

BOARD MEETING OF SEPTEMBER 3, 2015

J. Paul Ozer, Chair



Juan Muñoz, Vice-Chair

Leslie Bingham Escareño, Member

T. Tolbert Chisum, Member

Tom Gann, Member

J. B. Goodwin, Member

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

**A G E N D A
9:30 AM
September 3, 2015**

**John H. Reagan Building
JHR 140, 105 W 15th Street
Austin, Texas**

CALL TO ORDER

ROLL CALL

CERTIFICATION OF QUORUM

J. Paul Oxer, Chairman

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

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

CONSENT AGENDA

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

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

EXECUTIVE

- a) Board Meeting Minutes Summaries for June 16, 2015; June 30, 2015; July 16, 2015; and July 30, 2015

Beau Eccles
Board Secretary

LEGAL

- b) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Van Apartments (HTC 92181 / CMTS 1091)
- c) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Villa Elaina (HTF 85338 / CMTS 4210)

Jeff Pender
Deputy General
Counsel

HOME PROGRAM

- d) Presentation, Discussion, and Possible Action to authorize the issuance of the 2015 HOME Investment Partnerships Program ("HOME") Single Family Programs Competitive Award and Reservation System Notices of Funding Availability ("NOFAs") for Single Family Non-Development Programs, and the publication of the NOFAs in the *Texas Register*
- e) Presentation, Discussion, and Possible Action on amendments to two HOME Homeowner Rehabilitation Assistance Household Commitment Contracts issued under Reservation Agreement 2012-0800 for the reconstruction of two single family homes by WREM Literacy Group, Inc. under the Disaster set-aside 1002069

Jennifer Molinari
Director of HOME
Program

COMMUNITY AFFAIRS

- f) Presentation, Discussion, and Possible Action on Corrections to Previous Program Year 2015 Emergency Solutions Grants Program Awards and the Associated Award of a Contract under the Program Year 2014 Emergency Solutions Grants Program
- g) Presentation, Discussion and Possible Action on State Fiscal Year 2016 Homeless Housing and Services Program Awards
- h) Presentation, Discussion, and Possible Action Authorizing Staff to Identify an Eligible Entity, through release and subsequent award of a Request for Applications (“RFA”) to Permanently administer the Community Services Block Grant in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties

Michael DeYoung
Director of CA

TEXAS HOMEOWNERSHIP PROGRAM

- i) Presentation, Discussion, and Possible Action on the Single Family Mortgage Loan and Mortgage Credit Certificate (MCC) Programs Participating Lender List

Cathy Gutierrez
Director of TXHP

HOUSING RESOURCE CENTER

- j) Presentation, Discussion, and Possible Action on the 2016 Regional Allocation Formula Methodology

Elizabeth Yevich
Director of HRC

ASSET MANAGEMENT

- k) Presentation, Discussion and Possible Action regarding Housing Tax Credit Application Amendments

Raquel Morales
Director of Asset
Management

14051	Churchill at Champions Circle	Fort Worth
14155	Cypress Place Apartments	Beaumont
14291	Cypress Creek at Wayside	Houston
14292	Cypress Creek at Parker Creek North	Royse City

BOND FINANCE

- l) Presentation, Discussion, and Possible Action on Resolution 16-001 Authorizing the Issuance, Sale and Delivery of Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Refunding Bonds, 2015 Series A (Taxable) (the “2015A Bonds”) and Single Family Mortgage Revenue Bonds, 2015 Series B (the “2015B Bonds”); Approving the Form and Substance of Related Documents; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out the Purposes of this Resolution; and Containing Other Provisions Relating to the Subject

Monica Galuski
Director of Bond
Finance

MULTIFAMILY FINANCE

- m) Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer

Teresa Morales
Acting Director of MF

15405	Sagetree Terrace	Houston
15407	Reserve at Quebec	Fort Worth
15412	Timbers Apartments	Austin
15413	Martha’s Vineyard	Dallas

- n) Presentation, Discussion, and Possible Action on Inducement Resolution No. 16-002 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2015 Waiting List for Williamsburg Apartments
- o) Presentation, Discussion, and Possible Action Authorizing and Directing the Executive Director to Approve Modifications to the Organizational Structure Relating to Darson Marie Terrace (#15404) Prior to Bond Closing

RULES

- p) Presentation, Discussion, and Possible Action on an order adopting new 10 TAC Chapter 5, Community Affairs Programs, Subchapter J, Homeless Housing and Services Program,

Michael DeYoung
Director of CA

§5.1009 Shelter and Housing Standards, and directing its publication in the *Texas Register*

- q) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter K, Emergency Solutions Grants (“ESG”), §5.2002 Purpose and Use of Funds, and §5.2004 Eligible Applicants, and directing its publication in the *Texas Register*
- r) Presentation, Discussion, and Possible Action proposing the repeal of 10 TAC Chapter 20 Single Family Umbrella Rule, §20.1 Purpose, §20.2 Applicability, §20.3 Definitions, §20.4 Eligible Single Family Activities, §20.5 Funding Notices, §20.6 Applicant Eligibility, §20.7 Household Eligibility Requirements, §20.8 Single Family Housing Unit Eligibility Requirements, §20.9 General Administration and Program Requirements, §20.10 Inspection and Construction Requirements, §20.11 Survey Requirements, §20.12 Insurance Requirements for Acquisition Activities, §20.13 Loan, Lien and Mortgage Requirements for Activities With Acquisition, §20.14 Amendments to Agreements and Contracts and Modifications to Mortgage Loan Documents, §20.15 Compliance and Deobligation, and §20.16 Waivers and Appeals, and proposing new 10 TAC Chapter 20 Single Family Umbrella, §20.1 Purpose, §20.2 Applicability, §20.3. Definitions, §20.4 Eligible Single Family Activities, §20.5 Funding Notices, §20.6 Applicant Eligibility, §20.7 Household Eligibility Requirements, §20.8 Single Family Housing Unit Eligibility Requirements, §20.9 General Administration and Program Requirements, §20.10 Inspection Requirements for Construction Activities, §20.11 Survey Requirements for Acquisition Activities, §20.12 Insurance Requirements for Acquisition Activities, §20.13 Loan, Lien and Mortgage Requirements for Activities With Acquisition, §20.14 Amendments to Agreements and Contracts and Modifications to Mortgage Loan Documents, §20.15 Compliance and Monitoring, and §20.16 Waivers and Appeals, and directing their publication for public comment in the *Texas Register*

Marni Holloway
Director of
Neighborhood
Stabilization Program

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) TDHCA Outreach Activities, July-Aug 2015
- b) Report Regarding a Request for Proposal (“RFP”) for Master Servicer for the Texas First Time Homebuyer Program and the My First Texas Home Program issued by the Texas Department of Housing and Community Affairs (the “Department”)
- c) Report Regarding a Request for Proposal (“RFP”) for TBA Program Administrator issued by the Texas Department of Housing and Community Affairs (the “Department”)
- d) Report Regarding the Awards of HOME and TCAP funds from the 2015-1 Multifamily Development Program Notice of Funding Availability

Michael Lyttle
Chief of External
Affairs

Monica Galuski
Director of Bond
Finance

Teresa Morales
Acting Director of MF

ACTION ITEMS

ITEM 3: MULTIFAMILY FINANCE

- a) Presentation, Discussion, and Possible Action on Inducement Resolution No. 16-003 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2015 Waiting List for Cheyenne Village Apartments and Chisolm Trace Apartments and Determination regarding Eligibility under 10 TAC §10.101(a)(4) related to Undesirable Neighborhood Characteristics
- b) Report and Discussion regarding the need to clarify 10 TAC §10.3(a) definition of “Qualified Elderly Development” in light of recent HUD guidance on age-restricted developments

Teresa Morales
Acting Director of MF

Tom Gouris
Deputy Executive
Director

ITEM 4: ASSET MANAGEMENT

Presentation, Discussion and Possible Action regarding Amendments to HOME Direct Loan Terms for Allegre Point (HTC # 11123, HOME # 1001576)

Raquel Morales
Director of Asset Management

ITEM 5: REAL ESTATE ANALYSIS

- a) Presentation, Discussion, and Possible Action on appeal of the recommended HOME loan terms in connection with the application under the Multifamily Development Program 2015-1 Notice of Funding Availability (“NOFA”) for Westridge Villas, #15502, McKinney
- b) Presentation, Discussion, and Possible Action on appeal of the recommended HOME loan terms in connection with the application under the Multifamily Development Program 2015-1 Notice of Funding Availability (“NOFA”) for Merritt Hill Country, #15273, Dripping Springs

Brent Stewart
Director of Real Estate Analysis

ITEM 6: RULES

- a) Presentation, Discussion, and Possible Action on proposed repeals of 10 TAC Chapter 10 Subchapter A, concerning General Information and Definitions, Subchapter B, concerning Site and Development Requirements and Restrictions, Subchapter C, concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules for Applications, and Subchapter G, concerning Fee Schedule, Appeals and Other Provisions, and a proposed new 10 TAC Chapter 10 Subchapter A, concerning General Information and Definitions, Subchapter B, concerning Site and Development Requirements and Restrictions, Subchapter C, concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules for Applications, and Subchapter G, concerning Fee Schedule, Appeals and Other Provisions, and directing their publication for public comment in the *Texas Register*
- b) Presentation, Discussion, and Possible Action on the proposed repeal of 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, and a proposed new 10 TAC Chapter 11, concerning the Housing Tax Credit Program Qualified Allocation Plan, and directing its publication for public comment in the *Texas Register*
- c) Presentation, Discussion, and Possible Action on the proposed repeal of 10 TAC Chapter 10 Subchapter D concerning Underwriting and Loan Policy and a proposed new 10 TAC Chapter 10 Subchapter D and directing their publication for public comment in the *Texas Register*
- d) Presentation, Discussion and Possible Action on the proposed repeal of 10 TAC Chapter 10 Subchapter E concerning Post Award and Asset Management Requirements and a proposed new 10 TAC Chapter 10 Subchapter E and directing their publication for public comment in the *Texas Register*

Teresa Morales
Acting Director of MF

Brent Stewart
Director of Real Estate Analysis

Raquel Morales
Director of Asset Management

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

EXECUTIVE SESSION

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

- 1. The Board may go into Executive Session Pursuant to Tex. Gov’t Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee;
- 2. Pursuant to Tex. Gov’t Code, §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer;
- 3. Pursuant to Tex. Gov’t Code, §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov’t Code, Chapter 551; including seeking legal advice in connection with a posted agenda item;

J. Paul Oxer
Chairman

4. Pursuant to Tex. Gov't Code, §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person; and/or-
5. Pursuant to Tex. Gov't Code, §2306.039(c) the Department's internal auditor, fraud prevention coordinator or ethics advisor may meet in an executive session of the Board to discuss issues related to fraud, waste or abuse.

OPEN SESSION

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

ADJOURN

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information.

If you would like to follow actions taken by the Governing Board during this meeting, please follow TDHCA account (@tdhca) on Twitter.

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 three (3) days before the meeting so that appropriate arrangements can be made.

Non-English speaking individuals who require interpreters for this meeting should contact Elena Peinado, 512- 475-3814, at least three (3) days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Elena Peinado al siguiente número 512- 475-3814 por lo menos tres días antes de la junta para hacer los preparativos apropiados.

CONSENT AGENDA

1a

BOARD ACTION REQUEST

BOARD SECRETARY

SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on Board Meeting Minutes Summaries for June 16, 2015; June 30, 2015; July 16, 2015; and July 30, 2015

RECOMMENDED ACTION

Approve Board Meeting Minutes Summaries for June 16, 2015; June 30, 2015; July 16, 2015; and July 30, 2015

RESOLVED, that the Board Meeting Minutes Summaries for June 16, 2015; June 30, 2015; July 16, 2015; and July 30, 2015, are hereby approved as presented

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
June 16, 2015

On Tuesday, the sixteenth day of June, 2015, at 9:01 a.m., the regular monthly meeting of the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") was held in the Ric Williamson Hearing Room, Dewitt C. Greer State Highway Building, Austin, Texas.

The following members, constituting a quorum, were present and voting:

- J. Paul Ozer
- Dr. Juan Muñoz
- Tom Gann
- J.B. Goodwin

J. Paul Ozer served as Chair, and James "Beau" Eccles served as secretary.

- 1) Tim Irvine, TDHCA Executive Director, made comments in recognition of Cameron Dorsey, TDHCA Chief of Staff who was leaving state service and of James "Beau" Eccles who was named TDHCA's new general counsel.
- 2) The Board unanimously adopted a resolution in recognition of June being Homeownership Month read into the record by Michael Lyttle, TDHCA Chief of External Affairs.
- 3) The Consent Agenda was approved unanimously by the Board with the following items removed from Consent to allow for additional discussion: Item 1(h) – Presentation, Discussion and Possible Action on adoption of new 10 TAC, Chapter 1, Subchapter C - Previous Participation and directing its publication in the Texas Register; and Item 2(c) – Presentation, Discussion and Possible Action related to Application Challenges made in Accordance with 10 TAC §11.10 Concerning 2015 Housing Tax Credit Application. Item 1(h) was pulled from the meeting's agenda.
- 4) Action Item 2(c) – Presentation, Discussion and Possible Action related to Application Challenges made in Accordance with 10 TAC §11.10 Concerning 2015 Housing Tax Credit Application – was presented by Jean Latsha, TDHCA Director of Multifamily Finance. The Board heard and unanimously approved the challenge report.
- 5) Action Item 3 – Presentation, Discussion, and Possible Action to authorize the Director of Single Family Operations and Services and his/her designees to assign, transfer and/or sell defaulted single family loans to nonprofit organizations and units of local government and through various approaches to otherwise manage, secure, and dispose of TDHCA's foreclosed single family assets – was presented by Homero Cabello, TDHCA Director of Single Family Operations and Services. The Board unanimously approved staff recommendation to cure delinquent loans, to successfully manage the department's single family residential properties and unimproved lots, and to successfully manage the department's single family residential loans and loans secured by unimproved real property intended for single family development.

6) Action Item 4(a) – Presentation, Discussion, and Possible Action on Release of the Draft FFY 2016 Low Income Home Energy Assistance Program (“LIHEAP”) State Plan for Public Comment, with a link to be published in the Texas Register – was presented by Michael DeYoung, TDHCA Director of Community Affairs.

7) Action Item 4(b) – Presentation, Discussion, and Possible Action on Release of the Draft Federal Fiscal Years 2016-2017 Community Services Block Grant (“CSBG”) State Plan for Public Comment, with a link to be published in the Texas Register – was presented by Mr. DeYoung. The Board unanimously approved staff recommendation to publish and release for public comment the draft plan.

8) Action Item 5(a) – Presentation, Discussion, and Possible Action on Inducement Resolution No. 15-019 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority and Determination regarding Eligibility under 10 TAC §10.101(a)(4) related to Undesirable Neighborhood Characteristics – was presented by Ms. Latsha with additional information provided by Mr. Irvine. After public comment (listed below), the Board tabled the item to be considered at the meeting of July 16, 2015.

- Claire Palmer, representing the applicant, testified in opposition to staff recommendation

9) Action Item 5(b) – Presentation, Discussion, and Possible Action on a Request for the Reissuance of Competitive (9%) Housing Tax Credits to Royal Gardens Mineral Wells (#12074), including any necessary waivers – was presented by Ms. Latsha with additional information provided by Mr. Irvine. After public comment (listed below), the Board unanimously approved staff recommendation to award the tax credits.

- Noor Jooma, applicant, testified and thanked TDHCA staff for their work on the issue

10) Action Item 5(c) – Presentation, Discussion, and Possible Action on Timely Filed Appeals related to §11.9(c)(6)(A), Development Sites Located in a Colonia for #15005 Las Palmas on Anaya Apartments in Hidalgo; #15006 Solano Park Apartments in Edinburg; #15031 Solano at the Sports Park in Brownsville; #15115 Bella Vista Apartments in Edinburg; #15122 Casa Toscana in Brownsville; #15249 Anaqua in Edinburg; and #15282 Orchard View at Mirabella in McAllen – was presented by Ms. Latsha with additional information provided by Mr. Irvine, Homero Cabello, TDHCA Director of Single Family Operations and Services. After public comment (listed below), the Board unanimously approved staff recommendation to deny all of the appeals.

- Curtis Smith, Chief of Staff for State Representative Terry Canales, read a letter into the record from Rep. Canales in opposition to staff recommendation on #15115 Bella Vista Apartments
- Mr. Lyttle read a letter into the record from State Representative Sergio Muñoz, Jr., in opposition to staff recommendation on #15005 Las Palmas on Anaya Apartments
- Donna Rickenbacker, Marquee Real Estate Consultants, testified in opposition to staff recommendation on #15005 Las Palmas on Anaya Apartments
- Eddie Cantu, Hidalgo County Commissioner Precinct 2, testified in opposition to staff recommendation on #15005 Las Palmas on Anaya Apartments
- Linda Brown, Casa Linda Development Corporation, testified in support of staff recommendation on #15005 Las Palmas on Anaya Apartments

- Barry Palmer, Coats Rose Law Firm, testified in opposition to staff recommendation on #15005 Las Palmas on Anaya Apartments
- Ms. Rickenbacker testified in opposition to staff recommendation on #15006 Solano Park Apartments in Edinburg
- Joseph Palacios, Hidalgo County Commissioner Precinct 4, testified in opposition to staff recommendation on #15006 Solano Park Apartments in Edinburg
- Mr. Palmer testified in opposition to staff recommendation on #15006 Solano Park Apartments in Edinburg
- Ms. Brown testified in opposition to staff recommendation on #15031 Solano at the Sports Park in Brownsville
- Tamea Dula, Coats Rose Law Firm, testified in opposition to staff recommendation on #15115 Bella Vista Apartments in Edinburg
- Mr. Palacios testified in opposition to staff recommendation on #15115 Bella Vista Apartments in Edinburg
- Manish Verma, Versa Development, testified and expressed appreciation to staff and the board for their deliberations on #15249 Anaqua in Edinburg
- Henry Flores, representing the applicant, testified with concerns about the staff recommendation on #15282 Orchard View at Mirabella in McAllen and asked for

11) Action Item 5(d) – Presentation, Discussion, and Possible Action on Timely Filed Appeals under any of the Department’s Program Rules for #15028 Lomea Pointe in Lampasas; #15040 Leatherwood Terrace Apartments in Yoakum; #15121 The Glades of Gregory-Portland in Gregory; #15125 McKinney Manor in Sweeny; #15126 Brazoria Manor Apartments in Brazoria; #15179 Royal Gardens at Goldthwaite in Goldthwaite; #15242 Sundance Meadows in Brownsville; #15277 The Veranda Apartment Homes in Plano; and #15310 Terraces at Arboretum in Houston – was presented by Ms. Latsha with additional information provided by Mr. Irvine and Kathryn Saar, TDHCA Manager of the 9% HTC Program.

Appeals for #15121, #15125, #15126, and #15279 were not heard as they withdrew their appeals. #15242 also was not heard and the applicant asked to be tabled and heard at the next TDHCA board meeting.

After public comment (listed below), the Board unanimously approved staff recommendation to deny the appeals.

- Sarah Andre, on behalf of Whitman Investments (applicant), testified in opposition to staff recommendation on #15028 Lomea Pointe in Lampasas
- Dave Rhodes, the applicant, testified in opposition to staff recommendation on #15028 Lomea Pointe in Lampasas
- Emily Lindsey, Hamilton Valley Management, testified in opposition to staff recommendation on #15040 Leatherwood Terrace Apartments in Yoakum
- Claire Palmer, representing Hamilton Valley Management, testified in opposition to staff recommendation on #15040 Leatherwood Terrace Apartments in Yoakum
- Shanette Brown, Community Services Manager for the City of Plano, testified in opposition to staff recommendation on #15277 The Veranda Apartment Homes in Plano
- Bill Fisher, Sonoma Housing, testified in opposition to staff recommendation on #15277 The Veranda Apartment Homes in Plano

- Henry Flores, applicant on #15310, testified in opposition to staff recommendation on #15310 Terraces at Arboretum in Houston
- Cynthia Bast, Locke Lord, testified in opposition to staff recommendation on #15310 Terraces at Arboretum in Houston

12) Action Item 5(e) – Presentation, Discussion and Possible Action regarding Conditional Modification/Release of LURA for the Oaks at LaSalette – was presented by Tom Gouris, TDHCA Deputy Executive Director. The Board unanimously approved staff recommendation to give staff authority to enter into a Conditional Modification/Release of LURA for the Oaks at LaSalette conditioned upon acceptance of said agreement by the existing tenants.

13) At 12:01 p.m. the Board went into Executive Session and reconvened in open session at 1:16 p.m. No action was taken in or as a result of Executive Session.

14) The following public comment was made on matters other than items for which there were posted agenda items:

- Breck Keen, Presswick Companies, stated that he believed there was TDHCA staff underwriting errors on applications #15014 The Overlook at Cibolo Park in Boerne and #15281 Cayetano Villas in La Vernia.

Except as noted otherwise, all materials presented to and reports made to the Board were approved, adopted, and accepted. These minutes constitute a summary of actions taken. The full transcript of the meeting, reflecting who made motions, offered seconds, etc., questions and responses, and details of comments, is retained by TDHCA as an official record of the meeting.

There being no further business to come before the Board, the meeting adjourned at 3:28 p.m. The next meeting is set for Tuesday, June 30, 2015.

Secretary

Approved:

Chair

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
June 30, 2015

On Tuesday, the thirtieth day of June, 2015, at 9:00 a.m., the regular monthly meeting of the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") was held in Room JHR 140 of the John H. Reagan Building, Austin, Texas.

The following members, constituting a quorum, were present and voting:

- J. Paul Ozer
- Leslie Bingham Escareño
- T. Tolbert Chisum
- Tom Gann
- J.B. Goodwin

J. Paul Ozer served as Chair, and Beau Eccles served as secretary.

1) Tim Irvine, TDHCA Executive Director, made comments in recognition of Jean Latsha, TDHCA Director of Multifamily Finance, who was leaving state service.

2) The Consent Agenda was approved unanimously by the Board with the following item removed from Consent to allow for additional discussion: Item 2(b) – Report regarding programming future Multifamily Development Program funds as Grants to Supportive Housing providers.

3) Action Item 2(b) – Report regarding programming future Multifamily Development Program funds as Grants to Supportive Housing providers – was presented by Ms. Latsha. After public comment (listed below), the Board unanimously approved the report.

- Craig Taylor, Communities for Veterans, provided comments regarding the report
- Walter Moreau, Foundation Communities, provided comments regarding the report
- Joy Horak-Brown, New Hope Housing, provided comments regarding the report
- Sarah Anderson, affordable housing consultant, provided comments regarding the report

4) Action Item 3(a) – Presentation, Discussion, and Possible Action on the FY 2016 Operating Budget – was presented by David Cervantes, TDHCA Chief Financial Officer, with additional information from Mr. Irvine. The Board unanimously approved staff recommendation to accept the budget.

5) Action Item 3(b) – Presentation, Discussion, and Possible Action on the FY 2016 Housing Finance Division Budget – was presented by David Cervantes, TDHCA Chief Financial Officer. The Board unanimously approved staff recommendation to accept the budget.

6) Action Item 4(a) – Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, General Provisions, §5.2 Definitions, and directing its publication in the Texas Register – was presented by Brooke Boston, TDHCA Deputy Executive Director, with additional information provided by Megan Sylvester, TDHCA Legal Services. After public

comment (listed below), the Board unanimously approved staff recommendation to adopt amendments to the rules and publish accordingly.

- Stella Rodriguez, Texas Association of Community Action Agencies, testified with suggested changes to the rules
- Mark Bethune, Concho Valley Community Action Agency, testified with suggested changes to the rules

7) Action Item 4(b) – Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §5.503 Distribution of WAP Funds, and directing its publication in the Texas Register – was presented by Ms. Boston. The Board unanimously approved staff recommendation to adopt the repeal of the rules and publish accordingly.

8) Action Item 4(c) – Presentation, Discussion, and Possible Action on an order adopting new 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §§5.503 Definitions and 5.504 Distribution of WAP Funds; and adopting amendments to 10 TAC §§5.505 Subrecipient Requirements for Appeals Process for Applicants; 5.507 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria; 5.516 Monitoring of WAP Subrecipients; 5.525 Eligibility for Multifamily Dwelling Units; and 5.528 Health and Safety, and directing their publication in the Texas Register – was presented by Ms. Boston. The Board unanimously approved staff recommendation to adopt the repeal of the rules and publish accordingly.

9) Action Item 4(d) – Presentation, Discussion, and Possible Action on the adoption of new 10 TAC Chapter 5 Community Affairs Programs, Subchapter F, Weatherization Assistance Program, Department of Energy, §5.614 Deobligation and Reobligation of Awarded Funds, and directing that it be published in the Texas Register – was presented by Ms. Boston. The Board unanimously approved staff recommendation to adopt the repeal of the rules and publish accordingly.

10) Action Item 5 – Report from Wipfli, LLP, CPAs and Consultants (“Wipfli”) regarding Cameron and Willacy Counties Community Projects Inc. (“CWCCP”) – was presented by Patricia Murphy, TDHCA Chief of Compliance, with additional information provided by Mark Scott, TDHCA Director of Internal Audit, Mr. Irvine, and Mr. Eccles. After public comment (listed below), the Board accepted the report.

- Vanessa Pierce, attorney representing CWCCP, testified with comments about the report and asked the Board to not accept the report
- Keith Uhles, attorney representing CWCCP, testified with comments about the report and asked the Board to not accept the report
- Amalia Garza, CWCCP, testified with information responsive to questions posed by the Board and Mr. Irvine

11) Action Item 6(a) – Presentation, Discussion, and Possible Action regarding addition of funds to the 2015-1 Multifamily Development Program Notice of Funding Availability – was presented by Ms. Latsha with additional information provided by Mr. Irvine and Kathryn Saar, TDHCA Management of the 9% HTC Program. After public comment (listed below), the Board unanimously to table further consideration of the item until its meeting of July 16, 2015

- Lisa Stephens, Sagebrook Development, testified and asked the Board to postpone action on the item
- Terri Anderson, Anderson Development and Construction, testified and asked the Board to postpone action on the item

12) Action Item 6(b) – Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under any of the Department’s Program Rules for #13167 Freedom’s Path at Kerrville in Kerrville; #15012 Mariposa Apartment Homes in Royse City; #15101 Reserves at Summit West in Wichita Falls; #15135 Columbia at Renaissance Square in Fort Worth; #15242 Sundance Meadows in Brownsville; and #15268 Cayetano Villas of Kingsville in Kingsville – was presented by Ms. Latsha and Ms. Saar with additional information provided by Mr. Irvine and Mr. Eccles.

After public comment (listed below), the Board unanimously approved staff recommendation to deny the appeals except for #15101 Reserves at Summit West in Wichita Falls, #15242 Sundance Meadows in Brownsville, and #15268 Cayetano Villas of Kingsville in Kingsville.

The Board voted 3-2 (For: Bingham Escareño, Goodwin; Against: Oxer, Chisum, and Gann) against staff recommendation to deny the appeal on #15101.

Appeal from #15268 was withdrawn from consideration.

The Board voted unanimously to deny staff recommendation to deny the appeal for #15242 Sundance Meadows in Brownsville

It should also be noted that prior to the consideration of #15012 Mariposa Apartment Homes in Royse City, Board Member JB Goodwin recused himself.

- Michael Lytle, TDHCA Chief of External Affairs, read letters into the record from State Representative Andrew Muir and State Senator Troy Fraser in opposition to staff recommendation on #13167 Freedom’s Path at Kerrville in Kerrville
- Craig Taylor, Communities for Veterans, testified in opposition to staff recommendation on #13167 Freedom’s Path at Kerrville in Kerrville
- Casey Bump, Bonner Carrington, testified in opposition to staff recommendation on #15012 Mariposa Apartment Homes in Royse City
- Carl Alsabrook, City of Royse City, testified in opposition to staff recommendation on #15012 Mariposa Apartment Homes in Royse City
- Barry Palmer, Coats Rose Law Firm, testified in opposition to staff recommendation on #15012 Mariposa Apartment Homes in Royse City
- Frank Ainsa, Overland Properties, testified in opposition to staff recommendation on #15101 Reserves at Summit West in Wichita Falls
- Jim Grawley, Columbia Residential, testified in opposition to staff recommendation on #15135 Columbia at Renaissance Square in Fort Worth
- Evan Smith, Purpose Built Communities, testified in opposition to staff recommendation on #15135 Columbia at Renaissance Square in Fort Worth
- Becky Madole, Uplift Education, testified in opposition to staff recommendation on #15135 Columbia at Renaissance Square in Fort Worth

- Sarah Anderson, Delphi Housing, testified in opposition to staff recommendation on #15242 Sundance Meadows in Brownsville

13) At 11:54 a.m. the Board went into Executive Session and reconvened in open session at 1:30 p.m. No action was taken in or as a result of Executive Session.

Except as noted otherwise, all materials presented to and reports made to the Board were approved, adopted, and accepted. These minutes constitute a summary of actions taken. The full transcript of the meeting, reflecting who made motions, offered seconds, etc., questions and responses, and details of comments, is retained by TDHCA as an official record of the meeting.

There being no further business to come before the Board, the meeting adjourned at 3:30 p.m. The next meeting is set for Thursday, July 16, 2015.

Secretary

Approved:

Chair

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
July 16, 2015

On Thursday, the sixteenth day of July, 2015, at 9:00 a.m., the regular monthly meeting of the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") was held in Room JHR 140 of the John H. Reagan Building, Austin, Texas.

The following members, constituting a quorum, were present and voting:

- J. Paul Ozer
- Dr. Juan Muñoz
- Leslie Bingham Escareño
- T. Tolbert Chisum
- Tom Gann

J. Paul Ozer served as Chair, and Michael Lyttle served as secretary.

- 1) The Board unanimously approved the Consent Agenda after no public comment.
- 2) Ms. Teresa Morales, TDHCA Acting Director of Multifamily Finance, presented Action Item 3(a) – Presentation, Discussion, and Possible Action Regarding the Issuance of Multifamily Housing Revenue Bonds with TDHCA as the Issuer, Resolution No. 15-021 and a Determination Notice of Housing Tax Credits for Good Samaritan Towers. The Board unanimously approved staff recommendation to issue the bonds and determination notice after no public comment.
- 3) Action Item 3(b) – Presentation, Discussion, and Possible Action and Determination regarding Eligibility under 10 TAC §10.101(a)(4) related to Undesirable Neighborhood Characteristics on Inducement Resolution No. 15-019 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority for #15602 Gateway on Clarendon in Dallas – was presented by Ms. Morales with additional information provided by TDHCA Executive Director Tim Irvine. After public comment (listed below), the Board unanimously approved staff recommendation to deny the eligibility request.
 - Renee Hartley, Office of State Representative Eric Johnson, read letters into the record from Rep. Johnson and Dallas County Judge Clay Jenkins both in opposition to staff recommendation
 - Cathy Packard, Family Gateway, testified with information about her organization and its role in the proposed development
 - Scott Galbraith, Matthews Southwest, testified in opposition to staff recommendation
 - Claire Palmer, attorney for the applicant, testified in opposition to staff recommendation
 - Bill Fisher, Sonoma Housing, read into the record an editorial from the Dallas Morning News
- 4) Action Item 3(c) – Status update regarding addition of funds to the 2015-1 Multifamily Development Program Notice of Funding Availability – was presented by TDHCA Deputy Executive Director Tom Gouris with additional information from Mr. Irvine. The Board took no action on the item after public comment (listed below)

- Dan Allgeier, Rural Rental Housing Association, provided some information about the item

5) Action Item 4 – Presentation, Discussion, and Possible Action on Conditional Program Year 2015 Emergency Solutions Grants program Awards – was presented by TDHCA Director of Community Affairs Michael DeYoung. After no public comment, the Board unanimously approved staff recommendation on the awards.

6) Action Item 5 – Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under any of the Department’s Program Rules for #15293 Flora Street Lofts in Dallas; #15299 Robison Terrance in Texarkana; #15001 Selinsky Street Supportive Housing in Houston; and #15003 Zion Bayou in Houston – was presented by TDHCA 9% Housing Tax Credit Program Administrator Kathryn Saar with additional information from Mr. Irvine. The Board did not take action on #15293 as the applicant withdrew the appeal, #15001 as the item was not ready for Board consideration, and #15003 as the applicant withdrew the appeal. After public comment (listed below), the Board unanimously approved staff recommendation to deny the appeal from #15299.

- Toni Jackson, attorney for Jones Walker and representing the applicant, testified in opposition to staff recommendation
- Will Henderson, Carlton Developments, testified in opposition to staff recommendation

7) At 10:09 a.m. the Board went into Executive Session and reconvened in open session at 10:30 a.m. No action was taken in or as a result of Executive Session.

Except as noted otherwise, all materials presented to and reports made to the Board were approved, adopted, and accepted. These minutes constitute a summary of actions taken. The full transcript of the meeting, reflecting who made motions, offered seconds, etc., questions and responses, and details of comments, is retained by TDHCA as an official record of the meeting.

There being no further business to come before the Board, the meeting adjourned at 10:56 a.m. The next meeting is set for Thursday, July 30, 2015.

Secretary

Approved:

Chair

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
July 30, 2015

On Thursday, the thirtieth day of July, 2015, at 9:30 a.m., the regular monthly meeting of the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") was held in Room JHR 140 of the John H. Reagan Building, Austin, Texas.

The following members, constituting a quorum, were present and voting:

- J. Paul Oxer
- Dr. Juan Muñoz
- Leslie Bingham Escareño
- T. Tolbert Chisum
- Tom Gann
- JB Goodwin

J. Paul Oxer served as Chair, and James "Beau" Eccles served as secretary.

1) The Consent Agenda was approved unanimously by the Board except for:

- A part of Item 1(g) – Presentation, Discussion, and Possible Action on Housing Tax Credit Application Amendments for #14051 Churchill at Champions Circle in Fort Worth – which was pulled from the agenda

And with the following items removed from Consent to allow for additional discussion and public comment:

- Item 1(f) – Presentation, Discussion, and Possible Action on ratification of withdrawal of proceedings to terminate contracts and the eligible entity status of the Urban League of Greater Dallas ("ULGD");
- A part of Item 1(g) – Presentation, Discussion, and Possible Action on Housing Tax Credit Application Amendments for #14272 The Lodge at Huffmeister in Cypress;
- Item 1(m) – Presentation, Discussion, and Possible Action on the Federal Fiscal Year 2016-2017 Community Services Block Grant Application and State Plan and Awards for submission to the U.S. Department of Health and Human Services;
- Item 1(n) – Presentation, Discussion, and Possible Action on the Federal Fiscal Year 2016 Low Income Home Energy Assistance Program Application and State Plan and Awards for submission to the U.S. Department of Health and Human Services;
- Item 1(o) – Presentation, Discussion, and Possible Action Authorizing Staff to Identify a Provider, through release and subsequent award of a Request for Applications ("RFA") or through a direct designation, to Temporarily or Permanently administer the Comprehensive Energy Assistance Program ("CEAP") in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties; and
- Item 1(p) – Presentation, Discussion, and Possible Action regarding an Award to Texoma Council of Governments ("Texoma") for the Provision of Comprehensive Energy Assistance Program funds from Program Year 2014 Comprehensive Energy Assistance Program Unexpended Balance

funds previously programmed to be provided to North East Texas Opportunities, Inc. ("NETO") for use in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties.

3) Ms. Patricia Murphy, TDHCA Chief of Compliance, presented Action Item 1(f) – Presentation, Discussion, and Possible Action on ratification of withdrawal of proceedings to terminate contracts and the eligible entity status of the Urban League of Greater Dallas ("ULGD"). After no public comment, the Board unanimously voted to approve staff recommendation requesting ratification of TDHCA's withdrawal of its notice to proceed to terminate.

4) Action Item 1(g) – Presentation, Discussion, and Possible Action on Housing Tax Credit Application Amendments for #14272 The Lodge at Huffmeister in Cypress – was presented by TDHCA Deputy Executive Director Tom Gouris with additional information from TDHCA General Counsel James "Beau" Eccles. After public comment (listed below), the Board unanimously voted to approve staff recommendation to approve the amendment request.

- Charlotte Lampe, Cypress resident, testified in opposition to staff recommendation
- Barbara Hardin, Cypress Coalition, testified in opposition to staff recommendation
- Phil Neisel, Cypress resident, testified in opposition to staff recommendation
- James Hardin, Cypress Coalition, testified in opposition to staff recommendation
- Matt Fuqua, Blazer Residential, testified in response to questions from the Board

5) Action Item 1(m) – Presentation, Discussion, and Possible Action on the Federal Fiscal Year 2016-2017 Community Services Block Grant Application and State Plan and Awards for submission to the U.S. Department of Health and Human Services – was presented by TDHCA Deputy Executive Director Brooke Boston. After no public comment, the Board unanimously approved staff recommendation to submit the application, plan, and awards.

6) Action Item 1(n) – Presentation, Discussion, and Possible Action on the Federal Fiscal Year 2016 Low Income Home Energy Assistance Program Application and State Plan and Awards for submission to the U.S. Department of Health and Human Services – was presented by TDHCA Deputy Executive Director Brooke Boston. After no public comment, the Board voted unanimously to approve staff recommendation to submit the application, plan, and awards.

7) Action Item 1(o) – Presentation, Discussion, and Possible Action Authorizing Staff to Identify a Provider, through release and subsequent award of a Request for Applications ("RFA") or through a direct designation, to Temporarily or Permanently administer the Comprehensive Energy Assistance Program ("CEAP") in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties; and Action Item 1(p) – Presentation, Discussion, and Possible Action regarding an Award to Texoma Council of Governments ("Texoma") for the Provision of Comprehensive Energy Assistance Program funds from Program Year 2014 Comprehensive Energy Assistance Program Unexpended Balance funds previously programmed to be provided to North East Texas Opportunities, Inc. ("NETO") for use in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties – were presented by Ms. Boston and considered together by the Board. After no public comment, the Board voted unanimously to approve staff recommendations to identify a provider of services.

8) TDHCA Director of Internal Audit Mark Scott provided to the Board report items for Action Item 3(a) – Report on the Meeting of the Audit Committee and Action Item 3(b) – Management Letter -Report on Survey of Internal Control and Assurance Activities.

9) Action Item 4(a) – Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer for #15403 Harris Branch Seniors in Austin and #15414 Retreat at Westlock in Houston – was presented by TDHCA Acting Director of Multifamily Finance Teresa Morales. After no public comment, the Board voted unanimously to approve staff recommendation to issue the determination notices.

10) After public comment (listed below), Action Item 4(b) – Presentation, Discussion, and Possible Action on appeal of denial of Funding due to Previous Participation compliance history of Housing Services Incorporated in connection with the application under the 2014 Notice of Funding Opportunity (“NOFA”) for Cornerstone Apartments, #14501 – was pulled from the agenda by request of the applicant.

- Bob Voelker, representing the applicant, testified that the applicant intends to continue working with TDHCA staff to resolve remaining issues

11) Action Item 4(c) – Presentation, Discussion, and Possible Action regarding Expansion of Funding, Ending the Application Acceptance Period and Awards of HOME and TCAP funds from the 2015-1 Multifamily Development Program Notice of Funding Availability – was presented by Mr. Gouris. After public comment (listed below), the Board voted unanimously to approve staff recommendation of the awards.

- Terri Anderson, Anderson Development and Construction, testified to add information on the record for the item
- Sarah Anderson, Sarah Anderson Consulting, testified with additional information on the item

12) Action Item 4(d) – Presentation, Discussion, and Possible Action regarding Awards from the 2015 State Housing Credit Ceiling and Approval of the Waiting List for the 2015 Housing Tax Credit Application Round – was presented by TDHCA 9% Housing Tax Credit Program Administrator Kathryn Saar. After public comment (listed below), the Board voted unanimously to approve staff recommendation for the awards and waiting list.

- State Representative Celia Israel testified in opposition to application #15152 Merritt Cornerstone, which is not on the award list
- Peggy Henderson, TDHCA staff, read into the record registered support from two persons for application #15069 Wheatley Courts Seniors Apartments in San Antonio
- Michael Lyttle, TDHCA Chief of External Affairs, read into the record registered opposition from 90 persons for application #15121 The Glades of Gregory-Portland and registered opposition from 19 persons for application #15152 Merritt Cornerstone.
- James Whittenburg, Ashton Woods McNeil Drive Neighborhood Association, testified in opposition for application #15152

13) At 10:20 a.m. the Board went into Executive Session and reconvened in open session at 11:07 a.m. No action was taken in or as a result of Executive Session.

Except as noted otherwise, all materials presented to and reports made to the Board were approved, adopted, and accepted. These minutes constitute a summary of actions taken. The full transcript of the meeting, reflecting who made motions, offered seconds, etc., questions and responses, and details of comments, is retained by TDHCA as an official record of the meeting.

There being no further business to come before the Board, the meeting adjourned at 11:55 a.m. The next meeting is set for Thursday, September 3, 2015.

Secretary

Approved:

Chair

1b

BOARD ACTION REQUEST

LEGAL DIVISION

SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Van Apartments (HTC 92181 / CMTS 1091)

RECOMMENDED ACTION

WHEREAS, Van Apartments, owned by Van Apartments, Ltd., has a history of uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, on July 28, 2015, owner's representatives met with the Enforcement Committee and agreed, subject to Board approval, to enter into an Agreed Final Order assessing an administrative penalty of \$500, to be fully forgiven if all violations are resolved as instructed in the Agreed Final Order on or before October 5, 2015;

WHEREAS, unresolved compliance findings include: Notice of Amenities and Services violations for three units, a violation for failure to have written tenant selection criteria, and Fair Housing Disclosure Notice violations for four units; and

WHEREAS, staff has based its recommendations for an Agreed Final Order on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case,

NOW, therefore, it is hereby

RESOLVED, that an Agreed Final Order assessing an administrative penalty of \$500, subject to forgiveness as outlined above for noncompliance at Van Apartments (HTC 92181 / CMTS 1091), substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Van Apartments, Ltd. ("Owner") is the owner of Van Apartments ("Property"), a low income apartment complex comprised of 28 units, located in Van, Van Zandt County. The Property is subject to a Land Use Restriction Agreement ("LURA") signed in 1994 in consideration for an allocation of Housing Tax Credits to construct the Property.

The following compliance violations were referred for an administrative penalty and were resolved after intervention by the Enforcement Committee:

1. 2014 Uniform Physical Condition Standards ("UPCS") Violations:

Inspectible Area Inspectible Item	Deficiency	1	2	3	Comments
Van Apartments 1012 E. Pennsylvania Ave. Van, Tx					
Building:					
Unit:					
Grounds	Overgrown/Penetrating Vegetation			L2	Shrubs against brick
Building: 9201987-1					
Unit:					
Building Systems					
Fire Protection	Missing/Damaged/Expired Extinguishers			L3	Fire extinguisher in 803 >10%
Building Exterior					
Windows	Damaged Sills/Frames/Lintels/Trim			L1	Trim on window rotted
Unit: 803					
Electrical	GFI Inoperable			L3	GFI bathroom won't test
Kitchen	Refrigerator-Missing/Damaged/Inoperable			L1	Fridge seal damaged
Building: 9201988-2					
Unit:					
Building Exterior					
Walls	Cracks/Gaps			L3	Cracks in rear of building
Unit: 808					
Doors	Deteriorated/Missing Seals (Entry Only)			L3	Front door seal deteriorated
Building: 9201989-3					
Unit: 812					
Bathroom	Shower/Tub - Damaged/Missing			L1	stopper missing
Call-for-Aid	Not Operable			L3	inverted
Electrical	GFI Inoperable			L3	does not test
Building: 9201991-5					
Unit: 818					
Bathroom	Levatory Sink - Damaged/Missing			L1	stopper missing
Bathroom	Shower/Tub - Damaged/Missing			L1	stopper missing
Call-for-Aid	Not Operable			L3	String missing
Doors	Deteriorated/Missing Seals (Entry Only)			L3	Front door seal damaged
Kitchen	Refrigerator-Missing/Damaged/Inoperable			L1	Handle missing
Building: 9201993-7					
Unit:					
Building Exterior					
Roofs	Damaged Soffits/Fascia/Soffit Vents			L2	Soffit missing or damaged
Unit: 827					
Doors	Deteriorated/Missing Seals (Entry Only)			L3	Seal damaged
Electrical	Missing Covers			L3	4 outlet and 1 switch cover missing

The following compliance violations were referred for an administrative penalty and remain unresolved:

1. Notice of Amenities and Services violations for units 804 and 817;
2. Written tenant selection criteria violation; and
3. Fair Housing Disclosure Notice violations for units 804, 814, and 817;

In addition, Owner failed to timely submit the 2014 Annual Owner's Compliance Report that came due on April 30, 2015, but it had not yet been referred for a penalty at the time of the informal conference. The final part of that report was submitted on July 30, 2015, after a reminder from the Enforcement Committee during the informal conference.

Owner met with the Enforcement Committee on July 28, 2015, and agreed to sign an Agreed Final Order with the following terms:

1. A \$500.00 administrative penalty, subject to full forgiveness as indicated below;
2. Owner must correct the file monitoring violations as indicated in the attachments to the Agreed Final Order, and submit full documentation of the corrections to TDHCA on or before October 5, 2015;
3. If Owner complies with all requirements and addresses all violations as required, the full administrative penalty will be forgiven; and
4. If Owner violates any provision of the Agreed Final Order, the full administrative penalty will immediately come due and payable.

Consistent with direction from the Department's Enforcement Committee, a probated and, upon successful completion of probation, fully forgivable administrative penalty in the amount of \$500 is recommended.

ENFORCEMENT ACTION AGAINST
VAN APARTMENTS, LTD. WITH
RESPECT TO VAN APARTMENTS
(HTC FILE # 92181 / CMTS # 1091)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 3rd day of September, 2015, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA") considered the matter of whether enforcement action should be taken against VAN APARTMENTS, LTD., a Texas limited partnership ("Respondent").

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act ("APA"), Tex. Gov't Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by TEX. GOV'T CODE § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by TEX. GOV'T CODE § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT

Jurisdiction:

1. During 1993, Respondent was awarded an allocation of Low Income Housing Tax Credits by the Board, in the amount of \$31,853 to build and operate Van Apartments ("Property") (HTC file No. 92181 / CMTS No. 1091 / LDLD No. 320).
2. Respondent signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective April 21, 1994, and filed of record at Volume 1310, Page 739 of the Official Public Records of Real Property of Van Zandt County, Texas ("Records"),

as amended by a First Amendment executed on December 19, 1994, and filed in the Records at Volume 1332, Page 0779.

3. Respondent is a Texas limited partnership that is qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

4. A Uniform Physical Condition Standards ("UPCS") inspection was conducted on September 24, 2014. Inspection reports showed numerous serious property condition violations, a violation of 10 TEX. ADMIN. CODE §10.621 (Property Condition Standards). Notifications of noncompliance were sent and a January 8, 2015, corrective action deadline was set. Corrective documentation was not received until June 30, 2015, 173 days after the deadline, after intervention by the Enforcement Committee. These violations are fully corrected.
5. An on-site monitoring review was conducted on March 19, 2014, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and an August 18, 2014, corrective action deadline was set, however, the following violations were not timely corrected:
 - a. Respondent failed to provide a Notice of Amenities and Services to units 804 and 817, a violation of 10 TEX. ADMIN. CODE §10.613 (Lease Requirements), which required owners to provide to each household, at the time of execution of an initial lease and whenever there was a subsequent change in amenities and services, a notice describing those amenities and services. This form has since been combined with the Fair Housing Disclosure Notice into a replacement document called a "Tenant Rights and Resources Guide."

Corrective documentation was timely submitted on August 18, 2014, however, it was not acceptable because the form did not meet minimum rule requirements. The finding remains unresolved for units 804 and 817, and no further corrective documentation has been received.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TEX. ADMIN. CODE, CHAPTERS 10 AND 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

- b. Respondent failed to maintain written tenant selection criteria, a violation of 10 TEX. ADMIN. CODE §10.610 (Tenant Selection Criteria), which requires all developments to establish written tenant selection criteria that meet minimum TDHCA requirements.

Corrective documentation was timely submitted on August 18, 2014, however, it did not meet minimum rule requirements. The finding remains unresolved and no further corrective documentation has been received.

- c. Respondent failed to provide the Fair Housing Disclosure Notice for units 804, 814, and 817, a violation of 10 TEX. ADMIN. CODE § 60.108 (Lease Requirements), which requires all developments to provide prospective households with a fair housing disclosure notice within a certain time period. This form has since been combined with the Notice of Amenities and Services into a replacement document called a "Tenant Rights and Resources Guide."

Corrective documentation was timely submitted on August 18, 2014, however, the Fair Housing Disclosure Notices that were submitted were not signed during the time frame required by the rule. The findings remain unresolved for units 804, 814, and 817, and no further corrective documentation has been received.

6. The following violations remain outstanding at the time of this order:
 - a. Notice of Amenities and Services violation described in FOF #5a;
 - b. Written tenant selection criteria violation described in FOF #5b; and
 - c. Fair Housing Disclosure Notice violation described in FOF #5c.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, 10 TEX. ADMIN. CODE § 1.14 and 10 TEX. ADMIN. CODE Chapter 60, both of which were replaced by 10 TEX. ADMIN. CODE §2 as of November 19, 2014.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Respondent violated 10 TEX. ADMIN. CODE §10.621 in 2014, and I.R.C. §42, as amended, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.²

² HUD's Uniform Physical Condition Standards are the standards adopted by TDHCA pursuant to 10 TEX. ADMIN. CODE 10.616(a)

5. Respondent violated 10 TEX. ADMIN. CODE §10.613 in 2014, by failing to execute the Notice of Amenities and Services for units 804 and 817;
6. Respondent violated 10 TEX. ADMIN. CODE §10.610 in 2014, by not maintaining written tenant selection criteria meeting TDHCA requirements;
7. Respondent violated 10 TEX. ADMIN. CODE §10.612 in 2014, by failing to execute the Fair Housing Disclosure Notice during the appropriate time frame for units 804, 814, and 817;
8. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondent pursuant to TEX. GOV'T CODE §2306.041 and §2306.267.
9. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
10. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to TEX. GOV'T CODE §2306.041.
11. An administrative penalty of \$500 is an appropriate penalty in accordance with 10 TAC §§60.307 and 60.308, which were in place at the time of the file monitoring and UPCS violations. It remains appropriate under the replacement rule at 10 TEX. ADMIN. CODE §2, which became effective on November 19, 2014.

[remainder of page intentionally blank]

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent is assessed an administrative penalty in the amount of \$500, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that Respondent shall fully correct the file monitoring violations as indicated in Attachment 1 and submit full documentation of the corrections to TDHCA on or before October 5, 2015.

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 Tex. Admin. Code 10.406, a copy of which is included at Attachment 2, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, correcting all violations as required, the satisfactory performance under this order will be accepted in lieu of the assessed administrative penalty and the full amount of the administrative penalty will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, then the full administrative penalty in the amount of \$500 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order, or (2) the property closing date if sold before the terms and conditions of this Agreed Final Order have been fully satisfied.

IT IS FURTHER ORDERED that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System ("CMTS") by following the instructions at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. After the upload is complete, an email must be sent to Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us to inform her that the documentation is ready for review. If it comes due and payable, the penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

Approved by the Governing Board of TDHCA on _____, 2015.

By: _____
Name: J. Paul Oxer
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 3rd day of September, 2015, personally appeared J. Paul Oxer, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 3rd day of September, 2015, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

Attachment 1

File Monitoring Violation Resources and Instructions

1. Refer to the following link for all references to the rules at 10 TEX. ADMIN. CODE §10 that are referenced below:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y)

2. Refer to the following link for copies of forms that are referenced below:

<http://www.tdhca.state.tx.us/pmcomp/forms.htm>

3. Technical support and training presentations are available at the following links:

Tenant Selection Criteria Training Materials: <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>

FAQ's: <http://www.tdhca.state.tx.us/pmcomp/compFags.htm>

4. **Notice of Amenities and Services** – Respondent submitted notices for multiple units, but the submission did not meet minimum rule requirements. In addition, the submission was a combined tenant criteria and amenities addendum, which was not acceptable.

Implement Tenants Rights and Resource Guide as indicated at 10 TEX. ADMIN. CODE §10.613(k), and submit signed Tenants Rights and Resource Guide Acknowledgments for units 804 and 817. If the affected tenant has moved out without signing this form, please submit a letter to TDHCA including the move-out date and acknowledging that the finding cannot be resolved.

5. **Written tenant selection criteria** – Respondent submitted written tenant selection criteria, however, the criteria did not meet minimum rule requirements. In addition, the submission was a combined tenant criteria and amenities addendum, which was not acceptable.

Submit updated written tenant selection criteria addressing all requirements at 10 TEX. ADMIN. CODE §10.610, including but not limited to the requirement to state that the Development will comply with state or federal fair housing and anti-discrimination laws. See <http://www.tdhca.state.tx.us/pmcomp/presentations.htm> for technical support and training on this topic.

6. **Fair Housing Disclosure Notice** – Respondent submitted notices for multiple units, however, they were not signed during the appropriate time period. The notice has since been replaced by the Tenants Rights and Resource Guide as indicated at 10 TEX. ADMIN. CODE §10.613(k).

Implement Tenants Rights and Resource Guide as indicated at 10 TEX. ADMIN. CODE §10.613(k), and submit signed Tenants Rights and Resource Guide Acknowledgments for units 804, 814, and 817. If the affected tenant has moved out without signing this form, please submit a letter to TDHCA including the move-out date and acknowledging that the finding cannot be resolved.

Attachment 2:

Texas Administrative Code

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 10</u>	UNIFORM MULTIFAMILY RULES
<u>SUBCHAPTER E</u>	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
<u>RULE §10.406</u>	Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and

Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

1c

BOARD ACTION REQUEST

LEGAL DIVISION

SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Villa Elaina (HTF 85338 / CMTS 4210)

RECOMMENDED ACTION

WHEREAS, Villa Elaina, owned by Mary Lee Foundation, has a history of uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, on July 28, 2015, owner's representatives met with the Enforcement Committee and agreed, subject to Board approval, to enter into an Agreed Final Order stipulating that a violation had occurred;

WHEREAS, all findings that had been referred for an administrative penalty were resolved informally upon the request of the Enforcement Committee; and

WHEREAS, staff has based its recommendations for an Agreed Final Order on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case;

NOW, therefore, it is hereby

RESOLVED, that an Agreed Final Order stipulating that a violation occurred at Villa Elaina (HTF 85338 / CMTS 4210), substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Mary Lee Foundation (“Owner”) is the owner of Villa Elaina (“Property”), a low income apartment complex comprised of 22 units, located in Austin, Travis County. The Property is subject to a Land Use Restriction Agreement (“LURA”) signed in 2004 in consideration for a Housing Trust Fund allocation to rehabilitate the Property.

The following compliance violations were referred for an administrative penalty and were resolved on July 9, 2015, after intervention by the Enforcement Committee.

1. 2014 Uniform Physical Condition Standards (“UPCS”) Violations:

Inspectible Area Inspectible Item	Deficiency	C	N	S	Comments
Villa Elaina 1318 Lamar Square Austin, TX 78704					
Building: 1					
Unit:					
Building Systems					
Fire Protection	Missing/Damaged/Expired Extinguishers		L2		Fire Extinguisher empty between Unit 105 and 106.
Building Exterior					
Roofs	Damaged Soffits/Fascia/Soffit Vents		L2		Rotting along roof near Unit 204.
Windows	Cracked/Broken/Missing/Cracked Panes	L1			Cracked window in Unit 208.
Unit: 101					
Bathroom	Shower/Tub - Damaged/Missing		L1		Missing tub stopper hall bathroom-RDI. Missing sink stopper in master bathroom.
Doors	Deteriorated/Missing Seals (Entry Only)		L3		Light entering door at right side.
Unit: 107					
Bathroom	Shower/Tub - Damaged/Missing		L1		Missing sink stopper.
Health & Safety	Infestation - Insects		L3		Roaches.
Unit: 111					
Bathroom	Shower/Tub - Damaged/Missing		L1		Missing sink stoppers in both bathrooms. Missing tub stopper-RDI.
Doors	Deteriorated/Missing Seals (Entry Only)		L3		Light entering bottom left.
Unit: 204					
Bathroom	Shower/Tub - Damaged/Missing		L1		Missing sink and tub stoppers.
Health & Safety	Infestation - Insects		L3		Roaches.
Smoke Detector	Missing/Inoperable		L3		Inoperable - RDI.
Unit: 209					
Bathroom	Shower/Tub - Damaged/Missing		L1		Missing tub stopper.
Health & Safety	Infestation - Insects		L3		Roaches in multiple areas.
Walls	Mold/Mildew/Water Stains/Water Damage		L3		Mold behind toilet.

Missing Fixed Accessible Sign
Missing Accessible Aisle

In addition, Owner failed to timely submit the 2014 Annual Owner’s Compliance Report that came due on April 30, 2015, but it had not yet been referred for a penalty at the time of the informal conference. The final part of that report was submitted on July 28, 2015, after a reminder from the Enforcement Committee Secretary in the Informal Conference Notice sent to the Owner.

The property has been referred for an administrative penalty multiple times and corrective documentation for the above violations was not received until prompted by the Enforcement Committee, therefore, an administrative penalty informal conference was held despite receiving the above corrections before the scheduled informal conference date. Owner met with the Enforcement Committee on July 28, 2015, and agreed to sign an Agreed Final Order stipulating that a violation had occurred, and assessing an administrative penalty of \$0.00 for noncompliance at Villa Elaina.

ENFORCEMENT ACTION AGAINST
MARY LEE FOUNDATION WITH
RESPECT TO VILLA ELAINA
(HTF FILE # 853338 / CMTS # 4210)

§
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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 3rd day of September, 2015, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA") considered the matter of whether enforcement action should be taken against **MARY LEE FOUNDATION**, a Texas nonprofit corporation ("Respondent").

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act ("APA"), Tex. Gov't Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by TEX. GOV'T CODE § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by TEX. GOV'T CODE § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT

Jurisdiction:

1. During 2003, Respondent was awarded an allocation of Housing Trust Funds by the Board, in the amount of \$116,743 to rehabilitate Villa Elaina ("Property") (HTF file No. 853338 / CMTS No. 4210 / LDLD No. 299).
2. Respondent signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective February 26, 2004, and filed of record at Document Number 2004035861 of the Official Public Records of Real Property of Travis County, Texas

("Records"), as amended by a First Amendment executed on February 29, 2012, and filed in the Records at Document Number 2012053160.

3. Respondent is a Texas nonprofit corporation that is qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

4. A Uniform Physical Condition Standards ("UPCS") inspection was conducted on December 11, 2014. Inspection reports showed numerous serious property condition and accessibility violations, a violation of 10 TEX. ADMIN. CODE §10.621 (Property Condition Standards). Notifications of noncompliance were sent and a March 22, 2015, corrective action deadline was set. Full corrective documentation was not received until July 8, 2015, 108 days past the deadline, after intervention by the Enforcement Committee
5. All findings indicated above have been resolved.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TEX. ADMIN. CODE §2.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Respondent violated 10 TEX. ADMIN. CODE §10.621 in 2014, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.²
4. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondent pursuant to TEX. GOV'T CODE §2306.041 and §2306.267.
5. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TEX. ADMIN. CODE, CHAPTERS 10 AND 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

² HUD's Uniform Physical Condition Standards are the standards adopted by TDHCA pursuant to 10 TEX. ADMIN. CODE 10.616(a)

6. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to TEX. GOV'T CODE §2306.041.
7. An administrative penalty of \$0.00 is an appropriate penalty in accordance with 10 TEX. ADMIN. CODE §2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent is assessed an administrative penalty in the amount of \$0.00.

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 Tex. Admin. Code 10.406, a copy of which is included at Attachment 1, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on _____, 2015.

By: _____
Name: J. Paul Oxer
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 3rd day of September, 2015, personally appeared J. Paul Oxer, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 3rd day of September, 2015, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

Attachment 1:

Texas Administrative Code

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 10</u>	UNIFORM MULTIFAMILY RULES
<u>SUBCHAPTER E</u>	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
<u>RULE §10.406</u>	Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and

Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

1d

BOARD ACTION REQUEST

HOME PROGRAM DIVISION

SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action to authorize the issuance of the 2015 HOME Investment Partnerships Program (“HOME”) Single Family Programs Competitive Award and Reservation System Notices of Funding Availability (“NOFAs”) for Single Family Non-Development Programs, and the publication of the NOFAs in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the Department has approximately \$14,085,400 in 2015 HOME Program funds and prior HOME Program funds to be made available for HOME Program single family activities; and

WHEREAS, based on significant public input and dialogue the Department has committed that the majority of 2015 HOME single family activity funds will be competitively allocated, and that simultaneously a Reservation System will also be available;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to publish in the *Texas Register*: a 2015 HOME Single Family Programs Competitive NOFA in the amount of approximately \$10,006,619; and a 2015 HOME Single Family Programs Reservation NOFA in the amount of approximately \$4,078,781.

BACKGROUND

The Department has anticipates the execution of its 2015 HOME Grant Agreement with the U.S. Department of Housing and Urban Development (“HUD”) in September 2015, allowing the 2015 HOME funds to be made available in accordance with the HUD- approved 2015 Consolidated Plan One-Year Action Plan (“OYAP”). The 2015 HOME allocation to the state of Texas totals \$21,575,627, of which \$12,172,969 is available for single family activities, including mandatory set-asides. Based on significant public input and dialogue the Department committed that the majority of 2015 HOME single family activity funds – those not identified as a set-aside in the OYAP or in 10 Texas Administrative Code (“TAC”) – would be competitively allocated.

Funds will be available through two separate HOME Single Family Program NOFAs. One NOFA will be competitive in nature and is for those activities not set-aside in the OYAP or 10 TAC; this NOFA will include \$9,094,188 of the 2015 HOME allocation and approximately \$912,431 of

funding available from HOME funds deobligated during 2015 as a result of contract close-out activities and reallocated funds from underutilized funding categories authorized under the 2014 HOME Single Family Reservation NOFA, for a total of \$10,006,619. The second NOFA will be for participation in the Reservation System and is for those activities set-aside in the OYAP and 10 TAC; this NOFA is comprised of \$3,078,781 from the 2015 HOME allocation and approximately \$1,000,000 of funding available from HOME deobligated funds, for a total of \$4,078,781. The Reservation System NOFA may be increased from time to time as funds become available. Selection of an applicant under the competitive NOFA will result in the award of funds, while approval to receive a Reservation System Participant (“RSP”) agreement is not a guarantee of funding availability.

The table below reflects the primary distinctions between the two NOFAs.

	2015 HOME Single Family Programs Competitive NOFA	2015 HOME Single Family Programs Reservation System NOFA
2015 HOME Allocation:	\$9,094,188	\$3,078,781
Other and Deobligated Funds:	\$912,431	\$1,000,000
Total in NOFA Upon Release:	\$10,006,619	\$4,078,781
Activities:	Non-Set Aside	Set Asides
Regional Allocation:	Yes	No
Periodic Addition of Funds:	No	Yes, as funds available
Agreement Document:	Contract	RSP
Submission Deadline:	October 2015	June 2016
Award of Funds Made:	Yes	No
Log of Applicants	Application Log to be posted within approximately ten days of the NOFA deadline.	List of executed RSP agreements are posted and updated

The availability and use of these funds are subject to the Department’s Administrative Rule at 10 TAC Chapter 1, Enforcement Rule at 10 TAC Chapter 2, Single Family Umbrella Rules at 10 TAC Chapter 20, the Minimum Energy Efficiency Requirements for Single Family Construction Activities at 10 TAC Chapter 21, the Department’s 2015 HOME Program Rule at 10 TAC Chapter 23, and the federal regulation governing the HOME Program at 24 CFR Part 92.

The 2015 HOME Single Family Programs NOFAs were developed in accordance with the Single Family Umbrella and HOME Program Rules.

Funds will be provided under the NOFAs as follows.

2015 HOME Single Family Programs Competitive NOFA

Fund Distribution

\$10,006,619 will be distributed through a Regional Allocation Formula (“RAF”) for Homeowner Rehabilitation Assistance (“HRA”), Homebuyer Assistance (“HBA”), and Tenant-Based Rental Assistance (“TBRA”) activities.

Award Process

In accordance with 10 TAC §23.22(b), applications will be accepted under a Competitive Application Cycle and submitted by the deadline that will be specified in the published NOFA. Funds will be available utilizing the RAF; applications will be submitted for HRA, HBA, or TBRA and will compete within their region. Applications will be reviewed and ranked, with awards made to the highest scoring applications in a region, regardless of activity type.

Awards will be made first at the subregional level, then the regional level, then statewide. Tied applications will be selected using a lottery method at each level. Any funds that remain after awards are made through the Competitive NOFA will be added to the 2015 HOME Single Family Programs Reservation System NOFA.

Details on the award selection process, handling of administrative deficiencies, funding limitations, eligible and ineligible applicants and activities, threshold requirements, award selection criteria, and application submission requirements will be included in the NOFA posted to the Department's website as well as in the *Texas Register*.

2015 HOME Single Family Programs Reservation System NOFA

Fund Distribution

Persons with Disabilities (PWD) Set-Aside – \$1,078,781

- Homeowner Rehabilitation Assistance (HRA) – \$366,785
- Homebuyer Assistance (HBA) – \$355,998
- Tenant-Based Rental Assistance (TBRA) – \$355,998

Contract for Deed Conversion (CFDC) Set-Aside – \$2,000,000

Disaster Relief Set-Aside – \$1,000,000

General Set-Aside for HRA, HBA, and TBRA – To be funded from any funds not awarded under the 2015 HOME Single Family Programs Competitive NOFA, deobligated funds, Program Income, or funds reallocated from undersubscribed set-asides, as allowable and available.

Award Process

In accordance with 10 TAC §23.22(a), applications received in response to an open application cycle NOFA will be assigned a "Received Date." An application will be prioritized for review based on its "Received Date." Funding released under the Reservation System NOFA will not be regionally allocated because it is comprised of legislatively mandated set-asides and deobligated funds which were previously allocated through the RAF. Finally, Administrators with RSP Agreements in effect at the time funding is released may access funds under the NOFA (with updated terms and conditions), as well as any new RSP administrators that apply for and receive an RSP Agreement under this NOFA.

Details on the award selection process, handling of administrative deficiencies, funding limitations, eligible and ineligible applicants and activities, threshold requirements, and application submission requirements will be included in the NOFA posted to the Department's website as well as in the *Texas Register*.

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BOARD ACTION REQUEST
HOME PROGRAM DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on amendments to two HOME Homeowner Rehabilitation Assistance Household Commitment Contracts issued under Reservation Agreement 2012-0800 for the reconstruction of two single family homes by WREM Literacy Group, Inc. under the Disaster set-aside 1002069

RECOMMENDED ACTION

WHEREAS, the Department executed a Reservation System Participation Agreement with WREM Literacy Group, Inc., (“WREM”) on June 27, 2013;

WHEREAS, WREM has begun reconstruction on two homes to replace homes destroyed by disaster;

WHEREAS, the Household Commitment Contract end dates for those two homes, project numbers 39700 and 39729, were extended by three months to end on September 3, 2015, as authorized by the HOME Director and as permitted by the HOME Rules; and

WHEREAS, WREM has experienced additional delays in completing these construction activities for project numbers 39700 and 39729, and has requested additional three month extensions to complete construction;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the amendment to extend the end date of HOME Household Commitment Contracts for project numbers 39700 and 39729 by three months, with the conditions recommended herein.

BACKGROUND

On June 27, 2013, the Department executed a 24-month Reservation System Participation Agreement (“RSP Agreement”) with WREM. for the reconstruction of single family residential units targeting low-income homeowners. The RSP Agreement allows WREM access to funds made available in the HOME Reservation System for Homeowner Rehabilitation Assistance for households affected by a disaster under the Disaster set-aside.

WREM submitted two projects under the agreement. Both projects, activity numbers 39700 and 39729, are currently under construction. On March 15, 2015, the Department executed amendments to the Household Commitment Contracts for each of the two units currently under

construction. The amendments granted WREM an additional three months to complete construction for each project due to delays caused by inclement weather.

On August 3, 2015, WREM submitted a request for an additional extension of three months for each project due to additional construction delays. The reason cited in the request for the delays to project 39700 include inclement weather and difficulty with scheduling subcontractors. The reason for the delays to project 39729 include siting issues encountered during the permitting process with the City of Ennis. After the permits had been issued and construction had begun the site plan was determined to be inconsistent with setback requirements. The project had to be modified to comply with the local setback requirements. The requested amendment to the Household Commitment Contract end dates will extend each of the contracts by an additional three months for a total of a 15 month contract term from the original contract signature.

Based on WREM's request and documentation of construction progress, staff believes that the homes can be fully constructed if the request for additional time is approved; however, staff believes conditional approval of the amendment would allow for greater oversight of the construction progress. Staff therefore recommends approval of the request contingent upon: 1) language in the amendments that expressly prohibits any future extensions related to these specific projects, and 2) receipt of a signed acknowledgement from WREM that WREM will commit to completion of construction, emphasising that the Department will not be liable for any expenses incurred outside of the contract period, as extended.

Because the cumulative total of this extension request exceeds 12 months, the Executive Director does not have authority to grant the extension; Board approval is necessary. Staff recommends approval of the amendment request.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on Corrections to Previous Program Year 2015 Emergency Solutions Grants Program Awards and the Associated Award of a Contract under the Program Year 2014 Emergency Solutions Grants Program

RECOMMENDED ACTION

WHEREAS, at the July 16, 2015 meeting of the Governing Board, staff presented and the Board approved awards for the Program Year (“PY”) 2015 Emergency Solutions Grants Program (“ESG”);

WHEREAS, staff has subsequently identified an error in the formula that was used to calculate those awards which resulted in an increase in the prior award amount for Friendship of Women, Inc. and a reduction in the prior award amount for Family Endeavors, Inc.;

WHEREAS, the Department desires to fund both awardees fully so that neither award is negatively impacted by the error;

WHEREAS, the Department has identified unexpended PY 2014 ESG funds that are available to fund the Family Endeavors, Inc. fully;

WHEREAS, the City of Houston/Harris County Continuum of Care (“CoC”) performed the competitive review and recommendation process for the Houston/Harris County ESG region on behalf of the Department;

WHEREAS, unrelated to the error noted herein but related to the July 16 Board awards, the CoC wishes to revise the award recommendations originally presented at the July 16, 2015 meeting of the Governing Board;

WHEREAS, the CoC recommends that a portion of the funds originally directed for the Coalition for the Homeless of Houston/Harris County be reapportioned to Catholic Charities, Archdiocese of Galveston-Houston; and

WHEREAS, the award for Catholic Charities, Archdiocese of Galveston-Houston, which was not previously awarded funds, is conditioned upon no findings from review of the System for Award Management and confirmation from compliance that there are no outstanding monitoring findings; or if there are such findings, resolution of such to the satisfaction of the Compliance Division.

NOW, therefore, it is hereby

RESOLVED, that the awards made to Friendship of Women, Inc., Family Endeavors, Inc., and Coalition for the Homeless of Houston/Harris County that

were approved at the July 16, 2015 meeting of the Governing Board are hereby rescinded;

RESOLVED, that the Executive Director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate awards of PY 2015 ESG funds in the amount of \$549,459 to Friendship of Women, Inc.; of \$195,572 to Family Endeavors, Inc.; of \$128,850 to the Coalition for the Homeless of Houston/Harris County; and of \$562,986 to Catholic Charities, Archdiocese of Galveston-Houston;

FURTHER RESOLVED, that the Executive Director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate an award PY 2014 ESG funds in the amount of \$106,767 to Family Endeavors, Inc.

Background

On February 5, 2015, the Department released a Notice of Funds Availability (“NOFA”) notifying prospective applicants of the availability of ESG funds for PY 2015. Applications were due on March 26, 2015. The Department also operated two pilot activities with 2015 ESG funds: direct funding to the Tarrant County Homeless Coalition on behalf of the Fort Worth/Arlington/Tarrant County CoC, and a local competition administered by the Coalition for the Homeless of Houston/Harris County on behalf of the City of Houston/Harris County CoC. The resulting awards were presented and approved at the July 16, 2015, meeting of the Governing Board.

In the weeks following the July 16, 2015, meeting of the Governing Board, staff identified an error in staff’s application of the formula used to allocate the funds to awardees. Section VII of the NOFA identifies five (5) steps for allocating funds. Once Steps 1 and 2 are complete, which are the regionally based awards, Step 3 requires staff to allocate remaining funds among Applicants partially funded during Step 2, “starting with the region with the greatest proportional share of the state’s homeless population, to fully fund applications that were partially funded during the first distribution, in rank order by score.” This step is designed to “make whole” any awarded applications prior to beginning funding on lower scoring applications. When this step was originally completed, staff inadvertently started with the first region on the list rather than starting with the region with the greatest proportional share of the state’s homeless population. When applied correctly, two awards are affected:

- An award for Friendship of Women, Inc. funded in July at \$442,693 should be increased to \$549,459; an increase of \$106,766.
- An award for Family Endeavors, Inc. funded in July at \$302,339 should be reduced to \$195,572; a decrease of \$106,767.

If this correction were implemented as warranted by the corrected formula, Family Endeavors, Inc. would be facing an unexpected funding reduction and they would be the only awardee receiving only partial funds among the PY 2015 ESG program recipients. In an effort to mitigate this result, the Department has identified unexpended funds from PY 2014 ESG and proposes to use these funds to offset the shortfall that would have occurred in the award to Family Endeavors, Inc. With this action, Friendship of Women, Inc. will receive the full amount of funds they were originally

approved to receive if the error had not occurred; and Family Endeavors, Inc. will receive the full amount of funds awarded by the Board on July 16, 2015. The Board action therefore includes an award of \$106,767 to Family Endeavors, Inc. from PY 2014 ESG for this purpose.

Separately, in the weeks following the July 16, 2015, meeting of the Governing Board, staff was contacted by the Coalition for the Homeless of Houston/Harris County relating to the local competition they had administered on behalf of the City of Houston/Harris County CoC ("the CoC"). Their award recommendations to the Department, based on their competition, had included awards that were joint collaborations, something the Department encourages. They requested that the awards previously approved by the Board on July 16, 2015, be modified. The CoC board has chosen to apportion the award previously approved for Coalition for the Homeless of Houston/Harris County such that Catholic Charities, Archdiocese of Galveston-Houston, now also receives funds. With this action, the award for the Coalition for the Homeless of Houston/Harris County is reduced from \$691,836 to \$128,850 (a difference of \$562,986); and an award for Catholic Charities, Archdiocese of Galveston-Houston of approximately \$562,986 is approved.

The attached document is an updated award list that reflects all PY 2015 ESG award amounts, as corrected, and one PY 2014 ESG award amount resulting from this action.

Program Year 2015 ESG Awards

CoC	Applicant Name	2015 Requested Amount	2015 Award Recommendation*
San Antonio/Bexar County	Family Violence Prevention Services, Inc. D.B.A. The Battered Women & Children's Shelter	\$150,000	150,000.00
San Antonio/Bexar County	San Antonio Metropolitan Ministry, Inc	\$450,000	452,339.00
San Antonio/Bexar County	Family Endeavors, Inc.	\$300,000	195,572.00
San Antonio/Bexar County	George Gervin Youth Center, Inc.	\$150,000	0.00
Austin/Travis County	Youth and Family Alliance D.B.A. Lifeworks	\$399,879	402,218.00
Dallas City & County/Irving	The Family Place	\$600,000	602,339.00
Dallas City & County/Irving	Shared Housing Center, Inc.	\$211,914	214,253.00
Fort Worth/Arlington/Tarrant County	Tarrant County Homeless Coalition	\$653,044	682,714.00
El Paso City & County	Project Vida	\$351,208	353,547.00
El Paso City & County	Salvation Army - El Paso	\$150,000	0.00
El Paso City & County	The Opportunity Center for the Homeless	\$300,000	0.00
El Paso City & County	Center Against Family Violence, Inc	\$175,000	0.00
Waco/McLennan County	Salvation Army - Waco	\$96,809	96,808.00
Texas Balance of State	Advocacy Outreach	\$300,000	302,339.00
Texas Balance of State	Mid-Coast Family Services	\$300,000	302,339.00
Texas Balance of State	La Posada Providencia	\$560,319	562,658.00
Texas Balance of State	Salvation Army - Tyler	\$450,000	452,339.00
Texas Balance of State	City of Denton	\$598,000	600,339.00
Texas Balance of State	Women's Shelter of East Texas, Inc. D.B.A. Family Crisis Center of East Texas	\$150,000	150,000.00
Texas Balance of State	Shelter Agencies for Families in East Texas, Inc SAFE-T	\$149,998	149,998.00
Texas Balance of State	Corpus Christi Hope House, Inc.	\$142,774	142,774.00
Texas Balance of State	The Salvation Army - Corpus Christi	\$300,000	302,339.00
Texas Balance of State	Friendship of Women, Inc.	\$547,120	549,459.00
Texas Balance of State	City of Texarkana	\$600,000	0.00
Texas Balance of State	Matagorda County Women's Crisis Center D.B.A. The Crisis Center	\$300,000	0.00
Texas Balance of State	Women's Center of East Texas, Inc.	\$217,642	0.00

State			
Texas Balance of State	Central Texas Opportunities, Inc.	\$450,000	0.00
Texas Balance of State	Salvation Army - Lubbock	\$139,660	0.00
Texas Balance of State	Salvation Army - Amarillo	\$130,000	0.00
Texas Balance of State	Women Together Foundation, Inc.	\$146,655	0.00
Texas Balance of State	City of Beaumont	\$266,735	0.00
Texas Balance of State	D.O.R.S. Community Services	\$300,000	0.00
Texas Balance of State	Concho Valley Community Action Agency	\$120,608	0.00
Texas Balance of State	The Children's Center, Inc.	\$150,000	0.00
Amarillo	City of Amarillo	\$126,968	129,307.00
Wichita Falls/Wise, Palo Pinto, Wichita, Archers Counties CoC	No Applicant	\$0	0.00
City of Houston/Harris County	Service of the Emergency Aid Resource Center for the Homeless	\$350,000	352,339.00
City of Houston/Harris County	Bridge Over Troubled Waters	\$409,130	411,469.00
City of Houston/Harris County	Salvation Army - Houston	\$160,000	162,339.00
City of Houston/Harris County	Alliance of Community Assistance Ministries, Inc.	\$150,550	152,889.00
City of Houston/Harris County	Coalition for the Homeless of Houston/Harris County	\$128,850	128,850.00
City of Houston/Harris County	Catholic Charities, Diocese of Fort Worth, Inc.	\$562,986	562,986.00
Bryan/College Station/Brazos Valley CoC	No Applicant	\$0	0.00
	Totals	12,195,849.00	8,564,553.00

Program Year 2014 ESG Award

CoC	Applicant Name	Amount of partial award for 2015*	2014 Award Recommendation
San Antonio/Bexar County	Family Endeavors, Inc.	195,572.00	106,767.00

*Awards are conditioned on receipt of funding from the U.S. Department of Housing and Urban Development

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on State Fiscal Year 2016 Homeless Housing and Services Program Awards.

RECOMMENDED ACTION

WHEREAS, the Homeless Housing and Services Program (“HHSP”) was created during the 81st Legislative Session to be administered by the Texas Department of Housing and Community Affairs (the “Department”) to fund homelessness prevention and homeless services in the eight largest Texas cities, and

WHEREAS, the continued funding of the HHSP has been identified by the Texas Legislature as a high priority,

WHEREAS, the Texas Legislature has, through the enactment of House Bill 1 (84th Legislature, 1st called session), provided General Revenue funds of \$10 million over the biennium, and

WHEREAS, the allocation formula for HHSP is set forth in 10 TAC Chapter 5, Subchapter J, §5.1004. Formula,

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate the award of not less than \$5,000,000 in state fiscal year (“SFY”) 2016 HHSP contracts, in the amounts reflected in Attachment A, to the municipalities in Texas with a population of 285,500 or more (or their designee) conditioned upon response to the Department’s management decision letter and resolution of findings noted in the entity’s most recent single audit: Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, and San Antonio.

BACKGROUND

The Department administers the HHSP in accordance with Texas Government Code §2306.2585 and 10 TAC Chapter 5, Subchapter J. Allowable activities include construction, development, or procurement of housing for homeless persons; rehabilitation of structures targeted to serving homeless persons or persons at-risk of homelessness; provision of direct services and case management to homeless persons or persons at risk of homelessness; or other homelessness-related activity as approved by the Department.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter A, §1.5) includes a review of HHSP awards prior to contract execution. The review has been performed and all contracts are conditioned on a response to the Department's decision letter and resolution of any findings not in the entity's most recent single audit.

Effective dates for contracts will be October 1, 2015, through September 30, 2016.

2016 Homeless Housing and Services Program Awards

	SUBRECIPIENT	AWARD
1	City of Arlington	\$192,158
2	City of Austin	\$508,777
3	City of Corpus Christi, with Mother Teresa Shelter	\$241,062
4	City of Dallas	\$806,510
5	City of El Paso	\$446,389
6	City of Fort Worth, with United Way of Tarrant County	\$524,501
7	City of Houston	\$1,320,400
8	City of San Antonio, with Haven for Hope of Bexar County	\$960,203
	Total	\$5,000,000

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action Authorizing Staff to Identify an Eligible Entity, through release and subsequent award of a Request for Applications (“RFA”) to Permanently administer the Community Services Block Grant in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties.

RECOMMENDED ACTION

WHEREAS, the Department is the administrator of the Community Services Block Grant (“CSBG”) Program funded by the U.S. Department of Health and Human Services (“HHS”);

WHEREAS, Northeast Texas Opportunities, Inc. (“NETO”), until July 27, 2015, has been the designated Eligible Entity per the CSBG Act (“Act”) to operate the CSBG Program and receive the proportional share of CSBG funds to provide client services in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties;

WHEREAS, by vote of its Executive Board, NETO voluntarily relinquished its eligible entity status under the CSBG Act and its proportional share of CSBG funds in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties;

WHEREAS, the Department desires to identify an organization to designate as an Eligible Entity to receive the proportional share of CSBG funds for the area and will do so through the issuance of a Request for Applications (“RFA”) as further specified in Section 676A of the Act;

WHEREAS, in accordance with CSBG Information Memorandum 42, the Department intends to provide a priority for private nonprofit organizations over political subdivisions in the unserved area; and

WHEREAS, upon identification of a successful respondent, the Department will request that Governor of the State of Texas designate as an Eligible Entity in accordance with Section 676A of the Act;

NOW, therefore, it is hereby;

RESOLVED, that the Department is authorized to release a RFA to identify a permanent Eligible Entity to administer the CSBG program for the benefit of eligible low-income households in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties;

FURTHER RESOLVED, that this process and the RFA will adhere to any administrative requirements in accordance with the Community Services Block

Grant Act, Title VI, Subtitle B, of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, as amended; Human Services Amendments of 1994, P.L.103-252; the FY 1996 CSBG Appropriation Legislation, P.L.104-134; CFR Title 45, Part 96; Coats Human Services Reauthorization Act of 1998, P. L. 105-285; Department of Health and Human Services Block Grant Regulations, and Chapter 2105 of the Texas Government Code;

FURTHER RESOLVED, that if one or more entity(ies) successfully responds to the RFA to serve Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties, and receives an affirmative recommendation from the Executive Award and Review Advisory Committee (“EARAC”), the entity selected for Eligible Entity status will be promptly presented to the Governor, who is required to submit notification of his determination of an Eligible Entity statutes to HHS; and with subsequent ratification by the Board for any or all of the funds stated in the above recitals; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them are hereby authorized, empowered, and directed for and on behalf of the Department, to take such actions and execute such documents that they or any of them may deem necessary to effectuate the use of funds in this manner.

BACKGROUND

At the Board Meeting of December 18, 2014, at the recommendation of staff, the Governing Board delayed the award for the PY 2015 Low Income Home Energy Assistance Program (“LIHEAP”) and CSBG funds to NETO to allow staff time to work out an agreement with NETO as outlined in the EARAC meeting of the prior day. Following the Board Meeting approval, staff drafted and submitted an agreement to NETO memorializing the arrangement discussed in the EARAC meeting. NETO reviewed, approved, and executed the Agreement.

Since that time, NETO did not successfully complete the agreed upon actions and appeared to have other ongoing issues within the organization not directly related to the Department. On July 27, 2015, the Board of NETO chose to voluntarily relinquish both LIHEAP and CSBG. At the TDHCA Board Meeting of July 30, 2015, staff recommended and this Board approved authorization to release an RFA to find an alternate provider for the LIHEAP funds. That recommendation did not include CSBG funds as taking such action for the CSBG Program had not been reflected on the Board meeting agenda. With NETO’s voluntary relinquishment of its Eligible Entity status, staff will release one RFA seeking an alternate provider to permanently administer both the CSBG and LIHEAP funds in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties.

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BOARD ACTION REQUEST

TEXAS HOMEOWNERSHIP DIVISION

SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on the Single Family Mortgage Loan and Mortgage Credit Certificate (MCC) Program(s) Participating Lender List.

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Government Code §2306.149, the Board has the specific duty and power to compile a list of approved mortgage lenders, and

WHEREAS, the Department has compiled a Participating Lender List for the Single Family Mortgage Loan and Mortgage Credit Certificate Programs;

Now, therefore, it is hereby

RESOLVED, that the attached Participating Lender List is approved for use in conjunction with the Single Family Mortgage Loan and Mortgage Credit Certificate Programs.

BACKGROUND

At any time, new mortgage lenders are allowed to complete documentation for consideration and approval to participate on the Participating Lender List. To date, 140 lending institutions providing mortgage options throughout the state have signed documents to participate in one or both of the programs.

In an effort to maintain a well trained and knowledgeable lender network, online lender trainings are available year round on demand by our program administrator on any current mortgage loan program to any existing and/or new participating lender. Additionally, Department staff conducts webinars or on-site lender trainings upon request.

In accordance with Texas Government Code, §2306.149, staff is requesting the Board approve a list of mortgage lenders for use in conjunction with the Single Family Mortgage Loan and MCC Program(s).

APPROVED LENDERS

Academy Mortgage Corporation	Fairway Independent Mortgage
Affiliated Bank Mortgage	Fidelity Homestead Savings Bank
Affiliated Mortgage Company	First American Mortgage
Amarillo National Bank	First California Mortgage Company
Amcap Mortgage, Ltd. (Gold Financial)	First Choice Loan Services
Amegy Bank	First Community Bank - Home Loan Center
American Financial Network, Inc.	First Continental Mortgage Co.
American Midwest Bank	First National Bank - El Paso
American Southwest Mortgage Corp.	First National Bank of Trenton
America's Choice Home Loans	First National Bank Texas
AmeriPro Funding, Inc.	Gardner Financial Services
AnnieMac Home Mortgage	Gateway Mortgage Group, LLC
Ark-La-Tex Financial Services LLC	GenEquity Mortgage, Inc.
Aspire Financial, Inc. dba TexasLending.com	Georgetown Mortgage, LLC
BancorpSouth Bank	Global Advisory Group, Inc.
Bank of America	Great Plains National Bank
Bank of Oklahoma dba Bank of Texas	GSF Mortgage Corporation
Bay Equity, LLC	Guild Mortgage
Bridgeview Mortgage LLC	Happy State Bank
Broker Solutions Inc. dba New American Funding	Hamilton Group Funding
Caliber Home Loans, Inc.	Hancock Mortgage Partners, Inc.
Capstar Lending, LLC	Highlands Residential Mortgage
Castle & Cooke Mortgage, LLC	Home Community Mortgage, LLC
Cendera Funding	HomeBridge Financial Services, Inc.
CMG Financial	Hometruster Mortgage Co.
Compass Mortgage, Inc.	Homeway Mortgage
JP Morgan Chase	Homewood Mortgage LLC
Churchill Mortgage Corp.	Houstonian Mortgage Group, Inc.
City Bank Mortgage	IberiaBank Mortgage Company
Citywide Home Loans	IHS Mortgage, LLC
Colonial Savings, F.A	Interline Mortgage Services
Cornerstone Home Lending	International City Mortgage, Inc.
Counselors Mortgage Corp.	K. Hovnanian American Mortgage
DHI Mortgage Co., Ltd.	LeaderOne Financial Corp.
Diamond Residential Mortgage Corp.	Legacy Mutual Mortgage
Elite Financing Group, LLC	Liberty Bank and Trust Co.
Envoy Mortgage	Liberty Mortgage (Wendeburg Interests, Inc.)

APPROVED LENDERS

Loan Simple, Inc.	Rocky Mountain Mortgage Company
LoanStar Home Loans, LLC	Security American Mortgage, Inc.
LoanDepot.com LLC dba imortgage	Security National Mortgage Company
MI Financial Corp.	Sente Mortgage, Inc.
MLD Mortgage Inc. DBA The Money Store	Service First Mortgage Co. (SFMC, LP)
Mid America Mortgage, Inc.	Southwest Funding, LP
Mission Mortgage of Texas, Inc.	Standard Pacific Mortgage, Inc.
Mortgage Pros, Inc.	Stearns Lending, Inc.
Mortgage Financial Services, LLC	Stonegate Mortgage Corporation
Mortgage Services, Inc. dba Mortgage E-Z, Inc.	Success Mortgage Partners, Inc.
Nations Reliable Lending, LLC	Supreme Lending (aka Everett Financial, Inc.)
NationStar Mortgage	SWBC Mortgage Corporation
Network Funding, L.P.	Texas Bank Financial
NewPenn Financial, LLC	Texas Loan Star
Northstar Bank of Texas	The Home Lending Group, LLC
Oak Mortgage Group	The Lending Partners
On Q Financial, Inc.	Top One Mortgage LLC
Open Mortgage LLC	Town Square Mortgage & Investments, Inc.
Paramount Residential Mortgage Group	Tri-State Mortgage Company
Patriot Bank Mortgage, Inc.	TXL Mortgage Corporation
Pioneer Bank	U.S. Bank Home Mortgage
PNC Mortgage	Universal American Mortgage Company
Premier Nationwide Lending (NTFN, Inc.)	Venta Financial (Alterra Home Loans)
Primary Residential Mortgage Inc.	Victorian Finance, LLC
PrimeLending	Vision One Mortgage, Inc.
PrimeWest Mortgage Corp.	W.J. Bradley Mortgage Captial, LLC
Prospect Mortgage	Wells Fargo Home Mortgage
Pulte Mortgage	Weststar Mortgage Corp.
RANLife, Inc.	Whitney National Bank
Residential Bancorp	Willow Bend Mortgage
Republic State Mortgage Company	Wintrust Mortgage
RMC Mortgage Corp. (Ryland Mortgage)	WR Starkey Mortgage, LLP

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BOARD ACTION REQUEST
HOUSING RESOURCE CENTER
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on the 2016 Regional Allocation Formula Methodology

RECOMMENDED ACTION

WHEREAS, Texas Government Code, §§2306.1115 and 2306.111(d) require that the Department use a Regional Allocation Formula (“RAF”) to allocate its HOME funds (both Single Family and Multifamily), Housing Tax Credits, and certain Housing Trust Funds and

WHEREAS, the RAF utilizes appropriate statistical data to measure affordable housing needs, available housing resources, and other factors determined by the Department to be relevant to the equitable distribution of housing funds in 13 State Service Regions used for planning purposes;

NOW, therefore, it is hereby

RESOLVED, that the 2016 RAF Methodologies for the HOME Investment Partnerships Program, Housing Tax Credit, and, as applicable, Housing Trust Fund programs, in the form presented at this meeting, are hereby approved.

BACKGROUND

Each RAF utilizes appropriate statistical data to measure the affordable housing need and available resources in the 13 State Service Regions that are used for planning purposes. Each RAF also allocates funding to rural and urban areas within each region. The Department has flexibility in determining variables to be used in a RAF, per §2306.1115(a)(3) of the Texas Governing Code, “the department shall develop a formula that...includes other factors determined by the department to be relevant to the equitable distribution of housing funds.” The RAFs are revised annually to reflect current data, respond to public comment, and better assess regional housing needs and available resources.

For 2016, the Department is releasing two draft Methodology documents for public comment: one for the Multifamily Activities and one for the Single Family Activities. Based on public comment received in the 2015 RAF cycle and on a staff draft of the 2016 Single Family RAF, a new factor has been added to the 2016 Single Family RAF Methodology. This new factor is called the Regional Coverage Factor.

The Single Family HOME, Multifamily HOME, Housing Tax Credit (“HTC”) and Housing Trust Fund (“HTF”) program RAFs each use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. For example, Section 2306.111(c) of the Texas Government Code requires that 95% of HOME funding be set aside for non-participating jurisdictions (“non-PJs”). Therefore, the Single Family and Multifamily HOME RAFs only use housing need data and available housing resource data for non-PJs.

Both the Multifamily and Single Family RAF methodologies explain the use of factors, in keeping with the statutory requirements, which include the need for housing assistance, the availability of housing resources, and other factors relevant to the equitable distribution of housing funds in urban and rural areas of the state.

The Draft 2016 RAF methodology was made available for official public comment from Friday, July 17, 2015, through Thursday, August 6, 2015. A public hearing was held on Monday, August 3, 2015. No public comment was received and no changes have been made as a result of the public comment period. The Final RAF Methodologies are found in Attachment A and B. Once approved, the final methodologies will be published on the Department's website.

The following Attachments are provided:

- A. 2016 MF RAF Methodology
- B. 2016 SF RAF Methodology
- C. Sample 2016 HTC RAF
- D. Sample 2016 HOME MF RAF
- E. Sample 2016 HTF RAF
- F. Sample 2016 HOME SF RAF

It should be noted that with this action the Board is approving the methodologies, not specific allocation amounts. To the extent funds received/proposed to be used are below the statutory minimum for any program/activity, or if the proposed activities fall into a statutory exception, the RAF will not be used.

2016 MULTIFAMILY REGIONAL ALLOCATION FORMULA METHODOLOGY

IMPORTANT NOTE: This document presents the methodology for applying the Regional Allocation Formula (“RAF”) to Multifamily activities funded through the HOME Investment Partnerships Program (“HOME”) and Housing Tax Credit (“HTC”) Program.

Legislative Requirement

Sections 2306.111 and 2306.1115 of the Texas Government Code require that the Texas Department of Housing and Community Affairs (“TDHCA”) use a RAF for the HOME, Housing Trust Fund (“HTF”) Program and HTC Program. The Draft RAF presented below analyzes housing need and availability in the State’s urban and rural areas and allocates funding for multifamily activities accordingly.

Section 2306.1115 of the Texas Government Code states:

(a) To allocate housing funds under Section 2306.111(d), the department shall develop a formula that:

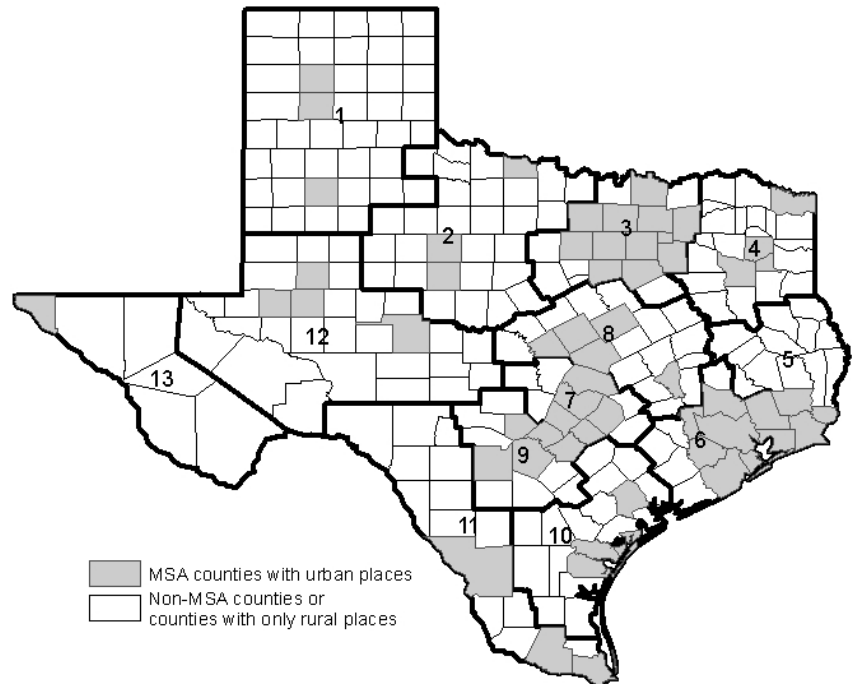
(1) includes as a factor the need for housing assistance and the availability of housing resources in an urban area or rural area;

(2) provides for allocations that are consistent with applicable federal and state requirements and limitations; and

(3) includes other factors determined by the department to be relevant to the equitable distribution of housing funds under Section 2306.111(d).

(b) The department shall use information contained in its annual state low income housing plan and other appropriate data to develop the formula under this section.

The methodology below outlines the need for housing assistance and the availability of housing assistance in urban and rural areas, in keeping with the statutory requirements.



Methodology

Affordable Housing Need

Affordable housing need will be measured by variables that relate to the types of assistance available through TDHCA programs.

HTC and HOME both offer assistance for reduced-rent apartments, which is a multifamily activity. Therefore, people in need of rental assistance should be included in the analysis. The column on the RAF table for renters with cost burden measures the number of people in Texas that pay over 30% of their income on rent. The column for renters experiencing overcrowding measures the number of units with more than one person per room, including the kitchen and bathroom. Both rent burden and overcrowding will be used as variables in the RAF.

Income is the primary measurement of eligibility for housing assistance through TDHCA. HTC serves households who earn 0-60% Area Median Family Income (“AMFI”). While eligibility for housing assistance is measured by Area Median Income (“AMI”), the AMI datasets showing how many households are in each AMI category lag behind by a full year from the datasets used to calculate poverty. In order to use the most up-to-date data, the measurement of people in poverty will be used. The percentage of people at 200% poverty is strongly linked with the percentage of people earning 0-80% AMFI. People at or below 200% of the poverty level will qualify for a majority of housing assistance offered through TDHCA’s HOME and HTC programs. Note that in order for *people* in poverty to be combined with *households* with cost burden and *households* with overcrowding, the number of people in poverty is divided by the average size of a household in Texas: 2.82 per the 2009-2013 American Community Survey five-year estimates.

The extent of Texans needing affordable housing is measured using three variables for multifamily activities:

1. Cost burden for renters;
2. Overcrowding for renters; and
3. People at or below 200% of the poverty rate.

Housing Availability

The extent of additional affordable housing needed to address Texans’ needs is determined by vacant units for rent.

Affordable housing availability will be measured by variables that relate directly to housing resources. In order to take into account both market-rate and subsidized units, vacancies will be used. A high number of vacancies indicate that a market has an adequate supply or possibly an oversupply of housing. Vacancies offer a direct measure of housing availability for multifamily activities.

Urban and Rural Areas

In TDHCA's governing statute (updated per House Bill 429, 83rd Regular Session), §2306.004 states:

28-a) "Rural area" means an area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area; or

(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.

Section 2306.004(28-a)(B) of the Texas Government Code is applied to "census-designated places" ("places") which correlates to cities, towns and other areas similar to incorporated cities and towns, as designated by the census. The requirement regarding population of 25,000 and the requirement regarding boundaries can be applied to places. The RAF is a macro view compared to one city, town, etc., so data is used from each county. County data is more complete than adding together all the cities, towns, etc. If the RAF only added together the cities, towns, etc., then people who do not live in cities, towns, etc., and units that do not exist in cities, towns, etc., will be excluded. Limiting the data for the RAF to only cities, towns, etc., in each region substantially hinders its decision-making capabilities as an allocation tool. Using the data from counties instead of cities, towns, etc., to allocate for urban and rural areas allows for a more complete picture of the State's demographics. According to §2306.1115(b) of the Texas Government Code, TDHCA must use appropriate data to develop the formula, and for the reasons described above, data from counties is the most appropriate data.

Using Metropolitan Statistical Area ("MSA") data, as provided by the U.S. Office of Management and Budget, the RAF allocation process accounts for the fact that even though a county may be part of an MSA, all of its places meet the definition of rural per §2306.004(28-a). If an MSA county has no places designated as urban, the need and availability of the whole county will be counted toward the rural allocation (i.e., the MSA county had no places over 25,000, nor any places touching a boundary of a place with 25,000). Therefore, the allocation process refers to "MSA counties with urban places" and "Non-MSA counties and counties with only rural places." The need and availability of "MSA counties with urban places" directs the allocation toward the urban places, and the need and availability of "Non-MSA counties and counties with only rural places" directs the allocation toward the rural places.

Note that the RAF does not state that all places in an MSA county with urban places are urban for designations of specific sites. The rural and urban designation for site-specific applications is made at the place-level.

An example of the variables used in the HOME MF and HTF RAF is in Table 1 below. Note that sample numbers are used for clarity.

Table 1: Example of variables used, by Sub-region

Region (MSA Counties with urban places)	Column A: People at 200% Poverty	Column B: HH at 200% Poverty	Column C: Cost Burden, Renters	Column D: Overcrowded Renters	Column E: Vacancies, Rental
1	150,000	53,571	25,000	4,000	6,000
2	100,000	35,714	20,000	2,000	4,000
3	150,000	53,571	25,000	4,000	6,000
4	100,000	35,714	20,000	2,000	4,000
5	150,000	53,571	25,000	4,000	6,000
6	100,000	35,714	20,000	2,000	4,000
7	150,000	53,571	25,000	4,000	6,000
8	100,000	35,714	20,000	2,000	4,000
9	150,000	53,571	25,000	4,000	6,000
10	100,000	35,714	20,000	2,000	4,000
11	150,000	53,571	25,000	4,000	6,000
12	100,000	35,714	20,000	2,000	4,000
13	150,000	53,571	25,000	4,000	6,000

Region (Non-MSA counties and counties with only rural places)	Column A: People at 200% Poverty	Column B: HH at 200% Poverty	Column C: Cost Burden, Renters	Column D: Overcrowded Renters	Column E: Vacancies, Rental
1	40,000	14,286	7,000	700	700
2	25,000	8,929	2,000	400	500
3	40,000	14,286	7,000	700	700
4	25,000	8,929	2,000	400	500
5	40,000	14,286	7,000	700	700
6	25,000	8,929	2,000	400	500
7	40,000	14,286	7,000	700	700
8	25,000	8,929	2,000	400	500
9	40,000	14,286	7,000	700	700
10	25,000	8,929	2,000	400	500
11	40,000	14,286	7,000	700	700
12	25,000	8,929	2,000	400	500
13	40,000	14,286	7,000	700	700

Regions	Column A: People at 200% Poverty	Column B: HH at 200% Poverty	Column C: Cost Burden, Renters	Column D: Overcrowded Renters	Column E: Vacancies, Rental
Total	2,080,000	742,857	356,000	47,300	73,900

Weights

To allocate funds, the RAF will use each sub-region's ratios of the State's total. In order to account for the amount of population that the variables affect, all the variables that measure need will be added together (i.e., compounded) before taking the percentage of each sub-region's need over the amount of the total need in the State.

Examples of how the weights work in the RAF are in Tables 2 through 4 on the following pages. Building off the usefulness of Table 1, which showed the HTC program, Tables 2 through 4 also are examples of the HTC program RAF. Note that the column header letters will also build off the previous table, so if the letters are not in alphabetical order, the column header letter refers to a previous table.

Table 2 (below) shows only Region 1 in MSA counties and the total of all the regions, in order to simplify the example. Table 2 illustrates how the Compounded Need Variable is derived: Households at 200% of poverty, cost-burdened renters, and over-crowded renters are added together, thereby compounding the need. This compounding balances the relative importance of the variables; variables with very high or very small numbers are combined with the overall total of need, preventing these variables from having a disproportionate or arbitrary amount of weight for their size.

Table 2: Compounded Need Variables

Area	Column B: HH at 200% Poverty	Column C: Cost Burden, Renters	Column D: Overcrowded Renters	Column E: Compounded Need Variables
Region 1 (MSA Counties with urban places)	53,571	25,000	4,000	82,571
Total of all Regions	742,857	356,000	47,300	1,146,157

Note: Columns B, C and D are from Table 1.

In order to apply weights, percentages of need and availability variables must be taken from the state as a whole. These percentages illustrate the relative need of the sub-region. Table 3 (below) demonstrates how the percentages are derived.

Table 3: Percentages Taken

Area	Column E: Compounded Need Variables	Column F: Percent of State's Total Need	Column G: Unoccupied Units, Rental	Column H: Percent of State's Total Availability
Region 1 (MSA Counties with urban places)	82,571	7.2%	6,000	8.1%
Total of all Regions	1,146,157		73,900	

Note: Column E is from Table 2.

A successful allocation formula will provide more funding for areas with high housing need and reduce funding for areas with an abundance of housing resources. In order to get the right relationship between housing and need, the housing availability variable will have negative weight. If the weights were equal, a RAF with four variables would have each variable would receive 50% of the weight. Because the availability variable should be negative, the need variables are weighted at 50% each and the availability variable is weighted at -50%, giving the appropriate relationship between funding and current availability of resources. The compounded need variable will receive 150% weight (50% per variable). Table 4 shows the application of the weights based on a statewide availability of \$40,000,000.¹

Table 4: Weight Application

Area	Column F: Percent of State's Total Need	Column I: Weight of Need Variables	Column J: Need Variable Allocation*	Column H: Percent of State's Total Availability	Column K: Weight of Availability Variable	Column L: Availability Variable Allocation~	Column M: Total Allocation ⁺
Region 1 (MSA Counties with urban places)	7.2%	150.0%	\$ 4,322,519	8.1%	-50%	\$ (1,623,816)	\$ 2,698,703

Note: Column F and H taken from Table 3.

*Column J is calculated as follows: Column F x Column I x statewide availability of funds.

~Column L is calculated as follows: Column H x Column K x statewide availability of funds.

⁺Column M is calculated as follows: Column J + Column L.

Exceptions to the RAF

According to §2306.111(d-1) of the Texas Government Code, there are certain instances when the RAF would not apply to HOME MF and HTC funds. For instance, specific set-asides will be subject to the RAF. This includes set-asides for contract-for-deed conversions and set-asides mandated by state or federal law, if these set-asides are less than 10 percent of the total allocation of funds or credits. Set-asides for funds allocated to serve persons with disabilities will not be subject to the RAF. The total amount available through the RAF will not include funds for at-risk development, with instances mentioned in this paragraph.

Also in §2306.111(d-1) of the Texas Government Code, specifically for HTC, 5% of HTC funds must be allocated to developments that receive federal assistance through USDA. Any developments that receive federal assistance through USDA and HTC for rehabilitation compete for funding separately under the "USDA Set-Aside." This funding is taken from the total tax credit ceiling prior to applying the RAF to allocate funds between each sub-region.

HOME MF and HTC Data Differences

¹ Although the *Attachment C – Sample Allocation for the HTC Program* is based on a statewide availability of \$50,000,000, the Methodology example is based on a statewide availability of \$40,000,000 to show a proportional adjustment when initial HTC allocations fall under \$500,000.

Because HOME MF and HTC fund rehabilitation, substandard housing units would ideally be included in the RAF. However, at this time, staff has not identified a data source that would provide an estimate of these units that is accurate at the regional level.

In addition, according to §2306.111(c)(1) and (2), 95% of the funds for HOME must be spent outside Participating Jurisdictions (PJs). PJs are areas that receive funding directly from HUD. The other 5% of State HOME funds must be spent on activities that serve people with disabilities in any area of the State; this portion of HOME is not subject to the RAF because it is set-aside for persons with disabilities (see *Exceptions to the RAF* above). Because 95% of funds cannot be spent within a PJ, the housing need and availability in those jurisdictions should not be counted in HOME's RAF.

The PJ designations are subject to change yearly depending on HUD's funding. According to HUD's 2015 allocation, 33 of the PJs are cities and eight of the PJs are counties. These PJs will be subtracted from the HOME version of the RAF.

HTC \$500,000 Adjustment

Texas Government Code §2306.111(d-3) is a special requirement regarding funding and the RAF that applies only to HTC. This provision requires that TDHCA allocate at least 20% of credits to rural areas and that \$500,000 be available for each urban and rural sub-region, which number 26 in total. The overall state rural percentage of the total tax credit ceiling amount will be adjusted to a minimum of 20% only at the time of actual award, if needed. Usually, the 20% allocation to rural areas occurs naturally, but, if not, one more deal for rural areas will be awarded from the statewide collapse of the RAF to ensure the requirement is met.

For the HTC RAF, the regional amount of rural and urban funding is adjusted to a minimum of \$500,000, if needed. This is done as a final adjustment to the sub-regional allocation amounts available for award. The process proportionately takes funds from sub-regions with initial funding amounts in excess of \$500,000 and reallocates those funds to those sub-regions with initial funding amounts that are less than \$500,000. The process is complete when each sub-region has at least \$500,000.

Tables 5 through 6 below show the process of determining the amount to adjust from sub-regions with more than \$500,000. These tables build from the previous tables included in this methodology and, for ease of explanation, Region 1 and 2's "MSA counties with urban places" and Region 1 and 2's "Non-MSA counties and counties with no urban places" are included. Again, the column header letters build off previous tables, so if the letters are not in alphabetical order, the column letter refers to previous tables.

These four sub-regions are examined below because the most common movement for funds during the \$500,000 adjustment is from MSA counties to Non-MSA counties. The first step in the \$500,000 adjustment process is illustrated in Table 5: the amount over or under \$500,000 is determined for each sub-region.

Table 5: Sub-region amount over/under \$500,000

Area	Column M: Initial Sub-region amount	Column N: Amount needed to reach \$500,000	Column O: Amount over \$500,000 that can be reallocated
Region 1 (MSA Counties with urban places)	\$2,698,703	\$-	\$2,198,703
Region 1 (Non-MSA Counties or Counties with only rural places)	\$961,482	\$-	\$461,482
Region 2 (MSA Counties with urban places)	\$1,938,732	\$-	\$1,438,732
Region 2 (Non-MSA Counties or Counties with only rural places)	\$457,720	\$42,280	\$-

Note: Column M is from Table 4.

Note that Column O above is the amount in Column M (if the amount in Column M is over \$500,000) minus \$500,000; at least \$500,000 is maintained in each sub-region before the adjustment process. Next the amounts in Column N are totaled for the entire state and the amounts in Column O are totaled for the entire state. In this simplified example, the Column N's total would be \$42,280. The Column O total would be \$4,098,917.

The subsequent step in the adjustment process is to determine the percentage to be reallocated. Following the example in Table 5, if only Region 1 and 2 were used in the RAF, the percentages would be seen in Column P in Table 6 below. The proportion of the total amount to be reallocated is in Column Q. Finally, Column M is adjusted by Column Q to equal the final Sub-Amount in Column R.

Table 6: Proportional adjustment

Area	Column P: Proportion of amount available to be reallocated*	Column Q: Amount to be reallocated~	Column R: Final Sub-Amount for Compounded Need†
Region 1 (MSA Counties with urban places)	54%	\$ (22,679)	\$ 2,676,024
Region 1 (Non-MSA Counties or Counties with only rural places)	11%	\$ (4,760)	\$ 956,722
Region 2 (MSA Counties with urban places)	35%	\$ (14,840)	\$ 1,923,892
Region 2 (Non-MSA Counties or Counties with only rural places)	n/a	\$ 42,280	\$ 500,000

*Column P is calculated as follows: if Column M is over \$500,000, then $((\text{Column M} - \$500,000) / \$4,098,917)$

~Column Q is calculated as followed: if Column P is a percentage, then $(\text{Column P} * \$42,280)$; if Column P is n/a, then Column Q equals Column N.

†Column R is calculated as follows: Column M + Column Q.

2016 SINGLE FAMILY REGIONAL ALLOCATION FORMULA METHODOLOGY

IMPORTANT NOTE: This document presents the methodology for applying the Regional Allocation Formula (“RAF”) to Single Family activities funded through the HOME Investment Partnerships Program (“HOME”) and Housing Trust Fund (“HTF”) Program.

Legislative Requirement

Sections 2306.111 and 2306.1115 of the Texas Government Code require that the Texas Department of Housing and Community Affairs (“TDHCA”) use a RAF for the HOME Program, HTF Program, and Housing Tax Credit (“HTC”) Program. The Draft of the RAF presented below analyzes housing need, availability, and an additional population factor relevant to the equitable distribution of housing funds in the State’s urban and rural areas for single family activities.

Section 2306.1115 of the Texas Government Code states:

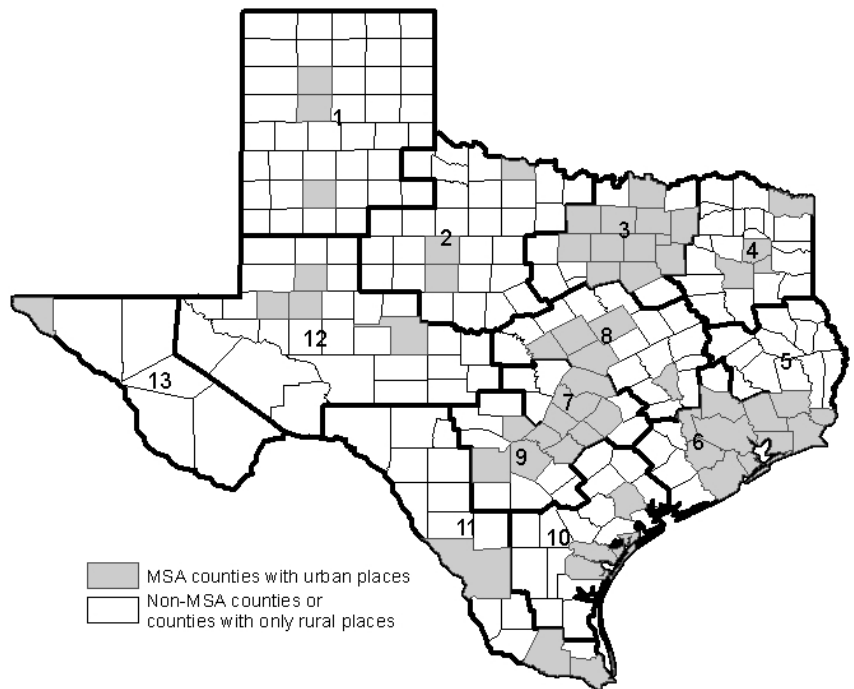
(a) To allocate housing funds under Section 2306.111(d), the department shall develop a formula that:

(1) includes as a factor the need for housing assistance and the availability of housing resources in an urban area or rural area;

(2) provides for allocations that are consistent with applicable federal and state requirements and limitations; and

(3) includes other factors determined by the department to be relevant to the equitable distribution of housing funds under Section 2306.111(d).

(b) The department shall use information contained in its annual state low income housing plan and other appropriate data to develop the formula under this section.



The methodology below outlines the need for housing assistance and the availability of housing in urban and rural areas, in keeping with the statutory requirements. The methodology also includes a regional coverage factor that includes inverse population density for urban and rural areas of TDHCA's 13 Service Regions, in keeping with the statutory requirements to include other factors necessary for equitable distribution of funding.

Methodology*Affordable Housing Need*

Affordable housing need for the HOME Single Family ("SF") RAF and HTF RAF will be measured by variables that relate to the types of assistance available through the HOME SF and HTF programs.

HOME offers Tenant-Based Rental Assistance through which a portion of a recipient's rent is paid to the landlord. HTF offers the Amy Young Barrier Removal Program, which can serve both renters and homeowners. Therefore, renters who need assistance should be included in the analysis. The column on the RAF table for renters with cost burden measures the number of people in Texas that pay over 30% of their income on rent and are "cost burdened." The column for renters experiencing overcrowding measures the number of units with more than one person per room, including the kitchen and bathroom. Both rent burden and overcrowding will be used as variables in the SF RAF.

HOME also offers homebuyer assistance and single family development programs, which are single family activities. For single family development, typically the homes are built by nonprofits or units of local government, and the homes are purchased by low-income homeowners. HTF offers the Amy Young Barrier Removal Program, which can be used for homeowners as mentioned above, and the Bootstrap Loan Program for potential homeowners who use sweat equity, along with low-interest loans, to build and become owners of their homes. Therefore, homeowners who need assistance should be included in the analysis. Areas with high numbers of homeowners experiencing cost burden or overcrowding may signify a need for homebuyer assistance or homeowner assistance. Therefore, factors of income, homeowner cost burden, and homeowner overcrowding are incorporated in the SF RAF.

HOME offers homeowner rehabilitation assistance, which is a single family activity. HTF has many activities that are often paired with rehabilitation, such as the Contract for Deed Conversion Program or Amy Young Barrier Removal. Data regarding units lacking kitchen facilities and plumbing were found to be a complete dataset for use in assessing rehabilitation need for single family housing. The data for lack of kitchen facilities and lack of plumbing facilities did not differentiate between owners and renters. Therefore, both owner and renter data will be included.

Income is the primary measurement of eligibility for housing assistance through TDHCA. HOME and HTF serve households who earn 0-80% Area Median Family Income ("AMFI"). While eligibility for housing assistance is measured by Area Median Income ("AMI"), the AMI datasets showing how many households are in each AMI category lag behind by a full year from the datasets used to calculate poverty. In order to use the most up-to-date data, the measurement of people in poverty will be used.

The percentage of people at 200% poverty is strongly linked with the percentage of people earning 0-80% AMFI. People at or below 200% of the poverty level will qualify for a majority of housing assistance offered through TDHCA's HOME and HTF SF programs. Note that in order for *people* in poverty to be combined with *households* with cost burden and *households* with overcrowding, the number of people in poverty is divided by the average size of a household in Texas: 2.82 per the 2009-2013 American Community Survey five-year estimates.

The extent of Texans needing affordable housing is measured using five variables for single family activities:

1. Cost burden for renters and owners;
2. Overcrowding for renters and owners;
3. Lack of Kitchen for renters and owners;
4. Lack of Plumbing for renters and owners; and
5. People at or below 200% of the poverty rate.

Housing Availability

The extent of additional affordable housing to address Texan's needs is determined by vacant units for rent and homes for sale

Affordable housing availability will be measured by variables that relate directly to housing resources. In order to take into account both market-rate and subsidized units, vacancies will be used. A high number of vacancies indicate that a market has an adequate supply or possibly an oversupply of housing. Vacancies offer a direct measure of housing availability for single-family activities.

Regional Coverage Factor

As stated in §2306.1115(a)(3) of the Texas Government Code, TDHCA shall develop a formula that "includes other factors determined by the department to be relevant to the equitable distribution of housing funds..." As such, the Draft of the 2016 HOME SF RAF methodology proposes to add a Regional Coverage Factor which measures inverse population density. Population density is the number of people divided by the land in which they live. Inverse population density divides the land area by the total population. An inverse density population conveys the amount of land per person in each subregion. A higher number indicates greater population dispersion and hence may at some point indicate an increasing challenge in reaching and serving Texans in that area.

Unlike TDHCA's multifamily programs which focus development primarily in one project area, single family programs are typically scattered site predominately in rural areas of the state. The Regional

Coverage Factor takes into account the smaller populations of rural areas as well as scattered locations of single family projects, instead of relying solely on population as an absolute.

Urban and Rural Areas

In TDHCA's governing statute (updated per House Bill 429, 83 Regular Session), §2306.004 states:

28-a) "Rural area" means an area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area; or

(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.

Section 2306.004(28-a)(B) of the Texas Government Code is applied to "census-designated places" ("places") which correlates to cities, towns and other areas similar to incorporated cities and towns, as designated by the census. The requirement regarding population of 25,000 and the requirement regarding boundaries can be applied to places. The RAF is a macro view compared to one city, town, etc., so data is used from each county. County data is more complete than adding together all the cities, towns, etc. If the RAF only added together the cities, towns, etc., then people who do not live in cities, towns, etc., and units that do not exist in cities, towns, etc., will be excluded. Limiting the data for the RAF to only cities, towns, etc., in each region substantially hinders its decision-making capabilities as an allocation tool. Using the data from counties instead of cities, towns, etc., to allocate for urban and rural areas allows for a more complete picture of the State's demographics. According to Texas Government Code §2306.1115(b), TDHCA must use appropriate data to develop the formula, and for the reasons described above, data from counties is the most appropriate data.

Using Metropolitan Statistical Area ("MSA") data, as provided by the U.S. Office of Management and Budget, the RAF allocation process accounts for the fact that even though a county may be part of an MSA, all of its places meet the definition of rural per §2306.004(28-a). If an MSA county has no places designated as urban, the need and availability of the whole county will be counted toward the rural allocation (i.e., the MSA county had no places over 25,000, nor any places touching a boundary of a place with 25,000). Therefore, the allocation process refers to "MSA counties with urban places" and "Non-MSA counties and counties with only rural places." The need and availability of "MSA counties with urban places" directs the allocation toward the urban places, and the need and availability of "Non-MSA counties and counties with only rural places" directs the allocation toward the rural places.

Note that the RAF does not state that all places in an MSA county with urban places are urban for designations of specific sites. The rural and urban designation for site-specific applications is made at the place-level.

Exceptions to the RAF

According to Texas Government Code §2306.111(d-1), there are certain instances when the RAF would not apply to HOME and HTF funds. For instance, specific set-asides will not be subject to the RAF. This includes set-asides for contract-for-deed conversions and set-asides mandated by state or federal law, if these set-asides are less than 10% of the total allocation of funds or credits. Set-asides for funds allocated to serve persons with disabilities will not be subject to the RAF.

Finally, pursuant to §2306.111(d-1) specifically for HTF, programmed activities that do not exceed \$3 million are not subject to the RAF.

Participating Jurisdictions (“PJs”)

In addition, according to §2306.111(c)(1) and (2), 95% of the funds for HOME must be spent outside Participating Jurisdictions. PJs are areas that receive funding directly from HUD. Because 95 percent of funds cannot be spent within a PJ, the housing need and availability in the PJs will not be counted in the HOME RAF.

The PJ designations are subject to change yearly depending on HUD funding. According to HUD’s 2015 allocation, 33 of the PJs are cities and eight of the PJs are counties. These PJs will be subtracted from the HOME SF version of the RAF.

Example of the need, availability and inverse population density variables used in the HOME SF RAF are in Tables 1, 2, and 3 below. The HTF RAF would be very similar to the HOME SF RAF with the exception that the HTF RAF will include PJs. Note that sample numbers are used for clarity.

Table 1: Example of Need Variables Used, by Sub-region

Region (MSA Counties with urban places)	Column A: People at 200% Poverty without PJs	Column B: Households (“HH”) at 200% Poverty without PJs	Column C: Cost Burden, Owners without PJs	Column D: Cost Burden, Renters without PJs	Column E: Over-crowded Owners without PJs	Column F: Over-crowded Renters without PJs	Column G: Units Lacking Plumbing without PJs	Column H: Units Lacking Kitchen without PJs	Column I: Compounded Need Variables
1	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
2	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
3	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
4	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
5	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
6	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
7	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
8	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
9	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
10	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
11	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
12	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
13	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691

Region (Non-MSA counties and counties with only rural places)	Column A: People at 200% Poverty without PJs	Column B: HH at 200% Poverty without PJs	Column C: Cost Burden, Owners without PJs	Column D: Cost Burden, Renters without PJs	Column E: Over-crowded Owners without PJs	Column F: Over-crowded Renters without PJs	Column G: Units Lacking Plumbing without PJs	Column H: Units Lacking Kitchen without PJs	Column I: Compounded Need
1	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
2	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
3	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
4	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
5	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
6	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
7	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
8	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
9	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
10	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
11	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
12	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
13	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369

Regions	Column A Total	Column B Total	Column C Total	Column D Total	Column E Total	Column F Total	Column G Total	Column H Total	Column I Total
Total	2,570,000	911,348	121,500	287,000	62,000	49,000	123,000	149,000	1,702,848

Table 2: Example of Availability Variables Used, by Sub-region

Region (MSA Counties with urban places)	Column J: Unoccupied Units, For Sale without PJs	Column K: Unoccupied Units, For Rent without PJs	Column L: Regional Vacancies
1	1,500	2,000	3,500
2	1,000	3,000	4,000
3	1,500	2,000	3,500
4	1,000	3,000	4,000
5	1,500	2,000	3,500
6	1,000	3,000	4,000
7	1,500	2,000	3,500
8	1,000	3,000	4,000
9	1,500	2,000	3,500
10	1,000	3,000	4,000
11	1,500	2,000	3,500
12	1,000	3,000	4,000
13	1,500	2,000	3,500

Region (MSA Counties with urban places)	Column J: Unoccupied Units, For Sale without PJs	Column K: Unoccupied Units, For Rent without PJs	Column L: Regional Vacancies
1	1,500	2,000	3,500
2	2,000	2,500	4,500
3	1,500	2,000	3,500
4	2,000	2,500	4,500
5	1,500	2,000	3,500
6	2,000	2,500	4,500
7	1,500	2,000	3,500
8	2,000	2,500	4,500
9	1,500	2,000	3,500
10	2,000	2,500	4,500
11	1,500	2,000	3,500
12	2,000	2,500	4,500
13	1,500	2,000	3,500

Region (MSA Counties with urban places)	Column J Total	Column K Total	Column L Total
Total	39,000	61,000	100,000

Table 3: Example of Population Density variables used, by Sub-region

Region (MSA Counties with urban places)	Column M: Land area without PJs	Column N: Population without PJs	Column O: Regional Coverage Factor (Land Area/Total Population)
1	3,000	350,000	0.009
2	2,000	250,000	0.008
3	3,000	350,000	0.009
4	2,000	250,000	0.008
5	3,000	350,000	0.009
6	2,000	250,000	0.008
7	3,000	350,000	0.009
8	2,000	250,000	0.008
9	3,000	350,000	0.009
10	2,000	250,000	0.008
11	3,000	350,000	0.009
12	2,000	250,000	0.008
13	3,000	350,000	0.009

Region (MSA Counties with urban places)	Column M: Land area without PJs	Column N: Total Population without PJs	Column O: Regional Coverage Factor (Land Area/Total Population)
1	15,000	200,000	0.075
2	13,000	300,000	0.043
3	15,000	200,000	0.075
4	13,000	300,000	0.043
5	15,000	200,000	0.075
6	13,000	300,000	0.043
7	15,000	200,000	0.075
8	13,000	300,000	0.043
9	15,000	200,000	0.075
10	13,000	300,000	0.043
11	15,000	200,000	0.075
12	13,000	300,000	0.043
13	15,000	200,000	0.075

Region (MSA Counties with urban places)	Column M Total	Column N Total	Column O Total
Total	216,000	7,150,000	0.893

Compounded Need

To allocate funds, the RAF will use each sub-region’s ratios of the State’s total. All the variables that measure need will be added together (i.e., compounded) before taking the percentage of each sub-region’s need over the amount of the total need in the State. Table 1, Column I, illustrates how the Compounded Need Variable is derived: Households at 200% of poverty, cost-burdened owners and renters, over-crowded owners and renters, and units lacking kitchen facilities and plumbing facilities are added together, thereby compounding the need.

This compounding balances the relative importance of the variables; variables with very high or very small numbers are combined with the overall total of need, preventing these variables from having a disproportionate or arbitrary amount of weight for their size.

Weights

Building off the usefulness of Tables 1, 2, and 3, which showed the HOME SF Program variables, examples of how the weights work in the RAF are in Tables 4 through 6 on the following pages. Note that the column header letters will also build off the previous table, so if the letters are not in alphabetical order, the column header letter refers to a previous table.

Table 4 (below) shows only Region 1 in MSA counties and the total of all the regions, in order to simplify the example.

In order to apply weights, percentages of need, availability, and population density variables must be taken from the state as a whole. These percentages illustrate the relative need of the sub-region. Table 4 (below) demonstrates how the percentages are derived.

Table 4: Percentages Taken

Area	Column I: Compounded Need Variables	Column P: Percent of State's Total Need	Column L: Regional Vacancies	Column Q: Percent of State's Total Availability	Column O: Regional Coverage Factor Total	Column R: Percent of State's Total Regional Coverage Factor
Region 1 (MSA Counties with urban places)	84,691	5.0%	3,500	3.5%	0.075	8.4%
Total of all Regions	1,702,848		100,000		0.893	

Note: Column I is from Table 1, Column L is from Table 2, and Column O is from Table 3.

A successful allocation formula will provide more funding for areas with high housing need and reduce funding for areas with an abundance of housing resources. In order to get the right relationship between housing and need, the housing availability variable will have negative weight, while the need and regional coverage variables will have positive weight. Because the availability variable should be negative, the need

and inverse population variables are weighted at 20% each and the availability variable is weighted at -20%, giving the appropriate relationship between funding and current availability of resources. The compounded need variable will receive 100% weight (20% per variable). Table 5 shows the application of the weights based on a statewide availability of \$2,500,000¹.

Table 5: Weight Application

Area	Column P: Percent of State's Total Need	Column S: Weight of Need Variables	Column T: Need Variable Allocation*	Column Q: Percent of State's Total Availability	Column U: Weight of Availability Variable	Column V: Availability Variable Allocation~	Column R: Percent of State's Total Regional Coverage Factor	Column W: Weight of Availability Variable	Column X: Availability Variable Allocation^	Column Y: Total Allocation†
Region 1 (MSA Counties with urban places)	5.0%	100.0%	\$ 124,338	3.5%	-20%	\$ (17,500)	1.0%	20%	\$4,799	\$ 111,637

Note: Column P, Q and R taken from Table 4.

*Column T is calculated as follows: Column P x Column S x statewide availability of funds.

~Column V is calculated as follows: Column Q x Column U x statewide availability of funds.

^ Column X is calculated as follows: Column W x Column X x statewide availability of funds.

† Column Y is calculated as follows: Column T + Column V + Column X.

Minimum Sub-regional Allocation Adjustment

For the HOME SF RAF, if the calculated RAF results in a sub-regional funding amount that is less than \$100,000, that sub-region's amount of funding is adjusted to provide for at least a minimum of \$100,000. This is done as a final adjustment to the sub-regional allocation amounts available for award. The process does not take funds from sub-regions with initial funding amounts in excess of \$100,000 and does not reallocate those funds to those sub-regions with initial funding amounts that are less than \$100,000. The final adjustment simply adds a supplemental allocation to bring all sub-regions to a minimum of \$100,000. The process is complete when each sub-region has at least \$100,000.

Table 6 (below) shows the process of supplementing funds to any sub-regions that have initial funding amounts that are less than \$100,000. This table builds from the previous tables included in this methodology and, for ease of explanation, Regions 1 and 2 "MSA counties with urban places" are included. Again, the column header letters build off previous tables, so if the letters are not in alphabetical order, the column letter refers to previous tables.

¹ Although the Attachment A – Sample Allocation for the HOME SF Program is based on a statewide availability of \$10,000,000, the Methodology example is based on a statewide availability of \$2,500,000 to more clearly show a Minimum Sub-regional Allocation Adjustment when initial HOME SF sub-region allocations fall under \$100,000.

Table 6: Sub-region amount under \$100,000

Area	Column Y: Initial Sub-region amount	Column Z: Amount needed to reach \$100,000	Column AA: Final Award Amount
Region 1 (MSA Counties with urban places)	\$111,637	\$-	\$111,637
Region 2 (MSA Counties with urban places)	\$84,255	\$15,745	\$100,000
Total	\$195,892	\$15,745	\$211,637

Note: Column Y is from Table 5.

Since the Region 1 “MSA Counties with urban places” initial Sub-region amount exceeds \$100,000, no adjustment is made to this sub-award. However, Region 2 “MSA counties with urban places” initial Sub-region amount is less than \$100,000, a supplemental award amount is added to bring the sub-region up to the final award amount of \$100,000.

SAMPLE 2016 Housing Tax Credit Regional Allocation Formula Template, Table 1

Region (MSA Counties with urban places)	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Renters	Overcrowded Renters	Vacancies, Rental
1	205,370	72,826	36,750	3,863	6,470
2	100,794	35,743	16,762	1,284	4,811
3	2,242,257	795,127	412,792	67,880	97,197
4	176,960	62,752	25,452	3,196	4,436
5	147,561	52,327	19,695	1,920	5,146
6	2,154,499	764,007	361,017	69,413	100,166
7	555,347	196,932	134,985	16,618	16,804
8	338,097	119,893	62,627	5,722	20,221
9	772,976	274,105	121,977	17,832	25,291
10	203,807	72,272	33,091	5,378	6,127
11	882,370	312,897	63,583	25,370	10,428
12	137,610	48,798	19,180	2,467	2,957
13	412,709	146,351	45,870	9,174	7,079

Region (Non-MSA Counties and counties with only rural places)	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Renters	Overcrowded Renters	Vacancies, Rental
1	130,360	46,227	9,351	2,345	2,689
2	105,088	37,265	8,907	1,253	2,503
3	95,167	33,747	11,940	1,544	1,999
4	261,122	92,596	23,363	3,660	4,737
5	164,394	58,296	15,650	2,058	3,585
6	70,976	25,169	9,734	671	2,116
7	39,589	14,039	3,906	640	1,204
8	111,488	39,535	9,084	1,222	2,834
9	76,420	27,099	7,356	1,903	1,356
10	98,448	34,911	8,159	2,238	1,940
11	158,575	56,232	9,091	3,041	2,190
12	65,031	23,061	4,768	1,045	872
13	11,654	4,133	754	188	218
Total	9,718,669	3,446,337	1,475,844	251,925	335,376

SAMPLE 2016 DRAFT Housing Tax Credit Regional Allocation Formula Template, Table 2

Region (MSA Counties with urban places)	Total of 200% poverty, rent burden, and overcrowding	Percentage of total need variables	150% Weight	Regional Vacancies	Percentage of Total Vacancies	-50.00%	Initial Sub-region amount
1	113,439	2.2%	\$ 1,644,331	6,470	1.9%	\$ (482,294)	\$ 1,162,037
2	53,789	1.0%	\$ 779,679	4,811	1.4%	\$ (358,627)	\$ 421,052
3	1,275,799	24.7%	\$ 18,493,031	97,197	29.0%	\$ (7,245,375)	\$ 11,247,656
4	91,400	1.8%	\$ 1,324,863	4,436	1.3%	\$ (330,674)	\$ 994,190
5	73,942	1.4%	\$ 1,071,803	5,146	1.5%	\$ (383,599)	\$ 688,203
6	1,194,437	23.1%	\$ 17,313,670	100,166	29.9%	\$ (7,466,694)	\$ 9,846,976
7	348,535	6.7%	\$ 5,052,099	16,804	5.0%	\$ (1,252,624)	\$ 3,799,475
8	188,242	3.6%	\$ 2,728,610	20,221	6.0%	\$ (1,507,338)	\$ 1,221,272
9	413,914	8.0%	\$ 5,999,790	25,291	7.5%	\$ (1,885,272)	\$ 4,114,518
10	110,741	2.1%	\$ 1,605,219	6,127	1.8%	\$ (456,726)	\$ 1,148,493
11	401,850	7.8%	\$ 5,824,922	10,428	3.1%	\$ (777,336)	\$ 5,047,586
12	70,445	1.4%	\$ 1,021,117	2,957	0.9%	\$ (220,424)	\$ 800,692
13	201,395	3.9%	\$ 2,919,268	7,079	2.1%	\$ (527,691)	\$ 2,391,577
Region (Non-MSA Counties and counties with only rural places)	Total of 200% poverty, rent burden, and overcrowding	Percentage of total need variables	150% Weight	Regional Vacancies	Percentage of Total Vacancies	-50.00%	Sub-region amount
1	57,923	1.1%	\$ 839,608	2,689	0.8%	\$ (200,447)	\$ 639,162
2	47,425	0.9%	\$ 687,441	2,503	0.7%	\$ (186,582)	\$ 500,860
3	47,231	0.9%	\$ 684,628	1,999	0.6%	\$ (149,012)	\$ 535,616
4	119,619	2.3%	\$ 1,733,915	4,737	1.4%	\$ (353,111)	\$ 1,380,804
5	76,004	1.5%	\$ 1,101,694	3,585	1.1%	\$ (267,237)	\$ 834,457
6	35,574	0.7%	\$ 515,651	2,116	0.6%	\$ (157,733)	\$ 357,918
7	18,585	0.4%	\$ 269,389	1,204	0.4%	\$ (89,750)	\$ 179,639
8	49,841	1.0%	\$ 722,455	2,834	0.8%	\$ (211,255)	\$ 511,199
9	36,358	0.7%	\$ 527,023	1,356	0.4%	\$ (101,081)	\$ 425,942
10	45,308	0.9%	\$ 656,746	1,940	0.6%	\$ (144,614)	\$ 512,132
11	68,364	1.3%	\$ 990,958	2,190	0.7%	\$ (163,250)	\$ 827,708
12	28,874	0.6%	\$ 418,531	872	0.3%	\$ (65,002)	\$ 353,529
13	5,075	0.1%	\$ 73,558	218	0.1%	\$ (16,250)	\$ 57,308
Total	5,174,106	100%		335,376	100%		\$ 50,000,000

Texas Department of Housing and Community Affairs
SAMPLE 2016 DRAFT Housing Tax Credit Regional Allocation Formula Template, Table 3

Region (MSA Counties with urban places)	Initial Sub-region amount	Amount needed to reach \$500,000	Amount over \$500,000 that can be reallocated	Proportion of amount available to be reallocated	Amount to be reallocated	Final Sub-Amount for Compounded Need	Part of total award
1	\$ 1,162,037	\$ -	\$ 662,037	2%	\$ (20,874.37)	\$ 1,141,162	2.28%
2	\$ 421,052	\$ 78,948	\$ -	0%	\$ 78,948.32	\$ 500,000	1.00%
3	\$ 11,247,656	\$ -	\$ 10,747,656	28%	\$ (338,879.37)	\$ 10,908,776	21.82%
4	\$ 994,190	\$ -	\$ 494,190	1%	\$ (15,582.07)	\$ 978,608	1.96%
5	\$ 688,203	\$ -	\$ 188,203	0%	\$ (5,934.15)	\$ 682,269	1.36%
6	\$ 9,846,976	\$ -	\$ 9,346,976	24%	\$ (294,715.18)	\$ 9,552,261	19.10%
7	\$ 3,799,475	\$ -	\$ 3,299,475	9%	\$ (104,034.22)	\$ 3,695,441	7.39%
8	\$ 1,221,272	\$ -	\$ 721,272	2%	\$ (22,742.10)	\$ 1,198,530	2.40%
9	\$ 4,114,518	\$ -	\$ 3,614,518	9%	\$ (113,967.70)	\$ 4,000,550	8.00%
10	\$ 1,148,493	\$ -	\$ 648,493	2%	\$ (20,447.34)	\$ 1,128,046	2.26%
11	\$ 5,047,586	\$ -	\$ 4,547,586	12%	\$ (143,387.83)	\$ 4,904,198	9.81%
12	\$ 800,692	\$ -	\$ 300,692	1%	\$ (9,480.99)	\$ 791,211	1.58%
13	\$ 2,391,577	\$ -	\$ 1,891,577	5%	\$ (59,642.45)	\$ 2,331,935	4.66%
MSA total	\$ 42,883,726					\$ 41,812,987	83.63%
Region (Non-MSA Counties and counties with only rural places)	Initial Sub-region amount	Amount needed to reach \$500,000	Amount over \$500,000 that can be reallocated	Proportion of amount available to be reallocated	Amount to be reallocated	Final Sub-Amount for Compounded Need	Part of total award
1	\$ 639,162	\$ -	\$ 139,162	0%	\$ (4,387.84)	\$ 634,774	1.27%
2	\$ 500,860	\$ -	\$ 860	0%	\$ (27.10)	\$ 500,833	1.00%
3	\$ 535,616	\$ -	\$ 35,616	0%	\$ (1,122.99)	\$ 534,493	1.07%
4	\$ 1,380,804	\$ -	\$ 880,804	2%	\$ (27,772.22)	\$ 1,353,032	2.71%
5	\$ 834,457	\$ -	\$ 334,457	1%	\$ (10,545.60)	\$ 823,911	1.65%
6	\$ 357,918	\$ 142,082	\$ -	0%	\$ 142,082.05	\$ 500,000	1.00%
7	\$ 179,639	\$ 320,361	\$ -	0%	\$ 320,360.66	\$ 500,000	1.00%
8	\$ 511,199	\$ -	\$ 11,199	0%	\$ (353.12)	\$ 510,846	1.02%
9	\$ 425,942	\$ 74,058	\$ -	0%	\$ 74,057.73	\$ 500,000	1.00%
10	\$ 512,132	\$ -	\$ 12,132	0%	\$ (382.53)	\$ 511,750	1.02%
11	\$ 827,708	\$ -	\$ 327,708	1%	\$ (10,332.82)	\$ 817,375	1.63%
12	\$ 353,529	\$ 146,471	\$ -	0%	\$ 146,470.80	\$ 500,000	1.00%
13	\$ 57,308	\$ 442,692	\$ -	0%	\$ 442,692.43	\$ 500,000	1.00%
Non-MSA total	\$ 7,116,274				\$ -	\$ 8,187,013	16.37%
Total		\$ 1,204,612	\$ 38,204,612			\$ 50,000,000	

Texas Department of Housing and Community Affairs
SAMPLE 2016 DRAFT Housing Tax Credit Regional Allocation Formula Template, Table 3

Minimum needed for each region	\$ 500,000
Amount available to be reallocated	\$ 38,204,612
Amount needed to bring underallocated regions to \$500,000	\$ 1,204,612

SAMPLE 2016 HOME Allocation Formula Compounded Need, Table 1 - Raw Data (Multifamily Activities)

Region (MSA Counties with urban places)	People at 200% Poverty without PJs	HH at 200% Poverty without PJs	Cost Burden, Renters without PJs	Overcrowded Renters without PJs	Unoccupied Units, For Rent without PJs
1	31,412	11,139	3,378	566	417
2	18,501	6,561	1,348	166	529
3	456,706	161,952	69,222	8,869	12,797
4	104,256	36,970	10,622	1,857	1,739
5	63,231	22,422	6,514	758	1,892
6	120,360	42,681	14,751	2,164	3,135
7	250,796	88,935	43,430	4,739	5,929
8	132,146	46,860	17,495	1,769	7,757
9	89,039	31,574	10,691	1,990	2,021
10	81,540	28,915	10,519	2,330	2,812
11	116,432	41,288	5,372	2,758	2,313
12	62,975	22,332	7,565	989	1,457
13	94,040	33,348	4,653	1,657	514

Region (non-MSA Counties and counties with only rural places)	People at 200% Poverty without PJs	HH at 200% Poverty without PJs	Cost Burden, Renters without PJs	Overcrowded Renters without PJs	Unoccupied Units, Rental without PJs
1	130,360	46,227	9,351	2,345	2,689
2	105,088	37,265	8,907	1,253	2,503
3	95,167	33,747	11,940	1,544	1,999
4	260,697	92,446	23,241	3,641	4,737
5	164,394	58,296	15,650	2,058	3,585
6	70,976	25,169	9,734	671	2,116
7	39,589	14,039	3,906	640	1,204
8	111,488	39,535	9,084	1,222	2,834
9	76,420	27,099	7,356	1,903	1,356
10	98,448	34,911	8,159	2,238	1,940
11	158,575	56,232	9,091	3,041	2,190
12	65,031	23,061	4,768	1,045	872
13	11,654	4,133	754	188	218
Total	3,009,321	1,067,135	327,501	52,401	71,555

SAMPLE 2016 HOME Allocation Formula Compounded Need, Table 2 - Multifamily Activities

Estimated RAF		\$ 9,500,000.00					
MSA Counties with urban places	Total of 200% poverty, rent burden, and overcrowding	Proportion of Total Need Variables	150% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-50.00%	Sub-region amount
Region 1	15,083	1.0%	\$ 148,533	417	0.6%	\$ (27,682)	\$ 120,852
Region 2	8,075	0.6%	\$ 79,517	529	0.7%	\$ (35,116)	\$ 44,400
Region 3	240,043	16.6%	\$ 2,363,878	12,797	17.9%	\$ (849,497)	\$ 1,514,381
Region 4	49,449	3.4%	\$ 486,961	1,739	2.4%	\$ (115,439)	\$ 371,522
Region 5	29,694	2.1%	\$ 292,421	1,892	2.6%	\$ (125,596)	\$ 166,826
Region 6	59,596	4.1%	\$ 586,883	3,135	4.4%	\$ (208,109)	\$ 378,773
Region 7	137,104	9.5%	\$ 1,350,158	5,929	8.3%	\$ (393,582)	\$ 956,576
Region 8	66,124	4.6%	\$ 651,173	7,757	10.8%	\$ (514,929)	\$ 136,244
Region 9	44,255	3.1%	\$ 435,811	2,021	2.8%	\$ (134,159)	\$ 301,652
Region 10	41,764	2.9%	\$ 411,279	2,812	3.9%	\$ (186,668)	\$ 224,611
Region 11	49,418	3.4%	\$ 486,654	2,313	3.2%	\$ (153,543)	\$ 333,111
Region 12	30,886	2.1%	\$ 304,152	1,457	2.0%	\$ (96,719)	\$ 207,433
Region 13	39,658	2.7%	\$ 390,536	514	0.7%	\$ (34,121)	\$ 356,415
Subtotal							\$ 5,112,796
Non-MSA Counties and counties with only rural places	Total of 200% poverty, rent burden, and overcrowding	Proportion of Total Need Variables	150% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-50.00%	Sub-region amount
Region 1	57,923	4.0%	\$ 570,408	2,689	3.8%	\$ (178,503)	\$ 391,906
Region 2	47,425	3.3%	\$ 467,030	2,503	3.5%	\$ (166,155)	\$ 300,875
Region 3	47,231	3.3%	\$ 465,119	1,999	2.8%	\$ (132,699)	\$ 332,420
Region 4	119,328	8.2%	\$ 1,175,105	4,737	6.6%	\$ (314,454)	\$ 860,651
Region 5	76,004	5.3%	\$ 748,463	3,585	5.0%	\$ (237,981)	\$ 510,481
Region 6	35,574	2.5%	\$ 350,320	2,116	3.0%	\$ (140,465)	\$ 209,855
Region 7	18,585	1.3%	\$ 183,016	1,204	1.7%	\$ (79,925)	\$ 103,092
Region 8	49,841	3.4%	\$ 490,817	2,834	4.0%	\$ (188,128)	\$ 302,689
Region 9	36,358	2.5%	\$ 358,046	1,356	1.9%	\$ (90,015)	\$ 268,031
Region 10	45,308	3.1%	\$ 446,176	1,940	2.7%	\$ (128,782)	\$ 317,394
Region 11	68,364	4.7%	\$ 673,231	2,190	3.1%	\$ (145,378)	\$ 527,854
Region 12	28,874	2.0%	\$ 284,339	872	1.2%	\$ (57,886)	\$ 226,454
Region 13	5,075	0.4%	\$ 49,973	218	0.3%	\$ (14,471)	\$ 35,502
Subtotal							\$ 4,387,204
Total	1,447,037	100%		71,555	100%		\$ 9,500,000

SAMPLE 2016 Housing Trust Fund Regional Allocation Formula Compounded Need, Table 1 - Raw Data

Region (MSA Counties with urban places)	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Owners	Cost Burden, Renters	Over-crowded Owners	Over-crowded Renters	Lacking Kitchen	Lacking Plumbing	Unoccupied Units, For Sale	Unoccupied Units, For Rent	Land Area	Total Population	Inverse Population Density (Land Area/Total Population)
1	205,370	72,826	18,398	36,750	3,338	3,863	6,353	2,457	2,135	6,470	2,716	527,221	0.01
2	100,794	35,743	8,186	16,762	964	1,284	5,836	4,464	1,405	4,811	2,472	284,025	0.01
3	2,242,257	795,127	306,874	412,792	38,092	67,880	56,817	29,798	26,417	97,197	9,603	6,636,832	0.00
4	176,960	62,752	17,189	25,452	3,180	3,196	7,419	5,317	2,194	4,436	2,663	466,976	0.01
5	147,561	52,327	12,085	19,695	2,153	1,920	7,240	4,668	1,739	5,146	2,101	389,474	0.01
6	2,154,499	764,007	269,004	361,017	41,647	69,413	63,250	43,658	25,543	100,166	7,611	6,034,967	0.00
7	555,347	196,932	87,371	134,985	8,780	16,618	12,381	7,035	7,320	16,804	4,220	1,782,032	0.00
8	338,097	119,893	27,379	62,627	3,396	5,722	13,737	6,419	4,750	20,221	4,439	847,005	0.01
9	772,976	274,105	84,631	121,977	13,509	17,832	24,926	14,596	8,904	25,291	4,498	2,082,724	0.00
10	203,807	72,272	18,496	33,091	3,227	5,378	9,766	6,810	2,431	6,127	2,666	521,162	0.01
11	882,370	312,897	51,883	63,583	29,060	25,370	17,643	21,419	5,287	10,428	5,823	1,456,185	0.00
12	137,610	48,798	11,643	19,180	3,756	2,467	5,687	4,114	1,006	2,957	4,235	400,756	0.01
13	412,709	146,351	31,546	45,870	8,624	9,174	7,696	3,934	2,759	7,079	1,013	813,015	0.00

Region (non-MSA Counties and counties with only rural places)	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Owners	Cost Burden, Renters	Over-crowded Owners	Over-crowded Renters	Lacking Kitchen	Lacking Plumbing	Unoccupied Units, For Sale	Unoccupied Units, For Rent	Land Area	Total Population	Inverse Population Density
1	130,360	46,227	7,167	9,351	2,806	2,345	9,322	6,920	1,355	2,689	36,633	319,200	0.11
2	105,088	37,265	7,633	8,907	1,211	1,253	12,226	11,359	2,025	2,503	24,831	265,131	0.09
3	95,167	33,747	9,309	11,940	1,652	1,544	5,719	3,621	2,087	1,999	5,417	247,240	0.02
4	261,122	92,596	22,183	23,363	4,833	3,660	15,653	14,497	3,768	4,737	12,756	649,238	0.02
5	164,394	58,296	11,166	15,650	2,913	2,058	11,448	8,817	2,725	3,585	9,911	379,133	0.03
6	70,976	25,169	5,224	9,734	1,441	671	5,207	4,936	863	2,116	4,578	195,283	0.02
7	39,589	14,039	5,332	3,906	467	640	2,742	2,486	1,033	1,204	4,216	114,280	0.04
8	111,488	39,535	9,446	9,084	2,094	1,222	10,984	8,846	2,508	2,834	12,672	282,584	0.04
9	76,420	27,099	8,532	7,356	2,205	1,903	4,613	3,848	1,589	1,356	6,857	217,137	0.03
10	98,448	34,911	5,628	8,159	2,717	2,238	7,212	6,434	1,128	1,940	14,905	247,110	0.06
11	158,575	56,232	7,207	9,091	4,481	3,041	6,082	6,625	1,053	2,190	18,213	271,060	0.07
12	65,031	23,061	3,301	4,768	1,286	1,045	7,258	6,819	1,075	872	35,496	184,730	0.19
13	11,654	4,133	640	754	304	188	1,195	1,116	272	218	20,687	24,873	0.83
Total	9,718,669	3,446,337	1,047,453	1,475,844	188,136	251,925	338,412	241,013	113,371	335,376	261,230	25,639,373	1.62

SAMPLE 2016 Housing Trust Fund Regional Allocation Formula Compounded Need, Table 2 - Weights

Estimated RAF \$ 3,000,000.00

Region (MSA Counties with urban places)	Total of all Need Variables	Proportion of Total Need Variables	120% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-20.00%	Inverse Population Density	Percentage of Total Inverse Population Density	Weight is 20%	Sub-region amount	Part of total award
1	143,985	2.1%	\$ 61,804	8,605	1.9%	\$ (11,505)	0.0052	0.32%	\$ 1,905	\$ 52,203	1.74%
2	73,239	1.0%	\$ 31,437	6,216	1.4%	\$ (8,311)	0.0087	0.54%	\$ 3,218	\$ 26,344	0.88%
3	1,707,380	24.4%	\$ 732,873	123,614	27.5%	\$ (165,279)	0.0014	0.09%	\$ 535	\$ 568,129	18.94%
4	124,505	1.8%	\$ 53,442	6,630	1.5%	\$ (8,865)	0.0057	0.35%	\$ 2,109	\$ 46,686	1.56%
5	100,088	1.4%	\$ 42,961	6,885	1.5%	\$ (9,206)	0.0054	0.33%	\$ 1,994	\$ 35,750	1.19%
6	1,611,996	23.1%	\$ 691,931	125,709	28.0%	\$ (168,080)	0.0013	0.08%	\$ 466	\$ 524,317	17.48%
7	464,102	6.6%	\$ 199,210	24,124	5.4%	\$ (32,255)	0.0024	0.15%	\$ 876	\$ 167,831	5.59%
8	239,173	3.4%	\$ 102,662	24,971	5.6%	\$ (33,388)	0.0052	0.32%	\$ 1,938	\$ 71,212	2.37%
9	551,576	7.9%	\$ 236,758	34,195	7.6%	\$ (45,721)	0.0022	0.13%	\$ 799	\$ 191,836	6.39%
10	149,040	2.1%	\$ 63,974	8,558	1.9%	\$ (11,443)	0.0051	0.32%	\$ 1,892	\$ 54,423	1.81%
11	521,855	7.5%	\$ 224,000	15,715	3.5%	\$ (21,012)	0.0040	0.25%	\$ 1,479	\$ 204,467	6.82%
12	95,645	1.4%	\$ 41,054	3,963	0.9%	\$ (5,299)	0.0106	0.65%	\$ 3,908	\$ 39,663	1.32%
13	253,195	3.6%	\$ 108,681	9,838	2.2%	\$ (13,154)	0.0012	0.08%	\$ 461	\$ 95,988	3.20%
Subtotal										\$ 2,078,850	69.29%
Region (non-MSA Counties and counties with only rural places)	Total of all Need Variables	Percentage of total need variables	120% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-20.00%	Inverse Population Density	Percentage of Total Inverse Population Density	Weight is 20%	Sub-region amount	Part of total award
1	84,138	1.2%	\$ 36,115	4,044	0.9%	\$ (5,407)	0.1148	7.07%	\$ 42,437	\$ 73,146	2.44%
2	79,854	1.1%	\$ 34,277	4,528	1.0%	\$ (6,054)	0.0937	5.77%	\$ 34,631	\$ 62,854	2.10%
3	67,532	1.0%	\$ 28,987	4,086	0.9%	\$ (5,463)	0.0219	1.35%	\$ 8,102	\$ 31,626	1.05%
4	176,785	2.5%	\$ 75,883	8,505	1.9%	\$ (11,372)	0.0196	1.21%	\$ 7,265	\$ 71,777	2.39%
5	110,348	1.6%	\$ 47,366	6,310	1.4%	\$ (8,437)	0.0261	1.61%	\$ 9,666	\$ 48,595	1.62%
6	52,382	0.7%	\$ 22,484	2,979	0.7%	\$ (3,983)	0.0234	1.44%	\$ 8,668	\$ 27,169	0.91%
7	29,612	0.4%	\$ 12,710	2,237	0.5%	\$ (2,991)	0.0369	2.27%	\$ 13,641	\$ 23,361	0.78%
8	81,211	1.2%	\$ 34,859	5,342	1.2%	\$ (7,143)	0.0448	2.76%	\$ 16,582	\$ 44,298	1.48%
9	55,556	0.8%	\$ 23,847	2,945	0.7%	\$ (3,938)	0.0316	1.95%	\$ 11,677	\$ 31,586	1.05%
10	67,299	1.0%	\$ 28,887	3,068	0.7%	\$ (4,102)	0.0603	3.72%	\$ 22,304	\$ 47,090	1.57%
11	92,759	1.3%	\$ 39,816	3,243	0.7%	\$ (4,336)	0.0672	4.14%	\$ 24,846	\$ 60,326	2.01%
12	47,538	0.7%	\$ 20,405	1,947	0.4%	\$ (2,603)	0.1922	11.84%	\$ 71,053	\$ 88,855	2.96%
13	8,330	0.1%	\$ 3,575	490	0.1%	\$ (655)	0.8317	51.26%	\$ 307,548	\$ 310,468	10.35%
Subtotal										\$ 921,150	30.71%
Total	6,989,120	100%		448,747	100%		1.623	100%		\$ 3,000,000	100.00%

SAMPLE 2016 HOME Allocation Formula Compounded Need, Table 1 - Raw Data (Single Family Activities)

Region (MSA Counties with urban places)	People at 200% Poverty without PJs	HH at 200% Poverty without PJs	Cost Burden, Owners without PJs	Cost Burden, Renters without PJs	Over-crowded Owners without PJs	Over-crowded Renters without PJs	Units Lacking Plumbing without PJs	Units Lacking Kitchen without PJs	Unoccupied Units, For Sale without PJs	Unoccupied Units, For Rent without PJs	Land area without PJs	Total Population without PJs	Regional Coverage Factor (Land Area/Total Population)
1	31412	11,139	3362	3378	709	566	833	1214	328	417	2,495	100,906	0.025
2	18501	6,561	2064	1348	173	166	1746	1841	364	529	2,294	59,902	0.038
3	456706	161,952	95742	69222	9217	8869	10399	19019	8287	12797	7,671	1,907,721	0.004
4	104256	36,970	11291	10622	2014	1857	4244	5092	1556	1739	2,559	289,662	0.009
5	63231	22,422	6764	6514	972	758	2625	3456	1026	1892	1,941	217,803	0.009
6	120360	42,681	17393	14751	3036	2164	4694	5468	1775	3135	2,606	403,910	0.006
7	250796	88,935	52647	43430	5361	4739	4206	7097	4767	5929	3,925	945,232	0.004
8	132146	46,860	13260	17495	1418	1769	3961	8925	2726	7757	4,203	416,223	0.010
9	89039	31,574	15313	10691	2194	1990	2244	3041	1289	2021	3,258	329,423	0.010
10	81540	28,915	6869	10519	1650	2330	3740	5256	1243	2812	2,508	212,169	0.012
11	116432	41,288	5636	5372	4035	2758	4368	3346	1072	2313	3,992	181,924	0.022
12	62975	22,332	5895	7565	2270	989	2381	3024	549	1457	4,141	201,721	0.021
13	94040	33,348	5776	4653	3336	1657	1376	1533	379	514	759	152,220	0.005

Region (non-MSA Counties and counties with only rural places)	People at 200% Poverty without PJs	HH at 200% Poverty without PJs	Cost Burden, Owners without PJs	Cost Burden, Renters without PJs	Over-crowded Owners without PJs	Over-crowded Renters without PJs	Units Lacking Plumbing without PJs	Units Lacking Kitchen without PJs	Unoccupied Units, For Sale without PJs	Unoccupied Units, Rental without PJs	Land area without PJs	Total Population without PJs	Regional Coverage Factor (Land Area/Total Population)
1	130360	46,227	7167	9351	2806	2345	6920	9322	1355	2689	36,633	319,200	0.115
2	105088	37,265	7633	8907	1211	1253	11359	12226	2025	2503	24,831	265,131	0.094
3	95167	33,747	9309	11940	1652	1544	3621	5719	2087	1999	5,417	247,240	0.022
4	260697	92,446	22130	23241	4833	3641	14497	15653	3768	4737	12,752	646,782	0.020
5	164394	58,296	11166	15650	2913	2058	8817	11448	2725	3585	9,911	379,133	0.026
6	70976	25,169	5224	9734	1441	671	4936	5207	863	2116	4,578	195,283	0.023
7	39589	14,039	5332	3906	467	640	2486	2742	1033	1204	4,216	114,280	0.037
8	111488	39,535	9446	9084	2094	1222	8846	10984	2508	2834	12,672	282,584	0.045
9	76420	27,099	8532	7356	2205	1903	3848	4613	1589	1356	6,857	217,137	0.032
10	98448	34,911	5628	8159	2717	2238	6434	7212	1128	1940	14,903	247,110	0.060
11	158575	56,232	7207	9091	4481	3041	6625	6082	1053	2190	18,213	271,060	0.067
12	65031	23,061	3301	4768	1286	1045	6819	7258	1075	872	35,496	184,730	0.192
13	11654	4,133	640	754	304	188	1116	1195	272	218	20,687	24,873	0.832
Total	3,009,321	1,067,135	344,727	327,501	64,795	52,401	133,141	167,973	46,842	71,555	249,519	8,813,359	1.739

SAMPLE 2016 HOME Allocation Formula Compounded Need, Table 2- Single Family Activities

Estimated RAF \$ 10,000,000.00

MSA Counties with urban places	Total of 200% poverty, rent burden, lack of kitchen, lack of plumbing, and overcrowding	Percentage of total need variables	Weight is 100%	Regional Vacancies	Percentage of Total Vacancies	Weight is -20%	Regional Coverage Factor	Percentage of Regional Coverage Factor	Weight is 20%	Seven Variable Sub-region amount	Part of total award
Region 1	21,201	1.0%	\$ 98,259	745	0.6%	\$ (12,585)	0.025	1.4%	\$ 28,442	\$ 114,116	1.14%
Region 2	13,899	0.6%	\$ 64,415	893	0.8%	\$ (15,085)	0.038	2.2%	\$ 44,048	\$ 93,378	0.93%
Region 3	374,420	17.4%	\$1,735,298	21,084	17.8%	\$ (356,158)	0.004	0.2%	\$ 4,624	\$ 1,383,764	13.84%
Region 4	72,090	3.3%	\$ 334,111	3,295	2.8%	\$ (55,660)	0.009	0.5%	\$ 10,162	\$ 288,613	2.89%
Region 5	43,511	2.0%	\$ 201,659	2,918	2.5%	\$ (49,292)	0.009	0.5%	\$ 10,249	\$ 162,616	1.63%
Region 6	90,187	4.2%	\$ 417,982	4,910	4.1%	\$ (82,941)	0.006	0.4%	\$ 7,420	\$ 342,461	3.42%
Region 7	206,415	9.6%	\$ 956,654	10,696	9.0%	\$ (180,680)	0.004	0.2%	\$ 4,776	\$ 780,750	7.81%
Region 8	93,688	4.3%	\$ 434,210	10,483	8.9%	\$ (177,082)	0.010	0.6%	\$ 11,615	\$ 268,742	2.69%
Region 9	67,047	3.1%	\$ 310,738	3,310	2.8%	\$ (55,914)	0.010	0.6%	\$ 11,376	\$ 266,200	2.66%
Region 10	59,279	2.7%	\$ 274,735	4,055	3.4%	\$ (68,498)	0.012	0.7%	\$ 13,594	\$ 219,831	2.20%
Region 11	66,803	3.1%	\$ 309,606	3,385	2.9%	\$ (57,181)	0.022	1.3%	\$ 25,238	\$ 277,664	2.78%
Region 12	44,456	2.1%	\$ 206,035	2,006	1.7%	\$ (33,886)	0.021	1.2%	\$ 23,609	\$ 195,758	1.96%
Region 13	51,679	2.4%	\$ 239,510	893	0.8%	\$ (15,085)	0.005	0.3%	\$ 5,736	\$ 230,161	2.30%
Subtotal										\$ 4,624,055	46.24%
Non-MSA Counties and counties with only rural places	Total of 200% poverty, rent burden, lack of kitchen, lack of plumbing, and overcrowding	Percentage of total need variables	Weight is 100%	Regional Vacancies	Percentage of Total Vacancies	Weight is -20%	Regional Coverage Factor	Percentage of Regional Coverage Factor	Weight is 20%	Seven Variable Sub-region amount	Part of total award
Region 1	84,138	3.9%	\$ 389,948	4,044	3.4%	\$ (68,313)	0.115	6.6%	\$ 131,991	\$ 453,626	4.54%
Region 2	79,854	3.7%	\$ 370,094	4,528	3.8%	\$ (76,488)	0.094	5.4%	\$ 107,712	\$ 401,318	4.01%
Region 3	67,532	3.1%	\$ 312,986	4,086	3.5%	\$ (69,022)	0.022	1.3%	\$ 25,199	\$ 269,163	2.69%
Region 4	176,441	8.2%	\$ 817,736	8,505	7.2%	\$ (143,669)	0.020	1.1%	\$ 22,676	\$ 696,743	6.97%
Region 5	110,348	5.1%	\$ 511,420	6,310	5.3%	\$ (106,591)	0.026	1.5%	\$ 30,065	\$ 434,894	4.35%
Region 6	52,382	2.4%	\$ 242,770	2,979	2.5%	\$ (50,322)	0.023	1.3%	\$ 26,959	\$ 219,406	2.19%
Region 7	29,612	1.4%	\$ 137,239	2,237	1.9%	\$ (37,788)	0.037	2.1%	\$ 42,429	\$ 141,879	1.42%
Region 8	81,211	3.8%	\$ 376,381	5,342	4.5%	\$ (90,239)	0.045	2.6%	\$ 51,575	\$ 337,717	3.38%
Region 9	55,556	2.6%	\$ 257,482	2,945	2.5%	\$ (49,748)	0.032	1.8%	\$ 36,318	\$ 244,053	2.44%
Region 10	67,299	3.1%	\$ 311,904	3,068	2.6%	\$ (51,826)	0.060	3.5%	\$ 69,362	\$ 329,440	3.29%
Region 11	92,759	4.3%	\$ 429,904	3,243	2.7%	\$ (54,782)	0.067	3.9%	\$ 77,278	\$ 452,400	4.52%
Region 12	47,538	2.2%	\$ 220,319	1,947	1.6%	\$ (32,889)	0.192	11.0%	\$ 220,994	\$ 408,424	4.08%
Region 13	8,330	0.4%	\$ 38,605	490	0.4%	\$ (8,277)	0.832	47.8%	\$ 956,553	\$ 986,880	9.87%
										\$ 5,375,945	53.76%
Total	2,157,673	100%		118,397	100%		1.739	100.0%		\$ 10,000,000	100.00%

SAMPLE 2016 HOME Allocation Formula Compounded Need, Table 3- Single Family Activities

Region (MSA Counties with urban places)	Initial Sub-region amount	Supplemental amount needed to reach \$100,000	Final Sub-Amount for Compounded Need	Part of total award
1	\$ 114,116		\$ 114,116	1.14%
2	\$ 93,378	\$ 6,622	\$ 100,000	1.00%
3	\$ 1,383,764	\$ -	\$ 1,383,764	13.83%
4	\$ 288,613	\$ -	\$ 288,613	2.88%
5	\$ 162,616	\$ -	\$ 162,616	1.63%
6	\$ 342,461	\$ -	\$ 342,461	3.42%
7	\$ 780,750	\$ -	\$ 780,750	7.80%
8	\$ 268,742	\$ -	\$ 268,742	2.69%
9	\$ 266,200	\$ -	\$ 266,200	2.66%
10	\$ 219,831	\$ -	\$ 219,831	2.20%
11	\$ 277,664	\$ -	\$ 277,664	2.77%
12	\$ 195,758	\$ -	\$ 195,758	1.96%
13	\$ 230,161	\$ -	\$ 230,161	2.30%
MSA total	\$ 4,624,055		\$ 4,630,676	46.28%

Region (Non-MSA Counties and counties with only rural places)	Initial Sub-region amount	Supplemental amount needed to reach \$100,000	Final Sub-Amount for Compounded Need	Part of total award
1	\$ 453,626	\$ -	\$ 453,626	4.53%
2	\$ 401,318	\$ -	\$ 401,318	4.01%
3	\$ 269,163	\$ -	\$ 269,163	2.69%
4	\$ 696,743	\$ -	\$ 696,743	6.96%
5	\$ 434,894	\$ -	\$ 434,894	4.35%
6	\$ 219,406	\$ -	\$ 219,406	2.19%
7	\$ 141,879	\$ -	\$ 141,879	1.42%
8	\$ 337,717	\$ -	\$ 337,717	3.37%
9	\$ 244,053	\$ -	\$ 244,053	2.44%
10	\$ 329,440	\$ -	\$ 329,440	3.29%
11	\$ 452,400	\$ -	\$ 452,400	4.52%
12	\$ 408,424	\$ -	\$ 408,424	4.08%
13	\$ 986,880	\$ -	\$ 986,880	9.86%
Non-MSA total	\$ 5,375,945		\$ 5,375,945	53.72%
Total		\$ 6,622	\$ 10,006,622	

Texas Department of Housing and Community Affairs
 SAMPLE 2016 HOME Allocation Formula Compounded Need, Table 3- Single Family Activities

Minimum needed for each region	\$	100,000	
Amount available to be reallocated	\$	10,006,622	
Amount needed to bring underallocated regions to \$100,0000	\$	6,622	

1k

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action regarding a Housing Tax Credit Application Amendment for Churchill at Champions Circle (#14051)

RECOMMENDED ACTION

WHEREAS, Churchill at Champions Circle received an award of 9% Housing Tax Credits in 2014 to construct 132 new multifamily units in Fort Worth;

WHEREAS, the Development Owner advised the Department of an anticipated conveyance of a 4.972 acre tract for the construction of an access road and other infrastructure, pursuant to the Contract of Sale, decreasing the development site acreage from 9.972 acres to 5.00 acres and also increases the residential density;

WHEREAS, §2306.6712(d)(6) of the Texas Government Code considers a modification of the residential density of the development of at least 5% to be a material alteration requiring Board approval and the Owner has complied with the amendment requirements in 10 TAC §10.405(a); and

WHEREAS, the changes in site acreage and residential density do not negatively affect the Development, impact the viability of the transaction, or affect the amount of tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment of the Housing Tax Credit application for Churchill at Champions Circle is approved as presented to this meeting and the Executive Director and his designees are each authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Churchill at Champions Circle was submitted and approved for a 9% HTC allocation during the 2014 cycle. The Applicant, Churchill at Champions Circle Community, L.P. (Liam Mulvaney) and Developers (Tony Sisk and Brad Forslund) have requested to amend the application with respect to the site acreage. The Application identified 9.972 acres for the development site, and based on this acreage, the underwriting report identified a density of 13.2 units per acre. However, the underwriting report also stated that the site includes approximately 5 acres for the building and 4.972 acres for public access. This is confirmed in the site control documentation in the Application. The land seller, Roanoke 35/114 Partners, L.P., is to construct the access road and extend utilities to the development site. The Contract of Sale includes a repurchase option, which provides the seller the right to repurchase the access tract at any time within 24

months after the date of the deed. The purchase price for the repurchase option is ten dollars. The access tract, to be known as Outlet Boulevard, provides potential access to the development site from the north (via access to Championship Parkway) and potential access from the development site east to the I-35 frontage road.

The Development Owner, Brad Forslund, explained that the City of Fort Worth (“City”) is now requiring the construction and dedication of the proposed road (Outlet Boulevard) providing access to the I-35 frontage road. The seller is to develop the access tract through a Community Facilities Agreement (“CFA”) with the City. In the event that the seller fails to develop the access tract after re-conveyance, the Development Owner has the right to take over the CFA and the funds escrowed to pay for the infrastructure construction to complete the job itself.

The original seller has also entered into negotiations and pre-development tasks with an outlet mall developer and a retail power center for the neighboring area. However, because the Development’s access to Championship Parkway was needed immediately and because the original seller's negotiations with the City and the outlet mall developer were lengthy, the access tract was divided into two parts, Part A and Part B. Part A is the 0.841-acre of land needed to provide access from the Development to Championship Parkway and also to Golf View Drive, which will abut the Development’s eastern boundary. Part B is the 4.131-acre portion of the access tract that will provide the Development with access to the I-35W frontage road. The Contract of Sale was amended to permit the original seller to exercise its option to repurchase Part A independently of Part B and to also provide that, upon re-conveyance of either Part to the original seller, the Development Owner will retain a non-exclusive access easement over the part re-conveyed until the developed streets are dedicated to the public and accepted for maintenance by the City. The original seller has entered into a CFA with the City for the construction of the infrastructure needed to provide access to the Development via Championship Parkway, and the seller has elected to re-purchase both Part A and Part B. The re-conveyance of Part A occurred in April 2015, and construction on the infrastructure is currently in progress. The re-conveyance of Part B occurred in May 2015, and the improvements are currently in the design stage. The Development Owner retained a non-exclusive access easement over the access tract. The Development Owner also explained that, in order to permit the proposed development of the outlet mall, the City will require Outlet Boulevard to be built in conjunction with the construction of the outlet mall.

The increased residential density is the result of the land conveyed for the road construction and did not affect the original design of the Development. Additionally, this re-conveyance of the access tract does not impact the viability of the transaction. The non-exclusive access easement over the access tract provides the Development Owner with the ability to develop the Property as proposed in the Application. Additionally, it is anticipated that the non-exclusive access easement over the access tract will be included in the legal description in the Land Use Restriction Agreement with the Department.

A modification of the residential density of at least 5% and an increase or decrease in the site acreage greater than 10% from the original site under control and proposed in the Application are considered to be material alterations that require Board approval under 10 TAC §10.405(a)(4)(F) and (G), unless they are a result of

changes required by local government. In this case, the decrease in site acreage and resulting modification to residential density was already contemplated in the Application and is now also a result of local government requirements. However, §2306.6712(d)(6) of the Texas Government Code considers a modification of the residential density of the development of at least 5% to be a material alteration requiring Board approval.

Pursuant to 10 TAC §10.405(a)(5) and Texas Government Code §2306.6712(e), staff must consider whether changes would have resulted in selection or threshold criteria that would have resulted in scoring changes and if the need for the proposed modifications were reasonably foreseeable or preventable by the Applicant at the time the Application was submitted. Staff has reviewed the original application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the application score.

Staff recommends approval of the amendment request.

CHURCHILL AT CHAMPIONS CIRCLE COMMUNITY, L.P.

March 3, 2015

By Email to raquel.morales@tdhca.state.tx.us

Ms. Raquel Morales
Director of Asset Management
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

RE: TDHCA # 14051 Churchill at Champions Circle Apartments,
Fort Worth, Denton County, Texas 76177.

Dear Raquel:

The site for Churchill at Champions Circle Apartments (the "Project") includes a 5.00 acre tract for the development of the multifamily housing apartment complex (the "Site") and a 4.972 acre tract to provide access to the Site (the "Access Tract"). The Access Tract provides potential access to the Site from the north (Championship Parkway) and potential access from the Site east to the I-35 frontage road. This letter is to advise you of an anticipated conveyance pursuant to the Contract for Sale for the Project, which was contemplated under the 2014 9% Housing Tax Credit Application. Attached is Exhibit A from the land contract included in the application (see Exhibit A).

Under the Contract for Sale, the Seller is obligated to construct an access road and water, sewer, gas and electric utility lines (collectively, the "Infrastructure") to the perimeter of the Site, providing access from Championship Parkway. Seller retained a right for 24 months to repurchase the Access Tract in order to install the Infrastructure, which was to be part of the overall development of the planned development of which the Project is a part. The Applicant contracted to have a non-exclusive access easement over the Access Tract in the event that the Seller exercised the Repurchase Option, to be released at such time as the access road is dedicated and accepted as a public street.

In the year since the HTC Application was filed for the Project, the Seller has negotiated the sale of approximately 44 acres which is to be developed as an outlet mall (see Exhibit B), conditioned upon the extension of the Project's access roadway eastward to I-35, and its dedication to the public. The City of Fort Worth is now requiring the construction and dedication of the proposed road providing access to the I-35 frontage road. Accordingly, the Seller has advised us that it anticipates exercising its Repurchase rights under the Contract of Sale in order to develop what is now to be called "Outlet Boulevard". At such time as the Repurchase Option is exercised, the Project's Special Warranty Deed back into the Seller will retain a non-exclusive access easement across the Access Tract for the benefit of the remainder of the Site, which easement shall automatically terminate upon the dedication of the Access Tract to the City of Fort Worth as a public street.

We are advising you of the proposed conveyance that is anticipated to take place in the next 30-60 days. We do not think that the proposed transaction requires an Application Amendment, since the Seller's obligation to construct the Infrastructure and the Repurchase Option were included in the Application; therefore, we have not included an amendment fee. The price for the Repurchase Option is Ten Dollars, so that the underwriting of the Project should not be disturbed. Additionally, the roadway improvement is now a requirement of the City of Fort Worth, so we believe that this transaction meets an exception in the 2015 Uniform Multifamily Rules, where §10.405(a)(4)(G) provides that changes required by local government resulting in an increase or decrease in the site acreage of greater than 10 percent from the original site under control and proposed in the Application are not considered "material alterations" of a development, thereby requiring TDHCA Board approval.

If you have any questions please call me at 972-550-7800 x 222 or email me at bforslund@cri.bz.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley E. Forslund".

Bradley E. Forslund
Authorized Representative
Churchill at Champions Circle Community, L.P.

Enclosures

Exhibit A - Site Map from 2014 9% Housing Tax Credit Application
Exhibit B - Colored Site Plan of Master Planned Mixed Use Development

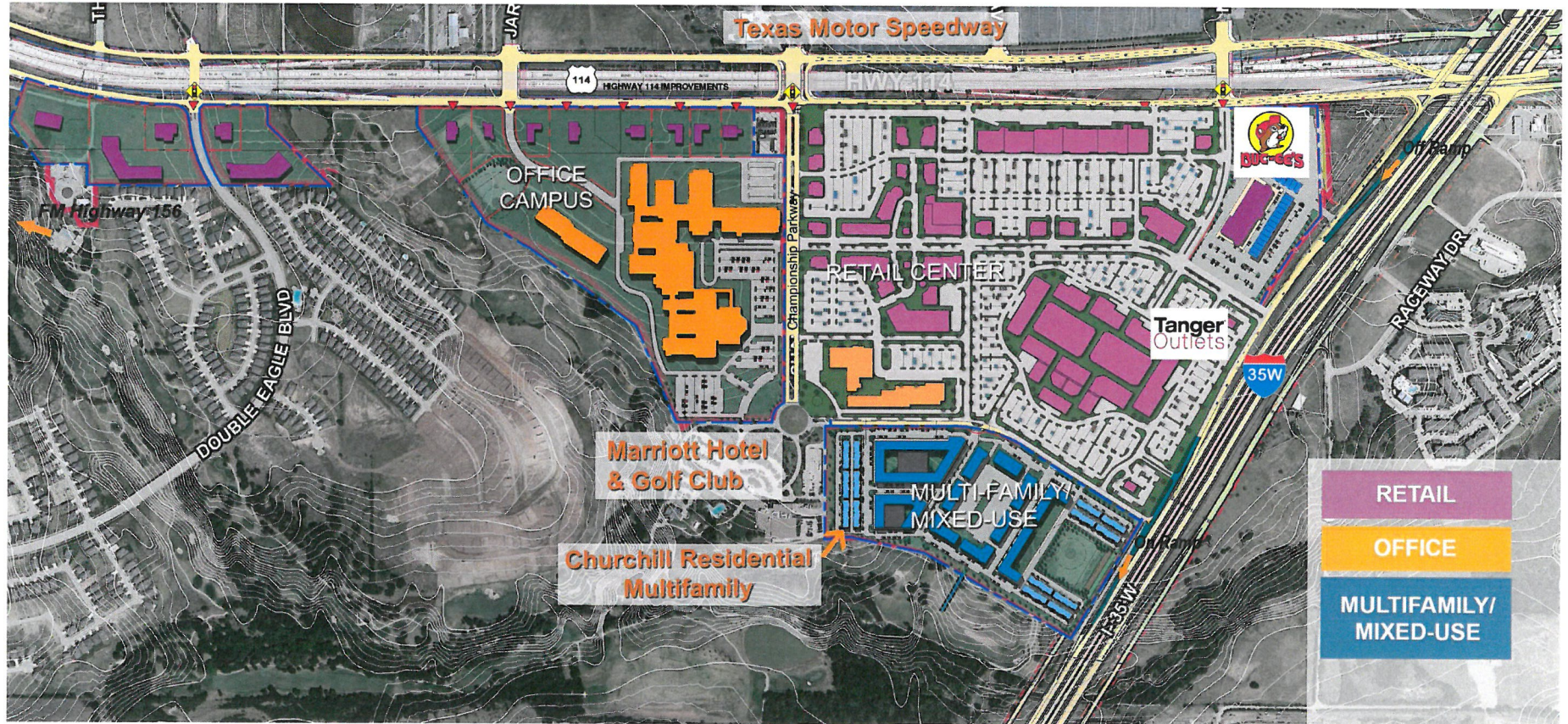


Exhibit B

280 Acre Master Planned Mixed Use Development



May 12, 2015

Mr. Rosalio Banuelos
Senior Asset Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin Texas 78701
512.475.3357
512.475.4420
rosalio.banuelos@tdhca.state.tx.us

Re: TDHCA# 14051; Churchill at Champions Circle, Fort Worth, Texas (Project).

Dear Mr. Banuelos:

The Contract of Sale Agreement (Contract) between Seller (Roanoke 35/114 Partners, L.P. - the master developer of the mixed use Champions Circle development at the SWC of IH 35W and 114 in Fort Worth, Texas) and Buyer (Churchill at Champions Circle Community, L.P) related to two tracts of land: (i) the Project Site, being 5.00 acres; and (ii) the Access Tract, being 4.972 acres, which was necessary to assure that the Project had access to a public street. The Seller was responsible for providing access to the Project Site via Championship Parkway, but the Buyer also wanted the potential to have access to IH 35W, which could be provided through the portion of the Access Tract shown in the attached Exhibit A. Buyer's access concerns were resolved through the conveyance of the Access Tract to the Buyer, with the Seller retaining the right to repurchase the Access Tract in order to develop the Access Tract through a Community Facilities Agreement (CFA) with the City of Fort Worth. While the purchase of the Project Site included the Access Tract, only Ten Dollars of the purchase price was allocated to the Access Site and it was to be re-conveyed for the same nominal consideration. In the event that the Seller failed to develop the Access Tract after re-conveyance, the Buyer had the right to take over the CFA and the funds escrowed to pay for the infrastructure construction, in order to complete the job itself. If the Seller did not exercise its option to reacquire the Access Tract, then because it owned the Access Tract, the Buyer would be able to construct the necessary infrastructure to provide access to the Project.

During the approximately 16 months since the Contract of Sale Agreement was executed, the Seller entered into negotiations and pre-development tasks with a large Outlet Mall developer (Tanger) as well as Bucc'ees, and a large retail Power Center. The attached master development plan (Exhibit B) shows the location of both the proposed future Outlet Blvd and these future users. Clearly the proposed development will benefit the residents of the Project. In order to permit the proposed development, however, the City of Fort Worth will require Outlet Blvd. to be built in conjunction with the construction of Tanger Outlet Mall (see Exhibit C communication from Development Services Administrator with the City of Fort Worth).

Because the Project's access to Championship Parkway was needed immediately, and the Seller's negotiations with the City and the Outlet Mall developer were lengthy, we divided the Access Tract into two parts: (i) Part A is the land needed to provide access from the Project to Championship Parkway and also to Golf View Drive, which will abut the Project's eastern boundary; (ii) Part B is the portion of the Access Tract that will provide the Project with access to the IH 35W frontage road. The Contract was amended to permit the Seller to exercise its option to repurchase Part A independently of Part B, and to also provide that upon



reconveyance of either Part to the Seller, the Buyer retained a non-exclusive access easement over the Part so reconveyed until the developed streets were dedicated to the public and accepted for maintenance by the City of Fort Worth.

The Seller has entered into a CFA with the City for the construction of the infrastructure needed to provide access to the Project via Championship Parkway, and has elected to re-purchase Part A. The reconveyance has taken place and construction on the infrastructure is due to begin imminently. The Seller's option to re-purchase Part B has not been exercised yet.

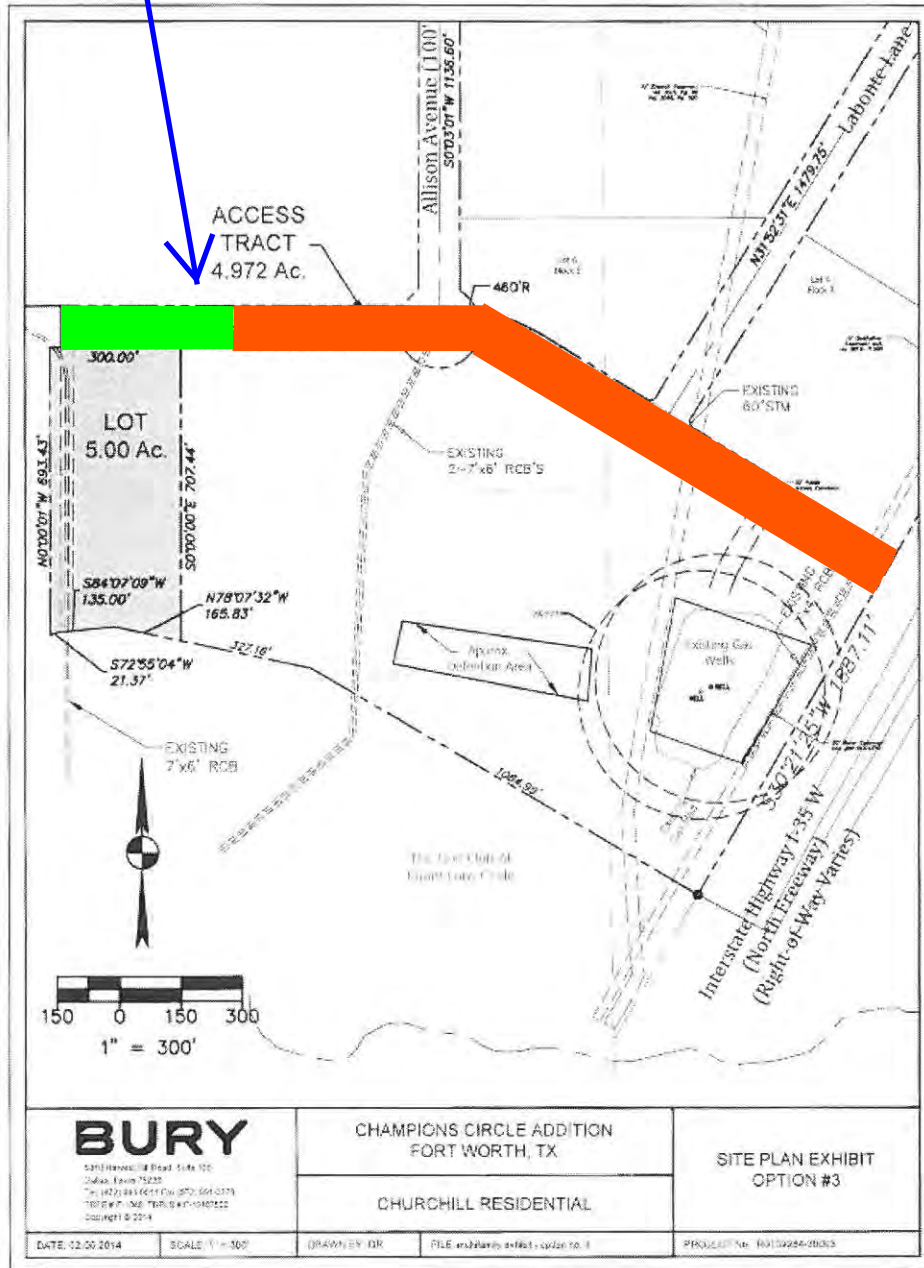
Sincerely,

A handwritten signature in black ink, appearing to read "Brad Forslund", with a stylized flourish at the end.

Brad Forslund
Authorized Representative
Churchill at Champions Circle Community, L.P.

Future "Outlet Boulevard"

Exhibit "A"



Part A - Outlet Boulevard
Part B - Outlet Boulevard

Note: Part A & Part B combine to make the 4.972 acres

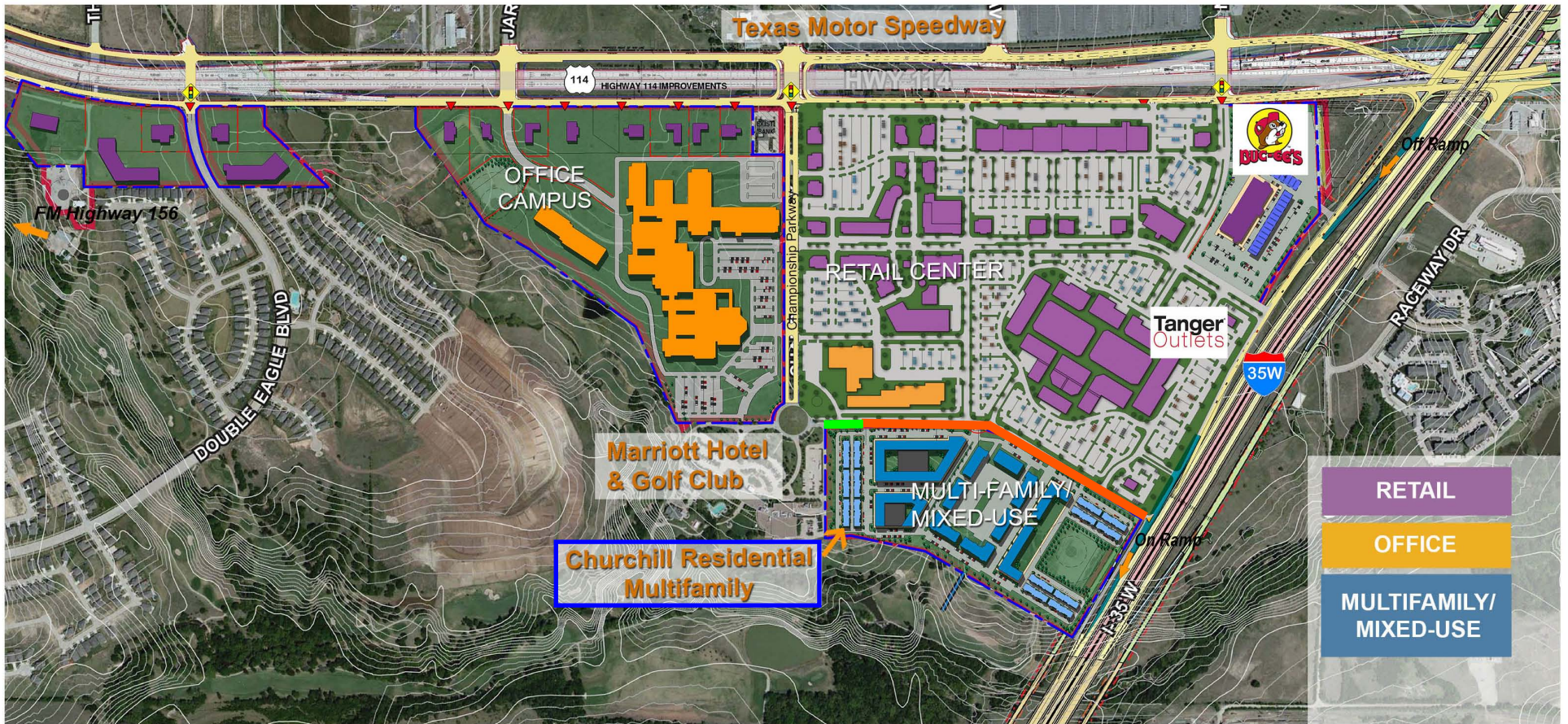


Exhibit B

- Part A Outlet Blvd.
- Part B Outlet Blvd.

280 Acre Master Planned
Mixed Use Development

Exhibit C

From: Schroeder, David [<mailto:David.Schroeder@fortworthtexas.gov>]

Sent: Friday, May 08, 2015 3:52 PM

To: Boecker, Bill

Cc: Harrell, D. J.; Wheaton-Rodriguez, Arty; Spencer, Mirian

Subject: FW: e mail from the city regarding our financing

Bill

The construction of Outlet Blvd will be required to be obligated and financially guaranteed through the execution of a CFA before the plat for the future Tanger Outlet site can be filed. Once filed and construction commences on the Tanger Outlet Mall, the building(s) will not be able to secure a Certificate of Occupancy until Outlet Blvd is constructed and accepted by the City of Fort Worth

Regards

David Schroeder

Development Services Administrator

Planning & Development Dept

City of Fort Worth

T: 817.392.2239

F: 817.392.7985

david.schroeder@fortworthtexas.gov

"City of Fort Worth - Working together to build a strong community"



How am I doing?

Please contact my supervisor Randle Harwood at randle.harwood@fortworthtexas.gov

**FIFTH AMENDMENT TO
CONTRACT OF SALE**

THIS FIFTH AMENDMENT TO CONTRACT OF SALE (this "**Fifth Amendment**") is entered into as of January 15, 2015, by and between ROANOKE 35/114 PARTNERS, L.P. a Texas limited partnership ("**Seller**"), and CHURCHILL AT CHAMPIONS CIRCLE COMMUNITY, L.P., a Texas limited partnership ("**Buyer**").

RECITALS

A. Seller and Churchill Residential, Inc. entered into that certain Contract of Sale dated effective January 15, 2014 ("**Initial Contract**") providing for the purchase and sale of certain real property located in Fort Worth, Denton County, Texas, as more particularly described in the Initial Contract.

B. Seller and Churchill Residential, Inc. entered into that certain First Amendment to Contract of Sale ("**First Amendment**") dated as of February 18, 2014.

C. Churchill Residential, Inc. assigned to Buyer, and Buyer assumed, all of Churchill Residential, Inc.'s rights and obligations under the Initial Contract, as amended.

D. Seller and Buyer entered into that certain Second Amendment to Agreement of Purchase and Sale ("**Second Amendment**") dated as of April 21, 2014.

E. Seller and Buyer entered into that certain Third Amendment to Contract of Sale ("**Third Amendment**") dated as of July 23, 2014.

F. Seller and Buyer entered into that certain Fourth Amendment to Contract of Sale ("**Fourth Amendment**") dated as of September 2, 2014.

G. The Initial Contract, as amended by the First Amendment, the Second Amendment, the Third Amendment, and the Fourth Amendment, is collectively referred to in this Fifth Amendment as the "**Agreement**".

H. The Title Company holds the Initial Earnest Money Deposit and the Additional Earnest Money Deposit.

I. Seller and Buyer desire to further amend the Agreement as more particularly set forth below.

AMENDMENT

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Seller and Buyer agree to amend the Agreement as follows:

1. Section 6 of the Contract is amended in its entirety as follows:

“6. **Infrastructure Construction.**

Seller shall, at Seller’s expense, construct the street to access the Property as shown on **Exhibit D-1** attached to this Fifth Amendment, which shall include the water, storm sewer, gas, electric and telephone lines to the perimeter of the Property (collectively, **Infrastructure**). The Infrastructure shall also include the sidewalks along the street shown on **Exhibit D-1**, but Buyer is responsible for the cost of constructing the sidewalks. The proposed schedule for construction of the Infrastructure is attached as **Exhibit D** to this Fifth Amendment. At Closing Seller and Buyer shall set up an escrow account with Closing Agent with Seller depositing the reasonably estimated costs to complete the Infrastructure (other than the sidewalks), and Buyer depositing the reasonably estimated costs of the sidewalks. Title Company shall hold these funds in escrow pursuant to an escrow agreement (**Infrastructure Escrow Agreement**) mutually agreed upon by Seller, Buyer, Title Company, and the City of Fort Worth. The Infrastructure Escrow Agreement shall provide that Seller shall construct and install the Infrastructure on or before September 1, 2015, pursuant to the plans and specifications provided by Seller, and that Seller may draw funds monthly from the escrow account for the payment of these costs upon submission of appropriate documentation and lien waivers. In the event that Seller has not (i) commenced construction of the Infrastructure within thirty (30) days after Closing; (ii) completed construction of at least 50% of the Infrastructure within ninety (90) days after Closing; or (iii) completed the construction of the Infrastructure by September 1, 2015; then, upon five days’ written notice to Seller, Buyer may take over completion of the Infrastructure using Buyer’s own contractors and shall be entitled to draw upon the escrow account in the same manner as set forth for Seller for payment of sums spent on the completion of the Infrastructure. The provisions of this Paragraph 6 survive Closing.”

2. Section 8.a. of the Agreement is amended in its entirety as follows:

“a. The **Closing** of this Contract will occur in Closing Agent’s offices on or before the earlier of (i) 15 days after City of Fort Worth’s issuance of both the building permits required for Buyer to commence construction of its multifamily residential project on the Property and a “Notice to Proceed” in connection with Seller’s construction of the Infrastructure, or (ii) March 30, 2015 (the **Closing Date**). In consideration of Seller’s agreement to this revised Closing Date, Buyer has paid Seller a \$10,000.00 fee (**Extension Fee**) which has been deposited with Closing Agent. The Extension Fee will not apply to the Purchase Price and will be non-refundable to Buyer except in the event of Seller’s default under this Agreement.”

3. A new Section 8.c. is added to the Agreement as follows:

“c. Buyer acknowledges and consents that prior to Closing Seller shall, at Seller’s expense, record the Outlet Center Restriction, substantially in the form attached hereto as **Exhibit F**, against the Property and that this instrument will be a Permitted Exception.”

4. Section 15(a) is amended by adding an additional fourth condition precedent to Buyer's Closing, as follows:

- “• Seller has not obtained a “Notice to Proceed” from the City of Fort Worth with regard to construction of the Infrastructure.”

5. Exhibit E of the Agreement is amended by revising the first paragraph to read in its entirety as follows:

“In consideration of the mutual covenants contained in this Deed, Grantor reserves the right (a) to repurchase the entire Property from Grantee on the terms and conditions set forth below, if Construction Commencement (as defined below) has not occurred on the Property within twenty-four (24) month after the date of this Deed (the “Property Repurchase Option”), or (b) to repurchase only the Access Tract portion of the Property from Grantee on the terms and conditions set forth below. Access Tract A (as shown on the attached Exhibit E-1) may be repurchased at any time after the date of this Deed and not later than twenty-four (24) months after the date of this Deed, and Access Tract B (as shown on the attached Exhibit E-1) may be repurchased at any time between thirty (30) days after the date of this Deed and not later than twenty-four (24) months after the date of this Deed (each individually and collectively, the “Access Tract Repurchase Option”). “Construction Commencement” means the pouring of the foundations for one or more multi-family buildings to be built on the Property.”

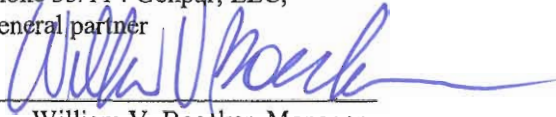
6. Exhibit E of the Agreement is amended by adding the following paragraph after the first two paragraphs:

“If Grantor exercises the Access Tract Repurchase Option, the special warranty deed that Grantee must deliver to Grantor shall provide that Grantee retains a non-exclusive access easement across the Access Tract for the benefit of the remainder of the Property, which easement shall automatically terminate upon the dedication of the Access Tract to the City of Fort Worth as a publicly dedicated street.”

7. All of the capitalized terms used in this Fifth Amendment, unless otherwise defined herein, shall have the same meaning as assigned to such terms in the Agreement.

8. Except as modified and amended as set forth in this Fifth Amendment, the Agreement and all of its terms, conditions, covenants, agreements and provisions are ratified and confirmed by Seller and Buyer and shall remain in full force and effect and enforceable in accordance with its terms.

9. This Fifth Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all such counterparts shall constitute one agreement. To facilitate execution of this Fifth Amendment, the parties may execute and exchange signature pages by facsimile or pdf electronic transmission.

SELLER: **ROANOKE 35/114 PARTNERS, L.P.,**
a Texas limited partnership
By Roanoke 35/114 Genpar, LLC,
its general partner
By: 
William V. Boecker, Manager

BUYER: **CHURCHILL AT CHAMPIONS**
CIRCLE COMMUNITY, L.P.,
a Texas limited partnership

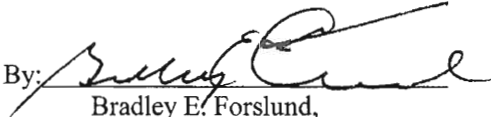
By: 
Bradley E. Forslund,
Authorized Representative

EXHIBIT D

INFRASTRUCTURE PROJECT SCHEDULE

[see following page]

EXHIBIT D-1 STREET PORTION OF INFRASTRUCTURE

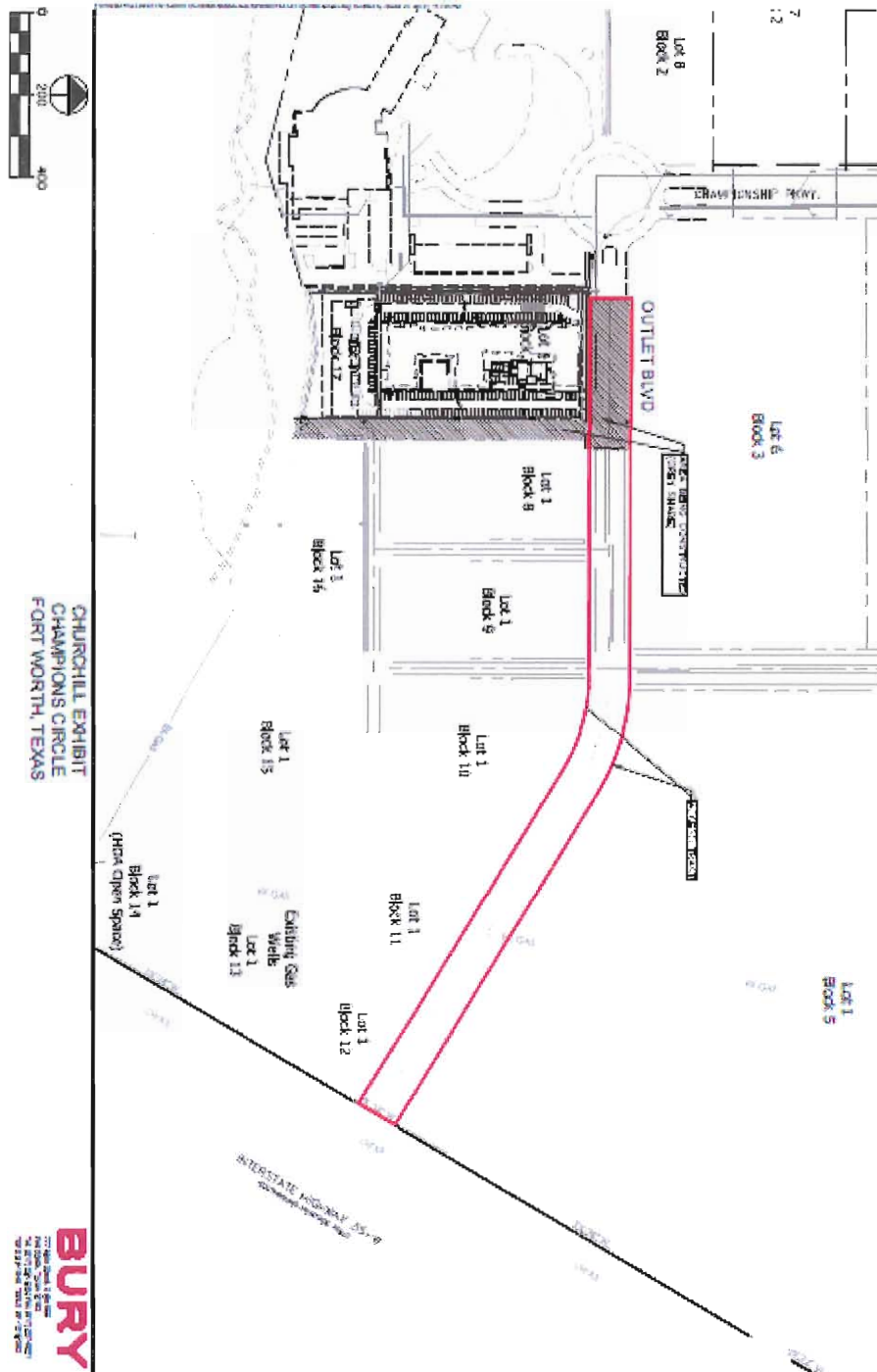


EXHIBIT E-1

DEPICTION OF ACCESS TRACT A AND ACCESS TRACT B

[following page]

EXHIBIT F

OUTLET CENTER RESTRICTION

This **OUTLET CENTER RESTRICTION** (this "Declaration") is made as of this ____ day of _____, 2015 by **Roanoke 35/114 Partners, L.P.**, a Texas limited partnership, with an office at c/o Fine Line Diversified Development, 201 Main Street, Suite 3100, Fort Worth, Texas 76102 ("Declarant").

WHEREAS, Declarant owns fee simple title to certain real estate more particularly described on **Exhibit "A"** (the "Property"); and

WHEREAS, Declarant desires to place certain restrictions upon the Property as hereinafter set forth.

NOW THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, Declarant hereby declares as follows:

1. Declarant, on behalf of itself and its successors and assigns, hereby declares that no portion of the Property shall be developed as an Outlet Center (as defined herein), and that no Outlet Store (as defined herein) shall be permitted to operate on any portion of the Property. The foregoing restriction is hereinafter referred to as the "Restriction."
2. As used herein, "Outlet Center" means any retail shopping facility in which any portion is operated by, or made available for, the operation of one or more Outlet Stores. As used herein, "Outlet Store" means any individual store or other physical facility: (1) operated by manufacturers listed in the International Council of Shopping Centers *VRN Value Retail Directory* and listed in the Index to Retailers under "Outlet Retailers" (or successor publication) for the primary purpose of selling their own branded products, directly to the public, strictly under a value retail concept, or (2) operated by other outlet chain merchants listed in the International Council of Shopping Centers' *VRN Value Retail Directory* and listed in the Index to Retailers under "Outlet Retailers" (or successor publication) for the primary purpose of selling at discount surplus, out-of-season, discontinued, irregular and/or returned merchandise received from manufacturers or full-price retailers, directly to the public, strictly under a value-retail concept; or (3) operated as a department store clearance unit and listed in the Index to Retailers under "Outlet Retailers". For the sake of clarity, the following are examples of stores that would not be included in this definition of "Outlet Store": (a) so-called dollar stores and other discount/variety stores; (b) "big-box" retailers and superstores; (c) catalog stores, consignment stores and antique stores; (d) other entities that may be listed in the International Council of Shopping Centers' *VRN Value Retail Directory* (or successor publication) and may be found in outlet centers, but are not specifically described in clauses (1) and (2) of the definition of "Outlet Store", such as restaurants and full-price or non-value-retail concept vendors; and (e) stores operated for the primary purpose of selling products at retail, but which have sale, discount or markdown racks or departments as an incidental part of their operations.

3. The Restriction is for the sole benefit of the owner, its successors and assigns, ("Owner") of any fee interest in that certain real estate more particularly described on **Exhibit "B"**. Owner shall have the exclusive right to invoke and enforce the Restriction contained herein by any and all means available at law or in equity. No part of this Declaration may be modified, waived or rescinded unless such modification, waiver or rescission is expressly approved by Owner in writing in recordable form, and such writing is then duly recorded in the Official Records of Denton County, Texas, which approval may be granted or withheld in Owner's sole and absolute discretion. The consent (or waiver thereof) given in any instance under the terms of this Declaration shall not relieve Declarant, or its successors or assigns, of any obligation to secure any consent in any other or future instance under the terms of this Declaration.
4. Nothing contained herein shall be deemed a gift or dedication of any portion of the Property described herein to the general public or for any public purpose whatsoever.
5. This Declaration contains the entire agreement by Declarant relating to the subject matter herein contained. Any purported oral representations or modifications concerning this Declaration shall be of no force or effect.
6. All notices hereunder shall be in writing and shall be sent by registered or certified mail, return receipt requested, postage prepaid, hand delivery or by a nationally recognized overnight carrier to the following addresses:

If to Declarant:

Roanoke 35/114 Partners, L.P.
c/o Fine Lane Diversified Development
201 Main Street, Suite 3100
Fort Worth, TX 76102
Attn: William V. Boecker
Email: bboecker@finelinemail.com

with a copy to:

Kelly Hart & Hallman LLP
201 Main Street, Suite 2500
Fort Worth, Texas 76102
Attn: Patricia F. Meadows
e-mail: pati.meadows@kellyhart.com

or at such other address in the United States of America as may be designated in a written notice given in accordance with the provisions of this Section. Notices may be given by counsel for a party if sent in accordance with the provisions of this Section. Notice shall be effective on the date the same is received or refused.

7. The Restriction shall be a covenant running with the land as a burden on the Property.
8. All exhibits attached hereto are hereby incorporated herein and made a part of this Declaration.

9. In the event of any litigation between the Declarant and Owner (or their respective successors and/or assigns, as applicable), the prevailing party shall be entitled to recover its reasonable attorney's fees, attorney disbursements and court costs at all trial and appellate levels from the non-prevailing party.
10. The terms and conditions of this Declaration shall be governed by and construed in accordance with the laws of the State of Texas.
11. The invalidity of any one of the covenants, conditions, restrictions or other provisions herein contained shall in no way affect any of the other covenants, conditions, restrictions or provisions hereof, and the same shall remain in full force and effect.
12. Each individual who has executed this Declaration represents and warrants that he or she is duly authorized to execute this Declaration on behalf of Declarant; that all partnership or other action necessary for Declarant to execute and perform the terms of this Declaration have been duly taken by Declarant; and that no other signature and/or authorization is necessary for Declarant to enter into and perform the terms of this Declaration.

[Signatures on following pages]

IN WITNESS WHEREOF, the undersigned has caused this instrument to be signed and sealed as of this ____ day of _____, 2015.

ROANOKE 35/114 PARTNERS, L.P.,
a Texas limited partnership

By: Roanoke 35/114 Genpar, LLC,
its general partner

By: _____
William V. Boecker, Manager

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

This instrument was acknowledged before me on the ____ day of _____, 2015, by William V. Boecker, Manager of Roanoke 35/114 Genpar, LLC, general partner of **Roanoke 35/114 Partners, L.P.**, a Texas limited partnership, on behalf of said partnership.

Notary Public, State of Texas

Exhibit "A"

Description of the Restricted Property

Tract 1:

BEING a 5.000 acre (217,799 square foot) tract of land situated in Daniel Jesse Survey, Abstract Number 349 and the Daniel Rufus Survey, Abstract Number 362, City of Fort Worth, Denton County, Texas and being a portion of a called 187.34 acre tract of land (Tract 3) described in a Special Warranty Deed with Vendor's Lien to Roanoke 35/114 Partners, L.P., recorded in Instrument Number 2007-21421, Official Public Records Denton County, Texas (O.P.R.D.C.T.); said 5.000 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2-inch iron rod with a yellow plastic cap stamped "Halff Assoc. Inc." found for the Northeast corner of Lot 2, Block 1 of Beechwood Business Park, an Addition to the City of Fort Worth, Denton County, Texas as recorded in Cabinet R, Page 152, Plat Records Denton County (P.R.D.C.T.) said corner being in the West line of said 187.34 acre tract of land and the South line of a 100-foot right-of-way dedicated by said Beechwood Business Park Addition;

THENCE, South 89 degrees 54 minutes 13 seconds East, along said South line, at a distance of 26.10 feet passing a 1/2-inch iron rod with a yellow plastic cap stamped "Halff Assoc. Inc." found for the Southeast corner at the East terminus line of said 100-foot right-of-way, continuing over and across said 187.34 acre tract of land, a total distance of 318.18 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for corner;

THENCE, South 00 degrees 05 minutes 47 seconds West, continuing over and across said 187.34 acre tract of land, a distance 706.88 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for corner in a Southerly line of said 187.34 acre tract of land and being in a Northerly line of Lot 1, Block 1 of said Beechwood Business Park Addition;

THENCE, along the common line of said 187.34 acre tract of land and said Lot 1, Block 1, the following:

North 78 degrees 07 minutes 44 seconds West, a distance of 165.78 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for corner;

South 84 degrees 06 minutes 57 seconds West, a distance of 135.00 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for corner;

South 72 degrees 54 minutes 52 seconds West, a distance of 21.37 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for the most Southerly Southwest corner of said 187.34 acre tract of land same being the Southeast corner of said Lot 2, Block 1;

THENCE, North 00 degrees 00 minutes 13 seconds West, along the common line of said 187.34 acre tract of land and said Lot 2, Block 1, a distance of 693.43 feet to the point of beginning and containing a computed area of 5.000 acres or 217,799 square feet of land.

TRACT 2:

BEING a 4.970 acre (216,502 square foot) tract of land situated in the George W. Shamblin Survey, Abstract Number 1191 and the Daniel Rufus Survey, Abstract Number 362, City of Fort Worth, Denton County, Texas and being a portion of a called 187.34 acre tract of land (Tract 3) described in a Special Warranty Deed with Vendor's Lien to Roanoke 35/114 Partners, L.P., recorded in Instrument Number 2007-21421, Official Public Records, Denton County, Texas (O.P.R.D.C.T.), said 4.970 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a 1/2-inch iron rod with a yellow plastic cap stamped "Halff Assoc. Inc." found for the Northeast corner of Lot 2, Block 1 of Beechwood Business Park, an Addition to the City of Fort Worth, Denton County, Texas as recorded in Cabinet R, Page 152, Plat Records Denton County (P.R.D.C.T.) said corner being in the West line of said 187.34 acre tract of land and the South line of a 100-foot right-of-way dedicated by said Beechwood Business Park Addition;

THENCE, South 89 degrees 54 minutes 13 seconds East, along said South line, a distance of 26.10 feet to a 1/2-

inch iron rod with a yellow plastic cap stamped "Halff Assoc. Inc." found for the point of beginning being the Southeast corner at the East terminus line of said 100-foot right-of-way;

THENCE, South 89 degrees 54 minutes 13 seconds East, along the South line of said championship Parkway, a distance of 26.10 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "Halff Assoc. Inc." found for the point of beginning, being the most easterly Southeast corner of said right-of-way;

THENCE, North 00 degrees 00 minutes 13 seconds West, along said terminus line, a distance of 100.00 feet to a 1/2-inch iron rod with a yellow plastic cap stamped "Halff Assoc. Inc." found for the Northeast corner of said right-of-way;

THENCE, departing said right-of-way over and across said 187.34 acre tract of land the following;

South 89 degrees 54 minutes 13 seconds East, a distance of 914.59 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for the beginning of a curve to the right having a radius of 510.00 feet;

Southeasterly with said curve to the right through a central angle of 31 degrees 34 minutes 17 seconds, for an arc length of 281.02 feet, a chord bearing of South 74 degrees 07 minutes 05 seconds East and a chord distance of 277.48 feet to a 5/8 inch iron rod with a yellow plastic cap stamped "Bury" set for the point of tangency;

South 58 degrees 19 minutes 56 seconds East, a distance of 995.91 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for corner in the Southeasterly line of said 187.34 acre tract of land and being in the Northwestern right-of-way line of Interstate Highway 35-W, (a variable width public right-of-way);

THENCE, South 30 degrees 21 minutes 25 seconds West, along the Northwestern right-of-way line of said Interstate Highway 35-W, a distance of 100.03 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for corner;

THENCE, departing the Northwestern right-of-way line of said Interstate Highway 35-W, over and across said 187.34 acre tract the following;

North 58 degrees 19 minutes 56 seconds West, a distance of 998.19 feet to a 5/8-inch iron rod with a yellow plastic cap stamped "Bury" set for the beginning of a curve to the left having a radius of 410.00 feet;

Northwesterly with said curve to the left through a central angle of 31 degrees 34 minutes 17 seconds, for an arc length of 225.92 feet, a chord bearing of North 74 degrees 07 minutes 05 seconds West and a chord distance of 223.07 feet to a 5/8-inch iron rod with a yellow cap stamped "Bury" set for the point of tangency;

North 89 degrees 54 minutes 13 seconds West, a distance of 914.41 feet to the POINT OF BEGINNING and Containing a computed area of 4.970 acres or 216,502 square feet of land.

Exhibit "B"

Description of the Benefitted Property

BEING a tract of land situated in the G.W. SHAMBLIN SURVEY, ABSTRACT NO. 1191, in the City of Roanoke, Denton County, Texas, being a portion of a tract of land (Tract 3) as described in deed to Roanoke 35/114 Partners, L.P. and Roanoke 35/114 O & G Partners, L.P., recorded in County Clerk's Instrument No. 2007-21421, Official Public Records, Collin County, Texas, and also being a portion of Interstate Highway 35-W, and being more particularly described as follows:

COMMENCING at a 1/2-inch iron rod with a plastic cap stamped "HALFF" found for the Southeast corner of said Tract 3, said point being in the Northwest right-of-way of Interstate Highway 35-W, a variable width right-of-way;

THENCE North 30 deg 20 min 52 sec East, departing the South line of said Tract 3 and along the Northwest right-of-way of said Interstate Highway 35-W, a distance of 952.59 feet to a 5/8-inch iron rod with plastic cap found for corner;

THENCE North 58 deg 20 min 42 sec West, a distance of 50.13 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner on the future Northwest right-of-way of said Interstate Highway 35-W, said point being the POINT OF BEGINNING of the hereon described tract of land;

THENCE departing the future Northwest right-of-way of said Interstate Highway 35-W and over and across said Tract 3, the following courses and distances:

North 58 deg 20 min 42 sec West, a distance of 946.90 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner, said point being the beginning of a curve to the left having a radius of 510.23 feet, a central angle of 28 deg 08 min 09 sec, a chord bearing of North 72 deg 28 min 44 sec West, and a chord length of 246.04 feet;

Along said curve to the left, an arc distance of 250.55 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner;

North 00 deg 00 min 46 sec West, a distance of 1,038.51 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner;

North 89 deg 59 min 13 sec East, a distance of 955.51 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner, said point being the beginning of a curve to the right having a radius of 400.00 feet, a central angle of 31 deg 52 min 52 sec, a chord bearing of South 74 deg 04 min 21 sec East and a chord length of 219.71 feet;

Along said curve to the right, an arc distance of 222.57 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner;

South 58 deg 07 min 55 sec East, a distance of 676.58 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." set for corner on the future Northwest right-of-way of said Interstate Highway 35-W;

THENCE South 30 deg 21 min 19 sec West, along the future Northwest right-of-way of said Interstate Highway 35-W, a distance of 1,382.35 feet to the POINT OF BEGINNING.

CONTAINING within these metes and bounds 44.000 acres or 1,916,647 square feet of land, more or less.

**** Electronically Filed Document ****

Denton County
Juli Luke
County Clerk

Document Number: 2015-42337
Recorded As : ERX-WARRANTY DEED

Recorded On: April 23, 2015
Recorded At: 02:32:45 pm
Number of Pages: 12

Recording Fee: \$70.00

Parties:

Direct- CHURCHHILL AT CHAMPIONS CIRCL
Indirect-

Receipt Number: 1279181
Processed By: Terri Bair

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.



THE STATE OF TEXAS)
COUNTY OF DENTON)

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke

County Clerk
Denton County, Texas

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SPECIAL WARRANTY DEED

WITH RESERVATION OF NON-EXCLUSIVE ACCESS EASEMENT

STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF DENTON

THAT, CHURCHILL AT CHAMPIONS CIRCLE COMMUNITY, L.P., a Texas limited partnership ("**Grantor**") whose address for mailing purposes is 5605 N. MacArthur Blvd., Suite 580, Irving, TX 75038, Attn. Brad Forslund, for and in consideration of the sum of Ten Dollars (\$10.00) cash and other good and valuable consideration paid by ROANOKE 35/114 PARTNERS, L.P., a Texas limited partnership ("**Grantee**"), whose address for mailing purposes is 201 Main Street, Suite 3100, Fort Worth, Texas 76102, Attn. William V. Boecker, the receipt and sufficiency of which are acknowledged, has granted, sold and conveyed, and by these presents does grant, sell and convey, unto Grantee all that certain approximately 0.841 acres of land located in Denton County, Texas described in the attached **Exhibit "A"** (the "**Land**") together with all related rights and appurtenances, including, without limitation, any interest of Grantor in adjacent streets, alleys, rights-of-way, strips, gores, access, utility and other easements benefitting the Land, and any improvements located on the Land (the Land, together with any and all of the related rights, appurtenances, easements, and improvements are collectively referred to as the "**Property**").

This conveyance is made and accepted expressly subject to any and all restrictions, assessments, easements and previously conveyed or reserved mineral and royalty interests, if any, relating to the Property, including but not limited to, those matters described in **Exhibit "B"** attached hereto but only to the extent they are still in effect and shown of record in Denton County, Texas (the "**Permitted Exceptions**").

OTHER THAN THE SPECIAL WARRANTY OF TITLE SET FORTH IN THIS DEED, GRANTOR HAS NOT AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE WHATSOEVER, WITH RESPECT TO THE PROPERTY, AND ALL SUCH WARRANTIES ARE HEREBY DISCLAIMED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING PROVISION, GRANTOR MAKES AND SHALL MAKE, NO EXPRESS OR IMPLIED WARRANTY AS TO MATTERS OF TITLE (OTHER THAN GRANTOR'S SPECIAL WARRANTY OF TITLE SET FORTH IN THIS DEED FOR THE PROPERTY), ZONING, TAX CONSEQUENCES, PHYSICAL OR ENVIRONMENTAL CONDITION (INCLUDING,

RTT GF # 1003-82464

WITHOUT LIMITATION, LAWS, RULES, REGULATIONS, ORDERS AND REQUIREMENTS PERTAINING TO THE USE, HANDLING, GENERATION, TREATMENT, STORAGE OR DISPOSAL OF ANY TOXIC OR HAZARDOUS WASTE OR TOXIC, HAZARDOUS OR REGULATED SUBSTANCE), VALUATION, GOVERNMENTAL APPROVALS, GOVERNMENTAL REGULATIONS OR ANY OTHER MATTER RELATING TO OR AFFECTING THE PROPERTY (COLLECTIVELY, THE "**DISCLAIMED MATTERS**"). GRANTEE WAS GRANTOR'S PREDECESSOR IN TITLE TO THE PROPERTY, AND GRANTEE HAS EXTENSIVE INDEPENDENT KNOWLEDGE CONCERNING THE PROPERTY. WITH RESPECT TO THE PROPERTY, GRANTEE HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF GRANTOR OTHER THAN AS EXPRESSLY SET FORTH IN THIS DEED. GRANTOR SELLS AND CONVEYS TO GRANTEE, AND GRANTEE ACCEPTS THE PROPERTY "AS IS", "WHERE IS", AND WITH ALL FAULTS, AND THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS, COLLATERAL TO OR AFFECTING THE PROPERTY BY GRANTOR OR ANY THIRD PARTY. WITHOUT LIMITING ANY PROVISION OF THIS PARAGRAPH, GRANTEE SPECIFICALLY WAIVES, RELEASES AND DISCHARGES ANY CLAIM AGAINST GRANTOR WITH RESPECT TO THE DISCLAIMED MATTERS.

Grantor excepts and reserves for the benefit of Grantor and its tenants, employees, contractors, licensees, invitees, agents, successors and assigns (collectively, the "**Permitted Users**"), a non-exclusive access easement appurtenant and right-of-way (the "**Retained Access Easement**") for the purpose of providing vehicular and pedestrian ingress and egress over and across the Land described in **Exhibit "A"** (sometimes hereafter called the "**Easement Tract**") providing general access and passage to and from the approximately 4.999 acres of land owned by Grantor and described on **Exhibit "C"** (the "**Benefitted Tract**") and the public roads to which the Easement Tract affords access. Grantor shall have no liability for construction, operation, maintenance or insuring the Easement Tract, but shall have non-exclusive access across any roadway improvements constructed on the Easement Tract.

Grantee and its successors and assigns shall have the right to the full use and enjoyment of the Easement Tract and all areas within, below and above the Easement Tract for all purposes, so long as the same does not unreasonably interfere with the use of the Retained Access Easement by Grantor and the Permitted Users, as authorized hereunder.

Ownership of any and all improvements and alterations constructed within the Easement Tract including, without limitation, any street or roadway, shall, immediately on the completion of installation and/or construction, be deemed Grantee's property, subject to the Retained Access Easement. At such time that the Easement Tract is dedicated to and accepted by the City of Fort Worth as a public street or road connecting the Benefitted Tract to Interstate Highway 35W or its frontage road, the Retained Access Easement shall automatically terminate and be of no further force and effect.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging unto Grantee, Grantee's successors and assigns forever; and Grantor does hereby bind itself, its successors and assigns, to warrant and forever

defend, all and singular, the Property unto Grantee, Grantee's successors and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof, by, through or under Grantor, but not otherwise; provided that this conveyance and the warranty of Grantor contained herein are subject to the Permitted Exceptions, the Retained Access Easement and for ad valorem taxes and assessments for the year of this Deed (which have been prorated) and for subsequent years, the payment of which is assumed by Grantee, and subsequent assessments for prior years due to change in land usage or ownership.

[Signatures on Following Pages]

Parcel A

Executed as of the 23RD day of APRIL, 2015, to be effective as of the date of recording in the Official Public Records of Denton County, Texas.

GRANTOR: **CHURCHILL AT CHAMPIONS CIRCLE COMMUNITY, L.P.**,
a Texas limited partnership

By: LifeNet Champions Circle GP, L.L.C., a Texas limited Liability company, its general partner

By: LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, sole Member

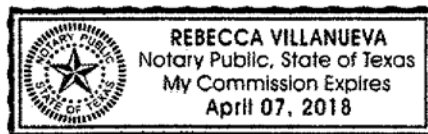
By: *Robert E. Robertson*
Name: Robert E. Robertson
Title: President and Chief Executive Officer

STATE OF TEXAS |

COUNTY OF DALLAS |

This instrument was acknowledged before this 23RD day of April, 2015, by Robert E. Robertson, President and Chief Executive Officer of LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, the sole Member of LifeNet Champions Circle GP, L.L.C., a Texas limited liability company, the general partner of Churchill at Champions Circle Community, L.P., a Texas limited partnership, on behalf of said limited partnership.

Rebecca Villanueva
Notary Public – State of Texas



Accepted by GRANTEE:

ROANOKE 35/114 PARTNERS, L.P.,

a Texas limited partnership


By Roanoke 35/114 Genpar, LLC,
a Texas limited liability company,
its general partner

By: 
William V. Boecker, Manager

STATE OF TEXAS |

COUNTY OF TARRANT |

This instrument was acknowledged before this 23rd day of April 2015, by William V. Boecker, Manager of Roanoke 35/114 Genpar, LLC, a Texas limited liability company, the general partner of **Roanoke 35/114 Partners, L.P.**, a Texas limited partnership, on behalf of said limited partnership.


Notary Public - State of Texas

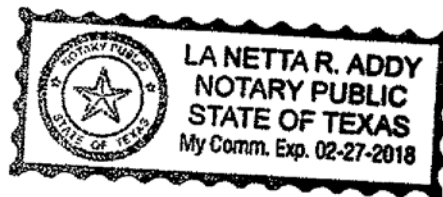


EXHIBIT "A"**THE LAND**

BEING 36,626 square feet or (0.841 acres) of land in the Rufus Daniel Survey, Abstract Number 362, City of Fort Worth, Denton County, Texas; said 36,626 square feet or (0.841 acres) of land being a portion of that certain tract of land described in a Special Warranty Deed to Roanoke 35/114 Partners, L.P., a Texas limited partnership (hereinafter referred to as Roanoke 35/114 tract), as recorded in Instrument Number 2007-21421, Deed Records, Denton County, Texas (D.R.D.C.T.) and corrected in Instrument Number 2014-96174, D.R.D.C.T.; said 36,626 square feet or (0.841 acres) being more particularly described, by metes and bounds, as follows:

BEGINNING at a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Southeast corner of the existing Championship Parkway (100' right-of-way), as recorded in Cabinet R, Page 152, Plat Records, Denton County, Texas;

THENCE North 00 degrees 00 minutes 13 seconds West with the common line between the Easterly terminus of said Championship Parkway and the remainder of said Roanoke 35/114 tract, a distance of 100.00 feet to a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Easterly Northeasterly corner of said Championship Parkway;

THENCE crossing said Roanoke 35/114 tract for the following 3 courses:

1. South 89 degrees 54 minutes 13 seconds East, a distance of 366.26 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found;
2. South 00 degrees 00 minutes 13 seconds East, a distance of 100.00 feet to a feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found;
3. North 89 degrees 54 minutes 13 seconds West, a distance of 366.26 feet to the PLACE OF BEGINNING, and containing 36,626 square feet or (0.841 acres) of land.

BEING that portion of OUTLET BOULEVARD as dedicated by Plat recorded in Document No. 2015-133, Plat Records, Denton County, Texas.

EXHIBIT "B"**PERMITTED EXCEPTIONS**

1. Restrictive covenants filed 09/16/1997, cc# 97R0064766, Real Property Records of Denton County, Texas.
2. Restrictive covenants recorded in Volume 4505, Page 778, Real Property Records of Denton County, Texas. As affected by instruments recorded in Volume 4538, Page 426, Volume 4975, Page 2203, Volume 5020, Page 824, Volume 5396, Page 321, cc# 2005-121136 and cc# 2007-33922, Real Property Records, Denton County, Texas.
3. Terms, provisions, and conditions contained in that certain Outlet Center Restriction executed by Roanoke 35/114 Partners, L.P., filed on April 15, 2015, recorded in cc# 2015-38629, Real Property Records, Denton County, Texas.
4. Terms, provisions, conditions, obligations, assessments and liens contained in instrument recorded in Volume 4505, Page 778, Real Property Records, Denton County, Texas. First Amendment filed 03/02/2000, recorded in Volume 4538, Page 426, Real Property Records, Denton County, Texas. Second Amendment filed 12/03/2001, recorded in Volume 4975, Page 2203, Real Property Records, Denton County, Texas. Amendment to Second Amendment filed 02/08/2002, recorded in Volume 5020, Page 824, Real Property Records, Denton County, Texas. Designation of Declarant and Assignment and Assumption of Rights and Obligations 08/14/2003, recorded Volume 5396, Page 321, filed 09/29/2005, recorded in cc# 2005-121136; and filed 03/22/2007, recorded in cc# 2007-33922, Real Property Records, Denton County, Texas.
5. Mineral estate and interest in coal, lignite, and other minerals together with all rights, privileges and immunities thereto described in instrument dated 09/16/1997, recorded in cc# 970064765, Real Property Records, Denton County, Texas. Amendment filed 11/26/2003, recorded in cc# 2003-193570, Real Property Records, Denton County, Texas.
6. Terms, provisions, and conditions of Easement, Release and Disclosure Agreement filed 05/15/2003, recorded in Volume 5333, Page 2066, Real Property Records, Denton County, Texas.
7. Mineral estate and interest in coal, lignite, and other minerals together with all rights, privileges and immunities thereto described in instrument filed 09/18/2001, recorded in Volume 4924, Page 293, Real Property Records, Denton County, Texas.
8. Mineral lease, together with all rights, privileges and immunities incident thereto, as evidenced by Memorandum, filed 06/18/2004, recorded in cc# 2004-80166, Real Property Records, Denton County, Texas. First Modification filed 08/05/2004, recorded in cc# 2004-103416, Real Property Records, Denton County, Texas. Second Modification filed 03/04/2005, recorded in cc# 2005-25407, Real Property Records, Denton County, Texas. Third Modification filed 03/07/2014, recorded in cc# 2014-20145, Real Property Records, Denton County, Texas. Fourth Modification filed 10/29/2014, recorded in cc# 2014-110049, Real Property Records, Denton County, Texas.

9. Easement granted by JH Rice to Denton County Electric Cooperative, Inc., filed 03/05/1954, recorded in Volume 403, Page 553, Real Property Records, Denton County, Texas.
10. Easement granted by W. W. Cowan and wife, Veda Cowan to Magnolia Petroleum Company, filed 09/20/1940, recorded in Volume 286, Page 473, Real Property Records, Denton County, Texas. Assigned by Magnolia Petroleum Company to Magnolia Pipe Line Company by instrument filed 03/26/1958, recorded in Volume 436, Page 194, Real Property Records, Denton County, Texas.
11. Easement granted by W. W. Cowan and wife, Effie Veda Cowan to Denton County Electric Cooperative, Inc., filed 09/06/1947, recorded in Volume 339, Page 218, Real Property Records of Denton County, Texas.
12. Mineral estate and interest in coal, lignite and other minerals together with all rights, privileges and immunities thereto described in instrument filed 11/25/1922, recorded in Volume 184, Page 370, Real Property Records, Denton County, Texas.
13. Easement granted by Mrs. W. M. Waterman to Magnolia Petroleum Company, filed 08/21/1940, recorded in Volume 287, Page 90, Real Property Records of Denton County, Texas. Assigned by Magnolia Petroleum Company to Magnolia Pipe Line Company by instrument filed 03/26/1958, recorded in Volume 436, Page 194, Real Property Records, Denton County, Texas. Assigned to Enbridge Pipelines (North Texas) L.P. by instrument recorded in cc# 2005-24425, Real Property Records, Denton County, Texas.
14. Easement granted by W. M. Waterman and wife, Clara Waterman to Denton County Electric Cooperative, Inc., filed 05/22/1954, recorded in Volume 404, Page 277, Real Property Records, Denton County, Texas.
15. Terms, provisions, conditions and mineral royalties and payments retained in Deed from Beechwood Business Park Joint Venture to Beechwood Business Park, L.P., filed 08/14/2003, recorded in Volume 5396, Page 302, Real Property Records, Denton County, Texas, as conveyed to ANDV 97, Inc. in Deed filed 08/14/2003, recorded in Volume 5396, Page 324, Real Property Records, Denton County, Texas. Correction filed 04/22/2004, under cc# 2004-51033, Real Property Records, Denton County, Texas.
16. Mineral estate and interest in coal, lignite and other minerals together with all rights, privileges and immunities thereto described in instrument filed 02/22/2007, recorded in cc# 2007-21421, Real Property Records, Denton County, Texas.
17. Any unrecorded easement, either public or private, which exists or may later be claimed as existing for construction, maintenance, repair, and/or replacement of the following matters crossing the Property, to the extent that said matters are not located within utility easements:

Gas lines, overhead wire, pole, guy wire, gravel road and telephone pedestal over and across central portion of the Property.

18. Permanent Drainage Facility Easement granted by Roanoke 35/114 Partners, L.P. to the City of Fort Worth, filed 04/14/2015, recorded in cc# 2015-36731, Real Property Records, Denton County, Texas.
19. Terms, provisions, and conditions of Stormwater Facility Maintenance Agreement by and between Roanoke 35/114 Partners, L.P., Beechwood Business Park Association, and the City of Fort Worth, filed 04/___/2015, recorded in cc# _____, Real Property Records, Denton County, Texas.
20. Rights, if any, of third parties including, but not limited to, the Public to that portion of the Property lying within a Public or Private Road, as dedicated by Plat recorded in Document No. 2015-133, Plat Records, Denton County, Texas.
21. Rights of Ag Partners, Inc., a Texas corporation, under that certain unrecorded Agricultural Lease by and between Roanoke 35/114 Partners, L.P., as lessor, and Ag Partners, Inc., as lessee, dated effective November 1, 2011, as affected by that certain Partial Termination of Agricultural Lease of even date herewith.

EXHIBIT "C"
BENEFITED LAND

BEING 4.999 acres or (217,749 square feet) of land in the Rufus Daniel Survey, Abstract Number 362 and Jesse Daniel Survey, Abstract Number 349, City of Fort Worth, Denton County, Texas; said 4.999 acres or (217,749 square feet) of land being a portion of that certain tract of land described in a Special Warranty Deed to Roanoke 35/114 Partners, L.P. (hereinafter referred to as Roanoke 35/114 tract), as recorded in Instrument Number 2007-21421, and corrected in Instrument Number 2014-96174, Deed Records, Denton County, Texas (D.R.D.C.T.); said 4.999 acres or (217,749 square feet) being more particularly described, by metes and bounds, as follows:

BEGINNING at a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Northeast corner of that certain tract of land described as Lot 2, Block 1, Beechwood Business Park (hereinafter referred to as Lot 2), an addition to the City of Fort Worth, Denton County, Texas, according to the plat recorded in Cabinet R, Slide 152, Plat Records, Denton County, Texas (P.R.D.C.T.), same being an angle point in the Westerly line of said Roanoke 35/114 tract, same also being the existing Southerly right-of-way line of Championship Parkway (100' right-of-way), as recorded in Cabinet R, Page 152, P.R.D.C.T.;

THENCE South 89 degrees 54 minutes 13 seconds East with the common line between said Roanoke 35/114 tract and the existing Southerly right-of-way line of said Championship Parkway, passing at a distance of 26.10 feet a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Southeasterly corner of said Championship Parkway and continue with said course and crossing said Roanoke 35/114 tract for a total distance of 308.18 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found;

THENCE South 44 degrees 54 minutes 13 seconds East, continue crossing said Roanoke 35/114 tract, a distance of 14.14 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found for corner;

THENCE South 00 degrees 05 minutes 47 seconds West, continue crossing said Roanoke 35/114 tract, a distance of 696.88 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found in the Northerly line of Lot 1, Block 1 of the aforesaid Beechwood Business Park (hereinafter referred to as Lot 1), an addition to the City of Fort Worth, Denton County, Texas, according to the plat recorded in Cabinet R, Slide 152, P.R.D.C.T., same being the Southerly line of said Roanoke 35/114 tract;

THENCE North 78 degrees 07 minutes 44 seconds West with the common line between said Roanoke 35/114 tract and said Lot 1, a distance of 165.78 feet to a one-half inch iron rod with plastic cap found for an angle point in the Southerly line of said Roanoke 35/114 tract, same being an angle point in the Northerly line of said Lot 1;

Parcel A

THENCE South 84 degrees 06 minutes 57 seconds West, continue with the common line between said Roanoke 35/114 tract and said Lot 1, a distance of 135.00 feet to a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for an angle point in the Southerly line of said Roanoke 35/114 tract, same being an angle point in the Northerly line of said Lot 1;

THENCE South 72 degrees 54 minutes 52 seconds West, continue with the common line between said Roanoke 35/114 tract and said Lot 1, a distance of 21.37 feet to a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Southwest corner of said Roanoke 35/114, same being the Northerly line of said Lot 1, same also being the Southeast corner of the aforesaid Lot 2;

THENCE North 00 degrees 00 minutes 13 seconds West with the common line between said Roanoke 35/114 tract and said Lot 2, a distance of 693.43 feet to the PLACE OF BEGINNING, and containing 4.999 acres or (217,749 square feet) of land.

**** Electronically Filed Document ****

Denton County
Juli Luke
County Clerk

Document Number: 2015-56514
Recorded As : ERX-WARRANTY DEED

Recorded On: May 27, 2015
Recorded At: 11:53:29 am
Number of Pages: 13

Recording Fee: \$74.00

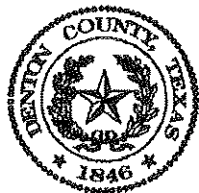
Parties:

Direct- CHURCHILL AT CHAMPIONS CIRCLE
Indirect-

Receipt Number: 1292867
Processed By: Carmen Robinson

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.



THE STATE OF TEXAS)
COUNTY OF DENTON]

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed herein, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke

County Clerk
Denton County, Texas

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

1005 52964

SPECIAL WARRANTY DEED

WITH RESERVATION OF NON-EXCLUSIVE ACCESS EASEMENT

STATE OF TEXAS

COUNTY OF DENTON

KNOW ALL MEN BY THESE PRESENTS:

THAT, CHURCHILL AT CHAMPIONS CIRCLE COMMUNITY, L.P., a Texas limited partnership ("Grantor") whose address for mailing purposes is 5605 N. MacArthur Blvd., Suite 580, Irving, TX 75038, Attn. Brad Forslund, for and in consideration of the sum of Ten Dollars (\$10.00) cash and other good and valuable consideration paid by ROANOKE 35/114 PARTNERS, L.P., a Texas limited partnership ("Grantee"), whose address for mailing purposes is 201 Main Street, Suite 3100, Fort Worth, Texas 76102, Attn. William V. Boecker, the receipt and sufficiency of which are acknowledged, has granted, sold and conveyed, and by these presents does grant, sell and convey, unto Grantee all that certain approximately 4.129 acres of land located in Denton County, Texas described in the attached Exhibit "A" (the "Land") together with all related rights and appurtenances, including, without limitation, any interest of Grantor in adjacent streets, alleys, rights-of-way, strips, gores, access, utility and other easements benefitting the Land, and any improvements located on the Land (the Land, together with any and all of the related rights, appurtenances, easements, and improvements are collectively referred to as the "Property").

This conveyance is made and accepted expressly subject to any and all restrictions, assessments, easements and previously conveyed or reserved mineral and royalty interests, if any, relating to the Property, including but not limited to, those matters described in Exhibit "B" attached hereto but only to the extent they are still in effect and shown of record in Denton County, Texas (the "Permitted Exceptions").

OTHER THAN THE SPECIAL WARRANTY OF TITLE SET FORTH IN THIS DEED, GRANTOR HAS NOT AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE WHATSOEVER, WITH RESPECT TO THE PROPERTY, AND ALL SUCH WARRANTIES ARE HEREBY DISCLAIMED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING PROVISION, GRANTOR MAKES AND SHALL MAKE, NO EXPRESS OR IMPLIED WARRANTY AS TO MATTERS OF TITLE (OTHER THAN GRANTOR'S SPECIAL WARRANTY OF TITLE SET FORTH IN THIS DEED FOR THE PROPERTY), ZONING, TAX CONSEQUENCES, PHYSICAL OR ENVIRONMENTAL CONDITION (INCLUDING,

WITHOUT LIMITATION, LAWS, RULES, REGULATIONS, ORDERS AND REQUIREMENTS PERTAINING TO THE USE, HANDLING, GENERATION, TREATMENT, STORAGE OR DISPOSAL OF ANY TOXIC OR HAZARDOUS WASTE OR TOXIC, HAZARDOUS OR REGULATED SUBSTANCE), VALUATION, GOVERNMENTAL APPROVALS, GOVERNMENTAL REGULATIONS OR ANY OTHER MATTER RELATING TO OR AFFECTING THE PROPERTY (COLLECTIVELY, THE "DISCLAIMED MATTERS"). GRANTEE WAS GRANTOR'S PREDECESSOR IN TITLE TO THE PROPERTY, AND GRANTEE HAS EXTENSIVE INDEPENDENT KNOWLEDGE CONCERNING THE PROPERTY. WITH RESPECT TO THE PROPERTY, GRANTEE HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF GRANTOR OTHER THAN AS EXPRESSLY SET FORTH IN THIS DEED. GRANTOR SELLS AND CONVEYS TO GRANTEE, AND GRANTEE ACCEPTS THE PROPERTY "AS IS", "WHERE IS", AND WITH ALL FAULTS, AND THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS, COLLATERAL TO OR AFFECTING THE PROPERTY BY GRANTOR OR ANY THIRD PARTY. WITHOUT LIMITING ANY PROVISION OF THIS PARAGRAPH, GRANTEE SPECIFICALLY WAIVES, RELEASES AND DISCHARGES ANY CLAIM AGAINST GRANTOR WITH RESPECT TO THE DISCLAIMED MATTERS.

Grantor excepts and reserves for the benefit of Grantor and its tenants, employees, contractors, licensees, invitees, agents, successors and assigns (collectively, the "Permitted Users"), a non-exclusive access easement appurtenant and right-of-way (the "Retained Access Easement") for the purpose of providing vehicular and pedestrian ingress and egress over and across the Land described in Exhibit "A" (sometimes hereafter called the "Easement Tract") providing general access and passage to and from the approximately 4.999 acres of land owned by Grantor and described on Exhibit "C" (the "Benefitted Tract") and the public roads to which the Easement Tract affords access. Grantor shall have no liability for construction, operation, maintenance or insuring the Easement Tract, but shall have non-exclusive access across any roadway improvements constructed on the Easement Tract.

Grantee and its successors and assigns shall have the right to the full use and enjoyment of the Easement Tract and all areas within, below and above the Easement Tract for all purposes, so long as the same does not unreasonably interfere with the use of the Retained Access Easement by Grantor and the Permitted Users, as authorized hereunder.

Ownership of any and all improvements and alterations constructed within the Easement Tract including, without limitation, any street or roadway, shall, immediately on the completion of installation and/or construction, be deemed Grantee's property, subject to the Retained Access Easement. At such time that the Easement Tract is dedicated to and accepted by the City of Fort Worth as a public street or road connecting the Benefitted Tract to Interstate Highway 35 or its frontage road, the Retained Access Easement shall automatically terminate and be of no further force and effect.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging unto Grantee, Grantee's successors and assigns forever; and Grantor does hereby bind itself, its successors and assigns, to warrant and forever

Parcel B

defend, all and singular, the Property unto Grantee, Grantee's successors and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof, by, through or under Grantor, but not otherwise; provided that this conveyance and the warranty of Grantor contained herein are subject to the Permitted Exceptions, the Retained Access Easement and for ad valorem taxes and assessments for the year of this Deed (which have been prorated) and for subsequent years, the payment of which is assumed by Grantee, and subsequent assessments for prior years due to change in land usage or ownership.

[Signatures on Following Pages.]

Executed as of the 21st day of May, 2015, to be effective as of the date of recording in the Official Public Records of Denton County, Texas.

GRANTOR: **CHURCHILL AT CHAMPIONS CIRCLE COMMUNITY, L.P.**,
a Texas limited partnership

By: LifeNet Champions Circle GP, L.L.C., a Texas limited
Liability company, its general partner

By: LifeNet Community Behavioral Healthcare, a
Texas non-profit corporation, sole Member

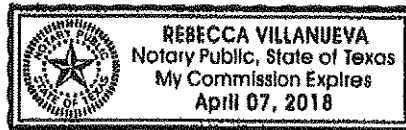
By: *Robert E. Robertson*
Name: Robert E. Robertson
Title: President and Chief Operating Officer

STATE OF TEXAS |

COUNTY OF DALLAS |

This instrument was acknowledged before this 21st day of May, 2015, by Robert E. Robertson, President and Chief Executive Officer of LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, the sole Member of LifeNet Champions Circle GP, L.L.C., a Texas limited liability company, the general partner of Churchill at Champions Circle Community, L.P., a Texas limited partnership, on behalf of said limited partnership.

Rebecca Villanueva
Notary Public – State of Texas



Accepted by GRANTEE:

ROANOKE 35/114 PARTNERS, L.P.,
a Texas limited partnership

By **Roanoke 35/114 Genpar, LLC,**
a Texas limited liability company,
its general partner

By: 
William V. Boecker, Manager

STATE OF TEXAS |

COUNTY OF TARRANT |

This instrument was acknowledged before this 21st day of May, 2015, by William V. Boecker, Manager of Roanoke 35/114 Genpar, LLC, a Texas limited liability company, the general partner of **Roanoke 35/114 Partners, L.P.**, a Texas limited partnership, on behalf of said limited partnership.

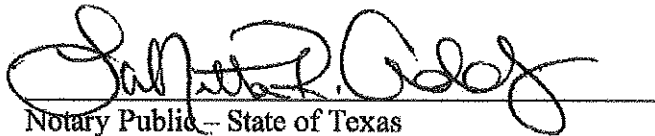

Notary Public - State of Texas



EXHIBIT "A"**THE LAND**

BEING 4.129 acres or (179,874 square feet) of land in the Rufus Daniel Survey, Abstract Number 362 and George W. Shamblin Survey, Abstract Number 1191, City of Fort Worth, Denton County, Texas; said 4.129 acres or (179,874 square feet) of land being a portion of that certain tract of land described in a Special Warranty Deed to Roanoke 35/114 Partners, L.P., a Texas limited partnership (hereinafter referred to as Roanoke 35/114 tract), as recorded in Instrument Number 2007-21421, Deed Records, Denton County, Texas (D.R.D.C.T.) and corrected in Instrument Number 2014-96174, D.R.D.C.T.; said 4.129 acres or (179,874 square feet) being more particularly described, by metes and bounds, as follows:

COMMENCING at a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Southeast corner of the existing Championship Parkway (100' right-of-way), as recorded in Cabinet R, Page 152, Plat Records, Denton County, Texas;

THENCE South 89 degrees 54 minutes 13 seconds East crossing said Roanoke 35/114 tract, a distance of 366.26 feet to the PLACE OF BEGINNING;

THENCE crossing said Roanoke 35/114 tract for the following 4 courses:

1. North 00 degrees 00 minutes 13 seconds West, a distance of 100.00 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found;
2. South 89 degrees 54 minutes 13 seconds East, a distance of 548.23 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found for the beginning of a curve to the right, whose long chord bears South 74 degrees 07 minutes 28 seconds East, a distance of 277.37 feet;
3. Easterly with said curve to the right having a radius of 510.00 feet, through a central angle of 31 degrees 33 minutes 31 seconds, for an arc distance of 280.91 feet;
4. South 58 degrees 20 minutes 42 seconds East, a distance of 996.10 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found in the Southeasterly line of said Roanoke 35/114 tract, same being the existing Northwesterly line of Interstate Highway No. 35-W, as recorded in Volume 530, Page 118, D.R.D.C.T.;

THENCE South 30 degrees 21 minutes 25 seconds West with the common line between said Roanoke 35/114 tract and the existing Northwesterly line of said Interstate Highway No. 35-W, a distance of 100.03 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found;

THENCE crossing said Roanoke 35/114 tract for the following 3 courses:

1. North 58 degrees 20 minutes 42 seconds West, departing the existing Northwesterly line of said Interstate Highway No. 35-W, a distance of 998.37 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found for the beginning of a curve to the left, whose long chord bears North 74 degrees 07 minutes 28 seconds West, a distance of 222.98 feet;
2. Northwesterly with said curve to the left having a radius of 410.00 feet, through a central angle of 31 degrees 33 minutes 31 seconds, for an arc distance of 225.83 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found;
3. North 89 degrees 54 minutes 13 seconds West, a distance of 548.05 feet to the PLACE OF BEGINNING, and containing 4,129 acres or (179,874 square feet) of land.

EXHIBIT "B"**PERMITTED EXCEPTIONS**

1. Restrictive covenants filed 9/16/1997, cc# 97R0064766, Real Property Records of Denton County, Texas.
2. Restrictive covenants recorded in Volume 4505, Page 778, Real Property Records of Denton County, Texas. As affected by instruments recorded in Volume 4538, Page 426, Volume 4975, Page 2203, Volume 5020, Page 824, Volume 5396, Page 321, cc# 2005-121136 and cc# 2007-33922, Real Property Records, Denton County, Texas.
3. Terms, provisions, and conditions contained in that certain Outlet Center Restriction executed by Roanoke 35/114 Partners, L.P., filed on April 15, 2015, recorded in cc# 2015-38629, Real Property Records, Denton County, Texas.
4. Terms, provisions, conditions, obligations, assessments and liens contained in instrument recorded in Volume 4505, Page 778, Real Property Records Denton County, Texas. First Amendment filed 03/02/2000, recorded in Volume 4538, Page 426, Real Property Records, Denton County, Texas. Second Amendment filed 12/03/2001, recorded in Volume 4975, Page 2203, Real Property Records, Denton County, Texas. Amendment to Second Amendment filed 02/08/2002, recorded in Volume 5020, Page 824, Real Property Records, Denton County, Texas. Designation of Declarant and Assignment and Assumption of Rights and Obligations 08/14/2003, recorded Volume 5396, Page 321, filed 09/29/2005, recorded in cc# 2005-121136; and filed 03/22/2007, recorded in cc# 2007-33922, Real Property Records, Denton County, Texas.
5. Mineral estate and interest in coal, lignite and other minerals together and all rights, privileges and immunities thereto described in instrument dated 09/16/1997, recorded in cc# 97R0064765, Real Property Records, Denton County, Texas. Amendment filed 11/26/2003, recorded in cc# 2003-193570, Real Property Records, Denton County, Texas.
6. Terms, provisions, and conditions of Easement, Release and Disclosure Agreement filed 05/15/2003, recorded in Volume 5333, Page 2066, Real Property Records, Denton County, Texas.
7. Mineral estate and interest in coal, lignite, and other minerals together with all rights, privileges and immunities thereto described in instrument filed 09/18/2001, recorded in Volume 4924, Page 293, Real Property Records, Denton County, Texas.
8. Mineral lease, together with all rights, privileges and immunities incident thereto, as evidenced by Memorandum, filed 06/18/2004, recorded in cc# 2004-80166, Real Property Records, Denton County, Texas. First Modification filed 08/05/2004, recorded in cc# 2004-103416, Real Property Records, Denton County, Texas. Second Modification filed 03/04/2005, recorded in cc# 2005-25407, Real Property Records, Denton County, Texas. Third Modification filed 03/07/2014, recorded in cc# 2014-20145, Real Property Records, Denton County, Texas. Fourth Modification filed 10/29/2014, recorded in cc# 2014-110049, Real Property Records, Denton County, Texas.
9. Easement granted by JH Rice to Denton County Electric Cooperative, Inc., filed 03/05/1954, recorded in Volume 403, Page 553, Real Property Records, Denton County, Texas.

10. Easement granted by W. W. Cowan and wife, Veda Cowan to Magnolia Petroleum Company, filed 09/20/1940, recorded in Volume 286, Page 473, Real Property Records, Denton County, Texas. Assigned by Magnolia Petroleum Company to Magnolia Pipe Line Company by instrument filed 03/26/1958, recorded in Volume 436, Page 194, Real Property Records, Denton County, Texas.
11. Easement granted by W. W. Cowan and wife, Effie Veda Cowan to Denton County Electric Cooperative, Inc., filed 09/06/1947, recorded in Volume 339, Page 218, Real Property Records of Denton County, Texas.
12. Mineral estate and interest in coal, lignite and other minerals together with all rights, privileges and immunities thereto described in instrument filed 11/25/1922, recorded in Volume 184, Page 370, Real Property Records, Denton County, Texas.
13. Easement granted by Mrs. W. M. Waterman to Magnolia Petroleum Company, filed 08/21/1940, recorded in Volume 287, Page 90, Real Property Records of Denton County, Texas. Assigned by Magnolia Petroleum Company to Magnolia Pipe Line Company by instrument filed 03/26/1958, recorded in Volume 436, Page 194, Real Property Records, Denton County, Texas. Assigned to Enbridge Pipelines (North Texas) L.P. by instrument recorded in cc# 2005-24425, Real Property Records, Denton County, Texas.
14. Easement granted by W. M. Waterman and wife, Clara Waterman to Denton County Electric Cooperative, Inc., filed 05/22/1954, recorded in Volume 404, Page 277, Real Property Records, Denton County, Texas.
15. Terms, provisions, conditions and mineral royalties and payments retained in Deed from Beechwood Business Park Joint Venture to Beechwood Business Park, L.P., filed 08/14/2003, recorded in Volume 5396, Page 302, Real Property Records, Denton County, Texas, as conveyed to ANDV 97, Inc. in Deed filed 08/14/2003, recorded in Volume 5396, Page 324, Real Property Records, Denton County, Texas. Correction filed 04/22/2004, under cc# 2004-51033, Real Property Records, Denton County, Texas.
16. Mineral estate and interest in coal, lignite and other minerals together with all rights, privileges and immunities thereto described in instrument filed 02/22/2007, recorded in cc#2007-21421, Real Property Records, Denton County, Texas.
17. Limited access to the service road of IH-35 and lack of access to IH-35 abutting the Property as set forth in instrument filed 11/05/1965, recorded in Volume 530, Page 118, Real Property Records, Denton County, Texas.
18. Easement granted by Roanoake Ranch and Investment Company to Enserch Corporation, filed 08/02/1991, recorded in Volume 3031, Page 59, Real Property Records, Denton, Texas and filed 08/21/1991, recorded in Volume 3044, Page 505, Real Property Records, Denton County, Texas.
19. Easement granted by Roanoke Ranch and Investment Co. to the City of Fort Worth, filed 06/27/1996, recorded in cc# 96R0043751, Real Property Records, Denton County, Texas.
20. Easement granted by James Cleo Thompson, Jr. to Southwestern Bell Telephone Company, filed 09/19/1996, recorded in cc# 96R065863, Real Property Records, Denton County, Texas.

21. Any unrecorded easement, either public or private, which exists or may later be claimed as existing for construction, maintenance, repair, and/or replacement of the following matters crossing the Property, to the extent that said matters are not located within utility easements:

Gas lines, overhead wire, pole, guy wire, gravel road and telephone pedestal over and across central portion of the Property.

22. Permanent Drainage Facility Easement granted by Roanoke 35/114 Partners, L.P. to the City of Fort Worth, filed 04/14/2015, recorded in cc# 2015-36731, Real Property Records, Denton County, Texas.
23. Storm Water Facility Maintenance Agreement by and between Roanoke 35/114 Partners, L.P., Beechwood Business Park Association, and the City of Fort Worth.
24. Rights of Ag Partners, Inc., a Texas corporation, under that certain unrecorded Agricultural Lease by and between Roanoke 35/114 Partners, L.P., as lessor, and Ag Partners, Inc., as lessee, dated effective November 1, 2011, as affected by that certain Partial Termination of Agricultural Lease of even date herewith.

EXHIBIT "C"
BENEFITED LAND

BEING 4.999 acres or (217,749 square feet) of land in the Rufus Daniel Survey, Abstract Number 362 and Jesse Daniel Survey, Abstract Number 349, City of Fort Worth, Denton County, Texas; said 4.999 acres or (217,749 square feet) of land being a portion of that certain tract of land described in a Special Warranty Deed to Roanoke 35/114 Partners, L.P. (hereinafter referred to as Roanoke 35/114 tract), as recorded in Instrument Number 2007-21421, and corrected in Instrument Number 2014-96174, Deed Records, Denton County, Texas (D.R.D.C.T.); said 4.999 acres or (217,749 square feet) being more particularly described, by metes and bounds, as follows:

BEGINNING at a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Northeast corner of that certain tract of land described as Lot 2, Block 1, Beechwood Business Park (hereinafter referred to as Lot 2), an addition to the City of Fort Worth, Denton County, Texas, according to the plat recorded in Cabinet R, Slide 152, Plat Records, Denton County, Texas (P.R.D.C.T.), same being an angle point in the Westerly line of said Roanoke 35/114 tract, same also being the existing Southerly right-of-way line of Championship Parkway (100' right-of-way), as recorded in Cabinet R, Page 152, P.R.D.C.T.;

THENCE South 89 degrees 54 minutes 13 seconds East with the common line between said Roanoke 35/114 tract and the existing Southerly right-of-way line of said Championship Parkway, passing at a distance of 26.10 feet a one-half inch iron rod with plastic cap stamped "HALFF & ASSOC." found for the Southeasterly corner of said Championship Parkway and continue with said course and crossing said Roanoke 35/114 tract for a total distance of 308.18 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found;

THENCE South 44 degrees 54 minutes 13 seconds East, continue crossing said Roanoke 35/114 tract, a distance of 14.14 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found for corner;

THENCE South 00 degrees 05 minutes 47 seconds West, continue crossing said Roanoke 35/114 tract, a distance of 696.88 feet to a five-eighths inch iron rod with plastic cap stamped "BURY" found in the Northerly line of Lot 1, Block 1 of the aforesaid Beechwood Business Park (hereinafter referred to as Lot 1), an addition to the City of Fort Worth, Denton County, Texas, according to the plat recorded in Cabinet R, Slide 152, P.R.D.C.T., same being the Southerly line of said Roanoke 35/114 tract;

THENCE North 78 degrees 07 minutes 44 seconds West with the common line between said Roanoke 35/114 tract and said Lot 1, a distance of 165.78 feet to a one-half inch iron rod with plastic cap found for an angle point in the Southerly line of said Roanoke 35/114 tract, same being an angle point in the Northerly line of said Lot 1;

THENCE South 84 degrees 06 minutes 57 seconds West, continue with the common line between said Roanoke 35/114 tract and said Lot 1, a distance of 135.00 feet to a one-half inch iron rod with

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action regarding a Housing Tax Credit Application Amendment for Cypress Place Apartments (#14155)

RECOMMENDED ACTION

WHEREAS, in 2014 Cypress Place Apartments received an award of 9% Housing Tax Credits to construct 76 new multifamily units in Beaumont;

WHEREAS, the Development Owner requested approval for an increase of the development site acreage from 6.01 acres to 6.92 acres in order to comply with the City of Beaumont requirements for the development site to have real property access to Old Dowlen Road with a minimum width of street frontage as specified in the City of Beaumont Municipal Code;

WHEREAS, the change requested results in a 15% increase in site acreage and a 13.15% decrease in residential density;

WHEREAS, §2306.6712(d)(6) of the Texas Government Code considers a modification of the residential density of the development of at least 5% to be a material alteration requiring Board approval and the Owner has complied with the amendment requirements in 10 TAC §10.405(a); and

WHEREAS, the changes in site acreage and residential density do not negatively affect the Development, impact the viability of the transaction, or affect the amount of tax credits awarded;

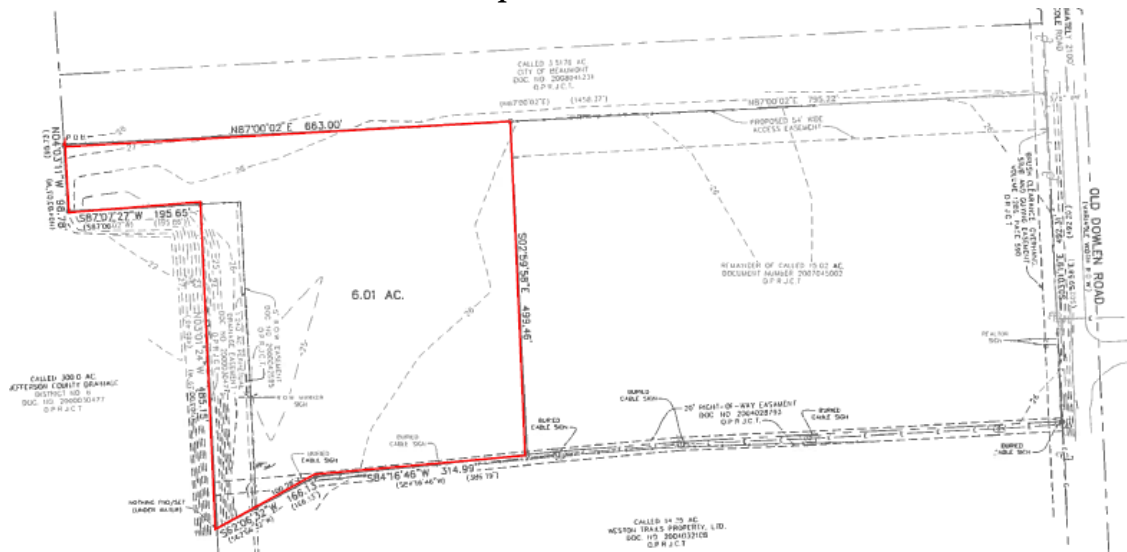
NOW, therefore, it is hereby

RESOLVED, that the requested amendment of the Housing Tax Credit application for Cypress Place Apartments is approved as presented to this meeting and the Executive Director and his designees are each authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

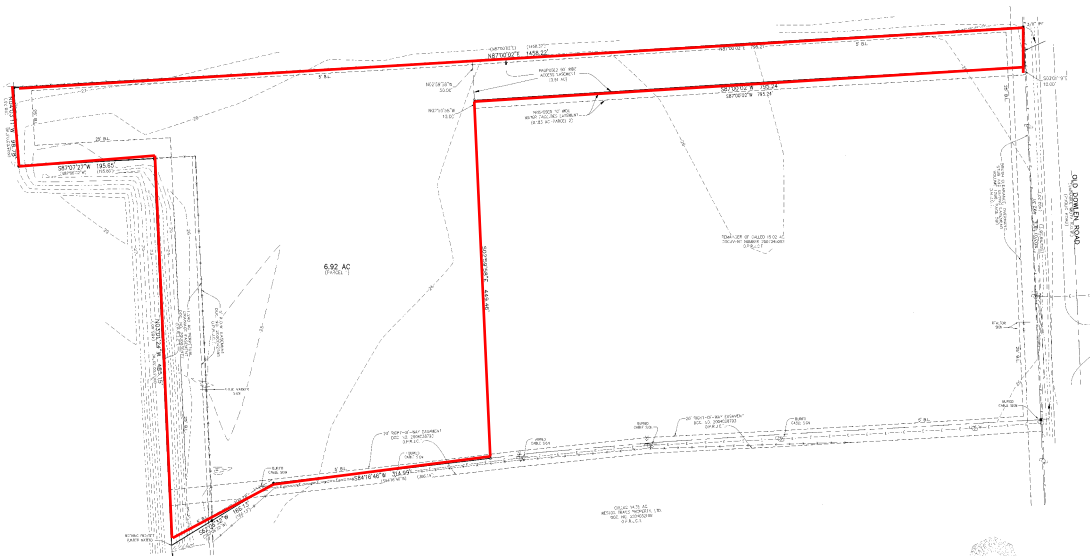
BACKGROUND

Cypress Place was submitted and approved for a 9% HTC allocation during the 2014 cycle to construct 76 new multifamily units in Beaumont, Jefferson County. The Applicant, Cypress Place, LP (Sallie Burchett and Jeffrey L. Kittle), through their Consultant (Sarah Anderson), has requested to amend the application with respect to the site acreage. The Development is currently under construction, but at the time of the 10% Test the Department was made aware of a change in the acreage of the development site from 6.01 acres to 6.92 acres, resulting in a 15% increase in site acreage and a 13.15% decrease in the residential density of the Development. The change is reflected below:

Development Site Before



Development Site After



The change in acreage was the result of City of Beaumont Municipal Code which required that the property have real property access to Old Dowlen Road with a minimum street frontage as a flag lot. At Application the site control documents contemplated that the seller would, by special warranty deed, convey to the buyer a strip of land running from Old Dowlen Road to the property for the purpose of providing access to and from the property from Old Dowlen Road. However, due to City of Beaumont requirements, that original strip of land is now an entrance road with minimum 50' required street frontage and will be part of the development site that will be encumbered by the Department's Land Use Restrictive Covenant. The Environmental Site Assessment provided at application included this 0.91 acre tract that is now being added as it originally covered a total of 15 acres. Finally, this additional acreage did not affect the site acquisition costs because the original contract assumed this easement with exclusive usage; therefore, the change to the actual real property ownership did not warrant an increase in purchase price. The development site including the 0.91 acre access to Old Dowlen Road has already been transferred by deed to the development owner as evidenced in the 10% Test submission.

A modification of the residential density of at least 5% and an increase or decrease in the site acreage greater than 10% from the original site under control and proposed in the Application are considered to be material alterations that require Board approval under 10 TAC §10.405(a)(4)(F) and (G), unless they are a result of changes required by local government. In this case, the decrease in site acreage and resulting modification to residential density is a result of local government requirements. However, §2306.6712(d)(6) of the Texas Government Code considers a modification of the residential density of the development of at least 5% to be a material alteration requiring Board approval.

Pursuant to 10 TAC §10.405(a)(5) and Texas Government Code §2306.6712(e), staff must consider whether changes would have resulted in selection or threshold criteria that would have resulted in scoring changes and if the need for the proposed modifications were reasonably foreseeable or preventable by the Applicant at the time the Application was submitted. Staff has reviewed the original application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the application score.

Staff recommends approval of the amendment request.

July 24, 2015

Kent Bedell
TDHCA
PO Box 13941
Austin, TX

RE: Amendment Request for 14155 Cypress Place Apartments

Dear Mr. Bedell:

Please find this request for an amendment to 14155 Cypress Place Apartments in Beaumont. We are requesting an increase in site acreage due to requirements of the City of Beaumont. There are no changes to the development site plan. There is also no change to land acquisition costs.

Change to Site Acreage

At application, the site was 6.01 acres, with a separate easement for access to Old Dowlen Rd that was not part of the development site. Please see those original items from the application.

During the design and platting process with the City of Beaumont, the City of Beaumont required that the site have real property access to Old Dowlen Rd with minimum street frontage as a flag lot. Please see the attached letter from the engineer outlining that requirement. As a result, the original access easement contemplated at application became an entrance road with minimum 50' required street frontage that is now part of the development site. Please see the attached final survey that shows the entire site as 6.92 acres, consisting of the same 6.01 acre tract from application and the 0.91 acre access road. There is no change to the site plan for the development buildings.

Though this change includes an increase in site acreage greater than 10% and a change in residential density, we believe that this change may be approved administratively as a non-material amendment because the increase in site acreage was required by the local government.

Thank you for your attention to this request. Please contact us with any questions.

Regards,

A handwritten signature in black ink, appearing to be 'Alyssa Carpenter', with a long horizontal line extending to the right.

Alyssa Carpenter

NOTES:

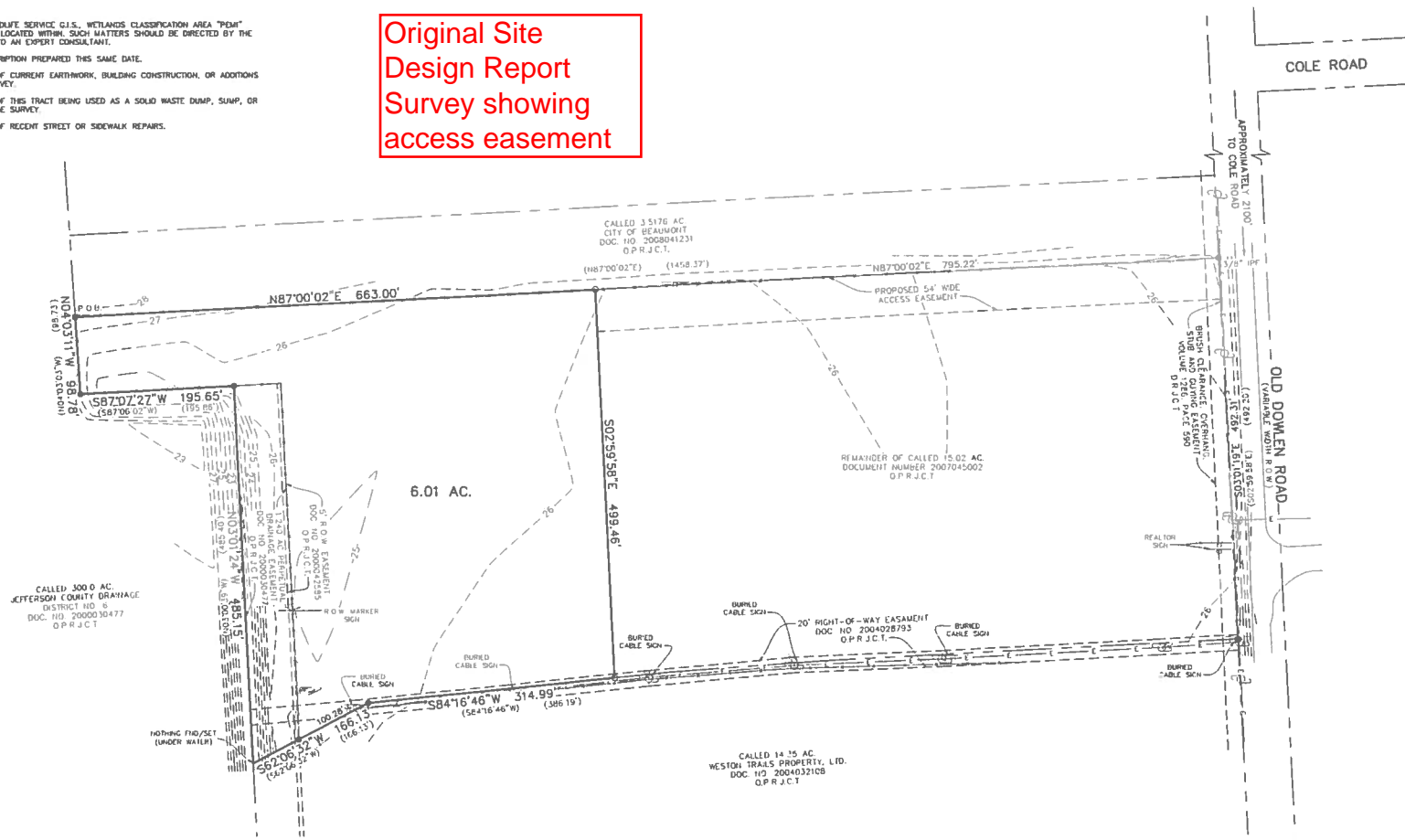
- ACCORDING TO MAP NO. 48545700500 OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY'S FLOOD INSURANCE RATE MAPS FOR COMAL COUNTY, TEXAS AND INCORPORATED AREAS, DATED AUGUST 6, 2002, THE SUBJECT TRACT IS SITUATED WITHIN UNSHADED ZONE X DEFINED AS AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE FLOODPLAIN (500-YEAR FLOOD).
- BEARINGS SHOWN HEREON ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, TEXAS SOUTH CENTRAL ZONE (4204), NORTH AMERICAN DATUM 1983.
- CONTOUR LINES SHOWN HEREON WERE DERIVED FROM SPOT ELEVATIONS SURVEYED ON-THE-GROUND BY HMT ENGINEERING AND SURVEYING ON FEBRUARY 6, 2014.
- ACCORDING TO THE CITY OF BEAUMONT ZONING MAPS, THE CURRENT ZONING FOR THIS TRACT IS R-H; MINIMUM FRONT SET-BACK = 25'; MINIMUM INTERIOR LOT SIDE SET-BACK = 5'; MINIMUM EXTERIOR LOT SIDE SET-BACK = 15'; MINIMUM REAR SET-BACK = 25'; MAXIMUM HEIGHT = 45'.
- ACCORDING TO THE U.S. FISH AND WILDLIFE SERVICE G.I.S., WETLANDS CLASSIFICATION AREA "TRM1" COVERS AN AREA THAT THIS TRACT IS LOCATED WITHIN. SUCH MATTERS SHOULD BE DIRECTED BY THE CLIENT OR PROSPECTIVE PURCHASER TO AN EXPERT CONSULTANT.
- REFERENCE METES AND BOUNDS DESCRIPTION PREPARED THE SAME DATE.
- THERE IS NO OBSERVABLE EVIDENCE OF CURRENT EARTHWORK, BUILDING CONSTRUCTION, OR ADDITIONS BEING DONE AT THE TIME OF THE SURVEY.
- THERE IS NO OBSERVABLE EVIDENCE OF THIS TRACT BEING USED AS A SOLID WASTE DUMP, SLUMP, OR SANITARY LANDFILL AT THE TIME OF THE SURVEY.
- THERE IS NO OBSERVABLE EVIDENCE OF RECENT STREET OR SIDEWALK REPAIRS.

ALTA/ACSM LAND TITLE SURVEY

BEING 6.01 ACRES OF LAND OUT OF THE W.B. DYCHES SURVEY, ABSTRACT NO. 17, JEFFERSON COUNTY, TEXAS, BEING A PORTION OF A CALLED 15.02 ACRE TRACT (TRACT II) DESCRIBED IN DOCUMENT NUMBER 2007045002, OFFICIAL PUBLIC RECORDS, JEFFERSON COUNTY, TEXAS.

Original Site Design Report Survey showing access easement

- LEGEND:
- - SET 1/2" IRON PIN W/ PLASTIC CAP STAMPED "HMT"
 - - 7/8" 1/2" IRON PIN UNLESS OTHERWISE NOTED
 - R.O.W. - RIGHT-OF-WAY
 - () - PLAT CALLS
 - E— - OVERHEAD ELECTRIC
 - F— - FENCE
 - P.R.A.C.T.— - OFFICIAL PUBLIC RECORDS OF JEFFERSON COUNTY, TEXAS
 - D.R.J.C.T. - DEED RECORDS OF JEFFERSON COUNTY, TEXAS
 - P.O.B. - POINT OF BEGINNING
 - BY - IRON PIN FOUND



TITLE COMMITMENT:
FIRST AMERICAN TITLE COMPANY
OF # NS-548938-INDY
EFFECTIVE DATE: JANUARY 14, 2014

ALTA/ACSM

TO: LATEX INVESTORS, L.P., A TEXAS LIMITED PARTNERSHIP, HERMAN & HITTLE PROPERTIES, INC., FIRST AMERICAN TITLE INSURANCE COMPANY, AND THEIR SUCCESSORS AND ASSIGNS:

THIS IS TO CERTIFY THAT THIS MAP OR PLAT AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH THE "MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/ACSM LAND TITLE SURVEYS," JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND NSPS IN 2011, AND INCLUDES ITEMS 1, 2, 3, 4, 5, 6, 7, 8, 11b, 13, 14, 16, 17, 18, 19, AND 20a PURSUANT TO THE ACCURACY STANDARDS AS ADOPTED BY ALTA AND NSPS AND IN EFFECT ON THE DATE OF THIS CERTIFICATION. UNDERSIGNED FURTHER CERTIFIES THAT IN MY PROFESSIONAL OPINION, AS A LAND SURVEYOR REGISTERED IN THE STATE OF TEXAS, THE RELATIVE POSITIONAL ACCURACY OF THIS SURVEY DOES NOT EXCEED THAT WHICH IS SPECIFIED THEREIN.

FIELD WORK WAS PERFORMED ON 02/06/14.

DATED THIS 20th DAY OF FEBRUARY, 2014.

MARK F. CONLAN
REGISTERED PROFESSIONAL LAND SURVEYOR
#6342

RECORDED PROFESSIONAL LAND SURVEYOR NO. 6342



HMT
ENGINEERING & SURVEYING

410 N. SEQUOIA AVE.
NEW BRAUNFELS, TEXAS 78130
WWW.HMTINC.COM
PH: (830)825-8556



July 24, 2015
PK No.: 3658-15.001

Mr. Kent Bedell
TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
P.O. Box 12489
Austin, Texas 78711-2489

Re: **CYPRESS PLACE APARTMENTS**
Civil Engineering Plans Submittal
Beaumont, Texas

Dear Mr. Bedell:

During our initial meeting with the City of Beaumont for the Cypress Place Apartments, we discussed the need for an access easement to serve the proposed property along the northern property line that would provide access from the proposed development to Old Dowlen Road. As we progressed through the design process, we were made aware that by City Ordinance No. 16.12.080 Lots, sub-section E, that the proposed property would need to be platted and developed as a flag lot with a minimum width of street frontage off Old Dowlen Road as specified in the City of Beaumont Municipal Code. This ordinance was confirmed as required by the City of Beaumont and no variance from this section would be allowed. Therefore, we revised the original property limits to include a 50' wide area for the entrance drive.

If you have any questions or need any additional information regarding the above project, please call me at your convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jace Motheral'.

Jace Motheral, P.E.

JCM
3658-15.001

ALTA/ACSM LAND TITLE SURVEY

BEING 6.92 ACRES OF LAND OUT OF THE W.B. DYCHES SURVEY, ABSTRACT NO. 17, JEFFERSON COUNTY, TEXAS, BEING A PORTION OF A CALLED 15.02 ACRE TRACT (TRACT II) DESCRIBED IN DOCUMENT NUMBER 2007045002, OFFICIAL PUBLIC RECORDS, JEFFERSON COUNTY, TEXAS.

New site acreage of 6.92: 6.01 acres is the same development site at application with the addition of 0.91 acres of access road.

TITLE NOTES: REFERENCE COMMITMENT FOR TITLE INSURANCE ISSUED BY FIRST AMERICAN TITLE INSURANCE COMPANY, G.F. NO. NCS-648938-INDY, HAVING AN EFFECTIVE DATE OF MARCH 17, 2015, AND AN ISSUE DATE OF APRIL 01, 2015. NO FURTHER RESEARCH FOR EASEMENTS OR ENCUMBRANCES WAS PERFORMED BY HMT ENGINEERING AND SURVEYING. ACCORDING TO ITEM NO. 10c OF SCHEDULE B OF SAID COMMITMENT FOR TITLE INSURANCE, THE TRACT IS SUBJECT TO ALL PORTIONS OF SUBJECT PROPERTY LYING WITHIN THE BOUNDARIES OF A PUBLIC OR PRIVATE ROADWAY WHETHER DEDICATED OR NOT. ACCORDING TO ITEM NO. 10d OF SCHEDULE B OF SAID COMMITMENT FOR TITLE INSURANCE, THE TRACT IS SUBJECT TO ALL ENCUMBRANCES, VIOLATIONS, OR ADVERSE CIRCUMSTANCES AFFECTING TITLE THAT WOULD BE DISCLOSED BY AN ACCURATE AND COMPLETE LAND SURVEY OF THE LAND, INCLUDING, WITHOUT LIMITATION, ALL VISIBLE AND APPARENT EASEMENTS OR USES AND ALL UNDERGROUND EASEMENTS OR USES, THE EXISTENCE OF WHICH MAY ARISE BY UNRECORDED GRANT OR BY USE. ACCORDING TO ITEM NO. 10e OF SCHEDULE B OF SAID COMMITMENT FOR TITLE INSURANCE, THE TRACT IS SUBJECT TO RIGHTS OF TENANTS, AS TENANTS ONLY, UNDER UNRECORDED LEASES OR RENTAL AGREEMENTS. ITEM NO. 10f OF SCHEDULE B OF SAID COMMITMENT FOR TITLE INSURANCE WAS INTENTIONALLY DELETED. ITEM NO. 10g OF SCHEDULE B OF SAID COMMITMENT FOR TITLE INSURANCE MENTIONS A PERPETUAL DRAINAGE EASEMENT TO JEFFERSON COUNTY DRAINAGE DISTRICT NO. 6 RECORDED IN DOCUMENT NUMBER 2000030477, OFFICIAL PUBLIC RECORDS, JEFFERSON COUNTY, TEXAS. SAID EASEMENT IS LOCATED ALONG THE WESTERLY LINE OF SUBJECT TRACT. ITEM NO. 10h OF SCHEDULE B OF SAID COMMITMENT FOR TITLE INSURANCE MENTIONS A RIGHT-OF-WAY EASEMENT TO ENTERY GULF STATES, INC. RECORDED IN DOCUMENT NUMBER 2004028793, OFFICIAL PUBLIC RECORDS, JEFFERSON COUNTY, TEXAS. SAID EASEMENT IS LOCATED ALONG THE SOUTHERLY LINE OF SUBJECT TRACT. ITEM NO. 10i OF SCHEDULE B OF SAID COMMITMENT FOR TITLE INSURANCE MENTIONS A RIGHT-OF-WAY EASEMENT TO ENTERY GULF STATES, INC. RECORDED IN DOCUMENT NUMBER 2000042985, OFFICIAL PUBLIC RECORDS, JEFFERSON COUNTY, TEXAS. SAID EASEMENT IS LOCATED ALONG THE WESTERLY LINE OF SUBJECT TRACT. ACCORDING TO ITEM NO. 10j OF SCHEDULE B OF SAID COMMITMENT FOR TITLE INSURANCE, THE TRACT IS SUBJECT TO MINERAL AND/OR ROYALTY INTEREST RECORDED IN VOLUME 376, PAGE 367, DEED RECORDS, JEFFERSON COUNTY, TEXAS. ACCORDING TO ITEM NO. 10k OF SCHEDULE B OF SAID COMMITMENT FOR TITLE INSURANCE, THE TRACT IS SUBJECT TO MINERAL AND/OR ROYALTY INTEREST RECORDED IN DOCUMENT NUMBER 1999023143, OFFICIAL PUBLIC RECORDS, JEFFERSON COUNTY, TEXAS. ACCORDING TO ITEM NO. 10l OF SCHEDULE B OF SAID COMMITMENT FOR TITLE INSURANCE, THE TRACT IS SUBJECT TO INCLUSION WITHIN JEFFERSON COUNTY DRAINAGE DISTRICT NO. 6.

GENERAL NOTES: 1. ACCORDING TO MAP NO. 48545700500 OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY'S FLOOD INSURANCE RATE MAPS FOR COMAL COUNTY, TEXAS AND INCORPORATED AREAS, DATED AUGUST 6, 2002, THE SUBJECT TRACT IS SITUATED WITHIN UNSHADED ZONE X DEFINED AS AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE FLOODPLAIN (500-YEAR FLOOD). 2. BEARINGS SHOWN HEREON ARE BASED ON THE TEXAS COORDINATE SYSTEM, TEXAS SOUTH CENTRAL ZONE (4204), NORTH AMERICAN DATUM 1983. 3. CONTOUR LINES SHOWN HEREON WERE DERIVED FROM SPOT ELEVATIONS SURVEYED ON-THE-GROUND BY HMT ENGINEERING AND SURVEYING ON FEBRUARY 6, 2014. 4. ACCORDING TO THE CITY OF BEAUMONT ZONING MAPS, THE CURRENT ZONING FOR THIS TRACT IS RM-HH: MINIMUM FRONT SET-BACK = 25'; MINIMUM INTERIOR LOT SIDE SET-BACK = 5'; MINIMUM EXTERIOR LOT SIDE SET-BACK = 15'; MINIMUM REAR SET-BACK = 25'; MAXIMUM HEIGHT = 45'. 5. ACCORDING TO THE U.S. FISH AND WILDLIFE SERVICE G.I.S., WETLANDS CLASSIFICATION AREA "PEM1" COVERS AN AREA THAT THIS TRACT IS LOCATED WITHIN. SUCH MATTERS SHOULD BE DIRECTED BY THE CLIENT OR PROSPECTIVE PURCHASER TO AN EXPERT CONSULTANT. 6. REFERENCE METES AND BOUNDS DESCRIPTION PREPARED THIS SAME DATE. 7. THERE IS NO OBSERVABLE EVIDENCE OF CURRENT EARTHWORK, BUILDING CONSTRUCTION, OR ADDITIONS BEING DONE AT THE TIME OF THE SURVEY. 8. THERE IS NO OBSERVABLE EVIDENCE OF THIS TRACT BEING USED AS A SOLID WASTE DUMP, SUMP, OR SANITARY LANDFILL AT THE TIME OF THE SURVEY. 9. THERE IS NO OBSERVABLE EVIDENCE OF RECENT STREET OR SIDEWALK REPAIRS.

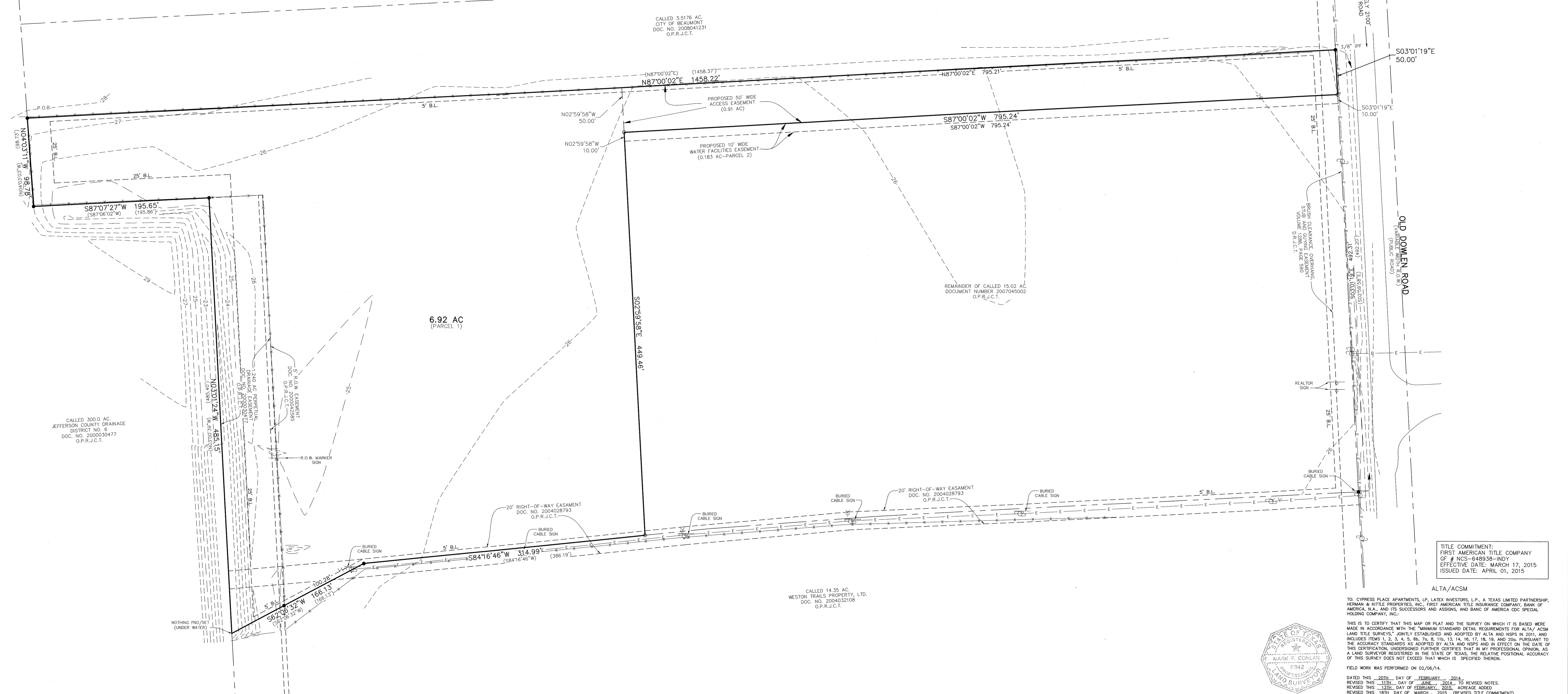
"PARCEL 1" METES AND BOUNDS DESCRIPTION FOR A 6.92 ACRE TRACT OF LAND

"PARCEL 2" METES AND BOUNDS DESCRIPTION FOR A 0.183 ACRE TRACT OF LAND

Being 6.92 acres of land out of the W.B. Dyches Survey, Abstract No. 17, Jefferson County, Texas, and being a portion of a called 15.02 acre tract (Tract II) described in Document Number 2007045002, Official Public Records, Jefferson County, Texas, said 6.92 acre tract being further described as follows: BEGINNING at a 1/2" iron pin (with cap labeled "Faust") found in the Easterly boundary of a called 300.0 acre tract of land described in Document Number 2000030477, Official Public Records, Jefferson County, Texas, for the Southwest corner of a called 3.5176 acre tract of land described in Document Number 2008041231, Official Public Records, Jefferson County, Texas, for the Northwest corner of said 15.02 acre tract and this herein described 6.92 acre tract; THENCE along the South line of said 3.5176 acre tract and the North line of said 15.02 acre tract, North 87° 00' 02" East, a distance of 1458.22 feet to a 3/8" iron pin set for the Northeast corner of this herein described 6.92 acre tract, from which a 1/2" iron pin found in the Westerly right-of-way line of Old Dowlen Road for the Southeast corner of said 15.02 acre tract bears South 03° 01' 19" East, a distance of 492.31 feet; THENCE along the Westerly right-of-way line of Old Dowlen Road and the Easterly boundary of said 15.02 acre tract and the herein described 6.92 acre tract, South 03° 01' 19" East, a distance of 50.00 feet to a 1/2" iron pin (with plastic cap stamped "HMT") set for the Southeastery corner of this herein described tract; THENCE across said 15.02 acre tract, the following two (2) calls: 1. South 87° 00' 02" West, a distance of 795.24 feet to a 1/2" iron pin (with plastic cap stamped "HMT") set; for an interior corner of the herein described tract; 2. South 02° 59' 58" East, a distance of 448.46 feet to a 1/2" iron pin (with plastic cap stamped "HMT") set in the Northerly boundary of a 14.35 acre tract of land described in Document Number 2004032108, Official Public Records, Jefferson County, Texas, common with the Southerly boundary of said 15.02 acre tract; THENCE along the Northerly boundary of said 14.35 acre tract and the Southerly boundary of said 15.02 acre tract, the following two (2) calls: 1. South 84° 16' 46" West, a distance of 314.99 feet to a 1/2" iron pin (with cap stamped "HMT") set; 2. South 62° 06' 32" West, at 100.28 feet pass a 1/2" iron pin (with cap labeled "Faust") found in reference, continuing in all a total distance of 168.13 feet to a point in the Easterly boundary of the aforementioned 300.0 acre tract, for the Northwest corner of said 14.35 acre tract, common with the Southwest corner of said 15.02 acre tract and this herein described 6.92 acre tract; THENCE along the Easterly boundary of said 300.0 acre tract and the Westerly boundary of said 15.02 acre tract, the following three (3) calls: 1. North 03° 01' 24" West, a distance of 485.15 feet to a 1/2" iron pin (with cap labeled "Jefferson County Drainage District") found; 2. South 87° 07' 27" West, a distance of 195.65 feet to a 1/2" iron pin (with cap labeled "Jefferson County Drainage District") found; 3. North 04° 03' 11" West, a distance of 98.78 feet to the POINT OF BEGINNING and containing 6.92 acres of land in Jefferson County, Texas.

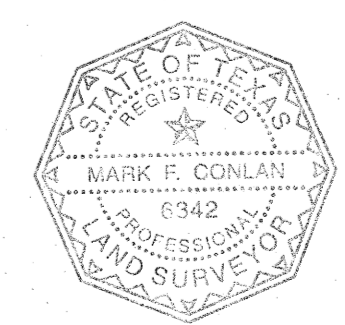
Being 0.183 of an acre Water Facilities Easement out of the W.B. Dyches Survey, Abstract No. 17, Jefferson County, Texas, and being a portion of a called 15.02 acre tract (Tract II) described in Document Number 2007045002, Official Public Records, Jefferson County, Texas, said 0.183 of an acre Water Facilities Easement being further described as follows: COMMENCING at a 3/8" iron pin found in the Westerly right-of-way of Old Dowlen Road, for the Northeast corner of a called 15.02 acre tract of land described in Document Number 2007045002, Official Public Records, Jefferson County, Texas, common with the Southwest corner of a called 3.5176 acre tract of land described in Document Number 2008041231, Official Public Records, Jefferson County, Texas; THENCE continuing along the Easterly line of said 15.02 acre tract and the Westerly right-of-way line of Old Dowlen Road, South 03° 01' 19" East, a distance of 50.00 feet to the Northeast corner and POINT OF BEGINNING of this herein described 0.183 acre Water Facilities Easement; THENCE continuing along the Easterly line of said 15.02 acre tract and the Westerly right-of-way line of Old Dowlen Road, South 03° 01' 19" East, a distance of 10.00 feet to a point for the Southeastery corner of this herein described 0.183 acre Water Facilities Easement, from which a 1/2" iron pin found for the Southeast corner of said 15.02 acre tract bears South 03° 01' 19" East, a distance of 432.31 feet; THENCE across said 15.02 acre tract, the following three (3) calls: 1. South 87° 00' 02" West, a distance of 795.24 feet to a point for the Southwest corner of this herein described tract; 2. North 02° 59' 58" West, a distance of 10.00 feet to a point for the Northwest corner of this herein described tract; 3. North 87° 00' 02" East, a distance of 795.24 feet to the POINT OF BEGINNING and containing 0.183 acres of land in Jefferson County, Texas.

LEGEND: O = SET 1/2" IRON PIN W/ PLASTIC CAP STAMPED "HMT" FND 1/2" IRON PIN UNLESS OTHERWISE NOTED R.O.W. = RIGHT-OF-WAY () = PLAT CALLS X = FENCE E = OVERHEAD ELECTRIC O.P.R./J.C.T. = OFFICIAL PUBLIC RECORDS OF JEFFERSON COUNTY, TEXAS D.R./J.C.T. = DEED RECORDS OF JEFFERSON COUNTY, TEXAS P.O.B. = POINT OF BEGINNING PF = IRON PIN FOUND SCALE: 1"=50'



HMT ENGINEERING & SURVEYING 410 N. SEQUIN AVE. NEW BRAUNFELS, TEXAS, 78130 WWW.HMTINC.COM PH: (830) 625-8555

TITLE COMMITMENT: FIRST AMERICAN TITLE COMPANY OF # NCS-648938-INDY EFFECTIVE DATE: MARCH 17, 2015 ISSUED DATE: APRIL 01, 2015



ALTA/ACSM TO: CYPRESS PLACE APARTMENTS, LP, LATEX INVESTORS, LP, A TEXAS LIMITED PARTNERSHIP, HERMAN & KITTLE PROPERTIES, INC., FIRST AMERICAN TITLE INSURANCE COMPANY, BANK OF AMERICA, N.A., AND ITS SUCCESSORS AND ASSIGNS, AND BANK OF AMERICA CDC SPECIAL HOLDING COMPANY, INC. THIS IS TO CERTIFY THAT THIS MAP OR PLAT AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH THE "MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/ ACSM LAND TITLE SURVEYS" JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND NSPS IN 2011, AND INCLUDES ITEMS 1, 2, 3, 4, 5, 6b, 7a, 8, 11b, 13, 14, 16, 17, 18, 19, AND 20a PURSUANT TO THE ACCURACY STANDARDS AS ADOPTED BY ALTA AND NSPS AND IN EFFECT ON THE DATE OF THIS CERTIFICATION. UNDERSIGNED FURTHER CERTIFIES THAT IN MY PROFESSIONAL OPINION, AS THIS CERTIFICATION, UNDERSIGNED FURTHER CERTIFIES THAT IN MY PROFESSIONAL OPINION, AS OF THIS SURVEY DOES NOT EXCEED THAT WHICH IS SPECIFIED THEREIN. FIELD WORK WAS PERFORMED ON 02/06/14. DATED THIS 20TH DAY OF FEBRUARY, 2014. REVISED THIS 11TH DAY OF MARCH, 2014, TO REVISED NOTES. REVISED THIS 13TH DAY OF FEBRUARY, 2015, ACREAGE ADDED. REVISED THIS 18TH DAY OF MARCH, 2015, (REVISED TITLE COMMITMENT) REVISED THIS 1ST DAY OF APRIL, 2015, (UPDATED TITLE COMMITMENT)

2

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS



Carolyn L. Guidry

2015 Apr 10 02:30 PM Fee: \$ 126.00

2015011133

CAROLYN L. GUIDRY, COUNTY CLERK
JEFFERSON COUNTY TEXAS

Electronically Recorded

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SPECIAL WARRANTY DEED WITH VENDOR'S LIEN IN FAVOR OF THIRD PARTY

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF JEFFERSON §

That **LaTex Investors, L.P.**, a Texas limited partnership (herein referred to as "**Grantor**"), in consideration of the sum of TEN DOLLARS AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration to Grantor in hand paid by Grantee hereinafter named, the receipt of which is hereby acknowledged, AND THE FURTHER CONSIDERATION of the execution and delivery by Grantee of that one certain promissory note dated April 2, 2015 in the principal amount of \$8,505,313.00 payable to the order of **Bank of America, N.A.** at the request of and as a loan to Grantee herein in payment of all or part of the purchase price of the property herein conveyed and to finance the construction of improvements to such property, which note is payable in installments as therein provided, with a final maturity of October 2nd, 2017 and which note contains the usual acceleration of maturity, attorney's fee and default clauses, and in addition to the vendor's lien retained herein in favor of **Bank of America, N.A.** securing payment of the note, Grantee herein has executed a deed of trust of even date with said note to PRLAP, Inc., Trustee, has GRANTED, SOLD and CONVEYED, and by these presents do GRANT, SELL and CONVEY unto **Cypress Place Apartments, LP** (herein referred to as "Grantee"), a Texas limited partnership whose mailing

2

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NCS-648938

address is 500 E. 96th Street, Suite 300, Indianapolis, IN 46240, all of those certain two tracts of property, together with an easement, all situated in the County of Jefferson, State of Texas, described as follows, to-wit:

BEING 6.92 acres, more or less, out of the W.B. Dyches Survey, Abstract No. 17, Beaumont, Jefferson County, Texas, being more particularly described by metes and bounds in Exhibit "A" attached hereto and incorporated herein by reference (herein referred to as "Primary Tract"); together with all improvements thereon, rights-of-way, any and all appurtenant easements, covenants and other rights affecting such land and any of Grantor's rights to use the same, any and all rights of ingress and egress to and from such land and any of Grantor's rights to use the same, any and all rights to the present or future use of wastewater, wastewater capacity, drainage, water or other utility facilities to the extent same pertain to or benefit the Primary Tract or the improvements located thereof, including without limitation, all reservations of or commitments or letters covering any such use in the future, whether now owned or hereafter acquired, all rights, if any, of Grantor in and to utility availability (including water, sanitary sewer and drainage) applicable to the Primary Tract, granted or made available by any city, municipal utility district, governmental authority or any other person or entity, any and all reversionary rights and remainders appurtenant to the Primary Tract (herein referred to collectively as the "Primary Tract Property"); which Primary Tract Property includes a 0.91 acre tract of land, more or less, out of the W.B. Dyches Survey, Abstract No. 17, Beaumont, Jefferson County, Texas, as more particularly described in Exhibit "B" attached hereto and incorporated herein by reference (herein referred to as the "Access Tract"); and

EASEMENT:

A perpetual, exclusive [[ten foot (10') easement]] (the "Water Facilities Easement") for the installation, operation, maintenance, repair and replacement of a water line and related facilities (collectively, the "Water Facilities") over, under and across the tract of land, out of the W.B. Dyches Survey, Abstract No. 17, Beaumont, Jefferson County, Texas, more particularly described in Exhibit "C" attached hereto and incorporated herein by reference (herein referred to as the "Water Facilities Easement Area"), which Water Facilities Easement shall be for the benefit of the Primary Tract Property, the Access Tract and the improvements from time to time located thereon.

Reference is hereby made to those certain engineering plans prepared for Herman & Kittle Properties, Inc., by Pacheco Koch, titled "Cypress Place Apartments", dated February 18,

2015, and prepared under Job No. 14-013 (the “**Engineering Plans**”). Grantee shall be permitted to make modifications to the Engineering Plans without Grantor’s consent if required by applicable zoning, building and environmental rules, regulations, orders or other laws (collectively, the “**Governing Laws**”) or if required due to unanticipated on-site construction issues provided such changes do not materially and adversely affect the rights of Grantor, as the owner of the real property described on Exhibit “D” attached hereto and incorporated herein by reference (the “**Grantor’s Abutting Property**”), reserved by or granted to Grantor herein. All other modifications of the Engineering Plans shall require the consent of Grantor, which consent shall not be unreasonably, withheld, conditioned or delayed and which consent shall be in writing and in recordable form. The Primary Tract Property and the Water Facilities Easement are conveyed by Grantor and accepted by Grantee subject to the following conditions and agreements and restrictive covenants which shall run with the land and shall be binding on Grantee and Grantee’s successors and assigns and shall be binding on Grantor and its successors and assigns as the owner of the Grantor’s Abutting Property:

- (i) Grantee shall construct on the Access Tract an access road twenty-six (26) feet in width (the “**Access Road**”) substantially in accordance with the Engineering Plans to provide access to and from the Primary Tract Property. Grantor reserves and retains for Grantor and Grantor’s successors and assigns access to and the right to use the Access Road for the benefit of Grantor’s Abutting Property and any portion thereof provided such use does not impair, interfere with or impede Grantee’s use of the Primary Tract Property and further provided that such access to and use of the Access Road is permitted by and done in accordance with Applicable Law. Grantee and its successors and assigns shall not engage in any act that would impair or impede such access to and use of the Access Road by

Grantor and Grantor's successors and assigns. Grantor shall pay for all costs associated with Grantor accessing the Access Road from the Grantor's Abutting Property and shall repair any damage done to the Access Road and other improvements located on, under or over the Access Tract in connection therewith, and all such work shall be done in accordance with all Governing Laws. Other than as specifically set forth above, the Grantor shall not be required to participate in the cost of constructing or maintaining the Access Road; provided, however, if the Access Road is damaged by Grantor or its invitees, employees, contractors or agents, Grantor shall pay for the cost of repairing such damage.

- (ii) Grantee shall install, construct and maintain a sewer line and related facilities on the Access Tract along the north side of the Access Road, substantially in accordance with and substantially as depicted on the Engineering Plans, to serve the Primary Tract Property and the improvements from time to time located thereon.
- (iii) If Grantee, in Grantee's determination, is unable to utilize the electrical service lines and poles located along the southern boundary of the Grantor's Abutting Property, or if, in Grantee's discretion, the cost of such use is not economical, then Grantee shall install, construct and maintain the electrical service to serve the Primary Tract Property on the north side of the Access Road (or with Grantor's approval, which approval shall not be unreasonably withheld, conditioned or delayed, on the south side of the Access Road). If the Grantee determines that it must install such electrical service on the Access Road, the Grantee will allow the Grantor access to and use of the electrical service and poles, provided such access or use does not impair or impede Grantee's use of the same, as reasonably

determined by the Grantee. The Grantor shall pay for all costs associated with the such owner's accessing and connecting to the electrical lines and poles from the Grantor's Abutting Property and shall repair at its sole cost and expense any damage done to the electrical lines and poles and/or any other improvements located on the Primary Tract Property and/or the Access Tract in connection with such connection to and use of the electrical lines and poles. All connections to and use of the electrical lines and poles shall be done by the Grantor in accordance with all Governing Laws.

- (iv) Grantee shall install street lights, as required by the City of Beaumont, Texas, on the north side of the Access Road.
- (v) Grantee shall install, construct and maintain sidewalks along the north side of the Access Road substantially as depicted on the Engineering Plans, and shall maintain the landscaping, as currently required by the City of Beaumont, Texas, in the area between the Access Road and the north property line of the Access Tract.
- (vi) Grantee shall install and construct drainage facilities through the Primary Tract and the Access Tract substantially in accordance with the Engineering Plans (the "**Drainage Facilities**"). Grantor reserves and retains for Grantor and Grantor's successors and assigns as the owner of the Grantor's Abutting Property access to (along the common boundaries between the Grantor's Abutting Property and the Primary Tract Property and Access Tract) and the right to use the Drainage Facilities for the benefit of Grantor's Abutting Property and any portion thereof provided such access and use do not impair, interfere with or impede Grantee's use of the Drainage Facilities, the Primary Tract, the Access Tract and/or any improvements located thereon. Grantee and its successors and assigns shall not

engage in any act that would prevent such access to and use of the Drainage Facilities by Grantor and its successors and assigns as the owner of the Grantor's Abutting Property. Grantor shall pay for all costs associated with such owner's accessing and connecting to the Drainage Facilities from the Grantor's Abutting Property and shall repair at its sole cost and expense any damage done to the Drainage Facilities and/or any other improvements located on the Primary Tract Property and/or the Access Tract in connection with any such connection to and use of the Drainage Facilities. All connections to and use of the Drainage Facilities shall be done by Grantor in accordance with all Governing Laws.

- (vii) Grantee shall install, construct and maintain the Water Facilities in the Water Facilities Easement Area substantially as depicted on and in accordance with the Engineering Plans. Grantor reserves and retains for Grantor and Grantor's successors and assigns as the owner of the Grantor's Abutting Property access to (along the common boundaries between the Grantor's Abutting Property and the Primary Tract and Access Tract) and the right to use the Water Facilities for the benefit of Grantor's Abutting Property and any portion thereof provided such access and use do not impair, interfere with or impede Grantee's use of the Water Facilities. Grantee and its successors and assigns shall not engage in any act that would prevent such access to and use of the Water Facilities by Grantor and Grantor's successors and assigns as the owner of the Grantor's Abutting Property. Grantor shall pay for all costs associated with accessing and connecting to the Water Facilities (including, without limitation, the cost of installing a water meter for such use) from the Grantor's Abutting Property and shall repair at its sole cost and expense any damage done to the Water Facilities and/or any other

improvements located within the Water Facilities Easement Area or otherwise in connection with any such connection to and use of the Water Facilities. All connections to and use of the Water Facilities (including, without limitation, the cost of the water supplied thereby for the benefit of the Grantor's Abutting Property) shall be done by Grantor at its sole cost and expenses and in accordance with all Governing Laws. Grantor agrees to enter into a new easement in replacement of this Water Facilities Easement if required to do so in connection with the development of the Primary Tract and/or the Access Tract by governing utilities authorities, as more particularly described on the Engineering Plans.

- (viii) Other than as specifically set forth herein, the Access Tract shall only be used for purposes of providing pedestrian and vehicular ingress and egress to and from the Primary Tract and for the installation, use, maintenance, repair and replacement of drainage, electrical, water, sewer, telephone, cable, communications and any and all other utility services as may from time to time be customary in the community for the benefit of the Primary Tract Property and the occupants thereof.
- (ix) Upon the completion of the construction and installation of each of the items described above, other than as specifically set forth herein, Grantee shall have no further obligations to Grantor other than its obligation to maintain the Access Road (in a manner reasonably determined by the Grantee) and the other facilities described above.
- (x) The improvements to be constructed by Grantee, as described above, shall be constructed at such time as Grantee constructs its proposed project on the Primary Tract, which may be constructed by Grantee as and when Grantee determines in its sole discretion.

This conveyance is made and accepted expressly subject to the following: (i) perpetual Drainage Easement set out in that certain instrument recorded August 10, 2000, in County Clerk's File Number 2000030477 of the Official Public Records of Jefferson County, Texas, (ii) right-of-way set out in that certain instrument recorded July 26, 2004, in County Clerk's File Number 2004028793 of the Official Public Records of Jefferson County, Texas, (iii) right-of-way set out in that certain instrument recorded November 13, 2000, in County Clerk's File Number 2000042585 of the Official Public Records of Jefferson County, Texas, (iv) mineral and/or royalty interest set out in that certain instrument recorded in Volume 376, Page 367 of the Deed Records of Jefferson County, Texas, (v) mineral and/or royalty interest set out in that certain in County Clerk's File Number 1999023143 of the Official Public Records of Jefferson County, Texas, (vi) inclusion within Jefferson County Drainage District Number 6, and (vii) taxes for the current year which are not yet due and payable, the payment of which Grantee assumes.

TO HAVE AND TO HOLD the Primary Tract Property, the Access Tract and the Water Facilities Easement, together with all and singular the rights, hereditaments and appurtenances thereto in anywise belonging, unto said Grantee, and Grantee's successors and assigns forever and Grantor does hereby bind itself and its successors and assigns to WARRANT AND FOREVER DEFEND all and singular the title to the Primary Tract Property, the Access Tract and the Water Facilities Easement Area unto said Grantee and Grantee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantor but not otherwise, except as to reservations from and exceptions to the conveyance and warranty.

NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THE AFFIDAVIT

OF REPRESENTATIONS AND WARRANTIES EXECUTED BY GRANTOR OF EVEN DATE HERewith AND THE SPECIAL WARRANTIES OF TITLE CONTAINED HEREIN, GRANTOR HEREBY SPECIFICALLY DISCLAIMS, AND BY ACCEPTANCE OF THIS DEED GRANTEE WAIVES, ANY WARRANTY, GUARANTY OR REPRESENTATION, WRITTEN OR ORAL, PAST, PRESENT OR FUTURE, OF, AS TO, OR CONCERNING (1) THE NATURE OR CONDITION OF THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT OR THE WATER FACILITIES EASEMENT AREA, INCLUDING, WITHOUT LIMITATION, THE SOIL OR OTHER GEOLOGICAL CONDITIONS OF THE PRIMARY TRACT PROPERTY OR THE ACCESS TRACT, THE PHYSICAL CONDITION OF THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT OR THE WATER FACILITIES EASEMENT AREA, THE SUITABILITY OF THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT OR THE WATER FACILITIES EASEMENT AREA FOR ANY ACTIVITIES AND USES WHICH GRANTEE MAY ELECT TO CONDUCT THEREON OR THEREOF, OR THE EXISTENCE OF ANY WETLANDS OR ENVIRONMENTAL HAZARDS OR CONDITIONS THEREON; AND (2) THE COMPLIANCE OF THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT, OR THE WATER FACILITIES EASEMENT AREA OR THEIR OPERATION WITH ANY LAWS, ORDINANCES, RULES OR REGULATIONS OF ANY GOVERNMENTAL OR ADMINISTRATIVE AUTHORITY HAVING JURISDICTION OVER THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT OR THE WATER FACILITIES EASEMENT AREA (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL LAWS, ORDINANCES, RULES AND REGULATIONS); AND (3) WHETHER THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT OR WATER FACILITIES EASEMENT AREA IS SUBJECT TO ANY TYPE OF BUILDING RESTRICTIONS, NEGATIVE OR RECIPROCAL EASEMENTS OR OTHER

BURDENS OR ENCUMBRANCES. GRANTEE ACKNOWLEDGES THAT GRANTEE HAS BEEN AFFORDED AN OPPORTUNITY TO INSPECT THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT AND THE WATER FACILITIES EASEMENT AREA AND ALL MATTERS RELATED TO TITLE AND THE INTENDED USE AND DEVELOPMENT OF THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT AND WATER FACILITIES EASEMENT AREA, THAT GRANTEE WILL INSPECT THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT THE WATER FACILITIES EASEMENT AREA AND WILL ANALYZE THE TITLE AND ALL RESTRICTIONS, ZONING REQUIREMENTS AND OTHER MATTERS THAT MAY AFFECT THE DEVELOPMENT AND USE OF THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT OR THE WATER FACILITIES EASEMENT AREA, AND THAT GRANTEE WILL RELY SOLELY ON GRANTEE'S OWN INSPECTION AND INVESTIGATION OF THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT OR THE WATER FACILITIES EASEMENT AREA AND NOT ON ANY INFORMATION PROVIDED BY GRANTOR OR GRANTOR'S AGENTS OR REPRESENTATIVES. THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT AND THE WATER FACILITIES EASEMENT AREA ARE SOLD BY GRANTOR TO GRANTEE ON AN "AS IS", "WHERE IS" BASIS AND WITH ALL FAULTS. GRANTEE EXPRESSLY ACKNOWLEDGES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THE AFFIDAVIT OF REPRESENTATIONS AND WARRANTIES EXECUTED BY GRANTOR OF EVEN DATE HERewith AND THE SPECIAL WARRANTIES OF TITLE CONTAINED HEREIN, GRANTOR MAKES NO WARRANTY OR REPRESENTATION WITH RESPECT TO THE PRIMARY TRACT PROPERTY, THE ACCESS TRACT OR THE WATER FACILITIES EASEMENT AREA, WHETHER EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED

TO, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, QUALITY OR FITNESS FOR A PARTICULAR PURPOSE, IN RESPECT OF PRIMARY TRACT PROPERTY, THE ACCESS TRACT PROPERTY AND THE WATER FACILITIES EASEMENT AREA.

But it is expressly agreed and stipulated that a vendor's lien is reserved and created herein in favor of **Bank of America, N.A.**, who will hold superior title in and to the Property and the title in Grantee will not become absolute until the above described note, together with all renewals and extensions thereof and all interests and other charges therein stipulated, are fully paid according to the face, tenor and reading thereof, when this Deed shall become absolute; and it shall be the same as if a vendor's lien was retained in favor of Grantor herein and assigned by proper assignment to **Bank of America, N.A.** without recourse on Grantor in any manner for the payment of said indebtedness.

[Signature Page to follow]

IN WITNESS WHEREOF, this Special Warranty Deed With Vendor's Lien in Favor of Third Party is executed by Grantor this 26 day of March, 2015.

LaTex Investors, L.P., a Texas limited partnership

By: LaTex General Partner, L.L.C.
Its: General Partner

By: Worth Scott Moffett III
Worth Scott Moffett, III, Manager

ACCEPTED AND AGREED TO BY THE GRANTEE:

Cypress Place Apartments, LP

By: Cypress Place, LLC
Its: General Partner

By: _____
Name: _____
Title: _____

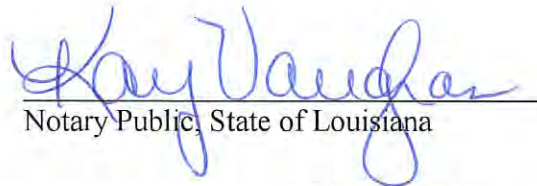
THE STATE OF LOUISIANA §

PARISH OF CALCESIEU §

BEFORE ME, the undersigned Notary Public, on this day personally appeared **Worth Scott Moffett, III**, Manager of LaTex General Partner, L.L.C., a Texas limited liability company that serves as general partner of LaTex Investors, L.P., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated, as the act and deed of said partnership and its general partner.

GIVEN under my hand and seal of office this 26 day of March, 2015.

(SEAL)


Notary Public, State of Louisiana

KAY VAUGHAN
CALCASIEU PARISH
LA NOTARY #56286
COMMISSION EXPIRES AT DEATH

IN WITNESS WHEREOF, this Special Warranty Deed With Vendor's Lien in Favor of Third Party is executed by Grantor this ____ day of _____, 2015.

LaTex Investors, L.P., a Texas limited partnership

By: LaTex General Partner, L.L.C.
Its: General Partner

By: _____
Worth Scott Moffett, III, Manager

ACCEPTED AND AGREED TO BY THE GRANTEE:

Cypress Place Apartments, LP

By: Cypress Place, LLC
Its: General Partner

By: Jeff Kittle
Name: Jeffrey L. Kittle
Title: Manager

THE STATE OF INDIANA §

COUNTY OF HAMILTON §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Jeffrey I. Kittle, Manager of Cypress Place, LLC, General Partner of Cypress Place Apartments, LP, a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated as the act and deed of said partnership and its general partner.

GIVEN under my hand and seal of office this 1st day of April, 2015.



Jennifer Okey
Notary Public - Indiana
County of Marion
My Comm. Expires: Feb. 12, 2016

[Signature]
Notary Public, State of INDIANA

AFTER RECORDING RETURN TO:

Cypress Place Apartments, LP
500 E. 96th Street, Suite 300
Indianapolis, IN 46240

EXHIBIT "A"

See attached legal description of the Primary Tract.

EXHIBIT A

Being 6.92 acres of land out of the W.B. Dyches Survey, Abstract No. 17, Jefferson County, Texas, being a portion of a called 15.02 acre tract (Tract II) described in Document Number 2007045002, Official Public Records, Jefferson County, Texas, said 6.92 acre tract being further described as follows:

BEGINNING at a 1/2" iron pin (with cap labeled "Faust") found in the Easterly boundary of a called 300.0 acre tract of land described in Document Number 2000030477, Official Public Records, Jefferson County, Texas, for the Southwest corner of a called 3.5176 acre tract of land described in Document Number 2008041231, Official Public Records, Jefferson County, Texas, for the Northwest corner of said 15.02 acre tract and this herein described 6.92 acre tract;

THENCE along the South line of said 3.5176 acre tract and the North line of said 15.02 acre tract, North 87° 00' 02" East, a distance of 1458.22 feet to a 3/8" iron pin for the Northeast corner of this herein described 6.92 acre tract, from which a 1/2" iron pin found in the Westerly right-of-way line of Old Dowlen Road for the Southeast corner of said 15.02 acre tract bears South 03° 01' 19" East, a distance of 492.31 feet;

THENCE along the Westerly right-of-way line of Old Dowlen Road and the Easterly boundary of said 15.02 acre tract and the herein described 6.92 acre tract, South 03° 01' 19" East, a distance of 50.00 feet to a 1/2" iron pin (with plastic cap stamped "HMT") set for the Southeasterly corner of this herein described tract;

THENCE across said 15.02 acre tract, the following two (2) calls:

1. South 87° 00' 02" West, a distance of 795.24 feet to a 1/2" iron pin (with plastic cap stamped "HMT") set; for an interior corner of the herein described tract;
2. South 02° 59' 58" East, a distance of 499.46 feet to a 1/2" iron pin (with plastic cap stamped "HMT") set in the Northerly boundary of a 14.35 acre tract of land described in Document Number 2004032108, Official Public Records, Jefferson County, Texas, common with the Southerly boundary of said 15.02 acre tract;

THENCE along the Northerly boundary of said 14.35 acre tract and the Southerly boundary of said 15.02 acre tract, the following two (2) calls:

1. South 84° 16' 46" West, a distance of 314.99 feet to a 1/2" iron pin (with cap labeled "Faust") found;
2. South 62° 06' 32" West, at 100.28 feet pass a 1/2" iron pin (with cap labeled "Faust") found in reference, continuing in all a total distance of 166.13 feet to a point in the Easterly boundary of the aforementioned 300.0 acre tract, for the Northwest corner of said 14.35 acre tract, common with the Southwest corner of said 15.02 acre tract and this herein described 6.92 acre tract;

THENCE along the Easterly boundary of said 300.0 acre tract and the Westerly boundary of said 15.02 acre tract, the following three (3) calls:

1. North 03° 01' 24" West, a distance of 485.15 feet to a 1/2" iron pin (with cap labeled "Jefferson County Drainage District") found;
2. South 87° 07' 27" West, a distance of 195.65 feet to a 1/2" iron pin (with cap labeled "Jefferson County Drainage District") found;

3. North $04^{\circ} 03' 11''$ West, a distance of 98.78 feet to the POINT OF BEGINNING and containing 6.92 acres of land in Jefferson County, Texas.

EXHIBIT "B"

See attached legal description of the Access Tract

EXHIBIT B

Being 0.91 acres of land out of the W.B. Dyches Survey, Abstract No. 17, Jefferson County, Texas, and being a portion of a called 15.02 acre tract (Tract II) described in Document Number 2007045002, Official Public Records, Jefferson County, Texas, said 0.91 acre tract being further described as follows:

BEGINNING at a 3/8" iron pin found in the Westerly right-of-way of Old Dowlen Road, for the Northeasterly corner of a called 15.02 acre tract of land described in Document Number 2007045002, Official Public Records, Jefferson County, Texas, common with the Southeast corner of a called 3.5176 acre tract of land described in Document Number 2008041231, Official Public Records, Jefferson County, Texas;

THENCE along the Easterly line of said 15.02 acre tract and the Westerly right-of-way line of Old Dowlen Road, South 03° 01' 19" East, a distance of 50.00 feet to a 1/2" iron pin (with plastic cap stamped "HMT") set for the Southeasterly corner of herein described 0.91 acre tract;

THENCE across said 15.02 acre tract, the following two (2) calls:

1. South 87° 00' 02" West, a distance of 795.24 feet to a 1/2" iron pin (with plastic cap stamped "HMT") set for the Southwest corner of herein described tract;
2. North 02° 59' 58" West, a distance of 50.00 feet to a point in the Northerly line of said 15.02 acre tract common with the Southerly line of said 3.5176 acre tract;

THENCE, along said common line, North 87° 00' 02" East, a distance of 795.21 feet to the POINT OF BEGINNING and containing 0.91 acres of land in Jefferson County, Texas.

EXHIBIT "C"

See attached legal description of the Water Facilities Easement Area

EXHIBIT C

LEGAL DESCRIPTION

Being 0.183 of an acre Water Facilities Easement out of the W.B. Dyches Survey, Abstract No. 17, Jefferson County, Texas, and being a portion of a called 15.02 acre tract (Tract II) described in Document Number 2007045002, Official Public Records, Jefferson County, Texas, said 0.183 of an acre Water Facilities Easement being further described as follows:

COMMENCING at a 3/8" iron pin found in the Westerly right-of-way of Old Dowlen Road, for the Northeasterly corner of a called 15.02 acre tract of land described in Document Number 2007045002, Official Public Records, Jefferson County, Texas, common with the Southeast corner of a called 3.5176 acre tract of land described in Document Number 2008041231, Official Public Records, Jefferson County, Texas;

THENCE along the Easterly line of said 15.02 acre tract and the Westerly right-of-way line of Old Dowlen Road, South 03° 01' 19" East, a distance of 50.00 feet to the Northeast corner and POINT OF BEGINNING of this herein described 0.183 acre Water Facilities Easement;

THENCE continuing along the Easterly line of said 15.02 acre tract and the Westerly right-of-way line of Old Dowlen Road, South 03° 01' 19" East, a distance of 10.00 feet to a point for the Southeasterly corner of this herein described 0.183 acre Water Facilities Easement, from which a 1/2" iron pin found for the Southeast corner of said 15.02 acre tract bears South 03° 01' 19" East, a distance of 432.31 feet;

THENCE across said 15.02 acre tract, the following three (3) calls:

1. South 87° 00' 02" West, a distance of 795.24 feet to a point for the Southwest corner of this herein described tract;
2. North 02° 59' 58" West, a distance of 10.00 feet to a point for the Northwest corner of this herein described tract;
3. North 87° 00' 02" East, a distance of 795.24 feet to the POINT OF BEGINNING and containing 0.183 acres of land in Jefferson County, Texas.

EXHIBIT "D"

See attached legal description of the Grantor's Abutting Property

EXHIBIT "D"

That certain 15.02 acre tract out of the W. B. Dyches Survey, Abstract 17, Beaumont, Jefferson County, Texas, and part of a 118.598 acre tract described in a deed to Weston Trails Property, Ltd., recorded in Clerk's File # 1999023143 of the Jefferson County Real Property Records; said 15.02 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a 3/4" iron rod found for the Southeast corner of the said 118.598 acre tract and being the Southeast corner of a 14.35 acre tract;

THENCE North 03° 02' 01" West (reference bearing) along the West right-of-way line of Old Dowlen Road and the east line of the said 118.598 acre tract, a distance of 506.67 feet to a 3/8" iron rod found for the Northeast corner of that certain 14.35 acre tract and the POINT OF BEGINNING of the herein described 15.02 acre tract;

THENCE South 86° 57' 50" West, along the North line of that certain 14.35 acre tract, a distance of 537.83 feet to a found 3/8" iron rod found for angle point;

THENCE South 85° 44' 37" West, continuing along the North line of that certain 14.35 acre tract, a distance of 186.37 feet to a found 3/8" iron rod found for angle point;

THENCE South 84° 14' 43" West, continuing along the North line of that certain 14.35 acre tract, a distance of 386.19 feet to a found 3/8" iron rod found for angle point;

THENCE South 62° 04' 29" West, continuing along the North line of that certain 14.35 acre tract, at 100.00 feet pass a 3/8" iron rod found for reference on the East line of a 60' wide Drainage District No. 6 Easement as recorded in Clerk's File No. 200030477 of the Official Public Records of Real Property, Jefferson County, Texas, continuing for a total distance of 166.13 feet to a point for corner in the West line of the said 60' drainage easement and the West line of the said 118.598 acre tract and the East line of that certain Drainage District No. 6 tract as recorded in Film Code No. 104-01-0353 of the Official Public Records of Real Property, Jefferson County, Texas;

THENCE North 03° 02' 42" West (called North 03° 02' 01" West) along the West line of the said 60' drainage easement, the East line of the said DD6 tract, and the West line of the said 118.598 acre tract, a distance of 485.40 feet to a 5/8" iron rod with aluminum cap stamped "D.D.#6" found for the Northeast corner of the said DD6 tract and an interior "ell" corner of the said 118.598 acre tract and the herein described 15.02 acre tract;

THENCE South 87° 03' 59" West (called South 87° 06' 47" West), along the North line of the said DD6 tract, a distance of 195.86 feet (called 195.74 feet) to a 5/8" iron rod with aluminum cap stamped "D.D.#6" found, said rod being in the North line of the said DD6 tract marking the most Westerly Southwest corner of the said 118.598 acre tract and the most Easterly Southeast corner of that certain Northwest Beaumont Development Ltd. tract as recorded in Clerk's File No. 2002000092 of the Official Public Records of Jefferson County, Texas;

THENCE North 04° 05' 06" West (called North 04° 03' 16" West), along the East line of the said Northwest Development tract and the West line of the 118.598 acre tract, a distance of 98.73 feet to a 3/8" iron rod set for corner;

THENCE North 86° 57' 59" East a distance of 1458.37 feet to a 3/8" iron rod set for corner, said rod being set in the West right-of-way line of Old Dowlen Road and the East line of the said 118.598 acre tract.

THENCE South 03° 02' 01" East (reference bearing) a distance of 492.20 feet to the POINT OF BEGINNING, containing an area of 15.02 acres of land, more or less.

EXCEPT the 6.92 acres of land out of the W.B. Dyches Survey, Abstract No, 17, Jefferson County, Texas, being a portion of a called 15.02 acre tract (Tract II) described in Document Number 2007045002, Official Public Records, Jefferson County, Texas, said 6.92 acre tract being further described as follows:

BEGINNING at a 1/2" iron pin (with cap labeled 'Faust') found in the Easterly boundary of a called 300.0 acre tract of land described in Document Number 2000030477, Official Public Records, Jefferson County, Texas, for the Southwest corner of a called 3.5176 acre tract of land described in Document Number 2008041231, Official Public Records, Jefferson County, Texas, for the Northwest corner of said 15.02 acre tract and this herein described 6.92 acre tract;

THENCE along the South line of said 3.5176 acre tract and the North line of said 15.02 acre tract,

North 87° 00' 02" East, a distance of 1458.22 feet to a 3/8" iron pin set for the Northeast corner of this herein described 6.92 acre tract, from which a 1/2" iron pin found in the Westerly right-of-way line of Old Dowlen Road for the Southeast corner of said 15.02 acre tract bears South 03° 01' 19" East, a distance of 492.31 feet;

THENCE along the Westerly right-of-way line of Old Dowlen Road and the Easterly boundary of said 15.02 acre tract and the herein described 6.92 acre tract, South 03' 01' 19" East, a distance of 50.00 feet to a 1/2" iron pin (with plastic cap stamped "HMT") set for the Southeasterly corner of this herein described tract.

THENCE across said 15.02 acre tract, the following two (2) calls:

1. South 87° 00' 02" West, a distance of 795.24 feet to a 1/2" iron pin (with plastic cap stamped "HMT") set; for an interior corner of the herein described tract;
2. South 02° 59' 58" East, a distance of 449.46 feet to a 1/2" iron pin (with plastic cap stamped "HMT") set in the Northerly boundary of a 14.35 acre tract of land described in Document Number 2004032108, Official Public Records, Jefferson County, Texas, common with the Southerly boundary of said 15.02 acre tract;

THENCE along the Northerly boundary of said 14.35 acre tract and the Southerly boundary of said 15.02 acre tract, the following two (2) calls:

1. South 84' 16' 46" West, a distance of 314.99 feet to a 1/2" iron pin (with cap stamped "HMI") set;
2. South 62' 06' 32" West, at 100.28 feet pass a 1/2" iron pin (with cap labeled "Faust") found in reference, continuing in all a total distance of 166.13 feet to a point in the Easterly boundary of the aforementioned 300.0 acre tract, for the Northwest corner of said 14.35 acre tract, common with the Southwest corner of said 15.02 acre tract and this herein described 6.92 acre tract;

THENCE along the Easterly boundary of said 300.0 acre tract and the Westerly boundary of said 15.02 acre tract, the following three (3) calls:

1. North 03° 01' 24" West, a distance of 485.15 feet to a 1/2" iron pin (with cap labeled "Jefferson County Drainage District") found;
2. South 8T 07' 27" West, a distance of 195.65 feet to a 1/2" iron pin (with cap labeled "Jefferson County Drainage District") found;
3. North 04' 03' 11" West, a distance of 98.78 feet to the POINT OF BEGINNING and containing 6.92 acres of land in Jefferson County, Texas.

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action regarding a Housing Tax Credit Application Amendment for Cypress Creek at Wayside (#14291)

RECOMMENDED ACTION

WHEREAS, Cypress Creek at Wayside received an award of 9% Housing Tax Credits in 2014 to construct 200 units in Houston;

WHEREAS, the Development Owner is requesting approval for an increase to the acreage of the development site from 17.538 acres to 18.406 acres;

WHEREAS, the additional acreage being added to the Development Site is a significant modification to the site plan;

WHEREAS, §2306.6712(d) of the Texas Government Code considers a significant modification of the site plan to be a material alteration requiring Board approval; and

WHEREAS, the change in site acreage does not negatively affect the Development, impact the viability of the transaction, or affect the amount of tax credits awarded;

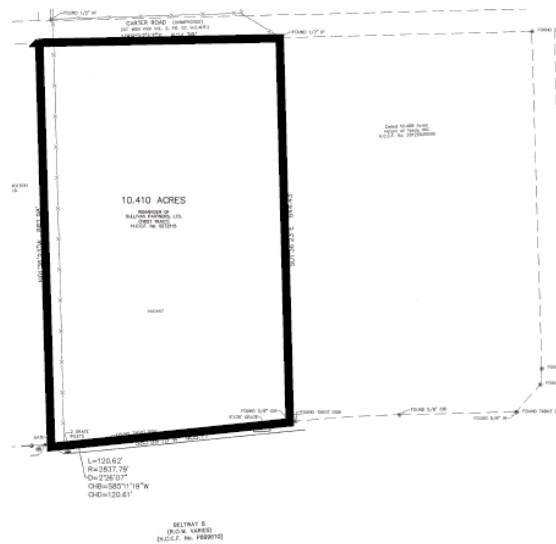
NOW, therefore, it is hereby

RESOLVED, that the requested amendment of the Housing Tax Credit application for Cypress Creek at Wayside is approved as presented to this meeting and the Executive Director and his designees are each authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

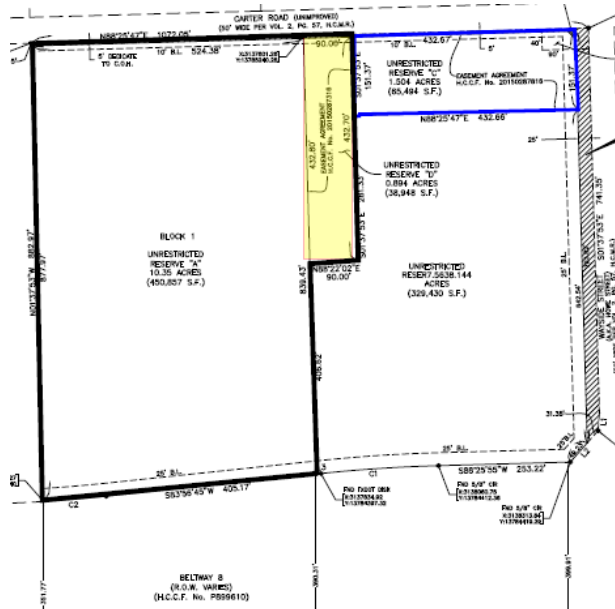
BACKGROUND

Cypress Creek at Wayside (also known as Cypress Creek Apartment Homes at Wayside Drive) was submitted and approved for a 9% HTC allocation during the 2014 cycle. The Applicant, Cypress Creek Wayside LP (Linda Witt and Donald Sampley), through their Consultant (Stuart Shaw) have submitted a request to amend the application with respect to the site acreage. The Application indicated that the Development Site would consist of a total of 17.50 acres. As detailed in the original underwriting report, the site consists of two tracts: approximately 10.4 acres on the north side of Sam Houston Tollway, and approximately 7.1 acres on the south side. All improvements were proposed to be constructed on the north tract, with the south tract remaining undeveloped as it is partially in a floodplain. At this time the request is to increase the site acreage to include an additional 0.894 acres to the north tract of the site. An illustration of the north tract of the Development Site before and after the change is provided below:

North Tract Before Change



North Tract After Change



According to the owner, the additional 0.894 acres being added to the site (highlighted in yellow) will allow the owner to better position the buildings and reduce density as well as provide for amenities and improvements that were not present in the application.

The Owner's request also reflects a 1.5 acre perpetual access easement (boxed in blue) which will provide a second point of ingress/egress to the development from Wayside Drive, as required by the Real Estate Analysis condition of the underwriting report. The owner does not anticipate that the Department's Land

Use Restrictive Agreement will encumber this 1.5 acre perpetual access easement. The Department's underwriting report for this application included a condition that the Owner obtains approval from the City of Houston for location of additional point of ingress/egress because the Site Feasibility Report submitted with the original application reported that a minimum of two points of access would be required. The Owner has indicated that the City of Houston has reviewed and approved the plat for this development which includes two points of access to the site, one through Beltway 8 and the other through Wayside Drive.

The Phase I Environmental Site Assessment ("ESA") submitted with the original application does not include the additional 0.894 acres or the 1.5 acre access easement as part of this amendment request; however, a revised ESA dated May 26, 2015, was submitted and includes the additional acreage. As in the previous ESA, Terracon – the ESA provider – recommends that a noise study be conducted. No further Recognized Environmental Concerns were identified.

Pursuant to 10 TAC §10.405(a)(5) and Texas Government Code §2306.6712(e), staff must consider whether changes would have resulted in selection or threshold criteria that would have resulted in scoring changes and if the need for the proposed modifications were reasonably foreseeable or preventable by the Applicant at the time the Application was submitted. Staff has reviewed the original application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the application score.

Staff recommends approval of the amendment request.

June 29, 2015

Ms. Kathryn Saar
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: Non-Material Amendment Request for Cypress Creek Apartment Homes at Wayside Drive (#14291)

Dear Ms. Saar,

I am providing the Department with the following non-material amendment at the request of Cypress Creek Wayside LP, owner of Cypress Creek Apartment Homes at Wayside Drive (CCWD); located in Houston, Harris County, Texas. This non-material amendment is required to meet the Real Estate Analysis condition to have a second point of ingress/egress for the community. The amendment also provides space for additional amenities and safer access points for community members.

The CCWD team explored options to have two points of entry along Beltway 8, but based on the expert opinion of our engineer, Texas Department of Transportation (TXDOT) guidelines and general safety of our community members, our team is not able to add a second access point on Beltway 8. Currently, the frontage road of Beltway 8 consists of three travel lanes on which the speed limit is 50 mph. Adding two access points on the CCWD site along Beltway 8 is not feasible or safe. As an alternative, the applicant has arranged for access to Wayside Drive that provides improved and safer access options to CCWD (see attached site plan).

The City of Houston has reviewed and approved the plat for CCWD that includes the two points of access to the site (copy attached). The primary entrance will be located on Wayside Drive and an emergency access point along the Beltway 8 access road will also be provided as detailed in the attached site plan.

Cypress Creek Wayside LP requests approval for an increase in acreage from 17.538 acres to 18.406 acres, as detailed in the attached exhibits. The increase amounts to a 4.95% increase in acreage and a 4.72% decrease in density, both below the threshold for a material amendment. CCWD will also be given a perpetual easement to access Wayside Drive.

The reduction in density, in addition to improved safety and access options for community members, allows for amenities and improvements that were not present in the application. The following amenities and benefits have been added to the current site plan:

1) Sports Field

- 2) Sports Court
- 3) Two Covered Picnic Areas with Barbecue Grills
- 4) Additional common area and green space

The added amenities have served other communities owned and managed by our property management team. We have attached photos of examples of amenities, as they exist in other communities developed, built, and managed by Bonner Carrington. While Bonner Carrington is the consultant and not the owner for CCWD, the community will get the benefit of years of expertise in affordable housing development design and management. Bonner Carrington's goal is to create thoughtfully designed and constructed multifamily homes in a purposeful and attractive manner, appropriately priced and anchored in a culture that is truly focused on the overall well-being of our residents.

We request your approval of this non-material amendment.

Sincerely,

Stuart B. Shaw
Applicant's Consultant

Attachments

1. Updated Site Plan
2. Original Site Plan from Application (#14291)
3. Amenity Photos
4. City of Houston Plat Approval

Exhibit 01

Proposed Site Plan (North Tract) & Land Survey (South Tract)

Area 10.35 acres (north tract)

0.904 acres (reserve easement)

+ 7.128 acres (south tract)

Total = 18.372 acres

See approved plat for final acreage.

CYPRESS CREEK AT WAYSIDE

HOUSTON, TX - BONNER CARRINGTON

CARTER ROAD (UNIMPROVED)
(50' WIDE PER VOL. 2, PG. 57, H.C.M.R.)

BLDG TYPE	STORIES	QTY	A1	B1	C1	D1	TOTAL
I	3	2		32	16		48
II	3	4	48	16	32		96
III	2-3-2	2		24		16	40
IV	2	1			16		16
TOTAL		9	48	72	64	16	200
Accessible Units (5%)			2	4	3	1	10

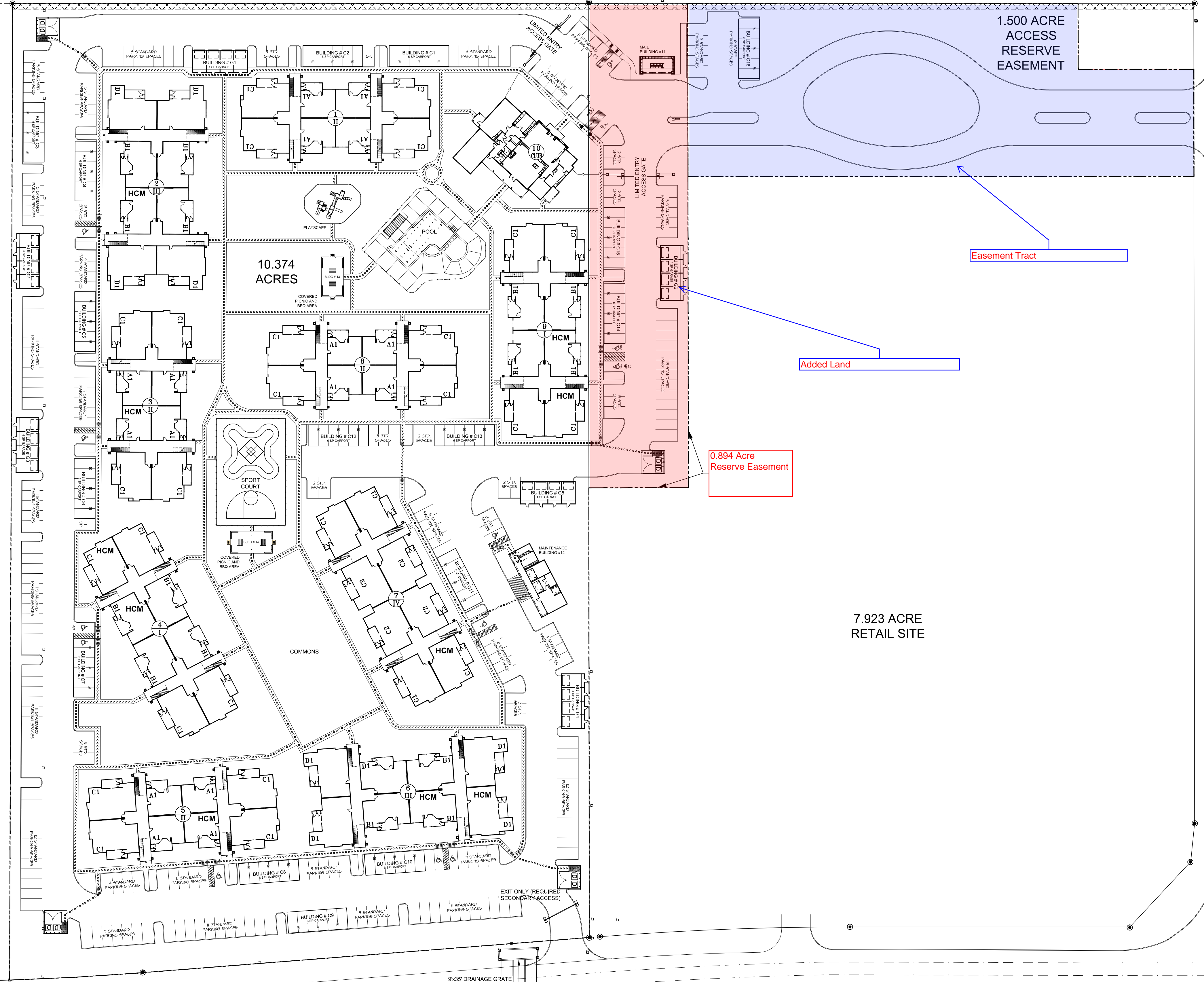
UNIT	TYPE	QUANTITY	SF/UNIT	TOTAL SF
A1	1br	48	708	33,984
B1	2br	72	1,044	75,168
C1	3br	64	1,216	77,824
D1	4br	16	1,367	21,872
TOTAL		200		208,848

PARKING TABULATIONS

UNIT	QUANTITY	REQUIREMENT	TOTAL
1BR UNITS (A1)	48	1.333 SP/UNIT	64
2BR UNITS (B1)	72	1.666 SP/UNIT	120
3BR UNITS (C1)	64	2 SP/UNIT	128
4BR UNITS (D1)	16	2 SP/UNIT	32
TOTAL			344

Total Required : 344 Spaces
Total Provided :

Standard:	366 (12 HC)
Carpport:	60 (1 HC)
Garage:	24 (1 HC)
Total:	360 (14 HC)



SITE PLAN ●●●● ACCESSIBLE ROUTE

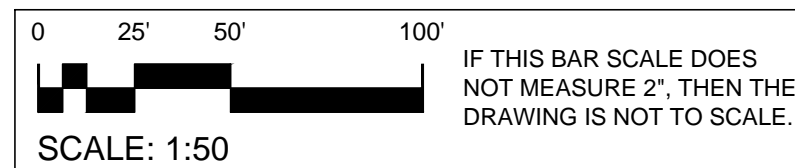
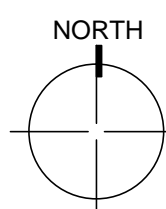
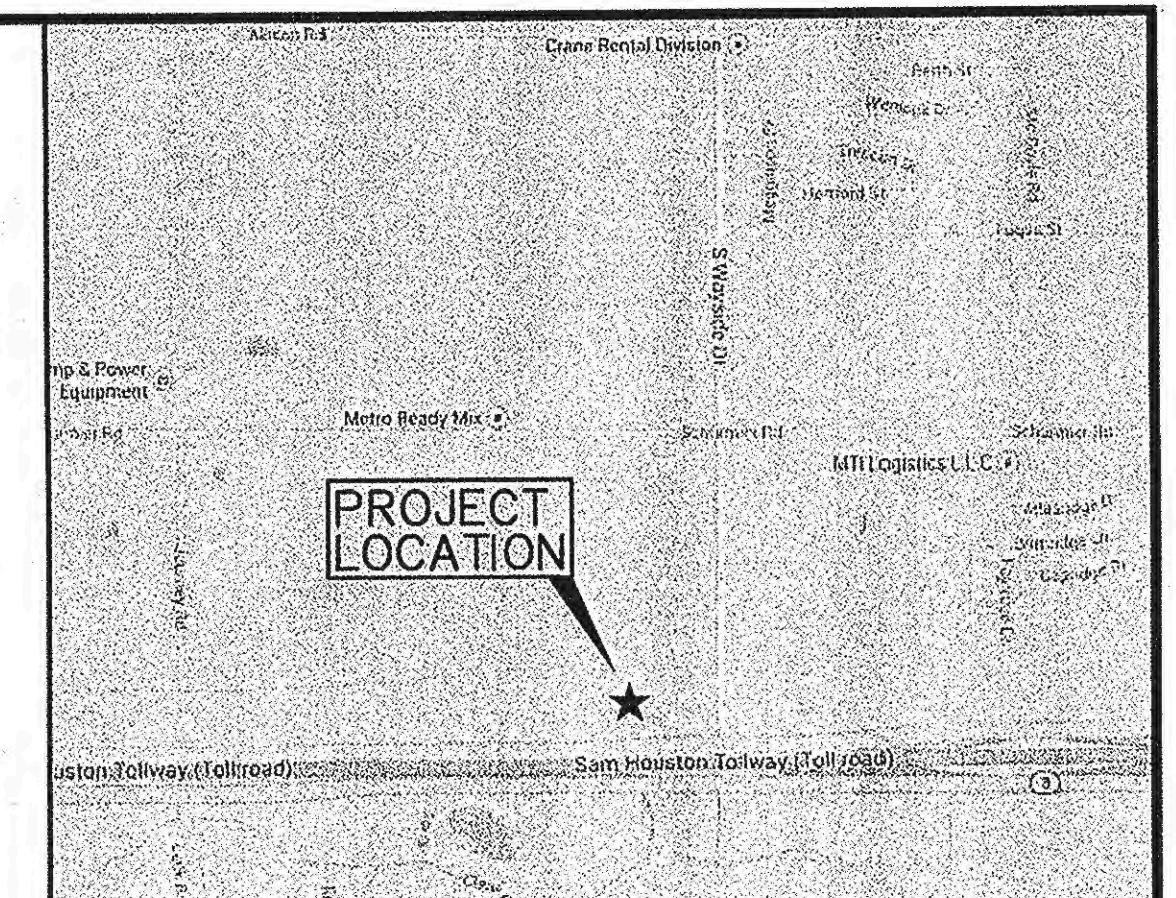
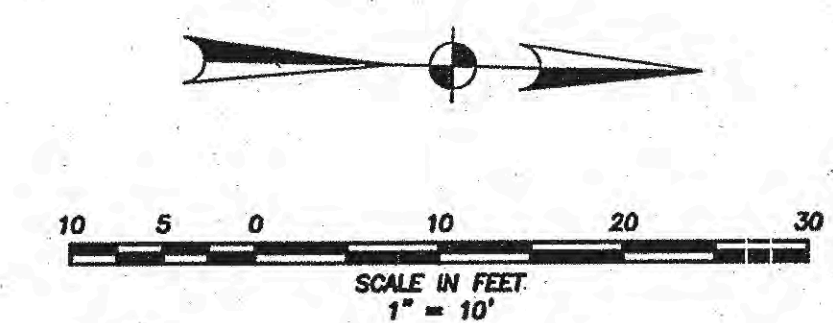


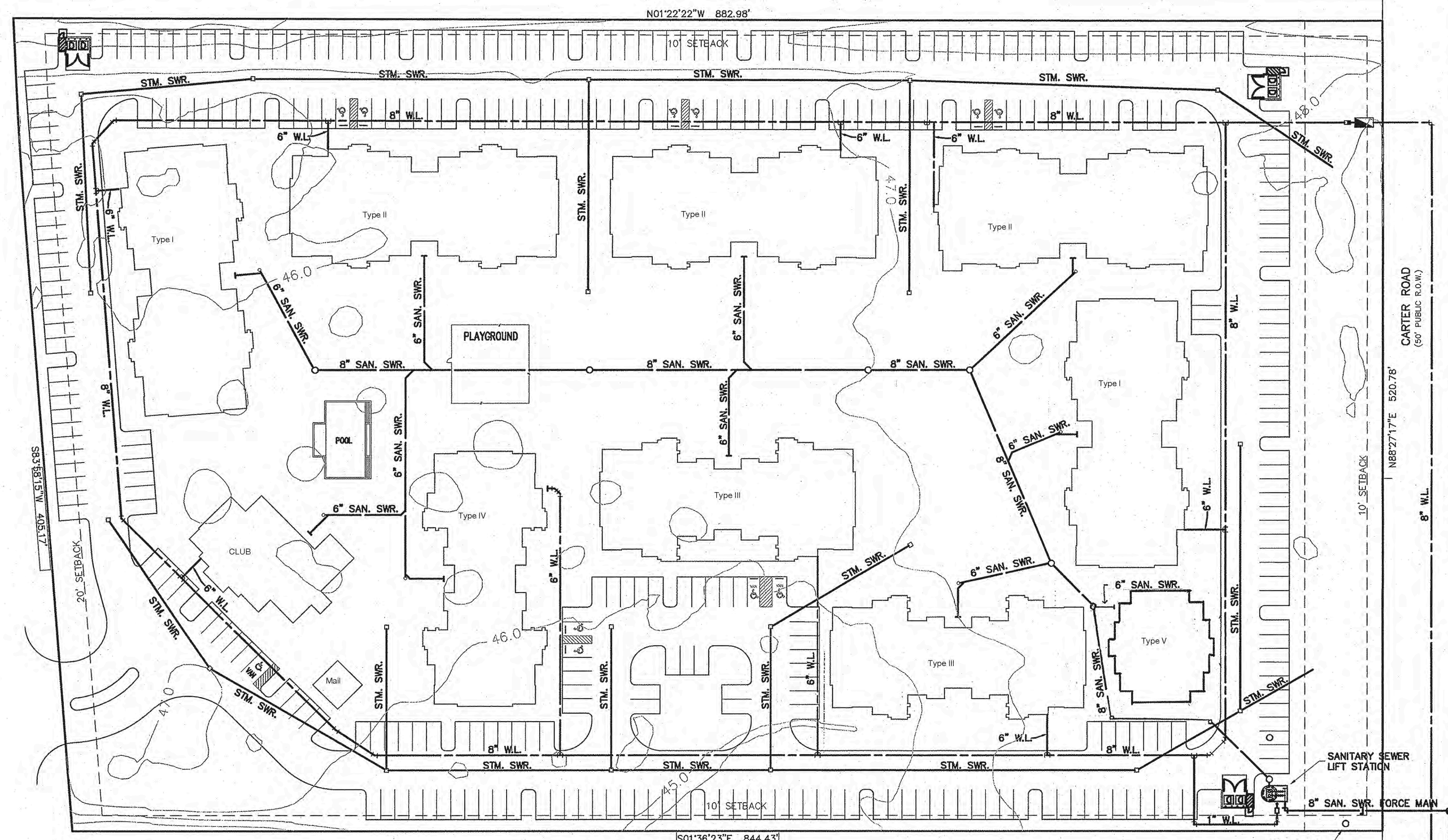
Exhibit 02

Original Site Plan from TDHCA Application #14291

Area = 17.538 acres



LOCATION MAP



PROJECT SUMMARY:

Apartments:

Type	Description	Qty.	Area
A1	One Bedroom, 1 Bath	48	708 s.f.
B1	Two Bedroom, 2 Bath	72	1,044 s.f.
C1	Three Bedroom, 2 Bath	64	1,216 s.f.
D1	Four Bedroom, 3 Bath	16	1,367 s.f.
Apartments Total			200 Units 208,848 s.f.

Amenity Center	5,133 s.f.
Project Total	5,133 s.f.

Parking Required:

48 One Bedroom Units @ 1.33 cars/unit	= 64 cars
72 Two Bedroom Units @ 1.66 cars/unit	= 120 cars
64 Three Bedroom Units @ 2 cars/unit	= 128 cars
16 Four Bedroom Units @ 2 cars/unit	= 32 cars
Total Parking Required	344 cars

Total Parking Provided:	Van	A.D.A.	Standard Total	
	Accessible	Accessible		

Open Parking (Secured)	2	8	320	330 cars
Amenity Center Parking (Non-secured)	1	0	13	14 cars
Total Parking Provided				344 cars
				80 Carports 10 Garage Spaces

SITE TABULATIONS

BLDG TYPE	STORIES	QTY	A1	B1	C1
I	3	2		32	
II	3	3		36	36
III	3	2	24		24
IV	3	1	20		4
V	2	1	4	4	
TOTAL		9	44	68	64
Accessible Units (5%)					
			2	4	4

UNIT	TYPE	QUANTITY	SF/UNIT	TOTAL SF
A1	1br	48	708	33,984
B1	2br	72	1,044	75,168
C1	3br	64	1,216	77,824
D1	4br	16	1,367	21,872
TOTAL		200		208,848

CYPRESS CREEK – WAYSIDE

PRELIMINARY SCHEMATIC DESIGN



16340 Park Ten Place
Suite 350
Houston, Texas 77084
(713) 461-9600

TEXAS FIRM REGISTRATION NO. F-487
DATE: FEBRUARY 2014 SCALE: 1"=40'

NOTES:

- PRELIMINARY SITE PLAN MATERIALLY ADHERES TO ALL APPLICABLE ZONING, SITE DEVELOPMENT AND BUILDING CODE ORDINANCE.
- REFER TO "AERIAL PHOTOGRAPH WITH LIDAR CONTOURS" EXHIBIT FOR TOPOGRAPHY

8" SAN. SWR. FORCE MAIN TO CONTINUE OFF SITE ALONG CARTER ROAD RIGHT OF WAY
8" WATER LINE TO CONNECT TO EXIST 12" WATER LINE IN WAYSIDE DRIVE RIGHT OF WAY

S:\3889 CYPRESS CREEK - WAYSIDE\CAD\EXHIBITS\3889_PRELIMINARY SCHEMATIC DESIGN.DWG FEB. 27. 2014-10:44am BREED

BELTWAY 8 (FROM VARIES)

Exhibit 03

Example of Amenities taken from Cypress Creek Apartment Homes at
Fayridge Drive, Houston, Texas



727.520.8181
www.aerophoto.com

Cypress Creek Apartment Homes at Fayridge Drive

Image # 150429 6041
Date 04.29.15



727.520.8181
www.aerophoto.com

Cypress Creek Apartment Homes at Fayridge Drive

Image # 150429 6039
Date 04.29.15



727.520.8181
www.aerophoto.com

Cypress Creek Apartment Homes at Fayridge Drive

Image # 150429 6038
Date 04.29.15



727.520.8181
www.aerophoto.com

Cypress Creek Apartment Homes at Fayridge Drive

Image # 150429 6037
Date 04.29.15





Cypress Creek
AT PATRIDGE

Alcohol consumption
and smoking prohibited
on property grounds



Exhibit 04

Plat approval from City of Houston



Agenda Item: 77
Action Date: 05/28/2015
Plat Name: Cypress Creek Apartment Homes at Wayside
Developer: Stuart Shaw Family Partnership, Ltd.
Applicant: R.G. Miller Engineers
App No / Type: 2015-0849 C2R

Table with 4 columns: Property Details, Reserve Details, County, and Key Map. Rows include Total Acreage, Number of Lots, COH Park Sector, Water Type, Drainage Type, County (Harris), and Key Map (574Y).

Conditions and requirements for approval:

- 030. Provide a fully dimensioned 15' x 15' visibility triangle at each street intersection.
042. The following 3 easement issues must be addressed on this plat.
043. All existing easements and/or fee strips must show record information.
047. Make minor corrections and additions as indicated on the marked file copy.
134.07. Add to general notes on face of plat: This property(s) is located in Park Sector number 7.
203. Provide complete Recordation Package when submitting plat for recordation.
204. Provide current title opinion in complete agreement with the plat dedication and addressed to the Planning & Development Department.

Provide the following note on the face of the plat: "Absent written authorization by the affected utilities, all utility and aerial easements must be kept unobstructed from any non-utility improvements or obstructions by the property owner. Any unauthorized improvements or obstructions may be removed by any public utility at the property owner's expense. While wooden posts and paneled wooden fences along the perimeter and back to back easements and alongside rear lots lines are permitted, they too may be removed by public utilities at the property owner's expense should they be an obstruction. Public Utilities may put said wooden posts and paneled wooden fences back up, but generally will not replace with new fencing."

Coordinate street improvements with the Office of the City Engineer as indicated on the marked file copy.

Commission Action:

Approve the plat subject to the conditions listed



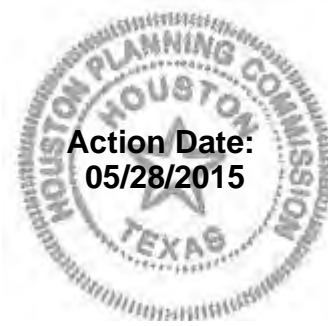
**PLANNING &
DEVELOPMENT
DEPARTMENT**

Houston Planning Commission

Action CPC 101 Form

Platting Approval Conditions

Agenda Item: 77
Action Date: 05/28/2015
Plat Name: Cypress Creek Apartment Homes at Wayside
Developer: Stuart Shaw Family Partnership, Ltd.
Applicant: R.G. Miller Engineers
App No / Type: 2015-0849 C2R



**Action Date:
05/28/2015**

Contact the City of Houston, Planning and Development Department with questions regarding the Planning Commission's action or the conditions or requirements for approval. Call 713-837-7701 and speak with the "Planner of the Day." The Planning and Development Office is located at **611 Walker Street, Sixth Floor, Houston, Texas 77002.**

For Your Information:

The below comments were made by other agencies during this review period. These comments are not to be considered as conditions for approval. However, you may find these comments useful as other plan approvals and permits are sought.

City Engineer: DETENTION IS REQUIRED

Parks and Recreation: To be corrected on the general notes on face of plat: This property(s) is located in Park Sector number 7.

Questions concerning the informational comments should be directed to the agency's author. Planning and Development Department staff can assist you in getting the author's contact information. Call the "Planner of the Day" telephone number listed above.

STATE OF TEXAS
COUNTY OF HARRIS

WE, SULLIVAN PARTNERS, LTD., A TEXAS LIMITED PARTNERSHIP, ACTING BY AND THROUGH HYTORE OF TEXAS, A TEXAS CORPORATION, ACTING BY AND THROUGH ITS OWNERS HERINAFTER REFERRED TO AS OWNERS OF THE 20.88 ACRE TRACT DESCRIBED IN THE ABOVE AND FOREGOING MAP OF CYPRESS CREEK APARTMENT HOMES AT WAYSIDE, DO HEREBY MAKE AND ESTABLISH SAID SUBDIVISION AND DEVELOPMENT PLAN OF SAID PROPERTY ACCORDING TO ALL LINES, DEDICATIONS, RESTRICTIONS, AND NOTATIONS ON SAID MAPS OR PLAT, AND HEREBY DEDICATE TO THE USE OF THE PUBLIC FOREVER, ALL STREETS (EXCEPT THOSE STREETS DESIGNATED AS PRIVATE STREETS, OR PERMANENT ACCESS EASEMENTS), ALLEYS, PARKS, WATER COURSES, DRAINS, EASEMENTS, AND PUBLIC PLACES SHOWN THEREON FOR THE PURPOSES AND CONSIDERATIONS THEREIN EXPRESSED, AND DO HEREBY BIND OURSELVES, OUR OUR HEIRS, SUCCESSORS, AND ASSIGNS TO WARRANT AND FOREVER DEFEND THE TITLE ON THE LAND SO DEDICATED.

FURTHER, OWNERS HAVE DEDICATED AND BY THESE PRESENTS DO DEDICATE TO THE USE OF THE PUBLIC FOR PUBLIC UTILITY PURPOSES FOREVER UNOBSTRUCTED AERIAL EASEMENTS, THE AERIAL EASEMENTS SHALL EXTEND HORIZONTALLY AN ADDITIONAL ELEVEN FEET, SIX INCHES (11'6") FOR TEN FEET (10'0") PERIMETER GROUND EASEMENTS OR SEVEN FEET, SIX INCHES (7'6") FOR FOURTEEN FEET (14'0") PERIMETER GROUND EASEMENTS OR FIVE FEET, SIX INCHES (5'6") FOR SIXTEEN FEET (16'0") PERIMETER GROUND EASEMENTS, FROM A PLANE SIXTEEN FEET (16'0") ABOVE THE GROUND LEVEL UPWARD, LOCATED ADJACENT TO AND ADJOINING SAID PUBLIC UTILITY EASEMENTS THAT ARE DESIGNATED WITH AERIAL EASEMENTS (U.E. AND A.E.) AS INDICATED AND DEPICTED, HEREON, WHEREBY THE AERIAL EASEMENT TOTALS TWENTY ONE FEET, SIX INCHES (21'6") IN WIDTH.

FURTHER, OWNERS HAVE DEDICATED AND BY THESE PRESENTS DO DEDICATE TO THE USE OF THE PUBLIC FOR PUBLIC UTILITY PURPOSES FOREVER UNOBSTRUCTED AERIAL EASEMENTS, THE AERIAL EASEMENTS SHALL EXTEND HORIZONTALLY AN ADDITIONAL TEN FEET (10'0") BACK-TO-BACK GROUND EASEMENTS, OR EIGHT FEET (8'0") FOR FOURTEEN FEET (14'0") BACK-TO-BACK GROUND EASEMENTS OR SEVEN FEET (7'0") FOR SIXTEEN FEET (16'0") BACK-TO-BACK GROUND EASEMENTS, FROM A PLANE SIXTEEN FEET (16'0") ABOVE THE GROUND LEVEL UPWARD, LOCATED ADJACENT TO BOTH SIDES AND ADJOINING SAID PUBLIC UTILITY EASEMENTS THAT ARE DESIGNATED WITH AERIAL EASEMENTS (U.E. AND A.E.) AS INDICATED AND DEPICTED, HEREON, WHEREBY THE AERIAL EASEMENT TOTALS THIRTY FEET (30'0") IN WIDTH.

FURTHER, OWNERS DO HEREBY COVENANT AND AGREE THAT ALL OF THE PROPERTY WITHIN THE BOUNDARIES OF THIS PLAT IS HEREBY RESTRICTED TO PREVENT THE DRAINAGE OF ANY SEPTIC TANKS INTO ANY PUBLIC OR PRIVATE STREET, PERMANENT ACCESS EASEMENT, ROAD OR ALLEY, OR ANY DRAINAGE DITCH, EITHER DIRECTLY OR INDIRECTLY.

FURTHER, OWNERS DO HEREBY DEDICATE TO THE PUBLIC A STRIP OF LAND FIFTEEN (15'0") FEET WIDE ON EACH SIDE OF THE CENTER LINE OF ANY AND ALL BAYOUS, CREEKS, GULLIES, BAYINES, DRAWS, SLOUGHS, OR OTHER NATURAL DRAINAGE COURSES LOCATED IN SAID PLAT, AS EASEMENTS FOR DRAINAGE PURPOSES, GIVING THE CITY OF HOUSTON, HARRIS COUNTY, OR ANY OTHER GOVERNMENTAL AGENCY THE RIGHT TO ENTER UPON SAID EASEMENT AT ANY AND ALL TIMES FOR THE PURPOSE OF CONSTRUCTION AND MAINTENANCE OF DRAINAGE FACILITIES AND STRUCTURES.

FURTHER, OWNERS DO HEREBY COVENANT AND AGREE THAT ALL OF THE PROPERTY WITHIN THE BOUNDARIES OF THIS PLAT AND ADJACENT TO ANY DRAINAGE EASEMENT, DITCH, GULLY, CREEK OR NATURAL DRAINAGE WAY SHALL HEREBY BE RESTRICTED TO KEEP SUCH DRAINAGE WAYS AND EASEMENTS CLEAR OF FENCES, BUILDINGS, PLANTING AND OTHER OBSTRUCTIONS TO THE OPERATIONS AND MAINTENANCE OF THE DRAINAGE FACILITY AND THAT SUCH ADJUTING PROPERTY SHALL NOT BE PERMITTED TO DRAIN DIRECTLY INTO THIS EASEMENT EXCEPT BY MEANS OF AN APPROVED DRAINAGE STRUCTURE.

FURTHER, OWNER DO HEREBY CERTIFY THAT THIS REPLAT DOES NOT ATTEMPT TO ALTER, AMEND, OR REMOVE ANY COVENANTS OR RESTRICTIONS, WE FURTHER CERTIFY THAT NO PORTION OF THE PRECEDING PLAT WAS LIMITED BY DEED RESTRICTIONS TO RESIDENTIAL USE FOR NOT MORE THAN TWO (2) RESIDENTIAL UNITS PER LOT.

IN TESTIMONY WHEREOF, THE SULLIVAN PARTNERSHIP, LTD., A TEXAS LIMITED PARTNERSHIP, HAS CAUSED THESE PRESENTS TO BE SIGNED BY _____ THIS _____ DAY OF _____, 2015.

SULLIVAN PARTNERSHIP, LTD., A TEXAS LIMITED PARTNERSHIP
By: _____
PRINT NAME _____
ATTESTED BY: _____
PRINT NAME _____

STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED _____ AND _____ KNOWN TO ME TO BE THE PERSON WHOSE NAMES ARE SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT THEY EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATIONS THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS _____ DAY OF _____, 2015.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS
PRINT NAME _____
MY COMMISSION EXPIRES: _____

IN TESTIMONY WHEREOF, THE SULLIVAN PARTNERSHIP, LTD., A TEXAS LIMITED PARTNERSHIP, HAS CAUSED THESE PRESENTS TO BE SIGNED BY _____ THIS _____ DAY OF _____, 2015.

HYTORE OF TEXAS, A TEXAS CORPORATION
By: _____
PRINT NAME _____
ATTESTED BY: _____
PRINT NAME _____

STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED _____ AND _____ KNOWN TO ME TO BE THE PERSON WHOSE NAMES ARE SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT THEY EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATIONS THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS _____ DAY OF _____, 2015.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS
PRINT NAME _____
MY COMMISSION EXPIRES: _____

STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED _____ AND _____ KNOWN TO ME TO BE THE PERSON WHOSE NAMES ARE SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT THEY EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATIONS THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS _____ DAY OF _____, 2015.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS
PRINT NAME _____
MY COMMISSION EXPIRES: _____

STATE OF TEXAS
COUNTY OF HARRIS

THIS IS TO CERTIFY THAT THE PLANNING COMMISSION OF THE CITY OF HOUSTON, TEXAS, HAS APPROVED THIS PLAT AND SUBDIVISION OF CYPRESS CREEK APARTMENT HOMES AT WAYSIDE IN CONFORMANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE ORDINANCES OF THE CITY OF HOUSTON, AS SHOWN HEREON AND AUTHORIZED THE RECORDING OF THIS PLAT THIS _____ DAY OF _____, 2015.

By: _____ By: _____
MARK A. KILKENNY OR M. SONNY GARZA PATRICK WALSH, P.E., SECRETARY
TITLE CHAIR OR VICE CHAIRMAN

I, BRIAN E. WILSON, AM AUTHORIZED UNDER THE LAWS OF THE STATE OF TEXAS TO PRACTICE THE PROFESSION OF SURVEYING AND HEREBY CERTIFY THAT THE ABOVE SUBDIVISION IS TRUE AND ACCURATE; WAS PREPARED FROM AN ACTUAL SURVEY OF THE PROPERTY MADE UNDER MY SUPERVISION ON THE GROUND; THAT, EXCEPT AS SHOWN ALL BOUNDARY CORNERS, ANGLE POINTS, POINTS OF CURVATURE AND OTHER POINTS OF REFERENCE HAVE BEEN MARKED WITH IRON (OR OTHER OBJECTS OF A PERMANENT NATURE) PIPES OR RODS HAVING AN OUTSIDE DIAMETER OF NOT LESS THAN FIVE EIGHTS (5/8) INCH AND A LENGTH OF NOT LESS THAN THREE (3) FEET; AND THAT THE PLAT BOUNDARY CORNERS HAVE BEEN TIED TO THE TEXAS COORDINATE SYSTEM OF 1983, SOUTH CENTRAL ZONE.

BRIAN E. WILSON
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS REGISTRATION NO. 5745



I, STAN STANART, COUNTY CLERK OF HARRIS COUNTY, DO HEREBY CERTIFY THAT THE WITHIN INSTRUMENT WITH ITS CERTIFICATE OF AUTHENTICATION WAS FILED FOR REGISTRATION IN MY OFFICE ON _____, 2015, AT _____ O'CLOCK _____ M., AND DULY RECORDED ON _____, 2015, AT _____ O'CLOCK _____ M., AND AT FILM CODE NUMBER _____ OF THE MAP RECORDS OF HARRIS COUNTY FOR SAID COUNTY.

WITNESS MY HAND AND SEAL OF OFFICE, AT HOUSTON, THE DAY AND DATE LAST ABOVE WRITTEN.

STAN STANART
COUNTY CLERK
OF HARRIS COUNTY, TEXAS

By: _____
DEPUTY

STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED _____ AND _____ KNOWN TO ME TO BE THE PERSON WHOSE NAMES ARE SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT THEY EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATIONS THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS _____ DAY OF _____, 2015.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS
PRINT NAME _____
MY COMMISSION EXPIRES: _____

STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED _____ AND _____ KNOWN TO ME TO BE THE PERSON WHOSE NAMES ARE SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT THEY EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATIONS THEREIN EXPRESSED.

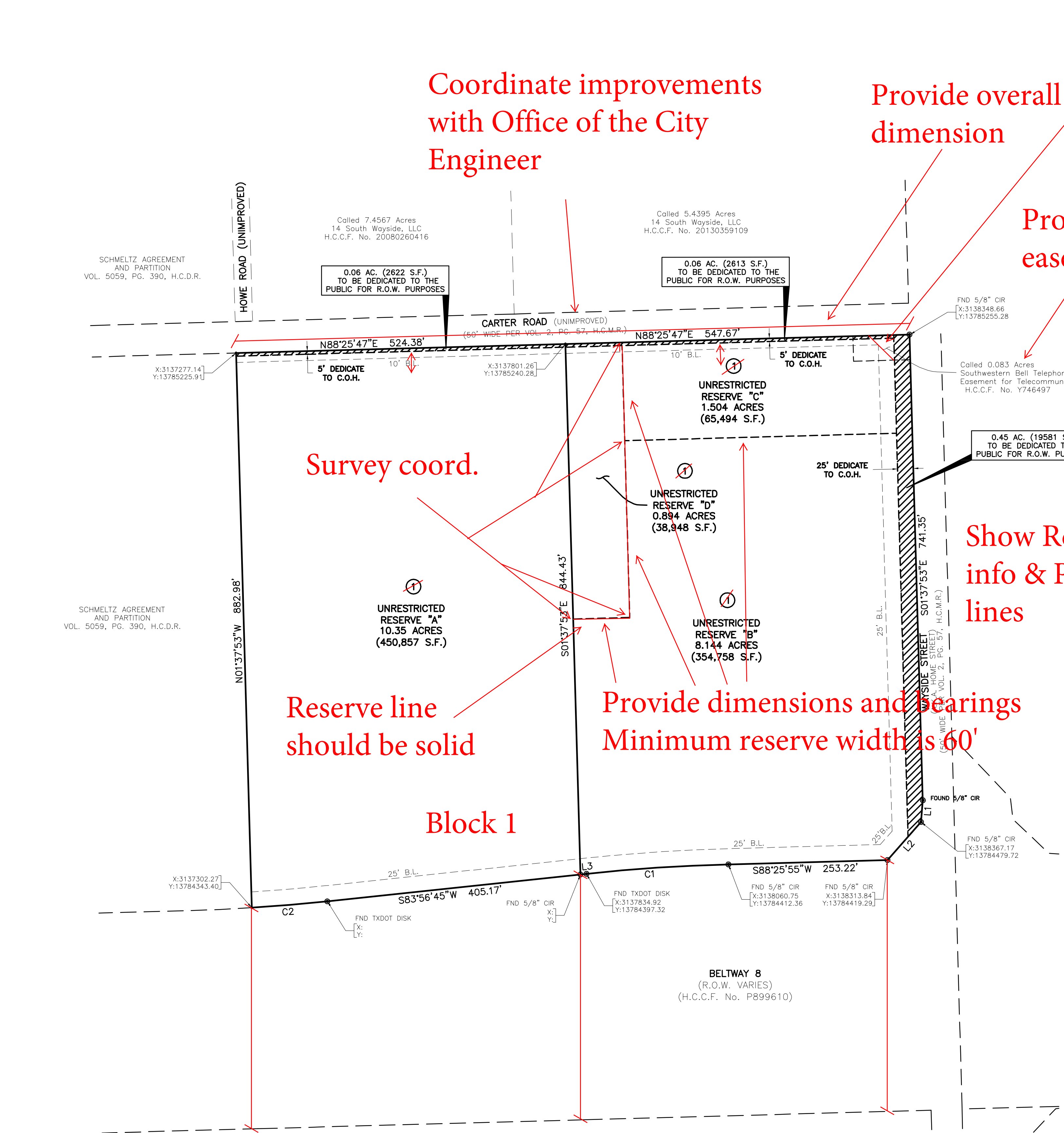
GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS _____ DAY OF _____, 2015.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS
PRINT NAME _____
MY COMMISSION EXPIRES: _____

STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED _____ AND _____ KNOWN TO ME TO BE THE PERSON WHOSE NAMES ARE SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT THEY EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATIONS THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS _____ DAY OF _____, 2015.



Address all easements at recordation

LINE	BEARING	LENGTH
L1	S04°16'56"W	34.70'
L2	S41°25'42"W	80.61'
L3	S83°56'45"W	9.68'

CURVE	RADIUS	DELTA	ARC LENGTH	CHORD BEARING	CHORD LENGTH
C1	2891.79'	4°29'09"	226.41'	S86°11'21"W	226.35'
C2	2837.79'	2°26'07"	120.62'	S85°09'49"W	120.61'

Block 1

Block 1

Reserve line should be solid

Provide dimensions and bearings
Minimum reserve width is 60'

Survey coord.

UNRESTRICTED RESERVE "A"
10.35 ACRES
(450,857 S.F.)

UNRESTRICTED RESERVE "B"
8.144 ACRES
(354,758 S.F.)

UNRESTRICTED RESERVE "C"
1.504 ACRES
(65,494 S.F.)

UNRESTRICTED RESERVE "D"
0.894 ACRES
(38,948 S.F.)

0.06 AC. (2622 S.F.)
TO BE DEDICATED TO THE PUBLIC FOR R.O.W. PURPOSES

0.06 AC. (2613 S.F.)
TO BE DEDICATED TO THE PUBLIC FOR R.O.W. PURPOSES

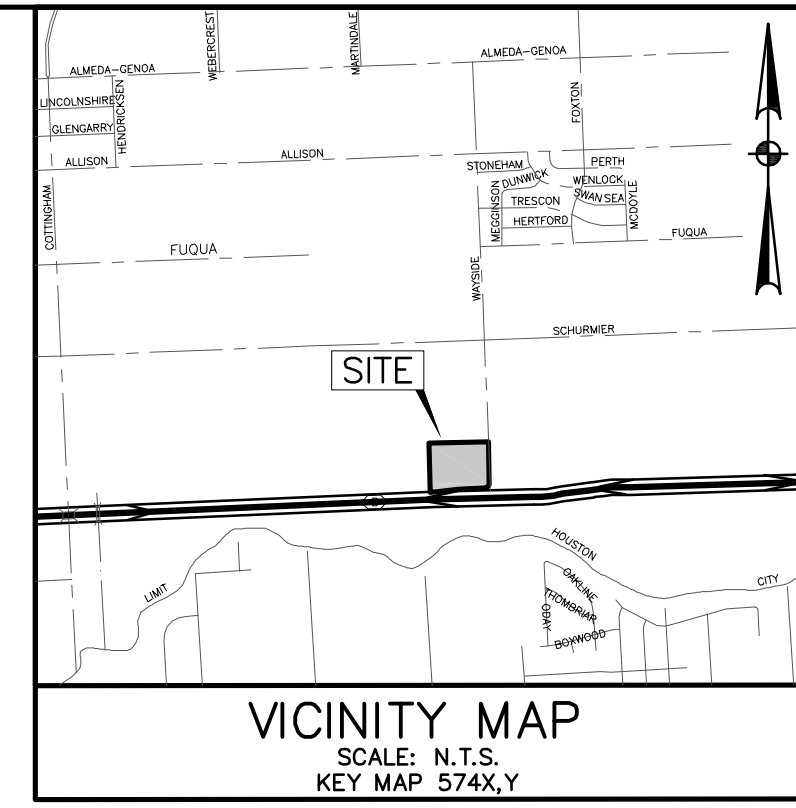
Show Record info & Property lines

Provide dimension of easement (ex. 20' x 50')

Provide overall dimension

Coordinate improvements with Office of the City Engineer

Provide visibility triangle and notes



LEGEND

- B.L. = BUILDING LINE
- C.I.R. = CAPPED IRON ROD
- C.O.H. = CITY OF HOUSTON
- F.C. = FILM CODE
- F.H.E. = FIRE HYDRANT EASEMENT
- FND. = FOUND
- H.C.C.F. = HARRIS COUNTY CLERK'S FILE
- H.C.D.R. = HARRIS COUNTY DEED RECORDS
- H.C.M.R. = HARRIS COUNTY MAP RECORDS
- IR. = IRON ROD
- I.P. = IRON PIPE
- No. = NUMBER
- PG. = PAGE
- R.O.W. = RIGHT-OF-WAY
- S.F. = SQUARE FEET
- TXDOT = TEXAS DEPARTMENT OF TRANSPORTATION
- VOL. = VOLUME
- = FOUND 5/8-INCH IRON ROD (UNLESS OTHERWISE NOTED).
- = SET 5/8-INCH IRON ROD (UNLESS OTHERWISE NOTED).

- NOTES:
- BEARINGS AND COORDINATES SHOWN HEREON ARE BASED ON TEXAS SOUTH CENTRAL ZONE NUMBER 4204 STATE PLANE GRID COORDINATES (SAD 83), TO CONVERT COORDINATES TO SURFACE, DIVIDE BY COMBINED SCALE FACTORS: 0.999872197.
 - UNLESS OTHERWISE INDICATED, THE BUILDING LINES (B.L.), WHETHER ONE OR MORE, SHOWN ON THIS SUBDIVISION PLAT ARE ESTABLISHED TO EVIDENCE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF CHAPTER 42, CODE OF ORDINANCES, CITY OF HOUSTON, TEXAS, IN EFFECT AT THE TIME THIS PLAT WAS APPROVED, WHICH MAY BE AMENDED FROM TIME TO TIME.
 - IF THIS PLAT IS PROPOSED TO BE MULTI-FAMILY RESIDENTIAL, IT IS SUBJECT TO THE PARKS AND OPEN SPACE REQUIREMENTS OF 42-251. A FEE PER UNIT WILL BE ASSESSED AT THE TIME OF PERMITTING AT THE THEN-CURRENT FEE RATE, IF A PRIVATE PARK IS TO BE PROPOSED OR PUBLIC PARK LAND IS TO BE DEDICATED, PARK LAND RESERVES OR LAND DEDICATION MUST BE SHOWN ON THE FACE OF PLAT AT THIS TIME.
 - THIS PROPERTY IS LOCATED IN PARK SECTOR NUMBER 14.
 - THE BUILDING LINE FOR PROPERTY ADJACENT TO TWO INTERSECTING STREETS SHALL NOT ENCRUSHE INTO ANY VISIBILITY TRIANGLE. THIS AREA SHALL ASSURE ADEQUATE VISIBILITY SIGHT LINES FOR VEHICULAR TRAFFIC APPROACHING THE INTERSECTION.
 - ABSENT WRITTEN AUTHORIZATION BY THE AFFECTED UTILITIES, ALL CENTERPOINT ENERGY AND CITY OF HOUSTON UTILITY EASEMENTS MUST BE KEPT UNOBSTRUCTED BY FROM ANY NON-UTILITY IMPROVEMENTS OR OBSTRUCTIONS BY THE PROPERTY OWNER. ANY UNAUTHORIZED IMPROVEMENTS OR OBSTRUCTIONS MAY BE REMOVED BY THE UTILITY AT THE PROPERTY OWNER'S EXPENSE.

Provide updated Centerpoint note

CYPRESS CREEK APARTMENT HOMES AT WAYSIDE

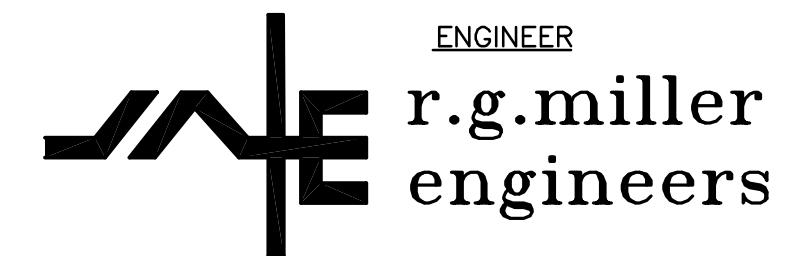
A SUBDIVISION OF 20.88 ACRES
LOCATE IN THE J.C. MEGGINSON SURVEY, A-563,
BEING ALSO OUT OF THE EAST 1/2 OF LOT 297 OF MINNETEX
PLACE SUBDIVISION RECORDED IN VOL. 2, PG. 57 H.C.M.R.
HOUSTON, HARRIS COUNTY, TEXAS

REASON FOR REPLAT: TO CREATE FOUR UNRESTRICTED RESERVES

OWNERS: SULLIVAN PARTNERS, LTD. A TEXAS LIMITED PARTNERSHIP
HYTORE OF TEXAS, A TEXAS CORPORATION

0 LOTS 1 BLOCKS 4 RESERVES

SCALE: 1"=100' 100 50 0 100 200 300 MAY, 2015
SCALE IN FEET 1" = 100'



16340 PARK TEN PLACE - Suite 350
Houston, Texas 77084
(713) 461-9600



1760 WEST SAM HOUSTON PARKWAY NORTH, HOUSTON TEXAS 77043
PHONE 713-413-1900 FAX 713-413-1944
TEXAS FIRM REGISTRATION NO. 10047100

TEXAS FIRM REGISTRATION NO. F-487



Agenda Item: 104
Action Date: 06/11/2015
Plat Name: Cypress Creek Apartment Homes at Wayside South
Developer: Stuart Shaw Family Partnership, Ltd.
Applicant: R.G. Miller Engineers
App No / Type: 2015-1189 C2R

Total Acreage:	7.1280	Total Reserve Acreage:	7.1280
Number of Lots:	0	Number of Multifamily Units:	0
COH Park Sector:	7	Street Type (Category):	Public
Water Type:	City	Wastewater Type:	City
Drainage Type:	Combination	Utility District:	
County	Zip	Key Map ©	City / ETJ
Harris	77048	574X	City

Conditions and requirements for approval:

043. All existing easements and/or fee strips must show record information. Identify all existing easements listed in the title commitment.

047. Make minor corrections and additions as indicated on the marked file copy.

058. Identify adjacent areas, lots, blocks and reserves with building lines, drainage ways, acreage, easements and pipelines. When applicable include record information for these areas. (41)

185. Appendix A: Owners Acknowledgement is incomplete. Reference Recordation Dedicatory Acknowledgements and Certifications for requirements. (Record.doc)

203. Provide complete Recordation Package when submitting plat for recordation. (Recd_pkg.doc)

204. Provide current title opinion in complete agreement with the plat dedication and addressed to the Planning & Development Department. (45)

Provide record information for 60' access easement on face of plat.

Commission Action:

Grant the requested variance(s) and Approve the plat subject to the conditions listed
Planning Commission granted the requested variance to allow the proposed reserve to take access from a 60' access easement instead of the public street and approved the plat subject to the conditions listed

Contact the City of Houston, Planning and Development Department with questions regarding the Planning Commission's action or the conditions or requirements for approval. Call 713-837-7701 and speak with the "Planner of the Day." The Planning and Development Office is located at **611 Walker Street, Sixth Floor, Houston, Texas 77002.**



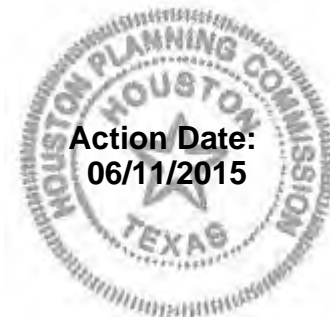
**PLANNING &
DEVELOPMENT
DEPARTMENT**

Houston Planning Commission

Action CPC 101 Form

Platting Approval Conditions

Agenda Item: 104
Action Date: 06/11/2015
Plat Name: Cypress Creek Apartment Homes at Wayside South
Developer: Stuart Shaw Family Partnership, Ltd.
Applicant: R.G. Miller Engineers
App No / Type: 2015-1189 C2R



**Action Date:
06/11/2015**

For Your Information:

The below comments were made by other agencies during this review period. These comments are not to be considered as conditions for approval. However, you may find these comments useful as other plan approvals and permits are sought.

City Engineer: DETENTION IS REQUIRED AND DRAINAGE PLAN IS APPROVED

CenterPoint: Due to close proximity to CenterPoint Energy Transmission Corridor, developer/applicant must submit drainage and wet utility plans for further review to ensure no negative impact on rights, access, maintenance, and/or facilities.

Questions concerning the informational comments should be directed to the agency's author. Planning and Development Department staff can assist you in getting the author's contact information. Call the "Planner of the Day" telephone number listed above.

STATE OF TEXAS
COUNTY OF HARRIS

WE, SULLIVAN PARTNERS, LTD., A TEXAS LIMITED PARTNERSHIP, ACTING BY AND THROUGH OUR OWNERS HEREINAFTER REFERRED TO AS OWNERS OF THE 7.128 ACRE TRACT DESCRIBED IN THE ANNEX AND FOREGOING MAP OF CYPRESS CREEK APARTMENT HOMES AT WAYSIDE SOUTH (HEREIN SAID ANNEX AND FOREGOING MAP) AND HEREBY DEDICATE TO THE USE OF THE PUBLIC FOR PUBLIC UTILITY PURPOSES ALL STREETS EXCEPT THOSE DESIGNATED AS PRIVATE STREETS OR PERMANENT ACCESS EASEMENTS, ALLEYS, PARKS, WATER COURSES, DRAINAGE EASEMENTS, AND PUBLIC PLACES SHOWN THEREON FOR THE PURPOSES AND CONSIDERATIONS THEREIN EXPRESSED, AND TO HERSELF AND SUCCESSORS, OUR OWNERS, SUCCESSORS, AND ACCORDS TO WARRANT AND FOREVER DEFEND THE TITLE ON THE LAND SO DEDICATED.

FURTHER, OWNERS HAVE DEDICATED AND BY THESE PRESENTS DO DEDICATE TO THE USE OF THE PUBLIC FOR PUBLIC UTILITY PURPOSES FURTHER UNRESTRICTED AERIAL EASEMENTS, THE AERIAL EASEMENTS SHALL EXTEND HORIZONTALLY AN ADDITIONAL ELEVEN FEET SIX INCHES (11'06") FOR TEN FEET (10') PERMITS GROUND EASEMENTS OF SEVEN FEET, SIX INCHES (7'06") FOR FOURTEEN FEET (14'0") PERMITS GROUND EASEMENTS OF FIVE FEET, SIX INCHES (5'06") FOR SIXTEEN FEET (16'0") PERMITS GROUND EASEMENTS FROM A PLANE SIXTEEN FEET (16') ABOVE THE GROUND LEVEL UPWARD, LOCATED ADJACENT TO BOTH SIDES AND ADJOINING SAID PUBLIC UTILITY EASEMENTS THAT ARE DESIGNATED WITH AERIAL EASEMENTS (U.L. AND A.L.) AS INDICATED AND DEPICTED, HEREON, WHEREBY THE AERIAL EASEMENT TOTALS THIRTY FEET (30') IN WIDTH.

FURTHER, OWNERS HAVE DEDICATED AND BY THESE PRESENTS DO DEDICATE TO THE USE OF THE PUBLIC FOR PUBLIC UTILITY PURPOSES FURTHER UNRESTRICTED AERIAL EASEMENTS, THE AERIAL EASEMENTS SHALL EXTEND HORIZONTALLY AN ADDITIONAL TEN FEET (10'0") FOR TEN FEET (10'0") BACK-TO-BACK GROUND EASEMENTS, OR EIGHT FEET (8'0") FOR FOURTEEN FEET (14'0") BACK-TO-BACK GROUND EASEMENTS OR SEVEN FEET (7'0") FOR SIXTEEN FEET (16'0") BACK-TO-BACK GROUND EASEMENTS, FROM A PLANE SIXTEEN FEET (16') ABOVE THE GROUND LEVEL UPWARD, LOCATED ADJACENT TO BOTH SIDES AND ADJOINING SAID PUBLIC UTILITY EASEMENTS THAT ARE DESIGNATED WITH AERIAL EASEMENTS (U.L. AND A.L.) AS INDICATED AND DEPICTED, HEREON, WHEREBY THE AERIAL EASEMENT TOTALS THIRTY FEET (30') IN WIDTH.

FURTHER, OWNERS DO HEREBY COVENANT AND AGREE THAT ALL OF THE PROPERTY WITHIN THE BOUNDARIES OF THIS PLAT IS HEREBY RESTRICTED TO PREVENT THE DRAINAGE OF ANY SEPTIC TANKS INTO ANY PUBLIC OR PRIVATE STREET, PERMANENT ACCESS EASEMENT, ROAD OR ALLEY, OR ANY DRAINAGE DITCH, EITHER DIRECTLY OR INDIRECTLY.

FURTHER, OWNERS DO HEREBY DEDICATE TO THE PUBLIC A STRIP OF LAND FIFTEEN (15'0") FEET WIDE ON EACH SIDE OF THE CENTER LINE OF ANY AND ALL BARRIERS, CREEKS, DRAINS, RIVERS, STREAMS, SPOOLS OR OTHER NATURAL DRAINAGE COURSES LOCATED ON THIS PLAT, FOR DRAINAGE PURPOSES, DURING THE LIFE OF THIS PLAT, HARRIS COUNTY OR ANY OTHER GOVERNMENTAL AGENCY, THE RIGHT TO ENTER UPON SAID EASEMENT AT ANY AND ALL TIMES FOR THE PURPOSE OF CONSTRUCTION AND MAINTENANCE OF THE DRAINAGE FACILITY AND THAT SUCH NOTHING HEREIN SHALL NOT BE PERMITTED TO DRAIN DIRECTLY INTO THIS EASEMENT EXCEPT BY MEANS OF AN APPROVED DRAINAGE STRUCTURE.

FURTHER, OWNERS DO HEREBY COVENANT AND AGREE THAT ALL OF THE PROPERTY WITHIN THE BOUNDARIES OF THIS PLAT AND ADJACENT TO ANY DRAINAGE FACILITY, DITCH, CREEK OR NATURAL DRAINAGE WAY SHALL HEREBY BE RESTRICTED TO KEEP SUCH DRAINAGE FACILITY, DITCH, CREEK OR NATURAL DRAINAGE WAY OPEN, CLEAR, FREE FROM OBSTRUCTION TO THE OPERATION AND MAINTENANCE OF THE DRAINAGE FACILITY AND THAT SUCH NOTHING HEREIN SHALL NOT BE PERMITTED TO DRAIN DIRECTLY INTO THIS EASEMENT EXCEPT BY MEANS OF AN APPROVED DRAINAGE STRUCTURE.

FURTHER, OWNER DO HEREBY CERTIFY THAT THIS REPLAT DOES NOT ATTEMPT TO ALTER, AMEND, OR REMOVE ANY COVENANTS OR RESTRICTIONS, NE FURTHER CERTIFY THAT THE PORTION OF THE PRECEDING PLAT WAS LIMITED BY DEED RESTRICTIONS TO RESIDENTIAL USE FOR NOT MORE THAN TWO (2) RESIDENTIAL UNITS PER LOT.

IN WITNESS WHEREOF, THE SULLIVAN PARTNERSHIPS, LTD., A TEXAS LIMITED PARTNERSHIP, HAS CAUSED THESE PRESENTS TO BE SIGNED BY ITS _____ (HARRIS COUNTY ATTESTED BY ITS _____ THIS _____ DAY OF _____, 2015.

SULLIVAN PARTNERSHIPS, LTD., A TEXAS LIMITED PARTNERSHIP

BY: _____
PRINT NAME _____
ATTESTED BY: _____
PRINT NAME _____

STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED _____ AND _____ (HEREIN SAID APPLICANTS) KNOWN TO ME TO BE THE PERSONS WHOSE NAMES ARE SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT THEY EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATIONS THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS _____ DAY OF _____, 2015.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

PRINT NAME _____
MY COMMISSION EXPIRES _____

THIS IS TO CERTIFY THAT THE PLANNING COMMISSION OF THE CITY OF HOUSTON, TEXAS, HAS APPROVED THIS PLAT AND SUBDIVISION OF CYPRESS CREEK APARTMENT HOMES AT WAYSIDE SOUTH IN CONFORMANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE ORDINANCES OF THE CITY OF HOUSTON, AS SHOWN HEREON AND AUTHORIZED THE RECORDING OF THIS PLAT THIS DAY OF _____, 2015.

BY: MARK A. KELNENY OR M. SONNY GARZA _____ BY: PATRICK WALSH, P.E., SECRETARY
TITLE CHAIR OR VICE CHAIRMAN _____

I, BRIAN E. WILSON, AM AUTHORIZED UNDER THE LAWS OF THE STATE OF TEXAS TO PRACTICE THE PROFESSION OF SURVEYING AND HEREBY CERTIFY THAT THE ABOVE SUBDIVISION IS TRUE AND ACCURATE, WAS PREPARED FROM AN ACTUAL SURVEY OF THE PROPERTY MADE UNDER MY SUPERVISION ON THE GROUND, THAT, EXCEPT AS SHOWN ALL BOUNDARY CORNERS, ANGLE POINTS, POINTS OF CURVATURE AND OTHER POINTS OF REFERENCE HAVE BEEN MARKED WITH IRON OR COPPER OBJECTS OF A PERMANENT NATURE, PIPES OR RODS HAVING AN OUTSIDE DIAMETER OF NOT LESS THAN FIVE (5) INCHES, IRON AND A LENGTH OF NOT LESS THAN THREE (3) FEET, AND THAT THE PLAT BOUNDARY CORNERS HAVE BEEN TIED TO THE TEXAS COORDINATE SYSTEM OF 1983, SOUTH CENTRAL ZONE.



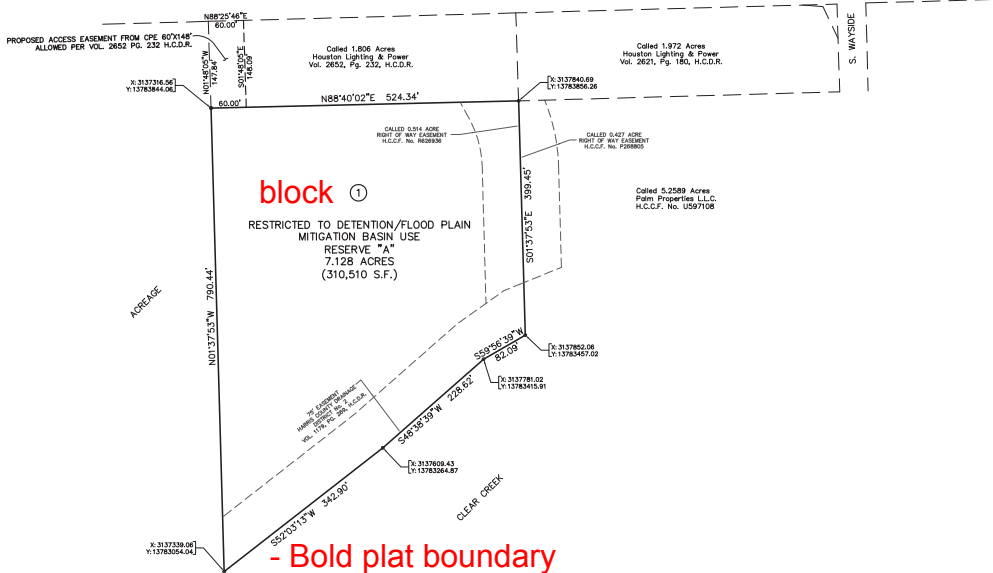
BRIAN E. WILSON
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS REGISTRATION NO. 5745

I, STAN STANART, COUNTY CLERK OF HARRIS COUNTY, DO HEREBY CERTIFY THAT THE WITHIN INSTRUMENT WITH ITS CERTIFICATE OF AUTHENTICATION WAS FILED FOR REGISTRATION IN MY OFFICE ON _____, 2015, AT _____ O'CLOCK _____ M., AND DULY RECORDED ON _____, 2015, AT _____ O'CLOCK _____ M., AND AT FILM CODE NUMBER _____ OF THE MAP RECORDS OF HARRIS COUNTY FOR SAID COUNTY.

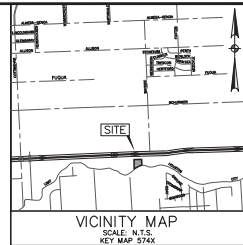
WITNESS MY HAND AND SEAL OF OFFICE, AT HOUSTON, THE DAY AND DATE LAST ABOVE WRITTEN.

STAN STANART
COUNTY CLERK
OF HARRIS COUNTY, TEXAS

BY: _____
DEPUTY



- Bold plat boundary
- Provide record info for 60' access easement
- correctly ID adjacent property (i.e. as part of Minnetex Place)



LEGEND

BL	= BUILDING LINE
C.R.	= CARRIED IRON ROD
C.O.M.	= CITY OF HOUSTON
F.C.	= FIRM CODE
F.A.L.	= FINE MESHMENT EASEMENT
F.N.D.	= FLOOD
H.C.C.R.	= HARRIS COUNTY CLERK'S FILE
H.C.D.R.	= HARRIS COUNTY DEED RECORDS
H.C.M.R.	= HARRIS COUNTY MAP RECORDS
IR	= IRON ROD
I.R.	= IRON PIPE
N.	= NUMBER
P.G.	= PAGE
R.O.W.	= RIGHT-OF-WAY
S.F.	= SQUARE FEET
T.O.D.	= TEXAS DEPARTMENT OF TRANSPORTATION
VOL.	= VOLUME
⊙	= FOUND 5/8-INCH IRON ROD (UNLESS OTHERWISE NOTED)
⊙	= SET 5/8-INCH IRON ROD (UNLESS OTHERWISE NOTED)

- NOTES:
- BEARINGS AND COORDINATES SHOWN HEREON ARE BASED ON TEXAS SOUTH CENTRAL ZONE NUMBER 4204 STATE PLANE GRID COORDINATES (NAD 83), TO CONVERT COORDINATES TO SURFACE ELEVATION BY COMBINED SCALE FACTOR: 0.99999919.
 - UNLESS OTHERWISE INDICATED, THE BUILDING LINE (BL), WHETHER ONE OR MORE, SHOWN ON THE SUBDIVISION OR THE EASEMENTS TO EVIDENCE APPLICABLE APPLICABLE PROVISIONS OF CHAPTER 42, CODE OF ORDINANCES, CITY OF HOUSTON, TEXAS, IN EFFECT AT THE TIME THIS MAP WAS APPROVED, WHICH MAY BE AMENDED FROM TIME TO TIME.
 - IF THIS PLAT IS PROPOSED TO BE MULTI-FAMILY RESIDENTIAL, IT IS SUBJECT TO THE PARKS AND OPEN SPACE REQUIREMENTS OF 42-251. A FEE PER UNIT WILL BE ASSESSED AT THE TIME OF PERMITTING AT THE THEN-CURRENT FEE RATE. IF A PRIVATE PARK IS TO BE PROPOSED OR PUBLIC PARK LAND IS TO BE DEDICATED, PARK LAND RESERVES OR LAND DEDICATION MUST BE SHOWN ON THE FACE OF PLAT AT THIS TIME.
 - THIS PROPERTY IS LOCATED IN PARK SECTOR NUMBER 7.
 - THE BUILDING LINE FOR PROPERTY ADJACENT TO TWO INTERSECTING STREETS SHALL NOT EXCEED INTO ANY VISIBILITY TRIANGLE. THIS AREA SHALL ASSURE ADEQUATE VISIBILITY SIGHT LINES FOR VEHICULAR TRAFFIC APPROXIMATING THE INTERSECTION.
 - ARREST WRITHS AUTHORIZATION BY THE AFFECTED UTILITIES, ALL UTILITIES AND AERIAL EASEMENTS MUST BE KEPT UNRESTRICTED FROM ANY NON UTILITY IMPROVEMENTS OR OBSTRUCTIONS BY THE PROPERTY OWNER. ANY UNAUTHORIZED OBSTRUCTIONS OR OBSTRUCTIONS MAY BE REMOVED BY ANY PUBLIC UTILITY AT THE PROPERTY OWNER'S EXPENSE. UNLESS OTHERWISE NOTED, PARALLEL WOODEN FENCES ALONG THE FRONTER AND BACK TO BACK EASEMENTS AND ALONGSIDE REAR LOTS SHALL NOT BE PERMITTED. THEY TOO MAY BE REMOVED BY PUBLIC UTILITIES AT THE PROPERTY OWNER'S EXPENSE. SHOULD THEY BE AN OBSTRUCTION, PUBLIC UTILITIES MAY PUT AND REMOVE PARALLEL WOODEN FENCES BACK UP, BUT GENERALLY WILL NOT REPLACE WITH NEW FENCING.

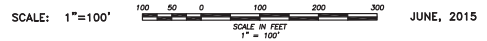
CYPRESS CREEK APARTMENT HOMES AT WAYSIDE SOUTH

A SUBDIVISION OF 7.128 ACRES
LOCATE IN THE J.C. MEGGINSON SURVEY, A-563, ALSO
BEING A PORTION OF LOT 297 OF MINNETEX PLACE,
RECORDED UNDER VOL. 2, PG. 57 H.C.M.R.
HOUSTON, HARRIS COUNTY, TEXAS

REASON FOR REPLAT: TO CREATE ONE UNRESTRICTED RESERVE

OWNERS: SULLIVAN PARTNERS, LTD.
A TEXAS LIMITED PARTNERSHIP

1 BLOCK 1 RESERVE



ENGINEER SURVEYOR

r.g.miller engineers **MILLER SURVEY GROUP**

16340 PARK TEN PLACE - Suite 350
Houston, Texas 77084
(713) 461-9800

1760 WEST SAM HOUSTON PARKWAY NORTH, HOUSTON TEXAS 77043
PHONE 713-413-1900 FAX 713-413-1944
TEXAS FIRM REGISTRATION NO. 10047100

TEXAS FIRM REGISTRATION NO. F-487

S:\1686-02_CYPRESS CREEK WAYSIDE\CAD\SURVEY\PLAT-2.DWG, JAN. 05, 2015 - 7:56am (LUL)

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action regarding a Housing Tax Credit/HOME Application Amendment for Cypress Creek at Parker Creek North (#14292)

RECOMMENDED ACTION

WHEREAS, Cypress Creek at Parker Creek North received awards of 9% Housing Tax Credits and HOME funds in 2014 to construct 220 units in Royse City;

WHEREAS, the Development Owner is requesting approval for an increase to the acreage of the development site from 18.957 acres to 19.74 acres;

WHEREAS, the additional acreage being added to the Development Site falls within Zone AE, which is an area determined to be inside the 1% annual chance floodplain;

WHEREAS, the inclusion of any part of the Development Site to be within Zone AE is a significant modification of the site plan;

WHEREAS, §2306.6712(d) of the Texas Government Code considers a significant modification of the site plan to be a material alteration requiring Board approval; and

WHEREAS, the change in site acreage does not negatively affect the Development, impact the viability of the transaction, or affect the amount of tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment of the Housing Tax Credit/HOME application for Cypress Creek at Parker Creek North is approved as presented to this meeting and the Executive Director and his designees are each authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

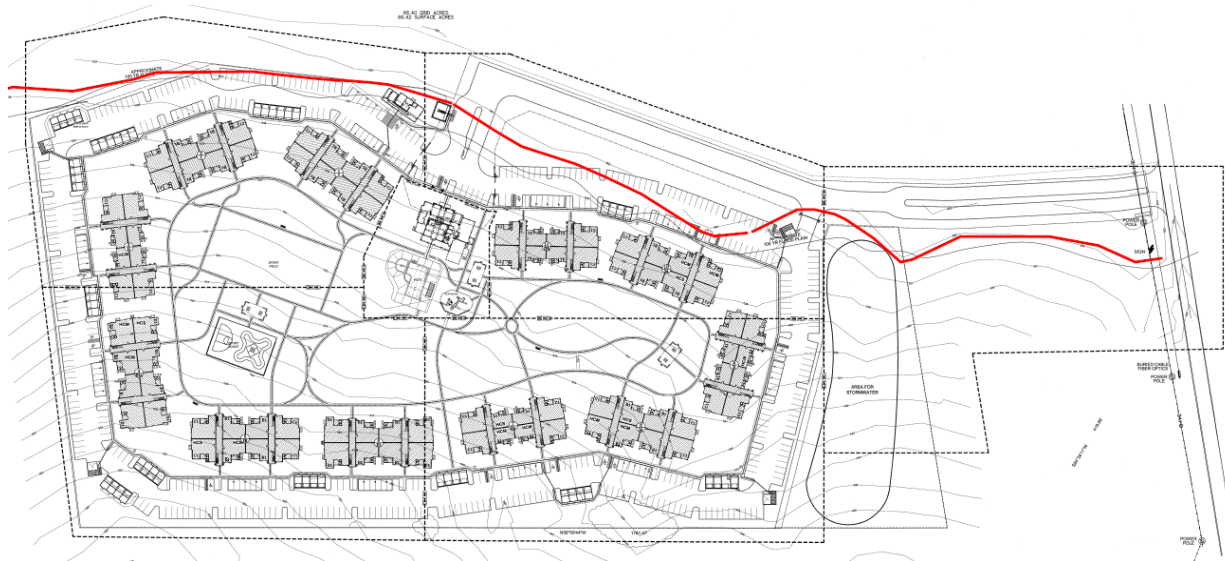
Cypress Creek at Parker Creek North (also known as Cypress Creek Apartment Homes at Parker Boulevard) was submitted and approved for a 9% HTC allocation and a HOME award during the 2014 cycle. The Applicant (Stuart Shaw) has requested an amendment to the application with respect to the site acreage. The Application indicated that the Development would be constructed on 18.96 acres, but approval is being requested to increase the acreage to 19.74 acres. This 0.78-acre increase represents a 4.11% increase in acreage and a 3.95% reduction in density. The Owner's consultant pointed out that the increased acreage resulted in a reduction in density and explained that the added acreage provides the opportunity to add the following improvements on the site: sports field, sports court, two covered picnic areas with barbecue grills,

a playscape, and additional green space. No other changes to the Development were identified. A comparison of the Development Site plan before and after the proposed changes follows:

Site Before



Site After



The Phase I Environmental Site Assessment (“ESA”) submitted for the original application covered an approximate 27-acre tract, but based on the site plan provided, the proposed additional acreage for the development site was not considered in this ESA. As part of this amendment request, a revised ESA, as of July 31, 2015, was submitted for the proposed approximate 19.74-acre tract, and while no recognized environmental conditions were identified, the FEMA Map indicates that a portion of the site lies within Zone X, which is an area determined to be outside the 0.2% annual chance floodplain, and Zone AE, which

is an area determined to be inside the 1% annual chance floodplain. As in the previous ESA, Terracon, the ESA provider, also recommends that a noise study be conducted.

The proposed site plan does not identify any residential buildings to be constructed within Zone AE, but the entrance drive and a small portion of the parking area fall within Zone AE. Under 10 TAC §10.101(a)(1), new construction developments located within a 100-year floodplain as identified by the Federal Emergency Management Agency Flood Insurance Rate Maps must develop the site in full compliance with the National Flood Protection Act and all applicable federal and state statutory and regulatory requirements. Even if not required by such provisions, the site must be developed so that all finished ground floor elevations are at least one foot above the floodplain and parking and drive areas are no lower than six inches below the floodplain. If there are more stringent local requirements, they must also be met.

A revised development cost schedule was not submitted with this amendment request, but the Owner's consultant stated that the revised costs were evaluated by the Department as part of the re-evaluation completed on July 13, 2015, for HOME loan closing. The land acquisition cost in the Underwriter's analysis did not change at the time of the analysis for the loan closing, but it was not clear then that the acreage of the Development Site would increase. Additionally, because the increased acreage lies within the floodplain, the increase in the site acquisition cost in the Underwriter's analysis would have been minimal. No change to the recommended tax credit amount or HOME award is recommended.

It is not clear if the additional acreage proposed to be added to the development site of Cypress Creek at Parker Creek North is currently zoned appropriately for multifamily development. A letter from Royse City ("City") dated August 14, 2014, and Ordinance No. 14-08-1050 state that the zoning on the 18.957-acre site has been changed to Planned Development, which allows for multifamily construction. The Owner's consultant indicated that the City has approved the preliminary plat and is reviewing the architectural plans and that if there is a change needed in zoning, it would be administrative.

Pursuant to 10 TAC §10.405(a)(5) and Texas Government Code §2306.6712(e), staff must consider whether changes would have resulted in selection or threshold criteria that would have resulted in scoring changes and if the need for the proposed modifications were reasonably foreseeable or preventable by the Applicant at the time the Application was submitted. Staff has reviewed the original application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the application score.

Staff recommends approval of the amendment request subject to the following conditions:

1. Receipt from the City of Royse City that the new development site, including the additional 0.78 acres, is zoned to allow for multifamily development.
2. Receipt, by cost certification, of a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR-F) for the development site and certification that the entire site has been developed so that all finished ground floor elevations are at least one foot above the floodplain and parking and drive areas are no lower than six inches below the floodplain.

April 16, 2015

Mr. Rosalio Banuelos
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: Non-Material Amendment Request for Cypress Creek Apartment Homes at Parker Boulevard (#14292)

Dear Mr. Banuelos,

I am providing you with the following non-material amendment request on behalf of Cypress Creek Parker Creek North LP, owner of Cypress Creek Apartment Homes at Parker Boulevard, located in Royse City, Rockwall County, Texas. Cypress Creek Apartment Homes at Parker Boulevard (fka Parker Creek North) has the opportunity to add additional amenities and other improvements detailed below. Cypress Creek Parker Creek North LP requests approval for an increase in acreage from 18.957 acres to 19.945 acres, as detailed in the attached exhibits. The increase amounts to a 5.19% increase in acreage and a 4.93% decrease in density, both below the threshold for a material amendment. Additionally, there are no changes that would constitute a material amendment.

The additional acreage allows for the following improvements on the site:

- 1) Reduction in density
- 2) Sports Field
- 3) Sports Court
- 4) Two Covered Picnic Areas with Barbecue Grills
- 5) Heart of Redwood Playscape
- 6) Additional common area and green space

The additional acreage and amenities that we are adding have served other communities well. We have attached photos of examples of amenities, as they exist in other communities managed by Bonner Carrington. The extra space will allow more flexibility and ultimately further the mission of creating thoughtfully designed and constructed multifamily homes in a purposeful and attractive manner, appropriately priced and anchored in a culture that is truly focused on the overall well-being of our residents.

We request your approval to the proposed increase in acreage detailed in this non-material amendment request.

Sincerely,



Stuart B. Shaw

Applicant's Consultant

Attachments

1. Updated Preliminary Site Plan
2. Updated Preliminary Plat
3. Amenity Photos
4. Site Plan from 2014 Application
5. Survey from 2014 Application

Exhibit 01

Proposed Site Plan & Preliminary Plat

Area = 19.945 acres

CYPRESS CREEK AT PARKER CREEK

ROYSE CITY, TX
BONNER CARRINGTON

SITE TABULATIONS

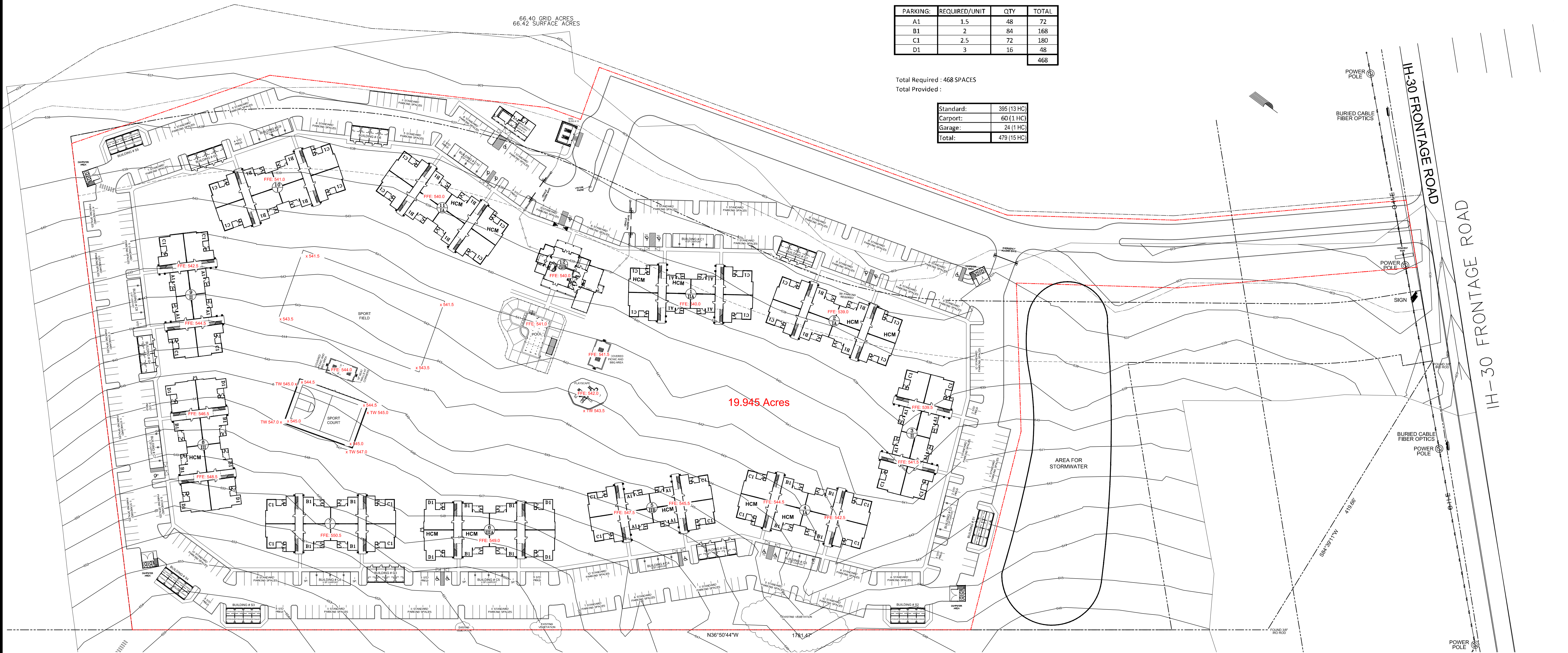
BLDG TYPE	STORIES	QTY	A1	B1	C1	D1	TOTAL
I	2-3-2	5		60	40		100
II	2-3-2	4	48		32		80
III	2-3-2	2		24		16	40
TOTAL		11	48	84	72	16	220
Accessible Units (5%)			2	4	4	1	11

UNIT	TYPE	QUANTITY	SF/UNIT	TOTAL SF
A1	1br	48	730	35,040
B1	2br	84	975	81,900
C1	3br	72	1,100	79,200
D1	4br	16	1,371	21,936
TOTAL		220		218,076

PARKING:	REQUIRED/UNIT	QTY	TOTAL
A1	1.5	48	72
B1	2	84	168
C1	2.5	72	180
D1	3	16	48
			468

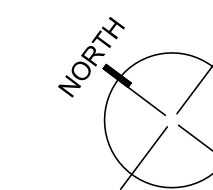
Total Required - 468 SPACES
Total Provided:

Standard:	395 (13 HC)
Carport:	60 (1 HC)
Garage:	24 (1 HC)
Total:	479 (15 HC)



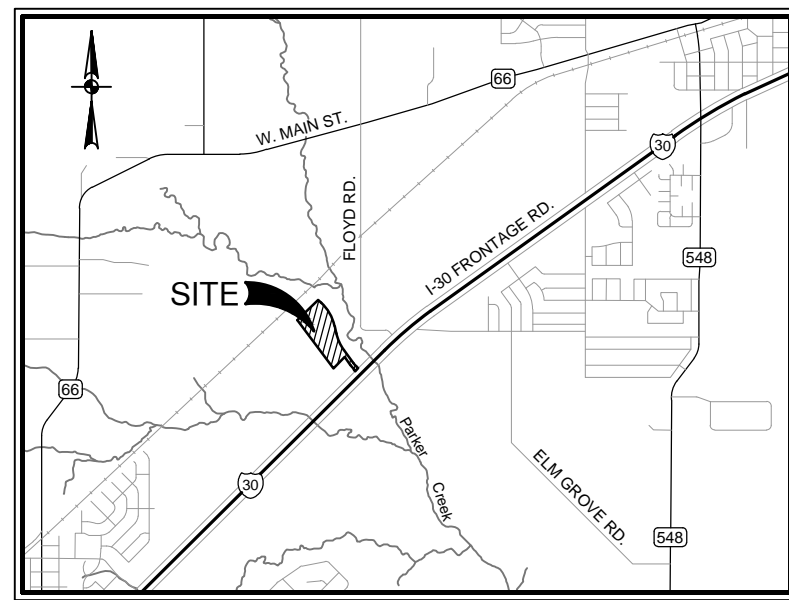
SITE PLAN

●●●● ACCESSIBLE ROUTE

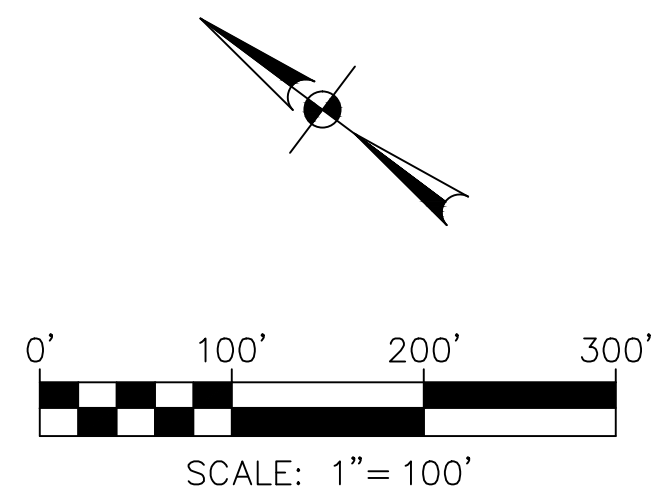


ARCHITECTURE • LAND PLANNING • LANDSCAPE DESIGN • CONSTRUCTION ADMINISTRATION
KELLY GROSSMAN
ARCHITECTS, L.L.C.

260 ADDIE ROY ROAD, SUITE 210, AUSTIN, TEXAS 78746 PH: 415.123.3337



LOCATION MAP
NOT-TO-SCALE



LEGAL DESCRIPTION

WHEREAS BONNER CARRINGTON COMPANY LLC, ARE THE OWNERS OF THIS TRACT OF LAND SITUATED IN THE BURRELL B. PARKER SURVEY, ABSTRACT NO. 176, AND THE GEORGE M. PARKER SURVEY, ABSTRACT NO. 177, CITY OF ROYSE CITY, ROCKWALL COUNTY, TEXAS, AND BEING PART THAT CERTAIN TRACT OF LAND CONVEYED BY DEED TO ROYSE I-30 LTD, AS RECORDED IN VOLUME 2975, PAGE 183, OF THE DEED RECORDS OF ROCKWALL COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A FOUND 3/8" IRON ROD LOCATED ON THE NORTHWEST RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY I-30, AND THE SOUTHWESTERLY CORNER OF SAID ROYSE I-30 LTD; TRACT;

THENCE S 84°39'11" W A DISTANCE OF 419.66', TO A FOUND 3/8" IRON ROD FOR A CORNER;

THENCE N 36°50'44" W A DISTANCE OF 1781.47', TO A FOUND 5/8" IRON ROD, AND THE NORTHWEST CORNER OF SAID ROYSE I-30 LTD TRACT, FOR A CORNER, LOCATED ON THE SOUTH RIGHT-OF-WAY LINE OF THE M.K. & T. RAILROAD;

THENCE N 46°02'57" E ALONG SAID SOUTH RIGHT-OF-WAY LINE OF THE M.K. & T. RAILROAD R.O.W. A DISTANCE OF 618.29', TO A SET 1/2" IRON ROD WITH YELLOW FORT WORTH SURVEYING CAP, FOR A CORNER;

THENCE S 43°57'03" E A DISTANCE OF 269.62', TO A SET 1/2" IRON ROD WITH YELLOW FORT WORTH SURVEYING CAP, FOR A CORNER;

THENCE S 55°50'20" E A DISTANCE OF 279.08', TO A SET 1/2" IRON ROD WITH YELLOW FORT WORTH SURVEYING CAP, FOR A CORNER;

THENCE S 30°11'30" E A DISTANCE OF 372.23', TO A SET 1/2" IRON ROD WITH YELLOW FORT WORTH SURVEYING CAP, FOR A CORNER;

THENCE S 16°55'15" E A DISTANCE OF 45.58', TO A SET 1/2" IRON ROD WITH YELLOW FORT WORTH SURVEYING CAP, FOR A CORNER;

THENCE N 73°04'45" E A DISTANCE OF 73.58', TO A SET 1/2" IRON ROD WITH YELLOW FORT WORTH SURVEYING CAP, FOR A CORNER;

THENCE S 16°55'15" E A DISTANCE OF 578.86', TO A SET 1/2" IRON ROD WITH YELLOW FORT WORTH SURVEYING CAP, FOR A CORNER;

THENCE S 35°07'15" E A DISTANCE OF 200.97', TO A SET 1/2" IRON ROD WITH YELLOW FORT WORTH SURVEYING CAP, FOR A CORNER, AND THE BEGINNING OF A CURVE TO THE LEFT;

THENCE WITH A CURVE TURNING TO THE LEFT WITH A DELTA ANGLE OF 04°38'41", AN ARC LENGTH OF 38.06', WITH A RADIUS OF 469.50', AND WHOSE CHORD BEARS S 37°26'36" E A DISTANCE OF 38.05', TO A SET 1/2" IRON ROD WITH YELLOW FORT WORTH SURVEYING CAP, FOR A CORNER;

THENCE S 39°45'56" E A DISTANCE OF 221.96', TO A SET 1/2" IRON ROD WITH YELLOW FORT WORTH SURVEYING CAP, FOR A CORNER, AND THE BEGINNING OF A CURVE TO THE LEFT;

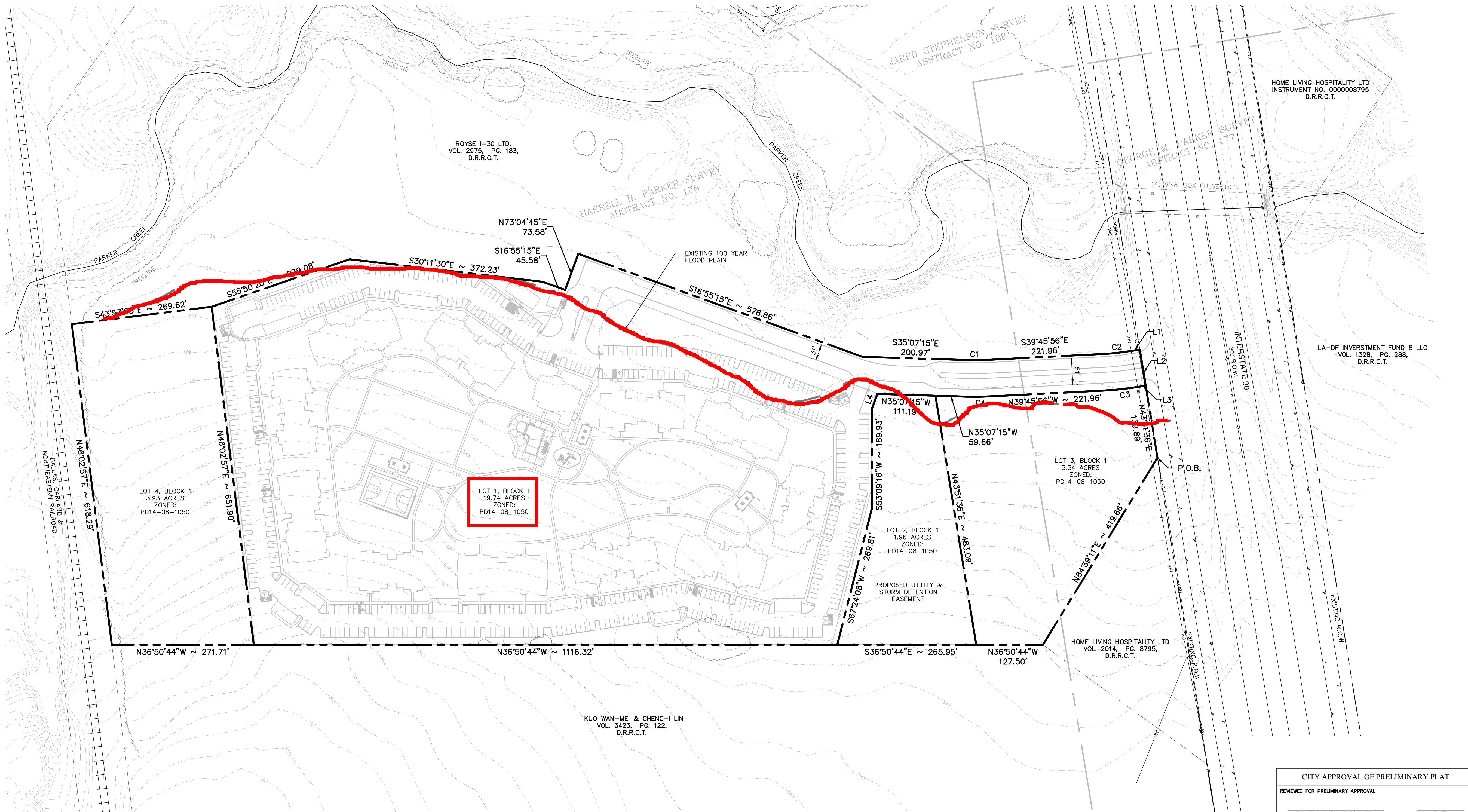
THENCE WITH A CURVE TURNING TO THE LEFT WITH A DELTA ANGLE OF 06°06'54", AN ARC LENGTH OF 50.11', WITH A RADIUS OF 469.50', AND WHOSE CHORD BEARS S 42°49'23" E A DISTANCE OF 50.08', TO A SET 1/2" IRON ROD WITH YELLOW FORT WORTH SURVEYING CAP, FOR A CORNER;

THENCE S 45°52'50" E A DISTANCE OF 19.86', TO A SET 1/2" IRON ROD WITH YELLOW FORT WORTH SURVEYING CAP, FOR A CORNER, LOCATED ON THE NORTHWEST RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY I-30;

THENCE S 43°51'36" W ALONG SAID NORTHWEST RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY I-30, A DISTANCE OF 209.89', TO THE PLACE OF BEGINNING, AND CONTAINING 28.97 ACRES OF LAND MORE OR LESS.

REFERENCE DATUM

BEARINGS, DISTANCES AND COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS COORDINATE SYSTEM OF 1983, NORTH CENTRAL ZONE GRID AND BASED ON THE NORTH AMERICAN DATUM OF 1983. ALL CORNERS ARE 1/2" IRON RODS SET WITH YELLOW FORT WORTH SURVEYING CAPS, UNLESS OTHERWISE NOTED.



LINE TABLE		
LINE #	BEARING	LENGTH
L1	S45°52'50"E	19.86'
L2	S43°51'23"W	70.00'
L3	N45°52'50"W	20.18'
L4	S73°04'45"W	30.48'

CURVE TABLE				
CURVE #	RADIUS	DELTA	CHORD BEARING	CHORD LENGTH
C1	469.50'	004°38'41"	S37°26'36"E	38.05'
C2	469.50'	006°06'54"	S42°49'23"E	50.08'
C3	539.50'	006°06'54"	N42°49'23"W	57.55'
C4	539.50'	004°38'41"	N37°26'36"W	43.72'



5700 W. PLANO PKWY. | PLANO, TEXAS 75093 | PHONE: 214.420.8494
SUITE 2500 | FAX: 214.420.8495
TEXAS BOARD OF PROFESSIONAL ENGINEERS, FIRM REGISTRATION # 470

DATE OF PRINT: March 24, 2015

DEVELOPER/OWNER:
CYPRESS CREEK AT PARKER CREEK NORTH, LLC
901 S. MOPAC EXPRESSWAY
BLDG. 4, SUITE 180
AUSTIN, TX 78746

**PRELIMINARY PLAT
OF
CYPRESS CREEK AT
PARKER CREEK**

BEING 28.97 ACRES OF LAND SITUATED IN THE BURRELL B. PARKER SURVEY, ABST. NO. 176, AND THE GEORGE M. PARKER SURVEY, ABST. NO. 177, CITY OF ROYSE CITY, ROCKWALL COUNTY, TEXAS.

CITY APPROVAL OF PRELIMINARY PLAT	
REVIEWED FOR PRELIMINARY APPROVAL	DATE
PLANNING & ZONING COMMISSION CHAIRMAN	DATE
APPROVED FOR PREPARATION OF FINAL PLAT	DATE
MAYOR, CITY OF ROYSE CITY	DATE

Date: Mar 24, 2015, 2:04pm User: ID: jpoop File: W:\Projects\700\03\01\Design\Civil\PP7000001.dwg

Exhibit 02

Example of Amenities taken from Cypress Creek Apartment Homes at
Fayridge Drive, Houston, Texas



727.520.8181
www.aerophoto.com

Cypress Creek at Fayridge Apartments

Image # 121119 6255
Date 11.19.12



Google earth

© 2015 Google

1944

Imagery Date: 4/8/2014 29°36'07.77" N 95°18'30.52" W elev 14 m eye alt 266 m





Cypress Creek
AT PATRIDGE

Alcohol consumption
and smoking prohibited
on property grounds

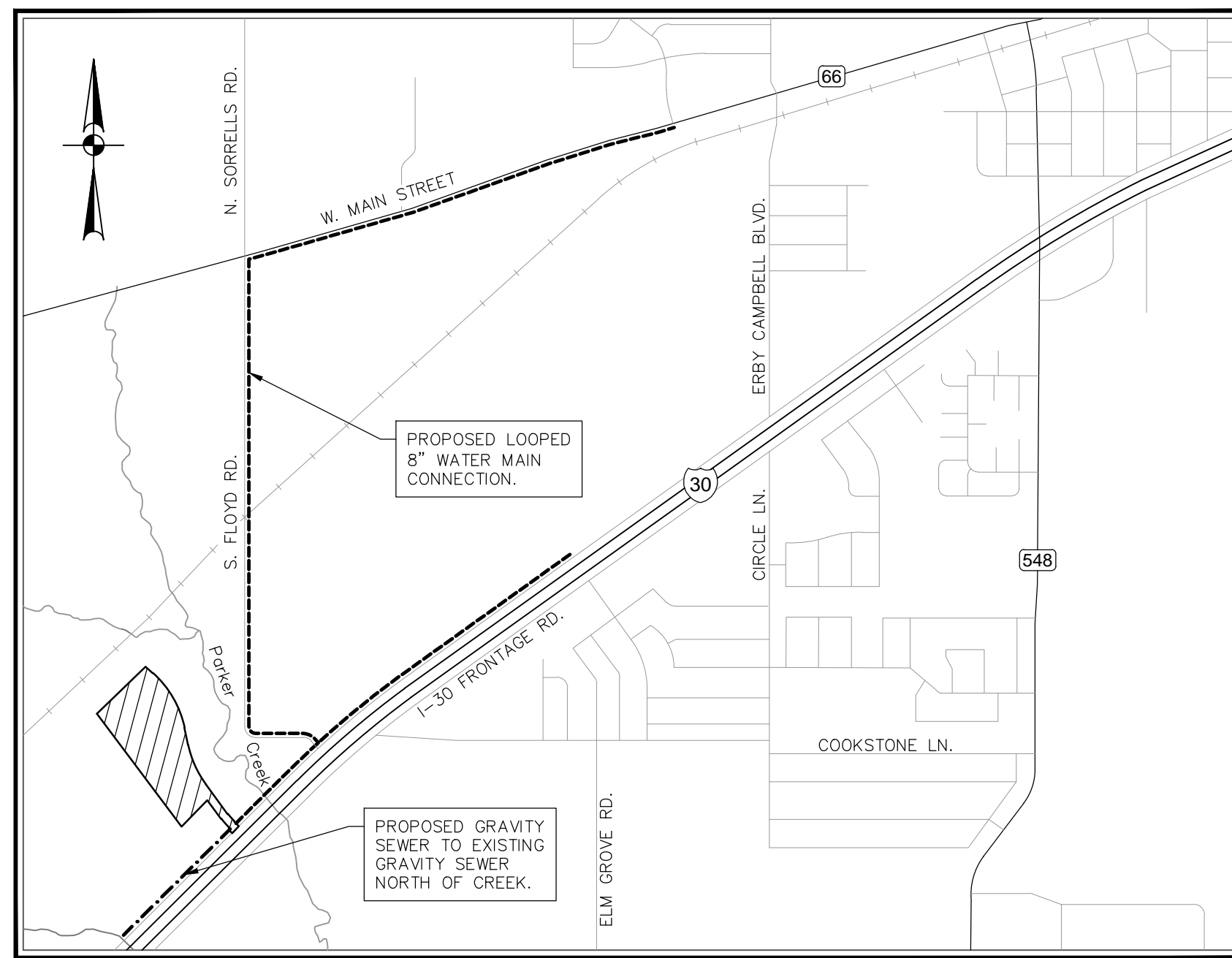


Exhibit 03

Excerpt from 2014 9% Full Application, Site Plan and Survey

Site Plan Area = 18.967 acres

Survey Area = 18.967 acres



OFFSITE UTILITY REQUIREMENTS
NOT-TO-SCALE

SITE TABULATIONS

BLDG TYPE	STORIES	QTY	A1	B1	C1	D1	TOTAL
I	2-3-2	5		60	40		100
II	2-3-2	4	48		32		80
III	2-3-2	2		24		16	40
TOTAL		11	48	84	72	16	220
Accessible Units (5%)			2	4	4	1	11

UNIT	TYPE	QUANTITY	SF/UNIT	TOTAL SF
A1	1br	48	708	33,984
B1	2br	84	1,044	87,696
C1	3br	72	1,216	87,552
D1	4br	16	1,367	21,872
TOTAL		220		231,104

PARKING:	REQUIRED/UNIT	QTY	TOTAL
A1	1.5	48	72
B1	2	84	168
C1	2.5	72	180
D1	3	16	48
TOTAL			468

Total Required : 468 SPACES
Total Provided :

Standard:	398 (12 HC)
Carport:	60 (1 HC)
Garage:	10 (1 HC)
Total:	468 (14 HC)

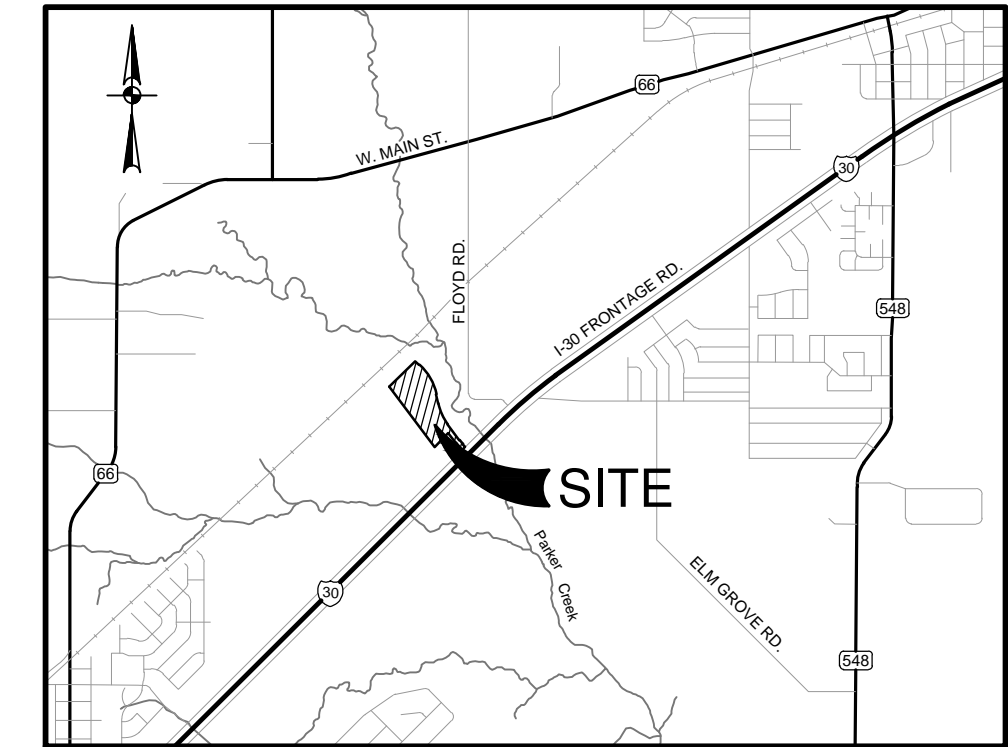
NOTES

ACCORDING TO FEMA / U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, A PORTION OF THIS PROPERTY BY SCALE DOES NOT APPEAR TO BE IN THE 100 YR. FLOOD ZONE ACCORDING TO COMMUNITY PANEL NO. 4839700055L, DATED SEPTEMBER 26, 2008 FOR ROCKWALL COUNTY, TEXAS.

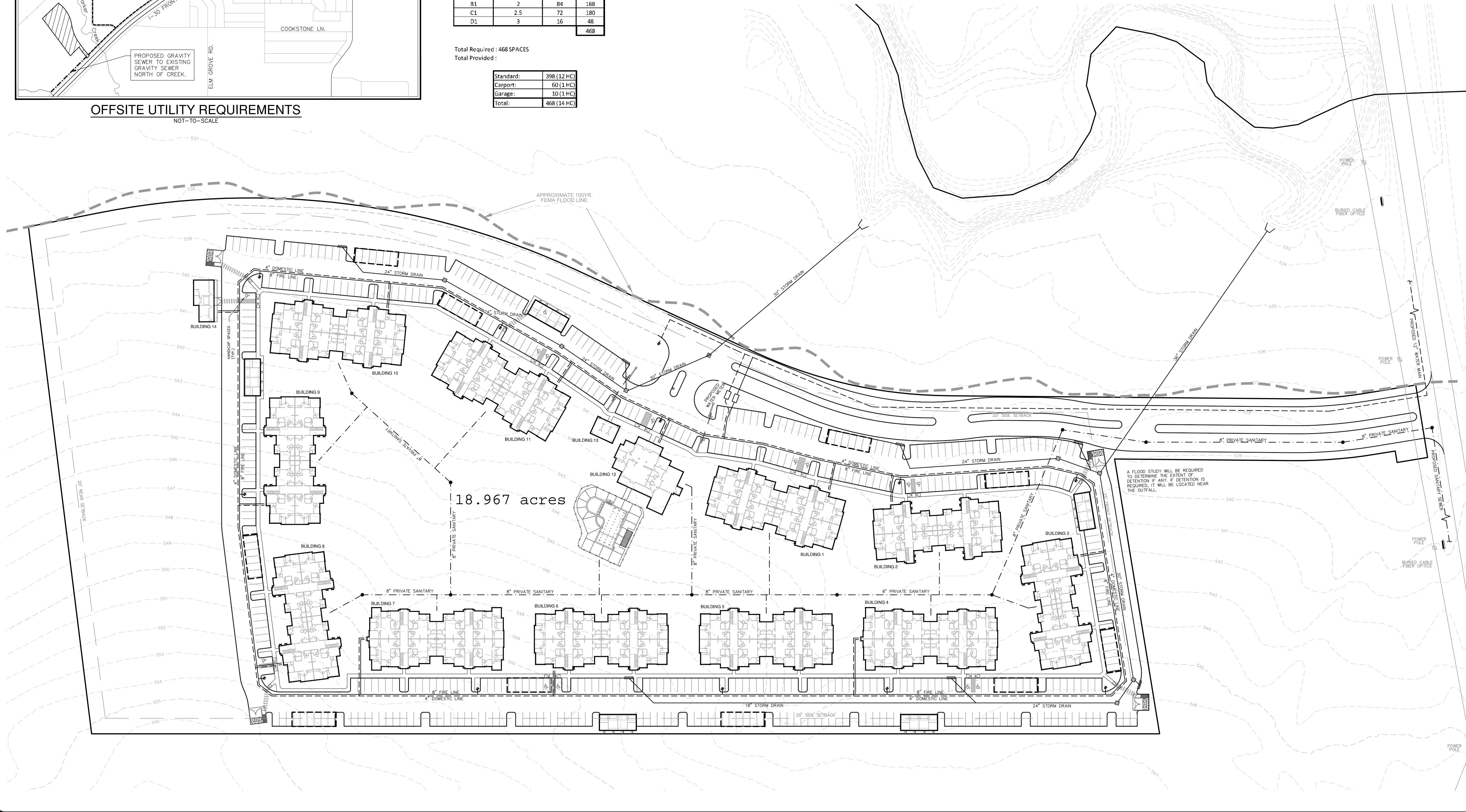
ALL ELEVATIONS ARE BASED ON DATA OBTAINED FROM THE NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS (NCTCOG) PHOTOGRAMMETRIC SURFACE AND NO GUARANTEE CAN BE MADE CONCERNING THE ACCURACY OF INFORMATION CONTAINED IN THE GEOGRAPHIC DATA.

ENTITLEMENT

THE PROPERTY SHOWN HEREIN IS ENTITLED TO BE DEVELOPED AS PROPOSED PROVIDED THE DEVELOPMENT PROCEDURES IN THE ROYSE CITY SUBDIVISION ORDINANCE ARE FOLLOWED AND ALL PLANS AND SPECIFICATION MEET THE RESPECTIVE ROYSE CITY ADOPTED CODES. THE PROPERTY IS WILL BE ZONED MF-1 ALLOWING FOR THE PROPOSED TYPE OF DEVELOPMENT. ONCE A PRELIMINARY PLAT AND A FINAL PLAT HAVE BEEN REVIEWED AND APPROVED BY THE ROYSE CITY PLANNING AND ZONING COMMISSION AND CITY COUNCIL, AND ONCE ALL ARCHITECTURAL AND ENGINEERING CONSTRUCTION DOCUMENTS HAVE BEEN REVIEWED AND APPROVED BY ROYSE CITY STAFF, BUILDING PERMITS CAN BE APPLIED FOR TO BEGIN CONSTRUCTION.



LOCATION MAP
NOT-TO-SCALE



18.967 acres

A FLOOD STUDY WILL BE REQUIRED TO DETERMINE THE EXTENT OF DETENTION IF ANY. IF DETENTION IS REQUIRED, IT WILL BE LOCATED NEAR THE OUTFALL.

NO.	REVISION	DATE

PAPE-DAWSON ENGINEERS
500 WEST SEVENTH ST. | FORT WORTH, TEXAS 76102 | PHONE: 817.670.3668
SUITE 827 | FAX: 817.670.3669
TEXAS BOARD OF PROFESSIONAL ENGINEERS, FIRM REGISTRATION # 470

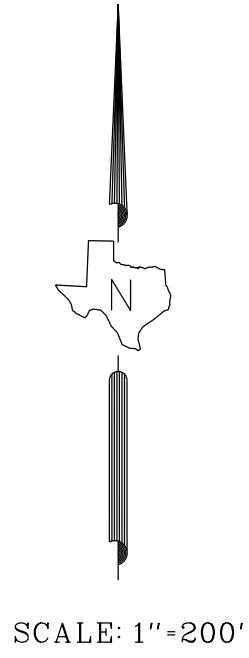
CYPRESS CREEK AT PARKER CREEK NORTH
ROYSE CITY, TEXAS

PLAT NO.	
JOB NO.	7000300
DATE	FEBRUARY 2014
DESIGNER	JG
CHECKED	CB DRAWN JG
SHEET	1 of 1

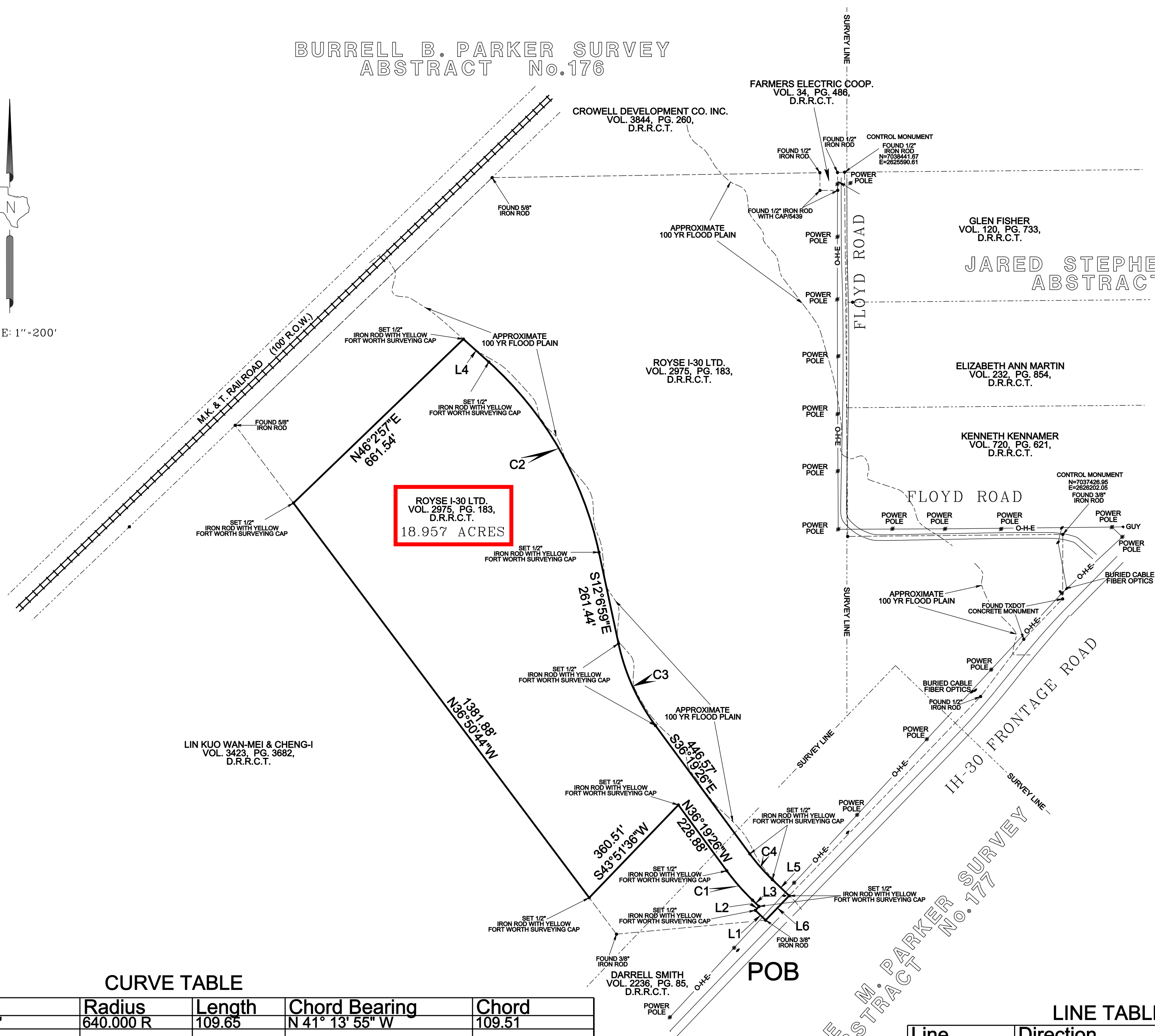
Date: Feb 27, 2014 8:41am User: jg File: S:\projects\200\03\00\Feasibility\Conceptual Design\Exhibit\EX140225 - Preliminary Site Plan.dwg

THIS DOCUMENT HAS BEEN PRODUCED FROM MATERIAL THAT WAS STORED AND/OR TRANSMITTED ELECTRONICALLY AND MAY HAVE BEEN INADVERTENTLY ALTERED. RELY ONLY ON FINAL HARDCOPY MATERIALS BEARING THE CONSULTANT'S ORIGINAL SIGNATURE AND SEAL.

BURRELL B. PARKER SURVEY
ABSTRACT No.176



SCALE: 1"=200'



CURVE TABLE

Curve	Delta	Radius	Length	Chord Bearing	Chord
CURVE C1	9° 48' 58"	640.000 R	109.65	N 41° 13' 55" W	109.51
CURVE C2	35° 52' 22"	1000.000 R	626.10	S 30° 3' 10" E	615.92
CURVE C3	24° 12' 27"	600.000 L	253.50	S 24° 13' 13" E	251.62
CURVE C4	9° 48' 58"	560.000 L	95.94	S 41° 13' 55" E	95.82

LINE TABLE

Line	Direction	Distance
L1	N 46° 8' 24" W	40.00
L2	N 43° 51' 36" E	15.00
L3	N 46° 8' 24" W	25.36
L4	S 47° 59' 21" E	95.74
L5	S 46° 8' 24" E	65.36
L6	S 43° 51' 36" W	95.00

LEGAL DESCRIPTION

Being a 18.957 acre tract of land situated in the BURRELL B. PARKER SURVEY, ABSTRACT No. 176, THE GEORGE M. PARKER SURVEY, ABSTRACT No. 177, of Rockwall County, Texas, and being part that certain tract of land conveyed by deed to Roysse I-30 LTD, as recorded in Volume 2975, Page 183, of the Deed Records of Rockwall County, Texas, and being more particularly described by metes and bounds as follows:

Beginning at a found 3/8" iron rod located on the Northwest Right-of-Way line of Interstate Highway 30, and the Southwesterly corner of said Roysse I-30 LTD tract;

THENCE N 46°08'24" W, a distance of 40.00', to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner;

THENCE N 43°51'36" E, a distance of 15.00', to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner;

THENCE N 46°08'24" W, a distance of 25.36', to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner, and the beginning of a curve to the right;

THENCE WITH SAID CURVE TURNING TO THE RIGHT WITH A RADIUS OF 640.00', AN ARC LENGTH OF 109.65', AND WHOSE CHORD BEARS N 41°13'55" W, WITH A CHORD LENGTH OF 109.51', WITH A DELTA ANGLE OF 9°48'58", to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner;

THENCE N 36°19'26" W, a distance of 228.88', to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner;

THENCE S 43°51'36" W, a distance of 360.51', to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner;

THENCE N 36°50'44" W, a distance of 1381.88', to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner;

THENCE N 46°02'57" E, a distance of 661.54', to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner;

THENCE S 47°59'21" E, a distance of 95.74', to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner, and the beginning of a curve to the right;

THENCE WITH SAID CURVE TURNING TO THE RIGHT WITH A RADIUS OF 1000.00', AN ARC LENGTH OF 626.10', AND WHOSE CHORD BEARS S 30°03'10" E, WITH A CHORD LENGTH OF 615.92', WITH A DELTA ANGLE OF 35°52'22", to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner;

THENCE S 12°06'59" E, a distance of 261.44', to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner, and the beginning of a curve to the left;

THENCE WITH SAID CURVE TURNING TO THE LEFT WITH A RADIUS OF 600.00', AN ARC LENGTH OF 253.50', AND WHOSE CHORD BEARS S 24°13'13" E, WITH A CHORD LENGTH OF 251.62', WITH A DELTA ANGLE OF 24°12'27", to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner;

THENCE S 36°19'26" E, a distance of 446.57', to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner, and the beginning of a curve to the left;

THENCE WITH SAID CURVE TURNING TO THE LEFT WITH A RADIUS OF 560.00', AN ARC LENGTH OF 95.94', AND WHOSE CHORD BEARS S 41°13'55" E, WITH A CHORD LENGTH OF 95.82', WITH A DELTA ANGLE OF 9°48'58", to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner;

THENCE S 46°08'24" E, a distance of 65.36', to a set 1/2" iron rod with yellow Fort Worth Surveying cap, for a corner, located on the Northwestern Right-of-Way line of Interstate Highway 30;

THENCE S 43°51'36" W, along said Right-of-Way line a distance 95.00', to the Point of Beginning, and containing 18.957 ACRES of land more or less.

NOTE:

1. This Survey was prepared with the benefit of a Title Commitment furnished by Chicaco Title Insurance Company, under GF# 201400124, Effective January 15, 2014, Issued February 06, 2014, and relied on for all matters of record.

REFERENCE DATUM

1. Bearings, Distances and Coordinates shown hereon are referenced to the Texas Coordinate System of 1983, North Central Zone Grid and based on the North American Datum of 1983.
2. The Average Combined Scale Factor of (0.9998524511) may be used to convert grid mapping distances to surface distances.
3. All distances are measured in U.S. feet.

ACCORDING TO FEMA/ U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, THIS PROPERTY BY SCALE DOES NOT APPEAR TO BE IN THE 100 YR. FLOOD ZONE ACCORDING TO COMMUNITY PANEL NUMBER 48397C0055L DATED SEPTEMBER 26, 2008, FOR ROCKWALL COUNTY, TEXAS.

I HEREBY CERTIFY TO ROYSSE I-30 LTD, A TEXAS LIMITED PARTNERSHIP, AND TO STUART SHAW FAMILY PARTNERSHIP LTD, AS FOLLOWS;

I hereby state that this survey was made on the ground of the property described hereon, and is to the best of my knowledge correct, and that there are no discrepancies, conflicts, shortages in area, boundary line conflicts, encroachments, overlapping of improvements, easements or rights of way, except as shown hereon. Surveyed on the ground in February 2014.

Christopher Kinny Bradley
Christopher Kinny Bradley, RPLS #5251



02-26-14

This survey also substantially complies with the current Texas Society of Professional Surveyors Standards and Specifications for a Category 1A Condition II Survey.

FORT WORTH SURVEYING
107 E. COLLEGE AVE.
ALVARADO TEXAS, 76009
817-790-5900

A BOUNDARY LAND TITLE SURVEY
OF
1 TRACT OF LAND
CONSISTING OF 18.957 ACRES
SITUATED IN THE BURRELL B. PARKER SURVEY ABSTRACT No. 176
AND THE GEORGE M. PARKER SURVEY ABSTRACT No. 177
ROCKWALL COUNTY, TEXAS

PROJECT NO.	2014010	DATE	REVISIONS
DRAWN BY	CKB		
APPROVED BY	RLH		
DATE	02-26-14		

11

BOARD ACTION REQUEST

BOND FINANCE DIVISION

SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on Resolution 16-001 Authorizing the Issuance, Sale and Delivery of Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Refunding Bonds, 2015 Series A (Taxable) (the "2015A Bonds") and Single Family Mortgage Revenue Bonds, 2015 Series B (the "2015B Bonds"); Approving the Form and Substance of Related Documents; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out the Purposes of this Resolution; and Containing Other Provisions Relating to the Subject.

RECOMMENDED ACTION

See attached resolution.

BACKGROUND

On November 15, 2006, the Texas Department of Housing and Community Affairs (the "Department") issued \$36,000,000 Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H (AMT) (the "2006H Bonds"). Concurrent with that issuance, the Department entered into an interest rate swap with UBS AG (the "2006H Swap"), which was novated to The Bank of New York Mellon in April 2014. After the September 1, 2015 debt service payment, \$34,740,000 of 2006H Bonds remain outstanding; the 2006H Swap outstanding is also \$34,740,000.

At the Board meeting of May 7, the Board approved underwriters for a potential refunding of the 2006H Bonds and the possible issuance of single family mortgage revenue bonds. Morgan Stanley & Co. was approved as the Senior Manager, and Ramirez & Co., Estrada Hinojosa & Co., and RBC Capital Markets were approved as Co-Managers.

Staff is seeking final approval for the issuance of the 2015A Bonds and the 2015B Bonds. The issue is expected to price mid-October and to close late October. Relevant summary information is provided below.

Department Contribution

The maximum contribution by the Department for the 2015A and 2015B Bonds will not exceed \$4,000,000. The contribution will be funded from amounts on deposit under the single family indenture and other available Department funds. The Department contribution may be used to pay costs of issuance, the principal or interest on the 2006H Bonds, any termination payment on the 2006H Swap, capitalized interest, or acquisition costs of the Mortgage-Backed Securities ("MBS") related to the 2015B Bonds.

2015A Bonds

The 2015A Bonds are expected to be fixed-rate, taxable bonds. Proceeds will be used to refund the 2006H Bonds, pay costs of issuance of the 2015A Bonds, and may be used for other related costs. Because these are pass-through bonds, the final issue size for the 2015A Bonds will depend on the principal amount of 2006H MBS projected to be outstanding as of the closing date of the 2015A Bonds. Under the pass-through structure, the initial principal amount of bonds equals the principal amount of MBS backing the issue; as principal and prepayments are received on the MBS, they are "passed through" to the investor, with the Trustee providing notice for and redeeming a like amount of bonds. The par amount of 2015A Bonds issued will not exceed \$34,740,000.

The 2006H Bonds are variable rate bonds with a liquidity facility provided by the Texas Comptroller of Public Accounts. Refunding the 2006H Bonds will allow the Department to reduce its outstanding variable rate debt, terminate the related liquidity facility, and terminate the 2006H Swap.

2015B Bonds

The 2015B Bonds are expected to be fixed rate, tax-exempt bonds. Proceeds will be used to purchase MBS backed by tax-exempt eligible mortgage loans originated through the Single Family Taxable Mortgage Program ("TMP-79"), to pay costs of issuance of the 2015B Bonds, and may be used for other related costs. The 2015B Bonds are also being issued as pass-through bonds. As such, the final issue size for the 2015B Bonds will be determined based on the principal amount of 2015B MBS available for purchase at closing of the 2015B Bonds. As of August 17, 2015, the Department had \$23,830,093 in eligible loans in the pipeline. The par amount of 2015B Bonds issued will not exceed \$35,000,000.

The characteristics of the bond-eligible mortgage loans in the pipeline are as follows:

3 Points Net Assistance to Borrower	\$2,956,798
4.250%	\$2,783,996
4.375%	\$172,802
5 Points Net Assistance to Borrower	\$18,715,740
4.500%	\$4,122,405
4.625%	\$14,593,335
Up to \$8,000 Net Assistance to Borrower	\$2,157,555
5.000%	\$434,991
5.125%	\$1,330,490
5.250%	\$392,074
Total Loans in the Pipeline	\$23,830,093

% of Loans at or Below 80% Applicable Median Income	72%
Average Household Income	\$48,564
Average Household Size (Number of People)	2.6

At the Board meeting of June 30, 2015, the Board approved modifications to TMP-79 and certain program documents to facilitate the use of TMP-79 as the loan origination mechanism for tax-exempt mortgage revenue bond issues. Using TMP-79 provides the Department maximum flexibility with respect to homebuyer assistance and financing options. Loans originated through

TMP-79 can be securitized into MBS that will back tax-exempt bonds or can be originated in conjunction with a mortgage credit certificate (MCC) issued by the Department and securitized into MBS that are sold to third-party investors through the original to-be-announced (TBA) framework.

With respect to origination for future tax-exempt bond issues, the Department's warehouse facility, used in conjunction with effective pipeline management, allows staff to maintain an inventory of loans eligible to be certificated into MBS for purchase with proceeds of a tax exempt bond issue when a sufficient amount of loans have been originated and market conditions warrant. Certain amendments will be made to the existing warehouse facility to accommodate its use for the bond program. Staff would seek Board approval for any future bond issuance.

RESOLUTION NO. 16-001

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS SINGLE FAMILY MORTGAGE REVENUE REFUNDING BONDS, 2015 SERIES A (TAXABLE) AND SINGLE FAMILY MORTGAGE REVENUE BONDS, 2015 SERIES B; APPROVING THE FORM AND SUBSTANCE OF RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code (the "Act"), as amended from time to time, for the purpose of providing for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income (as described in the Act as determined by the Governing Board of the Department (the "Governing Board") from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (a) to issue revenue bonds, to provide money to (i) make and acquire mortgage loans or participations therein, (ii) fund or increase the Department's reserves or funds (iii) pay the costs and expenses of issuing the bonds and (iv) pay interest on the bonds; and (b) to pledge all or part of the revenues, income or resources of the Department, including the revenues to be received by the Department from the mortgage loans or participations therein, to secure the payment of the principal, interest or redemption premium on the bonds; and

WHEREAS, the Act, and Chapters 1207 and 1371, Texas Government Code, as amended, further authorize the Department to issue its revenue bonds for the purpose of refunding any Department bonds or other general or special obligations; and

WHEREAS, the Department has, pursuant to and in accordance with the provisions of the Act, issued, sold and delivered its Single Family Mortgage Revenue Bonds, 2006 Series H (the "Refunded Bonds") pursuant to the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 (as amended and supplemented from time to time, collectively, the "Single Family Indenture") between the Department and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"); and

WHEREAS, contemporaneously with the issuance of the Refunded Bonds, the Department entered into an interest rate swap transaction (the "UBS Swap") with UBS AG with respect to the Refunded Bonds and subsequently restructured and transferred the UBS Swap pursuant to a Novation Confirmation, ISDA Master Agreement, Schedule and Credit Support Annex with The Bank of New York Mellon (the "2006H Swap"); and

WHEREAS, the Governing Board desires to authorize the termination of the 2006H Swap; and

WHEREAS, Section 302 of the Single Family Indenture authorizes the issuance of additional Bonds for the purposes of acquiring Mortgage Loans or participations therein, payment of costs of issuance, funding of reserves, payments of certain Department expenses and refunding bonds; and

WHEREAS, the Governing Board has determined to authorize the issuance of the Department's Single Family Mortgage Revenue Bonds, to be known as its Single Family Mortgage Revenue Refunding Bonds, 2015 Series A (Taxable) (the "2015 Series A Bonds") pursuant to the Single Family Indenture for the purpose of providing funds to refund the outstanding Refunded Bonds, to refund the Department's obligations under the 2006H Swap including paying any termination payment due with respect to the 2006H Swap, and pay a portion of the costs of issuance; and

WHEREAS, the Governing Board has determined to authorize the issuance of the Department's Single Family Mortgage Revenue Bonds, to be known as its Single Family Mortgage Revenue Bonds, 2015 Series B (the "2015 Series B Bonds") pursuant to the Single Family Indenture for the purposes of providing funds to make and

acquire qualifying mortgage loans through the purchase of mortgage backed securities (“Mortgage Certificates”), to fund capitalized interest and to pay a portion of the costs of issuance (the 2015 Series A Bonds and the 2015 Series B Bonds are referred to herein collectively as the “Bonds”); and

WHEREAS, the Governing Board desires to authorize the execution and delivery of the Fifty-Eighth Supplemental Single Family Mortgage Revenue Bond Trust Indenture (the “Fifty-Eighth Series Supplement”) in substantially the form attached hereto relating to the 2015 Series A Bonds; and

WHEREAS, the Governing Board desires to authorize the execution and delivery of the Fifty-Ninth Supplemental Single Family Mortgage Revenue Bond Trust Indenture (the “Fifty-Ninth Series Supplement”) in substantially the form attached hereto relating to the 2015 Series B Bonds (the Fifty-Eighth Series Supplement and the Fifty-Ninth Series Supplement are referred to herein collectively as the “Supplemental Indentures”); and

WHEREAS, the Governing Board has further determined that the Department should enter into a Bond Purchase Agreement relating to the sale of the Bonds (the “Bond Purchase Agreement”) with Morgan Stanley & Co. LLC, as representative of the group of underwriters listed in the Bond Purchase Agreement (the “Underwriters”), in substantially the form attached hereto setting forth certain terms and conditions upon which the Underwriters will purchase the Bonds from the Department and the Department will sell the Bonds to the Underwriters; and

WHEREAS, the Governing Board has determined to authorize the execution and delivery of a 2015 Supplement to Depository Agreement relating to the Bonds (the “Depository Agreement”), by and among the Department, the Trustee and the Texas Treasury Safekeeping Trust Company, in substantially the form attached hereto to provide for the holding, administering and investing of certain moneys and securities relating to the Bonds; and

WHEREAS, the Governing Board has been presented with a draft of a preliminary official statement to be used in the public offering of the Bonds (the “Official Statement”) and the Governing Board desires to approve such Official Statement in substantially the form attached hereto; and

WHEREAS, the Governing Board desires to authorize the execution and delivery of a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) in substantially the form attached hereto between the Department and the Trustee; and

WHEREAS, the Governing Board desires to authorize the execution and delivery of an Amended and Restated Servicing Agreement (the “Servicing Agreement”) in substantially the form attached hereto setting forth the terms under which U.S. Bank National Association, as master servicer (the “Servicer”), will review, acquire, package and service the Mortgage Loans and sell the Mortgage Certificates on behalf of the Department in accordance with the terms thereof; and

WHEREAS, the Governing Board desires to authorize the execution and delivery of a Second Amendment to Second Amended and Restated Warehousing Agreement (the “Warehousing Agreement”) in substantially the form attached hereto by and among the Department, the Trustee and First Southwest Company; and

WHEREAS, the Governing Board has determined to authorize the investment of the proceeds of the Bonds and any other amounts held under the Single Family Indenture with respect to the Bonds on or after the closing date or such other investments as the authorized representatives named herein may approve; and

WHEREAS, the Governing Board desires to approve the use of an amount not to exceed \$4,000,000 of Department funds for any purpose authorized under the Act and the Single Family Indenture, including to provide funds for the refunding of the Refunded Bonds, to pay any termination payment due pursuant to the 2006H Swap, to pay a portion of the costs of issuance of the Bonds, to provide funds for the acquisition of Mortgage Certificates and to fund capitalized interest; and

WHEREAS, Chapter 1371, Texas Government Code and Chapter 1207, Texas Government Code, as amended, authorize the Department to take other actions described in this resolution related to issuance of the Bonds; and

WHEREAS, the Governing Board desires to approve the forms of the Supplemental Indentures, the Bond Purchase Agreement, the Depository Agreement, the Official Statement, the Continuing Disclosure Agreement, the Servicing Agreement, and the Warehousing Agreement in order to find the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined to further its programs in accordance with such documents by authorizing the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out the purposes of this Resolution;

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

ARTICLE 1
ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of either or both series of Bonds is hereby authorized, all under and in accordance with the Single Family Indenture, and that, upon execution and delivery of the Supplemental Indentures, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of Texas (the "Attorney General") for approval, the Comptroller of Public Accounts of the State of Texas (the "Comptroller") for registration and the Trustee for authentication, and thereafter to deliver the Bonds to or upon the order of the Underwriters.

Section 1.2 Authority to Approve Form of Documents, Determine Interest Rates, Principal Amounts, Maturities and Prices. That the Chair of the Governing Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, as amended, to fix and determine the interest rates, principal amounts and maturities of, and the prices at which the Department will sell the Bonds to the Underwriters, all of which determinations shall be conclusively evidenced by the execution and delivery by an Authorized Representative of the Bond Purchase Agreement; provided, however, that: (a) the interest rate on each series of Bonds shall not exceed 4% per annum; (b) the aggregate principal amount of the 2015 Series A Bonds shall not exceed \$34,740,000; (c) the aggregate principal amount of the 2015 Series B Bonds shall not exceed \$35,000,000; (d) the final maturity of the 2015 Series A Bonds shall occur not later than March 1, 2040; (e) the final maturity of the 2015 Series B Bonds shall occur not later than March 1, 2046; (f) the price at which the 2015 Series A Bonds are sold to the Underwriters shall not exceed 103% of the principal amount thereof; (g) the price at which the 2015 Series B Bonds are sold to the Underwriters shall not exceed 103% of the principal amount thereof; and (h) the Bonds shall be rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for a long-term debt instrument. In no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law.

Section 1.3 Approval, Execution and Delivery of the Supplemental Indentures. That the form and substance of the Supplemental Indentures are hereby approved and that the Authorized Representatives are hereby authorized to execute, attest and affix the Department's seal to Supplemental Indentures, and to deliver the Supplemental Indentures to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriters pursuant to the Bond Purchase Agreement is hereby approved and that the Authorized Representatives are hereby authorized to execute, attest and affix the Department's seal to the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Underwriters.

Section 1.5 Official Statement. That the Official Statement relating to the Bonds, in substantially the form presented to the Governing Board, is hereby approved; that prior to the execution of the Bond Purchase Agreement, the Authorized Representatives, acting for and on behalf of the Governing Board, are hereby authorized and directed to finalize the Official Statement for distribution by the Underwriters to prospective purchasers of the Bonds, with such changes therein as the Authorized Representatives may approve in order to permit such an Authorized Representative, for and on behalf of the Governing Board, to deem the Official Statement relating to the Bonds final as of its date, except for such omissions as are permitted by Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”), such approval to be conclusively evidenced by the distribution of such Official Statement; and that within seven business days after the execution of the Bond Purchase Agreement, the Authorized Representatives, acting for and on behalf of the Governing Board, shall cause the final Official Statement, in substantially the form of the Official Statement attached hereto, with such changes as such an Authorized Representative may approve, such approval to be conclusively evidenced by such Authorized Representative’s execution thereof, to be provided to the Underwriters in compliance with Rule 15c2-12.

Section 1.6 Approval of Depository Agreement. That the form and substance of the Depository Agreement are hereby authorized and approved and that the Authorized Representatives are hereby authorized to execute, attest and affix the Department’s seal to the Depository Agreement and to deliver the Depository Agreement to the Trustee and to the Texas Treasury Safekeeping Trust Company.

Section 1.7 Approval of Continuing Disclosure Agreement. That the form and substance of the Continuing Disclosure Agreement are hereby authorized and approved and that the Authorized Representatives are hereby authorized to execute, attest and affix the Department’s seal to the Continuing Disclosure Agreement and to deliver the Continuing Disclosure Agreement to the Trustee.

Section 1.8 Approval of Servicing Agreement. That the form and substance of the Servicing Agreement are hereby authorized and approved and that the Authorized Representatives are hereby authorized to execute, attest and affix the Department’s seal to the Servicing Agreement and to deliver the Servicing Agreement to the Trustee and the Servicer.

Section 1.9 Approval of Warehousing Agreement. That the form and substance of the Warehousing Agreement are hereby authorized and approved and that the Authorized Representatives are hereby authorized to execute, attest and affix the Department’s seal to the Warehousing Agreement and to deliver the Warehousing Agreement to First Southwest Company.

Section 1.10 Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to execute, attest, affix the Department’s seal to and deliver such other agreements, advance commitment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the Single Family Indenture, the Supplemental Indentures, the Bond Purchase Agreement, the Depository Agreement, the Continuing Disclosure Agreement, the Servicing Agreement, the Warehousing Agreement and the termination of the 2006H Swap.

Section 1.11 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, or in the opinion of Bracewell & Giuliani LLP, Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.12 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 A – Fifty-Eighth Series Supplement
- Exhibit B – Fifty-Ninth Series Supplement
- Exhibit C – Bond Purchase Agreement
- Exhibit D – Official Statement
- Exhibit E – Depository Agreement
- Exhibit F – Continuing Disclosure Agreement
- Exhibit G – Servicing Agreement
- Exhibit H – Warehousing Agreement

Section 1.13 Authorized Representatives. The following persons and each of them are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Governing Board, the Executive Director of the Department, the Chief Financial Officer of the Department, the Director of Bond Finance of the Department, the Director of Multifamily Finance of the Department, the Director of Texas Homeownership of the Department and the Secretary or any Assistant Secretary to the Governing Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Persons is authorized to act individually as set forth in this Resolution.

Section 1.14 Department Contribution. That the contribution of Department funds in an amount not to exceed \$4,000,000 to be used for any purpose authorized under the Act and the Single Family Indenture, including to provide funds for the refunding of the Refunded Bonds, to pay a portion of the costs of issuance of the Bonds, to pay the termination payment due on the 2006H Swap, to provide funds for the acquisition cost of Mortgage Certificates and to fund capitalized interest is hereby authorized.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Submission to the Attorney General of Texas. That the Governing Board hereby approves the submission by the Department's Bond Counsel to the Attorney General of Texas, for his approval, of a transcript of the legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.2 Engagement of Other Professionals. That the Executive Director or the Director of Bond Finance is authorized to engage an accounting firm to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of the purchasers of the Bonds and Bond Counsel to the Department, provided such engagement is done in accordance with applicable State law.

Section 2.3 Certification of the Minutes and Records. That the Secretary and any Assistant Secretary to the Governing Board are hereby authorized to certify and authenticate minutes and other records on behalf of the Department for its single family mortgage revenue bond program, the issuance of the Bonds and all other Department activities.

Section 2.4 Approval of Requests for Rating from Rating Agencies. That the Executive Director, the Director of Bond Finance and the Department's consultants are authorized to seek ratings from Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a Standard & Poor's Financial Service LLC business.

Section 2.5 Ratifying Other Actions. That all other actions taken or to be taken by the Executive Director and the Department's staff in connection with the issuance of the Bonds and termination of the 2006H Swap are hereby ratified and confirmed.

Section 2.6 Authorized to Invest Funds. Pursuant to Section 1371.102 and the Act, that the Executive Director or the Director of Bond Finance is hereby authorized to undertake all appropriate actions required under the Single Family Indenture and the Depository Agreement and to provide for investment and reinvestment of all funds held under the Single Family Indenture in accordance with the Single Family Indenture.

Section 2.7 Redemption of Refunded Bonds. That the Executive Director or the Director of Bond Finance is hereby authorized and directed: (i) to instruct the Trustee to give notice of redemption and to redeem the outstanding Refunded Bonds with the proceeds of the 2015 Series A Bonds, and (ii) to take all other actions necessary to cause such redemption and refunding to occur. The Governing Board has determined that the proposed refunding of the Refunded Bonds and termination of the 2006H Swap are in the best interest of the Department. The manner in which the Refunded Bonds are being refunded does not make it practicable to make the determination required by Section 1207.008, Texas Government Code.

Section 2.8 Waiver from Texas Bond Review Board. That the Governing Board of the Department authorizes the Authorized Representatives to seek a waiver from the Texas Bond Review Board of the requirements of Section 2306.142(1) of the Act in accordance with Section 2306.142(m) of the Act.

Section 2.9 Termination of 2006H Swap. That the Executive Director or the Director of Bond Finance are authorized to take all actions necessary or convenient to terminate the 2006H Swap, including payment of any termination payment.

ARTICLE 3 CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Purpose of Bonds. That the Governing Board hereby determines that the purpose for which the Department may issue the Bonds constitutes "public works" as contemplated by Chapter 1371, Texas Government Code, as amended.

ARTICLE 4 GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate pledged under the Single Family Indenture to secure payment of the bonds issued under the Single Family Indenture and payment of the Department's costs and expenses for its single family mortgage revenue bond program thereunder and under the Single Family Indenture, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State.

Section 4.3 Purposes of Resolution. That the Governing Board has expressly determined and hereby confirms that the issuance of the Bonds and the furtherance of the purposes 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 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

Section 4.5 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

[Execution page follows]

PASSED AND APPROVED this 3rd day of September, 2015.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

EXHIBITS

ALL DOCUMENTS REFERRED TO IN THE FOREGOING RESOLUTION ARE ATTACHED TO THE ORIGINAL COPY OF SAID RESOLUTION, WHICH IS ON FILE IN THE OFFICIAL RECORDS OF THE DEPARTMENT, AND EXECUTED COUNTERPARTS OF SUCH EXHIBITS ARE INCLUDED IN THE OFFICIAL TRANSCRIPT OF PROCEEDINGS RELATING TO THE BONDS.

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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer.

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Sagetree Terrace was submitted to the Department on February 20, 2015;

WHEREAS, in lieu of a Certification of Reservation, a Carryforward Designation Certificate was issued on January 15, 2015, and will expire on December 31, 2017;

WHEREAS, the proposed issuer of the bonds is the Harris County Housing Finance Corporation; and

WHEREAS, the Executive Award and Review Advisory Committee (“EARAC”) recommends the issuance of the Determination Notice with the condition that closing occur within 120 days (on or before January 3, 2016);

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$280,152 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website for Sagetree Terrace is hereby approved as presented to this meeting; and

FURTHER RESOLVED, that provided the Applicant has not closed on the bond financing on or before January 3, 2016, the Board authorizes EARAC to extend the Determination Notice date subject to an updated previous participation review, if necessary.

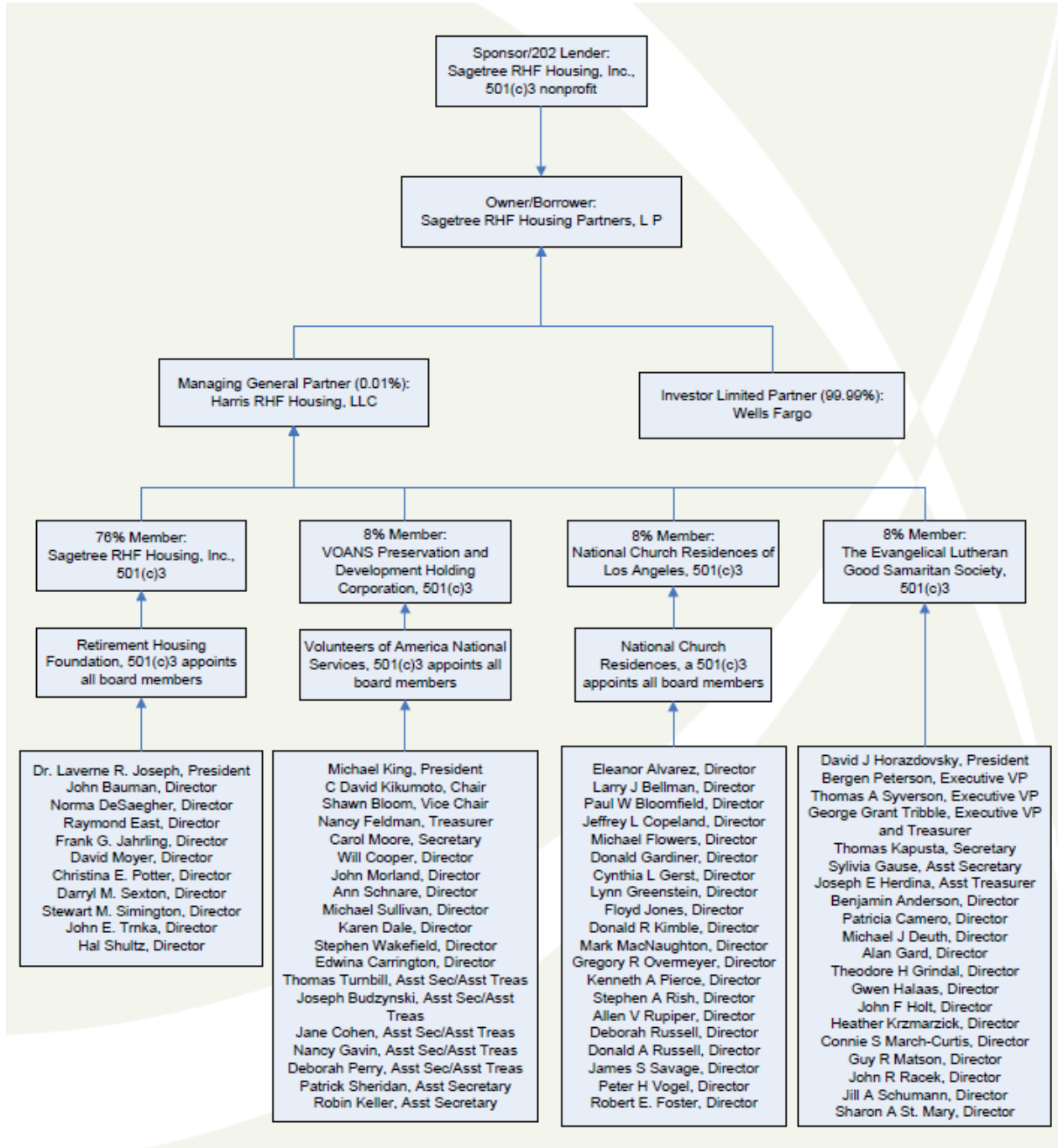
BACKGROUND

General Information: Sagetree Terrace, located in Houston, Harris County, involves the new construction of 65 units. Of the 65 total units, 5 units will be rent and income restricted at 30% of AMFI, 60 units will be rent and income restricted at 50% AMFI. The development will serve the elderly population and is located in an area that has no zoning ordinance. Staff notes that any development serving or having a preference for elderly households will need to comply with applicable HUD guidance which may vary depending on the sources of funds being utilized. The census tract (5504.01) has a median household income of \$33,214, is in the 4th quartile and has a poverty rate of 31%.

Organizational Structure: The Borrower is Sagetree RHF Housing Partners, L. P. and includes the entities and principals as indicated in the organizational chart below. In accordance with 10 TAC §1.301(d)(1), Sagetree

Terrace has been designated as a Small Portfolio Category 1 application and as such the compliance history was deemed acceptable by EARAC without further review or discussion.

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



BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer.

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Reserve at Quebec was submitted to the Department on March 27, 2015;

WHEREAS, in lieu of a Certification of Reservation, a Carryforward Designation Certificate was issued on January 14, 2015, and will expire on December 31, 2017;

WHEREAS, the proposed issuer of the bonds is the Tarrant County Housing Finance Corporation; and

WHEREAS, the Executive Award and Review Advisory Committee (“EARAC”) recommends the issuance of the Determination Notice with the condition that closing occur within 120 days (on or before January 3, 2016);

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$1,497,108 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website for Reserve at Quebec is hereby approved as presented to this meeting;

FURTHER RESOLVED, that provided the Applicant has not closed on the bond financing on or before January 3, 2016, the Board authorizes EARAC to extend the Determination Notice date subject to an updated previous participation review, if necessary.

BACKGROUND

General Information: Reserve at Quebec, located in Fort Worth, Tarrant County, involves the new construction of 296 units. Of the 296 total units, 16 units will be rent and income restricted at 30% of AMFI, 264 units will be rent and income restricted at 60% AMFI, and the remaining 16 units will be market rate with no rent or income restrictions. The development will serve the general population and is zoned appropriately. The census tract (1066.00) has a median household income of \$22,191, is in the 4th quartile and has a poverty rate of 43%.

Site Analysis: The applicant disclosed the presence of an undesirable site characteristic under §10.101(a)(4)(B) which requires additional site analysis; specifically the development site is located in a census tract that has a 43.2% poverty rate and that it is located in an urban area where the Part I violent

crime rate is 21.44 per 1,000 persons annually. An assessment of the percentage of households residing in the census tract with incomes greater than \$50,000 showed a minor increase from 2012 to 2013 with the population remaining unchanged. There has been a steady decrease in those households earning between \$10,000 and \$25,000 annually and conversely an increase in those earning between \$60,000 and \$75,000 annually.

In conjunction with reviewing the submitted statistical information, staff conducted a Development Site and Neighborhood Review, including visiting the site. It was determined by staff that Loop 820, a major highway, creates a natural boundary for the neighborhood and the portion of the census tract which is north of said boundary is more representative of the immediate neighborhood as it relates to the proposed development site. Documentation provided by the Applicant indicated from the years 2000-2010 the area north of Loop 820 had an increase in population of 114% and the growth is expected to continue in the future. Due to this, the demographics for this particular area of the census tract vary from the tract as a whole. When evaluating only the subject neighborhood within the census tract, excluding the area south of Loop 820, the Nielsen SiteReports data indicates roughly 40% of the population have incomes exceeding \$50,000, contrasting from the 28% in the census tract as a whole per the ACS 2013 five year estimates. As mentioned above staff visited the proposed site on April 24, 2015 and indicated that to the north lies retail, two schools, single family residences as well as Loop 820, to the east is retail, Lake Worth and vacant land to the south, and single family residences to the west. The subject census tract contains three (3) affordable multifamily developments, all of which are south of the proposed site on the other side of Loop 820. Additionally, a market rate property is nearby. The neighborhood north of Loop 820 is in good condition and no signs of blight or physical decline within the neighborhood were observed. Moreover, the area is served by the Lake Worth Independent School District; which as a whole has an accountability rating that meets the state standard scoring a 71 on Index 1. Furthermore, the individual schools which appear to be those that would serve the residents of the development also meet the state standard on Index 1.

Per neighborhoodscout.com, the proposed location is an urban area where the Part I violent crime rate is 21.44 per 1,000 persons annually; however, data from crimereports.com conveys that crime in the Lake Worth area appears to be much lower in the area outside of Loop 820 in comparison to that inside the Loop. As previously cited, Loop 820 serves as a physical boundary separating the area in which the development is proposed to be located from the remaining part of the census tract. Therefore, the portion of the tract that lies outside of the Loop appears to be more characteristic of the immediate neighborhood rather than the census tract as a whole. Basing the assessment of the relative components to poverty and crime on the redefined boundaries, which staff believes more precisely reflect the actual traits of the neighborhood near the proposed development site, leads to a supported conclusion that the reported factors should not result in ineligibility. At the request of the Applicant, on May 28, 2015, a letter was issued, concluding that it would be staff's recommendation that the site not be considered ineligible under §10.101(a)(4) of the Uniform Multifamily Rules.

Organizational Structure: The Borrower is Reserve at Quebec, LLC. The General Partner is Reserve at Quebec GP, LLC, of which the sole member is the Fort Worth Housing Finance Corporation, a not for profit organization which includes the following board members and officers: Betsy Price, Sal Espino, W. B. Zimmerman, Danny Scarth, Gyna Bivens, Jungus Jordan, Dennis Shingleton, Kelly Allen Gray and Ann Zadeh. In accordance with 10 TAC §1.301(d)(1), Reserve at Quebec has been designated as a Medium Portfolio Category 1 application and as such the compliance history was deemed acceptable by EARAC without further review or discussion.

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

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer.

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Timbers Apartments was submitted to the Department on May 1, 2015;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on May 21, 2015, and will expire on October 18, 2015;

WHEREAS, the proposed issuer of the bonds is the City of Austin Housing Finance Corporation; and

WHEREAS, the Executive Award and Review Advisory Committee (“EARAC”) recommends the issuance of the Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$429,929 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website for Timbers Apartments is hereby approved as presented to this meeting.

BACKGROUND

General Information: Timbers Apartments, involves the acquisition and rehabilitation of an existing occupied development located at 1034 Clayton Lane in Austin, Travis County. The development has 104 total units, of which 24 will be rent and income restricted at 50% Area Median Family Income (“AMFI”), and the remaining 80 units will be rent and income restricted at 60% AMFI. The development will serve the general population and is zoned appropriately. The census tract (0021.05) has a median household income of \$26,639, is in the 4th quartile and has a poverty rate of 39%.

The development was previously awarded an allocation of competitive Housing Tax Credits in 1996 and was constructed in 1998. The initial Tax Credit Compliance Period expired on December 31, 2013. There is an Extended Use Restriction Agreement in place until December 31, 2038. There is no Right of First Refusal requirement associated with the 1996 allocation; therefore no further action was necessary with respect to this requirement.

Organizational Structure: The Borrower is Timbers Clayton 104 Apartments, L.P. The General Partner is AHFC 1034 Clayton, a nonprofit corporation, which includes the following board members and officers:

Rebecca Giello, Bert Lumbreras and Elizabeth A. Spencer. In accordance with 10 TAC §1.301(d)(1), Timbers Apartments has been designated as a Medium Portfolio Category 1 application and as such the compliance history was deemed acceptable by EARAC without further review or discussion.

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

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer.

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Martha's Vineyard was submitted to the Department on May 15, 2015;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on June 8, 2015, and will expire on November 5, 2015;

WHEREAS, the proposed issuer of the bonds is the City of Dallas Housing Finance Corporation;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Large Portfolio Category 2 and deemed acceptable by the Executive Award and Review Advisory Committee ("EARAC") without further review or discussion; and

WHEREAS, the EARAC recommends the issuance of the Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$439,059 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for Martha's Vineyard is hereby approved as presented to this meeting;

BACKGROUND

General Information: Martha's Vineyard, located in Dallas, Dallas County, involves demolition of the current structure and the new construction of 100 units. The existing structures house the offices of the Deaf Action Center and a two story apartment building with 40 units. Of the 100 total proposed residential units, 21 units will be rent and income restricted at 50% of AMFI, 64 units will be rent and income restricted at 60% AMFI, and the remaining 15 units will be market rate with no rent or income restrictions. The development will serve the general population and is zoned appropriately. The census tract (0006.01) has a median household income of \$44,764, is in the 3rd quartile and has a poverty rate of 35%.

Organizational Structure: The Borrower is Unicom Crest Development, LP. The General Partner is Unicom Crest Development, LLC, of which the sole member is the City of Dallas Housing Finance Corporation, a nonprofit organization which includes the following board members and officers: James K. Sharp, Trent

Hughes, James A. Armstrong, Brad Nitschke, David Kitner, Eric Anderson, Michael Harling, Sherman Roberts, Ben Brown and Marcy C. Helfand.

Martha's Vineyard has been designated as a Large Portfolio Category 2 application in accordance with 10 TAC §1.301(d)(1), and the compliance history was deemed acceptable by EARAC without further review or discussion.

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

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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on Inducement Resolution No. 16-002 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2015 Waiting List for Williamsburg Apartments

RECOMMENDED ACTION

WHEREAS, a bond pre-application for Williamsburg Apartments was submitted to the Department for consideration of an inducement resolution;

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

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

NOW, therefore, it is hereby

RESOLVED, the Inducement Resolution No. 16-002 to proceed with the application submissions to the BRB for possible receipt of State Volume Cap issuance authority from the 2015 Private Activity Bond Program for Williamsburg (#15607) is hereby approved in the form presented to this meeting.

BACKGROUND

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

During the 150-day process, the Department will review the complete application for compliance with the Department’s Rules and underwrite the transaction in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing, and the complete application, including a transcript from the hearing, will then be presented to the Board for a decision on the issuance of bonds as well as a determination on the amount of housing tax credits anticipated to be allocated to the development.

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 \$594 million is set aside for multifamily until August 15th for the 2015 program year, which includes the TDHCA set aside of approximately \$118 million. Inducement Resolution No. 16-002 would reserve approximately \$24,000,000 in state volume cap.

The existing development is located at 2421 South Carrier in Grand Prairie, Dallas County and includes the acquisition and rehabilitation of 418 units serving the general population. This transaction is proposed to be Priority 3 with all of the units rent and income restricted at 60% of the Area Median Family Income (“AMFI”). The Department has not received any letters of support or opposition for this development.

RESOLUTION NO. 16-002

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

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

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

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

WHEREAS, the Owners have made not more than 60 days prior to the date hereof, payments with respect to the Developments and expect to make additional payments in the future and desire that they be reimbursed for such payments and other costs associated with the Developments from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, the Owners have indicated their willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that the requirements of the Act and the Department will be satisfied and that the Developments will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

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

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

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for the Developments one or more Applications for Allocation of Private Activity Bonds or Applications for Carryforward for 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 Governing Board of the Department (the "Board") has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to the Owners to finance the Developments on the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owners to provide financing for the respective Developments in an aggregate principal amount not to exceed those amounts, corresponding to the Developments, 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 the respective 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 the respective 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 1.2. 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 1.3. Reimbursement. The Department reasonably expects to reimburse the Owners for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction of its Development and listed on Exhibit A attached hereto ("Costs of the Developments") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation of its Development, including reimbursing the applicable Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in

connection with the acquisition and construction or rehabilitation of the Developments; (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 1.4. Principal Amount. Based on representations of the Owners, the Department reasonably expects that the maximum principal amount of debt issued to reimburse the Owners for the Costs of the Developments will not exceed the amount set forth in Exhibit A which corresponds to the applicable Development.

Section 1.5. Limited Obligations. The Owners may commence with the acquisition and construction or rehabilitation of the Developments, which Developments 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 terms agreed to by the parties, on an installment payment basis with the Department under which the Department will make a loan to the applicable Owner for the purpose of reimbursing the Owner for the Costs of the Development and the Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to the Owner to provide financing for its 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 1.6. The Developments. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, which are to be occupied entirely by Eligible Tenants, as determined by the Department, and which are 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 1.7. Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse the Owners for costs of its Development.

Section 1.8. Costs of Developments. The Costs of the Developments may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Developments. Without limiting the generality of the foregoing, the Costs of the Developments 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 Developments, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Developments, the placing of the Developments in operation and that satisfy the Code and the Act. The Owners 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 1.9. 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 the Owners shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 1.10. Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by the Owners and the Department of contractual arrangements, on terms agreed to by the parties, providing assurance satisfactory to the Department that all requirements of the Act will be satisfied and that the Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Bracewell & Giuliani LLP or other nationally recognized bond counsel acceptable to the Department (“Bond Counsel”), 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 1.11. Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Developments’ necessary review and legal documentation for the filing of one or more Applications and the issuance of the Bonds, subject to satisfaction of the conditions specified in this Resolution. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner.

Section 1.12. Related Persons. The Department acknowledges that financing of all or any part of the Developments 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 Owners.

Section 1.13. Declaration of Official Intent. This Resolution constitutes the Department’s official intent for expenditures on Costs of the Developments which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of the Developments 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 1.14. Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, 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 1.15. Authorized Representatives. The following persons are hereby named as Authorized Representatives of the Department for purposes of executing, attesting, affixing the Department’s seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Deputy Executive Director of Asset Analysis and Management of the Department, the Director of Bond Finance of the Department, the Director of Texas Homeownership of the Department, the Director of Multifamily Finance of the Department, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the “Authorized Representatives.” Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

Section 2.1. Certain Findings Regarding Developments and Owners. The Board finds that:

- (a) the Developments are necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;
- (b) the Owners will supply, in their Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;
- (c) the Owners are financially responsible;
- (d) the financing of the Developments is a public purpose and will provide a public benefit;
and
- (e) the Developments will be undertaken within the authority granted by the Act to the Department and the Owners.

Section 2.2. 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 2.3. Certain Findings with Respect to the Bonds. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Developments 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.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1. 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 3.2. Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 3.3. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 3rd day of September, 2015.

[SEAL]

By: _____
Chair, Governing Board

ATTEST:

Secretary to the Governing Board

EXHIBIT "A"

Description of the Owner and the Development

Project Name	Owner	Principals	Amount Not to Exceed
Williamsburg Apartments	Dalcour Williamsburg, Ltd., a Texas limited partnership	General Partner: Dalcour Williamsburg GP, LLC, a Texas limited liability company	\$24,000,000
Costs: Acquisition/rehabilitation of a 418-unit affordable, multifamily housing development to be known as Williamsburg Apartments, to be located at 2421 South Carrier Parkway, Grand Prairie, Dallas County, Texas 75051.			

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action Authorizing and Directing the Executive Director to Approve Modifications to the Organizational Structure Relating to Darson Marie Terrace (#15404) Prior to Bond Closing

RECOMMENDED ACTION

WHEREAS, a Determination Notice of 4% Housing Tax Credits for Darson Marie Terrace was approved by the Board on June 16, 2015;

WHEREAS, the Department was notified on August 6, 2015, regarding proposed changes to the organizational structure; and

WHEREAS, the applicant has indicated such changes are necessary in order to close on the bond financing;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director is hereby authorized to approve modifications to the organizational structure as presented herein and the Determination Notice issued by the Department on July 2, 2015, and the conditions stated therein remain valid.

BACKGROUND

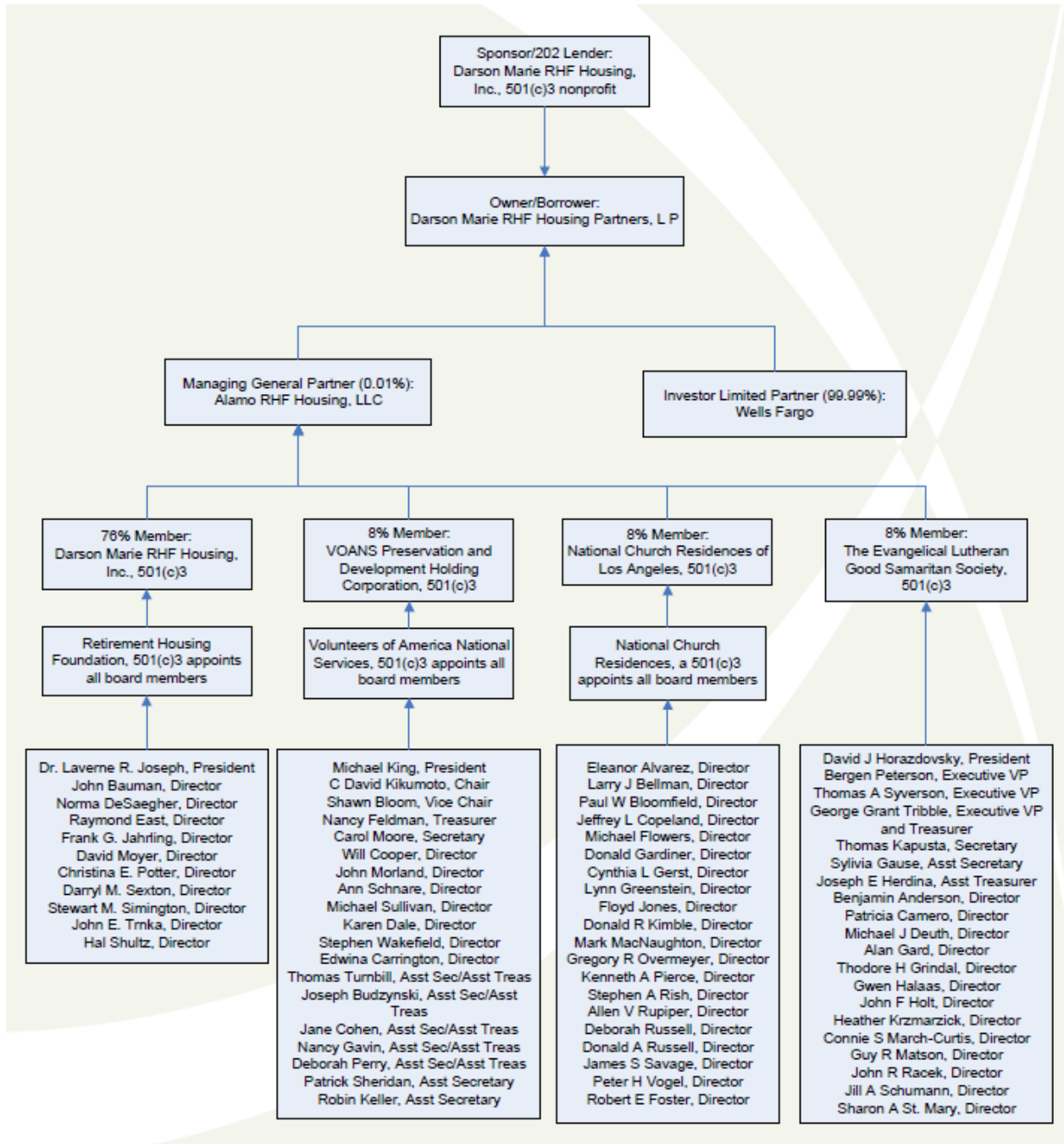
Darson Marie Terrace, located in San Antonio, Bexar County, involves the new construction of 57 units to be rent and income restricted at 30% and 60% of AMFI serving the elderly population. The application was approved by the Board on June 16, 2015, and was conditioned upon closing occurring no later than October 16, 2015.

The applicant notified the Department on August 6, 2015, and stated that as the transaction has progressed towards closing, the investor Limited Partner is requiring the Managing General Partner to be disaffiliated prior to closing because of tax implications that have only recently been brought to the forefront as the Partnership Agreement becomes finalized. Specifically, the applicant will be adding three unrelated nonprofit members (National Church Residences, Good Samaritan and Volunteers of America), each with an 8% ownership interest in the Managing General Partner, Alamo RHF Housing, LLC. The inclusion of these members creates an unrelated entity for tax purposes for the limited partner who has the tax benefits.

Pursuant to §10.406(c) of the Uniform Multifamily Rules a request for an ownership transfer that occurs before the issuance of IRS Form(s) 8609 requires evidence that the need for the transfer is due to a financial hardship. Staff notes that the circumstances surrounding this application are unique in that the closing has

not yet occurred, and as a result, it lies within the “middle ground” of an ownership transfer that would require documentation of a financial hardship and what would constitute an application amendment.

The applicant indicated that, in order to maintain the equity pricing, there needed to be a 27.5-year depreciation instead of a 40-year depreciation, which would have increased the losses and caused a negative investor capital account much sooner. The negative capital account is necessitating the General Partner to be disaffiliated from the HUD 202 lender and allow the partnership to continue to allocate 99.99% of the losses to the Limited Partner. The Borrower is Darson Marie RHF Housing Partners, L.P. and includes the entities and principals as indicated in the organizational chart below.



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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on an order adopting new 10 TAC Chapter 5, Community Affairs Programs, Subchapter J, Homeless Housing and Services Program, §5.1009 Shelter and Housing Standards, and directing its publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, pursuant to Chapter 2306 Texas Government Code, the Department is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, new 10 TAC §5.1009 adds written standards and procedures for subrecipients of the Homeless Housing and Services Program (“HHSP”) funds that provide assistance for shelter and rental assistance activities; and

WHEREAS, the new section was published in the *Texas Register* on July 3, 2015, for public comment and no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the final order adopting new 10 TAC §5.1009 is hereby approved, together with the preamble presented to this meeting, for publication in the *Texas Register*; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the new 10 TAC Chapter 5, Community Affairs Programs, Subchapter J, Homeless Housing and Services Program, §5.1009 Shelter and Housing Standards, in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The purpose of the new section is to clarify construction and habitability standards for subrecipients that provide shelter and rental assistance activities. These standards and procedures are modeled after the shelter and housing requirements of the Emergency Solutions Grants program. The standards and procedures will require subrecipients to inspect shelters and the housing units for which they propose to provide rental assistance, and ensure that shelters, tenants and landlords are aware of program policies regarding the condition of shelters and housing units supported with program funds; The new section was approved for publication on June 16, 2015, by the Board, and was published in the July 3, 2015, issue of the *Texas Register* to allow for public comment. The

Department received no comments on the proposed new section and the rule is adopted with no changes.

Attachment A: Preamble and New 10 TAC Chapter 5, Subchapter J, §5.1009

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 5, Community Affairs Programs, Subchapter J, Homeless Housing and Services Program, §5.1009 Shelter and Housing Standards, with no changes to the proposed text as published in the July 3, 2015, issue of the *Texas Register* (40 TexReg 4296).

REASONED JUSTIFICATION. The purpose of the adopted rule is to add written standards and procedures for subrecipients that provide shelter and rental assistance activities. The standards and procedures will require subrecipients to regularly inspect the shelters and housing units for which they propose to provide rental assistance, and ensure that shelters, tenants and landlords are aware of program policies regarding the condition of shelters and housing units supported with program funds.

STATUTORY AUTHORITY. The amended section is adopted pursuant to Texas Government Code §2306.053, which authorizes the Department to adopt rules, and Chapter 2306, Subchapter K, which authorizes the Homeless Housing and Services Program.

The proposed amendments affect no other code, article, or statute.

§5.1009. Shelter and Housing Standards.

(a) **Minimum standards for emergency shelters.** Any building for which HHSP funds are used for conversion, major rehabilitation, or other renovation, must meet state or local government safety and sanitation standards, as applicable, and the following minimum safety and sanitation standards. Any emergency shelter that receives assistance for shelter operations must also meet the following minimum safety and sanitation standards.

(1) **Structure and materials.** The shelter building must be structurally sound to protect residents from the elements and not pose any threat to health and safety of the residents. Any renovation (including major rehabilitation and conversion) carried out with HHSP assistance must use Energy Star and WaterSense products and appliances.

(2) **Access.** The shelter must be accessible in accordance with Section 504 of the Rehabilitation Act (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8; the Fair Housing Act (42 U.S.C. §3601 *et seq.*) as outlined in 10 TAC Chapter 1, Subchapter B, and implementing regulations at 24 CFR Part 100; and Title II of the Americans with Disabilities Act (42 U.S.C. §12131 *et seq.*) and 28 CFR Part 35; where applicable.

(3) **Space and security.** Except where the shelter is intended for day use only, the shelter must provide each program participant in the shelter with an acceptable place to sleep and adequate space and security for themselves and their belongings.

(4) **Interior air quality.** Each room or space within the shelter must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents.

(5) **Water supply.** The shelter's water supply must be free of contamination.

(6) **Sanitary facilities.** Each program participant in the shelter must have access to sanitary facilities that are in proper operating condition and are adequate for personal cleanliness and the disposal of human waste.

(7) **Thermal environment.** The shelter must have any necessary heating/cooling facilities in proper operating condition.

(8) Illumination and electricity. The shelter must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the shelter.

(9) Food preparation. Food preparation areas, if any, must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner.

(10) Sanitary conditions. The shelter must be maintained in a sanitary condition.

(11) Fire safety. There must be at least one working smoke detector in each occupied unit of the shelter. Where possible, smoke detectors must be located near sleeping areas. The fire alarm system must be designed for hearing-impaired residents. All public areas of the shelter must have at least one working smoke detector. There must also be a second means of exiting the building in the event of fire or other emergency.

(b) Minimum standards for housing for occupancy. HHSP funds cannot help a program participant remain in or move into housing that does not meet the minimum habitability standards below. HHSP funds may assist a program participant in returning the home to the minimum habitability standard in cases where the program participant is the responsible party for ensuring such conditions. In order to ensure continuity of housing, the Subrecipient may provide assistance to a program participant pending a completed housing inspection within thirty (30) days of the assistance being provided. This allowance applies whether the program participant is the responsible party for ensuring such standards or another party is the responsible party. Should the housing not meet the minimum habitability standards thirty (30) days after the initial assistance, no further assistance may be provided to maintain the program participant in that housing.

(1) Structure and materials. The structures must be structurally sound to protect residents from the elements and not pose any threat to the health and safety of the residents.

(2) Space and security. Each resident must be provided adequate space and security for themselves and their belongings. Each resident must be provided an acceptable place to sleep.

(3) Interior air quality. Each room or space must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents.

(4) Water supply. The water supply must be free from contamination.

(5) Sanitary facilities. Residents must have access to sufficient sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste.

(6) Thermal environment. The housing must have any necessary heating/cooling facilities in proper operating condition.

(7) Illumination and electricity. The structure must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the structure.

(8) Food preparation. All food preparation areas must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner.

(9) Sanitary conditions. The housing must be maintained in a sanitary condition.

(10) Fire safety.--

(i) There must be a second means of exiting the building in the event of fire or other emergency.

(ii) Each unit must include at least one battery-operated or hard-wired smoke detector, in proper working condition, on each occupied level of the unit. Smoke detectors must be located, to the extent practicable, in a hallway adjacent to a bedroom. If the unit is occupied by hearing

impaired persons, smoke detectors must have an alarm system designed for hearing-impaired persons in each bedroom occupied by a hearing-impaired person.

(iii) The public areas of all housing must be equipped with a sufficient number, but not less than one for each area, of battery-operated or hard-wired smoke detectors. Public areas include, but are not limited to, laundry rooms, community rooms, day care centers, hallways, stairwells, and other common areas.

(c) Shelters and housing for occupancy. Lead-based paint remediation and disclosure. 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 in 24 CFR Part 35, subparts A, B, H, J, K, M, and R apply to all shelters and all housing units occupied by program participants(a) Lead-based paint remediation and disclosure. 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 in 24 CFR Part 35, subparts A, B, H, J, K, M, and R apply to all shelters and all housing units occupied by program participants.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter K, Emergency Solutions Grant (“ESG”), §5.2002 Purpose and Use of Funds, and §5.2004 Eligible Applicants, and directing that they be published in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Chapter 2306 of the Texas Government Code, the Department is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, the amendment to 10 TAC §5.2002 is to prohibit subrecipients explicitly from charging occupancy fees for emergency shelter, and the amendment to §5.2004 gives the Department flexibility to adapt to changes in the federal rules; and

WHEREAS, the proposed amendments were published in the *Texas Register* on July 3, 2015, for public comment and no comments were received but non-substantive technical corrections were made;

NOW, therefore, it is hereby

RESOLVED, that the final order adopting the amendments to 10 TAC §§5.2002 and 5.2004 are hereby approved, together with the preamble presented to this meeting, for publication in the *Texas Register*, and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter K, Emergency Solutions Grants (“ESG”), §§5.2002 and §5.2004, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The purpose of the amendment to §5.2002 is to prohibit subrecipients explicitly from charging occupancy fees for emergency shelter. The U.S. Department of Housing and Urban Development (“HUD”) does not specifically allow such fees and the Department’s rules do not current state a prohibition. The purpose of the amendment to §5.2004 is to give the Department flexibility to adapt to changes in the federal rules including the ability to include other entities in future funding cycles. The amendments were approved for publication on June 16, 2015, by the Board, and were published

in the July 3, 2015, issue of the *Texas Register* to allow for public comment. The Department received no comments on the proposed amendments and no substantive changes are suggested.

Attachment A: Preamble and Amended 10 TAC Chapter 5, Subchapter K, §§5.2002 and 5.2004

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 5, Community Affairs Programs, Subchapter K, Emergency Solutions Grants ("ESG"), §5.2002 Purpose and Use of Funds, and §5.2004 Eligible Applicants, with only non-substantive changes to the proposed text as published in the July 3, 2015, issue of the *Texas Register* (40 TexReg 4298).

REASONED JUSTIFICATION. The purpose of the amendment to §5.2002 is to explicitly prohibit subrecipients from charging occupancy fees for emergency shelter. The purpose of the amendment to §5.2004 is to give the Department flexibility to adapt to changes in the federal rules regarding the types of organizations that could be considered eligible applicants under the ESG.

STATUTORY AUTHORITY. The amended sections are adopted pursuant to Texas Government Code §2306.053, which authorizes the Department to adopt rules, and Chapter 2306, Subchapter E, which authorizes the Department to administer its Community Affairs programs.

The amendments affect no other code, article, or statute.

§5.2002. Purpose and Use of Funds.

- (a) The purpose of the Emergency Solutions Grants (ESG) is to assist people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.
- (b) ESG eligible activities are:
 - (1) the rehabilitation or conversion of buildings for use as emergency shelter for the homeless;
 - (2) the payment of certain expenses related to operating emergency shelters;
 - (3) essential services related to emergency shelters and street outreach for the homeless;
 - (4) homelessness prevention and rapid re-housing assistance;
 - (5) Homeless Management Information Systems (HMIS) activities; and
 - (6) administrative costs.
- (c) Subrecipients are prohibited from charging occupancy fees for emergency shelter supported by funds covered by this subchapter.
- (d) The Department's Governing Board, Executive Director, or his/her designee may limit activities in a given funding cycle or by contract.

§5.2004. Eligible Applicants.

- (a) Eligible Subrecipients are Units of General Local Government; those Private Nonprofit Organization(s) that are secular or religious organizations as described in §501(c) of the Internal Revenue Code of 1986, are exempt from taxation under Subtitle A of the Code, have an accounting system and a voluntary board, and practice non-discrimination in the provision of assistance; and organizations as described in a Notice of Funding Availability or other funding mechanism.

(b) The Department reserves the option to limit eligible Subrecipient entities in a given funding cycle.

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BOARD ACTION REQUEST

SINGLE FAMILY PROGRAMS

SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action proposing the repeal of 10 TAC Chapter 20 Single Family Umbrella Rule, §20.1 Purpose, §20.2 Applicability, §20.3 Definitions, §20.4 Eligible Single Family Activities, §20.5 Funding Notices, §20.6 Applicant Eligibility, §20.7 Household Eligibility Requirements, §20.8 Single Family Housing Unit Eligibility Requirements, §20.9 General Administration and Program Requirements, §20.10 Inspection and Construction Requirements, §20.11 Survey Requirements, §20.12 Insurance Requirements for Acquisition Activities, §20.13 Loan, Lien and Mortgage Requirements for Activities With Acquisition, §20.14 Amendments to Agreements and Contracts and Modifications to Mortgage Loan Documents, §20.15 Compliance and Deobligation, and §20.16 Waivers and Appeals, and proposing new 10 TAC Chapter 20 Single Family Umbrella, §20.1 Purpose, §20.2 Applicability, §20.3. Definitions, §20.4 Eligible Single Family Activities, §20.5 Funding Notices, §20.6 Applicant Eligibility, §20.7 Household Eligibility Requirements, §20.8 Single Family Housing Unit Eligibility Requirements, §20.9 General Administration and Program Requirements, §20.10 Inspection Requirements for Construction Activities, §20.11 Survey Requirements for Acquisition Activities, §20.12 Insurance Requirements for Acquisition Activities, §20.13 Loan, Lien and Mortgage Requirements for Activities With Acquisition, §20.14 Amendments to Agreements and Contracts and Modifications to Mortgage Loan Documents, §20.15 Compliance and Monitoring, and §20.16 Waivers and Appeals, and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the Department's Governing Board approved organizational changes on April 12, 2012, of which a key component was a new Single Family business model that contemplated greater consistency and coordination among all Single Family Programs and provided a basis for improving efficiency;

WHEREAS, the Department's Governing Board adopted amendments to the Single Family Programs Umbrella Rule on October 9, 2014;

WHEREAS, the Department is proposing to repeal all sections of 10 TAC Chapter 20, Single Family Umbrella Rule and proposing all new 10 TAC Chapter 20, Single Family Umbrella Rule, to increase efficiency and consistency among the Department's Single Family Programs;

NOW, therefore, it is hereby

RESOLVED, that the proposed repeal of 10 TAC Chapter 20, Single Family Umbrella Rule, and new 10 TAC Chapter 20 regarding the Single Family Umbrella Rule are approved for publication in the *Texas Register* for public comment and

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department to cause the proposed repeal of 10 TAC Chapter 20, Single Family Umbrella Rule, and new 10 TAC Chapter 20, Single Family Umbrella Rule in the form presented to this meeting to be published in the *Texas Register* for public comment and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The Texas Department of Housing and Community Affairs (the "Department") continues to implement a unified Single Family business model. This model is a key objective of the organizational changes that were approved by the Department's Governing Board on April 12, 2012. This model is intended to promote consistency and improve efficiency and coordination among single family programs, thereby enabling persons served to access and obtain an array of single family products, assisting subrecipients in delivering those products more rapidly and smoothly, and supporting Department staff as it seeks to ensure full compliance, expeditious distribution of program resources, and more efficient operations. Programs included in this effort are the Department's HOME Investment Partnerships Program ("HOME"), Housing Trust Fund ("HTF"), Bond/First Time Homebuyer ("FTHB"), Taxable Mortgage Program ("TMP"), Neighborhood Stabilization Program ("NSP") and the Office of Colonia Initiatives ("OCI").

The purpose of repealing 10 TAC Chapter 20, Single Family Umbrella Rule and proposing a new 10 TAC Chapter 20, Single Family Umbrella Rule is driven by stakeholder input and the need to codify current Department monitoring and compliance processes in current Rule. In order to ensure that stakeholder groups have ample opportunity to provide comment on the proposed new Chapter to the Single Family Umbrella Rule, the Department will publish the proposed new Chapter in the *Texas Register*, and accept Public Comment for not less than 30 days. A black line version with all changes will be available on the Department's website during the public comment period.

All Single Family programs must adhere to both the Single Family Umbrella Rules and the individual program rules applicable to specific single family programs. A brief overview of the changes in the replacement Rule is provided below.

§20.2. Applicability

Clarifies the relationship between the Single Family Umbrella Rule and Program Rules. The description of exclusion for the Amy Young Barrier Removal Program is moved to the impacted subsections for clarity.

§20.3. Definitions

(7) Amy Young Barrier Removal Program - The description of eligible beneficiaries is added.

(40) Nonprofit Organization - The description is clarified to include Internal Revenue Code ruling.

§20.4. Eligible Single Family Activities

The descriptions of activities are clarified to meet Program requirements.

§20.5. Funding Notices

The description of the Funding Notice and application deficiency process are clarified.

§20.10. Inspection Requirements for Construction Activities

The requirements for initial, interim and final inspections are re-organized and clarified, and the requirements for compliance with Texas Minimum Construction Standards and Minimum Energy-Efficiency requirements are clarified.

§20.11. Survey Requirements for Acquisition Activities

The description of the required survey for acquisition activities is corrected.

§20.12. Insurance Requirements for Acquisition Activities

Flood insurance requirements are corrected.

§20.13. Loan, Lien and Mortgage Requirements for Activities With Acquisition

Requirements for compliance with Residential Mortgage Loan Origination regulations are added, along with requirements for compliance with Truth in Lending and Real Estate Settlement Practices Act Integrated Disclosure regulations.

§20.15. Compliance and Monitoring

Describes Compliance requirements currently applied to Single-Family contracts and activities through Department monitoring processes, and allow access for Single Family Subgrantees to the Compliance Committee.

Attached are the proposed preambles, the proposed repeal and proposed new 10 TAC Chapter 20, Single Family Umbrella Rule.

Attachment 1: Preamble for repeal of 10 TAC Chapter 20

The Texas Department of Housing and Community Affairs (the "Department") proposes the repeal of 10 TAC Chapter 20, Single Family Umbrella Rule, concerning the Department's HOME Investment Partnerships Program ("HOME"), Housing Trust Fund ("HTF"), Bond/First Time Homebuyer ("FTHB"), Taxable Mortgage Program ("TMP"), Neighborhood Stabilization Program ("NSP") and the Office of Colonia Initiatives ("OCI").

The purpose of the proposed repeal is driven by stakeholder input and the need to codify current Department monitoring and compliance processes in current Rule.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the repeal will be in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the repeal will be in effect, the public benefit anticipated as a result of the repeal will be to avoid redundancy in and clarify Department rules. There will not be any economic cost to any individuals required to comply with the repeal.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Marni Holloway, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or by fax to (512) 475-1672. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. OCTOBER 19, 2015.

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

The proposed repeal affects no other code, article, or statute.

§20.1. Purpose.

§20.2. Applicability.

§20.3. Definitions.

§20.4. Eligible Single Family Activities.

§20.5. Funding Notices.

§20.6. Applicant Eligibility.

§20.7. Household Eligibility Requirements.

§20.8. Single Family Housing Unit Eligibility Requirements.

§20.9. General Administration and Program Requirements.

§20.10. Inspection Requirements for Construction Activities.

§20.11. Survey Requirements for Acquisition Activities.

§20.12. Insurance Requirements for Acquisition Activities.

§20.13. Loan, Lien and Mortgage Requirements for Acquisition Activities Only.

§20.14. Amendments to Agreements and Contracts and Modification to Mortgage Loan Documents.

§20.15. Compliance and Monitoring.

§20.16. Waivers and Appeals

Attachment 2: Preamble for new 10 TAC Chapter 20

The Texas Department of Housing and Community Affairs (the "Department") proposes new 10 TAC Chapter 20 Single Family Umbrella Rule, concerning the Department's HOME Investment Partnerships Program ("HOME"), Housing Trust Fund ("HTF"), Bond/First Time Homebuyer ("FTHB"), Taxable Mortgage Program ("TMP"), Neighborhood Stabilization Program ("NSP") and the Office of Colonia Initiatives ("OCI").

The purpose of the proposed new Chapter 20 is driven by stakeholder input and the need to codify current Department monitoring and compliance processes in current Rule.

§20.2. Applicability

Clarifies the relationship between the Single Family Umbrella Rule and Program Rules. The description of exclusion for the Amy Young Barrier Removal Program is moved to the impacted subsections for clarity.

§20.3. Definitions

(7) Amy Young Barrier Removal Program - The description of eligible beneficiaries is added.

(40) Nonprofit Organization - The description is clarified to include Internal Revenue Code ruling.

§20.4. Eligible Single Family Activities

The descriptions of activities are clarified to meet Program requirements.

§20.5. Funding Notices

The description of the Funding Notice and application deficiency process are clarified.

§20.10. Inspection Requirements for Construction Activities

The requirements for initial, interim and final inspections are re-organized and clarified, and the requirements for compliance with Texas Minimum Construction Standards and Minimum Energy-Efficiency requirements are clarified.

§20.11. Survey Requirements for Acquisition Activities

The description of the required survey for acquisition activities is corrected.

§20.12. Insurance Requirements for Acquisition Activities

Flood insurance requirements are corrected.

§20.13. Loan, Lien and Mortgage Requirements for Activities With Acquisition

Requirements for compliance with Residential Mortgage Loan Origination regulations are added, along with requirements for compliance with Truth in Lending and Real Estate Settlement Practices Act Integrated Disclosure regulations.

§20.15. Compliance and Monitoring

Describes Compliance requirements currently applied to Single-Family contracts and activities through Department monitoring processes, and allow access for Single Family Subgrantees to the Compliance Committee.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the proposed new Chapter will be in effect, enforcing or administering the proposed new Chapter does not have any foreseeable additional costs or revenues for the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the new Chapter is in effect, the public benefit anticipated as a result of the new Chapter will be assurance of Subrecipient compliance with federal rules. There are no anticipated additional new economic costs to individuals required to comply with the Chapter as a result of this action.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no additional economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Marni Holloway, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or by fax to (512) 475-1672. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. OCTOBER 19, 2015. A black line version with all changes will be available on the Department's website at www.tdhca.state.tx.us during the public comment period.

STATUTORY AUTHORITY. The new Chapter is proposed pursuant to Texas Government Code, §2306.053 which authorizes the Department to adopt rules.

The proposed new Chapter affects no other code, article, or statute.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 20. SINGLE FAMILY PROGRAMS UMBRELLA RULE

§20.1. Purpose.

§20.2. Applicability.

§20.3. Definitions.

§20.4. Eligible Single Family Activities.

§20.5. Funding Notices.

§20.6. Applicant Eligibility.

§20.7. Household Eligibility Requirements.

§20.8. Single Family Housing Unit Eligibility Requirements.

§20.9. General Administration and Program Requirements.

§20.10. Inspection Requirements for Construction Activities.

§20.11. Survey Requirements for Acquisition Activities.

§20.12. Insurance Requirements for Acquisition Activities.

§20.13. Loan, Lien and Mortgage Requirements for Acquisition Activities Only.

§20.14. Amendments to Agreements and Contracts and Modification to Mortgage Loan Documents.

§20.15. Compliance and Monitoring.

§20.16. Waivers and Appeals

§20.1. Purpose

This Chapter sets forth the common elements of the Texas Department of Housing and Community Affairs' (the "Department") single family Programs, which includes the Department's HOME Investment Partnerships Program (HOME), Texas Housing Trust Fund (HTF), Bond/First Time Homebuyer (FTHB), Taxable Mortgage Program (TMP), Texas Neighborhood Stabilization (NSP), and Office of Colonia Initiatives (OCI) Programs and other single family Programs as developed by the Department. Single family Programs are designed to improve and provide affordable housing opportunities to low-income individuals and families in Texas and in accordance with Texas Government Code, Chapter 2306 and any applicable statutes and federal regulations.

§20.2. Applicability

Unless otherwise noted, this Chapter only applies to single family Programs. Program Rules may impose additional requirements related to any provision of this Chapter. Where Program Rule is less restrictive than and not preempted by federal law this Chapter, the provisions of this Chapter will control Program decisions.

The Amy Young Barrier Removal Program is excluded from the Inspection and Construction Requirements identified in §20.10 and Survey Requirements in §20.11.

§20.3. Definitions

The following words and terms, when used in this Chapter, shall have the following meanings unless the context or the NOFA indicates otherwise. Other definitions may be found in Texas Government Code,

Chapter 2306 and Chapter 1 of this Title (relating to Administration), and the applicable federal regulations.

(1) Activity--A form of assistance provided to a Household or Administrator by which single family funds are used for acquisition, new construction, Reconstruction, Rehabilitation, refinance of an existing Mortgage, tenant-based rental assistance, or other single family Department approved expenditure for single family housing.

(2) Administrator--A unit of local government, Nonprofit Organization or other entity acting as a Community Housing Development Organization under 24 C.F.R. Part 92 ("CHDO"), Subrecipient, Developer or similar organization that has an executed written Agreement with the Department.

(3) Affirmative Marketing Plan--HUD Form 935.2B or equivalent plan created in accordance with HUD requirements to direct specific marketing and outreach to potential tenants and homebuyers who are considered "least likely" to know about or apply for housing based on an evaluation of market area data.

(4) Affiliate--If, directly or indirectly, either one Controls or has the power to Control the other or a third person Controls or has the power to Control both. The Department may determine Control to include, but not be limited to:

(A) interlocking management or ownership;

(B) identity of interests among family members;

(C) shared facilities and equipment;

(D) common use of employees; or

(E) a business entity which has been organized following the exclusion of a person which has the same or similar management, ownership, or principal employees as the excluded person.

(5) Affiliated Party--A person or entity with a contractual relationship with the Administrator through an Agreement with the Department.

(6) Agreement--Same as "Contract." May be referred to as a "Reservation System Agreement" or "Reservation Agreement" when providing access to the Department's Reservation System as defined in this Chapter.

(7) Amy Young Barrier Removal Program--Program designed to remove barriers and address immediate health and safety issues for Persons with Disabilities as outlined in the Program Rule or NOFA.

(8) Annual Income--The definition of Annual Income and the methods utilized to establish eligibility for housing or other types of assistance as defined under the Program Rule.

(9) Applicant--An individual, unit of local government, nonprofit corporation or other entity who has submitted to the Department an Application for Department funds or other assistance.

(10) Application--A request for a Contract award or a request to participate in a Reservation System submitted by an Applicant to the Department in a form prescribed by the Department, including any exhibits or other supporting material.

(11) Certificate of Occupancy--Document issued by a local authority to the owner of premises attesting that the structure has been built in accordance with building ordinances.

(12) Chapter 2306--Texas Government Code, Chapter 2306.

(13) Combined Loan to Value (CLTV)--The aggregate principal balance of all the Mortgage Loans, including Forgivable Loans, divided by the appraised value.

(14) 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.

(15) Conforming Mortgage Loan--A first-lien Mortgage Loan that meets Federal Housing Administration (FHA), U.S. Department of Agriculture (USDA), U.S. Department of Veterans Affairs (VA), and Fannie Mae or Freddie Mac guidelines.

- (16) Contract--The executed written Agreement between the Department and an Administrator performing an Activity related to a single family Program that describes performance requirements and responsibilities. May also be referred to as "Agreement."
- (17) Contract Administrator (CA)--Same as "Administrator."
- (18) Control--The possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any person or entity, whether through the ownership or voting securities, by contract or otherwise, including ownership of more than 50 percent of the general partner interest in a limited partnership, or designation as a managing member of a limited liability company or managing general partner of a limited partnership or any similar member.
- (19) Deobligate--The cancellation of or release of funds under a Contract or Agreement as a result of the termination of or reduction of funds under a Contract or Agreement.
- (20) Department--The Texas Department of Housing and Community Affairs as defined in Chapter 2306 of the Texas Government Code.
- (21) Developer--Any person, general partner, Affiliate, or Affiliated Party or affiliate of a person who owns or proposes a Development or expects to acquire control of a Development and is the person responsible for performing under the Contract with the Department.
- (22) Domestic Farm Laborer--Individuals (and the family) who receive a substantial portion of their income from the production or handling of agricultural or aquacultural products.
- (23) Draw--Funds requested by the Administrator, approved by the Department and subsequently disbursed to the Administrator.
- (24) Forgivable Loan--Financial assistance in the form of money that, by Agreement, is not required to be repaid if the terms of the Mortgage Loan are met.
- (25) HOME Program--HOME Investment Partnerships Program at 42 U.S.C. §§12701 - 12839.
- (26) Household--One or more persons occupying a rental unit or owner-occupied Single Family Housing Unit. May also be referred to as a "family" or "beneficiary."
- (27) Housing Trust Fund (HTF)--State-funded Programs authorized under Chapter 2306 of Texas Government Code.
- (28) Housing Contract System (HCS)--The electronic information system that is part of the "central database" established by the Department to be used for tracking, funding, and reporting single family Contracts and Activities.
- (29) HUD--The United States Department of Housing and Urban Development or its successor.
- (30) Life of Loan Flood Certification--Tracks the flood zone of the Single Family Housing Unit for the life of the Mortgage Loan.
- (31) Limited English Proficiency (LEP)--Requirements as issued by HUD and the Department of Justice to ensure meaningful and appropriate access to programs and activities by individuals who have a limited ability to read, write, speak or understand English.
- (32) Loan Assumption--An agreement between the buyer and seller of Single Family Housing Unit that the buyer will make remaining payments and adhere to terms and conditions of an existing Mortgage Loan on the Single Family Housing Unit and Program requirements. A Mortgage Loan assumption requires Department approval.
- (33) Loan to Value (LTV)--The amount of the Mortgage Loan(s) divided by the Single Family Housing Unit's appraised value, excluding Forgivable Loans.
- (34) Manufactured Housing Unit (MHU)--A structure that meets the requirements of Texas Manufactured Housing Standards Act, Texas Occupations Code, Chapter 1201 or FHA guidelines as required by the Department.
- (35) Mortgage--Has the same meaning as defined in §2306.004 of the Texas Government Code.
- (36) Mortgage Loan--Has the same meaning as defined in §2306.004 of the Texas Government Code.

- (37) Nonconforming Mortgage Loan--Any Mortgage Loan that does not meet the definition of a "Conforming Mortgage Loan" defined in this section.
- (38) Neighborhood Stabilization Program (NSP)--A HUD-funded program authorized by HR3221, the "Housing and Economic Recovery Act of 2008" (HERA) and §1497 of the Wall Street Reform and Consumer Protection Act of 2010, as a supplemental allocation to the CDBG Program.
- (39) NOFA--Notice of Funding Availability.
- (40) Nonprofit Organization--An organization with a current tax exemption ruling from the Internal Revenue Service under the Internal Revenue Code, or classification as a subordinate of a nonprofit under the Internal Revenue Code.
- (41) Office of Colonia Initiatives--A division of the Department authorized under Chapter 2306 of Texas Government Code which acts as a liaison to the colonias and manages some Programs in the colonias.
- (42) Parity Lien--A lien position whereby two or more lenders share a security interest of equal priority in the collateral.
- (43) Persons with Disabilities--Any person who has a physical or mental impairment that substantially limits one or more major life activities and has a record of such impairment; or is regarded as having such impairment.
- (44) Principal Residence--The primary Single Family Housing Unit that a Household inhabits. May also be referred to as "primary residence."
- (45) Program--The specific fund source from which single family funds are applied for and used.
- (46) Program Income--Gross income received by the Administrator or Affiliate directly generated from the use of Single Family funds.
- (47) Program Manual--A set of guidelines designed to be an implementation tool for the single family Programs which allows the Administrator to search for terms, statutes, regulations, forms and attachments. The Program Manual is developed by the Department and amended or supplemented from time-to-time.
- (48) Program Rule--Chapters of this Title which pertain to specific single family Program requirements.
- (49) Reconstruction--The demolition and rebuilding a Single Family Housing Unit on the same lot in substantially the same manner. The number of housing units may not be increased; however, the number of rooms may be increased or decreased dependent on the number of family members living in the housing unit at the time of Application.
- (50) Rehabilitation--The improvement or modification of an existing residential unit through an alteration, addition, or enhancement.
- (51) Reservation--Funds set-aside for a Household Applicant or single family Activity registered in the Department's registration system.
- (52) Reservation System--The Department's computer registration system(s) that allows Administrators to reserve funds for a specific Household.
- (53) 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.
- (54) Self-Help--Housing Programs that allow low, very low, and extremely low-income families to build or rehabilitate their Single Family Housing Units through their own labor or volunteers.
- (55) Set-up--The creation of a new Activity in the Department database by an Administrator, which requires review and approval by the Department.
- (56) Single Family Housing Unit--A home designed and built for one person or one Household for rental or owner-occupied. This includes the acquisition, construction, Reconstruction or Rehabilitation

of an attached or detached unit. May be referred to as a single family "home," "housing," "property," "structure," or "unit."

(57) Soft Costs--Costs related to and identified with a specific Single Family Housing Unit other than construction costs. May also be referred to as "direct delivery" costs.

(58) Subgrantee--Same as "Administrator."

(59) Subrecipient--Same as "Administrator."

(60) TAC--Texas Administrative Code.

(61) TMCS--Texas Minimum Construction Standards as amended and described in the Miscellaneous Section of the *Texas Register*.

(62) TREC--Texas Real Estate Commission.

§20.4. Eligible Single Family Activities

(a) Availability of funding for and specific Program requirements related to the Activities described in subsection (b)(1) - (7) of this section are defined in each Program's Rules.

(b) Activity Types for eligible single family housing Activities include the following, as allowed by the Program Rule or NOFA:

(1) Rehabilitation, or new construction of Single Family Housing Units

(2) Reconstruction of an existing Single Family Housing Unit on the same site;

(3) replacement of existing owner-occupied housing with a new MHU;

(4) acquisition of Single Family Housing Units, including acquisition with Rehabilitation and accessibility modifications;

(5) refinance of an existing Mortgage;

(6) tenant-based rental assistance; and

(7) any other single family Activity as determined by the Department.

§20.5. Funding Notices

(a) The Department will make funds available for eligible Administrators for single family activities through NOFAs, requests for qualifications (RFQs), request for proposals (RFPs) or other methods for the release of funding, describing the submission and eligibility guidelines.

(b) Funds may be allocated through Contract awards by the Department or by Department authority to submit Reservations.

(c) Funds may be subject to regional allocation in accordance with Chapter 2306.

(d) The Department will develop and publish Application materials for participation in the HCS and/or Reservation Systems.

(e) Eligible Applicants must comply with the provisions of the Application materials and NOFA and are responsible for the accuracy and timely completion and submission of all Applications and timely correction of all deficiencies.

§20.6 Applicant Eligibility

(a) Eligible Applicants may include entities such as units of local governments, Nonprofit Organizations, or other entities as further provided in the Program Rule and/or NOFA.

(b) Applicants shall be in good standing with the Department, Texas Office of the Secretary of State, Texas Comptroller of Public Accounts and HUD, as applicable.

(c) Applicants shall comply with all applicable state and federal rules, statutes, or regulations including those requirements in Chapter 1 of this Title.

(d) Resolutions must be provided in accordance with the applicable Program Rule or NOFA.

(e) The violations described in paragraphs (1) - (5) of this subsection may cause an Applicant and any Applications they have submitted, to be ineligible:

- (1) Applicant did not satisfy all eligibility requirements described in the Program Rule and NOFA to which they are responding;
- (2) Applicant failed to make timely payment on fee commitments or on debts to the Department and for which the Department has initiated formal collection or enforcement actions;
- (3) Applicant failed to comply with any other provisions of debt instruments held by the Department including, but not limited to, such provisions as timely payment of property taxes and proper placement and maintenance of insurance;
- (4) Applicant is debarred by HUD or the Department; or
- (5) current or previous noncompliance. Each Applicant will be reviewed for compliance history by the Department. Applications submitted by Applicants found to be in noncompliance or otherwise violating the Rules of the Department may be terminated and/or not recommended for funding.
- (f) The Department reserves the right to adjust the amount awarded based on the Application's feasibility, underwriting analysis, the availability of funds, or other similar factors as deemed appropriate by the Department.
- (g) 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.

§20.7 Household Eligibility Requirements

- (a) The method used to determine Annual Income will be provided in the Program Rule or NOFA.
- (b) Households must occupy the Single Family Housing Unit as their Principal Residence for a period of time as established by the Program Rule or NOFA.

§20.8 Single Family Housing Unit Eligibility Requirements

- (a) A Single Family Housing Unit to be acquired or constructed with Department funds must be located in the State of Texas, and must have good and marketable title at the closing of any Mortgage Loan.
- (b) Real property taxes assessed on an owner-occupied Single Family Housing Units must be current (including prior years) or the Household must be satisfactorily participating in an approved payment plan with the taxing authority, must qualify for an approved tax deferral plan or has received a valid exemption from real property taxes.
- (c) An owner-occupied Single Family Housing Unit must not be encumbered with any liens which impair the good and marketable title. The Department will require the owner to be current on any existing Mortgage Loans or home equity loans prior to assistance.

§20.9 General Administration and Program Requirements

- (a) Costs incurred by Administrator for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the U.S. General Services Administration (GSA) per diem rates at: <http://www.gsa.gov/portal/category/21287>.
- (b) Administrators must comply with all applicable local, state, and federal laws, regulations, and ordinances for procurement with single family Program funds.
- (c) In addition to Chapter 1, Subchapter B of this Title, Administrators receiving Federal funds must comply with all applicable state and federal rules, statutes, or regulations, involving accessibility including the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act, and the Architectural Barriers Act as well as state and local building codes that

contain accessibility requirements; where local, state, or federal rules are more stringent, the most stringent rules shall apply.

(d) Administrators receiving Federal funds must also comply with HUD's Affirmative Fair Housing Marketing and Limited English Proficiency Requirements and the Age Discrimination Act of 1975. Administrators receiving Federal funds must also have an Affirmative Fair Housing Marketing Plan.

§20.10. Inspection Requirements for Construction Activities

(a) New construction requirements.

(1) A Certificate of Occupancy shall be issued prior to final payment for construction, as applicable. In instances where the local jurisdiction does not issue a Certificate of Occupancy for the Activity undertaken, the Administrator must provide to the Department documentation evidencing that the Single Family Housing Unit has passed all required building codes.

(2) Applicant must demonstrate compliance with Texas Government Code §2306.514, "Construction Requirements for Single Family Affordable Housing," and other Program Rules:

(b) Reconstruction requirements.

(1) The initial inspection must identify all substandard conditions listed in TMCS along with any other health or safety concerns.

(A) The initial inspection may be waived if the local building official certifies that the extent of the subject property's substandard conditions is beyond repair, or the property has been condemned.

(B) A copy of the initial inspection report must be provided to the Department and to the Household.

(C) All substandard conditions identified in the initial inspection report shall be addressed in the work write-up in adequate detail to document the need for Reconstruction.

(2) A Certificate of Occupancy shall be issued prior to final payment for Reconstruction, as applicable. In instances where the local jurisdiction does not issue a Certificate of Occupancy for the Activity undertaken, the Administrator must obtain and provide to the Department documentation evidencing that the Single Family Housing Unit has passed all required building codes.

(3) Applicant must demonstrate compliance with Texas Government Code §2306.514, "Construction Requirements for Single Family Affordable Housing," and other Program Rules:

(c) Rehabilitation requirements.

(1) The initial inspection must identify all substandard conditions listed in TMCS along with any other health and safety concerns.

(i) A copy of the initial inspection report must be provided to the Department and to the Household.

(ii) All substandard conditions identified in the initial inspection report shall be addressed in the work write-up, scope of work or specifications in adequate detail to ensure that all substandard conditions are properly corrected.

(2) Final inspections must document that all substandard and health and safety issues identified in the initial inspection have been corrected.

(3) Administrators shall meet the applicable requirements of the TMCS. TMCS requirements may be waived only through the process provided in §20.16 of this Chapter.

(d) Requirements for all construction activities.

(1) Interim inspections of construction progress may be required to document a draw request, in the Program Rule, Program Manual, or NOFA.

(2) Final inspections are required for all single family new construction, Reconstruction and Rehabilitation Activities. The inspection must document that Activity is complete; meets all applicable codes, requirements, zoning ordinances; and has no observed deficiencies related to health and safety standards.

(A) Third party certification of compliance with Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, of this Title is required as applicable.

- (B) A copy of the final inspection report must be provided to the Department and to the Household.
- (C) The Certificate of Occupancy may serve as the final inspection if available and acceptable in the Program Rule, Program Manual, or NOFA.
- (D) All deficiencies noted on the inspector's report must be corrected prior to the final draw.
- (3) Correction of cosmetic issues, such as paint, wall texture, etc., will not be required to be corrected if acceptable to the Program as outlined in the Program Rule, Program Manual, or NOFA; or if utilizing a Self-Help construction Program.
- (e) Inspector Requirements.
- (1) Inspectors hired to verify compliance with this Chapter must meet Program requirements as outlined in the Program Rule, Program Manual, or NOFA, as applicable.
- (2) Within city limits and extraterritorial jurisdictions, municipal code inspectors shall conduct all inspections for local code requirements as applicable.
- (3) All non-municipal code inspectors shall conduct inspections using applicable construction standards prescribed by the Department.
- (4) All non-municipal code inspectors shall conduct inspections using approved and prescribed inspections forms and checklists, as applicable.
- (f) The Department reserves the right to reject any inspection report if, in its sole determination, the report does not accurately represent the property conditions or if the inspector does not meet Program requirements. All related construction costs in a rejected inspection report may be disallowed until the deficiencies are adequately cured.
- (g) Single Family Housing Units participating in the Colonia Self-Help Center Program and receiving utility connections only are exempt from compliance with this Chapter.

§20.11. Survey Requirements for Acquisition Activities

- (a) A survey sufficient to induce a Title Company to issue a Title Insurance policy without the standard survey exception is required for single family acquisition where:
- (1) the Department is a lien holder and the Program funds are used for construction or purchase because:
- (A) the Rehabilitation project is enlarging the footprint; or
- (B) the project is Reconstruction or new construction or purchase of an existing home; and
- (b) if allowed by the Program Rules or NOFA, existing surveys for acquisition only activities may be used if the Owner certifies that no changes were made to the footprint of any building or structure, or to any improvement on the Single Family Housing Unit, and the Title Company accepts the certification and survey;
- (c) the Department reserves the right to determine the survey requirements on a per project basis if additional survey requirements would, at the sole discretion of the Department, benefit the project.

§20.12. Insurance Requirements for Acquisition Activities

- (a) Title Insurance requirements. A Mortgagee's Title Insurance Policy is required for all non-conforming Department Mortgage Loans as required by the Program Rules or NOFA, exclusive of Mortgage Loans financed with mortgage revenue bonds or through the Taxable Mortgage Program. The title insurance must be written by a title insurer licensed or authorized to do business in the jurisdiction where the Single Family Housing Unit is located. The policy must be in the amount of the Mortgage Loan. The mortgagee named shall be: "Texas Department of Housing and Community Affairs."
- (b) Title Reports.
- (1) Title reports may be provided in lieu of title commitments only for grants when title insurance is not available. Title reports shall be required when the grant funds exceed \$20,000.
- (2) The preliminary title report may not be older than allowed by the Program Rule or NOFA.

(3) Liens, or any other restriction or encumbrances that impair good and marketable title must be cleared on or before closing of the Department's transaction.

(c) Builder's Risk (non-reporting form only) is required where construction funds in excess of \$20,000.00 for a Single Family Housing Unit is being financed and/or advanced by the Department. At the end of the construction period, the binder must be endorsed to remove the "pending disbursements" clause.

(d) Hazard Insurance.

(1) The hazard insurance provisions are not applicable to HOME Program activities unless required in the Program Rule or NOFA.

(2) If Department funds are provided in the form of a Mortgage Loan, then:

(A) the Department requires property insurance for fire and extended coverage;

(B) Homeowner's policies or package policies that provide property and liability coverage are acceptable. All risk policies are acceptable;

(C) the amount of hazard insurance coverage at the time the Mortgage Loan is funded should be no less than 100 percent of the current insurable value of improvements; and

(D) the Department should be named as a loss payee and mortgagee on the hazard insurance policy.

(e) Flood insurance must be maintained for all structures located in special flood hazard areas as determined by the U.S. Federal Emergency Management Agency (FEMA).

(1) A Household may elect to obtain flood insurance even though flood insurance is not required. However, the Household may not be coerced or required to obtain flood insurance unless it is required in accordance with this section.

(2) Evidence of insurance, as required in this Chapter, must be obtained prior to Mortgage Loan funding. A one year insurance policy must be paid and up to two (2) months of reserves may be collected at the closing of the Mortgage Loan. The Department must be named as loss payee on the policy.

§20.13. Loan, Lien and Mortgage Requirements for Activities With Acquisition

(a) The requirements in this section shall apply to Nonconforming Mortgage Loans for Activities with acquisition of real property, unless otherwise provided in the Program Rule, NOFA or Program guidelines.

(b) The fee requirements described in paragraphs (1) - (3) of this subsection apply to Nonconforming Mortgage Loans:

(1) Allowable expenses are restricted to reasonable third party fees.

(2) Fees charged by third party Mortgage lenders are limited to the greater of 2 percent of the Mortgage Loan amount or \$3,500, including but not limited to origination, Application, and/or underwriting fees.

(3) Fees paid to other parties that are supported by an invoice and reflected on the HUD-1 will not be included in the limit.

(c) Maximum Debt Ratio. The total debt-to-income ratio may not exceed 45 percent. A borrower's spouse who does not apply for the Mortgage Loan will be required to execute the information disclosure form and the deed of trust as a "non-purchasing" spouse. The "non-purchasing" spouse will not be required to execute the note. For credit underwriting purposes all debts and obligations of both the borrower and the "non-purchasing" spouse will be considered in the borrower's total debt-to-income ratio.

(d) The Department reserves the right to deny assistance in the event that the senior lien conditions are not to the satisfaction of the Department, as outlined in the Program Rule or NOFA.

(e) Lien position requirements.

(1) A Mortgage Loan made by the Department shall be secured by a first (1st) lien on the real property if the Department's Mortgage Loan is the largest Mortgage Loan secured by the real property; or

(2) The Department may accept a Parity Lien position if the original principal amount of the leveraged Mortgage Loan is equal to or greater than the Department's Mortgage Loan; or

(3) The Department may accept a subordinate lien position if the original principal amount of the leveraged Mortgage Loan is at least \$1,000 or greater than the Department's Mortgage Loan. However liens related to other subsidized funds provided in the form of grants and non-amortizing Mortgage Loan, such as deferred payment or Forgivable Loans, must be subordinate to the Department's payable Mortgage Loan.

(4) A subordinate Mortgage Loan may be re-subordinated, at the discretion of the Department, and as provided in the Program Rules or NOFA.

(f) Escrow Accounts.

(1) An escrow account must be established if:

(A) the Department holds a first lien Mortgage Loan which is due and payable on a monthly basis to the Department; or

(B) the Department holds a subordinate Mortgage Loan and the first lien lender does not require an escrow account, the Department may require an escrow account to be established.

(2) If an escrow account held by the Department is required under one of the provisions described in this subsection, then the provisions described in subparagraphs (A) - (F) of this paragraph are applicable:

(A) The borrower must contribute monthly payments to cover the anticipated costs of real estate taxes, hazard and flood insurance premiums, and other related costs as applicable;

(B) Escrow reserves shall be calculated based on land and completed improvement values;

(C) The Department may require up to two (2) months of reserves for hazard and/or flood insurance and property taxes to be collected at the time of closing to establish the required Escrow account;

(D) In addition, the Department may also require that the property taxes be prorated at the time of closing and those funds be deposited with the Department;

(E) The borrower will be required to deposit monthly funds to an escrow account with the Mortgage Loan servicer in order to pay the taxes and insurance. This will ensure that funds are available to pay for the cost of real estate taxes, insurance premiums, and other assessments when they come due; and

(F) These funds are included in the borrower's monthly payment to the Department or to the servicer. The Department will establish and administer the escrow accounts in accordance with the Real Estate Settlement and Procedures Act of 1974 (RESPA) if applicable.

(g) Requirements for Administrators and individuals originating Nonconforming loans for the Department

(1) Any Administrator or staff member of an Administrator that is not exempt must be properly licensed as a Residential Mortgage Loan Originator

(A) The Department reserves the right to reject any loan application originated by an Administrator or individual that is not properly licensed.

(B) The Department will not reimburse any expenses related to a rejected loan application received from an Administrator or individual that is not properly licensed.

(2) Only Administrators approved by the Department may issue Loan Estimates for loans made by the Department

(A) The Department reserves the right to reject any Loan Application and Loan Estimate submitted by an Administrator that has not received Department approval because the loan product as disclosed is not offered or the borrower does not qualify for that loan product.

(B) The Department will not reimburse any expenses related to a Loan Estimate or Application received from an Administrator that does not have Department approval.

(3) Only Administrators approved by the Department may issue Closing Disclosures for loans made by the Department.

(A) The Department reserves the right to reject any Closing Disclosure issued by an Administrator or Title Company without Department approval.

(B) The Department reserves the right to refuse to fund a loan with a Closing Disclosure that does not have Department approval.

§20.14. Amendments and Modifications to Written Agreements and Contracts

(a) The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver amendments to any written Agreement or Contract that is not a Household Commitment Contract, provided that the requirements of this section are met.

(1) Time extensions. The Executive Director or his/her designee may grant up to a cumulative twelve (12) months extension to the end date of any Contract unless otherwise indicated in the Program Rules or NOFA. Any additional time extension granted by the Executive Director shall include a statement by the Executive Director identifying the unusual, non-foreseeable or extenuating circumstances justifying the extension. If more than a cumulative twelve (12) months of extension is requested and the Department determines there are no unusual, non-foreseeable, or extenuating circumstances, it will be presented to the Board for approval, approval with revisions, or denial of the requested extension.

(2) Award or Contract Reductions. The Department may decrease an award for any good cause including but not limited to the request of the Administrator, insufficient eligible costs to support the award, or failure to meet deadlines or benchmarks.

(3) Changes in Household. Reductions in Contractual deliverables and Households shall require an amendment to the Contract. Increases in Contractual deliverables and Households that do not shift funds, or cumulatively shift less than 10 percent of total award or Contract funds, shall be completed through an amendment to the Contract at the discretion of the Department.

(4) Increases in Award and Contract Amounts.

(A) For a specific single family Program's Contract, the Department can award a cumulative increase of funds up to the greater of 25 percent of the original award amount or \$50,000.

(B) Requests for increases in funding will be evaluated by the Department on a first-come, first-served basis to assess the capacity to manage additional funding, the demonstrated need for additional funding and the ability to expend the increase in funding within the Contract period.

(C) The requirements to approve an increase in funding shall include, at a minimum, Administrator's ability to continue to meet existing deadlines, benchmarks and reporting requirements.

(D) Funding may come from Program funds, Deobligated funds or Program income.

(E) Qualifying requests will be recommended to the Executive Director or his/her designee for approval.

(F) The Board must approve requests for increase in Program funds in excess of the cumulative 25 percent or \$50,000 threshold.

(5) The single family Program's Director may approve Contract budget modifications provided the guidelines described in paragraphs (1) - (4) of this subsection are met:

(A) funds must be available in a budget line item;

(B) the budget change(s) are less than 10 percent of the total Contract's budget;

(C) if units or activities are desired to be increased, but funds must be shifted from another budget line item in which units or activities from that budget line item have been completed, a Contract amendment will only be necessary if the cumulative budget changes exceed 10 percent of the Contract amount; and

(D) the cumulative total of all Contract's budget modifications cannot exceed 10 percent of the total Contract's budget amount.

(E) If these guidelines are not met, an amendment to the Contract will be required.

(b) The Department may terminate a Contract in whole or in part if the Administrator does not achieve performance benchmarks as outlined in the Contract or NOFA or for any other reason in the Department's reasonable discretion.

(b) In all instances noted in this section, where an expected Mortgage Loan transaction is involved, Mortgage Loan documents will be modified accordingly at the expense of the Administrator/borrower.

§20.15. Compliance and Monitoring

(a) The Department will perform monitoring of single family Program Contracts and Activities in order to ensure that applicable requirements of federal laws and regulations, and state laws and rules have been met, and to provide Administrators with clear communication regarding the condition and operation of their Contracts and Activities so they understand clearly, with a documented record, how they are performing in meeting their obligations.

(1) The physical condition of assisted properties and Administrator's documented compliance with contractual and program requirements may be subject to monitoring.

(2) The Department may contract with an independent third party to monitor an Activity for compliance with any conditions imposed by the Department in connection with the award of any Department funds, and appropriate state and federal laws.

(b) If an Administrator has Contracts for more than one single family Program, or other programs through the Department or the State, the Department may, at its discretion, coordinate monitoring of those programs with monitoring of single family Contracts under this subchapter.

(c) In general, Administrators will be scheduled for monitoring based on federal or state monitoring requirements, or a risk assessment to be included in the risk assessment include but are not limited to: the number of Contracts administered by the Administrator, the amount of funds awarded and expended, the length of time since the last monitoring, findings identified during previous monitoring, issues identified through the submission or lack of submission of a single audit, complaints, and reports of fraud, waste and/or abuse. The risk assessment will also be used to determine which Administrators will have an onsite review and which may have a desk review.

(d) The Department will provide an Administrator with written notice of any upcoming onsite or desk monitoring review, and such notice will be given to the Administrator by email to the Administrator's chief executive officer at the email address most recently provided to the Department by the Administrator. In general, a thirty (30) day notice will be provided. However, if a credible complaint of fraud or other egregious noncompliance is received the Department reserves the right to conduct unannounced monitoring visits, or provide a shorter notice period. It is the responsibility of the Administrator to maintain current contact information with the Department for the organization, key staff members, and governing body.

(e) Upon request, Administrators must make available to the Department all books and records that the Department determines are reasonably relevant to the scope of the Department's review, along with access to assisted properties.

(f) Post Monitoring Procedures. After the review, a written monitoring report will be prepared for the Administrator describing the monitoring assessment and any corrective actions, if applicable. The monitoring report will be emailed to the Administrator. Issues of concern over which there is uncertainty or ambiguity may be discussed by the Department with the staff of cognizant agencies overseeing federal funding.

(g) Administrator Response. If there are any findings of noncompliance requiring corrective action, the Administrator will be provided a thirty (30) day corrective action period, which may be extended for good cause. In order to receive an extension, the Administrator must submit a written request to the Chief of Compliance within the corrective action period, stating the basis for good cause that the Administrator believes justifies the extension. In general, the Department will approve or deny the

extension request within three (3) business days. Failure to timely respond to a corrective action notice and/or failure to correct all findings will be taken into consideration if the Administrator applies for additional funding and may result in suspension of the Contract, referral for administrative penalties, or other action under this Title.

(h) Monitoring Close Out. After the end of the corrective action period, a close out letter will be issued to the Administrator. If the Administrator supplies evidence establishing continual compliance that negates the finding of noncompliance, the issue of noncompliance will be rescinded. If the Administrator's response satisfies all findings and concerns noted in the monitoring letter, the issue of noncompliance will be noted as resolved. In some circumstances, the Administrator may be unable to secure documentation to resolve a finding. In those instances, if there are mitigating circumstances, the Department may note the finding is not resolved but may close the issue with no further action required. If the Administrator's response does not correct all findings noted, the close out letter will identify the documentation that must be submitted to correct the issue. Results of monitoring findings may be reported to the Executive Awards and Review Advisory Committee for consideration relating to previous participation.

(i) Options for Review. If, following the submission of corrective action documentation, Compliance staff continues to find the Administrator in noncompliance, the Administrator may request or initiate review of the matter using the following options, where applicable:

(1) If the issue is related to a program requirement or prohibition Administrators may contact an applicable federal program officer for guidance or request that the Department contact applicable federal program officer for guidance without identifying the Administrator.

(2) If the issue is related to application of a provision of the Contract or a requirement of the Texas Administrative Code, or the application of a provision of an OMB Circular, the Administrator may request review by the Department's Compliance Committee, as set out in subsection (l) of this section.

(3) Administrators may request Alternative Dispute Resolution (ADR). An Administrator may send a proposal to the Department's Dispute Resolution Coordinator to initiate ADR pursuant to §1.17 of this title.

(j) If Administrators do not respond to a monitoring letter or fail to provide acceptable evidence of timely compliance after notification of an issue, the matter will be reported to the Department's Enforcement Committee for consideration of administrative penalties, full or partial cost reimbursement, or suspension.

(k) Administrators must provide timely response to corrective action requirements imposed by other agencies. Administrator records may be reviewed during the course of monitoring or audit of the Department by HUD, the Office of the Inspector General, the State Auditor's Office or others. If a finding or concern is identified during the course of a monitoring or audit by another agency, the Administrator is required to provide timely action and response within the conditions imposed by that agency's notice.

(l) Compliance Committee.

(1) The Compliance Committee is a committee of three (3) to five (5) persons appointed by the Executive Director. The Compliance Committee is established to provide independent review of certain compliance issues as provided by this section. Staff from the Legal and the Compliance Divisions will not be appointed to the committee, but may be available as a resource to the Committee.

(2) Informal discussion with Compliance staff. If the Administrator has questions or disagreements regarding any compliance issues, they should first try to resolve them by discussing them with the Compliance staff, including, as needed, the Chief of Compliance.

(3) Informal discussion with the Compliance Committee. An Administrator may request an informal meeting with the Compliance Committee if the informal discussion with the Compliance staff did not resolve the issue.

(4) Compliance Committee Process and Timeline:

(A) At any time, the Administrator may call or request an informal conference with the Compliance staff and/or the Chief of Compliance.

(B) If a call or an informal conference with the Compliance staff does not result in a resolution of the issue, the Administrator may, within thirty (30) days of the call or informal conference with Compliance staff, request a meeting with the Compliance Committee.

(C) If timely requested in accordance with this section, the Compliance Committee will hold an informal conference with the Administrator. An Administrator should not offer evidence, documentation, or information to the Compliance Committee that was not presented to Compliance staff during the informal staff conference. If additional information is offered, the Compliance Committee may disallow the information or refer the matter back to Compliance staff to allow review of the additional information prior to any consideration by the Compliance Committee.

(D) If a meeting with the Compliance Committee does not result in a resolution, matters related to a compliance requirement, other than those required by federal regulation, may be appealed in accordance with appeal rights described in Chapter 1 of this Title.

§20.16. Waivers and Appeals

(a) Appeal of Department staff decisions or actions will follow requirements in Program Rules, NOFA, and Chapter 1 or Chapter 2 of this Title, as applicable.

(b) Waiver of Texas Minimum Construction Standards.

(1) Waiver may be requested if a legal or factual reason makes compliance with provisions of TMCS impossible.

(2) Waivers must be approved prior to the commencement of Rehabilitation work.

(3) Lack of adequate initial inspection is not a valid basis for a waiver.

(4) Waiver requests must be made in writing, specifically identify the grounds for a waiver, and include all necessary documentation to support the request.

(5) Each request will be reviewed by Department staff with sufficient knowledge of the construction process to render an opinion on the validity of the request. The staff opinion will be provided to the Executive Director or his/her designee, along with the original request and the supporting documents.

(6) On or before the fourteenth business day after receipt of the request by the Department, the Executive Director or his/her designee will approve or disapprove the request, and provide written notice to the Administrator.

(7) Appeal of the Executive Director's decision will follow the Staff Appeal process provided in Chapter 1 of this Title.

REPORT ITEMS

2a

TDHCA Outreach Activities, July-August 2015

A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public

Event	Location	Date	Division	Purpose
First Thursday Income Eligibility Training	Austin	July 2	Compliance	Training
Housing and Health Services Coordination Council Meeting	Austin	July 15	Housing Resource Center	Presentation, Participant
Promoting Independence Advisory Committee Meeting	Austin	July 16	Housing Resource Center	Participant
Roundtable/2016 QAP and Multifamily Rules	Austin	July 17	Multifamily	Roundtable Hearing
Grand Opening/Palladium Aubrey	Aubrey	July 23	Policy & Public Affairs	Remarks, Participation
2015 Texas Affiliation of Affordable Housing Providers Conference	Austin	July 27-29	Executive, Compliance, Legal, Multifamily, Real Estate Analysis, Section 811, Policy & Public Affairs	Presentation, Participant
Intellectual and Developmental Disabilities System Redesign Advisory Council/Housing Subcommittee Meeting	Austin	July 29	Housing Resource Center	Presentation, Participant
Webinar/Down Payment Assistance, Tenant Based Rental Assistance Environmental Clearance Process	Austin	July 30	Single Family Operations & Services	Webinar
Environmental Review Training, Single Family & Disaster Relief Construction Activities	Austin	Aug 3	Program Services	Training
Texas Department of Criminal Justice/Reentry Task Force Meeting	Austin	Aug 3	Housing Resource Center	Participant
Public Hearing/Draft 2016 Regional Allocation Formula Methodology	Austin	Aug 3	Housing Resource Center	Public Hearing
Interagency Coordinating Group	Austin	Aug 5	Housing Resource Center	Participant
First Thursday Income Eligibility Training	Austin	Aug 6	Compliance	Training
Housing and Health Services Coordination Council Meeting	Kansas City, MO	Aug 7-9	Housing Resource Center	Presentation, Participant
2015 Homebuyer Fair	Grand Prairie	Aug 8	Homeownership	Exhibitor
TAA/First Thursday Income Eligibility Training	Beaumont	Aug 11	Compliance	Training
Roundtable/2016-2017 Amy Young Barrier Removal Program	Austin	Aug 11	Housing Trust Fund	Roundtable
HOME DR Technical Assistance/Austin Habitat for Humanity Inc	Austin	Aug 14	HOME	Training
State Independent Living Council and Rehabilitation Council of Texas and Transportation Works Summit	Lubbock	Aug 15-17	Housing Resource Center	Participant

Event	Location	Date	Division	Purpose
Roundtable/Draft 2016 Asset Management, Real Estate Analysis Rules	Austin	Aug 24	Asset Management, Real Estate Analysis	Roundtable Hearing
Intellectual and Developmental Disabilities System Redesign Advisory Council – Housing Subcommittee Meeting	Austin	Aug 26	Housing Resource Center	Presentation, Participant
National Home and Community Based Services Conference	Wash, DC	Aug 31- Sept 2	Housing Resource Center	Participant

Internet Postings of Note, July-August 2015

A list of new or noteworthy documents posted to the Department's website

Environmental Requirements of Down Payment Assistance Only and Tenant-Based Rental Assistance Projects — *providing links accessing and supporting material for webinar training relating to Program Services activities:*

www.tdhca.state.tx.us/program-services/training.htm

Compliance: Compliance Monitoring Rule, Subchapter F — *relating to numerous rules impacting reporting and record keeping requirements, tenant selection criteria, documentation and certification of annual income, lease requirements, monitoring procedures after the compliance period, etc:*

www.tdhca.state.tx.us/pmcomp/manuals-rules-hrc.htm

Drafts for Public Comment: Draft 2016 Regional Allocation Formula — *providing background, methodologies, and sample allocation amounts for formula relating to HOME, Housing Tax Credit, and Housing Trust Fund awards:*

www.tdhca.state.tx.us/housing-center/pubs-drafts.htm

Colonia Self-Help Center: Contact Information — *updating program administrator, phone number, and funding recipient for CDBG funding that helps finance the operations of seven self-help centers:*

www.tdhca.state.tx.us/oci/centers/countycontacts.htm

Post Carryover Activities Manual Update: July 2015 — *outlining the procedures and instructions for completing activities relating to housing tax credits including 10% Test, Construction Status Reports, Cost Certification, and others:*

www.tdhca.state.tx.us/asset-management/pca-manual.htm

Emergency Solutions Grant Program: Client Eligibility and Documentation — *providing area median family income limits, an income screening tool, and declaration of income statements:*

www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm

Homeless and Housing Services Program: Client Eligibility and Documentation — *providing area median family income limits and declaration of income statements:*

www.tdhca.state.tx.us/community-affairs/hhsp/guidance.htm

RFP: Training & Technical Assistance for the Weatherization Assistance Program — *seeking a qualified vendor offering technical assistance regarding weatherization through classroom teaching, online instruction, field work and on-site training, as well as responding to individual requests for technical assistance (links to the Comptroller's Office web page):*

http://esbd.cpa.state.tx.us/bid_show.cfm?bidid=119102

RFO: Mortgage Revenue Bond Cash Flow Software — *seeking cash flow software to help facilitate the Department's MRB programs with projections, calculations, and analysis (links to the Comptroller's Office web page):*
http://esbd.cpa.state.tx.us/bid_show.cfm?bidid=119219

Competitive Housing Tax Credits Award and Waiting List: July 30 — *detailing staff recommendations regarding applications receiving a credit allocation and those assigned to the waiting list:*
www.tdhca.state.tx.us/multifamily/housing-tax-credits-9pct/index.htm

2015 State of Texas Consolidated Plan Annual Performance Report: Reporting on PY 2014 — *evaluating the performance of the past program year for the Community Development Block Grant (CDBG) Program, the HOME Investment Partnerships (HOME) Program, the Emergency Solutions Grants (ESG) Program, and the Housing Opportunities for Persons with AIDS (HOPWA) Program:*
www.tdhca.state.tx.us/housing-center/pubs-plans.htm

Declaration of Income Statement Form: June 24 — *detailing criteria by which all Community Affairs subrecipients must base annualized eligibility determinations for individuals seeking assistance through the Department's funding:*
www.tdhca.state.tx.us/community-affairs/csbg/guidance.htm; www.tdhca.state.tx.us/community-affairs/ceap/guidance.htm; www.tdhca.state.tx.us/community-affairs/wap/guidance.htm; www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm; www.tdhca.state.tx.us/community-affairs/hhsp/guidance.htm

Weatherization Assistance Program: Quality Control Inspection Form — *detailing the QCI process to be followed by subrecipients for all weatherized units completed, reported, and paid for using US Department of Energy funds:*
www.tdhca.state.tx.us/community-affairs/wap/quality-work-plan.htm

Youth Count Texas — *new web page supporting the state's efforts to gather information on the number and needs of youth who have no permanent address or are homeless:*
www.tdhca.state.tx.us/housing-center/youthcounttexas.htm

Texas Homeless Youth Count Implementer — *seeking a qualified entity to develop standardized training curriculum, develop technical assistance for partner organizations, create a data collection methodology, and produce a final report summarizing success and challenges of implementing the survey to homeless youth (links to the Comptroller's Office web page):*
http://esbd.cpa.state.tx.us/bid_show.cfm?bidid=119349

Community Services Block Grant Program: Subrecipient Contacts — *listing entities currently administering CSBG funds, including name, address and contact information, sorted by agency name and county served:*
www.tdhca.state.tx.us/community-affairs/csbg/index.htm

Weatherization Monthly Performance Report and Instructions — *providing subrecipients details regarding the monthly reporting process, including uses, due dates, access, demographic data, and other factors:*
www.tdhca.state.tx.us/community-affairs/wap/guidance.htm

CSBG National Performance Indicators: Target Revision Requests Form and Instructions — *providing guidance to subrecipients as they develop proposed performance targets factoring available funding, current and proposed projects, and community needs:*
www.tdhca.state.tx.us/community-affairs/csbg/guidance.htm

2016 Annual Public Housing Authority Plan — *detailing the Department's quantifiable goals and objectives to serve low-income households over the next five years through its Section 8 Housing Choice Voucher Program:*
www.tdhca.state.tx.us/section-8/announcements.htm

Section 811 PRA: Existing Development Application Submission — *providing links and direction for recently awarded 2015 Housing Tax Credit applicants wishing to place Section 811 Units on an existing development:*
www.tdhca.state.tx.us/section-811-pra/announcements.htm

4% HTC Bond Status Log: April 2015 — *detailing applications seeking bond financing either from the Department or local issuer in conjunction with housing tax credits:*
www.tdhca.state.tx.us/multifamily/housing-tax-credits-4pct/index.htm;
www.tdhca.state.tx.us/multifamily/bond/index.htm

2015 HOME/TCAP Multifamily Development Program - Application Log: July 23 — *detailing applicants seeking funding through the Department's HOME and Tax Credit Assistance programs, sorted by property name, region, population served, funding request, and other categories:*
www.tdhca.state.tx.us/multifamily/home/index.htm

FFY 2016 and 2017 Community Services Block Grant: State Application and Plan — *describing the State's activities and the proposed use of CSBG funds and distribution of pass-through funds, state administration funds, and state discretionary funds:*
www.tdhca.state.tx.us/community-affairs/csbg/index.htm

IFB: Texas Statewide Homebuyer Education Program Training Services — *seeking a qualified entity to administer training program for housing counselors regarding pre- and post- purchase homebuyer education and foreclosure intervention (links to the Comptroller's Office web page):*
http://esbd.cpa.state.tx.us/bid_show.cfm?bidid=119549

2b

BOARD REPORT ITEM

BOND FINANCE DIVISION

SEPTEMBER 3, 2015

Report Regarding a Request for Proposal ("RFP") for Master Servicer for the Texas First Time Homebuyer Program and the My First Texas Home Program issued by the Texas Department of Housing and Community Affairs (the "Department").

BACKGROUND

On June 5, 2015, the Department issued an RFP for firms interested in serving as Master Servicer to the Department; the RFP had a submission deadline of July 2, 2015. Proposals were received from two respondents.

A review team of Department staff evaluated the proposals and selected U. S. Bank National Association to serve as Master Servicer to the Department.

The term of the award will be one year with the ability to renew and extend for one year per renewal for a maximum of three consecutive renewal years.

2c

BOARD REPORT ITEM

BOND FINANCE DIVISION

SEPTEMBER 3, 2015

Report Regarding a Request for Proposal (“RFP”) for TBA Program Administrator issued by the Texas Department of Housing and Community Affairs (the “Department”).

BACKGROUND

On June 3, 2015, the Department issued an RFP for firms interested in serving as TBA Program Administrator to the Department; the RFP had a submission deadline of July 8, 2015. One proposal was received.

A review team of Department staff evaluated the proposal and selected First Southwest & Company to serve as TBA Administrator to the Department.

The term of the award will be one year with the ability to renew and extend for one year per renewal for a maximum of three consecutive renewal years.

2d

BOARD ACTION REPORT
MULTIFAMILY FINANCE DIVISION
SEPTEMBER 3, 2015

Report regarding of the awards of HOME and TCAP funds from the 2015-1 Multifamily Development Program Notice of Funding Availability

BACKGROUND

On January 15, 2015, the Board approved the issuance of a Notice of Funding Availability (“NOFA”) for up to \$28.2 million: (\$10.2 million in HOME Community Housing Development Organization (“CHDO”) set aside, \$12 million in general HOME, and \$6 million in TCAP repayment). On February 6, 2015, the 2015-1 HOME/TCAP Multifamily Development NOFA was published announcing the availability of up to \$20 million for the development of affordable multifamily rental housing. That NOFA contemplated two set-asides: CHDO, consisting of \$4 million in HOME funds, and General, consisting of \$10 million in HOME funds and \$6 million from TCAP loan repayments. On July 30, 2015, staff presented the entire list of prospective awards and the anticipated recommended amounts as of that time. As a result, staff recommended two 9% Housing Tax Credit (HTC)-layered TCAP awards, 12 9% HTC-layered HOME awards, and one non-HTC-layered HOME award for a total of \$1,221,000 in TCAP and \$14,081,505 in HOME, equaling a total of \$15,302,505 of the \$20 million available in the NOFA. All of the awards were subject to the completion of and conditions from underwriting. At the time of the July 30th Board Meeting, none of the TCAP awards and only five of the HOME awards had been underwritten by the Real Estate Analysis division. Over the past several weeks, the Real Estate Analysis division has finished underwriting all of the recommended HOME and TCAP awards as well as those that had \$0 as the anticipated recommended award at the July 30th Board Meeting.

The result of completion of underwriting for the TCAP awards is that an additional \$529,000 is being funded for a total of \$1,750,000 for three awards rather than \$1,221,000 for two awards as presented at the July 30th Board Meeting. All three TCAP awards – Altura Heights (15306), Brazoria Manor Apartments (15126), and Reserves at Summit West (15101) – are 9% HTC-layered awards. Reserves at Summit West and Brazoria Manor Apartments were not recommended on July 30th as it was anticipated that they would not meet the 3% interest rate and 30 year amortization criteria required by the NOFA. However, after further review by the Real Estate Analysis division, it was determined that they could move forward under that criteria, but with reduced amounts of TCAP. Sundance Meadows (15242), which was recommended on July 30th, is moving forward with their 9% HTC allocation but not their TCAP award, after further review. The \$1,750,000 in total TCAP approved is below the \$6 million allocated in the NOFA.

TDHCA #	Property Name	Applicant Request	Anticipated Recommended Award on 7/30	Recommended Award in Final Underwriting Report
15101	Reserves at Summit West	\$785,000	\$0	\$700,000
15126	Brazoria Manor Apartments	\$500,000	\$0	\$250,000
15242	Sundance Meadows	\$1,000,000	\$421,000	\$0
15306	Altura Heights	\$1,000,000	\$800,000	\$800,000
TOTAL TCAP				\$1,750,000

The result of completion of underwriting for the HOME awards is that an additional \$1,259,495 is being recommended for a total of \$15,341,000. Under the CHDO Set Aside, the awardees are the same as presented at the July 30th Board Meeting; however, the amount that was ultimately recommended to Westridge Villas (15502) has increased from \$2,505,505 to \$4,000,000. This increase results in a total of \$8,550,000 being recommended under the CHDO Set Aside – \$4,550,000 beyond the \$4 million allocated in the NOFA. Westridge Villas (15502) and Merritt Hill Country (15273) are each the subject of separate appeals of their underwriting conditions being presented at this meeting. Both are requesting longer terms and more favorable interest rates, however, Merritt Hill Country is also requesting that the full amount of funds requested be awarded. If this appeal is successful, another \$450,000 in HOME CHDO funds would be awarded for a total of \$9,000,000, or \$5,000,000 more than initially allocated for the CHDO Set Aside.

TDHCA #	Property Name	Applicant Request	Anticipated Recommended Award on 7/30	Recommended Award in Final Underwriting Report
15502	Westridge Villas	\$4,000,000	\$2,505,505	\$4,000,000
15234	Merritt Leisure	\$2,000,000	\$2,000,000	\$2,000,000
15273	Merritt Hill Country	\$2,000,000	\$1,550,000	\$1,550,000
15020	Evergreen at Rowlett Senior	\$1,000,000	\$1,000,000	\$1,000,000
TOTAL HOME UNDER CHDO SET ASIDE				\$8,550,000

Under the General Set Aside, seven of the awardees are the same as presented at the July 30th Board Meeting; however, Palladium Van Alstyne Senior Living's (15063) recommended award increased from \$500,000 to \$900,000. Two applications that were recommended for HOME awards at the July 30th Board Meeting but are no longer being recommended for HOME awards as a result of 3% interest rate and 30 year amortization criteria required by the NOFA are Mariposa Homes at South Broadway (15010) and Lometa Pointe (15028). Both applications are moving forward with allocations of 9% HTC only. The Glades of Gregory-Portland (15121) was not recommended for an award at the July 30th Board Meeting but is now being recommended for an award of \$790,000. These changes result in a total of \$6,791,000 being recommended under the General Set Aside - \$3,209,000 below the \$10 million allocated in the NOFA.

TDHCA #	Property Name	Applicant Request	Anticipated Recommended Award on 7/30	Recommended Award in Final Underwriting Report
15121	The Glades of Gregory-Portland	\$1,000,000	\$0	\$790,000
15010	Mariposa Apartment Homes at South Broadway	\$1,000,000	\$1,000,000	\$0
15252	Henderson Village	\$900,000	\$785,000	\$785,000
15086	Reserves at Preston Trails	\$785,000	\$700,000	\$700,000
15063	Palladium Van Alstyne Senior Living	\$1,000,000	\$500,000	\$900,000
15303	Reserve at Engel Road	\$1,000,000	\$1,000,000	\$1,000,000
15022	The Oaks of Westview	\$1,000,000	\$1,000,000	\$1,000,000
15035	The Oaks of Fairview	\$976,000	\$976,000	\$976,000
15036	Fairview Cottages	\$640,000	\$640,000	\$640,000
15028	Lometa Pointe	\$785,500	\$425,000	\$0
15093	Stonebridge at Childress	\$750,000	\$0	\$0
TOTAL HOME UNDER GENERAL SET ASIDE				\$6,791,000

As a result of less being requested in TCAP and HOME General funds than what was allocated in the NOFA for those set asides, staff anticipates using the \$3,209,000 available in HOME General funds already allocated to this NOFA and either additional HOME funds or TCAP funds to meet the \$4,550,000 in excess demand for awards made under the CHDO Set Aside. Reallocating HOME funds from the General Set Aside to the CHDO Set Aside does not present any risks, but rather helps the Department in meeting its statutorily required 15% minimum CHDO Set Aside. Reallocating TCAP funds to awards under the CHDO Set Aside may limit how those TCAP funds can be used in the future depending on whether or not the TCAP funds are used for construction of HOME units or non-HOME units. Using \$1,341,000 in TCAP for awards under the CHDO Set Aside, in addition to the TCAP funds used for TCAP awards, brings the total TCAP awarded to \$3,091,000. Should appeals of award amounts not be granted, the remaining balance of \$2,909,000 in TCAP will be applied to the forthcoming 2015-2 Multifamily Direct Loan NOFA.

The Application and Award Recommendations Log is attached.



2015 HOME/TCAP Multifamily Development (MFD) Program - Application Log - August 27, 2015
 Per 2015-1 HOME/TCAP MFD Notice of Funding Availability published in the Texas Register on 02/06/2015

The following data was compiled using information submitted by each applicant. While this data has been reviewed or verified by the Department, errors may still be present. Those reviewing the log are advised to use caution in reaching any definitive conclusions based on this information alone. Applicants are encouraged to review 10 TAC §61.11(b) and 10.2(b) concerning Due Diligence and Applicant Responsibility. A more complete log will be posted subsequent to completion of all staff application reviews as well as at various times during the cycle. Applicants that identify an error in the log should contact Andrew Sinnott at andrew.sinnott@tdhca.state.tx.us as soon as possible. Identification of an error early does not guarantee that the error can be addressed administratively.

Applications sorted by date received and, for 9%-layered applications, whether or not they are competitive.

TCAP

Total Set Aside Funding Level: **\$6,000,000**

TDHCA#	Property Name	Property City	Property County	Region	Housing Activity	Multifamily Development Program Request	As Underwritten at 3% Interest and 30 Year Amortization	Target Population	Total Units	HOME/TCAP Units	Layering	Date Received	Scoring as per Section 3 of 2015-1 MFD NOFA				Distance to nearest HTC development (miles)
													Eligibility under Opportunity Index	Un-restricted Units	Amount of Local Funding	Total Score	
15403	Harris Branch	Austin	Travis	7	NC	\$ 1,900,000		Elderly	216	26	4%	2/3/2015	Withdrawn				
15306	Altura Heights	Houston	Harris	6	NC	\$ 1,000,000	\$ 800,000	General	124	14	9%	4/1/2015	3	3	3	9	1.48
15242	Sundance Meadows	Brownsville	Cameron	11	NC	\$ 1,000,000		General	132	15	9%	4/1/2015	3	3	3	9	2.07
15126	Brazoria Manor Apartments	Brazoria	Brazoria	6	R	\$ 500,000	\$ 250,000	General	56	10	9%	4/1/2015	3	0	2	5	N/A
15101	Reserves at Summit West	Wichita Falls	Wichita	2	NC	\$ 785,000	\$ 700,000	General	36	11	9%	4/1/2015	3	0	0	3	N/A
15087	Reserves at Copper Ranch	Lubbock	Lubbock	1	NC	\$ 785,000		General	84	11	9%	4/1/2015	Not Currently Competitive				
15125	McKinney Manor Apartments	Sweeny	Brazoria	6	R	\$ 500,000		General	48	0	9%	4/1/2015	Not Currently Competitive				
15297	Artesian Flats	Waco	McLennan	8	NC	\$ 1,000,000		General	100	14	9%	4/1/2015	Not Currently Competitive				
15328	Mahon Villas Phase I	Lubbock	Lubbock	1	NC	\$ 1,000,000		General	94	10	9%	4/1/2015	Not Currently Competitive				
15410	Aldridge 51 Apartments	Austin	Travis	7	NC	\$ 2,000,000		General	240	30	4%	4/6/2015	Not Considered As a Result of 7/30/15 Board Action				
15600	Sphinx at Fiji Lofts	Dallas	Dallas	3	NC	\$ 2,000,000		General	170	23	4%	6/8/2015	Not Considered As a Result of 7/30/15 Board Action				
Total TCAP Amount Requested						\$ 12,470,000	\$ 1,750,000	Total Units	1300	164							

HOME

Total Set Aside Funding Level: **\$14,000,000**

TDHCA#	Property Name	Property City	Property County	Region	Housing Activity	Multifamily Development Program Request	As Underwritten at 3% Interest and 30 Year Amortization	Target Population	Total Units	HOME/TCAP Units	Layering	Date Received	Scoring as per Section 3 of 2015-1 MFD NOFA				Distance to nearest HTC development (miles)
													Eligibility under Opportunity Index	Unrestricted Units	Amount of Local Funding	Total Score	
CHDO - \$4,000,000																	
15502	Westridge Villas	Frisco	Collin	3	NC	\$ 4,000,000	\$ 4,000,000	General	132	56	HOME	3/31/2015	N/A	N/A	N/A	N/A	N/A
15234	Merritt Leisure	Midland	Midland	12	NC	\$ 2,000,000	\$ 2,000,000	Elderly	194	28	9%	4/1/2015	3	3	2	8	3.09
15273	Merritt Hill Country	Dripping Springs	Hays	7	NC	\$ 2,000,000	\$ 1,550,000	Elderly	80	29	9%	4/1/2015	3	3	1	7	1.97
15020	Evergreen at Rowlett Senior	Rowlett	Dallas	3	NC	\$ 1,000,000	\$ 1,000,000	Elderly	138	7	9%	4/1/2015	3	0	3	6	
15065	Rhine Forest Apartments	New Braunfels	Comal	9	NC	\$ 1,000,000		General	134	14	9%	4/1/2015	Not Currently Competitive				
15120	Waters at Granbury	Granbury	Hood	3	NC	\$ 1,000,000		General	80	15	9%	4/1/2015	Not Currently Competitive				
15501	Casitas Acacia	San Benito	Cameron	11	NC	\$ 1,500,000		General	20	20	HOME	6/8/2015	Not Considered As a Result of 7/30/15 Board Action				
15503	Cornerstone Apartments	Brownsville ETJ	Cameron	11	NC	\$ 4,000,000		General	108	39	HOME	6/22/2015	Not Considered As a Result of 7/30/15 Board Action				
Total CHDO Amount Requested						\$ 16,500,000	\$ 8,550,000	Total Units	886	208							
General - \$10,000,000																	
15121	The Glades of Gregory-Portland	Gregory	San Patricio	10	NC	\$ 1,000,000	\$ 790,000	General	72	14	9%	4/1/2015	3	3	1	7	4.98
15010	Mariposa Apartment Homes at South Broadway	Joshua	Johnson	3	NC	\$ 1,000,000		Elderly	222	9	9%	4/1/2015	3	3	1	7	4.06
15252	Henderson Village	Henderson	Rusk	4	NC	\$ 900,000	\$ 785,000	General	80	8	9%	4/1/2015	3	3	1	7	3.08
15086	Reserves at Preston Trails	Wolfforth	Lubbock	1	NC	\$ 785,000	\$ 700,000	General	112	11	9%	4/1/2015	3	3	1	7	0.45
15063	Palladium Van Alstyne Senior Living	Van Alstyne	Grayson	3	NC	\$ 1,000,000	\$ 900,000	Elderly	132	14	9%	4/1/2015	3	3	0	6	
15303	Reserve at Engel Road	New Braunfels	Comal	9	NC	\$ 1,000,000	\$ 1,000,000	General	96	14	9%	4/1/2015	3	0	2	5	4.03
15022	The Oaks of Westview	Canton	Van Zandt	4	R	\$ 1,000,000	\$ 1,000,000	General	88	18	9%	4/1/2015	3	0	2	5	1.97
15035	The Oaks of Fairview	Athens	Henderson	4	R	\$ 976,000	\$ 976,000	General	98	28	9%	4/1/2015	3	0	2	5	1.35
15036	Fairview Cottages	Athens	Henderson	4	R	\$ 640,000	\$ 640,000	Elderly	44	9	9%	4/1/2015	3	0	2	5	1.48
15028	Lometa Pointe	Lampasas	Lampasas	8	NC	\$ 785,500		Elderly	78	11	9%	4/1/2015	3	0	1	4	
15093	Stonebridge at Childress	Childress	Childress	1	NC	\$ 750,000		General	48	8	9%	4/1/2015	3	0	1	4	
15179	Royal Gardens at Goldthwaite	Goldthwaite	Mills	8	NC	\$ 600,000		General	49	5	9%	4/1/2015	Not Recommended by REA				
15012	Mariposa Apartment Homes at Greenville Road	Royse City	Rockwall	3	NC	\$ 1,000,000		Elderly	222	9	9%	4/1/2015	Not Currently Competitive				
15023	The Terraces at Canyon Lake	Canyon Lake	Comal	9	NC	\$ 785,000		Elderly	62	11	9%	4/1/2015	Not Currently Competitive				

TDHCA#	Property Name	Property City	Property County	Region	Housing Activity	Multifamily Development Program Request	As Underwritten at 3% Interest and 30 Year Amortization	Target Population	Total Units	HOME/TCAP Units	Layering	Date Received	Eligibility under Opportunity Index	Unrestricted Units	Amount of Local Funding	Total Score	Distance to nearest HTC development (miles)	
15029	The Courtyard Apartments	Sanger	Denton	3	NC	\$ 1,000,000		Elderly	60	8	9%	4/1/2015		Not Currently Competitive				
15037	The Cottages at Main	Bullard	Smith	4	R	\$ 480,000		Elderly	24	7	9%	4/1/2015		Not Currently Competitive				
15062	Baron Hotel	Cisco	Eastland	2	R	\$ 726,904		General	30	10	9%	4/1/2015		Not Currently Competitive				
15075	The Village at Main	Bullard	Smith	4	R	\$ 500,000		General	24	7	9%	4/1/2015		Not Currently Competitive				
15102	Reserves at Perryton	Perryton	Ochiltree	1	NC	\$ 785,000		General	48	11	9%	4/1/2015		Not Currently Competitive				
15138	Indian Lake Apartment Homes	Indian Lake	Cameron	11	NC	\$ 1,000,000		General	80	18	9%	4/1/2015		Not Currently Competitive				
15139	Arbor Creek Apartment Homes	Los Fresnos	Cameron	11	NC	\$ 1,000,000		General	120	30	9%	4/1/2015		Not Currently Competitive				
15164	Southport Estates	Levelland	Hockley	1	NC	\$ 900,000		General	48	13	9%	4/1/2015		Not Currently Competitive				
15172	Oak Grove Village	Marble Falls	Burnet	7	NC	\$ 1,000,000		Elderly	42	13	9%	4/1/2015		Not Currently Competitive				
15174	Palladium Glenn Heights	Glenn Heights	Ellis	3	NC	\$ 1,000,000		General	180	14	9%	4/1/2015		Not Currently Competitive				
15183	Borgfeld Manor	Cibolo	Guadalupe	9	NC	\$ 1,000,000		General	120	7	9%	4/1/2015		Not Currently Competitive				
15198	The Pointe at Canyon Lake	New Braunfels	Comal	9	NC	\$ 1,000,000		General	100	14	9%	4/1/2015		Not Currently Competitive				
15268	Cayetano Villas of Kingsville	Kingsville	Kieberg	10	NC	\$ 1,000,000		General	48	8	9%	4/1/2015		Not Currently Competitive				
15278	Palladium Anna	Anna	Collin	3	NC	\$ 1,000,000		General	180	14	9%	4/1/2015		Not Currently Competitive				
15309	Reserve at Hagan	Whitehouse	Smith	4	NC	\$ 1,000,000		General	72	14	9%	4/1/2015		Not Currently Competitive				
15339	Royal Gardens at Diboll	Diboll	Angelina	5	NC	\$ 600,000		General	49	6	9%	4/1/2015		Not Currently Competitive				
15338	Mill Town Crossing	Silsbee	Hardin	5	NC	\$ 775,000		General	80	11	9%	4/1/2015		Withdrawn				
15337	Mission Village of Alpine	Alpine	Brewster	13	NC	\$ 700,000		General	40	10	9%	4/1/2015		Withdrawn				
Total General Amount Requested						\$ 27,688,404	\$ 6,791,000	Total Units	2794	552								
Total HOME Amount Requested						\$ 44,188,404	\$ 15,341,000											

1 = Housing Activity: New Construction=NC, Rehabilitation=R

2= Layering of Other Department Active Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program

3 = Date Received: The date that the application, all required 3rd Party Reports, and Application Fees were received. All 2015 9%-layered applications are considered to be received on 4/1/15.

ACTION ITEMS

3a

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on Inducement Resolution No. 16-003 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2015 Waiting List for Cheyenne Village Apartments and Chisolm Trace Apartments and Determination regarding Eligibility under 10 TAC §10.101(a)(4) related to Undesirable Neighborhood Characteristics

RECOMMENDED ACTION

WHEREAS, a bond resolution for Chisolm Trace Apartments and Cheyenne Village Apartments was previously approved by the Board at the December 18, 2014, Board meeting; however, due to unanticipated delays with the HUD financing the applicant has requested an updated inducement resolution;

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

WHEREAS, pursuant to 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, applicants are required to disclose to the Department the existence of certain characteristics of a proposed development site and such disclosure can be made at the time of pre-application;

WHEREAS, the applicant has disclosed the presence of undesirable neighborhood characteristics specific to each site in preparation for submission of the full applications later this year and has requested a determination regarding the existence of these characteristics;

WHEREAS, staff has conducted a further review of the proposed development sites and surrounding neighborhood; and

WHEREAS, the determination of eligibility is based upon the submission of full applications under the 2015 Uniform Multifamily Rules and that should a 2016 Certificate of Reservation be received the development sites will be subject to the undesirable neighborhood requirements as identified under 10 TAC §10.101(a)(4) of the 2016 Uniform Multifamily Rules in addition to all other requirements under the 2016 Rules;

NOW, therefore, it is hereby

RESOLVED, that the proposed development sites are hereby eligible pursuant to 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules; and

FURTHER RESOLVED, that based on the foregoing, the Inducement Resolution No. 16-003 to proceed with the application submissions to the BRB for possible receipt of State Volume Cap issuance authority from the 2015 Private Activity Bond Program for Chisolm

Trace Apartments and Cheyenne Village Apartments is hereby approved in the form presented to this meeting.

BACKGROUND

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

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

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 \$594 million is set aside for multifamily until August 15th for the 2015 program year, which includes the TDHCA set aside of approximately \$118 million. Inducement Resolution No. 16-003 would reserve approximately \$9,000,000 for Chisolm Apartments and \$4,500,000 for Cheyenne Apartments in state volume cap.

Chisolm Trace Apartments

General Information: The existing development is located at 10503 Huebner Road in San Antonio, Bexar County and includes the acquisition and rehabilitation of 126 total units serving the general population. This transaction is proposed to be Priority 3 and all the units will be rent and income restricted at 60% of the Area Median Family Income ("AMFI") with the exception of one employee occupied unit. The Department has not received any letters of support or opposition for this development.

Site Analysis: The Environmental Site Assessment for the development site indicates an RCRA facility listing within the ASTM-required search distances from the boundaries of the site and therefore requires disclosure pursuant to §10.101(a)(4)(B)(iii) of the Uniform Multifamily Rules. The applicant indicated that the Phase I ESA has been completed and the Acceptable Separation Distance was calculated and confirmed to be well outside of the ASTM-required search distances. On April 21, 2015, staff visited the site, made note of the RCRA facility and, when observed in the context of the Phase I ESA, did not have any concerns. Staff did observe; however, the presence of high voltage transmission lines in proximity to one of the residential buildings. Specifically, the concern was whether the buildings were located within the easement of such transmissions lines and would therefore be considered an undesirable site feature under §10.101(3) of the Uniform Multifamily Rules. In discussions with the applicant information was submitted that indicated the buildings were, in fact, not located within the easement of the transmission lines based on a recent survey. While staff did not believe the disclosure relative to the RCRA facility was of concern, §10.101(a)(4) allows the following consideration for acceptable mitigation:

“(i) Preservation of existing occupied affordable housing units that are subject to existing federal rent or income restrictions, that will not result in a further concentration of poverty

and the Application includes a letter from the fair housing or civil rights office of the existing federal oversight entity indicating that the Rehabilitation of the existing units is consistent with the Fair Housing Act.”

Currently, 100% of the units at Chisolm Trace are covered by two project based Section 8 HAP contracts. While the rule also requires a letter from the fair housing or civil rights office with federal oversight confirming the planned rehabilitation is consistent with the Fair Housing Act, the Department has been told by HUD on other recent applications that it will not be issuing such a letter. As it relates to this application, the applicant has reached out to the office of fair housing in an effort to obtain the letter; however, they have been unsuccessful. Staff notes that the proposed financing of the development involves the execution of an FHA 221(d)(4) mortgage loan and as such will require some level of due diligence as it relates to site and neighborhood standards. At the time this language was placed in the rule, staff did not intend for an inability of an applicant to obtain the letter to be a hindrance in having the development move forward. Moreover, Texas Government Code, §2306.001(3) calls for the Department to contribute to the preservation, development and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low-income. Staff recommends the site be considered eligible.

Cheyenne Village Apartments

General Information: The existing development is located at 147 Cheyenne Avenue in San Antonio, Bexar County and includes the acquisition and rehabilitation of 60 units serving the general population. This transaction is proposed to be Priority 3 with all of the units rent and income restricted at 60% of AMFI. The Department has not received any letters of support or opposition for this development.

Site Analysis: The development is located in a census tract that has a poverty rate of 64.8% which exceeds the threshold allowed under §10.101(a)(4) of 40%. Staff visited the site on April 21, 2015, and found the neighborhood to be older and more established and several small businesses were observed in the neighborhood. According to Neighborhoodscout, the majority of the homes (53%) were built between 1940 and 1969 and the median home value is \$65,518. In the last 12 months there was an average annual appreciation rate of 7.83%. The percentage of households in the census tract with incomes greater than \$50,000 (the median household income for the San Antonio-New Braunfels MSA is \$52,139) revealed an overall increase over the past four years from 5% in 2010 to 14% in 2013.

Similar to Chisolm Trace, §10.101(a)(4) of the Uniform Multifamily Rules allows the following consideration for acceptable mitigation and therefore also applicable to Cheyenne Village:

“(i) Preservation of existing occupied affordable housing units that are subject to existing federal rent or income restrictions, that will not result in a further concentration of poverty and the Application includes a letter from the fair housing or civil rights office of the existing federal oversight entity indicating that the Rehabilitation of the existing units is consistent with the Fair Housing Act.”

Despite this acceptable mitigation allowed under the rule, staff did inquire regarding any revitalization efforts in the neighborhood. Information provided by the applicant indicated there is public and private development of commercial, residential, and publically funded real estate projects currently underway to help revitalize the area. Some of these efforts include a reutilization of the former Kelly Air Force Base to Port San Antonio for various infrastructure improvements generating economic activity approximately 2

miles south of Cheyenne Village. Moreover, there have been improvements to Elmendorf Lake and Park (1 mile north of Cheyenne Village) with proceeds derived from a 2012 Go Parks Improvement Bond and Drainage Improvement Bonds and over \$2 million in expenditures towards these improvements have been made as of June 2015. Another park within 1.5 miles from Cheyenne Village has also undergone renovation with proceeds from a 2012 Go Parks Improvement Bond. There have been expenditures made as of June 2015 and the remaining park improvements are expected to be completed in November 2015. Completed in April 2015, was the design and construction of new sidewalks within 1.5 miles of Cheyenne Village. Additional plans for revitalization include the rehabilitation of 400 units of existing multifamily housing to accommodate the increasing workforce at Port San Antonio. A Request for Proposals of potential developers was issued in December 2014 to help get this activity underway. Currently, 100% of the units at Cheyenne Village are covered by two project based Section 8 HAP contracts. Staff recommends the development site be considered eligible on the basis similar to that of Chisolm Trace.

Staff notes that the full applications for these development sites are not anticipated to be submitted until the fall 2015, which will be followed by the issuance of the Certificates of Reservation. Once the applications have been reviewed and underwritten by staff they will be presented before the Board for consideration of the 4% Housing Tax Credits and a Bond Resolution regarding the issuance of private activity bonds. Should these applications and corresponding Certificates of Reservation not be issued in 2015 but issued in 2016 instead (based on a financing timeline largely dependent on HUD) they will be subject to the 2016 Uniform Multifamily Rules and 2016 QAP (“Rules”), as applicable, in effect at that time. As a result, should the undesirable neighborhood characteristics and undesirable site features, as applicable to Cheyenne Village and Chisolm Trace and described herein or any other undesirable characteristics that may triggered, be modified it could trigger a re-assessment of these developments based on the requirements in the 2016 Rules in addition to possible reconsideration by the Board. The recommendation for site eligibility as described in this Board Action Request is based solely on the 2015 Rules currently in effect.

RESOLUTION NO. 16-003

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

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

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

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

WHEREAS, the Owners have made payments with respect to the Developments and expect to make additional payments in the future and desire that they be reimbursed for such payments and other costs associated with the Developments from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, the Owners have indicated their willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that the requirements of the Act and the Department will be satisfied and that the Developments will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

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

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

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for the Developments one or more Applications for Allocation of Private Activity Bonds or Applications for Carryforward for 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 Governing Board of the Department (the "Board") approved Resolution 15-009 on December 18, 2014 (the "Original Resolution") declaring its intent to issue its multifamily revenue bonds for the purpose of providing funds to the Owners to finance the Developments on the terms and conditions hereinafter set forth and has determined to approve the subsequent change to the members of the Owner described in Exhibit A; NOW, THEREFORE,

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1 Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owners to provide financing for the respective Developments in an aggregate principal amount not to exceed those amounts, corresponding to the Developments, 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 the respective 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 the respective 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 1.2 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 1.3 Reimbursement. The Department reasonably expects to reimburse the Owners for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the Original Resolution in connection with the acquisition of real property and construction of its Development and listed on Exhibit A attached hereto ("Costs of the Developments") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide

financing for the acquisition and construction or rehabilitation of its Development, including reimbursing the applicable Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the Original Resolution in connection with the acquisition and construction or rehabilitation of the Developments; (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 1.4 Principal Amount. Based on representations of the Owners, the Department reasonably expects that the maximum principal amount of debt issued to reimburse the Owners for the Costs of the Developments will not exceed the amount set forth in Exhibit A which corresponds to the applicable Development.

Section 1.5 Limited Obligations. The Owners may commence with the acquisition and construction or rehabilitation of the Developments, which Developments 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 terms agreed to by the parties, on an installment payment basis with the Department under which the Department will make a loan to the applicable Owner for the purpose of reimbursing the Owner for the Costs of the Development and the Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to the Owner to provide financing for its 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 1.6 The Developments. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, which are to be occupied entirely by Eligible Tenants, as determined by the Department, and which are 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 1.7 Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse the Owners for costs of its Development.

Section 1.8 Costs of Developments. The Costs of the Developments may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Developments. Without limiting the generality of the foregoing, the Costs of the Developments 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 Developments, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Developments, the placing of the Developments in operation and that satisfy the Code and the Act. The Owners 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 1.9 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 the Owners shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 1.10 Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by the Owners and the Department of contractual arrangements, on terms agreed to by the parties, providing assurance satisfactory to the Department that all requirements of the Act will be satisfied and that the Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Bracewell & Giuliani LLP or other nationally recognized bond counsel acceptable to the Department (“Bond Counsel”), 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 1.11 Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Developments’ necessary review and legal documentation for the filing of one or more Applications and the issuance of the Bonds, subject to satisfaction of the conditions specified in this Resolution. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner.

Section 1.12 Related Persons. The Department acknowledges that financing of all or any part of the Developments 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 Owners.

Section 1.13 Declaration of Official Intent. The Original Resolution and this Resolution constitute the Department’s official intent for expenditures on Costs of the Developments which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of the Developments 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 1.14 Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, 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 1.15 Authorized Representatives. The following persons are hereby named as Authorized Representatives of the Department for purposes of executing, attesting, affixing the Department’s seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Deputy Executive Director of Asset Analysis and Management of the Department, the Director of Bond Finance of the Department, the Director of Texas Homeownership of the Department, the Director of Multifamily Finance of the Department, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the “Authorized Representatives.” Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

Section 2.1 Certain Findings Regarding Developments and Owners. The Board finds that:

- (a) the Developments are necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;
- (b) the Owners will supply, in their Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;
- (c) the Owners are financially responsible;
- (d) the financing of the Developments is a public purpose and will provide a public benefit;
and
- (e) the Developments will be undertaken within the authority granted by the Act to the Department and the Owners.

Section 2.2 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 2.3 Certain Findings with Respect to the Bonds. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Developments 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.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1 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 3.2 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 3.3 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 3rd day of September, 2015.

[SEAL]

By: _____
Chair, Governing Board

ATTEST:

Secretary to the Governing Board

EXHIBIT "A"

Description of the Owners and the Developments

Project Name	Owner	Principals	Amount Not to Exceed
Cheyenne Village Apartments	Cheyenne TAP 2016, LLC	General Partner: Cheyenne TAP Partners LLC, and its Managing Member is: Cheyenne TAP Partners 2016, LLC	\$4,500,000.00
Costs: Acquisition/rehabilitation of a 60-unit affordable, multifamily, rental community located at 147 Cheyenne Avenue, San Antonio, Texas 78207, Bexar County.			
Project Name	Owner	Principals	Amount Not to Exceed
Chisolm Trace Apartments	Chisolm TAP 2016, LLC	General Partner: Chisolm TAP Partners LLC, and its Managing Member is: Chisolm TAP Partners 2016, LLC	\$9,000,000.00
Costs: Acquisition/rehabilitation of a 126-unit affordable, multifamily, rental community located at 10503 Huebner Road, San Antonio, Texas 78240, Bexar County.			

3b

BOARD REPORT ITEM

MULTIFAMILY FINANCE DIVISION

SEPTEMBER 3, 2015

Report and Discussion regarding the need to clarify 10 TAC §10.3(a) definition of “Qualified Elderly Development” in light of recent HUD guidance on age-restricted developments.

BACKGROUND

The U.S. Department of Housing and Urban Development (“HUD”) has recently published guidance on July 21, 2015, clarifying how it treats certain age-restricted developments (Notice attached). The universe of Elderly Developments includes both those that meet the requirements of the Housing for Older Persons Act (“HOPA”), sometimes referred to as Developments subject to an Elderly Limitation, and properties that do not qualify for HOPA treatment, referred to as Developments subject to an Elderly Preference. The Texas Department of Housing and Community Affairs (the “Department”) considers the universe of Elderly Developments as including both Developments subject to an Elderly Limitation and Developments subject to an Elderly Preference. In recent years, the Department has used the term Qualified Elderly Development and delineated the HOPA requirement in its rules.

The Department proposes to clarify by defining a Development subject to an “Elderly Limitation” as a Development that meets the requirements of HOPA under the Fair Housing Act and receives no funding that requires leasing to persons other than the elderly (unless the funding is from a federal program for which the Secretary of HUD has confirmed that it may operate as a Development that meets the requirements of HOPA). A property receiving HUD funding as described in the Notice and certain other types of federal assistance is a Development subject to an “Elderly Preference”. A Development subject to an Elderly Preference must lease to other populations, including in many cases elderly households with children. A property that is deemed to be a Development subject to an Elderly Preference must be developed and operated in a manner which will enable it to serve a reasonably foreseeable demand for households with children, including, but not limited to, making provision for such in developing its unit mix and amenities.

The Department plans to survey all existing Developments that applied to the Department for assistance and received an award as an age-restricted development. Owners will need to certify to the Department if it is a Development subject to an Elderly Limitation, or a Development subject to an Elderly Preference. The Department will cooperate in the execution and recordation of any necessary amendments to Land Use Restriction Agreements to clarify the Development’s status as such. The Development may also need to amend its Affirmative Marketing Plan to identify elderly households with children as least likely to apply.

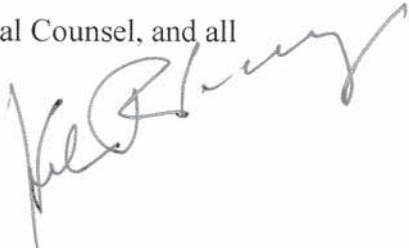
New Applicants should take care to ensure that their funding structure, unit mix, and amenities are consistent with either a Development subject to an Elderly Limitation approach or a Development subject to an Elderly Preference approach.



GENERAL COUNSEL

July 21, 2015

MEMORANDUM FOR: All Regional Counsel, all Associate General Counsel, and all Assistant General Counsel

FROM: Helen R. Kanovsky, General Counsel, C 

SUBJECT: OGC Senior Housing Policy MAP Guide Waiver Interim Guidance

INTERIM GUIDANCE ON MAP GUIDE WAIVERS RELATED TO AGE RESTRICTIONS IN FHA-INSURED HOUSING AND ACCOMPANYING CERTIFICATION
July 2015

Pending issuance of a revised Multifamily Accelerated Processing (MAP) Guide, the Office of Multifamily Housing Programs has adopted an interim waiver process modifying its age-restricted housing policy in two ways. (See Memorandum from Theodore Toon, Director, Multifamily Development, regarding “Age Restrictions in FHA Insured Housing” (undated, but signed July 18, 2013) (“Toon Memo”).) First, the interim waiver process allows properties that were initially developed under mixed-population rules (*i.e.*, allowing for heads of household who are either 62 years of age or older or non-elderly persons with disabilities) to qualify for a waiver of section 3.9.d of the MAP Guide, which limits eligibility for insurance under Section 223(f) to age-restricted developments serving heads of household age 62 and over. This “age threshold eligibility waiver” will allow certain mixed-population properties to avail themselves of FHA refinancing, which will be explained in more detail below.

Second, provided they are in compliance with the requirements of the Fair Housing Act’s exemption for housing for older persons and other applicable fair housing and civil rights statutes and regulations, the interim waiver process will allow certain age-restricted properties to qualify for an “age restriction occupancy waiver” of section 3.2.L of the MAP Guide. This will permit such projects to define elderly heads of household as 55 years of age and older. In effect, this waiver will allow certain age-restricted properties either to reduce their occupancy policy’s definition of elderly from 62 years of age and older to 55 years of age and older, or keep their current 55 years of age and older elderly definition and still maintain eligibility for FHA-insured financing. Because applicants seeking this waiver are proportionally more likely to operate or intend to operate as housing exclusively for older persons as defined by the Fair Housing Act, all applicants seeking this waiver must meet all requirements of the housing for older person and must certify compliance with the exemption and the Fair Housing Act. If a property qualifies for the age-restriction occupancy waiver, a separate determination must be made as to whether the property may permissibly operate as an exempt property. This separate inquiry is addressed in detail below.

I. **Applicability of MAP Guide Waivers to Certain Types of Multifamily (MF) Projects Seeking FHA Financing**

A. *MAP Guide Waivers Related to Section 202 Projects and Certain Project-Based Section 8 Projects*

The age threshold eligibility waiver discussed in the Toon Memo applies to the Section 202 Direct Loan programs (“old 202”) as well as some project-based Section 8 programs. According to that memorandum:

Assisted, age-restricted properties that serve a mix of elderly and non-elderly disabled residents pursuant to a HUD regulatory agreement or other HUD requirement will be permitted to serve their targeted populations, regardless of the type of mortgage insurance or direct loan or grant financing previously used.

Toon Memo, p. 2.

This provision allows old 202 projects, as well as any other HUD-assisted projects that require a head of household (“HOH”) to be either 62 years of age or older or non-elderly disabled with the remaining household members being of any age (*e.g.*, some project-based Section 8 properties), to receive FHA-insured refinancing under the MAP Guide even though such projects also serve non-elderly families, including children. This guidance uses the phrase “62+ HOH” to refer to households in which at least one person is age 62 or older and may include children. Old 202 projects and some project-based Section 8 properties thus may seek a waiver of those provisions of the MAP Guide that prohibited such projects from being eligible under the Map Guide. *See, e.g.*, Map Guide, Nov. 2011, at section 3.9.d (limiting eligibility for 223(f) refinance to elderly developments serving age 62 and over). Because these properties may qualify for only the age threshold eligibility waiver, and not the age restriction occupancy waiver discussed below, applicants must complete the waiver application package, but need not complete the Certification of Compliance with the Fair Housing Act.

The bulk of the Toon Memo discusses the age restriction occupancy waiver. This waiver pertains to section 3.2.L of the current MAP Guide (2011), which reads as follows:

- L. **Age Discrimination in Occupancy.** Except in the case of a project designed exclusively for the elderly (age 62 and over), the borrower must certify that it will not discriminate based on age or against families with children. HUD does not permit projects with occupancy restricted to age 55 and older under any of the MAP Guide programs; this provision shall not be waived except by the Headquarters’ Office of Multifamily Development.

Under the old policy, projects would qualify for MAP processing only if they were restricted to age 62 and older or 62+ HOH. The new policy permits a waiver of the age requirement expressed in

Section 3.2.L. Consequently, so long as the 62+ HOH age restriction is 1) a policy decision and not imposed by statute or regulation and 2) consistent with the Fair Housing Act, applicants representing affordable MAP-eligible projects may seek this age-restriction occupancy waiver so as to operate under a 55 and older (“55+”) occupancy policy. This guidance uses the phrase “55+” to refer to households that meet the requirements of the Fair Housing Act’s exemption for persons age 55 or older. The age-restriction occupancy waiver is solely related to head-of-household age eligibility and does not impact existing obligations to comply with the Fair Housing Act.

Below is an individualized assessment of the eligibility of certain Section 202 projects for these two waivers. A similar analysis must be applied if the project has a Section 8 project-based contract that defines elderly to include both 62+ HOH and non-elderly persons with disabilities.

1. *Old Section 202¹ Program for Elderly/Handicapped*

Eligible for age threshold eligibility waiver?

Yes, these projects may be eligible for age threshold eligibility waiver despite mixed population.

Eligible for age restriction occupancy waiver?

No, these projects are not eligible for age restriction occupancy waiver. Though now eligible to obtain refinancing under the MAP Guide, old Section 202 projects are not eligible to convert from 62+ HOH² to 55+ HOH in their admission and occupancy policies. These properties are restricted to 62+ HOH by statute and regulation. 24 C.F.R. § 891.505. Additionally, non-elderly families with a head of household who is an individual with a disability are eligible for occupancy, so setting another age restriction is inappropriate. Even prior to October 1, 1991 (the enactment of Cranston-Gonzalez, which created 202 PRAC/capital advance for elderly), statutory and regulatory definitions of “elderly family” were restricted to 62+ HOH requirement. *See, e.g.*, 12 USC § 1701q(d)(4) (1982); 24 C.F.R. § 277.1(f) (1985).

2. *Old Section 202/8 Projects³:*

Eligible for age threshold eligibility waiver?

Yes, these projects may be eligible for age threshold eligibility waiver despite mixed population.

Eligible for age restriction occupancy waiver?

No, these projects are not eligible for age restriction occupancy waiver. Though now eligible to obtain refinancing under the MAP Guide, old Section 202/8 projects are not eligible to convert from 62+ HOH to 55+ in their admission and occupancy policies. 24 C.F.R. § 891.505. The 1937 Act, at 42 USC § 1437f(g), authorizes Section 8 payments for some or all units in 202-approved projects.

¹ Prior to October 1, 1991.

² Throughout this document, the term “head of household” or “HOH” should be understood to encompass a head, co-head or spouse.

³ Refers to projects originally constructed using a direct loan from HUD pursuant to Section 202 of the Housing Act of 1959, 12 U.S.C. § 1701q (prior to October 1, 1991).

Old 202, in turn, is restricted to 62+ HOH (see above).

3. *Old Section 202/162 Projects:*

Eligible for age threshold eligibility waiver?

Yes, these projects may be eligible for age threshold eligibility waiver despite mixed population.

Eligible for age restriction occupancy waiver?

No, these projects are not eligible for age restriction occupancy waiver. Though now eligible to obtain refinancing under the MAP Guide, old Section 202/162 projects are not eligible to convert from 62+ HOH to 55+ in their admission and occupancy policies. 12 USC § 1701q (note): “primarily non-elderly”; 24 C.F.R. § 891.655 definition of “housing for handicapped families” as “primarily non-elderly.” The purpose of the program at inception (1987) was to allow for alternative housing for a primarily non-elderly population with disabilities; an age-restriction waiver thus is not appropriate.

4. *Old Section 202 Prepaid⁴ Projects*

Eligible for age threshold eligibility waiver?

Yes, these projects may be eligible for age threshold eligibility waiver despite mixed population.

Eligible for age restriction occupancy waiver?

No, these projects are not eligible for age restriction occupancy waiver. Though now eligible to obtain refinancing under the MAP Guide, old Section 202 prepaid projects are subject to a use agreement that adopts HUD regulations. Under the terms of the use agreement, such projects would not be eligible to convert from 62+ HOH to 55+ in their admission and occupancy policies. However, the terms of the use agreement can be waived for good cause.⁵ If your office is charged with processing a waiver for such a project, consult with OGC Headquarters before making a determination. Contact Howard Sims, Assistant General Counsel, Office of Assisted Housing and Community Development, Assisted Housing Division.

5. *Section 202 PRAC/Cap Advance Projects*

Eligible for age threshold eligibility waiver?

The age threshold eligibility waiver is not applicable because it is unnecessary for these projects. The age threshold eligibility waiver described above allows mixed-population old Section

⁴ This refers to projects in either of the above categories (old 202/8 or old 202/162) that have prepaid their mortgage.

⁵ Once prepaid, the old projects are subject to a use agreement, which has been waived in the past. The regulations only apply as a matter of the use agreement. The project is not restricted to 62 by statute or regulations except to the extent that HUD has determined as a matter of policy that the existing regulations are the terms and conditions that satisfy the requirements for prepaid projects – that they operate under terms at least as advantageous to existing and future tenants as the terms required by the original loan.

202 projects to obtain FHA refinancing under the MAP Guide (which refinancing had previously been available solely to properties serving 62+ HOH families). For 202 PRAC/Cap Advance projects, eligibility is already restricted to 62+ HOH families. Thus, no waiver is required for these projects to be treated as elderly for MAP Guide processing.

Eligible to apply for age restriction occupancy waiver?

No, these projects are not eligible for age restriction occupancy waiver. The “Elderly Person” definition is limited by statute and regulation to 62+ HOH families. 24 C.F.R. § 891.205.

6. Refinance of Already-Refinanced (Prepaid) Section 202 Project

Eligible to apply for age threshold eligibility waiver or age restriction occupancy waiver?

Seek guidance from Headquarters. If your office is charged with processing a waiver for such a project, consult with Headquarters before making a determination. Contact Howard Sims Assistant General Counsel, Office of Assisted Housing and Community Development, Assisted Housing Division. Though eligible to obtain refinancing under the MAP Guide, prepaid Capital Advance projects may be subject to a use agreement that adopts HUD regulations. Under the terms of the use agreement, such projects would not be eligible to convert from 62+ HOH to 55+ HOH in their admission and occupancy policies. The “Elderly Person” definition is restricted to 62+ by statute and regulation. However, the terms of the use agreement can be waived for good cause.

B. Waiver of Map Guide Age-Related Occupancy Restrictions in Other MF Programs

The analysis in this section focuses only on whether projects (other than those discussed above in Section I.A) are eligible for the age restriction occupancy waiver discussed in the Toon Memo.

1. HUD-Insured MF⁶ or Conventional MF with Project-Based Section 8 Contracts⁷

The presence of either HUD insurance or Conventional MF financing (no controlling statutory or regulatory definition of elderly) is irrelevant for this determination. The requirements of Project-Based Section 8 Contracts for the applicable elderly definition are controlling.

a. Parts 880⁸, 881⁹, 883¹⁰, 884¹¹, Part 886, subpart A (LMSA) (HAP units only)¹², Part 886, subpart C (PDSA)¹³

⁶ Includes Section 207/223(f), 220, 221(d)(3); 221(d)(3) and (5) [BMIR]; 221(d)(4), and Section 236 currently insured or held properties seeking FHA refinancing. Excludes Section 231, which is statutorily mandated to serve 62+. See item #I.B.5, below.

⁷ 24 C.F.R. parts 880 (Section 8 HAP new construction); 881 (Section 8 HAP substantial rehabilitation); 883 (Section 8 HAP state housing agencies); 884 (Section 8 HAP new construction section 515 rural set-aside); 886 (Section 8 HAP special allocations; LMSA (sub part A) and PDSA (subpart C)).

⁸ See 24 C.F.R. §880.201.

⁹ See 24 C.F.R. §881.201.

¹⁰ See 24 C.F.R. §880.201.

¹¹ See 24 C.F.R. §24 C.F.R. §884.223a.

Eligible to apply for age restriction occupancy waiver?

No, these projects are not eligible for an age restriction occupancy waiver. The authorizing statute for each of these parts is Section 8(b) of the 1937 Act, as in effect prior to Oct. 1, 1983—this Section does not explicitly refer to “elderly,” but the 1937 Act definition of “elderly family” as 62+ HOH applies, and children must be permitted for occupancy. *See also* applicable program regulations in footnotes 10-15.

2. *HUD-insured MF with Project-Based Vouchers*

Eligible to apply for age restriction occupancy waiver?

No, these projects are not eligible for an age restriction occupancy waiver. HUD-insured status does not affect this analysis. The Project-Based Vouchers (PBV) program is bound by statute and regulation to serve elderly as 62+ HOH. 24 C.F.R. §§ 982.4 and 5.403. 42 USC §1437a(b)(3)(d).

3. *HUD-Insured MF with no Section 8, but affordable units (e.g., preservation loans)*

Eligible to apply for age restriction occupancy waiver?

a. *Section 236*

No, these projects are not eligible for an age restriction occupancy waiver. The 236 program utilizes the same definition of “elderly” as Section 202 of the Housing Act of 1959 and thus, the same analysis applies. *See* 12 U.S.C. § 1715(z-1)(j)(2)(B).

b. *Section 241(f) Equity/Acquisition Supplemental Loans*

No, these projects are not eligible for an age restriction occupancy waiver. The implementing regulations for Section 241(f) are found at 24 C.F.R. part 200, subpart A, and part 241, subpart E. 24 C.F.R. § 200.3 provides that “elderly person” and “family” have the same meaning given to those terms in 24 C.F.R. § 5.403.

4. *HUD-insured MF without affordable units*

Eligible to apply for age restriction occupancy waiver?

No, these projects are not eligible for an age restriction occupancy waiver. Under the Toon Memo, market-rate properties are not eligible for the age-restriction waiver.

5. *HUD-Insured MF Section 231 Program*

Eligible to apply for age restriction occupancy waiver?

No, these projects are not eligible for an age restriction occupancy waiver. These projects are restricted to 62+ by statutory and regulatory definitions of “elderly person.” Section 231(a)(2) of the National Housing Act, 12 USC § 1715v(a)(2) sets out that “the term ‘elderly person’ means any person, married or single, who is sixty-two years of age or over.”

¹² See 24 C.F.R. §886.132.

¹³ See 24 C.F.R. §886.329a(a)(ii).

6. *Section 213 Mortgage Insurance for Cooperative Housing*

Eligible to apply for age restriction occupancy waiver?

No, these projects are not eligible for an age restriction occupancy waiver. The Office of Multifamily Housing will not consider requests for waiver with respect to Section 213 properties under the MAP Guide.¹⁴

7. *Assisted Housing Refinancing under RAD with HUD-insured Mortgage*

- a. *Low Rent Public Housing (LRPH); Projects with Section 8 Mod Rehab; Projects with Rent Supplement Contract (Rent Supp); Projects with Rental Assistance Program Contract (RAP)*

Eligible to apply for age restriction occupancy waiver?

No, these projects are not eligible for an age restriction occupancy waiver. The RAD program (see notice PIH-2012-32, Rev-1) allows LRPH projects and projects receiving rental assistance under the Section 8 Mod Rehab program to convert to long-term, project-based Section 8 rental assistance contracts. PHAs and Mod Rehab owners may enter into a HAP contract for either PBVs or Project-Based Rental Assistance (PBRA). Under another component of the program, owners receiving rental assistance funded under Rent Supp, RAP and Mod Rehab programs can convert tenant protection vouchers to PBVs. The notice specifies that, unless falling under special provisions affecting conversion, the PBV and PBRA rules apply (including occupancy requirements, which are not described by any of the special provisions). This conversion results in the establishment of projects/units where occupancy is governed by the PBV and PBRA occupancy regulations (24 C.F.R. parts 983 and 880, respectively), which define elderly as 62+ HOH.

8. *Conventional MF refinance or sub rehab refinance and new construction with LIHTC and 55+¹⁵ in use agreement (e.g., LURA or regulatory agreement)*

Eligible to apply for age restriction occupancy waiver?

Yes, these projects may be eligible for an age restriction occupancy waiver. Conventional MF refinance or sub rehab refinance and new construction do not contain statutory or regulatory restrictions related to age. To apply, the applicant must complete the Certification of Compliance with the Fair Housing Act and provide the governing use agreement and management documents

¹⁴ Dan Sullivan, Deputy Director Multifamily Development, "Comments regarding Age Restricted Housing," OGC monthly meeting, Jan. 16, 2014.

¹⁵ For the purposes of this memorandum, there are two principal types of age restrictions that may be imposed externally (via, e.g., LIHTC use agreements, zoning, bond documents, and LIHTC application allocation points) on properties that HUD encounters for FHA-insured financing: (1) age restrictions based on Fair Housing Act's exemption for housing for persons age 55 or older (HOPA), which are imposed with the intent to exclude from occupancy families with children under the age of 18; and 2) age restrictions that apply only to the head of household of a family, i.e., that are imposed without the express or operational intent to exclude children under the age of 18. Items #8-13 concern this first type of restriction (HOPA), and item #14 addresses the second type of restriction. For more information on the Fair Housing Act's exemptions for housing for older persons and a discussion concerning how the exemption impacts the Fair Housing Certification options, see *infra*, section II.

(such as leases, occupancy policies, marketing plans, and affirmative fair housing marketing plans, as applicable)¹⁶ indicating the property complies (or, in the case of new construction or substantial rehab, intends to comply) with the exemption for housing for persons 55 years of age and older.

9. *Conventional MF refinance or sub rehab refinance and new construction with LIHTC and 55+ restriction in zoning documents*

Eligible to apply for age restriction occupancy waiver?

Yes, these projects may be eligible for an age restriction occupancy waiver. Conventional MF refinance or sub rehab refinance and new construction do not contain statutory or regulatory restrictions related to age. To apply, the applicant must complete the Certification of Compliance with the Fair Housing Act and provide the governing zoning documents and management documents (such as leases, occupancy policies, marketing plans, and affirmative fair housing marketing plans, as applicable) indicating the property complies (or, in the case of new construction or substantial rehab, intends to comply) with the exemption for housing for persons 55 years of age and older.

10. *Conventional MF refinance or sub rehab refinance and new construction with LIHTC and 55+ restriction in bond documents*

Eligible to apply for age restriction occupancy waiver?

Yes, these projects may be eligible for an age restriction occupancy waiver. Conventional MF refinance or sub rehab refinance and new construction do not contain statutory or regulatory restrictions related to age. To apply, the applicant must complete the Certification of Compliance with the Fair Housing Act and provide the governing bond documents and management documents (such as leases, occupancy policies, marketing plans, and affirmative fair housing marketing plans, as applicable) indicating the property complies (or, in the case of new construction or substantial rehab, intends to comply) with the exemption for housing for persons 55 years of age and older.

11. *Conventional MF refinance or sub rehab refinance and new construction with LIHTC, currently operating or intending to operate as 55+ but no 55+ restriction in use agreement, zoning docs or bond docs; but credit given under LIHTC application or Qualified Allocation Plan (QAP) for operating as a 55+ property*

Eligible to apply for age restriction occupancy waiver?

Yes, these projects may be eligible for an age restriction occupancy waiver. If a LIHTC applicant receives extra points under a state QAP for applying as a 55+-restricted property, the property is eligible to apply for the waiver even if the 55+ restrictions were not memorialized in a use agreement, regulatory agreement, or other recorded document. To apply for this waiver, the applicant must complete the Certification of Compliance with the Fair Housing Act and provide documents demonstrating that the property received credit and/or points for operating as a 55+

¹⁶ Though such management documents may be sufficient to establish waiver eligibility, processing staff should encourage applicants applying for the waiver to provide documents such as use agreements, relevant zoning documents, or bond documents, whenever available. See 24 C.F.R. § 100.306 for examples of other relevant documents to be considered.

property. The applicant must also provide management documents (such as leases, occupancy policies, marketing plans, and affirmative fair housing marketing plans, as applicable) indicating the property complies (or, in the case of new construction or substantial rehab, intends to comply) with the exemption for housing for persons 55 years of age and older.

12. *Conventional MF refinance or sub rehab refinance and new construction with LIHTC, currently operating or intending to operate as 55+ but no 55+ restriction in use agreement, zoning docs or bond docs; but applicant is unwilling or unable to demonstrate that it received points under LIHTC application/QAP for operating under 55+ restriction*

Eligible to apply for age restriction occupancy waiver?

Yes, these projects may be eligible for an age restriction occupancy waiver. To apply, the applicant must complete the Certification of Compliance with the Fair Housing Act and provide management documents (such as leases, occupancy policies, marketing plans, and affirmative fair housing marketing plans, as applicable) indicating the property complies (or, in the case of new construction or substantial rehab, intends to comply) with the exemption for housing for persons 55 years of age and older. In such cases, however, the applicant need not demonstrate that it received points under the LIHTC application/QAP for operating or intending to operate under a 55+ restriction.

13. *Conventional MF refinance or sub rehab refinance and new construction subject to affordability requirements not stemming from LIHTC, operating or intending to operate as 55+ with 55+ restrictions in documents or zoning*

Eligible to apply for age restriction occupancy waiver?

Yes, these projects may be eligible for an age restriction occupancy waiver. Conventional MF refinance or sub rehab refinance and new construction do not contain statutory or regulatory restrictions related to age. To apply, the applicant must complete the Certification of Compliance with the Fair Housing Act and provide the restrictive document(s) and management documents (such as leases, occupancy policies, marketing plans, and affirmative fair housing marketing plans, as applicable) indicating the property complies (or, in the case of new construction or substantial rehab, intends to comply) with the exemption for housing for persons 55 years of age and older.

14. *Conventional MF refinance or sub rehab refinance and new construction with an age restriction imposed by the sources identified in numbers 8-13 above that applies only to the head of household, i.e., the property operates or intends to operate as both elderly housing and housing admitting families with children under age 18*

Eligible to apply for age restriction occupancy waiver?

Seek guidance from Headquarters. It is likely that such a property would run afoul of the Fair Housing Act because, by having a policy that admits age-eligible families with children, the project does not meet the requirements of the 55+ exemption. **There are only two valid avenues through which age restrictions may be imposed on a project: (1) imposing an age restriction that is required by statutory or regulatory authority (e.g., Section 202); and (2) imposing an age restriction that complies with one of the exemptions set forth at 42 U.S.C. §§ 3607(b)(2)(A)-(C)**

and set forth more fully below in Section II.A. If your office is charged with processing a waiver for such a project, consult with Headquarters before making a determination. Contact Kathleen Pennington, Assistant General Counsel, Office of Fair Housing, Enforcement Division.

Before contacting Headquarters, processing staff should determine the exact type of restriction that is being imposed on and/or by the property. Processing staff should also request a copy of the restrictive document at issue (i.e., any state or local requirement that governs the property's occupancy) and any management documents (including leases, marketing plans, and affirmative fair housing marketing plans, as applicable) that reflect the occupancy policies associated with the property. Processing staff should also determine the specific intent of the state tax credit agency in allocating points for "senior housing" (and how it defines "senior housing") or the municipality in enacting a zoning ordinance (including the language of the zoning code), as applicable, and should collect any documentation memorializing the understanding between the state or locality and the property owners concerning how any age restriction should be operationalized. Once all pertinent documents and facts have been gathered, processing staff should consult field counsel so that counsel can confer with Headquarters, if necessary.

II. Fair Housing Certification Options

A. Background

The Fair Housing Act prohibits, among other things, familial status discrimination. *See, e.g.*, 42 U.S.C. § 3604(a) ("it shall be unlawful to refuse to sell or rent after the making of a bona fide offer . . . because of familial status."). The term "familial status" most commonly refers to the presence of one or more individuals who have not attained the age of 18 years being domiciled with a parent or another person having legal custody.¹⁷ 42 U.S.C. § 3602(k). The Act provides limited exemptions to the general prohibition against familial status discrimination. 42 U.S.C. § 3607(b)(2); 24 C.F.R. part 100, subpart E. These HOPA exemptions may be invoked by certain housing providers that intend to exclude children from occupancy so as to limit occupancy primarily to persons age 55 or older or entirely to persons age 62 or older, as appropriate. These exemptions may be sought in housing:

- (A) Provided under any State or Federal program that the Secretary determines is specifically designed and operated to assist elderly persons (as defined in the State or Federal program); or
- (B) Intended for, and solely occupied by, persons 62 years of age or older; or

¹⁷ The statutory definition also includes children under age 18 who are domiciled with "the designee of such parent or other person having such custody, with the written permission of such parent or other person." 42 U.S.C. § 3602(k). The protections against familial status also apply to persons who are pregnant or who are in the process of securing legal custody of any individual who is not yet 18 years old. *Id.*

(C) Intended and operated for occupancy by persons 55 years of age or older [that also meets several other requirements].

42 U.S.C. §§ 3607(b)(2)(A)-(C).

To qualify under exemption (C), above, as housing “intended and operated for occupancy by persons 55 years of age or older,” the property must meet all three of the following criteria:

- (i) at least 80 percent of the occupied units are occupied by at least one person who is 55 years of age or older;
- (ii) the housing community or facility publishes and adheres to policies and procedures that demonstrate [the intent to serve persons 55 years of age and older]; and
- (iii) the housing facility or community complies with the rules issued by [HUD] for verification of occupancy

42 U.S.C. §§ 3607(B)(2)(C)(i)-(iii). HUD’s implementing regulations at 24 C.F.R. part 100 address these three requirements in greater detail. They further clarify the 80 percent minimum occupancy requirement outlined in (i), above (24 C.F.R. § 100.305); the assessment of intent outlined in (ii), above (24 C.F.R. § 100.306); and the verification requirements outlined in (iii), above (24 C.F.R. § 100.307).

The regulations at 24 C.F.R. § 100.304(b) define a “housing facility or community” that may qualify under the 55 and older exemption as “any dwelling or group of dwelling units governed by a common set of rules, regulations or restrictions. A portion or portions of a single building shall not constitute a housing facility or community.” Thus, a housing facility or community will not qualify for the 55 and older exemption if some units, sections or buildings are designated for persons age 55 and older, while others are designated for families with children. *See* 54 Fed. Reg. 3232, 3252 (January 23, 1989) (“dual purpose housing facilities” do not qualify for the exemption).

B. Analysis of Impact of HOPA Exemptions on Certification Options

The attached Certification of Compliance with the Fair Housing Act (“Certification”) must be completed by owners/borrowers who seek waivers of the MAP Guide related to age restrictions for FHA-insured financing.

As the attached Certification form indicates, there are two sets of options (under the separate categories of “refinance” and “new construction”) available to housing providers seeking MAP Guide age-restriction waivers. The first option (referred to in the Certification form and herein as “Option A”) contains three sub-options (referred to herein as sub-options “A1, A2, and A3”) corresponding to the three available HOPA exemptions (55 and older, 62 and older, and state/federal program, respectively). **The second option (referred to in the Certification form and herein as “Option B”) is available only for those projects described in item #4, below.**

Below is an examination of the certification options available for applicants seeking age restriction occupancy waivers for properties depending on whether the properties qualify for HOPA exemptions.

1. *Existing property not operating under a HOPA exemption and not intending to operate under such an exemption in the future (i.e., intending to admit families with children under 18).*

No waiver is available and thus certification is unnecessary because this age restriction occupancy scheme fails to meet either of the two criteria for validly imposed restrictions. It 1) is not imposed by federal statute or regulation and 2) does not fall under one of the HOPA exemptions set forth at 42 U.S.C. §§ 3607(b)(2)(A)-(C).

2. *Existing property operating under a housing for older persons exemption and intending to continue operating under such an exemption certifies under Option A.*

Applicants seeking waivers for properties already operating¹⁸ under a HOPA exemption should certify under the appropriate sub-option within Option A. For projects operating under the 55 and older exemption (A1), the 62 and older exemption (A2),¹⁹ or the state-federal program exemption (A3)²⁰ must certify the appropriate sub-option within Option A.

3. *Existing property operating under a housing for older persons exemption that seeks to discontinue use of the exemption to permit families with children under 18 if approved for HUD-insured financing.*

No waiver is available as the property does not qualify for a HOPA exemption.

4. *Existing property not operating under a housing for older persons exemption prior to obtaining HUD-insured financing, but intending to convert to exempt status after approval of such financing certifies under Option B.*

¹⁸ If the property owner/borrower certifies that the property is operating under the 55 and older exemption, processing staff must verify when the property began operating as a 55 and older property. The regulations, at 24 C.F.R. § 100.305(e), specify that properties had the opportunity to establish eligibility for this exemption until May 3, 2000. After this date, existing projects could avail themselves of this exemption only if they met the criteria defined in sub-option A1 (including the eighty percent threshold) of the certification through neutral admission policies. See Memorandum from Bryan Greene, Deputy Assistant Secretary for FHEO Enforcement and Programs, to All Regional Directors, on "Conversion to Housing for Older Persons under the Fair Housing Act and the Housing for Older Persons Act of 1995 (HOPA)," March 6, 2006 (Greene Memo).

¹⁹ Any property seeking the age restriction waiver necessarily desires to convert from 62 to 55 HOH age or older. As a result, processing staff should be aware that properties purporting to certify under sub-option A2 (62+ HOH) likely do so in error because in such cases the waiver is unnecessary.

²⁰ The State and Federal elderly housing programs exemption is available to only those programs (and not individual developments) that the Secretary has specifically designated for that purpose. To date the Department has not designated any of its programs under this exemption, and has designated only a few other state and federal programs as exempt. As a result, processing staff should be aware that properties purporting to certify under sub-option A3 likely do so in error.

To convert from non-exempt housing to the 55 and older housing for older persons exemption after May 3, 2000, the owner/borrower of an existing property must apply neutral admission policies (admitting otherwise HOH age-eligible families with children) until the 80 percent threshold described in subpart A1(i) of the Certification form is satisfied. The owner/borrower may not discriminate against families with children in order to meet the threshold to establish eligibility under this exemption.²¹ As a result, applicants seeking waivers for such properties must certify under Option B, as they are not eligible for the exemption until the application of neutral admission policies can be demonstrated.

5. *New construction/certain qualifying substantial rehab²² property and no intention of operating as housing for older persons.*

No waiver is available and thus certification is unnecessary because this age restriction occupancy scheme fails to meet either of the two criteria for validly imposed restrictions. It 1) is not imposed by federal statute or regulation and 2) does not fall under one of the HOPA exemptions set forth at 42 U.S.C. §§ 3607(b)(2)(A)-(C).

6. *New construction property and intending to operate as housing for older persons in the future certifies under Option A.*

To establish a property as housing for older persons under the Fair Housing Act, the owner/borrower of housing constructed after May 3, 2000, is permitted to discriminate against families with children until 25 percent of its units are occupied. In order to qualify for the exemption once the 25 percent occupancy threshold is met, at least 80 percent of the occupied units must have a resident who is 55 years or older (the 80 percent threshold required for the 55 and older exemption). If the project does not meet the 80 percent requirement, the owner/borrower may not thereafter exclude or otherwise discriminate against families with children. Since new construction projects are permitted to act like exempt projects until 25 percent of the units are occupied, applicants seeking waivers for such projects must certify under Option A, rather than Option B.

7. *Substantial rehab property and intending to operate as housing for older persons in the future certifies under Option A.*

To qualify for the 55+ housing for older persons exemption, substantially rehabilitated properties (unoccupied for at least 90 days prior to re-occupancy because of renovation or rehabilitation), like new construction properties, may discriminate against families with children at the inception of re-occupancy until 25 percent of the units are occupied. Applicants seeking waivers for such projects must therefore certify under Option A, rather than Option B.

²¹ See Greene Memo, discussed *supra*, note 11.

²² The Greene Memo specifies that new construction projects eligible to convert to the 55+ housing for older persons exemption include “a facility or community that has been entirely unoccupied at least 90 days prior to re-occupancy, due to renovation or rehabilitation.” Thus, substantially-rehabilitated properties never entirely unoccupied or unoccupied for less than 90 days do not qualify for conversion. Such projects must certify, if at all, under Option B.

4

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action regarding Amendments to HOME Direct Loan Terms for Allegre Point (HTC # 11123, HOME # 1001576).

RECOMMENDED ACTION

WHEREAS, Allegre Point was allocated \$1,476,708 in 9% Housing Tax Credits and was awarded a \$2,000,000 HOME loan at 0% interest with a 30 year term and amortization period in 2011 to construct 184 new multifamily units in Austin;

WHEREAS, the Development Owner is now requesting approval to modify the HOME loan terms from a hard debt second lien to a surplus cash note to accommodate a re-financing with an FHA 223(f) loan as generally allowed under Subchapter D, §10.307(a)(3), “Direct Loan Requirements” but is not requesting the change as part of a workout arrangement;

WHEREAS, Subchapter D, §10.307(a)(3) allows for a Direct Loan to be structured as payable from surplus cash flow provided the first lien mortgage is a federally insured HUD or FHA mortgage and the debt coverage ratio, inclusive of the loan, continues to meet the requirements in subchapter D, including an acceptable Debt Coverage Ratio (“DCR”) between 1.15 and 1.35 ;

WHEREAS, the Department has recently adopted an amended Subchapter D §10.302(d)(4)(D) which allows for a maximum DCR of 1.50 for Housing Tax Credit Developments at cost certification;

WHEREAS, the Development Owner cost certified and received 8609s on April 1, 2015, at which time the Development met the Department’s rules in Subchapter D at the prior maximum DCR of 1.35 for Housing Tax Credit Developments at cost certification;

WHEREAS, the re-financing with an FHA 223(f) loan will increase the first lien permanent debt and place an additional \$493K in front of the Department’s HOME loan and will decrease the interest rate on the first lien permanent debt from 6.3% to 3.45%, resulting in decreased annual debt service, which will increase the Development’s DCR above the maximum at which the Development recently cost certified;

WHEREAS, the Department’s rules regarding Amendments to Direct Loan Terms, under Subchapter E, §10.405(c), allow an Owner to request changes to the loan post closing that will be processed as a loan modification but only expressly identify modifications that will be a result of a Department work out arrangement or other condition recommended by the Department’s Asset Management Division and otherwise require Executive Director or Board approval where a post closing change could have been anticipated prior to closing as determined by staff;

WHEREAS, the Asset Management Division is seeking the Board's approval to recommend this loan modification and offer the Development Owner new terms on the HOME loan of a surplus cash structure at 3.50% interest, 30 year amortization and 35 year term, which will correct any potential over-sourcing of the Development by reducing its anticipated DCR to a maximum of 1.50, thereby bringing the Development into compliance with the recently amended rule in Subchapter D, §10.307(a)(3) and

WHEREAS, the requested changes do not negatively affect the Development or impact the viability of the transaction based on an updated underwriting;

NOW, therefore, it is hereby

RESOLVED, that the requested and recommended changes are approved and the Executive Director and his designees are each authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

On August 6, 2015, the Department received a loan modification request from MGroup (Mark Musemeche and Ofelia Elizondo) and Coats Rose seeking to approve and promulgate subordination documents concerning three different TDHCA transactions, one of which was Allegre Point (a 9% 2011 HTC deal with a \$2,000,000 HOME loan at a 0% interest rate with a 30 year amortization and term).

Legal reviewed the subordination request and commented back to Coats Rose that changes in the HOME loan documents, as shown in the blacklined documents provided, could not be approved unless taken to the Board. The Owner was requesting a refinance with a 223(f) FHA loan through Davis Penn Mortgage, which would require the HOME loan to be structured as repayable from surplus cash. The loan amount exceeds the amount of the permanent loan demonstrated at cost cert in April 2015 (\$7,193,600 at 3.45% interest vs. \$6,700,000 at a 6.30% at the time of cost cert). According to the Owner, all of the additional funds will be applied to closing costs and HUD fees. The sources and uses provided to the Department by the Owner shows a resulting \$19 in cash to be due to borrower as a result of the various costs.

Due to the Department's feedback on their original request for subordination documents, the Owner then submitted an official request to amend their Direct Loan terms on August 18, 2015. The request asks for consideration of a proposed substitution of the Section 223(f) FHA insured permanent loan for the previously contemplated permanent financing from Wells Fargo Bank, necessitating that the subordinate debt on the HOME loan be made payable out of only surplus cash as defined by HUD. The Owner acknowledged in their request that by revising the HOME loan, the DCR for the project would exceed the level permitted at the recent cost certification. Staff, during initial review and analysis, noted an increased DCR of 1.83 based on the suggested changes without any modifications to the HOME loan.

The Owner proposed two scenarios in the request letter: 1) That the HOME Loan be restructured as a cash flow loan with annual payments of up to \$100,000, payable solely out of 25% of the Development's Surplus Cash which, according to the Owner, would allow the HOME loan to be repaid in full in the 20th year and allow for quicker re-programming of funds and a reduced total annual debt service of \$459,271 on the first lien, and 2) That TDHCA waive the maximum DCR established by Subchapter D, Section 10.302(d)(4).

Staff reviewed the changes requested by the Owner, but additionally proposed that if the Board approved the Asset Management Division's authority to allow a HOME loan payable from surplus cash at the same 35 year term as the FHA permanent loan, the HOME loan interest rate could be increased to bring the Development into compliance with the newly approved 1.50 DCR at the time of cost certification, thereby bringing the Development in line with the requirements of Subchapter D (the section in Subchapter D states only that the DCR, inclusive of the loan, must continue to meet the requirements of the subchapter, but does not address a distinction of initial underwriting, cost certification, or a refinance following cost certification). The Owner, in conversations with staff, is amenable to making such changes to the HOME loan.

The change proposed by staff would allow the HOME loan note to remain consistent with other surplus cash notes created by the Department in instances of a first lien HUD or FHA loan and would still allow compliance under the rule without necessitating a waiver, which is not allowed under Subchapter D under the current rule in Subchapter C, §10.207 (pertaining to Waivers of Rules for Applications).

Staff also seeks approval to allow the HOME loan to remain payable from 100% of the Development's surplus cash at a 3.5% interest rate and 30 year amortization period, which would assist with bringing the Development to a 1.50 DCR without exercising too large an interest amount. However, staff has noted under Subchapter D, §10.307(a)(2) that the rule requires the Department's debt to match within 6 months of the shortest term or amortization of any senior debt so long as neither exceeds 40 years. Staff would suggest that the provision in the rule is intended to satisfy a first lien lender's typical request for parity of term, and staff is not aware of such a request from the lender entering into this transaction.

The Owner requested to be placed on the agenda of the September 3rd Board meeting because of the FHA 223(f)'s commitment expiration date prior to the October Board meeting. Staff determined that a 15 day posting period subject to §10.405(a)(2) and Texas Government Code §2306.6712 and §2306.6717(4) was not necessary due to the fact that the amendment being requested is related to a change in Direct Loan Terms, which does not affect the Development's allocation or Housing Tax Credit application.

The Owner has stated that re-financing to take advantage of the terms of the FHA 223(f) loan will result in more financial stability for the Development. The Department agrees that the changes in terms will have a positive effect on the Development and seeks to assist the Owner in taking advantage of the FHA financing while simultaneously protecting the Department's interests as a lender and its ability to preserve the integrity and fairness of its cost certification review process, at which time potential over-sourcing is reviewed and a final amount of Housing Tax Credits are determined. The Asset Management Division seeks authorization and empowerment to approve the re-financing of this transaction at the more favorable first lien debt terms under the authority given by the rules in Subchapter D, §10.307(a)(3) and Subchapter E, §10.405(c), and seeks to use the 1.50 cost certification DCR made effective May 29, 2015 in the Texas Register for the purpose of re-evaluating and approving the new proposed Direct Loan Terms as required under Subchapter D, §10.307(a)(3).



August 18, 2015

Ms. Laura DeBellas, Asset Manager
Asset Management Division
TDHCA
221 East 11th Street
Austin, Texas 78701

RE: Allegra Point – 1001576, 11123 (the “Project”);
Proposed Restructuring of HOME Subordinate Loan with Section 223(f) Senior Loan.

Dear Laura:

I am writing to request your consideration of the proposed substitution of a Section 223(f) FHA-insured permanent loan from Davis-Penn Mortgage Co. for the previously contemplated permanent financing for the Project from Wells Fargo Bank. As you are aware, the TDHCA holds a “must-pay” second lien 30-year HOME loan for \$2,000,000 with zero interest. We believe that the Project has an unusual opportunity to benefit from improvement in the economy that has resulted in a large reduction in interest rate, and from HUD’s waiver of its three-year rule so that projects operating for less than three years can qualify for Section 223(f) financing. Please let us explain.

1. **At Application:** In 2011 when this Project applied for 9% tax credits, the application showed a proposed \$6,000,000 in permanent financing with a term of 18 years, 30-year amortization and an interest rate of 8.50%. When tax credits were awarded, there were insufficient credits available to fulfill the request for a \$2,000,000 allocation. The TDHCA awarded a \$2,000,000 HOME Loan to fill the gap, bearing interest at 0% per annum and being amortized and payable over 30 years.

2. **At Cost Certification:** When the cost certification was filed, the anticipated permanent financing was pursuant to a firm commitment from Wells Fargo for \$6,700,000 maximum, with an 18-year term, 30-year amortization and an interest rate of 6.30% per annum. The Project was approved and IRS Form 8609s were issued in April 2015.

3. **Current Request:** The Project has the opportunity to qualify for Section 223(f) financing because HUD is willing to waive its three-year rule which ordinarily prohibits the FHA from financing non-FHA insured properties with less than three years of operating history. Financing available under this program has an interest rate of 3.45% per annum, amortized and payable over 35 years. In order to qualify for this very favorable permanent financing, any

subordinate debt must be payable only out of Surplus Cash, as defined by HUD (Please see Exhibit A for definition of Surplus Cash). The Project Owner is requesting that the TDHCA, as HOME lender, agree to restructure the HOME Loan to be payable only out of Surplus Cash. The reduced interest rate available under the Section 233(f) financing would permit payment of the HOME Loan out of funds that would otherwise have been paid as debt service to Wells Fargo on the senior debt.

4. **Proposed Financing Saves Over \$100,000 in Annual Debt Service.** The proposed permanent financing from Wells Fargo is for a maximum principal of \$6,700,000 for 18 years, amortized over 30 years, at a rate of 6.3% per annum. The Wells Fargo loan would have a monthly debt service installment of \$41,471.18, or \$497,654.16 per year. With the HOME Loan’s current mandatory payments of \$66,667 per year, the total annual debt service would be \$564,321.

The Section 223(f) financing available from Davis-Penn is for a maximum principal amount of \$7,193,600 for 35 years with an interest rate of 3.45% (this rate has been locked). The monthly senior debt service would be \$29,522.46 or \$359,271.00 per year. The HOME Loan could be restructured to be paid from 25% of the Surplus Cash, not to exceed \$100,000, payable annually. This change could permit the TDHCA HOME Loan to be repaid in full in the 20th year instead of 30 years, while still reducing the total annual debt service to \$459,271. This change would save \$105,050 in debt service each year.

Net Residential & Ancillary Income	\$	796,552
<u>Less annual debt service on Section 223(f) Note</u>	-	<u>359,271</u>
Surplus Cash	\$	437,281
<u>Less 25% of Surplus Cash to HOME Loan (up to \$100K)</u>	\$	<u>100,000</u>
Remaining Surplus Cash with Section 223(f) financing	\$	337,281

As shown above, the Section 223(f) financing would provide the ability to pay off the HOME Loan in 20 years, while having more Surplus Cash (and therefore more financial stability) for the Project than would be possible with the Wells Fargo financing and the current “must-pay” HOME Loan.

Restructuring and Waiver Request.

It is our understanding that the Asset Division is concerned that this change in financing would violate the TDHCA’s rules regarding debt coverage ratio (“DCR”). Section 10.302(d)(4) of the 2015 Uniform Multifamily Rules, as amended, provides that a minimum DCR of 1.15 is required to demonstrate feasibility, and that does not present a problem. However, a maximum DCR of 1.50 (raised by amendment to 1.50 for cost certification purposes, effective May 14, 2015) is also established to achieve a financing package that is not over-sourced. When this Project was

reviewed at cost certification, it was approved and 8609s were issued in April 2015. Now, however, there is the opportunity to provide a substantial financial boost to the Project by reducing the permanent interest rate by 2.85% per annum.

We acknowledge that by revising the HOME Loan, the DCR for the Project would exceed the level permitted at cost certification. However, we believe the benefits afforded the Project (increased financial stability due to lower debt service) and the TDHCA (faster return of HOME funds, permitting their earlier re-use for other affordable projects) outweigh the concerns that the maximum DCR restrictions are designed to meet. The Project has already qualified for 9% Housing Tax Credits, based upon the 9% Program's financial requirements and subject to compliance with the Project's LURA. Now the issue from a TDHCA perspective is whether it is possible to restructure the HOME Loan so that Section 223(f) financing can be used in order to save the Project a substantial sum. Such a restructuring requires payment out of Surplus Cash, but the Project's Surplus Cash is substantial enough with the Section 223(f) financing that there will be more than sufficient to pay the equivalent of the "must-pay" monthly installments currently required, plus more than \$30,000 additional each year to pay down the HOME Loan more rapidly.

We are advised that HOME Loans are generally not restructured except as a result of a workout situation necessitated by inability to pay all must-pay debt. This is a vastly different situation. We think that there is no benefit to either the Project or the TDHCA in having the Project pay more than \$100,000 of excess debt service each year. Accordingly, we request that the TDHCA waive the maximum DCR established by Section 10.302(d)(4) be waived, to the extent that it is deemed to impact the proposed restructuring of the HOME Loan, and that the HOME Loan be restructured as a cash flow loan with annual payments of up to \$100,000, payable solely out of 25% of the Surplus Cash.

As stated, waiving the maximum CDR and restructuring the HOME Loan will achieve a faster repayment of HOME funds that will be available for re-use in funding other affordable housing. This will help the TDHCA to fulfill its responsibility to maximize the number of suitable, affordable residential rental units added to the state's housing supply, as required by Section 2306.6701(2) of the Government Code.

September Board Meeting Request.

In the event that the proposed action requires TDHCA Board approval, we respectfully request that this matter be placed on the Agenda for the Board Meeting scheduled for **September 3, 2015**. This scheduling is essential because the HUD Commitment for the Section 223(f) financing will expire before the October Board Meeting.

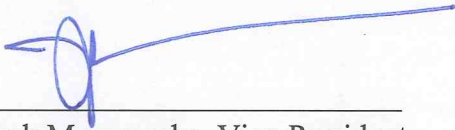
Thank you for your review of this request. If you have any questions or require any additional information, please do not hesitate to call me at 713-522-4141.

Very truly yours,

ALLEGRE POINT PARTNERS, LTD.

By: Allegre 184, LLC., its General Partner

By: MGroup Holdings, Inc.



Mark Musemeche, Vice-President

Enclosure – Exhibit A

cc: Raquel Morales, Director, Asset Management

EXHIBIT A

Section 223(f) financing requires that subordinate debt be paid only out of Surplus Cash, as defined on an annual basis. The standard documentation for Section 223(f) financing defines Surplus Cash as follows:

Surplus Cash shall equal the sum of:

- (i) Project cash and cash equivalents (excluding the Reserve for Replacement account and other HUD-required reserves);*
- (ii) short-term investments;*
- (iii) project-based Section 8 Housing Assistance Payments earned but not yet received by Borrower; and*
- (iv) any amounts approved for withdrawal but not yet withdrawn from the Reserve for Replacements or any other reserves or escrow accounts;*

after deducting:

- (v) all sums due or required to be paid within the calendar month following the date as of which Surplus Cash is calculated under the terms of the Note and Security Instrument (including without limitation principal, interest, mortgage insurance premium deposits, deposits to the Reserve for Replacements and other reserves as may be required by HUD, and tax and insurance escrow deposits);*
- (vi) all special funds required to be segregated by this [Regulatory] Agreement, the Note, the Security Instrument, or Program Obligations, including tenant security deposits and any other amounts held in trust for tenants; and*
- (vii) all other obligations of the Project payable within the next thirty days, unless the obligation is paid subject to available Surplus Cash or subject funds for payment of the obligation are set aside or HUD has approved deferment of payment.*

From: [Ray Landry](#)
To: [Tom Gouris](#)
Cc: [Mark Musemeche](#)
Subject: Allegre Point
Date: Tuesday, August 25, 2015 7:19:34 PM

Mark was briefing me on your conversation. You can confirm with Tom Goade in the morning, but as long as the HOME Loan payments are subject to Surplus Cash, and your maturity is equal to, or greater than, our 35-year maturity, then the loan meets HUD's guidelines. HUD has no control over Mark's Surplus Cash, so he's free to spend that money as he pleases, which means the two of you can work out any payment schedule acceptable to both parties, as long as the payments are subject to Surplus Cash. The Mortgagor cannot distribute to Investors (or pay inferior lien holders) more than the audit-determined Surplus Cash, as that would be an unauthorized distribution, and subject to referral to HUD's Enforcement Division. While you can accrue the interest, if the property does not generate any Surplus Cash in any given year, no payments can be made on the HOME Loan that year by the Mortgagor. I should be in the office all day tomorrow, so don't hesitate to call if you have any questions. Tom can be difficult to reach sometimes.

5a

TO BE POSTED

FRIDAY, AUGUST 28, 2015

5b

BOARD ACTION REQUEST
REAL ESTATE ANALYSIS DIVISION
SEPTEMBER 3, 2015

Presentation, Discussion, and Possible Action on appeal of the recommended HOME loan terms in connection with the application under the Multifamily Development Program 2015-1 Notice of Funding Availability (“NOFA”) for Merritt Hill Country, #15273

RECOMMENDED ACTION

WHEREAS, the Applicant for Merritt Hill Country received an award of 9% Housing Tax Credits out of the 2015 tax credit round to construct 80 new multifamily units for seniors in Dripping Springs;

WHEREAS, in connection with the tax credit Application, the Applicant also requested a HOME loan in the amount of \$2,000,000 with an interest rate of 0% and an amortization period of 40 years;

WHEREAS, in underwriting the Application the Real Estate Analysis Division followed the underwriting requirements in the NOFA and recommended a HOME loan in the amount of \$1,550,000 with a 3% interest rate and a 30 year amortization; and

WHEREAS, the Applicant is now appealing the amount and terms of the recommended HOME loan;

NOW, therefore, it is hereby

RESOLVED, because the loan amount, interest rate and amortization terms recommended in the Underwriting Report are consistent with the NOFA requirements and multifamily rules, the appeal is denied.

BACKGROUND

The Application for Merritt Hill Country was submitted and approved for a 9% tax credit allocation out of the 2015 cycle. In addition to the tax credits, the Applicant requested \$2,000,000 of HOME funds out of the Multifamily Development Program 2015-1 Notice of Funding Availability (“NOFA”). While the NOFA stipulated an interest rate and amortization to be used by the Real Estate Analysis (“REA”) Division in making recommendations, the Applicant applied for more favorable terms.

The NOFA states that all recommendations will be underwritten at a 3% interest rate and a 30-year amortization. The Applicant requested a 0% interest rate and a 40-year amortization. As a result of using the loan terms required by the NOFA, the REA Division lowered the recommended loan amount to \$1,550,000 due to debt coverage constraints using the Applicant’s estimate of net operating income. REA

recommended the maximum allowable while keeping the debt coverage ratio at or above the minimum 1.15 times).

The Applicant has objected to the lack of clarity in TDHCA's published materials regarding the terms that would be allowed for HOME loans. With the appeal the Applicant provided excerpts from §10.307, Direct Loan Requirements, from the Underwriting and Loan Policy rules, a HOME application workshop presentation, the Matching Funds exhibit of the Uniform Multifamily Application, and the 2015 HOME/TCAP Frequently Asked Questions materials.

The Applicant is not asserting that the underwriting report itself is in error and has not identified a calculation error, misstatement of fact, or misapplication of rule. The Applicant's appeal is based on the lack of clarity in the published materials and because of this lack of clarity that TDHCA should allow the requested terms and restore the entire \$2,000,000 of HOME funding.

DISCUSSION

Section 4(a) of the Multifamily Development Program 2015-1 Notice of Funding Availability ("NOFA") states that funds will be structured in accordance with §10.307 of the Uniform Multifamily Rules, related to Direct Loan Requirements, except that all recommendations will be underwritten at a 3% interest rate and for a 30-year amortization period. §10.307(a)(1) states that an interest rate may be as low as zero percent provided all applicable program requirements are met. In this case, the program requirements call for staff to underwrite and recommend loans at a 3% interest rate and 30-year amortization.

The REA Division based the HOME loan recommendation consistent with the Uniform Multifamily Rules and the NOFA. It is a debt coverage ratio constrained loan sizing. Using the operating pro forma provided by the Applicant in the Application and the terms called for by the NOFA the maximum supportable loan amount at a 1.15 debt coverage ratio of \$1,550,000 was recommended. This recommendation did not effect the tax credit recommendation.

With respect to the lack of clarity regarding the terms that would be allowed for HOME loans the Applicant points to materials provided at an application workshop, the Matching Funds exhibit from the application form itself, and the Frequently Asked Questions (in addition to the NOFA and rules as addressed above).

Specific to the NOFA, the Frequently Asked Questions ("FAQ"), published February 19, 2015, state that an applicant may apply for an interest rate lower than 3% and an amortization period greater than 30 years. But the FAQ is consistent with the NOFA clearly stating that HOME and TCAP loans will be underwritten (*emphasis supplied*) at the 3% interest rate and 30-year amortization.

While the program was designed to underwrite and structure loans at the 3% interest rate and 30-year amortization, staff anticipated that not all transactions would be financially feasible under those terms, depending on final determination of the underwritten *pro forma* and other factors. Allowing an applicant the ability to apply for terms different than the NOFA requirement would provide the REA Division some

flexibility in structuring loans that would produce affirmative feasibility recommendations using different loan terms. In other words, if a transaction would underwrite using the terms stated in the NOFA (3% interest rate and 30-year amortization) that structure would be used, but if a transaction simply would not underwrite on that basis, REA had the latitude to consider other ways for the transaction to be found feasible.

This flexibility was not intended to allow for terms different than what was stated in the NOFA simply for maximizing the loan amount. If a transaction is underwritten using the terms in the NOFA and is financially feasible using less HOME funds than requested as a result of a debt coverage limitation, then the HOME loan was recommended using the terms required by the NOFA, but with a lower principal amount. That was the case here.

If the transaction was not financially feasible using the terms in the NOFA, REA could then modify the terms of the loan (amount, interest rate and amortization) in attempt to achieve an affirmative recommendation for the transaction.

The Matching Funds exhibit in the 2015 Uniform Multifamily Application does not track the current wording of the relevant Texas Administrative Code. However, staff believes the rule clearly requires that every application is required to provide the 5% match in order to be eligible for an award.

Prior to 2014, the Direct Loan Requirements provided for an interest rate as low as 0% if the applicant provided Match in the amount of 5% and an interest rate as low as 2% if a 2% Match was provided. In 2014, the rules were changed such that all HOME applications require a 5% Match without any relationship to interest rate. Additionally, the Match requirement itself was moved from Subchapter D (§10.307 Direct Loan Requirement) to Subchapter C [§10.204(7)(E) Financing Narrative].

The application workshop materials reinforced the minimum terms under which the Board could approve for an award as provided in the rule and those minimums are not in dispute. The lack of clarity maybe a result of the Department moving away from using the minimum terms allowed in rule to be the automatic, a one-size-fits-all, approach to sizing and pricing the HOME/TCAP loans and allowing the applicant to demonstrate the need for terms as low as the rule allows. While more could be done to emphasize clarity regarding HOME/TCAP funding, the NOFA was clear about how the developments would be underwritten and recommended for an award.

Staff recommends denial of the appeal.

6a

TO BE POSTED

FRIDAY, AUGUST 28, 2015

6b

TO BE POSTED

FRIDAY, AUGUST 28, 2015

6c

TO BE POSTED

FRIDAY, AUGUST 28, 2015

6d

TO BE POSTED

FRIDAY, AUGUST 28, 2015