,000	1.03	1,023	20.44%
Repairs & Maintenance		8.49%	421	0.42	18,524	25,007	9,000	10,600	0.24	241	4.81%
Utilities		4.42%	219	0.22	9,651	9,570	7,500	7,800	0.18	177	3.54%
Water, Sewer, & Trash		6.30%	312	0.31	13,744	17,838	13,500	8,400	0.19	191	3.82%
Property Insurance		5.66%	281	0.28	12,353	12,353	10,000	7,660	0.18	174	3.48%
Property Tax	2.84	11.26%	559	0.56	24,576	24,576	25,000	25,000	0.57	568	11.35%
Reserve for Replacements		4.03%	200	0.20	8,796	8,800	8,800	8,800	0.20	200	4.00%
TDHCA Compliance Fees		0.81%	40	0.04	1,760	7,035	10,275	1,760	0.04	40	0.80%
Other: Supportive Service		5.12%	254	0.26	11,160			11,160	0.26	254	5.07%
TOTAL EXPENSES		74.08%	$3,673	$3.70	$161,612	$165,198	$151,800	$156,680	$3.59	$3,561	71.16%
NET OPERATING INC		25.92%	$1,285	$1.30	$56,558	$80,778	$76,368	$63,496	$1.45	$1,443	28.84%
DEBT SERVICE											
Lancaster Pollard Mortgage - USDA		21.64%	$1,073	$1.08	$47,202	$58,554	$58,554	$50,796	$1.16	$1,154	23.07%
Additional Financing		0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW		4.29%	$213	$0.21	$9,356	$22,224	$17,814	$12,700	$0.29	$289	5.77%
AGGREGATE DEBT COVERAGE RATIO					1.20	1.38	1.30	1.25			
RECOMMENDED DEBT COVERAGE RATIO					1.20						

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.77%	$756	$0.76	$33,267	$27,200	$27,200	$33,267	$0.76	756.0681818	0.74%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		8.54%	8,354	8.42	367,575	315,000	315,000	367,575	8.42	8,354	8.22%
Direct Construction		58.37%	57,089	57.54	2,511,905	2,212,654	2,255,000	2,388,418	54.71	54,282	53.44%
Contingency						126,383	128,250		0.00	0	0.00%
Contractor's Fees	13.39%	8.96%	8,760	8.83	385,426	350,000	350,000	385,426	8.83	8,760	8.62%
Indirect Construction		4.68%	4,575	4.61	201,290	296,750	296,750	201,290	4.61	4,575	4.50%
Ineligible Costs		2.80%	2,736	2.76	120,369	115,150	115,150	120,369	2.76	2,736	2.69%
Developer's Fees	14.39%	11.87%	11,614	11.71	511,000	505,116	511,000	511,000	11.71	11,614	11.43%
Interim Financing		1.96%	1,917	1.93	84,329	66,650	66,650	84,329	1.93	1,917	1.89%
Reserves		2.05%	2,002	2.02	88,095	97,809	210,000	377,916	8.66	8,589	8.46%
TOTAL COST		100.00%	$97,801	$98.58	$4,303,256	$4,112,712	$4,275,000	$4,469,590	$102.39	$101,582	100.00%
Construction Cost Recap		*75.87%*	***$74,202***	***$74.79***	***$3,264,906***	***$3,004,037***	***$3,048,250***	***$3,141,419***	***$71.96***	***$71,396***	*70.28%*

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	RECOMMENDED	
Lancaster Pollard Mortgage - USDA	15.31%	$14,977	$15.10	$659,000	$665,000	$665,000	$659,000	$659,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	0	0	$511,000
HTC Proceeds-Centerline	87.12%	$85,203	$85.88	3,748,922	3,609,000	3,609,000	3,748,922	$3,810,590	% of Dev. Fee Deferred
Deferred Developer Fees	1.43%	$1,402	$1.41	61,668	1,000	1,000	61,668		0%
Additional (Excess) Funds Req'd	-3.87%	($3,780)	($3.81)	(166,334)	(162,288)	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$4,303,256	$4,112,712	$4,275,000	$4,469,590	$4,469,590	$129,511

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Qualty Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$54.39	$2,374,263
Adjustments				
Exterior Wall Finish	2.75%		$1.50	$65,292
Elderly	0.75%		0.41	17,807
9-Ft. Ceilings	3.25%		1.77	77,164
Roofing			0.00	0
Subfloor			(1.24)	(53,913)
Floor Cover			2.43	106,079
Breezeways/Balconies	$21.66	3,133	1.55	67,845
Plumbing Fixtures	$805	114	2.10	91,770
Rough-ins	$400	88	0.81	35,200
Built-In Appliances	$1,850	44	1.86	81,400
Exterior Stairs	$1,800	8	0.33	14,400
Enclosed Corridors	$44.47	4506	4.59	200,374
Heating/Cooling			1.90	82,943
Elevator	$25,700	1	0.59	25,700
Comm &/or Aux Bldgs	$67.92	5,272	8.20	358,087
Other: fire sprinkler	$2.15	43,654	2.15	93,856
SUBTOTAL			83.34	3,638,267
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.85		(12.50)	(545,740)
TOTAL DIRECT CONSTRUCTION COSTS			$70.84	$3,092,527
Plans, specs, survy, bld prm	3.90%		($2.76)	($120,609)
Interim Construction Interes	3.38%		(2.39)	(104,373)
Contractor's OH & Profit	11.50%		(8.15)	(355,641)
NET DIRECT CONSTRUCTION COSTS			$57.54	$2,511,905

PAYMENT COMPUTATION

Primary	$659,000	Amort	480
Int Rate	6.66%	DCR	1.20

Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.20

Additional	$3,748,922	Amort	
Int Rate		Aggregate DCR	1.20

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$47,202
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$9,356

Primary	$659,000	Amort	480
Int Rate	6.66%	DCR	1.20

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.20

Additional	$3,748,922	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$230,580	$237,497	$244,622	$251,961	$259,520	$300,855	$348,773	$404,323	$543,377
Secondary Income	5,280	5,438	5,602	5,770	5,943	6,889	7,986	9,259	12,443
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	235,860	242,936	250,224	257,731	265,463	307,744	356,759	413,582	555,820
Vacancy & Collection Loss	(17,690)	(18,220)	(18,767)	(19,330)	(19,910)	(23,081)	(26,757)	(31,019)	(41,686)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$218,171	$224,716	$231,457	$238,401	$245,553	$284,663	$330,002	$382,563	$514,133
EXPENSES at 4.00%									
General & Administrative	$14,406	$14,982	$15,582	$16,205	$16,853	$20,504	$24,947	$30,351	$44,927
Management	10,909	11,236	11,573	11,920	12,278	14,233	16,500	19,128	25,707
Payroll & Payroll Tax	35,732	37,162	38,648	40,194	41,802	50,858	61,877	75,283	111,437
Repairs & Maintenance	18,524	19,265	20,036	20,837	21,671	26,366	32,078	39,028	57,771
Utilities	9,651	10,037	10,439	10,856	11,291	13,737	16,713	20,334	30,099
Water, Sewer & Trash	13,744	14,294	14,866	15,460	16,079	19,562	23,800	28,957	42,863
Insurance	12,353	12,847	13,361	13,895	14,451	17,582	21,391	26,026	38,525
Property Tax	24,576	25,559	26,581	27,645	28,750	34,979	42,558	51,778	76,644
Reserve for Replacements	8,796	9,148	9,514	9,895	10,291	12,520	15,233	18,533	27,433
Other	12,920	13,437	13,974	14,533	15,115	18,389	22,373	27,220	40,293
TOTAL EXPENSES	$161,612	$167,968	$174,574	$181,441	$188,580	$228,731	$277,470	$336,638	$495,699
NET OPERATING INCOME	$56,558	$56,748	$56,883	$56,960	$56,973	$55,932	$52,532	$45,925	$18,434
DEBT SERVICE	74%	75%	75%	76%	77%	80%			
First Lien Financing	$47,202	$47,202	$47,202	$47,202	$47,202	$47,202	$47,202	$47,202	$47,202
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	$9,356	$9,546	$9,681	$9,757	$9,771	$8,729	$5,330	($1,277)	($28,768)
DEBT COVERAGE RATIO	1.20	1.20	1.21	1.21	1.21	1.18	1.11	0.97	0.39

HTC ALLOCATION ANALYSIS -Country Club Apartments, Pecos, HTC#060125

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$33,267	$33,267		
Purchase of buildings				
Off-Site Improvements				
Sitework	$367,575	$367,575	$367,575	$367,575
Construction Hard Costs	$2,388,418	$2,511,905	$2,388,418	$2,511,905
Contractor Fees	$385,426	$385,426	$385,426	$385,426
Contingencies				
Eligible Indirect Fees	$201,290	$201,290	$201,290	$201,290
Eligible Financing Fees	$84,329	$84,329	$84,329	$84,329
All Ineligible Costs	$120,369	$120,369		
Developer Fees				
Developer Fees	$511,000	$511,000	$511,000	$511,000
Development Reserves	$377,916	$88,095		
TOTAL DEVELOPMENT COSTS	$4,469,590	$4,303,256	$3,938,038	$4,061,525

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		$3,938,038	$4,061,525
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$5,119,449	$5,279,983
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$5,119,449	$5,279,983
Applicable Percentage		8.12%	8.12%
TOTAL AMOUNT OF TAX CREDITS		$415,699	$428,735

Syndication Proceeds	**0.950010971**	**$3,949,189**	**$4,073,026**
Total Tax Credits (Eligible Basis Method)		**$415,699**	**$428,735**
Syndication Proceeds		**$3,949,189**	**$4,073,026**
Approved Tax Credits		**$401,128**	
Syndication Proceeds		**$3,810,760**	
Cost Certification Request		**$401,128**	
Syndication Proceeds		**$3,810,760**	
Gap of Syndication Proceeds Needed		**$3,810,590**	
Total Tax Credits (Gap Method)		**$401,110**	
Reconciled Tax Credits		**$401,110**	
Syndication Proceeds		**$3,810,590**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE: August 4, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 060125

DEVELOPMENT NAME

Country Club Apartments

APPLICANT

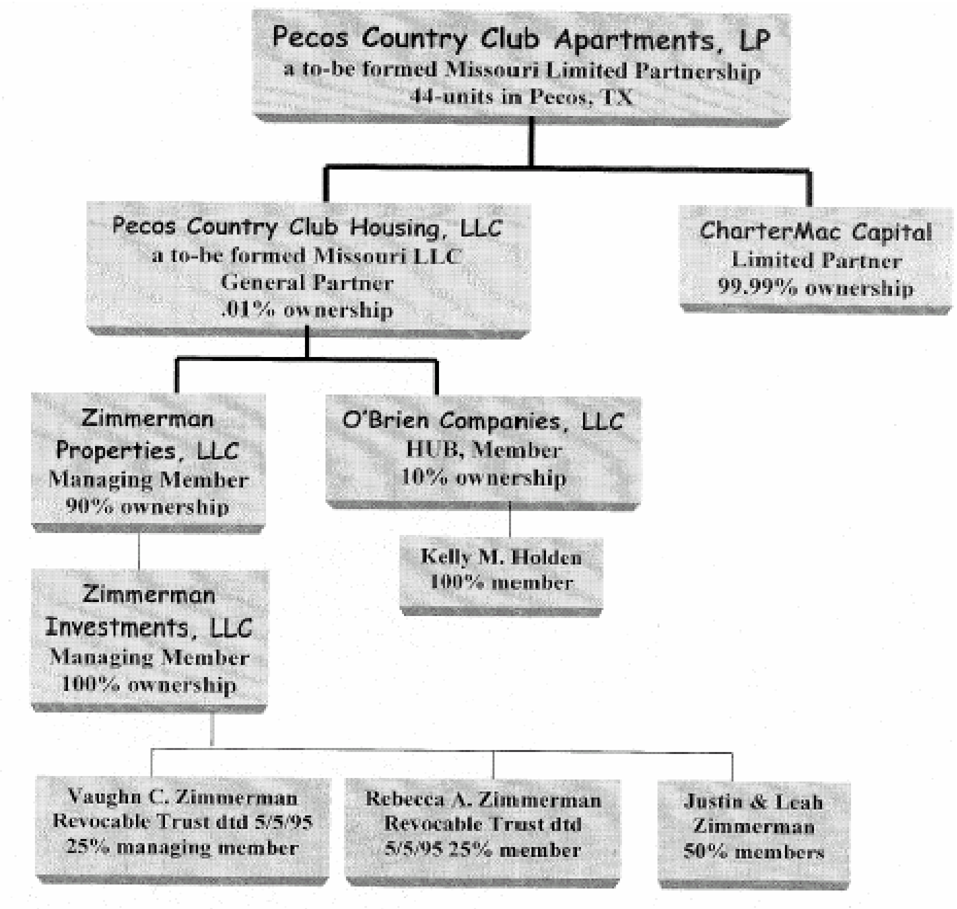
Name: Pecos Country Club Apartments, LP **Contact:** Justin Zimmerman

Address: 1730 E. Republic Road Suite F

City Springfield **State:** MO **Zip:** 65804

Phone: (417) 883-1632 **Fax:** (417) 883-6343 **Email:** jzimmerman@wilhoitproperties.com

KEY PARTICIPANTS



PROPERTY LOCATION

Location: Country Club Drive, South of IH-20

City: Pecos **Zip:** 79772

County: Reeves **Region:** 12 ☒ **QCT** ☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$413,008	N/A	N/A	N/A

Proposed Use of Funds: New construction **Type:** Multifamily

Target Population: Intergenerational Housing **Other:** Rural

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $401,128[1] ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a revised permanent financing commitment in the amount of $705,707, or deferred developer's fees sufficient to cover the gap in required funding.
2. Receipt, review, and acceptance, before commencement of construction, of the results of an environmental noise study, and evidence of the implementation of any recommendations.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 44 **# Res Bldgs** 4 **# Non-Res Bldgs** 0 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 43,600 **Av Un SF:** 991 **Common Area SF:** 4,852* **Gross Bldg SF:** 48,452

* includes community areas and enclosed corridors

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive multifamily buildings.

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab. According to the plans provided in the application the exterior will be 92% cement fiber and 8% brick. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fan in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: a microwave, an ice maker in the refrigerator, a self-cleaning oven, laundry connections, a ceiling fixture in each room, an individual heating and air conditioning unit, an individual water heater, and eight-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for a total of 41 or more units, the Applicant has elected to provide an accessible walking path, a barbecue grill and picnic table, public telephone(s) available to tenants 24 hours a

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[1] The recommended tax credit allocation incorporates the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively.

day, and two tot lot playgrounds equipped for young children.

In accordance with the criteria for an intergenerational development, the age restricted units will be in a separate elevator-equipped building, with a dedicated leasing office and leasing personnel. There will be separate entrances, card key access, and other appropriate security measures for the age restricted building. Shared social service programs will be provided that encourage intergenerational activities but also provide separate amenities for each age group. The staff will include an intergenerational coordinator experienced in effectively facilitating intergenerational activities.

Uncovered Parking: 73 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Country Club Apartments is a 16-unit per acre new construction development located in Pecos, TX. The development is comprised of 3 garden style residential buildings and a separate elevator-equipped senior residential building as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
1	2	0	0	8
1	2	0	8	0
1	2	0	8	8
1	2	6	6	0

The development includes a 1,532-square foot clubhouse area attached to the two-bedroom building, and a separate 795-square foot office and lobby area contained within the senior building dedicated to the administration of the age-restricted units.

SITE ISSUES

SITE DESCRIPTION

Total Size:	2.72 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone C	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	R-4 (Multifamily)	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: SE Corner of County Club Drive and Starley Drive

Adjacent Land Uses:

- **North:** Starley Drive immediately adjacent and a gas station and Interstate Highway 20 beyond;
- **South:** Storage units immediately adjacent and the Pecos Country Club and Golf Course beyond;
- **East:** Starley Drive immediately adjacent and the Pecos Country Club and Golf Course beyond; and
- **West:** Country Club Drive immediately adjacent and Best Western Motel beyond.

Site Access: The property has two entrances from the west on Country Club Drive. Interstate Highway 20 is two blocks to the north. Odessa and Midland are the nearest large cities, to the east along IH 20 about 75 and 100 miles, respectively.

Public Transportation: The availability of public transportation was not identified in the application materials.

Shopping & Services: The police station, fire station, hospital, schools from elementary through college, and the public library are all located within about 2 miles, as are a convenience store, grocery store, retail shopping, a pharmacy, a restaurant, and a bank.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 05/09/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 24, 2006 was prepared by Kaw Valley

Engineering, Inc. and supplemented by a letter dated July 3, 2006. The analyst reported the following findings and recommendations:

Findings:

- **Noise: "**The subject property is located approximately 1/8 mile from Interstate 20, and approximately ½ mile from the Municipal Airport. Considering the close proximity to these potential sources of excessive noise, it is recommended that a noise study be performed for the site." (p. 5)
- **Floodplain:** "The site is located outside the 100 and 500-year flood zones, according to the FEMA website." (p. 3)
- **Asbestos-Containing Materials (ACM):** "Since there were not any buildings present on the subject (property), asbestos containing materials and lead based paint are not anticipated to be a concern." (letter 7/3/06)
- **Lead-Based Paint (LBP):** "Since there were not any buildings present on the subject (property), asbestos containing materials and lead based paint are not anticipated to be a concern." (letter 7/3/06)
- **Lead in Drinking Water:** "The level of lead found in the drinking water as reported by (the City of Pecos) in their 2004 Annual Drinking Water Quality Report was within the established standards." (letter 7/3/06)
- **Radon:** "US EPA regulations addressing radon have set an exposure limit of 4.0 pCi/L. The Texas Department of State Health Services has conducted surveys … measured radon levels reached a maximum of 2.8 pCi/L with an average of 1.1 pCi/L in Reeves County.
- **Other:**
    - "The review of agency files indicated two Leaking Petroleum Storage Tanks (LTANKS) sites to exist within the prescribed radii. The files revealed that both of these sites have been closed with final concurrence issued. Consequently, environmental concerns are not anticipated from the LTANKS." (p. 8)
    - "The review of agency files indicated three Underground Storage Tank (UST) sites to exist within the prescribed radii. Two of the sites have fiber-reinforced plastic (FRP) tanks or composite steel tanks with FRP coating. The FRP is considered essentially noncorrodible. At the third site, all older steel tanks were removed and FRP tanks installed. Therefore, environmental concerns are not anticipated from the UST sites." (p. 8)
- **Recognized Environmental Concerns (RECs):** "No recognized environmental conditions or concerns are anticipated with the property." (p. 9)

Recommendations: "Two potential sources for excessive noise have been identified within one mile of the subject property … It is recommended that a noise study be performed for this site." (p. 9)

Receipt, review, and acceptance, before commencement of construction, of the results of an environmental noise study, and evidence of the implementation of any recommendations, are a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Forty-three of the units (98% of the total) will be reserved for low-income tenants. Five of the units (11%) will be reserved for households earning 30% or less of AMGI, thirty-eight units (86%) will be reserved for households earning 60% or less of AMGI, and the remaining unit will be offered to an employee at the 60% of AMGI rent.

MAXIMUM ELIGIBLE INCOMES

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$18,120	$20,700	$23,280	$25,860	$27,900	$30,000

MARKET HIGHLIGHTS

A market feasibility study dated March 31, 2006 was prepared by Apartment MarketData, LLC ("Market Analyst") and supplemented by a letter dated July 14, 2006. The Analyst reported the following findings:

Secondary Market Information: The Market Analyst did not identify a Secondary Market Area.

Definition of Primary Market Area (PMA): "The boundaries of the Primary Market Area are as follows:

- North: County Road 424
- East: Ranch Road 873
- South: County Road 132
- West: County Road 211" (p. 30)

This area encompasses approximately 245 square miles and is equivalent to a circle with a radius of 9 miles.

Population: The estimated 2005 population of the PMA was 10,334 and is expected to decrease by 12% to approximately 9,212 by 2010. Within the primary market area there were estimated to be 3,406 family households and 1,506 elderly households in 2005.

Primary Market Occupancy Rates: "The current occupancy of the market area is 100% as a result of limited supply." (p. 90)

Absorption Projections: "Based on occupancy rates currently reported by existing projects, we opine that the market will readily accept the subject's units. Absorption in the Primary Market Area is nearly impossible to calculate for the trade area. There have been no new projects built in the trade area since 1990. As such, there has not been adequate new supply to determine a reasonable absorption rate for the submarket." (p. 90)

Unstabilized, Under Construction, and Planned Development: The Market Analyst did not identify any unstabilized, under construction, or planned developments in the PMA other than the subject property.

Market Impact: "The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in the market." (p. 14)

Market Rent Comparables: The Applicant initially expressed concern about the rents that would be achievable in the subject PMA. Proposed rents were slightly lower than HTC program rents for the 30% units, and significantly lower than program rents for the 60% units. The Market Analyst reported "There are no affordable projects in the PMA. There is only one market rate project in the PMA, Casa Manana, which was built in 1966 and has 32 units that are 100% occupied. Apartment MarketData conducted an analysis of 136 conventional (Market Rate) units … Three of the four market rate comparables are located in Fort Stockton, Texas, 50 miles southeast of Pecos … as the profile of the area is similar to that of Pecos." (p. 95) The Analyst concluded a market rate for the one bedroom that was $3 less than the one-bedroom 60% program rent, and market rates for the two and three bedroom units that were greater than the 60% program rents. The Underwriter questioned the Applicant's use of rents lower than the Market Analyst's estimates of market achievable rents, so the Applicant requested that the Analyst reassess these conclusions. The Analyst provided a revised evaluation on July 14, 2006, based solely on the one comparable property in Pecos. "We do not see evidence of price elasticity. That is, we do not believe that residents will be able to pay a significantly higher price to live at Pecos Country Club Apartments. The rent adjustment worksheets included in the market study, while applicable in most analysis, may not reflect the true nature of the Pecos market. As such, we would caution against automatically assuming that the rent potential of the project is equal to the maximum program rents." The Applicant at this time raised the proposed rents slightly to match this revised market analysis. The Underwriter concluded that data from a single property was insufficient to justify the Applicant's lower rent expectations, so the lesser of the original market rents or the HTC maximum program rents were used for underwriting purposes.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed ***	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (30%) senior	$195	$195	$0	$435	-$240
1-Bedroom (60%) senior	$415	$438	-$23	$435	-$20
2-Bedroom (30%) family	$225	$225	$0	$545	-$320
2-Bedroom (60%) senior	$480	$516	-$36	$545	-$65
2-Bedroom (60%) family	$480	$516	-$36	$545	-$65
3-Bedroom (30%) family	$245	$245	$0	$645	-$400
3-Bedroom (60%) family	$525	$581	-$56	$645	-$120

(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)

*these are revised rents submitted on amended rent schedule 7/14/06

Family Market Demand: To determine the demand for the family units in the proposed development, the Market Analyst utilized a target household adjustment rate of 100% and a household size-appropriate adjustment rate of 93% (p. 49) The Analyst used the reduced rent amounts originally submitted by the Applicant, adjusted up by the utility allowance. Based on a 30% of AMGI two bedroom rent of $286 ($220 plus $66 utility allowance) and a 35% rent burden per household, the Analyst calculated a minimum income of $9,806 for the 30% units. Assuming 1.5 persons per bedroom (rounded up), the maximum household income for the 30% units is the 5 person income of $13,950. Similar calculations for the 60% units, based on a two bedroom minimum gross rent of $501, indicates an income band of $17,177 to $27,900. (p. 41). From these bands the Analyst determined an income eligible adjustment rate of 28%. (p. 42) The tenure appropriate adjustment rate of 5% is specific to the income-eligible population (p. 47). The Market Analyst indicates a turnover rate of 65% applies based on IREM. (p. 48)

As indicated above, the Underwriter applied the lesser of the original market rents or the maximum HTC program rents, and determined income bands of $9,977 to $14,000 for the 30% units and $19,954 to $27,900 for the 60% units. The Underwriter calculated an income eligible adjustment rate of 23%. The tenure appropriate adjustment rate of 23% is specific to the general population.

FAMILY MARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	0	0%	-2	0%
Resident Turnover	103	100%	109	100%
TOTAL DEMAND	**103**	**100%**	**107**	**100%**

p. 50

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 30% based on a supply of 31 unstabilized affordable housing units in the PMA (including only the subject) and demand for 103 units. (p. 52) The Underwriter calculated an inclusive capture rate of 30% based on a supply of 32 unstabilized units divided by a revised demand estimate for 107 affordable units. Current TDHCA guidelines allow an inclusive capture rate as high as 100% for developments in rural areas.

Senior Market Demand: To determine the demand for the senior units in the proposed development, the Market Analyst utilized a target household adjustment rate of 44% (demographics p. 8) and a household size-appropriate adjustment rate of 100% since "with senior households, it is likely that most all of the households will be comprised of one or two persons." (p. 49) The Analyst used reduced rent amounts originally submitted by the Applicant. Based on a 30% of AMGI one bedroom gross rent of $237 and a 40% rent burden per senior household, the Analyst calculated a minimum income of $7,110 for the 30% units. Assuming 1.5 persons per bedroom (rounded up), the maximum household income for the 30% 1 bedroom units is the 2 person income of $10,350. Similar calculations for the 60% units indicate a minimum income of 12,510 based on a 1 bedroom rent of $417 and a maximum income of $23,280. (p. 43) From these bands the Analyst determined an income eligible adjustment rate of 14%. (p. 47) The tenure appropriate adjustment rate of 2% is specific to the income-eligible population (p. 47). The Market Analyst indicates a turnover rate of 65% applies based on IREM. (p. 48)

The Underwriter applied the maximum HTC program rents, and determined income bands of $7,260 to $10,350 for the 30% units and $14,550 to $23,280 for the 60% units. The Underwriter calculated an income eligible adjustment rate of 26%. The tenure appropriate adjustment rate of 14% is specific to the general population.

MARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	0	0%	-3	0%
Resident Turnover	42	100%	34	100%
TOTAL DEMAND	**42**	**100%**	**31**	**100%**

p. 57

Inclusive Capture Rate: For the senior units, the Market Analyst calculated an inclusive capture rate of 29% based on a supply of 12 unstabilized affordable senior housing units in the PMA (including only the subject) and demand for 42 affordable units. (p. 52) The Underwriter calculated an inclusive capture rate of 39% based on a supply of 12 unstabilized units divided by a revised demand estimate for 31 affordable units. Current TDHCA guidelines allow an inclusive capture rate as high as 100% for developments in rural areas as well as those targeting the elderly.

Unit Mix Conclusion: "The subject project consists of 13.6% one bedroom units, 50.0% two bedroom units, and 36.4% three bedroom units. By comparison, family projects in the trade area offer 37.5% one bedrooms, and 62.5% two bedrooms … Because of the physical, economic, and functional characteristics of the LIHTC programs, it is logical that some variation will exist from market demographic characteristics to the actual physical project. It is our opinion, given current occupancies and the forecasted household growth, that the subject unit mix, for all purposes, will meet the needs of lower and median income families within the sub-market." (p. 93)

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: As explained above, the Applicant's initial projected rents were below the HTC program limits. They were later revised up, but still below program levels. The Underwriter utilized the lesser of the current HTC program rents, adjusted by subtracting the utility allowance provided by the Pecos Housing authority, or the market rents concluded in the submitted Market Study. Tenants will be required to pay electricity costs only. The Applicant indicated secondary income of $9 per unit per month from vending machines, laundry, and forfeited deposits. This is within the Department's guideline of $5 to $15 per unit per month. The Applicant's estimate for vacancy and collection losses is consistent with Department guidelines. The Applicant's lower rent figures resulted in an effective gross income that is 7% lower than the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $3,450 per unit is not within 5% of the Underwriter's estimate of $3,754, derived from the TDHCA database and third-party data sources. The expense line items that differ most significantly from the Underwriter's estimates are payroll & payroll tax ($12K higher) and repairs & maintenance ($16K lower). In addition, the Applicant has overstated TDHCA compliance fees.

Conclusion: The Applicant's effective gross income, total annual operating expenses, and net operating income (NOI) each differs from the Underwriter's estimates by more than 5%; therefore the Underwriter's estimates will be used to evaluate debt capacity.

The Underwriter's NOI and debt service estimates result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.30. This indicates the project has sufficient cashflow to support a larger debt burden than anticipated. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized, including the recommended increase in permanent financing, resulting in continued positive cashflow and a debt coverage ratio that remains above 1.10 throughout the proforma period. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 8.92 acres	$87,080	**Assessment for the Year of:**	2005
Subject Site: 2.72 acres (prorated)	$26,554	**Valuation by:**	Reeves County Appraisal District
Total Assessed Value:	$26,554	**Tax Rate:**	3.10297

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Commercial and Industrial Real Estate Sale Contract (2.72 acres)

Contract Expiration:	08/01/2006	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$27,200	**Other:**	
Seller:	Pecos Valley Country Club, Inc.	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $10,000 per acre is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $7,159 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost: The Applicant's direct construction cost estimate is $42K (2%) higher than the Underwriter's estimate derived from the Marshall & Swift *Residential Cost Handbook*.

Fees: The Applicant's estimated contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. The calculated eligible basis of $3,922,650 is increased by 30% to $5,099,445 because the subject site is located in a Qualified Census Tract. This adjusted basis and the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006 support annual tax credits of $431,413. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. The Applicant's request will not limit the tax credits recommended as the requested allocation was most likely based on an understated applicable percentage rate.

FINANCING STRUCTURE

INTERIM to PERMANENT FINANCING

Source: CharterMac Capital **Contact:** Justin Ginsberg

Principal: $620,000 **Interest Rate:** 8%, fixed **Amort:** 360 months

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments: 24 months interim period, interest-only at 7%

TAX CREDIT SYNDICATION

Source: CharterMac Capital **Contact:** Justin Ginsberg

Proceeds: $3,675,000 **Net Syndication Rate:** 89% **Anticipated HTC:** $413,008/year

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $1,000 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Financing: The initial application included a proposal from CharterMac Capital for $620,000 interim construction financing for up to 24 months with interest-only payments at a fixed rate of 7%. When the project achieves 90% stabilized occupancy for 3 consecutive months, CharterMac would convert the funds to a permanent loan with a principal amount of $620,000 at a fixed rate of 8% amortized over 30 years. On July 14, 2006 the Applicant submitted a revised sources and uses of funds document indicating an intention to acquire interim and permanent financing in the amount of $665,000.

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. The revised sources and uses document indicates syndication proceeds reduced to $3,609,000.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,000 listed on the revised sources and uses document amount to less than 1% of the total fees.

Financing Conclusions: As stated above, the underwriting analysis results in a debt coverage ratio above the Department's maximum guideline of 1.30. The Underwriter recommends an increase in the permanent loan amount to $705,707 based on the terms reflected in the application materials. As a result the development's gap in financing will decrease. The recommended financing structure indicates no need for deferred developer fees.

The Applicant's total development cost estimate less the permanent loan of $705,707 indicates the need for $3,569,293 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $401,128 annually would be required to fill this gap in financing. Of the two possible tax credit allocations, the gap-driven amount ($401,128) and eligible basis-derived estimate ($431,413), at the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006, the gap-driven amount of $401,128 is recommended, resulting in proceeds of $3,569,293 based on a syndication rate of 89%. This rate is at the low end of current credit prices. Any increase in the final syndication rate will create an excess of funds, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, and Property Manager are related entities. These are common relationships for HTC-funded developments.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Zimmerman Investments, LLC is the Managing Member and 100% Owner of Zimmerman Properties, LLC. Zimmerman Properties is the Managing Member and 90% Owner of the General Partner. Zimmerman Investments and Zimmerman Properties submitted an unaudited common financial statement as of December 31, 2005 reporting total assets of $19M and consisting of $183K in cash, $8M in receivables, $1M in real property, $4K in machinery, equipment, and fixtures, and $6M in partnership interests. Liabilities totaled $10M, resulting in net assets of $9M.
- O'Brien Companies, LLC, the 10% owner of the General Partner, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of $31K and consisting of $1K in cash and $30K in other current assets. Liabilities totaled $15K, resulting in net assets of $16K.
- Wilhoit Properties, Inc., the Property Manager, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of $4M and consisting of $399K in cash, $1.7M in receivables, $108K in fixed assets, and $1.8M in business interests. Liabilities totaled $2.2M, resulting in net assets of $1.8M.
- The principal(s) of the Members of the General Partner, Vaughn and Rebecca Zimmerman, Justin and Leah Zimmerman, and Kelly Holden, submitted unaudited financial statements as of December 31, 2005.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated income, operating expenses, and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The significant financing structure changes being proposed have not been reviewed by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Thomas Cavanagh*	**Date:**	August 4, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 4, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Country Club Intergenerational Apartments, Pecos 9% #060125 -- App Perc Inc

Type of Unit	Number	Bedrooms	Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 30%	1	1	1	709	$242	$195	$195	$0.28	$47.00	$34.46
TC60%	5	1	1	709	485	$435	2,175	0.61	47.00	34.46
TC 30%	2	2	2	964	291	$225	450	0.23	66.00	39.58
TC 60%	13	2	2	964	582	$516	6,708	0.54	66.00	39.58
EO	1	2	2	964	582	$516	516	0.54	66.00	39.58
TC 60%	6	2	2	971	582	$516	3,096	0.53	66.00	39.58
TC 30%	2	3	2	1,131	336	$245	490	0.22	91.00	48.46
TC 60%	14	3	2	1,131	672	$581	8,134	0.51	91.00	48.46
TOTAL:	44		**AVERAGE:**	991	$567	$495	$21,764	$0.50	$72.50	$42.11

INCOME	Total Net Rentable Sq Ft:	43,600	**TDHCA**	**APPLICANT**	Comptroller's Region	12
POTENTIAL GROSS RENT			$261,168	$241,920		IREM Region
Secondary Income	Per Unit Per Month:	$9.00	4,752	4,752	$9.00	Per Unit Per Month
Other Support Income: (describe)			0		$0.00	Per Unit Per Month
POTENTIAL GROSS INCOME			$265,920	$246,672		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(19,944)	(18,504)	-7.50%	of Potential Gross Income
Employee or Other Non-Rental Units or Concessions			0			
EFFECTIVE GROSS INCOME			$245,976	$228,168		

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.86%	$327	0.33	$14,406	$11,316	$0.26	$257	4.96%
Management		5.00%	280	0.28	12,299	11,409	0.26	259	5.00%
Payroll & Payroll Tax		13.54%	757	0.76	33,314	45,000	1.03	1,023	19.72%
Repairs & Maintenance		10.17%	568	0.57	25,007	9,000	0.21	205	3.94%
Utilities		3.89%	218	0.22	9,570	7,500	0.17	170	3.29%
Water, Sewer, & Trash		7.25%	405	0.41	17,838	13,500	0.31	307	5.92%
Property Insurance		5.02%	281	0.28	12,353	10,000	0.23	227	4.38%
Property Tax	3.10297	9.99%	559	0.56	24,576	25,000	0.57	568	10.96%
Reserve for Replacements		3.58%	200	0.20	8,800	8,800	0.20	200	3.86%
Other: compl fees		2.86%	160	0.16	7,035	10,275	0.24	234	4.50%
TOTAL EXPENSES		67.16%	$3,754	$3.79	$165,197	$151,800	$3.48	$3,450	66.53%
NET OPERATING INC		32.84%	$1,836	$1.85	$80,779	$76,368	$1.75	$1,736	33.47%
DEBT SERVICE									
CharterMac Capital		23.80%	$1,331	$1.34	$58,554	$58,554	$1.34	$1,331	25.66%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		9.04%	$505	$0.51	$22,225	$17,814	$0.41	$405	7.81%
AGGREGATE DEBT COVERAGE RATIO					1.38	1.30			
RECOMMENDED DEBT COVERAGE RATIO					1.30				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	**TDHCA**	**APPLICANT**	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.66%	$618	$0.62	$27,200	$27,200	$0.62	$618	0.64%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.66%	7,159	7.22	315,000	315,000	7.22	7,159	7.37%
Direct Construction		53.80%	50,288	50.75	2,212,654	2,255,000	51.72	51,250	52.75%
Contingency	5.00%	3.07%	2,872	2.90	126,383	128,250	2.94	2,915	3.00%
General Req'ts	5.93%	3.65%	3,409	3.44	150,000	150,000	3.44	3,409	3.51%
Contractor's G & A	1.98%	1.22%	1,136	1.15	50,000	50,000	1.15	1,136	1.17%
Contractor's Profit	5.93%	3.65%	3,409	3.44	150,000	150,000	3.44	3,409	3.51%
Indirect Construction		7.22%	6,744	6.81	296,750	296,750	6.81	6,744	6.94%
Ineligible Costs		2.80%	2,617	2.64	115,150	115,150	2.64	2,617	2.69%
Developer's G & A	2.00%	1.64%	1,531	1.54	67,349	0	0.00	0	0.00%
Developer's Profit	13.00%	10.64%	9,949	10.04	437,767	511,000	11.72	11,614	11.95%
Interim Financing		1.62%	1,515	1.53	66,650	66,650	1.53	1,515	1.56%
Reserves		2.38%	2,223	2.24	97,809	210,000	4.82	4,773	4.91%
TOTAL COST		100.00%	$93,471	$94.33	$4,112,711	$4,275,000	$98.05	$97,159	100.00%
Construction Cost Recap		*73.04%*	***$68,274***	***$68.90***	***$3,004,037***	***$3,048,250***	***$69.91***	***$69,278***	*71.30%*

2006 QAP §50.9(i)(8) points awarded for costs less than $70.00 per square foot

SOURCES OF FUNDS						RECOMMENDED	
CharterMac Capital	16.17%	$15,114	$15.25	$665,000	$665,000	$705,707	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		0	$511,000
HTC Syn: CharterMac Capital	87.75%	$82,023	$82.78	3,609,000	3,609,000	3,569,293	% of Dev. Fee Deferred
Deferred Developer Fees	0.02%	$23	$0.02	1,000	1,000	0	0%
Additional (Excess) Funds Req'd	-3.95%	($3,688)	($3.72)	(162,289)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$4,112,711	$4,275,000	$4,275,000	$348,830

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Country Club Intergenerational Apartments, Pecos 9% #060125 -- App Perc Inc

DIRECT CONSTRUCTION COST ESTIMATE (Family Bldgs)

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$48.09	$1,611,894
Adjustments				
Exterior Wall Finish	0.64%		$0.31	$10,316
9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			(1.12)	(37,542)
Floor Cover			2.22	74,414
Porches/Balconies	$19.66	3,133	1.84	61,590
Plumbing per unit	$2,720	32	2.60	87,040
Built-In Appliances	$1,675	32	1.60	53,600
Stairs	$1,900	8	0.45	15,200
Enclosed Corridors	$38.17	4,506	5.13	171,968
Heating/Cooling			1.73	57,990
Garages/Carports	$0.00	0	0.00	0
Comm &/or Aux Bldgs	$73.46	1,532	3.36	112,533
Other:			0.00	0
SUBTOTAL			66.20	2,219,003
Current Cost Multiplier	1.04		2.65	88,760
Local Multiplier	0.87		(8.61)	(288,470)
TOTAL DIRECT CONSTRUCTION COSTS			$60.24	$2,019,293
Plans, specs, survy, bld prm	3.90%		($2.35)	($78,752)
Interim Construction Interes	3.38%		(2.03)	(68,151)
Contractor's OH & Profit	11.50%		(6.93)	(232,219)
NET DIRECT CONSTRUCTION COSTS (FAMILY)			$48.93	$1,640,170
NET DIRECT CONSTRUCTION COSTS (SENIOR)			$56.79	$572,484
NET DIRECT CONSTRUCTION COSTS (TOTALl)			$50.75	**$2,212,654**

PAYMENT COMPUTATION

Primary	$665,000	Amort	360
Int Rate	8.00%	DCR	1.38

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.38

Additional		Amort	
Int Rate		Aggregate DCR	1.38

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$62,139
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$18,640

Primary	$705,707	Amort	360
Int Rate	8.00%	DCR	1.30

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.30

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

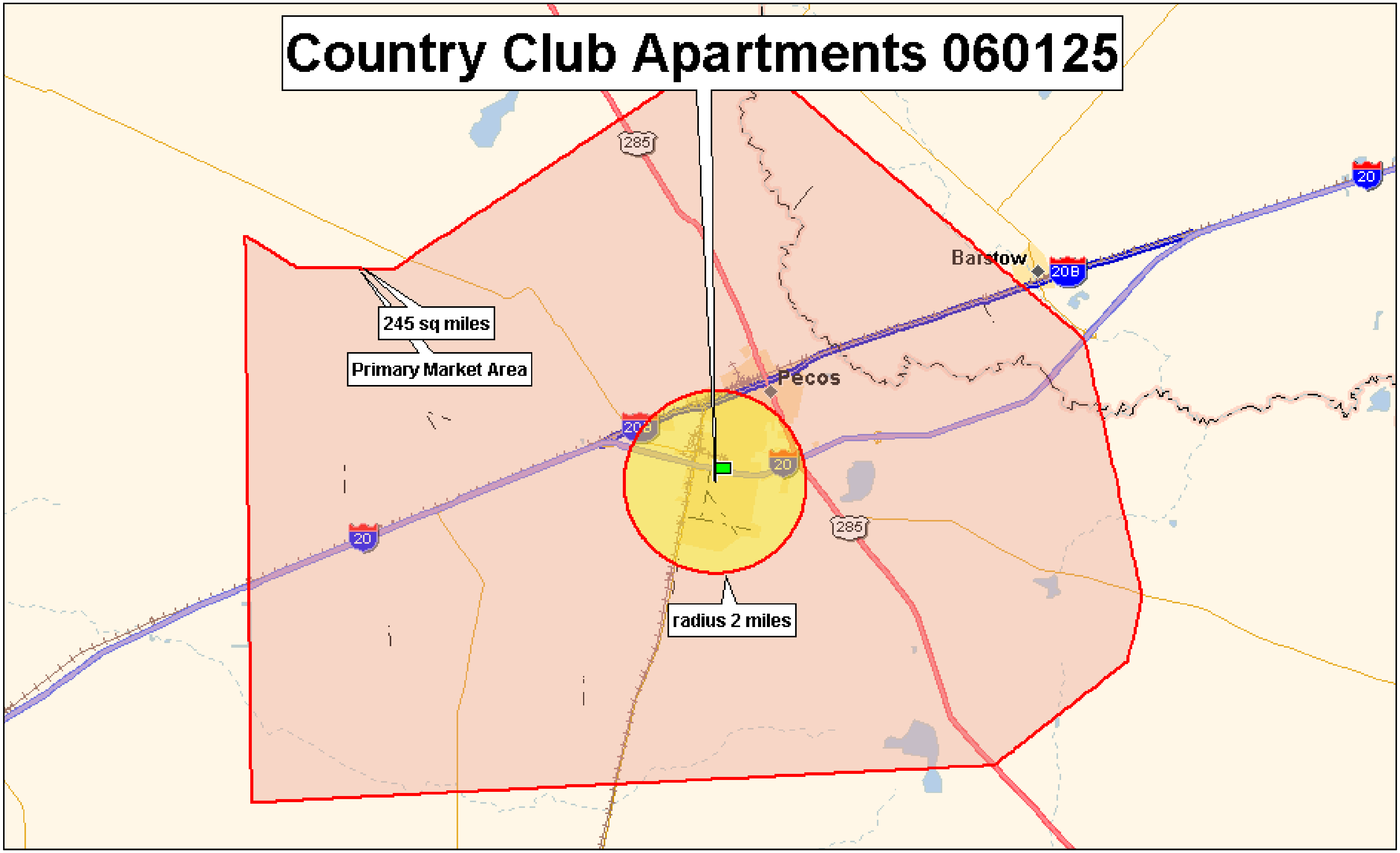
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$261,168	$269,003	$277,073	$285,385	$293,947	$340,765	$395,040	$457,960	$615,460
Secondary Income	4,752	4,895	5,041	5,193	5,348	6,200	7,188	8,333	11,198
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	265,920	273,898	282,115	290,578	299,295	346,965	402,228	466,292	626,658
Vacancy & Collection Loss	(19,944)	(20,542)	(21,159)	(21,793)	(22,447)	(26,022)	(30,167)	(34,972)	(46,999)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$245,976	$253,355	$260,956	$268,785	$276,848	$320,943	$372,061	$431,320	$579,659
EXPENSES at 4.00%									
General & Administrative	$14,406	$14,982	$15,581	$16,205	$16,853	$20,504	$24,946	$30,351	$44,927
Management	12,299	12,668	13,048	13,439	13,842	16,047	18,603	21,566	28,983
Payroll & Payroll Tax	33,314	34,646	36,032	37,473	38,972	47,416	57,688	70,187	103,894
Repairs & Maintenance	25,007	26,008	27,048	28,130	29,255	35,593	43,305	52,687	77,989
Utilities	9,570	9,953	10,351	10,765	11,196	13,621	16,572	20,163	29,845
Water, Sewer & Trash	17,838	18,552	19,294	20,065	20,868	25,389	30,890	37,582	55,631
Insurance	12,353	12,847	13,361	13,895	14,451	17,582	21,391	26,025	38,524
Property Tax	24,576	25,559	26,581	27,644	28,750	34,979	42,557	51,777	76,642
Reserve for Replacements	8,800	9,152	9,518	9,899	10,295	12,525	15,239	18,540	27,444
Other	7,035	7,316	7,609	7,913	8,230	10,013	12,182	14,822	21,940
TOTAL EXPENSES	$165,197	$171,682	$178,422	$185,429	$192,711	$233,669	$283,373	$343,699	$505,818
NET OPERATING INCOME	$80,779	$81,674	$82,534	$83,356	$84,137	$87,274	$88,688	$87,621	$73,840
DEBT SERVICE									
First Lien Financing	$62,139	$62,139	$62,139	$62,139	$62,139	$62,139	$62,139	$62,139	$62,139
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	$18,640	$19,535	$20,395	$21,217	$21,998	$25,135	$26,549	$25,483	$11,701
DEBT COVERAGE RATIO	1.30	1.31	1.33	1.34	1.35	1.40	1.43	1.41	1.19

HTC ALLOCATION ANALYSIS - Country Club Intergenerational Apartments, Pecos 9% #060125 -- App Perc Inc

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	$27,200	$27,200		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$315,000	$315,000	$315,000	$315,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$2,255,000	$2,212,654	$2,255,000	$2,212,654
(4) Contractor Fees & General Requirements				
Contractor overhead	$50,000	$50,000	$50,000	$50,000
Contractor profit	$150,000	$150,000	$150,000	$150,000
General requirements	$150,000	$150,000	$150,000	$150,000
(5) Contingencies	$128,250	$126,383	$128,250	$126,383
(6) Eligible Indirect Fees	$296,750	$296,750	$296,750	$296,750
(7) Eligible Financing Fees	$66,650	$66,650	$66,650	$66,650
(8) All Ineligible Costs	$115,150	$115,150		
(9) Developer Fees				
Developer overhead		$67,349		$67,349
Developer fee	$511,000	$437,767	$511,000	$437,767
(10) Development Reserves	$210,000	$97,809		
TOTAL DEVELOPMENT COSTS	$4,275,000	$4,112,711	$3,922,650	$3,872,552

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		$3,922,650	$3,872,552
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$5,099,445	$5,034,318
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$5,099,445	$5,034,318
Applicable Percentage		8.46%	8.46%
TOTAL AMOUNT OF TAX CREDITS		$431,413	$425,903
Syndication Proceeds	**0.8898**	**$3,838,771**	**$3,789,744**

Total Tax Credits (Eligible Basis Method)	**$431,413**	**$425,903**
Syndication Proceeds	**$3,838,771**	**$3,789,744**
Requested Tax Credits	**$413,008**	
Syndication Proceeds	**$3,675,000**	
Gap of Syndication Proceeds Needed	**$3,569,293**	
Total Tax Credits (Gap Method)	**$401,128**	



Country Club Apartments 060125

Data Zoom 9-5

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report Addendum

REPORT DATE: 11/03/08 PROGRAM: 9% HTC FILE NUMBER: **060129**

DEVELOPMENT

Chisholm Trail Apartments

Location: 4601 College Drive Region: 0
City: Vernon County: Wilbarger Zip: 76384 ☒ QCT ☐ DDA
Key Attributes: New Construction, Intergenerational

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$396,725			**$396,725 ***		

* The original tax credit award amount was $396,725.

RECOMMENDATION

Staff has evaluated the financial viability of the requested amendment. Based on the information provided, the transaction does not currently meet the Department's 2008 Real Estate Analysis Rules and Guidelines. However, the requested amendment does not have an effect on the financial viability of the development; therefore, the Underwriter recommends approval of the requested amendment. The development has satisfied all previous conditions and has completed the cost certification process. IRS Forms 8609 for the amount reflected above have been issued as of 9/8/2008.

ADDENDUM

Chisholm Trail Apartments is an intergenerational development that was originally underwritten and approved during the 2006 9% cycle and received a tax credit allocation of $396,725 subject to conditions. The application proposed the new construction of a total of 44 units, 12 of which would be designated for senior tenants only. The Owner submitted the final cost certification documentation to the Department on May 27, 2008 and staff completed review of the documentation and issued IRS Forms 8609 to this development on September 8, 2008. Subsequent to issuance of Forms 8609 the Owner, in a letter to the Department dated September 15, 2008, has requested to amend the application to allow the development to target all of its units to families and to amend its LURA to release the 12 units that are currently restricted to seniors. The Owner's letter states that despite extensive marketing efforts the development has been unable to lease the senior designated units due to market conditions in the area for senior units.
The owner provided a rent roll dated 9/26/2008 reflecting that 68% of the development was occupied at that time. Of the 14 vacancies at the development, all twelve of the senior units were vacant.

This addendum addresses the impact the Owner's requested change has on the financial viability of this transaction. The information presented in this addendum has been provided by the Owner via the subject amendment request and the documentation contained in the final cost certification submitted to the Department.

OPERATING PROFORMA ANALYSIS

Income:

The Owner's rent schedule and rent roll (as of 9/26/08) reflect that the property is currently collecting the maximum tax credit rents at the property. The Owner's secondary income and vacancy and collection loss estimates are within current underwriting guidelines. Overall ,the Owner's effective gross income is within 5% of the Underwriter's estimate.

Expense:

The Owner's operating expenses of $3,850/unit are 1% lower than the Underwriter's current estimate of $3,898/unit derived from the TDHCA database and IREM. The Owner provided actual year to date operating statements ending September 2008. However, since the last building was placed in service in January 2008 and the property is still in lease up, the Underwriter did not rely heavily upon these expenses because they may not reflect the true operations of the property at this time.

Conclusion:

While the Owner's income and operating expenses are each within 5% of the Underwriter's estimate, the Owner's NOI is not within 5%. Therefore, the Underwriter's proforma will be used to determine the development's debt service capacity. The permanent financing structure reflected in the cost certification results in a DCR that falls within the Department's current guidelines of 1.15 to 1.35.

Of note, the Applicant's and Underwriter's expense to income ratios (73.55% and 75.45%, respectively) are above the current TDHCA guideline of 65%. However, this was not an underwriting requirement during the 2006 application round, therefore, the development will not be subject to this feasibility criteria at this time.

Feasibility:

Based on the Department's 2008 Real Estate Analysis Rules and Guidelines, the development is considered infeasible because the expense to income ratio is above 65%. The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio of 1.19.

CONSTRUCTION COST ESTIMATE EVALUATION

Conclusion:

Based on the final cost certification for the development, the Owner's total development costs increased by $91K or 2% from the costs estimated at application. The Underwriter re-evaluated the development as built and updated the construction cost estimate using current Marshal and Swift *Residential Cost Handbook* costs. The Underwriter's current construction cost estimate is within 5% of the Owner's actual construction costs as certified by the Owner's CPA.

FINANCING STRUCTURE

Source: Great Southern Bank   Type: **Permanent Financing**

Principal: $535,000   Interest Rate: 7.95%   ☒ Fixed   Amort: 360 months

Comments:

At the time the cost certification was submitted and reviewed, the loan had not yet converted to the permanent phase. The Owner indicated that conversion was expected either by December 2008 or early January 2009.

Source: Centerline   Type: **Syndication**

Proceeds: $3,769,000   Syndication Rate: 95%   Anticipated HTC: $ 396,725

Comments:

The final Limited Partnership agreement reflects total capital contributions of $3,769,000 based on expected annual credits of $396,725 and a syndication rate of 95%. The final syndication rate is higher than the 89% rate estimated at application.

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio that falls within the Department's guidelines. The Owner's final total development cost less the anticipated permanent loan of $535,000 indicates the need for $3,816,673 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $401,663 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, previously approved tax credit amount ($396,725), the gap-driven amount ($401,663), and eligible basis-derived estimate ($422,813), the previously approved amount of $396,725 is recommended resulting in proceeds of $3,769,751 based on a syndication rate of 95%.

The Underwriter's recommended financing structure indicates the need for $46,922 in additional permanent funds. Deferred developer fees in this amount appear to be repayable between Years 5-10.

Underwriter:	Raquel Morales *Raquel Morales*	Date:	November 3, 2008

COST CERTIFICATION COMPARATIVE ANALYSIS

Chisholm Trail Crossing Apartments, Vernon, HTC#060129
Reviewed by: Rosalio B.
Date: 7/22/08

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	UW Net Rent	CC Net Rent	Rent per Month	Rent per SF	Tnt-Pd Util	Trash
TC 30%	1	1	1	714	$255	$174	$202	174.41	$174	$0.24	$80.59	$17.00
TC 60%	5	1	1	714	$512	431	$459	431.41	2,157	0.60	80.59	17.00
TC 30%	2	2	2	964	$307	187	$218	186.51	373	0.19	120.49	17.00
TC 60%	13	2	2	964	$615	495	$526	494.51	6,429	0.51	120.49	17.00
EO	1	2	2	964	$0	0	$526	0	0	0.00	120.49	17.00
TC 60%	6	2	2	975	$615	495	$526	494.51	2,967	0.51	120.49	17.00
TC 30%	2	3	2	1,131	$355	200	$235	200.14	400	0.18	154.86	17.00
TC 60%	14	3	2	1,131	$709	554	$589	554.14	7,758	0.49	154.86	17.00
TOTAL:	44		AVERAGE:	992		$460			$20,258	$0.46	$127.55	$17.00

INCOME	Total Net Rentable Sq Ft:	43,654			TDHCA	TDHCA-UW	APPLICATION	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$243,101	$266,058	$265,764	$242,916	Wilbarger		2
Secondary Income		Per Unit Per Month:		$5.00	2,640	3,168	3,168	2,112	$4.00	Per Unit Per Month	
Other Support Income:					0	0	0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$245,741	$269,226	$268,932	$245,028			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(18,431)	(20,192)	(20,172)	(14,700)	-6.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0	0	0	0			
EFFECTIVE GROSS INCOME					$227,310	$249,034	$248,760	$230,328			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative		8.07%	$417	0.42	$18,343	$14,406	$12,487	$24,600	$0.56	$559	10.68%
Management		5.00%	258	0.26	11,366	12,452	12,438	11,517	0.26	262	5.00%
Payroll & Payroll Tax		14.28%	738	0.74	32,453	33,314	50,000	51,000	1.17	1,159	22.14%
Repairs & Maintenance		11.98%	619	0.62	27,238	25,007	10,000	12,160	0.28	276	5.28%
Utilities		5.21%	269	0.27	11,837	12,580	7,500	10,200	0.23	232	4.43%
Water, Sewer, & Trash		5.82%	301	0.30	13,232	15,508	13,500	7,320	0.17	166	3.18%
Property Insurance		5.74%	296	0.30	13,038	14,430	10,000	8,600	0.20	195	3.73%
Property Tax	2.3803	11.61%	600	0.60	26,400	23,355	30,000	26,400	0.60	600	11.46%
Reserve for Replacements		3.87%	200	0.20	8,796	8,800	8,800	8,800	0.20	200	3.82%
TDHCA Compliance Fees		0.77%	40	0.04	1,760	7,035	10,275	1,760	0.04	40	0.76%
Other: Supportive Service and Offic		3.10%	160	0.16	7,040			7,040	0.16	160	3.06%
TOTAL EXPENSES		75.45%	$3,898	$3.93	$171,504	$166,887	$165,000	$169,397	$3.88	$3,850	73.55%
NET OPERATING INC		24.55%	$1,268	$1.28	$55,806	$82,147	$83,760	$60,931	$1.40	$1,385	26.45%
DEBT SERVICE											
Great Southern Bank		20.63%	$1,066	$1.07	$46,884	$64,278	$64,278	$46,884	$1.07	$1,066	20.36%
Additional Financing		0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW		3.93%	$203	$0.20	$8,922	$17,869	$19,482	$14,047	$0.32	$319	6.10%
AGGREGATE DEBT COVERAGE RATIO					1.19	1.28	1.30	1.30			
RECOMMENDED DEBT COVERAGE RATIO					1.19						

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		1.84%	$1,843	$1.86	$81,072	$75,000	$75,000	$81,072	$1.86	1842.545455	1.86%
Off-Sites		1.40%	1,409	1.42	62,000	0	0	62,000	1.42	1,409	1.42%
Sitework		8.03%	8,066	8.13	354,890	315,000	315,000	354,890	8.13	8,066	8.16%
Direct Construction		56.81%	57,027	57.48	2,509,170	2,254,725	2,255,000	2,443,833	55.98	55,542	56.16%
Contingency						128,250	128,250		0.00	0	0.00%
Contractor's Fees	13.68%	8.87%	8,905	8.98	391,820	350,000	350,000	391,820	8.98	8,905	9.00%
Indirect Construction		4.92%	4,940	4.98	217,365	294,000	294,000	217,365	4.98	4,940	4.99%
Ineligible Costs		2.56%	2,572	2.59	113,176	146,750	146,750	113,176	2.59	2,572	2.60%
Developer's Fees	14.35%	11.57%	11,614	11.71	511,000	511,000	511,000	511,000	11.71	11,614	11.74%
Interim Financing		1.96%	1,966	1.98	86,517	70,000	70,000	86,517	1.98	1,966	1.99%
Reserves		2.04%	2,045	2.06	90,000	101,439	115,000	90,000	2.06	2,045	2.07%
TOTAL COST		100.00%	$100,387	$101.18	$4,417,010	$4,246,164	$4,260,000	$4,351,673	$99.69	$98,902	100.00%
Construction Cost Recap		*73.71%*	*$73,997*	*$74.68*	*$3,255,880*	*$3,047,975*	*$3,048,250*	*$3,190,543*	*$73.09*	*$72,512*	*73.32%*

SOURCES OF FUNDS

				TDHCA	TDHCA-UW	APPLICATION	APPLICANT	RECOMMENDED	
Great Southern Bank	12.11%	$12,159	$12.26	$535,000	$730,000	$730,000	$535,000	$535,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	0	0	$511,000
HTC Proceeds-Centerline	85.33%	$85,659	$86.34	3,769,000	3,528,000	3,528,000	3,769,000	3769751	% of Dev. Fee Deferred
Deferred Developer Fees	1.08%	$1,083	$1.09	47,673	2,000	2,000	47,673	46,922	9%
Additional (Excess) Funds Req'd	1.48%	$1,485	$1.50	65,337	(13,836)	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$4,417,010	$4,246,164	$4,260,000	$4,351,673	$4,351,673	$107,610

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$55.37	$2,416,992
Adjustments				
Exterior Wall Finish	2.00%		$1.11	$48,340
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.47)	(107,826)
Floor Cover			2.43	106,079
Breezeways/Balconies	$16.33	3,389	1.27	55,346
Plumbing Fixtures	$805	114	2.10	91,770
Rough-ins	$400	88	0.81	35,200
Built-In Appliances	$1,850	44	1.86	81,400
Exterior Stairs	$1,800	8	0.33	14,400
Enclosed Corridors	$45.45	4506	4.69	204,784
Heating/Cooling			1.90	82,943
Elevator	$25,700.00	1	0.59	25,700
Comm &/or Aux Bldgs	$70.13	5,154	8.28	361,424
Other: fire sprinkler	$2.15	43,654	2.15	93,856
SUBTOTAL			80.41	3,510,409
Current Cost Multiplier	0.99		(0.80)	(35,104)
Local Multiplier	0.89		(8.85)	(386,145)
TOTAL DIRECT CONSTRUCTION COSTS			$70.76	$3,089,160
Plans, specs, survy, bld prm	3.90%		($2.76)	($120,477)
Interim Construction Interest	3.38%		(2.39)	(104,259)
Contractor's OH & Profit	11.50%		(8.14)	(355,253)
NET DIRECT CONSTRUCTION COSTS			$57.48	$2,509,170

PAYMENT COMPUTATION

Primary	$535,000	Amort	360
Int Rate	7.95%	DCR	1.19

Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.19

Additional	$3,769,000	Amort	
Int Rate		Aggregate DCR	1.19

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$46,884
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$8,922

Primary	$535,000	Amort	360
Int Rate	7.95%	DCR	1.19

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.19

Additional	$3,769,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.19

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	$243,101	$250,394	$257,906	$265,643	$273,612	$317,192	$367,712	$426,279	$572,883
Secondary Income	2,640	2,719	2,801	2,885	2,971	3,445	3,993	4,629	6,221
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	245,741	253,113	260,707	268,528	276,584	320,636	371,705	430,908	579,105
Vacancy & Collection Loss	(18,431)	(18,983)	(19,553)	(20,140)	(20,744)	(24,048)	(27,878)	(32,318)	(43,433)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$227,310	$234,130	$241,154	$248,388	$255,840	$296,588	$343,827	$398,590	$535,672
EXPENSES at 4.00%									
General & Administrative	$18,343	$19,077	$19,840	$20,634	$21,459	$26,108	$31,764	$38,646	$57,206
Management	11,366	11,706	12,058	12,419	12,792	14,829	17,191	19,930	26,784
Payroll & Payroll Tax	32,453	33,752	35,102	36,506	37,966	46,191	56,199	68,374	101,211
Repairs & Maintenance	27,238	28,327	29,461	30,639	31,865	38,768	47,167	57,386	84,946
Utilities	11,837	12,311	12,803	13,316	13,848	16,848	20,499	24,940	36,917
Water, Sewer & Trash	13,232	13,761	14,312	14,884	15,479	18,833	22,913	27,878	41,266
Insurance	13,038	13,560	14,102	14,666	15,253	18,557	22,578	27,469	40,661
Property Tax	26,400	27,456	28,554	29,696	30,884	37,575	45,716	55,621	82,332
Reserve for Replacements	8,796	9,148	9,514	9,895	10,291	12,520	15,233	18,533	27,433
Other	8,800	9,152	9,518	9,899	10,295	12,525	15,239	18,540	27,444
TOTAL EXPENSES	$171,504	$178,250	$185,263	$192,553	$200,131	$242,756	$294,499	$357,317	$526,199
NET OPERATING INCOME	$55,806	$55,879	$55,890	$55,835	$55,709	$53,832	$49,328	$41,273	$9,472
DEBT SERVICE									
First Lien Financing	$46,884	$46,884	$46,884	$46,884	$46,884	$46,884	$46,884	$46,884	$46,884
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	$8,922	$8,995	$9,006	$8,951	$8,824	$6,948	$2,444	($5,811)	($37,412)
DEBT COVERAGE RATIO	1.19	1.19	1.19	1.19	1.19	1.15	1.05	0.88	0.20

HTC ALLOCATION ANALYSIS -Chisholm Trail Crossing Apartments, Vernon, HTC#060129

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$81,072	$81,072		
Purchase of buildings				
Off-Site Improvements	$62,000	$62,000		
Sitework	$354,890	$354,890	$354,890	$354,890
Construction Hard Costs	$2,443,833	$2,509,170	$2,443,833	$2,509,170
Contractor Fees	$391,820	$391,820	$391,820	$391,820
Contingencies				
Eligible Indirect Fees	$217,365	$217,365	$217,365	$217,365
Eligible Financing Fees	$86,517	$86,517	$86,517	$86,517
All Ineligible Costs	$113,176	$113,176		
Developer Fees				
Developer Fees	$511,000	$511,000	$511,000	$511,000
Development Reserves	$90,000	$90,000		
TOTAL DEVELOPMENT COSTS	$4,351,673	$4,417,010	$4,005,425	$4,070,762

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		$4,005,425	$4,070,762
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$5,207,053	$5,291,991
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$5,207,053	$5,291,991
Applicable Percentage		8.12%	8.12%
TOTAL AMOUNT OF TAX CREDITS		$422,813	$429,710
Syndication Proceeds	**0.950217574**	**$4,017,640**	**$4,083,176**

Total Tax Credits (Eligible Basis Method)	**$422,813**	**$429,710**
Syndication Proceeds	**$4,017,640**	**$4,083,176**
Approved Tax Credits	**$396,725**	
Syndication Proceeds	**$3,769,751**	
Cost Certification Request	**$396,725**	
Syndication Proceeds	**$3,769,751**	
Gap of Syndication Proceeds Needed	**$3,816,673**	
Total Tax Credits (Gap Method)	**$401,663**	
Reconciled Tax Credits	**$396,725**	
Syndication Proceeds	**$3,769,751**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE: Aug 4, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 060129

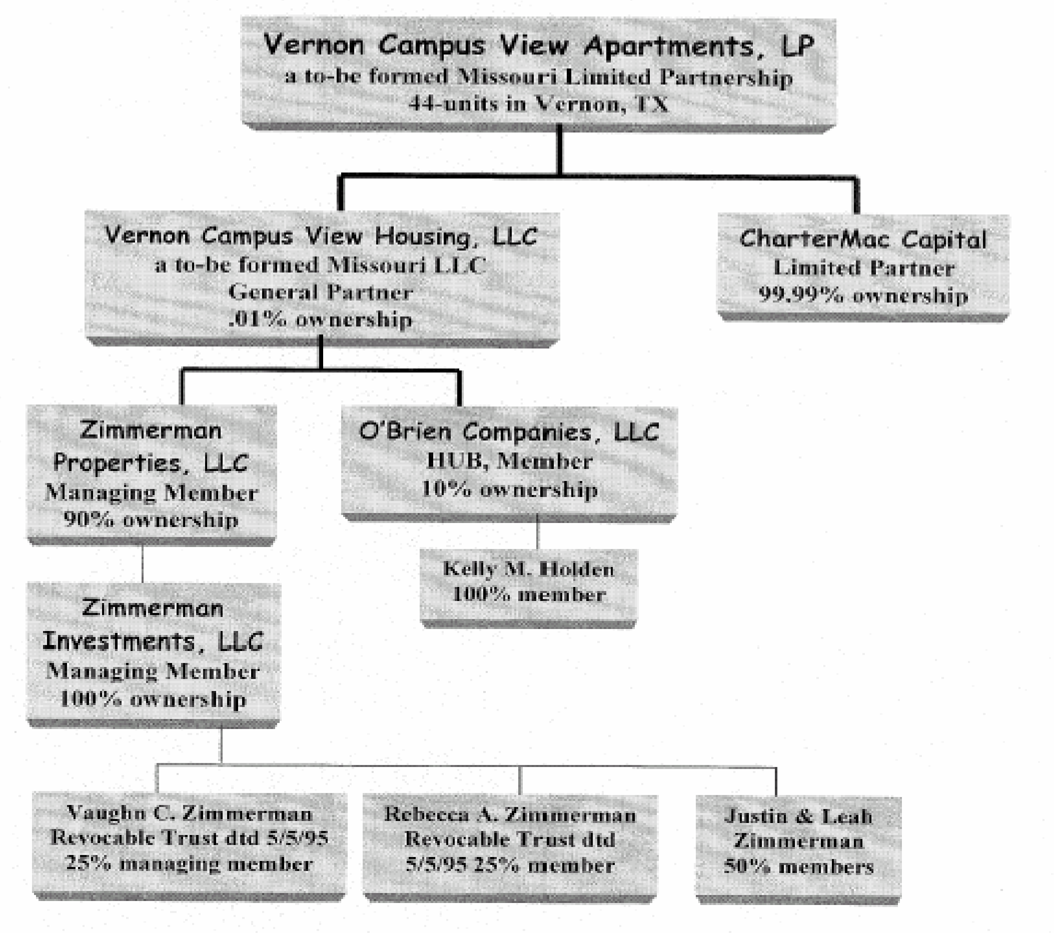
DEVELOPMENT NAME

Campus View Apartments

APPLICANT

Name: Vernon Campus View Apartments, LP **Contact:** Justin Zimmerman
Address: 1730 E. Republic Road Suite F
City Springfield **State:** MO **Zip:** 65804
Phone: (417) 883-1632 **Fax:** (417) 883-6343 **Email:** jzimmerman@wilhoitproperties.com

KEY PARTICIPANTS



PROPERTY LOCATION

Location: SE Corner of College Drive and Stadium Drive
City: Vernon **Zip:** 76384
County: Wilbarger **Region:** 2 ☒ **QCT** ☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$413,008	N/A	N/A	N/A

Proposed Use of Funds: New construction **Type:** Multifamily

Target Population: Intergenerational Housing **Other:** Rural

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $396,725[1] ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance before commencement of construction of a flood hazard mitigation plan to include, at a minimum, certification by a qualified architect or engineer that the construction plans are in accordance with TDHCA guidelines (“must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements”), and consideration and documentation of building flood insurance and tenant flood insurance costs.
2. Receipt, review, and acceptance before commencement of construction of evidence that the origins and uses of the unknown pipes in the ground have been investigated, and any environmental conditions have been evaluated and addressed appropriately.
3. Receipt, review, and acceptance of a revised commitment for $730,000 in interim to permanent funding.
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: 44 **# Res Bldgs** 3 **# Non-Res Bldgs** 1 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 43,600 **Av Un SF:** 991 **Common Area SF:** 4,852* **Gross Bldg SF:** 48,452

*includes community areas and enclosed corridors

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive multifamily buildings.

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab. According to the plans provided in the application the exterior will be 100% cement fiber. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fan in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data

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[1] The recommended tax credit allocation incorporates the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively.

service, and one for TV service. In addition, each unit will include: a microwave, an ice maker in the refrigerator, a self-cleaning oven, laundry connections, a ceiling fixture in each room, an individual heating and air conditioning unit, an individual water heater, and eight-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for a total of 41 or more units, the Applicant has elected to provide an accessible walking path, a barbecue grill and picnic table, public telephone(s) available to tenants 24 hours a day, and two tot lot playgrounds equipped for young children.

In accordance with the criteria for an intergenerational development, the age restricted units will be in a separate elevator-equipped building, with a dedicated leasing office and leasing personnel. There will be separate entrances, card key access, and other appropriate security measures for the age restricted building. Shared social service programs will be provided that encourage intergenerational activities but also provide separate amenities for each age group. The staff will include an intergenerational coordinator experienced in effectively facilitating intergenerational activities.

Uncovered Parking: 83 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Campus View Apartments is a 13-unit per acre new construction development located in Vernon, Texas. The development is comprised of 2 garden style residential buildings and a separate elevator-equipped senior residential building as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
2	2	0	8	8
1	2	6	6	0

The development includes a 1,532-square foot community buildings and a separate 795-square foot office and lobby area contained within the senior building dedicated to the administration of the age-restricted units.

SITE ISSUES

SITE DESCRIPTION

Total Size:	3.5 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone AE	**Within 100-year floodplain?**	☒ Yes ☐ No
Current Zoning:	General Residential	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Southeast corner of intersection of College Drive and Stadium Drive, in Vernon, Texas.

Adjacent Land Uses:

- **North:** College Drive immediately adjacent and Vernon College beyond;
- **South:** Kelly Street immediately adjacent and residential housing and Wilbarger Street beyond;
- **East:** undeveloped land immediately adjacent, and Merrill Gardens Retirement Center and Wilbarger General Hospital beyond; and
- **West:** Stadium Drive immediately adjacent and a Seventh Day Adventist Church beyond.

Site Access: The site is accessed on the north from College Drive (US 70), and on the south from Kelly Street. US 70 is a major artery through Vernon. Another major artery is State HWY 287, which splits off from US 70 approximately 0.5 mile to the northeast.

Public Transportation: The availability of public transportation was not identified in the application materials.

Shopping & Services: Grocery stores, convenience stores, a pharmacy, a bank, retail shops, and restaurants are all located within one mile. It is 0.3 mile to Wilbarger General Hospital, 0.6 mile to the nearest fire station, and 2.0 miles to the police station. Schools from elementary through college are all located within 2 miles.

Adverse Site Characteristics:

Floodplain: The Environmental Site Assessment states that “The property is located in an area of the 100 and 500-year flood plains." (p. 3) According to the 2006 QAP, "Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements." Receipt, review, and acceptance before commencement of construction of a flood hazard mitigation plan to include, at a minimum, certification by a qualified architect or engineer that the construction plans are in accordance with TDHCA guidelines, and consideration and documentation of building flood insurance and tenant flood insurance costs, prior to the initial closing on the property, is a condition of this report.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 05/09/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 24, 2006 was prepared by Kaw Valley Engineering, Inc. and supplemented by a letter dated July 3, 2006. The analyst reported the following findings and recommendations:

Findings:

- **Noise: "**A noise study is not recommended for this site as there is no significant proximity to anticipated sources of excessive noise." (p. 6)
- **Floodplain:** "The property is located in an area of the 100 and 500-year flood plains." (p. 3) (See Adverse Site Characteristics above.)
- **Asbestos-Containing Materials (ACM):** "Since there were not any buildings present on the subject (property), asbestos containing materials and lead based paint are not anticipated to be a concern." (letter 7/3/06)
- **Lead-Based Paint (LBP):** "Since there were not any buildings present on the subject (property), asbestos containing materials and lead based paint are not anticipated to be a concern." (letter 7/3/06)
- **Lead in Drinking Water:** "The level of lead found in the drinking water as reported by (the City of Vernon) in their 2004 Annual Drinking Water Quality Report was within the established standards." (letter 7/3/06)
- **Radon:** "United States Environmental Protection Agency regulations addressing radon have set an exposure limit of 4.0 picoCuries per liter (pCi/L) of air. The Texas Department of State Health Services has conducted radon surveys, which were reviewed to determine the levels of radon in the area of the subject property. According to the information provided, radon levels in Wilbarger County fall into Zone 3, which are low potential with levels typically less than 2 pCi/L." (p. 3)
- **Other: "**Aerial photographic review and a site reconnaissance performed indicated that the property has historically been undeveloped with the exception of two pipes coming out of the ground. The pipe's origins and prior uses are unknown." (p. 1) "There are two pipes … along the south boundary of the property, with one each in the southwest and southeast corners of the property, and a third pipe located on the property to the east. All of the pipes appeared to be hollow and not filled with anything. The pipe in the southwest corner of the property was covered with a combination of soil, vegetation, and a few other materials used for fill." (p.5)
- **Recognized Environmental Concerns (RECs):** "With the exception of the unknown origin of the three pipes sticking out of the ground, and potential floodplain issues, the Phase I ESA has not disclosed evidence indicating the site to have recognized environmental conditions which would preclude the further development of the property." (p. 1)

Recommendations: "Further determination of the pipe origins and use, and appropriate environmental evaluation, is recommended." (p.1)

Receipt, review, and acceptance before commencement of construction of evidence that the origins and uses of the unknown pipes in the ground have been investigated, and any environmental conditions have been evaluated and addressed appropriately, is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Forty-three of the units (98% of the total) will be reserved for low-income tenants. Five of the units (11%) will be reserved for households earning 30% or less of AMGI, 38 units (86%) will be reserved for households earning 60% or less of AMGI, and the one remaining unit will be offered to an employee at the 60% of AMGI rent.

MAXIMUM ELIGIBLE INCOMES

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$19,140	$21,840	$24,600	$27,300	$29,460	$31,680

MARKET HIGHLIGHTS

A market feasibility study dated March 27, 2006 was prepared by Apartment MarketData, LLC (“Market Analyst”), and supplemented by a letter dated July 11, 2006. The Market Analyst reported the following findings:

Secondary Market Information: The Market Analyst did not specifically define a Secondary Market Area. “At the same time the Trade Area is not exclusionary and residents will be drawn from outside the Primary Market Area. This is especially true of projects that include elderly units, as seniors who move into elderly projects are often selling their single-family home and relocating closer to family and friends or closer to conveniences and services. The subject will also draw some residents from nearby Oklahoma.” (p. 35)

Definition of Primary Market Area (PMA): The boundaries of the Primary Market Area are as follows:

- North: Red River / Oklahoma State Line
- East: Wilbarger / Wichita County Line
- South: Wilbarger / Archer County Line
- West: SH 6

This area encompasses approximately 1,478 square miles (p. 34) and is equivalent to a circle with a radius of 22 miles. A primary market area of this size is not unusual for a rural development; this area is somewhat larger than average since it contains more than one county.

Population: The estimated 2005 population of the PMA was 18,728 and is expected to decrease by 6% to approximately 17,617 by 2010. Within the primary market area there were estimated to be 7,485 total households and 3,419 elderly households in 2005.

Primary Market Occupancy Rates: “The competitive sub-market supply and demand analysis conducted by Apartment MarketData Research Services included 142 existing income restricted units and 200 conventional units within the Primary Trade Area. The report reflected strong overall occupancy in all unit types … The occupancy rate for income restricted one bedrooms is 89.0%, income restricted two bedrooms are 95.8%, (and) income restricted three bedroom units are 100% … The occupancy rate for the market rate one bedroom units is 96.9%, market rate two bedroom units are 92.0% occupied, (and) three bedroom market rate units are 87.5% occupied.” (p. 106)

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. 95)

Unstabilized, Under Construction, and Planned Development: “Red River Senior is the most recently completed LIHTC project in the Primary Market Area. This project, consisting of 60 elderly units, was completed in 2005 and is presently 96.7% occupied, with only two vacancies.” (p. 95)

Market Impact: “The subject should not have a detrimental effect on any existing affordable projects, as occupancies are strong at quality affordable projects in the area." (p. 96)

Market Rent Comparables: The Market Analyst surveyed two comparable market rate apartment projects totaling 200 units and three income restricted properties totaling 142 units. The equivalent adjusted market rates for the subject units determined by the Analyst are $445 and $525 for the family two- and three-bedroom units, and $390 and $450 for the senior one- and two-bedroom units. "Although some of the proposed rents are below the program rents, we believe that they are appropriate for the subject based on the rents charged by existing LIHTC properties." (p. 108) The Underwriter requested the Analyst reexamine the analysis taking into consideration the facts that a) a recent LIHTC project, Red River Senior Village, is known to be achieving at or very close to program rents, and b) the other two income restricted comparables are actually USDA projects, with very different criteria which result in reduced rents. The Analyst responded "Since there are very few truly comparable projects … determining the future rent potential … is extremely challenging. The methodology that we utilized … uses … worksheet HUD 92273-S8. This methodology takes into consideration the most comparable market rate projects available in the market, and makes certain adjustments based on a number of factors such as age, amenities, quality, location, and so on. We also reviewed, analyzed, and took into consideration, the rental rates of existing income-restricted units in the market …Based on the different methodology discussed in your letter, we agree that yes, there is a possibility that (this) project could achieve the maximum, or close to the maximum, 30% and 60% LIHTC rents." (letter 7/11/06)

Family Market Demand: To determine the demand for the family units in the proposed development, the Market Analyst utilized a target household adjustment rate of 100% and a household size-appropriate adjustment rate of 67%. (p. 55) The Analyst used reduced rent amounts originally submitted by the Applicant. Based on a 30% of AMGI two bedroom rent of $290 and a 35% rent burden per household, the Analyst calculated a minimum income of $9,943 for the 30% units. Assuming 1.5 persons per bedroom (rounded up), the maximum household income for the 30% units is the 5-person income of $14,750. Similar calculations for the 60% units, based on a two-bedroom rent of $525, indicates an income band of $18,000 to $29,460. (p. 47) From these bands the Analyst determined an income eligible adjustment rate of 20%. (p. 53) The tenure appropriate adjustment rate of 49% is specific to the income-eligible population. (p. 53) The Market Analyst indicates a turnover rate of 65% applies based on IREM. (p. 55)

The Applicant subsequently revised the proposed rents to the maximum HTC program rents. The Underwriter therefore applied these rents, and determined income bands of $10,526 to $14,750 for the 30% units and $21,086 to $29,460 for the 60% units. The Underwriter calculated an income-eligible adjustment rate of 23. The tenure appropriate adjustment rate of 39% is specific to the income-eligible population.

MARKET DEMAND SUMMARY

Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	-2	0%	-4	0%
Resident Turnover	664	100%	297	100%
TOTAL DEMAND	**662**	**100%**	**293**	**100%**

p. 57

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 5% based upon 662 units of demand and 32 unstabilized affordable housing units in the PMA (including only the subject). (p. 58) Based on significantly smaller income bands, the Underwriter calculated an inclusive capture rate of 11% based upon a supply of 32 unstabilized units divided by a revised demand estimate of 293 affordable units. Current TDHCA guidelines allow inclusive capture rates as high as 100% for rural developments.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed***	**Program Max**	**Differential**	**Est. Market****	**Differential**
2-Bedroom (30%)	$217	$218	-$1	$445	-$228
2-Bedroom (60%)	$525	$526	-$1	$445	$80
3-Bedroom (30%)	$235	$235	$0	$525	-$290
3-Bedroom (60%)	$589	$589	$0	$525	$64

(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)

*these are revised rents submitted on amended rent schedule 7/14/06

**see the discussion regarding market rent conclusions in the Market Rent Comparables section above

Senior Market Demand: To determine the demand for the senior units in the proposed development, the Market Analyst utilized a target household adjustment rate of 46% (p. 46) and a household size-appropriate adjustment rate of 100% since “with senior households, it is likely that most all of the households will be comprised of one or two persons.” (p. 56) The Analyst used reduced rent amounts originally submitted by the Applicant. Based on a 30% of AMGI one bedroom rent of $233 and a 40% rent burden per senior household, the Analyst calculated a minimum income of $6,990 for the 30% units. Assuming 1.5 persons per bedroom (rounded up), the maximum household income for the 30% one bedroom units is the 2-person income of $10,900. Similar calculations for the 60% units indicate a minimum income of 12,990 based on a one-bedroom rent of $433 and a maximum income of $27,300 based on 4-person occupancy of the two-bedroom senior unit. (p. 49) From these bands the Analyst determined an income-eligible adjustment rate of 20%. (p. 53) The tenure appropriate adjustment rate of 49% is specific to the income-eligible population. (p. 53) The Market Analyst indicates a turnover rate of 65% applies based on IREM. (p. 55)

The Applicant subsequently revised the proposed rents to the maximum HTC program rents. The Underwriter therefore applied these rents, and determined income bands of $7,650 to $10,900 for the 30% units and $15,360 to $24,600 for the 60% units, based on 3-person occupancy of the two-bedroom senior unit. The Underwriter calculated an income-eligible adjustment rate of 23%. The tenure-appropriate adjustment rate of 39% is specific to the income-eligible population.

MARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	-1	0%	-1	0%
Resident Turnover	149	100%	102	100%
TOTAL DEMAND	**148**	**100%**	**101**	**100%**

p. 57

Inclusive Capture Rate: For the senior units, the Market Analyst calculated an inclusive capture rate of 49% based on a supply of 72 unstabilized affordable senior housing units in the PMA and demand for 148 units. (p. 59) (While Red River Senior Village reports 96.7% occupancy, it has been open less than one year, therefore its 60 units are included as unstabilized). The Underwriter calculated an inclusive capture rate of 72% based on a supply of 72 unstabilized units divided by a revised demand estimate for 101 affordable units. Current TDHCA guidelines allow an inclusive capture rate as high as 100% for rural developments as well as those targeting the elderly.

SENIOR UNIT RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed***	**Program Max**	**Differential**	**Est. Market****	**Differential**
1-Bedroom (30%)	$202	$202	$0	$390	-$188
1-Bedroom (60%)	$459	$459	$0	$390	$69
2-Bedroom (60%)	$525	$526	$0	$450	$75

(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)

*these are revised rents submitted on amended rent schedule 7/14/06

**see the discussion regarding market rent conclusions in the Market Rent Comparables section above

Unit Mix Conclusion: "The subject project consists of 13.6% one bedroom units, 50.0% two bedroom units, and 36.4% three bedroom units. By comparison, family projects in the trade area offer 42.7% one bedrooms, 46.8% two bedrooms, 9.9% three bedroom units, and 0.6% four bedroom units … The subject project is designed to meet the needs of both families and seniors. As such, its unit mix has a higher percentage of two and three bedroom units. It is our opinion, given current occupancies and the forecasted household growth, that the subject mix, for all purposes, will meet the needs of lower and median income families and seniors within the sub-market." (p. 103)

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of 12/07/2005, maintained by the City of Vernon, from the 2006 program gross rent limits. (The Applicant originally proposed reduced rents, but subsequently submitted a revised rent schedule on 7/14/2006 based on 2006 program gross rents.) Tenants will be required to pay electric costs only.

The Applicant projected secondary income of $6 per unit per month from vending, laundry, and forfeited deposits. The Applicant's estimate of vacancy and collection losses is consistent with TDHCA guidelines. The Applicant's estimated Effective Gross Income of $248,760 is within 5% of the Underwriter's estimate of $249,034.

Expenses: The Applicant's Total Annual Operating Expense projection of $3,750 per unit is within 5% of the Underwriter's estimate of $3,793, derived from the TDHCA database and third-party data sources. Several of the Applicant's individual expense line items differ significantly from TDHCA expected values: Payroll & Payroll Tax ($17K higher), Repairs & Maintenance ($15K lower), Utilities ($5K lower), Property Insurance ($4K lower), and Property Tax ($7K higher).

Conclusion: The Applicant's Effective Gross Income, Total Annual Operating Expenses, and Net Operating Income (NOI) are each within 5% of the Underwriter's estimates. Therefore, the Applicant's NOI will be used to determine debt capacity.

The Applicant's NOI and revised debt service result in a debt coverage ratio (DCR) equal to the current underwriting maximum guideline of 1.30. Therefore, the Applicant's proposed financing structure will be recommended. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in continued positive cashflow and a debt coverage ratio that remains above 1.10. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 14 acres	$28,000	**Assessment for the Year of:**	2005
Land: per acre	$2,000	**Valuation by:**	Wilbarger County Appraisal District
Total Value (3.5 acres):	$7,000 (prorated)	**Tax Rate:**	0.0066233

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Commercial and Industrial Real Estate Sale Contract (3.50 (+/-) acres)

Contract Expiration: 08/01/2006 **Valid through Board Date?** ☒ Yes ☐ No

Acquisition Cost: $75,000 **Other:**

Seller: Michael Joe May **Related to Development Team?** ☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

The Applicant submitted a revised Development Cost Schedule on 7/14/2006. This evaluation addresses those revised costs.

Acquisition Value: The site cost of $21K per acre is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $7,159 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost: The Applicant's direct construction cost estimate is consistent with the Underwriter's estimate derived from the Marshall & Swift *Residential Cost Handbook.*

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. The calculated eligible basis of $3,923,250 is increased by 30% to $5,100,225 because the subject site is located in a Qualified Census Tract. This adjusted basis and the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006 support annual tax credits of $431,479. This figure will be compared to the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. The Applicant's request will not limit the tax credits recommended as the requested allocation was most likely based on an understated applicable percentage rate.

FINANCING STRUCTURE

INTERIM FINANCING

Source: Nortex Housing Finance Corporation **Contact:** David Clark

Principal: $155,000 **Interest Rate:** Floating at Prime **Term:** 12 months

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

INTERIM FINANCING

Source: Great Southern Bank **Contact:** Robin Turner

Principal: $86,000 **Interest Rate:** Floating at Prime **Term:** 12 months

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

INTERIM to PERMANENT FINANCING

Source: CharterMac Capital **Contact:** Justin Ginsberg

Principal: $620,000 **Interest Rate:** 8.0%, fixed **Amort:** 384 months

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☒ Conditional Commitment ☐ Application

Comments: Interim Construction period for up to 24 months at 7% interest only

TAX CREDIT SYNDICATION

Source: CharterMac Capital **Contact:** Justin Ginsberg

Proceeds: $3,675,000 **Net Syndication Rate:** 89% **Anticipated HTC:** $413,008/year

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☒ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $5,000 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim Financing: Nortex Housing Finance Corporation will provide $155,000 in interim financing. Nortex is a public non-profit corporation created to carry out the purposes of the Texas Housing Finance Corporations Act, which purposes include the issuance of obligations for, or the participation in the financing of, single-family and multi-family housing projects. This is expected to be a 12 month interest only balloon note floating at the prime rate.

Great Southern Bank will provide $86,000 in interim financing in the form of a 12 month interest only balloon note floating at the prime rate.

Interim to Permanent Financing: CharterMac Capital provided a conditional commitment to provide $620,000 in interim to permanent financing. The interim construction period will be up to 24 months with interest only payments at a fixed rate of 7.0%. The permanent loan will be at a fixed rate of 8.0% fully amortizing over 30 years. The Applicant submitted a revised financing structure on 7/14/06 indicating an increase in this interim to permanent funding to $730,000, but not a new commitment, though it appears to be achievable. Revised commitment documents reflecting the increased debt will be a condition of this report.

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. The application indicated expected syndication proceeds of $3,675,000. The revised financing structure submitted on 7/14/06 indicates syndication proceeds reduced to $3,528,000. The syndication rate proposed in the commitment is at the low end of current credit prices. Any increase in the final syndication rate would create an excess of funds, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $5,000 amount to 1% of the total fees. The revised financing structure submitted on 7/14/06 indicates a reduction in the proposed deferred developer's fee to $2,000.

Financing Conclusions: The Applicant's total development cost estimate less the permanent loan of $730,000 indicates the need for $3,530,000 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $396,725 annually would be required to fill this gap in financing. Of the two possible tax credit allocations, the gap-driven amount ($396,725), and eligible basis-derived estimate ($431,479), at the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006, the gap-driven amount of $396,725 is recommended resulting in proceeds of $3,530,000 based on a syndication rate of 89%.

This rate is at the low end of current credit prices. Any increase in the final syndication rate will create an excess of funds, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, and Property Manager are related entities. These are common relationships for HTC-funded developments.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Zimmerman Investments, LLC is the Managing Member and 100% Owner of Zimmerman Properties, LLC. Zimmerman Properties is the Managing Member and 90% Owner of the General Partner. Zimmerman Investments and Zimmerman Properties submitted an unaudited common financial statement as of December 31, 2005 reporting total assets of $19M and consisting of $183K in cash, $8M in receivables, $1M in real property, $4K in machinery, equipment, and fixtures, and $6M in partnership interests. Liabilities totaled $10M, resulting in net assets of $9M.
- O'Brien Companies, LLC, the 10% owner of the General Partner, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of $31K and consisting of $1K in cash and $30K in other current assets. Liabilities totaled $15K, resulting in net assets of $16K.
- Wilhoit Properties, Inc., the Property Manager, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of $4M and consisting of $399K in cash, $1.7M in receivables, $108K in fixed assets, and $1.8M in business interests. Liabilities totaled $2.2M, resulting in net assets of $1.8M.
- The principal(s) of the Members of the General Partner, Vaughn and Rebecca Zimmerman, Justin and Leah Zimmerman, and Kelly Holden, submitted unaudited financial statements as of December 31, 2005.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The senior portion of the development will need to capture more than 50% of the anticipated demand.
- The significant financing structure changes being proposed have not been reviewed by the lenders and syndicators, and acceptable alternative structures may exist.

Underwriter:	Thomas Cavanagh	**Date:**	August 4, 2006
Director of Real Estate Analysis:	Tom Gouris	**Date:**	August 4, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Campus View Intergenerational Apartments, Vernon, 9% HTC 060129 -- App Perc Inc

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 30%	1	1	1	709	$255	$202	$202	$0.28	$53.00	$44.59
TC 60%	5	1	1	709	512	$459	2,295	0.65	53.00	44.59
TC 30%	2	2	2	964	307	$218	436	0.23	89.11	48.38
TC 60%	13	2	2	964	615	526	6,837	0.55	89.11	48.38
TC 60%	6	2	2	971	615	526	3,155	0.54	89.11	48.38
EO	1	2	2	964	615	526	526	0.55	89.11	48.38
TC 30%	2	3	2	1,131	355	235	471	0.21	119.69	52.17
TC 60%	14	3	2	1,131	709	589	8,250	0.52	119.69	52.17
TOTAL:	44		**AVERAGE:**	991	$599	$504	$22,172	$0.51	$95.31	$49.24

INCOME	Total Net Rentable Sq Ft:	43,600	TDHCA	APPLICANT		Comptroller's Region	2
POTENTIAL GROSS RENT			$266,058	$265,764		IREM Region	
Secondary Income	Per Unit Per Month:	$6.00	3,168	3,168	$6.00	Per Unit Per Month	
Other Support Income: vending, laundry, forfeited deposits			0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$269,226	$268,932			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(20,192)	(20,172)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0	0			
EFFECTIVE GROSS INCOME			$249,034	$248,760			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.78%	$327	0.33	$14,406	$12,487	$0.29	$284	5.02%
Management		5.00%	283	0.29	12,452	12,438	0.29	283	5.00%
Payroll & Payroll Tax		13.38%	757	0.76	33,314	50,000	1.15	1,136	20.10%
Repairs & Maintenance		10.04%	568	0.57	25,007	10,000	0.23	227	4.02%
Utilities		5.05%	286	0.29	12,580	7,500	0.17	170	3.01%
Water, Sewer, & Trash		6.23%	352	0.36	15,508	13,500	0.31	307	5.43%
Property Insurance		5.79%	328	0.33	14,430	10,000	0.23	227	4.02%
Property Tax	2.948855	9.38%	531	0.54	23,355	30,000	0.69	682	12.06%
Reserve for Replacements		3.53%	200	0.20	8,800	8,800	0.20	200	3.54%
Other: compl fees		2.82%	160	0.16	7,035	10,275	0.24	234	4.13%
TOTAL EXPENSES		67.01%	$3,793	$3.83	$166,887	$165,000	$3.78	$3,750	66.33%
NET OPERATING INC		32.99%	$1,867	$1.88	$82,147	$83,760	$1.92	$1,904	33.67%
DEBT SERVICE									
CharterMac Corp		25.81%	$1,461	$1.47	$64,278	$64,278	$1.47	$1,461	25.84%
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		7.18%	$406	$0.41	$17,870	$19,482	$0.45	$443	7.83%
AGGREGATE DEBT COVERAGE RATIO					1.28	1.30			
RECOMMENDED DEBT COVERAGE RATIO						1.30			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		1.77%	$1,705	$1.72	$75,000	$75,000	$1.72	$1,705	1.76%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.42%	7,159	7.22	315,000	315,000	7.22	7,159	7.39%
Direct Construction		53.10%	51,244	51.71	2,254,725	2,255,000	51.72	51,250	52.93%
Contingency	4.99%	3.02%	2,915	2.94	128,250	128,250	2.94	2,915	3.01%
General Req'ts	5.84%	3.53%	3,409	3.44	150,000	150,000	3.44	3,409	3.52%
Contractor's G & A	1.95%	1.18%	1,136	1.15	50,000	50,000	1.15	1,136	1.17%
Contractor's Profit	5.84%	3.53%	3,409	3.44	150,000	150,000	3.44	3,409	3.52%
Indirect Construction		6.92%	6,682	6.74	294,000	294,000	6.74	6,682	6.90%
Ineligible Costs		3.46%	3,335	3.37	146,750	146,750	3.37	3,335	3.44%
Developer's G & A	1.98%	1.59%	1,533	1.55	67,443	0	0.00	0	0.00%
Developer's Profit	13.00%	10.45%	10,081	10.17	443,557	511,000	11.72	11,614	12.00%
Interim Financing		1.65%	1,591	1.61	70,000	70,000	1.61	1,591	1.64%
Reserves		2.39%	2,305	2.33	101,439	115,000	2.64	2,614	2.70%
TOTAL COST		100.00%	$96,504	$97.39	$4,246,164	$4,260,000	$97.71	$96,818	100.00%
Construction Cost Recap		*71.78%*	***$69,272***	***$69.91***	***$3,047,975***	***$3,048,250***	***$69.91***	***$69,278***	*71.56%*

SOURCES OF FUNDS

						RECOMMENDED	
CharterMac Corp	17.19%	$16,591	$16.74	$730,000	$730,000	$730,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$511,000
CharterMac Corp	83.09%	$80,182	$80.92	3,528,000	3,528,000	3,530,000	% of Dev. Fee Deferred
Deferred Developer Fees	0.05%	$45	$0.05	2,000	2,000	0	0%
Additional (Excess) Funds Req'd	-0.33%	($314)	($0.32)	(13,836)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$4,246,164	$4,260,000	$4,260,000	$372,167

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Campus View Intergenerational Apartments, Vernon, 9% HTC 060129 -- App Perc Inc

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$48.09	$1,611,894
Adjustments				
Exterior Wall Finish	0.00%		$0.00	$0
8-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			(1.12)	(37,542)
Floor Cover			2.22	74,414
Porches/Balconies	$19.62	3,223	1.89	63,224
Plumbing per unit	$2,720	32	2.60	87,040
Built-In Appliances	$1,675	32	1.60	53,600
Stairs	$1,900	8	0.45	15,200
Enclosed Corridors	$38.17	4,506	5.13	171,968
Heating/Cooling			1.73	57,990
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$73.46	1,532	3.36	112,533
Other:			0.00	0
SUBTOTAL			65.94	2,210,320
Current Cost Multiplier	1.04		2.64	88,413
Local Multiplier	0.89		(7.25)	(243,135)
TOTAL DIRECT CONSTRUCTION COSTS			$61.32	$2,055,598
Plans, specs, survy, bld prm	3.90%		($2.39)	($80,168)
Interim Construction Interes	3.38%		(2.07)	(69,376)
Contractor's OH & Profit	11.50%		(7.05)	(236,394)
NET DIRECT CONSTRUCTION COSTS (FAMILY)			$49.81	$1,669,659
NET DIRECT CONSTRUCTION COSTS (SENIOR)			$58.04	$585,066
NET DIRECT CONSTRUCTION COSTS (TOTAL)			$51.71	$2,254,725

PAYMENT COMPUTATION

Primary	$730,000	Amort	360
Int Rate	8.00%	DCR	1.28

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.28

Additional	$3,528,000	Amort	
Int Rate		Aggregate DCR	1.28

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$64,278
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$19,482

Primary	$730,000	Amort	360
Int Rate	8.00%	DCR	1.30

Secondary	$0	Amort	360
Int Rate	8.00%	Subtotal DCR	1.30

Additional	$3,528,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$265,764	$273,737	$281,949	$290,407	$299,120	$346,762	$401,992	$466,019	$626,290
Secondary Income	3,168	3,263	3,361	3,462	3,566	4,134	4,792	5,555	7,466
Other Support Income: vending	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	268,932	277,000	285,310	293,869	302,685	350,895	406,784	471,574	633,756
Vacancy & Collection Loss	(20,172)	(20,775)	(21,398)	(22,040)	(22,701)	(26,317)	(30,509)	(35,368)	(47,532)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$248,760	$256,225	$263,912	$271,829	$279,984	$324,578	$376,275	$436,206	$586,224
EXPENSES at 4.00%									
General & Administrative	$12,487	$12,986	$13,506	$14,046	$14,608	$17,773	$21,623	$26,308	$38,943
Management	12,438	12811.2482	13195.58559	13591.45316	13999.19676	16228.90586	18813.74982	21810.29241	29311.2092
Payroll & Payroll Tax	50,000	52,000	54,080	56,243	58,493	71,166	86,584	105,342	155,933
Repairs & Maintenance	10,000	10,400	10,816	11,249	11,699	14,233	17,317	21,068	31,187
Utilities	7,500	7,800	8,112	8,436	8,774	10,675	12,988	15,801	23,390
Water, Sewer & Trash	13,500	14,040	14,602	15,186	15,793	19,215	23,378	28,442	42,102
Insurance	10,000	10,400	10,816	11,249	11,699	14,233	17,317	21,068	31,187
Property Tax	30,000	31,200	32,448	33,746	35,096	42,699	51,950	63,205	93,560
Reserve for Replacements	8,800	9,152	9,518	9,899	10,295	12,525	15,239	18,540	27,444
Other	10,275	10,686	11,113	11,558	12,020	14,625	17,793	21,648	32,044
TOTAL EXPENSES	$165,000	$171,476	$178,207	$185,203	$192,475	$233,372	$283,002	$343,235	$505,099
NET OPERATING INCOME	$83,760	$84,749	$85,705	$86,626	$87,509	$91,206	$93,273	$92,970	$81,125
DEBT SERVICE									
First Lien Financing	$64,278	$64,278	$64,278	$64,278	$64,278	$64,278	$64,278	$64,278	$64,278
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	$19,482	$20,471	$21,427	$22,348	$23,231	$26,928	$28,995	$28,693	$16,847
DEBT COVERAGE RATIO	1.30	1.32	1.33	1.35	1.36	1.42	1.45	1.45	1.26

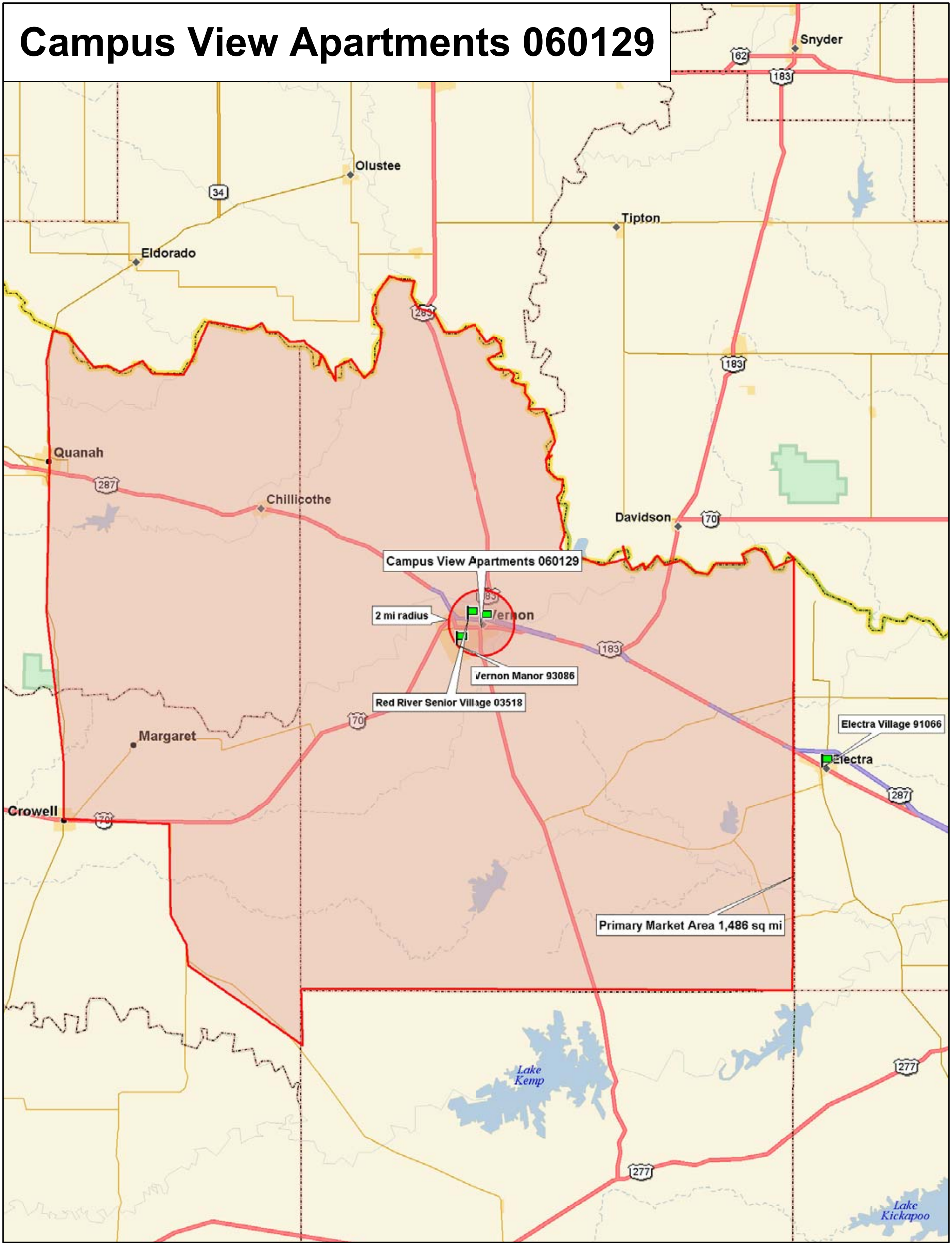
HTC ALLOCATION ANALYSIS - Campus View Intergenerational Apartments, Vernon, 9% HTC 060129 -- App Perc Inc

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	$75,000	$75,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$315,000	$315,000	$315,000	$315,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$2,255,000	$2,254,725	$2,255,000	$2,254,725
(4) Contractor Fees & General Requirements				
Contractor overhead	$50,000	$50,000	$50,000	$50,000
Contractor profit	$150,000	$150,000	$150,000	$150,000
General requirements	$150,000	$150,000	$150,000	$150,000
(5) Contingencies	$128,250	$128,250	$128,250	$128,250
(6) Eligible Indirect Fees	$294,000	$294,000	$294,000	$294,000
(7) Eligible Financing Fees	$70,000	$70,000	$70,000	$70,000
(8) All Ineligible Costs	$146,750	$146,750		
(9) Developer Fees				
Developer overhead		$67,443		$67,443
Developer fee	$511,000	$443,557	$511,000	$443,557
(10) Development Reserves	$115,000	$101,439		
TOTAL DEVELOPMENT COSTS	$4,260,000	$4,246,164	$3,923,250	$3,922,975

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		$3,923,250	$3,922,975
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$5,100,225	$5,099,868
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$5,100,225	$5,099,868
Applicable Percentage		8.46%	8.46%
TOTAL AMOUNT OF TAX CREDITS		$431,479	$431,449

Syndication Proceeds	**0.8898**	**$3,839,236**	**$3,838,967**
Total Tax Credits (Eligible Basis Method)		**$431,479**	**$431,449**
Syndication Proceeds		**$3,839,236**	**$3,838,967**
Requested Tax Credits		**$413,008**	
Syndication Proceeds		**$3,674,884**	
Gap of Syndication Proceeds Needed		**$3,530,000**	
Total Tax Credits (Gap Method)		**$396,725**	

Campus View Apartments 060129



03184 - Revised Letter

PEGASUS VILLAS, LTD.
2425 Old Dennis Road
Weatherford, TX 76087
(817) 599-0730

October 13, 2008

Audrey Martin
Senior Cost Certification Specialist
Real Estate Analysis Division
Texas Department of Housing and Community Affairs

RE: Pegasus Villas (TDHCA #03184)

Dear Audrey:

Please accept this letter as our formal request to approve an amendment to our application for tax credits as follows:

- Increase Low Income (LI) 60% AMI units by five and decrease Market (Mkt) units by five
- Decrease the number of parking spaces from 316 to 294

Additionally, we respectfully request that you accept the methodology pertaining to calculation of unit square footages (sf) from Mkt at application to HUD at Cost Certification and confirm that no amendment or board approval is necessary.

In connection with this request we are providing backup documentation and additional information in support of your submission as part of the November Board meeting.

Change in LI Set-Aside

Changing the LI set-asides is necessary in order for us to avoid losing tax credits by reporting a lower AF. We respectfully request amendment to our original application to permit a decrease by 5 in the number of Mkt units and an increase by 5 in the number of 60% AMI set-aside LI units. We also respectfully request confirmation that the change does not create a problem with respect to the points scored under the initial application and subsequent award of tax credits.

The attached Exhibit 11A is updated and revised from the version you received in conjunction with the September Board meeting. It reflects 129 LI tax credit units out of the total 156 units, instead of the originally committed 124 LI units. The unit AF is 82.69% (129/156) and the sf AF is 79.95% (106,343/133,007) based on HUD sf methodology. The change results in a final unit set-aside mix of:

AMI	Units	Change from application
30%	25	
40%	13	
50%	25	
60%	66	+5
Market	27	-5
Total Units	156	

Decrease of Parking Spaces

The architect of record, Humphreys and Partners, certified the final number of parking spaces at 294 while the application called for 316 spaces. This calculates to approximately 1.9 spaces per unit and was approved as built by the City of Dallas.

Net Rentable Area Calculation

As we've discussed, the total net rentable area (NRA) only appeared to decrease by more than 3%. The discrepancy lies in the way the total NRA is calculated. The 142,642 sf noted in the original underwriting analysis and the 143,195.36 sf noted (in blue) on the Project Data Sheet were calculated as total Mkt sf, defined as "air conditioned space including thickness of exterior walls of each unit being measured." Consequently, the differing numbers on the Project Data Sheet (133,035.66 HUD vs. 143,195.36 Mkt) represent the same data but simply using different measuring techniques (HUD vs. Mkt). Ultimately, the total NRA *increased* to 143,195.36 using the Mkt methodology.

As noted in Exhibit 5A the 133,007 sf is calculated using HUD unit sf rounded to the nearest whole number multiplied by the number of units of a given unit type. The Project Data Sheet (Architects Certified copy attached) showed this number (highlighted in red) as 133,035.66 sf. These two numbers represent the same data with and without rounding, respectively.

Regardless of which methodology is reported our goal remains to preserve the maximum feasible low income housing tax credit stream. Our intention was and remains the maintenance of an applicable fraction (AF) of no less than the 80%, consistent with the current LURA (Appendix A). Increasing the number of LI units by 5 is necessary in order to maintain the AF at 80% (at the lower of the unit and sf fractions).

In your e-mail of 9/30/2008 you indicated we are free to use either HUD or Mkt methodologies for purposes of calculating AF. Given the specifics of the unit mix the difference is negligible (79.95% HUD versus 80.03% Mkt). In order to avoid further amending the various supporting exhibits to the Cost Certification we will continue to reflect the HUD sf methodology. You indicate Board approval for the switch from Mkt to HUD is not required and we are relying on your conclusion that changing methodology does not warrant Board review.

03184 - Revised Letter

Thank you again for your assistance. We are available to discuss any questions or comments you may have. My telephone number has changed to 817-599-0730 and my e-mail has changed to shudson@gcm-orc.org.

If you require any further information or have any questions, please feel free to contact both me and Adam Galowitz.

Sincerely,

Suzy Hudson
Pegasus Villas, Ltd.

cc: Adam Galowitz, Wachovia Securities

03184 - Original Letter

PEGASUS VILLAS, LTD.
2425 OLD DENNIS ROAD
WEATHERFORD, TX 76087
PHONE: (817) 599-0730

July 14, 2008

Mr. Ben Sheppard
TDHCA
P.O. Box 13941
Austin, TX 78711-3941
(512) 475-2122

RE: Request for Initial Application Amendment
TDHCA #03184

Dear Mr. Sheppard:

Let me begin by apologizing to the department for the vast amount of correspondence and alterations to our cost certification submission, and subsequently the LURA and application.

Please accept this letter as our formal request to amend our application for tax credits due to a discrepancy in the final floor plan square footage upon completion of the rehabilitation of Pegasus Villas. The LURA and application on file call for an applicable fraction of 79.49%. Upon completion and review of the final cost certification we found that, using the unit mix promised in the application, the applicable fraction was only 77.47%.

Rather than losing tax credits by lowering our applicable fraction, we respectfully request an amendment to our original application. According to the attached Exhibit 11A out of the final cost certification, we now propose to provide 129 tax credit units out of the total 156 units rather than the originally committed 124. The applicable fraction using these numbers would be 82.69% based on number of units or 79.95% based on square footage (106,343 tax credit footage/133,007 total square footage). A corrected rent roll is also attached for your review.

Please confirm that, by increasing the number of low income units, we will not create a problem with respect to the points scored under the initial application and subsequent award of tax credits.

03184 - Original Letter

Thank you so much for reviewing our request. We sincerely hope this is the last alteration and respectfully request consideration of our application amendment. We are anxious to implement the change as soon as possible and would like to discuss the process and timeframe for obtaining your formal approval to these changes as well as the issuance of the 8609's. If you require any further information, please contact me at (817) 771-9674.

Sincerely,

Suzy Hudson

PRIOR AMENDMENT APPROVED

03184

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

Texas Department of Housing and Community Affairs
Housing Tax Credit Program
U.S. Mailing Address: P.O. Box 13941, Austin, Texas 78711-3941
Private Carrier Delivery: 507 Sabine, Suite 400 Austin, TX 78701
Telephone: (512) 475-3340 Telecopier: (512) 475-0764

To: Glenn Lynch **NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST HEARD 3/20/07**

HTC No. 03184, Pegasus Villas

Summary of Request: In a package received on November 11, 2006, owner requested the Board's approval for several items as follow:

(1) The owner requested the Board's acknowledgement and acceptance of the applicant's original intent to indicate that the building would have a secured entry as the feature represented by checking the box for "monitored unit security" in the Specifications and Amenities section of the application. The single residential building that comprises the development has two entry doors that are monitored by management staff during the day and that are only accessible via key code after management hours. The building also has a security feature that was not proposed in the application, a full perimeter security fence with controlled gate access.

(2) Owner requested that a "Community Garden/Walk Trail," as described in the Specifications and Amenities section of the application, be replaced by the substitute feature of an observation deck on the roof. The observation deck was not named as an amenity in the application.

(3) Owner requested that the Board accept the development as built with 316 parking spaces instead of 350 as described in the application. The reduction is approximately 9.7% of the number of spaces originally proposed and leaves the elderly development with a parking ratio that is still slightly more than two spaces per unit. The parking was reduced to allow islands to exist around twelve large oak trees, the feature substituting for the parking spaces. The final number of parking spaces exceeds city code.

Governing Law and Rules:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a significant modification of the site plan, any modification that is considered significant by the board.
Owner:	Pegasus Villas, Ltd.
General Partner:	Pegasus Stemmons Development, Inc.
Principals/Interested Parties:	Operation Relief Center, Inc. (Nonprofit owner of GP)
Syndicator:	Wachovia Securities
Construction Lender:	Western National Bank
Permanent Lender:	Red Mortgage Capital, Inc.
Other Funding:	City of Dallas (forgivable loan)
City/County:	Dallas/Dallas
Set-Aside:	Acquisition/Rehabilitation
Type of Area:	Urban
Type of Development:	Rehabilitation (adaptive reuse of an office building)
Population Served:	Elderly
Units:	124 HTC units and 32 market rate units
2003 Allocation:	$1,153,613
Allocation per HTC Unit:	$9,303
Prior Board Actions:	7/03 – Approved award of tax credits
Underwriting Reevaluation:	The change would not materially affect the underwriting and no change in the amount of the award is recommended.
Staff Recommendation:	**Staff recommends approving the request. The changes would not materially alter the development in a negative manner and would not have adversely affected the selection of the application.**
Penalty Assessment:	**No penalty assessment is recommended because the request was made prior to the December 1, 2006 effective date of the penalty language in the QAP.**

THIS REQUEST WAS APPROVED AT THE BOARD MEETING OF MARCH 20, 2007. THE APPROVAL WILL BE CONFIRMED BY THE MINUTES AS APPROVED AND RECORDED IN A SUBSEQUENT BOARD MEETING. THIS NOTIFICATION MUST BE INCLUDED IN YOUR COST CERTIFICATION.

Ben Sheppard

Ben Sheppard
Multifamily Finance Production

04432 - New Letter

COATS | ROSE

WILLIAM D. WALTER, JR.
wwalter@coatsrose.com
(512) 469-7987, ext. 8447
Direct Fax
(713) 890-3954

HOUSTON
AUSTIN
DALLAS
SAN ANTONIO
CLEARLAKE/GALVESTON CO.
NEW ORLEANS

September 19, 2008

Via Email
Ms. Robbye Meyer
Texas Department of Housing
and Community Affairs
Texas Department of Housing
and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Mariposa at Hunter Road (TDHCA #04432)

Dear Ms. Meyer:

As counsel for the limited partnership owner (the "**Applicant**") of the above-referenced project (the "**Development**"), we have been asked by Applicant to send this response to the staff recommendation posted in the board book for the September 3 and 4, 2008 meeting of the board of the Texas Department of Housing and Community Affairs ("**TDHCA**"). The Applicant appreciates Mr. Gerber's kind words concerning the Development at the meeting, however, Applicant wishes to clarify any outstanding issues regarding its amendment request. Based on the circumstances of the amendment, as well as our review, TDHCA staff should recommend an approval of the proposed amendment. To do otherwise would constitute a violation of section 50.17(d)(3) of the 2008 Qualified Allocation Plan (the "**QAP**").

1. <u>No Material Alterations in a Negative Manner</u>

Section 50.17(d)(3) provides that "[t]he Board by vote may reject an amendment and, if appropriate, rescind a Commitment Notice or terminate the allocation of Housing Tax Credits ...if the Board determines that the modification proposed in the amendment: (A) would materially alter the Development in a negative manner; or (B) would have adversely affected the selection of the Application in the Application Round. Because the Development is a 4% transaction, clause (B) does not apply. As such, TDHCA staff must show modifications that materially altered the Development in a negative manner in order to have a proper basis for not recommending the amendment to the board. On reviewing the modifications and the circumstances involving their inclusion, the improvements caused by the modifications preclude a finding that the changes materially alter the Development in a negative manner.

2. Positive Modifications

The recommendation issued by TDHCA staff cites changes to the site plan, unit mix, unit number and project amenities. The recommendation states the changes negatively affect future tenants, and continues on to recommend additional amenities to compensate for a purported reduction in square footage of the two bedroom units and a lack of microwaves and self-cleaning ovens in each unit. As bolstered by testimony of TDHCA staff at the September 4 board meeting, the unit size, microwaves and ovens seemed to form the basis for staff's opinion of a negative impact on the future residents. Given Applicant's actual increase in the two bedroom unit size, the lack of authority for inclusion of selection criteria amenities and the more than tenfold increase in additional amenities provided to residents, however, we believe this opinion should be reconsidered.

A. Increase in Two Bedroom Unit Sizes

TDHCA staff asserts that Applicant reduced the square footage of the two bedroom units from 1050 square feet to 999 square feet. A review of Applicant's prior correspondence with TDHCA reflects that the 999 square footage for the two bedroom units actually represents an increase from the size initially represented to TDHCA, and is consistent with further correspondence by Applicant with TDHCA.

The initial plans submitted with the tax credit application show proposed two bedroom units of 946 square feet. Please see attached **Exhibit "A"**. The size for these units was updated via a July 12, 2004 letter from Applicant's consultant to TDHCA. Please see attached **Exhibit "B"**. The letter states at item 4 that the 2/2 units will be increased to a range of between 1000 to 1050 square feet. The 999 square foot unit size is consistent with TDHCA's own underwriting analysis from July 15, 2004, which noted the 1000-1050 footage range. Please see attached **Exhibit "C"**. Finally, please note the attached mail correspondence sent on behalf of Applicant to satisfy the unit size underwriting requirement found in the July 15 underwriting analysis. Please see attached **Exhibit "D"**. The correspondence clearly states the two bedroom unit size at 999 square feet. As such, the 999 square foot unit size is materially consistent with the application, has no material adverse effect on the Development, and reflects an *increase* in the two bedroom unit size from the application.

B. Additional Amenities

The second prong of TDHCA staff's opinion of a negative impact on the Development centers on a lack of microwaves and self-cleaning ovens. At the time of submission of the application, Applicant's consultant (who is no longer a consultant for Applicant) erroneously checked amenities included as 9% selection criteria, and these included the microwaves and self-cleaning ovens. Even if TDHCA holds Applicant to the 9% selection criteria amenities that were included by mistake, the 2004 QAP at section 50.12(b) expressly excludes tax exempt bond projects from the selection criteria rules found in sections 50.9(d)(2) and (g). With these provisions excluded, it is unclear to us on what authority TDHCA staff is holding Applicant to the 9% selection criteria. These criteria are not applicable to a 4% project.

Even if the application of the erroneous selection criteria to Applicant was somehow sanctioned by the QAP, the additional amenities provided by the Applicant at the Development more than compensate for the lack of microwaves and self-cleaning ovens. At the board meeting, Applicant provided a list of amenities that it voluntarily offers over and above the items indicated in its application, and the quantified added value to the residents is an important consideration. The cost of the microwaves and the difference between the ovens installed and self-cleaning ovens totals approximately $28,210. Instead, Applicant has provided at least approximately $718,450 in other, additional amenities:

EXTRA AMENITIES PROVIDED	Extra Amenity Cost
1. **Movie Theater** with upholstered theatre style seating for 26 as well as space for wheelchair access, professionally projected image on 110" screen, theatre décor and complimentary popcorn for Movie Nights and meetings prepared on our old fashioned popcorn machine	$101,250
2. **Card Room** with card/pool tables and Time Warner Cable served color television in attractive armoire	29,500
3. **Morning Room**, for morning coffee and socializing, attractively furnished and enclosed, with complimentary coffee for residents	44,000
4. **Beauty - Barber Salon**	44,000
5. **Antique Rose Garden** with wood bench seating	8,000
6. **Bocce and Horseshoe/Washer Court**	10,000
7. **Community Social Areas** (three) decorated with ample space and seating with card-game tables for gatherings located in secondary buildings around site	3,000
8. **Dog Park** -attractively fenced with bench seating	2,000
9. **Pond, Landscaped for Water Quality** and fenced for safety, with lighted fountain	341,000
10. **Paved and Lighted Concrete Sidewalk Access to Picnic and Grilling Area at Pond**	
11. **Porte Cachere** - covered vehicular entry	105,000
12. **Paved Walking Path** in unobstructed circular design for walking, located in courtyard.	18,000
13. **Peach Orchard** in courtyard	3,000
14. **Fountain** in pool wading area	6,500
15. **Purple Martin Birdhouses** in courtyard - 2	2,500

04432 - New Letter

16. **Performa Weber Grills** (two) in addition to required BBQ grills, soon to be three due to popular use and demand	700
EXTRA AMENITIES TOTAL	**$718,450**

At the September 4 board meeting, TDHCA staff distinguished between common area amenities and unit amenities, although we note that the QAP does not do so, and speaks only of changes that would materially alter *the Development* in a negative manner. We hope that TDHCA staff will agree that provision of more than $700,000 in additional amenities compensates for the loss of $28,210 of microwave ovens. We believe the additional amenities do compensate for the lack of the mistakenly included items, and prevent the changes from materially altering the Development in a negative manner.

3. <u>Staff Inclusion of Cypress Creek at Reed Road Reference</u>

The last item from the initial amendment recommendation meriting clarification by TDHCA staff is its mention of the Cypress Creek at Reed Road transaction. Applicant can think of no relevant reason to include this transaction in the recommendation, except to imply that the retraction of the Development amendment was somehow related to the consideration of the Cypress Creek at Reed Road allocation. As was noted in email correspondence with TDHCA staff, Applicant withdrew the amendment in March 2007 in order for the final inspection of the Development to be completed. Please see attached **Exhibit "E"**. Given Applicant's confusion as to its relevance, we would appreciate staff's deletion of this reference in the revised recommendation.

4. <u>Conclusion</u>

As was stated at the board meeting, the Applicant sincerely regrets that the TDHCA board and staff have had to deal with the issue of an amendment to this Development application, as Applicant has simply been working to provide the best product possible to the residents of the Development. On review of the specific circumstances of the amendment and the staff recommendation, however, we fail to see how the changes involved meet the materially negative alteration required by the QAP for a board denial. We look forward to hearing from you on this issue, and to a speedy resolution of the situation.

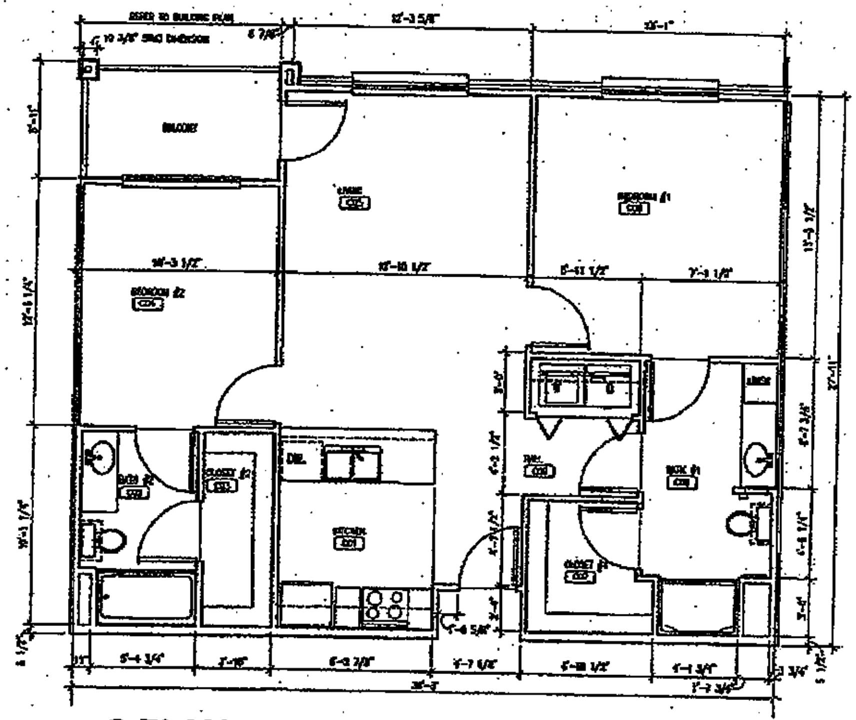
Yours truly,

William D. Walter, Jr.

Cc: Mr. Michael Gerber
Mr. Stuart Shaw
Mr. Barry Palmer
Mr. Casey Bump

04432 - New Letter

EXHIBIT A



C PLAN - 946 S.F.

SCALE: 1/8"=1'-0"

Bonner Carrington LP

GHLA
GAYLEN HOWARD LAING ARCHITECT, INC.

WILLOW SPRINGS SENIORS RESIDENCES
SAN MARCOS, TEXAS

MARCH 9, 2004

04432 - New Letter

EXHIBIT B

04432 - New Letter

D.J. HAMMOND
& Associates, Inc.

VIA EMAIL

July 12, 2004

Mr. Stephen Apple
Real Estate Analysis Division
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, Texas 78701
stephen.apple@tdhca.state.tx.us.

RE: Willow Springs Senior Residences, Tax Exempt Bond Application #04432

Mr. Apple:

Regarding the above-referenced project, please find the enclosed exhibit from the Qualified Application Plan, Part C. Development Cost Schedule of Exhibit 3: Activity Overview. This exhibit has been revised from our original submission to include additional costs which will be incurred due to (i) recent price increases in lumber and metal; and (ii) some design changes we have made since our original submission of the application. Regarding the changes, these are not material changes – they do not change the number of units, unit mix, type of construction, or building design. Instead, they are intended to upgrade the quality of construction, amenities and services in the project. We believe these changes are necessary not only to enhance the quality of living experienced by our residents, but also to maintain long-term competitiveness and sustainability.

Specifically the changes are as follows:

1. Change building elevations to a South Texas Spanish style; exterior materials will be stucco (65% - magna wall, not EFIS), upgrade Eldorado Stone or local natural stone (15%) and hardi-plank (20%), all designed consistent with above referenced style; the exterior colors are to vary according to specific elevation providing non-monolithic look; the roof material will be accented with terra cotta tile in entry areas.

2. Design nine-foot ceilings throughout (no eight foot ceilings) except for selected elevated common areas that will be higher.

3. Add Balconies/Patios to every unit as design permits.

4. Increase area in 2/2 units to 1,000 – 1,050 SF.

5. Add ample pantry closet in every kitchen (vs. a shelf over W/D).

6. Provide for sufficient dining area in the 2/2 to allow for traffic lanes and comfortable living room furniture layout in the living area.

7. Add French doors accessing all balcony/patio doors from units.

04432 - New Letter

8. Use six-over-one paned windows throughout except common area where we will use paned windows up and down. Window frames to be putty color (vs. white).

9. Add ceiling fan with light kits in all living rooms and bedrooms.

10. Specify second accent color on trim in all units;

11. Upgrade floor covering from vinyl tile to non-tear linoleum product in natural stone design.

12. Add chair rail in hallways with different paint colors above and below.

13. Review ALL lighting for aesthetics and energy efficiency. Specifically change all flourescent fixtures to "pillow style" or alternate energy saving fixtures that are aesthetically pleasing.

14. Add designer wall sconce lighting to hallways.

15. Add furniture seating areas and art to all entry areas.

16. Design carpet "entries" to each unit as well as carpet trim enhancements.

17. Redesign the common areas so they are not all congregated together near the entrance and management offices.

18. Enlarge community area, add flooring and fixture enhancements facing the interior.

As documented on the attached exhibit, the additional costs incurred result in an increase of eligible basis to $13,686,373. Consequently, we hereby request additional tax credits, the total revised amount now being $485,866. Please consider this request, and include it in your recommendation to the Board at the July 28, 2004 meeting.

Revised architectural drawings and other application pages will follow under separate cover tomorrow, July 13, 2004. Thanks for your cooperation, and if you have questions or comments regarding this letter or the attachments, please do not hesitate to contact me at the number listed below, or Stuart Shaw at 512-797-9070.

Regards,

Mac Jones
On behalf of Hunter Road Affordable Housing, Ltd.

Enc/

Cc: tom.gouris@tdhca.state.tx.us

04432 - New Letter

EXHIBIT C

04432 - New Letter

- 1 building of Type D with 19 one-bedroom/one-bath units, and 30 two-bedroom/two-bath units; and
- 1 building of Type E with 21 one-bedroom/one-bath units, and 8 two-bedroom/two-bath units.

Revised architectural plans submitted to the Department on July 12, 2004 reflect 180 units as compared to the plans provided as part of the application which indicated that there are 182 units in the development. The revised plans do no provide a full unit/square footage breakdown on a building by building basis and the Applicant only incdicated in a later sent with the revised plans that they have increased area in the 2/2 units to 1,000-1,050 SF. The 2/2 units were originally listed at 946 square feet. The architectural plans provided reflect total building square footage which is significantly greater than previously indicated and if all of the 2/2 units are 1,050 square feet and the 1/1 units have not changed size would reflect common areas and corridors square footage representing 34% of the net rentable square footage. This is an exceptionally large percentage even for a senior's development and needs further investigation given the lack of specificity in the revised plans. Receipt, review, and acceptance prior to the issuance of a determination notice of the Architect's revised unit matrix and detailed square footage breakdown typically found on the architectural plans is therefore a condition of this report.

Architectural Review: Each of the units appears well arranged with an adequate amount of space in each of the rooms and work areas.

Supportive Services: The Applicant has indicated that supportive services will include transportation, recreational activities, and health seminars.

Schedule: The Applicant anticipates construction to begin in August of 2004 and to be completed in August of 2005. The development should be placed in service in May of 2005 and substantially leased-up in August of 2006.

SITE ISSUES

SITE DESCRIPTION

Size: 9.057 acres 394,522 square feet **Zoning/ Permitted Uses:** Multifamily

Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location San Marcos is located in south central Texas, approximately 35 miles south from Austin in Hays County. The site is an irregularly-shaped parcel located in the southwest area of the San Marcos, approximately 2.5 miles from the central business district. The site is situated on the west side of Hunter Road.

Adjacent Land Uses:

- **North:** Doris Miller Junior High School
- **South:** Retail and office center
- **East:** Restaurants, mobile homes, and vacant land across Hunter Road
- **West:** Single family residential

Site Access: The development is to have one main entrance, one from the west from Hunter Road. Access to Interstate Highway 35 is approximately one mile east, which provides connections to all other major roads serving the San Marcos area.

Public Transportation: Public transportation to the area is provided by the San Marcos Transit Authority. The location of the nearest bus stop is approximately 0.9 of a mile from the site.

Shopping & Services: The site is approximately within two miles of major grocery stores, pharmacies, shopping centers, libraries, post offices, restaurants, schools, and health care facilities.

Site Inspection Findings: TDHCA staff performed a site inspection on March 29, 2004 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated April 7, 2004, 2003 and prepared by HBC/Terracon did not identify any recognized environmental conditions. The environmental professional identified a water

EXHIBIT D

04432 - New Letter

From: "Casey C. Bump" <cbump@bonnercarrington.com>
Subject: **Willow Springs Unit Matrix and Detailed Square Footage**
Date: August 4, 2004 9:22:25 AM CDT
To: "Stephen Apple" <stephen.apple@tdhca.state.tx.us>
Cc: "Stuart Shaw" <stuart@bonnercarrington.com>, "James Hunley" <jhunley@paramountpfg.com>, "Mac Jones" <tmjones@djhammond.com>
1 Attachment, 62.1 KB

Stephen,

Please find attached the unit matrix and detailed square footage breakdown typically found on the architects plans as requested by the Conditions stipulated in the Underwriting Analysis.

We will come to you shortly with the sitework cost information.

Please confirm receipt of the email.

Thanks,

Casey

Willow Springs Seniors Residences

Unit Matrix and Area Breakdown
Hunter Raod Affordable Housing, Ltd.

August 3, 2004

				Balconies		
Unit Designation	Area	Quantity	Totals SF	Quantity	Area	Totals SF
B1	714 SF	52	37128	32	62	1984
B1-HC	714 SF	2	1428	1	62	62
B2	714 SF	54	38556	54	78	4212
B2-HC	714 SF	3	2142	3	78	234
C	999 SF	65	64935	65	61	3965
C-HC	999 SF	4	3996	4	61	244
Unit Totals		180	148185			10701
Clubhouse/activity			7638			
Storage			2427			
Corridors and Mech			46378			
Other Porches						3633
Total Area			204628 SF			14334

04432 - New Letter

Willow Springs Seniors Residences

Unit Matrix and Area Breakdown

Hunter Raod Affordable Housing, Ltd.

August 3, 2004

				Balconies		
Unit Designation	Area	Quantity	Totals SF	Quantity	Area	Totals SF
B1	714 SF	52	37128	32	62	1984
B1-HC	714 SF	2	1428	1	62	62
B2	714 SF	54	38556	54	78	4212
B2-HC	714 SF	3	2142	3	78	234
C	999 SF	65	64935	65	61	3965
C-HC	999 SF	4	3996	4	61	244
Unit Totals		180	148185			10701
Clubhouse/activity			7638			
Storage			2427			
Corridors and Mech			46378			
Other Porches						3633
Total Area			204628 SF			14334

04432 - New Letter

EXHIBIT E

04432 - New Letter

From: "Casey C. Bump" <cbump@bonnercarrington.com>
Subject: **Re: Mariposa amendment 04432**
Date: March 1, 2007 9:59:17 AM CST
To: Ben Sheppard <ben.sheppard@tdhca.state.tx.us>
Cc: Stuart Shaw <stuart@bonnercarrington.com>, Jeffrey Spicer <JSpicer@statestreethousing.com>
1 Attachment, 28.0 KB

Ben,

Thank you for getting the gazebo taken care of. That is one less thing to have to worry about.

I did have an opportunity to consult with Jeff Spicer. After a lengthy discussion we thought it would be best to wait until we have the final inspection to take our request to the board. It seems like going to the board once to resolve all issues will save the board some time and keep us from having to go back to them again. I admit that we did not do the best job thinking this through before we submitted the amendment application last fall, but appreciate the guidance you have given us. I know we talked about how the board with a concise plan would be in our best interest whether we are only addressing amenities and/or the unit mix change. We believe that waiting will give us the best opportunity to bring a total package to the board.

We are open for discussion so let us know if you disagree.

Thank you,

Casey

On Mar 1, 2007, at 8:49 AM, Ben Sheppard wrote:

> Approval of request regarding gazebo is attached.
>
> Ben Sheppard
>
> Multifamily Finance Production
>
> Phone: (512) 475-2122
>
> Fax: (512) 475-1895

04432 - Response to Owner's Attorney

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

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Gloria Ray, *Vice Chair*
Leslie Bingham Escareño
Tomas Cardenas, P.E.
Sonny Flores
Juan S. Muñoz, Ph.D.

October 14, 2008

Coats Rose
Attention: William Walter, Jr.
1717 W. 6th Street
Austin, Texas 78703

Re: Mariposa at Hunter Road (Development)

Dear Mr. Walter:

The Texas Department of Housing and Community Affairs (the "Department") is in receipt of your letter dated September 19, 2008 concerning the above referenced Development. Below is the staff response to the comments in your letter.

1) **No Material Alterations that Affect the Development in a Negative Manner.** I respectfully disagree with your assessment that reducing the square footage of a unit and not including amenities as proposed does not negatively affect the Development. The majority of the amendments requested do materially alter the Development from what was proposed in the original application which is clearly a violation of §50.9(c) Adherence to Obligations. The Adherence to Obligations was represented in the 2005 Qualified Allocation Plan and Rules (QAP) to be effective December 1, 2006. The first amendment request was dated June 26, 2006.

2) (a) **Positive Modifications: Increase in Two-Bedroom Unit Sizes.** Although the unit floor plans, submitted at the time of application, indicate 946 square feet for the two-bedroom units, the Real Estate Analysis Report (REA) indicates the two-bedroom unit size to be 1050 square feet. In addition, the Development architect certified that the net rentable area (NRA) at the time of application was 151,849 and the NRA at the time of cost certification was 149,613. The certified NRA at the time of application supports the two-bedroom unit size of 1050 square feet and the certified NRA at the time of cost certification supports the unit size of 999. These certifications support the staff's recommendation that the reduced NRA does negatively affect the future tenants of the Development by reducing the NRA of each two-bedroom unit by 51 square feet. Furthermore, on four separate occasions, the applicant's own amendment requests clearly indicate a request to reduce the NRA for the two-bedroom units from 1050 to 999 square feet.

   (b) **Positive Modifications: Additional Amenities.** Staff does agree the Development as built includes several amenities that serve the overall population of the Development. However, the elimination of the microwave ovens and self-cleaning ovens do negatively affect future tenants on an individual basis. Staff understands the "consultant" may have submitted incorrect information or additional information that was not required. However, it is the applicant's responsibility to ensure the application materials submitted and the information approved by the Board is accurate.

3) **Staff Inclusion of Cypress Creek at Reed Road.** Staff included the reference to the first amendment request as well as the reference to the approval of Cypress Creek at Reed Road to alert the Board to the ability of the applicant to resolve these issues prior to the effective date of the Adherence to Obligations rule and the possibility of the applicant to be penalized should the applicant have resolved these amendment requests during the application cycle in 2007. The facts were stated to the Board. The following is a timeline of events for the amendments requested:

12/01/06 Effective date of §50.9(c) (Adherence to Obligations) in the 2006 QAP.

03/27/06 Date certified by Bonner-Carrington (signed by Stuart Shaw) in the cost certification as the date that the development was 100% complete. This date created a deadline of 1/15/07 to either submit the cost certification or a request for an extension of the deadline.

06/26/06 Date on letter from Bonner-Carrington (signed by Stuart Shaw) requesting an amendment. One item of the letter stated, "The reconfiguration of the site plan caused a slight change [in] the size of the units . . . the two-bedroom unit decreased in size from 1050 sq. ft. to 999 sq. ft."

07/27/06 Date on letter from Bonner-Carrington (signed by Stuart Shaw) requesting an amendment. One item of the letter stated, "In addition to the minimal change in unit mix the size of the units changed slightly as well . . . the two-bedroom unit decreased in size from 1050 sq. ft. to 999 sq. ft."

04/03/07 Date on the Construction Progress Report - Final Inspection Notification form sent to the Department's Portfolio Management and Compliance Division by Bonner-Carrington, stating that the development was 100% complete by 3/31/07.

04/11/07 Date of the Department's final inspection, made in response to the owner's report that the development was complete.

04/13/07 Date of the Department's letter to the owner reporting the deficiencies found during the Department's inspection.

04/19/07 Effective date of a request to extend the cost certification deadline (requested three months after the deadline to submit). A letter dated 4/2/07 requested an extension but the effective date of the request was established by receipt of the $2,500 extension request fee on 4/19/07.

7/31/07 Date of e-mail message from the Department (Ben Sheppard) to Bonner-Carrington (Stuart Shaw) noting that the amendment request was received by the Department on 6/26/06 or earlier and had lain idle for an extended period. The message also noted that the cost certification was late and requested completion of the cost certification and the amendment request.

9/10/07 Date on letter from Bonner-Carrington (signed by Stuart Shaw) requesting an amendment. One item of the letter stated, "In addition to the minimal change in unit mix the size of the units changed slightly as well . . . the two-bedroom unit decreased in size from 1050 sq. ft. to 999 sq. ft."

02/06/08 Date on letter from Bonner-Carrington (signed by Stuart Shaw) requesting an amendment. One item of the letter stated, "According to the TDHCA Underwriting Report . . . the two-bedroom unit decreased in size from 1050 sq. ft. to 999 sq. ft."

04432 - Response to Owner's Attorney

02/07/08 Date of e-mail message from Bonner-Carrington (Casey Bump) stating, "...a check will go out on the February 15th check run." The message string indicated that Mr. Bump was responding to the Department staff's (Ben Sheppard) message that, "In the late summer or fall of 2007, we prepared a board write-up that, at your request, was never presented . . . . Because the amendment request was withdrawn from progress at your request, you must pay the $2,500 fee again.

02/12/08 Date of e-mail message from Bonner-Carrington (Casey Bump) responding to several questions in an e-mail from the Department (Ben Sheppard). The response included a statement that the property only contained eight units without balconies.

03/31/08 Cost certification was submitted. The development architect certified that the net rentable area (NRA) in the application was 151,849 square feet. This certification supports the two-bedroom sizes of 1050 square feet.

08/07/08 Date of e-mail message informing Bonner-Carrington (Casey Bump) that the amendment requests for Cypress Creek and Mariposa at Hunter's Chase must be completed by the following Tuesday, August 12. The message was written in reference to taking the two amendments to the board on September 4.

Although staff understands your belief that the modifications were made in an effort to improve the Development overall, staff must follow the rules set forth by the Department's Board. The Board specifically created the Adherence to Obligations rule to discourage major modifications to Developments after the award of an allocation without approval from the Department before the modifications are implemented. In conclusion, the staff recommendation remains a "do not recommend" as previously stated in the September 4, 2008 Board materials because the part of the amendment request does negatively impact the development and the amendment request was requested after the implementation on the modifications.

If you have any questions, please do not hesitate to contact me at (512) 475-2213 or at email address robbye.meyer@tdhca.state.tx.us .

Sincerely,

Robbye Meyer
Director of Multifamily Finance

MFF/rgm

04432 - Original Letter

Hunter Road Affordable Housing, Ltd.
PO Box 2217
Austin, Texas 78768

February 6, 2008

Ms. Robbye Meyer, Director
Multifamily Finance Production Division
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Mariposa Apartment Homes at Hunter Road (fka Willow Springs) – TDHCA #04432 – Application Amendment Request

Dear Ms. Meyer,

I am sending you this application amendment request resulting from the Final Inspection for Mariposa Apartment Home at Hunter Road (MHR) conducted on April 13, 2007 at the request of Hunter Road Affordable Housing, Ltd. (the "Owner"). A copy of the current status of all items remaining on the final inspection deficiency list is attached (see letter to Gavin Reid dated August 27, 2007).

The final inspection noted a change in the unit mix and unit sizes presented in the 4% LIHTC application. The unit mix provided in the finished product for MHR yielded 113 one-bedroom units and 69 two-bedroom units versus 111 one-bedroom units and 69 two-bedroom units presented in the 4% LIHTC application. The MHR site plan was reconfigured to make the property more appealing to the tenants and consequently allowed MHR to provide two more affordable units. The applicant requests two one-bedroom units be designated as "management units".

The reconfiguration of the site plan caused a sight change the size of the units. According to the TDHCA Underwriting Report the one bedroom increased in size from 709 sq. ft. to 714 sq. ft. and the two-bedroom unit decreased in size from 1050 sq. ft. to 999 sq. ft. The resulting change in the net rentable square footage is less than one percent that does not trigger a material change with the TDHCA.

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04432 - Original Letter

Hunter Road Affordable Housing, Ltd.
PO Box 2217
Austin, Texas 78768

Application						Proposed					
Target	Units	BR	BA	Net Rent Sq. Ft.	Total Sq.Ft.	Units	BR	BA	Net Rent Sq. Ft.	Total Sq.Ft.	Change in Unit Count
60%	111	1	1	709	78,699	113**	1	1	714	81,396	+2
60%	69	2	2	1,050	72,450	69	2	2	999	67,932	0
Total						**Two Management Units					+2
Total	**180**				**151,149**	**182**				**149,613**	**<1% Reduction**

MHR does not see a negative impact to the residents as a result of the change in unit sizes or unit mix and believes there is great benefit to residents because of the improved site plan along with the amenity package that was installed at MHR. Please find attached copies of the MHR site current site plan along with current unit plans for your review.

The final construction inspection also noted that MHR did not install microwave ovens, self-cleaning or continuous cleaning ovens, two fireplaces nor the 180 uncovered parking spaces detailed in the 4% LIHTC application. The microwave ovens and self-cleaning ovens were selected in the Unit Amenities and Quality section in the Development Certification (Tab 4G of the Application) that normally applies to 9% LIHTC applications not to 4% Bond applications. While the Owner should not have completed the Unit Amenities section in the application there are a number of amenities from this section that were installed at MHR even though this section primarily is meant for 9% LIHTC applications. Please see the attached amenities chart for your reference. As you will see, the Owner would have exceeded the possible 12 points if MHR had been submitted under the 9% LIHTC application round. The Owner also went above and beyond the Threshold Requirements by 8 points (also detailed on amenities detail). The final inspection notes that two fireplaces were not installed. The Owner had an application consultant that inadvertently selected two fireplaces and requests that the TDHCA remove this deficiency because of conflicting commitments in the LIHTC application. Finally, the inspection references the number of parking spots on the site. The modification of the site plan caused a reduction in the number of parking spaces on the site. The Owner received approval from the City as evidenced for the total number of parking spots currently installed at MHR as evidenced by the Certificate of Occupancy.

If the TDHCA does not agree with the argument above the Applicant proposes the specific substitutions detailed below:

1) Substitute Microwave Ovens for 30 Year Architectural Roofing

04432 - Original Letter

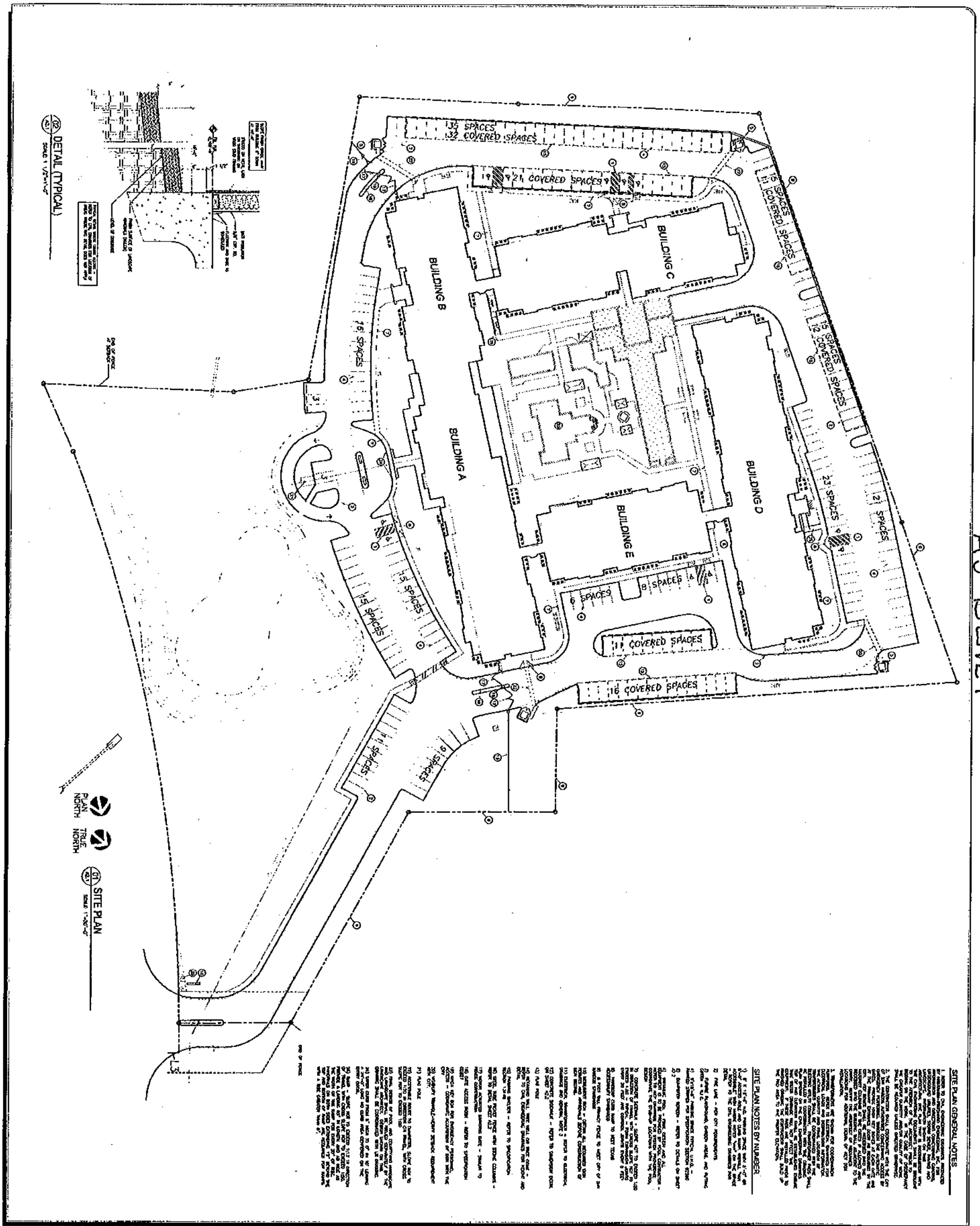
2) Substitute Self Cleaning or Continuous Cleaing Ovens for R-15 Walls and R-30 Ceilings (Rating of Wall Systems)
3) One fireplace was installed and the second was not installed. The Owner requested the TDHCA remove this deficiency and accept the installation of one fireplace.

MHR requests approval from the TDHCA for amending the LIHTC application to reflect the current unit mix, site plan and amenity improvements detailed in this letter. MHR strives to bring quality affordable housing to the residents of San Marcos and we welcome you to a personal tour of the property at any time. Thank you for your assistance on this matter. Please feel free to contact me or Casey Bump at 512-220-8000 with questions or to set up a personal tour.

Sincerely,

Stuart B. Shaw
Owner's Representative

Attachments:	MHR Site Photos
	MHR Brochure
	Current Site Plan
	Current Unit Plans
	MHR Amenity Points Summary Sheet
	Final Construction Inspection Response & Letter to TDHCA



AS BUILT

WILLOW SPRINGS SENIORS RESIDENCES

HUNTER ROAD AFFORDABLE HOUSING, LTD
2600 HUNTER ROAD, SAN MARCOS, TEXAS

Bonner Carrington LP

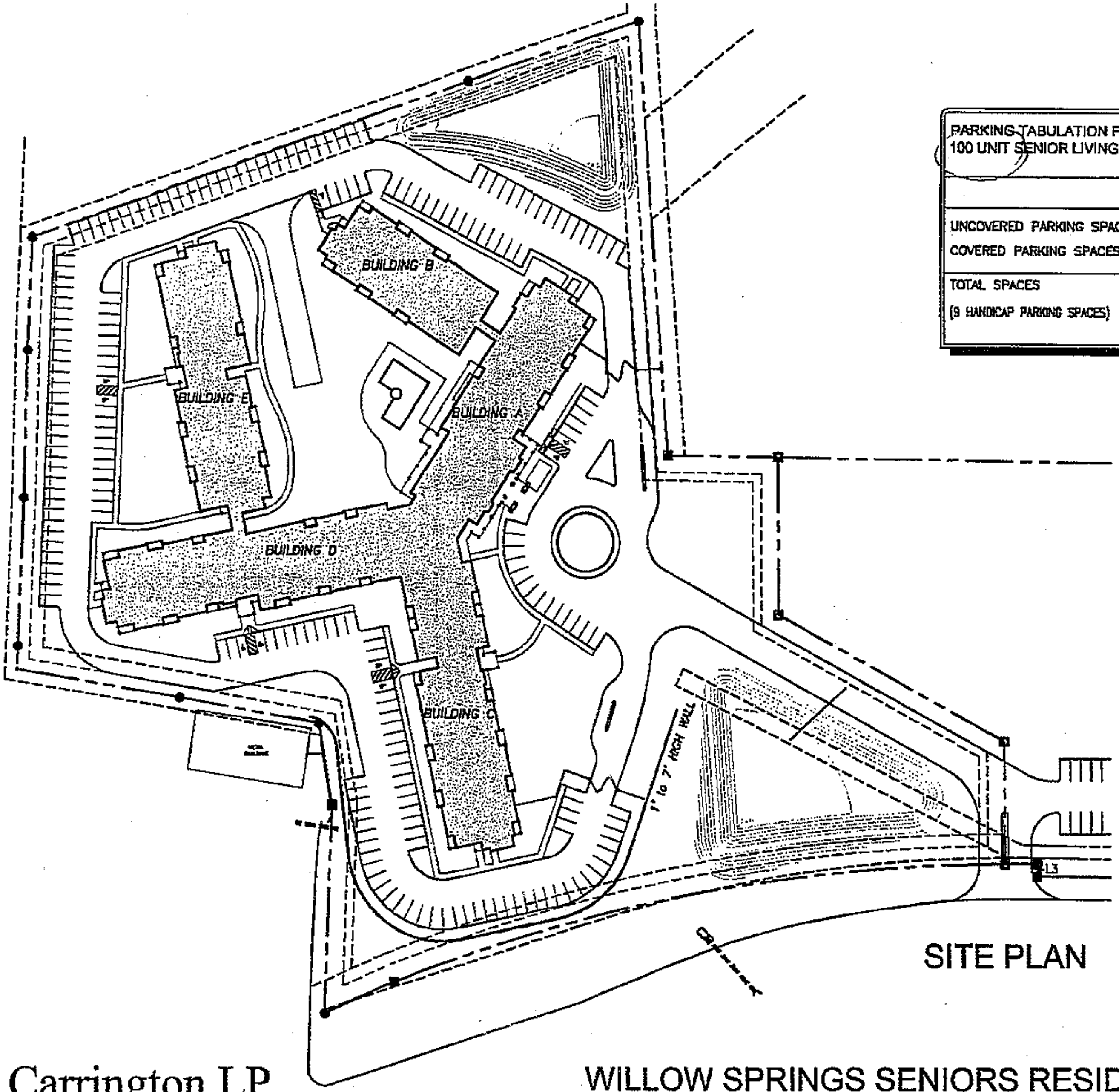
GHL
GAYLEN HOWARD LAING ARCHITECT, INC.
1300 W. RANDOL MILL RD., SUITE 100, ARLINGTON, TEXAS 76012 817/461-7700

ARCHITECTURE
INTERIOR DESIGN
PLANNING

SHEET NO.
A2.1

11/17/04

APPLICATION



PARKING TABULATION FOR 100 UNIT SENIOR LIVING APARTMENTS	PROVIDED
UNCOVERED PARKING SPACES	180
COVERED PARKING SPACES	36
TOTAL SPACES	216
(9 HANDICAP PARKING SPACES)	

)180

SITE PLAN

NORTH

Bonner Carrington LP

GHLA
GAYLEN HOWARD LAING ARCHITECT, INC.

WILLOW SPRINGS SENIORS RESIDENCES

SAN MARCOS, TEXAS

1

MARCH 9, 2004

04432-Prior Amendment, same owner

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

Texas Department of Housing and Community Affairs
Housing Tax Credit Program
U.S. Mailing Address: P.O. Box 13941, Austin, Texas 78711-3941
Private Carrier Delivery: 507 Sabine, Suite 400 Austin, TX 78701
Telephone: (512) 475-3340 Telecopier: (512) 475-0764

To: Stuart Shaw **NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST HEARD 9/4/08**

HTC No. 07291, Cypress Creek

Summary of Request: The owner requests approval to change the land area and site plan. The owner stated that the site was found to contain wetlands and wetlands mitigation was required in association with the City of Houston's HOME loan. Therefore, the owner indicated, the wetlands area was not purchased but the same price was paid for the reduced area as reported in the application for the original area. This resolution reduced the land area from 10.286 acres to 9.277 acres, increasing the residential density from 12.8 units per acre (132 units divided by 10.286 acres) to 14.2 units per acre (132 units divided by 9.277 acres). The increase of 1.4 units per acre is an increase of 11.1%, an amount that can be viewed as a material alteration of the development by statute.

The owner states that the reduction in land area made it necessary to reduce the number of residential buildings from fifteen to seven and to revise the site plan appropriately. The non-residential building remains the same as originally proposed. The owner also stated that an exit was added to the rear of the site.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a modification of the residential density of the development of at least five percent.
Owner:	Cypress Creek Reed Road LP
General Partner:	SSFP 288 VII LLC
Developers:	Bonner Carrington
Principals/Interested Parties:	Stuart Shaw
Syndicator:	Apollo Housing Capital
Construction Lender:	JP Morgan Chase
Permanent Lender:	JP Morgan Chase
Other Funding:	City of Houston HOME loan
City/County:	Houston/Harris
Set-Aside:	General Population
Type of Area:	Urban
Region:	6
Type of Development:	New Construction
Population Served:	General Population
Units:	126 HTC units and 6 market rate units
2007 Allocation:	$1,199,797
Allocation per HTC Unit:	$9,522
Prior Board Actions:	7/07 – Approved award of tax credits
Underwriting Reevaluation:	Does not recommend a change in the amount of tax credits.
Staff Recommendation:	**Although staff recommends denying the request because the proposed amendments will result in a different development that was originally proposed and the owner should have been aware of the wetlands issue, staff does recognize that the amendments will not materially affect the development in a negative manner.**
Penalty Assessment:	**No penalty is recommended because the Board's approval has been requested prior to implementing the changes.**

THE REQUEST ABOVE WAS APPROVED IN OPPOSITION TO STAFF'S RECOMMENDATION AT THE BOARD MEETING OF SEPTEMBER 4, 2008. THE APPROVAL WILL BE CONFIRMED BY THE MINUTES AS APPROVED AND RECORDED IN A SUBSEQUENT BOARD MEETING. THIS NOTIFICATION MUST BE INCLUDED IN YOUR COST CERTIFICATION.

Ben Sheppard

Ben Sheppard
Multifamily Finance Production

CHAMPION HOMES AT PORT ROYAL
WOODSHIRE, L.P.
1235 TWO LINCOLN CENTER
DALLAS, TX 75240
972-701-5550 OR 5551
972-701-5562 FAX

04489

08-07-08A08:10 RCVD

Ms. Robbye Meyer
Program Manager
TDHCA
211 East 11th Street
Austin, TX 77001

August 4, 2008

RE: Amendment request for Port Royal Homes TDHCA # 04-489

Dear Robbye:

We hereby request department approval of an amendment to the project as follow:

1. The original site plan approved contemplated 12 buildings in the site plan.. Due to pockets of bad soil conditions, highly expansive clay, and a drainage feature requiring improvement and set back, the number of buildings was reduced to 9.
2. The developer was approved to complete 250 affordable units at or below 60% of AMFI rent. The property as constructed includes 2 additional units for a total of 252 units at or below 60% of AMFI. Of those units, the mix was changed as follows:

Application		Completed
One \One	50	48
Two|One	57	51
Two Two	57	70
Three Two	86	83

The result is more total units and more total net rentable area. Proposed NRA was 237,363 SF and at completion there is 252,808 SF of NRA

3. The Clubhouse as proposed in the underwriting report is the same as constructed on site
4. The proposed parking was 500 un-covered spaces in the underwriting report and what was completed met all code requirements for the City and consisted of 250 carports and 148 un-covered spaces.

Port Royal Homes 04-0449
Amendment request for issuance of 8609's
August 4, 2008

Except as noted in this letter, the development has the same amenities as in the original submission or more. The request is made after completion of the development and is requested to be penalty free. We believe that the net result is a larger better equipped community and that the changes are overwhelmingly positive and in the interest of the residents.

Please let us know if you need more information to process with request.

Sincerely,

Saleem Jafar
President of the General Partner

Attachments

04489-Prior Amendment, same owner

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Texas Department of Housing and Community Affairs
Housing Tax Credit Program
U.S. Mailing Address: P.O. Box 13941, Austin, Texas 78711-3941
Private Carrier Delivery: 507 Sabine, Suite 400 Austin, TX 78701
Telephone: (512) 475-3340 Telecopier: (512) 475-0764

To: Mr. Bill Fisher **NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST HEARD 12/20/07**

HTC No. 04193, Providence at Edinburg

Summary of Request: This amendment was presented to the Board in November. The Board tabled the amendment and requested staff to work with the developer/owner to resolve the issues of the omission of amenities and the financial feasibility. The developer stated to the Board that he would provide the following amenities: gazebo, community garden, transportation services at no cost to the tenants, BBQ grills and tables, gaming tables with chairs, public phone, lawn bowling or shuffle board court, service coordinator, icemakers in the refrigerators, cover all parking spaces and Energy Star or equivalently rated appliances. The Applicant's most current response partially retracts the Energy Star or equivalent appliances by indicating that some of the appliances chosen have lower utility usage, though they are not rated as Energy Star certified. He also indicated that the property is an all bills paid development and therefore the need for Energy Star features is irrelevant.

Staff has confirmed the presence of the gazebo, community garden, transportation vehicle, one BBQ grill, chairs in the community building and office space for a service coordinator. The owner has stated they will provide the remaining amenities.

The following paragraphs are from the November presentation. The owner requested approval to change the site plan, unit plans, and building plans. The original application listed the development activities as acquisition, rehabilitation, and new construction. After submission, the application was changed to demolition and new construction and was evaluated as such. The development was then built as a rehabilitation of existing buildings. The application file contained an electronic mail sent by Department staff on February 27, 2004 instructing the applicant that the rehabilitated units would have to comply with the unit size requirements that were mandatory for new construction.

The underwriting report for this development was completed on December 8, 2004 and the Commitment Notice was issued on December 13, 2004. The underwriting report clearly states that new construction was confirmed with the applicant. In the section entitled "Proposal and Development Plan Description" on page 2 of the report, staff stated: "...some of the documentation in the application refer[s] to a rehabilitation of the existing buildings. However the majority of the documentation refers to the existing buildings being demolished and the Applicant subsequently confirmed this in writing saying that '...systems in the buildings since the date of the application have experienced significant failures making it a better economic choice to rebuild new....'" In the letter requesting this amendment, the owner's assertion that the Board's approval of an extension of the commencement of construction deadline in December of 2005, after the award was made, constituted an approval of rehabilitation as the construction activity, appears to be both unfounded and unsupportable as a rationalization for further action. If the Board had made such an approval it would have reversed the allocation to new construction without underwriting the new development proposal. Nevertheless, the amendment request appeared to state, in essence that the inclusion of the term "Rehabilitation" (i.e., in "Rehabilitation/New Construction") in the extension request write-up constituted an approval for the owner to proceed with rehabilitation instead of new construction. Staff disagrees with the conclusion of the applicant.

The application proposed 28 efficiencies and 72 one-bedroom units. However, 40 efficiencies and 60 one-bedroom units were built. The efficiencies are 26% smaller than the minimum required for new construction (500 square feet required for elderly units) and 29% smaller than unit size proposed in the application. The one bedroom units are 7% smaller (550 square feet required for elderly units) than the minimum required for new construction and 15% smaller than proposed in the application. The differences in unit mix, unit size, and net rentable area between the development as finally described in the application and as built are given in the table below. The table assumes that the development will meet the original target rents but this intention has not been confirmed by the owner.

	Application				Cost Certification		
Number	Unit Type	Size	NRA	Number	Unit Type	Size	NRA
5	Efficiency	522	2,610	5	Efficiency	370	1,850
23	Efficiency	522	12,006	35	Efficiency	370	12,950
4	1BR/1Bath	600	2,400				
8	1BR/1Bath	600	4,800				
60	1BR/1Bath	600	36,000	60	1BR/1Bath	511	30,660
100			57,816	100			45,460

In addition to the differences noted in the table, the development failed to deliver many of the amenities that were proposed. Among the amenities that were cited as absent by the Department's inspectors or by staff reviewing the cost certification, were the following:

- A condition of the commitment required one parking space per unit or documentation of compliance with local code and "best practices". Parking changed from 60 open spaces proposed in the application to 58 open spaces and 30 carports as built, but documentation to meet the requirement has not been submitted.
- One building with four floors was proposed but the rehabilitation consisted of two seven-story residential buildings and one single-story common building.

- Nine foot ceilings, dishwashers, microwave ovens, self-cleaning or continuous-cleaning ovens, refrigerators with ice-makers, storage rooms or closets, covered patios or balconies, Energy Star or equivalent kitchen appliances and community room with warming kitchen or full kitchen are all required but have not been documented by the owner as present.
- The developer represented that a service coordinator, game/recreation room, shuffleboard court, and public telephone would all be provided. These have not been confirmed because we have not yet re-inspected the property.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a significant modification of the site plan, significant modification of the architectural design, and any other modification considered significant by the board.
Owner:	Chicory Court XXX, L.P.
General Partner:	Chicory GP-XXX, LLC
Developers:	ORH Financial, LP (developer); Edinburg Housing Opportunity Corporation (EHOC, co-developer & managing member of GP)
Principals/Interested Parties:	Housing Authority of the City of Edinburg (owner of EHOC); Saleem Jafar (ORH)
Syndicator:	SunAmerica
Construction Lender:	IBC Bank in Brownsville
Permanent Lender:	SunAmerica
Other Funding:	Edinburg Housing Authority
City/County:	Edinburg/Hidalgo
Set-Aside:	At-Risk, Nonprofit
Type of Area:	Urban/Exurban
Type of Development:	New construction
Population Served:	Elderly Population
Units:	100 HTC units
2004 Allocation:	$357,369
Allocation per HTC Unit:	$3,574
Prior Board Actions:	July, 2004 - Approved award of tax credits
Underwriting Reevaluation:	Pending submission of information by the applicant.
Staff Recommendation:	**Staff recommends the owner provide documentation or evidence of all the amenities not yet confirmed. Staff believes the Board requested this information from the developer at the November Board meeting. Staff also recommends the owner provide a budget and escrow the full amount stated in the budget for the remaining amenities.**
Penalty Assessment:	**Staff recommends the assessment of the penalties pursuant to §50.9(c) of the Qualified Allocation Plan and Rules because the amendment request was made after the change had been implemented. The penalties should be assessed against the general partner and any special limited partners, as applicable, for having developed the property inconsistently with the application.** **Staff makes no recommendation to the Board about assessing similar penalties to the co-developer as it is not directly covered under the rules. However, because the co-developer and affiliates acted on behalf of the owner during the application and post award processes according to their own statements in the amendment request, they were knowingly complicit in violating the rules.**

THIS NOTICE IS SOLELY A MEMORANDUM TO NOTE THAT THE BOARD ACTED ON THE REQUEST ABOVE. THIS NOTICE IS NOT A FULL OR BINDING STATEMENT OF THE RESOLUTION OF THE REQUEST. THE REQUEST WAS APPROVED (SUBJECT TO SOME CONDITIONS AND CONCERNS NOT STATED HEREIN) BY THE BOARD ON 12/20/07. THE OWNER AND THE PRIMARY DEVELOPER WERE TO BE PENALIZED AS FOLLOWS: OWNER (BROWNSVILLE HOUSING AUTHORITY AND APPLICABLE INSTRUMENTALITIES) – ONE POINT FOR ONE YEAR; DEVELOPER – ONE POINT FOR TWO YEARS. THE OWNER WAS REQUIRED TO SUPPLY AN ACCEPTABLE GUARANTEE OF COMPLETION PRIOR TO ISSUANCE OF FORMS 8609.

The minutes and transcript of this meeting will confirm the Board's action.

Ben Sheppard

Ben Sheppard
Multifamily Finance Production

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

Texas Department of Housing and Community Affairs
Housing Tax Credit Program
U.S. Mailing Address: P.O. Box 13941, Austin, Texas 78711-3941
Private Carrier Delivery: 507 Sabine, Suite 400 Austin, TX 78701
Telephone: (512) 475-3340 Telecopier: (512) 475-0764

04489-Prior Amendment, same owner

To: Mr. Bill Fisher **NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST HEARD 12/20/07**

HTC No. 04191, Tropical Gardens at Boca Chica

Summary of Request: The owner requested approval for a number of changes that were made to the original development proposal. One change was to reduce the one bedroom units by one unit and add one unit to the two bedroom units. The additional two bedroom unit constitutes the substitute feature. The owner will also install full perimeter fencing and controlled access as represented in the original application and will provide evidence that the refrigerators installed are Energy Star equivalent. Subsequent to the publication of this amendment on December 4, 2007, the Department received an independent confirmation that the refrigerators are not Energy Star equivalent as stated by the owner.

Approval also was requested to amend the unit amenities by eliminating self-cleaning ovens (scored one point) in all units. As substitutes, the owner proposed laundry connections (one point), carports (two points) for all units, and 100% masonry exterior (three points). The owner had an excess of points above the maximum scores allowed for both common amenities and unit amenities and the amenities proposed as substitutes more than compensate for the one point that was associated with the self-cleaning ovens. However, although not used to score points, the proposed substitutes were represented in the unit plans, building plans and/or site plan and were, therefore, representations of the application. Because the proposed substitutes already were representations of the application, they may not be used as substitutes to replace the self-cleaning ovens. The owner therefore proposed to employ as a substitute the fact that the development has more net rentable area than originally proposed as the substitute feature. The application underwriting report stated 151,350 square feet as the net rentable area and the cost certification rent schedule stated the figure as 152,308, an increase of 958 square feet (0.6% of the original area). Although the change is small, it is reasonable to view it as being commensurate with the magnitude of the self-cleaning ovens being replaced.

A change in the site plan is the final change that requires approval. The final site plan retained a road that ran from north to south through the original site and that would have been demolished if the application site plan had been implemented. Although the road was not drawn into the application's proposed site plan, the road still exists in the property as actually developed. The road runs more or less through the middle of the site from north to south and including the two entrances into the subject site that are associated with the road, the final site plan has five entrances into the property. The plan proposed in the application had only one entrance.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development. The statute defines material alterations as a change to the unit mix, as well as any other modification considered significant by the board.
Owner:	Longbranch, L.P.
General Partner:	Longbranch X, Inc.
Developers:	Brownsville Housing Finance Corporation; LJB Holdings, Inc.
Principals/Interested Parties:	Housing Authority of the City of Brownsville; Leon J. Backes; Saleem Jafar
Syndicator:	AIG SunAmerica
Construction Lender:	International Bank of Commerce
Permanent Lender:	International Bank of Commerce
Other Funding:	Brownsville Housing Authority
City/County:	Brownsville/Cameron
Set-Aside:	At-Risk
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	General Population
Units:	150 HTC units and 8 market rate units
2004 Allocation:	$1,010,465
Allocation per HTC Unit:	$6,736
Prior Board Actions:	7/04 – Approved award of tax credits
Underwriting Reevaluation:	Pending submission of information by the applicant.
Staff Recommendation:	**Staff recommends approving the request requiring the owner to provide a budget for the perimeter fencing and access gate and evidence of the Energy Star equivalency rating.**

Penalty Assessment: Staff recommends the penalty assessment (the QAP language was presented on the first page of this write up) because the amendment was requested after the implementation of the changes and the development features substantially changed without prior notice to the Department.

THE REQUEST ABOVE WAS APPROVED BY THE BOARD ON 12/20/07. PENALTIES WERE WAIVED. OWNER WAS REQUIRED TO SUPPLY AN ACCEPTABLE GUARANTEE OF COMPLETION. The minutes and transcript of this meeting will confirm the Board's action.

Ben Sheppard

Ben Sheppard, Multifamily Finance Production

05025

POINSETTIA HOUSING, LTD

October 13, 2008

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Amendment Request – Site Plan Change
Poinsettia Apartments in Alamo, Texas (the "Property")
TDHCA number 05025

Dear Mr. Sheppard:

Poinsettia Housing, Ltd. received low-income housing tax credits ("Tax Credits") for the construction of the Property referenced above in the 2005 application round.

Amendment Request

The purpose of this letter is to request approval of an amendment to the Property's site plan.

Detailed Description

The Tax Credit application for the property contemplated that the property would have ten (10) buildings. In the application, TDHCA was also advised that the Poinsettia Apartments were intended as replacement housing for the demolition and reconstruction of the 40 existing units of the Alamo Housing Authority ("AHA"). Of those 40 existing units, all of them were public housing units. That being considered, Poinsettia Apartments agreed to set aside 24 units of the 100 newly constructed units as public housing units. Due to the need to adequately service the high number of residents in the apartments designated under the Public Housing Program and project based vouchers, it was necessary to add the offices for the AHA next to the clubhouse located in the central area of the original site plan. Therefore, the site plan had to be revised wherein the one-story Building Type 5 which included 4 units originally and which was located in the central area of the property, was combined with another one-story building with 4 units which became a two-story building with 8 units not to be located in the central area of the Property. This change allowed the AHA to be located on-site for ease to the residents while at the same time providing more "green" space and landscaping to the property. As previously noted, the AHA offices are completely separate from the Clubhouse that serves the resident's and was 100% financed by the Housing Authority.

The omission of one residential building was noted in TDHCA's property inspection, triggering the submission of this amendment.

Please note the following about the revision of the site plan:

- The total net rentable square footage for the Property remains the same.
- The unit mix remains the same.
- The set-asides remain the same.
- There is no change in the amenities proposed for the Property.
- There is no change in the scoring of the Tax Credit Application.
- The Property now has more green space, is more desirable to the residents, as well as being more convenient to the residents with the Housing Authority being located on-site.
- The overall development budget does not change.
- The sources and uses and 30-year pro forma do not change.
- The rent schedule, utility allowances, and statement of annual expenses do not change.

To assist with your review of this request, the following attachments are provided:

- Exhibit A: letter from AHA, indicating its desire for the site plan change to accommodate for the AHA offices and ultimately, a convenience to the residents.
- Exhibit B: A copy of the original site plan, unit plan, and building plan, submitted with the Tax Credit Application.
- Exhibit C: A copy of the revised site plan, unit plan, and building plan.

Please provide approval for the change in site plan for Poinsettia Apartments; approval should be communicated to the Compliance Division for inspection purposes. A check in the amount of $2,500, payable to TDHCA, is enclosed to process this amendment. If this amendment requires Board approval, please include this amendment request for consideration at the next available TDHCA Board meeting. If you need additional information to process this request, please feel free to contact me.

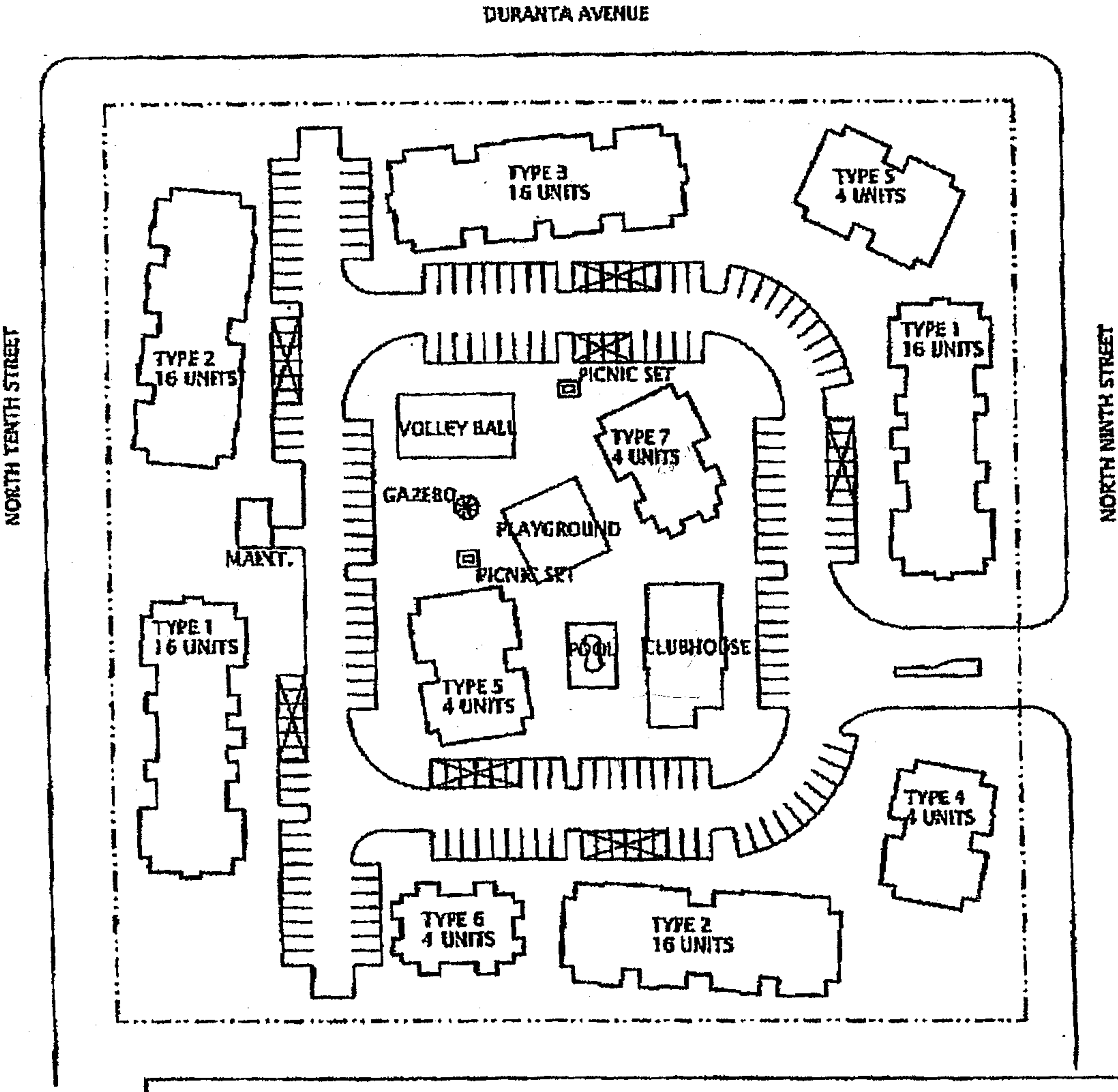
Sincerely,

Sharon Korkan

Sharon Korkan
On behalf of Rick J. Deyoe
Authorized Representative of Poinsettia Housing, Ltd.

Application

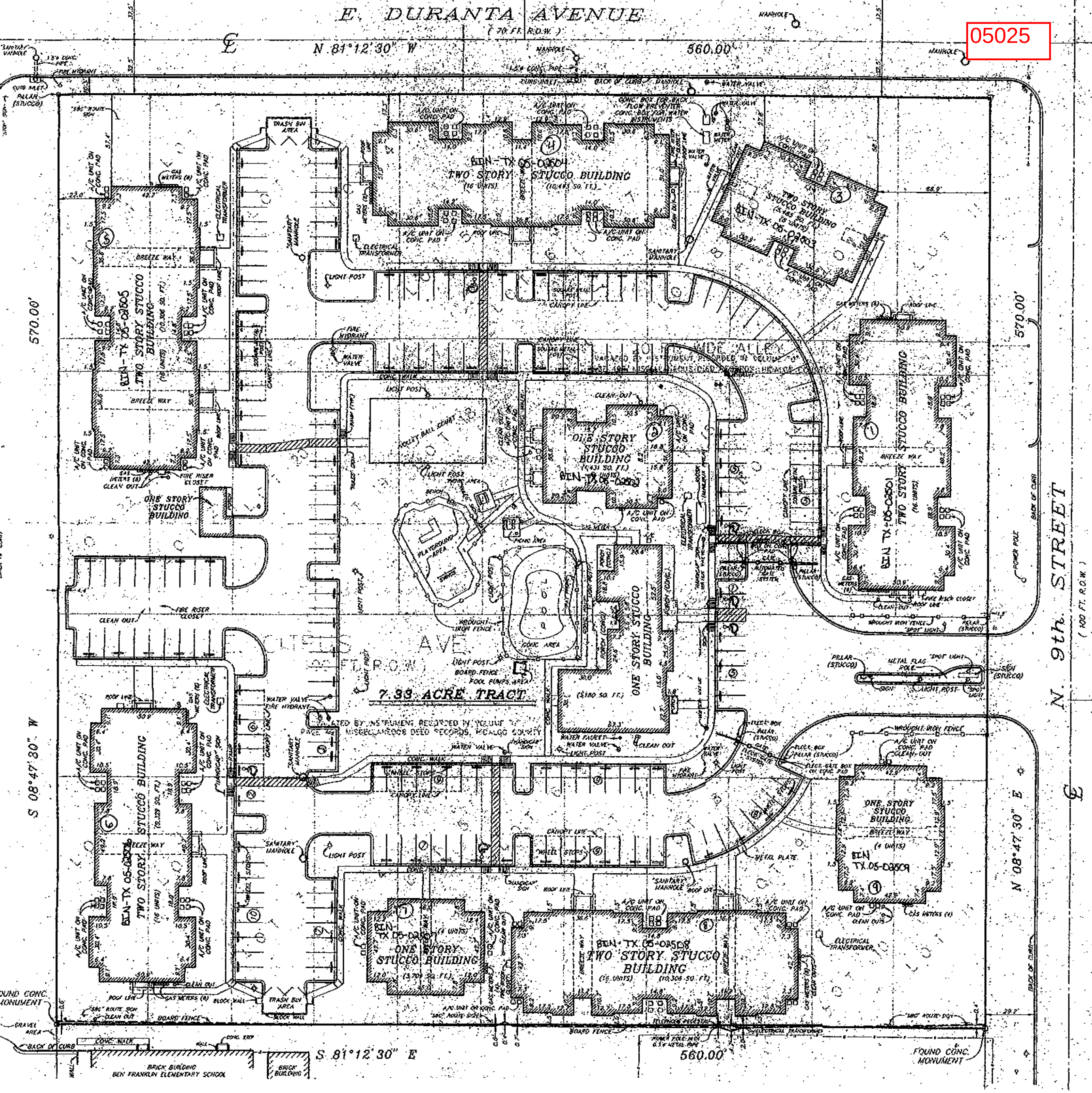
05025



NDA POINSETTA APARTMENTS

SK-1 SITE PLAN

05025



As Built

05025

ALAMO HOUSING AUTHORITY

309 N. 9th St.
ALAMO, TX 78516

TELEPHONE (956) 787-2352
FAX (956) 781-8886

Exhibit "A"

September 24, 2007

Mr. Rick Deyoe
Poinsettia Housing, Ltd.
c/o Realtex Development Corporation
912 South Capital of Texas Highway, Suite 200
Austin, Texas 78746

RE: TDHCA # 05025: Poinsettia Apartments, Alamo, Texas 78516

Dear Mr. Deyoe:

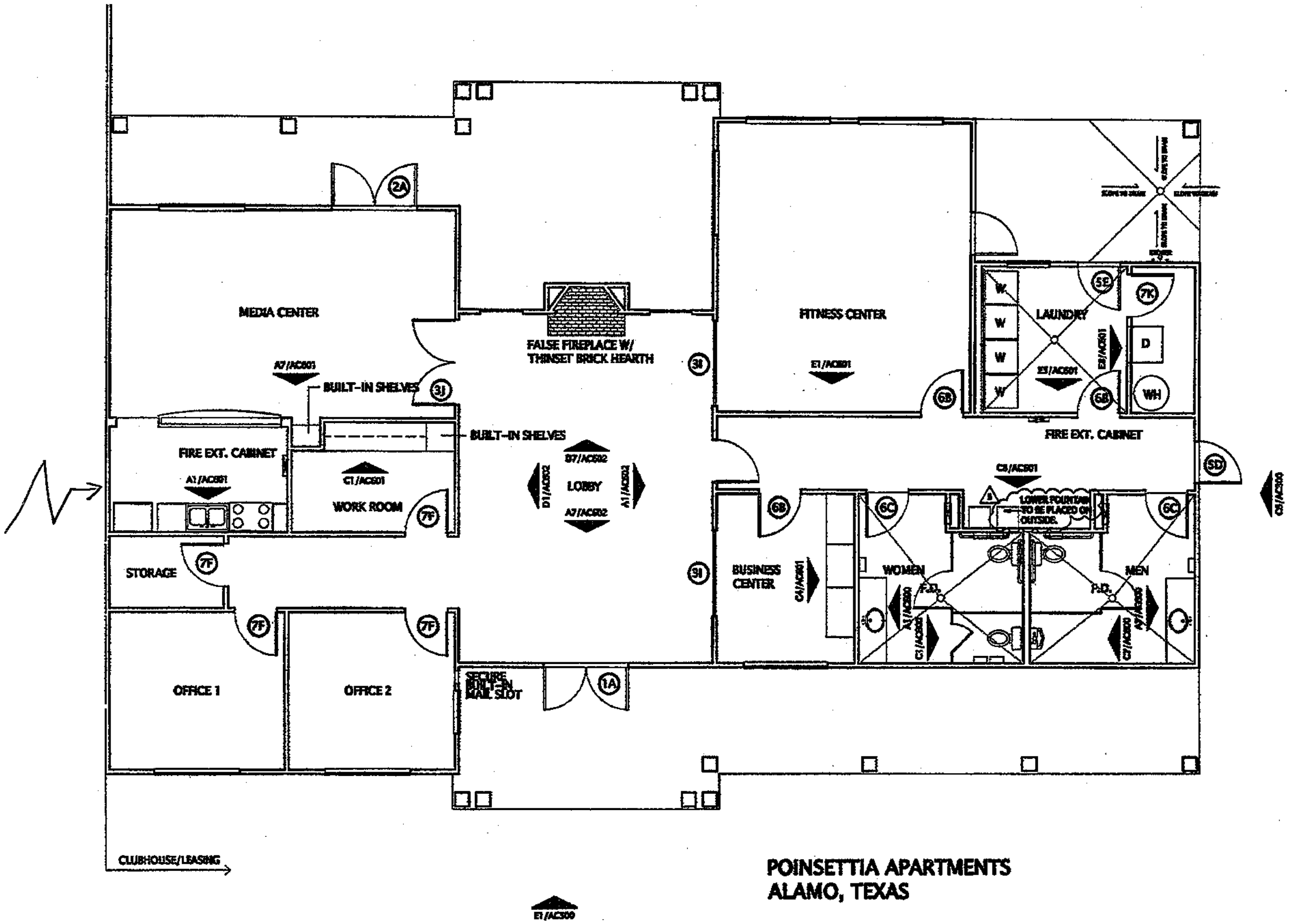
We have been made aware of the TDHCA inspection letter dated June 25, 2007 which describes Deficiency # 1 relating to the number of buildings on the Poinsettia Apartments site. Due to the need to adequately service the high number of residents in apartments designated under the Public Housing Program and project based vouchers, it was necessary to add the offices for the Alamo Housing Authority next to the clubhouse located in the central area of the site. This required two of the one-story, 4 unit buildings, one of which was currently placed in the central area, to be combined into one two-story building with 8 unit's total. The unit mix did not change. In fact, it actually provided more green space and landscaping for the residents while still having plenty of parking. We were able to accommodate these design revision with no negative impact to the development, and the Poinsettia Apartments are now much more marketable and serve our residents much better than the original design.

We are extremely happy with the development and would hope that the Agency understands and concurs with the improvements that we made over and above the design reflected in the original application. Please let us know if you have any questions.

Sincerely,

Mary Vela

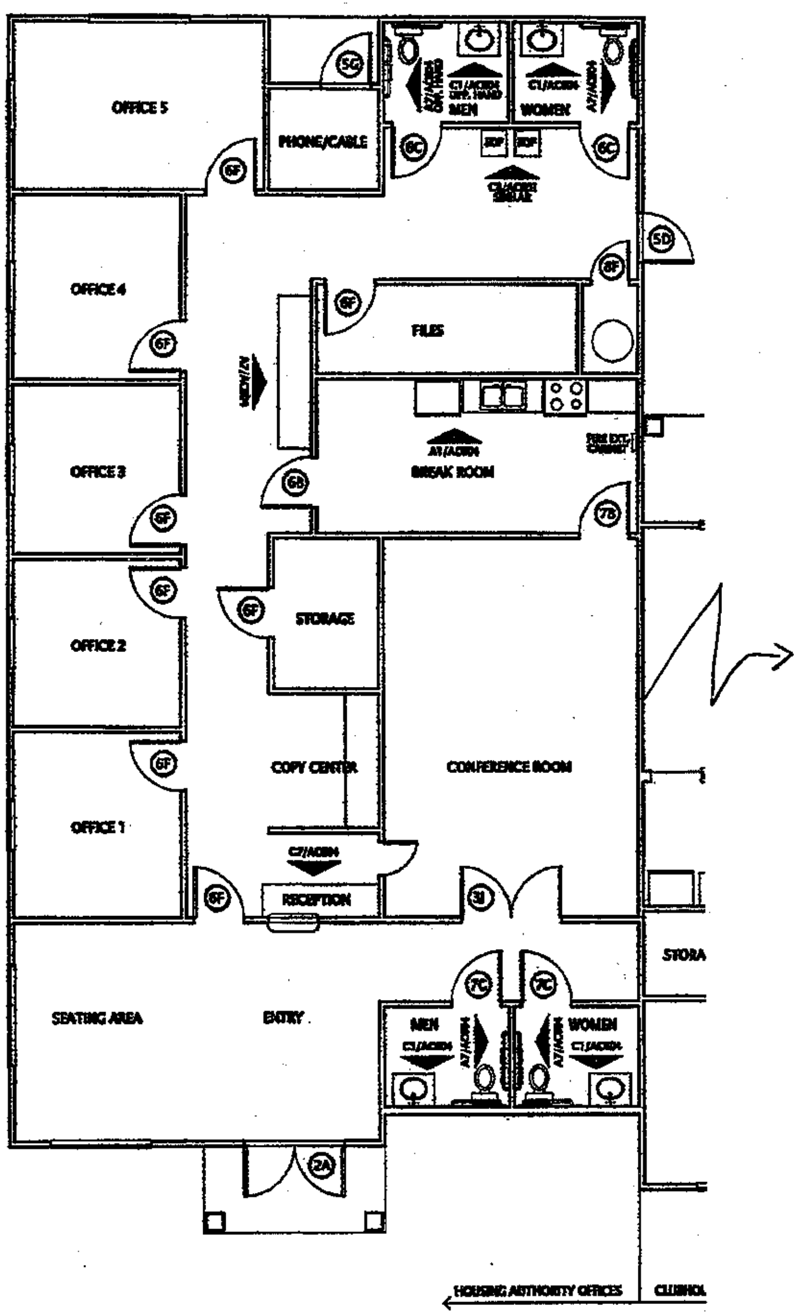
Mary Vela,
Executive Director



POINSETTIA APARTMENTS
ALAMO, TEXAS

CLUBHOUSE/LEASING

4.19.10


OFFICE 5
5G
PHONE/CABLE
MEN
WOMEN
C1/ACDR
6C
6C
5D
8F
OFFICE 4
6F
FILES
BREAK ROOM
A1/ACDR
FIRE EXT. CABINET
6B
7B
OFFICE 3
6F
OFFICE 2
6F
STORAGE
6F
COPY CENTER
CONFERENCE ROOM
OFFICE 1
6F
C7/ACDR
RECEPTION
6F
3J
STORA
SEATING AREA
ENTRY
7C
7C
MEN
WOMEN
C1/ACDR
A7/ACDR
2A
HOUSING AUTHORITY OFFICES
CLUBHOL

PHA OFFICES

WILHOIT PROPERTIES, Inc.

060125 &
060129

September 15, 2008

Robbye Meyer
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78701

Re: 2006, application #: 06125 – Country Club Apartments, Pecos, Texas
2006, application #: 06129 – Chisholm Trails Apartments, Vernon, Texas
(previously Campus View Apartments)

Dear Robbye:

In 2006 Pecos Country Club Apartments, LP, and Vernon Campus View Apartments, LP received 9% tax credit reservations for the properties referenced above. Within the application, we requested an Inter-Generational classification that set aside 12-units in each property for seniors. No points in the application were associated with the Inter-Generational classification; however, the LURA that was recorded for each property requires that both properties adhere to the Inter-Generational use restrictions. The LURA's for both properties are attached for your review.

Construction was completed on both projects and the senior buildings were placed in service in January of 2008. After 8-months of leasing, Country Club has leased 2-senior units and has pre-leased 1-unit, subject to income qualification. Chisholm Trails has not been able to lease any of the senior units. However, the family units for both properties have been leased at the proforma rents to income qualified tenants. Detailed information on the marketing efforts of both properties have been attached for your review.

Due to the market conditions in these cities for senior units, and our continued marketing efforts for the past 8-months, I respectfully request that an amendment be approved allowing the LURA's to be revised to allow these 12-units, for both properties to be leased to seniors or families.

Thank you for your consideration in this matter. Please contact my office with any questions or comments.

Cordially,

Paul Holden

Paul Holden
Regional Vice-President

16188 Oak Grove Road
Office: (512) 970-8250

Buda, Texas 78610
Fax: (512) 233-0851

e-mail: pholden@austin.rr.com

COUNTRY CLUB APARTMENTS
PECOS, TEXAS

Senior traffic since 1/1/2008 – 42 inquiries.

Current status for Senior Units:

- 0 units leased by qualified residents.
- 0 pre-leased subject to income qualification.

Current lease rates:

- 1 bedroom (30% AMI) - $174.00.
- 1 bedroom (60% AMI) - $431.00
- 2 bedroom - $494.00.

Marketing Efforts:

12/15/07 – Direct mailed 1,123 pieces of information to all qualified households in area.
1/11/08 – Received certificate of occupancy and placed senior building in service.
2/1/08 – Direct mailed 962 pieces of information to all qualified households in area.
2/15/08 – Held a Grand Opening and ribbon cutting ceremony with the Chamber of Commerce.
2/16/08 – Held open house for all Vernon residents.
5/1/08 – Direct mailed 60 pieces of information to direct competition.
6/1/08 - Direct mailed 60 pieces of information to direct competition.
7/1/08 - Direct mailed 60 pieces of information to direct competition.

- Offered special of $99 deposit with no application fee.
- Reduced rental rates on senior units to $370 for 1-bedroom, and $435 for 2-bedroom units.
- Offered a $100 donation to the Chamber of Commerce for each referral of seniors who leased a unit.
- Offered a $250 referral fee to residents for senior leasing.
- Offered a $50 gasoline card from Wal-Mart drawing each month for a referral of seniors.
- Ads run daily in the Pecos newspaper advertising specials on senior units in the community.
- Started advertising on the Pecos radio station on June 1, 2008.
- Friday Bingo parties are held every two weeks in the senior building leasing office.
- Held a Senior Health Fair at the property in conjunction with the Dept. of Health.
- The local Senior Center, Rotary Club, Lions Clubs have been contacted to see if any events can be sponsored.
- Flyers promoting rent specials for seniors were distributed to local businesses.
- Local managers as well as area managers have been active in following up on all leads generated by any of the marketing efforts.

060125

APARTMENT
MARKETDATA, LLC
CONSULTANTS, ECONOMISTS, ANALYSTS

August 28, 2008

Mr. Justin Zimmermann
Pecos Country Club Apartments, LP
1730 E. Republic Road
Suite F
Springfield, Missouri 65804

RE: Country Club Apartments - TDHCA #060125
Pecos, Reeves County, Texas

Dear Mr. Zimmerman:

As requested, we reviewed the original market study, as well as the updated demographics for the Primary Trade Area (PMA) surrounding Pecos, Texas. The comparison of the two demographic sets does not reflect any significant changes that would lead us to a different turnover demand number. Since both myself and the TDHCA underwriter concluded that the demand for the senior units would come solely from the turnover demand, and not senior growth, it is unlikely that the project would be underwritten differently today. At the same time, underwriting conclusions do not always represent what occurs in the marketplace after a project is built.

The first half of my career was spent managing apartments throughout Texas and Colorado. I previously worked for some of the largest property managers in the county. These include Lincoln Property Company, Equity Residential, and Western National. As such, I am well qualified in property management issues.

I reviewed your marketing plan for Country Club Apartments and found it well thought out. Given the limited number of rental properties in the market, it is likely that you are doing far more outside marketing than others in the market. Sometimes, even this is not enough.

With your efforts to the senior community, I do not having anything to add to your marketing plan. If these efforts have not generated income qualified traffic to the property, it is unlikely that continuing to hold these units for seniors will result in occupied units. At the same time, I believe that you would be able to occupy these units if the senior restriction were removed.

Should you have any further questions on this subject, please feel free to contact me directly.

Sincerely,

Darrell G Jack

CHISHOLM TRAILS APARTMENTS
VERNON, TEXAS

Senior traffic since 1/1/2008 – 15 inquiries.

Current status for Senior Units:
- 2 units leased by qualified residents.
- 1 pre-leased subject to income qualification.

Current lease rates:
- 1 bedroom - $370.00.
- 2 bedroom - $435.00.

Marketing Efforts:

12/15/07 – Direct mailed 1,123 pieces of information to all qualified households in area.
1/11/08 – Received certificate of occupancy and placed senior building in service.
2/1/08 – Direct mailed 962 pieces of information to all qualified households in area.
2/15/08 – Held a Grand Opening and ribbon cutting ceremony with the Chamber of Commerce.
2/16/08 – Held open house for all Vernon residents.
5/1/08 – Direct mailed 60 pieces of information to direct competition.
6/1/08 - Direct mailed 60 pieces of information to direct competition.
7/1/08 - Direct mailed 60 pieces of information to direct competition.

- Offered special of $99 deposit with no application fee.
- Offered one month free rent to senior residents.
- Offered a $250 referral fee to residents for senior leasing.
- Offered a $50 gasoline card from Wal-Mart drawing each month for a referral of seniors.
- Ads run daily in the Vernon Tribune advertising specials on senior units in the community.
- Friday Bingo parties are held every two weeks in the senior building leasing office.
- Advertisements were posted in the Vernon Senior Center and invited other seniors to the Bingo parties.
- Direct mail flyers were sent to the residents of the Red River Senior Housing community.
- Flyers were sent to all participants in the Vernon city wide Garage Sale event that was held on June 6th and 7th.
- Flyers and weekly candy cups promoting one month free rent were distributed to local businesses.
- Local managers as well as area managers have been active in following up on all leads generated by any of the marketing efforts.

APARTMENT
MARKETDATA, LLC
CONSULTANTS, ECONOMISTS, ANALYSTS

August 28, 2008

Mr. Justin Zimmerman
Vernon Campus View Apartments, LP
1730 E. Republic Road, Suite F
Springfield, MO 65804

RE: Campus View Apartments
Vernon, Wilbarger County, Texas

Dear Mr. Zimmerman:

As requested, we reviewed the original market study, as well as the updated demographics for the Primary Trade Area (PMA) surrounding Vernon, Texas. The comparison of the two demographic sets does not reflect any significant changes that would lead us to a different turnover demand number. Since both myself and the TDHCA underwriter concluded that the demand for the senior units would come solely from the turnover demand, and not senior growth, it is unlikely that the project would be underwritten differently today. At the same time, underwriting conclusions do not always represent what occurs in the marketplace after a project is built.

The first half of my career was spent managing apartments throughout Texas and Colorado. I previously worked for some of the largest property managers in the county. These include Lincoln Property Company, Equity Residential, and Western National. As such, I am well qualified in property management issues.

I reviewed your marketing plan for Campus View Apartments and found it well thought out. Given the limited number of rental properties in the market, it is likely that you are doing far more outside marketing than others in the market. Sometimes, even this is not enough.

With your efforts to the senior community, I do not having anything to add to your marketing plan. If these efforts have not generated income qualified traffic to the property, it is unlikely that continuing to hold these units for seniors will result in occupied units. At the same time, I believe that you would be able to occupy these units if the senior restriction were removed.

Should you have any further questions on this subject, please feel free to contact me directly.

Sincerely,

Darrell G Jack

BOARD ACTION SUMMARY
MULTIFAMILY FINANCE PRODUCTION DIVISION

November 13, 2008

Action Item

Presentation, Discussion and Possible Approval of Additional Housing Tax Credits through the Implementation of HR 3221.

Requested Action

Discuss and Take Action on Recommendations to Implement the Housing and Economic Recovery Act of 2008, H.R. 3221 and to Address Credit Pricing Reductions for Housing Tax Credit Awards that have not yet placed in service.

Background

On July 31, 2008, the President signed into law, the Housing and Economic Recovery Act of 2008, H.R.3221 (the "Act"). The Act provided the State of Texas with an additional twenty cents per capita (approximately $4.7 million per year) in housing tax credit allocation authority for the years 2008 and 2009. At the September 4, 2008 Board meeting, the Board approved a policy and process by which the Department would consider the issuance of additional housing tax credits to developments that have previously received an award of housing tax credits in 2007 and 2008.

According to that Board policy, developments that received competitive tax credits in 2007 and had not closed their syndication were instructed to submit updated syndication letters reflecting the syndication price under the current financial market. Staff was directed to re-calculate the credit amount for each of those transactions utilizing the updated syndication price; the 9% applicable percentage (as set forth in H.R.3221) and the GAP method of calculating the appropriate credit amount. The result of this re-calculation is summarized in the discussion section of this write-up.

Also according to the policy, developments that received competitive tax credits in 2007 and had already closed on their syndication and developments that received competitive tax credits in 2008 were instructed to submit final debt and equity commitments under the current financial market and updated sources and uses, if applicable. Staff was directed to re-calculate the credit amount using the updated information and the increased applicable percentage of nine percent (9%). Staff was asked to present options for the Board to consider in allocating additional tax credits for these applications.

As you are aware, on September 7, 2008, Hurricane Ike struck the southeast Texas coastline crippling many Texas cities and counties. Many applicants as well as businesses were forced to evacuate those affected areas. Pursuant to the policy the Board approved in September, applicants were to submit the above referenced information by September 18th and September 26th. Due to the incapacitation of many areas in Texas and displacement of many citizens, the Executive Director granted extensions to the deadlines outlined in the policy. The deadline for all updated information was extended to October 1st; the date of issuance for the commitments was extended to October 3rd; and the submission of carryover documentation submission and amnesty period (to return previous credits without penalty) was extended to November 3rd.

Discussion

Twenty-eight 2007 applicants, that had not closed, submitted updated equity letters for consideration. One applicant submitted a new commitment with a syndication rate that was higher than the originally underwritten rate. Staff re-calculated the credit amounts for these applications and issued twenty-seven carryover allocation agreements. One of the twenty-seven subsequently withdrew, resulting in a total amount of additional credits issued of $2,207,032. Many of these applicants feel that they should have been extended the same opportunities for reevaluation as the 2007 closed applications and may be requesting consideration of additional credits in excess of the carryover allocations already received.

Of the 2007 closed and 2008 applications, not all submitted updated information. Requests for additional credits ranged from 1.5% to 58% of the original credit amount. Staff analyzed these requests to determine if a recommendation of additional allocation could be made on a case by case basis, which would both provide the Applicant with sufficient additional funds to meet the untested needs they identified in the additional sources and uses they provided and ensure that the Department made a determination based on an evaluation that not more funds than are necessary are provided. In eleven cases, the amount of funds requested would be more than could be justified based on the original analysis and a lesser alternative amount which would satisfy both the applicant's higher uses of funds and be not more than necessary according to the department evaluation could not be achieved. Staff has therefore performed two evaluations of these applications providing for an additional allocation on an across the board methodology.

Option 1 made two adjustments to the previous credit calculation; it allowed for adjustments in credit pricing and it included an increase to the full nine percent applicable percentage. This Option utilizes the original development costs as approved by the Board in July. To the extent that applicants did not submit additional information, they are included below as Option 1 solely with an increase to the full nine percent applicable percentage. Under Option 1 all of the 2008 developments would receive an additional allocation but 12 of the 2007 allocations would not receive additional credits primarily due to their reporting actual closing of their partnership at a higher syndication rate than originally underwritten.

Option 2 applies the same factors as Option 1, but instead of utilizing the original development costs, adjusts the costs by applying a 5% increase in direct construction cost and site work (based on the anecdotal evidence presented to the Department). Under this scenario, only six of the closed 2007 transactions would still be gap limited from receiving additional credits. The table below reflects the amount of total credits required to implement each of the Options. Also, because of the feedback and requests for reevaluation by the unclosed applications, the table also reflects the credit amounts for the 2007 unclosed however the Option 1 for unclosed reflects the amount that has already been issued based upon the Board's action in September.

The chart below shows the potential additional credits to be allocated for each year.

	2007 Closed	2007 Unclosed*	2008	Total
Total # of Applications	31 (26 active)	28 (27 active)	62 (48 active)	
# of Applications New Info Submitted	21	28	47	
Original Credit Allocation Total	$21,827,883	$22,638,592	$45,010,965	
Option One – Additional Credits	$516,891	$2,207,032 *	$3,296,652	$6,020,575
Option Two – Additional Credits	$1,060,748	$2,957,711	$4,560,719	$8,579,178

*Note that Carryover Agreements for these credits have already been issued.

At the time of publication, these numbers are NOT final and will be updated at the Board meeting.

You will recall that at the September Board meeting a period of amnesty was granted that would allow applicants to return their prior year allocations without negative penalty points and with the ability to obtain a refund of commitment fees. That amnesty period has ended, however due to the uncertainty of how the Board would proceed with this agenda item, staff recommends that the amnesty period and the ability for staff to refund commitment fees be extended to November 20, 2008. This will allow applicants time to consider the impact of the final Board decision at this meeting and to return previously awarded credits without penalty if that is most prudent.

The statutory $2 million credit cap for applicants will be applied to the year of the ceiling from which the additional credits are awarded (for example: 2007 applications that are awarded additional credits from the 2008 credit ceiling, the additional credits will count towards the $2 million test in 2008).

Another consideration the Board may want to entertain is the possibility of allowing 2007 applicants to return their current allocation of credits and the Board re-issue credits (with the cost adjustment) from the 2008 or 2009 credit ceiling. This is the cleanest way to resolve the timing challenges posed by the credit crisis issues for the Department and it will allow the applicant to adjust their costs, submit current pricing and extend the placement in service deadline. This option does open a door for future applicants to request this remedy. Staff would strongly recommend the Board make it very clear that this option is only being considered because of the enormity of the credit issues.

There have been requests from applicants that received forward commitments in 2006 from the 2007 ceiling to be considered as 2007 applications and be allowed the same considerations that all the other 2007 applications have received. The policy the Board approved at the September meeting did not address these applications. Staff does not recommend these applications have additional consideration, when they received their allocation a year in advance and should have avoided this crisis.

Recommendation

Staff recommends that the Board approve additional credits for all 2007 (closed and unclosed) and all 2008 applications utilizing Option 2 with the 9% applicable percentage, current adjusted credit pricing and assuming a 5% increase in direct construction and site work costs.

Staff also recommends the extension of the amnesty period to November 20, 2008 for previously awarded applicants to return credits without penalty.

2007 Unclosed "Option 1"

TDHCA #	Development Name	LIHTC Amt Awarded	Boost	Fraction	Orig Eligible Basis	Acquisition Basis	Original Syndication	Original Gap	New Syndication	New Gap Credits	New Allocation	Additional Credits	Percent Increase
07137	Hampton Villages	$1,038,857	130%	100.00%	$ 9,686,313	$ -	0.8549	$ 8,902,836	0.7776	$1,144,956	$1,133,299	$94,442	9.09%
07164	Covington Townhomes	$1,200,000	130%	100.00%	$ 12,953,116	$ -	0.8999	$ 11,099,189	0.8200	$1,353,560	$1,353,560	$153,560	12.80%
07170	Gibraltar*	$575,334	130%	100.00%	$ 5,574,632	$ -	0.9300	$ 5,387,310	0.9048	$595,402	$595,402	$20,068	3.49%
07173	West End Baptist Manor Apartments	$316,781	130%	100.00%	$ 3,012,920	$ 673,745	0.8999	$ 3,186,800	0.7800	$408,564	$377,036	$60,255	19.02%
07174	LULAC Hacienda Apartments	$566,203	130%	100.00%	$ 5,094,043	$ -	0.8999	$ 5,264,493	0.8025	$656,011	$596,003	$29,800	5.26%
07178	Tammye's Pointe	$983,288	130%	100.00%	$ 9,688,536	$ -	0.9299	$ 9,184,626	0.7649	$1,200,725	$1,133,559	$150,271	15.28%
07192	Historic Lofts of Waco High	$1,031,581	130%	100.00%	10,571,233	$ -	0.8800	9,077,915	0.7700	$1,178,950	$1,178,950	$147,369	14.29%
07199	Kingsville LULAC Manor Apartments	$491,514	130%	100.00%	4,382,545	$ 870,000	0.8398	4,143,999	0.9400	$440,873	$491,514	$0	0.00%
07203	Melbourne Apartments**	$1,200,000	130%	100.00%	$ 12,118,754	$ -	0.9099	$ 10,308,401	0.7699	$1,338,887	$1,338,887	$138,887	11.57%
07204	Notting Hill Gate Apartments	$1,093,000	130%	100.00%	$ 11,173,278	$ -	0.9099	$ 10,700,003	0.8198	$1,305,139	$1,305,139	$212,139	19.41%
07210	New Hope Housing at Bray's Crossing	$680,321	130%	100.00%	5,779,917	$ 1,040,750	0.8492	5,905,480	0.8399	$703,104	$703,104	$22,783	3.35%
07219	Canyons Retirement Community*	$876,745	130%	91.13%	$ 8,541,932	$ 1,378,553	0.8799	$ 8,124,369	0.7655	$1,061,315	$956,527	$79,782	9.10%
07220	San Gabriel Crossing*	$582,217	100%	95.70%	7,358,191	$ -	0.8700	5,164,715	0.7450	$693,250	$633,753	$51,536	8.85%
07223	Shady Oaks Apartments	$369,110	100%	100.00%	4,337,365	$ -	0.8999	3,463,865	0.8225	$421,139	$390,363	$21,253	5.76%
07226	Candlewick Apartments	$981,612	100%	100.00%	9,402,547	$ 4,881,720	0.9191	9,294,325	0.8498	$1,093,669	$1,023,924	$42,312	4.31%
07227	Champion Home at La Joya	$481,928	130%	100.00%	4,603,252	$ -	0.8991	4,333,046	0.8299	$522,106	$522,106	$40,178	8.34%
07246	Lexington Square	$347,876	130%	100.00%	2,749,735	$ 1,467,124	0.8991	3,127,751	0.7992	$391,360	$375,122	$27,246	7.83%
07258	Trinity Garden Apt Homes	$665,529	130%	100.00%	$ 7,311,716	$ -	0.8899	$ 5,922,617	0.7499	$789,761	$789,761	$124,232	18.67%
07271	Hyatt Manor Apartments	$322,018	130%	100.00%	2,573,643	$ 994,013	0.8299	2,992,110	0.7600	$393,699	$337,298	$15,280	4.75%
07282	Palermo*	$904,473	130%	95.00%	13,845,081	$ -	0.9000	8,217,490	0.7800	$1,053,524	$1,053,524	$149,051	16.48%
07289	Peachtree Seniors	$1,161,000	100%	100.00%	$ 14,060,358	$ -	0.9309	$ 10,808,002	0.8849	$1,221,365	$1,221,365	$60,365	5.20%
07300	Wentworth Apartments	$907,000	130%	100.00%	$ 9,395,823	$ -	0.9099	$ 8,675,140	0.8098	$1,071,219	$1,071,219	$164,219	18.11%
07309	Glenwood Trails	$942,176	130%	100.00%	10,714,911	$ -	0.8699	8,535,563	0.7849	$1,087,442	$1,087,442	$145,266	15.42%
08091	StoneLeaf at Dalhart*	$687,957	130%	100.00%	6,618,379	$ -	0.8499	5,847,052	0.8000	$730,881	$730,881	$42,924	6.24%
08092	Key West Village Phase II	$237,938	100%	100.00%	$ 2,785,825	$ -	0.8991	$ 2,220,059	0.7492	$296,304	$250,724	$12,786	5.37%
08093	San Juan Square II	$1,200,000	130%	96.00%	15,089,106	$ -	0.9498	11,736,843	0.8949	$1,311,510	$1,311,510	$111,510	9.29%
08096	Villas on Raiford	$1,200,000	100%	95.46%	$ 15,009,820	$ -	0.9299	$ 12,000,003	0.8200	$1,463,415	$1,289,517	$89,517	7.46%
	TOTALS:	**$21,044,458**									**$23,251,490**	**$2,207,032**	10.49%

2007 Unclosed "Option 2" (5%)

TDHCA #	Development Name	LIHTC Amt Awarded	App Sitework	TDHCA Sitework	App Direct Const. Cost	TDHCA Direct Const.Cost	Orig Eligible Basis	Boost	Fraction	Acquisition Basis	Original Syndication	Original Gap	New Syndication	Creds Based on 5% Incr in Costs	Gap Creds Based on 5% Incr in Costs	Increase in Basis	Increase in Allocation	New Allocation	Percent Increase
07137	Hampton Villages	$1,038,857	684,000	684,000	5,328,740	5,573,750	$ 9,686,313	130%	100.00%	$ -	0.8549	$ 8,902,836	0.7776	$1,160,356	$1,183,620	$300,637	$121,499	$1,160,356	11.70%
07164	Covington Townhomes	$1,200,000	1,133,025	1,133,025	7,059,590	7,234,626	$ 12,953,116	130%	100.00%	$ -	0.8999	$ 11,099,189	0.8200	$1,552,381	$1,403,515	$409,631	$203,515	$1,403,515	16.96%
07170	Gibraltar*	$575,334	480,000	480,000	2,464,318	2,550,981	$ 5,574,632	130%	100.00%	$ -	0.9300	$ 5,387,310	0.9048	$665,481	$611,672	$147,216	$36,338	$611,672	6.32%
07173	West End Baptist Manor Apartments	$316,781	113,000	185,580	1,387,000	1,676,750	$ 3,012,920	130%	100.00%	$ 673,745	0.8999	$ 3,186,800	0.7800	$385,416	$420,502	$93,117	$68,635	$385,416	21.67%
07174	LULAC Hacienda Apartments	$566,203	400,000	400,000	2,660,000	2,763,462	$ 5,094,043	130%	100.00%	$ -	0.8999	$ 5,264,493	0.8025	$610,239	$675,721	$158,173	$44,036	$610,239	7.78%
07178	Tammye's Pointe	$983,288	684,000	684,000	5,639,200	5,572,996	$ 9,688,536	130%	100.00%	$ -	0.9299	$ 9,184,626	0.7649	$1,162,013	$1,242,057	$316,160	$178,725	$1,162,013	18.18%
07192	Historic Lofts of Waco High	$1,031,581	625,000	664,000	5,557,000	5,665,000	10,571,233	130%	100.00%	$ -	0.8800	9,077,915	0.7700	$1,264,653	1,219,093	$309,100	$187,512	$1,219,093	18.18%
07199	Kingsville LULAC Manor Apartments	$491,514	631,822	611,822	1,748,758	1,776,476	4,382,545	130%	100.00%	$ 870,000	0.8398	4,143,999	0.9400	$555,173	453,577	$119,415		$491,514	0.00%
07203	Melbourne Apartments**	$1,200,000	814,000	814,000	7,070,500	7,299,321	$ 12,118,754	130%	100.00%	$ -	0.9099	$ 10,308,401	0.7699	$1,453,374	$1,390,091	$394,225	$190,091	$1,390,091	15.84%
07204	Notting Hill Gate Apartments	$1,093,000	799,200	799,200	6,636,000	6,355,662	$ 11,173,278	130%	100.00%	$ -	0.9099	$ 10,700,003	0.8198	$1,340,732	$1,350,485	$371,760	$247,732	$1,340,732	22.67%
07210	New Hope Housing at Bray's Crossing	$680,321	78,500	88,500	2,761,292	2,749,232	5,779,917	130%	100.00%	$ 1,040,750	0.8492	5,905,480	0.8399	$726,903	719,997	$141,887	$39,676	$719,997	5.83%
07219	Canyons Retirement Community*	$876,745	195,055	140,807	4,678,200	4,732,233	$ 8,541,932	130%	91.13%	$ 1,378,553	0.8799	$ 8,124,369	0.7655	$976,512	$1,093,144	$243,652	$99,767	$976,512	11.38%
07220	San Gabriel Crossing*	$582,217	634,000	634,000	4,033,500	3,914,266	7,358,191	100%	95.70%	$ -	0.8700	5,164,715	0.7450	$653,853	724,576	$233,375	$71,636	$653,853	12.30%
07223	Shady Oaks Apartments	$369,110	99,450	204,450	2,458,765	2,353,765	4,337,365	100%	100.00%	$ -	0.8999	3,463,865	0.8225	$401,875	436,690	$127,911	$32,765	$401,875	8.88%
07226	Candlewick Apartments	$981,612	660,000	648,600	5,198,380	5,204,600	9,402,547	100%	100.00%	$ 4,881,720	0.9191	9,294,325	0.8498	$1,050,263	1,128,106	$292,660	$68,651	$1,050,263	6.99%
07227	Champion Home at La Joya	$481,928	335,141	346,518	3,204,770	2,197,791	4,603,252	130%	100.00%	$ -	0.8991	4,333,046	0.8299	$550,030	537,435	$127,215	$55,507	$537,435	11.52%
07246	Lexington Square	$347,876	66,748	66,748	1,514,652	1,513,634	2,749,735	130%	100.00%	$ 1,467,124	0.8991	3,127,751	0.7992	$382,234	401,248	$79,019	$34,358	$382,234	9.88%
07258	Trinity Garden Apt Homes	$665,529	561,488	561,488	4,503,066	4,265,420	$ 7,311,716	130%	100.00%	$ -	0.8899	$ 5,922,617	0.7499	$878,261	$823,528	$253,228	$157,999	$823,528	23.74%
07271	Hyatt Manor Apartments	$322,018	195,000	195,000	1,507,500	1,507,500	2,573,643	130%	100.00%	$ 994,013	0.8299	2,992,110	0.7600	$344,960	404,900	$85,125	$22,942	$344,960	7.12%
07282	Palermo*	$904,473	1,970,881	1,970,881	7,675,223	6,943,832	13,845,081	130%	95.00%	$ -	0.9000	8,217,490	0.7800	$1,580,118	1,115,358	$482,305	$210,885	$1,115,358	23.32%
07289	Peachtree Seniors	$1,161,000	1,199,652	1,199,652	7,856,031	7,360,779	$ 14,060,358	100%	100.00%	$ -	0.9309	$ 10,808,002	0.8849	$1,306,183	$1,272,532	$452,784	$111,532	$1,272,532	9.61%
07300	Wentworth Apartments	$907,000	666,000	666,000	5,545,000	5,480,333	$ 9,395,823	130%	100.00%	$ -	0.9099	$ 8,675,140	0.8098	$1,127,261	$1,109,566	$310,550	$202,566	$1,109,566	22.33%
07309	Glenwood Trails	$942,176	1,021,856	1,021,856	5,824,217	5,902,932	10,714,911	130%	100.00%	$ -	0.8699	8,535,563	0.7849	$1,284,452	1,131,051	$342,304	$188,875	$1,131,051	20.05%
08091	StoneLeaf at Dalhart*	$687,957	543,000	543,000	3,742,175	3,694,859	6,618,379	130%	100.00%	$ -	0.8499	5,847,052	0.8000	$793,634	$757,663	$214,259	$69,706	$757,663	10.13%
08092	Key West Village Phase II	$237,938	187,500	187,500	1,645,000	1,653,574	$ 2,785,825	100%	100.00%	$ -	0.8991	$ 2,220,059	0.7492	$258,971	$308,533	$91,625	$21,033	$258,971	8.84%
08093	San Juan Square II	$1,200,000	500,000	500,000	8,607,369	8,197,323	15,089,106	130%	96.00%	$ -	0.9498	11,736,843	0.8949	$1,734,152	$1,362,395	$455,368	$162,395	$1,362,395	13.53%
08096	Villas on Raiford	$1,200,000	845,826	845,826	8,424,004	7,818,466	$ 15,009,820	100%	95.46%	$ -	0.9299	$ 12,000,003	0.8200	$1,329,336	$1,519,938	$463,492	$129,336	$1,329,336	10.78%
	TOTALS:	**$21,044,458**															**$2,957,711**	**$24,002,170**	**14.05%**

2007 Closed "Option 1"

TDHCA #	Development Name	LIHTC Amt Awarded	Boost	Fraction	Orig Eligible Basis	Acquisition Basis	Original Syndication	Original Gap	New Syndication	New Gap Credits	New Allocation	Additional Credits	Percent Increase
07103	Oak Tree Village	$371,883	130%	100.00%	$ 3,587,330	$ -	0.9198	$ 3,420,642	0.8689	$393,669	$393,669	$21,786	5.86%
07108	Paseo Palms	$1,200,000	100%	100.00%	$ 14,475,440	$ -	0.9299	$ 11,353,440	0.8867	$1,280,415	$1,280,415	$80,415	6.70%
07114	Washington Village Apartments	$877,338	130%	100.00%	$ 8,310,662	$ -	0.8799	$ 8,134,047	0.8908	$913,078	$913,078	$35,740	4.07%
07115	Heights Apartments	$377,886	130%	100.00%	$ 3,918,295	$ -	0.8599	$ 3,249,796	0.9300	$349,440	$349,440		0.00%
07117	Deer Creek Apartments	$507,059	130%	100.00%	$ 5,198,325	$ -	0.8600	$ 4,360,666	0.9300	$468,889	$468,889		0.00%
07118	Lakeside Apartments	$520,342	130%	100.00%	$ 5,264,483	$ -	0.8598	$ 4,474,996	0.8600	$520,348	$520,348	$6	0.00%
07149	Residences at Eastland	$1,200,000	130%	95.00%	$ 14,748,336	$ -	0.8999	$ 11,399,946	0.9534	$1,195,709	$1,195,709		0.00%
07166	Jeremiah Seniors	$989,447	100%	100.00%	$ 12,111,508	$ -	0.9099	$ 9,003,068	0.9000	$1,000,341	$1,000,341	$10,894	1.10%
07182	Retama Village - Phase II	$734,361	130%	100.00%	$ 6,767,093	$ -	0.8799	$ 6,461,732	0.9049	$714,075	$714,075		0.00%
07189	Sunlight Manor Apartments	$668,192	130%	100.00%	$ 5,540,937	$ 1,437,263	0.8900	$ 6,023,699	0.8700	$692,379	$692,379	$24,187	3.62%
07194	377 Villas	$687,210	130%	96.00%	6,634,738	$ -	0.9099	6,252,990	0.8649	$722,961	$722,961	$35,751	5.20%
07198	West Durango Plaza Apartments	$657,418	130%	100.00%	5,706,459	$ 1,237,400	0.8499	5,632,692	0.9349	$602,487	$602,487		0.00%
07234	Tuscany Park at Buda	$1,200,000	100%	96.00%	15,162,189	$ -	0.8997	10,809,939	0.8811	$1,226,892	$1,226,892	$26,892	2.24%
07235	Woodchase Senior Community	$1,069,620	130%	100.00%	$ 9,623,212	$ -	0.9099	$ 9,849,155	0.9400	$1,047,782	$1,047,782		0.00%
07242	Paseo de Paz Apartments	$712,276	130%	93.00%	6,671,596	$ -	0.8791	6,275,291	0.8949	$701,220	$701,220		0.00%
07249	Bluffs Landing Senior Village	$1,189,481	100%	100.00%	$ 13,946,856	$ -	0.8649	$ 11,122,020	0.8650	$1,285,783	$1,255,217	$65,736	5.53%
07254	Evergreen at Farmers Branch	$1,194,940	130%	100.00%	$ 11,433,082	$ -	0.9191	$ 10,982,453	0.9300	$1,180,909	$1,180,909		0.00%
07257	Orange Palm Garden Apt Homes	$736,658	130%	100.00%	$ 7,239,913	$ -	0.9199	$ 6,789,623	0.8499	$798,859	$798,859	$62,201	8.44%
07262	Santour Court	$294,106	100%	100.00%	3,456,000	$ -	0.8999	3,242,076	0.9200	$352,400	$311,040	$16,934	5.76%
07291	Cypress Creek at Reed Road	$1,199,797	130%	95.00%	11,631,050	$ -	0.8799	10,427,172	0.8199	$1,271,734	$1,271,734	$71,937	6.00%
07293	Morningstar Villas	$385,100	130%	97.00%	$ 3,592,333	$ -	0.8699	$ 3,440,814	0.8999	$382,346	$382,346		0.00%
07294	Grove at Brushy Creek	$506,036	130%	88.00%	5,263,125	$ -	0.8499	4,300,881	0.8999	$477,910	$477,910		0.00%
07295	Bluestone	$758,354	130%	96.00%	7,446,219	$ -	0.8499	6,498,668	0.9099	$714,245	$714,245		0.00%
07306	Zion Village Apartments	$541,928	130%	100.00%	$ 5,108,908	$ -	0.8899	$ 4,945,247	0.8357	$591,769	$591,769	$49,841	9.20%
07310	Gardens at Friendswood Lakes	$1,000,000	130%	100.00%	$ 9,994,777	$ -	0.9098	$ 9,463,446	0.9349	$1,014,571	$1,014,571	$14,571	1.46%
08094	Sunset Terrace	$975,319	130%	100.00%	8,937,805	$ -	0.8799	8,581,948	0.9319	$920,902	$920,902		0.00%
	TOTALS:	**$20,554,751**										**$516,891**	**2.51%**

2007 Closed "Option 2" (5%)

TDHCA #	Development Name	LIHTC Amt Awarded	App Sitework	TDHCA Sitework	App Direct Const. Cost	TDHCA Direct Const. Cost	Original Eligible Basis	Boost	Fraction	Acquisition Basis	Original Syndication	Original Gap	New Syndication	Creds Based on5% Incr in Costs	Gap Creds Based on 5% Incr in Costs	Increase in Basis	Increase in Allocation	New Allocation	Percent Increase
07103	Oak Tree Village	$371,883	477,945	477,945	1,393,787	1,383,135	$ 3,587,330	130%	100.00%	$ -	0.9198	$ 3,420,642	0.8689	$428,140	$404,440	$93,587	$32,557	$404,440	8.75%
07108	Paseo Palms	$1,200,000	1,340,000	1,340,000	9,106,000	9,279,208	$ 14,475,440	100%	100.00%	$ -	0.9299	$ 11,353,440	0.8867	$1,349,797	$1,339,319	$522,300	$139,319	$1,339,319	11.61%
07114	Washington Village Apartments	$877,338	206,400	56,448	4,723,562	5,023,603	$ 8,310,662	130%	100.00%	$ -	0.8799	$ 8,134,047	0.8908	$994,532	$940,749	$246,498	$63,411	$940,749	7.23%
07115	Heights Apartments	$377,886	260,000	260,000	2,341,450	2,229,513	$ 3,918,295	130%	100.00%	$ -	0.8599	$ 3,249,796	0.9300	$470,147	$363,427	$130,073		$377,886	0.00%
07117	Deer Creek Apartments	$507,059	280,000	280,000	3,206,750	3,035,624	$ 5,198,325	130%	100.00%	$ -	0.8600	$ 4,360,666	0.9300	$623,894	$487,635	$174,338		$507,059	0.00%
07118	Lakeside Apartments	$520,342	280,000	280,000	3,206,750	3,180,421	$ 5,264,483	130%	100.00%	$ -	0.8598	$ 4,474,996	0.8600	$631,635	$540,620	$174,338	$20,278	$540,620	3.90%
07149	Residences at Eastland	$1,200,000	831,000	831,000	9,095,000	9,895,908	$ 14,748,336	130%	95.00%	$ -	0.8999	$ 11,399,946	0.9534	$1,681,711	$1,247,765	$496,300	$47,765	$1,247,765	3.98%
07166	Jeremiah Seniors	$989,447	1,208,250	1,208,250	6,854,799	6,375,729	$ 12,111,508	100%	100.00%	$ -	0.9099	$ 9,003,068	0.9000	$1,124,164	$1,042,474	$379,199	$53,027	$1,042,474	5.36%
07182	Retama Village - Phase II	$734,361	665,750	665,750	3,618,357	3,532,008	$ 6,767,093	130%	100.00%	$ -	0.8799	$ 6,461,732	0.9049	$811,028	$737,746	$214,205	$3,385	$737,746	0.46%
07189	Sunlight Manor Apartments	$668,192	639,500	639,500	2,846,000	2,849,500	$ 5,540,937	130%	100.00%	$ 1,437,263	0.8900	$ 6,023,699	0.8700	$716,307	$712,431	$174,450	$44,239	$712,431	6.62%
07194	377 Villas	$687,210	592,700	592,700	3,777,770	3,783,353	6,634,738	130%	96.00%	$ -	0.9099	6,252,990	0.8649	$764,094	748,227	$218,524	$61,017	$748,227	8.88%
07198	West Durango Plaza Apartments	$657,418	615,000	615,000	2,356,285	2,414,056	5,706,459	130%	100.00%	$ 1,237,400	0.8499	5,632,692	0.9349	$726,328	618,687	$151,453		$657,418	0.00%
07234	Tuscany Park at Buda	$1,200,000	1,491,900	1,491,900	7,755,000	7,561,974	15,162,189	100%	96.00%	$ -	0.8997	10,809,939	0.8811	$1,349,960	1,279,366	$462,345	$79,366	$1,279,366	6.61%
07235	Woodchase Senior Community	$1,069,620	910,100	910,100	5,476,700	5,249,597	$ 9,623,212	130%	100.00%	$ -	0.9099	$ 9,849,155	0.9400	$1,154,656	$1,081,755	$319,340	$12,135	$1,081,755	1.13%
07242	Paseo de Paz Apartments	$712,276	681,200	681,200	3,963,170	3,665,598	6,671,596	130%	93.00%	$ -	0.8791	6,275,291	0.8949	$744,128	725,506	$217,340	$13,230	$725,506	1.86%
07249	Bluffs Landing Senior Village	$1,189,481	1,723,868	1,723,868	6,992,200	7,095,683	$ 13,946,856	100%	100.00%	$ -	0.8649	$ 11,122,020	0.8650	$1,294,439	$1,336,165	$435,803	$104,958	$1,294,439	8.82%
07254	Evergreen at Farmers Branch	$1,194,940	803,491	803,491	6,132,134	5,737,764	$ 11,433,082	130%	100.00%	$ -	0.9191	$ 10,982,453	0.9300	$1,368,881	$1,218,197	$346,781	$23,257	$1,218,197	1.95%
07257	Orange Palm Garden Apt Homes	$736,658	561,488	561,488	4,503,066	4,213,502	$ 7,239,913	130%	100.00%	$ -	0.9199	$ 6,789,623	0.8499	$869,860	$828,654	$253,228	$91,996	$828,654	12.49%
07262	Santour Court	$294,106	136,000	136,000	2,100,000	1,974,764	3,456,000	100%	100.00%	$ -	0.8999	3,242,076	0.9200	$321,102	364,552	$111,800	$26,996	$321,102	9.18%
07291	Cypress Creek at Reed Road	$1,199,797	1,187,340	1,187,340	7,001,084	6,904,444	11,631,050	130%	95.00%	$ -	0.8799	10,427,172	0.8199	$1,327,797	1,321,668	$409,421	$121,871	$1,321,668	10.16%
07293	Morningstar Villas	$385,100	336,500	336,500	1,765,104	1,725,692	$ 3,592,333	130%	97.00%	$ -	0.8699	$ 3,440,814	0.8999	$416,867	$394,022	$105,080	$8,922	$394,022	2.32%
07294	Grove at Brushy Creek	$506,036	432,000	432,000	2,692,591	2,831,149	5,263,125	130%	88.00%	$ -	0.8499	4,300,881	0.8999	$554,265	495,270	$156,230		$506,036	0.00%
07295	Bluestone	$758,354	684,000	684,000	4,010,840	3,886,422	7,446,219	130%	96.00%	$ -	0.8499	6,498,668	0.9099	$856,641	740,045	$234,742		$758,354	0.00%
07306	Zion Village Apartments	$541,928	250,928	250,928	2,973,944	2,551,993	$ 5,108,908	130%	100.00%	$ -	0.8899	$ 4,945,247	0.8357	$610,355	$608,539	$140,146	$66,611	$608,539	12.29%
07310	Gardens at Friendswood Lakes	$1,000,000	1,005,724	1,005,724	5,383,978	5,138,394	$ 9,994,777	130%	100.00%	$ -	0.9098	$ 9,463,446	0.9349	$1,198,143	$1,046,407	$319,485	$46,407	$1,046,407	4.64%
08094	Sunset Terrace	$975,319	900,000	900,000	4,873,127	4,869,080	8,937,805	130%	100.00%	$ -	0.8799	8,581,948	0.9319	$1,071,702	$951,877	$288,656		$975,319	0.00%
	TOTALS:	**$20,554,751**															**$1,060,748**	**$21,615,499**	**5.16%**

2008 "Option 1"

TDHCA #	Development Name	LIHTC Amt Awarded	App Sitework	Sitework	App Direct Const. Cost	Direct Const. Cost	Original Eligible Basis	Boost	Fraction	Original Eligible Basis	Acquisition Basis	Original Gap Proceeds	New Syndication	New Gap Credits	New Allocation	Additional Credits	Percent Increase
08101	Jackson Village Retirement Center	$881,320	861,000	861,000	4,300,000	4,012,088	$ 8,529,392	130%	95.71%	$ 8,529,392	$ -	$ 7,268,832	0.7799	$931,995	$931,995	$50,675	5.75%
08106	Brookhollow Manor	$204,759	185,156	111,865	905,740	989,951	$ 1,862,842	100%	100.00%	$ 1,862,842	$ 1,401,976	$ 1,788,909	0.7499	$238,545	$217,426	$12,667	6.19%
08126	South Acres Ranch	$1,200,000	715,945	715,945	7,370,055	7,585,341	$12,189,543	130%	96.24%	$12,189,543	$ -	$10,725,703	0.7842	$1,367,699	$1,367,699	$167,699	13.97%
08128/07268 /96032	Mid-Towne Apts	$280,619	307,300	304,936	1,209,450	1,254,692	$ 2,277,309	130%	100.00%	$ 2,277,309	$ 966,354	$ 2,470,886	0.7449	$331,696	$300,751	$20,132	7.17%
08129	Alta Vista Apts	$312,199	211,275	403,106	1,504,475	1,335,910	$ 2,634,116	130%	100.00%	$ 2,634,116	$ 839,699	$ 2,865,709	0.7551	$379,531	$338,001	$25,802	8.26%
08133	Timber Creek Senior Living	$1,110,256	1,075,000	1,075,000	5,519,500	5,270,398	$10,729,529	130%	95.67%	$10,729,529	$ -	$ 9,287,187	0.7799	$1,190,784	$1,190,784	$80,528	7.25%
08135	Gardens at Clearwater	$760,867	717,200	717,200	3,992,200	3,837,538	$ 7,137,591	130%	100.00%	$ 7,137,591	$ -	$ 6,467,237	0.7499	$862,384	$835,098	$74,231	9.76%
08138	River Place Apts	$994,242	895,500	895,500	5,389,200	5,518,661	$ 9,374,231	130%	100.00%	$ 9,374,231	$ -	$ 8,260,714	0.7499	$1,101,539	$1,096,785	$102,543	10.31%
08140	Premier on Woodfair	$1,200,000	617,870	742,770	8,538,649	8,481,828	$12,118,302	130%	94.24%	$12,118,302	$ -	$ 9,648,616	0.7549	$1,278,090	$1,278,090	$78,090	6.51%
08142	Anson Park Seniors	$776,637	720,000	720,000	3,993,040	3,843,331	$ 7,197,745	130%	100.00%	$ 7,197,745	$ -	$ 6,567,709	0.7499	$875,782	$842,136	$65,499	8.43%
08150	Oak Manor/Oak Village Apts	$1,200,000	2,058,710	2,058,710	6,199,205	6,324,203	$14,682,797	130%	100.00%	$14,682,797	$ 4,462,730	$12,385,049	0.8800	$1,407,392	$1,407,392	$207,392	17.28%
08151	Parkview Terrace	$985,000	889,500	889,500	4,863,000	4,981,338	$ 9,108,035	130%	100.00%	$ 9,108,035	$ -	$ 8,499,996	0.7399	$1,148,763	$1,065,640	$80,640	8.19%
08158	Villas at Beaumont	$376,000	308,500	308,500	1,619,924	1,556,861	$ 3,478,236	130%	100.00%	$ 3,478,236	$ -	$ 3,207,411	0.7199	$445,518	$406,954	$30,954	8.23%
08160	Tres Palmas	$1,200,000	1,480,000	1,480,000	8,906,000	9,196,746	$14,427,040	100%	100.00%	$14,427,040	$ -	$11,660,540	0.9002	$1,295,328	$1,295,328	$95,328	7.94%
08163	San Elizario Palms	$748,456	715,000	715,000	4,220,000	4,306,700	$ 6,919,900	130%	100.00%	$ 6,919,900	$ -	$ 5,905,900	0.7800	$757,167	$757,167	$8,711	1.16%
08174	Oakleaf Estates	$736,782	716,000	716,000	3,841,000	3,875,914	$ 6,978,899	130%	100.00%	$ 6,978,899	$ -	$ 6,041,392	0.7799	$774,615	$774,615	$37,833	5.13%
08176	Maeghan Pointe	$1,083,920	720,000	720,000	5,976,000	6,401,182	$10,268,281	130%	100.00%	$10,268,281	$ -	$ 9,900,805	0.7750	$1,277,593	$1,201,389	$117,469	10.84%
08182	Suncrest Apts	$359,146	512,874	565,763	1,463,826	1,410,937	$ 3,215,086	100%	100.00%	$ 3,215,086	$ 2,581,721	$ 3,973,395	0.7499	$529,857	$381,009	$21,863	6.09%
08184	Washington Hotel Lofts	$390,225	73,200	75,200	2,243,000	2,235,000	$ 4,598,895	100%	100.00%	$ 4,598,895	$ 537,600	$ 3,330,555	0.8299	$401,320	$401,320	$11,095	2.84%
08193	Sphinx at Fiji Senior	$1,200,000	1,169,350	1,169,350	6,558,174	6,080,800	$12,295,547	130%	100.00%	$12,295,547	$ -	$ 9,940,073	0.8200	$1,212,204	$1,212,204	$12,204	1.02%
08195	Chateau Village Apts	$1,093,892	348,148	207,000	5,431,851	5,523,000	$ 8,399,416	130%	100.00%	$ 8,399,416	$ 5,222,837	$10,550,162	0.8448	$1,248,789	$1,168,142	$74,250	6.79%
08198	Highland Manor	$1,200,000	1,127,000	1,127,000	7,426,700	7,162,163	$12,627,213	130%	94.51%	$12,627,213	$ -	$10,335,635	0.7399	$1,396,847	$1,396,339	$196,339	16.36%
08200	Ingram Square Apts	$752,115	324,704	286,519	3,025,497	3,065,832	$ 5,909,311	130%	100.00%	$ 5,909,311	$ 3,400,000	$ 6,978,987	0.7899	$883,504	$812,089	$59,974	7.97%
08201	First Huntington Arms	$367,559	212,000	214,500	1,515,734	1,513,234	$ 3,209,724	130%	100.00%	$ 3,209,724	$ 635,965	$ 3,087,190	0.7449	$414,429	$398,114	$30,555	8.31%
08205	Wind River	$1,188,738	649,668	1,172,925	5,253,129	5,167,955	$10,261,503	130%	100.00%	$10,261,503	$ 2,881,752	$10,691,169	0.7500	$1,425,489	$1,302,898	$114,160	9.60%
08207	Carpenter's Point	$1,200,000	896,271	896,271	6,869,069	6,416,355	$11,381,781	130%	100.00%	$11,381,781	$ -	$10,288,496	0.7500	$1,371,799	$1,331,668	$131,668	10.97%
08216	Chisum Trail Apts	$133,940	63,110	63,110	540,900	534,750	$ 1,084,016	100%	100.00%	$ 1,084,016	$ 1,265,748	$ 1,139,021	0.7499	$151,884	$142,495	$8,555	6.39%
08223	Evergreen at The Colony	$1,200,000	1,553,244	1,553,244	7,972,149	7,324,741	$14,971,354	100%	100.00%	$14,971,354	$ -	$10,974,002	0.8200	$1,338,293	$1,338,293	$138,293	11.52%
08232	Sakowitz Apts	$740,419	245,400	245,400	3,301,015	3,635,488	$ 6,845,587	130%	100.00%	$ 6,845,587	$ -	$ 6,145,000	0.7699	$798,132	$798,132	$57,713	7.79%
08233	Heritage Park Vista	$1,106,616	1,250,000	1,250,000	6,994,000	6,985,421	$13,834,900	100%	96.14%	$13,834,900	$ -	$10,989,700	0.7799	$1,409,077	$1,197,061	$90,445	8.17%
08235	Buena Vida Senior Village	$857,951	565,000	565,000	4,955,000	4,550,017	$ 7,932,238	130%	100.00%	$ 7,932,238	$ -	$ 6,927,735	0.7999	$866,027	$866,027	$8,076	0.94%
08251	HomeTowne on Wayside	$950,000	1,135,050	1,135,050	6,651,810	6,478,473	$10,405,260	130%	95.62%	$10,405,260	$ -	$ 8,757,071	0.7499	$1,167,726	$1,164,117	$214,117	22.54%
08253	Creekside Villas Senior Village	$1,200,000	2,201,130	2,201,130	7,441,000	8,076,437	$14,794,652	100%	100.00%	$14,794,652	$ -	$10,106,783	0.7698	$1,312,832	$1,312,832	$112,832	9.40%
08254	Montgomery Meadows Phase II	$498,997	305,454	305,454	360,000	360,000	$ 4,613,506	130%	100.00%	$ 4,613,506	$ -	$ 4,181,952	0.7650	$546,660	$539,780	$40,783	8.17%
08257/07263	Constitution Court	$947,423	810,000	810,000	6,560,000	6,484,782	$11,387,300	100%	100.00%	$11,387,300	$ -	$ 8,189,000	0.7749	$1,056,751	$1,024,857	$77,434	8.17%
08258	Lexington Court Phase II	$693,584	570,000	570,000	4,685,688	4,828,931	$ 8,336,350	100%	100.00%	$ 8,336,350	$ -	$ 5,859,400	0.7600	$770,974	$750,272	$56,688	8.17%
08260	Harris Manor Apts	$725,011	692,300	711,900	4,242,416	4,325,666	$ 6,845,913	130%	96.00%	$ 6,845,913	$ 2,797,231	$ 5,983,413	0.8192	$730,415	$730,415	$5,404	0.75%
8261	Towne Center Apt Homes	$1,099,702	1,050,000	1,050,000	7,280,156	7,347,816	$14,368,239	100%	95.00%	$14,368,239	$ -	$10,198,545	0.8099	$1,259,205	$1,228,484	$128,782	11.71%
08262	Lake View Apt Homes	$1,150,000	930,000	930,000	7,500,000	7,132,263	$12,734,180	130%	95.71%	$12,734,180	$ -	$ 9,893,485	0.7499	$1,319,263	$1,319,263	$169,263	14.72%
08263	Villas at Lost Pines	$497,168	594,000	594,000	3,200,000	3,329,885	$ 6,208,740	100%	96.24%	$ 6,208,740	$ -	$ 4,252,900	0.8200	$518,646	$518,646	$21,478	4.32%
08264	Cambridge Crossing	$578,144	457,880	457,880	3,059,440	2,870,187	$ 5,561,610	130%	96.11%	$ 5,561,610	$ -	$ 4,715,052	0.7199	$654,999	$625,407	$47,263	8.17%
08294	Stardust Village	$427,390	324,000	324,000	2,960,691	2,931,658	$ 5,136,899	100%	100.00%	$ 5,136,899	$ -	$ 3,580,266	0.7199	$497,309	$462,321	$34,931	8.17%
08297	St. Charles Place	$218,996	193,809	222,609	1,134,002	1,116,069	$ 1,860,775	100%	100.00%	$ 1,860,775	$ 1,807,862	$ 2,052,173	0.7970	$257,487	$231,649	$12,653	5.78%
08298	Residences on Stalcup	$762,356	570,000	671,950	3,530,000	3,399,985	$ 6,497,332	130%	100.00%	$ 6,497,332	$ 1,679,000	$ 6,731,697	0.7699	$874,334	$819,792	$57,436	7.53%
08299	Southern View Apartments	$433,000	432,000	432,000	2,273,000	2,255,068	$ 4,114,050	130%	100.00%	$ 4,114,050	$ -	$ 3,568,091	0.7500	$475,745	$475,745	$42,745	9.87%
08302	Leona Apartments	$124,375	41,864	52,378	458,249	463,249	$ 1,122,712	100%	100.00%	$ 1,122,712	$ 872,256	$ 1,288,292	0.7705	$167,212	$132,009	$7,634	6.14%
08303	Heritage Square	$349,923	217,753	205,103	1,505,006	1,492,563	$ 2,619,228	130%	100.00%	$ 2,619,228	$ 1,876,830	$ 2,901,766	0.7699	$376,890	$373,077	$23,154	6.62%
08304	Park Place	$485,633	507,757	620,876	2,003,917	1,827,937	$ 3,695,641	130%	100.00%	$ 3,695,641	$ 2,420,078	$ 4,093,266	0.7799	$524,830	$518,303	$32,670	6.73%
	TOTALS:	**$36,983,360**														**$3,296,652**	**8.91%**

2008 "Option 2" (5%)

TDHCA #	Development Name	LIHTC Amt Awarded	App Sitework	Sitework	App Direct Const. Cost	Direct Const. Cost	Original Eligible Basis	Boost	Fraction	Acquisition Basis	Original Syndication	Original Gap	New Syndication	Creds Based on 5% Incr in Costs	Gap Creds Based on 5% Incr in Costs	Increase in Basis	Increase in Allocation	New Allocation	Percent Increase
08101	Jackson Village Retirement Cent	$881,320	861,000	861,000	4,300,000	4,012,088	$ 8,529,392	130%	95.71%	$ -	0.8250	$ 7,268,832	0.7799	$977,355	$965,081	$258,050	$83,761	$965,081	9.50%
08106	Brookhollow Manor	$204,759	185,156	111,865	905,740	989,951	$ 1,862,842	100%	100.00%	$ 1,401,976	0.8500	$ 1,788,909	0.7499	$223,646	$245,891	$55,091	$18,887	$223,646	9.22%
08126	South Acres Ranch	$1,200,000	715,945	715,945	7,370,055	7,585,341	$12,189,543	130%	96.24%	$ -	0.8500	$10,725,703	0.7842	$1,407,571	$ 1,419,254	$404,300	$207,571	$1,407,571	17.30%
08128/07268 /96032	Mid-Towne Apts	$280,619	307,300	304,936	1,209,450	1,254,692	$ 2,277,309	130%	100.00%	$ 966,354	0.8199	$ 2,470,886	0.7449	$308,639	$ 342,164	$77,981	$28,020	$308,639	9.98%
08129	Alta Vista Apts	$312,199	211,275	403,106	1,504,475	1,335,910	$ 2,634,116	130%	100.00%	$ 839,699	0.8200	$ 2,865,709	0.7551	$346,582	$ 391,046	$86,951	$34,383	$346,582	11.01%
08133	Timber Creek Senior Living	$1,110,256	1,075,000	1,075,000	5,519,500	5,270,398	$10,729,529	130%	95.67%	$ -	0.8250	$ 9,287,187	0.7799	$1,229,388	$ 1,233,061	$329,725	$119,132	$1,229,388	10.73%
08135	Gardens at Clearwater	$760,867	717,200	717,200	3,992,200	3,837,538	$ 7,137,591	130%	100.00%	$ -	0.8400	$ 6,467,237	0.7499	$856,290	$ 893,784	$235,470	$95,423	$856,290	12.54%
08138	River Place Apts	$994,242	895,500	895,500	5,389,200	5,518,661	$ 9,374,231	130%	100.00%	$ -	0.8300	$ 8,260,714	0.7499	$1,125,066	$ 1,143,441	$314,235	$130,824	$1,125,066	13.16%
08140	Premier on Woodfair	$1,200,000	617,870	742,770	8,538,649	8,481,828	$12,118,302	130%	94.24%	$ -	0.8000	$ 9,648,616	0.7549	$1,375,005	$ 1,338,735	$457,826	$138,735	$1,338,735	11.56%
08142	Anson Park Seniors	$776,637	720,000	720,000	3,993,040	3,843,331	$ 7,197,745	130%	100.00%	$ -	0.8450	$ 6,567,709	0.7499	$863,345	$ 907,205	$235,652	$86,708	$863,345	11.16%
08150	Oak Manor/Oak Village Apts	$1,200,000	2,058,710	2,058,710	6,199,205	6,324,203	$14,682,797	130%	100.00%	$ 4,462,730	0.8800	$12,385,049	0.8800	$1,918,054	$ 1,455,022	$419,146	$255,022	$1,455,022	21.25%
08151	Parkview Terrace	$985,000	889,500	889,500	4,863,000	4,981,338	$ 9,108,035	130%	100.00%	$ -	0.8400	$ 8,499,996	0.7399	$1,091,526	$ 1,187,635	$287,625	$106,526	$1,091,526	10.81%
08158	Villas at Beaumont	$376,000	308,500	308,500	1,619,924	1,556,861	$ 3,478,236	130%	100.00%	$ -	0.8400	$ 3,207,411	0.7199	$415,632	$ 458,911	$96,421	$39,632	$415,632	10.54%
08160	Tres Palmas	$1,200,000	1,480,000	1,480,000	8,906,000	9,196,746	$14,427,040	100%	100.00%	$ -	0.9002	$11,660,540	0.9002	$1,345,171	$ 1,353,015	$519,300	$145,171	$1,345,171	12.10%
08163	San Elizario Palms	$748,456	715,000	715,000	4,220,000	4,306,700	$ 6,919,900	130%	100.00%	$ -	0.7800	$ 5,905,900	0.7800	$831,836	$ 788,801	$246,750	$40,345	$788,801	5.39%
08174	Oakleaf Estates	$736,782	716,000	716,000	3,841,000	3,875,914	$ 6,978,899	130%	100.00%	$ -	0.8200	$ 6,041,392	0.7799	$837,038	$ 803,829	$227,850	$67,047	$803,829	9.10%
08176	Maeghan Pointe	$1,083,920	720,000	720,000	5,976,000	6,401,182	$10,268,281	130%	100.00%	$ -	0.9000	$ 9,900,805	0.7750	$1,231,521	$ 1,320,795	$334,800	$147,601	$1,231,521	13.62%
08182	Suncrest Apts	$359,146	512,874	565,763	1,463,826	1,410,937	$ 3,215,086	100%	100.00%	$ 2,581,721	0.8200	$ 3,973,395	0.7499	$392,228	$ 543,036	$98,835	$33,082	$392,228	9.21%
08184	Washington Hotel Lofts	$390,225	73,200	75,200	2,243,000	2,235,000	$ 4,598,895	100%	100.00%	$ 537,600	0.8299	$ 3,330,555	0.8299	$443,865	$ 415,239	$115,510	$25,014	$415,239	6.41%
08193	Sphinx at Fiji Senior	$1,200,000	1,169,350	1,169,350	6,558,174	6,080,800	$12,295,547	130%	100.00%	$ -	0.8200	$ 9,940,073	0.8200	$1,473,353	$ 1,259,323	$386,376	$59,323	$1,259,323	4.94%
08195	Chateau Village Apts	$1,093,892	348,148	207,000	5,431,851	5,523,000	$ 8,399,416	130%	100.00%	$ 5,222,837	0.8600	$10,550,162	0.8448	$1,198,628	$ 1,282,701	$286,500	$104,736	$1,198,628	9.57%
08198	Highland Manor	$1,200,000	1,127,000	1,127,000	7,426,700	7,162,163	$12,627,213	130%	94.51%	$ -	0.8200	$10,335,635	0.7399	$1,432,720	$ 1,454,648	$427,685	$232,720	$1,432,720	19.39%
08200	Ingram Square Apts	$752,115	324,704	286,519	3,025,497	3,065,832	$ 5,909,311	130%	100.00%	$ 3,400,000	0.8850	$ 6,978,987	0.7899	$830,235	$ 904,724	$167,618	$78,120	$830,235	10.39%
08201	First Huntington Arms	$367,559	212,000	214,500	1,515,734	1,513,234	$ 3,209,724	130%	100.00%	$ 635,965	0.8400	$ 3,087,190	0.7449	$406,462	$ 426,026	$86,387	$38,903	$406,462	10.58%
08205	Wind River	$1,188,738	649,668	1,172,925	5,253,129	5,167,955	$10,261,503	130%	100.00%	$ 2,881,752	0.8700	$10,691,169	0.7500	$1,334,026	$ 1,467,762	$317,044	$145,288	$1,334,026	12.22%
08207	Carpenter's Point	$1,200,000	896,271	896,271	6,869,069	6,416,355	$11,381,781	130%	100.00%	$ -	0.8000	$10,288,496	0.7500	$1,366,612	$ 1,423,568	$388,267	$166,612	$1,366,612	13.88%
08216	Chisum Trail Apts	$133,940	63,110	63,110	540,900	534,750	$ 1,084,016	100%	100.00%	$ 1,265,748	0.8500	$ 1,139,021	0.7499	$146,325	$ 155,871	$29,893	$12,385	$146,325	9.25%
08223	Evergreen at The Colony	$1,200,000	1,553,244	1,553,244	7,972,149	7,324,741	$14,971,354	100%	100.00%	$ -	0.8200	$10,974,002	0.8200	$1,390,286	$ 1,396,375	$476,270	$190,286	$1,390,286	15.86%
08232	Sakowitz Apts	$740,419	245,400	245,400	3,301,015	3,635,488	$ 6,845,587	130%	100.00%	$ -	0.8300	$ 6,145,000	0.7699	$816,893	$ 821,163	$177,321	$76,474	$816,893	10.33%
08233	Heritage Park Vista	$1,106,616	1,250,000	1,250,000	6,994,000	6,985,421	$13,834,900	100%	96.14%	$ -	0.8500	$10,989,700	0.7799	$1,232,726	$ 1,461,929	$412,200	$126,110	$1,232,726	11.40%
08235	Buena Vida Senior Village	$857,951	565,000	565,000	4,955,000	4,550,017	$ 7,932,238	130%	100.00%	$ -	0.7999	$ 6,927,735	0.7999	$951,089	$ 897,998	$255,751	$40,047	$897,998	4.67%
08251	HomeTowne on Wayside	$950,000	1,135,050	1,135,050	6,651,810	6,478,473	$10,405,260	130%	95.62%	$ -	0.8500	$ 8,757,071	0.7499	$1,197,624	$ 1,219,644	$389,343	$247,624	$1,197,624	26.07%
08253	Creekside Villas Senior Village	$1,200,000	2,201,130	2,201,130	7,441,000	8,076,437	$14,794,652	100%	100.00%	$ -	0.8400	$10,106,783	0.7698	$1,377,768	$ 1,379,583	$513,878	$177,768	$1,377,768	14.81%
08254	Montgomery Meadows Phase II	$498,997	305,454	305,454	360,000	360,000	$ 4,613,506	130%	100.00%	$ -	0.8200	$ 4,181,952	0.7650	$542,775	$ 551,010	$33,273	$43,778	$542,775	8.77%
08257/07263	Constitution Court	$947,423	810,000	810,000	6,560,000	6,484,782	$11,387,300	100%	100.00%	$ -	0.8200	$ 8,189,000	0.7749	$1,058,022	$ 1,104,304	$368,500	$110,599	$1,058,022	11.67%
08258	Lexington Court Phase II	$693,584	570,000	570,000	4,685,688	4,828,931	$ 8,336,350	100%	100.00%	$ -	0.8200	$ 5,859,400	0.7600	$773,922	$ 805,551	$262,784	$80,338	$773,922	11.58%
08260	Harris Manor Apts	$725,011	692,300	711,900	4,242,416	4,325,666	$ 6,845,913	130%	96.00%	$ 2,797,231	0.8200	$ 5,983,413	0.8192	$888,442	$ 761,162	$251,878	$36,151	$761,162	4.99%
8261	Towne Center Apt Homes	$1,099,702	1,050,000	1,050,000	7,280,156	7,347,816	$14,368,239	100%	95.00%	$ -	0.8099	$10,198,545	0.8099	$1,264,096	$ 1,310,631	$416,508	$164,394	$1,264,096	14.95%
08262	Lake View Apt Homes	$1,150,000	930,000	930,000	7,500,000	7,132,263	$12,734,180	130%	95.71%	$ -	0.8100	$ 9,893,485	0.7499	$1,460,706	$ 1,373,017	$403,113	$223,017	$1,373,017	19.39%
08263	Villas at Lost Pines	$497,168	594,000	594,000	3,200,000	3,329,885	$ 6,208,740	100%	96.24%	$ -	0.8200	$ 4,252,900	0.8200	$554,207	$ 541,780	$189,700	$44,612	$541,780	8.97%
08264	Cambridge Crossing	$578,144	457,880	457,880	3,059,440	2,870,187	$ 5,561,610	130%	96.11%	$ -	0.7800	$ 4,715,052	0.7199	$639,801	$ 678,116	$166,403	$61,657	$639,801	10.66%
08294	Stardust Village	$427,390	324,000	324,000	2,960,691	2,931,658	$ 5,136,899	100%	100.00%	$ -	0.8100	$ 3,580,266	0.7199	$477,102	$ 520,122	$164,235	$49,712	$477,102	11.63%
08297	St. Charles Place	$218,996	193,809	222,609	1,134,002	1,116,069	$ 1,860,775	100%	100.00%	$ 1,807,862	0.7970	$ 2,052,173	0.7970	$239,300	$ 265,885	$66,934	$20,304	$239,300	9.27%
08298	Residences on Stalcup	$762,356	570,000	671,950	3,530,000	3,399,985	$ 6,497,332	130%	100.00%	$ 1,679,000	0.8000	$ 6,731,697	0.7699	$839,627	$ 900,778	$203,597	$77,271	$839,627	10.14%
08299	Southern View Apartments	$433,000	432,000	432,000	2,273,000	2,255,068	$ 4,114,050	130%	100.00%	$ -	0.8200	$ 3,568,091	0.7500	$493,516	$ 493,779	$135,250	$60,516	$493,516	13.98%
08302	Leona Apartments	$124,375	41,864	52,378	458,249	463,249	$ 1,122,712	100%	100.00%	$ 872,256	0.7900	$ 1,288,292	0.7705	$135,115	$ 170,558	$25,781	$10,740	$135,115	8.63%
08303	Heritage Square	$349,923	217,753	205,103	1,505,006	1,492,563	$ 2,619,228	130%	100.00%	$ 1,876,830	0.7900	$ 2,901,766	0.7699	$382,406	$ 387,915	$84,883	$32,483	$382,406	9.28%
08304	Park Place	$485,633	507,757	620,876	2,003,917	1,827,937	$ 3,695,641	130%	100.00%	$ 2,420,078	0.7900	$ 4,093,266	0.7799	$531,500	$ 540,529	$122,441	$45,867	$531,500	9.44%
	TOTALS:	**$36,983,360**															**$4,560,719**	**$41,544,079**	**12.33%**

BOARD ACTION SUMMARY
MULTIFAMILY FINANCE PRODUCTION DIVISION

November 13, 2008

Action Item

Presentation, Discussion and Possible Approval of the Policy for Implementation of HR 1424 on the Housing Tax Credit Program including Possible Allocation of 2008 Housing Tax Credit Ceiling.

Requested Action

Approve, Approve with Amendments or Deny the Policy to Implement the Emergency Economic Stabilization Act of 2008, HR 1424.

Background

On October 3, 2008, the President signed into law, the Emergency Economic Stabilization Act of 2008, H.R.1424 (the "Act"). The Act amended the Internal Revenue Code of 1986. The Act authorizes additional Housing Tax Credits to the State of Texas in an annual amount equal to approximately $15,000,000 for the years 2008, 2009 and 2010 to be allocated in the eligible counties affected by Hurricane Ike as designated in the Presidential declaration (FEMA-1791-DR) and subsequent amendments. The official amounts are anticipated to be released at the end of November. The current eligible counties are Angelina, Austin, Brazoria, Chambers, Cherokee, Fort Bend, Galveston, Grimes, Hardin, Harris, Houston, Jasper, Jefferson, Liberty, Madison, Matagorda, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Trinity, Tyler, Walker, Waller and Washington. For purposes of discussion on these credits these are called "Ike Credits".

2008 Ike Credits

For each year's credit allocation of Ike Credits, the allocation must be made by December 31 of that year or the credits are lost as a resource to the state of Texas; they can not be directly rolled into following year's allocations. Therefore, in an effort to utilize the allocation of Ike Credits authorized to the State of Texas through the Act and as recommended by the IRS, staff recommends that all traditional 2008 allocations that were awarded by the Board in July, as well as all eligible 2008 waiting list applications, located in the Hurricane Ike counties be "transferred" to receive their allocation from 2008 Ike Credits. This transfer amount totals $14,201,892. Of this amount $1,597,683 would be awarded to applications currently on the 2008 Waiting List in those regions. The original amount of traditional 2008 allocation that had been regionally allocated to Regions 5 and 6 is $10,313,816. **At the time of publication of the Board materials, these numbers are estimates and may be update at the Board meeting.**

That amount available to be awarded could be handled in one of two ways.

- Option 1. The credits would be redistributed through the 2008 Regional Allocation Formula (excluding Regions 5 and 6) and statewide collapse for awards to applications on the 2008 waiting list as approved by the Board in July.

- Option 2. The credits would be carried forward to 2009 to first be made available in regions five and six. If there are not enough applications submitted in regions five and six for the regular competitive application cycle, the allocation remaining will be distributed to the other eleven regions for the completion of the regular competitive application cycle.

- Option 3. The credits would be carried forward to 2009 and allocated through the regional allocation statewide.

Recommendation

Staff recommends that the Board approve Option 2 for the 2008 Ike Credits because of the current credit crisis and the limited amount of time available to review applications on the Waiting List.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 13, 2008

Action Item

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

Required Action

Discuss and Possibly Approve the Issuance of Commitments for Allocations of Housing Tax Credits from the 2009 State Housing Credit Ceiling.

Background

As permitted under §50.10(c) of the 2008 Qualified Allocation Plan and Rules (the "QAP"): "The Board may determine to issue commitments of tax credit authority with respect to Applications from the State Housing Credit Ceiling for the calendar year following the year of issuance (each a "forward commitment")."

The Board may consider all Applications submitted under the 2008 Application Round. Included with this Board Action Request is a report titled 2008 Waiting List Competitive Housing Tax Credit Applications; all Applications on this list are eligible for consideration of a forward commitment under this agenda item. Pursuant to §50.10(c) of the 2008 QAP, "The Board will utilize its discretion in determining the amount of credits to be allocated as forward commitments and the reasons for those commitments considering score and discretionary factors".

The following issues should be noted:

1. As described in §50.10(c) of the 2008 QAP: "Applications that are submitted under the 2008 QAP and granted a Forward Commitment of 2009 Housing Tax Credits are considered by the Board to comply with the 2009 QAP by having satisfied the requirements of this 2008 QAP, except for statutorily required QAP changes."
2. As described in §50.10(c)(1) of the 2008 QAP: "Unless otherwise provided in the Commitment Notice with respect to a Development selected to receive a forward commitment, actions which are required to be performed under this chapter by a particular date within a calendar year shall be performed by such date in the calendar year of the Credit Ceiling from which the credits are allocated."
3. For any Application approved by the Board for a forward commitment, the credit amount awarded will be attributed to the proper region and Set-Asides from the 2009 State Housing Credit Ceiling to ensure adherence to the requirements of §2306.6714 and the Regional Allocation Formula in 2009.

4. Any Application approved for a forward commitment award, the allocation amount will be adjusted based on any additional credit allocation policy approved by the Board.
5. Any approved Applications will be reviewed to ensure that they do not have Material Noncompliance consistent with §50.5(b)(2) and (3) of the 2008 QAP.
6. Any approved Applications will be reviewed consistent with §50.6(f) of the 2008 QAP to ensure that they do not have any violations of the "one-mile, one-year test." This rule prohibits the Department from allocating to an Application with a proposed site that is within one mile of any other Application's proposed site awarded in the same calendar year.
7. Staff will review to ensure that consistent with §50.6(d) of the 2008 QAP, the Department "shall not allocate more than $2 million of tax credits in any given Application Round to any Applicant, Developer, Related Party or Guarantor."
8. Any Applications that have not been reviewed, at this time, will be reviewed for Eligibility and Threshold, financial feasibility and compliance with previous participation; conditions to the award and the amount of final credits awarded will be those identified by Real Estate Analysis and/or Multifamily Finance Production Division.

If desired, the Board may also utilize this Board action item to recommend a forward allocation of 2009 housing credits to previously awarded applications.

Recommendations

Staff does not recommend the allocation of forward commitments at this time. There is much uncertainty in the market place at this time that may be clearer as the full effects of HR 3221 and the credit crisis have more time to develop. Most of the applications that did not score sufficiently to be awarded credits this year would be eligible to reapply in 2009 under the terms of the new QAP. Without the reapplication process, the deals awarded out of next year's allocation will not be held to the same standards as other applicants in 2009.

Forward commitments made this year will reduce the amount of Housing Tax Credits available in 2009 to other qualified applications that will be submitted for the 2009 Application Round; the scoring process and Department rules were objectively applied to all 2008 Applications and those Applications not recommended for an award did not achieve a competitive score and/or did not meet the requirements of the program.

2008 Waiting List Competitive Housing Tax Credit Applications

November 6, 2008 TDHCA Board Meeting

Region: 1

Applications Submitted in Region 1: Rural

File #	Region	Status[1]	Development Name	Address	City	Allocation[2]	Set-Asides[3] USDA	NP	AR	LI Units	Total Units	Target[4] Pop	Housing[5] Activity	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score
08112	1	N	Cedar Street Apartments	N. Cedar St. N. of Hwy 380	Brownfield	Rural	☐	☐	☐	48	48	G	NC	☐	$441,361	Justin Zimmerman	☐	136.0
									Total:	**48**	**48**				**$441,361**			
	1		**Applications in Region**						**Region Total:**	**48**	**48**				**$441,361**			

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1 = Status of Award Abbreviation: Not Recommended for Award=N.
2 = Allocation: Rural Regional Allocation or Urban Regional Allocation.
3 = Set-Aside Abbreviations: TRDO-USDA=USDA, Nonprofit=NP, At-RIsk=AR.
4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

Region: 2

Applications Submitted in Region 2: Urban

File #	Region	Status[1]	Development Name	Address	City	Allocation[2]	Set-Asides[3] USDA	NP	AR	LI Units	Total Units	Target Pop[4]	Housing Activity[5]	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score
08236	2	N	Green Briar Village Phase II	E. Side of SH 240, S. of Intersection of Airport Dr.	Wichita Falls	Urban	☐	☐	☐	36	36	G	NC	☐	$362,341	Randy Stevenson	☐	177.0
									Total:	**36**	**36**				**$362,341**			
			1 Applications in Region						**Region Total:**	**36**	**36**				**$362,341**			

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6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

Region: 3

Applications Submitted in Region 3: Urban

File #	Region	Status[1]	Development Name	Address	City	Allocation[2]	Set-Asides[3] USDA	NP	AR	LI Units	Total Units	Target[4] Pop	Housing[5] Activity	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score
08217	3	N	Merritt Homes	E. Side of N. Tennessee & W. White Ave.	McKinney	Urban	☐	☐	☐	178	178	E	NC	☐	$1,200,000	Beth Bentley	☐	190.0
08273	3	N	Four Seasons at Clear Creek	Oak Grove Shelby & S. Race St.	Fort Worth	Urban	☐	☐	☐	92	96	G	NC	☐	$841,368	Susan Sheeran	☐	187.0
08274	3	N	Casa Bella	3217 Beltline Rd.	Sunnyvale	Urban	☐	☐	☐	138	144	E	NC	☐	$918,441	Manish Verma	☐	184.0
08124	3	N	Mill Stone Apartments	8600 Randoll Mill Rd.	Fort Worth	Urban	☐	☐	☐	144	144	G	NC	☐	$1,200,000	Bert Magill	☐	160.0
									Total:	**552**	**562**				**$4,159,809**			

Applications Submitted in Region 3: Rural

File #	Region	Status[1]	Development Name	Address	City	Allocation[2]	Set-Asides[3] USDA	NP	AR	LI Units	Total Units	Target[4] Pop	Housing[5] Activity	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score
08255	3	N	West Park Senior Housing	W. Park Row & 44th St.	Corsicana	Rural	☐	☐	☐	48	48	E	NC	☐	$507,268	Emanuel H. Glockzin, Jr.	☑	205.0
08154	3	N	Mineral Wells Pioneer Crossing	2509 E. Hubbard	Mineral Wells	Rural	☐	☐	☐	80	80	G	NC	☐	$805,355	Noor Allah Jooma	☑	198.0
08100	3	N	Grand Reserve Seniors - Waxahachie Community	Park Hills Dr. (New Street Being Constructed)	Waxahachie	Rural	☐	☐	☐	80	80	E	NC	☐	$891,368	Kenneth Mitchell	☐	197.0
08256	3	N	Westway Place	44th St. off West Park Row	Corsicana	Rural	☐	☐	☐	40	40	G	NC	☐	$478,392	Emanuel H. Glockzin, Jr.	☑	195.0
									Total:	**248**	**248**				**$2,682,383**			

8 Applications in Region	**Region Total:**	**800**	**810**	**$6,842,192**

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Region: 4

Applications Submitted in Region 4: Rural

File #	Region	Status[1]	Development Name	Address	City	Allocation[2]	Set-Asides[3] USDA	NP	AR	LI Units	Total Units	Target[4] Pop	Housing[5] Activity	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score
08110	4	N	Paris Big Sandy Apartments	Lamar Ave., 1 Mile E. of Loop 289	Paris	Rural	☐	☐	☐	63	64	G	NC	☐	$612,210	Justin Zimmerman	☐	199.0
08240	4	N	Timber Village Apartments II	2707 Norwood St.	Marshall	Rural	☐	☐	☐	72	72	G	NC	☐	$687,886	Rick J. Deyoe	☐	195.0
08185	4	N	Historic Lofts of Palestine	201 W. Oak St.; 314 S. Queen St.; 201 E. Oak St.; 119 E. Oak St.	Palestine	Rural	☐	☐	☐	65	65	G	NC	☐	$647,682	Bill Scantland	☐	186.0
									Total:	**200**	**201**				**$1,947,778**			
3			**Applications in Region**						**Region Total:**	**200**	**201**				**$1,947,778**			

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4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

Region: 5

Applications Submitted in Region 5: Rural

File #	Region	Status[1]	Development Name	Address	City	Allocation[2]	Set-Asides[3] USDA	NP	AR	LI Units	Total Units	Target Pop[4]	Housing Activity[5]	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score
08179	5	N	Homes at Cypress Ridge	100 SE. Stallings Dr.	Nacogdoches	Rural	☐	☐	☐	54	54	G	NC	☐	$670,625	Anita M. Kegley	☐	151.0
									Total:	**54**	**54**				**$670,625**			
1 Applications in Region									**Region Total:**	**54**	**54**				**$670,625**			

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3 = Set-Aside Abbreviations: TRDO-USDA=USDA, Nonprofit=NP, At-RIsk=AR.
4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

Region: 6

Applications Submitted in Region 6: Urban

File #	Region	Status[1]	Development Name	Address	City	Allocation[2]	Set-Asides[3]			LI Units	Total Units	Target[4] Pop	Housing[5] Activity	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score
							USDA	NP	AR									
08295	6	N	Vista Bonita Apartments	9313 Tallyho Rd.	Houston	Urban	☐	☐	☐	118	118	G	RH	☑	$1,078,293	Amay Inamdar	☐	197.0
08228	6	N	Chelsea Senior Community	3350 W. Little York Rd.	Houston	Urban	☐	☐	☐	36	36	E	NC	☐	$506,036	Cherno Njie	☐	191.0
									Total:	**154**	**154**				**$1,584,329**			
2	**Applications in Region**								**Region Total:**	**154**	**154**				**$1,584,329**			

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5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

Region: 7

File #	Region	Status[1]	Development Name	Address	City	Allocation[2]	Set-Asides[3] USDA	NP	AR	LI Units	Total Units	Target[4] Pop	Housing[5] Activity	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score
Applications Submitted in Region 7:			**Urban**															
08134	7	N	Huntington	FM 118, 1550' N. of FM 2001	Buda	Urban	☐	☐	☐	116	120	E	NC	☐	$888,471	Ofelia Elizondo	☐	202.0
08271	7	N	Manor Road SRO	5908 Manor Rd.	Austin	Urban	☐	☑	☑	110	110	G	NC	☐	$628,653	Frank Fernandez	☐	177.0
									Total:	**226**	**230**				**$1,517,124**			
Applications Submitted in Region 7:			**Rural**															
08263	7	N	Villas at Lost Pines	1000' N. of Hwy 71 & Hwy 95 Intersection	Bastrop	Rural	☐	☐	☐	64	66	E	NC	☐	$497,168	Diana McIver	☑	199.0
08181	7	N	Park Ridge Apartments	SE. Corner of Legend Hills Blvd. & RM 152	Llano	Rural	☐	☐	☐	62	64	G	NC	☐	$585,392	Mark Mayfield	☑	191.0
									Total:	**126**	**130**				**$1,082,560**			
4			**Applications in Region**						**Region Total:**	**352**	**360**				**$2,599,684**			

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4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

Region: 8

Applications Submitted in Region 8: Urban

File #	Region	Status[1]	Development Name	Address	City	Allocation[2]	Set-Asides[3] USDA	NP	AR	LI Units	Total Units	Target[4] Pop	Housing[5] Activity	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score
08208	8	N	Mansions at Briar Creek	1600 Blk Prairie Dr.	Bryan	Urban	☐	☐	☐	171	171	E	NC	☐	$1,187,937	Robert R. Burchfield	☐	201.0
08280	8	N	Costa Esmeralda	Gurley Ln. & S. 16th St.	Waco	Urban	☐	☐	☐	112	112	G	NC	☐	$993,175	Mark Mayfield	☐	196.0
									Total:	**283**	**283**				**$2,181,112**			
			2 Applications in Region						**Region Total:**	**283**	**283**				**$2,181,112**			

1 = Status of Award Abbreviation: Not Recommended for Award=N.
2 = Allocation: Rural Regional Allocation or Urban Regional Allocation.
3 = Set-Aside Abbreviations: TRDO-USDA=USDA, Nonprofit=NP, At-RIsk=AR.
4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

File #	Region Status[1]		Development Name	Address	City	Allocation[2]	Set-Asides[3] USDA	NP	AR	LI Units	Total Units	Target[4] Pop	Housing[5] Activity	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score

Region: 9

Applications Submitted in Region 9: Urban

File #	Region	Status	Development Name	Address	City	Allocation	USDA	NP	AR	LI Units	Total Units	Target Pop	Housing Activity	ACQ	Requested Credit	Owner Contact	TDHCA HOME	Final Score
08269	9	N	Darson Marie Terrace	3142 Weir Ave.	San Antonio	Urban	☐	☐	☐	54	57	E	NC	☐	$571,824	Richard Washington	☐	189.0
08190	9	N	Sutton Homes	909 Runnels	San Antonio	Urban	☐	☐	☐	186	194	G	RH	☐	$1,200,000	Ryan Wilson	☐	187.0
									Total:	**240**	**251**				**$1,771,824**			
			2 Applications in Region						**Region Total:**	**240**	**251**				**$1,771,824**			

1 = Status of Award Abbreviation: Not Recommended for Award=N.
2 = Allocation: Rural Regional Allocation or Urban Regional Allocation.
3 = Set-Aside Abbreviations: TRDO-USDA=USDA, Nonprofit=NP, At-RIsk=AR.
4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

File #	Region	Status[1]	Development Name	Address	City	Allocation[2]	Set-Asides[3] USDA	NP	AR	LI Units	Total Units	Target[4] Pop	Housing[5] Activity	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score
Region: 10																		
Applications Submitted in Region 10:			**Urban**															
08145	10	N	Oasis at the Park	420 N. Port	Corpus Christi	Urban	☐	☑	☑	80	80	G	ADR	☐	$291,222	David Marquez	☐	197.0
08194	10	N	D.N Leathers Townhomes	1001 Coke St.	Corpus Christi	Urban	☐	☑	☑	130	130	G	NC	☐	$1,200,000	Richard Franco	☐	195.0
									Total:	**210**	**210**				**$1,491,222**			
2	**Applications in Region**								**Region Total:**	**210**	**210**				**$1,491,222**			

1 = Status of Award Abbreviation: Not Recommended for Award=N.
2 = Allocation: Rural Regional Allocation or Urban Regional Allocation.
3 = Set-Aside Abbreviations: TRDO-USDA=USDA, Nonprofit=NP, At-RIsk=AR.
4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

Region: 12

Applications Submitted in Region 12: Urban

File #	Region	Status[1]	Development Name	Address	City	Allocation[2]	Set-Asides[3] USDA	NP	AR	LI Units	Total Units	Target[4] Pop	Housing[5] Activity	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score
08300	12	N	Blackshear Homes	8 Scattered Sites on Shelton, W. 19th, Brown, & Lillie Sts.	San Angelo	Urban	☐	☐	☐	20	20	G	NC	☐	$278,624	Stephanie Dugan	☐	170.0
									Total:	**20**	**20**				**$278,624**			
1	**Applications in Region**								**Region Total:**	**20**	**20**				**$278,624**			

1 = Status of Award Abbreviation: Not Recommended for Award=N.
2 = Allocation: Rural Regional Allocation or Urban Regional Allocation.
3 = Set-Aside Abbreviations: TRDO-USDA=USDA, Nonprofit=NP, At-RIsk=AR.
4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

File #	Region Status[1]		Development Name	Address	City	Allocation[2]	Set-Asides[3] USDA	NP	AR	LI Units	Total Units	Target[4] Pop	Housing[5] Activity	ACQ[6]	Requested Credit	Owner Contact	TDHCA HOME	Final Score

Region: 13

Applications Submitted in Region 13: Urban

File #	Region	Status	Development Name	Address	City	Allocation	USDA	NP	AR	LI Units	Total Units	Target Pop	Housing Activity	ACQ	Requested Credit	Owner Contact	TDHCA HOME	Final Score
08301	13	N	Ysleta del Sur Pueblo Homes I	Tomas Granillo St.	Socorro	Urban	☐	☐	☐	60	60	G	NC	☐	$694,425	Albert Joseph	☐	184.0
08183	13	N	Desert Villas	0.5 Miles SW. of Intersection of Alameda Ave. & Coronado Rd.	El Paso	Urban	☐	☐	☐	94	94	G	NC	☐	$954,776	Ike J. Monty	☐	178.0
08161	13	N	Canutillo Palms	S. & Adjacent to Canutillo High School, 200' W. of I-10	El Paso	Urban	☐	☐	☐	172	172	G	NC	☐	$1,200,000	R.L. (Bobby) Bowling, IV	☐	178.0
									Total:	**326**	**326**				**$2,849,201**			
			3 Applications in Region						**Region Total:**	**326**	**326**				**$2,849,201**			
			30 Total Applications							**2,723**	**2,753**				**$23,020,293**			

1 = Status of Award Abbreviation: Not Recommended for Award=N.
2 = Allocation: Rural Regional Allocation or Urban Regional Allocation.
3 = Set-Aside Abbreviations: TRDO-USDA=USDA, Nonprofit=NP, At-RIsk=AR.
4 = Target Population Abbreviation: Intergenerational=I, Elderly=E, General=G.
5 = Housing Activity: New Construction=NC, Rehabilitation (includes Reconstruction)=RH, Adaptive Reuse=ADR.
6 = Acquisition=ACQ, Developments for which acquisition Housing Tax Credits are being requested.

Housing Tax Credit Program
Board Action Request
November 13, 2008

Action Item

Request review and board determination of one (1) four percent (4%) tax credit applications with another issuer for tax-exempt bond transaction.

Recommendation

Staff is recommending that the board review and approve the issuance of one (1) four percent (4%) Tax Credit Determination Notices with **another issuer** for the tax-exempt bond transaction known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
08418	The Mirabella Apartments	San Antonio	San Antonio HFC	172	172	$0	$15,000,000	$695,738	$0

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Possible Issuance of a Determination Notice for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers and contracts for HOME Rental Housing Development Fund, and Housing Trust Fund Rental Production Funds.

Requested Action

Approve, Amend or Deny the staff recommendation for The Mirabella Apartments in San Antonio, #08418.

Summary of the Transaction

4% Housing Tax Credit Program:

Background and General Information: The application was received on August 15, 2008. The Issuer for this transaction is San Antonio Housing Finance Corporation with a reservation of allocation that expires on January 15, 2009. The development is new construction and will consist of 172 total units targeting the elderly population. Eighty percent (80%) of the units are proposed to be restricted at 60% Area Median Family Income (AMFI) with no location restriction. The proposed development will be located in San Antonio, Bexar County. The site is currently zoned for this type of development.

HOME Rental Housing Development Program:

Background and General Information: A Notice of Funding Availability (NOFA) for $1,675,307 for Rental Housing Development for Persons with Disabilities was released in June 2008. Of the total funds available, $429,659 was restricted to non-PJ areas and $1,245,648 was available for any area of the state. The Department received four applications, including the subject, requesting a total of $1,926,145. One application was awarded $429,145 in July from the funds available statewide, one application for $500,000 was withdrawn and the final application for $500,000 is currently being reviewed. No applications were received for the non-PJ funds. The NOFA allowed applicants to apply for funding on a statewide first-come, first-served basis and the application deadline was October 3, 2008.

The subject application, requesting $500,000 from the statewide funds, has completed the three stages of the review process as required by the HOME Rule and has set aside the required number of units for persons with disabilities. However, as detailed below, the application has not met the Department's requirements.

Housing Trust Fund:

Background and General Information: A Notice of Funding Availability (NOFA) for $2,594,000 for Rental Production was approved by the Board in September 2008, consistent with the 2009 Housing Trust Fund Annual Plan. The NOFA allows applications for funding on a statewide first-come, first-served basis and establishes a submission deadline of April 6, 2008. The Department has received three applications to date requesting a total of $1,384,000 or 53% of the funds available under the NOFA. Two of these applications totaling $1,000,000 are pending review for possible award recommendations at a future Board meeting. If the subject application is awarded the requested $384,000 in HTF, $2,210,000 in funds will remain available under the NOFA.

The subject application has completed the two stages of the review process in accordance with the Housing Trust Fund Rule. However, the underwriting report completed by the Real Estate Analysis (REA) Division reflects that the proposed development cannot be projected to service the Department's HOME and Housing Trust Fund loans and meet the minimum debt coverage ratio feasibility criterion of 1.15. The underwriting report has also indicated that the property cannot be projected to produce sufficient cashflow to repay an additional $1.2M in deferred developer fee and $1.4M in combined City of San Antonio and Bexar County HOME funds when fully amortized. As such, the Real Estate Analysis Division has determined that the application does not meet the Department's feasibility criterion. Additionally, the HTF NOFA and HTF Annual Plan indicate that forgivable debt may be considered only if additional 30% units are elected; 18 additional 30% of AMI units would be required for the subject application in order to be eligible for full forgiveness of the $384,000 in HTF funding. The HOME NOFA for persons with disabilities does not contemplate allowing loan forgiveness or cashflow loans.

The Applicant has also proposed an alternative structure for the Department's funds that would allow repayment to begin three years after stabilization is achieved. Generally, this would put the first possible payment at least five years from award. While such a structure has been approved by the Board sparingly and on a case-by-case basis in the past, this structure is not consistent with the Department's standard procedure to allow an interest free construction period of 18 months followed by a full amortization.

Organizational Structure and Compliance: The Borrower is The Mirabella, Ltd. and the General Partner is SAHA The Mirabella, LLC, of which the Las Varas Public Facility Corporation has 100% ownership interest. The Compliance Status Summary completed on October 16, 2008 reveals that the principals of the general partner have received ten (10) multifamily awards that have been monitored with no material non-compliance.

Census Demographics: The development is to be located at 1900 Block of Bandera Rd. in San Antonio. Demographics for the census tract (1805.01) include AMFI of $34,116; the total population is 5,231; the percent of population that is minority is 87.55%; the percent of population that is below the poverty line is 26.07%; the number of owner occupied units is 710; the number of renter units is 1026 and the number of vacant units is 74. (Census information from FFIEC Geocoding for 2008).

Public Comment: The Department has received letters of support from State Senator Leticia Van de Putte, State Representative Joaquin Castro, State Representative Trey Martinez Fischer (does not represent the proposed Development's district), County Commissioner Paul Elizondo, and City Councilman Justin Rodriguez. The Department also received a letter of support from the Woodlawn Hills Neighborhood Association, a signed petition of support containing nineteen (19) signatures and four (4) individual letters of support from members of the community. The Department has received no letters of opposition.

Recommendation

Staff recommends the Board deny the issuance of a Determination Notice of $695,738 in Housing Tax Credits for The Mirabella Apartments.

Staff recommends the Board deny the request of a HOME Rental Housing Development award for persons with disabilities of $500,000 for Mirabella Apartments.

Staff recommends the Board deny the request of a Housing Trust Fund award of $384,000 for Mirabella Apartments.

Should the Board make an award for this development, staff recommends the allocation of tax credits should not exceed $695,738 annually for ten years. The HOME loan not to exceed $500,000 and the Housing Trust Fund loan not to exceed $384,000. Both the HOME loan and HTF loan may be fully amortizable over a 30 year period at zero percent interest after a deferral period of five years. In addition, any allocation of funds should be conditioned upon the specific conditions listed in the Real Estate Analysis Report.

THE STATE OF TEXAS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 13, 2008

Development Information, Public Input and Board Summary

The Mirabella, TDHCA Number 08418

BASIC DEVELOPMENT INFORMATION

Site Address:	1900 Block of Bandera Rd			Development #:	08418
City:	San Antonio	Region:	9	Population Served:	Elderly
County:	Bexar	Zip Code:	78228	Allocation:	Urban/Exurban
				Purpose/Activity:	NC

HOME Set Asides: ☐ CHDO ☐ Preservation ☑ General

Bond Issuer: San Antonio HFC

HTF ☑

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	The Mirabella, Ltd.
Owner Contact and Phone	General Alfred A. Valenzuela, (210) 477-6023
Developer:	NRP Holdings LLC
Housing General Contractor:	NRP Contracts LLC
Architect:	Alamo Architects
Market Analyst:	Apartment Market Data
Syndicator:	Apollo Equity Partners
Supportive Services:	Community Housing Resource Partners
Consultant:	n/a

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	80%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
1	0	17	154	0	0	112	60	0	0	0

Type of Building:

☐ Duplex

☐ Triplex

☐ Fourplex

☑ 4 units or more per building

☐ Detached Residence

☐ Single Room Occupancy

☐ Transitional

☐ Townhome

Total Restricted Units:	172
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	172
Total Development Cost:	$0
Number of Residential Buildings:	4
HOME High Total Units:	0
HOME Low Total Units:	13

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$695,738	$0	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$500,000	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			
HTF Rental Production Funds:	$384,000	$0			

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THE STATE OF TEXAS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 13, 2008

Development Information, Public Input and Board Summary

The Mirabella, TDHCA Number 08418

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Van De Putte, District 26 S

TX Representative: Castro, District 125 S

US Representative: González, District 20, NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Phil Hardberger, Mayor, City of San Antonio - NC

Resolution of Support from Local Government ☐

Trey Martinez Fischer, State Representative, Dist. 116 - S

Paul Elizondo, Comissioner, Bexar County Pct. 2 - S

Justin Rodriquez, Councilman, City of San Antonio, Dist. 7 - S

Individuals/Businesses: In Support: **0** In Opposition: **0**

Neighborhood Input:

Woodlawn Hill Neighborhood Association	Supports the Development because there is a need for a senior community in the area.

General Summary of Comment:

The Department has received four (4) individual letters of support from community members. In addition, a petition of support for the Development was submitted that included 19 signatures.

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development 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”).”

Not recommended due to the following:

The Applicant's proposed financing structure provides the minimum debt coverage ratio of 1.15, but considers debt service on only the primary mortgage. There is insufficient cash flow to fully repay the deferred developer fees and fully amortize the proposed $884K in Department funds, and the $1.4 million in funds from San Antonio and Bexar County. Furthermore, the HTF NOFA only provides for consideration of a grant up to the level of funding provided to support 30% units and neither the HOME or HTF Notices of Funding specifically contemplate allowing deferred or cash flow loans. Therefore funding for the development is not recommended.

The Applicant has requested that the TDHCA HOME and HTF funds be structured as deferred for five years and fully amortizing after the initial period. On a case-by-case basis the Board has previously chosen to fund HOME and HTF rental transactions which have cash flow or alternative repayment structures such as this. Under the current economic environment, the assumptions that provide for net income growth are less secure than anytime in the last several years. Should the Board choose to award financing for the subject, it should be based on the following:

An allocation of tax credits not to exceed $695,738 annually for ten years.

A HOME loan of not more than $500,000 and a Housing Trust Fund loan of not more than $384,000. Both the HOME loan and the HTF loan may be fully amortizable over a 30 year period at zero percent interest after a deferral period of five years.

Should the Board approve this award, it should be conditioned upon the following:

Receipt, review, and acceptance, prior to HOME loan closing, of evidence that the solid waste identified in the ESA has been properly disposed of, and completion of a HUD-complaint study to identify sources of excessive noise at the site, and evidence that any recommendations of the noise study have been implemented.

Receipt, review, and acceptance, at cost certification, of a detailed review of the utility allowances based on actual energy usage after the subject property is placed in service.

Receipt, review, and acceptance, prior to cost certification, of a tax attorney or CPA opinion documenting that the permanent phase tax-exempt bond financing amounts to greater than 50% of aggregate basis as required by IRC Section 42(h)(4)(B).

Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

THE STATE OF TEXAS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 13, 2008

Development Information, Public Input and Board Summary

The Mirabella, TDHCA Number 08418

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:	Credit Amount:	$0
Recommendation:		
TDHCA Bond Issuance:	Bond Amount:	$0
Recommendation:		
HOME Activity Funds:	Loan Amount:	$0
HOME CHDO Operating Expense Grant:	Grant Amount:	$0
Recommendation:		
HTF Rental Production Funds:	Loan Amount:	$0
Recommendation:		

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 11/5/2008 PROGRAM: HTC 4%, HOME-PWD, HTF FILE NUMBER: **08418**

DEVELOPMENT

The Mirabella

Location: 1900 Bandera Rd. Region: 9
City: San Antonio County: Bexar Zip: 78228 ☒ QCT ☐ DDA
Key Attributes: Elderly, Urban, New Construction

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Trust Fund	$384,000	0.00%	30	**$0**		
HOME Activity Funds	$500,000	0.00%	30	**$0**		
Housing Tax Credit (Annual)	$695,738	N/A	N/A	**$0**		

RECOMMENDATION

The Applicant's proposed financing structure provides the minimum debt coverage ratio of 1.15, but considers debt service on only the primary mortgage. There is insufficient cash flow to fully repay the deferred developer fees and fully amortize the proposed $884K in Department funds, and the $1.4 million in funds from San Antonio and Bexar County. Furthermore, the HTF NOFA only provides for consideration of a grant up to the level of funding provided to support 30% units and neither the HOME nor HTF Notices of Funding specifically contemplate allowing deferred or cash flow loans. Therefore funding for the development is **not recommended**.

The Applicant has requested that the TDHCA HOME and HTF funds be structured as deferred for five years and fully amortizing after that initial period. On a case-by-case basis the Board has previously chosen to fund HOME and HTF rental transactions which have cash flow or alternative repayment structures such as this. Under the current economic environment, the assumptions that provide for net income growth are less secure than anytime in the last several years. Should the Board choose to award financing for the subject, it should be based on the following:

An allocation of tax credits not to exceed $695,738 annually for ten years A HOME loan of not more than $500,000 and a Housing Trust Fund loan of not more than $384,000. Both the HOME loan and the HTF loan may be fully amortizable over a 30 year period at zero percent interest after a deferral period of five years. In addition any allocation of funds should be conditioned upon the following:

CONDITIONS

1 Receipt, review, and acceptance, prior to HOME loan closing, of evidence that the solid waste identified in the ESA has been properly disposed of, and completion of a HUD-compliant study to identify sources of excessive noise at the site, and evidence that any recommendations of the noise study have been implemented.

2 Receipt, review, and acceptance, at cost certification, of a detailed review of the utility allowances based on actual energy usage after the subject property is placed in service.

3 Receipt, review, and acceptance, at cost certification, of a letter from a certified public accountant allocating which portions of site costs should be included in Eligible Basis and which ones may be ineligible.

4 Receipt, review, and acceptance, prior to cost certification, of a tax attorney or CPA opinion documenting that the permanent phase tax-exempt bond financing amounts to greater than 50% of aggregate basis as required by IRC Section 42(h)(4)(B).

5 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for HTC LURA

Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	1
50% of AMI	50% of AMI	17
60% of AMI	60% of AMI	154

TDHCA SET-ASIDES for HOME LURA

Income Limit	Rent Limit	Number of Units
30% of AMI	Low HOME	1
50% of AMI	Low HOME	12

TDHCA SET-ASIDES for HTF LURA

Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	1
50% of AMI	50% of AMI	17

NOTE: The HOME and HTF units are proposed to overlap

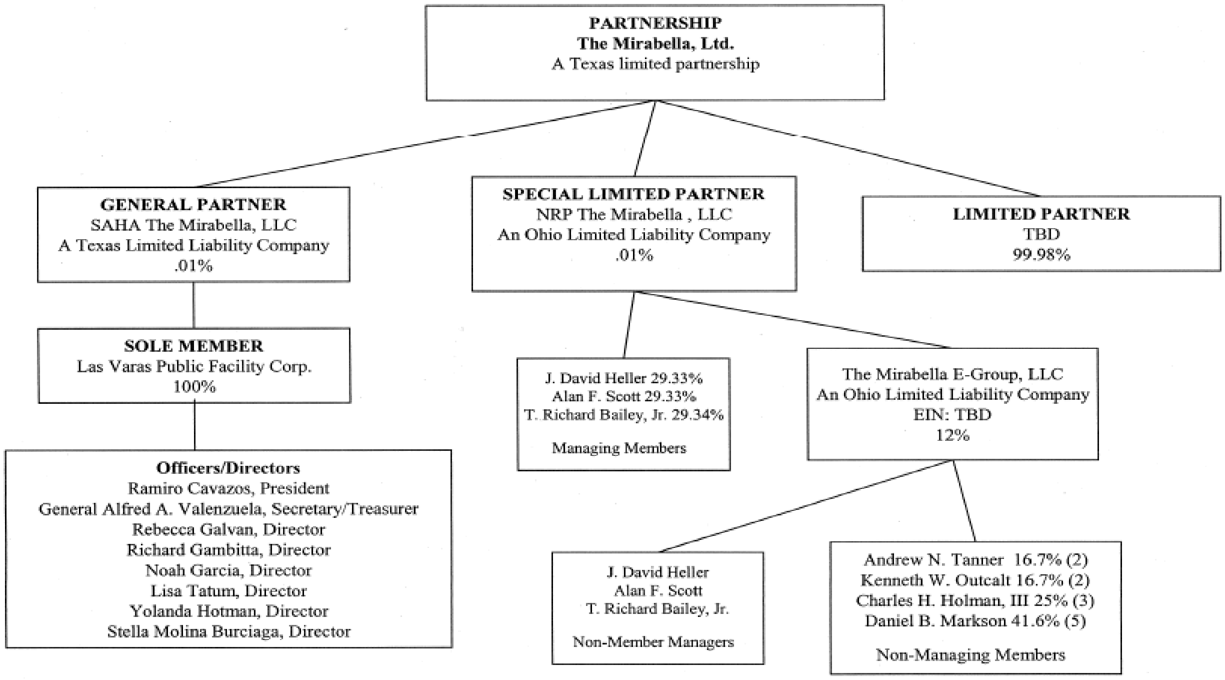
PROS	CONS
▫ Demand for the 1 bedroom units for seniors appear to be strong in this market.	▫ Demand for the 50% 2 bedroom units appears to be very low according to both the Market Analyst's and Underwriter's capture rate calculations of over 200%.
▫ The Applicant proposes to promote energy efficiency through the installation of a solar water heating system, and to make use of federal energy tax credits as well as a rebate from the utility provider.	▫ The Applicant requests HOME and Housing Trust Fund financing from the Department; these programs require rent and income restrictions at 50% of AMI, but the market analysis indicates little demand in the 50% income band.
	▫ The Applicant proposes HOME funding from three different jurisdictions for the same property, which while not prohibited is extremely unusual and will require significant ongoing coordination between the three entities to ensure compliance with HUD HOME funding regulations.

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: General Alfred A. Valenzuela Phone: (210) 477-6023 Fax: (210) 477-6002

Email: david_casso@saha.org

KEY PARTICIPANTS

Name	Financial Notes	# Completed Developments
The Mirabella, Ltd.	newly formed	0
San Antonio Housing Authority	N/A	5
Las Vara Public Facility Corporation	NA	6
NRP Holdings, LLC	N/A	15
NRP Contractors, LLC	N/A	15
Ramiro Cavazos	N/A	18
Rebecca Galvan	N/A	18

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.

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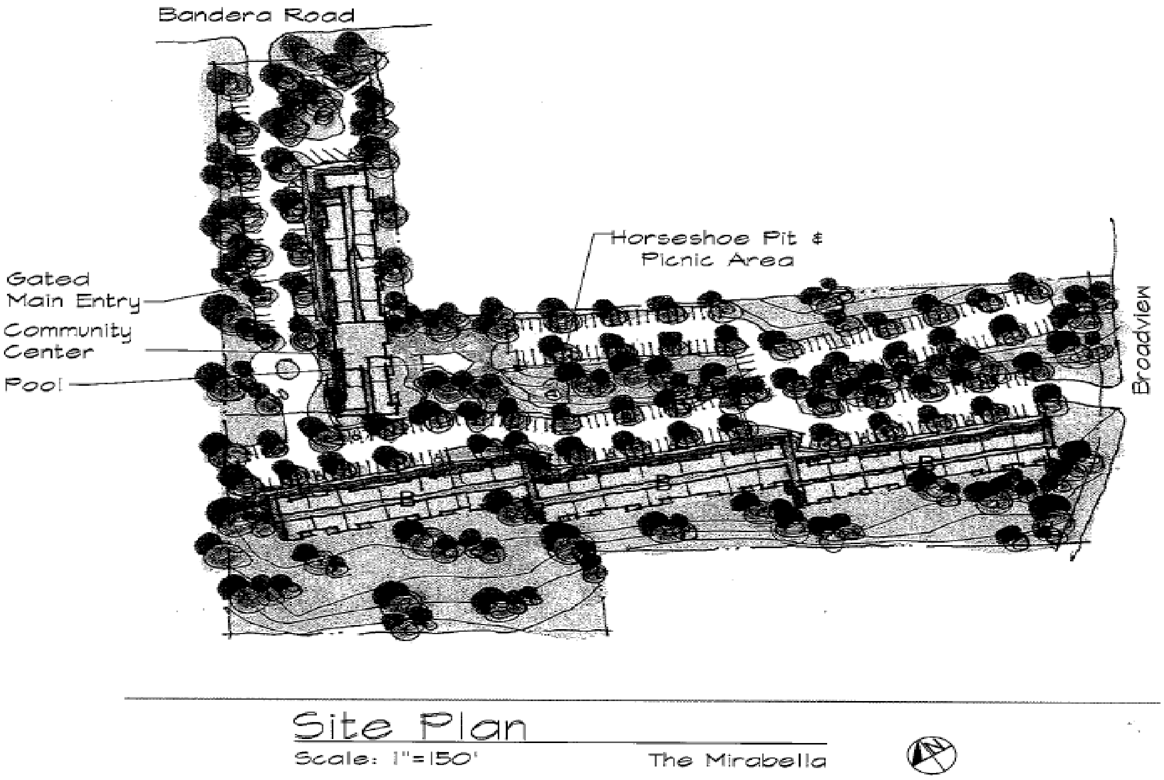
PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B									Total Buildings
Floors/Stories	4	3									
Number	1	3									**4**

BR/BA	Sq. Ft.	Units										Total Units	Total SF
1/1	650	22	30									112	72,800
2/2	849	24	12									60	50,940
Units per Building		46	42									**172**	**123,740**

SITE ISSUES

Total Size: 8.6 acres

Flood Zone: X

Zoning: C-1 & C-2

Scattered site? ☐ Yes ☒ No

Within 100-yr floodplain? ☐ Yes ☒ No

Needs to be re-zoned? ☐ Yes ☒ No ☐ N/A

TDHCA SITE INSPECTION

Inspector: ORCA Staff

Date: 5/22/2008

Overall Assessment:

☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: Single family immediate & beyond

East: Commercial/retail immediate & beyond

South: Commercial/retail immediate & single and multifamily beyond

West: Commercial/retail immediate and beyond

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Raba-Kistner Consultants, Inc. Date: 8/27/2008

The provider conducted a Phase I Environmental Site Assessment of the subject site in June 2007, and provided an update to that ESA dated August 27, 2008.

Recognized Environmental Concerns (RECs) and Other Concerns:

"R-K (Raba-Kistner Consultants, Inc.) observed copious amounts of solid waste (house refuse) along the southwestern portion of the SITE and along the drainage feature described above. R-K observed no evidence of hazardous materials and/or petroleum products associated with the solid waste. Several isolated piles of concrete and demolition debris were also observed throughout the SITE.

Based on the information reviewed, there was no evidence that the SITE or adjacent properties are currently under environmental regulatory review or enforcement action. The SITE reconnaissance, regulatory database review, and historical source review revealed no evidence of recognized environmental conditions involving the SITE or the adjoining properties.

Based on the information as presented herein, no further environmental assessment of the SITE is deemed warranted at this time; however, R-K recommends transporting the aforementioned solid waste to a permitted landfill facility for proper disposal." (p. 3)

Additionally, the ESA Provider indicates that "the SITE is located approximately 7.5 miles from a major airport (San Antonio International) and 5.8 miles from a military airport (Lackland Air Force Base -- the SITE is directly under an approach to Lackland AFB); therefore, a noise analysis must be conducted for the site." (p. 8)

Comments:

Any recommended funding will be conditioned on receipt, review, and acceptance, prior to HOME loan closing, of evidence that the solid waste identified in the ESA has been properly disposed of, and completion of a HUD-compliant study to identify sources of excessive noise at the site, and evidence that any recommendations of the noise study have been implemented.

MARKET HIGHLIGHTS

Provider: Apartment MarketData, LLC Date: 7/1/2008

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 29.30 square miles (3.06 mile radius)

"...we utilized a "primary market area" encompassing 29.30 square mines. These boundaries approximately follow such: North: Loop 410; East: St Cloud Rd/Wilson/NW 24th St; South: Castroville Road; West: Loop 410." (p. 3)

"The proposed site is located in Qualified Census tract 480291805.01. The Primary Market Area also includes the following census tracts:

48029170600	48029171000	48029171400	48029171801	48029180501	48029180602
48029170700	48029171100	48029171500	48029171802	48029180503	48029180800
48029170800	48029171200	48029171600	48029180300	48029180504	48029181601
48029170900	48029171300	48029171700	48029180400	48029180601	48029181602

Secondary Market Area (SMA):

The Market Analyst did not indicate a secondary market area (SMA).

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PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS								
PMA				SMA				
Name	File #	Total Units	Comp Units	Name	File #	Total Units		Comp Units
Sagewood Apts.	04436	336	Rehab	N/A				
Rosemont at Acme	04447	250	Family					
Costa Valencia	05436	230	Family					
Las Palmas Gardens	07095	100	Rehab					
West End Baptist	07173	50	Rehab					
West Durango Plaza	07198	82	Rehab					
Ingram Square Apts.	08200	200	Rehab					

INCOME LIMITS						
Bexar						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	$11,500	$13,100	$14,750	$16,400	$17,700	$19,000
50	$19,150	$21,900	$24,600	$27,350	$29,550	$31,750
60	$22,980	$26,280	$29,520	$32,820	$35,460	$38,100

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1BR/30% Rent Limit	87	6	0	93	1	0	1%
1BR/50% Rent Limit	65	4	0	69	6	0	9%
1BR/60% Rent Limit	90	8	0	98	15	0	15%
2BR/50% Rent Limit	19	1	0	20	90	0	450%
2BR/60% Rent Limit	32	3	0	35	8	0	23%

UNDERWRITING ANALYSIS OF PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1BR/30% Rent Limit	66	4	0	70	1	0	1%
1BR/50% Rent Limit	96	7	0	103	6	0	6%
1BR/60% Rent Limit	50	5	0	55	15	0	27%
2BR/50% Rent Limit	35	2	0	38	90	0	239%
2BR/60% Rent Limit	21	2	0	23	8	0	35%

	OVERALL DEMAND				
	Target Households	Household Size	Income Eligible	Tenure	Demand
	PMA DEMAND from TURNOVER				
Market Analyst p. 57				100% 1,117	33% 369
Underwriter	22% 13,829	100% 13,829	15% 2,099	45% 951	33% 314
	PMA DEMAND from HOUSEHOLD GROWTH				
Market Analyst p. 57					25
Underwriter		100% 577	15% 88	45% 40	100% 40

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INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	**Inclusive Capture Rate**
Market Analyst p. 58	172	0	0	172	394	**44%**
Underwriter	172	0	0	172	353	**49%**

Supply and Demand:

The Market Analyst did not identify any unstabilized comparable units in the PMA targeting senior households. Based on total demand for 394 units, and the supply of 172 proposed subject units, the Market Analyst determined an inclusive capture rate of 44%. The underwriting analysis indicates total demand for 353 units, resulting in an inclusive capture rate of 49%. Both results are well under the maximum 75% for developments targeting seniors.

It should be noted, however, that the specific demand for 2 bedroom units with rent and income restrictions at 50% of AMI appears to be extremely low. While the underwriting guidelines do not consider individual unit type demand as a feasibility criteria, this is cause for concern. The 50% restrictions proposed are solely to meet the guidelines of the HOME and Housing Trust Fund financing being requested from the Department, but there appears to be no demand in the market area for these units.

Primary Market Occupancy Rates:

"The current occupancy of the market area is 95.6% as a result of high renter demand. The forecast of demand suggests that rental units will continue to be absorbed as they come online." (p. 11)

Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction. " (p. 96). Based upon these rates the property will reach a 93% occupancy within 18 months (including six months under construction).

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 650 SF 30%	$243	$244	$570	$244	$327
1 BR 650 SF 50%	$449	$450	$570	$450	$121
1 BR 650 SF 60%	$551	$552	$570	$552	$19
2 BR 849 SF 50%	$536	$535	$665	$535	$130
2 BR 849 SF 60%	$659	$658	$665	$658	$7

Market Impact:

Based on the demand in the market area, the market impact for the subject units should be minimal.

Comments:

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

Concentration:

Staff has calculated the concentration rate of the areas surrounding the property in accordance with section 1.32 (i)(2) of the Texas Administrative Code approved in 2007. The Underwriter has concluded a census tract concentration of 639 units per square mile, which is less than the 1,432 units per square mile limit; and a Primary Market Area concentration of 284 units per square mile, which is less than the 1,000 units per square mile limit. Therefore, the proposed development is in an area which has an acceptable level of apartment dispersion based upon the Department’s standard criteria.

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OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 4 Date of Last Applicant Revision: 10/16/2008

The Applicant's projected income is based on maximum program rents. However, the Applicant anticipates that the solar thermal hot water system to be installed will provide substantial reductions in energy consumption for both hot water and space heating. The Applicant therefore engaged Diamond Property Consultants to work with utility provider CPS Energy to generate utility allowances specifically for the subject property. The Applicant provided substantial documentation on the calculation of utility usage. The Applicant's engineering contractor on the solar energy system provided detailed estimates of the projected power to be sourced from the system.

Diamond Property Consultants (DPC) rationalized these estimates with hot water and heating energy usage at comparable properties. DPC applied its estimates to the HUD-approved engineering-based methodology for calculating utility allowances. The resulting allowances were then approved by CPS Energy as required by HUD. The utility allowances appear to be reasonable, but they are based on unproven technology. In order to monitor the effectiveness of this technology and consider additional mitigating financing considerations, any allocation of funding should be conditioned on receipt, review, and acceptance, at cost certification, of a detailed review of the utility allowances based on actual energy usage after the subject property is placed in service.

Expense: Number of Revisions: 4 Date of Last Applicant Revision: 10/16/2008

The Applicant's total annual operating expense projection is $3,010 per unit. This is 2% greater than the underwriting estimate of $2,950 derived from the TDHCA database and third party data sources. Specific line items in which the Applicant's projections differ significantly from the underwriting estimate include general and administrative (the Applicant's figure is $14K lower), management fees (the Applicant's figure is $6K higher), payroll and payroll tax (the Applicant's figure is $15K higher) and utilities (the Applicant's figure is $13K higher).

Also, Las Varas Public Facility Corporation, the sole member of the GP, will purchase the land and lease it back to the Applicant. This type of lease structure is typical for securing a property tax exemption although due to recent court cases, it is not as assured of providing a tax exemption for the property as it once was. For purposes of this analysis the Underwriter has assumed a 100% exemption due to Las Varas Public Facility Corporation's participation in the ownership structure.

Conclusion:

The Applicant's projections of effective gross income, total expense and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's figures are used to determine the development's debt capacity. The permanent financing structure proposed by the Applicant results in a year one debt coverage ratio of 1.15. However, this structure only considers debt service on the primary mortgage. The Applicant is requesting $884,000 in HOME and Housing Trust Fund financing from the Department, payable from cash flow after deferred developer fees are paid and with payments beginning in Year 5 after the property has stabilized. If any debt service on the Department funds is included in the first year of stabilized occupancy, debt coverage falls below the minimum 1.15.

Feasibility:

The Applicant's proposed income and expense budgets are used to create a 30-year operating proforma, applying a 3% growth factor to income and 4% to expenses. As proposed by the Applicant, with the five year deferral of loan payments to TDHCA and no payments to the other soft financing proposed, this analysis indicates continued positive cash flow and a DCR that remains above the minimum 1.15 throughout the proforma period. However, this structure would require deferral of $1.2 million in developer fee. In addition to the $884K in Department funds, the Applicant's sources of financing include $1.4 million in HOME funds from the City of San Antonio and Bexar County. Fifteen-year cash flow is insufficient to repay the principal of these sources, even ignoring any accrued interest.

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The Board's directive and Department guidelines have required HOME and Housing Trust Fund rental financing be fully amortized except on a case by case basis as determined by the Board. The HTF NOFA only provides for consideration of a grant up to the level of funding provided to support 30% units and neither the HOME nor HTF Notices of Funding specifically contemplate allowing deferred or cash flow loans. As stated above, any required debt service on these funds in the first year of stabilized operation causes the project's debt coverage to fall below the 1.15 minimum. Therefore, the subject is not recommended for funding.

The Applicant made several revisions to the proposed financing structure in an attempt to garner an affirmative recommendation for the development. The most recent and strongest alternative is a full amortization of both TDHCA loans at zero percent over 30 years after a five year deferral. This kind of structure has in some instances been accepted in the past. Under the current economic environment, the assumptions that provide for net income growth are less secure than anytime in the last several years making the likelihood that full amortization begins to occur after five years much more risky.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only: 4.6 acres	$125,350	Tax Year:	2008
Land Only: 3.9 acres	$127,540	Valuation by:	Bexar CAD
Total Assessed Value:	$252,890	Tax Rate:	2.89532

EVIDENCE of PROPERTY CONTROL

Type: Purchase and Sale Contract as Amended Acreage: 4.5975

Contract Expiration: 1/31/2009 Valid Through Board Date? ☒ Yes ☐ No

Acquisition Cost: $472,900 Other:

Seller: Stephen Avery Related to Development Team? ☐ Yes ☒ No

Type: Agreement to Purchase Unimproved Real estate Acreage: 3.9039

Contract Expiration: 12/30/2008 Valid Through Board Date? ☒ Yes ☐ No

Acquisition Cost: $392,239 Other:

Seller: Texas Conference Association of Seventh Day Adventists Related to Development Team? ☐ Yes ☒ No

Comments:

The purchase contracts indicate the Purchaser to be NRP Properties, LLC. The Applicant has indicated that "the contract is assignable and will be assigned to Las Varas Public Facility Corporation - the sole member of the GP. LVPFC will purchase the land and lease it back to the Applicant, thus qualifying the property for the tax exemption."

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 4 Date of Last Applicant Revision: 10/16/2008

Acquisition Value:

The site cost of $105,234 per acre is assumed to be reasonable since the acquisition of each tract is an arm's length transaction.

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Sitework Cost:

The Applicant's proposed site work cost of $12,180 per unit exceeds the Department's normal guideline of $9,000 per unit. The Applicant has provided certification from an Architect that the cost is reasonable for the sitework that is to be performed; however, the QAP also requires a letter from a certified public accountant allocating which portions of those site costs should be included in Eligible Basis and which ones may be ineligible. Any recommended funding will be subject to receipt, review, and acceptance, by cost certification, of such a CPA letter.

Direct Construction Cost:

The Applicant's direct construction cost is $7.5 million. This includes $340,000 in claimed eligible cost for a solar hot water and space heating system. The Applicant has provided an engineer's estimate of $281,106 for materials, labor, freight and sales tax; the engineer's letter also states that the Applicant's Contractor has indicated that an additional $120,000 in piping and distribution network costs are required for the installation, bringing the total cost to $401,106. The solar system is eligible for a 30% energy tax credit. The Applicant has assumed a 30% credit on $400,000, or $120,000. The IRS code requires that eligible basis for Housing Tax Credits be reduced by 50% of the Energy Tax Credit, resulting in $340,000 eligible cost. The underwriting estimate for direct construction is $6.9 million, derived primarily from the Marshall and Swift Residential Cost Handbook, with $340,000 added for the solar heating system. The Applicant's projected direct construction cost is 7% higher than the underwriting estimate.

Interim Interest Expense:

The Applicant most recently indicates total interim interest expense of $1,098,556, and claims $549,278 as eligible. However, underwriting guidelines limit eligible interim interest to one year of fully drawn interest on construction financing. The Applicant's most recent sources and uses indicates $8,265,000 in construction debt, and the commitment from Capital One states the construction period interest rate will be variable at LIBOR plus 150 basis points. On October 21, 2008, one-month LIBOR was at 3.52%, indicating an interim financing rate of 5.02%. One year of fully drawn interest is $414,903. Eligible interim interest has been limited to this amount, with the difference included as ineligible cost.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to calculate eligible basis and to determine the development's need for permanent funds. The calculated eligible basis of $15,586,301 is increased by 30% because the subject site is located in a Qualified Census Tract; the adjusted basis of $20,262,191 supports an annual tax credit allocation of $719,308. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine any recommended allocation.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 5 Date of Last Applicant Revision: 10/21/2008

Source: Capital One Type: **Interim to Permanent Bond Financing**

Interim:	$9,220,000	Interest Rate:	5.02%	☐	Fixed	Term:	30	months
Permanent	$8,265,000	Interest Rate:	5.50%	☒	Fixed	Amort	420	months

Comments:

The lender's commitment indicates a maximum construction loan of $9,220,000, at a variable rate equal to one-month LIBOR plus 150 basis points; the Applicant's sources and uses indicates interim debt of $8,265,000. The permanent debt will have a fixed rate equivalent to the 17-year interpolated U.S. treasury yield plus 111 basis points, amortized over 35 years.

As proposed by the Applicant, the permanent bond debt only amounts to 50.2% of eligible basis plus land acquisition costs, suggesting a significant risk that the development may not meet the 50% threshold required by IRC Section 42(h)(4)(B). Any recommended funding will be conditioned on receipt, review, and acceptance, prior to cost certification, of a tax attorney or CPA opinion documenting that the development meets the requirements regarding tax-exempt bond financing set forth in IRC Section 42(h)(4)(B).

Source: City of San Antonio - HOME Loan Type: **Interim to Permanent Financing**

Principal: $1,100,000 Interest Rate: 1.0% ☒ Fixed Term 480 months

Comments:

The Applicant has received from the City of San Antonio a commitment for a $1.1 million HOME loan. Requested terms are a 30 year note with 40 year amortization at 1% simple interest, with payment beginning after deferred developer fees are paid and to the extent payable from cash flow. However, actual terms are not available. The Applicant has indicated that the City will analyze the deal in terms of feasibility and determine if the proposed terms are acceptable.

Source: Bexar County - HOME Loan Type: **Interim to Permanent Financing**

Principal: $300,000 Interest Rate: 0.0% ☒ Fixed Term 240 months

Comments:

The Applicant has received from Bexar County a commitment for a $300,000 HOME loan; actual terms for this loan are not provided, but the Applicant has indicated that terms will be 20 years at 0% interest, payable at maturity.

Source: CPS Energy Type: **Solar Energy rebate**

Principal: $223,549 Conditions: post-construction inspection by CPS Technical Services

Comments:

The Applicant has received a commitment from the utility provider, CPS Energy, to provide a rebate based on CPS' projection of energy savings due to the installation of the solar thermal hot water system.

Source: RBC / Apollo Equity Partners Type: **Solar Energy Credit Syndication**

Proceeds: $108,000 Syndication Rate: 90% Anticipated HTC: $ 120,000

Comments:

The equity letter indicates the investor will pay $0.90 per tax credit dollar for Projected Energy Credits of $120,000.

Source: RBC / Apollo Equity Partners Type: **LIHTC Syndication**

Proceeds: $6,260,390 Syndication Rate: 90% Anticipated HTC: $ 695,738

Comments:

The syndication letter from Apollo Equity Partners / RBC Capital, dated October 17, 2008, indicates a credit price of $0.90 per tax credit dollar.

Amount: $262,634 Type: **GIC Income**

Comments:

The Applicant's most recent sources and uses indicates $262,634 in interest income to be derived from the investment of bond proceeds in a Guaranteed Investment Contract. The previously submitted sources and uses had indicated $108,289 in GIC income. Underwriting guidelines consider GIC income an unreliable source due to the unpredictability of the markets. These funds are considered to be at the Developer's risk, and are therefore added to any deferred developer fee and must be repayable from cash flow.

Amount: $932,827 Type: **Deferred Developer Fees**

Comments:

The Applicant's most recent sources and uses indicates $932,827 in deferred developer fees.

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter believes the syndication rate included in the syndicator's commitment letter and the interest rate in the lender's commitment letter are at the utter extremes of the market currently and have a high likelihood of being modified to a lower syndication rate and higher interest rate prior to closing, to the further detriment of the development. Should an award be approved for this development it should be subject to re-review should the terms of financing change.

CONCLUSIONS

Recommended Financing Structure:

The Applicant's proposed financing structure provides the minimum debt coverage ratio of 1.15, but considers debt service on only the primary mortgage. There is insufficient cash flow to repay the deferred developer fees, the proposed $884K in Department funds, and the $1.4 million in funds from San Antonio and Bexar County. Furthermore, Department policy requires that the requested HOME and Housing Trust Fund financing be amortized, which would cause the debt coverage of the project to fall below the minimum ratio of 1.15.

For these reasons, the subject application is not recommended for funding.

Should the Board choose to allocated funds for the subject it should consider an allocation as follows: An allocation of tax credits not to exceed $695,738 annually for ten years A HOME loan of not more than $500,000 and a Housing Trust Fund loan of not more than $384,000. Both the HOME loan and the HTF loan may be fully amortizable over a 30 year period at zero percent interest after a deferral period of five years.

Underwriter:	*Thomas Cavanagh*	Date:	November 5, 2008
Reviewing Underwriter:	*Raquel Morales*	Date:	November 5, 2008
Director of Real Estate Analysis:	*Tom Gouris*	Date:	November 5, 2008

MULTIFAMILY COMPARATIVE ANALYSIS

The Mirabella, San Antonio, HTC 4%, HOME-PWD, HTF #08418

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash only
LH/HTF30%	1	1	1	650	$307	$244	$244	$0.37	$63.50	$11.70
LH/HTF50%	6	1	1	650	$513	$450	$2,697	$0.69	$63.50	$11.70
HTF 50%	3	1	1	650	$513	$450	$1,349	$0.69	$63.50	$11.70
TC 60%	12	1	1	650	$615	$552	$6,618	$0.85	$63.50	$11.70
TC 60%	90	1	1	650	$615	$552	$49,635	$0.85	$63.50	$11.70
LH/HTF50%	6	2	2	849	$615	$535	$3,211	$0.63	$79.82	$11.70
HTF 50%	2	2	2	849	$615	$535	$1,070	$0.63	$79.82	$11.70
TC 60%	4	2	2	849	$738	$658	$2,633	$0.78	$79.82	$11.70
TC 60%	48	2	2	849	$738	$658	$31,593	$0.78	$79.82	$11.70
TOTAL:	172		**AVERAGE:**	719		$576	$99,049	$0.80	$69.19	$11.70

INCOME	Total Net Rentable Sq Ft: 123,740		TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT			$1,188,586	$1,188,504	Bexar	San Antonio	9
Secondary Income	Per Unit Per Month:	$15.00	30,960	30,960	$15.00	Per Unit Per Month	
Other Support Income:			0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$1,219,546	$1,219,464			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(91,466)	(91,464)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0				
EFFECTIVE GROSS INCOME			$1,128,080	$1,128,000			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.86%	$384	0.53	$66,071	$51,600	$0.42	$300	4.57%
Management		5.00%	328	0.46	56,404	61,920	0.50	360	5.49%
Payroll & Payroll Tax		13.18%	864	1.20	148,644	163,400	1.32	950	14.49%
Repairs & Maintenance		6.95%	456	0.63	78,371	79,120	0.64	460	7.01%
Utilities		1.97%	129	0.18	22,240	35,600	0.29	207	3.16%
Water, Sewer, & Trash		3.33%	219	0.30	37,613	33,200	0.27	193	2.94%
Property Insurance		3.51%	230	0.32	39,573	34,400	0.28	200	3.05%
Property Tax	2.89532	0.00%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements		3.81%	250	0.35	43,000	43,000	0.35	250	3.81%
TDHCA Compliance Fees		0.61%	40	0.06	6,880	6,880	0.06	40	0.61%
Other: Supportive Svr.		0.76%	50	0.07	8,600	8,600	0.07	50	0.76%
TOTAL EXPENSES		44.98%	$2,950	$4.10	$507,395	$517,720	$4.18	$3,010	45.90%
NET OPERATING INC		55.02%	$3,609	$5.02	$620,685	$610,280	$4.93	$3,548	54.10%
DEBT SERVICE									
Capital One		47.21%	$3,097	$4.30	$532,613	$532,613	$4.30	$3,097	47.22%
HOME - TDHCA		2.61%	$171	$0.24	29,467		$0.00	$0	0.00%
Additional Financing		5.69%	$374	$0.52	64,242		$0.00	$0	0.00%
NET CASH FLOW		-0.50%	($33)	($0.05)	($5,637)	$77,667	$0.63	$452	6.89%
AGGREGATE DEBT COVERAGE RATIO					0.99	1.15			
RECOMMENDED DEBT COVERAGE RATIO						1.09			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.88%	$5,030	$6.99	$865,139	$865,139	$6.99	$5,030	4.72%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		11.82%	12,180	16.93	2,095,000	2,095,000	16.93	12,180	11.43%
Direct Construction		39.29%	40,488	56.28	6,963,902	7,456,184	60.26	43,350	40.66%
Contingency	3.61%	1.84%	1,901	2.64	327,023	327,023	2.64	1,901	1.78%
Contractor's Fees	14.00%	7.15%	7,374	10.25	1,268,246	1,289,566	10.42	7,497	7.03%
Indirect Construction		9.23%	9,509	13.22	1,635,629	1,635,629	13.22	9,509	8.92%
Ineligible Costs		9.11%	9,389	13.05	1,614,955	1,614,955	13.05	9,389	8.81%
Developer's Fees	15.00%	11.03%	11,372	15.81	1,955,956	2,053,000	16.59	11,936	11.20%
Interim Financing		4.23%	4,360	6.06	749,903	749,903	6.06	4,360	4.09%
Reserves		1.41%	1,453	2.02	250,000	250,000	2.02	1,453	1.36%
TOTAL COST		100.00%	$103,057	$143.25	$17,725,753	$18,336,399	$148.18	$106,607	100.00%
Construction Cost Recap		*60.11%*	***$61,943***	***$86.10***	***$10,654,172***	***$11,167,773***	***$90.25***	***$64,929***	*60.90%*

SOURCES OF FUNDS

						RECOMMENDED	
Capital One	46.63%	$48,052	$66.79	$8,265,000	$8,265,000	$8,265,000	Developer Fee Available
HOME - TDHCA	2.82%	$2,907	$4.04	500,000	500,000	500,000	$2,032,996
HTF - TDHCA	2.17%	$2,233	$3.10	384,000	384,000	384,000	
HOME Loan - San Antonio	6.21%	$6,395	$8.89	1,100,000	1,100,000	1,100,000	
HOME Loan - Bexar County	1.69%	$1,744	$2.42	300,000	300,000	300,000	
Solar Tax Credit Equity	0.61%	$628	$0.87	108,000	108,000	108,000	
Solar Energy rebate - CPS Energy	1.26%	$1,300	$1.81	223,549	223,549	223,549	
GIC Income	1.48%	$1,527	$2.12	262,634	262,634	0	
HTC Apollo Equity Partners / RBC	35.32%	$36,398	$50.59	6,260,390	6,260,390	6,260,390	% of Dev. Fee Deferred
Deferred Developer Fees	5.26%	$5,423	$7.54	932,827	932,827	1,195,460	59%
Additional (Excess) Funds Req'd	-3.44%	($3,550)	($4.93)	(610,647)	(1)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$17,725,753	$18,336,399	$18,336,399	$2,313,945

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

The Mirabella, San Antonio, HTC 4%, HOME-PWD, HTF #08418

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$57.98	$7,174,497
Adjustments				
Exterior Wall Finish	1.12%		$0.65	$80,354
Elderly	3.00%		1.74	215,235
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.81)	(99,817)
Floor Cover			2.38	294,501
Breezeways/Balconies	$19.71	30,788	4.90	606,729
Plumbing Fixtures	$835	180	1.21	150,300
Rough-ins	$410	172	0.57	70,520
Built-In Appliances	$1,800	172	2.50	309,600
Exterior Stairs	$1,875	17	0.26	31,875
Enclosed Corridors			0.00	0
Heating/Cooling			1.83	226,444
Elevators	$40,250	2	0.65	80,500
Comm &/or Aux Bldgs	$57.98	4,078	1.91	236,444
Other: fire sprinkler	$2.15	154,026	2.68	331,156
SUBTOTAL			78.46	9,708,338
Current Cost Multiplier	0.99		(0.78)	(97,083)
Local Multiplier	0.85		(11.77)	(1,456,251)
TOTAL DIRECT CONSTRUCTION COSTS			$65.90	$8,155,004
Plans, specs, survy, bld prm	3.90%		($2.57)	($318,045)
Interim Construction Interes	3.38%		(2.22)	(275,231)
Contractor's OH & Profit	11.50%		(7.58)	(937,825)
NET DIRECT CONSTRUCTION COSTS			$53.53	$6,623,902

PAYMENT COMPUTATION

Primary	$8,265,000	Amort	420
Int Rate	5.50%	DCR	1.17

Secondary	$884,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$1,100,000	Amort	360
Int Rate	4.16%	Aggregate DCR	0.99

RECOMMENDED FINANCING STRUCTURE APPLICA

Primary Debt Service	$532,613
Secondary Debt Service	29,467
Additional Debt Service	0
NET CASH FLOW	$48,201

Primary	$8,265,000	Amort	420
Int Rate	5.50%	DCR	1.15

Secondary	$884,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.09

Additional	$1,100,000	Amort	
Int Rate	4.16%	Aggregate DCR	1.09

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,188,504	$1,224,159	$1,260,884	$1,298,710	$1,337,672	$1,550,728	$1,797,719	$2,084,049	$2,800,788
Secondary Income	30,960	31,889	32,845	33,831	34,846	40,396	46,830	54,289	72,959
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,219,464	1,256,048	1,293,729	1,332,541	1,372,517	1,591,124	1,844,549	2,138,338	2,873,747
Vacancy & Collection Loss	(91,464)	(94,204)	(97,030)	(99,941)	(102,939)	(119,334)	(138,341)	(160,375)	(215,531)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,128,000	$1,161,844	$1,196,700	$1,232,601	$1,269,579	$1,471,790	$1,706,208	$1,977,962	$2,658,216
EXPENSES at 4.00%									
General & Administrative	$51,600	$53,664	$55,811	$58,043	$60,365	$73,443	$89,355	$108,713	$160,922
Management	61,920	63,778	65,691	67,662	69,692	80,792	93,660	108,577	145,919
Payroll & Payroll Tax	163,400	169,936	176,733	183,803	191,155	232,569	282,956	344,259	509,588
Repairs & Maintenance	79,120	82,285	85,576	88,999	92,559	112,612	137,010	166,694	246,748
Utilities	35,600	37,024	38,505	40,045	41,647	50,670	61,648	75,004	111,024
Water, Sewer & Trash	33,200	34,528	35,909	37,345	38,839	47,254	57,492	69,947	103,539
Insurance	34,400	35,776	37,207	38,695	40,243	48,962	59,570	72,476	107,282
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	43,000	44,720	46,509	48,369	50,304	61,202	74,462	90,595	134,102
Other	15,480	16,099	16,743	17,413	18,109	22,033	26,806	32,614	48,277
TOTAL EXPENSES	$517,720	$537,810	$558,684	$580,375	$602,913	$729,537	$882,958	$1,068,879	$1,567,400
NET OPERATING INCOME	$610,280	$624,034	$638,015	$652,226	$666,665	$742,252	$823,250	$909,083	$1,090,815
DEBT SERVICE									
First Lien Financing	$532,613	$532,613	$532,613	$532,613	$532,613	$532,613	$532,613	$532,613	$532,613
Second Lien					29,467	29,467	29,467	29,467	29,467
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$77,667	$91,422	$105,402	$119,613	$104,586	$180,173	$261,170	$347,003	$528,736
DEBT COVERAGE RATIO	1.15	1.17	1.20	1.22	1.19	1.32	1.46	1.62	1.94

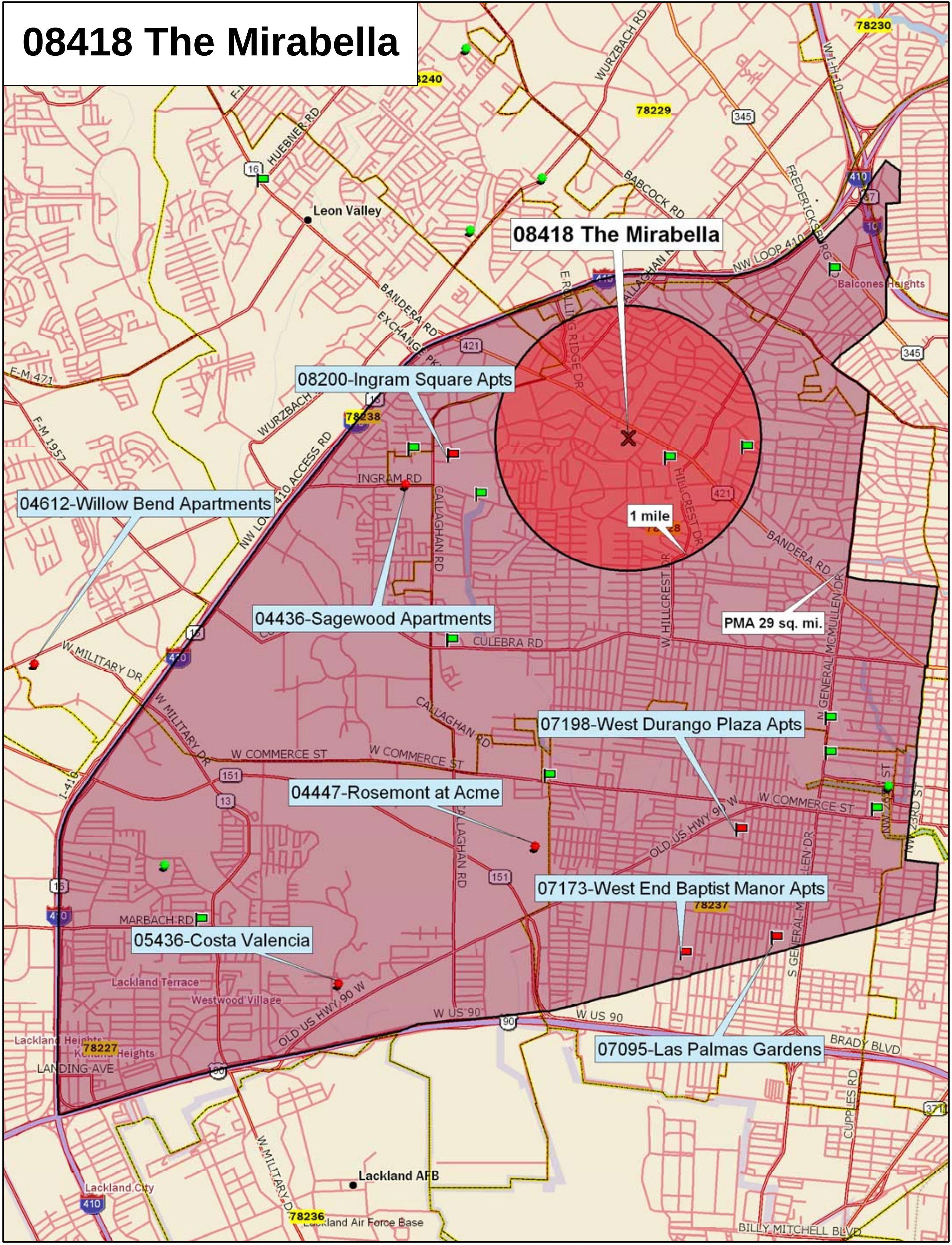
HTC ALLOCATION ANALYSIS -The Mirabella, San Antonio, HTC 4%, HOME-PWD, HTF #08418

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$865,139	$865,139		
Purchase of buildings				
Off-Site Improvements				
Sitework	$2,095,000	$2,095,000	$2,095,000	$2,095,000
Construction Hard Costs	$7,456,184	$6,963,902	$7,456,184	$6,963,902
Contractor Fees	$1,289,566	$1,268,246	$1,289,566	$1,268,246
Contingencies	$327,023	$327,023	$327,023	$327,023
Eligible Indirect Fees	$1,635,629	$1,635,629	$1,635,629	$1,635,629
Eligible Financing Fees	$749,903	$749,903	$749,903	$749,903
All Ineligible Costs	$1,614,955	$1,614,955		
Developer Fees			$2,032,996	
Developer Fees	$2,053,000	$1,955,956		$1,955,956
Development Reserves	$250,000	$250,000		
TOTAL DEVELOPMENT COSTS	$18,336,399	$17,725,753	$15,586,301	$14,995,659

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		$15,586,301	$14,995,659
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$20,262,191	$19,494,357
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$20,262,191	$19,494,357
Applicable Percentage		3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS		$719,308	$692,050
Syndication Proceeds	**0.8998**	**$6,472,476**	**$6,227,202**

Total Tax Credits (Eligible Basis Method)	**$719,308**	**$692,050**
Syndication Proceeds	**$6,472,476**	**$6,227,202**
Requested Tax Credits	**$695,738**	
Syndication Proceeds	**$6,260,390**	
Gap of Syndication Proceeds Needed	**$9,571,399**	
Total Tax Credits (Gap Method)	**$1,063,701**	

08418 The Mirabella



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1" = 5,208.3 ft Data Zoom 11-6

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MULTIFAMILY FINANCE PRODUCTION DIVISION

Variable Rate Demand Multifamily Housing Revenue Refunding Bonds Series 2008

Alta Cullen Apartments
3525 South Sam Houston Pkwy
Houston, Texas

Alta Cullen Limited Partnership
240 Units
$14,000,000 Tax Exempt – Series 2008

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

November 13, 2008

Action Item

Presentation, Discussion and Possible Approval of the Variable Rate Demand Multifamily Housing Revenue Refunding Bonds Series 2008 for the Alta Cullen Apartments.

Requested Action

Approve, Amend or Deny with Amendments the refunding of Alta Cullen Apartments in Houston, #08616.

Summary of the Alta Cullen Apartments Transaction

Background and General Information: The bonds for the Alta Cullen Apartments were originally issued through TDHCA in April of 2005. The original tax-exempt bond amount was $14,000,000. The original financing structure included privately placed bonds with MMA Financial, LLC providing the permanent mortgage at a fixed rate. The initial interest rate was 6.60%. The development is 240 units and serves the general population.

The applicant is requesting the Department's approval to refund or essentially retire the original bonds and issue new bonds under a different financing structure. Under this new structure, the bonds will be variable rate and credit enhanced by Freddie Mac, carrying a AAA rating with payments to the bondholders guaranteed. Given the instability in the housing economic market, the applicant has indicated that Freddie Mac has committed to provide the credit enhancement financing for applications that were already in their pipeline. The Department has requested a copy of that letter; however, as of the date of this posting that letter has not been received. Additionally, staff notes that MMA Financial was originally going to serve as the servicer on the refunding loan; however, on October 26, 2008 the working group was informed that MMA Financial was assigning the loan over to Wells Fargo due to internal corporate planning reasons.

Organizational Structure and Compliance: The Borrower is Alta Cullen Limited Partnership and the General Partner is Wood Alta Cullen, L.P. of which WP West Development Enterprises GP, LLC has 51% ownership interest and SPUSO5 Wood Partners, LP has 49% ownership interest. The Wood Partners principals include: Warren Durkin, Jr., Ryan Dearborn, Patrick Trask, Bernard Felder, Michael Roche, Stephen Wylie, Gil Dominy, Mark Stegall and the Leonard Wood Family Limited Partnership, L.L.L.P. The Compliance Status Summary completed on October 13, 2008 reveals that the principals of the general partner have received four (4) multifamily awards that have no material noncompliance.

Public Hearing: Because the weighted average maturity of the proposed refunding bonds is not greater than the weighted average maturity of the series 2005 bonds that are being refunded, a TEFRA public hearing is not required.

Census Demographics: The site is located at 3525 South Sam Houston Pkwy, Harris County. Demographics for the census tract (3308.00) include AMFI of $61,424; the total population is 2,773; the percent of the population that is minority is 81.43%; the number of owner occupied units is 754; number of renter occupied units is 154; and the number of vacant units is 71. (Census Information from FFIEC Geocoding for 2008).

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of variable rate tax-exempt bonds in an amount not to exceed $14,000,000. The term of the Bonds will be 18 years (based on MMA commitment) with a 35 year amortization. The original underwriting interest rate was estimated at 5.125% which includes 3.50% for the Swap rate, 0.03% for the trustee fee, 0.125% for the Issuer's administration fee, 0.12% remarketing fee and 1.35% Freddie Mac credit enhancement/servicing fee. However, recent discussions with the Borrower indicate that the rate has decreased slightly to 5.07% due to a negotiated discount on the underwriter's remarketing fee. Staff notes that the not to exceed initial interest rate as stated in the bond resolution is 12% which is significantly higher than the maximum initial rate used in prior resolutions. This higher maximum interest rate is used as a precaution due to current market conditions and volatility. In conversations with the bond underwriter it is expected that the initial bond interest rate will be in the low 2% range. The bond interest rate will be hedged by an interest rate swap so that the Borrower will pay a fixed rate currently estimated at 5.07% as previously mentioned.

There will be a Swap Agreement between the Borrower and the swap provider which has not yet been identified. Additionally, there will be a Swap Credit Enhancement Agreement between Freddie Mac and the swap provider. It is anticipated that the Swap will be bid out after receiving Bond Review Board approval. The Department will not be a party to either one of these agreements. The Swap Credit Enhancement Agreement provides that, to the extent the Borrower does not make its fixed rate payment under the Swap Agreement, Freddie Mac will do so. The Swap Agreement will provide payment to the Borrower of a variable rate based on SIFMA applied to a notional amount corresponding to the principal amount of the Bond loan. The Borrower's obligations under the Swap Agreement, which are guaranteed by Freddie Mac under the Swap Credit Enhancement Agreement are not secured by a mortgage. The Borrower's obligation to pay Freddie Mac for any sums advanced by Freddie Mac under the Swap Credit Enhancement Agreement is secured by the second lien reimbursement mortgage in favor of Freddie Mac.

The applicant is requesting 2 years interest only post closing on the refunding of the bonds. According to the applicant this 2 year earn out period is necessary as a result of the increase in expenses relating to the refunding and it will allow for the owner to increase the rents to the maximum rents allowed as leases expire. It is expected that there will be a letter of credit provided by Wood Partners in the amount of $1,660,000, based on the current underwriting, and at the end of the earn-out period the letter of credit will be released.

Recommendation

Staff recommends the Board approve the Variable Rate Demand Multifamily Housing Revenue Refunding Bonds Series 2008 Alta Cullen Apartments in an amount not to exceed $14,000,000.

Staff notes that it is a condition of the Real Estate Analysis report that the Applicant submits to the Department a copy of the final executed Freddie Mac Commitment no later than November 12, 2008. Additionally, the approval is conditioned upon having received an executed commitment from Wells Fargo as the servicer with the amount and terms of the loan clearly stated.

RESOLUTION NO. 09-001

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE REFUNDING BONDS (ALTA CULLEN APARTMENTS) SERIES 2008; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Department has previously issued its Multifamily Housing Revenue Bonds (Alta Cullen Apartments) Series 2005 in the aggregate principal amount of $14,000,000 (the "Prior Bonds") pursuant to a Trust Indenture dated as of April 1, 2005 by and between the Department and The Bank of New York Trust Company, N.A., a national banking association; proceeds of the Prior Bonds were used to provide financing for the acquisition, construction and equipping of a 240-unit multifamily rental housing development located in Houston, Harris County, Texas known as the "Alta Cullen Apartments," described in Exhibit A attached hereto (the "Development"); and

WHEREAS, Alta Cullen Limited Partnership (the "Borrower"), a Texas limited partnership, has requested that the Department refinance the Development; and

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (Alta Cullen Apartments) Series 2008 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and U.S. Bank National Association, a national banking association, as trustee (the "Trustee"), for the purpose of obtaining funds to refinance the

Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to the Borrower, in order to refund the Prior Bonds which were issued in order to finance the cost of the Development located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Bond Mortgage Loan") to the Borrower to enable the Borrower to refund the Prior Bonds and thereby refinance the Development, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Bond Mortgage Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Bond Mortgage Loan and liquidity support for the Bonds will be provided for by a Credit Enhancement Agreement between Federal Home Loan Mortgage Corporation (the "Credit Facility Provider") and the Trustee; and

WHEREAS, it is anticipated that the Bond Mortgage Note will be secured by a First Multifamily Deed of Trust, Assignment of Rents and Security Agreement and Fixture Filing (the "Bond Mortgage") by the Borrower for the benefit of the Department; and

WHEREAS, the Department's interest in the Bond Mortgage Loan (except for certain unassigned rights), including the Bond Mortgage Note and the Bond Mortgage, will be assigned to the Trustee, and the exercise of rights thereunder will be governed by an Intercreditor Agreement (the "Intercreditor Agreement") among the Department, the Trustee and the Credit Facility Provider; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute an Amended and Restated Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement"), with respect to the Development which will be filed of record in the real property records of Harris County, Texas; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of a Preliminary Official Statement (the "Preliminary Official Statement") and to authorize the authorized representatives of the Department to deem the Preliminary 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 Preliminary Official Statement as may be required to provide a final Official Statement (the "Official Statement") for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Borrower and Stern Brothers & Co. (the "Underwriter"), and any other parties to such Bond Purchase Agreement as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter or another party to such Bond Purchase Agreement; and

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

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Intercreditor Agreement, the Regulatory Agreement, the Preliminary Official Statement, the Bond Purchase Agreement and the Asset Oversight Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Bond Mortgage and the Bond Mortgage Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article I, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Bond Mortgage and the Bond Mortgage Note and the taking of such other actions as may be necessary or convenient in connection therewith;

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

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

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

<u>Section 1.2--Interest Rate, Principal Amount, Maturity and Price</u>. That the Chairman or Vice Chair of the Board or the Executive Director or Acting Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chairman or Vice Chair of the Board or the Executive Director or Acting Executive Director of the Department of the Indenture and the Bond Purchase Agreement; <u>provided</u>, <u>however</u>, that (i) the Bonds shall bear interest at the rates determined from time to time by the Remarketing Agent (as such term is defined in the Indenture) in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 12%; (ii) the aggregate principal amount of the Bonds shall not exceed $14,000,000; (iii) the final maturity of the Bonds shall occur not later than November 1, 2045; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement shall not exceed 100% of the principal amount thereof.

<u>Section 1.3--Approval, Execution and Delivery of the Indenture</u>. That the form and substance of the Indenture are hereby approved, and that the authorized representatives of the Department named in

this Resolution each are authorized hereby to execute the Indenture and to deliver the Indenture to the Trustee.

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

Section 1.5--Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Harris County, Texas.

Section 1.6--Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and any other party to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter and any other party to the Bond Purchase Agreement, as appropriate.

Section 1.7--Acceptance of the Bond Mortgage Note and Bond Mortgage. That the form and substance of the Bond Mortgage Note and Bond Mortgage are hereby accepted by the Department and that the authorized representatives of the Department named in this Resolution each are hereby authorized to endorse and deliver the Bond Mortgage Note to the order of the Trustee without recourse.

Section 1.8--Approval, Execution and Delivery of the Intercreditor Agreement. That the form and substance of the Intercreditor Agreement are hereby approved; and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Intercreditor Agreement and to deliver the Intercreditor Agreement to the Trustee and the Credit Facility Provider.

Section 1.9-- Approval, Execution, Use and Distribution of the Preliminary Official Statement and the Official Statement. That the form and substance of the Preliminary Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chairman and Vice Chair of the Governing Board and the Executive Director or the Acting Executive Director of the Department are hereby severally authorized to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Preliminary Official Statement as may be required to provide a final Official Statement for the Bonds and to deem the same as "final" for purposes of the aforementioned Rule 15c2-12; that the authorized representatives of the Department named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the use and distribution of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director or Acting Executive Director of the Department and the Department's counsel.

Section 1.10--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 1.11--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 1.12--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B - Indenture
Exhibit C - Financing Agreement
Exhibit D - Regulatory Agreement
Exhibit E - Bond Purchase Agreement
Exhibit F - Bond Mortgage
Exhibit G - Bond Mortgage Note
Exhibit H - Intercreditor Agreement
Exhibit I - Preliminary Official Statement
Exhibit J - Asset Oversight Agreement

Section 1.13--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 1.14--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chairman and Vice Chair of the Board, Executive Director or Acting Executive Director of the Department, Deputy Executive Director of Programs of the Department, Deputy Executive Director of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.15--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Development's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director of the Department; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Development.

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

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

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

Section 2.4--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director or Acting Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

Section 2.5--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.6--Underwriter. That the underwriter with respect to the issuance of the Bonds shall be Stern Brothers & Co.

Section 2.7--Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.8--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 to the Regulatory Agreement and shall be annually redetermined by the Issuer.

Section 2.9--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

ARTICLE III

CERTAIN FINDINGS AND DETERMINATIONS

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

(a) Need for Housing Development.

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

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

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

(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the Bond Mortgage Loan in accordance with its terms, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

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

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

(d) Potential Savings. The Board has determined that the proposed refunding is in the best interest of the Department and will provide a potential savings in debt payable by the Department. The manner in which the Prior Bonds are being refunded does not make it practicable to make the determination required by Section 1207.008, Texas Government Code.

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

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

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

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Chapters 33 and 35, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

ARTICLE IV

GENERAL PROVISIONS

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

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

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

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting;

that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 13th day of November, 2008.

[SEAL]

By:____________________________________
C. Kent Conine, Chairman

Attest:____
Kevin Hamby, Secretary to the Governing Board

EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Section 1. Development and Borrower.

Borrower: Alta Cullen Limited Partnership, a Texas limited partnership

Development: The Development is a 240-unit multifamily facility known as Alta Cullen Apartments and is located at 3525 S. Sam Houston Parkway, Houston, Harris County, Texas 77047. The Development consists of ten (10) three-story residential apartment buildings with approximately 249,348 net rentable square feet and an approximate average unit size of 1,039 square feet. The unit mix consists of:

48	one-bedroom/one-bath units
108	two-bedroom/two-bath units
84	three-bedroom/two-bath units
240	Total Units

Unit sizes range from approximately 740 square feet to approximately 1193 square feet.

The Development includes a community building containing an administration office, fitness center/child's room, computer room, laundry room, kitchen and public restrooms. On-site amenities include a swimming pool, a play area with playground equipment, perimeter fencing, a limited access gate, and a picnic area. All individual units have washer/dryer connections, microwaves, dishwashers, and walk-in closets. Additionally, the Development includes 240 carports and 188 uncovered parking spaces.

Section 2. Project Amenities.

Project Amenities include:

- Washer/Dryer Connections
- Microwave Ovens
- Storage Rooms
- Carports - 240
- Ceiling Fans
- Ceramic Flooring in Entry, Bathroom and Kitchen
- ≥100% Masonry (including stucco and hardiplank)
- Playground and Equipment
- BBQ Grills and Tables (one each per 50 Units)
- Full Perimeter Fencing and Gated Access
- Business / Computer Facilities with internet access
- Child's Play Area
- Workout Facilities
- Laundry Room

THE STATE OF TEXAS

MULTIFAMILY FINANCE PRODUCTION DIVISION
November 13, 2008
Development Information, Public Input and Board Summary
Alta Cullen Apartments, TDHCA Number 08616

BASIC DEVELOPMENT INFORMATION

Site Address: 3525 South Sam Houston Pkwy
Development #: 08616
City: Houston
Region: 6
Population Served: General
County: Harris
Zip Code: 77047
Allocation: Urban/Exurban
HOME Set Asides: ☐ CHDO ☐ Preservation ☐ General
Purpose/Activity:
Bond Issuer: TDHCA
HTF ☐

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	Alta Cullen Limited Partnership
Owner Contact and Phone	Ray Smith, 7043328995
Developer:	WP South Alta Cullen Development Company, L.P.
Housing General Contractor:	n/a
Architect:	n/a
Market Analyst:	n/a
Syndicator:	PNC Bank
Supportive Services:	n/a
Consultant:	n/a

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	80%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	240	0	0	48	108	84	0	0

Type of Building:
☐ Duplex
☐ Triplex
☐ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	240
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	240
Total Development Cost:	$21,595,927
Number of Residential Buildings:	10
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$0	$0	0	0	0%
TDHCA Bond Allocation Amount:	$14,000,000	$14,000,000	35	35	5.07%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			
HTF Rental Production Funds:	$0	$0			

THE STATE OF TEXAS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 13, 2008

Development Information, Public Input and Board Summary

Alta Cullen Apartments, TDHCA Number 08616

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Ellis, District 13 NC US Representative: , District 0,

TX Representative: Allen, District 131 NC US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Bill White, Mayor, City of Houston - NC Resolution of Support from Local Government ☐

Individuals/Businesses: In Support: **0** In Opposition: **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition from the community.

CONDITIONS OF COMMITMENT

Per §50.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development 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")."

Board acceptance of the potential mandatory redemption of $1.5M if the earn out provisions are not met in additional two years.

Receipt, review and acceptance, by November 12, 2008, of an executed commitment from Freddie Mac affirming their participation in this transaction.

Receipt, review and acceptance, by November 12, 2008, of an executed commitment from Wells Fargo with the amount and terms of the loan clearly stated.

Should the terms of the financing change, the transaction must be re-evaluated and an adjustment to the allocated amounts may be warranted.

THE STATE OF TEXAS

MULTIFAMILY FINANCE PRODUCTION DIVISION

November 13, 2008

Development Information, Public Input and Board Summary

Alta Cullen Apartments, TDHCA Number 08616

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$0
Recommendation:			
TDHCA Bond Issuance:		Bond Amount:	$14,000,000
Recommendation:	Staff has evaluated the financial feasibility of the requested refunding. Based on the revised information provided, the transaction would meet the Department's 2008 Real Estate Analysis Rules and Guidelines if approved. Staff recomends approval of the requested refunding of the existing bonds and issuance of $14,000,000 in tax-exempt mortgage revenue bonds with a variable interest rate underwritten at 5.07% and repayment term and amortization period of 35 years, subject to conditions.		
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			
HTF Rental Production Funds:		Loan Amount:	$0
Recommendation:			

Alta Cullen Apartments

Estimated Sources & Uses of Funds

Sources of Funds	
Series 2008 Tax-Exempt Bond Proceeds	$ 14,000,000
LIHTC Final Equity Installment	523,342
Letter of Credit	1,660,000
Borrower Funds	599,158
Total Sources	$ 16,782,500

Uses of Funds	
Original Bond Issuance Series 2004	$ 14,000,000
Earnout	$ 1,660,000
Direct Bond Related	230,000
Bond Purchase Costs	847,500
Real Estate Closing Costs	45,000
Total Uses	$ 16,782,500

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (.50% of Issuance)	$ 70,000
TDHCA Application Fee	10,000
TDHCA Bond Administration Fee	14,000
TDHCA Bond Compliance Fee ($25 per unit)	6,000
TDHCA Bond Counsel and Direct Expenses (Note 1)	85,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel ($5k Pub. Offered, $2.5k Priv. Placed. See Note 1)	5,000
Trustee Fee	2,500
Trustee's Counsel (Note 1)	3,000
Attorney General Transcript Fee	9,500
Total Direct Bond Related	$ 230,000

Alta Cullen Apartments

Bond Purchase Costs	
Underwriter Fee & Expenses	30,500
Underwriter's Counsel Fee & Expenses	25,000
Borrower's Financial Advisor	80,000
Borrower's Counsel Fee	50,000
Private Bond Purchase Break Fee	371,000
Lender Origination Fee	140,000
Lender Counsel Fee & Expenses	30,000
Lender Application Fee	14,000
Freddie Mac Counsel Fee & Expenses	35,000
Equity Provider	25,000
Rating Agency	15,000
OS Printing/Mailing	2,000
Contingency	30,000
Total Bond Purchase Costs	$ 847,500

Real Estate Closing Costs	
Title and Recording	45,000
Total Real Estate Costs	$ 45,000
Estimated Total Costs of Issuance	$ 1,122,500

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

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report Addendum

REPORT DATE: 11/6/2008 PROGRAM: 4% HTC / Bond FILE NUMBER: **08616/04611**

DEVELOPMENT

Alta Cullen Apartments

Location: 3525 S. Sam Houston Parkway Region: 3
City: Houston County: Harris Zip: 77047 ☐ QCT ☐ DDA
Key Attributes: Family, New Construction

ALLOCATION

	REQUEST			RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Private Activity Mortgage Revenue Bonds	$14,000,000	5.07%	35 years	**$14,000,000**	**5.07%**	**35 years**
Housing Tax Credit (Annual)*	$610,660			**$610,660**		

*The original tax credit request and recommendation was $606,365.

RECOMMENDATION

Staff has evaluated the financial feasibility of the requested refunding. Based on the revised information provided, the transaction would meet the Department's 2008 Real Estate Analysis Rules and Guidelines if approved. Staff recommends approval of the requested refunding of the existing bonds and issuance of $14,000,000 in tax-exempt mortgage revenue bonds with a variable interest rate underwritten at 5.07% and repayment term and amortization period of 35 years. Staff also recommends approval of $610,660 in annual tax credits to the development. Both recommendations are subject to the following conditions:

CONDITIONS

1. Board acceptance of the potential mandatory redemption of $1.5M if the earn out provisions are not met in an additional two years.
2. Receipt, review and acceptance, by November 12, 2008, of a an executed commitment from Freddie Mac affirming their participation in this transaction.
3. Receipt, review and acceptance, by November 12, 2008, of an executed commitment from Wells Fargo with the amount and terms of the loan clearly stated.
4. Should the terms of the financing change, the transaction must be re-evaluated and an adjustment to the allocated amounts may be warranted.

SALIENT ISSUES

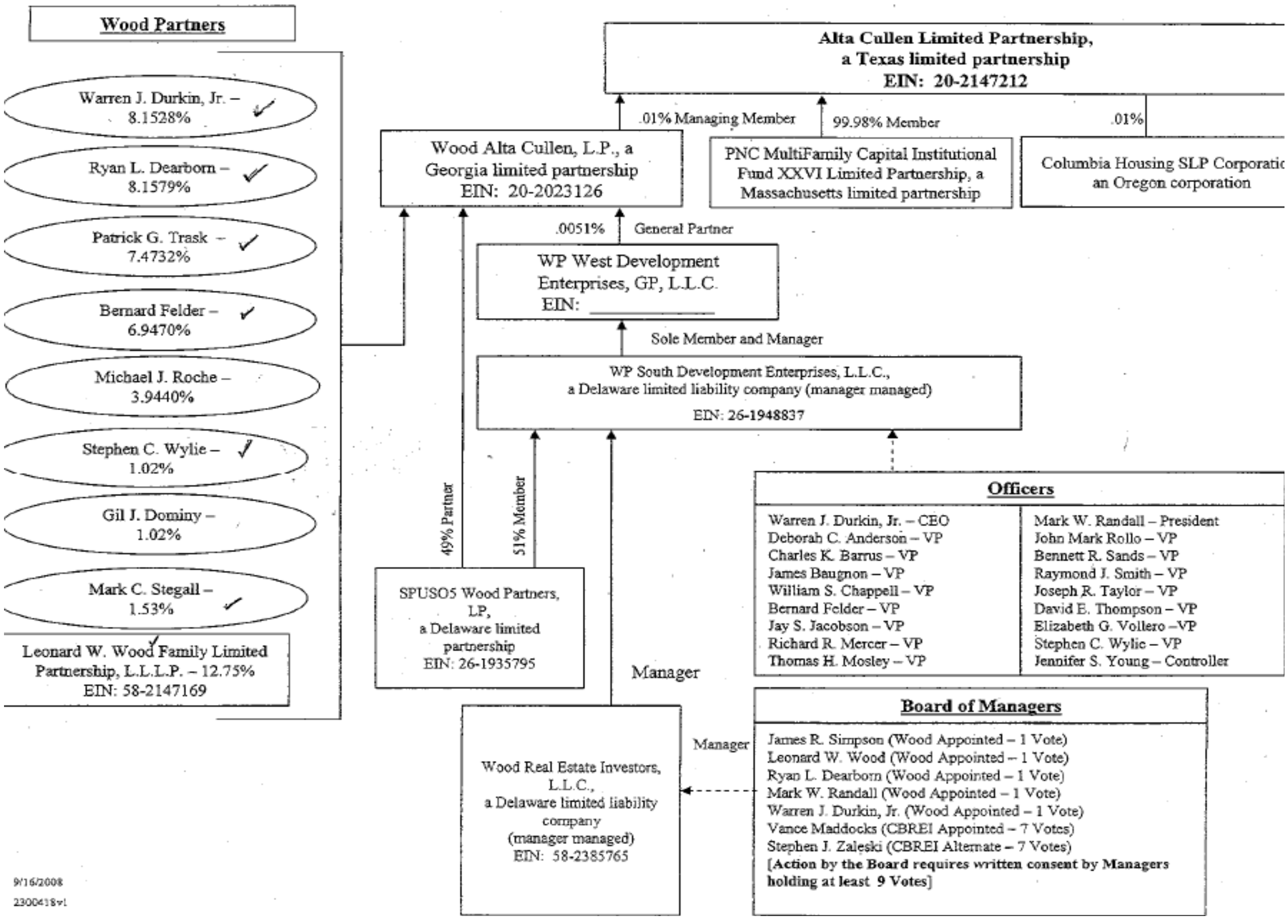
TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	240

This section intentionally left blank.

PROS	CONS
▫ The proposed refunding will enable a current development in the Department's portfolio to remain financially feasible.	▫ The assumptions made in this analysis based on the proposed refunding structure have not been documented by the Owner or lender via required executed commitments from Freddie Mac and Wells Fargo.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Ray Smith Phone: ____________ Fax: (704) 332-8997
Email: rjs@woodpartners.com

BOND REFUNDING ANALYSIS

This addendum fully evaluates the effects of the requested changes on the financial viability of the transaction and the tax credit allocation. Only those portions of the report that are materially affected are addressed below. This addendum should be read as an addition to the original underwriting report.

The Owner originally received $14,000,000 in tax-exempt bonds issued by the Department and a tax credit allocation of $606,365 in 2004 under application number 04611. The bonds were privately placed with MMA Financial for a term and amortization period of 40 years at a fixed interest rate of 6.6%. An opportunity exists for the Owner to improve the existing financing structure due to the liquidity needs of the current bondholder, MMA Financial. The current existing privately placed bonds do not allow optional redemption prior to June 1, 2022; however, MMA has agreed to waive this provision if the existing bonds are simultaneously redeemed by the proceeds of new refunding bonds.

Of note is that this analysis is based on assumptions that have not yet been confirmed via the required fully executed commitments from the parties involved. The Owner's original refunding request indicated that MMA would remain in this transaction as servicer and lender and that Freddie Mac would credit enhance the borrower's obligations under an interest rate swap agreement. The Department has requested on several occasions documentation of Freddie Mac's participation in this transaction, but has not received such commitment as of this date. Additionally, on October 26, 2008 the Department was notified that MMA will assign the loan over to Wells Fargo as the servicer/lender. The information and underwriting assumptions provided previous to this notification, including executed loan commitments, were from MMA as the proposed lender. While the Owner insists that the underwriting assumptions and loan terms previously provided from MMA will remain the same with Wells Fargo, documentation to support this statement has not been provided as of the date of this addendum.

Therefore, the reader of this addendum should be aware that while staff has made a recommendation for this refunding proposal based on the limited information provided to date, it is a possibility that the amount and terms of the loan could change as this transaction moves along through the approval process with Wells Fargo and Freddie Mac. Any recommendation made in this addendum will be conditioned upon receipt, review and acceptance of a an executed commitment from Freddie Mac affirming their participation in this transaction as well as an executed commitment from Wells Fargo with the amount and terms of the loan clearly stated.

This analysis was completed without this critical documentation based on the Owner's claim that Freddie Mac would only honor their yet to be seen commitment through the end of November and such a delay in the completion of this report would doom the transaction.

The purpose of this analysis is to determine whether the development is financially feasible as a result of the requested refunding. The Owner has submitted the final Cost Certification for the development, which is currently under review by Department staff. Because the allocation has not been finalized this analysis will also make a recommendation regarding the amount of the housing tax credit allocation. The Owner has increased their tax credit request by $4,295 because the total eligible costs experienced were more than originally anticipated. The QAP allows tax-exempt bond developments to request additional tax credits at Cost Certification so long as the final documentation submitted reflects the need for such additional credits.

OPERATING PROFORMA ANALYSIS

Income:

The Owner's potential rent is calculated using the maximum program rents less the Department approved utility allowances for each unit. It should be noted that the Owner's rental estimates are estimates used by MMA that were provided to staff previously. The Owner insisted that the rental projections are accurate as they believe the maximum program limits will be collected on each of the units within two years. The Owner also provided a current rent roll for the property (dated 9/23/08) reflecting that the property is currently collecting less than the program rents. While no specific reasons were provided as to why the property is not currently able to charge the maximum program rents, the Owner assured staff that as leases come up for renewal increases to the rents up to the program limits will be implemented and are achievable. The Underwriter's collected rents were calculated using the maximum program rents less the Department approved utility allowances.

The Owner's estimate of secondary income, at approximately $40/unit/month is significantly higher than the Department's maximum guideline of $15/unit/month. Based on the historical operating statements for the property, is appears that a big portion of this income is generated by what is identified as NSF or late fees. Additionally, the Owner's estimate of vacancy and collection loss of 5.38% is lower than the Department's 7.5% underwriting guideline. The rent roll reflects that the property is currently 96% occupied, therefore, the Underwriter utilized a 6% vacancy and collection loss estimate. Despite the differences discussed above, the Owner's effective gross income is within 5% of the Underwriter's estimate.

Expense:

The Owner's total operating expense estimate of $4,850 per unit is less than 1% lower than the Underwriter's estimate derived from the TDHCA database, IREM data and the development's historical operating statements. The expense estimate is also derived from underwriting assumptions utilized by MMA. While the Owner provided the latest underwriting assumptions completed by Wells Fargo and sent to Freddie Mac for approval (received 11/5/08), the Owner indicated that staff should utilize the budget provided in the MMA underwriting assumptions because Wells Fargo utilized an older budget to derive their estimates and, as a result, would not be as accurate as the MMA underwriting assumptions.

The Owner has offered to escrow for two years supportive services in order to reduce operating expenses for that same time period and thus fund supportive services only if cash flow allows. While the escrow might alleviate the expense initially, the Department's long standing policy has been that supportive services are required and must be funded prior to debt service and the Owner provided no further documentation to support this request under their proposal. Further discussions with the Owner resulted in the Owner withdrawing the request to fund a supportive service reserve. Thus, the Underwriter did not assume an escrow for initial supportive services.

Conclusion:

The Owner's estimates of effective gross income and operating expenses are within 5% of the Underwriter's estimates. However, the Owner's net operating income is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's year one proforma will be used to determine the development's debt service capacity and debt coverage ratio. Based on the financing structure currently in place, the proforma results in a DCR that falls below the Department's 1.15 minimum, which suggests that the property cannot support the full $14M loan amount as currently structured. In order to achieve the Department's minimum 1.15 DCR, the bonds would have to be re-sized by approximately $2.7M, resulting in reduced bond proceeds of $11.3M and a gap of $4.9M that is not covered by the deferred developer fee or payable from 15 year cashflow.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that falls below a 1.15 based on the current financing structure. As discussed above in order to achieve a 1.15 utilizing the current structure, the bonds would have to be re-sized to an amount that results in a significant gap in financing that is more than the developer fee available and is not repayable from cashflow. As a result the development would be characterized as infeasible.

The Applicant is in the process of securing a commitment from Wells Fargo and approval from Freddie Mac that allows $12.5M of the bonds to convert by providing more favorable financing terms and a letter of credit for the remaining $1.5M which would be released upon the property's achievement of the full tax credit rents. The proposed refunding structure includes credit enhancement by Freddie Mac and triple A rating. The proposed refunding structure also includes interest only payments on the full $14M in bonds in order for the Owner to recoup a portion of the refinancing costs associated with the refunding with cash flow during the interest only period.

Based on the favorable financing terms proposed by Wells Fargo, the Underwriter's proforma results in a DCR of 1.21 based only on the debt service for the $12.5M loan. As stated previously, the proposed refunding also includes interest only payments on the full $14M loan amount for the first two years after conversion. Therefore, the Underwriter's proforma includes interest only debt service for the first two years, resulting in a DCR of 1.30 and 1.33 for year one and two, respectively. After the two years and debt service on the full $14M commences, the DCR falls below 1.15 in Years 3 and 4, but increases and remains above a 1.15 DCR in Year 5 and for the long term.

It should be noted that the Department is not at risk with the proposed funds and the additional interest only period is preferable to the possible default that may result if an acceptance restructuring of the transaction does not occur.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE

Conclusion

The Owner's site work and direct construction costs combined increased by $1.4M from the estimates provided at application. This is offset somewhat by combined decreases in indirect construction costs, developer fees and interim financing fees. Overall, the Owner's final total development construction costs, as certified by the Owner's CPA, are within 5% of the total construction cost estimate at original underwriting; therefore, the Owner's costs will be used to determine the eligible basis and housing tax credit allocation. An eligible basis of $17,514,886 supports annual credits of $610,660. This amount will be compared to the Owner's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

It should be noted that the development was originally awarded a tax credit allocation of $606,365 via the 2004 Determination Notice issued to the Owner. However, the 2008 Qualified Allocation Plan (QAP) allows tax-exempt bond developments to request additional tax credits at Cost Certification so long as the final documentation submitted reflects the need for such additional credits and the required fee is remitted to the Department. As of the date of this addendum the Department has confirmed that the Owner is current with all Department fees.

FINANCING STRUCTURE

SOURCES & USES

Issuer: TDHCA

Source: Wells Fargo Type: **Permanent Bond Financing**

Tax-Exempt: $14,000,000 Interest Rate: 5.07% Synth. Fixed Amort: 420 months

Comments:

The Owner is currently in the process of securing a commitment from Wells Fargo for the proposed refunding. Therefore, any representations made in this analysis is a result of conversations with the Owner and may change as the Owner's refunding application proceeds through the approval process with Wells Fargo and Freddie Mac. The original interest rate stack quoted by MMA (5.085%) included a 3.50% swap rate, plus a fee stack of 1.585%, which includes a 0.02% trustee fee, 0.125% issuer fee, 0.1% remarketing agent fee and 1.34% swap credit enhancement/servicing fee. Recent discussions with the owner indicate, however, that the rate has decreased slightly to 5.07% due to a negotiated discount on the underwriter’s remarketing fee. This report is conditioned upon receipt, review and acceptance, by November 12, 2008, of an executed commitment from Freddie Mac affirming their participation in this transaction as well as an executed commitment from Wells Fargo with the amount and terms of the loan clearly stated.

Source: PNC Type: **Syndication**

Proceeds: $5,430,376 Syndication Rate: 88% Anticipated HTC: $ 617,852

Amount: $2,165,551 Type: **Deferred Developer Fees**

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CONCLUSIONS

Recommended Financing Structure:

The Owner has anticipated $5,430,376 in syndication proceeds based on a syndication rate of 88% and annual anticipated tax credits of $617,852. This amount of syndication proceeds is supported by the total capital contributions by the investor identified in the Limited Partnership Agreement. The Applicant has only requested $610,660 in tax credits, however. The requested amount is $4,295 or less than 1% more in tax credits than originally awarded to the development in 2004. Therefore, the Underwriter estimates total syndication proceeds to be $5,367,165 based on a syndication rate of 88% and $610,660 in annual tax credits.

The Owner's total development cost estimate less the permanent loan of $14,000,000 indicates the total need for $7,595,927 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $864,242 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Owner's request, $610,660, the gap-driven amount, $864,242, and eligible basis-derived estimate, $610,660, the Owner's request/eligible basis-derived estimate of $610,660 is recommended.

The Underwriter's recommended financing structure indicates the need for $2,228,762 in additional permanent funds. This amounts to 99% of the developer fees available and this amount appears to be repayable from development cashflow within 15 years of stabilized operation.

Underwriter:	*Raquel Morales*	Date:	11/6/2008
Director of Real Estate Analysis:	*Tom Gouris*	Date:	11/6/2008

MULTIFAMILY COMPARATIVE ANALYSIS

Alta Cullen Apartments, Houston, 4% HTC / Bond #08616/04611

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent Roll	Rent Roll/Month	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC60%	12	1	1	740	$687	$617	$579	$6,948	$7,404	$0.83	$70.00	$32.31
TC60%	36	1	1	794	$687	$617	$577	$20,760	$22,212	$0.78	70.00	32.31
TC60%	108	2	2	1,034	$825	$742	$678	$73,224	$80,136	$0.72	83.00	37.31
TC60%	84	3	2	1,193	$953	$855	$767	$64,428	$71,820	$0.72	98.00	49.31
TOTAL:	240		**AVERAGE:**	1,039		$757		$165,360	$181,572	$0.73	$85.65	$40.51

INCOME	Total Net Rentable Sq Ft:		249,348		**TDHCA Refunding**	**TDHCA-Orig.**	**APP-Orig.**	**Owner Refunding**	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$2,178,864	$2,116,944	$2,073,744	$2,178,864	Harris	Houston	6
Secondary Income			Per Unit Per Month:	$15.00	43,200	43,200	43,200	111,988	$38.88	Per Unit Per Month	
Other Support Income:					0		43,200		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$2,222,064	$2,160,144	$2,160,144	$2,290,852			
Vacancy & Collection Loss			% of Potential Gross Income:	-6.00%	(133,324)	(162,011)	(162,012)	(123,295)	-5.38%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0						
EFFECTIVE GROSS INCOME					$2,088,740	$1,998,133	$1,998,132	$2,167,557			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.28%	$373	0.36	$89,477	$93,533	$54,367	$80,094	$0.32	$334	3.70%
Management		4.00%	348	0.34	83,550	99,907	84,921	83,719	0.34	349	3.86%
Payroll & Payroll Tax		14.23%	1,238	1.19	297,196	195,600	176,000	331,450	1.33	1,381	15.29%
Repairs & Maintenance		6.29%	548	0.53	131,474	118,322	115,000	153,663	0.62	640	7.09%
Utilities		2.44%	213	0.20	51,003	53,604	31,500	55,000	0.22	229	2.54%
Water, Sewer, & Trash		4.45%	387	0.37	92,852	60,581	39,500	78,000	0.31	325	3.60%
Property Insurance		4.56%	397	0.38	95,300	62,337	45,600	99,000	0.40	413	4.57%
Property Tax	3.26496	11.27%	981	0.94	235,402	165,081	266,400	235,000	0.94	979	10.84%
Reserve for Replacements		2.30%	200	0.19	48,000	48,000	48,000	48,000	0.19	200	2.21%
TDHCA Compliance Fees		0.46%	40	0.04	9,600				0.00	0	0.00%
Other: Supportive Services		1.38%	120	0.12	28,800	61,273	61,273		0.00	0	0.00%
TOTAL EXPENSES		55.66%	$4,844	$4.66	$1,162,655	$958,238	$922,561	$1,163,926	$4.67	$4,850	53.70%
NET OPERATING INC		44.34%	$3,859	$3.71	$926,086	$1,039,895	$1,075,571	$1,003,631	$4.03	$4,182	46.30%
DEBT SERVICE											
Wells Fargo		47.66%	$4,148	$3.99	$995,560	$995,560	$931,579	$763,741	$3.06	$3,182	35.24%
Letter of Credit		0.00%	$0	$0.00	0				$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0				$0.00	$0	0.00%
NET CASH FLOW		-3.33%	($289)	($0.28)	($69,475)	$44,335	$143,992	$239,890	$0.96	$1,000	11.07%
AGGREGATE DEBT COVERAGE RATIO					0.93	1.04	1.15	1.31			
RECOMMENDED DEBT COVERAGE RATIO					1.21						

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	**TDHCA Refunding**	**TDHCA-UW**	**APPLICATION**	**Owner Refunding**	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		8.42%	$7,616	$7.33	$1,827,894	$1,687,500	$1,687,500	$1,827,894	$7.33	$7,616	8.46%
Off-Sites		1.55%	1,399	1.35	335,862	521,375	521,375	335,862	1.35	1,399	1.56%
Sitework		2.72%	2,459	2.37	590,267	1,464,238	1,464,238	590,267	2.37	2,459	2.73%
Direct Construction		53.93%	48,804	46.97	11,712,993	9,601,983	9,418,391	11,712,993	46.97	48,804	54.24%
Contingency	0.00%	0.00%	0	0.00	0	360,962	360,962	0	0.00	0	0.00%
Contractor's Fees	13.75%	7.79%	7,048	6.78	1,691,547	1,549,270	1,651,034	1,691,547	6.78	7,048	7.83%
Indirect Construction		2.39%	2,162	2.08	518,911	1,167,442	1,167,442	518,911	2.08	2,162	2.40%
Ineligible Costs		7.87%	7,126	6.86	1,710,233	759,565	759,565	1,710,233	6.86	7,126	7.92%
Developer's Fees	14.70%	10.34%	9,354	9.00	2,244,943	2,305,861	2,305,861	2,244,943	9.00	9,354	10.40%
Interim Financing		3.48%	3,151	3.03	756,225	1,310,342	1,310,342	756,225	3.03	3,151	3.50%
Reserves		1.53%	1,381	1.33	331,378	436,155		207,052	0.83	863	0.96%
TOTAL COST		100.00%	$90,501	$87.11	$21,720,253	$21,164,693	$20,646,710	$21,595,927	$86.61	$89,983	100.00%
Construction Cost Recap		*64.43%*	***$58,312***	***$56.13***	***$13,994,807***	***$12,976,453***	***$12,894,625***	***$13,994,807***	***$56.13***	***$58,312***	*64.80%*

SOURCES OF FUNDS								RECOMMENDED	
Wells Fargo	64.46%	$58,333	$56.15	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$12,500,000	Developer Fee Available
Letter of Credit	0.00%	$0	$0.00	0	0		0	1,500,000	$2,244,943
HTC Proceeds- PNC	25.00%	$22,627	$21.78	5,430,376	5,269,669	5,269,669	5,430,376	5,367,165	% of Dev. Fee Deferred
Deferred Developer Fees	9.97%	$9,023	$8.68	2,165,551	1,377,041	1,377,041	2,165,551	2,228,762	99%
Additional (Excess) Funds Req'd	0.57%	$518	$0.50	124,326	517,983	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$21,720,253	$21,164,693	$20,646,710	$21,595,927	$21,595,927	$3,060,531

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Alta Cullen Apartments, Houston, 4% HTC / Bond #08616/04611

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost				$0
Adjustments				
Exterior Wall Finish			$0.00	$0
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.47)	(615,890)
Floor Cover			2.43	605,916
Breezeways/Balconies	$22.27		0.00	0
Plumbing Fixtures	$805		0.00	0
Rough-ins	$400		0.00	0
Built-In Appliances	$1,850	240	1.78	444,000
Exterior Stairs	$1,800		0.00	0
Enclosed Corridors	($9.92)		0.00	0
Heating/Cooling			1.90	473,761
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	$1.95	249,348	1.95	486,229
SUBTOTAL			5.59	1,394,016
Current Cost Multiplier	0.98		(0.11)	(27,880)
Local Multiplier			(5.59)	(1,394,016)
TOTAL DIRECT CONSTRUCTION COSTS			($0.11)	($27,880)
Plans, specs, survy, bld prm	3.90%		$0.00	$1,087
Interim Construction Interes	3.38%		0.00	941
Contractor's OH & Profit	11.50%		0.01	3,206
NET DIRECT CONSTRUCTION COSTS			($0.09)	($22,646)

PAYMENT COMPUTATION

Primary	$14,000,000	Amort	480
Int Rate	6.600%	DCR	0.93

Secondary	$0	Amort	480
Int Rate	6.60%	Subtotal DCR	0.93

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	0.93

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$763,741
Secondary Debt Service	91,649
Additional Debt Service	0
NET CASH FLOW	$70,695

Primary	$12,500,000	Amort	420
Int Rate	5.07%	DCR	1.21

Secondary	$1,500,000	Amort	420
Int Rate	5.07%	Subtotal DCR	1.08

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.08

OPERATING INCOME & EXPENSE PROFORMA: OWNER'S 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	$2,178,864	$2,244,230	$2,311,557	$2,380,904	$2,452,331	$2,842,923	$3,295,727	$3,820,651	$5,134,636
Secondary Income	43,200	44,496	45,831	47,206	48,622	56,366	65,344	75,751	101,804
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,222,064	2,288,726	2,357,388	2,428,109	2,500,953	2,899,290	3,361,071	3,896,403	5,236,439
Vacancy & Collection Loss	(133,324)	(137,324)	(141,443)	(145,687)	(150,057)	(173,957)	(201,664)	(233,784)	(314,186)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,088,740	$2,151,402	$2,215,944	$2,282,423	$2,350,895	$2,725,332	$3,159,407	$3,662,619	$4,922,253
EXPENSES at 4.00%									
General & Administrative	$89,477	$93,056	$96,779	$100,650	$104,676	$127,354	$154,946	$188,515	$279,048
Management	83,550	86,056	88,638	91,297	94,036	109,013	126,376	146,505	196,890
Payroll & Payroll Tax	297,196	309,084	321,448	334,305	347,678	423,003	514,648	626,148	926,852
Repairs & Maintenance	131,474	136,733	142,202	147,891	153,806	187,129	227,671	276,996	410,022
Utilities	51,003	53,043	55,165	57,371	59,666	72,593	88,321	107,456	159,061
Water, Sewer & Trash	92,852	96,566	100,429	104,446	108,624	132,158	160,790	195,626	289,574
Insurance	95,300	99,112	103,076	107,200	111,488	135,642	165,029	200,783	297,207
Property Tax	235,402	244,818	254,611	264,795	275,387	335,050	407,640	495,957	734,137
Reserve for Replacements	48,000	49,920	51,917	53,993	56,153	68,319	83,120	101,129	149,695
Other	38,400	39,936	41,533	43,195	44,923	54,655	66,496	80,903	119,756
TOTAL EXPENSES	$1,162,655	$1,208,325	$1,255,798	$1,305,143	$1,356,436	$1,644,916	$1,995,037	$2,420,016	$3,562,242
NET OPERATING INCOME	$926,086	$943,077	$960,147	$977,280	$994,460	$1,080,416	$1,164,370	$1,242,603	$1,360,011
DEBT SERVICE									
First Lien Financing	$709,800	$709,800	$763,741	$763,741	$763,741	$763,741	$763,741	$763,741	$763,741
Second Lien	0	0	91,649	91,649	91,649	91,649	91,649	91,649	91,649
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$216,286	$233,277	$104,757	$121,889	$139,069	$225,026	$308,980	$387,212	$504,621
DEBT COVERAGE RATIO	1.30	1.33	1.12	1.14	1.16	1.26	1.36	1.45	1.59

HTC ALLOCATION ANALYSIS -Alta Cullen Apartments, Houston, 4% HTC / Bond #08616/04611

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,827,894	$1,827,894		
Purchase of buildings				
Off-Site Improvements	$335,862	$335,862		
Sitework	$590,267	$590,267	$590,267	$590,267
Construction Hard Costs	$11,712,993	$11,712,993	$11,712,993	$11,712,993
Contractor Fees	$1,691,547	$1,691,547	$1,691,547	$1,691,547
Contingencies				
Eligible Indirect Fees	$518,911	$518,911	$518,911	$518,911
Eligible Financing Fees	$756,225	$756,225	$756,225	$756,225
All Ineligible Costs	$1,710,233	$1,710,233		
Developer Fees				
Developer Fees	$2,244,943	$2,244,943	$2,244,943	$2,244,943
Development Reserves	$207,052	$331,378		
TOTAL DEVELOPMENT COSTS	$21,595,927	$21,720,253	$17,514,886	$17,514,886

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		$17,514,886	$17,514,886
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$17,514,886	$17,514,886
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$17,514,886	$17,514,886
Applicable Percentage		3.49%	3.49%
TOTAL AMOUNT OF TAX CREDITS		$610,660	$610,660

Syndication Proceeds	**0.8789**	**$5,367,167**	**$5,367,167**
Total Tax Credits (Eligible Basis Method)		**$610,660**	**$610,660**
Syndication Proceeds		**$5,367,167**	**$5,367,167**
Previously Approved Tax Credits		**$606,365**	
Syndication Proceeds		**$5,329,415**	
Requested Tax Credits		**$610,660**	
Syndication Proceeds		**$5,367,165**	
Gap of Syndication Proceeds Needed		**$7,595,927**	
Total Tax Credits (Gap Method)		**$864,242**	
Reconciled Tax Credits		**$610,660**	
Syndication Proceeds		**$5,367,165**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

DATE:	February 28, 2005	**PROGRAM:**	MFB 4% HTC	**FILE NUMBER:**	2004-046 04611 AKA 04455

DEVELOPMENT NAME

Alta Cullen Apartments

APPLICANT

Name:	Alta Cullen Limited Partnership			**Type:**	For-profit		
Address:	1001 Morehead Square Drive, Suite 250			**City:**	Charlotte	**State:**	NC
Zip:	28203	**Contact:**	Bernard Felder	**Phone:**	(704) 332-8995	**Fax:**	(704) 332-8997

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Wood Alta Cullen, L.P.	**(%):**	0.01	**Title:**	Managing General Partner
Name:	Wood Affordable Housing South, Inc.	**(%):**	N/A	**Title:**	0.01% Owner of Wood Alta Cullen, L.P.
Name:	Warren J. Durkin, Jr.	**(%):**	N/A	**Title:**	100% Owner of Wood Affordable Housing South
Name:	WP South Development Company, LLC	**(%):**	N/A	**Title:**	99.99% Owner of Wood Alta Cullen, L.P.
Name:	Leonard W. Wood	**(%):**	N/A	**Title:**	36% Owner of WP South Development Company
Name:	Warren J. Durkin, Jr.	**(%):**	N/A	**Title:**	17.95% Owner of WP South Development Company
Name:	Ryan L. Dearborn	**(%):**	N/A	**Title:**	15.84% Owner of WP South Development Company
Name:	Patrick G. Trask	**(%):**	N/A	**Title:**	12.26% Owner of WP South Development Company
Name:	WP South Alta Cullen Development Company, L.P.	**(%):**	N/A	**Title:**	Developer

PROPERTY LOCATION

Location:	Northeast corner of Scott Street and Beltway 8	☐ **QCT**		☐ **DDA**	
City:	Houston	**County:**	Harris	**Zip:**	77047

REQUEST

Amount	Interest Rate	Amortization	Term
1) $606,365	N/A	N/A	N/A
2) $14,000,000	6.6%	40 yrs	40 yrs

Other Requested Terms:
1) Annual ten-year allocation of housing tax credits
2) Tax-exempt private activity mortgage revenue bonds

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

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

Special Purpose (s): General population

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $14,000,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE OF 6.6% AND REPAYMENT TERM OF 40 YEARS WITH A 40-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $606,365 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Acceptance by the Board of the anticipated likely redemption of up to $250K in bonds at the conversion to permanent;
2. 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, building flood insurance and tenant flood insurance costs prior to the initial closing on the property or provide an engineers map showing the structures to be built one foot above the flood plain upon completion of the site work;
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount and or allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	240	**# Rental Buildings**	10	**# Non-Res. Buildings**	1	**# of Floors**	3	**Age:**	N/A yrs

Net Rentable SF:	249,348	**Av Un SF:**	1,039	**Common Area SF:**	3,939	**Gross Bldg SF:**	253,287

STRUCTURAL MATERIALS

The structure will be wood frame on a post-tensioned concrete slab. According to the plans provided in the application the exterior will be comprised as follows: 100% cement fiber siding. The interior wall surfaces will be drywall and the pitched roof will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl tile. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, individual heat pumps, high-speed internet access, & 9-foot ceilings.

ONSITE AMENITIES

A 3,939-square foot community building will include a club room, management offices, sitting room, laundry facilities, a kitchen, restrooms, and a conference center. The community building, swimming pool, and equipped children's play area are located at the entrance to the property. In addition perimeters fencing with limited access gates are planned for the site.

Uncovered Parking:	188	spaces	**Carports:**	240	spaces	**Garages:**	0	spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Alta Cullen is a relatively dense (16 units per acre) new construction development of 240 units of affordable housing located in southeast Houston. The development is comprised of ten sporadically distributed large garden style walk-up residential buildings as follows:

- 2 Building Type I with 12 one-bedroom/one-bath units and 12 two-bedroom/two-bath units;
- 7 Building Type II with 12 two- bedroom/two-bath units and 12 three-bedroom/two-bath units;
- 1 Building Type III with 24 one-bedroom/one-bath units;

Architectural Review: The building and unit plans are of good design, sufficient size, and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with simple fenestration.

SITE ISSUES

SITE DESCRIPTION

Size: 15 acres 653,400 square feet **Zoning/ Permitted Uses:** No zoning in Houston

Flood Zone Designation: Zone: AE **Status of Off-Sites:** Partially improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The subject site is an irregularly-shaped parcel located in southern Houston approximately eleven miles from the central business district. The site is situated just west of the northwest intersection of South Sam Houston Parkway (Beltway 8) and FM 518 Road.

Adjacent Land Uses:

- **North:** vacant land immediately adjacent and a residential neighborhood beyond;
- **South:** Beltway 8 immediately adjacent and commercial businesses and a residential neighborhood beyond;
- **East:** vacant land immediately adjacent and a residential development under construction beyond; and
- **West:** new extension of Scott Street immediately adjacent and vacant land beyond;

Site Access: Access to the property is from the west along Beltway 8 access road or the north or south from Scott Street. The development is to have one main entry off of Beltway 8 and a secondary entry off of Scott Street. Access to the property is very good. The subject site has excellent access via Beltway 8. From Beltway 8, one can easily connect to Highway 288, Interstate 45 and Highway 59, all of which are major thourghfares into and around Houston proper.

Public Transportation: Metropolitan Transit Authority of Harris County (METRO) does not service the site; however the Metro does have service approximately 2 miles to the north.

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

Special Adverse Site Characteristics: The following issues have been identified as potentially bearing on the viability of the site for the proposed development:

- **Floodplain:** Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs prior to the initial closing on the property is a condition of this report.

Site Inspection Findings: TDHCA staff performed a site inspection on October 14, 2004 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated September 2004 was prepared by Engineering and Fire Investigations and contained the following findings and recommendations: “Based on the results of our research, observations, and interviews, it is in EFI’s opinion that no evidence of recognized environmental conditions is associated with the Subject Property.” (p. 18) “The subject property is located within a Special Flood Hazard area inundated by the 100-flood.” (p.15)

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 development the Applicant has elected the 100% of units at 60% AMGI due to the fact that they are located in census tract with median income higher than surrounding MSA, PMSA, or county.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$25,620	$29,280	$32,940	$36,600	$39,540	$42,480

MARKET HIGHLIGHTS

A market feasibility study dated August 12, 2004, 2004 was prepared by Apartment MarketData Research Services, LLC ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): The market study described the Primary Market Area (PMA) to be bounded by the southwest corner of Loop 610 to IH 45 to the north, from IH 45 to Beltway 8, then following Clear Creek to FM516 to the east, a straight line from FM 518 to Highway 35 to the southeast, a line from Highway 35 to Harris County Line to the south, and then follow county line up to Post Oak Road, from Post Oak Road to loop 610 to the west. This area encompasses approximately 123.87 square miles and is equivalent to a circle with a radius of 6.28 miles.

Population: The estimated 2003 population of the PMA was 236,630 and is expected to increase by 11% to approximately 263,012 by 2008. Within the primary market area there were estimated to be 78,347 households in 2003.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 5,668 qualified households in the PMA, based on the current estimate of 78,347 households, the projected annual growth rate of 2.2%, renter households estimated at 53.7% of the population, income-qualified households estimated at 20.6%, and an annual renter turnover rate of 64.4 %. (p. 43). The Market Analyst used an income band of $23,520 to $39,540.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	179	3.2%	195	3.3%
Resident Turnover	5,489	96.8%	5,796	96.7%
TOTAL ANNUAL DEMAND	**5,668**	**100%**	**5,991**	**100%**

Ref: p. 45

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 21.9% based upon 5,668 units of demand and 1,239 unstabilized affordable housing in the PMA (including the subject) (p. 45). The Underwriter calculated an inclusive capture rate of 20.7% based upon the same supply of unstabilized comparable affordable units of 1,239, but divided by a revised demand of 5,991.

Market Rent Comparables: The Market Analyst surveyed six comparable apartment projects totaling 1,524 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$589	$604	-$15	$650	-$61
2-Bedroom (60%)	$706	$721	-$15	$775	-$69
3-Bedroom (60%)	$813	$828	-$15	$950	-$137

(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 92.0% as a result of stable demand. Demand for new rental apartment units is considered to be growing." (p. 81).

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. 78).

Market Study Analysis/Conclusions: The Underwriter found the information provided by the Market Analyst to provide sufficient market information on which to base a funding recommendation

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are lower than the maximum rents allowed under HTC guidelines. There is the potential for additional income (approximately $43.2K) 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 overstated secondary income with carport income of an equal amount $43.2K but did not provide additional substantiation for their estimate. As a net result of these differences the Applicant's effective gross income estimate is the same as the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of $3,844 per unit is within 4% of the Underwriter's database-derived estimate of $3,993 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 ($39.2K lower), utilities ($22.1K lower), water, sewer, and trash ($21.1K lower), property tax ($101.3K higher). The Underwriter discussed these differences with the Applicant but was unable to reconcile them further despite additional information provided by the Applicant.

Conclusion: The Applicant's gross income, expenses and net operation income are all within 5% of the Underwriter's estimates. Due to a difference in the calculated debt service, the Underwriter's estimated debt coverage ratio (DCR) of 1.04 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project should be limited to $13,750,000 based on the Applicants operating income by a reduction of the loan amount and/or a reduction in the interest rate and/or an extension of the term. The Underwriter has completed this analysis assuming a likely redemption of a portion of the bond amount resulting in a final anticipated bond amount of $13,750,000. Board acknowledgement of such a potential reduction is a condition of this report.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: (15) acres	$990,470	**Assessment for the Year of:**	2004
Tax Rate:	3.84125	**Valuation by:**	Harris County Appraisal District

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Purchase and sale agreement (15 acres)		
Contract Expiration Date:	1/ 31/ 2005	**Anticipated Closing Date:**	1/ 31/ 2005
Acquisition Cost:	$1,687,500	**Other Terms/Conditions:**	Earnest Money - $5,000
Seller:	Concord Casualty/BOA Sorte/Sayland Farms	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $1,687,500 ($2.58/SF, $112,500/acre, or $7,031/unit) although in excess of the tax assessed value of $990,470, is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Costs: The Applicant claimed off-site costs of $521,375 for off-site concrete, storm drains and devices, water and fire hydrants, off-site utilities, off-site paving and grading and landscaping and provided sufficient third party certification through a registered engineer to justify these costs.

Sitework Cost: The Applicant's claimed sitework costs of $6,101 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost: Originally the Applicant's costs were 18.8% less than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate. This would suggest that the Applicant's direct construction costs were significantly understated. In response to the Underwriters query the Applicant stated that Marshall & Swift is consistently higher than actual costs. In response to the Underwriters query the Applicant then produced actual costs on Alta Arlington a development they completed in Arlington in July 2004. When the actual cost numbers on Alta Arlington were compared to Marshall & Swift *Residential Cost Handbook* from the same period of time a difference of 17% less for the actual cost numbers was verified. Based on this evidence of performance presented by the Applicant, the Marshall & Swift calculations for the subject property Alta Cullen were adjusted 17% down thus significantly reduced the Underwriters direct construction cost estimate such that the Applicant's cost is now $184K or 2% lower than the Underwriter's adjusted estimate, and is therefore regarded as reasonable as submitted.

Fees: The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by $127,465 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by $19,120 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's adjusted estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown as adjusted by the Underwriter, is used to calculate the eligible basis and determine the HTC allocation. As a result, an eligible basis of $17,531,685 is used to determine a credit allocation of $620,622 from this method. The resulting syndication proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: MMA Financial **Contact:** Earl Cole, III

Tax-Exempt Amount: $14,000,000 **Interest Rate:** 6.6%

Additional Information: Interim rate of 5.885%

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☐ LOI ☐ Firm ☒ Conditional

Annual Payment: $995,560 **Lien Priority:** 1st **Date:** 2/ 7/ 2005

TAX CREDIT SYNDICATION

Source: PNC MultiFamily Capital **Contact:** Kandi Jackson

Net Proceeds: $5,489,310 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 87.9¢

Commitment: ☐ LOI ☐ Firm ☒ Conditional **Date:** 8/ 24/ 2004

APPLICANT EQUITY

Amount: $1,377,041 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by TDHCA and purchased by MMA Financial. The permanent financing commitment is consistent with the revised amounts and terms reflected in the sources and uses of funds listed in the application.

HTC Syndication: The tax credit syndication commitment is consistent with the revised amounts and terms reflected in the sources and uses of funds listed in the application.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,377,041 amount to 60% of the total fees.

Financing Conclusions: Based on the Applicant's estimate of eligible basis, the HTC allocation should not exceed $620,622 annually for ten years; however, as the Applicant has requested only $606,365 this will be the recommended allocation, resulting in syndication proceeds of approximately $5,329,415. Based on the underwriting analysis which suggests an ultimate $250K reduction in debt, the Applicant's deferred developer fee will be increased to $1,567,295, which represents approximately 69% of the eligible fee but should still be repayable from cash flow within ten years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee may be available to fund those development cost overruns though not to the extent identified earlier in the Underwriter's original Marshall & Swift cost analysis. Given the Applicant's track record the potential for such overruns is considered low.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer and General Contractor are all related entities. These are common relationships for HTC-funded developments.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The principals of the General Partner, Leonard W. Wood, Warren J. Durkin, Jr., Ryan L. Dearborn and Patrick J. Trask submitted unaudited financial statements as of February 7, 2005 respectively and are anticipated to be guarantors of the development.

Background & Experience:

- Applicant and General Partner are new entities formed for the purpose of developing the project.
- Multifamily Production Finance Staff have verified that the contractor has met the Department's experience requirements and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's direct construction costs differed from the unadjusted Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- The Applicant's total development costs differed from the Underwriter's unadjusted verifiable estimate by more than 5%.

Underwriter: ______________________ **Date:** February 28, 2005
Carl Hoover

Director of Real Estate Analysis: ______________________ **Date:** February 28, 2005
Tom Gouris

MULTIFAMILY COMPARATIVE ANALYSIS

Alta Cullen, Houston, MFB #2004-046 / 4% HTC #04455

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	Trash Only
TC (60%)	12	1	1	740	$686	$604	$7,248	$0.82	$82.00	$13.31
TC (60%)	36	1	1	794	686	$604	21,744	0.76	82.00	13.31
TC (60%)	108	2	2	1,034	823	$721	77,868	0.70	102.00	13.31
TC (60%)	84	3	2	1,193	951	$828	69,552	0.69	123.00	13.31
TOTAL:	240	▨	**AVERAGE:**	1,039	$840	$735	$176,412	$0.71	$105.35	$13.31

					TDHCA	APPLICANT			
INCOME	Total Net Rentable Sq Ft:		249,348		**TDHCA**	**APPLICANT**	Comptroller's Region		6
POTENTIAL GROSS RENT					$2,116,944	$2,073,744		IREM Region	Houston
Secondary Income		Per Unit Per Month:		$15.00	43,200	43,200	$15.00	Per Unit Per Month	
Other Support Income: Carport Rentals						43,200			
POTENTIAL GROSS INCOME					$2,160,144	$2,160,144			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(162,011)	(162,012)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$1,998,133	$1,998,132			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.68%	$390	0.38	$93,533	$54,367	$0.22	$227	2.72%
Management		5.00%	416	0.40	99,907	84,921	0.34	354	4.25%
Payroll & Payroll Tax		9.79%	815	0.78	195,600	176,000	0.71	733	8.81%
Repairs & Maintenance		5.92%	493	0.47	118,322	115,000	0.46	479	5.76%
Utilities		2.68%	223	0.21	53,604	31,500	0.13	131	1.58%
Water, Sewer, & Trash		3.03%	252	0.24	60,581	39,500	0.16	165	1.98%
Property Insurance		3.12%	260	0.25	62,337	45,600	0.18	190	2.28%
Property Tax	3.84125	8.26%	688	0.66	165,081	266,400	1.07	1,110	13.33%
Reserve for Replacements		2.40%	200	0.19	48,000	48,000	0.19	200	2.40%
Other: compl fees & Supp. Serv.		3.07%	255	0.25	61,273	61,273	0.25	255	3.07%
TOTAL EXPENSES		47.96%	$3,993	$3.84	$958,238	$922,561	$3.70	$3,844	46.17%
NET OPERATING INC		52.04%	$4,333	$4.17	$1,039,895	$1,075,572	$4.31	$4,482	53.83%
DEBT SERVICE									
First Lien Mortgage		49.82%	$4,148	$3.99	$995,560	$931,579	$3.74	$3,882	46.62%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		2.22%	$185	$0.18	$44,335	$143,993	$0.58	$600	7.21%
AGGREGATE DEBT COVERAGE RATIO					1.04	1.15			
RECOMMENDED DEBT COVERAGE RATIO						1.10			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		7.97%	$7,031	$6.77	$1,687,500	$1,687,500	$6.77	$7,031	8.17%
Off-Sites		2.46%	2,172	2.09	521,375	521,375	2.09	2,172	2.53%
Sitework		6.92%	6,101	5.87	1,464,238	1,464,238	5.87	6,101	7.09%
Direct Construction		45.37%	40,008	38.51	9,601,983	9,418,391	37.77	39,243	45.62%
Contingency	3.26%	1.71%	1,504	1.45	360,962	360,962	1.45	1,504	1.75%
General Req'ts	6.00%	3.14%	2,767	2.66	663,973	707,586	2.84	2,948	3.43%
Contractor's G & A	2.00%	1.05%	922	0.89	221,324	235,862	0.95	983	1.14%
Contractor's Profit	6.00%	3.14%	2,767	2.66	663,973	707,586	2.84	2,948	3.43%
Indirect Construction		5.52%	4,864	4.68	1,167,442	1,167,442	4.68	4,864	5.65%
Ineligible Costs		3.59%	3,165	3.05	759,565	759,565	3.05	3,165	3.68%
Developer's G & A	1.92%	1.40%	1,237	1.19	296,810	0	0.00	0	0.00%
Developer's Profit	13.00%	9.49%	8,371	8.06	2,009,051	2,305,861	9.25	9,608	11.17%
Interim Financing		6.19%	5,460	5.26	1,310,342	1,310,342	5.26	5,460	6.35%
Reserves		2.06%	1,817	1.75	436,155	0	0.00	0	0.00%
TOTAL COST		100.00%	$88,186	$84.88	$21,164,694	$20,646,710	$82.80	$86,028	100.00%
Recap-Hard Construction Costs		*61.31%*	***$54,069***	***$52.04***	***$12,976,454***	***$12,894,625***	***$51.71***	***$53,728***	*62.45%*

SOURCES OF FUNDS

						RECOMMENDED	
First Lien Mortgage	66.15%	$58,333	$56.15	$14,000,000	$14,000,000	$13,750,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		0	$2,286,741
HTC Syndication Proceeds	24.90%	$21,957	$21.13	5,269,669	5,269,669	5,329,415	% of Dev. Fee Deferred
Deferred Developer Fees	6.51%	$5,738	$5.52	1,377,041	1,377,041	1,567,295	69%
Additional (excess) Funds Req'd	2.45%	$2,158	$2.08	517,984	0	(0)	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$21,164,694	$20,646,710	$20,646,710	$4,016,274

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Alta Cullen, Houston, MFB #2004-046 / 4% HTC #04455

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$43.08	$10,741,466
Adjustments				
Exterior Wall Finish			$0.00	$0
9-Ft. Ceilings	3.00%		1.29	322,244
Roofing			0.00	0
Subfloor			(0.68)	(168,725)
Floor Cover			2.00	498,696
Porches/Balconies	$18.00	48,548	3.50	873,864
Plumbing	$605	576	1.40	348,480
Built-In Appliances	$1,650	240	1.59	396,000
Stairs	$1,700	80	0.55	136,000
Enclosed Corridors	$33.16	0	0.00	0
Heating/Cooling			1.53	381,502
Garages/Carports	$8.18	36,000	1.18	294,480
Comm &/or Aux Bldgs	$61.64	3,939	0.97	242,780
Other:			0.00	0
SUBTOTAL			56.41	14,066,787
Current Cost Multiplier	1.10		5.64	1,406,679
Local Multiplier	0.88		(6.77)	(1,688,014)
TOTAL DIRECT CONSTRUCTION COSTS			$55.29	$13,785,451
Plans, specs, survy, bld prm	3.90%		($2.16)	($537,633)
Interim Construction Interest	3.38%		(1.87)	(465,259)
Contractor's OH & Profit	11.50%		(6.36)	(1,585,327)
NET DIRECT CONSTRUCTION COSTS			$44.91	$11,197,233
Adjustment based on Alta Arlington			117%	$9,601,983

PAYMENT COMPUTATION

Primary	$14,000,000	Term	480
Int Rate	6.60%	DCR	1.04

Secondary	$0	Term	
Int Rate	0.00%	Subtotal DCR	1.04

Additional	$5,269,669	Term	
Int Rate		Aggregate DCR	1.04

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$977,782
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$97,789

Primary	$13,750,000	Term	480
Int Rate	6.60%	DCR	1.10

Secondary	$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$5,269,669	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,073,744	$2,135,956	$2,200,035	$2,266,036	$2,334,017	$2,705,766	$3,136,724	$3,636,323	$4,886,914
Secondary Income	43,200	44,496	45,831	47,206	48,622	56,366	65,344	75,751	101,804
Contractor's Profit	43,200	44,496	45,831	47,206	48,622	56,366	65,344	75,751	101,804
POTENTIAL GROSS INCOME	2,160,144	2,224,948	2,291,697	2,360,448	2,431,261	2,818,498	3,267,412	3,787,826	5,090,521
Vacancy & Collection Loss	(162,012)	(166,871)	(171,877)	(177,034)	(182,345)	(211,387)	(245,056)	(284,087)	(381,789)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,998,132	$2,058,077	$2,119,820	$2,183,414	$2,248,917	$2,607,111	$3,022,356	$3,503,739	$4,708,732
EXPENSES at 4.00%									
General & Administrative	$54,367	$56,542	$58,803	$61,155	$63,602	$77,381	$94,146	$114,543	$169,552
Management	84,921	87468.5383	90092.59448	92795.37231	95579.23348	110802.5274	128450.4974	148909.3315	200121.6896
Payroll & Payroll Tax	176,000	183,040	190,362	197,976	205,895	250,503	304,775	370,805	548,883
Repairs & Maintenance	115,000	119,600	124,384	129,359	134,534	163,681	199,143	242,288	358,645
Utilities	31,500	32,760	34,070	35,433	36,851	44,834	54,548	66,366	98,238
Water, Sewer & Trash	39,500	41,080	42,723	44,432	46,209	56,221	68,401	83,221	123,187
Insurance	45,600	47,424	49,321	51,294	53,346	64,903	78,964	96,072	142,211
Property Tax	266,400	277,056	288,138	299,664	311,650	379,170	461,319	561,265	830,809
Reserve for Replacements	48,000	49,920	51,917	53,993	56,153	68,319	83,120	101,129	149,695
Other	61,273	63,724	66,272	68,923	71,680	87,210	106,104	129,092	191,088
TOTAL EXPENSES	$922,561	$958,614	$996,084	$1,035,026	$1,075,499	$1,303,025	$1,578,971	$1,913,690	$2,812,428
NET OPERATING INCOME	$1,075,572	$1,099,463	$1,123,736	$1,148,388	$1,173,417	$1,304,086	$1,443,384	$1,590,049	$1,896,304
DEBT SERVICE									
First Lien Financing	$977,782	$977,782	$977,782	$977,782	$977,782	$977,782	$977,782	$977,782	$977,782
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	$97,789	$121,681	$145,954	$170,606	$195,635	$326,303	$465,602	$612,267	$918,522
DEBT COVERAGE RATIO	1.10	1.12	1.15	1.17	1.20	1.33	1.48	1.63	1.94
						260,969	395,953	538,934	765,394

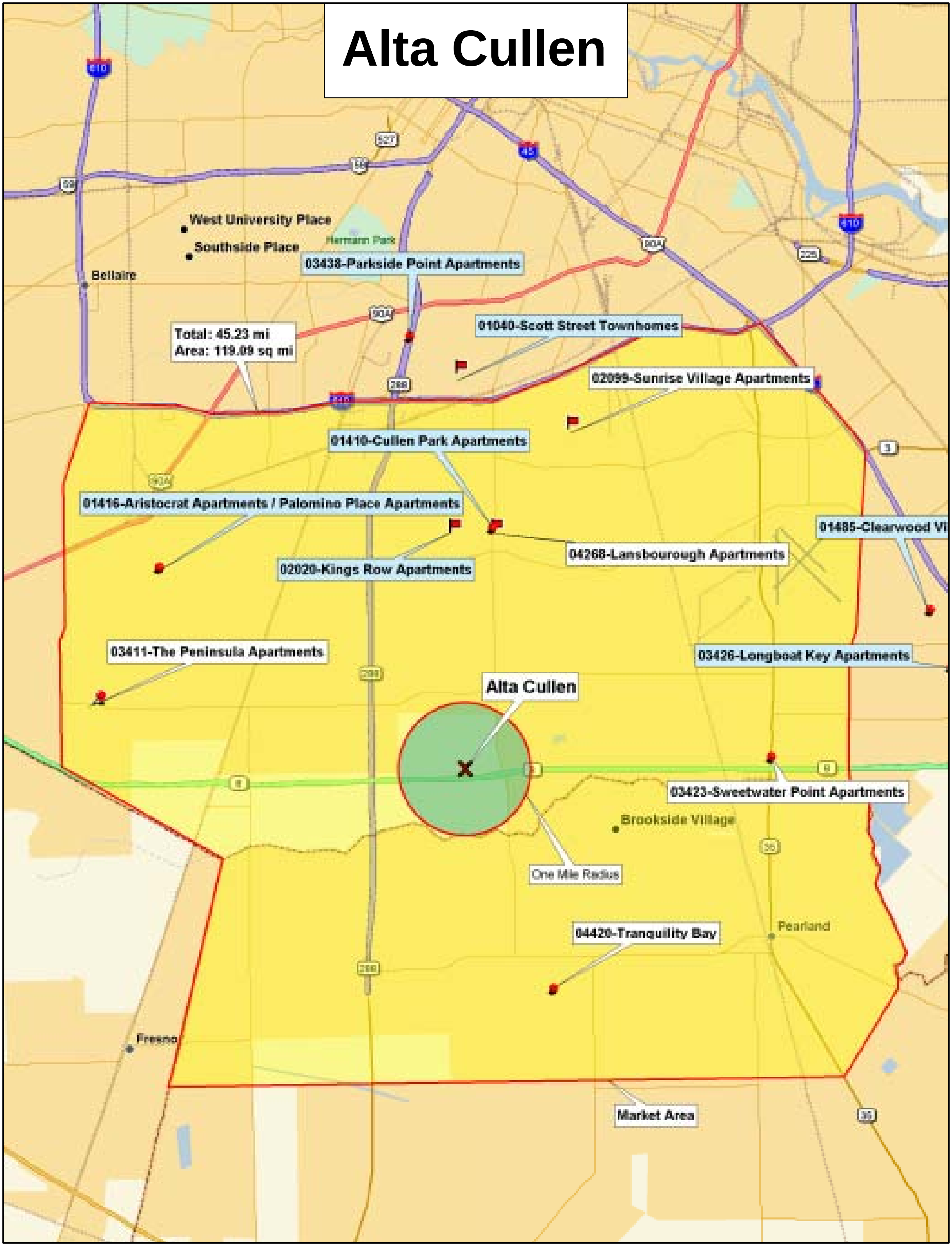
LIHTC Allocation Calculation - Alta Cullen, Houston, MFB #2004-046 / 4% HTC #04455

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	$1,687,500	$1,687,500		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,464,238	$1,464,238	$1,464,238	$1,464,238
Off-site improvements	$521,375	$521,375		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$9,418,391	$9,601,983	$9,418,391	$9,601,983
(4) Contractor Fees & General Requirements				
Contractor overhead	$235,862	$221,324	$217,653	$221,324
Contractor profit	$707,586	$663,973	$652,958	$663,973
General requirements	$707,586	$663,973	$652,958	$663,973
(5) Contingencies	$360,962	$360,962	$360,962	$360,962
(6) Eligible Indirect Fees	$1,167,442	$1,167,442	$1,167,442	$1,167,442
(7) Eligible Financing Fees	$1,310,342	$1,310,342	$1,310,342	$1,310,342
(8) All Ineligible Costs	$759,565	$759,565		
(9) Developer Fees			$2,286,741	
Developer overhead		$296,810		$296,810
Developer fee	$2,305,861	$2,009,051		$2,009,051
(10) Development Reserves		$436,155		
TOTAL DEVELOPMENT COSTS	$20,646,710	$21,164,694	$17,531,685	$17,760,099

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		$17,531,685	$17,760,099
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$17,531,685	$17,760,099
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$17,531,685	$17,760,099
Applicable Percentage		3.54%	3.54%
TOTAL AMOUNT OF TAX CREDITS		$620,622	$628,708
Syndication Proceeds	**0.8789**	**$5,454,719**	**$5,525,786**

Total Credits (Eligible Basis Method)	**$620,622**	**$628,708**
Syndication Proceeds	**$5,454,719**	**$5,525,786**
Requested Credits	**$606,365**	
Syndication Proceeds	**$5,329,415**	
Gap of Syndication Proceeds Needed	**$6,896,710**	
Credit Amount	**$784,687**	

Alta Cullen



TN
MN (4.0°E)

Scale 1 : 125,000
0 1 2 3 mi
0 1 2 3 4 5 km
1" = 1.97 mi
Data Zoom 10-6

Applicant Evaluation

Project ID # **08616** Name **Alta Cullen** City: **Houston**

HTC 9% ☐ HTC 4% ☑ HOME ☐ BOND ☑ HTF ☐ SECO ☐ ESGP ☐ Other ☐

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

Portfolio Management and Compliance

Total # of MF awards monitored: 4

Total # of MF awards not yet monitored or pending review: 0

SF Contract Experience ☐ Yes ☑ No

Total # of SF Contracts: 0

Projects in Material Noncompliance

Yes ☐ **No** ☑

Total # of MF Projects in Material Noncompliance: 0

Projects grouped by score	
0-9:	3
10-19:	0
20-29:	1

Total monitored with a score 0-29: 4

Completed by: J. Taylor Reviewer: Patricia Murphy

Date 10/2/2008 Date 10/13/2008

Single Audit

☑ Single audit review not applicable

☐ Single audit review found no unresolved issues

☐ Late single audit certification form (see comments)

☐ Past due single audit or unresolved single audit issue (see comments)

Reviewer: Lucy Trevino Date 10/6/2008

Comments (if applicable):

Financial Administration
Loan Servicing

☑ No delinquencies found ☐ Delinquencies found (see comments)

Reviewer Candace Christiansen Date 10/8 /2008

Comments (if applicable):

Financial Administration
Financial Services

☑ No delinquencies found ☐ Delinquencies found (See Comments)

Reviewer Monica Guerra Date 11/5 /2008

Comments (if applicable):

REAL ESTATE ANALYSIS

BOARD ACTION REQUEST
November 13, 2008

Action Items

Final 2009 Real Estate Analysis (REA) Rules:

§1.31 General Provisions
§1.32 Underwriting Rules and Guidelines
§1.33 Market Analysis Rules and Guidelines
§1.34 Appraisal Rules and Guidelines
§1.35 Environmental Site Assessment Rules and Guidelines
§1.36 Property Condition Assessment Guidelines
§1.37 Reserve for Replacement Rules and Guidelines

Required Action

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

Background

On September 19, 2008 the Draft 2009 Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines were published in the *Texas Register*. Upon publication a public comment period commenced, ending on October 20, 2008. In addition to publishing the document in the *Texas Register*, a copy was published on the Department's web site and made available to the public upon request. The Department held public hearings in Houston, El Paso, Dallas, Brownsville, Lubbock and Austin. In addition to comments received at the public hearings, the Department received written comments.

The majority of the proposed changes in the draft 2009 REA Rules involved clarification. However, last year staff added new feasibility criteria to address concentration of all rental units in buildings with 3 or more units as well as a combination of small changes to address flexibility in cases where specific mitigation of feasibility exists. During the 2008 competitive tax credit cycle only two developments out of the 66 that were fully underwritten did not meet the new concentration policy. Both applications had unique mitigating circumstances which allowed a waiver of the rule by the Executive Director. No other applications came close to violating this requirement. Staff believes that the requirement may be redundant with local city policies that may be in effect and, therefore, this requirement is no longer necessary in the rule.

Additionally, changes were made to the Market Study rules for 2009 which primarily affect developments targeting elderly households and the demand calculations thereof. These changes were proposed in collaboration with Market Analysts who attended the August 6, 2008 Market Study Roundtable. Other changes were made to encourage the use of demographic data that is more specific to the target households expected to reside at a particular property.

Due to the limited comment before the draft rules were published and the limited number of changes made these rules were amended rather than repealed. Comment made on areas of the rule that were not proposed to be amended will be held for consideration in 2009 for the 2010 rules.

Reasoned Response to Public Comment on the 2009 Draft Real Estate Analysis (REA) Rules

The Department received the majority of comments in writing by email and fax. This document provides the Department's response to all comments received. After each comment title, numbers are shown in parentheses. These numbers refer to the person or entity that made the comment as reflected in the Addendum.

The comments and responses are divided into the following two sections:
I. Substantive comments on the REA Rules and Departmental response. Comment and responses are presented in the order they appear in the REA Rules.
II. Administrative clarifications and corrections. These include administrative changes made to the REA Rules by staff.

As approved in September 2008, language deleted from the 2008 REA Rules is shown with single strikethrough (i.e., ~~1.10~~) and new language proposed for the 2009 Draft REA Rules is shown with single underline (i.e., 1.15). Language proposed for deletion from the 2009 Draft REA Rules approved on September 4, 2008 is shown in red with double strikethrough (i.e., ~~1.30)~~ and new language proposed is shown in red with double underline (i.e., 1.35).

I. Substantive comments on the REA RULES AND DEPARTMENTAL RESPONSE

§1.31(b)(24) Supportive Services - (58)

Comment: Comment was made suggesting that the QAP use the same definition as that in the Real Estate Analysis Guidelines. (32, 54) Comment was made recommending that the definition of supportive housing be clarified so that the definition, in the QAP and REA Rules, allows supportive housing to be integrated into different types of developments. (58)

Department Response: This request relating to integration into different types of developments warrants further research and additional public comment. Staff will consider this in the draft 2010 QAP. Staff recommends the following change to clarify the definition:

"Supportive Housing: Residential Rental Developments intended for occupancy by individuals or households transitioning from homelessness, at risk of homelessness, or in need of specialized and specific social services."

§1.32(d)(1)(A) Rental Income - (60)

Comment: The commentor contends that the proposed change creates opportunity for subjective rather than objective analysis of a project's financial proposal. Additionally, the change leaves too much room for negotiation on the part of the Underwriter and more finite guidelines for this are recommended. A market study could be used, for example.

Department Response: The Department does use the market study in determining the rental income for a development. However, in some instances the Underwriter has access to more current or accurate information which should be used to assess the appropriateness of the achievable rents. Staff recommends no change at this time but will continue to look for methods of providing more finite guidelines in the future.

§1.32(d)(1)(A)(iii) Gross Program Rents less Utility Allowance or Net Program Rents - (16)

Comment: Commentor suggests adding language specifying that the Utility Allowance must consider any energy efficient provisions of the proposed building that might lead to additional energy savings and thus lower utility costs. Commentor suggests adding a sentence to read:

"The Utility Allowance figures used should take into account any energy efficient measures that will be taken by the Applicant and are verifiable and measurable."

Department Response: Staff concurs with the intent of the proposed change and has included similar language in the utility expense section of the rules (section 1.32(d)(2)) to specify that utility expenses must consider any energy efficient provisions of the proposed building. The section proposed for change by the commentor is a reference to one of the uses of the Utility Allowance rather than the definition of the Utility Allowance (section 1.31(b)(29) which was not proposed for amendment in the draft rule and may need to be re-evaluated for change in the 2010 rules. The change in the location as proposed could result in confusion over the acceptable source for Utility Allowances for different purposes. It should also be noted that the existing definition provides a method for verification of an alternative Utility Allowance.

§1.32(d)(2) Expenses -(60)

Comment: Commentor contends that requiring estimates of utility savings from green building components be documented by experience of third parties not related to the contractor or component vendor will be extremely difficult and costly to find. Vendors are who are most familiar with the energy use of their products and an engineer will charge a substantial fee to make these calculations. Commentor would like to see the Department either provide unbiased information regarding utility savings or allow developers to use the lesser of three calculations provided by vendors.

Department Response: The Department believes it is prudent for the Applicant to have the cost savings of new or untested technologies verified by third parties rather than the purveyor of the product. The rule as proposed does not prohibit the use of multiple independent vendors to provide information to the Applicant and Department even if ultimately, one of the multiple vendors submitting information would be chosen based on the information presented.

§1.32(d)(2) Expenses -(16)

Comment: Commentor is supportive of the added language on green building components but would suggest adding the words ", including on-site renewable energy," after "green building components" as reflected below:

1.32(d)(2)

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

Department Response: While the original proposed language did not exclude the commentor's addition, Staff concurs with the proposed change and recommends amending this section as proposed above.

§1.32(d)(2)(I) – Reserves – (58)

Comment: A general comment for the QAP was made that more appropriately is addressed in the REA rules. The comment was made asking the Department to clarify that larger funded reserves can be underwritten in cases where the requirement for such a reserve is documented by a lender or syndication letter.

Department Response: The REA rules require minimum deposits and do not state a maximum. The actual level of funding for reserves is reviewed on an individual basis and adjustments made as warranted by underwriting review and the rule in Section 1.32(d)(2)(l) states "Higher levels of reserves also may be used if they are documented in the financing commitment letters".

§1.32(d)(2)(I) – Reserves – (58)

Comment: Commentor supports the clarification that larger funded reserves can be underwritten in cases where the requirement for such a reserve is documented by a lender or syndicator letter.

Department Response: Staff appreciates support for the amended language and recommends no additional change.

§1.32(d)(5) – Long Term Proforma – (38)

Comment: The commenter suggests reconsideration of the proposed changes to this rule that will reduce both the annual growth factor for expenses and income by one percent. Commentor contends that the amendment has the effect of projecting that the annual growth rate in expenses will be 50% bigger than the growth rate in income, whereas under the current rules the difference is only 33.3%. This cumulative change can become quite significant over the period of 15 to 30 years. The Commentor requests that the Department keep the growth factor proportional and recommends reducing the growth factor for expenses to 2.66% while keeping the growth factor for income at 2%.

Department Response: In formulating the amendment Staff informally surveyed a wide variety of lenders and syndicators for best practices and found the most common rates to be 3%/4% and 2%/3% with a definite trend toward 2%/3% as underwriting standards tighten. Shifting to the Commentor's proposed 2%/2.66% would effectively loosen underwriting standards compared to the Department's historical 3%/4% because it would allow for even higher than historical levels of deferred developer fee. Staff recommends no change to the amended language proposed in the draft, but if a change is made a return to the original 3%/4% would be more prudent.

§1.32(e)(4)(A) – Direct Construction Costs – (60)

Comment: Commenter requested specific clarification of the published data sources the Department intends to use and to provide that information to developers and applicants.

Department Response: The Department currently utilizes Marshall and Swift's "Residential Cost Handbook" primarily to estimate direct construction costs for new construction applications, and anticipates that the Department will continue to do so. However, given concerns regarding the limitation of use of this data source in the past staff also wanted the flexibility to explore other published data sources. As these other sources are used they will be referenced in the Underwriting report and opportunity for reconciliation by developers and applicants will be provided if necessary.

§1.32(e)(6) – Contractor Fee – (17)

Comment: Commenter contends that the current limits on contractor fees (6% for general requirements and 2% for overhead, respectively) are too low for smaller rural deals and make it more difficult for these deals to get done. Commentor suggests implementing a tiered system with an additional 2% contractor fee for applications whose total costs are lower than $3,000,000 and an additional 4% for applications who total costs are lower than $2,000,000.

Department Response: Staff did not amend this section of the rule and is not recommending a change at this time but recommends studying the proposal for possible inclusion in the 2010 rules. Staff notes the current rule allows 14% fees for all contractor fees including general requirements, overhead and profit which can be distributed among those three categories as needed.

§1.32(e)(7)(A) – Developer Fee – (49)

Comment: Commenter contends that developers of Supportive Housing must do more work than ordinary developers because these transactions require layers of financing not required of typical tax credit developments. Supportive Housing developers also assume greater risk because their residents are often extremely low-income and unable to pay rent without subsidies. The agency currently allows developer fee to be 20% for developments proposing 49 units or less, and should also allow developer fee to be 20% for Supportive Housing developers.

Department Response: Staff did not amend this section of the rule and is not recommending a change at this time but recommends studying the proposal for possible inclusion in the 2010 rules. Staff notes that while some additional risk exists with Supportive Housing developments, the Department's existing rules provides significant reduction in several areas of risk by allowing more flexible financial feasibility criteria and by allowing Supportive Housing transactions with no loans and thus no repayment risk.

§1.32(i) – Feasibility Conclusion – (61)

Comment: Commentor requests that the Executive Director have the ability to waive all feasibility criteria. Specifically, the commentor indicates that the Deferred Developer Fee criteria be included as a criteria that can be waived by the Executive Director because this issue is ultimately an investor decision. How long an investor is willing to live with the developer fee being deferred should be taken into account when determining if a development is feasible.

Department Response: Section 1.32(i)(6)(A) provides the Executive Director the authority to waive, on appeal, the characterization of infeasibility in the underwritng report on a case by case basis for all 5 feasibility conclusions but it does not require that the underwriting conclusion be changed in the original report. Section 1.32(i) dicates the Underwriter's feasibility conclusion but provides for exception criteria in Section 1.32(i)(6). This reference may be confusing and should be clarified to reference (6)(B) and Staff recommends the following change:

(i) Feasibility Conclusion. An infeasible Development will not be recommended for funding or allocation unless the Underwriter can determine a plausible alternative feasible financing structure and conditions the recommendations of the report upon receipt of documentation supporting the alternative feasible financing structure. A development will be characterized as infeasible if paragraph (1~~), ~~) or (2) ~~or (3) ~~of this subsection applies. The Development will be characterized as infeasible if one or more of paragraphs (~~4~~3)-(~~6~~5) of this subsection applies unless paragraph (~~7~~6)(B) of this subsection also applies.

§1.32(i)(1) – Inclusive Capture Rate – (61)

Comment: Commentor indicates that the current capture rate rules, as written, may create unintended issues for developments proposing four bedroom single family houses for rent with the primary market area being limited to 100,000 persons. Commentor recommends that four bedroom single family homes, for capture rate puposes in 2009, be treated like Senior developments where the primary market area population be determined using areas populated by up to 250,000 people and the capture rate increased to 75%. The commentor further states that the demand for these homes has been proven and there is a strong public purpose for this modification.

Department Response: Staff did not amend this section of the rule however an amendment to the Market Study rules was made to equalize the popluation limit allowed for developments targeting elderly and family households. Data collected by the Department revealed that a majority of households for a development came from the development's zip code or immediately adjacent zip code supporting the primary market area limit as amended. Staff recommends no additional change.

§1.32(i)(2) – Concentration Rate – (49)

Comment: Commentor indicates that the site and neighborhood regulation is difficult for developers to understand and implement in their site selection decision-making. The current Concentration Rate regulation prohibits sites in densely developed areas, but allows sites in areas that would be prohibited by federal site and neighborhood standards as defined by the U.S. Department of Housing and Urban Development (HUD). The commentor recommends that the Department replace the Concentration Rate rule with a rule that requires compliance with HUD site and neighborhood standards.

Department Response: Staff concurs and has amended the rule to delete the Concentration Rate feasibility criteria in the draft rules for 2009 since concentration issues are likely to be addressed through local city policy. Staff recommends no additional change.

§1.33(a) Market Analysis Rules General Provisions - (16)

Comment: Commentor suggests the Department include language to clarify that the market analysis should examine both rents and expected utility costs. The commentor suggests the following language be added:

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

Department Response: Staff agrees with the commentor's sentiment but has not proposed any amendments to this section of the rule and believes that the suggested change is redundant with the Rental Income Section 1.32(d)(1)(A).

§1.33(d)(9) and (10) Market Information and Conclusions - (16)

Comment: Commentor suggests that more specific guidelines for including the cost of utililties in the market analysis could be referenced in these sections, but gave no specific language to include.

Department Response: Staff believes specific guidance is given in the determination of rental income and utilities expenses as discussed previously. No additional changes are recommended.

§1.34(d)(7)(D) Description of Improvements - (31)

Comment: Commentor suggests the following language be added:

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

Department Response: Staff recommended no amendments to this section of the rule and believes the suggested change is redundant with the immediately preceeding reference to energy efficient measures. Staff recommends no additional change.

II. ADMINISTRATIVE CLARIFICATIONS AND CORRECTIONS

Staff requests the Board’s approval to make administrative changes as needed for consistency within the REA Rules as well as with other Department Rules. These changes would include, but are not limited to correcting references to other rules such as specific sections of the QAP, capitalization of defined terms and correcting typographical mistakes, etc.

# Assigned	COMMENTER (INCLUDES Public Hearing Testimony, Emails, & letters received; DOES NOT INCLUDE Staff Comments)	Rule	Format received
1	Stella Rodriguez, Executive Director, Texas Association of Community Action Agencies, Inc. (TACAA)	CAP	email, letter
2	Jan McMullen, Human Services Coordinator, Fort Worth Community Action Partners	CAP (CEAP)	email
3	Joe Rangel, City of Lubbock, Community Development, Contract Coordinator	CAP (CEAP)	email
4	A.R. Kampschafer, Community Services, Incorporated, in Corsicana	CAP (WAP)	PC, email
5	David A. Baker, Vice President, Public Management, Inc.	HOME	email
6	David Diaz, Midland Community Development Corporation	HOME	PC
7	Judy Langford and Robin Sisco, Langford Community Management Services	HOME	letter
8	Michael Hunter, president, Hunter and Hunter Consultants	HOME	PC, letter
9	Randy Malouf, Builder	HOME	email
10	Robin Sisco, Langford Community Management Services	HOME	email
11	Sylvester Cantu, Community Development Administrator, City of Midland	HOME	PC
59	Eric Christophe, EFC Builders Ltd. Co.	HOME	email, letter
12	Steven Schnee, ED, MHMRA, Harris County	HOME, CAP (ESG), ConPlan	letter
13	Barry Halla, Life Rebuilders, Inc.	HOME, ConPlan	email
14	Noel Poyo, Executive Director, NALCAB - The National Association for Latino Community Asset Builders	HOME, ConPlan	email
15	Kathy Tyler, Housing Services Director, Motivation Education & Training, Inc.	HOME, HTF, QAP, General	email, letter
16	Cyrus Reed, PhD, Conservation Director, Lone Star Chapter of Sierra Club	HOME, QAP, Bond, REA, HTF, CAP (WAP)	email, letter
17	Dennis Hoover	HOME, REA	PC
18	Matt Hull, Executive Director, Habitat Texas	HTF	email, letter
19	Albert Joseph, Ysleta del Sur Pueblo	QAP	email, letter
20	Apolonio (Nono) Flores, Flores Residential, LC	QAP	email
21	Bryan C. Schuler, Travois, Inc.	QAP	email, letter
22	Charles Holcomb	QAP	email
23	Charlie Price, Housing Program Manager, City of Fort Worth	QAP	PC
24	Christopher C Finlay, President/CEO, Finlay Development,LLC	QAP	email
25	Cynthia L. Bast, Partner, Locke Lord Bissell & Liddell LLP	QAP	email
26	David Mark Koogler, President, Mark-Dana Corporation	QAP	email, letter
27	Debra Guerrero, NRP Group	QAP	PC
28	Elizabeth Julian, Inclusive Communities Project	QAP	email, letter
29	Fei Dai, Catellus Development Group	QAP	PC
30	J. Fernando Lopez, Interim Executive Director, Pharr Housing Authority	QAP	Email
31	Jack D. Burleson, Regional Manager, Government Relations, International Code Council - Texas Field Office	QAP	email, letter
32	Jennifer Daughtrey Hicks, Development Project Manager, Foundation Communities	QAP	email, letter

33	Jim Johnson, Development Director, Downtown Fort Worth, Inc.	QAP	PC
34	Joe Saenz, McAllen Housing Authority	QAP	email, letter
35	Joseph W. Bishop, Capital Consultants	QAP	email, letter
36	Joy Horack Brown, executive director, New Hope Housing	QAP	PC
37	Linda Bryant, Executive Director, TEXAS HOUSING ASSOCIATION	QAP	Email
38	Mary Lawler, Executive Director, Avenue Community Development Corporation	QAP	PC, email, letter
39	Mary Luévano, Policy and Legislative Affairs Director, Global Green USA	QAP	email, letter
40	Matt Whelan, Sr. VP, Catellus Development Group	QAP	email, letter
41	Michael A. Hartman, Roundstone Development, LLC	QAP	Email
42	Ramon Guajardo, consultant Fort Worth Housing Authority	QAP	PC
43	Representatve Lon Burnam	QAP	letter, PH
44	Richard Franco, CEO, Corpus Christi Housing Authority	QAP	email, letter
45	Richard Herrington, Jr., Executive Director, Housing Authority of the City of Texarkana	QAP	email, letter, fax
46	Robert H. (Bob) Sherman, SBG Development Services, L.P.	QAP	email, letter
47	Robert Waggoner, SAHA	QAP	Email
48	Ronnie Linden, Port Arthur Housing Authority	QAP	Fax
49	Scott Marks, Coats/Rose	QAP	PC, letter
50	Senator Chris Harris	QAP	Letter
51	Steve Shorts and Richard Herrington, NAHRO	QAP	Email
52	Tamea A. Dula, Esq., Coats | Rose	QAP	Email
53	V.A. Stephens, Global Green USA	QAP	PC
54	Walter Moreau, executive director of Foundation Communities	QAP	PC, letter
55	Esiquio (Zeke) Luna, HA of the City of Brownsville	QAP	letter, fax
62	Jill Moody, Gonzalez Newell Bender, Inc. Architects	QAP	Email
63	Dennis Barnes	QAP	PC
64	Jack Drake, Greenspoint	QAP	Letter
65	Doak Brown, Campbell & Riggs	QAP	Letter
66	Sarah Anderson, S. Anderson Consulting	QAP	Letter
67	Mike Sugrue, TAAHP	QAP	Letter
68	Gilbert M. Piette, Housing and Community Services, Inc.	QAP	Letter
56	Demetrio Jimenez, Tropicana Properties	QAP, Compliance	PC
57	Bobby Bowling	QAP, RAF	PC
58	Frank Fernandez, Executive Director, Community Partnership for the Homeless	QAP, REA	Email
60	Sarah Andre, S2A Development Consulting	QAP, REA	email, letter
61	Barry Kahn	REA	Email

Real Estate Analysis Division

~~2008~~ 2009 Real Estate Analysis Rules

§1.31 General Provisions

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

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

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

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

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

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

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

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

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

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

(6) **Contract Rent**--Maximum rent limits based upon current and executed rental assistance contract(s), typically with a federal, state or local governmental agency.

(7) **DCR**--Debt Coverage Ratio. Sometimes referred to as the "Debt Coverage" or "Debt Service Coverage." A measure of the number of times loan principal and interest are covered by Net Operating Income.

(8) **Development**--Sometimes referred to as the "Subject Development." Multi-unit residential housing that meets the affordability requirements for and requests or has received funds from one or more of the Department's sources of funds.

(9) **EGI**--Effective Gross Income. The sum total of all sources of anticipated or actual income for a rental Development less vacancy and collection loss, leasing concessions, and rental income from employee-occupied units that is not anticipated to be charged or collected.

(10) **ESA**--Environmental Site Assessment. An environmental report that conforms with the Standard Practice for Environmental Site Assessments: Phase I Assessment Process (ASTM Standard Designation: E 1527) and conducted in accordance with the Department's Environmental Site Assessment Rules and Guidelines in §1.35 of this subchapter as it relates to a specific Development.

(11) **First Lien Lender**--A lender whose lien has first priority.

(12) **Gross Program Rent**--Sometimes called the "Program Rents." Maximum rent limits based upon the tables promulgated by the Department's division responsible for compliance which are developed by program and by county or Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA") or national non-metro area.

(13) **Market Analysis**--Sometimes referred to as "Market Study." An evaluation of the economic conditions of supply, demand and rental rates or pricing conducted in accordance with the Department's Market Analysis Rules and Guidelines in §1.33 of this subchapter as it relates to a specific Development.

(14) **Market Analyst**-- Any person who prepares a market study.

(15) **Market Rent**--The unrestricted rent concluded by the Market Analyst for a particular unit type and size after adjustments are made to rents charged by owners of Comparable Units.

(16) **NOI**--Net Operating Income. The income remaining after all operating expenses, including replacement reserves and taxes have been paid.

(17) **Primary Market**--Sometimes referred to as "Primary Market Area" or "Submarket" or "PMA". The area defined by the Qualified Market Analyst as described in §1.33(d)(8) of this title from which a proposed or existing Development is most likely to draw the majority of its prospective tenants or homebuyers.

(18) **PCA**--Property Condition Assessment. Sometimes referred to as "Physical Needs Assessment," "Project Capital Needs Assessments," "Property Condition Report," or "Property Work Write-Up." An evaluation of the physical condition of the existing property and evaluation of the cost of rehabilitation conducted in accordance with the Department's Property Condition Assessment Rules and Guidelines in §1.36 of this title as it relates to a specific Development.

(19) **Qualified Market Analyst**-- A real estate appraiser certified or licensed by the Texas Appraiser Licensing and Certification Board, a real estate consultant, or other professional currently active in the subject property's market area who demonstrates competency, expertise, and the ability to render a high quality written report. The individual's performance, experience, and educational background will provide the general basis for determining competency as a Market Analyst. Competency will be determined by the Department, in its sole discretion. The Qualified Market Analyst must be a Third Party.

(20) **Rent Over-Burdened Households**--Non-elderly households paying more than 35% of gross income towards total housing expenses (unit rent plus utilities) and elderly households paying more than ~~40~~50% of gross income towards total housing expenses.

(21) **Reserve Account**--An individual account:

(A) Created to fund any necessary repairs for a multifamily rental housing development; and

(B) Maintained by a First Lien Lender or Bank Trustee.

(22) **Restricted Market Rent**--The restricted rent concluded by the Qualified Market Analyst for a particular unit type and size after adjustments are made to rents charged by owners of Comparable Units with the same rent and income restrictions.

(23) **Secondary Market**--Sometimes referred to as "Secondary Market Area". The area defined by the Qualified Market Analyst as described in §1.33(d)(7) of this title.

(24) **Supporting Housing**--~~Sometimes referred to as "Transitional Housing." Rental housing~~Residential Rental Developments intended ~~solely~~ for occupancy by individuals or households

transitioning from homelessness, at risk of homelessness, or in need of specialized and specific social services~~, to more stable, productive lives by offering residents an array of supportive services or abusive situations to permanent housing and typically consisting primarily of efficiency units~~.

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

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

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

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

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

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

(c) **Appeals.** Certain programs contain express appeal options. Where not indicated, ~~10 Tex. Admin. Code §~~§1.7 and §1.8 of this Chapter include general appeal procedures. In addition, the Department encourages the use of Alternative Dispute Resolution methods as outlined in ~~10 TAC~~ §1.17 of this Chapter.

§1.32. Underwriting Rules and Guidelines.

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

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

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

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

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

permanent loan amount and/or any Department-sourced loans, as necessary, such that it conforms to the DCR standards described in this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(K) The Department will communicate with and allow for clarification by the Applicant when the overall expense estimate is over 5% greater or less than the Underwriter's estimate. In such a case, the Underwriter will inform the Applicant of the line items that exceed the tolerance levels indicated in this paragraph, but may request additional documentation supporting some, none or all expense line items. If ~~an~~a ~~acceptable~~ rationale acceptable to the Underwriter for the difference is not provided, the discrepancy is documented in the Report and the justification provided by the Applicant and the countervailing evidence supporting the Underwriter's determination is noted. If the Applicant's total expense estimate is within 5% of the final total expense figure calculated by the Underwriter, the Applicant's figure is characterized as reasonable in the Report; however, for purposes of calculating DCR the Underwriter will maintain and use its independent calculation unless the Applicant's Year 1 proforma meets the requirements of paragraph (3) of this subsection.

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

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

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

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

(ii) The maximum rate allowed for a competitive application cycle is ~~evaluated~~ determined by the Director of the Department's division responsible for Credit Underwriting Analysis Reports based upon current market conditions and posted to the Department's web site prior to the close of the Application Acceptance Period. ~~Historically this maximum acceptable rate has been at or below the average rate for 30-year U.S. Treasury Bonds plus 400 basis points.~~

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

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

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

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

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

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

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

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

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

(II) An increase in the interest rate or a decrease in the amortization period for TDHCA funded loans;

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

(iii) For Housing Tax Credit Developments, a reduction in the recommended Tax Credit allocation may be made based on the gap/DCR method described in subsection (c)(2) of this section.

(iv) Although adjustments in Debt Service may become a condition of the Report, future changes in income, expenses, and financing terms could allow for an acceptable DCR.

(5) **Long Term Proforma.** The Underwriter will create a 30-year operating proforma

(A) The base year projection utilized is the Underwriter's Year 1 EGI, Year 1 operating expenses, and Year 1 NOI unless the Applicant's Year 1 EGI, Year 1 total operating expenses, and Year 1 NOI are each within 5% of the Underwriter's estimates.

(B) A ~~3~~2% annual growth factor is utilized for income and a ~~4~~3% annual growth factor is utilized for expenses.

(C) Adjustments may be made to the Long Term Proforma if sufficient support documentation is provided by the Applicant. Support may include:

(i) documentation with terms for project-based rental assistance or operating subsidy;

(ii) a fully executed management contract with clear terms;

(iii) documentation prepared and signed by the Central Appraisal District (CAD) with jurisdiction over the Development indicating the appraisal methodology consistently employed by the CAD and a ten-year history, beginning with the Application year, of tax rates for each taxing district with jurisdiction over the Development; and,

(iv) required reserve for replacement schedule prepared and signed by the proposed permanent lender or equity provider. In no instance will the reserve for replacement figure included in the Long Term Proforma be less than the minimum requirements as described in §1.37 of this subchapter.

(e) **Development Costs.** The Development's need for permanent funds and, when applicable, the Development's Eligible Basis is based upon the projected total development costs. The Department's estimate of the total development cost will be based on the Applicant's project cost schedule to the extent that it can be verified to a reasonable degree of certainty with documentation from the Applicant and tools available to the Underwriter. For new construction Developments, the Underwriter's total cost estimate will be used unless the Applicant's total development cost is within 5% of the Underwriter's estimate. In the case of a rehabilitation Development, the Underwriter may use a lower tolerance level due to the reliance upon the PCA. If the Applicant's total development cost is utilized and the Applicant's line item costs are inconsistent with documentation provided in the Application or program rules, the Underwriter may make adjustments to the Applicant's total cost estimate.

(1) **Acquisition Costs.** The proposed acquisition price is verified with the fully executed site control document(s) for the entire proposed site.

(A) **Excess Land Acquisition.** Where more land is being acquired than will be utilized for the site and the remaining acreage is not being utilized as permanent green space, the value ascribed to the proposed Development will be prorated from the total cost reflected in the site control document(s). An appraisal or tax assessment value may be tools that are used in making this determination; however, the Underwriter will not utilize a prorated value greater than the total amount in the site control document(s).

(B) **Identity of Interest Acquisitions.**

(i) The acquisition will be considered an identity of interest transaction when an Affiliate of, a Related Party to, or any owner at any level of the Development Team or permanent lender:

(I) is the current owner in whole or in part of the proposed property, or

(II) was the owner in whole or in part of the proposed property during any period within the 36 months prior to the first day of the Application Acceptance Period.

(ii) In all identity of interest transactions the Applicant is required to provide subclauses (I) and (II) of this clause:

(I) the original acquisition cost listed in the submitted settlement statement or, if a settlement statement is not available, the original asset value listed in the most current audited financial statement for the identity of interest owner, and

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

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

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

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

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

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

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

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

(3) **Site Work Costs.** Project site work costs exceeding $9,000 per Unit must be well documented and certified by a Third Party engineer on the required application form. In addition, for Applicants seeking Tax Credits, documentation in keeping with §49.9(h)(6)(G) of this title will be utilized in calculating eligible basis.

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

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

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

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

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

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

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

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

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

(7) **Developer Fee.** Developer fee claimed must be ~~proportionate~~ adjusted by the same applicable percentage ~~to the work for~~ from which it is ~~earned~~ calculated and consistent with §49.9(d)(6) of this title. Additional fees for ineligible costs will be limited to the same percentage of ineligible development costs but will be ineligible for tax credit basis purposes. All fees to related parties to the owner or developer for work determined by the Underwriter to be typically completed by the developer will be considered part of the Developer fee claimed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(C) **DCR and Long Term Feasibility.** Supportive Housing Developments may be exempted from the DCR requirements of subsection (d)(4)(D) of this section if the Development is anticipated to operate without conventional debt. Applicants must provide evidence of sufficient financial resources to offset any projected 15-year cumulative negative cash flows. Such evidence will be evaluated by the Underwriter on a case-by-case basis to satisfy the Department's long term feasibility requirements and may take the form of one or a combination of the following: executed subsidy commitment(s), set-aside of Applicant's financial resources, to be substantiated by an audited financial statement evidencing sufficient resources, and/or proof of annual fundraising success sufficient to fill anticipated operating losses. If either a set aside of financial resources or annual fundraising are used to evidence the long term feasibility of a Supportive Housing Development, a resolution from the Applicant's governing board must be provided confirming their irrevocable commitment to the provision of these funds and activities.

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

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

(i) **Feasibility Conclusion.** An infeasible Development will not be recommended for funding or allocation unless the Underwriter can determine a plausible alternative feasible financing structure and conditions the recommendations of the report upon receipt of documentation supporting the alternative feasible financing structure. A development will be characterized as infeasible if paragraph (1~~),~~) or (2) ~~or (3)~~ of this subsection applies. The Development will be characterized as infeasible if one or more of paragraphs (~~4~~3)-(~~6~~5) of this subsection applies unless paragraph (~~7~~6)(B) of this subsection also applies.

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

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

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

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

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

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

~~(2) **Concentration Rate**. The Underwriter will independently verify the number of rental units in multi-unit buildings based on the most recent Census data and the completion of Department funded or other known rental Developments in the area.~~

~~(A) The Development is in a Census Tract(s), as established by the U.S. Census Bureau, where the total number of rental units in buildings with three or more units exceeds the ratio of 1,432 units per square mile.~~

~~(B) The Primary Market Area is contained in Census Tract(s), as established by the U.S. Census Bureau, where the total number of rental units in buildings with three or more units exceeds the ratio of 1,000 units per square mile.~~

~~(C) Development's in areas which exceed the limits in subparagraph (A) or (B) of this paragraph may avoid being characterized as infeasible if paragraph (1)(C)(i) or (ii) of this subsection applies.~~

(~~3~~2) **Deferred Developer Fee.** Developments requesting an allocation of tax credits cannot repay the estimated deferred developer fee, based on the Underwriter's recommended financing structure, from cashflow within the first 15 years of the long term proforma as described in subsection (d)(5) of this section.

(~~4~~3) **Restricted Market Rent.** The Restricted Market Rent for units with rents restricted at 60% of AMGI is less than both the Net Program Rent and Market Rent for units with rents restricted at or below 50% of AMGI unless the ~~development~~Applicant ~~proposes~~ accepts the Underwriting recommendation that all restricted units ~~with~~ have rents and incomes restricted at or below the 50% of AMGI level.

(~~5~~4) **Initial Feasibility.** The Year 1 annual total operating expense divided by the Year 1 Effective Gross Income is greater than 65%.

(~~6~~5) **Long Term Feasibility.** Any year in the first 15 years of the Long Term Proforma, as defined in subsection (d)(5) of this section, reflects:

(A) negative Cash Flow; or

(B) a Debt Coverage Ratio below 1.15.

(~~7~~6) **Exceptions.** The infeasibility conclusions may be excepted where either of the following apply.

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

(B) Developments meeting the requirements of one or more of paragraphs (~~4~~3) - (~~6~~5) of this subsection will be re-characterized as feasible if one or more of clauses (i) - (vi) of this subparagraph apply.

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

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

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

(iv) The Development will be characterized as ~~100%~~ Supportive Housing for at least 50% of the units and evidence of adequate financial support for the long term viability of the Development is provided.

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

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

§1.33. Market Analysis Rules and Guidelines.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) boundaries based on:

(I) major roads;~~,~~

(II) political boundaries~~,~~ ; and,

(III) natural boundaries.

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

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

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

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

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

(i) size based on a base year population of no more than

~~(I)~~ 100,000 people; and ~~for Developments targeting the general population, and~~

~~(II) 250,000 people for Qualified Elderly Developments or Developments targeting special needs populations~~,

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

(I) major roads~~,~~ ;

(II) political boundaries~~,~~ ; and,

(III) natural boundaries.

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

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

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

(9) **Market Information.**

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

(i) total housing~~,~~;

(ii) rental developments (all multifamily~~),~~);

(iii) Affordable Housing~~,~~ ;

(iv) Comparable Units~~,~~ ;

(v) Unstabilized Comparable Units~~,~~ ; and,

(vi) proposed Comparable Units.

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

(i) number of Bedrooms~~,~~;

(ii) quality of construction (class~~),~~);

(iii) Targeted Population~~,~~ ; and,

(iv) Comparable Units.

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

(D) **Turnover.** ~~The t~~Turnover rates should be specific to the Targeted Population. The data supporting the turnover rate must originate from documented turnover rates from ~~at least one of the following~~

~~(i) Comparable Units,~~

~~(ii) the defined PMA,~~

~~(iii) the defined Secondary Market, and~~

~~(iv) a Third Party data collection agency or demographer.~~ the most current TDHCA published data on the Department web site or the most current U.S. Census Bureau tenure appropriate data for movership rates over the last 12 months or next shortest term. The Market Analyst should use the ~~most~~more reasonable rate, supported by IREM (Institute for Real Estate Management) or independent surveys conducted by the Market Analyst and which is subject to review by the Underwriter.

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

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

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

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

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

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

(-a-) the lower end of each income band calculated based on the lowest gross rent proposed divided by 35% for the general population and ~~40~~50% for Qualified Elderly households, and

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

~~(-c-) State the Income Eligible adjustment rate.~~

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

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

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

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

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

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

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

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

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

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

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

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

(I) Development name~~,~~;

(II) address~~,~~;

(III) year of construction and year of rehabilitation, if applicable~~,~~;

(IV) property condition~~,~~;

(V) population target~~,~~;

(VI) unit mix specifying number of Bedrooms, number of baths, net rentable square footage; and,

(-a-) monthly rent and utility allowance~~,~~ ; or,

(-b-) sales price with terms, marketing period and date of sale~~,~~;

(VII) description of concessions~~,~~;

(VIII) list of unit amenities~~,~~;

(IX) utility structure~~,~~;

(X) list of common amenities~~,~~ ; and,

(XI) for rental developments only:

(-a-) occupancy~~,~~ ; and,

(-b-) turnover.

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

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

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

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

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

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

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

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

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

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

(i) total:

(I) the proposed subject Units~~,~~;

(II) Comparable Units with priority, as defined in §49.9(d)(2) of this title, over the subject that have made application to TDHCA and have not been presented to the TDHCA Board for decision; and,

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

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

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

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

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

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

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

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

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

§1.34. Appraisal Rules and Guidelines.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) The appraisal must inform the reader of any positive or negative market trends which could influence the value of the appraised property. Detailed data must be included to support the appraiser's estimate of stabilized income, absorption, and occupancy.

(B) The highest and best use section must contain a separate analysis "as if vacant" and "as improved" (or "as proposed to be improved/renovated"). All four elements (legally permissible, physically possible, feasible, and maximally productive) must be considered.

(9) **Appraisal Process.** It is mandatory that all three approaches, Cost Approach, Sales Comparison Approach and Income Approach, are considered in valuing the property. If an approach is not applicable to a particular property an adequate explanation must be provided. A land value estimate must be provided if the cost approach is not applicable.

(A) **Cost Approach.** This approach should give a clear and concise estimate of the cost to construct the subject improvements. The source(s) of the cost data should be reported.

(i) Cost comparables are desirable; however, alternative cost information may be obtained from Marshall & Swift Valuation Service or similar publications. The section, class, page, etc. should be referenced. All soft costs and entrepreneurial profit must be addressed and documented.

(ii) All applicable forms of depreciation must be discussed and analyzed. Such discussion must be consistent with the description of the improvements.

(iii) The land value estimate should include a sufficient number of sales which are current, comparable, and similar to the subject in terms of highest and best use. Comparable sales information should include address, legal description, tax assessor's parcel number(s), sales price, date of sale, grantor, grantee, three year sales history, and adequate description of property transferred. The final value estimate should fall within the adjusted and unadjusted value ranges. Consideration and appropriate cash equivalent adjustments to the comparable sales price for subclauses (I) - (VII) of this clause should be made when applicable.

(I) Property rights conveyed.

(II) Financing terms.

(III) Conditions of sale.

(IV) Location.

(V) Highest and best use.

(VI) Physical characteristics (e.g., topography, size, shape, etc.).

(VII) Other characteristics (e.g., existing/proposed entitlements, special assessments, etc.).

(B) **Sales Comparison Approach.** This section should contain an adequate number of sales to provide the reader with a description of the current market conditions concerning this property type.

Sales data should be recent and specific for the property type being appraised. The sales must be confirmed with buyer, seller, or an individual knowledgeable of the transaction.

(i) Sales information should include address, legal description, tax assessor's parcel number(s), sales price, financing considerations and adjustment for cash equivalency, date of sale, recordation of the instrument, parties to the transaction, three year sale history, complete description of the property and property rights conveyed, and discussion of marketing time. A scaled distance map clearly identifying the subject and the comparable sales must be included.

(ii) The method(s) used in the Sales Comparison Approach must be reflective of actual market activity and market participants.

(I) **Sale Price/Unit of Comparison.** The analysis of the sale comparables must identify, relate, and evaluate the individual adjustments applicable for property rights, terms of sale, conditions of sale, market conditions, and physical features. Sufficient narrative must be included to permit the reader to understand the direction and magnitude of the individual adjustments, as well as a unit of comparison value indicator for each comparable.

(II) **Net Operating Income/Unit of Comparison.** The net operating income statistics for the comparables must be calculated in the same manner. It should be disclosed if reserves for replacement have been included in this method of analysis. At least one other method should accompany this method of analysis.

(C) **Income Approach.** This section must contain an analysis of both the actual historical and projected income and expense aspects of the subject property.

(i) **Market Rent Estimate/Comparable Rental Analysis.** This section of the report should include an adequate number of actual market transactions to inform the reader of current market conditions concerning rental units. The comparables must indicate current research for this specific property type. The comparables must be confirmed with the landlord, tenant or agent and individual data sheets must be included. The individual data sheets should include property address, lease terms, description of the property (e.g., unit type, unit size, unit mix, interior amenities, exterior amenities, etc.), physical characteristics of the property, and location of the comparables. Analysis of the Market Rents should be sufficiently detailed to permit the reader to understand the appraiser's logic and rationale. Adjustment for lease rights, condition of the lease, location, physical characteristics of the property, etc. must be considered.

(ii) **Comparison of Market Rent to Contract Rent.** Actual income for the subject along with the owner's current budget projections must be reported, summarized, and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made. The contract rents should be compared to the market-derived rents. A determination should be made as to whether the contract rents are below, equal to, or in excess of market rates. If there is a difference, its impact on value must be qualified.

(iii) **Vacancy/Collection Loss.** Historical occupancy data and current occupancy level for the subject should be reported and compared to occupancy data from the rental comparables and overall occupancy data for the subject's Primary Market.

(iv) **Expense Analysis.** Actual expenses for the subject, along with the owner's projected budget, must be reported, summarized, and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made. Historical expenses should be compared to comparables expenses of similar property types or published survey data (e.g., IREM, BOMA, etc.). Any expense differences should be reconciled. Include historical data regarding the subject's assessment and tax rates and a statement as to whether or not any delinquent taxes exist.

(v) **Capitalization.** The appraiser should present the capitalization method(s) reflective of the subject market and explain the omission of any method not considered in the report.

(I) **Direct Capitalization.** The primary method of deriving an overall rate (OAR) is through market extraction. If a band of investment or mortgage equity technique is utilized, the assumptions must be fully disclosed and discussed.

(II) **Yield Capitalization (Discounted Cash Flow Analysis).** This method of analysis should include a detailed and supportive discussion of the projected holding/investment period, income and income growth projections, occupancy projections, expense and expense growth projections, reversionary value and support for the discount rate.

(10) **Value Estimates.** Reconciliation final value estimate is required.

(A) All appraisals shall contain a separate estimate of the "as vacant" market value of the underlying land, based upon current sales comparables. The appraiser should consider the fee simple or leased fee interest as appropriate.

(B) Appraisal assignments for new construction are required to provide an “as completed” value of the proposed structures. These reports shall provide an “as restricted with favorable financing” value as well as an “unrestricted market” value.

(C) Reports on Properties to be rehabilitated shall address the “as restricted with favorable financing” value as well as both an “as is” value and an “as completed” value. The appraiser should consider the fee simple or leased fee interest as appropriate.

(D) If required the appraiser must include a separate assessment of personal property, furniture, fixtures, and equipment (FF&E) and/or intangible items. If personal property, FF&E, or intangible items are not part of the transaction or value estimate, a statement to such effect should be included.

(11) **Marketing Time.** Given property characteristics and current market conditions, the appraiser(s) should employ a reasonable marketing period. The report should detail existing market conditions and assumptions considered relevant.

(12) **Photographs.** Provide good quality color photographs of the subject property (front, rear, and side elevations, on-site amenities, interior of typical units if available). Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and comparables should be included. An aerial photograph is desirable but not mandatory.

(e) **Additional Appraisal Concerns.** The appraiser(s) must be aware of Department program rules and guidelines and the appraisal must include analysis of any impact to the subject’s value.

§1.35. Environmental Site Assessment Rules and Guidelines.

(a) **General Provisions.** The Environmental Site Assessments (ESA) prepared for the Department should be conducted and reported in conformity with the standards of the American Society for Testing and Materials. The initial report should conform with the Standard Practice for Environmental Site Assessments: Phase I Assessment Process (ASTM Standard Designation: E1527-05). Any subsequent reports should also conform to ASTM standards and such other recognized industry standards as a reasonable person would deem relevant in view of the Property’s anticipated use for human habitation. The environmental assessment shall be conducted by a Third Party environmental professional at the expense of the Applicant, and addressed to TDHCA as a User of the report (as defined by ASTM standards). Copies of reports provided to TDHCA which were commissioned by other financial institutions should address TDHCA as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to TDHCA. The ESA report should also include a statement that the person or company preparing the ESA report will not materially benefit from the Development in any other way than receiving a fee for performing the Environmental Site Assessment, and that the fee is in no way contingent upon the outcome of the assessment. The ESA report must contain a statement indicating the report preparer has read and understood the requirements of this section.

(b) In addition to ASTM requirements, the report must:

(1) State if a **noise study** is recommended for a property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise;

(2) Provide a copy of a **current survey**, if available, or other drawing of the site reflecting the boundaries and adjacent streets, all improvements on the site, and any items of concern described in the body of the environmental site assessment or identified during the physical inspection;

(3) Provide a copy of the current **FEMA Flood Insurance Rate Map** showing the panel number and encompassing the site with the site boundaries precisely identified and superimposed on the map~~.~~;

(4) If the subject site includes any improvements or debris from pre-existing improvements, state if testing for **asbestos containing materials** (ACMs) would be required pursuant to local, state, and federal laws, or recommended due to any other consideration;

(5) If the subject site includes any improvements or debris from pre-existing improvements, state if testing for **Lead Based Paint** would be required pursuant to local, state, and federal laws, or recommended due to any other consideration;

(6) State if testing for **lead in the drinking water** would be required pursuant to local, state, and federal laws, or recommended due to any other consideration such as the age of pipes and solder in existing improvements; and,

(7) Assess the potential for the presence of **Radon** on the property, and recommend specific testing if necessary.

(c) If the report recommends further studies or establishes that environmental hazards currently exist on the Property, or are originating off-site but would nonetheless affect the Property, the

Development Owner must act on such a recommendation or provide a plan for either the abatement or elimination of the hazard. Evidence of action or a plan for the abatement or elimination of the hazard must be presented upon Application submittal.

(d) For Developments in programs that allow a waiver of the Phase I ESA such as a TX-USDA-RHS funded Development, the Development Owners are hereby notified that it is their responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

(e) Those Developments which have or are to receive first lien financing from HUD may submit HUD's environmental assessment report, provided that it conforms to the requirements of this subsection.

§1.36. Property Condition Assessment Guidelines.

(a) **General Provisions.** The objective of the Property Condition Assessment (the PCA) is to provide cost estimates for repairs, replacements, or new construction which are: immediately necessary; proposed by the developer; and, expected to be required throughout the term of the regulatory period and not less than 30 years. The PCA prepared for the Department should be conducted and reported in conformity with the American Society for Testing and Materials "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process (ASTM Standard Designation: E 2018)" except as provided for in subsections (b) and (c) of this section. The PCA report must contain a statement indicating the report preparer has read and understood the requirements of this section.

The PCA must include discussion and analysis of the following:

(1) **Useful Life Estimates.** For each system and component of the property the PCA should assess the condition of the system or component, and estimate its remaining useful life, citing the basis or the source from which such estimate is derived~~.~~;

(2) **Code Compliance.** The PCA should review and document any known violations of any applicable federal, state, or local codes. In developing the cost estimates specified herein, it is the responsibility of the Housing Sponsor or Applicant to ensure that the PCA adequately considers any and all applicable federal, state, and local laws and regulations which may govern any work performed to the subject property~~.~~;

(3) **Program Rules.** The PCA should assess the extent to which any systems or components must be modified, repaired, or replaced in order to comply with any specific requirements of the housing program under which the Development is proposed to be financed, particular consideration being given to accessibility requirements, the Department's Housing Quality Standards, and any scoring criteria for which the Applicant may claim points~~.~~; and,

(4) **Cost Estimates for Repair and Replacement.** It is the responsibility of the Housing Sponsor or Applicant to ensure that the PCA provider is apprised of all development activities associated with the proposed transaction and consistency of the total immediately necessary and proposed repair and replacement cost estimates with the development cost schedule submitted as an exhibit of the Application.

(A) **Immediately Necessary Repairs and Replacement.** Systems or components which are expected to have a remaining useful life of less than one year, which are found to be in violation of any applicable codes, which must be modified, repaired or replaced in order to satisfy program rules, or which are otherwise in a state of deferred maintenance or pose health and safety hazards should be considered immediately necessary repair and replacement. The PCA must provide a separate estimate of the costs associated with the repair, replacement, or maintenance of each system or component which is identified as being an immediate need, citing the basis or the source from which such cost estimate is derived.

(B) **Proposed Repair, Replacement, or New Construction.** If the development plan calls for additional repair, replacement, or new construction above and beyond the immediate repair and replacement described in subparagraph (A) of this paragraph, such items must be identified and the nature or source of obsolescence or improvement to the operations of the Property discussed. The PCA must provide a separate estimate of the costs associated with the repair, replacement, or new construction which is identified as being above and beyond the immediate need, citing the basis or the source from which such cost estimate is derived.

(C) **Expected Repair and Replacement Over Time.** The term during which the PCA should estimate the cost of expected repair and replacement over time must equal the longest term of any land use or regulatory restrictions which are, or will be, associated with the provision of housing on the property. The PCA must estimate the periodic costs which are expected to arise for repairing or replacing each system or component or the property, based on the estimated remaining useful life of such system or component as described in paragraph (1) of this subsection adjusted for completion of repair and replacement immediately necessary and proposed as described in subparagraphs (A) and (B) of this paragraph. The PCA must include a separate table of the estimated long term costs which identifies in each line the individual component of the property being examined, and in each column the year during the term in which the costs are estimated to be incurred and no less than 15 years. The estimated costs for future years should be given in both present dollar values and anticipated future dollar values assuming a reasonable inflation factor of not less than 2.5% per annum.

(b) If a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied, the Department will also accept copies of reports commissioned or required by the primary lender for a proposed transaction, which have been prepared in accordance with:

(1) Fannie Mae's criteria for Physical Needs Assessments~~,~~;

(2) Federal Housing Administration's criteria for Project Capital Needs Assessments~~,~~;

(3) Freddie Mac's guidelines for Engineering and Property Condition Reports~~,~~;

(4) TX-USDA-RHS guidelines for Capital Needs Assessment~~,~~; or,

(5) Standard and Poor's Property Condition Assessment Criteria: Guidelines for Conducting Property Condition Assessments, Multifamily Buildings.

(c) The Department may consider for acceptance reports prepared according to other standards which are not specifically named above in subsection (b) of this section, if a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied.

(d) The PCA shall be conducted by a Third Party at the expense of the Applicant, and addressed to TDHCA as the client. Copies of reports provided to TDHCA which were commissioned by other financial institutions should address TDHCA as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to TDHCA. The PCA report should also include a statement that the person or company preparing the PCA report will not materially benefit from the Development in any other way than receiving a fee for performing the PCA. The PCA report must contain a statement indicating the report preparer has read and understood the requirements of this section. The PCA should be signed and dated by the Third Party report provider not more than six months prior to the date of the application.

§1.37. Reserve for Replacement Rules and Guidelines.

(a) **General Provisions.** The Department will require Developments to provide regular maintenance to keep housing sanitary, safe and decent by maintaining a reserve for replacement in accordance with §2306.186. The reserve must be established for each unit in a Development of 25 or more rental units, regardless of the amount of rent charged for the unit. The Department shall, through cooperation of its divisions responsible for asset management and compliance, ensure compliance with this section.

(b) The First Lien Lender shall maintain the reserve account through an escrow agent acceptable to the First Lien Lender to hold reserve funds in accordance with an executed escrow agreement and the rules set forth in this section and §2306.186.

(1) Where there is a First Lien Lender other than the Department or a Bank Trustee as a result of a bond indenture or tax credit syndication, the Department shall:

(A) Be a required signatory party in all escrow agreements for the maintenance of reserve funds;

(B) Be given notice of any asset management findings or reports, transfer of money in reserve accounts to fund necessary repairs, and any financial data and other information pursuant to the oversight of the Reserve Account within 30 days of any receipt or determination thereof; and,

(C) Subordinate its rights and responsibilities under the escrow agreement, including those described in this subsection, to the First Lien Lender or Bank Trustee through a subordination agreement subject to its ability to do so under the law and normal and customary limitations for fraud and other conditions contained in the Department's standard subordination clause agreements as modified from time to time, to include subsection (c) of this section.

(2) The escrow agreement and subordination agreement, if applicable, shall further specify the time and circumstances under which the Department can exercise its rights under the escrow agreement in order to fulfill its obligations under §2306.186 and as described in this section.

(3) Where the Department is the First Lien Lender and there is no Bank Trustee as a result of a bond indenture or tax credit syndication or where there is no First Lien Lender but the allocation of funds by the Department and §2306.186 requires that the Department oversee a Reserve Account, the Owner shall provide at their sole expense for appointment of an escrow agent acceptable to the Department to act as Bank Trustee as necessary under this section. The Department shall retain the right

to replace the escrow agent with another Bank Trustee or act as escrow agent at a cost plus fee payable by the Owner due to breach of the escrow agent's responsibilities or otherwise with 30 days prior notice of all parties to the escrow agreement.

(c) If the Department is not the First Lien Lender with respect to the Development, each Owner receiving Department assistance for multifamily rental housing shall submit on an annual basis within the Department's required Owner's Financial Certification packet a signed certification by the First Lien Lender including:

(1) Reserve for replacement requirements under the first lien loan agreement;

(2) Monitoring standards established by the First Lien Lender to ensure compliance with the established reserve for replacement requirements; and,

(3) A statement by the First Lien Lender.

(A) That the Development has met all established reserve for replacement requirements; or

(B) Of the plan of action to bring the Development in compliance with all established reserve for replacement requirements, if necessary.

(d) If the Development meets the minimum unit size described in subsection (a) of this section and the establishment of a Reserve Account for repairs has not been required by the First Lien Lender or Bank Trustee, each Owner receiving Department assistance for multifamily rental housing shall set aside the repair reserve amount as described in subsection (e)(1) - (3) of this section through the date described in subsection (f)(2) of this section through the appointment of an escrow agent as further described in subsection (b)(3) of this section.

(e) If the Department is the First Lien Lender with respect to the Development, each Owner receiving Department assistance for multifamily rental housing shall deposit annually into a Reserve Account through the date described in subsection (f)(2) of this section~~:~~.

(1) For new construction Developments:

(A) Not less than $150 per unit per year for units one to five years old; and,

(B) Not less than $200 per unit per year for units six or more years old.

(2) For rehabilitation Developments:

(A) An amount per unit per year established by the Department's division responsible for credit underwriting based on the information presented in a Property Condition Assessment in conformance with §1.36 of this subchapter; and,

(B) Not less than $300 per unit per year.

(3) For either new construction or rehabilitation Developments, the Owner of a multifamily rental housing Development shall contract for a third-party Property Condition Assessment meeting the requirements of §1.36 of this subchapter and the Department will reanalyze the annual reserve requirement based on the findings and other support documentation.

(A) A Property Condition Assessment will be conducted:

(i) At appropriate intervals that are consistent with requirements of the First Lien Lender, other than the Department; or,

(ii) At least once during each five-year period beginning with the 11th year after the awarding of any financial assistance for the Development by the Department, if the Department is the First Lien Lender or the First Lien Lender does not require a third-party Property Condition Assessment.

(B) Submission by the Owner to the Department will occur within 30 days of completion of the Property Condition Assessment and must include:

(i) The complete Property Condition Assessment;

(ii) First Lien Lender and/or Owner response to the findings of the Property Condition Assessment;

(iii) Documentation of repairs made as a result of the Property Condition Assessment; and,

(iv) Documentation of adjustments to the amounts held in the replacement Reserve Account based upon the Property Condition Assessment.

(f) A Land Use Restriction Agreement or restrictive covenant between the Owner and the Department must require:

(1) The Owner to begin making annual deposits to the reserve account on the later of:

(A) The date that occupancy of the Development stabilizes as defined by the First Lien Lender or in the absence of a First Lien Lender other than the Department, the date the property is at least 90% occupied; or,

(B) The date that permanent financing for the Development is completely in place as defined by the First Lien Lender or in the absence of a First Lien Lender other than the Department, the date when the permanent loan is executed and funded.

(2) The Owner to continue making deposits until the earliest of the following dates:

(A) The date on which the Owner suffers a total casualty loss with respect to the Development;

(B) The date on which the Development becomes functionally obsolete, if the Development cannot be or is not restored;

(C) The date on which the Development is demolished;

(D) The date on which the Development ceases to be used as a multifamily rental property; or,

(E) The later of

(i) The end of the affordability period specified by the Land Use Restriction Agreement or restrictive covenant; or,

(ii) The end of the repayment period of the first lien loan.

(g) The duties of the Owner of a multifamily rental housing Development under this section cease on the date of a change in ownership of the Development; however, the subsequent Owner of the Development is subject to the requirements of this section.

(h) If the Department is the First Lien Lender with respect to the Development or the First Lien Lender does not require establishment of a Reserve Account, the Owner receiving Department assistance for multifamily rental housing shall submit on an annual basis within the Department's required Owner's Financial Certification packet:

(1) Financial statements, audited if available, with clear identification of the replacement Reserve Account balance and all capital improvements to the Development within the fiscal year;

(2) Identification of costs other than capital improvements funded by the replacement Reserve Account; and,

(3) Signed statement of cause for:

(A) Use of replacement Reserve Account for expenses other than necessary repairs, including property taxes or insurance;

(B) Deposits to the replacement Reserve Account below the Department's or First Lien Lender's mandatory levels as defined in subsections (c), (d) and (e) of this section; and,

(C) Failure to make a required deposit.

(i) If a request for extension or waiver is not approved by the Department, Department action, including a penalty of up to $200 per dwelling unit in the Development and/or characterization of the Development as Materially Non-Compliant, as defined in §60.1 of this title, may be taken when:

(1) A Reserve Account, as described in this section, has not been established for the Development;

(2) The Department is not a party to the escrow agreement for the Reserve Account;

(3) Money in the Reserve Account

(A) Is used for expenses other than necessary repairs, including property taxes or insurance; or,

(B) Falls below mandatory deposit levels;

(4) Owner fails to make a required deposit;

(5) Owner fails to contract for the third party Property Condition Assessment as required under subsection (e)(3) of this section; or,

(6) Owner fails to make necessary repairs, as defined in subsection (k) of this section.

(j) On a case by case basis, the Department may determine that the money in the Reserve Account may:

(1) Be used for expenses other than necessary repairs, including property taxes or insurance, if:

(A) Development income before payment of return to Owner or deferred developer fee is insufficient to meet operating expense and debt service requirements; and,

(B) The funds withdrawn from the Reserve Account are replaced as cashflow after payment of expenses, but before payment of return to Owner or developer fee is available.

(2) Fall below mandatory deposit levels without resulting in Department action, if:

(A) Development income after payment of operating expenses, but before payment of return to Owner or deferred developer fee is insufficient to fund the mandatory deposit levels; and,

(B) Subsequent deposits to the Reserve Account exceed mandatory deposit levels as cashflow after payment of operating expenses, but before payment of return to Owner or deferred developer fee is available until the Reserve Account has been replenished to the mandatory deposit level less capital expenses to date.

(k) The Department or its agent may make repairs to the Development if the Owner fails to complete necessary repairs indicated in the submitted Property Condition Assessment or identified by physical inspection. Repairs may be deemed necessary if the Development is notified of the Owner's failure to comply with federal, state and/or local health, safety, or building code.

(1) Payment for necessary repairs must be made directly by the Owner or through a replacement Reserve Account established for the Development under this section.

(2) The Department or its agent will produce a Request for Bids to hire a contractor to complete and oversee necessary repairs.

(l) This section does not apply to a Development for which the Owner is required to maintain a Reserve Account under any other provision of federal or state law.

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Possible Action on the publication in the Texas Register of a notice proposing new Title 10, Part 1 of the Texas Administrative Code, Chapter 5 concerning Community Affairs Programs.

Requested Action

Department staff recommends that the Board review and approve the final rules in Title 10, Part 1 of the Texas Administrative Code, Chapter 5 concerning Community Affairs Programs for the following five programs: the Community Services Block Grant (CSBG), the Emergency Shelter Grants Program (ESGP), the Comprehensive Energy Assistance Program (CEAP), the Weatherization Assistance Program (WAP) and the Section 8 Housing Choice Voucher Program.

Background

On September 5, 2008, the Department announced in the Texas Register that the Department would conduct a series of Consolidated Public Hearings to solicit comments on the draft rules for the Community Affairs programs, 10 Texas Administrative Code, Chapter 5, Subchapters A - H. The proposed rules were published in the Texas Register on September 19, 2008 and a 30 day comment period was allowed for public comment on the rules.

The Department conducted its Consolidated Public Hearings in September and October 2008 at six (6) locations around the state. The thirty (30) day public comment period closed October 20, 2008.

Summary of Comments and Department Responses

The Department received six public comments, one as public testimony, one written comment from one organization and four comments by e-mail. The following summary represents the public comments, the commentator's rationale, and the response from the staff. Appendix A identifies the commentators and the organizations that they represent.

Comment No. 1
§5.3.Definitions (b)(7) Community Action Agencies (CAAs)--Local private and public non-profit organizations that carry out the Community Action Program (CAP), which was founded by the 1964 Economic Opportunity Act to fight poverty by empowering the poor in the United States. Each CAA must have a board consisting of ~~at least one-third low-income community members, one-third public officials, and up to one-third private sector leaders~~one-third elected public officials, not fewer than one-third representatives

of low-income individuals and families, and the remainder are members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community.
Rationale: Revised language is consistent with the CSBG Act.

Department Response: Staff will add the revised language consistent with the CSBG Act.

Comment No. 1
§5.3.Definitions (b)(20) Eligible Entity--Those local organizations ~~in existence and~~ designated by the federal government to administer programs created under the federal Economic Opportunity Act of 1964. This included community action agencies, limited-purpose agencies, and units of local government. The CSBG Act defines an eligible entity as an organization that was an eligible entity~~in effect~~ on the day before the enactment of the Coats Human Services Reauthorization Act of 1998 (October 27, 1998) or is designated by the Governor to serve a given area of the State and that has a tripartite board or other mechanism for local governance.
Rationale: (1) Local organizations did not exist prior to the Economic Opportunity Act. (2) Clarification purposes.

Department Response: Staff concurs with this comment and will add the revised language for clarification.

Comment No. 1
§5.3.Definitions (b)(25) USDHHS--U.S. Department of Health and Human Services.
Rationale: Typo.

Department Response: Staff concurs with this comment and will reflect the change.

Comment No. 1
§5.3.Definitions (b)(44) Private Nonprofit Organization--An organization which has status as a §501(c)(3) tax-exempt entity. Private nonprofit organizations applying for ESGP funds must be established for charitable purposes and have activities that include, but are not limited to, the promotion of social welfare and the prevention or elimination of homelessness. The entity's net earnings may not inure to the benefit of any individual(s).
Rationale: Private nonprofit organizations are designated 501(c)(3) status as defined by the Internal Revenue Code.

Department Response: The CSBG Act only specifies private nonprofit organization and does not specify 501(c)(3). Staff does not recommend a change to the Rule.

Comment No. 1
§5.3.Definitions (b)(64) U.S.C.--United States Code.~~ of Regulations~~
Rationale: Clarification, the U.S.C. is the codification of laws passed by Congress; the C.F.R. is the codification of regulations promulgated by executive agencies such as the USDHHS.

Department Response:
Staff concurs with this comment and will revise the language as suggested.

Comment No. 1
§5.4.Prohibitions ~~**(a) Lobbying activity is prohibited. The Hatch Act, 5 U.S.C., Chapter 15 and the amendments to the Hatch Act and the repeal of §675(e) and §675(C)(6) of the Community Services Block Grant (CSBG) Act do not affect §675(C)(7) of the CSBG Act.**~~
Rationale: This language is inconsistent with federal law. CAAs are not prohibited from lobbying. The CSBG Act does not prohibit or mention lobbying. And, OMB Circular A-122 only restricts the use of federal funds for lobbying, it does not prohibit a federal grantee from using other funds to do so; there are a number of exceptions.

Department Response: State law is more restrictive than federal law and lobbying is prohibited by Texas Government Code.

Language has been modified to reflect federal prohibitions pursuant to OMB Circular A-122. §5.4 “Prohibitions” subsection (a) reads:

> (a) Pursuant to the Office of Management and Budget Circular A-122, “Cost Principles for Non-Profit Organizations,” specifically §25 titled “Lobbying”, costs associated with lobbying are unallowable.
> (b) §678 (F)(b)(2) of the CSBG Act prohibits the use of program funds for political activity, voter registration activity or voter registration. The Hatch Act, 5 U.S.C., Chapter 15 and the amendments to the Hatch Act and the repeal of §675 (e) and 675 (C)(6) of the Community Services Block Grant (CSBG) Act do not affect the prohibition of §678 (F)(b)(2).

Comment No. 1
§5.5.Certificate and Disclosure Regarding Certain Lobbying Activities (b), (c)
(b) A §501(c)(3) nonprofit organization which pays any person funds from any source (even non-federal funds) to lobby Congress in connection with the awarding or modifying of a federal contract, loan, cooperative agreement, or grant or which pays an employee of any federal agency in connection with the~~is grant~~ same, must complete the "Disclosure of Lobbying Activities" form available on the Office of Management and Budget (OMB) website. The subrecipient must also file quarterly updates about its employment of lobbyists for the above activities if material changes occur in the organization's use of lobbyists.
Rationale: Clarification in accordance with federal law.

(c) For each contract, grant, cooperative agreement, or loan in excess of $100,000, the subrecipient must complete the "Certification Regarding Lobbying" form and return it to the Department. This form is located on the Department's website. By completing the certification, the subrecipient verifies that no federally appropriated funds have been used to lobby the United States Congress in connection with the awarding or modifying of a federal contract, loan, cooperative agreement or grant.
Rationale: Clarification in accordance with federal law.

Department Response:
§5.5 Staff does not concur with the comment to qualify lobbying activities by inserting the word “certain”. Minor revisions have been made to §5.5 (b) and (c) for clarification purposes. The section reads:

(b) A §501(c)(3) nonprofit organization which pays any person funds from any source (even non-federal funds) to lobby Congress or which pays an employee of any federal agency in connection with this grant, must complete the "Disclosure of Lobbying Activities" form available on the U. S. Department of Health and Human Services (USDHHS) ~~Office of Management and Budget (OMB)~~ website. A completed form must be submitted to the Department prior to engaging in lobbying activities. The subrecipient must also file quarterly updates about its employment of lobbyists if material changes occur in the organization's use of lobbyists.

(c) For each contract, grant, cooperative agreement, or loan in excess of $100,000, the subrecipient must complete the "Certification Regarding Lobbying" form and return it to the Department. This form is located on the USDHHS ~~Department's~~ website. By completing the certification, the subrecipient verifies that no federally appropriated funds have been used to lobby the United States Congress.

§5.5(b): The CSBG Act does not prohibit or mention lobbying. Current proposed language conveys the requirements and prohibitions of OMB Circular A-122 regarding the use of federal funds for lobbying. Language remains unchanged.

§5.5(c): Staff concurs with this comment and will reflect the change.

Comment No. 1
§5.10.Procurement Standard (a),(b), (c)(5)(E)(ii)

(a) Procurement procedures must meet minimum guidelines, according to Office of Management and Budget (OMB) Circulars A-87, A-102, A-110, A-122 (as applicable), the Uniform Grant Management Common Rule, and Texas Government Code, Chapter 783, ~~and 10 CFR, Part 600 (Financial Assistance Rule)~~ as applicable.

Rationale: 10 CFR, Part 600 is not pertinent to subrecipients; rather it applies to decisions made by the federal Department of Energy in awarding financial assistance.

(b) All subrecipients including non-profits must comply with all of the referenced statutes and regulations listed in subsection (a) of this section. In case of any conflict between the OMB Circulars or federal laws and state laws involving federal funds, the federal law or OMB Circulars will prevail.
Rationale: Clarification.

(ii) Subrecipient shall give Department ~~complete~~ access to ~~all of its~~those records, employees, and agents that relate to the Department-funded programs for the purpose of monitoring or investigating the program. Subrecipient shall fully cooperate with Department's reasonable efforts to detect, investigate, and prevent waste, fraud, and abuse in Department-funded programs. Subrecipient shall immediately notify the Department of any identified instances of waste, fraud, or abuse in connection with Department-funded programs.
Rationale: Clarification purposes. It is anticipated that the Department will continue to focus on its funded programs

Department Response:
§5.10(a): Staff does not concur with this comment. 10 CFR, Part 600 implements OMB Circular A-110 on behalf of the Department of Energy and establishes uniform administrative requirements.
§5.10(b): Staff concurs with this comment and will revise the language under §5.10.
§5.10(c)(5)(E)(ii): OMB Circular A-100, Part C.53 requires access.

Comment No. 1
§5.14.Subrecipient Contract (a) Upon Board approval, the Department's Executive Director and subrecipients shall enter into and execute an agreement for the receipt of funds. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to the contract if agreed to by the subrecipient, as additional funds become available.
Rationale: If modifications and/or amendments are related to lack of performance or reduction of funds, the Department allows due process through steps outlined under corrective action, sanctions and/or termination sections of the TAC.

Department Response: Staff does not concur with this comment. The Subrecipient reserves the right to sign or not sign the amendment when the amendment is made available in contract system.

Comment No. 1
§5.16.Monitoring of Subrecipients (a)(1), (a)(3), (a)(4), (a)(4)(A), (a)(4)(B), (b) and (d)
(1) CAD employs a subrecipient monitoring procedure that is based upon an assessment of associated risks. The factors may include but are not limited to the status of the most recent monitoring report, timeliness of grant reporting, results of the last on-site monitoring review, number and funding amount of Department funded contracts, final expenditure rate, and single audit status or other factors. Ranking of subrecipients will

determine whether an on-site review or a desk review is completed unless Department management determines an on-site review is needed. CAD may conduct unannounced on-site monitoring reviews of subrecipients identified as high risk, if deficiencies identified from prior monitoring activities persist or remain unresolved for an unreasonable period of time. In the event of reports of fraud and abuse or other extenuating circumstances the Department may make an unannounced on-site monitoring review.

Recommendation: (1) Define “high risk.” In some instances the term has implied a subrecipient with severe management and/or fiscal deficiencies and in other instances the term has implied a subrecipient with multiple and high dollar contracts with the Department. (2) The TAC should state that the Department will notify a subrecipient when it is declared “high risk” and an explanation for the designation should be provided. (3) The TAC should state what the subrecipient needs to do to lift the designation, if the designation is based on deficiencies. (4) The TAC should state consequences other than being subject to unannounced visits, e.g. cost reimbursement rather than advances,

(3) ~~A m~~Monitoring instruments will be posted on the Department’s website and will be ~~is~~ used to perform monitoring reviews. Support documentation is retained by the Department to verify: the achievement of performance goals; conduct of eligible activities; and compliance with other contractual regulatory provisions and financial accountability. Monitoring reviews of subrecipients also include reviewing annual financial reports and any related management letters and financial documents.
Rationale: Disclosure of the ‘monitoring instrument’ via the Department’s website will allow transparency and the Department’s expectations of the subrecipients.

(4) Following the onsite monitoring review, a monitoring report is prepared and submitted to the subrecipients within ninety (90) days outlining any administrative, program, and financial deficiencies. The monitoring report also includes notes, recommend improvements, corrective actions or a corrective action plan.
Rationale: To encourage timely resolutions.
Recommendation: Appeals process regarding monitoring of programs should be established in this section.

(A) Finding--The written description of a clearly deficient condition which is significantly substandard according to the monitoring standards. Findings may also be deficiencies found with regard to compliance with program rules, required cost principles, federal, state and/or local laws, and generally accepted accounting procedures or Generally Accepted Accounting Principles. In general, findings require corrective action to create an acceptable level of risk for disbursement of funds. The description of a finding might include the cause and effect of the deficient condition.
Rationale: Clarification.

(B) Recommended Improvement--~~A necessary improvement to~~ Suggested best practice(s) to enhance program, operational, financial or administrative practices ~~that may or may not be related to a substandard condition but through its application will lower~~

~~risk factors and bring the affected area into a relatively improved condition. A recommended improvement will be made if a condition might lead to a finding but is itself not significant or sustained in nature. Recommended Improvements will be made to improve a weakness but not to request corrective actions.~~
Rationale: Clarify and simplify language to avoid misinterpretation between a 'recommended' improvement and 'corrective action' as required under a "finding."

(b) Subrecipients not exempt from the single audit requirements are responsible for submitting their Single Audit Report within thirty (30) days of completion of their audit and no later than nine (9) months after the end of the audit period (fiscal year end) to the Department's Portfolio Management and Compliance Division as well as to the CA Division. Refer to 31 U.S.C. §7502.
Rationale: Subrecipients exempt from the single audit requirements will not have such an audit to submit.
(d) If a subrecipient fails to comply with the requirements, rules, and regulations of the CSBG, CEAP, WAP, or ESGP programs, and in the event monitoring or other reliable sources reveal material deficiencies in performance, or if the subrecipient fails to correct any deficiency within the time allowed by federal or state law, the Department will apply one or more of the following sanctions assuring due process, unless otherwise required:
Rationale: Clarification purposes.

Department Response:
§5.16(a)(1): Staff revised §5.16 to separate the assessment of risk into §5.16 (a)(1). Unannounced monitoring review was also moved to §5.16 (a)(2).

Staff concurs with the comment and has revised §5.16 (a) (1) as follows:

(a) The Department's Community Affairs Division (CAD) is responsible for ensuring that the Community Services Block Grant (CSBG), Comprehensive Energy Assistance Program (CEAP), Weatherization Assistance Program (WAP), and Emergency Shelter Grant Program (ESGP) program activities are completed and that the funds are expended in accordance with the contract provisions and applicable State and Federal rules, regulations, policies, and related statutes. In order to ensure such, the Department will conduct monitoring reviews of the subrecipients to evaluate the effectiveness of subrecipient's performance and program compliance through on-site and desk monitoring as described in §5.15 of this chapter (relating to Federal Funding Accountability and Transparency Act (FFATA)) following the requirements of §678B of PL 105-285 Subtitle B, §2605(B)(10) of PL 97-35, as amended, CFR 10 §440.23(d), and CFR 24 §576.61 and §576.57(f) and (g), respectively.

(1) CAD employs a subrecipient monitoring procedure that is based upon an assessment of associated risks. The factors may include but are not limited to the status of the most recent monitoring report, timeliness of grant reporting, results of the last on-site monitoring review, number and funding amount of Department funded contracts, final expenditure rate, and single audit status or other factors. Ranking of subrecipients will

determine whether an on-site review or a desk review is completed unless Department management determines an on-site review is needed. ~~CAD may conduct unannounced on-site monitoring reviews of subrecipients identified as high risk, if deficiencies identified from prior monitoring activities persist or remain unresolved for an unreasonable period of time. In the event of reports of fraud and abuse or other extenuating circumstances the Department may make an unannounced on-site monitoring review.~~

(2) CAD may conduct unannounced on-site monitoring reviews of subrecipients identified as ~~high~~ at risk for contract termination, if deficiencies identified from prior monitoring activities persist or remain unresolved for an unreasonable period of time. In the event of reports of fraud and abuse or other extenuating circumstances, the Department may make an unannounced on-site monitoring review.

§5.16(a)(3): Staff does not concur with this comment. The monitoring instrument is not a static document. Subrecipients should follow the TAC Rules and the contract in order to ensure compliance with state and federal regulations.
§5.16(a)(4): Staff concurs with adding “onsite” to the language in §5.16. However, monitoring reports should be submitted to subrecipients within forty-five (45) days. Subrecipients must provide a response to the deficiencies noted and state any concerns at this time.
§5.16(a)(4)(A): Staff does not concur with this comment. Deficient correlates to substandard which does not have a range within its definition.
§5.16(a)(4)(B): Staff concurs with this comment and will revise the language in §5.16.
§5.16(b): Staff concurs with this comment and will revise the language in §5.16.
§5.16(d): Staff does not concur with comment. The proposed language restates what is included in the TAC Rules.

Comment No. 1
§5.17. Corrective Action and Contract Termination (a), (c), (d)(3) and (g)(3)
(a) Subrecipients that have entered into contract with the Department to administer programs are required to follow state and federal laws and regulations and rules governing these programs.
Rationale: Clarification.

(c) Adhering to the requirements governing each specific program administered by the Department, as needed, the Department may determine to proceed with the termination of a contract, in whole or in part, at any time the Department establishes there is good cause for termination, as referenced in §5.17 Contract Termination.
Rationale: For consistency purposes.

(3) Follow-up visits may be conducted to review and assess the efforts the subrecipient has made to correct previously noted deficiencies. Provide t~~T~~echnical assistance and training ~~may be provided~~ to the subrecipient to address program deficiencies.
Rationale: Revision is consistent with Sec 678C of the CSBG Act.

(3) No later than thirty (30) days after the contract is terminated, the Department will take a physical inventory of client files, including case management files, and will submit to the Department an inventory of equipment with a unit acquisition cost of $5,000 or greater for Comprehensive Energy Assistance Program (CEAP), Weatherization Assistance Program (WAP) and CSBG or a unit acquisition cost of $500 or greater for ESGP.
<u>Comment: Possible typo - "the Department will take physical inventory…and will submit to the Department…" Should the sentence read: Subrecipient will take physical inventory and submit to the Department or Department will take inventory and submit to the USDHHS, or another scenario?</u>

Department Response:
§5.17(a): Staff concurs with comment.
§5.17(c): Staff concurs with the comment.
§5.17(d)(3): Staff will revise last sentence to read "will" instead of "may".
§5.17(g)(3): Staff concurs with the comment and will revise the language.

Comment No. 1
§5.20.Determining Income Eligibility (a) The U.S. Department of Health and Human Services (US<u>D</u>HHS) annually provides poverty income guidelines for use in determining client eligibility. Community Affairs Division programs are required to follow these guidelines.
<u>Rationale: Typo.</u>

Department Response: Staff concurs with the comment.

Comment No. 1
§5.201.Background (a) In addition to the following rules for the Community Services Block Grant (CSBG) program, the rules established in Subchapter A of this chapter also apply to the CSBG program<u>, except those that relate to the suspension, reduction, withholding or termination of funding</u>. The CSBG Act was amended by the "Community Services Block Grant Amendments of 1994" and the Coats Human Services Reauthorization Act of 1998. The Secretary is authorized to establish a community services block grant program and make grants available through the program to states to ameliorate the causes of poverty in communities within the states.
<u>Rationale: To ensure consistency with and avoid violation of the CSBG Act.</u>

Department Response: Staff concurs with the comment and has made minor revisions to **§5.17(c)(4)** in order to provide further clarification**.**

Comment No. 1
§5.203.Distribution of CSBG Funds (a) The CSBG Act requires that no less than 90%

of the state's allocation be allocated to eligible entities. The Department currently utilizes a multi-factor fund distribution formula to equitably provide CSBG funds throughout the state's 254 counties to the CSBG eligible entities. The formula incorporates the ~~2000~~most current U.S. Census figures at 125% of poverty; a $50,000 base; a $150,000 floor (the minimum funding level); a 98% weighted factor for poverty population; and, a 2% weighted factor for the inverse ratio of population density.
Rationale: Remove the date to prevent from having to change the TAC when a new U.S. Census is released.

Department Response: Staff concurs with the comment.

Comment No. 1
§5.206.Termination and Reduction of Funding (a)(6)(A), (a)(6)(B) and (a)(6)(C)
(A) Pursuant to the CSBG Act, the Department will provide notice and an opportunity for a hearing on the record.
Rationale: Clarification in accordance with federal law.

(B) The Department will select an Administrative Law Judge (ALJ) to oversee the proceedings of the hearing. The Department will coordinate establishing a date, time and hearing location with the ALJ and will provide adequate notice to the subrecipient. The ALJ will determine whether there is cause, as defined by the CSBG Act, U.S.C. 9908(c), to terminate or reduce funding to the subrecipient.
Rationale: Clarification in accordance with federal law.

(C) If the ALJ determines that there is cause to terminate or reduce funding ~~Upon receiving a favorable ruling from the ALJ,~~ pursuant to 42 U.S.C. §9915, the Department will notify the subrecipient that it has the right under 42 U.S.C. 9915 to seek review of the decision by the USDHHS ~~prepare correspondence to the U.S. Secretary of Health and Human Services (HHS) requesting the termination of the subrecipient as a CSBG eligible entity~~. If the USDHHS does not overturn the decision, or if the subrecipient does not seek USDHHS review,~~Upon receiving a favorable ruling from HHS,~~ the Department will initiate proceedings to terminate and close-out the contract.
Rationale: Clarification in accordance with federal law.

Department Response:
§5.206(a)(6)(A): Staff does not concur with the comment. The CSBG Act only requires the opportunity for a hearing.
§5.206(a)(6)(B): Staff included Administrative Law Judge (ALJ) or “impartial official” to provide flexibility in the hearing process.
§5.206(a)(6)(C): Staff accepts deletion of “upon receiving a favorable ruling from HHS” in last sentence and included Administrative Law Judge (ALJ) or “impartial official” to provide flexibility in the hearing process.

Comment No. 1
§5.207.Subrecipient Performance (b) and (b)(2)

~~**(b) Unexpended Funds. The Department reserves the right to deobligate funds**~~ in excess of 20% of funds.
Rationale: Deobligation of funds is inconsistent with the right of an agency to carry over funds into the next year and the due process accorded for reduction or termination of funds.

(2) The Coats Human Services Reauthorization Act of 1998, allows states to recapture unexpended CSBG funds in excess of 20% of the CSBG funds obligated to an eligible entity. All recaptured funds will be distributed to all eligible entities using the approved formula allocation. This may be superseded by Congressional action in the appropriation process or by the terms and conditions issued by U.S. Department of Health and Human Services in the CSBG award letter.
Rationale: (1) The edit to the first sentence ensures usage of the funds as originally intended. (2) Correction of the federal agency name.

Department Response:
§5.207(b): Subrecipients are allowed to carry over 20% of CSBG funds according to CSBG Act.
§5.207(b)(2): Staff does not concur with first comment. The CSBG Act does not require the unexpended balances to be reallocated by a formula. Staff will revise the section to include the “Department of” to correctly identify the funding source.

Comment No. 1
§5.213.Board Structure (a) - Comments 1 and 4 and Comment 4 §5.213(d)(2)(A)
(a) Private nonprofit entities only, shall administer the CSBG program through a tripartite board that fully participates in the development, planning, implementation, and evaluation of the program to serve low-income communities. Some of ~~T~~the members of the board shall be selected by the private nonprofit entity and others through a democratic process; the board shall be composed so as to assure that the requirements of §676B(a)(2) of the CSBG Act are followed and are composed as follows:
Rationale: Clarification to reflect actual process which is consistent with (a)(2) of this section.

§5.213 Board Structure (a)
Delete “only” in first sentence. Word is unnecessary, in as much as entire paragraph it just affects private nonprofit entities.
(A) An essential objective of community action is participation by low-income individuals in the programs which affect their lives; therefore, the CSBG Act and its amendments require representation of low-income individuals on boards or state-specified governing bodies. The CSBG statute requires that not fewer than one-third of the members shall be ~~are~~ representatives of low-income individuals and families and that they shall be chosen in accordance with democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhoods served; and that each representative of low-income individuals and families selected to represent a specific neighborhood within a community resides in the

neighborhood represented by the member or;
Rationale: Typo.

Department Response:
§5.213(a): Staff does not concur with this comment. The language is taken from the CSBG Act**.**
§5.213(d)(2)(A):   Staff concurs with this comment.

Comment No. 1
§5.215.Board--Size~~(a) The board size shall be divisible by three (3).~~
Rationale: In accordance with §676B. Tripartite Boards of the CSBG Act, the board does not need to be divisible by three. Rather, the board shall be comprised of three sectors. The 'divisible by three' could create an unnecessary burden to a subrecipient. For example, if a subrecipient has a board divisible by three and a new funding source requires a representative reflective of a new program, then the subrecipient will need to add more members in order to comply with the 'divisible by three' requirement as opposed to one more member to comply with the new funding source.

Department Response: Staff does not concur with this comment. There is no specific requirement to that effect. However, Community Action Program Legal Services Inc. (CAPLAW) recommends having a number divisible by three (3) to ensure that exactly 1/3 public officials serve on the board.

Comment No. 1
§5.217.Board Meeting Requirements (a) The Board must follow the Texas Open Meetings Act, meet at least ~~every 10 weeks~~ once per calendar quarter and at minimum five (5) times per year and, must give each member a notice of meeting five (5) days in advance of the meeting.
Rationale: Sometimes it is difficult to meet every 10 weeks. The change does not reduce the number of times a Board would meet per year; however, it would allow subrecipients the opportunity to meet on a more structured time frame of the month, such as the 4th Thursday or the 2nd Tuesday of a given month.

Department Response: Staff concurs with this comment and will revise the language.

Comment No. 1
§5.422.General Assistance and Benefit Levels (d)(2)(D), (f)- Comment 1,4 and Comment No. 4 §5.422(h)(1)
(D) The Heating and Cooling System Replacement, Repair, and/or Retrofit Component maximum household benefit limit is $~~4,000~~5,000.
Rationale: Increased cost with fuel and copper makes it difficult to address all the appliances with $4,000, which justifies the reason to increase the benefit limit.
(f) Total maximum possible annual household benefit (all components combined) equals $~~7~~8,600.

Rationale: Adjustment to reflect recommendation in 5.422(d)(2)(D).

§5.422. General Assistance and Benefit levels (f) Total maximum possible annual household benefit (all components combined) equals $**9,000**.
Rationale: To allow for the additional increases in utility costs.

Department Response: Staff is proposing to increase the maximum household benefit to $8,600 as described above.

Comment No. 1
§5.422 General Assistance and Benefit levels (h)(1).
(1) Payment to vendors and suppliers of fuel/utilities, goods, and other services, such as electrical wiring, butane tanks and lines, etc. for past due or current bills related to the procurement of energy for heating and cooling needs of the residence, not to include security lights and other items unrelated to energy assistance;
Rationale: Clarifies allowable other services.

Department Response: Staff concurs with comments in §5.422(d)(2)(D), and §5.422(h)(1).
§5.422(f): Staff is proposing to increase the maximum household benefit to $8,600 as described above.

Comment No. 1
§5.423.Energy Crisis Component (g) Time Limits for Assistance--Subrecipients ensure that for clients who have already lost service or are in immediate danger of losing service, some form of assistance to resolve the energy crisis shall be provided within a 48 business hours time limit (18 business hours in life-threatening situations). The time limit commences upon completion of the application process. The application process is considered to be complete when an agency representative accepts an application and completes the eligibility process.
Rationale: Affords a much more feasible time frame.

Department Response:
Staff does not concur with this comment. The LIHEAP statute states in §2604 (c)(1) "not later than 48 hours after a household applies for energy crisis benefits, provide some form of assistance that will resolve the energy crisis if such household is eligible to receive such benefits;
(2) not later than 18 hours after a household applies for crisis benefits, provide some form of assistance that will resolve the energy crisis if such household is eligible to receive such benefits and is in a life-threatening situation."

Comment No. 1

§5.425.Elderly and Disabled Component (a) Elderly households include at least one member age 60 or above. Disabled households include at least one member living with a disability. Documentation of disability, (i.e. Social Security, Supplemental Security Income statement, doctor's letter) kept in client file will validate eligibility.
Rationale: Edit.

Department Response: Staff concurs with this comment and will make the change.

Comment No. 1

§5.426.Heating and Cooling Component (g) Heating and cooling assessments may be charged to the Heating and Cooling Component ~~on a per household basis~~. If the assessment cost is charged to the Heating and Cooling Component, the cost must be counted toward the household benefit of $~~4,000~~5,000.
Rationale: (1) It is very difficult to separate and record the time and travel assessment costs on a per unit basis in a timely manner. (2) The benefit level is increased to reflect increased costs.

Department Response: Staff does not concur with this comment. A heating and cooling assessment is part of the direct service provided to a household. The costs must be accounted for and included as part of the maximum benefit to the household.

Comment No. 1

§5.503.Distribution of WAP Funds (b)(5)(C), (b)(5)(C)(i) and (b)(5)(C)(iii)
(C) The five factors carry the following weights in the allocation formula: number of non-elderly poverty households (~~40~~35%), number of poverty households with at least one member who is 65 years of age or older (40%), household density as an inverse ratio (~~5~~10%), the median income of the county (5%), and a weather factor based on Heating Degree Days and Cooling Degree Days (10%). All demographic factors are based on the most current~~2000~~ U.S. Census. The formula is as follows:
Rationale: (1) Reduce the non-elderly poverty household factor to 35% to reflect the increased number of higher priority population 65 years of age or older. (2) Increase the inverse density ratio to 10% due to increased travel costs, including fuel and other vehicle expenses and labor. (3) Remove the date to prevent from having to change the TAC when a new U.S. Census is released.
(i) County Non-elderly Poverty Household Factor (0.~~40~~35) plus;
Rationale: To reflect the increased number of higher priority population 65 years of age or older.
(iii) County Inverse Poverty Household Density Factor (0.~~05~~10) plus;
Rationale: To reflect increased travel costs, including fuel and other vehicle expenses and labor.

Department Response: The comments raise a valid concern but due to the potential impact on funding allocations staff would prefer to conduct a roundtable discussion prior to the 2010 Rules cycle to discuss revisions to the existing weatherization allocation formula.

Comment No. 1
§5.524.Lead Safe Work Practices - The Department will ~~Subrecipients must~~ provide ~~a one-day~~ Lead Safe Weatherization (LSW) training, an LSW Manual, and an LSW Jobsite Handbook to their subrecipients and subcontractors. Subrecipients must obtain a signed Worker Verification of LSW Training form from the subcontractor indicating that the subcontractor received the LSW training, manual, and jobsite handbook. Subcontractors must follow Lead Safe Weatherization Work Practices as outlined by the U.S. Department of Energy.
Rationale: Subrecipients do not have credentials or available funds to fulfill this requirement. Furthermore, it is not cost effective to have the 30-plus weatherization subrecipients each fulfill this requirement.

Department Response: Staff does not concur with this comment however minor revisions have been made to §5.524 for clarification.

Comment No. 1
§5.528.Health and Safety (a) ~~Health and Safety funds will have a maximum of 10% of the materials, Labor and Program Support budgets.~~
Rationale: The limit should be removed because the requirement for use of vented heaters is three times more expensive than unvented space heaters.

Department Response: Department concurs with the comment and in consideration of the International Residential Code and the recent Department of Energy “Space Heater Policy,” staff recommends raising the Health and Safety Budget to 20% of the materials, labor, and program support budget.

Comment No. 1
§5.532.Training Funds for Conferences - The Department provides financial assistance to subrecipients for training and technical activities for State sponsored~~, and~~ DOE sponsored and other workshops and conferences. Subrecipients may use WAP training funds to attend conferences provided the conference agenda includes topics directly related to administering WAP. Costs to attend the conference must be prorated by program for the appropriate portion. Only staff actually working on the WAP program may charge any of their travel costs to the program.
Rationale: Proposed revision allows flexibility to attend other training sessions which address WAP topics.

Department Response: The Department concurs with this comment and will revise the language in §5.532.

Comment No. 1
General Recommendations:
The TAC contains many references to state or federal citations, acts, codes, etc. in which general reference is made but not specific enough to easily locate the information. Example: §5.3 Definitions (58) Supplies refers to 'subject inventions,' as referenced in 37 CFR Part 401; however, 401.8 is the actual reference to 'subject inventions.' Similarly, reference to web pages versus website is more helpful. Example: §5.18 Information and Technology Security Practices refers to guidelines at www.tdhca.state.tx.us; however, /security.guidelines.htm after the website directs traffic to the specific web page. It is recommended that more specific information be provided to find citations, acts, codes, web pages, etc.

Department Response: Generally, staff agrees with the comments and intends to provide references that are more specific where appropriate.

Comment No. 1
Agencies contracting with TDHCA should be recognized as contractors, not subrecipients. There is no other program of TDHCA recognizing contractors as subrecipients. Agencies enter into a contract with TDHCA for which funds are provided for a service with performance measures and the agency is subject to liabilities and responsibilities. It is recommended that the term 'subrecipient' be replaced with 'contractor.'

Department Response: Staff does not concur with this comment. The term Subrecipient has been adopted by the Department to reflect the relationship between the grantee (the Department) and the subgrantee (the Subrecipient).

Comment No. 2
5.422(d)(2)(D) General Assistance and Benefit Levels: The Heating and Cooling System Replacement, Repair, and/or Retrofit Component maximum benefit limit $**5,000.** Rationale: dramatic increases in fuel and copper have impacted the HVAC industry and it is becoming more difficult to address all the appliances for $4,000.

Department Response: Staff is proposing to increase the per unit maximum to $5,000 for the Heating and Cooling Component. This increase should accommodate the increased costs for high efficiency units as well as the travel and related staff expenses.

Comment No. 2
5.423(d)(3) Energy Crisis Component: Portable air conditioning and heating units may be purchased only in situations that threaten the life of the client. Do I interpret this correctly? A medical statement is no longer necessary? It is often very difficult to get to

the Dr. to get statement in a reasonable amount of time.

Department Response: The comment raised is valid. Staff will add the following language to clarify this section: A doctor's statement or prior written approval from the Department is required.

Comment No. 2
§<u>5.423(f) When natural disasters or **terrorist attack** result in energy supply shortages or other energy-related emergencies LIHEAP will allow home energy related expenditures for the following:</u>

Department Response: Staff concurs with the additional language and will revise §5.423(f).

Comment No. 2
§5.423<u>(g) Time Limits for Assistance—Subrecipients ensure that clients who have already lost service or are in immediate danger of losing service, some form of assistance to resolve the energy crisis shall be provided within 48 business hours (18 business hours in a life-threatening situation)</u>.

Department Response: Staff does not concur with this comment. The LIHEAP statute states in §2604 (c)(1) "not later than 48 hours after a household applies for energy crisis benefits, provide some form of assistance that will resolve the energy crisis if such household is eligible to receive such benefits;
(2) not later than 18 hours after a household applies for crisis benefits, provide some form of assistance that will resolve the energy crisis if such household is eligible to receive such benefits and is in a life-threatening situation."

Comment No. 2
<u>**5.425 (a)** Is a 12 month disability statement no longer necessary? We often have people who are temporarily disabled and need assistance but the physician is reluctant to estimate they will be disabled for 12 months. Will we now be able to assist them as long as we can document the disability?</u>

Department Response: Staff will not accept documentation for temporary disability. The Department defines "Persons with Disabilities," as defined in §7(9) of the Social Security Act. The Act considers a person disabled when, "it is expected that your impairment(s) will either result in death or last for at least 12 months in a row."

Comment No. 3
§5.425 Elderly and Disabled Component: A.....Disabled households includes at least one member living with a disability. Their is no age requirement for the household member living with a disability. Is a household member under the age of 18 receiving SSI due to Attention Deficit Disorder (ADD) fall in the category of disabled, even though

the child engages in substantial gainful activity.

Department Response: The Department will not require an age limitation for "Persons with Disabilities." The Department defines "Persons with Disabilities," in §5.3(b)(41). The Department lists excluded and included income to determine eligibility for the CEAP program in §5.19(b).

Comment No. 4
§5.503 Distribution of WAP funds - Because of the significant increase in travel costs including fuel and other vehicle expenses and labor, CSI believes that the inverse density population ratio should be increased from 5 percent to 10 percent and the number of non-elderly poverty households reduced to 35 percent to reflect the increasing number of higher-priority population 65 years of age or older.

Department Response: The comment raises a valid concern, but due to the potential impact in funding allocations, staff would prefer to conduct a roundtable discussion prior to the 2010 Rules cycle to discuss revisions to the existing weatherization allocation formula.

Comment No. 4
§5.528 Health and Safety -This is a particular concern. CSI believes that the 10 percent limit should be eliminated for DOE units because of the requirement for use of vented heaters which cost more than three times as much as unvented space heaters. This program year the original CSI/DOE contract budget included $228,000 for materials plus labor plus program, which are usually referred to as HOUSE funds, equivalent to 77 units.

Through August CSI has completed and contracted 51 units. Twenty-nine of those units had existing vented central heaters, an unusually high ratio because we chose to make them DOE units because they had existing vented heaters. Even if this ratio could be maintained, approximately 44 of the 77 units must have vented heaters installed at a cost of approximately $1,000 plus each. Under the proposed 10 percent maximum rules the health and safety budget would have been 22,800 instead of the 44,000 which would be required just for vented heaters. And this does not allow for other needed health and safety measures such as replacing leaking or dangerous water heaters.

True, in ten of our 15 counties where CSI has the CEAP program funds, we can have and will depend on them for assistance. But it is unrealistic to expect CEAP programs agencies in the other five counties to use their CEAP funds to help us. And other WAP programs have this same problem. To complicate this situation a footnote to Attachment A of the contract states that the only categories that can be reduced are the administrative, insurance, fiscal audit and health and safety categories. So we can't reduce material, labor and program support to assist with the health and safety problem. Every subgrantee knows that administrative, insurance and audit amounts are already insufficient.

Something has to give.

I believe some time in the recent past I heard a DOE federal official say at a national conference the health and safety expenditures, allowable expenditures per unit, could equal the maximum per unit cost. And that was when it was 2,744 per unit. But that benevolence was never passed through to TDHCA's subrecipients. If we are expected to comply with the vented heater rules, the 10 percent limit and the prohibition against transferring HOUSE money to health and safety must be removed from DOE contracts. And DOE and TDHCA should get us more health and safety money.

Department Response: Department concurs with the comment and in consideration of the International Residential Code and the recent Department of Energy “Space Heater Policy,” staff recommends raising the Health and Safety Budget to 20% of the materials, labor, and program support budget.

Comment No. 4

§5.426, Heating and Cooling Component, paragraph G -- and this may be wrong -- it has several sections and it may be the wrong one. But CSI applauds TDHCA for allowing assessment expenses to be included as a specific part of the retrofit category. We had intended to request this. However, because of the complexity of accounting for all the costs involved, as noted below, on a specific unit basis and because replacement costs of central HVAC systems are already approaching or exceeding the $4,000 limit we feel it be more beneficial to the client to allow 10 percent of the retrofit budget to be used for related staff expenses, including travel and not accounted for on a per-unit basis.

In order to perform proper assessments of replacement requirements for components such as refrigerators, water heaters, window air conditions and space heater units and especially central HVAC units, a home visit by a staff member with specific knowledge and experience is required. In all cases existing equipment data must be recorded and in most cases measurements must be made to ensure that replacement units will fit. For some refrigerators and AC units specific energy consumption tests are required. And for central heater and AC units complete system tests, including blower door and/or pressure pan tests to determine the integrity of the duct systems are an absolute necessity. And space measurements are needed to determine proper replacement equipment specifications.

Most CAAs have and use weatherization staff to do this work. Then bid notices or work orders must be written, quotes analyzed and installation inspections made, involving another trip to the home, before payment is authorized. These are not routine client-contact home visits. They're a necessary, time-consuming, travel cost and related tasks specifically related to the retrofit component and should not have to be paid from direct service funds.

Department Response: Staff is proposing to increase the per unit maximum to $5,000 for the Heating and Cooling Component. This increase should accommodate the increased costs for high efficiency units as well as the travel and related staff expenses.

Comment No. 12

The ESG Program activities that provide shelter and essential services for the homeless persons, as well as intervention services for persons threatened with homelessness. Essential services for homeless persons include medical, psychological counseling **and/or treatment**, employment counseling, substance abuse treatment, transportation, and other services.

Eligible Applicants - If regulation permits, we would like to include: agency of the State and/or Community Mental Health Centers.

Department Response: Staff does not concur with this comment. As per 24 CFR §576.1 of the ESGP Act, eligible applicants are units of general local government and private nonprofit organizations.

Comment No. 16

We would suggest, however, that some reference be made to other weatherization programs, including those run by utilities as well as those funded through the Systems Benefit Fund. The most likely way to address this would be through the State policy advisory council.

Thus we would suggest following under §5.602 (b).

(3) In addition to its other functions, the WAP PAC shall collect and review information about other energy efficiency programs implemented in the state that are designed to assist low-income Texans, including those funded through the Systems Benefit Fund and those implemented by individual utilities, and suggest to the Governing Board or Department how WAP activities can be coordinated with these programs.

Finally, the Lone Star Chapter of the Sierra Club would like to suggest that the Department consider naming a separate Policy Advisory Council that would be charged with reviewing how TDHCA rules and programs could continue to foster green building and energy efficiency measures and amenities. Such an Advisory Council should include energy efficiency and green building experts, as well as developers and low-income housing advocates. This council could help TDHCA identify further changes needed to its programs in FY 2010 .

Department Response: Staff does not concur with this comment. The System Benefit Fund does not currently provide funding to the Department's Weatherization Assistance Program, and the utility funded weatherization programs are not statutorily coordinated with the existing federally funded weatherization programs. By DOE final rule, the PAC advises the Department administering the weatherization program in the State of Texas with respect to the development and implementation of the weatherization assistance program.

The staff will forward to the Executive Team the comment expressing an interest in the development of a separate Policy Advisory Council to include green building experts, energy efficiency experts, developers, and low income housing advocates.

Comment No. 16
It appears Project Access Initiative is designed to assist individuals under Olmstead and would like for you to consider including individuals with a chronic mental illness who are transitioning or about to transfer from a state mental hospital back to a local community as an eligible group to be assisted by Section 8 Housing Choice Voucher Program.

Department Response: The Department follows the guidance established by the U.S. Department of Housing and Urban Development in determining eligibility for the Project Access program. As stated in Chapter 2 of Handbook 4600.1 REV-1: §232 Mortgage Insurance for Residential Care Facilities, eligible institutions includes nursing homes, board and care facilities and intermediate care facilities. The list of ineligible facilities includes hospitals, clinics, diagnostic and treatment centers, group practice facilities, and halfway houses.

Comment No. 69
§5.402 Purpose and goals "young children" are identified as priority, then in §5.423 Energy Crisis Component (a) the last sentence says.... constitute a threat to the well-being of the household..... or very young children and then in §5.426 Heating and Cooling (a) it states "The priority factors other than income......"Household energy need" takes into account the unique situation of such household that results in having members of vulnerable populations, **including children under the age of six......"** In the 2008 CEAP contract section 3. Subrecipients Performance it states, Subrecipient shall assist low-income persons with priority given to elderly... **households with young children under 6 years of age**…" Are you confused that's the point I'm trying to make. It’s all so confusing and inconsistent. Which is it, child not exceeding 6 years of age or children under the age of 6?

Department Response: The LIHEAP Annual Report requires the Department to submit information on households with children of the age of 5 and under. Staff will revise the definition under §5.3 Definitions “Family with young children – family unit that includes a child of the age of 5 and under.” The same revision will be done to §5.402, §5.423 and §5.426.

Staff Comment
Energy Assistance Section
§5.3(b)(41)(A) Definitions General

The §7(6) is incorrect. The correct reference is §7(9)

Department Response: Staff concurs.

Appendix A – Collected Public Comments on the Title 10, Part 1 of the Texas Administrative Code, Chapter 5 concerning Community Affairs Programs Rules (draft)

Comment #	Contact	Organization
1	Stella Rodriguez	Texas Association of Community Action Agencies, Inc.
2	Jan McMullen	Fort Worth Community Action Partners
3	Joe Rangel	City of Lubbock, Community Development Department
4	Art Kampschafer	Community Services, Inc.
12	Steven Schnee	MHMRA, Harris County
16	Cyrus Reed	Lone Star Chapter of Sierra Club
69	Thelma Vasquez	Hidalgo County Community Services Agency

Recommendation

Staff recommends Board approval of the proposed new Community Affairs Division program rules, Title 10, Part 1 of the Texas Administrative Code, Chapter 5 including staff recommendations in response to public comment.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 5. COMMUNITY AFFAIRS DIVISION
SUBCHAPTER A. GENERAL PROVISIONS
10 TAC §5.1 - §5.20

§5.1 Purpose and Goals
§5.2 Cost Principles and Administrative Requirements
§5.3 Definitions
§5.4 Prohibitions
§5.5 Certificate and Disclosure Regarding Lobbying Activities
§5.6 Texas Public Information Act
§5.7 Fidelity Bond Requirements
§5.8 Inventory Report
§5.9 Travel
§5.10 Procurement Standards
§5.11 Procurement/Cooperative Purchasing Program
§5.12 Equipment Purchases
§5.13 Bonding Requirements
§5.14 Subrecipient Contract
§5.15 Federal Funding Accountability and Transparency Act (FFATA)
§5.16 Monitoring of Subrecipients
§5.17 Corrective Action, Contract Termination and Close-out
§5.18 Information Technology Security Practices
§5.19 Client Income Guidelines
§5.20 Determining Income Eligibility

§5.1 Purpose and Goals

(a) The rules established herein for Chapter 5 “Community Affairs Programs” Subchapter A “General Provisions” applies to all Community Affairs Division programs with the exception of the Section 8 Housing Choice Voucher Program. Refer to Subchapter H of this chapter for the rules governing the Section 8 Housing Choice Voucher Program. Additional program specific requirements are contained within each program Subchapter.

(b) The programs administered by the Community Affairs (CA) Division of the Texas Department of Housing and Community Affairs (the Department) support the Department’s mission to help Texans achieve an improved quality of life through the development of better communities.

(c) The Department accomplishes this mission by acting as a conduit for federal grant funds for housing and community affairs programs. Ensuring program compliance with the state and federal laws that govern the CA programs is another important part of the Department's mission. Oversight and program mandates ensure state and federal resources are expended in an efficient and effective manner.

§5.2 Cost Principles and Administrative Requirements

Except as expressly modified by law or the terms of the contracts, subrecipient shall comply with the cost principles and uniform administrative requirements set forth in the Uniform Grant and Contract Management Standards 1 T.A.C. §5.141 et seq. (the "Uniform Grant Management Standards") provided, however, that all references therein to "local government" shall be construed to mean subrecipient. Uniform cost principles for local governments are set forth in Office of Management and Budget (OMB) Circular A-87, and for non-profit organizations in OMB Circular A-122. Uniform administrative requirements for local governments are set forth in OMB Circular A-102, and for non-profits in OMB Circular A-110. OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations," provides audit standards for governmental organizations and other organizations expending federal funds. The expenditure threshold requiring an audit under OMB Circular A-133 is $500,000.

§5.3 Definitions

(a) To ensure a clear understanding of the terminology used in the context of the Community Affairs programs, a list of terms and definitions has been compiled as a reference.

(b) The following words and terms in this chapter shall have the following meaning unless the context clearly indicates otherwise.

(1) **CAA**--Community Action Agency.
(2) **CFR**--Code of Federal Regulations
(3) **Children**--Household dependents not exceeding 18 years of age.
(4) **Collaborative Application**--An application from two or more organizations which will use Emergency Shelter Grants Program (ESGP) funds to provide services to the target population as part of a local continuum of care. If a unit of general local government applies for only one organization, this will not be considered a collaborative application. Partners in the collaborative application must coordinate services and prevent duplication of services.
(5) **Community Action Plan--**A plan required by the Community Services Block Grant (CSBG) Act which describes the local (subrecipient) service delivery system, how coordination will be developed to fill identified gaps in services, how funds will be coordinated with other public and private resources and how the local entity will use the funds to support innovative community and neighborhood based initiatives related to the grant.
(6) **Cooling**--Modifications including but not limited to the repair or replacement of air conditioning units, evaporative coolers, and refrigerators.

(7) **Community Action Agencies (CAAs)--**Local private and public non-profit organizations that carry out the Community Action Program (CAP), which was founded by the 1964 Economic Opportunity Act to fight poverty by empowering the poor in the United States. Each CAA must have a board consisting of at least one-third elected public officials, not fewer that one-third representatives of low-income individuals and families, chosen in accordance with democratic selection procedures, and the remainder are members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community. ~~one-third low-income community members, one-third public officials, and up to one-third private sector leaders.~~

(8) **Community Affairs Division--**(CAD) The Division at the Texas Department of Housing and Community Affairs which administers the CSBG, ESGP, Comprehensive Energy Assistance Program (CEAP), Weatherization Assistance Program (WAP), and Section 8 Housing Choice Voucher Programs.

(9) **The Community Services Block Grant--**CSBG is a grant which provides U.S. federal funding for Community Action Agencies (CAAs) and other eligible entities that seek to address poverty at the community level. Like other block grants, CSBG funds are allocated to the states and other jurisdictions through a formula.

(10) **Community Services Block Grant (CSBG) Act--**The CSBG Act is a law passed by Congress authorizing the Community Services Block Grant. The CSBG Act was amended by the Community Services Block Grant Amendments of 1994 and the Coats Human Services Reauthorization Act of 1998 under 42 USC 9901 et seq. The act authorized establishing a community services block grant program to make grants available through the program to States to ameliorate the causes of poverty in communities within the States.

(11) **CSBG Subrecipient--**Includes CSBG eligible entities and other organizations that are awarded CSBG funds.

(12) **Department** (the)--The Texas Department of Housing and Community Affairs.

(13) **Discretionary Funds--**Those CSBG funds maintained in reserve by a State, at its discretion, for CSBG allowable uses as authorized by Section 675C of the CSBG Act, and not designated for distribution on a statewide basis to CSBG eligible entities and not held in reserve for state administrative purposes.

(14) **DOE**--The United States Department of Energy.

(15) **DOE WAP Rules--**10 CFR 440--the Code of Federal Regulation describing the Weatherization Assistance for Low Income Persons as administered through the Department of Energy.

(16) **Dwelling Unit**--A house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters.

(17) **Equipment**--A tangible non-expendable personal property including exempt property, charged directly to the award, having a useful life of more

than one year. and an acquisition cost of $5,000 or more per unit. For CSBG, CEAP, and WAP, if the unit acquisition cost exceeds $5,000, approval from the TDHCA Community Affairs Division must be obtained before the purchase takes place. For ESGP, if the unit acquisition cost exceeds $500, approval from TDHCA Community Affairs Division must be obtained before the purchase is made.

(18) **Elderly Person**--A person who is 60 years of age or older.

(19) **Electric Base-Load Measure**--Weatherization measures which address the energy efficiency and energy usage of lighting and appliances.

(20) **Eligible Entity**--Those local organizations designated by the federal government to administer programs created under the federal Economic Opportunity Act of 1964. This included community action agencies, limited-purpose agencies, and units of local government. The CSBG Act defines an eligible entity as an organization on the day before the enactment of the Coats Human Services Reauthorization Act of 1998, October 27, 1998, or is designated by the Governor to serve a given area of the State and that has a tripartite board or other mechanism for local governance.

(21) **Emergency**--Defined by the LIHEAP Act of 1981 (Title XXVI of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, as amended)

(A) natural disaster;
(B) a significant home energy supply shortage or disruption;
(C) a significant increase in the cost of home energy, as determined by the Secretary;
(D) a significant increase in home energy disconnections reported by a utility, a State regulatory agency, or another agency with necessary data;
(E) a significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), the national program to provide supplemental security income carried out under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) or the State temporary assistance for needy families program carried out under Part A of Title IV of the Social Security Act (42 U.S.C. 601 et seq.), as determined by the head of the appropriate federal agency;
(F) a significant increase in unemployment, layoffs, or the number of households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or
(G) an event meeting such criteria as the Secretary, at the discretion of the Secretary, may determine to be appropriate.

(22) **Energy Repairs**--Weatherization related repairs necessary to protect or complete regular weatherization energy efficiency measures.

(23) **Energy Audit--**The energy audit software and procedures used to determine the cost effectiveness of weatherization measures to be installed in a dwelling unit.

(24) **Families with Young Children----** A family until that includes a child age 5 or younger.

(25) **USDHHS--**U.S. Department of Health and Human Services,

(26) **High Energy Burden**--Is determined by dividing a household's annual home energy costs by the household's annual gross income. The percentage at which energy burden is considered high is defined by data gathered from the State Data Center.

(27) **High Energy Consumption**--Household energy expenditures exceeding the median of low-income home energy expenditures expressed in the data collected from the State Data Center.

(28) **Homeless or homeless individual--**An individual who:

(A) lacks a fixed, regular, and adequate nighttime residence, or

(B) has a primary nighttime residence that is:

(i) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);

(ii) an institution that provides a temporary residence for individuals intended to be institutionalized; or,

(iii) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. (Exclusion: The term "homeless" or "homeless individual" does not include any individual imprisoned or otherwise detained pursuant to an Act of Congress or a State law.)

(29) **Household**--Any individual or group of individuals who are living together in a dwelling unit as one economic unit. For Energy programs, these persons customarily purchase residential energy in common or make undesignated payments for energy.

(30) **Inverse Ratio of Population Density Factor--**The number of square miles of a County divided by the number of Poverty Households of that County.

(31) **Local Units of Government**--City, county, or council of governments.

(32) **Low Income**--That income in relation to family size which:

(A) For CEAP, WAP, and CSBG is at or below 125 percent of the Federal Income guidelines

(B) For ESGP is at or below 100% of the poverty level) determined in accordance with criteria established by the Director of the Office of Management and Budget;

(C) Is the basis on which cash assistance payments have been paid during the preceding twelve month-period under titles IV and XVI of the Social Security Act or applicable State or local law; or

(D) If a State elects, is the basis for eligibility for assistance under the Low Income Home Energy Assistance Act of 1981, provided that such basis is at least 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.

(33) **Low Income Home Energy Assistance Program (LIHEAP)--** A federally funded block grant program that is implemented to serve low income

households who seek assistance for their home energy bills and/or weatherization services.

(34) **Migrant Farm worker**--An individual or family that is employed in agricultural labor or related industry and is required to be absent overnight from their permanent place of residence.

(35) **Multifamily Dwelling Unit**--A structure containing more than one dwelling unit.

(36) **National Performance Indicator--**An individual measure of performance within the Department's reporting system for measuring performance and results of subrecipients of funds. There are currently twelve indicators of performance which measure self-sufficiency, family stability, and community revitalization.

(37) **Needs Assessment--**An assessment of community needs in the areas to be served with CSBG funds. The assessment is a required part of the Community Action Plan per Assurance 11 of the CSBG Act.

(38) **OMB--**Office of Management and Budget, a federal agency.

(39) **Outreach**--The method that attempts to identify clients who are in need of services, alerts these clients to service provisions and benefits, and helps them use the services that are available. Outreach is utilized to locate, contact and engage potential clients.

(40) **Performance Statement--**A document which identifies the services to be provided by a CSBG subrecipient. The document is an attachment to the CSBG contract entered into by the Department and the CSBG subrecipient.

(41) **Persons with Disabilities**--Any individual who is:

(A) a handicapped individual as defined in §7(9~~6~~) of the Rehabilitation Act of 1973;

(B) under a disability as defined in §1614(a)(3)(A) or §223(d)(1) of the Social Security Act or in §102(7) of the Developmental Disabilities Services and Facilities Construction Act; or

(C) receiving benefits under chapter 11 or 15 of Title 38, U.S.C.

(42) **Population Density--**The number of persons residing within a given geographic area of the State.

(43) **Poverty Income Guidelines**--The official poverty income guidelines as issued by the U.S. Department of Health and Human Services annually.

(44) **Private Nonprofit Organization**--An organization which has status as a 501(c) tax-exempt entity. Private nonprofit organizations applying for Emergency Shelter Grants Program (ESGP) funds must be established for charitable purposes and have activities that include, but are not limited to, the promotion of social welfare and the prevention or elimination of homelessness. The entity's net earnings may not inure to the benefit of any individual(s).

(45) **Public Organization--**A unit of local government, as established by the Legislature of the State of Texas. Includes, but may not be limited to, cities, counties, and councils of governments.

(46) **Referral--**The process of providing information to a client household about an agency, program, or professional person that can provide the service(s) needed by the client.

(47) **Rental Unit**--A dwelling unit occupied by a person who pays rent for the use of the dwelling unit.

(48) **Renter**--A person who pays rent for the use of the dwelling unit.

(49) **Seasonal Farm worker**--An individual or family that is employed in seasonal or temporary agricultural labor or related industry and is not required to be absent overnight from their permanent place of residence. In addition, at least 20% of the household annualized income must be derived from the agricultural labor or related industry.

(50) **Secretary--**Chief Executive of the U.S. Department of Health and Human Services.

(51) **Service--**The provision of work or labor that does not produce a tangible commodity.

(52) **Shelter**--Defined by the Department as a dwelling unit or units whose principal purpose is to house on a temporary basis individuals who may or may not be related to one another and who are not living in nursing homes, prisons, or similar institutional care facilities.

(53) **Single Family Dwelling Unit**--A structure containing no more than one dwelling unit.

(54) **Social Security Act--**42 USC 601 et seq., CSBG works with activities carried out under Title IV Part A to assist families to transition off of State programs.

(55) **State**--The State of Texas or the Texas Department of Housing and Community Affairs.

(56) **Subcontractor**--An organization with whom the subrecipient contracts with to administer programs.

(57) **Subrecipient**--According to each program Subchapter, subrecipient may be defined as organizations with whom the Department contracts with and provides CSBG funds; ESGP funds; DOE funds or Low Income Home Energy Assistance Program (LIHEAP) funds.

(58) **Supplies**--All personal property excluding equipment, intangible property, and debt instruments, and inventions of a contractor conceived or first actually reduced to practice in the performance of work under a funding agreement (“subject inventions”), as defined in 37 CFR part 401, “Rights to Inventions Made by Non-profit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements.”

(59) **TAC**--Texas Administrative Code

(60) **Targeting**--Focusing assistance to households with the highest program applicable needs.

(61) **Terms and Conditions--**Binding provisions provided by a funding organization to grantees accepting a grant award for a specified amount of time.

(62) **Treatment as a State or Local Agency--**For purposes of Chapter 15 of Title 5, United States Code, any entity that assumes responsibility for

planning, developing, and coordinating activities under the CSBG Act and receives assistance under CSBG Act shall be deemed to be a State or local agency.

(63) **Units of General Local Government**--A unit of local government which has, among other responsibilities, the authority to assess and collect local taxes and to provide general governmental services.

(64) **U.S.C.**--United States Code ~~of Regulations~~

(65) **Vendor Agreement**--An agreement between the Subrecipient and energy vendors that contains assurance as to fair billing practices, delivery procedures, and pricing for business transactions involving LIHEAP beneficiaries.

(66) **WAP**--Weatherization Assistance Program.

(67) **WAP PAC**--Weatherization Assistance Program Policy Advisory Council. The WAP PAC was established by the Department in accordance with 10 CFR §440.17 to provide advisory services in regards to the WAP program.

(68) **Weatherization Material**--The material listed in Appendix A of 10 CFR 440.

(69) **Weatherization Project**--A project conducted in a single geographical area which undertakes to reduce heating and cooling demand of dwelling units that are energy inefficient.

§5.4 Prohibitions

(~~a)~~ (a) Pursuant to the Office of Management and Budget Circular A-122, “Cost Principles for Non-Profit Organizations,” specifically Section 25 titled “Lobbying”, costs associated with lobbying are unallowable.

(b) Section 678 (F)(b)(2) of the CSBG Act prohibits the use of program funds for political activity, voter registration activity or voter registration. The Hatch Act, 5 U.S.C., Chapter 15 and the amendments to the Hatch Act and the repeal of 675 (e) and 675 (C)(6) of the Community Services Block Grant (CSBG) Act do not affect the prohibition of Section 678 (F)(b)(2). ~~Lobbying activity is prohibited. The Hatch Act, 5 U.S.C. Chapter 15 and the amendments to the Hatch Act and the repeal of Section 675 (e) and 675 (C)(6) of the CSBG Act do not affect section 675 (C)(7) of the CSBG Act.~~

(c) Knowingly hiring an undocumented worker is prohibited. HB 1196 Title 8 U.S.C. 1324a.

(d) Discrimination is prohibited.

(1) Civil Rights Act of 1964, (42 U.S.C. 2000 et seq.) Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.). Rehabilitation Act of 1973 (29 U.S.C. 794), and Title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.) shall apply to all programs or activities administered by subrecipients including the nondiscrimination provisions of the Community Services Block Grant Program (42 U.S.C. 9901 et seq.).

(2) All subrecipients receiving federal funds must be equal opportunity employers and render services without regard to race, color, religion, sex, national origin, age, handicap, political affiliation or belief. Information on equal opportunity and nondiscrimination shall be made available to participants, employees, subcontractors, and interested parties.

§5.5 Certificate and Disclosure Regarding Lobbying Activities

(a) Subrecipients of federal funding, including those who receive federal funds through the Department, are subject to the anti-lobbying provisions commonly referred to as “the Byrd Amendments” (31 U.S.C. 1352). The legislation imposes certain requirements for disclosure and certification on recipients of federal contracts, grants, cooperative agreements, and loans, including the requirement that each recipient of a federal contract in excess of $100,000 must complete the Standard Form-LLL “Disclosure of Lobbying Activities” form.

(b) A §501(c)(3) nonprofit organization which pays any person funds from any source (even non-federal funds) to lobby Congress or which pays an employee of any federal agency in connection with this grant, must complete the "Disclosure of Lobbying Activities" form available on the U. S. Department of Health and Human Services (USDHHS) ~~Office of Management and Budget (OMB)~~ website. A completed form must be submitted to the Department prior to engaging in lobbying activities. The subrecipient must also file quarterly updates about its employment of lobbyists if material changes occur in the organization's use of lobbyists.

(c) For each contract, grant, cooperative agreement, or loan in excess of $100,000, the subrecipient must complete the "Certification Regarding Lobbying" form and return it to the Department. This form is located on the USDHHS ~~Department's~~ website. By completing the certification, the subrecipient verifies that no federally appropriated funds have been used to lobby the United States Congress.

~~(b) A 501 (c)(3) nonprofit organization which pays any person funds from any source (even non-federal funds) to lobby Congress or which pays an employee of any federal agency in connection with this grant, must complete the “Disclosure of Lobbying Activities” form available on the OMB website. The subrecipient must also file quarterly updates about its employment of lobbyists if material changes occur in the organization’s use of lobbyists.~~

~~(c) For each contract, grant, cooperative agreement, or loan in excess of $100,000, the subrecipient must complete the “Certification Regarding Lobbying” form and return it to the Department. This form is located on the Department’s website. By completing the certification, the subrecipient verifies that no federally appropriated funds have been used to lobby the United States Congress.~~

(d) Pursuant to the 1996 Simpson-Craig Amendment to the Lobbying Disclosure Act, 2 U.S.C. 1611, (501)(c)(4) non-profit organizations, typically civic leagues or employee associations, may not receive any federal funding if such organizations engage in lobbying. The law establishes civil penalties for noncompliance, with possible penalties ranging from $10,000 to $100,000.

§5.6 Texas Public Information Act

The Texas Public Information Act (TPIA), Texas Government Code Chapter 552, formerly the Texas Open Records Act, applies to recipients of public funds such as programs administered by the Department. It is the policy of the State that each person is entitled at all times to complete information about the affairs of government and the official acts of public officials and employees unless otherwise expressly provided by law.

§5.7 Fidelity Bond Requirements

(a) Fidelity Bond Requirements. The Department is required to assure that fiscal control and accounting procedures for federally funded entities will be established to assure the proper disbursal and accounting for the federal funds paid to the State (A-110 “Administrative Requirements for Grants to Non-Profits”. In compliance with that assurance the Department requires program subrecipients to maintain adequate fidelity bond coverage. A fidelity bond is a bond indemnifying the subrecipient against losses resulting from the fraud or lack of integrity, honesty or fidelity of one or more of its employees, officers, or other persons holding a position of trust.

(1) In administering program contracts, subrecipients shall observe their regular requirements and practices with respect to bonding and insurance. In addition, the Department may impose bonding and insurance requirements by contract.

(2) If a subrecipient is a non-governmental organization, the Department requires an adequate fidelity bond. If the amount of the fidelity bond is not prescribed in the contract, the fidelity bond must be for a minimum of $10,000 or an amount equal to the contract if less than $10,000. The bond must be obtained from a company holding a certificate of authority to issue such bonds in the State of Texas.

(3) The fidelity bond coverage must include all persons authorized to sign or counter-sign checks or to disburse sizable amounts of cash. Persons who handle only petty cash (amounts of less than $250) need not be bonded, nor is it necessary to bond officials who are authorized to sign payment vouchers, but are not authorized to sign or counter-sign checks or to disburse cash.

(4) The Department must receive written assurance from the subrecipient that the required fidelity bond has been established. The assurance letter must be received from the bonding company or agency stating the type of bond, the amount and period of coverage, the positions covered, and the annual cost of the bond. Compliance must be continuously maintained thereafter. A copy of the actual

policy shall remain on file with the subrecipient and shall be subject to monitoring by the Department.

(5) Subrecipients are responsible for filing claims against the fidelity bond when a covered loss is discovered. The Department may take any one or more of the following actions for noncompliance.

(A) Deny subrecipient's requests for advances and place the subrecipient on a cost reimbursement plan until written assurance of compliance is received by the Department.

(B) Withhold subrecipient payments (either reimbursement or advance) until written assurance of compliance is received by the Department.

(C) Suspend performance of the contract until written assurance of compliance is received by the Department.

(D) Contract termination.

§5.8 Inventory Report

(a) The Department requires the submission of an inventory report on an annual basis to be submitted to the Department, no later than sixty (60) days after the original end date of the contract.

(b) Vehicles, tools, and equipment purchased with funds under a contract with the Department, must be inventoried and reported to the Department during the contract period.

(c) The inventory report is cumulative and is used for vehicles, tools, and equipment with a useful life of one year of more and a unit acquisition cost of greater than $5,000 for CSBG, CEAP, WAP and greater than $500 for ESGP. Property must be inventoried and reported on the Cumulative Inventory Report form. The form and instructions are found on the Department's website.

§5.9 Travel

The Governing Board of each subrecipient must adopt and submit to the Department approved travel policies that adhere to OMB Circulars A-87, A-110, A-122, for cost allowability. The subrecipient must follow either the federal travel regulations or State of Texas Travel Rules and Regulations found on the State of Comptrollers website at www.cpa.state.tx.us. If the travel policy and procedures are revised they must be submitted to the Department.

§5.10 Procurement Standards

(a) Procurement procedures must meet minimum guidelines, according to OMB Circulars A-87, A-102, A-110, A-122 (as applicable), the Uniform Grant Management Common Rule, Texas Government Code Chapter 783, and 10 CFR Part 600 (Financial Assistance Rule).

(b) All subrecipients including non-profits must comply with all of the referenced statutes and regulations listed in subsection (a) of this section. In case of any conflict between the OMB Circulars or federal laws and state laws involving federal funds, the federal law or OMB Circulars will prevail. ~~In case of any conflict between the OMB Circulars and State laws involving Federal funds, the OMB Circulars will prevail.~~

(c) Additional Department requirements are as follows:

(1) Small purchase procedures:

(A) This procedure may be used only on those services, supplies, or equipment costing in the aggregate of $25,000 or less. For ESGP, the threshold is $500 and more per unit.

(B) Subrecipient must establish a clear, accurate description of the specifications for the technical requirements of the material, equipment, or services to be procured.

(C) Subrecipient must obtain a written price or documented rate quotation from an adequate number of qualified sources. An adequate number is, at a minimum, three different sources.

(2) Sealed bids:

(A) Subrecipient must formally advertise, for a minimum of three days, in newspapers or through notices posted in public buildings throughout the service area. Advertising beyond the subrecipient’s service area is allowable and recommended by the Department. The advertisement should include, at a minimum, a response time of fourteen days prior to the closing date of the bid request. Cities and counties must comply with the statutorily imposed publication requirements in addition to those requirements stated herein.

(B) When advertising for material or labor services, subrecipient shall indicate a period for which the materials or services are sought (e.g. for a one-year contract with an option to renew for an additional four years). This advertised time period shall determine the length of time which may elapse before re-advertising for material or labor services, except that advertising for labor services must occur at least every five years.

(3) Competitive proposals:

(A) The Request for Proposal (RFP) must be publicized. The preferred method of advertising is the local service area newspapers. This advertisement should, at a minimum, allow fourteen days before the RFP is due. The due date must be stated in the advertisement.

(B) The time period for services shall be one year, plus four additional years at a maximum.

(4) Non-competitive proposals:

(A) The service, supply, or equipment is available only from a single source.

(B) A public emergency exists preventing the time required for competitive solicitation.

(C) After solicitation of a number of sources, competition is determined inadequate.

(5) Required contract provisions shall include the following contract provisions or conditions in procurement contracts or subcontracts:

(A) Contracts in excess of $25,000 shall include contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances where subcontractors violate or breach the contract terms, and provide for such remedial actions as may be appropriate.

(B) All contracts in excess of $25,000 shall include suitable provisions for termination by the recipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the subrecipient.

(C) Contracts shall include a provision with regard to independent subcontractor status to hold harmless and indemnify subrecipient from and against any and all claims, demands and course of action asserted by any third party arising out of or in connection with the services to be performed under contract.

(D) Contracts shall include a provision regarding conflict of interest. Subrcipient’s employees, officers, and/or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from subcontractors, or potential subcontractors.

(E) Contracts shall include a provision to prevent fraud and abuse.

(1) Subrecipient shall establish, maintain, and utilize internal control systems and procedures sufficient to prevent, detect, and correct incidents of waste, fraud, and abuse in all Department funded programs and to provide for the proper and effective management of all program and fiscal activities funded by this contract. Subrecipient's internal control systems and all transactions and other significant events must be clearly documented and the documentation made readily available for review by Department.

(2) Subrecipient shall give Department complete access to all of its records, employees, and agents for the purpose of monitoring or investigating the program. Subrecipient shall fully cooperate with Department's efforts to detect, investigate, and prevent waste, fraud, and abuse. Subrecipient shall immediately notify the Department of any identified instances of waste, fraud, or abuse.

(3) Department will notify the funding source upon identification of possible instances of waste, fraud, and abuse or other serious deficiencies.

(4) Subrecipient may not discriminate against any employee or other person who reports a violation of the terms of this contract or of any law or regulation to Department or to any appropriate law enforcement authority, if the report is made in good faith.

(F) Contracts shall include a provision to the effect that any alterations, additions, or deletions to the terms of the contract which are required by changes in federal law and regulations or state statute are automatically incorporated into the contract without written and administrative code amendment hereto, and shall become effective on the date designated by such law and or regulation; and any alterations, additions, or deletions to the terms of the contract shall be amended hereto in writing and executed by both parties to the contract.

(G) Contracts shall include the following provision assuring legal authority to sign the contract.

(1) Subcontractor represents that it possesses the practical ability and the legal authority to enter into the contract, receive and manage the funds authorized by the contract, and to perform the

services the subcontractor has obligated itself to perform under the contract.

(2) The person signing the contract on behalf of the subcontractor warrants that he/she has been authorized by the subcontractor to execute the contract on behalf of the subcontractor and to bind the subcontractor to all terms set forth in the contract.

(3) Department shall have the right to suspend or terminate the contract if there is a dispute as the legal authority of either the subcontractor or the person signing the contract to enter into the contract or to render performances thereunder. Should such suspension or termination occur the subcontractor is liable to the subrecipient for any money it has received for performance of provisions of the contract.

§5.11 Procurement/Cooperative Purchasing Program

The State of Texas conducts procurement for many materials, goods, and appliances. The State of Texas procurement process complies with the required procurement provisions. For more detail about how to purchase from the State contract, please contact: Texas Building and Procurement Commission, Attn: Cooperative Purchasing Program, 1711 San Jacinto, Austin, Texas 78701 or P.O. Box 13047, Austin, Texas 78711-3047, (512) 463-3368, e-mail address: http:/www.tbpc.state.tx.us. If subrecipients choose to use Cooperative Purchasing Program, they will need documentation of annual fee payment.

§5.12 Equipment Purchases

Equipment purchases with an acquisition cost of $5,000 or greater per unit for CSBG, CEAP, and WAP and $500 or greater for ESGP require prior approval from the TDHCA Community Affairs Division before the purchase can take place.

§5.13 Bonding Requirements

(a) The following requirements relate only to construction or facility improvements.

(1) For contracts exceeding $100,000 the Department may accept the bonding policy and requirements of the subrecipient, provided the Department has made a written finding that the Department is adequately protected.

(2) For contracts in excess of $100,000, and for which the subrecipient cannot make a determination that the Department's interest is adequately protected, a “bid guarantee” from each bidder equivalent to five percent of the bid price shall be requested. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as

assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified. A bid bond in the form of all of the following may represent a "bid guarantee".

(A) A performance bond on the part of the subrecipient for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract, to secure fulfillment of all of the subcontractor's obligations under such contract.

(B) A payment bond on the part of the subcontractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by statute of all persons supplying labor and material in the execution of the work provided for in the contract.

(C) Where bonds are required, in the situations described herein, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR Part 223, "Surety Companies Doing Business with the United States."

(b) Cities and counties must comply with the bond requirements of Texas Civil Statutes, Articles 2252 and 5160, and Local Government Code Sections 252.044 and 262.032, as applicable.

§5.14 Subrecipient Contract

(a) Upon Board approval, the Department's Executive Director and subrecipients shall enter into and execute an agreement for the receipt of funds. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to the contract.

(b) Within 60 days following the conclusion of a contract issued by the Department, the subrecipient shall provide a full accounting of funds expended under the terms of the contract.

(c) Failure of a subrecipient to provide an accounting of funds expended under the terms of the contract may be sufficient reason for the Department to deny any future contract to the subrecipient.

§5.15 Federal Funding Accountability and Transparency Act (FFATA)

All entities receiving funds of $25,000 or more must be registered in the federal Central Contractor registration (CCR) and have a current Data Universal Numbering System (DUNS) number.

§5.16 Monitoring of Subrecipients

(a) The Department's Community Affairs Division (CAD) is responsible for ensuring that the Community Services Block Grant (CSBG), Comprehensive Energy Assistance Program (CEAP), Weatherization Assistance Program (WAP), and Emergency Shelter Grant Program (ESGP) program activities are completed and that the funds are expended in accordance with the contract provisions and applicable State and Federal rules, regulations, policies, and related statutes. In order to ensure such, the Department will conduct monitoring reviews of the subrecipients to evaluate the effectiveness of subrecipient's performance and program compliance through on-site and desk monitoring as described in §5.15 of this chapter (relating to Federal Funding Accountability and Transparency Act (FFATA)) following the requirements of §678B of PL 105-285 Subtitle B, §2605(B)(10) of PL 97-35, as amended, CFR 10 §440.23(d), and CFR 24 §576.61 and §576.57(f) and (g), respectively.

(1) CAD employs a subrecipient monitoring procedure that is based upon an assessment of associated risks. The factors may include but are not limited to the status of the most recent monitoring report, timeliness of grant reporting, results of the last on-site monitoring review, number and funding amount of Department funded contracts, final expenditure rate, and single audit status or other factors. Ranking of subrecipients will determine whether an on-site review or a desk review is completed unless Department management determines an on-site review is needed. ~~CAD may conduct unannounced on-site monitoring reviews of subrecipients identified as high risk, if deficiencies identified from prior monitoring activities persist or remain unresolved for an unreasonable period of time. In the event of reports of fraud and abuse or other extenuating circumstances the Department may make an unannounced on-site monitoring review.~~

(2) CAD may conduct unannounced on-site monitoring reviews of subrecipients identified as ~~high~~ at risk for contract termination, if deficiencies identified from prior monitoring activities persist or remain unresolved for an unreasonable period of time. In the event of reports of fraud and abuse or other extenuating circumstances the Department may make an unannounced on-site monitoring review.

~~(a)The Department's Community Affairs Division (CAD) is responsible for ensuring that the Community Services Block Grant (CSBG), Comprehensive Energy Assistance Program (CEAP), Weatherization Assistance Program (WAP), and Emergency Shelter Grant Program (ESGP) program activities are completed and that the funds are expended in accordance with the contract provisions and applicable State and Federal rules, regulations, policies, and related statutes. In order to ensure such, the Department will conduct monitoring reviews of the subrecipients following the requirements of Section 678B of PL 105-285 Subtitle B, Section 2605 (B)(10) of PL 97-35, as amended, Section 440.23 (d) of CFR 10, and Sections 576.61 and 576.57 (f) and (g) of CFR 24, respectively.~~

~~(1)CAD employs a subrecipient monitoring procedure that is based upon an assessment of associated risks. The factors may include but are not limited to the status of the most recent monitoring report, timeliness of grant reporting, results of the last on-site monitoring review, number and funding amount of Department funded contracts, final expenditure rate, and single audit status or other factors. Ranking of subrecipients will determine whether an on-site review or a desk review is completed unless Department management determines an on-site review is needed. CAD may conduct unannounced on-site monitoring reviews of subrecipients identified as high risk, if deficiencies identified from prior monitoring activities persist or remain unresolved for an unreasonable period of time. In the event of reports of fraud and abuse or other extenuating circumstances the Department may make an unannounced on-site monitoring review.~~

~~(2)~~(3)Follow-up reviews may be performed to ensure implementation of corrective action of subrecipients that failed to meet the goals, standards, and requirements established by the Department.

(4) (4) Technical assistance and training may be provided to the subrecipient to address program deficiencies.

(5)A monitoring instrument is used to perform monitoring reviews. Support documentation is retained by the Department to verify: the achievement of performance goals; conduct of eligible activities; compliance with other contractual regulatory provisions and financial accountability. Monitoring reviews of subrecipients also include reviewing annual financial reports and any related management letters and financial documents.

~~(4)~~(6)Following the onsite monitoring review, a monitoring report is prepared and submitted to the Subrecipients outlining any administrative, program, and financial deficiencies. The monitoring report also includes notes, recommend improvements, corrective actions or a corrective action plan.

(A) Finding – the written description of a deficient condition which is significantly substandard according to the monitoring standards. Findings may also be deficiencies found with regard to compliance with program rules, required cost principles, federal, state and/or local laws, and generally accepted accounting procedures or Generally Accepted Accounting Principles. In general, findings require corrective action to create an acceptable level of risk for disbursement of funds. The description of a finding might include the cause and effect of the deficient condition.

(B) Recommended Improvement- a necessary improvement to program, operational, financial or administrative practices that may or may not be related to a substandard condition but through its application will lower risk factors and bring the affected area into a relatively improved condition. A recommended improvement will be made if a condition might lead to a finding but is itself not significant or sustained in nature. Recommended Improvements will be made to improve a weakness but not to request corrective actions.

(C) Note – an explanatory tool to further describe and clarify findings or recommended improvements. A note may also be used to include additional information related to the monitoring review but not related to a finding or recommended improvement.

(7~~5~~) Subrecipients are required to have at a minimum the following documents available, and any other requested documents, for the monitoring review.

(A) Roster of staff (name, title, salary and status) – all Community Affairs programs
(B) Current agency organization chart;
(C) List of Board of Directors to include: names, addresses and telephone numbers, tenure on the board, section represented by the board member, list of committees – CSBG & ESGP;
(D) Board election/selection materials - CSBG;
(E) Board minutes (previous six meetings) and attendance roster – CSBG & ESGP;
(F) List of neighborhood centers with names of staff – CSBG & CEAP;
(G) Personnel Policies;
(H) Bylaws – CSBG & ESGP;
(I) Travel policies and records;
(J) Chart of accounts;
(K) Accounting records (journals/ledgers) and support documentation;
(L) Amount of Cash on Hand (at time of monitoring);
(M) Bank reconciliation records;
(N) Agency’s proof of fidelity bond coverage;
(O) Documentation of match requirements – ESGP;
(P) Closeout data for prior program year – CEAP & WAP;
(Q) Access to client files and documentation of performance – All Community Affairs programs;
(R) Declaration of Income Statement (DIS) Policy/Procedure – All Community Affairs programs;
(S) Appeals Procedures – CEAP& WAP;
(T) Subcontract agreements with appropriate procurement packages (if applicable) – All Community Affairs programs;
(U) Procurement policy;
(V) Documentation of current contract inventory – All Community Affairs programs;
(W) Documentation of coordination with other local programs (including contact person and phone numbers) - CSBG;
(X) Copies of most recent monitoring reports and/or performance reviews of all programs administered by the organization;
(Y) Single Audit - Organizations that spends more than $500,000 in

federal funds during its fiscal year must have a single audit conducted for that year (A-133 Subpart B.200). Organizations that do not exceed the $500,000 federal fund expenditure threshold are exempt from the single audit requirements. If an organization is not required to have a single audit performed, the organization must provide the end-of-the-year financial statements (balance sheet, income statement, and statement of cash flow).

(Z) If applicable, documentation of the most recent Head Start Onsite Monitoring Document review, including results, responses, and current status - CSBG.

(b) Subrecipients are responsible for submitting their Single Audit Report within 30 days of completion of their audit and no later than nine (9) months after the end of the audit period (fiscal year end) to the Department's Portfolio Management and Compliance Division as well as to the CA Division. Refer to 31 U.S.C. 7502.

(c) Monitoring reviews of subrecipients will include a review of the subrecipients annual financial reports and any related management letters and financial documents.

~~(d) If a Subrecipient fails to comply with the requirements, rules, and regulations of the CSBG, CEAP, WAP, or ESGP programs, and in the event monitoring or other reliable sources reveal material deficiencies in performance, or if the subrecipient fails to correct any deficiency within the time allowed by Federal or State law, the Department will apply one or more of the following sanctions:~~

~~Sanctions:~~

~~(1) Deny the subrecipient's requests for advances and place it on a cost reimbursement method of payment until proof of compliance with the rules and regulations are received by the Department;~~

~~(2) Withhold all payments from the subrecipient (both reimbursements and advances) until proof of compliance with the rules and regulations are received by the Department;~~

~~(3) Suspend performance of the contract until proof of compliance with the rules and regulations are received by the Department;~~

~~(4) Elect not to provide future grant funds to the subrecipient until appropriate actions are taken to ensure compliance; or~~

~~(5) Terminate the contract.~~

§5.17 Sanctions and Contract Close Out~~Corrective Action and Contract Termination~~

(a) Subrecipients that have entered into contract with the Department to administer programs are required to follow state and federal laws and regulations and rules governing these programs.

(b) Except as expressly modified by law or the terms of a subrecipient's contract, the subrecipient shall comply with the cost principles and uniform administrative requirements set forth in the Uniform Grant and Contract Management Standards (UGMS), 1 T.A.C. §5.141 et. seq.

(c) If a subrecipient fails to comply with the requirements, rules, and regulations of the CSBG, CEAP, WAP, or ESGP programs, and in the event monitoring or other reliable sources reveal material deficiencies in performance, or if the subrecipient fails to correct any deficiency within the time allowed by federal or state law, the Department will apply one or more of the following sanctions:

(1) Deny the subrecipient's requests for advances and place it on a cost reimbursement method of payment until proof of compliance with the rules and regulations are received by the Department;

(2) Withhold all payments from the subrecipient (both reimbursements and advances) until proof of compliance with the rules and regulations are received by the Department, reduce the allocation of funds (with the exception of Community Services Block Grant (CSBG) funds to eligible entities) or impose sanctions as deemed appropriate by the Department Executive Director, at any time, if the Department identifies possible instances of fraud, abuse, fiscal mismanagement, or other serious deficiencies in the subrecipients' performance;

(3) Suspend performance of the contract or reduce funds until proof of compliance with the rules and regulations are received by the Department or a decision is made by the Department to initiate proceedings for contract termination;

(4) Elect not to provide future grant funds to the subrecipient until appropriate actions are taken to ensure compliance; or,

(5) Terminate the contract. Adhering to the requirements governing each specific program administered by the Department, as needed, the Department may determine to proceed with the termination of a contract, in whole or in part, at any time the Department establishes there is good cause for termination. Such cause may include, but is not limited to, fraud, abuse, fiscal mismanagement, or other serious deficiencies in the subrecipient's performance. For CSBG contract termination procedures, please refer to §5.206 of this chapter (relating to Termination and Reduction of Funding).

~~(c) Adhering to the requirements governing each specific program administered by the Department, as needed, the Department may determine to proceed with the termination of a contract, in whole or in part, at any time the Department establishes there is good cause for termination.~~

~~(d) Corrective Action~~

~~(1) The CAD will monitor and evaluate the effectiveness of subrecipient's performance and program compliance through on-site and desk monitoring as described in Subchapter 5.015 of this Chapter;~~

~~(2) To ensure subrecipients have systems in place and comply with program requirements and regulations, the Department will issue a written monitoring report to document deficiencies and recommend or require corrective action; and~~

~~(3) Follow-up visits may be conducted to review and assess the efforts the subrecipient has made to correct previously noted deficiencies. Technical assistance and training may be provided to the subrecipient to address program deficiencies.~~

~~(e) Following §5.016 of this Chapter, the Department may impose a cost reimbursement method of payment.~~

~~(1) The Department may withhold payment, reduce the allocation of funds (with the exception of CSBG funds to eligible entities) or impose sanctions as deemed appropriate by the TDHCA Executive Director, at any time, if the Department identifies possible instances of fraud, abuse, fiscal mismanagement, or other serious deficiencies in the subrecipients' performance.~~

~~(2) Suspension or reduction of funds shall be a temporary measure pending either corrective action by the subrecipient or a decision by the Department to initiate proceedings for contract termination.~~

~~(f) Contract Termination. The Department may determine to proceed with the termination of a contract, in whole or in part, at any time the Department establishes there is good cause for termination. Such cause may include, but is not limited to, fraud, abuse, fiscal mismanagement, or other serious deficiencies in the subrecipient's performance. For CSBG contract termination procedures please refer to §5.206 of this Chapter.~~

(d~~g~~) Contract Close-out
When the Department moves to terminate a contract, the following procedures will be implemented.

(1) The Department will issue a termination letter to the subrecipient no less than 30 days prior to terminating the contract. The Department may determine to

take one of the following actions: suspend funds immediately; establish a cost reimbursement plan for closeout proceedings; or provide instructions to the subrecipient to prepare a proposed budget and written plan of action that supports the closeout of the contract. The plan must identify the name and current job titles of staff that will perform the close-out and an estimated dollar amount to be incurred. The Department will respond within ten (10) working days from receipt of the plan.

(2) If the Department determines that cost reimbursement is an appropriate method of providing funds to accomplish closeout, the subrecipient will submit backup documentation for all current expenditures associated with the closeout. The required documentation will include, but not be limited to, the chart of accounts, detailed general ledger, revenue and expenditure statements, time sheets, payment vouchers and/or receipts, and bank reconciliations.

(3) No later than 30 days after the contract is terminated, the Subrecipient~~Department~~ will take a physical inventory of client files, including case management files, and will submit to the Department an inventory of equipment with a unit acquisition cost of $5,000 or greater for CEAP, WAP and CSBG or a unit acquisition cost of $500 or greater for ESGP.

(4) The terminated subrecipient will have 30 days from the date of the physical inventory to copy all current client files. Client files must be boxed by county of origin. Current and active case management files also must be copied, inventoried, and boxed by county of origin.

(5) Within 30 days following the subrecipient's due date for copying and boxing client files, Department staff will retrieve copied client files.

(6) The terminated subrecipient will prepare and submit no later than sixty (60) days from the date the contract is terminated, a final Report (TDHCA Form 85) containing a full accounting of all funds expended under the contract.

(7) A final Monthly Financial Funding Programmatic Report for all remaining expenditures incurred during the close-out period must be received by the Department no later than 60 days from the date the Department determines that the closeout of the program and the period of transition are complete.

(8) The subrecipient will submit to the Department no later than sixty (60) days after the termination of the contract, an inventory (TDHCA Form 27) of the non-expendable personal property (as defined in Attachment N of the Uniform Grant Management Standards) acquired in whole or in part with funds received under the contract.

(9) The Department will transfer title to equipment having a unit acquisition cost (the net invoice unit price of an item of equipment) of:

(A) $5,000 or greater for CEAP, WAP and CSBG or
(B) $500 or greater for ESGP

to the Department or to any other entity receiving funds under the program in question. The Department will make arrangements to remove equipment covered by (A) or (B) within ninety (90) days following termination of the contract.

(10) Upon selection of a new service provider, the Department will transfer to the new provider client files and, as appropriate, equipment.

(11) As required by OMB Circular A-133, a current year Single Audit must be performed for all agencies that have exceeded the federal expenditure threshold of $500,000. The Department will allow a proportionate share of program funds to pay for accrued audit costs, when an audit is required, for a Single Audit that covers the date up to the closeout of the contract. The terminated subrecipient must have a binding contract with a CPA firm on or before the termination date of the contract. The actual costs of the Single Audit and accrued audit costs including support documentation must be submitted to the Department no later than 60 days from the date the Department determines the close-out is complete.

(12) Subrecipients shall submit within 60 days after the date of the close-out process all financial, performance, and other applicable reports to the Department. The Department may approve extensions when requested by the subrecipient. However, unless the Department authorizes an extension, the subrecipient must abide by the 60 day contractual requirement of submitting all referenced reports and documentation to the Department.

§5.18 Information Technology Security Practices

(a) Subrecipients are encouraged to follow the Information Technology Security Practices and Guidelines to help protect and control financial and performance data associated with the TDHCA programs.

(b) Information Technology Security Practices and Guidelines may be obtained by accessing the TDHCA Web site at www.tdhca.state.tx.us .

§5.19 Client Income Guidelines

(a) The Department has defined eligibility for program assistance under the poverty income guidelines provided annually by the Secretary of the U.S. Department of Health and Human Services.

(b) The Department will use the following list of included and excluded income to determine eligibility for all programs.

(1) Included Income.

(A) Temporary Assistance for Needy Families (TANF),
(B) Money, wages and salaries before any deductions;
(C) Net receipts from non-farm or farm self-employment (receipts from a person’s own business or from an owned or rented farm after deductions for business or farm expenses),
(D) Regular payments from social security,
(E) Railroad retirement,
(F) Unemployment compensation,
(G) Strike benefits from union funds,
(H) Worker’s compensation,

(I) Training stipends,
(J) Alimony,
(K) Military family allotments,
(L) Private pensions,
(M) Government employee pensions (including military retirement pay),
(N) Regular insurance or annuity payments; and
(O) Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts; and net gambling or lottery winnings.

(2) Excluded Income.

(A) Social Security Disability Insurance (SSDI) payments,
(B) Supplemental Security Income (SSI) payments,
(C) Capital gains; any assets drawn down as withdrawals from a bank,
(D) The sale of property, a house, or a car,
(E) One-time payments from a welfare agency to a family or person who is in temporary financial difficulty,
(F) Tax refunds, gifts, loans, and lump-sum inheritances,
(G) One-time insurance payments, or compensation for injury,
(H) Non-cash benefits, such as the employer-paid or union-paid portion of health insurance or other employee fringe benefits,
(I) Food or housing received in lieu of wages,
(J) The value of food and fuel produced and consumed on farms,
(K) The imputed value of rent from owner-occupied non-farm or farm housing,
(L) Federal non-cash benefit programs as Medicare, Medicaid, Food Stamps, and school lunches,
(M) Housing assistance and combat zone pay to the military,
(N) Veterans (VA) Disability Payments,
(O) College scholarships, Pell and other grant sources, assistantships, fellowships and work study, VA Education Benefits (GI Bill), and
(P) Child Support Payments.

§5.20 Determining Income Eligibility

(a) The U.S. Department of Health and Human Services (USDHHS) annually provides poverty income guidelines for use in determining client eligibility. Community Affairs Division programs are required to follow these guidelines.

(b) The subrecipients shall establish the client eligibility level at 125% of the federal poverty level in effect at the time the client makes an application for services.

(c) To determine income eligibility for program services, subrecipients must base annualized eligibility determinations on household income from 30 days prior to the date of application for assistance. Each subrecipient must maintain documentation of income from all sources for all household members for the entire 30 day period prior to the date of application and multiply the monthly amount by twelve (12) to annualize income. Income documentation must be collected from all income sources for all household members 18 years and older for the entire 30 day period.

(d) If proof of income is unavailable, the applicant must complete and sign a Department approved Declaration of Income Statement.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 5. COMMUNITY AFFAIRS PROGRAMS
SUBCHAPTER B. COMMUNITY SERVICES BLOCK GRANT (CSBG)
10 TAC §5.201 - §5.217

§5.201 Background

(a) In addition to the following rules for the Community Services Block Grant (CSBG) program, the rules established in Subchapter A of this Chapter also apply to the Community Services Block Grant (CSBG) program. The Community Services Block Grant (CSBG) Act was amended by the "Community Services Block Grant Amendments of 1994" and the Coats Human Services Reauthorization Act of 1998. The Secretary is authorized to establish a community services block grant program and make grants available through the program to States to ameliorate the causes of poverty in communities within the States.

(b) The Texas Legislature designated the Department as the lead agency for the administration of the Community Services Block Grant Program pursuant to Texas Government Code, §2306.092. CSBG funds will be made available to eligible entities to carry out the purposes of the Community Services Block Grant Program.

§5.202 Purpose and Goals

Community Services Block Grant (CSBG) funds provide assistance to States and local communities, working through a network of Community Action Agencies and other neighborhood-based organizations for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient (particularly families who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act.)

§5.203 Distribution of CSBG Funds

(a) The CSBG Act requires that no less than 90% of the state's allocation be allocated to Eligible Entities. The Department currently utilizes a multi-factor fund distribution formula to equitably provide CSBG funds throughout the State's 254 counties to the CSBG Eligible Entities. The formula incorporates the most current decennial ~~2000~~ U.S. Census figures at 125% of poverty; a $50,000 base; a $150,000 floor (the minimum funding level); a 98% weighted factor for poverty population; and, a 2% weighted factor for the inverse ratio of population density.

(1) Each Eligible Entity receives a base amount of $50,000;
(2) The weighted factors of poverty population and population density are applied to the funds remaining after the base award funds have been distributed to each Eligible Entity;
(3) The Department then determines if any Eligible Entity is below the $150,000 floor after the base amount and weighted factors (poverty population and population density) have been applied, then the minimum floor amount is reserved for those entities below $150,000.
(4) The remaining funds are distributed to the remaining eligible entities. As was done with the initial run of the formula, each of the remaining eligible entities receives the base amount of $50,000 and then the weighted factors (poverty population and population density) are applied to determine the allocation amounts for eligible entities funded above the $150,000.

(b) Five percent (5%) of the Department's annual allocation of CSBG funds and any funds not spent as identified in the following subsection (c) of this section, may be expended for activities as per 42 USC §9907 (b)(A-H) and activities that may include:

(1) the provision of training and technical assistance to CSBG eligible entities;
(2) services to low-income Migrant Seasonal Farm worker and Native American populations;
(3) assisting CSBG eligible entities in responding to natural or man-made disasters;
(4) funding for innovative and demonstration projects that assist CSBG target population groups to overcome at least one of the barriers to attaining self-sufficiency; and

(5) other projects/initiatives, including state conference expenses. The Department may provide monetary awards to subrecipients for outstanding performance. To ensure consistent and comparable results, the process for monetary awards to CSBG subrecipients will be standardized.

(c) Up to five percent (5%) of the Department's annual allocation of CSBG funds will be used for administrative purposes consistent with state and federal law.

§5.204 Use of Funds

(a) CSBG funds distributed to eligible entities for a fiscal year may be available for obligation during that fiscal year and the succeeding fiscal year. Eligible entities may use the funds for administrative support and/or for direct services such as: education, employment, housing, health care, nutrition, transportation, linkages with other service providers, youth programs, emergency services i.e., utilities, rent, mortgage, food, shelter, clothing etc. For additional requirements reference 42 USC 9908 (b)(A)(i-vii) and OMB Circulars A-122 and A-87.

(b) Utility and rent deposit refunds from vendors must be reimbursed to the subrecipient and not the client. Funds should be treated as program income.

§5.205 Limitations on Use of Funds

Construction of Facilities. CSBG funds may not be used for the purchase, construction or improvement of land, or facilities as described in (42 USC 9918)(a)).

§5.206 Termination and Reduction of Funding

(a) If the Department determines, on the basis of a final decision in a review pursuant to the CSBG Act, that an eligible entity fails to comply with the terms of an agreement or the State plan, to provide services under the CSBG Act or to meet appropriate standards, goals, and other requirements established by the Department (including performance objectives), the Department shall –

(1) inform the entity of the deficiency to be corrected;
(2) require the entity to correct the deficiency;
(3) offer training and technical assistance, if appropriate, to help correct the deficiency, and, as appropriate, prepare and submit to the Secretary a report describing the training and technical assistance offered; or if the Department determines that such training and technical assistance are not appropriate, prepare and submit to the Secretary a report stating the reasons for the determination and the reasons for proceeding with termination proceedings.
(4) At the discretion of the Department (taking into account the seriousness of the deficiency and the time reasonably required to correct the deficiency), the Department shall allow the entity to develop and implement, within 60 days after being informed of the deficiency, a Quality Improvement Plan (QIP) to correct

such deficiency within a reasonable period of time, as determined by the Department. No later than 30 days after receiving from an Eligible Entity a proposed QIP, the Department shall either approve such proposed plan or specify the reasons why the proposed plan cannot be approved.

(5) If the Department does not accept the QIP, the Department, after providing adequate notice of impending termination proceedings and an opportunity for a hearing, may initiate proceedings to terminate or reduce the funding of a subrecipient.

(6) If the Department has implemented sanctions against a subrecipient and the subrecipient has failed to comply with the QIP or a corrective action plan, the Department may request of the subrecipient's Board of Directors the voluntary relinquishment of the CSBG program and their designation as a CSBG Eligible Entity. If the subrecipient accepts to voluntarily relinquish the CSBG program, the Department will commence contract termination proceedings. If the subrecipient rejects voluntarily relinquishment of the CSBG program or the Department does not accept the subrecipient's QIP, the Department will initiate procedures for a hearing.

(A) Pursuant to the CSBG Act, the Department will provide notice and an opportunity for a hearing.

(B) The Department will select an impartial official or Administrative Law Judge (ALJ) to oversee the proceedings of the hearing. The Department will coordinate establishing a date, time and hearing location with the impartial official or ALJ and will provide adequate notice to the subrecipient.

(C) ~~Upon receiving a favorable ruling from the ALJ, ~~P~~p~~ursuant to Section 9915, the Department will prepare correspondence to the U.S. Secretary of Health and Human Services (HHS) requesting the termination of the subrecipient as a CSBG Eligible Entity. Upon receiving a favorable ruling from HHS, the Department will initiate proceedings to terminate and close-out the contract.

(b) Any right or remedy given to the Department by the Rule does not preclude the existence of any other right or remedy, nor shall any action or lack of action by the Department in the exercise of any right or remedy be deemed a waiver of any other right or remedy.

§5.207 Subrecipient Performance.

(a) Budgets. CSBG eligible entities and any other funded organizations shall submit a budget to facilitate the contract execution process. A Certification of Board Approval of CSBG Budget form issued by the Department must also be submitted with planned budgets.

(b) Unexpended Funds. The Department reserves the right to deobligate funds.

(1) The U.S. Department of Health and Human Services Administration for Children and Families issues Terms and Conditions for receipt of funds under the Community Services Block Grant. Subrecipients of CSBG funds will comply with the requirements of the Terms and Conditions of the CSBG award. Services must be provided on or before September 30th of the subsequent year and must be fully expended.

(2) The Coats Human Services Reauthorization Act of 1998, allows states to recapture unexpended CSBG funds in excess of 20% of the CSBG funds obligated to an Eligible Entity. This may be superseded by Congressional action in the appropriation process or by the Terms and Conditions issued by U.S. Department of Health and Human Services in the CSBG award letter.

§5.208 Designation and Re-designation of Eligible Entities in Unserved Areas

If any geographic area of the State ceases to be served by an Eligible Entity, the requirements of 42 USC §9909 will be followed.

§5.209 State Application and Plan

(a) The Department submits to the Secretary every two years a State plan and a CSBG application. The Department holds public hearings in different areas of the state to solicit public comment on the intended use of CSBG funds. The Department will provide notice of the public hearings regarding the State Plan no later than the 15th day before the date of the hearing and publish the Draft State Plan on the Department's web site at least 10 days before the first public hearing.

(b) Every two (2) years in conjunction with the development of the State plan, the Department submits the CSBG budget to the Texas State Legislature for review during the legislative hearings, as part of the Legislative Appropriations Request (LAR) process.

§5.210 CSBG Needs Assessment and Community Action Plan

(a) In accordance with the CSBG Act and Section 676 of the Act, the Department is required to secure a Community Action Plan on an annual basis from each CSBG Eligible Entity due on October 31st.

(b) Every five years, the CSBG Community Action Plan will include a community needs assessment from every CSBG Eligible Entity.

(c) The Community Action Plan shall at a minimum include a description of the delivery of services for the case management system and in accordance with the National Performance Indicators.

(d) Intake Form. To fulfill the requirements of 42 USC 9917, CSBG subrecipients must complete an intake form which includes the demographic and household characteristic data required for the monthly performance and expenditure report, referenced in Subchapter A of this Chapter, for all households receiving a community action service. A new CSBG intake form or a centralized intake form must be completed on an annual basis to coincide with the CSBG program year of January 1st through December 31st.

(e) Case Management.

(1) In keeping with the regulations issued under Title II, Section 676 (b) State Application and Plan, the Department requires CSBG subrecipients to incorporate integrated case management systems in the administration of their CSBG program (Title II, Section 676 (b)). Incorporating case management in the service delivery system and providing assistance that has a long-term impact on the client, such as enabling the client to move from poverty to self-sufficiency, to maintain stable families, and to revitalize the community, supports the requirements of Section 676 (b). An integrated case management system, improves the overall provision of assistance and improves each subrecipient's ability to transition persons from poverty to self-sufficiency.
(2) Subrecipients must have in operation a case management program that has the following components:

(A) Intake Form.
(B) Pre-assessment to determine service needs, to determine the need for case management, and to determine which individuals/families to consider enrolling in case management program;
(C) Integrated assessment of individual/family service needs of those accepted into case management program;
(D) Development of case management service plan to meet goals and become self-sufficient;
(E) Provision of services and coordination of services to meet needs and achieve self-sufficiency;
(F) Monitoring and follow-up of participant's progress;
(G) Case closure, once individual has become self-sufficient;
(H) Evaluation process to determine effectiveness of case management system.

(f) Organizations receiving state discretionary funds under §5.203 (b) of this subchapter are not required to submit a Community Action Plan. All CSBG subrecipients must develop a Performance Statement which identifies the services, programs, and activities to be administered by the organization.

§5.211 Subrecipient Reporting Requirements

(a) Monthly Performance and Expenditure Report.
CSBG subrecipients must submit a monthly performance and expenditure report.

(1) Subrecipients shall submit the Monthly Funding/Financial/Performance Report (MFFPR) no later than the 20th day of the month after each month of the contract period. Even if a fund reimbursement is not being requested, an MFFPR must be submitted electronically on or before the twentieth (20th) day of each month of the grant period. A final MFFPR must be submitted within 60 days after the CSBG contract ends. The “Community Affairs Contract User Guide System” may be accessed through the TDHCA website.

(b) Reporting.
Federal requirements mandate all States to participate in the preparation of a annual performance measurement report (also referred to as the CSBG National Survey). To comply with the requirements of Section 678E of the CSBG Act, all CSBG eligible entities and other organizations receiving CSBG funds are required to participate.

§5.212 CSBG Board of Directors Membership and Meeting Requirements for CSBG Eligible Entity’s Tripartite Boards

(a) General Board Requirements

(1) The Coats Human Services Reauthorization Act (Public Law 105-285) addresses the Community Services Block Grant program and requires that eligible entities administer the CSBG program through a tripartite board. The Act requires that governing boards or a governing body be involved in the development, planning, implementation, and evaluation of the programs serving the low-income sector. Also, the Texas Legislature, through § 551.001(3) of the Texas Government Code, addresses specific requirements regarding meetings, meeting notices, and open meeting records through the Open Meetings Act (Texas Government Code, §551.001 *et. seq*.) and the Public Information Act (Texas Government Code, §552 *et seq*.). State legislation has also defined as a governmental body, nonprofit corporation boards that are eligible to receive funds under the federal Community Services Block Grant program and that are authorized by the State to serve a geographic area of the State.
(2) Federal requirements for establishing a tripartite board require board oversight responsibilities for public entities, which differ from requirements for private organizations. Where differences occur between private and public organizations, requirements for each entity have been noted in related sections of the rule.

(b) Each CSBG Eligible Entity shall comply with the provisions of this rule and if necessary, the Eligible Entity’s by-laws shall be amended to reflect compliance with these requirements.

§5.213. Board Structure

(a) Private nonprofit entities~~ only~~, shall administer the Community Services Block Grant program through a tripartite board that fully participates in the development, planning, implementation, and evaluation of the program to serve low-income communities.

Selection and composition of the board. The members of the board shall be selected by the private nonprofit entity and the board shall be composed so as to assure that the requirements of Section 676B (a)(2) are followed and are composed as follows:

(1) One-third of the members of the board shall be elected public officials, holding office on the date of the selection, or their representatives. In the event that there are not enough elected public officials reasonably available and willing to serve on the board, the entity may select appointive public officials to serve on the board. The entity may allow governing officials of the political jurisdiction to select and/or recommend an elected or appointive official to serve on the board. The public officials selected to serve on the board may each choose one permanent representative or designate an alternate to serve on the board. Appointive public officials or their representatives or alternates may be counted in meeting the 1/3 requirement. Refer to the subsection entitled "Permanent Representatives and Alternates" in this document for related information;

(2) not fewer than 1/3 of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhood served; and each representative of low-income individuals and families selected to represent a specific neighborhood within a community under clause (B) resides in the neighborhood represented by the member.

(3) the remainder of the members are officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.

(b) For public organizations to be considered to be an eligible entity for purposes of the CSBG Act, Section 676B (b), the entity shall administer the CSBG grant through tripartite boards as follows:

(1) A tripartite board, which shall have members selected by the organization and shall be composed so as to assure that not fewer than 1/3 of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members:

(A) are representative of low-income individuals and families in the neighborhood served;
(B) reside in the neighborhood served; and
(C) are able to participate actively in the development, planning, implementation, and evaluation of programs funded under this subtitle; or

If conditions in (1) (A)-(C) are not utilized, then another mechanism specified by the State which meets the tripartite requirements may be used. Public organizations that choose to utilize another mechanism must submit to the Department, for review and approval, a description of the mechanism to be utilized to select low-income representatives. .The mechanism must assure decision-making and participation by low-income individuals in the development, planning, implementation, and evaluation of programs funded under this subtitle.

(2) One-third of the members of the board shall be elected public officials, holding office on the date of the selection, or their representatives. In the event that there are not enough elected public officials reasonably available and willing to serve on the board, the entity may select appointive public officials to serve on the board. The entity may allow governing officials of the political jurisdiction to select and/or recommend an elected or appointive official to serve on the board. The public officials selected to serve on the board may each choose one permanent representative or designate an alternate to serve on the board. Refer to the subsection entitled "Permanent Representatives and Alternates" in this document for related information;

(3) the remainder are members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.

(c) Eligible entities administering the Head Start Program must comply with, the Head Start Act (42 U.S.C. 9837) that requires the governing body membership to comply with the requirements of Section 642 (c)(1).

(1) Exceptions shall be made to the requirements of clauses (i) through (iv) of Section 642 (c)(1) for members of a governing body when those members oversee a public entity and are selected to their positions with the public entity by public election or political appointment.

(d) Selection

As per Sec. 676B, Private nonprofit entities and public organizations have the responsibility for selection and composition of the board.

(1) Public Officials

(A) Elected public officials or appointed public officials, selected to serve on the board, shall have either general governmental responsibilities or responsibilities which require them to deal with poverty-related issues. They may not be officials with only limited, specialized, or administrative responsibilities.

(B) Permanent Representatives and Alternates

The public officials selected to serve on the board may each choose one permanent representative or designate an alternate to serve on the board.

(i) Permanent Representatives

The public officials selected by a private nonprofit entity or public organization to serve on the board may each choose one permanent representative to serve on the board in a full-time capacity. The public officials of the public organization may choose a representative to serve on the board or other governmental body. The representative need not be a public official but shall have full authority to act for the public official at meetings of the board. Permanent representatives may hold an officer position on the board. If a permanent representative is not chosen, then an alternate may be designated by the public official selected to serve on the board. Alternates may not hold an officer position on the board.

(ii) Alternate Representatives

If the private nonprofit entity or public organization board chooses to allow alternates, the alternates for low-income representatives shall be elected at the same time and in the same manner as the board representative is elected to serve on the board. Alternates for representatives of private sector organizations may be designated to serve on the board and should be selected at the same time the board representative is selected. In the event that the board member or alternate ceases to be a member of the organization represented, he/she shall no longer be eligible to serve on the board. Alternates may not hold an officer position on the board.

(2) Low-Income Representatives

(A) An essential objective of community action is participation by low-income individuals in the programs which affect their lives; therefore, the CSBG Act and its amendments require representation of low-income individuals on boards or state-specified governing bodies. The CSBG statute requires that not fewer than one-third of the members shall be ~~are~~ representatives of low-income individuals and families and that they shall be chosen in accordance with democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhoods served; and that each representative of low-income individuals and families selected to represent a specific neighborhood within a community resides in the neighborhood represented by the member.

(B) Board members representing low-income individuals and families must be selected in accordance with a democratic procedure. This procedure, as detailed below, may be either directly through election, public forum, or, if not possible, through a similar democratic process such as election to a position of responsibility in another significant service or community organization such as a school PTA, a faith-based organization leadership group; or an advisory board/governing council to another low-income service provider.

(C) Every effort should be made by the nonprofit entity or public organization to assure that low-income representatives are truly representative of current residents of the geographic area to be served, including racial and ethnic composition, as determined by periodic selection or reselection by the community. "Current" should be defined by the recent or annual demographic changes as documented in the needs/community assessment. This does not preclude extended service of low-income community representatives on boards, but it does suggest that continued board participation of longer term members be revalidated and kept current through some form of democratic process.

(D) The procedure used to select the low-income representative must be documented to demonstrate that a democratic selection process was used. Among the selection processes that may be utilized, either alone or in combination, are:

(i) Selection and elections, either within neighborhoods or within the community as a whole; at a meeting or conference, to which all neighborhood residents, and especially those who are poor, are openly invited;
(ii) Selection of representatives to a community-wide board by members of neighborhood or sub-area boards who are themselves selected by neighborhood or area residents;
(iii) Selection, on a small area basis (such as a city block); or
(iv) Selection of representatives by existing organizations whose membership is predominately composed of poor persons.

(3) Representatives of Private Groups and Interests

(A) The private nonprofit entity or public organization shall select the remainder of persons to represent the private sector on the board or it may select private sector organizations from which representatives of the private sector organization would be chosen to serve on the board.
(B) The individuals and/or organizations representing the private sector shall be selected in such a manner as to assure that the board will benefit from broad community involvement. The board composition for the private sector shall draw from officials or members of business, industry, labor, religious, law enforcement, education, school districts, representatives of education districts and other major groups and interests in the community served.

§5.214 Board - Administrative Requirements

(a) Powers of the Board For Private Nonprofit Entities

The board is responsible for abiding by the terms of contracts and shall determine the policies of the agency to assure accountability for public funding. The board shall function as the organization's governing body with the same legal powers and responsibilities as the board of directors of any nonprofit corporation.

(b) Powers of the Board for Public Organizations
The powers, duties, and responsibilities of the board shall be determined by the governing officials of the public organization. The governing officials may establish:

(1) an advisory board, in which case the authority given to the advisory board depends on the powers delegated to it by the governing officials of the political subdivision; or
(2) a governing board, empowering the board of directors with substantive decision-making authority and delegating the powers, duties, and responsibilities to carry out its CSBG-supported contract and functions.

(c) Compensation
Board members are not entitled to compensation for their service on the board. Reimbursement of reasonable and necessary expenses incurred by a board member in carrying out his/her duties is allowed.

(d) Conflict of Interest
No board member may participate in the selection, award, or administration of a subcontract supported by CSBG funds if: (1) the board member, (2) any member of his/her immediate family (as defined in the CSBG contract), (3) the board member's partner, or (4) any organization which employs or is about to employ any of the above, has a financial interest in the firm or person selected to perform a subcontract. No employee of the local CSBG subrecipient nor of the Texas Department of Housing and Community Affairs may serve on the board.

§5.215 Board - Size

(a) Board Size
The board size shall be divisible by three (3).

(b) Board Service Limitations for Private Nonprofit Entities and Public Organizations Subrecipients boards may establish bylaws which allow for term limits and/or procedures for the removal of board members.

(c) Vacancies/Removal of Board Members

(1) Vacancies
In no event shall the board allow 25% or more of either the public, private, or poverty sector board positions to remain vacant for more than 90 days. CSBG subrecipients shall report the number of board vacancies by sector in their monthly performance reports. Compliance with the CSBG Act requirements for

board membership is a condition for eligible entities to receive CSBG funding. There is no provision in the Act for a waiver or exception to these requirements.

(2) Removal of Board Members/Private Nonprofit Entities

Public officials or their representatives, may be removed from the board either by the board or by the entity that appointed them to serve on the board. Other members of the board may be removed by the board or pursuant to any procedure provided in the private nonprofit's by-laws.

(3) Removal of Board Members/Public Organizations

Board members may be removed from the board by the public organization or by the board if the board is so empowered by the public organization. The board may petition the public organization to remove a board member or the public organization may delegate the power of removal to the board.

§5.216 Board Responsibility

(a) Tripartite boards have a fiduciary responsibility for the overall operation of the private nonprofit entity. Members are expected to carry out their duties as any reasonably prudent person would do.

(b) At a minimum, board members are expected to:

(1) Maintain regular attendance of board and committee meetings;
(2) Develop thorough familiarity with core agency information, such as the agency's bylaws, as appropriate, articles of incorporation, sources of funding, agency goals and programs, Federal and State CSBG statutes;
(3) Exercise careful review of materials provided to the board;
(4) Make decisions based on sufficient information;
(5) Ensure that proper fiscal systems and controls, as well as a legal compliance system, are in place; and
(6) Maintain knowledge of all major actions taken by the agency.

(c) Individuals that agree to participate on a tripartite governing board, accept the responsibility to assure that the agency they represent continues to: assess and respond to the causes and conditions of poverty in their community, achieve anticipated family and community outcomes, and remains administratively and fiscally sound. Excessive absenteeism of board members compromises the mission and intent of the program.

(d) Residence Requirement

(1) All board members shall reside within the subrecipient's CSBG service area designated by the CSBG contract. Board members should be selected so as to provide representation for all geographic areas within the designated service area; however, greater representation may be given on the board to areas with greater poverty population. Low-income representatives must reside in the area that they represent.

(2) Subrecipients may request a waiver of the residency requirement to the Director of the Community Affairs Division for review for consideration and/or approval.

(e) Improperly Constituted Board
If the Department determines that a board of an eligible entity is improperly constituted, the Department shall prescribe the necessary remedial action, a timeline for implementation and possible sanctions which may include: cost reimbursement method of payment; withholding of funds; contract suspension; and termination of funding.

§5.217 Board Meeting Requirements

(a) The Board must: follow the Texas Open Meetings Act, meet at least once per calendar quarter and at a minimum five (5) times per year and ~~every 10 weeks and~~ must give each member a notice of meeting (5) five days in advance of the meeting.

(b) Open Meetings Training

(1) Effective January 1, 2006, the 79th Texas Legislature established a state law requiring elected and appointed officials to receive training in Texas Open Government laws. This mandate applies to the board of directors for CSBG eligible entities and requires that training is received within 90 days of becoming a board member. As part of this requirement, the Office of the Attorney General has established and made available formal training to ensure government officials have a good command of open records and open meeting laws. To fulfill this requirement, the Office of the Attorney General offers free training videos which may be requested by accessing their website at www.oag.state.tx.us/opinopen/og_training.shtml or by calling 1-800-252-8011.
(2) Legislation requires open meetings training for public sector local officials, however, the Department recommends this training for all board members. Boards shall ensure that all members serving on the Board of Directors shall receive this training according to the deadlines described above.
(3) The organization shall maintain a copy of the Board training certificate issued to participants upon completion of the training.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 5. COMMUNITY AFFAIRS PROGRAMS
SUBCHAPTER C. EMERGENCY SHELTER GRANTS PROGRAM (ESGP)
10 TAC §5.301 - §5.311

§5.301 Background

(a) In addition to the following rules for the Emergency Shelter Grants Program (ESGP), the rules established in Subchapter A of this Chapter also apply to the Emergency Shelter Grants Program (ESGP).

(b) ESGP was established by the Homeless Housing Act of 1986 in response to the growing issue of homelessness in the United States. In 1987, the ESG program was incorporated into Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. §11371 - 11378), now known as the McKinney-Vento Homeless Assistance Act.

(c) ESGP funds are federal funds awarded to the State of Texas by the U. S. Department of Housing and Urban Development (HUD). The Texas Legislature designated the Texas Department of Housing and Community Affairs (the Department) to administer this program pursuant to §2306.094, Texas Government Code. ESGP funds will be made available to eligible applicants to carry out the purpose of the Emergency Shelter Grants Program based on a statewide competitive application process.

§5.302 Purpose and Goals

(a) The Emergency Shelter Grants Program (ESGP) funds are available for:

(1) the rehabilitation or conversion of buildings for use as emergency shelter for the homeless;
(2) the payment of certain operating expenses and essential services in connection with emergency shelters for the homeless, and;
(3) homeless prevention activities.

(b) The program goal is to be the first step in a continuum of assistance to enable homeless individuals and families to move toward independent living as well as to prevent homelessness.

(c) The objectives of the ESGP shall be to:

(1) Help improve the quality of emergency shelters for the homeless;
(2) Help meet the costs of operating and maintaining emergency shelters;
(3) Provide essential services so that homeless individuals have access to the assistance they need to improve their situation; and
(4) Provide emergency intervention assistance to prevent homelessness.

§5.303 Distribution of ESGP Funds

(a) All Texas counties fall within one of the 13 Uniform State Service Regions. Funds are reserved for each region in direct proportion to the region's percentage of poverty population according to the decennial U.S. Census.

(b) Applications are grouped by service region. Eligible applications compete only against other eligible applications from the same service region, with the highest ranking application being funded first.

(c) The Department will determine the number of applications which can be funded within each region based on the amount of funds available for distribution in each region. ESGP funds reserved for a particular region will be obligated to eligible applicant organizations within that region. If the region does not have enough responsive applications which meet the funding threshold, funds will be redistributed.

(d) Upon approval by the Department's Board of Directors, applicants receiving ESGP funds shall enter into and execute an agreement for the receipt of ESGP funds.

(1) Amendments. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to the ESGP contract.
(2) The Department reserves the right to deobligate funds.
(3) Faith-based subrecipients, as with all subrecipients funded under HUD-funded programs, must serve all eligible beneficiaries without regard to religion.

(e) Allocation of Funds. The Department shall administer all federal ESGP funds provided to the State under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. §11371 - 11378, now known as the McKinney-Vento Homeless Assistance Act) in accordance with the U.S. Department of Housing and Urban Development's final ESG rule, 24 CFR Part 576 and Chapter 2306, Texas Government Code, and the Department annual Consolidated Plan.

(f) The Department must obligate at least 95% of these funds for ESGP funded applicants.

(g) The Department may retain 5% for administration and may share a portion of its administrative funds with units of general local government (city or county) selected for funding.

(h) The Department will obligate funds within 65 days of receiving the award letter from the U.S. Department of Housing and Urban Development.

§5.304 Use of Funds

(a) Eligible Activities: ESGP funds are designed to address the immediate needs of homeless persons to assist their movement to permanent housing.

(1) ESGP funds may be utilized to assist individuals and families who would actually become or remain homeless without ESGP homelessness prevention assistance.
(2) ESGP funds cannot be utilized to care for or assist children in State custody.
(3) The Department encourages that applications include an innovative approach to providing emergency shelter and/or transitional housing to homeless individuals and families. Transitional housing projects should be designed to provide housing and appropriate essential services to homeless persons in order to facilitate the movement of individuals or families to permanent housing within no more than 24 months. ESGP grant amounts may be used for one or more of the following activities in (b) through (f):

(b) Operation administration may not exceed more than 10% of an applicant's ESGP budget (Title 42 Section 11374 (a)(3)) and may be requested for administrative salaries (including fringe benefits).

(1) Appropriate staff which may be charged as administrative staff are the executive director, program director, supervisors, administrative support staff, etc.
(2) Job descriptions for these positions are not required to be included in the ESGP application.

(c) Essential Services. ESGP legislation limits essential services to 30% of the total State allocation (24 CFR 576.3 and Title 42 Section 11374 (a)(2)(b)).

(1) Essential services activities address the immediate needs of homeless individuals and enable homeless persons to become more independent and/or to secure permanent housing.

(A) Essential services may include direct client services concerned with employment, health, drug abuse prevention, and education, including but not limited to:

(i) assistance in obtaining permanent housing; medical and psychological counseling and supervision; employment counseling, job placement, and job training (including tuition and books);
(ii) nutritional counseling and the salary of food preparers (cooks);
(iii) substance abuse treatment and counseling;
(iv) assistance in obtaining other federal, state, and local assistance including mental health benefits, medical assistance, Veteran's benefits, and income support assistance such as Supplemental Security Income, Temporary Assistance for Needy Families, and Food Stamps;
(v) other services such as childcare, food vouchers, client clothing, or medical assistance (doctor visits, prescriptions, eye glasses or other prostheses, etc.); (vi) transportation costs directly associated with ESGP service delivery, such as bus tokens, bus fare, cab fare, airfare, salary of van driver, etc; and,
(vii) salary for staff whose sole duty is to work directly with clients to provide the above services.

(2) Staff salaries may include wages and fringe benefits, however, no administrative or supervisory salaries may be paid with Essential Services funds.

(3) ESGP funds may be used to provide essential services, if the agency received local funds (locally generated tax revenue) from a unit of local government in the past 12 months, only if the ESGP application includes a request for funds to provide essential services for a new service (24 CFR 576.21 (b)).

(d) Maintenance, operation, and furnishings. ESGP funds may be used for maintenance, operation, furnishings, and equipment costs (24 CFR 576.21 (3)).

(1) Maintenance costs include contract services for copier or security system maintenance, pest control, lawn care, contracted janitorial service, etc.

(2) Operation costs include administration, equipment, facility rent, utilities, internet service, and telephone; building maintenance and non-deferred repairs; food for shelter residents; vehicle maintenance, registration, repairs, and fuel; building or equipment insurance; fidelity bond coverage; office and maintenance supplies; single audit expenses (if required), staff mileage reimbursement (for travel relating to ESGP service delivery), and pre-award travel expenses (for successful applicants to attend an orientation workshop).

(A) Non-deferred repairs are items that break during the contract period, such as:

- (i) repairing a window that is broken;
- (ii) repairs due to water damage;
- (iii) repairing a broken furnace or
- (iv) repairing an air conditioning unit.

(B) Deferred repairs, classified as rehabilitation activities, are items which are inoperable or broken and in need of replacement prior to the application period.

(C) Equipment may include computers, printers, software, refrigerator, stove, tools, vehicles, etc. All equipment with a useful life of more than one year and an acquisition cost of $500 or more must be included in a cumulative inventory report submitted to the Department each contract year. (Refer to Subchapter A "General Provisions" ~~§5.00~~§5.8 "Inventory Report".)

(D) Subrecipients who participate in a local Continuum of Care may use ESGP funds to facilitate the required Homeless Management Information System (HMIS) which may include the purchase of software and/or annual access fees to facilitate data collection and reporting of client-level information.

(3) Furnishings may include beds, mattresses, linens, desks, tables, chairs, etc.

(e) Homelessness Prevention. ESGP legislation limits homelessness prevention to 30% of the total State allocation (Title 42 Section 11374 (a)).

(1) Homelessness Prevention funds may be used to provide direct monetary assistance on behalf of individuals whose annual income is at or below the federal poverty guideline when the conditions referenced in 24 CFR 576.3 are met.

(A) The individual or family is unable to make the required payments due to a sudden reduction in income or a sudden increase in expenses, i.e. sudden reduction in income may result from an event that occurs no more than 90 days prior to the date of application for ESGP services. Documentation should support the risk of becoming homeless such as an eviction notice or termination of utility service notice.

(B) The assistance is necessary to avoid the foreclosure, eviction, or termination of utility services (excluding telephone service); Utility and rent deposit refunds from vendors must be reimbursed to the subrecipient and not the client. Funds should be treated as program income.

(C) There is reasonable prospect that the individual or family will be able to resume the payments within a reasonable period of time (determined by the applicant organization and used consistently among all clients); and

(D) The assistance does not replace funding for pre-existing homelessness prevention activities from any other sources.

(2) Homelessness Prevention funds must be used to assist those individuals and families that would actually become or remain homeless without ESGP homelessness prevention assistance (24 CFR §576.3) and include:

(A) Short-term subsidies to help defray rent and utility arrearages for families that have received a notice of eviction, termination of utility services, or payments to prevent the transfers;

(B) Security deposits or first month's rent to enable a homeless family (or individuals in emergency/transitional housing) to acquire permanent housing;

(C) Programs to provide mediation for landlord/tenant disputes;

(D) Programs to provide legal services for the representation of indigent tenants in eviction proceedings;

(E) Payments to prevent foreclosure on a home; and,

(F) Other innovative programs and activities designed to prevent the incidence of homelessness.

(3) Subrecipients are required to use the ESGP Homelessness Prevention Application to determine the eligibility of individuals and families applying for ESGP homelessness prevention assistance. (Refer to the Department’s website for the Homelessness Prevention Application.)

(f) Rehabilitation. Rehabilitation is defined as the labor, materials, tools, and other costs of improving buildings.

(1) Examples of allowable rehabilitation projects include, but are not limited to,

(A) accumulated deferred maintenance (replacing flooring),

(B) replacement of principle fixtures and components,

(C) improvements to increase energy efficiency (replacing a furnace or air conditioning unit), and

(D) structural changes necessary to make the facility accessible for persons with physical disabilities.

(2) Rehabilitation projects include deferred repairs for items that are inoperable or broken and in need of replacement prior to the submission of the ESGP application. Rehabilitation does not include non-deferred repairs.
(3) All rehabilitation activity funded through ESGP must occur within the existing structure, must not increase the square footage of the structure involved, and must comply with local government safety and sanitation requirements. (Refer to §504 of the Rehabilitation Act of 1973, as amended, as provided in 24 CFR 8.23(a) or (b)).

(A) Types of rehabilitation projects include conversion, major rehabilitation and renovation (24 CFR 576.3).

§5.305 Limitations on Use of Funds

ESGP funds cannot be utilized for conversion, rehabilitation, renovation, or operation of permanent housing; acquisition of real property; new construction; addition of square footage, property clearance or demolition; direct payments to individuals; to support inherently religious activities such as worship, religious instruction, or proselytization; or to rehabilitate or repair buildings such as sanctuaries, chapels, and other rooms that a congregation uses as its principal place of worship.

§5.306 Eligible Entities

(a) Eligible applicants are units of general local government and private nonprofit organizations (§576.1, Title 24 of the ESGP Act).

(b) The Department will accept collaborative applications. To be considered as a collaborative, the application must include two or more organizations that will use ESGP funds to provide services to the target population as part of a local continuum of care.

(c) If a unit of general local government applies for only one organization, this will not be considered a collaborative application.

§5.307 Application Requirements

(a) Eligibility Documentation. The following information must be included in each ESGP application. Failure to provide this documentation will deem the application ineligible for funding.

(1) Participation of a homeless or formerly homeless individual on the board of directors or other equivalent policymaking entity of such recipient (42 USC 11375 (d)). Applicants who have not previously received ESGP funds from the

Department are exempt from the requirement, but must comply with the requirement prior to execution of a contract with the Department.

(2) Documentation as a 501(c) tax-exempt entity for all private nonprofit organizations.

(3) Local government approval from the city or county in which the project is located.

(b) Fiscal Accountability

(1) Single Audit: An organization that spends more than $500,000 in federal funds during its fiscal year must have a single audit conducted for that year (A-133 Subpart B.200). ESGP Subrecipients are responsible for submitting their Single Audit Report within 30 days of completion of their audit and no later than nine (9) months after the end of the audit period (fiscal year end) to the Department's Portfolio Management and Compliance Division, as well as to the Community Services Section of the Community Affairs Division. Refer to §7502, Title 31, Chapter 75.

(2) Organizations that do not exceed the $500,000 federal fund expenditure threshold are exempt from the single audit requirements. If an organization is not required to have a single audit performed, the ESGP Application must include the end-of-the-year financial statements (balance sheet, income statement, and statement of cash flow). All collaborative applications from non-profits must submit financial documentation for each organization in a collaborative.

(c) Match Requirements.

(1) ESGP subrecipients must match their award amount with an equal or greater amount of resources other than ESGP funds. (42 U.S.C.§11375(a))(A-110 Subpart C_.23) Matching funds used for an ESGP project may not be used to match any other project or grant.

(2) Match resources will adhere to the requirements of OMB Circular A-110 _.23 and/or UGMS_.24 including:

(A) Donated Supplies: Donated goods such as clothing, furniture, equipment, etc.

(B) Cash Donations or Grants: Private donations or grants from foundations, nonprofits, or local, state, and federal sources.

(C) Value of Donated Building: The fair market value of a donated building in the year that it is donated. The building must be proposed for ESGP-related activities and currently must not be in use for these activities.

(D) Rent or Lease Value of a Building: Rent paid or would be paid for space currently used to provide services to the homeless.

(E) Salaries: Any staff salary paid with general operating funds or certain grant funds including but not limited to CSBG, Community Development Block Grant (CDBG), United Way, and Victims of Crime Act (VOCA). The

position(s) used as match must be involved in ESGP-related activities and the hours utilized for match must be for hours worked for ESGP related activities.
(F) Volunteers: Time and services contributed by volunteers, with a value not to exceed federal regulations.

(d) Environmental Review Requirements for Rehabilitation Projects.

(1) The following federal regulations concerning environmental review are applicable to Rehabilitation Projects:
(A) 24 CFR Part 58
(B) 24 CFR 576.57e (Release of Funds)
(C) 24 CFR 35 (Lead Based Paint Hazard Reduction)
(2) All ESGP applications including a request for Rehabilitation funds must include a Preliminary Environmental Review Checklist. For ESGP funds distributed by the State to units of general local government, the unit of general local government must assume the environmental responsibilities, and the State will be responsible for providing a release of funds in accordance with the requirements of 24 CFR Part 58.
(3) For funds distributed by the State to nonprofit organizations, the State must assume the environmental responsibilities, and HUD will provide the release of funds in this instance.
(4) The Department may accept a previous environmental review if:

(A) the environmental review is not more than 5 years old and no structural changes have occurred at the previously approved location;
(B) the certifying entity (local authority) provides documentation that no environmentally significant changes have occurred at the approved location since the review was done; and
(C) a copy of the environmental review is submitted as part of the ESGP application.

§5.308 Application Awards

(a) Award Amounts:

(1) The annual application packet will specify the minimum and maximum for ESG program awards. As required in §576.35 of Title 24 Subpart C, applicants will be notified of the Department's recommendation for funding.
(2) Award limitations are based on the amount of ESGP funds estimated to be available to each region and the ESGP funding pattern utilized by the Department.

(b) Funded Projects

(1) All projects should be planned for a maximum of 12 months.
(2) Per HUD requirements, the Department will share a portion of the State's administrative funds with units of general local government (cities or counties)

selected for ESGP funding. The amount shared will not exceed 4% of the subrecipient's ESGP award.
(3) The Department reserves the right to negotiate the final grant amounts and local match with successful applicants. The Department may consider the amount of HUD funds awarded to entitlement entities when making funding decisions to applicants that are a unit of general local government. This consideration does not apply to private nonprofit organizations located in ESGP entitlement cities or counties.

§5.309 Application Process

(a) The Department will publish the ESGP Application annually on the Department's website. The Department will also provide written notice to organizations regarding the ESGP Application.

(b) To be considered for funding, an applicant must submit a completed application in accordance with application instructions issued annually in the ESGP Application notice.

§5.310 Application Review Process

(a) Applications may be deemed ineligible for lack of response to Department ESGP monitoring report(s) and compliance and audit issues identified by the Department.

(b) Applicants not recommended for funding will be notified in writing no later than 30 days from the date that the Department obligates funds.

(c) Applications recommended for funding will be presented to the Board or its designee for approval, pending the availability of ESGP funds.

(d) Applicants not selected to receive ESGP funds may request a review of their application no later than 30 days after the date of the written funding notification from the Department as per Texas Administrative Code §1.7.

§5.311 Reports

(a) The ESGP contract requires subrecipients to submit the Monthly Funding/Financial/Performance Report (MFFPR) no later than the 20th day of the month after each month of the contract period.

(b) Even if a fund reimbursement is not being requested, an MFFPR must be submitted electronically on or before the twentieth (20th) day of each month of the grant period. A final MFFPR must be submitted within 60 days after the ESGP contract ends.

(c) Subrecipients shall submit, by the 30th day of the month, a Monthly Service Summary Report of the ESGP clients reported during the prior month in the Homeless Management Information Systems (HMIS) database.

(d) A user name and password are needed to access the reporting system to submit monthly reports. The “Community Affairs Contract User Guide System” may be accessed through the TDHCA website under “Interactive” “Contractor Tools”.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 5 COMMUNITY AFFAIRS DIVISION

SUBCHAPTER D. COMPREHENSIVE ENERGY ASSISTANCE PROGRAM(CEAP)

10 TAC §5.401-§5.432

§5.401 Background

The Comprehensive Energy Assistance Program (CEAP) is funded through the Low Income Home Energy Assistance Act of 1981 (Title XXVI of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, as amended). LIHEAP has been in existence since 1982. LIHEAP is a federally funded block grant program that is implemented to serve low income households who seek assistance for their home energy bills.

§5.402 Purpose and Goals

The purpose of CEAP is: to assist low-income households, particularly those with the lowest incomes, that pay a high proportion of household income for home energy, primarily in meeting their immediate home energy needs. The program encourages priority be given to those with the highest home energy needs, meaning low income households with a high energy burden and/or the presence of a "vulnerable" individual in the household, such as a young child age 5 and younger, disabled person, or frail older individual. CEAP services include: energy education, needs assessment, budget counseling (as it pertains to energy needs), utility payment assistance and heating and cooling system replacement, repair or retrofit.

§5.403 Distribution of CEAP Funds

(a) The Department distributes funds to subrecipients by an allocation formula.
(b) The formula allocates funds based on the number of low-income households in a service area and takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as follows:

(1) County Non-elderly Poverty Household Factor (weight of 40%) is defined by the Department as the number of Non-elderly Poverty Households in the County divided by the number of Non-elderly Poverty Households in the State.

(2) County Elderly Poverty Household Factor (weight of 40%) is defined by the Department as the number of Elderly Poverty Households in the County divided by the number of Elderly Poverty Households in the State.

(3) County Inverse Poverty Household Density Factor (weight of 5%) is defined by the Department as:

(A) The number of Square Miles of the County divided by the number of Poverty Households of the County (equals the Inverse Poverty Household Density of the County); and

(B) Inverse Poverty Household Density of the County divided by the Sum of Inverse Household Densities.

(4) County Median Income Variance Factor (weight of 5%) is defined by the Department as:

(A) State Median Income minus the County Median Income (equals County Variance), and

(B) County Variance divided by sum of the State County Variances.

(5) County Weather Factor (weight of 10%) is defined by the Department as:

(A) County Heating Degree Days plus the County Cooling Degree Days, multiplied by the Poverty Households, divided by the sum of County Heating & Cooling Degree Days of Counties (equals County Weather); and

(B) County Weather divided by the total sum of the State County Weather.

(c) All demographic factors are based on the decennial U.S. Census.
(d) Total sum of paragraphs (1) - (5) of this subsection multiplied by total funds allocation equals the County's allocation of funds. The sum of the county allocations within each subrecipient service area equals the subrecipient's total allocation of funds.

§5.404 Subrecipient Eligibility

(a) The Department shall ensure that: To the extent it is necessary to designate local administrative agencies in order to carry out the purposes of Title 42 U.S.C. §8621 et seq, give special consideration to any local public or private nonprofit agency which was receiving Federal funds.

> (1) The Department shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the Department; and
>
> (2) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the Department shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made.

(b) The Department administers the program through the existing subrecipients that have demonstrated that they are operating the program in accordance with the Economic Opportunity Act of 1964, the Low-Income Home Energy Assistance Act of 1981 as amended (42 U.S.C. §8621 et seq.), and the Department rules. If subrecipients are successfully administering the program, the Department may offer to renew the contract.

(c) When the Department determines that an organization is not administering the program satisfactorily, corrective actions are taken to remedy the problem. Thereafter, if subrecipient fails to administer the program correctly, the Department reassigns the service area or a portion to another existing subrecipient or conducts solicitation or selection of a new subrecipient in accordance with the Low-Income Home Energy Assistance Act of 1981.

§5.405 Subrecipient Requirements for Appeals Process for Applicants

(a) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) days of the adverse determination. This notification shall include written instructions of the appeals process and specific reasons for the denial by component. The applicant wishing to appeal a decision must provide written notice to subrecipient within 10 days of receipt of the denial notice.

(b) The subrecipient who receives an appeal shall establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their client files.

(c) The subrecipient shall hold the appeal hearing within ten business days after the subrecipient received the appeal request from the applicant.

(d) The subrecipient shall record the hearing.

(e) The hearing shall allow time for a statement by subrecipient staff with knowledge of the case.

(f) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.

(g) Subrecipient shall notify applicant of the decision in writing. The subrecipient shall mail the notification by close of business on the business day following the decision. (1 day turn-around)

(h) If the applicant is not satisfied, they may further appeal the decision in writing to the Department within ten days of notification of an adverse decision.
(i) If client appeals to the Department, the funds should remain encumbered until the Department completes its decision.
(j) The Department may review the recording of the hearing, the committee's decision, and any other relevant information necessary.
(k) The Department appeals committee shall decide the case and forward their recommendation to the Division Director for final concurrence.
(l) The Department will notify all parties in writing of its decision within 30 days of receipt of the appeal.

§5.406 Subrecipient Reporting Requirements

(a) The subrecipient shall electronically submit to the Department a monthly Funding Report of all expenditure of funds, request for advance or reimbursement, and a monthly performance report no later than fifteen (15) days after the end of each month.
(b) The subrecipient shall electronically submit to the Department no later than sixty (60) days after the end of the subrecipient contract term a final expenditure or reimbursement and programmatic report utilizing the Funding Report.
(c) The subrecipient shall submit to the Department no later than sixty (60) days after the end of the contract term an inventory of all vehicles, tools, and equipment with a unit acquisition cost of $5,000 or more and a useful life of more than one year, if purchased in whole or in part with CEAP funds.
(d) The subrecipient shall submit other reports, data, and information on the performance of the CEAP program activities as required by the Department.

§5.407 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria

(a) The subrecipients shall set the client income eligibility level at or below 125% of the federal poverty level in effect at the time the client makes an application for services.
(b) Subrecipient shall determine client income. The Department will provide definition of income lists to determine total household income. The lists contain income inclusions and exclusions and are located in Subchapter A, §5.019 Client Income Guidelines
(c) Subrecipients shall base annualized eligibility determinations on household income from the 30 day period prior to the date of application for assistance. Each subrecipient shall document and retain proof of income from all sources for all household members 18 years and older for the entire 30-day period prior to the date of application and multiply by twelve (12) to annualize income.
(d) In the case of migrant, or seasonal workers, or similarly situated workers, a longer period than 30 days may be used for annualizing income.
(e) If proof of income is unavailable, the applicant must complete and sign a Declaration of Income Statement (DIS). In order to use the DIS form, each subrecipient shall develop and implement a written policy and procedure on the use of the DIS form. In developing the policy and procedure, subrecipients shall give consideration to limiting the use of the DIS form to cases where there are serious extenuating circumstances that justify the use

of the form. Such circumstances might include crisis situations such as applicants that are affected by natural disaster which prevents the applicant from obtaining income documentation, applicants that flee a home due to physical abuse, applicants who are unable to locate income documentation of a recently deceased spouse, or whose work is migratory, part-time, temporary, self-employed or seasonal in nature. To ensure limited use, the Department will review the written policy and its use during on-site monitoring visits.

(f) Social security numbers are not required for applicants for CEAP.

(g) Proof of citizenship is not required for CEAP.

(h) The subrecipients shall establish priority criteria to serve persons in households who are particularly vulnerable such as the elderly, persons with disabilities, families with young children, high residential energy users, and households with high energy burden. High residential energy users and households with high energy burden are defined as follows:

> (1) Households with Energy Burden which exceeds the median energy burden of income-eligible households characterized by the Department as experiencing high energy burden. The Department calculates energy burden by dividing home energy costs by the household’s gross income.
>
> (2) Households with annual energy expenditures which exceed the median home expenditures for income-eligible households are characterized by the Department as high energy consumers.

(i) Homeowners and renters will be treated equitably under all programs funded in whole or in part from LIHEAP funds. For those renters who pay heating and/or cooling bills as part of their rent, the subrecipient shall make special efforts to determine the portion of the rent that constitutes the fuel heating and/or cooling payment. If "sub metering" is not available, the subrecipient shall exercise care when negotiating with the landlords so the cost of utilities quoted is in line with the consumption for similar residents of the community. If the subrecipient pays the landlord, then the landlord shall furnish evidence that he/she has paid the bill and the amount of assistance must be deducted from the rent, if the utility payment is not stated separately from the rent. An agreement stating the terms of the payment negotiations must be signed by the landlord.

(j) A household unit cannot be served, if the meter is utilized by another household.

§5.408 Service Delivery Plan

Subrecipients are required to submit on an annual basis a Department formatted Service Delivery Plan, which includes information on how they plan to implement CEAP in their service area. Service Delivery Plan format can be found on the Department’s website.

§5.421 Client Education

The subrecipients must provide an energy-related needs assessment and referrals, budget counseling, and energy conservation education to each CEAP client. Subrecipients may provide education to identify energy waste, manage household energy use, and strategies to promote energy savings. Subrecipients are encouraged to use oral, written, and visual educational materials.

§5.422 General Assistance and Benefit Levels

(a) Subrecipients shall not discourage anyone from applying for CEAP assistance. Subrecipients shall provide all potential clients with opportunity to apply for LIHEAP programs.

(b) CEAP provides assistance to targeted beneficiaries being households with low incomes at or below 125% of the Federal Poverty Level, with priority given to the elderly, persons with disabilities, families with young children; households with the highest energy costs or needs in relation to income, and households with high energy consumption.

(c) CEAP includes activities, as defined in Assurances 1-16 in the LIHEAP Statute Section 2605 or 42 U.S.C. §8624 (b); education; and financial assistance to help very low- and extremely low-income consumers reduce their utility bills to an affordable level. CEAP services include utility payment assistance; heating and cooling system replacement, repair, and/or retrofit; energy education; and budget counseling.

(d) Sliding scale benefit for all CEAP components:

  (1) Benefit determinations are based on the household's income, the household size, the energy cost and/or the need of the household, and the availability of funds.

  (2) Energy assistance benefit determinations will use the following sliding scale (Except Heating and Cooling System Replacement, Repair and/or Retrofit Component):

    (A) households with Incomes of 0 to 50% of Federal Poverty Guidelines may receive an amount needed to address their energy payment shortfall not to exceed $1,200.

    (B) Households with Incomes of 51% to 75% of Federal Poverty Guidelines may receive an amount needed to address their energy payment shortfall not to exceed $1,100.

    (C) Households with Incomes of 76% to 125% of Federal Poverty Guidelines may receive an amount needed to address their energy payment shortfall not to exceed $1,000.

    (D) The Heating and Cooling System Replacement, Repair, and/or Retrofit Component maximum household benefit limit is $4,000.

(e) Subrecipient shall not establish lower local limits of assistance for any component.

(f) Total maximum possible annual household benefit (all components combined) =$8~~7~~,600.)

(g) Subrecipient shall determine client eligibility for utility payments and/or retrofit based on the agency's household priority rating system and household's income as a percent of poverty.

(h) Subrecipients shall provide only the following types of assistance with funds from CEAP:

  (1) Payment to vendors and suppliers of fuel/utilities, goods, and other services, such as electrical wiring, butane tanks, and lines, etc. for past due or current bills related to the procurement of energy for heating and cooling needs of the residence, not to include security lights and other items unrelated to energy assistance.

(2) Payment to vendors--only one energy bill payment per month as required by component.

(3) Needs assessment and energy conservation tips, coordination of resources, and referrals to other programs.

(4) Energy assistance to low-income elderly and disabled individuals most vulnerable to high cost of energy for heating and cooling needs of the residence.

(5) Payment of water bills only when such costs include expenses from operating an evaporative water cooler unit or when the water bill is an inseparable part of a utility bill. As a part of the intake process, outreach, and coordination, the subrecipient shall confirm that a client owns an operational evaporative cooler and has used it to cool the dwelling within sixty (60) days prior to application. Payment of other utility charges such as wastewater and waste removal are allowable only if these charges are an inseparable part of a utility bill. Documentation from vendor is required. Whenever possible, subrecipient shall negotiate with the utility providers to pay only the "home energy"--heating and cooling--portion of the bill.

(6) Energy bills already paid by householders may not be reimbursed by the program.

(7) Payment of reconnection fees in line with the registered tariff filed with the Public Utility Commission and/or Texas Railroad Commission. Payment cannot exceed that stated tariff cost. Subrecipient shall negotiate to reduce the costs to cover the actual labor and material and to ensure that the utility does not assess a penalty for delinquency in payments.

(8) Payment of security deposits only when state law requires such a payment, or if the Public Utility Commission or Texas Railroad Commission has listed such a payment as an approved cost, and where required by law, tariff, regulation, or a deferred payment agreement includes such a payment. Subrecipients shall not pay such security deposits that the energy provider will eventually return to the client.

(9) While rates and repair charges may vary from vendor to vendor, Subrecipient shall negotiate for the lowest possible payment. Prior to making any payments to an energy vendor a Subrecipient shall have a signed vendor agreement on file from the energy vendor receiving direct LIHEAP payments from the Subrecipient.

(10) Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of client is deducted from client's rent.

(11) In lieu of deposit required by an energy vendor, Subrecipient may make advance payments. The Department does not allow LIHEAP expenditures to pay deposits, except as noted in paragraph (7) of this subsection. Advance payments may not exceed an estimated two months' billings.

(i) Funds for the Texas CEAP shall not be used to weatherize dwelling units, for medicine, food, transportation assistance (i.e., vehicle fuel), income assistance, or to pay for penalties or fines assessed to clients

§5.423 Energy Crisis Component

(a) A bona fide energy crisis exists when extraordinary events or situations resulting from extreme weather conditions and/or fuel supply shortages or a terrorist attack have depleted or will deplete household financial resources and/or have created problems in meeting basic household expenses, particularly bills for energy so as to constitute a threat to the well-being of the household, particularly the elderly, the disabled, or children age 5 and younger. ~~very young children.~~

(b) A utility disconnection notice may constitute an energy crisis, if client demonstrates a history of good faith in paying prior utility bills.

(c) Energy Crisis assistance for one household cannot exceed the maximum allowable benefit level in one year. Crisis assistance payments cannot exceed the minimum amount needed to resolve the crisis. If the client's crisis requires more than the household limit to resolve, it exceeds the scope of this program. If crisis exceeds the household limit, subrecipient may pay up to the household limit but the rest of the bill will have to be paid from other funds to resolve the crisis. Payments may not exceed client's actual utility bill. The assistance must result in resolution of the crisis.

(d) Where necessary to prevent undue hardships from a qualified energy crisis, subrecipients may directly issue vouchers to provide:

(1) Temporary shelter not to exceed the annual household expenditure limit for the duration of the contract period in the limited instances that inoperable heating/cooling appliances or supply of power to the dwelling is disrupted--causing temporary evacuation.

(2) Emergency deliveries of fuel up to 100 gallons per crisis per household, at the prevailing price. This benefit may include coverage for safety precautions--up to the maximum household benefit.

(3) Purchase of portable heating/cooling units (portable electric heaters are allowable only as a last resort) not to exceed household benefit limit during the contract period. Portable air conditioning and heating units may be purchased only in situations that threaten the life of the client.

(4) Subrecipient shall meet local energy crisis criteria prior to purchasing portable units for clients.

(5) Subrecipient shall maintain in the client file documentation of any special situation affecting client eligibility. For a client to qualify to receive a portable air conditioner or heater to protect life of household occupants, the subrecipient's client file must contain documentation from a medical professional, stating that a health condition of household occupant requires such climate control. A doctor’s statement or prior written approval from the Department is required.

(6) Portable heating/cooling units must meet Energy Star® or International Residential Code (IRC) compliant.

(e) Crisis funds, whether for emergency fuel deliveries, purchase of portable heating/cooling units, or temporary shelter, shall be considered part of the total maximum household allowable assistance.

(f) When natural disasters result in energy supply shortages or other energy-related emergencies, LIHEAP will allow home energy related expenditures for the following:

(1) Costs to temporarily shelter or house individuals in hotels, apartments or other living situations in which homes have been destroyed or damaged, i.e., placing people in settings to preserve health and safety and to move them away from the crisis situation;
(2) Costs for transportation (such as cars, shuttles, buses) to move individuals away from the crisis area to shelters, when health and safety is endangered by loss of access to heating or cooling;
(3) Utility reconnection costs;
(4) Repair or replacement costs for furnaces and air conditioners;
(5) Insulation repair;
(6) Coats and blankets, as tangible benefits to keep individuals warm;
(7) Crisis payments for utilities and utility deposits; and
(8) Purchase of fans, air conditioners and generators.

(g) Time Limits for Assistance – Subrecipients ensure that for clients who have already lost service or are in immediate danger of losing service, some form of assistance to resolve the energy crisis shall be provided within a 48 hour time limit (18 hours in life-threatening situations). The time limit commences upon completion of the application process. The application process is considered to be complete when an agency representative accepts an application and completes the eligibility process.

(h) Subrecipients maintain written documentation in client files showing crises resolved within appropriate timeframes. The Department disallows improperly documented expenditures.

§5.424 Co-Payment Component

(a) Subrecipients use home energy payments, energy conservation tips, participation by utilities, and coordination with other services to assist low-income households to reduce their home energy needs.

(b) Subrecipients make payments directly to vendors on behalf of participating households. Participating households make co-payments while participating in the program.

(c) Subrecipients shall calculate payments based on a sliding scale benefit structure.

(d) First payment of co-payment plan may include 100 percent of a utility bill--including arrears--or an appropriate percentage determined by the subrecipient as detailed in the Service Delivery Plan.

(e) A household's participation in the program may last from three to twelve months. Early termination may result if client fails to meet the provisions of the client service agreement.

(f) If a co-payment client's assistance period extends beyond the end of a program year, that client must re-apply for eligibility certification to continue receiving assistance.

(g) Subrecipient shall provide energy conservation education and referrals.

§5.425 Elderly and Disabled Component

(a) Elderly households include at least one member age 60 or above. Disabled households include at least one member living with a disability. Documentation of disability, (i.e. Social Security, Supplemental Security Income statement, doctor's letter) kept in client file will validate eligibility.
(b) Subrecipients make utility payments on behalf of elderly and disabled persons based on the previous 12 month's home energy consumption history, including allowances for cost inflation. In the absence of an available home energy consumption history, subrecipient may base payments on current program year's bill. Subrecipients note such exceptions in client files. Benefit amounts exceeding the actual bill shall be treated as a credit with the utility company for the client.
(c) Elderly and/or disabled clients may receive benefits to cover up to 100 percent of the four highest remaining bills within the contract year as long as the cost does not exceed the maximum annual benefit.
(d) The Department requires Subrecipients to expend a minimum of ten percent of their Direct Service funds in the Elderly/Disabled Component.

§5.426 Heating and Cooling Component

(a) The priority factors other than income eligibility for heating/cooling assistance include the degree of energy burden and household needs. Equipment replacement or repair under this component must reduce energy consumption and energy burden. "Household energy need" takes into account the unique situation of such household that results from having members of vulnerable populations, including children age 5 and younger~~under the age of six~~, disabled individuals, and older individuals. The Department defines the household's energy need as the requirement for energy used to heat and/or cool the dwelling unit, as well as energy required to heat water and refrigerate food.
(b) Equipment repair and replacement targets households with high energy burden, or equipment unsafe or inadequate to protect occupants from extreme temperatures. This component reduces clients' energy burden by reducing excess demand from inefficient heating and cooling appliances. Questionably high energy bills during the heating or cooling season may indicate the need for an assessment of the condition of all major heating and cooling appliances in the client's home. An energy assessment of the home demonstrates whether or not the expected savings from repair or replacement of equipment will exceed the cost and will reduce energy consumption. Appliances consuming the most energy receive highest priority. Estimated repair cost exceeding 60 percent of estimated replacement cost justifies replacement.
(c) Subrecipients must conduct whole house assessments on all eligible heating and cooling appliances. Subrecipients must incorporate the appliance replacement protocols and tools available on the Department website, for window units, water heaters, and refrigerators on all applicable appliances in the household. Printed results from the use of these tools must be placed in the client files and be available for review
(d) Household appliances assessed for condition (health and safety) and efficiency may include any home heating or cooling appliances and propane tanks. The Program allows replacement of evaporative coolers with refrigerated air only for substantiated medical reasons. Subrecipients shall replace appliances with Energy Star® rated equipment or IRC compliant appliances.

(e) Acceptable assessments for appliances under consideration for repair, replacement or retrofit with CEAP funds may be considered valid for one (1) year from the date of assessment. While subrecipients must re-certify income eligibility, the previously obtained assessment would remain valid. Should it appear that appliances previously assessed that did not require repair, replacement, or retrofit at the time of the assessment had deteriorated, a new assessment could be performed on only the applicable appliances.
(f) Households that contain both evaporative coolers and refrigerated air must be assessed in order to make the household most energy efficient. When both units need replacement consideration must be based on what is most energy efficient. Special consideration may be given to climate area and medical need. Without medical documentation a waiver may be granted by the Department.
(g) Heating and cooling assessments may be charged to the Heating and Cooling Component on a per household basis. If the assessment cost is charged to the Heating and Cooling Component, the cost must be counted toward the household benefit of $5~~4~~,000.
(h) All replacement units must meet Energy Star or IRC compliant and must result in energy savings for the client. Heating and cooling funds may pay for zoning off a room in which the client spends a majority of time at home, incidental to the above improvements, if necessary to conserve conditioned air. In order to use heating and cooling funds for a room zone-off, the household must also be receiving a repair, replacement, or retrofit of a space heating or cooling unit.
(i) This component may be used to purchase, lease, or repair butane or propane tanks as well as the residential lines associated with the tanks or natural gas lines of the dwelling not to exceed the household's maximum allowable assistance and only if such service ensures the flow of energy necessary for heating and or cooling the household.
(j) This component may be used to purchase or repair of residential electric lines, not to exceed household's maximum allowable assistance and only if such service ensures the flow of energy necessary for heating and cooling the household.
(k) The Department requires Subrecipients to expend a minimum of ten percent of their Direct Service funds in the Heating and Cooling Component.

§5.430 Allowable Subrecipient Administrative, Assurance 16 Activities, and Direct Services Support Expenditures

(a) Allowable Administrative Costs for administrative activities may include planning, budgeting and accounting; establishing and directing policies, goals, and objectives, not unique to the mission and goals of LIHEAP. Subrecipients earn administrative budget share based on expenditure of direct services funds. The Department calculates funds available for subrecipient administrative activities as a percentage of Direct Services expenditures.
(b) Allowable Assurance 16 Activities costs may include services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors.
(c) Allowable Expenditures under Direct Services Support may include client intake, salaries, fringe benefits, and travel expenditures of staff when conducting outreach to

eligible households; material and printing costs associated with outreach and targeting to eligible households.
(d) Direct Services Support and Assurance 16 Activities do not include computer purchases and related costs. These belong to Administration. Time/Expenditure Allocation for subrecipients shall demonstrate and document that they separately allocated the appropriate share of Direct Services Support/Assurance 16 Activities time and expenditures to both outreach and targeting.
(e) The Department and its subrecipients use the Uniform Grant Management Standards, OMB Circular A-87 for local governments or OMB Circular A-122 for non-profits for determination of allowable and allocable costs.
(f) To ensure fiscal compliance for this program, the Department may at the minimum use the following fiscal controls:

- (1) review annual audits;
- (2) monitor fiscal records; and
- (3) review Monthly Expenditure and Performance Reports.

(g) The Department staff may monitor LIHEAP programs through monthly performance reports and periodic on-site visits using a standard monitoring instrument (copy available on the Department's website) for each program, designed to identify the agency's strengths and weaknesses. A risk assessment process will guide scheduling of visits to ensure that agencies ranking highest in risk will be monitored first.
(h) The Department and its subrecipients shall cooperate in all audits and maintain records in acceptable format for audit purposes and will cooperate with any state or federal investigations.

§5.431 Payments to Subcontractors and Vendors

(a) A Department approved bi-annual vendor agreement, is required to be implemented by the subrecipient and shall contain assurances as to fair billing practices, delivery procedures, and pricing procedures for business transactions involving LIHEAP recipients. These agreements are subject to monitoring procedures performed by the Department staff.
(b) Subrecipient shall maintain proof of payment to subcontractors and vendors as required by OMB Circulars.
(c) The subrecipients shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification.
(d) The vendor payment method will be used by subrecipients for CEAP components. Subrecipient shall not make cash payments directly to eligible household for any of the CEAP components.

§5.432 Outreach, Accessibility, and Coordination

(a) The Department may continue to develop interagency collaborations with other low-income program offices and energy providers to perform outreach to targeted groups.
(b) Subrecipients shall conduct outreach activities.
(c) Subrecipients shall accept applications at sites that are geographically accessible to all households requesting assistance.

(d) Outreach activities may include:

- (1) providing information through home visits, site visits, group meetings, or by telephone for disabled low-income persons;
- (2) distributing posters/flyers and other informational materials at local and county social service agencies, offices of aging, Social Security offices, etc.;
- (3) providing information on the program and eligibility criteria in articles in local newspapers or broadcast media announcements;
- (4) coordinating with other low-income services to provide LIHEAP information in conjunction with other programs;
- (5) providing information on one-to-one basis for applicants in need of translation or interpretation assistance;
- (6) providing LIHEAP applications, forms, and energy education materials in English and/or Spanish (or other appropriate language);
- (7) working with energy vendors in identifying potential applicants;
- (8) assisting applicants to gather needed documentation; and
- (9) mailing information and applications.

(e) Subrecipients shall coordinate with other social service agencies through cooperative agreements to provide services to client households. Cooperative agreements must clarify procedures, roles, and responsibilities of all involved entities.

(f) Subrecipients shall coordinate with other energy related programs. Specifically, subrecipient shall make documented referrals to the local WAP subrecipient.

(g) Subrecipients shall coordinate with local energy vendors to arrange for arrearage reduction, reasonably reduced payment schedules, or cost reductions.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 5 COMMUNITY AFFAIRS DIVISION

SUBCHAPTER E. WEATHERIZATION ASSISTANCE PROGRAM (WAP)

GENERAL WEATHERIZATION ASSISTANCE PROGRAM (General-WAP)
10 TAC §5.501-§5.508, 5.521 – 5.532

§5.501 Background

The Weatherization Assistance Program was established by the Energy Conservation in Existing Buildings Act of 1976, as amended 42 U.S.C. 6851 et seq. The Department funds the Weatherization Programs through the Department of Energy Weatherization Assistance Program (DOE-WAP) which is funded through the U.S. Department of Energy Weatherization Assistance Program for Low Income Persons grant and the Low Income Home Energy Assistance Program Weatherization Assistance Program (LIHEAP-WAP) which is funded through the U.S. Department of Health and Human Services' Low-Income Home Energy Assistance Program (LIHEAP) grant.

§5.502 Purpose and Goals

(a) DOE-WAP and LIHEAP-WAP offers grants to community action agencies, nonprofits, and units of local government with targeted beneficiaries being households with low incomes, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income; and households with high energy consumption. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.

(b) The programs fund the installation of weatherization materials and provide energy conservation education. The program helps to control energy costs to ensure a healthy and safe living environment.

(c) The Department shall administer and implement the DOE-WAP program in accordance with DOE rules (10 CFR 440). The Department shall administer and implement the LIHEAP-WAP program in accordance with a combination of LIHEAP and DOE rules. LIHEAP weatherization measures may be leveraged with DOE weatherization measures.

§5.503 Distribution of WAP Funds

(a) The Department distributes funds to subrecipients by an allocation formula.
(b) The allocation formula allocates funds based on the number of low-income households in a service area and takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as follows:

(1) County Non-elderly Poverty Household Factor is defined as the number of Non-elderly Poverty Households in the County divided by the number of Non-elderly Poverty Households in the State.

(2) County Elderly Poverty Household Factor is defined as the number of Elderly Poverty Households in the County divided by the number of Elderly Poverty Households in the State.

(3) County Inverse Poverty Household Density Factor is defined as:

(A) The number of Square Miles of the County divided by the number of Poverty Households of the County (equals the Inverse Poverty Household Density of the County); and

(B) Inverse Poverty Household Density of the County divided by the Sum of Inverse Household Densities.

(4) County Median Income Variance Factor is defined as:

(A) State Median Income minus the County Median Income (equals County Variance); and

(B) County Variance divided by sum of the State County Variances;

(5) County Weather Factor is defined as:

(A) County Heating Degree Days plus the County Cooling Degree Days, multiplied by the Poverty Households, divided by the sum of County

Heating & Cooling Degree Days of Counties (equals County Weather); and
(B) County Weather divided by the total sum of the State County Weather.
(C) The five factors carry the following weights in the allocation formula: number of non-elderly poverty households (40 percent), number of poverty households with at least one member who is 65 years of age or older (40 percent), household density as an inverse ratio (5 percent), the median income of the county (5 percent), and a weather factor based on Heating Degree Days and Cooling Degree Days (10 percent). All demographic factors are based on the 2000 U.S. Census. The formula is as follows:

(1) County Non-elderly Poverty Household Factor (0.40) plus;
(2) County Elderly Poverty Household Factor (0.40) plus;
(3) County Inverse Poverty Household Density Factor (0.05) plus;
(4) County Median Income Variance Factor (0.05) plus;
(5) County Weather Factor (0.10);
(6) Total sum of paragraph (1)-(5) of this subsection multiplied by total funds allocation equals the County's allocation of funds.
(7) The sum of the county allocation within each subrecipient service area equals the subrecipient's total allocation of funds.

§5.504 Subrecipient Eligibility

(a) The Department administers the DOE-WAP program through subrecipients in accordance with 10 CFR §440.15 and State rules.
(b)The Department administers the LIHEAP-WAP program through subrecipients in accordance with the Economic Opportunity Act of 1964, the Low-Income Home Energy Assistance Act of 1981 as amended (42 U.S.C. §6861 et seq.), and in accordance with 10 CFR §440.15 and State rules.

§5.505 Subrecipient Requirements for Appeals Process for Applicants

(a) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) days of the adverse determination. If the denial is for any reason other than DOE reweatherization, as specified in 10 CFR 440, the subrecipient will notify the applicant of the adverse determination. This notification shall include written instructions of the appeals process and specific reasons for the denial. The applicants wishing to appeal a decision must provide written notice to subrecipient within 10 days of receipt of the denial notice.
(b) The subrecipient who receives an appeal shall establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their client files.
(c) The subrecipient shall hold the appeal hearing within ten business days after the subrecipient received the appeal request from the applicant.
(d) The subrecipient shall record the hearing.

(e) The hearing shall allow time for a statement by subrecipient staff with knowledge of the case.
(f) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.
(g) Subrecipient shall notify applicant of the decision in writing. The subrecipient shall mail the notification by close of business on the business day following the decision. (1 day turn-around)
(h) If the applicant is not satisfied, they may further appeal the decision in writing to the Department within ten days of notification of an adverse decision.
(i) If client appeals to the Department, the subrecipient must retain the maximum allowable cost per unit until the Department renders a decision.
(j) The Department may review the recording of the hearing, the committee's decision, and any other relevant information necessary.
(k) The Department appeals committee shall decide the case and forward their recommendation to the Division Director for final concurrence.
(l) The Department will notify all parties in writing of its decision within 30 days of receipt of the appeal.

§5.506 Subrecipient Reporting Requirements

(a) The subrecipient shall electronically submit to the Department a monthly Funding Report of all expenditure of funds, request for advance or reimbursement, and a monthly performance report no later than fifteen (15) days after the end of each month.
(b) The subrecipient shall electronically submit to the Department no later than sixty (60) days after the end of the subrecipient contract term a final expenditure or reimbursement and programmatic report utilizing the Funding Report.
(c) The subrecipient shall submit to the Department no later than sixty (60) days after the end of the contract term an inventory of all vehicles, tools, and equipment with a unit acquisition cost of $5,000 or more and a useful life of more than one year, if purchased in whole or in part with DOE and LIHEAP-WAP funds.
(d) The subrecipient shall submit other reports, data, and information on the performance of the DOE and LIHEAP-WAP program activities as required by DOE pursuant to 10 CFR §440.25 or by the Department.

§5.507 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria

(a) Dwelling units that contain household members who receive SSDI only are not automatically eligible.
(b) The subrecipients shall establish eligibility and priorities criteria to increase the energy efficiency of dwellings owned or occupied by low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with young children, high residential energy users, and households with high energy burden. High residential energy users and households with high energy burden are defined as follows:

(1) Households with Energy Burden which exceeds 11% of gross income are characterized by the Department as high energy burden households. The

Department calculates energy burden by dividing home energy costs by the household's gross income.

(2) Households with energy expenditures which exceed $1000 of energy expenditures per year are characterized by the Department as high energy consumers.

(c) The subrecipients shall follow the Department rules and established state and federal guidelines for determining eligibility for multifamily dwelling units as referenced in §5.527 of this subchapter.

(d) To determine income eligibility for program services, subrecipients must base annualized eligibility determinations on household income from 30 days prior to the date of application for assistance. Each subrecipient must document income from all sources for all household members for the entire 30 day period prior to the date of application and multiply by twelve (12) to annualize income. Income documentation must be collected from all income sources for all household members 18 years and older for the entire 30 day period

(e) In the case of migrant, seasonal, part-time, temporary, or self-employed workers a longer period than 30 days may be used for annualizing income. However, the same method must be used for all similarly situated workers.

(f) If proof of income is unavailable, the applicant must complete and sign a Declaration of Income Statement (DIS). In order to use the DIS form, each subrecipient shall develop and implement a written policy and procedure on the use of the DIS form. In developing the policy and procedure, subrecipients shall give consideration to limiting the use of the DIS form to cases where there are serious extenuating circumstances that justify the use of the form. Such circumstances might include crisis situations such as applicants that are affected by natural disaster which prevents the applicant from obtaining income documentation, applicants that flee a home due to physical abuse, applicants who are unable to locate income documentation of a recently deceased spouse, or whose work is migratory or seasonal in nature. The Department will review the written policy and its use during on-site monitoring visits.

(g) Subrecipient shall determine applicant income. The Department will provide definition of income lists to determine total household income. The lists contain income inclusions and exclusions and are located in Subchapter A, §5.019 Client Income Guidelines.

(h) Social Security numbers are not required for applicants.

§5.508 Liability Insurance

(a) All subrecipient weatherization work shall be covered by general liability. Pollution Occurrence Insurance shall be a part of, or an addendum to, the general liability insurance policy. The Department includes funds in the DOE-WAP subrecipient budgets for the subrecipients to purchase liability insurance and pollution occurrence insurance as required for all units to be weatherized, including LIHEAP-WAP units.

(b) Subrecipients shall review and maintain their existing policies at least as frequently as contracts are awarded, to ensure that they and their subcontractors have adequate insurance coverage for all units to be weatherized.

§5.521 Client Education

The subrecipients shall provide client education to each WAP client on energy conservation practices. Subrecipients shall provide education to identify energy waste, manage household energy use, and strategies to promote energy savings. Subrecipients are encouraged to use oral, written, and visual educational materials. These activities are paid with the Department's training and technical assistance funds and the subrecipients' program support funds.

§5.522 Mold Work Practices

(a) The Department may provide mold work practices training methodology to all subrecipients.
(b) The Department may provide mold work practices to new subrecipient hires on an on-going basis.
(c) The subrecipients shall be responsible for providing the training to their weatherization subcontractors.

§5.523 Mold Conditions

(a) If the subrecipient's energy auditor discovers a mold condition which the weatherization subcontractor cannot adequately address, then the unit shall be referred to the appropriate public agency for remedial action.
(b) The subrecipient shall provide the applicant written notification that their home cannot, at this time, be weatherized and why. They should also be informed of which agency they should contact to report the mold condition. The applicant should be advised that when the mold issue is resolved they may reapply for weatherization.
(c) If the energy auditor determines that the mold is treatable and covers less than the 25 contiguous square feet limit allowed to be addressed by the Department of State Health Services' guidelines, the subrecipient shall notify the applicant of the existence of the mold and potential health hazards, the proposed action to eliminate the mold, and that no guarantee is offered that the mold will be eliminated and that the mold may return. The auditor must obtain written approval from the applicant to proceed with the weatherization work.

§5.524 Lead Safe Work Practices

Subrecipients will require and document that their subcontractors have received~~Subrecipients must provide a one-day~~ Lead Safe Weatherization (LSW) training, an LSW Manual, and an LSW Jobsite Handbook prior to commencement of weatherization work.~~ to their subcontractors~~. Subrecipients must obtain a signed Worker Verification of LSW Training form from the subcontractor indicating that the contractor received the LSW training, manual, and jobsite handbook. Subcontractors must follow Lead Safe Weatherization Work Practices as outlined by the U.S. Department of Energy.

§5.525 Eligibility for Multifamily Dwelling Units

(a) The eligibility of dwelling units for WAP services can be found in 10 CFR Part §440.22.
(b) A multi family building is defined by DOE as a group of dwellings under the same roof.
(c) In order to weatherize large multifamily buildings containing twenty-five or more dwelling units or those with shared central heating (i.e. boilers) and/or shared cooling plants (i.e. cooling towers that use water as the coolant) regardless of the number of dwelling units, subrecipients shall submit in writing a request for approval from the Department. When necessary, the Department will seek approval from DOE. Approvals from DOE must be received prior to the installation of any weatherization measures in this type of structure.
(d) In order to weatherize shelters, subrecipients shall submit a written request for approval from the Department. Approvals from the Department must be received prior to the installation of any weatherization measures
(e) If roof replacement is to be considered as part of repair cost under the weatherization process, the expenses must be shared equally by all eligible units weatherized under the same roof. If multiple storied buildings are weatherized, eligible ground floor units must be allocated a portion of the roof cost as well as the eligible top floor units. All weatherization measures installed in multifamily units must meet the standards set in 10 CFR §440.18(c)(9) and §(15) and Appendix A--Standards for Weatherization Materials, and meet a savings-to-investment ratio of one or greater on the Energy Audit. DOE specifically addresses the eligibility of multifamily units in 10 CFR §440.22 (a)-(d).
(f) WAP subrecipients shall establish a multifamily master file for each multifamily project in addition to the individual unit requirements found in the record keeping requirement section of the contract. Subrecipients shall maintain a multifamily master file for each complex weatherized. The multifamily master file must include, at a minimum, the following forms: (forms available on the Departments website)

(1) Multifamily Pre-Project Checklist Form;
(2) Multifamily Post-Project Checklist Form;
(3) Permission to Perform an Assessment for Multifamily Project Form;
(4) Landlord Agreement Form;
(5) Landlord Financial Participation Form; and
(6) Significant Data Required in all Multifamily Projects.

§5.526 Energy Audit

The Department has developed an Energy Audit for the State of Texas Weatherization Assistance Programs. Weatherization subrecipients are required to complete the audit prior to commencing weatherization work.

§5.527 Energy Audit Procedures

(a) Savings-to-Investment Ratio (SIR) for the energy audit procedures will determine the installation of allowable weatherization measures. The weatherization measures must result in energy cost savings over the lifetime of the measure(s), discounted to present value, that equal or exceed the cost of materials, and installation.

(b) The Energy Audit has not been approved for multi-family buildings containing 25 or more units. Since Texas subrecipients rarely propose to weatherize a building with 25 or more units, the Department will acquire a DOE approved energy audit for use in auditing multi-family buildings containing 25 or more units.
(c)Energy Auditors must use the established R-values for existing measures provided in the International Energy Conservation Code (IECC) when entering data into the Energy Audit. Subrecipients must follow minimum requirements set in the State of Texas adopted International Residential Code (IRC) or jurisdictions authorized by State law to adopt later editions.
(d) All materials and labor measures must be entered into the Audit.

§5.528 Health and Safety

Health and Safety funds will have a maximum of 2~~1~~0% of the Materials, Labor and Program Support budgets.
(a) Subrecipients shall provide weatherization services with the primary goal of energy efficiency. The Department considers establishing a healthy and safe home environment to be important to ensuring that energy savings result from weatherization work.
(b) If health and safety issues identified on an individual unit (which would be exacerbated by any weatherization work performed) cannot be abated within the allowable WAP limits, the unit exceeds the scope of this program.
(c) Subrecipients must test for high carbon monoxide levels and bring carbon monoxide levels to acceptable levels before weatherization work can start. The Department has defined maximum acceptable CO readings as follows:

(1) 25 parts per million for cook stove burners and unvented space heaters
(2) 100 parts per million for vented combustion appliance
(3) 150 parts per million for cook stove ovens

§5.529 Whole House Assessment

Subrecipients must conduct a whole house assessment on all eligible units. All allowable weatherization measures needed must be entered into the Energy Audit. Measures will be performed in order of highest SIR to lowest depending on funds available.

§5.530 Blower Door Standards

Subrecipients are required use the blower door data form adopted by the Department and available on the Department’s website (www.tdhca.state.tx.us)

§5.531 Training and Technical Assistance

Upon the hiring of a new Weatherization Coordinator, the subrecipient is required to contact the Department with written notification within thirty (30) days of the hiring and request training and technical assistance.

§5.532 Training Funds for Conferences

The Department provides financial assistance to subrecipients for training and technical activities for State sponsored, ~~and~~ DOE sponsored and other relevant workshops and conferences. Subrecipients may use WAP training funds to attend conferences provided the conference agenda includes topics directly related to administering WAP. Costs to attend the conference must be prorated by program for the appropriate portion. Only staff actually working on the WAP program may charge any of their travel costs to the program.

PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 5 COMMUNITY AFFAIRS DIVISION
SUBCHAPTER F. WEATHERIZATION ASSISTANCE PROGRAM (WAP)
DEPARTMENT OF ENERGY WEATHERIZATION ASSISTANCE PROGRAM (DOE-WAP)
10 TAC §5.601-§5.609

§5.601 DOE Cost Principles and Administrative Requirements
§5.602 WAP Policy Advisory Council (WAP PAC)
§5.603 Adjusted Average Expenditure Per Dwelling Unit
§5.604 Categorically Eligibility Criteria
§5.605 Training and Technical Assistance Carryover Funds
§5.606 Electric Base Load Measures
§5.607 Space Heater Requirements
§5.608 Vehicle Procurement Procedures
§5.609 Grant Guidance on Leasing of Vehicles

§5.601 DOE Cost Principles and Administrative Requirements

In addition to cost principles and administrative requirements listed in Subchapter A ~~§5.00~~**§5.**2, Subrecipients administering DOE programs must also adhere to 10 CFR 440 or DOE WAP rules, 10 CFR 600 and the International Residential Code.

§5.602 WAP Policy Advisory Council (WAP PAC)

(a) In accordance with Texas Government Code §2110.005, the Department shall establish a State policy advisory council, in accordance with 10 CFR §440.17 and Texas Government Code, Chapter 2110, prior to the expenditure of any grant funds.
(b) The policy advisory council shall meet at least once a year to review the program plan and provide advice to the Department and meet as needed throughout the year to provide advice when it is requested.

> (1) The WAP PAC may also meet as necessary in person, by telephone, or via electronic means to provide the Governing Board or Department guidance and advice with respect to the development and implementation of the weatherization assistance program and its activities; and
> (2) The WAP PAC will cause minutes of any meetings or telephone conferences to be taken and forwarded to the Department or Governing Board.

(c) All meetings shall be held in accordance with Texas Government Code Chapter 551.

§5.603 Adjusted Average Expenditure Per Dwelling Unit

Expenditures of financial assistance provided under DOE-WAP funding for the weatherization services for labor, weatherization materials, and related matters shall not exceed the DOE adjusted average expenditure limit for the current program year per dwelling unit as provided by DOE, without special agreement via an approved waiver from the Department.

§5.604 Categorical Eligibility Criteria

A dwelling unit shall be eligible for weatherization assistance if it is occupied by a family unit which contains a current household member who has received TANF or SSI at any time during the twelve month period preceding the determination of eligibility. The eligibility of dwelling units for WAP services can be found in 10 CFR Part §440.22.

§5.605 Training and Technical Assistance Carryover Funds

(a) Training and technical assistance funds, allocation figure as provided by DOE, shall not be used to purchase vehicles or equipment for local agencies to perform weatherization services.

(b) Should unexpended training and technical assistance funds remain at the end of the program year, the Department may require these funds to be used to weatherize homes during the following year.
(c) If the Department determines these funds are needed for training and technical assistance, DOE can waive this provision if necessary. If this is the case, the Department will provide justification to DOE of the necessity to carryover these funds into the new program year and that they be included as a part of the new training and technical assistance budget.

§5.606 Electric Base Load Measures

DOE has approved the inclusion of selected Electric Base Load (EBL) measures (~~§5.00~~§5.3) as part of the weatherization of eligible residential units. EBL measures must be determined cost effective with an SIR of one or greater by either audit analysis or separate DOE approved analytical tools. Refrigerators must be metered for a minimum of two (2) hours.

§5.607 Space Heater Requirements

Subrecipients must follow DOE Weatherization Program Notice 08-4 Space Heater Policy.

§5.608 Vehicle Procurement Procedures

All vehicles considered for purchase with U.S. Department of Energy (DOE) funds must be pre-approved by DOE via correspondence through the Department. Procurement procedures must include provisions for free and open competition. In the event a DOE approved vehicle is stolen or damaged in an accident beyond repair (“totaled”), the replacement vehicle must be approved by DOE via the Department. Any vehicle purchased without approval by DOE will result in disallowed costs.

§5.609 Grant Guidance on Leasing of Vehicles

Subrecipients are not to enter into vehicle lease agreements for vehicles used in the WAP and paid for with WAP funds.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 5 COMMUNITY AFFAIRS DIVISION

SUBCHAPTER G. WEATHERIZATION ASSISTANCE PROGRAM (WAP)

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM WEATHERIZATION ASSISTANCE PROGRAM (LIHEAP-WAP)
10 TAC §5.701-§5.705

§5.701 Allowable Expenditure per Dwelling Unit

Expenditures of financial assistance provided under LIHEAP-WAP funding for the weatherization services for labor, weatherization materials, and related matters shall not exceed the allowable figure as set forth in the annual LIHEAP State Plan. The current allowable amount is set at $4,000 per dwelling unit.

§5.702 Electric Base Load Measures

DOE has approved the inclusion of selected Electric Base Load (EBL) measures as part of the weatherization of eligible residential units. EBL measures will be allowable under the LIHEAP-WAP program. The EBL measures must be determined cost effective with an SIR of one or greater by either audit analysis or separate DOE approved analytical tools. Replacement of refrigerators 1993 or older or metered to have an SIR of one or greater in the Energy Audit or the Department's refrigerator assessment tool is an allowable energy efficiency measure. Refrigerators must be metered for a minimum of 30 minutes. All refrigerators to be replaced must be entered into the Energy Audit under "other measures."

§5.703 Outreach and Accessibility

(a) The Department may continue to develop interagency collaborations with other low-income program offices and energy providers to perform outreach to targeted groups.
(b) Subrecipients shall conduct outreach activities.
(c) Subrecipients and their field offices shall accept applications at sites that are geographically accessible to all households requesting assistance.
(d) Other outreach activities may include:

(1) providing information through home visits, site visits, group meetings, or by telephone for disabled low-income persons;
(2) distributing posters/flyers and other informational materials at local and county social service agencies, offices of aging, social security offices, etc.;
(3) providing information on the program and eligibility criteria in articles in local newspapers or broadcast media announcements;
(4) coordinating with other low-income services to provide LIHEAP information in conjunction with other programs;
(5) providing information on one-to-one basis for applicants in need of translation or interpretation assistance;
(6) providing LIHEAP applications, forms, and energy education materials in English and/or Spanish (or other appropriate language);
(7) working with energy vendors in identifying potential applicants;
(8) assisting applicants to gather needed documentation; and,
(9) mailing information and applications.

§5.704 Energy Repairs

WAP will provide weatherization, energy efficiency, and weatherization repair-related activities to eligible clients. LIHEAP-WAP energy-related repairs identified in this section must be entered into the Energy Audit as a repair measure. The list of allowable LIHEAP-WAP weatherization energy related repairs which may be undertaken when necessary to protect and complete regular energy efficiency weatherization measures include:
(1) roof, wall, and floor repair (excluding leveling);
(2) repair or replacement of essential electrical wiring;
(3) mobile home skirting to protect belly insulation;
(4) overhangs to protect mobile home doors; and
(5) carpentry work to protect outside water heater from the elements.

§5.705 Other Measures

(a) LIHEAP-WAP energy efficiency measures identified in this section must be entered into the Audit as an “other measure.”
(b) Solar screens and window film must be installed in the order West, East, South, and North.
(c) Replacement of refrigerators 1993 or older or that have an SIR of one or greater in Energy Audit or the Department’s refrigerator assessment tool.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1: TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 5: COMMUNITY AFFAIRS DIVISION
SUBCHAPTER H. SECTION 8 HOUSING CHOICE VOUCHER PROGRAM
10 TAC §5.808

§5.808 Project Access Initiative

§5.808 Project Access Initiative

(a) Project Access is a program that utilizes Section 8 Housing Choice Vouchers administered by the Department to assist low-income non-elderly persons with disabilities in transitioning from institutions into the community by providing access to affordable housing.
(b) All Section 8 Program rules and regulations apply to the program.
(c) Project Access Eligibility Criteria. A Project Access voucher recipient must meet all Section 8 eligibility criteria as well as meet all of the following eligibility criteria:

(1) have a permanent disability as defined in §223 of the Social Security Code or be determined to have a physical, mental or emotional disability that is expected to be of long-continued and indefinite duration that impedes one's ability to live independently;
(2) be less than 62 years of age at the time of voucher issuance; and
(3) meet one of the following criteria:
    (A) be an At-Risk Applicant and a previous resident of a nursing facility, intermediate care facility, or board and care facility as defined by HUD; or
    (B) be a current resident of a nursing facility, intermediate care facility, or board and care facility at the time of voucher issuance as defined by HUD.

MULTIFAMILY FINANCE PRODUCTION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion, and Possible Approval for publication in the *Texas Register* of a final order adopting repeal of 10 TAC Chapter 49, concerning 2007 Housing Tax Credit Program Qualified Allocation Plan and Rules, and final order adopting new 10 TAC Chapter 49, concerning 2009 Housing Tax Credit Program Qualified Allocation Plan and Rules.

Requested Action

1. Adoption of Repeal of Title 10 Texas Administrative Code, Part 1, Chapter 49 – 2007 Housing Tax Credit Program Qualified Allocation Plan and Rules
2. Adoption of New Title 10 Texas Administrative Code, Part 1, Chapter 49 – 2009 Housing Tax Credit Program Qualified Allocation Plan and Rules

Background and Recommendations

On September 4, 2008, the Board approved the Draft 2009 Housing Tax Credit Program Qualified Allocation Plan and Rules ("Draft 2009 QAP") to be published in the *Texas Register* and on the Department's website for public comment. Public comment was accepted regarding the Draft 2009 QAP from September 5 to October 20, 2008. In addition to accepting written public comment, the Department held six public hearings throughout the state to solicit additional public comment. All written comment received during the public comment period and during public hearings has been summarized and responded to in the attached document.

Recommendation

1. Adoption of Repeal of Title 10 Texas Administrative Code, Part 1, Chapter 49 – 2007 Housing Tax Credit Program Qualified Allocation Plan and Rules
2. Adoption of Staff's Recommendations for the New Title 10 Texas Administrative Code, Part 1, Chapter 49 – 2009 Final Housing Tax Credit Program Qualified Allocation Plan and Rules

Reasoned Response to Public Comment on the 2009 Draft Qualified Allocation Plan and Rules

The Texas Department of Housing and Community Affairs (the "Department") received the majority of comments to the 2009 Draft Qualified Allocation Plan and Rules (QAP) in writing by email, fax and mail. This document provides the Department's response to all comments received. The comments and responses include both administrative clarifications and corrections made to the QAP by staff, as well as substantive comments on the QAP and the corresponding Departmental response. Comments and responses are presented in the order they appear in the QAP. After each comment title, numbers are shown in parentheses. These numbers refer to the person or entity that made the comment as reflected in the Addendum. If comment resulted in recommended language changes to the Draft QAP as presented to the Board in September, those new language changes are highlighted. Copies of the exact comment letters provided are available on the Department's website.

§49 – General (no specific section of the QAP provided in comment) (19, 21, 23, 26, 27, 28, 29, 32, 33, 35, 40, 41, 46, 50, 52, 53, 54, 56, 58, 66, 67)

Administrative Changes:
Staff has made administrative revisions throughout the QAP to correct spelling, punctuation, numbering and spacing errors; to consistently capitalize defined terms; minor clarification; and to consistently utilize defined terms. In cases where administrative changes propose revisions other than those outlined here, the proposed changes are highlighted in the applicable QAP section.

Comment:
Comment states that the QAP fails to recognize the unique existence of the three Federally Recognized Indian Tribes. Commenter goes on to briefly summarize the history of the self governing Indian Tribes, and also mentions that although the tribes are self governing they do have the right to receive federal assistance. According to the comment Tribes across the country have begun to seek low Income Housing Tax Credits, and the subsequent comments will pertain to their request to include Federally Recognized Indian Tribes in the QAP. (19, 21)
Staff Response:
According to Section 42, Indian Tribes have historically had the ability to apply for tax credits and Section 42(i) specifically references considerations for tax credit buildings receiving Native American Housing Assistance. With the passage of the Housing and Economic Recovery Act of 2008, H.R 3221 (the "Act"), the General Use Provision in IRC §42 was further clarified. The legislation states "A project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants (A) with special needs (B) who are members of a specified group under a Federal program or State program or policy that supports housing for such a specified group and (C) who are involved in artistic or literary activities." The Department does not explicitly reference Indian Tribes in the QAP because they are not restricted from the program and are eligible to apply under the same requirements of any other applicant. Staff recommends all applications be reviewed individually and on their on merit. Any issues of eligibility, selection or threshold will be considered by the Board individually. No change is recommended.

Comment:
Comment was made asking the Department to include a more detailed Table of Contents and that all sections, subsection numbers and headings be in bold, italics, and/or underlined. Commenter also would like to add spaces between subsections. In regards to the application, comment suggested streamlining the application, including auto-fill capabilities for duplicate information, allowing additional page capability for redundant forms and one certification. (26)(66)

Staff Response:
Staff will make every effort to accommodate the request to make the QAP and Uniform Application Materials more user-friendly.

Comment:
Comment indicated that the current and proposed QAPs fail to remedy the over-concentration and segregation of TDHCA supported projects in the low income and minority concentrated census tracts of the Dallas area. The commenter also noted that the QAP still has not addressed the problem of disproportionately allocating federal low income housing tax credits and tax-exempt bond funds to developments in impacted areas (above average minority concentration and below average income levels). (28)
Staff Response:
The Department has instituted rules that address the issues of concentration and has provided incentives for applicants to consider in site selection. QAP §49.6(f), (g), and (h) provide limitations on the location of developments, and §49.9 (i) (12), (13), (15), (16), (19), and (22) provide incentives for applicants to consider the location of the site when selecting a site for development. The current DRAFT QAP provides the thirty percent increase in eligible basis as incentive to locate Developments in higher income and educational quality. State statutes block building within close distances. Given that the program allows third party developers to choose locations, it would not be feasible to further restrict the Development selection process under state and federal laws.

Comment:
Comment was made, that the Department fails to create standards for its projects that protect against developing in neighborhoods of blight. Commenter continues by stating that the Department does not make projects adjacent to or near environmental factors more costly in threshold criteria, and suggests losing more points for noxious environmental issues. Comment also suggested that tax credit units be subject to site and neighborhood standards. (28)
Staff Response:
The QAP does provide incentive points for locating in locations that would generally not have blight. The Department requires an environmental site assessment (ESA) for all application requesting issuance of housing tax credits or tax-exempt bond financing that addresses environmental concerns on or near the proposed site. The Department requires mitigation for issues addressed in the ESA. No change is recommended.

Comment:
Commenter states that the Department has released a good QAP that Global Green USA supports. Commenter stated that point allocations and language clarity are the two areas they are looking to refine and improve. (53)
Staff Response:
Staff appreciates the assistance provided by Global Green USA. Comment is regarding changes already proposed elsewhere in the QAP. No additional change is recommended.

Comment:
Comment was made supporting the following changes in the 2009 QAP: definitions for single room occupancy and supportive housing; language in proposing at least 50% of Units in supportive housing; and developments provide 10% of the low income units at 30% AMGI as eligible for the 30% increase in eligible basis. Also the commenters applauded the language that encourages additional available units at or below 50%AMGI if an applicant qualifies for points under 49.9(i)(3). (32, 54) Comment was made congratulating TDHCA staff for a draft QAP draft that included some “monumental improvements.” Commenter praised the high-opportunity areas that allow low income housing in better parts of town with better access to good schools and public transportation and also praised the Department for including

"Green Building". Commenter also complimented the supportive housing definitions that were changed. (54)

Staff Response:

Staff appreciates the support of the changes. No further change recommended.

Comment:

Comment was made asking for a definition of Infill Housing. (67)

Staff Response:

Staff agrees with the commenter that there needs to be a clear definition that is accepted by the general public. The proposed reference to infill housing in §49.9(i)(16)(F) has been removed from the Draft QAP at this time and will be researched more thoroughly for future inclusion.

§49.3(1) – Definitions – Adaptive Reuse (66)

Comment:

Comment was made that the Department should clarify that "a clubhouse or nonresidential building can be outside the original footprint and still be considered eligible." (66)

Staff Response:

Staff agrees and proposes the following additional language:

"(1) …If any Units are built outside the original building footprint or foundation, the Development will be considered New Construction. A clubhouse or non-residential building may be outside the original footprint or foundation and still be considered Adaptive Reuse…"

§49.3(14) – Definitions – At-Risk Development (15, 68)

Comment:

Comment was made asking to remove barriers in the state that impede the coupling of funding of Sections 514 and 516 with LIHTC funding. H.R. 3221, the Housing and Economic Recovery Act, clarified that Section 514 and 516 can be used together with tax credits. (15)

Staff Response:

No specific barriers were noted, however the QAP already allows 514 and/or 516 to be utilized with tax credits. The QAP also currently includes reference to 514 and 516 in its definition of an At-Risk Development to help ensure that properties at risk of losing their affordability can compete in a separate set-aside.

Comment:

Comment was made to add a subsection (F) to the definition of At-Risk Development that includes properties deemed by HUD to be obsolete or economically non-viable. (68)

Staff Response:

The definition for an At-Risk Development is statutorily defined in §2306.6702 of the Texas Government Code. The Department does not have the ability to change the definition. No change is recommended.

§49.3(15) – Definitions – Bedroom (32, 49, 52, 54)

Comment:

Comment noted opposition to the language requiring a door on a bedroom as it hinders loft style developments. Specific language, as noted below, was proposed. (32, 49, 52, 54)

Staff Response:

Staff proposes the following definition to address these comments:

> "…is self contained with a door (or the unit is a "loft" design with an open sleeping area of 100 square feet or more)…"

§49.3(23) – Definitions – Community Revitalization Plan (66)

Comment:

Comment noted that not all adoptions of documents are done by ordinance or resolution and suggested this definition: A published document under any name, approved and adopted by the local Governing Body by ordinance, resolution, or vote, that targets specific geographic areas for revitalization and development of residential developments. (66)

Staff Response:

Staff recommends using the proposed definition of Community Revitalization Plan noted above. Staff further suggests the following addition to the requirements of evidence submitted in requests for points under §49.9(i)(13) and (24):

> "Such evidence must include an ordinance, resolution, or otherwise recorded documentation of a vote taken by the local elected Governing Body specifically adopting the Community Revitalization Plan; or…"

§49.3(26) – Definitions – Control (52)

Comment:

Commenter takes issue with reference in the definition of Control that indicates "managing general partners of a limited liability company." Commenter states that Limited liability companies do not have managing General Partners, and suggests replacing with *member.* (52)

Staff Response:

Staff agrees with the Commenter's assertion that Limited Liability Companies do not have managing General Partners and suggests adoption of the Commenter's definition of Control as follows:

> "Control--(including the terms "Controlling," "Controlled by", and/or "under common Control with") the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of voting securities, by contract or otherwise, including specifically ownership of more than 50% of the General Partner interest in a limited partnership, or designation as a managing member of a limited liability company."

§49.3(27) – Definitions – Controlling or Managing General Partner (52)

Comment:

Comment was made that the definition now requires ownership of 10 percent or more of the voting stock, and liability for all debts and other obligations of the venture. Commenter suggests that in order to avoid conflict with the definition of "control" in the QAP that the definition be changed as noted below. (52)

Staff Response:

Staff included this proposed definition for clarification however staff believes it needs additional research before it is included in the QAP. Staff recommends striking the proposed definition at this time.

~~"(27) **Controlling or Managing General Partner--**a co-owner of a business who owns, controls, or holds with power to vote, 10% or more of the voting stock; can take actions that are binding on the other partners and, who is liable for all debts and other obligations of the venture as well as for the management and operation of the partnership."~~

§49.3(46) – Definitions – Governing Body (19, 21, 52)

Comment:

Comment was made asking the Department to consider adding this language: "An elected city, county, or tribal entity that is responsible for the creation implementation and/or enforcement of local rules and laws. As recognized by Congress, Federally Recognized Indian Tribes have the authority and are responsible for the creation, implementation and/or enforcement of rules and laws on their lands. As such they should be recognized in TDHCA's definition of Governing Body (19, 21) Comment was made that current definition suggests that the "entity" is elected. Suggests modifying definition as follows; a city or county entity with elected members that is responsible…" (52)

Staff Response:
Staff agrees with the Commenter's assertion and suggests changing the definition of Governing Body to include tribal entities as follows. Staff believes that in this case, "entity" refers to the elected body, i.e. commission or council, and is appropriate language. No change is recommended.

> Governing Body - An elected city, county, <u>or tribal</u> entity that is responsible for the creation implementation and/or enforcement of local rules and laws.

§49.3(47) – Definitions – Governmental Entity (19, 21)
Comment:
Comment was made that Tribal Governments could fall under 'other similar entities' and asked that the QAP provide clarification recognizing that Tribal Governments are elected entities with the power to govern all activities of the Tribe. Commenter would like the word 'tribal' to be added to definition as well. (19, 21)
Staff Response:
Staff suggests the following change "includes federal or state agencies, departments, boards, bureaus, commissions, authorities and political subdivisions, special districts, <u>tribal governments</u> and other similar entities.

§49.3(48) – Definitions – Governmental Instrumentality (19, 21)
Comment:
Commenter would like the word 'tribe' added to the definition. Commenter also states that in order for Tribes to receive funding from the Native American Housing Assistance and Self-Determination Act (NAHASDA) they must establish a Tribally Designated Housing Entity (TDHE). The TDHE is a Governmental Instrumentality of the Tribe, and is authorized to act on behalf of the tribe. Those tribes that doe not have a TDHE simply let the Tribe itself take those responsibilities. (19, 21)
Staff Response:
Staff suggests the following change "a legal entity such as a housing authority of a city or county, a housing finance corporation, a municipal utility, or <u>a tribally designated housing entity</u>, which is created…".

§49.3(51) – Definitions – High Opportunity Area (40, 52)
Comment: The commenter suggests that the definition of High Opportunity be moved to §49.3. (40, 52)
Staff Response:
The QAP currently provides for an explanation elsewhere in the QAP. Staff concurs and recommends creating this as a definition for High Opportunity Area.

> <u>"High Opportunity Area – an area that includes:</u>
>
> <u>(i). existing</u> ~~public transportation or~~ <u>major bus transfer centers and/or regional or local commuter rail transportation stations that are accessible to all residents including Persons with Disabilities; or</u>
>
> <u>(ii). a census tract which has an AMGI that is higher than the AMGI of the county or place in which the census tract is located; or</u>
>
> <u>(iii). a school attendance zone that has an academic rating of "Exemplary" or "Recognized" rating (as determined by the Texas Education Agency) as of the first day of the Application Submission Acceptance Period; or</u>
>
> <u>(iv) a census tract that has no greater than 10% poverty population according to the most recent census data (these census tracts are designated in the 2009 Housing Tax Credit Site Demographic Characteristics Report).</u>

§49.3(58) – Definitions – Ineligible Building Types (15, 46, 49, 52, 58)

Comment:

Comment was made asking the Department to boost flexibility for using tax credits for farm labor housing. Commenter suggests allowing bonus points in the 2009 QAP for farm worker housing development and preservation. (15) Comment requested that the bedroom mix requirement not apply to Adaptive Reuse and suggests the removal of language regarding new construction of nonresidential buildings. (49) Comment was made that the word "either" in the first line of subsection (I) should be deleted. (52) Comment was made asking the Department to allow Single Room Occupancy developments to utilize otherwise ineligible building types. (58) Comment was made asking the Department to waive the maximum number of efficiency units for Single Room Occupancy developments. (58)

Staff Response:

The QAP currently contains scoring items that would benefit the new development and rehabilitation of farm worker housing. The current definition included in the Draft QAP removes developments proposing Adaptive Reuse from the mentioned requirement and removes the language regarding new construction of nonresidential buildings. The definition of Ineligible Building Types allows the use of such buildings if federally permissible and the Application proposes to convert the building to a non-transient multifamily residential development. The current definition included in the Draft QAP excludes developments proposing Single Room Occupancy from the mentioned requirement.

Staff recommends the following wording for subsection (I):

> "Any Development that contains residential Units ~~either designated for a single occupational group, or through a preference for a single occupational group,~~ that violates the general public use requirement under Treasury Regulation §1.42-9."

Comment:

Comment was made asking the Department to include manufactured homes installed in a single family or duplex zoned subdivision as an Eligible Building Type. They should be manufactured in accordance with 24 CFR Chapter XX, Part 3280 *Manufactured Home Construction and Safety standards* (MHCSS), and sited on a permanent foundation, which meets HUD standards. (46)

Staff Response:

The QAP does not have a definition for Eligible Building Types, but rather only notes those building types that are ineligible. In that section, the QAP does not list manufactured homes installed in a single family or duplex zoned subdivision as an ineligible building type. Each submitted development is determined eligible or ineligible based upon the merits of the plan for the development. No change is needed.

§49.3(62) – Definitions – Local Political Subdivision (19, 21)

Comment:

Comment was made asking the Department to include 'tribal reservation' in the definition, for the same reasons as previously mentioned by this commenter. (19, 21)

Staff Response:

Staff agrees with the Commenter's assertion and suggests changing the definition of Local Political Subdivision to include tribal reservation as follows:

> "A county or municipality (city or tribal reservation) in Texas. For purposes of §49.9(i)(5) of this chapter, a local political subdivision may act through a Government Instrumentality such as a housing authority, housing finance corporation, or municipal utility even if the Government Instrumentality's creating statute states that the entity is not itself a "political subdivision.""

§49.3(85) – Definitions – Rehabilitation (27)

Comment:

Comment was made that the current definition of Reconstruction does not take into account the demolition and reconstruction of developments that have subsequent phasing. In order to make an impact in a neighborhood, according to the commenter, they would need to complete the full development, and the language to do so should be included in the Reconstruction definition. Comment was also made in regards to demolishing units, and how there has to be the same amount of units to replace those demolished. They acknowledged that there should not be a negative impact in a neighborhood, but suggested the ability to replace the demolished units with more total units to make such a project financially feasible. Furthermore, they would be willing to provide a market study that will determine if the number of units does not negatively impact the area or region, while still being considered for reconstruction. (27)

Staff Response:

The current Draft QAP does not include a separate definition for reconstruction, as reconstruction is included in the statutory definition of Rehabilitation. Applicants currently have the ability to rehabilitate existing developments in phases. Applicants have the ability to demolish a development and replace the development with a development containing more units. In this instance, the development would be considered New Construction and not Rehabilitation. No change is recommended.

§49.3(93) – Definitions – Single Room Occupancy (52, 58)

Comment:

Comment was made asking to replace "need not" with "may not" (52)

Staff Response:

The current draft QAP includes the definition of Single Room Occupancy. Staff does suggest the following change "A single efficiency unit that contains sanitary facilities but may or may not include food preparation facilities and is intended for occupancy by one person".

Comment:

Comment was made asking the Department to add a clear definition of single room occupancy. (58)

Staff Response:

The current Draft QAP includes a definition of Single Room Occupancy. No further change is recommended.

§49.3(97) – Definitions – Supportive Housing (32, 54, 58)

Comment:

Comment was made suggesting that the QAP use the same definition as that in the Real Estate Analysis Guidelines. (32, 54) Comment was made recommending that the definition of supportive housing be clarified so that the definition, in the QAP and REA Rules, allows supportive housing to be integrated into different types of developments. (58)

Staff Response:

This request relating to integration into different types of developments warrants further research and additional public comment. Staff will consider this in the draft 2010 QAP. Staff recommends the following change to clarify the definition:

> "Supportive Housing: Residential Rental Developments intended for occupancy by individuals or households transitioning from homelessness, at risk of homelessness, or in need of specialized and specific social services~~.", to more stable productive lives by offering residents an array of supportive services.~~

§49.3(103) – Definitions – Unit (49, 52)

Comment:

Comment was made asking the Department to include the definition for "Unit" once again and that it include the language for loft-type developments that provided square footage requirements to be considered a one, two, or three bedroom. (49) Comment also requested that the Unit definition also address the concept of a Single Room Occupancy (SRO) development. (52)

Staff Response:

The definition for Unit is statutorily defined in §2306.6702 and is already included in the QAP. Minimum square footage requirements are included in §49.9(h) of the draft QAP and the QAP now includes a definition for Single Room Occupancy. No further change is recommended.

§49.3(105) – Definitions – Urban Core (23, 27, 29 40, 49, 52, 67)

Comment:

Comment requested a change to the proposed definition of Urban Core that will allow local jurisdiction with mixed zoning classifications a new tool for redevelopment. (23) Comment was also made that as the definition is written, it appears that the final determination of whether a development is in an Urban Core will be made by the municipality in whose jurisdiction the development will be located; the current definition in the QAP is ambiguous and should be refined for clarity. (27) Comment was made that the urban core should be tied to high-opportunity areas with the population of more than 100,000 people. (29) Comment was made suggesting that the definition of Urban Core be simplified and leaves too many variables that will be difficult for developers to understand. It was suggested that the definition for Urban Core tie back to high opportunity areas. (40, 49, 52) Another comment was made asking for a revision of the definition that was not "too narrow" and would not use "commercial zoning" as part of its definition. (67)

Staff Response:

Staff believes that the suggested definition provides objective criteria for determining whether a development is located within an Urban Core. Because Developments located in an Urban Core may receive points under the proposed scoring criteria for the 2009 QAP, staff does not agree with the "designated redevelopment…" part of this definition. This could give these areas an advantage because they would be able to receive points for both "Urban Core" and "Revitalization". Staff believes that an objective determination of whether a development is within an Urban Core will require use of locally determined zones and boundaries. The final determination, however, will be made by the Department. Staff does not agree that the description of a High Opportunity Area adequately captures the intention of the Urban Core definition and should be a separate definition. Staff suggests that the inclusion of commercial zoning is required in order to adequately capture the intention of the Urban Core definition. . Staff recommends the following revised definition:

> Urban Core- A compact and contiguous geographic area that is composed of adjacent block groups in which at least 90 percent of the land not in public ownership is zoned to accommodate a mix of medium or high density residential and commercial uses within the same zoning district.

§49.5(a)(8) Ineligibility (46)

Comment:

Comment was made asking that the 1 mile 3 year rule not prevent subsequent phases of a phased development from starting even when phase 1 is still leasing up. (46)

Staff Response:

The one mile, three year rule is a statutory requirement. Therefore, the Department does not have the ability to eliminate this rule. The statute does provide an exception to the one mile, three-year rule if the applicant submits evidence of a vote by the local Governing Body specifically allowing the development. No change is recommended.

§49.6(c) Scattered Site Limitations (20, 30, 34, 37, 44, 45, 47, 48, 51, 55, 65)
Comment:
Comment was made that if reconstruction is a goal of the Department, which it appears to be with the additional points awarded for reconstruction, then efficient use of land should be promoted by allowing the reconstruction on land sufficient to meet local density requirements for scattered site proposals and not mandate that reconstruction has to occur on every lot. (20, 30, 34, 37, 44, 45, 47, 48, 51, 55, 65)
Staff Response:
The Legislature brought the definition of reconstruction in the definition of rehabilitation and therefore the goal is the replace existing housing units. Given the definition of reconstruction is intended to replace existing housing and not to build additional units that may cause density or zoning issues. A Development is not penalized for adding units; however they are not able to receive points for reconstruction if they add more units than were demolished.
§49.6(d) Credit Amount (20, 24, 25, 26, 28, 30, 34, 35, 37, 40, 44, 45, 47, 48, 49, 51, 52, 55, 65, 67)
Comment:
Comment was made in regards to the $2 million credit limit to any Applicant, Developer, Related Party, or Guarantor. Commenter argues that it is unfair not to prorate the credit amount allocated in all instances based on percentage of ownership or percentage of the developer fee received. This percentage option should not be limited to building capacity for inexperienced developers. Comment also suggests that because executive directors and board members of nonprofits and housing authorities have no ownership and do not receive any of the developer fees, a credit allocation should not be assessed against these individuals. A credit allocation should not apply to a consultant unless the consultant has an ownership interest in the proposed project or will be paid an actual share of the developer fees.” (20, 30, 34, 37, 44, 45, 47, 48, 51, 55, 65)
Staff Response:
The Department’s General Counsel has opined that the statutory $2 million limitation does apply to nonprofit entities, public housing authorities, publicly traded corporations, individual board members, and executive directors. Staff recommends no change. Regarding the comment that the limit should not apply to consultants, consultants are already excluded from the $2 million limit, provided the consultant fee does not exceed 10% of the fee paid to the Developer or $150,000. Staff recommends no change.

Comment:
Comment asks the Department to raise the amount of credits per development from $1.2 to $1.8 million (35), $1.5 million (67) or $2 million; and from $2 to $4 million per developer, citing higher construction costs. (24, 26) Comment was made that the $1.4 million dollar cap significantly inhibits the use of the 130% basis in High Opportunity Areas that meet the 49.6(h)(4)(D)(ii)(iv) criteria. Commenter also states that the Department’s decisions to continue to impose a cap lower than statutorily required will limit the number of units that may be developed in higher opportunity areas. Commenter again cites a discrepancy in the amount of low income minority housing in predominately white areas. (28) Another comment suggests that given current market conditions in the tax credit investor market, the Department should impose only the statutory cap and remove the allocation cap on Developments. (40, 49, 52)
Staff Response:
The Draft QAP proposes raising the credit limit per development from $1.2 to $1.4 million. Staff believes this is an adequate increase. No additional change is recommended for the credit limit per Development. The Department does not have the ability to change the $2 million credit limit per Developer because this limit is a statutory limit. No change is recommended to the $2 million credit limit cap.

Comment:
Commenter states that the $1.4 million cap does not appear to distinguish between the limited 9% credits and the 4% credits for which a competitive 9% tax credit property may qualify. Commenter suggests that in order to encourage Rehabilitations/Reconstruction projects that the QAP clearly state that the $1.4

million cap only applies to 9% credits for which an application would be eligible and not the 4% portion of the competitive tax credits. (26)

Staff Response:

Staff agrees with this clarification and proposes the following revision:

> “(d) **Credit Amount.** … The Department will limit the allocation of tax credits to no more than $~~1.2~~1.4 million per Development. In order to encourage Rehabilitation and reconstruction, the $1.4 million credit limitation will not apply to the 4% competitive tax credits for which such a development may qualify. The Department shall not allocate more than $2 million of tax credits in any given Application Round to any Applicant, Developer, Related Party or Guarantor; Competitive Housing Tax Credits approved by the Board during the 2009 calendar year, including commitments from the 2009 Credit Ceiling and forward commitments from the 2010 Credit Ceiling, are applied to the credit cap limitation for the 2009 Application Round. …

§49.6(e)(2) Limitations on the Size of Developments (26)

Comment:

Comment was made requesting that Rural Bond transactions be allowed to exceed the 80 new unit construction limit, because the market demand should determine the number of units not an arbitrary number. Additionally, commenter requested that Rural Developments involving reconstruction not have a size limitation. (26)

Staff Response:

§2306.004 Texas Government Code specifically defines a Rural Development and imposes a maximum limit of 80 Units for Developments proposed in Rural Areas. The Department has applied this restriction consistently to all Department programs. Staff believes that allowing no more than 80 units as part of reconstruction is an appropriate application of the statute. No change is recommended.

§49.6(h)(3) 30% Increase in Eligible Basis (16, 20, 28, 30, 32, 34, 37, 41, 44, 45, 47, 48, 51, 54, 55, 58, 67)

Comment:

Comment was made supporting the 30% increase in eligible basis. Commenter requests revising the language relating to energy tax credits so that it is more objective. (16, 32, 54) Comment also supported the boost for location near mass transit but clarifies that it should be limited to developments that are to be located near major bus transfer stations and/or regional or local rail transport stations (16, 41) However, other comment was made stating that the 30% increase for developments near a public transportation does not address the need to diversify low income minority areas and pointed out that in the Dallas area 25 of the 58 DART transit centers are already in a QCT, and therefore the Department is refusing to stray from concentrated minority low income housing. (28) Comment was made asking the Department to include the following as eligible for the 30% boost: qualified elderly development, single family developments targeted for homeownership, an expanded concept of at-risk properties (20, 30, 34, 37, 44, 45, 47, 48, 51, 55) and supportive housing. (58) Comment also requests the boost for all proposed developments located in census tracts that have not received an award of tax credits or tax-exempt bonds in the last five years, not solely rural developments. (41, 67) Commenter also supports assigning an additional category for developments that are located in any of the First Tier Counties. (26, 41, 67)

Staff Response:

The QAP includes sufficient incentives for qualified elderly development, and the At-risk Set-aside addresses developments that rehabilitate or reconstruct rental housing to prevent losses of existing low income housing. Single family developments with a focus on homeownership does not guarantee the continuation of affordability and should not in itself be eligible for the 30% increase in eligible basis. The “At-Risk” definition is statutory and thereby would require a statutory change.

Staff believes that this criterion limiting the 30% increase in eligible basis to Rural Developments provides needed incentive for rural development. No change is recommended for the 30% increase for

Rural Developments. The proposed Draft QAP does allow the 30% increase in eligible basis for Supportive Housing Development that propose at least 50% of the units to serve Supportive Housing tenants (§49.6(h)(4)(B). Staff does agree that the 30% increase in eligible basis should be allowed for Developments located in the Hurricane Ike eligible counties. Staff proposes the following language:

> (5) "The Development proposing to build in a Hurricane Ike eligible county as designated by the Emergency Economic Stabilization Act of 2008, H.R. 1424 and Presidential Declaration FEMA-1791-DR and is able to place in service by December 31, 2012 (or the date as revised by the Internal Revenue Service) as certified in the Application."

Staff agrees that a way to objectively measure this requirement is needed. Staff suggests the following revision:

> "(3) The Development qualifies for and receives Renewable Energy Tax Credits. For purposes of this paragraph, the Application will be required to include an architect's letter or contractor bid as evidence that the Applicant will be eligible to request Renewable Energy Tax Credits in its income tax filings. Applicant will be required to show proof of receipt of the Renewable Energy Tax Credits at the time of Cost Certification; …"

Staff agrees that public transportation section needs to be clarified. Staff suggests the following revision:

> "(i) A Development that is proposed to be located within one-quarter mile of existing major bus transfer centers and/or regional or local rail transportation stations that are accessible to all residents including Persons with Disabilities;"

§49.8(d)(3)(B) Pre-Application Threshold Criteria and Review (26, 66)

Comment:

Comment was made requesting that the evidence of proof of delivery expand because a recipient may refuse to sign a receipt for mail or courier delivery, in which case a returned receipt that had been properly addressed but not signed should be allowed as proof of delivery. Comment also suggests that this requirement will be difficult to meet in order to receive confirmation from the recipients. Comment was indicated that municipalities who oppose a deal could pose a problem by simply not signing or provide evidence of proof of delivery. (26, 66)

Staff Response:

Staff believes that a returned receipt, although not signed, would be acceptable evidence as long as the delivering agent (courier, postal service, etc) indicates that delivery was attempted and refused. Staff notes that the requirements of the QAP have not changed only the clarification for what satisfies "proof of delivery". The Department does not require the Applicant to submit such evidence unless the notification process is challenged. The Department must have a mechanism that shows the notification was delivered to the intended recipient.

§49.9(c) Adherence to Obligations (52)

Comment:

Commenter states that these penalties are too severe and can be disproportionate in regards to the size of the infraction. Commenter recommends a system of escalating penalties; or to revise the application to have a section in which all material "Representations" concerning the project are reflected, so that the developer can refer to that section whenever plan changes are anticipated in order to determine whether an amendment is needed. (52)

Staff Response:

Staff is finalizing an Application Verification Form, which the Developer will complete at the time of Commitment or Carryover which will be the verification for all divisions in the Department as well as a reference for the Applicant. No change is recommended to the QAP.

§49.9(d)(5)(C) Subsequent Evaluations of Applications (60)
Comment:
Comment was made that an application that qualifies for the At-Risk Set-Aside should also be able to roll over into the Regional pool for consideration against other applicants in the region. (60)
Staff Response:
This section of the QAP currently allows that "To the extent that Applications in the At-Risk and TRDO-USDA Set-Asides are not competitive enough within their respective Set-Asides, they will also be able to compete, with no Set-Aside preference, within their appropriate sub-region." No change is recommended.

§49.9(h)(4)(A)(ii)(XXV) Green Building Initiative (27, 32, 38, 43, 54, 60, 66)
Comment:
Comment was made supporting the green building initiatives. Commenter stated that NAHB has put out some guidelines and they will forward them to the Department. (27, 38) Comments were made asking to improve the point allocations for green building, to award points proportionally according to the impact of particular green practices and equipment will have on the project overall, and to clarify language to ensure more performance-based and not prescriptive goals to again meet overall green building goals. (32, 54) Comment was made suggesting that more points are awarded to larger photovoltaic panels, as opposed to smaller ones. Comment also suggested excluding the cost of solar insulations from the project cost so that developers are not deterred from including such systems in their projects. (43) Comment was made asking the Department to consider scoring rehabilitation projects with 1.5 points per Green Building item achieved, because rehabilitation projects have less flexibility. (60) Comment was made suggesting "the addition of tankless hot water heaters for 3 points" to the Green Building criteria. (66)

Staff Response:
Staff agrees with the clarifications received. These comments appear to be substantial, however, staff believes these clarifications will enable the development community to understand what is required and will enable the Department to inspect and/or monitor the amenities. Staff recommends the following revisions:

49.9(h)(4)(A)(ii)(XXV)

(-a-) evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information) (1 point);

(-b-) passive solar heating/cooling (3 points maximum)

(-1-)Two points if the glazing area on the north- and south-facing walls of the building is at least 50% greater than the sum of the glazing area on the east- and west- facing walls; and the east-west axis of the building is within 15 degrees of due east-west.

(-2-)One point if in addition to the east-west axis of the building oriented within 15 degrees of due east-west, utilize a narrow floor plate (less than 40 feet), single loaded corridors and open floor plan to optimize daylight penetration and passive ventilation (note: to qualify for this particular point, application must also implement the 15 degree building orientation option above); and 100% of HVAC condenser units are shaded so they are fully shaded 75% of the time during summer months (May through August); and solar screens or solar film on all East, West, and South Windows with building oriented to east-west axis within 15 degrees of due east-west, west-south axis within 15 degrees of due west-south, and south-east axis within 15 degrees of due south-east.

(-c-) water conserving features (2 points maximum, 1 point for each):

(-1-)Install low-flow toilets using less than or equal to 1.6 gallons per flush, or high efficiency toilets using less than or equal to 1.28 gallons/flush.

(-2-)Install bathroom lavatory faucets and showerheads that do not exceed 2.0 gallons/minute and kitchen faucets that do not exceed 1.5 gallons/minute. Applies to all fixtures throughout development. Rehab projects may choose to install compliant faucet aerators instead of replacing entire faucets.

(-d-) solar water heaters (Solar water heaters designed to provide at least 25% of the average energy used to heat domestic water throughout the entire development.) (2 points);

(-e-) irrigation and landscaping (must implement both of the following) (2 points)

(-1-)collected water (at least 50%) for irrigation purposes;

(-2-)selction of native trees and plants that are appropriate to the site's soils and microclimate and locate then to allow for shading in the sumer and allow for heat gain in the winter

(-f-) sub-metered utility meters (2 points maximum);

(-1-)Sub-metered utility meters on rehab project without existing sub-meters or new construction senior project (2 points); or

(-2-)Sub-metered utility meters on new construction project (excluding new construction senior project) (1 point)

(-g-) energy efficiency (4 points maximum);

(-1-)Three points if Energy Elements include Energy-Star qualified windows and glass doors; and Exterior envelope insulation, vapor barriers and air barriers greater than or equal to Energy Star air barrier and insulation criteria; and HVAC, domestic hot water heater, or insulation that exceeds Energy Star standards or exceeds the IRC 2006;

OR

(-2-)Four points if the project promotes energy efficiency by meeting the requirements of Energy Star for Homes by either complying with the appropriate builder option package or a HERS score of 85.

(-h-) thermally and draft efficient doors (SHGC of 0.40 or lower and U-value specified by climate zone according to the 2006 IECC) (2 points);

(-i-) photovoltaic panels for electricity and design and wiring for the use of such panels (3 points maximum);

(-1-)Photovoltaic panels that total 10 kW (1point);

(-2-)Photovoltaic panels that total 20 kW (2 points);

(-3-)Photovoltaic panels that total 30 kW (3 points)

(-j-) construction waste management and implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (1 point);

(-k-) recycling service provided throughout the compliance period (1 point);

(-l-) water permeable walkways (at least 20% of walkways and parking) (1 point).

(-m-) bamboo flooring, wool carpet, linoleum flooring, straw board, poplar OSB, or cotton batt insulation (50% of flooring on the ground floor of the development must be finished concrete and/or ceramic tile. 50% of the flooring on upper floors must be ceramic tile and/or a flooring material that is Floor Score Certified (developed by the Resilient Floor Covering Institute), applied with a Floor Score Certified adhesive and comes with a minimum 7-year wear through warranty. (2 points);

Staff agrees that reconfiguration of existing Developments to include green building initiatives does require additional consideration. The Department allows this same consideration with other amenities. Staff agrees with the 1.5 point consideration. Staff proposes the following language:

> "(XXV) Green Building amenities (Rehabilitation Developments will receive 1.5 points for each point requested for the green building amenities)

Staff believes including tankless hot water heaters may be a reasonable request. However, it would require further research and input for staff to establish an appropriate recommendation for this year's QAP. Staff proposes this suggestion be incorporated into the 2010 QAP and commits to further research this issue. The limited amount of research that staff has conducted to date indicates many possible disadvantages to the installation of such units; including, the limited in the amount of hot water that can be produced at one time; the longer period it may take to get hot water, since they don't start heating the water until you turn on the faucet; the possibility of an increase in water wastage since you have to let the water run longer to get your hot water; and the limited the rate of the heated water flow. Staff recommends no change.

§49.9(h)(4)(B) Threshold Criteria (62)

Comment:

Comment asks the Department to be more specific in its definition of “lighting fixtures.” Comment went on to question whether an option is available to either provide Energy Star light fixtures, or simply provide tenants with Energy Star bulbs. It is their contention that the energy star light fixtures will be obsolete soon. (62)

Staff Response:

Staff agrees that this requirement should be revised and recommends the following:

> (vii) Energy-Star or equivalently rated lighting ~~fixtures~~ in all Units, which may include compact florescent bulbs.

§49.9 (h)(4) Certifications (66)

Comment:

Comment requested that the Department reduce the number of signatures to one in respect to all of its certifications. (66)

Staff Response:

This is not relevant to the QAP, however staff will consider this request in the application materials.

§49.9(h)(4)(E) Certification to comply with accessibility requirements (31)

Comment:

Comment was made referring to S.B. 1458 passed by the 2005 Texas legislature adopting 2003 International Building Code (IBC) for all municipalities, excluding unincorporated areas, and the 2003 and 2006 IBC are enforced in Texas. Commenter went on to note that HUD also certified the 2003 and 2006 IBC in compliance with the federal Fair Housing Act. Commenter suggests that the Department include such language; “(E) A certification that the Applicant is in compliance with state and federal laws, including but not limited to, fair housing laws, including Chapter 301… the 2003 International Building Code, the 2006 International Building Code published by the International Code Council, the Code requirements for Housing Accessibility 200…” (31)

Staff Response:

§49.9(h)(4) (D) of the QAP already includes this requirement. No change is recommended.

§49.9 (h)(6)(E) Evidence of Development Cost (42)

Comment:

Comment was made asking the Department to reconsider its policy on requiring a Property Condition Assessment Report for reconstruction projects. Commenter stated that when an applicant considers a reconstruction project some basic architect work must have already been done. Commenter would like to have the timeline for PCA revisited. (42)

Staff Response:

Staff believes that the Property Condition Assessment is necessary in order for the Department to be able to determine whether the demolition and reconstruction of an existing development is the most effective use of tax credits. No change is recommended.

§49.9 (h)(7)(A)(iv) Identity of Interest Transaction (20, 30, 34, 37, 44, 45, 47, 48, 51, 55, 65)

Comment:

Comment states that the QAP unfairly limits acquisition costs to the lesser of initial acquisition costs plus costs of owning, holding, or improving the property or the as-is appraised value. Commenter suggests that the Department should allow the as-is appraised value as the acquisition costs, because some may be unable to document the costs of owning, holding or improving the land. Furthermore, the commenter suggests that limiting the acquisition cost to the lesser of the two, limits unfairly limits at-risk projects, USDA, and Housing Authorities trying to preserve low income housing. (20, 30, 34, 37, 44, 45, 47, 48, 51, 55) Comment states that Department did not permit the applicants to take the value of the land being contributed by the LPS for points because the land contributions were characterized as identity of interest transactions which require a settlement statement or other verifiable costs of owning the properties. Commenter believes that an appraisal should be sufficient to justify the value of the land contribution even in identity of interest transactions. (65)

Staff Response:

Staff believes that limiting the acquisition cost to the lesser of initial cost plus costs of owning, holding, or improving the property or the as-is appraised value ensures that the acquisition amount is not inflated. In the rare case that an issue arises regarding the Applicant’s inability to document the costs of owning, holding or improving the land, the Department will resolve that issue on an individual basis. Staff does not believe that this provision in any way limits at-risk projects, USDA, and Housing Authorities trying to preserve low-income housing. No change is recommended.

§49.9(h)(7)(D)(ii) County and Property Taxes (19, 21)

Comment:

Comment was made that there are places in Texas where there are not any property or county taxes. Commenter asserts that Tribal Land for Federally Recognized Indian Tribes is not assessed property taxes and the commenter would like to have a condition inserted to address this. Commenter suggests that this threshold item be deemed not applicable for tribal lands. (19, 21)

Staff Response:

Staff agrees that this item requires revision and recommends the following:

> (ii) A current valuation report from the county tax appraisal district and documentation of the current total property tax rate for the Development Site (unless the site is located on land that is not subject to federal, state or local property taxes), and…”

§49.9(h)(7)(D)(iii)(I)-(III) Title Policy/Commitment (19, 21)

Comment:

Comment was made that Trust Lands are unable to provide a Title Policy or Title Commitment, because Title Commitments are only beneficial for fee-simple land. Commenter is asking the Department to consider accepting a Title Status Report in lieu of a Title Commitment for such lands. The Title Status Report (TSR) is issued by the Bureau of Indian Affairs (BIA). The commenter states that this would be the best, and only alternative to a Title Commitment from Tribe Lands. (19, 21)

Staff Response:

Staff concurs and suggests the following revision:

> “(iii) A copy of:
>
> (I) The current title policy (or title status report if on Tribal Land) which shows that the ownership (or leasehold) of the Development Site is vested in the name of the Development Owner; or
>
> (II) a current title commitment with the proposed insured matching exactly the name of the Development Owner and the title of the Development Site vested in the exact name of the seller or lessor as indicated on the sales contract, option or lease.
>
> (III) If the title policy, title status report, or commitment is more than six months old as of the day the Application Acceptance Period closes, then a letter from the title company/Bureau of Indian

Affairs indicating that nothing further has transpired on the policy, title status report or commitment.

§49.9(h)(13) Evidence of Financial Statement (27)

Comment:

Comment was made requesting that financial statements for individuals be good for six months or one year instead of the current ninety days. (27)

Staff Response:

Staff believes this is a reasonable request and proposes the following language:

"(A) Financial statements for an individual must not be older than six months from the first day of the Application Acceptance Period."

§49.9(i) Selection Criteria (33)

Comment:

The commenter supported the changes to the QAP that promote more affordable housing in downtown areas. The commenter requested that on development location points they would like to see downtown included in any definition to be awarded four points. Commenter indicated that the City of Fort Worth is working on language that would also include other areas of the city where high-density residential and probably mixed-use development is appropriate and has been so zoned. (33)

Staff Response:

Staff appreciates the feedback provided by representatives from the City of Fort Worth and appreciates their support of affordable housing. Comment is regarding changes already proposed in the QAP. No further change is recommended.

§49.9(i)(2)(A) Quantifiable Community Participation (20, 26, 27, 30, 34, 37, 44, 45, 47, 48, 51, 55)

Comment:

Comment was made that the Department continues to limit the rights of a Resident Council to rehabilitate or reconstruct a property occupied by the residents. A resident council, according to the commenter, should be allowed to comment and appropriately be scored for New Construction, if the proposed New Construction is within the boundaries of the property in which they reside or within the boundaries of their organization. Commenter gives a few examples of small public Housing developments on large tracts of land that could easily support much more low income housing and another where the small development should be demolished because it is obsolete. (20, 30, 34, 37, 44, 45, 47, 48, 51, 55)

Staff Response:

The Board has supported the requirement for "resident councils" to only comment on the rehabilitation of a Development in which they reside because a resident council is required by HUD in all public housing developments. This gives an unequal advantage to Housing Authority Applicants for the QCP scoring item. Staff does believe that a resident council could be a member of a larger neighborhood organization that could qualify for the QCP points.

Comment:

Comment was made asking that the Applicant/Developer be permitted to provide production assistance, because the Neighborhood Organizations are not used to working with TDHCA rules and deadlines, and are ordinary citizens with work and busy lives of their own. The commenter suggests that due to the size of the points available it is unfair to leave it in the hands of inexperienced volunteers. Additionally, the commenter believes that it should be permissible to forward TDHCA notices of deficiency and other correspondence to Neighborhood Organizations so that deadlines are not missed. Additional comments that the time for Neighborhood Organizations should be lengthened rather than shortened, and that support from a Mayor or City Council and other than QCP points be permitted to counterbalance Neighborhood Organization opposition. (26)

Staff Response:
Staff proposed a change in the 2009 QAP to allow Applicants to interact with Neighborhood Organizations. Staff believes the Applicant may provide informational assistance to a Neighborhood Organization but may not provide production or delivery assistance. Staff suggests the following additional revision:

> "(vi) …<u>Any deficiency notices issued to the Neighborhood Organization will also be sent to the Applicant for information purposes only. Applicants may not provide delivery assistance of any communication between the Neighborhood Organization and the Department and Applicants may not assist the Neighborhood Organization in preparing its response to a deficiency notice. Applicants may provide information about the deficiency notice process and deadlines to a Neighborhood Organization;"</u>

Comment:
Comment was made about the additional signature on neighborhood for QCP points, and that one signature from the president should be more than enough. Commenter went on to suggest that as far as time goes, it is hard to obtain these signatures because many of the organizations are volunteers, so their accountability is sometimes not as reliable as they would like. (27)
Staff Response:
Staff agrees with the accountability and reliability of these organizations. Staff believes that requiring more than one signature on the submission assures the Department that more than one person from the organization made the decision to provide a letter of support or opposition to the Department. No change is recommended.

§49.9(i)(2)(A)(v) Quantifiable Community Participation (52)
Comment:
Comment was made that the third sentence in the subsection should read; "<u>The Neighborhood Organization letter must be signed by two officials or board members of the Neighborhood Organization and must include a contact name…"</u> (52)
Staff Response:
Staff recommendeds the followig revision:

> The Neighborhood Organization <u>letter</u> must be signed by two officials or board members of the Neighborhood Organization and must include in its letter, a contact name…

§49.9(i)(2)(A)(vi) Quantifiable Community Participation (52)
Comment:
Comment that the next to the last sentence in the subsection should read; <u>"Applicants may not provide delivery assistance or any communication…"</u> (52)
Staff Response:
The QAP as proposed states "Applicants may not provide delivery assistance of any communication…" This language is correct.No change is recommended.

§49.9(i)(3) Income levels of tenants in the development (23, 35, 38)
Comment:
Comment was made that recognized the Department for the proposed changes in the 2009 QAP which address the inequality between mixed income and 100% low income proposals, in an effort to revitalize neighborhoods. (23)
Staff Response:
Staff appreciates the commendation regarding the encouragement of mixed income Developments. Comment is regarding changes already proposed in the QAP. No change to the QAP is applicable.

Comment:

Comment was made asking the Department to strike the current, low income criteria, that focuses on 50% of AMGI and replace it with 60% of AMGI. Comment suggests that changing this criterion to a maximum rent ceiling of 60% would enable a higher first mortgage to be obtained by the developer which would benefit the project sources in light of current market pricing decreases. (35) Conversely, separate comment was made supporting the proposed changes to this section that encourage a greater number of Low-Income units set aside for households with incomes at 30% to50% of area median income. (38)

Staff Response:

The Department encourages the development of Low-Income Units for households with incomes at 50% or below area median income. No change is recommended.

§49.9 (i)(4)(A) The Size and Quality of the Units (Development Characteristics) (26, 36, 38, 54, 58)

Comment:

Comment suggested not increasing the minimum size of units at a time when there is a need to reduce construction costs. Comment states that increasing square footages increases both the construction costs and the utility costs once completed. Comment stated that it is more beneficial to build bigger units because that boosts the cost for the entire unit. It was also noted that from a green building perspective, smaller, more efficient units use less building materials and are easier to heat and cool. Commenter recommends keeping unit sizes the same as 2008 or requiring 50 square feet smaller. (26, 38, 54)

Staff Response:

Staff believes it appropriate to have minimum unit sizes. The minimum threshold sizes are below the sizes as proposed by the majority of units over the past few years. No change is recommended.

Comment:

Comment was made requesting that the Department allow for certain common areas to be included in the per net rentable square foot cost calculation for SRO housing and for the exemption of SRO units from minimum size thresholds and allowing for automatic award of 6 points for unit size. (36, 58)

Staff Response:

The request for common area space to be included in the net rentable area for SRO Developments is already included in the current draft of the QAP. SRO development is exempt from the size requirements and is automatically awarded the points if they are requested by the Applicant. No change is recommended. No change is recommended.

§49.9(i)(5)(B) Scoring of Commitment of Development Funding by Local Political Subdivisions (26, 67)

Comment:

Comment received applauding the Department's percentage reduction of LPS funds needed to receive maximum points. Furthermore, would like same rule applied to all Non Participating Jurisdictions. Commenter argues that small cites suffer the same lack of funding sources as well as rural. Commenter goes further and asks that the requirement is removed completely, because according to commenter there are areas that need affordable housing, but do not have the ability to provide the support needed. Commenter argues that if a project is fiscally viable without political subdivision support then the project should be allowed to proceed. (26, 67)

Staff Response:

Staff agrees that this scoring item could be revised further and agrees to work with the program stakeholders to revise this section for the 2010 QAP. Staff does recommend striking the language added in the draft as follows:

"(i)(5)(B) …~~The required percentages for Rural Developments listed in clauses (i) – (iii) of this subparagraph only apply to Rural Developments applying for local funds~~."

§49.9(i)(6)(A)(iv) Support from State Representative or State Senator (20, 30, 34, 37, 44, 45, 47, 48, 51, 55)

Comment:

Comment was made in regards to the timeline that a State Senator or Representative may withdraw a letter submitted by the April 1st deadline. As it stands now the Senator/Representative has until June 15, 2009, and the commenter suggests that the deadline should be May 31, 2009. Commenter states that if a letter is to be withdrawn the State Senator or Representative must inform the applicant in writing no less than two weeks before withdrawing the letter of support. (20, 30, 34, 37, 44, 45, 47, 48, 51, 55)

Staff Response:

Staff believes that keeping the deadline when for a State Senator or Representative may withdraw a letter submitted to the Department in line with the close of the public comment period is reasonable. The Department will not require a senator or representative to notify an applicant of withdrawal of support. No change is recommended.

§49.9(i)(7) Rent Level Units (23, 38, 58, 67)

Comment:

Comment was made that recognized the Department for the proposed changes in the 2009 QAP which address the inequality between mixed income and 100% low income proposals, in an effort to revitalize neighborhoods. (23)

Staff Response:

Staff appreciates the commendation regarding the encouragement of mixed income Developments. Comment is regarding changes already proposed in the QAP. No change to the QAP is applicable.

Comment:

Comment was made supporting the proposed changes for this item. (38). Comment was also made asking that points be added to encourage the availability of units at or below 50% AMGI (58) and supporting the elimination of the percentage of Market Rate units advocating instead for new language which encourages additional units marketed to families and seniors at 50%. (67)

Staff Response:

Staff believes that including a percentage of market rate units encourages mixed-income Developments. The Draft QAP includes incentives for additional units marketed to families and seniors at or below 50% AMFI. No change is recommended.

§49.9(i)(8) Cost of Development by Square Foot (29, 32, 38, 40, 49, 52, 54, 65, 67)

Comment:

Comment made suggesting that the term "elevator-served" be removed because most SROs will be single story developments, and they would be better served if the language were changed as proposed. Comment was made requesting that the Department allow for certain common areas to be included in the net-rentable square footage calculation for SRO housing because, in SRO housing, living-rooms, dining-room, and kitchens are congregate and thus make the net-rentable square footage smaller.(32, 36, 54) Comment was made in support of increased construction costs and the inclusion of common area in the NRA calculation for SROs (38) as well as the increase in cost per unit (67)

Commenter proposes change to the third sentence in the paragraph to add, "This calculation does not include indirect construction costs <u>or any other construction costs that are excluded by the Applicant from eligible basis."</u> (32, 40, 49, 54) Commenter would like an allowance for developers to exclude hard costs from eligible basis and not receive tax credits for certain costs as a way for high-cost developments to earn the cost-per square foot points, and for the cost of any parking to be excluded from calculating cost per square foot. (40, 49, 29, 52, 54) Comment states that this will prevent developments in urban areas from being penalized for building parking garages that exceed the construction cost caps established for scoring points under this section. (32, 54) Commenter asks that the Department clarify the language of this section with 49.17(d)(1) (amendments) so that applicants are not penalized for being forthright about rising construction costs. (40, 49) Commenter would like to ensure that structured parking not count against any per unit cap. (54) Commenter asks for demolition costs not be included in the cost of the development per square foot calculation. (65)

Staff Response:
Some SRO developments do contain elevators. The "elevator-served" language does not negatively effect a development but does address the NRA issues that some SRO developments may have. The Draft QAP allows up to 50 square feet of common area to be included in the net rentable area. Staff appreciates the commendation regarding the inclusion of definitions for Supportive Housing and Single Room Occupancy.

The cost of the land and the cost of the parking are costs that are necessary for the development and clearly impact the total cost of the development. Including the square footage for parking is wholly inconsistent with the purpose of comparing the cost per net rentable square foot as the parking itself does not constitute living area for the unit. Excluding the cost for any pledged amenity such as a parking facility and/or land for required parking from the total cost of the development or the eligible basis (in the case of building for tenant use) is wholly inconsistent with the ability to determine financial viability of the entire development. Making modification to the cost per square foot scoring item in this regard will also confuse the determination of total development cost and true eligible costs at underwriting and later in the development process and at the issuance of 8609. This scoring item is specifically directed toward development with a low total cost per square foot of living space and making exceptions for high cost features or amenities of a development, worthy though they might be in their own right, diminish the specific intent of this scoring item and will confuse the understanding of the product that is being pledged to be delivered. No further change is recommended.

Demolition costs on the site that improve the land but are also required to construct the property are site work cost just as a detention pond or landscaping that permanently improved the value of the land would be considered a cost of construction but may not an eligible cost. Excluding ineligible but required construction costs from the cost per square foot diminish the specific intent of the cost per square foot scoring item and again could lead to confusion over what is being constructed and the reasonableness of the cost of that construction. No further change is recommended.

§49.9(i)(12) Housing Needs Characteristics (22)

Comment:
Comment suggested that because of the devastation caused by Hurricane Ike the housing needs score should be raised to 6 in all cities affected by the Hurricane. (22)

Staff Response:
Staff believes that since the affected areas have been declared disaster areas, the 30% increase in eligible basis is a sufficient incentive for the affected areas. No change is recommended.

§49.9(i)(16)(F) Development Location Points (40, 41, 50, 52)

Comment:
Comment was made that the definition of types of Urban Core sites is too vague, and requested clarification that "infill" does not necessarily mean scattered sites and to clarify the zoning requirements for these points. Comments suggest that Developments proposed to be located in municipalities without zoning would not be eligible for these points. (40, 52)

Staff Response:
Staff revised the "infill housing" definition previously noted to include these comments.

Comment:

Comment was made asking the Department to reconsider the removal of Ex Urban language from the 2009 QAP. Commenter argued that the removal of the Ex Urban language from the QAP makes it difficult to provide affordable senior housing in the North Texas area outside of urban areas. (41, 50)

Staff Response:

Staff removed the "ex-urban" points at the suggestion of the development community during the drafting of the QAP. The points were removed because other point items had been added that all developments can receive (i.e green building, revitalization, income/rent targeting). Because input on the deletion of this item was limited, staff does not recommend reinstating it. No change is recommended.

§49.9(i)(17)(C) Green Building Initiatives (16, 39, 54)

Comment:

Global Green USA, Foundation Communities, and the Sierra Club suggest language for the green building initiative section that was developed collaboratively by members of both the environmental and developer communities including the Texas Association of Affordable Housing Providers and the Rural Rental Housing Association of Texas. (16, 39, 54)

Staff Response:

Using the collaborative language provide in the comment, staff suggests the following revision to this section:

(-a-) evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information) (1 point);

(-b-) passive solar heating/cooling (3 points maximum)

(-1-)Two points if the glazing area on the north- and south-facing walls of the building is at least 50% greater than the sum of the glazing area on the east- and west- facing walls; and the east-west axis of the building is within 15 degrees of due east-west.

(-2-)One point if in addition to the east-west axis of the building oriented within 15 degrees of due east-west, utilize a narrow floor plate (less than 40 feet), single loaded corridors and open floor plan to optimize daylight penetration and passive ventilation (note: to qualify for this particular point, application must also implement the 15 degree building orientation option above); and 100% of HVAC condenser units are shaded so they are fully shaded 75% of the time during summer months (May through August); and solar screens or solar film on all East, West, and South Windows with building oriented to east-west axis within 15 degrees of due east-west, west-south axis within 15 degrees of due west-south, and south-east axis within 15 degrees of due south-east.

(-c-) water conserving features (2 points maximum, 1 point for each):

(-1-)Install low-flow toilets using less than or equal to 1.6 gallons per flush, or high efficiency toilets using less than or equal to 1.28 gallons/flush.

(-2-)Install bathroom lavatory faucets and showerheads that do not exceed 2.0 gallons/minute and kitchen faucets that do not exceed 1.5 gallons/minute. Applies to all fixtures throughout development. Rehab projects may choose to install compliant faucet aerators instead of replacing entire faucets.

(-d-) solar water heaters (Solar water heaters designed to provide at least 25% of the average energy used to heat domestic water throughout the entire development.) (2 points);

(-e-) irrigation and landscaping (must implement both of the following) (2 points)

(-1-)collected water (at least 50%) for irrigation purposes;

(-2-)selction of native trees and plants that are appropriate to the site's soils and microclimate and locate then to allow for shading in the sumer and allow for heat gain in the winter

(-f-) sub-metered utility meters (2 points maximum);

(-1-)Sub-metered utility meters on rehab project without existing sub-meters or new construction senior project (2 points); or

(-2-)Sub-metered utility meters on new construction project (excluding new construction senior project) (1 point)

(-g-) energy efficiency (4 points maximum);

(-1-)Three points if Energy Elements include Energy-Star qualified windows and glass doors; and Exterior envelope insulation, vapor barriers and air barriers greater than or equal to Energy Star air barrier and insulation criteria; and HVAC, domestic hot water heater, or insulation that exceeds Energy Star standards or exceeds the IRC 2006;

OR

(-2-)Four points if the project promotes energy efficiency by meeting the requirements of Energy Star for Homes by either complying with the appropriate builder option package or a HERS score of 85.

(-h-) thermally and draft efficient doors (SHGC of 0.40 or lower and U-value specified by climate zone according to the 2006 IECC) (2 points);

(-i-) photovoltaic panels for electricity and design and wiring for the use of such panels (3 points maximum);

(-1-)Photovoltaic panels that total 10 kW (1point);
(-2-)Photovoltaic panels that total 20 kW (2 points);
(-3-)Photovoltaic panels that total 30 kW (3 points)

(-j-) construction waste management and implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (1 point);

(-k-) recycling service provided throughout the compliance period (1 point);

(-l-) water permeable walkways (at least 20% of walkways and parking) (1 point).

(-m-) bamboo flooring, wool carpet, linoleum flooring, straw board, poplar OSB, or cotton batt insulation (50% of flooring on the ground floor of the development must be finished concrete and/or ceramic tile. 50% of the flooring on upper floors must be ceramic tile and/or a flooring material that is Floor Score Certified (developed by the Resilient Floor Covering Institute), applied with a Floor Score Certified adhesive and comes with a minimum 7-year wear through warranty. (2 points);

§49.9(i)(18) Demonstration of Community Input other than Quantifiable Community Participation (26, 52, 64)

Comment:

Commenter requests that these points be allowed even if a project receives 0 points under paragraph 49.9(i)(2) Quantifiable Community Participation. (26)

Staff Response:

The QAP already allows this request. No change is recommended.

Comment:

Comment suggested that the last sentence in the subsection should properly apply to the entire §49.9(i)(18), instead of just subsection (C). Recommends moving the last sentence to the next line, flush left so that it applies to all of the subsection. (52)

Staff Response:

Staff agree and proposes the following revision:

> "…An Application may not receive points under more than one of the subparagraphs (A) – (C). At no time will the Application receive a score lower than zero for this item."

Comment:

Comment was made supporting the inclusion of language that provides for input from municipal management districts in the application review process. (64)

Staff Response:
Staff appreciates the commendation regarding the inclusion of language that provides for input from municipal management districts in the application review process. No change to the QAP is recommended because XXX.

§49.9(i)(19) Developments in Census Tracts with no other Existing Same-type Development Supported by Tax Credits (35, 38)

Comment:
Comment was made to eliminate any rule that penalizes HTC applications located in a qualified census tract with existing HTC developments if supported by the local community. Comment suggests that the local community should have the right to dictate developments regardless of census tract and relative location to previous HTC developments.(35)

Staff Response:
The QAP does not prohibit a development from moving forward. However, it does restrict the availability of the 30% increase in eligible basis. Staff believes this is an appropriate restriction to control over-concentration of affordable housing.

Comment:
Comment was made asking to reduce the number of points awarded to developments in census tracts with no other existing same-type development supported by tax credits. They suggested a reduction in points for this criterion to one point so that the number of points under the criteria does not overwhelm high housing needs in community support scores. (38)

Staff Response:
The QAP does not prohibit Development in these areas. No change is recommended.

§49.9(i)(22) Site Characteristics (38)

Comment:
Comment was made suggesting that an additional four points be provided to developments located within five miles of a major employment center or located within one mile from a proposed light rail line. (38)

Staff Response:
Staff believes that incentives provided under §49.6(h)(4) sufficiently addresses this comment. No change is recommended.

§49.9(i)(29) Bonus Points (26, 27, 32, 41, 52, 54, 60, 66, 67)

Comment:
Comment was made that the addition of Bonus Points will create more issues than it solves and that it is unfair to developers who are new to the program or who did not have a project in 2008 (26)(60) and works against the goal of the Department to diversify the pool of tax credit recipients (32, 41, 54). Other comments emphasized that more clarification would be needed if these points remain. (27) Different commenters noted various concerns with this section (52, 66, 67).

Staff Response:
Staff believes that including criteria where bonus points may be awarded to an Application is a reasonable goal. However, it requires further research and input for staff to establish an appropriate recommendation for this year's QAP and would warrant additional public comment. Staff proposes this suggestion be incorporated into the 2010 QAP and commits to further research this issue. Staff recommends removing § 49.9(i)(29) Bonus Points from the 2009 QAP.

~~(29) Bonus Points. Applications may qualify to receive up to 6 points for this item.~~

~~(A) An Application may receive 2 points if the Applicant had submitted acceptable proof of site control at the time of Carryover (November 1, 2008) for Applications that received a Housing Tax Credit commitment made in the Application Round preceding the current round. For purposes of this subparagraph, evidence of site control will consist of an executed deed for the subject property~~

~~bearing the marks of receipt for filing by the county clerk and confirming the Development Owner as the grantee;~~

~~(B) An Application may receive 2 points if the Applicant has submitted the complete, acceptable, required documentation for the 10% Test, on or before June 1 for Applications that received a Housing Tax Credit commitment made in the Application Round preceding the current round (Applications that request extensions of the June 1 date, are not eligible for these bonus points);~~

~~(C) An Application may receive 2 points for having 5 or less aggregate deficiencies through the combined Eligibility, Selection and Threshold reviews;~~

~~(D) An Application may receive 1 point for having 10 or less aggregate deficiencies through the combined Eligibility, Selection and Threshold reviews; and/or~~

~~(E) An Application may receive 1 point if an Applicant satisfies deficiencies, to the satisfaction of the Department, on or before the third business day following the date of the deficiency notice.~~

§49.12(a)(1) Tax-Exempt Bond Applications (27)

Comment:

Comment received requesting that the requirement that the Application be submitted within three days of receipt of the bond reservation be extended. (27)

Staff Response:

This timeline is required by the Bond Review Board Rules, §190.3(13) of the Administrative Code, and cannot be adjusted by the Department.

§49.13(c)(1) Documentation Submission Requirements (52)

Comment:

Comment noted that it is unclear what the Department expects to receive in order to provide evidence that an entity has the authority to do business in Texas. (52)

Staff Response:

Staff recommends the following revision to be applied to §49.9(h)(9)(B)(ii) and §49.13(c)(1):

> "Evidence that the entity has the authority to do business in Texas in the form of a Certificate of Filing from the Texas Secretary of State;"

§49.14(b)(4) Carryover; 10% Test; Commencement of Substantial Construction (52, 57)

Comment:

Comment was made that in order to meet the 10% test the developer must provide evidence of having commenced and continued substantial construction. Commenter goes on to say that a developer has been able to obtain an extension of the Commencement of Substantial Construction Deadline if needed. Although under the proposed QAP the 10% test is due 11 months after the Carryover Agreement, and if meeting the commencement of substantial construction deadline is part and parcel of the 10% test then the commencement of substantial construction deadline can only be extended until December 31 at the very most. This is because the 10% test must be met within 12 months after the carryover allocation agreement under the Internal Revenue Code. Commenter suggests deleting §49.14(b)(4) and reference to the §49.14(b)(5). (52)

Staff Response:

The Department has the ability to have requirements that are more restrictive than the federal requirements. Staff believes the deadlines stated in the 2008 QAP are more realistic and safer for developments as a whole and keep the focus on producing affordable units as quickly as possible. In an effort to implement the changes allowed in H.R 3221, staff is proposing that the 10% Test be met in accordance with the legislation. Staff believes it is prudent for the Department to require the commencement of substantial construction be met at the time of 10% Test to help ensure the Development can be completed by the placed in service deadline.

Comment:
Comment was made regarding the definition of commencement of substantial construction. which is described in Chapter 60, the Compliance Rules. (57)
Staff Response:
This comment will be included with the comment for the Compliance Rules Chapter 60. The Compliance Rules will be presented to the Board in final form at the January Board meeting.

§49.17 Appeals Process and Amendment of Application Subsequent to Allocation by Board (49)
Comment:
Comment was received that there should be more flexibility from the Department in regards to amendments. Comment goes on to suggest that due to current financial circumstances if the Department is not more flexible in the amendment process many 9% tax credit allocations will fail to be syndicated by investors. Suggestion was made to alter the definition as follows; "The board's policy is that an amendment should be generally viewed favorably unless the amendment proposes removing a significant threshold criteria item or proposes altering a selection criteria item that would have decreased the number of points to a level that would have resulted in the application not receiving an allocation." (49)
Staff Response:
Staff believes that the Board has and uses the discretion to be flexible in regards to amendments. Staff commits to revisit the amendment policy previously approved by the Board and work with the development community to amend the policy if necessary. No change to the QAP is recommended.

§49.17(e) Housing Tax Credit and Ownership Transfers (49)
Comment:
Comment asked for clarification for the transfer of ownership. Comment states that the rule implies that transfers to an affiliated entity do not require agency approval, and furthermore asks that the Department allow transfers prior to issuance of 8609s due to changes made at time of partnership closing. The commenter suggests that "other than an Affiliate of the Development Owner…" be struck through in section (e). Also that in section 49.17(e)(1) add the language as follows; Transfers (other than to an Affiliate) be added. (49)
Staff Response:
Staff recommends the following change:

"(e) A Development Owner may not transfer an allocation of Housing Tax Credits or ownership of a Development supported with an allocation of Housing Tax Credits to any Person ~~other than~~ including an Affiliate of the Development Owner unless the Development Owner obtains the Executive Director's prior, written approval of the transfer…"

"(1) Transfers (other than an Affiliate included in the ownership structure) will not be approved prior to the issuance of IRS Forms 8609…"

	2009 Rule Cycle Proposed Rules: (INCLUDES Public Hearing Testimony, Emails, & letters received; DOES NOT INCLUDE Staff Comments)
Number	**COMMENTER**
15	Kathy Tyler, Housing Services Director, Motivation Education & Training, Inc.
16	Cyrus Reed, PhD, Conservation Director, Lone Star Chapter of Sierra Club
17	Dennis Hoover
18	Matt Hull, Executive Director, Habitat Texas
19	Albert Joseph, Ysleta del Sur Pueblo
20	Apolonio (Nono) Flores, Flores Residential, LC
21	Bryan C. Schuler, Travois, Inc.
22	Charles Holcomb
23	Charlie Price, Housing Program Manager, City of Fort Worth
24	Christopher C Finlay, President/CEO, Finlay Development,LLC
25	Cynthia L. Bast, Partner, Locke Lord Bissell & Liddell LLP
26	David Mark Koogler, President, Mark-Dana Corporation
27	Debra Guerrero, NRP Group
28	Elizabeth Julian, Inclusive Communities Project
29	Fei Dai, Catellus Development Group
30	J. Fernando Lopez, Interim Executive Director, Pharr Housing Authority
31	Jack D. Burleson, Regional Manager, Government Relations, International Code Council - Texas Field Office
32	Jennifer Daughtrey Hicks, Development Project Manager, Foundation Communities
33	Jim Johnson, Development Director, Downtown Fort Worth, Inc.
34	Joe Saenz, McAllen Housing Authority
35	Joseph W. Bishop, Capital Consultants
36	Joy Horack Brown, executive director, New Hope Housing
37	Linda Bryant, Executive Director, TEXAS HOUSING ASSOCIATION
38	Mary Lawler, Executive Director, Avenue Community Development Corporation
39	Mary Luévano, Policy and Legislative Affairs Director, Global Green USA
40	Matt Whelan, Sr. VP, Catellus Development Group

41	Michael A. Hartman, Roundstone Development, LLC
42	Ramon Guajardo, consultant Fort Worth Housing Authority
43	Representatve Lon Burnam
44	Richard Franco, CEO, Corpus Christi Housing Authority
45	Richard Herrington, Jr., Executive Director, Housing Authority of the City of Texarkana
46	Robert H. (Bob) Sherman, SBG Development Services, L.P.
47	Robert Waggoner, SAHA
48	Ronnie Linden, Port Arthur Housing Authority
49	Scott Marks, Coats/Rose
50	Senator Chris Harris
51	Steve Shorts and Richard Herrington, NAHRO
52	Tamea A. Dula, Esq., Coats | Rose
53	V.A. Stephens, Global Green USA
54	Walter Moreau, executive director of Foundation Communities
55	Esiquio (Zeke) Luna, HA of the City of Brownsville
56	Demetrio Jimenez, Tropicana Properties
57	Bobby Bowling
58	Frank Fernandez, Executive Director, Community Partnership for the Homeless
59	Eric Christophe, EFC Builders Ltd. Co.
60	Sarah Andre, S2A Development Consulting
61	Barry Kahn
62	Jill Moody, Gonzalez Newell Bender, Inc. Architects
63	Dennis Barnes
64	Jack Drake, Greenspoint
65	Doak Brown, Campbell & Riggs
66	Sarah Anderson, S. Anderson Consulting
67	Mike Sugrue, TAAHP
68	Gilbert M. Piette, Housing and Community Services, Inc.

Scoring Breakdown in Descending Order of Points for the Draft 2008 QAP

QAP Para. #	Topic	Total Points	Notes	Legislative Citation - Compare to QAP
1	Financial Feasibility	28	N/A	2306.6710(b)(1)(A)
2	QCP from Neighborhood Organizations	24 Max	Range of +24 to 0	2306.6710(b)(1)(B); 2306.6725(a)(2)
3	Income Levels of the Tenants	22	N/A	2306.6710(b)(1)(C) and (e); 2306.111(g)(3)(B) and (E); 42(m)(1)(B)(ii)(I)
4	Size and Quality of the Units	20	N/A	2306.6710(b)(1)(D); 42(m)(1)(C)(iii)
5	Commit. of Funds by LPS	18	N/A	2306.6710(b)(1)(E)
6	State Rep. or Senator Support/Opposition	14 Max	Range of +14 to -14	2306.6710(b)(1)(F) and (g); 2306.6725(a)(2)
7	Rent Levels of the Units	12	N/A	2306.6710(b)(1)(G)
8	Cost Per Square Foot	10	N/A	2306.6710(b)(1)(H); 42(m)(1)(C)(iii)
9	Services Provided to Tenants	8	N/A	2306.6710(b)(1)(I); Rider 7; 2306.254; 2306.6725(a)(1)
10	Declared Disaster Areas	7	N/A	2306.6710(b)(1)
11	Rehabilitation (which includes reconstruction) or Adaptive Reuse	6	N/A	N/A
12	Housing Needs Characteristics	6	N/A	42(m)(1)(C)(ii)
13	Revitalization or Historic Preservation	6	N/A	42(m)(1)(C)(iii)
14	Pre-Application Participation	6	N/A	2306.6704
15	Economic Development Initiative	4	N/A	2306.127
16	Development Location	4	N/A	2306.6725(a)(4) and (b)(2); 2306.127; Rider 6 42(m)(1)(C)(i) and (vii)
17	Green Building Initiatives	6	N/A	2306.6725(a)(4); 42(m)(1)(C)(i)
18	Community Input Other Than QCP	6	Range of 6 to 0	N/A
19	Census Tracts with No Other Existing Developments Supported by Tax Credits	6	N/A	2306.6725(b)(2)
20	Special Housing Needs Populations	4	N/A	42(m)(1)(C)(v)
21	Length of Affordability Period	4	N/A	2306.6725(a)(5); 2306.111(g)(3)(C); 2306.185(a)(1) and (c); 2306.6710(e)(2); 42(m)(1)(B)(ii)(II)
22	Site Characteristics	4	Up to 4 points for positive amenities and -6 points for negative features.	N/A
23	Development Size	3	N/A	N/A
24	Location in QCT with Revitalization	1	N/A	42(m)(1)(B)(ii)(III)
25	Sponsor Characteristics	2	N/A	42(m)(1)(C)(iv)
26	Right of First Refusal	1	N/A	2306.6725(b); 42(m)(1)(C)(viii)
27	Leveraging of Private, State and Federal Funds	1	N/A	2306.6725(a)(3)
28	Third Party Commit. Outside of QCT	1	N/A	2306.6710(e)(1)
29	Penalties	N/A	Range	2306.6710(b)(2)

Maximum Number of Points Possible: 234

THE STATE OF TEXAS

Multifamily Finance Production Division

~~2008~~2009 Housing Tax Credit Program

Qualified Allocation Plan and Rules

§~~50~~49.1. Purpose and Authority; Program Statement; Allocation Goals.

(a) Purpose and Authority. The rules in this chapter apply to the allocation by the Texas Department of Housing and Community Affairs (the Department) of Housing Tax Credits authorized by applicable federal income tax laws. The Internal Revenue Code of 1986, §42, (the "Code") as amended, provides for credits against federal income taxes for owners of qualified low-income rental housing Developments. That section provides for the allocation of the available tax credit amount by state housing credit agencies. Pursuant to Chapter 2306, Subchapter DD, of the Texas Government Code, the Department is authorized to make Housing Credit Allocations for the State of Texas. As required by the Internal Revenue Code, §42(m)(1), the Department developed this Qualified Allocation Plan (QAP) which is set forth in §§~~50~~49.1 - ~~50~~49.23 of this chapter. Sections in this chapter establish procedures for applying for and obtaining an allocation of Housing Tax Credits, along with ensuring that the proper ~~t~~Threshold ~~c~~Criteria, ~~s~~Selection ~~c~~Criteria, priorities and preferences are followed in making such allocations.

(b) Program Statement. The Department shall administer the program to encourage the development and preservation of appropriate types of rental housing for households that have difficulty finding suitable, accessible, affordable rental housing in the private marketplace; maximize the number of suitable, accessible, affordable residential rental units added to the state's housing supply; prevent losses for any reason to the state's supply of suitable, accessible, affordable residential rental units by enabling the Rehabilitation of rental housing or by providing other preventive financial support; and provide for the participation of for-profit organizations and provide for and encourage the participation of nonprofit organizations in the acquisition, development and operation of accessible affordable housing developments in rural and urban communities. (§2306.6701)

(c) Allocation Goals. It shall be the goal of this Department and the Board, through these provisions, to encourage diversity through broad geographic allocation of tax credits within the state, and in accordance with the regional allocation formula; to promote maximum utilization of the available tax credit amount; and to allocate credits among as many different entities as practicable without diminishing the quality of the housing that is being built. The processes and criteria utilized to realize this goal are described in §~~50~~49.7, §~~50~~49.8 and §~~50~~49.9 of this chapter, without in any way limiting the effect or applicability of all other provisions of this title. (General Appropriation Act, Article VII, Rider 8(e))

§~~50~~49.2. Coordination with Rural Agencies.

To ensure maximum utilization and optimum geographic distribution of tax credits in rural areas, and to provide for sharing of information, efficient procedures, and fulfillment of Development requirements in rural areas, the Department will coordinate on existing, Rehabilitation, and New Construction housing Developments financed by TRDO-USDA; and will administer the Rural Regional Allocation with the Texas Office of Rural Community Affairs (ORCA). Through participation in hearings and meetings, ORCA will assist in developing all Threshold, Selection and Underwriting Criteria applied to Applications eligible for the Rural Regional Allocation. The Criteria will be approved by that Agency. To ensure that the Rural Regional Allocation receives a sufficient volume of eligible Applications, the Department and ORCA shall jointly implement outreach, training, and rural area capacity building efforts. (§2306.6723)

§~~50~~49.3. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) **Adaptive Reuse--**The renovation or rehabilitation of an existing non-residential building or structure (e.g., school, warehouse, office, hospital, etc.), including physical alterations that modify the building's previous or original intended use. If any Units are built outside the original building footprint or foundation, the Development will be considered New Construction. A clubhouse or non-residential building may be outside the original footprint or foundation and still be considered Adaptive Reuse. The number of floors or stories may be increased in a building as long as the total number of Units for the Development does not exceed 80 Units in a Rural Area or 252 Units in an Urban Area.

(2) **Administrative Deficiencies--**The absence of information or inconsistent information in the Application as is required under §~~50~~49.5, §~~50~~49.6, §~~50~~49.8 and §~~50~~49.9 of this chapter, unless determined by the Department as unable to be corrected.

(3) **Affiliate--**An individual, corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with any other Person, and specifically shall include parents or subsidiaries. Affiliates also include all General Partners, Special Limited Partners and Principals with an ownership interest unless the entity is an experienced Developer as described in §~~50~~49.9(h)(9)(D) of this chapter.

(4) **Agreement and Election Statement--**A document in which the Development Owner elects, irrevocably, to fix the Applicable Percentage with respect to a building or buildings, as that in effect for the month in which the Department and the Development Owner enter into a binding agreement as to the housing credit dollar amount to be allocated to such building or buildings.

(5) **Applicable Fraction--**The fraction used to determine the Qualified Basis of the qualified low-income building, which is the smaller of the Unit fraction or the floor space fraction, all determined as provided in the Code, §42(c)(1).

(6) **Applicable Percentage--**The percentage used to determine the amount of the Housing Tax Credit for any Development (New Construction, Reconstruction, and/or Rehabilitation), as defined more fully in the Code, §42(b).

(A) For purposes of the Application, the Applicable Percentage will be projected at:

(i) the greater of 9% or ~~40 basis points over~~ the current applicable percentage for 70% present value credits for new buildings, pursuant to §42(b) of the Code for the month in which the Application is submitted to the Department; or

(ii) 15 basis points over the current applicable percentage for 30% present value credits associated with acquisition and with qualified Tax-Exempt Bond Developments, pursuant to §42(b) of the Code for the month in which the Application is submitted to the Department.

(B) For purposes of making a credit recommendation at any other time, the Applicable Percentage will be based in order of priority on:

(i) The percentage indicated in the Agreement and Election Statement, if executed; or

(ii) The actual applicable percentage as determined by the Code, §42(b), if all or part of the Development has been placed in service and for any buildings not placed in service the percentage will be the actual percentage as determined by the Code, §42(b) for the most current month; or

(iii) The percentage as calculated in subparagraph (A) of this paragraph if the Agreement and Election Statement has not been executed and no buildings have been placed in service.

(7) **Applicant--**Any Person or Affiliate of a Person who files a Pre-Application or an Application with the Department requesting a Housing Credit Allocation. (§2306.6702)

(8) **Application--**An application, in the form prescribed by the Department, filed with the Department by an Applicant, including any exhibits or other supporting material. (§2306.6702)

(9) **Application Acceptance Period--**That period of time during which Applications for a Housing Credit Allocation from the State Housing Credit Ceiling may be submitted to the Department, December 8,~~3,~~ ~~2007~~2008 through February ~~29, 2008~~27, 2009, as more fully described in §§~~50~~49.8 - ~~50~~49.12 of this chapter. For Tax-Exempt Bond Developments this period is the date the Volumes 1 and 2 are submitted or the date the reservation is issued by the Texas Bond Review Board, whichever is earlier.

(10) **Application Round--**The period beginning on the date the Department begins accepting Applications ~~for the State Housing Credit Ceiling~~ and continuing until all available Housing Tax Credits ~~from the State Housing Credit Ceiling (as stipulated by the Department)~~ are allocated, but not extending past the last day of the calendar year. (§2306.6702). For purposes of this section, this definition applies to Housing Tax Credits allocated with the State Housing Credit Ceiling.

(11) **Application Submission Procedures Manual--**The manual produced and amended from time to time by the Department which sets forth procedures, forms, and guidelines for the filing of Pre-Applications and Applications for Housing Tax Credits.

(12) **Area--**

(A) The geographic area contained within the boundaries of:

(i) An incorporated place; or

(ii) Census Designated Place (CDP) as established by the U.S. Census Bureau for the most recent Decennial Census.

(B) For Developments located outside the boundaries of an incorporated place or CDP, the Development shall take up the Area characteristics of the incorporated place or CDP whose boundary is nearest to the Development site.

(13) **Area Median Gross Income (AMGI)--**Area median gross household income, as determined for all purposes under and in accordance with the requirements of the Code, §42.

(14) **At-Risk Development--**A Development that: (§2306.6702)

(A) has received the benefit of a subsidy in the form of a below-market interest rate loan, interest rate reduction, rental subsidy, Section 8 housing assistance payment, rental supplement payment, rental assistance payment, or equity incentive under at least one of the following federal laws, as applicable:

(i) Sections 221(d)(3) and (5), National Housing Act (12 U.S.C. §17151);

(ii) Section 236, National Housing Act (12 U.S.C. §1715z-1);

(iii) Section 202, Housing Act of 1959 (12 U.S.C. §1701q);

(iv) Section 101, Housing and Urban Development Act of 1965 (12 U.S.C. §1701s);

(v) The Section 8 Additional Assistance Program for housing Developments with HUD-Insured and HUD-Held Mortgages administered by the United States Department of Housing and Urban Development;

(vi) The Section 8 Housing Assistance Program for the Disposition of HUD-Owned Projects administered by the United States Department of Housing and Urban Development;

(vii) Sections 514, 515, and 516, Housing Act of 1949 (42 U.S.C. §§1484, 1485, and 1486); or

(viii) Section 42, of the Internal Revenue Code of 1986 (26 U.S.C. §42); and

(B) Is subject to the following conditions:

(i) The stipulation to maintain affordability in the contract granting the subsidy is nearing expiration (expiration will occur within two calendar years of July 31 of the year the Application is submitted); or

(ii) The federally insured mortgage on the Development is eligible for prepayment or is nearing the end of its mortgage term (the term will end within two calendar years of July 31 of the year the Application is submitted).

(C) An Application for a Development that includes the demolition of the existing Units which have received the financial benefit described in subparagraph (A) of this paragraph will not qualify as an At-Risk Development unless the redevelopment will include the same site.

(D) Developments must be at risk of losing all affordability from all of the financial benefits available on the Development, provided such benefit constitutes a subsidy, described in subparagraph (A) of this paragraph on the site. However, Developments that have an opportunity to retain or renew any of the financial benefit described in subparagraph (A) of this paragraph must retain or renew all possible financial benefit to qualify as an At-Risk Development.

(E) Nearing expiration on a requirement to maintain affordability includes Developments eligible to request a qualified contract under §42 of the Code. Evidence must be provided in the form of a copy of the recorded LURA, the first years' IRS Forms 8609 for all buildings showing Part II completed and, if applicable, documentation from the original application regarding the right of first refusal.

(15) **Bedroom--**A portion of a Unit which is no less than 100 square feet; has no width or length less than 8 feet; is self contained with a door (or the unit is a “loft” design with an open sleeping area of 100 square feet or more); has at least one window that provides exterior access; and has at least one closet that is not less than 2 feet deep and 3 feet wide and high enough to accommodate 5 feet of hanging space. A den, study or other similar space that could reasonably function as a bedroom and meets this definition is considered a bedroom.

(16) **Board--**The governing Board of the Department. (§2306.004)

(17) **Carryover Allocation--**An allocation of current year tax credit authority by the Department pursuant to the provisions of the Code, §42(h)(1)(C) and Treasury Regulations, §1.42-6.

(18) **Carryover Allocation Document--**A document issued by the Department, and executed by the Development Owner, pursuant to §~~50~~49.14(a) of this chapter.

(19) **Carryover Allocation Procedures Manual--**The manual produced and amended from time to time by the Department which sets forth procedures, forms, and guidelines for filing Carryover Allocation requests.

(20) **Code--**The Internal Revenue Code of 1986, as amended from time to time, together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official

pronouncements issued thereunder by the United States Department of the Treasury or the Internal Revenue Service.

(21) **Colonia--**A geographic Area that is located in a county some part of which is within 150 miles of the international border of this state, that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, and that (§2306.581):

(A) Has a majority population composed of individuals and families of low-income and very low-income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed Area under §17.921, Water Code; or

(B) Has the physical and economic characteristics of a colonia, as determined by the Department.

(22) **Commitment Notice--**A notice issued by the Department to a Development Owner pursuant to §~~50~~49.13 of this chapter and also referred to as the "commitment."

(23) **Community Revitalization Plan--**A published document under any name, approved and adopted by the local ~~governing body~~Governing Body by ordinance, ~~or~~ resolution, or vote that targets specific geographic areas for revitalization and development of residential developments.

(24) **Competitive Housing Tax Credits--**Tax credits available from the State Housing Credit Ceiling.

(25) **Compliance Period--**With respect to a building, the period of 15 taxable years, beginning with the first taxable year of the Credit Period pursuant to the Code, §42(i)(1).

(26) **Control--**(including the terms "Controlling," "Controlled by", and/or "under common Control with") the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of voting securities, by contract or otherwise, including specifically ownership of more than 50% of the General Partner interest in a limited partnership, or designation as a managing ~~General Partner~~ member of a limited liability company.

~~(27) **Controlling or Managing General PartnerMember--**a co-owner of a business an entity who (i) owns, controls, or holds with power to vote, 10% or more of the voting stock of a corporation; (ii) is the "Manager" or "Managing Member" of a limited liability company, or (iii) is the general partner of a limited partnership; provided that such a co-owner is empowered, acting alone to can take actions on behalf of the entity that are binding on the other owners of such entity. partners and, who is liable for all debts and other obligations of the venture as well as for the management and operation of the partnership.~~

(27) **Cost Certification Procedures Manual--**The manual produced, and amended from time to time, by the Department which sets forth procedures, forms, and guidelines for filing requests for IRS Form(s) 8609 for Developments placed in service under the Housing Tax Credit Program.

(28) **Credit Period--**With respect to a building within a Development, the period of ten taxable years beginning with the taxable year the building is placed in service or, at the election of the Development Owner, the succeeding taxable year, as more fully defined in the Code, §42(f)(1).

(29) **Department--**The Texas Department of Housing and Community Affairs, an agency of the State of Texas, established by Chapter 2306, Texas Government Code, including Department employees and/or the Board. (§2306.004)

(30) **Determination Notice--**A notice issued by the Department to the Development Owner of a Tax-Exempt Bond Development which states that the Development may be eligible to claim Housing Tax Credits without receiving an allocation of Housing Tax Credits from the State Housing Credit Ceiling because it satisfies the requirements of this QAP; sets forth conditions which must be met by the Development before the Department will issue the IRS Form(s) 8609 to the Development Owner; and specifies the Department's determination as to the amount of tax credits necessary for the financial feasibility of the Development and its viability as a rent restricted Development throughout the extended use period. (§42(m)(1)(D))

(31) **Developer--**Any Person entering into a contract with the Development Owner to provide development services with respect to the Development and receiving a fee for such services (which fee cannot exceed the limits identified in §~~50~~49.9(d)(6)(B) of this chapter) and any other Person receiving any portion of such fee, whether by subcontract or otherwise.

(32) **Development--**A proposed qualified and/or approved low-income housing project, as defined by the Code, §42(g), for Adaptive Reuse, New Construction, reconstruction, or Rehabilitation, that consists of one or more buildings containing multiple Units, and that, if the Development shall consist of multiple buildings, is financed under a common plan and is owned by the same Person for federal tax purposes, and the buildings of which are either:

(A) Located on a single site or contiguous site; or

(B) Located on scattered sites and contain only rent-restricted units. (§2306.6702)

(33) **Development Consultant--**Any Person (with or without ownership interest in the Development) who provides professional services relating to the filing of an Application, Carryover Allocation Document, and/or cost certification documents.

(34) **Development Funding--**Means:

(A) a loan or grant; or

(B) an in-kind contribution, including a donation of real property, a fee waiver for a building permit or for water or sewer service, or a similar contribution that:

(i) provides an economic benefit; and

(ii) results in a quantifiable cost reduction for the applicable Development. (§2306.004(4-a))

(35) **Development Owner--**Any Person, General Partner, or Affiliate of a Person who owns or proposes a Development or expects to acquire Control of a Development under a purchase contract or ground lease approved by the Department. (§2306.6702)

(36) **Development Site--**The area, or if scattered site areas, for which the Development is proposed to be located and which is to be under the Applicant's control pursuant to §~~50~~49.9(h)(7)(A) of this chapter.

(37) **Development Team--**All Persons or Affiliates thereof that play a role in the Development, construction, Rehabilitation, management and/or continuing operation of the subject Property, which will include any Development Consultant and Guarantor.

(38) **Disaster Area--**An area that has been declared as a disaster pursuant to §418.014 of the Texas Government Code.

(39) **Economically Distressed Area--**Consistent with §17.921 of Texas Water Code, an Area in which:

(A) Water supply or sewer services are inadequate to meet minimal needs of residential users as defined by Texas Water Development Board rules;

(B) Financial resources are inadequate to provide water supply or sewer services that will satisfy those needs; and

(C) An established residential subdivision was located on June 1, 1989, as determined by the Texas Water Development Board.

(40) **Eligible Basis--**With respect to a building within a Development, the building's Eligible Basis as defined in the Code, §42~~(d)~~.

(41) **Executive Award and Review Advisory Committee ("The Committee")--**A Departmental committee ~~that will develop funding priorities and make funding and allocation recommendations to the Board based upon the evaluation of an Application in accordance with the housing priorities~~ as set forth in Chapter 2306 of the Texas Government Code~~, and as set forth herein, and the ability of an Applicant to meet those priorities~~. (§2306.1112)

(42) **Existing Residential Development--**Any Development Site which contains 4 or more existing residential Units at the time the Volume I is submitted to the Department.

(43) **Extended Housing Commitment--**An agreement between the Department, the Development Owner and all successors in interest to the Development Owner concerning the extended housing use of buildings within the Development throughout the extended use period as provided in the Code, §42(h)(6). The Extended Housing Commitment with respect to a Development is expressed in the LURA applicable to the Development.

(44) **General Contractor--**One who contracts for the construction or Rehabilitation of an entire Development, rather than a portion of the work. The General Contractor hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors. This party may also be referred to as the "contractor."

(45) **General Partner--**That partner, or collective of partners, identified as the general partner of the partnership that is the Development Owner and that has general liability for the partnership. In addition, unless the context shall clearly indicate the contrary, if the Development Owner in question is a limited liability company, the term "General Partner" shall also mean the managing member or other party with management responsibility for the limited liability company.

(46) **Governing Body--**An elected city, ~~or~~ county or tribal entity that is responsible for the creation, implementation and/or enforcement of local rules and laws.

(47) **Governmental Entity--**Includes federal or state agencies, departments, boards, bureaus, commissions, authorities, and political subdivisions, special districts, tribal governments and other similar entities.

(48) **Governmental Instrumentality--**A legal entity such as a housing authority of a city or county, a housing finance corporation, or a municipal utility, or a tribal designated housing entity, which is created by a local political subdivision under statutory authority and which instrumentality is authorized to transact business for the political subdivision.

(49) **Grant--**Financial assistance that is awarded in the form of money to a housing sponsor or Development for a specific purpose and that is not required to be repaid. A Grant includes a forgivable loan. (§2306.004)

(50) **Guarantor--**Any Person that provides, or is anticipated to provide, a guaranty for the equity or debt financing for the Development.

(51) **High Opportunity Area**—an area that includes:

(A). existing ~~public transportation or~~ major bus transfer centers and/or regional or local commuter rail transportation stations that are accessible to all residents including Persons with Disabilities; or

(B). a census tract which has an AMGI that is higher than the AMGI of the county or place in which the census tract is located; or

(C). a school attendance zone that has an academic rating of "Exemplary" or "Recognized" rating (as determined by the Texas Education Agency) as of the first day of the Application Submission Acceptance Period; or

(D) a census tract that has no greater than 10% poverty population according to the most recent census data (these census tracts are designated in the 2009 Housing Tax Credit Site Demographic Characteristics Report).

(52) **Historically Underutilized Businesses (HUB)--**Any entity defined as a historically underutilized business with its principal place of business in the State of Texas in accordance with Chapter 2161, Texas Government Code.

(53) **Housing Credit Agency--**A Governmental Entity charged with the responsibility of allocating Housing Tax Credits pursuant to the Code, §42. For the purposes of this chapter, the Department is the sole "Housing Credit Agency" of the State of Texas.

(54) **Housing Credit Allocation--**An allocation by the Department to a Development Owner for a specific Application of Housing Tax Credits in accordance with the provisions of this chapter.

(55) **Housing Credit Allocation Amount--**With respect to a Development or a building within a Development, that amount the Department determines to be necessary for the financial feasibility of the Development and its viability as a Development throughout the affordability period and which it allocates to the Development.

(56) **Housing Tax Credit ("tax credits")--**A tax credit allocated, or for which a Development may qualify, under the Housing Tax Credit Program, pursuant to the Code, §42. (§2306.6702)

(57) **HUD--**The United States Department of Housing and Urban Development, or its successor.

(58) **Ineligible Building Types--**Those Developments which are ineligible, pursuant to this QAP, for funding under the Housing Tax Credit Program, as follows:

(A) Hospitals, nursing homes, trailer parks, dormitories (or other buildings that will be predominantly occupied by students) or other facilities which are usually classified as transient housing (other than certain specific types of transitional housing for the homeless and ~~single room occupancy~~Single Room Occupancy units, as provided in the Code, §42(i)(3)(B)(iii) and (iv)) are not eligible. However, structures formerly used as hospitals, nursing homes or dormitories are eligible for Housing Tax Credits if the Development involves the conversion of the building to a non-transient multifamily residential Development. Refer to IRS Revenue Ruling 98-47 for clarification of assisted living.

(B) Any Qualified Elderly Development or age restricted buildings in Intergenerational Housing Developments of two stories or more that does not include elevator service for any Units or living space above the first floor.

(C) Any Qualified Elderly Development or age restricted buildings in Intergenerational Housing Developments with any Units having more than two bedrooms with the exception of up to three employee Units reserved for the use of the manager, maintenance, and/or security officer. These employee Units must be specifically designated as such.

(D) Any Development with building(s) with four or more stories that does not include an elevator.

(E) Any Qualified Elderly Development or age restricted buildings in Intergenerational Housing Developments proposing more than 70% two-bedroom Units.

(F) Any Development that violates the Integrated Housing Rule of the Department, §1.15 of this title.

(G) Any Development located in an Urban Area involving any New Construction ~~or Adaptive Reuse (excluding New Construction of non-residential buildings)~~ of additional Units (other than a Qualified Elderly Development, a Development composed entirely of single family dwellings, and certain specific types of transitional housing for the homeless and ~~single room occupancy~~Single Room Occupancy units, as provided in the Code, §42(i)(3)(B)(iii) and (iv)) in which any of the designs in clauses (i) - (iv) of this subparagraph are proposed. For Applications involving a combination of single family detached dwellings and multifamily dwellings, the percentages in this subparagraph do not apply to the single family detached dwellings. For Intergenerational Housing Applications, the percentages in this subparagraph do not apply to buildings that are restricted by the age requirements of a Qualified Elderly Development. An Application may reflect a total of Units for a given bedroom size greater than the percentages in clauses (i) - (iv) of this subparagraph to the extent that the increase is only to reach the next highest number divisible by four.

(i) More than 30% of the total Units are one bedroom Units; or

(ii) More than 55% of the total Units are two bedroom Units; or

(iii) More than 40% of the total Units are three bedroom Units; or

(iv) More than 5% of the total Units in the Development with four or more bedrooms.

(H) Any Development that includes age restricted units that are not consistent with the Intergenerational Housing definition and policy or the definition of a Qualified Elderly Development.

(I) Any Development that contains residential Units ~~either designated for a single occupational group, or through a preference for a single occupational group,~~ that violates the general public use requirement under Treasury Regulation §1.42-9.

(59) **Intergenerational Housing--**Housing that includes specific Units that are restricted to the age requirements of a Qualified Elderly Development and specific Units that are not age restricted in the same Development that:

(A) Have separate and specific buildings exclusively for the age restricted Units;

(B) Have ~~separate and~~ specific leasing offices and leasing personnel ~~exclusively~~ for the age restricted Units;

(C) Have separate and specific entrances, and other appropriate security measures for the age restricted Units;

(D) Provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;

(E) Share the same Development Site;

(F) Are developed and financed under a common plan and owned by the same Person for federal tax purposes; and

(G) Meet the requirements of the federal Fair Housing Act.

(60) **IRS--**The Internal Revenue Service, or its successor.

(61) **Land Use Restriction Agreement (LURA)--**An agreement between the Department and the Development Owner which is binding upon the Development Owner's successors in interest, that encumbers the Development with respect to the requirements of this chapter, Chapter 2306, Texas Government Code, and the requirements of the Code, §42. (§2306.6702)

(62) **Local Political Subdivision--**A county or municipality (city or tribal reservation) in Texas. For purposes of §~~50~~49.9(i)(5) of this chapter, a local political subdivision may act through a Government Instrumentality such as a housing authority, housing finance corporation, or municipal utility even if the Government Instrumentality's creating statute states that the entity is not itself a "political subdivision."

(63) **Low-Income Unit--**sometimes referred to as a tax credit Unit, that is a Unit that is income and rent restricted at no greater than 60% of AMGI and is included in the Applicable Fraction for the Housing Tax Credit program.

(64) **Material Noncompliance--**As defined in Chapter 60, Subchapter A of this title.

(65) **Minority Owned Business--**A business entity at least 51% of which is owned by members of a minority group or, in the case of a corporation, at least 51% of the shares of which are owned by members of a minority group, and that is managed and Controlled by members of a minority group in its daily operations. Minority group includes women, African Americans, American Indians, Asian Americans, and Mexican Americans and other Americans of Hispanic origin. (§2306.6734)

(66) **Neighborhood Organization--**An organization that is composed of persons living near one another within the organization's defined boundaries for the neighborhood and that has a primary purpose of working to maintain or improve the general welfare of the neighborhood. A neighborhood organization includes a homeowners' association or a property owners' association. (§2306.001(23-a))

(67) **Net Rentable Area (NRA)--**The unit space that is available exclusively to the tenant and is typically heated and cooled by a mechanical HVAC system. NRA is measured to the outside of the studs of a unit or to the middle of walls in common with other units. NRA does not include common hallways, stairwells, elevator shafts, janitor closets, electrical closets, balconies, porches, patios, or other areas not actually available to the tenants for their furnishings, nor does NRA include the enclosing walls of such areas.

(68) **New Construction--**Any construction of a Development or a portion of a Development that does not meet the definition of Rehabilitation (which includes Reconstruction).

(69) **ORCA--**Office of Rural Community Affairs, as established by Chapter 487 of Texas Government Code.

(70) **Person--**Without limitation, any natural person, corporation, partnership, limited partnership, joint venture, limited liability company, trust, estate, association, cooperative, government, political subdivision, agency or instrumentality or other organization or entity of any nature whatsoever and shall include any group of Persons acting in concert toward a common goal, including the individual members of the group.

(71) **Persons with Disabilities--**A person who:

(A) Has a physical, mental or emotional impairment that:

(i) Is expected to be of a long, continued and indefinite duration;

(ii) Substantially impedes his or her ability to live independently; and

(iii) Is of such a nature that the disability could be improved by more suitable housing conditions;

(B) Has a developmental disability, as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. §15002); or

(C) Has a disability, as defined in 24 CFR §5.403.

(72) **Persons with Special Needs--**Persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farm workers.

(73) **Pre-Application--**A preliminary application, in a form prescribed by the Department, filed with the Department by an Applicant prior to submission of the Application, including any required exhibits or other supporting material, as more fully described in this ~~title~~ chapter. (§2306.6704)

(74) **Pre-Application Acceptance Period--**That period of time during which Competitive Housing Tax Credit Pre-Applications for a Housing Credit Allocation from the State Housing Credit Ceiling may be submitted to the Department.

(75) **Principal--**The term Principal is defined as Persons that will exercise Control over a partnership, corporation, limited liability company, trust, or any other private entity. In the case of:

(A) Partnerships, Principals include all General Partners, Special Limited Partners and Principals with ownership interest;

(B) Corporations, Principals include any officer authorized by the board of directors to act on behalf of the corporation, including the president, vice president, secretary, treasurer and all other executive officers, and each stock holder having a 10% or more interest in the corporation; and

(C) Limited liability companies, Principals include all managing members, members having a 10% or more interest in the limited liability company or any officer authorized to act on behalf of the limited liability company.

(76) **Property--**The real estate and all improvements thereon which are the subject of the Application (including all items of personal property affixed or related thereto), whether currently existing or proposed to be built thereon in connection with the Application.

(77) **Qualified Allocation Plan (QAP)**~~--~~This Plan as adopted.

~~(A) As defined in the Code, §42(m)(1)(B): Any plan which sets forth selection criteria to be used to determine housing priorities of the housing credit agency which are appropriate to local conditions; which also gives preference in allocating housing credit dollar amounts among selected projects to projects serving the lowest-income tenants, projects obligated to serve qualified tenants for the longest periods, and projects which are located in qualified census tracts and the development of which contributes to a concerted~~

~~community revitalization plan; and which provides a procedure that the agency (or an agent or other private contractor of such agency) will follow in monitoring for noncompliance with the provisions of the Code, §42 and in notifying the Internal Revenue Service of such noncompliance which such agency becomes aware of and in monitoring for noncompliance with habitability standards through regular site visits.~~

~~(B) As defined in §2306.6702, Texas Government Code: A plan adopted by the board that provides the threshold, scoring, and underwriting criteria based on housing priorities of the Department that are appropriate to local conditions; provides a procedure for the Department, the Department's agent, or another private contractor of the Department to use in monitoring compliance with the qualified allocation plan and this subchapter; and consistent with §2306.6710(e), gives preference in Housing Tax Credit allocations to Developments that, as compared to the other Developments:~~

~~(i) When practicable and feasible based on documented, committed, and available third-party funding sources, serve the lowest-income tenants per Housing Tax Credit; and~~

~~(ii) Produce for the longest economically feasible period the greatest number of high quality units committed to remaining affordable to any tenants who are income-eligible under the low-income housing tax credit program.~~

(78) **Qualified Basis--**With respect to a building within a Development, the building's Eligible Basis multiplied by the Applicable Fraction, within the meaning of the Code, §42(c)(1).

(79) **Qualified Census Tract--**Any census tract which is so designated by the Secretary of HUD in accordance with the Code, §42(d)(5)(C)(ii).

(80) **Qualified Elderly Development--**A Development which meets the requirements of the federal Fair Housing Act and:

(A) Is intended for, and solely occupied by, individuals 62 years of age or older; or

(B) Is intended and operated for occupancy by at least one individual 55 years of age or older per Unit, where at least 80% of the total housing Units are occupied by at least one individual who is 55 years of age or older; and where the Development Owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older. (See 42 U.S.C. §3607(b))

(81) **Qualified Market Analyst--**A real estate appraiser certified or licensed by the Texas Appraiser Licensing and Certification Board, a real estate consultant, or other professional currently active in the subject property's market area who demonstrates competency, expertise, and the ability to render a high quality written report. The individual's performance, experience, and educational background will provide the general basis for determining competency as a Market Analyst. Competency will be determined by the Department, in its sole discretion. The Qualified Market Analyst must be a Third Party.

(82) **Qualified Nonprofit Organization--**An organization that is described in the Code, §501(c)(3) or (4), as these cited provisions may be amended from time to time, that is exempt from federal income taxation under the Code, §501(a), that is not affiliated with or Controlled by a for profit organization, and includes as one of its exempt purposes the fostering of low-income housing within the meaning of the Code, §42(h)(5)(C). A Qualified Nonprofit Organization may select to compete in one or more of the Set-Asides, including, but not limited to, the nonprofit Set-Aside, the At-Risk Development Set-Aside and the TRDO-USDA Allocation. (§2306.6729)

(83) **Qualified Nonprofit Development--**A Development in which a Qualified Nonprofit Organization (directly or through a partnership or wholly-owned subsidiary):

(A) Holds a controlling interest in the Development proposed to be financed from the nonprofit allocation pool (§2306.6729); and

(B) Owns an interest in the Development and materially participates (within the meaning of the Code, §469(h), as it may be amended from time to time) in its development and operation throughout the Compliance Period, and otherwise meets the requirements of the Code, §42(h)(5). (§2306.6729)

(84) **Reference Manual--**That certain manual, and any amendments thereto, produced by the Department which sets forth reference material pertaining to the Housing Tax Credit Program.

(85) **Rehabilitation--**The improvement or modification of an Existing Residential Development through alteration, incidental addition or enhancement. The term includes the demolition of an Existing Residential Development and the reconstruction of a Development on the Development Site, but does not include Adaptive Reuse. Rehabilitation includes repairs necessary to correct the results of deferred maintenance, the replacement of principal fixtures and components, improvements to increase the efficient use of energy, and installation of security devices. Reconstruction, for these purposes, includes the demolition of one or more

residential buildings in an Existing Residential Development and the re-construction of the Units on the Development Site. Developments proposing Adaptive Reuse or proposing to increase the total number of Units in the Existing Residential Development are not considered Rehabilitation or reconstruction.

(86) **Related Party--**As defined, (§2306.6702)

(A) The following individuals or entities:

(i) The brothers, sisters, spouse, ancestors, and descendants of a person within the third degree of consanguinity, as determined by Chapter 573, Texas Government Code;

(ii) A person and a corporation, if the person owns more than 50% of the outstanding stock of the corporation;

(iii) Two or more corporations that are connected through stock ownership with a common parent possessing more than 50% of:

(I) The total combined voting power of all classes of stock of each of the corporations that can vote;

(II) The total value of shares of all classes of stock of each of the corporations; or

(III) The total value of shares of all classes of stock of at least one of the corporations, excluding, in computing that voting power or value, stock owned directly by the other corporation;

(iv) A grantor and fiduciary of any trust;

(v) A fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;

(vi) A fiduciary of a trust and a beneficiary of the trust;

(vii) A fiduciary of a trust and a corporation if more than 50% of the outstanding stock of the corporation is owned by or for:

(I) The trust; or

(II) A person who is a grantor of the trust.

(viii) A person or organization and an organization that is tax-exempt under the Code, §501(a), and that is controlled by that person or the person's family members or by that organization;

(ix) A corporation and a partnership or joint venture if the same persons own more than:

(I) 50% of the outstanding stock of the corporation; and

(II) 50% of the capital interest or the profits' interest in the partnership or joint venture.

(x) An S corporation and another S corporation if the same persons own more than 50% of the outstanding stock of each corporation;

(xi) An S corporation and a C corporation if the same persons own more than 50% of the outstanding stock of each corporation;

(xii) A partnership and a person or organization owning more than 50% of the capital interest or the profits' interest in that partnership; or

(xiii) Two partnerships, if the same person or organization owns more than 50% of the capital interests or profits' interests.

(B) Nothing in this definition is intended to constitute the Department's determination as to what relationship might cause entities to be considered "related" for various purposes under the Code.

(87) **Residential Rental Development--**For purposes of this definition, Residential Rental Development does not include: hotels, motels dormitories, fraternity or sorority houses, rooming houses, hospitals, nursing homes, sanitariums, rest homes, trailer parks and courts for use on a transient basis. Residential Rental Development means:

(A) A property that meets specific requirements including occupancy of Low-Income Tenants during the affordability period when Units must be continually rented or available for rent;

(B) A building or structure, together with functionally related and subordinate facilities, containing one or more Units that are available to members of the general public; and

(C) A property that does not provide continual or frequent nursing, medical or psychiatric services.

(88) **Rules--**The Department's Housing Tax Credit Program Qualified Allocation Plan and Rules as presented in this ~~title~~ chapter.

(89) **Rural Area--**An Area that is located (this definition is not the same as Rural Projects as defined in §520 of the Housing Act of 1949 for purposes of determining rural income as described in H.R 3221):

(A) Outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;

(B) Within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an Urban Area; or

(C) In an Area that is eligible for funding by Texas Rural Development Office or the United States Department of Agriculture (TRDO-USDA), other than an Area that is located in a municipality with a population of more than 50,000. (§2306.004)

(90) **Rural Development--**A Development or proposed Development that is located in a Rural Area, other than rural New Construction Developments with more than 80 Units.

(91) **Selection Criteria--**Criteria used to determine housing priorities of the State under the Housing Tax Credit Program as specifically defined in §~~50~~49.9(i) of this chapter.

(92) **Set-Aside--**A reservation of a portion of the available Housing Tax Credits under the State Housing Credit Ceiling to provide financial support for specific types of housing or geographic locations or serve specific types of Applications or Applicants as permitted by the Qualified Allocation Plan on a priority basis. (§2306.6702)

(93) **Single Room Occupancy(SRO)--**A single efficiency unit that contains sanitary facilities but may or may not include food preparation facilities and is intended for occupancy by one person.

(94) **Special Management Districts--**Those districts named under Chapters 3801 to 3853, Texas Special District Local Laws Code, Subtitle C.

(95) **State Housing Credit Ceiling--**The limitation on the aggregate amount of Housing Credit Allocations that may be made by the Department during any calendar year, as determined from time to time by the Department in accordance with the Code, §42(h)(3)(C) and/or additonal ceiling provided by The Housing and Economic Recovery Act of 2008, H.R 3221.

(96) **Student Eligibility--**Per the Code, §42(i)(3)(D), A Unit shall not fail to be treated as a low-income Unit merely because it is occupied:

(A) By an individual who is:

(i) A student and receiving assistance under Title IV of the Social Security Act (42 U.S.C. §§601 et seq.), or

(ii) Enrolled in a job training program receiving assistance under the Job Training Partnership Act (29 USCS §§1501 et seq., generally; for full classification, consult USCS Tables volumes) or under other similar Federal, State, or local laws, or

(B) Entirely by full-time students if such students are:

(i) Single parents and their children and such parents and children are not dependents (as defined by the Code §152) of another individual, or

(ii) Married and file a joint return.

(97) **Supportive Housing—**Residential Rental Developments intended for occupancy by individuals or households transitioning from homelessness, at risk of homelessness, or in need of specialized and specific social services.~~, to more stable, productive lives by offering residents an array of supportive services.~~

(98) **Tax-Exempt Bond Development--**A Development requesting or having been awarded Housing Tax Credits and which receives a portion of its financing from the proceeds of tax-exempt bonds which are subject to the state volume cap as described in the Code, §42(h)(4), such that the Development does not receive an allocation of tax credit authority from the State Housing Credit Ceiling.

(99) **Third Party--**A Third Party is a Person who is not:

(A) An Applicant, General Partner, Developer, or General Contractor; or

(B) An Affiliate or a Related Party to the Applicant, General Partner, Developer or General Contractor; or

(C) Receiving any portion of the ~~contractor fee or Developer~~ fees from the Development.

(~~92~~100) **Threshold Criteria--**Criteria used to determine whether the Development satisfies the minimum level of acceptability for consideration as specifically defined in §~~50~~49.9(h) of this chapter. (§2306.6702)

(~~93~~101) **Total Housing Development Cost--**The total of all costs incurred or to be incurred by the Development Owner in acquiring, constructing, rehabilitating and financing a Development, as determined by the Department based on the information contained in the Application. Such costs include reserves and any expenses attributable to commercial areas. Costs associated with the sale or use of Housing Tax Credits to raise equity capital shall also be included in the Total Housing Development Cost. Such costs include but are not limited to syndication and partnership organization costs and fees, filing fees, broker commissions, related attorney and accounting fees, appraisal, engineering, and the environmental site assessment.

(~~94~~102) **TRDO-USDA--**Texas Rural Development Office (TRDO) of the United States Department of Agriculture (USDA) serving the State of Texas (also known as USDA Rural Development and formerly known as TxFmHA) or its successor.

(~~95~~103) **Unit--**Any residential rental unit consisting of an accommodation including a single room used as an accommodation on a non-transient basis, that contains complete physical facilities and fixtures for living, sleeping, eating, cooking (such as a microwave), and sanitation. (§2306.6702) ~~For purposes of completing the Rent Schedule for loft or studio type Units (which still must meet the definition of Bedroom), a Unit with 649 square feet or less is considered an efficiency Unit, a Unit with 650 to 899 square feet is considered not more than a one-bedroom Unit, a Unit with 900 to 999 square feet is considered not more than a two-bedroom Unit, a Unit with 1000 to 1199 square feet is considered not more than a three-bedroom Unit, and a Unit with 1200 square feet or more is considered a four bedroom Unit.~~

(~~96~~104) **Urban Area--**The Area that is located within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area other than an Area described in paragraph (89)(B) of this section or eligible for funding as described in paragraph (89)(C) of this section.

(105) **Urban Core--**A compact and contiguous geographical area that is composed of adjacent block groups ~~census tracts of a municipality~~ in which at least 90 percent of the land not in public ownership is ~~used or~~ zoned to accommodate a mix of medium or high density residential and ~~for~~ commercial uses within the same zoning district. ~~purposes and that has historically been the primary location in the municipality where business has been transacted, as well as those census tracts that are contiguous to such areas.~~

§~~50~~49.4. State Housing Credit Ceiling.

The Department shall determine the State Housing Credit Ceiling for each calendar year as provided in the Code, §42(h)(3)(C), using such information and guidance as may be made available by the Internal Revenue Service and/or The Housing and Economic Recovery Act of 2008, H.R. 3221 and H.R. 1424. The Department shall publish each such determination in the Texas Register within 30 days after the receipt of such information as is required for that purpose by the Internal Revenue Service. The aggregate amount of commitments of Housing Credit Allocations made by the Department during any calendar year shall not exceed the State Housing Credit Ceiling for such year as provided in the Code, §42. As permitted by the Code, §42(h)(4), Housing Credit Allocations made to Tax-Exempt Bond Developments are not included in the State Housing Credit Ceiling.

§~~50~~49.5. Ineligibility; Disqualification and Debarment; Certain Applicant and Development Standards; Representation by Former Board Member or Other Person; Due Diligence, Sworn Affidavit; Appeals and Administrative Deficiencies for Ineligibility, Disqualification and Debarment.

(a) **Ineligibility.** An Application is ineligible if:

(1) The Applicant, Development Owner, Developer or Guarantor has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs; or (§2306.6721(c)(2))

(2) The Applicant, Development Owner, Developer or Guarantor has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen years preceding the Application deadline; or

(3) The Applicant, Development Owner, Developer or Guarantor at the time of Application is: subject to an enforcement or disciplinary action under state or federal securities law or by the NASD; is subject to a federal tax lien; or is the subject of an enforcement proceeding with any Governmental Entity; or

(4) The Applicant, Development Owner, Developer or Guarantor with any past due audits has not submitted those past due audits to the Department in a satisfactory format. A Person is not eligible to receive a commitment of Housing Tax Credits from the Department if any audit finding or questioned or disallowed cost is unresolved as of June 1 of each year, or for Tax-Exempt Bond Developments or other Applications not applying for Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) no later than 30 days after Volume III of the Application is submitted; or

(5) (§2306.6703(a)(1)). At the time of Application or at any time during the two-year period preceding the date the Application Round begins (or for Tax-Exempt Bond Developments any time during the two-year period preceding the date the Application is submitted to the Department), the Applicant or a Related Party is or has been:

(A) A member of the Board; or

(B) The Executive Director, a Deputy Executive Director, the Director of Multifamily Finance Production, the Director of Portfolio Management and Compliance, the Director of Real Estate Analysis, or a manager over Housing Tax Credits employed by the Department.

(6) (§2306.6703(a)(2)). The Applicant proposes to replace in less than 15 years any private activity bond financing of the Development described by the Application, unless:

(A) The Applicant proposes to maintain for a period of 30 years or more 100% of the Development Units supported by Housing Tax Credits as rent-restricted and exclusively for occupancy by individuals and families earning not more than 50% of the Area Median Gross Income, adjusted for family size; and

(B) At least one-third of all the units in the Development are public housing units or Section 8 Development-based units; or,

(7) The Development is located in a municipality or in a valid Extra Territorial Jurisdiction (ETJ) of a municipality, or if located completely outside a municipality, a county, that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins (or for Tax-Exempt Bond Developments at the time the reservation is made by the Texas Bond Review Board) unless the Applicant: (§2306.6703(a)(4))

(A) Has obtained prior approval of the Development from the ~~governing body~~Governing Body of the appropriate municipality or county containing the Development; and

(B) Has included in the Application a written statement of support from that ~~governing body~~Governing Body. This statement must reference this rule and authorize an allocation of Housing Tax Credits for the Development;

(C) For purposes of this paragraph, evidence under subparagraphs (A) and (B) of this paragraph must be received by the Department no later than April 1, ~~2008~~2009 (or for Tax-Exempt Bond Developments no later than 14 days before the Board meeting where the credits will be considered) and may not be more than one year old from the date the Volume 1 is submitted to the Department; or

(8) The Applicant proposes to construct a new Development proposing New Construction or Adaptive Reuse (excluding New Construction of non-residential buildings) that is located one linear mile (measured by a straight line on a map) or less from a Development that: (§2306.6703(a)(3))

(A) Serves the same type of household as the new Development, regardless of whether the Development serves families, elderly individuals, or another type of household (Intergenerational Housing is not a type of household as it relates to this restriction); and

(B) Has received an allocation of Housing Tax Credits (including Tax-Exempt Bond Developments) for any New Construction at any time during the three-year period preceding the date the Application Round begins (or for Tax-Exempt Bond Developments the three-year period preceding the date the Volume I is submitted); and

(C) Has not been withdrawn or terminated from the Housing Tax Credit Program.

(D) An Application is not ineligible under this paragraph if:

(i) The Development is using federal HOPE VI funds received through the United States Department of Housing and Urban Development; locally approved funds received from a public improvement district or a tax increment financing district; funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. §§12701 et seq.); or funds provided to the state and participating jurisdictions under the Housing and Community Development Act of 1974 (42 U.S.C. §§5301 et seq.); or

(ii) The Development is located in a county with a population of less than one million; or

(iii) The Development is located outside of a metropolitan statistical area; or

(iv) The ~~local government~~ Governing Body where the Development is to be located has by vote specifically allowed the construction of a new Development located within one linear mile or less from a Development described under subparagraphs (A) - (C) of this paragraph. For purposes of this clause, evidence of the ~~local government~~ Governing Body vote or evidence required by this subparagraph must be received by the Department no later than April 1, ~~2008~~2009 (or for Tax-Exempt Bond Developments no later than 14 days before the Board meeting where the credits will be committed) and may not be more than one year old.

(E) In determining ~~the age of~~when an existing Development received an allocation as it relates to the application of the three-year period, the Development will be considered from the date the Board took action on approving the allocation of tax credits. In dealing with ties between two or more Developments as it relates to this rule, refer to §~~50~~49.9(j) of this chapter.

(9) A Development is proposed to be located adjacent to or within 300 feet of a sexually-orirented business. For purposes of this paragraph, a sexually-oriented business shall be defined as stated in §243.002 of the Texas Government Code.

(~~9~~10) A submitted Application has an entire Volume of the Application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review can not reasonably be performed by the Department, as determined by the Department. If an Application is determined ineligible pursuant to this subsection, the Application will be terminated without being processed as an Administrative Deficiency. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibly will be included in the termination letter to the Applicant.

(b) **Disqualification and Debarment.** The Department will disqualify an Application, and/or debar a Person, if it is determined by the Department that any issues identified in the paragraphs of this subsection exist. The Department may debar a Person for one year from the date of debarment, or until the violation causing the debarment has been remedied, whichever term is longer, if the Department determines the facts warrant it. Causes for disqualification and debarment include: (§2306.6721)

(1) The provision of fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation in the Application or other information submitted to the Department at any stage of the evaluation or approval process; or

(2) The Applicant, Development Owner, Developer or Guarantor or anyone that has Controlling ownership interest in the Development Owner, Developer or Guarantor, or any Affiliate of such entities that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the LURA (or any other document containing an Extended Housing Commitment) or the program rules in effect for such property as further described in Chapter 60 of this title on May 1, ~~2008~~2009 for Competitive Housing Tax Credit Applications or for Tax-Exempt Bond Development Applications or other Applications not applying for Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) no later than 30 days after Volume III of the Application is submitted (§2306.6721(c)(3)); or

(3) The Applicant, Development Owner, Developer, or any Guarantor, anyone that has Controlling ownership interest in the Development Owner, Developer or Guarantor, or any Affiliate of such entity that is active in the ownership or Control has been a Principal of any entity that failed to make all loan payments to the Department in accordance with the terms of the loan, as amended, or was otherwise in default with any provisions of any loans from the Department; or

(4) The Applicant or the Development Owner that is active in the ownership or Control of one or more tax credit properties in the state of Texas has failed to pay in full any fees or penalties within 30 days of when they were billed by the Department, as further described in §~~50~~49.20 of this chapter; or

(5) An Applicant or a Related Party and any Person who is active in the construction, Rehabilitation, ownership, or Control of the proposed Development, including a General Partner or contractor, and a Principal or Affiliate of a General Partner or contractor, or an individual employed as a consultant, lobbyist or attorney by an Applicant or a Related Party, communicates with any Board member during the period of time beginning on the date Applications are filed in an Application Round and ending on the date the Board makes a final decision with respect to the approval of any Application in that Application Round, unless the communication takes place at any board meeting or public hearing held with respect to that Application but not during a recess or other non-record portion of the meeting or hearing. Communication with Department staff must be in accordance with §~~50~~49.9(b) of this chapter; violation of the communication restrictions of §~~50~~49.9(b) is also a basis for disqualification and/or debarment. (§2306.1113)

(6) It is determined by the Department's General Counsel that there is evidence that establishes probable cause to believe that an Applicant, Development Owner, Developer, or any of their employees or agents has violated a state revolving door or other standard of conduct or conflict of interest statute, including §2306.6733, Texas Government Code, or a section of Chapter 572, Texas Government Code, in making, advancing, or supporting the Application.

(7) Applicants may be ineligible as further described in §~~50~~49.5 of this chapter.

(8) The Applicant, Development Owner, Developer, Guarantor, or any Affiliate of such entity whose previous funding contracts or commitments have been partially or fully deobligated due to a failure to meet contractual obligations during the 12 months prior to the submission of the applications.

(9) The Applicant, Development Owner, Developer, Guarantor, or any Affiliate of such entity whose pre-development award from the Department has not been repaid for the Development at the time of Carryover Allocation or Bond closing.

(c) **Certain Applicant and Development Standards.** Notwithstanding any other provision of this ~~section~~chapter, the Department may not allocate tax credits to a Development proposed by an Applicant if the Department determines that: (§2306.223)

(1) The Development is not necessary to provide needed decent, safe, and sanitary housing at rental prices that individuals or families of low and very low-income or families of moderate income can afford;

(2) The Development Owner undertaking the proposed Development will not supply well-planned and well-designed housing for individuals or families of low and very low-income or families of moderate income;

(3) The Development Owner is not financially responsible;

(4) The Development Owner has contracted, or will contract for the proposed Development with, a 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) Has breached a contract with a public agency and failed to cure that breach; 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 agency;

(5) The financing of the housing Development is not a public purpose and will not provide a public benefit; and/or

(6) The Development will be undertaken outside the authority granted by this chapter to the Department and the Development Owner.

(d) **Representation by Former Board Member or Other Person.** (§2306.6733)

(1) A former Board member or a former executive director, deputy executive director, director of multifamily finance production, director of portfolio management and compliance, director of real estate analysis or manager over Housing Tax Credits previously employed by the Department may not:

(A) For compensation, represent an Applicant or one of its Related Parties for an allocation of tax credits before the second anniversary of the date that the Board member's, director's, or manager's service in office or employment with the Department ceased; or

(B) Represent any Applicant or a Related Party of an Applicant or receive compensation for services rendered on behalf of any Applicant or Related Party regarding the consideration of an Application in which the former board member, director, or manager participated during the period of service in office or employment with the Department, either through personal involvement or because the matter was within the scope of the board member's, director's, or manager's official responsibility; or for compensation, communicate directly with a member of the legislative branch to influence legislation on behalf of an Applicant or Related Party before the second anniversary of the date that the board member's, director's, or manager's service in office or employment with the Department ceased.

(2) A Person commits a criminal offense if the Person violates §2306.6733. An offense under this section is a Class A misdemeanor.

(e) **Due Diligence, Sworn Affidavit.** In exercising due diligence in considering information of possible ineligibility, possible grounds for disqualification and debarment, Applicant and Development standards, possible improper representation or compensation, or similar matters, the Department may request a sworn affidavit or affidavits from the Applicant, Development Owner, Developer, Guarantor, or other Persons addressing the matter. If an affidavit determined to be sufficient by the Department is not received by the

Department within seven business days of the date of the request by the Department, the Department may terminate the Application.

(f) **Appeals and Administrative Deficiencies for Ineligibility, Disqualification and Debarment.** An Applicant or Person found ineligible, disqualified, debarred or otherwise terminated under subsections (a) - (e) of this section will be notified in accordance with the Administrative Deficiency process described in §~~50~~49.9(d)(4) of this chapter. They may also utilize the appeals process described in §~~50~~49.17(b) of this chapter. (§2306.6721(d))

§~~50~~49.6. Site and Development Restrictions: Floodplain; Ineligible Building Types; Scattered Site Limitations; Credit Amount; Limitations on the Size of Developments; Limitations on Rehabilitation Costs; Unacceptable Sites; Appeals and Administrative Deficiencies for Site and Development Restrictions.

(a) **Floodplain.** Any Development proposing New Construction or Reconstruction and located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements. If no FEMA Flood Insurance Rate Maps are available for the proposed Development, flood zone documentation must be provided from the local government with jurisdiction identifying the 100 year floodplain. No buildings or roads that are part of a Development proposing Rehabilitation or Adaptive Reuse, with the exception of Developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the 100 year floodplain unless they already meet the requirements established in this subsection for New Construction.

(b) **Ineligible Building Types.** Applications involving Ineligible Building Types as defined in §~~50~~49.3(56) of this chapter will not be considered for allocation of tax credits.

(c) **Scattered Site Limitations.** Consistent with §~~50~~49.3(32) of this chapter, a Development must be financed under a common plan, be owned by the same Person for federal tax purposes, and the buildings may be either located on a single site or contiguous site, or be located on scattered sites and contain only rent-restricted units. Tax-Exempt Bond Developments are permitted to be located on multiple sites consistent with Chapter 1372, Texas Government Code and as further clarified by the Texas Bond Review Board.

(d) **Credit Amount.** The Department shall issue tax credits only in the amount needed for the financial feasibility and viability of a Development throughout the affordability period. The issuance of tax credits or the determination of any allocation amount in no way represents or purports to warrant the feasibility or viability of the Development by the Department, or that the Development will qualify for and be able to claim Housing Tax Credits. The Department will limit the allocation of tax credits to no more than $~~1.2~~1.4 million per Development~~, adjusted annually for CPI (consumer price index) and published once each year in the Application Reference Manual prior to the Application Round~~. In order to encourage Rehabilitation and reconstruction, the $1.4 million credit limitation will not apply to the 4% competitive tax credits for which such a development may qualify. The Department shall not allocate more than $2 million of tax credits in any given Application Round to any Applicant, Developer, Related Party or Guarantor; Competitive Housing Tax Credits approved by the Board during the ~~2008~~2009 calendar year, including commitments from the ~~2008~~2009 Credit Ceiling and forward commitments from the ~~2009~~2010 Credit Ceiling, are applied to the credit cap limitation for the ~~2008~~2009 Application Round. In order to evaluate this $2 million limitation, Nonprofit entities, public housing authorities, publicly traded corporations, individual board members, and executive directors must provide the documentation required in the Application with regard to this requirement. In order to encourage the capacity enhancement of inexperienced Developers, the Department will prorate the credit amount allocated in situations where an Application is submitted in the either the Rural Regional Allocation or the Urban Regional Allocation. The Department will prorate the credits based on the percentage ownership, if there is an ownership interest, or the proportional percentage of the Developer fee received, if this applies to a Developer without an ownership interest. To be considered for this provision, a copy of a Joint Venture Agreement and narrative on how this builds the capacity of the inexperienced Developers is required. Tax-

Exempt Bond Development Applications are not subject to these Housing Tax Credit limitations, and Tax-Exempt Bond Development Applications will not count towards the total limit on tax credits per Applicant. The limitation does not apply (§2306.6711(b)):

(1) To an entity which raises or provides equity for one or more Developments, solely with respect to its actions in raising or providing equity for such Developments (including syndication related activities as agent on behalf of investors);

(2) To the provision by an entity of "qualified commercial financing" within the meaning of the Code (without regard to the 80% limitation thereof);

(3) To a Qualified Nonprofit Organization or other not-for-profit entity, to the extent that the participation in a Development by such organization consists only of the provision of loan funds, grants or social services; and

(4) To a Development Consultant with respect to the provision of consulting services, provided the Development Consultant fee received for such services does not exceed 10% of the fee to be paid to the Developer (or 20% for Qualified Nonprofit Developments), or $150,000, whichever is greater.

(e) **Limitations on the Size of Developments.**

(1) The minimum Development size will be 16 Units if the Development involves Housing Tax Credits. The minimum Development size will be 4 Units if the funding source only involves the Housing Trust Fund or HOME Program.

(2) Rural Developments involving any New Construction or Adaptive Reuse (excluding New Construction of non-residential buildings) will be limited to 80 Units (this includes individual Tax-Exempt Bond Developments). Rural Developments involving only Rehabilitation (excluding reconstruction) do not have a ~~size~~ limitation as to the number of Units.

(3) Urban Developments involving any New Construction or Adaptive Reuse (excluding New Construction of non-residential buildings), in the Competitive Housing Tax Credit Application Round will be limited to 252 total Units, wherein the maximum Department administered Units will be limited to 200 Units. Tax-Exempt Bond Developments will be limited to 252 restricted and total Units. These maximum Unit limitations also apply to those Developments which involve a combination of Rehabilitation, Reconstruction, and New Construction. Only Developments that consist solely of acquisition/Rehabilitation or Rehabilitation may exceed the maximum Unit restrictions.

(4) For Applications that are proposing an additional phase to an existing tax credit Development; ~~or~~ that are otherwise adjacent to an existing tax credit Development; or that are proposing a Development on a contiguous site to another Application awarded in the same program year, the combined Unit total for the existing and proposed Developments may not exceed the maximum allowable Development size set forth in this subsection unless:

(A) the first phase of the Development has been completed and has attained Sustaining Occupancy (as defined in §1.31 of this title) for at least six months; or

(B) a resolution from the ~~governing body~~Governing Body of the city or county in which the proposed Development is located, dated on or before the date the Application is submitted, is submitted with the Application. Such resolution must state that there is a need for additional Units and that the ~~governing body~~Governing Body has reviewed a market study, the conclusion of which supports the need for additional Units; or

(C) the proposed Development is intended to provide replacement of previously existing affordable Units on the Development Site or that were originally located within a one mile radius from the Development Site; provided, however, the combined number of Units in the proposed Development may not exceed the number of Units being replaced. Documentation of such replacement units must be provided.

(f) **Limitations on the Location of Developments.** Staff will only recommend, and the Board may only allocate, Housing Tax Credits from the State Housing Credit Ceiling to more than one Development from the State Housing Credit Ceiling in the same calendar year if the Developments are, or will be, located more than one linear mile apart as determined by the Department. If the Board forward commits credits from the following year's State Housing Credit Ceiling, the Development is considered to be in the calendar year in which the Board votes, not in the year of the State Housing Credit Ceiling. This limitation applies only to communities contained within counties with populations exceeding one million (which for calendar year ~~2008~~2009 are Harris, Dallas, Tarrant and Bexar Counties). For purposes of this ~~rule~~chapter, any two sites not more than one linear mile apart are deemed to be "in a single community." (§2306.6711(f)). This restriction does not apply to the allocation of Housing Tax Credits to Developments financed through the Tax-Exempt Bond program, including the Tax-Exempt Bond Development Applications under review and existing Tax-Exempt Bond Developments in the Department's portfolio. (§2306.67021)

(g) **Limitations of Development in Certain Census Tracts.** Staff will not recommend and the Board will not allocate Housing Tax Credits for a Competitive Housing Tax Credit or Tax-Exempt Bond Development located in a census tract that has more than 30% Housing Tax Credit Units per total households in the census tract as established by the U.S. Census Bureau for the most recent Decennial Census unless the Applicant:

(1) In an Area whose population is less than 100,000;

(2) Proposes only reconstruction or Rehabilitation (excluding New Construction of non-residential buildings); or,

(3) Submits to the Department an approval of the Development referencing this rule in the form of a resolution from the ~~g~~Governing ~~b~~Body of the appropriate municipality or county containing the Development. For purposes of this paragraph, evidence of the local government approval must be received by the Department no later than April 1, ~~2008~~2009 for Competitive Housing Tax Credit Applications (or for Tax-Exempt Bond Development Applications no later than 14 days before the Board meeting where the credits will be committed). These ineligible census tracts are outlined in the ~~2008~~2009 Housing Tax Credit Site Demographic Characteristics Report.

(h) **~~Limitations on~~ Developments Proposing to Qualify for a 30% increase in Eligible Basis.** Staff will only recommend a 30% increase in Eligible Basis (pargraphs (3) and (4) of this subsection only apply to Competitive Housing Tax Credits allocated from the State Credit Ceiling) if:

(1) ~~If t~~The Development proposing to build in a Hurricane Rita Gulf Opportunity Zone (Rita GO Zone), which was designated as a Difficult to Develop Area as determined by H.B. 4440, is able to be placed in service by December 31, 2010 (or date as revised by the Internal Revenue Service) as certified in the Application; ~~or,~~

(2) The Development is located in a Qualified Census Tract that has less than 40% Housing Tax Credit Units per households in the tract as established by the U.S. Census Bureau for the most recent Decennial Census. Developments located in a Qualified Census Tract that has in excess of 40% Housing Tax Credit Units per households in the tract are not eligible to qualify for a 30% increase in Eligible Basis, which would otherwise be available for the Development Site pursuant to the Code, §42(d)(5)(C), unless the Development is proposing only Reconstruction or Rehabilitation (excluding New Construction of non-residential buildings). These ineligible Qualified Census Tracts are outlined in the ~~2008~~2009 Housing Tax Credit Site Demographic Characteristics Report;

(3) The Development qualifies for and receives Renewable Energy Tax Credits. For purposes of this paragraph, the Application will be required to include an architect's letter or contractor bid as evidence that the Applicant will be eligible to request Renewable Energy Tax Credits in its income tax filings.~~evidence that an application for the Renewable Energy Tax Credits has been submitted to the appropriate agency and~~ Applicant will be required to show proof of receipt of the Renewable Energy Tax Credits at the time of Cost Certification; or

(4) Pursuant to the authority granted by H.R. 3221, the Development meets one of the criteria described in subparagraphs (A)-(D) of this paragraph:~~.~~

(A) Rural Developments located in a census tract that has not received an award of Housing Tax Credits or Tax-Exempt Bonds (serving the same population type as proposed) in the last five years from the date of the Application Acceptance Period;

(B) Developments proposing at least 50% of the total number of Units for Supportive Housing;

(C) Developments proposing to provide 10% of the Low-Income Units, that will serve individuals and families at or below 30% of AMGI, in excess of those that are proposed in §49.9(i)(3) of this chapter; or

(D) Developments proposed in High Opportunity Areas as provided in clauses (i)-(iv) of this subparagraph:

(i) A Development that is proposed to be located within one-quarter mile of existing major bus transfer centers and/or regional or local rail transportation stations ~~public transportation or commuter rail transportation stations~~ that are accessible to all residents including Persons with Disabilities;

(ii) A Development that is proposed to be located in a census tract which has an AMGI that is higher than the AMGI of the county or place in which the census tract is located as of the first day of the Application Acceptance Period;

(iii) A Development (serving families with children) that is proposed to be located in a school attendance zone that has an academic rating of "Exemplary" or "Recognized" rating (as determined by the Texas Education Agency) as of the first day of the Application Submission Acceptance Period; or

(iv) A Development that is proposed in a census tract that has no greater than 10% poverty population according to the most recent census data (these census tracts are designated in the 2009 Housing Tax Credit Site Demographic Characteristics Report).

(5) The Development proposing to build in a Hurricane Ike eligible county as designated by the Emergency Economic Stabilization Act of 2008, H.R. 1424 and Presidential Declaration FEMA-1791-DR and is able to place in service by December 31, 2012 (or the date as revised by the Internal Revenue Service) as certified in the Application.

(i) **Rehabilitation Costs.** Developments involving Rehabilitation must establish that the Rehabilitation will substantially improve the condition of the housing and will involve at least $~~12,000~~15,000 per Unit in direct hard costs (including site work, contingency, contractor profit, overhead and general requirements) unless financed with TRDO-USDA in which case the minimum is $~~6,000~~9,000.

(j) **Unacceptable Sites.** Developments will be ineligible if the Development is located on a site that is determined to be unacceptable by the Department.

(k) **Appeals and Administrative Deficiencies for Site and Development Restrictions.** An Application or Development found to be in violation under subsections (a) - (j) of this section will be notified in accordance with the Administrative Deficiency process described in §~~50~~49.9(d)(4) of this chapter. They may also utilize the appeals process described in §~~50~~49.17(b) of this chapter.

§~~50~~49.7. Regional Allocation Formula; Set-Asides; Redistribution of Credits.

(a) **Regional Allocation Formula.** §2306.1115 as required by §2306.111(d), Texas Government Code, the Department uses a regional distribution formula developed by the Department and commented on by the public to distribute credits from the State Housing Credit Ceiling to all Urban Areas and Rural Areas. This formula establishes separate targeted tax credit amounts for Rural Areas and Urban Areas within each of the Uniform State Service Regions. Each Uniform State Service Region's targeted tax credit amount will be published on the Department's web site. The regional allocation for Rural Areas is referred to as the Rural Regional Allocation and the regional allocation for Urban Areas is referred to as the Urban Regional Allocation. Developments qualifying for the Rural Regional Allocation must meet the Rural Development definition. The Regional Allocation target will reflect that at least 20% of the State Housing Credit Ceiling for each calendar year shall be allocated to Developments in Rural Areas with a minimum of $500,000 for each Uniform State Service Region. (§2306.111(d)(3))

(b) **Set-Asides.** An Applicant may elect to compete in as many of the following Set-Asides for which the proposed Development qualifies (§2306.111(d)):

(1) At least 10% of the State Housing Credit Ceiling for each calendar year shall be allocated to Qualified Nonprofit Developments which meet the requirements of the Code, §42(h)(5). Qualified Nonprofit Organizations must have the Controlling interest in the Qualified Nonprofit Development applying for this Set-Aside. If the Application is filed on behalf of a limited partnership, the Qualified Nonprofit Organization must be the controlling managing General Partner. If the Application is filed on behalf of a limited liability company, the Qualified Nonprofit Organization must be the controlling Managing Member. Additionally, a Qualified Nonprofit Development submitting an Application in the nonprofit Set-Aside must have the nonprofit entity or its nonprofit Affiliate or subsidiary be the Developer or a co-Developer as evidenced in the development agreement. (§2306.6729 and §2306.6706(b))

(2) At least 5% of the State Housing Credit Ceiling for each calendar year shall be allocated to Developments which are financed through TRDO-USDA, that meet the definition of a Rural Development, do not

exceed 80 Units if proposing any New Construction (excluding New Construction of non-residential buildings), and have filed an "Intent to Request ~~2008~~2009 Housing Tax Credits" form by the Pre-Application submission deadline. (§2306.111(d)(2) If an Application in this Set-Aside involves Rehabilitation it will be attributed to, and come from the, At-Risk Development Set-Aside; if an Application in this Set-Aside involves New Construction it will be attributed to and come from the applicable Uniform State Service Region. Developments financed through TRDO-USDA's §538 Guaranteed Rural Rental Housing Program, in whole or in part, will not be considered under this Set-Aside. Any Rehabilitation or Reconstruction of an existing §515 Development that retains the §515 loan and restrictions will be considered under the At-Risk Development and TRDO-USDA Set-Asides, unless such Development is also financed through TRDO-USDA's §538 Guaranteed Rural Rental Housing Program. Commitments of ~~2008~~2009 Competitive Housing Tax Credits issued by the Board in ~~2008~~2009 will be applied to each Set-Aside, Rural Regional Allocation, Urban Regional Allocation and/or TRDO-USDA Set-Aside for the ~~2008~~2009 Application Round as appropriate.

(3) At least 15% of the State Housing Credit Ceiling for each calendar year will be allocated under the At-Risk Development Set-Aside and will be deducted from the State Housing Credit Ceiling prior to the application of the regional formula required under subsection (a) of this section. Through this Set-Aside, the Department, to the extent possible, shall allocate credits to Applications involving the preservation of Developments designated as At-Risk Developments as defined in §~~50~~49.3(14) of this chapter. (§2306.6714). To qualify as an At-Risk Development, the Applicant must provide evidence that it either is not eligible to renew, retain or preserve any portion of the financial benefit described in §~~50~~49.3(14)(A) of this chapter, or provide evidence that it will renew, retain or preserve the financial benefit described in §~~50~~49.3(14)(A) of this chapter; and must have filed an "Intent to Request ~~2008~~2009 Housing Tax Credits" form by the Pre-Application submission deadline. Up to 5% of the State Credit Ceiling associated with this Set-Aside may be given priority to Rehabilitation Developments funded with TRDO.

(c) **Redistribution of Credits.** (§2306.111(d)). If any amount of Housing Tax Credits remain after the initial commitment of Housing Tax Credits among the Set-Asides, Rural Regional Allocation and Urban Regional Allocation, the Department may redistribute the credits amongst the different regions and Set-Asides depending on the quality of Applications submitted as evaluated under the factors described in §~~50~~49.9(d) of this chapter, the need to most closely achieve regional allocation goals and then the level of demand exhibited in the Uniform State Service Regions during the Application Round, except that, if there are any tax credits set aside for Developments in a Rural Area in a specific Uniform State Service Region that remain after the allocation under §~~50~~49.9(d)(5)(C) of this chapter, those tax credits shall be made available in any other Rural Area in the state, first, and then to Developments in Urban areas of any uniform state service region. (§2306.111(d)(3)). As described in subsection (b)(1) and (2) of this section, no more than 90% of the State's Housing Credit Ceiling for the calendar year may go to Developments which are not Qualified Nonprofit Developments. If credits will be transferred from a Uniform State Service Region which does not have enough qualified Applications to meet its regional credit distribution amount, then those credits will be apportioned to the other Uniform State Service Regions.

§~~50~~49.8. Pre-Applications for Competitive Housing Tax Credits: Submission; Communication with Departments Staff; Evaluation Process; Threshold Criteria and Review; Results. (§2306.6704)

(a) **Pre-Application Submission.** Any Applicant requesting a Housing Credit Allocation may submit a Pre-Application to the Department during the Pre-Application Acceptance Period along with the required Pre-Application Fee as described in §~~50~~49.20 of this chapter. Only one Pre-Application may be submitted by an Applicant for each site under the State Housing Credit Ceiling. The Pre-Application submission is a voluntary process. While the Pre-Application Acceptance Period is open, Applicants may withdraw their Pre-Application and subsequently file a new Pre-Application utilizing the original Pre-Application Fee that was paid as long as no evaluation was performed by the Department. The Department is authorized though not required to request the Applicant to provide additional information it deems relevant to clarify information contained in the Pre-Application or to submit documentation for items it considers to be Administrative Deficiencies. The rejection of a Pre-Application shall not preclude an Applicant from submitting an Application with respect to a particular Development or site at the appropriate time.

(b) **Communication with the Department.** Applicants that submit a Pre-Application are restricted from communication with Department staff as provided in §~~50~~49.9(b) of this chapter. (§2306.1113)

(c) **Pre-Application Evaluation Process.** Eligible Pre-Applications will be evaluated for Pre-Application Threshold Criteria. Applications that are associated with a TRDO-USDA Development are not exempt from Pre-Application and are eligible to compete for the Pre-Application points further outlined in §~~50~~49.9(i)(14) of this chapter. Pre-Applications that are found to have Administrative Deficiencies will be handled in accordance with §~~50~~49.9(d)(4) of this chapter. Department review at this stage is limited and not all issues of eligibility and threshold are reviewed at Pre-Application. Acceptance by staff of a Pre-Application does not ensure that an Applicant satisfies all Application eligibility, Threshold or documentation requirements. The Department is not responsible for notifying an Applicant of potential areas of ineligibility or threshold deficiencies at the time of Pre-Application.

(d) **Pre-Application Threshold Criteria and Review.** Applicants submitting a Pre-Application will be required to submit information demonstrating their satisfaction of the Pre-Application Threshold Criteria. The Pre-Applications not meeting the Pre-Application Threshold Criteria will be terminated and the Applicant will receive a written notice to the effect that the Pre-Application Threshold Criteria have not been met. The Department shall not be responsible for the Applicant's failure to meet the Pre-Application Threshold Criteria and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Pre-Application Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. The Pre-Application Threshold Criteria include:

(1) Submission of a "Pre-Application Submission Form" and "Certification of Pre-Application Itemized Self-Score". The Applicant may not change the Self-Score unless requested by the Department in a Deficiency Notice;

(2) Evidence of property control through February ~~29~~27, ~~2008~~2009 as evidenced by the documentation required under §~~50~~49.9(h)(7)(A) of this chapter; and

(3) Evidence in the form of a certification that all of the notifications required under this paragraph have been made. Requests for Neighborhood Organizations under subparagraph (A) of this paragraph must be made by the deadlines described in that clause; notifications under subparagraph (C) of this paragraph must be made prior to the close of the Pre-Application Acceptance Period. (§2306.6704) Evidence of notification must meet the requirements identified in subparagraph (B) of this paragraph to all of the individuals and entities identified in subparagraph (B) of this paragraph. (§2306.6704)

(A) The Applicant must request a list of Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site as follows:

(i) No later than December ~~7, 2007~~8, 2008, the Applicant must e-mail, fax or mail with registered receipt a completed "Neighborhood Organization Request" letter as provided in the Pre-Application to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an Area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located an Area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request Neighborhood Organizations from that source in the same format.

(ii) If no reply letter is received from the local elected officials by January 1, ~~2008~~2009, then the Applicant must certify to that fact in the "Pre-Application Notification Certification Form" provided in the Pre-Application.

(iii) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as provided by the local elected officials, or that the Applicant has knowledge of as of Pre-Application Submission in the "Pre-Application Notification Certification Form" provided in the Pre-Application.

(B) Not later than the date the Pre-Application is submitted, notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt return or similar tracking mechanism in the format required in the "Pre-Application Notification Template" provided in the Pre-Application. Developments located in an Extra Territorial Jurisdiction (ETJ) of a city are not required to notify city officials, however, are required to notify county officials. Evidence of Notification is required in the form of a certification in the "Pre-Application Notification Certification Form" provided in the Pre-Application, although it is encouraged that Applicants retain proof of delivery of the notifications, to the persons or entities prescribed in clauses (i) – (ix) of this paragraph, in the event that the Department requires proof of Notification. Evidence of proof of delivery is demonstrated by signed receipt for mail or courier delivery and confirmation of receipt by the recipient for facsimile and electronic mail. Officials to be notified are those officials in office at the time the Pre-Application is submitted.

(i) Neighborhood Organizations on record with the ~~city,~~ state or county whose boundaries include the proposed Development Site as identified in subparagraph (A)(iii) of this paragraph;

(ii) Superintendent of the school district containing the Development;

(iii) Presiding officer of the board of trustees of the school district containing the Development;

(iv) Mayor of any municipality containing the Development;

(v) All elected members of the ~~governing body~~Governing Body of any municipality containing the Development;

(vi) Presiding officer of the ~~governing body~~Governing Body of the county containing the Development;

(vii) All elected members of the ~~governing body~~Governing Body of the county containing the Development;

(viii) State senator of the district containing the Development; and

(ix) State representative of the district containing the Development.

(C) Each such notice must include, at a minimum, all of the following:

(i) The Applicant's name, address, individual contact name and phone number;

(ii) The Development name, address, city and county;

(iii) A statement informing the entity or individual being notified that the Applicant is submitting a request for Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(iv) Statement of whether the Development proposes New Construction, reconstruction, Adaptive Reuse or Rehabilitation;

(v) The type of Development being proposed (single family homes, duplex, apartments, townhomes, high-rise etc.) and population being served (family, Intergenerational Housing, or elderly);

(vi) The approximate total number of Units and approximate total number of low-income Units;

(vii) The approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the approximate percentage of Units that are market rate;

(viii) The number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the Pre-Application, which are subject to change as annual changes in the area median income occur; and

(ix) The expected completion date if credits are awarded.

(e) **Pre-Application Results.** Only Pre-Applications which have satisfied all of the Pre-Application Threshold Criteria requirements set forth in subsection (d) of this section and §~~50~~49.9(i)(14) of this chapter, will be eligible for Pre-Application points. The order and scores of those Developments released on the Pre-Application Submission Log do not represent a commitment on the part of the Department or the Board to allocate tax credits to any Development and the Department bears no liability for decisions made by Applicants based on the results of the Pre-Application Submission Log. Inclusion of a Development on the Pre-Application Submission Log does not ensure that an Applicant will receive points for a Pre-Application.

§~~50~~49.9. Application: Submission; Ex Parte Communications; Adherence to Obligations; Evaluation Process for Competitive Applications Under the State Housing Credit Ceiling; Evaluation Process for Tax-Exempt Bond Development Applications; Evaluation Process for Rural Rescue Applications Under the ~~2009~~ 2010 Credit Ceiling; Experience Pre-Certification Procedures; Threshold Criteria; Selection Criteria; Tiebreaker Factors; Staff Recommendations.

(a) **Application Submission.** Any Applicant requesting a Housing Credit Allocation or a Determination Notice must submit an Application, and the required Application fee as described in §~~50~~49.20 of this chapter, to the Department during the Application Acceptance Period. Only complete Applications will be accepted. All required volumes must be ~~appropriately bound~~ submitted as required by the Application Submission Procedures Manual and fully complete for submission with all required copies and received by the Department not later than 5:00 p.m. on the date the Application is due. A ~~searchable~~bookmarked electronic copy of all required volumes and exhibits, unless otherwise indicated in the Application Submission Procedures Manual, must be submitted in the format of a single file presented in the order ~~they appear in the hard copy of the complete Application~~as required by the Application Submission Procedures Manual on a CD-R (non-rewritable) clearly labeled with the report type, Development name, and Development location is required for submission and must be received by the Department not later than 5:00 p.m. on the date the Application is due. Only one Application may be submitted for a site in an Application Round. While the Application Acceptance Period is open, an Applicant may withdraw an Application and subsequently file a new Application utilizing the original Pre-Application Fee that was paid as long as no evaluation was performed by the Department. The Department is authorized, but not required, to request the Applicant to provide additional information it deems relevant to clarify information contained in the Application or to submit documentation for items it considers to be an Administrative Deficiency, including ineligibility criteria, site and development restrictions, and threshold and selection criteria documentation. (§2306.6708) An Applicant may not change or supplement any part of an Application in any manner after the filing deadline, and may not add any Set-Asides, increase the requested credit amount, or revise the Unit mix (both income levels and bedroom mixes), except in response to a direct request from the Department to remedy an Administrative Deficiency as further described in §~~50~~49.3(2) of this chapter or by amendment of an Application after a commitment or allocation of tax credits as further described in §~~50~~49.17(d) of this chapter.

(b) **Ex Parte Communications.**

(1) During the period beginning on the first date of the Application Acceptance Period and ending on the date the Board makes a final decision with respect to the approval of any Application in that Application Round, a member of the Board may not communicate with the following Persons:

(A) an Applicant or Related Party; and

(B) any Person who is:

(i) active in the construction, rehabilitation, ownership, or Control of the proposed Development, including:

(I) a General Contractor; and

(II) a Developer; and

(III) a General Partner, Principal or Affiliate of a General Partner or General Contractor; or

(ii) employed as a consultant, lobbyist, or attorney by an Applicant or a Related Party.

(2) During the period beginning on the first date of the Application Acceptance Period and ending on the date the Board makes a final decision with respect to the approval of any Application in that Application Round, an employee of the Department may communicate about any Application with the following Persons:

(A) the Applicant or a Related Party; and

(B) any Person who is:

(i) active in the construction, rehabilitation, ownership, or Control of the proposed Development, including:

(I) a General Partner or General Contractor; and

(II) a Developer; and

(III) a Principal or Affiliate of a General Partner or General Contractor; or

(ii) employed as a consultant, lobbyist or attorney by the Applicant or a Related Party.

(3) A communication under paragraph (2) of this subsection may be oral or in any written form, including electronic communication through the Internet, and must satisfy the following conditions:

(A) the communication must be restricted to technical or administrative matters directly affecting the Application;

(B) the communication must occur or be received on the premises of the Department during established business hours; and

(C) a record of the communication must be maintained and included with the Application for purposes of Board review and must contain the following information:

(i) the date, time, and means of communication;

(ii) the names and position titles of the Persons involved in the communication and, if applicable, the Person's relationship to the Applicant;

(iii) the subject matter of the communication; and

(iv) a summary of any action taken as a result of the communication.

(4) Notwithstanding paragraphs (1) or (2) of this subsection, a Board member or Department employee may communicate without restriction with a Person listed in paragraphs (1) or (2) during any Board meeting or public hearing held with respect to the Application, but not during a recess or other non-record portion of the meeting or hearing.

(5) Paragraph (1) of this subsection does not prohibit the Board from participating in social events at which a Person with whom communications are prohibited may or will be present, provided that all matters related to Applications to be considered by the Board will not be discussed.

(c) **Adherence to Obligations.** (§2306.6720), General Appropriation Act, Article VII, Rider 8(a)). All representations, undertakings and commitments made by an Applicant in the Application process for a Development, whether with respect to Threshold Criteria, Selection Criteria or otherwise, shall be deemed to be a condition to any Commitment Notice, Determination Notice, or Carryover Allocation for such Development, the violation of which shall be cause for cancellation of such Commitment Notice, Determination Notice, or Carryover Allocation by the Department, and if concerning the ongoing features or operation of the Development, shall be enforceable even if not reflected in the LURA. All such representations are enforceable by the Department and the tenants of the Development, including enforcement by administrative penalties for failure to perform, as stated in the representations and in accordance with the LURA. If a Development Owner does not produce the Development as represented in the Application; does not receive approval for an amendment to the Application by the Department prior to implementation of such amendment; or does not provide the necessary evidence for any points received by the required deadline:

(1) The Development Owner must provide a plan to the Department, for approval and subsequent implementation, that incorporates additional amenities to compensate for the non-conforming components; and

(2) The Board will opt either to terminate the Application and rescind the Commitment Notice, Determination Notice or Carryover Allocation Agreement as applicable or the Department must:

(A) Reduce the score for Applications for Competitive Housing Tax Credits that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development by up to ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board.

(B) Prohibit eligibility to apply for Housing Tax Credits for a Tax-Exempt Bond Development that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for up to 24 months from the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board, less any time delay caused by the Department.

(C) In addition to, or in lieu of, the penalty in subparagraph (A) or (B) of this paragraph, the Board may assess a penalty fee of up to $1,000 per day for each violation.

(3) For amendments approved administratively by the Executive Director, the penalties in paragraph (2) of this subsection will not be imposed.

(d) **Evaluation Process for Competitive Applications Under the State Housing Credit Ceiling.** Applications submitted for competitive consideration under the State Housing Credit Ceiling will be reviewed according to the process outlined in this subsection. An Application, during any of these stages of review, may be determined to be ineligible as further described in §~~50~~49.5 of this chapter; Applicants will be promptly notified in these instances.

(1) Set-Aside and Selection Criteria Review. All Applications will first be reviewed as described in this paragraph. Applications will be confirmed for eligibility for Set-Asides. Then, each Application will be preliminarily scored according to the Selection Criteria listed in subsection (i) of this section. When a particular

scoring criterion involves multiple points, the Department will award points to the proportionate degree, in its determination, to which a proposed Development complied with that criterion. As necessary to complete this process only, Administrative Deficiencies may be issued to the Applicant. This process will generate a preliminary Department score for every Application.

(2) Application Review Assessment. Each Application will be assessed based on either the Applicant's self-score or the Department's preliminary score, region, and any Set-Asides that the Application indicates it is eligible for, consistent with paragraph (5) of this subsection. Those Applications that appear to be most competitive will be reviewed in detail for Eligibility and Threshold Criteria during the Application Round.

(3) Eligibility and Threshold Criteria Review. Applications that appear to be most competitive will be evaluated for eligibility under §~~50~~49.5(a)(7)-(9), (b)-(f), and §~~50~~49.6 of this chapter. The remaining portions of the Eligibility Review under §~~50~~49.5 of this chapter will be performed in the Compliance Evaluation and Eligibility Review as described under paragraph (7) of this subsection. The most competitive Applications will also be evaluated against the Threshold Criteria under subsection (h) of this section. The same portions of the Threshold Criteria review may be performed in the Underwriting Evaluation and Criteria review for financial feasibility by the Department's Real Estate Analysis Division as described under paragraph (6) of this subsection. Applications not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in each event the Applicant will be given an opportunity to correct such deficiencies. Applications not meeting Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. Not all Applications will be reviewed in detail for Threshold Criteria. To the extent that the review of Threshold Criteria documentation, or submission of Administrative Deficiency documentation, alters the score assigned to the Application, an Applicant will be notified of its final score.

(4) Administrative Deficiencies. If an Application contains Administrative Deficiencies pursuant to §~~50~~49.3(2) of this chapter which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies. Because the review for Eligibility, Selection, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made several times. The Department staff will request clarification or correction in a deficiency notice in the form of an email, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call (only if there has not been confirmation of the receipt of the email within 24 hours) to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. If Administrative Deficiencies are not clarified or corrected to the satisfaction of the Department by 5:00 p.m. on the fifth business day following the date of the deficiency notice, then for competitive Applications under the State Housing Credit Ceiling, five points shall be deducted from the Selection Criteria score for each additional day the deficiency remains unresolved. If Administrative Deficiencies are not clarified or corrected by 5:00 p.m. on the seventh business day following the date of the deficiency notice, then the Application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. This Administrative Deficiency process applies to requests for information made by the Real Estate Analysis Division review.

(5) Subsequent Evaluation of Applications and Methodology for Award Recommendations to the Board. The Department will assign, as herein described, Developments for review for financial feasibility by the Department's Real Estate Analysis Division--in general these will be those Applications identified as most competitive and that meet the requirements of Eligibility and Threshold. This procedure will also be used in making recommendations to the Board as follows:

(A) Assignments will be determined by separately selecting the Applications with the highest scores in the At-Risk Set-Aside Statewide until the minimum requirements stated in §~~50~~49.7(b) of this chapter are attained.

(B) Assignments will then be determined by selecting the Applications with the highest scores in the TRDO-USDA Allocation until the minimum requirements stated in §~~50~~49.7(b) of this chapter are attained. If an Application in this Set-Aside involves Rehabilitation it will be attributed to, and come from the, At-Risk

Set-Aside; if an Application in this Set-Aside involves New Construction it will be attributed to and come from the applicable Uniform State Service Region.

(C) Remaining funds within each Uniform State Service Region will then be selected based on the highest scoring Developments in each of the 26 sub-regions, regardless of Set-Aside, in accordance with the requirements under §~~50~~49.7(a) of this chapter, without exceeding the credit amounts available for a Rural Regional Allocation and Urban Regional Allocation in each region. To the extent that Applications in the At-Risk and TRDO-USDA Set-Asides are not competitive enough within their respective Set-Asides, they will also be able to compete, with no Set-Aside preference, within their appropriate sub-region.

(D) If there are any tax credits set-aside for Developments in a Rural Area in a specific Uniform State Service Region that remain after allocation under subparagraph (C) of this paragraph those tax credits shall then be made available in any other Rural Area in the state to the Application in the most underserved Rural sub-region as compared to the Region's Rural Allocation. (§2306.111(d)(3)). This will be referred to as the Rural collapse.

(E) If there are any tax credits remaining in any sub-region after the Rural collapse, in the Rural Regional Allocation or Urban Regional Allocation, they then will be combined and made available to the Application in the most underserved sub-region as compared to the sub-region's allocation. This will be referred to as the statewide collapse.

(F) Staff will ensure that at least 10% of the State Housing Credit Ceiling is allocated to Qualified Nonprofit Organizations to satisfy the Nonprofit Set-Aside. If 10% is not met, then the Department will add the highest scoring Application by a Qualified Nonprofit Organization statewide until the 10% Nonprofit Set-Aside is met. Staff will ensure that at least 20% of the State Housing Credit Ceiling is allocated to Rural Developments. If this 20% minimum is not met, then the Department will add the highest scoring Rural Development Application statewide until the 20% Rural Development Set-Aside is met. Selection for each of the Set-Asides will take precedence over selection for the Rural Regional Allocation and Urban Regional Allocation. Funds for the Rural Regional Allocation or Urban Regional Allocation within a region, for which there are no eligible feasible Applications, will be redistributed as provided in §~~50~~49.7(c) of this chapter, Redistribution of Credits. If the Department determines that an allocation recommendation would cause a violation of the $2 million limit described in §~~50~~49.6(d) of this chapter, the Department will make its recommendation by selecting the Development(s) that most effectively satisfies(y) the Department's goals in meeting Set-Aside and regional allocation goals. Based on Application rankings, the Department shall continue to underwrite Applications until the Department has processed enough Applications satisfying the Department's underwriting criteria to enable the allocation of all available Housing Tax Credits according to regional allocation goals and Set-Aside categories. To enable the Board to establish a Waiting List, the Department shall underwrite as many additional Applications as necessary to ensure that all available Competitive Housing Tax Credits are allocated within the period required by law. (§2306.6710(a)-(f); §2306.111)

(6) Underwriting Evaluation and Criteria. The Department shall underwrite an Application to determine the financial feasibility of the Development and an appropriate level of Housing Tax Credits. In determining an appropriate level of Housing Tax Credits, the Department shall, at a minimum, evaluate the cost of the Development based on acceptable cost parameters as adjusted for inflation and as established by historical final cost certifications of all previous Housing Tax Credit allocations for the county in which the Development is to be located; if certifications are unavailable for the county, then the metropolitan statistical area in which the Development is to be located; or if certifications are unavailable under the county or the metropolitan statistical area, then the Uniform State Service Region in which the Development is to be located. Underwriting of a Development will include a determination by the Department, pursuant to the Code §42, that the amount of Housing Tax Credits recommended for commitment to a Development is necessary for the financial feasibility of the Development and its long-term viability as a qualified rent restricted housing property. In making this determination, the Department will use the Underwriting Rules and Guidelines, §1.32 of this title. An Applicant may not change or supplement any part of an Application in any manner after the filing deadline, and may not add any set-asides, increase their credit amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from the Real Estate Analysis Division to remedy an Administrative Deficiency as further described in §~~50~~49.3(2) of this chapter or by amendment of an Application after a commitment or allocation of tax credits as further described in §~~50~~49.17(d) of this chapter. To the extent that the review of Administrative Deficiency documentation during this review alters the score assigned to the Application, Applicants will be re-notified of their final score. Receipt of feasibility points under §~~50~~49.9(i)(1) of this chapter does not ensure that an Application will be

considered feasible during the feasibility evaluation by the Real Estate Analysis Division and conversely, a Development may be found feasible during the feasibility evaluation by the Real Estate Analysis Division even if it did not receive points under subsection (i)(1) of this section. (§2306.6710 and §2306.11)

(A) The Department may have an external party perform the underwriting evaluation to the extent it determines appropriate. The expense of any external underwriting evaluation shall be paid by the Applicant prior to the commencement of the aforementioned evaluation.

(B) The Department will reduce the Applicant's estimate of Developer's and/or General Contractor fees in instances where these exceed the fee limits determined by the Department. In the instance where the General Contractor is an Affiliate of the Development Owner and both parties are claiming fees, General Contractor's overhead, profit, and general requirements, the Department shall be authorized to reduce the total fees estimated to a level that it determines to be reasonable under the circumstances. Further, the Department shall deny or reduce the amount of Housing Tax Credits allocated with respect to any portion of costs which it deems excessive or unreasonable. Excessive or unreasonable costs may include Developer fee attributable to Related Party acquisition costs. The Department also may require bids or Third Party estimates in support of the costs proposed by any Applicant. The Developer's fee limits will be calculated as follows:

(i) New construction pursuant to §42(b)(1)(A) U.S.C., the Developer fee cannot exceed 15% of the project's Total Eligible Basis, less Developer fees, or 20% of the project's Total Eligible Basis, less Developer fees if the Development proposes 49 total Units or less; and

(ii) Acquisition/rehabilitation Developments that are eligible for acquisition credits pursuant to §42(b)(1)(B) U.S.C., the acquisition portion of the Developer fee cannot exceed 15% of the existing structures acquisition basis, less Developer fee if the Development proposes 50 total Units or more, or 20% of the project's Total Eligible Basis, less Developer fees if the Development proposes 49 total Units or less, and will be limited to 4% credits. The rehabilitation portion of the Developer fee cannot exceed 15% of the total rehabilitation basis, less Developer fee if the Development proposes 50 total Units or more, or 20% of the project's Total Eligible Basis, less Developer fees if the Development proposes 49 total Units or less.

(7) Compliance Evaluation and Eligibility Review. After the Department has determined which Developments will be reviewed for financial feasibility, those same Developments will be reviewed for evaluation of the compliance status by the Department's Portfolio Management and Compliance Division, in accordance with Chapter 60 of this title, and will be evaluated in detail for eligibility under §~~50~~49.5(a)-(f) of this chapter.

(8) Site Evaluation. Site conditions shall be evaluated through a physical site inspection by the Department or its assigns. Such inspection will evaluate the Development Site based upon the criteria set forth in the Site Evaluation form provided in the Application and the inspector shall provide a written report of such site evaluation. The evaluations shall be based on the condition of the surrounding neighborhood, including appropriate environmental and aesthetic conditions and proximity to retail, medical, recreational, and educational facilities, and employment centers. The site's appearance to prospective tenants and its accessibility via the existing transportation infrastructure and public transportation systems shall be considered. "Unacceptable" sites include, without limitation, those containing a non-mitigable environmental factor that may adversely affect the health and safety of the residents. For Developments applying under the TRDO-USDA Set-Aside, the Department may rely on the physical site inspection performed by TRDO-USDA.

(e) **Evaluation Process for Tax-Exempt Bond Development Applications.** Applications submitted for consideration as Tax-Exempt Bond Developments will be reviewed according to the process outlined in this subsection. An Application, during any of these stages of review, may be determined to be ineligible as further described in §~~50~~49.5 of this chapter; Applicants will be promptly notified in these instances.

(1) Eligibility and Threshold Criteria Review. All Tax-Exempt Bond Development Applications will first be reviewed as described in this paragraph. Tax-Exempt Bond Development Applications will be confirmed for eligibility under §~~50~~49.5 and §~~50~~49.6 of this chapter and Applications will be evaluated in detail against the Threshold Criteria. Tax-Exempt Bond Development Applications found to be ineligible and/or not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in each event the Applicant will be given an opportunity to correct such deficiencies. Applications not meeting the Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to satisfy

the Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled.

(2) Administrative Deficiencies. If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies. Because the review for Eligibility, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made several times. The Department staff will request clarification or correction in a deficiency notice in the form of an e-mail, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call (only if there has not been confirmation of the receipt of the emai within 24 hours) to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. All Administrative Deficiencies shall be clarified or corrected to the satisfaction of the Department within five business days. Failure to resolve all outstanding deficiencies by 5:00 p.m. on the fifth business day following the date of the deficiency notice will result in a penalty fee of $500 for each business day the deficiency remains unresolved. Applications with unresolved deficiencies after 5:00 p.m. on the tenth day following the date of the deficiency notice will be terminated. The Applicant will be responsible for the payment of fees accrued pursuant to this ~~section~~ paragraph regardless of any termination pursuant to §~~50~~49.5(b)(4) of this chapter. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. The Application will not be presented to the Board for consideration until all outstanding fees have been paid. This Administrative Deficiency process applies equally to the Real Estate Analysis Division review and feasibility evaluation and the same penalty and termination will be assessed.

(3) Underwriting and Compliance Evaluation and Criteria. The Department will assign all eligible Tax-Exempt Bond Development Applications meeting the eligibility and threshold requirements for review for financial feasibility by the Department's Real Estate Analysis Division, or the Department may have an external party perform the underwriting evaluation to the extent it determines appropriate. The expense of any external underwriting evaluation shall be paid by the Applicant prior to the commencement of the aforementioned evaluation. The Department or external party shall underwrite an Application to determine the financial feasibility of the Development and an appropriate level of Housing Tax Credits as further described in subsection (d)(6) of this section. Tax-Exempt Bond Development Applications will also be reviewed for evaluation of the compliance status by the Department's Portfolio Management and Compliance Division in accordance with Chapter 60, Subchapter A, of this title.

(4) Site Evaluation. Site conditions shall be evaluated through a physical site inspection by the Department or its assigns as further described in subsection (d)(8) of this section.

(f) **Evaluation Process for Rural Rescue Applications Under the ~~2009~~2010 Credit Ceiling.** Applications submitted for consideration as Rural Rescue Applications pursuant to §~~50~~49.10(c) of this chapter under the ~~2009~~2010 Credit Ceiling will be reviewed according to the process outlined in this subsection. A Rural Rescue Application, during any of these stages of review, may be determined to be ineligible as further described in §~~50~~49.5 of this chapter; Applicants will be promptly notified in these instances.

(1) Procedures for Intake and Review.

(A) Applications for Rural Rescue deals may be submitted between March 2, ~~2008~~2009 and November 15, ~~2008~~2009 and must be submitted in accordance with §~~50~~49.21 of this chapter. A complete Application must be submitted at least 40 days prior to the date of the Board meeting at which the Applicant would like the Board to act on the proposed Development. Applications must include the full Application Fee as further described in §~~50~~49.20(c) of this chapter. Applicants must submit documents in accordance with the procedures set out in the ~~2008~~2009 Application Submission Procedures Manual for Volumes I, II, III and IV. Volume IV, evidencing Selection Criteria, MUST be submitted.

(B) Applicants do not need to participate in the Pre-Application process outlined in §~~50~~49.8 of this chapter, nor will they need to submit pre-certification documents identified in subsection (g) of this section.

(C) Applications will be processed on a first-come, first-served basis. Applications unable to meet all deficiency and underwriting requirements within 30 days of the request by the Department, will remain under consideration, but will lose their submission status and the next Application in line will be moved ahead in order to expedite those Applications most able to proceed. Applications for Rural Rescue will be processed and evaluated as described in this paragraph. Applications will be reviewed to ensure that the Application is eligible as a rural "rescue" Development as described in paragraph (2) of this subsection.

(D) Prior to the Development being recommended to the Board, TRDO-USDA must provide the Department with a copy of the physical site inspection report performed by TRDO-USDA, as provided in subsection (d)(8) of this section.

(2) Eligibility Review. All Rural Rescue Applications will first be reviewed as described in this paragraph and eligibility will be confirmed pursuant to §~~50~~49.5 and §~~50~~49.6 of this chapter and the criteria listed in subparagraphs (A)-(C) of this paragraph. Applications found to be ineligible will be notified.

(A) Applications must be funded through TRDO-USDA;

(B) Applications must able to provide evidence that the loan:

(i) has been foreclosed and is in the TRDO-USDA inventory; or

(ii) is being foreclosed; or

(iii) is being accelerated; or

(iv) is in imminent danger of foreclosure or acceleration; or

(v) is for an Application in which two adjacent parcels are involved, of which at least one parcel qualifies under clauses (i) - (iv) of this subparagraph and for which the Application is submitted under one ownership structure, one financing plan an for which there are no market rate units; and

(C) Applicants must be identified as in compliance with TRDO-USDA regulations.

(3) Threshold Review. Applications will be evaluated in detail against the Threshold Criteria. Applications found to be ineligible and/or not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in which event the Applicant is given an opportunity to correct such deficiencies. Applications not meeting Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. Not all Applications will be reviewed in detail for Threshold Criteria.

(4) Selection Criteria Review. All Rural Rescue Applications will be evaluated against the Selection Criteria and a score will be assigned to the Application. The minimum score for Selection Criteria is not required to be achieved to be eligible.

(5) Administrative Deficiencies. If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies as further described in subsection (d)(4) of this section.

(6) Underwriting and Compliance Evaluation and Criteria. The Department will assign all eligible Rural Rescue Applications meeting the eligibility and threshold requirements for review for financial feasibility by the Department's Real Estate Analysis Division, or the Department may have an external party perform the underwriting evaluation to the extent it determines appropriate. The expense of any external underwriting evaluation shall be paid by the Applicant prior to the commencement of the aforementioned evaluation. The Department or external party shall underwrite an Application to determine the financial feasibility of the Development and an appropriate level of Housing Tax Credits as further described in subsection (d)(6) of this section. Rural Rescue Development Applications will also be reviewed for evaluation of the previous participation by the Department's Portfolio Management and Compliance Division in accordance with Chapter 60 of this title.

(7) Site Evaluation. Site conditions shall be evaluated through a physical site inspection by the Department or its assigns as further described in subsection (d)(8) of this section.

(8) Credit Ceiling and Applicability of this chapter. All Rural Rescue Applicants will receive their credit allocation out of the ~~2009~~2010 Credit Ceiling and therefore, will be required to follow the rules and guidelines identified in the ~~2009~~2010 Qualified Allocation Plan and Rules (QAP). However, because the ~~2009~~2010 QAP will not be in effect during the time period that the Rural Rescue Applications can be submitted, Applications submitted and eligible under the Rural Rescue Set-Aside will be considered by the Board to have satisfied the requirements of the ~~2009~~2010 QAP and are waived from ~~2009~~2010 QAP requirements that are changes from the ~~2008~~2009 QAP, to the extent permitted by statute.

(9) Procedures for Recommendation to the Board. Consistent with subsection (k) of this section, staff will make its recommendation to the Committee. The Committee will make commitment

recommendations to the Board. Staff will provide the Board with a written, documented recommendation which will address at a minimum the financial and programmatic viability of each Application and a breakdown of which Selection Criteria were met by the Applicant. The Board will make its decision based on §~~50~~49.10(a) of this chapter. Any award made to a Rural Rescue Development will be credited against the TRDO-USDA Set-Aside for the ~~2009~~2010 Application Round, as required under subsection (d)(5) of this section.

(10) Limitation on Allocation. No more than $350,000 in credits will be forward committed from the ~~2009~~2010 State Housing Credit Ceiling. To the extent Applications are received that exceed the maximum limitation, staff will prepare the award for Board consideration noting for the Board that the award would require a waiver of this limitation.

(g) **Experience Pre-Certification Procedures.** No later than 14 days prior to the close of the Application Acceptance Period for Competitive Housing Tax Credit Applications, an Applicant must submit the documents required in this subsection to obtain the required pre-certification. For Applications submitted for Tax-Exempt Bond Applications or Applications not applying for Competitive Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) all of the documents in this section must be submitted with the Application. Upon receipt of the evidence required under this section, a certification from the Department will be provided to the Applicant for inclusion in its Application(s). Evidence must show that one of the Development Owner's General Partners, the Developer or their Principals have a record of successfully constructing or developing residential units (single family or multifamily) in the capacity of owner, General Partner or Developer. If a Public Housing Authority organized an entity for the purpose of developing residential units the Public Housing Authority shall be considered a Principal for the purpose of this requirement. If the individual requesting the certification was not the Development Owner, General Partner or Developer, but was the individual within one of those entities doing the work associated with the development of the Units (responsibility for work associated with the development of Units includes, but is not limited to, application submission, third-party engagement, post award activities, construction, cost certification, etc.), the individual must show that the units were successfully developed as required in paragraphs (1) and (2) of this subsection, and also provide written confirmation from the entity involved stating that the individual was the person responsible for the development. If rehabilitation experience is being claimed to qualify for an Application involving New Construction, then the rehabilitation must have been substantial and involved at least $12,000 of direct hard cost per unit.

(1) The term "successfully" is defined as acting in a capacity as the owner, General Partner, or Developer of:

(A) At least 100 residential units or, if less than 100 residential units, 80% of the total number of Units the Applicant is applying to build (e.g. you must have 40 units successfully built to apply for 50 Units); or

(B) At least 36 residential units if the Development is a Rural Development; or

(C) At least 25 residential units if the Development has 36 or fewer total Units.

(2) One or more of the following documents must be submitted: American Institute of Architects (AIA) Document A111 - Standard Form of Agreement Between Owner & Contractor, AIA Document G704 - Certificate of Substantial Completion, IRS Form 8609, HUD Form 9822, development agreements, partnership agreements, or other documentation satisfactory to the Department verifying that the Development Owner's General Partner, partner (or if Applicant is to be a limited liability company, the managing member), Developer or their Principals have the required experience. If submitting the IRS Form 8609, only one form per Development is required. The evidence must clearly indicate:

(A) That the Development has been completed (i.e. Development Agreements, Partnership Agreements, etc. must be accompanied by certificates of completion);

(B) That the names on the forms and agreements tie back to the Development Owner's General Partner, partner (or if Applicant is to be a limited liability company, the managing member), Developer or their Principals as listed in the Application; and

(C) The number of units completed or substantially completed.

(h) **Threshold Criteria.** The following Threshold Criteria listed in this subsection are mandatory requirements that must be submitted at the time of Application submission unless specifically indicated otherwise:

(1) Completion and submission of the Application, which includes the entire Uniform Application and any other supplemental forms which may be required by the Department. (§2306.1111)

(2) Completion and submission of the Site Packet as provided in the Application.

(3) Set-Aside Eligibility. Documentation must be provided that confirms eligibility for all Set-Asides under which the Application is seeking funding as required in the Application.

(4) Certifications. The "Certification Form" provided in the Application confirming the following items:

(A) A certification of the basic amenities selected for the Development. All Developments must meet at least the minimum threshold of points. These points are not associated with the selection criteria points in subsection (i) of this section. The amenities selected must be made available for the benefit of all tenants. If fees in addition to rent are charged for amenities reserved for an individual tenant's use, then the amenity may not be included among those provided to satisfy this requirement. Developments must provide a minimum number of common amenities in relation to the Development size being proposed. The amenities selected must be selected from clause (ii) of this subparagraph and made available for the benefit of all tenants. Developments proposing Rehabilitation (excluding Reconstruction) or proposing Single Room Occupancy will receive 1.5 points for each point item (do not round). Applications for non-contiguous scattered site housing, including New Construction, reconstruction, Adaptive Reuse, Rehabilitation, and single-family design, will have the threshold test applied based on the number of Units per individual site, and must submit a separate certification for each individual site under control by the Applicant. Any future changes in these amenities, or substitution of these amenities, must be approved by the Department in accordance with §~~50~~49.17(d) of this chapter and may result in a decrease in awarded credits if the substitution or change includes a decrease in cost, or in the cancellation of a Commitment Notice or Carryover Allocation if all of the Common Amenities claimed are no longer met.

(i) Applications must meet a minimum threshold of points (based on the total number of Units in the Development) as follows:

(I) Total Units are less than ~~13~~16, 0 points are required to meet Threshold for Single Room Occupancy and 1 point is required to meet threshold for all other Developments;

(II) Total Units are ~~between 13~~16 ~~and~~to 24, ~~1~~2 points ~~is~~are required to meet Threshold;

(III) Total Units are ~~between~~ 25 ~~and~~to 40, 3 points are required to meet Threshold;

(IV) Total Units are ~~between~~ 41 ~~and~~to 76, 6 points are required to meet Threshold;

(V) Total Units are ~~between~~ 77 ~~and~~to 99, 9 points are required to meet Threshold;

(VI) Total Units are ~~between~~ 100 ~~and~~to 149, 12 points are required to meet Threshold;

(VII) Total Units are ~~between~~ 150 ~~and~~to 199, 15 points are required to meet Threshold; or

(VIII) Total Units are 200 or more, 18 points are required to meet Threshold.

(ii) Amenities for selection include those items listed in subclauses (I)-(XXV~~I~~) of this clause. Both Developments designed for families and Qualified Elderly Developments can earn points for providing each identified amenity unless the item is specifically restricted to one type of Development. All amenities must meet accessibility standards as further described in subparagraphs (D) and (F) of this paragraph. An Application can only count an amenity once, therefore combined functions (a library which is part of a community room) only count under one category. Spaces for activities must be sized appropriately to serve the anticipated population.

(I) Full perimeter fencing (2 points);

(II) Controlled gate access (1 point);

(III) Gazebo w/sitting area (1 point);

(IV) Accessible walking/jogging path separate from a sidewalk (1 point);

(V) Community laundry room with at least one front loading washer (1 point);

(VI) Barbecue grill and picnic table-at least one of each for every 50 Units (1 point);

(VII) Covered pavilion that includes barbecue grills and tables (2 points);

(VIII) Swimming pool (3 points);

(IX) Furnished fitness center equipped with a minimum of two of the following fitness equipment options with at least one option per every 40 Units or partial increment of 40 Units: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, sauna, stair climber, etc. The maximum number of equipment options required for any Development, regardless of number of Units, shall be five (2 points);

(X) Equipped and functioning business center or equipped computer learning center with 1 computer for every 30 Units proposed in the Application, 1 printer for every 3 computers (with minimum of one printer), and 1 fax machine (2 points);

(XI) Furnished Community room (1 point);

(XII) Library with an accessible sitting area (separate from the community room) (1 point);

(XIII) Enclosed sun porch or covered community porch/patio (2 points);

(XIV) Service coordinator office in addition to leasing offices (1 point);

(XV) Senior Activity Room (Arts and Crafts, etc.) (2 points);

(XVI) Health Screening Room (1 point);

(XVII) Secured Entry (elevator buildings only) (1 point);

(XVIII) Horseshoe pit, putting green or shuffleboard court (1 point);

(XIX) Community Dining Room w/full or warming kitchen (3 points);

(XX) One Children's Playscape Equipped for 5 to 12 year olds, or one Tot Lot (1 Point);

(XXI) Two Children's Playscapes Equipped for 5 to 12 year olds, two Tot Lots, or one of each (2 points);

(XXII) Sport Court (Tennis, Basketball or Volleyball) (2 points);

(XXIII) Furnished and staffed Children's Activity Center (3 points);

(XXIV) Community Theater Room equipped with a 52 inch or larger screen with surround sound equipment; DVD player; and theater seating (3 points); or

(XXV) Green Building amenities (Rehabilitation Developments will receive 1.5 points for each point requested for the green building amenities):~~(for example, evaporative coolers, passive solar heating/cooling, water conserving fixtures, collected water (at least 50%) for irrigation purposes, sub-metered electric meters, exceed Energy Star standards, photovoltaic panels for electricity and design and wiring for the use of such panels, construction waste management, provide recycle service, water permeable walkways and parking areas, or other Department approved items). (3 points); or~~

~~(XXVI) Hot Tub/Jacuzzi Spa (1 point).~~

(-a-) evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information) (1 point);

(-b-) passive solar heating/cooling (3 points maximum)

(-1-)Two points if the glazing area on the north- and south-facing walls of the building is at least 50% greater than the sum of the glazing area on the east- and west- facing walls; and the east-west axis of the building is within 15 degrees of due east-west.

(-2-)One point if in addition to the east-west axis of the building oriented within 15 degrees of due east-west, utilize a narrow floor plate (less than 40 feet), single loaded corridors and open floor plan to optimize daylight penetration and passive ventilation (note: to qualify for this particular point, application must also implement the 15 degree building orientation option above); and 100% of HVAC condenser units are shaded so they are fully shaded 75% of the time during summer months (May through August); and solar screens or solar film on all East, West, and South Windows with building oriented to east-west axis within 15 degrees of due east-west, west-south axis within 15 degrees of due west-south, and south-east axis within 15 degrees of due south-east.

(-c-) water conserving features (2 points maximum, 1 point for each):

(-1-)Install low-flow toilets using less than or equal to 1.6 gallons per flush, or high efficiency toilets using less than or equal to 1.28 gallons/flush.

(-2-)Install bathroom lavatory faucets and showerheads that do not exceed 2.0 gallons/minute and kitchen faucets that do not exceed 1.5 gallons/minute. Applies to all fixtures throughout development. Rehab projects may choose to install compliant faucet aerators instead of replacing entire faucets.

(-d-) solar water heaters (Solar water heaters designed to provide at least 25% of the average energy used to heat domestic water throughout the entire development.) (2 points);

(-e-) irrigation and landscaping (must implement both of the following) (2 points)

(-1-)collected water (at least 50%) for irrigation purposes;

(-2-)selction of native trees and plants that are appropriate to the site's soils and microclimate and locate then to allow for shading in the sumer and allow for heat gain in the winter

(-f-) sub-metered utility meters (2 points maximum);

(-1-)Sub-metered utility meters on rehab project without existing sub-meters or new construction senior project (2 points); or

(-2-)Sub-metered utility meters on new construction project (excluding new construction senior project) (1 point)

(-g-) energy efficiency (4 points maximum);

(-1-)Three points if Energy Elements include Energy-Star qualified windows and glass doors; and Exterior envelope insulation, vapor barriers and air barriers greater than or equal to Energy Star air barrier and insulation criteria; and HVAC, domestic hot water heater, or insulation that exceeds Energy Star standards or exceeds the IRC 2006;

OR

(-2-)Four points if the project promotes energy efficiency by meeting the requirements of Energy Star for Homes by either complying with the appropriate builder option package or a HERS score of 85.

(-h-) thermally and draft efficient doors (SHGC of 0.40 or lower and U-value specified by climate zone according to the 2006 IECC) (2 points);

(-i-) photovoltaic panels for electricity and design and wiring for the use of such panels (3 points maximum);

(-1-)Photovoltaic panels that total 10 kW (1point);

(-2-)Photovoltaic panels that total 20 kW (2 points);

(-3-)Photovoltaic panels that total 30 kW (3 points)

(-j-) construction waste management and implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (1 point);

(-k-) recycling service provided throughout the compliance period (1 point);

(-l-) water permeable walkways (at least 20% of walkways and parking) (1 point).

(-m-) bamboo flooring, wool carpet, linoleum flooring, straw board, poplar OSB, or cotton batt insulation (50% of flooring on the ground floor of the development must be finished concrete and/or ceramic tile. 50% of the flooring on upper floors must be ceramic tile and/or a flooring material that is Floor Score Certified (developed by the Resilient Floor Covering Institute), applied with a Floor Score Certified adhesive and comes with a minimum 7-year wear through warranty. (2 points);

~~(-a-)evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information) (1 point);~~

~~(-b-)passive solar heating/cooling (3 points);~~

~~(-c-)water conserving features (toilets using less than or equal to 1.6 gallons per flush, showerheads, kitchen faucets or bathroom faucets using less than or equal to 2.0 gallons per minute) (1 point for each);~~

~~(-d-)solar water heaters (2 points);~~

~~(-e-)collected water (at least 50%) for irrigation purposes (2 points);~~

~~(-f-) sub-metered utility meters (3 points);~~

~~(-g-)Energy Star qualified windows and glass doors (2 points);~~

~~(-h-)thermally and draft efficient doors (SHGC of 0.40 and U-value specified by climate zone according to the 2006 IECC)(2 points);~~

~~(-i-) photovoltaic panels for electricity and design and wiring for the use of such panels (3 points);~~

~~(-j-) construction waste management and implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (1 point);~~

~~(-k-)exterior envelope insulation, vapor barriers and air barriers greater than or equal to Energy Star air barrier and insulation criteria (2 points);~~

~~(-l-) HVAC, windows, domestic hot water heater or insulation that exceeds Energy Star standards or exceeds the IRC 2006 (2 points);~~

~~(-m-)bamboo flooring, wool carpet, linoleum flooring, straw board, poplar OSB, or cotton batt insulation (2 points);~~

~~(-n-)recycling service provided throughout the compliance period (1 point); or~~

~~(-o-)water permeable walkways (1 point).~~

(B) A certification that the Development will have all of the following Amenities at no charge to the tenants. All New Construction or Reconstruction Units must provide the amenities in clauses (i)-(~~ix~~viii) of this subparagraph. Rehabilitation (excluding Reconstruction) and Adaptive Reuse must provide the amenities in clauses (ii) - (ix) of this subparagraph unless expressly identified as not required. (§2306.187)

(i) All New Construction Units must be wired with ~~6 pair CAT5e wiring or better to provide phone and data service to each unit and wired with COAX cable to provide TV and high speed internet data service to each unit~~RG-6 COAX or better and CAT3 phone cable or better, wired to each bedroom, dining room and living room;

(ii) Blinds or window coverings for all windows;

(iii) Disposal and Energy-Star or equivalently rated dishwasher (not required for TRDO-USDA or SRO Developments);

(iv) Energy-Star or equivalently rated (not required for SRO Developments) Refrigerator;

(v) ~~Energy-Star or equivalently rated~~ Oven/Range (not required for SRO Developments);

(vi) Exhaust/vent fans (vented to the outside) in bathrooms;

(vii) Energy-Star or equivalently rated ceiling fans in living areas and bedrooms; and

(viii) Energy-Star or equivalently rated lighting ~~fixtures~~ in all Units, which may include compact florescent bulbs.

~~;~~

~~(ix) Emergency 911 or public telephone accessible and available to tenants 24 hours a day~~.

(C) A certifiation that the Development will meet the minimum threshold for size of Units as provided in clauses (i) – (v) of this subparagraph. These minimum requirements are not associated with the selection criteria points in subsection (i) of this section. Developments proposing Rehabilitation (excluding Reconstruction) or Single Room Occupancy will not be subject to the requirements of this subparagraph.

(i) 550 square feet for an efficiency Unit;

(ii) 650 square feet for a non-elderly one Bedroom Unit; 550 square feet for an elderly one Bedroom Unit;

(iii) 900 square feet for a non-elderly two Bedroom Unit; 700 square feet for an elderly two Bedroom Unit;

(iv) 1,000 square feet for a three Bedroom Unit; and

(v) 1,200 square feet for a four Bedroom Unit.

(~~C~~D) A certification that the Development will adhere to the Texas Property Code relating to security devices and other applicable requirements for residential tenancies, and will adhere to local building codes or if no local building codes are in place then to the most recent version of the International Building Code.

(~~D~~E) A certification that the Applicant is in compliance with state and federal laws, including but not limited to, fair housing laws, including Chapter 301, Property Code, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), and the Fair Housing Amendments Act of 1988 (42 U.S.C. §§3601 et seq.); the Civil Rights Act of 1964 (42 U.S.C. §§2000a et seq.); the Americans with Disabilities Act of 1990 (42 U.S.C. §§12101 et seq.); the Rehabilitation Act of 1973 (29 U.S.C. §§701 et seq.); Fair Housing Accessibility; the Texas Fair Housing Act; and that the Development is designed consistent with the Fair Housing Act Design Manual produced by HUD, the Code Requirements for Housing Accessibility 2000 (or as amended from time to time) produced by the International Code Council and the Texas Accessibility Standards. (§2306.257; §2306.6705(7))

(~~E~~F) A certification that the Applicant will attempt to ensure that at least 30% of the construction and management businesses with which the Applicant contracts in connection with the Development are Minority Owned Businesses, and that the Applicant will submit a report at least once in each 90-day period following the date of the Commitment Notice until the Cost Certification is submitted, in a format prescribed by the Department and provided at the time a Commitment Notice is received, on the percentage of businesses with which the Applicant has contracted that qualify as Minority Owned Businesses. (§2306.6734)

(~~F~~G) Pursuant to §2306.6722, any Development supported with a Housing Tax Credit allocation shall comply with the accessibility standards that are required under §504, Rehabilitation Act of 1973 (29 U.S.C. §794), and specified under 24 C.F.R. Part 8, Subpart C. The Applicant must provide a certification from the Development engineer, an accredited architect or Department-approved third party accessibility specialist, that the Development will comply with the accessibility standards that are required under §504, Rehabilitation

Act of 1973 (29 U.S.C. §794), and specified under 24 C.F.R. Part 8, Subpart C and this subparagraph. (§2306.6722 and §2306.6730)

(~~G~~H) For Developments involving New Construction (excluding New Construction of non-residential buildings) where some Units are two-stories or single family design and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A similar certification will also be required after the Development is completed from an inspector, architect, or accessibility specialist.

(~~H~~I) A certification that the Development will be equipped with energy saving devices that meet the standard statewide energy code adopted by the state energy conservation office, unless historic preservation codes permit otherwise for a Development involving historic preservation. All Units must be air-conditioned. The measures must be certified by the Development architect as being included in the design of each tax credit Unit at the time the 10% Test Documentation is submitted and in actual construction upon Cost Certification. (§2306.6725(b)(1))

(~~I~~J) A certification that the Development will be built by a General Contractor that satisfies the requirements of the General Appropriation Act, Article VII, Rider 8(c) applicable to the Department which requires that the General Contractor hired by the Development Owner or the Applicant, if the Applicant serves as General Contractor, must demonstrate a history of constructing similar types of housing without the use of federal tax credits.

(~~J~~K) A certification that the Development Owner agrees to establish a reserve account consistent with §2306.186 Texas Government Code and as further described in §1.37 of this title.

(~~K~~L) A certification that the Applicant, Developer, or any employee or agent of the Applicant has not formed a Neighborhood Organization for purposes of subsection (i)(2) of this section, has not given money or a gift to cause the Neighborhood Organization to take its position of support or opposition, nor has provided any assistance to a Neighborhood Organization to meet the requirements under subsection (i)(2) of this section which are not allowed under that subsection, as it relates to the Applicant's Application or any other Application under consideration in ~~2008~~2009.

(~~L~~M) Operate in accordance with the requirements pertaining to rental assistance in Chapter 60 of this title.

(~~M~~N) A certification that the Development Owner will contract with a Management Company throughout the Compliance Period that will perform criminal background checks on all adult tenants, head and co head of households.

(5) Design Items. This exhibit will provide:

(A) All of the architectural drawings identified in clauses (i) - (iii) of this subparagraph. While full size design or construction documents are not required, the drawings must have an accurate and legible scale and show the dimensions. All Developments involving New Construction, or conversion of existing buildings not configured in the Unit pattern proposed in the Application, must provide all of the items identified in clauses (i) - (iii) of this subparagraph. For Developments involving Rehabilitation for which the Unit configurations are not being altered, only the items identified in clauses (i) and (iii) of this subparagraph are required:

(i) A site plan which:

(I) Is consistent with the number of Units and Unit mix specified in the "Rent Schedule" provided in the Application;

(II) Is consistent with the number of buildings and building type/unit mix specified in the “Building/Unit Configuration” provided in the Application; and

(III) Identifies all residential and common buildings~~ and amenities~~; ~~and~~

~~(III) Clearly delineates the flood plain boundary lines and all easements shown in the site survey;~~

(ii) Floor plans and elevations for each type of residential building and each common area building clearly depicting the height of each floor and a percentage estimate of the exterior composition. Adaptive Reuse Developments, are only required to provide building plans delineating each unit by number, type and area consistent with those in the "Rent Schedule" and pictures of each elevation of the existing building depicting the height of each floor and percentage estimate of the exterior composition; and

(iii) Unit floor plans for each type of Unit~~ showing special accessibility and energy features~~. The net rentable areas these Unit floor plans represent should be consistent with those shown in the "Rent Schedule" and “Building/Unit Configuration” provided in the Application. Adaptive Reuse Developments, are only required to provide Unit floor plans for each distinct typical Unit type (i.e. one-bedroom, two-bedroom) and for all Units types that vary in area by 10% from the typical Unit; and

(B) A boundary survey of the proposed Development Site and of the property to be purchased. In cases where more property is purchased than the proposed Development Site, the survey or plat must show the survey calls for both the larger site and the Development Site. The survey must clearly delineate the flood plain boundary lines and show all easements. The survey does not have to be recent; but it must show the property purchased and the property proposed for the Development Site. In cases where the Development Site is only a part of the site being purchased, the depiction or drawing of the Development Site may be professionally compiled and drawn by an architect, engineer or surveyor.

(6) Evidence of the Development's development costs and corresponding credit request and syndication information as described in subparagraphs (A) - (G) of this paragraph.

(A) A written narrative describing the financing plan for the Development, including any non-traditional financing arrangements; the use of funds with respect to the Development; the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and the commitment status of the funding sources for the Development. This information must be consistent with the information provided throughout the Application. (§2306.6705(1))

(B) All Developments must submit the "Development Cost Schedule" provided in the Application. This exhibit must have been prepared and executed not more than 6 months prior to the close of the Application Acceptance Period.

(C) Provide a letter of commitment from a syndicator that, at a minimum, provides an estimate of the amount of equity dollars expected to be raised for the Development in conjunction with the amount of Housing Tax Credits requested for allocation to the Development Owner, including pay-in schedules, syndicator consulting fees and other syndication costs. No syndication costs should be included in the Eligible Basis. (§2306.6705(2) and (3))

(D) For Developments located in a Qualified Census Tract (QCT) as determined by the Secretary of HUD or otherwise~~and~~ qualifying for a 30% increase in Eligible Basis, pursuant to the Code, §42(d)(5)(C) or §49.6(h)(3) and (4) of this chapter, if permitted under §~~50~~49.6(h) of this chapter, Applicants must submit a copy of the census map clearly showing that the proposed Development is located within a QCT. Census tract numbers must be clearly marked on the map, and must be identical to the QCT number stated in the Department's Reference Manual.

(E) Rehabilitation Developments (including reconstruction) and Adaptive Reuse~~)~~ must submit a Property Condition Assessment meeting the requirements of paragraph (14)(C) of this subsection.

(F) If offsite costs are included in the budget as a line item, or embedded in the site acquisition contract, or referenced in the utility provider letters, then the supplemental form "Off Site Cost Breakdown" must be provided.

(G) If projected site work costs include unusual or extraordinary items or exceed $9,000 per Unit, then the Applicant must provide a detailed cost breakdown prepared by a Third Party engineer or architect, and a letter from a certified public accountant allocating which portions of those site costs should be included in Eligible Basis and which ones may be ineligible.

(7) Evidence of readiness to proceed as evidenced by at least one of the items under each of subparagraphs (A)-(D) of this paragraph:

(A) Evidence of Property control in the name of the Development Owner. If the evidence is not in the name of the Development Owner, then the documentation should reflect an expressed ability to transfer the rights to the Development Owner. All of the sellers of the proposed Property for the 36 months prior to the first day of the Application Acceptance Period and their relationship, if any, to members of the Development team must be identified at the time of Application (not required at Pre-Application). One of the following items described in clauses (i)-(iii) of this subparagraph must be provided, and if the acquisition can be characterized as an identity of interest transaction as described in §1.32 of this title, items described in clause (iv) of this subparagraph must also be provided:

(i) A recorded warranty deed with corresponding executed settlement statement, unless required to submit items under clause (iv) of this subparagraph; or

(ii) A contract for lease (the minimum term of the lease must be at least 45 years) which is valid for the entire period the Development is under consideration for tax credits; or

(iii) A contract for sale, ~~or~~ an exclusive option to purchase or a lease which is valid for the entire period the Development is under consideration for tax credits. For Tax Exempt Bond Development Applications, site control must be valid through December 1, ~~2007~~2008 with option to extend through March 1, ~~2008~~2009 (Applications submitted for lottery) or 90 days from the date of the bond reservation with the option to extend through the scheduled TDHCA Board meeting at which the award of Housing Tax Credits will be considered. The potential expiration of site control does not warrant the Application being presented to the TDHCA Board prior to the scheduled meeting.

(iv) If the acquisition can be characterized as an identity of interest transaction, as described in §1.32 of this title, subclauses (I), (II) and (III) of this clause, ~~will be required~~the Applicant must provide (not required at Pre-Application):

(I) Documentation of the original acquisition cost in the form of a settlement statement or, if a settlement statement is not available, the seller's most recent audited financial statement specifically indicating the asset value for the Development Site; and

(II) If the original acquisition cost evidenced by subclause (I) of this clause is less than the acquisition cost claimed in the Application;

(-a-) An appraisal meeting the requirements of paragraph (14)(D) of this subsection; and

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

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

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

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

(v) As described in clauses (ii) and (iii) of this subparagraph, property control must be continuous. Closing on the property is acceptable, as long as evidence is provided that there was no period in which control was not retained.

(B) Evidence from the appropriate local municipal authority that satisfies one of clauses (i) - (iii) of this subparagraph. Documentation may be from more than one department of the municipal authority and must have been prepared and executed not more than 6 months prior to the close of the Application Acceptance Period. (§2306.6705(5))

(i) For New Construction, Adaptive Reuse or reconstruction Developments, a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating that (For Tax-Exempt Bond Applications the items in clauses (I) - (III) of this clause must be submitted no later than 14 days prior to the Board meeting when the housing tax credits will be considered):

(I) The Development is located within the boundaries of a political subdivision which does not have a zoning ordinance; and either subclauses (II) or (III) of this clause;

(II) The letter must state that the Development is consistent with a local consolidated plan, comprehensive plan, or other local planning document that addresses affordable housing; or

(III) The letter must state that there is a need for affordable housing, if no such planning document exists.

(ii) For New Construction or reconstruction Developments, a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating that:

(I) The Development is permitted under the provisions of the zoning ordinance that applies to the location of the Development; or

(II) The Applicant is in the process of seeking the appropriate zoning and has signed and provided to the political subdivision a release agreeing to hold the political subdivision and all other parties harmless in the event that the appropriate zoning is denied~~, and a time schedule for completion of appropriate zoning~~ (§2306.6705(1)(B)). The Applicant must also provide at the time of Application a copy of the application for appropriate zoning filed with the local entity responsible for zoning approval and proof of delivery of that application in the form of a signed certified mail receipt, signed overnight mail receipt, or confirmation letter from said official. Final approval of appropriate zoning must be achieved and documentation of acceptable zoning for the Development, as proposed in the Application, must be provided to the Department at the time the Commitment Fee, or Determination Notice Fee, is paid. If this evidence is not provided with the Commitment Fee, any commitment of credits will be rescinded. No extensions may be requested for the deadline for submitting evidence of final approval of appropriate zoning.

(iii) For Rehabilitation Developments, if the property is currently a non-conforming use as presently zoned, a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction which addresses the items in subclauses (I) - (IV) of this clause:

(I) A detailed narrative of the nature of non-conformance;

(II) The applicable destruction threshold;

(III) Owner's rights to reconstruct in the event of damage; and

(IV) Penalties for noncompliance.

(C) Evidence of interim and permanent financing sufficient to fund the proposed Total Housing Development Cost less any other funds requested from the Department and any other sources documented in the Application. Any local, state or federal financing identified in this section which restricts household incomes at any AMGI lower than restrictions required pursuant to the Rules must be identified in the Rent Schedule and the local, state or federal income restrictions must include corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g) of the Code. The income and corresponding rent restrictions will be imposed by the Housing Tax Credit LURA and monitored throughout the extended use period. Such evidence must be consistent with the sources and uses of funds represented in the Application and shall be provided in one or more of the following forms described in clauses (i) - (iv) of this subparagraph:

(i) Bona fide financing in place as evidenced by:

(I) A valid and binding loan agreement;

(II) Deed(s) of trust in the name of the Development Owner expressly allowing transfer to the Development Owner; and

(III) For TRDO-USDA §515 Developments involving, an executed TRDO-USDA letter indicating TRDO-USDA has received a Consent Request, also referred to as a Preliminary Submittal, as described in 7 CFR §3560.406 and a copy of the original loan documents; or,

(ii) Bona fide commitment or term sheet for the interim and permanent loans issued by a lending institution or mortgage company that is actively and regularly engaged in the business of lending money which is addressed to the Development Owner and which has been executed by the lender (the term of the loan must be for a minimum of 15 years with at least a 30 year amortization). The commitment must state an expiration date and all the terms and conditions applicable to the financing including the mechanism for determining the interest rate, if applicable, and the anticipated interest rate and any required Guarantors. Such a commitment may be conditional upon the completion of specified due diligence by the lender and upon the award of tax credits; or,

(iii) Any Federal, State or local gap financing, whether of soft or hard debt, must be identified at the time of Application as evidenced by:

(I) Evidence from the lending agency that an application for funding has been made or from the Applicant indicating an intent to apply for funding; and

(II) A term sheet which clearly describes the amount and terms of the funding, and the date by which the funding determination will be made and any commitment issued, must be submitted; and

(III) Evidence of application for funding from another Department program is not required except as indicated on the Uniform Application, as long as the Department funding is on a concurrent funding period with the Application submitted and the Applicant clearly indicates that such an Application has been filed as required by the Application Submission Procedures Manual; and

(IV) If the commitment from any funding source identified in this subparagraph has not been received by the date the Department's Commitment Notice is to be submitted, the Application will be reevaluated for financial feasibility. If the Application is infeasible without the funding source, the Commitment Notice may be rescinded; or

(iv) If the Development will be financed through more than 5% of Development Owner contributions, provide a letter from an Third Party CPA verifying the capacity of the Development Owner to provide the proposed financing with funds that are not otherwise committed together with a letter from the Development Owner's bank or banks confirming that sufficient funds are available to the Development Owner. Documentation must have been prepared and executed not more than 6 months prior to the close of the Application Acceptance Period.

(D) Provide the documents in clauses (i) - (iii) of this subparagraph:

(i) A copy of the full legal description for the Development Site; and

(ii) A current valuation report from the county tax appraisal district and documentation of the current total property tax rate for the Development Site (unless the site is located on land that is not subject to federal, state or local property taxes), and

(iii) A copy of:

(I) The current title policy (or title status report if on Tribal Land) which shows that the ownership (or leasehold) of the Development Site is vested in the ~~exact~~ name of the Development Owner; or

(II) a current title commitment with the proposed insured matching ~~exactly~~ the name of the Development Owner and the title of the Development Site vested in the exact name of the seller or lessor as indicated on the sales contract, option or lease.

(III) If the title policy, title status report, or commitment is more than six months old as of the day the Application Acceptance Period closes, then a letter from the title company/Bureau of Indian Affairs indicating that nothing further has transpired on the policy, title status report or commitment.

(8) Evidence in the form of a certification of all of the notifications described in the subparagraphs of this paragraph. Such notices must be prepared in accordance with the "Public Notifications" certification provided in the Application.

(A) Evidence in the form of a certification that the Applicant met the requirements and deadlines identified in clauses (i) - (iii) of this subparagraph. Notification must not be older than three months from the first day of the Application Acceptance Period. (§2306.6705(9)). If evidence of these notifications was submitted with the Pre-Application Threshold for the same Application and satisfied the Department's review of Pre-Application Threshold, then no additional notification is required at Application, except that re-notification is required by tax credit Applicants who have submitted a change in the Application, whether from Pre-Application to Application or as a result of an Administrative Deficiency that reflects a total Unit increase of greater than 10%, a total increase of greater than 10% for any given level of AMGI, or a change to the population being served (elderly, Intergenerational Housing or family). For Applications submitted for Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.), notifications and proof thereof must not be older than three months prior to the date the Volume III of the Application is submitted.

(i) The Applicant must request a list of Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site from local elected officials as follows:

(I) No later than January ~~15~~20, ~~2008~~2009 for Competitive Housing Tax Credit Applications (or for Tax-Exempt Bond Applications, Rural Rescue, or Applications not applying for Tax Credits, but applying only for other Multifamily Programs such as HOME, Housing Trust Fund, etc., not later than ~~21~~14 days prior to submission of the Threshold documentation), the Applicant must e-mail, fax or mail with registered receipt a completed "Neighborhood Organization Request" letter as provided in the Application to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an Area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located an Area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request Neighborhood Organizations from that source in the same format.

(II) If no reply letter is received from the local elected officials by February ~~21~~20, ~~2008~~2009, (or For Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only for other Multifamily Programs such as HOME, Housing Trust Fund, etc., by 7 days prior to the submission of the Application), then the Applicant must certify to that fact in the "Application Notification Certification Form" provided in the Application.

(III) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as outlined by the local elected officials, or that the Applicant has knowledge of as of the submission of the Application, in the "Application Notification Certification Form" provided in the Application.

(ii) Not later than the date the Application is submitted, notification must be sent to ~~-~~all of the following individuals and entities by e-mail, fax or mail with registered receipt return or similar tracking mechanism e-mail, fax or mail with registered receipt in the format required in the "Application Notification Template" provided in the Application. Developments located in an Extra Territorial Jurisdiction (ETJ) of a city are not required to notify city officials, however, are required to notify county officicals. Evidence of Notification is required in the form of a certification in the "Application Notification Certification Form" provided in the Application, although it is encouraged that Applicants retain proof of delivery of the notifications, to the persons or entites prescribed subclauses (I)-(IX) of this clause, in the event that the Department requires proof of Notification. Evidence of proof of delivery is demonstrated by signed receipt for mail or courier delivery and confirmation of receipt by recipient for facsimile and electronic mail. Officials to be notified are those officials in office at the time the Application is submitted.

(I) Neighborhood Organizations on record with the state or county whose boundaries include the proposed Development Site as identified in clause (i)(III) of this subparagraph.

(II) Superintendent of the school district containing the Development;

(III) Presiding officer of the board of trustees of the school district containing the Development;

(IV) Mayor of the ~~governing body~~Governing Body of any municipality containing the Development;

(V) All elected members of the ~~governing body~~Governing Body of any municipality containing the Development;

(VI) Presiding officer of the ~~governing body~~Governing Body of the county containing the Development;

(VII) All elected members of the ~~governing body~~Governing Body of the county containing the Development;

(VIII) State senator of the district containing the Development; and

(IX) State representative of the district containing the Development.

(iii) Each such notice must include, at a minimum, all of the following:

(I) The Applicant's name, address, individual contact name and phone number;

(II) The Development name, address, city and county;

(III) A statement informing the entity or individual being notified that the Applicant is submitting a request for Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(IV) Statement of whether the Development proposes New Construction, reconstruction, Adaptive Reuse or Rehabilitation;

(V) The type of Development being proposed (single family homes, duplex, apartments, townhomes, high-rise etc.) and population being served (family, Intergenerational Housing or elderly);

(VI) The approximate total number of Units and approximate total number of low-income Units;

(VII) The approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the approximate percentage of Units that are market rate;

(VIII) The number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the Application, which are subject to change as annual changes in the area median income occur; and

(IX) The expected completion date if credits are awarded.

(B) Signage on Property or Alternative. A Public Notification Sign shall be installed on the Development Site prior to the date the Application is submitted unless prohibited by local ordinance or code.

Scattered site Developments must install a sign on each Development Site. For Competitive Housing Tax Credit Applications the date, time and location of the public hearing, as published by the Department and closest to the Development Site, must be included on the sign. For Tax-Exempt Bond Developments, regardless of the Priority of the Application or the Issuer, the sign must be installed within thirty (30) days of the Department's receipt of Volumes I and II. The date, time and location of the bond Tax Exempt Fiscal Responsibility Act (TEFRA) public hearing must be included on the sign no later than thirty (30) days prior to the scheduled public hearing. Evidence submitted with the Application must include photographs of the site with the installed sign. The sign must be at least 4 feet by 8 feet in size and located within twenty feet of, and facing, the main road adjacent to the site. The sign shall be continuously maintained on the site until the day that the Board takes final action on the Application for the Development. The information and lettering on the sign must meet the minimum requirements identified in the Application. For Tax-Exempt Bond Developments, regardless of the issuer, the Applicant must certify to the fact that the sign was installed within 30 days of submission and the date, time and location of the ~~bond~~TEFRA hearing is indicated on the sign at least 30 days prior to the date of the scheduled hearing. In areas where the Public Notification Sign is prohibited by local ordinance or code, an alternative to installing a Public Notification Sign and at the same required time, the Applicant shall, mail written notification to those addresses described in either clause (i) or (ii) of this subparagraph. This written notification must include the information otherwise required for the sign as provided in the Application. The final Application must include a map of the proposed Development Site and mark the distance required by clause (i) or (ii) of this subparagraph, up to 1,000 feet, showing street names and addresses; a list of all addresses the notice was mailed to; an exact copy of the notice that was mailed; and a certification that the notice was mailed through the U.S. Postal Service and stating the date of mailing. If Public Notification Sign is prohibited by local ordinance or code, evidence of the applicable ordinance or code must be submitted in the Application.

(i) All addresses required for notification by local zoning notification requirements. For example, if the local zoning notification requirement is notification to all those addresses within 200 feet, then that would be the distance used for this purpose; or

(ii) For Developments located in communities that do not have zoning, communities that do not require a zoning notification or those located outside of a municipality, all addresses located within 1,000 feet of any part of the proposed Development Site.

(C) If any of the Units in the Development are occupied at the time of Application, then the Applicant must certify that it has notified each tenant at the Development of all the information otherwise required on the sign, including the Department's public hearing schedule for comment on submitted Applications.

(9) Evidence of the Development's proposed ownership structure and the Applicant's previous experience as described in subparagraphs (A) - (D) of this paragraph.

(A) Chart which clearly illustrates the complete organizational structure of the final proposed Development Owner and of any Developer or Guarantor, providing the names and ownership percentages of all Persons having an ownership interest in the Development Owner or the Developer or Guarantor, as applicable, whether directly or through one or more subsidiaries. Nonprofit entities, public housing authorities, publicly traded corporations, individual board members, and executive directors must be included in this exhibit.

(B) Each Applicant, Development Owner, Developer or Guarantor, or any entity shown on an organizational chart as described in subparagraph (A) of this paragraph that has ownership interest in the Development Owner, Developer or Guarantor, shall provide the following documentation, as applicable:

(i) For entities that are not yet formed but are to be formed either in or outside of the state of Texas, a certificate of reservation of the entity name from the Texas Secretary of State; or

(ii) For existing entities whether formed in or outside of the state of Texas, evidence that the entity has the authority to do business in Texas or has applied for such authority in the form of a Certificate of Filing from the Texas Secretary of State.

(C) Evidence that each entity shown on the organizational chart described in subparagraph (A) of this paragraph that has ownership interest in the Development Owner, Developer or Guarantor, has provided a copy of the completed and executed Previous Participation and Background Certification Form to the Department. Nonprofit entities, public housing authorities and publicly traded corporations are required to submit documentation for the entities involved; documentation for individual board members and executive directors is required for this exhibit. Any Person receiving more than 10% of the Developer fee will also be required to submit documents for this exhibit. The ~~2008~~2009 versions of these forms, as required in the

Uniform Application, must be submitted. Units of local government are also required to submit this document. The form must include a list of all developments that are, or were, previously under ownership or Control of the Person. All participation in any TDHCA funded or monitored activity, including non-housing activities, must be disclosed.

(D) Evidence, in the form of a certification, that one of the Development Owner's General Partners, the Developer or their Principals have a record of successfully constructing or developing residential units in the capacity of owner, General Partner or Developer. Evidence must be a certification from the Department that the Person with the experience satisfies this exhibit, as further described under subsection (g)(1) of this section. Applicants must request this certification at least fourteen days prior to the close of the Application Acceptance Period. Applicants must ensure that the Person whose name is on the certification appears in the organizational chart provided in subparagraph (A) of this paragraph.

(10) Evidence of the Development's projected income and operating expenses as described in subparagraphs (A) - (D) of this paragraph:

(A) All Developments must provide a 30-year proforma estimate of operating expenses and supporting documentation used to generate projections (operating statements from comparable properties).

(B) If rental assistance, an operating subsidy, an annuity, or an interest rate reduction payment is proposed to exist or continue for the Development, any related contract or other agreement securing those funds or proof of application for such funds must be provided, which at a minimum identifies the source and annual amount of the funds, the number of Units receiving the funds, and the term and expiration date of the contract or other agreement. (§2306.6705(4))

(C) Applicant must provide documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application. This exhibit must clearly indicate which utility costs are included in the estimate.

(D) Occupied Developments undergoing Rehabilitation must also submit the items described in clauses (i) - (iv) of this subparagraph.

(i) The items in subclauses (I) and (II) of this clause are required unless the current property owner is unwilling to provide the required documentation. In that case, submit a signed statement as to the Applicant's inability to provide all documentation as described.

(I) Submit at least one of the following:

(-a-) Historical monthly operating statements of the subject Development for 12 consecutive months ending not more than 3 months from the first day of the Application Acceptance Period;

(-b-) The two most recent consecutive annual operating statement summaries;

(-c-) The most recent consecutive six months of operating statements and the most recent available annual operating summary;

(-d-) All monthly or annual operating summaries available and a written statement from the seller refusing to supply any other summaries or expressing the inability to supply any other summaries, and any other supporting documentation used to generate projections may be provided; and

(II) A rent roll not more than 6 months old as of the first day the Application Acceptance Period, that discloses the terms and rate of the lease, rental rates offered at the date of the rent roll, Unit mix, tenant names or vacancy, and dates of first occupancy and expiration of lease.

(ii) A written explanation of the process used to notify and consult with the tenants in preparing the Application; (§2306.6705(6))

(iii) For Intergenerational Housing Applications or Qualified Elderly Developments, identification of the number of existing tenants qualified under the target population elected under this title;

(iv) A relocation plan outlining relocation requirements and a budget with an identified funding source; and (§2306.6705(6))

(v) If applicable, evidence that the relocation plan has been submitted to the appropriate legal or governmental agency. (§2306.6705(6))

(11) Applications involving Nonprofit General Partners and Qualified Nonprofit Developments.

(A) All Applications involving a nonprofit General Partner, regardless of the Set-Aside applied under, in which the Development will receive some financial or tax benefit for the involvement of the nonprofit General Partner, must submit all of the documents described in clauses (i) and (ii) of this subparagraph and indicate the nonprofit status on the carryover documentation and IRS Forms 8609: (§2306.6706)

(i) An IRS determination letter which states that the nonprofit organization is a §501(c)(3) or (4) entity or; and

(ii) The "Nonprofit Participation Exhibit."

(B) Additionally, all Applications applying under the Nonprofit Set-Aside, established under §~~50~~49.7(b)(1) of this chapter, must also provide the following information with respect to the Qualified Nonprofit Organization as described in clauses (i) - (iii) of this subparagraph.

(i) A Third Party legal opinion stating:

(I) That the nonprofit organization is not affiliated with or Controlled by a forprofit organization and the basis for that opinion; and

(II) That the nonprofit organization is eligible, as further described, for a Housing Credit Allocation from the Nonprofit Set-Aside and the basis for that opinion. Eligibility is contingent upon the non-profit organization Controlling the Development, or if the organization's Application is filed on behalf of a limited partnership, or limited liability company, the Qualified Nonprofit Organization must be the controlling Managing Member; and otherwise meet the requirements of the Code, §42(h)(5); and

(III) That one of the exempt purposes of the nonprofit organization is to provide low-income housing; and

(IV) That the nonprofit organization prohibits a member of its board of directors, other than a chief staff member serving concurrently as a member of the board, from receiving material compensation for service on the board; and

(V) That the Qualified Nonprofit Development will have the nonprofit entity or its nonprofit Affiliate or subsidiary be the Developer or co-Developer as evidenced in the development agreement; and

(ii) A copy of the nonprofit organization's most recent audited financial statement; and

(iii) Evidence in the form of a certification that a majority of the members of the nonprofit organization's board of directors principally reside:

(I) In this state, if the Development is located in a Rural Area; or

(II) Not more than 90 miles from the Development, if the Development is not located in a Rural Area.

(12) Applicants applying for acquisition credits ~~must provide~~ must provide:

(A) An appraisal meeting the requirements of paragraph (14)(D) of this subsection; and

(B) An "Acquisition of Existing Buildings Form."

(13) Evidence of Financial Statement and Authorization to Release Credit Information. The financial statements and authorization to release credit information must be unbound and clearly labeled. A "Financial Statement and Authorization to Release Credit Information" must be completed and signed for any General Partner, Developer or Guarantor and any Person that has an ownership interest of 10% or more in the Development Owner, General Partner, Developer, or Guarantor. Nonprofit entities, public housing authorities and publicly traded corporations are only required to submit documentation for the entities involved; documentation for individual board members and executive directors is not required for this exhibit.

(A) Financial statements for an individual must not be older than 6 months ~~90 days~~ from the first day of the Application Acceptance Period.

(B) Financial statements for partnerships or corporations should be for the most recent fiscal year ended 90 days from the first day of the Application Acceptance Period. An audited financial statement should be provided, if available, and all partnership or corporate financials must be certified. Financial statements are required for an entity even if the entity is wholly-owned by a Person who has submitted this document as an individual.

(C) Entities that have not yet been formed and entities that have been formed recently but have no assets, liabilities, or net worth are not required to submit this documentation, but must submit a statement with their Application that this is the case.

(14) Supplemental Threshold Reports. All Applications must include documents under subparagraphs (A) and (B) of this paragraph. If required under paragraph (6) of this subsection, a Property Condition Assessment as described in subparagraph (C) of this paragraph must be submitted. If required under paragraphs (7) or (12) of this subsection, an appraisal as described in subparagraph (D) of this paragraph must be submitted. All submissions must meet the requirements stated in subparagraphs (E) - (G) of this paragraph.

(A) A Phase I Environmental Site Assessment (ESA) report:

(i) Prepared by a qualified Third Party;

(ii) Dated not more than 12 months prior to the first day of the Application Acceptance Period. In the event that a Phase I Environmental Site Assessment on the Development is more than 12 months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated letter or updated report dated not more than three months prior to the first day of the Application Acceptance Period from the Person or organization which prepared the initial assessment confirming that the site has been re-inspected and reaffirming the conclusions of the initial report or identifying the changes since the initial report; and

(iii) Prepared in accordance with the Department's Environmental Site Assessment Rules and Guidelines, §1.35 of this title.

(iv) Developments whose funds have been obligated by TRDO-USDA will not be required to supply this information; however, the Applicants of such Developments are hereby notified that it is their responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

(B) A comprehensive Market Analysis report:

(i) Prepared by a Third Party Qualified Market Analyst approved by the Department in accordance with the approval process outlined in the Market Analysis Rules and Guidelines, §1.33 of this title;

(ii) Dated not more than 6 months prior to the first day of the Application Acceptance Period. In the event that a Market Analysis is more than 6 months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated Market Analysis from the Person or organization which prepared the initial report; however the Department will not accept any Market Analysis which is more than 12 months old as of the first day of the Application Acceptance Period; and

(iii) Prepared in accordance with the methodology prescribed in the Department's Market Analysis Rules and Guidelines, §1.33 of this title.

(iv) For Applications in the TRDO-USDA Set-Aside proposing acquisition and Rehabilitation with residential structures at or above 80% occupancy at the time of Application Submission, the appraisal, required under paragraphs (7) or (12) of this subsection and prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Department's Appraisal Rules and Guidelines, §1.34 of this title, will satisfy the requirement for a Market Analysis; however the Department may request additional information as needed. (§2306.67055) (§42(m)(1)(A)(iii))

(C) A Property Condition Assessment (PCA) report (required for Rehabilitation, reconstruction and Adaptive Reuse Developments):

(i) Prepared by a qualified Third Party;

(ii) Dated not more than 6 months prior to the first day of the Application Acceptance Period; and

(iii) Prepared in accordance with the Department's Property Condition and Assessment Rules and Guidelines, §1.36 of this title.

(iv) For Developments which require a capital needs assessment from TRDO-USDA, the capital needs assessment may be substituted and may be more than 6 months old, as long as TRDO-USDA has confirmed in writing that the existing capital needs assessment is still acceptable and it meets the requirements of §1.36 of this title.

(D) An appraisal report:

(i) Prepared by a qualified Third Party;

(ii) Dated not more than 6 months prior to the first day of the Application Acceptance Period. In the event that an appraisal is more than 6 months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated appraisal from the Person or organization which prepared the initial report; however the Department will not accept any appraisal which is more than 12 months old as of the first day of the Application Acceptance Period; and

(iii) Prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Department's Appraisal Rules and Guidelines, §1.34 of this title.

(iv) For Developments that require an appraisal from TRDO-USDA, the appraisal may be more than 6 months old, as long as TRDO-USDA has confirmed in writing that the existing appraisal is still acceptable.

(E) Inserted at the front of each of these reports must be a transmittal letter from the individual preparing the report that states that the Department is granted full authority to rely on the findings and conclusions of the report. The transmittal letter must also state the report preparer has read and understood the Department rules specific to the report found at §§1.33 - 1.36 of this title.

(F) All Applicants acknowledge by virtue of filing an Application that the Department is not bound by any opinion expressed in the report. The Department may determine from time to time that information not required in the Department's Rules and Guidelines will be relevant to the Department's evaluation of the need for the Development and the allocation of the requested Housing Credit Allocation Amount. The Department may request additional information from the report provider or revisions to the report to meet this need. In instances of non-response by the report provider, the Department may substitute in-house analysis.

(G) The requirements for each of the reports identified in subparagraphs (A) - (C) of this paragraph can be satisfied in either of the methods identified in clause (i) or (ii) of this subparagraph and meet the requirements of clause (iii) of this subparagraph.

(i) Upon Application submission, the documentation for each of these exhibits may be submitted in its entirety; or

(ii) Upon Application submission, the Applicant may provide evidence in the form of an executed engagement letter with the party performing each of the individual reports that the required exhibit has been commissioned to be performed and that the delivery date will be no later than April 1, ~~2008~~2009. In addition to the submission of the engagement letter with the Application, a map must be provided that reflects the Qualified Market Analyst's intended market area. Subsequently, the entire exhibit must be submitted on or before 5:00 p.m. CST, April 1, ~~2008~~2009. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration.

(iii) A single hard copy of the report and a searchable soft copy in the format of a single file containing all information and exhibits in the hard copy report, presented in the order they appear in the hard copy report on a CD-R clearly labeled with the report type, Development name, and Development location are required.

(15) Self-Scoring. Applicant's self-score must be completed on the "Application Self-Scoring Form." An Applicant may not adjust the Application Self Scoring Form, after the submission of the Application, without a request from the Department as a result of an Administrative Deficiency.

(i) **Selection Criteria.** All Applications will be scored and ranked using the point system identified in this subsection. Unless otherwise stated, ~~use normal rounding~~do not round calculations. Points other than paragraphs (2) and (6) of this subsection will not be awarded unless requested in the Self Scoring Form. All Applications, with the exception of TRDO-USDA Applications, must receive a final score totaling a minimum of ~~111~~118, not including any points awarded or deducted pursuant to paragraphs (2) and (6) of this subsection to be eligible for an allocation of Housing Tax Credits. Maximum Total Points: ~~228~~240.

(1) Financial Feasibility of the Development. Financial Feasibility of the Development based on the supporting financial data required in the Application that will include a Development underwriting pro forma from the permanent or construction lender. (§2306.6710(b)(1)(A)). Applications may qualify to receive 28 points for this item. No partial points will be awarded. Evidence will include the documentation required for this exhibit, as reflected in the Application submitted, in addition to the commitment letter required under subsection (h)(7)(C) of this section. The supporting financial data shall include:

(A) A fifteen year pro forma prepared by the permanent or construction lender:

(i) Specifically identifying each of the first five years and every fifth year thereafter;

(ii) Specifically identifying underlying assumptions including, but not limited to general growth factor applied to income and expense; and

(iii) Indicating that the Development maintains a minimum 1.15 debt coverage ratio throughout the initial fifteen years proposed for all third party lenders that require scheduled repayment; and

(B) A statement in the commitment letter, or other form deemed acceptable by the Department, indicating that the lender's assessment finds that the Development will be feasible for fifteen years.

(C) For Developments receiving financing from TRDO-USDA, the form entitled "Sources and Uses Comprehensive Evaluation for Multi-Family Housing Loans" or other form deemed acceptable by the Department shall meet the requirements of this section.

(2) Quantifiable Community Participation from Neighborhood Organizations on Record with the State or County and Whose Boundaries Contain the Proposed Development Site. Points will be awarded based

on written statements of support or opposition from Neighborhood Organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site. (§2306.6710(b)(1)(B); §2306.6725(a)(2)). It is possible for points to be awarded or deducted based on written statements from organizations that were not identified by the process utilized for notification purposes under subsection (h)(8)(A)(ii) of this section if the organization provides the information and documentation required in subparagraphs (A) - (C) of this paragraph. It is also possible that neighborhood organizations that were initially identified as appropriate organizations for purposes of the notification requirements will subsequently be determined by the Department not to meet the requirements for scoring. If an organization is determined not to be qualified under this paragraph, the organization may qualify under paragraph (18)(B) of this subsection.

(A) Basic Submission Requirements for Scoring. Each Neighborhood Organization may submit one letter (and enclosures) that represents the organization's input. In order to receive a point score, the letter (and enclosures) must be received, by the Department, or postmarked, if mailed by the U.S Postal Service, ~~(or similar tracking system) by the Department~~ no later than February ~~29~~27, ~~2008~~2009, for letters relating to Applications that submitted a Pre-Application, or April 1, ~~2008~~2009 if a Pre-Application was not submitted. Letters should be addressed to the Texas Department of Housing and Community Affairs, "Attention: ~~Executive Director~~Director of Multifamily Finance (Neighborhood Input)." Letters received after the applicable deadline will be summarized for the Board's information and consideration, but will not affect the score for the Application. The organization's letter (and enclosures) must:

(i) State the name and location of the proposed single Development;

(ii) Certify that the letter is signed by the persons with the authority to sign on behalf of the neighborhood organization, and provide:

(I) the street and/or mailing addresses;

(II) day and evening phone numbers;

(III) and e-mail addresses and/or facsimile numbers for the signer of the letter and one additional contact for the organization;

~~and~~

~~(IV) for one additional contact including their contact information for the organization;~~

(iii) Certify that the organization has boundaries, and that the boundaries in effect February ~~29~~27, ~~2008~~2009 contain the proposed Development Site;

(iv) Certify that the organization meets the definition of "Neighborhood Organization as defined in §~~50~~49.3(63) of this chapter." For the purposes of this section, a "Neighborhood Organization" is defined as an organization of persons living near one another within the organization's defined boundaries in effect February ~~29~~27, ~~2008~~2009 that contain the proposed Development site and that has a primary purpose of working to maintain or improve the general welfare of the neighborhood. "Neighborhood Organizations" include homeowners associations, property owners associations, and resident councils in which the council is commenting on the Rehabilitation or reconstruction of the property occupied by the residents. "Neighborhood Organizations" do not include broader based "community" organizations;

(v) Include documentation showing that the organization is on record as of February ~~29~~27, ~~2008~~2009 with the state or county in which the Development is proposed to be located. The receipt of a QCP letter, by the Department on or before February ~~29~~27, ~~2008~~2009, that meets the requirements outlined in the QCP neighborhood information packet and the ~~2008~~2009 QAP, will constitute being on record with the State. The Neighborhood Organization letter must be signed by two officials or board members of the Neighborhood Organization and must include in its letter, a contact name with a mailing address and phone number of persons signing the letter; ~~and~~ a written description and map of the organization's geographical boundaries~~,~~; ~~as well as~~and proof that the boundaries described were in effect as of February ~~29~~27, ~~2008~~2009. This request must be received no later than February ~~29~~27, ~~2008~~2009. Acceptance of this documentation will be subject to Department approval. The Department is permitted to issue a deficiency notice for this registration process and if satisfied, the organization will still be deemed to be timely placed on record with the state;

(vi) Accurately certify that the Neighborhood Organization was not formed by any Applicant, Developer, or any employee or agent of any Applicant (the seller of land is not considered, with the exception of an identity of interest, to be an agent of the Application) in the ~~2008~~2009 Competitive Housing Tax Credit Application Round, that the organization and any member did not accept money or a gift to cause the Neighborhood Organization to take its position of support or opposition, and has not provided any assistance other than education and information sharing to the Neighborhood Organization to meet the requirements of this subparagraph for any Application in the Application Round (i.e. hosting a public meeting, providing the "TDHCA Information Packet for Neighborhoods" to the Neighborhood Organization, or referring the Neighborhood Organization to TDHCA staff for guidance). Applicants may not provide any "production" assistance to meet these requirements for any Application in the Application Round (i.e. use of fax machines owned by the Applicant, use of legal counsel related to the Applicant, or assistance drafting a letter for the purposes of this subparagraph). Any deficiency notices issued to the Neighborhood Organization will also be sent to the Applicant for information purposes only. Applicants may not provide delivery assistance of any communication between the Neighborhood Organization and the Department and Applicants may not assist the Neighborhood Organization in preparing its response to a deficiency notice.. Applicants may provide information about the deficiency notice process or deadlines to a Neighborhood Organization;

(vii) While not required, the organization is encouraged to hold a meeting to which all the members of the organization are invited to consider whether the organization should support, oppose, or be neutral on the proposed Development, and to have the membership vote on whether the organization should support, oppose, or be neutral on the proposed Development. The organization is also encouraged to invite the Developer or Applicant to this meeting; and

(viii) Letters from Neighborhood Organizations, and subsequent correspondence from Neighborhood Organizations, may not be provided via the Applicant which includes facsimile and email communication.

(B) Scoring of Letters (and Enclosures). The input must clearly and concisely state each reason for the Neighborhood Organization's support for or opposition to the proposed Development.

(i) The score awarded for each letter for this exhibit will range from a maximum of +24 for the position support to +12 for the neutral position to 0 for a position of opposition. The number of points to be allocated to each organization's letter will be based on the organization's letter and evidence enclosed with the letter. The final score will be determined by the Executive Director. The Department may investigate a matter and contact the Applicant and Neighborhood Organizations for more information. The Department may consider any relevant information specified in letters from other Neighborhood Organizations regarding a Development in determining a score.

(ii) The Department highly values quality public input addressed to the merits of a Development. Input that points out matters that are specific to the neighborhood, the proposed site, the proposed Development, or Developer are valued. If a proposed Development is permitted by the existing or pending zoning or absence of zoning, concerns addressed by the allowable land use that are related to any multifamily development may generally be considered to have been addressed at the local level through the land use planning process. Input concerning positive efforts or the lack of efforts by the Applicant to inform and communicate with the neighborhood about the proposed Development is highly valued. If the Neighborhood Organization refuses to communicate with the Applicant the efforts of the Applicant will not be considered negative. Input that evidences unlawful discrimination against classes of persons protected by Fair Housing law or the scoring of which the Department determines to be contrary to the Department's efforts to affirmatively further fair housing will not be considered.

(iii) In general, letters that meet the requirements of this paragraph and:

(I) Establish at least one reason for support or opposition will be scored the maximum points for either support (+24 points) or opposition (zero); or

(II) That do not establish a reason for support or opposition or that are unclear will be considered ineligible and scored as neutral (+12 points).

(iv) If an Application receives multiple eligible letters, the average score of all eligible letters will be applied to the Application.

(v) Applications for which no letters from Neighborhood Organizations are scored will receive a neutral score of +12 points.

(C) Basic Submission Deficiencies. The Department is authorized but not required to request that the Neighborhood Organization provide additional information or documentation the Department deems relevant to clarify information contained in the organization's letter (and enclosures). If the Department determines to request additional information from an organization, it will do so by e-mail or facsimile to the e-mail address or facsimile number provided with the organization's letter. If the deficiencies are not clarified or corrected in the Department's determination within ~~seven~~ five business days from the date the e-mail or facsimile is sent to the organization, the organization's letter will not be considered further for scoring and the organization will be so advised. This potential deficiency process does not extend any deadline required above for the "Quantifiable Community Participation" process. An organization may not submit additional information or documentation after the applicable deadlines except in response to an e-mail or facsimile from the Department specifically requesting additional information.

(3) The Income Levels of Tenants of the Development. Applications may qualify to receive up to 22 points for qualifying under only one of subparagraphs (A) - (F) of this paragraph. To qualify for these points, the household incomes must not be higher than permitted by the AMGI level (must round to the next highest whole Unit, no less than one Unit). If a Development includes market rate or non-restricted Units, to qualify for these points at least 10% of all the Units that are not Low-Income Units (i.e. market rate or non-restricted Units) in the Development must be set-aside with incomes at or below 80% of AMGI. The Development Owner, upon making selections for this exhibit, will set aside Units at the levels of AMGI and will maintain the percentage of such Units continuously over the compliance and extended use period as specified in the LURA. These income levels require corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. (§2306.111(g)(3)(B); §2306.111(g)(3)(E); §2306.6710(b)(1)(C); §2306.6710(e); and §42(m)(1)(B)(ii)(I))

(A) 22 points if at least 80% of the ~~Total~~Low-Income Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(B) 22 points if at least 40% of the ~~Total~~Low-Income Units in the Development are set-aside with incomes at or below a combination of 50% and 30% of AMGI in which at least 5% of the ~~Total~~ Low-Income Units are at or below 30% of AMGI; or

(C) 20 points if at least 60% of the ~~Total~~Low-Income Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(D) 18 points if at least 10% of the ~~Total~~Low-Income Units in the Development are set-aside with incomes at or below 30% of AMGI; or

(E) 16 points if at least 40% of the ~~Total~~Low-Income Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(F) 14 points if at least 35% of the ~~Total~~Low-Income Units in the Development are set-aside with incomes at or below 50% of AMGI.

(4) The Size and Quality of the Units (Development Characteristics). Applications may qualify to receive up to 20 points. Applications may qualify for points under both subparagraphs (A) and (B) of this paragraph. (§2306.6710(b)(1)(D) and §42(m)(1)(C)(iii))

(A) Size of the Units. Applications may qualify to receive 6 points. The Development must meet the minimum requirements identified in this subparagraph to qualify for points. Six points for this item will be automatically granted for Applications involving Rehabilitation (excluding Reconstruction), Developments receiving funding from TRDO-USDA, or Developments proposing ~~single room occupancy~~Single Room Occupancy without meeting these square footage minimums if requested in the Self Scoring Form. The square feet of all of the Units in the Development, for each type of Unit, must be at least the minimum noted in clauses (i) - (v) of this subparagraph. Changes to an Application during any phase of the review process that decreases the square footage below the minimums noted in clauses (i) - (v) of this subparagraph, will be re-evaluated and may result in a reduction of the Application score.

(i) ~~500~~600 square feet for an efficiency Unit;

(ii) ~~650~~700 square feet for a non-elderly one Bedroom Unit; ~~550~~600 square feet for an elderly one Bedroom Unit;

(iii) ~~900~~950 square feet for a non-elderly two Bedroom Unit; 750 square feet for an elderly two Bedroom Unit;

(iv) ~~1,000~~1,050 square feet for a three Bedroom Unit; and

(v) ~~1,200~~1,250 square feet for a four Bedroom Unit.

(B) Quality of the Units. Applications may qualify to receive ~~up to~~ 14 points. Applications in which Developments provide specific amenity and quality features in every Unit at no extra charge to the tenant will be awarded points based on the point structure provided in clauses (i) - (xix) of this subparagraph, not to exceed 14 points in total. Applications involving scattered site Developments must have all of the Units located with a specific amenity to count for points. Applications involving Rehabilitation (excluding reconstruction) or single room occupancy may receive 1.5 points for each point item, not to exceed 14 points in total (do not round).

(i) Covered entries (1 point);

(ii) Nine foot ceilings in living room and all bedrooms (at minimum) (1 point);

(iii) Microwave ovens (1 point);

(iv) Self-cleaning or continuous cleaning ovens (1 point);

(v) Ceiling fixtures in all rooms (light with ceiling fan in living area and all bedrooms) (1 point);

(vi) Refrigerator with icemaker (1 point);

(vii) Laundry connections (2 points);

(viii) Storage room or closet, of approximately 9 square feet or greater, which does not include bedroom, entryway or linen closets - does not need to be in the Unit but must be on the property site (1 point);

(ix) Laundry equipment (washers and dryers) for each individual unit including a front loading washer and dryer in required UFAS compliant Units (3 points);

(x) Thirty year architectural shingle roofing (1 point);

(xi) Covered patios or covered balconies (1 point);

(xii) Covered parking (including garages) of at least one covered space per Unit (2 points);

(xiii) 100% masonry on exterior, which can include stucco, cementitious board products, concrete brick and mortarless concrete masonry, but not EIFS synthetic stucco (3 points) (Applicants may not select this item if item (xiv) of this subclause is selected);

(xiv) Greater than 75% masonry on exterior, which can include stucco and cementitious board products, concrete brick and mortarless concrete masonry, but not EIFS synthetic stucco (1 point) (Applicants may not select this item if item (xiii) of this subclause is selected);

(xv) Use of energy efficient alternative construction materials (for example, Structural Insulated Panel construction) with wall insulation at a minimum of R-20 (3 points);

(xvi) R-15 Walls / R-30 Ceilings (rating of wall system) (3 points);

(xvii) 14 SEER HVAC or evaporative coolers in dry climates for New Construction, Adaptive Reuse, and reconstruction or radiant barrier in the attic for Rehabilitation (excluding reconstruction) (3 points);

(xviii) High Speed Internet service to all Units at no cost to residents (2 points); or

(xix) Fire sprinklers in all Units (2 points).

(5) The Commitment of Development Funding by Local Political Subdivisions. Applications may qualify to receive up to 18 points for qualifying under this paragraph provided for under Development Funding. (§2306.6710(b)(1)(E))

(A) Basic Submission Requirements for Scoring. Evidence of the following must be submitted in accordance with the Application Submission Procedures Manual (ASPM).

(i) The loans, grant(s) or in-kind contribution(s) must be attributed to the Total Housing Development Costs, as defined in this ~~title~~ chapter, unless otherwise stipulated in this section.

(ii) An Applicant may ~~only~~ submit enough sources to substantiate the point request, and all sources must be included in the Sources and Uses form. For example, if an Applicant is requesting 18 points, five sources may be submitted if each is for an amount equal to 1% of the Total Housing Development Cost. ~~However, five sources may not be submitted if each source is for an amount equal to 5% of the Total Housing Development Cost.~~

(iii) An Applicant may substitute any source in response to a Deficiency Notice or after the Application has been submitted to the Department.

(iv) A loan does not qualify as an eligible source unless it has a minimum term of the later of 1-year or the Placed in Service date, and the interest rate must be at the Applicable Federal Rate (AFR) or below (at the time of loan closing).

(v) In-kind contributions such as donation of land, tax exemptions, or waivers of fees such as building permits, water and sewer tap fees, or similar contributions are only eligible for points if the in-kind contribution provides a tangible economic benefit that results in a quantifiable Total Housing Development Cost reduction to benefit the Development will be acceptable to qualify for these points. The quantified value of the Total Housing Development Cost reduction may only include the value during the period the contribution or waiver is received and/or assessed. Donations of land must be under the control of the Applicant, pursuant to subsection (h)(7) of this section to qualify. The value of in-kind contributions may only include the time period between award, or August 1, ~~2008~~2009 and the Development's Placed in Service date, with the exception of contributions of land. The full value of land contributions, as established by the appraisal required pursuant to clause (viii) of this subparagraph. Contributions in the form of tax exemptions or abatements may only count for points if the contribution is in addition to any tax exemption or abatement required under statute.

(vi) To the extent that a Notice of Funding Availability (NOFA) is released and funds are available, funds from TDHCA's HOME Investment Partnerships (HOME) Program will qualify if a resolution, dated on or before the date the Application Acceptance Period ends, is submitted with the Application from the Local Political Subdivision authorizing the Applicant to act on behalf of the Local Political Subdivision in applying for HOME Funds from TDHCA for the particular Application. TDHCA's HOME funds may be substituted for a source originally submitted with the Application, provided the HOME funds substituted are from a NOFA released after the Application Acceptance Period ends and a resolution is submitted with the substitution documentation from the Local Political Subdivision authorizing the Applicant to act on behalf of the Local Political Subdivision in applying for HOME Funds from TDHCA for the particular Application.

(vii) Development based rental subsidies may qualify under this section if evidence of the remaining value of the contract is submitted from the Local Political Subdivision. The value of the contract does not include past subsidies.

(viii) Evidence to be submitted with the Application must include a copy of the commitment of funds; a copy of the application to the funding entity and a letter from the funding entity indicating that the application was received; or a certification of intent to apply for funding that indicates the funding entity and program to which the application will be submitted, the loan amount to be applied for and the specific proposed terms. For in-kind contributions, evidence must be submitted in the Application from Local Political Subdivision substantiating the value of the in-kind contributions. For in-kind contributions of land, evidence of the value of the contribution must be in the form of an appraisal.

(ix) If not already provided, at the time the executed Commitment Notice is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment approved by the ~~governing body~~Governing Body of the Local Political Subdivision for the Development Funding to the Department. If the funding commitment from the Local Political Subdivision has not been received by the date the Department's Commitment Notice is to be submitted, the Application will be evaluated to determine if the loss of these points would have resulted in the Department's not committing the tax credits. If the loss of points would have made the Application noncompetitive, the Commitment Notice will be rescinded and the credits reallocated. If the Application would still be competitive even with the loss of points and the loss would not have impacted the recommendation for an award, the Application will be reevaluated for financial feasibility. If the Application is infeasible without the Local Political Subdivision's Development Funding, the Commitment Notice will be rescinded and the credits reallocated.

(x) Funding commitments from a Local Political Subdivision will not be considered final unless the Local Political Subdivision attests to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary.

(B) Scoring. Points will be determined on a sliding scale based on the percentage of the Total Housing Development Costs of the Development, as reflected in the in the Development Cost Schedule. If a revised Development Cost Schedule is submitted to the Department in response to a deficiency notice at anytime during the review process, the Revised Development Cost Schedule will be utilized for this calculation, and Applicants will be notified of the revised score, consistent with subsection (e) of this section. Do not round for the following calculations. The "total contribution" is the total combined value of qualifying loan(s), grants or in-kind contributions from a Local Political Subdivision pursuant to subparagraph (A) of this paragraph. ~~The required percentages for Rural Developments listed in clauses (i) – (iii) of this subparagraph only apply to Rural Developments applying for local funds.~~

(i) A total contribution equal to or greater than 1% (for Urban Developments) and 0.5% (for Rural Developments) of the Total Housing Development Cost of the Development receives 6 points; or

(ii) A total contribution equal to or greater than 2.5% (for Urban Developments) and 1.5% (for Rural Developments) of the Total Housing Development Cost of the Development receives 12 points; or

(iii) A total contribution equal to or greater than 5% (for Urban Developments) and 3% (for Rural Developments) of the Total Housing Development Cost of the Development receives 18 points.

(6) The Level of Community Support from State Representative or State Senator. The level of community support for the Application, evaluated on the basis of written statements received from the State Representative or State Senator that represents the district containing the proposed Development Site.

(§2306.6710(b)(1)(F) and ~~(f);~~ §2306.6725(a)(2)). Applications may qualify to receive 14 points for this item. Letters ~~of support~~ must identify the specific Development and must clearly state support for or opposition to the specific Development. This documentation will be accepted with the Application or through delivery to the Department from the Applicant or the State Representative or Senator ~~by~~on or before 5:00 p.m. (CST) April 1, ~~2008~~2009. A State Representative or State Senator may withdraw (in writing) a letter that is submitted by the April 1st deadline on or before June 15, 2009. The previous position of support or opposition will be scored as neutral. State Representatives or Senators to be considered are those State Representatives or Senators in office at the time the Application is submitted. Letters of support from State Representatives or Senators that do not represent the district containing the proposed Development Site will not qualify for points under this Exhibit. Neutral letters, or letters that do not specifically refer to the Development, will receive neither positive nor negative points. Letters from State of Texas Representative or Senator: support letters are +14 points; opposition letters are -14 points for a maximum of either 14 or -14 points. If one letter is received in support and one letter is received in opposition the score would be 0 points.

(7) The Rent Levels of the Units. Applications may qualify to receive up to 12 points for qualifying under this exhibit. (§2306.6710(b)(1)(G)). ~~If 80% or fewer of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 7 points. If between 81% and 85% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 8 points. If between 86% and 90% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 9 points. If between 91% and 95% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 10 points. If greater than 95% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 12 points.~~ Provided the Application has qualified for points under paragraph (i)(3) of this subsection, Income Levels of Tenants of the Development, an Application may qualify for points under this subsection by providing additional Low-Income Units at 50% of AMGI (must round up to the next whole Unit, not less than one Unit), as follows:

(A) An Application may receive 12 points if the Development provides an additional 10% of all Low-Income Units in excess of those committed in subsection (i)(3) of this section at rents and incomes at or below 50% of AMGI; or

(B) An Application may receive 6 points if the Development provides an additional 5% of all Low-Income Units in excess of those committed in paragraph (3) of this subsection at rents and incomes at or below 50% of AMGI.

(8) The Cost of the Development by Square Foot (Development Characteristics). Applications may qualify to receive 10 points for this item. (§2306.6710(b)(1)(H); §42(m)(1)(C)(iii)). For this exhibit, costs shall be defined as construction costs, including site work, direct hard costs, contingency, contractor profit, overhead and general requirements, as represented in the Development Cost Schedule. This calculation does not include indirect construction costs. The calculation will be costs per square foot of net rentable area (NRA). For the purposes of this paragraph only, if the proposed Development is an elevator building serving elderly~~, a single room occupancy Development,~~ or a high rise building serving any population, the NRA may include elevator served interior corridors. If the proposed Development is a Single Room Occupancy Development, the NRA may include elevator served interior corridors and may include up to 50 square feet of common area per ~~efficiency~~ Unit. As it relates to this paragraph, an interior corridor is a corridor that is enclosed, heated and/or cooled and otherwise finished space. The calculations will be based on the cost listed in the Development Cost Schedule and NRA shown in the Rent Schedule of the Application. Developments qualify for 10 points if their costs do not exceed $~~85~~95 per square foot for Qualified Elderly, single family design, transitional, and ~~single room occupancy~~Single Room Occupancy Developments (transitional housing for the homeless and ~~single room occupancy~~Single Room Occupancy units as provided in the Code, §42(i)(3)(B)(iii) and (iv)), unless located in a "First Tier County" in which case their costs do not exceed $~~87~~ 97 per square foot; and $~~75~~ 85 for all other Developments, unless designated as "First Tier" by the Texas Department of Insurance, in which case their costs do not exceed $~~77~~ 87 per square foot. For ~~2007~~2008, the First Tier counties are Aransas, Brazoria, Calhoun, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, San

Patricio, and Willacy. There are also specifically designated First Tier communities in Harris County that are east of State Highway 146, and evidence in the Application must include a map with the Development site designated clearly within the community. These communities are Pasadena, Morgan's Point, Shoreacres, Seabrook and La Porte. Intergenerational Developments will receive 10 points if costs described above do not exceed the square footage limit for elderly and non-elderly units as determined by using the NRA attributable to the respective elderly and non-elderly units. The Department will determine if points will be awarded by multiplying the NRA for elderly units by the applicable square footage limit for the elderly units and adding that total to the result of the multiplication of the NRA for family units by the applicable non-elderly square footage limit. If this maximum cost amount is equal to, or greater than the total of the costs identified above for the Application, points will be awarded (10 points).

(9) The Services to be Provided to Tenants of the Development. Applications may qualify to receive up to 8 points. (§2306.6710(b)(1)(I)~~; §~~and §2306.6725(a)(1)~~; General Appropriation Act, Article VII, Rider 7~~)

(A) The Applicant must certify that the Development will provide a combination of special supportive services appropriate for the proposed tenants. The provision of supportive services will be included in the LURA as selected from the list of services identified in this paragraph. No fees may be charged to the tenants for any of the services. Services must be provided on-site or transportation to off-site services must be provided (maximum of 7 points).

(i) Applications will be awarded points for selecting services listed in clause (ii) of this subparagraph based on the following scoring range:

(I) Two points will be awarded for providing two of the services; or

(II) Four points will be awarded for providing four of the services; or

(III) Seven points will be awarded for providing six of the services.

(ii) Service options include child care; transportation; basic adult education; legal assistance; counseling services; GED preparation; English as a second language classes; vocational training; home buyer education; credit counseling; financial planning assistance or courses; health screening services; health and nutritional courses; organized team sports programs or youth programs; scholastic tutoring; any other programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601 et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of out-of wedlock pregnancies; and encourages the formation and maintenance of two-parent families; or any other services approved in writing by the Department.

(B) In addition, Applications will receive 1 point for providing Notary Public Services to tenants at no cost to the tenant. This will be included in the LURA.

(10) Declared Disaster Areas (§2306.6710(b)(1)). Applications may receive 7 points, if at time the complete Application is submitted or at any time within the two-year period preceding the date of submission, the proposed Development site is located in a Disaster Area as defined in §~~50~~49.3 of this chapter.

(11) Rehabilitation, (which includes reconstruction) or Adaptive Reuse. Applications may qualify to receive 6 points. Applications proposing to build solely Rehabilitation (excluding New Construction of non-residential buildings), solely reconstruction (excluding New Construction of non-residential buildings), or solely Adaptive Reuse qualify for points.

(12) Housing Needs Characteristics. (§42(m)(1)(C)(ii)). Applications may qualify to receive up to 6 points. Each Application may receive a score if correctly requested in the self score form based on objective measures of housing need in the Area where the Development is located. This Affordable Housing Need Score for each Area will be published in a Site Demographic Characteristics table in the Reference Manual.

(13) ~~Development Includes the Use of Existing Housing as part of a~~ Community Revitalization ~~Plan~~ (Development Characteristics) (§42(m)(1)(C)(iii)) or Historic Preservation. Applications may qualify to receive 6 points for ~~this item~~either subparagraph (A) or (B) of this paragraph. ~~(§42(m)(1)(C)(iii))~~

(A) The Development ~~is an~~includes the use of Existing Residential ~~Development~~Housing and propose~~d~~s any Rehabilitation or any Reconstruction that is part of a Community Revitalization Plan. Evidence of the Community Revitalization Plan (such evidence must include an ordinance, resolution, or otherwise recorded documentation of a vote taken by the local elected Governing Body specifically adopting the Community Revitalization Plan) and a letter from the chief executive officer or other local official with appropriate jurisdiction of local ~~g~~Governing ~~b~~Body stating that the Development Site is located within the targeted development areas outlined in the Community Revitalization Plan must be submitted; or~~.~~

(B) The Development includes the use of an existing building that is designated as historic by a federal or state Entity and proposes Rehabilitation (including reconstruction) or Adaptive Reuse. The Development itself must have the designation; points in this subparagraph are not available for Developments simply located within historic districts or areas that do not have a designation on the building. The Development must include the historic building. Evidence will include proof of the historic designation from the appropriate Governmental Body.

(14) Pre-Application Participation Incentive Points. (§2306.6704) Applications that submitted a Pre-Application during the Pre-Application Acceptance Period and meet the requirements of this paragraph will qualify to receive 6 points for this item. To be eligible for these points, the Application must:

(A) Be for the identical Development Site, or reduced portion of the Development Site as the proposed Development Site under control in the Pre-Application;

(B) Have met the Pre-Application Threshold Criteria;

(C) Be serving the same target population (family, Intergenerational Housing, or elderly) as in the Pre-Application;

(D) Be serving the same target Set-Asides as indicated in the Pre-Application (Set-Asides can be dropped between Pre-Application and Application, but no Set-Asides can be added); and

(E) Be awarded by the Department an Application score that is not more than 5% greater or less than the number of points awarded by the Department at Pre-Application, with the exclusion of points for support and opposition under paragraphs (2), (6), and (18) of this of this subsection. The Application score used to determine whether the Application score is 5% greater or less than the number of points awarded at Pre-Application will also include all point losses under subsection (d)(4) of this section. An Applicant must choose, at the time of Application either clause (i) or (ii) of this subparagraph:

(i) To request the Pre-Application points and have the Department cap the Application score at no greater than the 5% increase regardless of the total points accumulated in the scoring evaluation. This allows an Applicant to avoid penalty for increasing the point structure outside the 5% range from Pre-Application to Application; or

(ii) To request that the Pre-Application points be forfeited and that the Department evaluate the Application as requested in the self-scoring sheet.

(15) Economic Development Initiatives. A Development that is located in one of the following two areas may qualify to receive 4 points. For the purpose of this paragraph, "area" shall mean the boundaries of any zone or community in subparagraph (A) of this paragraph or the area in which funds in subparagraph (B) of this paragraph must be used:

(A) a Designated State or Federal Empowerment/Enterprise Zone, Urban Enterprise Community, or Urban Enhanced Enterprise Community. To be eligible for these points, Applicants must submit a letter and a map of the zoned area from a city/county official stating that the proposed Development is located within such a designated zone or area; is eligible to receive the state or federal economic development grants or loans; and the city/county still has available funds. The letter should be no older than 6 months from the first day of the Application Acceptance Period. (General Appropriation Act, Article VII, Rider ~~6~~3; §2306.127); or

(B) an area that has received an award as of November 1, ~~2007~~2008, within the past three years from the Texas Capital Fund, Texas or Federal Enterprise Zone Fund, Texas Leverage Fund, Industrial Revenue Bond Program, Emerging Technologies, Skills Development, Rural Business Enterprise Grants, Certified Development Company Loans, or Micro Loan Program or other state or federally funded economic development initiatives (This excludes limited highway improvement and roadwork projects, but does include broader regional transportation initiatives targeted to expanding economic development). Grants that qualify in these areas are included in the Application Reference Manual.

(C) Points under subparagraphs (A) and (B) of this paragraph will not be granted if more than 3 tax credit Developments have been awarded in that area in the last 7 years. The Applicant must provide evidence of the boundaries of the area, as required in the Application and Application Submission Procedures Manual.

(16) Development Location. (§2306.6725(a)(4)); §42(m)(1)(C)(i)). Applications may qualify to receive 4 points. Evidence, not more than 6 months old from the first day of the Application Acceptance Period, that the Development Site is located within one of the geographical areas described in subparagraphs (A)-(~~E~~F) of this paragraph. Areas qualifying under any one of the subparagraphs (A)-(~~E~~F) of this paragraph will

receive 4 points. An Application may only receive points under one of the subparagraphs (A)-(~~E~~F) of this paragraph.

(A) A geographical Area which is an Economically Distressed Area; a Colonia; or a Difficult Development Area (DDA) as specifically designated by the Secretary of HUD at the time of Application submission. (§2306.127)

(B) The Development is located in a county that has received an award as of November 1, ~~2007~~2008, within the past three years, from the Texas Department of Agriculture's Rural Municipal Finance Program or Real Estate Development and Infrastructure Program. Cities which have received one of these awards are categorized as awards to the county as a whole so Developments located in a different city than the city awarded, but in the same county, will still be eligible for these points.

(C) The Development is located in a census tract which has a median family income (MFI), as published by the United States Bureau of the Census (U.S. Census), that is higher than the median family income for the county in which the census tract is located. This comparison shall be made using the most recent data available as of the date the Application Round opens the year preceding the applicable program year. Developments eligible for these points must submit evidence documenting the median income for both the census tract and the county. These Census Tracts are outlined in the ~~2007~~2008 Housing Tax Credit Site Demographic Characteristics Report.

(D) The proposed Development will serve families with children (at least 70% of the Units must have an eligible bedroom mix of two bedrooms or more) and is proposed to be located in an elementary school attendance zone of an elementary school that has an academic rating of "Exemplary" or "Recognized," or comparable rating if the rating system changes. The date for consideration of the attendance zone is that in existence as of the opening date of the Application Round and the academic rating is the most current rating determined by the Texas Education Agency as of that same date. (§42(m)(1)(C)(vii))

(E) The proposed Development will expand affordable housing opportunities for low-income families with children outside of poverty areas. This must be demonstrated by showing that the Development will serve families with children (at least 70% of the Units must have an eligible bedroom mix of two bedrooms or more) and that the census tract in which the Development is proposed to be located has no greater than 10% poverty population according to the most recent census data. Intergenerational Developments may qualify for points if 70% of the non-elderly Units in the Development have an eligible bedroom mix of two bedrooms or more. (§42(m)(1)(C)(vii)). These Census Tracts are outlined in the ~~2008~~2009 Housing Tax Credit Site Demographic Characteristics Report.

(F) The proposed Development is located in an Urban Core, that is properly zoned for the intended use ~~and provides infill housing~~.

(17) ~~Development Location in non-urban Areas. §42(m)(1)(C)(i)). Applications may qualify to receive 6 points if the Development is not located in a Rural Area and has a population less than 100,000 based on the most current Decennial Census.~~ Green Building Initiatives. Application may qualify to receive up to 6 points for providing green building amenities (points under this paragraph may not be requested for the same items utilized for points under subsection (h)(4)(A)(ii)(XXV), Threshold Amenities) (Rehabilitation Developments will receive 1.5 points for each point requested for the green building amenities):

(-a-) evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information) (1 point);

(-b-) passive solar heating/cooling (3 points maximum)

(-1-)Two points if the glazing area on the north- and south-facing walls of the building is at least 50% greater than the sum of the glazing area on the east- and west- facing walls; and the east-west axis of the building is within 15 degrees of due east-west.

(-2-)One point if in addition to the east-west axis of the building oriented within 15 degrees of due east-west, utilize a narrow floor plate (less than 40 feet), single loaded corridors and open floor plan to optimize daylight penetration and passive ventilation (note: to qualify for this particular point, application must also implement the 15 degree building orientation option above); and 100% of HVAC condenser units are shaded so they are fully shaded 75% of the time during summer months (May through August); and solar screens or solar film on all East, West, and South Windows with building oriented to east-west axis within 15 degrees of due east-west, west-south axis within 15 degrees of due west-south, and south-east axis within 15 degrees of due south-east.

(-c-) water conserving features (2 points maximum, 1 point for each):

(-1-)Install low-flow toilets using less than or equal to 1.6 gallons per flush, or high efficiency toilets using less than or equal to 1.28 gallons/flush.

(-2-)Install bathroom lavatory faucets and showerheads that do not exceed 2.0 gallons/minute and kitchen faucets that do not exceed 1.5 gallons/minute. Applies to all fixtures throughout development. Rehab projects may choose to install compliant faucet aerators instead of replacing entire faucets.

(-d-) solar water heaters (Solar water heaters designed to provide at least 25% of the average energy used to heat domestic water throughout the entire development.) (2 points);

(-e-) irrigation and landscaping (must implement both of the following) (2 points)

(-1-)collected water (at least 50%) for irrigation purposes;

(-2-)selction of native trees and plants that are appropriate to the site's soils and microclimate and locate then to allow for shading in the sumer and allow for heat gain in the winter

(-f-) sub-metered utility meters (2 points maximum);

(-1-)Sub-metered utility meters on rehab project without existing sub-meters or new construction senior project (2 points); or

(-2-)Sub-metered utility meters on new construction project (excluding new construction senior project) (1 point)

(-g-) energy efficiency (4 points maximum);

(-1-)Three points if Energy Elements include Energy-Star qualified windows and glass doors; and Exterior envelope insulation, vapor barriers and air barriers greater than or equal to Energy Star air barrier and insulation criteria; and HVAC, domestic hot water heater, or insulation that exceeds Energy Star standards or exceeds the IRC 2006;

OR

(-2-)Four points if the project promotes energy efficiency by meeting the requirements of Energy Star for Homes by either complying with the appropriate builder option package or a HERS score of 85.

(-h-) thermally and draft efficient doors (SHGC of 0.40 or lower and U-value specified by climate zone according to the 2006 IECC) (2 points);

(-i-) photovoltaic panels for electricity and design and wiring for the use of such panels (3 points maximum);

(-1-)Photovoltaic panels that total 10 kW (1point);

(-2-)Photovoltaic panels that total 20 kW (2 points);

(-3-)Photovoltaic panels that total 30 kW (3 points)

(-j-) construction waste management and implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (1 point);

(-k-) recycling service provided throughout the compliance period (1 point);

(-l-) water permeable walkways (at least 20% of walkways and parking) (1 point).

(-m-) bamboo flooring, wool carpet, linoleum flooring, straw board, poplar OSB, or cotton batt insulation (50% of flooring on the ground floor of the development must be finished concrete and/or ceramic tile. 50% of the flooring on upper floors must be ceramic tile and/or a flooring material that is Floor Score Certified (developed by the Resilient Floor Covering Institute), applied with a Floor Score Certified adhesive and comes with a minimum 7-year wear through warranty. (2 points);

~~(A) evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information)(1 point);~~

~~(B) passive solar heating/cooling (3 points);~~

~~(C) water conservation fixtures (toilets using less than or equal to 1.6 gallons per flush, showerheads, kitchen faucets or bathroom faucets using less than or equal to 2.0 gallons per minute)(1 point for each);~~

~~(D) solar water heaters (2 points);~~

~~(D) water collection (at least 50%) for irrigation purposes (2 points);~~

~~(E) sub-metered utility meters (3 points);~~

~~(F) Energy-Star qualified windows and glass doors (2 points);~~

~~(G) thermally and draft efficient doors (SHGC of 0.40 and U-value specified by climate zone according to the 2006 IECC)(2 points);~~

~~(H) photovoltaic panels for electricity and design and wiring for use of such panels (4 points);~~

~~(I) construction waste management and implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (2 points);~~

~~(J) recycle service provided throughout the compliance period (1 point);~~

~~(K) water permeable walkways (1 point);~~

~~(L) selection of native trees and plants that are appropriate to the site's soils and microclimate and locate them to provide shading in the summer and allow for heat gain in the winter (2 points);~~

~~(M) exterior envelope insulation, vapor barriers and air barriers greater than or equal to Energy Star air barrier and insulation criteria (2 points);~~

~~(N) HVAC, windows, domestic hot water heater or insulation that exceeds Energy Star standards or exceeds the IRC 2006 (2 points); or~~

~~(O) bamboo flooring, wool carpet, linoleum flooring, straw board, poplar OSB, or cotton batt insulation (2 points).~~

(18) Demonstration of Community ~~Support~~ Input other than Quantifiable Community Participation: ~~If an Applicant requests these points on the self scoring form and correctly certifies to the Department that there are no Neighborhood Organizations that meet the Department's definition of Neighborhood Organization pursuant to §5049.3(63) of this chapter and 12 points were awarded~~ if an Application was awarded 12 points under paragraph (2) of this subsection, then that ~~Applicant~~ Application may receive up to 6 points for letters that qualify for points under subparagraphs (A), (B) or (C) of this paragraph. An Application may not receive points under more than one of the subparagraphs (A) – (C). All letters must be received by February 27, 2009 for the Application to receive these points. At no time will the Application receive a score lower than zero for this item

(A) An Application may receive two points (maximum of 6 points) for each letter of support submitted from a community or civic organization that serves the community in which the site is located. Letters of support must identify the specific Development and must state support of the specific Development at the proposed location. The community or civic organization must provide some documentation of its existence in the community in which the Development is located to include, but not be limited to, listing of services and/or members, brochures, annual reports, etc. Letters of support from organizations that are not active in the area that includes the location of the Development will not be counted. For purposes of this ~~item~~subparagraph, community and civic organizations do not include neighborhood organizations, governmental entities (excluding Special Management Districts), taxing entities or educational activities. Organizations that were created by a governmental entity or derive their source of creation from a governmental entity do not qualify under this item. For purposes of this item, educational activities include school districts, trade and vocational schools, charter schools and depending on how characterized could include day care centers; it would not include a PTA or PTO as that is a service organization even though it supports an educational activity. ~~Letters of support received after February 29, 2008, will not be accepted for this item. Two points will be awarded for each letter of support submitted in the Application, not to exceed 6 points.~~ Should an Applicant elect this option and the Application receives letters in opposition by February ~~29~~27, ~~2008~~2009, then two points will be subtracted from the score for each letter in opposition, provided that the letter is from an organization serving the community~~. At no time will the Application, however, receive a score lower than zero for this item.~~

(B) An Application may receive 6 points for a letter of support, from a property owners association created for a master planned community whose boundaries include the development site, that does not meet the requirements of a Neighborhood Organization for points under paragraph (2) of this subsection.

(C) An Application may receive 6 points for a letter of support from a Special Management District, whose boundaries, as of February 27, 2009, include the Development Site and for which there is not a Neighborhood Organization on record with the county or state. ~~At no time will the Application receive a score lower than zero for this item.~~

(19) Developments in Census Tracts with No Other Existing Same Type Developments Supported by Tax Credits: The Application may receive 6 points if the proposed Development is located in a census tract in which there are no other existing Developments supported by Housing Tax Credits that serve the same type of household, regardless of whether the development serves families, or elderly individuals (Intergenerational Housing is not a type of household as it relates to this paragraph). Applicant must provide evidence of the

census tract in which the Development is located. (§2306.6725(b)(2)). These Census Tracts are outlined in the ~~2008~~2009 Housing Tax Credit Site Demographic Characteristics Report.

(20) Tenant Populations with Special Housing Needs. Applications may qualify to receive 4 points for this item. (§42(m)(1)(C)(v)). The Department will award these points to Applications in which at least 10% of the Units are set aside for Persons with Special Needs. Throughout the Compliance Period, unless otherwise permitted by the Department, the Development Owner agrees to affirmatively market Units to Persons with Special Needs. In addition, the Department will require a minimum 12 month period during which Units must either be occupied by Persons with Special Needs or held vacant. The 12 month period will begin on the date each building receives its certificate of occupancy. For buildings that do not receive a Certificate of Occupancy, the 12 month period will begin on the placed in service date as provided in the Cost Certification manual. After the 12 month period, the owner will no longer be required to hold Units vacant for households with special needs, but will be required to continue to affirmatively market Units to household with special needs.

(21) Length of Affordability Period. Applications may qualify to receive up to 4 points. (§2306.6725(a)(5); §2306.111(g)(3)(C); §2306.185(a)(1) and (c); §2306.6710(e)(2); and §42(m)(1)(B)(ii)(II)). In accordance with the Code, each Development is required to maintain its affordability for a 15-year compliance period and, subject to certain exceptions, an additional 15-year extended use period. Development Owners that are willing to extend the affordability period for a Development beyond the 30 years required in the Code may receive points as follows:

(A) Add 5 years of affordability after the extended use period for a total affordability period of 35 years (2 points); or

(B) Add 10 years of affordability after the extended use period for a total affordability period of 40 years. (4 points)

(22) Site Characteristics. Development Sites, including scattered sites, will be evaluated based on proximity to amenities, the presence of positive site features and the absence of negative site features. Sites will be rated based on the criteria in subparagraphs (A) and (B) of this paragraph.

(A) Proximity of site to amenities. Developments Sites located within a one mile radius (two-mile radius for Developments competing for a Rural Regional Allocation) of at least three services appropriate to the target population will receive four points. A site located within one-quarter mile of public transportation that is accessible to all residents including Persons With Disabilities and/or located within a community that has "on demand" transportation, special transit service, or specialized elderly transportation for Qualified Elderly Developments, will receive full points regardless of the proximity to amenities, as long as the Applicant provides appropriate evidence of the transportation services used to satisfy this requirement. If a Development is providing its own specialized van or on demand service, then this will be a requirement of the LURA. Only one service of each type listed in clauses (i) - (xiv) of this subparagraph will count towards the points. A map must be included identifying the Development Site and the location of the services. The services must be identified by name on the map. If the services are not identified by name, points will not be awarded. All services must exist or, if under construction, must be at least 50% complete by the date the Application is submitted. (4 points)

(i) Full service grocery store or supermarket.
(ii) Pharmacy.
(iii) Convenience Store/Mini-market.
(iv) Department or Retail Merchandise Store.
(v) Bank/Credit Union.
(vi) Restaurant (including fast food).
(vii) Indoor public recreation facilities, such as civic centers, community centers, and libraries.
(viii) Outdoor public recreation facilities such as parks, golf courses, and swimming pools.
(ix) Hospital/medical clinic.
(x) Medical offices (physician, dentistry, optometry).
(xi) Public Schools (only eligible for Developments that are not Qualified Elderly Developments).
(xii) Senior Center.
(xiii) Dry cleaners.
(xiv) Family video rental (Blockbuster, Hollywood Video, Movie Gallery).

(B) Negative Site Features. Development Sites with the following negative characteristics will have points deducted from their score. For purpose of this exhibit, the term 'adjacent' is interpreted as sharing a boundary with the Development Site. The distances are to be measured from all boundaries of the Development Site to all boundaries of the property containing the negative site feature. If an Applicant negligently fails to note a negative feature, double points will be deducted from the score or the Application may be terminated. If none of these negative features exist, the Applicant must sign a certification to that effect. (~~-5~~-6 points)

(i) Developments located adjacent to or within 300 feet of junkyards will have 1 point deducted from their score.

(ii) Developments located adjacent to or within 300 feet of active railroad tracks will have 1 point deducted from their score, unless the Applicant provides evidence that the city/community has adopted a Railroad Quiet Zone or the railroad in question is commuter or light rail. Rural Developments funded through TRDO-USDA are exempt from this point deduction.

(iii) Developments located adjacent to or within 300 feet of heavy industrial uses such as manufacturing plants will have 1 point deducted from their score.

(iv) Developments located adjacent to or within 300 feet of a solid waste or sanitary landfills will have 1 point deducted from their score.

(v) Developments where the buildings are located within the "fall line" of high voltage transmission power lines will have 1 point deducted from their score.

~~(vi) Developments where the buildings are located adjacent to or within 300 feet of a sexually oriented business will have 1 point deducted from their score. For the purpose of this clause, sexually oriented business shall be defined as stated in §243.002 of the Texas Government Code.~~

(vi~~i~~) Developments where the buildings are located within the accident zones or clear zones for commercial or military airports will have 1 point deducted from their score.

(23) Development Size. The Development consists of not more than 36 Units (3 points).

(24) Qualified Census Tracts with Revitalization. Applications may qualify to receive 1 point for this item. (§42(m)(1)(B)(ii)(III)). Applications will receive the points for this item if the Development is located within a Qualified Census Tract and contributes to a concerted Community Revitalization Plan. Evidence of the Community Revitalization Plan (such evidence must include an ordinance, resolution, or otherwise recorded documentation of a vote taken by the local elected Governing Body specifically adopting the Community Revitalization Plan) and a letter from the chief executive officer or other local official with appropriate jurisdiction of the local ~~g~~Governing ~~b~~Body stating that the Development Site is located within the targeted development areas outlined in the Community Revitalization Plan must be submitted.

(25) Sponsor Characteristics. Applications may qualify to receive a maximum of 2 points for this item for qualifying under either subparagraph (A) or (B) of this paragraph. (§42(m)(1)(C)(iv))

(A) An Application will receive these two points for submitting a plan to use Historically Underutilized Businesses (HUB) in the development process consistent with the Historically Underutilized Business Guidelines for contracting with the State of Texas. The Applicant will be required to submit a report of the success of the plan as part of the cost certification documentation, in order to receive IRS Forms 8609.

(B) An Application will receive these points if there is evidence that a HUB that does not meet the experience requirements under subsection (g) of this section, as certified by the Texas ~~Facilities Commission~~Comptroller of Public Accounts, has at least 51% ownership interest in the General Partner and materially participates in the Development and operation of the Development throughout the Compliance Period. To qualify for these points, the Applicant must submit a certification from the Texas ~~Facilities Commission~~Comptroller of Public Accounts that the Person is a HUB at the close of the Application Acceptance Period. The HUB will be disqualified from receiving these points if any Principal of the HUB has developed, and received 8609's for, more than two Developments involving tax credits. Additionally, to qualify for these points, the HUB must partner with an experienced Developer (as defined by subsection (g) of this section); the experienced Developer, as an Affiliate, will not be subject to the credit limit described under §~~50~~49.6(d) of this chapter for one Application per Application Round. For purposes of this section the experienced Developer may not be a Related Party to the HUB.

(26) Developments Intended for Eventual Tenant Ownership - Right of First Refusal. Applications may qualify to receive 1 point for this item. (§2306.6725(b)(1)); (§42(m)(1)(C)(viii)). Evidence that Development Owner agrees to provide a right of first refusal to purchase the Development upon or following the end of the Compliance Period for the minimum purchase price provided in, and in accordance with the

requirements of, §42(i)(7) of the Code (the "Minimum Purchase Price"), to a Qualified Nonprofit Organization, the Department, or either an individual tenant with respect to a single family building, or a tenant cooperative, a resident management corporation in the Development or other association of tenants in the Development with respect to multifamily developments (together, in all such cases, including the tenants of a single family building, a "Tenant Organization"). Development Owner may qualify for these points by providing the right of first refusal in the following terms.

(A) Upon the earlier to occur of:

(i) The Development Owner's determination to sell the Development; or

(ii) The Development Owner's request to the Department, pursuant to §42(h)(6)(E)(II) of the Code, to find a buyer who will purchase the Development pursuant to a "qualified contract" within the meaning of §42(h)(6)(F) of the Code, the Development Owner shall provide a notice of intent to sell the Development ("Notice of Intent") to the Department and to such other parties as the Department may direct at that time. If the Development Owner determines that it will sell the Development at the end of the Compliance Period, the Notice of Intent shall be given no later than two years prior to expiration of the Compliance Period. If the Development Owner determines that it will sell the Development at some point later than the end of the Compliance Period, the Notice of Intent shall be given no later than two years prior to date upon which the Development Owner intends to sell the Development.

(B) During the two years following the giving of Notice of Intent, the Sponsor may enter into an agreement to sell the Development only in accordance with a right of first refusal for sale at the Minimum Purchase Price with parties in the following order of priority:

(i) During the first six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization that is also a community housing development organization, as defined for purposes of the federal HOME Investment Partnerships Program at 24 C.F.R. §92.1 (a "CHDO") and is approved by the Department;

(ii) During the second six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization or a Tenant Organization; and

(iii) During the second year after the Notice of Intent, only with the Department or with a Qualified Nonprofit Organization approved by the Department or a Tenant Organization approved by the Department.

(iv) If, during such two-year period, the Development Owner shall receive an offer to purchase the Development at the Minimum Purchase Price from one of the organizations designated in clauses (i) - (iii) of this subparagraph (within the period(s) appropriate to such organization), the Development Owner shall sell the Development at the Minimum Purchase Price to such organization. If, during such period, the Development Owner shall receive more than one offer to purchase the Development at the Minimum Purchase Price from one or more of the organizations designated in clauses (i) - (iii) of this subparagraph (within the period(s) appropriate to such organizations), the Development Owner shall sell the Development at the Minimum Purchase Price to whichever of such organizations it shall choose.

(C) After whichever occurs the later of:

(i) The end of the Compliance Period; or

(ii) Two years from delivery of a Notice of Intent, the Development Owner may sell the Development without regard to any right of first refusal established by the LURA if no offer to purchase the Development at or above the Minimum Purchase Price has been made by a Qualified Nonprofit Organization, a Tenant Organization or the Department, or a period of 120 days has expired from the date of acceptance of all such offers as shall have been received without the sale having occurred, provided that the failure(s) to close within any such 120-day period shall not have been caused by the Development Owner or matters related to the title for the Development.

(D) At any time prior to the giving of the Notice of Intent, the Development Owner may enter into an agreement with one or more specific Qualified Nonprofit Organizations and/or Tenant Organizations to provide a right of first refusal to purchase the Development for the Minimum Purchase Price, but any such agreement shall only permit purchase of the Development by such organization in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph.

(E) The Department shall, at the request of the Development Owner, identify in the LURA a Qualified Nonprofit Organization or Tenant Organization which shall hold a limited priority in exercising a right of first refusal to purchase the Development at the Minimum Purchase Price, in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph.

(F) The Department shall have the right to enforce the Development Owner's obligation to sell the Development as herein contemplated by obtaining a power-of-attorney from the Development Owner to execute such a sale or by obtaining an order for specific performance of such obligation or by such other means or remedy as shall be, in the Department's discretion, appropriate.

(27) Leveraging of Private, State, and Federal Resources. Applications may qualify to receive 1 point for this item. (§2306.6725(a)(3)). Funding sources used for points under paragraph (5) of this subsection, may not be used for this point item.

(A) Evidence must be submitted in the Application that the proposed Development has received or will receive loan(s), grant(s) or in-kind contributions from a private, state or federal resource, which include Capital Grant Funds and HOPE VI funds, that is equal to or greater than 2% (~~not using normal rounding~~do not round) of the Total Housing Development Costs reflected in the Application.

(B) For in-kind contributions, evidence must be submitted in the Application from a private, state or federal resource which substantiates the value of the in-kind contributions. Development based rental subsidies from private, state or federal resource may qualify under this section if evidence of the remaining value of the contract is submitted from the source. The value of the contract does not include past subsidies.

(C) Qualifying funds awarded through local entities may qualify for points if the original source of the funds is from a private, state or federal source. If qualifying funds awarded through local entities are used for this item, a statement from the local entity must be provided that identifies the original source of funds.

(D) Applicants may only submit enough sources to substantiate the point request, and all sources must be included in the Sources and Uses form. For example, two sources may be submitted if each is for an amount equal to 1% of the Total Housing Development Cost. However, two sources may not be submitted if each source is for an amount equal to 2% of the Total Housing Development Cost.

(E) The funding must be in addition to the primary funding (construction and permanent loans) that is proposed to be utilized and cannot be issued from the same primary funding source or an affiliated source. The provider of the funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision.

(F) The Development must have already applied for funding from the funding entity. Evidence to be submitted with the Application must include a copy of the commitment of funds or a copy of the application to the funding entity and a letter from the funding entity indicating that the application was received. At the time the executed Commitment Notice is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment approved by the ~~governing body~~Governing Body of the entity for the sufficient financing to the Department. If the funding commitment from the private, state or federal source, or qualifying substitute source, has not been received by the date the Department's Commitment Notice is to be submitted, the Application will be evaluated to determine if the loss of these points would have resulted in the Department's not committing the tax credits. If the loss of points would have made the Application noncompetitive, the Commitment Notice will be rescinded and the credits reallocated. If the Application would still be competitive even with the loss of points and the loss would not have impacted the recommendation for an award, the Application will be reevaluated for financial feasibility. If the Application is infeasible without the commitment from the private, state or federal source, the Commitment Notice will be rescinded and the credits reallocated. Funds from the Department's HOME and Housing Trust Fund sources will only qualify under this category if there is a Notice of Funding Availability (NOFA) out for available funds and the Applicant is eligible under that NOFA.

(G) To qualify for this point, the Rent Schedule must show that at least 3% (not using normal rounding) of all low-income Units are designated to serve individuals or families with incomes at or below 30% of AMGI.

(28) Third-Party Funding Commitment Outside of Qualified Census Tracts. Applications may qualify to receive 1 point for this item. (§2306.6710(e)(1)). Evidence that the proposed Development has documented and committed Third-Party funding sources and the Development is located outside of a Qualified Census Tract. The provider of the funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer,

Consultant, Related Party or any individual or entity acting on behalf of the proposed Application. The commitment of funds (an application alone will not suffice) must already have been received from the Third-Party funding source and must be equal to or greater than 2% (~~not using normal rounding~~do not round) of the Total Development Costs reflected in the Application. Funds from the Department's HOME and Housing Trust Fund sources will not qualify under this category. The Third-Party funding source cannot be a loan from a commercial lender.

~~(29) Bonus Points. Applications may qualify to receive up to 6 points for this item.~~

~~(A) An Application may receive 2 points if the Applicant had submitted acceptable proof of site control at the time of Carryover (November 1, 2008) for Applications that received a Housing Tax Credit commitment made in the Application Round preceding the current round. For purposes of this subparagraph, evidence of site control will consist of an executed deed for the subject property bearing the marks of receipt for filing by the county clerk and confirming the Development Owner as the grantee;~~

~~(B) An Application may receive 2 points if the Applicant has submitted the complete, acceptable, required documentation for the 10% Test, on or before June 1 for Applications that received a Housing Tax Credit commitment made in the Application Round preceding the current round (Applications that request extensions of the June 1 date, are not eligible for these bonus points);~~

~~(C) An Application may receive 2 points for having 5 or less aggregate deficiencies through the combined Eligibility, Selection and Threshold reviews;~~

~~(D) An Application may receive 1 point for having 10 or less aggregate deficiencies through the combined Eligibility, Selection and Threshold reviews; and/or~~

~~(D) An Application may receive 1 point if an Applicant satisfies deficiencies, to the satisfaction of the Department, on or before the third business day following the date of the deficiency notice.~~

(29) Scoring Criteria Imposing Penalties. (§2306.6710(b)(2))

(A) Penalties will be imposed on an Application if the Applicant has requested an extension of the Carryover or 10% Test deadline, and did not meet the original submission deadline, relating to Developments receiving a Housing Tax Credit commitment made in the Application Round preceding the current round. For each extension request made, the Applicant will receive a 5 point deduction. No penalty points or fees will be deducted for extensions that were requested on Developments that involved Rehabilitation when the Department is the primary lender, or for Developments that involve TRDO-USDA as a lender if TRDO-USDA or the Department is the cause for the Applicant not meeting the deadline.

(B) Penalties will be imposed on an Application if the Developer or Principal of the Applicant has been removed by the lender, equity provider, or limited partners in the past five years for failure to perform its obligations under the loan documents or limited partnership agreement. An affidavit will be provided by the Applicant and the Developer certifying that they have not been removed as described, or requiring that they disclose each instance of removal with a detailed description of the situation. If an Applicant or Developer submits the affidavit, and the Department learns at a later date that a removal did take place as described, then the Application will be terminated and any Allocation made will be rescinded. The Applicant, Developers or Principals of the Applicant that are in court proceedings at the time of Application must disclose this information and the situation will be evaluated on a case-by-case basis. 3 points will be deducted for each instance of removal.

(C) Penalties will be imposed on an Application if Developer or Principal of the Applicant violates the Adherence to Obligations pursuant to subsection (c) of this section.

(j) **Tie Breaker Factors.**

(1) In the event that two or more Applications receive the same number of points in any given Set-Aside category, Rural Regional Allocation or Urban Regional Allocation, or Uniform State Service Region, and are both practicable and economically feasible, the Department will utilize the factors in this paragraph, in the order they are presented, to determine which Development will receive a preference in consideration for a tax credit commitment.

(A) Applications involving any Rehabilitation or Reconstruction of existing Units will win this first tier tie breaker over Applications involving solely New Construction or Adaptive Reuse.

(B) The Application located in the municipality or, if located outside a municipality, the county that has the lowest state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins as reflected in the Reference Manual will win this second tier tie breaker.

(C) The amount of requested tax credits per net rentable square foot (the lower credits per square foot has preference).

(D) Projects that are intended for eventual tenant ownership. Such Developments must utilize a detached single family site plan and building design and have a business plan describing how the project will convert to tenant ownership at the end of the 15-year compliance period.

(2) This paragraph identifies how ties will be handled when dealing with the restrictions on location identified in §~~50~~49.5(a)(8) of this chapter, and in dealing with any issues relating to capture rate calculation. When two Tax-Exempt Bond Developments would violate one of these restrictions, and only one Development can be selected, the Department will utilize the reservation docket number issued by the Texas Bond Review Board in making its determination. When two Competitive Housing Tax Credits Applications in the Application Round would violate one of these restrictions, and only one Development can be selected, the Department will utilize the tie breakers identified in paragraph (1) of this subsection. When a Tax-Exempt Bond Development and a Competitive Housing Tax Credit Application in the Application Round would both violate a restriction, the following determination will be used:

(A) Tax-Exempt Bond Developments that receive their reservation from the Bond Review Board on or before April 30, ~~2008~~2009 will take precedence over the Housing Tax Credit Applications in the ~~2008~~2009 Application Round;

(B) Housing Tax Credit Applications approved by the Board for tax credits in July ~~2008~~2009 will take precedence over the Tax-Exempt Bond Developments that received their reservation from the Bond Review Board on or between May 1, ~~2008~~2009 and July 31, ~~2008~~2009; and

(C) After July 31, ~~2008~~2009, a Tax-Exempt Bond Development with a reservation from the Bond Review Board will take precedence over any Housing Tax Credit Application from the ~~2008~~2009 Application Round on the Waiting List. However, if no reservation has been issued by the date the Board approves an allocation to a Development from the Waiting List of Applications in the ~~2008~~2009 Application Round or a forward commitment, then the Waiting List Application or forward commitment will be eligible for its allocation.

(k) **Staff Recommendations.** (§2306.1112 and §2306.6731) After eligible Applications have been evaluated, ranked and underwritten in accordance with the QAP and the Rules, the Department staff shall make its recommendations to the Executive Award and Review Advisory Committee. The Committee will develop funding priorities and shall make commitment recommendations to the Board. Such recommendations and supporting documentation shall be made in advance of the meeting at which the issuance of Commitment Notices or Determination Notices shall be discussed. The Committee will provide written, documented recommendations to the Board which will address at a minimum the financial or programmatic viability of each Application and a list of all submitted Applications which enumerates the reason(s) for the Development's proposed selection or denial, including all factors provided in §~~50~~49.10(a) of this chapter that were used in making this determination.

§~~50~~49.10. Board Decisions; Waiting List; Forward Commitments.

(a) **Board Decisions.** The Board's decisions shall be based upon the Department's and the Board's evaluation of the proposed Developments' consistency with the criteria and requirements set forth in this QAP and Rules.

(1) On awarding tax credits, the Board shall document the reasons for each Application's selection, including any discretionary factors used in making its determination, and the reasons for any decision that conflicts with the recommendations made by Department staff. The Board may not make, without good cause, a commitment decision that conflicts with the recommendations of Department staff. Good cause includes the Board's decision to apply discretionary factors. (§2306.6725(c); §2306.6731; and §42(m)(1)(A)(iv))

(2) In making a determination to allocate tax credits, the Board shall be authorized to not rely solely on the number of points scored by an Application. It shall in addition, be entitled to take into account, as it deems appropriate, the discretionary factors listed in this paragraph. The Board may also apply these discretionary factors to its consideration of Tax-Exempt Bond Developments. If the Board disapproves or fails to act upon an Application, the Department shall issue to the Applicant a written notice stating the reason(s) for the Board's disapproval or failure to act. In making tax credit decisions (including those related to Tax-Exempt

Bond Developments), the Board, in its discretion, may evaluate, consider and apply any one or more of the following discretionary factors: (§2306.111(g)(3))

(A) The Developer market study;

(B) The location;

(C) The compliance history of the Developer;

(D) The financial feasibility;

(E) The appropriateness of the Development's size and configuration in relation to the housing needs of the community in which the Development is located;

(F) The Development's proximity to other low-income housing Developments;

(G) The availability of adequate public facilities and services;

(H) The anticipated impact on local school districts;

(I) Zoning and other land use considerations;

(J) Any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes; and

(K) Other good cause as determined by the Board.

(3) Before the Board approves any Application, the Department shall assess the compliance history of the Applicant with respect to all applicable requirements; and the compliance issues associated with the proposed Development, including compliance information provided by the Texas State Affordable Housing Corporation. The Committee shall provide to the Board a written report regarding the results of the assessments. The written report will be included in the appropriate Development file for Board and Department review. The Board shall fully document and disclose any instances in which the Board approves a Development Application despite any noncompliance associated with the Development or Applicant. (§2306.057)

(b) **Waiting List.** (§2306.6711(c) and (d)). If the entire State Housing Credit Ceiling for the applicable calendar year has been committed or allocated in accordance with this chapter, the Board shall generate, concurrently with the issuance of commitments, a waiting list of additional Applications ranked by score in descending order of priority based on Set-Aside categories and regional allocation goals. The Board may also apply discretionary factors in determining the Waiting List. If at any time prior to the end of the Application Round, one or more Commitment Notices expire and a sufficient amount of the State Housing Credit Ceiling becomes available, the Board shall issue a Commitment Notice to Applications on the waiting list subject to the amount of returned credits, the regional allocation goals and the Set-Aside categories, including the 10% Nonprofit Set-Aside allocation and 15% At-Risk Set-Aside allocation and 5% TRDO-USDA Set-Aside required under the Code, §42(h)(5). At the end of each calendar year, all Applications which have not received a Commitment Notice shall be deemed terminated. The Applicant may re-apply to the Department during the next Application Acceptance Period.

(c) **Forward Commitments.** The Board may determine to issue commitments of tax credit authority with respect to Applications from the State Housing Credit Ceiling for the calendar year following the year of issuance (each a "forward commitment") to Applications submitted in accordance with the rules and timelines required under this rule and the Application Submission Procedures Manual. The Board will utilize its discretion in determining the amount of credits to be allocated as forward commitments and the reasons for those commitments considering score and discretionary factors. The Board may utilize the forward commitment authority to allocate credits to TRDO-USDA Developments which are experiencing foreclosure or loan acceleration at any time during the ~~2008~~2009 calendar year, also referred to as Rural Rescue Developments. Applications that are submitted under the ~~2008~~2009 QAP and granted a Forward Commitment of ~~2009~~2010 Housing Tax Credits are considered by the Board to comply with the ~~2009~~2010 QAP by having satisfied the requirements of this ~~2008~~2009 QAP, except for statutorily required QAP changes.

(1) Unless otherwise provided in the Commitment Notice with respect to a Development selected to receive a forward commitment, actions which are required to be performed under this chapter by a particular date within a calendar year shall be performed by such date in the calendar year of the Credit Ceiling from which the credits are allocated.

(2) Any forward commitment made pursuant to this section shall be made subject to the availability of State Housing Credit Ceiling in the calendar year with respect to which the forward commitment is made. If a forward commitment shall be made with respect to a Development placed in service in the year of

such commitment, the forward commitment shall be a "binding commitment" to allocate the applicable credit dollar amount within the meaning of the Code, §42(h)(1)(C).

(3) If tax credit authority shall become available to the Department in a calendar year in which forward commitments have been awarded, the Department may allocate such tax credit authority to any eligible Development which received a forward commitment, in which event the forward commitment shall be canceled with respect to such Development.

§~~50~~49.11. Required Application Notifications, Receipt of Public Comment, and Meetings with Applicants; Viewing of Pre-Applications and Applications; Confidential Information.

(a) **Required Application Notifications, Receipt of Public Comment, and Meetings with Applicants.**

(1) Within approximately 14 days after the close of the Pre-Application Acceptance Period, the Department shall publish a Pre-Application Submission Log on its web site. Such log shall contain the Development name, address, Set-Aside, number of Units, requested credits, owner contact name and phone number. (§2306.6717(a)(1))

(2) Approximately 30 days before the close of the Application Acceptance Period, the Department will release the evaluation and assessment of the Pre-Applications on its web site.

(3) Not later than 14 days after the close of the Pre-Application Acceptance Period, or Application Acceptance Period for Applications for which no Pre-Application was submitted, the Department shall: (§2306.1114)

(A) Publish an Application submission log on its web site.

(B) Give notice of a proposed Development in writing that provides the information required under clause (i) of this subparagraph to all of the individuals and entities described in clauses (ii) - (x) of this subparagraph. (§2306.6718(a)-(c))

(i) The following information will be provided in these notifications:

(I) The relevant dates affecting the Application including the date on which the Application was filed, the date or dates on which any hearings on the Application will be held and the date by which a decision on the Application will be made;

(II) A summary of relevant facts associated with the Development;

(III) A summary of any public benefits provided as a result of the Development, including rent subsidies and tenant services; and

(IV) The name and contact information of the employee of the Department designated by the director to act as the information officer and liaison with the public regarding the Application.

(ii) Presiding officer of the ~~governing body~~Governing Body of the political subdivision containing the Development (mayor or county judge) to advise such individual that the Development, or a part thereof, will be located in his/her jurisdiction and request any comments which such individual may have concerning such Development.

(iii) If the Department receives a letter from the mayor or county judge of an affected city or county that expresses opposition to the Development, the Department will give consideration to the objections raised and will offer to visit the proposed site or Development with the mayor or county judge or their designated representative within 30 days of notification. The site visit must occur before the Housing Tax Credit can be approved by the Board. The Department will obtain reimbursement from the Applicant for the necessary travel and expenses at rates consistent with the state authorized rate; (General Appropriation Act, Article VII, Rider 5) (§42(m)(1))~~;~~

(iv) Any member of the ~~governing body~~Governing Body of a political subdivision who represents the Area containing the Development. If the ~~governing body~~Governing Body has single-member districts, then only that member of the ~~governing body~~Governing Body for that district will be notified, however if the ~~governing body~~Governing Body has at-large districts, then all members of the ~~governing body~~Governing Body will be notified;

(v) State representative and state senator who represent the community where the Development is proposed to be located. If the state representative or senator host a community meeting, the Department, if timely notified, will ensure staff are in attendance to provide information regarding the Housing Tax Credit Program; (General Appropriation Act, Article VII, Rider 8(d))

(vi) United States representative who represents the community containing the Development;

(vii) Superintendent of the school district containing the Development;

(viii) Presiding officer of the board of trustees of the school district containing the Development;

(ix) Any Neighborhood Organizations on record with the city or county in which the Development is to be located and whose boundaries contain the proposed Development site or otherwise known to the Applicant or Department and on record with the state or county; and

(x) Advocacy organizations, social service agencies, civil rights organizations, tenant organizations, or others who may have an interest in securing the development of affordable housing that are registered on the Department's email list service.

(C) The Department shall maintain an electronic mail notification service that will notify a subscriber, by zip code, of: (§2306.67171)

(i) The receipt of a Pre-Application or Application within 14 days of receipt;

(ii) The publication of materials to be presented to the Board for the Pre-Application or Application referred to in clause (i) of this subparagraph; and

(iii) Any public hearing for the Pre-Application or Application referred to in clause (i) of this subparagraph.

(D) The elected officials identified in subparagraph (B) of this paragraph will be provided an opportunity to comment on the Application during the Application evaluation process. (§42(m)(1))

(4) The Department shall hold at least three public hearings in different Uniform State Service Regions of the state to receive comment on the submitted Applications and on other issues relating to the Housing Tax Credit Program for competitive Applications under the State Housing Credit Ceiling. (§2306.6717(c))

(5) The Department shall make available on the Department's website information regarding the Housing Tax Credit Program including notice of public hearings, meetings, Application Round opening and closing dates, submitted Applications, and Applications approved for underwriting and recommended to the Board, and shall provide that information to locally affected community groups, local and state elected officials, local housing departments, any appropriate newspapers of general or limited circulation that serve the community in which a proposed Development is to be located, nonprofit and for-profit organizations, on-site property managers of occupied Developments that are the subject of Applications for posting in prominent locations at those Developments, and any other interested persons including community groups, who request the information. (§2306.6717(b))

(6) Approximately forty days prior to the date of the July Board meeting at which the issuance of Commitment Notices shall be discussed, the Department will notify each Applicant of the receipt of any opposition received by the Department relating to his or her Development at that time.

(7) Not later than the third working day after the date of completion of each stage of the Application process, including the results of the Application scoring and underwriting phases and the commitment phase, the results will be posted to the Department's web site. (§2306.6717(a)(3))

(8) At least thirty days prior to the date of the July Board meeting at which the issuance of Commitment Notices shall be discussed, the Department will:

(A) Provide the Application scores to the Board; (§2306.6711(a)) and

(B) If feasible, post to the Department's web site the entire Application, including all supporting documents and exhibits, the Application Log as further described in §~~50~~49.19(b) of this chapter, a scoring sheet providing details of the Application score, and any other documents relating to the processing of the Application. (§2306.6717(a)(1) and (2))

(9) A summary of comments received by the Department on specific Applications shall be part of the documents required to be reviewed by the Board under this subsection if it is received 30 business days prior to the date of the Board Meeting at which the issuance of Commitment Notices or Determination Notices shall be discussed. Comments received after this deadline will not be part of the documentation submitted to the Board. However, a public comment period will be available prior to the Board's decision, at the Board meeting where tax credit commitment decisions will be made.

(10) Not later than the 120th day after the date of the initial issuance of Commitment Notices for Housing Tax Credits, the Department shall provide an Applicant who did not receive a commitment for Housing Tax Credits with an opportunity to meet and discuss with the Department the Application's deficiencies, scoring and underwriting. (§2306.6711(e))

(b) **Viewing of Pre-Applications and Applications.** Pre-Applications and Applications for tax credits are public information and are available upon request after the Pre-Application and Application Acceptance Periods close, respectively. All Pre-Applications and Applications, including all exhibits and other supporting materials, except Personal Financial Statements and Social Security numbers, will be made available for public disclosure after the Pre-Application and Application periods close, respectively. The content of Personal Financial Statements may still be made available for public disclosure upon request if the Attorney General's office deems it is not protected from disclosure by the Texas Public Information Act.

(c) **Confidential Information.** The Department may treat the financial statements of any Applicant as confidential and may elect not to disclose those statements to the public. A request for such information shall be processed in accordance with §552.305 of the Texas Government Code. (§2306.6717(d))

§~~50~~49.12. Tax-Exempt Bond Developments: Filing of Applications; Applicability of Rules; Supportive Services; Financial Feasibility Evaluation; Satisfaction of Requirements.

(a) **Filing of Applications for Tax-Exempt Bond Developments.** Applications for a Tax-Exempt Bond Development may be submitted to the Department as described in paragraphs (1) and (2) of this subsection:

(1) Applicants which receive advance notice of a Program Year ~~2008~~2009 reservation as a result of the Texas Bond Review Board's (TBRB) lottery for the private activity volume cap must file a complete Application not later than 12:00 p.m. on December ~~28~~29, ~~2007~~2008. Such filing must be accompanied by the Application fee described in §~~50~~49.20 of this chapter.

(2) Applicants which receive advance notice of a Program Year ~~2008~~2009 reservation after being placed on the waiting list as a result of the TBRB lottery for private activity volume cap must submit Volume 1 and Volume 2 of the Application and the Application fee described in §~~50~~49.20 of this chapter prior to the Applicant's bond reservation date as assigned by the TBRB. Those Applications designated as Priority 3 by the TBRB must submit Volumes I and II within 14 days of the bond reservation date if the Applicant intends to apply for tax credits regardless of the Issuer. Any outstanding documentation required under this section regardless of Priority must be submitted to the Department at least 60 days prior to the Board meeting at which the decision to issue a Determination Notice would be made unless a waiver is requested by the Applicant. The Department staff will have limited discretion to recommend an Application with appropriate justification of the late submission.

(3) Applications involving multiple sites must submit the required information as outlined in the Application Submission Procedures Manual. The Application will be considered to be one Application as identified in Chapter 1372, Texas Government Code.

(b) **Applicability of Rules for Tax-Exempt Bond Developments.** Tax-Exempt Bond Development Applications are subject to all rules in this ~~title~~ chapter, with the only exceptions being the following sections: §~~50~~49.4 of this chapter (regarding State Housing Credit Ceiling), §~~50~~49.7 of this chapter (regarding Regional Allocation and Set-Asides), §~~50~~49.8 of this chapter (regarding Pre-Application), §~~50~~49.9(d) and (f) of this chapter (regarding Evaluation Processes for Competitive Applications and Rural Rescue Applications), §~~50~~49.9(i) of this chapter (regarding Selection Criteria), §~~50~~49.10(b) and (c) of this chapter (regarding Waiting List and Forward Commitments), and §~~50~~49.14(a) and (b) of this chapter (regarding Carryover and 10% Test). Such Developments requesting a Determination Notice in the current calendar year must meet all Threshold Criteria requirements stipulated in §~~50~~49.9(h) of this chapter. Such Developments which received a Determination Notice in a prior calendar year must meet all Threshold Criteria requirements stipulated in the QAP and Rules in effect for the calendar year in which the Determination Notice was issued; provided, however, that such Developments shall comply with all procedural requirements for obtaining Department action in the current QAP and Rules; and such other requirements of the QAP and Rules as the Department determines applicable. ~~This documentation must be submitted no later than 14 days before the Board meeting where the credits will be considered.~~ Applicants will be required to meet all conditions of the Determination Notice by the time the construction loan is closed unless otherwise specified in the Determination Notice. Applicants must meet the requirements identified in §~~50~~49.15 of this chapter. No later than 60 days following closing of the bonds, the Development Owner must also submit a Management Plan and an Affirmative Marketing Plan (as further described in the Carryover Allocation Procedures Manual), and evidence must be provided at this time of attendance of the Development Owner or management company at Department-approved Fair Housing training relating to leasing and management issues for at least five hours and the Development architect and engineer at Department-approved Fair Housing training relating to design issues for at least five hours. Certifications must not be older than two years. Applications that receive a reservation from the Bond Review Board on or before December 31, ~~2007~~2008 will be required to satisfy the requirements of the ~~2007~~2008 QAP; Applications that receive a reservation from the Bond Review Board on or after January 1, ~~2008~~2009 will be required to satisfy the requirements of the ~~2008~~2009 QAP.

(c) **Supportive Services for Tax-Exempt Bond Developments.** Tax-Exempt Bond Development 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. No fees may be charged to the tenants for any of the services. Services must be provided on-site or transportation to off-site services must be provided. The provision of these services will be included in the LURA. Acceptable services as described in paragraphs (1) - (3) of this subsection include:

(1) The services must be in at least one of the following categories: child care, transportation, notary public service, basic adult education, legal assistance, counseling services, GED preparation, English as a second language classes, vocational training, home buyer education, credit counseling, financial planning assistance or courses, health screening services, health and nutritional courses, organized team sports programs, youth programs, scholastic tutoring, social events and activities, community gardens or computer facilities;

(2) Any other program described under Title IV-A of the Social Security Act (42 U.S.C. §§601 et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of out-of wedlock pregnancies; and encourages the formation and maintenance of two-parent families; or

(3) Any other services approved in writing by the Issuer. The plan for tenant supportive services submitted for review and approval of the Issuer must contain a plan for coordination of services with state workforce development and welfare programs. The coordinated effort will vary depending upon the needs of the tenant profile at any given time as outlined in the plan.

(d) **Financial Feasibility Evaluation for Tax-Exempt Bond Developments.** Code §42(m)(2)(D) requires the bond issuer (if other than the Department) to ensure that a Tax-Exempt Bond Development does not receive more tax credits than the amount needed for the financial feasibility and viability of a Development throughout the Compliance Period. Treasury Regulations prescribe the occasions upon which this determination must be made. In light of the requirement, issuers may either elect to underwrite the Development for this purpose in accordance with the QAP and the Underwriting Rules and Guidelines, §1.32 of this title or request that the Department perform the function. If the issuer underwrites the Development, the Department will, nonetheless, review the underwriting report and may make such changes in the amount of credits which the Development may be allowed as are appropriate under the Department's guidelines. The Determination Notice issued by the Department and any subsequent IRS Form(s) 8609 will reflect the amount of tax credits for which the Development is determined to be eligible in accordance with this subsection, and the amount of tax credits reflected in the IRS Form 8609 may be greater or less than the amount set forth in the Determination Notice, based upon the Department's and the bond issuer's determination as of each building's placement in service. Any increase of tax credits, from the amount specified in the Determination Notice, at the time of each building's placement in service will only be permitted if it is determined by the Department, as required by Code §42(m)(2)(D), that the Tax-Exempt Bond Development does not receive more tax credits than the amount needed for the financial feasibility and viability of a Development throughout the Compliance Period. Increases to the amount of tax credits that exceed 110% of the amount of credits reflected in the Determination Notice are contingent upon approval by the Board. Increases to the amount of tax credits that do not exceed 110% of the amount of credits reflected in the Determination Notice may be approved administratively by the Executive Director.

(e) **Satisfaction of Requirements for Tax-Exempt Bond Developments.** If the Department staff determines that all requirements of this QAP and Rules have been met, the Department will recommend that the Board authorize the issuance of a Determination Notice. The Board, however, may utilize the discretionary factors identified in §~~50~~49.10(a) of this chapter in determining if they will authorize the Department to issue a

Determination Notice to the Development Owner. The Determination Notice, if authorized by the Board, will confirm that the Development satisfies the requirements of the QAP and Rules in accordance with the Code, §42(m)(1)(D).

(f) **Certification of Tax Exempt Applications with New Docket Numbers.** Applications that are processed through the Department review and evaluation process and receive an affirmative Board Determination, but do not close the bonds prior to the bond reservation expiration date, and subsequently have that docket number withdrawn from the Bond Review Board, may have their Determination Notice reinstated. The Applicant would need to receive a new docket number from the Texas Bond Review Board. One of the following must apply:

(1) The new docket number must be issued in the same program year as the original docket number and must not be more than four months from the date the original application was withdrawn from the BRB. The application must remain unchanged. This means that at a minimum, the following can not have changed: site control, total number of units, unit mix (bedroom sizes and income restrictions), design/site plan documents, financial structure including bond and Housing Tax Credit amounts, development costs, rent schedule, operating expenses, sources and uses, ad valorem tax exemption status, target population, scoring criteria (TDHCA issues) or BRB priority status including the effect on the inclusive capture rate. Note that the entities involved in the Applicant entity and Developer can not change; however, the certification can be submitted even if the lender, syndicator or issuer changes, as long as the financing structure and terms remain unchanged. Notifications under §~~50~~49.9(h)(8) of this chapter are not required to be reissued. In the event that the Department's Board has already approved the Application for tax credits, the Application is not required to be presented to the Board again (unless there is public opposition) and a revised Determination Notice will be issued once notice of the assignment of a new docket number has been provided to the Department and the Department has confirmed that the capture rate and market demand remain acceptable. This certification must be submitted no later than thirty days after the date the Bond Review Board issues the new docket number and no later than thirty days before the anticipated closing. In the event that the Department's Board has not yet approved the Application, the Application will continue to be processed and ultimately provided to the Board for consideration. This certification must be submitted no later than thirty days after the date the Bond Review Board issues the new docket number and no later than forty-five days before the anticipated Department's Board meeting date.

(2) If there are changing to the Application as referenced in paragraph (1) of this subsection, the Application will be required to submit a new Application in full, along with the applicable fees, to be reviewed and evaluated in its entirety for a new determination notice to be issued.

§~~50~~49.13. Commitment and Determination Notices; Agreement and Election Statement; Documentation Submission Requirements.

(a) **Commitment and Determination Notices.** If the Board approves an Application the Department will:

(1) If the Application is for a commitment from the State Housing Credit Ceiling, issue a Commitment Notice to the Development Owner which shall:

(A) Confirm that the Board has approved the Application; and

(B) State the Department's commitment to make a Housing Credit Allocation to the Development Owner in a specified amount, subject to the feasibility determination described in §~~50~~49.16 of this chapter, and compliance by the Development Owner with the remaining requirements of this chapter and any other terms and conditions set forth therein by the Department. This commitment shall expire on the date specified therein unless the Development Owner indicates acceptance of the commitment by executing the Commitment Notice~~ or Determination Notice~~, pays the required fee specified in §~~50~~49.20 of this chapter, and satisfies any other conditions set forth therein by the Department. The Commitment Notice expiration date may not be extended.

(2) If the Application regards a Tax-Exempt Bond Development, issue a Determination Notice to the Development Owner which shall:

(A) Confirm the Board's determination that the Development satisfies the requirements of this QAP; and

(B) State the Department's commitment to issue IRS Form(s) 8609 to the Development Owner in a specified amount, subject to the requirements set forth in §~~50~~49.12 of this chapter and compliance by the Development Owner with all applicable requirements of this chapter and any other terms and conditions set forth therein by the Department. The Determination Notice shall expire on the date specified therein unless the Development Owner indicates acceptance by executing the Determination Notice and paying the required fee specified in §~~50~~49.20 of this chapter. The Determination Notice shall also expire unless the Development Owner satisfies any conditions set forth therein by the Department~~ within the applicable time period~~. The Determination Notice expiration may not be extended.

(3) Notify, in writing, the mayor or other equivalent chief executive officer of the municipality in which the Property is located informing him/her of the Board's issuance of a Commitment Notice or Determination Notice, as applicable.

(4) A Commitment or Determination Notice shall not be issued with respect to any Development for an unnecessary amount or where the cost for the total development, acquisition, construction or Rehabilitation exceeds the limitations established from time to time by the Department and the Board, unless the Department staff make a recommendation to the Board based on the need to fulfill the goals of the Housing Tax Credit Program as expressed in this QAP and Rules, and the Board accepts the recommendation. The Department's recommendation to the Board shall be clearly documented.

(5) A Commitment or Determination Notice shall not be issued with respect to the Applicant, the Development Owner, the General Contractor, or any Affiliate of the General Contractor that is active in the ownership or Control of one or more other low-income rental housing properties in the state of Texas administered by the Department that is in Material Noncompliance with the LURA (or any other document containing an Extended Low-income Housing Commitment) or the program rules in effect for such property, as described in Chapter 60 of this title.

(6) The executed Commitment or Determination Notice must be returned to the Department on the date specified within the Commitment Notice or Determination Notice, which shall be no earlier than ten days of the effective date of the Notice.

(b) **Agreement and Election Statement.** Together with the Development Owner's acceptance of the Carryover Allocation, the Development Owner may execute an Agreement and Election Statement, in the form prescribed by the Department, for the purpose of fixing the Applicable Percentage for the Development as that for the month in which the Carryover Allocation was accepted (or the month the bonds were ~~issued~~ closed for Tax-Exempt Bond Developments), as provided in the Code, §42(b)(2). Current Treasury Regulations, §1.42-8(a)(1)(v), suggest that in order to permit a Development Owner to make an effective election to fix the Applicable Percentage for a Development, the Carryover Allocation Document must be executed by the Department and the Development Owner within the same month. The Department staff will cooperate with a Development Owner, as possible or reasonable; to assure that the Carryover Allocation Document can be so executed.

(c) **Documentation Submission Requirements at Commitment of Funds.** No later than the date the Commitment Notice or Determination Notice is executed by the Applicant and returned to the Department with the appropriate Commitment or Determination Fee as further described in §~~50~~49.20(f) of this chapter, the following documents must also be provided to the Department. Failure to provide these documents may cause the Commitment or Determmination to be rescinded. For each Applicant all of the following must be provided:

(1) Evidence that the entity has the authority to do business in Texas in the form of a Certificate of Filing from the Texas Secretary of State;;

(2) A Certificate of Account Status from the Texas Comptroller of Public Accounts or, if such a Certificate is not available because the entity is newly formed, a statement to such effect; and a Certificate of Organization from the Secretary of State;

(3) Copies of the entity's governing documents, including, but not limited to, its Articles of Incorporation, Articles of Organization, Certificate of Limited Partnership, Bylaws, Regulations and/or Partnership Agreement; and

(4) Evidence that the signer(s) of the Application have the authority to sign on behalf of the Applicant in the form of a corporate resolution or by-laws which indicate same from the sub-entity in Control and that those Persons signing the Application constitute all Persons required to sign or submit such documents.

§~~50~~49.14. Carryover; 10% Test; Commencement of Substantial Construction.

(a) **Carryover.** All Developments which received a Commitment Notice, and will not be placed in service and receive IRS Form 8609 in the year the Commitment Notice was issued, must submit the Carryover documentation to the Department no later than November ~~1~~2 of the year in which the Commitment Notice is issued pursuant to §42(h)(I)(c) IRC.

(1) Commitments for credits will be terminated if the Carryover documentation, or an approved extension, has not been received by this deadline. In the event that a Development Owner intends to submit the Carryover documentation in any month preceding November of the year in which the Commitment Notice is issued, in order to fix the Applicable Percentage for the Development in that month, it must be submitted no later than the first Friday in the preceding month.

(2) If the financing structure, syndication rate, amount of debt or syndication proceeds are revised at the time of Carryover from what was proposed in the original Application, applicable documentation of such changes must be provided and the Development may be reevaluated by the Department.

(3) The Carryover Allocation format must be properly completed and delivered to the Department as prescribed by the Carryover Allocation Procedures Manual.

(4) All Carryover Allocations will be contingent upon the Development Owner providing evidence that the Development site is still under control of the Development Owner. For purposes of this paragrapg, site control must be identical to the same Development Site that was submitted at the time of Application Submission.

(5) The Department will not execute a Carryover Allocation Agreement with any Owner in Material Noncompliance on October 1, 2009.

(6) The Development Owner may receive bonus points, as referenced in §49.9(i)(29) of this chapter, in the Application Round following the execution of the Carryover Allocation Agreement, if the Development Owner provides evidence of the purchase, transfer, lease or otherwise has ownership, of the Development Site, at the time of submission of the Carryover documentation.

~~following, in addition to all other conditions placed upon the Application in the Commitment Notice:~~

~~(1) The Development Owner for all New Construction and Adaptive Reuse Developments must have purchased the Development Site.~~

~~(2) A current original plat or survey of the land, prepared by a duly licensed Texas Registered Professional Land Surveyor. Such survey shall conform to standards prescribed in the Manual of Practice for Land Surveying in Texas as promulgated and amended from time to time by the Texas Surveyors Association as more fully described in the Carryover Procedures Manual.~~

~~(3) For all Developments involving New Construction or Adaptive Reuse, evidence of the availability of all necessary utilities/services to the Development site must be provided. Necessary utilities include natural gas (if applicable), electric, trash, water, and sewer. Such evidence must be a letter or a monthly utility bill from the appropriate municipal/local service provider. If utilities are not already accessible, then the letter must clearly state: an estimated time frame for provision of the utilities, an estimate of the infrastructure cost, and an estimate of any portion of that cost that will be borne by the Development Owner. Letters must be from an authorized individual representing the organization which actually provides the services. Such documentation should clearly indicate the Development property. If utilities are not already accessible (undeveloped areas), then the letter should not be older than three months from the first day of the Application Acceptance Period.~~

~~(4) The Department will not execute a Carryover Allocation Agreement with any Owner in Material Noncompliance on October 1, 2008.~~

(b) **10% Test.** No later than ~~six~~ eleven months from the date the Carryover Allocation Document is executed by the Department and the Development Owner, more than 10% of the Development Owner's reasonably expected basis must have been incurred pursuant to §42(h)(1)(E)(i) and (ii) of the Internal Revenue Code (as amended by The Housing and Economic Recovery Act of 2008) and Treasury Regulations, §1.42-6. The evidence to support the satisfaction of this requirement must be submitted to the Department no later than ~~June 30~~December 1 of the year following the execution of the Carryover Allocation Document in a format prescribed by the Department. At the time of submission of the documentation, the Development Owner must also submit a Management Plan and an Affirmative Marketing Plan as further described in the Carryover Allocation Procedures Manual. Evidence must be provided at this time of attendance of the Development Owner or management company at Department-approved Fair Housing training relating to leasing and management issues for at least five hours and the Development architect and engineer at Department-approved Fair Housing training relating to design issues for at least five hours on or before the time the 10% Test Documentation is submitted. Certifications must not be older than two years from the date of submission of the 10% Test Documentation. The 10% Test Documentation will be contingent upon the following, in addition to all other conditions placed upon the Application in the Commitment Notice:

(1) The Development Owner for all Developments must have purchased, transferred, leased or otherwise have ownership, of the Development Site.

(2) A current original plat or survey of the land, prepared by a duly licensed Texas Registered Professional Land Surveyor. Such survey shall conform to standards prescribed in the Manual of Practice for Land Surveying in Texas as promulgated and amended from time to time by the Texas Surveyors Association as more fully described in the Carryover Procedures Manual.

(3) For all Developments involving New Construction or Adaptive Reuse, evidence of the availability of all necessary utilities/services to the Development site must be provided. Necessary utilities include natural gas (if applicable), electric, trash, water, and sewer. Such evidence must be a letter or a monthly utility bill from the appropriate municipal/local service provider. If utilities are not already accessible, then the letter must clearly state: an estimated time frame for provision of the utilities, an estimate of the infrastructure cost, and an estimate of any portion of that cost that will be borne by the Development Owner. Letters must be from an authorized individual representing the organization which actually provides the services. Such documentation should clearly indicate the Development property. If utilities are not already accessible (undeveloped areas), then the letter should not be older than three months from the first day of the Application Acceptance Period.

(4) The Development Owner must submit evidence of having commenced and continued substantial construction activities as defined in Chapter 60 of this title.

(5) The Development Owner may receive bonus points, as referenced in section 49.9(i)(29) of this chapter, in the Application Round following the execution of the Carryover Allocation Agreement, if the Development Owner provides evidence that the requirements of the 10% Test were met, on or before June 1 in the year following the execution of the Carryover Allocation Agreement (with the exception of the documentation required in paragraph (4) of this subsection), and submits the complete documentation, to the Department, on or before June 1 in the year following the execution of the same Carryover Allocation Agreement. The submission of the commencement of substantial construction documentation, as referenced in paragraph (4) of this subsection, will be required on or before December 1 of the year following the Carryover Allocation Agreement.

~~(c) **Commencement of Substantial Construction.** The Development Owner must submit evidence of having commenced and continued substantial construction activities as defined in Chapter 60 of this title. The evidence must be submitted not later than December 1 of the year after the execution of the Carryover Allocation Document with the possibility of an extension as described in §50.20 of this chapter.~~

§~~50~~49.15. LURA, Cost Certification.

(a) **Land Use Restriction Agreement (LURA).** The Development Owner must request a LURA from the Department no later than the date specified in Chapter 60 of this title, the Department's Compliance Rules. The Development Owner must date, sign and acknowledge before a notary public the LURA and send the original to the Department for execution. The initial compliance and monitoring fee must be accompanied by a statement, signed by the Owner, indicating the start of the Development's Credit Period and the earliest placed in service date for the Development buildings. After receipt of the signed LURA from the Department, the Development Owner shall then record the LURA, along with any and all exhibits attached thereto, in the real property records of the county where the Development is located and return the original document, duly certified as to recordation by the appropriate county official, to the Department no later than the date that the Cost Certification Documentation is submitted to the Department. If any liens (other than mechanics' or materialmen's liens) shall have been recorded against the Development and/or the Property prior to the recording of the LURA, the Development Owner shall obtain the subordination of the rights of any such lienholder, or other effective consent, to the survival of certain obligations contained in the LURA, which are required by §42(h)(6)(E)(ii) of the Code to remain in effect following the foreclosure of any such lien. Receipt of such certified recorded original LURA by the Department is required prior to issuance of IRS Form 8609. A representative of the Department, or assigns, shall physically inspect the Development for compliance with the Application and the representations, warranties, covenants, agreements and undertakings contained therein. Such inspection will be conducted before the IRS Form 8609 is issued for a building, but it shall be conducted in no event later than the end of the second calendar year following the year the last building in the Development is placed in service. The Development Owner for Tax-Exempt Bond Developments shall obtain a subordination agreement wherein the lien of the mortgage is subordinated to the LURA. The LURA shall contain any provision which requires the Development Owner to restrict rents and incomes at any AMGI level, as approved by the Board. The restricted gross rents for any AMGI level outlined in the LURA will be calculated in accordance with §42(g)(2)(A), Internal Revenue Code.

(b) **Cost Certification.** The Cost Certification Procedures Manual sets forth the documentation required for the Department to perform a feasibility analysis in accordance with §42(m)(2)(C)(i)(II), Internal Revenue Code, and determine the final Credit to be allocated to the Development.

(1) To request IRS Forms 8609, Developments must have:

(A) Placed in Service by December 31 of the year the Commitment Notice was issued if a Carryover Allocation was not requested and received; or December 31 of the second year following the year the Carryover Allocation Agreement was executed;

(B) Scheduled a final construction inspection in accordance with Chapter 60 of this title, the Department's Compliance Monitoring Policies and Procedures;

(C) Informed the Department of and received written approval for all Development amendments in accordance with §~~50~~49.17(c) of this chapter;

(D) Submitted to the Department the LURA in accordance with subsection (a) of this section;

(E) Paid all applicable Department fees; and

(F) Prepared all Cost Certification documentation as more fully described in the Cost Certification Procedures Manual including:

(i) Carryover Allocation Agreement/Determination Notice and Election Statement;
(ii) Owner's Statement of Certification;
(iii) Owner Summary;
(iv) Evidence of Nonprofit and CHDO Participation;
(v) Evidence of Historically Underutilized Business (HUB) Participation;
(vi) Development Summary;
(vii) As-Built Survey;
(viii) Closing Statement;
(ix) Title Policy;
(x) Evidence of Placement in Service;
(xi) Independent Auditor's Reports;
(xii) Total Development Cost Schedule;
(xiii) AIA Form G702 and G703, Application and Certificate for Payment;
(xiv) Rent Schedule;
(xv) Utility Allowance;
(xvi) Annual Estimated Operating Expenses and 15-Year Proforma;
(xvii) Current Annual Operating Statement and Rent Roll;
(xviii) Final Sources of Funds;
(xix) Executed Limited Partnership Agreement;
(xx) Loan Agreement or Firm Commitment;
(xxi) Architect's Certification of Fair Housing Requirements; and
(xxii) TDHCA Compliance Workshop Certificate.

(2) Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins. Any Developments issued a Commitment Notice or Determination Notice that fails to submit its Cost Certification documentation by this deadline will be reported to the IRS and the Owner will be required to submit a request for extension consistent with §~~50~~49.20(l) of this chapter.

(3) The Department will perform an initial evaluation of the Cost Certification documentation within 45 days from the date of receipt and notify the Owner in a deficiency letter of all additional required documentation. Any deficiency letters issued to the Owner pertaining to the Cost Certification documentation will also be copied to the syndicator. The Department will issue IRS Forms 8609 no later than 90 days from the date that all required documents have been received.

(4) The Department will perform an evaluation to determine if the Applicant is in Material Noncompliance with the LURA (or any other document containing an Extended Low-income Housing Commitment) or the program rules in effect for the subject property, as described in Chapter 60 of this title, prior to issuance of IRS Forms 8609.

§~~50~~49.16. Housing Credit Allocations.

(a) In making a commitment of a Housing Credit Allocation under this chapter, the Department shall rely upon information contained in the Application to determine whether a building is eligible for the credit under the Code, §42. The Development Owner shall bear full responsibility for claiming the credit and assuring that the Development complies with the requirements of the Code, §42. The Department shall have no responsibility for ensuring that a Development Owner who receives a Housing Credit Allocation from the Department will qualify for the tax credit.

(b) The Housing Credit Allocation Amount shall not exceed the dollar amount the Department determines is necessary for the financial feasibility and the long term viability of the Development throughout the affordability period. (§2306.6711(b)). Such determination shall be made by the Department at the time of issuance of the Commitment Notice or Determination Notice; at the time the Department makes a Housing Credit Allocation; and as of the date each building in a Development is placed in service. Any Housing Credit Allocation Amount specified in a Commitment Notice, Determination Notice or Carryover Allocation Document is subject to change by the Department based upon such determination. Such a determination shall be made by the Department based on its evaluation and procedures, considering the items specified in the Code, §42(m)(2)(B), and the department in no way or manner represents or warrants to any Applicant, sponsor, investor, lender or other entity that the Development is, in fact, feasible or viable.

(c) The General Contractor hired by the Development Owner must meet specific criteria as defined by the General Appropriation Act, Article VII, Rider 8(c). A General Contractor hired by a Development Owner or a Development Owner, if the Development Owner serves as General Contractor must demonstrate a history of constructing similar types of housing without the use of federal tax credits. Evidence must be submitted to the Department, in accordance with §~~50~~49.9(h)(4)(I) of this chapter, which sufficiently documents that the General Contractor has constructed some housing without the use of Housing Tax Credits. This documentation will be required as a condition of the Commitment Notice or Carryover Allocation Agreement, and must be complied with prior to commencement of construction and at cost certification and final allocation of credits.

(d) An allocation will be made in the name of the Development Owner identified in the related Commitment Notice or Determination Notice. If an allocation is made to a member or Affiliate of the ownership entity proposed at the time of Application, the Department will transfer the allocation to the ownership entity as consistent with the intention of the Board when the Development was selected for an award of tax credits. Any other transfer of an allocation will be subject to review and approval by the Department consistent with §~~50~~49.17(c) of this chapter. The approval of any such transfer does not constitute a representation to the effect that such transfer is permissible under §42 of the Code or without adverse consequences thereunder, and the Department may condition its approval upon receipt and approval of complete current documentation regarding the owner including documentation to show consistency with all the criteria for scoring, evaluation and underwriting, among others, which were applicable to the original Applicant.

(e) The Department shall make a Housing Credit Allocation, either in the form of IRS Form 8609, with respect to current year allocations for buildings placed in service, or in the Carryover Allocation Document, for buildings not yet placed in service, to any Development Owner who holds a Commitment Notice which has not expired, and for which all fees as specified in §~~50~~49.20 of this chapter have been received by the Department and with respect to which all applicable requirements, terms and conditions have been met. For Tax-Exempt Bond Developments, the Housing Credit Allocation shall be made in the form of a Determination Notice. For an IRS Form 8609 to be issued with respect to a building in a Development with a Housing Credit Allocation, satisfactory evidence must be received by the Department that such building is completed and has been placed in service in accordance with the provisions of the Department's Cost Certification Procedures Manual. The Cost Certification documentation requirements will include a certification and inspection report prepared by a Third-Party accessibility specialist to certify that the Development meets all required accessibility standards. IRS Form 8609 will not be issued until the certifications are received by the Department. The Department shall mail or deliver IRS Form 8609 (or any successor form adopted by the Internal Revenue Service) to the Development Owner, with Part I thereof completed in all respects and signed by an authorized official of the Department. The delivery of the IRS Form 8609 will occur only after the Development Owner has complied with all procedures and requirements listed within the Cost Certification Procedures Manual. Regardless of the year of Application to the Department for Housing Tax Credits, the current year's Cost Certification Procedures Manual must be utilized when filing all cost certification materials. A separate Housing Credit Allocation shall be made with respect to each building within a Development which is eligible for a tax credit; provided, however, that where an allocation is made pursuant to a Carryover Allocation Document on a Development basis in accordance with the Code, §42(h)(1)(F), a housing credit dollar amount shall not be assigned to particular buildings in the Development until the issuance of IRS Form 8609s with respect to such buildings. The Department may delay the issuance of IRS Form 8609 if any Development violates the representations of the Application.

(f) In making a Housing Credit Allocation, the Department shall specify a maximum Applicable Percentage, not to exceed the Applicable Percentage for the building permitted by the Code, §42(b), and a maximum Qualified Basis amount. In specifying the maximum Applicable Percentage and the maximum Qualified Basis amount, the Department shall disregard the first-year conventions described in the Code, §42(f)(2)(A) and §42(f)(3)(B). The Housing Credit Allocation made by the Department shall not exceed the amount necessary to support the extended low-income housing commitment as required by the Code, §42(h)(6)(C)(i).

(g) Development inspections shall be required to show that the Development is built or rehabilitated according to construction threshold criteria and Development characteristics identified at application. At a minimum, all Development inspections must meet Uniform Physical Condition Standards (UPCS) as referenced in Treasury Regulation §1.42-5(d)(2)(ii) and include an inspection for quality during the construction process while defects can reasonably be corrected and a final inspection at the time the Development is placed in service. All such Development inspections shall be performed by the Department or by an independent Third Party inspector acceptable to the Department. The Development Owner shall pay all fees and costs of said inspections as described in §~~50~~49.20 of this chapter. Details regarding the construction inspection process are set forth in the Department Rule Chapter 60 of this title, the Department's Compliance Monitoring Policies and Procedures (§2306.081; General Appropriation Act, Article VII, Rider 8(b)).

(h) After the entire Development is placed in service, which must occur prior to the deadline specified in the Carryover Allocation Document and as further outlined in §~~50~~49.15 of this chapter, the Development Owner shall be responsible for furnishing the Department with documentation which satisfies the requirements set forth in the Cost Certification Procedures Manual. For purposes of this title, and consistent with IRS Notice 88-116, the placed in service date for a new or existing building used as residential rental property is the date on which the building is ready and available for its specifically assigned function and more specifically when the first Unit in the building is certified as being suitable for occupancy in accordance with state and local law and as certified by the appropriate local authority or registered architect as ready for occupancy. The Cost Certification must be submitted for the entire Development; therefore partial Cost Certifications are not allowed. The Department may require copies of invoices and receipts and statements for materials and labor utilized for the New Construction or Rehabilitation and, if applicable, a closing statement for the acquisition of the Development as well as for the closing of all interim and permanent financing for the Development. If the Development Owner does not fulfill all representations and commitments made in the Application, the Department may make reasonable reductions to the tax credit amount allocated via the IRS Form 8609, may withhold issuance of the IRS Form 8609s until these representations and commitments are met, and/or may terminate the allocation, if appropriate corrective action is not taken by the Development Owner.

(i) The Board at its sole discretion may allocate credits to a Development Owner in addition to those awarded at the time of the initial Carryover Allocation in instances where there is bona fide substantiation of cost overruns and the Department has made a determination that the allocation is needed to maintain the Development's financial viability.

(j) The Department may, at any time and without additional administrative process, determine to award credits to Developments previously evaluated and awarded credits if it determines that such previously awarded credits are or may be invalid and the owner was not responsible for such invalidity.

(k) If an Applicant returns a full credit allocation after the Carryover Allocation deadline required for that allocation, the Department will impose a penalty on the score for any Competitive Housing Tax Credit Applications submitted by that Applicant or any Affiliate of that Applicant for any Application in an Application Round occurring concurrent to the return of credits or if no Application Round is pending the Round immediately following the return of credits unless otherwise exempted in accordance with the Board's policy pursuant to the implementation of The Housing and Economic Recovery Act of 2008, H.R. 3221, in September 2008. The penalty will be assessed in an amount that reduces the Applicant's final awarded score by an additional 20%.

§~~50~~49.17. Board Reevaluation, Appeals Process; Provision of Information or Challenges Regarding Applications; Amendments; Housing Tax Credit and Ownership Transfers; Sale of Tax Credit Properties; Withdrawals; Cancellations; Alternative Dispute Resolution.

(a) **Board Reevaluation.** (§2306.6731(b)). Regardless of development stage, the Board shall reevaluate a Development that undergoes a substantial change between the time of initial Board approval of the Development and the time of issuance of a Commitment Notice or Determination Notice for the Development. For the purposes of this subsection, substantial change shall be those items identified in subsection (d)(4) of this section. The Board may revoke any Commitment Notice or Determination Notice issued for a Development that has been unfavorably reevaluated by the Board.

(b) **Appeals Process.** (§2306.6715) An Applicant may appeal decisions made by the Department as follows.

(1) The decisions that may be appealed are identified in subparagraphs (A)-(D) of this paragraph.

(A) A determination regarding the Application's satisfaction of:

(i) Eligibility Requirements;

(ii) Disqualification or debarment criteria;

(iii) Pre-Application or Application Threshold Criteria;

(iv) Underwriting Criteria;

(B) The scoring of the Application under the Application Selection Criteria; and

(C) A recommendation as to the amount of Housing Tax Credits to be allocated to the Application.

(D) Any Department decision that results in termination of an Application.

(2) An Applicant may not appeal a decision made regarding an Application filed by another Applicant.

(3) An Applicant must file its appeal in writing with the Department not later than the seventh day after the date the Department publishes the results of any stage of the Application evaluation process identified in §~~50~~49.9 of this chapter. In the appeal, the Applicant must specifically identify the Applicant's grounds for appeal, based on the original Application and additional documentation filed with the original Application. If the appeal relates to the amount of Housing Tax Credits recommended to be allocated, the Department will provide the Applicant with the underwriting report upon request.

(4) The Executive Director of the Department shall respond in writing to the appeal not later than the 14th day after the date of receipt of the appeal. If the Applicant is not satisfied with the Executive

Director's response to the appeal, the Applicant may appeal directly in writing to the Board, provided that an appeal filed with the Board under this subsection must be received by the Board before:

(A) The seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made; or

(B) The third day preceding the date of the Board meeting described by subparagraph (A) of this paragraph, if the Executive Director does not respond to the appeal before the date described by subparagraph (A) of this paragraph.

(5) Board review of an appeal under paragraph (4) of this subsection is based on the original Application and additional documentation filed with the original Application. The Board may not review any information not contained in or filed with the original Application. The decision of the Board regarding the appeal is final.

(6) The Department will post to its web site an appeal filed with the Department or Board and any other document relating to the processing of the appeal. (§2306.6717(a)(5))

(c) **Provision of Information or Challenges Regarding Applications from Unrelated Entities to the Application.** The Department will address information or challenges received from unrelated entities to a specific ~~2008~~2009 active Application, utilizing a preponderance of the evidence standard, as stated in paragraphs (1) - (3) of this subsection, provided the information or challenge includes a contact name, telephone number, fax number and e-mail address of the person providing the information or challenge and must be received by the Department no later than June 15, ~~2008~~2009:

(1) Within 14 business days of the receipt of the information or challenge, the Department will post all information and challenges received (including any identifying information) to the Department's website~~.~~;

(2) Within seven business days of the receipt of the information or challenge, the Department will notify the Applicant related to the information or challenge. The Applicant will then have seven business days to respond to all information and challenges provided to the Department~~.~~; and

(3) Within 14 business days of the receipt of the response from the Applicant, the Department will evaluate all information submitted and other relevant documentation related to the investigation. This information may include information requested by the Department relating to this evaluation. The Department will post its determination summary to its website. Any determinations made by the Department cannot be appealed by any party unrelated to the Applicant.

(d) **Amendment of Application Subsequent to Allocation by Board.** (§2306.6712 and §2306.6717(a)(4))

(1) If a proposed modification would materially alter a Development approved for an allocation of a Housing Tax Credit, or if the Applicant has altered any selection criteria item for which it received points, the Department shall require the Applicant to file a formal, written request for an amendment to the Application.

(2) The Executive Director of the Department shall require the Department staff assigned to underwrite Applications to evaluate the amendment and provide an analysis and written recommendation to the Board. The appropriate party monitoring compliance during construction in accordance with §~~50~~49.18 of this chapter shall also provide to the Board an analysis and written recommendation regarding the amendment. For amendments which require Board approval, the amendment request must be received by the Department at least 30 days prior to the Board meeting where the amendment will be considered.

(3) The Board must vote on whether to approve an amendment. The Board by vote may reject an amendment and, if appropriate, rescind a Commitment Notice or terminate the allocation of Housing Tax Credits and reallocate the credits to other Applicants on the Waiting List if the Board determines that the modification proposed in the amendment:

(A) would materially alter the Development in a negative manner; or

(B) would have adversely affected the selection of the Application in the Application Round.

(4) Material alteration of a Development includes, but is not limited to:

(A) a significant modification of the site plan;

(B) a modification of the number of units or bedroom mix of units;

(C) a substantive modification of the scope of tenant services;

(D) a reduction of 3% or more in the square footage of the units or common areas;

(E) a significant modification of the architectural design of the Development;

(F) a modification of the residential density of the Development of at least 5%;

(G) an increase or decrease in the site acreage of greater than 10% from the original site under control and proposed in the Application; and

(H) any other modification considered significant by the Board.

(5) In evaluating the amendment under this subsection, the Department staff shall consider whether the need for the modification proposed in the amendment was:

(A) Reasonably foreseeable by the Applicant at the time the Application was submitted; or

(B) Preventable by the Applicant.

(6) This section shall be administered in a manner that is consistent with the Code, §42.

(7) Before the 15th day preceding the date of Board action on the amendment, notice of an amendment and the recommendation of the Executive Director and monitor regarding the amendment will be posted to the Department's web site.

(8) In the event that an Applicant or Developer seeks to be released from the commitment to serve the income level of tenants targeted in the Real Estate Analysis Report at the time of the Commitment Notice issuance, as approved by the Board, the following procedure will apply. For amendments that involve a reduction in the total number of low-income Units being served, or a reduction in the number of low-income Units at any level of AMGI, as approved by the Board, evidence must be presented to the Department that includes written confirmation from the lender and syndicator that the Development is infeasible without the adjustment in Units. The Board may or may not approve the amendment request, however, any affirmative recommendation to the Board is contingent upon concurrence from the Real Estate Analysis Division that the Unit adjustment (or an alternative Unit adjustment) is necessary for the continued feasibility of the Development. Additionally, if it is determined by the Department that the allocation of credits would not have been made in the year of allocation because the loss of low-income targeting points would have resulted in the Application not receiving an allocation, and the amendment is approved by the Board, the approved amendment will carry a penalty that prohibits the Applicant and all persons or entities with any ownership interest in the Application (excluding any tax credit purchaser/syndicator), from participation in the Housing Tax Credit Program (for both the Competitive Housing Tax Credit Developments and Tax-Exempt Bond Developments) for 24 months from the time that the amendment is approved.

(e) **Housing Tax Credit and Ownership Transfers.** (§2306.6713) A Development Owner may not transfer an allocation of Housing Tax Credits or ownership of a Development supported with an allocation of Housing Tax Credits to any Person including ~~other than~~ an Affiliate of the Development Owner unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer.

(1) Transfers (other than an Affiliate included in the ownership structure) will not be approved prior to the issuance of IRS Forms 8609 unless the Development Owner can provide evidence that a hardship is creating the need for the transfer (potential bankruptcy, removal by a partner, etc.). A Development Owner seeking Executive Director approval of a transfer and the proposed transferee must provide to the Department a copy of any applicable agreement between the parties to the transfer, including any third-party agreement with the Department.

(2) A Development Owner seeking Executive Director approval of a transfer must provide the Department with documentation requested by the Department, including but not limited to, a list of the names of transferees and Related Parties; and detailed information describing the experience and financial capacity of transferees and related parties. All transfer requests must disclose the reason for the request. The Development Owner shall certify to the Executive Director that the tenants in the Development have been notified in writing of the transfer before the 30th day preceding the date of submission of the transfer request to the Department. Not later than the fifth working day after the date the Department receives all necessary information under this section, the Department shall conduct a qualifications review of a transferee to determine the transferee's past compliance with all aspects of the Housing Tax Credit Program, LURAs; and the sufficiency of the transferee's experience with Developments supported with Housing Credit Allocations. If the viable operation of the Development is deemed to be in jeopardy by the Department, the Department may authorize changes that were not contemplated in the Application.

(3) As it relates to the Credit Cap further described in §~~50~~49.6(d) of this chapter, the credit cap will not be applied in the following circumstances:

(A) In cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(B) In cases where the General Partner is being replaced if the award of credits was made at least five years prior to the transfer request date.

(f) **Sale of Certain Tax Credit Properties.** Consistent with §2306.6726, Texas Government Code, not later than two years before the expiration of the Compliance Period, a Development Owner who agreed to provide a right of first refusal under §2306.6725(b)(1), Texas Government Code and who intends to sell the property shall notify the Department of its intent to sell.

(1) The Development Owner shall notify Qualified Nonprofit Organizations and tenant organizations of the opportunity to purchase the Development. The Development Owner may:

(A) During the first six-month period after notifying the Department, negotiate or enter into a purchase agreement only with a Qualified Nonprofit Organization that is also a community housing development organization as defined by the Federal Home Investment Partnership Program (HOME);

(B) During the second six-month period after notifying the Department, negotiate or enter into a purchase agreement with any Qualified Nonprofit Organization or tenant organization; and

(C) During the year before the expiration of the compliance period, negotiate or enter into a purchase agreement with the Department or any Qualified Nonprofit Organization or tenant organization approved by the Department.

(2) Notwithstanding items for which points were received consistent with §~~50~~49.9(i) of this chapter, a Development Owner may sell the Development to any purchaser after the expiration of the compliance period if a Qualified Nonprofit Organization or tenant organization does not offer to purchase the Development at the minimum price provided by §42(i)(7), Internal Revenue Code of 1986 (26 U.S.C. §42(i)(7)), and the Department declines to purchase the Development.

(g) **Withdrawals.** An Applicant may withdraw an Application prior to receiving a Commitment Notice, Determination Notice, Carryover Allocation Document or Housing Credit Allocation, or may cancel a Commitment Notice or Determination Notice by submitting to the Department a notice, as applicable, of withdrawal or cancellation, and making any required statements as to the return of any tax credits allocated to the Development at issue.

(h) **Cancellations.** The Department may cancel a Commitment Notice, Determination Notice or Carryover Allocation prior to the issuance of IRS Form 8609 with respect to a Development if:

(1) The Applicant or the Development Owner, or the Development, as applicable, fails to meet any of the conditions of such Commitment Notice or Carryover Allocation or any of the undertakings and commitments made by the Development Owner in the Applications process for the Development;

(2) Any statement or representation made by the Development Owner or made with respect to the Development Owner or the Development is untrue or misleading;

(3) An event occurs with respect to the Applicant or the Development Owner which would have made the Development's Application ineligible for funding pursuant to §~~50~~49.5 of this chapter if such event had occurred prior to issuance of the Commitment Notice or Carryover Allocation; or

(4) The Applicant or the Development Owner or the Development, as applicable, fails to comply with these Rules or the procedures or requirements of the Department.

(i) **Alternative Dispute Resolution Policy.** In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at §1.17 of this title.

§~~50~~49.18. Compliance Monitoring and Material Noncompliance.

The Code, §42(m)(1)(B)(iii), requires the Department as the housing credit agency to include in its QAP a procedure that the Department will follow in monitoring Developments for compliance with the provisions of the Code, §42 and in notifying the IRS of any noncompliance of which the Department becomes aware. Detailed compliance rules and procedures for monitoring are set forth in Chapter 60 of this title.

§~~50~~49.19. Department Records; Application Log; IRS Filings.

(a) **Department Records.** At all times during each calendar year the Department shall maintain a record of the following:

(1) The cumulative amount of the State Housing Credit Ceiling that has been committed pursuant to Commitment Notices during such calendar year;

(2) The cumulative amount of the State Housing Credit Ceiling that has been committed pursuant to Carryover Allocation Documents during such calendar year;

(3) The cumulative amount of Housing Credit Allocations made during such calendar year; and

(4) The remaining unused portion of the State Housing Credit Ceiling for such calendar year.

(b) **Application Log.** (§2306.6702(a)(3) and §2306.6709) The Department shall maintain for each Application an Application Log that tracks the Application from the date of its submission. The Application Log will contain, at a minimum, the information identified in paragraphs (1) - (9) of this subsection.

(1) The names of the Applicant and all General Partners of the Development Owner, the owner contact name and phone number, and full contact information for all members of the Development Team;

(2) The name, physical location, and address of the Development, including the relevant Uniform State Service Region of the state;

(3) The number of Units and the amount of Housing Tax Credits requested for allocation by the Department to the Applicant;

(4) Any Set-Aside category under which the Application is filed;

(5) The requested and awarded score of the Application in each scoring category adopted by the Department under the Qualified Allocation Plan;

(6) Any decision made by the Department or Board regarding the Application, including the Department's decision regarding whether to underwrite the Application and the Board's decision regarding whether to allocate Housing Tax Credits to the Development;

(7) The names of individuals making the decisions described by paragraph (6) of this subsection, including the names of Department staff scoring and underwriting the Application, to be recorded next to the description of the applicable decision;

(8) The amount of Housing Tax Credits allocated to the Development; and

(9) A dated record and summary of any contact between the Department staff, the Board, and the Applicant or any Related Parties.

(c) **IRS Filings.** The Department shall mail to the Internal Revenue Service, not later than the 28th day of the second calendar month after the close of each calendar year during which the Department makes Housing Credit Allocations, a copy of each completed (as to Part I) IRS Form 8609, the original of which was mailed or delivered by the Department to a Development Owner during such calendar year, along with a single completed IRS Form 8610, Annual Low-income Housing Credit Agencies Report. When a Carryover Allocation is made by the Department, a copy of the Carryover Allocation Agreement will be mailed or faxed to the Development Owner by the Department. The original of the Carryover Allocation Document will be retained by the Department and IRS Form 8610 Schedule A will be filed by the Department with IRS Form 8610 for the year in which the allocation is made. The Department shall be authorized to vary from the requirements of this section to the extent required to adapt to changes in IRS requirements.

§~~50~~49.20. Program Fees; Refunds; Public Information Requests; Adjustments of Fees and Notification of Fees; Extensions; Penalties.

(a) **Timely Payment of Fees.** All fees must be paid as stated in this section, unless the Executive Director has granted a waiver for specific extenuating and extraordinary circumstances. To be eligible for a waiver, the Applicant must submit a request for a waiver no later than 10 business days prior to the deadlines as stated in this section. Any fees, as further described in this section, that are not timely paid will cause an Applicant to be ineligible to apply for tax credits and additional tax credits and ineligible to submit extension requests, ownership changes and Application amendments. Payments made by check, for which insufficient funds are available, may cause the Application, ~~c~~Commitment or ~~a~~Allocation to be terminated.

(b) **Pre-Application Fee.** Each Applicant that submits a Pre-Application shall submit to the Department, along with such Pre-Application, a non refundable Pre-Application fee, in the amount of $10 per Unit. Units for the calculation of the Pre-Application Fee include all Units within the Development, including tax credit, market rate and owner-occupied Units. Pre-Applications without the specified Pre-Application Fee in the form of a check will not be accepted. Pre-Applications in which a CHDO or Qualified Nonprofit Organization intends to serve as the managing General Partner of the Development Owner, or Control the managing General Partner of the Development Owner, will receive a discount of 10% off the calculated Pre-Application fee. (General Appropriation Act, Article VII, Rider 7; §2306.6716(d)). For Tax Exempt Bond Developments with the Department as the issuer, the Applicant shall submit the following fees: $1,000 (payable to TDHCA), $~~1,500~~2,000 (payable to Vinson & Elkins, Bond Counsel), and $5,000 (payable to the Texas Bond Review Board).

(c) **Application Fee.** Each Applicant that submits an Application shall submit to the Department, along with such Application, an Application fee. For Applicants having submitted a Pre-Application which met Pre-Application Threshold and for which a Pre-Application fee was paid, the Application fee will be $20 per Unit. For Applicants not having submitted a Pre-Application, the Application fee will be $30 per Unit. Units for the calculation of the Application Fee include all Units within the Development, including tax credit, market rate and owner-occupied Units. Applications without the specified Application Fee in the form of a check will not be accepted. Applications in which a CHDO or Qualified Nonprofit Organization intends to serve as he managing General Partner of the Development Owner, or Control the managing General Partner of the Development Owner, will receive a discount of 10% off the calculated Application fee. (General Appropriation Act, Article VII, Rider 7; §2306.6716(d)). For Tax Exempt Bond Developments with the Department as the Issuer the Applicant shall submit a tax credit application fee of $30 per unit and bond application fee of $10,000. For Tax-Exempt Bond Development refunding Applications, with the Department as the issuer, the Application Fee will be $10,000 unless the refunding is not required to have a TEFRA public hearing, in which case the fee will be $5,000. Those Applications utilizing a local issuer only need to submit the tax credit application fee.

(d) **Refunds of Pre-Application or Application Fees.** (§2306.6716(c)). Upon written request from the Applicant, the Department shall refund the balance of any fees collected for a Pre-Application or Application that is withdrawn by the Applicant or that is not fully processed by the Department. The amount of refund on Pre-Applications not fully processed by the Department will be commensurate with the level of review completed. Intake and data entry will constitute 50% of the review, and Threshold review prior to a deficiency issued will constitute 30% of the review. Deficiencies submitted and reviewed constitute 20% of the review. The amount of refund on Applications not fully processed by the Department will be commensurate with the level of review completed. Intake and data entry will constitute 20% of the review, the site visit will constitute 20% of the review, Eligibility and Selection review will constitute 20%, and Threshold review will constitute 20% of the review, and underwriting review will constitute 20%. The Department must provide the refund to the Applicant not later than the 30th day after the date of request.

(e) **Third Party Underwriting Fee.** Applicants will be notified in writing prior to the evaluation of a Development by an independent external underwriter in accordance with §~~50~~49.9(d)(6), (e)(3), and (f)(6) of this chapter if such a review is required. The fee must be received by the Department prior to the engagement of the underwriter. The fees paid by the Development Owner to the Department for the external underwriting will be credited against the commitment fee established in subsection (f) of this section, in the event that a Commitment Notice or Determination Notice is issued by the Department to the Development Owner.

(f) **Commitment or Determination Notice Fee.** Each Development Owner that receives a Commitment Notice or Determination Notice shall submit to the Department, not later than the expiration date on the Commitment or Determination notice, a ~~non-refundable c~~Commitment or Determination fee equal to 5% of the annual Housing Credit Allocation amount. The ~~c~~Commitment or Determination fee shall be paid by check. If a Development Owner of an Application awarded Competitive Housing Tax Credits has paid a Commitment Fee and returns the credits by November 1, ~~2008~~2009, the Development Owner ~~will~~may receive a refund of 50% of the Commitment Fee. If a Development Owner of an Application awarded Housing Tax Credits associated with Tax-Exempt Bonds has paid a Determination Fee and is not able close on the bond transaction within 90 days of the determination by the Board, the Development Owner may receive a refund of 50% of the Determination Fee. The Determination Fee will not be refundable after the 90 days of the issuance of the Determination Notice.

(g) **Compliance Monitoring Fee.** Upon receipt of the cost certification, the Department will invoice the Development Owner for compliance monitoring fees. The amount due will equal $40 per tax credit unit. The fee will be collected, retroactively if applicable, beginning with the first year of the credit period. The invoice must be paid prior to the issuance of form 8609. Subsequent anniversary dates on which the compliance monitoring fee payments are due shall be determined by the month the first building is placed in service. For Tax-Exempt Bond Developments with the Department as the issuer, the annual tax credit compliance fee will be paid annually in advance (for the duration of the compliance or affordability period) and is equal to $40/Unit beginning two years from the first payment date of the bonds; ~~the bond compliance fee is paid in advance (for as long as the bonds are outstanding) and is equal to $15/Unit beginning two years from the first payment date of the bonds;~~ the asset management fee is paid in advance and is equal to $25/Unit beginning two years from the first payment date. Compliance fees may be adjusted from time to time by the Department.

(h) **Building Inspection Fee.** The Building Inspection Fee must be paid at the time the Commitment Fee is paid. The Building Inspection Fee for all Developments is $750. Inspection fees in excess of $750 may be charged to the Development Owner not to exceed an additional $250 per Development.

(i) **Tax-Exempt Bond Credit Increase Request Fee.** As further described in §~~50~~49.12 of this chapter, requests for increases to the credit amounts to be issued on IRS Forms 8609 for Tax-Exempt Bond Developments must be submitted with a request fee equal to 5% of the amount of the credit increase for one year.

(j) **Public Information Requests.** Public information requests are processed by the Department in accordance with the provisions of the Government Code, Chapter 552. The Department uses the guidelines promulgated by The Texas Facilities Commission to determine the cost of copying, and other costs of production.

(k) **Periodic Adjustment of Fees by the Department and Notification of Fees.** (§2306.6716(b)). All fees charged by the Department in the administration of the tax credit program will be revised by the Department from time to time as necessary to ensure that such fees compensate the Department for its administrative costs and expenses. The Department shall publish each year an updated schedule of Application fees that specifies the amount to be charged at each stage of the Application process. Unless otherwise determined by the Department, all revised fees shall apply to all Applications in process and all Developments in operation at the time of such revisions.

(l) **Extension and Amendment Requests.**

(1) All extension requests relating to the ~~Commitment Notice,~~ Carryover, Documentation for 10% Test, Substantial Construction Commencement, Placed in Service or Cost Certification requirements ~~and amendment requests~~ shall be submitted to the Department in writing and be accompanied by a mandatory non-refundable extension fee in the form of a check in the amount of $2,500. Such requests must be submitted to the Department no later than the date for which an extension is being requested. All requests for extensions totaling less than 6 months may be approved by the Executive Director and are not required to have Board approval. For extensions that require Board approval, the extension request must be received by the Department at least 15 business days prior to the Board meeting where the extension will be considered. The extension request shall specify a requested extension date and the reason why such an extension is required. Carryover extension requests shall not request an extended deadline later than December 1st of the year the Commitment Notice was issued. The Department, in its sole discretion, may consider and grant such extension

requests for all items. If an extension is required at Cost Certification, the fee of $2,500 must be received by the Department to qualify for issuance of Forms 8609.

(2) Amendment requests must be submitted consistent with §~~50~~49.17(d) of this chapter. Amendment requests shall be submitted to the Department in writing and be accompanied by a mandatory non-refundable amendment fee in the form of a check in the amount of $2,500. The amendment request will not be considered received until the corresponding fee is received. The Board may waive related fees for good cause.

(m) **Penalties.** Development Owners who have more tax credits allocated to them than they can substantiate through Cost Certification will return those excess tax credits prior to issuance of 8609's. For Competitive Housing Tax Credit Developments, a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of form 8609's if the tax credits are not returned, and 8609's issued, within 180 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with §42, Internal Revenue Code.

§~~50~~49. 21.Manner and Place of Filing All Required Documentation.

(a) All Applications, letters, documents, or other papers filed with the Department must be received only between the hours of 8:00 a.m. and 5:00 p.m. on any day which is not a Saturday, Sunday or a holiday established by law for state employees.

(b) All notices, information, correspondence and other communications under this ~~title~~ chapter shall be deemed to be duly given if delivered or sent and effective in accordance with this subsection. Such correspondence must reference that the subject matter is pursuant to the Tax Credit Program and must be addressed to the Housing Tax Credit Program, Texas Department of Housing and Community Affairs, P.O. Box 13941, Austin, TX 78711-3941 or for hand delivery or courier to 221 East 11th Street, Austin, Texas 78701 or more current address of the Department as released on the Department's website. Every such correspondence required or contemplated by this ~~title~~ chapter to be given, delivered or sent by any party may be delivered in person or may be sent by courier, telecopy, express mail, telex, telegraph or postage prepaid certified or registered air mail (or its equivalent under the laws of the country where mailed), addressed to the party for whom it is intended, at the address specified in this subsection. Regardless of method of delivery, documents must be received by the Department no later than 5:00 p.m. for the given deadline date. Notice by courier, express mail, certified mail, or registered mail will be considered received on the date it is officially recorded as delivered by return receipt or equivalent. Notice by telex or telegraph will be deemed given at the time it is recorded by the carrier in the ordinary course of business as having been delivered, but in any event not later than one business day after dispatch. Notice not given in writing will be effective only if acknowledged in writing by a duly authorized officer of the Department.

(c) If required by the Department, Development Owners must comply with all requirements to use the Department's web site to provide necessary data to the Department.

§~~50~~49.22. Waiver and Amendment of Rules.

(a) The Board, in its discretion, may waive any one or more of these Rules if the Board finds that waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause, as determined by the Board.

(b) Section 1.13 of this title may be waived for any person seeking any action by filing a request with the Board.

(c) The Department may amend this chapter and the Rules contained herein at any time in accordance with the Government Code, Chapter 2001.

§~~50~~49.23. Deadlines for Allocation of Housing Tax Credits. (§2306.6724)

(a) Not later than September 30 of each year, the Department shall prepare and submit to the Board for adoption the draft QAP required by federal law for use by the Department in setting criteria and priorities for the allocation of tax credits under the Housing Tax Credit program.

(b) The Board shall adopt and submit to the Governor the QAP not later than November 15 of each year.

(c) The Governor shall approve, reject, or modify and approve the QAP not later than December 1 of each year. (§2306.67022) (§42(m)(1))

(d) The Board shall annually adopt a manual, corresponding to the QAP, to provide information on how to apply for Housing Tax Credits.

(e) Applications for Housing Tax Credits to be issued a Commitment Notice during the Application Round in a calendar year must be submitted to the Department not later than March 1.

(f) The Board shall review the recommendations of Department staff regarding Applications and shall issue a list of approved Applications each year in accordance with the Qualified Allocation Plan not later than June 30.

(g) The Board shall approve final commitments for allocations of Housing Tax Credits each year in accordance with the Qualified Allocation Plan not later than July 31, unless unforeseen circumstances prohibit action by that date. In any event, the Board shall approve final commitments for allocations of Housing Tax Credits each year in accordance with the Qualified Allocation Plan not later than September 30. Department staff will subsequently issue Commitment Notices based on the Board's approval. Final commitments may be conditioned on various factors approved by the Board, including resolution of contested matters in litigation.

THIS ITEM HAS BEEN PULLED
FROM THE AGENDA

Portfolio Management and Compliance

BOARD ACTION REQUEST

November 13, 2008

Action Items

Presentation, Discussion and Possible Action on the publication in the *Texas Register* of a notice of proposed amendments to Title 10, Part 1 of the Texas Administrative Code, §60 concerning the Compliance Monitoring Rules.

Required Action

Approve, reject or approve with modifications publication of the proposed amendment of 10 TAC Chapter 60 Subchapter A for comment in the *Texas Register.*

Background

The draft Compliance Monitoring Rules presented today include changes resulting from HR 3221 and the Internal Revenue Service final Treasury Regulation 1.42-10 regarding utility allowances released on July 29, 2008. In addition, the draft rules reflect staff input and input from the public received at roundtables held on June 25, 2008, July 28, 2008 and October 8, 2008. Some significant changes to the draft rules include:

Throughout the rule all references to the Federal Deposit Insurance Corporation's (FDIC) Affordable Housing Program rules have been eliminated. The Department terminated the agreement to monitor on behalf of the FDIC effective September 1, 2008.

The definition of Substantial Construction in §60.102 has been amended in response to public input. The new definition is as follows:

"The minimum activity necessary to meet the requirements of substantial construction for new construction Developments will be defined as 1) completion of the clubhouse (if applicable), 2) having all permits, 3) all grading completed, 4) all utility distribution completed, 5) all Right of Way access and one of the following: 100% of the foundations in place and 50% of the framing completed OR 25% of all residential buildings dried in."

Substantial changes have been made to §60.109 to make the Compliance Monitoring Rules consistent with the new Treasury Regulation 1.42-10. The new regulation does not allow utilities paid to or through the owner of the building to be included in the utility allowance estimate. Utilities paid to the owner of the building or to a third party billing company must be treated as a mandatory fee. Rent, plus mandatory fees, plus an allowance for utilities paid by a resident directly to a utility provider must be less than the allowable limit. The draft rules also reflect the additional options provided by the new regulation: The HUD Utility Model Schedule, and an energy

energy consumption model.

Substantial changes have been made to §60.111. HR 3221 eliminated the requirement to perform annual recertifications of household income on 100% low-income projects. However, the rules regarding student status remain in effect. In addition, HR 3221 created a requirement for State Housing Finance Agencies to report certain information to HUD on an annual basis. §60.111 has been amended to create procedures and rules for implementing these changes. The rules to be followed regarding additional rent and occupancy restrictions have also been modified to adapt to the elimination of recertifications. The draft rules allow a household to maintain their designation from the time of move in, regardless of increases in income, provided that the owners keep the rent appropriately restricted.

More detail has been added to §60.112 and §60.114. Staff reports that failure to perform affirmative marketing and failure to provide social services are common findings from onsite monitoring visits. More detail has been added to these sections to help owners comply.

Minor changes have been made to §60.116. Staff suggests that the evaluation of the Uniform Physical Condition Standards Inspection report should take into consideration if 20% or more of the *violations noted* were level two or three violations rather than determining if 20% of the *units inspected* had a level two or three violation. A review of reports indicates that this is a more meaningful way to measure the level of compliance.

The IRS 8823 Audit Guide restricts the amount of the application fee that owners may charge prospective residents. Staff frequently cites this as a finding of noncompliance and owners have been misinformed or unclear about the program requirements. Changes have been made to §60.118 in an attempt to alleviate confusion.

Staff suggests that §60.122 be amended to require HTC Owners to correct all noncompliance before the subject development will receive its 8609s.

Other minor changes are not noted here but included in the rule.

Recommendation

Approve the publication of the draft Compliance Monitoring Rules for publication in the *Texas Register*.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 60 COMPLIANCE ADMINISTRATION
SUBCHAPTER A COMPLIANCE MONITORING

§60.101 Purpose and Overview

(a) This rule satisfies the requirement of §42(m)(1)(B)(iii) Internal Revenue Code (Code) to provide a procedure that will be followed for monitoring for noncompliance with the provisions of the Code and to notify the Internal Revenue Service of such noncompliance. The Department monitors rental Developments [~~developments~~] receiving assistance under:
(1) the Housing Tax Credit program (HTC);
(2) the HOME Investment Partnerships program (HOME);
(3) the Tax Exempt Bond program (BOND);
(4) the Housing Trust Fund program (HTF); and
(5) the Community Development Block Grant Disaster Recovery Program (CDBG)[~~; and~~]
[~~(6) the Federal Deposit Insurance Corporation's Affordable Housing Program (AHP) (formerly the Resolution Trust Corporation's Affordable Housing Disposition Program).~~]

(b) All properties monitored by the Department are subject to the Department's enforcement rules, found in Subchapter C of this chapter.

(c) Compliance monitoring begins with the commencement of construction and continues to the end of the long term Affordability Period. The Portfolio Management and Compliance Division (PMC) monitors to ensure Owners [~~owners~~] comply with the program rules and regulations, Chapter 2306, Texas Government Code, the Land Use Restriction Agreement (LURA) requirements and conditions, and representations imposed by the Application or award of funds by the Department. These rules do not address forms and other records that may be required of Development Owners by the Internal Revenue Service (IRS) or other governmental entities [~~more generally~~], whether for purposes of filing annual returns or supporting Development Owner tax positions during an IRS or other governmental audit.

§60.102 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Affordability Period--The Affordability Period commences as specified in the Land Use Restriction Agreement (LURA)[~~,~~] or federal regulation, or commences on the first day of the Compliance Period as defined by §42(i)(1) of the Internal Revenue Code (IRC) and continues through the appropriate program's affordability requirements or termination of the LURA, whichever is earlier [~~later~~]. The term of the Affordability Period shall be imposed by the LURA or other deed restriction and may be terminated upon foreclosure. The Department reserves the right to extend the Affordability Period for HOME properties that fail to meet program requirements. During [~~this~~] the Affordability Period [~~period~~] the Department shall monitor to ensure compliance with programmatic rules, regulations, and Application representations.

(2) Application--An Application, in the form prescribed by the Department, filed with the Department by an Applicant, including any exhibits or other supporting material. (§2306.6702)

(3) Architect of Record--The architect licensed in the jurisdiction that the project is located in, who prepares, stamps and signs the construction documents, and is legally recorded as the architect for the project.

(4) Board--The governing Board of the Texas Department of Housing and Community Affairs.

(5) Code--The U.S. Internal Revenue Code of 1986, as amended from time-to-time, together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official pronouncements issued by the United States Department of the Treasury or the Internal Revenue Service.

(6) Compliance Period--With respect to a Housing Tax Credit building, the period of 15 taxable years, beginning with the first year of the Credit Period, pursuant to the Code §42(i)(1).

(7) Continuously Occupied--The same household has resided in the Unit for at least 12 months.

(8) Credit Period--With respect to a Housing Tax Credit building, the period of 10 taxable years, beginning with the taxable year the building is placed in service or at the election of the Development Owner, the succeeding taxable year, as more fully defined in the Code §42(f)(1).

(9) Department--The Texas Department of Housing and Community Affairs, an official and public agency of the State of Texas pursuant to Chapter 2306, Texas Government Code.

(10) Development--A property or work or a project, building, structure, facility, or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards required by the Department and that is financed under the provisions of Chapter 2306, Texas Government Code.

(11) Extended Use Period--With respect to a Housing Tax Credit building, the period beginning on the first day of the Compliance Period and ending the later of:

(A) the date specified in the Land Use Restriction Agreement, or

(B) the date which is 15 years after the close of the Compliance Period.

(12) Historically Underutilized Business (HUB)--Any entity defined as a historically underutilized business with its principal place of business in the State of Texas in accordance with Chapter 2161, Texas Government Code.

(13) Housing Quality Standards--The property condition standards described in 24 Code of Federal Regulations §982.401.

[~~(14) Housing Sponsor--Sometimes referred to as "Development Owner." An individual, joint venture, partnership, limited partnership, trust, firm, corporation, limited liability company, other form of business organization or cooperative that is approved by the Department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing Development, subject to the regulatory powers of the Department and other terms and conditions.~~]

(14)(~~15~~) HTC Development--Sometimes referred to as "HTC Property." A Development using Housing Tax Credits allocated by the Department.

(15) HUD -- The United States Department of Housing and Urban Development.

(16) HUD-regulated Building--The rents and utility allowances of the building are reviewed by HUD on an annual basis.

(17) Low Income Unit--A Unit that is intended for occupancy by an income eligible household, as defined by the Department or the Code.

(18) Land Use Restriction Agreement or LURA--An agreement between the Department and the Development Owner which is a binding covenant upon the Development Owner's successors in interest that encumbers the Development with respect to the requirements of Chapter 2306[~~,~~]Texas Government Code,[~~;~~] the Code,[~~;~~] and the requirements of the various programs administered or funded by the Department.

(19) Material Noncompliance--

(A) A Housing Tax Credit Development located within the state of Texas will be classified by the Department as being in Material Noncompliance status if the noncompliance score for such Development is equal to or exceeds a threshold of 30 points in accordance with the Material Noncompliance provisions, methodology, and point system of this title.

(B) Non HTC Developments monitored by the Department with 1 to 50 Low Income Units will be classified as being in Material Noncompliance status if the noncompliance score is equal to or exceeds a threshold of 30 points. Non HTC Developments monitored by the Department with 51 to 200 Low Income Units will be classified as being in Material Noncompliance status if the noncompliance score is equal to or exceeds a threshold of 50 points. Non HTC Developments monitored by the Department with 201 or more Low Income Units will be classified as being in Material Noncompliance status if the noncompliance score is equal to or exceeds a threshold of 80 points.

(C) For all programs, a Development will be in Material Noncompliance if the noncompliance is stated in §60.121 of this chapter to be Material Noncompliance.

(20) Non HTC Development--Sometimes referred to as Non HTC Property. Any Development not utilizing Housing Tax Credits.

(21) Substantial Construction--

(A) The minimum activity necessary to meet the requirements of substantial construction for new construction Developments will be defined as 1) completion of the clubhouse (if applicable), 2) having all permits, 3) all grading completed, 4) all utility distribution completed, 5) all Right of Way access and one of the following: 100% of the foundations in place and 50% of the framing completed OR 25% of all residential buildings dried in.

~~1) having building permits, 2) the foundation of all residential buildings and the clubhouse in place 3) 50% of the framing completed and 4) at least 20% of the construction contract amount for the Development expended, adjusted for any change orders, as certified by the inspecting architect.~~]

(B) The minimum activity necessary to meet the requirement of Commencement of Substantial Construction for rehabilitation Developments will be defined as having 1) building permits issued or a clearance from the City stating that building permits are not required, 2) a certification that there are no reasonably foreseeable issues or circumstances which may prevent or delay the start and progress of construction or the timely successful completion of rehabilitation and 3) at least 20% of the construction budget expended as documented by the inspecting architect.

(22) Unit--Any residential rental Unit in a Development consisting of an accommodation, including a single room used as an accommodation on a non-transient basis that contains complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation.

(23) Unit Type--Units will be considered different Unit Types if there is any variation in the number of bedroom, bathrooms or a square footage difference equal to or more than 120 square feet. *Example 101(1)*: A [.~~For example,~~] [~~a~~] two bedroom one bath Unit is considered a different Unit Type than a two bedroom two bath Unit. A three bedroom two bath Unit with 1,000 square feet is considered a different Unit Type than a three bedroom two bath Unit with 1,200 square feet. A one bedroom one bath Unit with 700 square feet will be considered equivalent to a one bedroom, one bath Unit with 800 square feet.

(24) UPCS--Uniform Physical Condition Standards as developed by the Real Estate Assessment Center of the Department of Housing and Urban Development.

§60.103 Construction Monitoring

(a) The Department will monitor the entire construction phase for all applicable requirements according to the level of risk. After Final [~~final~~] Construction during the Affordability Period [~~affordability period~~], the Department [~~department~~] will periodically monitor the Development [~~development~~] to assure that the initial compliance review was correct.

(b) The Department will not provide any funding to any Development unless the Owner [~~owner~~] certifies that the housing Development is, or will be upon completion of construction, in compliance with the following housing laws:

(1) state and federal fair housing laws, including Chapter 301, Property Code, the Texas Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601, et seq.), and the Fair Housing Amendments of 1988 (42 U.S.C. §§3601, et seq.);

(2) the Civil Rights Act of 1964 (42 U.S.C. §§2000a, et seq.);

(3) the Americans with Disabilities Act of 1990 (42 U.S.C. §§12101, et seq.); and

(4) Section 504, Rehabilitation Act of 1973 (29 U.S.C. §§701, et seq.). (§2306.257)

(c) Evidence of Commencement of Substantial Construction must be submitted no later than the deadline established in the Development's Commitment Notice. Four percent BOND properties are not required to submit evidence of Substantial Construction.

(d) Copies of any construction reports supplied to a syndicator must be supplied to the Department upon request.

(e) Copies of any reports issued during construction that indicate changes that affect the representations made during the Application [~~application~~] process must be supplied to the Department upon request.

(f) Owners are required to submit evidence of construction completion within thirty days of completion in a format prescribed by the Department. In addition, the Architect of Record must submit a certification that the Development [~~property~~] was built in compliance with all applicable laws.

(g) The Department will conduct a final inspection after receipt of notification of construction completion. During the inspection, the Department will confirm that committed amenities have been provided and will inspect for compliance with the applicable laws referenced in subsection (b) of this section. In addition, a UPCS inspection may be completed.

(h) Owners will be provided a written notice after the final inspection. If any deficiencies are noted, a 90 day corrective action period will be provided.

(i) Forms 8609 and final retainage will not be released until the Owner [~~owner~~] receives written notice from the Department that all noted deficiencies have been resolved.

(j) During any construction inspection, if the Owner [~~owner~~] and the Department are unable to agree that an identified issue is a violation, the Owner [~~owner~~] must request Alternative Dispute Resolution. The process for engaging ADR is outlined in §60.123 of this chapter.

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

(a) In general, no credit is allowable for a building unless there is a properly executed LURA in effect at the end of the first year of the Credit Period [~~credit period~~]. A draft of the proposed [~~Requests for a~~] LURA must be provided no later than September 1st of the calendar year in which the Owner [~~owner~~] intends to have it recorded. The Department cannot guarantee that a draft [~~A request for a~~] LURA received after September 1st will be processed in the same calendar year. [~~may not be able to be processed by the Department in the same calendar year.~~]

(b) LURAs [~~Land Use Restriction Agreements~~] will impose the rent and income restrictions identified in the Development's [~~property's~~] final underwriting report.

(c) The Department will not issue Forms 8609 until it receives the original, properly recorded LURA.

§60.105 Reporting Requirements

(a) The Department requires reports to be submitted electronically through the Department's web-based Compliance Monitoring and Tracking System (CMTS) and in the format prescribed by the Department. The Electronic Compliance Reporting Filing Agreement and the Owner's Designation of Administrator of Accounts forms must be filed no later than September 1st of the year following the award. The Department will provide general instruction regarding the electronic transfer of data. Under special circumstances, the Department may, at its discretion, waive the online reporting requirements where a hardship can be demonstrated. In the absence of a written waiver, all Developments are required to submit reports online.

(b) Each Development is required to submit an Annual Owner's Compliance Report (AOCR). Depending on the property, some or all of the Report must be submitted. The first AOCR is due the second year following the award. For example, if a Development is awarded funds in calendar year 2007, the first report is due in 2009. The AOCR is comprised of 4 sections:

(1) Part A "Owner's Certification of Program Compliance." All Development Owners must annually certify to compliance with applicable program requirements. The AOCR Part A shall include answers to all questions required by Treasury Regulation 1.42-5(b)(1) or the applicable program rules. In addition, Owners [~~owners~~] [~~,with the exception of the FDIC's Affordable Housing Program properties,~~]are required to report on the race [~~racial~~] and ethnicity, [~~ethnic composition~~] family composition, age, income, use of rental assistance, disability status, and monthly rental payments of individuals and families applying for and receiving assistance. HTC [~~Housing Tax Credit~~] properties during the Compliance Period will also be required to provide the name and mailing address of the syndicator in the Annual Owner's Compliance Report.

(2) Part B "Unit Status Report." All Developments must annually report the information related to individual household income, rent, certification dates and other necessary data to ensure compliance with applicable program regulations.

(3) Part C "Housing for Persons with Disabilities." The Department must establish a system that requires Owners [~~owners~~] of state or federally assisted housing Developments with 20 or more housing Units to report information regarding housing Units designed for persons with disabilities. The questions on Part C satisfy this requirement. [~~The FDIC's Affordable Housing Properties are not required to submit Part C of the Annual Owner's Compliance Report.~~]

(4) Part D "Owner's Financial Certification." Developments funded by the Department must annually provide the data requested in the Owner's Financial Certification. [~~The FDIC's Affordable Housing Properties are not required to submit Part D of the Annual Owner's Compliance Report.~~]

(c) Parts A, B and C of the Annual Owner's Compliance Report must be provided to the Department no later than March 1st of each year, reporting data current as of December 31 of the previous year (the reporting year). Part D, "Owner's Financial Certification", which includes the current audited financial statements and income and expenses of the Development for the prior year, must be submitted to the Department no later than the last day of April each year.

(d) Any Development for which the AOCR, Part A, "Owner's Certification of Program Compliance," is not received or is received past the due date will be considered not in compliance with these rules. If Part A is incomplete, improperly completed, or is not submitted by the Development Owner, it will be considered not received and not in compliance with these rules. The Department will report to the IRS on Form [~~form~~] 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition, any HTC Development that fails to comply with this requirement.

(e) Department staff will review Part A of the AOCR for compliance with the requirements of the appropriate program. If it appears that the Development [~~property~~] is not in compliance based upon the report, the Owner [~~owner~~] will be given written notice and provided a corrective action period to clarify or correct the report. If the Owner [~~owner~~] does not respond to the notice, the report will be subject to the sanctions listed in subsections (f) and (g) of this section.

(f) If any required section, or sections (Parts A, B, C or D), of the report are not received on or before the deadline for submission specified in subsection (c) of this section, a notice of noncompliance will be sent to the Owner [~~owner~~], specifying a corrective action deadline. If the report is not received on or before the corrective action deadline, the Department shall:

(1) For all HTC properties, issue Form [~~form~~] 8823 notifying the Internal Revenue Service of the violation.

(2) For all properties, score the noncompliance in accordance with §60.121 of this chapter.

(g) The Department may assess and enforce the following sanctions against an Owner [~~a Housing Sponsor~~] who fails to submit the AOCR on or before March 1 of each year. These sanctions will be assessed for multiple, consistent, and/or repeated violations of failure to submit the AOCR by March 1 of each year:[~~.~~]

(1) A [~~Impose a~~] late processing fee in an amount equal to $1,000;

(2) An HTC Development that fails to submit the required AOCR for three consecutive years [~~in a row~~] may be reported to the Internal Revenue Service as no longer in compliance and never expected to comply.

(h) Periodic Unit Status Reports. HOME, Housing Trust Fund, [~~the FDIC's Affordable Housing Properties~~] and properties funded under the Department's CDBG Disaster Recovery Program[~~,~~]shall provide tenant information provided on Part B, "Unit Status Report," at least quarterly during lease up and until occupancy requirements are achieved. Once the Department determines that all occupancy requirements are met, the Development shall submit the Unit Status Report at least annually and as required by this section.

(i) Developments financed by Tax Exempt Bonds issued by the Department shall report quarterly throughout the Qualified Project Period unless notified by the Department of a change in the reporting frequency.

(j) Owners are encouraged to continuously maintain current resident data in the Department's Compliance Monitoring and Tracking System. Under certain circumstances, such as in the event of a natural disaster, the Department may require all Developments to provide current occupancy data through CMTS [~~the Department's Compliance Monitoring and Tracking System~~].

(k) All rental Developments funded or administered by the Department will be required to submit a current Unit Status Report prior to an onsite monitoring visit.

§60.106 Record Keeping Requirements

(a) Development Owners must comply with program recordkeeping requirements. Records must include sufficient information to comply with the reporting requirements of §60.105 of this chapter and any additional programmatic requirements. HTC Development Owners [~~Housing tax credit property owners~~] must retain records sufficient to comply with the reporting requirements of Treasury Regulation 1.42-5(b)(1). Records must be kept for each qualified Low Income [~~low income rental~~] Unit and building in the Development, commencing with lease up activities and continuing on a monthly basis until the end of the Affordability Period.

(b) Each Development that is administered by the Department [~~including the FDIC's AHPis required to~~] must retain [~~the~~] records as required by the specific funding program rules and regulations. In general, retention schedules include but are not limited to the provision of subsections (c) - (f) of this section.
(c) HTC records must be retained for at least six years after the due date (with extensions) for filing the federal income tax return for that year; however, the records for the first year of the Credit Period must be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the Compliance Period of the building[~~.~~] (§1.42-5(b)(2) of the Code).
(d) Retention of records for HOME rental Developments and the CDBG Disaster Recovery program must comply with the provisions of 24 CFR §92.508(c), which generally requires retention of rental housing records for five years after the Affordability Period terminates.
(e) Housing Trust Fund (HTF) rental Developments must retain tenant files for at least three years beyond the date the tenant moves from the Development. Records pertinent to the funding of the award, including but not limited to the Application, Development [~~development~~] costs and documentation, must be retained for at least five years after the Affordability Period terminates.
(f) Other rental Developments funded or administered in whole or in part by the Department must comply with record retention requirements as required by rule or deed restriction.

§60.107 Notices to the Department

(a) If any of the events in paragraphs (1) - (3) of this subsection occur, written notice must be provided to the Department within the timeframes as follows:
(1) Any sale, transfer, exchange, of the Development or any portion of the Development. Notification must be provided at least 30 days prior to this event.
(2) The Development suffers in whole or in part a casualty loss. Notification must be provided within 30 days following the event of loss using the Department's Notice of Casualty Loss (for general casualty losses) or Notice of Disaster Casualty Loss (specific to loss as a result of a Presidentially Declared Disaster).
(3) Owners of [~~Tax-Exempt~~] Bond Developments shall notify the Department of the date 10 percent of the Units are occupied and the date 50 percent of the Units are occupied within 90 days of such dates.
(b) Owners are responsible for maintaining current information (including contact persons, physical addresses, mailing addresses, email addresses, and phone numbers) for the Ownership [~~ownership~~] entity[~~,~~] and management company in the Department's Compliance Monitoring and Tracking System (CMTS). Treasury Regulations require the Department to notify Housing Tax Credit Owners [~~owners~~] of upcoming reviews and instances of noncompliance. The Department will rely on the information supplied by the Owner in CMTS [~~owner-supplied information in CMTS~~] to meet this requirement.

§60.108 Determination, Documentation and Certification of Annual Income

(a) For all programs administered by the Department, annual income shall be determined consistent with the Section [~~§~~]8 program, using the definitions of annual income described in HUD Handbook 4350.3 as amended from time to time. At the time of program designation as a low income household, owners must certify and document household income. In general, all low income households must be certified prior to move in.
(b) The Department permits Owners [~~owners~~] to use check stubs or other documentation of income and assets provided by the applicant or household in lieu of employment verification

forms. It is not necessary to first attempt to obtain an employment verification form as required by the HUD 4350.3.

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

§60.109 Utility Allowances

(a) The Department will monitor to determine if HTC, BOND [~~Bond~~], CDBG, HOME, and HTF properties comply with published rent limits which include an allowance for tenant paid utilities. For HTC buildings, if the residents pay utilities directly to the owner of the building or to a third party billing company, this monthly amount will be considered a mandatory fee. The rent, plus all mandatory fees, plus an allowance for those utilities paid by the resident directly to a utility provider must be less than the allowable limit. For Non-HTC buildings, owners may account for utilities paid directly to the owner or to a third party billing company in their utility allowance. Where residents are responsible for some, or all, of the utilities--other than telephone, [~~and~~] cable, and internet--Development Owners must use a utility allowance that complies with both this section and the applicable program regulations. An Owner [~~owner~~] may not change utility allowance methods without [~~the~~] written approval from the Department. Any such request must include the Utility Allowance Questionnaire found on the Department's website.

(b) Rural Housing Service (RHS) Buildings or buildings with RHS assisted tenants. [~~Farmer's Home Administration (FmHA) Buildings or buildings with FmHA assisted tenants layered with any Department program~~]. The applicable utility allowance for the Development will be determined under the method prescribed by the Rural Housing Service [~~Farmer's Home Administration~~] (or successor agency). No other utility method described in this section can be used by RHS buildings or buildings with RHS assisted tenants.

(c) HUD-Regulated Buildings [~~buildings~~] layered with any Department program. If neither the building nor any tenant in the building receives RHS [~~FmHA~~] rental assistance payment, and the rents and the utility allowances of the building are reviewed by HUD on an annual basis (HUD-regulated Building [~~building~~]), the applicable utility allowance for all rent restricted units in the building is the applicable HUD utility allowance. No other utility method described in this section can be used by HUD-regulated buildings.

(d) Other Buildings. For all other rent-restricted Units, Development Owners must use one of the following methods:

(1) The utility allowance established by the applicable Public Housing Authority (PHA). The Department will utilize Texas Local Government Code Chapter 392 to determine which PHA is the most applicable to the Development. If the applicable PHA allowance lists flat fees for any utility, those flat fees must be included in the calculation of the utility allowance if the resident is responsible for that utility.

(A) If an Owner chooses to implement a methodology as described in paragraphs (2), (3), (4), or (5) of this subsection, for units occupied by Section 8 voucher holders, the utility allowance remains the applicable PHA utility allowance established by the PHA from which the household's voucher is received.

(2) A written estimate from a local utility provider. If there are multiple utility companies that service the Development, the local provider must be a residential utility company that offers service to the residents of the Development requesting the methodology. The Department will use the Texas Electric Choice website: http://www.powertochoose.org/_content/_compare/compare.aspx to verify the availability of service. If the utility company is not listed as a provider in the Development's ZIP code, the

request will be denied. Additionally, the estimate must specifically include all "component deregulated charges" for providing the utility service.[~~, or~~]

(3) The HUD Utility Model Schedule. A utility estimate can be calculated by using the "HUD Utility Model Schedule" that can be found at http://www.huduser.org/datasets/lihtc/html (or successor URL). The rates used must be no older than the rates in effect 60 days prior to the beginning of the 90 day period in which the Owner intends to implement the allowance. For Owners calculating a utility allowance under this methodology, the model, along with all back-up documentation used in the model, must be submitted to the Department, on a CD, within the timeline described in subsection (f) of this section.

(4) An energy consumption model. The utility consumption estimate must be calculated by a properly licensed mechanical engineer or an individual holding a valid Residential Energy Service Network (RESNET) or Certified Energy Manager (CEM) certification. The individual must not be related to the Owner within the meaning of section 267(b) or 707(b) of the Code. The utility consumption estimate must, at minimum, take into consideration specific factors that include, but are not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, and characteristics of building location, or

(5)[~~(3)~~] An allowance based upon an average of the actual use of similarly constructed and sized Units [~~units~~] in the building using actual utility usage data and rates, provided that the Development Owner has the written permission of the Department. This methodology is referred to as the "Actual Use Method."

(e) For a Development Owner [~~development owner~~] to use the Actual Use Method they must:

(1) provide a minimum sample size of usage data for at least 5 Continuously Occupied Units [~~continuously occupied units~~] of each Unit Type or 20% of each Unit Type whichever is greater. *Example 109(1):* A Development [~~property~~] has 20 three bedroom one bath Units and 80 three bedroom two bath Units. Each bedroom/bathroom equivalent Unit is within 120 square feet of the same floor area. Data [~~data~~] must be supplied for at least 5 of the three bedroom one bath Units and 16 of the three bedroom two bath Units. If there are less than 5 Units [~~units~~] of any Unit Type, data for 100% of the Unit Type must be provided.

(2) the following information must be scanned onto a CD and submitted to the Department no later than the beginning of the 90 day period in which the Owner intends to implement the allowance, reflecting data no older than 60 days prior to the 90 day implementation period. *Example 109(2):* The utility provider releases the information regarding electric usage at Westover Townhomes of February 5, 2009. The data provided is from February 1, 2008 through January 31, 2009. The Owner must submit the information to the Department no later than March 31, 2009 for the information to be valid. [~~within 45 days of receipt of the data from the utility provider:~~]

(A) An Excel spreadsheet listing each unit for which data was obtained to meet the minimum sample size requirement of a Unit Type, [~~every unit on the property,~~] the number of bedrooms, bathrooms and square footage for each Unit, the household's move in date, [~~and~~] the actual kilowatt usage, [~~billing history by month~~] for each Unit [~~unit~~],for which data was obtained, and the rates in place at the time of the submission.

(B) A copy of the request to the utility provider (or billing entity for the utility provider) to provide usage data.

(C) All documentation obtained from the utility provider (or billing entity for the utility provider) and/or copies of actual utility bills gathered from the residents, including all usage data not needed to meet the minimum sample size requirement and any written correspondence from the utility provider.

(D) The rent roll showing occupancy as of the end of the month for the month in which the data was requested from the utility provider.

(E) Documentation of the current utility allowance used by the Development.

(3) Upon receipt of the required information, the Department will determine if the Development Owner has provided the minimum information necessary to calculate an allowance using the Actual Use Method. If so, the Department shall calculate the utility allowance for each bedroom size using the following guidelines:

(A) If data is obtained for more than 20% or 5 of each Unit Type, all data will be used to calculate the allowance.

(B) If more than 12 months of data is provided for any Unit [~~unit~~], only the data for the most current 12 months will be averaged.

(C) The allowance will be calculated by multiplying the average units of measure for the applicable utility (i.e. kilowatts over the last 12 months by the current rate) [~~averaging the utility costs~~] for all Unit Types within that bedroom size. For example, if sufficient data is supplied for 18 two bedroom one baths and 12 two bedroom two baths, the data for all 30 Units [~~units~~] will be averaged to calculate the allowance for all two bedroom Units.

(D) The allowance will be rounded up to the next whole dollar amount.

(E) If the data submitted indicates 0 (zero) usage for any month, the data for that unit will not be used to calculate the Utility Allowance.

(4) The Department will complete its evaluation and calculation within 90 [~~30~~] days of receipt of all the information requested in paragraph (2) of this subsection. [~~If the allowance increases, owners must implement the allowance for all rent restricted Units within 90 days of the effective date. The effective date of the new utility allowances is the date of the notice to the owner establishing the new utility allowances computed under this subsection. The allowance calculated using the Actual Use Method will be valid for twelve months.~~]

(5) For newly constructed Developments or Developments that have units which have not been continuously occupied, the Department, on a case by case basis, may use consumption data for units of similar size and construction in the geographic area to calculate the utility allowance. [~~Once the Actual Use Method is approved for use by the Department, the Development Owner must continue to provide the data listed in paragraph (2) of this subsection on an annual basis. The data must be supplied to the Department within 60 days of the expiration of the previous years' allowance. If the owner is unable to obtain the necessary billing histories from the utility provider in subsequent years, the owner must request permission to change utility allowance methods.~~]

(f) Effective dates. If the Owner uses the methodologies as described in subsections (b), (c), or (d)(1) of this section, any changes to the allowance can be implemented immediately, but must be implemented for rent due 90 days after the change. For methodologies as described in paragraphs (d)(2), (d)(3), (d)(4), or (d)(5) of this section, the allowance cannot be implemented until the estimate is submitted to the Department and is made available to the residents by posting in a common area of the leasing office at the Development. This action must be taken by the beginning of the 90 day period in which the Owner intends to implement the utility allowance. With the exception of the methodology described in paragraph (d)(5) of this section, if a response is not received by the Department within the 90 day period, the Owner may temporarily use the submission as a safe harbor until the Department provides written authorization (the Owner cannot assume that the allowance is approved by the Department but can operate in good faith prior to notification). Failure to submit the proposed utility allowance to the Department and make it available to the residents will result in a finding of noncompliance.

(g) Requirements for Annual Review. Owners utilizing the methods described in paragraphs d(2), d(3), d(4) or d(5) of this section must once a calendar year submit copies of the utility estimate to the Department and simultaneously make the estimate available to the residents by posting the estimate in a common area of the leasing office at the Development. Changes in utility allowances cannot be implemented until the estimate has been submitted to the Department and made available to the residents by posting in the leasing office and a 90 day period has elapsed. The back up documentation required by the methodology the Owner has chosen must be submitted to the Department for approval no later than October 1st; however, the Department encourages Owners to submit documentation prior to the October 1st deadline in order to ensure that the Department has adequate time to review and respond to the Owner's estimate.

(h)[~~(f)~~] Combining Methodologies. With the exception of HUD regulated buildings and RHS [~~FmHA~~] buildings, Owners may combine any methodology described in this section for each utility service type paid directly by the resident and not by or through the Owner of the building (electric, [~~water~~] gas etc.). For example, if residents are responsible for electricity and gas [~~water~~], an Owner [~~owner~~] may use the appropriate PHA allowance to determine the gas [~~water~~] portion of the allowance and use the Actual Use Method to determine the electric portion of the allowance.

(i)[~~(g)~~] Increases in Utility Allowances for Developments with HOME funds. Because [~~because~~] the HOME final rule does not provide a grace period for implementing increased utility allowances, changes in utility allowances must be implemented on the published effective date. [~~All other properties shall implement increases in utility allowances within 90 days of the effective date of the change~~].

(j)~~(h)~~The owner shall maintain and make available for inspection by the tenant the data upon which the utility allowance schedule is calculated. Records shall be made available at the resident manager's office during reasonable business hours or, if there is no resident manager, at the dwelling unit of the tenant at the convenience of both the apartment owner and tenant.]

§60.110 Lease Requirements (HTC and HOME Properties)

(a) For HTC properties, Revenue Ruling 2004-82 prohibits the eviction or termination of tenancy for other than good cause of low income households throughout the entire Affordability Period and for three years after termination of an extended low-income housing commitment. Owners executing or renewing leases after November 1, 2007 shall specifically state in the lease or in an addendum attached to the lease that evictions or terminations of tenancy for other than good cause are prohibited.

(b) For HOME properties, the HOME Final Rule [~~final rule~~] prohibits Owners [~~owners~~] from evicting low income residents or refusing to renew a lease except for serious or repeated violations of the terms and conditions of the lease, for violations of applicable federal state or local law, for completion of the tenancy period for transitional housing, or for other good cause. To terminate tenancy, the Owner [~~owner~~] must serve written notice to [~~upon~~] the tenant specifying the grounds for the action at least 30 days before the termination of tenancy. Owners executing or renewing leases after November 1, 2007 shall specifically state in the lease or in an addendum attached to the lease that evictions or non-renewal of leases for other than good cause are prohibited[~~.~~] (24 CFR §92.253).

(c) The Department does not determine if an Owner [~~owner~~] has good cause or if a resident has violated the lease terms. If there is a challenge to a good cause eviction, that determination will be made by a court of competent jurisdiction or an agreement of the parties in arbitration. The Department will rely on the court decision or the agreement of the parties.

(d) HTC and BOND properties must use a lease or lease addendum that requires households to report changes in student status.

§60.111 Income at Recertification (Housing Tax Credit Properties)

(a) Under the Code, HTC Development Owners [~~owners~~] elect a minimum set aside requirement of 20/50 or 40/60 (20% of the Units [~~units~~] restricted to the 50% income and rent limits or 40% of the Units [~~units~~] restricted to the 60% income and rent limits). The minimum set aside elected by the Development Owner sets the maximum income and rent limits at the property. The Housing Tax Credit program requires mixed income properties to comply with the Available Unit Rule. Regardless of §60.111 if a household's income exceeds 140% of the income limit elected by the minimum set aside, owners must comply with the Available Rule. Many HTC Development [~~development~~] Owners [~~owners~~] agreed to lease Units to households with an annual income and rent lower than the maximum limits (for example at the 30%, 40% or 50% income and rent limits) established by the minimum set aside election of the Owner. This requirement is referred to as "additional occupancy restrictions" and is reflected in the Development's Land Use Restriction Agreement. When monitoring, the Department will examine the actual rent and income levels of all tenants to determine if additional rent and income requirements in the LURA are being met. Household income at recertification for the additional occupancy restrictions will be monitored as follows:

(1)[~~(b)~~]Households initially designated at the 30% income and rent limits. If upon recertification, the household's income exceeds the 30% limit~~, but remains less than the 40% limit,~~ the Unit [~~unit~~] will continue to meet the 30% set aside requirement provided that the Owner [~~owner~~] does not charge rent in excess of the 30% rent limits. ~~If upon recertification, the household's income exceeds the 40% limit, but is less than the 50% limit, the unit will continue to meet the 30% set aside requirement provided that the owner does not charge rent in excess of the 40% rent limits. If the household's income exceeds the 50% income limit, the unit no longer meets the 30% set aside requirement.~~ The household will not be required to vacate the Unit [~~unit~~] for other than good cause. The Owner [~~owner~~] will not be found in noncompliance provided that when the household moves out, the next available Unit [~~unit~~] on the property is leased to a household with an income and rent less than the 30% limits. If the household is replaced, the rent for the previously qualified Unit may be increased to the limit established by the minimum set aside, subject to applicable HTC [~~tax credit~~] requirements, lease provisions and local tenant-landlord laws.

(2)[~~(c)~~] Households initially designated at the 40% income and rent limits. If upon recertification, the household's income exceeds the 40% limit, ~~but is less than the 50% limit,~~ the Unit [~~unit~~] will continue to meet the 40% set aside requirement provided that the Owner [~~owner~~] does not charge rent in excess of the 40% rent limits. ~~If the household's income exceeds the 50% income limit, the unit no longer meets the 40% set aside requirement.~~ The household will not be required to vacate the Unit [~~unit~~] for other than good cause. The Owner [~~owner~~] will not be found in noncompliance, provided that when the household moves out, the next available Unit [~~unit~~] on the property is leased to a household with an income and rent less than the 40% limits. If the household is replaced, the rent for the previously qualified Unit may be increased to the limit established by the minimum set aside, subject to applicable HTC [~~tax credit~~] requirements, lease provisions and local tenant-landlord laws.

(3)[~~(d)~~]Households initially designated at the 50% income and rent limits (for HTC properties with the 40/60 minimum set aside). If upon recertification, the household's income exceeds the 50% income limit, the Unit [~~unit~~] will continue to meet the 50% set aside provided that the Owner does not charge rent in excess of the 50% rent limits. ~~no longer meets the Development's additional occupancy restriction.~~ The household will not be required to vacate the Unit [~~unit~~] for other than good cause. The Owner [~~owner~~] will not be found in noncompliance[~~,~~] provided that when the household moves out, the next available Unit [~~unit~~] on the property is leased to a household with an income and rent less than the 50% limits.

Once the household has been replaced, the rent for the previously qualified Unit may be increased to the limit established by the minimum set aside, subject to applicable HTC [~~tax credit~~] requirements, lease provisions and local tenant-landlord laws. ~~*Example 111.1:* A 100 unit property agreed to lease 10 units to households with an income and rent under the 30% limits. The remaining 90 units are subject to the 60% income and rent limits. Upon recertification, it is determined that one of the 30% households has experienced an increase in income; their re-certified annual income is now between the 40% and 50% income limits. The owner can continue to count this unit towards the 30% set aside provided that the rent charged remains at or below the 40% rent limit.~~

(b)[~~(c)~~] This section does not apply to households designated at the maximum income and rent limits required by the Code. Nor does this section in any way require a Development to lease more Units [~~units~~] under the additional occupancy restrictions than established in the LURA [~~Land Use Restriction Agreement~~].

(c) For those properties that are not required to perform recertifications, households will maintain the designation they had at move in. Owners must ensure that lower rent restrictions are adhered to throughout the household's occupancy.

(d) Preservation, HTF, HOME and BOND Developments, with any market units in one or more buildings (as evidenced in their LURA) must continue to perform annual recertifications of all households residing in program units. Owners of 100% low income Developments are not required to perform annual income recertifications. HTC owners must perform annual income recertifications if the project has any market rate units. For HTC Developments, the election made on Part II of the 8609 will determine if a building is part of a project. HTC Development owners must submit forms 8609 with part II completed. The Department may also require HTC Owners to complete form 8821 to permit the Department to confirm the elections with the IRS.

(e) For HTC, Preservation, HTF, and/or BOND Developments in which the LURA requires 100% of the units to be leased to income eligible families, the following recertification requirements apply:

(1) To comply with HUD reporting requirements, once every calendar year, the Development must collect a self-certification form from each household that reports the number of household members, the age of each household member, disability status, monthly rental assistance amounts received (if any), and race and ethnicity. In addition, the self certification will collect information about student status to establish ongoing compliance under the HTC and BOND programs. The Development must use the Department's *Annual Eligibility Certification* to collect this information and must maintain the certification in all household files.

(2) On 100% low income Housing Tax Credit developments, households may transfer to any unit within the same project (as determined on Part II of the 8609 for HTC Developments). On mixed income Housing Tax Credit Developments, households may transfer to any unit within the Development if as of their most recent (re) certification, their income was less than 140% of the maximum allowable limit. If the owner of a Housing Tax Credit development elected to treat each building as a separate project, households must be certified and low income to transfer to another building.

(3) Owners must review the *Annual Eligibility Certification* for the following items which would require further action:

(A) Changes in household composition. If members are added to an existing household, Owners must determine eligibility and complete a certification. The new household must be screened for income, assets, and student status and the existing Income Certification form must be updated. Owners must obtain first hand or third party verification of income and assets.

(i) If the Development becomes aware of the additions to households during the year, this action must be taken at the time the new household member moves in; Owners may not wait until the *Annual Eligibility Certification* is completed to take action. The Unit Status Report must be updated to reflect current circumstances as the property becomes aware of changes in household size.

(ii) If all original tenants have vacated the unit, the remaining tenants must be certified as a new income-qualified household unless the tenants were income qualified at the time of move in. HTC Units in noncompliance will be reported to the IRS on Form(s) 8823 and/or scored in the Department's Compliance Status System as applicable.

(B) Student status. Developments must use a lease addendum (or incorporate into their lease) a requirement for households to report changes in student status. If at any time the household reports a change in student status or discloses a change on the *Annual Eligibility Certification* form, the Owner must determine if the household is still eligible under the program. If the household meets one of the exceptions, documentation supporting eligibility must be gathered and retained in the lease file. Units in noncompliance will be reported to the IRS on Form(s) 8823 and/or scored in the Department's Compliance Status System as applicable.

(4) Failure to complete the *Annual Eligibility Certification* and maintain the form in household files will result in an issue of noncompliance that will be scored as shown in §60.121 under "Owner failed to maintain or provide Annual Eligibility Certification". No Form(s) 8823 will be filed with the IRS for the noncompliance.

(5) If a 100% low income Development continues to complete full recertifications, the Annual Eligibility Certification form must still be completed and the Unit Status Report must be updated at the completion of the recertification. The Department will not review the recertification paperwork during monitoring visits unless noncompliance is identified with the initial certification.

(e) For HOME Investment Partnership Developments, in accordance with §92.252 and §92.203 of the HOME Final Rule, the following recertification requirements apply:

(1) Once every calendar year, the Development must collect a self-certification form from each household that reports the household's income, number and ages of household members, student status, disability status, monthly rental assistance amounts received (if any), and race and ethnicity. The Development must use the Department's *Income Certification* form to collect this information and must maintain the certification in all household files. Failure to complete the *Income Certification* and maintain the form in household files will result in an issue of noncompliance that will be scored as shown in §60.121 under "Owner failed to maintain or provide Annual Eligibility Certification".

(2) HOME Developments must also complete full recertifications of each HOME Unit in every sixth year of the Development's Affordability Period. *Example 111.1*: A HOME property with an affordability period beginning in 2010 must perform full recertifications of all HOME households in 2015. All households must be re-certified, even households that moved in during 2014. Full recertifications at any other time are not required unless, the household self reports an annual income in excess of the 80% Area Median Income or as stated in §92.252, there is evidence that the tenant's written statement failed to completely and accurately state information about the family's size or income or the property has otherwise been directed to institute full recertifications by the Department.

§60.112 Requirements Pertaining to Households with Rental Assistance

(a) The Department will monitor to ensure Development Owners comply with §2306.269 and §2306.6728, Texas Government Code, regarding residents receiving rental assistance under Section [~~§~~]8, United States Housing Act of 1937 (42 U.S.C. §1437F).

(b) The policies, standards, and sanctions established by this section apply only to:

(1) multifamily housing Developments that receive the following assistance from the Department on or after January 1, 2002[~~:~~](§2306.185):

(A) a loan or grant in an amount greater than 33% of the market value of the Development on the date the recipient took legal possession of the Development; or

(B) a loan guarantee for a loan in an amount greater than 33% of the market value of the Development on the date the recipient took legal title to the Development;

(2) multifamily rental housing Developments that applied for and were awarded housing tax credits after 1992;[~~.~~]

(3) housing Developments that benefit from the incentive program under §2306.805 of the Texas Government Code;[~~.~~]

(4) housing Developments that receive funding from the HOME program (24 CFR §92.252(d)).

(c) Owners ~~Housing Sponsors~~ of multifamily rental housing Developments described in subsection (a) of this section are prohibited from:

(1) excluding an individual or family from admission to the Development because the individual or family participates in the HOME Tenant Based Rental Assistance Program or the housing choice voucher program under Section [~~§~~]8, United States Housing Act of 1937 (42 U.S.C. §1437f); and

(2) using a financial or minimum income standard for an individual or family participating in the voucher program that requires the individual or family to have a monthly income of more than 2.5 times the individual's or family's share of the total monthly rent payable to the Owner [~~owner~~] of the Development. A household participating in the voucher program or receiving any other type of rental assistance may not be required to have a minimum income exceeding $2,500 per year.

(d) To demonstrate compliance with this section, Owners [~~Housing Sponsors~~] shall:

(1) State in their leasing criteria that the Development will comply with state and federal fair housing and antidiscrimination laws;

(2) Apply screening criteria uniformly, (rental, credit, and/or criminal history) including employment policies, [~~uniformly~~] and in a manner consistent with the Texas and Federal Fair Housing Acts, program guidelines, and the Department's rules;

(3) Approve and distribute an Affirmative Marketing Plan that will be used to attract prospective applicants of all minority and non-minority groups in the housing market area regardless of their race, color, religion, sex, national origin, disability, familial status, or religious affiliation. Racial groups to be marketed to may include White, African American, Native American, Alaskan Native, Asian, Native Hawaiians or Other Pacific Islanders. Other groups in the housing market area who may be subject to housing discrimination include, but are not limited to, Hispanic or Latino groups, persons with disabilities, families with children, or persons with different religious affiliations. The Affirmative Marketing plan must be provided to the property management and onsite staff. Owners [~~Housing Sponsors~~] are encouraged to use HUD Form 935.2A or successors as applicable. The Affirmative Marketing Plan must identify the following:

(A) Which group(s) the Owner believes are least likely to apply for housing at the Development without special outreach. All Developments must select persons with disabilities as one of the groups identified as least likely to apply. When identifying racial/ethnic minority groups the property will market to, factors such as the characteristics of the housing's market area should be considered. *Example 112.1:* An Owner obtains census data showing that 6.5% of city's total population identify as Asian Americans. However, the Owner's demographic data for the Development shows that 0 Asian American households are represented. The Owner chooses to identify Asian American groups as one of the groups least likely to apply at the Development without special outreach.

(B) Procedures that will be used by the Owner to inform and solicit applications from persons who are least likely to apply. Specific media and community contacts that reach those groups designated as least likely to apply must be identified (community outreach contacts may include neighborhood, minority, or women's organizations, grass roots faith-based or community-based organizations, labor unions, employers, public and private agencies, disability advocates, or other groups or individuals well known in the community that connect with the identified group(s)). *Example 112.2:* An Owner has identified the disabled as least likely to apply and has decided to send letters on a quarterly basis to the Case Manager at a non-profit organization coordinating housing for developmentally disabled adults. Additionally, the Owner will advertise upcoming vacancies in a monthly newsletter circulated by an organization serving the hearing impaired.

(C) How the Owner will assess the success of Affirmative Marketing efforts. Affirmative Marketing Plans should be reviewed on an annual basis to determine if changes should be made and plans must be updated every five years to fully capture demographic changes in the housing's market area. [~~methods to market the property to persons with disabilities~~]

(D) Records of marketing efforts must be maintained for review by the Department during onsite monitoring visits. *Example 112.3:* The Owner keeps copies of all quarterly correspondence mailed to the contacts or community groups identified in the Affirmative Marketing Plan. The letters are dated and addressed and show that the Owner is actively marketing vacancies or a waiting list to the groups identified in the Owner's plan. Failure to maintain a reasonable Affirmative Marketing Plan and documentation of marketing efforts will result in a finding of noncompliance.

§60.113 Onsite Monitoring

(a) The Department may perform an onsite monitoring review of any low income Development, and review and photocopy all documents and records supporting compliance with Departmental programs through the end of the Compliance Period or the end of the period covered by the LURA [~~Land Use Restriction Agreement~~], whichever is later. The Development Owner shall permit the Department access to the Development premises and records.

(b) The Department will perform onsite monitoring reviews of each low income Development. The Department will conduct:

(1) the first review of HTC Developments by the end of the second calendar year following the year the last building in the Development is placed in service.

(2) the first review of all other Developments as leasing commences.

(3) [~~a~~] subsequent reviews at least once every three years during the Affordability Period.

(4) a physical inspection of the Development including the exterior of the Development, Development amenities, and an interior inspection of a sample of Units.

(5) limited reviews of physical conditions, including follow-up inspections to verify completion of reported corrective action, may be conducted without prior notice (unless access to tenant units is required, in which case at least 48 hours notice will be provided).

(c) The Department will perform onsite file reviews and monitor:

(1) a sampling of the low income resident files in each Development, and review the income certifications,

(2) the documentation the Development Owner has received to support the certifications,
(3) the rent records and any additional information that the Department deems necessary.

(d) At times other than onsite [~~on-site~~] reviews, the Department may request for review, in a format designated by the Department, information on tenant income and rent for each Low Income Unit and may require a Development Owner to submit copies of the tenant files, including copies of the income certification, the documentation the Development Owner has received to support that certification, and the rent record for any low income tenant.

(e) The Department will select the Low Income Units and tenant records that are to be inspected and reviewed. Original records are required for review. The Department will not give Development Owners advance notice that a particular Unit, tenant record, or a particular year will be inspected or reviewed. However, the Department will give reasonable notice to the Development Owner that an onsite inspection or a tenant record review will occur so the Development Owner may notify tenants of the inspection or assemble original tenant records for review. If a credible complaint of fraud or other egregious noncompliance is received, the Department reserves the right to conduct unannounced onsite monitoring visits.

§60.114 Monitoring for Social Services

(a) If a Development's LURA [~~property'sLand Use Restriction Agreement~~] requires the provision of social services, the Department will confirm this requirement is being met. Owners are required to maintain sufficient documentation to evidence that services are actually being provided. Documentation will [~~may~~] be reviewed during onsite visits and [~~or~~] must be submitted to the Department upon request. *Example 114.1:* The Owner's LURA requires provision of on-site daycare services. The Owner maintains daily sign in sheets to demonstrate attendance and keeps a roster of the households that are regularly participating in the program. The Owner also keeps copies of all newsletters and fliers mailed out to the Development tenants that reference daycare services.

(b) Supportive services must be provided throughout the entire Affordability Period, beginning once the Development completes lease up after final construction or acquisition. If an Owner [~~owner~~] wishes to change the scope of services provided, prior approval from the Department is necessary. The Department, upon review of the Owner's request and the Development's original application, may also require the Owner to submit a proposed amendment to the LURA. It is not necessary to obtain prior written approval to change the provider of services unless the scope of services is being changed. Failure to comply with the requirements of this section shall result in a finding of noncompliance.

§60.115 Monitoring for Non-Profit Participation or HUB Participation

(a) If a Development's LURA [~~property's Land Use Restriction Agreement~~] requires the material participation of a non-profit or Historically Underutilized Business (HUB), the Department will confirm this requirement is being met throughout the development phase and ongoing operations of the property. Owners are required to maintain sufficient documentation to evidence that a non-profit or HUB is materially participating. Documentation may be reviewed during onsite visits or must be submitted to the Department upon request.

(b) If an Owner [~~owner~~] wishes to change the non-profit, or HUB, prior approval from the Department is necessary. The Annual Owner's Compliance Report also requires Owners [~~owners~~] to certify to compliance with this requirement. Failure to comply with the requirements of this section shall result in a finding of noncompliance. In addition, the Internal Revenue Service will be notified if the non-profit is not materially participating on a Housing Tax Credit property during the Compliance Period.

(c) The Department does not enforce partnership agreements or determine equitable fund distributions of partnerships. These disputes are matters for a court of competent jurisdiction.

§60.116 Property Condition Standards

(a) All Developments funded by the Department must be decent, safe, sanitary [~~and~~] in good repair, and suitable for occupancy throughout the Affordability Period. The Department will use HUD's Uniform Physical Condition Standards (UPCS) to determine compliance with property condition standards. In addition, Developments must comply with all local heath, safety, and building codes. The Department may contract with a third party to complete UPCS inspections.

(b) Housing Tax Credit Development [~~property~~] Owners [~~owner~~] are required by Treasury Regulation 1.42-5 to report (through the Annual Owner's Compliance Report) any local health, safety, or building code violations. HTC Developments that fail to comply with local codes shall be reported to the IRS.

(c) The Department will evaluate UPCS reports in the following manner:

(1) A finding of Major Violations will be cited if:

(A) [~~uncorrected~~] life threatening health, safety, or fire safety hazards [~~(other than smoke detectors and blocked egresses which are addressed in subsection (d) of this section)~~] are reported on the Notification of Exigent and Fire Safety Hazards Observed form and are not corrected within 24 hours of the inspection with notification submitted to the Department within 72 hours of the inspection. Failure to notify the Department within 72 hours of the correction of any exigent health and safety or fire safety hazards listed on the Notification will result in a finding of Major Violations of the Uniform Physical Condition Standards for the Development. [~~in any building exterior, building system, common area, site, or dwelling Unit;~~]

(B) 20% of the violations noted are level three deficiencies [~~or more of buildings or dwelling Units inspected have any level three violation~~] other than level three deficiencies reported on the Notification of Exigent and Fire Safety Hazards Observed form and corrected in the 72 hour limit; or

(C) an overall UPCS score of less than 60% (59% or below) is reported.

(2) A finding of Pattern of Minor Violations will be assessed if:

(A) 20% of the violations noted are level two deficiencies [~~or more of the buildings or dwelling Units inspected have any level two violation~~]; or

(B) An overall score between 60% and 79% is reported.

(3) Findings of both Major and Minor Violations will be assessed if deficiencies reported meet the criteria for both.

[~~(d) Owners are ultimately responsible for compliance. However, the Department recognizes that despite an owner's effort to comply, residents may disable smoke detectors or arrange their furniture in a manner that blocks a fire egress. If inoperable smoke detectors or resident caused blocked egresses are noted during the UPCS inspection, they will not be taken into consideration for the purposes of the Department's evaluation of the report provided that the Department is notified of the correction within 72 hours. If the owner fails to notify the Department of the correction of inoperable smoke detectors and/or blocked egresses within 72 hours the property will be considered to have Major violations of the Uniform Physical Condition Standards.~~]

(d)[~~(e)~~]The Department is required to [~~must~~] report to the Internal Revenue Service on Form [~~form~~] 8823 any HTC Development [~~property~~] that fails to comply with any [~~the~~] requirements of the UPCS or local codes at any time (including smoke detectors and blocked egresses). Accordingly, the Department will submit Form(s) [~~forms~~] 8823 for any UPCS violation. However, if the violation(s) do not meet the conditions described in subsection (c)(1) or (2) of this section, the issue will be noted in the Department's compliance status system as Administrative Reporting and no points will be assigned in the Department's compliance status evaluation of the Development.[~~property~~]. Non HTC properties that do not meet thresholds for Major and Pattern of Minor Violations as described in subsections (c)(1) or (2) in this section and correct all life threatening health, safety, and fire safety hazards noted at the time of inspection as directed in subsection (c)(1)(A) of this section will not receive findings for UPCS inspections. Items noted that do not exceed thresholds for Major and Pattern of Minor Violations must be corrected by submission of an Owner's Certification of repair within the 90 day corrective action period.

[~~(f)Property representatives will have the opportunity and are encouraged to correct deficiencies while the inspector is on site. Such corrected items will not be assessed a finding unless there is a pattern of the same violation (25% or more of dwelling Units or buildings inspected with the same deficiency).~~]

(e)[~~(g)~~] Acceptable evidence of correction of deficiencies is a certification from an appropriate licensed professional that the item now complies with the inspection standard or other documentation that will allow the Department to reasonably determine when the repair was made and whether the repair sufficiently corrected the violation(s) of UPCS standards (examples of such documentation includes work orders, photographs, and/or invoices to third party repair specialists).[~~or other documentation that the violation has been corrected.~~]

(f)[~~(h)~~] The Department will provide a 90 day corrective action period to respond to a notice of noncompliance for violations of the Uniform Physical Condition Standards. The Department will grant up to an additional 90 day extension if there is good cause and the Owner [~~owner~~] clearly requests an extension.

[~~(i) The FDIC's Affordable Housing Program does not establish a specific set of property standards that owners must meet. Therefore, the Department cannot conduct physical assessments of the FDIC's Affordable Housing Properties. However, if the Department discovers that an owner is not adequately maintaining the physical condition of the property, the Department may request the owner make corrections and/or inform the local housing inspector. In addition, if the Department is notified by a local code enforcement entity that an Affordable Housing Property is not in compliance with local health, safety and building codes, the Department will notify the FDIC and cooperate with any enforcement activities requested by the FDIC.~~]

(g)[~~(j)~~] Section 92.251 of the HOME Final Rule [~~final rule~~] requires rental property assisted with HOME funds to be maintained in compliance with all local codes and Housing Quality Standards (24 CFR §982.401). To meet this requirement, all HOME rental Development Owners must annually complete an HQS inspection of all HOME assisted Units. The Department will review HQS inspection sheets for all units for compliance with this requirement during onsite monitoring visits.

§60.117 Notice to Owners

The Department will provide written notice to the Development Owner if the Department does not receive the AOCR or discovers through audit, inspection, review or any other manner that the Development is not in compliance with the provisions of the deed restrictions, conditions imposed by the Department, or program rules and regulations, including §42 of the IRC. Owners may request that results of monitoring reviews be emailed if all email addresses in CMTS are up to date. If Owners request such notices be sent by email, a paper copy will not be mailed by the Department. The notice will specify a correction period of 90 days from the date of notice to the Development Owner, during which the Development Owner may respond to the Department's findings, bring the Development into compliance, or supply any missing documentation or certifications. The Department may extend the correction period for up to six months from the date of the notice to the Development Owner if there is good cause for granting an extension. If any communication to the Development Owner under this section is returned to the Department as refused, unclaimed or undeliverable, the Development may be considered not in compliance without further notice to the Development Owner. The Development Owner is responsible for providing the Department with current contact information, including address(es) and phone number(s). The Development Owner must also provide current contact information to the Department as required by §1.22 of this title (relating to Providing Current Contact Information to the Department).

§60.118 Special Rules Regarding Rents and Rent Limit Violations

(a) Rent or Utility Allowance Violations of the maximum allowable limit (HTC). Under the HTC [~~housing tax credit~~] program, the amount of rent paid by the household plus an allowance for utilities, plus any mandatory fees, such as utilities paid to the owner, cannot exceed the maximum applicable limit (as determined by the minimum set aside elected by the Owner [~~owner~~]) published by the Department. If it is determined that a HTC Development[~~Housing Tax Credit property~~], during the Compliance Period, collected rent in excess of the rent limit established by the minimum set aside, the Department will report the violation as corrected on the date that the rent plus the utility allowance, plus fees, is less than the applicable limit. The refunding of overcharged rent does not avoid the disallowance of the credit by the Internal Revenue Service.

(b) Rent or Utility Allowance Violations of additional rent restrictions (HTC). If the Owner [~~owner~~] agreed to lease Units at rents less than the maximum allowed under the Code (additional occupancy restrictions), the Department will require the Owner [~~owner~~] to refund to the affected residents the amount of rent that was overcharged. This applies during the entire Affordability Period. The noncompliance event will be considered corrected on the date which is the later of the date the overcharged rent was refunded/credited to the resident or the date that the rent plus the utility allowance is equal to or less than the applicable limit. *Example 118(1):* For Internal Revenue Code §42 purposes, the maximum allowable limit is ~~in~~ 60%. However, the Owner [~~owner~~] agreed to lease some Units [~~units~~] to households at the 30% income and rent limits. It was discovered that the 30% households were overcharged rent. The Owner [~~owner~~] will be required to reduce the current amount of rent charged and refund the excess rents to the households.

(c) Rent Violations of the maximum allowable limit due to application fees (HTC). Under the HTC program, Owners may not charge tenants any overhead costs as part of the application fee. Owners must only charge the actual cost for application fees as supported by invoices from the screening company the Owner uses. Documentation of Development costs for application processing or screening fees must be made available during onsite visits or upon request. The Department will review application fee documentation during onsite monitoring visits. If the Department determines from a review of the documentation that the Owner has overcharged residents an application fee, the noncompliance will be reported to the IRS on Form(s) 8823. The noncompliance will be corrected on the later of January 1st of the next year or as of the date the application fee is reduced and evidence of a reduced application fee is supplied to the Department. Owners are not required to refund the overcharged fee amount. If the Development refunds the overcharged fee in full or in part, the units will remain out of compliance until January 1st of the next year or until the application fee is reduced.

(d)[~~(c)~~] Rent or Utility Allowance Violations on Non Housing Tax Credit properties. If it is determined that the property collected rent in excess of the allowable limit, the Department will require the Owner [~~owner~~] to refund to the affected residents the amount of rent that was overcharged. [~~The issue will be considered corrected on date which is the later of the date the overcharged rent was refunded/credited to the resident or the date that the rent plus the utility allowance is less than the applicable limit.~~]
(e)[~~(d)~~] Trust Account to be established. If the Owner [~~owner~~] is required to refund rent under subsection (b) or (d)~~(c)~~ of this section and cannot locate the resident, the excess rent collected must be deposited into a trust account for the tenant. The account must remain open for a four year period, [~~or~~] until all funds are claimed, or for four years. If funds are not claimed after the four year period, the unclaimed funds must be remitted to the Texas Comptroller of Public Accounts Unclaimed Property Holder Reporting Section to be dispersed as required by Texas unclaimed property statutes.
(f)[~~(e)~~] Rent Adjustments for HOME properties. Section 92.252 of the HOME Final Rule requires Owners [~~owners~~] to charge households with an income in excess of 80% at recertification, a rent equal to the lesser of 30% of the household's adjusted income or the market rent for comparable unassisted Units [~~units~~] in the neighborhood. If at recertification the household self certifies an income in excess of the 80% limit, documentation of all income, assets and allowable deductions must be obtained by the owner. The Department will find a HOME property in noncompliance with this section if the Owner [~~owner~~] fails to determine the over income household's adjusted income and [~~or~~] maintain documentation of market rents for comparable unassisted Units in the neighborhood.
(g)[~~(f)~~] Special conditions for CDBG properties. To determine if a Unit [~~unit~~] is rent restricted, the amount of rent paid by the household, plus an allowance for utilities, plus any rental assistance payment must be less than the applicable limit.

§60.119 Notices to the Internal Revenue Service (HTC Properties)

(a) Even when an event of noncompliance is corrected, the Department is required to file IRS Form 8823 with the IRS. IRS Form 8823 will be filed not later than 45 days after the end of the correction period specified in the Notice to Owner (including any extensions permitted by the Department) but will not be filed before the end of the correction period. The Department will indicate on IRS Form 8823 the nature of the noncompliance and will indicate whether the Development Owner has corrected the noncompliance.
(b) The Department will retain records of noncompliance or failure to certify for six years beyond the Department's filing of the respective IRS Form 8823. The Department will retain the AOCRs and records for three years from the end of the calendar year the Department receives the certifications and records.
(c) The Department will send the Owner [~~owner~~] of record copies of any IRS Form(s) [~~Forms~~] 8823 submitted to the IRS. Copies of Form(s) 8823 will be submitted to the syndicator for Developments awarded tax credits after January 1, 2004. The Development Owner is responsible for providing the name and mailing address of the syndicator in the Annual Owner's Compliance Report.

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

(a) Housing Tax Credit properties allocated credit in 1990 and after are required under the Code (§42(h)(6)) to record a LURA restricting the property for at least 30 years. Various sections of the Code specify monitoring rules State Housing Finance Agencies must implement during the Compliance Period.

(b) After the Compliance Period, the Department will continue to monitor Housing Tax Credit Developments using the rules detailed in paragraphs (1) - (13) of this subsection.

(1) On site monitoring visits will continue to be conducted approximately every three years, unless the Department determines that a more frequent schedule is necessary;

(2) In general, the Department will review 10% of the low income files. No less than 5 files and no more than 20 files will be reviewed;

(3) The exterior of the property, all building systems and 20% but no more than 35 of the Development's Low Income Units will be physically inspected to determine compliance with HUD's Uniform Physical Condition Standards;

(4) Each Development shall submit an annual report in the format prescribed by the Department;

(5) Reports to the Department must be submitted electronically as required in §60.105 of this chapter;

(6) Compliance monitoring fees will continue to be submitted to the Department annually in the amount stated in the LURA;

(7) All households must be income qualified upon initial occupancy of any Low Income Unit. Proper verifications of income are required, and the Department's Income Certification form must be completed unless the Development participates in the Rural Rental Housing Program or a project based HUD program;

(8) Rents will remain restricted for all Low Income Units. After the Compliance Period, utilities paid to the owner can be accounted for in the utility allowance. The tenant paid portion of the rent plus the applicable utility allowance must not exceed the applicable limit;

[~~(9) Owners and managers must continue to screen households for income, assets, and household size on an annual basis. In addition, an Income Certification form must be completed on an annual basis;~~]

(9)[~~(10)~~] All additional income and rent restrictions defined in the LURA remain in effect;

(10)[~~(11)~~] Other requirements defined in the LURA, such as the provision of social services or serving special needs households, will remain in effect;

(11)[~~(12)~~] The Owner [~~owner~~] shall not terminate the lease or evict low income ~~the~~ residents for other than good cause [~~or refuse to renew the lease except for Material Noncompliance with the lease or other good cause~~]; and

(12)[~~(13)~~] The total number of required Low Income Units must be maintained Development wide.

(c) After the first 15 years of the Extended Use Period, certain requirements will not be monitored as detailed in paragraphs (1) – (3)~~(4)~~ of this subsection.

[~~(1) At recertification verification of income and assets will not be required;~~]

(1)[~~(2)~~] The student restrictions found in §42(i)(3)(D) of the Code. An income qualified household consisting entirely of full time students may occupy a Low Income Unit;

[~~(3)~~] ~~The Available Unit Rule found in Treasury Regulation §1.42-15;~~ [~~and~~]

(2)[~~(4)~~] The building applicable fraction found in the Development's Cost Certification and/or the LURA. Low income occupancy requirements will be monitored Development wide, not building by building; and,

(3) Household transfers between buildings restricted by §42(g)(1). All households, regardless of HTC income level designation, will be allowed to transfer between buildings with the Development.

(d) Unless specifically noted in this section, all requirements of this chapter and §42 of the Internal Revenue Code remain in effect for the Extended Use Period. These Post Year 15 Monitoring Rules apply only to the Housing Tax Credit Developments administered by the

Department. Participation in other programs administered by the Department may require additional monitoring to ensure compliance with the requirements of those programs.

§60.121 Material Noncompliance Methodology

(a) The Department maintains a compliance history of each monitored Development in the Department's Compliance Status System. Developments with more than one program administered by the Department are scored by program. The Development will be considered in Material Noncompliance if the score for any single program exceeds the noncompliance limit for that program.

(b) A Development will not be assigned the scores noted in this section until after the Owner [~~owner~~] has been provided a written notice of the noncompliance and provided a corrective action deadline to show that either the Development [~~property~~] was never [~~never was~~] in noncompliance or that the noncompliance event has been corrected.

(c) This section identifies all possible noncompliance events for all programs monitored by the Department. However, not all issues listed in this section pertain to all Developments. In addition, only certain noncompliance events are reportable on Form [~~form~~] 8823. Those events that are reportable under the HTC [~~Housing Tax Credit~~] program on Form [~~form~~] 8823 are so indicated in subsections (k) and (j) of this section.

(d) For HTC [~~Housing Tax Credit~~] Developments, all Forms [~~forms~~] 8823 issued by the Department will be entered into the Department's Compliance Status System. However, Forms [~~forms~~] 8823 issued prior to [~~the development of~~] January 1, 1998 will not be considered in determining Material Noncompliance.

(e) For all programs, a Development will be in Material Noncompliance if the noncompliance event is stated in this section to be Material Noncompliance. The Department may take into consideration the representations of the Applicant regarding noncompliance events; however, the compliance records of the Department shall be presumed to be correct.

(f) All Developments, regardless of status, that are or have been administered, funded, or monitored by the Department are scored even if the Development no longer actively participates in the program, with the exception of properties in the FDIC's Affordable Housing Disposition Program.

(g) A Development's score will be reduced by the number of points needed to be one point under the Material Noncompliance threshold provided that: [~~under the following circumstances~~]:

(1) The Development has no previously reported [~~uncorrected~~] noncompliance events that are uncorrected, [~~and~~]

(2) All newly identified noncompliance events are [~~were~~] corrected during the corrective action period, [~~and~~]

(3) All corrective action documentation for the newly identified noncompliance is [~~was~~] provided to the Department during the corrective action period, and[~~.~~]

(4) The Development was not already in Material Noncompliance at the time of its most recent monitoring review.

(h) Noncompliance events are categorized as either "Development events" or "Unit/building events." Development events of noncompliance affect some or all the buildings in the Development; however, the Development will receive only one score for the noncompliance event rather than a score for each building. Other noncompliance events are identified individually by Unit and will receive the appropriate score for each Unit cited with an event. The Unit scores and the Development scores accumulate towards the total score of the Development. Violations under the HTC program are identified by Unit; however, the building is scored rather than the Unit and the building will receive the noncompliance score if one or more of the Units are in noncompliance.

(i) Uncorrected noncompliance events, if applicable to the Development, will carry the maximum number of points until the noncompliance event has been reported corrected by the Department. Once reported corrected by the Department, the score will be reduced to the "corrected value." Corrected noncompliance will no longer be included in the Development score three years after the date the noncompliance was reported corrected by the Department.

(j) Each noncompliance event is assigned a point value. The possible events of noncompliance and associated "corrected" and "uncorrected" points are listed in subsection (k) of this section.

(k) Figure: 10 TAC §60.121(k) lists events of noncompliance that affect the entire Development [~~development~~] rather than an individual Unit [~~unit~~]. The first column of the chart identifies the noncompliance event. The second column identifies the number of points assigned this event while the issue is uncorrected. Material Noncompliance for a HTC Development [~~property~~] is 30 points. Material Noncompliance for a non HTC property with 1 to 50 low income units is 30 points. Material Noncompliance [~~noncompliance~~] for a non HTC property with 51 to 200 Low Income Units is 50 points. Material Noncompliance for non [~~Non~~] HTC properties with 201 or more Low Income Units [~~low income units~~] is 80 points. The third column lists the number of points assigned to this event when the issue is corrected until three years after correction. The fourth column indicates what programs the noncompliance event applies to. The last column indicates if the issue is reportable on Form [~~form~~] 8823 for HTC Developments [~~Housing Tax Credit properties~~].

Figure: 10 TAC §60.121(k)

Noncompliance Event	**Uncorrected Points**	**Corrected Points**	**Programs**	**If HTC, on Form 8823?**
Major property condition violations	Material Noncompliance	10	All programs [~~HTC~~ ~~Bonds~~ ~~HOME~~ ~~HTF~~ ~~CDBG~~]	Yes
Pattern of minor property condition violations	10	5	All programs [~~HTC~~ ~~Bonds~~ ~~HOME~~ ~~HTF~~ ~~CDBG~~]	Yes
Administrative reporting of property condition	0	0	HTC [~~Bonds~~	Yes

violations			~~HOME~~ ~~HTF~~ ~~CDBG~~]	
Owner refused to lease to a holder of rental assistance certificate/voucher because of the status of the prospective tenant as such a holder	Material Noncompliance	10	See §60.112	Yes
Owner failed to approve and distribute an Affirmative Marketing Plan as required under §60.112 of this chapter	10~~3~~	3~~1~~	See §60.112	No
Development failed to comply with requirements limiting minimum income standards for Section [~~§~~]8 residents.	10	3	See §60.112	No
Development is not available to general public	10	0	HTC	Yes
HUD or DOJ notification of possible Fair Housing Act violation	0	0	HTC	Yes
Determination of a violation under the Fair Housing Act	Material Noncompliance	10	All programs	Yes
Development is out of compliance and never expected to comply/ Foreclosure	Material Noncompliance	NA/No correction possible	All programs	Yes
Owner did not allow on-site monitoring review	Material Noncompliance	5	All programs	Yes
LURA not in effect	Material Noncompliance	5	All programs	Yes
Development failed to meet minimum set aside	20	10	HTC Bonds	Yes
No evidence of, or failure	10	3	HTC	Yes

to certify to, material participation of a non-profit or HUB, if required by the Land Use Restriction Agreement				
Development failed to meet additional State required rent and occupancy restrictions	10	3	All programs [~~HTC Home HTF Bonds~~]	No
The Development failed to provide required supportive services as promised at Application	10	3	HTC Bonds	No
The Development failed to provide housing to the elderly as promised at Application	10	3	All programs [~~HTC Bonds HOME HTF CDBG~~]	No
Failure to provide special needs housing	10	3	All programs [~~HTC Bonds HOME HTF CDBG~~]	No
Changes in Eligible Basis or Applicable Percentage	3	NA, No correction possible	HTC	Yes
Failure to submit part or all of the AOCR or failure to submit any other annual, monthly, or quarterly report required by the Department	10	3	All programs	Yes
Utility Allowance not calculated properly	20	10[~~5~~]	All programs [~~HTC Bonds HOME~~	Yes

			~~HTF~~ ~~CDBG~~]	
[~~Failure to comply with the Next Available Qualifying Unit Rule~~	~~3~~	~~1~~	~~AHP~~	~~Na~~]
Owner failed to execute required lease provisions, including language required by §60.110 or exclude prohibited lease language	10[~~3~~]	3[~~1~~]	HTC HOME	No
Failure to provide annual Housing Quality Standards inspection	10	3	HOME	NA
Development has failed to establish and maintain a reserve account in accordance with §1.37 of this title	Material Noncompliance	10	HTC	No
Development substantially changed the scope of services as presented at initial Application without prior Department approval	10[~~4~~]	3[~~0~~]	HTC	No
Change in O[~~o~~]wnership or General Partner without proper notification to and approval of Department	10[~~4~~]	3[~~0~~]	All programs	No
Failure to provide a notary public as promised at Application	10[~~5~~]	3[~~1~~]	HTC	No
Violations of the Unit Vacancy Rule	3	1	HTC	Yes
Casualty loss	0	0	All programs	Yes

(l) Figure: 10 TAC §60.121(l) lists 10 events of noncompliance associated with individual Units [~~units~~]. The first column of the chart identifies the noncompliance event. The second column identifies the number of points assigned this event while the issue is uncorrected. Material Noncompliance for a HTC property is 30 points. Material noncompliance for a non HTC property with 1-50 low income units is 30 points. Material noncompliance for a non HTC property with 51 to 200 Low Income Units is 50 points. Material Noncompliance for non [~~Non~~] HTC properties with 201 or more Low Income Units [~~low income units~~] is 80 points. The third column lists the number of points assigned this event when the issue is corrected until three years after the event is corrected. The fourth column indicates what programs the noncompliance event applies to. The last column indicates if the issue is reportable on Form [~~form~~] 8823 for Housing Tax Credit properties.

Figure: 10 TAC §60.121(l)

Noncompliance Event	Uncorrected Points	Corrected Points	Programs	If HTC, on Form [~~form~~] 8823?
Unit not leased to Low Income Household	5	1	All programs	Yes
Low Income Units occupied by nonqualified full-time students	3	1	HTC during the compliance period and Bond	Yes
Low Income Units used on transient basis	3	1	HTC Bond	Yes
Household income increased above the re-certification limit and an available Unit was rented to a market tenant	3	1	HTC During the compliance period Bonds HOME HTF [~~AHP~~]	Yes
Gross rent exceeds the highest rent allowed under the LURA or other deed restriction	5	1	All programs	Yes
Failure to maintain or provide tenant income certification and documentation	3	1	All programs	Yes
Unit not available for rent	3	1	All programs	Yes
Failure to maintain or provide Annual Eligibility Certification [~~Qualifying Unit~~	3	1	All programs[~~AHP~~]	No[~~NA~~]

~~designation removed from household~~				
Development evicted or terminated the tenancy of a low income tenant for other than good cause	10	3	HTC HOME	Yes
Household income increased above 80% at recertification and Owner [~~owner~~] failed to properly determine rent	3	1	HOME	NA

§60.122 Previous Participation Reviews

(a) Prior to providing any Department assistance, executing a Carryover Allocation Agreement, or processing a request for a Qualified Contract, the Portfolio Management and Compliance Division will conduct a previous participation review to determine if the requesting entity owes the Department any fees, has any outstanding audit issues or any uncorrected issues of noncompliance. Assistance includes but is not limited to allocating any Department funds, permitting the transfer of Ownership [~~ownership~~] of a property, engaging in loan or contract [~~or LURA~~] modifications, and providing incentive awards.

(b) HTC Developments with any uncorrected issues of noncompliance will not be issued Form 8609s, Low Income Housing Credit Allocation Certification, until the noncompliance is corrected.

(c)[~~(b)~~] If during the previous participation review an uncorrected issue of noncompliance is identified on a HOME Development monitored by the Department, the entity requesting assistance will be notified of the issue and provided a 5 day period to submit all necessary corrective action to cure the violation(s). The notification will be in writing and may be delivered by email. If the requesting entity does not cure the issues, the Application for assistance will be terminated. If the Application [~~application~~] is terminated, the applicant has the ability to appeal as provided in §1.7 of this title.

(d)[~~(c)~~] If during the previous participation review, the Department determines that the requesting entity has control of an existing Development monitored by the Department that is in Material Noncompliance, the Application for assistance will be terminated.

(e)[~~(d)~~] If during the previous participation review, the Department determines that the requesting entity is on the Department's or the Department of Housing Urban Development's debarred list, the Application for assistance will be terminated.

(f)[~~(e)~~] In accordance with §2306.057 of the Texas Government Code, the Board shall fully document and disclose any instances in which the Board approves a project Application despite any noncompliance associated with the project, applicant, or affiliate. If an Application is terminated because of the Previous Participation Review, the applicant may appeal the decision in accordance with §1.7 or §1.8 of this title.

(g)[~~(f)~~] Treatment of previously owned Developments during a Previous Participation review:

(1) The Department will not take into consideration the score of a Development transferred by the applicant over three years ago.

(2) The Department will not take into consideration the score of a Development whose Affordability Period ended over three years ago.

(3) The Department will not take into consideration scores attributed to Developments for noncompliance with FDIC's Affordable Housing Disposition Program.

(4)[~~(3)~~] If the Development [~~property~~] was transferred less than three years ago, the Department will determine the score for the noncompliance events with a date of noncompliance identified during the applicant's period of Ownership [~~ownership~~]. If the points associated with the noncompliance events identified during the applicant's period of Ownership [~~ownership~~] exceed the threshold for Material Noncompliance, the Application will not be recommended.

(h)[~~(g)~~] Date for determining of Material Noncompliance. For HTC Applications, the score in effect on May 1st of the year the HTC Application is submitted will be used. For Carryover Allocations, the score in effect on October 1st of the year the award is being made will be used. For all other requests for assistance, the score in effect the day of Previous Participation Review is being conducted will be used.

§60.123 Alternative Dispute Resolution (ADR)

(a) It is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures (ADR) to assist in resolving disputes under the Department's jurisdiction. If at any time an applicant or other person would like to engage the Department in an ADR process, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at §1.17 of this title.

(b) In all phases of monitoring, (construction and throughout the entire Affordability Period) if a potential issue of noncompliance has been identified, Owners [~~owners~~] will be provided a written notice of noncompliance. The Department will provide up to a 90 day corrective action period which can and will be extended for an additional 90 days if there is good cause and the Owner [~~owner~~] requests an extension.

(c) Owners must respond to the Department's notice of noncompliance. If an Owner [~~owner~~] does not respond, this ADR process which is explained in this section cannot be initiated.

(d) If an Owner [~~owner~~] does not agree with the Department's assessment of compliance, they should clearly explain their position and provide as much supporting documentation as possible. If the position is reasonable and well supported, the issue of noncompliance will be cleared with no further action taken, i.e. for HTC properties, Form(s) [~~form~~] 8823 will not be filed with the Internal Revenue Service and the issue will not be scored in the Department's compliance status system.

(e) If an Owner's [~~owner's~~] response indicates disagreement with the Department's assessment of noncompliance, but does not appear to be a valid concern to the Department, staff will notify the Owner [~~owner~~] in writing of their right to engage in ADR. The Owner [~~owner~~] must respond in 5 days and request ADR. In addition, the owner must request an extension of the corrective action deadline, if one is still available. If the owner does not respond to the staff's invitation to engage in ADR, the Department's assessment of the violation is final.

(f) The Department must meet the Treasury Regulation requirement found in §1.42-5 and file Form [~~form~~] 8823 within 45 days after the end of the corrective action period. Therefore, it is possible that the Owner [~~owner~~] and Department may still be engaged in ADR. In this circumstance, the Form [~~form~~] 8823 will be filed. However, it will be sent to the IRS with an explanation that the owner disagrees with the Department's assessment and is pursuing ADR. All Owner [~~owner~~] supplied documentation supporting their position will be supplied to the IRS. Although the violation will be reported to the IRS within the required timeframes, it will not be scored in the Department's compliance status system pending outcome of ADR.

§60.124 Liability

Compliance with the program requirements, including compliance with §42 of the IRC, is the sole responsibility of the Development Owner. By monitoring for compliance, the Department in no way assumes any liability whatsoever for any action or failure to act by the Development Owner, including the Development Owner's noncompliance with §42 of the IRC, the Fair Housing Act, §504 of the Rehabilitation Act of 1973, HOME program regulations, BOND program requirements, and all other programs monitored by the Department.

§60.125 Applicability

Unless otherwise noted, these provisions apply to all Developments administered by the Department.

§60.126 Waiver

The Board, in its discretion and within the limits of law, may waive any one or more of these Rules if the Board finds that a waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause, as determined by the Board.

HOME DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Possible Approval for publication in the *Texas Register* of a final order adopting repeal of 10 TAC Chapter 53, HOME Program, Rule and final order adopting new 10 TAC Chapter 53, HOME Program Rule.

Requested Action

Adoption of the Repeal of 10 TAC Chapter 53, HOME Investment Partnerships Program, and final order adopting new 10 TAC Chapter 53, HOME Program Rule.

Background

The Department conducted six public meetings to accept public comment on the proposed changes to the HOME Program Rule (10 TAC Chapter 53) as published September 19, 2008 in the *Texas Register*. Public hearings on the new rule were held in Austin (September 24, 2008), Fort Worth (September 26, 2008), Lubbock (September 29, 2008), El Paso (October 1, 2008), Brownsville (October 3, 2008), and Houston (October 6, 2008). Additionally, written comments on the new rule were accepted by mail, e-mail, and facsimile through October 20, 2008. The Department also received comments in writing, by e-mail, fax, and mail.

This rule ensures compliance with all statutory requirements, including recent federal rule changes, incorporates public input from the recent HOME Program Rule Roundtable and Public Hearing process, formalizes existing policy and guidelines contained in the HOME Program Application and Submission Procedures Manual and includes recommendations for revisions of necessary policy and administrative changes to further enhance the HOME Program's operation assimilating organizational changes of the HOME Division. In order to offer consistency and uniformity among housing programs, changes were made to the rule in the areas of definition. To provide clarity regarding administrative processes, additional sections were added to assist in formalizing those program processes.

The responses to public comment are summarized following this section and include administrative clarifications, changes and corrections made to the HOME Program Rule by staff, as well as substantive public comments and the corresponding Department response. Comments and responses are presented in the order the issues appear in 10 TAC Chapter 53. For ease of review, after each comment title, numbers are shown in parentheses. These numbers refer to the person or organization that made the comment as reflected in the commenter key, located at the end of this document. Copies of the exact comment letters provided are available on the Department's website. In some cases the text of the draft rule, as taken out for public comment, is provided first to provide the proper context for the comment provided.

General Public Comment

Comment:
Commenter recommends recognition of an Agency of the State or Community Mental Health Center to be listed as eligible applicants as permitted by the HOME Final Rule. (12)

Staff Response:
Both entity types are currently eligible either as governmental entities or non-profit organizations under the HOME Program Rule. No change is recommended at this time.

Comment:
Commenter recommends that Special Needs households be exempt from participating in the mandatory self-sufficiency program as currently required under the Tenant-Based Rental Assistance (TBRA) program and be permitted to participate in a community wide program or alternate program exclusively serving this special needs population. (12)

Staff Response:
Currently, TBRA program requirements require participation in a self-sufficiency program to make certain the household is able to transition to a more permanent housing solution. By removing this requirement, households may be placed at risk of losing their housing at the end of the contract term, without a good alternative that will continue to provide quality and safe affordable housing. No change is recommended at this time.

Comment:
Commenter asks the Department to recognize the difficulty of repaying loans on housing rented by or owned by extremely low income working households and request housing assistance to farmworkers be provided as grants. (15)

Staff Response:
Currently, non-profit organizations and units of general local government assisting farmworkers are eligible to apply for funding and assist farmworker families. Understandably, many of these families are among the lowest income families in the state and while the Department cannot provide assistance in the form of a grant, it is anticipated that many of these families would qualify for deferred-forgivable loans under the current HOME rule. No change is recommended at this time.

Comment:
Commenter includes a variety of recommendations including exploring more seamless contributions of funding and working to improve mechanism to layer financing in more effective and efficient ways. A second recommendation requests that staff offer a multifamily application workshop jointly with Texas Rural Development, Texas State Affordable Housing Corporation, and other potential leveraged resources upon the issuance of the USDA 2009 Section 514/516

Notice of Funding Availability. The final recommendation under this comment requests that HOME and Housing Trust Fund monies serve as “first-funding” for multifamily Farmworker developments, allowing enough lead time to allow housing sponsors to secure all financing within various agency timeframes and deadlines. (15)

Staff Response:
While these recommendations are not rule specific, the Division will take the recommendations under advisement and direct staff to examine ways to improve processes so that the effectiveness of the Department’s HOME and HTF funds are maximized. As no specific rule change is currently requested, there is no recommendation for a rule change to address this issue at this time.

Comment:
Commenter requests the establishment of a pilot program for farmworker housing so grant guidelines can differ slightly form those in the established HOME program, recognizing that providing housing options for farmworkers may require some specific concessions. (15)

Staff Response:
While these recommendations are not rule specific, the Division will take the recommendations under advisement. As stated previously, the program’s current structure allows entities to apply for and distribute funds to farmworker families. Income incentives are structured in all of the Division’s programs to target the lowest-income families. Staff would welcome applications to assist these families and would work closely would the administrator to encourage the success of the program and provide more specific recommendations at a later date, if appropriate.

Comment:
Commenter request that repair dollars are made available to individually-owned and multifamily rental housing currently serving farmworkers. (15)

Staff Response:
Under the current program guidelines, owner-occupied housing is eligible for housing assistance through the HOME program. Additionally, the Division has an annual set-aside in its rental allocation to specifically assist with rental preservation, which would include multifamily rental housing. Unfortunately, the Division does not currently offer repair funds for single-family rental housing—our focus is family-owned housing. As no specific rule change is currently requested, there is no recommendation for a rule change to address this issue at this time.

Comment:
Commenter asks the Division to utilize Tenant-Based Rental Assistance for farmworkers, especially migrant workers. (15)

Staff Response:

As with all HOME programs, non-profits or units of general local government that would like to apply for Tenant-Based Rental Assistance may request these funds. However, there are federal regulations that stipulate lease requirements and regulations that effectively limit the portability, that create challenges in the administration of the program for a migrant Farmworker family. As long as an organization can meet the federal requirements of the program, the Division welcomes applications and would work to encourage their success. As no specific rule change is currently requested, there is no recommendation for a rule change to address this issue at this time.

Comment:
Commenter states that the USDA Rural Development regulations and the HOME regulations together force the developer to take the lower rents, which are the HUD fair-market rents, and apartments cannot operate on that amount. There are several instances where this problem has resurfaced and it has been difficult to resolve even with reducing the HOME loan amount and getting a Housing Trust Fund loan to cover the units. Units without rental assistance or on deep subsidy are the exception to this challenge. (17)

Staff Response:
Staff has been working closely with USDA Rural Development on resolving issues together on proposed transactions including subsidy layering. As no specific rule change is currently requested, there is no recommendation for a rule change to address this issue at this time.

Comment:
Commenter makes several recommendations to address timelines for internal policies not currently addressed in the program rule. This includes language in agreements prohibiting setups of projects within 90 days of the end of the contract term and loan closing requirements. (8)

Staff Response:
As no specific rule change is currently requested, there is no recommendation for a rule change to address this issue at this time, however, staff will continue to work to streamline processes for contract administrators.

Comments on the Proposed HOME Program Rule, 10 TAC, Chapter 53

§53.1 Purpose

Comment:
Commenter requests the Department make the 2009 proposed rules retroactive to govern the 2008 contracts that will be written on the 2008 HOME applications that are currently being submitted to the Department. (7)

Staff Response:

Staff recognizes this issue, concurs and recommends a change (highlighted below) to the proposed rule as follows:

§53.1. Purpose

This Chapter clarifies the use and administration of all funds provided to the Texas Department of Housing and Community Affairs (Department) by the United States Department of Housing and Urban Development (HUD) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 USC §§12701-12839) and HUD regulations at 24 CFR, Part 92. All provisions of this Chapter apply to any Application received on or after the date of adoption of this Chapter by the Department's Board. Existing Contracts or Applications received prior to the date of adoption of this Chapter may be amended in writing at the request of the Administrator or Applicant and with Department approval, subjecting the Contract or Application to all provisions of this Chapter. Amendments proposing only partial adoption of this Chapter are not permitted and no amendment adopting this Chapter shall be permitted if, in the discretion of the Department, any of the provisions of this Chapter conflict with the NOFA under which the existing Contract was awarded or Application was submitted.

The State's HOME Program is designed to:

(1) focus on the areas with the greatest housing need described in the State Consolidated Plan;

(2) provide funds for home ownership and rental housing through acquisition, new construction, rehabilitation, tenant-based rental assistance, and pre-development loans;

(3) promote partnerships among all levels of government and the private sector, including non-profit and for-profit organizations; and

(4) provide low, very low, and extremely low income families with affordable, decent, safe and sanitary housing.

§53.8 Notice of Receipt of Application or Proposed Application. Administrative Change

Based on public comment received for the Housing Trust Fund Rule and for clarification, staff recommends the following change to the proposed rule:

(a) Not later than the 14th day after the date an Application or a proposed Application for housing funds described by §2306.111 has been filed for multifamily or single family development, the Department shall provide written notice of the filing of the Application or proposed Application to the following Persons:

§53.31 (g) Owner-Occupied Housing Assistance Program (OCC)

Language in Draft Rule: *(g) The maximum amount of assistance (including soft costs), unless otherwise specified in the NOFA, to an eligible Household is based on Household size:*

(1) Rehabilitation that is Reconstruction for 1 to 4 person Household: $65,000 ~~60,000;~~

(2) Rehabilitation that is Reconstruction for 5 to 6 person Household: $72,000 ~~67,500;~~

(3) Rehabilitation that is Reconstruction for 7 or more person Household: $80,000 ~~75,000~~ ;and

(4) Rehabilitation that is not Reconstruction: $30,000.

Comment:

Commenter requests that the price per house maximum be set at the time of the NOFA, not as part of the rules-making process as this will allow staff latitude to make changes as necessary due to rising construction costs. (7)

Staff Response:
Staff has researched and evaluated the request for an increase in the amount of assistance per household for construction costs and is recommending changes to §53.31 (g) to accommodate changes in housing costs. Based on that analysis and the recommended changes, staff does not feel it is necessary to make adjustments at the time of release of the NOFA. No change to the rule is recommended.

Comment:
Commenter requests that the maximum cost per home be raised to $75,000 and states that this increase will take into account increased construction costs and to allow adequate funds for soft costs. (7)

Several commenters stated that their companies are currently working with the HOME Owner-Occupied (OCC) program and that they are each building an 860 square foot home, four sides brick, three bedrooms, one bathroom. If the company were to bid on the house today, the bid would be between $59,000 and $64,500 per home, to build one at a time, according to one commenter, and approximately $70,000 according to the other commenter. If the project had five or six homes together, the bid would be between $57,000 and $62,000 per home according to one commenter and would reflect a cost savings of about $63,000 according to the other commenter. It is important to note that these costs do not include demolition of the existing structure. (59) (9)

Commenter states the $60,000 existing maximum for the 1-4 person household has been insufficient for some time now. While a $5,000 increase is a start, it will still not meet the cost of home reconstruction in this program; the costs are far above the $65,000 amount. While some communities can assist with these costs through local match, many of the smaller, more poverty stricken communities or communities impacted by disasters will not be able to assist. (5)

Commenter requests increases in costs regarding the Owner-Occupied Program. The current caps or restrictions have not caught up to the times and especially given today's environment, increasing costs of not only rehab but also reconstruction certainly puts a strain in getting that housing out for very low-income homeowners for rehab and reconstruction projects. (11)

Staff Response:
Staff has researched various methods of establishing a construction cost limitation and is recommending the $73.00 cost per square foot maximum based on using the *Marshall and Swift Residential Cost Handbook* for single family homes of average quality and sample plans utilized for constructing homes in the OCC Program. The maximum cost per square foot determined using *Marshall and Swift* compares extremely well to the numerous independent bids received during the public comment period. The actual costs for demolition and aerobic septic systems have been excluded from the maximum per square foot cost since these are not standard costs

associated with OCC reconstructs throughout the State of Texas. Oftentimes, demolition costs are provided as match by the communities administering the OCC award and also vary greatly between contractors that perform the construction work. Lastly, the $73.00 per square foot maximum does take into consideration increased third-party inspection Texas Residential Construction Commission requirements. Staff recommends the following changes to the rule:

(g) The maximum amount of assistance is the total of construction costs and soft costs provided to an eligible Household. The total construction costs are limited to:

> *(1) Rehabilitation that is Reconstruction: The lesser of $73.00 per square foot or $80,000, if the Reconstruction includes actual costs for an aerobic septic system and/or demolition. If the Reconstruction includes costs for an aerobic septic system and/or demolition, the total construction costs cannot exceed $73.00 per square foot exclusive of the aerobic septic system and demolition costs; and,*
>
> *(2) Rehabilitation that is not Reconstruction: $30,000.*

This recommended change necessitates a change to 53.32 (f) and (i) due to the references to construction costs associated with reconstructed units and the delineation between construction costs and soft costs. Staff has included the following proposed changes in the Rule:

(f) The maximum amount of assistance for Rehabilitation that is not Reconstruction is the total of the construction costs and soft costs provided to an eligible Person with Disabilities Household that is also using funds for acquisition and is limited to $20,000. Rehabilitation assistance must be utilized for accessibility modifications to the unit.

(i) When an MHU is being replaced with newly constructed housing (site-built) or any housing unit being replaced on an alternate site, the maximum amount of assistance is the total of construction costs and soft costs provided to an eligible Household. The total construction costs are limited to:

> *(1) Rehabilitation that is Reconstruction: The lesser of $73.00 per square foot or $80,000, if the Reconstruction includes actual costs for an aerobic septic system and/or demolition. If the Reconstruction includes costs for an aerobic septic system and/or demolition, the total construction costs cannot exceed $73.00 per square foot exclusive of the aerobic septic system and demolition costs.*

§53.32. (b) Homebuyer Assistance Program (HBA)

Language in Draft Rule: *(b) Eligible property types are limited to single family dwellings, condominium units and cooperative units in mutual housing projects. An MHU is not an eligible property type for Rehabilitation. HOME funds may be used to replace (Reconstruct) an ~~owner-occupied housing~~ existing unit with a new MHU or Modular Home if:*
(1) the unit complies with standards at 24 CFR §92.205 and with the Texas Manufactured Housing Standards Act~~, §19(1)~~;

(2) the unit is permanently installed;
(3) the unit is permanently attached to utilities; and
(4) the ownership of the unit is recorded in the taxing authority of the county in which it is located.

Comment:
Commenter requests clarification on whether HOME funds should be allowed to be used to assist first time home buyers in acquiring an existing Manufactured Housing Unit (MHU) if no repairs are required and the unit passes inspection requirements as evidenced by a final inspection performed by an approved inspector. (8)

Staff Response:
It has been the Department's practice to limit acquisition only activities to new Manufactured Housing Units only. Staff is concerned that allowing the use of homebuyer assistance toward existing units, without research or more background information, will result in investment of funds toward substandard units. In order to be of the most benefit to the homeowner, inspection and/or physical standards would have to be developed. Staff will take the recommendation under advisement, but will need to research further before providing recommendations to the Board for a rule change. To clarify the requirement, staff recommends the following rule change:

(b) Eligible property types are limited to single family dwellings, condominium units and cooperative units in mutual housing projects. An new MHU is an eligible property type for acquisition only. An MHU is not an eligible property type for Rehabilitation. HOME funds may be used to replace (Reconstruct) an ~~owner-occupied housing~~ existing unit with a new MHU or Modular Home if:
(1) the unit complies with standards at 24 CFR §92.205 and with the Texas Manufactured Housing Standards Act~~, §19(1)~~;
(2) the unit is permanently installed;
(3) the unit is permanently attached to utilities; and
(4) the ownership of the unit is recorded in the taxing authority of the county in which it is located.

§53.32 (e) Homebuyer Assistance Program (HBA)
Language in Draft Rule: *(e) The maximum amount of assistance (including soft costs), unless otherwise specified in the NOFA, to an eligible Household for downpayment and closing cost assistance is the lesser of based on Household size and AMFI as follows:*

(1) $15,000 for For Persons with Disabilities: $15,000; or
(2) For a 1 to 4 Person Household at 80% or less of the AMFI: $10,000;
(3) For a 5 or more Person Household at 80% or less of the AMFI purchasing a house with a minimum of 4 bedrooms: $15,000;
(4) For a 1 to 4 Person Household at 60% or less of the AMFI: $15,000; and
(5) For a 5 or more Person Household at 60% or less of the AMFI purchasing a house with a minimum of 4 bedrooms: $20,000.

Comment:
Commenter states that for homebuyer assistance, a $10,000 cap is not enough for underwriting the cost of housing particularly in markets where housing is very limited. The entity must exclusively go to reconstruction and then needs all of the possible subsidy to make it possible for first-time homebuyers who are low income. (11)

Commenter suggests that to make an impact and drive the program out to the rural areas, the Department should provide $15,000 worth of assistance for areas within an MSA and $20,000 for areas outside the MSA. An additional recommendation would be to provide a base of $10,000 in homebuyer assistance for existing housing and then provide $20,000 for new construction, since new construction is more expensive. (8)

Commenter suggests eliminating separate award amount for persons with disabilities as having a disability does not equate to any financial status or need and concludes if a particular property needs to be retrofitted to address ease of accommodation, it is eligible under Paragraph (f) as an acquisition and rehabilitation. (8)

Staff Response:
Staff recognizes the points made by the commenter, especially as they relate to AMFI comparisons and since this recommendation would result in a higher amount of assistance in rural areas, staff concurs and recommends a change (highlighted below) to the proposed rule as follows:

(e) The maximum amount of assistance is the total of the downpayment and closing cost assistance and soft costs provided to an eligible Household. The total amount of downpayment and closing cost assistance is limited to:

(1) For Persons with Disabilities: $15,000; or

(2) For Households assisted in a non-Participating Jurisdiction: $20,000.

This recommended change necessitates a change to 53.32 (g) and (l) due to the references to acquisition and closing cost assistance associated with acquisition activities and the delineation between assistance costs and soft costs. Staff has included the following proposed changes in the Rule:

(g) The maximum amount of assistance is the total of the acquisition, closing, and soft costs provided to an eligible Household for a contract for deed conversion and is limited to $25,000. In the case of a contract for deed conversion housing unit that involves both the acquisition of a loan on an existing MHU and/or the loan for the associated land, the Executive Director may grant an exception to exceed this amount, however, the Executive Director will not grant an exception to exceed $40,000 of assistance.

(l) The total amount of assistance less soft costs under this section and Program Activity, including Rehabilitation and activities involving contract for deed conversion, an MHU being

replaced with newly constructed housing (site-built), and a housing unit being replaced on an alternate site, will be provided in the form of a zero percent (0%) deferred, forgivable Loan with a term based on the federal affordability requirements as defined in 24 CFR §92.254.

§53.32 (m) Homebuyer Assistance Program (HBA)

Language in the Draft Rule: *(m) The following first lien purchase loan requirements are imposed for households receiving Homebuyer Assistance:*
(1) No adjustable rate mortgage loans (ARMs) are allowed;
(2) No mortgages with a loan to value equal to or greater than 100% are allowed;
(3) No Subprime Mortgage Loans are allowed;
(4) An origination fee and any other fees associated with the mortgage loan may not exceed 2% of the loan amount; and
(5) The debt to income ratio (back-end ratio) may not exceed 45%.

Comment:

Commenter asks that we add "No 3-2-1 or 2-1 interest rate buydowns are allowed" to this section of the rule. If a lender is going to provide a discount rate and a discounted interest rate, then it should be for the life of the loan, not for two or three years, in which case all we're doing is delaying the default for two or three years. The recommendation would be to prohibit two-one buy-downs or three-two-one buy-downs in this program, at least until the market turns around. (8)

Commenter asks that we add "An origination fee and any other non-pass through fees associated with the mortgage loan may not exceed 2% of the mortgage loan amount for origination and discount fees and 1% of the mortgage loan amount for other non-pass through fees" to this section of the rule. Currently, there is a 1 percent origination fee and generally there is a 1 percent or maybe a 2 percent discount fee to discount the interest rate for the homebuyer. This is not an incentive to participate in the program. The suggestion would be to increase at least the minimum to a 3 percent total and provide putting more leeway for the mortgage lender to provide discount points to lower the interest rate. (8)

Staff Response:

Staff concurs with the interest rate buy-down comments and recommends a change (highlighted below) to the proposed rule below. Staff also recommends clarifying other fees but does not recommend an increase in the fees a lender is able to charge above that which is proposed in the Rule.

§53.32 (m) Homebuyer Assistance Program
The following first lien purchase loan requirements are imposed for households receiving Homebuyer Assistance:

> *(1) No adjustable rate mortgage loans (ARMs) or interest rates buydown loans are allowed;*
>
> *(2) No mortgages with a loan to value equal to or greater than 100% are allowed;*

(3) No Subprime Mortgage Loans are allowed;

(4) An origination fee and any other fees associated with the mortgage loan (other than fees reimbursed to third-parties) may not exceed 2% of the loan amount; and

(5) The debt to income ratio (back-end ratio) may not exceed 45%.

§53.45 (d) Rental Housing Development (Multifamily) Application Requirements. Administrative Change

Language in the Draft Rule: *(d) Unless further restricted or amended by the NOFA, Applications must comply with all of the current Qualified Allocation Plan and Rules in effect at the time of application's submission at 10 TAC §49.9 (h), excluding subsections ~~(4)(A)~~, ~~(4)(I)~~, (4)(J), (11), (12), 14(G) and (15).*

Staff Recommendation:

Staff would like to remove the exclusion on subsections (4)(A) and (4)(I) for the HOME program as currently HOME NOFAs are available in open application cycles based on a first-come, first-served basis and the NOFAs clarify that third-party reports are due at the time of application submission, rather than the Housing Tax Credit Program due date.

§53.47 (a)(2) Application and Award Limitations. Administrative Change

Language in Draft Rule: *(a) The Department reserves the right to reduce the amount requested in an Application based on Program Activity or Project feasibility, underwriting analysis, or availability of funds.*

(2) The Contract award amount for disaster relief shall not exceed $520,000, including administrative costs, per state or federally declared disaster, or as may be otherwise allowed by the Board. Only one Application per affected Unit of General Local Government may be submitted for each declared disaster. Public Housing Authorities (PHAs) and Nonprofit organizations may only act as an Applicant, in lieu of the Unit of General Local Government, if they are so designated by the affected Unit of General Local Government. If the disaster is a federally declared disaster, the Applicant may not submit an application or be funded until 90 days have expired from the federal declaration date. Applications for disaster relief will only be accepted within six (6) months after the first day assistance under this program is made available.

Staff Recommendation:

This administrative change recommended is to be added to this section by staff provides clarification on the contract award amount and is adjusted to reflect the amount of administrative funds associated with the contract.

§53.48 Application Review Process

Comment:
Commenter recommends green building criteria be expanded to encourage that rehabilitation of existing homes be as energy efficient as possible, suggesting that language be added in Subchapter D involving green building criteria that could be awarded special consideration. For example under 53.48 (2) (A), language could be added such as "Applications that are able to offer Green Building Amenities, such as those QAP Sections 49.9 (h) (4) (A) (ii) (XXV) and Section 49.9 (i) (17), will be given special consideration." (16)

Staff Response:
If recommended and implemented at this time, the change would not be vetted properly through the rulemaking process. Additionally, since HOME funds are currently available through a non-competitive first-come, first-served basis, there are no points to be applied to this type of criteria and staff is uncertain of the definition of 'special consideration' as proposed by the commenter. No change is recommended is recommended at this time.

§53.72 Pre-Award Costs. Administrative Change

Language in the Draft Rule**:** *(a) Before the effective date of the HOME Contract, the Contract Administrator may incur and be reimbursed for travel costs, as provided for with Administrative funds, related to mandatory implementation training required by the Department as a condition of receiving a HOME award and Contract.*

Staff Recommendation:
This administrative change recommended to be added to this section by staff provides clarification on the types of costs eligible for reimbursement according the the federal regulations and allows for reasonable reimbursement of costs associated with the program.

(b) Department authorized pre-award costs for predevelopment costs, including but not limited to legal, architectural, engineering, appraisal, surveying, environmental, and market study fees, may be paid if incurred before the effective date of the Contract if the costs are in accordance with 24 C.F.R. § 92.212 and at the sole discretion of the Department.

§53.74 (a)(6) Contract Amendments

Language in Draft Rule: *(6) Increase in funds. In the case of a modification or amendment to the dollar amount of the Contract, such modification or amendment does not increase the dollar amount by more than 25% of the original Contract or $50,000, whichever is greater. Modifications and/or amendments that increase the dollar amount by more than 25% of the original Contract or $50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.*

Staff Recommendation:

Since the recommendation included in §53.1 will result in amendment requests to increase the contract amount by more than 25% because of the increased maximum amount of costs associated per housing unit for the OCC and HBA programs, staff recommends the Board allow the Executive Director to approve any increases greater than 25% of the original Contract or $50,000 which are a result of an amendment to be governed by this adopted rule. Staff recommends the following change to the proposed Rule:

(6~~2~~) Increase in funds. In the case of a modification or amendment to the dollar amount of the Contract, such modification or amendment does not increase the dollar amount by more than 25% of the original Contract or $50,000, whichever is greater. Modifications and/or amendments that increase the dollar amount by more than 25% of the original Contract or $50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval~~.~~, except for increases that result in a dollar amount increase that is more than 25% of the original Contract amount on an existing Contract for which an Administrator has requested an amendment to be governed by all provisions of this Chapter as allowed in Section 53.1 of this Chapter.

§53.80 (e)(1) Documents Supporting Mortgage Loans. Administrative Change

Language in Draft Rule: *(1) ~~(2)~~ A title report ~~commitment~~ no older than ninety (90) days that evidences Homeownership and no tax lien, no child support lien, no mechanic's lien ~~or~~ and no materialmen's lien;*

(2) ~~(3)~~ Tax certificate ~~no older than ninety (90) days~~ that evidences a current paid status, and in the case of delinquency, evidence of an approved payment plan with the taxing authority and evidence that the payment plan is current;

Staff Recommendation:

These administrative changes (highlighted above) are recommended to clarify the requirements for these documents.

(1) ~~(2)~~ A title report that evidences eligible forms of homeownership pursuant to Section 53.31(b) of this Chapter ~~commitment no older than ninety (90) days that evidences Homeownership~~ and no tax lien, no child support lien, and no mechanic~~'~~s or ~~and no~~ materialma~~e~~n~~'~~s lien.~~;~~ The title report must be a non-insurance report of the property from the current owner's date of the last deed vesting title to the present, including complete deed information; grantees, grantors, execution and recording dates, recording references, and legal description, as well as all open mortgages/deed of trusts;

§51.18 General Contract Administration. Administrative Change

Language in Draft Rule: *All Administrators and Development Owners must use the forms provided on the Department's website and comply with the Department's procedural and* *documentation requirements as outlined in the Program Manual and in this section including~~,~~ ~~but not limited to~~:*

(16) ~~(15)~~ Ensure and verify that each building construction contractor performing activities in the amount of $10,000 or more under the Contract is registered and maintains good standing with the Texas Residential Construction Commission~~ in accordance with 16 TAC, Subtitle C, §16.001~~ in accordance with Chapters 401 and 416 of the Texas Property Code;

(17) ~~(16)~~ Ensure and verify that each housing unit being rehabilitated in the amount of $10,000 or more under the Contract is registered with the Texas Residential Construction Commission~~ in accordance with 16 TAC, Subtitle C, §426.003~~ in accordance with Section 426.003 of the Texas Property Code;

(21) ~~(20)~~ Conduct appropriate property inspections and documentation in accordance with applicable program requirements. Ensure compliance with the Texas Residential Construction Commission inspection requirements under Title 16 of the Texas Property Code;

Staff Recommendation:
These administrative changes (highlighted above) are recommended to clarify the contract administration requirements to ensure compliance with the Texas Residential Construction Commission requirements.

§53.85 (a)(1) Administrative and Soft Costs Limitations. Administrative Change
Language in Draft Rule: *(1) Administrator must use funds for Administrative Costs in accordance with 24 CFR §92.207. For the OCC, HBA, and contract for deed conversion Program Activities, funds for Administrative Costs cannot exceed 4% of the ~~Contract award for~~ total project costs for the entire Contract term. For the TBRA Program Activity, funds for Administrative Costs cannot exceed 4% of the ~~Contract award for~~total project funds per year of the Contract term. For Program Activities that are serving Persons with Disabilities, funds for Administrative Costs cannot exceed 6% of the total project costs for the entire Contract term.*

Staff Recommendation:
This administrative change (highlighted above) is recommended by staff to provides clarity regarding the amount of administrative funds available for the various contract and program types. The 6% administrative costs for contracts serving Persons with Disabilities was previously established and approved in the One Year Action Plan.

§53.85 Figure 10 TAC 53.85(a)(6) Administrative and Soft Costs Limitations.
Language in Draft Rule:

OCC and HBA with Rehabilitation	Reconstruction	Rehabilitation
Project Soft or Administrative Cost per ACTIVITY		

Application intake and processing	$ 600	$ 600
Credit Report	$ 50	$ 50
Construction and disbursement documentation preparation	$ 250	$ 250
Environmental review	$ 400	$ 400
Exempt administrative environmental	$ 50	$ 50
Final inspection	$ 300	$ 300
Information services	$ 4~~2~~00	$ ~~-~~4~~2~~00
Initial inspection	$ 500	$ 500
Procurement of contractor	$ 300	$ 300
Progress inspections (up to 7 at $~~200~~ 300 max each, minimum of 4 required)[1]	$ 2,100	$ 2,100
Pre-construction conference	$ 300	$ 300
Project document preparation	$ 100	$ 100
Punch list verification inspection	$ 300	$ 300
Schedule of values	$ 100	$ 100
Work write-up	N/A	$ 500[2]
Work write-up summary/cost estimate	$ 400[2]	$ 400[2]
Administrative Cost Only per CONTRACT		
Affirmative marketing plan	$ 200	$ 200
Financial management	$ 200	$ 200
Procurement of professional service provider	$ 300	$ 300
Recordkeeping	$ 800	$ 800
Project Soft Cost Only per ACTIVITY ~~or CONTRACT~~		
Plans (market value)	N/A	$ 200
Plans and specification manual (market value)	$700 ~~2,000~~[2,~~3~~]	N/A
Specification manual	N/A	$ 200

[1] A maximum of two (2) progress inspections are allowed when a housing unit is replaced with an MHU.

[2] Work write-up, Work write-up summary/cost estimate, p~~P~~lans and specifications are not ~~an~~ allowable costs when a housing unit is replaced with an MHU.

~~[3]Plans and specification manual is limited to $2,000 per Contract.~~

Comment:
Commenter states that to allow for adequate funds in the two categories of administrative and soft costs to manage projects, an overall increase of approximately $5,000 per grant is needed. (7)

Staff Response:
While administrative funds are based on a per contract amount, the soft cost limitations are based on a per project basis. Futhermore, an overall increase of $5,000 per grant is not justified or evaluated for cost reasonableness. No change is recommended.

Comment:
Commenter requests an increase in costs for Application Intake and Processes from $600 to $800 per Activity. Commenter states this line item requires extensive time to meet with all prospective applicants, often on numerous occasions. The process requires much personal assistance, which many times due to age or educational experience, must be assisted as the applicant cannot collect the required documentation themselves. Additionally, due to the length of time it takes to move through bidding and loan process, often re-verification of income has to occur. (10)

Staff Response:
Staff has carefully examined this proposed increase and due to lack of substantial data and the $100 increase already proposed, does not recommend a change to the Rule at this time.

Comment:
Commenter requests an increase in the cost for Construction and Disbursement Documentation Preparation from $250 to $400 per Activity. Commenter states this line item includes preparing subcontracts between the Contract Administrators and builders (which was not required before the CA became the contractor). This estimate also includes draw and match preparation, which can be a lengthy process. Additionally, each project now includes three hard cost draws at fifty percent (50%) construction complete, one hundred percent (100%) construction complete and final ten percent (10%) retainage. (10)

Staff Response:
The definition of this line item does not include the preparation of subcontracts between the Contract Administrator and builder. The line item consists primarily of data entry into the Department's Contract System and the completion of contract templates required for draw processing. Staff has reviewed the request and does not recommend a change.

Comment:
Commenter requests an increase to the cost for Environmental Reviews from $400 to $500 per Activity. Commenter states that this recommendation more accurately reflects the time and documentation required to complete the tiering process which involves both an overall review of the area and site specific reviews of each property. (10)

Staff Response:
Staff has reviewed the request and is of the opinion that $400 per Activity to complete the environmental review requirements is sufficient. This amount is also very reasonable when compared to historical requests for reimbursements for this type of soft cost, for which the documentation requirements have not increased. No change recommended at this time.

Comment:
Commenter requests an increase in the cost to provide Information Services from $200 to $600 per Activity. Commenter states that this recommendation is the most undervalued on the list because from the time the home is completed and turned over to the assisted homeowner, each family requires much personal attention and many hours of communication and assistance. (10)

Staff Response:
This line item is defined as the cost incurred to provide information to homeowners, propective homebuyers and/or tenants and consists primarily of information as it relates to Fair Housing, which is not applicable to OCC, loan procedures, warranties, and lead-based paint notification. While much of the costs associated with time and personal attention spent with homeowners is included in the Application intake and processing line item, staff agrees in part with the recommended increase and proposes changes to increase this line item maximum by $200 as reflected and highlighted in the figure above in order to offset costs incurred with providing homeowners with loan procedures.

§53.85 Figure 10 TAC 53.85(a)(6) Administrative and Soft Costs Limitations.
Administrative Change

Staff Recommendation:
The figure above also reflects staff clarification regarding the maximum amount of project soft costs associated with the plans and specification manual (change is highlighted). Staff has researched this cost and is making a recommended change to this line item maximum based on information obtained from the *Marshall and Swift Residential Cost Handbook* and historical reimbursement requests.

Commenter Key

# Assigned	COMMENTER	Rule
5	David A. Baker, Vice President, Public Management, Inc.	HOME
6	David Diaz, Midland Community Development Corporation	HOME
7	Judy Langford & Robin Sisco, Langford Community Management Services	HOME
8	Michael Hunter, president, Hunter and Hunter Consultants	HOME
9	Randy Malouf, Builder	HOME
10	Robin Sisco, Langford Community Management Services	HOME
11	Sylvester Cantu, Community Development Administrator, City of Midland	HOME
12	Steven Schnee, ED, MHMRA, Harris County	HOME, CAP (ESG), ConPlan
13	Barry Halla, Life Rebuilders, Inc.	HOME, ConPlan
14	Noel Poyo, Executive Director, NALCAB - The National Association for Latino Community Asset Builders	HOME, ConPlan
15	Kathy Tyler, Housing Services Director, Motivation Education & Training, Inc.	HOME, HTF, QAP, General
16	Cyrus Reed, PhD, Conservation Director, Lone Star Chapter of Sierra Club	HOME, QAP, Bond, REA, HTF, CAP (WAP)
17	Dennis Hoover	HOME, REA
59	Eric Christophe, EFC Builders, Ltd. Co.	HOME

Recommendation

Staff recommends Board approval of the Repeal of 10 TAC Chapter 53, HOME Investment Partnerships Program Rule, and final order adopting new 10 TAC Chapter 53, HOME Program Rule.

DRAFT
Board Review Pending

Texas Department of Housing and Community Affairs
“HOME Program Rule”

TITLE 10, Part 1, Chapter 53, Texas Administrative Code

Subchapter A. GENERAL

§53.1. Purpose

This Chapter clarifies the use and administration of all funds provided to the Texas Department of Housing and Community Affairs (Department) by the United States Department of Housing and Urban Development (HUD) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 USC §§12701-12839) and HUD regulations at 24 CFR, Part 92. All provisions of this Chapter apply to any Application received on or after the date of adoption of this Chapter by the Department's Board. Existing Contracts or Applications received prior to the date of adoption of this Chapter may be amended in writing at the request of the Administrator or Applicant, and with Department approval, to subject the Contract or Application to all provisions of this Chapter. Amendments proposing only partial adoption of this Chapter are prohibited and no amendment adopting this Chapter shall be granted if, in the discretion of the Department, any of the provisions of this Chapter conflict with the NOFA under which the existing Contract was awarded or Application was submitted. The State's HOME Program is designed to:

(1) focus on the areas with the greatest housing need described in the State Consolidated Plan;

(2) provide funds for home ownership and rental housing through acquisition, new construction, rehabilitation, tenant-based rental assistance, and pre-development loans;

(3) promote partnerships among all levels of government and the private sector, including non-profit and for-profit organizations; and

(4) provide low, very low, and extremely low income families with affordable, decent, safe and sanitary housing.

§53.2. Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Act--HOME Investment Partnership Act at Title II of the Cranston-Gonzalez National Affordable Housing Act as amended, at 42 USC §§12701, et seq.

(2) Activity--A single housing unit with a unique physical address. An activity may also refer to an individual Project or site.

(3) Administrative Deficiencies--The absence of information or a document from the application as required in this Chapter or applicable NOFA.

(4) Administrator--The Person responsible for performing under a Contract with the Department.

(5) Affiliate--An individual, corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with any other Person, and specifically shall include parents or subsidiaries. Affiliates also include all General Partners, Special Limited Partners and Principals with an ownership interest.

(6) Affiliated Party--A person in a relationship with the Administrator on a Contract with the Department.

(7) Annual Income--As defined in 24 CFR §92.203.

(8) Applicant--A Person who has submitted to the Department an Application for Department funds or other assistance.

(9) Application--A request for funds submitted to the Department in a form prescribed by the Department, including any exhibits or other supporting material.

(10) Application Acceptance Period--The period of time that Applications may be submitted to the Department as more fully described in the applicable NOFA.

(11) Application Submission Procedures Manual (ASPM)--The manual that sets forth the procedures, forms, and instructions for the completion and submission of an Application to the Department.

(12) Area Median Family Income (AMFI)--The income estimated and determined by HUD as the median family income with adjustments for family size and geographic locations.

(13) Articles of Incorporation--The document that sets forth the basic terms for a corporation's existence and is the official recognition of the corporation's existence.

(14) Board--The governing board of the Texas Department of Housing and Community Affairs.

(15) Business Plan--The written document that for the purposes of CHDO certification outlines the CHDO's plan for developing eligible housing activities, its internal operations, and citizen participation process.

(16) Bylaws--A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the Articles of Incorporation. Bylaws and amendments to Bylaws must be formally adopted in the manner prescribed by ~~the organization's Articles of Incorporation or~~ current Bylaws by either the organization's board

of directors or the organization's members, whoever has the authority to adopt and amend Bylaws.

(17) CFR--Code of Federal Regulations.

(18) Chapter 2306--The enabling statute for the Department found in the Texas Government Code.

(19) CHDO Service Area--A Community in which a CHDO owns, developed and/or sponsored CHDO eligible housing activities for the low income residents of the city/place or county they serve.

(20) Colonia--A geographic area that is located in a county some part of which is within 150 miles of the international border of this state that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) Has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under §17.921, Texas Water Code; or

(B) Has the physical and economic characteristics of a Colonia, as determined by the department.

~~(21) Colonia Housing Standards--The Department's HUD approved housing standards that allow Colonia residents the opportunity to rehabilitate their homes when located in a designated Colonia.~~

(21) ~~(22)~~ Community--Urban areas means one or several Neighborhoods, a city, a county, or a metropolitan area and for Rural Areas means one or several Neighborhoods, a town, a village, a county or multi-county area, but not the whole state. For purposes of this Chapter, the Applicant should clearly define the area. For example, the city of Dallas would not include all of Dallas and Collin counties but Dallas and Collin counties would include the city of Dallas.

(22) ~~(23)~~ Community Housing Development Organization (CHDO)--A private nonprofit, community-based service organization that has obtained or intends to obtain staff with the capacity to develop affordable housing for the community it serves in accordance with 24 CFR §92.2 and which is certified as such by the Department. To be certified as a CHDO by the Department, the organization must act in the capacity of Developer, Owner or Sponsor as defined in this chapter.

(23) ~~(24)~~ Community Housing Development Organization (CHDO) Developer--The CHDO:

(A) Either owns a Property and develops a Project, or has a contractual obligation to a property owner to develop a Project; and

(B) Performs all the functions typically expected of for-profit Developers, and assumes all the risks and rewards associated with being the Project Developer.

(i) For RHD, the CHDO must obtain financing, and Rehabilitate, Reconstruct or construct the Project. If it owns the Property, the CHDO may maintain ownership and manage the Project over the long term. If it does not own the Property, the CHDO must enter into a contractual obligation with the property owner. This contractual obligation is independent of the PJ.

(ii) For HBA, the CHDO must obtain Project financing, Rehabilitate, Reconstruct or construct the dwelling(s), and have title of the property and the HOME loan/grant obligations transferred to a HOME-qualified homebuyer within a specified timeframe. If it does not own the Property, the CHDO must enter into a contractual obligation with the property owner. This contractual obligation is independent of the PJ.

(24) ~~(25)~~ Community Housing Development Organization (CHDO) Owner--The CHDO holds valid legal title to or has a long-term (99-year minimum) leasehold interest in a rental Property. The CHDO may be a Development Owner with one or more Persons. If it owns the Project in partnership, it or its wholly-owned nonprofit or for-profit subsidiary must be the managing General Partner with effective control (i.e., decision-making authority) of the Project. The CHDO may be both Development Owner and Developer, or may have another entity as the Developer.

(25) ~~(26)~~ Community Housing Development Organization (CHDO) Sponsor--The CHDO:

(A) For RHD, the CHDO may develop a Project that it solely or partially owns and agrees to convey ownership to a second non-profit organization at a predetermined time prior to or during Development or upon completion of the Development of the Project. The HOME funds are invested in the Project owned by the CHDO. The CHDO Sponsor selects prior to commitment of HOME funds the non-profit organization that will obtain ownership of the Property. The non-profit assumes from the CHDO the HOME obligation (including any repayment of loans) for the Project at a specified time. If the Property is not transferred to the non-profit organization, the CHDO Sponsor remains liable for the HOME loan/grant obligation. The non-profit organization must be financially and legally separate from the CHDO Sponsor. The CHDO Sponsor must provide sufficient resources to the non-profit organization to ensure the Development and long-term operation of the Project.

(B) For HBA, the CHDO owns a Property, then shifts responsibility for the Project to another nonprofit at some specified time in the Development process. The second nonprofit, in turn, transfers title along with the HOME loan/grant obligations and recapture requirements to an Income Eligible Household within a specified timeframe. The HOME funds are invested in the Property owned by the CHDO. The other nonprofit being sponsored by the CHDO acquires the completed units, or brings to completion the Rehabilitation or construction of the Property. At completion of the Rehabilitation or construction, the second nonprofit is required to sell the Property along with the HOME loan/grant obligations to an Income Eligible Household.

(C) For either type of sponsorship, the CHDO must own the Property prior to the development phase of the project.

(26) ~~(27)~~ Community Housing Development Organization Pre-Development Loan--A form of assistance in which funds are made available as loans to cover those costs outlined in 24 CFR §92.301.

(27) ~~(28)~~ Competitive Application Cycle--A defined period of time that Applications may be submitted according to a published Notice of Funding Availability (NOFA) that will include a submission deadline and selection or scoring criteria. Applications will be reviewed in accordance with the rules for application review published in the NOFA and the ASPM.

(28) ~~(29)~~ Conflict of Interest--A conflict between the private interests and the official responsibilities of a Person in a position of trust, as specified in 24 CFR §92.356.

(29) ~~(30)~~ Consolidated Plan--The State Consolidated Plan prepared in accordance with 24 CFR, Part 91, which describes the needs, resources, priorities and proposed activities to be undertaken with respect to certain HUD programs and is subject to approval annually by HUD.

(30) ~~(31)~~ Contract--The executed written agreement between the Department and an Administrator or Development Owner performing an activity related to a program that outlines performance requirements and responsibilities assigned by the document.

(31) ~~(32)~~ Control--The possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person, whether through the ownership or voting securities, by contract or otherwise, including specifically ownership of more than 50% of the General Partner interest in a limited partnership, or designation as a managing General Partner of a limited liability company.

(32) Council of Governments (COG)--A regional body which serves an area of several counties to address regional planning including but not limited to transporation planning, economic and community development, information gathering and processing, hazard mitigation and emergency preparedness, and water and environmental planning.

(33) Deobligated Funds--The funds released by an Administrator or Development Owner or recovered by the Department canceling a Contract or award involving some or all of a

contractual financial obligation between the Department and an Administrator or Development Owner.

(34) Department--The Texas Department of Housing and Community Affairs.

(35) Developer--Any Person entering into a contract with the Development Owner to provide development services with respect to the Development and receiving a fee for such services and any other Person receiving any portion of such fee, whether by subcontract or otherwise.

(36) Development--A Project that has a construction component, either in the form of New Construction or Rehabilitation of multi-unit or single family residential housing.

(37) Development funding--

> (A) A loan or grant; or
>
> (B) An in-kind contribution, including a donation of real Property, a fee waiver for a building permit or for water or sewer service, or a similar contribution that:
>
> > (i) provides an economic benefit; and
> >
> > (ii) results in a quantifiable cost reduction for the applicable Development.

(38) Development Owner--Any Person, General Partner, or Affiliate of a Person who owns or proposes a Development or expects to acquire Control of a Development under a purchase contract approved by the Department and is the Person responsible for performing under the Contract with the Department.

(39) Development Site--The area, or if scattered site, areas, for which the Development is proposed to be located and is to be under the Development Owner's Control.

(40) Executive Award and Review Advisory Committee (EARAC)--The Department committee that will develop funding priorities and make funding and allocation recommendations to the Board based upon the evaluation of an Application in accordance with the housing priorities as set forth in Chapter 2306 of the Texas Government Code, and as set forth herein, and the ability of an Applicant to meet those priorities.

(41) Expenditure--An approved expense evidenced by documentation submitted by the Administrator or Development Owner to the Department for purposes of drawing funds from HUD's IDIS for work completed, inspected and certified as complete, and as otherwise required by the Department.

(42) Family--Includes but is not limited to the following types of families as defined in 24 CFR §5.403:

> (A) A family with or without children;

(B) An elderly family;

(C) A near elderly family;

(D) A disabled family;

(E) A displaced family;

(F) The remaining member of a tenant family; or

(G) A single person who is not an elderly or displaced person or a person with disabilities or the remaining member of a tenant family.

(43) Feasibility Analysis--The process of performing a budgetary justification for Reconstruction which compares the cost of Rehabilitation to the replacement costs of a housing unit for the purposes of OCC.

(44) FHA 203(b) Mortgage Limits ("203(b) Limits")--The mortgage limits established under 203(b) of the National Housing Act (12 USC §1709(b) which may be obtained from the HUD Field Office.

(45) Final Rule--The current final rule as published by HUD as 24 CFR, Part 92 with amendments.

(46) General Contractor--A Person who contracts for the construction or Rehabilitation of an entire Development, rather than a portion of the work. The General Contractor hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors.

(47) General Partner--A Person or Persons who is identified as the general partner of the partnership that is the Development Owner and that has general liability for the partnership. In addition, unless the context shall clearly indicate the contrary, if the Development Owner in question is a limited liability company, the term "General Partner" shall also mean the managing member or other party with management responsibility for the limited liability company.

(48) Grant--Financial assistance that is awarded in the form of money to a housing sponsor for a specific purpose and that is not required to be repaid. For purposes of this Chapter, a grant includes a forgivable loan.

(49) Homebuyer Assistance Program (HBA)--A Program Activity for the purpose of providing HOME funds for acquisition, acquisition with Rehabilitation, down payment, closing costs, and gap financing assistance provided to Income Eligible Households. Rehabilitation may be combined with HBA to provide contract for deed conversions and assist Person with Disabilities.

(50) HOME--The HOME Investment Partnerships Program at 42 USC §§12701-12839 and the regulations promulgated thereafter at 24 CFR, Part 92.

(51) Household--One or more persons occupying a housing unit (24 CFR §92.2).

(52) HUD--The United States Department of Housing and Urban Development, or its successor.

(53) HUD's Maximum Per-unit Subsidy Amount ("§221(d)(3) L~~l~~imits")--The per-unit dollar limitations established under §221(d)(3)(ii) of the National Housing Act for elevator-type projects that apply to the area in which the housing is located.

(54) IDIS--The electronic grants management information system named the Integrated Disbursement and Information System established by HUD to be used tracking and reporting HOME funding progress.

(55) Income Eligible Households--The federal definition which is:

(A) Low-Income Households--Households whose Annual Incomes do not exceed 80% of the AMFI;~~.~~

(B) Very Low-Income Households--Households whose Annual Incomes do not exceed 50% of the AMFI; and~~.~~

(C) Extremely Low Income Households--Households whose Annual Incomes do not exceed 30% of the AMFI.

(56) Intergenerational Housing--Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:

(A) Have separate and specific buildings exclusively for the age restricted units;

(B) Have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;

(C) Have separate and specific entrances, and other appropriate security measures for the age restricted units;

(D) Provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;

(E) Share the same Development site;

(F) Are developed and financed under a common plan and owned by the same Person for federal tax purposes; and

(G) Meet the requirements of the federal Fair Housing Act.

(57) Land Use Restriction Agreement (LURA)--An agreement between the Department and a Person related to a specific Property or Properties which is ~~binding upon a Person's successors in interest,~~ filed with the responsible recording authority~~, and encumbers the Property with respect to requirements in this Chapter, Chapter 2306 of the Texas Government Code and the Final Rule~~.

(58) Loan--Financial assistance that is awarded in the form of money and an executed written agreement between the Department and Person for a specific purpose and that is required to be repaid.

(59) Manufactured Housing Unit (MHU)--As defined by HUD at 24 CFR 3280.2 ~~is~~ a structure transportable in one or more sections which, in traveling mode, is 8 body-feet or more in width or 40 body-feet or more in length, or when erected on site, is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities ~~facilities~~, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

(60) Match--Eligible forms of non-federal contributions to a Program Activity or Project in the forms specified in 24 CFR §92.220, CPD Notice 97-03 and the Department's Match Guide.

(61) Material Noncompliance--A~~a~~s is defined in~~ 10 TAC,~~ Chapter 60, Subchapter A of this title.

(62) Modular Housing--As defined by HUD is a home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

(63) Mortgagor--The Person who borrows money and uses his or her real property as collateral and security for the payment of the debt.

(64) Neighborhood--As defined by HUD, a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a Unit of General Local Government; except that if the unit of general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a Unit of General Local Government (24 CFR §92.2).

(65) New Construction--Any Development not meeting the definition of Rehabilitation.

(66) NOFA--Notice of Funding Availability, published in the Texas Register.

(67) Nonprofit organization--A public or private organization that:

(A) Is organized under state or local laws;

(B) Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

(C) Has a current tax exemption ruling from the Internal Revenue Service (IRS) under §501(c)(3), a charitable, nonprofit corporation, or §501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective throughout the length of any contract agreements; or classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(D) A private nonprofit organization's pending application to the IRS for exemption status under §501(c)(3) or ~~(c)~~(4) status cannot be used to comply with the tax status requirement.

(68) Open Application Cycle--A defined period of time during which Applications may be submitted according to a published NOFA and which will be reviewed on a first-come, first-served basis until all funds available are committed, or until the NOFA is closed, whichever is earlier.

(69) Owner-Occupied Housing Assistance (OCC)--A Program Activity for the purpose of providing HOME funds for the Rehabilitation of existing owner-occupied housing for Income Eligible Households. Housing assistance for disaster relief is provided under this Program Activity.

(70) Participating Jurisdiction (PJ)--Any state or Unit of General Local Government, including consortia as specified in 24 CFR §92.101, designated by HUD in accordance with 24 CFR §92.105.

(71) Person--Any individual, partnership, corporation, association, unit of government, community action agency, or public or private organization of any character.

(72) Persons with Disabilities--A Household composed of one or more Persons, at least one of whom is a Person, who has a disability that is a physical, mental, or emotional impairment that is expected to be of long-continued and indefinite duration, substantially impedes his or her ability to live independently, and is of such a nature that such ability could be improved by more suitable housing conditions. A Person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability and as further defined at 24 CFR §92.2.

(73) Persons with Special Needs--Individuals or categories of individuals determined by the Department to have unmet housing needs consistent with 42 USC §§12701, et seq. and as provided in the Consolidated Plan and may include any households composed of one or

more persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, elderly, victims of domestic violence, persons with HIV/AIDS, homeless populations, ~~and~~ migrant farm workers, and public housing residents.

(74) Predevelopment Costs--Costs related to a specific eligible Project including:

(A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance;

(B) Pre-construction housing project costs that the Department determines to be customary and reasonable, including but not limited to, the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies and legal fees; and

(C) Predevelopment costs do not include general operational or administrative costs.

(75) Principal--A Person, or Persons, that will exercise Control over a partnership, corporation, limited liability company, trust, or any other private entity. In the case of:

(A) Partnerships, Principals include all General Partners, special limited partners and Principals with ownership interest;

(B) Corporations, Principals include any officer authorized by the board of directors to act on behalf of the corporation, including the president, vice president, secretary, treasurer and all other executive officers, and each stock holder having a ten percent or more interest in the corporation; and

(C) Limited liability companies, Principals include all managing members, members having a ten percent or more interest in the limited liability company or any officer authorized to act on behalf of the limited liability company.

(76) Principal Residence--The primary housing unit a Person or Household inhabits.

(77) Program Activity--The specific purposes for which HOME funds are used and required in the Contract with the Administrator.

(78) Program Income--The gross income received by the Department, Development Owners or Administrators directly generated from the use of HOME funds or matching contributions as further described in 24 CFR §92.2.

(79) Project--A site or an entire building (including a manufactured housing unit), or two or more buildings, together with the site or sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking under 24 CFR §92.2.

(80) Property--The real estate and all improvements thereon which are the subject of the Application (including all items of personal property affixed or related thereto), whether currently existing or proposed to be built thereon in connection with the Application.

(81) Qualified Elderly Development--A Development which meets the requirements of the federal Fair Housing Act and:

(A) Is intended for, and solely occupied by, individuals 62 years of age or older; or

(B) Is intended and operated for occupancy by at least one individual 55 years of age or older per unit, where at least 80% of the total housing units are occupied by at least one individual who is 55 years of age or older; and where the Development Owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older.

(82) Qualified Market Analyst--A real estate appraiser certified or licensed by the Texas Appraiser Licensing and Certification Board, a real estate consultant, or other professional currently active in the subject property's market area who demonstrates competency, expertise, and the ability to render a high quality written report. The individual's performance, experience, and educational background will provide the general basis for determining competency as a market analyst. Competency will be determined by the Department, in its sole discretion. The Qualified Market Analyst must be a Third Party.

(83) Received Date--The date and time that an Application is physically received by the Department.

(84) Rehabilitation--The improvement or modification of an existing residential development through an alteration, addition, or enhancement. The term includes the demolition of an existing residential development and the Reconstruction of any development units, but does not include the improvement or modification of an existing residential development for the purpose of an adaptive reuse of the development. In accordance with the federal definition of Reconstruction at 24 CFR §92.2, the term also means the demolition and rebuilding, on the same lot, of housing standing on the site at the time of commitment of HOME funds. The number of units on the lot may not be decreased or increased as part of the rehabilitation, but the number of rooms per unit may be increased or decreased. Rehabilitation also includes replacing an existing substandard MHU with a new MHU.

(85) Rental Housing Development (RHD)--A Program Activity and Project for the purpose of providing HOME funds for the acquisition, New Construction or Rehabilitation of multi-family or single family rental housing, or conversion of commercial property to rental housing for Income Eligible Households.

(86) Rural area--An area that is located:

(A) Outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;

(B) Within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area; or

(C) In an area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an area that is located in a municipality with a population of more than 50,000.

(87) Rural Development--A Development or proposed Development that is located in a Rural Area, other than rural New Construction Developments with more than 80 units.

(88) Service Area--The city(ies), county(ies) and/or place(s) identified in the Contract that the Administrator will serve.

(89) Set-Aside--A statutory or federally mandated reservation of a portion of available funds or units for specific types of housing priorities, Program Activities or geographic locations.

(90) Single Family Housing Development--A Program Activity and Project for the purpose of providing HOME funds for the acquisition, and/or New Construction or Rehabilitation of affordable single family housing units Income Eligible Households to acquire homeownership.

(91) State Recipient--A Unit of General Local Government designated by the Department to receive HOME funds.

(92) Subprime Mortgage Loan -- A mortgage loan that is made at a higher interest rate than the prime rate offered by conventional lenders to a Person with higher credit risk characteristics or other underwriting deficiencies.

(93) ~~(92)~~ Subrecipient--A public agency or nonprofit organization selected by the Department to administer all or a portion of the Department's HOME program. A public agency or nonprofit that receives HOME funds solely as a developer or owner of housing is not a Subrecipient. The Department's selection of a Subrecipient is not subject to the procurement procedures and requirements.

(94) ~~(93)~~ TAC--Texas Administrative Code.

(95) ~~(94)~~ Tenant-Based Rental Assistance (TBRA)--A Program Activity for the purpose of providing HOME funds for rental subsidy and security and utility deposit assistance to Income Eligible Households.

(96) ~~(95)~~ Texas Minimum Construction Standard (TMCS)--The program standard used to determine the minimum acceptable housing condition for the purposes of Rehabilitation, New Construction, and acquisition.

(97) ~~(96)~~ Third Party--A Person who is not:

(A) An Applicant, Administrator, Borrower, General Partner, Developer, Development Owner, or General Contractor; or

(B) An Affiliate, Affiliated Party to the Applicant, Administrator, Borrower, General Partner, Developer, Development Owner or General Contractor; or

(C) A Person receiving any portion of the administration, contractor fee or developer fee.

(98) ~~(97)~~ Unit of General Local Government--A city, town, county, or other general purpose political subdivision of the State; a consortium of such subdivisions recognized by HUD in accordance with 24 CFR §92.101 and any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction. An urban county is considered a unit of general local government under the HOME Program.

(99) ~~(98)~~ Urban Area--The area that is located within the boundaries of a primary metropolitan statistical area other than an area that is described by paragraph (86) of this section.

(100) ~~(99)~~ USC--The United States Code.

§53.3. Ex Parte Communications

(a) During the period beginning on the date project Applications are filed in an application cycle and ending on the date the board makes a final decision with respect to the approval of any Application in that cycle, a member of the Board may not communicate with the following Persons:

(1) an Applicant or a Related Party, as defined by state law, including board rules, and federal law; and

(2) any Person who is:

(A) active in the construction, rehabilitation, ownership, or control of the proposed project, including:

(i) a General Partner or contractor; and
(ii) a Principal or Affiliate of a General Partner or contractor; or

(B) employed as a consultant, lobbyist, or attorney by an Applicant or a Related Party.

(b) Subject to subsection (c) of this section, during the period beginning on the date project Applications are filed in an application cycle and ending on the date the Board makes a final decision with respect to the approval of any Application in that cycle, an employee of the Department may communicate about the Application with the following Persons:

(1) the Applicant or a Related Party, as defined by state law, including board rules, and federal law; and

(2) any Person who is:

(A) active in the construction, Rehabilitation, ownership, or Control of the proposed Project, including:

(i) a General Partner or contractor; and

(ii) a Principal or Affiliate of a General Partner or contractor; or

(B) employed as a consultant, lobbyist or attorney by the Applicant or a Related Party.

(c) A communication under subsection (b) of this section may be oral or in any written form, including electronic communication through the internet, and must satisfy the following conditions:

(1) the communication must be restricted to technical or administrative matters directly affecting the Application;

(2) the communication must occur or be received on the premises of the Department during established business hours; and

(3) a record of the communication must be maintained and included with the Application for purposes of Board review and must contain the following information:

(A) the date, time, and means of communication;

(B) the names and position titles of the Persons involved in the communication and, if applicable, the Person's relationship to the Applicant;

(C) the subject matter of the communication; and

(D) a summary of any action taken as a result of the communication.

(d) Notwithstanding subsection (a) or (b) of this section, a Board member or Department employee may communicate without restriction with a Person listed in subsection (a) or (b) of this section during any board meeting or public hearing held with respect to the Application, but not during a recess or other non-record portion of the meeting or hearing.

(e) Subsection (a) of this section does not prohibit the Board from participating in social events at which a Person with whom communications are prohibited may or will be present, provided that all matters related to Applications to be considered by the Board will not be discussed.

§53.4. Waivers in Disaster Areas

It is the policy of the Department to utilize the waivers granted by HUD in disaster areas unless otherwise specifically stated in any NOFA released.

§53.5. Printed Materials Available

Upon request, any materials identified as available of the Department's website in this Chapter may also be distributed in hard copy.

§53.6. Alternative Dispute Resolution

The Department encourages Persons to use the Alternative Dispute Resolution rules found in §1.17 of this title, to resolve disputes.

§53.7. Compliance Rules

Rental ~~Multifamily~~ Developments (whether single family homes or Developments with four or more units) are subject to the relevant compliance rules found in Chapter 60 of this title.

§53.8. Notice of Receipt of Application or Proposed Application

(a) Not later than the 14th day after the date an Application or a proposed Application for housing funds described by §2306.111 has been filed for multifamily or single family development, the Department shall provide written notice of the filing of the Application or proposed Application to the following Persons:

(1) the United States representative who represents the community containing the Development described in the Application;

(2) members of the legislature who represent the community containing the Development described in the Application;

(3) the presiding officer of the governing body of the political subdivision containing the Development described in the Application;

(4) any member of the governing body of a political subdivision who represents the area containing the Development described in the Application;

(5) the superintendent and the presiding officer of the board of trustees of the school district containing the Development described in the Application; and

(6) any neighborhood organizations on record with the state or county in which the Development described in the Application is to be located and whose boundaries contain the proposed development site.

(b) The notice provided under subsection (a) of this section must include the following information:

(1) the relevant dates affecting the Application, including:

(A) the date on which the Application was filed;

(B) the date or dates on which any hearings on the Application will be held; and

(C) the date by which a decision on the Application will be made;

(2) a summary of relevant facts associated with the development;

(3) a summary of any public benefits provided as a result of the Development, including rent subsidies and tenant services; and

(4) the name and contact information of the employee of the Department designated by the director to act as the information officer and liaison with the public regarding the Application.

§53.9. Environmental Clearance and Loan Closing Are Required Prior to Construction

Administrators and Development Owners must not proceed or allow a contractor to proceed with construction, including demolition, on any Activity, Project or Development without first completing the required environmental clearance procedures and Loan closing with the Department.

Subchapter B. ALLOCATION OF FUNDS

§53.20. Consolidated Plan

The Department will annually develop a Consolidated Plan One-Year Action Plan that will determine funding priorities and Set-Asides for the use of funds provided under the Act by HUD. Funds will be released only after approval of the One-Year Action Plan by HUD.

§53.21. Allocation of Funds

(a) The Department shall administer all federal housing funds provided to the state under the Act in accordance with the Final Rule and Chapter 2306 of the Texas Government Code by:

> (1) adopting a goal to apply an aggregate minimum of 25% of the division's total housing funds toward housing assistance for individuals and families of extremely low and very low income, pursuant to §2306.111(b);
>
> (2) expending 95% of these funds for the benefit of non-participating small cities and Rural Areas that do not qualify to receive funds under the Act directly from HUD; <u>and</u>
>
> (3) expending 5% of these funds for Persons with Disabilities who live in any area of the state as required by §2306.111(c).

(b) The funds under subsection (a)(2) of this section shall be allocated according to the regional allocation formula adopted as required by Chapter 2306.

(c) The funds will not be regionally allocated as required by subsection (b) of this section if the funds are reserved for contract for deed conversions or for Set-Asides mandated by state or federal law and each Contract for Deed Set-Aside equals not more than 10% of the total allocation of funds.

(d) The funds under subsection (a)(3) of this section are not subject to the regional allocation formula and may be used in any region of the state. Limitations on funds for a single region, if any, will be included within a NOFA. If limitations are not included in a NOFA, the maximum funds available are 5% of the annual allocation.

(e) The Department will make every effort to distribute funds throughout the state as outlined in the Department's Consolidated Plan One-Year Action Plan and in accordance with Chapter 2306.

(f) Redistribution. In an effort to commit HOME funds in a timely manner, the Department may reallocate funds to other areas identified in the Consolidated Plan, at its own discretion.

(g) Deobligated Funds. The Department shall use Deobligated Funds in accordance with §1.19 of this title. As required by Chapter 2306, the deobligated funds will be expended under the same allocation method called for under subsection (a)(2) of this section and are not subject to the regional allocation formula.

Subchapter C. PROGRAM ACTIVITIES

§53.30. Activities in Consolidated Plan

Through its Consolidated Plan, the Department has identified general guidelines for funding of a Program Activity. Applicants that meet the qualifications identified in this Chapter and under the terms of a NOFA may apply for any Program Activity the Department funds.

§53.31. Owner-Occupied Housing Assistance Program (OCC)

(a) Eligible activities are limited to the Rehabilitation or Reconstruction of existing owner-occupied housing. The Rehabilitation of an MHU is not an eligible activity.

(b) Eligible forms of homeownership are limited to fee simple title to the real property, a 99-year leasehold interest in the real property, a 50-year leasehold interest on trust, a 50-year leasehold on restricted Indian lands, or ownership or membership in cooperative or a mutual housing project that constitutes homeownership under Texas law.

(c) Eligible property types are limited to single family dwellings, condominium units and cooperative units in mutual housing projects. An MHU is not an eligible property type for Rehabilitation. HOME funds may be used to replace (Reconstruct) an owner-occupied housing unit with a new MHU or Modular Home if:

(1) the unit complies with standards at 24 CFR §92.205 and with the Texas Manufactured Housing Standards Act under Chapter 1201 of the Texas Occupation Code~~, §19(1)~~;

(2) the unit is permanently installed in accordance with the Texas Manufactured Housing Standards Act;

(3) the unit is permanently attached to utilities; and

(4) the ownership of the unit is recorded in the taxing authority of the county in which it is located.

(d) The Household must comply with the following initial eligibility requirements:

(1) own and occupy the single family unit as its Principal Residence;

(2) be an Income Eligible Household;

(3) be located within the Administrator's Service Area; and

(4) meet all other eligibility requirements.

(e) Real property taxes assessed on the housing unit must be current and/or the Household must be participating in an approved payment plan with the taxing authority.

(f) The property must not be encumbered with tax liens, child support liens, or mechanic or materialmen's liens.

(g) The maximum amount of assistance is the total of construction costs and soft costs ~~(including soft costs), unless otherwise specified in the NOFA,~~ provided to an eligible Household. The total construction costs are limited to ~~is based on Household size~~:

(1) Rehabilitation that is Reconstruction: The lesser of $73.00 per square foot or $80,000, if the Reconstruction includes actual costs for an aerobic septic system and/or demolition. If the Reconstruction includes costs for an aerobic septic system and/or demolition, the total construction costs cannot exceed $73.00 per square foot exclusive of the aerobic septic system and demolition costs; and, ~~for 1 to 4 person Household: $65,000 60,000;~~

~~(2) Rehabilitation that is Reconstruction for 5 to 6 person Household: $72,000 67,500;~~

~~(3) Rehabilitation that is Reconstruction for 7 or more person Household: $80,000 75,000 ;and~~

(24) Rehabilitation that is not Reconstruction: $30,000.

(h) The minimum amount of assistance to an eligible household is $1,000.

(i) The estimated value of the housing unit, after Rehabilitation or Reconstruction, must not exceed the HUD §203(b) Limits.

(j) The form of assistance to an eligible Household is based on AMFI except in the instances of an MHU being replaced with newly constructed housing (site-built) on the same site or any housing unit being replaced on an alternate site. In accordance with the Housing Assistance Rider ~~5~~ of the Department's Legislative Appropriation, the Department shall use the state average median family income in determining the form of assistance as prescribed in Figure: 10 TAC §53.31(j) for eligible Households living in those counties where the area median family income is lower than the state average median family income. For Rehabilitation (excluding Homebuyer Assistance and contract for deed conversion), the Loan amount is based upon the amount of assistance to be provided to the household. Once construction is complete, the loan balance will be determined by subtracting soft costs and/or costs of lead-based paint remediation. ~~from the 'as complete' final appraised value of the housing unit, the appraised value of the existing housing unit (initial appraisal) and 10% of the 'as complete' final appraised value. To ensure the correct equity credit is provided,~~ T~~t~~he Department will ~~reduce~~ adjust the Loan ~~amount~~ balance with a principal reduction in the amount necessary to arrive at the correct ~~loan~~ Loan balance, taking into account any change orders that resulted in a net decrease or increase in the amount of assistance. Any loan that has not closed at the time this Chapter is adopted will follow the provisions in this subsection.

Figure: 10 TAC 53.31(j)

AMFI	Rehabilitation or Reconstruction
≤30% AMFI	0% interest, 5-year deferred, forgivable Loan.
>30% and ≤50% AMFI	0% interest, 15- year deferred, forgivable Loan.
>50% and ≤60% AMFI	0% interest, 20-year deferred, forgivable Loan.
>60% and ≤80% AMFI	0% interest, 20-year term repayable Loan.

(k) When an MHU is being replaced with newly constructed housing (site-built) or any housing unit being replaced on an alternate site, the activity is considered acquisition and will trigger affordability requirements for homeownership as defined by 24 CFR §92.254. (Refer to §53. 32(l)~~14~~ of this subchapter.)

(l) In the event that the housing unit ceases to be the Principal Residence of the Household, the Department has established that the federal recapture requirements as defined in 24 CFR §92.254 will be imposed.

(m) In the event that the housing unit ceases to be the Principal Residence of the Household, the forgiveness of the Loan, if applicable, will cease, unless the Property is transferred by devise, descent or operation of law upon the death of the homeowner that is a Household whose Annual Income does not exceed 30% of the AMFI. The Department shall use the state average median family income for eligible Households living in those counties where the area median family income is lower than the state average median family income, as defined in the Housing Assistance Rider ~~5~~ of the Department's Legislative Appropriation, to apply this subsection. Any Contract that is active at the time this Chapter is adopted will follow the provisions in this subsection.

(n) In the event that the housing unit is sold, the Department will recapture the shared net proceeds available based on the requirements of 24 CFR §92.254 and the housing unit must be sold for an amount not less than the current appraised value as then appraised by the appropriate governmental authority without prior written consent of the Department unless the balance on the Loan will be paid at closing.

(o) Housing units assisted with HOME funds must meet or exceed the TMCS ~~or CHS~~, as applicable, and all applicable codes and standards. In addition, housing that is Rehabilitated under this Chapter must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with the Final Rule.

§53.32. Homebuyer Assistance Program (HBA)

(a) Eligible activities are limited to the acquisition or acquisition and Rehabilitation, Reconstruction, or New Construction of single family housing units.

(b) Eligible property types are limited to single family dwellings, condominium units and cooperative units in mutual housing projects. A new MHU is an eligible property type for acquisition only. An MHU is not an eligible property type for Rehabilitation. HOME funds may be used to replace (Reconstruct) an ~~owner-occupied housing~~ existing unit with a new MHU or Modular Home if:

(1) the unit complies with standards at 24 CFR §92.205 and with the Texas Manufactured Housing Standards Act under Chapter 1201 of the Texas Occupation Code~~, §19(1)~~;

(2) the unit is permanently installed in accordance with the Texas Manufactured Housing Standards Act;

(3) the unit is permanently attached to utilities; and

(4) the ownership of the unit is recorded in the taxing authority of the county in which it is located.

(c) The Household must comply with the following initial eligibility requirements:

(1) occupy the assisted single family unit as its Principal Residence;

(2) be an Income Eligible Household and for contract for deed conversion, the Households Annual Income must not exceed 60% AMFI;

(3) be located within the Administrator's Service Area; ~~and~~

(4) meet all other eligibility requirements;and

(5) complete a homebuyer counseling program/class.

(d) The Property must not be encumbered with tax liens, child support liens, or mechanic or materialmen's liens.

(e) The maximum amount of assistance is the total of the downpayment and closing cost assistance and soft costs provided ~~(including soft costs), unless otherwise specified in the NOFA,~~ to an eligible Household. The total amount of ~~for~~ downpayment and closing cost assistance is limited to ~~the lesser of based on Household size and AMFI as follows~~:

(1) ~~$15,000 for~~ For Persons with Disabilities: $15,000; or

(2) For ~~a 1 to 4 Person~~ Households assisted in a non-Participating Jurisdiction~~at 80% or less of the AMFI~~: $2~~1~~0,000~~;~~.

~~(3) For a 5 or more Person Household at 80% or less of the AMFI purchasing a house with a minimum of 4 bedrooms: $15,000;~~

~~(4) For a 1 to 4 Person Household at 60% or less of the AMFI: $15,000; and~~

~~(5) For a 5 or more Person Household at 60% or less of the AMFI purchasing a house with a minimum of 4 bedrooms: $20,000.~~

(f) The maximum amount of assistance for Rehabilitation that is not Reconstruction is the total of the construction costs and soft costs provided to an eligible Person with Disabilities ~~PWD~~ Household that is also using funds for acquisition and is limited to $20,000. Rehabilitation assistance must be utilized for accessibility modifications to the unit.

(g) The maximum amount of assistance is the total of the acquisition, closing, and soft costs provided to an eligible Household for ~~acquisition and closing costs for~~ a contract for deed conversion and is limited to $25,000. In the case of a contract for deed conversion housing unit that involves both the acquisition of a loan on an existing MHU and/or the loan for the associated land, the Executive Director may grant an exception to exceed this amount, however, the Executive Director will not grant an exception to exceed $40,000 of assistance.

(h) The maximum amount of assistance for Rehabilitation to an eligible Household for a contract for deed conversion is limited to the OCC Program Activity requirements in §53.31(g)~~13(g)~~ of this chapter.

(i) When an MHU is being replaced with newly constructed housing (site-built) or any housing unit being replaced on an alternate site, the maximum amount of assistance is the total of construction costs and soft costs provided to an eligible Household. The total construction costs are limited to ~~is based on Household size~~:

~~(1)~~ Rehabilitation that is Reconstruction: The lesser of $73.00 per square foot or $80,000, if the Reconstruction includes actual costs for an aerobic septic system and/or demolition. If the Reconstruction includes costs for an aerobic septic system and/or demolition, the total construction costs cannot exceed $73.00 per square foot exclusive of the aerobic septic system and demolition costs.~~for 1 to 4 person Household: $65,000 60,000;~~

~~(2) Rehabilitation that is Reconstruction for 5 to 6 person Household: $72,000; 67,500~~

~~(3) Rehabilitation that is Reconstruction for 7 or more person Household: $80,000; and 75,000~~

(j) The minimum amount of assistance to an eligible Household is $1,000.

(k) The purchase price of the housing unit, plus the value of the Rehabilitation or Reconstruction if applicable, must not exceed 95% of the area's median purchase price as specified in the HUD §203(b) Limits.

(l) The total amount of assistance less soft costs under this section and Program Activity, including Rehabilitation and activities involving contract for deed conversion, an MHU being replaced with newly constructed housing (site-built), and a housing unit being replaced on an alternate site, will be provided in the form of a zero percent (0%) deferred, forgivable Loan with a term based on the federal affordability requirements as defined in 24 CFR §92.254.

(m) The following first lien purchase loan requirements are imposed for households receiving Homebuyer Assistance:

(1) No adjustable rate mortgage loans (ARMs) or interest rates buy-down loans are allowed;

(2) No mortgages with a loan to value equal to or greater than 100% are allowed;

(3) No Subprime Mortgage Loans are allowed;

(4) An origination fee and any other fees associated with the mortgage loan (other than fees reimbursed to third-parties) may not exceed 2% of the loan amount; and

(5) The debt to income ratio (back-end ratio) may not exceed 45%.

(n) ~~(m)~~ Any forgiveness of the Loan occurs upon the anniversary date of the Household's continuous occupancy as its Principal Residence and continues on an annual pro-rata basis until maturity of the Loan.

(o) ~~(n)~~ In the event that the housing unit ceases to be the Principal Residence of the Household, the Department has established that the federal recapture requirements as defined in 24 CFR §92.254 will be imposed.

(p) ~~(o)~~ In the event that the housing unit ceases to be the Principal Residence of the Household, the forgiveness of the Loan, if applicable, will cease.

(q) ~~(p)~~ In the event that the housing unit is sold, the Department will recapture the shared net proceeds available based on the requirements of 24 CFR §92.254 and the housing unit must be sold for an amount not less than the current appraised value as then appraised by ~~but~~ the appropriate governmental authority ~~without prior written consent of the Department~~ unless the balance on the Loan will be paid at closing.

(r) ~~(q)~~ Housing units that will be rehabilitated ~~assisted~~ with HOME funds must meet or exceed the TMCS ~~or CHS~~, as applicable, and all applicable codes and standards. In addition, housing that is Rehabilitated under this Chapter must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with the Final Rule. Housing units that are provided assistance for acquisition only, must meet all applicable state and local housing quality standards and code requirements. In the absence of such standards and requirements, the housing units must meet the Housing Quality Standards (HQS) in 24 CFR §982.401.

(s) ~~(r)~~ This Program Activity is a CHDO-eligible activity.

§53.33. Tenant-Based Rental Assistance Program (TBRA)

(a) TBRA is provided to eligible tenants for payment of rental subsidies and for a period of time that does not exceed 24 months per Household. Security deposits and utility deposits may be provided in conjunction with rental assistance.

(b) The Household must comply with the following initial eligibility requirements:

(1) participate in an approved self-sufficiency program;

(2) maintain Principal Residency in the rental unit for which the subsidy is being provided;

(3) be an Income Eligible Household;

(4) reside in a rental unit that is located within the Administrator's Service Area; and

(5) meet all other eligibility requirements.

(c) Assistance to an eligible Household is limited by:

(1) for rental subsidy, cannot exceed twenty-four (24) months per Household per Contract; and

(2) for security deposit, cannot exceed two (2) months rent for the unit.

(d) The rental standard must not exceed HUD's "Fair Market Rent for the Housing Choice Voucher Program."

(e) Rental units must be inspected prior to occupancy and must comply with Housing Quality Standards established by HUD.

§53.34. Rental Housing Development Program (RHD)

(a) Eligible activities include the acquisition and New Construction or Rehabilitation of multifamily housing Developments and as further defined in the NOFA. Owners of rental units assisted with HOME funds must comply with income and rent restrictions for the duration of the required affordability period as required and defined at 24 CFR §92.252. Housing assisted with HOME funds must meet all applicable codes and standards. In addition, housing that is Newly Constructed or Rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR §92.251(a).

(b) This Program Activity is a CHDO-eligible activity.

§53.35. Single Family Housing Development Program

(a) Eligible activities include the acquisition and New Construction or Rehabilitation of single family housing and as further defined in the NOFA. Single family housing units assisted with HOME funds must comply with the required affordability requirements as defined at 24 CFR §92.254. In addition, housing that is Newly Constructed or Rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with the 24 CFR §92.251(a). If eligible, an Applicant that applies for Single Family Housing Development may also apply for Homebuyer Assistance.

(b) This Program Activity is a CHDO-eligible activity.

§53.36. CHDO Pre-Development Loan Program

Applicants for pre-development loans will be required to have a summary description of a proposed Development and be able to show the necessary development experience to apply, as outlined in the NOFA and Application. Predevelopment loan funds may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Pre-development Loans must be repaid from construction loan proceeds or other project income.

§53.37. Prohibited Activities

Department awards may not be used to:

(1) Provide project reserve accounts, except as provided in 24 CFR §92.206(d)(5), or operating subsidies;

(2) Provide tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with §212(d) of the Act;

(3) Provide non-federal matching contributions required under any other Federal program;

(4) Provide assistance authorized under §9 of the 1937 Act (Public Housing Capital and Operating Funds);

(5) Provide assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low Income Housing Mortgages), except that assistance may be provided to priority purchasers as defined in 24 CFR §248.101;

(6) Provide assistance (other than tenant-based rental assistance or assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by the PJ in the written agreement under 24 CFR §92.504. However, additional HOME funds may be committed to a project up to one year after project completion (24 CFR §92.502), but the

amount of HOME funds in the Project may not exceed the maximum per-unit subsidy amount established under 24 CFR §92.250;

(7) Pay for the acquisition of Property owned by the PJ, except for Property acquired by the PJ with HOME funds, or Property acquired in anticipation of carrying out a HOME project;

(8) Pay delinquent taxes, fees or charges on Properties to be assisted with HOME funds;

(9) Pay for any cost that is not eligible under 24 CFR §§92.206 - 92.209;

(10) Assist Persons who owe payments identified by the Comptroller of Texas as relevant;

(11) Assist Households whose Property has current tax liens and/or judgments to the State of Texas against it; or

(12) Provide Rehabilitation on a housing unit without prior written consent of all Persons who have a valid lien or ownership interest in the Property.

Subchapter D. APPLICATION REQUIREMENTS AND PROCEDURES

§53.40. Competitive and Open Cycles

All NOFAs will be presented to the Board. The Department will declare within a NOFA whether the application cycle will be a competitive or open cycle. Funds made available for disaster relief ~~will~~ may not be released in a NOFA but will be provided in accordance with the Department's Deobligated Funds Policy §1.19 of this title.

§53.41. Eligible Applicants

The following organizations or entities are eligible to apply for HOME eligible activities:

(1) nonprofit organizations;

(2) CHDOs;

(3) Units of General Local Government;

(4) for-profit entities and sole proprietors; and

(5) public housing agencies.

§53.42. Ineligible Applicants and Applications

The following violations will cause an Applicant and any Applications they have submitted to be ineligible:

(1) The Applicant, Development Owner, or Developer is an Administrator of a previously funded Contract for which Department ~~HOME~~ funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to application submission date, unless the deobligation was voluntary and prior to the contract term expiration date, or was the remainder on a completed Contract;

(2) The Applicant, Development Owner, or Developer has failed to submit a response to provide an explanation, evidence of corrective action or a payment of disallowed costs or fees as a result of a monitoring review;

(3) The Applicant, Development Owner, or Developer has failed to make timely payment or is delinquent on any loans or fee commitments made with the Department on the date of the Application submission;

(4) The Applicant, Development Owner, or Developer has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs or has otherwise been debarred by HUD or the Department;

(5) The Applicant, Development Owner, or Developer has violated the State's revolving door policy;

(6) The Applicant, Development Owner, or Developer has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen years preceding the Application deadline;

(7) The Applicant, Development Owner, or Developer at the time of Application submission is:

> (A) subject to an enforcement or disciplinary action under state or federal securities law or by the NASD;
>
> (B) subject to a federal tax lien;
>
> (C) or is the subject of an enforcement proceeding with any governmental entity;

(8) The Applicant, Development Owner, or Developer with any past due audits has not submitted those past due audits to the Department in a satisfactory format on or before the Application submission date in accordance with §1.3 of this title;

(9) The submitted Application has an entire volume of the Application missing; has excessive omissions of documentation from the threshold Criteria or uniform Application documentation; or is so unclear, disjointed, or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department. If an Application is determined ineligible pursuant to this section, the Application will be terminated without being processed as an Administrative Deficiency. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibility will be included in the termination letter to the Applicant;

(10) The Applicant, Development Owner, or Developer or anyone that has Controlling ownership interest in the Development Owner or Developer that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the LURA;

(11) The Application is a joint venture Application for the same Program Activity to serve the same town, city, or county that is identified in the Application already submitted as a sole Application for the same Program Activity in the same town, city or county;

(12) Applicant is requesting funding not related to Persons with Disabilities in a PJ; or

(13) Any Application that includes financial participation by a Person who, during the five-year period preceding the date of the bid or award, has been convicted of violating a federal law in connection with a contract awarded by the federal government for relief, recovery, or Reconstruction efforts as a result of Hurricanes Rita or Katrina or any other disaster occurring after September 25, 2005, or was assessed a federal civil or administrative penalty in relation to such a contract.

§53.43. Application Forms and Materials and Deadlines

(a) The Department will develop and publish on its website an Application and ASPM, that if completed, would satisfy the requirements for requesting funds from the Department. The Department may limit the eligibility of Applications in the NOFA and ASPM. Threshold and selection criteria and any other Application requirements will be specified in the NOFA approved by the Board.

(b) Applicants must submit an Application by the deadline date specified in the NOFA using the Application, ASPM and forms required by the Department. All Applications must be received during business hours (8:00 a.m. to 5:00 p.m. Central Standard Time) on any business day.

§53.44. General Applicant Eligibility Requirements

(a) An Applicant must satisfy each of the following requirements in order to be eligible to apply for HOME funding and as more fully described in the NOFA and Application, when applicable:

(1) provide evidence of its ability to carry out the program in the areas of financing, acquiring, rehabilitating, developing or managing affordable housing Developments;

(2) demonstrate fiscal, programmatic, and contractual compliance on previously awarded Department Contracts or Loans;

~~(3) submit any past due audit to the department in a satisfactory format on or before the application deadline, in accordance with §1.3 of this title;~~
(3~~4~~) demonstrate satisfactory performance otherwise required by Department rules and set out in the Application; and

(4~~5~~) comply with all requirements to utilize the Department's website to provide necessary data to the Department.~~;~~

~~(6) provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of Match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith;~~

~~(7) provide certification that all contractors, consulting firms, Administrators, and Development Owners will sign an affidavit to attest that each request for payment of~~

~~HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions; and~~

~~(8) if required or requested, provide reasonable Match.~~

(b) Noncompliance. Each Application will be reviewed for its compliance history by the Department, consistent with Chapter 60 of this title. Applications containing Persons found to be in Material Noncompliance, or otherwise violating the compliance rules of the Department, will be terminated.

(c) All entities receiving funds of $25,000 or more must be registered in the federal Central Contractor Registration (CCR) and have a current Data Universal Numbering System (DUNS) number.

§53.45. Rental Housing Development (Multifamily) Application Requirements

(a) Rental Housing Development site and development restrictions include all those items referred to in the Final Rule, and any additional items included in the NOFA for RHD.

(b) Developments involving New Construction will be limited to 252 Units. These maximum unit limitations also apply to those Developments which involve a combination of Rehabilitation and New Construction. Developments that consist solely of acquisition and Rehabilitation or Rehabilitation only may exceed the maximum unit restrictions. Developments in Rural Areas are limited to no more than 80 units. The minimum number of units shall be 4 units.

(c) For funds being used for RHD, the Development Owner must establish a reserve account consistent with Texas Government Code, §2306.186, and as further described in §1.37 of this title.

(d) Unless further restricted or amended by the NOFA, Applications must comply with all of the current Qualified Allocation Plan and Rules in effect at the time of application's submission at 10 TAC §~~50~~ 49.9 (h), excluding subsections ~~(4)(A)~~, ~~(4)(I)~~, (4)(J), (11), (12), 14(G) and (15).

§53.46. Multifamily Applicants also Seeking Housing Tax Credits

Applicants who are seeking housing tax credits and are also seeking funds under this Chapter for the same Development must meet the requirements under the Qualified Allocation Plan for the year in which they are applying for these funds and all of the requirements of this subchapter unless specifically waived by the Department.

§53.47. Application and Award Limitations

(a) The Department reserves the right to reduce the amount requested in an Application based on Program Activity or Project feasibility, underwriting analysis, or availability of funds.

(1) The Contract award amount, including administrative costs, ~~for OCC~~ shall not exceed the established amount ~~$375,000 per Applicant per~~ in the NOFA.

~~(2) The Contract award amount for HBA shall not exceed $300,000 per Applicant per NOFA, however, up to $500,000 may be awarded to HBA Applicants whose Service Area includes multiple counties within a Uniform State Service Region.~~

~~(3) The Contract award amount for TBRA shall not exceed $300,000 per Applicant per NOFA.~~

~~(4) The Contract award amount for contract for deed conversions shall not exceed $500,000 per NOFA, except as may be otherwise allowed by the Board or NOFA.~~

(2~~5~~) The Contract award amount for disaster relief shall not exceed $52~~0~~0,000, including administrative costs, per state or federally declared disaster, or as may be otherwise allowed by the Board. Only one Application per affected Unit of General Local Government may be submitted for each declared disaster. Public Housing Authorities (PHAs) and Nonprofit organizations may only act as an Applicant, in lieu of the Unit of General Local Government, if they are so designated by the affected Unit of General Local Government. If the disaster is a federally declared disaster, the Applicant may not submit an application or be funded until 90 days have expired from the federal declaration date. Applications for disaster relief will only be accepted within six (6) months after the first day assistance under this program is made available.

(3~~6~~) The Contract Award amount for RHD or Single Family Development activities shall not exceed the established amount in the NOFA ~~$3 million~~. The Department reserves the right to set maximum loan to value limitations and minimum Match requirements on all Development activities.

(4~~7~~) The Contract award amount for CHDO Operating Expenses shall not exceed:

(A) the lesser of clauses (i) or (ii) of this subparagraph:

(i) fifty percent (50%) of the CHDO's total annual operating expenses in that fiscal year; or

(ii) five percent (5%) of the CHDO funds awarded for the Project from the CHDO Set-Aside; and

(B) $75,000 ~~50,000~~, whichever is greater.

(C) An Applicant shall not receive more than one award of CHDO operating funds during the same fiscal year of the Department regardless of the number of Applications submitted.

(5~~8~~) The Contract award amount for CHDO Predevelopment Loans may not exceed $50,000 per Application. Applicants may submit only one Application per NOFA to cover eligible costs.

~~(b) The Board may waive the amounts in this section by stating the increase in the applicable NOFA~~.

(b) An Applicant may submit an Application to apply for additional funding as long as the Applicant is 100% committed on their current contract for the same activity.

§53.48. Application Review Process

(a) Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner:

(1) The Department will accept Applications on an ongoing basis, during the Application Acceptance Period specified in the NOFA or until such date when the Department makes notice to the public that an Open Application Cycle has been closed, whichever is earlier; and

(2) Each Application will be handled on a first-come, first-served basis as further described in this section. Each Application will be assigned a Received Date based on the date and time it is physically received by the Division ~~Department~~. Then each Application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on its Received Date unless it does not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over Applications that may have an earlier Received Date but that did not timely complete a phase of review.

(A) Phase One will begin as of the Received Date and will include a review of eligibility and threshold criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM and will issue a notice of any Administrative Deficiencies for threshold criteria and eligibility within 45 days of the Received Date. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Two, if applicable~~, and will continue to be prioritized by their Received Date~~. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Two or Three will be reviewed for recommendation to the Board by the Committee.

(B) Phase Two will include a comprehensive review for financial feasibility for RHD and Single Family Development Program Activities. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended Loan terms, the Loan or Grant amount and any conditions to be placed on the Development. The Department will issue a notice of any Administrative Deficiencies within 45 days of the date the Application enters Phase Two. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Three, if applicable~~, and will continue to be prioritized by their Received Date~~. Applications with Administrative Deficiencies not satisfied within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Three will be reviewed for recommendation to the Board by the Committee.

(C) Phase Three will only entail the review of the CHDO Certification Application. The Department will ensure review of these materials and issue notice of any Administrative Deficiencies on the CHDO Certification Application within 30 days of the Application enters Phase Three. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into the final review phase of the Application process~~ and will continue to be prioritized by their Received Date~~. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Only upon satisfaction of all Administrative Deficiencies will the Application be forwarded to the final phase of the Application process. Upon completion of the applicable final review phase, the Application will be reviewed for recommendation to the Board by the Committee.

(3) Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an Application has completed all phases of its review. In the case that all HOME funds are committed before an Application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for ninety (90) days in its current phase. If new HOME funds become available, Applications will continue onward with their review without losing their Received Date priority. If HOME funds do not become available within ninety (90) days of the notification, the Applicant will be notified that their Application is no longer under consideration. The Applicant must reapply to be considered for future funding. If on the date an Application is received by the Department, no funds are available under this NOFA, the Applicant will be notified that no funds exist under the NOFA and the Application will not be processed.

(b) Applications received by the Department in response to a Competitive Application Cycle NOFA will be handled in the following manner:

(1) The Department will accept Applications on an ongoing basis during the Application Acceptance Period as specified in the NOFA;

(2) Applications submitted and accepted by the Department will be reviewed for eligibility, threshold and selection criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM. A comprehensive review of financial feasibility for RHD and Single Family Development Program Activities will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended Loan terms, the Loan or Grant amount and any conditions to be placed on the Development. If applicable, a review of the CHDO Certification Application will be performed. The Department will issue a notice of any Administrative Deficiencies for items reviewed within 45 days of the Received Date. If Administrative Deficiencies are not cured to the satisfaction of the Department within five (5) business days of the deficiency notice date, then five (5) points shall be deducted from the selection score for each additional day the Administrative Deficiency remains unresolved. If Administrative Deficiencies are not clarified or corrected within seven (7) business days from the deficiency notice date, then the Application shall be terminated; and

(3) Upon completion of review and no unresolved Administrative Deficiencies, the Application will be reviewed for recommendation to the Board by the Committee.

(c) Administrative Deficiencies. If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies including threshold and/or selection criteria documentation and/or financial feasibility analysis. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. To cure an Administrative Deficiency, an Applicant must provide a clarification, further definition or exposition of an issue, an explanation as to why an Applicant has provided certain information, or resolution of a discrepancy where an Applicant has provided conflicting information. An Administration Deficiency may not be cured by substantially changing an Application or providing any new unrequested information. An Applicant may not change or supplement any part of an Application in any manner after submission to the Department, and may not add any Set-asides, increase their award amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from the Real Estate Analysis Division to remedy an Administrative Deficiency as further described in this title or by amendment of an Application after a commitment or allocation of HOME funds.

(d) Decline to Fund. The Department may decline to fund any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any Application.

§53.49. Selection Criteria for Program Activities

Selection criteria for any Program Activities will be described in the applicable NOFA and ASPM. The Applicant's self-score must be completed in the Application. An Applicant may not adjust the self-score without a request from the Department as a result of an Administrative Deficiency.

Subchapter E. COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)

§53.50. Application Procedures for Certification of CHDO

(a) An Applicant requesting certification as a CHDO must submit an application for CHDO certification in a form prescribed by the Department. The CHDO Application must be submitted with an Application for HOME funding under the CHDO Set-Aside. The Application must include documentation evidencing the requirements of this subsection:

(1) The Applicant must be organized as a private nonprofit organization under the Texas Nonprofit Corporation Act or other state not-for-profit/nonprofit statute as evidenced by:

(A) charter; or

(B) Articles of Incorporation.

(2) The Applicant must be registered with the Secretary of State to do business in the State of Texas.

(3) No part of the private nonprofit organization's net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

(A) charter; or

(B) Articles of Incorporation.

(4) The Applicant must have the following tax status:

(A) A current tax exemption ruling from the Internal Revenue Service (IRS) under §501(c)(3), a charitable, nonprofit corporation, or §501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the Application and must continue to be effective while certified as a CHDO; or

(B) Classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and a private nonprofit organization's pending application for §501(c)(3) or §(c)(4) status cannot be used to comply with the tax status requirement under this subparagraph.

(5) The Applicant must have among its purposes the provision of decent housing that is affordable to low and moderate income people as evidenced by a statement in the organization's:

(A) Articles of Incorporation;~~,~~

(B) Charter;

(C) Resolutions; or

(D) Bylaws; and

(E) A Business Plan for the CHDO, as prescribed in the CHDO Application.

(6) The Applicant must have a clearly defined CHDO Service Area. The Applicant may include as its service area an entire Community, but not the whole state. The Applicant must provide evidence of its participation in the Community for each city/place or county listed in the Service Area. Private nonprofit organizations serving special populations must also define the geographic boundaries of its Service Areas and provide evidence of its participation in the Community for each city/place or county listed in the Service Area. This ~~sub~~paragraph does not require a private nonprofit organization to represent only a single neighborhood.

(7) An Applicant must have the following capacity and experience:

(A) Conforms to the financial accountability standards of 24 CFR §84.21, "Standards of Financial Management Systems" as evidenced by:

(i) a notarized statement by the Executive Director or chief financial officer of the organization in a form prescribed by the Department;

(ii) a certification from a Certified Public Accountant; or

(iii) a HUD approved audit summary; and,

(iv) a written narrative describing internal controls used to create financial duties and safe guard corporate assets; and

(v) a written narrative describing the conflict of interest policy governing employees and development activities and procurement; and

(vi) a written narrative describing the current corporation's financial structure can support housing development activities; and

(vii)a written narrative describing the organization's ability to manage additional rental development activities, if applicable.

(B) Demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:

(i) documentation that describes the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds; or

(ii) contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with HOME funds, to train appropriate key staff of the organization.

(C) Has a history of serving the low income residents of the Community within the city/place or county which housing to be assisted with HOME funds is to be located as evidenced by:

(i) documentation of at least one year of experience in serving that Community; or

(ii) for newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience in serving the Community in which the housing to be assisted with HOME funds is to be located; and

(iii) The CHDO or its parent organization must be able to document one year of serving the Community in which housing to be assisted with HOME funds is to be located prior to the date the PJ provides HOME funds to the organization. In the submission, the organization must document and describe its history (or its parent organization's history) of serving the community in which the housing to be assisted with HOME funds is to be located by describing and documenting CHDO eligible activities which it provided (or its parent organization provided), such as, developing new housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the Community, such as counseling, food relief, or childcare facilities. The statement in the submission package must be signed by the president or other official of the organization.

(8) An Applicant must have the following organizational structure. The Applicant must maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations in the Applicant's service area. Low-income neighborhoods are defined as neighborhoods where 51 % or more of the residents are low-income. Residents of low-income neighborhoods do not have to be low income individuals themselves. If a low-income individual does not live in a low-income neighborhood as herein defined, the low-income individual must certify that he qualifies as a low-income individual. This certification is in addition to the affidavit required in subparagraph (B) of this paragraph. For the purpose of this paragraph, elected representatives of low-income

neighborhood organizations include block groups, town watch organizations, civic associations, neighborhood church groups, Neighbor Works organizations and any organization composed primarily of residents of a low-income neighborhood as herein defined whose primary purpose is to serve the interest of the neighborhood residents. Compliance with this paragraph shall be evidenced by:

(A) a written provision or statement in the organizations Bylaws, Charter or Articles of Incorporation;

(B) an affidavit in a form prescribed by the Department signed by the organization's Executive Director and notarized; and

(C) a current roster of all Board of Directors, including names and mailing addresses. The required one-third low-income residents or elected representatives must be marked on list as such.

(9) The Applicant must provide a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects. The formal process should include a system for community involvement in parts of the private nonprofit organization's service areas where housing will be developed, but which are not represented on its boards. Input from the low-income community is not met solely by having low-income representation on the board. The formal process must be in writing and approved or adopted by the private nonprofit organization, as evidenced by:

(A) an organization's Bylaws; or

(B) a written statement of operating procedures approved by the governing body. Statement must be original letterhead, signed by the Executive Director and evidence date of board approval; and

(C) a ~~A~~ Resolution as prescribed by the Department and evidence date of board approval.

(10) A local or state government and/or public agency cannot qualify as a CHDO, but may sponsor the creation of a CHDO. A private nonprofit organization may be chartered by a State or local government, but the following restrictions apply:

(A) The state or local government may not appoint more than one-third of the membership of the organization's governing body;

(B) The board members appointed by the state or local government may not, in turn, appoint the remaining two-thirds of the board members;

(C) No more than one-third of the governing board members may be public officials. Public officials include elected officials, appointed public officials, employees of the participating jurisdiction, or employees of the sponsoring state or local government, and individuals appointed by a public official. Elected officials include, but are not limited to, state legislators or any other statewide elected officials. Appointed public officials include, but are not limited to, members of any regulatory and/or advisory boards or commissions that are appointed by a State official;

(D) Public officials who themselves are low-income residents or representatives do not count toward the one-third minimum requirement of community representatives in subparagraph (A) of this paragraph; and

(E) Compliance with subparagraphs (A) - (E) of this paragraph shall be evidenced by the Applicant's:

(i) ~~organization's~~ Bylaws with evidence date of board approval;

(ii) Charter; or

(iii) Articles of Incorporation.

(11) If the Applicant is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the Applicant's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the Applicant's:

(A) Bylaws with evidence date of board approval;

(B) Charter; or

(C) Articles of Incorporation.

(D) An Applicant may be sponsored or created by a for-profit entity provided the for-profit entity's primary purpose does not include the development or management of housing, as evidenced in the for-profit organization's Bylaws. If an Applicant is associated or has a relationship with a for-profit entity or entities, the Applicant must prove it is not controlled, nor receives directions from individuals, or entities seeking profit as evidenced by:

(i) the Applicant's ~~organization's~~ Bylaws with evidence date of board approval; or

(ii) a Memorandum of Understanding (MOU);

(12) CHDOs that are in partnership agreements associated with the Development must maintain effective Control and decision making control over the Development. All legally binding ownership and/or partnership agreements must clearly state the CHDO's role in the Development, as evidenced by the Applicant's:

(A) partnership agreement; and/or

(B) ownership agreement; and/or

(C) developer agreement ; and/or

(D) sponsorship agreement.

(13) Religious or Faith-based Organizations may sponsor a CHDO if the CHDO meets all the requirements of this section. While the governing board of a CHDO sponsored by a religious or a faith-based organization remains subject to all other requirements in this section, the faith-based organization may retain control over appointments to the board. If a CHDO is sponsored by a religious organization, the following restrictions also apply:

(A) Housing developed must be made available exclusively for the residential use of program beneficiaries and must be made available to all persons regardless of religious affiliations or beliefs;

(B) A religious organization that participates in the HOME program may not use HOME funds to support any inherently religious activities: such as worship, religious instruction, or proselytizing;

(C) HOME funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Sanctuaries, chapels, or other rooms which a faith-based CHDO uses as its principal place of worship are always ineligible for HOME-funded improvements;

(D) Compliance with subparagraphs (A) - (C) of this paragraph may be evidenced by the Applicant's:

(i) ~~Organization's~~ Bylaws;

(ii) Charter; or

(iii) Articles of Incorporation.

(b) An Application for CHDO Certification will only be accepted if submitted with an Application to the Department for HOME funds. If all requirements under this section are met, the Applicant will be certified as a CHDO upon the award of HOME funds by the Department. A new Application for CHDO certification must be submitted to the Department with each new Application for HOME funds under the CHDO Set-Aside.

(c) Community Housing Development Organizations (CHDO) that have received an award of HOME funds must submit recertification documentation every two years. The recertification documentation is due to the Department biannually on the last day of the anniversary month in which the Board approved the CHDO Set-Aside award. The recertification documentation must include, but is not limited to:

(1) A narrative describing the housing production objectives accomplished over the last 2-year period;~~.~~

(2) A description of any ongoing/future initiatives;~~.~~

(3) A statement of objectives for the CHDO over the next two years;~~.~~

(4) A timeline and budget describing the completion of any development activities undertaken by the CHDO within the last two years;~~.~~

(5) An organizational chart listing current personnel and a brief description of each individual's position, primary responsibilities and authority in the organization;~~.~~

(6) A written statement indicating how the current organization's financial structure can support housing development activities in the future;~~.~~

(7) A written statement describing how the CHDO will continue to leverage other resources in the future;~~.~~ and

(8) A written statement describing ways in which the Department can assist your organization through technical assistance, capacity building, and/or training.

Subchapter F. AWARDS AND CONTRACTS

§53.70. Process for Awards

(a) All recommendations for awards will be presented to the Committee before presentation to the Board. All Applications must comply with all applicable program requirements or regulations established in 24 CFR Part 92 and in this chapter.

(b) Applicants applying in response to an Open Application Cycle will be prioritized for recommendation to the Board based on the process described in §53.48 of this chapter and as otherwise specified in the NOFA.

(c) Applicants applying in response to a Competitive Application Cycle will be ranked by highest score per Program Activity, per Uniform State Service Region and Area Type, unless otherwise specified in the NOFA.

> (1) If sufficient qualified Applications are not received for a Program Activity in a Uniform State Service Region and Area Type, the funds will be redirected to the next Uniform State Service Region that had a higher number of qualified Applicants for that same Program Activity type, unless otherwise specified in the NOFA.
>
> (2) If sufficient Applications are not received in a Uniform State Service Region and Area Type for a Program Activity, the funds will be redirected to the Uniform State Service Region and Area Type with the highest number of qualified Applicants for another Program Activity type, unless otherwise specified in the NOFA.

(d) In the event of a tie between two or more Applicants, the Department reserves the right to determine which Application will receive a recommendation for funding, or as otherwise specified in the NOFA. Tied Applicants may also receive a partial recommendation for funding.

(e) When the remainder of the allocation for an allocation within a Uniform State Service Region is insufficient to completely fund the next ranked Application in the Program Activity or Uniform State Service Region, it is within the discretion of the Department to:

> (1) award a partial amount to the next ranked Application, reducing the scope of the Application proportionally;
>
> (2) make necessary adjustments to fully fund the Application; or
>
> (3) transfer the remaining funds to other Program Activities or Uniform State Service Regions.

(f) Applications may also receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility.

(g) Applications receiving a favorable EARAC recommendation are presented to the Board for approval, pending the availability of HOME funds.

(h) Applicants may appeal ~~on the~~ staff's decision regarding their Applications in accordance with §1.7 of this title.

(i) Board approval of the award of any HOME funds, acquisition or construction activities will be conditional upon a completed Loan closing and any other conditions deemed necessary by the Department.

§53.71. Contract Required after Award

Any Program Activity funded under this program will be governed by a written Contract that identifies the terms and conditions related to the awarded funds. The Contract will not be effective until executed by all parties to the Contract. Any amendments must be in writing and are subject to the requirements of this c~~C~~hapter.

§53.72. Pre-Award Costs

(a) Before the effective date of the HOME Contract, the Contract Administrator may incur and be reimbursed for travel costs, as provided for with Administrative funds, related to mandatory implementation training required by the Department as a condition of receiving a HOME award and Contract.

(b) Department authorized pre-award costs for predevelopment costs, including but not limited to legal, architectural, engineering, appraisal, surveying, environmental, and market study fees, may be paid if incurred before the effective date of the Contract if the costs are in accordance with 24 C.F.R. § 92.212 and at the sole discretion of the Department.

§53.73~~2~~. Contract Terms

(a) Unless otherwise changed by agreement of the parties in a Contract or the applicable NOFA, the terms found in Contract shall be consistent with the following and performance under the Contract will be evaluated with the following benchmarks:

(1) OCC Program Activity. The Contract term will not exceed 24 ~~22~~ months. Performance under the Contract term will be based on the following benchmarks from the Contract begin date:

(A) 6 months, exempt administrative and broad review environmental clearance must be complete, and if not tiering, the first Household to be assisted must be environmentally cleared;

(B) 8 months, Authority to Use Grant Funds must be fully executed and all Households to be assisted must be environmentally cleared;

(C) 12 months, 100% of funds must be committed to Households to be assisted;

(D) 18 ~~15~~ months, 100% of Household's Loans must be closed, if applicable;

(E) 22 ~~20~~ months, 100% of construction must be complete for all Households to be assisted; and

(F) 24 ~~22~~ months, 100% funds drawn and 100% of match requirement supplied.

(2) HBA Program Activity. The Contract term will not exceed 24 months. Performance under the Contract term will be based on the following benchmarks from the Contract begin date:

(A) 6 months, exempt administrative and environmental clearance must be complete for at least one Household to be assisted;

(B) 12 months, environmental clearance must be complete for at least 50% of the Households to be assisted, 50% of funds must be committed, 25% of funds drawn, and 25% of match supplied;

(C) 18 months, environmental clearance must be complete for at least 75% of the Households to be assisted, 75% of funds must be committed, 50% of funds drawn, and 50% of match requirement supplied; and

(D) 24 months, 100% of funds must be committed, 100% of funds drawn, and 100% of matched supplied.

(3) TBRA Program Activity. The Contract term will not exceed 36 months. Performance under the Contract term will be based on the following benchmarks from the Contract begin date:

(A) 6 months, exempt administrative environmental clearance must be complete and application intake complete for 30% for Households to be assisted;

(B) 9 months, application intake complete for 75% for Households to be assisted;

(C) 12 months, 100% of funds must be committed to Households to be assisted and 25% of funds drawn;

(D) 18 months, 100% of funds already committed and 35% of funds drawn;

(E) 24 months, 100% of funds already committed and 50% of funds drawn; and

(F) 36 months, 100% of funds already committed and 100% of funds drawn.

(4) Rental Housing Development and Single Family Housing Development Program Activity. The Contract term will not exceed 36 months based on the size of the development and length of the Development period. Performance under the Contract term will be based on benchmarks established in the Contract and specific to the Development. Repayment of Loans or affordability periods will extend beyond the Contract end date depending on the Final Rule and Chapter 2306 requirements.

(5) CHDO Pre-Development Loans. The initial contract term will not exceed 24 months. Repayment is expected from development funds if development is begun prior to 24 months.

(b) Revised benchmarks and/or lower percentages, due to extenuating or unforeseeable circumstances, may be allowed and as approved by the Department.

§53.74~~3~~. Contract Amendments

(a) Amendment requests to be approved by the Executive Director of the Department are allowable under the following circumstances:

(1) Time extensions. The Executive Director may collectively provide up to one six-month extension to the end date of any Contract. Any additional time extension granted by the Executive Director shall include a statement by the Executive Director relating to unusual, ~~and~~ non foreseeable, or extenuating circumstances that warrant more than a six-month extension. If the extension is longer than six months and the Executive Director determines that a statement related to unusual,~~ or~~ non-foreseeable, or extenuating circumstances cannot be issued, it will be presented to the Board for approval, approval with modifications, or denial of the requested extension; ~~and~~

(2) Changes in Match. The Executive Director may grant approval of a modification or amendment to the dollar amount of the Match requirement, if such amendment that does not decrease the dollar amount by more than 25% of the original amount committed. In the cases where the reduction in Match is greater than 25% or significantly decreases the benefits to be received by the Department, in the estimation of the Executive Director, the modification or amendment will be presented to the Board for approval;

(3) Changes in Area Median Family Income (AMFI) levels. The Executive Director may grant approval of a modification or amendment to the AMFI levels of the households to be served under said contract, if Contract Administrator provides a statement relating to unusual, non-foreseeable, or extenuating circumstances that warrant such a request to be granted and the Executive Director determines that such request does not violate Department rules. In the case that the Executive Director determines that such request is not warranted and/ or violates Department rules, the request will be presented to the Board for approval;

(4) Changes to Services Areas. The Executive Director may grant approval of the modification or amendment to the Service Area being served under said contract, if Contract Administrator provides a statement relating to unusual, non-foreseeable, or extenuating circumstances that warrant such a request to be granted and the Executive Director determines that does not violate Department rules. In the case that the Executive Director determines that such request is not warranted and/or violates Department rules, the request will be presented to the Board for approval;

(5) Changes in number of Households to serve. The Executive Director may grant approval of the modification or amendment to the reduction in the number of the Households to be served under said contract, if Contract Administrator provides a statement relating to unusual, non-foreseeable, or extenuating circumstances that warrant such request to be granted and the Executive Director determines that such request does not violate Department rules. In the case the Executive Director determines that such request is not warranted and/or violates Department rules, the request will be presented to the Board for approval; and

(6~~2~~) Increase in funds. In the case of a modification or amendment to the dollar amount of the Contract, such modification or amendment does not increase the dollar amount by more than 25% of the original Contract or $50,000, whichever is greater. Modifications and/or amendments that increase the dollar amount by more than 25% of the original Contract or $50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval~~.~~, except for increases that result in a dollar amount increase that is more than 25% of the original Contract amount on an existing Contract for which an Administrator has requested an amendment to be governed by all provisions of this Chapter as allowed in Section 53.1 of this Chapter.

(b) If the Administrator or Development Owner fails to meet a benchmark requirement and does not seek, or is not granted, an extension of a benchmark, the awarded funds related to the lack of performance may be entirely or partially deobligated at the Department's sole discretion.

(c) Waiver. The Board, in its discretion and within the limits of federal and state law, may waive any one or more of the requirements of this Chapter if the Board finds that waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code, or for good cause, as determined by the Board.

(d) Accounting Requirements. Within 60 days after the Contract end date, the Administrator or Development Owner shall provide a full accounting of funds expended under the terms of the Contract. Failure of an Administrator or Development Owner to provide full accounting of funds expended under the terms of a Contract shall be sufficient reason for the Department to deny any future Contract to the Administrator or Development Owner.

(e) Individual benchmarks. Each benchmark is an individual term and subject to the amendment processes. An interim benchmark extension may or may not extend the entire Contract at the Department's discretion.

Subchapter G. LOANS AND CONTRACT ADMINISTRATION

§53.80. Documents Supporting Mortgage Loans

(a) Administrators and Development Owners must not proceed or allow a contractor to proceed with construction, including demolition, on any Activity, Project or Development without first completing the required environmental clearance procedures and Loan closing with the Department.

(b) A mortgage Loan shall be evidenced by a mortgage or deed of trust note or bond and by a mortgage that creates a lien on the housing development and on all real property that constitutes the site of or that relates to the housing development.

(c) A note or bond and a mortgage or deed of trust:

(1) must contain provisions satisfactory to the Department;

(2) must be in a form satisfactory to the department; and

(3) may contain exculpatory provisions relieving the borrower or its principal from personal liability if the department agrees.

(d) For each Loan made for the Development of multifamily housing with funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 USC §§12701, et seq.), the D~~d~~epartment shall obtain a mortgagee's title policy in the amount of the loan. The Department may not designate a specific title insurance company to provide the mortgagee title policy or require the borrower to provide the policy from a specific title insurance company. The borrower shall select the title insurance company to close the loan and to provide the mortgagee title policy. ~~Award amount for disaster relief shall not exceed $500,000 per State declared disaster, or as may be otherwise allowed by the Board. Only one application per affected Unit of General Local Government may be submitted for each designated disaster. Public Housing Authorities (PHAs) and Nonprofit organizations may only act as an Applicant, in lieu of the Unit of General Local Government, if they are so designated by the affected Unit of General Local Government.~~

(e) Documentation required for OCC and HBA with Rehabilitation Loans: The Administrator must ensure the following documents are submitted to the Department in order to request Loan documents be prepared for the Household:

~~(1) An as-is appraisal no older than ninety (90) days. The Department will accept an as-built appraisal as the final appraisal if no change orders or modifications occur. If change orders or modifications occur, the Administrator must submit a certification from an appraiser that addresses a potential increase or decrease to the final value of the property;~~

(1) ~~(2)~~ A title report that evidences eligible forms of homeownership pursuant to Section 53.31(b) of this Chapter ~~commitment no older than ninety (90) days that evidences Homeownership~~ and no tax lien, no child support lien, and no mechanic~~'~~s or ~~and no~~ materialma~~en'~~s lien.~~;~~ The title report must be a non-insurance report of the property from the current owner's date of the last deed vesting title to the present, including complete deed information; grantees, grantors, execution and recording dates, recording references, and legal description, as well as all open mortgages/deed of trusts;

(2) ~~(3)~~ Tax certificate ~~no older than ninety (90) days~~ that evidences a current paid status, and in the case of delinquency, evidence of an approved payment plan with the taxing authority and evidence that the payment plan is current;

(3) ~~(4)~~ Life event documentation, as applicable;

(4) ~~(5)~~ A copy of the original contract for deed, for contract for deed conversion Loan; and

(5) ~~(6)~~ A current payoff statement, for contract for deed conversion Loan.

(f) Trailing documentation requirements for ~~HBA~~ Loans~~ for downpayment and closing cost assistance~~. Within ninety (90) days after the Loan closing date, the Administrator or Development Owner must submit to the Department the original recorded deed of trust and transfer of lien, if applicable. Failure to submit these documents within ninety (90) days after the Loan closing date will result in the Department withholding payment for disbursement requests.

§53.81. General Contract Administration

All Administrators and Development Owners must use the forms provided on the Department's website and comply with the Department's procedural and documentation requirements as outlined in the HOME Program Manual and in this section including~~, but not limited to~~:

(1) Contract must be signed and executed by all appropriate authorized parties;

(2) Attend training as required by the Department;

(3) Develop and comply with written procurement selection criteria and committees;

(4) Procure consultants, if applicable. Consultants may not participate in or direct any part of the process for procuring consultants;

(5) Complete all applicable Department Contract System access request forms and requirements;

(6) Perform environmental clearance procedures before committing or expending funds to a Project or Activity, performing any construction activities, including demolition, or the occurrence of the Loan closing, if applicable;

(7) Develop and comply with written accounting, reporting, filing, and documentation procedures;

(8) Develop and comply with written applicant intake and selection criteria for and ensure program eligibility which must include, but is not limited to:

(A) Homeownership, if applicable;

(B) Income eligibility;

(C) Assisted Households must be located within the Administrator's Service Area, as defined by the Contract;

(D) Property taxes are current, if applicable; and

(E) Assist Special Needs Households, if applicable.

(9) Develop and comply with affirmative marketing procedures in accordance with the Final Rule;

(10) Complete applicant intake and applicant selection. Notify each applicant Household in writing of either acceptance or denial of HOME assistance within sixty (60) days following receipt of the intake application;

(11) To ensure compliance with the Texas Comptroller of Public Accountants requirements, Contract Administrators are required to ensure the applicant Household does not owe a debt to the State of Texas including , but not limited to, tax liens, child support liens, or student loan delinquencies;

(12) ~~(11)~~ Ensure that no Conflict of Interest exists between Households to be assisted and Persons designated to receive or assist with the application intake process;

(13) ~~(12)~~ Document and verify all income and asset eligibility requirements for the Household to be assisted;

(14) ~~(13)~~ Ensure compliance with applicable audit certification requirements;

(15) ~~(14)~~ Ensure that the demolition and removal of all dilapidated units on the lot occurs prior to the Household's occupancy of the Newly Constructed or Rehabilitated housing unit;

(16) ~~(15)~~ Ensure and verify that each building construction contractor performing activities in the amount of $10,000 or more under the Contract is registered and maintains good standing with the Texas Residential Construction Commission ~~in accordance with 16 TAC, Subtitle C, §16.001~~ in accordance with Chapters 401 and 416 of the Texas Property Code;

(17) ~~(16)~~ Ensure and verify that each housing unit being rehabilitated in the amount of $10,000 or more under the Contract is registered with the Texas Residential Construction Commission~~ in accordance with 16 TAC, Subtitle C, §426.003 ~~in accordance with Section 426.003 of the Texas Property Code;

(18) ~~(17)~~ Provide building construction contractor oversight and ensure builder's risk coverage is provided;

(19) ~~(18)~~ Ensure that the demolition of any housing unit does not occur less than 6 (six) months prior to the Contract end date;

(20) ~~(19)~~ Ensure compliance with applicable construction or property standards and lead-based paint requirements;

(21) ~~(20)~~ Conduct appropriate property inspections and documentation in accordance with applicable program requirements. Ensure compliance with the Texas Residential Construction Commission inspection requirements under Title 16 of the Texas Property Code;

(22) ~~(21)~~ Submit required documentation and electronic requests for Project setups and disbursement requests to the Department;

(23) ~~(22)~~ Submit support documentation for Project setups and disbursement requests within thirty (30) days of electronic submission to the Department;

(24) ~~(23)~~ Submit all Project setups and support documentation for Households to be assisted no later than ninety (90) days prior to the Contract end date. In the event that a loan closing is required for single family Rehabilitation or Reconstruction, non-development activities, all Project setups and support documentation must be submitted no later than one hundred eighty (180) days prior to the Contract end date;

(25) ~~§53.44(a)(6)~~ Provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of Match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith;

(26) ~~§53.44(a)(7)~~ Provide certification that all contractors, consulting firms, Administrators, and Development Owners will sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions; and

(27) ~~§53.44(a)(8)~~ If required or requested, provide reasonable Match and submit required documentation to the Department;

~~(24) Submit required Match documentation to the Department;~~

(28) ~~(25)~~ Not retain Program Income of any kind, including Program Income to fund other eligible HOME Activities;

(29) ~~(26)~~ Submit any Program Income received to the Department within ten (10) days of receipt;

(30) ~~(27)~~ Return any refunds to the Department's accounting division and include a written explanation of the return of funds, the Contract number, name of Administrator or Development Owner, Activity address and Activity number referenced on the check;

(31) ~~(28)~~ Submit required documentation for Project completion reports and certificate of Contract Completion no later than sixty (60) days from the Contract end date; and

(32) ~~(29)~~ Complete the terms of the Contract.

§53.82. Conflict of Interest

The Conflict of Interest provisions in 24 CFR §92.356 apply to any Person who is an employee, agent, consultant, officer, or elected official or appointed official of the Department, Administrator or Development Owner. All Administrators and Development Owners must comply with procedures to submit a request to the Department to grant an exception to any conflicts prohibited by 24 CFR §92.356. The request submitted to the Department must include a disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made. No HOME funds can be used to assist a Household until HUD has granted an exception to the Conflict of Interest provisions.

§53.83. Procurement

(a) All Administrators acting in the capacity of State Recipients must comply with procurement requirements and regulations established under 24 CFR Part 84 pertaining to the HOME Program, 24 CFR Part 92, Chapter 2254, Texas Government Code, and the HOME Program Manual, as well as any other applicable state and/or local procurement requirements.

(b) Administrators acting in the capacity of Subrecipients must comply with procurement requirements and regulations established under 24 CFR Part 85 pertaining to the HOME Program, as well as any other applicable state and/or local procurement requirements.

(c) Procurement procedures and the selection process must be integrated into the Administrator's HOME program and must comply with federal, state, and local procurement requirements. The Administrator must have a written code of conduct governing employees, officers, or agents engaged in administering a HOME Contract and appoint a Procurement Officer to manage the bid process.

(d) Procedures established for procurement of building construction contractors may not include requirements for the provision of general liability insurance coverage for an amount to exceed the value of the contract.

(e) HOME funds may not be used to directly or indirectly employ, award contracts to, or otherwise engage the services of any service provider or vendor during any period for which the service provider or vendor has been debarred, suspended, or designated as ineligible on the federal Excluded Parties Listing System.

(f) Building construction contractors must be procured using a formal sealed bid procedure for single family New Construction or Rehabilitation Activities or Projects.

(g) Professional service providers must be procured using an open competitive procedure for single family New Construction or Rehabilitation Activities or Projects. Professional services may not be procured based solely on the lowest priced bid. Consultants may not participate in or direct the process of procurement for consultants.

(h) Goods and services other than professional services and building construction contractors, for an amount less than $100,000 may be procured using documented price quotation procedures.

§53.84. Project Setups and Disbursement Requests

All Administrators and Development Owners must comply with procedures and timeframes established by this Chapter and the HOME Program Manual to submit requests for Project setup and disbursement requests and support documentation required by the Department. The Department reserves the right to request additional documentation or clarification from the Administrator or Development Owners. Requests must be made electronically and submitted in accordance with applicable benchmarks to the Department using the online TDHCA Contract System database as defined in the "TDHCA Contract System Users Guide."

§53.85. Administrative and Soft Costs Limitations

(a) The Department has established cost guidelines and limitations for administrative and soft costs related to the OCC, TBRA, and HBA Program Activities.

(1) Administrator must use funds for Administrative Costs in accordance with 24 CFR §92.207. For the OCC, ~~and~~ HBA, and contract for deed conversion Program Activities, funds for Administrative Costs cannot exceed 4% of the ~~Contract award for~~ total project costs for the entire Contract term. For the TBRA Program Activity, funds for Administrative Costs cannot exceed 4% of the ~~Contract award for~~ total project funds per year of the Contract term. For Program Activities that are serving Persons with Disabilities, funds for Administrative Costs cannot exceed 6% of the total project costs for the entire Contract term.

(2) ~~(1)~~ With the exception of Administrative Costs ~~and Plans and specification manual~~ per Contract, these costs are maximums per Activity or Project and may not be exceeded

without approval by the Department. Upon prior approval of the Department, exceptions may be allowed in the case of Rehabilitation activities for lead-based paint hazard reduction and/or relocation and cost categories and limitations not identified in the proposed rule.

(3) ~~(2)~~ Contract Administrators must certify that the amount being disbursed is for the actual amount of costs.

(4) ~~(3)~~ Costs that may be categorized as either a project soft cost or an administrative cost are identified below. No duplicate disbursement of costs is allowed. Costs may only be disbursed as either a project soft cost or administrative cost but not both. Additionally, costs may only be disbursed once per occurrence when providing both acquisition and construction type of assistance to the same Project or Activity as may take place with, but not limited to, contract for deed conversions.

(5) ~~(4)~~ Unless otherwise noted, all items are limited to one (1) occurrence per Project or Activity.

(6) ~~(5)~~ Third-party project soft costs related to loan closing requirements, such as appraisals, title reports or insurance, tax certificates, and recording fees, are not subject to a maximum per Activity or Project. However, these soft costs are subject to the ~~limitations of the~~ maximum ~~percentage of hard or project costs identified in subsection (c) of this section~~ amount of assistance established for the Program Activity.

Figure: 10 TAC 53.85(a)(6)~~(4)~~

OCC and HBA with Rehabilitation	Reconstruction	Rehabilitation
Project Soft or Administrative Cost per ACTIVITY		
Application intake and processing	$ ~~500~~ 600	$ ~~500~~ 600
Credit Report	$ 50	$ 50
Construction and disbursement documentation preparation	$ 250	$ 250
Environmental review	$ 400	$ 400
Exempt administrative environmental	$ 50	$ 50
Final inspection	$ ~~200~~ 300	$ ~~200~~ 300
Information services	$ ~~100~~ 4~~2~~00	$ ~~100~~ 4~~2~~00
Initial inspection	$ 500	$ 500
Procurement of contractor	$ 300	$ 300
Progress inspections (up to 7 at $~~200~~ 300 max each, minimum of 4 required)[1]	$ ~~1,400~~ 2,100	$ ~~1,400~~ 2,100
Pre-construction conference	$ ~~200~~ 300	$ ~~200~~ 300
Project document preparation	$ 100	$ 100
Punch list verification inspection	$ ~~200~~ 300	$ ~~200~~ 300
Schedule of values	$ 100	$ 100
Work write-up	N/A	$ 500[2]
Work write-up summary/cost estimate	$ 400[2]	$ 400[2]

Administrative Cost Only per CONTRACT		
Affirmative marketing plan	$ ~~100~~200	$ ~~100~~200
Financial management	$ ~~150~~200	$ ~~150~~200
Procurement of professional service provider	$ ~~200~~300	$ ~~200~~300
Recordkeeping	$ ~~400~~800	$ ~~400~~800
Project Soft Cost Only per ACTIVITY~~ or CONTRACT~~		
Plans (market value)	N/A	$ 200
Plans and specification manual (market value)	$700 ~~1,500[2]~~ ~~2,000~~[2~~,3~~]	N/A
Specification manual	N/A	$ 200

[1] A maximum of two (2) progress inspections are allowed when a housing unit is replaced with an MHU.

[2] Work write-up, Work write-up summary/cost estimate, p~~P~~lans and specifications are not ~~an~~ allowable costs when a housing unit is replaced with an MHU.

~~[3]Plans and specification manual is limited to $2,000 per Contract~~.

HBA	
Project Soft or Administrative Cost per PROJECTACTIVITY	
Application intake and processing	$ ~~500~~ 600
Preparation of loan documents	$ 100
Environmental Review	$ 400
Exempt administrative environmental	$ 50
Information services	$ ~~100~~ 200
Project document preparation	$ 100
Property Inspection	$ 350
Schedule of values	$ 100
Administrative Cost Only per CONTRACT	
Affirmative marketing plan	$ ~~100~~ 200
Financial management	$ ~~150~~ 200
Procurement of professional service provider	$ ~~200~~ 300
Recordkeeping	$ ~~400~~ 800
Project Soft Cost Only per ~~PROJECT~~ACTIVITY	
Credit Report	$ 50
Homebuyer Counseling	$ 300

(b) The allowable activities for each cost category are defined as follows:

(1) Administrative costs are costs incurred for activities performed directly by the Administrator and include general management and oversight, salaries, wages and related costs of staff, travel costs incurred for official business in carrying out the Contract, public information, and other costs required for the administration of the program such as purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (not purchase) of office space;.

(2) ~~(1)~~Affirmative marketing plan is the cost incurred to develop a written plan for ensuring that marketing, advertising, and outreach activities are provided to all protected classes and to the populations being served by the Contract. This includes the development of advertising materials and hand-outs and public presentation;

(3) ~~(2)~~ Application intake and processing is the cost incurred for the completion of all intake application documentation and forms, verification of all sources of income, employment verification, asset verification and imputation and re-verification of all expired documentation. This includes all Department-required forms, worksheets, addenda and certifications required for the household's application intake and processing;

~~(3) Appraisal is the cost incurred in obtaining appraisals prepared by an independent, state-licensed real estate appraiser;~~

(4) Construction and disbursement documentation preparation is the cost incurred in the preparation of forms required by the Department that are related to construction or disbursement documentation and include electronic entry into the TDHCA Contract System, support documentation preparation and completion of Department-required forms including, but not limited to, the Contractor Request for Payment, Lien Waiver Affidavits, Final Bills Paid Affidavit and Certification of Completion;

(5) Environmental review is the cost incurred for the preparation and completion of all required forms, checklists and certifications, publication activities and Request for Release of Funds and Finding of No Significant Impact and Eight Step Process, if applicable;

(6) Exempt administrative environmental is the cost incurred in the completion of an exemption form for administrative expenses;

(7) Final inspection is the cost incurred in performing a final walk through and physical inspection of the assisted housing unit noting any deficient items that must be corrected before final payment and the completion of any Department-required forms or checklists;~~.~~

(8) Financial management is the cost incurred in the management of all project and program accounts using a fund type accounting system that can trace each expense to an individual Project or to the program as a whole and ensures compliance with OMB circulars. A written or printed journal of all transactions including receipt and disbursement of funds should be included;

(9) Homebuyer counseling is the cost incurred to provide a minimum of eight hours of counseling provided by a certified homebuyer counselor. Instruction may include, but is not limited to, financial management, credit management, homebuyer education, and/or job training;

(10) Information services is the cost incurred to provide information to homeowners, prospective homebuyer and/or tenants. These may include the following:

> (A) Fair housing--cost incurred to provide information to prospective homebuyers and tenants (not applicable to OCC);
>
> (B) Loan procedures--cost incurred to provide information pertaining to fair lending practices, loan requirements, and closing procedures to participants in OCC and HBA (not applicable to TBRA);
>
> (C) Warranty (Project cost only)--cost incurred to provide an explanation of the builder's homeowner warranty (must comply with Texas Residential Construction Commission requirements) to households assisted with Reconstruction or Rehabilitation activities;
>
> (D) Lead-based paint--cost incurred to provide lead-based paint hazard notification to all applicants in all HOME Program Activities;

(11) Initial inspection is the cost incurred in the completion of the initial physical inspection of the housing unit to be assisted and Department-required forms and checklists. The inspection must identify all health and safety concerns regarding the housing unit, all sub-standard conditions that require repair or replacement to comply with applicable codes and standards and the TMCS, and provide enough detail to complete a work write-up, and if applicable, a justification of Reconstruction;

(12) Plans is ~~are~~ the cost incurred to obtain a complete set of plans, which shall include a site plan for each housing unit showing known easements and lot set-backs, a floor plan, a front elevation, a foundation plan, a plumbing and electrical plan and a mechanical and energy efficiency plan. If these plans are purchased from or donated by a licensed architect or engineer they should bear the appropriate stamp. While builders may require less complete plan sets and it is understood that some of these details may be combined on the same sheet, any plans set that does not include this level of detail will be pro-rated accordingly;

(13) Pre-construction conference is the cost incurred in conducting a meeting with the homeowner and building construction contractor to explain and discuss the construction process being undertaken. This meeting should include a description of construction activities and procedures, expectations of the final product, an explanation of the roles and duties for all parties, detail and review of the timelines and contractual milestones, required access and use of utilities, provision of appropriate security measures, selection of products and improvements to be provided, and a discussion of appropriate handicap accessibility features;

(14) Procurement of contractor is the cost incurred in the preparation of bid documents, pre-bid advertising, conducting of the pre-bid conference, the verification of required builder certifications, conducting of the walk-through of housing units to be assisted, conducting checks of bidder qualifications and references, conducting bid opening including keeping minutes and tabulations, the review of the bids, conducting contract negotiation and verification, the notification of award and the completion of any Department-required forms;

(15) Procurement of professional service provider is the cost incurred to procure a professional service provider (i.e. consultant). The Administrator must use negotiated bidding procedures for the procurement of professional service providers (i.e. consultants) and provide for independent procurement of professional service providers (i.e. consultants may not participate in any aspect of procuring consultants);

(16) Progress inspections is the cost incurred in performing inspections at logical points during the construction process or prior to approving each draw that verify quality and completeness of work to date and are signed by the inspector and Contract Administrator. Upon completion of the progress inspection, the Contract Administrator must send a copy of the completed inspection report to the homeowner. The homeowner must also sign to acknowledge receipt of the completed Progress Inspection Report. Logical points of inspection include but are not limited to:

(A) Foundation--prior to pouring a monolithic foundation and after initial curing or alternatively after completion of piers;~~,~~

(B) Framing--completion of framing;~~,~~

(C) Rough-in--after completion of electrical and plumbing but before covering and placement of fixtures;~~,~~ and

(D) Substantial completion.~~;~~

(17) Progress inspections should each require at least one hour and include inspection forms, filed notes, sketches, and/or photographs adequate for verification of that stage of completion;

(18) Project documentation preparation is the cost incurred in the preparation of forms required by the Department that are not related to income eligibility or construction and include, but are not limited to, the TDHCA Contract System Access Request, Direct Deposit Authorization, Texas Application for Payee Identification, and Audit Certification;

(19) Property inspections is the cost incurred to perform an inspection of the subject property in order to certify that no sub-standard conditions exist according to TMCS using the Department's forms;

(20) Punch list verification inspection is the cost incurred in performing a final physical inspection of the assisted housing unit to verify the completion of punch list items only;

(21) Recordkeeping is the cost incurred to develop, prepare and maintain a recordkeeping system in the order prescribed by the Departments which includes three separate types of filing for program, environmental, and project areas;

(22) Schedule of values is the cost incurred to prepare a line-item description of each work activity and its associated cost and enter electronically into the Department's Contract System as the budget;

(23) Specification manual is the cost incurred to prepare or obtain a single generic manual to be used for multiple sites or projects detailing the methods and materials to be used on all construction jobs. The homeowner's choices may be included but should be detailed for each job. All trade areas and construction activities must be included in the specification manual. In cases where there are no local requirements for specifications and TMCS are used, no additional cost should be requested for disbursement;

(24) Work write-up is the cost incurred to prepare or obtain a complete description of the work activity specific to Rehabilitation required to bring the entire structure into compliance with the applicable construction standards. It must include all units of measurement, materials to be used, methods of application, and all necessary construction detail and/or may be used in conjunction with a specification manual; and

(25) Work write-up/cost estimate is the cost incurred in performing the Feasibility Analysis which is a budgetary justification for Reconstruction which compares the cost of Rehabilitation to the replacement costs of a housing unit and in the completion of Department-required forms. The analysis must include a summary of the steps and costs required to correct the deficiencies identified in the initial inspection.

~~(c) Notwithstanding the limitations of subsection (a) of this section, the total of all soft costs for each Project or Activity is limited based on the maximum amount of assistance allowed for the housing unit and is calculated as a percentage of the hard or project costs for each Activity or Project. For example, a household that is eligible to be assisted with an OCC Reconstruction amount of assistance of $67,500, the maximum amount of total soft costs is derived by dividing $67,500 by 1.09 and then subtracting this amount from $67,500, which equals $5,573.39. There is no minimum percentage for soft costs per housing unit. These percentages are the maximums allowed per Activity or Project and may not be exceeded without approval by the Department. Upon prior approval of the Department, exceptions may be allowed in the case of Rehabilitation activities for lead-based paint hazard reduction and/or relocation.~~

~~Figure: 10 TAC 53.85(c)~~

~~Type of Activity~~		~~Max Percentage for soft costs based on Hard Costs or Project Costs~~	~~Max Percentage for administrative costs based on Total Project Costs~~
~~OCC - Reconstruction (includes MHU to site-built and contract for deed conversions)~~	~~Max Assistance~~		
	~~$60,000~~	~~16%~~	~~2%~~
	~~$67,500~~	~~14%~~	~~2%~~
	~~$75,000~~	~~12 %~~	~~2%~~
~~OCC or HBA – Rehabilitation only~~	~~$30,000~~	~~24%~~	~~2%~~
~~OCC – Reconstruct (replacement) with MHU~~	~~Max Assistance~~		
	~~$60,000~~	~~12%~~	~~2%~~
	~~$67,500~~	~~10%~~	~~2%~~
	~~$75,000~~	~~8%~~	~~2%~~
~~HBA – Acquisition only for contract for deed conversion~~		~~10%~~	~~4%~~
~~HBA – Downpayment and closing costs only~~		~~10%~~	~~4%~~
~~HBA – Acquisition and Rehabilitation for contract for deed conversion~~		~~10%~~	~~2%~~

HOME DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Possible Approval for publication in the *Texas Register* a final order adopting repeal of 10 TAC Chapter 51, Housing Trust Fund Rule, and final order adopting new 10 TAC Chapter 51, Housing Trust Fund Rule.

Requested Action

Approve, Deny or Approve with Amendments for publication in the *Texas Register* a final order adopting repeal of 10 TAC Chapter 51, Housing Trust Fund Rule, and final order adopting new 10 TAC Chapter 51, Housing Trust Fund Rule.

Background

The Department conducted six public meetings to accept public comment on the proposed changes to the Housing Trust Fund Rule (10 TAC Chapter 53) as published September 19, 2008 in the *Texas Register*. Public hearings on the new rule were held in Austin (September 24, 2008), Fort Worth (September 26, 2008), Lubbock (September 29, 2008), El Paso (October 1, 2008), Brownsville (October 3, 2008), and Houston (October 6, 2008). Additionally, written comments on the new rule were accepted by mail, e-mail, and facsimile through October 20, 2008. The Department also received comments in writing, by e-mail, fax, and mail.

This rule ensures compliance with all statutory requirements, incorporates public input from the recent Housing Trust Fund Program Roundtable and Public Hearing process, formalizes existing policy and guidelines contained in the Housing Trust Fund program manuals and includes recommendations for revisions of necessary policy and administrative changes to further enhance operations.

The responses to public comment are summarized below and include administrative clarifications, changes and corrections made to the Housing Trust Fund Rule by staff, as well as public comments and the corresponding Department response. Comments and responses are presented in the order the issues appear in 10 TAC Chapter 51. For ease of review, after each comment title, numbers are shown in parentheses. These numbers refer to the person or organization that made the comment as reflected in the commenter key, located at the end of this document. Copies of the exact comment letters provided are available on the Department's website. In some cases the text of the draft rule, as taken out for public comment, is provided first to provide the proper context for the comment provided.

General Public Comment

Comment:
Commenter requests the establishment of a Housing Trust Fund demonstration program for housing development, preservation, and organizational capacity-building to serve farmworker housing. (15)

Staff Response:
The Housing Trust Fund (HTF) has established several successful demonstration housing programs over the last several years. While there has not been a farmworker specific demonstration program, non-profit organizations and units of general local government are eligible to apply for any of the Housing Trust Fund programs and serve farmworkers as a part of their program design. It is important to note the Department is currently proposing a capacity building grant through the Office of Colonia Initiatives and the Department has made funds available to multifamily housing development and preservation throughout the year. As no specific rule change is currently requested, there is no recommendation for a rule change to address this issue at this time.

Comment:
Commenter requests the Department make available at least $3 million in funding with the stated purpose of producing and preserving housing for Texas farmworkers, improving the conditions in which Texas farmworkers live, and increasing the availability and affordability of housing for Texas farmworkers. (15)

Staff Response:
The Department is committed to providing quality, affordable housing. Last year 95% of HOME funds and approximately 20% of Housing Tax Credits were programmed for the purpose of improving housing conditions in rural Texas. Unfortunately, the need is greater than current resources are able to address. While the Department has not set-aside funding for Farmworker housing, eligible organizations may apply for many of the Department’s available funds and serve the Farmworker community. The Department will take this request under advisement as it requests an increase in Housing Trust Fund money.

Comment:
Provide financial and technical assistance that would be available through a variety of programs to be established by TDHCA or programs proposed by potential grantees in response to grant solicitations. The commenter provided a detailed list for how the funds could be programmed and new projects. (15)

Staff Response:
The Department appreciates the detailed suggestions prioritizing the different ways the Department could approach technical assistance in the Farmworker community. Unfortunately, there is a shortage of funds to provide technical assistance at the level requested. However, the Department will take the comments under advisement as it pursues increasing the capacity of the

Housing Trust Fund and as it programs the Trust Fund dollars in the 2010 Housing Trust Fund Plan.

Comment:
Commenter requests the development of ongoing sources of funding to continue farmworker housing activities in the future using philanthropy grants, program related investments, and other potential resources and ideas. (15)

Staff Response:
The Department will research these recommendations as it develops housing policy in the future. As no specific rule change is currently requested, there is no recommendation for a rule change to address this issue at this time.

Comment:
Commenter requests the Department explore other state's programs for applicability in Texas. (15)

Staff Response:
The Department will research these recommendations as it develops housing policy in the future. As no specific rule change is currently requested, there is no recommendation for a rule change to address this issue at this time.

Comments on the Proposed Housing Trust Fund Rule, 10 TAC, Chapter 51

§51.2 Definitions. Administrative Change

Language in Draft Rule: *(37) Loan--Financial assistance that is awarded in the form of money and in an executed agreement between the Department and Person for a specific purpose and that is required to be repaid.*

Staff Recommendation:
Staff recommends an administrative change to add the word 'repaid' to complete the definition.

§51.3 Notice of Receipt of Application or Proposed Application

Comment:
Commenter recommends clarification to this section to ensure that this section applies only to multifamily applications and that notice will only be given if required by federal or state law. (18)

Staff Response:
Staff concurs with the comment and recommends the following clarification to the proposed rule:

(a) Not later than the 14th day after the date an Application or a proposed Application for housing funds described by §2306.111 has been filed for multifamily or single family development, the Department shall provide written notice of the filing of the Application or proposed Application to the following Persons:

§51.6 Basic Eligible Activities

Language in Draft Rule*: (c) Pursuant to §2306.754, Applicants combining other Housing Trust Fund funding with the Texas Bootstrap Loan Program funds must limit total Department loans to $30,000.*

Comment:

Commenter contends that §2306.754 does not seem to apply to other TDHCA programs and therefore, recommends the elimination of this subsection. (18)

Staff Response:

The statute, at §2306.754, indicates that the source for loans in excess of the $30,000 committed by the Bootstrap Program, must come from "local governmental entities, nonprofit organizations, or private lenders." This list does not include any other Department programs or state or federal funds. To ensure compliance with the statute, staff recommends no change.

§51.10 Multifamily Development Application Requirements

Language in Draft Rule:

~~(a)~~ Rental Housing Development Site and Development Restrictions. Restrictions include all those items referred to in Chapter 2306, Texas Government Code and any additional items included in the NOFA for rental housing developments.

~~(b) Limitations on the Size of Developments. Developments involving new construction will be limited to 252 units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum unit restrictions. The minimum number of units shall be 4 units.~~

Comment:

Commenter recommends reverting to the previous language on multifamily size limitations as it provides clarity on the intent of leveraging Housing Trust Fund funds for multifamily development and prevents the Department from overcommiting funds to multifamily rental at the expense of single family homeownership. (18)

Staff Response:

Staff proposed the elimination of this subsection in order to maintain flexibility in the use of the Housing Trust Funds. The programming of the annual appropriation of Housing Trust Funds is outlined in the Annual Plan and delineates the set-asides and funding available for multifamily and single family activities, as well as any other eligible activities. No change to the proposed rule is recommended.

§51.13 (a)(2)Criteria for Funding

Language in Draft Rule:
(2) Evaluation Factors. Pursuant to §2306.203(c), Texas Government Code, the criteria used to evaluate applications, as more fully reflected in the NOFA, will include at a minimum the:

(A) leveraging of federal funds including the extent to which the project will leverage State funds with other resources, including federal resources, and private sector funds;

(B) cost-effectiveness of a proposed development; and

(C) extent to which individuals and families of very low income and extremely low income are served by the development.

Comment:
Commenter suggests adding language that would include the cost of energy as one of the evaluation factors. (16)

Staff Response:
While staff agrees with the importance of energy saving costs in affordable housing, it does not recommend a revision to this section. This section of the rule specifically relates to a statutory citation, of which energy costs is not referenced. To the extent the Department incentivizes energy costs as an evaluation factor it will be included in the Trust Fund Annual Plan and/or the Notices of Funding Availability.

§51.18 General Contract Administration. Administrative Change

Language in Draft Rule: *All Administrators and Development Owners must use the forms provided on the Department's website and comply with the Department's procedural and documentation requirements as outlined in the Program Manual and in this section including:*

> *(16) Ensure and verify that each building construction contractor performing activities in the amount of $10,000 or more under the Contract is registered and maintains good standing with the Texas Residential Construction Commission~~ in accordance with 16 TAC, Subtitle C, §16.001~~ in accordance with Chapters 401 and 416 of the Texas Property Code;*
>
> *(17) Ensure and verify that each housing unit being rehabilitated in the amount of $10,000 or more under the Contract is registered with the Texas Residential Construction Commission~~ in accordance with 16 TAC, Subtitle C, §426.~~003 in accordance with Section 426.003 of the Texas Property Code;*
>
> *(21) Conduct appropriate property inspections and documentation in accordance with applicable program requirements. Ensure compliance with the Texas Residential Construction Commission inspection requirements under Title 16 of the Texas Property Code;*

Staff Recommendation:
These administrative changes (highlighted above) are recommended to clarify the contract administration requirements to ensure compliance with the Texas Residential Construction Commission requirements.

Commenter Key

# Assigned	COMMENTER	Rule
15	Kathy Tyler, Housing Services Director, Motivation Education & Training, Inc.	HOME, HTF, QAP, General
16	Cyrus Reed, PhD, Conservation Director, Lone Star Chapter of Sierra Club	HOME, QAP, Bond, REA, HTF, CAP (WAP)
18	Matt Hull, Executive Director, Habitat Texas	HTF

Recommendation

Staff recommends Board approval for publication in the *Texas Register* a final order adopting repeal of 10 TAC Chapter 51, Housing Trust Fund Rule, and final order adopting new 10 TAC Chapter 51, Housing Trust Fund Rule.

DRAFT
Board Review Pending

Texas Department of Housing and Community Affairs
“Housing Trust Fund Rule”

TITLE 10, Part 1, Chapter 51, Texas Administrative Code

§51.1. Purpose

This Chapter clarifies the use and administration of the Housing Trust Fund. The Department shall use the Housing Trust Fund to provide loans, grants, or other comparable forms of assistance to local units of government, public housing authorities, for profit entities, nonprofit organizations, income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe, and sanitary housing. The fund is created pursuant to §2306.201, Texas Government Code. The use of the Housing Trust Fund is limited to activities pursuant to §2306.202, Texas Government Code:

(1) assistance for individuals and families of low and very low income;

(2) technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families of low and very low income;

(3) security for repayment of revenue bonds issued to finance housing for individuals and families of low and very low income; and

(4) subject to the limitations in §2306.251, Texas Government Code, the Department may also use the fund to acquire property to endow the fund.

§51.2. Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Administrative Deficiencies--The absence of information or a document from the application as required in this rule or applicable NOFA.

(2) Administrator--The Person responsible for performing under a Contract with the Department.

(3) Affiliate--An individual, corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with any other Person, and specifically shall include parents or subsidiaries. Affiliates also include all General Partners, Special Limited Partners and Principals with an ownership interest.

(4) Affiliated Party--A Person in a relationship with the Administrator on a Contract with the Department.

(5) Applicant--A person who has submitted an Application for Department funds or other assistance.

(6) Application--A request for funds submitted to the Department in a form prescribed by the Department, including any exhibits or other supporting material.

(7) Application Acceptance Period--The period of time that Applications may be submitted to the Department as more fully described in the applicable NOFA.

(8) Application Submission Procedures Manual ("ASPM")--The manual which sets forth the procedures, forms and instructions for the completion and submission of an Application to the Department.

(9) Area Median Family Income ("AMFI")--The income estimated and determined by HUD as the median family income with adjustments for family size and geographic locations.

(10) Articles of Incorporation--The document that sets forth the basic terms for a corporation's existence and is the official recognition of the corporation's existence.

(11) Board--The governing board of the Texas Department of Housing and Community Affairs.

(12) Bylaws--A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the Articles of Incorporation. Bylaws and amendments to Bylaws must be formally adopted in the manner prescribed by current Bylaws by either the organization's board of directors or the organization's members, whoever has the authority to adopt and amend Bylaws.

(13) ~~(12)~~ Capacity Building--Educational and organizational support assistance to promote the ability of community housing development organizations and nonprofit organizations to maintain, rehabilitate and construct housing for low, very low, and extremely low-income persons and families. This activity may include:

(A) organizational support to cover expenses for housing development or management related training, technical and other assistance to the board of directors, staff, and members of the nonprofit organizations or community housing development organizations;

(B) technical assistance and training related to housing development, housing management, or other subjects related to the provision of housing or housing services; or

(C) studies and analyses of housing needs.

(14) ~~(13)~~ Chapter 2306--The enabling statute for the Department found in Texas Government Code, Chapter 2306.

(15) ~~(14)~~ Colonia--A geographic area that is located in a county some part of which is within 150 miles of the international border of this state that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under §17.921, Texas Water Code; or

(B) has the physical and economic characteristics of a colonia, as determined by the Department ~~Texas Water Development Board~~.

~~(15) Colonia Housing Standards--The Department's HUD approved housing standards that allows Colonia residents with the opportunity to rehabilitate their homes when located in a designated Colonia.~~

(16) Competitive Application Cycle--A defined period of time that Applications may be submitted according to a published Notice of Funding Availability (NOFA). Applications will be reviewed in accordance with the rules for application review published in the NOFA, and the ASPM.

(17) ~~(18)~~ Contract--The executed written agreement between the Department and an Administrator performing an activity related to a program that outlines performance requirements and responsibilities assigned by the document.

(18) ~~(17)~~ Control--The possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person, whether through the ownership or voting securities, by contract or otherwise, including specifically ownership of more than 50% of the General Partner interest in a limited partnership, or designation as a managing General Partner of a limited liability company.

(19) Council of Governments (COG)--A regional body which serves an area of several counties to address regional planning including but not limited to transporation planning, economic and community development, information gathering and processing, hazard mitigation and emergency preparedness, and water and environmental planning.

(20) ~~(19)~~ Deobligated Funds--The funds released by an Administrator or Contractor or recovered by the Department canceling a ~~c~~Contract or award involving some or all of a contractual financial obligation between the Department and an Administrator or ~~contractor~~Development Owner.

(21) ~~(20)~~ Department--The Texas Department of Housing and Community Affairs.

(22) ~~(21)~~ Developer--Any Person entering into a contract with the Development Owner to provide development services with respect to the Development and receiving a fee for such services and any other Person receiving any portion of such fee, whether by subcontract or otherwise.

(23) ~~(22)~~ Development--A Project that has a construction component, either in the form of N~~n~~ew C~~c~~onstruction or the R~~r~~ehabilitation of multi-unit or single family residential housing that meet the affordability requirements.

(24) ~~(23)~~ Development Funding--

(A) a loan or grant; or

(B) an in-kind contribution, including a donation of real property, a fee waiver for a building permit or for water or sewer service, or a similar contribution that:

(i) provides an economic benefit; and

(ii) results in a quantifiable cost reduction for the applicable development.

(25) ~~(24)~~ Development Owner--Any Person, General Partner, or Affiliate of a Person who owns or proposes a Development or expects to acquire Control of a Development under a purchase contract approved by the Department.

(26) ~~(25)~~ Development Site--The area, or if scattered site areas, for which the Development is proposed to be located and is to be under the Development Owner's Control.

(27) ~~(26)~~ Executive Award and Review Advisory Committee ("The Committee")--The Department committee that will develop funding priorities and make funding and allocation recommendations to the Board based upon the evaluation of an Application in accordance with the housing priorities as set forth in Chapter 2306, Texas Government Code, and as set forth herein, and the ability of an Applicant to meet those priorities.

(28) ~~(27)~~ General Contractor--One who contracts for the construction or Rehabilitation of an entire Development, rather than a portion of the work. The General Contractor hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors.

(29) ~~(28)~~ General Partner--The partner, or collective of partners, identified as the general partner of the partnership that is the Development Owner and that has general liability for the partnership. In addition, unless the context shall clearly indicate the contrary, if the Development Owner in question is a limited liability company, the term "General Partner" shall also mean the managing member or other party with management responsibility for the limited liability company.

(30) ~~(29)~~ Grant--Financial assistance that is awarded in the form of money to a housing sponsor for a specific purpose and that is not required to be repaid. For purposes of this chapter, a Grant includes a forgivable loan.

(31) ~~(30)~~ Household--One or more persons occupying a housing unit.

(32) ~~(31)~~ Housing Development Costs--The total of all costs incurred, or to be incurred, by the Development Owner in acquiring, constructing, rehabilitating and financing a Development as determined by the Department based on the information contained in the Application. Such costs include reserves and any expenses attributable to commercial areas.

(33) ~~(32)~~ HUD--The United States Department of Housing and Urban Development, or its successor.

(34) ~~(34)~~ Income Eligible Households--

(A) Low-Income Households--Households whose annual incomes do not exceed 80% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.

(B) Very Low-Income Households--Households whose annual incomes do not exceed 60% of the median family income for the area, as determined by HUD and published by the Department, with adjustments for family size.

(C) Extremely Low Income Households--Households whose annual incomes do not exceed 30% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.

(35) ~~(33)~~ Intergenerational Housing--Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:

(A) have separate and specific buildings exclusively for the age restricted units;

(B) have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;

(C) have separate and specific entrances, and other appropriate security measures for the age restricted units;

(D) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;

(E) share the same Development site;

(F) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and

(G) meet the requirements of the federal Fair Housing Act.

(36) ~~(35)~~ Land Use Restriction Agreement ("LURA")--An ~~Land Use Restriction A~~agreement between ~~that has been executed by~~ the Department and a Person related to a specific property, or properties, which is filed with the responsible recording authority.

(37) ~~(36)~~ Loan ~~Agreement~~--Financial assistance that is awarded in the form of money and in ~~A~~an executed agreement between the Department and ~~a~~ Person for a specific purpose and that is required to be repaid~~regarding the terms and conditions of a loan provided to the Person from the Department~~.

(38) ~~(37)~~ Material Noncompliance--As is defined in ~~Title 10 Texas Administrative Code,~~ Chapter 60, Subchapter A of this title.

(39) Manufactured Housing Unit (MHU)--As defined by HUD is a structure transportable in one or more sections which, in traveling mode, is 8 body-feet or more in width or 40 body-feet or more in length, or when erected on site, is 320 square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required facilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

(40) ~~(38)~~ Memorandum of Understanding (MOU)--A written agreement detailing the understanding between the parties.

(41) Modular Housing--As defined by HUD is a home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

(42) ~~(39)~~ Mortgagor ("Borrower")--The Person who borrows money and uses his or her real property as collateral and security for the payment of the debt.

(43) ~~(40)~~ New C~~c~~onstruction--Any Development not meeting the definition of Rehabilitation or Reconstruction.

(44) ~~(41)~~ NOFA--Notice of Funding Availability, published in the Texas Register.

(45) ~~(42)~~ Nonprofit Organization--A public or private organization that:

(A) is organized under state or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

(C) has a current tax exemption ruling from the Internal Revenue Service (IRS) under §501(c)(3), a charitable, nonprofit corporation, or §501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective throughout the length of any contract agreements; or classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(D) A private nonprofit organization's pending application for §501(c)(3) or (c)(4) status cannot be used to comply with the tax status requirement.

(46) ~~(43)~~ Open Application Cycle--A defined period during which applications may be submitted according to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed, or until the NOFA is closed, whichever is earlier.

(47) ~~(44)~~ Person--Any individual, partnership, corporation, association, unit of government, community action agency, or public or private organization of any character.

(48) ~~(45)~~ Persons with Disabilities--A Household composed of one or more persons, at least one of whom is a Person, who has a disability that is a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. §15002).

(49) ~~(46)~~ Person with Special Needs--Individuals or categories of individuals determined by the Department to have unmet housing needs:

(A) consistent with 42 USC §§12701 et seq. and as provided in the Consolidated Plan and may include any households composed of one or more persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, elderly, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farm workers, and public housing residents.

(B) Housing Trust Funds may also be awarded through Persons legally responsible for caring for a Person with Special Needs, pursuant to §2306.511, Texas Government Code.

(50) ~~(47)~~ Predevelopment Costs--Reimbursable costs related to a specific eligible housing project including:

(A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance;

(B) Pre-construction housing project costs that the Department determines to be customary and reasonable, including but not limited to, the costs of obtaining architectural plans and specifications, zoning approvals, engineering studies and legal fees; and

(C) Predevelopment costs do not include general operational or administrative costs.

(51) ~~(48)~~ Principal--Any Person that does or will exercise Control over a partnership, corporation, limited liability company, trust or any other private entity. In the case of:

(A) Partnerships, Principals include all General Partners, Special Limited Partners and Principals with ownership interest;

(B) Corporations, Principals include any officer authorized by the board of directors to act on behalf of the corporation, including the president, vice president, secretary, treasurer and all other executive officers, and each stock holder having a ten percent or more interest in the corporation; and

(C) Limited liability companies, Principals include all managing members, members having a ten percent or more interest in the limited liability company or any officer authorized to act on behalf of the limited liability company.

(52) Principal Residence--The primary housing unit a Person or Household inhabits.

(53) ~~(49)~~ Project--A site or an entire building (including a manufactured housing unit), or two or more buildings, together with the site or sites on which the building or buildings are located, that are under common ownership, management, and financing.

(54) ~~(50)~~ Property--The real estate and all improvements thereon which are the subject of the Application whether currently existing or proposed to be built thereon in connection with the Application.

(55) ~~(51)~~ Public Housing Authority--A housing authority established under the Texas Local Government Code, Chapter 392.

(56) Qualified Elderly Development--A Development which meets the requirements of the federal Fair Housing Act and:

(A) is intended for, and solely occupied by, individuals 62 years of age or older; or

(B) is intended and operated for occupancy by at least one individual 55 years of age or older per unit, where at least 80% of the total housing units are occupied by at least one individual who is 55 years of age or older; and where the Development Owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older.

(57) ~~(52)~~ Received Date--The date and time at which an Application is actually received by the Department.

(58) ~~(53)~~ Rehabilitation--The improvement or modification of an existing residential development through an alteration, addition, or enhancement. The term includes the demolition of an existing residential development and the reconstruction of any development units, but does not include the improvement or modification of an existing residential development for the purpose of an adaptive reuse of the development. Rehabilitation also includes replacing and existing substandard MHU with a new MHU.

(59) ~~(54)~~ Resolution--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of Person or Persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate Bylaws.

(60) ~~(55)~~ Rural Area--An area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;

(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area; or

(C) in an area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an area that is located in a municipality with a population of more than 50,000.

(61) ~~(56)~~ Rural Development--A development or proposed development that is located in a Rural Area, other than rural new construction Developments with more than 80 units.

(62) Service Area--The city(ies), county(ies) and/or place(s) identified in the Contract that the Administrator will serve.

(63) ~~(57)~~ TAC--Texas Administrative Code.

(64) ~~(58)~~ Third Party--A Person who is not:

(A) an Applicant, General Partner, Developer, or General Contractor, or

(B) an Affiliate or a Related Party to the Applicant, General Partner, Developer or General Contractor, or

(C) a Person(s) receiving any portion of the contractor fee or developer fee.

(65) ~~(59)~~ Unit of General Local Government--A city, town, county, or other general purpose political subdivision of the State.

(66) ~~(60)~~ Urban Area--The area that is located within the boundaries of a primary metropolitan statistical area other than an area described by §2306.004(28-a)(B), Texas Government Code, or eligible for funding as described by §2306.004(28-a)(C).

§51.3. Notice of Receipt of Application or Proposed Application

(a) Not later than the 14th day after the date an Application or a proposed Application for housing funds described by §2306.111 has been filed for multifamily or single family development, the Department shall provide written notice of the filing of the Application or proposed Application to the following Persons:

(1) the United States representative who represents the community containing the Development described in the Application;

(2) members of the legislature who represent the community containing the Development described in the Application;

(3) the presiding officer of the governing body of the political subdivision containing the Development described in the Application;

(4) any member of the governing body of a political subdivision who represents the area containing the Development described in the Application;

(5) the superintendent and the presiding officer of the board of trustees of the school district containing the Development described in the Application; and

(6) any neighborhood organizations on record with the state or county in which the Development described in the Application is to be located and whose boundaries contain the proposed development site.

(b) The notice provided under subsection (a) of this section must include the following information:

(1) the relevant dates affecting the Application, including:

(A) the date on which the Application was filed;

(B) the date or dates on which any hearings on the Application will be held; and

(C) the date by which a decision on the Application will be made;

(2) a summary of relevant facts associated with the development;

(3) a summary of any public benefits provided as a result of the Development, including rent subsidies and tenant services; and

(4) the name and contact information of the employee of the Department designated by the director to act as the information officer and liaison with the public regarding the Application.

§51.4. Loan Closing Is Required Prior to Construction

Administrators and Development Owners must not proceed or allow a contractor to proceed with construction, including demolition, on any Activity, Project or Development without first completing the Loan closing, if required, with the Department.

§51.5~~3~~. Allocation of Housing Trust Funds

(a) Pursuant to §2306.201, Texas Government Code, the Housing Trust Fund is a fund administered by the Department, and placed with the Texas Treasury Safekeeping Trust Company.

(b) Uses of the Housing Trust Fund will be limited to those defined by §2306.202, Texas Government Code.

(c) Each biennium the first $2.6 million available through the housing trust fund for loans, grants, or other comparable forms of assistance shall be set aside and made available exclusively for local units of government, public housing authorities, and nonprofit organizations. Any additional funds may also be made available to for-profit organizations so long as at least 45 percent of available funds in excess of the first $2.6 million shall be made available to nonprofit organizations. The remaining portion shall be competed for by nonprofit organizations, for-profit organizations, and other eligible entities, pursuant to §2306.202, Texas Government Code.

(d) Funds shall be allocated to achieve broad geographic dispersion by awarding funds in accordance with §2306.111(d) and (g), Texas Government Code.

(e) The Department shall require that Applicants target at least 50% of those units served by housing trust funds to individuals and families earning less than 60% of AMFI.

(f) Bond indenture requirements governing expenditure of bond proceeds deposited in the housing trust fund shall govern and prevail over all other allocation requirements established in this Section. However, the Department shall distribute these funds in accordance with the requirements of this Section to the extent possible.

(g) Housing Trust Funds may also be allocated to the Texas Bootstrap Loan Program and will be awarded in accordance with §2306.753, Texas Government Code.

§51.6~~4~~. Basic Eligible Activities

(a) Pursuant to §2306.202, Texas Government Code, the Department, through the housing finance division, shall use the housing trust fund to provide Loans, Grants, or other comparable forms of assistance to Units of General Local Government, Public Housing Authorities, for-profit entities, Nonprofit organizations, and Income-Eligible individuals, families, and Households to finance, acquire, Rehabilitate, and Develop decent, safe, and sanitary housing. In each biennium the first $2.6 million available through the housing trust fund for Loans, Grants, or other comparable forms of assistance shall be set aside and made available exclusively for Units of General Local Government, Public Housing Authorities, and Nonprofit organizations. Any additional funds may also be made available to for-profit organizations so long as at least forty-five percent (45%) of available funds in excess of the first $2.6 million shall be made available to Nonprofit organizations for the purpose of acquiring, Rehabilitating, and Developing decent, safe, and sanitary housing. The remaining portion shall be competed for by nonprofit organizations, for-profit organizations, and other eligible entities. Notwithstanding any other section of this chapter, but subject to the limitations in §2306.251(c), the Department may also use the fund to acquire property to endow the fund.

(b) Use of the fund is limited to providing:

(1) assistance for individuals and families of low and very low income;

(2) technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families of low and very low income; and

(3) security for repayment of revenue bonds issued to finance housing for individuals and families of low and very low income.

(c) Pursuant to §2306.754, Applicants combining other Housing Trust Fund funding with the Texas Bootstrap Loan Program funds must limit total Department loans to $30,000.

§51.7. Prohibited Activities

Department awards may not be used to:

(1) assist Persons who owe payments identified by the Comptroller of Texas as relevant;

(2) assist Households whose Property has current tax liens and/or judgments to the State of Texas against it; or

(3) provide Rehabilitation on a housing unit without prior written consent of all Persons who have a valid lien or ownership interest in the Property.

§51.8~~5~~. Application Procedures and Requirements

(a) Competitive and Open Application Cycles. All NOFAs will be presented to the Board. The Department will declare within a NOFA whether the application cycle will be a competitive or open cycle.

(b) Ex Parte Communications

(1) During the period beginning on the date Applications are filed in response to a NOFA and ending on the date the Board makes a final decision with respect to the approval of any Application for that NOFA, a member of the Board may not communicate with the following persons:

(A) an Applicant or a Related Party, as defined by state law, including board rules, and federal law; and

(B) any Person who is:

(i) active in the construction, Rehabilitation, ownership, or Control of the proposed Project, including:

(ii) a General Partner or Contractor; and

(iii) a Principal or Affiliate of a General Partner or Contractor; or

(iv) employed as a consultant, lobbyist, or attorney by an Applicant or a Related Party.

(2) Subject to paragraph (1) of this subsection, during the period beginning on the Applications are filed in response to a NOFA and ending on the date the Board makes a final decision with respect to the approval of any Application for that NOFA, an employee of the Department may communicate about the Application with the following Persons:

(A) the Applicant or a Related Party, as defined by state law, including board rules, and federal law; and

(B) any Person who is:

(i) active in the construction, rehabilitation, ownership, or control of the proposed project including:

(ii) a General Partner or Contractor; and

(iii) a Principal or Affiliate of a General Partner or contractor; or

(iv) employed as a consultant, lobbyist or attorney by the Applicant or a Related Party.

(3) A communication under paragraph (2) of this subsection may be oral or in any written form, including electronic communication through the internet, and must satisfy the following conditions:

(A) the communication must be restricted to technical or administrative matters directly affecting the Application;

(B) the communication must occur or be received on the premises of the Department during established business hours; and

(C) a record of the communication must be maintained and included with the Application for purposes of Board review and must contain the following information:

(i) the date, time, and means of communication;

(ii) the names and position titles of the Persons involved in the communication and, if applicable, the Person's relationship to the Applicant;

(iii) the subject matter of the communication; and

(iv) a summary of any action taken as a result of the communication.

(4) Notwithstanding paragraphs (1), (2) or (3) of this subsection, a Board member or Department employee may communicate without restriction with a Person listed in paragraphs (1) or (2) of this subsection during any Board meeting or public hearing held with respect to the Application, but not during a recess or other nonrecord portion of the meeting or hearing.

(5) Paragraph (1) of this subsection does not prohibit the Board from participating in social events at which a Person with whom communications are prohibited may or will be present, provided that all matters related to Applications to be considered by the Board will not be discussed.

(c) Eligible Applicants. The following organizations or entities are eligible to apply for Program Activities:

(1) Nonprofit organizations;

(2) Units of General Local Government;

(3) for-profit entities and sole proprietors; and

(4) Public Housing Agencies.

(d) Ineligible Applications, Activities, and Restrictions. The following conditions will cause an Applicant, and any applications they have submitted, to be ineligible:

(1) The Applicant, Development Owner, or Developer is an Administrator of a previously funded Contract for which Department funds ~~Housing Trust Funds~~ have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to application submission date, unless the deobligation was voluntary and prior to the contract term expiration date, or was the remainder on a completed Contract.

(2) The Applicant, Development Owner, or Developer has failed to submit or is delinquent in a response to provide an explanation, evidence of corrective action or a payment of disallowed costs or fees as a result of a monitoring review.

(3) The Applicant, Development Owner, or Developer has failed to make timely payment or is delinquent on any loans or fee commitments made with the Department on the date of the Application submission.

(4) The Applicant, Development Owner, or Developer has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement of Non-procurement Programs or has otherwise been debarred by HUD or the Department.

(5) The Applicant, Development Owner, or Developer has violated the State's revolving door policy.

(6) The Applicant, Development Owner, or Developer has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen years preceding the Application deadline.

(7) The Applicant, Development Owner, or Developer at the time of Application submission is: subject to an enforcement or disciplinary action under state or federal securities law or by the NASD is subject to a federal tax lien; or is the subject of an enforcement proceeding with any governmental entity.

(8) The Applicant, Development Owner, or Developer ~~has issues covered under~~with any past due audits has not submitted those past due audits to the Department in a satisfactory format on or before the Application submission date in accordance with ~~10 TAC~~ §1.3 of this title.

(9) The submitted Application has an entire volume of the Application missing; has excessive omissions of documentation from the threshold Criteria or uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review can not reasonably be performed by the Department, as determined by the Department. If an Application is determined ineligible pursuant to this section, the Application will be terminated without being processed as an Administrative Deficiency. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibility will be included in the termination letter to the Applicant.

(10) The Applicant, Development Owner, or Developer or anyone that has Controlling ownership interest in the Development Owner or Developer that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the LURA.

(11) The Application is a joint venture Application for the same Program Activity to serve the same town, city, or county that is identified in the Application already submitted as a sole Application for the same Program Activity in the same town, city or county.

(12) Any Application that includes financial participation by a Person who, during the five-year period preceding the date of the bid or award, has been convicted of violating a federal law in

connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricanes Rita or Katrina or any other disaster occurring after September 25, 2005, or was assessed a federal civil or administrative penalty in relation to such a contract.

(13) Applications which propose the refinancing or rehabilitation of properties constructed within the past 5 years and previously funded by the Department are not eligible.

(14) Displacement of Existing Affordable Housing. Housing Trust Funds shall not be utilized on a development that has the effect of permanently displacing low, very low, and extremely low income persons and families. Low-Income persons who may be temporarily displaced by the rehabilitation of affordable housing may be eligible for compensation of moving and relocation expenses. If a Housing Trust Fund recipient violates the dislocation provision of this paragraph, that recipient risks loss of Housing Trust Funds and the landlord/developer must pay the affected tenant's costs and all moving expenses.

(e) Noncompliance. Each Application will be reviewed for its compliance history by the Department, consistent with Chapter 60, Subchapter A of this title. Applications containing Persons found to be in Material Noncompliance or otherwise violating the compliance rules of the Department will be terminated.

(f) Application Form and Materials. The Department will develop and publish on its website an Application and ASPM that if completed would satisfy the requirements for requesting funds from the Department. The Department may limit the eligibility of Applications in the NOFA and ASPM. Threshold and selection criteria and any other Application requirements will be specified in the NOFA approved by the Board.

(g) General Application Requirements. Applicants must submit an Application by the deadline date specified in the NOFA using the Application and ASPM forms required by the Department. All Applications must be received during business hours (8:00 a.m. to 5:00 p.m. Central Standard Time) on any business day. Completion and submission of the Application includes the entire Uniform Application and any other supplemental forms which may be required by the Department. (§2306.1111)

(h) Application Limitations. The Department reserves the right to reduce the amount requested in an Application based on activity or Project feasibility, underwriting analysis, or availability of funds.

§51.9. Single Family Housing Programs

Eligible activities include the acquisition and/or New Construction or Rehabilitation of single family housing or rental subsidies, including security or utility deposits, and as further defined in the NOFA. Single family housing units assisted with HTF funds must comply with the required affordability requirements. In addition, housing that is Newly Constructed or Rehabilitated with HTF funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances. The NOFA will include any limitations to the maximum award amounts, the Contract terms, performance benchmarks, and cost limitations.

§51.10~~6~~. Multifamily Development Application Requirements

~~(a) ~~Rental Housing Development Site and Development Restrictions. Restrictions include all those items referred to in Chapter 2306, Texas Government Code and any additional items included in the NOFA for rental housing developments.

~~(b) Limitations on the Size of Developments. Developments involving new construction will be limited to 252 units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum unit restrictions. The minimum number of units shall be 4 units.~~

§51.11~~7~~. Multifamily Development Applicants Requesting Additional Funding from Other Housing Finance Programs

(a) If an Application is submitted to the Department for a Development that requests funds from two separate housing finance programs, one of which includes the Housing Trust Fund, and only one of the housing finance programs is operated as a Competitive Application Cycle, then the Application will be handled in accordance with the competitive cycle guidelines for that program. If an Application is submitted for two separate housing finance programs where both programs are either open cycle, or competitive, one of which is Housing Trust Fund, the Application will be handled in accordance with the most restrictive program rules with the approval of the Department's Executive Director. Threshold and any other rental requirements will be noted in any NOFA released.

(b) Applicants who are seeking tax credits and are also seeking funds under this Chapter for the same Development must meet the requirements under the Qualified Allocation Plan for the year in which they are applying for these funds~~ tax credits,~~ and all of the requirements of this Chapter unless specifically waived by the Department.

~~(c) Public Notification. Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to lose its "received by date" under open application cycles, or be terminated under competitive application cycles. Applicants must provide notifications to:~~

~~(1) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;~~

~~(2) all neighborhood organizations whose defined boundaries include the location of the Development;~~

~~(3) executive officer and Board President of the school district that covers the location of the Development;~~

~~(4) residents of occupied housing units that may be rehabilitated, reconstructed or demolished;~~

~~(5) the State Representative and State Senator whose district covers the location of the Development; and~~

~~(6) The notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.~~

§51.12~~8~~. Application Review Process ~~Procedure and Requirements~~

(a) Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner:

(1) The Department will accept Applications on an ongoing basis, until such date when the Department makes notice to the public that an Open Application Cycle has been closed.

(2) Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a Received Date based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in two review phases, as applicable. Applications will continue to be prioritized for funding based on its Received Date unless it does not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over Applications that may have an earlier Received Date but that did not timely complete a phase of review.

(A) Phase One will begin as of the Received Date and will include a review of eligibility and threshold criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM and will issue a notice of any Administrative Deficiencies~~ for threshold criteria~~. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Two, if applicable, and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Two, will be reviewed for recommendation to the Board by the Committee.

(B) Phase Two will include a comprehensive review for financial feasibility for Development Activities. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended Loan terms, the Loan or Grant amount and any conditions to be placed on the Development. The Department may issue a notice of any Administrative Deficiencies. Applications with Administrative Deficiencies not satisfied within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase will be reviewed for recommendation to the Board by the Committee.

(3) Because applications are processed in the order they are received by the Department it is possible that the Department will expend all available Housing Trust Fund funds before an application has completed all phases of review. In the case that all Housing Trust Fund funds are committed before an application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for ninety (90) days in its current phase. If new Housing Trust Fund funds become available, Applications will continue onward with their review without losing their Received Date priority. If Housing Trust Fund funds do not become available within ninety (90) days of the notification, the Applicant will be notified that their Application is no longer under consideration. The applicant must reapply to be considered for future funding. If on the date an Application is received by the Department, no funds are available under the NOFA, the applicant will be notified that no funds remain under the NOFA and that the application will not be processed.

(b) Applications received by the Department in response to a Competitive Application Cycle NOFA for housing development activities will be handled in the following manner:

(1) The Department will accept Applications on an ongoing basis during the Application Acceptance Period as specified in the NOFA.

(2) Applications submitted and accepted by the Department will be reviewed for eligibility, threshold and selection criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM. A comprehensive review of financial feasibility for Development activities will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title for all competitive applications. REA will create an underwriting report identifying staff's recommended Loan terms, the Loan or Grant amount and any conditions to be placed on the Development. The Department will issue a notice of any Administrative Deficiencies for items reviewed. If Administrative Deficiencies are not cured to the satisfaction of the Department within five (5) business days of the deficiency notice date, then five (5) points shall be deducted from the selection score for each additional day the Administrative Deficiency remains unresolved. If Administrative Deficiencies are not clarified or corrected within seven (7) business days from the deficiency notice date, then the Application shall be terminated.

(3) Upon completion of review and no unresolved Administrative Deficiencies, the Application will be reviewed for recommendation to the Board by the Committee.

(c) Administrative Deficiencies. If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies including threshold and/or selection criteria documentation and/or financial feasibility analysis. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. An Applicant may not change or supplement any part of an Application in any manner after submission to the Department, increase their award amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from the Real Estate

Analysis Division to remedy an Administrative Deficiency as further described in this title or by amendment of an Application after a commitment or allocation of Housing Trust Fund monies.

(d) The Department may decline to fund any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any Application.

(e) A site visit will be conducted. Applicants must receive recommendation for approval from the Department to be considered for funding by the Board.

(f) Applicants may appeal staff's decisions regarding their applications consistent with §1.7 of this title.

(g) Alternative Dispute Resolution Policy. Applicants may utilize the Department's Alternative Dispute Resolution process as defined by §1.17 of this title.

§51.13~~9~~. Criteria for Funding

(a) In considering applications for funding, the Department considers the following requirements under §2306.203, Texas Government Code, and such others as may be enumerated during the funding cycle:

(1) Minimum Eligibility Criteria. To be considered for funding, an Applicant must first demonstrate that it meets each of the following threshold criteria:

(A) the Application is consistent with the requirements established in this rule and the NOFA;

(B) the Applicant provides evidence of its ability to carry out the proposal in the areas of financing, acquiring, Rehabilitating, Developing or managing an affordable housing Development;

(C) the proposal addresses and identifies a housing need. This assessment will be based on statistical data, surveys and other indicators of need as appropriate; and

(D) any outstanding Housing Trust Fund Pre-Development loans for the same proposed Development Site must be paid in full at the time of Loan closing for the current requested funds.

(2) Evaluation Factors. Pursuant to §2306.203(c), Texas Government Code, the criteria used to evaluate applications, as more fully reflected in the NOFA, will include at a minimum the:

(A) leveraging of federal funds including the extent to which the project will leverage State funds with other resources, including federal resources, and private sector funds;

(B) cost-effectiveness of a proposed development; and

(C) extent to which individuals and families of very low income and extremely low income are served by the development.

(b) The Board has final approval on all recommendations for funding.

(c) Eligible Applicants that have been approved for funding and that require a material change in the project description must provide a written request for the material change to the Department prior to implementing the change.

(1) A material change may include, but is not limited to, the following:

(A) Change in project site;

(B) Change in the number of units or set asides; and

(C) An increase in funding that is not permitted under §51.18~~14~~ of this C~~c~~hapter.

(2) Failure to comply with this subsection may result in the termination of funding to Applicant.

§51.14~~10~~. Process for Awards ~~During Competitive Application Cycle~~

(a) All recommendations for awards will be presented to the Committee before presentation to the Board. All Applications must comply with all applicable program requirements or regulations.

(b) Applicants applying in response to an Open Application Cycle will be prioritized for recommendation to the Board based on the process described in §51.12 of this Chapter and as otherwise specified in the NOFA.

(c) ~~a~~Applicants applying in response to a Competitive Application Cycle will be ranked by highest score per Uniform State Service Region per Area Type unless otherwise specified in the NOFA.

(d) ~~b~~ In event of a tie between two or more Applicants, the Department reserves the right to determine which Application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed Project identified in the Application. Tied Applicants may also receive a partial recommendation for funding.

(e) ~~c~~ If sufficient qualified Applications are not received for a Uniform State Service Region or Area Type, the funds will be redirected to the next Uniform State Service Region that had a higher number of qualified Applicants unless otherwise specified in the NOFA.

(f) ~~d~~ Applicants may also receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility.

(g) ~~e~~When the remainder of the allocation within a Uniform State Service Region is insufficient to completely fund the next ranked Application in the Uniform State Service Region, it is within the discretion of the Department to:

(1) fund the next ranked application for the partial amount, reducing the scope of the Application proportionally;

(2) make necessary adjustments to fully fund the Application; or

(3) transfer the remaining funds to another Uniform State Service Region.

~~(f) All recommendations for awards will be presented to the Committee before presentation to the Board. All Applications must comply with all applicable program requirements or regulations.~~

(h) ~~(g)~~ Applications receiving a favorable staff recommendation are presented to the Board for approval, pending the availability of Housing Trust Fund funds.

(i) ~~(h)~~ Applicants may appeal staff's decision regarding their Applications in accordance with §1.7 of this title.

(j) ~~(i)~~ Even after Board approval of the award of any Housing Trust Fund funds, acquisition or construction activities will be conditional upon a completed Loan closing, if required, and any other conditions deemed necessary by the Department.

§51.15~~11~~. Contract Required after Award

Any activity funded under this program will be governed by a written Contract that identifies the terms and conditions related to the awarded funds. The Contract will not be effective until executed by all parties to the Contract. Any amendments must be in writing and are subject to the requirements of this Chapter.

§51.16~~12~~. Documents Supporting Mortgage Loans

(a) A mortgage L~~l~~oan shall be evidenced by a mortgage or deed of trust note or bond and by a mortgage that creates a lien on the housing development and on all real property that constitutes the site of or that relates to the housing development.

(b) A note or bond and a mortgage or deed of trust:

(1) must contain provisions satisfactory to the D~~d~~epartment;

(2) must be in a form satisfactory to the D~~d~~epartment; and

(3) may contain exculpatory provisions relieving the Borrower or its Principal from personal liability if the D~~d~~epartment agrees.

(c) For each L~~l~~oan made for the Development of multifamily housing with Housing Trust Fund funds provided to the State, the Department shall obtain a mortgagee's title policy in the amount of the loan. The Department may not designate a specific title insurance company to provide the mortgagee title policy or require the borrower to provide the policy from a specific title insurance company. The borrower shall select the title insurance company to close the L~~l~~oan and to provide the mortgagee title policy.

(d) For each Loan made for the acquisition, New Construction, and/or Rehabilitation of single family housing with Housing Trust Fund funds provided to the State, the Department shall specify the requirements in the associated program manual and/or NOFA. This may include, but not be limited to, any title documents, appraisals, property tax status, surveys or life event documentation.

(e) For Loans that provide downpayment, gap financing and/or closing cost assistance, the Administrator or Development Owner must submit to the Department the original recorded deed of trust and transfer of lien, if applicable. Failure to submit these documents within ninety (90) days after the Loan closing date may result in the Department withholding payment for disbursement requests.

§51.17~~13~~. Amendments

(a) Amendment requests to be approved by the Executive Director are allowable under the following circumstances:

(1) Time extensions. The Executive Director may collectively provide up to one six month extension to the end date of any Contract. Any additional time extension granted by the Executive Director shall include a statement by the Executive Director relating to unusual, ~~and~~ non foreseeable or extenuating circumstances. If the extension is longer than six months and the Executive Director determines ~~does not feel he can issue~~that a statement related to unusual, ~~or~~ non-foreseeable, or extenuating circumstances cannot be issued, it will be presented to the Governing Board for approval, approval with modifications, or denial of the requested extension;~~;.~~

(2) Changes in Area Median Family Income (AMFI) levels. The Executive Director may grant approval of a modification or amendment to the AMFI levels of the households to be served under said contract, if Contract Administrator provides a statement relating to unusual, non-foreseeable or extenuating circumstances that warrant such a request to be granted and the Executive Director determines that such request does not violate Department rules. In the case that the Executive Director determines that such request is not warranted and/ or violates Department rules, the request will be presented to the Board for approval;

(3) Changes to Services Area. The Executive Director may grant approval of the modification or amendment to the Service Area being served under said contract, if Contract Administrator provides a statement relating to unusual, non-foreseeable or extenuating circumstances that warrant such a request to be granted and the Executive Director determines that does not violate Department rules. In the case that the Executive Director determines that such request

is not warranted and/or violates Department rules, the request will be presented to the Board for approval;

(4) Changes in number of Households to serve. The Executive Director may grant approval of the modification or amendment to the reduction in the number of the Households to be served under said Contract, if Contract Administrator provides a statement relating to unusual, non-foreseeable or extenuating circumstances that warrant such request to be granted and the Executive Director determines that such request does not violate Department rules. In the case the Executive Director determines that such request is not warranted and/or violates Department rules, the request will be presented to the Board for approval; or

(5~~2~~) Increase in funds. In the case of a modification or amendment to the dollar amount of the award, such modification or amendment does not increase the dollar amount by more than 25% of the original award or $50,000, whichever is greater. Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or $50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.

(b) If the Administrator or Development Owner fails to meet ~~the~~ a benchmark ~~contract milestones or Contract term~~ requirement~~s~~ and does not seek, or is not granted, ~~a Contract amendment for~~ an extension of a ~~milestone~~ benchmark~~or the entire term~~, the awarded funds related to the lack of performance may be entirely or partially deobligated at the Department's sole discretion.

(c) Additional Funds. In the event the Department receives additional funds, the Department, with Board approval, may elect to distribute funds to other Administrators or Development Owners.

(d) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.

(e) Individual benchmarks ~~Milestones~~. Each benchmark ~~milestone~~ is an individual term and subject to the amendment processes. An interim milestone extension may or may not extend the entire ~~contract~~ Contract at the Department's discretion.

§51.18. General Contract Administration

All Administrators and Development Owners must use the forms provided on the Department's website and comply with the Department's procedural and documentation requirements as outlined in the Program Manual and in this section including:

(1) Contract must be signed and executed by all appropriate authorized parties.

(2) Attend training as required by the Department.

(3) Develop and comply with written procurement selection criteria and committees.

(4) Procure consultants, if applicable. Consultants may not participate in or direct any part of the process for procuring consultants.

(5) Complete all applicable Department Contract System access request forms and requirements.

(6) Perform Loan closing, if required, prior to performing any construction activities, including demolition.

(7) Develop and comply with written accounting, reporting, filing, and documentation procedures.

(8) Develop and comply with written applicant intake and selection criteria and ensure program eligibility which must include, but is not limited to:

(A) Homeownership, if applicable;

(B) Income eligibility;

(C) Assisted Households must be located within the Administrator's Service Area, as defined by the Contract;

(D) Property taxes are current, if applicable; and

(E) Assist Special Needs Households, if applicable.

(9) Develop and comply with affirmative marketing procedures.

(10) Complete applicant intake and applicant selection. Notify each applicant Household in writing of either acceptance or denial of assistance within sixty (60) days following receipt of the intake application.

(11) To ensure compliance with the Texas Comptroller of Public Accounts requirements, Contract Administrators are required to ensure the applicant Household does not owe a debt to the State of Texas including tax liens, child support liens, or student loan delinquencies.

(12) Ensure that no Conflict of Interest exists between Households to be assisted and Persons designated to receive or assist with the application intake process.

(13) Document and verify all income and asset eligibility requirements for the Household to be assisted.

(14) Ensure compliance with applicable audit certification requirements.

(15) Ensure that the demolition and removal of all dilapidated units on the lot occurs prior to the Household's occupancy of the Newly Constructed or Rehabilitated housing unit.

(16) Ensure and verify that each building construction contractor performing activities in the amount of $10,000 or more under the Contract is registered and maintains good standing with the Texas Residential Construction Commission ~~in accordance with 16 TAC, Subtitle C, §16.001~~ in accordance with Chapters 401 and 416 of the Texas Property Code.

(17) Ensure and verify that each housing unit being rehabilitated in the amount of $10,000 or more under the Contract is registered with the Texas Residential Construction Commission ~~in accordance with 16 TAC, Subtitle C, §426.003~~ in accordance with Section 426.003 of the Texas Property Code.

(18) Provide building construction contractor oversight and ensure builder's risk coverage is provided.

(19) Ensure that the demolition of any housing unit does not occur less than 6 (six) months prior to the Contract end date.

(20) Ensure compliance with applicable construction or property standards and lead-based paint requirements.

(21) Conduct appropriate property inspections and documentation in accordance with applicable program requirements. Ensure compliance with the Texas Residential Construction Commission inspection requirements under Title 16 of the Texas Property Code.

(22) Submit required documentation and electronic requests for Project setups and disbursement requests to the Department.

(23) Submit support documentation for Project setups and disbursement requests within thirty (30) days of electronic submission to the Department.

(24) Submit all Project setups and support documentation for Households to be assisted no later than ninety (90) days prior to the Contract end date. In the event that a loan closing is required for single family Rehabilitation or Reconstruction, non-development activities, all Project setups and support documentation must be submitted no later than one hundred eighty (180) days prior to the Contract end date.

(25) Submit required documentation for Project completion reports and certificate of Contract Completion no later than sixty (60) days from the Contract end date.

(26) Complete the terms of the Contract.

§51.19~~14~~. Other Program Requirements

(a) Employment opportunities. In connection with the planning and carrying out of any project assisted under the Act, to the greatest extent feasible, opportunities for training and employment shall be given to low, very low, and extremely low-income persons who meet position requirements residing within the area in which the project is located.

(b) Conflict of Interest.

(1) Conflict Prohibited. No person described in paragraph (2) of this subsection who exercises or has exercised any functions or responsibilities with respect to Housing Trust Fund activities under the Statute or who is in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from a Housing Trust Fund assisted activity, or have an interest in any Housing Trust Fund contract, subcontract or agreement or the proceeds hereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(2) Persons Covered. The conflict of interest provisions of paragraph (1) of this subsection apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of the Administrator or Development Owner.

(c) Grant funds management and procurement. Except as specifically modified by law or the provision of this Chapter, Contract Administrator or Development Owner must comply with the rules promulgated by the Office of the Governor under the Uniform Grant Management Act (Texas. Government Code, Chapter 783 and 1 TAC Chapter 5) to administer the Housing Trust Fund. Contract Administrator or Development Owner must comply with all applicable state, and local laws, regulations, and ordinances for making procurements with Housing Trust Fund monies. Contract Administrator or Development Owner must ensure compliance with the requirements of the Texas Government Code Chapter 2254.

(d) ~~(c)~~ Right to Inspect and Monitor.

(1) The Department may, at any time, inspect and monitor the records and the work of the Project so as to ascertain the level of Project completion, quality of work performed, inventory levels of stored material, compliance with the approval plans and specifications, property standards, and program rules and requirements.

(2) Any unsatisfactory findings in the inspection may result in a reduction in the amount of funds requested or termination of funding.

(3) Within 45 days of completion of any construction, and before the release of any retainage funds, Administrators and Development Owners are required to notify the Department of the completion by submitting a certificate of completion and any other documents required by program guidelines, including, but not limited to, the following:

(A) Architect's Certification of Substantial Compliance;

(B) Administrator or Development Owner's Certificate of Substantial Completion; and

(C) Administrator or Development Owner's and Supplier's Release of Lien and warrantee.

(4) The Department performs a final close-out visit and assists owners in preparing for long-term compliance requirements upon completion of project development.

(e) ~~(d)~~ Compliance.

(1) Recipient must maintain compliance with each of its Contracts with the Department.

(2) Restrictions are stated and enforced through a regulatory agreement.

(3) These restrictions include, but are not limited to the following:

(A) Rent restrictions;

(B) Record keeping and reporting; and

(C) Income targeting of tenants.

(4) The Department monitors compliance with project restrictions and any other covenants by Recipient in any Housing Trust Fund agreement. An annual per unit compliance fee of $25.00 may be charged for this review.

(f) ~~(e)~~ For funds being used for multifamily rental properties, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in §1.37 of this title.

~~(f) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the Recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.~~

§51.20~~15~~. Citizen Participation

(a) The Department holds at least one public hearing annually, and additional public hearings prior to consideration of any proposed significant changes to these rules, to solicit comments from the public, eligible applicants, and Administrators and Development Owner on the Department's rules, guidelines, and procedures for the Housing Trust Fund.

(b) The Department considers the comments it receives at public hearings. The Board annually reviews the performance, administration, and implementation of the Housing Trust Fund in light of the comments it receives. The Board also reviews funding goals and set-asides relating to Allocation of Housing Trust Funds.

(c) Unless the request is made during a Competitive Application Cycle, Applications for Housing Trust Funds are public information and the Department shall afford the public an opportunity to comment on proposed housing applications prior to making awards.

(d) Complaints will be handled in accordance with the Department's complaint procedures of §1.2 of this title.

§51.21~~16~~. Records to be Maintained

(a) Administrator or Development Owners are required, at least on an annual basis, to submit to the Department information required under Chapter 1 of this title, which may include, but is not limited to:

(1) such information as may be necessary to determine whether a project is benefiting low, very low, and extremely low-income persons and families;

(2) the monthly rent or mortgage payment for each dwelling unit in each structure assisted;

(3) such information as may be necessary to determine whether Administrators and Development Owners has carried out their housing activities in accordance with the requirements and primary objectives of the Housing Trust Fund and implementing regulations;

(4) the size and income of the household for each unit occupied by a low, very low, or extremely low-income person or family;

(5) data on the extent to which each racial and ethnic group and households have applied for and benefited from any project or activity funded in whole or in part with funds made available under Texas Government Code, Chapter 2306. This data shall be updated annually; and

(6) A final statement of accounting upon completion of the Project.

(b) Administrator or Development Owners shall maintain records pertinent to the tenant's files for a period of at least three years.

(c) Administrator or Development Owners shall maintain records pertinent to funding awards including but not limited to project costs and certification work papers for a period of at least five years.

(d) Administrator or Development Owners shall maintain records in an accessible location.

§51.22~~17~~. Waiver

The Board may, in its discretion, waive any one or more of the rules set forth in this chapter to accomplish its legislative mandates or for other compelling circumstances.

NOT YET AVAILABLE AT THE
TIME OF THIS POSTING

NONE AT THE TIME OF THIS POSTING

REAL ESTATE ANALYSIS DIVISION

BOARD ACTION REQUEST

November 13, 2008

Action Item

Status Report on the Issuance of IRS Forms 8609 for the 2005 Competitive Housing Tax Credit Developments with 2008 Binding Agreements for Additional Credits

Required Action

Discuss Status of IRS Forms 8609 for the 2005 Competitive Housing Tax Credit Developments with 2008 Binding Agreements for Additional Credits

Background

The purpose of this agenda item is to give a status report on all 2005 developments that have been awarded 2008 additional tax credits, but which have not yet been issued IRS Forms 8609. IRS Forms 8609 must be issued before December 31, 2008 in order for the 2008 tax credits to be valid. Therefore, this report presents staff's options for addressing the remaining developments that have not been issued IRS Forms 8609 to date.

Originally there were 64 developments with 2005 and 2008 tax credits. Nine of these returned the additional 2008 tax credits and another 23 have had IRS Forms 8609 issued. Currently there are 32 developments with 2005 and 2008 tax credits that have not yet been issued IRS Forms 8609. Six of these 32 have not submitted a cost certification to the Department: three of these were due October 1, 2008 and have missed that deadline; the other three of these received a placement in service extension until December 31, 2008 and as a result the cost certifications are not due until April 1, 2009. That leaves 26 developments that have submitted a cost certification and have issues outstanding. Two of these 26 received a partial year placement in service extension until May 2008. Another of the 26 sustained damage during Hurricane Dolly after placement in service and will not be repaired during 2008, and therefore cannot receive clearance for the final inspection.

The amount of 2008 credits still outstanding is $1,752,919.

		Outstanding Issues			
		LURA	Final Inspection	Amendment	Ownership Transfer
32	Total Pending 2008 Binding Agreements	17	25	13	7
3	Category 1 – Cost Certifications Not Submitted (without PIS Extensions) – Binding Agreements Terminated	3	3	0	0
3	Category 2 – Developments with PIS Extensions - Cost Certifications Not Yet Received	2	3	0	0
2	Category 3 – Developments with PIS Extensions - Cost Certifications Received and Reviewed	2	2	0	0
1	Category 4 – Development with Hurricane Dolly Damage	1	1	1	0
23	Category 5 – All Remaining Pending Developments	9	16	12	7

Each owner has been provided several notifications that IRS Forms 8609 must be issued during 2008 in order for the 2008 tax credits to be valid.

1. Extensions of Cost Certification Submission (sent March-May 2008) – Owners that requested extensions of the cost certification submission deadline and received Executive Director approval received a letter stating that the Department must issue IRS Forms 8609 prior to December 31, 2008.
2. Developments that Missed the Cost Certification Submission Deadline (sent mid-April 2008) – All owners that missed the April 1, 2008 cost certification submission deadline were notified that the Department would rescind 2008 credit from any owner who failed to submit the cost certification documentation by July 1, 2008.
3. Deficiency Notices (sent April-August 2008) – Each owner that submitted a cost certification has received a cost certification deficiency request stating that for 2008 tax credits to be valid, IRS Forms 8609 must be issued in 2008.
4. Mid-September Notification – All owners with cost certifications still in process as of September 16, 2008, with the exception of those that had recently been issued a deficiency letter and were within the allotted response timeline, were sent email correspondence regarding the December 31, 2008 deadline.
5. Early October Notification – Owners with cost certifications in process as of October 6, 2008 were sent a follow up email requesting a status update. Any owners not emailed in mid-September because their deficiency deadline had not passed, were also emailed.
6. Late October Notification – The owner of each development that that submitted a cost certification and did not receive a placement in service extension received a letter on October 17, 2008 stating that if all cost certification deficiencies are not resolved by December 1, 2008, the 2008 tax credits will be rescinded.

The 32 developments that have not been issued IRS Forms 8609 are categorized into five groups:

1. *Category 1 – Cost Certifications Not Submitted* (3) – One owner received an extension of the cost certification deadline until October 1, 2008 for three developments: 05001 / 08001 Mountainview Apartments; 05002 / 08002 Villa Apartments; and 05003 / 08003 Oasis Apartments. The October 1st deadline was much later than the Department typically grants, but this extension was recommended by staff and approved by the Board in part to allow the

owner to work through some issues with USDA. The owner has not submitted the cost certifications to date. Staff has been unable to confirm whether these developments have been placed in service. In 2004, this owner had a similar situation with three other developments. In late 2007, the owner agreed to return the additional 2007 credits for the three 2004 developments. The Department also has not received cost certifications for the three 2004 developments to date, nor has the owner returned the 2004 credits. Staff has been unable to contact the owner regarding either the 2004 or 2005 developments.

Category 1 Solution – Terminate Binding Allocation Agreements – On October 24, 2008, the Department terminated the Binding Allocation Agreements for the 2008 tax credits. The owner did not appeal this determination; therefore the terminations are final.

2. *Category 2 – Developments with PIS Extensions until December 31, 2008* (3) – Three developments received one-year placement in service extensions pursuant to IRS Revenue Procedures 95-28 and 2007-54: 05165 / 08051 Lincoln Park Apartments; 05198 / 08060 Olive Grove Manor; and 05204 / 08062 Ambassador North Apartments. Cost certifications for these developments are not due until April 1, 2009 and have not been submitted to the Department.

   Category 2 Solution – Carry Over 2008 Credits – In the fall of 2007, staff pursued the option to carry over 2007 credits when the Department similarly had many outstanding cost certifications for 2004 developments with 2007 tax credits. At that time, the Department's outside counsel, Anthony Freeman, advised against completing carryovers of the 2007 tax credits. However, the Department did carryover 2007 credits for three 2004 developments that received an extension of the placement in service deadline. Because these developments had not placed in service prior to 2007, the carryover was an acceptable option. Staff is considering this option for the three developments that received placement in service extensions until December 31, 2008.

3. *Category 3 – Developments with PIS Extension until May 2008* (2) – Two developments received a partial-year placement in service extension pursuant to IRS Revenue Procedures 95-28 and 2007-54: 05116 / 08036 Wahoo Frazier Townhomes; and 05207 / 08063 CityView at the Park. The cost certifications for these developments have been received by the Department and the owners are currently working to resolve all deficiencies. However, in the event the owners are unable to resolve all deficiencies, additional consideration may be warranted considering the placement in service extension.

   Category 3 Solution – Options: 1) Issue IRS Forms 8609; 2) Carry Over 2008 Credits; 3) Issue IRS Forms 8609 and Establish Escrow Account – Three possible options exist to address these developments. First, if all cost certification deficiencies are resolved prior to December 31, 2008 staff will issue the IRS Forms 8609. This is the most desirable option.

   If the owners are unable to resolve all cost certification deficiencies by December 31, 2008, two other options may be considered. First, as discussed previously, the 2008 tax credits may be carried over if the developments placed in service in 2008. This is an option for 05116 / 08036 Wahoo Frazier Townhomes, but is not an option for 05207 / 08063 CityView at the Park, which placed in service in 2007.

The final option is to issue the IRS Forms 8609 prior to the completion of all cost certification requirements, but require that an escrow account be established. At the end of 2007, the Department allowed some owners to establish such an escrow account via a Tri-Party Agreement which required the owner to escrow a dollar amount considered appropriate by the Department. These funds were held in the escrow account, and could not be withdrawn without the express consent of the Department. With this escrow agreement in place, the IRS Forms 8609 were issued to the developments prior to all cost certification requirements being met, enabling the owners to preserve the 2007 tax credits. The Department could institute this policy again, and model the escrow agreements after those entered into in 2007.

4. *Category 4 – Development with Hurricane Dolly Damage* (1) – One development sustained significant damage during Hurricane Dolly: 05028 / 08014 Sevilla Apartments. The owner recently cancelled a scheduled UPCS inspection of the development and has notified the PMC Division that repairs to the development will not be completed in 2008. Because of this, the development will be unable to receive final inspection clearance in 2008, which is a requirement that must be met prior to the issuance of IRS Forms 8609.

   Category 4 Solution – Issue IRS Forms 8609 and Establish Escrow Account – As discussed for Category 3 developments, the Department can issue the IRS Forms 8609 prior to the completion of all cost certification requirements, but require that an escrow account be established. The escrow agreement would be modeled after those entered into in 2007.

5. *Category 5 – All Remaining Pending Developments* (23) – The remaining 23 developments have submitted a cost certification to the Department, but have not yet resolved all deficiencies. These developments do not have extenuating circumstances such as those discussed above.

   Category 5 Solution – Rescind 2008 Credits on December 1 – A final reminder notice was sent on October 17, 2008 notifying owners that the 2008 tax credits will be rescinded if all cost certification deficiencies are not resolved by December 1, 2008. This requires that all amendments, ownership transfers, final inspections, as well as cost certification deficiencies are resolved. If these issues are not resolved by December 1, 2008, the owner will be sent a notice that the credits have been rescinded. The owner will have the opportunity to appeal the decision to the Executive Director and Board during the December Board meeting.

Recommendations

This item is presented for informational purposes only; staff does not recommend any action at this time.

DISASTER RECOVERY DIVISION

BOARD ACTION REQUEST
November 13, 2008

Action Item

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

Requested Action

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

Background

This Board Action Request summarizes the activities of the Disaster Recovery Division which has oversight responsibility for Community Development Block Grant (CDBG) Disaster Recovery Programs for Round I and Round II funding administered by TDHCA, as well as the FEMA Alternative Housing Pilot Program (AHPP).

Public Law 109-148 – 1st Supplemental ($74.5 Million)

Under the **1st Supplemental CDBG Disaster Recovery Program (referred to as Round I),** three Councils of Governments (COGs) are responsible for administering housing contracts to help restore and rebuild in areas of the State most directly impacted by Hurricane Rita. Of the $74.5 million, the total funding allocation administered by the COGs is $40,259,276 broken down as follows:

- Deep East Texas Council Of Governments (DETCOG) - $6,745,034
- Houston-Galveston Area Council (H-GAC) - $7,015,70
- South East Texas Regional Planning Commission (SETRPC) - $26,498,536
    - *SETRPC - $15,788,536*
    - *Beaumont - $5,145,000*
    - *Port Arthur - $5,565,000*

The Disaster Recovery Division has been focused on assisting the COGs with completion of activities under Round I by December 31, 2008; however Hurricane Ike has delayed activities specifically in SETRPC and H-GAC. As of this Board meeting, the COGs cumulatively have over 100% of their contracted number of households to be served either under bid award, under construction, or completed. The COGs are continuing to access HTF dollars to finance gap amounts as well. As of October 31, 2008, $587,197 of HTF dollars has been committed and $262,720 had been drawn. The COGs have identified an estimated need of approximately $950,283 of the $1,000,000 reserved under the HTF program.

Staff continues to receive weekly updates from each COG to gauge their progress in completing contract activities. The COGs have completed assistance to eighty-nine (89) households since the last Board report for a total of three hundred eighteen (318) households to date and another sixty (60) are currently under construction.

Financial Summary

	Current Budget	Admin $ Drawn To Date	Project $ Drawn To Date	Total Drawn	% of Funds Disbursed
DETCOG	**$6,745,034.00**	**$594,005.64**	**$3,864,561.43**	**$4,458,567.07**	**66.10%**
H-GAC	**$7,015,706.00**	**$755,430.06**	**$2,549,263.89**	**$3,304,693.95**	**47.10%**
SETRPC	**$26,498,536.00**	**$1,523,380.13**	**$7,679,158.17**	**$9,202,538.30**	**34.73%**
SETRPC	$15,788,536.00	$1,417,296.14	$5,972,684.92	$7,389,981.06	46.81%
Beaumont	$5,145,000.00	$91,703.99	$827,871.34	$919,575.33	17.87%
Port Arthur	$5,565,000.00	$14,380.00	$878,601.91	$892,981.91	16.05%
Totals	**$40,259,276.00**	**$2,872,815.83**	**$14,092,983.49**	**$16,965,799.32**	**42.14%**

Project Summary

	No. to be Served per Contract*	No. out for Bid	**Units Under Contract	No. Site-built Under Construction	No. Site-built Constructed	No. of MHUs Delivered	Total No. Constructed/ Delivered
DETCOG	**96**	**3**	**8**	**5**	**8**	**91**	**99**
H-GAC	**110**	**13**	**6**	**24**	**9**	**58**	**67**
SETRPC	**229**	**10**	**55**	**31**	**111**	**41**	**152**
SETRPC	127	0	28	13	57	41	98
Beaumont	56	2	15	6	33	0	33
Port Arthur	46	8	12	12	21	0	21
Total	**435**	**26**	**69**	**60**	**128**	**190**	**318**

** Based on the contractual number of households that the COGs will be able to serve with the funding allocation*
*** Total of MHUs ordered but not yet delivered and construction contracts signed for site-built units*

COG Activity Highlights as of October 31, 2008

Deep East Texas Council of Governments

DETCOG has delivered homes to ninety-nine (99) households, has eight (8) additional homes pending delivery or start of construction, has five (5) rehabilitation projects under construction, and has completed construction activities for eight (8) rehabilitation projects as of October 31, 2008. DETCOG's Housing Trust Fund (HTF) contract amount is $178,321. DETCOG has identified a gap financing need for eighty-four (84) households totaling approximately $197,322.

Houston-Galveston Area Council

H-GAC has delivered fifty-eight (58) homes to homeowners, has completed construction for nine (9), has twenty-four (24) households under construction, and has nineteen (19) households pending the on-set of activities. H-GAC's HTF contract amount is $184,414. H-GAC has reported a gap financing need for sixty-two (62) households totaling $166,509.

South East Texas Regional Planning Commission

SETRPC has delivered or completed construction of ninety-eight (98) homes, has thirteen (13) homes under construction, and has twenty-eight (28) more homes ready to begin construction activities as of October 31, 2008. The total HTF contract amount for SETRPC including its subcontractors is $637,265. In total, SETRPC has identified a gap financing need for one hundred sixty-eight (168) households totaling approximately $586,441.

SETRPC continues to work closely with each of its subcontractors, the cities of Beaumont and Port Arthur to move the program forward to a successful completion.

City of Beaumont

The City of Beaumont has two (2) houses out to bid and fifteen (15) homes under contract as of October 31, 2008. The city also has six (6) homes under construction, and has completed assistance to thirty-three (33) households.

City of Port Arthur

As of October 31, 2008, eight (8) houses are out to bid, twelve (12) construction contracts have been signed and are pending the on-set of construction activities, twelve (12) units are under construction, and twenty-one (21) homes have been completed.

Public Law 109-234 – Round II ($428 Million)

The **2nd Supplemental CDBG Disaster Recovery Funding (referred to Round II)** is the second of two awards in CDBG funding to help restore and rebuild in areas of the State most directly impacted by Hurricanes Rita, but it also addresses needs arising from Katrina evacuees. The total funding allocation is $428,671,849, broken down as follows:

2nd Supplemental CDBG Disaster Recovery Activity	Available Funding	Amount Contracted per Activity	Cumulative Expenditures	% of Expenditures Disbursed	Balance Remaining
Rental Housing Stock Restoration Program (“Rental”)	$82,866,984	$81,147,333	$8,953,662	11.03%	$72,193,671
ORCA’s Restoration of Critical Infrastructure Program (Infrastructure)	$42,000,000	$42,000,000	$5,350,048.73	12.74%	$36,649,951.27
City of Houston and Harris County Public Service and CDP (“Houston/Harris”)	$60,000,000	$60,000,000	$14,075,526.37	23.46%	$45,924,473.63
Homeowner Assistance Program (“HAP”)	$210,371,273	$210,371,273	$4,362,560.44	2.07%	$206,008,712.56
Sabine Pass Restoration Program (“SPRP”)	$12,000,000	$12,000,000	$189,607.20	1.58%	$11,810,392.80
State Administration Funds (Used to Administer Funding)	$21,433,592	$21,433,592	$5,275,943.73	24.62%	$16,157,648.27
Total CDBG Round 2 Funding	**$428,671,849**	**$426,952,198**	**$38,207,348.47**	**8.95%**	**$388,744,849.53**

CDBG Round 2 City of Houston and Harris County Public Service and Community Development Program

City of Houston

Funding of $20 million was allocated to the Houston Police Department for establishment of the Housing Safety Component, composed of civilian and officer personnel. Civilian personnel consist of administrative staff that supports the officer personnel and the entry of the overtime incurred by officers on behalf of the hurricane evacuee population.

Funding of $20 million was also allocated to carry out rehabilitation of existing multi-family housing stock through the existing Apartment to Standards Program. These funds will provide rehabilitation of multi-family housing to the evacuee population. The City of Houston is in the final procurement stages of selecting and awarding a contractor to administer the multi-family housing component.

The City of Houston has expended approximately 33% of its $42,000,000 allocation through June 2008. The Housing Safety Component has expended 60.32% of its $20,000,000 allocation. The Apartments to Standards component has two multi-family projects with one project fully underway and the other project initiated in October 2008. The Apartments to Standards program was also allocated $20,000,000 and is 9% expended.

Harris County

Funding of $20 million was allocated to provide services to the residents of Harris County among five different program components: Expanded Services to Hurricane Evacuees (Harris County Sheriff’s Dept.), Evacuee Medical Services (Harris County Hospital District), Katrina Crisis Counseling Program (Mental Health and Mental Retardation Authority), Youth Offenders Services (Harris County Sheriff’s Dept.) and the Disaster Housing Assistance Program Component (Harris County).

Harris County has expended approximately 2.80% of its $21,000,000 allocation. Expenditures for each program component have been submitted; however, Harris County is completing its oversight and monitoring responsibilities before these expenses are submitted for reimbursement.

CDBG Round 2 Multifamily Rental Housing Stock Restoration Program

On September 13, 2007, the TDHCA Board awarded $81.1 million to repair or rebuild seven Golden Triangle-area affordable multifamily rental properties damaged or destroyed by Hurricane Rita. The construction work, once completed, will restore rental unit housing to 813 low-income individuals and families. Award-specific status is outlined in the table below:

Loan Number	Development Name	City	Total Units	Type of Activity	CDBG Loan Amount	Funds Drawn/ Expended	Environ Clearance Date	Loan Closing Date*	Notes on Status of Award
7060007	Orange Navy Homes	Orange	115	Recon.	$14,189,439	$1,178,834	9/22/08	10/15/08	Started Construction
7060010	Brittany Place II Single Family	Port Arthur	100	Recon.	$13,077,366	$0	03/11/08	11/20/08*	Pending Clearance of Environmental 8-Step Process.
7060006	Pointe North	Beaumont	158	Recon.	$13,778,332	$0	9/30/08	8/31/08	Started Construction
7060011	Gulfbreeze Plaza I	Port Arthur	86	Recon.	$9,067,577	$0	03/18/08	11/15/08*	Closing is pending resolution of HUD issue (not TDHCA requirement, but can not close until issue is resolved).
7060012	Gulfbreeze Plaza II	Port Arthur	148	Recon.	$13,280,250	$2,399,653.23	03/18/08	6/11/08	Started Construction
7060008	Virginia Estates	Beaumont	110	Rehab	$6,707,534	$1,886,929.88	05/26/08	05/26/08	Started Construction
7060009	Brittany Place I Multifamily	Port Arthur	96	Recon.	$11,046,835	$3,488,244.89	03/11/08	4/09/08	Started Construction
		Totals:	**813**		**$81,147,333**	**$8,953,662.00**			

* Awarded applications have not closed, and dates reflected are anticipated closing dates.
** Only applicable once closed on the loan.

CDBG Round 2 Homeowner Assistance Program and Sabine Pass Restoration Program Update from ACS State & Local Solutions, Inc.

Hurricane Ike and its aftermath caused some delays in inspection and construction, particularly in the Sabine Pass Restoration Program. Service Centers in Port Arthur and Beaumont were closed for approximately ten days after Ike but have since reopened. The Jasper Service Center was closed during the storm but reopened immediately after Ike passed through the area. Although both the Sabine Pass Restoration Program and the Homeowners Assistance Program have resumed normal operations at this time, modifications to the application process were required to account for duplication of benefit issues associated with Ike. Inspection activity has resumed and eligibility determination staff has been augmented. Several closings have taken place in Sabine Pass and environmental public noticing is being published for the Homeowners Assistance Program.

HAP – Modifications were made to the HAP application to address the duplication of benefits issue created by Ike. This additional information will serve to prevent violations of the Stafford Act and subsequent audit findings. Inspection activity in HAP has picked up and are proceeding according to plan. Environmental public noticing is being posted. Several applicants are expected to close within a few weeks. As of 10/27, 1093 HAP Supplemental Applications have been returned.

The months of August and September saw over a half dozen Community Days held to assist homeowners in the completion of their applications. Some events had to be rescheduled and additional Community Days are planned.

SPRP – The first three real estate closings were held in Sabine Pass from 16 – 20 October. Construction of foundations and footings for these homes began the week of 28 October. As of 10/27, 114 Supplemental Applications for assistance have been received, 63 inspections have been conducted, and 50 applicants have been determined eligible for assistance. Further details are contained in the data included below.

An informational meeting was held at the Sabine Pass High School on September 25th to answer questions and provide information relative to Ike. The meeting was attended by officials from Port Arthur, TDHCA, ACS and approximately 325 residents of the area. Data collected at this meeting indicated that of 22 homes that were elevated, 10 were destroyed, 11 were damaged and 1 sustained no damage. Of 25 homes that were not elevated, all were destroyed.

In summary, hurricane Ike dealt a severe blow to the Sabine Pass area. Service Centers were closed for a period of time, inspections were suspended and the program had to make several adjustments to deal with issues of duplication of benefit, flood insurance requirements and other regulatory issues created by this second disaster to hit the area in a three-year period. It is anticipated that these issues will continue to complicate eligibility determination in the future. Notwithstanding these difficulties, the program is moving forward with actual construction activity expected to accelerate in the coming weeks. Inspection activity is robust and additional staff have been added to the eligibility function.

FEMA Affordable Housing Pilot Program

The Disaster Recovery Division is also responsible for administration of the Federal Emergency Management Agency (FEMA) award of $16,471,725 for the Affordable Housing Pilot Program (AHPP). The purpose of the AHPP is to demonstrate an alternative housing solution to the FEMA trailer in the areas affected by the 2005 Hurricanes.

On January 7, 2008, the Federal Emergency Management Agency (FEMA) announced that TDHCA was awarded $16,471,725 for the Affordable Housing Pilot Program (AHPP). The purpose of the AHPP is to demonstrate an alternative housing solution to the FEMA trailer in the areas affected by the 2005 Hurricanes for a time period of twenty-four months. A one-time exemption to the Stafford Act, AHPP permits the use of FEMA funding to study alternatives to the FEMA trailer by examining cost-effective solutions that meet a variety of housing needs. Pursuant to FEMA requirements, the pre-fabricated units must be awarded within the 22 counties affected by the 2005 Hurricanes.

The Heston Group was selected to pilot a pre-fabricated, panelized solution which can be deployed quickly and built to accommodate a diverse population.

The Department has been working diligently with the Heston Group, identifying and managing activities to be performed before the delivery of the first 50 homes.

Letters of interest have been sent to a total of 100 potential occupants. There are currently 59 interested potential occupants; 13 out of those 59 have been verified eligible. TDHCA staff is working through obtaining ownership and current property tax documentation from the remaining 46.

The Heston Group has completed the Environmental Historic Preservation worksheet for the first four single family sites in East Texas and those worksheets have been submitted to FEMA. FEMA expects that the Environmental Clearance will be given no later than the first week in December provided no environmental issues arise.

TDHCA staff continues to work closely with the Harris County Housing Authority (HCHA) to finalize a contract for the placement of 20 women in Harris County on a group site.

DISASTER RECOVERY DIVISION

BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Possible Approval of Requests for Amendments to CDBG Disaster Recovery housing contracts administered by TDHCA for CDBG Round 1 Funding

Requested Action

Approve the requests for amendments related to Houston-Galveston Area Council's and South East Texas Regional Planning Commission's housing contract under the CDBG Disaster Recovery Program

Background

The State of Texas Action Plan (Action Plan) approved by the U. S. Department of Housing and Urban Development related to the *CDBG Disaster Recovery Funds to Areas Most Impacted & Distressed by Hurricane Rita* specifically states that contract amendments that vary more than 5% must be approved by the TDHCA Board.

Houston-Galveston Area Council C 06 0001

Summary of Request

H-GAC is requesting Amendment #4 to: a) increase the cost limit for reconstruction properties located within the 100-year floodplain and/or that require utility work and other requirements to meet local code requirements; b) extend the end date of the contract from December 31, 2008 to February 28, 2009; c) adjust the current budget categories to support the cost limit increase and extension; and d) decrease the number of reconstruction and rehabilitation households.

To date, H-GAC has completed assistance to fifty-nine (59) homeowners and plans to have ninety-two (92) homes delivered/completed by the current end date of December 31, 2008. Additional time will be needed to serve thirteen (13) additional households where H-GAC encountered construction delays due to unforeseen circumstances (i.e., Hurricane Ike, septic system upgrade requirements, etc.) and to serve applicants who will receive assistance in the form of a forgivable loan. The time extension will allow H-GAC to move forward with the construction of thirteen (13) additional homes, for a total of one hundred five (105). If a time extension is not granted, H-GAC will be unable to initiate construction for these thirteen (13) additional homes.

H-GAC is also requesting an increase in their maximum funding assistance level from sixty-five thousand ($65,000) to seventy-five thousand dollars ($75,000). H-GAC has determined that costs associated with flood-proofing, replacing failing septic systems, and meeting other local, State and Federal requirements will cause several projects to exceed the current reconstruction limit of sixty-five thousand dollars ($65,000). Increasing the reconstruction amount to seventy-five thousand dollars ($75,000) will allow H-GAC to move forward with reconstruction activities for sixteen (16) households, three (3) of which are currently approved and ready for construction to begin.

Supporting the requested cost increase and time extension will require minor budget adjustments. The changes include increasing the project delivery line item by seventy-five thousand dollars ($75,000), decreasing the rehabilitation line item by twenty-five thousand dollars ($25,000) and decreasing the reconstruction line item by fifty thousand dollars ($50,000).

The one rehabilitation project planned by H-GAC cannot proceed as approved as a result of damage caused by Hurricane Ike. As a result, H-GAC is requesting the elimination of the rehabilitation line item. This change will result in a reduction of rehabilitation beneficiaries by two (2). Adjusting for the increase in the reconstruction limit and slight increase in the project delivery line item will decrease the number of reconstruction beneficiaries by eleven (11). As a result of these changes, the total number of assisted households will decrease slightly from one hundred ten (110) to one hundred five (105).

Budget

	Amend #3	**This Request**	**Change**	**Percent Change**
Rehabilitation	$25,000	$0	($25,000)	-100.0%
Reconstruction	$6,192,954	$6,217,954	$25,000	1%
Planning	$277,879	$277,879	$0	0.0%
Project Delivery	$493,001	$493,001	$0	0.0%
General Administration	$26,872	$26,872	$0	0.0%
TOTAL	**$7,015,706**	**$7,015,706**	**$0**	

Beneficiaries

	Amend #3 Beneficiaries	**This Request**	**Change**	**Percent Change**
Rehabilitation	2	0	(2)	-100.0%
Reconstruction	295	284	(11)	-3.7%
TOTAL	**297**	**294**	**(13)**	

Requested Action

Approve H-GAC's request to increase the cost limit for reconstruction properties to seventy-five thousand ($75,000), extend the end date of the contract from December 31, 2008 to February 28, 2009, adjust the current budget categories to support the cost limit increase and extension, and decrease the number of reconstruction and rehabilitation beneficiaries by thirteen (13).

South East Texas Regional Planning Commission (SETRPC) Contract Number C 06 0003

Summary of Request

SETRPC is requesting Amendment #5 to extend their contract from December 31, 2008 to April 30, 2009. To date, SETRPC has completed assistance to one hundred thirty-seven (137) homeowners and has fifty (50) housing units under construction that will be complete by the end of the contract term. SETRPC also has thirty-six (36) housing units either out to bid or on order, nineteen (19) households are in loan closing pending installation or construction activities, and twenty-two (22) projects have been approved for assistance that are pending the on-set of construction activities. This extension is being requested to provide assistance to these seventy-seven (77) households that SETRPC anticipates will be underway by the end of the current contract term. Primarily as a result of delays caused by Hurricane Ike, SETRPC continues to experience issues that will, in all likelihood, result in the inability to complete the homes by December 31, 2008.

Requested Action

Approve SETRPC's request to extend the contract end date from December 31, 2008 to April 30, 2009 to allow for the completion of assistance to a minimum of seventy-seven (77) additional households.

DISASTER RECOVERY DIVISION

BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and possible Approval of Amendment 6 to the State of Texas Partial Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding (Action Plan).

Requested Action

Approve, deny or approve with changes the proposed Amendment 6 related to the Homeowner Assistance Program (HAP) and Sabine Pass Restoration Program (SPRP) to remove maximum benefit restrictions.

Background

The Partial Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding (Action Plan) was approved by the U.S. Department of Housing and Urban Development (HUD) on April 13, 2007. The General Use of Funds and Funding Allocation under the Plan totaled $428,671,849. HUD requires the Department to request a change to the plan when a substantial amendment is made that would impact beneficiaries or benefits to be delivered (among other concerns). To date, there have been five (5) total amendments to the Action Plan approved by the TDHCA Board of Directors and HUD. Staff , in consultation with our contractor ACS, is proposing **Amendment 6** for board consideration today, which is relating to the HAP and SPRP Maximum Limitations.

Amendment 6 Summary

TDHCA is requesting a substantial amendment submitted under Amendment Request 6 for HUD's approval Due to the costs associated after the homeowner is identified and approved. There is no increase in cost due to administrative issues, but the increases are in the delivery to individuals. When ACS issued a Request for Proposals, the building costs have come back at the total amount of the allowable benefits. This was the case largely in every application submitted. The problem has occurred because that does not include closing costs, remediation cost (where applicable for environmental, lead based paint, and asbestos), cost to elevate, cost to demolish existing home and/or cost to get infrastructure and the lot at the build ready stage. Not all of these costs will be associated with every home, but virtually all of the homes will have some of these costs.

In addition, given the Hurricane Ike response in the area, we have already heard that there will be an increase in labor and material costs from our previously received bids.

We are requesting that the Board remove the cap from the Action Plan through the amendment process, To be certain, staff will be returning to the Board with limitations in place, but it will be based on current market constraints and what we are finding is the need. As the amendment takes longer since it requires HUD approval, we would like to start the amendment process prior to bringing you the new caps in December.

Further information on the amendment's impact in the Action Plan is outlined in the attached document "TDHCA Proposed Action Plan Amendment 6 for HUD Approval. This form is similar to the HUD required amendment request format.

As we still need additional public comment, written comments on this amendment will be accepted by mail, e-mail, and facsimile through November 13, 2008.

Recommendation

Staff recommends Governing Board approval of the Amendment 6 to the Action Plan, as proposed.

State of Texas

Partial Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding

Public Law 109-234

to Assist with the Recovery of Distressed Areas
Related to the Consequences of

Hurricanes Katrina, Rita, and Wilma in the Gulf of Mexico in 2005

TDHCA Proposed Action Plan Amendment 6 for HUD Approval

(Second Allocation)

Changes to the HAP and SPRP Maximum Limitations and Multifamily Use of Funds

Public Comment: November 6, 2008 through November 13, 2008
Original Submission: November 14, 2008

Texas Department of Housing and Community Affairs

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TDHCA Amendment 6 Request to HUD Regarding HAP and SPRP Programs

National Objective: Benefit to Low and Moderate income persons.

Activity Amount: HAP -- $210 Million SPRP -- $12 Million

Relevant Action Plan and Amendment History:

Public Law 109-234 (effective June 15, 2006) provided $5.2 billion supplemental appropriation of CDBG Disaster Recovery Funding for *"necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of Hurricanes Katrina, Rita, or Wilma."* In reviewing the totality of the need in the five state region covered by the law, $428,671,849 was specifically allocated to Texas by the Secretary of HUD. As further provided for under the law, *"funds provided under this heading shall be administered through an entity or entities designated by the Governor of each State."* Governor Rick Perry has designated TDHCA as this entity for the State of Texas.

The Partial Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding was approved by the Governing Board February 1, 2007 and was forwarded to the Department of Housing and Urban Development (HUD) for approval February 6, 2007. On April 13, 2007 the Action Plan was approved by HUD. The total funding allocation is $428,671,849.

Substantial Amendment 6 Request Summary:

TDHCA is requesting a substantial amendment submitted under Amendment Request 6 for HUD's approval:

1. **HAP/SPRP Maximum Benefit:** The maximum benefit has been removed for reconstruction, replacement, and/or new construction of a qualified home for the HAP and SPRP, including manufactured housing units. The previous limits are included below for reference:

    - ~~1 - 4 person Household: $60,000~~ (**Amendment 6 = no limit)**
    - ~~5 - 6 person Household: $67,500~~ (**Amendment 6 = no limit)**
    - ~~7 or more person Household: $75,000~~ (**Amendment 6 = no limit)**

NOTE: The Maximum Benefit for the HAP and SPRP rehabilitation has not changed, and remains at $40,000, as approved in the Partial Action Plan.

Public Comment Summary and Final TDHCA Board Response for Approved Amendment 6

Citizen Participation and Public Input

Written comments on this amendment were accepted by mail, e-mail, and facsimile November 6 - 13, 2008. The TDHCA Board meeting served as a public hearing to receive public comment for the proposed amendment to the Action Plan.

Summary of Comments and State's Response for Proposed Action Plan Amendment 6

[To be included after comment is received]

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Review and Possible Approval of staff recommendations (based on a Request for Applications process) to award the Community Services Block Grant (CSBG), the Comprehensive Energy Assistance Program (CEAP), and the Weatherization Assistance Program (WAP) to Subrecipients to serve Duval and McMullen counties.

Required Action

Staff recommends the designation of Bee Community Action Agency as the CSBG eligible entity to administer CSBG, CEAP, and WAP grants in McMullen County and the designation of the Institute of Rural Development Inc., as the entity to administer CSBG, CEAP, and WAP grants in Duval County.

Background

The Department received two applications from interested parties in response to the Request for Applications. One application was submitted by Bee Community Action Agency to administer the CSBG, WAP, and CEAP grants in McMullen County and a second proposal was submitted by the Institute for Development Inc., to administer CSBG, WAP, and CEAP grants in McMullen and Duval Counties. Based on the application scores and review by the Department, staff recommends that Bee Community Action Agency receive CSBG and CEAP contracts beginning November 15, 2008, through December 31, 2009, for the initial amounts of $50,000 and $59,991 respectively. Additionally the Department recommends Bee Community Action Agency receive WAP contracts beginning November 15, 2008, through March 31, 2009, in the total amount of $18,067.

The application submitted by the Institute of Rural Development Inc., to administer the CSBG, WAP, and CEAP grants in McMullen and Duval Counties indicated the late completion of the annual audit for two consecutive years. The staff recommends that the Institute of Rural Development Inc. be conditionally approved to administer the CSBG, WAP, and CEAP grants in Duval County. The Department expects annual audits to be completed and submitted in accordance with the Single Audit Act and OMB Circular A-133. The staff recommends the Institute of Rural Development Inc. be awarded CSBG and CEAP contracts beginning December 1, 2008 through December 31, 2009, for the amounts of $50,000 and $71,104 respectively. Additionally the Department recommends the Institute of Rural Development Inc. receive WAP contracts beginning December 1, 2008, through March 31, 2009, in the total amount of $23,242.

The initial contracts for the recommended subrecipients will be amended to reflect the Notice of Grant Awards recently received by the Department.

Recommendation

The Community Affairs Division recommends that the Board approve the designation of Bee Community Action Agency as the CSBG eligible entity to administer CSBG, CEAP, and WAP programs in McMullen County and the designation of the Institute of Rural Development Inc., as the entity to administer the CSBG, CEAP, and WAP programs in Duval County.

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Review and Possible Approval of a plan for the Low Income Home Energy Assistance Program (LIHEAP) award for Program Year (PY) 2009.

Required Action

Staff recommends Board approval of the plan to obligate the 2009 LIHEAP allocation of $169,220,882 less the allowable holdover of 10%. Approval of the awards for each program will be requested at subsequent Board meetings.

Background

The United States Department of Health and Human Services (USDHHS) awards LIHEAP funds annually to the State of Texas. On October 16, 2008, USDHHS awarded $158,109,984 in block grant funding; $11,085,977 in Emergency Contingency funding; and $24,921 in leveraging funds to the State of Texas for Program Year (PY) 2009. This is a significant increase; the award to the Department is approximately four times greater than the allocation received in prior years. Staff recommends a holdover of the maximum allowable 10% $16,922,088 of the total LIHEAP award for contingency funding or to be distributed in PY 2010. The purpose of this holdover is to increase the Department's flexibility to address the needs of the low income population and minimize the impact of uncertain funding levels from the USDHHS.

Historically, the Department has allocated approximately 75% of available LIHEAP funding to the Comprehensive Energy Assistance Program (CEAP), the maximum allowable 15% to the Weatherization Assistance Program (WAP), and the remaining 10% to program administration, at both the subrecipient and state level, as allowed by USDHHS.

CEAP Awards

Consistent with past methodology, staff plans to request approval to obligate the 75% CEAP portion of the award and the associated administration at the December 18, 2008 Board Meeting for PY 2009 CEAP contracts which begin January 1, 2009 through December 31, 2009. An estimated funding table for the PY 2009 CEAP contract is attached to this item.

WAP Awards

Consistent with past methodology, staff plans to request approval to obligate the 15% WAP portion of the award, and the associated administration, in spring 2009 for Board review and approval for PY 2009 WAP contracts that begin April 1, 2009 through March 31, 2010. The Department is awaiting the final determination of the PY 2009 DOE grant award and will make estimated funding figures for PY 2009 WAP contracts available at a later date. If current expenditures necessitate obligation of additional WAP funds in PY 2008 contracts, staff will present that recommendation to the Board at the December 18, 2008 Board Meeting.

Obligation of the 2009 LIHEAP Award	
2009 LIHEAP Award	$169,220,882
10% Carryover	$16,922,088
Available for 2009 obligation	$152,298,794
TDHCA Administration	$4,568,291
Amount Available for Program Obligation	$147,730,503
CEAP Obligation	$123,928,638
WAP Obligation	23,801,865

Recommendation

Staff recommends that the Board approve the plan for the allocation of the Low Income Home Energy Assistance Program (LIHEAP) award for Program Year (PY) 2009 as described above.

Obligation of 90% the 2009 LIHEAP Award, 2009 Emergency Contingency Award, and 2009 Leveraging Incentive Award
Total of $123,928,638

CEAP Subrecipient	Estimated Funding
Aspermont Small Business Development	$ 932,314
Bee Community Action Agency	$ 515,112
Bexar County Community and Develement Services	$ 7,459,838
Big Bend Community Action Agency	$ 1,020,930
Brazos Valley Community Action Agency	$ 3,010,405
Cameron-Willacy Counties Community Projects Inc.	$ 3,531,731
Caprock Community Action Association	$ 1,236,426
Central Texas Opportunities	$ 1,407,106
Combined Community Action	$ 988,170
Community Action Committee of Victoria, Texas	$ 1,722,602
Community Action Corporation of South Texas	$ 1,058,376
Community Action Inc. of Hays, Caldwell	$ 680,358
Community Action Program, Inc.	$ 931,148
Community Council of Reeves	$ 465,804
Community Council of South Central TX	$ 2,451,777
Community Council Southwest TX	$ 1,428,907
Community Services Agency of South Texas	$ 1,023,245
Community Services Inc	$ 4,408,257
Community Services Northeast Texas	$ 815,357
Concho Valley Community Action Agency	$ 1,199,672
Dallas County Department of Health and Human Services	$ 9,193,034
Economic Action Committee of the Gulf Coast	$ 313,494
Economic Opportunities Advancement Corporation of Region XI	$ 2,531,617
El Paso Community Action Program	$ 4,921,566
Fort Worth Parks & Community Services	$ 5,164,512
Galveston County Community Action Council	$ 3,050,944
Greater East Texas Community Actioin Program	$ 4,959,421
Hidalgo County Community Services Agency	$ 5,348,926
Hill Country Community Action Association	$ 2,139,973
Kleberg County Human Services	$ 1,021,525
Lubbock, City of, Community Development	$ 1,666,705
Montgomery County Emergency Asssistance	$ 1,043,634
Northeast TX Opportunities	$ 1,401,367
Nueces County Community Action Agency	$ 2,096,705
Panhandle Community Services	$ 4,173,945
Pecos County Community Action Agency	$ 530,324
Programs for Human Services	$ 3,058,947
Rolling Plains Manangement Corporation	$ 2,003,829
San Angelo-Tom Green County Health Department	$ 683,463
Senior Citizens of Texarkana	$ 658,124
Sheltering Arms Senior Services	$ 15,303,986
South Plains Community Action Association Inc.	$ 1,045,985
South Texas Development Council	$ 1,173,270
Texas Neighborhood Services	$ 1,701,408
Texoma Council Of Governments	$ 1,145,676
Travis County Health and Human Services	$ 3,097,454
Tri-County Community Action Inc.	$ 2,317,203
Unassigned Duval	$ 225,557
Unassigned McMullen	$ 182,597
Webb County Community Action Agency	$ 1,585,051
West Texas Opportunities	$ 3,356,580
Williamson-Burnet County Opportunities, Inc.	$ 544,282
	$ 123,928,638

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Review and Possible Approval of 2009 Emergency Shelter Grant Program (ESGP) Notice of Funding Availability (NOFA).

Required Action

Department staff recommends approval of the ESGP Fiscal Year 2009 Notice of Funding Availability (NOFA) to be used by the Department in its competitive funds distribution and obligation process. The Department expects to receive approximately $5 million from the U. S. Department of Housing and Urban Development (HUD) for Fiscal Year 2009.

Background

The Department has administered the ESGP since 1987. The Department receives its ESGP funding from HUD as part of the State of Texas Consolidated Annual Plan. The ESGP program year is from September 1 through August 31. The Department is authorized to make grants to units of general local government and to private nonprofit organizations if the unit of government in which services will be provided approves such application. ESGP funds may be used for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, for the payment of certain operating expenses and essential services in connection with emergency shelters for the homeless, and for homelessness prevention activities.

The Department annually prepares a Notice of Funding Availability for use by eligible applicant organizations interested in applying for ESGP funding. ESGP regulations require that the Department obligate the funds within sixty-five days of the date of its annual grant award letter, which the Department receives sometime between February and May of each year. Due to the critical timeline for obligation of ESGP funds, the Department is recommending that the Board approve the NOFA today so that it can promptly be made available.

The deadline for receipt of NOFA applications for ESGP funding is January 9, 2009 which will ensure that Department staff are able to review and score the applications and make funding recommendations in time to meet the sixty-five day obligation deadline. It is anticipated that the awards will be brought to the Board in May of 2009.

The Department regionally allocates 95% of the annual ESGP allocation based on the poverty population of each Uniform Service Region. Applicants from a particular region compete only against other applicants from the same region. The Department maintains 5% of the ESGP funds for administration and monitoring of the grant and shares a portion of this reserve with units of local government that receive an ESGP award from the Department.

The Department utilizes review teams and a standardized scoring instrument to evaluate and score each eligible application. The scoring instrument follows the content and order of the ESGP NOFA. The Department's Portfolio Management and Compliance Division is consulted to determine if applicants have any audit issues.

Due to the limited amount of funds available, not all applications are funded and the ones which are funded may not be fully funded. The system for determining the applications to be funded will be based on the amount of funds available in the region and may take into consideration the percentage of funds requested and the ranking of the application within the region.

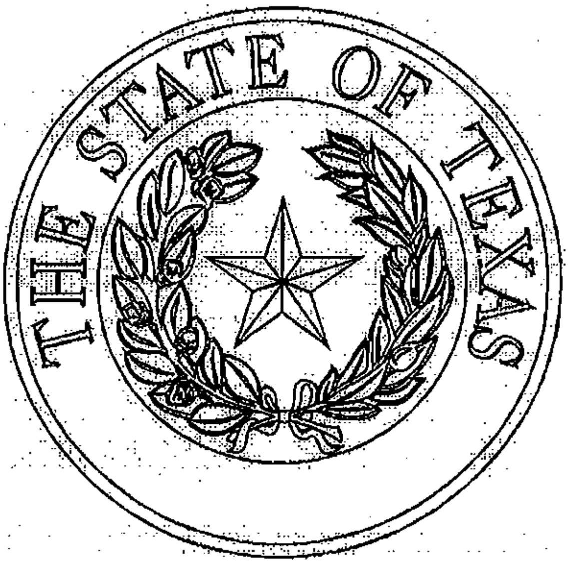
Recommendation

Staff recommends the Board approve the Department's FY 2009 ESGP Notice of Funding Availability.

Attachment-FFY 2009 ESGP Notice of Funding Availability

STATE OF TEXAS

EMERGENCY SHELTER GRANTS PROGRAM



NOTICE OF FUND AVAILABILITY (NOFA)

FEDERAL FISCAL YEAR 2009

NOVEMBER 2008

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

To: ESGP Interested Parties
Texas Emergency Shelter Grants Program

From: Community Affairs Division

Date: November 19, 2008

RE: FFY 2009 Texas Emergency Shelter Grants Program Notice of Fund Availability

The Texas Department of Housing and Community Affairs (the Department) is pleased to provide you with the FFY 2009 Texas Emergency Shelter Grants Program (ESGP) Notice of Fund Availability (NOFA), funded through the U.S. Department of Housing and Urban Development (HUD).

The Department will sponsor an ESGP Application Workshop on Thursday, November 20, 2008 in the small auditorium at the Commons Center, located at the University of Texas J.J. Pickle Research Campus (see attached map). Registration will begin at 8:00 a.m. Attendees do not need to pre-register for the workshop and no fee will be charged for attendance. Attendance is not mandatory, but all potential applicants are welcome. The Department encourages entities who are applying for ESGP funds for the first time or entities that have not attended an application workshop in prior years to attend the workshop.

During this workshop, Department staff will review the enclosed application packet and answer general questions regarding its completion. **Please review the enclosed application packet prior to the workshop and bring your copy to the workshop.**

Participation in this workshop does not imply that a represented applicant organization will receive FFY 2009 ESGP funding.

The Department looks forward to receiving your completed NOFA application. Questions pertaining to the content of this application packet or eligible activities may only be directed to Rita Gonzales-Garza, Project Manager for Planning & Contract Implementation at (512)475-3905 (Rita.Garza@tdhca.state.tx.us) and Al Almaguer, Planner, at (512) 475-3908 (Al.Almaguer@tdhca.state.tx.us). This application is posted on the Department's website: http://www.tdhca.state.tx.us/cs.htm#ESGP.

Q:\COMMUNIT\CS\ESGP\2009\Application and Forms\cover memo.doc

221 East 11th - P.O. Box 13941 - Austin, Texas 78711-3941 - (800) 525-0657 - (512) 475-3800

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

FFY 2009 Emergency Shelter Grants Program

Pre-Registration not Required

Application Workshop

The Commons Center Small Auditorium

UT Austin J.J. Pickle Research Campus
10100 Burnet Road (corner of Burnet Rd. and Braker Lane)
Austin, TX 78758

Phone: 512-471-5898
Website: www.utexas.edu/facilities/commons

Thursday, November 20, 2008
9 am—4 pm
Registration begins at 8 am

Parking

The Commons Center has plenty of free parking. Enter the J.J. Pickle Research Campus on the East Entrance off Burnet Rd. or on the North Entrance off Braker Lane.

Location

Northwest area of Austin adjacent to the intersection of MoPac (Loop 1) and Braker Lane.

Traveling on IH 35

Take the US-183 N exit. Take the Burnet Rd. exit. At the light, turn right onto Burnet Rd. and drive 3/4 mile to the east entrance of the J.J. Pickle Research Campus. Turn left into campus and get a temporary parking permit from the guard gate.

Application

Bring your copy of the application to the workshop.

ESGP NOFA SUBMISSION INFORMATION

DEADLINE FOR RECEIPT: Thursday, January 8, 2009
by 5:00 p.m. CST

TWO COPIES DUE: One Original and Two Complete Copies

Applicants must submit one original and two complete copies of the application on or before the deadline. Applications that arrive after the deadline will not be considered. Diskettes or other electronic documents will not be accepted. If you would like to confirm the Department's receipt of application, e-mail Chery Freeman at cfreeman@tdhca.state.tx.us two weeks after your submission.

Mailing Address:
(All U.S. Postal Service including Express)

Community Services Section
Attn: Rita D. Gonzales-Garza
Texas Department of Housing and Community Affairs
Post Office Box 13941
Austin, Texas 78711-3941

Courier Delivery:
(Fed Ex, UPS, Overnite, etc.),

1st Floor
221 East 11th Street
Austin, Texas 78701

Hand Delivery:

If you are hand delivering the application, contact Rita D. Gonzales-Garza at (512) 475-3905 or Al Almaguer (512) 475-3908 when you arrive at the lobby of our building so they may accept your application.

Please use the following format for the narrative portion of the application:

- Minimum 11 font
- Double spaced
- Standard 8½ " x 11" paper with 1" margins
- Narrative must not exceed 10 consecutively numbered pages, double spaced.
- Collaborative applications are allowed two additional pages for each additional organization with a maximum of 20 pages for the entire proposal.

Complete applications must be bound using binder clips. **DO NOT USE FOLDERS OR NOTEBOOKS OF ANY TYPE.** The original application must contain original signatures and original pictures.

Questions pertaining to the content of this application packet may only be directed to Rita Gonzales-Garza, Project Manager for Planning & Contract Implementation at (512) 475-3905. This application is posted on the Department's website: http://www.tdhca.state.tx.us/cs.htm#ESGP .

TIMELINE FOR FY 2009 ESGP NOFA APPLICATION CYCLE

2009 Program Year: September 1, 2009 - August 31, 2010

November 18, 2008	The application will be available through the TDHCA website: **www.tdhca.state.tx.us/cs.htm#ESGP**
November 20, 2008	ESGP Application Workshop will take place from 9:00 a.m. to 4:00 p.m. in Austin at the UT Austin J.J. Pickle Research campus at 10100 Burnet Road, Austin Texas, 78758, Phone: (512) 471-5898. Website: **www.utexas.edu/facilities/commons** The purpose of this workshop is to provide a forum where organizations intending to apply for ESGP funds may ask questions and get information on how to complete the ESGP application. Persons do not need to register to attend workshop. Attendance is not mandatory and will not be a factor in awarding ESGP funds.
January 8, 2009	Deadline for applicants to submit 2009 ESGP NOFA Application.
May 2009	Department's notification to award recipients and applicants.

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BACKGROUND

The Emergency Shelter Grants Program (ESGP) is to be utilized for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, for the payment of certain operating expenses and essential services in connection with emergency shelters for the homeless, and for homeless prevention activities. The program is designed to be the first step in a continuum of assistance to enable homeless individuals and families to move toward independent living as well as to prevent homelessness.

ESGP was established by the Homeless Housing Act of 1986 in response to the growing issue of homelessness in the United States. In 1987, the ESG program was incorporated into Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. Sec. 11371- 11378), now known as the McKinney-Vento Homeless Assistance Act. ESGP funds are federal funds awarded to the State of Texas by the U. S. Department of Housing and Urban Development (HUD).

The Texas Legislature designated the Texas Department of Housing and Community Affairs (the Department) to administer this program pursuant to Sec. 2306.094, Texas Government Code. ESGP funds will be made available to eligible applicants to carry out the purpose of the Emergency Shelter Grants Program based on this statewide competitive NOFA process. The Department has not been notified of the ESGP award amount for Texas in FY 2009.

PROGRAM PURPOSE

The Emergency Shelter Grants Program (ESGP) is designed to be part of a continuum of assistance to enable homeless individuals and families to move toward independent living as well as to prevent homelessness. The objectives of the ESGP shall be to:

1. Help improve the quality of emergency shelters for the homeless;

1. Help meet the costs of operating and maintaining emergency shelters;

1. Provide essential services so that homeless individuals have access to the assistance they need to improve their situation; and

1. Provide emergency intervention assistance to prevent homelessness.

Note: ESGP funds cannot be utilized for permanent housing projects.

Definition of Homeless

The term "homeless" or "homeless individual" includes:

1. An individual who lacks a fixed, regular, and adequate nighttime residence, or
1. An individual who has a primary nighttime residence that is:
    - ( ) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);
    - ( ) an institution that provides a temporary residence for individuals intended to be institutionalized; or,

( ) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. (Exclusion: The term "homeless" or "homeless individual" does not include any individual imprisoned or otherwise detained pursuant to an Act of Congress or a State law.)

Note: ESGP funds cannot be utilized to assist or care for children in State custody.

ELIGIBLE APPLICANT ORGANIZATIONS

Units of general local government

To be considered as a unit of general local government, an applicant organization must have, among other responsibilities, the authority to assess and collect local taxes and to provide general governmental services.

Private nonprofit organizations

To be considered as a private nonprofit organization, an applicant organization must document existing status as a 501(c) tax-exempt entity. Private nonprofit organizations applying for ESGP funds must be established for eleemosynary purposes and whose activities include, but are not limited to, the promotion of social welfare and the prevention or elimination of homelessness. The entity's net earnings may not inure the benefit of any individual(s). Refer to documentation requirements under Eligibility Documentation.

Faith-based organizations receiving ESGP funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.

Collaborative applications

The Department will accept collaborative applications; however, we will not assign bonus points. To be considered as a collaborative, the application must include two or more organizations that will use ESGP funds to provide services to the target population as part of a local continuum of care. If a unit of general local government applies for only one organization, this will not be considered a collaborative application. The Department intends for collaborative applications to be an effort among organizations who serve the homeless population to coordinate services and prevent duplication of services. If an ESGP applicant organization plans to utilize another organization to provide a service such as child care, the organization providing child care should not be considered a collaborative partner but should be considered a subcontractor.

ELIGIBILITY DOCUMENTATION

The following information **must be included** in each ESGP application. **Failure to provide this documentation will deem the application ineligible for funding:**

1. Documentation of the participation of a **homeless or formerly homeless individual** on the board of directors or other equivalent policymaking entity of such recipient, to the extent that such entity considers and makes policies and decisions regarding any facility, services, or other assistance of the recipient. Applicants who have not previously received ESGP funds from the Department are exempt from the requirement, but must comply with the requirement prior to execution of a contract with the Department.

1. Attachments B, C, and D must be completed to provide information regarding this requirement. A copy of the section in the bylaws which authorizes the governing board or equivalent policymaking entity to make policies for the organization must also be included. This is also to be completed by the lead partner in a collaborative application, even if the lead partner is a city or county.

All private nonprofit organizations must document their status as a 501(c) tax-exempt entity. The Department prefers that the ruling be on IRS letterhead which is legible and signed by the IRS District Director. Expired advanced rulings from the IRS are not acceptable. Other documentation which may be utilized to document a 501(c) tax-exempt status may be a letter from the State of Texas Comptroller of Public Accounts or a certified legal document showing status. Local nonprofit affiliate of a State or national nonprofit can be submitted if your organization is a subsidiary of a parent organization. In case of the latter, provide a copy of the page listing your organization in the documents filed with the IRS.

1. Private nonprofit organizations must document that the activities proposed for ESGP funding have received local government approval from the city or county in which the project is located. Such approval is to be documented on Attachment E – Local Government Certification Form which must be signed by the county judge or mayor, or their official designee (such as city manager, assistant city manager, community development director or human services director) for the locality in which the project is located.

NOTE: Any partner in the collaborative who fails to provide eligibility documentation will be deemed ineligible for funding. If the application is selected for funding and one of the organization(s) in the collaborative was deemed ineligible, the Department will negotiate the final grant amount only with the organization(s) that met all three eligibility requirements.

Eligibility Documentation and Other Requirements for Collaborative Applications:

0. Each organization, including the lead organization in a collaborative application, must submit Attachments B, C, and D, along with a copy of the section in the bylaws which authorizes the board of directors or equivalent policymaking entity to make policies and decisions for the organization. A lead organization providing only administrative support, should complete Attachments B, C, and D and indicate and indicate non-applicable if such is the case.

0. Each organization in a collaborative application, including the lead organization, must document the current 501(c) tax-exempt status. The Department prefers that the ruling be on IRS letterhead which is legible and signed by the IRS District Director. Expired advanced rulings from the IRS are not acceptable. Other documentation which may be utilized to document a 501(c) tax-exempt status may be a letter from the State of Texas Comptroller of Public Accounts or a certified legal document showing status. Local nonprofit affiliate of a State or national nonprofit can be submitted if your organization is a subsidiary of a parent organization. In case of the latter, provide a copy of the page listing your organization in the documents filed with the IRS.

0. A private nonprofit organization, acting as the lead agency in a collaborative application, must document that the project(s) proposed for ESGP funding has received approval from the city or county in which the administrative office of the lead agency is located (Attachment E). Refer to Eligibility Documentation section for additional information.

0. Due to the limited amount of ESGP funding, collaborative applications are limited to a request of no more than $100,000 per each partner with a maximum of $300,000 for the application.

AWARD AMOUNTS

The Department has established a minimum of $30,000 and a maximum of $100,000 for ESG program awards. **An organization can submit only one application either as a single entity or as part of a collaborative effort**. Applicants submitting an application for the Special Initiative Project are limited to submitting an application for only the Special Initiative Project. A collaborative application is limited to a maximum request of $300,000, with a limit of $100,000 per partner. The Department will not set limitations on the number of organizations that can be part of a collaborative application, but the Department does recommend that collaborative applications consider limiting the collaboration to no more than 5 organizations. The limitations are based on the amount of ESGP funds estimated to be available to each region and the ESGP funding pattern utilized by the Department. The limitations are not to be interpreted as a commitment by the Department to award these amounts. All projects should be planned for a maximum of 12 months.

The Department will provide administrative funds to a unit of general local government (city or county) selected for ESGP funding, whether the entity provides services directly or acts as the lead agency in a collaborative application. These funds will be provided during the final stage of contract negotiation and will not exceed 4% of the applicant's ESGP award.

The Department reserves the right to negotiate the final grant amounts and local match with successful applicants to ensure judicious use of ESGP funds. The Department may consider the amount of HUD funds awarded to entitlement entities (see Appendix V) when making funding decisions to applicants that are a unit of general local government. This consideration does not apply to private nonprofit organizations located in ESGP entitlement cities or counties.

FINANCIAL DOCUMENTATION

All applications must include documentation of fiscal accountability, even if this information has been previously submitted to the Department. All collaborative applications from non-profits must submit financial documentation for each organization in a collaborative. For collaborative applications from units of general local government, the Department expects that fiscal accountability documentation will be reviewed by the city or county.

An applicant organization that spends more than $500,000 in *federal funds* during its fiscal year must have a single audit conducted for that year. The threshold for expenditure of *federal funds* was increased from $300,000 to $500,000 for organizations with fiscal years ending after December 31, 2003. If a single audit is required for your organization, a portion of the audit cost may be included in the proposed ESGP budget.

An applicant organization that *does not exceed* the $500,000 federal fund expenditure threshold is exempt from the single audit requirements. In this case, audit costs may **not** be included in the proposed ESGP budget.

An applicant organization must include its most recent complete audit report and if applicable, a management letter as part of the financial documentation for this application. An audit on diskette will not be accepted. If your agency is not required to have a single audit performed, the application must include the end-of-the-year financial statements (balance sheet, income statement, and statement of cash flow).

CONTRACTS AND REPORTING

ESGP contracts will be signed electronically. Applicant organizations must have a computer on-site with the capability of downloading software from the Internet.

ESGP monthly reporting will be electronic via the Internet. Applicant organizations must have a computer on-site with the capability to transmit monthly financial and programmatic reports and receive electronic transmissions. Specific information on the format and due dates of required reports will be provided to grant subrecipients.

ELIGIBLE ACTIVITIES

ESGP funds are designed to address the immediate needs of homeless persons to assist their movement to permanent housing. ESGP funds may also benefit persons at risk of becoming homeless. ESGP funds cannot be utilized to care for or assist children in State custody.

The Department encourages applications that include an innovative approach to providing emergency shelter and/or transitional housing to homeless individuals and families. Transitional housing projects should be designed to provide housing and appropriate essential services to homeless persons in order to facilitate the movement of individuals or families to permanent housing within a specified time, usually 24 months.

ESGP grant amounts may be used for one or more of the following activities:

A. OPERATION ADMINISTRATION

Not more than **10%** of an applicant's ESGP budget may be requested for administrative salaries (including fringe benefits). The 10% limitation applies to each partner in the collaborative application. Appropriate staff which may be charged as administrative staff are the executive director, program director, supervisors, administrative support staff, etc. Job descriptions for these positions are **not** required to be included in the ESGP application.

A. REHABILITATION

Rehabilitation is defined as the labor, materials, tools, and other costs of improving buildings. Subrecipients must comply with Title 24, Subpart E, Section 576.59 Relocation and Acquisition requirements.

Examples of allowable rehabilitation projects include, but are not limited to, accumulated deferred maintenance (replacing flooring), replacement of principle fixtures and components, improvements to increase energy efficiency (replacing a furnace or air conditioning unit), and structural changes necessary to make the facility accessible for persons with physical disabilities. Rehabilitation projects include deferred repairs for items that are inoperable or broken and in need of replacement prior to the submission of the ESGP application. Rehabilitation does not include non-deferred repairs.

Types of rehabilitation projects include:

- **Conversion:** a change in the use of a building to an emergency shelter or transitional housing where rehabilitation costs exceed 75% of the value of the building **after** conversion. If selected for funding, the facility would be required to be used as a shelter for the homeless for at least **10 years**.
- **Major rehabilitation:** rehabilitation or conversion involving costs in excess of 75% of the value of the building **prior to** the proposed rehabilitation or conversion. If selected for funding, the facility would be required to be used as a shelter for the homeless for at least **10 years**.
- **Renovation:** rehabilitation that involves costs of 75% or less of the value of the building **prior to** the proposed rehabilitation. If selected for funding, the facility would be required to be used as a shelter for the homeless for at least **3 years**.

All rehabilitation activity funded through ESGP must occur **within the existing structure**, must not increase the square footage of the structure involved, and must comply with local government safety and sanitation requirements. (Refer to Section 504 of the Rehabilitation Act of 1973, as amended, as provided in 24 CFR 8.23 (a) or (b)).

Deferred repairs are items that are inoperable or broken and in need of replacement prior to the application period. These types of repairs are considered Rehabilitation activities.

ESGP funds shall not be used for the following activities:

- Permanent housing;
- Acquisition of real property;
- New construction;
- Addition of square footage;
- Property clearance or demolition; and
- Building maintenance and repairs (see Maintenance and Operations).

C. ESSENTIAL SERVICES

ESGP legislation limits to 30% the amount of funds that may be used for Essential Services activities. Therefore, the Department will require ESGP applications to **limit requests** for Essential Services activities to **30%** of the proposed budget. **The 30% limitation applies to each partner in a collaborative application.**

Essential Services activities address the immediate needs of homeless individuals and enable homeless persons to become more independent and/or to secure permanent housing. Essential services may include direct client services concerned with employment, health, drug abuse prevention, and education, including but not limited to:

- Assistance in obtaining permanent housing;
- Medical and psychological counseling and supervision;
- Employment counseling, job placement, and job training (including tuition and books);
- Nutritional counseling and the salary of food preparers (cooks);
- Substance abuse treatment and counseling;
- Assistance in obtaining other federal, state, and local assistance including mental health benefits, medical assistance, Veteran's benefits, and income support assistance such as SSI, TANF, and Food Stamps;
- Other services such as childcare, food vouchers, client clothing, or medical assistance (doctor visits, prescriptions, eye glasses or other prostheses, etc.);
- Transportation costs directly associated with ESGP service delivery, such as bus tokens, bus fare, cab fare, airfare, salary of van driver, etc; and,
- Salary for staff whose **sole duty** is to work directly with clients to provide the above services. Staff salaries may include wages and fringe benefits as described in the applicant organization's personnel policies. **No administrative salaries may be paid with Essential Services funds.**

The application **must include a job description** for any position to be paid in full or in part with ESGP funds under this category.

If your agency received local funds (locally generated tax revenue) from a unit of local government in the past 12 months, and if your ESGP application includes a request for funds to provide essential services, your Project Narrative must describe how the service(s) will be a new service or will result in a quantifiable increase in the level of service that was provided with local funds during the previous 12 months.

ESG funds can be used by grantees or their recipients for a new service or a quantifiable increase in the level of service above that provided during the immediately previous 12-month period. This provision in the legislation prohibits using ESG funds to replace existing government or non-profit funding of services. However, once a new or increased level of service meets the above standards, then ESG funds may be used to continue funding that service in subsequent years.

A. MAINTENANCE, OPERATION, AND FURNISHINGS

ESGP funds may be used for maintenance, operation, furnishings, and equipment costs. The Department will accept applications that include Maintenance, Operation, and Furnishings as a part of the project or as the sole activity of a project.

Maintenance costs include contract services for copier or security system maintenance, pest control, lawn care, contracted janitorial service, etc.

Operation costs include facility rent, utilities, internet service, and telephone; building maintenance and non-deferred repairs; food for shelter residents; vehicle maintenance, registration, repairs, and fuel; building or equipment insurance; fidelity bond coverage; office and maintenance supplies; contracted security services; single audit expenses (if required), staff mileage reimbursement (for travel relating to ESGP service delivery), and pre-award travel expenses (for successful applicants to attend an orientation workshop).

Non-deferred repairs are items that break during the contract period, such as:

- repairing a window that is broken;
- repairs due to water damage; or
- repairing a broken furnace or air conditioning unit.

Deferred repairs are items that are inoperable or broken and in need of replacement prior to the application period. These types of repairs are considered Rehabilitation activities.

Equipment may include computers, printers, software, refrigerator, stove, tools, vehicles, etc. All equipment with a useful life of more than one year and an acquisition cost of $500 or more must be included in a cumulative inventory report submitted to the Department each contract year.

Furnishings may include beds, mattresses, linens, desks, tables, chairs, etc.

- An applicant that participates in a local Continuum of Care may use ESGP funds to facilitate the required Homeless Management Information System (HMIS) which may include the purchase of software and/or annual access fees to facilitate data collection and reporting of client-level information.

A. HOMELESSNESS PREVENTION

Homelessness Prevention funds may be used to assist individuals who are homeless or at risk of becoming homeless. The Department will accept applications that include Homelessness Prevention as a part of the project or as the sole activity of a project. There are no limitations in the amount of funds which may be requested for homelessness prevention.

Homelessness Prevention funds may be used to provide direct monetary assistance on behalf of individuals whose annual income is at or below the federal poverty guideline when **all** of the following conditions are met:

1) The individual or family is unable to make the required payments due to a sudden reduction in income or a sudden increase in expenses;

1) The assistance is necessary to avoid the foreclosure, eviction, or termination of utility services (excluding telephone service);

1) There is reasonable prospect that the individual or family will be able to resume the payments within a reasonable period of time (determined by the applicant organization and used consistently among all clients); and

1) The assistance does not replace funding for pre-existing homelessness prevention activities from any other sources.

Homelessness Prevention funds must be used to assist those individuals and families that would actually become or remain homeless without ESGP homelessness prevention funds. Homelessness Prevention assistance may include:

1) Short-term subsidies to help defray rent and utility arrearages for families that have received a notice of eviction, termination of utility services, or payments to prevent the transfer of service;
2) Security deposits or first month's rent to enable a homeless family (or individuals in emergency/ transitional housing) to acquire permanent housing;
3) Programs to provide mediation for landlord/tenant disputes;
4) Programs to provide legal services for the representation of indigent tenants in eviction proceedings;
5) Payments to prevent foreclosure on a home; and,
6) Other innovative programs and activities designed to prevent the incidence of homelessness.

Ineligible homelessness prevention activities include: Direct payment to individuals.

INELIGIBILE ACTIVITIES

Rehabilitation activities funded through ESGP cannot increase the square footage of the structure involved and must occur within the existing structure. (Refer to Section 504 of the Rehabilitation Act of 1973, as amended, as provided in 24 CFR 8.23 (1) or (b).)

ESGP funds shall not be utilized for permanent housing; acquisition of real property; new construction; addition of square footage, property clearance or demolition; direct payments to individuals; to support inherently religious activities such as worship, religious instruction, or proselytization; or to rehabilitate or repair buildings such as sanctuaries, chapels, and other rooms that a congregation uses as its principal place of worship.

ESGP funds shall not be used for application for Federal funds or unprogrammed funds.

ESGP funds shall not be used for recruitment or on-going training of staff, depreciation, advertisement, entertainment, conferences, or retreat, public relations, advertising, bad debts/late fees, or mortgage payments of the subrecipient organization.

MATCH REQUIREMENT

ESGP subrecipients must match their award amount with an equal or greater amount of resources other than ESGP funds. Therefore, ESGP applicant organizations must demonstrate access to resources that may be used as match **after** the date of the grant award. Matching funds used for this ESGP project may not be used to match any other project or grant. ESGP funds received from units of local government may not be used to match State the ESGP grant. Supportive Housing Program and Community Development Block Grants from the U.S. Housing and Urban Development Department may be used as match sources. Match resources may include:

DONATED SUPPLIES: Donated goods such as clothing, furniture, equipment, etc. Include the source and an estimated value for all donated goods.

CASH DONATIONS OR GRANTS: Private donations or grants from foundations, nonprofits, or local, state, and federal sources. A single grant may serve as the required match.

VALUE OF DONATED BUILDING: The fair market value of a donated building in the year that it is donated. The building must be proposed for ESGP-related activities and must not currently be in use for these activities. The narrative should state when the building was donated and for what purpose, the current use of the building, and how long the building has been used for its current purpose. The application must include documentation from a realtor or appraiser as to the fair market value of the property.

RENT OR LEASE: Rent paid for space currently used to provide services to the homeless. *Include the source of funds used to pay rent.* The fair market rent or lease value of a building owned by or space that is donated (rent-free) to the applicant organization is also an acceptable match resource. To document fair market value, the application must include a letter from a realtor or appraiser that specifies the location of building, square footage, value per square foot, and total lease or rent value based on 12-month occupancy.

SALARIES: Any staff salary paid with general operating funds or grant funds (CSBG, CDBG, United Way, VOCA, etc.). The position(s) used as match must be involved in ESGP-related activities and the hours utilized for match must be for hours worked for ESGP related activities. For each position include the title, annual salary, percentage of time dedicated to ESGP activities, source of funds and the dollar amount proposed as match.

VOLUNTEERS: Time and services contributed by volunteers, with a value not to exceed $5 per hour.

ENVIRONMENTAL REVIEW PROCEDURES – Rehabilitation Projects Only

The 1988 McKinney Amendment Act revised the environmental review procedures for assistance under Title IV of the Act, including ESGP, by making applicable the provisions of, and regulations and procedures under section 104(g) of the Housing and Community Development Act of 1974 (42 U.S.C. Sec. 5304 (f)). The regulations are codified at 24 CFR Part 58. Also, see 24 CFR 576.57e (Release of Funds), and 24 CFR 35 (Lead Based Paint Hazard Reduction).

1. An application from a *private nonprofit organization* that requests funding for Rehabilitation activities must include a letter documenting that the applicant has requested assistance with environmental requirements from the Chief Elected Official (CEO) of the city or county in which the assisted project will be located. If the applicant is considering using a prior environmental review, refer to environmental review requirements under the Environmental Review Procedures item 4. below. *Collaborative applications* must include this documentation for each applicant organization requesting rehabilitation funds.

1. Applications including a request for Rehabilitation funds must include a completed **Preliminary Environmental Review Checklist (Attachment N)** which has been executed by the authorized signatory for the applicant organization or by a local elected official (or designee) of the city or county that has agreed to assist with the environmental requirements.. An organization that is awarded funds for rehabilitation activities must submit a final Environmental Review Checklist.

1. No funds may be obligated or expended for rehabilitation activities until the project has been environmentally cleared. For ESGP funds distributed by the State *to units of general local government*, the unit of general local government must assume the environmental responsibilities, and the State will be responsible for providing a release of funds in accordance with the requirements of 24 CFR Part 58.

   For funds distributed by the State to nonprofit organizations, the State must assume the environmental responsibilities, and HUD will provide the release of funds in this instance.

   In either case, funds may be obligated or expended only after the *Request for Release of Funds* and *Certification of Compliance with Environmental Regulations* at 24 CFR Part 58 have been approved in writing.

1. The Department may accept a previous environmental review if: 1) the environmental review is not more than 5 years old and no structural changes have occured; 2) the certifying entity provides documentation that no environmentally significant changes have occurred since the review was done; and 3) a copy of the environmental review is submitted as part of the ESGP application.

1. *Units of general local government* that request Rehabilitation funds must assume the required environmental review responsibilities.

1. If the structure proposed for Rehabilitation activities was built prior to 1978, the application must address the risk of the presence of lead-based paint according to the guidelines contained in 24 CFR 35 "*Requirements for Notification, Evaluation and Reduction of Lead-Based paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance.*" The HUD website includes helpful information, including a certification for lead-based paint risk assessment (www.hud.gov/lead/ click on "Training" in left hand column). *Collaborative applications* must include this documentation for each facility for which rehabilitation funds are requested.

SELECTION PROCESS & FUNDS DISTRIBUTION

The Department utilizes a statewide competitive NOFA to obligate ESGP funds.

In FFY 2009, ESGP funds will be reserved for each of the 13 Uniform State Service Regions (Appendix I). A portion of the total funds available will be reserved for each of the 13 Uniform State Service Regions based on the poverty population of each region (i.e. 3.95% of the State's available ESGP allocation will be reserved for Region 1 with 3.95% of the state's poverty population). Poverty population is based on the 2000 U.S. Census figures.

A team of reviewers will first pre-screen all applications to ensure they meet all eligibility requirements. Applications will be grouped, reviewed, and evaluated according to region. If an application does not meet all eligibility requirements, it will be deemed ineligible and will not be scored. Since this is a competitive process, the Department **will not** notify organizations of any deficiencies during the pre-screening and review process. It is the Department's expectation that before an application is submitted, each organization in a collaborative as well as single organizations, have thoroughly reviewed the application and its requirements.

Applications which meet all eligibility requirements will be reviewed and scored using a standard review instrument, *based on this instruction packet*. The scores for each application will be averaged to obtain a team score. Point adjustments will be made based on bonus point criteria and/or identified monitoring issues. Applications will then be ranked according to adjusted score within each region. **Applications that receive a score below 70% of the highest score in their region will not be considered for funding.** Applicants who have unresolved monitoring and audit findings from any TDHCA funded program will be ineligible for ESGP funding. The Department also considers the most recent monitoring results for organizations that have previously received ESGP funds and timely submission of reports. The Department's Board must approve all awards.

Applicants not selected to receive ESGP funds may request a review of their application no later than 30 days after the date of the written funding notification from the Department as per Texas Administrative Code, Title 10, Part 1, Chapter 1, Subchapter A, Section 1.7.

The Department will determine the number of applications which can be funded within each region based on the amount of funds available for distribution in each region. ESGP funds reserved for a particular region will be obligated to eligible applicant organizations within that region. If the region does not have enough eligible applications which meet the funding threshold, funds will be redistributed to regions whose funding is below $250,000.

The Department will award **bonus points** in the FFY 2009 application process as follows:

A. Three points for applications received from an ESGP non-entitlement area (See Appendix V),

B. One point for application which requests ESGP funds to provide homelessness prevention assistance; and,

C. Three points for an application from a single applicant organization who has not previously received ESGP funds from the Department. If funded under a collaborative application, all applicants must meet criteria.

D. One point for documentation of attendance by homeless representative at 75% or more of Board meeting or Policy making entity meeting. For a collaborative, all partners would have to meet the requirement.

Factors to be considered in the review of each eligible application include, but are not limited to:

(1) APPLICATION CONTENT (15 POINTS TOTAL) 1 Point will be awarded for the submission of each required item specified in the Application Instructions, pages 12-15 of Application. For applicants requesting to use ESGP funds for Rehabilitation, up to 6 points may be deducted for failure to provide information requested on Application Instructions, page 14-15, item 25. (a) thru (f).

(2) COMPLETION OF TABLES (30 POINTS TOTAL)
  (A) Proposed Budget Table – Attachment F (12 pts)
  (B) Match Table - Attachment G (8 pts)
  (C) Resource Documentation Table - Attachment H (10 pts)

A Resource Documentation Table must be submitted for each county to be served, points will be deducted if not submitted. Other possible point deductions if tables are not completed according to instructions, if the amount requested in categories exceeds allowable percentages as specified in application instructions, and if required match support was not included. Points may also be deducted for not including job descriptions for Essential Service positions to be funded with ESGP. For collaborative applications, points will be deducted if budget, match, and resource tables were not submitted for each applicant and a comprehensive budget for the entire project. A Resource

(3) NARRATIVE (50 TOTAL POINTS)
I. Description of Applicant Organization
A. Organization and Services Provided. Questions on page 17 of Application, I.A. 1. thru 6., maximum of 20 points.
A. Coordination Efforts. Questions on page 17-18, I. B. 1. thru 3., maximum of 10 points.
A. Previous ESGP Funding. Questions on page 18 of Application, I.C. 1.thur 2., maximum of 4 possible point deductions for failure to provide information.

II. Unmet Need. Questions on page 18 of Application, II.A., maximum of 10 points.

III. Proposed Use of ESGP funds. Questions on page 18-19 of Application, III.1. thru 5., maximum of 10 points and possible point deductions of 27 points for failure to provide information requested in questions 3.a. thru e. regarding use of funds by category.

(4) CONCLUSION (5 TOTAL POINTS)
Questions on page 19 of Application, IV. 1. thru 3.

PAST PERFORMANCE REVIEW. The Department will also take into consideration performance related to any funding received from the Department and the results of the Single Audit. The results of this review may deem an applicant ineligible to receive funding. The Department will also review the history of submission of ESGP reports and the expenditure rate of ESGP funds and points will be deducted for late reports and for expenditure rates below 83%. Organizations with expenditure rates below 50% may not be eligible to receive ESGP funds.

APPLICATION CONTENT

All pages of the application, excluding the audit, must be numbered. The original and the two copies must have required signatures when the form requires a signature.

Each application must contain the items listed below **in the following order:**

1. **State of Texas ESGP NOFA Form** – Form must be placed on the top of the application.
1. **Table of Contents** – must include page numbers.
1. **Attachment A (Standard Form 424)** – Complete the blank spaces but do not complete the shaded boxes. On #12., only list the counties where the ESGP funded services will be provided. The counties identified in the Form 424 must match the counties identified in the ESGP NOFA Form and in the application. The person signing this form must be the authorized signatory for the ESGP contract, if awarded. For collaborative applications, only the lead agency must sign and submit a Standard Form 424.
1. **Attachment B** – *Eligibility Documentation Regarding Homeless Representation.* Complete this form to identify the homeless or formerly homeless person that serves on the Board of Directors or on a Policymaking Entity. If the homeless person serves on the Policymaking Entity, then complete a form for both the Board and the Policymaking Entity. This form is required for each organization in a collaborative application.
1. **Attachment C** –*Roster for Board of Directors or Policymaking Entity.* Complete the form and provide the requested information for member of the applicant's board of directors or equivalent policymaking entity. If the homeless person serves on the Policymaking Entity, then complete a form for both the Board and the Policymaking Entity. The homeless or formerly homeless individual must be identified by placing an X in the name column on the form. This form is required for each organization in a collaborative application.
1. **Attachment D-** *Attendance Roster for Board of Directors or Policymaking Entity.* Complete this form using the official attendance records for the board of directors or equivalent policymaking entity. If the homeless person serves on the Policymaking Entity, then complete a form for both the Board and the Policymaking Entity. The homeless or formerly homeless individual must be identified by placing an X in the name column on the form. This form is required for each organization in a collaborative application.
1. **Articles of Incorporation -** Include a copy of the section in the Articles of Incorporation which includes the mission and goals for which the organization was established.
1. **Copy of Bylaws** – For organizations where the homeless representative serves on the policy making entity and not the board, include a copy of the section in the bylaws which authorizes the policymaking entity to make policies and decisions for the organization. For collaborative applications, include this documentation for each organization. Ensure that the pertinent section in the bylaws is highlighted or clearly marked.
1. **Attachment E** - *Local Government Certification Form* – all private nonprofit applicants must document that the project proposed for ESGP funding received local government approval. Applications submitted by units of government do not need to submit Attachment E. For a collaborative application, only the lead agency needs to submit a completed Attachment E. The certification form may be signed by the county judge or mayor, or their official designee (such as city manager, assistant city manager, community development director or human services director) for the locality in which the project is located.
1. Existing Internal Revenue Service (IRS) ruling – All private nonprofit organizations must document their status as a 501(c) tax-exempt entity. The Department prefers that the ruling be on IRS letterhead which is

legible and signed by the IRS District Director. Expired advanced rulings from the IRS are not acceptable. Other documentation which may be utilized to document a 501(c) status may be a letter from the State of Texas Comptroller of Public Accounts or a certified legal document showing status. Local nonprofit affiliate of a State or national nonprofit can be submitted if your organization is a subsidiary of a parent organization. In case of the latter, provide a copy of the page listing your organization in the documents filed with the IRS.

1. **Project Narrative** – The narrative must not exceed 10 pages. Collaborative applications are allowed two additional pages for each additional organization (maximum of 20 pages). The narrative must be formatted using a minimum of 11 font size, double spaced, on standard 8 ½" x 11" paper with 1" margins. Refer to instructions on pages 11-13.

1. **Job Descriptions** – Job descriptions for all positions paid for with Essential Services must be included.

1. **Attachment F** – *Proposed Budget Table.* For each of the ESGP eligible activities categories, enter a description and of each item, the method of calculation, the basis for cost, the line item total and category total. Include staff titles where appropriate. In the Detail of Activities by Category and Method of Calculation Column, briefly describe the item for which ESGP funds are requested and the method of calculation. In the Basis for Cost Column, briefly describe how the cost estimate was established. In the Line Item Totals Column, list the total cost for each item requested. In the Category Totals column, provide the total dollar requested figure for each of the categories in A-E. Collaborative applications must include a comprehensive Budget Table that includes all activities proposed by the collaborative effort, as well as one Budget Table for each organization in the collaborative.

1. **Attachment G** – *Proposed Match Table.* The Match Table must include a brief description of the type of match, the dollar value of the match, the source of match funds (name of grant or donor) and the method of calculation for each match resource proposed. The Match Total must equal or exceed the amount of ESGP funds requested. Collaborative applications must include a comprehensive Match Table that includes all activities proposed by the collaborative effort, as well as one Match Table for each organization in the collaborative.

   Note: If the building was donated in the past 12 months for use as a shelter and the fair market rent or lease value of any building is proposed for use as match, include a letter from a realtor or appraiser documenting the location of the building, square footage, value per square foot, and total lease or rent value based on 12-month occupancy. If salaries are used as match, submit the title, annual salary, percentage of time dedicated to ESGP activities, source of funds, and the dollar amount for employee positions to be used as match.

1. **Attachment H** -*Resource Documentation Table* – A separate table must be completed for each county in which the organization proposes to provide ESGP services. For collaborative applications, one table must be submitted for each county served by the application partners. Include verifiable sources for all data included and data relevant to the population to be served. See Appendix II for a listing of websites that may be useful in gathering this information. Fill in the name of the county and the organization. The Data Required column states the information that is being requested. In the ESGP Data Provided column, provide the requested information. The data should be the most recently available data and should be presented briefly and concisely. The text should be a comprehensive summary of the needs of the homeless and poverty population in the county to be served. In the Data Source column, provide the data sources utilized in the Data Provided column and provide dates that census, assessments, or surveys were conducted.

1. **Photographs** – The original application must include original or digital photographs of at least two different views (one of the exterior and one of the interior) of the facility from which assistance is to be provided. The second copy of the application can have copies of photos. For collaborative applications, each organization must submit photographs of at least two different views (one of the exterior and one of the interior)of the facility from which services are provided.

1. **Attachment I** – *Homeless Management Information System Reporting form.* All applicants must include this form to fulfill the requirement under various statutory authorities and Congressional direction to collect information about the nature and extent of homelessness. This form must be completed by each organization in the collaborative project.

1. **Attachment J** – *Previous ESGP Funding form.* This form must be used to identify ESGP funds received from TDHCA (or TDCA) directly or through a subcontract agreement. This form must be completed, as applicable, by each organization in the collaborative project.

1. **Attachment K** – *ESGP Applicant Certification.* All applicants must include a signed certification form. For collaborative applications, only the lead agency must provide this certification.

1. **Attachment L** – *Certification Regarding Lobbying.* All applicants must include a signed certification form. For collaborative applications, only the lead agency must provide this certification.

1. **Attachment M** – Audit Certification Form. All applicants must submit a completed form. For collaborative applications, all partners, including the lead agency must submit a completed form for the most recently completed fiscal year.

1. **Fiscal Accountability** - All applications must include documentation of fiscal accountability, even if this information has been previously submitted to the Department. All collaborative applications from non-profits and cities or counties must submit financial documentation for each organization in a collaborative (this includes the lead organization). For collaborative applications from units of general local government, the Department expects that fiscal accountability documentation will be reviewed by the city or county prior to submission. Submit one complete unbound copy of your organization's most recent Single Audit report. A duplicate copy of the Single Audit report does not need to be submitted. **If applicable, a management letter must be included with the audit.** If your organization does not have a Single Audit, the following end-of-the-year financial statements must be included: (1) balance sheet; (2) income statement; and (3) a statement of cash flow. Refer to page 4 for information on audit requirements.

1. **Documentation of a Current Fidelity Bond** – All applicants and each partner in the collaborative must include documentation of a current fidelity bond or a letter of commitment to obtain the same prior to execution of an ESGP contract. A fidelity bond covers policyholders for losses that they incur as a result of fraudulent acts by specified individuals. Fidelity bond coverage must include all persons authorized to sign or counter-sign checks or to disburse sizable amounts of cash. Fidelity Bond or letter of commitment must be for a minimum of $10,000.

1. **Rehabilitation Documentation** - ***(only for applicants requesting Rehabilitation funds).***

   All applications that include a request for Rehabilitation funds must include as applicable:

   (a) **Attachment N** – *Preliminary Environmental Review Statutory Checklist.*
   An application that requests ESGP funding for Rehabilitation activities must include the completed Preliminary Environmental Review Checklist (Attachment N) signed by the authorized signatory for the applicant organization and by the Chief Elected Official of the city or county that has agreed to assist with the environmental requirements (See page 9 of this document for more details on Rehabilitation requirements). Collaborative applications must include an Attachment N for each organization requesting Rehabilitation funds. Copy this form as necessary. Units of general local government requesting Rehabilitation funds must assume the required environmental review responsibilities and must submit documentation as required.

   (a) **Property Appraisal.** Any reasonable method for determining property value is acceptable. Examples of no cost or low cost appraisals include a city or county tax appraisal or a broker's price opinion based on sales of comparable properties in the area. **Collaborative applications must include an appraisal of each property proposed for rehabilitation.**

(a) **Flood Plain Map.** Maps must be certified by the Federal Emergency Management Agency (FEMA) or the City/County in which project is located and include the panel number and indicate the location of the project. **Collaborative applications must include a flood plain map for each project proposed for rehabilitation.**

(a) **Letter from the Texas Historical Commission** (THC) regarding the historical significance of the facility. A copy of the letter requesting THC clearance is acceptable to meet the application deadline. If your organization is awarded ESGP funds, you will be required to forward THC response to the Department. When requesting clearance from the Texas Historical Commission, include any written information regarding the structure and pictures of at least two sides of the structure. Address your letter to: Stan Graves, Director of Architecture, Texas Historical Commission, Post Office Box 12276, Austin, Texas 78711, 512-463-6100. **Collaborative applications must include a THC letter for each site proposed for rehabilitation.**

(a) **Photographs.** Photos must be submitted for the specific areas proposed for rehabilitation. Collaborative applications must include photographs of the areas proposed for rehabilitation by each organization requesting rehabilitation funds.

(a) **Private nonprofit organizations requesting rehabilitation funds must:** 1) provide a letter documenting that the organization has requested assistance with environmental review requirements from the Chief Elected Official (CEO) of the city or county in which the assisted project will be located or a letter that documents this assistance. If using a prior environmental review, refer to Environmental Review Procedures.

Collaborative applications must include this documentation for each applicant organization requesting rehabilitation funds.

PROJECT NARRATIVE INSTRUCTIONS

The narrative portion of the application must provide all the information requested when applicable. The narrative must be formatted with one-inch margins and double-spaced on 81/2"X 11" paper. Minimum font size is 11 pitch. The narrative must not exceed 10 pages for applications involving one organization. Collaborative applications will be allowed two additional pages per organization up to a maximum of 20 pages. All projects should be planned for a maximum of 12 months.

Organize the project narrative with clear headings and subheadings and in the same order as the following. If any heading or subheading does not apply to your project, please indicate N/A next to it.

Part I. Description of Applicant Organization

This section should give a clear and concise description of the applicant's organization. Collaborative applications should include descriptions for each organization included in the collaborative.

A. Organization and Services Provided

1. Describe your organization's history and mission. Include information on the current staff size and the educational background and work experience of key management staff.

2. Provide information about the board of directors, such as a list of subcommittees, how often the board and subcommittees meet, how the board has utilized recommendations from the homeless representative to change the organization's policies, practices, or services.

3. Describe:
   a. The type(s) of services currently provided.
   b. The total number of persons to be served annually in the program to be supported with ESGP funds.
   c. The target group(s) served.
   d. The location of office(s) or shelter providing assistance. Location includes the cities and/or counties to be served through the proposed ESGP project.
   e. Shelter capacity (bed space), if applicable.

4. Describe the services provided which have a long-term impact/outcome on the homeless individuals served. Such services could include, but not be limited to, education, employment, substance abuse, family functioning skills, transitional or permanent housing, etc.

5. Describe case management services provided to homeless individuals.

6. If applicable, describe any formal or informal restrictions on services provided and the basis for these restrictions.

B. Coordination Efforts

1. Describe how services are coordinated. Describe what types of services your organization coordinates with other service providers to meet the various needs of the homeless clients or clients who may become homeless.

2. **For collaborative applications only**, provide information on how and which services will be coordinated among the organizations included in the collaborative application.

3. Describe your organization's participation in the local homeless coalition or coordinating council which coordinates social services in your service area and describe your organization's participation in the development of the Continuum of Care application to HUD for the community in which the proposed services will be provided.

C. Previous ESGP Funding (if applicable)

1. Describe how previous ESGP funds improved or increased the services available from your organization. If ESGP funds have not been received previously, state such.

2. Describe new sources of funds acquired during previous years when an ESGP grant was received. Additionally, describe the recent efforts made to develop other funding sources during the past five years and provide information on new funding received from these efforts.

Part II. Unmet Need

This section of the proposal must address the unmet needs of the homeless population in your service area and describe the specific unmet needs and gaps in services that your organization will address if the ESGP proposal is funded.

. Based on the data provided in the Resource Documentation Table, describe the unmet needs or gaps in services for the homeless population in your service area. The needs or gaps in services should represent the array of services that are necessary, but either do not exist or are not adequately being provided by the existing service delivery system.

. Based on the data in the Resource Documentation Table, provide a description of the specific unmet need(s) and gaps in services that your organization will meet and address if the proposed ESGP project is funded. Specify the specific services which will be provided and state whether the service is currently not provided in the community or is not being adequately provided by the existing service delivery system.

Part III. Proposed Use of ESGP funds

A detailed description of the project for which you are requesting funding. Include the following information in the description:

1. Who are the proposed customers to be served with ESGP funds? Include demographic information (sex, race, age, gender, etc.) on the population that will benefit from ESGP funding.

1. How many customers do you plan to assist with ESGP services?

1. Based on the proposed ESGP budget, provide a description of::

    a. **Operation Administration** – describe the operation administration costs which are to be funded with ESGP.

    a. **Essential Services –**

        (0) Provide a description of the Essential Services to be funded with ESGP.

        (0) Provide the name and title of the Essential Services staff whose salary will be paid in whole or in part, with ESGP funds and provide relevant information on their education and experience.

        (0) Applicants requesting Essential Services funds must provide information on whether the applicant organization previously received **local funds** (funds from a city or county) to provide Essential Services activities. If local funds were received by the applicant during the previous 12 calendar months before the receipt of ESGP funds, to provide Essential Services, then the applicant must describe of how the proposed service(s) will be a new service or will be a quantifiable increase in the level or service previously funded with local government funds.

a. **Maintenance, Operation, and Furnishings** – Describe the Maintenance, Operation, and Furnishings to be funded with ESGP funds and describe how the items funded with ESGP funds will benefit your organization's ability to deliver services.

a. **Homelessness Prevention** – Describe the type(s) of prevention activities to be provided with ESGP funds. Also, include a detailed implementation plan which includes:

(1) Staff positions which will be responsible for providing the homelessness prevention activities;

(2) The criteria which will be used to determine eligibility to receive assistance; and,

(3) A description of the method which will be used to determine if the applicant meets the eligibility requirements for homelessness prevention assistance as per ESGP regulations and requirements.

a. **Rehabilitation** – Include a description of the Rehabilitation activities to be funded with ESGP funds. Also include documentation on the construction date and current appraised value of the facility. If the facility was constructed prior to 1978, include a discussion of abatement of lead-based paint and/or asbestos. Non-profit organizations must include documentation that the city or county has been contacted regarding (or has agreed) assistance with required environmental review.

a. Provide the names of any subcontractors (e.g. a child care provider) which will be utilized to deliver ESGP funded services and provide information on the services they will deliver.

1. Describe how your organization plans to measure the effectiveness of the services provided to your clients. In measuring effectiveness, your organization may set outcome measures for some of the services to be delivered on clients to be served. For example, 25 of the 200 persons provided with emergency shelter will be placed in a permanent job. Twelve (12) of the 25 persons placed in a job will earn an income above 100% of federal poverty income guidelines.

1. Describe how your organization will involve homeless families and individuals in rehabilitating, maintaining and operating the shelter or other facilities, and/or providing services.

Part IV. Conclusion

1. What significant and beneficial impact(s) will the proposed project have on the homeless population in your service area? What are the results or benefits to be achieved by carrying out the proposed activities?

1. Describe the current outcome related services provided which will have a long term impact on the individual and/or families served. Such services and assistance can include, but are not limited to, assistance at setting and attaining educational goals, obtaining job skills, obtaining employment, completing a substance abuse rehabilitation program, etc.

1. If your organization is not currently providing outcome related services which have a long term impact on the individual or families life, describe plans to provide outcome related services.

For Office Use Only

______

FFY 2009 State of Texas ESGP NOFA Application Form

Legal Name of Applicant:

Mailing Address *(Include City and Zip Code)*:

Agency Phone: Agency Fax:

Chief Executive and Title:

Contact for ESGP Grant (if different):

Best E-mail Address for ESGP information:

County of Administrative Office:

Counties to be Served by ESGP Funded Project:

Bed Capacity (if applicant operates a homeless shelter): ______

Type of Organization:

☐ Nonprofit Organization

☐ Unit of General Local Government

Is this a Faith-Based Organization?

☐ Yes
☐ No

Indicate the target population of the proposed project:

☐ Domestic Violence Victims
☐ Youth
☐ Mentally Ill
☐ AIDS Victims
☐ At-Risk Homeless
☐ All Homeless
☐ Other______

Proposed Budget

$______Operations Administration

$______Rehabilitation

$______Essential Services

$______Maint./Ops./Furnishings

$______Homelessness Prevention

$______**Total Request**

Collaborative Applications

Is this is a collaborative application?

☐ Yes ☐ No

If yes, please list the names of all organizations included in this application:

Lead Organization: ______

1.

2.

3.

What are the dates of your current Fiscal Year? ______(Mo/Yr) to ______(Mo/Yr)

Is your agency subject to the Single Audit requirement? ☐ Yes ☐ No

Does your agency receive Continuum of Care Funds? ☐ Yes ☐ No

Do you participate in HMIS reporting? ☐ Yes ☐ No

FFY 2009 Attachment A

Standard Form 424

OMB Approval No. 0348-0043

2. DATE SUBMITTED

Applicant Identifier
N/A

1. Type of Submission:
Application Preapplication
☐ Construction ☐ Construction
☐ Non-Construction ☐ Non-Construction

3. DATE RECEIVED BY STATE
N/A

State Identifier
N/A

4. DATE RECEIVED BY FEDERAL AGENCY
N/A

Federal Identifier
N/A

5. APPLICANT INFORMATION

Legal Name:

Organizational Unit:

Address (give city, county, state and zip code)

Name, and telephone number of the person to be contacted on matters involving this application (give area code)

6. EMPLOYER IDENTIFICATION NUMBER (EIN):
☐☐ – ☐☐☐☐☐☐☐

7. TYPE OF APPLICANT: *(enter appropriate letter in box)* ☐

A. State	H. Independent School District
B. County	I. State Controlled Institution of Higher Learning
C. Municipal	J. Private University
D. Township	K. Indian Tribe
E. Interstate	L. Individual
F. Intermunicipal	M. Profit Organization
G. Special District	N. Other (Specify): ____________

8. Type of Application

☐ New ☐ Continuation ☐ Revision

If Revision, enter appropriate letter(s) in box(es) ☐ ☐
A. Increase Award B. Decrease Award C. Increase Award
D. Decrease Duration Other *(specify)*

9. Name of Federal Agency:
U.S. Department of Housing and Urban Development

10. Catalog of Federal Domestic Assistance Number: **14•231**
Title: ***Emergency Shelter Grants Program***

11. Descriptive Title of Applicant's Project:
Emergency Shelter Grants Program

12. Areas Affected for ESGP Funded Project (counties,):

13. PROPOSED PROJECT:
Start Date: Ending Date:

14. CONGRESSIONAL DISTRICTS OF:
a. Applicant **b.** Project

15. ESTIMATED FUNDING:

a. Federal	$	.00
b. Applicant	$	xxxxxxxxxxxxx
c. State	$	xxxxxxxxxxxxx
d. Local	$	xxxxxxxxxxxxx
e. Other	$	xxxxxxxxxxxxxx
f. Program Income	$	xxxxxxxxxxxxx
g. TOTAL	$	

16. Is Application Subject To Review By State Executive Order 12372 Process?
a. Yes. This Preapplication/Application was Made Available to the State Executive Order 12372 Process for Review on:
DATE ____________________

No. ☐ Program Is Not Covered by E.O. 12372
☐ Or Program Has not Been Selected by State for Review

17. a. Is the Applicant Delinquent on Any Federal Debt?
☐ Yes If "Yes" attach an explanation ☐ No

b. Did you receive technical assistance from:	Yes	No
A TDHCA Independent Contractor?	☐	☐
A TDHCA Field Office?______________	☐	☐
Other______________________	☐	☐

18. **TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION, PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH ALL ASSURANCES AND CERTIFICATIONS IF ASSISTANCE IS AWARDED.**

a. Typed Name of Authorized Representative (same as below)
b. Title
c. Telephone Number

d. Signature of Authorized Representative (Person authorized to execute contract, if awarded)
e. Date Signed

Previous Editions Not Usable
AUTHORIZED FOR LOCAL REPRODUCTION

Standard Form 424 (Revised 11/2000)
Prescribed by OMB Circular A-102

Attachment B

FFY 2009 Texas Emergency Shelter Grants Program

Eligibility Documentation Regarding Homeless Representation

Documentation of the active participation of a homeless or formerly homeless individual on the governing board or other equivalent policymaking entity which makes policies and decisions regarding any facility, service, or other assistance is a requirement for organizations applying for ESGP funds as per 24 CFR Part V, 576.56 (b) (1).

Please complete the following form for your organization. If submitting a collaborative application, **each organization in the collaborative must submit this form.**

Name of Organization: ______________________________

1. Does the organization have representation of a Homeless or Formerly Homeless member on the Board of Directors or other equivalent Policymaking Entity?

   _______Yes, homeless representative serves on the Board of Directors.

   _______ Yes, homeless representative serves on a Policymaking Entity.

   _______ No

2. The name(s) of Homeless or Formerly Homeless Member(s) currently serving the Board of Directors or equivalent Policymaking Entity is:

   (1). ______________________________ (2). ______________________________

3. The name of the Policymaking Entity is:______________________________
   Who appoints members to the Policymaking Entity? ☐ Executive Director ☐ Board ☐ Other

4. a. Does the Policymaking Entity consider and make policies and decisions regarding any facility, service, or other assistance provided by your organization? ________ Yes ________ No

   b. If yes, explain the types of policies and decisions regarding the facility, services, or other assistance which are made by the Policymaking Entity?

   c. Explain if and how the policies and decisions made by the Policymaking Entity are forwarded to the Board of Directors and explain what occurs once these policies and decisions are presented to the Board of Directors.

I certify that this organization has a currently active homeless or formerly homeless individual on its Board of Directors or equivalent policy making entity; that their attendance is documented in this application; and their name is clearly identified on the documentation included in this application.

Authorized Representative:______________________________ Date:______________

FFY 2009
Attachment C

Name of Organization: ______________________________

Note: If the homeless representative serves on a Policymaking Entity, provide a roster of the Policymaking Entity and of the Board of Directors.

Roster for ☐ Board of Directors or

Roster for ☐ Policymaking Entity

For November 2007 - November 2008

Name	Appointment Date	Date Term Expires	Address	Phone	Occupation
☐					
☐					
☐					
☐					
☐					
☐					
☐					
☐					
☐					
☐					
☐					
☐					
☐					
☐					
☐					

(place an ☒ in the first column of the form to indicate the homeless or formerly homeless individual)

I certify that this organization has a currently active homeless or formerly homeless individual on its Board of Directors or equivalent policy making entity and their attendance is documented in this application.

Authorized Representative: ______________________________ Date: ______

Attendance Roster for ___ Board of Directors or
___ Policy Making Entity
Period: November 2007 – November 2008

Complete this form to document the attendance record for the Board of Directors or equivalent Policy Making Entity.

Note: If the homeless representative serves on a Policymaking Entity, provide an attendance roster for both the Policymaking Entity and the Board of Directors. Indicate whether the form is completed for the board or policy making entity, by marking an X in the applicable box in the header.

Mark each box with an **A=Absent** or **P=Present** or **NM for no meeting** for the months indicated. If a member was not yet serving on board or policymaking entity, indicate NA in months not applicable.

Name of Organization: ____

Name of Member	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**
☐													
☐													
☐													
☐													
☐													
☐													
☐													
☐													
☐													
☐													
☐													
☐													

(place an ☒ in the first column of the form to indicate the homeless or formerly homeless individual)

FFY 2009
Attachment D

Attachment E

FFY 2008 Texas Emergency Shelter Grants Program

LOCAL GOVERNMENT CERTIFICATION FORM FOR PRIVATE NONPROFIT ORGANIZATIONS*

I, ____,
(Type Name)

duly authorized to act on behalf of _________________________________,
(City or County)

hereby approve the Emergency Shelter Grants Program project application submitted

to the Texas Department of Housing and Community Affairs by:

____
(Name of Private Nonprofit Organization)

and certify that the application activities are to be located in the city or county named above.

______________________________ ______________________________
(Signature) (Title)

____
(Date)

* The State of Texas will distribute ESGP funds to private nonprofit organizations only if the unit of general local government (any city or county) in which the proposed activities are to be located certifies that it approves the project.

Attachment F

FFY 2009 ESGP Proposed Budget

Organization:______________________________

CONTRACT PERIOD: 9/1/09 – 8/31/10

Detail of Activities by Category& Method of Calculation	Basis for Cost	Line Item Totals	Category Totals
Total Requested Funds: $ ____________			
A. OPERATION ADMINISTRATION (10% of grant)			$
		$	
B. REHABILITATION			$
		$	
C. ESSENTIAL SERVICES (30% of funds requested)			$
Salaries (list position and amount)		$	
Other:		$	
D. MAINTENANCE, OPERATION, AN FURNISHINGS			$
Maintenance (contractual agreements only)		$	
Operation (excluding staff but including) Pre Award Travel Expenses:____________ Staff Travel:____________ Audit:____________ Rent:____________ Repairs (non-deferred):____________ Insurance (list type):____________ Utilities/Telephone:____________ Food:____________ Other:____________		$	

Attachment F

FFY 2009 ESGP Proposed Budget

Organization:_______________________________________ CONTRACT PERIOD: 9/1/09 – 8/31/10

Detail of Activities by Category & Method of Calculation	Basis for Cost	Line Item Totals	Category Totals
Operation:			
Equipment (list item(s) and amount)		$	
Furnishings (list items(s) & amount)		$	
E. HOMELESSNESS PREVENTION			$
Rent:______________________________		$	
Utilities:____________________________			
Other:______________________________			
TOTAL ESGP FUND REQUEST		$	$

Attachment G

FFY 2009 ESGP Proposed Match

Organization:____

TYPE	DOLLAR VALUE	SOURCE OF MATCH	METHOD OF CALCULATION
Donated Supplies (clothing, furniture, equipment, etc.)	$________		
Cash Donations Or Grants	$________		
Value of Donated Building	$________		
Fair Rental or Lease Value	$________		
Salaries	$________		
Volunteers (@ $5/hour)	$________		
Other (such as fundraisers)	$________		
MATCH TOTAL	$________		

FFY 2009 Resource Documentation Table

Name of Organization: ______________________________

County ________________

All applicants, regardless of service delivery area, must complete one table for each **county** to be served. If this is a collaborative application, indicate name of lead partner in the name of organization and complete a table for each county to be served. Needs should be documented through a verifiable resource. A summary of this information should be utilized in responding to Part II. of the Project Narrative.

Data Required	Data Provided	Data Source
1. Approximate number of homeless persons in the county		
2. Previous homeless studies (Cite source and method, i.e. day or longitudinal)		
3. Existing shelters in the county: (Include shelter name, population served, and bed capacity for each shelter listed)		
4. Housing Authority Information (Include number of housing authority units, Section 8 vouchers, persons currently on the waiting list)		
5. Other Housing Data a. Average monthly rent b. Other types of accessible, affordable housing such as boarding houses, long-term hotels and motels c. Any other factors that affect the availability of housing in the county		

FY 2008 Resource Documentation Table

Name of Organization: ______________________________

County ________________

Data Required	Data Provided	Data Source
6. Other agencies which assist persons who are homeless or at-risk of homelessness (List Agency name, population served, type of assistance offered and note if agency is a member of the local Homeless Coalition)		
7. Services needed, but not provided (unmet needs and gaps in service): (Include information on the types of service needed; the nearest location to obtain service; frequency that service is required or needed versus its availability; transportation issues; etc. Also, identify how the data was obtained on the unmet needs and gaps in services and identify the information source used to document the need for the service).		
8. Local poverty statistics a. Percentage of poverty (County) b. Approximate number of persons in poverty (County)		
9. County Unemployment Rate		
10. Other local events and issues which affect the county's ability to respond to the needs of the homeless population. (New employers, new resources available, plant layoffs, natural disasters, decrease in previous services, etc.)		

Attachment I

FFY 2009 Emergency Shelter Grants Program

Homeless Management Information System (HMIS) Reporting

Name of Organization: ______________________________

All applicants, including each collaborative partner, must include this form to fulfill the requirement under various statutory authorities to collect information about the nature and extent of homelessness. And must participate in the HMIS Reporting System failure to participate in the HMIS Reporting System, even if your organization is not in a Continuum of Care jurisdiction, could result in disallowed costs and may result in termination of ESGP funding.

Section A:

1. My organization **is:** ☐ _____ or **is not** ☐ in a Continuum of Care jurisdiction.
2. My organization **receives** ☐ or **does not receive** ☐ Continuum of Care funds.
3. My organization is ☐ or is not ☐ currently participating in the Homeless Management Information System (HMIS) Reporting System.

   Our organization will begin reporting to the HMIS System (indicate month/year): _____

If your organization is currently not participating in the HMIS reporting system, explain your plan of action to do so: ______________________________

____

4. My organization will utilize a portion of the FY 2009 ESGP funds to cover costs of participating in the HMIS reporting.

   _____Yes _____No

5. The individual who serves as the HMIS Administrator for the Continuum of Care coalition in my area is:

   ____

   and his/her contact information (address, phone #, and e-mail) is as follows:

   ____

Section B.

I, ______________________________, Title ______________________________, certify to the best of my knowledge and belief, that I have submitted truthful information on behalf of ______________________________ (Name of Organization).

______________________________ ______________________________

Signature Date

Previous ESGP Funding Form

Please provide the following information to identify any ESGP grant awards previously received by your organization from TDHCA as a single applicant or as a partner in a collaborative application funded by TDHCA.

Name of Organization:____________________________________
Amount of ESGP Grant Award:__________________Dates of Contract:__________________
☐ Single Applicant funded by TDHCA OR ☐ As a partner in a Collaborative Application funded by TDHCA

Name of Organization:____________________________________
Amount of ESGP Grant Award:__________________Dates of Contract:__________________
☐ Single Applicant funded by TDHCA OR ☐ As a partner in a Collaborative Application funded by TDHCA

Name of Organization:____________________________________
Amount of ESGP Grant Award:__________________Dates of Contract:__________________
☐ Single Applicant funded by TDHCA OR ☐ As a partner in a Collaborative Application funded by TDHCA

Name of Organization:____________________________________
Amount of ESGP Grant Award:__________________Dates of Contract:__________________
☐ Single Applicant funded by TDHCA OR ☐ As a partner in a Collaborative Application funded by TDHCA

Name of Organization:____________________________________
Amount of ESGP Grant Award:__________________Dates of Contract:__________________
☐ Single Applicant funded by TDHCA OR ☐ As a partner in a Collaborative Application funded by TDHCA

Name of Organization:____________________________________
Amount of ESGP Grant Award:__________________Dates of Contract:__________________
☐ Single Applicant funded by TDHCA OR ☐ As a partner in a Collaborative Application funded by TDHCA

Name of Organization:____________________________________
Amount of ESGP Grant Award:__________________Dates of Contract:__________________
☐ Single Applicant funded by TDHCA OR ☐ As a partner in a Collaborative Application funded by TDHCA

ESGP APPLICANT CERTIFICATION

I, ______________________________, ________________________, authorized to act on behalf
(Name) (Title)

of ____________________________________, certify that:
(eligible entity applying for ESG funds)

1. the applicant organization possesses legal authority to apply for and receive funds and carry out activities authorized by the Emergency Shelter Grants Program;

2. the applicant certifies that this application does not include proposed financial participation by a person who, during the five-year period preceding the date of the application, has been convicted of violating a federal law or assessed a penalty in a federal civil or administrative enforcement action in connection with a contract awarded by the federal government as a result of Hurricane Rita, Hurricane Katrina, or any other disaster occurring after September 24, 2005. Applicant acknowledges that any award by the Texas Department of Housing and Community Affairs pursuant to this application may be terminated and payment withheld if this certification is inaccurate.

3. the applicant organization will provide the matching funds required by 24 CFR 576.51 and 42 U.S.C. 11375, including a description of the sources and amounts of such supplemental funds;

4. if this application is funded, ESGP funds will be obligated within 180 days of the contract start date;

5. if this application is funded, each project receiving ESGP funding will administer, in good faith, a policy designed to ensure that the homeless facility is free from the illegal use, possession, or distribution of drugs or alcohol by its beneficiaries;

6. if this application is funded, recipient will develop and implement procedures to ensure the confidentiality of records pertaining to any individual receiving assistance due to family violence;

7. if this application is funded, homeless individuals and families will be involved, to the maximum extent practicable, through employment, volunteer services, or otherwise, in constructing, renovating, maintaining, and operating facilities assisted under ESGP, in providing services assisted under ESGP, and in providing services for occupants of facilities assisted under ESGP;

8. the applicant organization has provided for the participation of homeless individuals on its governing board or other policymaking entity;

9. the applicant organization will ensure compliance with the Drug-Free Workplace Act of 1988;

10. the applicant organization will participate in the development and implementation, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions and systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons. I further understand that State and local governments are primarily responsible for the care of these individuals and that ESGP funds are not to be used to assist such persons in place of State and local resources;

ESGP APPLICANT CERTIFICATION

11. the applicant organization will meet HUD's standards for participation in a local Homeless Management Information System (HMIS) and the collection and reporting of client-level information;

12. any renovation carried out with ESGP assistance shall be sufficient to ensure that the building involved is safe and sanitary;

13. the renovation will assist homeless individuals in obtaining: (A) appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living; and (B) other Federal, state, local, and private assistance available for such individuals; and,

14. all ESGP-funded activities will be carried out in accordance with all applicable laws and regulations of the U.S. Department of Housing and Urban Development and the Texas Department of Housing and Community Affairs.

Authorized Signature & Title

Date

Certification Regarding Lobbying

I, ____, authorized to act on behalf of
(name and title)

___________________________________, certify to the best of my knowledge and belief,
(eligible entity applying for ESG funds)

that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the State, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the State shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The State shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose according to the Government-wide Guidance for New Restrictions on Lobbying (Fed. Reg. December 20, 1989; 52306).

____
(Type or print name and title of certifying person)

__________________________ ____________________
(Signature) (Date)

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than 100,000 for each such failure.

Attachment M

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA)

AUDIT CERTIFICATION FORM

Organization: ______________________ **Fiscal Year End:** ____/____/____ **ESGP Contract #** ________

Month Day Year

☐ We **have exceeded** the $500,000 in federal or $500,000 in state expenditure threshold. We will have our Sing Audit or Program Specific Audit completed and will submit the audit report within nine (9) months after the end of tr audited fiscal year.

☐ We **did not exceed** the $500,000 in state or $500,000 in federal expenditure threshold required for a Single Audit (a Program Specific Audit to be performed this fiscal year. ***(Fill out schedule below)***

Must be filled out if Single Audit or Program Audit is not required:

Federal Funds

Federal Grantor	Pass-through Grantor	Program Name & CFDA Number	Contract Numb	Expenditures
	Total Federal Expenditures for this Fiscal Year			***$***

State Funds

State Grantor	Pass-through Grantor (if any)	Program Name	Contract Numb	Expenditures
	Total State Expenditures for this Fiscal Year			***$***

Authorized Signature *(Executive Director, Mayc County Judge)*	Printed Name	Title
Mailing Address:	City, State	Zip Code
Email Address:	Phone Number	Fax Number

PRELIMINARY ENVIRONMENTAL REVIEW
STATUTORY CHECKLIST

24 CFR §58.5 STATUTES, EXECUTIVE ORDERS & REGULATIONS

Organization:______________________________ Project Name: ________________________

Project Description (Include all actions which are either geographically or functionally related):

Location:____

This project is determined to be categorically excluded according to: [Cite section(s)] __________________

Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5	N/A	Consultation, Review, Permits Required	Consistency Determination	Condition, Mitigation	**Compliance Documentation**
Historic Preservation [36 CFR Part 800]					
Floodplain Management [24 CFR 55, Executive Order 11988]					
Wetland Protection [Executive Order 11990]					
Coastal Zone Management Act [Sections 307(c), (d)]					
Safe Drinking Water Act (42 USC 201, 300(f) & 21 U.S.C. 349)					
Sole Source Aquifers [40 CFR 149]					
Endangered Species Act [50 CFR 402]					
Wild and Scenic Rivers Act [Sections 7(b), and (c)]					
Clean Air Act [Sections 176(c), (d), and 40 CFR 6, 51, 93]					
Farmland Protection Policy Act [7 CFR 658]					

Environmental Justice [Executive Order 12898]					
HUD ENVIRONMENTAL STANDARDS					
Noise Abatement and Control [24 CFR 51B]					
Explosive and Flammable Operations [24 CFR 51C]					
Toxic Chemicals and Radioactive Materials [24 CFR 58.5(i)]					
Airport Clear Zones and Accident Potential Zones [24 CFR 51D]					

DETERMINATION:

( ) This project converts to Exempt, per Section 58.34(a)(12), because it does not require any mitigation for compliance with any listed statutes or authorities, nor requires any formal permit or license (Status "A" has been determined in the status column for all authorities); **Funds may be drawn down** for this (now) EXEMPT project; OR

( ) This project cannot convert to Exempt because one or more statutes/authorities require consultation or mitigation. Complete consultation/mitigation requirements, publish NOI/RROF and obtain Authority to Use Grant Funds (HUD 7015.16) per Section 58.70 and 58.71 before drawing down funds; OR

( ) The unusual circumstances of this project may result in a significant environmental impact. This project requires preparation of an Environmental Assessment (EA). Prepare the EA according to 24 CFR Part 58 Subpart E.

PREPARER SIGNATURE: ______________________ DATE: __________

PREPARER NAME: ______________________

RESPONSIBLE ENTITY AGENCY

OFFICIAL SIGNATURE: ______________________

NAME, TITLE: ______________________

CITY, COUNTY: ______________________

DATE: __________

INSTRUCTIONS for completing the STATUTORY CHECKLIST

For HUD funded projects which are categorically excluded per 24 CFR §58.35(a), the Responsible Entity (**RE**) must make a determination of whether the proposal achieves compliance with each applicable statute, Executive Order or regulation with or without requiring formal consultation procedures, mitigation, permits or having adverse effects on the resources protected by the statute. (These instructions are a brief description of the essential findings needed to establish compliance. These instructions are not intended to replace the applicable regulations. Applicable regulations take precedence over these brief instructions). The Preparer of the Statutory Checklist must **DOCUMENT AND/OR ATTACH THE SOURCES OF THE DETERMINATION.**

Record the finding status on the STATUTORY CHECKLIST for each listed Federal statute, regulation, or authority as follows:
Status "A" applies when compliance with the authority is achieved without adverse effects on the protected resource, without necessary mitigation or attenuation AND when no formal consultation, permit or agreement is required to establish compliance. In these situations, enter "A" in the STATUTORY CHECKLIST status column.
Status "B" applies when project compliance with the authority requires formal consultation, a permit or agreement, OR when the proposal may have an adverse effect on the protected resources. Part B summarizes what additional steps or formal procedures must be completed prior to submitting a Request for Release of Funds (RROF) to HUD or to the State. Evidence of completion and implementation of the required procedures or mitigation must be retained in the project Environmental Review Record (ERR).

Historic Properties (including archeology):
A) The RE and SHPO agree that there are No Historic Properties Affected per 36 CFR 800.4, no adverse effects on historic properties per §800.5(b), or SHPO has not objected within 30 days to such fully documented determinations.
B) The proposal has an adverse effect on historic properties. Consult with SHPO et al., per §800.5 et seq., to resolve or mitigate adverse effects.

Floodplain Management:
A) The project does not involve property acquisition, management, construction or improvements within a 100 year floodplain (Zones A or V) identified by FEMA maps, and does not involve a "critical action" (e.g., emergency facilities, facility for mobility impaired persons, etc.) within a 500 year floodplain (Zone B). If FEMA has not published flood maps, the RE must make a finding based on best available data, e.g. from the City/County Engineer or local Flood Control Agency.
B) Complete the 8-step decision making process according to 24 CFR Part 55.20 to document that there are no practicable alternatives to the proposal and to mitigate effects of the project in a floodplain.

Wetlands Protection:
A) The project does not involve new construction within or adjacent to wetlands, marshes, wet meadows, mud flats or natural ponds per field observation and maps issued by the USDI Fish & Wildlife Service or U.S. Corps of Engineers.
B) Complete the 8-step decision making process in 24 CFR 55.20 to document there are no practicable alternatives and to mitigate effects of the project on wetlands. Such action also requires obtaining a permit from the U.S. Corps of Engineers under Section 404 of the Clean Water Act.

Coastal Zone Management:
A) The project does not involve the placement, erection or removal of materials, nor an increase in the intensity of use in the Coastal Zone (CZ) per certified local coastal plan, State Coastal Commission, etc.
B) Secure concurrence from the CZ Commission or delegated local planning commission with your determination of consistency with the applicable CZ Plan, or obtain coastal zone permit.

Sole Source Aquifers (Safe Drinking Water Act):
A) The project is not located within a U.S. EPA-designated sole source aquifer watershed area per EPA Ground Water Office.
B) Consult with the Water Management Division of EPA to design mitigation measures to avoid contaminating the aquifer and implement appropriate mitigation measures.

Endangered Species:
A) The RE determines that the proposal will have "no effect" **or** "is not likely to adversely affect" any federally protected (listed or proposed) Threatened or Endangered Species (i.e., plants or animals, fish, or invertebrates), nor adversely modify critical habitats. This finding is to be based on contact made with the U.S. Fish and Wildlife Service and/or with State Department of Fish and Game, or by special study completed by a professional biologist or botanist and approved by the above agency. Only a determination of "no effect" does not require being sent to U.S. FWS for concurrence.
B) Consult with the U.S. FWS or with the National Marine Fisheries Service, in accordance with procedural regulations contained in 50 CFR Part 402. Formal consultation with FWS or NMFS is always required for federally funded "major construction" activities and anytime a "likely to adversely affect" determination is made.

Wild and Scenic Rivers:
A) The project is not located within one mile of a listed Wild and Scenic River, **OR** the project will have no effects on the natural, free flowing or scenic qualities of a river in the National Wild and Scenic Rivers system.
B) Consult with the U.S. Department of Interior, National Park Service for impact resolution and mitigation.

Air Quality:

A) The project is located within an "attainment" area, **OR,** if within a "non-attainment" area, conforms with the EPA-approved State Implementation Plan (SIP), per contact with the State Air Quality Management District or Board, **AND** the project requires no individual NESHAP permit or notification;

B) Negotiate suitable mitigation measures with the Air Quality Management District or Board, obtain necessary permits, issue required notices. (For example, 40 CFR §61.145 requires 10-day prior notification to the Air Quality District Administrator whenever either 260 linear ft., 160 sq. ft., or 35 cubic ft., of asbestos containing material is to be disturbed).

Farmland Protection:

A) The project site does not include prime or unique farmland, or other farmland of statewide or local importance as identified by the U.S. Department of Agriculture, Natural Resources Conservation Service NRCS (formerly the Soil Conservation Service, **OR** the project site includes prime or unique farmland, but is located in an area committed to urban uses;

B) Request evaluation of land type from the NRCS using Form AD-1006, and consider the resulting rating in deciding whether to approve the proposal, as well as mitigation measures (including measures to prevent adverse effects on adjacent farmlands).

Noise Abatement and Control:

A) The project does not involve development of noise sensitive uses, **OR** the project is not within 1,000 feet of a major or arterial roadway, 3,000 feet of a railroad, or 15 miles from a major (listed) airport **OR** ambient noise level is documented to be 65 LDN (CNEL) or less, based upon the HUD Noise Assessment Guidelines (NAG) for calculating noise levels and Airport Noise Contour map;

B) Apply the noise standard, per 24 CFR §51.101, to the decision whether to approve the proposal (see §51.104), and implement noise attenuation measures (NAG page 39-40) as applicable.

Explosive or Flammable Operations:

A) The project is located at an Acceptable Separation Distance (ASD) from any above-ground explosive or flammable fuels or chemicals containers according to "Siting of HUD-Assisted Projects Near Hazardous Facilities" (Appendices F & G, pp. 51-52), **OR** the project will expose neither people nor buildings to such hazards;

B) mitigate the blast overpressure or thermal radiation hazard with the construction of a barrier of adequate size and strength to protect the project (per 24 CFR 51.205).

Toxic Chemicals and Radioactive Materials:

A) The subject and adjacent properties are free of hazardous materials, contamination, toxic chemicals, gasses and radioactive substances which could affect the health or safety of occupants or conflict with the intended use of the subject property. Particular attention should be given to nearby dumps, landfills, industrial sites and other operations with hazardous wastes.

B) Mitigate the adverse environmental condition by removing, stabilizing or encapsulating the toxic substances in accordance with the requirements of the appropriate Federal, state or local oversight agency; **OR** reject the proposal.

Airport Clear Zones and Accident Potential Zones:

A) The project is not within an FAA-designated civilian airport Runway Clear Zone (RCZ) -or Runway Protection Zone, or within a military airfield Clear Zone (CZ) or Accident Potential Zone (APZ) -Approach Protection Zone, based upon information from the airport or military airfield administrator identifying the boundaries of such zones, **OR** the project involves only minor rehabilitation, **OR** the project involves only the sale or purchase of an existing property in the RCZ or CZ;

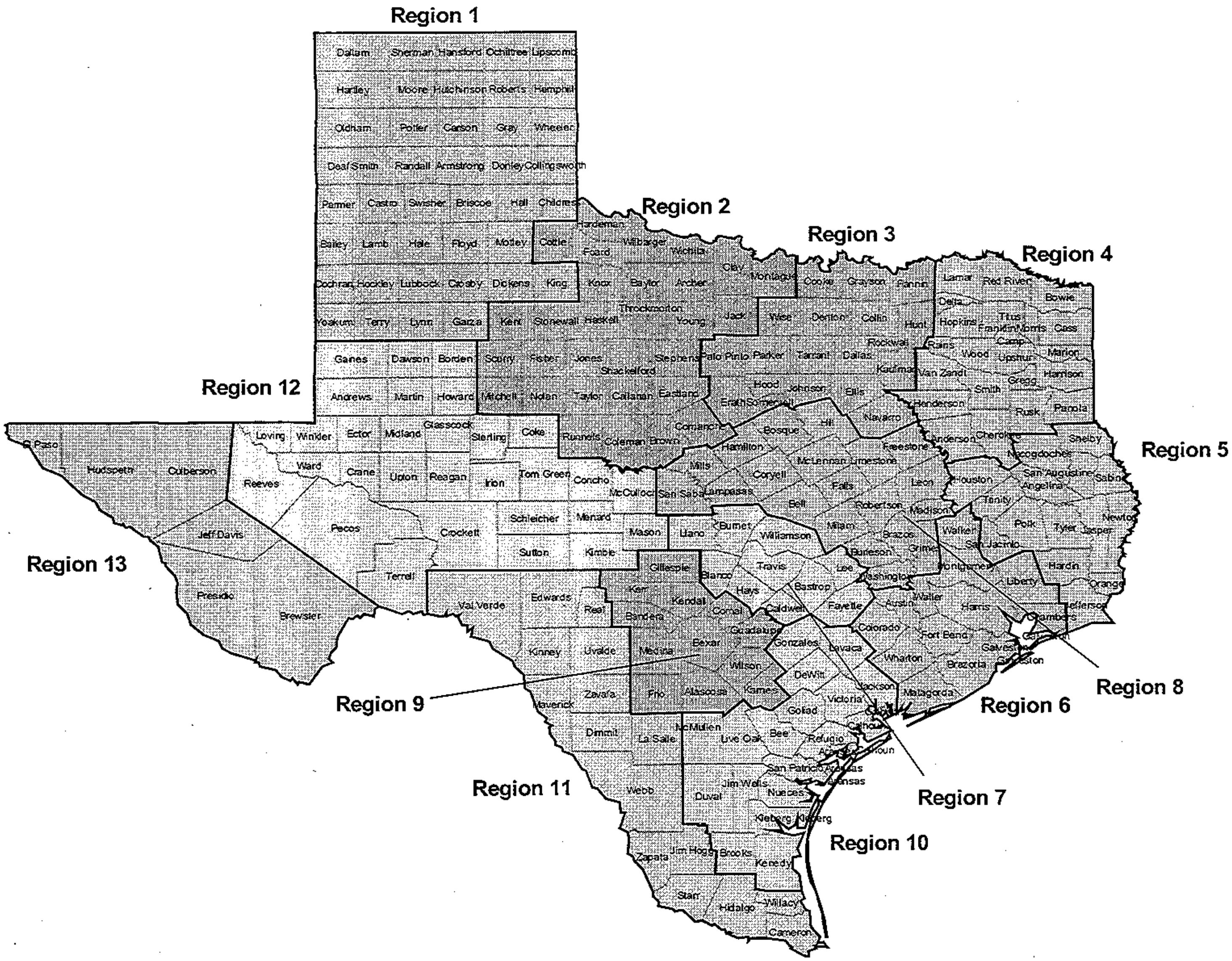
B) It is **HUD** policy not to provide any development assistance, subsidy or insurance in RCZs or CZs unless the project will not be frequently used or occupied by people and the airport operator provides written assurances that there are no plans to purchase the project site.

Environmental Justice:

A) The proposed site is suitable for its proposed use and will NOT be adversely impacted by adverse environmental conditions;

B) Site suitability is a concern; the proposal is adversely affected by environmental conditions impacting low income or minority populations. Avoid such impacts or mitigate them to the extent practicable. Address and mitigate the disproportional human health or environmental effects adversely affecting the low income or minority populations **OR** reject the proposal.

TDHCA Service Regions



State of Texas 2000 Census Data

Population	20,851,820
Poverty Population	3,117,609
Percent of Persons in Poverty	15.4%
Increase in Poverty Population 1990 to 2000:	117,094 (3.9%)

TDHCA Region	Percent of Poverty Population	Estimated ESGP Distribution
1	3.95%	200,406
2	2.49%	126,332
3	18.88%	957,888
4	4.88%	247,590
5	3.87%	196,347
6	21.04%	1,067,477
7	4.65%	235,920
8	4.79%	243,023
9	8.57%	434,804
10	4.24%	215,119
11	14.61%	741,247
12	2.73%	138,508
13	5.30%	268,899
Total:	**100%**	**5,073,560**

Data Sources for Resource Documentation Table

RESOURCE DOCUMENTATION TABLE

A separate Resource Documentation Table must be completed for **each county** in which your organization proposes to provide ESGP services. Include verifiable sources for all data included.

The following websites may be useful in gathering this information:

Texas State Data Center:	www.txsdc.tamu.edu/
Texas Education Agency:	www.tea.state.tx.us
Texas Housing Association	http://txtha.home.texas.net/
Low-Income Texas Housing Information	www.texashousing.org
Texas Information and Referral Network	www.hhsc.state.tx.us/tirn/tirnhome.htm
Texas Workforce Commission:	www.twc.state.tx.us/
TX Chambers of Commerce:	www.tded.state.tx.us/guide/search/s-chamber.cfm
Texas Homeless Network:	www.thn.org
National Coalition for the Homeless	www.nationalhomeless.org/
The U.S. Conference of Mayors	www.usmayors.org

Other sources of local information include public, community college, or university libraries, homeless coalitions and local rental associations.

FFY 2009
Appendix III

Sample Budget

Detail of Activities by Category & Method of Calculation	Basis for Cost	Line Item Totals	Category Totals
Total Requested Funds: $ 92,000			
A. OPERATION ADMINISTRATION (10% of grant)			**$9,18**
Executive Director (10% of $4,500 x 12 months)	Prior year's expenditures (PYE)	$5,400	
Finance Director (9% of $3,500 x 12 months)		$3,780	
B. REHABILITATION			**$9,85**
Replace air conditioning unit (1 a/c unit @ $7,848)	Bids	$7,848	
Retile kitchen (350 square feet x $5.72)	Bids	$2,002	
C. ESSENTIAL SERVICES (30% of funds requested)			**$27,36**
Salaries (list positions and amounts)		$13,068	
Cook -Portion of Salary : $10,800 ($18,000 yr x 60%)	PYE		
Fringe Benefits (insurance, healthcare, FICA): $2,268 ($3,780 x 60%)	PYE		
Other:			
Childcare: $12,900 (43 children x $300 a month)		$14,299	
Transportation (bus passes, taxi fares): $1399 (1,300 bus fares x .75 = $975; 53 taxi fares @ $8 = $424)	PYE		
D. MAINTENANCE, OPERATION, AND FURNISHINGS			**$35,60**
Maintenance (contractual agreements only)		$3,530	
Copier lease $1,980 ($250 month x 66% x 12)	PYE		
Pest Control $996 ($125 month x 66% x 12)	PYE		
Security System $554 ($70 month x 66% x 12)	PYE		
Operation: (excluding staff but including)		$26,623	
Pre-award Travel Expenses $250 (2 staff x 1 trip @ $125 each)	PYE		
Repairs (non-deferred) $11,172 (See attached bid estimates)	PYE		
Insurance (Liability) $1,845 ($233 month x 66% x 12)	PYE		
Utilities $3,564 ($450 month x 66% x 12)	PYE		
Telephone $1,584 ($200 month x 66% x 12)	PYE		
Other: van registration $ 120 (1 van @ $120)	PYE		
Equipment (list item(s) and amount)			
Refrigerator $ 2,988 (2 refrigerators @ $1,494 each)	PYE		
Food Slicer $ 350 (1 slicer @ $350)	PYE		
Computers $4,750 (5 computers @ $950 each)	PYE		
Furnishings (list items(s) & amount)			
Beds $1,750 (5 beds at $350 each)	Actual Prices as p Catalog	$5,450	
Mattresses $600 (5 mattresses at $120 each)			
Couches $1,900 (2 couches at $950 each)			
Entertainment center $1,200 (1 entertainment Ctr. @ $1,200)			
E. HOMELESSNESS PREVENTION			**$10,00**
Rent deposits (Rent for 10 families at $400 each)	Prior Year's Record (PYR)	$4,000	
Utilities (utilities for 30 families at an average of $200 each)		$6,000	
TOTAL		**$92,000**	**$92,00**

Sample Match

TYPE	DOLLAR VALUE	SOURCE OF MATCH	METHOD OF CALCULATION
Donated Supplies (clothing, furnitur equipment, etc.)	$ 1,500	Clothing donation from Rutherford's Department store	Based on prior year's donation
Cash Donations Or Grants	$ 30,000	VOCA grant $30,000	Total Grant - $36,000 $36,000 / 12 months = $3,000 per month $3,000/mo. x 10 months = $30,000 (10 months only during ESGP contract perio 9/1/04 to 6/30/05)
Value of Donate Building	$ 27,000	Vacant house donated by Savi Mission to be used in the curre contract year as a shelter	1,800 sq. ft. x $ 15.00 per sq. ft. as fa market value (see appraiser's letter)
Fair Rental or Leas Value	$ 16,500	Lease on building @ 214 Main St.	1,100 sq. ft. x $1.25 per sq. ft. = $1,375/mo $1,375/mo. x 12 months = $16,500
Salaries	$ 11,500	Percentage of staff compensation paid with CSBG funds: Community Development Directo $6,000 Chief Financial Officer $5,500	$40,000 x 15% = $6,000 $55,000 x 10% = $5,500
Volunteers (@ $5/hour)	$ 2,600	520 volunteer hours	10 hours a week x 52 weeks = 520 hours 520 hours x $5.00 = $2,600
Other (such as fundraisers)	$ 3,000	5K Run fundraiser	Based on prior year's revenue from Race
MATCH TOTAL	$ 92,100		

Sample Collaborative Budget

Consolidated Budget

Detail of Activities by Category	Basis for Cost	Line Item Totals	Category Totals
Total Requested Funds: $ 158,500			
A. OPERATION ADMINISTRATION (10% of grant)			**$15,780**
Resource Outreach Ministries	Prior Year's Expense (PYE)	$8,340	
Executive Director: $3,840 ($3,200 month x 10% x 12 months) Bookkeeper: $4,500 ($2,500 month x 15% x 12 months)	PYE		
Domestic Violence Shelter		$7,440	
Secretary: $2,880 ($2,000 month x 12% x 12 months)	PYE		
Shelter Director: $4,560 ($3,800 month x 10% x 12 months)	PYE		
B. REHABILITATION			**$**
		$	
C. ESSENTIAL SERVICES (30% of funds requested)			**$47,490**
Salaries (list positions and amounts)			
Resource Outreach Ministries		$16,750	
Caseworker: $14,600 ($29,200 year x 50%)	PYE		
Fringe Benefits: $2,150 (Insurance, healthcare, FICA) ($4,300 x 50%)	PYE		
Domestic Violence Shelter		$20,640	
Client Services Coordinator: $13,440 ($2,800 month x 40% x 12 months)	PYE		
Counselor: $7,200 ($3000 month x 20% x 12 months)	PYE		
Other:		$ 10,100	
Resource Outreach Ministries			
Medicines: $4,500 (30 clients x $150 each)	PYE		
Bus Tokens: $800 (160 clients x $5 each)	PYE		
Food Vouchers: $3,000 (60 clients x $50 each)	PYE		
Domestic Violence Shelter			
Client transportation vouchers: $1,800 (90 clients x $20)	PYE		

D. MAINTENANCE, OPERATION, AND FURNISHINGS			**$51,480**
Maintenance (contractual agreements only)			
Resource Outreach Ministries		$3,150	
Pest Control: $ 900 ($150 month x 50% x 12 months)	PYE		
Waste Management: $450 ($75 month x 50% x 12 months)	PYE		
Copier Lease: $1,800 ($300 month x 50% x 12 months)	PYE		
Domestic Violence Shelter			
Security services: $9,600 ($4,000 monthly x 20% x 12 months)	PYE	$9,600	
Operation (excluding staff but including)			
Resource Outreach Ministries		$9,232	
Cleaning Supplies: $1,200(avg. expense $200 x 50% x 12 months)	PYE		
Repairs: $1,942 (See attached itemized list, page 70)	PYE		
Insurance (liability): $1,050 ($175 month x 50% x 12 months)	PYE		
Utilities: $3,960 ($500 month x 66% x 12 months)	PYE		
Telephone: $1,080 ($300 month x 30% x 12 months)	PYE		
Domestic Violence Shelter			
Food: $5,040 (avg. cost=$2,100 x 20% x 12 months)	PYE	$8,520	
Cleaning & Bathroom Supplies: $780 (avg. cost $325 x 20% x 12 months)	PYE		
Utilities: $1,440 (avg. cost $600 month x 20% x 12 months)	PYE		
Auto &liability insurance: $1,260 (monthly $525 x 20% x 12 months)	PYE		
Equipment (list item(s) and amount)			
Resource Outreach Ministries		$8,378	
Computer system: $6,200 (2 @ $3,100)	Bids		
Printers: $ 800 (2 printers @ $400 each)			
HMIS Software: $1,378 (See Bids)			
Domestic Violence Shelter			
Telephone system: $1,000 (cost of phone system $5,000 x 20%)	Bids		
Commercial stoves: $600 (2 stoves @ $1,500 each x 20%)		$8,000	
Washers/Dryers: $6,400 (8 sets @ $800 x 100%)			
Furnishings (list item(s) & amount):			
Resource Outreach Ministries	Actual Prices per Catalogue	$4,600	
Sofas: $1,800 (6 sofas @ $300 each)			
Tables & Chairs: $2,800 (4 sets @ 700 each)			
E. HOMELESSNESS PREVENTION			**$43,750**
Resource Outreach Ministries	Prior Year's Records (PYR)		
Rent Assistance: $15,000 (Rent for 25 families x $600 month)			
Utility Assistance & Utility Deposits: $9,750 (Utility assistance for 30 perso x $200; Utility Deposits for 15 persons x $250)	PYR	$24,750	
Domestic Violence Shelter			
Rent: $11,500 (rent for 20 families @ $575 each)	PYR		
Utility Payments: $7,500 (utility assistance for 50 families at $150 each)	PYR	$19,000	
TOTAL			**$158,500**

Sample Collaborative Budget

Resource Outreach Ministries Budget

Detail of Activities by Category & Method of Calculation	Basis for Cos	Line Item Totals	Category Totals
Total Requested Funds: $ 83,500			
A. OPERATION ADMINISTRATION (10% of grant)			**$8,340**
Executive Director: $3,840 ($3,200 month x 10% x 12 months)	PYE	$8,340	
Bookkeeper: $4,500 ($2,500 month x 15% x 12 months)	PYE		
B. REHABILITATION			**$**
		$	
C. ESSENTIAL SERVICES (30% of funds requested)			**$25,050**
Salaries (list positions and amounts)			
Caseworker: $14,600 ($29,200 year x 50%)	PYE	$16,750	
Fringe Benefits: $2,150 (Insurance, healthcare, FICA) ($4,300 x 50%			
Other:		$8,300	
Medicines: $4,500 (30 clients x $150 each)	PYE		
Bus Tokens: $800 (160 clients x $5 each)	PYE		
Food Vouchers: $3,000 (60 clients x $50 each)	PYE		
D. MAINTENANCE, OPERATION, AND FURNISHINGS			**$25,360**
Maintenance (contractual agreements only)		$3,150	
Pest Control: $ 900 ($150 month x 50% x 12 months)	PYE		
Waste Management: $450 ($75 month x 50% x 12 months)	PYE		
Copier Lease: $1,800 ($300 month x 50% x 12 months)	PYE		
Operation (excluding staff but including)		$ 9,232	
Cleaning Supplies: $1,200(avg. expense $200 x 50% x 12 months)	PYE		
Repairs: $1,942 (See attached itemized list, page 70)	PYE		
Insurance (liability): $1,050 ($175 month x 50% x 12 months)	PYE		
Utilities: $3,960 ($500 month x 66% x 12 months)	PYE		
Telephone: $1,080 ($300 month x 30% x 12 months)	PYE		

Equipment (list item(s) and amount) Computer system: $6,200 (2 @ $3,100) Printers: $ 800 (2 printers @ $400 each) HMIS Software: $1,378 (See Bids)	PYE	$8,378	
Furnishings (list item(s) & amount): Sofas: $1,800 (6 sofas @ $300 each) Tables & Chairs: $2,800 (4 sets @ 700 each)	Actual prices as per Catalogue	$4,600	
E. HOMELESSNESS PREVENTION			**$24,750**
Rent Assistance: $15,000 (Rent for 25 families x $600 month)	PYR	$24,750	
Utility Assistance & Utility Deposits: $9,750 (Utility assistance for persons x $200; Utility Deposits for 15 persons x $250)	PYR		
TOTAL		**$83,500**	**$83,500**

Sample Collaborative Budget

Domestic Violence Shelter Budget

Detail of Activities by Category & Method of Calculation	Basis for Co	Line Item Totals	Category Totals
Total Requested Funds: $ 75,000			
A. OPERATION ADMINISTRATION (10% of grant)			**$7,440**
Secretary $2,880 ($2,000 month x 12% x 12 months) Shelter Director $4,560 ($3,800 month x 10% x 12 months)	PYE PYE	$7,440	
B. REHABILITATION			**$**
		$	
C. ESSENTIAL SERVICES (30% of funds requested)			**$22,440**
Salaries (list positions and amounts) Client Services Coordinator $13,440 ($2,800 month x 40% x 12 months) Counselor $7,200 ($3000 month x 20% x 12 months)	PYE	$20,640	
Other: Client transportation vouchers $1,800 (90 clients x $20)	PYE	$ 1,800	
D. MAINTENANCE, OPERATION, AND FURNISHINGS			**$26,120**
Maintenance (contractual agreements only) Security services: $9,600 ($4,000 monthly x 20% x 12 months)	PYE	$ 9,600	
Operation (excluding staff but including) Food: $5,040 (avg. cost=$2,100 x 20% x 12 months) Cleaning & Bathroom Supplies: $780 (avg. cost $325 x 20% x 12 months) Utilities: $1,440 (avg. cost $600 month x 20% x 12 months) Auto &liability insurance: $1,260 (monthly $525 x 20% x 12 months)	PYE PYE PYE PYE	$8,520	
Equipment (list item(s) and amount) Telephone system: $1,000 (cost of phone system $5,000 x 20%) Commercial stoves: $600 (2 stoves @ $1,500 each x 20%) Washers/Dryers: $6,400 (8 sets @ $800 x 100%)	PYE PYE PYE	$8,000	
Furnishings (list item(s) & amount):		$	
E. HOMELESSNESS PREVENTION			**$19,000**
Rent: $11,500 (rent for 20 families @ $575 each) Utility Payments: $7,500 (utility assistance for 50 families at $150 each)	PYR PYR	$19,000	
TOTAL		**$75,000**	**$75,000**

Sample Collaborative Match

TYPE	DOLLAR VALUE	SOURCE OF MATCH	METHOD OF CALCULATION
Donated Supplies (clothing, furniture, equipment, etc.)	**$ 13,000**	Resource Outreach Ministries Clothing donations fro Rutherford's Department sto $8,000 Domestic Violence Shelter Book sale $5,000	Prior year's donation. Prior year's revenue.
Cash Donations Or Grants	**$ 85,500**	Resource Outreach Ministries United Way grant $42,500 TEA grant $6,000 Domestic Violence Shelter VAWA grant $37,000	Letter of commitment. Grant Award Notice. Grant Award Notice.
Value of Donat Building	$		
Fair Rental or Lea Value	$		
Salaries	**$ 27,000**	Resource Outreach Ministries Case Manager ($9,000) and Admi Assistant ($8,000) paid with CSB grant Domestic Violence Shelter Shelter Director ($10,000) paid wi VOCA grant	Case Mgr: $30,000 x 30% = $ 9,000 Admin Assist. $20,000 x 40% = $ 8,000 Shelter Director $25,000 x 40% $10,000
Volunteers (@ $5/hour)	**$ 27,000**	Resource Outreach Ministries $7,500 Domestic Violence Shelter $19,500	$5/hr x 1,500 volunteer hours = $7,500 $5/hr x 3,900 volunteer hours = $19,500
Other (such as fundraisers)	**$ 6,000**	Domestic Violence Shelter 5K run fundraiser	Prior Year's Revenue.
MATCH TOTAL	**$ 158,500**		

ESGP Entitlement Cities and Counties

Arlington
Mr. Lee Hitchcock
Department of Neighborhood Services
City of Arlington
Post Office Box 90231
Arlington, Texas 76004-3231
Phone: (817) 459-6254
Fax: (817) 459-6772

Austin
Mr. Paul Hilgers
Office of Neighborhood Housing &
Community Development
P.O. Box 1088
Austin, TX 78767
Phone: (512) 974-3108
Fax: (512) 974-3112

Brownsville
Mr. Ben Medina
Community Development Manager
Post Office Box 911
Brownsville, Texas 78520
Phone: (956) 548-6150
Fax: (956) 548-6144

Corpus Christi
Mr. Daniel Gallegos, Jr.
Community Development
Post Office Box 9277
Corpus Christi, Texas 78469-9277
Phone: (361) 826-3017
Fax: (361) 544-1740

Dallas
Ms. Maria Garcia
Office of Fiscal Services
City of Dallas
1500 Marilla St. 4FS
Dallas, Texas 75201
Phone: (214) 670-3659
Fax: (214) 670-0160

El Paso
Mr. Robert A. Salinas
Department of Community and Human
Development
#2 Civic Center Plaza, 8th Floor
City Hall
El Paso, Texas 79901-1196
Phone: (915) 541-4643
Fax: (915) 541-4370

Fort Worth
Ms. Deidra Emerson
Intergovernmental Affairs & Grants
Management
City of Fort Worth
1000 Throckmorton
Fort Worth, Texas 76102
Phone: (817) 392-7563
Fax: (817) 392-8383

Garland
Mr. Lemuel Green
Division of Housing and Neighborhood
Services
City of Garland
P.O. Box 469002
Garland, TX 75046-9002
Phone: (972) 205-3301
Fax: (972) 205-3303

Houston
Mr. Richard S. Celli
Department of Housing and Community
Development
Post Office Box 1562
Houston, Texas 77251-1562
Phone: (713) 868-8305
Fax: (713) 865-4135

Irving
Mr. Vivian Ballou
Department of Community
Development/Grants Program
440 South Nursery Road, Suite 201
Irving, TX 75060
Phone: (972) 721-4800
Fax: (972) 721-4813

Laredo
Ms. Thelma V. Acosta
Department of Community Development
Post Office Box 1276
Laredo, Texas 78042-1276
Phone: (956) 795-2675
Fax: (956) 795-2689

Lubbock
Mr. Bill Howerton
Department of Community Development
Post Office Box 2000
Lubbock, Texas 79457
Phone: (806) 775-2300
Fax: (806) 775-3281

Pasadena
Mr. Miles G. Arena
Department of Community
Development
P.O. Box 672
Pasadena, TX 77501-0672
Phone: (713) 475-7243
Fax: (713) 477-8935

San Antonio
Mr. Andrew W. Cameron
Department of Housing and Community
Development
1400 S. Flores St. Unit 3
San Antonio, Texas 78204
Phone: (210) 207-6620
Fax: (210) 886-0006

ESGP Entitlement Cities and Counties

Brazoria County
Ms. Nancy N. Friudenberg
Department of Community Development
111 E. Locust St. Room 303
Angleton, TX 77515
Phone: (979) 864-1860
Fax: (979) 864-1089

Dallas County
Mr. Rick Loessberg
Department of Planning and Development
411 Elm St. Third Floor
Dallas, Texas 75202
Phone: (214) 653-7601
Fax: (214) 653-6517

Fort Bend County
Ms. Marilynn Kindell
Department of Community Development
4520 Reading Road, Suite A
Rosenberg, TX 77471
Phone: (281) 341-4410
Fax: (281) 341-3762

Harris County
Mr. David Turkel
Department of Community and Economic Development
8410 Lantern Point
Houston, Texas 77054
Phone: (713) 578-2002
Fax: (713) 578-2090

Hidalgo County
Mr. Antonio Barco
Urban County Program
1916 Tesoro Blvd. Second Floor
Pharr, Texas 78577
Phone: (956) 787-8127
Fax: (956) 787-5219

Tarrant County
Ms. Patricia Ward
Department of Community Development
1509 B South University Dr., Ste. 276
Fort Worth, Texas 76107
Phone: (817) 850-7940
Fax: (817) 850-7944

Appendix VI

U.S. Health and Human Services
2008 Poverty Guidelines

bank holding companies. Unless otherwise noted, these activities will be conducted throughout the United States.

Each notice is available for inspection at the Federal Reserve Bank indicated. The notice also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether the proposal complies with the standards of section 4 of the BHC Act. Additional information on all bank holding companies may be obtained from the National Information Center website at *www.ffiec.gov/nic/.*

Unless otherwise noted, comments regarding the applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than February 6, 2008.

A. Federal Reserve Bank of St. Louis (Glenda Wilson, Community Affairs Officer) 411 Locust Street, St. Louis, Missouri 63166-2034:

1. *Evolve Financial Group, Inc.*, Cordova, Tennessee;, to acquire 100 percent of the voting shares of AFS Investment Advisors, Inc., Austin, Texas, and thereby engage in investment advisory activities, pursuant to section 225.28(b)(6)(i) of Regulation Y.

Board of Governors of the Federal Reserve System, January 17, 2008.

Robert deV. Frierson,

Deputy Secretary of the Board.

[FR Doc. E8–1080 Filed 1–22–08; 8:45 am]

BILLING CODE 6210–01–S

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of the Secretary

Annual Update of the HHS Poverty Guidelines

AGENCY: Department of Health and Human Services.

ACTION: Notice.

SUMMARY: This notice provides an update of the HHS poverty guidelines to account for last calendar year's increase in prices as measured by the Consumer Price Index.

DATES: *Effective Date:* Date of publication, unless an office administering a program using the guidelines specifies a different effective date for that particular program.

ADDRESSES: Office of the Assistant Secretary for Planning and Evaluation, Room 404E, Humphrey Building, Department of Health and Human Services (HHS), Washington, DC 20201.

FOR FURTHER INFORMATION CONTACT: For information about how the guidelines are used or how income is defined in a particular program, contact the Federal, State, or local office that is responsible for that program. Contact information for two frequently requested programs is given below:

For information about the Hill-Burton Uncompensated Services Program (free or reduced-fee health care services at certain hospitals and other facilities for persons meeting eligibility criteria involving the poverty guidelines), contact the Office of the Director, Division of Facilities Compliance and Recovery, Health Resources and Services Administration, HHS, Room 10–105, Parklawn Building, 5600 Fishers Lane, Rockville, Maryland 20857. To speak to a person, call (301) 443–5656. To receive a Hill-Burton information package, call 1–800–638–0742 (for callers outside Maryland) or 1–800–492–0359 (for callers in Maryland). You also may visit *http://www.hrsa.gov/hillburton/default.htm.* The Division of Facilities Compliance and Recovery notes that as set by 42 CFR 124.505(b), the effective date of this update of the poverty guidelines for facilities obligated under the Hill-Burton Uncompensated Services Program is sixty days from the date of this publication.

For information about the percentage multiple of the poverty guidelines to be used on immigration forms such as USCIS Form I–864, Affidavit of Support, contact U.S. Citizenship and Immigration Services at 1–800–375–5283 or visit *http://www.uscis.gov/files/form/I-864p.pdf.*

For information about the number of people in poverty or about the Census Bureau poverty thresholds, visit the Poverty section of the Census Bureau's Web site at *http://www.census.gov/hhes/www/poverty.html* or contact the Census Bureau's Demographic Call Center Staff at (301) 763–2422 or 1–866–758–1060 (toll-free).

For general questions about the poverty guidelines themselves, contact Gordon Fisher, Office of the Assistant Secretary for Planning and Evaluation, Room 404E, Humphrey Building, Department of Health and Human Services, Washington, DC 20201—telephone: (202) 690–7507—or visit *http://www.aspe.hhs.gov/poverty/.*

SUPPLEMENTARY INFORMATION:

Background

Section 673(2) of the Omnibus Budget Reconciliation Act (OBRA) of 1981 (42 U.S.C. 9902(2)) requires the Secretary of the Department of Health and Human Services to update, at least annually, the poverty guidelines, which shall be used as an eligibility criterion for the Community Services Block Grant program. The poverty guidelines also are used as an eligibility criterion by a number of other Federal programs. The poverty guidelines issued here are a simplified version of the poverty thresholds that the Census Bureau uses to prepare its estimates of the number of individuals and families in poverty.

As required by law, this update is accomplished by increasing the latest published Census Bureau poverty thresholds by the relevant percentage change in the Consumer Price Index for All Urban Consumers (CPI–U). The guidelines in this 2008 notice reflect the 2.8 percent price increase between calendar years 2006 and 2007. After this inflation adjustment, the guidelines are rounded and adjusted to standardize the differences between family sizes. The same calculation procedure was used this year as in previous years. (Note that these 2008 guidelines are roughly equal to the poverty thresholds for calendar year 2007 which the Census Bureau expects to publish in final form in August 2008.) The guideline figures shown represent annual income.

2008 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

Persons in family	Poverty guideline
1	$10,400
2	14,000
3	17,600
4	21,200
5	24,800
6	28,400
7	32,000
8	35,600

For families with more than 8 persons, add $3,600 for each additional person.

2008 POVERTY GUIDELINES FOR ALASKA

Persons in family	Poverty guideline
1	$13,000
2	17,500
3	22,000
4	26,500
5	31,000
6	35,500
7	40,000
8	44,500

For families with more than 8 persons, add $4,500 for each additional person.

2008 POVERTY GUIDELINES FOR HAWAII

Persons in family	Poverty guideline
1	$11,960
2	16,100
3	20,240
4	24,380
5	28,520
6	32,660
7	36,800
8	40,940

For families with more than 8 persons, add $4,140 for each additional person.

Separate poverty guideline figures for Alaska and Hawaii reflect Office of Economic Opportunity administrative practice beginning in the 1966–1970 period. (Note that the Census Bureau poverty thresholds—the version of the poverty measure used for statistical purposes—have never had separate figures for Alaska and Hawaii.) The poverty guidelines are not defined for Puerto Rico or other outlying jurisdictions. In cases in which a Federal program using the poverty guidelines serves any of those jurisdictions, the Federal office that administers the program is generally responsible for deciding whether to use the contiguous-states-and-DC guidelines for those jurisdictions or to follow some other procedure.

Due to confusing legislative language dating back to 1972, the poverty guidelines have sometimes been mistakenly referred to as the "OMB" (Office of Management and Budget) poverty guidelines or poverty line. In fact, OMB has never issued the guidelines; the guidelines are issued each year by the Department of Health and Human Services. The poverty guidelines may be formally referenced as "the poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2)."

Some programs use a percentage multiple of the guidelines (for example, 125 percent or 185 percent of the guidelines), as noted in relevant authorizing legislation or program regulations. Non-Federal organizations that use the poverty guidelines under their own authority in non-federally-funded activities can choose to use a percentage multiple of the guidelines such as 125 percent or 185 percent.

The poverty guidelines do not make a distinction between farm and non-farm families, or between aged and non-aged units. (Only the Census Bureau poverty thresholds have separate figures for aged and non-aged one-person and two-person units.)

Note that this notice does not provide definitions of such terms as "income" or "family." This is because there is considerable variation in how different programs that use the guidelines define these terms, traceable to the different laws and regulations that govern the various programs.

Therefore, questions about how a particular program applies the poverty guidelines (for example, Is income before or after taxes? Should a particular type of income be counted? Should a particular person be counted in the family or household unit?) should be directed to the organization that administers the program.

Dated: January 17, 2008.

Michael O. Leavitt,

Secretary of Health and Human Services.

[FR Doc. 08–256 Filed 1–18–08; 8:13 am]

BILLING CODE 4151–05–M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institute for Occupational Safety and Health; Decision To Evaluate a Petition To Designate a Class of Employees at Spencer Chemical Co., Jayhawks Works, Pittsburg, KS, To Be Included in the Special Exposure Cohort

AGENCY: National Institute for Occupational Safety and Health (NIOSH), Department of Health and Human Services (HHS).

ACTION: Notice.

SUMMARY: The Department of Health and Human Services (HHS) gives notice as required by 42 CFR 83.12(e) of a decision to evaluate a petition to designate a class of employees at Spencer Chemical Co., Jayhawks Works, Pittsburg, Kansas, to be included in the Special Exposure Cohort under the Energy Employees Occupational Illness Compensation Program Act of 2000. The initial proposed definition for the class being evaluated, subject to revision as warranted by the evaluation, is as follows:

Facility: Spencer Chemical Co., Jayhawks Works.

Location: Pittsburg, Kansas.

Job Titles and/or Job Duties: All employees.

Period of Employment: January 1, 1958 through December 31, 1963.

FOR FURTHER INFORMATION CONTACT: Larry Elliott, Director, Office of Compensation Analysis and Support, National Institute for Occupational Safety and Health (NIOSH), 4676 Columbia Parkway, MS C–46, Cincinnati, OH 45226, Telephone 513–533–6800 (this is not a toll-free number). Information requests can also be submitted by e-mail to *OCAS@CDC.GOV.*

Dated: January 15, 2008.

John Howard,

Director, National Institute for Occupational Safety and Health.

[FR Doc. E8–1031 Filed 1–22–08; 8:45 am]

BILLING CODE 4163–19–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institute for Occupational Safety and Health; Determination Concerning a Petition To Add a Class of Employees to the Special Exposure Cohort

AGENCY: National Institute for Occupational Safety and Health (NIOSH), Department of Health and Human Services (HHS).

ACTION: Notice.

SUMMARY: The Department of Health and Human Services (HHS) gives notice of a determination concerning a petition to add a class of employees at the Y–12 Plant, Oak Ridge, Tennessee, to the Special Exposure Cohort (SEC) under the Energy Employees Occupational Illness Compensation Program Act of 2000 (EEOICPA), 42 U.S.C. 7384q. On December 14, 2007, the Secretary of HHS determined that the following employees do not meet the statutory criteria for addition to the SEC as authorized under EEOICPA:

Statisticians who performed statistical analysis of biological experiments (working within the Oak Ridge National Laboratory Biological Sciences Division) in all locations at the Y–12 Plant in Oak Ridge, Tennessee, who were employed by the Department of Energy or its contractors between January 1, 1956, and June 30, 1968.

FOR FURTHER INFORMATION CONTACT: Larry Elliott, Director, Office of Compensation Analysis and Support, National Institute for Occupational Safety and Health (NIOSH), 4676 Columbia Parkway, MS C–46, Cincinnati, OH 45226, Telephone 513–533–6800 (this is not a toll-free number). Information requests can also be submitted by e-mail to *OCAS@CDC.GOV.*

Dated: January 15, 2008.

John Howard,

Director, National Institute for Occupational Safety and Health.

[FR Doc. E8–1033 Filed 1–22–08; 8:45 am]

BILLING CODE 4160–17–P

Texas Department of Housing and Community Affairs
HB 1196 (80th Legislature) Agreement

The Texas Department of Housing and Community Affairs, an agency of the State of Texas ("Department"), and ____ an ESGP ("Applicant") are the parties to this agreement ("Parties").

Whereas Applicant desires to be awarded a contract with the Department to provide Emergency Shelter Grants Program (ESGP) program services for the 2009 Program Year (ESGP contract year September 1, 2009 thru August 31, 2010), and

Whereas HB 1196 (80th Regular Session) requires the Parties to enter into agreement for the repayment of any public subsidy under certain conditions.

Now therefore, the Parties agree as follows:

1. Applicant agrees that if Applicant, or a branch, division, or department of Applicant is convicted of a violation under Title 8 U.S.C. Section 1324a(a), Applicant shall repay the amount of public subsidy with interest, at the rate of 5% per annum, not later than the 120th day after the date the Department notifies Applicant of the violation.
2. Applicant is entering into this agreement prior to receiving any 2009 Program Year funding from the Department.
3. Applicant acknowledges that entering this agreement does not constitute an award by the Governing Body of the Department ("Board") of any funding, nor a guarantee that Applicant will be granted any funds by the Board with respect to the 2009 Program Year.
4. The person signing this agreement on behalf of Applicant hereby certifies that he/she has been duly authorized by Applicant to bind the Applicant to the terms herein.

Applicant: Date:__________________________

By:______________________________ Title:__________________________
Signature of CEO

Texas Department of Housing and Community Affairs

By:______________________________ Date:__________________________
Amy M. Oehler, Director
Community Affairs Division

Electronic Code of Federal Regulations (e-CFR)

e-CFR Data is current as of July 25, 2006

Title 24: Housing and Urban Development

PART 576—EMERGENCY SHELTER GRANTS PROGRAM: STEWART B. McKINNEY HOMELESS ASSISTANCE ACT

Section Contents

Subpart A—General

Subpart B—Eligible Activities

Subpart C—Award and Use of Grant Amounts

Subpart D—Reallocations

Subpart E—Program Requirements

Subpart F—Grant Administration

Authority: 42 U.S.C. 3535(d) and 11376.

Source: 54 FR 46799, Nov. 7, 1989, unless otherwise noted.

Subpart A—General

§ 576.1 Applicability and purpose.

This part implements the Emergency Shelter Grants program contained in subtitle B of title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11371–11378). The program authorizes the Secretary to make grants to States, units of general local government, territories, and Indian tribes (and to private nonprofit organizations providing assistance to homeless individuals in the case of grants made with reallocated amounts) for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, for the payment of certain operating expenses and essential services in connection with emergency shelters for the homeless, and for homeless prevention activities. The program is designed to be the first step in a continuum of assistance to enable homeless individuals and families to move toward independent living as well as to prevent homelessness.

[61 FR 51548, Oct. 2, 1996]

§ 576.3 Definitions.

The terms *Grantee* and *HUD* are defined in 24 CFR part 5.

Administrative costs means as the term is defined in §583.135(b) of this part, except that the exclusion relates to the costs of carrying out eligible activities under §576.21(a).

Consolidated plan means the plan prepared in accordance with part 91 of this title. An approved consolidated plan means a consolidated plan that has been approved by HUD in accordance with part 91 of this title.

Conversion means a change in the use of a building to an emergency shelter for the homeless under this part, where the cost of conversion and any rehabilitation costs exceed 75 percent of the value of the building after conversion.

Emergency shelter means any facility, the primary purpose of which is to provide temporary or transitional shelter for the homeless in general or for specific populations of the homeless.

Essential services includes services concerned with employment, health, drug abuse, and education and may include (but are not limited to):

(1) Assistance in obtaining permanent housing.

(2) Medical and psychological counseling and supervision.

(3) Employment counseling.

(4) Nutritional counseling.

(5) Substance abuse treatment and counseling.

(6) Assistance in obtaining other Federal, State, and local assistance including mental health benefits; employment counseling; medical assistance; Veteran's benefits; and income support assistance such as Supplemental Security Income benefits, Aid to Families with Dependent Children, General Assistance, and Food Stamps;

(7) Other services such as child care, transportation, job placement and job training; and

(8) Staff salaries necessary to provide the above services.

Formula city or county means a metropolitan city or urban county that is eligible to receive an allocation of grant amounts under §576.5.

Homeless means as the term is defined in 42 U.S.C. 11302.

Homeless prevention means activities or programs designed to prevent the incidence of homelessness, including (but not limited to):

(1) Short-term subsidies to defray rent and utility arrearages for families that have received eviction or utility termination notices;

(2) Security deposits or first month's rent to permit a homeless family to move into its own apartment;

(3) Mediation programs for landlord-tenant disputes;

(4) Legal services programs for the representation of indigent tenants in eviction proceedings;

(5) Payments to prevent foreclosure on a home; and

(6) Other innovative programs and activities designed to prevent the incidence of homelessness.

Indian tribe means as the term is defined in 42 U.S.C. 5302(a).

Major rehabilitation means rehabilitation that involves costs in excess of 75 percent of the value of the building before rehabilitation.

Metropolitan city means a city that was classified as a metropolitan city under 42 U.S.C. 5302(a) for the fiscal year immediately preceding the fiscal year for which emergency shelter grant amounts are made available.

Nonprofit recipient means any private nonprofit organization providing assistance to the homeless, to which a State or unit of general local government distributes emergency shelter grant amounts.

Obligated means that the grantee or State recipient, as appropriate, has placed orders, awarded contracts, received services, or entered similar transactions that require payment from the grant amount. Grant amounts that a unit of general local government or State awards to a private nonprofit organization by a written agreement or letter of award requiring payment from the grant amount are obligated.

Private nonprofit organization means as the term is defined in 42 U.S.C. 11371.

Rehabilitation means the labor, materials, tools, and other costs of improving buildings, other than minor or routine repairs. The term includes where the use of a building is changed to an emergency shelter and the cost of this change and any rehabilitation costs does not exceed 75 percent of the value of the building before the change in use.

Renovation means rehabilitation that involves costs of 75 percent or less of the value of the building before rehabilitation.

Responsible entity means as the term is defined in §58.2 of this title, as applied though §58.1(b)(3) of this title and §576.57(e).

State means each of the several States and the Commonwealth of Puerto Rico.

Territory means each of the following: the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, Palau (Trust Territory of the Pacific), and any other territory or possession of the United States.

State recipient means any unit of general local government or nonprofit organization to which a State makes available emergency shelter grant amounts.

Unit of general local government means any city, county, town, township, parish, village, or other general purpose political subdivision of a State.

Urban county means a county that was classified as an urban county under 42 U.S.C. 5302(a) for the fiscal year immediately preceding the fiscal year for which emergency shelter grant amounts are made available.

Value of the building means the monetary value assigned to a building by an independent real estate appraiser, or as otherwise reasonably established by the grantee or the State recipient.

[54 FR 46799, Nov. 7, 1989, as amended at 56 FR 56128, Oct. 31, 1991; 60 FR 1918, Jan. 5, 1995; 61 FR 5210, Feb. 9, 1996; 61 FR 51548, Oct. 2, 1996]

§ 576.5 Allocation of grant amounts.

(a) *Territories.* HUD will set aside for allocation to the territories an amount equal to 0.2 percent of the total amount of each appropriation under this part in any fiscal year. HUD will allocate this set-aside amount to each territory based upon its proportionate share of the total population of all territories.

(b) *States, metropolitan cities, urban counties, and Indian tribes.* HUD will allocate the amounts that remain after the set-aside to territories under paragraph (a) of this section, to States, metropolitan cities, urban counties, and Indian tribes, as provided in 42 U.S.C. 11373. HUD will subsequently distribute the amount set aside for Indian tribes under this paragraph as provided in §576.31.

(c) *Notification of allocation amount.* HUD will notify in writing each State, metropolitan city, urban county, and territory that is eligible to receive an allocation under this section of the amount of its allocation.

[61 FR 51549, Oct. 2, 1996]

Subpart B—Eligible Activities

§ 576.21 Eligible activities.

(a) *Eligible activities.* Emergency shelter grant amounts may be used for one or more of the following activities relating to emergency shelter for the homeless:

(1) Renovation, major rehabilitation, or conversion of buildings for use as emergency shelters for the homeless;

(2) Provision of essential services to the homeless, subject to the limitations in paragraph (b) of this section;

(3) Payment for shelter maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food, and furnishings. Not more than 10 percent of the grant amount may be used for costs of staff;

(4) Developing and implementing homeless prevention activities, subject to the limitations in 42 U.S.C. 11374(a)(4) and paragraph (c) of this section. Grant funds may be used under this paragraph to assist families that have received eviction notices or notices of termination of utility services only if the conditions stated in 42 U.S.C. 11374(a)(4) are met; and

(5) Administrative costs, in accordance with 42 U.S.C. 11378.

(b) *Limitations on provision of essential services.* (1) Grant amounts provided by HUD to units of general local government, territories, or Indian tribes, and grant amounts provided by a State to State recipients, may be used to provide an essential service under paragraph (a)(2) of this section only if the service is a new service, or is a quantifiable increase in the level of a service above that which the unit of general local government (or, in the case of a nonprofit organization, the unit of general local government in which the proposed activities are to be located), territory, or Indian tribe, as applicable, provided with local funds during the 12 calendar months immediately before the grantee or State recipient received initial grant amounts.

(2) Limits on the use of assistance for essential services established in 42 U.S.C. 11374(a)(2) are applicable even when the unit of local government, territory, or Indian tribe provides some or all of its grant funds to a nonprofit recipient. This limitation may be waived in accordance with 42 U.S.C. 11374.

(c) *Limitation on homeless prevention activities.* Limits on the use of assistance for homeless prevention activities established in 42 U.S.C. 11374(a)(4) are applicable even when the unit of local government, territory, or Indian tribe provides some or all of its grant funds to a nonprofit recipient.

[61 FR 51549, Oct. 2, 1996]

§ 576.23 Faith-based activities.

(a) Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the Emergency Shelter Grants program. Neither the Federal government nor a State or local government receiving funds under Emergency Shelter Grants programs shall discriminate against an organization on the basis of the organization's religious character or affiliation.

(b) Organizations that are directly funded under the Emergency Shelter Grants program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization as part of the programs or services funded under this part. If an organization conducts such activities, the activities must be offered separately, in time or location, from the programs or services funded under this part, and participation must be voluntary for the beneficiaries of the HUD-funded programs or services.

(c) A religious organization that participates in the Emergency Shelter Grants program will retain its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that it does not use direct Emergency Shelter Grants funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide Emergency Shelter Grants-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, an Emergency Shelter Grants-funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

(d) An organization that participates in the Emergency Shelter Grants program shall not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.

(e) Emergency shelter grants may not be used for the rehabilitation of structures to the extent that those structures are used for inherently religious activities. Emergency shelter grants may be used for the rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under this part. Where a structure is used for both eligible and inherently religious activities, emergency shelter grants may not exceed the cost of those portions of the rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to emergency shelter grants in this part. Sanctuaries, chapels, or other rooms that an Emergency Shelter Grants-funded religious congregation uses as its principal place of worship, however, are ineligible for Emergency Shelter Grants-funded improvements. Disposition of real property after the term of the grant, or any change in use of the property during the term of the grant, is subject to government-wide regulations governing real property disposition (*see* 24 CFR parts 84 and 85).

(f) If a State or local government voluntarily contributes its own funds to supplement federally funded activities, the State or local government has the option to segregate the Federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds.

[68 FR 56406, Sept. 30, 2003]

§ 576.25 Who may carry out eligible activities.

(a) *Generally.* As provided in 42 U.S.C. 11373 eligible activities may be carried out by all State recipients and grantees, except States.

(b) *States.* All of a State's formula allocation, except for administrative costs, must be made available to the following entities:

(1) Units of general local government in the State, which may include formula cities and counties even if such cities and counties receive grant amounts directly from HUD; or

(2) Private nonprofit organizations, in accordance with 42 U.S.C. 11373(c).

(c) *Nonprofit recipients.* Units of general local government, territories, and Indian tribes may distribute all or part of their grant amounts to nonprofit recipients to be used for emergency shelter grant activities.

[61 FR 51549, 51550, Oct. 2, 1996]

Subpart C—Award and Use of Grant Amounts

Source: 54 FR 46799, Nov. 7, 1989, unless otherwise noted. Redesignated at 61 FR 51550, Oct. 2, 1996.

§ 576.31 Application requirements.

(a) *Indian tribes.* After funds are set aside for allocation to Indian tribes under §576.5, HUD will publish a Notice of Funding Availability (NOFA) in the Federal Register. The NOFA will specify the requirements and procedures applicable to the allocation and competitive awarding of these set-aside funds to eligible Indian tribe applicants.

(b) *States, territories, and formula cities and counties.* To receive emergency shelter grant amounts, a State, territory, or formula city or county must:

(1) Submit documentation required under this part, part 5 of this title, or any other applicable provisions of Federal law; and

(2) Submit and obtain HUD approval of a consolidated plan that includes activities to be funded under this part. This consolidated plan serves as the jurisdiction's application for funding under this part.

[61 FR 51550, Oct. 2, 1996]

§ 576.33 Review and approval of applications.

(a) *Conditional grant.* HUD may make a conditional grant restricting the obligation and use of emergency shelter grant amounts. Conditional grants may be made where there is substantial evidence that there has been, or there will be, a failure to meet the requirements of this part. In such a case, the reason for the conditional grant, the action necessary to remove the condition, and the deadline for taking those actions will be specified. Failure to satisfy the condition may result in imposition of a sanction under §576.69, or in any other action authorized under applicable Federal law.

(b) *Grant agreement.* The grant will be made by means of a grant agreement executed by HUD and the grantee. HUD will not disburse funds before the grant agreement is fully executed.

[54 FR 46799, Nov. 7, 1989, as amended at 60 FR 1918, Jan. 5, 1995. Redesignated and amended at 61 FR 51550, Oct. 2, 1996]

§ 576.35 Deadlines for using grant amounts.

(a)(1) *States.* Each State must make available to its State recipients all emergency shelter grant amounts that it was allocated under §576.5 within 65 days of the date of the grant award by HUD. Funds set aside by a State for homeless prevention activities under §576.21(a)(4) must be made available to State recipients within 180 days of the grant award by HUD.

(2) *State recipients*—(i) *Obligation of grant funds.* Each State recipient must have its grant amounts obligated (as that term is defined at §576.3) within 180 days of the date on which the State made the grant amounts available to the State recipient. In the case of grants for homeless prevention activities under §576.21(a)(4), State recipients are required to obligate grant amounts within 30 days of the date on which the State made the grant amounts available to the State recipient.

(ii) *Expenditure of grant funds.* Each State recipient must spend all of its grant amounts within 24 months of the date on which the State made the grant amounts available to the State recipient. In the case of grants for homeless prevention activities, State recipients must spend such sums within 180 days of the date on which the State made the grant amounts available to the recipient.

(b) *Formula cities and counties, territories and Indian tribes—Expenditure of grant funds.* Each formula city or county, territory, and Indian tribe must spend all of the grant amounts it was allocated or awarded under §576.5 or 576.31 within 24 months of the date of the grant award by HUD.

(c) *Failure to meet deadlines.* (1) Any emergency shelter grant amounts that are not made available or obligated within the applicable time periods specified in paragraph (a)(1) or (b) of this section will be reallocated under §576.45.

(2) The State must recapture any grant amounts that a State recipient does not obligate and spend within the time periods specified in paragraph (a)(2) of this section. The State, at its option, must make these amounts and other amounts returned to the State (except amounts referred to in §576.22(b)(6) available as soon as practicable to other units of general local government for use within the time period specified in paragraph (a)(2) of this section or to HUD for reallocation under §576.45.

[54 FR 46799, Nov. 7, 1989. Redesignated and amended at 61 FR 51550, Oct. 2, 1996]

Subpart D—Reallocations

Source: 54 FR 46799, Nov. 7, 1989, unless otherwise noted. Redesignated at 61 FR 51550, Oct. 2, 1996.

§ 576.41 Reallocation; lack of approved consolidated plan—formula cities and counties.

(a) *Applicability.* This section applies where a formula city or county fails to submit or obtain HUD approval of its consolidated plan within 90 days of the date upon which amounts under this part first become available for allocation in any fiscal year.

(b) *Grantee.* HUD will make available to the State in which the city or county is located the amounts that a city or county referred to in paragraph (a) of this section would have received.

(c) *Notification of availability.* The responsible HUD field office will promptly notify the State of the availability of any reallocation amounts under this section.

(d) *Eligibility for reallocation amounts.* In order to receive reallocation amounts under this section, the State must:

(1) Execute a grant agreement with HUD for the fiscal year for which the amounts to be reallocated were initially made available.

(2) If necessary, submit an amendment to its application for that fiscal year for the reallocation amounts it wishes to receive. The amendment must be submitted to the responsible HUD field office no later than 30 days after notification is given to the State under paragraph (c) of this section.

(e) *Amendment review and approval.* (1) Section 576.33 governs the review and approval of application amendments under this section. HUD will endeavor to make grant awards within 30 days of the application amendment deadline, or as soon thereafter as practicable.

(2) Program activities represented by proposed amendments are subject to environmental review under §576.57 in the same manner as original proposals.

(f) *Deadlines for using reallocated grant amounts.* Section 576.35 governs the use of amounts reallocated under this section.

(g) *Amounts that cannot be reallocated.* Any grant amounts that cannot be reallocated to a State under this section will be reallocated as provided by §576.43. Amounts that are reallocated under this section, but that are returned or unused, will be reallocated under §576.45.

[54 FR 46799, Nov. 7, 1989, as amended at 56 FR 56128, Oct. 31, 1991; 60 FR 1918, Jan. 5, 1995. Redesignated and amended at 61 FR 51551, Oct. 2, 1996]

§ 576.43 Reallocation of grant amounts; lack of approved consolidated plan—States, territories, and Indian tribes.

(a) *Applicability.* This section applies when:

(1) A State, territory, or Indian tribe fails to obtain approval of its consolidated plan within 90 days of the date upon which amounts under this part first become available for allocation in any fiscal year; or

(2) Grant amounts cannot be reallocated to a State under §576.41.

(b) *Grantees.* (1) HUD will reallocate the amounts that a State or Indian tribe referred to in paragraph (a)(1) of this section would have received:

(i) In accordance with 42 U.S.C. 11373(d)(3); and

(ii) If grant amounts remain, then to territories that demonstrate extraordinary need or large numbers of homeless individuals.

(2) HUD will make available the amounts that a territory under paragraph (a)(1) of this section would have received to other territories that demonstrate extraordinary need or large numbers of homeless individuals.

(c) *Notification of funding availability.* HUD will make reallocations to States and Indian tribes under this section by direct notification or Federal Register notice that will set forth the terms and conditions under which amounts under this section are to be reallocated and grant awards made. In the case of reallocations to Territories, the responsible HUD field office will promptly notify each Territory of any reallocation amounts under this section, and indicate the terms and conditions under which reallocation amounts are to be made available and grant awards made.

(d) *Eligibility for reallocation amounts.* In order to receive reallocation amounts under this section, the formula city or county, State, territory, or Indian tribe must:

(1) Submit an amendment, in accordance with 24 CFR part 91, to its consolidated plan for that program year to cover activities for the reallocation amount it wishes to receive; and

(2) Execute a grant agreement with HUD for the fiscal year for which the amounts to be reallocated were initially made available.

(e) *Review and approval.* (1) Section 576.53, and such additional requirements as HUD may specify in the notification under paragraph (c) of this section, govern the review and approval of application amendments under this section. HUD will rank the amendments and make grant awards under this section on the basis of the following factors:

(i) The nature and extent of the unmet homeless need within the jurisdiction in which the grant amounts will be used;

(ii) The extent to which the proposed activities address this need; and

(iii) The ability of the grantee to carry out the proposed activities promptly.

(2) HUD will endeavor to make grant awards within 30 days of the application amendment deadline, or as soon thereafter as practicable.

(f) *Grant amounts.* HUD may make a grant award for less than the amount applied for or for fewer than all of the activities identified in the application amendment.

(g) *Deadlines for using reallocated amounts.* Section 576.35 governs the use of amounts reallocated under this section.

(h) *Amounts not reallocated.* Any grant amounts that are not reallocated under this section, or that are reallocated, but are unused, will be reallocated under §576.45(d). Any amounts that are reallocated, but are returned, will be reallocated under §576.45(c).

[54 FR 46799, Nov. 7, 1989, as amended at 56 FR 56129, Oct. 31, 1991; 60 FR 1918, Jan. 5, 1995. Redesignated and amended at 61 FR 51551, Oct. 2, 1996]

§ 576.45 Reallocation of grant amounts; returned or unused amounts.

(a) *General.* From time to time, HUD will reallocate emergency shelter grant amounts that are returned or unused, as those terms are defined in paragraph (f) of this section. HUD will make reallocations under this section by direct notification or Federal Register Notice that will set forth the terms and conditions under which the grant amounts are to be reallocated and grant awards are to be made.

(b) *FEMA boards.* HUD may use State and local boards established under the Emergency Food and Shelter Program administered by the Federal Emergency Management Agency, as a resource to identify potential applicants for reallocated grant amounts.

(c) *Reallocation—returned grant amounts*—(1) *States and formula cities and counties.* HUD will endeavor to reallocate returned emergency shelter grant amounts that were initially allocated under §576.5 to a State or a formula city or county, for use within the same jurisdiction. Reallocation of these grant amounts is subject to the following requirements:

(i) Returned grant amounts that were allocated to a State will be made available (A) first, to units of general local government within the State and (B) if grant amounts remain, then to other States.

(ii) Returned grant amounts that were allocated to a formula city or county will be made available:

(A) First, for use in the city or county, to units of general local government that are authorized under applicable law to carry out activities serving the homeless in the jurisdiction;

(B) If grant amounts remain, then to the State in which the city or county is located;

(C) If grant amounts remain, to units of general local government in the State; and

(D) If grant amounts remain, to other States.

(2) *Indian tribes.* Returned grant amounts that were allocated to an Indian tribe will be made available to other Indian tribes.

(3) *Territories.* Returned grant amounts that were allocated to a territory will be made available, first, to other territories and, if grant amounts remain, then to States.

(4) *Further reallocation: States, formula cities and counties, territories, and Indian tribes.* HUD will reallocate under paragraph (e) of this section any grant amounts that remain after applying the preceding provisions of paragraph (c) of this section or that are returned to HUD after reallocation under those provisions.

(5) The responsible HUD field office will announce the availability of returned grant amounts. The announcement will establish deadlines for submitting applications, and will set out other terms and conditions relating to grant awards, consistent with this part. The announcement will specify the application documents to be submitted.

(6) The responsible HUD field office may establish maximum grant amounts, considering the grant amounts available, and will rank the applications using the criteria in paragraph (e) of this section.

(7) HUD may make a grant award for less than the amount applied for or for fewer than all of the activities identified in the application, based on competing demands for grant amounts and the extent to which the respective activities address the needs of the homeless.

(8) HUD will endeavor to make grant awards within 30 days of the application deadline or as soon thereafter as practicable.

(9) Grants awarded under this section are subject to environmental review under §576.57.

(d) *Reallocation—unused grant amounts.* Unused grant amounts will be added to the appropriation for the fiscal year immediately following the fiscal year in which the amounts become available to HUD for reallocation, and will be allocated in accordance with the provisions of §576.5 of this part.

(e) *Selection criteria.* HUD will award grants under paragraph (c) of this section based on consideration of the following criteria:

(1) The nature and extent of the unmet homeless need within the jurisdiction in which the grant amounts will be used;

(2) The extent to which the proposed activities address this need; and

(3) The ability of the grantee to carry out the proposed activities promptly.

(f) *Definitions—returned or unused grant amounts.* (1) For purposes of this section, emergency shelter grant amounts are considered "returned" when they become available for reallocation because a jurisdiction does not execute a grant agreement with HUD for them.

(2) For purposes of this section, emergency shelter grant amounts are considered "unused" (i.e., Federal deobligation):

(i) When they become available for reallocation by HUD after a grantee has executed a grant agreement with HUD for those amounts; or

(ii) The amounts remain after reallocation under §576.43 or paragraph (c) of this section.

[54 FR 46799, Nov. 7, 1989, as amended at 57 FR 54507, Nov. 19, 1992; 60 FR 1918, Jan. 5, 1995. Redesignated and amended at 61 FR 51551, Oct. 2, 1996]

Subpart E—Program Requirements

Source: 54 FR 46799, Nov. 7, 1989, unless otherwise noted. Redesignated at 61 FR 51550, Oct. 2, 1996.

§ 576.51 Matching funds.

(a) *General.* Each grantee, other than a territory, must match the funding provided by HUD under this part as set forth in 42 U.S.C. 11375. The first $100,000 of any assistance provided to a recipient that is a State is not required to be matched, but the benefit of the unmatched amount must be shared as provided in 42 U.S.C. 11375(c)(4). Matching funds must be provided after the date of the grant award to the grantee. Funds used to match a previous ESG grant may not be used to match a subsequent grant award under this part. A grantee may comply with this requirement by providing the matching funds itself, or through matching funds or voluntary efforts provided by any State recipient or nonprofit recipient (as appropriate).

(b) *Calculating the matching amount.* In calculating the amount of matching funds, in accordance with 42 U.S.C. 11375(a)(3), the time contributed by volunteers shall be determined at the rate of $5 per hour. For purposes of this paragraph, the grantee will determine the value of any donated material or building, or of any lease, using a method reasonably calculated to establish a fair market value.

[61 FR 51552, Oct. 2, 1996]

§ 576.53 Use as an emergency shelter.

(a)(1) *Restrictions and definition.* Period of use restrictions applicable to assistance provided under this part are governed by 42 U.S.C. 11375(a). Use of grant amounts for developing and implementing homeless prevention activities does not trigger period of use requirements.

(2) For purposes of the requirements under this section, the term *same general population* means either the same types of homeless persons originally served with ESG assistance (i.e., battered spouses, runaway children, families, or mentally ill individuals), or persons in the same geographic area.

(b) *Calculating the applicable period.* The 3- and 10-year periods applicable under paragraph (a) of this section begin to run:

(1) In the case of a building that was not operated as an emergency shelter for the homeless before receipt of grant amounts under this part, on the date of initial occupancy as an emergency shelter for the homeless.

(2) In the case of a building that was operated as an emergency shelter before receipt of grant amounts under this part, on the date that grant amounts are first obligated for the shelter.

[54 FR 46799, Nov. 7, 1989. Redesignated and amended at 61 FR 51552, Oct. 2, 1996]

§ 576.55 Building standards.

(a) Any building for which emergency shelter grant amounts are used for conversion, major rehabilitation, rehabilitation, or renovation must meet local government safety and sanitation standards.

(b) For projects of 15 or more units, when rehabilitation costs are:

(1) 75 percent or more of the replacement cost of the building, that project must meet the requirements of §8.23(a) of this title; or

(2) Less than 75 percent of the replacement cost of the building, that project must meet the requirements of §8.23(b) of this title.

[61 FR 51552, Oct. 2, 1996]

§ 576.56 Homeless assistance and participation.

(a) *Assistance.* (1) Grantees and recipients must assure that homeless individuals and families are given assistance in obtaining:

(i) Appropriate supportive services, including permanent housing, medical health treatment, mental health treatment, counseling, supervision, and other services essential for achieving independent living; and

(ii) Other Federal, State, local, and private assistance available for such individuals.

(2) Requirements to ensure confidentiality of records pertaining to the provision of family violence prevention or treatment services with assistance under this part are set forth in 42 U.S.C. 11375(c)(5).

(3) Grantees and recipients may, in accordance with 42 U.S.C. 11375(e), terminate assistance provided under this part to an individual or family who violates program requirements.

(b) *Participation.* (1) Each unit of local government, Indian tribe, and nonprofit recipient that receives funds under this part must provide for the participation of homeless individuals on its policymaking entity in accordance with 42 U.S.C. 11375(d).

(2) Each State, territory, Indian tribe, unit of local government, and nonprofit recipient that receives funds under this part must involve homeless individuals and families in providing work or services pertaining to facilities or activities assisted under this part, in accordance with 42 U.S.C. 11375(c)(7).

[61 FR 51552, Oct. 2, 1996]

§ 576.57 Other Federal requirements.

In addition to the Federal requirements set forth in 24 CFR part 5, use of emergency shelter grant amounts must comply with the following requirements:

(a) *Nondiscrimination and equal opportunity.* The nondiscrimination and equal opportunity requirements at 24 CFR part 5 are modified as follows:

(1) *Rehabilitation Act requirements.* HUD's regulations at 24 CFR part 8 implement section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). For purposes of the emergency shelter grants program, the term "dwelling units" in 24 CFR part 8 shall include sleeping accommodations.

(2) Use of emergency shelter grant amounts must also comply with the requirement that the grantee or the State recipient make known that use of the facilities and services is available to all on a nondiscriminatory basis. If the procedures that the grantee or recipient intends to use to make known the availability of the facilities and services are unlikely to reach persons of any particular race, color, religion, sex, age, national origin, familial status, or disability who may qualify for such facilities and services, the grantee or recipient must establish additional procedures that will ensure that such persons are made aware of the facilities and services. Grantees and recipients must also adopt procedures which will make available to interested persons information concerning the location of services and facilities that are accessible to persons with disabilities.

(b) *Applicability of OMB Circulars.* [1] The policies, guidelines, and requirements of 24 CFR part 85 (codified pursuant to OMB Circular No. A–102) and OMB Circular No. A–87, as they relate to the acceptance and use of emergency shelter grant amounts by States and units of general local government, and Nos. A–110 and A–122 as they relate to the acceptance and use of emergency shelter grant amounts by private nonprofit organizations.

[1] OMB Circulars referenced in this section are available at the Entitlement Cities Division, Room 7282, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410.

(c) The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821–4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851–

4856), and implementing regulations at part 35, subparts A, B, J, K, and R of this title apply to activities under this program.

(d) *Conflicts of interest.* In addition to the conflict of interest requirements in OMB Circulars A–102 and A–110, no person—

(1)(i) Who is an employee, agent, consultant, officer, or elected or appointed official of the grantee, State recipient, or nonprofit recipient (or of any designated public agency) that receives emergency shelter grant amounts and

(ii) Who exercises or has exercised any functions or responsibilities with respect to assisted activities, or

(2) Who is in a position to participate in a decisionmaking process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for him or herself or for those with whom he or she has family or business ties, during his or her tenure, or for one year thereafter. HUD may grant an exception to this exclusion as provided in §570.611 (d) and (e) of this chapter.

(e) *Environmental review responsibilities*—(1) *Generally.* Responsible entities must assess the environmental effects of each application under part 58 of this title. An applicant must include in its application an assurance that the applicant will assume all the environmental review responsibility that would otherwise be performed by HUD as the responsible Federal official under the National Environmental Policy Act of 1969 (NEPA) and related authorities listed in part 58 of this title. The grant award is subject to completion of the environmental responsibilities set out in part 58 of this title within a reasonable time period after notification of the award. This provision does not preclude the applicant from enclosing its environmental certification and Request for Release of Funds with its application.

(2) *Awards to States.* In the case of emergency shelter grants to States that are distributed to:

(i) Units of general local government, the unit of general local government shall be the responsible entity, and the State will assume HUD's functions with regard to the release of funds; or

(ii) Nonprofit organizations, the State shall be the responsible entity, and HUD will perform functions regarding release of funds under part 58 of this title.

(3) *Release of funds.* HUD will not release funds for an eligible activity if the grantee, recipient, or any other party commits emergency shelter grant funds before the grantee submits, and HUD approves, any required Request for Release of Funds.

(f) *Audit.* The financial management systems used by a State, formula city or county, governmental entity, or an Indian tribe that is a grantee under this program must provide for audits in accordance with part 44 of this title. A private nonprofit organization is subject to the audit requirements of OMB Circular A–133, as set forth in part 45 of this title. (OMB Circulars are available from the Executive Office of the President, Publication Service, 725 17th Street, NW., Suite G–2200, Washington, DC 20503, Telephone, 202–395–7332.)

(g) *Audit.* The financial management system used by a State or unit of general local government that is a grantee or State recipient must provide for audits in accordance with 24 CFR part 44. A private nonprofit organization is subject to the audit requirements of OMB Circular A–133, as set forth in 24 CFR part 45.

(h) *Lobbying and disclosure requirements.* The disclosure requirements and prohibitions of 42 U.S.C. 3537a and 3545 and 31 U.S.C. 1352 (the Byrd Amendment), and the implementing regulations at parts 4 and 87 of this title.

(i) *Davis-Bacon Act.* The provisions of the Davis-Bacon Act (40 U.S.C. 276a–276a–5) do not apply to this program.

(j) *Intergovernmental review.* The requirements of Executive Order 12372 and the regulations issued under the order at 24 CFR part 52, to the extent provided by Federal Register notice in accordance with 24 CFR 52.3.

[54 FR 46799, Nov. 7, 1989, as amended at 57 FR 33256, July 27, 1992; 61 FR 5210, Feb. 9, 1996. Redesignated and amended at 61 FR 51552, Oct. 2, 1996; 64 FR 50226, Sept. 15, 1999]

§ 576.59 Relocation and acquisition.

(a) *Minimizing displacement.* Consistent with the other goals and objectives of this part, grantees and recipients must assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted under this part.

(b) *Relocation assistance for displaced persons.* A displaced person (defined in paragraph (f)(1) of this section) must be provided relocation assistance at the levels described in, and in accordance with, 49 CFR part 24, which contains the government-wide regulations implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601–4655).

(c) *Real property acquisition requirements.* The acquisition of real property for a project is subject to the URA and the requirements described in 49 CFR part 24, subpart B.

(d) Responsibility of grantees and recipients. Each grantee and recipient must assure that it will comply with the URA, the regulations at 49 CFR part 24, and the requirements of this section. The cost of assistance required by this section may be paid from local public funds, funds provided in accordance with this part, or funds available from other sources.

(e) *Appeals.* A person who disagrees with the grantee's or recipient's determination concerning a payment or other assistance required by this section may file a written appeal of that determination with the grantee or recipient. The appeal procedures to be followed are described in 49 CFR 24.10.

(f) *Definition*—(1) *Displaced person.* (i) The term "displaced person" means a person (family, individual, business, nonprofit organization, or farm) that moves from real property, or moves personal property from real property, permanently and involuntarily, as a direct result of acquisition, rehabilitation, or demolition for a project assisted under this part. Permanent, involuntary moves for an assisted project include:

(A) A permanent move from the real property (building or complex) following notice by the grantee, recipient or property owner to move permanently from the property, if the move occurs on or after the date that the grantee or recipient submits to HUD an application for assistance that is later approved and funded;

(B) A permanent move from the real property that occurs before the submission of the application to HUD, if the grantee, recipient or HUD determines that the displacement resulted directly from acquisition, rehabilitation, or demolition for the project, or

(C) A permanent move from the real property by a tenant-occupant of a dwelling unit that occurs after the execution of the agreement between the recipient and HUD if:

(*1*) The tenant has not been provided a reasonable opportunity to lease and occupy a suitable, decent, safe and sanitary dwelling in the same building/complex following the completion of the project at a rent, including estimated average utility costs, that does not exceed the greater of the tenant's rent and estimated average utility costs before the initiation of negotiations, or 30 percent of gross household income; or

(*2*) The tenant has been required to relocate temporarily but the tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation or other conditions of the temporary relocation are not reasonable, and the tenant does not return to the building/complex; or

(*3*) The tenant is required to move to another unit in the same building/complex but is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move.

(ii) A person does not qualify as a "displaced person" if:

(A) The person has been evicted for cause based upon a serious or repeated violation of material terms of the lease or occupancy agreement and HUD determines that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance;

(B) The person moved into the property after the submission of the application and, before commencing occupancy, received written notice of the expected displacement;

(C) The person is ineligible under 49 CFR 24.2(g)(2); or

(D) HUD determines that the person was not displaced as a direct result of acquisition, rehabilitation, or demolition for the project.

(iii) The grantee or recipient may, at any time, request a HUD determination of whether a displacement is or would be covered under this section.

(2) Initiation of negotiations. For purposes of determining the type of replacement housing payment to be made to a residential tenant displaced as a direct result of privately undertaken rehabilitation, demolition, or acquisition of the real property, the term "initiation of negotiations" means the execution of the agreement between the grantee and HUD.

(Approved by the Office of Management and Budget under OMB control number 2506–0089)

[54 FR 46799, Nov. 7, 1989, as amended at 54 FR 52397, Dec. 21, 1989. Redesignated at 61 FR 51553, Oct. 2, 1996]

Subpart F—Grant Administration

Source: 54 FR 46799, Nov. 7, 1989, unless otherwise noted. Redesignated at 61 FR 51550, Oct. 2, 1996.

§ 576.61 Responsibility for grant administration.

Grantees are responsible for ensuring that emergency shelter grant amounts are administered in accordance with the requirements of this part and other applicable laws. The State, territory, Indian tribe, or unit of local government is responsible for ensuring that its recipients carry out the recipients' emergency shelter grant programs in compliance with all applicable requirements in the case of:

(a) A State making grant amounts available to State recipients; or

(b) A territory, Indian tribe, or unit of general local government distributing grant amounts to nonprofit recipients.

[54 FR 46799, Nov. 7, 1989. Redesignated and amended at 61 FR 51553, Oct. 2, 1996]

§ 576.63 Method of payment.

Payments are made to a grantee upon its request after the grant agreement has been fully executed, and may include a working capital advance for 30 days' cash needs or an advance of $5,000, whichever is greater. Thereafter, the grantee will be reimbursed for the amount of its actual cash disbursements. If a grantee requests a working capital advance, it must base the request on a realistic, firm estimate of the amounts required to be disbursed over the 30-day period in payment of eligible activity costs.

[54 FR 46799, Nov. 7, 1989. Redesignated and amended at 61 FR 51553, Oct. 2, 1996]

§ 576.65 Recordkeeping.

(a) Each grantee must ensure that records are maintained for a 4-year period to document compliance with the provisions of this part.

(b) Requirements to ensure confidentiality of records pertaining to the provision of family violence prevention or treatment services with assistance under this part are set forth in 42 U.S.C. 11375(c)(5).

[61 FR 51553, Oct. 2, 1996]

§ 576.67 Sanctions.

(a) *HUD sanctions.* If HUD determines that a grantee is not complying with the requirements of this part or of other applicable Federal law, HUD may (in addition to any remedies that may otherwise be available) take any of the following sanctions, as appropriate:

(1) Issue a warning letter that further failure to comply with such requirements will result in a more serious sanction;

(2) Condition a future grant;

(3) Direct the grantee to stop the incurring of costs with grant amounts;

(4) Require that some or all of the grant amounts be remitted to HUD;

(5) Reduce the level of funds the grantee would otherwise be entitled to receive; or

(6) Elect not to provide future grant funds to the grantee until appropriate actions are taken to ensure compliance.

(b) *State sanctions.* If a State determines that a State recipient is not complying with the requirements of this part or other applicable Federal laws, the State must take appropriate actions, which may include the actions described in paragraph (a) of this section. Any grant amounts that become available to a State as a result of a sanction under this section must, at the option of the State, be made available (as soon as practicable) to other nonprofit organizations or units of general local government located in the State for use within the time periods specified in §576.35(a)(2), or to HUD for reallocation under §576.45(d).

(c) *Reallocations.* Any grant amounts that become available to HUD as a result of the imposition of a sanction under this section will be reallocated under §576.45(d).

[54 FR 46799, Nov. 7, 1989. Redesignated and amended at 61 FR 51553, Oct. 2, 1996]

BOND FINANCE DIVISION

BOARD ACTION REQUEST
November 13, 2008

Action Items

Presentation, Discussion and Possible Approval of Resolution No. 09-002 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2006 Series A-C (Program 66).

Required Action

Approval of Resolution No. 09-002 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2006 Series A-C (Program 66).

Background

The mortgage loan origination period related to TDHCA's Single Family Mortgage Revenue Bonds, 2006 Series A-C (Program 66) will terminate on January 1, 2009. If the origination period is not extended, any unspent proceeds will be used for an unexpended bond proceeds redemption. During the time of TDHCA's bond pricing, investors ask issuers about our history of unspent bond proceeds. Because of these extensions, TDHCA can positively report to investors that our last single family unexpended bond proceeds redemption was for $10,000 in 1997. This is the amount that remained after applying the de minimis exception of $250,000. Staff recommends extending the certificate purchase date for Program 66 to May 1, 2009. The table below reflects Program 66's balances, per the master servicer's records, as of November 3, 2008.

Total Lendable Bond Proceeds			$ 242.8 million
Assisted Funds Unreserved Balance	6.125%	$ 0.0 million	
Unassisted Funds Unreserved Balance	5.625%	$ 0.3 million	
Loans in Mortgage Pipeline Pending Closing		$ 4.3 million	
= Total Unspent Proceeds Balance			$ 4.6 million
Mortgages Closed, Funded, and Purchased			$ 238.2 million

A significant amount ($238.2 million) of the mortgage funds have been purchased out of $242.8 million since the bonds closed on June 28, 2006. For families constructing a new home, 180 days are needed to complete the processing of funds reserved in the pipeline. If any of these loans should fall-out, the extension of the certificate purchase period would allow ample time to close and fund new loans.

Recommendation

Approve Resolution No. 09-002 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2006 Series A-C (Program 66).

Resolution No. 09-002

RESOLUTION AUTHORIZING THE EXTENSION OF THE CERTIFICATE PURCHASE PERIOD FOR SINGLE FAMILY MORTGAGE REVENUE REFUNDING BONDS, 2006 SERIES A; SINGLE FAMILY MORTGAGE REVENUE REFUNDING BONDS, 2006 SERIES B AND SINGLE FAMILY MORTGAGE REVENUE BONDS, 2006 SERIES C; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, in order to implement its Bond Program No. 66, the Department issued its Single Family Mortgage Revenue Refunding Bonds, 2006 Series A in the aggregate principal amount of $59,555,000 (the "2006 Series A Bonds"), its Single Family Mortgage Revenue Refunding Bonds, 2006 Series B in the aggregate principal amount of $70,485,000 (the "2006 Series B Bonds"), and its Single Family Mortgage Revenue Bonds, 2006 Series C in the aggregate principal amount of $105,410,000 (the "2006 Series C Bonds" and together with the 2006 Series A Bonds and the 2006 Series B Bonds, collectively, the "2006 Series A/B/C Bonds") pursuant to a Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Texas Housing Agency, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Forty-Sixth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2006 (the "Forty-Sixth Supplement") with respect to the 2006 Series A Bonds, the Forty-Seventh Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2006 (the "Forty-Seventh Supplement") with respect to the 2006 Series B Bonds and the Forty-Eighth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2006 (the "Forty-Eighth Supplement") with respect to the 2006 Series C Bonds, each between the Department and the Trustee, for the purpose, among others, of providing funds to make and acquire qualified mortgage loans (including participating interests therein) during the Certificate Purchase Period (as described in the Forty-Sixth Supplement); and

WHEREAS, concurrently with the issuance of the 2006 Series A/B/C Bonds, the Department issued its Single Family Mortgage Revenue Refunding Bonds, 2006 Series D in the aggregate principal amount of $29,685,000 (the "2006 Series D Bonds") and its Single Family Mortgage Revenue Refunding Bonds, 2006 Series E in the aggregate principal amount of $17,295,000 (the "2006 Series E Bonds") pursuant to the Single Family Indenture and the Forty-Ninth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2006 with respect to the 2006 Series D Bonds and the Fiftieth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2006 with respect to the 2006 Series E Bonds, each between the Department and the Trustee, for the purpose, among others, of refunding certain prior bonds of the Department; and

WHEREAS, pursuant to Resolution No. 08-001 adopted on October 11, 2007, the Department extended the Certificate Purchase Period with respect to the 2006 Series A/B/C Bonds to January 1, 2009, or the first business day thereafter; and

WHEREAS, the Department desires to approve and authorize (i) the extension of the Certificate Purchase Period for the 2006 Series A/B/C Bonds to May 1, 2009 in accordance with the terms of the Forty-Sixth Supplement, (ii) all actions to be taken with respect thereto, and (iii) the execution and delivery of all documents and instruments in connection therewith;

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

ARTICLE I

EXTENSION OF CERTIFICATE PURCHASE PERIOD; APPROVAL OF DOCUMENTS

Section 1.1--Approval of Extension of the Certificate Purchase Period. The extension of the Certificate Purchase Period to May 1, 2009, or the first business day thereafter, is hereby authorized, subject to advice of any financial advisor, bond counsel or other advisor to the Department, such extension to be effectuated under and in accordance with the Single Family Indenture and the Forty-Sixth Supplement, and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all documents and instruments in connection therewith and to request and deliver all certificates as may be required by the terms of the Forty-Sixth Supplement in connection therewith.

Section 1.2--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.3--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Purpose of Resolution. The Board has expressly determined and hereby confirms that the acquisition of mortgage loans or the purchase of Mortgage Certificates resulting from the extension of the Certificate Purchase Period will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 2.2--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.3--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

[Execution page follows]

PASSED AND APPROVED this 13th day of November, 2008.

Chairman, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
November 13, 2008

Action Items

Presentation, Discussion and Possible Approval of Resolution No. 09-003 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2007 Series A (Program 69).

Required Action

Approval of Resolution No. 09-003 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2007 Series A (Program 69).

Background

The mortgage loan origination period related to TDHCA's Single Family Mortgage Revenue Bonds, 2007 Series A (Program 69) will terminate on February 1, 2009. If the origination period is not extended, any unspent proceeds will be used for an unexpended bond proceeds redemption. During the time of TDHCA's bond pricing, investors ask issuers about our history of unspent bond proceeds. Because of these extensions, TDHCA can positively report to investors that our last single family unexpended bond proceeds redemption was for $10,000 in 1997. This is the amount that remained after applying the de minimis exception of $250,000. Staff recommends extending the certificate purchase date for Program 69 to February 1, 2010. The table below reflects Program 69's balances, per the master servicer's records, as of November 3, 2008.

Total Lendable Bond Proceeds			$ 97.2 million
Assisted Funds Unreserved Balance	5.99%	$ 0.3 million	
Unassisted Funds Unreserved Balance	5.25%	$ 0.0 million	
Loans in Mortgage Pipeline Pending Closing		$ 3.5 million	
= Total Unspent Proceeds Balance			$ 3.8 million
Mortgages Closed, Funded, and Purchased			$ 93.4 million

A significant amount ($93.4 million) of the mortgage funds have been purchased out of $97.2 million since the bonds closed on June 5, 2007. For families constructing a new home, 180 days are needed to complete the processing of funds reserved in the pipeline. If any of these loans should fall-out, the extension of the certificate purchase period would allow ample time to close and fund new loans.

Recommendation

Approve Resolution No. 09-003 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2007 Series A (Program 69).

Resolution No. 09-003

RESOLUTION AUTHORIZING THE EXTENSION OF THE CERTIFICATE PURCHASE PERIOD FOR SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE BONDS, 2007 SERIES A; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, in order to implement its Bond Program No. 69, the Department issued its Single Family Variable Rate Mortgage Revenue Bonds, 2007 Series A in the aggregate principal amount of $143,005,000 (the "2007 Series A Bonds") pursuant to a Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Texas Housing Agency, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Fifty-Fourth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2007 between the Department and the Trustee (the "Fifty-Fourth Supplement") with respect to the 2007 Series A Bonds, for the purpose, among others, of providing funds to make and acquire qualified mortgage loans (including participating interests therein) during the Certificate Purchase Period (as described in the Fifty-Fourth Supplement); and

WHEREAS, the Certificate Purchase Period with respect to the 2007 Series A Bonds ends on February 1, 2009, unless extended; and

WHEREAS, the Department desires to approve and authorize (i) the extension of the Certificate Purchase Period for the 2007 Series A Bonds to February 1, 2010 in accordance with the terms of the Fifty-Fourth Supplement, (ii) all actions to be taken with respect thereto, and (iii) the execution and delivery of all documents and instruments in connection therewith;

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

ARTICLE I

EXTENSION OF CERTIFICATE PURCHASE PERIOD; APPROVAL OF DOCUMENTS

Section 1.1--Approval of Extension of the Certificate Purchase Period. The extension of the Certificate Purchase Period to February 1, 2010, or the first business day thereafter, is hereby authorized, subject to advice of any financial advisor, bond counsel or other advisor to the Department, such extension to be effectuated under and in accordance with the Single Family Indenture and the Fifty-Fourth Supplement, and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all documents and instruments in connection therewith and to request and deliver all certificates as may be required by the terms of the Fifty-Fourth Supplement in connection therewith.

Section 1.2--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.3--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Purpose of Resolution. The Board has expressly determined and hereby confirms that the acquisition of mortgage loans or the purchase of Mortgage Certificates resulting from the extension of the Certificate Purchase Period will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 2.2--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.3--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

[Execution page follows]

PASSED AND APPROVED this 13th day of November, 2008.

Chairman, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
November 13, 2008

Action Items

Presentation, Discussion and Approval of Resolution No. 09-004 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2007 Series B (Program 70) and authorizing entering into a new acquisition fund investment agreement.

Required Action

Approval of Resolution No. 09-004 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2007 Series B (Program 70) and authorizing entering into a new acquisition fund investment agreement.

Background

The mortgage loan origination period related to TDHCA's Single Family Mortgage Revenue Bonds, 2007 Series B (Program 70) will terminate on April 1, 2009. If the origination period is not extended, any unspent proceeds will be used for an unexpended bond proceeds redemption. During the time of TDHCA's bond pricing, investors ask issuers about our history of unspent bond proceeds. Because of these extensions, TDHCA can positively report to investors that our last single family unexpended bond proceeds redemption was for $10,000 in 1997. This is the amount that remained after applying the de minimis exception of $250,000. Staff recommends extending the certificate purchase date for Program 70 to April 1, 2010. The table below reflects Program 70's balances, per the master servicer's records, as of November 3, 2008.

Total Lendable Bond Proceeds			$ 161.5 million
Assisted Funds Unreserved Balance	6.50%	$ 0.0 million	
Unassisted Funds Unreserved Balance	5.75%	$ 5.6 million	
Loans in Mortgage Pipeline Pending Closing		$ 46.7 million	
= Total Unspent Proceeds Balance			$ 52.3 million
Mortgages Closed, Funded, and Purchased			$ 109.2 million

A significant amount ($109.2 million) of the mortgage funds have been purchased out of $161.5 million since the bonds closed on September 20, 2007. For families constructing a new home, 180 days are needed to complete the processing of funds reserved in the pipeline. If any of these loans should fall-out, the extension of the certificate purchase period would allow ample time to close and fund new loans.

The current acquisition fund investment agreement will not expire until August 31, 2009. If the $52.3 million are not purchased by that date, Bond Finance will have the ability to enter into a new investment agreement.

Recommendation

Approve Resolution No. 09-004 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2007 Series B (Program 70) and authorizing entering into a new acquisition fund investment agreement.

Resolution No. 09-004

RESOLUTION AUTHORIZING THE EXTENSION OF THE CERTIFICATE PURCHASE PERIOD FOR SINGLE FAMILY MORTGAGE REVENUE BONDS, 2007 SERIES B; AUTHORIZING ARRANGEMENTS RELATING TO AN INVESTMENT AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, in order to implement its Bond Program No. 70, the Department issued its Single Family Mortgage Revenue Bonds, 2007 Series B in the aggregate principal amount of $157,060,000 (the "2007 Series B Bonds") pursuant to a Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Texas Housing Agency, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Fifty-Sixth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of September 1, 2007 between the Department and the Trustee (the "Fifty-Sixth Supplement") with respect to the 2007 Series B Bonds, for the purpose, among others, of providing funds to make and acquire qualified mortgage loans (including participating interests therein) during the Certificate Purchase Period (as described in the Fifty-Sixth Supplement); and

WHEREAS, the Certificate Purchase Period with respect to the 2007 Series B Bonds ends on April 1, 2009, unless extended; and

WHEREAS, the investment agreement pursuant to which certain proceeds of the 2007 Series B Bonds are invested during the initial Certificate Purchase Period expires with respect to such proceeds on August 31, 2009; and

WHEREAS, the Department desires to approve and authorize (i) the extension of the Certificate Purchase Period for the 2007 Series B Bonds to April 1, 2010 in accordance with the terms of the Fifty-Sixth Supplement, (ii) arrangements to obtain a new investment agreement to provide for the investment of certain proceeds of the 2007 Series B Bonds during the Certificate Purchase Period, as so extended, (iii) all actions to be taken with respect thereto, and (iv) the execution and delivery of all documents and instruments in connection therewith;

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

ARTICLE I

EXTENSION OF CERTIFICATE PURCHASE PERIOD; APPROVAL OF DOCUMENTS

Section 1.1--Approval of Extension of the Certificate Purchase Period. The extension of the Certificate Purchase Period to April 1, 2010, or the first business day thereafter, is hereby authorized, subject to advice of any financial advisor, bond counsel or other advisor to the Department, such extension to be effectuated under and in accordance with the Single Family Indenture and the Fifty-Sixth Supplement, and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all documents and instruments in connection therewith and to request and deliver all certificates as may be required by the terms of the Fifty-Sixth Supplement in connection therewith.

Section 1.2--Investment Agreement and Investment Agreement Broker. The investment of certain proceeds of the 2007 Series B Bonds held under the Fifty-Sixth Supplement during the Certificate Purchase Period, as so extended, is hereby approved and the Executive Director and the Director of Bond Finance each are authorized hereby to complete arrangements for investment in an investment agreement, including, without limitation, selection of the investment agreement broker, if any.

Section 1.3--Authorization of Investment Agreement. The execution and delivery of an investment agreement pursuant to which certain proceeds of the 2007 Series B Bonds will be invested during the Certificate Purchase Period, as so extended, is hereby authorized and approved and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver such investment agreement and all documents and instruments in connection therewith.

Section 1.4--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.5--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Purpose of Resolution. The Board has expressly determined and hereby confirms that the acquisition of mortgage loans or the purchase of Mortgage Certificates resulting from the extension of the Certificate Purchase Period will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 2.2--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.3--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

[Execution page follows]

PASSED AND APPROVED this 13th day of November, 2008.

Chairman, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
November 13, 2008

Action Items

Presentation, Discussion and Approval of Resolution No. 09-009 authorizing entering into a new float fund investment agreement for the Residential Mortgage Revenue Bond, 2000 Series B-E, 2001 Series A-E and 2003 Series A.

Required Action

Approval of Resolution No. 09-009 authorizing entering into a new float fund investment agreement for the Residential Mortgage Revenue Bond, 2000 Series B-E, 2001 Series A-E and 2003 Series A.

Background

Each month the Residential Mortgage Revenue Bond (RMRB) program receives repayments and prepayments from mortgage loans. These funds are held and invested in a guaranteed investment contract (GIC) until semi-annual principal and interest bond payments are due. The RMRB 2000 Series B-E, 2001 Series A-E and 2003 Series A funds were invested in a GIC with American International Group (AIG). On September 15, 2008, AIG was downgraded by S&P from AA- to A-.

The AIG downgrade had the potential of having our three AAA rated RMRB bonds downgraded. Bond Finance worked with our Financial Advisor, RBC Capital Markets, for several weeks along with the rating agencies to resolve this potential issue. After several working group meetings with staff, our financial advisor, bond counsel and disclosure counsel, a decision was made to withdraw our funds from AIG. On October 10, 2008 all of our funds from AIG were returned without incurring any cancellation or termination fees.

Staff is requesting approval to enter into a new float fund guaranteed investment contract with a new provider to replace AIG for the short term investment of indenture funds. Staff will be working closely with our GIC Broker, Grant Street Group Inc., to solicit investors through a competitive bid process.

Recommendation

Approval of Resolution No. 09-009 authorizing entering into a new float fund investment agreement for the Residential Mortgage Revenue Bond, 2000 Series B-E, 2001 Series A-E and 2003 Series A.

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Resolution No. 09-009

RESOLUTION AUTHORIZING ARRANGEMENTS RELATING TO REPLACEMENT INVESTMENT AGREEMENTS FOR RESIDENTIAL MORTGAGE REVENUE BONDS, SERIES 2000B/C/D/E, SERIES 2001A/B/C/D/E AND SERIES 2003A; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its revenue bonds for the purpose refunding any bonds theretofore issued by the Department or the Texas Housing Agency, its predecessor (the "Agency") under such terms, conditions and details as shall be determined by the Board; and

WHEREAS, the Department has issued its Residential Mortgage Revenue Bonds, Series 2000B, Residential Mortgage Revenue Refunding Bonds, Series 2000C, Residential Mortgage Revenue Refunding Bonds, Series 2000D and Residential Mortgage Revenue Bonds, Taxable Series 2000E (collectively, the "Series 2000B/C/D/E Bonds"), its Residential Mortgage Revenue Bonds, Series 2001A, Residential Mortgage Revenue Refunding Bonds, Series 2001B, Residential Mortgage Revenue Refunding Bonds, Series 2001C, Residential Mortgage Revenue Bonds, Series 2001D and Residential Mortgage Revenue Bonds, Series 2001E (collectively, the "Series 2001A/B/C/D/E Bonds"), and its Residential Mortgage Revenue Refunding Bonds, Series 2003A (the "Series 2003A Bonds"), pursuant to a Residential Mortgage Revenue Bond Trust Indenture dated November 1, 1987 (the "Trust Indenture") between the Department, as successor to the Texas Housing Agency and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), as supplemented and amended from time to time (the supplemental indentures relating to the foregoing bonds are hereinafter referred to as "Supplemental Indentures" and the Supplemental Indentures and the Trust Indenture are collectively referred to as the "Indenture"); and

WHEREAS, certain funds held under the Indenture relating to the Series 2000B/C/D/E Bonds, the Series 2001A/B/C/D/E Bonds and the Series 2003A Bonds were invested in investment agreements (the "AIG Investment Agreements") with AIG Matched Funding Corp. ("AIG"), which investment agreements were terminated by the Department as of October 10, 2008 in accordance with the terms thereof following rating agency downgrades of AIG; and

WHEREAS, the Department desires to approve and authorize (i) arrangements to obtain one or more replacement investment agreements to provide for the investment of funds previously authorized to be invested under the AIG Investment Agreements relating to the Series 2000B/C/D/E Bonds, the Series 2001A/B/C/D/E Bonds and the Series 2003A Bonds, (ii) all actions to be taken with respect thereto, and (iii) the execution and delivery of all documents and instruments in connection therewith;

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

ARTICLE I

ARRANGEMENTS FOR INVESTMENT AGREEMENTS; APPROVAL OF DOCUMENTS

Section 1.1--Investment Agreements and Investment Agreement Broker. The investment of certain funds held under the Indenture relating to the Series 2000B/C/D/E Bonds, the Series 2001A/B/C/D/E Bonds and the Series 2003A Bonds is hereby approved and the Executive Director or any Acting Executive Director of the Department and the Director of Bond Finance of the Department each are authorized hereby to complete arrangements for investment in one or more investment agreements, including, without limitation, selection of the investment agreement broker, if any.

Section 1.2--Authorization of Investment Agreements. The execution and delivery of one or more investment agreements pursuant to which funds held under the Indenture relating to the Series 2000B/C/D/E Bonds, the Series 2001A/B/C/D/E Bonds and the Series 2003A Bonds will be invested is hereby authorized and approved and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver such investment agreement and all documents and instruments in connection therewith.

Section 1.3--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.4--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director or any Acting Executive Director of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 13th day of November, 2008.

Chairman, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Approval of Resolution No. 09-007 authorizing application to the Texas Bond Review Board for reservation of H.R. 3221 single family private activity bond authority in the amount of $120 million and presentation, discussion and approval of a Mortgage Credit Certificate Program (MCC) for first-time homebuyers (Program 73) to be administered by the Texas Department of Housing and Community Affairs.

Required Action

Approval of Resolution No. 09-007 authorizing application to the Texas Bond Review Board for reservation of H.R. 3221 single family private activity bond authority in the amount of $120 million and presentation, discussion and approval of a Mortgage Credit Certificate Program (MCC) for first-time homebuyers (Program 73) to be administered by the Texas Department of Housing and Community Affairs.

Background

TDHCA is currently administering its latest MCC program that was issued on June 26, 2008. Of the $15 million in MCC authority, TDHCA has issued $9.2 million, leaving $5.8 million of authority. TDHCA expects to be out of this MCC authority in January of 2009. By approving this resolution, TDHCA will be able to continue issuing new MCCs under Program 73 in February of 2009.

A mortgage credit certificate is an instrument designed to assist persons of low to moderate income to better afford individual ownership. The procedures for issuing MCCs were established by the United States Congress as an alternative to the issuance of single family mortgage revenue bonds. As distinguished from a bond program, in an MCC program no bonds are issued, no mortgage money is actually used, many of the costs associated with a bond program are not incurred, and lenders are required to pay only nominal up-front fees.

Mortgage Credit Certificates help make ownership of a new or existing home more affordable by entitling the homeowner to a personal tax credit of up to $2,000 against their federal tax liability for a portion of the interest paid on their home mortgage. For example, a homeowner that purchased a home for $121,000 at 6% for 30 years would have a monthly principal and interest payment of $725. With an MCC, homeowners can submit a revised W-4 Withholding Form to his or her employer to reduce the federal withholding tax by $167 per month, which increases the borrower’s disposable income by reducing their federal income tax obligation. This same homeowner can also deduct the yearly mortgage interest paid of approximately $5,220 ($7,220 less $2,000) as an itemized deduction on their annual federal income tax return. Simply put, an MCC is a dollar for dollar reduction of income taxes owed.

In order to be eligible for an MCC, borrowers must comply with the same first-time homebuyer requirements stipulated by the Internal Revenue Code for mortgage revenue bonds. For example, MCC recipients must occupy the residence as their primary residence, comply with income limits and comply with home purchase price limits. MCCs cannot be used when mortgages are funded with tax-exempt bond proceeds.

Under Federal guidelines, the Department, as an issuer of mortgage revenue bonds can trade $1 of bond authority for $0.25 of MCC authority. In all of the Departments past MCC programs, the Board authorized trading $60 million of bond authority for $15 million in MCC authority. Today, staff is recommending using $120 million of bond authority for $30 million in MCC authority. Bond Finance anticipates using $60 million of H.R. 3221 single family private activity bond authority along with $60 million of already requested and approved 2008 single family private activity bond authority to issue $30 million in MCC authority. The remaining $60 million of H.R. 3221 single family private activity bond authority will be carried forward and utilized for future single family issuances which staff will come back to the Board for specific program approval.

MCC Program 73 Example

$60M of H.R. 3221 Volume Cap and $60M of 2008 Volume Cap Allocated for MCCs	$120 million
IRS MCC Conversion Factor	$0.25
MCC Issuance Authority	$30 million
Average 2007 Mortgage Credit Certificate Program Mortgage Amount	$121,000
Market Mortgage Interest Rate	6.00%
First Year Mortgage Interest	$7,220
MCC Certificate Credit Rate	30%
Tax Credit Amount	$2,166
Maximum Tax Credit Allowed	$2,000
Schedule A Mortgage Interest Deduction	$5,220

Lenders participating in TDHCA’s previous Mortgage Credit Certificate Programs have expressed continued interest in mortgage credit certificates.

Recommendation

Approval of Resolution No. 09-007 authorizing application to the Texas Bond Review Board for reservation of H.R. 3221 single family private activity bond authority in the amount of $120 million and presentation, discussion and approval of a Mortgage Credit Certificate Program (MCC) for first-time homebuyers (Program 73) to be administered by the Texas Department of Housing and Community Affairs.

Resolution No. 09-007

RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION FOR RESERVATION WITH TEXAS BOND REVIEW BOARD WITH RESPECT TO EMERGENCY HOUSING VOLUME CAP FOR QUALIFIED MORTGAGE BONDS; APPROVING THE CONVERSION OF AUTHORITY TO ISSUE QUALIFIED MORTGAGE BONDS TO MORTGAGE CREDIT CERTIFICATES; AUTHORIZING IMPLEMENTATION OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS 2009 MORTGAGE CREDIT CERTIFICATE PROGRAM; APPROVING THE FORM AND SUBSTANCE OF THE MCC PARTICIPATION AGREEMENT, THE PROGRAM MANUAL AND THE PROGRAM SUMMARY; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE 2009 MORTGAGE CREDIT CERTIFICATE PROGRAM; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, Section 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the “Code”), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences shall be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 143 of the Code; and

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

WHEREAS, the private activity bond “State Ceiling” (as defined in Section 146(d) of the Code) applicable to the State for calendar year 2008 is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372 Texas Government Code, as amended (the “Allocation Act”); and

WHEREAS, pursuant to Section 3021 of the Housing and Economic Recovery Act of 2008, additional private activity bond volume cap for qualified mortgage bonds and qualified residential rental projects has become available to the State of Texas (the “Emergency Housing Volume Cap”); and

WHEREAS, in order to reserve a portion of the Emergency Housing Volume Cap for bonds (the “Emergency Reservation”), and to satisfy the requirements of Section 146(a) of the Code, the Governing Board has determined to file an application for reservation for Emergency Housing Volume Cap for qualified mortgage bonds (the "Application for Reservation") with the Texas Bond Review Board (the "Bond Review Board"), in the manner authorized by Section 146(e) of the Code;

WHEREAS, the Allocation Act and the rules promulgated thereunder by the Bond Review Board (the "Allocation Rules") require that an Application for Reservation be accompanied by a copy of the certified resolution of the issuer authorizing the filing of the Application for Reservation; and

WHEREAS, the Governing Board has determined to authorize the filing of an Application for Reservation in the amount of $120,000,000 with respect to qualified mortgage bonds; and

WHEREAS, the Department has previously received a reservation of a portion of the private activity bond State Ceiling applicable to the State for 2008 for qualified mortgage bonds pursuant to Bond Review Board Certificate of Reservation Docket Number 3687 (the "2008 Standard Reservation"); and

WHEREAS, upon receipt of the Emergency Reservation, the Department desires to convert an amount not to exceed the $60,000,000 of the amount of the State Ceiling reserved for qualified mortgage bonds and represented by the Standard Reservation and $60,000,000 of the amount of the State Ceiling represented by the Emergency Reservation to mortgage credit certificates ("MCCs"), to be used for the Department's 2009 Mortgage Credit Certificate Program (the "2009 MCC Program"); and

WHEREAS, the Governing Board desires to authorize the execution and delivery of the MCC Participation Agreement (the "Participation Agreement") in substantially the form attached hereto; and

WHEREAS, the Governing Board desires to approve the Program Manual (the "Program Manual") in substantially the form attached hereto, setting forth the terms and conditions upon which MCCs will be issued by the Department; and

WHEREAS, the Governing Board desires to approve the Program Summary (the "Program Summary") in substantially the form attached hereto setting forth the terms of the 2009 MCC Program; and

WHEREAS, the Governing Board desires to approve the use of an amount not to exceed $100,000 of Department funds to pay the costs of implementing the 2009 MCC Program; and

WHEREAS, the Governing Board desires to approve the forms of the Participation Agreement, the Program Manual and the Program Summary, in order to find the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined to implement the 2009 MCC Program in accordance with such documents by authorizing the 2009 MCC Program, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out the 2009 MCC Program; NOW, THEREFORE,

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

ARTICLE I
APPROVAL OF APPLICATION FOR RESERVATION

Section 1.1--Application for Reservation. The Governing Board hereby authorizes Vinson & Elkins L.L.P., as Bond Counsel to the Department, to file on its behalf with the Bond Review Board an Application for Reservation with respect to qualified mortgage bonds in the amount of $120,000,000, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of the Emergency Reservation.

Section 1.2--Authorization of Certain Actions. The Governing Board authorizes the Executive Director or any Acting Executive Director, the staff of the Department as designated by the Executive Director or any Acting Executive Director, as appropriate, and Bond Counsel to take such actions on its behalf as may be necessary to carry out the purposes of this Resolution. The Executive Director or any Acting Executive Director, the staff of the Department, as designated by the Executive Director or any Acting Executive Director, and Bond Counsel are further authorized to submit to the Bond Review Board elections to carry forward the Standard Reservation and the Emergency Reservation.

Section 1.3--MCC Authority. Upon receipt of the Emergency Reservation, the Department shall take such steps as are necessary to convert $60,000,000 of its authority to issue qualified mortgage bonds under the Standard Reservation and $60,000,000 of its authority to issue qualified mortgage bonds under the Emergency Reservation to MCCs in order to implement the 2009 MCC Program.

ARTICLE II
APPROVAL OF MCC DOCUMENTS

Section 2.1--2009 MCC Program. The 2009 MCC Program is hereby authorized.

Section 2.2--Approval, Execution and Delivery of the Participation Agreement. The form and substance of the Participation Agreement 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 Participation Agreement, and to deliver the Participation Agreement to the other parties thereto.

Section 2.3--Approval of Program Manual and Program Summary. The form and substance of the Program Manual and Program Summary are hereby authorized and approved.

Section 2.4--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest, affix the Department’s seal to and deliver such other agreements, advance commitment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests, public notices and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the Participation Agreement, the Program Manual and the Program Summary.

Section 2.5--Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative, and in the opinion of 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 2.6--Exhibits Incorporated Herein. All of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit A - Participation Agreement
Exhibit B - Program Manual
Exhibit C - Program Summary

Section 2.7--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article II: the Chairman of the Governing Board; the Vice Chair of the Governing Board; the Secretary to the Governing Board; the Executive Director or any Acting Executive Director of the Department, the Deputy Executive Director for Administration of the Department and the Director of Bond Finance of the Department.

Section 2.8--Department Contribution. The Department authorizes the contribution of Department funds in an amount not to exceed $100,000 to pay certain costs of implementing the 2009 MCC Program.

ARTICLE III
GENERAL PROVISIONS

Section 3.1--Purposes of Resolution. The Governing Board of the Department has expressly determined and hereby confirms that the implementation of the 2009 MCC Program contemplated by this Resolution accomplish a valid public purpose of the Department by providing for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State.

Section 3.2--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Governing 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 Governing Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Governing Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Governing Board at which this Resolution was considered, and any documents made available to the Governing Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

Section 3.3--Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Execution page follows]

PASSED AND APPROVED this 13th day of November, 2008.

Chairman, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, discussion and approval of Resolution No. 09-008 authorizing the Department to seek a change in liquidity providers due to the ratings downgrade of current providers for seven outstanding variable rate demand obligations and a liquidity provider for new issuance of Single Family Variable Rate Mortgage Revenue Bonds, Program 71.

Required Action

Approval of Resolution No. 09-008 authorizing the Department to seek a change in liquidity providers due to the ratings downgrade of current providers for seven outstanding variable rate demand obligations and a liquidity provider for new issuance of Single Family Variable Rate Mortgage Revenue Bonds, Program 71.

Background

TDHCA has Standby Purchase Agreements (SBPA) with two liquidity providers, one with DEPFA Bank (**De**utsche **Pfa**ndbriefanstalt) totaling $175M and one with DEXIA (Dexia Banque Internationale) totaling $192M. After the Lehman Brothers bankruptcy and AIG bailout in mid September, DEPFA was downgraded to BBB and DEXIA was downgraded to AA- which caused $286M out of a possible $367M in variable rate demand bonds to become bank bonds. Bank bonds are bonds that the remarketing agent was unable to remarket so the liquidity provider steps in to purchases those bonds. When DEPFA purchased those bonds they were downgraded from A-1 to A-2. Our bank bonds held by DEXIA have not been downgraded.

Due to the above referenced events, Bond Finance is holding weekly meetings with our professionals to address these issues. The result of those meetings have focused staff into finding new liquidity providers with the intent to terminate DEPFA first as they have the most potential in affecting TDHCA's bond ratings. The next step is to terminate DEXIA and replace them with a new liquidity provider(s). With the new liquidity providers, our bank bonds will become marketable and at that point TDHCA will be able to re-enter the market with our new Single Family Mortgage Revenue Bond, Program 71.

During our September 4, 2008 board meeting, the Board approved DEXIA as the liquidity provider for Program 71. On September 30, 2008, DEXIA as mentioned was downgraded to AA- and on October 10, 2008 DEXIA informed TDHCA that it was withdrawing liquidity support for Program 71. After the Department is successful in acquiring a new liquidity provider(s) and after the bank bonds have been successfully remarketed, then TDHCA will be able to reassess the need of a new liquidity provider for Program 71. Staff is coming to the Board today for approval if needed of a new liquidity provider that will be used with Program 71.

Staff, in consultation with our financial advisor, is working with the Federal Home Loan Bank (FHLB) of Dallas and the Texas Comptroller of Public Accounts for replacement and new liquidity support. On October 23, 2008, the FHLB of Dallas approved becoming a liquidity facility and on October 24, 2008, TDHCA requested liquidity support from them. We have also requested The Texas Comptroller of Public Accounts to assist TDHCA with liquidity. Currently, the Comptroller is reviewing responses to a survey of other state issuers also in need of liquidity. They are primarily focused on general obligation or general revenue backed debt, but may consider revenue debt if they determine there is capacity. On

October 10, 2008, TDHCA also responded to a survey from NCSHA as they work with Fannie Mae for providing liquidity support.

Because of the unusual circumstances where by current liquidity providers are not offering new liquidity to anyone at this time, TDHCA is unable to select liquidity providers through a normal request for proposal process. TDHCA is searching for new liquidity providers such as the Federal Home Loan Bank of Dallas, the Texas Comptroller of Public Accounts, and Fannie Mae.

By authorizing a change in the two current liquidity providers (DEPFA and DEXIA), the Department will terminate those agreements and replace them with one or more (to be determined) highly-rated liquidity providers. Staff is requesting that the board delegate authority to the Chairman of the Board or Executive Director (the "Authorized Representative") to select new liquidity providers and approve the final terms of the liquidity facilities. The Authorized Representative shall select a liquidity provider that will produce a rating on the Bonds that is sufficient to allow the bonds to be successfully remarketed.

Recommendation

Approval of Resolution No. 09-008 authorizing the Department to seek a change in liquidity providers due to the ratings downgrade of current providers for seven outstanding variable rate demand obligations and a liquidity provider for new issuance of Single Family Variable Rate Mortgage Revenue Bonds, Program 71.

Resolution No. 09-008

RESOLUTION APPROVING REPLACEMENT OF THE LIQUIDITY FACILITIES FOR THE DEPARTMENT'S SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE REFUNDING BONDS, 2004 SERIES B, TAXABLE JUNIOR LIEN SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE BONDS, SERIES 2004A, SINGLE FAMLY VARIABLE RATE MORTGAGE REVENUE BONDS, 2004 SERIES D, SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE REFUNDING BONDS, 2005 SERIES A, TAXABLE SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE REFUNDING BONDS, 2005 SERIES C, SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE BONDS, 2006 SERIES H, AND SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE BONDS, 2007 SERIES A; AUTHORIZING ARRANGEMENTS RELATING TO SUBSTITUTE LIQUIDITY FACILITIES; APPROVING ARRANGEMENTS FOR LIQUIDITY FACILITY FOR THE VARIABLE RATE SINGLE FAMILY MORTGAGE REVENUE BONDS ASSOCIATED WITH PROGRAM 71; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its revenue bonds for the purpose refunding any bonds theretofore issued by the Department or the Texas Housing Agency, its predecessor (the "Agency") under such terms, conditions and details as shall be determined by the Board; and

WHEREAS, the Department has previously issued its (i) Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2004 Series B pursuant to the certain Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Agency, and The Bank of New York Trust Company, N.A., as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Thirty-Seventh Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of April 1, 2004 between the Department and the Trustee; (ii) Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A pursuant to that certain Junior Lien Trust Indenture dated as of May 1, 1994 between the Department and the Trustee, as amended and supplemented, and the Fourth Supplemental Junior Lien Trust Indenture (Series Supplement 2004A) between the Department and the Trustee; (iii) Single Family Variable Rate Mortgage Revenue Bonds, 2004 Series D pursuant to the Single Family Indenture and the Thirty-Ninth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 2004 between the Department and the Trustee; (iv) Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2005 Series A pursuant to the Single Family Indenture and the Forty-Second Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of April 1, 2005 between the Department and the Trustee; (v) Taxable Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2005 Series C pursuant to the Single Family

Indenture and the Forty-Fourth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of December 1, 2005 between the Department and the Trustee; (vi) Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H pursuant to the Single Family Indenture and the Fifty-Third Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of November 1, 2006 between the Department and the Trustee; and (vii) Single Family Variable Rate Mortgage Revenue Bonds, 2007 Series A pursuant to the Single Family Indenture and the Fifty-Fourth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2007 between the Department and the Trustee; and

WHEREAS, the foregoing series of bonds are hereinafter collectively referred to as the "Prior Variable Rate Bonds" and the supplemental indentures pursuant to which such Prior Variable Rate Bonds were issued are hereinafter collectively referred to as the "Variable Rate Supplemental Indentures"; and

WHEREAS, liquidity support for the Prior Variable Rate Bonds is currently provided by Dexia Credit Local, acting through its New York Branch ("Dexia"), or by DEPFA BANK plc, acting through its New York Branch, pursuant to separate standby bond purchase agreements (the "Existing Liquidity Facilities"); and

WHEREAS, as a result of rating agency downgrades of the Existing Liquidity Facility providers, the secondary market for the Department's Prior Variable Rate Bonds has been severely impaired; and

WHEREAS, in accordance with the respective Variable Rate Supplemental Indentures and the Existing Liquidity Facilities, the Board now desires to approve and authorize (i) replacement of the Existing Liquidity Facilities and arrangements for a Substitute Liquidity Facility (as defined in the respective Variable Rate Supplemental Indenture) for each series of the Prior Variable Rate Bonds (collectively, the "Substitute Liquidity Facilities"), (ii) all actions to be taken with respect thereto, and (iii) the execution and delivery of all documents and instruments in connection therewith; and

WHEREAS, pursuant to Resolution No. 08-031 adopted on September 4, 2008, the Board approved Dexia Credit Local, acting through its New York Branch, as the provider of liquidity support for the Department's Single Family Variable Rate Mortgage Revenue Bonds expected to be issued to provide funds for the Department's Single Family Program No. 71 (the "New Variable Rate Bonds"); and

WHEREAS, Dexia has declined to provide liquidity support for the New Variable Rate Bonds and the Board therefore desires to approve and authorize (i) arrangements for a provider of liquidity support for the New Variable Rate Bonds (the "New Liquidity Facility"), (ii) all actions to be taken with respect thereto, and (iii) the execution and delivery of all documents and instruments in connection therewith;

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

ARTICLE I

REPLACEMENT OF EXISTING LIQUIDITY FACILITIES AND ARRANGEMENTS FOR NEW LIQUIDITY SUPPORT

Section 1.1--Replacement of Existing Liquidity Facilities. Replacement of the Existing Liquidity Facilities is hereby approved.

Section 1.2--Substitute Liquidity Facilities for Prior Variable Rate Bonds and Liquidity Support for New Variable Rate Bonds. The Chairman of the Board, the Executive Director or any Acting Executive Director of the Department and the Director of Bond Finance of the Department each are authorized hereby to complete arrangements for a Substitute Liquidity Facility for each series of the Prior Variable Rate Bonds and a replacement for Dexia, as the provider of liquidity support for the New Variable Rate Bonds, including in each case selection of the provider thereof and the approval of the final terms of the Substitute Liquidity Facilities and the New Liquidity Facility, and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all such Substitute Liquidity Facilities and the instrument representing the New Liquidity Facility, and documents, agreements and instruments in connection therewith.

Section 1.3--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.4--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director or any Acting Executive Director of the Department; the Deputy Executive Director for Administration of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

[Execution page follows]

PASSED AND APPROVED this 13th day of November, 2008.

Chairman, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

ONE APPEAL WAS RECEIVED FOR THE CITY OF IOWA PARK HOME HBA CONTRACT NUMBER 1000819. DOCUMENTATION WILL BE DISTRIBUTED AT THE BOARD MEETING.

HOME DIVISION
BOARD ACTION REQUEST
November 13, 2008

Action Item

Presentation, Discussion and Possible Approval of Request for Amendments to HOME Program Contracts/Commitments:

1000950	City of Cleveland	OCC – DR
1000952	Liberty County	OCC – DR
1000951	City of Ames	OCC – DR
1000986	Creekside Villas Senior Village	RHD

Requested Action

Approve, Deny or Approve with Conditions Request for Amendment to HOME Investment Partnerships Program Commitment/Contracts:

1000950	City of Cleveland	OCC - DR
1000952	Liberty County	OCC – DR
1000951	City of Ames	OCC – DR
1000986	Creekside Villas Senior Village	RHD

City of Cleveland, Liberty County and City of Ames

Background

The City of Cleveland, Liberty County and City of Ames are each requesting an amendment to raise the maximum amounts of assistance that can be provided to homeowners for the reconstruction of their home to $75,000, $80,000 and $85,000, depending on family size.

All three administrators were awarded contracts at the May 8, 2008 board meeting. They each were awarded funds in the amount of $510,000 - $500,000 in project funds and $10,000 in administrative funds; each is required to assist seven (7) households with incomes at or below 50% Area Median Family Income (AMFI). Under the current rules, which were in place at the time the three administrators were awarded funds, maximum amounts of assistance are $60,000; $67,500 and $75,000, depending on family size.

All three administrators have cited the same reasons for requesting these amendments which is the increase of costs in the area. The costs of the materials, fuel, equipment operations, along with the costs of demolition and clean up have risen. The administrators further indicate that costs associated with closings, appraisals and surveys have also significantly increased.

HOME staff recommends that all three administrators be allowed to amend their contracts to increase the maximum amount of assistance as outlined in the proposed HOME Program Rules that were presented to the Board today.

It is important to note that these three contracts are still in the early stages of implementation and are working toward completing and meeting their first contractual benchmark, environmental clearance. The assigned Performance Team staff member will be in close communication with the city to ensure that this and all other benchmarks are met to ensure successful contract completion.

Current Contract Status

Amendment Number:	1
Administrator:	City of Cleveland
Consultant:	Public Management
Activity Type:	OCC - DR
Contract Executor:	Jill Kirkonis, Mayor
Contract Start Date:	August 21, 2008
Original Contract End Date:	August 20, 2010
Amended End Date:	N/A
Service Area:	City of Cleveland – Liberty County
Total Original Budget Amount:	$510,000
Amended Budget Amount:	N/A
Households Required:	7
Households Committed:	0
Households Completed:	0
Amount Committed To-Date:	$0
Project Amount Drawn To-Date:	$0
Admin. Amount Drawn To-Date:	$0

Amendment Number:	1
Administrator:	Liberty County
Consultant:	Public Management
Activity Type:	OCC - DR
Contract Executor:	Phil Fitzgerald, County Judge
Contract Start Date:	October 1, 2008
Original Contract End Date:	September 30, 2010
Amended End Date:	N/A
Service Area:	Liberty County
Total Original Budget Amount:	$510,000
Amended Budget Amount:	N/A
Households Required:	7
Households Committed:	0
Households Completed:	0

Amount Committed To-Date:	$0
Project Amount Drawn To-Date:	$0
Admin. Amount Drawn To-Date:	$0

Amendment Number:	1
Administrator:	City of Ames
Consultant:	Public Management
Activity Type:	OCC - DR
Contract Executor:	John White, Mayor
Contract Start Date:	September 11, 2008
Original Contract End Date:	September 10, 2010
Amended End Date:	N/A
Service Area:	City of Ames – Liberty County
Total Original Budget Amount:	$510,000
Amended Budget Amount:	N/A
Households Required:	7
Households Committed:	0
Households Completed:	0
Amount Committed To-Date:	$0
Project Amount Drawn To-Date:	$0
Admin. Amount Drawn To-Date:	$0

Recommendation

HOME staff recommends that the City of Cleveland, Liberty County and the City of Ames be allowed to amend their contracts to increase the maximum amounts of assistance as outlined in the proposed HOME Program Rules that were presented to the Board today.

Creekside Villas Senior Village

Background

On July 31, 2008 the Board approved a $1,200,000 HOME award for Creekside Villas Senior Village (application number 08253). The subject development is proposed to be a 144-unit elderly multifamily rental property located in Buda, Hays County. The development also received a 9% Housing Tax Credit award of $1,200,000 at the July 31, 2008 Board meeting.

On October 1, 2008, the Applicant submitted a request for consideration for $299,017 in additional Housing Tax Credits for applications that received 9% credits during the 2008 cycle pursuant to the Board's direction. Additionally, the Applicant's letter includes a second option for an amendment to increase their HOME loan from $1,200,000 to $3,000,000 and a decrease in the interest rate from the Long-term Applicable Federal Rate (AFR) to 0%. This request is being considered in conjunction with the Board's decision to allow applications awarded Housing Tax Credits during the 2008 competitive cycle to submit new information for staff's consideration. This second option also includes a smaller request for $29,017 in additional credits; however, this credit request has been evaluated separately as it is part of the package of additional Housing Tax Credit requests that is before the Board today under another agenda item.

The Applicant provided all pertinent documentation to support the request for an increase in the HOME loan. This documentation was reviewed by HOME staff and was reevaluated by the Real Estate Analysis (REA) Division for feasibility. The underwriting report with addendum is attached. In conjunction with the increase in the HOME loan, the Applicant has not elected to restrict any additional HOME units. However, no additional units are required to meet program or NOFA requirements and based on the REA evaluation, it appears that the development's ability to support additional restrictions is limited by cashflow. Moreover, the primary need for the increase in funds appears to be an increase in development costs of approximately $2,000,000 and a decrease in the syndication rate from 84% to 77%. The development continues to meet the Real Estate Analysis Rules and Guidelines, whether or not the Applicant receives an increase in Housing Tax Credits.

The Department's rules in Title 10 of the Texas Administrative Code, Section 1.19 (e)(2)(F) provides that the Board may approve additional funds out of deobligated sources for a previously awarded eligible contract "for circumstances considered unique or extenuating by the Department's Board." The Applicant has indicated that the current turmoil in credit markets warrants the increase in funds and that HOME funds may be more viable due to lack of demand for credits. However, the Applicant acknowledges that development costs were mistakenly understated at application.

The Portfolio Management and Compliance Division has reviewed the application and no issues of material non-compliance were identified. If approved by the Board, the Applicant will receive written agreements that reflect all conditions listed in the final amended underwriting report and any additional conditions deemed appropriate by the Department or Board. Staff will verify during a second compliance review at contract generation that there are no unresolved audit findings and questioned or disallowed cost prior to execution of the written agreement.

Current Development Information

Development Owner:	DDC Creekside Villas, Ltd.
Principal of General Partner	Crossroads Housing Development Corporation (CHDO)
Development Name:	Creekside Villas Senior Village
Contract:	Colby Denison
Site Location:	10.96 acres on FM 967
City/County:	Buda/Hays County
Regional Allocation Category:	Urban
Set-Aside:	CHDO
Population Served:	Elderly

Region:	7
Type of Development:	New Construction
Units:	29 HOME Units / 144 Total Units
Original Award Amount:	$1,200,000
Original Loan Terms:	Fully amortizing 35-year loan at AFR
Recommended Award Amount:	$3,000,000
Recommended Loan Terms:	Fully amortizing 35-year loan at 0%

Attached:

- Applicant’s loan modification request;
- Applicant Evaluation; and
- Underwriting Report.

Recommendation

Staff recommends approval of an increase in the current HOME Investment Partnerships Program Rental Housing Development Program award for Creekside Villas Senior Village (application number 08253) for a total loan of $3,000,000 subject to the terms and conditions reflected in the addendum to the underwriting report and any additional evaluation required to ensure that any other Board actions to award addition Housing Tax Credit does not result in more funding than is necessary. Staff recommends that the increase in funds be awarded from the Department’s available balance of deobligated HOME funds.

Mayor Jill Kirkonis
Mayor Pro-Tem Harry Williams
City Council
Barbara McIntyre
Mike Penry
Durlene Davis
Scott Adams

CITY of
CLEVELAND

907 E. Houston
Cleveland, TX 77327
281/592-2667 telephone
281/592-6624 fax

Philip Cook, City Manager
Kelly McDonald, City Secretary

August 28, 2008

Jeannie Arellano, Director
Texas Department of Housing & Community Affairs-HOME Division
P.O. Box 13941
Austin, Texas 78711-3941

RE: HOME Owner Occupied Housing Assistance for Disaster Relief Application No. 2008-0009 and HOME Contract No. 1000950

Dear Ms. Arellano:

The City is requesting an amendment to raise the maximum amount we can expend per structure that will still allow for the completion of reconstructed homes within the total awarded allocation of $500,000.00 as was approved by the TDHCA Board. The City of Cleveland is requesting an amendment on the above contract, for the following reason(s):

> The maximum amount allowed per structure is not sufficient to complete the work required under the HOME Program. This is due to significant increases in construction costs in this area. We have obtained bid proposals for construction, closing cost, appraisal(s), and survey(s). Base on this information the City obtained, we believe that construction cannot be complete with the maximum amount of $60,000.00. We are requesting that the maximum amount be increase to $75,000.00, $80,000.00, and $85,000.00 depending on the family size.

There are several reasons why the overall cost of construction has increased in Liberty County. The costs of materials have risen rapidly. The rising cost of fuel has increased, equipment operation along with cost of demolition, and clean up. Further, with Liberty County being on the edge of much of the construction activity associated with Hurricane Rita assistance, construction costs are generally higher. This is because many of the construction contractors used in our program are working with a much higher dollar amount for the basically the same floor plan in TDHCA programs in neighboring counties.

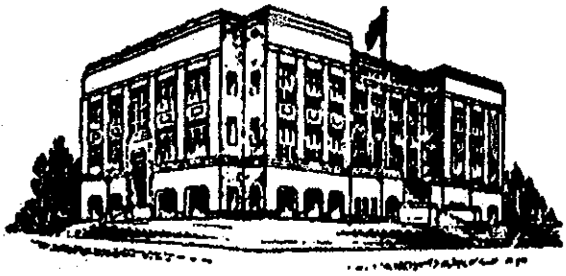
Without this amendment, the City will not be able to complete the contract activities. We would appreciate your favorable consideration on this amendment request. If you have any questions please call the City's consultant Public Management Inc., Rick Valdez (281) 592-0439.

Sincerely,

Jill Kirkonis
Mayor

SEP - 2 2008

consultant = Public mgmt



PHIL FITZGERALD
COUNTY JUDGE

1923 SAM HOUSTON
LIBERTY, TEXAS 77575

THE COUNTY OF LIBERTY
Est. 1836

September 2, 2008

Jeannie Arellano, Director
Texas Department of Housing & Community Affairs-HOME Division
P.O. Box 13941
Austin, Texas 78711-3941

RE: HOME Owner Occupied Housing Assistance for Disaster Relief Application No. 2008-0011 and HOME Contract No. 1000952

Dear Ms. Arellano:

The County is requesting an amendment to raise the maximum amount we can expend per structure that will still allow for the completion of reconstructed homes within the total awarded allocation of $500,000.00 as was approved by the TDHCA Board. The County of Liberty is requesting an amendment on the above contract, for the following reason(s):

> The maximum amount allowed per structure is not sufficient to complete the work required under the HOME Program. This is due to significant increases in construction costs in this area. We have obtained bid proposals for construction, closing cost, appraisal(s), and survey(s). Base on this information the County obtained, we believe that construction cannot be complete with the maximum amount of $60,000.00. We are requesting that the maximum amount be increase to $75,000.00, $80,000.00, and $85,000.00 depending on the family size.

There are several reasons why the overall cost of construction has increased in Liberty County. The costs of materials have risen rapidly. The rising cost of fuel has increased, equipment operation along with cost of demolition, and clean up. Further, with Liberty County being on the edge of much of the construction activity associated with Hurricane Rita assistance, construction costs are generally higher. This is because many of the construction contractors used in our program are working with a much higher dollar amount for the basically the same floor plan in TDHCA programs in neighboring counties

Without this amendment, the County will not be able to complete the contract activities. We would appreciate your favorable consideration on this amendment request. If you have any questions please call the County's consultant Public Management Inc., Rick Valdez at (281) 592-0439.

Sincerely,

Phil Fitzgerald
County Judge

SEP -5 2008

936/336-4665
FAX: 936/336-4518
281/592-6144

consultant - Public mgmt.

John White
Mayor

City of Ames
Someplace Special

PHONE (936) 336-7278 • FAX (936) 336-8856 • 304 MARTIN ST. • P.O. BOX 8094 • LIBERTY, TX 77575

October 21, 2008

Jeannie Arellano, Director
Texas Department of Housing & Community Affairs-HOME Division
P.O. Box 13941
Austin, Texas 78711-3941

RE: HOME Owner Occupied Housing Assistance for Disaster Relief Application No. 20080001 and HOME Contract No. 1000951

Dear Ms. Arellano:

The City is requesting an amendment to raise the maximum amount we can expend per structure that will still allow for the completion of reconstructed homes within the total award allocation of $500,000.00 as was approved by the TDHCA Board. The City of Ames is requesting an amendment on the above contract, for the following reason(s):

> The maximum amount allowed per structure is not sufficient to complete the work required under the HOME Program. This is due to significant increases in construction, closing cost, appraisal(s), and survey(s). Base on the information the City obtained, we believe that construction cannot be complete with the maximum amount of $60,000.00. We are requesting that the maximum amount be increase to $75,000.00, $80,000.00 and $85,000.00 depending on the family size.
>
> There are several reasons why the overall cost of construction has increased in Liberty County. The costs of materials have risen rapidly. The raising cost of fuel has increased, equipment operation along with the cost of demolition, and clean up. Further, with Liberty County being on the edge of much of the construction activity associated with Hurricane Rita assistance, construction costs are generally higher. This is because many of the construction contractors used in our program are working with much higher dollar amounts for the basically the same floor plan in TDHCA programs in neighboring counties.

Without this amendment, the City will not be able to complete the contract activities. We would appreciate your favorable consideration on this amendment request. If you have any questions please call the City's consultant Public Management Inc., Rick Valdez at (281) 592-0439.

Sincerely,
John White

Mayor John White

DDC Creekside Villas, Ltd
3701 North Lamar, Ste 206
Austin, Texas 78705
(512) 732-1226 / (512) 732-1276 FAX
Colby@denisondevelopment.com

September 30, 2008

10-01-08P04:11 RCVD

Tom Gouris
Robbye Meyer
TDHCA
RE: #08253 Creekside Villas - Additional Tax Credit Analysis

Dear Tom and Robbye,

I had no idea how difficult it would be to accomplish the board's request to submit new sources and uses with backup letters from lender and syndicator. The market turmoil has caused almost weekly changes to the requirements by both lender and equity. The result is that I am submitting new sources and uses along with these comments.

Please find the following included in this submittal along with comments:

1) New Development Cost Schedule
    a. I have increased direct construction cost estimate to reflect what we believe will be the cost of these improvements. After speaking with many subcontractors, I had mistakenly assumed in my original application that most of the line items would be roughly equivalent to a 3 story stick frame product. Please note that we believe our changes are within 5% of those costs determined by underwriting. Here are highlighted examples of several line items that have increased due to these discussions:
        i. **(MEP)** I had assumed in my original application that mechanical, plumbing and electrical contractors would charge roughly the same price per fixture for the podium product as they did for our three story product. We have increased these budget line items.
        ii. **(CONCRETE PODIUM)** I increased the concrete estimate to reflect current pricing as provided by several podium concrete subcontractors. The podium aspect of these buildings is the most costly differential from a 3 story product.
        iii. **(MASONRY)** I had assumed masonry would be roughly the same per square foot, but discovered that the scaffolding and moving materials up to those heights on such a tall building is much more expensive. I have increased this budget line item.

        iv. **(GR, Overhead, Profit & Contringency)** General Requirements, Overhead, Profit and Contingency have all increased respectively along with the above increases.

2) PNC Equity Letter & JP Morgan Chase Debt Letter
3) New Summary Sources & Uses
4) New Rent Schedule
    a. Changed to reflect market study rents for 60% units
5) New Detailed Expense Schedule
    a. Reflects LOI with updated rents from Rent Schedule.

OPTION 2 – Additional tax credits and HOME Funds

We would like for TDHCA to consider the option of allocating additional HOME Funds to Creekside Villas, along with a change to the interest rate structure, in addition to providing additional tax credits. We were awarded $1.2MM in HOME Funds from the CHDO set-aside. We would like to request an additional $1.8MM in HOME Funds and change the rate of interest on the entire $3,000,000 of HOME Funds to 0%.

We believe that changing the structure of the interest rate will cause these funds to be taken out of basis which we have assumed in our model. We believe that there is more certainty and security for our project with additional HOME Funds than additional tax credits due to the uncertainty surrounding and lack of demand for tax credits. We also believe that TDHCA may need to allocate from sources other than tax credits depending upon the need statewide for the additional tax credits. We have submitted the financial proformas for this scenario for TDHCA to consider. This option will substantially reduce the additional tax credits requested by Creekside Villas from $299,017 to $29,017. In the event that TDHCA doesn't have enough tax credits to fully allocate all requests, this is certainly our preferred option.

Sincerely,

Colby Denison
Authorized Representative

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS
WWW.TDHCA.STATE.TX.US

Memorandum

To: Patricia Murphy, Director of PMC

Cc: Robbye Meyer, Director of MFFP
Sharon Gamble, MFFP HTC Program Administrator
Barbara Skinner, HOME Program Specialist

From: Jo En Taylor, Senior Contract Monitor, PMC

Date: November 6, 2008

Re: 2008 HTC Awards - Carryover Allocation Reviews

A second review ensuring that issues of noncompliance are not associated with the previous participation of 2008 HTC Awards has been completed. The scope of the second review included a comparison to scores in effect as of October 1, 2008 and any outstanding issues of noncompliance identified with existing HOME developments. The following HTC Awards were included in the review:

Project #	Development Name
08101	Jackson Village Retirement Center
08106	Brookhollow Manor
08126	South Acres Ranch
08128	Mid-Towne Apartments
08129	Alta Vista Apartments
08130	Jourdanton Square Apartments
08133	Timber Creek Senior Living
08135	Gardens at Clearwater
08138	River Place Apartments
08139	Arizona Avenue Apartments
08140	Premier on Woodfair
08142	Anson Park Seniors
08149	American GI Forum Village I & II
08150	Oak Manor/Oak Village Apartments
08151	Parkview Terrace
08152	Heights at Corral
08157	SilverLeaf at Chandler
08158	Villas at Beaumont
08160	Tres Palmas

Project #	Development Name
08163	San Elizario Palms
08174	Oakleaf Estates
08176	Maeghan Pointe
08182	Suncrest Apartments
08184	Washington Hotel Lofts
08193	Sphinx at Fiji Senior
08195	Chateau Village Apartments
08198	Highland Manor
08200	Ingram Square Apartments
08201	First Huntington Arms
08205	Wind River
08207	Carpenter's Point
08215	Quail Run Apartments
08216	Chisum Trail Apartments
08220	Northview Apartments
08223	Evergreen at The Colony
08226	Whispering Oaks Apartments
08229	Fairwood Commons Senior Apartments
08232	Sakowitz Apartments
08233	Heritage Park Vista
08235	Buena Vida Senior Village
08244	TownePlace Reserve
08251	HomeTowne on Wayside
08253	Creekside Villas Senior Village
08254	Montgomery Meadows Phase II
08257	Constitution Court
08258	Lexington Court Phase II
08260	Harris Manor Apartments
08261	Mid Towne Apartments Homes
08262	Towne Center Apartment Homes
08264	Cambridge Crossing
08278	Vista Bella Ranch
08294	Stardust Village
08296	Prairie Village Apartments
08297	St. Charles Place
08298	Residences on Stalcup
08299	Southern View Apartments
08302	Leona Apartments
08303	Heritage Square
08304	Park Place Apartments

Applications 08149 and 08150 are associated with HOME #537603, West Avenue Apartments. The development has a score of 29 but was identified with uncorrected issues of noncompliance. PMC staff is conducting an on-site monitoring visit on October 23rd; a determination of compliance will be made at that time.

No other issues were identified with the awards reviewed above. Please let me know if you have any questions or concerns.

Applicant Evaluation

Project ID **08253U** Name **Creekside Villas Senior Village** City: **Buda**

HTC 9% ☑ HTC 4% ☐ HOME ☑ BOND ☐ HTF ☐ SECO ☐ ESGP ☐ Other ☐

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

Portfolio Management and Compliance

Total # of MF awards monitored: 4

Total # of MF awards not yet monitored or pending review: 4

SF Contract Experience ☑ Yes ☐ No

Total # of SF Contracts: 3

Projects in Material Noncompliance

Yes ☐ No ☑

Total # of MF Projects in Material Noncompliance: 0

Projects grouped by score	
0-9:	3
10-19:	1
20-29:	0

Total monitored with a score 0-29: 4

Completed by: J. Taylor Reviewer: Wendy Quackenbush

Date 8/15/2008 Date 8/27/2008

Single Audit

☑ Single audit review not applicable

☐ Single audit review found no unresolved issues

☐ Late single audit certification form (see comments

☐ Past due single audit or unresolved single audit issue (see comments)

Reviewer: Betty Gallegos Date 8/19/2008

Comments (if applicable):

Financial Administration
Loan Servicing

☑ No delinquencies found ☐ Delinquencies found (see comments)

Reviewer Candace Christiansen Date 8 /21/2008

Comments (if applicable):

Financial Administration
Financial Services

☐ No delinquencies found ☑ Delinquencies found (See Comments)

Reviewer Monica Guerra Date 8 /25/2008

Comments (if applicable):

#3145 Sterling Springs owes a compliance fee of $2850 billed 6/1/2008

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report Addendum

REPORT DATE: 11/06/08 PROGRAM: 9% HTC/HOME FILE NUMBER: **08253**

DEVELOPMENT

Creekside Villas Senior Village

Location: 10.96 acres on FM 967 Region: 7

City: Buda County: Hays Zip: 78610 ☐ QCT ☐ DDA

Key Attributes: Seniors; New Construction, Urban, CHDO

ALLOCATION

	NEW REQUEST*			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$3,000,000	AFR	35/35	**$3,000,000**	**0.00%**	**35/35**
Housing Tax Credit (Annual)	$1,229,017			**$1,200,000**		

* The requested HOME loan amounts to a $1.8M increase in the original Board approved award. The requested HTC amount is based on the September 4, 2008 Board approved policy regarding HR3221to allow 2008 awards the opportunity to submit specific evidence for re-evaluation for consideration of additional credits.

CONDITIONS

1 Receipt, review, and acceptance of documentation by cost certification verifying no buildings and/or improvements to include drives are located in the 100-year floodplain. Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan must be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs.

2 Receipt, review, and acceptance, by carryover, of updated loan and equity commitments which are not more than 30 days old.

3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	8
50% of AMI	50% of AMI	50
60% of AMI	60% of AMI	86

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/ Low Home	8
50% of AMI	Low Home	6
60% of AMI	High Home*	15

* These High HOME units are designated as 50% units for tax credits

PROS	CONS
▫ This would be the first seniors only tax credit development in Buda.	▫ The Market Analyst's capture rate by unit type suggests that the market for 2 bedroom units targeting 60% households may be saturated; yet almost 1/3 of the units are designed to serve that market.

ADDENDUM

The subject transaction was originally underwritten during the 2008 9% cycle and was approved to receive an annual tax credit allocation of $1.2M in addition to a HOME award of $1.2M amortized over 35 years at AFR. It should be noted that the original underwriting analysis that was posted and presented to the TDHCA Board for approval reflected only 11 HOME designated units based on the information provided in the original application. However, subsequent to Board approval of the published underwriting report the Applicant provided a revised rent schedule to designate 29 HOME units. This revision did not change the proforma assumptions for the Underwriter or the Applicant and, therefore, had no impact on the original underwriting analysis or the recommended award amounts. However, in conjunction with the current amendment request the Underwriter has reflected the correct amount of HOME units required for the subject development.

On October 1, 2008 the Department received a request from the Applicant to amend the application as follows:

- An increase in the annual tax credits of $29,017 for a total annual allocation of $1,229,017.
- An increase in the HOME loan of $1.8M for a total HOME loan of $3M, and a restructure of the interest rate from AFR to 0%.

The Applicant has indicated that these changes are necessary because there is more certainty and security for the development with additional HOME funds than with uncertain market and lack of demand associated with additional tax credits alone.

Additionally, pursuant to the September 4, 2008 Board approved policy regarding HR3221, the Applicant took the opportunity to also submit a request for consideration of an additional allocation of credits in the amount of $299,017, given that the HOME funds remain at $1.2M. The September 4th approved policy provided that for all 2007 and 2008 awards that had not closed on their syndication for tax credits, additional information could be provided to the Department for consideration of additional credits. As of the date of this addendum the Applicant has not closed on the syndication of the tax credits.

The Underwriter has evaluated the impact of these changes on the financial viability of the transaction and the tax credit award based on the documentation provided and the requested changes. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report with a full evaluation of the originally proposed development plan and structure.

It should be noted that the originally approved development plan continues to meet the Department's guidelines despite the drop in the credit price from $0.84 to the currently quoted $0.77. Based on the Underwriter's evaluation of the current proforma and construction costs provided by the Applicant, the decrease in tax credit equity would result in the need for $2,700,326 in additional funds. This amount is 25% more than the amount of developer fee available. The Department could require that a portion of the related or un-related contractor fee be deferred to cover the remaining gap, and the entire amount could be projected to be repaid within 15 years of stabilized operation.

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OPERATING PROFORMA ANALYSIS

Income:

The Underwriter's rent and income assumptions remain the same as in the original underwriting report. However, while initially, the Applicant chose not to anticipate the rents quoted by the Market Analyst as achievable but rather utilize rents that were $7 to $10 less than the underwritten rent for the units targeting 60% households, the revised rent schedule now indicates the market rents for these units.

The Applicant’s secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines and effective gross income is within 5% of the Underwriter's estimate.

Expense:

The Applicant’s total revised annual operating expense projection at $3,857 per unit is within 5% of the Underwriter’s estimate of $3,937, derived from the TDHCA database, and third-party data sources. The Applicant’s budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: General & Administrative ($16K lower), Repairs & Maintenance ($20K lower), and Water, Sewer & Trash ($32K higher).

Conclusion:

The Applicant’s effective gross income, operating expenses, and net operating income are within 5% of the Underwriter’s estimates; therefore, the Applicant's year one proforma will continue to be used to determine the development's debt capacity. The currently proposed permanent financing structure (including the increased $3M HOME funds) results in an initial year’s debt coverage ratio (DCR) of 1.18, which is within the Department’s DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

CONSTRUCTION COST ESTIMATE EVALUATION

Direct Construction Cost:

The Applicant’s revised development cost schedule reflects a $2M increase in total development costs, which the Applicant indicates is largely attributed to erroneous assumptions of a 3-story stick frame product instead of the proposed 4-story product. The Applicant indicates no changes in sitework or indirect construction costs; however, the direct construction cost estimate has been increased by $1M, and as a result, certain other eligible and ineligible costs have also shifted significantly according to the new cost schedule. It should be noted, the $817K or 5% increase in total development costs currently estimated by the Underwriter is entirely a result of the Applicant's increases in contingency, contractor & developer fees, ineligible costs and interim financing.

Accordingly, the Underwriter's direct construction cost estimate based on the current Marshall & Swift - derived estimate remains the same as underwriting at Application 5 months ago. This estimate is 6% lower than the Applicant’s current estimate.

Interim Interest Expense:

The Underwriter reduced the Applicant’s eligible interim financing fees by $93,750 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant’s eligible basis estimate.

Contingency & Fees:

The Applicant’s contractor and developer fees exceed the maximums allowed by HTC guidelines by a total of $14,064 based on their own construction costs. Consequently the Applicant’s eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs.

Conclusion:

The Applicant’s total development cost is within 5% of the Underwriter’s estimate; therefore, the Applicant’s cost schedule will be used to determine the development’s need for permanent funds and to calculate eligible basis. An eligible basis of $16,547,930 supports annual tax credits of $1,489,314. This figure will be compared to the Applicant’s previously approved credits and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

Source:	JP Morgan Chase			Type:	**Interim to Permanent Financing**				
Interim:	$12,500,000	Interest Rate:	6.39%	☒	Fixed	Term:	24	months	
Permanent:	$5,500,000	Interest Rate:	7.50%	☒	Fixed	Amort:	420	months	

Comments:

Interim Rate: floating at LIBOR plus 225 bps; Permanent Rate is estimated at 7.39% subject to change by CDT, underwritten at 7.5%

Source:	TDHCA HOME			Type:	**Loan**			
Principal:	$3,000,000	Interest Rate:	4.2% AFR	☒	Fixed	Amort:	420	months

Comments:

Current request for 35 year amortization at 0% interest rate. Due to the significant financing restructure, the Applicant has removed the $3M in HOME funds from basis.

Source:	PNC Multifamily Capital		Type:	**Syndication**	
Proceeds:	$9,461,537	Syndication Rate:	77%	Anticipated HTC:	$ 1,200,000

Comments:

The anticipated credit price has decreased by $0.07 per dollar of credit, which has not had a significant impact on the viability of the originally structured transaction. Of note, although the submitted updated equity letter indicates anticipated tax credits of $1,499,017 (based on the Applicant's "Option 1" additional credit request without additional HOME funds), it appears that the Applicant's current revised request for tax credits ("Option 2" with additional HOME funds; $1,229,017) is also based on the lower $.077 credit price and higher 9% applicable percentage.

Amount:	$676,939	Type:	**Deferred Developer Fees**

CONCLUSIONS

Financing Structure based on Amendment Request:

As indicated above, the Applicant has requested an $1.8M increase in the originally approved HOME loan, which results in a total requested HOME loan of $3M.

The Applicant's total development cost estimate less the revised permanent loan of $5.5M and the originally awarded $1.2M in HOME funds indicates the need for $11,938,478 in gap funds. Based on the currently submitted syndication terms, a tax credit allocation of $1,550,762 annually would be required to fill this gap in financing. Alternatively, if the development were to receive the originally approved tax credit amount of $1.2M, resulting in proceeds of $9,238,152 based on the current $0.77 credit price, a gap in financing of $2.7M would result. This would required 100% of the developer fee available and a portion of the contractor fee, all of which is projected to be repaid within 15 years.

The Underwriter, therefore, recognizes that under the current underwriting proforma and based on the current construction costs, the Applicant displays a need for additional funds.

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The Applicant’s total development cost estimate less the revised permanent loan of $5.5M and the proposed $3M HOME loan indicates the need for $10,138,478 in gap funds. If the Applicant were to receive the original $1.2M in annual credits awarded in July 2008, syndication proceeds would amount to $9,238,152 based on the current credit price of $0.77. This would leave a gap in financing of $900,326 which amounts to 42% of the developer fee available and the development would remain feasible.

Alternatively, if the Board approves both the Applicant's request for increased HOME funds of $3M and total annual credits of $1,229,017 resulting in proceeds of $9,461,538, this would leave a gap of $676,940 or 31% of the developer fee available. This means that if the Board approves both the development would not be oversubsidized. However, as indicated above the development would remain feasible if only the additional HOME funds were granted.

Therefore, the Underwriter recommends approval of the increased HOME funds even if the additional tax credits are awarded separately.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

Return on Equity:

A subsidy layering evaluation of the cash on cash return on the deferred developer fee and syndication proceeds reflects a return of just over 1% annually over 30 years not accounting for the value of the credits to the investors. A simple return on only deferred developer fee based upon first year income is relatively high but this is less meaningful because it neglects to consider the tax credit induced equity. The Department's objectives of providing not more than is necessary to develop and operate safe decent and affordable housing will be met under the proposed financing structure.

Underwriter:	*Diamond Unique Thompson*	Date:	November 6, 2008
Reviewing Underwriter:	*Raquel Morales*	Date:	November 6, 2008
Director of Real Estate Analysis:	*Tom Gouris*	Date:	November 6, 2008

MULTIFAMILY COMPARATIVE ANALYSIS

Creekside Villas Senior Village, Buda, 9% HTC/HOME #08253

Unit Type	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	LH	4	1	1	727	$400	$348	$1,391	$0.48	$52.25	$58.01
TC 50%	LH	2	1	1	727	$666	$614	$1,228	$0.84	$52.25	$58.01
TC 50%	HH	8	1	1	727	$666	$614	$4,910	$0.84	$52.25	$58.01
TC 50%		15	1	1	727	$666	$614	$9,206	$0.84	$52.25	$58.01
TC 60%		43	1	1	727	$800	$725	$31,175	$1.00	$52.25	$58.01
TC 30%	LH	1	2	1	917	$480	$411	$411	$0.45	$69.39	$77.49
TC 50%	LH	2	2	1	917	$800	$731	$1,461	$0.80	$69.39	$77.49
TC 50%	HH	1	2	1	917	$800	$731	$731	$0.80	$69.39	$77.49
TC 50%		3	2	1	917	$800	$731	$2,192	$0.80	$69.39	$77.49
TC 60%		11	2	1	917	$960	$840	$9,240	$0.92	$69.39	$77.49
TC 30%	LH	3	2	2	968	$480	$411	$1,232	$0.42	$69.39	$77.49
TC 50%	LH	2	2	2	968	$800	$731	$1,461	$0.75	$69.39	$77.49
TC 50%	HH	6	2	2	968	$800	$731	$4,384	$0.75	$69.39	$77.49
TC 50%		11	2	2	968	$800	$731	$8,037	$0.75	$69.39	$77.49
TC 60%		32	2	2	968	$960	$865	$27,680	$0.89	$69.39	$77.49
TOTAL:		144		**AVERAGE:**	841		$727	$104,737	$0.86	$60.82	$60.09

INCOME	Total Net Rentable Sq Ft:	121,122		**TDHCA Amend**	**TDHCA Orig**	**APP Orig**	**APP Amend**	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$1,256,849	$1,256,849	$1,248,408	$1,257,024	Hays		7
Secondary Income		Per Unit Per Month:	$12.00	20,736	20,736	20,736	20,736	$12.00	Per Unit Per Month	
Other Support Income:				0	0			$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,277,585	$1,277,585	$1,269,144	$1,277,760			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(95,819)	(95,819)	(95,184)	(95,832)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0					
EFFECTIVE GROSS INCOME				$1,181,766	$1,181,766	$1,173,960	$1,181,928			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.81%	$395	0.47	$56,861	$56,861	$40,000	$41,000	$0.34	$285	3.47%
Management		5.00%	410	0.49	59,088	59,088	58,698	59,096	0.49	410	5.00%
Payroll & Payroll Tax		12.05%	989	1.18	142,385	142,385	140,318	140,318	1.16	974	11.87%
Repairs & Maintenance		5.92%	486	0.58	69,985	69,985	50,364	50,364	0.42	350	4.26%
Utilities		2.22%	182	0.22	26,274	26,274	24,000	24,000	0.20	167	2.03%
Water, Sewer, & Trash		4.52%	371	0.44	53,418	53,418	85,680	85,680	0.71	595	7.25%
Property Insurance		2.57%	211	0.25	30,376	30,376	26,640	26,640	0.22	185	2.25%
Property Tax	2.0487	4.99%	410	0.49	59,003	59,003	58,750	58,750	0.49	408	4.97%
Reserve for Replacements		3.05%	250	0.30	36,000	36,000	36,000	36,000	0.30	250	3.05%
TDHCA Compliance Fees		0.49%	40	0.05	5,760	5,760	5,760	5,760	0.05	40	0.49%
Other: cable, sup. Servs		2.35%	193	0.23	27,792	27,792	27,792	27,792	0.23	193	2.35%
TOTAL EXPENSES		47.97%	$3,937	$4.68	$566,942	$566,942	$554,002	$555,401	$4.59	$3,857	46.99%
NET OPERATING INC		52.03%	$4,270	$5.08	$614,824	$614,824	$619,958	$626,527	$5.17	$4,351	53.01%
DEBT SERVICE											
JP Morgan Chase		37.66%	$3,090	$3.67	$445,000	$396,104	$396,104	$445,000	$3.67	$3,090	37.65%
TDHCA HOME		$0	$452	$0.54	65,149	61,896	66,112	85,714	$0.71	$595	$0
Additional Financing		$0	$0	$0.00	0	0			$0.00	$0	$0
NET CASH FLOW		8.86%	$727	$0.86	$104,675	$156,824	$157,742	$95,813	$0.79	$665	8.11%
AGGREGATE DEBT COVERAGE RATIO					1.21	1.34	1.34	1.18			
RECOMMENDED DEBT COVERAGE RATIO							1.34	1.18			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	**TDHCA Amend**	**TDHCA Orig**	**APP Orig**	**APP Amend**	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.16%	$7,691	$9.14	$1,107,500	$1,107,500	$1,107,500	$1,107,500	$9.14	$7,691	5.94%
Off-Sites		$0	0	0.00	0	0	0	0	0.00	0	$0
Sitework		$0	15,286	18.17	2,201,130	2,201,130	2,201,130	2,201,130	18.17	15,286	$0
Direct Construction		$0	55,484	65.96	7,989,711	7,989,711	7,441,000	8,466,000	69.90	58,792	$0
Contingency	5.00%	$0	3,538	4.21	509,542	482,107	482,107	533,357	4.40	3,704	$0
Contractor's Fees	14.00%	$0	9,908	11.78	1,426,718	1,349,899	1,349,899	1,493,399	12.33	10,371	$0
Indirect Construction		$0	3,847	4.57	554,000	554,000	554,000	554,000	4.57	3,847	$0
Ineligible Costs		$0	4,993	5.94	718,984	452,740	452,740	718,984	5.94	4,993	$0
Developer's Fees	15.00%	$0	14,399	17.12	2,073,408	1,931,627	1,931,627	2,172,488	17.94	15,087	$0
Interim Financing		$0	7,928	9.43	1,141,620	836,780	836,780	1,141,620	9.43	7,928	$0
Reserves		$0	1,736	2.06	250,000	250,000	250,000	250,000	2.06	1,736	$0
TOTAL COST		100.00%	$124,810	$148.38	$17,972,613	$17,155,494	$16,606,783	$18,638,478	$153.88	$129,434	100.00%
Construction Cost Recap		*$1*	***$84,216***	***$100.12***	***$12,127,101***	***$12,022,847***	***$11,474,136***	***$12,693,886***	***$104.80***	***$88,152***	*$1*

SOURCES OF FUNDS

								RECOMMENDED	
JP Morgan Chase	30.60%	$38,194	$45.41	$5,500,000	$5,300,000	$5,300,000	$5,500,000	$5,500,000	Developer Fee Available
TDHCA HOME	$0	$20,833	$24.77	3,000,000	1,200,000	1,200,000	3,000,000	3,000,000	$2,158,426
PNC Multifamily Capital	$1	$65,705	$78.12	9,461,537	10,077,984	10,077,984	9,461,537	9,238,152	% of Dev. Fee Deferred
Deferred Developer Fees	$0	$4,701	$5.59	676,939	28,797	28,797	676,939	900,326	42%
Additional (Excess) Funds Req'd	($0)	($4,624)	($5.50)	(665,863)	548,713	2	2	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$17,972,613	$17,155,494	$16,606,783	$18,638,478	$18,638,478	$2,910,868

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Creekside Villas Senior Village, Buda, 9% HTC/HOME #08253

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$55.47	$6,718,557
Adjustments				
Exterior Wall Finish	2.40%		$1.33	$161,245
Elderly	3.00%		1.66	201,557
9-Ft. Ceilings	3.70%		2.05	248,587
Elevators	$63,600	3	1.58	190,800
Subfloor			(0.62)	(74,793)
Floor Cover			2.43	294,326
Balconies	$17.75	8,618	1.26	152,991
Plumbing Fixtures	$805	66	0.44	53,130
Rough-ins	$400	288	0.95	115,200
Built-In Appliances	$1,850	144	2.20	266,400
Exterior Stairs	$1,800	27	0.40	48,600
Interior Corridors	$45.55	26,508	9.97	1,207,422
Heating/Cooling			1.90	230,132
Parking Garage	$24.00	38,259	7.58	918,201
Comm &/or Aux Bldgs	$69.27	4,527	2.59	313,574
Other: fire sprinkler	$2.15	121,122	2.15	260,412
SUBTOTAL			93.35	11,306,342
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.87		(12.14)	(1,469,824)
TOTAL DIRECT CONSTRUCTION COSTS			$81.21	$9,836,517
Plans, specs, survy, bld prmts	3.90%		($3.17)	($383,624)
Interim Construction Interest	3.38%		(2.74)	(331,982)
Contractor's OH & Profit	11.50%		(9.34)	(1,131,199)
NET DIRECT CONSTRUCTION COSTS			$65.96	$7,989,711

PAYMENT COMPUTATION

Primary	$5,500,000	Amort	420
Int Rate	7.50%	DCR	1.38

Secondary	$1,200,000	Amort	420
Int Rate	4.16%	Subtotal DCR	1.21

Additional		Amort	
Int Rate		Aggregate DCR	1.21

RECOMMENDED FINANCING STRUCTURE APPLIC

Primary Debt Service	$445,000
Secondary Debt Service	85,714
Additional Debt Service	0
NET CASH FLOW	$95,813

Primary	$5,500,000	Amort	420
Int Rate	7.50%	DCR	1.41

Secondary	$3,000,000	Amort	420
Int Rate	0.00%	Subtotal DCR	1.18

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.18

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,257,024	$1,294,735	$1,333,577	$1,373,584	$1,414,792	$1,640,131	$1,901,362	$2,204,199	$2,962,259
Secondary Income	20,736	21,358	21,999	22,659	23,339	27,056	31,365	36,361	48,866
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,277,760	1,316,093	1,355,576	1,396,243	1,438,130	1,667,187	1,932,727	2,240,560	3,011,125
Vacancy & Collection Loss	(95,832)	(98,707)	(101,668)	(104,718)	(107,860)	(125,039)	(144,954)	(168,042)	(225,834)
Employee or Other Non-Rental Units o	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,181,928	$1,217,386	$1,253,907	$1,291,525	$1,330,270	$1,542,148	$1,787,772	$2,072,518	$2,785,291
EXPENSES at 4.00%									
General & Administrative	$41,000	$42,640	$44,346	$46,119	$47,964	$58,356	$70,999	$86,381	$127,865
Management	59,096	60,869	62,695	64,576	66,513	77,107	89,389	103,626	139,264
Payroll & Payroll Tax	140,318	145,931	151,768	157,839	164,153	199,717	242,986	295,630	437,604
Repairs & Maintenance	50,364	52,379	54,474	56,653	58,919	71,684	87,214	106,109	157,068
Utilities	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Water, Sewer & Trash	85,680	89,107	92,671	96,378	100,233	121,949	148,370	180,515	267,206
Insurance	26,640	27,706	28,814	29,966	31,165	37,917	46,132	56,126	83,081
Property Tax	58,750	61,100	63,544	66,086	68,729	83,620	101,736	123,777	183,221
Reserve for Replacements	36,000	37,440	38,938	40,495	42,115	51,239	62,340	75,847	112,271
Other	33,552	34,894	36,290	37,741	39,251	47,755	58,101	70,689	104,637
TOTAL EXPENSES	$555,401	$577,026	$599,498	$622,851	$647,119	$783,503	$948,827	$1,149,264	$1,687,065
NET OPERATING INCOME	$626,527	$640,360	$654,409	$668,673	$683,151	$758,645	$838,945	$923,254	$1,098,226
DEBT SERVICE									
First Lien Financing	$445,000	$445,000	$445,000	$445,000	$445,000	$445,000	$445,000	$445,000	$445,000
Second Lien	85,714	85,714	85,714	85,714	85,714	85,714	85,714	85,714	85,714
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$95,813	$109,646	$123,695	$137,959	$152,437	$227,930	$308,231	$392,539	$567,511
DEBT COVERAGE RATIO	1.18	1.21	1.23	1.26	1.29	1.43	1.58	1.74	2.07

HTC ALLOCATION ANALYSIS -Creekside Villas Senior Village, Buda, 9% HTC/HOME #08253

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,107,500	$1,107,500		
Purchase of buildings	$0	$0		
Off-Site Improvements	$0	$0		
Sitework	$2,201,130	$2,201,130	$2,201,130	$2,201,130
Construction Hard Costs	$8,466,000	$7,989,711	$8,466,000	$7,989,711
Contractor Fees	$1,493,399	$1,426,718	$1,493,398	$1,426,718
Contingencies	$533,357	$509,542	$533,357	$509,542
Eligible Indirect Fees	$554,000	$554,000	$554,000	$554,000
Eligible Financing Fees	$1,141,620	$1,141,620	$1,141,620	$1,141,620
All Ineligible Costs	$718,984	$718,984		
Developer Fees			$2,158,426	$0
Developer Fees	$2,172,488	$2,073,408	$0	$2,073,408
Development Reserves	$250,000	$250,000		
TOTAL DEVELOPMENT COSTS	$18,638,478	$17,972,613	$16,547,930	$15,896,129

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			$0
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing		$0	$0
Non-qualified portion of higher quality units [42(d)(3)]		$0	$0
Historic Credits (on residential portion only)		$0	$0
TOTAL ELIGIBLE BASIS		$16,547,930	$15,896,129
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$16,547,930	$15,896,129
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$16,547,930	$15,896,129
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		$1,489,314	$1,430,652

Syndication Proceeds	**0.7698**	**$11,465,422**	**$11,013,814**
Total Tax Credits (Eligible Basis Method)		**$1,489,314**	**$1,430,652**
Syndication Proceeds		**$11,465,422**	**$11,013,814**
Previously Approved Credits		**$1,200,000**	
Syndication Proceeds		**$9,238,152**	
Requested Tax Credits		**$1,229,017**	
Syndication Proceeds		**$9,461,538**	
Gap of Syndication Proceeds Needed		**$10,138,478**	
Total Tax Credits (Gap Method)		**$1,316,949**	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 07/05/08 PROGRAM: 9% HTC/HOME FILE NUMBER: **08253**

DEVELOPMENT

Creekside Villas Senior Village

Location: 10.96 acres on FM 967 Region: 7

City: Buda County: Hays Zip: 78610 ☐ QCT ☐ DDA

Key Attributes: Seniors; New Construction, Urban, CHDO

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$1,200,000	AFR	40/40	**$1,200,000**	**AFR**	**35/35**
Housing Tax Credit (Annual)	$1,200,000			**$1,200,000**		

CONDITIONS

1 Receipt, review, and acceptance of documentation by cost certification verifying no buildings and/or improvements to include drives are located in the 100-year floodplain. Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan must be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs.

2 Receipt, review, and acceptance, by carryover, of updated loan and equity commitments which are not more than 30 days old.

3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	8
50% of AMI	50% of AMI	50
60% of AMI	60% of AMI	86

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/ Low Home	8
50% of AMI	Low Home	0
60% to 80% of AMI	High Home*	3

* These High HOME units are designated as 50% units for tax credits

This section intentionally left blank.

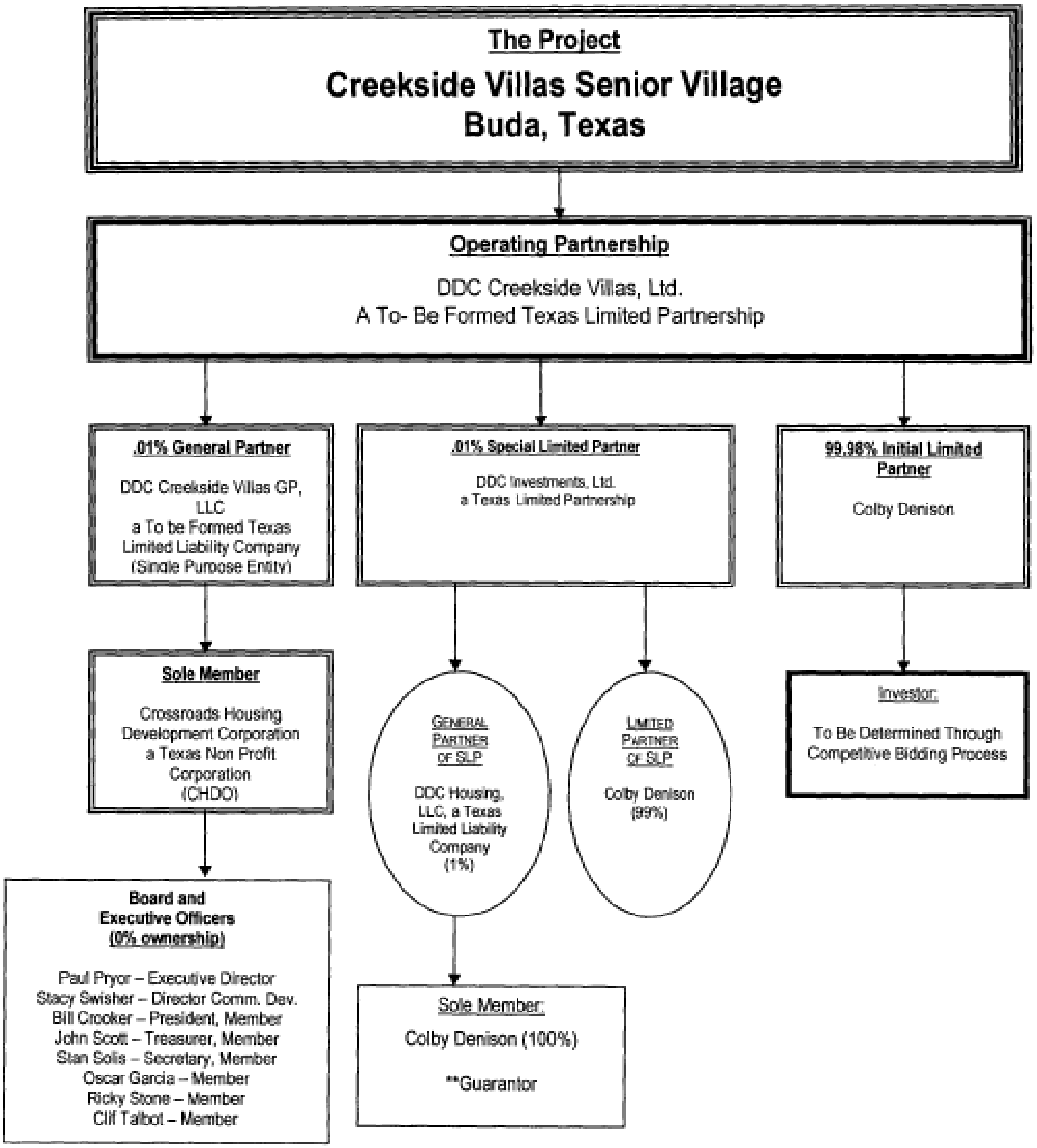
PROS	CONS
▫ This would be the first seniors only tax credit development in Buda.	▫ The Market Analyst's capture rate by unit type suggests that the market for 2 bedroom units targeting 60% households may be saturated; yet almost 1/3 of the units are designed to serve that market.

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Colby Denison Phone: (512) 732-1226 Fax: (512) 732-1276
Email: colby@denison@development.com

KEY PARTICIPANTS

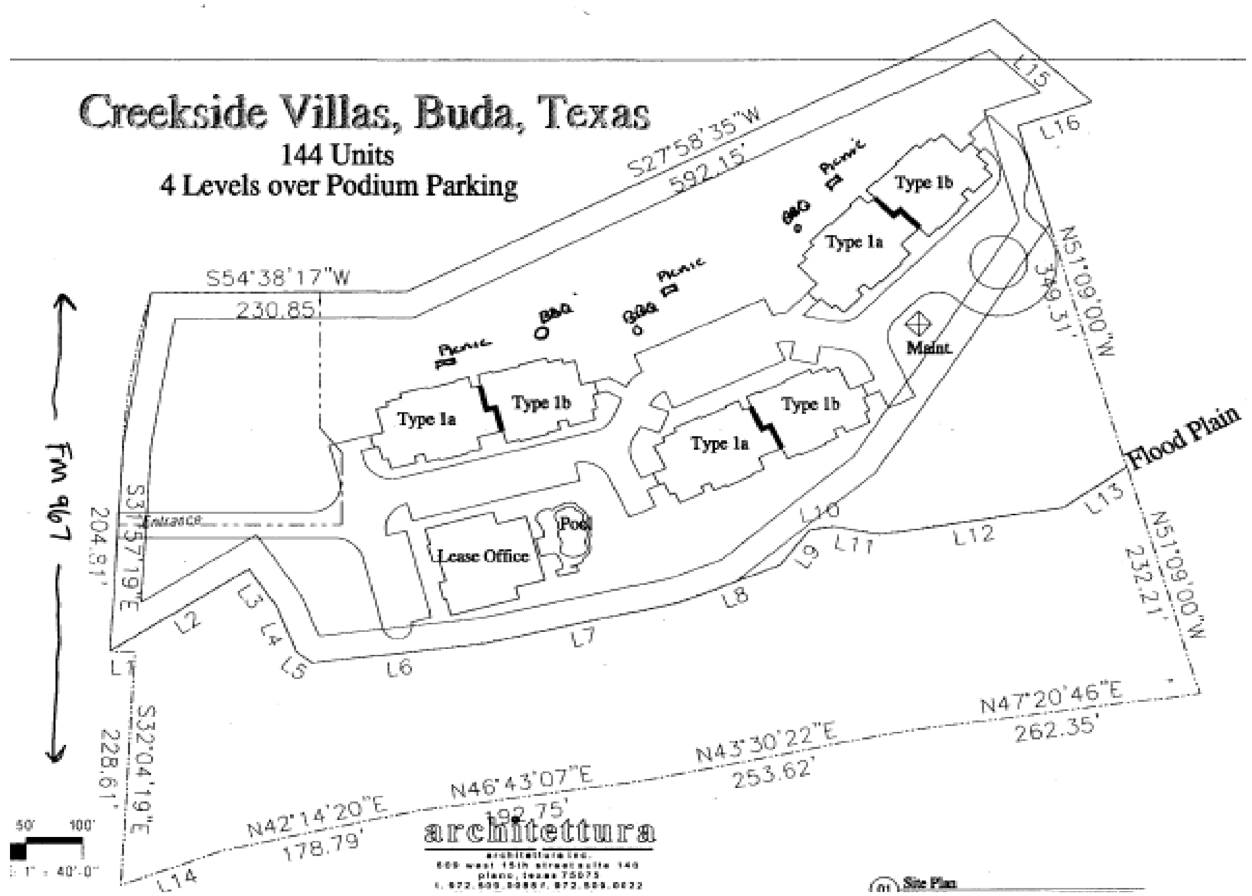
Name	Financial Notes	# Completed Developments
Crossroads Housing Development Co.	N/A	4
Colby & Susanne Denison	N/A	3

IDENTITIES of INTEREST

- The Applicant and the Developer are related entities. This is a common relationship for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B									Total Buildings
Floors/Stories	4	4									
Number	3	3									**6**

BR/BA	SF	Units										Total Units	Total SF
1/1	727	12	12									72	52,344
2/1	917	3	3									18	16,506
2/2	968	9	9									54	52,272
Units per Building		24	24									**144**	**121,122**

SITE ISSUES

Total Size: 10.96 acres Scattered site? ☐ Yes ☒ No
Flood Zone: Zones X & AE Within 100-yr floodplain? ☒ Yes ☐ No
Zoning: MFR Needs to be re-zoned? ☐ Yes ☒ No ☐ N/A

Comments:

According to the FEMA Flood Insurance Rate Map, the majority of subject site appears to be located Zone X; however, a small portion of the site along Onion Creek appears to be located in Zone AE, which is within the l00-year flood plain.

Receipt, review, and acceptance of documentation by cost certification verifying no buildings and/or improvements to include drives are located in the 100-year floodplain. Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan should be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs is a condition of this report.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 3/27/2008

Overall Assessment:

☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: vacant land and single family residences.
South: Onion Creek and an Elementary School.
East: vacant land
West: FM 967 and vacant land

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: ECS Texas, LLP Date: 1/30/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- None.

MARKET HIGHLIGHTS

Provider: O'Connor and Associates Date: 2/28/2008
Contact: Robert Coe, II Phone: (713) 686-9955 Fax: (713) 686-8336
Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 354.33 square feet (10.66 miles radius)

"The subject's primary market is defined as that area within the following geographic boundaries: Census Tracts: 48055960100, 48055960200, 48055960300, 48055960400, 48055960500,48187210501,48209010100,48209010200, 48209010301, 48209010302,48209010400, 48209010500, 48209010600,48209010700, 48209010801, 48209010802,48209010901, 48209010902, 48209010903,48209010904,48453001732, 48453002303, 48453002407, 48453002416, 48453002417, 48453002418: Zip Codes 78610,78619,78652,78737,78739,78744,78745,78747, 78748 and 78749: Highway 71, Fitzhugh Road, and US Highway 290 to the north; Highway 183 and Highway 2 I to the east; Blanco River, Halifax Creek, and FM 150 to the south; and Onion Creek, CR 185, and Sawyer Ranch Road to the west." (p. 12) The 2007 estimated population for the PMA was 203,315.

Secondary Market Area (SMA):

None defined.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS								
PMA				SMA				
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25%	Comp Units
Southpark Apartments	060418	192	Family	N/A				
Residences at Onion Crk	07621	224	Family					
Saddlecreek Apts @ Buda	05260	144	Family					
Tuscany Park @ Buda	07234	176	Family					
Huntington	08134	120	LP; 116					
Parker Lane Senior Apts	05207	70	Outside PMA					

INCOME LIMITS						
Hays						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	$14,950	$17,100	$19,200	$21,350	$23,050	$24,750
50	$24,900	$28,450	$32,000	$35,550	$38,400	$41,250
60	$29,880	$34,140	$38,400	$42,660	$46,080	$49,500

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30% Rent Limit	46	13		59	4	10	17%
1 BR/50% Rent Limit	60	16		76	25	48	63%
1 BR/60% Rent Limit	77	21		98	43	72	73%
2 BR/30% Rent Limit	16	4		20	4	4	20%
2 BR/50% Rent Limit	43	10		53	4	4	8%
2 BR/60% Rent Limit	49	13		62	43	82	132%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					
Market Analyst p. 70	23% 15,477	100% 15,477	9% 1,364	Incl'd in Inc Elig	45% 614
Underwriter	13% 8,577	100% 8,577	9% 731	100% 731	45% 329
PMA DEMAND from HOUSEHOLD GROWTH					
Market Analyst p. 70		720	9% 63	Incl'd in Inc Elig	100% 63
Underwriter		100% 217	9% 18	100% 18	100% 18

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 71	144	116	0	260	677	38.40%
Underwriter	144	0	0	144	348	41.42%
HISTA Data Model	144	0	0	144	416	34.59%

It should be noted, Huntington is a proposed 120-unit 9% HTC development targeting seniors within the defined PMA boundaries; however, it is a lower scoring application as of the date of this underwriting report, and even if it were to be funded, this analysis suggests support for additional units and the inclusion of the 116 LIHTC units still yields a capture rate marginally below the Department maximum of 75% for senior developments.

Primary Market Occupancy Rates:

"The average occupancy for comparable properties in the subject's primary market area was reported at 94.16%. Occupancy rates and rental rates in this market area have remained stable over the past few years, with gradual increases in rent" (p. 10)

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 to stabilized occupancy within six to eight months following completion of the construction." (p.85)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 727 SF 30%	$348	$348	$725	$348	$377
1 BR 727 SF 50%	$614	$614	$725	$614	$111
1 BR 727 SF 50%	$614	$614	$725	$614	$111
1 BR 727 SF 60%	$718	$748	$725	$725	$0
2 BR 917 SF 30%	$411	$411	$840	$411	$429
2 BR 917 SF 50%	$731	$731	$840	$731	$109
2 BR 917 SF 50%	$731	$731	$840	$731	$109
2 BR 917 SF 60%	$830	$891	$840	$840	$0
2 BR 968 SF 30%	$411	$411	$865	$411	$454
2 BR 968 SF 50%	$731	$731	$865	$731	$134
2 BR 968 SF 50%	$731	$731	$865	$731	$134
2 BR 968 SF 60%	$855	$891	$865	$865	$0

Market Impact:

"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)

Comments:

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

Concentration:

Staff has calculated the concentration rate of the areas surrounding the property in accordance with section 1.32 (i)(2) of the Texas Administrative Code approved in 2007. The Underwriter has concluded a census tract concentration of less than 1 unit per square mile which is less than the 1,432 units per square mile limit and a Primary Market Area concentration of 9.7 units per square mile which is less than the 1,000 units per square mile limit. Therefore, the proposed development is in an area which has an acceptable level of apartment dispersion based upon the Department's standard criteria.

OPERATING PROFORMA ANALYSIS

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

The Underwriter utilized the lesser of the Market Analyst's market rent conclusion or the projected rents collected per unit calculated by subtracting tenant-paid utility allowances as of January 1, 2007, maintained by the Kyle Housing Authority, from the 2008 program gross rent limits. Tenants will be required to pay electric utility costs only. The Applicant chose not to anticipate the rents quoted by the Market Analyst as achievable but rather utilized rents that are $7 to $10 less than the underwritten rent for the units targeting 60% households.

This section intentionally left blank.

The Applicant’s secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and despite the Applicant's use of slightly lower rents for the 60% units, effective gross income is within 5% of the Underwriter's estimate.

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

The Applicant’s total annual operating expense projection at $3,847 per unit is within 5% of the Underwriter’s estimate of $3,937, derived from the TDHCA database, and third-party data sources. The Applicant’s budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: General & Administrative ($17K lower), Repairs & Maintenance ($20K lower), and Water, Sewer & Trash ($32K higher).

Conclusion:

The Applicant’s effective gross income, operating expenses, and net operating income are within 5% of the Underwriter’s estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year’s debt coverage ratio (DCR) of 1.35, which is within the Department’s DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only: 11.9 acres	$167,200	Tax Year:	2007
Existing Buildings:	N/A	Valuation by:	Hays CAD
Total Assessed Value:	$167,200	Tax Rate:	2.0487

EVIDENCE of PROPERTY CONTROL

Type: Unimproved Commercial Property Acreage: 10.962

Contract Expiration: 9/30/2008 Valid Through Board Date? ☒ Yes ☐ No

Acquisition Cost: $1,100,000 Other: Acquired in October of 2007 from John Trube with $670K in existing financing transferring

Seller: Rueben Investments, LLC Related to Development Team? ☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

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

Acquisition Value:

The site cost of $100,347 per acre or $7,639 per unit is assumed to be reasonable since the acquisition is an arm’s-length transaction.

This section intentionally left blank.

Sitework Cost:

The Applicant claimed sitework costs over the Departments maximum guideline of $9,000 per unit and provided sufficient third party certification through a detailed certified cost estimate by an engineer to justify these costs. In addition, these costs have been reviewed by the Applicant’s CPA, Thomas Stephen & Company, LLP, to preliminarily opine that all $2.2M will be considered eligible. The CPA has not indicated that this opinion of eligibility has taken into account the effect of the recent IRS Technical Advisory Memorandums on the eligibility of sitework costs.

Direct Construction Cost:

The Applicant’s direct construction cost estimate is $635K or 8% lower than the Underwriter’s Marshall & Swift Residential Cost Handbook-derived estimate.

Interim Interest Expense:

The Underwriter reduced the Applicant’s eligible interim financing fees by $12,600 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant’s eligible basis estimate.

Contingency & Fees:

The Applicant’s contractor and developer fees exceed the maximums allowed by HTC guidelines by a total of $1,891 based on their own construction costs. Consequently the Applicant’s eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs.

Conclusion:

The Applicant’s total development cost is within 5% of the Underwriter’s estimate; therefore, the Applicant’s cost schedule will be used to determine the development’s need for permanent funds and to calculate eligible basis. An eligible basis of $14,794,652 supports annual tax credits of $1,230,915. This figure will be compared to the Applicant’s request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 4/4/2008

Source: PNC Multifamily Capital Type: **Interim to Permanent Financing**

Interim: $8,400,000 Interest Rate: 6.0% ☒ Fixed Term: 24 months

Permanent: $5,300,000 Interest Rate: 6.77% ☒ Fixed Amort: 420 months

Comments:

Interim Rate: floating at LIBOR plus 200 bps; Permanent Rate will be estimated at close of construction based 10 year treasury plus 200 bps, underwritten at 6.77%

Source: TDHCA HOME Type: **Loan**

Principal: $1,200,000 Interest Rate: 4.2% AFR ☒ Fixed Amort: 420 months

Comments:

Original request was for 40 year amortization but latest info suggests Applicant is willing to have parity amortization with conventional lender at 35 years. Must maintain AFR interest rate or significant rent restructure or HOME funds removed from basis.

This section intentionally left blank.

Source: PNC Multifamily Capital Type: **Syndication**

Proceeds: $10,077,984 Syndication Rate: 84% Anticipated HTC: $ 1,200,000

Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee. A decrease below $0.68 per dollar of credit may increase the amount of deferred developer fee such that 100% of the fee would be utilized and the need to defer contractor fee may be warranted; additionally, a decrease below $0.52 per credit dollar may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than $0.842, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: $28,797 Type: **Deferred Developer Fees**

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

Due to the uncertainty in the market and the potential for such movement in both equity pricing and interest rates, this report is conditioned upon updated loan and equity commitments at the submission of carryover. Should the revised commitments reflect changes in the anticipated permanent interest rate(s) and equity price, a re-evaluation of the financial feasibility of the transaction should be conducted.

CONCLUSIONS

Recommended Financing Structure:

The Applicant’s total development cost estimate less the permanent loan of $5,300,000 and the $1.2M HOME loan indicates the need for $10,106,783 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,203,429 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant’s request ($1.2M), the gap-driven amount ($1,203,429), and eligible basis-derived estimate ($1,230,915), the Applicant’s request of $1.2M is recommended resulting in proceeds of $10,077,984 based on a syndication rate of 84%.

The Underwriter’s recommended financing structure indicates the need for $28,799 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within one year of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

Return on Equity:

A subsidy layering evaluation of the cash on cash return on the deferred developer fee and syndication proceeds reflects a return of just over 1% annually over 30 years not accounting for the value of the credits to the investors. A simple return on only deferred developer fee based upon first year income is relatively high but this is less meaningful because it neglects to consider the tax credit induced equity. The Department's objectives of providing not more than is necessary to develop and operate safe decent and affordable housing will be met under the proposed financing structure.

Underwriter: Date: July 5, 2008

Diamond Unique Thompson

Director of Real Estate Analysis: Date: July 5, 2008

Tom Gouris

MULTIFAMILY COMPARATIVE ANALYSIS

Creekside Villas Senior Village, Buda, 9% HTC/HOME #08253

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	LH	4	1	1	727	$400	$348	$1,391	$0.48	$52.25	$58.01
TC 50%	HH	1	1	1	727	$666	$614	$614	$0.84	$52.25	$58.01
TC 50%		24	1	1	727	$666	$614	$14,730	$0.84	$52.25	$58.01
TC 60%		43	1	1	727	$800	$725	$31,175	$1.00	$52.25	$58.01
TC 30%	LH	1	2	1	917	$480	$411	$411	$0.45	$69.39	$77.49
TC 50%	HH	1	2	1	917	$800	$731	$731	$0.80	$69.39	$77.49
TC 50%		5	2	1	917	$800	$731	$3,653	$0.80	$69.39	$77.49
TC 60%		11	2	1	917	$960	$840	$9,240	$0.92	$69.39	$77.49
TC 30%	LH	3	2	2	968	$480	$411	$1,232	$0.42	$69.39	$77.49
TC 50%	HH	1	2	2	968	$800	$731	$731	$0.75	$69.39	$77.49
TC 50%		18	2	2	968	$800	$731	$13,151	$0.75	$69.39	$77.49
TC 60%		32	2	2	968	$960	$865	$27,680	$0.89	$69.39	$77.49
TOTAL:		144		**AVERAGE:**	841		$727	$104,737	$0.86	$60.82	$67.75

INCOME	Total Net Rentable Sq Ft:		121,122		TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$1,256,849	$1,248,408	Hays		7
Secondary Income			Per Unit Per Month:	$12.00	20,736	20,736	$12.00	Per Unit Per Month	
Other Support Income:					0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$1,277,585	$1,269,144			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(95,819)	(95,184)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$1,181,766	$1,173,960			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.81%	$395	0.47	$56,861	$40,000	$0.33	$278	3.41%
Management		5.00%	410	0.49	59,088	58,698	0.48	408	5.00%
Payroll & Payroll Tax		12.05%	989	1.18	142,385	140,318	1.16	974	11.95%
Repairs & Maintenance		5.92%	486	0.58	69,985	50,364	0.42	350	4.29%
Utilities		2.22%	182	0.22	26,274	24,000	0.20	167	2.04%
Water, Sewer, & Trash		4.52%	371	0.44	53,418	85,680	0.71	595	7.30%
Property Insurance		2.57%	211	0.25	30,376	26,640	0.22	185	2.27%
Property Tax	2.0487	4.99%	410	0.49	59,003	58,750	0.49	408	5.00%
Reserve for Replacements		3.05%	250	0.30	36,000	36,000	0.30	250	3.07%
TDHCA Compliance Fees		0.49%	40	0.05	5,760	5,760	0.05	40	0.49%
Other: cable, sup. Servs		2.35%	193	0.23	27,792	27,792	0.23	193	2.37%
TOTAL EXPENSES		47.97%	$3,937	$4.68	$566,942	$554,002	$4.57	$3,847	47.19%
NET OPERATING INC		52.03%	$4,270	$5.08	$614,824	$619,958	$5.12	$4,305	52.81%
DEBT SERVICE									
PNC Multifamily Capital		33.52%	$2,751	$3.27	$396,104	$396,104	$3.27	$2,751	33.74%
TDHCA HOME		5.24%	$430	$0.51	61,896	66,112	$0.55	$459	5.63%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		13.27%	$1,089	$1.29	$156,824	$157,742	$1.30	$1,095	13.44%
AGGREGATE DEBT COVERAGE RATIO					1.34	1.34			
RECOMMENDED DEBT COVERAGE RATIO						1.34			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.42%	$7,691	$9.14	$1,107,500	$1,107,500	$9.14	$7,691	6.67%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		12.77%	15,286	18.17	2,201,130	2,201,130	18.17	15,286	13.25%
Direct Construction		46.84%	56,086	66.68	8,076,437	7,441,000	61.43	51,674	44.81%
Contingency	4.69%	2.80%	3,348	3.98	482,107	482,107	3.98	3,348	2.90%
Contractor's Fees	13.13%	7.83%	9,374	11.14	1,349,899	1,349,899	11.14	9,374	8.13%
Indirect Construction		3.21%	3,847	4.57	554,000	554,000	4.57	3,847	3.34%
Ineligible Costs		2.63%	3,144	3.74	452,740	452,740	3.74	3,144	2.73%
Developer's Fees	14.31%	11.20%	13,414	15.95	1,931,627	1,931,627	15.95	13,414	11.63%
Interim Financing		4.85%	5,811	6.91	836,780	836,780	6.91	5,811	5.04%
Reserves		1.45%	1,736	2.06	250,000	250,000	2.06	1,736	1.51%
TOTAL COST		100.00%	$119,738	$142.35	$17,242,220	$16,606,783	$137.11	$115,325	100.00%
Construction Cost Recap		*70.23%*	***$84,094***	***$99.98***	***$12,109,573***	***$11,474,136***	***$94.73***	***$79,682***	*69.09%*

SOURCES OF FUNDS

						RECOMMENDED	
PNC Multifamily Capital	30.74%	$36,806	$43.76	$5,300,000	$5,300,000	$5,300,000	Developer Fee Available
TDHCA HOME	6.96%	$8,333	$9.91	1,200,000	1,200,000	1,200,000	$1,929,737
PNC Multifamily Capital	58.45%	$69,986	$83.21	10,077,984	10,077,984	10,077,984	% of Dev. Fee Deferred
Deferred Developer Fees	0.17%	$200	$0.24	28,797	28,797	28,799	1%
Additional (Excess) Funds Req'd	3.69%	$4,413	$5.25	635,439	2	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$17,242,220	$16,606,783	$16,606,783	$3,829,120

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Creekside Villas Senior Village, Buda, 9% HTC/HOME #08253

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$55.47	$6,718,557
Adjustments				
Exterior Wall Finish	2.40%		$1.33	$161,245
Elderly	3.00%		1.66	201,557
9-Ft. Ceilings	3.70%		2.05	248,587
Elevators	$63,600	3	1.58	190,800
Subfloor			(0.62)	(74,793)
Floor Cover			2.43	294,326
Balconies	$17.75	11,178	1.64	198,437
Plumbing Fixtures	$805	162	1.08	130,410
Rough-ins	$400	288	0.95	115,200
Built-In Appliances	$1,850	144	2.20	266,400
Exterior Stairs	$1,800	27	0.40	48,600
Interior Corridors	$45.55	26,508	9.97	1,207,422
Heating/Cooling			1.90	230,132
Parking Garage	$24.00	38,259	7.58	918,201
Comm &/or Aux Bldgs	$69.27	4,527	2.59	313,574
Other: fire sprinkler	$2.15	121,122	2.15	260,412
SUBTOTAL			94.36	11,429,068
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.87		(12.27)	(1,485,779)
TOTAL DIRECT CONSTRUCTION COSTS			$82.09	$9,943,289
Plans, specs, survy, bld prmts	3.90%		($3.20)	($387,788)
Interim Construction Interest	3.38%		(2.77)	(335,586)
Contractor's OH & Profit	11.50%		(9.44)	(1,143,478)
NET DIRECT CONSTRUCTION COSTS			$66.68	$8,076,437

PAYMENT COMPUTATION

Primary	$5,300,000	Amort	420
Int Rate	6.77%	DCR	1.55

Secondary	$1,200,000	Amort	480
Int Rate	4.19%	Subtotal DCR	1.34

Additional		Amort	
Int Rate		Aggregate DCR	1.34

RECOMMENDED FINANCING STRUCTURE APPLICAN

Primary Debt Service	$396,104
Secondary Debt Service	65,411
Additional Debt Service	0
NET CASH FLOW	$158,443

Primary	$5,300,000	Amort	420
Int Rate	6.77%	DCR	1.57

Secondary	$1,200,000	Amort	420
Int Rate	4.19%	Subtotal DCR	1.34

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.34

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

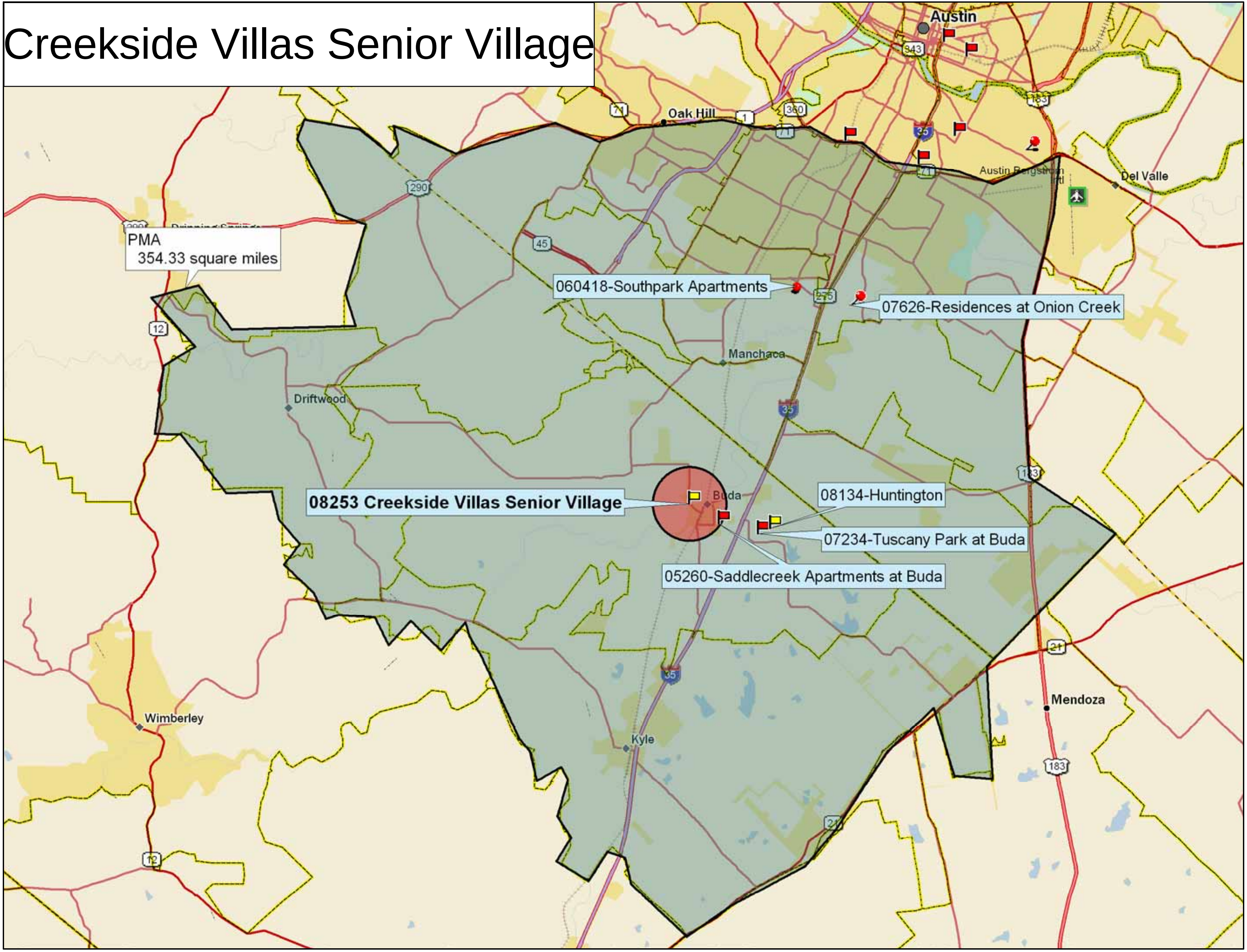
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,248,408	$1,285,860	$1,324,436	$1,364,169	$1,405,094	$1,628,889	$1,888,329	$2,189,091	$2,941,955
Secondary Income	20,736	21,358	21,999	22,659	23,339	27,056	31,365	36,361	48,866
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,269,144	1,307,218	1,346,435	1,386,828	1,428,433	1,655,945	1,919,694	2,225,452	2,990,821
Vacancy & Collection Loss	(95,184)	(98,041)	(100,983)	(104,012)	(107,132)	(124,196)	(143,977)	(166,909)	(224,312)
Employee or Other Non-Rental Units or Conc	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,173,960	$1,209,177	$1,245,452	$1,282,816	$1,321,300	$1,531,749	$1,775,717	$2,058,543	$2,766,509
EXPENSES at 4.00%									
General & Administrative	$40,000	$41,600	$43,264	$44,995	$46,794	$56,932	$69,267	$84,274	$124,746
Management	58,698	60,459	62,273	64,141	66,065	76,587	88,786	102,927	138,325
Payroll & Payroll Tax	140,318	145,931	151,768	157,839	164,153	199,717	242,986	295,630	437,604
Repairs & Maintenance	50,364	52,379	54,474	56,653	58,919	71,684	87,214	106,109	157,068
Utilities	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Water, Sewer & Trash	85,680	89,107	92,671	96,378	100,233	121,949	148,370	180,515	267,206
Insurance	26,640	27,706	28,814	29,966	31,165	37,917	46,132	56,126	83,081
Property Tax	58,750	61,100	63,544	66,086	68,729	83,620	101,736	123,777	183,221
Reserve for Replacements	36,000	37,440	38,938	40,495	42,115	51,239	62,340	75,847	112,271
Other	33,552	34,894	36,290	37,741	39,251	47,755	58,101	70,689	104,637
TOTAL EXPENSES	$554,002	$575,575	$597,994	$621,291	$645,501	$781,560	$946,493	$1,146,459	$1,683,007
NET OPERATING INCOME	$619,958	$633,602	$647,458	$661,525	$675,799	$750,189	$829,224	$912,084	$1,083,502
DEBT SERVICE									
First Lien Financing	$396,104	$396,104	$396,104	$396,104	$396,104	$396,104	$396,104	$396,104	$396,104
Second Lien	65,411	65,411	65,411	65,411	65,411	65,411	65,411	65,411	65,411
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$158,443	$172,086	$185,943	$200,010	$214,284	$288,674	$367,709	$450,569	$621,987
DEBT COVERAGE RATIO	1.34	1.37	1.40	1.43	1.46	1.63	1.80	1.98	2.35

HTC ALLOCATION ANALYSIS -Creekside Villas Senior Village, Buda, 9% HTC/HOME #08253

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,107,500	$1,107,500		
Purchase of buildings				
Off-Site Improvements				
Sitework	$2,201,130	$2,201,130	$2,201,130	$2,201,130
Construction Hard Costs	$7,441,000	$8,076,437	$7,441,000	$8,076,437
Contractor Fees	$1,349,899	$1,349,899	$1,349,898	$1,349,899
Contingencies	$482,107	$482,107	$482,107	$482,107
Eligible Indirect Fees	$554,000	$554,000	$554,000	$554,000
Eligible Financing Fees	$836,780	$836,780	$836,780	$836,780
All Ineligible Costs	$452,740	$452,740		
Developer Fees			$1,929,737	
Developer Fees	$1,931,627	$1,931,627		$1,931,627
Development Reserves	$250,000	$250,000		
TOTAL DEVELOPMENT COSTS	$16,606,783	$17,242,220	$14,794,652	$15,431,980

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		$14,794,652	$15,431,980
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$14,794,652	$15,431,980
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$14,794,652	$15,431,980
Applicable Percentage		8.32%	8.32%
TOTAL AMOUNT OF TAX CREDITS		$1,230,915	$1,283,941
Syndication Proceeds	**0.8398**	**$10,337,618**	**$10,782,945**
Total Tax Credits (Eligible Basis Method)		**$1,230,915**	**$1,283,941**
Syndication Proceeds		**$10,337,618**	**$10,782,945**
Requested Tax Credits		**$1,200,000**	
Syndication Proceeds		**$10,077,984**	
Gap of Syndication Proceeds Needed		**$10,106,783**	
Total Tax Credits (Gap Method)		**$1,203,429**	

Creekside Villas Senior Village



PMA
354.33 square miles

08253 Creekside Villas Senior Village

060418-Southpark Apartments

07626-Residences at Onion Creek

08134-Huntington

07234-Tuscany Park at Buda

05260-Saddlecreek Apartments at Buda

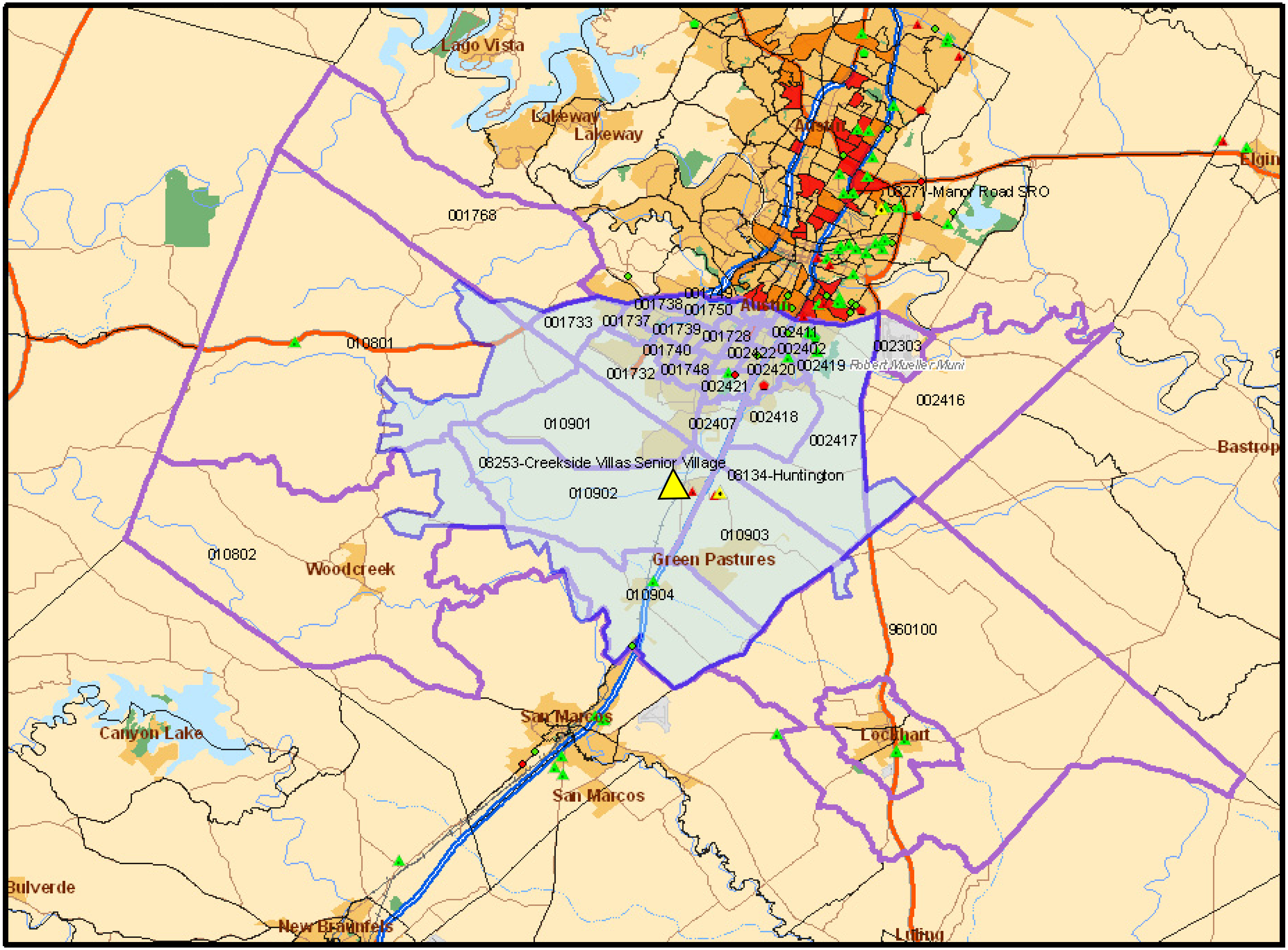
TN
MN (5.0°E)

Scale 1 : 225,000

1" = 3.55 mi

Data Zoom 9-7

Census Tract Map



Miles
0 1 2 4

Concentration Key
🟥 Red Tracts: > 1432 units/sq.mi.
🟧 Orange Tracts: 1000 to 1432 units/sq.mi.

08253 - Creekside Villas Senior Village

REPORT ITEMS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Michael Gerber

From: Gordon Anderson

cc: Brooke Boston, Michael Lyttle

Date: October 28, 2008

Re: TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for September and October 2008. The information provided focuses primarily on activities Executive and staff has taken on voluntarily, as opposed to those mandated by the Legislature (i.e., tax credit hearings, TEFRA hearings, etc.). This list may not account for every activity undertaken by staff, as there may be a limited number of events not brought to my attention.

For brevity sake, the chart provides the name of the event, its location, the date of the event, division(s) participating in the event, and an explanation of what role staff played in the event. Should you wish to obtain additional details regarding these events, I will be happy to provide you with this information.

TDHCA Outreach Activities, September/October 2008

A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public

Event	Location	Date	Division	Purpose
Texas Homeless Network Conference	Austin	September 3	Executive, Housing Resource Center	Presentation, Participant
First Thursday Income Eligibility Training	Austin	September 4	Portfolio Management & Compliance	Training
Migrant Farmworker Housing Summit	Austin	September 8-9	HOME, Housing Resource Center, Manufactured Housing, Multifamily Finance, Office of Colonia Initiatives	Presentation, Participant
Housing Tax Credit Compliance Workshop	San Antonio	September 9	Portfolio Management & Compliance	Training
City of Springtown TA Visit	Springtown	September 10	HOME	Technical Assistance
HOME Rental Housing Compliance Workshop	Austin	September 11	Portfolio Management & Compliance	Training
City of Houston TA Visit	Houston	September 11	HOME	Technical Assistance
Disability Advisory Workgroup	Austin	September 16	Housing Resource Center	Participant
Housing Tax Credit Compliance Workshop	El Paso	September 18	Portfolio Management & Compliance	Training
"Understanding the Mechanics of the Money Follows the Person Program"	San Antonio	September 20	Housing Resource Center	Presentation
NCSHA/State Allocation Roundtable	Chicago, IL	September 22	Real Estate Analysis	Panelist
HOME Single Family Workshop	San Benito	September 23	HOME	Training
Consolidated Hearing	Austin	September 24	Community Affairs, HOME, Housing Resource Center, Multifamily Finance, Real Estate Analysis	Public Hearing
Rural Rental Housing Association of Texas Annual Meeting	Austin	September 24	Multifamily Finance, Portfolio Management & Compliance, Real Estate Analysis	Panelist, Participant
Consolidated Hearing	Fort Worth	September 26	Community Affairs, HOME, Housing Resource Center, Multifamily Finance, Real Estate Analysis	Public Hearing
Austin Women in Housing Meeting	Austin	September 26	HOME	Participant
Huston Tillotson University Job Fair	Austin	September 26	Human Resources	Exhibitor
Consolidated Hearing	Lubbock	September 29	Community Affairs, HOME, Housing Resource Center, Multifamily Finance, Real Estate Analysis	Public Hearing

HOME Single Family Workshop	McKinney	September 29	HOME	Training
2008 Community Economic Development Policy Summit	Austin	October 1	Real Estate Analysis	Presentation
Consolidated Hearing	El Paso	October 1	Community Affairs, HOME, Housing Resource Center, Multifamily Finance, Real Estate Analysis	Public Hearing
First Thursday Income Eligibility Training	Austin	October 2	Portfolio Management & Compliance	Training
HOME Single Family Application Workshop	El Paso	October 2-3	HOME	Training
Consolidated Hearing	Brownsville	October 3	Community Affairs, HOME, Housing Resource Center, Multifamily Finance, Real Estate Analysis	Public Hearing
Consolidated Hearing	Houston	October 6	Community Affairs, HOME, Housing Resource Center, Multifamily Finance, Real Estate Analysis	Public Hearing
Starr County TA Visit	Rio Grande City	October 6-7	HOME	Technical Assistance
Joint Nonprofit/City of Dallas TA Visit	Dallas	October 7	HOME	Technical Assistance
Mental Health Transformation Workgroup	Austin	October 7	Housing Resource Center	Participant
City of San Antonio TA Visit	San Antonio	October 7	HOME	Technical Assistance
City of Hillsboro TA Visit	Hillsboro	October 7	HOME	Technical Assistance
HB 3221/Compliance Rules Workshop	Austin	October 8	Portfolio Management & Compliance	Roundtable Discussion
HOME Single Family Application Workshop	Austin	October 9	HOME	Training
Interagency Coordination Council for Health Families	Austin	October 10	Housing Resource Center	Participant
“Money Follows the Person” Workgroup	Austin	October 10	Housing Resource Center	Participant
Disability Advisory Workgroup	Austin	October 14	Housing Resource Center	Participant
Neighborhood Stabilization Program Input Session	Austin	October 15	Executive, Housing Resource Center, Homeownership, Legal, Office of Colonia Initiatives	Public Hearing
Promoting Independence Advisory Committee	Austin	October 16	Housing Resource Center	Participant
Project Access Workshop	San Antonio	October 20	Housing Resource Center	Presentation
Interagency Coordination Council for Healthy Families	Austin	October 22	Housing Resource Center	Participant
Circle of 10 Founders Forum	Bryan	October 24	HOME	Panelist
HOME Single Family Application Workshop	Midland	October 27	HOME	Training
HOME Rental Housing Development Implementation Training	Austin	October 29	HOME	Training

Texas Department of Agriculture Field Staff Presentation	Austin	October 30	Policy & Public Affairs	Presentation
Texas Municipal League Conference	San Antonio	October 29-31	Housing Resource Center, Policy & Public Affairs	Exhibitor